



Beneath the Surface | Issue 1 | 2026

NAVIGATING THE COMPLEXITIES OF SUSTAINABILITY



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► Foreword

Beneath the Surface: Navigating complexity, unlocking opportunity

Across Africa and beyond, the natural resources landscape is undergoing profound transformation. From the accelerating global energy transition to shifting regulatory frameworks and geopolitical pressures, the forces shaping mining, energy and agriculture are more interconnected – and more complex – than ever before.

In this edition of Beneath the Surface, we explore what lies below the headlines. While demand for critical minerals continues to surge, positioning Africa as a central player in the global energy shift, the path forward is far from straightforward. Exploration gaps, capital allocation challenges and evolving policy environments are testing the sector's ability to respond at pace.

At the same time, the rise of renewable energy presents both opportunity and urgency. Collaboration across stakeholders – governments, investors and industry – will be critical to unlocking scalable, sustainable solutions. South Africa, in particular, stands at a pivotal moment, with the potential to reshape its role as both an energy producer and enabler of transition.

Beyond energy and mining, broader pressures are also coming into focus. From tax developments such as evolving permanent establishment rules, to operational considerations like diesel rebate changes and rising agricultural input costs driven by global tensions, organisations are required to navigate an increasingly dynamic risk environment.

What connects these themes is the need for informed, forward-looking decision-making. Success in this environment will depend not only on understanding the surface-level trends, but on uncovering the deeper drivers – and responding with agility, insight and strategic clarity.

At BDO, we are committed to helping our clients make sense of this complexity. By combining sector expertise with practical, commercially grounded advice, we support organisations to anticipate change, manage risk and position themselves for long-term value creation.

We trust this edition provides valuable perspectives as you navigate the evolving landscape.





► African mining and renewable energy: positioning South Africa at the centre of the energy transition

South Africa and the broader African continent are increasingly positioned at the centre of the global energy transition, driven by their significant endowment of critical minerals and growing renewable energy potential.

► Africa's critical minerals advantage

Africa is attracting increased global investor attention as demand for critical minerals such as copper, lithium, cobalt and manganese accelerates. These minerals are essential for renewable energy technologies, electric vehicles and energy storage systems.

As of 2023, the continent held around half of the world's cobalt and manganese reserves, placing it in a strong position to benefit from the global shift toward cleaner energy.

This rising demand is reshaping the mining sector, with Africa's mining industry evolving beyond traditional extraction to become a key enabler of the global energy transition.

At the same time, shifting global trade dynamics and a move toward more diversified supply chains are creating both opportunities and complexities. Mining companies must navigate new geopolitical realities to secure capital, technology and access to markets.

► South Africa's evolving mining role

Within this context, South Africa's mining sector is set to reshape its role in the economy. Historically a cornerstone of economic activity, the sector is now transitioning toward supplying minerals that underpin clean energy systems and future technologies.

This shift requires mining companies to move beyond extraction and play a broader role in supporting energy transition outcomes, including contributing to infrastructure development, sustainability objectives and local economic growth.

However, the sector continues to face several structural challenges, including energy constraints, logistics inefficiencies, regulatory complexity, and broader environmental and social considerations.

In addition, despite growing global interest, access to capital remains constrained due to perceived risks associated with operating in parts of Africa.

► The need for transformation and investment

To unlock the full potential of its mineral wealth, the African mining sector must adopt a long-term, strategic approach. This includes investment in modern technologies such as automation and digitalisation to improve productivity, safety and environmental performance.

There is also increasing pressure on mining companies to align with broader societal expectations, including responsible environmental practices, community development and transparent governance.

At a continental level, there is a growing emphasis on moving up the value chain by expanding local processing and beneficiation capabilities, rather than exporting raw materials. This shift aims to enhance economic participation, create jobs and retain more value within African economies.

► Renewable energy expansion in South Africa

Parallel to developments in mining, South Africa's renewable energy sector is poised for rapid expansion. The country is undergoing a gradual transition toward a more diversified energy mix, driven by the need to improve energy security, reduce reliance on coal, and support economic growth.

The expansion of renewable energy capacity, including wind, solar and battery storage, is expected to play a central role in addressing energy constraints and supporting industrial development.

