

August 25 2025

A comprehensive approach is needed to support export-led growth for SA agriculture

- The US's decision to impose a steep tariff on imports from South Africa has ignited an urgent discussion on how best to minimize the impact of these measures on various exporting sectors, including agriculture. In addition to the ongoing conversation about expanding South Africa's agricultural export markets, we believe that the country must accelerate its efforts to promote agricultural products in international markets. The Department of Trade, Industry and Competition typically leads the various trade shows, supported by the private sector and other government agencies. These trade shows, more than ever, must be channelled to the priority regions for our export expansion plan. The visibility of high-quality South African agricultural products is key for marketing purposes and informing consumers and retailers in various countries about the products they could source from South Africa. We believe that such marketing work and formal trade conversations would be a powerful approach for ensuring the penetration of the South African agricultural products into a range of new markets.
- Importantly, the government officials in South Africa, particularly the regulators on export-related matters in the Department of Agriculture, should also have a shared sense of urgency for the promotion of exports. They should work collaboratively to assist exporting businesses rather than creating more bureaucratic hindrances, while the global interest is established. We have heard of a few cases where there is often a lack of collaboration from the domestic side, while the international consumers are open to the South African products, particularly on some processed products. A case in point is the pet food industry, where oftentimes the local authorities move much more slowly than the exporters would like.
- While South Africa is thriving in Africa and Europe, which account for roughly two-thirds of its agricultural exports in value terms, there remains room for expansion in other regions. Asia and the Middle East are some of the areas we continue to see greater opportunity for export expansion. During the various government visits to these regions, bringing along the private sector for deeper business engagement and optimizing the existing structures for trade shows should be explored.
- Also critical in this trade conversation is the appropriate staffing of embassies in the key export markets. The supporting staff at the embassies must have the appropriate skillset to assist the South African businesses in their commercial activities. Indeed, the guidelines of the work must be outlined in South Africa's economic diplomacy strategy, spelling out both the country's economic and commercial diplomacy focus. Such a vision and strategy would then guide the work of the support staff.
- The conversations of trade policy cannot only be a place for the Department of Trade, Industry and Competition to engage in. They require a comprehensive approach to ensure the agreements are rooted in the aspirations of business and national priorities. Importantly, these engagements create a platform for executing trade and increasing the visibility of South African agricultural products in the world

market. This sector of the economy still has potential to create more jobs, at the primary level and in the value chains. But the employment and the sustainability of the sector are a function of a comprehensive growth approach.

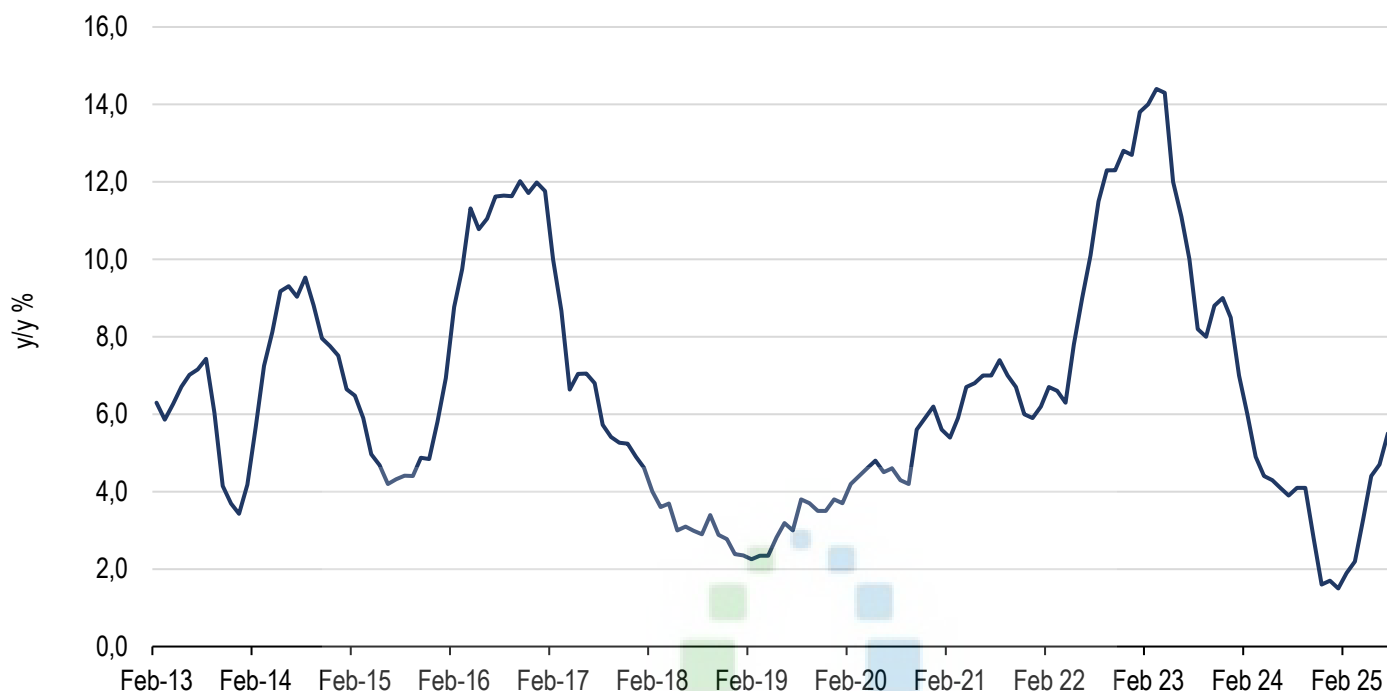
- Maximizing trade opportunities is key to ensuring that we continue on an export-led growth approach. There is also a need to ensure that the exporting industries are well supported. As such, a deeper involvement of the officials in South Africa's various embassies is even more important as the country strengthens its export approach, for agriculture and other exporting sectors of the economy. This new path requires a well-communicated and supported economic diplomacy strategy for the country, and then alignment of all the necessary interventions to support it. All these priorities are in recognition of the role of agriculture in supporting South Africa's economic growth.

