Feature by Liesl Venter and Ed Richardson

Fuel costs drive airfreight uncertainty

Airfreight volumes between Europe and South Africa are described as "sporadic" by Jarryd Niescior, director of operations at Aero Africa – Sub-Saharan Africa.

"Volumes to and from Europe as a whole remain sporadic, making forecasting challenging. Driving factors behind this could be the constant change in fuel surcharge prices across the globe directly impacting the cost to carry goods," he told *Freight News*.

The result is that shippers are unable to plan accurately for airfreight costs.

"We are seeing carriers constantly changing/imposing additional surcharges to supplement the ongoing change in fuel charges, resulting in unstable market rates," he added.

To support shippers, Aero Africa has enhanced its service offering across Europe through the establishment of additional consolidation gateways across the continent, says Niescior.

"The opportunity in this lies within providing a value add to our customers through stable airfreight solutions to unstable markets through our BSAs (block space agreements) as well as strong relationships with carriers," he added.

The impact of the closure of the Strait of Hormuz on jet fuel costs is highlighted by the International Air Transport Association (IATA) in an update.

"Jet fuel availability is threatened, and the price has roughly doubled since late February.

"With Hormuz-linked flows representing roughly one-fifth of global seaborne jet fuel trade, competition for limited supply has intensified, particularly in Europe, the US West Coast and parts of Asia, raising the risk of localised shortages alongside higher costs.

"Air cargo continues to play a stabilising role in global trade, but growth is slowing as the Middle East conflict curtails effective capacity and disrupts hub connectivity.

"After a strong start to the year, cargo demand is now expected to grow by just 0.7% in 2026. "Capacity shortages, especially in passenger bellyhold, are tightening the market and pushing adjustment toward higher yields rather than volume expansion," it adds.

Airlines have been affected, with IATA forecasting a combined total net profit of $23 billion in 2026, which is roughly half the previously projected $41bn.

Cargo revenue is forecast to reach $162bn in 2026 (up 7.2% on $151bn in 2025). Cargo growth measured in cargo tonne kilometres (CTK) is expected to expand by just 0.7% in 2026 (and just 0.2% in terms of actual cargo uplifted). ER

Decarbonisation vital for market access

The EU's carbon border taxes, known as CBAM, are set to raise costs for South African exporters in carbon-intensive sectors such as steel, aluminium, cement, fertilisers, electricity, ammonia and hydrogen.

"South Africa is emerging as a carbon outlier in the EU's metals supply chain. Without meaningful decarbonisation efforts, both the steel and aluminium sectors will face increasing CBAM charges that could squeeze margins, reduce demand and erode long-term market access," says Michael Lengahan, CBAM lead at the Anthesis group.

CBAM will affect South African export logistics mainly by adding a data, compliance and routing burden to shipments heading for Europe.

"Europe is effectively charging for carbon built into imported goods, which means South African exports carry an added cost because of the country's coal-heavy grid.

"The issue is no longer about sustainability as a principle but about remaining competitive: decarbonise or risk losing access to key markets. Those that move early can limit costs and hold their ground, while those that delay will gradually lose market share," according to the trialogue Knowledge Hub.

> "Without meaningful decarbonisation efforts, the steel and aluminium sectors will face increasing CBAM charges.
> – Michael Lengahan

It says the first to feel the impact will be SA iron and steel exports, with around 16% of South Africa's iron and steel exports at risk under CBAM.

However, exports to Europe have been highly volatile. SARS data shows that the value of steel exports to the EU dropped sharply – from R1.48 billion in January 2022 to R228 million in January 2025, reflecting the decline of the SA iron and steel sector and its inability to compete in a glutted market.

The importance of reducing the carbon footprint of SA exports to the EU is the November 2025 signing of the first Clean Trade and Investment Partnership (CTIP) between the EU and SA.

Clean Trade and Investment Partnerships are a new policy tool announced by European Commission president Ursula von der Leyen in 2024, aimed at supporting the EU's decarbonisation and competitiveness objectives as an external instrument of the Clean Industrial Deal, according to the European Commission.

Speaking at the first business-to-government dialogue under the CTIP during the March 2026 energy indaba, SA's deputy minister of trade, industry and competition said the CTIP would expand trade volumes while reshaping value chains.

"It will align decarbonisation with industrialisation, and investment with local economic development, ensuring that South Africa participates as an industrial partner in clean supply chains rather than as a supplier of raw materials."

In its response to the signing of the CTIP, Business Europe stated: "Currently, unreliable rail infrastructure is a major barrier affecting offtakers of South African raw materials.

"A focus of EU development support on rail corridors is key for transporting raw materials." ER

SUBSCRIBE FREE

SA is EU's biggest trading partner in SSA

South Africa and the European Union (EU) are true trade partners, with the greatest parity between exports and imports of all SA's trading partners.

South Africa is the EU's biggest trading partner in sub-Saharan Africa, with €46 billion (R880bn) of total trade in goods in 2025, according to European Commission figures.

