

FROM THE DESK

SUB HEAD Matters legal, trade, organisational and brining

Last month, I started by talking about the municipal elections and they certainly were an interesting set of results - lots of change and yet little if you dig deeper into the voting patterns. When it comes to the broiler and egg industries, there's also not much change as things continue to go badly, perhaps more so for broiler than egg producers.

The latest weather predictions are now suggesting that the transition from El Niño to La Nina will be slightly delayed, with the La Nina effect likely to be seen later in the season. Hopefully the rains will come in time for a decent maize harvest so that feed ingredients prices can start to fall next year. Spring is here.

Last month, I had to report on the passing of Arend Kuipers. This month, I'm saddened to report on a further loss with the passing of Dr Louis Theron. Even as his health started to fail, Louis's great passion and energy for his work didn't falter and he continued to work hard for the greater good of the industry. I'll miss him greatly as will we all. His family and Carien will miss him even more.

Brining

Much work took place last month to prepare for the review of the brining regulations, which will've taken place before you read this. Around 4,000 pages later, the case is ready for Court. Hopefully, one part of the application, namely a suspension of the regulations pending the determination of the review, will have been communicated to you separately. The main decision isn't likely for a couple of months.

We applied separately to DAFF for an exemption to determine that the date of implementation should mean the date of last production, not sale. Both the Executive Officer and the DG denied our application, and the appeal of that application respectively. We then launched an urgent application to the Court to deal with the consequences of these decisions. This matter will also have been heard by the time you read this, and the results communicated to you separately. In simple terms, the industry can't know what's in the retail system and, apart from its own stockholdings, these retail stockholdings will be declared unsaleable. This is bizarre, as it's such a waste of money and good food. Hopefully the Court will determine the meaning of common sense for DAFF.

Salmonella court case

As you know, our application to have the so-called Salmonella side letter set aside was launched recently. This was the final document required by the US to remove the threat of the suspension of the duty concessions for South African agricultural exports in terms of AGOA. No other nation enjoys these variations to the standard testing protocol, and these variations, in our view, put the health of South Africans at risk. This isn't an attack on the AGOA quota, although I'm sure many people see it that way. We need to fix the exceptions granted to the US in an equitable manner. I'm happy to report that there's a chance that this could be resolved without having to go to Court. It's undesirable to be taking our prime government partner to court, and in my ten years at SAPA, we've avoided this approach. Now, in a single year, we're involved in three separate court cases against DAFF and others. If this is to be our annus horribilis, we can then look forward to next year where the sun shines in all ways that we need it to shine.

Organisational matters

The Egg Organisation Committee met last month, and more on the decisions of that meeting can be found in Charlotte's column in the next issue. The good news is that membership is growing again, for which we thank all involved, as this is something that Charlotte alone can't do. The gallant offer of support from the Broiler Organisation has allowed Galliova to continue for this year, and I hope that all readers will thank them as they read this. Without their support, a competition more than a quarter of a century old might have had to be cancelled. Realistically, it's going to take a few years to restore the Egg Organisation to financial health.

The Broiler Organisation Committee also met last month and dealt with a full agenda on a range of matters. Some of the key decisions were:

That while general expenses in the budget are well contained, legal expenses are very much over budget with all the work done so far this year and many more expenses to come. There's no way out of this problem for as long as we are being assailed by trade and regulatory challenges;

That the implementation of IMI is likely to be further delayed with an unfavourable, and unknown, legal opinion from the State Law Advisor suggesting that changes to the proposed scheme will have to be made;

That the Africompliance producer input sheet developed was approved so that all producers can report irregularities in a structured manner. We ask that you all assist by using this form to guide the work of our customs monitoring consultants;

That the Committee is still not in a position to make a decision on the PR or communications campaigns, and;
That producers must engage with the two SAPA teams working on the revised Code of Practice as well as the SABS voluntary standards processes. If you are interested in having your voice heard please contact the SAPA office for more details.

The Board met last month after the two subsidiary body meetings. For the first time, we had a meeting that was not quorate with one broiler representative missing. This means that all of the decisions made at the meeting still have to be ratified by the missing member before they're valid. So the list of decisions taken below may be amended in time.

