EU'S PREDATORY POULTRY TRADE PRACTICES CONTRIBUTE TO EUROPE'S MIGRANT CRISIS

At the UN's 2016 General Assembly, Ghanaian President John Mahama linked importation of frozen chicken to the European migration crisis. He explained that Ghanaians who embark on the risky journey to Europe are often poultry farmers or entrepreneurs who "sell their shops and undertake the journey because they can no longer compete with the tons of frozen chicken dumped on African markets annually, or the adverse business environment they have to face."

Four years on little has changed. This month Emmett Livingstone and Simon Marks, writing in Politico.EU tell the story of Oliver Kumi and two friends who made a tragic failed attempt to cross the Mediterranean into Europe. Kumi’s decision to leave Ghana was connected to the decline of the once thriving poultry sector in Ghana. A flood of cheap frozen chicken imports coming from the EU, Brazil and the United States have decimated the

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

ROADMAP TO A TRANSFORMED POULTRY INDUSTRY: HIGHER LEVELS OF BLACK EMPOWERMENT AND OWNERSHIP

Writing for FairPlay, Charmain Lines has posted a thoughtful article on transformation in South Africa’s poultry industry. The full article can be accessed here.

Pillar 1 of the Poultry Industry Master Plan – Expanding and Improving Production – pays much attention to empowerment and transformation. The measures required include expanding and improving the contract grower sector, increased support for independent farmers and higher levels of black empowerment and ownership. Now, about nine months after the master plan was signed, a solid transformation story is emerging from the association.
Ghana chicken industry after the government of Ghana gradually opened up to global trade during the 1990s.

Today foreign producers supply over 90 percent of Ghana’s demand for poultry meat. And the decimation of the once profitable chicken business has made the country’s development more of a struggle – eradicating jobs in a country where tens of thousands, like Kumi, end up migrating every year.

Europe’s chicken farmers have been at the forefront of Ghana’s poultry industry crisis. Last year they sold some 175 000 metric tons of frozen chicken into Ghana compared to about 13 000 metric tons in 2003.

Ghana’s farmers say they simply can’t compete against meat produced by heavily subsidised farmers in Europe, the US and Brazil.

Willie Bosoga who chairs SAPA’s transformation committee notes: “Matters like black ownership of companies are entirely in the hands of the companies themselves, as is the quality and quantity of training they provide to their employees, and the commercial agreements they have with contract growers. It was therefore vital that SAPA members sign the master plan in their own right.”

SAPA has made significant progress on matters within its remit. The association has increased its number of black members from 18 at the start of 2020 to 84 by the middle of July. It has set itself a target of 100 black members by year end, and is confident that it can be exceeded. “At that point, we will have more black businesses than white businesses as SAPA members,” says Bosoga.

In addition, SAPA’s database currently includes 670 small-scale farmers, ranging from people with 100 chickens in their backyards to those who run more commercially viable and sustainable operations. “We are in regular communication with these farmers,” says Bosoga. “We share technical information and industry news with them in an effort to help them become better farmers and to draw them into the industry fold.”

SAPA is keenly aware of the need for assistance among emerging farmers, and that it is not possible for the association to help every applicant. The general managers of the broiler organisation and the egg organisation respectively, Izaak Breitenbach and Mogala Mamabolo, therefore decided to take a step back and consider SAPA’s approach.

As a first step, the two GMs decided to invest resources in developing a model that would increase applicants’ chances of funding success and help SAPA decide how best to apply the resources at its disposal.

The result is a financial model that takes a vast variety of variables into account to determine the economic viability of a proposed broiler or layer project. The model answers questions such as the level of debt the business would be able to sustain, the scale required to be profitable, and the annual return the farmer can expect. In addition, the model produces projected annual financial statements for the next 10 years, a cash flow model and an income statement for the business owner – all the information needed to apply for funding.

“The value of the model is that it puts farmers and bankers on an equal footing by empowering farmers to understand and participate in the funding conversation,” says Mamabolo.
ROADMAP TO A TRANSFORMED POULTRY INDUSTRY: SUPPORTING INDEPENDENT FARMERS AND ENHANCING SKILLS

According to Willie Bosoga, Chair of SAPA’s Transformation Committee, “transformation is not an end in itself; it is the means to achieve economic growth, the advancement of society as a whole and, perhaps most importantly, enhanced food security in South Africa.”

Training is a major focus area for SAPA’s transformation efforts. Having already assisted with training for 270 small farmers and 190 abattoir employees in recent years, SAPA recently trained 81 small farmers in biosecurity. The association is currently in negotiations with local animal health company Afrivet to roll out a comprehensive biosecurity audit and training programme to help safeguard the industry against the devastation that diseases such as avian flu can wreak.

Further training programmes in the pipeline include commercial egg production, broiler production, hatchery management, business skills and further abattoir training. SAPA is also looking at developing an e-learning portal.

The association is also coordinating the establishment of a Gauteng-based training facility modelled on the successful KwaZulu-Natal Poultry Institute in Durban.

For future training efforts, SAPA has joined hands with the African Farmers Association of South Africa (AFASA). “Cooperation is critical to ensure we don’t duplicate efforts, and that we share resources and technology to reach as many black farmers as possible,” says Mogala Mamabolo, general manager of SAPA’s egg organisation.

Enhancing skills for emerging farmers also includes training and support for business plan development.

