



“Working Together to Make Trade Work”

NAEGA MAP Trip Report – SACOTA Annual Meeting - Pretoria, South Africa October 9-12, 2018

Names of Travelers:

Katy Lee, Secretariat, International Grain Trade Coalition - IGTC

Dates of Travel: October 9-12, 2018

Purpose of Travel:

Consistent with advancing NAEGA UES objectives, Katy Lee, Secretariat of the International Grain Trade Coalition (IGTC) travelled to Pretoria, South Africa on October 9-12, 2018. In South Africa, Ms. Lee supported NAEGA objectives focused on support and engagement with the IGTC through her attendance at meetings with the South African Cereals and Oilseeds Trade Association (SACOTA) on October 10 and 11. The main activities included:

- The South African Cereals and Oilseeds Trade Association’s (SACOTA) annual general meeting on October 10.
- A presentation to SACOTA on the work of the IGTC, the potential for further collaboration and the potential for funding to implement the projects being driven by the IGTC.
- Attending a meeting with the South African Department of Agriculture and selected government officials on October 11. During this meeting, Ms. Lee will present the IGTC’s work on a number of issues, such as the implementation of electronic phytosanitary certificates and the Cartagena Biosafety Protocol.
- Meetings with the U.S. Department of Agriculture’s Foreign Agricultural Service on October 11 to discuss IGTC policy files and objectives.

Summary of accomplishments

1. SACOTA Annual General Meeting (AGM), October 10

SACOTA’s AGM was held in Pretoria and included strong participation from its members across the country. Traders, millers and other agri-business representatives involved in the grain trade travelled to attend the event. An annual report was provided, giving details about SACOTA’s activities over the past 12 months, as well as its financial situation and the election of its Directors.

The SACOTA Chairman’s report focused on South Africa’s role in total global grain supply and demand, in a context where the supply of major cereals during the last 10 years has exceeded demand and stocks have been high, however total production in 2018/19 will be down by around 29 million ton on the previous year owing to adverse weather conditions and increased demand.

South Africa’s cereals exports increased in value by 19 per cent from 2016 to 2017, with the largest importer being Kenya. Exports of maize, particularly yellow maize, have increased, going mainly to Asian countries. South Africa’s crushing capacity, both for sunflower and soya beans, is estimated at 2.5 million tons.



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Highlights from the report on the domestic situation in South Africa are as follows:

- **Maize:** Maize prices are still impacted by the severe drought in 2015 and 2016. In 2017, the area devoted to white maize production expanded by more than 60 per cent owing to high price premiums. During the 2017/18 marketing season, 2.3 million tons of maize were exported, of this 1.5 million tons were yellow maize, of which 1.3 million tons were exported to Italy, Japan, South Korea, Taiwan and Vietnam. White maize exports for the same period amounted to 810,000 tons.
- **Wheat:** The projections for production in 2018/19 is on par with the 10 year average, with estimated imports of 1.4 million tons to satisfy domestic demand. South Africa’s wheat yields are strong in comparison to other wheat producing countries however it is expected that the country will remain a net importer for the foreseeable future.
- **Soya beans:** Planted areas have been increasing strongly since the 2009/10 production season and this rapid expansion is put down to better profitability of soya beans than other crops. It is expected that a total of 500 tons will be available for export in the 2018/19 marketing season. Total demand in South Africa is expected to be 1.2 million tons, including 23,000 tons processed for human consumption and 1 million tons for crush oil.
- **Sunflower seed:** The total supply of sunflower seed is projected at 1.02 million tons for the 2018/19 marketing season. The total demand (domestic plus exports) is projected at 913,600 tons.

IGTC was given a privileged position by SACOTA at its AGM. IGTC received positive attention from senior grain trade representatives in South Africa, which in turn led to engagement and interest from the wider SACOTA membership. The IGTC Secretariat was asked to provide a key note speech at the end of the AGM, during which Ms. Lee provided details about upcoming grain trade priorities, as well as calling for feedback from SACOTA members.

