

THOUGHT LEADERSHIP

The Geopolitics of Sustainability in a Warming World: Why the Net-Zero Transition is a Strategic Imperative for South Africa

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Escalating geopolitical tensions and active conflict, particularly in the Middle East, have once again highlighted global structural vulnerabilities, with the implications of fossil fuel dependence reverberating through the global economy. These tensions demonstrate that climate action is not simply an environmental goal, but a strategic economic imperative. While the humanitarian toll of conflict is immediate, devastating and visible - lives lost, people displaced, businesses destroyed - the broader economic and environmental consequences are longer lasting.



Modern conflicts disrupt global commodity markets, increase inflation and deepen socio-economic inequalities. Energy markets react instantly to instability in oil and gas producing regions, triggering price shocks that ripple across trade, transport and industrial production, particularly for countries reliant on imported energy and chemicals, such as South Africa. While these shocks are immediate, they also create longer term impacts on food production costs and raise inflation.

At the same time, the environmental footprint of conflict, including emissions from military operations and post-war reconstruction, undermine global climate objectives.

These dynamics underscore a strategic reality: accelerating the transition to renewable energy systems, electric mobility, electrification and low-carbon industrial development is no longer solely a climate objective - it reinforces macroeconomic resilience and security of supply.

1. Fossil fuel dependence and structural vulnerabilities

The Middle East remains central to global energy flows, with roughly 20-30% of global petroleum and liquefied natural gas (LNG) exports passing through the Strait of Hormuz, making it one of the most critical maritime chokepoints globally. Any military escalation in the region immediately affects oil prices and market stability, with prices of Brent crude reaching over USD 100 per barrel in early March 2026 ([OECD, 2026](#)).

The International Monetary Fund (IMF) has consistently shown that oil price spikes disproportionately affect net energy importing emerging markets, contributing to currency pressures, slower GDP growth, higher fiscal deficits and weakening global growth prospects. Estimates suggest that even under a relatively moderate scenario, involving a 19% increase in energy prices, global inflation would rise to approximately 4.4% in 2026.

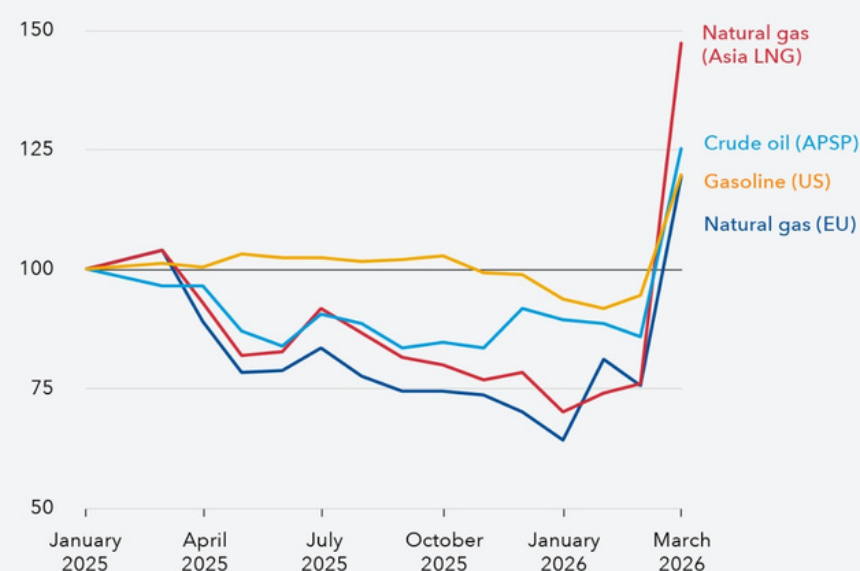
[\(IMF, 2026\)](#)

Countries such as the USA, India, South Korea, Japan, and parts of Southeast Asia have faced rising fuel import bills, currency pressure, and inflationary shocks linked to energy price increases and the invocation of force majeure. The Philippines declared a 'national energy emergency', while Australia publicly encouraged citizens to reduce fuel consumption due to rising import costs.

South Africa is no exception, having faced a fuel price shock and resultant inflationary pressure. These developments reinforce a key principle: fossil-fuel dependency creates a systemic vulnerability when economies remain exposed to geopolitically sensitive supply chains [\(IEA, 2024\)](#). This includes a vulnerability to price shocks that slow short-term growth.

The war disrupted global energy markets

Index, January 2025 = 100



Sources: Bloomberg Finance L.P.; IMF, Primary Commodity Price System; and IMF staff calculations. Note: APSP = Average Petroleum Spot Price.

IMF

Across Asia and parts of Africa, increased shipping costs, fuel shortages and higher fertiliser prices have intensified food and transport inflation, leading the United Nations to estimate that an additional 45 million people could suffer from food insecurity by June 2026 [\(WRI, 2026\)](#).



2. South Africa's exposure to petroleum and chemical price shocks

The current crisis highlights a fundamental economic vulnerability - when energy, food and industrial production systems rely heavily on imported oil, gas and chemical feedstocks, transported through maritime routes, geopolitical events quickly translate into domestic economic shocks.

South Africa's exposure to global oil price volatility is rooted in its energy structure. As a significant importer of crude oil and refined petroleum products, South Africa remains highly exposed to the surge in global oil prices and any shipping disruptions that occur. The country imports most of (70-80%) its crude oil and a large share of its refined petroleum, particularly as domestic refining capacity has declined in recent years ([Statistics South Africa, 2025](#)). Nigeria accounts for the majority share of imports into South Africa (46.1%) and Saudi Arabia provides a further 32.7% ([Engineering News, 2025](#)).

