

FROM THE DESK

SUB HEAD It's a day in court with exports, imports and brining

By the time you read this, the impact of the municipal elections will be well known and hopefully well understood. What's clear is that our country is going through a period of change. The poultry industry isn't any different, with a real threat that the broiler industry will contract massively over the next six months to a year. The position is quite clear: without government action to substantially reduce the volumes of imports there's no chance of a stable local industry - let alone one that grows.

The uncertainty around the egg organisation persists, but at least a hopeful word or two is in order with membership starting to grow as Charlotte gets to know more producers.

On a very sad note, we need to report that the industry's lost one of its true entrepreneurs with the untimely death of Arend Kuipers, whose shoes will be hard to fill in his own companies let alone in terms of the influence he had in our industry. We offer our heartfelt condolences to his family, friends and colleagues.

Brining

We've now had confirmation that the brining case will be heard on 12 and 13 September. A group of intervening parties made up of AMIE, the RMIF, SANCU and two producers have joined the application. All responding parties (everybody except us) have to provide their arguments by 5 August, and we have until 19 August to give our reply to these. Then it'll be a case of the respective counsel drawing up their heads of argument, with a battle royal to follow. We'll ask for an interdict at the same time as we're having the regulations reviewed by the Court. It isn't likely that a decision will be made before 22 October, so an interdict is needed to keep the status quo in place pending finality on the regulations.

Apart from our challenge to the regulations, a further problem has arisen in that DAFF have refused to allow products made before the effective date (22 October) to be sold after 22 October. This is simply impractical, and indicates a lack of understanding by at least some officials in DAFF of the processes we follow. As we produce in excess of R320 million of the products most affected each week, and these products can be in the distribution chain for up to a year, you can imagine the financial losses and waste of food that will occur if this silliness isn't corrected.

Namibian Court Case

As expected, the judge in our Namibian matter ruled against us on a technicality, which we've appealed directly to the Namibian Supreme Court. We've no idea how much longer this'll continue, but as most of you will know, South Africa didn't take kindly to Zimbabwe's recent actions to limit exports of a range of South African products to that country. South Africa needs to be firmer in pressing our rights, and I'm pleased that the Zimbabwean action has been well opposed by the Department of Trade and Industry.

Egg Organisation

The OIE has announced that it'll begin the process of starting to develop animal welfare standards for layer hens this year. The IEC requested I be their representative on the working group that will be formed to draw up these standards. I'll be representing the egg producers of the world, including South Africa, and will be the sole producer representative on this working group. I'm surely going to need support from local producers to present the best arguments possible and hope you'll support me in this endeavour just as I hope that you'll be actively involved in the SAPA Code of Practice review currently underway under the guidance of Alan Saunders.

Trade

We presented to ITAC on the TDCA safeguard in July, as did many other parties. We expect ITAC to make a decision in August, which'll hopefully be communicated to us by a letter before the end of the month. We expect that should ITAC rule in our favour, the EU will respond in some punitive way. Funny that they think they should have the right to sell their leftovers to us at dumped prices, and that such waste disposal constitutes the type of trade that the TDCA envisaged. I've seen no mention of waste disposal in the agreement.

We're preparing our papers to respond to the AMIE court case where they've taken ITAC and other parties, including us, to court to contest the process being followed by ITAC in this review. We don't think this review will affect the timelines that ITAC is following. We also don't think the AMIE application has much chance of

success, although it's possible they might at some point win a substantive legal challenge to our various applications.

We've received money from the attorneys acting for Wiesenhof, the German exporter and producer, who tendered costs when they withdrew their case against the South African government and others, including us, in challenging the anti-dumping duties that are in force against them.

The ITAC tariff review continues, and we hope that it'll be complete by the end of this year. Clearly, we need to present a version of the reality we find ourselves in that makes sense to ITAC as these tariffs were neatly sidestepped by the importers and have had almost no effect.

We've started collecting the data we need to support the continuation of the US anti-dumping duties, although it's way too soon to know if the US will come up with better arguments this time around. It's interesting that less than half the expected amount of US product has come into South Africa following the AGOA agreement. We can only speculate on the reasons for this, although actual product quality may be one of these.

Our challenge against weakening food safety protocols continues. DAFF have to respond in early August with their notice to oppose, and provide us with a record of how they came to their decision. This will be interesting to read and review.

Our export dossier is now in Saudi Arabia. The next step is to get a response from the Saudi authorities. As mentioned last month, I expect we'll have a few more iterations before market access is granted. We've now been given the all-clear to export to the UAE, and as excitement rises, a request for an amended health certificate arrives. This isn't going to be a straightforward process.

DAFF

DAFF came to visit us after the Deputy Minister had been on a farm visit to one of the agricultural stars of the year - someone well known to many of you, namely Tumi Mokwene, who explained quite clearly to the General that his success as a young farmer is at risk because of the flood of imports. This is something that only government can fix - and government needs to want to fix this enough for a change to happen. In return for government support, the industry will also have to do things to make it more inclusive. Since we hope that most of you want to do that anyway, a request like this won't be a hardship to endure. Government has tools in the toolbox; they need to dig deep and start using them more often, and more effectively.

General

SAPA presented to the South African Society for Animal Science last month on areas of research where local knowledge would be better than foreign knowledge. There is definitely scope for some local research; now all we need is the funding to drive this.

Agmat and I attended the commodity chamber of AgriSA strategy meeting as they are grappling with finding the best way for there to be one commodity chamber for South Africa. We are of the view that a chamber separate from the main body of AgriSA will make it easier for farmers who find a home within AFASA, NAFU and the TAU to participate in such a chamber. AgriSA are rightfully concerned about the major structural change such an approach will bring to their mother body. This is not an easy journey for them and we wish them well on the road to a new beginning. SAPA will continue to support any actions that can lead to a more organised voice for agricultural commodities, but we are not the leaders in this process.

I attended a Maize Trust Steering Committee meeting on transformation last month which is dealing with similar issues - what do we need to do and how best to do it to bring about sustainable change to the maize industry? The answers to these questions are various and often contradictory, so it's going to require a lot of commitment from industry and government to get it right. In general, industries complain that government should leave job creation and economic growth to industries. If we really believe that, then it is for industries to lead transformation as well. We can't be selective when we tell government that we have the tools to bring about change and improvement.

SAPA met to discuss feedback from Avi Africa and we're already working on some new ideas and concepts to bring to you next year. We also want to see if it's possible to have 'mini' Avi Africas at a few venues around South Africa to give more producers access to the products and knowledge that are on display at Avi Africa each year.

Regards until next month,
Kevin Lovell,
CEO.