

US chicken imports fall foul of quotas

By [Linda Ensor](#)

12 Aug 2016

US chicken-in-bone exports to SA have so far neither met expectations nor come near the maximum level allowed for under the quota agreement thrashed out between the US and South African governments earlier this year.



Association of Meat Importers and Exporters CEO David Wolpert. Picture: [Financial Mail](#)

According to the South African Poultry Association (Sapa) US imports have been "erratic" since the beginning of 2016 with 2,299 tonnes, 6,906 tonnes and 1,238 tonnes coming into the country in March, April and May respectively.

"South Africa could expect to receive over 5,400 tonnes of bone-in portions per month from the US," a report on the organisation's website noted.

In terms of the South Africa-US inter-governmental agreement — a precondition for the extension of the African growth by the US Congress — US chicken producers were given an annual import quota of 65,000 tonnes of bone-in chicken portions free of antidumping duty. South Africa's total bone in chicken imports between January and the end of May amounted to 60,170 tonnes.

"Less than half what was expected to come in in the first six months did come in," Sapa CEO Keith Lovell said. However instead of replacing bone-in chicken imports from the EU, US imports were additional to them.

"Imports of bone in chicken portions to date have never been as high as they were between January and June," he said. If the trend persisted, these imports would have a devastating impact on local producers, he said.

"Some of the local producers are cutting back on production or plan to do so. The situation of the industry is dire and will

keep getting worse as long as we don't have high duties on imported products," Lovell said.

South Africa's total poultry imports from the EU have risen dramatically in 2016 and represented 47.9% of all poultry imports of 54,514 tonnes in May. Imports from Brazil represented 43.2% of the total or 23,523 tonnes.

Association of Meat Importers and Exporters CEO David Wolpert agreed that US bone in chicken imports had been "far below expectations" and "very disappointing. The main reason is that importers are still importing from the EU because they can get it duty free and the quality is excellent."

This might change, however, if the Sapa application to have agricultural safeguard duties imposed on EU bone-in chicken is approved by the International Trade Administration Commission. A decision is expected within the next two months. Should a heavy duty be approved, Wolpert predicted that importers would move away from Europe towards Brazil.

If the application were approved, provisional safeguard tariff duties of 37% would be imposed on EU bone-in chicken portions.

The EU-South Africa trade agreement provides that provisional agricultural safeguards can be imposed if the local industry can show that the imports are causing a "serious disturbance" to the local poultry market.

Sapa has launched a legal challenge against the substance of the agreement between the US and South Africa on the grounds that it lowers the health safety standards with regard to imported US chicken (specifically the level of salmonella) while South Africa continues to apply higher health standards to all other countries.

US embassy deputy spokesman Heidi Ramsay conceded that US chicken exports to SA had to date not reached the full amount of the quota for a number of reasons, including logistical hurdles.

"Unique among the many countries exporting poultry to SA, the US agreed to set aside half of our quota for SA's historically disadvantaged individual (HDI) importers, many of whom are new to the poultry market. We continue to work with our poultry industry and DTI to build capacity among HDI importers. Second, the first imports of chicken only arrived in February. Finally, we believe the volatility of the rand has had an impact on US export volumes," Ms Ramsay said.

The poultry industry is not only having to deal with a flood of imports but is also contesting the new brining regulations which were promulgated in April. Sapa has instituted a court action to challenge them on the grounds that there was no proper consultation and that they are irrational. The regulations require a brining level of 15%, substantially lower than the prevailing 25%.

Lovell said the industry was also opposed to the government's decision that all remaining poultry stocks with higher than the stipulated level of brining be destroyed once the new rules come into effect. This would mean that about R2bn worth of poultry held in stock would have to be destroyed by producers and retailers even though the issue was not one of health and safety but of the quality of the products.

Sapa's request for the implementation date for the new brining rules to be the last date of production not the last date of sale (because of the stocks remaining in the distribution system) was rejected and it has taken the matter on appeal to the director general of the Department of Agriculture and Forestry. If the appeal failed, Sapa planned to take the matter to court as well, Lovell said.

Source: Business Day