



Economics and Trade Centre of Excellence

Policy Outlook 2026

Facilitated by

AgriSA

Economics and Trade Centre of Excellence

ACTION TYPE	PRIORITY AREA	FOCUS
Policy	<i>Eskom Tariffs & NERSA Framework</i>	Push for agricultural tariff class, TOU redesign, and interim irrigation relief.
Policy	<i>Roads & Rail Reform</i>	Develop PPP road maintenance MoUs; support rail concession models.
Policy	<i>Telecommunications Reform</i>	Advocate for rural connectivity rollout and satellite broadband inclusion.
Policy	<i>Trade Strategy & SACU Reform</i>	Expand access to Asia & the Middle East, defend EU/UK/Africa markets, promote SACU flexibility.



Economics and Trade

Policy Context

Port congestion and weather disruptions in ports, rail failures, and deteriorating road networks have translated directly into higher freight costs, production losses and reduced competitiveness. Private concessions are on the cards for freight rail operators. Meanwhile farms have had to internalise these costs through off-grid power, private security and logistics workarounds, embedding structural inefficiency into the cost base of the agricultural economy. As a result, infrastructure and energy reform is a macro-critical policy priority for restoring South Africa's agricultural export-led growth model.

Telecommunications and trade policy have become strategic levers for competitiveness and resilience. Digital connectivity underpins modern agriculture through traceability systems, export compliance, biosecurity monitoring and logistics coordination, yet uneven broadband coverage and high data costs limit participation and undermine efforts to curb rural crime.

Concurrently, South Africa's export-oriented agricultural model is increasingly exposed to global trade fragmentation, rising tariffs and shifting geopolitical alliances, with markets such as the United States becoming more uncertain and contested. Future growth will depend on diversifying export destinations, negotiating better market access and reducing domestic trade costs through improved ports, roads, energy and digital infrastructure, so that South Africa's producers can compete at export-parity prices in an increasingly volatile global system.



Key Policy priorities include:

Eskom and NERSA

NERSA approved an average **12,74% Eskom tariff increase for 2025/26**, but AgriSA's analysis shows that **structural tariff redesign** (unbundled charges and revised Time-of-Use schedules) is driving **effective increases of 25-30%** for many agricultural users. The introduction of new fixed and capacity-linked charges, alongside higher network capacity costs, is shifting electricity from a variable input to a **structural cost burden** that farmers cannot manage through efficiency alone.

AgriSA maintains that the tariff framework is already eroding profitability and undermining competitiveness. AgriSA further maintains that Eskom's **MYPD6 trajectory points** to additional sharp increases (notably **36,15% in FY2026**, then **11,81%** and **9,1%**), which are incompatible with agricultural price-taking realities and food security imperatives.

In 2026, AgriSA will continue to advocate to NERSA and the government to:

Investigate and correct the gap between headline-approved increases and **real effective farm-level impacts**.

Revert or redesign TOU schedules to restore workable irrigation flexibility (including peak/standard structure, evening peak duration, and Sunday blocks).

Expand NERSA's market inquiry into fixed and capacity charges to treat **agriculture as a distinct customer segment** with specific seasonal and production realities.

Provide **urgent interim relief** mechanisms for irrigation-dependent farming while structural reforms and inquiries are underway.

Telecommunication

Reliable telecommunications coverage has become essential for modern agriculture, rural safety, and economic participation. Persistent poor mobile reception and limited broadband coverage in rural areas continue to undermine farm operations, emergency response, crime prevention, and the adoption of digital and precision agriculture technologies. For many farming regions, connectivity gaps are no longer an inconvenience but a structural constraint on productivity and safety.

AgriSA is **actively engaging telecommunications service providers to address coverage deficiencies in agricultural areas**, while also participating in the regulatory processes shaping the communications sector.

AgriSA emphasises that policy and regulatory design must actively support, rather than delay, the rollout of connectivity in rural and high-risk areas.

AgriSA supports a technology-neutral policy environment that accelerates coverage. In this regard, the potential entry of satellite-based broadband services presents an important opportunity to rapidly extend connectivity to remote and sparsely populated farming areas, complement existing networks, and improve resilience where terrestrial infrastructure is unreliable.

Roads and Rail

The Department of Transport has confirmed its intention to issue concessions for the private management and operation of key rail corridors. This is aimed at reversing the sustained decline in freight rail performance, improving reliability, and sourcing private capital and operational expertise into the rail system. For agriculture and bulk exporters, the reform is critical to lowering logistics costs, decongesting ports, and restoring South Africa's competitiveness in export markets, particularly for grain, minerals and horticultural products that depend on efficient inland-to-port corridors.

Road infrastructure failure has become a **binding constraint on agricultural competitiveness**, affecting input delivery, labour mobility, emergency response, and access to domestic and export markets. In response, **AgriSA is advancing a structured, legally sound approach to private sector involvement in public road maintenance**.