As a net importer of petroleum, global oil price spikes driven by geopolitical instability directly translate into higher domestic fuel costs, inflation and pressure on balance of payments, resulting in increasing economic strain for households and businesses that are already under pressure.



The escalation of the USA-Israel war on Iran in early 2026 triggered one of the sharpest fuel price shocks South Africa has experienced in recent years. Despite government intervention through a temporary R3/litre fuel levy reduction, the April 2026 price hike saw one of the largest monthly fuel increases in South Africa's history, with petrol prices increasing by over 15%, while diesel prices surged by a staggering 39.8% - a direct result of geopolitical instability in the Middle East ([National Treasury, Republic of South Africa, 2026](#)).

For South Africa, higher fuel prices have knock-on implications on costs for agriculture, mining, transport and manufacturing – ultimately slowing growth. The impact on the broader economy is almost immediate:

- Logistics and freight costs increased, contributing to inflationary pressure across food, retail, and manufacturing sectors. The South African Reserve Bank warned of fuel-driven inflation risks and potential interest rate increases ([Reuters, 2026](#)).
- Industries reliant on petrochemical such as packaging, fertilisers, construction materials and consumer goods, faced considerable disruptions.
- Agricultural producers reported severe pressure from higher diesel prices during the 2026 harvest season ([Reuters, 2026](#)).
- Airlines introduced fuel surcharges and domestic flight prices increased sharply due to rising aviation fuel costs.

The current USA-Israel war on Iran has arguably exposed a widening economic divide between countries that invested early in clean energy, electric vehicles (EVs), and diversified industrial feedstocks, and those that remain heavily dependent on imported fossil fuels and energy intensive industries, such as South Africa.

3. Electrification and alternative feedstocks as a form of risk management

Recent analysis by the Climate Change Committee (CCC) United Kingdom (UK) makes a powerful economic case for accelerating the transition to net zero. This research found that the total additional cost of reaching net zero emissions by 2050 in the UK is lower than the economic impact of a single major fossil-fuel price shock, such as those experienced during the recent Middle East instability.

This finding fundamentally challenges the argument that climate action is too expensive, demonstrating instead that continued dependence on fossil fuels carries both short term and significant long-term economic risk. ([The Climate Change Committee, 2026](#)).

While renewable energy systems are not immune to global supply chain disruptions, they are far less exposed to geopolitical chokepoints once operational. Countries with a high penetration of renewable energy and electrified transport have generally proven more resilient to oil and gas shocks triggered by supply disruptions, while reducing overall costs.

The International Renewable Energy Agency (IRENA) has estimated that renewable power generation avoided approximately USD 467 billion in fossil fuel costs globally in 2022, due to lower operating costs compared to fossil alternatives [\(IRENA, 2025\)](#).

Pakistan for example, has focused in recent years on building security of energy supply by transitioning away from its historical reliance on imported oil and LNG, and moving towards solar energy systems.

Domestic solar is shielding the country from the current crisis in the Strait of Hormuz, where since 2018 Pakistan “avoided more than USD 12 billion in oil and gas imports that would otherwise have been needed to meet domestic energy demand... Its rooftop solar boom has slashed its import bill and is now acting like an insurance policy against the oil and LNG shocks rippling out of the Gulf” [\(CREA, 2026\)](#).



4. For South Africa, clean electrification and sustainable feedstocks can build resilience

The 2026 fuel price shock reinforced South Africa's vulnerability to imported fossil fuels and geopolitical instability. South Africa provided approximately R198 billion in energy-related subsidies in 2025, of which around R110 billion supported fossil fuels ([Business Day, 2026](#)). These subsidies represent both fiscal exposure and a structural lock-in to fossil dependency.

Redirecting even a portion of fossil fuel subsidies and investing in renewable energy infrastructure, expanding the transmission network and electrifying transport systems, will strengthen long-term resilience and provide insulation from short-term shocks. This approach aligns closely with South Africa's Just Energy Transition strategy, which aims to decarbonise the economy while promoting inclusive growth and employment, including through:



Renewable energy deployment: South Africa possesses world-class solar and wind resources. Expanding renewable energy capacity offers multiple advantages: affordability and price stability in electricity generation, lower greenhouse gas emissions and industrial development opportunities.



Electric vehicle adoption: Electrification of transport is a strategic opportunity for South Africa. It can significantly reduce demand for imported oil and refined petroleum, improving the country's trade balance, while reducing greenhouse-gas emissions. There is also good potential for the growth of new industrial value chains linked to batteries and the uptake of electric vehicle manufacturing in the automotive sector.



Sustainable industrial feedstocks and energy efficiency: Developing sustainable feedstocks such as biogas, green hydrogen, bio-based chemicals and other low-carbon alternatives could gradually replace fossil-fuel-derived petrochemicals in industrial processes.



5. From vulnerability to strategic value

Climate action is no longer simply an environmental necessity, it is a strategic economic imperative. As climate impacts intensify and geopolitical tensions persist, countries that accelerate the net-zero transition are reducing macroeconomic vulnerability and supporting energy security. The real economic risk lies not in transitioning to net zero, but in delaying the transition and remaining exposed to potentially volatile fossil-fuel markets, trade wars and climate-related shocks.

For South Africa, accelerating the transition to renewable energy, electric mobility and sustainable industrial feedstocks is not simply about decarbonisation - it is about insulating the economy from global instability, fossil fuel price shocks, strengthening industrial competitiveness and positioning the country for sustainable growth.



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