

The Fuels Industry Association, CF2 and Imbizo 2026



Avhaphani Tshifularo, Chief Executive of the Fuels Industry Association of South Africa.

“The rebrand from the South African Petroleum Industry Association (SAPIA) to the Fuels Industry Association of South Africa (the Association) signals an intentional, long-term shift from ‘oil’ to an inclusive fuels ecosystem that includes liquid, gaseous and synthetic fuels, as well as the future infrastructure needed to power mobility,” begins the Association’s Chief Executive, Avhaphani Tshifularo.

The change, unveiled during our 30th anniversary conference in 2024, aligns with South Africa’s net-zero pathway and the need to improve air quality in our cities.

“We convene technical, regulatory and market working groups that interface with standards bodies, such as SABS/SANS, and government to keep specifications current and enforceable. In terms of quality, our members adhere to SANS fuel standards. They are preparing for the introduction of the Clean Fuels II (CF2) by 2027, which is equivalent to the Euro 5 vehicle emissions standard. We also engage the Department of Minerals and Petroleum Resources’ (DMPR) pricing process to ensure fair, transparent and predictable pricing under the Basic Fuels Price (BFP) system.

On fraud, he says, the Association works

Chief Executive Avhaphani Tshifularo discusses the new direction and key priorities of the Fuels Industry Association of South Africa, the 2027 implementation of the Clean Fuels II (CF2) regulation, and what we can expect from the 2026 Fuels Industry Imbizo.

closely with stakeholders, including the South African Revenue Service (SARS) and law enforcement, to combat illicit trade. This includes our advocacy efforts to eliminate fuel adulteration practices that undermine safety, emissions, and environmental goals. Industry supports stronger market surveillance, tighter licensing and a robust national fuel-marking programme to curb the sale of illicit products.

Priority areas for the year 2025

The Association, together with its members, has identified six key priorities: security of supply, customs and excise regime reform, refinery support, petroleum product pricing reform, liquefied petroleum gas regulatory and safety improvements, and diesel adulteration prevention.

“These are not merely operational concerns but rather systemic challenges that require urgent policy responses, cross-sectoral collaboration and decisive leadership,” says Tshifularo.

Security of supply: The Fuels Industry Association of South Africa has consistently highlighted the critical importance of securing long-term tenure leases for the liquid fuels infrastructure at South Africa’s ports. Without firm, reliable access to port infrastructure, our industry cannot guarantee a consistent supply of fuels to inland and industrial markets. Nor can the Association’s members justify the significant investment required to maintain and expand the country’s energy infrastructure.

Historically, access to coastal oil im-

port infrastructure has been governed by lease and concession agreements with the Transnet National Ports Authority (TNPA). The Minister of Transport has recently issued a Directive under Section 79 of the National Ports Act, which represents progress in addressing the long-standing uncertainty. Still, the Association maintains that some concerns may arise, and that further engagement is urgently required to ensure that the framework provides meaningful security of tenure.

Reforming the Customs and Excise Regime: The Customs and Excise Act of 1964 remains deeply outdated. Initially developed in an era of domestic refining dominance, the Act fails to accommodate today’s reality of an import-driven, multi-product pipeline system supporting a globally integrated fuels market. Its limitations result in delays, inefficiencies and compliance confusion, particularly for importers of aviation kerosene, petrol, diesel and illuminating paraffin.

We therefore welcome the announcement by the Minister of Finance in the 2025 Budget Review on Revenue Trends and Tax Proposals that, in the light of the fuel industry in South Africa shifting from local manufacturing dominance to importing refined petroleum products, “SARS proposes to review the legislation on the fuel industry to align it with changes in this industry and to facilitate the movement and storage of fuel products.”

“This review is not just welcome; it is essential. Modernisation of the Act must reflect current trade practices, reduce administrative burden, make compliance seamless, and remove bottlenecks in the movement and storage of fuel products,” Tshifularo notes.

Refinery support: In the last 5 years, South Africa has lost three refineries. This contraction of local refining capacity is more than a commercial concern; it is a strategic risk. In an increasingly volatile geopolitical landscape, a balanced approach to imports and local refining is necessary to mitigate the country’s exposure to shipping delays and global supply chain disruptions.

For nearly two decades, the Fuels Industry Association has advocated for government-backed financial support for the domestic refineries. “We believe the remaining refineries should be supported to secure South Africa’s

long-term refining capabilities, in a similar way to how countries such as Australia have introduced a Fuel Security Services Payment (FSSP) under its Fuel Security Act in 2021.

In this model, refiners are paid a production payment during loss-making periods based on the number of litres of FSSP fuels they produce. FSSP fuels include petrol, diesel and jet fuel. To receive the FSSP, domestic refiners must commit to keep operating until at least 30 June 2027, with the option to extend this to 30 June 2030.

A similar model can secure South Africa’s refining capacity, protect local jobs and ensure fuel security during times of global disruption.

Petroleum Product Pricing: In July 2024, President Cyril Ramaphosa announced a review of the petroleum product pricing system. The DMPR engages with industry stakeholders to obtain input on the RAS Terms of Reference. This was followed by their internal procurement process, culminating in the publication of both the final Terms of Reference and the tender advertisement. The advertisement was published on 25 September 2025, with a closing date of 21 October 2025.

The current system, while well-intentioned, is in dire need of structural reform: The Magisterial District Zones (MDZ) are based on outdated transport logic, and there are over- and under-recoveries in the system that need to be balanced to ensure a fair pricing system for wholesalers and consumers. In addition, Coastwise shipping costs are not recovered in the current pricing mechanism.

