

REF. NO: 14/3/2

Mr Ebrahim Patel
Minister of Trade, Industry and Competition
Private Bag X84
PRETORIA
0001

Dear Minister

MINUTE M07/2021: REDUCTION IN THE RATE OF CUSTOMS DUTY ON SUGAR IN TERMS OF THE APPROVED VARIABLE TARIFF FORMULA

In terms of the last reviewed and approved variable tariff formula for sugar, 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 London 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 and subsequently adjusted with the latest available Real Effective Exchange Rate (REER) as published by the South African Reserve Bank (SARB).

The International Trade Administration Commission of South Africa (ITAC) considers adjustments in the customs duty on sugar, once the conditions for an adjustment are met.

In terms of the last reviewed and approved variable tariff formula for sugar, conditions for a downward adjustment in the tariff were met and the South African Sugar Association (SASA) forwarded a letter of confirmation to this effect.

The 20 trading day moving average of the London No. 5 settlement price of sugar triggered an adjustment at US\$494.66/ton on 29 September 2021. The corresponding Rand/US Dollar (R/US\$) exchange rate was R15.1075 to US\$1.00. If the domestic reference price, the 20 trading day moving average of the London No. 5 settlement price, the R/US\$ exchange rate on 29 September 2021 and the latest available Real Effective Exchange

Rate (REER)¹, are applied to the formula, the customs duty on sugar needs to be adjusted downwards from 335.41c/kg to 299.46c/kg.

In light of the above, the Commission recommends that the rate of customs duty on sugar, classifiable under tariff heading 17.01, be reduced from 335.41c/kg to 299.46c/kg.

Yours sincerely



Mr Meluleki Nzimande
Chief Commissioner

Date: 06/10/2021

¹ The REER is a lagging indicator, currently being 106.95 for July 2021, as published by the South African Reserve Bank on 30 September 2021.