



PUTTING A STOP TO PREDATORY POULTRY IMPORTS FROM BRAZIL CAN STEM THE RISING TIDE OF UNEMPLOYMENT

Unemployment in South Africa has reached its highest level in 15 years. But the Quarterly Labour Force Survey released on May 14 tells only part of the story. Unemployment is devastating rural communities across South Africa where unemployment is higher than the national average.

The damage being done to South Africa by predatory chicken imports from Brazil and other countries is reflected in the unemployment statistics revealed by StatsSA.

These imports are killing South African jobs, and preventing expansion of the chicken industry, which would create new jobs. It contributes to a national tragedy where 6.2 million South Africans of working age have no jobs and the unemployment rate is back at 27.6%, where it was in late 2017.

The FairPlay movement is a non-profit initiative to end predatory trade practices worldwide.



REPORT: MASSIVE INFLUX OF DUMPED CHICKEN IS THE "LAST NAIL IN THE COFFIN" FOR AFRICA'S CHICKEN PRODUCERS

Two recent reports sound the death knell for Ghana's chicken industry as a result of dumped chicken imports, primarily from Europe. South Africa will go the same way and at an accelerated rate if our government does not take the actions necessary now to protect one of our country's most important strategic industries from the prospect of total annihilation by trade predators.

Germany's public international broadcaster, Deutsche Welle (DW), recently ran a televised feature story "*Ghana's Last Poultry Farmers*" which examines the impact of massive imports from Europe, Brazil and the US.

A decade ago Ghanaians produced 80 percent of broilers themselves, but now production has plunged to less than 5 percent of demand. According to DW's report,

These figures reflect one of the highest unemployment rates in the world, and is nearing an all-time high, with around three million people having given up any hope of finding a job. Some 12 000 agricultural jobs were lost in the last quarter. Black women, a significant component of the chicken industry, are particularly vulnerable, with an unemployment rate of 31%. Youth unemployment now exceeds 50%.

There are interventions that could alleviate this long-term problem, with economic growth way below the rate required to reduce the queues of the jobless. One sector which can make a significant difference in a very short period is the chicken industry, and it needs to move much higher up the government priority list.

The industry has for years has been trying persuade government both that it is under threat, with thousands of jobs at risk, and that it has considerable potential for growth, with significant job creation. Critically, it is estimated that poultry industry workers support up to 10 family members each. Nationally that represents 1.1 million people in regions throughout the country who make a hugely significant contribution to social stability and economic sustainability in many vulnerable communities.

Thousands of jobs have already been lost in the chicken industry because of a relentless assault over nearly a decade by the European Union, and more lately, Brazil. Ever rising volumes of dumped and subsidised chicken have grown their share of our market to nearly 30%. The result has been industry contraction, retrenchments and a suspension of further private investment in expansion.

Thousands more jobs are at risk because import volumes keep rising, in an assault that South Africa's International Trade Administration Commission (ITAC) has judged unfair trade. The local industry has applied for increased tariffs on a number of countries, including Brazil.

Putting a stop to this predatory trade is an essential step in tackling unemployment in South Africa.

because of Europeans' preference for chicken breast, unwanted leftover chicken parts are being dumped into Africa at prices well below the costs of production. The report also notes: "poultry farmers say one government after another has let them down".

The EU's own [published data](#) reveals that chicken exports to Ghana more than doubled between 2015 and 2018

Another report by [EPAMonitoring](#) notes that Sub-Saharan African markets accounted for 43.2% of total extra-EU poultry meat exports in 2018. But more alarmingly the trend in EU exports to Africa continues in 2019. Exports to South Africa in the first 2 months of 2019 grew some 140%, Meanwhile EU exports to the DRC and Ghana increased respectively 43% and 38%.

EPA Monitoring concludes: "The ongoing huge expansion of EU poultry meat exports to Ghana, which have increased four-fold since 2010 would appear to represent the final nail in the coffin of the poultry production in Ghana."