This transition also creates a reinforcing cycle: renewable energy growth increases demand for critical minerals, while mining supplies the materials required to build clean energy infrastructure.

► A connected energy and mining future

The convergence of mining and renewable energy presents a significant opportunity for South Africa and the continent more broadly. Africa's mineral wealth, combined with expanding renewable energy capabilities, positions the region as a strategic player in global energy systems.

However, realising this opportunity will depend on addressing persistent challenges, including infrastructure gaps, policy uncertainty, energy availability and access to investment.

Ultimately, the mining sector in South Africa and across Africa is evolving into a critical enabler of the energy transition. By aligning mineral development with renewable energy expansion and broader economic objectives, the region can strengthen its role in global value chains while driving sustainable growth.



► Exploration lag tests Africa's critical minerals ambitions

By Liesl Peyper

Despite being endowed with some of the world's richest deposits of critical minerals, Africa's mining sector is experiencing a sustained decline in mineral exploration, a trend that could weigh on its future project pipeline over time.

BDO's Annual Mining Report 2026 notes that Africa is simultaneously trying to reposition itself from a predominantly raw-materials supplier to a higher-value mining and processing hub, using measures such as export controls, local processing requirements and strategic partnerships.

This ambition, however, is being constrained by declining exploration investment, in addition to familiar regional challenges such as policy uncertainty, inadequate infrastructure and energy bottlenecks.

The findings were presented on the sidelines of this year's Mining Indaba in Cape Town, where discussions were dominated by the increasing strategic importance of critical minerals.

► Exploration dropping

The report shows that Africa's share of global exploration spending has continued to fall, declining from 16.6% in 2012 to just 10.4% in 2024, equivalent to about \$1.3 billion (R20.6 billion*) in exploration spend.

The drop in exploration is most evident at the grassroots level, where investment has fallen by 13.2 percentage points, showing a reduced appetite for early-stage risk and innovation.

For South Africa, the trend is particularly concerning.

According to the Minerals Council of South Africa, the country attracts less than 1% of global exploration spending, placing it well behind jurisdictions such as Canada and Australia, despite its established mining industry and resource base.

Unpacking the report at a media roundtable on Wednesday, BDO partners warned that the slowdown in exploration across Africa could ultimately mean not enough bankable projects at a time when global demand for critical minerals is accelerating.

Even though Africa's geological endowment remains significant, accessing it is becoming more complex and capital-intensive.

"The endowment is there, but it's harder to get to," Matt Crane, head of natural resources and audit partner, says.

"However, there is new technology and better, more efficient ways of mining and predictive drilling to know what your reserves look like."

Despite these advances, capital remains cautious. Geopolitical risk continues to weigh heavily on investment decisions. "At the moment, a lot of capital is tied up. It's challenging to get it over the line, especially since you have geopolitical challenges on the continent," Crane adds.

► Tanzania and Zimbabwe

Policy inconsistency and fiscal instability are also cited as key constraints.

Bert Lopes, partner in business services outsourcing and global mining lead at BDO, points to Tanzania as an

example where recent developments in the mining sector have unnerved investors.

Regulatory and policy changes, including evolving local-ownership and beneficiation requirements, as well as broader amendments to mining legislation, have affected fiscal terms and investor rights.

"For example, Tanzania recently ... and Zimbabwe. There's inconsistent messaging across Africa," Lopes says.

In November 2025, the Zimbabwean government initially proposed doubling its gold mining royalty from 5% to 10% once prices exceeded about \$2 500 an ounce. This would have immediately affected most producers, given current gold prices.

Following industry pushback and parliamentary debate, the policy was revised. The 10% royalty will now apply only if gold prices exceed \$5 000 an ounce, with the 5% rate remaining in place below that level.

"[Something like] that is the difference between a bankable project, or not. That stops a project," Lopes says.

He adds that frequent policy shifts make long-term planning difficult. "It's difficult to take a long view around so much inconsistency."

► 'Knee-jerk reaction'

These concerns are surfacing at a time when several commodities are trading at elevated levels. Gold prices rose sharply during 2025, while copper and silver have also remained strong, supported by the energy transition, electrification and geopolitical uncertainty.





