

July 21 2025

## Is it time for South Africa to strengthen its human capital and knowledge base on trade matters?

- The global trading system has changed rapidly in the last few months, and so should our trade policies and strategies. The instruments we used a decade – or even 24 months ago – are woefully inadequate for addressing today's challenges. Indeed, many countries have been preparing for times such as these. Hence, you see spirited activity in ASEAN, EFTA, and MERCOSUR to conclude bilateral trade deals in the form of new-generation free trade agreements. These act as powerful insurance at a time when uncertainty has become the norm in global trade, and the World Trade Organization has not been fruitfully negotiating new market access for over a decade. Hence, there is a need for a change in our strategies, including our resources and capabilities to respond to the world as it is shifting.
- For many decades, countries operated in an international trade environment that was reasonably stable, with minimal fundamental disruptions to trade policy, except for occasional disputes over specific products or cases of dumping, but not the fundamental shifts we are currently experiencing. This also means that the investment in human capital may not have been as significant, particularly in terms of senior negotiators and technical experts. This is an area that South Africa may need to review.
- We are now at a time when pressures are being felt in various sectors of the economy, and all are looking to a few departments for guidance, both in defensive strategies to address the markets that are closing, and in equally searching for new areas to expand into. As South Africa embarks on this process and initiates a conversation on export diversification, other countries are also on the same path, which increases competition in the world market in attractive regions that countries view as a mitigating strategy for diverting some products they would typically export to the new, narrower U.S. market.
- In this environment, not only key negotiators that South Africa requires, but also an increased number of technical experts who would scan the evolving global economy and trade environment, providing insights that would enrich the negotiators and help them navigate to viable and growing markets. These requirements may vary from sector to sector of the economy; therefore, there is a need for a larger team dedicated to such tasks.
- The centrality of trade to the South African economy, and the current over-concentration in a few regions such as the U.S., China, and the EU, means that there is greater urgency for this work now than before. Therefore, the South African academia and business should not only be pushing the government for their interests at this time around, but should also be engaging in the conversation about assessing whether South Africa has sufficient capacity today for all these tasks or requires an increase in the number of people who would devote energies to trade matters. If the latter is the case, therefore, conversations about secondment, as well as funding more academic work that would have a rapid pace of output, should enable policymakers to inform their trade decisions.

- This is not a call for businesses to seek involvement in the government's decision-making processes, but rather to enable the government to have sufficient human capital to lead these efforts. Moreover, it is to ensure that there is a range of well-researched ideas and policy propositions for decision-makers to assess and form a view about what would be the most optimal approach for the country in these matters.
- Since the start of the year, the focus has been on U.S. tariff matters, especially in agriculture, which is understandable given the profound uncertainty and costs that tariffs present to businesses in the perishable foods industry. But the trading environment is changing globally. The policy decisions the U.S. has taken have somewhat led to a shift from the time of embracing globalization and opening trade to a more inward-looking approach. Therefore, the opening of new markets may not be as easy as it was in the past few decades, when the sentiment was broadly positive. There is also a lot more push for reciprocity these days than in the past. Thus, thorough research and policy options in every critical sector of the economy are crucial for assessing and supporting the decisions that South African trade authorities will be compelled to make in the coming months and years.
- There is also a need to elevate trade matters in general economic conversations in government and bring more urgency, as these are key to the country's overall growth agenda. Trade is now more central than ever, and we must build sufficient capacity in knowledge and human capital to navigate this new world. The starting point is to overhaul our current trade policy and negotiating template.

