**Background**

Manufacturing is a key pillar of any economy and emerging micro enterprises are the glue that collectively keep this foundation intact.

Despite all the challenges we face we still wake up and find that ounce of energy to keep going.

Our challenges predominately include barrier to market, finance & logistic.

Our life line is the ability to sell our products well below market prices to be affordable to the lower LSM we serve.

Our selling points are primarily spaza shops and local super markets in our communities .

The market we serve is extremely sensitive to price adjustments even by a single cent.

So now convert our life line into a challenge, WE ARE THEN NO MORE.

**Company Synopsis**

We are a 100% black youth owned company.

Etsweletse trading solutions is the holder of the velvet brand, we have had a positive trajectory since our entrance in the non-alcoholic beverage market in 2012.

We started with one employee and we now boast 9 youth in our employment.

Our flagship product is nectar juices(sugar sweetened)motivated by the extended shelf life as opposed to 100% juices.

**On the tax**

Established and dominant players will always be bought irrespective of price adjustment as it has embedded itself in consumers DNA.

This proposed sugar tax initiative will definitely help to marginalise us small players and hand over the lost market to Big brands and in turn the issue of obesity & NCDs which promulgated the sugar tax will not have served the core ideology.

There are surely better remedial approaches that can be explored other than imposing a punitive measure in the form of the Health Levy or Sugar Tax.

1. **No consultation of emerging black industrialists and players in the non-alcoholic beverage industry**

* As a small player we had no knowledge of the tax – nobody approached us and asked our view and/or concerns regarding the proposed tax.
* Government consulted big business and not small business yet regards itself as having consulted. This conduct maintain the marginalisation of small black businesses in important matters that affect industry and the country. We wish to register this point very strongly that we take serious exception to not being consulted al ALL as small business – we do not matter!
* We want to make special reference to less resourced black manufacturers.

1. **Disproportionate impact of the tax on small producer vs large producers who will be able to absorb the increase at the expense of the smaller emerging players**

* Effectively the price will create an addition artificial barrier to entry, resulting in a monopolistic character of the industry with big major players able to absorb the cost while the smaller guys are unable to.
* Our products are bought primarily for price purposes rather than brand name.

1. **Impact on the black industrialization program that is a flagship programme of government to transform the economy of the country**

* Sugar Tax undermines government’s program of developing black industrialists in that emerging black producers in the industry will inevitably have to close shop owing to the anti-competitive nature of the tax.

1. **Impact on the Supply Chain resulting from the impact of the sugar tax**

* PET bottle blowers that are currently supplying us who are mostly young black emerging businesses
* Concentrate manufacturers
* Label printing
* Plastic packaging companies
* Glass manufacturing industry

**Our Request to the Standing Committee on Finance**

1. Allow us smaller players to have an opportunity to express ourselves on the tax in formal consultations;
2. Treat the proposed tax under the Tax Laws Amendment Bill as opposed to a Rates and Monetary Amount and Amendment of Revenue Laws Bill
3. Urge the Department of Health to implement regulations that provide for standards and norms for SSBs and sugar content before introducing the tax. This will allow for DoH to use the tax as a punitive measure against those companies that are not compliant.
4. Since the issue is obesity and NCDs, government should be given space to implement other measures in partnership with business before a tax can be introduced, maybe there are better methods that can be found other than the economically destructive tax