

Market Concentration and Barriers to Entry in the Maize Industry in South Africa: Implications for SME Participation under the AfCFTA Framework

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Introduction

The effects of market concentration and structural changes, influenced by high barriers in agricultural markets continue to be a topical debate in competition regulation. Imperfect agricultural markets affect the welfare of small-scale farmers and low-income consumer. Market concentration reflects the number and size distribution of firms in a market (Buthelezi, Mtani, & Mncube, 2019). In the agricultural sector the markets are controlled by a small number of firms which have substantial share of the value chain, creating oligopolistic market structures. Concentrated markets often limit economic development as the unconstrained growth of large firms tends to result in higher prices, increased profits, limited innovation, and increased inequality (Lesofe & Tetani, 2023). This is especially significant in the maize industry, where price changes directly affect food affordability and consumer welfare. Market concentration may originate from multiple factors. These factors include structural barriers resulting from reduced market size or limited availability of resources, such as finances (Hernandez, et al., 2023). Moreover, market barriers associated with concentration, such as access to finance may have adverse consequences for markets, particularly in terms of SME participation, thereby limiting inclusive growth.

The maize industry and its related value chain is important for a developing economy like South Africa, both in terms of its capacity to create employment and its linkages as a contributor to growth across the agriculture sector. In the financial year 2024/25, the Department of Agriculture recognised maize as the largest contributor towards the gross value of field crops, accounting to R71 987 million (Department of Agriculture, 2025). Moreover, maize and maize-based products in South Africa constitute a significant share of daily caloric intake for both low-income households and small-scale farmers, who rely on maize not only as a staple but also as a primary source of livelihood. Therefore, the maize industry contributes to agriculture output, creates employment opportunities, generates income for farmers, agribusinesses and the overall economy, and builds trade relationships among nations and across regions (Msweli & Musvoto, 2023).

As demand for maize increases and value chains modernise in South Africa, the maize markets are also transitioning from fragmented and informal systems to highly concentrated and vertically integrated structures (DALLRD, 2021). The maize-to-maize-meal value chain in South Africa is highly concentrated to the extent that the Competition Commission of South Africa (CCSA) has investigated the markets for fertilisers, grain storage and trading, milling, and retailing (ACB, 2022). Moreover, in 2024, the International Competition Network (ICN) (2024) reported concerns raised by competition authorities around the world, and over half (57%) reported that concentration within the food markets is among the priority areas for the authorities' work. While concentration can enhance efficiency through economies of scale and

improved coordination, in the South African context, concentration is of particular concern because it is generally not associated with efficient forms of growing concentration, but rather inefficient forms (CCSA, 2021).¹

One of the most critical barriers reinforcing market concentration in South Africa's maize industry is limited access to finance. High capital requirements for land acquisition, storage, and compliance with food safety standards mean that only well-resourced firms can sustain operations at scale. A typical concern is that small-scale farmers have a structurally weak position relative to larger actors in entering and getting equitable opportunities in a market than would be the case in a more competitive market (Deconinck, 2021). Small and Medium Enterprises (SMEs) face systemic exclusion from affordable finance and credit, which entrenches the dominance of existing incumbents and perpetuates market concentration within the maize industry.

This dynamic has implications that extend beyond South Africa's borders. Under the African Continental Free Trade Area (AfCFTA), the potential exists to reconfigure maize value chains through tariff reductions, harmonized standards, and expanded regional trade (DTIC, 2026). However, the limited participation of SMEs in these markets threaten the potential developmental gains that would have been realised through the AfCFTA. Therefore, the benefits of AfCFTA will remain unevenly distributed if SMEs continue to be locked out of domestic markets due to financial barriers. Without deliberate interventions to improve SME access to finance, the maize industry risks reinforcing concentration and limiting inclusivity of continental integration. Addressing these barriers is therefore essential not only for South Africa's food security but also for enhancing SME participation in cross-border trade and regional value chain under AfCFTA. This paper thus aims to give a better understanding of the effect of market concentration and barriers to entry in South Africa's maize industry and examines their implications for SME participation in the maize value chain, from production to processing and export.

In this paper, secondary qualitative sources are reviewed and interpreted within the specific context of the South African maize industry. The secondary research involves the comprehensive compilation and cross-referencing of data from official and reputable sources. This encompasses analysis of desktop research, publication from the South African Department of Agriculture, the National Agricultural Marketing Council (NAMC), Land Reform and Rural Development (DALRRD), National Chamber of Milling, South African Grain Information Service (SAGIS), Grain SA, and South African Revenue Services (SARS). The aim is to discuss and draw on available critiques and analysis of the structural drivers of market concentration and a key idea on effective SME participation within the AfCFTA framework.

Nonetheless, the study faces limitations; the reliance on secondary qualitative sources and desktop approach may limit the depth of empirical evidence. The absence of primary data collection-such as interviews with SMEs and financial institutions means that the findings may

¹ Efficient forms are generally associated with growing shares for efficient leading firms but occur off low levels of concentration. Inefficient concentration growth occurs where there are entrenched leaders resulting in lower levels of competition and high barriers to entry.

not fully capture the lived experiences and nuanced challenges faced by smaller actors in South Africa's maize industry. Furthermore, the rapidly evolving nature of the AfCFTA framework introduces a time-sensitivity to the analysis; policies and trade dynamics may shift in ways that render some conclusions less applicable in the near future. Finally, the concentration of available literature around larger agribusinesses may bias the study toward perspectives of larger players, leaving gaps in understanding the strategies and resilience of SMEs. These limitations underscore the need for future research that incorporates fieldwork stakeholders engagement, and longitudinal analysis to complement the desktop approach.

