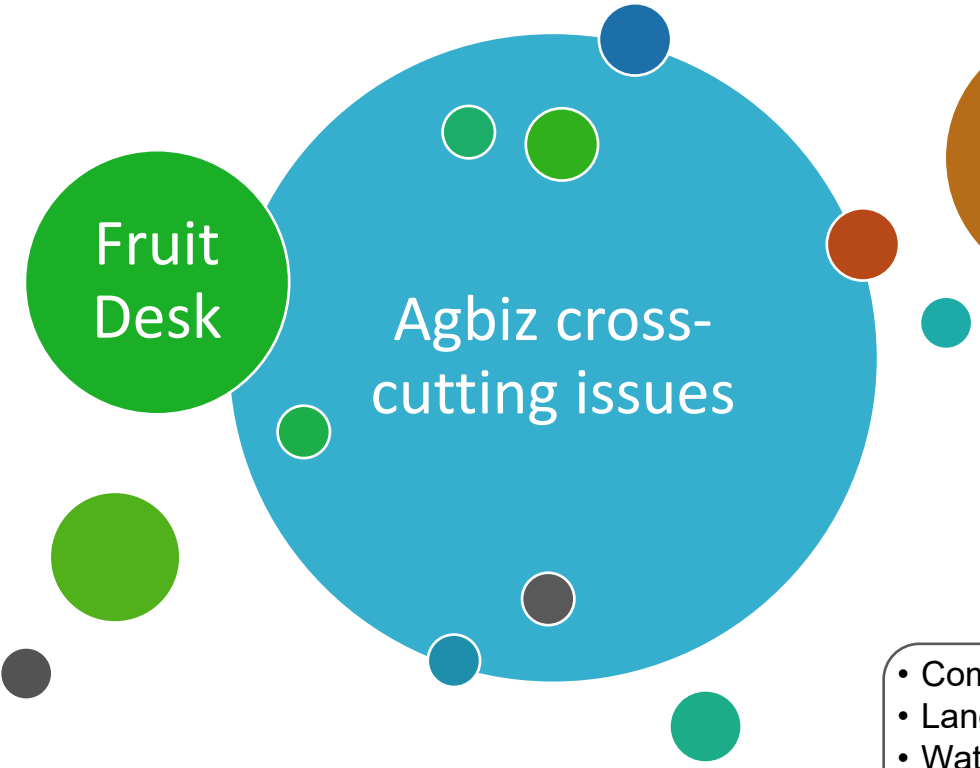
Navigating the perfect storm

Fertasa Congress
21 May 2026
Theo Boshoff

Agbiz Members





Grain desk

+

BUSA
BUSINESS UNITY SOUTH AFRICA

Regulation

- Commercial;
- Land;
- Water;
- Employment;
- BBBEE;
- Value-chain specific

Special projects

- ESG
- Roads & logistics;
- SHEQ forum;
- EDI workgroup;
- Rural rejuvenation.

Trade & economics

- Agribusiness confidence index;
- ITAC work;
- SACU reform;
- Agri-specific PTAs;

For today…

- *The macro-economic picture;*
- *Current prospects for the next summer season;*
- *Fuel crises response;*
- *International trade position;*
- *Tariff protection mechanisms;*
- *Road to rail;*

GLOBAL FRACTURING AND THE SHOCK OF WAR: EVOLVING, UNCERTAIN, PROFOUND IMPACT

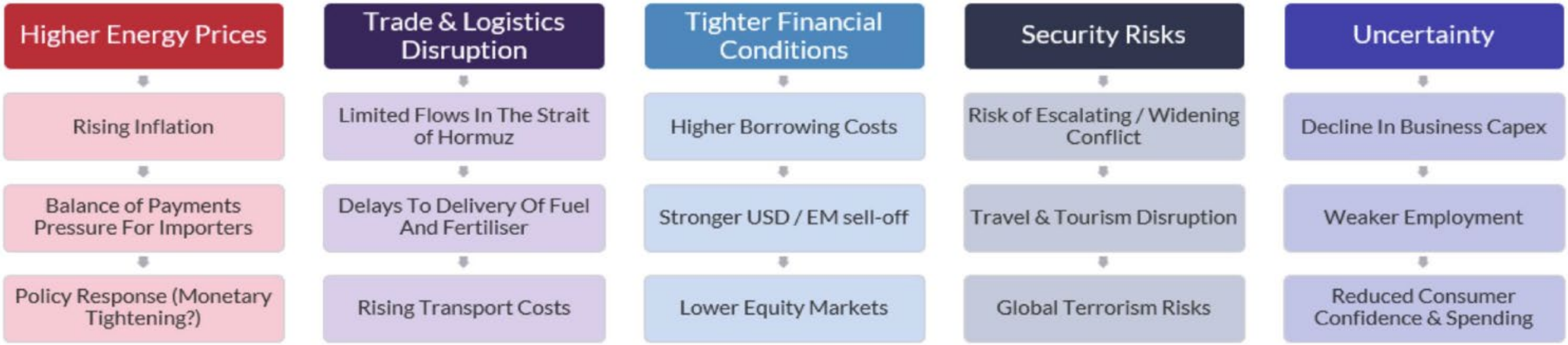


SEVERAL SECTORS ALREADY DISRUPTED AND THE LIST IS GROWING

	 Shipping	 Gas	 Oil	 Aviation	 Metals	 Chemicals
Why is it disrupted?	**~900+** vessels/week usually transit Hormuz Security risk as insurance voided and ship attacks expand	**17%** of global LNG flows via Hormuz LNG supply chain not flexible due to need for custom infrastructure	**20%** of global supply transits Hormuz Hormuz blockage and refinery closures limit supply and raise prices	**20%** of global air cargo & 450M passengers per year through GCC Jet fuel price hikes and regional shortages impacting air travel	**24%** of the world's traded aluminum transits the ME Raw materials disruption stalls Gulf smelters to export finished aluminum	**10-30%** of selected key chemicals* transit Hormuz Supply shocks affect inputs for polymers, fertilizers, and tech and prices
Level of disruption	Severe	Severe	Severe	Moderate	Moderate	Moderate
Geographic impact	**South Asia, East Asia, and Africa** with main export reliance	**Asian** countries as main LNG recipients **Europe** as exposed to spot market	**Asian** countries as main oil recipients	**Asia-Europe-Africa** main cargo corridors Asia-Europe as main passenger transit corridor	Gulf aluminum accounts for 14% of **Europe's** and 21% of **USA's** aluminum imports	**India** and **China** as main chemical importers

