

## **MEDIA STATEMENT**

### **MINISTER OF ENERGY, MR JEFF RADEBE, ANNOUNCES ADJUSTMENT OF FUEL PRICES EFFECTIVE FROM 04 APRIL 2018**

The Minister of Energy, Mr. Jeff Radebe, announces the adjustment of fuel prices for April 2018 based on current local and international factors with effect from 04 April 2018.

South Africa's fuel prices are adjusted on a monthly basis, informed by international and local factors. International factors include the fact that South Africa imports both crude oil and finished products at a price set at the international level, including importation costs, e.g. shipping costs.

The main reasons for the fuel price adjustments are due to:


**(1) The increase in Fuel and Road Accident Fund Levies**


The increase in the Fuel and Road Accident Fund Levies by 22.0cpl and 30.0cpl, respectively, as announced by the Minister of Finance in his Budget Speech on 21 February 2018;


**(2) The increase in transport costs**

The transport costs for diesel and petrol increased, for example 10.2cpl in Gauteng and 01cpl in coastal areas, as a result of increases approved by the National Energy Regulator of South Africa (NERSA) to the pipeline transport tariff that was announced on 16<sup>th</sup> March 2018, as well as the road transport tariff increases as published by the Road Freight Association (RFA) in October 2017. The road transport costs applicable to Illuminating Paraffin (IP) in all the Fuel Pricing Zones have been adjusted in line with the RFA Schedule. The

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magnitude of the increases in the revised zone differentials will differ between fuel pricing zones and will be published in the fuel price schedule for April 2018. For example, the transport costs of petrol and diesel will increase by 10.2cpl in Gauteng and 0.1cpl in coastal areas.

**(3) Decommissioning of the Durban to Johannesburg pipeline (DJP) by Transnet**

Transnet Pipelines has confirmed that the Durban to Johannesburg (DJP) pipeline will be out of service on 31 March 2018. It means that fuel supplied to Zones 5C, 6C, 7C and 8C by the DJP will now have to be transported by road from Durban, Kroonstad and Sasolburg. The affected areas are listed in **Annexure A**. Road transport tariffs are much more expensive than pipeline transportation over the same distance. The transport costs for petrol and diesel will increase by (between 16,9cpl in 6C and 25.2cpl in 5C).

**(4) The contribution of the Rand/US Dollar exchange rate**


The Rand depreciated slightly, on average, against the US Dollar (from 11.82 to 11.87 Rand per USD) during the period under review.


**(5) The increase in the prices crude oil**


The prices of crude oil and refined petroleum products increased during the period under review. This led to higher Basic Fuel Prices on all the petroleum products. The main contributing factors were the tightening of stock levels in the USA and the uncertainty over the future of Iranian supply due to fears that the US might re-impose sanctions on Iran. Furthermore, the Saudi Arabian Energy Minister, Khalid al-Falih said (on 22 March 2018) that OPEC members will need to continue coordinating with Russia and other non-OPEC oil-producing countries on supply curbs in 2019, to reduce global oil inventories.

**(6) Octane differentials between 95 and 93 petrol grades**

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In line with the Working Rules to determine the Basic Fuels Prices (BFP), the 95 octane (unleaded) grade is the price-marker grade and the BFP-differentials between 95 and 93 Octanes will be adjusted on the first Wednesday of each quarter. The 95/93 octane price differential will be adjusted with effect from 04 April 2018.

Based on current local and international factors, the fuel prices for April 2018 will be adjusted as follows in **Gauteng (Zone 9C)**:

1. Petrol (both 95 - ULP and LRP): 72.00c/l **increase**;
2. Petrol (both 93 - ULP and LRP): 69.00c/l **increase**;
3. Diesel (0.05% Sulphur): 65.20c/l **increase**;
4. Diesel (0.005% Sulphur): 65.20c/l **increase**;
5. Wholesale price of Illuminating Paraffin: 2.30c/l **decrease**;
6. SMNRP of Illuminating Paraffin: 6.00c/l **decrease**; and
7. Maximum Retail Price of LPGas: 39.00c/kg **increase**.

The fuel prices schedule for the different zones will be published on Tuesday, 03 April 2018.

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