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Zimbabwe is as valuable to SA agricultural exports as BRICS or the Middle East

- On Friday, August 21, 2026, the South African government hosted the South Africa–Zimbabwe Bi-National Commission Business Forum. The discussions centred on firming trade, industrialisation, and the development of regional value chains. With agriculture accounting for 9.5% of the Zimbabwean GDP, according to the latest World Bank data, it is natural that the discussions also included the sector. The focus was on deepening value addition in both countries to achieve a more balanced trade. Indeed, Zimbabwe has been one of the most important export markets for South Africa's agricultural products, ranking second only to the Netherlands. Given that the Netherlands is an entry point to the European Union with key ports, one can speculate that some products exported through the Netherlands are likely distributed to other European Union countries, meaning that from an individual country perspective, Zimbabwe is likely the most significant export market for South Africa's agriculture.

- In 2025, South Africa exported agricultural products to Zimbabwe worth US$1.2 billion. This is about 8% of South Africa's agricultural exports. Importantly, this equals the value of the agricultural products that South Africa exports to the Middle East or to the BRICS countries. Of course, the agricultural products that South Africa typically exports to Zimbabwe differ from those exported to the European Union, the Middle East, BRICS countries, and other regions. The key agricultural export products to Zimbabwe are mainly maize, soybeans, prepared foods, bottled water, soybean oil, sauces and condiments, seasonings and spices, animal feed, wheat, preserved vegetables, and fruit juices, amongst other products. Meanwhile, exports to other parts of the world would include fruits, wine, nuts, meat, and grains, all of which are less prepared or processed than those exported to Zimbabwe. South Africa's dominance in processed food products also motivated the discussion of regional value chains.

- Of course, Zimbabwe faces complex political and land governance challenges, making it difficult to attract investment in the country's agricultural sector. The local authorities ought to do their part to improve governance and general infrastructure, thereby creating a conducive environment for higher levels of investment. When such reforms occur and the rule of law is strengthened, there will need to be ongoing public communication to build credibility and enable investors to assess progress. This would also entail improving the country's statistics so that it is easier for investors to gauge economic conditions and the reforms the country undertakes. This is critical for ensuring that Zimbabwe's farming and food industry becomes a clear investment opportunity in the future.

- For now, the trade route remains the most conducive path in the near term until the Zimbabwean authorities provide a clear reform path that gives investors the necessary comfort. South Africa also imports various agricultural products from Zimbabwe. For example, in 2025, Zimbabwe exported

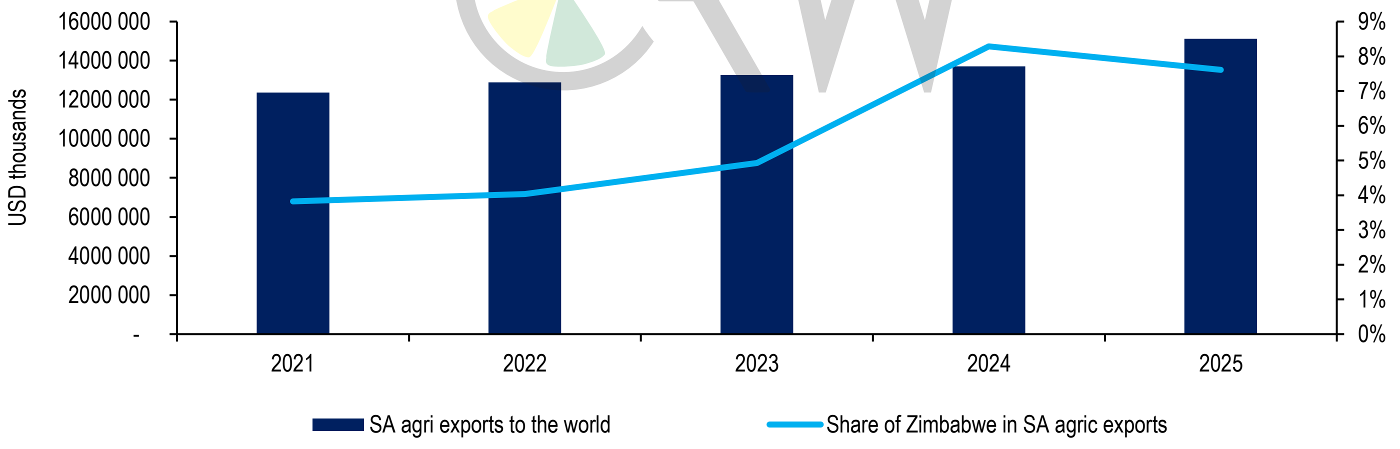
US$1.6 billion worth of agricultural products. South Africa was the second-largest market for Zimbabwe's agricultural products, accounting for 12% of all agricultural exports. This was valued at US$202 million. These included various fruits, tea, nuts, spices, and tobacco products. Other agricultural export markets for Zimbabwe included China, the United Arab Emirates, Belgium and Mozambique.

