



Presentation to the Portfolio Committee on Trade & Industry

PROPOSED AMENDMENTS TO THE SUGAR INDUSTRY REGULATION

Date: 10 November 2017



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Background

- Parliament's Portfolio Committee on Trade and Industry met with the South African Farmers Development Association (SAFDA) on the 12 October 2017, Cape Town to hear its concerns regarding not being recognized by the South African Sugar Association (SASA) and the South African Cane Growers' Association (SACGA).
- The Committee acknowledged that this was an urgent matter and that swift action should be taken by the Department of Trade and Industry.
- The Sugar Act of 1978 lays the legislative foundation for the regulation of the South African Sugar industry, with the following key measures being expressly stipulated:
 - Incorporation of SASA;
 - Promulgation of the SIA;
 - Equality of treatment of individual growers, millers and refiners under the SIA;
 - Determining the powers of the SASA with regard to prices and surcharges imposed on sugar, including molasses; and
 - Penalties for contravention of the Act.



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The South African Sugar Industry

- Production around 14.8 million tons of sugarcane or 1.6 million tons of sugar during the 2015/16 season.
- Registered cane growers 21 889 of which 20 562 black small scale cane growers.
- Large scale cane growers 1 327 of which 323 are black.
- 10.3% of total production supplied by small scale growers.
- Local Market 1.5 million tons sugar.
- Export Market 46 826 (3%) tons sugar, decline from 22% previous year (due to drought).
- 6 Milling companies own 14 sugar mills.
- 5 refineries manufacturing white sugar.



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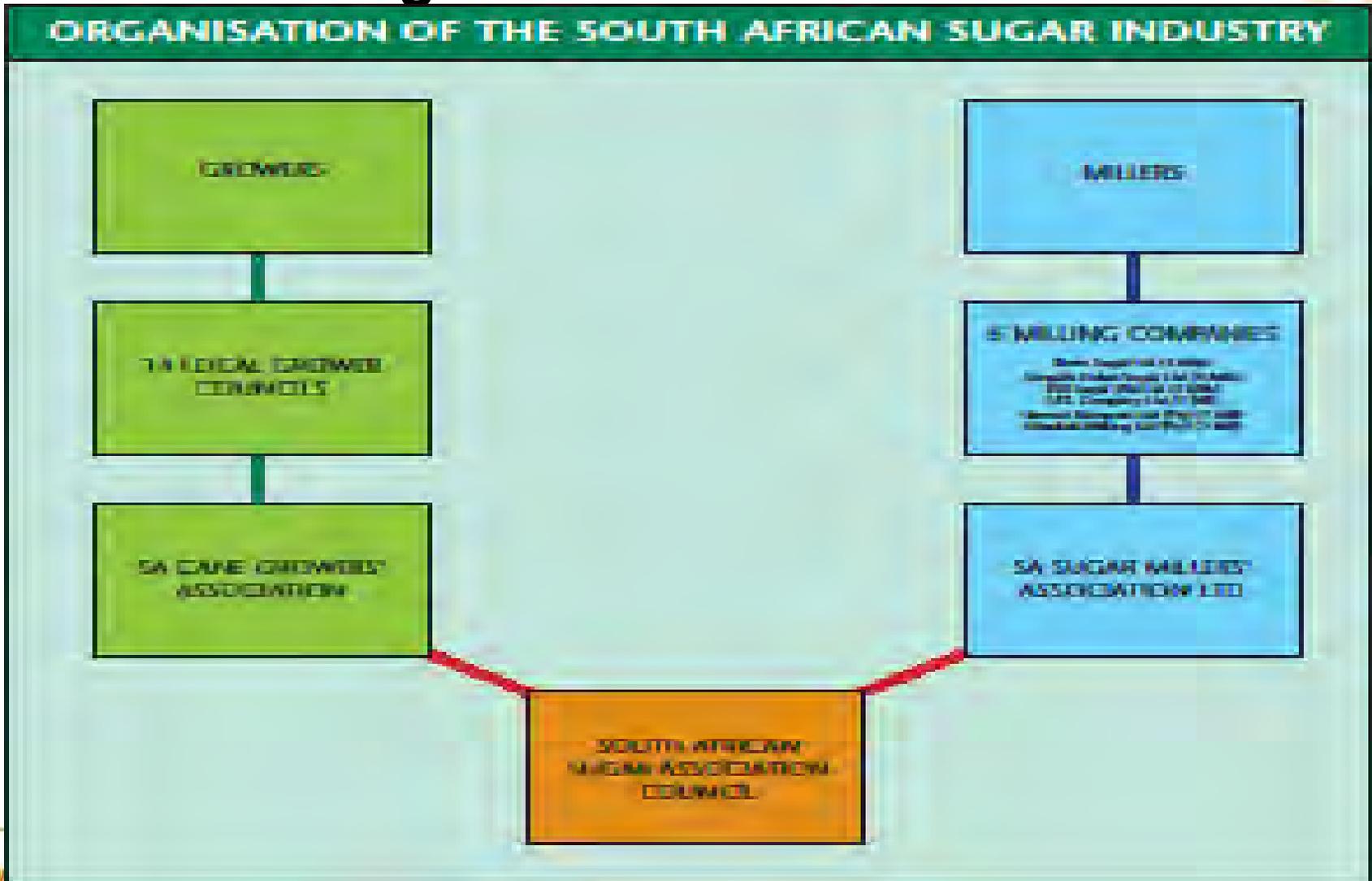
SA Sugar Association