Legal clarity and risk management

AgriSA commissioned a **legal opinion** to clarify:

- The applicable **national, provincial and local legislative frameworks** governing operational responsibility for roads
- The powers and discretion of **national, provincial and local roads authorities**
- The **legal liability risks** faced by private parties undertaking road maintenance

AgriSA is of the view that authorities have **wide discretionary powers** to permit third-party road maintenance, provided conditions are clearly defined. Crucially, it finds that **liability can remain with the roads authority** if maintenance is undertaken **under provincial oversight**, following prescribed inspection and approval procedures. This should be formalised through **provincial Memoranda of Understanding (MoUs)**, with precedents already in place in provinces such as the North West.

Joint approach by AgriSA and Agbiz

AgriSA and Agbiz are partnering with the national Department of Transport and Infrastructure SA to:

Conclude a **Memorandum of Agreement** enabling structured engagement with roads authorities

Pilot **case-by-case road maintenance projects** under agreed conditions

Develop **practical public-private partnership (PPP) models** for rural roads

Trade

South African agriculture remains **highly export-oriented**, with exports accounting for roughly half of output by value, underpinned by strong performance in fruit, livestock recovery, and resilient value chains. Export destinations are diversified across Africa, the EU, the UK, Asia, the Middle East, and the Americas, with agriculture maintaining a growing positive trade balance. However, diversification remains incomplete and uneven, and current export growth is insufficient to meet the sector's long-term expansion, employment, and investment needs.

In 2026, AgriSA sees **Asia and the Middle East** as priority growth markets. These regions account for a growing share of global demand, large populations, and rising incomes, yet South Africa's market penetration remains relatively low compared to competitors with preferential trade agreements. While several export protocols were concluded in 2025, these gains are incremental. A more deliberate push for **bilateral market access agreements**, alongside sustained diplomatic engagement, is required to materially expand exports into key Asian and Middle Eastern economies, while simultaneously defending existing access in Africa, the EU, the UK, and the Americas.

AgriSA further notes that South Africa's **trade architecture increasingly constrains agility**. In particular, the **Southern African Customs Union (SACU)** can be perceived by prospective partners as opaque and slow-moving, especially in a global environment where trade negotiations are accelerating and becoming more targeted.

While SACU has historically supported regional integration and development, AgriSA believes that **reform is now necessary** to allow South Africa greater flexibility to conclude timely trade agreements where clear national interests exist, while preserving development support mechanisms for neighbouring states.

At the same time, non-tariff barriers, sustainability-linked standards, and regulatory divergence are becoming as significant as tariffs. The EU's Green Deal, evolving phytosanitary requirements, and compliance costs across multiple markets underscore the need for **coherent alignment between trade policy, biosecurity, and sustainability frameworks**, without undermining competitiveness or food security.

AgriSA prioritises the need to deepen export diversification into Asia and the Middle East, retain and defend existing strategic markets, advocate for pragmatic SACU reform to enable faster bilateral engagement, and position South African agriculture as a reliable, competitive supplier in an increasingly fragmented global trade environment.

South Africa's ROAD NETWORK



AUTHORITY		PAVED (km)	GRAVEL (km)	TOTAL (km)
SANRAL	1	26,956	522	27,478
Provinces	9	41,825	225,756	267,581
Metros	8	51,682	14,461	66,143
Municipalities	44 District 226 Local	37,680	219,223	256,903
Total	(288)	158,143	459,962	618,105
Estimated total		158,124	591,876	750,000

750,000 km

SA road network
11th longest in the world

SANRAL 27,478 km network
(4,4% of South Africa's total road network)

158,124 km

paved
19th longest in world

SANRAL Roads Carry 34%
of all annual vehicle traffic

79%

of SA roads are gravel

SANRAL Roads Carry up to 70%
of all long-distance freight

131,919 km

of gravel roads are unproclaimed*

23,725 km (89,7%)
SANRAL roads
funded by a grant from NT

40% to 60%

are in a poor to very poor condition

2,753 km (10,3%)
toll roads
of which 1,271 km is under concession

* Unproclaimed roads - Public roads not formally gazetted by any authority.

Source: SANRAL

Conclusion: A Call for Pragmatic Partnership

AgriSA's 2026 policy outlook calls for a renewed social compact grounded in **economic realism, institutional functionality, and shared responsibility**. Agriculture is uniquely positioned to contribute to growth, employment, and food security—but only if policy enables, rather than constrains, productive investment.

AgriSA reaffirms its unwavering commitment to the rule of law as the cornerstone of South Africa's constitutional democracy. We believe that the Constitution provides essential safeguards to protect the rights, dignity, and freedoms of all citizens, including the farming community. In advancing agricultural interests, AgriSA emphasises that policy and regulatory processes must be evidence-based, transparent, lawful, and consistent with constitutional principles of equality, fairness, and accountability. Upholding these values is not only vital to ensuring legal certainty and investor confidence, but also to safeguarding the livelihoods of farmers and rural communities who depend on a stable and just framework for sustainable development.

AgriSA stands **ready to engage constructively with government, labour, finance, and civil society** to ensure **a sustainable and competitive agricultural sector** for 2026 and beyond.



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