Furthermore, LPG pricing mechanisms have remained essentially unchanged since 2010, except for the Maximum Refinery Gate Price (MRGP). The Maximum Retail Price has not been reviewed in over a decade, limiting LPG’s uptake as a cleaner, accessible energy option across the country.

The Association calls on the DMPR to regularly review all pricing elements for all petroleum products to ensure fairness, competitiveness and alignment with national developments.

LPG Regulatory and Safety Issues: In December 2019, the Minister of Mineral Resources and Energy announced an ambitious initiative to double LPG use within five years, as part of the interventions aimed at securing the country’s electricity supply. After the announcement, the Minister later organised a meeting with key LPG stakeholders, including LPGSA, the Fuels Industry Association, and LPG Wholesalers, calling on the LPG Industry to assist the DMPR in alleviating pressure on Eskom’s power supply.

The LPG sector has made significant progress in strengthening import and storage infrastructure, advancing household adoption of LPG, and promoting greater diversity and inclusivity within the industry.

There are numerous issues facing the LPG Industry that require specific attention, in particular: the unauthorised use of branded cylinders by others, which infringes intellectual property rights; the unauthorised and unsafe filling of cylinders; and the under- or improper-filling of LPG cylinders, which results in customers being short-changed.

In November 2024, the Competition Commission, under the Energy Suppliers’ Block Exemption, approved a transparent, structured mechanism that allows LPG wholesalers to adjust the cylinder deposit to reflect the landed cost of cylinders more accurately. This enhances wholesalers’ capacity to supply LPG to South African consumers, encourages investment in cylinder infrastructure, reduces barriers to entry for new participants in the LPG market, and strengthens competition, ultimately benefiting consumer welfare and contributing to supporting overall supply diversification of the national energy mix.

Diesel adulteration prevention: Diesel adulteration refers to the practice of mixing illuminating paraffin or similar solvents with diesel and selling the mixture illegally as compliant fuel for use in engines. Not only does this practice present serious concerns for oil companies, but it also directly harms consumers’ equipment and results in an estimated annual loss of R4.2-billion to the fiscus.

Duties are payable on fuel used in engines, whereas marked paraffin is duty-free because it is used for household cooking and heating. Mixing paraffin and other substances with diesel fuel avoids duties, either partially or fully.

To clamp down on the practice, SARS made it mandatory in 1999 to add the chemical marker Mortrace MP to paraffin and similar solvents to identify their presence if mixed into engine fuels. It is also mandatory for customs officers to take fuel samples from vehicles and other sources for on-the-spot analysis. While this resulted in steady paraffin sales volumes of around 0.6 million m³ per year until 2019, they had more than doubled by 2024, indicating a significant rise in the number of unscrupulous operators selling adulterated diesel.

To address this decisively, the Fuels Industry Association is calling for a straightforward policy shift: Tax marked paraffin at the same rate as diesel. This would remove the profit motive that perpetuates adulteration, and level the playing field for law-abiding fuel producers, importers and distributors. This single policy change would strike at the heart of the adulteration economy, while supporting and strengthening SARS enforcement efforts and protecting consumers from vehicle damage and fuel fraud.

Climate change

For the fuels industry, two dynamics define

the next decade: faster decarbonisation expectations from climate law and markets, and cleaner local air quality requirements. South Africa’s Climate Change Act (2024) introduces carbon budget obligations, while the Carbon Tax Act’s rates and design are being tightened from 2030 to 2035.

For fuels, CF2 (2027) will reduce sulphur and aromatics, thereby improving urban air quality and enabling the adoption of newer-technology vehicles. On the transformation side, companies are investing in CF2 upgrades, cleaner logistics, biofuels and hydrogen pilots, while e-fuel collaborations are beginning to surface in the value chain.

“Though we understand that liquid fuels will continue to play a significant role for the next few decades, the outlook is certainly inclusive of New Energy Vehicle (NEVs), with the Electric Vehicle White Paper of Dec 2023 laying out incentives and manufacturing policies to pivot the automotive sector towards charging infrastructure and grid integration as enabling levers. But for the fuels market, we anticipate a gradual rebalancing rather than a cliff,” notes Tshifularo.

The Fuels Industry Imbizo 2026

Because the decisions we make between now and 2027, when CF2 goes live, will lock in quality, cost and carbon outcomes for the next generation. The Fuels Industry Imbizo is a vital forum that will convene policy-makers, refiners, importers, logistics operators, automotive stakeholders, aviation/marine stakeholders, financiers and technology providers, with the aims of stress-testing security-of-supply plans; comparing CF2 investment readiness and compliance paths; aligning climate, carbon-tax and product-specification timetables; and forming public-private coalitions to fight illicit fuels and raise standards.

“We are offering tiered sponsorships and solution showcases that include demonstration bays for testing/inspection technology, fuel-quality analytics, logistics safety and digital compliance. Regulator and panel discussion sponsorships are available, and a variety of other sponsorship opportunities will amplify visibility. We also intend to co-create content with MechChem Africa and provide post-event access to session recordings and quotes,” says Tshifularo.

“There are a lot of important issues for us to talk about, including CF2, supply security, illicit markets, carbon and climate compliance, new energy vehicles, aviation and marine decarbonisation, and, from a skills perspective, building the pipeline for the new specifications, new molecules and new monitoring technologies.

“Please join us,” he concludes.

<https://fuelsindustry.org.za>



The Astron Refinery in Cape Town is one of South Africa’s last remaining major oil refineries.