Building C, 1st Floor, 477 Witherite Street, The Willows, Pretoria, South Africa, 0184 |
Tel. +27 12 807 6686 | Fax. +27 12 807 5600 | admin@agbiz.co.za | www.agbiz.co.za | Vat nr. 4920204684

Agbiz comments on Petroleum Stocks policy

Background

The Department of Mineral and Petroleum Resources published a Draft Petroleum Stocks Policy on 9 July 2026 for public comment. The policy aims to provide a comprehensive framework designed to safeguard the national economy against severe fuel supply disruptions and global market volatility. The intention is to maintain a buffer of physical stocks that can be released during a declared state of emergency. The policy will oblige licensed manufacturers and wholesalers to maintain an additional 14 days of refined product stocks, such as diesel, petrol and jet fuel.

Process of consultation

There was an opportunity for written comments on the draft policy. Agbiz submitted comments, as did BUSA. The Department is currently undertaking consultation workshops with stakeholders on the draft policy. A workshop with Agbiz and Agri SA was held on 26 August. A further workshop with BUSA members took place on 28 August. The consultation with the agricultural sector was constructive, with the Department acknowledging many of the points made by sector representatives.

Concerns raised by Agbiz and proposals for improving the policy

Agbiz raised the following concerns and made proposals as to how these can be addressed:

- The policy lacks a clear definition of “essential services,” risking the exclusion of agriculture during disruptions.
- There is no governance clarity on allocation decisions, communication, or escalation.

Agbiz recommended that the entire agricultural value chain be designated as essential and guaranteed priority access for primary production (planting, harvesting, irrigation, livestock), agro-processing and storage facilities, cold-chain logistics, agricultural input supply chains, rural fuel retailers and depots, and the transport of agricultural goods.

Also, clear governance structures should be established for allocation, communication, and escalation.

- A further concern is the proposed 70/30 crude-to-refined split, which ignores the country’s reduced refining capacity.

Agriculture depends heavily on diesel and therefore, the country should hold at least 50% refined products in strategic reserves. Diesel should be prioritised within refined product stocks.

- Agbiz pointed out that the policy document grossly underestimates the potential loss that agriculture will suffer if the sector has no access to fuel.

EVERYTHING HAS BEEN DONE TO ENSURE THE ACCURACY OF THIS INFORMATION, HOWEVER, AGBIZ TAKES NO RESPONSIBILITY FOR ANY LOSS OR DAMAGE INCURRED DUE TO THE USAGE THEREOF.

Agbiz requested that a sector-specific economic impact assessment should be conducted in collaboration with industry.

- The mandatory 21-day stockholding obligation lacks clarity on financing.

Agbiz requested that transparent, equitable cost-recovery mechanisms should be established. Financial institutions should be engaged to assess impacts on lending and protect farmers and lenders.

- Shared stockholding agreements with SADC countries could disadvantage South African farmers.

Agbiz proposed priority access for South African agriculture. The policy should explicitly state that food security is a priority.

- Fuel Retailers may face risks from supply chain reliability, pricing volatility, infrastructure disruptions, compliance burdens, and rationing.

Agbiz requested advance notice of supply disruptions to retailers, as well as a transparent pricing framework to protect margins. There should also be fair rationing protocols with compensation/support.

- The financial burden of mandatory 21-day reserves threatens viability.

Agbiz proposed that a financial impact assessment be done with a cost-recovery plan and that support mechanisms (guarantees, tax incentives) be provided. Flexibility in stock composition to reflect market demand.

Conclusion

While Agbiz acknowledges the need for a petroleum stocks policy and supports the strategic objectives for the policy, it calls for:

- Clearer definitions and governance.
- Prioritisation of the agricultural sector.
- Greater emphasis on refined diesel stocks.
- Accurate economic modelling.
- Equitable financing mechanisms.
- Safeguards for farmers, retailers, and wholesalers.

Annelize Crosby

EVERYTHING HAS BEEN DONE TO ENSURE THE ACCURACY OF THIS INFORMATION, HOWEVER, AGBIZ TAKES NO RESPONSIBILITY FOR ANY LOSS OR DAMAGE INCURRED DUE TO THE USAGE THEREOF.