



energy

Department:
Energy
REPUBLIC OF SOUTH AFRICA

FUEL PRICE INCREASES TO BE EFFECTED ON 07 AUGUST 2013

MEDIA STATEMENT

EMBARGO: NONE

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1. Introduction

The current fuel price review window closed on the 01 August 2013 and the fuel price adjustments will be effected on Wednesday, 07 August 2013. Prices of all grades of petrol and diesel as well as paraffin and LPG will increase due to the rise in the price of crude oil, which in turn led to the rise in the prices of international petroleum products. The modest appreciation in the Rand/ US dollar exchange could not compensate for the increase in the price of crude oil as a result the impact on the final prices of petroleum products is minimal.

2. Factors influencing the fuel price

2.1 Developments in the Crude oil market

2.1.1 The Brent crude oil prices increased from \$102 per barrel in the previous fuel pricing period to about \$108 per barrel in the current fuel pricing period. Political instability in oil producing regions has impacted the price of crude oil negatively. The following are some of the developments which have created uncertainty in the supply of crude oil:

- (a) Heightened geo-political tensions following the renewed unrest in Egypt; and instability in Sudan and Libya;

- (b) the domestic turmoil in Syria which led to a collapse in oil production in that country and the possible impact to foment tensions elsewhere in the region, such as Iraq
- (c) Nigeria's oil output continues to be negatively affected by pipeline sabotage and theft
- (d) Yemeni output is also being constrained, by repeated attacks on the main oil pipeline.

2.1.2 In addition, the positive data coming out on the performance of the two biggest economies in the world, namely United States of America and China, indicated that the demand for key economic input commodities such as crude oil will continue to increase.

2.2 Prices of International petroleum products

2.2.1 Since the beginning of the current fuel price review period 28 June 2013 to 12 July 2013, international product prices followed the increasing trend in international crude oil prices. The international petroleum products prices increased mainly due to the increase in crude oil prices.

2.3 The Rand / US Dollar exchange rate

The Rand/US\$ exchange rate appreciated from R10.06/USD to R9.72/USD during the month of July 2013, leading to the decrease of about in 7.0 cents per litre in the Basic Fuel Price (BFP). The strengthened Rand could be attributed to some positive data on the South African economy released during the month. The trade account deficit narrowed and retail sales figures were better than expected.

3. Adjustment to the Slate Levy on petrol and diesel

3.1 In line with the Self-Adjusting Slate Levy Mechanism, the Slate Levy on petrol and diesel will increase by **10.96c/l**, from 6.58 c/l to 17.54 c/l, and will be implemented into the price structures of petrol and diesel with effect from 07 August 2013.

4. Fuel price increases

4.1 Based on the average unit under recoveries realised in the current fuel price review period and the implementation of a Slate Levy increase of 10.96 c/l on petrol and diesel, the following fuel price **increases** will be affected on 07 August 2013, namely:

- Petrol (all grades): 32.0 c/l;
- Diesel (0.05% Sulphur): 32.96 c/l;
- Diesel (0.005% Sulphur): 32.96 c/l;
- IP wholesale: 25.0 c/l;
- SMNRP for IP: 34.0 c/l; and
- Maximum Retail Price for LPGas: 22.0 c/kg.

This statement is issued by Ms. Thandiwe Maimane, Spokesperson for the Department of Energy.

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