



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 7TH OF SEPTEMBER 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 7th of September 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 105.00 US Dollars (USD) per barrel to 94.00 USD per barrel during the period under review. The main contributing factors are:

- (a) A decreasing trend in oil prices experienced during the period of July and early August due to recession fears and economic slowdown has been countered by declining inventories and supply that is still tight.
- (b) All the lockdowns in China have caused the oil price to fall this year thanks to the well-documented effect of lockdowns on oil demand. Chengdu, a city of 21 million people, is the latest to be lockdown in pursuit of China's zero-Covid strategy.

2. International petroleum product prices

2.1 The average international product prices of petrol, diesel, Illuminating Paraffin and LPG have decreased during the period under review. The demand for petrol is less than what it usually is during the driving season. Motorists are driving less due to inflationary pressures, higher interest rates and persistent lockdowns in China. This has led to a decrease in the prices of petrol during this period.

2.2 The magnitude of the decrease in diesel is less than that of petrol. The middle distillate market is still tight and there is a looming fuel switch from gas to oil for heating purposes as winter season approaches in the Northern hemisphere. This has increased demand for middle distillates. This demand will tighten the middle distillates supply even more which could lead to possible price increases in future.

2.3 The movement in product prices has led to lower contributions to the Basic Fuel Price of petrol ULP 95 by 222.42 c/l, ULP 93 by 205.76 c/l, diesel 500ppm and 50ppm by 71.88 c/l and 61.72 c/l respectively, while the contribution to illuminating paraffin was 66.24 cents per litre.

3. Rand/US Dollar exchange rate

3.1 The Rand appreciated slightly, on average, against the US Dollar (from 16.87 to 16.70) Rand per USD during the period under review when compared to the previous one. This led to lower contributions to the Basic Fuel Prices of petrol, diesel and illuminating paraffin by 12.97 c/l, 15.63 and 15.90 c/l respectively.

4. Implementation of the Slate Levy

4.1 The combined cumulative petrol and diesel Slate balances at the end of July 2022 amounted to a negative balance of R 13.168 billion. However, the Department has approved a Slate Levy increase of 30.66 c/l to be implemented into the price structures of petrol and diesel with effect from the 7th of September 2022. The effective Slate Levy will be 83.28 c/l. This is based on the current over-recoveries and reimbursements of products amounting to R3.6 billion.

4.2 The slate levy is expected to reduce in the coming months if current downward trend persists.

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

- ❖ Petrol (both 93 & 95 ULP and LRP): two hundred and four cents per litre (204.00 c/l) **decrease**;
- ❖ Diesel (0.05% sulphur): fifty six point three four cents per litre (56.34 c/l) **decrease**;
- ❖ Diesel (0.005% sulphur): forty six point three four cents per litre (46.34 c/l) **decrease**;
- ❖ Illuminating Paraffin (wholesale): eighty two cents per litre (82.00 c/l) **decrease**;
- ❖ SMNRP for IP: one hundred and nine cents per litre (109.00 c/l) **decrease**;
- ❖ Maximum LPGas Retail Price: one hundred and sixty five cents per kilogram (165.00 c/kg) **decrease**; and

The fuel prices schedule for the different zones will be published on Tuesday, the 6th of September 2022.

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