

This will enable producers to renew their old and low yielding cane ratoons, thereby contributing to productivity improvement, together with the adoption of latest R&D techniques and technologies, thereby curtailing the increasing trend of land abandonment;

- (viii) **VAT exemption on land conversion rights (LCR)** sold to third parties (estimated benefit of Rs 290 / t sugar over the next 3 years). This measure will help heavily indebted producers, in particular millers, to recoup costs already incurred for the implementation of socio-economic sugar reform projects through the selling of LCR to third parties. As LCRs do not fall under the purview of the VAT Act, the JTC therefore recommends that sale of LCRs to third parties be zero rated for purposes of the VAT through an amendment to the VAT Act.
- (ix) **Securing preferential trade agreements for sugar to amortise world market price volatility.** After erosion of our trade preferences in the EU market, our exports are directly exposed to the world market price distortion and volatility; there is therefore an urgent need to reinforce and explore new preferential market access and trade opportunities, including for our value-added white and special sugars, with a view to secure more remunerative markets for our producers;
- (x) **Fund for derocking and mechanisation equipment under LEMs.** This measure will enable producers to derock and replant their fields and facilitate the mechanisation of field operations including the harvest and transport of canes to the mills. It will also improve productivity at field level, address the problems of scarcity of labour and transport of canes to the mill, and enable the mechanized collection of cane trash in the fields thereby ensuring planters secure additional revenue;

C. To be Considered:

- (xi) **Environment Protection Fee.** With a view to finding an additional means to increase producers' revenue to further bridge the gap between actual revenue and the viability price, the JTC has identified another source of funding that could be tapped and channelled to the sector as a support measure. The Environment Protection Fee to the tune of Rs 400M is being collected every year by Government to fund specific projects aimed at the protection of the environment. Considering that sugar cane is by far the most important carbon sequestrator among all cultivated