

DEPARTMENT OF AGRICULTURE, LAND REFORM AND RURAL DEVELOPMENT

NOTICE 906 OF 2022



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APPLICATION FOR AN AMENDMENT TO A STATUTORY MEASURE IMPLEMENTED IN TERMS OF THE MARKETING OF AGRICULTURAL PRODUCTS ACT, 1996, (ACT NO 47 OF 1996), (MAP ACT) AS AMENDED

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**INVITATION TO DIRECTLY AFFECTED GROUPS IN THE WHEAT INDUSTRY
TO COMMENT ON THE REQUEST FROM THE WHEAT FORUM
FOR THE AMENDMENT OF THE EXISTING STATUTORY MEASURE RELATING TO
WEEKLY RECORDS AND RETURNS IN RESPECT OF
IMPORT AND EXPORT INTENTIONS OF MAIZE, TO INCLUDE WHEAT**

It is hereby made known that, in terms of section 10 of the Marketing of Agricultural Products Act, 1996 (Act No. 47 of 1996) (MAP Act), the Minister of Agriculture, Land Reform and Rural Development received a request from the Wheat Forum for certain amendments to a statutory measure.

In the Wheat Forum's letter dated 15 March 2022, approval is requested that the existing statutory measure in respect of the weekly declarations to the SA Grain Information Service (SAGIS) on **intentions to import or export** maize, eight weeks prior to the date on which the vessel transporting these products arrive or depart from South Africa, be amended **to include wheat**.

The statutory measure to be amended will expire on 30 April 2024, as published in Government Notice No. R.605 of 4 June 2008, as amended by Government Notices No's. R.826 of 7 October 2011, R.68 of 29 January 2016, R.503 of 18 May 2018 and R.1548 of 29 November 2019.

The amendment to the statutory measure relates to wheat.

The categories of directly affected groups, which would probably be affected by the establishment of the proposed statutory measure, are those groups of persons who are party to the import and export of wheat.

The support for the proposed statutory measure on wheat by the different categories of directly affected groups in the wheat industry, as represented on the Wheat Forum, is evidenced by a unanimous resolution adopted in this regard by the Forum.

The proposed amendment to the statutory measure will apply to the whole of the Republic of South Africa in order to have a uniform information system without discrimination or disparity.

Motivation by the applicants:

South Africa declares actual import and export data on a statutory and historical basis, which has proven to be very successful. However, there is a need to stipulate exports or imports that have already been contracted and are designated to and from South Africa, which information is not currently being reported on. Previously, various stakeholders agreed that import and export reporting will take place on a voluntary basis to the Supply and Demand Estimates Committee of the National Agricultural Marketing Council (NAMC). This process, unfortunately, does not facilitate free market functionality as it focuses only on the end of the marketing year and also does not include all the role-players to provide the information. Continued progressive reporting of contracting is furthermore not timely, which is highly important for the market to react on trade contracts and the implications in terms of changes in supply and demand. This information will not just assist the market to react, but would also assist in terms of policy governance.

According to the Wheat Forum, South Africa has an urgent need to ascertain trade intention information in the market. The following challenges were experienced during the past season and in the current circumstances, within the international market:

1. Congestion was rife at the ports with large quantities of wheat that was imported and large quantities of maize that was exported. This created difficulty for infrastructure and market players to cope and created a lot of uncertainty and inefficiencies in the market.
2. There were also challenges in delivering the local crop to specific processing plants in harvesting time due to the concentration of large imports. If knowledge of the intended imports were available to the broader market eight weeks in advance, the marketplace and infrastructure could adjust accordingly.
3. Slots at the harbours for the export of soybeans had to be cancelled due to the concentration of maize and wheat trade over the period.
4. Current uncertainty due to the military actions between Russia and Ukraine raised various questions in the market. By publishing the intended imports and exports the market would have clearer answers to these questions, for example "Will South Africa have sufficient imports to satisfy the local demand?"
5. Proper market information will eliminate panic in market prices driven by consumer uncertainty, will assist with timeous reactions and remedies, and will also assist the Supply and Demand Estimates Committee with their projections.
6. Currently only limited role-players have sufficient market information. This is regarded as uncompetitive in comparison to the rest of the market. It is very important to provide the whole value chain with the same information.

The current reporting by SAGIS on import and export intentions in the maize market proved that, if the correct methodology is used, the information is beneficial to the whole market without declaring individual market positions. Maize import and export intentions are

reported eight weeks in advance. SAGIS also reports the corrections if any changes took place in the logistical process. SAGIS only reports aggregated figures, although they receive detailed information.

Industry role-players are of the opinion that this request is in the interest of the entire industry and to the benefit of the public at large. It has been proven with the reporting of maize intentions that the information can be provided effectively within competition law compliance. The market is currently regarding this information as highly valuable as it will assist the industry to facilitate trade and market actions effectively.

Invitation for comments:

As the proposed amendment to the existing statutory measure is consistent with the objectives of the MAP Act, the NAMC is investigating the possible implementation of the proposed amendment, in order to make a recommendation to the Minister.

Directly affected groups in the wheat industry are kindly requested to submit comments or objections regarding the proposed amendment to the NAMC in writing (e-mail to lizettem@namc.co.za) on or before 8 April 2022, to enable the Council to formulate its recommendation to the Minister in this regard.