► Exploration lag tests Africa's critical minerals ambitions

By Liesl Peyper ^{cont.}

“With some minerals at record high prices – gold, silver and copper – there’s a knee-jerk reaction sometimes from African countries – for political reasons – not necessarily for the good of the population,” Lopes says.

The BDO partners argue that stability, rather than opportunistic intervention, is critical to investment.

“If you have changes and swings in fiscal policies, it makes it very difficult for somebody to invest in most of these projects,” Crane says.

Besides exploration, the report also notes that global mining industry is being reshaped by rising demand for critical minerals and greater government involvement.

Copper, lithium, nickel, cobalt and rare earth elements are increasingly central to energy transition technologies, electric vehicles, defence systems and data centres, although supply responses have been uneven.

Rapid capacity expansion has created oversupply and price pressure in lithium and nickel, while export controls and regulatory intervention have tightened markets such as cobalt.

Gold, meanwhile, has reasserted its role as a safe-haven asset, with prices ending 2025 about 65% higher, supported by central-bank buying, geopolitical tensions and renewed investor interest.

“Africa sits at the heart of the global mining narrative ... [with] significant reserves of cobalt, manganese, platinum group metals and other energy-transition minerals,” the report notes.

► Interrogate beneficiation

In 2025, the continent adopted the African Green Minerals Strategy, signalling a clear intent to capture more value through beneficiation. “Realising this potential, however, will require decisive action,” BDO says.

Thuto Masasa, head of advisory at BDO, argues that beneficiation should be approached at a regional rather than purely national level. “Africa should integrate – you cannot beneficiate everything in one country,” she says.

Lopes notes that logistics and basic infrastructure remain binding constraints.

“We lost out because of logistics,” he says, referring to South Africa’s rail and port constraints at Transnet, which curtailed mineral exports during a period of strong commodity prices.

“Let’s focus on fixing that first, and then focus on beneficiation,” Lopes adds. “It’s a lot of talk at the moment, but we need to get the basics right, first.”





► Beyond Cost Cutting: Operational Excellence in a Diversifying Mining Sector

By Thuto Masasa and Veronica Lukwago

The mining industry is navigating one of the most complex operating environments in recent history. Volatile commodity markets, rising input costs, energy uncertainty, regulatory pressures, and increasing stakeholder expectations are forcing mining companies to rethink how they create and sustain value.

At the same time, many mining organisations are actively diversifying their portfolios, particularly into critical minerals that are expected to play a central role in the global energy transition. While diversification presents significant opportunities, it also introduces new operational, financial, and strategic challenges.

In this environment, operational excellence has become more than a cost-saving exercise. It is increasingly a strategic imperative that enables mining companies to remain competitive, resilient, and positioned for long-term growth.

Mining companies continue to face significant cost pressures across their operations. Inflationary impacts on labour, fuel, logistics, equipment, and maintenance have increased the cost of production across many commodities.

Traditional approaches to cost reduction often focus on short-term expenditure cuts. However, sustainable value creation requires a broader perspective, one that balances operational efficiency with growth ambitions and future portfolio positioning.

Leading mining organisations are therefore shifting their focus from cost reduction alone to value optimisation across the entire business.

This includes:

- Improving operational productivity and asset utilisation.
- Enhancing supply chain resilience.
- Optimising capital allocation.
- Streamlining financial and operational processes.
- Leveraging technology and data-driven decision-making.
- Identifying operational synergies across multiple assets and commodities.

The growing demand for minerals essential to electrification, battery storage, and renewable energy infrastructure has accelerated diversification strategies across the mining sector.

Many mining companies that historically focused on a single commodity are now exploring or acquiring assets in critical minerals and other growth sectors.

While diversification can strengthen resilience and create new revenue streams, it often introduces operational complexities that are underestimated during acquisition and integration phases.

These challenges may include:

- Different operating models across commodities.
- Variations in processing technologies and technical expertise.
- Separate supply chain requirements.

- Differing regulatory environments.
- Inconsistent reporting and performance management frameworks.
- Complex organisational structures following acquisitions or joint ventures.

Without a deliberate integration and optimisation strategy, the expected value from diversification can take significantly longer to realise.

Operational excellence is increasingly becoming the mechanism through which mining companies unlock value from diversified portfolios.

