
**GENERAL NOTICES
ALGEMENE KENNISGEWINGS**

NOTICE 113 OF 2008

DEPARTMENT OF AGRICULTURE

MARKETING OF AGRICULTURAL PRODUCTS ACT, 1996

(ACT No. 47 OF 1996)

REQUEST FOR A STATUTORY MEASURE:

LEVY TO FINANCE

INFORMATION, PROMOTION, RESEARCH, QUALITY STANDARDS AND

NORMS, AND TRANSFORMATION 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 11 days of the publication thereof.

Submissions should be in writing and be addressed to:

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**Mr Ronald Ramabulana
CEO: 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 20 cents per kg cotton lint (excluding VAT), payable by the producers of seed cotton (ginners) to Cotton South Africa, 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 were received from some of the directly affected groups in the cotton industry.
- 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"

Since deregulation of the agricultural industry, great value is being placed on products market information which is no longer as readily available and accessible as before. 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

Cotton SA has been accepted by the cotton industry as an unbiased and independent organisation responsible for the drafting and application of grading standards for the RSA which facilitates the orderly marketing of cotton to the benefit of all role-players.

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, creating the need for up to date and detailed crop information which has become more critical than ever before in fibre purchasing. Cotton SA plays a major role in this respect.

The following impartial and objective quality control services provided by Cotton SA can be highlighted in this regard:

- *the setting and maintaining of grading standards for seed cotton and cotton lint to serve as an objective guideline and aid during the buying and selling of cotton. During the 2006/07 season the hand and machine picked grading standards for seed cotton have been simplified and combined in one set which now represent only six grades. This change follows years of research and many deliberations with local ginners and producers. The new revised standards now comply more fully with the demands of the changing marketing environment and also corresponds more with that which is produced in practice;*
- *the determination of quality profiles of cotton as a voluntary service for the cotton farmer, the ginner, the spinner and other bodies such as the ARC's Institute for Industrial Crops. During the 2006/07 marketing season a total of 65 390 samples of cotton lint were submitted for analysis, 53 214 of which were received from ginners, 1 115 from spinners whilst 11 061 were received from research and other institutions. In addition 63 seed cotton samples were also submitted by producers and ginners for control purposes; and*
- *the rendering of arbitration services as far as disputes are concerned which may arise between producers and ginners.*

These functions create a tremendous sense of trust and peace of mind especially to the emerging and commercial farming community, knowing that an organisation such as Cotton SA exists which can be approached when they are in doubt with regard to the grade and quality of the seed cotton they produce. It is very important to note that it is virtually impossible for a farmer to determine the actual value of his seed cotton, but by utilising the services provided by Cotton SA, the owner of the seed cotton can determine the exact market value of his product.

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.

Research as far as the improvement of cotton cultivars are concerned, will also not be meaningful without the impartial evaluation of the fibre properties of the various cultivars. Knowing the quality profile of the South African produced cotton crop and how it corresponds to the cotton spinning requirements are essential for future planning, especially for the evaluation and prioritising of the best cotton cultivars.

Quality standards with all its facets would also serve no useful purpose unless proper training programs with regard to the grading and classification of seed cotton and lint are provided and implemented. It is therefore imperative that an independent and impartial body such as Cotton SA by way of training courses imparts the skills needed in this regard to

ensure that uniformity in grade application is maintained where-ever cotton is being traded. Persons responsible for the buying, selling and processing of cotton are therefore trained on a continuous basis by Cotton SA to ensure the uniform application of standards. In this respect more than 200 persons attended grading courses since the inception of Cotton SA, of whom about 50 were from the emerging sector.

The setting up and maintenance of the complex grading standards for seed cotton and lint (there are 6 seed cotton grades and 54 grades and classes for cotton lint – all utilised on a voluntary basis) 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.