Conceptual Framework for the Maize Market

In order to be able to analyse the maize market and derive meaningful conclusions, it is necessary to build a theoretical framework as a basis. This section will analyse the value chain and discuss drivers of concentration in the maize industry, particularly vertical integration, infrastructure constraints, and limited access to finance.

Value Chain Analysis

In order to fully grasp the functioning of the maize market, it is necessary to differentiate between the stages of the value chain, from primary farming through to maize milling. A value chain is generally understood to encompass the range of activities that need to be undertaken to bring a product or service from inception, through various levels of production, to final use and disposal by consumers (Chabane, 2002). Value chain analysis is particularly valuable as it highlights how the benefits associated with regional integration and global market participation are distributed across actors within a concentrated and vertical integration structures.

Extensive work has been done on the maize market in South Africa and this section will draw from the work of DALLRD (2021) and Chabane (2002). This section reviews existing literature to outline the maize value chain and highlight recent production trends in South Africa.

Figure 1: Maize Market Value Chain

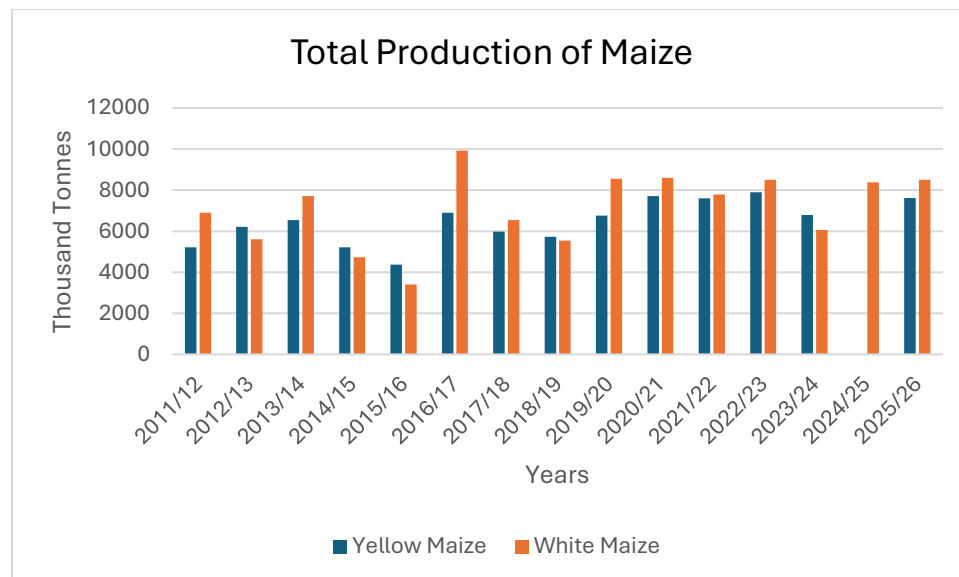


Source: DALLRD (2021)

The figure above breaks down the levels of the maize market value chain. The primary levels consists of input suppliers, farmers and silo owners. The secondary levels consists of millers and animal feed manufacturers. Finally, the tertiary level consists of traders, retailers and transporters. Maize farmers plant the crop, harvest it and then sell it to the silo owners. Maize is then stored in silos before being supplied to milling companies, which process it into maize meal for distribution to retailers.

There are two types of maize variations available: white maize and yellow maize. Yellow maize is mostly used for animal feed production while white maize is primarily produced for human consumption (DALLRD, 2021). In South Africa, maize is farmed in Gauteng, Mpumalanga, North-West Province and the Free State. The figure below shows the total maize production in South Africa. Over the past 15 years, total production of maize has significantly fluctuated, with the lowest production experienced during 2015/16 at 7778,5 tonnes and the highest record attained for white in the 2016/17 and 2020/21 production seasons, which stood at 9916 and 8600 tonnes, respectively. Evidently, production of white maize increased by 40% over the past 15 years.

Figure 2: Total maize production in South Africa



Source: Grain SA

Although the exact number of total maize farmers in South Africa is unknown, ADAMA (2023) states that maize farming in South Africa is dominated by large commercial farmers, who produce the majority of the country's maize crop. However, there are also small-scale farmers, who produce significant proportion of the country's maize. Small-scale farmers are crucial in South Africa's agricultural landscape, particularly in rural economies, where they contribute to local food security and community livelihoods (Manganyi, Sotsha, Rambau, & Chiloane, 2024). Despite their importance, these small-scale farmers face challenges in accessing formal markets, which limits their potential for growth. However, larger farmers have benefitted from the most lucrative marketing channels, such as direct sales to supermarkets and exports. The barriers that small-scale farmers face to access the formal market has caused concentration among maize farmers to increase.

