



## EU TRADE PROTECTION POLICES AND DUMPING ARE MAJOR BARRIERS TO SA ACCESS TO EXPORT MARKETS

The government and the embattled poultry industry are working to open up new export markets for the sector. But there are serious impediments to achieving exports into developed markets. For instance few countries are granted access to EU markets due to non-tariff barriers that protect the European poultry industry from competition from imports.

In the agricultural sector the primary forms of non-tariff barriers used by governments around the world are sanitary and phytosanitary (SPS) policies. These measures set out the basic rules and requirements for food safety. Added to this the EU and many other countries also use import licenses, inspection requirements, testing and certification requirements and labelling and package requirements. To meet these

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



## CHICKEN IMPORTERS WAGE WAR ON SOUTH AFRICAN JOBS

In a recent letter to *Business Day*, FairPlay founder, Francois Baird, calls out the false premise that the local chicken industry is waging war on chicken importers. This is the same argument put forward by Brazil during a recent media junket of embedded South African reporters paid for by Brazil.

The truth is that local chicken producers are desperately defending the thousands who work in South Africa's chicken industry from the ever-increasing surge of predatory chicken imports from Brazil and the EU.

Brazilian and EU chicken producers make their profits from the sale of white chicken meat that is preferred by European and North American consumers. To them, frozen chicken cuts of dark meat are waste product that they dump into Africa at any price that exceeds their cost of disposal.

conditions would require significant public investment in South Africa's regulatory framework.

Trade experts generally acknowledge that non-tariff barriers such as these have a greater impact on distorting and restricting trade than do tariffs.

As far as efforts to expand poultry exports to countries within Africa, both the EU and Brazil have flooded poultry markets in countries throughout Africa with dumped chicken that is exported at a fraction of the cost of production. Because of Europeans' preference for white meat, exports are essentially waste product for the EU and Brazil producers who make their profits from white meat. Exports of frozen cuts of dark meat only have to meet or exceed the costs of disposal to be profitable.

The South Africa poultry industry has shed thousands of jobs because of the unfair dumping of cheap chicken imports from Brazil, the US and Europe. By every international measure the South African poultry industry is one of the most competitive in the world yet it is at serious risk because of predatory trade.

Saving the industry by developing export markets may sound reasonable and is well intentioned but under the circumstances that characterize the global poultry trade it may be merely wishful thinking. South Africa needs to protect chicken industry jobs, just as the EU and other producing countries do. In the short term, the most effective way of doing that is through protective tariffs. In the longer term, quota's may be the best instrument to ensure that the SA poultry industry and the thousands of men, women and children dependent upon it for their livelihoods, is protected from predatory trade and dumping.

For nearly a decade, EU and Brazilian chicken producers, aided by the South African Association of Meat importers of which Brazilian and European producers are key members, have been devastating the local chicken industry through predatory trade practices. Importers make fat profits from dumped chicken which lands in South Africa for a fraction of the costs of production and is sold to consumers at prices that are massively marked up from the importers' landed costs. They are the ones waging war on South African jobs, poor rural workers and South African producers.

Representatives of the meat importers such as David Wolpert are suggesting a truce in the battle against predatory imports. They suggest a modest tariff. This, **however**, would simply allow importers to continue to grab market share albeit at slightly trimmed profits for the importers. Wolpert suggests that local producers can make up for their market losses by developing export markets. Baird points out that this is a "pipe dream" given that Europe closes its markets to imports through non tariff barriers that are intended to protect EU producers by keeping out foreign competition.

Further, Baird suggests a more reasonable basis for a "truce" would be for Brazil and the EU to agree to limit imports through a quota which would cut imports from the current 30% of the local market to, say, 7% as in the EU. Alternatively Baird suggests a tariff rate quota, with tariffs rising in sharp steps as volumes increase. That would stabilize the local industry, protect and create local jobs, and promote expansion for the local and export markets.

Local jobs must come first. After all, as a former trade and industry minister remarked, if we don't protect the local industry from predators, there will be nothing to export.



Photo: North Coast Courier

## DUMPING GREATLY EXACERBATING A NATIONAL CRISIS

### *EVICION NOTICES ISSUED TO 210 FAMILIES*

It has been reported in *The North Coast Courier* (Sept 11<sup>th</sup> 2019), that 210 families and employees living in the Tongaat Hulett compound have been issued with eviction notices. The end of this month is the end of their jobs, their homes, their prospects and the beginning of a period of utter desperation.

The 210 families are the latest to lose their jobs and homes on top of the 5,000 people who have been handed their notice since the company implemented an austere programme of cutbacks in an effort to maintain financial viability in an industry that has been fighting an uphill battle for the better part of a decade.

The Courier reports that Industry experts claim that sugar production in South Africa has dropped by as much as one third between 2002 and 2012 and between 2009 and 2014, Ilvo Sugar has reduced its workforce by a staggering 25%.