For the 2006/07 production season it is estimated that cotton was planted by about 2300 small-scale cotton farmers as opposed to less than 400 commercial farmers. Small-scale or emerging farmers in the past also represented the vast majority of local cotton growers. Although commercial growers rely on the unbiased grading and classification function performed by Cotton SA, the vast majority of cotton producers, i.e. the small growers, are much more dependent on this service as it could leave the door open for exploitation should this facility no longer be available. In this regard it must be borne in mind that cotton as picked from the land is basically valueless until such time as it is ginned and graded and only then is its value determined. Cotton SA is also in a position to evaluate the quality profile of the cotton crop of an entire small grower community, which makes it easier for Cotton SA to guide these farmers by way of training and information days, in order to improve the quality and price of their cotton.

It is therefore clear that the grading function is not only of benefit to the small grower, but essential to ensure the continued existence and development of the emerging cotton farming sector. Without Cotton SA's independent and unbiased quality control and grading facility, small grower representation in the industry will not be able to grow, thereby allowing emerging farmers the opportunity to participate to a greater extent in the economy and to the cotton value chain in particular.

2.6.3 PROMOTION OF PRODUCTION AND USAGE OF COTTON

The abolishment of the statutory agricultural marketing boards in 1997 and the exposure of agricultural commodities to international free market conditions, have in many cases created market volatility. To those who have elected to maintain the status quo by means of newly constituted forums, the ride was less traumatic. In the case of the cotton industry, role-players were able to prevent a collapse of marketing arrangements and promotional activities by the formation of Cotton SA and thus retaining the capacity and expertise established over many years.

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 harvests over the years there has been a keen sense of protecting and expanding the cotton market. This was done on the one hand by introducing the Cotton Mark in 1985 and on the other hand by promoting cotton amongst producers. Since then the Cotton mark has established itself as a true symbol of quality. The cotton industry has therefore demonstrated itself as a stable and reliable partner in the South African economy.

International cotton promotion efforts

The world's leading manufacturers of synthetic fibres e.g. DuPont, are continuously developing and producing man-made fabrics such as Supplex, Tactel and Sensura to emulate the unique characteristics of cotton. Due to the huge development cost of these fabrics, it is supported by substantial marketing budgets to ensure success in the market place, but in the process decreasing cotton's market share. Although there are no combined expenditure figures available on worldwide

promotional activities, the ICAC (International Cotton Advisory Committee) says it is reasonable to assume that it can be measured in hundreds of millions of US Dollars.

Despite the competition from man-made fibres, world cotton consumption grew by about 5% per annum over the past 8 years. Over this time cotton also maintained its share of the world textile fibre use with a market share of between 39% to 41% annually. This can partly be ascribed to strong programs of national cotton promotion in many countries to orientate consumers.

The USA provides the best example of what is possible with an effective national program of generic cotton research and promotion. Beginning with a relatively modest budget in the 1970s, Cotton Incorporated, a private company owned by US cotton producers and funded by producers and importers, now operates a \$73 million program of cotton research and promotion (research accounts for about 30% of Cotton Incorporated's budget). The work of Cotton Incorporated has increased consumer awareness of fibre content, stimulated consumer preferences for the advantages of cotton and encouraged fashion trends favouring cotton use. Consequently, per capita cotton consumption in the USA rose from 7 kilograms in 1980 to 19 kilograms currently, benefiting all producers around the world.

In addition to the work of Cotton Incorporated in the USA, the US works to stimulate demand for cotton in other countries through the work of Cotton Council International, funded from both private sector and US government sources. Cotton Australia and Cotton South Africa also operate cotton promotion efforts in their countries. However, most other cotton producing countries only have modest programs to boost cotton demand, and many countries have no cotton promotion programmes of any kind.

The cotton promotion plan in South Africa

The aim of the local cotton promotion plan is to:

- increase the production of seed cotton production in general;
- to promote cotton consumption and convince consumers of the inherent qualities and benefits of cotton products; and
- to maintain and expand cotton's market share in relation to man-made fibres.