EU Ambassador to SA, Sandra Kramer, describes Europe as SA's largest trading and investment partner.

"About 23% of trade in goods is between South Africa and the EU, while around 43% of foreign direct investment comes from Europe," Kramer said during a panel discussion at the sixth SA Investment Conference.

> "About 23% of trade in goods is between South Africa and the EU, while around 43% of foreign direct investment comes from Europe.
> – Sandra Kramer

She added that approximately 1 700 European companies operated in South Africa, supporting over 500 000 direct jobs and an estimated 1.6 million indirect jobs.

EU-SA trade and investment have increased steadily since the EU-SADC Economic Partnership Agreement (EPA) was signed in 2016.

Since then, EU-South Africa trade has increased by 31% (EU imports have risen by 53% and EU exports have gone up by 16%).

Under the EU-SADC EPA, the EU has fully or partially removed customs duties on 98% of imports from South Africa.

On 20 November 2025, the EU and SA signed the first Clean Trade and Investment Partnership (CTIP).

Building on the existing EU-SADC EPA, the deal will "be mutually beneficial", according to the EU Commission.

"For the EU, it will help diversify strategic clean supply chains, create new investment opportunities for EU companies and strengthen access to essential raw materials. For South Africa, it will support industrialisation and local beneficiation, as well as help to decarbonise its economy and to ensure a just energy transition," it states.

Europe is also the leading source of foreign direct investment, reaching €40.4bn (R776bn) in 2024, or 25% of EU investment in sub-Saharan Africa.

Wider political and economic cooperation with the EU is structured in accordance with the Trade, Development and Cooperation Agreement (TDCA), whereas trade relations are governed by the EU-SADC EPA.

The SA Paris embassy says the South Africa-EU Strategic Partnership is the only one of its kind that the EU has with an African country, and one of only 10 globally.

"The strategic partnership expanded the scope of the interaction beyond trade issues to incorporate a much wider scope of cooperation, with structured bilateral mechanisms and high-level meetings to support South Africa's national, regional, continental and global priorities and programmes," according to the embassy.

Trade ties between South Africa and Europe remain strong, with steady cargo flows continuing to underpin the relationship.

The South Africa-European Union (SA-EU) Joint Cooperation Council (JCC), co-chaired by the DG of the Department of International Relations and Cooperation and its EU counterpart, covers over 20 sectoral policy dialogues, including diverse issues such as development cooperation, science and technology, space, migration, health, trade, education and skills development, peace and security and human rights. ER

SA agriculture exports remain rooted in EU

While new export markets are being developed for South African agriculture in Asia, the Middle East and Africa, Europe remains one of the most valuable export markets.

According to Agricultural Business Chamber (Agbiz) chief economist Wandile Sihlobo, in the first quarter of 2026, the European Union (EU) was SA's second-largest agricultural market after the African continent, accounting for 26% of exports.

Grapes, apricots, cherries, peaches, plums, wine, apples, pears, dates, figs, pineapples, guavas, mangos, fruit juices, sugar, nuts and citrus juices were the main products exported to the EU.

South African producers benefit from opposite growing seasons.

Overall, SA agricultural exports increased by 11% in the first quarter of 2026 compared to the same period in 2025.

Improved logistics is one of the main factors influencing the continuation of this growth and retention of the European market.

Fresh produce relies on efficient cold chains from farms to ports and on to European distribution centres. Port delays or disrupted shipping schedules can quickly reduce product quality and commercial returns.

Inefficiencies in the port of Cape Town – the preferred gateway for exports of table grapes, stone and pome fruit – had a major impact on exports in 2025.

Europe and the United Kingdom accounted for 86% of South Africa's total table grape exports in the 2025/2026 season.

"What started as one of the best years in the table grape industry ended up as one of the most logistically and cost-intensive seasons.

"Such inefficiencies provide a lesson that the South African agricultural sector needs to focus not only on widening export markets, but also on consistently working with Transnet to improve port efficiency," comments Sihlobo in a blog.

In its comment on the World Bank and S&P Global ranking of Cape Town at the bottom of the global list, Hortgro said: "For the fresh fruit export industry, Cape Town's performance remains a strategic concern and continues to pose a significant risk to the fruit sector's future viability and growth.

"The port serves as South Africa's primary export gateway for deciduous fruit, citrus and other agricultural products destined for international markets. Roughly 80% of deciduous fruit exports from South Africa are shipped from the Port of Cape Town.

On the positive side, the organisation notes there has been improvement.

"While the ranking is disappointing, with all South African ports among the worst performers globally, it is important to recognise that several ports recorded significant improvements during the reporting period. This demonstrates that progress is possible and that focused interventions can deliver meaningful results."

There is also a growing list of non-tariff barriers to the European market.

South African citrus exporters have repeatedly faced EU compliance and pest-control requirements, including measures to manage false codling moth risks. ER

> "The South African agricultural sector needs to focus not only on widening export markets, but also on working with Transnet to improve port efficiency.
>
> – **Wandile Sihlobo**