

■ AGRICULTURE

Bitter time for sugar industry

ANNIE DORASAMY

IS THE South African sugar industry in a crisis?

Yes, according to the South African Canegrowers Association. But the government has a different perspective and would only confirm that it was aware of challenges the sector faced.

Graeme Stainbank, chairman of the association, said 350 000 jobs were at stake if issues facing the R14 billion industry were not addressed.

These factors include unsteady rainfall, plunging world sugar prices, weak protection against cheap imports and a dip in demand, following the implementation of the sugar tax.

Stainbank has asked government to grant the industry tariff protection to shield it from cheap imports from countries like Brazil where the industry is subsidised.

He said tightened restrictions to stop sugar from neighbouring countries entering the local market without duty fees, would also help the industry.

He called on government to take immediate action to prevent an imminent collapse.

“It is a matter of profound public interest that is having a serious impact on land reform, small-scale and commercial farmers,” Stainbank said in a statement.

Sidwell Medupe, a spokesperson for the Department of Trade and Indus-

FACT BOX: SUGAR TAX

APRIL 1 will mark the one year anniversary of the implementation of the Sugary Beverages Levy.

The SA Institute of Chartered Accountants (Saica) estimate the levy was bound to outperform all other tax collections, exceeding the initial R1.685 billion projection.

It is predicted the SA Revenue Service would collect up to R3.2bn, 90% more than what was projected.

“That is more than the budgeted 2019 revenue from donations tax and estate duty combined. In comparison to other behavioural taxes for 2019, it is more than the aggregate of all of the plastic bag levy, Universal Service Fund, levies on financial services, CO₂ motor vehicle emissions, incandescent light bulb levy, tyre levy and International Oil Pollution Compensation Fund,” said Madelein Grobler, Saica project director on tax.

Grobler said they would be expecting feedback during the Budget Speech on Wednesday about how the levy had performed.

try said they were exploring opportunities for the sugarcane industry to generate alternative income streams such as ethanol for fuel as well as generating electricity.

“These are some of the initiatives that could mitigate the challenges the industry is facing and to allow it to be competitive,” said Medupe.

He said Trade and Industry Minister Rob Davies approved and gazetted the new tariff increase of the dollar-based reference price of sugar from R8 040/ton to R9 520/ton in August, which was in line with recommendations by the International Trade Administration Commission.

“There is no guarantee that any applicant will be granted the level of rate of tariff that they applied for. Industries are encouraged to explore other sustainability measures in addition to tariffs, hence government is working closely with the industry to achieve that.”

He said South Africa was a member of the World Trade Organisation and the SADC European Commission Economic Partnership Agreements.

“Whatever trade remedies South Africa imposes on our trading partners has to align to our obligations within such agreements, while protecting the interests of local industries,” said Medupe.

Meanwhile Parliament’s portfolio committee on trade and industry chairperson, Joanmariae Fubbs, said these challenges were highlighted by the South African Development Farmers Association two years ago and a long-term solution was required.