Increasing seed cotton production:

In normal years South Africa on average produces roughly 50% to 60% of the local demand for cotton lint. An enormous opportunity therefore exists to expand production without fear of creating surpluses, not even taking export opportunities into account.

Cotton SA actively promotes the production of seed cotton by:

- the publication of a quarterly industrial journal providing information on international and local subjects covering the whole spectrum of cotton production, management and new technology;
- the provision of production guides to commercial and emerging farmers;
- exhibiting at agricultural shows and information days;
- an internet website covering a wide spectrum of services;
- editorial articles in national agricultural magazines;
- regular dissemination of updated market reports on the local and international cotton situation; and
- the transfer of technology and information at farmers' days.

Advertising and Promotion:

Cotton SA has been appointed as the Cotton SA Trust's sole agent to manage and market its intellectual property known as the Cotton Marks. The Cotton Marks are registered Trade Marks and are managed by the Cotton Certification Scheme which currently has 98 licensed members (users of the Cotton Marks).

The Cotton Certification Scheme is the only entity that endeavours to keep cotton products in the eye of the manufacturing industry, the retail business and the consumer. Looking at the vast research and development in the field of synthetic fibres locally and internationally, the Cotton Marks are the only bastion remaining to create awareness and consumer appreciation, education and trust for pure cotton and related consumer products.

The Cotton Mark has become an icon for the whole industry and is associated with quality, durability, comfort and affordability. It is extensively used as a supportive brand (generic) to quality products. Amongst the public it has become a point of reference in the process of making purchasing decisions. This is demonstrated by the fact that the Cotton Mark does not only appear on clothing and textiles, but also on household and personal products such as washing detergents, fabric softeners and cotton wool. Large clothing retailers such as Woolworths and Edgars use the Cotton Mark on many of their cotton products.

The results from an omnibus market research undertaken in 2005 amongst female consumers, the main purchasers of cotton products, have shown that despite meager promotional campaigns, there was still an awareness level of 61% amongst the middle and higher income group whilst awareness levels amongst the younger generation remained at 24%. The majority of consumers interviewed also indicated that they were prepared to pay more for cotton products bearing the Cotton Mark.

The royalties received through the use of the Cotton Mark are utilized to further educate the public and to promote products that bear the Mark.

Depending on the crop size and therefore available funds, the promotion of the marks can entail any or more of the following in any given year:

- *in store promotions with licensed retail operations to reach consumers;*
- *outdoor billboards to reach the trade, decision makers and consumers;*
- *back-up promotional and editorial pages in club and womens' magazines to inform and educate their readership/the public;*
- *standard classic advertising in trade and national magazines;*
- *occasional radio and television exposure;*
- *sponsored competitions in magazines;*
- *sport sponsorship;*
- *exhibitions at trade shows to inform visitors and to recruit Scheme members;*
- *media and markholders visits to production areas and manufacturing operations to stimulate interest and to grow general knowledge and appreciation.*

The Cotton Marks have been in existence since 1985 and the promotion thereof has been funded by way of statutory levies and the Cotton SA Trust up to now. In total more than R12 million (including about R1.7 million from the Cotton SA Trust) have been spent since 1985 on promotional campaigns in this regard. The industry has indicated that should statutory funds no longer be available for promotion of these Marks, they would not be in a position to provide funding. This means that all the effort and money invested in the Marks would have been in vain. Cotton SA therefore, sees itself as the only vehicle to promote these Marks and thereby the production and usage of cotton, while statutory funds are regarded as the only means to provide funding for these objectives.

Who benefits from increased cotton demand?

An increased demand for cotton will benefit the whole cotton pipeline, from the emerging and commercial farmers right up to the retailer. It will therefore enhance the growth that is envisaged through the implementation of the SA Cotton Sector Strategic Plan. It is therefore of the utmost importance to continue with a conservative, but effective marketing plan. Firstly, to substantiate the successful efforts of the past and secondly, to invest in the future of cotton to ensure maximum consumer awareness and positive product preference. It guarantees to positively affect the lives of even the remotest communities of our land.

