

Biosecurity is a vital element of a successful agricultural growth and export strategy

- Animal and plant health is the bedrock of a thriving agricultural industry and its export strategy. The success of South Africa's agricultural export strategy over the past few decades, which has seen the value of exports growing from US\$2,4 billion in 2001 to US\$13,7 billion in 2024, speaks to the strength of the controls over that period. But there are now weaknesses. In more recent years, South Africa has experienced frequent foot and mouth disease outbreaks, avian influenza and African swine fever. These suggest two challenges: first, the growing weaknesses in the country's biosecurity controls, and the possible impact of climate change, where the extreme events bring frequent disease outbreaks. These challenges are not unique to South Africa.
- In recent years, we have seen various outbreaks of African swine fever in China's pork industry and avian influenza in Europe, the U.S., the UK, and South America. Animal health is a global challenge and not uniquely a South African problem. However, as a country with ambitions to expand exports of red meat and other livestock products, South Africa will need a robust approach to control disease spread and surveillance for potential risks.
- Importantly, South Africa should also continue reviving vaccine production in various entities, such as the Onderstepoort Biological Products (OBP), which has recently experienced some performance and governance difficulties. This is not new insight; a biosecurity report for 2022 was crafted in response to the spread of animal disease and to strengthen South Africa's capabilities. The report, which was done in collaboration with the private sector, made various recommendations for the government.
- Moreover, the Agriculture and Agro-processing Master Plan also addresses the livestock and poultry industry and the importance of disease control. The task ahead is immense, as the challenge persists. However, the key is that the sector puts a more focused effort in this area and leans on both academia and private sector capabilities to ensure that South Africa is in a better place regarding animal disease.
- Anecdotally, it also appears that the changing climate is bringing along more disease outbreaks than in the past, which again calls for South Africa to devote more resources to deal with the challenge. There also needs to be sufficient capital on the regulatory bodies monitoring imports so that there are swift actions to minimize risks when some of the trading partners are affected. Indeed, regulators must always make such decisions independently after judging the risks.
- Moreover, the biosecurity efforts should not be limited to livestock and poultry. While these industries have faced frequent challenges, plant health is another area requiring consistent monitoring. There must be continuous surveillance on crops and various fruits. As with the livestock, the collaborative effort with academia and the private sector in these areas must continue. There are already fruitful partnerships

with some commodity associations' scientists and the government. Such collaborations should be nurtured as they remain central to South Africa's agricultural success.

- Another vital dimension is the agility in registering vaccines, agrochemicals and genetics. The changing environment means that the innovation of scientists and breeders must also be faster. But that will not be the end. The regulators must still satisfy themselves independently of any agrochemical, vaccine or improved genetics plant. This process also requires that there must now be an even greater amount of human capital to handle what we anticipate may continue to be increasing requests and demand in the new environment.
- Ultimately, the success of South Africa's agriculture to deliver a national food secure country we enjoy, nearly a million jobs in farming, and the exports of about US\$13,7 billion all hinge on biosecurity. Therefore, this area must continue to be a priority, not only in words but also in efforts. The responsibilities lie with both the private sector and the government.