WEEKLY HIGHLIGHT

SA consumer food price inflation rises again

- We continue to observe a faster rate of increase in South Africa's consumer food prices. The data released last week by Statistics South Africa shows that the consumer food price inflation rose to the highest level in 18 months, at 5.5% in July 2025, from 4.7% in June, underpinned primarily by the continuous increases in the meat and vegetables prices. Still, we believe the major drivers of these particular products are temporary; thus, we have maintained our view of potentially moderating food price inflation in the coming months.
- As with the previous month, the increase in the meat price inflation was due to two significant factors, which have now somewhat eased. First, the outbreak of avian influenza in Brazil led to South Africa temporarily restricting the imports of poultry products from Brazil, causing panic in the market. However, the restrictions have now been lifted, and imports are slowly recovering.
- Second, South Africa experienced an outbreak of foot-and-mouth disease, which led to concerns about red meat supplies and some panic buying, thus temporarily pushing up prices. The slaughtering has now resumed in the major feedlots, and we continue to believe we may see easing in red meat prices, which should be reflected in the inflation figures of the coming months.
- Moreover, when there are outbreaks of disease, South Africa is temporarily restricted from various export markets, which, over time, increases the supply of red meat into the local market. About vegetables, the price increases are primarily because of the excessive rain's impact on products, as we have seen volumes of certain products down somewhat in various Fresh Produce Markets in the past couple of months. But the recent data are showing an improvement, which again underscores our view that the recent price inflation acceleration may be temporary.
- In essence, while food price inflation accelerated in July, we expect some moderation in the coming months, as the prices of the above products potentially slow, and we see the continuous benefits of an ample domestic grains harvest and a decent fruit harvest that continue to enter the market.
- South Africa's headline CPI was 3.5% in July 2025, from 3.0% in the previous month.

Exhibit I: South Africa's consumer food inflation



Source: Stats SA and Agbiz Research

WEEK AHEAD

What are we watching this week?

- This is another relatively quiet week on the global front. Today, the United States Department of Agriculture (USDA) will release its weekly **US Crop Progress** report. As of August 17, approximately 71% of the maize crop was rated good or excellent, which is significantly higher than the 67% rating at this time last year. Moreover, approximately 68% of the soybean crop was again rated as good or excellent on August 17, which is aligned with the rating of the same week last year. The USDA will release its weekly **US 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 August 15, South African farmers delivered 560,175 tonnes of the new season maize to commercial silos. This was the 16th weekly delivery for the new season, bringing the overall maize deliveries so far to 13.09 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 24 weeks, the soybean producer deliveries totalled 2.61 million tonnes, out of the expected harvest of 2.72 million

tonnes. In the case of sunflower seeds, the first 24 weeks of the new 2025-26 marketing year's producer deliveries totalled 679,524 tonnes, of the expected harvest of 708,300 tonnes.

- Moreover, the wheat producer deliveries for the first 46 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, the Crop Estimates Committee will release the **seventh production forecast for summer field crops for 2025**. We don't anticipate any major adjustments to the current estimates as the season is now at its tail end. The Crop Estimates Committee will also release the **revised area planted estimate and first production forecast for winter cereals for 2025**.
- On Thursday, SAGIS will publish its **weekly South Africa's Grains and Oilseeds Trade** data. In the week of August 15, South Africa exported 44,093 tonnes of maize. About 75% was exported to Venezuela, and the rest to the Southern African region. This placed South Africa's 2025-26 maize exports at 535,866 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.
- 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 August 15 was the 46th week in the 2024-25 marketing year. The imports to date have totalled 1.54 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.

