

REF. NO: 14/3/2

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

Dear Minister

MINUTE M06/2016: 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 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 a downward adjustment in the tariff were met and the South African Sugar Association (SASA) as well as Association for Southern Africa Sugar Importers (ASASI) forwarded letters of confirmation to this effect.

The 20-day moving average of the London No.5 settlement price of sugar triggered an adjustment at US\$597.27/ton on 26 October 2016. The corresponding R/\$ exchange rate was 13.8287. If the domestic reference price, the 20-day moving average and exchange rate, as at the date of trigger, are applied to the formula, the customs duty on sugar must be adjusted from 31.89c/kg to free of duty.

The Commission recommends that the rate of customs duty on sugar, classifiable under tariff heading 17.01, be reduced from 31.89c/kg to free of duty.

Yours sincerely

A large, stylized handwritten signature in black ink, which appears to be 'Siyabulela Tsenghlwe'. The signature is written over a rectangular stamp area.

Siyabulela Tsenghlwe
Chief Commissioner

02/11/2016