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ITAC increases the Dollar Based Reference Price for sugar from US$680/ton to US$785/ton

The International Trade Administration Commission of South Africa ("ITAC" or "the Commission") considered two applications from industry stakeholders regarding the current Dollar-Based Reference Price ("DBRP") for sugar.

The first application, submitted by the South African Sugar Association ("SASA") on 30 October 2024, requested an increase in the DBRP from US$680/ton to US$905/ton, amongst other reasons, the need to support the sustainability and protection of the domestic sugar industry.

The second application, submitted by the Beverage Association of South Africa ("BEVSA") on 25 September 2025, requested a reduction in the DBRP from US$680/ton to between US$552/ton and US$650/ton, citing amongst other reasons, the adverse impact of the current duties on beverage producers, bottlers and consumers.

Given the divergent positions of the stakeholders and following extensive engagements between Government and industry, it was agreed that a combined evaluation of both applications would be the most efficient and equitable approach. Accordingly, the Commission self-initiated a review in terms of Section 16(1)(d)(ii) of the International Trade Administration Act, 2002, to assess the interests of both upstream producers and downstream users within a single investigation.

During its deliberations and in arriving at its recommendation, the Commission considered the information at its disposal, including comments received during the investigation period.

The review found, *inter alia*, that the domestic sugar industry continued to face a challenging operating environment characterised by volatile global sugar prices, increasing import penetration, rising production costs, weakening production volumes and capacity utilisation, as well as deteriorating profitability. While the SACU industry remained the dominant supplier to the domestic market, its market share declined as imports, particularly from Brazil, increased during the latter part of the review period.

At the same time, downstream sugar-using industries, including the non-alcoholic beverages sector, also experienced rising input and operating costs, although the sector generally maintained positive growth in production, sales and capacity.

The Commission found that the DBRP formula remains an appropriate and necessary mechanism for administering the sugar tariff regime, as it provides transparency, predictability and administrative consistency. However, having considered the submissions from both SASA and BEVSA, the Commission concluded that neither party's proposed DBRP would appropriately balance the need to provide adequate and proportionate support to the domestic sugar industry with the need to preserve the competitiveness of downstream industries, consumer welfare and compliance with South Africa's WTO commitments.

The Commission also recognised the importance of the domestic sugar industry to employment, rural economic activity and livelihoods. Stakeholder views reflected the competing interests involved, with upstream producers and labour unions generally supporting the maintenance or strengthening of tariff support, while downstream industries opposed an increase because of concerns regarding higher input costs, reduced competitiveness and potential consumer price increases.

In light of the foregoing, the Commission decided that the Dollar-Based Reference Price for sugar be increased from the current US$680/ton to US$785/ton based on the 6-year weighted average London No.5 FOB sugar settlement price of US$559/ton, plus an adjustment for the distortion factor evident in the international sugar price of 46%, less the average ocean transport cost of sugar to a South African port of US$31/ton, owing to the following:

a. The proposed DBRP level of US$785/ton would continue to place the SACU sugar industry in a competitive position relative to imports by making provision for production cost recovery, assisting in stabilising cost volatility, accounting for the impact of the Rand/Dollar exchange rate, and minimising the impact on downstream users. This level would also provide an appropriate level of tariff support necessary to improve the sustainability of the domestic industry, protect employment and support continued investment in the sector.

b. Furthermore, the proposed increase in the DBRP is informed by key factors identified during the review, including sustained decreases in international sugar prices, escalating but volatile domestic production costs, increasing deep-sea imports, declining domestic sales volumes and persistent structural distortions in the global sugar market. The proposed level also retains policy space within the WTO bound rate.

The Commission further decided that the DBRP be reviewed three years after the date of implementation, or such other period as decided by the Commission considering developments in the international sugar market and prevailing domestic industry conditions. Such a review would enable the Commission to assess the impact of the proposed increase on domestic sugar production, investment, employment, market stability, and downstream users, while ensuring that the DBRP framework remains responsive, relevant, and aligned with the long-term sustainability and competitiveness objectives of the SACU sugar industry.

The initial duty on sugar will be calculated as the difference between the DBRP of US$785/ton and the London No 5, 20-day moving average price of sugar on 07 May 2026, which amounted to US$429.30/ton at an exchange rate of R16.63 to the US$ adjusted for price differentials between South Africa and its most important trading partners using the published Real Effective Rand Exchange Rate (“REER”) Index as follows:

REFERENCE PRICE	
Dollar-Based Reference Price	US$785/ton
Minus: Moving Average London No. 5 settlement price of sugar on 07 May 2026	US$429.30/ton
Dollar duty on sugar	US$355.70/ton
Rand duty on sugar before adjustment	R 5 915.29/ton
Adjusted with the Real Effective Exchange Rate Index (February 2026)	R 5 915.29 x 1.1799 = R 6 979.19/ton
Rand duty on sugar	697.92c/kg (equivalent to 97.76% *ad valorem)*

NB: Numbers may vary slightly due to rounding

Adjustments to the level of protection will be based on quantum movements in the world reference price as follows:

The difference between the 20-trading day moving average of the London No. 5 settlement price and the established reference price for sugar will be calculated daily. If the 20-trading day moving average of the London No. 5 settlement price shows a variance of more than US$20/ton from the previous trigger level for 20 consecutive trading days, a new duty will be calculated. The resulting US Dollar specific duty is converted to Rand according to the Rand/Dollar exchange rate prevailing on the day that the adjustment is triggered and subsequently adjusted with the latest available REER as published by the South African Reserve Bank ("SARB").

The levels of duty may not exceed the WTO bound rate of 105% *ad valorem* for sugar. In administering the DBRP trigger mechanism, the Commission will ensure that any duty recommendation arising from the operation of the mechanism remains within South Africa's WTO bound rate obligation.

Full details of the Commission's findings and recommendations are contained in **Report 781.**

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