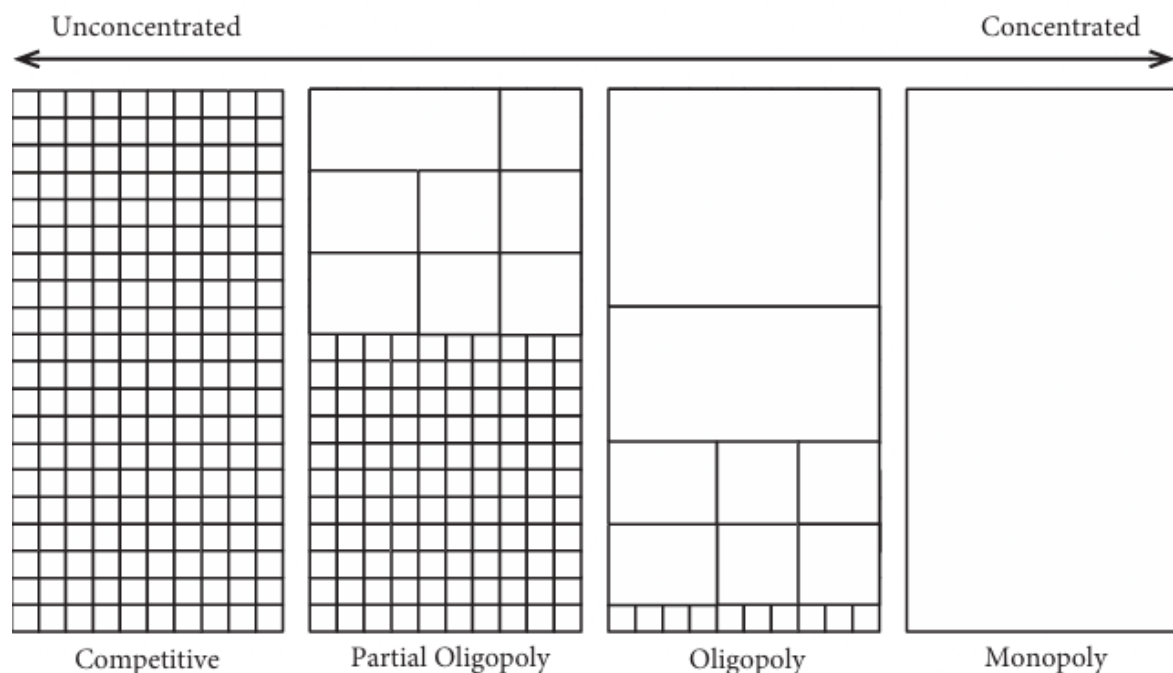
Silo companies form the backbone of the grain industry, serving as crucial hubs for collecting and storing grain on a large scale after each harvest. In 2020, Bowman (2020) computed that only 8-12% of maize is stored with processors at any one time, and specialised storage infrastructure is therefore critical to the functioning of the industry. This makes silo-owners crucial intermediaries, capable of exerting great influence over costs for millers and farmers (Bowman, 2020). In 2016, the Department of Agriculture, Forestry, and Fisheries (DAFF) (2016) produced a list of total silos in South African, it accounted for 432 silos, which include 172 on-farm and 260 commercial silos (DAFF, 2016). The commercial silos are owned by major companies such as AGRI, NWK, and Senwes Group, which collectively account for 85% of the available silo capacity in the country (Mwananwevhu, 2024). These commercial silos also own 73% of the available storage capacity within the national grain storage market (DALLRD, 2021).

The milling maize is the next most important downstream industry within the grains value chain. There is a considerable diversity of milling enterprises in South Africa, with close to 200 formally registered enterprises operating at a wide variety of scales, alongside informal millers for which no data exists (Bowman, 2020). According to the National Chamber of Milling, the main milling companies in South Africa are Tiger Oats Limited, Premier Group Limited, and Pepsico (National Chamber of Milling, 2026). Millers are to a great extent represented by the National Chamber of Milling.

The concept of concentration

Concentration is a term used to describe the composition of a given market, and especially its potential impacts on competition (Howard, 2016). Howard (2016) gives a depiction of a spectrum that describes markets that are unconcentrated and markets that are concentrated. Diagram 2 shows one end of the spectrum where markets are described as unconcentrated, where sellers are “price takers” and lack ability to raise prices. On the other end of the spectrum, markets are concentrated, where there are no alternatives, and the monopolists have substantial power to raise prices without losing customers. Additionally, although not as concentrated as the monopoly, oligopolies are dominated by several large firms but are characterised by very limited forms of competition. High market concentration is observed not only in scale-dependent products but also in consumer goods markets (Buthelezi, Mtani, & Mncube, 2019), and because our livelihood depend on food, concentration raises more concerns in food industries than in most other economic sectors (Howard, 2016).

Figure 3: Spectrum of Unconcentrated and Concentrated Markets



Source: Howard, Philip H. (2016).

The OECD (2018) state that increasing concentration in maize markets leads to three potential concerns, including:

- i. Will increased concentration lead to higher maize prices for farmers and consumers?
- ii. Will concentration reduce innovation and R&D in the maize industry? And
- iii. Will concentration reduce the number of choices farmers and consumers have when choosing varieties?

Concentration in Different Levels of the Value Chain

The maize value chain in South Africa is highly concentrated, especially in the silo level. Based on figures from The African Centre for Biosafety (2022) GM Maize report, the commercial silos of the maize value chain enjoy a market share of 74%, while the major milling companies enjoy a market share of 60%.

