

Anti-dumping duties on frozen bone-in chicken reinstated

By [Susan Marais](#)

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After a year-long hiatus, the South African Revenue Service (Sars) gazetted new anti-dumping duties ranging between 0% and 265,1% against Denmark, Ireland, Poland, Spain and Brazil on 3 August 2023.



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The new tariffs will be enforced for the next four years until August 2027.

Izaak Breitenbach, general manager of the broiler division of the South African Poultry Association (SAPA), welcomed the new tariffs. "The announcement comes at a critical time because the industry is in severe distress due to issues such as load shedding. If the tariffs had not been reinstated, it would have been devastating."

Currently, South Africa has anti-dumping duties instated against nine countries. The countries are the United States, the United Kingdom, the Netherlands and Germany. "It is important that a country should implement anti-duty measures against all transgressing countries. If you do not do that, parties that dump poultry will simply import poultry from another country where anti-dumping measures are not in place."

Breitenbach said South Africa is currently rated as one of the three most competitive poultry producers in the world. "Unfortunately, no one can compete with dumping."

Food price concerns

Previously, minister of trade, industry and competition, Ebrahim Patel, said that he agreed with the International Trade Administration Commission (ITAC)'s August 2022 findings that dumping was indeed harming the poultry industry. However, he delayed the implementation of permanent anti-dumping duties for 12 months citing consumer cost concerns as the grounds for the suspension.

Breitenbach said while the effects of dumping were well documented (it eviscerated Ghana and Cameroon's poultry industries in a few short years), the empirical evidence from knock-on effects of corrective trade measures was far too limited. "Therefore, the South African Poultry Association commissioned Genesis Analytics to do a study to determine the potential passthrough to consumers of any corrective trade measures." This report was released in July 2023.

André Frauenknecht, a principal in Genesis Analytics' Competition and Regulatory Economics practice, said for the period of the study (January 2022 to June 2022) European avian influenza (AI) outbreaks meant many dumpers were prohibited from exporting.

"Brazil was effectively the only country subject to the provisional duties during the six months that these duties were imposed. Since they represented approximately a third of bone-in imports between January 2022 and June 2022, the costs of around two-thirds of bone-in imports would have been unaffected by the provisional duty. This would significantly dilute its potential effects."



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Frauenknecht said after accounting for trade composition (by country and product) as well as Free-On-Board (FOB) levels (and monthly fluctuations in these factors) results suggest that the average percentage by which retail prices could have increased as a result of the provisional duty was approximately 3%.

However, if trade dynamics remained stagnant, the potential passthrough rate could be reduced to 2,5% and even if the maximum final duty were applied to each country, the potential passthrough rate was only 4,9%.

"It should be emphasised that these results do not account for the companies within the targeted countries which were exempt from paying the provisional and final anti-dumping duties," Frauenknecht added. "Any additional imports from those exempted would further reduce the potential passthrough of the final anti-dumping duties."

While the assumption was there that anti-dumping tariffs led to an increase in consumer food prices, Frauenknecht's report found the opposite to be true. "For the period that anti-dumping duties were not in place, food prices increased." The economists attribute this to the fact that other importers from non-dumping countries stopped supplying South Africa. This inherently led to less competition in the local poultry market.

Breitenbach said the report, which was presented to minister Patel definitely gave direction to the conversation. "Before this report, there was no clear evidence of what the passthrough effect of anti-dumping tariffs would be on consumers. Now we know that it won't have a significant impact. However, it could save our struggling poultry industry."

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