Wandile Sihlobo | Chief Economist | Email: wandile@agbiz.co.za

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The challenge of regional agricultural trade

- Namibia, Botswana, and Mozambique are among the few countries that have recently introduced restrictions on South African agricultural exports. In the case of Namibia and Botswana, these are our customs union partners, the Southern African Customs Union (SACU). An important benefit of a customs union is the free movement of goods in the common customs area. All these countries, including Mozambique, have committed to removing all trade barriers by 2030 as part of the African Continental Free Trade Area (AfCFTA). Undoubtedly, trade restrictions undermine the spirit of trade integration. It also makes a mockery of commitments to liberalize trade on the African continent. Yet South Africa has been extremely restrained despite clear injury to its economic interests.

- It is worth highlighting some cases. Namibia, Botswana, and Mozambique have unjustifiably restricted imports of South African vegetables. There is no basis for import restrictions in the common customs area to advantage domestic sectors. These actions risk unravelling SACU, which has already fettered South Africa's ambition to negotiate bilateral trade deals globally to boost its export sectors and create jobs. We need to take a serious look at SACU's utility for shared economic interests in the region, as well as, crucially, for our economic interests in a changing global environment.

- With food security a priority for many governments globally, the ambition to boost domestic agricultural production is understandable. Still, the approach to domestic policy, particularly in the regional perspective, should not create barriers that disadvantage producers in other countries, especially in a customs union. It is important to maintain a coordinated regional approach to boost production capabilities across SACU countries and build regional value chains. This will not be done through restrictive measures, but rather supply-side instruments that could be coordinated. Trade restrictions in SACU risk straining relations and devaluing the customs union.

- Within the SACU region, there is supposed to be free movement of agricultural goods, with a few exceptions, including national security and when there are crop and animal diseases. In the recent restrictions on vegetables, fruit, and some poultry products in December, there was no such fear of animal diseases. The restrictions were based mainly on national aspirations and on what countries intended to do to support their producers, with limited consideration of regional implications.

- While it may be tempting for the affected countries to seek a strong policy response to these inconsistencies, dialogue at a higher level to ease these frictions remains an ideal path. The region's agriculture and food sector is interlinked; thus, the path ahead is to understand each country's priorities and pursue them while minimizing interruptions to trade flows.

- Admittedly, because of its size, agroeconomic advantages and technical advancement, amongst other things, South Africa dominates the region's agriculture and food production. Therefore, when other countries in the region seek to increase production, a coordinated strategy with South Africa and reliance on South African agribusinesses to provide inputs are paths worth considering.

- From a South African perspective, we should pick up dialogue with our partners but make it clear that we are exploring options to de-risk the future. This is important given our significant trade exposure to the region. For example, about 42% of South Africa's US$15.1 billion in agricultural exports in 2025 went to the African continent. Importantly, as part of the above share, about 17% of South Africa's agricultural exports went to the SACU region of Africa. This is almost comparable to South Africa's 21% share of agricultural exports to the EU region. Indeed, the products exported mainly to the region differ somewhat from those South Africa exports in large shares to the EU, Asia, or the Middle East. Exports to the African continent are mainly grains, vegetable oils, and some fruits. Meanwhile, the exports to the EU are primarily fruits, nuts and wine. The Middle East and Asia include grains, fruits, wine, wool and beef.

- I want to conclude with the following observations. First, the immediate priority must be the speedy resolution of the current trade-restrictive measures through structured and high-level dialogue. The introduction of import restrictions on agricultural products within a customs union is inconsistent with both the legal architecture and the spirit of regional integration. South Africa should therefore seek urgent consultations with Namibia, Botswana and Mozambique to remove the measures in question and to reaffirm the foundational principle of free movement of goods. This sort of uncertainty is not good for business and workers; it risks normalizing protectionism within the region and undermining confidence in SACU and AfCFTA commitments. South Africa must take these risks seriously.

- Second, if the common customs area no longer provides predictability, policy certainty, and a rules-based environment for South Africa's exporters, then its utility must be reassessed on a cost-benefit basis. A customs union requires a high degree of trust, policy coordination and discipline. Where these are weakened, the economic rationale of the arrangement erodes.

