

MEDIA RELEASE

THE WHEAT FORUM

EFFORTS TO REVIVE THE SOUTH AFRICAN WHEAT INDUSTRY

It is well-known that, for a number of reasons, the production of wheat in South Africa has diminished sharply over the past few years. The country is traditionally a net importer of wheat, but imports, for the first time in recent history, exceeded the local production of wheat in 2014.

All the role-players in the wheat industry are proactively working together in an effort to revive the industry. Several industry meetings have been held to identify possible solutions that could be implemented to reverse the trend and to rebuild the wheat industry.

Mr. Allan Bishop, Chairperson of the Wheat Forum, announced that: "Several proposals are currently being considered in an effort to increase the production of local wheat. Good progress is being made with possible amendments to the grading regulations for wheat and the release criteria for wheat cultivars, but consensus has not yet been reached with regard to all the proposed aspects."

The Steering Committee of the Wheat Forum and the Technical Committee of the Winter Cereal Trust have been tasked to give further consideration to the proposals. The industry regards these matters as urgent and follow-up meetings will soon be held.

Mr. Bishop says: "Some of the proposals will probably require legal advice and clearance from the Competition Commission before they could be considered for implementation. The relevant committees, however, are giving serious attention to these matters and it is believed that practical and effective solutions for the current predicament of the wheat industry will soon be found."

The JSE has held back on the listing of the new marketing season wheat expiries, affording wheat industry participants time to explore the various changes in the wheat market. However, with the increasing demand by market participants to be able to hedge their price risk out to December 2015, as well as the fact that the Wheat Forum could not reach agreement on the proposals as presented, the JSE will introduce the new marketing season expiries and continue to trade 12% bread milling wheat as the reference grade. Should the industry reach consensus on the various proposals and support a separate futures contract, which encapsulates the proposed changes, such a contract would be introduced later in the year. This separate futures contract will provide the market with a transparent platform for price discovery as regards the difference in pricing between the two underlying contract specifications.

Mr. Bishop states that “The entire industry is *ad idem* on the importance of finding solutions in order to revive the wheat industry and it is encouraging to see the initial co-operation between role-players to achieve this.”

End

Issued by: *The Wheat Forum*
Date: *27 February 2015*

Contact details: *The Administrators*
 L&L Agricultural Services

Tel: *(012) 807-3958/4191*
Fax: *(012) 349-8707*
e-mail: *l-lagric@mweb.co.za*