One of the main factors exacerbating an already challenging market, is the brutal impact of cheap imports that have flooded the market making it impossible for local producers to compete. The playing field is simply not fair. This is a situation all too familiar to the poultry industry.

The impact of dumping on a community is like a huge boulder being dropped from a great height into a small pond. The tsunami effect in the wider community causes absolute devastation; homes and jobs are lost, children can no longer go to school, the elderly suffer, an entire value-chain of small business, farmers, transportation workers are simply washed away. A whole region may be left derelict.

Dumping is not the only factor that has brought this calamity upon the 210 families holding terrifying eviction notices in their hands, but it is the relentlessly active ingredient that is working to undermine the stability of way too many critical South African industries from poultry, to grain, to sugar and that is to name just a few.

FairPlay will never recoil from its primary mission – to stop dumping and to protect the interests of the poor and the most vulnerable in our communities from the ravages of predatory trade, a practice that would make our land barren, our people hopeless and our future entailed to profiteers.

Dumping creates an unlevel playing field. It is not fair play and must stop. It is in our national interest to stop it. Not as some inward-looking, protectionist, small-minded nation but as a people that insists on fair play and a level playing field in all of our trading relationships.



## LOCAL BODIES SLAM EU-FUNDED STUDY ON SA'S POULTRY INDUSTRY

As reported by [Lameez Omarjee on Fin24](#), local bodies have slammed an EU-funded study on difficulties facing SA's poultry industry for not acknowledging the impact of chicken dumping on the local market.

Trade dumping occurs when countries lower the prices of their exports so that they can gain market share in importing countries. Local bodies have said the dumping of poultry by the EU and Brazil has negatively impacted SA's industry.

The draft report was conducted by trade policy analysis provider DNA Economics and commissioned by the EU-SA Strategic Economic Partnership. The report will be finalised once comment from key stakeholders has been received and considered.

Aziz Sulliman, chairman of the South African Poultry Association (SAPA), criticised the EU study for failing to offer new insights or solutions to the problem of "dumping".

"Choosing to focus heavily on export potential instead of the material damage caused to the local industry due to unrestricted dumping by predominantly the EU and Brazil, and the ongoing suppression of local development that results from it, the draft study is disappointing in the scope of its research, and the depth of its findings."

Sulliman contends that the study should have investigated the socio-economic impact of chicken dumping in South Africa.

"More imported chicken will bring no benefits to South Africa but would only enrich the importers, and export jobs to the EU and Brazil," he added.

SAPA wants the EU to review the scope of its research to investigate "real ways" Europe can apply its resources to strengthen the South African poultry industry. "With a level playing field, without constantly battling unfair competition and predatory trade practices, the local industry would regain its buoyancy and be able to explore other potential, including a strong export market," Sulliman said.

Not-for-profit trade movement FairPlay founder Francois Baird also argued that the study did not provide solutions for the industry nor how to create more jobs in SA.

"The predatory chicken trade practices from the EU and Brazil are creating unemployment among poor people in South Africa and then blaming them for their plight," Baird claimed.

"Unfair trade practices have increasingly destroyed local jobs. If the EU really wants to help the South African chicken industry and its thousands of workers, it should take steps to halt the attack on those jobs by predatory EU producers."

# FAIRPLAY

## FAIRPLAY AT NAMPO CAPE

FairPlay is delighted to be part of the 2019 NAMPO Cape agricultural show and its focus on the future of agriculture in South Africa.

The FairPlay movement is a not-for-profit organization that opposes trade dumping and supports jobs. We have supported the local chicken and sugar industries in their fight against dumped imports that threaten their survival.

For the past three years, FairPlay has campaigned relentlessly on behalf of South Africa's chicken industry and the thousands of workers whose jobs are threatened by chicken dumping from Brazil and the European Union.

The threat to the chicken industry is real – imports have grabbed nearly 30% of the local chicken market - and it is very relevant to NAMPO. Chicken producers buy nearly half of South Africa's maize and more than 90% of its soya production. Some 20 000 jobs would be at risk if the chicken industry collapsed.

That means that the grain industry, too, is under threat. Imported chicken eats no South African grain, as De Wet Boshoff, executive director of the Animal Feed Manufacturers Association (AFMA) points out. He regards chicken dumping as the animal feed industry's single biggest challenge - over the past year, dumping displaced about three million tonnes of locally produced feed.

The objectives of FairPlay are to build public and government support for the urgent need of appropriate measures to protect thousands of jobs, while also promoting diversification initiatives which will stabilize the industries and create rural employment.

FairPlay has supported the chicken industry in its fight against dumped chicken, and in its tariff application to reduce the volume of chicken imports from Brazil. We aim to ensure that the South African chicken industry is enabled to expand and grow. If that happens, the grain industry will grow with it.

We have partnered with producers, unions and civil organizations. We have advanced collaboration between companies and their workers, engaged media, mobilized public support and provided fact-based thought leadership.

FairPlay has built constructive relations with government, and supports the development of a master plan for the chicken industry, to be worked out by government and the industry.



**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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