

MEDIA RELEASE

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TARIFFS WILL NOT LEAD TO RETRENCHMENTS OR MASSIVE PRICE HIKES

The SA Poultry Association (SAPA) is concerned about the misrepresentations regarding the potential price impact of higher import tariffs on chicken from Brazil and some other countries, as widely reported in the news.

The assertion that an increase in tariffs on certain categories of chicken imports will increase the price of all imported chicken and locally produced chicken, misleads the general public.

SAPA would like to make the following points:

- The tariffs apply to the landed cost of chicken from the countries affected by the increased tariffs, mainly Brazil, and will not automatically result in retail price increases, even on the imported portions affected by the tariffs. The evidence, as supported by the Genesis report on the potential price impact of duties, shows that in the past, exporting countries, including Brazil, have dropped their export prices to counter higher tariffs.
- The tariff increases should assist in bringing the landed cost of chicken from Brazil closer to the production price of locally produced chicken, not ignoring any potential reaction from these countries as described above. As set out in a study by the Bureau of Food and Agricultural Policy (BFAP) tariffs have historically been a necessary element in addressing unfair trade, including dumping.
- The tariffs do not affect locally produced chicken. More than 70% of chicken consumed locally is produced in South Africa.
- The new tariffs do not affect all imported chicken. They only affect just over 30% of all imported chicken, with imported chicken making up about 30% of local consumption. The European Union, a major producer and exporter to South Africa, is not included in this tariff.
- Official SA Revenue Service statistics show that in 2019, South Africa imported 184 669 tonnes of frozen bone-in chicken portions. These are the bulk packs of leg quarters, thighs and drumsticks that have done most damage to the local chicken industry. Some 42% of this came from EU countries – so nearly half of these imports are not impacted, and the EU is steadily increasing its market share at the expense of Brazil.

There is no factual basis for the claims of huge price increases in chicken for the consumer, even for affected imports. The price projections that have been published by certain parties are entirely unsubstantiated, showing no basis for the calculations. Claims that this will lead to “significant job losses” and that the “economy will suffer” are quite simply unfounded, and must be challenged.

The tariffs are the result of exhaustive negotiations during the development of the ground-breaking Poultry Sector Master Plan, and was endorsed and approved by all the signatories, including the Minister of Trade and Industry and Competition, the Minister of Agriculture, Land Affairs and Rural

Development, the poultry industry, importers and trade unions. Tariffs were acknowledged to be a key aspect of the plan by all stakeholders. The master plan specifically aims to curtail imports to allow the local industry to stabilise, expand and create jobs. ENDS

Statement by: Izaak Breitenbach, GM Broiler Organisation

