

SA leaders have signalled a commitment to export diversification, but can we deliver on this vision?

- The South African government and business are aligned on the need for export diversification. That does not mean abandoning existing markets but building on them. What we now need to do is to initiate, in earnest, trade talks with new export markets. Two critical areas require attention from both government and business.
- First, engaging new potential trade partners in various sectors of the economy will require solid technical expertise in the South African government. In the early 2000s, South Africa likely had a deep pool of human capital in trade matters, particularly in terms of senior negotiators and technical experts. However, over time, things may have changed somewhat, as the country has gone through a period of maintaining relations in the past decade rather than a continuous opening of markets, as we witnessed in the early 2000s. Therefore, a review of human capital and ensuring that the relevant departments have sufficient resources to enhance their skill set, if needed, is critical if we are to succeed in our attempt at trade diversification.
- The expectations have already been set as South Africa's political leadership once again highlighted its intention to diversify its export markets during the various engagements in the United States in the last week of September 2025. Sending out such a message at a global level was key to both affirming the seriousness of this approach to the domestic audience here at home and to the international partners, so that they can have South Africa on their radar. Primarily, the Department of Trade, Industry, and Competition (DTIC), assisted by the Economic Diplomacy unit of the Department of International Relations and Cooperation (DIRCO), needs to initiate a review of its technical capacity to address the country's most pressing economic task: export diversification. There also needs to be a team that continuously engages the existing trade partners, affirming our commitment. In such discussions, the business community must be a major partner, as they are aware of the key markets they have identified in their own strategies. The government's approach must consider the business needs, as trade, after all, will be facilitated by the business community once the formal government-to-government agreements are complete.
- Second, South Africa is kickstarting its export diversification drive at a time when other countries globally are looking to diversify their markets. This means there is currently much stronger global competition than in the 2000s. Therefore, South Africa may need to reconsider its traditional approach of reluctance to engage in Free Trade Agreements and consistently insist on piecemeal approaches, such as preferential agreements for specific sectors of the economy. The countries we will engage with are likely to require reciprocity, as they too are seeking to diversify their markets. Therefore, a deeper understanding of the

South African economy and the sensitive sectors is one area where the DTIC and DIRCO need to focus their efforts.

- While it is generally valuable to gather insights from business and other stakeholders in outlining sensitive sectors, government economists may need to map out such tradeoffs beforehand, as sector representatives will almost always be defensive of their interests. The tradeoffs will be necessary for South Africa to succeed. However, such tradeoffs must be based on solid research that guides the judgment of trade negotiators and representatives. It is in outlining such choices that the academic researchers could also provide valuable inputs.
- In essence, South Africa's signalling commitment to export diversification is a first and essential step. We now need to build the necessary human capital to engage in trade matters with a range of countries simultaneously. The private sector can contribute resources to enhance the government's capabilities in areas where there are gaps. Here, development partners can also play a role, especially in providing training and technical assistance. Importantly, South Africa must embrace Free Trade Agreements and prepare to make tradeoffs; these choices must be guided by solid and impartial research that looks out for the broad economic interests of the country and its long-term growth prospects.