Table 1: Concentration in the maize value chain

Value Chain	Major Players	Market share of major players
Inputs-Seeds	Monsanto Pioneer Hi-Bred (DuPont)	65%(registered)
Inputs-fertiliser	SASOL Omnia Yara	86%
Silo (all maize)	Senwes, AGRI, NWK	74%
Trading (all maize)	Cargill, Louis Dreyfus	70%
Milling (white maize)	Tiger Brands, Premier Food, Pioneer Food	60%

Source: ACBIO (2022)

Table 1 reveals that in 2022, South Africa's maize industry showed high levels of concentration along the value chain. The Inputs-fertiliser level remains the most concentrated with a market share of 86% among the two major players (SASOL and Omnia Yara). At the silo level, there are three major players who between themselves control 74% of available silo capacity within the national storage capacity, these players include NWK, which owns 41 grain silos mainly in the North West Province and has been participating in the grain and food value chain of South Africa for 110 years (NWK, 2026); AFGRI, a leading agribusiness company operating in the sector for 103 years, owning 95 silos across South Africa with over 5 million tonnes grain storage capacity. AFGRI is a diversified agribusiness with strong vertical integration in maize, offering integrated solutions in grain management, milling, and animal feed (AFGRI, 2026); and Senwes Group, a vertically integrated group which undertakes activities in input supply, processing, conditioning and markets, financial services, and market access (Senwes Group, 2026). These companies exhibit a structure of vertical integration as their trading activity sits alongside storage, input supplies to farmers, and providing financial services to farmers (CCSA, 2024).

In South Africa, large corporates such as Cargill, an American Food Corporation with significant presence in South Africa (employing over 100 people) and Louis Dreyfus dominate the maize trading level because they have established networks, access to export finance, and the ability to meet volume and quality standards. The market share enjoyed by Cargill and Louis

Dreyfus accounts for 70% of the trading stage in South Africa's maize value chain. Lastly, the milling level is one of the most critical points in the maize value chain because it transforms raw maize into consumable and tradable products such as maize meal, flour starch, and animal feed. At this level, where market share of the major players accounting for 60%. In particular, Tiger Brands, South Africa's largest packaged food company operating 34 (thirty four) manufacturing plants across the country, and exporting to 22 (twenty two) countries in Africa (Tiger Brands, 2026); Premier Food, a British Food Manufacturer with a history of over 135 years operating in South Africa as the leading producer and distributor of flour, maize, yeast and other products; and Pioneer Food which was acquired by PepsiCo, making it one of the largest food and beverage companies in South Africa (Simba And Pioneer Food Group, 2025).

These high levels of concentration raise concerns of excessive market power in South Africa's maize market. Moreover, the degree of vertical integration that is taking place in the market raises greater concerns as it is potentially attributable to anti-competitive issues in the market.

Drivers of Market Concentration

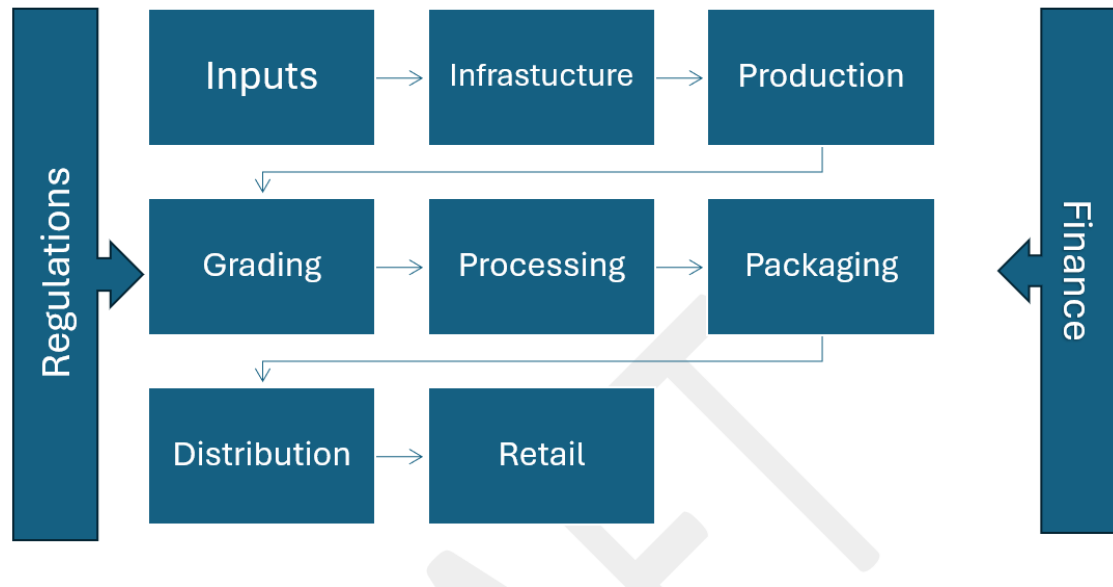
There are several factors that drive market concentration, shaping the competitive landscape and impacting effective participation by SMEs. This paper explores key factors that influence market concentration in the maize industry, particularly focusing on limited access to finance.

Barriers to Entry

Barriers to entry are the structural and strategic challenges that prevent new firms from entering and effectively participating in a market. There are two types of barriers; exogenous and endogenous barriers. Exogenous barriers are found in the underlying market, such as capital requirements, economies of scale, sunk costs, vertical integration, and formal official barriers set by government agencies. (Rahayu, Irmadamayanti, Febrianti, Syafruddin, & Ishak, 2020). Endogenous barriers are conditions and strategies implemented by incumbents and may be voluntarily done, which include marketing expenses, market segmentation, legal barriers such as patents, and controls of key resources.