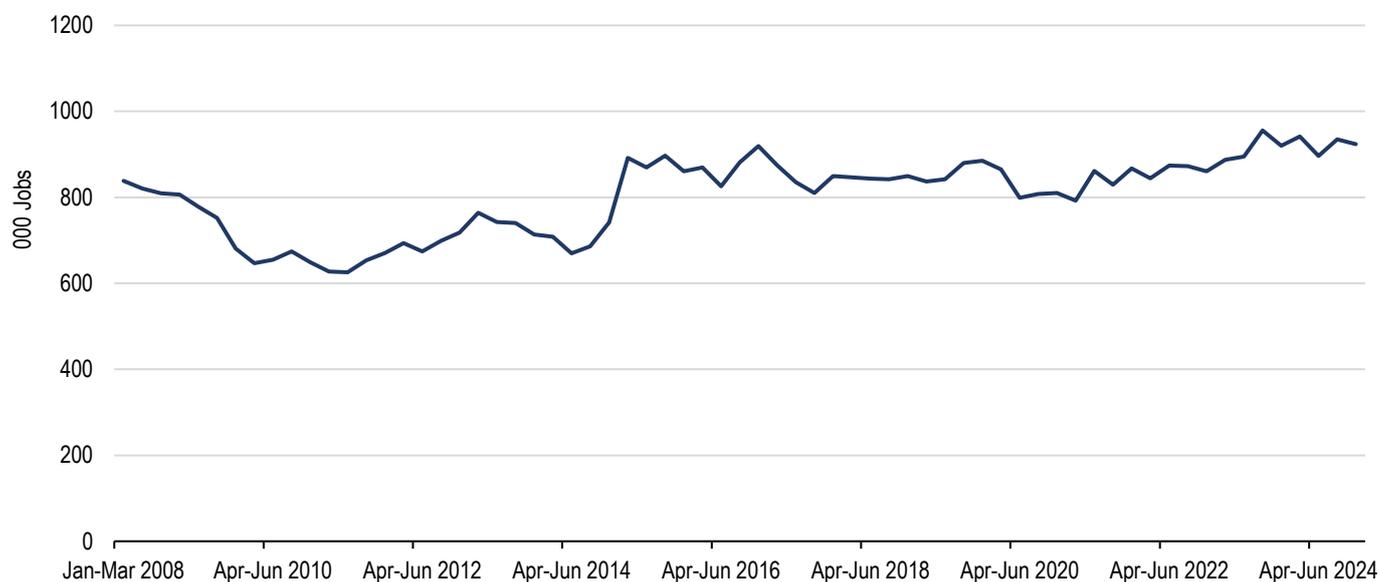
WEEKLY HIGHLIGHT

A mild quarterly recovery in the SA farm job market

- While encouraging, South African agricultural employment was not as robust as some may have anticipated in the first quarter. The data released last week by Stats SA shows that primary agriculture employment increased mildly by 1% from the last quarter of 2024 to 930k jobs in the first quarter of 2025. Field crops, game, and hunting are the subsectors that underpin this improvement in employment conditions.
- However, from an annual perspective, the employment was down 1%, unchanged from the first quarter of 2024. This suggests that while the agricultural sector is recovering, supported by the favourable weather conditions, financial difficulties from the previous year remain, and the recovery remains uneven amongst subsectors and regions. Encouragingly, the primary agricultural employment of 930k people is well above the long-term jobs of 799k.
- From a regional perspective, the Eastern Cape, Free State, KwaZulu-Natal, North West, Gauteng and Mpumalanga are the provinces that registered quarterly job losses. Meanwhile, the Western Cape, Northern Cape and Limpopo underpin the mild job gains.
- Given that the season was late by roughly a month in the summer crop regions, and that we have harvesting underway from the second quarter into the third quarter on field crops and some horticulture, it is fair to assume that we may see a quarterly uptick in jobs in the subsequent releases. Importantly, we have a relatively robust season. The 2024-25 summer grain and oilseed production is forecast at 18.01 million tonnes, up by 16% y/y. The wine grape harvest is also set to recover 11% from the past season to 1.24 million tonnes. We also anticipate a better harvest of the various fruits.
- Admittedly, not all is well in South Africa's agriculture. The sector continues to struggle with foot and mouth disease, which will add financial pressures to the livestock industry and jobs. There also remain

risks on the global trade front, mainly the U.S. tariffs. There are long-standing challenges, such as port inefficiencies, poor rail and roads, crime and stock theft, and worsening municipal service delivery.

Exhibit I: South Africa's agricultural jobs



Source: Statistics South Africa and Agbiz Research

WEEK AHEAD

What are we watching this week?