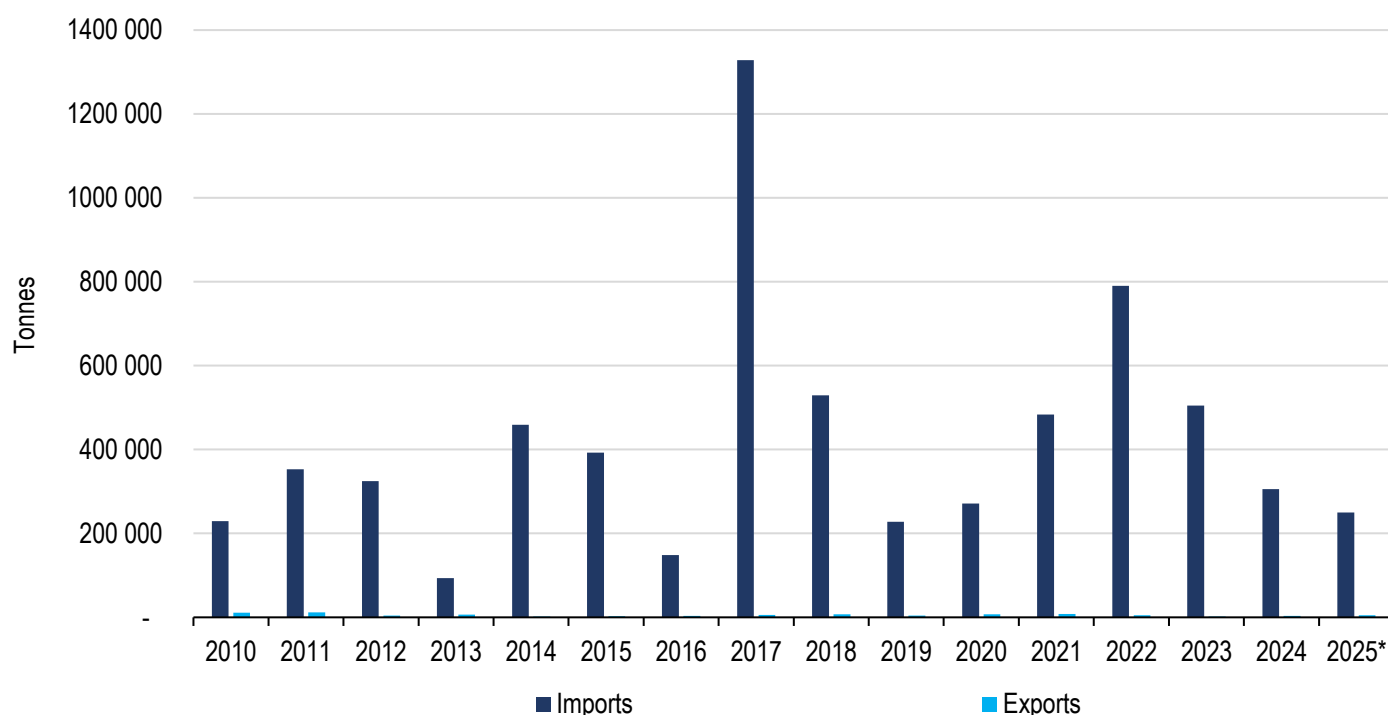
WEEKLY HIGHLIGHT

Kenya's maize production has recovered, but the country will continue to be a net importer.

- Similar to the improvement in maize production witnessed in South Africa, Zambia, Zimbabwe, and other countries in the Southern African region, Kenya's 2024-25 maize crop has also shown signs of recovery. The latest estimate by the United States Department of Agriculture (USDA) places the country's harvest at 4.4 million tonnes. This is up 15% from the previous season due to both the expansion in area plantings and improved yields. Consequently, imports are expected to decline by 17% to 250,000 tonnes in the 2025-26 marketing year (this corresponds with the 2024-25 production season). The typical maize suppliers to Kenya in times of need include Tanzania and Uganda. It is likely that when domestic supplies have lessened, Kenya will still rely on these countries to supplement its domestic supplies.
- South African maize exporters are unlikely to participate in the Kenyan market due to the country's reduced annual maize needs and its long-standing ban on imports of genetically modified crops. Over 80% of South Africa's maize is genetically modified, which is typically used as a non-tariff barrier by various African countries. Still, South Africa's maize exports are likely to focus on the neighbouring SACU countries, including Zimbabwe, and the Far East markets in the coming months. The East African region is unlikely to be a primary focus for many South African maize exporters.
- In essence, the recovery in Kenya's maize production, along with reduced imports, also implies that domestic food security conditions will likely improve this year compared to previous years of drought,

during which consumers faced higher staple grain prices. Still, the country will remain a net importer of maize. The outlook for 2026 will largely depend on the upcoming season. So far, the weather prospects look encouraging for another better season for Kenya.

