



# Government Gazette

**REPUBLIC OF SOUTH AFRICA**

**Vol. 463   Pretoria   9   January   2004   No. 25886**



**AIDS HELPLINE: 0800-0123-22 Prevention is the cure**

---

**GOVERNMENT NOTICES**  
**GOEWERMENTSKENNISGEWINGS**

---

**DEPARTMENT OF AGRICULTURE**  
**DEPARTEMENT VAN LANDBOU**

**No. 7**

**9 January 2004**

**MARKETING OF AGRICULTURAL PRODUCTS ACT, 1996**

**(ACT No. 47 OF 1996)**

**REQUEST FOR A STATUTORY MEASURE: LEVY TO FINANCE**  
**INFORMATION, PROMOTION, RESEARCH AND QUALITY STANDARDS AND**  
**NORMS, FOR COTTON**

It is hereby made known in terms of section 11 of the Marketing of Agricultural Products Act, 1996 (Act No. 47 of 1996), that the Minister of Agriculture has received a request for a statutory measure in terms of section 10 of the said Act as set out in the Schedule hereto.

Directly affected groups are hereby invited to lodge any objection or representation regarding the proposed statutory measure with the National Agricultural Marketing Council within 14 days of the publication thereof.

Submissions should be in writing and be addressed to:

**The Chairperson**  
**National Agricultural Marketing Council**  
**Private Bag X 935**  
**PRETORIA**  
**0001**  
**Fax No.: (012) 341 1811**  
**Enquiries: Ms Lizette Mellet**  
**Tel.: (012) 341 1115**

**MG Rathogwa**  
**CHAIRPERSON: NATIONAL AGRICULTURAL MARKETING COUNCIL**

**APPLICATION FOR A STATUTORY MEASURE ON COTTON IN  
TERMS OF THE MARKETING OF AGRICULTURAL PRODUCTS ACT, 1996  
(ACT NO 47 OF 1996), AS AMENDED**

**1. STATUTORY MEASURE – LEVIES**

The statutory measure that is requested to be established, is that the Minister in terms of section 15 of the Act, by notice in the Government Gazette, direct that a levy amounting to 17 cents per kg cotton lint (excluding VAT), payable by the producers of seed cotton (ginners) to Cotton South Africa not later than the 20<sup>th</sup> day of the month following the month during which the cotton lint on which the levy is payable, was produced, be imposed.

**2. INFORMATION REQUIRED BY SECTION 10 OF THE ACT**

The particulars as required by section 10 of the Act to be included in a request for the establishment of a statutory measure, are as follows:

- 2.1 The statutory measure that is requested, would relate to cotton lint.
- 2.2 The categories of directly affected groups which would probably be effected by the establishment of the proposed statutory measure, are those groups of persons who are party to the purchase of seed cotton from producers, those persons who process seed cotton for the sale of the products derived therefrom, persons who import or export seed cotton or products derived therefrom and those persons who produce seed cotton.
- 2.3 Letters of support for the proposed statutory measure on cotton, by the different categories of directly affected and other groups in the cotton industry, were received.
- 2.4 The proposed statutory measure will apply to the whole of the Republic of South Africa, in order to have a uniform levy.
- 2.5 According to the applicant, the establishment of the statutory measure applied for, will further the objectives of the Act as stipulated in section 2(2) thereof. Such establishment will also not contravene section 2(3) of the Act.
- 2.6 The manner in which the objectives referred to in section 2(2) of the Act will be furthered (namely the increasing of market access for all market participants, the promotion of the efficiency of the marketing of agricultural products, the optimisation of export earnings from agricultural products and the enhancement of the viability of the agricultural sector), are summarised below (more detail available on request):

**2.6.1 GENERIC INDUSTRY INFORMATION**

*Cotton South Africa has since 1998, established itself as the major local source of cotton market information, in that many role-players in the cotton industry have become dependent on the information services provided by Cotton South Africa, which is regarded as critical for strategic planning by the industry.*

*Unbiased and reliable market information which is available on a continuous and timeous manner, will not only increase market access for all market participants, but also will also promote the efficiency of the marketing of cotton and enhance the viability of the cotton industry and the agricultural sector at large. Market information will furthermore lead to the optimisation of export earnings without being detrimental to the number of employment opportunities or fair labour practice.*

*The market information obtained up to now by way of these statutory measures has also proved to be invaluable to Cotton South Africa in its capacity as industry forum, as well as in the advancement of its main objectives such as the stimulation of the production and the usage of cotton; the enhancement of the marketability of cotton through research; the establishment of quality standards and norms and the facilitation of the development of the emerging cotton production sector.*

#### **2.6.2 THE PROMOTION AND MAINTENANCE OF QUALITY, STANDARDS AND NORMS**

*The free marketing environment in which the emerging and commercial farmers as well as ginneries have to operate in, is totally dependent on proper and accurate market information as this enables them to adhere to the strict requirements of the spinning industry, especially with regard to the latter's raw material inputs.*

*Increased processing speeds, newly emerging spinning technologies and heightened quality expectations have changed the yarn manufacturing industry's focus and buying strategy on their requirements, hence the fact that up to date crop information is now more critical than ever before in fibre purchasing. Fibre utilisation decisions by the ginning and spinning industry therefore have a more direct impact on the primary cotton producing industry, be it an emerging or commercial farmer, compared to previous years where fixed prices, rules and regulations existed.*