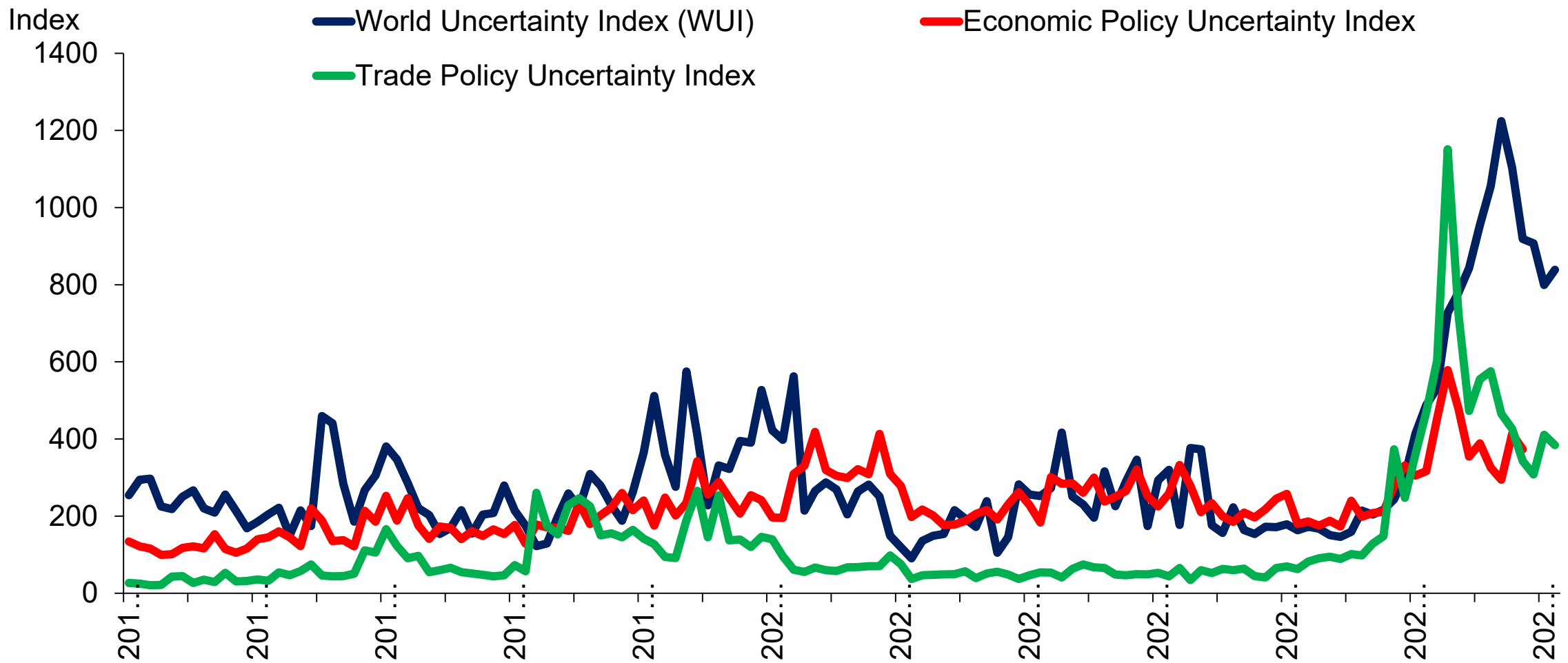
Source: IMF and Agbiz Research

US-IRAN CONFLICT AND TRANSMISSION TO GLOBAL ECONOMY



Source: IMF and Agbiz Research

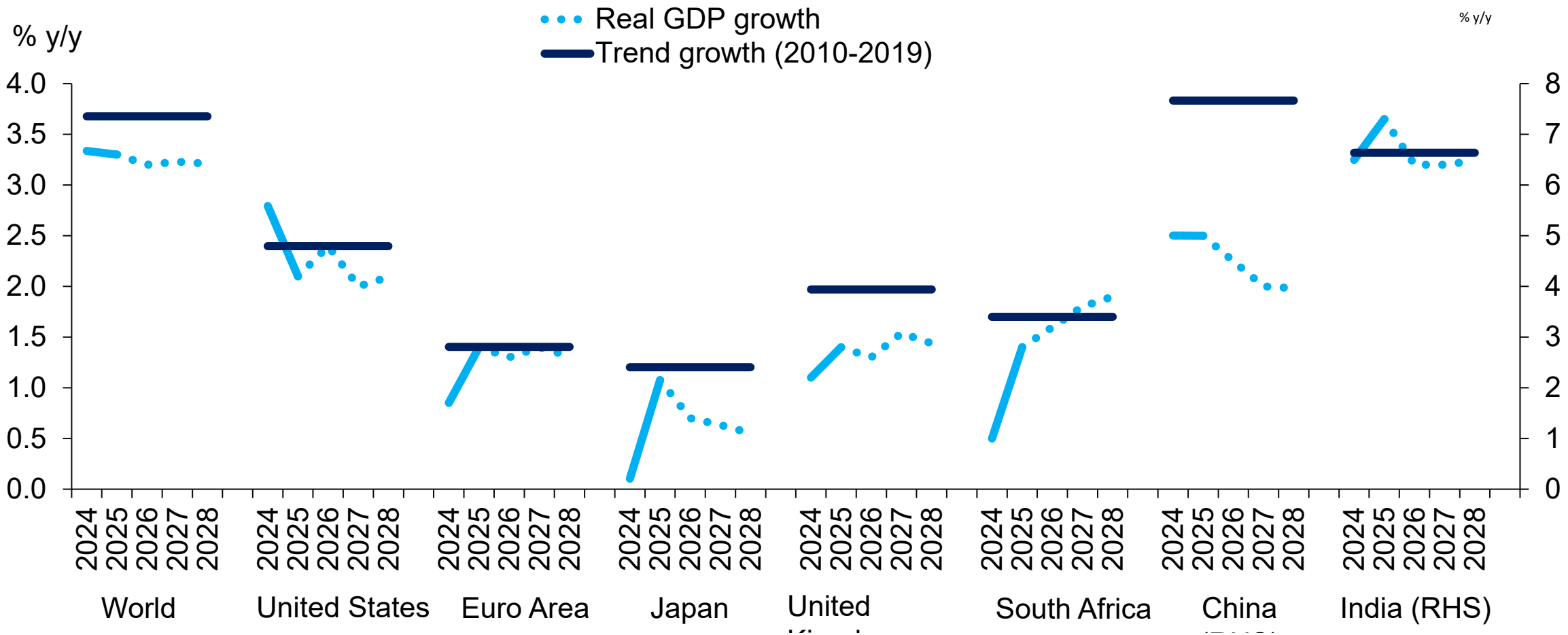
ONGOING TRADE UNCERTAINTY



Source: IMF and Agbiz Research

STEADY BUT SUBPAR GLOBAL GROWTH

The growth outlook for most major advanced and emerging market economies is below long-term trends

