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Report Name: A Window of Opportunity for US Wheat as South Africa Cuts the Import Duty and Wheat Area Hits Record-Low

Country: South Africa - Republic of

Post: Pretoria

Report Category: Grain and Feed, Trade Policy Monitoring

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Report Highlights:

South Africa's decision to cut its wheat import duty from R153.70/metric ton (MT) (US$9.52/MT) to R0/MT on August 6, 2026, opens a significant window of opportunity for U.S. wheat exporters. The withdrawal of the duty places the United States on equal footing with the duty-free access the EU and UK already enjoy under their Economic Partnership Agreement. This tariff relief coincides with a sharp contraction in South Africa's domestic wheat production, as planted area fell nine percent year-on-year to its smallest area in nearly 100 years. South Africa's overall wheat imports are projected to reach roughly two million metric tons in marketing year 2025/26, and the United States is currently supplying only a modest three percent share of that market – well behind leading suppliers such as Poland, Lithuania, Russia, and Australia. Therefore, U.S. exporters have considerable room to expand market share while this favorable duty-free window remains open.

South Africa Cuts the Wheat Import Duty

On August 6, 2026, South Africa published a new wheat import duty of R0 per metric ton (MT) (see Table 1), down from the R153.70/MT (US$9.52/MT[1]) tariff it introduced in May 2026. Rising global wheat prices, which reached a three-year high amid supply fears, drove this drop in the import tariff. This marks the first duty-free period for wheat imports since a two-month duty-free window in August 2024.

South Africa determines its wheat import duty using a variable formula that stabilizes domestic wheat prices and buffers the market against significant volatility. As a result, the formula imposes higher duties to protect local producers when international prices fall, and it reduces duties to support consumers when global wheat prices rise. The formula triggers an adjustment when the average international wheat price deviates by more than USD $10/MT from the reference price used in the previous calculation, and this deviation persists for three consecutive weeks. The formula references the price of U. S. Hard Red Winter wheat (HRW) No. 2, adjusts for global market distortion factors (such as subsidies), and deducts average freight costs to South African ports.

Table 1: *South Africa's Import Duties for Wheat and Wheat Products as of 8/06/2026*

Products (HS Code)	**General (including the United States)**	**European Union/ United Kingdom**	**European Free Trade Association (EFTA)**	**Southern Africa Development Community (SADC)**	**Mercosur**
			Per MT on FOB price		
Durum wheat (10011)	Free	Free	Free	Free	Free
Wheat grain (10019)	Free	Free	Free	Free	Free
Wheat flour (1101)	Free	Free	Free	Free	Free
Uncooked pasta (190219)	40%	Free	Free	Free	40%
Other pasta (190230)	20%	Free	Free	Free	20%
Couscous (190240)	20%	Free	Free	Free	20%
Bulgar wheat (190430)	20%	Free	Free	Free	20%

Source: *FAS/Pretoria using data from the South African Revenue Service (SARS)*

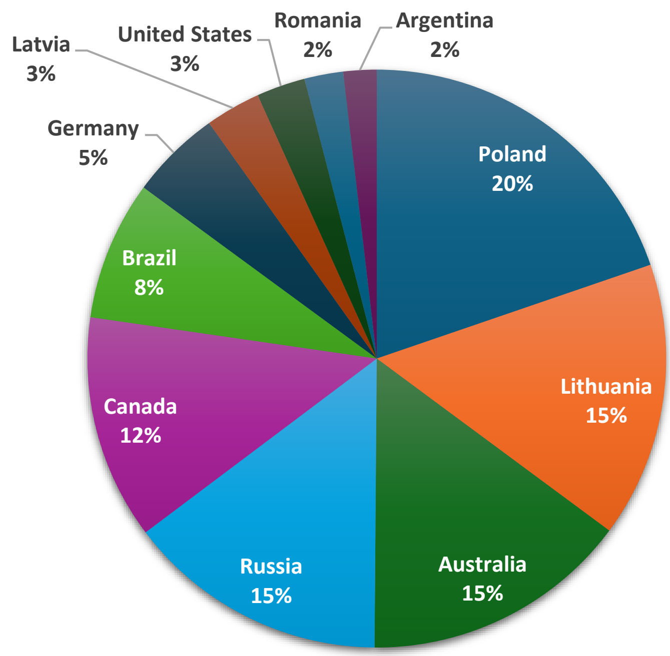
[1] US$ 1 = R16.13 (8/12/2026)

