



Week ending 16 August 2019

JSE: Soya meal and Sunflower oilcake contract

AFMA has sent a list of provisional delivery volumes to the JSE to start finalising the process to implement the Soya meal and Sunflower oilcake futures contract as soon as possible.

Maximum Residue Limits (MRL's)

South Korea has requested South Africa to propose MRL's of pesticides and herbicides used in South Africa that are not currently on their Positive List System in order to facilitate the exports of maize to Korea.

SACOTA has noticed that the list of active ingredients registered in South Africa is much more exhaustive than those as currently listed by either Department of Health or Department of Agriculture.

The Trade Group of the Maize Forum Steering Committee (MFSC), has subsequently requested quotations from experts in this field to update the lists as well as to indicate or propose suitable MRL's for maize exports to South Korea. This exercise will be done in conjunction with the office of the Registrar of Act 36. A funding application will be made in this regard to the Maize Trust.

A similar exercise and funding applications to the relevant Trusts will be done for other grains and oilseeds as well, to be implemented for both domestic and international trade. The Oil and

Passport System

The Trade Group of the MFSC has drafted a document titled ***Grain Commodity Passport System*** to be implemented by the maize industry. The aim is that a vendor must certify that the grain that is delivered to a buyer conform to health regulations regarding MRL's, mycotoxins and noxious seeds.

The document has been forwarded to the other grains and oilseeds forums for the implementation of such a system. If all sectors in the grain and oilseeds value chain agree on the implementation of such a system, an implementation date need to be finalised.

The implementation of the Passport System will be further discussed at a meeting of the Trade Group of the MFSC on 2 September 2019.

Wheat grading regulations

SACOTA has been informed that the Minister of Agriculture is expected to sign off on the amended wheat grading regulations as was proposed by industry. It will now be forwarded to the WTO for a sixty-day comment period. The Trade Group of the Wheat Forum Steering Committee (WFSC) has however recommended that the JSE should implement the amended grading regulations from 1 October 2019 with regards to physical delivery on SAFEX wheat contracts and not wait until feedback has been received from the WTO. The Agbiz Grain has also indicated that its members are going to implement the amended grading regulations from the start of the new wheat marketing season.

Wheat origin discount

At the above meeting of the Trade Group of the WFSC the wheat origin discount on wheat was also discussed.

The meeting proposed the following:

- An origin discount of 2% as calculated by the JSE on the average period and average SAFEX price calculated as per normal grade discount calculation.
- Wheat from the following origins acceptable for delivery at a ZERO origin discount:
 - USA Hard Red Spring (Dark Northern Spring and Northern Spring wheat),
 - No 3 or better Canadian Red Western Spring wheat,
 - Australian Hard, Australian Prime Hard, Australian Prime White and Australian Standard White wheat
- Wheat from the following origins acceptable for delivery at a 2% calculated JSE discount:
 - Argentina,
 - USA Hard Red Winter wheat
 - German Type A or B wheat
 - Ukraine
 - Russia

There should also be clarity if the origin discount is also going to apply to imports of wheat from Polish and Baltic countries.

- The JSE should be requested to implement and publish the origin discount as soon as possible, preferably for the May 2020 contract.

The above recommendations will be round tabled for approval by the members of the WFSC for submission to the JSE Advisory Committee for discussion at its meeting scheduled for 22 August 2019.

Alternative Wheat Import Tariff Model

It was noted that there is again a delay in publishing the adjusted wheat import tariff after it has been triggered according to SAGIS' data. This matter was again discussed during a meeting of the Trade Group of the WFSC on 13 August 2019

It was recommended that a meeting be arranged with ITAC to discuss the publishing of the wheat tariff after the triggering of a new tariff has been communicated by SAGIS to Government as the current process/system is not functional. The implementation of a model similar as the automatic publication of the petroleum price needs to be investigated.

A request for a meeting with ITAC has been submitted by the Administrator of the WFSC.

EU/EPA Agreement

The quota allocation of the 300 000 tons duty free imports according to the RSA/EU Economic Partnership Agreement was again addressed at the meeting of the Trade Group of the WFSC on 13 August 2019 and it was proposed that it should be based on the wheat millers' minimum market access and not on the quantity that the importer applies for the imports of wheat. The NCM is currently leading this initiative and are busy organizing a meeting with DAFF.

Prohibition notice regarding imports of grains and oilseeds (No 570 of 27 May 2019)

DAFF held a meeting with industry on 31 July 2019 to discuss amendments to the Notice. The notice prohibits the removal of regulated agricultural products imported for sale in South Africa from ports of entry unless each consignment of such product has been inspected, graded, sampled for quality control and approved by the Executive Officer or designated assignee.

The prohibition notice does however make provision that **agricultural products imported for further processing** are exempted from this prohibition, typically applicable to imported wheat and yellow maize imported for animal feeds.

DAFF has indicated that they want to remove this exemption from the Prohibition Notice.

SACOTA is currently addressing this matter with DAFF's officials not to remove this provision for exemption from the Prohibition Notice.

Maize grading regulations

The Trade Group of the MFSC proposed certain amendments to the maize grading regulations during January 2019. The role players in the maize value chain has studied these recommendations and provided feedback. A follow up meeting of the Trade Group of the MFSC has been scheduled where these feedbacks will be discussed.

The document ***Protocol to be Followed in Handling Grain Quality Disputes*** will also be discussed for implementation in the grains industry.

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