

Speech by Minister of Agriculture, John Steenhuisen at the Grain SA Congress on 11 March 2026 – NampoPark, Bothaville.

Chairperson of Grain SA, Richard Krige,
Dr Tobias Doyer and the leadership of Grain SA,
Members of the board,
Producers from across the country,
Representatives of the grain value chain,
Distinguished guests,
Ladies and gentlemen,

It is always a privilege to spend time with the people who carry the responsibility of producing the staple crops that sustain this country.

Grain farming does not always occupy the centre of the national conversation. Yet very little in South Africa's food system happens without the work done by producers in this room. The bread on supermarket shelves, the maize meal that feeds millions of households, the livestock industries that depend on feed grain, and the milling and processing industries that support thousands of jobs all begin with decisions made on grain farms across the country.

The importance of that role becomes even clearer when one looks at the scale of agriculture's contribution to the national economy. Today the agricultural sector employs close to 950,000 South Africans, and when the broader value chain of agro-processing and input industries is taken into account, agriculture contributes roughly six to seven percent of South Africa's economy. It is also one of the few sectors that consistently earns foreign revenue for the country. Last year alone, South Africa exported agricultural products worth more than US\$15 billion, generating a trade surplus of over US\$7 billion.

Within that broader agricultural system, grain production remains one of its most strategic pillars. Each year South African farmers produce between 10 and 16 million tonnes of maize, depending on rainfall conditions, supplying both domestic consumption and regional export markets. Yet when it comes to wheat, the picture looks very different. South Africa consumes more than 3,5 million tonnes of wheat

annually, but domestic production typically reaches only around 2 million tonnes, meaning that the country remains structurally dependent on imported wheat for roughly 40 to 50% of its needs.

That structural reality is one of the reasons why discussions within the grain sector today are so focused on the theme of this Congress: **“Opening the Gap - Sustainability key; profitability foremost.”**

Across the sector there is a growing recognition that the gap between the cost of production and the returns farmers receive is widening. That gap is not the result of a single policy decision or a single market shock. It reflects a convergence of pressures that producers are being forced to manage simultaneously: ever increasing input costs, climate variability that is becoming increasingly structural, infrastructure inefficiencies that add cost to the system, and global market volatility that no farmer can control. Wheat producers in the Swartland, Overberg and Southern Cape regions, for example, are clear: wheat farming under current market and policy conditions is no longer economically sustainable, and intervention from the broader value chain is critical. Economists have repeatedly shown that wheat contributes a relatively small proportion to the final bread price, yet producers carry the cost pressures which are not evenly spread throughout the value chain.

One of the most significant drivers of the widening gap between production costs and farm returns remains the cost of inputs. Almost all the active ingredients used in the production of agricultural inputs in South Africa are imported so local producers are directly exposed to fluctuations in global commodity prices and movements in the rand/dollar exchange rate. These rising input costs place sustained pressure on margins, and current forecasts suggest that this pressure will only intensify.

Fertiliser comprises around 35% to 50% of a farmer’s production costs, depending on the production region and as such, has a significant impact on a farmer’s net margin. The last three years has seen the fertiliser market come under significant pressure as Russia’s disruption of supply chains has had a profound effect on global fertiliser markets. Supply shortages have led to sharp price increases which have been felt by our farmers on the ground. In the North West, for example, fertiliser costs for maize range from about R3,300/ha for lower yield targets to nearly R6 900/ha for higher

yields. In the Eastern Free State, this figure can reach up to R8 900/ha. South Africa imports more than 80% of its fertiliser requirements. The current conflict in the Middle East is expected to further impact fertiliser prices. While South Africa has not imported any fertiliser directly from Iran since October 2023, our exposure is indirect as we import from Oman, Qatar and Saudi Arabia, and all of these countries use the Strait of Hormuz. Over the last ten days, insurance risk premiums for vessels using this route have sky-rocketed from an average of 0,25% to 1% of the total value of the cargo, forcing exporters to either pay, or change their route, both of which will result in a surge in transport costs that will ripple down the value chain to the farmer.

