



SOUTH AFRICAN POULTRY ASSOCIATION

Founded 1904

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## MEDIA STATEMENT

### **SAPA HOLDING STATEMENT ON POULTRY MARKET INQUIRY**

The South African Poultry Association (SAPA) will co-operate fully with the Poultry Market Inquiry announced by the Competition Commission.

However, we are surprised that the inquiry is considered necessary and concerned at some of the statements and assumptions in the Commission's announcement.

We will seek to influence both the terms of reference of the inquiry and its eventual conclusions. We will do this through the provision of facts, data and opinions to illustrate the workings of the South African Poultry Industry and the factors that help or impede growth, production, employment and profitability.

Central to the inquiry will be the issue of the concentration of large companies in both the broiler and egg industries. There seems to be an underlying suspicion that this is bad for the industry and for consumers. We will provide the inquiry with our views on these matters.

The poultry industry is extremely concerned at the commission's statement that there are "ongoing demands for bailouts through ever-increasing tariffs and the imposition of anti-dumping duties." As ITAC and the DTIC will know well, the poultry industry has never in its history asked for "bailouts". The use of this term indicates a hostility that we find disturbing. What the industry has asked for is protection against unfair and dumped imports. ITAC investigations have repeatedly found that these imports are harming the industry and costing local jobs.

The industry notes that our biggest competitor is imports, and we are competing with companies in the United States that slaughter more than 45 million birds per week, compared to the 21.5 million per week produced in South Africa.

The 2019 Poultry Master Plan committed the government to helping to curb imports, to act decisively against illegal and dumped chicken imports and to promote local industry growth and job creation.

The inquiry also questions the competitiveness of the South African poultry industry. Our producers are among the most competitive in the world – year after year, research by Wageningen University in the Netherlands has found that our producers are among the most competitive in the world, producing a chicken cheaper than all European Union countries, similar to the United States and outperformed only by Brazil.

What has added to our cost of production recently has been the rapid rise of feed costs following Russia's invasion of Ukraine, and local factors such as the billions that producers have to spend to counter the government's failings to produce reliable electricity and water supplies, and the state of our roads and railways.

The result has been that the industry made no profits last year, and top companies recorded substantial losses. Additional stress on profitability is likely to be done by the government's

introduction of rebates on poultry import tariffs. This will bring in unneeded additional imports when the local chicken market is in oversupply.

These are all factors that need to be considered in any inquiry into the workings of the poultry industry.

This is a substantial industry. As the commission announcement notes, it accounts for 65% of all animal protein consumed in South Africa. It is the largest contributor to the agricultural sector with a total annual gross value of production of almost R72 billion in 2022, accounting for 17.1% of total agricultural gross value and 40.3% of total animal product gross value.

The poultry industry has for decades supplied South Africa with affordable meat protein. If it is to continue to do so, it deserves understanding and support. Through our contributions, we will try to ensure that the inquiry does no further harm to this strategic national industry.

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