



SOUTH AFRICAN POULTRY ASSOCIATION

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MEDIA STATEMENT

HPAI AND THE POULTRY INDUSTRY'S RECOVERY STATUS

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The South African poultry industry is on the road to recovery from recent Highly Pathogenic Avian Influenza outbreaks that have plagued producers since January. With strong biosecurity protocols and monitoring programmes in place, evidence suggests that the infection rate has peaked, and after very serious initial concerns, the recovery process is currently underway.

To date, 8.5-million chickens have been culled to curb outbreaks of the H7 and H5 bird flu strains; this includes slightly over 2.5-million broiler breeder chickens, and approximately 6-million of SA's layer flock.

This is a significant portion of the national flock – many poultry farmers have been badly affected by the outbreak and aren't compensated for these losses in line with the Animal Diseases Act. The industry's quick action has softened the worst of the outbreak, getting several mitigating solutions in place to ease the impact on farmers and consumers:

- The industry has extended the age of non-affected flocks by an additional 2-3 weeks, which will result in additional egg hatching production.
- The industry has started including the hatching of 2nd grade eggs.
- Producers are importing 83-million broiler hatching eggs to replenish flock – the first batch arrived earlier in October.
- Strategic reserves of frozen poultry stocks carried over from the recent winter (*when there was a lower demand for chicken*) will afford the industry an opportunity to alleviate any chicken shortages over the festive season. After the December peak, demand drops off and the poultry industry expects a balance between supply and demand from then on.
- Forecasted import volumes for the next three months look stable and increasing, which will also supplement local supply and help to address any possible shortage.

These interventions are designed to circumvent any short-term supply shortages. Following its swift action, the industry expects that any shortages this festive season will be minimal. Speculation about huge shortages of chicken this year and into 2024 is therefore not based on the facts and does not take any of these recent developments into account.

While it seems the domestic poultry industry has no shortage of opportunities to demonstrate its resilience, the outbreak has put many livelihoods at risk. Farmers are having a difficult time recovering costs, especially during a period of recovery. A change in policy is needed to support impacted producers, and such a cost recovery mechanism will serve well to keep consumer prices low and our farmers afloat.

Deputy President Paul Mashatile recently said that government is “*looking into ways of compensating poultry farmers affected by the recent outbreak of bird flu*”. While addressing questions from the National Council of Provinces, Mashatile stated that, “*This scheme is about R3.5 billion. So, those farmers affected by influenza will get support from this scheme. But of course, details still being discussed by Treasury to ensure exactly what that support will constitute. Among others, it’s recommended that all affected farmers, especially small-scale farmers, will be compensated.*” The Democratic Alliance has also lauded Deputy President Mashatile’s proposal; the implementation of such a scheme would serve as a great relief to both farmers and consumers. Minister of Agriculture, Land Reform and Rural Development, Thoko Didiza, is expected to make the announcement in the coming weeks if the compensation fund is active or accessible.

Creating an emergency fund for farmers to recover costs and repopulate their flocks is much more beneficial to local consumers, producers, and the South African economy, than returning the taxes paid on a small portion of imports that will only arrive in the New Year. The suggested rebate is based on a supposed shortage of chicken which may not happen, and there is little expectation that any rebate on imports would reduce the consumer price of poultry.

The local industry is not opposed to imports (*it welcomes fair competition!*), unfortunately, a blanket rebate on import duties favours foreign producers and provides importers with a generous cost advantage over local producers; it won’t do much for consumers at all. It is not necessary to sacrifice taxes to encourage dumping. If enacted, the proposed rebate will undo the trade protection previously deemed necessary to support local poultry producers, in line with the Master Plan. South African poultry farmers simply can’t compete with highly pathogenic avian influenza outbreaks, the scourge of load shedding (with outages wreaking havoc on the birds, the farming houses and equipment), the critical lack of service delivery and access to fresh water, collapsing infrastructure, and now ceding market share to dumped or subsidised imports. It is evident from some of the larger integrated producer’s financial results that they are experiencing losses in the millions in order to keep South African chicken the cheapest chicken consumer rands can buy. However, you won’t hear about the losses of our small-scale farmers – a rebate may sound the death knell to their operations.

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