



Week ending 9 November 2018

Election of Chairperson and Vice-Chairperson

As is customary, the election of the SACOTA Chairperson and Vice-Chairperson takes place at the first meeting of the Board of Directors after the Annual General Meeting. Konrad Keyser was re-elected as Chairperson and Machiel Jacobsz was elected as Vice-Chairperson at the Board meeting held on 8 November 2018.

Budget for 2018/19

The Board of Directors formally approved the budget for 2018/19 at its meeting held on 8 November 2018. Invoices for membership fees, based on the new funding model as approved by the Annual General Meeting on 10 October 2018, will be sent out to members in due course. Members are urged to pay their membership fees as soon as possible.

Revival of the wheat industry

At a meeting of the Wheat Forum held on 31 October 2018, the following was decided regarding initiatives to revive the wheat industry:

The Trade Group of the Wheat Forum Steering Committee (WFSC) should reconvene to discuss possible alternatives to the current wheat import tariff system taking into account the time period for publishing an adjustment in the import tariff and the uncertainty the current system creates in the trading environment.

Regarding grading regulations the following was agreed on for implementation from 1 October 2019:

- Super grade – minimum 12,5% protein (+ 2% price differential)
- B1 grade – minimum 11,5% protein (Zero base)
- B2 grade – minimum 10,5% protein (- 1% price differential)
- B3 grade – minimum 9,5% protein (- 4% price differential)

- Minimum hectolitre mass of 76 kg/hl for Super grade, B1 and B2 and 74 kg/hl for B3.

- Minimum falling number of 250 seconds (with 30 seconds tolerance) for all grades.

The Winter Cereal Trust (WCT) made funds available for an investigation for the review or abolishment of the current BLNS Rebate System. The current system provides that all income derived from import tariffs be divided amongst the BLSN countries. BLNS countries can import wheat cheaper than South Africa and subsequently sell wheat flour cheaper in the RSA than local millers, which leave local millers at a price disadvantage.

It was also decided that the Trade Group of the WFSC should reconvene to discuss the origin discount on foreign wheat deliveries on SAFEX wheat futures contracts.

The WCT approved funding for SAGIS to make system changes to report intended imports and exports of wheat. An application for an amendment to the current statutory measure to accommodate this will be made to the National Agricultural Marketing Council.

EU duty free imports of wheat

The wheat industry is of the opinion that the allocation of duty free imports of wheat should be based on minimum market access instead of the current first come first served basis. It is however unlikely that this will be implemented soon as the total EPA agreement will need to be re-negotiated in order to achieve this. SARS will be notified that Baltic countries are also part of the EU and should be taken into account when the allocation of duty free wheat imports are done.

JSE Matters

A meeting will be arranged by AFMA to finalise the proposed soya meal and sunflower seed oilcake futures contracts. The only outstanding matter to address is physical delivery requirements for the underlying commodity as settlement of the futures contract.

The JSE held a workshop on 31 October 2018 to discuss the implementation of a Commitment of Traders report similar to the US Commodity Futures Trading Commission (CFTC). The JSE will draw up a proposal in this regard and circulate to industry for comment.

The JSE has requested Professor Matt Roberts from the USA to do a review of the relevance of location differentials in the South African market as well looking at the way the differentials are calculated. It is envisaged that engagements between Professor Roberts and industry role players will take place end Jan/ beginning February 2019 to address this matter. The SACOTA Board of Directors has decided at its meeting held on 8 November 2018 that a document outlining the advantages and disadvantages of location differentials should be drafted, but that SACOTA should take a neutral stance on this matter. The document will be finalised and circulated to members for comment.

The JSE is currently addressing position limits for all agricultural commodities traded on the JSE. A position paper on this matter is expected at the end of November 2018.

International Grains Trade Coalition (IGTC)

The SACOTA Chairperson, Konrad Keyser, will represent SACOTA at the General Assembly of the IGTC which will be held from 26 to 29 November 2018 in Beijing, China.

Namibia – GMO Regulations

SACOTA has taken note that Namibia has published stringent Biosafety regulations that could seriously impact on imports of GMO grains and oilseeds from South Africa. The SACOTA Board of Directors has decided that this is a Namibian domestic matter and that SACOTA should not get involved in trying to resolve this matter.

AgriBEE Sector Code

As was decided at the Annual General Meeting, SACOTA has approached the Agricultural Business Chamber to investigate if an AgriBEE Sector Code for the grains and oilseeds trading industry can be developed where Enterprise and Supplier Development Contributions are recognised as a percentage of annual Net Profit after Tax (NPAT) instead of turnover. SACOTA will keep members informed of outcomes on this matter.