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# SADC agricultural development requires meaningful reforms

- South Africa hosted the 46th Ordinary Southern African Development Community (SADC) Summit in Durban this past week. The themes discussed at the Summit by the regional leaders include, among other things, infrastructure, agricultural development, and critical minerals. The focus on agriculture reflects a clear understanding that the sector can still aid economic progress in several countries across Southern Africa. But the development of agriculture will require changes in the domestic policies of the various countries. For example, aside from South Africa, many countries in the region still have weak land governance, with informal land tenure in most of their agricultural activity.

- Moreover, inadequate public infrastructure across countries means that agricultural value chains remain weak, limiting the scope for agribusinesses to invest. The reluctance of various governments to register certain seed cultivars and agrochemicals also contributes to the low agricultural productivity observed in the SADC region. A policy shift on this could help to boost agricultural productivity in several SADC countries. This would also be a key step toward addressing the food insecurity challenges that many countries in the region face.

- Notably, the Southern Africa region is approaching an El Niño event, which increases the likelihood of drought. While the world doesn't have seed cultivars that are necessarily drought-resistant, advancements in seed breeding over the years have led to seeds that perform reasonably well in these harsh climatic conditions. This means that openness to science would have put the various Southern African countries in a better position to continue producing a decent harvest even during seasons of below-normal rainfall. We have witnessed such gains in South Africa, where, for example, the maize industry consistently performs slightly better than other countries in the region during droughts. The major differentiating factor is the type of seeds. For seed suppliers to provide such inputs, there must be a change in the policy posture of the various governments in the region to embrace scientific advancement to cope with changing climatic conditions and support agricultural development.

- Another important theme of discussion in agriculture and the food industry is openness to trade. The SADC region must continue to internalise the need to advance food security through trade. Over the past few years, we have seen instances of trade friction in Southern Africa involving South Africa and its neighbouring countries. For example, Namibia, Botswana, and Mozambique have at various points imposed restrictions on the import of agricultural products from South Africa.

- The common factor in all these import restrictions is that neighbouring countries say they seek to boost their domestic production. Another issue is that some countries incorrectly claim that their slow penetration of the South African agricultural and food market is due to restrictions. South Africa's agricultural market is relatively open, and all these countries are part of the Southern African Development Community (SADC) Free Trade Area. The slow penetration is typically due to some of their products not being as competitive in the South African market. South Africa is a large food market, spending over US$7 billion annually on imports. But the products the country imports are typically wheat, rice, palm oil, poultry products and whiskies, amongst others. Various countries in the region do not have a surplus of these products; thus, they don't export much to South Africa.

- In essence, the SADC region's spotlighting of agriculture at its 46th Ordinary Summit is key. But meaningful reforms in agricultural matters will have to be driven by individual governments. The gains from them will also not be swift but are essential for long-term growth and for addressing food security challenges. The region must also reaffirm its focus on free trade and discourage interventions in agricultural markets that we have observed from various member countries.

## WEEKLY HIGHLIGHT

### SA farm jobs fell mildly from Q1 but remained at a decent level

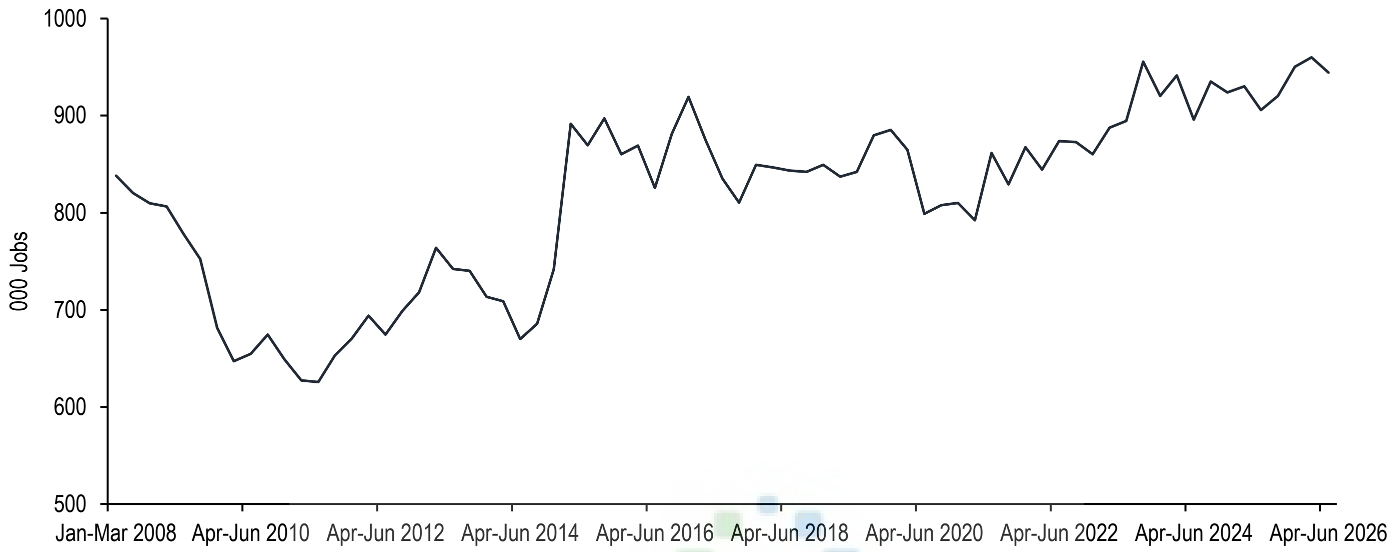
- Employment conditions in the South African farming sector remain robust, well above long-term average levels. Indeed, in the second quarter of 2026, the farming sector saw a mild decline in employment, aligned with slowing seasonal farm activity. Still, the number of jobs remained at reasonably good levels. For example, the Quarterly Labour Force Survey for the second quarter of 2026, released last week by Statistics South Africa, shows that the farming sector employed 944k people, down 2% quarter-on-quarter but up 4% from the same period last year. If we zoom in from a provincial perspective, most provinces experienced a mild decline in employment from the first quarter of the year, except for the Northern Cape, KwaZulu-Natal, Gauteng, and Limpopo.

