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Middle East crisis pressures SA trade, oil and rand

'Shipping lines have begun to impose what is called war surcharge, which is roughly about R40 per carton of fresh fruit. That in percentage terms is something like 20% of their farm gate revenue,' says Dr Iraj Abedian, founder and CEO of Pan-African Investment and Research Services.



Jeremy Maggs · 2 Mar 2026 ⌚ 22:45

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[TOP STORY] Middle East crisis pressures SA trade, oil and rand **iono.fm**
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JEREMY MAGGS: The Iran crisis, now drawing in the United States and reverberating today across the Middle East, is no longer just a geopolitical flashpoint. It is a growing threat to the global economy. Key shipping routes through the Persian Gulf and the Strait of Hormuz, through which nearly 20% of the world's oil passes, are under strain, prompting major carriers to reroute, raising freight and insurance costs that could ripple through international supply chains.

As fuel, food and logistics costs climb, developing economies like ours will be facing mounting

pressure. There's pressure on the rand, obviously, inflation and trade flows at a time when growth is already subdued.

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Let's try and pull all of that together for you. I'm in conversation with Dr Iraj Abedian, the founder and chief executive of Pan-African Investment and Research Services.

Iraj, thank you very much indeed. Today we have already seen a spike in the oil price and gold. This surely has the potential to change the face of the global economy and very quickly at that.

IRAJ ABEDIAN: Thank you very much, Jeremy, and thanks for the invitation. Yes, absolutely, and it can change it either way. It can change it for the better if things go as the Americans and Israelis plan to do, or if the conditions, the dynamics, geopolitics inside Iran and in the region get out of hand or out of control, then you could have a very dark, protracted and potentially destabilising few years ahead of us, which would have definite impact on the price of oil and energy in general.

JEREMY MAGGS: Let's talk about oil as far as South Africa is concerned. Iraj, given our reliance on the imported product, how soon could we see a direct impact on the petrol pump and straight afterwards, maybe broader consumer prices if oil spikes further?

IRAJ ABEDIAN: Look, our situation is fairly predictable. Our currency at the moment is ticking up or depreciating.

If the price of oil in dollar also ticks up in the next two weeks, we'll have Department of Energy announcing some kind of upward price in diesel, and petrol and paraffin most likely [in April.]

As a result, you'll get the domino effect or multiplier effect within the economy. But will it be a one-month thing in two weeks' time, or whether it will be month after month, that's where the real impact and the real damage will come.

JEREMY MAGGS: The real concern here is that currency volatility induced by global risk, and particularly a weaker rand, will have a material impact, Iraj, on South African business as a further squeeze. How should companies or policymakers be responding at this time or again, as you've suggested, given there are multiple scenarios here, it's maybe too soon to make a call.

IRAJ ABEDIAN: Yeah, I think the first step would be not to make hasty decisions, because this environment of Iran and America, if it's a two-month affair, it would be a flash in the pan, as they say, and it won't have sustainable damage on the economy, on the trading and on the energy routes. However, if it goes beyond that, if it extends beyond four to five weeks, then it will begin to have its own dynamics developing in the region, which is quite complex, and we don't have

to have its own dynamics developing in the region, which is quite complex, and we don't have time to go into that.

As a result, then our exporters particularly would have to seek alternative routes for their exports. Remember, the currency depreciation is a double-edged sword, for exporters it's a good thing but for the importers it's a bad thing.

Then our exporters particularly would have to begin to find alternatives for, for example, the amount of citrus and table grapes and all the other fresh products that are going to the Middle East, which will be much more costly and less profitable. On the other hand, for importers it's a different story altogether.

JEREMY MAGGS: Exporters, of course, are under pressure already given the Trump tariff.

IRAJ ABEDIAN: Correct, and for the Middle East they've now got, literally from this morning, I got the news that the shipping lines have begun to impose what is called war surcharge, which is roughly about R40 per carton of fresh fruit. That in percentage terms is something like 20% of their farm gate revenue is going to be wiped out by that surcharge alone. If this continues for two months, then this season's business is going to be loss making, not profit making.

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JEREMY MAGGS: And immediately that would trigger inflationary concerns in South Africa.

IRAJ ABEDIAN: Correct, and that would then be seen as not a temporary thing, rather a medium-term development in the financial sector. The currency would lose its appreciating momentum, reverse some of its gains, and imported inflationary pressures will begin to seep into the economy.

JEREMY MAGGS: Just in terms of where South Africa, Iraj, sits right now, it's inevitable that we're going to see some degree of sustained instability. That has an impact on global risk appetite. It has an impact, surely, on capital flows into emerging markets such as ours. It would inevitably have some kind of impact on our sovereign risk profile. But again, difficult to plan around that, I imagine.

IRAJ ABEDIAN: Yeah, at the moment it's difficult to not just plan around it because whatever planning we do would have to be dependent on the scenario that pans out in Iran and in the Middle East more broadly. Therefore, any kind of decision on that basis has to literally be put in abeyance and watch the situation as closely as you can to see which of the scenarios are likely to pan out.

For example, at the moment, because of what happened over the weekend, the Gulf states, Saudi Arabia, UAE (United Arab Emirates), Qatar and Kuwait and Bahrain are now abandoning their neutral or anti-war position to potentially participating.

They first condemned the Iranian attack on their sovereign states and on their infrastructure, hotels being wiped out in Qatar and in Bahrain and in UAE, and in Dubai particularly. Those types of developments could quickly spin out of control, so to speak, and elevate the risk and cause further complications for the global economy.

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JEREMY MAGGS: In your view then, Iraj, and this is a final question, are there any policy measures South Africa could adopt domestically that might help cushion economic shockwaves without undermining our long-term growth, such as it is.

IRAJ ABEDIAN: Not really. The Reserve Bank, I'm sure, is watching the situation quite carefully to see what impact it will have on the currency and potential interest rate policies that they have.

The government, on the other hand, needs to do a lot more. At the cabinet level and the Department of International Relations and Cooperation (Dirco), they need to align our national economic interests with the potential unfolding of developments in the Middle East, to make sure that South Africa is not behind the curve and found on the back foot.

JEREMY MAGGS: Thank you very much indeed. Dr Iraj Abedian, founder and chief executive of Pan-African Investment and Research Services.



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