



SOUTH AFRICAN CHICKEN PRODUCERS REELING FROM UNFAIR COMPETITION VIA IMPORTS

Foreign dominated importers in South Africa claim that large South African producers only want to secure their profits through the imposition of tariffs. This ignores the challenging reality of the domestic chicken industry.

It was both interesting and distressing to learn that the headline earnings per share of Astral, one of South Africa's leading integrated poultry producers, fell by between 50% and 55% in the six months to the end of the first quarter of this year, compared to last year. One of the factors is the failure of government to implement appropriate new tariffs on poultry.

Of course there are other factors at play, such as rising maize costs and underinvestment by the state in infrastructural development to name

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



IMPORTERS REAP MASSIVE PROFITS WHILE LOCAL CHICKEN INDUSTRY WORKERS SUFFER

The destruction of the South African poultry industry would eliminate this essential social and economic stability and replace it with what? Nothing, absolutely nothing at all other than more expensive chicken, widespread poverty and the lack of means to access the most important source of protein in the country.

This must not be allowed to happen. It has got to be stopped dead in its tracks. And now.

The defenders of Brazil and the importers – and tragically one of those voices is SANCU, the organisation that purports to protect consumer interests – claim that tariffs would significantly increase the price paid by consumers of chicken. Total rubbish, fake news, manipulative nonsense. The fact is that not one rand would be

two, but the most significant factor is undoubtedly the delay in imposing new tariffs of 82% on imported chicken.

Astral and RCL Foods have both reported sharply reduced profits this year and warned of worse to come if imports continue unchecked. The lobbyists for the importers fail to acknowledge that the RCL chicken business returned to profitability after years of losses only by cutting production, retrenching 1 300 workers and refocusing its business away from market segments dominated by imports.

This is the reality behind the local industry's application for higher tariffs on Brazilian chicken. The local industry has a legal opinion that supports the belief that Brazil, despite its efficiencies, may be dumping chicken in South Africa.

It is the reality behind previous tariff decisions by the local arbiter, the International Trade Administration Commission (ITAC). It is the reality behind previous anti-dumping penalties imposed on EU countries.

The poultry industry is working on the creation of a Masterplan in collaboration with the former Department of Agriculture Forestry and Fisheries (now Agriculture, Land Reform and Rural Development), the Department of Trade and Industry and other stakeholders. This will be more than a theoretical framework for the industry. It will become the strategic launching pad for this critical local industry that employs more than 120 000 people into a new future of long-term sustainability and growth.

added to the price of locally produced chicken. It is well within the means of the importers to absorb the additional tariffs and still make a profit.

These are the facts:

SARS data shows that the average landed price of Brazilian leg quarters in January 2019 was R13.52 per kilogram, and when the existing 37% tariff is added it comes to R18.52. The average retail price of chicken in South Africa is around twice that – as an example, this month at Game leg quarters are sold at R37.80 per kilogram. That is 104% over the landed price.

If the 82% tariff were approved by ITAC, the landed price for Brazilian leg quarters will increase to R24.61 per kilogram, and if the price in Game stays the same at R37.80 per kilogram, as presumably it will, there will still be a fat mark-up by the importers. The bottom line is that an 82% anti-dumping tariff will have zero impact on the retail price of chicken and zero impact on the consumer. The only thing that might change that reality is importer greed for even more profits.

One thing is certain: we need more black poultry farmers in a transformed poultry industry and throughout the value chain. This applies in equal measure to the transformation challenges that the Association of Meat Importers and Exporters (AMIE) must address as a matter of urgency.

Change is always a challenge. There is nothing new about that. What needs to be new is the way that South Africa responds to the challenge. Together we can be proudly South African, cohesive, intelligent, determined and progressive. Or we can let our enemies divide us and face the terrible consequences.





THE TWISTED LOGIC OF DEFENDERS OF IMPORTED CHICKEN

Having grabbed 30% of the local chicken market, and killed thousands of local jobs, chicken importers continue the assault on local jobs.

Unati Speirs, chairperson of Emerging Black Importers and Exporters of South Africa (Ebiesa) argues against higher tariffs to protect the local chicken industry and continues to promote the foreign interests represented by the Association of Meat Importers and Exporters (AMIE) in South Africa.

Ms Speirs naively asks why SA is not exporting chicken to the EU, where it has duty-free access, ignoring the fact that the EU uses non-tariff barriers to protect its own chicken industry from competition from imports. The EU publishes a list of the few countries (12 in total) from which it will allow chicken imports and there is not a single country in Africa on that list.