SACOTA members were very engaged and informed about IGTC policy areas of work, and provided the following perspectives, among others:

- **Cartagena Biosafety Protocol (CBP):** In South Africa, SACOTA has organized a legal opinion regarding the implementation of the CBP. The legal opinion states that exports of Living Modified Organisms (LMOs) for FFP falls outside of the scope of South Africa’s GMO Act owing to the lack of clarity on what constitutes “activity” in the Act. The legal opinion states that South Africa is bound to implement the CBP as a signatory of the Protocol, and therefore should abide by the procedures on export of LMOs intended for FFP. The export procedures for direct use of LMOs intended for FFP are simplified and differ from procedures identified for LMOs destined for other uses. The legal opinion proposes that a Standard Operating Procedure (SoP) be developed to guide exporters.
- **Maximum Residue Limits of crop protection products (MRLs):** SACOTA has been working specifically on mycotoxin and pesticide residues and has sought legal advice to support traders in their compliance practices. At present, SACOTA members may be held criminally liable for contravention of the Foodstuffs, Cosmetics, and Disinfectants Act if the mycotoxin/CPP residues exceed proscribed tolerances. SACOTA’s recommendation is



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that its members call on the Silo industry, and other persons they purchase from, to provide guarantees that they fully comply with relevant laws.

- Global low level presence initiative (GLI): SACOTA and industry partners support the ongoing engagement of the South African Ministry of Agriculture in this initiative and felt it was important to maintain an active voice for their country.

SACOTA Directors were applauded for their work and their representation of SACOTA in a number of organizations with very demanding schedules for the volunteers. These organizations include, among others: Oilseeds and Protein Seeds Development Trust, Oilseeds Advisory Committee, Sorghum Trust, Maize Forum, Wheat Forum and the JSE Agricultural Advisory Committee.

2. SACOTA and IGTC joint briefing session for the South African Ministry of Agriculture officials, industry partners and SACOTA members, October 11

SACOTA and IGTC led a morning panel session for a wide range of government and industry partners, going through IGTC priorities one-by-one. A summary of the main points communicated is as follows:

- Low Level Presence: The accommodation of safety-assessed GM events in the supply chain is one of the longest standing issues under discussion at the IGTC. Grain trade experts are working together to achieve a market and regulatory environment supportive of trade that avoids disruptions in the international trade of grain, oilseeds, pulses and derived products, via work with global governments and value chain partners. One such example is the advice provided by the IGTC to the Global Low Level Presence Initiative (GLI), a coalition of 15 like-minded governments working together to find trade facilitative solutions on LLP issues.

Thanks to the presence of a South African Ministry of Agriculture official at the event on October 10, both IGTC and SACOTA were able to gather more information about South Africa’s engagement in the GLI, and whether the government is likely to support the initiatives on “practical approaches” that are being developed since the agreement of the international statement on LLP. From the grain trade’s perspective, it will be important for governments to think more about practical measures that can facilitate trade, rather than more abstract conversations about risk assessment.

- Plant breeding innovation: Plant breeding innovation, like trade of the products it enhances, makes an important contribution to contemporary food security challenges such as the need to provide more food and energy for an ever-growing population in a sustainable fashion, using less land, water and resources in a changing climate. Grain trade leaders have agreed on an IGTC policy document which is being used to support national, regional and global discussions and focusses on three key pillars: i) product safety ii) regulatory coherence and iii) education and information sharing across the value chain.
- Cartagena Biosafety Protocol: The COP-MOP 9 meetings on the Cartagena Biosafety Protocol (CBP) in Egypt in November 2018 would be a milestone moment for the founding issue of the IGTC. The South African Ministry of Agriculture officials were thanked for



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their support and persistence at the previous COP-MOP 8 meeting in November 2016 on issues such as risk assessment, synthetic biology and unintentional transboundary movement of LMOs.

