

The G20 Agricultural Ministers could have a positive impact on global agriculture

- This week, the G20 Agriculture Ministers will convene in the Western Cape province of South Africa to discuss issues concerning the sustainability of global food security. This will include exploring various themes such as trade, sustainable production methods and agricultural productivity, among others. While agricultural policy is ultimately a domestic matter, these discussions often present an opportunity to help shift the view on climate-smart agricultural practices, finance, and trade. They are also a platform to share ideas and production methods, helping each country think beyond its borders and adopt a global view, as agricultural markets and food security issues are ultimately interconnected globally.
- While much of the developed world has a stronger focus on affordability and the climate change impact of farming methods and outputs, much of the African continent, parts of Asia and the Middle East still need to contend with issues of agricultural productivity gains, in an environment where climate change risks and geopolitical tensions present additional risks. This means that, in the G20 Agricultural Ministers meetings, a specific focus on the issues that primarily affect the African continent's agriculture and other developing parts of the world is critical.
- The business arm of the G20 countries, the B20, have already made some inroads in this effort. In the recently released report, the Sustainable Food and Agricultural Workstream presented three major interventions to enhance global food security:
 - Increased trade, which entails boosting food production in regions with competitive advantages, to enhance global food availability.
 - Resilient supply chains, which aim at strengthening local and regional sourcing to reduce price volatility, mitigate external shocks and create stable jobs.
 - Sustainable agricultural practices, where the focus is on promoting practices that conserve resources and improve soil quality to meet growing global food demands sustainably.
- These are sound principles which aim to shape the conversation about global agricultural practices positively, and we generally agree with them. The conversations of the G20 Agricultural Ministers could build on these suggestions and further enrich them with specific policy considerations that countries could take back to their domestic constituents and reflect further. On the matter of increasing trade, it resonates well with South Africa, where the domestic agricultural policy includes promoting exports to various regions, including some G20 members.

- The challenge South Africa often faces, particularly in key agricultural importing countries such as China and India, is higher import tariffs and non-tariff barriers that have constrained South Africa's agricultural exports to these countries. Considering South Africa's strong competitive advantage in the production of various fruits, wine, and red meat, amongst other products, the promotion of such exports for boosting global food security through trade is a matter that resonates well with the South African agricultural community and government policy.
- Beyond this matter, the global trade system is under profound pressure since the U.S.'s policy decision this year to implement higher tariffs against trading partners. A firm commitment to open trade is crucial from the G20 Agricultural Ministers' discussions.
- Regarding sustainable agricultural practices, the South African farming community would also benefit from knowledge sharing by other countries. However, any policy recommendations on climate matters should ensure that agricultural productivity is not unduly sacrificed in the effort to reduce various inputs that are perceived to be harmful to the environment, as we observed with the EU's Green Deal proposals. The focus should be on optimal utilization of various agricultural inputs to boost productivity, while also ensuring that the environment is improved. Therefore, the discussion at the G20 Agricultural Ministers would do well to focus on climate matters, encouraging information sharing and ensuring that others do not use climate-smart agricultural practices as a non-tariff barrier in the future. A firm and persuasive signalling of such massaging would be powerful.
- For the African continent specifically, the African Union's (AU) representatives participating in these deliberations would do the continent well to prioritize fixing what we can as a continent. We face a problem of low agricultural productivity and fragmented value chains. This means that the AU and South Africa should consider prioritizing discussions about improving fertilizer manufacturing and trade in Africa. Sub-Saharan African countries have poor access to and usage of fertilizers. Yet greater fertilizer adoption is a key part of growing more food and reducing hunger.
- Beyond this point, improving land governance (strong property rights), embracing agricultural technology (biological and mechanical), limiting intervention on agricultural markets, embracing large-scale farming (while co-existing with small-scale), and continuous investment in infrastructure remain central to addressing Africa's food insecurity problems.
- Overall, while the G20 discussions may often seem distant from individual businesses or farming entities, they remain a forum that could profoundly influence the operating conditions of businesses, positively or negatively. Currently, the winds are pointing in the positive direction, which is comforting.

