



## **MEDIA STATEMENT**

### **MINISTER OF MINERAL RESOURCES AND ENERGY, MR GWEDE MANTASHE, ANNOUNCES ADJUSTMENT OF FUEL PRICES EFFECTIVE FROM THE 6<sup>TH</sup> OF APRIL 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 6<sup>th</sup> of April 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:

#### **1.1 Crude oil prices**

The average Brent Crude oil price increased from 96.47USD to 109.37 USD during the period under review. The main contributing factors are:

- (a) The continued sanctions imposed on Russia, despite Russia's discounted crude oil prices. This is disrupting energy flows as Russia is one of the biggest global exporters of oil.
- (b) OPEC and Non-OPEC members limiting fuel supply even though demand has been increasing globally due to relaxed covid-19 restrictions. This has been ongoing even before the Russia/ Ukraine conflict began.

- (c) The Yemen rebels attacked storage facilities in Saudi Arabia, resulting in supply disruptions.
- (d) Volatility in the market resulting in crude oil price decline due to fuel demand concerns in China, (a large importer of crude oil) following an increase in Covid cases which led to lockdown. However, this decrease is not enough to offset the overall average increase in oil prices during this period.

## **1.2 International petroleum product prices**

1.2.1 The movement in international refined petroleum product prices followed the increasing trend in crude oil prices. This led to higher contributions to the Basic Fuel Price of petrol 95 and 93 by (195.55 and 187.28) c/l respectively, diesel 50ppm and 500ppm by (314.23 and 330.05) c/l respectively and illuminating paraffin by 284.97 cents per litre.

1.2.2 With respect to diesel, apart from increasing crude oil prices, there is also a shortage of diesel supply which is due to lower exports from Russia as a major exporter of distillate fuel at discounted prices. That is why the rate of price increase in diesel is higher than that of petrol.

## **1.3 Rand/US Dollar exchange rate**

The Rand appreciated, on average, against the US Dollar (from 15.23 to 15.02 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 17.92 c/l, 19.68 c/l and 19.14 cents per litre, respectively.

## **1.4 Fuel Levy and Road Accident Fund (RAF)**

1.4.1 The Minister of Finance, in his Budget Speech on the 23<sup>rd</sup> of February 2022, announced that the Fuel Levy and Road Accident Fund (RAF) Levy on both petrol and diesel will remain the same and not increase at 393.00 c/l and 218 c/l respectively. The carbon fuel levy will increase by 1.00c/l to 9.00 c/l for petrol and 10.00 c/l for diesel with effect from the 6th of April 2022.

1.4.2 Due to the ongoing Russia - Ukraine conflict which has affected fuel prices globally, the Minister of Finance in consultation with the Minister of

Mineral Resources and Energy announced a further temporary reduction in the general fuel levy of R1.50 for the next two months from Wednesday 6 April 2022 to Tuesday 31 May 2022. The total fuel levy will now amount to 244.00 c/l for petrol and 230.00 c/l for diesel. This intervention will bring much needed relief to motorists because it will cushion the high fuel price increases that were anticipated this month which were as a result of the global factors. The increases in both petrol and diesel would have been close to R2.00 per litre and over R3.00 per litre respectively if there was no intervention.

### **1.5 Octane differentials between 95 and 93 petrol grades**

In line with the Working Rules to determine the Basic Fuels Prices (BFP), the 95 octane (unleaded) grade is the price-marker grade and the BFP-differential between 95 and 93 octanes is adjusted on the first Wednesday of each quarter. The BFP Octane differential has changed during the previous quarter and therefore the retail prices of 95 and 93 petrol octanes will be different in each fuel-pricing zone with effect from the 6<sup>th</sup> of April 2022.

### **1.6 Implementation of the Slate Levy**

An increase of 6.56c/l (i.e., from 46,06c/l to 52,62c/l) will be implemented into the price structures of petrol and diesel in line with the Self-Adjusting Slate Mechanism rules effective from the 6<sup>th</sup> of April 2022. The combined cumulative Slate balances of petrol and diesel amounted to a negative R7.171 billion (the maximum as per self-rules is R6 billion) at the end of February 2022.

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

- ❖ Petrol (both 93 ULP and LRP): twenty eight cents per litre (28.00 c/l) **increase;**
- ❖ Petrol (both 95 ULP and LRP): thirty six cents per litre (36.00c/l) **increase;**
- ❖ Diesel (0.05% sulphur): one hundred and fifty two point five six cents per litre (152.56 c/l) **increase;**
- ❖ Diesel (0.005% sulphur): one hundred and sixty eight point five six cents per litre (168.56 c/l) **increase;**

- ❖ Illuminating Paraffin (wholesale): two hundred and sixty six cents per litre (266.00 c/l) **increase;**
- ❖ SMNRP for IP: three hundred and fifty five cents per litre (355.00 c/l) **increase;**
- ❖ Maximum LPGas Retail Price: two hundred and fifty cents per litre (250.00 c/l) **increase.**

The fuel prices schedule for the different zones will be published on Tuesday, the 5<sup>th</sup> of April 2022.

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