Global oil supplies and trade flows through the Strait are also coming under increasing pressure. Based on the latest projections, diesel prices are expected to rise by approximately R4,40 per litre from 1st April 2026. At the same time, the weakening rand/dollar exchange rate continues to place additional upward pressure on fuel prices. Fuel already accounts for roughly 12 to 18% of a farmer's production costs, meaning that increases of this magnitude will have a direct impact on the sector. If fuel prices continue to rise, winter grain producers preparing to plant from May, as well as summer grain farmers entering the harvest period, will both feel the effects.

Producers have always dealt with risk. Agriculture has never been a business for those who prefer certainty. But what concerns many farmers today is not simply risk, it is unpredictability.

Agriculture is built on long planning horizons. Decisions about planting, investment and financing often have implications several seasons into the future. When infrastructure becomes unreliable, when administrative decisions take too long, or when global shocks ripple through markets without warning, those planning horizons shrink.

And when that happens, it places additional strain on the long-term sustainability of farming operations.

What I hear consistently when I engage with producers across the country is not a request for protection from markets. South African agriculture has long been one of the most market-oriented agricultural sectors in the world. What farmers are asking for

is something far more fundamental: a policy environment in which markets function predictably, infrastructure works efficiently, and government decisions are implemented with clarity and consistency.

I believe strongly that the most effective agricultural policy is often the policy that removes obstacles rather than adding new layers of regulation. Farmers do not need government to tell them how to farm. What they need is an environment in which they can apply their knowledge, their technology, and their capital with confidence. Our task in government is therefore to ensure that the rules of the system are clear, predictable, and fair. When that environment exists, the agricultural sector has repeatedly shown that it can innovate, expand, and compete without needing constant intervention from the state.

Across global grain markets we are seeing how quickly conditions can shift. International maize and wheat prices have been moving sharply in response to changing export flows, weather patterns and geopolitical uncertainty. Recent market data shows that global maize export demand has strengthened significantly, with cumulative sales for the current marketing year running roughly 31% ahead of last year's pace. Yet despite this strong demand, global commodity prices remain under pressure due to good harvests in several major producing regions. South Africa is experiencing a similar dynamic. Strong rainfall has resulted in a good domestic crop, which has pushed local grain prices down toward export parity levels. Because our grain prices are ultimately linked to global markets through SAFEX, local prices cannot rise independently when international prices remain subdued. The challenge for producers is that this crop was planted when input costs were still very high. In effect, many farmers are now harvesting what the industry often describes as an expensive crop into a cheaper market, leaving profit margins extremely tight. At the same time, wheat markets have become increasingly volatile.

For South African producers, this volatility is amplified by the structural characteristics of our own market. The country remains a reliable maize producer and exporter in good rainfall years, but we remain structurally dependent on imported wheat to meet domestic consumption. This structural inequality increases South Africa's long-term reliance on imports and exposes the country to global supply shocks whether driven

by conflict, shipping disruptions or energy costs. These in turn quickly translate into changes in domestic market conditions.

This is precisely why policy predictability becomes so important in a volatile environment. When global markets are already uncertain, administrative uncertainty domestically simply adds another layer of risk that producers must absorb. Farmers are used to managing weather risk and market risk. What they should not have to manage is policy uncertainty on top of those risks

One of the areas where that principle has become particularly important is the functioning of the wheat import tariff system.

South Africa's wheat sector operates under conditions that differ from many of the major wheat-producing regions of the world. Our climate and geography mean that domestic production cannot fully meet national consumption requirements. At the same time, maintaining local wheat production remains important for food security, rural employment and agricultural diversification.

The wheat tariff mechanism exists precisely to manage this balance. Its purpose is not to isolate South Africa from global markets. Instead, it is intended to provide a stabilising adjustment when international prices move sharply enough to undermine domestic production.

