International Sugar Organization

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EXECUTIVE DIRECTOR

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Various sugar related articles

The Executive Director would like to draw your attention to the articles below all of which are relevant to the sugar sector.

Sugaronline Ebriefing - 12/02/2018

SOUTH AFRICA: PwC says sugar tax will lead to US$121.1 million in lost sales

Economists on Monday predicted that the proposed levy on sugar-sweetened beverages (SSBs) set to take effect in April this year in South Africa was unlikely to make a sizeable dent in the fiscal deficit, according to the African Press Agency.

In 2016, National Treasury announced a Sugar Beverage Levy (SBL) on sugar-sweetened beverages (SSBs) scheduled to take effect on 1 April 2018.

When the levy takes effect in April, it will amount to 2.1 cents per gram of sugar per 100ml, above 4 grams per 100ml, down from an initial 2.29 cents per gram of sugar with no exempted amount.

The aim of the levy was to prevent and control obesity in South Africa, but key industry players also viewed it as a potentially significant new source of revenue that could help plug the growing fiscal deficit.

But PwC economists Lullu Krugel, Maura Feddersen and Thabiso Mofulatsi said that their estimations suggest the tax burden is approximately 10%, given current levels of sugar content, down from about 20% previously.

In a quantitative analysis of the proposed tax on SSBs, the economists used the PwC Economic Impact Assessment Model to derive the potential impacts based on a 10% sales reduction calculation due to potential excise driven price changes.

"We estimated that in a scenario in which the beverages industry makes no change to the sugar content of SSBs, the levy would result in an estimated ZAR1.5 billion (US$121.1 million) loss in sales revenue and a ZAR1.4 billion excise revenue gain for government," they said.

"However, a reformulation by industry would result in a lower loss in sales revenues of only ZAR1.07 billion and lower than expected excise revenue gain for government of ZAR990 million.

"Given the estimated fiscal budget deficit of up to ZAR250 billion, additional revenues of between ZAR990 million and ZAR1.4 billion are unlikely to make a significant dent in plugging the deficit and could support the assertion that the levy will focus on curbing sugar consumption rather than providing significant additional revenue inflows."

The economists said that it was unclear whether the levy will assist in reducing consumers' sugar consumption, but said that the industry facilitates lower sugar consumption by reducing bottle sizes and through reformulation.

"It remains to be seen how South Africans will react to the current and impending price change of SSBs and if the levy can indeed assist in reducing obesity. It is clear that monitoring and evaluation are key tools to help government and industry understand the effectiveness of this initiative to prevent and control obesity in South Africa."

ECRUU Sugar News Monitor - 13 February 2018

EUROPEAN UNION - Only 7 EU nations log above average sugar yield: EC

The sugar yield in 11 member nations is below the EU average of 12.25mt/ha, while seven members led by Spain have logged higher yields, according to a report by the European Commission. (Boerderij)

AUSTRALIA - Queensland producer turns organic sugar pioneer

Bundaberg Sugar in Queensland announced that it will cultivate organic sugarcane on 20ha and produce 2,000mt of organic raw sugar this year at its Millaquin Mill for the first time in the country. The company said that it will slowly expand production. (Original Source: News Mail) (Black Sea Grain Net)

SINGAPORE - Struggles to reduce sugar consumption, mulls sugar tax

The health promotion board is counting on chefs and food companies to help reduce sugar intake of people by 2020 but restaurant chains say using other sweeteners is not easy due to the difficulty in keeping the taste and price of a dish normal. Sweeteners such as allulose cost SGD 6-9/kg (USD 4.5-6.7/kg) and isomaltulose up to SGD 28/kg (USD 21/kg) while sugar costs SGD 1/kg (USD 0.75 /kg). There is also talk that the government might propose a sugar tax in the new budget. (New Straits Times & Reuters)

MOROCCO - Coca-Cola threatens to leave Morocco: sources

Coca-Cola has threatened to shift its operations to Turkey if the government withdraws the sugar subsidy, according to government sources.. (Berlamane)