



**MINERAL RESOURCES AND ENERGY  
REPUBLIC OF SOUTH AFRICA**

**REMARKS BY HONOURABLE  
MINISTER OF MINERAL RESOURCES AND ENERGY  
MR GWEDE MANTASHE (MP)**

**SADC-INDIA LPG SUMMIT  
MONTECASINO JOHANNESBURG  
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Chairperson of LPGSA, Ms Pam Indurjeeth  
Deputy CEO of WLPGA, Mr Michael Kelly

Director of LPG, Ministry of Petroleum & Natural Gas in India, Shri Kushagra Mittal

Deputy Resident Representative, UNDP South Africa, Mr Gabriel Dava

Captains of Industry from India and SADC

Team DMRE

Distinguished Guests

Members of the Media

It is a great honour for me to welcome you to this important Southern African Development Community (**SADC**) - **India Liquefied Petroleum Gas (LPG) Summit**.

Most fulfilling to me is that gathered here are delegates with diverse backgrounds and expertise whose **common purpose** is to **expand the LPG industry** to ensure its sustainable growth by promoting best practices.

Since the 1994 democratic breakthrough, South Africa has made a significant progress by expanding **access to electricity**, moving it from less than 34% to over 92% today. Despite this progress, the inconsistent supply of electricity and unaffordability present a major risk to our development path. To us, this amounts to **energy poverty** which we must resolve in the shortest possible time.

We know that we cannot celebrate improved access to electricity when most of our people, in particular those in rural areas, do not afford it and continue to **use wood and paraffin for space heating and cooking**.

We are mindful that this is not just a South African problem, but a global challenge which ***the International Energy Agency (IEA)*** estimates that *“nearly one in three people, the vast majority of which are in the poorest regions of the world, still lack access to clean cooking facilities”*. This means, there is a need to work together and ensure energy security, environmental sustainability, and economic growth.

As evidenced by India's ***Pradhan Mantri Ujjwala Yojana (PMUY)*** scheme, the LPG industry can provide a quick and effective solution to household's thermal requirements. However, for South Africa to maximize these benefits, there is a need to change the ***structure of the LPG industry*** in South Africa by introducing effective measures in the entire value chain, including ***production, importation, wholesaling, and retailing***.

In a special report titled "***A Vision for Clean Cooking Access for All***", the IEA and the African Development Bank Group identify **LPG as the primary solution to delivering clean cooking access**.

It is however regrettable that, while the number of people without access to clean cooking in the world has been declining thanks to the progress made in nations such as China and India, that number has not stopped growing in sub-Saharan Africa.

While ***LPG consumption in Africa has grown by 4.2%*** per year since 2003, the demand is largely concentrated on the Northern border of the Mediterranean Sea compared with sub-Saharan. This summit therefore affords the SADC an opportunity to ***draw lessons from the success story of India*** and other global players who are thriving in LPG.

There is no better time for SADC to expand its LPG value chain not only to ensure access to clean cooking, but also to create the much-needed jobs.

Fact of the matter is that the LPG, with its versatility and environmental benefits, stands as a ***beacon of hope in our journey towards a low-carbon future***. It serves as a bridge between our immediate energy needs and our long-term sustainable goals.

Noting that the demand for LPG has doubled in the last 10 years and can reduce demand for electricity during peak hours and minimise the severity of loadshedding, the Department of Mineral Resources and Energy (DMRE) drafted and published South Africa's ***LPG Rollout Strategy*** in May 2022 for implementation.

The strategy ***provides a framework for the expansion of the use of LPG*** in South Africa (SA) with special emphasis on the household sector. It **identifies strategic options that we can adopt** in making LPG an energy carrier of choice for thermal applications as well as the orderly development of the LPG market in South Africa.

The strategy further serves as a manual towards addressing the ***challenges which inhibit the optimal contribution of LPG*** in resolving South Africa's energy supply challenges. These include *structural features of the market, LPG infrastructure and pricing framework, cylinder management, negative perception about LPG, compliance, monitoring and enforcement.*

The ***lack of meaningful transformation*** in the oil and gas sector has been identified as the biggest challenge to the growth of the LPG industry. As a result of the dominance by few wholesalers in the industry, who resist working together as a sector, the entrance to the industry by small players is close to non-existent.

As part of our concerted efforts to ***effect transformation*** in the sector and improve the quality of life of all citizens, the DMRE is reviewing the ***Petroleum and Liquid Fuels Sector Charter***. In this regard, we have established the *Petroleum and Liquid Fuels Sector Charter Council* to work on the Liquid Fuels Sector Codes and serve as a compliance, monitoring and enforcement mechanism for transformation.

Cognisant of the fact that the ***limited LPG infrastructure***, ranging from the decline in refinery capacity to lack of import or storage facilities, lead to inadequate supply of LPG, government maintains that there is a need for investment in new refining capacity. This is more urgent given the oil finds in Namibia and the imminent oil finds on our own shores. In the intervening period, extensive investment in fuel storage capacity will be necessary, hence the Strategic Fuel Fund (SFF) and PetroSA are working to partner with companies willing to invest in this infrastructure.

With the refining and import infrastructure addressed, there is a need to improve and invest in rail infrastructure to ensure efficient and safe transportation of LPG to the inland. Transnet is seized with this task.

Noting that the wholesale **price of LPG** is not regulated, the DMRE aims to regulate the price of LPG along the entire value chain. To this end, the **DMRE has changed the pricing framework** by amending the Maximum Refinery Gate Price (MRGP) to reflect the actual cost of imported LPG using the Saudi Contract Price. This abolished the old pricing methodology that used Petrol 93 as a proxy for the calculation of LPG prices which at times led to the importers of LPG not fully recovering their importation costs due to the fluctuation of monthly crude oil prices. We must continue working together to remove all obstacles that restrict entry to the whole value chain of the LPG market.

Whereas all energy technologies require adherence to stringent health and safety standards in handling and use, the explosive nature of Gas, *including the December 2022 Boksburg explosion*, feed into people's **negative perception of LPG**. Cognisant of this perception, the DMRE in collaboration with interested and affected parties launched the national promotion of LPG and safety campaign in July this year to educate and create awareness of LPG safety. It is therefore important for the sector to ensure that not only the consumer, but all role players in the LPG sector, including drivers of LPG tank trucks and local installers, are well trained in safety procedures and are aware of their responsibilities in keeping the LPG sector safe.

In conclusion, it is clear that the successful development and expansion of the LPG sector in the SADC region will help in achieving universal access to clean cooking, eliminating energy poverty, reducing unemployment, and inequality. We thus hope that the discussions and decisions made during this summit will influence not only the SADC region, but the entire African continent to improve its situation.

**I thank you.**