
ANNEXURE A

Mr Parks Tau

Minister of Trade, Industry and Competition
Private Bag X84
PRETORIA
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Dear Minister

MINUTE M12/2024: INCREASE IN THE RATES OF CUSTOMS DUTY ON WHEAT AND WHEATEN FLOUR IN TERMS OF THE EXISTING VARIABLE TARIFF FORMULA

In terms of the reviewed and approved variable tariff formula for wheat, the customs duty on wheat is calculated as the difference between the domestic reference price for wheat of US\$279.00/ton and the current 3-week moving average US No. 2 HRW (ord) Gulf settlement price for wheat. Adjustments to the level of protection are effected when the difference between the current 3-week moving average price and the 3-week moving average price on which the last duty triggered was calculated, amounts to more than US\$10/ton for 3 consecutive weeks. The resulting Dollar duty will be converted to Rand, based on the Rand/Dollar exchange rate prevailing on the day that the adjustment is triggered and subsequently adjusted with the latest available Real Effective Exchange Rate Index, as published by the South African Reserve Bank.

The International Trade Administration Commission of South Africa ("ITAC") considers adjustments in the customs duty on wheat, once the conditions for adjustment, as described above, are met.

Wheat pricing information, confirmed by the South African Grain Information Service (“SAGIS”), indicated that conditions for an upward adjustment in the customs duty were met on 03 December 2024, when the 3-week moving average of the US No. 2 HRW (ord) Gulf settlement price for wheat triggered an adjustment at US\$251.67/ton. The corresponding Rand/US Dollar (R/US\$) exchange rate was R18.0760 to US\$1.00. If the domestic reference price, the 3-week moving average Gulf Settlement price, the R/US\$ exchange rate on 03 December 2024 and the latest available Real Effective Exchange Rate (“REER”)¹ are applied to the formula, the customs duty on wheat needs to be adjusted upwards from the recommended reduced level of 18.35c/kg, as set out in ITAC Minute No. M09/2024, which is currently subject to a decision by the Minister of Trade, Industry and Competition, to 54.95c/kg.

As the customs duty on wheaten flour is set in the form of a specific duty at the level of 150% of the rate applicable to wheat, the customs duty on wheaten flour also needs to be similarly increased from the recommended reduced level of 27.52c/kg to 82.42c/kg.

In light of the above, ITAC hereby recommends that the rate of customs duties on wheat and wheaten flour, classifiable under tariff headings 1001.9 and 1101.00, be increased from 18.35c/kg and 27.52c/kg, if approved and subsequently implemented by the South African Revenue Service, to 54.95c/kg and 82.42c/kg, respectively.

Yours sincerely



Ayabonga Cawe
Chief Commissioner
Date: 11 December 2024

¹ The REER is a lagging indicator, currently being 111.22 for September 2024, as published by the South African Reserve Bank (<https://www.resbank.co.za/en/home/what-we-do/statistics/releases/selected-statistics>).