In their paper, Mtombeni, Bove, & Thibane (2019) show common factors in most market-oriented value chains in agriculture sector as depicted in the figure below

Figure 4: Agriculture Sector Value Chain



Source: Authors compilation

As shown in the figure above, finance is a key contributor to the potency of incumbents in the agriculture sector, as it enables participants to purchase essential inputs and infrastructure necessary for the production process, grading, processing, packaging and distribution of their produce (Mtombeni, Bove, & Thibane, 2019). Moreover, finance is also crucial where there are regulatory requirements, such as grading and quality standards, licencing, and certification, which participants must adhere to (Mtombeni, Bove, & Thibane, 2019). It is thus clear that incumbents and farmers who wish to enter the market need access to finance to effectively participate.

Therefore, this paper covers the exogenous barriers, particularly the limited access to finance.. High barriers to entry create significant hurdles for smaller or new entrants. As a result, concentration in the maize industry remains high and competition limited, with new entrants struggling to gain traction against established giants such as Senwes Group, AFGRI, and NWK.

Limited access to finance

Several studies report that a key barrier that SMEs and emerging farmers face in South Africa's maize industry, which is generally the most pressing barrier, is limited access to finance and credit lines. Small-scale farmers and agri-SMEs often struggle to secure loans or credit needed to invest in essential inputs like seeds, fertilizers, and technology (Manganyi, Sotsha, Rambau, & Chiloane, 2024). The lack of access to credit constitutes a significant barrier to entry and

expansion because it hinders SMEs' ability to invest in farm inputs, modernise equipment, and adopt improved farming techniques (RegenZ, 2026). The Land Bank confirms that access to finance is one of the main constraints in agriculture, particularly among new entrants (Mtombeni, Bove, & Thibane, 2019). In its Smallholder Market Access Tracker, the NAMC (2024) provides an overview of barriers that SMEs face in the maize market, highlighting access to finance as the most potent barrier to entry and expansion for smallholder farmers. Langyintuo, et al. (2010) states that until governments and development partners make credit available to seed entrepreneurs directly or through risk sharing arrangements with commercial banks, national seed companies will not grow, leaving the maize industry monopolized by the regional and multinational seed companies.

Despite the maize industry's critical role in food security, financial institutions often perceive SMEs as high-risk borrowers due to irregular income streams and vulnerability to climate shocks. This results higher borrowing costs or ultimately exclusion from formal credit markets. Far too many viable SMEs are locked out of the formal financial system, not because they lack potential, but because they don't fit traditional funding models (Steyn, 2025). Mtombeni, Bove, & Thibane (2019) provides summary of issues raised by the Land Bank, stating that the Land Bank raises money in the capital markets due to its funding model. It must thus lend at a rate that allows repayment of the funding and covers its operational costs to maintain financial sustainability. These interest rates cannot necessarily be carried by enterprises in the start-up phase and strain cash flows while the climate and business risks to the enterprise are high (Mtombeni, Bove, & Thibane, 2019). (Steyn, 2025) quotes Zweli Manyati, CEO of Business and Commercial Banking at African Bank.

The South African government has implemented various funding initiatives targeted to support the maize sector, through DAFF and other departments such as the Department of Trade, Industry and Competition (DTIC) and National Treasury. Government initiatives aim to enhance productivity, promote sustainable farming practices, and ensure food security (Farmers Magazine, 2023) This support includes agricultural extension services, research and development, access to credit and subsidies, and market facilitation.

Figure 5: Sources of Financial Support

Source	Target Group	Funding Type	Requirements
Commercial Banks	Commercial Farmers	Loans overdrafts, asset finance	Strong credit history, collateral, cash flow
Agribusinesses	Medium and emerging commercial farmers	Input financing, contract farming	Ability to meet volume and quality standards
Land Bank	Medium and smallholder farmers	Development loans, blended finance	Business plan, partial collateral, compliance
Government Grant & Funds (SEFA, IDC, NEF AgriBEE, DALRRD)	Smallholder and subsistence farmers	Grants, subsidized loans, enterprise support	Minimal collateral, focus on inclusivity and empowerment

Source: Author Compilation

Figure 5 above shows the different types of financial support that farmers receive from commercial banks through to the government. Commercial banks target their support towards

commercial farmers. There are a few aspects that commercial banks focus on as an investor to farmers. These include ensuring that the farmers have consistent cash flow, as it is their rightful intention to get a reasonable and reliable return on their investment (by collecting interest against the amount loaned) (Mathews, 2020).

According to the Land Bank Act of 2002, the objective of the Land Bank are aligned with government policies and the socio-economic needs of South Africa. The model of the Land Bank segments its clients based on the turnover of their enterprises. The Land Bank handles medium enterprises through its Corporate Banking and Structured Investments Unit. This category of farmers are usually considered for credit as they meet the lending criteria required by banks, such as a strong balance sheet which increases their ability to provide collateral for the capital they require and technical skills to operate their farming enterprise efficiently (Mtombeni, Bove, & Thibane, 2019). The Land Bank does not receive any financial subsidy from the government; it receives its funds from the financial markets and guarantees from the National Treasury (Mtombeni, Bove, & Thibane, 2019). However, it manages funds on behalf of the government.

