



energy

Department:
Energy
REPUBLIC OF SOUTH AFRICA

MEDIA STATEMENT

FUEL PRICE INCREASES EFFECTIVE ON 06 MARCH 2013

Pretoria, 1 March 2013 - The next fuel price adjustments will be effected on Wednesday, 06 March 2013. The current fuel price review period closed on 28 February 2013.

The factors that influenced the fuel price increases are outlined below:

1. **Crude oil prices**

During the current fuel price review period (01 February 2013 to 28 February 2013), the average Brent crude oil price increased, compared to the previous fuel price review period. Since 01 February 2013 crude oil prices have traded between USD112.0/barrel(bbl) and USD 119.0/bbl before easing to around USD 114.5/bbl on 21 February 2013. The factors that influenced the increase in the crude oil price include the following:

- OPEC member countries, particularly, Saudi Arabia, cutback production heavily in the fourth quarter of 2012 which contributed to an increase in crude oil prices at the start of 2013;
- Continuing geopolitical tensions in the Middle East (Including events in Yemen and Syria) and North Africa (notably Algeria).
- Signs of an economic recovery in China. In January 2013 China recorded its third largest import of crude oil. This in part was driven by the anticipated increased transport fuel demand leading up to the Lunar New Year festivities.

2. International product prices

The increase in the international refined petroleum product prices was also driven by the increase in crude oil price.

International refined petroleum product prices have increased sharply during February 2013 mainly due to the following:

- **Refinery shutdowns.** There have been multiple refinery outages in the USA as well as Europe, both planned and unplanned, that reduced the capacity to manufacture petrol, which in turn have resulted in higher margins. *These shutdowns are the norm around this period.*
- **Increases in the global demand for petroleum products.** The winter season in Europe and the USA has turned colder than anticipated leading to an increased demand for heating fuels, which impact diesel prices.
- China's refined petroleum product imports also increased dramatically in January and this demand impacted international prices.

3. The Rand / Dollar exchange rate

The average Rand/US Dollar exchange rate in the previous fuel price review period amounted to USD1=R8.7629. During the current fuel price review period, the Rand weakened against the US Dollar and moved to a level of USD1= R8.91. The deterioration in the Rand in February 2013 increased local refined petroleum product prices by 13.2 c/l.

4. Adjustment to the Slate Levy on petrol and diesel

In line with the Self-Adjusting Slate Levy Mechanism, the slate Levy on petrol and diesel will be increased by 4.38 c/l from c/l to 6.58 c/l to 10.96 c/l with effect from 06 March 2013.

5. Anticipated fuel price increases

Based on the average unit over recoveries and the reduction in the slate levy, the following fuel price **increases** will be implemented on 06 March 2013, namely:

- Petrol (all grades): 81.0 c/l, **increase**;
- Diesel (all grades): 58.38 c/l, **increase**;
- IP wholesale: 57.0 c/l, **increase**;
- SMNRP for IP: 76.0 c/l, **increase**; and

- Maximum Retail Price for LPGas: 118.0 c/kg, **increase**

It should also be noted that due to higher demand of refined products globally, fuel prices have been going up elsewhere. For example, in the USA the retail price of petrol has gone up by at least 40 US cents since January 2013.

The prices are beginning to show a *moderate* downward trend, which bodes well for future prices all things being equal.

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

Enquiries:

Zodwa Batyashe

Email: Zodwa.batyashe@energy.gov.za

Tel: 012 406 7484

Cell: 082 455 9796

Johannes Mokobane

Email: johannes.mokobane@energy.gov.za mediadesk@energy.gov.za

Tel: 012 406 7481

Cell: 082 766 3674

mediadesk@energy.gov.za