

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

MINUTE M01/2014: REDUCTION 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 established domestic reference price of US\$566/ton for sugar and the moving average London No. 5-settlement price. Adjustments to the level of protection granted are made when the difference in the 20-day moving average price amounts to more than US\$20/ton for 20 consecutive trading days.

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 a downward 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\$476.18/ton on 27 May 2014. The corresponding R/\$ exchange rate was 10.3050. 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 132c/kg to 92,6c/kg.

The Commission recommends that the rate of customs duty on sugar, classifiable under tariff heading 17.01, be reduced from 132c/kg to 92,6c/kg.

Yours sincerely


Siyabulela Tsengile
Chief Commissioner

23.06.2014

enabling



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