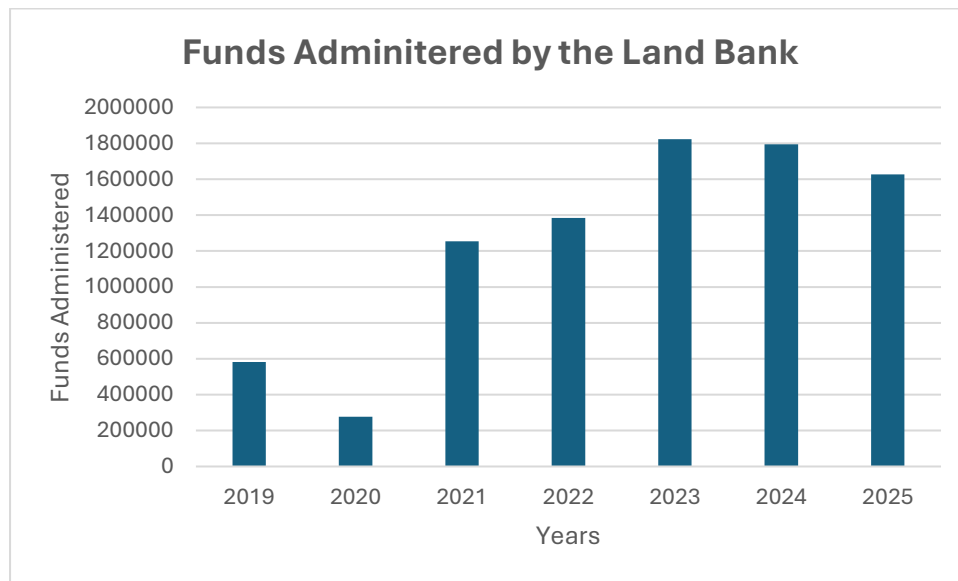
The Land Bank distinguishes between commercial funding and development funding.² Commercial Funding is raised from Institutional Investors and Commercial Banks from the local Debt and Capital Markets; this funding is unguaranteed and app; this funding is unguaranteed and applied for corporate and commercial agribusiness and corporate on-lending. Development funding is raised from multilateral institutions; funding often requires Government Guarantees and is applied for agricultural sector growth and emerging farmers. Development funding is ring-fenced and have strict disbursement conditions and reporting requirements

Government Grant and Funds aim to support small and subsistence farmers within the agricultural sector who wish to acquire a shareholding in existing commercially viable and sustainable enterprises, and to advance enterprise development through agro-processing and value-adding activities to previously marginalised people who could not participate in the sector value chain (Mtombeni, Bove, & Thibane, 2019). Government support focuses on inclusivity and empowerment, with minimal collateral requirement from smallholder and subsistence farmers.

² Accessed from:

<https://landbank.co.za/Investor%20Presentations/Land%20Bank%20Financial%20Results%20Launch%20Presentation%2020082018%20consolidated%20final.pdf> last accessed on 25 February 2026

Figure 6: Funds Administered by the Land Bank



Source: Author compilation from information obtained in the Land Bank's various annual reports (2020:111, 2022:221, 2024:317 & 2025:246)

As previously indicated, the Land Bank manages funds on behalf of the government. The figure above shows that funds administered by Land Bank between 2019 to 2025, showing how its role as a channel for agricultural support has evolved. These funds are particularly from the DALRRD, including Agri-BEE, MAFISA Fund, Agro Energy Fund, Blended Finance, Amajingqi Crop, Kat River Farmers, and the Emerging farmers' support facility & CGA Primary Project. In 2019, the Bank managed around R600,000 of funding, but this dropped significantly in 2020. In 2023, the Land Bank reached its peak, administering nearly 1.85 million, before stabilizing slightly lower in 2024 and 2025. The upward trend after 2020 highlights the up-scaling of government agricultural initiatives, particularly aimed at supporting smallholder and subsistence farmers.

Although the aggregate value has risen, SMEs remain unable to capture a significant share because they lack the financial resources to scale their operations to align with industry expansion. Ncube, Nkhonjera, Paremoer, & Zengeni (2016) provide a detailed comparison of the entry experience between Lethabo Milling, a new mill in Ventersberg, and a more established mill, Vaal Milling. Lethabo Milling's first and pressing hurdle was obtaining finance. It approached all major commercial banks and various public entities, such as the IDC, NEF and SEFA but was unsuccessful in all applications. Lethabo Milling struggled for four years to obtain funding before becoming aware of the Massmart Supplier Development Fund (DSF). On the other hand, Vaal Milling, a 15 year old mill located in Sebokeng, took only two years to build and was constructed with the owner's own capital, using second hand equipment. This mode of entry is difficult to replicate, especially for SMEs.

Funding Criteria by Institutions

Research indicates that there appears to be some information asymmetry which exists about the funding criteria used in some funding initiatives (Mtombeni, Bove, & Thibane, 2019).

There is no standard criteria which emerging and smallholder farmers clearly and easily understand. If all of the existing funding institutions in the sector standardised their funding requirements, criteria for eligibility for funding, risk assessments and credit policies applied would assist SMEs (Qwabe, 2014). This will also serve to ensure that SMEs are aware of the requirements and can source funding more efficiently.