Successful organisations are focusing on four key areas:

1. Portfolio Optimisation - Mining leaders are taking a portfolio-wide view of performance rather than evaluating assets in isolation. This enables organisations to identify underperforming assets, prioritise investment opportunities, and optimise capital deployment across the business.
2. Post-Acquisition Integration - Acquisitions remain a key growth strategy within the sector. However, many organisations struggle to capture anticipated synergies due to integration challenges.

A structured approach to post-acquisition integration can accelerate value realisation by aligning processes, governance structures, performance metrics, and operational strategies across newly acquired assets.



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3. Financial and Operational Alignment - Operational excellence is not solely an operational issue. Sustainable performance improvement requires stronger alignment between operational teams and financial decision-makers.

Integrated planning, performance management, and reporting frameworks provide greater visibility into value drivers and support more informed decision-making.

4. Data-Driven Performance Management - The ability to access reliable, timely operational data is becoming a critical differentiator. Advanced analytics and performance monitoring enable management teams to identify inefficiencies, monitor performance trends, and make proactive decisions that improve productivity and profitability.

Operational excellence should no longer be viewed as a once-off improvement initiative. The most successful mining organisations are embedding continuous improvement into their culture, governance structures, and strategic planning processes.

As the industry evolves and diversification accelerates, organisations that effectively balance growth ambitions with disciplined operational execution will be best positioned to create sustainable value.

The future of mining will not simply be defined by the commodities companies produce, but by how effectively they operate, integrate, and optimise their portfolios in an increasingly complex environment.

For mining companies navigating rising costs, expanding portfolios, and changing market dynamics, operational excellence is becoming the bridge between strategy and long-term success.





► Diesel refunds: Is there progress in 2026?

By Kagiso Nonyane

With the current fuel crisis, financial pressure on businesses has intensified, making relief measures such as diesel rebates increasingly important.

The government implemented the distillate fuel refund system (diesel refund scheme) in an attempt to support primary production in the primary activities of agriculture, mining, forestry and fishing. The diesel refund did not extend to secondary activities such as the processing of goods and manufacturing, however in 2023 the dispensation was extended to foodstuff manufacturers as a relief measure to address the load-shedding crisis in South Africa. This was for a limited period of two years (1 April 2023 to 31 March 2025).

In order to claim a refund through the diesel refund scheme, the claimant should be registered as a vendor for VAT purposes and registered as a “user” for Customs and Excise purposes.

Schedule No 6, Part 3, Note 6 of the Customs and Excise Act (Schedule 6) prescribes the requirements of the diesel refund system. Schedule 6 provides that the purchase of the diesel must be an “eligible purchase”. The term “eligible purchase” is defined as the purchase of distillate fuel “by the user for use and used as fuel as contemplated in paragraph (b)”.

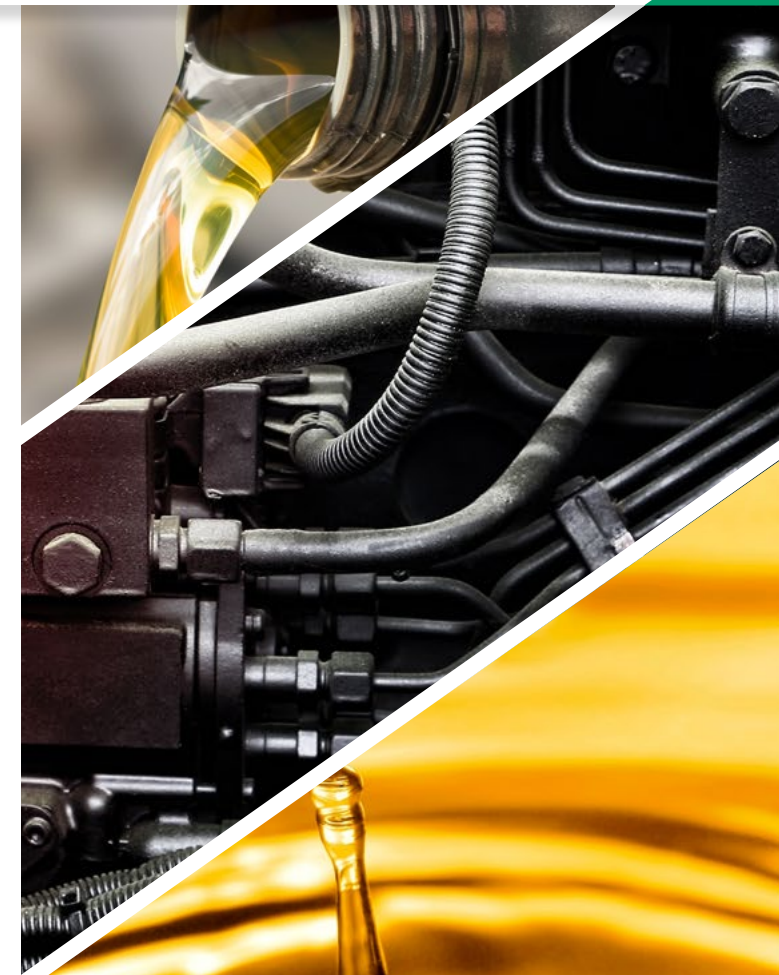
Users are entitled to claim a certain percentage of eligible purchases depending on the sectors they are in. For example, on land users in the Farming, Forestry, and Mining sectors could claim a refund on 80% of eligible purchases, however in an effort to align the policy intent which is to provide cost relief, this has been increased to 100% of eligible purchases with effect from 1 April 2026.