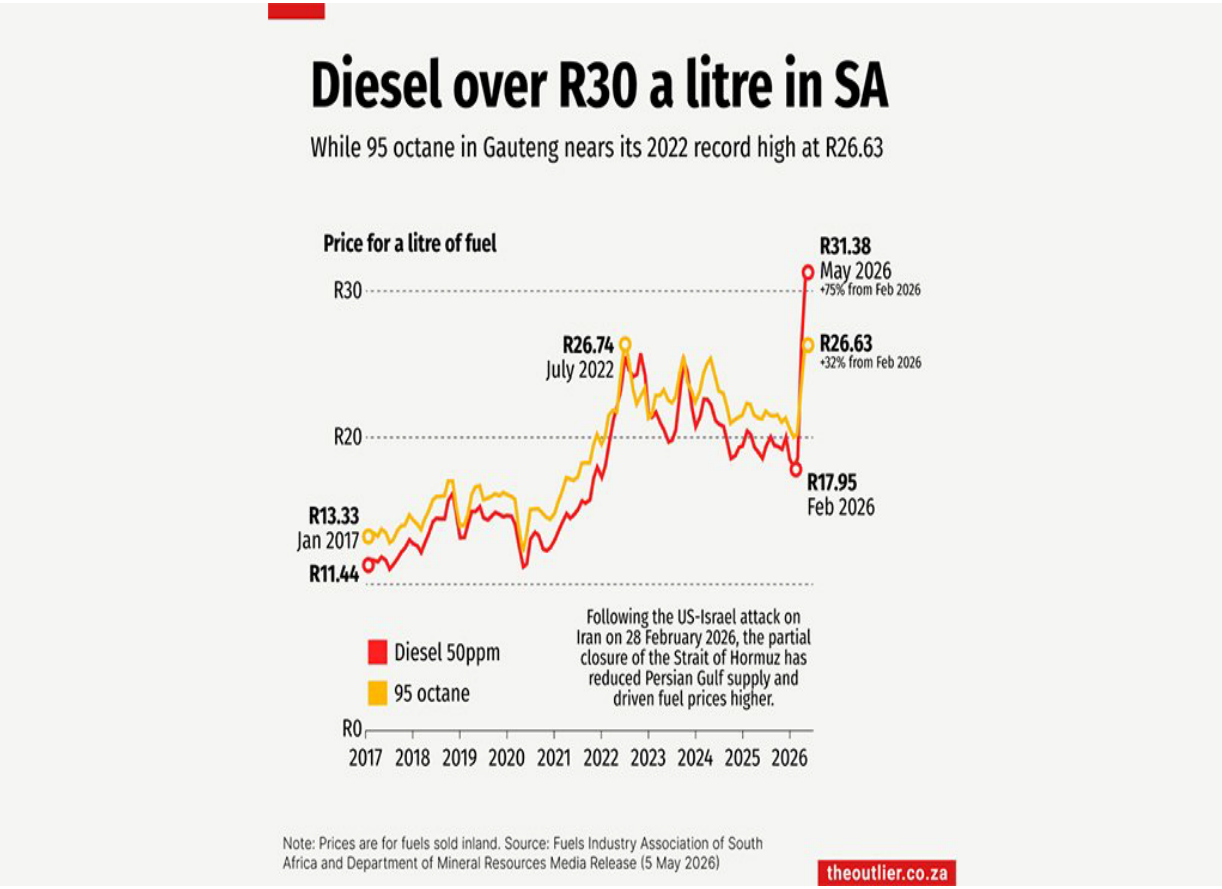


Source: IMF, RMB Global Research, and Agbiz Research

Trifecta of challenges

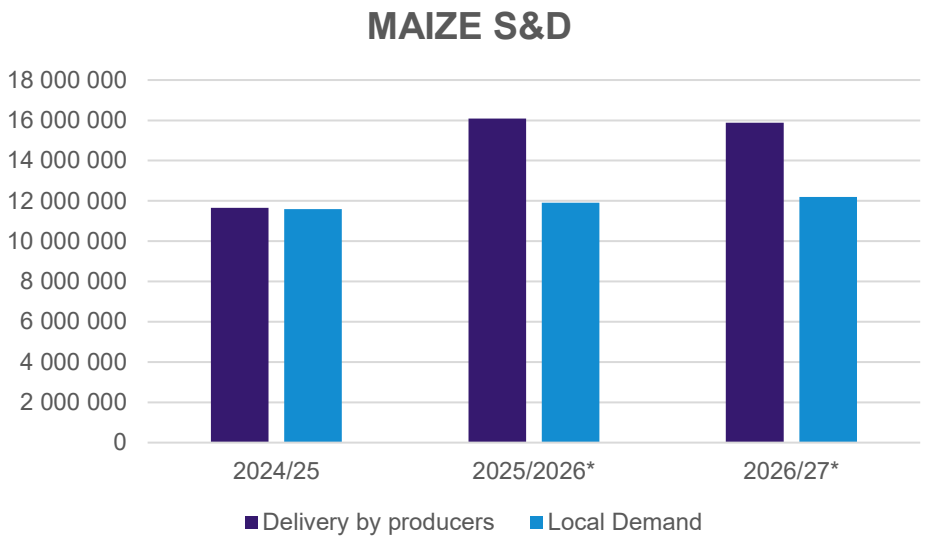


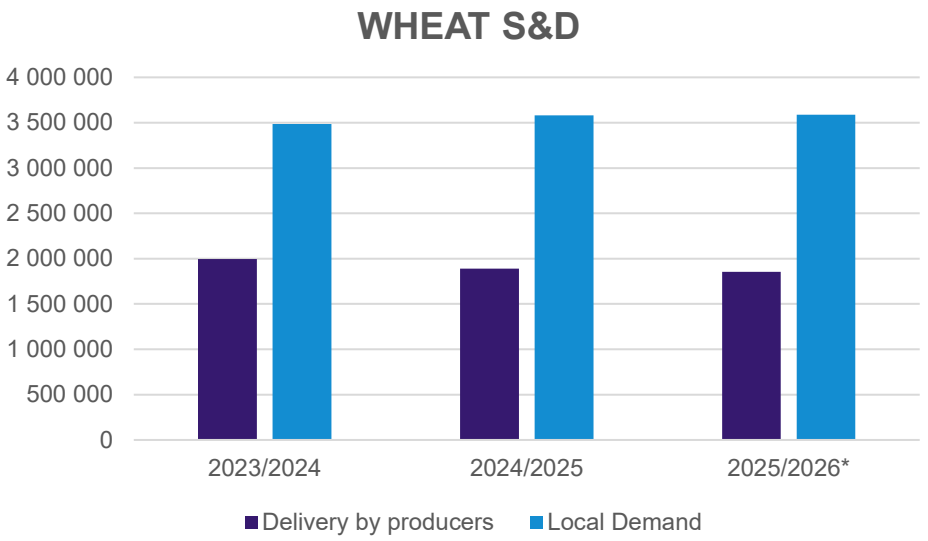
Rising input costs

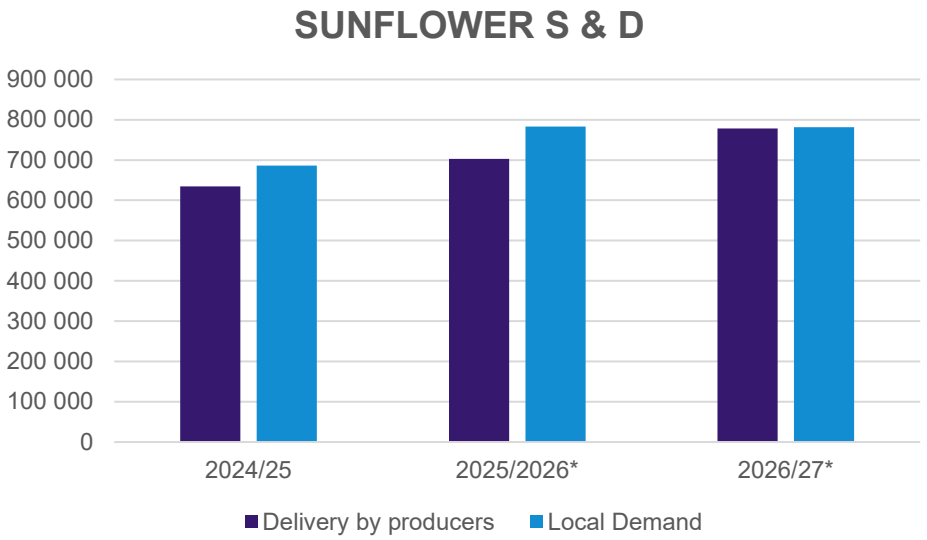


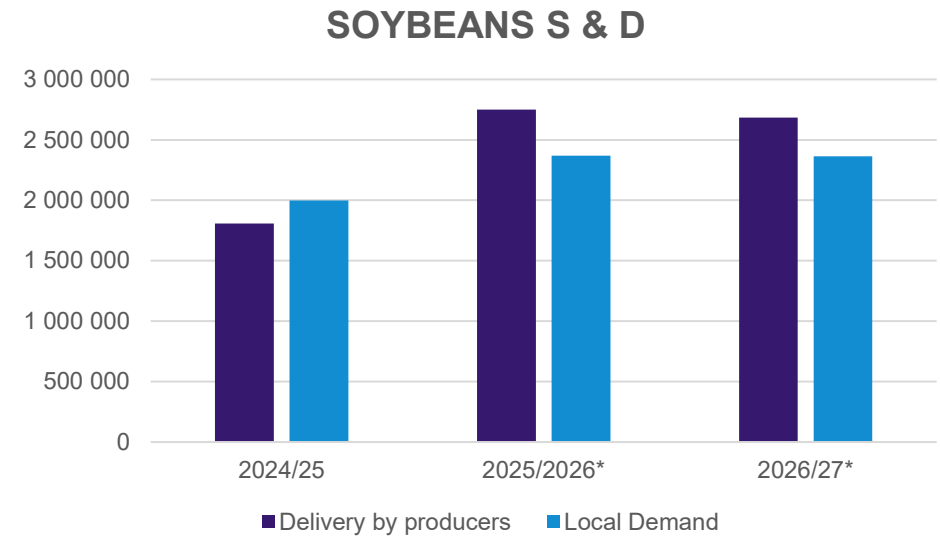


GRAIN INDUSTRY OVERVIEW: SUPPLY AND DEMAND









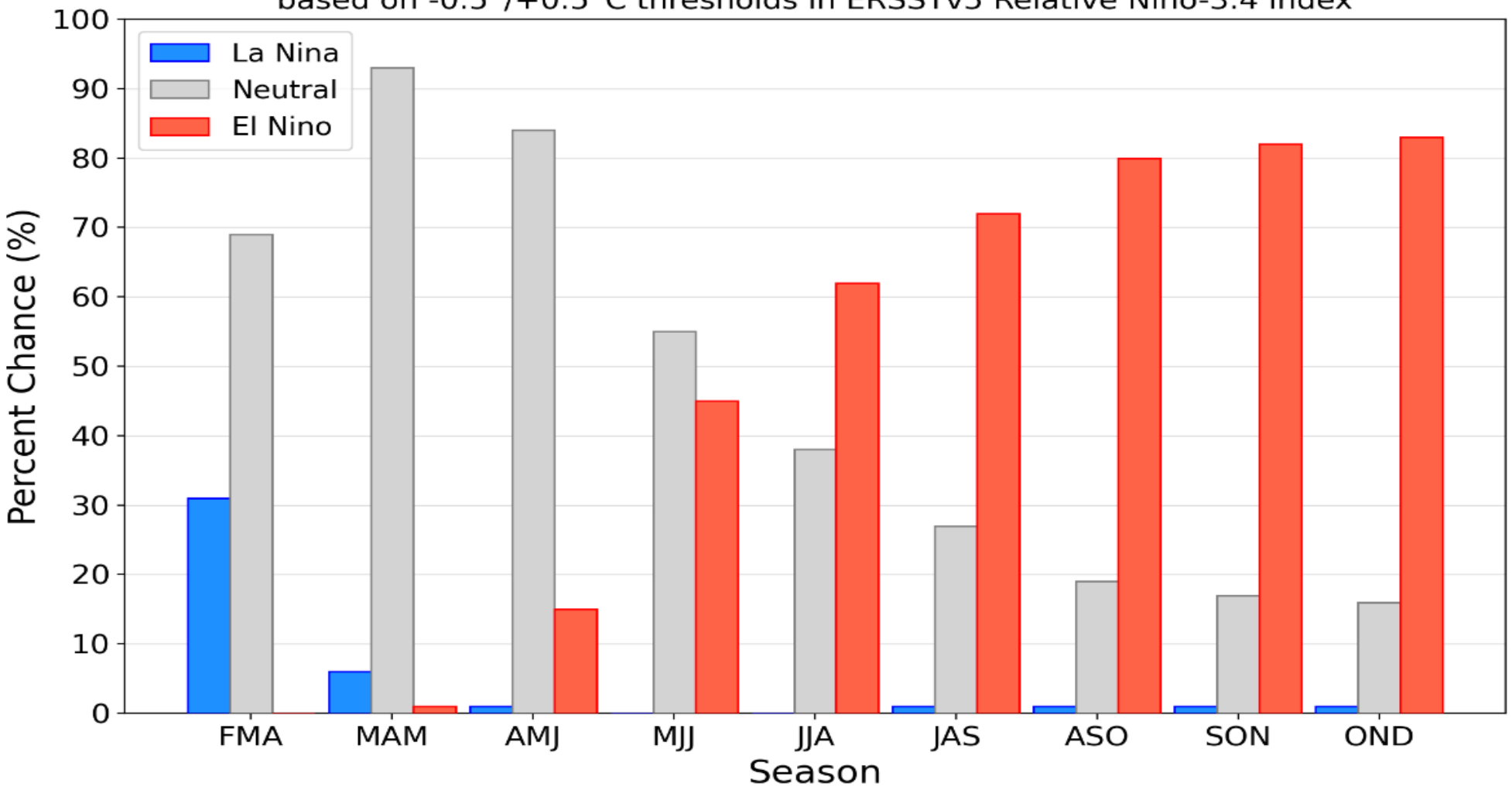
SOURCE: NAMC – March 2026

GRAIN INDUSTRY OVERVIEW: PROFITABILITY - maize

COMMODITY AND REGION	SAFEX PRICE (Jul contract price as per 9 March 2026)	TOTAL VARIABLE COST PER TON (VC)	TOTAL PRODUCTION COST PER TON (TPC)	PROFIT MARGIN ON TPC
North West Free State: R-R Maize (Higher yield potential **Farmgate price**	WMAZ Jul'26 R3 292 R2 872	R2 945,87	R3 424,74	Negative
North West: Bt Maize **Farmgate price**	WMAZ Jul'26 R3 292 R2 874	R2 942,19	R3 472,77	Negative
