



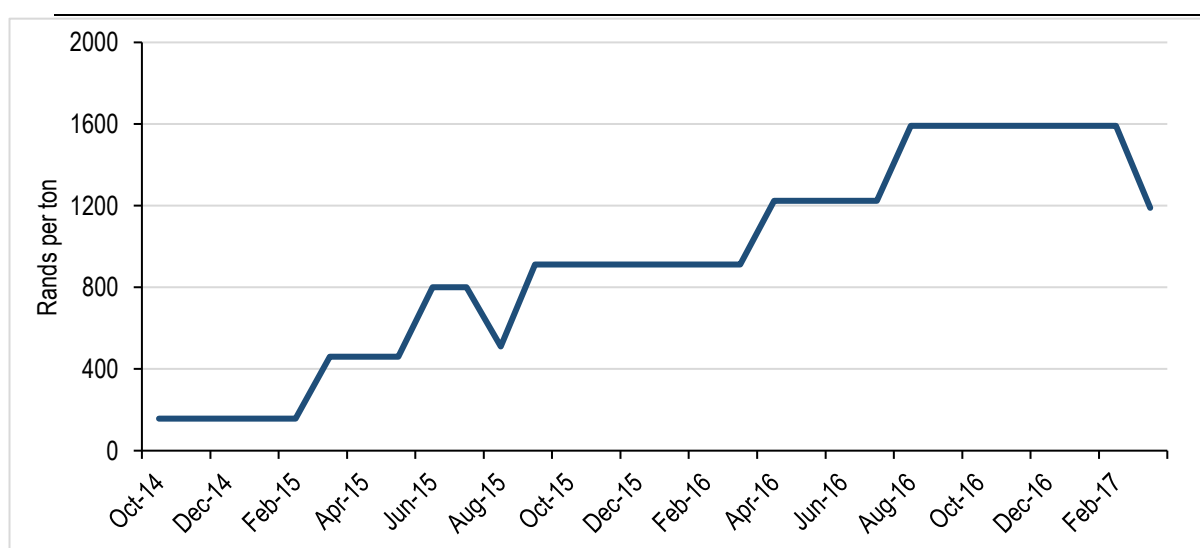
31 March 2017

## UPDATE: SA's wheat import tariff revised down

*South Africa's wheat import tariff has been revised down to R1 190.19 per tonne, which is a 25% decline from the rate of R1 591.40 per tonne. This new duty was calculated on the 09 February 2017 following an upsurge of the international wheat prices but only published in the Government Gazette to make it official this morning.*

- The adjustments in the wheat import tariff are satisfied when the international wheat price (US No.2 HRW) deviates from the *base price* by more than US\$10 per tonne for three consecutive weeks. From 17 January to 07 February, the international wheat prices consistently traded above US\$205 per tonne, making a deviation of US\$10 per tonne above the *base price* of then US\$193 per tonne. Thus, leading to a downward revision of the tariff.
- During this period the international wheat prices were supported by fears of extremely cold temperatures in most parts of Europe and the Black Sea region. However, conditions have since improved significantly and global wheat production for the 2016/17 season is estimated at 754 million tonnes, which is 2% higher than the previous season. Moreover, global ending stocks are estimated at 239 million tonnes, which is 7% higher than the previous year.
- From the price perspective, in the week ending 28 March 2017, the international wheat prices traded at levels around US\$191 per tonne.
- Meanwhile, there is an ongoing review of import tariffs by the National Treasury, with the outcome expected at any moment.

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**Chart 1: South African wheat import tariff**

Source: SAGIS, Agbiz Research

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