



energy

Department:
Energy
REPUBLIC OF SOUTH AFRICA

MEDIA STATEMENT

Embargo: Immediate Release

Minister of Energy, Dipuo Peters (MP) calls on South Africans to implement Fuel Efficiency measures

Pretoria, 10 May 2011 – Minister of Energy, Dipuo Peters (MP) says recent events including last week’s increase in fuel prices have the potential of disrupting economic growth prospects in the country.

Minister Peters hinted that the increases in the crude oil prices which is mainly attributed to the current fuel hikes, could lead to a major economic disruption in countries that may not be experiencing the strengthening of the currency that we have had in South Africa. The average Rand/US Dollar exchange has to a large extent dampened the devastating impact that the increases in the crude oil prices would have had on our economy, the Minister said.

In a space of 24 months the Crude oil price has moved from about \$30 per barrel to the current levels; which represents a 4 fold increase.

“I am concerned about the impact on the ordinary farmer and the impact paraffin price increases have on the poorest of the poor,” Minister Peters said.

South Africans must however recognize that the low fuel prices that prevailed in the early parts of 2009 were as a result of an unprecedented economic downturn, which amongst others destroyed the demand for liquid fuels. Recent calls for a reduction in fuel taxes are unfortunate given the transparency that surrounds fuel pricing in this country and prey on the lack of understanding that people have about the relative extent of fuel taxes in South Africa. Fuel taxes are still lower than in many of our trading partners and are certainly amongst the lowest in the G-20 countries, the Minister added.

“Three factors appear to be influencing prices and all of them are beyond the sphere of influence of many governments. The first of these is political instability in some oil producing countries, which adds a premium to both crude oil and product prices. Whilst the loss of Libya’s volumes of crude oil supply has been made up by others, the quality of Libyan crude is of such a nature that it cannot be easily replaced. It is easier to process and as such its absence in the market adds to the complexity in crude oil refinery diets.

“Secondly the speculators in the market do take advantage take advantage of prevailing challenges and add a premium of their own. The third is a more worrying reason and one that leaves us no option but to implement fuel efficiency measures. This is the demand for crude oil which has just about reached levels last seen in 2008 and is rising. This means that the production facilities may find it difficult to keep up with the demand and this will inevitably result in sustained high prices even when the conflicts have relaxed,” she added.

The immediate response from all of us should be to apply our minds every time we have to get into a vehicle. We should ask the following: Do we really need to

drive to the grocery store or we can walk? If we are to drive, where is the closest place to procure everything we need? When going to work is a lift club possible? At the traffic lights do we really have to show the next guy how fast I can get from 0-60km/h? As it is winter now, do we need the air conditioning system on? It alone can add about 8% on your consumption. So my compatriots, there is something that we can do to use fuel more efficiently and save ourselves a few precious cents.

I have instructed my team to determine the level at which a reduction of the speed limit may be necessary. This will include consultation and concurrence of the Department of Transport, the Minister concluded.

- END -

Media Enquiries:

Zodwa Batyashe

082 455 9796

Zodwa.Batyashe@energy.gov.za

Ndivhuwo Khangale

082 465 6090

Ndivhuwo.Khangale@energy.gov.za

Issued by the Ministry of Energy