

## SA sugar industry appeals for a stronger tariff protection

The members of the South African Sugar Association (SASA), which includes sugarcane farmers and millers, have applied to the International Trade Administration Commission (ITAC) for a 51% increase in the sugar tariff (dollar-based reference price of US\$ 856.32/ton) to help the industry against the increasing sugar imports. Parallel to the tariff application, SASA members have staged protests in parliament and government offices in Pretoria to voice-out their suffering with increasing sugar imports. The trade data shows that South Africa has become a net importer of sugar, recording a negative trade balance of 189 169 tons per annum on average, over the past seven years. Moreover, in the first five months of 2018, South Africa imported on average 65 105 tons per month, valued at R476 thousand.

- ❖ The majority of sugar imports into South Africa is supplied by Brazil, China, United Arab Emirates and from SADC and EU countries. [SASA has argued](#) that the increasing imports erode the profitability of farmers as the price of sugarcane has declined from R5 400 to R3 700 per ton largely because of imports. Apart from sugar imports, the newly introduced sugar tax could reduce the domestic use of sugar thus putting more strain on the industry profitability.
- ❖ While the tariff protection may assist the industry in the short-run, this must be complemented with other structural reforms in the sugar industry. From a context of greening the country's economy, bioethanol and cogeneration can provide an alternative use of sugarcane which could diversify the farmer's stream of income. However, investment in bioethanol production is largely dependent on decisive interventions and support from the government. This could create jobs in the sugar industry, which have somewhat been displaced by imports over the past years. In closure, an holistic approach in improving the sugar industry's competitiveness may have greater benefits for both producers and consumers in the long run.

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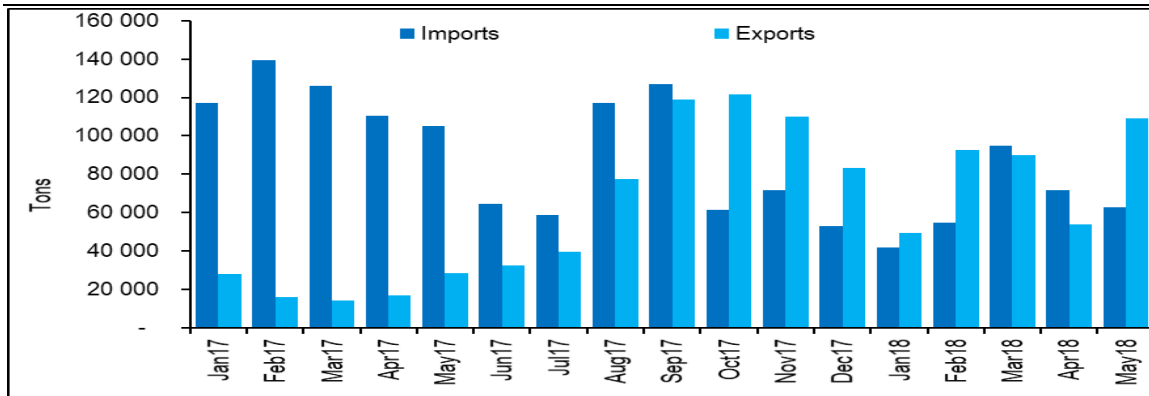


Chart: South African monthly sugar imports and exports

Source: raw data from SARS, Agbiz, 2018

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