

Retaining the existing export markets, while searching for new access, must remain a priority

- The centrality of the trade conversation on the U.S. tariffs in recent months is understandable, as there are immediate notable costs to various exporting businesses. Indeed, the recently announced 30% tariffs on goods imported from South Africa are not the end of the road, as the negotiations continue between the two countries. Still, the lingering uncertainty and the fact that the tariffs are in place remain a major concern.
- As South Africa navigates the U.S. trade matters, in the coming weeks, there will increasingly be a need to allocate its resources and intellectual capital wisely on trade matters in general. We are in a rapidly changing world, and the global trading system is also upended. South Africa must increase its efforts in two areas: retaining existing markets in various regions of the world and expanding access in new places. This is not a signal to deprioritise the U.S. matters, but a preparation for the evolving world that we live in. These processes involve both the effective deployment of the skillset in the government and openness to new ideas from other stakeholders in society, such as business and academia, among others.
- Regarding the retaining of markets, the approach may differ sectorally. For example, in agriculture, the African market and the EU are vital, accounting for roughly two-thirds of exports yearly. These regions also have minimal capacity to increase in the near term. Therefore, the key is to retain them through continuous interaction with the various embassies and active engagement in all established forums, so that South Africa's interests are well entrenched.
- The composition of the agricultural products that South Africa intends to expand in for the coming years, mainly high-value fruits, red meat, and wines, also means that in some countries in the African continent, where incomes are still low, the demand may remain constrained even if the trade penetration is not a significant hindrance. The regions where South Africa's agriculture has enjoyed much access in the African continent are mainly the Southern Africa region, rather than the broader continent. Roughly 90 cents in every dollar of South Africa's agricultural exports to the African continent is from the Southern Africa region. This also means that favourable relations with the neighbouring countries are vital for our agricultural export activity.
- In the EU, the markets are diverse, mainly high-value fruits and wines. This access is crucial for the domestic industries. Thus, their importers and diplomats must be amongst our priority constant contacts for South Africa, and not fall below the radar with all the attention on the U.S. Without these markets, there would be no thriving agricultural sector on the scale we see today in South Africa.

- Beyond the Africa and EU region, the Middle East and Asia are some of South Africa's significant agricultural export markets. Notably, these are also the regions where South Africa still has a relatively low trade penetration in the various markets, despite them being the major agricultural importers.
- If we consider Asia, countries such as Japan, South Korea, Taiwan, Vietnam, and China are amongst the key countries that South Africa has access to, and could still increase its exports. However, the immediate issue remains the relatively higher import tariffs and phytosanitary barriers. This is particularly the case with China, where the demand for agriculture is notable, with over US\$200 billion in agricultural products a year. These imports are roughly of similar composition to South Africa's agricultural exports, which illustrates the potential ease of access if we address the current barriers. The major hindrance remains higher import tariffs and phytosanitary barriers. It is for this reason that engaging China practically, and with speed about its proposal to lower tariffs, while guarding against costs to sensitive domestic industries, is key and urgent.
- In the Middle East, the likes of Qatar, United Arab Emirates, and Saudi Arabia, amongst others, remain crucial for export expansion for fruits, red meat, live sheep, and grains. Beyond the tariffs and phytosanitary measures, we will also require an increase in marketing efforts for South Africa Inc. products in these markets.
- In essence, the U.S. market is vital for South Africa, specifically the agricultural sector, but we should not ignore the maintenance of other existing markets, and the export diversification approach to different regions. Indeed, these will take time and are costly. Thus, diversification should not be viewed as a replacement for the U.S., but as part of the long-standing focus on export expansion and growth strategy for the South African agricultural sector.