SAPA AND FAIRPLAY MAKE THE CASE FOR TARIFFS ON CNBC

Dr Ziyanda Majokweni-Qwalela from SA Poultry Association and FairPlay founder Francois Baird discussed the crisis facing South Africa's chicken industry on CNBC Africa's *Closing Bell*.

Dr. Majokweni-Qwalela opened the discussion by pointing out that it is essential that the local industry gets as much protection as is required because, as a matter of food security, local production ensures that we as country have the capacity to produce the food we need. Further she noted that enabling the South African industry to grow and bring new producers into the market helps to increase employment and sustain rural communities.

Francois Baird pointed out that Brazilian producers make their profits by exporting white meat to Europe and North America but are left with massive amounts of dark meat that is essentially waste product for them. What they do is sell their "leftovers" at any price - dumping it at prices well below the costs of production, which is against the rules of fair trade. As a case in point Baird talked about the Ghana experience where the local industry has been completely destroyed by a massive surge in imports.

Baird noted that Brazil's predatory poultry trade is putting 800,000 small-scale farmers at risk as well as well as thousands of workers who are losing their jobs in chicken production as a result of the surge in imports "where profits are outrageous and the benefit doesn't come to consumers and they undercut producers so that local production can't grow."

With regards to importers claims that the tariffs will increase chicken prices for consumers Baird explained that the profit margins on imported dumped chicken are so high that Brazilian exporters can manipulate the price in any way they want and still turn a profit because they have already made their money from the white meat that they have shipped elsewhere. As a glaring example: over the past year chicken importers have been paying a 37 percent duty but there has been no corresponding increase to consumers.



NONE OF SOUTH AFRICA'S TRADE PARTNERS ACCEPT SA CHICKEN IMPORTS

In the great debate around the fairness or not of increased tariffs on chicken imported into SA, a red herring has emerged: exports. Instead of asking for tariffs to protect the local industry against imports, SA can cure all its chicken ills by exporting.

In the exports arena, none of our so-called trade partners accepts chicken from SA, despite claiming that we have access to their markets.

The EU and US cite food safety concerns, not because our chicken is unsafe but because we don't test the way they want us to. In international trade terms these are called nontariff trade barriers. In fact the EU boasts that it protects its chicken producers from competition through non-tariff barriers.

It is not about SA meeting or not meeting technical standards; it is about political will. The EU and US, like Brazil, have no intention of allowing SA chicken into their markets, despite what they say. If they had, they would long ago have started acting as partners.

A handful of powerful trade entities, notably Brazil, the EU and the US, have caused and continue to perpetuate an imbalance in chicken trade that visits hardship on dozens of other countries and millions of people. They perpetrate this crime under the guise of trade, partnership and giving consumers in developing countries access to cheap protein.

What they do in reality is get rid of their by-products at prices that destroy local industries. The world's great chicken exporters foist the unwanted leftovers in their freezers on the developing world.

Job creation and job protection should be of critical importance at this point in SA, with unemployment now standing at 9.9-million -more unemployed individuals than in China, with its 1.4-billion people. SA simply can't afford to allow more job losses, and the reality is that this is exactly what chicken dumping continues to cause.

The formal chicken industry on its own could create as many as 30,000 more jobs in vulnerable regions throughout the country if dumping was curtailed to allow local producers to expand and fill the demand. If the US and EU allowed and facilitated exports instead of preventing them using technical barriers to trade, even more growth would be possible.



The FairPlay movement is a not-for-profit trade movement that fights for jobs. Its goal is to end predatory trade practices between countries so that big and small nations play by the same rules. It supports the principle that penalties for transgressing those rules apply equally to everybody.

FairPlay was founded in October 2016. In alliance with existing organisations and experts it formulates and promotes strategies to defend communities made vulnerable by predatory trade practices and promote sustainable livelihoods.

These alliance partners are international, currently from the USA, Canada, Ireland, UK, Ghana and South Africa.

FairPlay mission: To end the scourge of dumping as an immoral trade practice.

FairPlay vision: A world where dumping no longer exists, with free trade according to the rules.

<http://fairplaymovement.org>

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