



**energy**

Department:  
Energy  
REPUBLIC OF SOUTH AFRICA

## **MEDIA STATEMENT**

**EMBARGO: NONE**

**DATE: 26 April 2013**

### **FUEL PRICE DECREASES TO BE EFFECTED ON 01 MAY 2013**

The next fuel price adjustments will be effected on Wednesday, 01 May 2013. The current fuel price review period closed on 25 April 2013. As has been indicated by the Department in earlier statements, the price of fuel has followed a downward trend as evident in the over-recovery in the prices of all grades of petrol and diesel in this adjustment. The reasons for the movements in the fuel prices are as follows:

#### **1. Decrease in the price of Brent Crude oil**

The average Brent crude oil price decreased by approximately 5.48% mainly because of the supply of crude oil outstripping demand during the current fuel price review period (27 March 2013 to 25 April 2013). The following are some of the contributing factors:

- Slower than expected economic growth in China and the USA, the two world's biggest economies. Continued economic weakness in the Eurozone as well as the slowdown in fuel consumption in Japan added to the weaker demand. In addition, the International Monetary Fund lowered its outlook for world economic growth to 3.3%, down from its January forecast of 3.5%.
- The resumption of crude oil flows, which had been shut for most of 2012, from non-OPEC members increased to supply crude oil to the market.

Crude oil prices are, however, expected to recover as refineries, particularly in the USA, come back into production ahead of the driving season. Geopolitical occurrences in North of the African continent are also expected to make a contribution to the upward movement of the crude oil price.

**2. Decrease in the price of International petroleum products**

The prices decreased drastically due to weaker than expected demand for petrol in the US and this led to an average decrease in the international product prices.

**3. Recovery of the Rand / Dollar exchange rate**

The monthly average of the Rand strengthened against the USD\$ resulting in the decrease in the Basic Fuel Price (BFP). The Rand benefited from capital flows to emerging market economies as a result of the following:

- The Bank of Japan's plans to embark on a monetary stimulus over the next two years and
- The US Federal Reserve being unlikely to end its quantitative easing programme soon because of sluggish growth in the world's biggest economy.

These monetary stances contributed to capital inflows to South Africa through investments in bonds.

**4. Adjustment to the Slate Levy on petrol and diesel**

In line with the provisions of the Self-Adjusting Slate Levy Mechanism, a Slate Levy will decrease by 6.56 cents a litre from 21.92 c/l to 15.36 c/l and will be implemented into the price structures of petrol and diesel with effect from 01 May 2013.

**5. Anticipated fuel price adjustments**

Based on the average unit over-recoveries and the implementation of a Slate Levy decrease of 6.56 c/l on petrol and diesel, the following fuel price changes will be implemented on 01 May 2013, namely:

- Petrol (all grades): 73.0 c/l, **decrease**;

- Diesel (0.05% Sulphur): 55.56 c/l, **decrease**;
- Diesel (0.005% Sulphur): 56.56 c/l, **decrease**;
- IP wholesale: 58.0 c/l, **decrease**;
- SMNRP for IP: 77.0 c/l, **decrease**; and
- Maximum Retail Price for LPGas: 81.0 c/kg, **decrease**

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

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