WEEKLY HIGHLIGHT

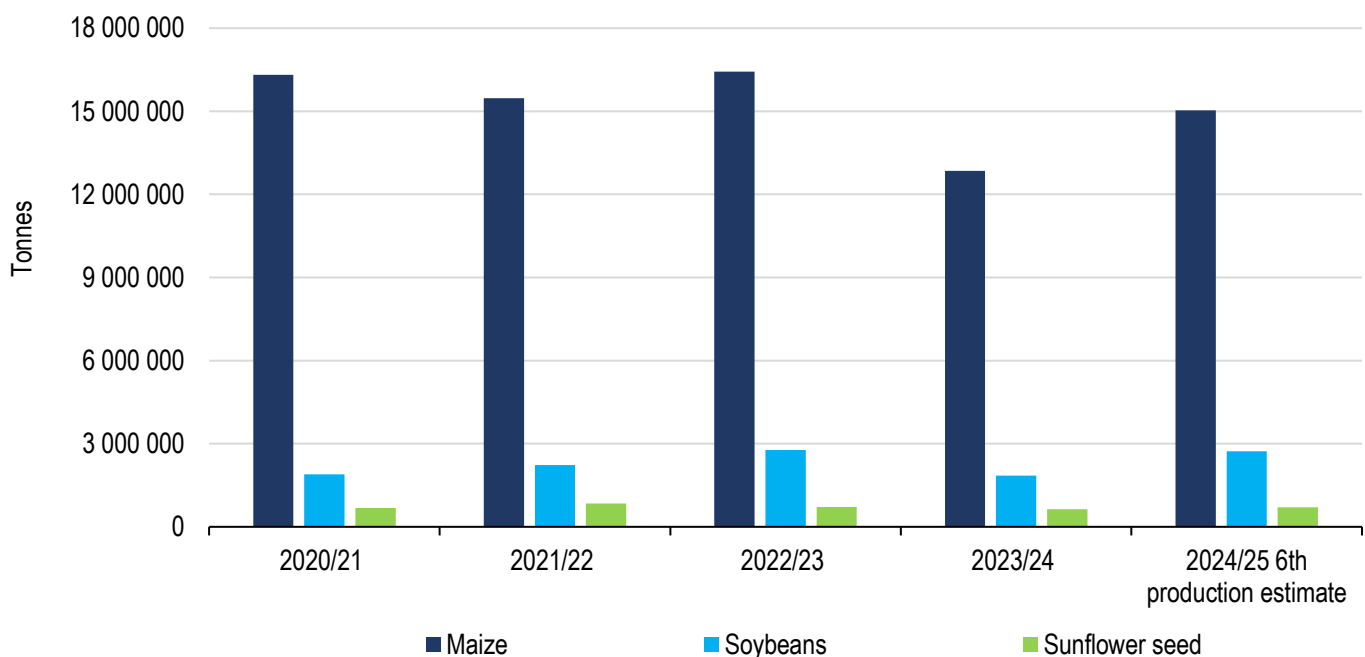
SA's ample grain harvest may help ease food price inflation concerns

- South Africa's 2024-25 summer grains and oilseed production estimate was lifted again in July, by 2% from the June 2025 estimate to an expected 18.74 million tonnes (up 21% year-on-year). There is an annual uptick in all the crops, mainly supported by favourable summer rains and the decent area plantings. This ample harvest will likely add downward pressure on prices, which bodes well for consumer food price inflation. The recent surge in maize prices was linked to the slow harvest process and quality issues, but that should be short-lived and does not change our view of potentially moderating prices going forward.
- A closer look at the data reveals that the monthly upward revisions were primarily in maize (+2%) and soybeans (+3%). Meanwhile, the rest of the other crops were roughly unchanged from the previous month. However, the sunflower seed and groundnuts were each lowered by 3% from last month.
- More specifically, South Africa's maize harvest is now forecast at 15.03 million tonnes, which is 17% higher than the crop for the 2023-24 season. Importantly, these forecasts are well above South Africa's annual maize needs of approximately 12.00 million tonnes, implying that South Africa will have a surplus

and remain a net exporter of maize. Regarding oilseeds, the soybean harvest is estimated at 2.72 million tonnes, representing a 47% year-over-year increase. Sunflower seeds are up 12% from the last season and are estimated at 708,300 tonnes. The groundnut harvest is estimated at 61,389 tonnes (up 18% y/y), sorghum production is estimated at 137,970 tonnes (up 41% y/y), and the dry beans harvest is at 74,299 tonnes (up 47%). The base effects and favourable agricultural conditions boosted the yields.

