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MEDIA STATEMENT

NEW ANTIDUMPING DUTY APPLICATION HIGHLIGHTS CHICKEN INDUSTRY'S ONGOING FIGHT AGAINST DUMPED IMPORTS

The SA Poultry Association (SAPA) today announced that it has applied for anti-dumping duties on imported chicken from five countries – Brazil and four European Union nations, Denmark, Ireland, Poland and Spain.

“We have proof that these countries have been dumping frozen chicken portions onto the South African market, which is unfair competition for local producers, big and small, and costs local jobs,” said Izaak Breitenbach, GM of SAPA’s broiler organisation.

“They are bringing frozen chicken portions into South Africa, often at prices lower than their production costs, and/or lower than they are selling the same product in their home markets. This not only constitutes dumping under World Trade Organisation (WTO) and South African rules, it is unfair because it creates jobs in producer countries while stifling economic growth here.”

Breitenbach confirmed that these unfair practices had been raised in discussions with the EU’s representatives in South Africa and the EU export organisation AVEC, and that it was conveyed that if not addressed, antidumping duties would be sought.

The application seeks anti-dumping duties based on the difference between what frozen chicken portions are sold for in the producer country and the lower export price of frozen chicken portions to South Africa. Dumping margins up to 201% have been found.

Breitenbach said that the anti-dumping application was necessary as dumped imports were causing material injury to the domestic industry, despite the existing tariffs.

“This is a continuing process because exporting countries develop ways to counter tariffs, including by lowering their prices,” he said. “Unfortunately these prices – as low as R6.86/kg – are not passed on to consumers but merely create additional profits for the import value chain.”

The application has been submitted to South Africa’s International Trade Administration Commission (ITAC) which will investigate the complaint before making a recommendation to the Minister of Trade, Industry and Competition. The process is expected to take about 12 months.

The application is supported by a vast number of organisations and entities, from grain producers, smallholder farmers and contract growers to the majority union in the chicken industry and companies dependent on the poultry value chain, such as equipment suppliers and feed suppliers. Said Breitenbach, “In the Poultry Sector Master Plan agreed in 2019, the industry undertook to continue to produce affordable chicken for the local market, and we are delivering on that commitment. In addition, there is extensive price monitoring under the master plan.”

“Our application provides evidence of dumping, based on prices in their local markets and import prices here,” Breitenbach said. “The fact that we now have evidence of dumping by nine countries shows the extent to which South Africa is a target for countries dumping surplus chicken.

“Applying for antidumping duties is an expensive process, but our industry is under continuous attack from unfair competition so we have no choice but to act. As much as R6.1bn leaves the country every year through poultry imports only. This in a country with an expanded unemployment rate of 43%. Just imagine the positive impact it would have on the economy and on job creation if that amount was instead invested locally.

“The purpose of the applications is to level the playing field, ensuring fair competition in the South African market by eliminating the unfair advantage exporting countries have because they are not charging fair prices. The South African chicken industry is highly competitive by international standards, and we produce chicken at a lower cost than EU countries. Yet EU countries continually dump chicken here because they will take any price they can get for surplus chicken meat their markets don’t want.

“Brazil does the same, even though their subsidised production costs are lower than ours. Some of their imported chicken is priced at about half of what it costs them to produce it.

“The situation has become more precarious since COVID-19 disrupted retail globally, so that chicken-producing countries all sit with overflowing cold-storage facilities and are looking around for markets to target with this surplus. We are expecting a renewed onslaught and it is crucial for us to be vigilant and use the trade remedies that are available to us, to protect South African jobs.” Breitenbach said the application was part of a long-term strategy to stabilise and grow the South African chicken industry as outlined in the master plan. The industry has already invested R1 billion of the R1.5 billion it pledged to improve processing facilities, and has increased production by 5% to date.

“The master plan aims to support the local industry and encourage investment, transformation and expansion into local and export markets. A key part of this growth will be import substitution as the government takes measures to contain imports and then reverse their share of the local market, which has been growing rapidly for a decade or more.

“The master plan says specifically that ‘we should act decisively against any form of unfair trade and any attempts to dump poultry products on our market’,” Breitenbach pointed out.

He said the impact of the COVID-19 pandemic on production and food supply chains had seen countries emphasising the importance of local supply for their national food security.

“The pandemic has highlighted how dangerous it is to rely on imports for your food security. Some countries are having to cut production and some have banned food exports. We have also noted that EU chicken producers have called for halt to chicken imports into the region.

“We have to ensure we keep imports to a minimum, that they come in at a fair price, and that the bulk of our chicken is produced by South African producers creating South African jobs,” Breitenbach said. ENDS