WEEKLY HIGHLIGHT

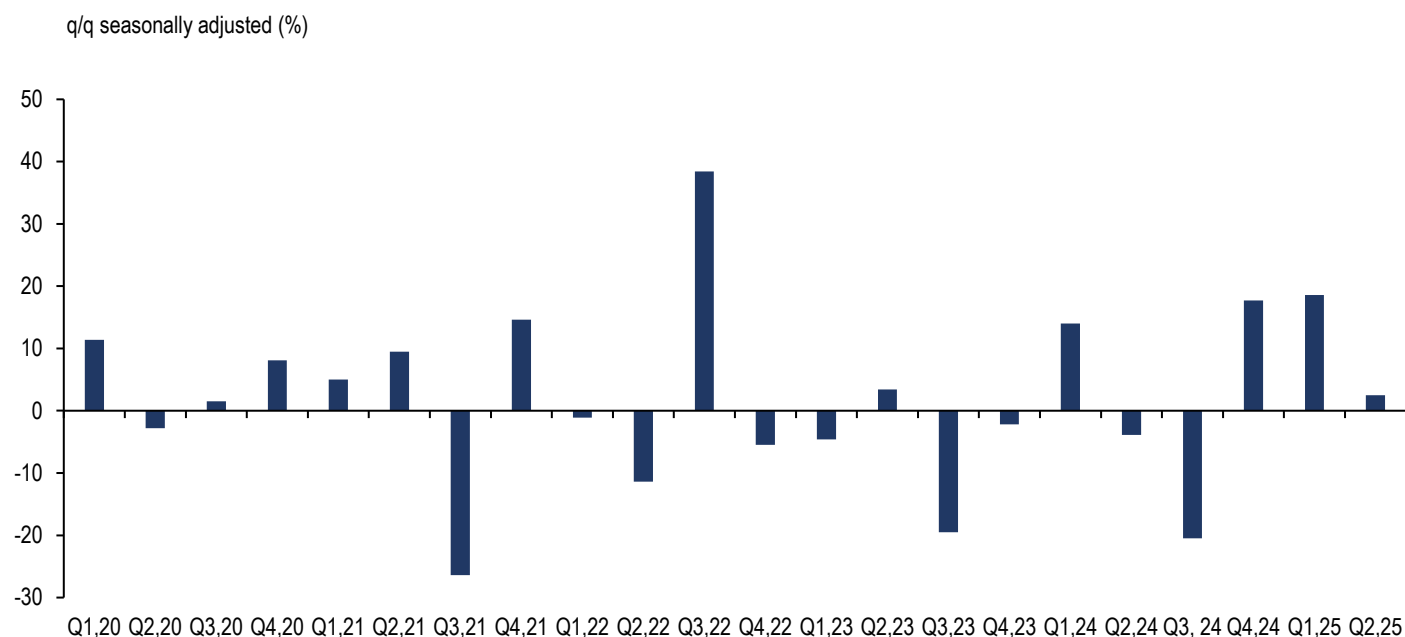
SA agriculture sees a mild performance in the second quarter of 2025

- South Africa's agricultural sector is in its recovery phase, and the second quarter of 2025 figures signal the improvement, albeit mildly. The country's agricultural gross value added expanded by 2.5%

quarter-on-quarter (seasonally adjusted) in the second quarter. This follows the 18.6% quarter-on-quarter in the first quarter of the year. The expansion was primarily due to the improved performance of certain field crops and the horticulture subsectors.

