

# Price of fuel set for massive increase in April

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The Automobile Association (AA) has commented on unaudited mid-month data released by the Central Energy Fund and the fuel forecast for April 2021 shows significant increases looming which will have a severe impact on consumers.



Image by andreas160578 from Pxabay

In the 2021 Budget Speech, minister of finance, Tito Mboweni, announced a 26c/l increase in the fuel levy that will come into effect in April 2021. The timing of this fuel levy increase could not be worse as international oil prices have been rising steadily and the Rand-Dollar exchange rate has been eroded, which in itself, does not bode well for local fuel prices.

“As things stand today, petrol is set for a 90c a litre rise, diesel for an increase of 66c, and illuminating paraffin an increase of 62c,” the AA says.

These fuel price projections, however, do not account for the 26c/l fuel levy increase and the picture could worsen further for the remainder of the month. That means that consumers can expect to pay about R1.16 more for a litre of petrol while diesel could see an increase of 92c per litre.

“The rampant upward march of international oil prices has quickened alarmingly in the first weeks of March. The basic fuel price for petrol, for instance, shot up from R6.55 a litre at the February close-out, to R7.40 a litre in the first two weeks of March. Over the same period, the average Rand/US dollar exchange rate weakened by about 30 cents,” notes the AA.

“ [FUEL PRICE FORECAST] Grim fuel outlook continues going into April. <https://t.co/QFDYeTewih#SAFuel>

#FuelPriceHike— AA South Africa (@AASouthAfrica) [March 15, 2021](#) ”

A litre of 95 ULP inland currently costs R16.32 and could cost as much as R17.48 in April 2021 and of that, R6.10 will be taxed through the General Fuel Levy and the Road Accident Fund, accounting for at least 35%. As for diesel, at a current price of R14.12 which could rise to R15.04, the taxed amount will be R5.96 or at least 40%.

The fuel price increase not only has a devastating impact on consumers but the entire value chain and the economy in general suffers. South Africans are already battling the economic fallout resulting from the Covid-19 pandemic but the dire economic situation experienced by millions of people is further compounded by corruption and overspending at the hands of the government.

The AA says the government can no longer ignore the knock-on effects of severe fuel price rises.

“The cost is not only direct, but throughout the value chain, and is battering consumers from all sides. It requires urgent review to help ease pressure on consumers who are battling to stay financially afloat,” the AA concluded.

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