Exhibit I: Kenya's maize trade



Source: Trade Map, USDA and Agbiz Research

Note: Each calendar year represents a marketing year; for example, the calendar year 2025 represents the 2025-26 marketing year.

WEEK AHEAD

What are we watching this week?

- We start the week with a focus on the global front, and tomorrow, the United States Department of Agriculture (USDA) will release its weekly U.S. **Crop Progress** report. As of September 21, approximately 66% of the maize crop was rated as good or excellent, which is slightly higher than the 65% rating at the same time last year. The harvest has also recently begun, and as of September 21, approximately 11% of the U.S. maize had been harvested, which is slightly behind last year's progress of 13% in the same week. Moreover, approximately 61% of the soybean crop was again rated as good or excellent on September 21, which is slightly less than the 64% in the previous year. The harvest process has recently begun, with only 9% of the soybean crop harvested so far, compared to 12% at the same time last year.

- On Tuesday, the USDA will release its monthly **U.S. Agricultural Prices** report. Essentially, this report covers the prices received by farmers for principal crops, livestock and livestock products. The USDA will release its weekly **U.S. Grains and Oilseed Export Sales** data on Thursday.
- On Friday, the Food and Agriculture Organisation of the United Nations (FAO) will release its monthly global **Food Price Index report for September 2025**. This report primarily measures the monthly change in international prices of a basket of food commodities.
- On the domestic front, on Tuesday, the Crop Estimates Committee (CEC) will release the **eighth production forecast for summer field crops for 2025**. Moreover, the CEC will release the **second production forecast for winter cereals for 2025**.
- On Wednesday, the South African Grain Information Services (SAGIS) will release its weekly data on South Africa's Grain and Oilseed **Producer Deliveries**. In the previous release on September 19, South African farmers delivered 87,539 tonnes of the new season maize to commercial silos. This was the 21st weekly delivery for the new season, bringing the overall maize deliveries so far to 14.16 million tonnes. South Africa's 2024-25 maize harvest is estimated at 15.80 million tonnes, a 23% increase year-on-year, primarily due to expected annual yield improvements.
- The 2025-26 marketing year for oilseeds started at the beginning of March 2025. In the first 29 weeks, the soybean producer deliveries totalled 2.65 million tonnes, out of the expected harvest of 2.75 million tonnes. In the case of sunflower seeds, the first 29 weeks of the new 2025-26 marketing year's producer deliveries totalled 693,459 tonnes, of the expected harvest of 708,300 tonnes. Moreover, the wheat producer deliveries for the first 51 weeks of the 2024-25 marketing year stand at 1.89 million tonnes. The final harvest is 1.93 million tonnes, down from 2.05 million tonnes in the 2023-24 season. We will soon be focusing on the new season, which starts in October.
- On Thursday, SAGIS will publish its **weekly South Africa's Grains and Oilseeds Trade** data. In the week of September 19, South Africa exported 14,987 tonnes of maize, all of which was destined for the Southern African region. This placed South Africa's 2025-26 maize exports at 622,910 tonnes, out of the expected seasonal exports of 2.12 million tonnes. The current marketing year only ends in April 2026. We will likely see more robust export activity later in the year and in early 2026, when demand in the region is expected to be strong.
- 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 the coastal regions of South Africa. For example, so far in the 2025-26 marketing year, South Africa has imported 77,524 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 September 19 marked the 51st week of the 2024-25 marketing year, which is scheduled to conclude this month. The imports to date have totalled 1.79 million tonnes, surpassing the seasonal import forecast of 1.74 million tonnes (down from 1.93 million tonnes in the previous season). So far, Russia, Lithuania, Poland, Latvia, Australia, Canada and Romania are the wheat suppliers to South Africa.