agbiz agricultural business chamber
the way to prosperity

Wandile Sihlobo | Chief Economist | Email: wandile@agbiz.co.za

November 9, 2026

A reminder for South Africa to prioritise export market diversification

- South Africa is at another key moment to accelerate export diversification. It has been over a year since the South African government made export diversification a main priority to support exporting businesses facing challenges in the U.S. and other markets. The discussion of diversification resurfaced when the U.S. administration announced the Liberation Day tariffs, which imposed around 30% tariffs on South African businesses in the U.S. market. The tariffs have since declined from those levels after the U.S. Supreme Court struck down the tariffs the Administration imposed under the International Emergency Economic Powers Act. South Africa and several countries now face around 12.5% tariffs in the U.S. market for some products. But this environment is quickly changing for South Africa. The loss of the African Growth and Opportunity Act (AGOA) means South Africa will now face an additional average tariff of 3.4% on top of the existing 12.5% when entering the U.S. market. This would raise these tariffs to roughly 15.9%.

- Clearly, because some of South Africa's agricultural competitors in the U.S. market face slightly lower tariffs (12.5%), the increase will negatively affect the competitiveness of South African products in the U.S. market. But again, we remain positive that the country will continue with exports, as in the past exports continued under far higher tariffs, which were 30% before the U.S. Supreme Court struck them down. But the events in the U.S. must not be viewed in isolation, but as part of South Africa's broader need to access a range of export markets. Indeed, for agriculture, the U.S. is about 4% of the overall exports of US$15.1 billion in 2025, but concentrated in that 4% of half a billion dollars are key industries, mainly citrus, wine, raisins, table grapes, nuts and ostrich products. Still, they can export to the U.S., but under slightly higher tariffs.

- The bigger focus now should be widening export markets to other parts of the world. What the trade friction with the U.S. tells us is that had the spirit of drive to widen the export markets that the Department of Trade, Industry and Competition signalled when we first encountered the Liberation Day tariffs, we would now be in a far better position to enjoy greater market access to other regions of the world. Indeed, the major trade development since then has been the signing of the China-Africa Framework Agreement on Economic Partnership for Shared Prosperity, which came into effect in May 2026 and provides African countries tariff-free access to the Chinese market for a range of goods, with quotas in some, mainly grains. For most of the agricultural products that South Africa typically exports to the world market and seeks to advance, such as various fruits, nuts, raisins, wine, and meats, the Chinese market is now available tariff-free for the next two years.

- We welcome this development, as China is a major buyer of agricultural products. For example, China is the second-largest agricultural importer in the world after the U.S., with average annual imports of

EVERYTHING HAS BEEN DONE TO ENSURE THE ACCURACY OF THIS INFORMATION, HOWEVER, AGBIZ TAKES NO RESPONSIBILITY FOR ANY LOSS OR DAMAGE INCURRED DUE TO THE USAGE THEREOF.

US$206 billion over the past five years (2021-2005). China's leading agricultural suppliers over this period include the U.S., Australia, Vietnam, Thailand, Indonesia, New Zealand, Argentina, Chile, Russia, and Canada, amongst others. Top imports include soybeans, beef, berries, peaches and plums, vegetable oils, milk, poultry, pork, mutton, wool, wine, and spirits, among others. South Africa produces some of these products in surplus and exports them to countries worldwide.

- Because of its global significance, the Chinese market has long been on South African agricultural exporters' radar. However, tariffs have hampered the competitiveness of South African products. For example, South African wine producers faced tariffs of 14% to 20% when exporting to China, and macadamia nuts faced around 12% tariffs. Most of the South African agricultural competitors listed above accessed the Chinese market at zero tariffs, as some have trade agreements with China.

- Before this new arrangement of tariff-free access, South Africa accounted for a mere 0.4% share of China's agricultural imports, averaging about US$206 billion over the past five years. We are hoping this share will now increase notably. Still, China is not as easy to access as framed, as phytosanitary barriers remain for some products, meaning that while tariffs are at zero, the benefits to the wider agricultural sector remain minimal. Moreover, the Framework Agreement is not a trade agreement.

- What South Africa needs going forward is a courageous step to resolve the Southern African Customs Union's divisions in its trade approach, which continue to slow the country's ability to sign trade agreements. The Middle East and Asia offer a range of markets, which we discuss in detail in our new book, "**Balance and Reason: Outlining a Growth Path for South Africa's Agriculture**", now available nationwide and on ebook platforms.

WEEKLY HIGHLIGHT

The success of the canola industry offers inspiration for other crop expansion and inclusion in SA agriculture

- Several agricultural commodities and value chains have shown admirable progress in South Africa over time. We see such success in various fruits such as citrus, berries, grapes, and various nuts, among others. The grains and oilseeds industries have also seen some success in recent years. Take soybeans, for example: South Africa now produces around 3 million tonnes. Not long ago, however, the country was a net importer of soybean oilcake for animal feed. But the investment made in the crushing or processing plants sparked a surge in area plantings and changed the direction of South Africa's soybean industry positively, to an extent that today, South Africa is a net exporter of soybeans. This happened between 2014 and 2020. But the success didn't stop there. We see impressive expansion even in smaller oilseeds.