Eastern Highveld: R-R Maize **Farmgate price**	YMAZJul'26 R3 422 R2 850	R3 182,02	R3 461,67	Negative
Eastern Free State: Bt Maize **Farmgate price**	YMAZJul'26 R3 422 R2 913	R2 935,10	R3 214,70	Negative
Northern Cape (Irrigation) **Farmgate price**	YMAZ Jul'26 R3 422 R2 821	R2 762,90	R3 181,62	Negative

SOURCE: GRAIN SA – 9 March 2026

Official NOAA CPC ENSO Probabilities (issued March 2026)



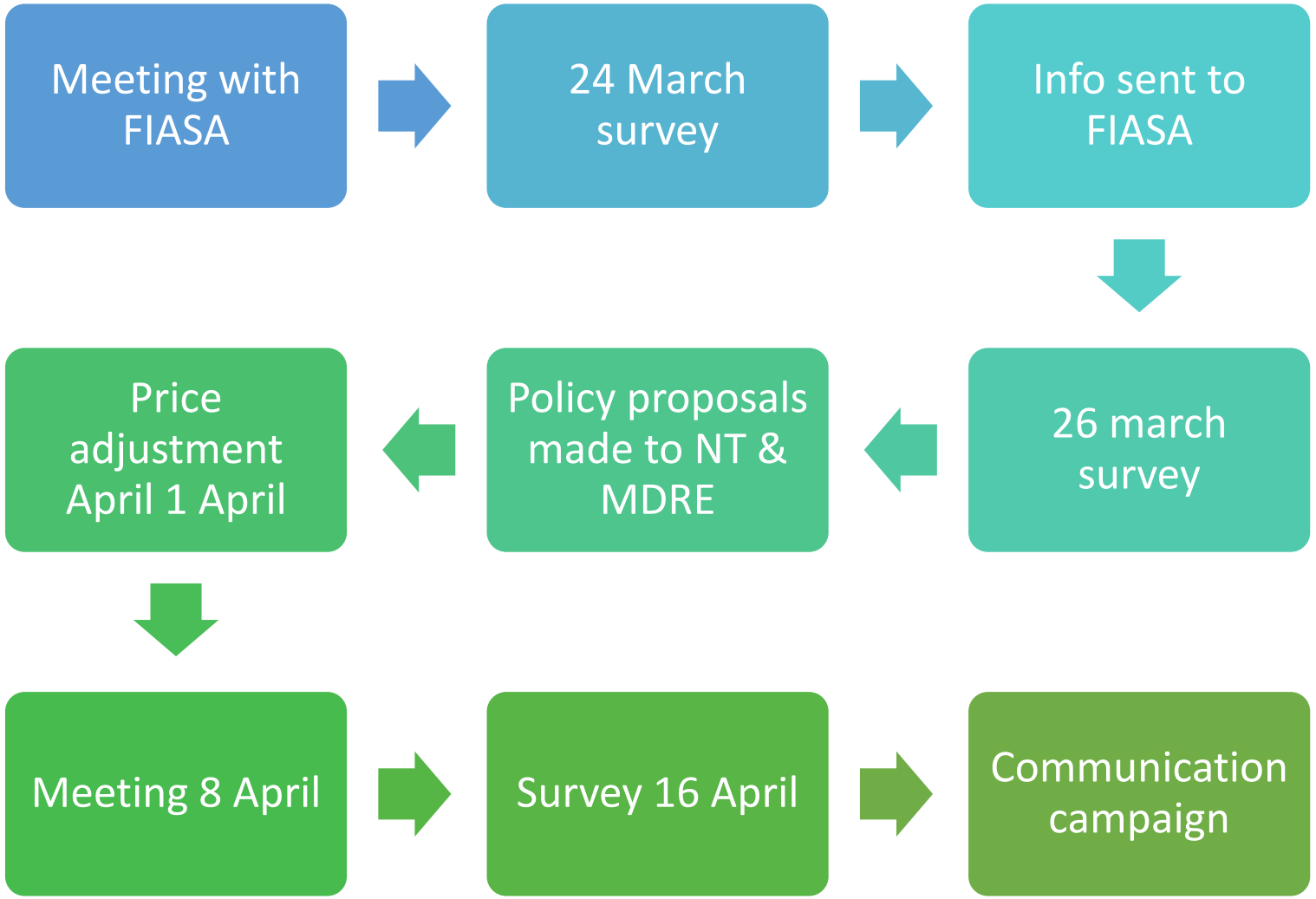
What can we expect?

1. *Large harvest but not at export parity;*
2. *When El Nino bites, prices could go up;*
3. *Area plantings next summer? – CEC data only coming in July; but*
4. *Focus on high-yield plots to offset cost squeeze?;*
5. *Key question: what can we do that is within SA's control?*

Fuel crises

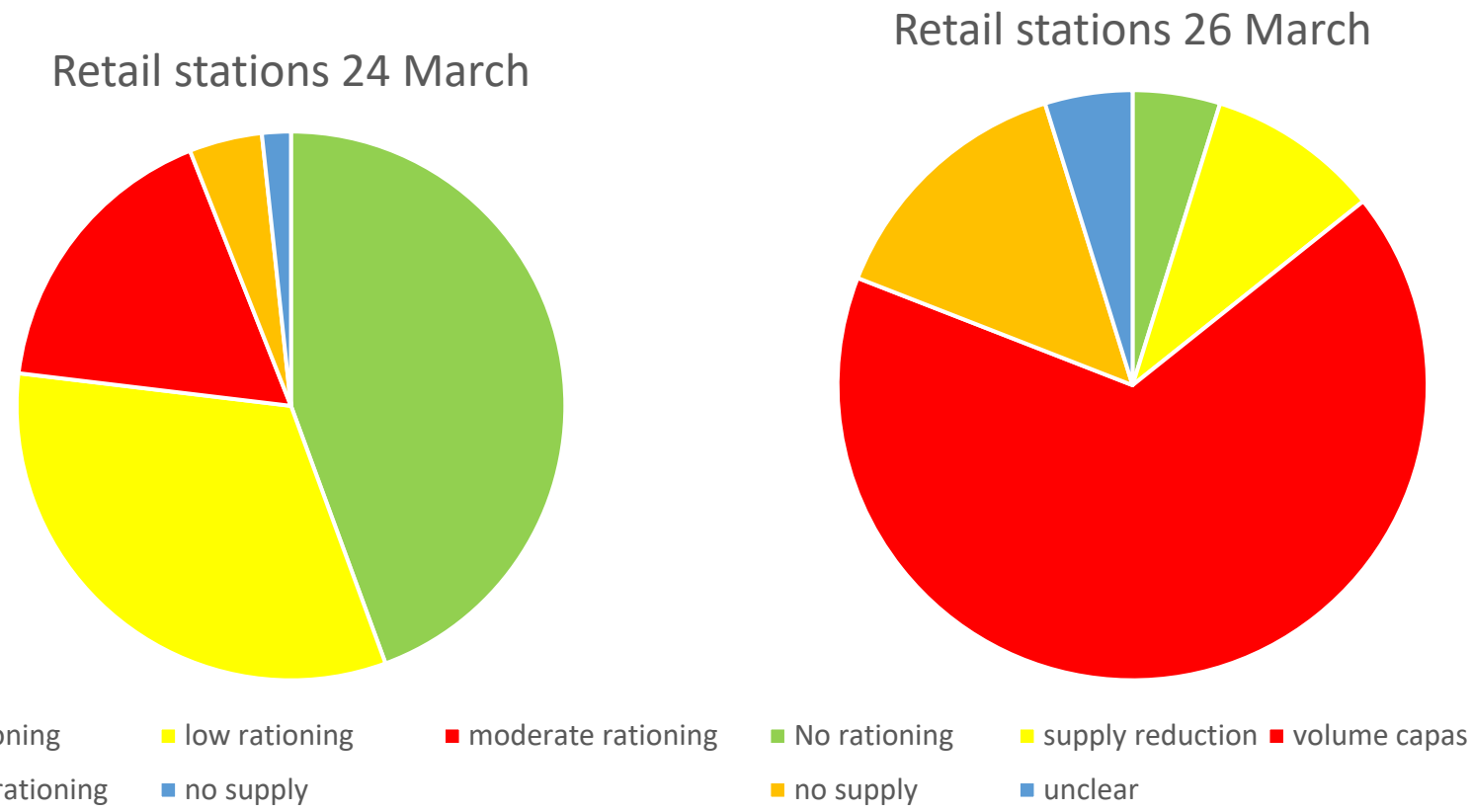
Background:

