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Southern Africa must avoid agricultural trade friction and focus on collaboration

- There is a silent but growing discontent in Southern Africa over South Africa's agricultural dominance across the region. For some time, we have seen countries such as Namibia and Botswana impose temporary bans on the import of South Africa's agricultural products, most recently targeting fruits and vegetables. The rationale these countries use for their policy actions is to grow their domestic farming activities. Blocking South Africa to create space for their industries is the approach they deem necessary.

- As these countries are all part of the Southern African Customs Union (SACU) and of the African Continental Free Trade Area (AfCFTA), the frequent bans of agricultural products from South Africa undermine the spirit of these agreements. The developmental ambition to improve domestic agricultural production is understandable and should be supported by all countries in the region, as it ultimately adds to regional agricultural and economic prosperity. Still, pursuing this policy objective in a way that undermines regional economic integration is risky and introduces uncertainty in regional agricultural trade.

- By mid-July 2026, two countries in the AfCFTA region were still publicly pushing the approach of restricting agricultural products from South Africa. First, Governor Lesego Moseki of the Bank of Botswana called on his country's leadership to accelerate efforts to reduce reliance on food imports, among other consumer goods.[1] While we understand the arguments behind Governor Moseki's call, we believe the best approach to accelerating agricultural development is to lean on farm technologies that South African agribusinesses can offer.

- The Citrus Growers Association of Southern Africa (CGA) offers a good example of how this can be done. The CGA shares the cultivars and best practices with the region to accelerate production across Southern Africa. This can be replicated for various farming inputs to boost Botswana's agricultural production. What we ought to avoid is what Botswana has been following: regular restrictions of vegetable and fruit imports from South Africa. Any policy to increase domestic reliance on food production needs to be carefully crafted to avoid disrupting regional food supplies and possibly triggering avoidable food inflation in Botswana.

[1] These comments appeared in The Botswana Gazette, which is available here: https://www.thegazette.news/business-2/bob-touts-import-substitution-to-shield-botswanas-foreign-reserves/

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- Mozambique's Minister of Agriculture, Roberto Albino, also recently voiced an intention to pursue import substitution and reduce the country's reliance on certain food imports from South Africa.[2] As in Botswana, such efforts ought to be supported. We all want shared prosperity in Southern Africa. There are lessons and technologies that Mozambique can learn from South African agribusinesses to boost its agricultural production.

- And an improvement in agricultural production in Mozambique would help boost its economy. Agriculture is around 20-25% of Mozambique's GDP, and its growth would have a material positive impact on the country. But the approach to these agricultural expansion efforts in our region should be one that doesn't encourage irregular, protectionist trade practices. The borders must remain open for food trade, while the various domestic governments, together with farmers and agribusinesses, work to improve their production. South Africa's agriculture must not be viewed as a threat, but as a key collaborator and provider of essential inputs.

- Beyond these regional trade frictions, the message is clear for South Africa: the Southern African region can no longer be the main absorber of agricultural exports. South Africa must make meaningful progress in the search for new export markets and deepen trade with countries in Asia and the Middle East, amongst other regions. What we are observing in the Southern Africa region may be a start of a more persistent push by the various countries to limit the exposure to food imports from South Africa. The issue started with Namibia and Botswana. Mozambique has now joined these countries in sharing protectionist sentiment against SA agricultural imports. As South Africa looks further afield to deepen agricultural exports, there also needs to be ongoing consultations with the region to address lingering trade frictions that undermine the spirit of the AfCFTA.

WEEKLY HIGHLIGHT

Will El Niño drought hit food prices in South Africa? Earlier rains and grain stocks offer hope

- The likely impact of the expected El Niño on South Africa's agriculture and food prices in 2027 is a major point of discussion among analysts and economists in the country. By mid-2026, weather forecasts were signalling that the world was heading towards a severe El Niño. The El Niño weather phenomenon tends to have varying impacts on the many regions of the world. For southern Africa, it typically presents drought, which is negative for agricultural production. The arrival of the likely drought is due to coincide with South Africa's 2026-27 summer crop season. In my work as an agricultural economist and visiting various farming regions across South Africa, I believe that in examining the likely impact of this El Niño on crop production and, subsequently, on consumer food price inflation, two major factors need to be considered.

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[2] These comments by the Minister of Agriculture in Mozambique are available here: https://clubofmozambique.com/news/mozambique-production-from-gaza-may-replace-imports-from-south-africa-minister-of-agriculture/

- First, unlike in the most recent droughts, South Africa will enter the 2026-27 summer crop season with higher soil moisture, because there were excessive rains in the 2025-26 season which lasted far longer than usual. South Africa received rains through to May 2026, which is unusual; the summer rains typically end around March. The rains improved the water levels in the dams for irrigation, and also the soil moisture and water tables. This places the country in a better position ahead of the 2026-27 crop season.

- Second, South Africa has ample grain supplies, and carries over a high stock of grain, which may soften some of the drought impact on food prices and therefore inflation. Food is an important component of South Africa's inflation basket, with a weighting of about 16.8%. A rise in food price inflation therefore tends to influence the overall inflation trend. Still, it's likely that 2027 may not be the same as previous droughts that led to a notable increase in food price inflation, and then the headline (overall) inflation figure.

- South Africa's staple grain is maize. In past drought events, South Africa saw notable losses in maize production, and a broader impact on other agricultural activities. For example, one of the most memorable droughts in South Africa occurred in the 2014-15 and 2015-16 seasons. The maize harvest in that period fell to around 8.9 million tonnes on average. (For comparison, at the current 2025-26 season, South Africa is expecting a maize harvest of 17.3 million tonnes.)

