

MEDIA STATEMENT

23 July 2020 – The Budget Vote speech was delivered by Minister Mmamoloko Kubayi-Ngubane, MP, on behalf of Minister Gwede Mantashe, MP who is currently recovering from Covid-19. The speech was welcomed by the South African Petroleum Industry Association (SAPIA) who extends well wishes and a fully and speedy recovery to Minister Mantashe.

Covid-19 has impacted the liquid fuels industry, destructing the demand for petroleum products. It was noted that during the Level 5 lockdown, most refineries shut down due to a demand decrease. This changed with the re-opening of the economy, as the country moved to Level 4 and 3. Refineries have re-opened and are running despite earlier re-start challenges which was compounded by pipeline stoppages from tampering. This led to temporary minor rationing of diesel to wholesalers which, in turn, affected retailers.

The ongoing tampering and theft incidents on the pipeline threaten the security of supply of petroleum products and the health and safety of surrounding communities. SAPIA fully supports the message from the Department of Mineral Resources and Energy (DMRE) that retailers and members of the public should refrain from purchasing fuel from unregistered traders and instead, to report them to law enforcement agencies.

SAPIA was pleased with the announcement of the Liquefied Petroleum Gas (LPG) Expansion Initiative which aims to double the consumption of LPG over the next five years. SAPIA members are working towards this objective. LPG is the most efficient form of energy for cooking, space heating as well as water heating and can alleviate pressure on Eskom.

Furthermore, the announcement to appoint the Council for Geoscience (CGS) as the implementing state agency for the Carbon Capture Utilisation and Storage (CCUS) project is also welcomed. Even though our refineries are only small contributors to South Africa's GHG emissions, we believe that a just transition towards a sustainable, greener economy can only be accomplished through collaboration, effective policy, and finance. CCUS is one of those collaborative projects supported by effective policy to make it a critical enabler for the transformation of the energy system of which liquid fuels is part.

The liquid fuels industry is committed to looking at ways in which it can positively contribute to the rebuilding of the South African economy. SAPIA and its members look forward to engaging with Government and other stakeholders as we work together for the betterment of South Africa post Covid-19 and into the future.

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About SAPIA:

SAPIA represents the collective interests of the South African petroleum industry and plays a strategic role in addressing a range of common issues relating to the refining, distribution and marketing of petroleum products, as well as promoting the industry's environmental and socio-economic progress. SAPIA fulfils this role by contributing to the development of regulation in certain areas of South African policy; proactively engaging with key stakeholders; sharing research information; providing expert advice; and communicating the industry's views.

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