- Closing of Strait of Hormuz in March;
- Panic caused by rumors of supply constraints;
- Impending price increase in April;
- Joint process by Agbiz, Agri SA & FIASA.



Results

- 2/3 retail stations had to ration supply;
  - Demand increased;
  - (demand up by more than 30%);but
  - Also rationed by fuel supplier;
  - (20% - 60% of usual volumes available);
- No evidence of price gouging;
- Suppliers withholding? Suspicions but no proof;
- Surcharge imposed after April revisions;
- Under recovery for Diesel showing signs of improvement.



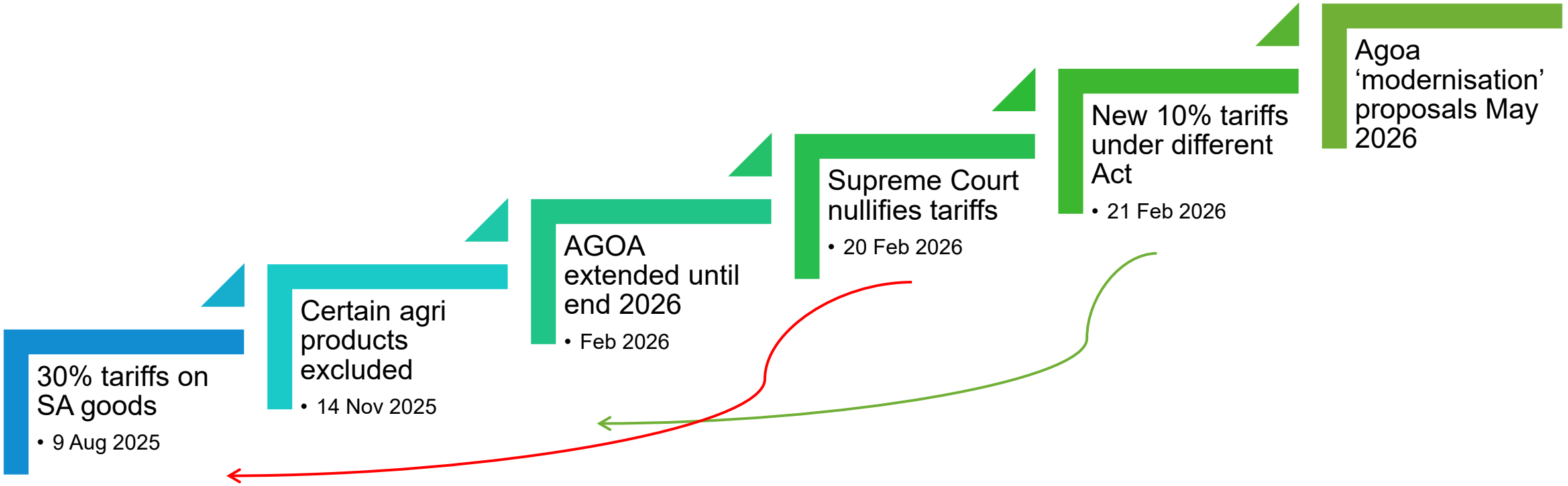
Policy proposals

Proposals	Result
Temporary relief under fuel levy	Relief granted for April & May 2026
Increase % of fuel levy in diesel rebate from 40% to 100%	No response yet, but relief for all announced
Temporary relief for RAF levy	No response yet
Consider biweekly price adjustments opposed to monthly	Under consideration
Report surcharge	DMRE following up with each company. Unlawful and must motivate for a change in the basic fuel price.