- South Africa's annual maize consumption is about 12.0 million tonnes, and a smaller harvest meant the country had to import. This led to a surge in food price inflation, which averaged 10.8% in 2016. (It averaged 3.2% in the first five months of 2026.) The impact was not only on maize, but across the field crops: maize, wheat, soybeans, sunflower seed and sugarcane, among others. Roughly 20% of South Africa's field crops are under irrigation, with the rest rainfed. All production of fruits and vegetables is under irrigation, and will benefit from the higher water levels in dams this year.

- This time, things are different. First, South Africa has benefited from a prolonged La Niña, a weather pattern which makes the region wetter. This has supported the agricultural sector over the past few years. The rains place farming in a better position ahead of the 2026-27 season. In the 2024-25 season, the summer rains continued through April 2025; they normally end in March. In the 2025-26 season, they went on to May 2026.

- Ordinarily, such long rainfall periods would raise concerns about crop quality. But in the areas that harvested the 2025-26 crops, the country hasn't seen many quality issues. In fact, the Crop Estimates Committee's latest projections were revised higher and still point to a record summer crop harvest for 2025-26. The longer rainfall season improved soil moisture and the water table. The planting period starts in October 2026. There may be sufficient soil moisture to support seed germination and crop development even as El Niño conditions likely result in below-normal rainfall. That said, the timing of the rain is what will matter most for crop development.

- In the irrigation areas, such as the fruit and vegetable growing regions, the La Niña rains over the past few years have improved dam water levels and the overall water table. Field crops will depend mostly on available soil moisture and the timing of showers going into the 2026-27 season. For the livestock industry, grazing across the country is in a fair condition, having benefited from the longer rainy periods. The improved water table will continue to support pastures.

- The second key factor is that South Africa has its largest-ever summer grain and oilseed crop in the 2025-26 season. The Crop Estimates Committee places the 2025-26 summer crop at a record 21.49 million tonnes, 5% up year-on-year. Notably, zooming in on the major grains, the 2025-26 maize production estimate is 17.25 million tonnes, up 4% from last season, and the largest harvest on record. This ample grain harvest adds to large carryover stocks from the previous season.

- The drought that's being forecast is not ideal and may impose costs on farmers. But any upcoming drought shouldn't be viewed in the same way as previous dry spells. There are clear factors here that may shape this upcoming season better than the last droughts.

What are we watching this week?

- We start the week by looking at the global front, and today, the U.S. Department of Agriculture (USDA) will release its **weekly U.S. crop progress report**, which provides insight into the crop growing conditions, mainly maize, sorghum, soybeans, and other major grains for the 2026-27 production season. The plantings have been mostly complete, and the crops are in good condition. For example, on July 12, 2026, about 68% of the maize crop was rated good or excellent. While excellent, the crop has taken some strain from the heatwave. Thus, it is rated below the same week last year, when 74% of the maize crop was rated good or excellent. Also worth noting is that 65% of the soybean crop was rated good or excellent on July 12, 2026, which is slightly below the 70% rating in the same week last year.

- On Friday, the USDA will release the **U.S. Food Price Outlook (FPO) data.** The FPO provides data on food prices and forecasts annual food price changes up to 18 months ahead.

- 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**. We have recently started the new 2026-27 marketing year, and the harvest for this new year is still in its early stages. In the first eleven weeks of the new marketing year, the farmers delivered 7.8 million tonnes of maize to commercial silos. This season is running 10% behind last season's pace. The delays in the start of the season and the longer rainfall period are among the key reasons for this. Still. South Africa is poised to harvest an ample 17.25 million tonnes of maize, the largest harvest on record.

- The 2026-27 soybean marketing year soybean harvest is towards completion. The first 19-week deliveries were 2.7 million tonnes, a record, out of an estimated crop of 3.04 million tonnes. For sunflower seeds, the first 19 weeks of producer deliveries in the new 2026-27 marketing year totalled 785 995 tonnes. There is still a long way to go, as the forecast harvest for the season is 910,530 tonnes.

- South Africa's 2025-26 winter wheat harvest is complete. Some farmers continue to deliver the small volumes of the crop to commercial silos. In the first 41 weeks of this 2025-26 marketing year, farmers

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have delivered about 1.84 million tonnes of wheat to commercial silos. This is 97% of the expected season harvest of 1.89 million tonnes (down 2% y/y).

- Also on Wednesday, Statistics South Africa will release the **Consumer Price Index (CPI) data** for June 2026. If we look to the previous release, consumer food price inflation slowed to 1.6% in May 2026, down from 2.8% in March. This was the lowest level in 17 months.

- SAGIS will also publish its weekly **South Africa's Grains and Oilseeds Trade data** only on Thursday. Last week, South Africa exported 50,998 tonnes of maize, with about 60% going to Vietnam, 13% to Zimbabwe and the rest to neighbouring countries. In the 2026-27 marketing year, which we recently started in May 2026, South Africa could export roughly 3 million tonnes of maize. This would be up from 2 million tonnes in the past season. South Africa has ample maize supplies on the back of robust production. South Africa’s maize exports so far in the 2026-27 marketing year total 760,015 tonnes, out of the expected 3.0 million tonnes.

- South Africa is a net wheat importer, and July 10 marked the 41st week of the new 2025-26 marketing year. Cumulative imports to date total 1.5 million tonnes from Germany, the United States, Latvia, Canada, Australia, Brazil, Romania, Lithuania, Russia, and Poland. We expect South Africa's 2025-26 wheat imports to reach 1.85 million tonnes, roughly the same as the 2024-25 marketing year.