

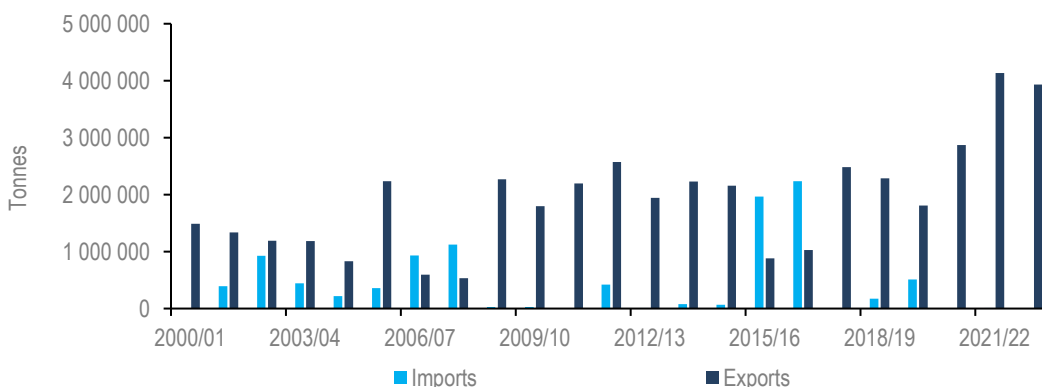
South Africa's maize exports to China are not a political posture

The geopolitical matters this past week also extended to the maize market. China cancelled U.S. maize orders and purchased South African maize. This volume was 108 104 tonnes of maize in the last week of March and the first few weeks of April 2023. This activity formed part of South Africa's maize exports in the 2022/23 marketing year. Some interpreted this market activity as China replacing the United States with South African maize as part of the broader geopolitical matter. We think such a view may be an overstatement. First, South African maize is currently competitively priced and of good quality, which might have influenced China's decision. Second, this was not the first time China bought South African maize, but the volumes were always small in the past. For example, China's maize imports from South Africa averaged 3 780 tonnes per annum over the past ten years. This was only the first time China imported large volumes in recent memory.

Third, if one considers South Africa's 2022/23 total maize exports of 3,64 million tonnes, China's recent purchase of 108 104 tonnes is a relatively small volume. South Africa's leading export markets for maize include Taiwan, Japan, Vietnam, Mexico, Italy, South Korea, Botswana, Zimbabwe, and various markets within the African continent. One should also remember that China is a large maize producer, accounting for 22% of global maize production, an average of 277 million tonnes. Still, because of their significant usage, China imports maize from the world market.

Over the past three seasons, China's maize imports averaged 25 million tonnes a year. The leading suppliers of maize to China included the United States, Ukraine, Bulgaria, Russia and Kazakhstan, and South Africa. Therefore, we doubt that South Africa's recent maize exports to China are an attempt to replace the U.S., as some media houses have argued. One has to appreciate that the U.S. maize exports to China averaged 17 million tonnes yearly in the past two seasons. This far exceeds South Africa's total maize production of 15,9 million tonnes this year. In good seasons, South Africa's maize exports are usually just over 3 million tonnes to various markets. Hence, we believe China's recent maize imports from South Africa were a general market activity, i.e., supply diversification, and one shouldn't read too much into it.

Exhibit 1: South Africa's maize trade



Source: NAMC, SAGIS and Agbiz Research

15 May 2023

Wandile Sihlobo

Chief Economist

+27 12 807 6686

wandile@agbiz.co.za

www.agbiz.co.za

Disclaimer:

Everything has been done to ensure the accuracy of this information, however, Agbiz takes no responsibility for any loss or damage incurred due to the usage of this information.