



FOR IMMEDIATE RELEASE

Fuels Industry Association of South Africa Calls for Urgent Action on Diesel Adulteration

Johannesburg, Thursday, 24 October 2024 – The Fuels Industry Association of South Africa is raising the alarm on the persistent issue of diesel adulteration with illuminating paraffin (IP), a practice that escalated rapidly since 2019. This illegal activity has not only resulted in significant financial losses to the fiscus, estimated now at more R3 billion annually, but has also caused equipment failures and market distortions.

In response to this ongoing problem, the Association has put forward a comprehensive proposal to tax marked illuminating paraffin at the same level as diesel. By applying the full duties and levies applicable to diesel we believe this measure will eliminate the economic incentive for unscrupulous operators to continue this practice. This approach has the potential to bring the illegal adulteration of diesel to a halt.

Our proposal also includes provisions to mitigate the impact on indigent households who rely on paraffin for heating and cooking by recycling the revenue from this taxation back to these households through the South African Social Security Agency grant system. This ensures that the most vulnerable members of our society are not adversely affected by the increased cost of paraffin.

We are urging the Minister of Finance to seriously consider our proposal. Implementing this taxation policy has the potential to recover billions of rands for the fiscus, funds that are currently being lost due to the illegal blending of IP into diesel. This recovered revenue can be used to support essential public services and infrastructure projects.

The Association believes that this approach will not only curb the illegal adulteration of diesel but also ensure that the state recovers the duties and levies rightly due. It is a practical and effective solution that addresses both the economic and social dimensions of this issue.

We call on all stakeholders, including policymakers, industry players, and the public, to support this initiative. Together, we can put an end to this illegal practice and ensure a fair and equitable market for all.

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About the Association:

The Association represents the collective interests of the South African fuels industry and plays a strategic role in addressing a range of common issues relating to the refining, distribution, and marketing of liquid fuels and transportation energy products, as well as promoting the industry's environmental and socio-economic progress. The Association fulfils this role by contributing to the development of fuels industry regulation; proactively engaging with key stakeholders; sharing research information; providing expert advice; and communicating the industry's views.

Kindly note that the Fuels Industry Association of South Africa does not have an **acronym**. First mention is '**the Fuels Industry Association of South Africa**', second mention is '**the Fuels Industry Association**' or '**the Association**'.

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