2.6.4 THE CO-ORDINATION OF RESEARCH

Cotton research mainly comprises agronomic research in order to further the interests of the primary cotton industry. More specifically, this function is regarded as essential for the furtherance of the primary cotton industry's competitive position, taking into account the extremely competitive marketing environment in which cotton compete. A more competitive position for cotton will support the demand for cotton products which in turn, will enhance market access for all market participants.

Cotton's inability to compete with synthetic fibres on high-speed spinning equipment because of quality constraints, forces steps to be taken to improve cotton varieties to produce cotton with fibre properties more suitable for the modern textile industry. These requirements mostly have to be addressed by means of agronomical research.

Equally important, agronomical research is essential for cotton cultivation by commercial and small-scale cotton farmers. Studies in connection with cultivar characteristics such as yield tendencies, adaptability and yield stability, make it possible for the cotton producer to make meaningful cultivar choices for specific conditions. In this way, cultivar samples can also be supplied for the evaluation of cotton quality and processing characteristics.

Crop protection programs are also carried out to develop and maintain an integrated pest control system. In addition, the objective of plant improvement programs is to identify sources of resistance to pests and to develop cotton lines with greater resistance.

The Research and Technical Committee of Cotton SA meets on a regular basis with one of the main aims being to evaluate proposed research projects, identified and prioritised by role-players at regional meetings, in order to allocate budgeted research funds in a cost effective way to the most deserving and important projects.

Cotton SA as a rule contracts the Agricultural Research Council's Institute for Industrial Crops (IIC) at Rustenburg to undertake the research projects. Research results are published on a regular basis in the Cotton SA Katoen magazine, by way of Cotton SA's website and also disseminated to role-players at information days hosted by Cotton SA and the IIC.

A total of 10 research projects were approved for 2007/08, which includes 5 projects aimed at small growers specifically. The remaining projects are of benefit to both commercial as well as to small-scale farmers. Separate small grower projects are necessary as they have particular problems associated with small-scale farming and specific to their production areas. Results from small grower projects enable them to deal successfully and with the resources at their disposal, with weeding and pest problems. Without research aimed at small growers specifically they would not be able to remain sustainable and eventually be able to expand their production, transforming them into successful farmers.

Cotton SA also has a Cultivar Recommendation Committee which meets annually just before planting time with the mandate to recommend suitable cultivars for each production area, within set guidelines and taking into account the results of the cultivar evaluation trails undertaken by the IIC. One of the aims is to limit the number of cultivars so that a more uniform product can be offered to the spinning industry.

Some of these cultivar trails are established in small grower production areas specifically in order to determine the needs of emerging farmers. In this process cultivars are developed for their particular needs, for example a hairy cultivar which wards off jassids suitable for small-scale production areas and handpicking only, has been released a year ago. Releasing cultivars such as these through research and breeding programs will enable small growers to more easily manage their crop thereby ensuring good yields and a sustainable farming environment, which in turn will enable this sector to grow and more fully participate in the cotton value chain.

2.6.5 COTTON SA'S ROLE IN FACILITATING THE DEVELOPMENT OF THE EMERGING COTTON SECTOR IN GENERAL AND IN THE NATIONAL COTTON STRATEGY IN PARTICULAR

Cotton SA initiatives i.r.o. the development of the emerging sector

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 transgenic 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 Forum was established towards the end of 1994 and currently comprises more than 40 members representing among others, the national and provincial governments, the ARC, the private sector including ginners and input suppliers, commercial cotton farmers and small-holders as well as financial institutions.

One of the major constraints impeding growth in the emerging cotton farming sector is the lack of knowledge and expertise among small-scale farmers relating to cotton growing. Cotton requires a good deal more management input and specialist skills than most other field crops traditionally grown by smallholders. It is in this area that Cotton SA decided to step in a few years ago by establishing a formal training program for small-scale cotton farmers.