For such a system to function effectively, however, it must operate predictably and without administrative delays.

As far back as April 2025 I began engaging with Minister of the DTIC, Parks Tau, regarding delays in the publication of revised wheat tariff adjustments after the reference price formula had triggered a recalculation. Administrative delays of this nature can create unnecessary volatility within the value chain. If shipments arrive before revised tariffs are gazetted, importers and millers may face unexpected cost exposures that can amount to millions of rands for a single shipment. Those costs do not disappear, they ripple through the market and ultimately affect our wheat farmers, particularly in the Western Cape, Free State and Northern Cape, who have reached a point where predictable tariff implementation essential for their survival. Even short

delays in adjustments can materially worsen their financial position. As government, we have a responsibility to reduce avoidable administrative risks where they directly affect food production and national supply stability.

One of the improvements raised in discussions with industry is the possibility of moving toward a more automated tariff adjustment system, where tariff changes triggered by the reference price formula take effect automatically. Predictability, in the end, is what allows markets to function properly.

Another structural pressure facing grain producers, and one that is entirely within our control as a country, is infrastructure. Grain production is uniquely exposed to logistics efficiency. In 2011, approximately 20% of South Africa's grains and oilseeds was transported via freight rail. In 2025 that figure had decreased to 3%, corresponding to an increase in road transport over the same period. Every tonne produced must travel long distances from farm to silo, from silo to processor or port. When roads deteriorate, those costs do not disappear, rather they accumulate along the value chain and ultimately land at the farm gate.

In many production regions, especially in the interior, poor rural roads are no longer a minor inconvenience. They are a cost multiplier. When a truck carrying grain must slow down for every pothole on a rural road, that cost ultimately comes out of the farmer's margin. Slower transit times, higher vehicle maintenance, increased fuel consumption and logistical delays directly erode the already tight margins. For a sector that operates at scale, even small inefficiencies compound rapidly.

That is why the recent Memorandum of Cooperation signed by Minister Macpherson with AgriSA, Agbiz and Infrastructure South Africa is significant. It marks a shift toward infrastructure planning that is informed by freight flows and production realities, rather than administrative boundaries alone. Beginning with a pilot in the Free State, which is a province central to national grain production, the partnership will identify and prioritise critical agricultural road corridors where targeted investment can unlock measurable economic value.

This is the kind of public-private collaboration we need more of. Government does not always sit closest to the operational bottlenecks. Producers and agribusinesses

understand those constraints intimately because they navigate them daily. By aligning infrastructure reform with economic data from the sector itself, we move away from theoretical planning and towards tangible delivery, and ultimately, improved margins.

And when margins improve, investment follows.

Another issue that has been raised frequently within the wheat industry concerns the request by the Wheat Forum for the establishment of a Section 7 Committee under the Marketing of Agricultural Products Act to examine the market structure within the wheat value chain. The concerns raised about market transparency and competitiveness are of critical importance. The establishment of this Committee is linked procedurally to the governance structure of the National Agricultural Marketing Council as this Section 7 Committee must be chaired by a member of the council. To give you an update - the process of appointing the new Council is currently underway. The report from the Selection Committee has been submitted to my office, and I have reviewed the list carefully and have made appointments which will ensure that the council is fit-for-purpose and capable of addressing the complex market issues facing modern agriculture. Once the council appointments are finalised, the establishment of the Section 7 Committee can proceed.

Looking ahead, the long-term sustainability of the grain sector will depend not only on how effectively we manage risk, but also on how successfully we embrace innovation.

Advances in plant breeding technologies, including new breeding techniques, are opening new possibilities for improving crop resilience, yield stability and climate adaptation and it is critical that our regulatory framework keeps pace with scientific innovation and supports competitiveness and the long-term sustainability of our agricultural sector. The Executive Council established under the GMO Act has already begun updating the risk-assessment framework which guides government's evaluation on whether a new genetically modified or gene-edited crop is safe before it can be used commercially, by introducing a tiered system that aligns regulatory requirements with the level of risk involved. Discussions last year also explored ways to simplify the process for certain low-risk applications without compromising safeguards. The outcomes of those discussions will be considered by the Executive Council this month as we determine the way forward.