US tariffs



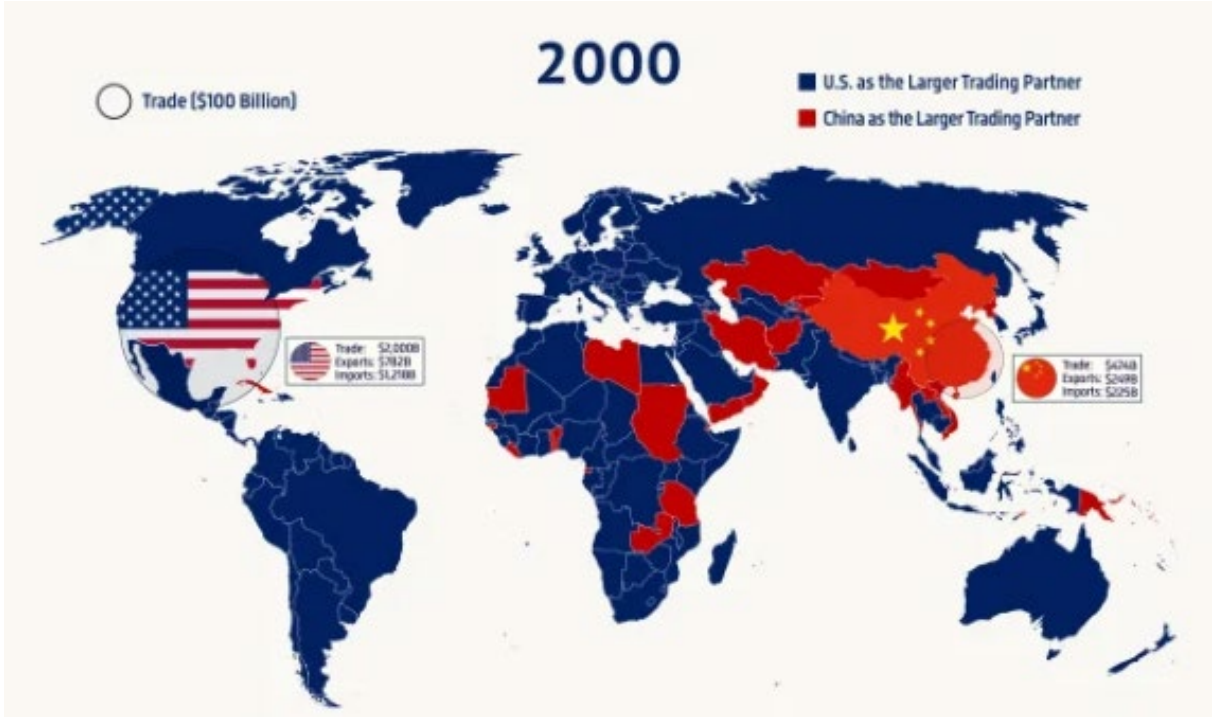
Timeline of events

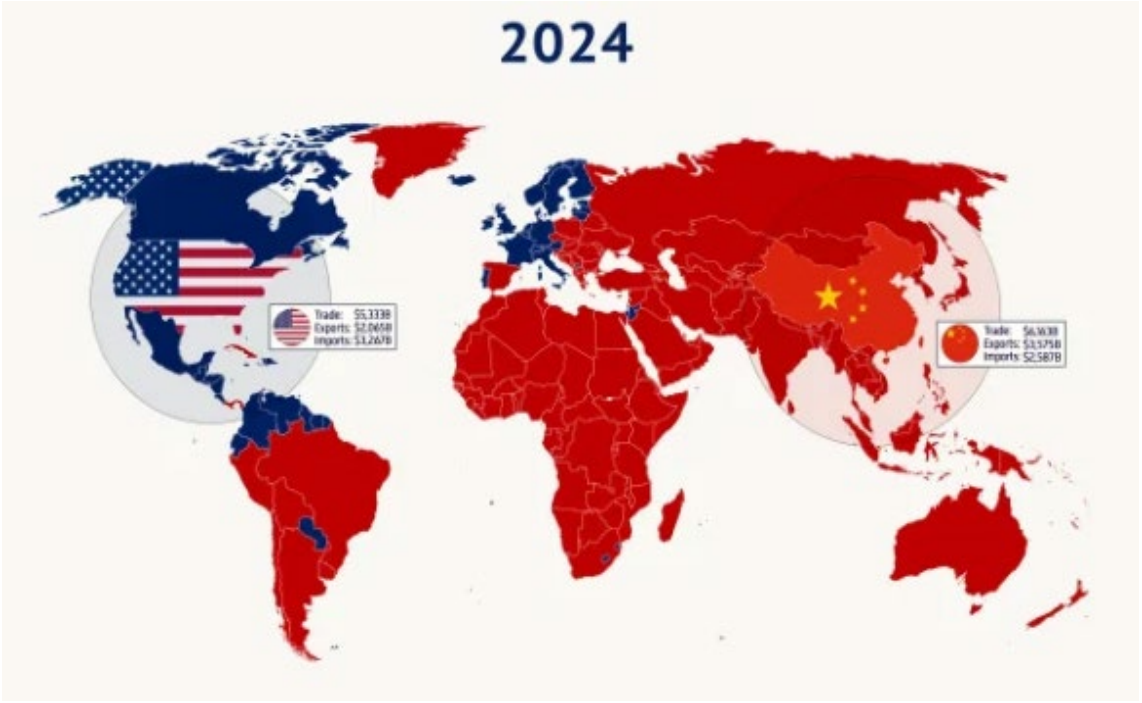




Africa – China Economic Partnership Agreement

THE CHINESE CHALLENGE TO AMERICAN PRIMACY: SA MUST ADAPT IN THE CHANGING WORLD



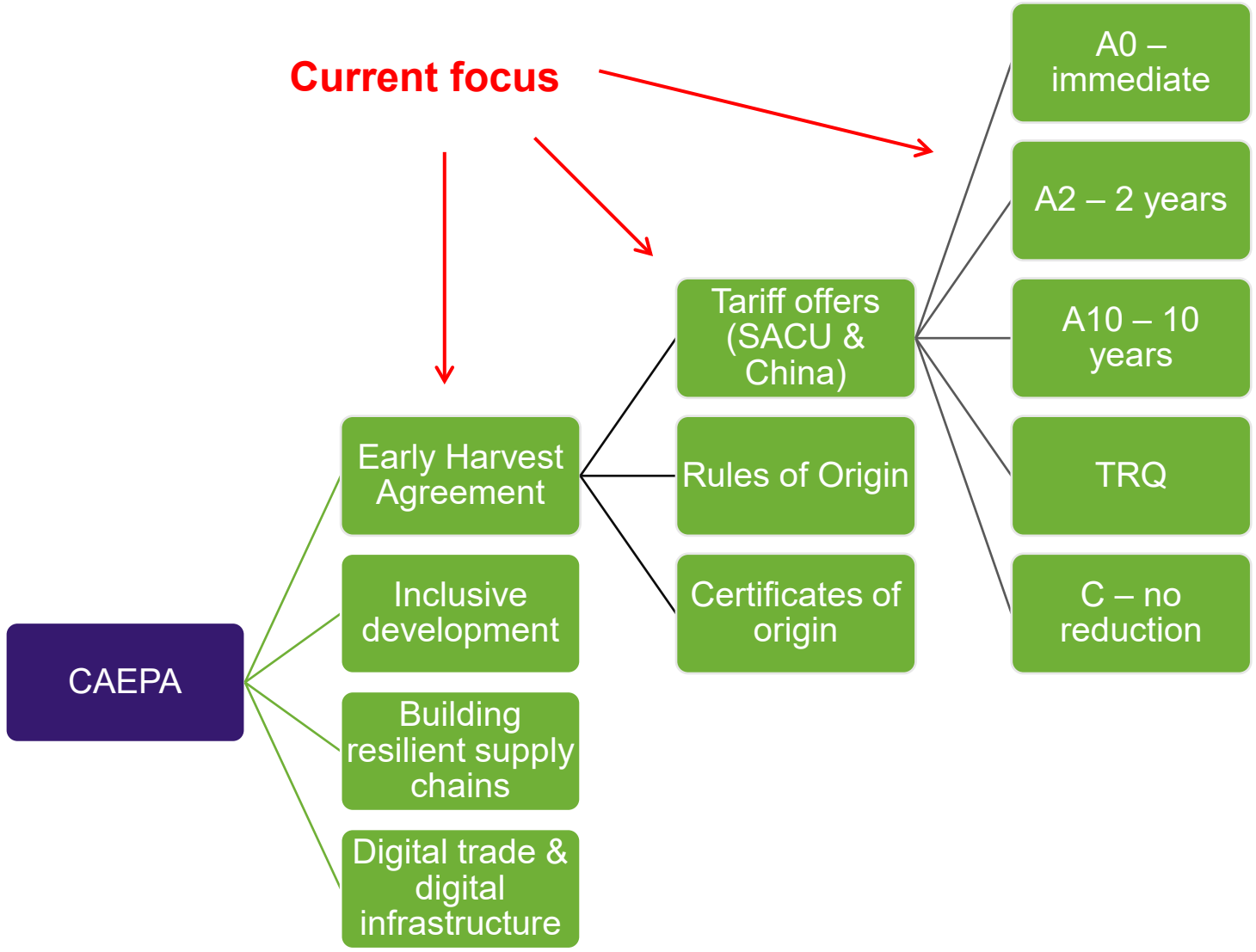


China is now the dominant trade partner for most of Asia, Eastern Europe, the Middle East, Oceania, South America, and Africa, with a total of US$6.2tn worth of trade vs US's S$5.3tn

Source: https://www.voronoiapp.com/

China Africa Economic Partnership Agreement

- CAEPA is a framework agreement;
- Focus now on ‘Early Harvest Agreement’
- Must have reciprocity to be WTO compliant – no free lunch; however
- Need not be 100% reciprocal = SACU must offer tariff reduction but need not be equal to China’s;
- 1 May 2026 – duty free access given to SA for a 2 year period to negotiate;



CAEPA Continued

What can SACU offer?

- 3 options proposed by the DTIC;
- ‘symbolic’ offer (includes little of what we import);
- Exclude autos?
  - 87/1 trade in autos;
  - Implications for investment in autos?
  - What about Ag equipment & inputs?
- Principled issues;
  - SACU industrialisation?
  - Offtake commitments from China?

What is China offering

- China offers NB;
- 1 May 2-year access beneficial, but long-term offers:
  - Macadamias (A10);
  - Wine (A10);
  - Citrus varieties (A10);
  - Dried abalone (A2)
  - Sugar (TRQ)
  - Animal products (A0 – A10)
  - Dried fruits (some A10)
  - Stone fruit (A2)
  - Apples (A2)
  - Grapes (A10)
  - Raisins (A2)

ITAC & Tariff issues

Variable tariff adjustments

Wheat

- ITAC expected to formulate a final decision in May;
- Includes the increase of the reference price; and adjusted import tariffs;
- Pushback from ITAC on automatic adjustment mechanism

