

Botswana may lift the remaining vegetable import restrictions on SA in April

- While other countries have taken a more confrontational tone in trade policy, South Africa must continue strengthening relations and widening export opportunities for all the export-reliant sectors of the economy. Agriculture is one such sector that largely depends on exports and has benefitted immensely from the trade opportunities that South African authorities have successfully negotiated over the recent decades. South Africa must deploy an accelerated effort to maintain relationships and strengthen friendships. One region that requires some attention is the Southern African Customs Union (SACU), a free-trade customs union that includes Botswana, Namibia, Lesotho and Eswatini.
- From 2021, Botswana banned imports of vegetables from South Africa, which continued until partial removal by President Duma Boko in December 2024. This month (April 2025) the government of Botswana plans to remove the remaining import restrictions on beetroot, butternut, cabbage, carrot, garlic, ginger, green melons, herbs, lettuce, onions, potatoes, sweet pepper, tomato, and watermelons from South Africa altogether. This is a welcome development for South African fresh produce and retailers. Notably, the easing of vegetable imports will mainly benefit consumers in Botswana.
- As Botswana removes all the restrictions on vegetable imports from South Africa this month, focus will shift to Namibia. In the case of Namibia, the restrictions on vegetable imports from South Africa started around the same time as those in Botswana. Each country's rationale for banning vegetable imports was that they were building their domestic industries, and that this required cushioning from imports. These bans on imports of agricultural products added uncertainty and have weighed on South African businesses. Moreover, they have fueled a sentiment in some quarters that SACU needs a review, especially in the context of South Africa sharing some financial resources with this region. However, we caution against an unfriendly approach in the SACU region.
- While South Africa's agriculture has experienced some challenges recently, the country continues to benefit from the free trade area. For example, Trade Map data show that the SACU region accounted for about 19% of South Africa's agricultural exports of US\$13,7 billion in 2024. This equals the same value as South Africa's agricultural exports to the EU. The only difference between the EU and SACU is the products in the export basket. The EU imports more fruits and wines, while the SACU basket mainly imports staple grains, vegetables, and beverages.
- South Africa imports under a billion dollars of products from SACU, averaging US\$816 million over the past five years. This is about an 11% share of South Africa's agricultural imports, on average, in the past five years. The imports are mainly live animals (cattle) and sugar. The major exports to South Africa in SACU are Eswatini and Namibia. The disparity in trade is partly because of the lack of production volume from some of the SACU countries that are not as naturally endowed as South Africa. That said, we

believe that restrictive policies are not the best way for SACU countries to lift production. Instead, a more collaborative approach that seeks to leverage South Africa's technology and scientific know-how could be more helpful.

- Thus, considering this enormous export market for South Africa's agriculture and an essential one for SACU nations, the logical steps should be to preserve trade and reduce the frequent occurrence of export bans targeted at South Africa. The policy ambitions of the SACU members to increase their domestic production could focus on leveraging scientific advancements and investments from South Africa, which has mature agriculture and food, fibre, and beverage value chains. Ideally, collaboration should be the path forward rather than confrontations.
- As Botswana completely lifts its remaining restrictions on vegetable imports from South Africa, the focus and tone of engagement on both countries should move to collaboration. Botswana must outline the areas of agriculture in which they intend to grow and, thereafter, leverage South African technology and skill as they embark on that journey. This could be communicated through the Ministries of Agriculture, requesting private sector involvement. After all, South Africa is better off when its neighbours are also increasing their food production, and the long-term approach would then be to promote SACU exports to other regions of the world. Namibia must also move towards this collaborative approach and remove the restrictions on vegetable imports from South Africa. Its focus, too, must be on leveraging the technology and skills in South Africa to strengthen regional agriculture.