- Third, South Africa should therefore urgently review the benefits and the structural design of SACU. This review should examine whether the current model continues to serve South Africa's long-term interests in a rapidly shifting global trade environment. In particular, consideration should be given to whether a more flexible configuration, potentially downgrading from a customs union to a free trade area, would better enable member states to pursue differentiated trade agendas while maintaining regional market access. This is especially true given the decision to liberalize all trade in the AfCFTA by 2030, making SACU of little value to South Africa.

- Such an approach would preserve intra-regional trade while restoring policy autonomy and reducing the risk of exposure to unilateral restrictions within the common customs area. South Africa needs to pursue other markets to manage the risk to its agricultural trade. South Africa's export diversification strategy, including the need to conclude bilateral and trade agreements swiftly, requires institutional flexibility that the current SACU framework constrains.

WEEKLY HIGHLIGHT

South Africa's farm jobs ended 2025 at the highest since Q3 2023

- South Africa's agriculture had a reasonably positive year in 2025, though challenges persisted in the livestock industry. We see that better agricultural performance is also reflected in the jobs data. For example, the number of farm jobs in South Africa increased by 3% year-on-year in the last quarter of 2025 to 950k, according to Quarterly Labour Force Survey data from Statistics South Africa. This is the highest level since the third quarter of 2023. We observed improved job performance, primarily in field crops and horticulture. The increase in jobs in these subsectors reflects the optimism generated by the abundant harvest, which we have highlighted on numerous occasions. The one subsector that remains under pressure is the livestock industry, mainly due to the foot-and-mouth disease. We also saw a reduction in employment in animal husbandry, organic fertiliser production, forestry, and in the fisheries.

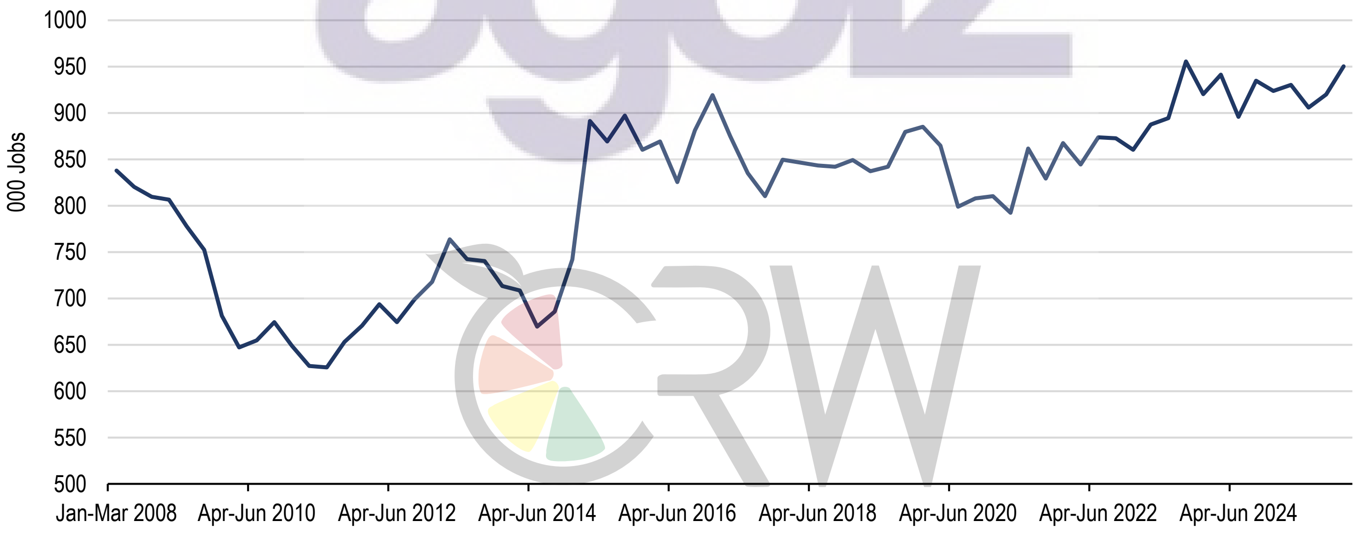
- Notably, the jobs of 950k are far above the long-term average of 799k jobs, signalling that, while the sector faces challenges such as animal diseases, wage pressures in some industries, and inept municipal service delivery, among other issues, employment conditions remain encouraging.