In early 2019, the Department of Land Reform and Rural Development (DLRRD) requested SAPA to provide specific assistance to 19 poultry farmers on the department’s books. SAPA visited the farms to assess the challenges of each and determine what was required.

To date, 15 of the 19 farmers were helped, mostly with business-plan development and finalising environmental impact assessments (EIAs). The SAPA transformation fund foots the bill for these initiatives to the value of R2.1 million.

One of the 19 DLRRD farmers recently joined the board of SAPA’s broiler organisation, bringing further diversity to the organisation’s leadership and enriching deliberations with a diverse perspective.

SAPA has developed and recently started implementing a protocol for engagement. Any farmer who approaches the association for assistance, has to work through and complete The Southern African Chicken Book that shares detailed information about egg and chicken farming and includes a self-assessment. Based on the outcome of the assessment, the farmer then works with SAPA’s in-house economist to populate the financial model in preparation for a funding application.

Building on the understanding that a successful funding application is merely the start of a potentially successful business, SAPA is busy developing a small-farmer co-management unit. The unit will consist of technical and financial experts who will monitor the small farms under SAPA’s umbrella and step in proactively when needed.

“The co-management model also provides banks with the peace of mind that the enterprises they fund have the best possible chance of succeeding,” says Izaak Breitenbach.

“We are proud of what we have achieved over the past 18 months,” concludes Bosoga. “The time and effort devoted to developing our models and protocols means that we’ll be able to accomplish much more in future.”
Penelope Mashego writing on fin24 examines another looming crisis in South Africa’s poultry sector as analysts warn that an avalanche of imported chicken will hit the country after the COVID-19 pandemic. This will exacerbate chicken-dumping issues that have plagued producers for the past decade.

Francois Baird, founder of the Fairplay Movement, says that once supply chains that have been disrupted by the pandemic start moving again, vast quantities of chicken that are being stockpiled in cold storage will be dumped in South Africa.

“In the past, excess chicken has been dumped in South Africa. How do we know that? Because countries and producers have been found guilty of dumping. That’s why we have antidumping tariffs in place against some of them,” Baird said in a recent webinar.

South Africa’s chicken producers have been vocal about the impact of dumping on the domestic market, particularly by the US, Europe and Brazil, which is destroying the industry and killing jobs. The dumping of chicken in South Africa results in domestic producers, particularly small-scale producers, being pushed out of the market.

Similarly, industry organisation Agri SA has called on government to be vigilant around the impact of rising imports jeopardising the local agricultural economy. “Surges in the imports of frozen produce such as chicken and potatoes will place increased pressure on local farmers, negatively impacting their livelihoods, and those of the people they employ. Dumping could endanger the growth outlook of one of the country’s most viable industries,” warned Agri SA Executive Director Omri van Zyl.

The South African chicken industry employs about 110 000 people directly and indirectly.
WOMEN FARMERS CALL FOR PUBLIC-PRIVATE COLLABORATION

The economic empowerment of women took centre stage during President Cyril Ramaphosa’s National Women’s Day address. The recipe for success is when government and business combine forces for the betterment of farmers such as Nthabiseng Philison, who has a broiler farm near Bronkhorstspruit in Gauteng. Philison, whose company is called Phirima Agrarian Services, joined the SA Poultry Association in 2019 and was invited to become a board member of SAPA’s Broiler Organisation earlier this year.

"Government and industry organisations are finally closing the gap that exists between them," says Philison. "The associations are the experts in their fields. Drawing on this expertise and long years of experience will help government better assist farmers. They have to work together." She mentions the extension officers of the Department of Land Reform and Rural Development (DLRDR) as a case in point. "As farmers, we don't always have the right knowledge, expertise and resources. Cooperation between industry and government can map out how best to use extension services to the benefit of farmers. It is such a journey of inclusion that SAPA is embarking on."

Her points are echoed by Beverley Mhlabane, whose company ZAPA Farm produces eggs near Benoni in Ekurhuleni, Gauteng. She too became a SAPA member last year, and this year joined the association’s Transformation Committee.

Both women established their businesses through a combination of their own capital and government assistance, and both received support from SAPA. In addition to ongoing training, information sharing and networking, Mhlabane received funding for the process to apply for a water use licence, while a SAPA service provider helped Philison to draw up a bankable business plan and funded her environmental impact assessment (EIA).

Mhlabane sees transformation as a holistic effort. "I don't agree with just giving someone a farm. I've seen farmers here who got a farm as a going concern with 30 000 layers, and now the same farm has 3 000 layers. There are other cases where people got money and support, but because they lacked knowledge, they ran the facilities into the ground. Government needs to look at where the farmer is and custom-make its intervention from there.

Mhlabane ascribes successful transformation to a mixed bag of factors, among them money, mindset and knowhow – most of which she has experienced first-hand.

More than money, Mhlabane sees training as the key to breaking through. Interestingly, training brought both women into the SAPA fold.

"We are getting much more value out of SAPA as members," says Philison. "We are becoming far better farmers thanks to all the information and networking we have access to, which means we can make a better contribution to the industry in future. We will be forever grateful to SAPA for all these opportunities."

"Our country needs to transform, and it’s not government’s duty alone to do it," says Mhlabane. "If you change one person’s mindset, you create a ripple effect. To build our industry and our country, everybody needs to participate; monopolising resources, knowledge and experience doesn’t help anybody."
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