## WEEKLY HIGHLIGHT

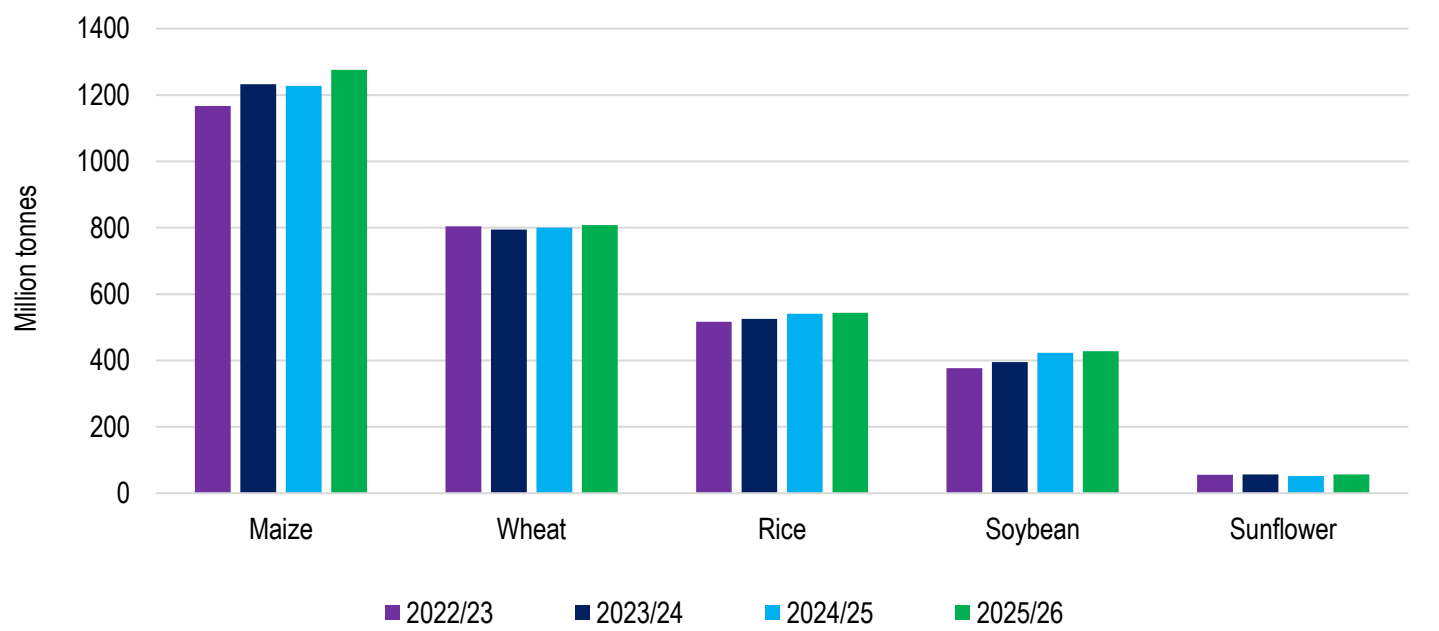
### The ample harvest of grains and oilseeds in the 2025-26 season could help keep global food prices at moderate levels

- We continue to see an encouraging outlook for the 2025-26 global grains and oilseeds production. The latest organization to release an upbeat forecast is the International Grains Council, which predicts a 2025-26 global grains and oilseeds harvest of 2.38 billion tonnes, a 3% increase from the previous season. Indeed, the Southern Hemisphere regions will only start preparing the land for the new season in two months. It is only the Northern Hemisphere that has planted the crop. Still, the optimistic view is partly based on a favourable weather outlook and expectations that farmers will plant in the typical areas or slightly more in all the key production areas. Encouragingly, these forecasts also suggest that the heatwaves in Europe likely did not cause significant damage to the crops as we had feared.
- If we zoom in on the data for the major crops, starting with maize, the 2025-26 global harvest is forecast at 1.28 billion tonnes, up 4% from the previous season. We anticipate significant crop improvement in the U.S., Argentina, Ukraine, China, the EU, South Africa, and Russia. This is a result of both the expected expansion in area plantings in some countries, as well as the expected higher yields. Subsequently, the 2025-26 global maize stocks are forecast at 278 million tonnes, a 1% increase from the previous season. The reason we don't see a sharp increase in stocks is due to the expected jump in maize usage for feed,

food, and industrial purposes. The overall message we take from this picture is that maize prices may trend sideways, with a greater downward possibility in the coming months due to decent stock levels.

