

## GRAIN COMMODITY PASSPORT SYSTEM

The main reason for introducing the Grain Commodity Passport system for the entire value chain, from producer to processor, is to comply with food safety regulations.

- It will also assure SACOTA members that grains will comply with food safety regulations in contracting with processors.
- The amended simplified passport system for adoption at industry level acknowledges compliance with existing regulatory frameworks has been deliberated by the industry.
- The focus of the passport system is that it should be based on due diligence – monitoring programs in place rather than testing of each consignment released (Based on a certificate of conformance (COC), rather than a certificate of analyses (COA).
- Implementing a phase-in approach that takes cognisance of practical realities affecting the industry, e.g., existing industry dispensations, was proposed.
- The dispensation was given to Grain SA only applies to exports of maize.
- The storage providers are reluctant to take part in the process.
- AFMA and the Chamber of Milling indicated that if the producers and storage provider are not willing to participate in the process, they will enforce it on to them.
- The grains and oilseeds industry should also be careful against Leaf Services if they cannot voluntarily take part in a food safety system.
- The provisions of the Consumer Protection Act should also be considered.
- AFMA and SACOTA will engage with Grain SA to convince them to participate in the process actively.

## Protocol to be followed in handling grain quality disputes

- The purpose of this protocol is to address disputes that cannot be resolved without the assistance of an approved independent arbiter. The document only applies to address disputes when the quality that the processor receives differs from the quality as agreed to between the seller and the buyer. It does not apply to general sampling and grading.
- An important recommendation included in the final document is that only the double pneumatic sampling device tested by the SAGL is to be used in grain disputes.
- The industry is waiting for final feedback from Agbiz Grain in this regard. Suppose they are satisfied with the final document. In that case, it can be sent to the Trade Group of the Maize Forum Steering Committee for ratification and then to the Maize Forum Steering Committee for Formal approval.
- It will also be investigated if this document can be registered as a SAGAS (SA Grain Arbitration Services) type document with the AFSA (Arbitration Foundation of SA).





## MAIZE EXPORT PROGRAM

SACOTA has contacted Transnet to discuss the 2021/2022 export program. The discussion will focus on the availability of rail wagons, locomotives, unplanned maintenance, and turnaround time in the ports. We have not received feedback from Transnet for a suitable date in this regard.

## MAIZE EXPORTS TO CHINA

This is to inform SACOTA members of the processes to be followed for registration as an exporter of maize to China:

- There is usually a short period for registration for traders/exporters to export maize to China. It usually opens during October of a specific year and closes in early December.
- First, production units need to apply for phytosanitary registration. This entails the following:
  - Only maize produced on a registered production unit may be sourced for exports to China.
  - Consignments shall be free from any of the listed quarantine organisms that pose a phytosanitary risk to China.
- Only DALRRD and PPECB approved Grain Storage Facilities/Silos must be utilised to handle and store maize.
- Only maize from the approved production unit(s) (PUC) shall be allowed for export.
- DALRRD approved and as inspected by the PPECB Grain Storage facilities need be registered for the export of maize.
- Traders/Exporters need to apply for phytosanitary registration with DALRRD
- Since the exports of both maize and soybeans are done under a protocol system and not a permit system, SACOTA will engage with the Grains and Oilseeds Trade Forum to see to what extent we can also ensure the exports of soybeans to China.

## LEAF SERVICES

Both SACOTA and AFMA indicated their disappointment with Leaf Services' appointment as assignee on behalf of the Department of Agriculture, Land Reform and Rural Development to do domestic inspections on the quality of domestic produced grains and oilseeds and imported grains and oilseeds.

SACOTA have requested the acting DDG, Mr Mooketsa Ramasodi, for an audience to discuss the process going forward, specifically on the practical and roll-out implications.

## Acquisition and utilisation per grade

**SACOTA requested the different grains and oilseeds forums to consider that SAGIS also publish the acquisition and utilisation of grains and oilseeds per grade.**

- The request arose during March/April/May this year when there was uncertainty or misconceptions around the quality (grades) and stock levels of maize.
- After a meeting between Agbiz Grain and SACOTA, it was decided to recommend that stock levels should also be reported by grade.
- The Trade Group decided to recommend that due to complexities with, for instance, wheat (and imported wheat) that SAGIS should start with the reporting of this information on maize from the start of the 2021/22 marketing year.
- The industry met on the 5th of March 2021 with SAGIS to discuss the process going forward:
  - SAGIS indicated that their current mandate only allows for the reporting of quantities and not qualities.
  - It was decided that the industry will start with a voluntary process to report the acquisition of grains and oilseeds.
  - It was decided that ending stocks should also be reported voluntarily.
  - Storage provider should consider reporting on book stock levels.
  - It was decided not to include processing figures in this exercise.
  - The PPECB can verify maize exports.

# OUT LOADING ISSUES AT STORAGE PROVIDERS

SACOTA members have identified certain issues regarding the out loading of grain at storage providers.

SACOTA has requested Agbiz Grain to provide dates to suit their Management Committee for a meeting with SACOTA. Storage providers each have their own system to book slots (road and/or rail). One of the discussion aims is if this process/methodology cannot be streamlined between storage providers.



## DATES OF NEXT MEETINGS

The following meetings are scheduled for the rest of 2021:

### SACOTA Board of Directors

- 24 June 2021
- 26 August 2021
- 14 October 2021
- 25 November 2021

### SACOTA Trade Committee

- 27 May 2021
- 9 September 2021
- 11 November 2021

### SACOTA Annual General Meeting – 14 October 2021

- Closed session – 13:00
- Open session – 14:00

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## JSE MATTERS

### SOY MEAL AND SUNFLOWER OILCAKE FUTURES CONTRACT

The market hamstrings the progress of these products to progress further. We need the collaboration of the Crushers to come on board. There is no consensus from the market at this stage, especially the Crushers, as they have different perspectives or views, so the JSE cannot do anything unless the participants come to the party in any effect.

### STRUCTURE OF ADVISORY COMMITTEE

The JSE is busy reviewing the structure. We are looking at the reasonable composition of 10 to 15 members invited based on expertise, but of course, acknowledging the industry associations' role. We will not rush the structural changes since meetings are taking place virtually. However, we will work on the changes and ultimately notify the committee members. For the remainder of this year, the meetings' structure will continue as it is until further notice.

### COMMODITY MARKETPLACE

The JSE has been busy exploring the possibility of creating a spot market platform in the physical grain market. The JSE has been exploring platforms and had demonstrations from a couple of interested parties in providing the platform. The JSE will, however, give more details once there is a direction where it is headed.

### LOCATION DIFFERENTIALS WORKSHOP

JSE will be hosting a virtual location differentials workshop on the 15th of April 2021. This workshop aims to dissect the formula, models, and inputs that JSE uses to determine the differentials.