WEEKLY HIGHLIGHT

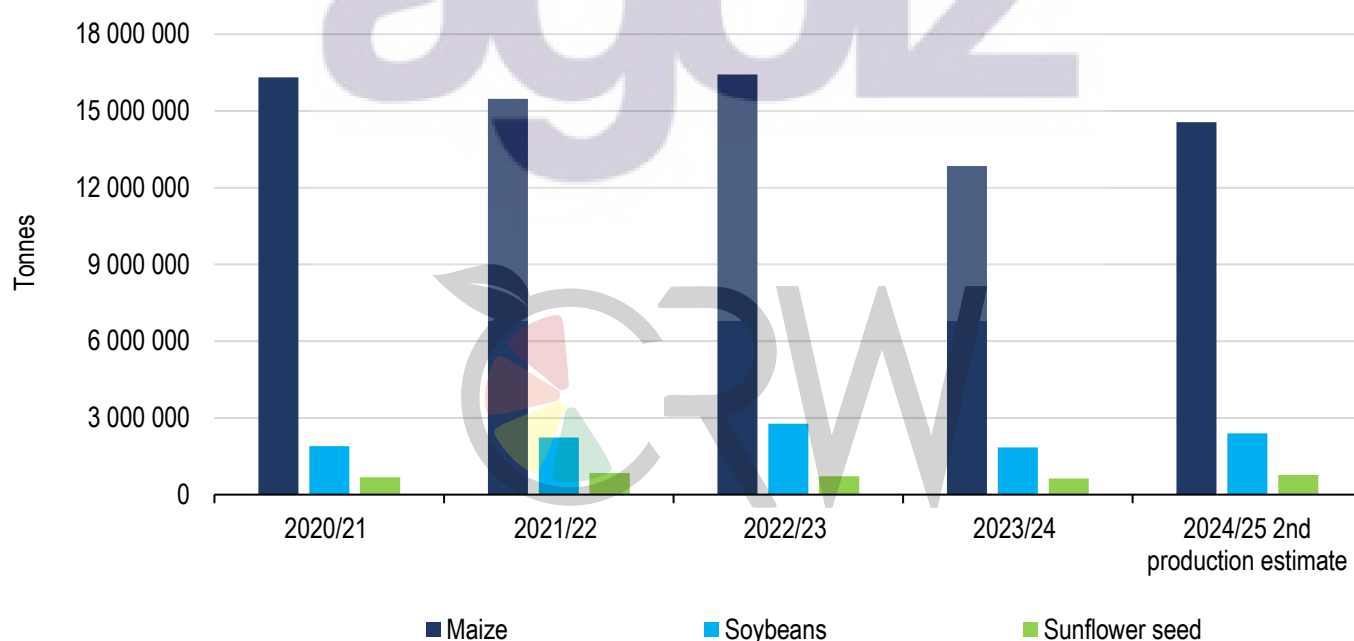
SA summer crop harvest set to recover robustly in the 2024-25 season

- South Africa's agriculture is recovering after a challenging mid-summer drought that led to significant crop losses in the 2023-24 season. The Crop Estimates Committee (CEC) 's data released this past week paints an encouraging picture of this new season's summer crop production prospects. For example, the 2024-25 summer grain and oilseeds production is forecast at 18,0 million tonnes, up 5% from the previous month's estimate and 16% of the prior season's crop. This comprises maize, sunflower seed, soybeans, groundnuts, sorghum and dry beans.
- The expected yield improvements after favourable rains underscore the better harvest prospects. The overall area planting is 4,4 million hectares, roughly unchanged from the last season. Provided this is a second production estimate and possibly still does not fully account for the gains of the favourable weather conditions in recent weeks, we could see further upside revision in the coming months, even if mildly. After all, there are eight more production estimates to follow monthly.
- A closer look at the data shows the second maize production estimate at 14,6 million tonnes, up 5% month-on-month (m-o-m) and 13% year-on-year (y/y). About 7,7 million tonnes is white maize (up 26% y/y), and 6,9 million tonnes is yellow maize (up 1% y/y). The difference is caused by the area switch, with white maize taking a more significant area and the yield expectations. The prospects of a better maize season have already added downward pressure on prices, which currently trade below last year's.

Importantly, these forecasts are well above South Africa's annual maize needs of about 11,8 million tonnes, which implies that, if the crop materializes, South Africa will remain a net exporter of maize.