- As the close observers of the sector know, the quarterly data tend to be somewhat volatile, influenced by times of harvest and crop deliveries, amongst other factors. It is particularly such issues that the second-quarter growth figure was much softer compared to the start of the year.
- We experienced a delay in our summer grain harvest, with more momentum occurring at the start of the third quarter than is typically seen in the second quarter of the year. Indeed, we have ample summer grain and oilseeds, estimated at 19.55 million tonnes (up 26% year-on-year). But the season was late by roughly a month and a half because of the excessively prolonged summer rains, amongst other factors.
- We have also continued to struggle with the foot and mouth disease and a few avian influenza cases, particularly in the second quarter. It was at the end of the second quarter that the foot and mouth disease vaccines arrived in South Africa for the start of the vaccination campaign.
- But of course, not all crops were late. The citrus harvest season started in the second quarter, and we have an ample harvest. Farmers moved quickly to take advantage of the tariff pause window in the U.S., which allows for faster harvesting and adds to the general upside in the second quarter performance, although much softer than the start of the year.
- Also worth noting is that the sentiment in the sector remains optimistic, although it has softened in recent years. For example, the Agbiz/IDC Agribusiness Confidence Index (ACI) fell for a second consecutive quarter by 2 points to 63 in the third quarter of 2025. Despite the slight decline, the current level of the ACI implies that South African agribusinesses remain optimistic about business conditions in the country.
- With all these factors considered, the critical point is that we remain convinced that 2025 will likely be a recovery period for South Africa's agriculture. But, as we have communicated on various occasions, it will be an uneven recovery.
- The livestock industry continues to struggle with foot and mouth disease. Meanwhile, on the upside, the field crops, mainly grains, oilseeds, and sugarcane, are all expected to show a fantastic recovery from last season. We also have an excellent harvest of fruits and vegetables.

Exhibit I: South Africa's agricultural gross value added



Source: Stats SA and Agbiz Research

WEEK AHEAD

What are we watching this week?

- We begin the week with a focus on the global front, where today, the United States Department of Agriculture (USDA) will release its weekly U.S. **Crop Progress** report. As of September 7, approximately 68% of the maize crop was rated as good or excellent, which is significantly higher than the 64% rating at the same time last year. The harvest has also recently started, and on September 7, about 4% of the U.S. crop had been harvested, which is roughly the same as the previous year.
- Moreover, approximately 64% of the soybean crop was again rated as good or excellent on September 7, which is slightly less than the 65% in the previous year. The harvest process has not started in the major soybean-producing regions of the U.S.
- The USDA will release its weekly **U.S. Grains and Oilseed Export Sales** data on Thursday.
- 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 September 5, South African farmers delivered 158,714 tonnes of the new season maize to commercial silos. This was the 19th weekly delivery for the new season, bringing the overall maize deliveries so far to 13.95 million tonnes. South Africa's 2024-25 maize harvest is estimated at 15.80 million tonnes, a 23% 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 27 weeks, the soybean producer deliveries totalled 2.64 million tonnes, out of the expected harvest of 2.75 million tonnes. In the case of sunflower seeds, the first 27 weeks of the new 2025-26 marketing year's producer deliveries totalled 692,753 tonnes, of the expected harvest of 708,300 tonnes.
- Moreover, the wheat producer deliveries for the first 49 weeks of the 2024-25 marketing year stand at 1.88 million tonnes. The final harvest is 1.93 million tonnes, down from 2.05 million tonnes in the 2023-24 season.
- Also on Wednesday, Statistics South Africa will release the **Consumer Price Index (CPI)** data for August 2025. Our focus on this data will primarily be on the food category.
- On Thursday, SAGIS will publish its **weekly South Africa's Grains and Oilseeds Trade** data. In the week of September 5, South Africa exported 23,811 tonnes of maize, all to the Southern African region. This placed South Africa's 2025-26 maize exports at 592,994 tonnes, out of the expected seasonal exports of 2.12 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.
- While South Africa has an ample harvest and will remain a net exporter of maize, we continue to see minor imports of yellow maize from Argentina for the coastal regions of South Africa. For example, so far in the 2025-16 marketing year, South Africa has imported 77,768 tonnes of yellow maize for feed in the coastal regions of the country. These importers mainly take advantage of the affordable prices of Argentinian supplies.
- South Africa is a net wheat importer, and September 5 was the 49th week in the 2024-25 marketing year, which ends this month. The imports to date have totalled 1.64 million tonnes. The seasonal import forecast is 1.74 million tonnes, down from 1.93 million tonnes in the previous season. So far, Russia, Lithuania, Poland, Latvia, Australia, Canada and Romania are the wheat suppliers to South Africa.