- Moreover, the 2025-26 global wheat harvest is forecast at 808 million tonnes, a 1% increase from the previous season. The EU, Russia, Canada, Argentina, India, and the UK are among the key countries expected to contribute to the anticipated global uptick in wheat harvests. This is a welcome development, as we had worried that the unfavourable weather conditions in much of Europe would lead to a poor harvest.
- The annual wheat consumption for food, feed, and industrial use is set to increase in the new year. Thus, the stocks may be down by 2% from the previous season, estimated at 265 million tonnes. This means that we may see wheat prices trading sideways, with possible mild upticks because of the tight supplies. With that said, it is worth mentioning that since the start of 2025, global wheat prices have traded sideways, under pressure in certain periods. Thus, we remain optimistic about a possible sideways movement, rather than sharp increases.
- In the case of rice, the International Grains Council forecasts the 2025-26 harvest at 544 million tonnes, a 0.5% increase from the previous season. We anticipate a likely larger harvest in India, Vietnam, Pakistan, China, Bangladesh, the Philippines, and Brazil. With consumption relatively stable, stocks are set to increase by 1% from the 2024-25 season to 185 million tonnes.
- Similar to other crops, the 2025-26 global soybean harvest is expected to increase by 1% to 428 million tonnes. Brazil, Argentina, China, Paraguay, and Ukraine are among the key countries expected to support this improvement. Still, it is worth emphasizing that the major producers, Brazil, Argentina, and Paraguay, are still busy with the 2024-25 production season. The 2025-26 season will only start in October. Therefore, these forecasts assume favourable weather conditions and widespread planting in the general area by farmers.
- We will have better insights into the outlook when the season starts in the southern hemisphere. With the crush, food and feed set to increase, the stocks will likely come under pressure. The International Grains Council forecasts global soybean stocks for 2025-26 at 83 million tonnes, a 1% decrease from the previous season. Still, we doubt this would lead to a major price increase; we anticipate a sideways movement in prices in the coming months.
- The International Grains Council forecasts the 2025-26 global sunflower seed crop at 57 million tonnes, up by 9% from the previous season. This is based on an anticipated large harvest in Russia, Ukraine, the EU, Moldova, China, Turkey, South Africa, and the U.S., among others. Consumption is also expected to remain strong in the 2025-26 season. Still, the stocks are set to increase by 7% to 3.8 million tonnes. This is likely to keep sunflower seed prices under pressure.
- In essence, we are still early in the 2025-26 season, with the Southern Hemisphere region yet to begin with plantings. Still, the production prospects paint an encouraging picture for the path ahead, with ample harvests expected, which should keep global food price conditions at moderate levels for some time.

Exhibit I: Global grains and oilseeds production



Source: International Grains Council 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. American farmers have completed planting, and the crops are now in their early stages of growth. As of July 13, approximately 74% 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 slightly higher than the 68% at the same time last year. 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 July 11, South African farmers delivered 1.2 tonnes of the new season maize to commercial silos. This was the eleventh delivery for the new season, bringing the overall maize deliveries so far to 8.4 million tonnes. If you compare this with the overall volume delivered during the same period in the previous season, the volumes are down 4% due to the season's slow start. We are roughly a month behind schedule. South Africa's 2024-25 maize harvest is estimated at 14.8 million tonnes, a 15% 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 19 weeks, the soybean producer deliveries totalled 2.5 million tonnes, out of the expected harvest of 2.6 million tonnes. In the case of sunflower seeds, the first 19 weeks of the new 2025-26 marketing year's producer deliveries totalled 618,613 tonnes, of the expected harvest of 727,800 tonnes.
- Moreover, the wheat producer deliveries for the first 41 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.
- Also on Wednesday, Statistics South Africa will release the **Consumer Price Index (CPI)** data for June 2025. Our focus on this data will mainly be on the food category. Looking back at the previous month's release, South Africa's consumer food price inflation accelerated to 4.4% in May from 3.3% in April 2025. The acceleration in price inflation of meat, fish, and other seafood, oils and fats, fruit and nuts, and vegetables mainly underpinned the uptick.
- On Thursday, SAGIS will publish its **weekly South Africa's Grains and Oilseeds Trade** data. In the week of July 11, South Africa exported 11,086 tonnes of maize, all of which was destined for the Southern African region. This placed South Africa's 2025-26 maize exports at 342,665 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 11 was the 41st week in the 2024-25 marketing year. The imports to date have totalled 1.3 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.