

WORK MUST CONTINUE ON THE LAPSED 3-YEAR SUGARCANE VALUE CHAIN MASTERPLAN

Today, 10 May 2023, the Executive Oversight Committee will be meeting to discuss the conclusion of phase one of the Sugarcane Value Chain Masterplan and to find common ground on the way forward. The committee, which is chaired by Minister Ebrahim Patel, was established to oversee the implementation of the Masterplan and comprises representatives from government departments and sugar industry role players.

The Committee meeting and the conclusion of the Masterplan come amid a crisis in the milling sector. The entry of two millers into business rescue in recent months has caused ripple effects throughout the industry. Critically, the business rescue practitioners at these companies have announced defaults on financial obligations amounting to R1,5 billion to the industry that have left growers and industry partners in a highly precarious financial position and facing an uncertain future.

In order to safeguard the future of growers and the sector as a whole, SA Canegrowers believes it is critical that both government and all industry stakeholders commit at today's meeting to ensuring that the good work achieved under the Masterplan continues.

This includes a commitment to continue protecting the industry against cheap sugar imports and restoring demand for local sugar. For its part, SA Canegrowers plans to continue its *Home Sweet Home* campaign which educates and encourages consumers to buy locally produced sugar. The transformation of the industry also remains another key priority, with more than R187 million disbursed to date under the auspices of the Masterplan to support small-scale growers.

Good progress also continues to be made on critical projects, like the development of a Sustainable Aviation Fuels industry, which will position the industry for sustainable, long-term growth and job creation. Given the industry's investment in the execution of this project, we cannot let these gains be lost. And with developing countries like India and Brazil fast-tracking investment in the growth of this nascent industry, South Africa cannot afford to fall behind. SA Canegrowers therefore hopes that key commitments to ensure this

project continues will be made at today's meeting, including the rapid development of a suitable regulatory framework by government, to keep this project moving forward.

In addition to the need to maintain the gains made on the Masterplan's proactive projects, the industry also cannot afford any reversals in the effort to address the risks to the industry. These include any future increases in the Health Promotion Levy (or sugar tax), which remains an ongoing threat to the survival of growers and the livelihoods they support. Engagement on the socio-economic impact of the sugar tax must therefore continue between government and industry stakeholders moving forward.

Finally, while the Masterplan was developed prior to the current milling crisis, ensuring the continued operation of the mills is of critical importance to the short, medium and long-term sustainability of the industry. SA Canegrowers will therefore also use today's engagement with Minister Patel and industry partners to discuss concrete interventions, including possible grant funding for growers, to ensure the survival of the country's growers and the livelihoods they support.

Media enquiries:

Kabelo Kgobisa

081 874 2573