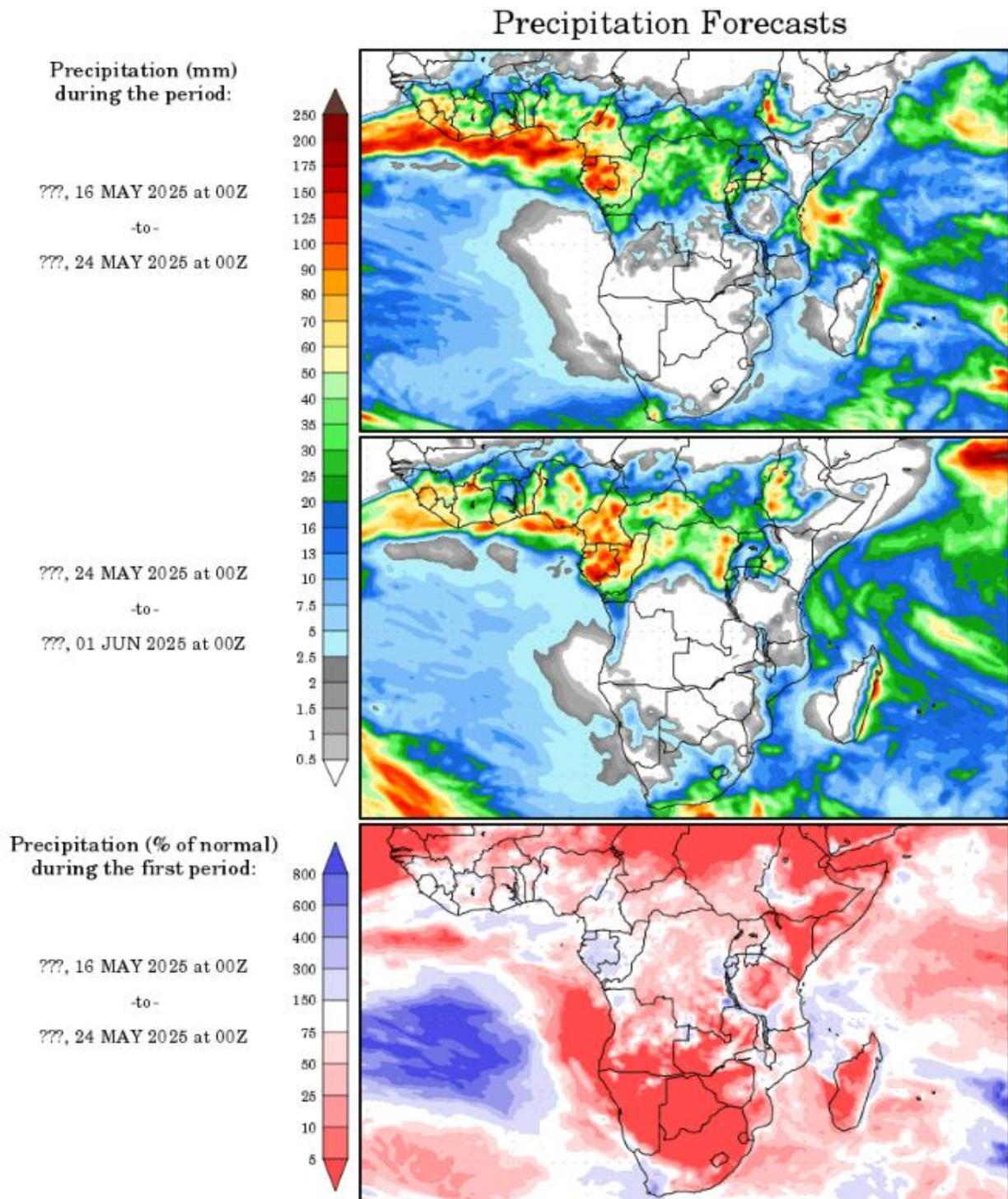
- This is a quiet week on the global front, with only two releases. The United States Department of Agriculture (USDA) will release its weekly **U.S. Crop Progress** report today. The U.S. farmers have made significant progress in planting the new season crop. For example, on May 11, about 62% of the intended area for maize had already been planted, compared with 47% at the same time in 2024. Moreover, about 48% of the soybean area had already been planted, compared with 34% in the same week in 2024.
- Also worth noting is that the USDA will release its weekly **U.S. Grains and Oilseed Export Sales** data on Thursday.
- On the domestic front, Statistics South Africa will release the **Consumer Price Index (CPI)** data for April 2025 on Wednesday. Our focus on this data will be on the food category. If we reflect back to the previous release, South Africa's consumer food price inflation nudged to 2,2% in March 2025 from 1,9% in the previous month. Increases in cereal products, meat, fish, other seafood, fruit, nuts, and vegetables primarily underpinned this mild uptick.

- Also on Wednesday, we will receive the **weekly South Africa's Grains and Oilseeds Producer Deliveries** data from SAGIS. In the previous release on May 09, the South African farmers delivered 223 918 tonnes of the new season maize to the commercial silos. This was the second delivery for the new season. If you compare this with the overall volume delivered in the second week of the previous season, the volumes are down 79% because of the season's slow start. We are roughly a month behind the typical season. South Africa's 2024-25 maize harvest is estimated at 14.66 million tonnes, up 14% year-on-year, primarily benefiting from expected annual yield improvements.
- The 2025-26 marketing year for oilseeds started at the beginning of March 2025. In the first ten weeks, the soybean producer deliveries totalled 977 797 tonnes out of the expected harvest of 2,4 million tonnes. In the case of sunflower seed, the first ten weeks of the new 2025-26 marketing year's producer deliveries were 279 065 tonnes out of the expected 770 500 tonnes.
- Moreover, the wheat producer deliveries for the first 32 weeks of the 2024-25 marketing year stand at 1,84 million tonnes. The final harvest is 1,93 million tonnes, down from the 2,05 million tonnes in the 2023-25 season.
- On Thursdays, SAGIS generally publishes its **weekly South Africa's Grains and Oilseeds Trade** data. In the first two weeks of the 2025-26 marketing year, which started in May, the total maize exports amounted to 28 572 tonnes, out of the seasonal export forecast of 2,0 million tonnes. About 45% of the exports went to Zimbabwe, with the rest spread across the neighbouring countries.
- We will likely see more robust exports activity later in the year when farmers have completed the harvest and there is grain in the silos for exports. Given the recovery in domestic maize production, we don't anticipate imports in the new marketing year; if any, they will be small, mainly for the coastal regions that will be taking advantage of the affordable prices of some supplies.
- South Africa is a net wheat importer, and May 9 was the 32nd week in the new 2024-25 marketing year. The imports so far amounted to 1,07 million tonnes. The seasonal import forecast is 1,80 million tonnes, down from 1,93 million tonnes the past season. So far, Russia, Lithuania, Poland, Latvia, Australia, Canada and Romania are the wheat suppliers to South Africa.

South Africa's precipitation forecast

- The summer crop harvest is underway in the northern regions of South Africa, and the clearer skies that promise drier weather conditions are conducive. The weather has changed positively for the Western Cape, showing the likelihood of rain, which will support the winter crop planting.

Exhibit 2: South Africa's precipitation forecast



Source: George Mason University (wxmaps)