

# EU cries foul over chicken crisis claims

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The EU says the link between imports from the bloc and "alleged disturbances" in the South African chicken market is not clearly established - especially in relation to two years of drought in SA. South African chicken producers and the Food and Allied Workers Union have criticised the Department of Trade and Industry, saying it is doing nothing while thousands of workers are losing their jobs, mainly because of EU imports.



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But the EU says there "appears to have been no real consideration" of the jump in local feed costs in 2016, which make up to 75% of the cost of raising a chicken. "Alleged inefficiencies" may also hamper the competitiveness of South African producers, it says.

Massimo De Luca, head of trade and economics at the delegation of the EU to SA, says: "There can be little doubt that the cost of chicken in SA has been negatively impacted by the recent drought."

He also says other factors, such as the "quality of imported chicken", might also play a role.

On December 15, SA imposed a provisional safeguard duty of 13.9% on chicken imported from the EU. This affects all imports of frozen bone-in portions of chicken imported from any producer or importer from any EU country. De Luca says the duty is on top of antidumping duties already imposed on poultry imports from the Netherlands, Germany, and Britain.

The department says the duty will "provide an opportunity to find a mutually agreed solution with the EU".

The EU says it will be in force until 3 July 2017.

Garth Strachan, the department's deputy director-general of the industrial development division, says the department has assembled a team of experts to assess the depth of the crisis. He also says a meeting between various government departments, business and labour will be convened to discuss this.

## **Import duty and antidumping measures**

In 2013, the import duty on a number of poultry products from countries including Brazil and the US was increased significantly - to 82% for whole birds; 31% for carcasses; 12% for boneless cuts; and 37% for bone-in portions. But these duties are not applicable to EU imports as SA has a preferential trade agreement with the bloc.

In 2015, however, antidumping measures ranging from 3.86% to 73.33% were imposed on frozen bone-in pieces from Germany, the Netherlands, and the UK.

The EU says there has been an investigation by SA's International Trade Administration Commission (Itac) into the "alleged dumping" of EU chicken since 2013. "The EU position will be presented to Itac," De Luca says.

In October 2016, an Economic Partnership Agreement (EPA) came into force between the EU and the Southern African Development Community, providing for "better market access for agricultural products."

"Against this background, new trade defence measures that limit market access to the other party's market are to be subject to discussions in a special trade and development committee to be convened under the EPA agreement," De Luca says.

## **Brining practices**

"In the same vein, it appears that the impact of SA's poultry industry brining practices on consumer choice has not been thoroughly assessed," he says. The issue of brining touches a nerve in SA's poultry industry. This is the practice of injecting salty and often spicy water into chicken, which the industry says makes it more succulent.

SA is accused of injecting up to 40% of brine into chicken products. Critics say this means consumers are paying for salty water rather than chicken.

New regulations impose a cap of 15% brine on individually quick-frozen portions and 10% on whole birds. Some countries, such as Brazil, ban brining entirely. Others limit it to 8% of a chicken's weight.

*Source: Business Day*