The R0/MT tariff rate puts other countries, including the United States, on par with the duty-free access that the European Union (EU) and the United Kingdom (UK) currently enjoy under their Economic Partnership Agreement (EPA) with South Africa. Under the EPA between the Southern African Customs Union (SACU), the EU, and the UK, South Africa may import up to 300,000 MT of wheat annually duty-free.

This tariff change creates a window of opportunity for U.S. wheat exporters. FAS/Pretoria estimates South Africa could increase its wheat imports to about 2 million metric tons (MMT) in marketing year (MY) 2025/26 (October 2025–September 2026), since domestic production (roughly 2 MMT) falls well short of the nearly 4 MMT required to meet consumption. So far this marketing year, the United States has supplied only about 44,000 MT — roughly 3 percent of South Africa's wheat imports of 1.6 MMT — while Poland, Lithuania, Russia, and Australia have dominated the market (see Figure 1).

South Africans use wheat primarily for human consumption, and wheat ranks as the country's second most important grain commodity after corn. Millers in South Africa process most of the wheat into flour for bread production, which accounts for the largest share of domestic wheat use due to its affordability and accessibility. South Africans consume approximately 2.4 billion loaves of bread each year, or nearly 40 loaves per person annually. Bread remains the country's staple wheat-based product, and consumers widely eat both white and brown bread varieties. Manufacturers also use wheat to produce pasta, breakfast cereals, biscuits, and other baked goods.

