

MEDIA RELEASE

Liquid Bulk Facility in Gqeberha

07 October 2021, Johannesburg - The South African Petroleum Industry Association (SAPIA) notes the recent announcement by the Transnet National Ports Authority (TNPA) that they will discontinue the development of the liquid fuels bulk facility at the Port of Ngqura in Gqeberha but will support the Coega Development Corporation in its construction of a liquid fuels bulk facility at the Coega Special Economic Zone.

SAPIA is disappointed that the TNPA made this announcement without first formally informing the affected parties - many of which are members of SAPIA. The announcement, which was made through the media, indicates that SAPIA members have to vacate the Dom Pedro Complex at the Port of Gqeberha by 30 April 2022.

SAPIA members currently hold long standing lease agreements with the TNPA in respect of the land and infrastructure currently situated at the liquid fuels bulk storage facility at the Dom Pedro Complex. The facility provides critical fuel supply to the Nelson Mandela Bay region. The closure of Dom Pedro is not in line with the tenure of these agreements.

SAPIA is not opposed to the decision to relocate the liquid fuels bulk facility from the Dom Pedro Complex to a suitable new facility in the region but maintains that the underlying agreements with the TNPA in respect of the Dom Pedro Complex, remain in force until a suitable alternative facility has been commissioned. The new facility at the Coega Special Economic Zone is only projected to be commissioned in 2024.

Should the Dom Pedro Complex be forced to prematurely terminate operations, the price of petroleum products in the Nelson Mandela Bay region will be directly impacted through increased transport costs, as these products will need to be sourced from elsewhere. This situation will remain in place for at least two years until the aforementioned new facility is commissioned.

The impact of the TNPA's decisions regarding the Dom Pedro Complex will:

- affect the jobs and livelihoods of people who presently work at the Dom Pedro Complex. In an area that is already economically depressed, their potential to find similar work at another facility in the immediate region will not be realised;

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- affect the security of supply of liquid fuels to the Nelson Mandela Bay region and other regions that are supplied by the Dom Pedro Complex;
- significantly increase the cost of doing business in the Nelson Mandela Bay region since petroleum products will need to be sourced at extra expense from elsewhere to service customers;
- affect consumers who will be forced to absorb these costs in the form of fuel price increases in the region, which will on average be 45 cents a litre; and
- require the sourcing of petroleum products from new supply points that will entail significant increased risks associated with the lengthening of supply chains and associated costs. There will also be risks such as accidents, wear and tear of roads and an increase of potential stockouts - all of which will have significant economic consequences.

Given these considerations, SAPIA and its members are of the view that the TNPA should seriously reconsider their decision to evict the current tenants at the Dom Pedro Complex after a suitable alternate facility is available which we understand, will be commissioned in around 2024. This will provide sufficient time for SAPIA members to plan a seamless transition of their operations at the Dom Pedro Complex, to this new facility

Considering the above, and in the absence of the TNPA honouring the agreements that are in place SAPIA members will be required to urgently approach the Ports Regulator of South Africa for appropriate relief.

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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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