- In essence, South Africa is experiencing a recovery season for its grains and oilseeds production, although some areas may face quality challenges, particularly white maize. Still, the quality issues do not fundamentally change the available volume for milling acceptability, and food supplies, although it may weigh on farmers' profitability. We see the benefit of the solid harvest in generally softening commodity prices, now lower than last year, boding well for consumer food price inflation.

Exhibit I: SA's summer crop production estimates (selected crops)



Source: CEC and Agbiz Research

WEEK AHEAD

What are we watching this week?

- As always, we begin with a global focus, and today, the United States Department of Agriculture (USDA) will release its weekly U.S. **Crop Progress** report. As of July 27, approximately 73% of the maize crop was rated good or excellent, which is significantly higher than the 68% rating at this time last year. Moreover, approximately 70% of the soybean crop was rated as good or excellent, which is well above the 67% rating in the same week last year. The USDA will release its weekly **U.S. Grains and Oilseed Export Sales** data on Thursday.

- On Friday, the Food and Agriculture Organisation of the United Nations (FAO) will release its monthly results of its flagship publication, the **FAO Global Food Price Index**. The Index is a measure of the monthly change in international prices of a basket of agricultural commodities.
- On the domestic front, on Wednesday, the South African Grain Information Services (SAGIS) will release its weekly data on South Africa's Grain and Oilseed **Producer Deliveries**. In the previous release on July 25, South African farmers delivered 1.06 million tonnes of the new season maize to commercial silos. This was the 13th delivery for the new season, bringing the overall maize deliveries so far to 10.92 million tonnes. South Africa's 2024-25 maize harvest is estimated at 15.03 million tonnes, a 17% increase year-on-year, primarily due to expected annual yield improvements.
- The 2025-26 marketing year for oilseeds started at the beginning of March 2025. In the first 21 weeks, the soybean producer deliveries totalled 2.58 million tonnes, out of the expected harvest of 2.72 million tonnes. In the case of sunflower seeds, the first 21 weeks of the new 2025-26 marketing year's producer deliveries totalled 658,721 tonnes, of the expected harvest of 708,300 tonnes.
- Moreover, the wheat producer deliveries for the first 43 weeks of the 2024-25 marketing year stand at 1.87 million tonnes. The final harvest is 1.93 million tonnes, down from 2.05 million tonnes in the 2023-25 season.
- On Thursday, SAGIS will publish its **weekly South Africa's Grains and Oilseeds Trade** data. In the week of July 25, South Africa exported 63,897 tonnes of maize. About 79% was exported to Taiwan, and the rest to the Southern African region. This placed South Africa's 2025-26 maize exports at 428,975 tonnes, out of the expected seasonal exports of 2.0 million tonnes. The current marketing year only ends in April 2026. We will likely see more robust export activity later in the year once farmers have completed the harvest and there is grain in the silos for export.
- Given the recovery in domestic maize production, we don't anticipate imports in the new marketing year; if any are made, they will be small, mainly for the coastal regions that will take advantage of the affordable prices of some supplies.
- South Africa is a net wheat importer, and July 25 was the 43rd week in the 2024-25 marketing year. The imports to date have totalled 1.4 million tonnes. The seasonal import forecast is 1.8 million tonnes, down from 1.9 million tonnes in the previous season. So far, Russia, Lithuania, Poland, Latvia, Australia, Canada and Romania are the wheat suppliers to South Africa.