

Huge fuel price increase expected for August

The Automobile Association (AA) has warned that unaudited mid-month fuel price data from the Central Energy Fund reflected a risk of substantial fuel price hikes at month-end.



“Fuel prices were already trending higher before the widespread looting and unrest of the past few days. But now, the daily Rand/US dollar exchange rate has spiked from R14.35 to nearly R14.80 since 12 June. South Africa imports a lot of fuel, which will inevitably cost more in Rand terms. Meanwhile, international oil prices remain on the advance, adding further pressure,” says the AA.

The mid-month data indicates that petrol is set for an increase of 87c a litre, diesel 58c and illuminating paraffin 56c, and the AA says it expects little respite before month-end. The association notes that while the supply of fuel will not push the prices of fuels higher, the weakening Rand as a result of the riots will play a major role as the change rate is a key indicator for the local fuel price.

In a related development, South African Petroleum Refiners (Sapref), which runs a massive refinery complex in Durban supplying 35% of South Africa’s refined fuel, has declared force majeure.



Fears of fuel running out in South Africa as important refinery closes

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Sapref’s declaration of force majeure means that events beyond its control – the recent lawlessness – has forced it to shut down the refinery,” the Association explains.

The AA warns that if an operational refinery were to be overrun by criminals, surrounding areas would be at great risk.

“Past disasters involving refineries have polluted wide areas and claimed hundreds of lives, so Sapref’s caution is justified. If the shutdown were to be protracted though, it could impact considerably on fuel supply to many areas, including Gauteng and other northern provinces inland,” it adds.

The association advises motorists to avoid unnecessary journeys and to buy no more fuel than necessary, to preserve current stocks for essential and emergency services.

“We also advise citizens to work remotely where possible, and our plea to business is to accommodate the difficulties their staff may face if mass transit is affected by fuel shortages.”

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