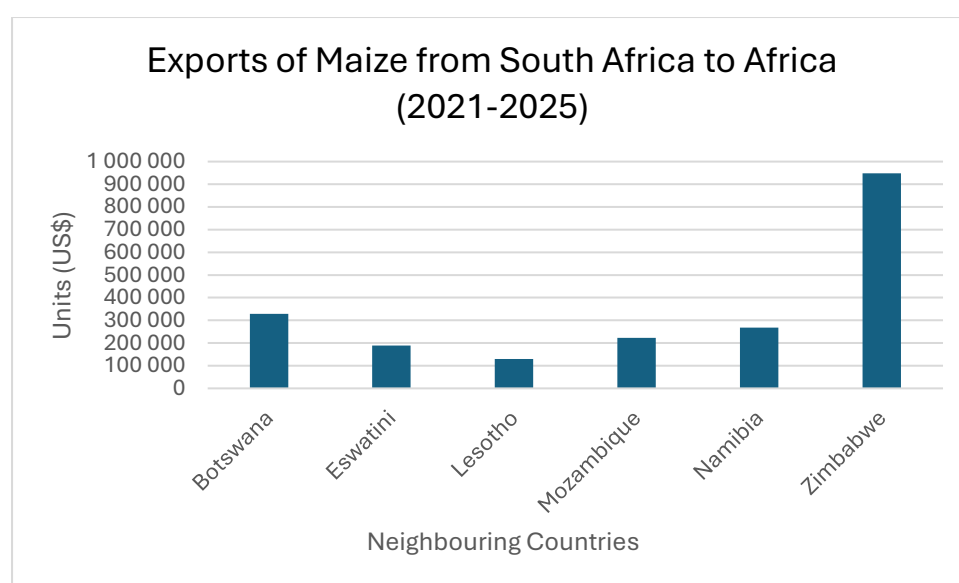
African Continental Free Trade Area (AfCFTA) Framework

The African Continental Free Trade Area (AfCFTA) is a comprehensive and ambitious free trade agreement that seeks to bring together all 55 members of the African Union (AU) into an integrated and combined market of 1.4 billion, with a GDP of approximately US\$3.4 trillion (DTIC, 2026). The AfCFTA is anchored on the development integration approach, which places emphasis on market integration, industrialisation and infrastructure development to support the continental objectives of sustainable development and economic growth (DTIC, 2026). The AfCFTA is ultimately Africa's strategy to attain industrialisation, sustainable economic growth, and job creation on the continent. Furthermore, it aims to create a predictable and conducive environment for trade and investment. It will also facilitate direct investment by establishing harmonised and uniform rules for trade, investment and intellectual property rights protection across the African continent. Although it serves as a lever to support and advance the objectives of the AfCFTA, the Protocol on Competition Policy establishes an integrated and unified African continental competition regime (DTIC, 2026). It aims to enhance competition within the AfCFTA, promoting improved market efficiency, inclusive growth, and the structural transformation of African economies.

The AfCFTA offers an opportunity to build economies of scale and improve the efficiency of the continental market, thereby improving Africa's competitiveness both in its own markets and globally. The AfCFTA is expected to facilitate and enhance intra African trade through progressive elimination of tariffs, rules to manage non-tariff barriers, promoting, facilitating and protecting investments and intellectual property rights. The successful implementation of AfCFTA is expected to lead to increased investment, increased technology transfer, increased employment opportunities and incomes, acceleration of growth, and broadening economic inclusion (DTIC, 2026).

Traditionally, South Africa exports significant volumes of maize to neighbouring countries such as Zimbabwe, Botswana, Namibia, and Mozambique, with exports fluctuating depending on domestic harvests and regional demand. In years of surplus, South Africa also supplies maize to East Africa and West Africa, helping to stabilize food security across the continent.

Figure 7: Exports of Maize from South Africa to Africa (2021-2025)



Source: International Trade Centre (ITC): Maize (excl. Seed for sowing)

Figure 7 above shows exports of maize from South Africa to neighbouring countries between 2021 and 2025. The largest share of maize exports between 2021 and 2025 goes to Zimbabwe with values reaching nearly to 1,000,000 units. This reflects Zimbabwe's heavy reliance on South Africa for maize imports due to recurring domestic production shortfalls. Botswana, Eswatini, Mozambique, and Namibia all show moderate levels of imports, ranging between 100,000-300,000 units. These countries represent steady but smaller markets compared to Zimbabwe. Lesotho records the lowest maize import volumes, suggesting either stronger domestic production capacity or lower demand relative to its size. The data highlights South Africa's role as a regional maize hub, supplying both immediate neighbours and countries facing food security challenges. Under AfCFTA, South Africa could leverage this existing export base to expand maize trade into West and East Africa, where demand is rising.

For SMEs, the figure shows clear opportunities, targeting Zimbabwe for volume, while exploring niche markets in Botswana, Namibia, and Mozambique. However, limited access to finance means SMEs may struggle to scale production, invest in storage, and meet export standards which may potentially leave larger agribusinesses to dominate these opportunities. SMEs can benefit from easier cross-border trade, but only if they can meet quality standards and scale production. AfCFTA's protocols on competition policy particularly supportive for smaller players.

Benefits for SMEs under the AfCFTA Framework

Under the AfCFTA framework, SMEs stand to gain transformative benefits that go beyond tariff reductions. By opening access to a continental market of over 1.4 billion people, AfCFTA allows SMEs to expand their customer base far beyond local or national boundaries. This expansion is particularly important for small businesses that often face saturation in domestic markets. With harmonized trade rules and reduced tariffs on 90% of goods (Andersen, 2024), SMEs can export products more competitively, diversify their income streams, and reduce

dependence on volatile local economies. For South African maize SMEs, this means they can tap into demand not only in traditional markets like Zimbabwe, Botswana, and Mozambique but also in emerging ones across West and East Africa. Access to a continental market of 1.4 billion people allows SMEs to scale maize production, diversify their customer base, and reduce reliance on domestic consumption cycles (DTIC, 2026). This expanded reach is critical for smallholder farmers who often face fluctuating local demand and price volatility.