What Ms Speirs fails to acknowledge is that the victims are not only the large producers. Small-scale, emerging farmers are being forced out of business by imports cornering their markets, leaving them and their families destitute, and spreading despair in poor rural areas where unemployment levels are highest. The knock-on effect is massive with thousands of jobs on farms, small businesses in rural towns and related value chains such as the grain industry being imperilled.

Through twisted logic Ms Speirs claims because local producers are "only" able to produce 70% of local requirements and the remaining 30% "has to be" imported because "we need importers to plug the gap". Like blaming the victim for a crime Ms Speirs argues that since we have crippled local producers we need more imports because local producers are crippled.

That missing 30% constitutes 539 000 tonnes of chicken not produced locally and not providing local jobs; chickens not eating maize and soya produced on South African farms; another agri sector that depends on the local chicken industry to flourish.

South African chicken producers, employing 120 000 people directly and indirectly, are highly efficient – and more efficient than every EU country – despite receiving no government subsidies, yet EU chicken is sold to SA importers at way below their cost of production and putting each of these jobs at risk. Brazil, a more efficient producer with a vast industry built up on subsidies, does the same. It comes as no surprise that this price differential doesn't reach South Africa's consumers – imports are sold at or near local market prices, and huge profits are made by importers, middlemen and retailers.

THE WELL-BEING OF OVER 1.3 MILLION SOUTH AFRICANS AT RISK FROM DUMPED CHICKEN IMPORTS

With the national economy on the floor and unemployment through the roof, the least we can do is robustly and fearlessly protect our internationally recognised and highly competitive industry – the South African poultry industry - from the ravages of profiteering predators and importers.

Consider this. The poultry industry in South Africa employs 110 000 people directly and 20 000 others indirectly in the grain industry; and accounts for a long value chain that creates opportunities for small business and entrepreneurs throughout the country. This industry is critical to South Africa's food security.

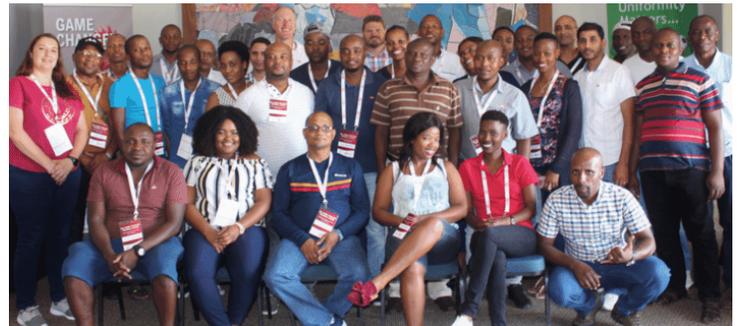
It is a very serious fact and it follows as day does night that if this industry gets gobbled up by predators as happened in Ghana, Senegal and almost happened in Cameroon but for the brave and intelligent intervention of communities and government acting together, our industry will be destroyed. Not damaged – destroyed and taken over by the likes of Brazil and the EU who, with market domination, will have total control over chicken prices. A few rand cheaper today is no more than the bait for total price control tomorrow.

If Brazil is allowed to win this battle for South Africa's poultry industry, one thing is certain: out goes South Africa's food security and with it, out goes an industry with the potential to employ the better part of 200 000 people and the opportunity to create a reservoir of opportunity for black farmers, entrepreneurs and small business owners up and down the country.

This battle, however, is not just about food security and the hugely significant employment numbers that the industry directly and indirectly accounts for, it is also very much about the estimated 1.3 million children, women and men who depend on the salaries of poultry workers to sustain their daily lives and keep poverty from their door.

SUPPORTING SMALL SCALE CHICKEN PRODUCERS

Small, medium and micro enterprises represent an important vehicle to address the challenges of job creation, economic growth and equity in South Africa. For over 15 years the South African Poultry Association and its member companies have catered to the needs of smallholder and emerging farmers by addressing issues affecting this growing sector of the poultry industry.



From 2003, the Developing Poultry Farmers Organisation (DPFO) catered for the needs of smallholder and emerging farmers by addressing issues affecting this growing sector of the poultry industry. The organisation also fulfilled a dynamic capacity building and advocacy role, empowering provincial structures and developing partnerships with the state over time.

There is a real opportunity for both smallholder broiler and egg farmers to make profits and develop sustainable businesses. This can be facilitated by focusing on improving farm efficiencies (reducing wastage and mortalities, and increasing production and growth rates), as well as securing reliable markets – the outcome could be very positive.

In March of this year RCL, in partnership with Hybrid Poultry Farm in Zambia and Cobb Europe, hosted two technical schools for poultry professionals and farm managers across southern Africa. More than 80 individuals attended the events to learn about current best practices, share challenges and opportunities and network with others in the field.



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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