

# The Persistent Rise in Global Petrol Prices

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## INTRODUCTION

The persistent rise in global petrol prices has become a defining feature of the present-day economic landscape, driven largely by geopolitical instability, supply constraints, and fluctuations in crude oil markets. Recent developments, including conflict in the Middle East and the inconsistent operation of the Strait of Hormuz, have escalated oil prices reinforcing the volatility of global energy markets and placing considerable pressure on fuel-importing economies such as South Africa. While this phenomenon is global in nature, its effects are particularly acute in South Africa due to the country's reliance on imported crude oil and its highly regulated fuel pricing framework.

## ECONOMIC CONSEQUENCES AND REGULATORY OVERSIGHT

Globally, rising petrol prices have wide-ranging economic consequences. Increased transportation and production costs elevate the price of goods and services, contributing to inflationary pressures. Developing economies are especially vulnerable, as higher fuel costs strain both consumers and governments. Whereas in more advanced economies, central banks often respond by raising interest rates and reducing money supply to control inflation, further slowing economic growth.

A particularly concerning consequence of rising fuel prices in South Africa is the heightened risk of price gouging. *Price gouging* refers to the practice of imposing unjustifiably high prices for essential goods or services, particularly during periods of crisis or sudden demand increases when consumers have limited alternatives. In South Africa, although the term is not expressly used in primary legislation, the issue is addressed through a dual legal framework. The Competition Act<sup>1</sup> targets excessive pricing by dominant firms that abuse their market power by charging prices that are unreasonably higher than competitive levels, while the Consumer Protection Act<sup>2</sup> provides broader protection by prohibiting any supplier from engaging in unfair, unreasonable, or exploitative pricing conduct. Together, these statutes aim to curb exploitative pricing practices and protect consumers from unfair economic harm.

In a media statement issued on 27 March 2026, the Competition Commission cautioned that rising oil prices increase the risk of price gouging across several sectors.

It highlighted particular concern about unregulated fuels such as diesel and jet fuel, oil-based products including fertilisers and plastics, and fuel-intensive industries such as transport and logistics. The Commission also noted that these cost pressures can extend to goods and services that rely on these inputs, especially food products and delivery services.

Additionally, the Commission set out clear rules for businesses navigating the looming price increase. The Commission outlined strict guidelines for businesses responding to rising fuel costs, emphasising that price increases must be based only on actual fuel cost increases and not on anticipated changes. Any resulting price adjustments must be proportionate, ensuring that profit margins do not rise above pre-increase levels. In addition, businesses are promptly required to reduce their prices once fuel costs decrease, maintaining fairness and preventing unjustified price inflation.

## CONCLUSION

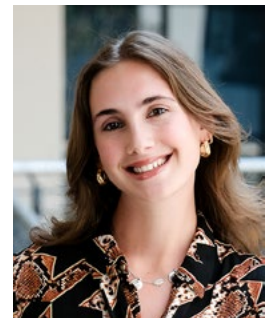
In conclusion, while rising global petrol prices are driven by external factors beyond South Africa's control, their domestic impact is great. Effective regulatory oversight, such as that exercised by the Competition Commission, is essential to prevent exploitative practices and protect consumers. However, long-term resilience will require structural reforms, to mitigate the vulnerability of the South African economy to global fuel price shocks.

<sup>1</sup>89 of 1998

<sup>2</sup>68 of 2008



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8. Copy of City Power Account/ Prepaid meter account for the property;
9. Johannesburg Water Account/ prepaid meter number for the property.

According to the City's ESP rebate policy, applicants who wish to receive the continued ESP benefit must reapply every 6 months and are encouraged to apply between the 1st and 15th of the month to receive benefits in the following month. Applications made between the 15th and 30/31st day of the month will benefit in the subsequent month. It is doubtful whether the City has the capacity to process these applications with this speed, but this is the City's official stance on the matter.

### **FREE WATER AND ELECTRICITY**

Resident who qualify for an ESP benefit will also be able to obtain a certain allocation of free water and electricity to their households.

Subject to an applicant being scored against the COJ's poverty index (0-100), an household may be entitled to receive up to 15kl of free water per month if they apply for an ESP.

A household receiving ESP benefits may also qualify for a 150 kWh allocation of electricity per month, again dependent on the household's level of poverty. This would reflect as a credit on accountholder's municipal invoice.

### **CONCLUSION**

In the midst of increased tariffs and rates being imposed for the new financial year starting 1 July 2025, residents and owners who qualify for the ESP benefits are encouraged to apply for their benefits timeously to ensure that they are not unduly financially pressured by the imposition of property-based charges that they cannot afford.