B E R R Y & D O N A L D S O N

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SWEET TASTE OF SUCCESS

Duties on sugar good for some, bad for others

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The recommendation by the International Trade Administration Commission of SA (Itac) that the reference price for sugar be increased (and yield duty for the fiscus) could have far reaching effects on local producers of goods that require sugar as an input.

There is an irony in that: duty on imported sugar protects local sugar producers from cheaper imports, but local manufacturers of sugar based products face a deleterious cost increase (and probable job losses) as a result.

Products such as cereals, biscuits, beer, juices, ice creams and sauces that have sugar as an ingredient will become more expensive to produce locally – and it is not those producers that will be threatened by cheaper foreign imports.

So, one group of producers is being protected and another group is prejudiced.

It is a scenario such as this that must be rather vexing for the powers that be at the DTI – Rob Davies, Lionel October and the policy makers for South Africa's trade and Industry.

With an increasingly regulated and cost intensive labour force, local manufacturers of all sorts of goods are losing competitiveness in international markets. This makes the need for protectionist measures all the more urgent but this not only negatively affects the local consumers (who are battling to get any sort of bang for their buck) but, as we see in the case of sugar, local producers needing raw materials from cheaper foreign markets are also disadvantaged.