Figure 1: *South Africa's Imports of Wheat by Country*

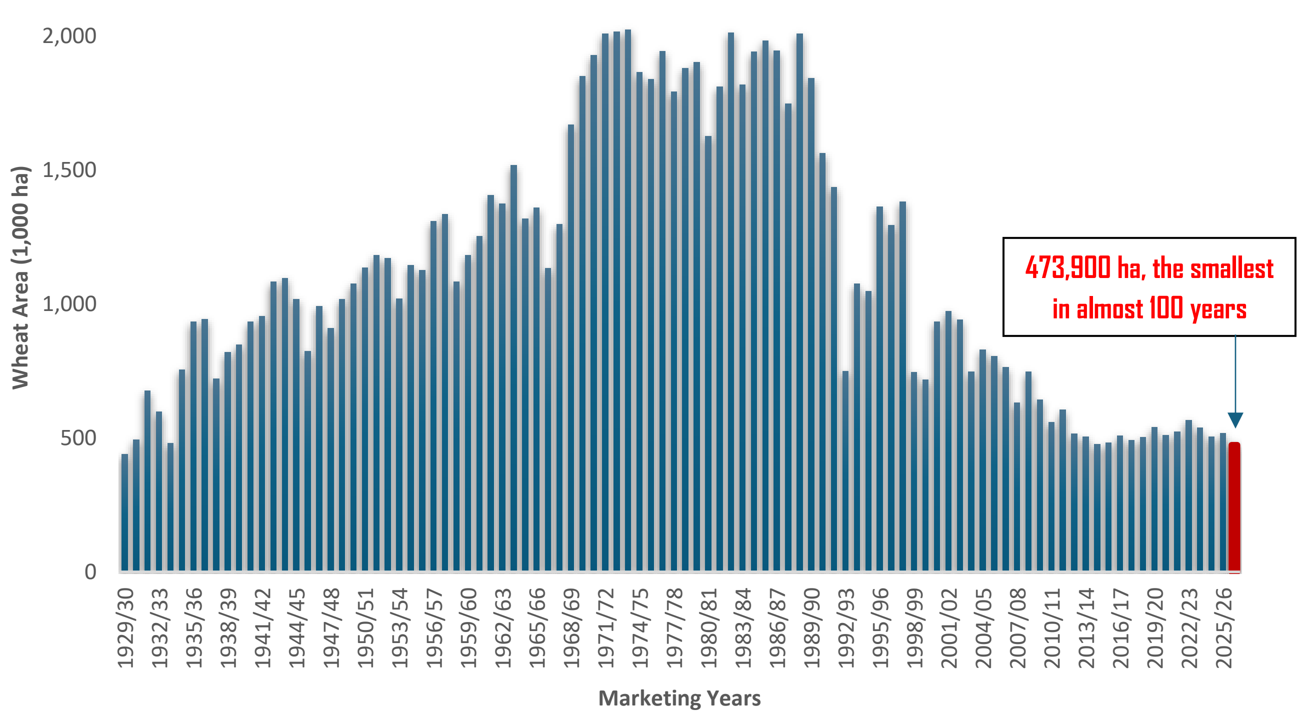


Source: *FAS/Pretoria using data from the South African Grain Information Service (Sagis)*

Wheat Area Hit an Almost 100-Year Low

Farmers mainly produce wheat from April to December in South Africa's winter rainfall area — the Western Cape province — under rainfed conditions, which accounts for approximately 70 percent of the country's wheat crop. Other areas for wheat production include the summer-rainfall dryland region of the Free State province and the Northern Cape and Limpopo provinces. The tariff drop coincides with a year-on-year eight percent decline in wheat area for MY 2026/27, the crop currently in the field. Wheat area fell to 473,900 hectares (ha), the smallest area in nearly 100 years, since MY 1929/30 (see Figure 2). Due to many issues constraining wheat area expansion in South Africa, producers have shifted to other crops, including rapeseed, barley, and oats.

Figure 2: *Trends in South Africa's Wheat Area*



Source: *FAS/Pretoria using data from the South African Department of Agriculture*

Some of the broader issues currently impacting the wheat industry in South Africa, include:

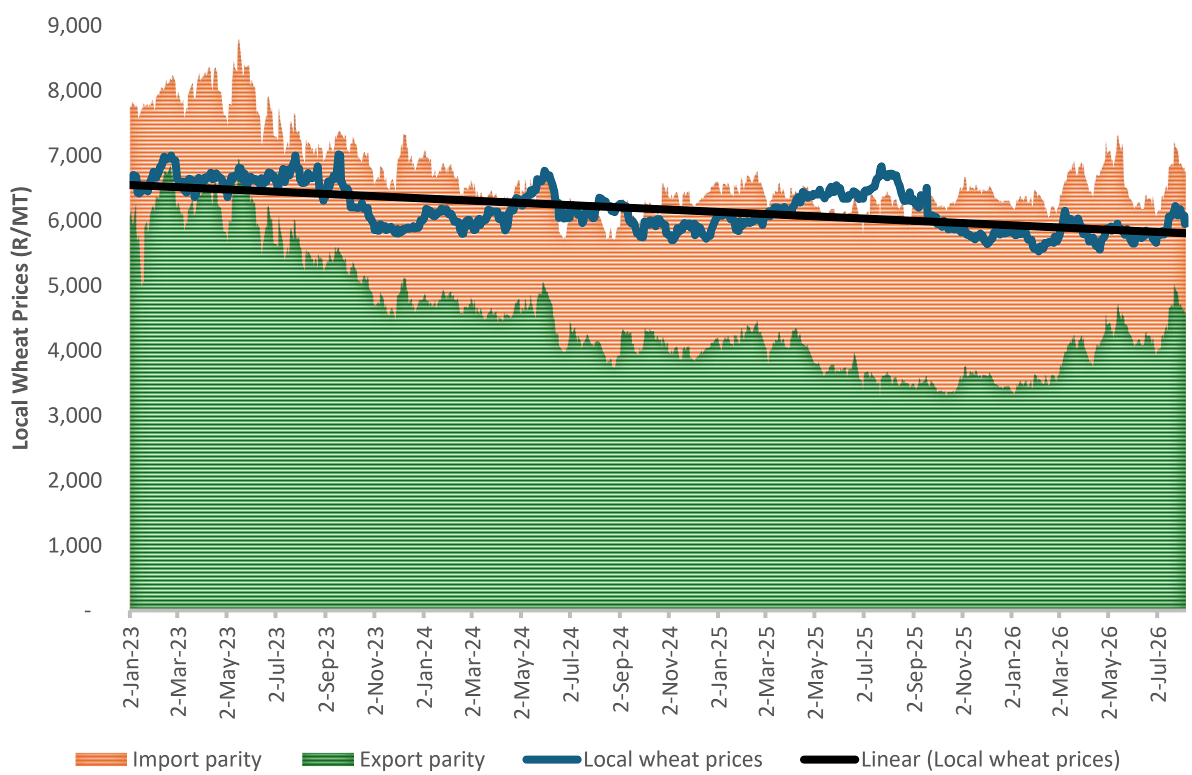
Price/Cost Pressure: Conflicts across the Middle East have driven up energy and fertilizer costs, increasing farmers' production overhead, while local wheat prices are trending downward and have not kept pace with rising production costs (see Figure 3). This mismatch has created a price-cost squeeze for producers, which limits profitability and discourages farmers from investing more in wheat cultivation.