Moreover, maize is not only a staple food but also a key input for industries such as animal feed, biofuels, and processed foods (maritznel, 2025). By integrating SMEs into these regional value chains, AfCFTA enables them to move beyond raw maize exports and participate in higher-value activities. This diversification strengthens resilience and profitability. In essence, AfCFTA positions South African maize SMEs not just as contributors to food security but as engines of industrial growth and inclusive development across the continent (Mugano, 2023).

Impact on SME Participation under AfCFTA

SMEs in South Africa are an essential component of the country's agricultural landscape, and SMEs hold immense promise for driving economic growth, reduce poverty, and promoting sustainable agriculture (RegenZ, 2026). The deregulation of the South African maize industry in 1997 was expected to lead, among other things, to expansion in SME participation in the market, thereby leading to better competition in the sector (Abu & Kirsten, 2009). Although deregulation as proven to have opened up many opportunities in the maize industry by liberalising and enabling SMEs and agribusiness to expand into the continental market, The United Nations Economic Commission of Africa (UNECA, 2025) reports that SMEs remain underrepresented in AfCFTA markets because finance, compliance, and information barriers.

SMEs often lack collateral, credit history, or the scale that commercial banks require to extend loans. The financial exclusion prevents them from investing in essential infrastructure such as modern farming equipment, irrigation systems and storage facilities. Without these investments, SMEs struggle to meet the quality and volume requirements necessary for regional trade under AfCFTA. The promise of expanded markets remains theoretical if SMEs cannot mobilize the resources to participate.

Finance constraints also directly affect SMEs' ability to comply with AfCFTA's trade protocols. Exporting maize across borders require adherence to sanitary and phytosanitary standards, certification processes, and packaging requirements. These compliance costs require substantial capital, and without affordable financing, SMEs are unable to absorb them. Larger agribusinesses, with better access to capital, can easily meet these standards, leaving SMEs marginalized. Thus, limited access to finance creates a structural imbalance where SMEs are locked out of the very opportunities AfCFTA is designed to unlock.

Another impact of limited finance is the inability of SMEs to scale operations to meet demand in new markets. AfCFTA provides access to a continental market but SMEs cannot expand production without capital. For example, South African SMEs in the maize industry may identify demand in West and East Africa, but without financing to increase yields, invest in

transport, or establish distribution networks, they cannot seize these opportunities. This perpetuates a cycle when SMEs remain confined to local markets, while larger firms dominate regional trade.

Finally, limited access to finance has broader socio-economic consequences. SMEs account for the majority of employment in South Africa, particularly among women and youth. If SMEs cannot access financing to participate in AfCFTA, the benefits of continental integration will bypass these groups, reinforcing inequality. Bridging this gap through targeted SME financial schemes, agricultural development funds, and cooperative lending models is therefore essential to ensure that AfCFTA delivers on its promise of shared prosperity.

Conclusion and Recommendations

Maize is the most important field crop produced in all the provinces of South Africa. Maize encompasses food security and economic development. Increasing concentration in the maize industry lessens the competitiveness of the SMEs in the market, this is shown through limited innovation and increased inequality. Concentration is driven by multiple factors, including one of the most significant barriers to entry for SMEs being the limited access to finance. As previously noted, concentration levels reflect the degree of oligopoly in a market and also provide evidence of anti-competitive conduct.

SMEs often struggle to secure loans or credit needed to invest in essential farm inputs and improved farming techniques. SMEs are seen as high risk borrowers due to irregular income streams and vulnerability to climate shocks. Although there has been steady growth in credit between 2000 and 2024, SMEs remain unable to obtain a share of the financial resources. Evidence is shown through the entry experience of Lethabo Milling, where it struggled to obtain financial support for four years. Research strongly indicates that there is no standard criteria which emerging and smallholder farmers clearly and easily understand. Thus, if all of the existing funding institutions in the sector standardised their funding requirements, criteria for eligibility for funding, risk assessments and credit policies applied would assist SMEs (Qwabe, 2014).

This paper links findings to SMEs participation under the AfCFTA framework. Without the necessary investments, SMEs struggle to meet the quality and volume requirements necessary for regional trade under AfCFTA. The promise of expanded markets remains theoretical if SMEs cannot mobilize the resources to participate. Lastly, South African SMEs in the maize industry may identify demand in West and East Africa, but without financing to increase yields, invest in transport, or establish distribution networks, they cannot seize these opportunities. This perpetuates a cycle when SMEs remain confined to local markets, while larger firms dominate regional trade.

Several interventions can be implemented to address the drivers of market concentration:

- Although the government has implemented several programs to support SMEs. In the Micro Agricultural of Financial Institutions of South Africa scheme (MAFISA) was introduced to address the financial services needs of smallholder farmers and agribusinesses. In order to ensure that SMEs get funding, implementing reliable tracking system to mitigate corruption and the diversion of funds. Moreover, it is important to spread awareness of the financial programs to SMEs.
- Offering low-cost digital literacy training programs in rural areas to assist SMEs to adapt to modern technologies. SMEs often are unaware of the opportunities available for them to apply for. Thus, training programs will be helpful in showing the available opportunities/programs for SMEs in the maize industry.

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