



energy

Department:
Energy
REPUBLIC OF SOUTH AFRICA

MEDIA STATEMENT

For immediate release

ANTICIPATED FUEL PRICE DECREASES TO BE EFFECTED ON WEDNESDAY, 04 JULY 2012

1. **Basic Fuel Price (BFP)**

1.1 During the current fuel price review period (01 June 2012 to 28 June 2012), Brent crude oil prices decreased from USD 110.0 per barrel to USD 90.0 per barrel (26 June 2012). This decrease in Brent crude oil prices mainly culminated from lower economic growth and subsequent lower crude oil demand in the USA, Europe and China. International refined petroleum product prices followed the decrease in crude oil prices.

1.2 **The deterioration of Rand/US Dollar exchange rate on South African fuel prices culminated in increases in the prices of fuels of about 22.0c/l**

Compared to the average Rand/US Dollar exchange rate in the previous fuel price review period, the Rand/US Dollar exchange rate, weakened and has off-set the product prices decreases by some 22.0 c/l. The deterioration of the Rand against the US Dollar is mainly attributable to (a) concerns that the Euro debt crisis is threatening the global economy, damping demand for riskier assets; (b) the probability that European Union leaders may fail to tame the current financial turmoil in the Euro zone at the EU's summit to be held on 28 and 29 June 2012; and (c) concerns that the fiscal crisis in Italy and Spain is infecting the bigger economies in the Euro zone and elsewhere.

1.3 In line with the Self-Adjusting Slate Levy Mechanism (SSLM), the Slate Levy applicable on petrol and diesel was set at 10.96 c/l with effect from

06 June 2012. Due to unit over recoveries experienced in May 2012, the cumulative negative Slate balance of petrol and diesel decreased from R1, 245.0 million to R414.0 million. In line with the SSLM, the Slate Levy on petrol and diesel will be **reduced to 4.38 c/l** with effect from 04 July 2012. That is a decrease in the Slate Levy of 6.58 c/l which will contribute to higher price decreases to be effected on the 4th of July 2012.

1.4 Taking cognisance of the decreases in Brent crude oil prices and refined petroleum product prices and the deterioration of the Rand-value against the US Dollar, it is anticipated that the following decreases in the **Basic Fuels Price (BFP)** will be implemented into the price structures of petrol, diesel, IP and the Maximum Refinery Gate Price (MRGP) of LPGas with effect from 04 July 2012, namely:

- Petrol (95 ULP and LRP): 85.0 c/l;
- Petrol (93 ULP and LRP): 89.0 c/l
- Diesel (0.05% sulphur): 62.58 c/l;
- Diesel (0.005% sulphur): 61.58 c/l;
- IP (Wholesale): 58.0 c/l;
- IP (SMNRP): 77.0 c/l; and
- MRGP for LPGas: 113.0 c/kg.

End

Statement Issued by the Department of Energy:

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