

REF.NO: 14/3/2

Dr. Rob Davies, MP
Minister of Trade and Industry
Private Bag X84
PRETORIA
0001

Dear Minister

MINUTE M08/2014: INCREASE IN THE CUSTOMS DUTY ON SUGAR IN TERMS OF THE EXISTING VARIABLE TARIFF FORMULA

The customs duty on sugar is calculated as the difference between the 20 trading day moving average London No. 5 settlement price and the established domestic reference price for sugar. Adjustments to the level of protection granted are made when the 20 trading day moving average of the No. 5 settlement price shows a variance of more than US\$20/ton from the previous trigger level for 20 consecutive trading days. 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.

The International Trade Administration Commission of South Africa (ITAC) considers adjustments according to the system once the conditions for adjustment are met.

In terms of the variable tariff formula for sugar, conditions for an upward adjustment in the tariff were met and the South African Sugar Association forwarded a letter of confirmation to this effect.

The 20-day moving average of the London No. 5 settlement price on sugar triggered an adjustment at US\$389.46/ton on 06 January 2015. The corresponding R/\$ exchange rate was 11.7334. If the domestic reference price, the 20-day moving average and the exchange rate, as at the date of trigger, are applied to the formula, the customs duty on sugar must be adjusted from 142.5c/kg to 207.1c/kg.

The Commission recommends that the rate of customs duty on sugar, classifiable under tariff heading 17.01, be increased from 142.5c/kg to 207.1c/kg.

Yours sincerely


Siyabulela Tsengile
Chief Commissioner

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