

9.0 Alignment of Cargo Handling Charges for the export of sugar

9.1 Since the sugar industry upgraded its facilities in 2009/10 to supply exclusively direct consumption sugars, all consignments have been exported in 20-ft containers. On average 18,000 TEUs of sugar are being delivered to the CHC terminal annually for export to over 50 destinations worldwide.

9.2 The export charges incurred by MSS comprise of the following:

- (i) the CHC Handling fee at time of export; and
- (ii) storage / shifting charges for containers delivered in an area dedicated for MSS within the container terminal (an MOU was signed in 2009 between CHC and MSS for storage of up to 1000 TEUs within this dedicated space at reduced tariff of Rs 112.50 / TEU / day and 10 days' free storage).

9.3 Unfortunately, as detailed below, there has been a cumulative increase of at least 32% in all these rates since 2010 while sugar revenue has been fluctuating since that time and is expected to be under further pressure as from 2017.

EXPORT 20ft		Sep-11	Oct-11	Jun-13	Jul-17
Handling surcharge	Rs	2,100	2,247	2,568	2,773
(CHC fee) Storage fee	Rs	170	182	208	225
for filled Teus Shifting	Rs	425	455	520	562
charges			7%	14%	8%
Y-O-Y increase					

9.4 Such continuous increase in export charges is not sustainable for an industry operating in a volatile market and having to compete with the world's most efficient producers.

9.5 On the import side (MSS imports up to 100,000 tons raw sugar for local refining), the CHC fees for the handling operations (with grabs) have experienced the same growth rate, from US\$ 3.30 in 2011 to US\$ 4.30 per ton sugar presently.

9.6 Total payment (for both export and import) effected by MSS to CHC in 2016/17 thus amounted to Rs 155 M, which represents a contribution of some Rs 400 / ton sugar for producers (i.e. 3% of their net revenue for the 2016 crop).

9.7 In light of the dire market challenges facing the sugar industry, and given its social and economic importance for the country, it is proposed to align the different rates applicable at CHC as follows;