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National Agricultural Marketing Council

Promoting market access for South African agriculture

APPLICATION FOR AN AMENDMENT TO STATUTORY MEASURES 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 MAIZE AND WHEAT INDUSTRIES TO FORWARD COMMENTS REGARDING THE REQUEST FROM GRAIN SA FOR THE AMENDMENT OF THE EXISTING STATUTORY MEASURES RELATING TO RECORDS AND RETURNS IN RESPECT OF IMPORTS AND EXPORTS OF MAIZE AND WHEAT

The current statutory measures in terms of Section 18 of the MAP Act, administered by the South African Grain Information Service (SAGIS), include the following:

Records and weekly returns on maize and/or wheat imports and/or exports:

Each end-consumer, importer, storer, exporter and processor of maize and/or wheat shall keep complete records for each week (Saturday to Friday) in respect of maize and/or wheat imported or exported by him, and submit to SAGIS an accurate return in respect of physical exports and imports that realised during the past week. These shall also include any person, e.g. a producer, agent, trader, transporter etc. who acts in the capacity of the aforementioned persons.

This statutory measure was implemented on 4 June 2008, continued on 9 September 2011 to lapse on 30 April 2016, and on 25 November 2015, the Minister again approved the continuation of the statutory measures, to lapse on 30 April 2020.

Although actual and physical imports and exports are hereby weekly recorded by SAGIS, intentions to trade and future stock movements that are already contracted, are not included.

On 6 March 2017, the National Agricultural Marketing Council (NAMC) received a request from Grain SA for the amendment of the existing statutory measures, namely to include the 'weekly declaration of import and export contracts booked for and from South Africa'.

MOTIVATION BY THE APPLICANT:

South Africa declares import and export data on a statutory and historical basis and it is working very well. We do however have a gap in our grain information system, being that the local data declared does not stipulate exports or imports that have already been contracted and designated for and from South Africa. Previously, various stakeholders agreed that the import and export reporting will take place by providing voluntary information to the Supply and Demand Estimates Committee of the NAMC. However, this process does not facilitate free market functionality, since this reporting is only for the end of the marketing year period while not all the relevant role players are providing the information. Continued progressive reporting of contracting is not timely and is of high importance in order for the market to react on trade contracts and the implications in terms of changes in supply and demand. This will not only assist the market to react on a free market basis, but would also assist in terms of policy governance. Last year, due to the drought, large imports

were needed and government was under pressure to make decisions regarding trade regulations. Unfortunately, not all the information regarding possible imports was available and that made the decisions very difficult and prolonged the whole process. The uncertainty regarding trade possibilities created a lot of confusion in the market as well.

The information to be obtained with the proposed amendment of the existing statutory measure can also assist the South African Revenue Services (SARS) as well as SAGIS in terms of audits of trade figures. This kind of information is crucial for food security purposes. Due to the fact that in time progressive reporting of trade is not available, the risk in a surplus year is that the country can export too much which will have a direct impact on food prices. If the information is available the market can facilitate the process of price movements, which is a direct function of a free market system. All of this information is available, but only to a few big traders and port elevator owners. The withholding of this information from the rest of the market is uncompetitive in nature and not in the public interest.

For example, in the 2011/12 and 2013/14 maize marketing years total exports were above average but the ending stocks were also below average, which indicated that too much exports took place for that marketing years and that the free market did not facilitate the process, as a result of the absence of information on booked exports (but not physically shipped). In terms of wheat this was a similar case for imports within the 2015/16 marketing season, where there were above average imports as well as above average ending stocks levels.

The objective of this request for the amendment of statutory measures relating to import and export information is to stabilise the grains and oilseeds markets by reducing price volatility by disseminating correct, timely and transparent information to all market participants.

INVITATION FOR COMMENTS:

As the proposed amendment to existing statutory measures 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 maize and wheat industries are kindly requested to submit comments or objections regarding the proposed amendment to the NAMC in writing (fax 012 341 1911 or e-mail lizettem@namc.co.za) on or before 7 April 2017, to enable the Council to formulate its recommendation to the Minister in this regard.