

Press Release

For immediate release

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South African Institute of Race Relations
The power of ideas

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IRR warns on fuel price hike

The IRR has warned that if the Rand and oil prices remain at their current levels motorists could expect a fuel price hike of 41c/litre in April. On top of that the increase in the fuel levy announced by the finance minister in his recent budget speech could see motorists paying between 70c/litre and 80c/litre more for fuel.

IRR Chief Economist Ian Cruickshanks warned that such an increase would put further pressure on financially stressed households which were already dealing with the interest rate hike announced by the Monetary Policy Committee of the Reserve Bank this month.

Cruickshanks said that increases in fuel prices and interest rates should be read together with anticipated increases in food prices. He said that the latest estimates from the South African Crop Estimates Committee suggested a maize harvest of just over 7 million tonnes this year – down from almost 10 million tonnes in 2015. The reason, according to the committee, is the lowest rainfall in growing areas for more than 100 years.

According to the IRR potato prices – as just one example – were at record highs and Cruickshanks said this fact “brought home the full impact of the drought”.

Collectively the IRR said the stresses being placed on the economy could be read in the lead indicator of the Reserve Bank which has reached its lowest point since November 2009 and wholesale trade numbers which must be expected to continue declining.

Cruickshanks said that in the absence of a global recovery and domestic policy reform the only way out of the mess was for the Government to realise, “it has no choice but to start living within the country’s means which we have not seen since Trevor Manuel vacated his post as minister of finance”.

Ends.