- Maximum Residue Levels of crop protection products: MRLs are a growing cause of trade disruption for grains, oilseeds and agri-bulks. Barriers created by inconsistent, unjustified and unevenly applied MRLs create risk and can have negative consequences for farmers, exporters, importers and consumers. There has been increasing demand for a global collaborative effort to tackle this issue and create an environment that is more supportive of trade. Grain trade experts have shared their experiences via the IGTC’s 2017-18 international survey on MRLs, and are seeking to use the IGTC’s unique position as a global association to deliver actions that avoid disruptions to trade in the short and long term.
- ISPM for grain and phytosanitary control measures: The grain trade convenes significant representation and expertise at IGTC to share knowledge on issues such as pest risk analysis; availability of international guidance and pest lists; measures to mitigate pest risks along the value chain; and actions specific to individual exporting and importing countries. The grain trade has been in a position to provide advice to governments on the impacts of policy decisions on commercial requirements and economics of the world's food, feed and processing industries in this regard. Specific outreach has been targeted via participation in the International Plant Protection Convention’s efforts to establish an International Standard for Phytosanitary Measures (ISPM) on grain. Communication has been conducted in capitals around the world, including in Asia.
- Electronic trading documentation: Grain trade leaders are working together at the IGTC to implement communication activities on the digitization of documents necessary to carry out transboundary exchanges of grains, oilseeds, pulses and other agri-bulks. The grain trade is also exploring new tools to convey the evolution of industry innovation and uptake of electronic trade documentation. Some of these initiatives rely on cooperation with governments, such as the pilot project on electronic phytosanitary certificates (ePhyts) that is being led by the International Plant Protection Convention (IPPC).

3. SACOTA, AFMA and IGTC meeting with USDA FAS, October 11

FAS Minister Counselor Jim Higgiston and his team were invited to a meeting with the following grain trade representatives:

- De Wet Boshoff, Executive Director, South African Animal Feed Manufacturers’ Association (AFMA)
- Dirk Kok, Secretariat, SACOTA
- Katy Lee, Secretariat, IGTC

During the meeting, South African issues were discussed, including the work of AFMA and its six committees that are convened on the following issues: trade, technical matters, marketing and promotion, skills development, regulatory matters and information. As an overarching objective, the Executive Director of AFMA is calling for recognition of three key principles for a prosperous



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and sustainable animal feed industry in South Africa: i) self-regulation ii) modernizing legislation iii) co-governance.

SACOTA initiatives at national level were also communicated e.g. the revival of the wheat industry, the standardization of handling and storage contracts, maize grading regulations, and export specifications.

Finally, the group found it relevant to discuss the broader, global context and actions of multilateral venues such as the UN Food and Agriculture Organization (FAO) and the World Trade Organization (WTO).

RECOMMENDATIONS:

1. IGTC should work closely with SACOTA in the run-up to the COP-MOP meetings in November in Egypt, leveraging the leadership role of the South African Ministry of Agriculture in discussions on the Cartagena Biosafety Protocol and the international movement of Living Modified Organisms (LMOs).
2. The IGTC should conduct targeted outreach effort with South African government and industry officials in the run-up to COP-MOP 9 in Egypt in November 2018:
 - SACOTA to send IGTC communications to the South African Ministry of Agriculture, asking for feedback and guidance
 - IGTC to coordinate work with AfricaBIO and other Global Industry Coalition (GIC) members
 - A briefing session after COP-MOP 9 should be coordinated with the South African government
3. IGTC Secretariat should follow up with industry colleagues in South Africa, namely AfricaBIO, on LLP, the CBP, and the recent government-to-government meeting on agricultural applications of precision biotechnology.
4. IGTC should make it clear in all future communication that its work on “LLP” refers to safety-approved GMOs. For grain trade professionals working outside of IGTC, LLP may refer to any number of matters, for example soil presence, broken corn kernels, etc.
5. NAEGA to follow up with USDA FAS post in Pretoria to determine if any other information is needed regarding the activities of NAEGA, IGTC, SACOTA or AFMA.
6. Website and newsletter articles to be published regarding the South Africa visit.
7. IGTC to thank SACOTA for the publication and visibility of IGTC and its logo in SACOTA’s own materials. Other member associations should be encouraged to do the same.

ATTACHMENTS:

- *Agenda of SACOTA Annual General Meeting, October 10, 2018*
- *Presentation given by IGTC on October 10, 2018*