Alternative Crops: Producers have increasingly shifted to more profitable alternatives. Rapeseed area in the winter rainfall region has almost doubled in the past five years, reaching a record 192,300 hectares in 2026 — a 10 percent increase from the previous year. In the summer rainfall and irrigated regions, wheat competes for area with other crops such as corn and soybeans. Wheat yields have lagged corn and soybean yields because those crops have benefited more substantially from biotechnology advances.

Limited Domestic Support: South Africa's wheat producers operate without direct production support, relying solely on market-based mechanisms to cover input and insurance costs. This lack of government support — unlike the subsidies, insurance programs, and cost relief that many competing exporting countries provide to their own wheat sectors — leaves South African domestic production less competitive and more vulnerable to cost pressures. As a result, South Africa's reliance on imports is likely to persist and even grow, reinforcing the country's position as a consistent, import-dependent market that U.S. wheat exporters can continue to serve.

These factors collectively shape planting decisions, capital investment, and producers' willingness to expand wheat production. Without improvements in profitability, technological advancement, or policy support, wheat area in South Africa will likely remain under pressure for the foreseeable future.

Figure 3: *Local Wheat Price Trend since January 2023*



Source: *FAS/Pretoria using data from GrainSA*

FAS/Pretoria's Observations

South Africa's zero-duty tariff rate presents a timely but narrow opening for U.S. wheat exporters. Given that South Africa's tariff formula adjusts in response to sustained global price swings — and that its last duty-free period lasted only two months — U.S. suppliers should move decisively to capture market share before conditions shift again. At the same time, entrenched competition from Black Sea and European suppliers, who together account for most of South Africa's wheat imports, means expanding the U.S. share will require sustained commercial engagement rather than reliance on tariff conditions alone.

U.S. Wheat Associates, with an active presence in South Africa, has engaged in targeted trade efforts to build trust and demonstrate consistency and quality of U.S. grain, thereby increasing confidence among South African buyers. The United States exported 164,000 MT of wheat to South Africa in MY 2024/25, the highest volume in nine years — underscoring the tangible commercial benefit that growing South African demand can offer U.S. wheat producers, particularly as they seek to diversify export markets amid global price volatility.

Over the longer term, persistent structural pressures — declining profitability, limited domestic support, and a shift toward alternative crops like rapeseed — indicate that South Africa's import dependence will likely continue, offering durable opportunities for competitive, reliable suppliers such as the United States

Attachments:

No Attachments.