

MEDIA STATEMENT

Fuel Prices and a Deregulated Market

5 July 2022, Johannesburg – The South African Petroleum Industry Association (SAPIA) responds to the proposed Fuel Price Deregulation Bill submitted to Parliament.

Says Avhaphani Tshifularo, Executive Director of SAPIA, “Markets worldwide are experiencing unprecedented high fuel prices brought by the opening up of economies after the pandemic and exacerbated by invasion by Russia into Ukraine. The local fuel price consists of both internal and external factors, the latter of which are linked to the international markets. These constantly move and account for most of the monthly movements in prices and are outside the control of the industry.”

The Monthly Pricing System, whereby the controlled prices are changed on the first Wednesday of each month, takes account of movements in these external factors. When the various internal factors are adjusted – usually once a year – these movements are also included in the relevant monthly price changes. In a particular region, countries would see similar landed costs for petroleum products with final pump price differences between these countries largely as a result of different taxes.

“In South Africa, the internal rand-based factors which are in the control of government, remain fixed for a 12-month period. This means that the monthly fuel prices adjustments are a direct result of the external factors which is impacted by the international markets”, says Tshifularo.

While the current system to determine fuel price adjustments is not flawless, it is a fair and transparent process, documented, subject to constant review and auditable. Any changes to the present regulatory system should be conducted in a spirit of transparency and on condition that relevant consultations with industry is observed, taking into account the interests of all role players.

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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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