



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 1ST OF JUNE 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 1st of June 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. Crude oil prices

The average Brent Crude oil price increased from 104.78 US Dollars (USD) to 115.00 USD during the period under review. The main contributing factors are:

- (a) Increasing demand amid summer driving season in the northern hemisphere.
- (b) EU discussions regarding imposing sanctions on crude oil and petroleum products from Russia.
- (c) The increase of crude oil throughput by refiners to take advantage of high refining margins.

2. International petroleum product prices

The average international product prices of petrol, diesel and Illuminating Paraffin increased during the period under review while the price of LPG decreased. In addition to the tight middle distillates market, the petrol market is also getting tight amid summer driving season in the Northern Hemisphere due to decreasing inventories of finished products. This has led to higher refining margins resulting in high prices of finished products. The movement in product prices has led to higher contributions to the Basic Fuel Price of petrol 95 ULP and 93 ULP by 143.39 cents per litre (c/l) and 134.19 c/l respectively, diesel 500ppm and 50ppm by 4.75 c/l and 0.74 c/l respectively, while the contribution to illuminating paraffin was 50.86 c/l.

3. Rand/US Dollar exchange rate

The Rand depreciated, on average, against the US Dollar (USD), from 14.90 to 15.95 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 99.49 c/l, 104.69 c/l and 104.47 c/l, respectively.

4. Short-term Relief Measure to Address Fuel Price Increases

The temporary relief which was for two months (April and May 2022) ends on the 31st of May 2022. On the 31st of May 2022, the Minister of Finance announced the extension of the temporary reduction in the general fuel levy by 150.0 c/l until the 5th of July 2022.

5. Implementation of the Slate Levy

As at the end of April 2022, the cumulative slate amounted to a negative balance for petrol and diesel of R11,99 billion. In line with the provisions of the Self-Adjusting Slate Levy Mechanism, there is no change on the Slate Levy to be implemented into the price structures of petrol and diesel with effect from the 1st of June 2022. The slate levy applicable remains 52,62 c/l.

6. Termination and Removal of the Demand Side Management Levy (DSML) of 10 cents per litre from the price structure of Unleaded Petrol 95 Octane in the inland market

The Minister of Mineral Resources and Energy in concurrence with the Minister of Finance has approved the removal of the Demand Side Management Levy (DSML) from the price structure of Unleaded Petrol (ULP) 95 Octane in the inland market. This will be implemented on the 1st of June 2022. The levy of 10.00 c/l was introduced in the price structures of 95 ULP that is sold in the inland market during 2005. The purpose of the levy was to discourage motorists from wasting octane by using 95 ULP instead of 93 ULP in their vehicles. The termination and removal of the DMSL of 10.00 c/l will provide financial relief to motorists whose vehicles utilise ULP 95 Octane in the inland market.

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

- ❖ Petrol (both 93 ULP and LRP): two hundred and forty three cents per litre (243.00 c/l) **increase;**
- ❖ Petrol (both 95 ULP and LRP): two hundred and thirty three cents per litre (233.00 c/l) **increase;**
- ❖ Diesel (0.05% sulphur): one hundred and ten cents per litre (110.00 c/l) **increase;**
- ❖ Diesel (0.005% sulphur): one hundred and seven cents per litre (107.00 c/l) **increase;**
- ❖ Illuminating Paraffin (wholesale): one hundred and fifty six cents per litre (156.00 c/l) **increase;**
- ❖ SMNRP for IP: two hundred and eight cents per litre (208.00 c/l) **increase;**
- ❖ Maximum LPGas Retail Price: fifty one cents per kilogram (51.00 c/kg) **decrease.**

The fuel prices schedule for the different zones will be published on Tuesday, the 3^{1st} of May 2022.

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