



## OPEN LETTER TO SA NATIONAL CONSUMER UNION

25 June 2019

As an organisation that concerns itself with the welfare of South Africa's workers, their families and communities who suffer from the effects of predatory trade, FairPlay has noted with concern the SA National Consumer Union's (SANCU) unreserved support for chicken import and a disregard for South African jobs.

FairPlay opposes dumping and other unfair trade practices. We have supported the South African chicken industry's application for higher tariffs on some chicken imports on the basis that these imports are unfair in terms of World Trade Organisation rules. We believe it is imperative that this vital strategic industry is protected against a flood of unfair imports that have caused it to contract and shed jobs.

The tariff application is being considered by the International Trade Administration Commission (ITAC), which has already determined that the specified imports are harming the industry. What remains to be decided is the tariff required to level the playing field and ensure fair competition in the South African market. This is in everyone's interests, not least consumers.

Chicken importers have opposed higher tariffs, understandably as this would lower their profits. What is not understandable to us is SANCU's blanket endorsement of the importers' position and its uncritical support for every argument – including factually incorrect and misleading statements – offered by chicken importers.

FairPlay has sought, unsuccessfully, to engage SANCU and posed a number of questions which SANCU declined to answer. Their brief response stated that higher tariffs would increase chicken prices for millions of indigent consumers, and that it believed its statement was a "valid exposition of consumer opinion".

Unfortunately, this "valid exposition" is not founded on fact, and SANCU refuses to listen to the facts.

SANCU says tariffs could hike local chicken prices by up to 37%. Both parts of that statement are wrong. Firstly, tariffs would not apply to the 70% of chicken that is produced locally in South Africa. Secondly, new tariffs would apply only to a portion of the 30% of the local market taken up by imports. Thirdly, a price increase, if any, would not be near the numbers SANCU echoes from the importers. The local industry says increases would be minimal, and there may even be price decreases. That is information that consumers need to know. Why, we ask, is SANCU not telling them?

SANCU does not want to hear this. It has chosen to be part of the importers' scare campaign, implying massive across-the-board price increases on all chicken in South African shops. This is factually wrong, and we believe it is irresponsible for an organisation such as SANCU to cause panic under consumers.

SANCU states flatly that tariffs are bad, and it is seemingly uninterested in the damage that surging imports have done to the local chicken industry, or the thousands of jobs that have been lost and are at risk.



FairPlay believes SANCU members should ask the organisation's management where they got the information in their statements of support for importers, whether they checked it, whether they did any of their own research and whether they sought opinion from anyone other than chicken importers. It is distressing that SANCU intervenes so one-sidedly on behalf of the importers and the foreign chicken producers whose interests they serve.

The tariff application is a complex issue, supported by voluminous documentation. ITAC is considering the issue and will soon announce its decision.

What is an undisputable fact is that chicken imports have already grabbed 30% of the local market, at the cost of thousands of local jobs? It is predatory trade, aimed at dominating the South African market, and if it is not checked it would ultimately put local producers out of business. That would endanger South Africa's food security, add tens of thousands of people to the jobless queues and give importers complete pricing power in the local market.

SANCU seems not to have considered these key issues, or how they might affect South African consumers. Instead it sides determinedly with importers and refuses to listen to anything that contradicts their position.

What causes further concern is the realisation that SANCU has no , as far as we know, ever displayed an interest in matters relating to the chicken industry. Did SANCU support the campaign to have VAT removed from chicken to help the poor, as one would expect from a consumer organisation? Not as far as we know. Has SANCU supported ongoing efforts to ensure more stringent health checks on imported chicken? Not as far as we know. And nor are we aware of SANCU support for the efforts to protect consumer safety by ensuring that the labelling requirements on imported chicken are lifted to the same high standards that apply to local chicken.

And yet, when it comes to chicken importers trying to stop tariff increases which would protect local jobs, suddenly SANCU speaks out and announces its uncritical support.

FairPlay would like to know how SANCU justifies the position it has taken, in support of those seeking to destroy South Africa's food security and South African jobs under the guise of "trade".

Yours sincerely,

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