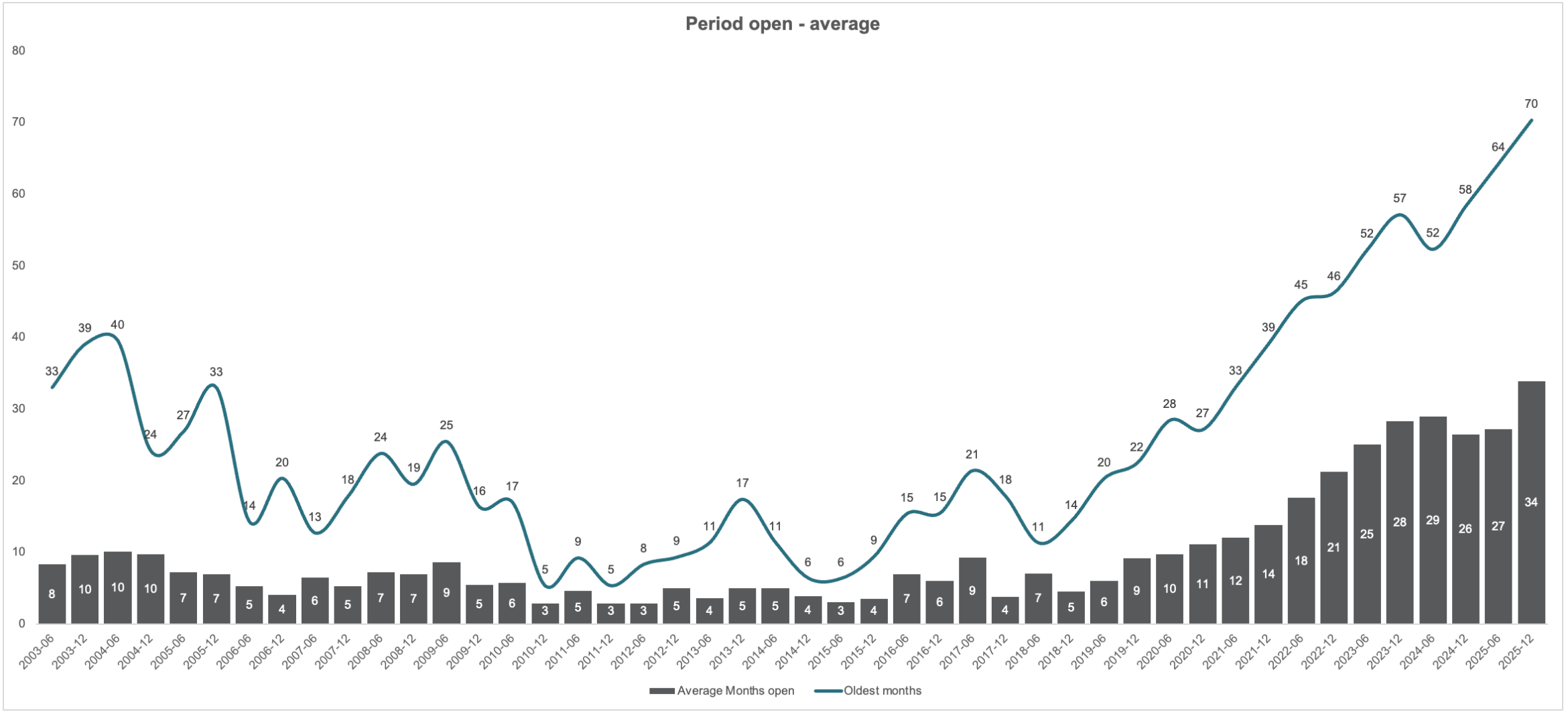
Sugar

- Under verification;
- TBC late may;

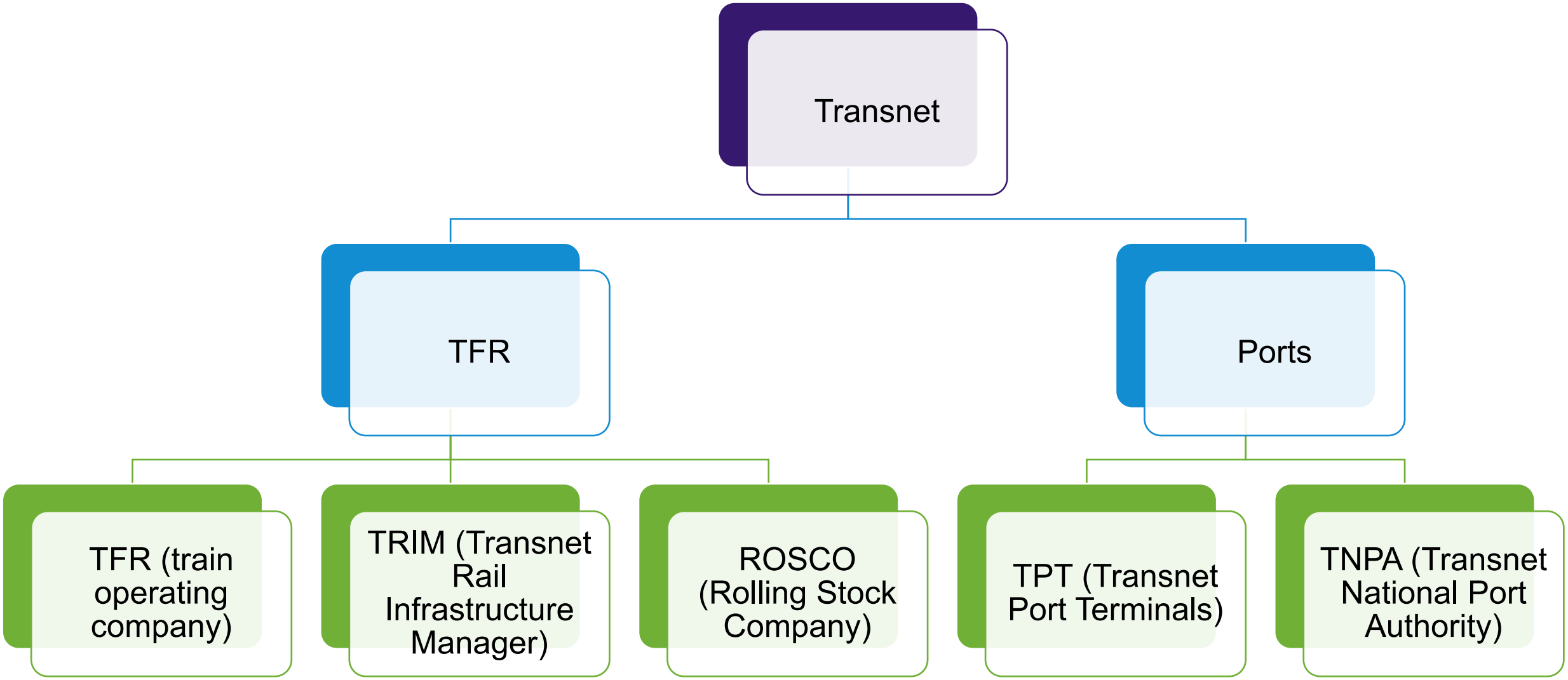
ITAC Amendment Bill

- Increased policy decisions by ITAC;
  - Investigate ‘unfair’ trade practices by other countries;
  - Tariffs for ‘national security’ reasons’
  - Tariffs ‘in national interest’;
- Business objections –
  - No transparency & reciprocity agreements slowing processes down;
  - keep ITAC technical;
- We have a technical institution with clear capacity gaps, now we are giving them more responsibilities?

