



energy

Department:
Energy
REPUBLIC OF SOUTH AFRICA

MEDIA STATEMENT

MINISTER OF MINERAL RESOURCES AND ENERGY, MR GWEDE MANTASHE, ANNOUNCES ADJUSTMENT OF FUEL PRICES EFFECTIVE FROM THE 5 JUNE 2019

The Minister of Minerals and Energy Resources, Mr Gwede Mantashe, announces the adjustment of fuel prices for June 2019 based on current local and international factors with effect from the 5 June 2019.

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, eg. shipping costs.

The main reasons for the fuel price adjustments during the period under review include local and international factors.

A current priority local factor is the newly implemented **Carbon Tax Levy** which was announced by the Minister of Finance on 20 February 2019. The Tax is effective from 1 June 2019, and in line with that announcement, the Fuel Levy applicable to Petrol and Diesel will increase by 9.0c/l and 10.0c/l respectively with effect from the 5 June 2019. Details of the carbon tax levy can be found in the media statement that was released by the National Treasury on the 27 May 2019.

In addition to the new Carbon Tax, another local factor is the implementation of the **Self-Adjusting Slate Levy Mechanism Rules**. Effective from 5 May 2019, the Slate Levy on Petrol and Diesel will be 13.16 cents per litre. At the end of April 2019, the

combined cumulative Slate Balance on Petrol and Diesel amounted to minus R1.41billion.

On the international front the main reasons for the increase are the **Rand / Dollar exchange rate and the Brent Crude Oil Price**. During the period under review, the Rand depreciated against the US Dollar from R14.14 to R14.41. This led to a higher contribution to the Basic Fuel Price on Petrol by 14.32cents per litre, Diesel by 15.01cents per litre, and Illuminating Paraffin by 14.92cents per litre.

The Brent Crude Oil Price on the other hand experienced a slight upward increase from 71.00 US Dollars (USD) per barrel to 71.60 USD per barrel. The pressure on oil prices has been caused by the recent escalating tensions between the United States of America and China.

Going forward the expectation is that barring any negative geopolitical event, the indications are that there will be a reprieve in Fuel Prices for the month of July.

Based on current local and international factors, the fuel prices for June 2019 will be adjusted as follows:

- ❖ Petrol (93 and 95 Octane, ULP and LRP): 9.00 c/l **increase**;
- ❖ Diesel (0.05% sulphur): 33.16 c/l **increase**;
- ❖ Diesel (0.005% sulphur): 33.16 c/l **increase**;
- ❖ Illuminating Paraffin (wholesale): 8.00 c/l **increase**;
- ❖ SMNRP for IP: 10.00 c/l **increase**;
- ❖ Maximum LPGas Retail Price: 7.00 c/kg **decrease**.

The fuel prices schedule for the different zones was published on Tuesday, 4 June 2019.

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