- From a regional perspective, the Western Cape, Northern Cape, Free State, North West and Limpopo were the key provinces supporting the robust employment. Meanwhile, other provinces registered a minor reduction in employment.

- In essence, our key takeaway from the jobs data is that the favourable production conditions in horticulture and field crops sustained healthy employment levels in South Africa's agriculture through to the end of 2025. As we expect favourable agricultural conditions to continue in the 2025-26 season, we expect these employment levels to prevail. But we are concerned about the recent floods in Limpopo and parts of Mpumalanga, and we will be watching their impact on the activity in the fruit industry.

- Again, our primary concern is the quality of the crop and the income levels in the farms, not necessarily a major harvest decline. In the livestock industry, much depends on the pace of vaccination against foot-and-mouth disease in the coming months.

Exhibit 1: South Africa's agricultural jobs



Source: Statistics South Africa and Agbiz Research

What are we watching this week?

- We are in another quiet week on the global front. We only have one major data release. On Friday, the U.S. Department of Agriculture (USDA) will release the **U.S. Agricultural Prices data.** This essentially shows the annual summary of price indexes received and paid by U.S. farmers.

- On the domestic front, on Wednesday, the South African Grain Information Services (SAGIS) will publish its **weekly data on South Africa's Grain and Oilseed Producer Deliveries**. In the previous release on February 13, 2026, South African farmers delivered 90,135 tonnes of maize to commercial silos. This was the 42nd weekly delivery for the 2025-26 marketing year (which corresponds with the 2024-25 production season), bringing the overall maize deliveries so far to 15.29 million tonnes. South Africa's 2024-25 maize harvest is forecast at 16.65 million tonnes, a 28% year-on-year increase, driven by yield improvements.

- The 2025-26 oilseeds marketing year began at the start of March 2025. In the first 50th weeks, soybean producer deliveries totalled 2.74 million tonnes, accounting for 98% of the harvest of 2.80 million tonnes. In the case of sunflower seeds, the first 50 weeks of the new 2025-26 marketing year's producer deliveries totalled 698,863 tonnes, out of the harvest of 700,000 tonnes.

- South Africa's 2025-26 winter wheat harvest has ended, and farmers continue to deliver the crop to commercial silos. In the first 20 weeks of this 2025-26 marketing year, farmers have delivered about 1.71 million tonnes of wheat to commercial silos. This is 89% of the expected harvest of 1.93 million tonnes for the season.

- On Thursday, SAGIS will publish its weekly **South Africa's Grains and Oilseeds Trade data**. In the week of February 13, South Africa exported 39,847 tonnes of maize, with approximately 52% going to Zimbabwe, 17% to Botswana, and the remainder to other countries in the Southern African region. This placed South Africa's 2025-26 maize exports at 1.6 million tonnes, out of the expected seasonal exports of 2.4 million tonnes. The current marketing year only ends in April 2026. We expect more robust export activity this quarter, driven by stronger demand in the Southern Africa region.

- While South Africa has an ample harvest and will remain a net exporter of maize, minor imports of yellow maize from Argentina are expected to continue for South Africa's coastal regions. For example, so far in the 2025-26 marketing year, South Africa has imported 110,448 tonnes of yellow maize for feed in the country's coastal regions. These importers mainly take advantage of the affordable prices of Argentinian supplies.

- South Africa is a net wheat importer, and February 13 marked the 20th week of the new 2025-26 marketing year. The cumulative imports to date have totalled 520,963 tonnes from the United States, Latvia, Canada, Australia, Brazil, Romania, Lithuania, Russia and Poland. We expect South Africa's 2025-26 wheat imports to reach 1.75 million tonnes, down from 1.84 million tonnes in the 2024-25 marketing year.

- Also on Thursday, the Crop Estimates Committee will release the **2025-26 summer crop revised area and 1st production forecast**. We will also receive the forecast for the 7th winter crop.