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The Chief Commissioner ITAC
Dti Campus (BLOCK E)
77 Meintjies Street
Pretoria
0002

Attention: Ms Theart
RTheart@dti.org.za

Dear Ms Theart,

GRAIN SA APPLICATION FOR AN ADJUSTMENT TO THE DOLLAR BASED REFERENCE PRICE FOR MAIZE REFERS

The Red Meat Industry Forum (RMIF) represents the entire Red Meat Industry from Emergent Red Meat Producers through the value chain to the final consumer (see annexure). The producer members of the RMIF are large users of maize products which form a major portion of their self mixed feed. Any artificial market intervention will have a domino effect on the production costs of all red meat products which include red meat (beef, mutton, pork) offal, hides and skins, wool and mohair.

The RMIF objects to any amendments to the dollar reference price of imported maize for the following reasons:

1. The impact of an increased reference price will be tantamount to an import duty which will increase feed costs to an industry already burdened with increasing input costs. The proposed increase in reference price of 121 % is totally unacceptable under SA's economic conditions.
2. The proposed increase is not understandable when the maize industry is a net exporter of maize. During a maize shortage (i.e. import year) the additionally higher maize prices will result in artificially induced higher meat production costs.

Mr DP Ford (Chairman), Ms E van Reenen (Vice-Chairman), Mr AM Mahanjana, Mr DPE van Zyl, Mr TG Davidson, Mr JC van der Ryst, Ms JCI van Rooy, Ms T Rudman, Mr D Osborne, Mr A Cocks, Mr G Southey, Mr GS Kok, Mr A Vos, Ms M de Lange (General Manager)

3. The Red meat producers have to absorb all input costs as meat prices are determined solely by supply and demand.
4. In a previous report the Commission found that changes in formula would have an unnecessary cost raising impact on downstream producers.
5. The weather predictions indicate SA agriculture could be entering a drier rain cycle which will then be dependent on maize imports together some other major ingredients which will put the whole meat production chain in jeopardy.
6. The weakening \$/ZAR exchange rate, which shows little chance of a short term recovery, provides the maize industry with an automatic protection while also negatively increasing industry production costs due to higher costs of other inputs.

It is the contention of the RMIF that any contemplated increase in the reference price of maize should be seen in conjunction with an increase in total production costs of all red meat products and will not be supported by the RMIF or its members.

We trust that these comments will be favourably considered during your contemplations.

Thank you in anticipation.

Yours sincerely,



Dave Ford

Dave Ford
Chairman