



21 November 2017

Press Release

APPLICATION FOR THE CONTINUATION OF STATUTORY MEASURES (REGISTRATION, RECORDS AND RETURNS AND A LEVY ON COTTON LINT) IMPLEMENTED IN TERMS OF THE MARKETING OF AGRICULTURAL PRODUCTS ACT, 1996, (ACT NO 47 OF 1996), (MAP ACT) AS AMENDED

INVITATION TO DIRECTLY AFFECTED GROUPS IN THE COTTON INDUSTRY TO FORWARD COMMENTS REGARDING THE REQUEST FROM COTTON SA

In terms of section 11 of the Marketing of Agricultural Products Act, 1996 (Act No. 47 of 1996) (MAP Act), the NAMC hereby announce that the Minister of Agriculture, Forestry and Fisheries has received a request from Cotton South Africa (NPC), on behalf of the directly affected groups in the cotton industry, for the continuation of the following statutory measures for four years as from 1 April 2018:

- Registration with Cotton SA of producers, purchasers, processors, importers and exporters of cotton (in terms of section 19 of the MAP Act);
- The keeping of records and the submission of returns to Cotton SA by exporters, importers, processors and purchasers of cotton (in terms of section 18 of the MAP Act); and
- A cotton levy at a fixed rate of 26.5c/kg (VAT excluded) for four years (in terms of section 15 of the MAP Act), payable by South African ginners on cotton lint produced, in order to ensure the continuation of the functions performed by Cotton SA.

Statutory measures currently in place and administered by Cotton SA, namely the statutory levy of 26.5c/kg (VAT excluded) on cotton lint produced, payable by ginners to Cotton SA, as well as the statutory measures relating to registration with Cotton SA of producers, purchasers, processors, importers and exporters of cotton and the keeping of records and the submission of returns to Cotton SA by exporters, importers, processors and purchasers of cotton, will lapse on 31 March 2018.

The purpose and aims of the continuation of statutory measures are to enable Cotton SA to perform the following functions, which would be partly funded from the levy income:

- a) The rendering of information services to all role players;
- b) Promotion of cotton production and usage;
- c) Co-ordination of research;
- d) Maintenance of quality standards and norms and provision of training in this regard;
- e) Facilitation of the development of the emerging cotton production sector; and
- f) To act as the representative industry forum.

According to the applicant, the budgeted income from the proposed levies is estimated between R6.6 million and R7.9 million per annum on local production for the proposed levy period of 1 April 2018 – 31 March 2022. These forecasts are based on the assumption that a steady increase in the cotton crop is expected for the next few years. Other income for Cotton SA include amongst others, contributions for small-scale farmer training, income from the provision of grading services to outside parties, cotton mark royalties, investment income and income relating to the services provided for the Sustainable Cotton Cluster and the overseeing of cotton projects.

Directly affected groups in the cotton industry are kindly requested to submit any comments regarding the proposed continuation of statutory measures to the National Agricultural Marketing Council in writing (fax 012 341 1811/ 012 341 1911 or e-mail to lizettem@namc.co.za) before or on 13 December 2017, to further test the support for the application, and to enable the Council to formalise its recommendation to the Minister in this regard.

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