- The annual uptick in employment (up 4% year-on-year) shows that we are generally in a year of agricultural abundance in fruits, vegetables, and various field crops, all of which are labour-intensive. We struggled and continue to struggle with foot-and-mouth disease in cattle, and some cases of African swine fever in the pork industry. Still, the overall picture of the sector looks promising for this year.

- In recent weeks, there have been growing concerns about potential labour shortages across the country stemming from the ongoing immigration discourse. There are indeed isolated cases of labour challenges, but the broader sector doesn't face them. In the surveys we have conducted, we found the challenge isolated to a few areas and industries, not widespread.

- Overall, while primary agricultural jobs fell from the previous quarter, these figures are generally better and well above the sector's average of 799k. But going into 2027, there are risks ahead. Higher input costs, fuel and fertiliser, because of the Middle East war, along with the expected El Niño drought, are some of the risks that could weigh on the sector and on employment conditions from now on. We also see pressures in the sector from rising electricity prices, adding financial strain on farmers in irrigation regions that produce all of South Africa's fruits and vegetables and roughly 20% of the field crops.

**Exhibit 1: South Africa's agricultural jobs**




Source: Statistics South Africa and Agbiz Research

## What are we watching this week?

- As always, we start the week by looking at the global front, and this is a quiet week. Today, the U.S. Department of Agriculture (USDA) will release the **weekly U.S. crop progress report**, which provides insight into crop growing conditions, primarily for maize, sorghum, soybeans, and other major grains, for the 2026-27 production season. In some regions of the U.S., crops are strained by heatwaves and are ranked slightly worse than a year ago during this period. For example, on August 2, 2026, about 61% of the maize crop was rated good or excellent, which is well behind last year's 72% in the same week. Also worth noting is that 62% of the soybean crop was rated good or excellent on August 2, 2026, which is slightly below the 68% rating in the same week last year.

- On the domestic front, on Wednesday, Statistics South Africa will release its **Consumer Price Index (CPI)** data for July 2026. If we look back at recent releases, South Africa's consumer food price inflation slowed to 1.4% in June 2026, from 1.6% in May. There was a broad deceleration across the various food products.

- Also on Wednesday, the South African Grain Information Services (SAGIS) will publish its **weekly data on South Africa's Grain and Oilseed Producer Deliveries**. The harvest for the 2025-26 production season is nearing completion. In the first 15 weeks of the new marketing year, farmers delivered 12.9 million tonnes of maize to commercial silos. South Africa is poised to harvest an ample 17.4 million tonnes of maize, the largest harvest on record.

- The 2026-27 soybean marketing year soybean harvest is nearing completion. The first 23 weeks of deliveries were 2.8 million tonnes, a record, out of an estimated crop of 3.04 million tonnes. For sunflower seeds, the first 23 weeks of producer deliveries in the new 2026-27 marketing year totalled 813,357 tonnes out of the expected harvest of 874,805 tonnes.

- South Africa's 2025-26 winter wheat harvest is complete, and the focus is on the new 2026-27 season, which is worrying, with the lowest area planted in nearly a hundred years. Still, some farmers continue to deliver small volumes of the old crop to commercial silos. In the first 45 weeks of this 2025-26 marketing year, farmers 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).

- SAGIS will also publish its **weekly South Africa's Grains and Oilseeds Trade data** only on Thursday. Last week, South Africa exported 17,217 tonnes of maize, all to the neighbouring countries. In the 2026-27 marketing year, which 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 912,387 tonnes, out of the expected 3.0 million tonnes.

- South Africa is a net wheat importer, and August 7 marked the 45th week of the new 2025-26 marketing year. Cumulative imports to date total 1.7 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.