- Regarding oilseeds, soybean harvest is estimated at 2,4 million tonnes, up 29% y/y. This is on the back of anticipated better yields, as the area is roughly the same as the past season. Moreover, the sunflower seed harvest is forecast at 770 500 tonnes, up 22% y/y, benefiting from expected higher yields.
- The groundnut harvest is estimated at 66 929 tonnes (up 29% y/y), sorghum production is estimated at 137 435 tonnes (up 40% y/y), and dry beans harvest is at 79 007 tonnes (up 56%). The base effects also boost the significant annual increases given the poor harvest we recorded in 2023-24 during the drought.
- Overall, this is shaping to be a better agricultural season and a year of recovery in the sector. Indeed, there may be regions that aren't fully recovering and suffered from erratic weather. Still, the national picture is solid.
- From a consumer perspective, the softening commodity prices on the back of the expected large harvest paints a comforting food inflation path for the year's second half. The next quarter, specifically for grain-related products in the food inflation basket, may still reflect the effects of the recent higher prices of tight grain supplies at the start of this year, which is before we get the new season deliveries.

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



Source: CEC and Agbiz Research

WEEK AHEAD

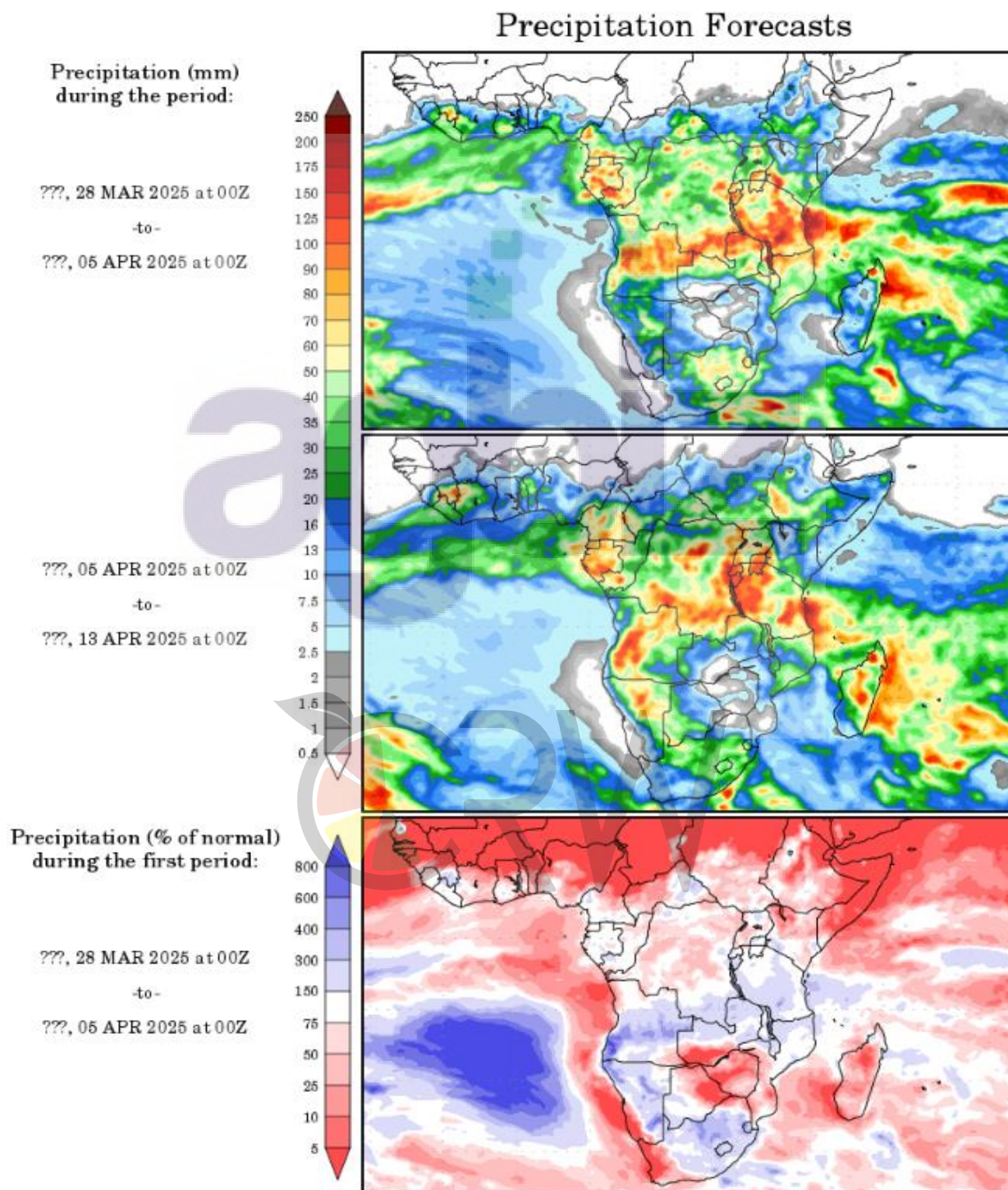
What we are watching this week

- We start the week with a focus on the global front, and this is another quiet week with only two essential data releases. The United States Department of Agriculture will release its weekly **U.S. Grains and Oilseed Export Sales** data on Thursday. The Food and Agriculture Organization of the United Nations (FAO) will release its monthly global **Food Price Index** on Friday. This is a measure of the monthly change in international prices of a basket of food commodities, a better gauge of the direction of global food prices.
- On the domestic front, on Wednesday, SAGIS will release its **weekly South Africa's Grains and Oilseeds Producer Deliveries** data. In the case of maize, we will receive a data release for the 48th week of the 2024-25 marketing year (corresponding with the 2023-24 production season). In the previous release on March 21, South Africa's weekly maize producer deliveries were about 72 269 tonnes. This puts the 2024-25 maize producer deliveries at 11,20 million tonnes out of the final harvest of 12,85 million tonnes.
