



## **MEDIA STATEMENT**

### **MINISTER OF MINERAL RESOURCES AND ENERGY, MR GWEDE MANTASHE, ANNOUNCES ADJUSTMENT OF FUEL PRICES EFFECTIVE FROM THE 3<sup>RD</sup> OF AUGUST 2022**

**30 JULY 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 3<sup>rd</sup> of August 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 decreased from 115.77 US Dollars per barrel (USD) to 105.00 USD per barrel during the period under review. The main contributing factors are:

- (a) Less demand for crude oil due to recession concerns and a resurgence of covid-19 in China.
- (b) The decision by OPEC and Non-OPEC members to increase oil production. In the absence of supply constraints, crude oil prices might have decreased further.

#### **2. International petroleum product prices**

The average international product prices of petrol, diesel, Illuminating Paraffin and LPG have decreased during the period under review. LPG prices have increased due higher freight rate during the period under review. The movement in product prices has led to lower contributions to the Basic Fuel Price of petrol ULP 95 by 303.16 c/l, ULP 93 by 297.42 c/l, diesel 500ppm and 50ppm by 267.30 c/l and 271.15 c/l respectively, while the contribution to illuminating paraffin was 249.77 cents per litre.

### 3. Rand/US Dollar exchange rate

The Rand depreciated, on average, against the US Dollar (from 15.76 to 16.87) 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 95.66 c/l, 103.68 and 105.12 c/l respectively.

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

The temporary reduction in the general fuel levy of 75 cents per litre announced by the Minister of Finance in consultation with the Minister of Mineral Resources and Energy which was implemented in the price structures of petrol and diesel will come to an end on the 2<sup>nd</sup> of August 2022. As a result, the fuel levy will amount to 394 c/l for petrol and 380 c/l for diesel.

### 5. Implementation of the Slate Levy

As at the end of June 2022, the cumulative slate amounted to a negative balance for petrol and diesel of R16,7 billion. In line with the provisions of the Self-Adjusting Slate Levy Mechanism, there is no change to the Slate Levy to be implemented into the price structures of petrol and diesel with effect from the 3<sup>rd</sup> of August 2022. The slate levy applicable remains 52,62 c/l. The Department will reimburse the under recovery to industry in a phased manner until the negative slate balance is cleared.

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

- ❖ Petrol (both 93 & 95 ULP and LRP): one hundred and thirty-two cents per litre (132.00 c/l) **decrease**;
- ❖ Diesel (0.05% sulphur): eighty-eight cents per litre (88.00 c/l) **decrease**;
- ❖ Diesel (0.005% sulphur): ninety-one cents per litre (91.00 c/l) **decrease**;
- ❖ Illuminating Paraffin (wholesale): one hundred and forty-four cents per litre (144.00 c/l) **decrease**;
- ❖ SMNRP for IP: one hundred and ninety-two cents per litre (192.00 c/l) **decrease**;
- ❖ Maximum LPGas Retail Price: fifty-seven cents per kilogram (57.00 c/kg) **increase**.

The fuel prices schedule for the different zones will be published on Tuesday, the 2<sup>nd</sup> of August 2022.

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