



MEDIA STATEMENT

FOR IMMEDIATE RELEASE

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SAFDA APPLAUDS SIGNING OF PHASE TWO OF THE SUGAR MASTER PLAN, SET TO BOOST SMALL-SCALE FARMERS

Today marks a great milestone for the sugar industry in South Africa. The Executive Oversight Committee (EOC) today at the Head Quarters of the sugar industry in Mount Edgecombe, Durban, saw the signing of the Phase 2 of the Sugar Industry Master Plan (SIMP).

The first phase of the Master Plan, signed in November 2020, expired in March 2023. The first phase was conceptualised to focus on rescuing and stabilizing the industry which was in the ICU due to the confluence of factors that were buffeting the industry, including the sugar tax, challenging economic climate, Covid-19 and social unrest.

The Master Plan is a mechanism championed by the Department of Trade, Industry and Competition (the dtic). It brings together sugar value chain players around the table to work together and implement a framework meant to ensure the sustainability of the value chain. The SIMP is a social compact that spells out commitments and responsibilities for each value chain role player.

Making his inputs during the signing ceremony the Deputy Minister of the DTIC, Zuko Godlimpi, said "I am closing the week feeling much more upbeat about the future of the sugar industry in South Africa." The Deputy Minister spent few days before the signing ceremony visiting some key processing facilities of the sugar industry which will be followed

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by farm visits in the future. He also launched some foreign direct investments in one of the independent sugar companies during the visits.

The Master Plan puts small-scale growers at the centre of the Master Plan process by designating them as being foundational to the industry. The small-scale farmers are clear beneficiaries of the Master Plan which introduced the Premium Price Payment that gets paid at the end of March each year. The sugar industry pays around R70 million rands to small-scale farmers per season as Premium Price top up.

In celebrating the framework being signed today, the Executing Chairman of SAFDA, Dr Siyabonga Madlala, said "SAFDA welcomes the continuation and the affirmation of small-scale farmers as being foundational to the industry. Phase 2 must unlock diversification opportunities. The crisis in the Middle East opens an opportunity for the sugar industry to produce bioethanol for our country." He thanked Harald Harvey who has facilitated the Master Plan process since 2020, welcomed Nhlakanipho Nkontwana as the phase 2 facilitator, and appreciated the support of a capable and sharp political principal, Deputy Minister Zuko Godlimpi."

SAFDA is ready to participate fully in the second phase of the Master Plan that will be facilitated by the respected and experienced public sector executive, Nhlakanipho Nkontwana. This phase will be focusing on issues of trade protection, small-scale grower master plan, unlocking diversification opportunities, amongst others. Transformation is key and will underpin the second phase. SAFDA is a champion of transformation and will be making sure that no one is left behind.

We commend the dtic, value chain partners, our very own industry and the broader stakeholder community for working together in agreeing the framework being signed today. It has been a challenge to finalize this framework given some of the pains in the system that include US tariffs, impact of the Middle East war, escalating levels of sugar imports, business rescue and threat of liquidation for some sugar millers. We believe that the phase 2 partnership will protect the farmers, industry and the broader value chain and unlock future possibilities for all involved.

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