Schedule 6 also provides a list of the qualifying activities for each industry.

On 18 March 2022 the Minister of Finance published amendments under Government Gazette No. 45056 (R.1893) and No (R.1892) (“2022 Amendments”). Below are some of the new amendments;

- the user has to create a diesel refund user registration profile electronically and provide the following information:
 - category of qualifying activities performed;
 - the location where the qualifying activities are performed; storage facilities for eligible purchases;
 - assets that are powered by eligible purchases of the diesel refund user, with the identifying features, make, model and fuel tank capacity thereof, as well as the physical address of any such asset which is situated at a fixed geographical location.

Previously, in order to claim a refund through the diesel refund scheme, the person should have been registered as a “user” for Customs and Excise purposes and registered as a vendor for VAT purposes as the refund claims are administered through the VAT system.





► Diesel refunds: Is there progress in 2026?

By Kagiso Nonyane ^{cont.}

- the inclusion of “wet contractors” in the definition of a “user”.
- equipment and vehicles regarded as dedicated for the performance of predominantly qualifying activities no longer require a detailed usage logbook; the user is only required to substantiate the receipt of the diesel and the dispensing thereof.
- To the extent that the user performs more than one category of primary activities or any non-qualifying activities, the user must keep a detailed logbook demonstrating how the diesel was obtained, purchased, collected, delivered, stored, dispensed for use, used, disposed of or lost in respect of qualifying activities or non-qualifying activities.

To align with the 2022 Amendments, in November 2025, the South African Revenue Services (SARS) held workshops to discuss these amendments.

In December 2025 SARS made a formal announcement that claims will no longer be administered through the VAT system but on a standalone system (New Diesel Refund System) and that from April 2026 registration on the system will be open. However, in March 2026, it announced that the New Diesel Refund System will open later than initially communicated as additional time is required to pilot and test the system.

It is important to note that even though the 2022 Amendments were published in March 2022 the effective date has still not been provided and currently cannot yet be applied. SARS has held a workshop for stakeholders

discussing the amendments however it is uncertain when the effective date will ultimately be given.

Unfortunately, until the effective date has been given, users are required to still adhere to the onerous requirements.

The diesel refund scheme is based on the principle of self-assessment and, therefore, places the burden on the user to provide proof of entitlement. The user should consequently provide proof that the diesel was purchased, stored and used for the qualifying activity it engages in. Therefore, the user has to be in possession of all the necessary documentation prescribed in the Customs and Excise Act, such as logbooks, invoices etc. to fully discharge this onus.

We caution that it is extremely important for all diesel refund users, to familiarize themselves with the requirements of the current as well as the new diesel refund scheme legislation and system changes in order to fully benefit from it and to ensure full compliance. The Customs and Excise Act contains harsh penal provisions, therefore it is important for users to be compliant at all times.





