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MEDIA RELEASE

ANNOUNCEMENT ON ANTI-DUMPING DUTIES DISAPPOINTS SOUTH AFRICAN POULTRY ASSOCIATION MEMBERS

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The poultry industry is surprised by the announcement made by Minister Patel of the DTIC to suspend the implementation of definitive anti-dumping duties against Brazil, Denmark, Ireland, Poland and Spain for a period of 12 months. The Minister has shown his support for anti-dumping measures in the past, and implemented provisional duties against those countries listed for a period of 6 months, which lapsed on 14 June 2022. Following the implementation of the provisional duties. The International Trade Administration Commission (ITAC) called for comments from interested parties, and on the responses received to the essential facts letter, ITAC once again found that poultry is being dumped into the South African Customs Union (SACU) poultry industry, and that evidence of material harm to the industry can be demonstrated. ITAC, in their latest findings, recommended to the Minister that it would be appropriate to implement anti-dumping duties against the mentioned countries.

The local poultry industry is sensitive to the plight of cash-strapped consumers, and understands that food price inflation can negatively impact South Africa's population. However, poultry producers also feel that the Minister's announcement flies against the spirit of the Poultry Sector Masterplan (*Masterplan*), which specifically listed tariff measures as an important pillar to put a stop to dumping. As such, the decision calls into question the trust all have invested in the Masterplan process, as the latest decision seems to demonstrate that dumping is "okay", even if for only a period of 12 months. The decision will not assist the country's efforts towards localisation, job creation, transformation plans, investment or developing the rural economy. In fact, it may actively cause harm and will certainly disrupt industry investment plans for the foreseeable future.

The Minister attributes the suspension on the implementation of the anti-dumping duties against the aforementioned countries on rising food costs, and the potential impact on poultry prices. A causal link between trade measures to stem the tide of dumping and rising poultry selling prices must surely be established first? Rising food prices in South Africa (*and globally*) are being driven by global fundamentals in the soft commodity markets (*most notably high Brent crude oil prices, demand on corn for ethanol production in the US, global weather phenomena, global supply and demand dynamics, and more importantly, Russia's war in Ukraine that has led to lower levels of production in Ukraine and the inability for that country to export their crops – negatively impacting global coarse grain prices*). The South African Poultry Association firmly believes that it is a misnomer to think the lack of anti-dumping tariffs will assist the consumer; the Minister's announcement merely provides the importers a reprieve for 12 months, and any "cheap" chicken imports simply goes into the pocket of the importer as healthy margins. No evidence exists that dumped chicken is sold by the importers at a low price to the consumer, and once again the importers will capitalise on the opportunity by actively

participating in unfair trade practices. Already, total poultry imports exceed the volumes produced by South Africa's largest local producer.

Dumping creates a nice revenue stream for global producers elsewhere in the world looking to get rid of their secondary poultry cuts, and creates jobs in other countries. Dumping doesn't help South African consumers or farmers. In fact, dumping can jeopardise food security. A healthy sustainable poultry industry is what South Africa needs; one that grows, creates jobs, invests locally and pays its taxes on profits generated. The country cannot import its requirement for protein. The local industry is currently subsidising poultry selling prices as the inability to fully recover record high feed input costs, fuel and energy costs erodes margins in a market characterised by record levels of unemployment and dwindling disposable income.

One of the primary objectives of the Masterplan was to increase the level of locally produced chicken in consumption figures, and reduce the level of poultry imports to an acceptable level. To date, the industry has invested R1.5 billion in expanding local processing capacity in support of the Masterplan. This investment in South Africa's Agri-processing sector has seen the industry create more than 1,500 new jobs in support of the local economy. Emerging farmers have spent more than R600 million to build new farms to support the increase in capacity at a time when input costs are against the industry on the back of global macro-economic issues. Unfortunately, not all the available new capacity has been filled with chicken volumes, and the suspension on the implementation of the anti-dumping duty now threatens the industry as capacity will stand idle.

The industry is considering any remedies open to it, but before understanding the details of the announcement (*such as the level at which the duties will be imposed and the definitive date of implementation – under the auspices of the 12 months announced on 1 August 2022*), no firm decision on a way forward has been made, except to say that the industry will actively engage with Minister Patel. A silver lining to the announcement is that anti-dumping duties against Brazil and 4 EU countries will be implemented, notwithstanding the fact that it is suspended for 12 months, at which time the new duties will take effect for four years. Unfortunately, in the interim, local producers feel that they will have to consider suspending further investments and projects in the pipeline for at least 12 months, given the uncertainty that exists in the near term. **ENDS**