

NOTICE 847 OF 2011

**National Agricultural
Marketing Council**
Strategic positioning of South African Agriculture
in dynamic global markets

NATIONAL AGRICULTURAL MARKETING COUNCIL (NAMC)**MARKETING OF AGRICULTURAL PRODUCTS ACT, 1996, AS AMENDED
(ACT No. 47 OF 1996)****REQUEST FOR THE ESTABLISHMENT OF A STATUTORY MEASURE
(LEVY ON COTTON LINT)****INVITATION TO DIRECTLY AFFECTED GROUPS TO FORWARD ANY COMMENTS
REGARDING THE PROPOSED MEASURE**

The statutory levy of 20c/kg (VAT excluded) on cotton lint, implemented on 1 April 2008, will lapse on 31 March 2012. On 10 December 2010 the Minister approved that the statutory levy of 20c/kg also be payable on cotton lint imports from outside SADC.

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, Forestry and Fisheries has received a request from Cotton SA, on behalf of the directly affected groups in the cotton industry, for the establishment of the following statutory measure for a four year period:

- A statutory levy of 20c/kg (VAT excluded) with annual increases as from 1 April 2013 equal to inflation rate expectations, payable by ginners on cotton lint produced and by spinners on cotton lint imported from outside SADC, in order to ensure the continuation of the functions performed by Cotton SA.
- It is proposed that the levy be increased from the second year of the levy period to the following amounts (VAT excluded):
 - From 1 April 2013 to 21c/kg on cotton lint,
 - From 1 April 2014 to 22c/kg on cotton lint, and
 - From 1 April 2015 to 23c/kg on cotton lint.

The purpose and aims of this statutory measure are to provide financial support for the following functions that the cotton industry has identified as essential and in the interest of the industry as a whole:

- Rendering of information services to all role players;
- promotion of cotton production and consumption;
- co-ordination of research;
- maintenance of quality standards and norms and the provision of training in this regard;

- facilitation of the development of the emerging cotton production sector; and
- to act as the representative industry forum.

The budgeted income from the proposed levies is estimated between R3.4 million and R4.1 million per annum on local production and between R200 000 and R250 000 per annum on imports from outside SADC for the proposed levy period of 1 April 2012 – 31 March 2016. These forecasts are based on the assumption that no dramatic increase in the cotton crop is expected for the next few years. Other income include amongst others, contributions for small-scale farmer training, income from the provision of grading services to outside parties, cotton mark royalties as well as investment income, that will again be used to supplement any shortfalls in levy funds. Further ways of broadening the income base are continuously being investigated.

Directly affected groups in the cotton industry are kindly requested to submit any comments or objections regarding the proposed statutory measure to the National Agricultural Marketing Council in writing (fax 012 341 1811/ 012 341 1911 or e-mail to lizette@namc.co.za) before or on 15 December 2011, to enable the Council to formalise its recommendation to the Minister in this regard.

Submissions must be in writing and be addressed to:

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Enquiries: Ms Lizette Mellet
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