► When fuel management becomes a strategic blind spot

Authors: Anand Raniga, Brett Spicer

In the natural resources & energy and heavy industry sector, fuel is not a discretionary expense but a production dependency. When diesel supply tightens or prices spike, the consequences are immediate and tangible. Haul routes are remodeled, maintenance schedules are adjusted, contractors seek to renegotiate rates, and margins compress under pressure.

Recent geopolitical disruption and ongoing fragility in global oil and diesel supply chains have reinforced a hard reality for Australian industry. In short, our fortunes are tied to the stable supply of key globally traded inputs to production. According to the International Energy Agency (IEA), current conflict-driven disruptions represent the largest oil and refined products shock in modern history, with refined fuel markets such as diesel experiencing particularly acute volatility.

This is not a temporary inconvenience to be absorbed and managed through procurement. It is an enduring strategic risk, one that directly impacts operational resilience, cost discipline, and the credibility of long-term transition planning.

For many organisations, this risk is only partially understood.

► Why this matters now

Three forces are converging for diesel-exposed operators:

1. Supply fragility: In its [March 2026 Oil Market Report](#), the IEA reported that disruption across both crude and refined fuel markets has materially reduced flows through critical transport corridors, including the Strait of Hormuz. For diesel-exposed operators, this has translated to tighter supply and amplified price volatility,

given diesel's reliance on constrained refining capacity and limited near-term substitutes.

2. Intensifying scrutiny and assurance expectations: Fuel combustion typically represents a material proportion of **Scope 1 emissions for mining**, energy and heavy industry operators. Investors, regulators and Boards are increasingly focused on data quality, controls and assumptions underpinning fuel-related emissions disclosures, particularly under Australian Accounting Standards Board (AASB) **S2 Climate-related Disclosures**. Transition plans may also be reconsidered with fuel security as an additional overlay on the emissions reduction business case.
3. Competitiveness and margin pressure: Sustained fuel price volatility materially alters operating economics. In asset-heavy businesses with high fuel intensity, even small inefficiencies or loss points can have a disproportionate impact on overall performance, especially where costs cannot be readily passed through.

Together, these forces are reshaping fuel from a familiar operating cost into a more complex strategic risk, driven by supply security and volatility rather than price alone.

► The uncomfortable truth about fuel management

Across resources, transport, infrastructure and heavy industry, a consistent pattern is emerging. In internal audits and operational reviews, fuel is often managed with a degree of informality that would be unacceptable for other high-value commodities. Many organisations remain highly

exposed but only realise it once volatility or disruption forces the issue.

Common weaknesses we see include:

- Reconciliation and visibility gaps, with inconsistent end-to-end tracking from delivery through transfer, storage and on-site use, and heavy reliance on manual processes that obscure anomalies and delay detection
- Access and entitlement misalignment, particularly for employees or contractors, where approvals, contracts and system permissions are not consistently aligned, driving excess consumption and avoidable cost
- Governance and accountability gaps, including unclear ownership, inconsistent enforcement across geographies and sites, and limited exception monitoring, resulting in inconsistent practices and limited escalation
- Lack of a clear fuel investment framework, to guide capital allocation across efficiency, resilience and substitution initiatives, resulting in reactive spending rather than deliberate risk reduction.

In stable conditions, these weaknesses can sit quietly in the background. Under stress, they become material very quickly.

► Why operational gaps become strategic risks

During a fuel shock, weak controls stop being a 'process issue' and start becoming an operational and financial risk.

Small discrepancies can compound into significant cost leakage, disputed supplier claims, or undetected loss. In



► When fuel management becomes a strategic blind spot

Authors: Anand Raniga, Brett Spicer ^{cont.}

fuel-intensive operations, the effect is rapid and magnified. More importantly, poor visibility limits the ability of management to respond confidently, just when certainty is most needed.

This is the point at which fuel management stops being an operational concern and becomes a board issue.

► Fuel risk, governance and board accountability

Fuel is now shaping production continuity, cost base and contract performance in real time. Boards are being asked to make decisions quickly, often without a clear view of exposure, supply dependencies, or the second order consequences of short term operational responses.

Questions that may have been framed for the operations teams are now landing squarely at the board table. These questions include:

1. How exposed are we to fuel disruption?
2. How resilient is our operating model if supply tightens again?
3. Are assumptions underpinning our transition and capital plans valid?
4. Do we actually understand our fuel risk well enough to act decisively?