- South Africa can import more products from Zimbabwe as part of efforts to balance trade. After all, South Africa spends just over US$7.0 billion each year on agricultural product imports, mainly wheat, palm oil, rice, poultry products, and whiskies. There are also some fruits and vegetables imported, among other products. But that will require Zimbabwe to have products to export to South Africa. This means Zimbabwe must increase its agricultural productivity over time on a range of value chains. This requires investment in various inputs and farm infrastructure, as well as legislation that embraces innovation and scientific advancement.

- For example, we have in the past noted that various African countries, including Zimbabwe, were reluctant to allow the cultivation of improved seed cultivars, such as genetically engineered maize cultivars, in their staple grains. Yet, the countries were open to importing the products from South Africa for human consumption. Understandably, some may have wanted to preserve their seeds and avoid exposing smallholder farmers to annual seed purchases and the politics of the global seed business. But the path to agricultural advancement requires revisiting this approach and enacting enabling legislation that allows input suppliers to provide Zimbabwean farmers with the best technology, enabling them to compete fairly with South African farmers.

- In essence, the South African agricultural businesses benefit immensely from the Zimbabwean market. Engagements with Zimbabwe require the same level of acknowledgement as those with the Middle East or BRICS countries, since Zimbabwe's export value equals that of these regions. Over time, there is a need to boost shared prosperity in this region by importing certain products from Zimbabwe and exploring developments in regional value chains. But that will require Zimbabwean authorities to take the first step toward domestic reforms and legislative improvements that can reassure investors. They also need to develop a stronger positive narrative that builds confidence in Zimbabwe, which, in our assessment, is currently missing.

Exhibit 1: SA agricultural exports and Zimbabwe's share in them



Source: Trade Map and Agbiz Research

WEEKLY HIGHLIGHT

SA consumer food price inflation slowed to its lowest level since 2010

- We are seeing the benefit of the ample agricultural output of the 2025-26 season in the inflation data, which has continued to decelerate. The figures released by Statistics South Africa last week show that the country's consumer food price inflation slowed to 0.6% in July 2026, from 1.4% in June. This is the lowest level since 2010. Grain-related products, fruits and nuts, and vegetables remain in deflation, all due to large supplies on the back of an excellent harvest necessitated, amongst other things, by the La Niña rains in the season we are closing. Also positively, meat price inflation has slowed from recent levels, as slaughtering continues and supplies recover. The meat supply had been a concern due to foot-and-mouth disease in cattle and African swine fever cases in the pork industry. While these challenges remain, vaccination is gaining momentum across the country.

- If we zoom in on the key products, cereal products are in deflation, as we are in yet another year of better grain production. South Africa's summer grains and oilseeds production is forecast at a record 21.6 million tonnes, up 5% from the 2024-25 season. This figure comprises maize, sunflower seed, soybean, groundnuts, sorghum, and dry beans. This ample harvest adds to already large stocks from the past season, keeping grain prices under pressure.

- Similarly, fruits and vegetables are in a deflationary trend. Clearly, while the recent floods are destructive in parts of the Eastern and Western Cape, the country's fruit harvest remains ample, thereby exerting continued downward pressure. The production conditions for vegetables remain broadly favourable.

- Regarding meat, the pace of cattle slaughter has declined somewhat, though not notably. Another fact worth keeping in mind is that during foot-and-mouth disease outbreaks, the country is typically temporarily closed to some export markets, leading to increased domestic supplies, even if slaughter has declined somewhat. Base effects on meat prices, along with continued cattle slaughter, have helped ease price inflation. Poultry production conditions are also favourable.

- In essence, the ample agricultural harvest will help keep consumer food price inflation under pressure throughout 2026.

- Still, the U.S.-Iran war and risks in the Strait of Hormuz remain the major near-term risks, likely leading to higher fuel costs. Fuel accounts for a substantial share of the distribution costs of food products. Notably, over 80% of staple food products are transported by road.

- Looking ahead, the medium-term risk is the forecast El Niño drought, but this may only affect the direction of 2027 food price inflation, as it affects the next season's crop, which will be planted from mid-October and come to market in mid-2027.

- South Africa's headline inflation was 4.3% in July 2026, from 5.0% in June.

What are we watching this week?

- We start the week by looking at the global front, and this is another 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 16, 2026, about 60% of maize crops were rated good or excellent, well behind last year's 71% in the same week. Also worth noting is that 61% of the soybean crop was rated good or excellent on August 16, 2026, which is slightly below the 68% rating in the same week last year. On Thursday, the USDA will release its **Outlook for U.S. Agricultural Trade**. This report forecasts U.S. agricultural exports and imports for the upcoming fiscal year, by country and sector.

- On the domestic front, on Wednesday, Statistics South Africa will release its **National Poverty Lines** data for 2026. 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 16 weeks of the new marketing year, farmers delivered 13.3 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 24 weeks of deliveries were 2.8 million tonnes 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 816,365 tonnes out of the expected crop 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. Moreover, the weather conditions in the Western Cape, the major-producing province, have not been favourable. Still, some farmers continue to deliver small volumes of the old crop to commercial silos. In the first 46 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 15,299 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 930,007 tonnes, out of the expected 3.0 million tonnes.

- South Africa is a net wheat importer, and August 14 marked the 46th 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.