The meeting decided that the plethora of acronyms used by the sector makes foreign language training necessary and so we've prepared a list of acronyms for members. It's available to all if you need it.

We also decided that we should get the PDMA Director position filled as we are losing momentum with this important project. Hopefully this'll be done before the end of this year.

We're changing the structure of the minutes to make them more user friendly, which will hopefully allow committee members to keep a more active eye on progress being made.

The partnership with BFAP and the University of Wageningen has helped us tremendously in demonstrating that we are good, efficient producers of poultry meat. We need to do the same for eggs, and then using this farm-to-fork data, develop a series of stories on the two industries. This is a long term project and we're happy to receive any ideas as to what stories should be told.

The Media Relations Committee, which has been put on hold for some time as we worked our way through the strategy process, has now been resuscitated. It'll be made up of the Chairman of SAPA, the two subsidiary body Chairmen, the Chairman of the Transformation Committee and the SAPA staff involved with project work. Our first meeting will be in the next few months and will be used to set a framework for communication and some targets to be reached.

The evergreen trust concept for the surplus levy funds is to be captured in a business plan and will have an attached trust deed for Board members to review before the next meeting so that final approval for submission to the NAMC can be given.

There's a concern from the Board that the Breed Society - intended to replace some of the functions of the old Chick Producers Organisation - has yet to be initiated, with breeders not responding to repeated letters. The Board has allocated a key member to work on this project.

A scenario planning team is to be formed and action plans developed. We'll communicate more when the team has met.

Colin Steenhuisen has replaced Robin Barnsley on the Bulletin Board and Aziz Sulliman has been elected as Chairman of the Poultry Bulletin Board.

A special strategy review session was held prior to the Board meeting and a number of the decisions referred to above come from this session. Although this might take a while, we need to have a simpler way of measuring and monitoring what the various parts of SAPA should be - and are - doing. The matrix from which we work isn't yet complete, but will be done fairly soon and then communicated to members.

Trade

ITAC have issued the essential facts letter in our EU safeguard action. They've found that we're suffering a threat of serious disturbance from EU imports and that these are the main cause. Additionally, they've determined that exceptional circumstances exist. Now we wait to see how they propose to correct the situation. We hope to know the answer during September, and await the actions of Minister Davies after that. As South Africa has approved the new Economic Partnership Agreement between the SACU and Mozambique on the one side and the EU on the other, the implementation of the relief to be proposed could be slightly delayed.

Our papers in relation to the contestation of the AMIE court application to challenge this safeguard action process were submitted, and we await AMIE's next move. When the EU anti-dumping action was in process, AMIE also tried to challenge the process through the Courts. Since the promulgation of the final duties, they seem to have lost the appetite to take the matter further. Perhaps the same will apply here? It does take up time and use up money which might of course be what AMIE wishes to achieve. The joys of legal dispute! The levels of import volumes are beyond terrible, and major job losses are imminent. Government needs to work with its tool box; this is a cautious process although we do wish they'd rummage more at the bottom of it to find the magic tool that we all need if disaster is to be averted.

On the export front, there continues to be some progress in opening up markets although unexpected questions abound. For example, one market asked that containers be certified that they've never had pork in them at any time in their useful life. That's hard for a local veterinarian to determine. The uses of the consultant to support the process has been quite effective.

General

On the presentation front, last month we presented at the AFMA strategy session to the investor community in Cape Town and to technical people at a labelling conference. We also attended the annual BFAP baseline launch. Their analysis of our industry is quite hurtful where they see us shrinking with time from a meat perspective and with limited growth from an egg perspective.

Last month, I mentioned that Agmat and I attended a meeting of the AgriSA commodity chamber. As a follow up to that meeting, a task team that includes me has been set up to take the discussions further. The first such meeting was held last month, with more to follow. The idea is to try to come up with a mechanism that'll make it easier for more commodities, including us, to want to join a single commodity chamber for all agriculture in South Africa. Clearly this is your decision as the members who make up SAPA, not SAPA as a secretariat, but we need something to propose to you that we believe might be of benefit to you all. Hopefully the discussions will conclude by the end of the year.

Regards until next month
Kevin Lovell
CEO.