For many diesel-intensive operators, the honest answer to these questions is no, and that uncertainty is in itself a strategic risk.

► Fuel risk as the foundation for better strategic decisions

For most organisations, the path forward does not start with fleet renewal strategies. It starts with understanding fuel as a production dependency and managing it with the same discipline applied to any other critical input.

This means achieving clear, granular visibility over fuel consumption, quantifying exposure to supply and price disruption, and clarifying governance, accountability and decision rights. Without this foundation, Boards and executive teams are being asked to make resilience, transition, and capital allocation decisions with incomplete information and compressed timeframes.

Done well, strengthening fuel management materially improves decision quality. It creates a credible basis for assessing efficiency initiatives, sequencing transition options, and preserving capital allocation as conditions evolve.

► The strategic risk of doing nothing

Treating current fuel disruption as a temporary issue is a strategic mistake.

The **IEA has cautioned that fuel volatility** is likely to remain structurally elevated due to geopolitical risk, constrained inventories and long-dated transition timelines. Learnings from recent global disruptions, including COVID-19, and region-specific sanctions affecting energy, commodities and logistics markets, along with broader geopolitical uncertainty indicate that delayed decision-making can increase the likelihood of exposure to emergency procurement costs, rushed operational trade-offs and loss of negotiating leverage as conditions diminish.

Perhaps most critically, inaction narrows strategic options. When visibility and controls are weak, leaders are forced to make choices defensively rather than deliberately, often locking in pathways that are difficult and expensive to unwind later.

In this context, doing nothing is not a neutral position. It is acquiescence to higher risk, reduced certainty and diminished control at precisely the moment when Boards are expected to demonstrate oversight and foresight.





► Iran tensions drive up costs for SA farmers

By Sanele Nkosi

South African farmers are facing rising input costs and growing operational pressure as geopolitical tensions in the Middle East disrupt global energy and shipping markets.

The impact is already filtering through to the agricultural sector, with higher diesel prices, tightening fertiliser supply and increasing strain on export logistics.

“South Africa’s agricultural sector is uniquely exposed to global shocks,” says Sanele Nkosi, Head of Agriculture at BDO South Africa. “Farmers rely heavily on imported inputs such as fertilisers, fuel and machinery, while selling into globally priced markets.”

Since early 2026, instability around key shipping routes near the Strait of Hormuz has pushed up fuel and freight costs, creating a compounding effect across the value chain.

The most immediate pressure has come from diesel. Inland prices rose by 62 cents per litre in March, raising costs across planting, irrigation, harvesting and transport.

“Diesel is the lifeblood of commercial farming,” Nkosi says. “When costs rise, especially alongside currency pressure, the impact compounds quickly.”

South Africa’s dependence on imported fuel, much of it sourced from Gulf countries is amplifying the effect as shipping risks and insurance costs increase.

Fertiliser costs are also climbing at a critical time. South Africa imports most of its fertiliser from countries including Saudi Arabia, Qatar, Oman, Russia and China. Disruptions to shipping routes are driving up prices just as farmers enter a key procurement window ahead of the next planting season.

“Fertiliser can account for up to 50% of input costs in grain production,” Nkosi says. “If supply becomes unstable, farmers may reduce application, switch crops or plant less.”

Any reduction in fertiliser use is likely to affect yields and, in turn, food prices.

Export logistics are coming under similar strain. South Africa’s citrus, wine and fresh produce industries depend on reliable shipping, but delays and rising freight costs are increasing the risk of losses.

“Fresh produce exports rely on timing and reliability,” Nkosi says. “A delay at port can translate directly into financial loss.”

The disruption is particularly significant given that some of South Africa’s fastest-growing export markets are in the Middle East.

Financial pressures are also intensifying. Sanctions, stricter compliance requirements and SA’s grey-list status are complicating trade finance, with banks becoming more cautious and processing times slowing.

Grain producers are most exposed to rising input costs, while export-oriented horticulture faces logistics risks. Irrigated regions are under pressure from higher energy costs.

If disruptions ease within the next few months, costs may stabilise. But prolonged instability could entrench higher input costs, compress margins and force weaker producers out of the market.

South African farmers may be far removed from the conflict, but they are increasingly paying for it.



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