- We are in the new 2025-26 marketing year for oilseeds, which started at the beginning of March 2025. In the first three weeks, the soybean producer deliveries totalled 11 958 tonnes out of the expected harvest of 2,4 million tonnes. In the case of sunflower seed, the first three weeks of the new marketing year's producer deliveries were 30 529 tonnes out of the expected 770 500 tonnes. We expect the early deliveries to remain relatively low and pick up next month because of the late start of the season. Moreover, the wheat producer deliveries for the first 25 weeks of the 2024-25 marketing year stand at 1,81 million tonnes. The final harvest for the season is 1,92 million tonnes, down from the 2,05 million tonnes of the past season because of the reduced area planted and the poor yields.
- On Thursday, SAGIS will publish its **weekly South Africa's Grains and Oilseeds Trade** data for the 48th week of the 2024-25 marketing year. In the previous release on March 21, the 47th week of the 2024-25 marketing year, South Africa exported 32 992 tonnes of maize. Of this volume, 57% was exported to Zimbabwe, 14% to Botswana, 11% to Eswatini, 9% to Namibia, and the balance was distributed to the neighbouring African countries. This puts South Africa's total maize exports in the 2024-25 marketing year at 2,1 million tonnes, slightly above the expected exports for the season (but down from 3,44 million tonnes in the 2023-24 marketing year because of the drought).
- While South Africa will likely remain the net exporter of maize in the 2024-25 marketing year, the coastal regions will import some volumes of maize as the domestic supplies are tight. We continue to see imports of yellow maize from Argentina and Brazil through the Port of Cape Town and white maize from the United States. South Africa's 2024-25 maize imports stand at 829 233 tonnes.
- South Africa is a net wheat importer, and March 21 was the 25th week in the new 2024-25 marketing year. The imports so far amounted to 863 211 tonnes. The seasonal import forecast is 1,80 million tonnes, down from 1,93 million tonnes the past season. So far, Russia, Lithuania, Latvia, Canada, Poland, Romania, and Australia are the suppliers.

South Africa's Precipitation forecast

- The weather forecast for the week shows a high chance of rain over most regions of South Africa – see the coloured parts of the SA map. While we generally welcome the rains, we worry that continuous showers could compromise the crop quality in some regions where it has matured. Still, this isn't an immediate issue.

Exhibit 2: South Africa's precipitation forecast



Source: George Mason University (wxmaps)