



mineral resources & energy

Department:
Mineral Resources and Energy
REPUBLIC OF SOUTH AFRICA

MEDIA STATEMENT

MINISTER OF MINERAL RESOURCES AND ENERGY, MR GWEDE MANTASHE, ANNOUNCES ADJUSTMENT OF FUEL PRICES EFFECTIVE FROM THE 5TH OF JANUARY 2022

The Minister of Mineral Resources and Energy, Mr Gwede Mantashe, announces the adjustment of fuel prices based on current local and international factors with effect from the 5th of January 2022.

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 contribution of the Rand/US Dollar exchange rate

The Rand depreciated, on average, against the US Dollar (from 15.40 to 15.92 Rand per USD) during the period under review when compared to the previous one. This led to higher contributions to the Basic Fuel Prices of petrol, diesel and illuminating paraffin by about 29.00 cents per litre.

(2) The decrease in the prices of crude oil

The average Brent Crude oil price decreased from 83.00USD to 76.00USD per barrel during the period under review. The main contributing factors are (a) the

announcement by the USA to release up to 50 million barrels from the strategic petroleum reserve to boost supply and (b) the emergence of the omicron variant, which prompted a worry about the new movement restrictions that would, as usual, reduce oil demand.

(3) The Petroleum Products Prices

The movement in international refined petroleum product prices followed the decreasing trend in crude oil prices. This led to lower contributions to the Basic Fuel Price of petrol by (100.47 and 102.86) c/l, diesel by (100.20 and 102.00) c/l and illuminating paraffin by 100.41 cents per litre, respectively.

(4) Octane differentials between 95 and 93 petrol grades

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-differential between 95 and 93 octanes is adjusted on the first Wednesday of each quarter. The BFP Octane differential has changed during the previous quarter and therefore the retail prices of 95 and 93 petrol octanes will be different in each fuel-pricing zone with effect from 05 January 2022.

(5) Implementation of the Slate Levy

An increase of 2.20 c/l (i.e., from 41.46 c/l to 43.86 c/l) will be implemented into the price structures of petrol and diesel in line with the Self-Adjusting Slate Mechanism rules effective from the 5th of January 2022. The combined cumulative Slate balances of petrol and diesel amounted to a negative R4.842 billion at the end of November 2021. The Slate Levy is used to compensate the industry for cumulative under recovery in line with the Self-Adjusting Slate Mechanism Rules.

(6) Adjustment of the Maximum Retail Price of LPGas

The Minister approved the annual adjustment to the pricing elements of the maximum retail price of LPGas with effect from the 5th of January 2022. The operating expenses and the working capital were adjusted by the average Consumer Price Index (CPI) for 2020 of 3.3% whilst the depreciation, primary transport cost and the gross margin were adjusted by the average Producer Price

Index (PPI) for 2020 which is 2,6%. The total increase in the MRP is 37.0 c/kg at the coast and 43.0 c/kg inland (Gauteng).

Based on current local and international factors, the fuel prices for January 2022 will be adjusted as follows:

- ❖ Petrol (both 93 ULP & LRP): Seventy-one cents per litre (71.00 c/l) **decrease**
- ❖ Petrol (both 95 ULP & LRP): Sixty-eight cents per litre (68.00 c/l) **decrease**
- ❖ Diesel (0.05% sulphur): Sixty-seven point eight cents per litre (67.80 c/l) **decrease;**
- ❖ Diesel (0.005% sulphur): Sixty-nine point eight cents per litre (69.80 c/l) **decrease;**
- ❖ Illuminating Paraffin (wholesale): Seventy-one cents per litre (71.00 c/l) **decrease.**
- ❖ SMNRP for IP: Ninety-five cents per litre (95.00 c/l) **decrease;**
- ❖ Maximum LPGas Retail Price: Seventy cents per kilogram (70.00 c/kg) **decrease;** and

The fuel prices schedule for the different zones will be published on Tuesday, the 4th of January 2022.

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