

Itac probes claim of chicken dumping

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South Africa's European trading partners - Germany, the Netherlands and the UK - are being probed by the International Trade Administration Commission (Itac) for allegedly dumping frozen bone-in chicken portions.



SA poultry producers are battling to survive because of cheap chicken imports. Image: Wki Images

The investigation follows the recent increase of import duties on five categories of imported chicken products. The new tariffs have already been introduced, but did not apply to imports from the European Union (EU), with which South Africa has a trade and co-operation agreement.

The South African Poultry Association has, however, brought an application against European poultry producers and exporters, claiming they are dumping their products on the South African Customs Union (Sacu) countries.

XA International Trade Advisors director Donald MacKay said that it seemed as if the association was determined to close the market for chicken imports.

"Importers have become quite fatigued by the frequency of the applications, but will go to battle again. They expected the application, but exporters are a bit more surprised and quite concerned," MacKay said.

Price protection through tariffs

Trade and Industry Minister Rob Davies last month defended the overall average tariff increase of 8.75 percentage points on chicken imports and said that it did not constitute protectionism.

Itac accepted the association's latest application on the grounds that there was *prima facie* evidence of dumping by the European countries that caused producers in Sacu material injury.

"The applicant submitted sufficient evidence and established a *prima facie* case to enable the commission to arrive at a reasonable conclusion that an investigation should be initiated on the basis of dumping, material injury, threat of material injury and causality," Itac said.

The association constitutes about 72% of Sacu's frozen bone-in chicken portion production.

Widespread support

The application is supported by Grain SA, the Animal Feed Manufacturers Association, Namib Poultry Industries, Swazi Poultry Processors, the Botswana Poultry Association and the Basotho Poultry Farmers Association.

The commission received information from producers Afgri, County Fair, Early Bird (Olifantsfontein), Early Bird (Standerton), Rainbow Chicken, Sovereign Foods and Supreme Poultry.

According to the information, there has been a decline in the producers' return on investment and they have experienced negative net cash flows, negative effects on capacity utilisation, a decline in profits, an increase in inventory and a decrease in productivity.



Frozen chickens are imported cheaply from EU countries. Image: [Agriculturesource.com](#)

Association of Meat Importers and Exporters' chief executive David Wolpert said it was not surprised by the application. "We have been expecting this for some time and we will respond as soon as we have scrutinised the documents. We are of the opinion there is no dumping taking place from Europe," Wolpert said.

He said he had been to Europe recently and had met with the European Poultry Association, which would be responding to the latest investigation.

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