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JOINT MEDIA STATEMENT

AgriSA and Agbiz: Fuel relief timely, but more needed to secure food system stability

AgriSA and Agbiz welcome the government's announcement of a temporary reduction in the general fuel levy as part of short-term relief measures to address rising fuel prices.

The decision to reduce the fuel levy by R3 per litre provides important and timely relief to both consumers and producers in a context of heightened global energy market volatility. As the government has noted, rising fuel costs are already placing upward pressure on food and transport inflation, with broader implications for the economy.

From an agricultural perspective, this intervention is particularly significant and it represents a R6 billion relief for the country and consumers. Fuel is a core input across the entire value chain, supporting on-farm production, irrigation, harvesting, processing and logistics. In most farming systems, fuel accounts for between 12% and 18% of production costs, making it a critical cost driver in periods of volatility. The relief measure will therefore help to ease immediate cost pressures and could play an important role in buffering against further food price inflation in the short term.

However, AgriSA and Agbiz emphasise that the current challenges facing the agricultural sector extend beyond price alone. Recent engagements with farmers and fuel suppliers indicate that the sector is experiencing a combination of price increases, supply constraints and operational uncertainty at farm level, particularly during the coming production periods for winter and summer grain. These pressures are unfolding at a time when producers are already operating in a low-margin environment, characterised by relatively low commodity prices and elevated input costs.

In addition to fuel, other major inputs such as fertiliser, often accounting for up to 35% to 50% of production costs, are also under upward pressure due to global supply disruptions and geopolitical risks. This compounds the financial strain on producers and increases the sensitivity of the sector to further shocks. Against this backdrop, while the temporary fuel levy relief is a positive and necessary step, it should be seen as part of a broader set of interventions required to stabilise the system.

AgriSA and Agbiz therefore reiterate their call for additional, targeted measures to improve market responsiveness and ensure continuity of supply, including:

- Greater flexibility in the fuel price adjustment mechanism, including more frequent reviews during periods of volatility;
- Greater transparency on the national stock levels of fuels;
- Consideration of a temporary reduction in the RAF levy; and
- Extending the diesel rebate for primary users to 100%

These measures are not intended to increase costs to the sector, but rather to ensure that pricing reflects underlying conditions more accurately, thereby reducing incentives for panic buying or withholding supply.

The organisations also note the government's intention to pursue a broader package of support measures and a review of the fuel pricing framework over the medium term. This process will be critical in addressing structural inefficiencies and ensuring that the fuel pricing system remains aligned with the needs of key productive sectors of the economy, in particular the agricultural value chain.

AgriSA and Agbiz remain committed to working constructively with government and industry stakeholders to ensure that the agricultural sector continues to operate effectively under increasingly complex global conditions.

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