In 2001 Cotton SA established a formal training program at the Lowveld College of Agriculture at Nelspruit where about 50 small-scale farmers were trained annually from 2001 to 2003. It was however soon realised that the training capacity had to be increased in order to reach the production objective of the Cotton Sector Strategy Plan, namely that emerging farmers should contribute on average 35% of the national cotton crop by 2014. The program has since been extended to other agricultural colleges and training centres in the Limpopo Province (Tompoti Seleka College of Agriculture), in KwaZulu-Natal (Mjindi Training Centre and the Owen Sithole College of Agriculture) and in the Eastern Cape (Fort Cox Rural Development Centre), with the view to train more farmers annually.

The formal skills development program (which involves a certain number of unit standards at NQF level 1) is organised in four 5 day modules, each of which are synchronised with the normal production cycle of the crop and presented over a 12 month period. The subjects covered in the 4 modules are:

- Introduction, soil preparation and planting.*
- Plant protection, pests, diseases and weeds.*
- Pre-harvest crop preparation, harvesting and grading.*
- Financial management.*

The courses are theoretical as well as practical, the latter making up about 60% of course content. Experts in each field are drawn from various cotton role-players to impart their expertise to the groups in training. Examination of candidates on course material is conducted at the end of each course module and pass marks are required in all modules in order to qualify for a certificate. Up to now more than 600 small-scale farmers have attended these courses.

During 2006/07 Cotton SA with financial assistance from the Department of Agriculture also launched a Master Mentorship Program for small-scale cotton farmers. The project is aimed to provide an initial number of mentors who can support and impart knowledge and practical skills to small-scale farmers who have completed Cotton SA's skills development course. These mentors will report via a master mentor to the manager of the program.

In view of the decline in small-scale cotton farming activities in recent years in some areas, mainly due to carry-over debt and adverse weather conditions, Cotton SA in 2000 also appointed a national small-scale cotton farmer co-ordinator to

attend to the needs of emerging cotton farmers on a full-time basis. The main task of the co-ordinator is to provide capacity to, and be a driving force within all provincial small cotton grower development committees by galvanising support from all role-players in a structured environment that is conducive to co-operation and communication. The co-ordinator is in the employ of the ARC's Institute for Industrial Crops, but the venture is jointly financed by the ARC, Cotton SA and the Cotton SA Trust.

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 vision formulated in terms of the Strategy, is to strive for a South African cotton industry that is globally competitive, environmentally sustainable and an equitable grower, manufacturer and marketer of high quality cotton products. It is envisaged to achieve this vision inter alia by:

- broadening participation to enable small producers to contribute on average 35% of the national cotton crop by 2014 (Currently their approximate contribution is 17%);
- ensuring sustainability through ongoing involvement of and commitment from all major role-players and through forms of support and methods of operation that are affordable, internationally acceptable and that did not compromise competitiveness;
- raising productivity by training small growers and by improving research and extension services and technology transfer;
- expanding exports by value, diversity, country of destination and client base; and
- accelerating the elimination of unfair competition through promoting regional/international co-operation and through more effective lobbying in international trade forums.

With the above goals in mind, various strategies have been developed and activities identified with Cotton SA being tasked to manage the entire implementation process and to finalise the resource requirements required to implement the program.

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.

The main objective is to provide emerging farmers with the opportunity to grow into commercial farmers where possible. The model therefore suggests close cooperation between government and the developers to ensure that the right people are selected for these initiatives and that land ownership will only be granted to farmers that proved themselves over a specific number of seasons.

Cotton SA plays a major role 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 2008 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 Cotton SA 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.

The persons liable to pay levies under the measure are all registered with Cotton SA and required to submit monthly returns to Cotton SA. The company will therefore be aware of failure to comply with the measure. Furthermore, Cotton SA can carry out random inspections from time to time, to ensure the compliance with the measure.