*In this environment, impartial and objective quality control services provided by Cotton SA are highly valued by all role-players in the cotton pipeline. Quality control functions, such as the objective evaluation of raw cotton which indicates to a large extent the spinning properties and hence the market value of each bale, forms an integral part with regard to accurate market information which have to be available on a continuous and timeous manner. It also enhances export marketing possibilities because reliable and accurate information regarding the quality profile of the SA cotton crop is of great importance to prospective buyers and could therefore contribute to the optimisation of export earnings.*

*The setting up and maintenance of the complex grading standards for seed cotton and lint (there are 9 seed cotton grades and 54 grades and classes for cotton lint) with accompanying quality control measures, are deemed a basic precondition for the orderly marketing of cotton which can only be rendered by an independent organisation such as Cotton SA.*

#### **2.6.3 PROMOTION OF PRODUCTION AND USAGE OF COTTON**

*The cotton industry's visionary approach in this regard resulted in it being selected as the first agricultural sector to develop a cotton sector strategic plan within the realm of President Mbeki's Strategic Plan for South African Agriculture "to generate equitable access and participation in a globally competitive, profitable and sustainable agricultural sector contributing to a better life for all". The recognition of cotton as a strategic crop for the future, and especially focusing on the development of small-scale production initiatives, leads inevitably to the positioning of a proper marketing plan to support and promote the production and usage of cotton on a national basis.*

*In the case of the cotton industry, the competition is against synthetic or man-made fibres. Globalisation brought about growing imports of fibre, fabric and ready-made products, as well as the onslaught by synthetic fibre manufacturers on the local cotton market share. Despite the fluctuating size of cotton*

*The inherent characteristics and qualities of the cotton plant lends itself ideally to the support of small and emerging farmers in marginal and previously disadvantaged agricultural areas. If countries such as Zimbabwe and Zambia, where ten of thousands of small farmers produce the bulk of cotton production, are taken as example, then cotton forms the backdrop against which the socio-economic upliftment of a new generation of small farmers can take place. Cotton's drought resistant and transgenetic properties can bring much needed wealth to marginal rural communities.*

*Cotton SA facilitates the development of the emerging cotton growing sector by way of a Small Scale Cotton Farmers' Forum (which functions as a standing committee of Cotton SA). The main function of the Forum is to co-ordinate and monitor progress with regard to set objectives and to provide an environment where positive interaction between role-players could lead to increased market access for the small cotton farmer.*

The National Cotton Strategy

*On the initiative of Cotton SA and the government, a National Strategy for the SA Cotton Industry has been developed with the participation of all role-players, to fit in with the National Strategic Plan for SA Agriculture previously developed by the government and organised agriculture.*

*The broadening of the participation of emerging farmers is definitely the biggest challenge in the successful implementation of the cotton strategy. The model has a profound focus on the sustainability of development and growth for this sector. The model specifies the establishment of emerging cotton farmers in revived or newly developed irrigation schemes in order to reduce the risk of adverse weather conditions and to maximise the yield per hectare.*

*Cotton SA will be playing a major role over the next few years as far as overseeing many of the activities identified in the National Cotton Strategy Plan are concerned."*

## 2.7 DATE OF IMPLEMENTATION AND DURATION OF STATUTORY MEASURE:

The measure requested for should be implemented at the beginning of April 2004 in order to ensure the continuance of services, which are deemed necessary by the cotton industry.

Until the needs of the cotton industry change, the implementation of the proposed statutory measure should be applicable for an adequate period in order to ensure continuity of essential industry functions as determined by the cotton industry. To comply with the provisions of section 13 (2) of the Act, it is suggested that the duration of the proposed statutory measures be four (4) years from the date of implementation as is the case of statutory levies already approved for other agricultural commodities. It should be borne in mind that the measures will, in terms of the Act, be subject to evaluation and review by the National Agricultural Marketing Council at least every two years. Furthermore, the Act provides for the application to be made for the repeal of statutory measures.

## 2.8 MOST APPROPRIATE BODY TO ADMINISTER MEASURE:

The affected groups resolved that Cotton South Africa, a non profit seeking company under section 21 of the Company Act, is the most appropriate institution for the implementation of the statutory measure applied for. This company which is industry driven and independent, has proved itself to implement and administrate the current statutory levy in a capable and responsible manner.

The Board of Directors consist of:

- four persons representing producers of which one is a representative of small scale farmers;
- two persons representing the cotton ginning industry;
- one person representing the cotton spinning industry;

- one person representing the clothing and household textile sector;
- one person representing a national consumers organisation; and
- one person representing the labour sector.

## 2.9 PARTICULARS ON ENFORCEMENT

As the company mentioned above was formed *inter alia* for the administering of the proposed statutory measure, it is envisaged that the most appropriate means of organising the inspection and the enforcement of the intervention, would be to assign that function to the company. In this regard it is envisaged that the Minister would appoint either personnel of the company or independent contractors as inspectors in terms of section 21 of the Act to inspect and enforce the proposed measures.

List of persons obliged to pay levies under the measures, will be kept by the company. The company will be aware of failures to comply with the measure and those liable to pay levies, will be included in the list kept by the company. Furthermore, the inspectors from time to time can carry out random inspections, to ensure the compliance with the measure.