- Consider the canola industry, for example. Since South African farmers began commercial planting of the crop on 17,000 hectares in 1998-99, the area has increased to an estimated 197 890 hectares in 2026-27.

- Like soybeans, the increase in canola plantings is driven, among other things, by rising domestic demand for oils and oilcake. Some areas have also switched from wheat to canola because canola has been more profitable recently. South Africa is now a net canola exporter, having shipped to countries such as Germany and Belgium in recent years.

- Canola is a winter crop. As a result, production is primarily in the Western Cape, a winter-rainfall region in South Africa. With canola plantings of 197 890 hectares, South Africa now expects a record harvest of 368 270 tonnes, up 20% year on year. We are late in the season, and while the weather in the Western Cape has not always been as favourable, the canola crop has done reasonably well, and we are confident that the expected ample harvest will likely materialise.

- Looking at these figures, and how far the canola industry comes, we think it's fair to say that canola is one of the success stories of South Africa's agriculture, alongside the soybean industry and many of our fruits. As we have argued several times, the objective going forward is to see not only increases in various commodities, such as canola, but also a general improvement in agriculture across other areas of the country that haven't been part of the South African agricultural success story, such as the former homelands, along with the new government land that is currently being released with title deeds. This is a substantive area of 2.5 million hectares. The details of the land release are still being finalised, but it is earmarked to boost commercial agricultural production; therefore, collaboration with commodity associations and agribusinesses is key.

- Indeed, the land is not only for field crops and fruits, but also for livestock and the poultry industries, which are key to South Africa's agricultural progress. Achieving this does not require a new plan; it aligns with the ambitions of the existing Agriculture and Agro-processing Master Plan (AAMP), which agricultural stakeholders and other social partners broadly embrace and co-created. What is required now is consistent implementation, with the Department of Agriculture, along with the Department of Land Reform and Rural Development, leading the efforts on both land release and on pushing for the productive utilisation of the land.

- As we progress, efforts to boost agricultural production must be linked to expanding export markets into new and attractive regions of the world, while retaining existing markets in Africa, Europe, the U.K., and the Americas, among others. The Middle East and Asia offer a range of markets, which we discuss in detail in our new book, "**Balance and Reason: Outlining a Growth Path for South Africa's Agriculture**", now available nationwide and on ebook platforms. Such a deliberate effort would ensure that the success we see in canola is replicated in other crops, while also bringing shared prosperity to the country.

What are we watching this week?

- We start the week with a global focus, and today, the U.S. Department of Agriculture (USDA) will release the **weekly U.S. crop progress report**, which provides insight into crop harvest progress, primarily for maize, sorghum, soybeans, and other major grains, for the 2026-27 production season. Harvest of these crops has advanced across the U.S., with over two-thirds already harvested. Moreover,

the USDA will also release the U.S. Crop Production report, which will provide an updated view of the expected size of the U.S. crop harvest.

- On the domestic front, on Tuesday, Statistics South Africa will release **the Quarterly Labour Force Survey (QLFS)** data for the third quarter of the year. We will focus on the agricultural figures. If we look at the recent data, the farming sector employed 944k people in the second quarter, down 2% quarter-on-quarter, but up 4% from the same period last year.

- 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 complete, and the focus is shifting towards the 2026-27 season, which started this month. In the first 27 weeks of the new marketing year, farmers delivered 15.5 million tonnes of maize to commercial silos. South Africa is poised to harvest an ample 17.7 million tonnes of maize, the largest harvest on record.

- The 2026-27 soybean marketing year soybean harvest is complete, and farmers continue to deliver to the commercial silos the last volumes of grains for the season. In the first 35 weeks, deliveries totalled 2.9 million tonnes against an estimated crop of 3.01 million tonnes. For sunflower seeds, producer deliveries in the first 35 weeks of the new 2026-27 marketing year totalled 826,173 tonnes against an expected crop of 874,805 tonnes.

- SAGIS will also publish its **weekly South Africa's Grains and Oilseeds Trade data** on Thursday. Last week, South Africa exported 35,421 tonnes of maize. About 56% went to Zimbabwe, and the rest to neighbouring countries. In the 2026-27 marketing year, which started in May 2026, South Africa could export roughly 3.0 million tonnes of maize. This would be up from 2.4 million tonnes in the past season. South Africa has ample maize supplies, supported by robust production. South Africa's maize exports so far in the 2026-27 marketing year total 1.3 million tonnes, out of the expected 3.0 million tonnes.

- South Africa is a net wheat importer, and October 23, 2026, marked the first five weeks of the new 2026-27 marketing year, with cumulative imports of 236,759 tonnes of wheat from Australia, Latvia, Lithuania, and the U.S.

EVERYTHING HAS BEEN DONE TO ENSURE THE ACCURACY OF THIS INFORMATION, HOWEVER, AGBIZ TAKES NO RESPONSIBILITY FOR ANY LOSS OR DAMAGE INCURRED DUE TO THE USAGE THEREOF.