Equally important is the continued collaboration between industry, universities and institutions such as the Agricultural Research Council (ARC). As seen with the impact of our mid-summer droughts in the 2023/24 season and the late harvest in the previous year due to heavy rains, climate change poses a significant threat to grain production.

Scientific progress in crop genetics, soil management and climate resilience will therefore remain central to maintaining South Africa's competitiveness in grain production. Institutions such as the University of Stellenbosch are conducting research on NBTs, which include amongst others the use of CRISPR gene-editing technologies which has shown significant improvements in yield stability under climate stress, with some genome-edited lines demonstrating stronger performance during drought and variable rainfall.

Another issue that continues to surface in discussions across the grain industry is domestic demand growth, particularly around biofuels.

South Africa has significant maize production capacity in favourable seasons. The question increasingly being debated is whether the country is doing enough to unlock additional domestic demand streams that could provide greater price stability and reduce reliance on volatile export markets.

The biofuels framework has long been discussed, but progress has been uneven. If structured correctly, in a fiscally responsible and market-aligned manner, biofuels can contribute to energy diversification, rural industrialisation and demand support for maize producers. A 2022 report by WWF, for example, indicates that South Africa has the immediate technical potential to produce 3,2 billion litres of Sustainable Aviation Fuel annually, following the strictest sustainability requirements. However, such a framework must be economically viable and must not create unintended distortions elsewhere in the food system. This is a conversation that requires careful design. What is clear is that expanding domestic demand, whether through agro-processing, feed, industrial use or biofuels, strengthens resilience within the grain value chain.

The objective should not be artificial support; it should be diversified demand that enhances stability.

As we look ahead, it is worth remembering something simple but fundamental: food security ultimately rests on farm profitability. If farmers cannot operate viable businesses, the entire food system becomes fragile.

The most successful agricultural economies in the world are not those where government attempts to manage production from the centre. They are those where government creates certainty, removes barriers and allows farmers to get on with the job. Our responsibility in government is therefore clear. Where risks arise that individual producers cannot reasonably manage alone, whether biosecurity threats, infrastructure failures or systemic trade disruptions, we step in to stabilise the system. Where regulatory bottlenecks exist, we remove them. Where market mechanisms exist, we ensure they function properly.

But beyond that, we trust the sector.

The grain industry has repeatedly demonstrated its capacity to compete, even under volatile global conditions. A good example of this is the growing interest from Japan, one of the most demanding grain import markets in the world. Japan has shown strong interest in importing South African yellow maize because of its consistently high quality. Delegations visited South Africa last year, where discussions were concluded, and they were able to visit farms and silos to see our production systems first-hand. Another visit is planned for April this year as we continue strengthening that relationship. Access to markets such as Japan is significant because it confirms that South African maize meets some of the strictest food safety and phytosanitary standards globally. It demonstrates that our producers can compete successfully with major exporters such as the United States, Brazil and Argentina, and it speaks volumes about the discipline, quality and professionalism of South African grain farmers.

The question before us is how the policy environment can address the current structural inequalities in many of the grain value chains. The wheat crisis highlights the economic risks that arise when those imbalances are not addressed.

Addressing those structural challenges will require honesty about where the system is not working as it should, and a willingness to act decisively where policy or administrative processes are standing in the way of a properly functioning market.

My commitment to you is therefore straightforward: government must focus on getting the fundamentals right. That means predictable policy, efficient administration, functioning infrastructure and regulatory systems that support competitiveness.

And when that happens, South African farmers continue doing what they have always done: adapt, innovate, and continue to feed this nation.

Thank you.