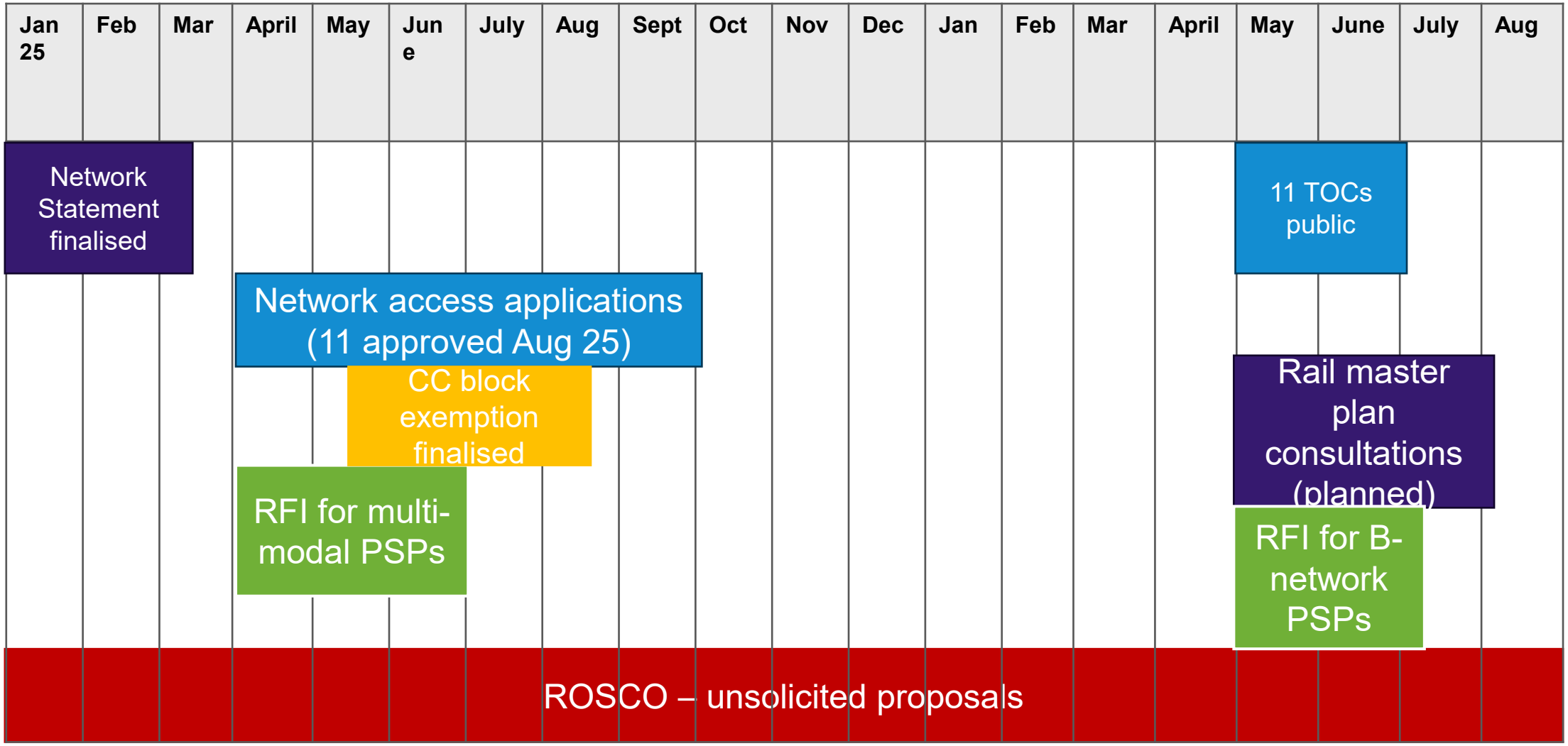
ITAC & Tariff issues



Logistics – ports + road to rail



Sequencing of events key

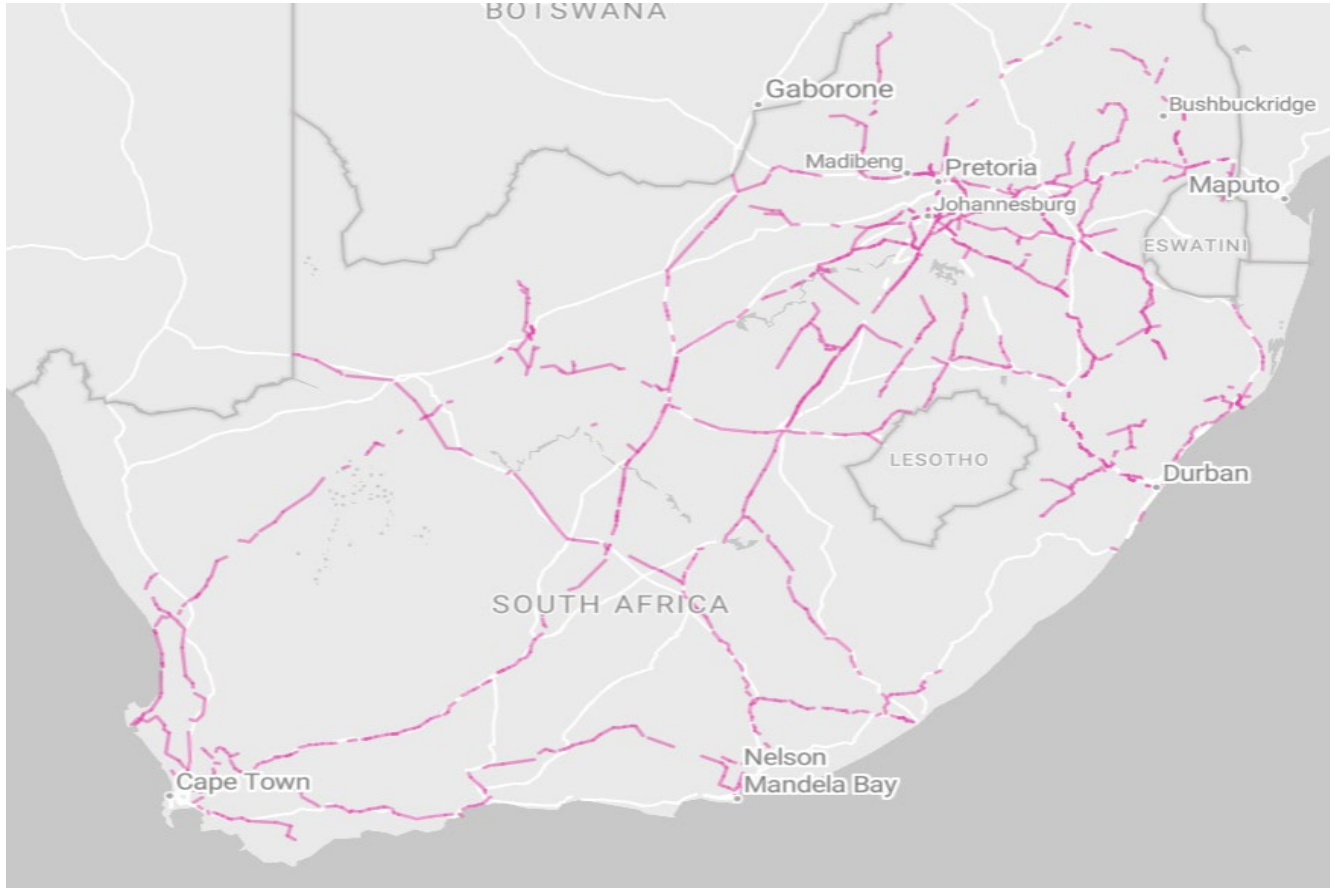


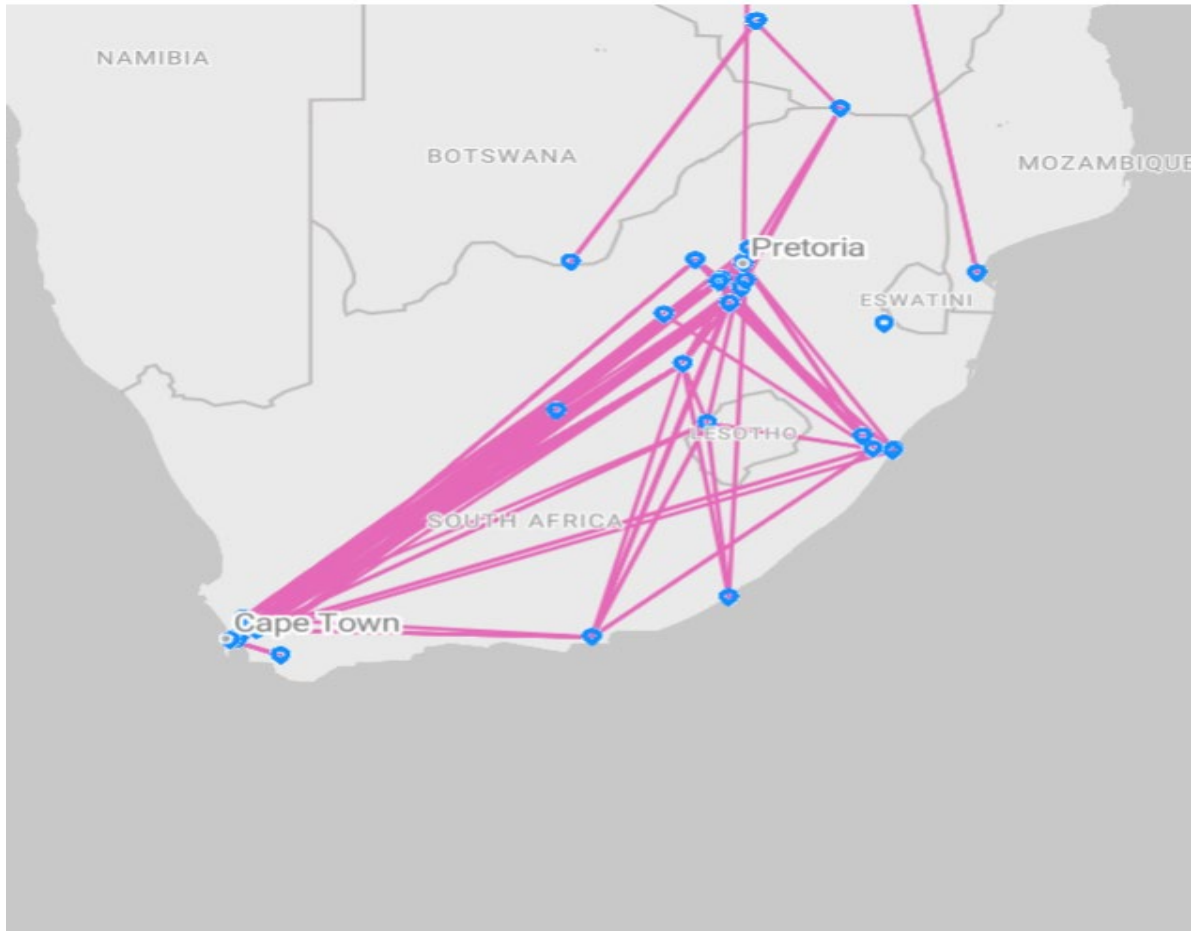
Where are we now?

- Same rules for all operators (network statement;
- Transnet unbundled but TRIM (infrastructure manager) wants to get rid of 94 lines;
- Demand-mapping with grain companies – all others welcomed;
- B-network RFI – which of the 94 lines will agribusinesses take over?
- 11 Private sector train companies approved to operate on rail – reaching out to know where they operate



Data Tracking Tool View: Movement between Destinations





Thank you

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