- The South African Sugar Association is an autonomous organisation and operates free of government control.
- In terms of the Sugar Act and Sugar Industry Agreement, statutory powers of self governance are granted to the sugar industry via the Sugar Industry Agreement (SIA).

Industry Structure

- SA Sugar Association Council.
- 50/50 Representation by SA Millers Association and SA Cane Growers Association.
- SA Cane Growers Association represents all cane growers.
- SA Millers Association represents all millers and refiners.

SA Sugar Association Council



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Competitiveness and Contribution to Economy

- One of the world's leading cost competitive producers of high quality sugar.
- 11th biggest producer of sugar in the world and the 8th biggest exporter of sugar in the world.
- Diverse industry combining the agricultural activities of sugarcane cultivation with industrial factory production of raw and refined sugar, syrups, specialised sugars and a range of by-products.
- Major investments and co-operation within the region.
- Makes an important contribution to the South African economy.
- Supports the AgriBEE Framework and its implementation: Agricultural land & Agricultural Support Services.
- Human Resource Development.
- Enterprise Ownership and Equity.



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Key strategic challenges facing the industry

- The international sugar market remains one of the most distorted and volatile commodity markets in the world.
- Sugarcane is not a nationally tradable commodity.
- Provision of appropriate and adequate protection to cane growers.
- Increased imports from subsidized global producers.
- To ensure equitable exposure to the world market by all role-players.
- Towards transformation of the sugar industry.



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Progress on Portfolio Committee Recommendations

- The Department has commenced with the process to review the Sugar Industry regulation including the amendment of the Sugar Industry Agreement (SIA) and South Africa Sugar Association (SASA) Constitution.
- The objective of the DTI in reviewing the current regulation, is to establish a positive legal position to ensure broad-based representation.
- The Department is undertaking amendments to the Sugar Industry Regulation in order for the South African Sugar Association to recognize SAFDA and any other grower associations in the sector as legitimate member associations in cane growing within the Sugar Industry.
- In accordance to the new amended regulation SASA will also ensure access of levies to SAFDA and others in support of their operations, production efficiency, sustainability, ability to supply and respond to market needs based on the proposed amendments.



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Objective of the review of the regulation

- The review of the regulation aims to provide a positive legal position and ensure broad-based representation in the industry.
- To improve the competitive environment in which the industry operates in a manner that will contribute to the optimal development of the industry and inclusive growth.
- Ensuring the long term cost competitiveness of the industry.
- Towards elevation of transformation/inclusive growth in the Sugar Industry.



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Process Followed

Consultations with the Sugar Industry held as follows:-

- Consultation with the South African Farmer Development Association
- Consultation with SA Cane Growers Association
- Consultation with SA Millers Association
- Consultation with SASA
- Workshops are ongoing with all industry stakeholders.
- Comments are being received from stakeholders.
- Further consultations with stakeholders based on comments
- Inputs on proposed changes received from SAFDA & SASMA
- SASA – to provide input shortly but engagements ongoing
- No input received from SA Cane Growers Association



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Way forward

- Await legal opinion on potential risks (litigation) associated with the process to effect changes.
- All inputs received have been forwarded to **the dti** legal to effect the changes in the regulations and follow due process to finalization.



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Concluding Remarks

“Action without vision is only passing time, vision without action is merely day dreaming, but vision with action can change the world.”



Nelson Mandela
1918-2013



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Do you have any
questions? Thank you
for your attention



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