

Agricultural safeguard levy will boost the local industry, says FairPlay

According to Francois Baird, founder of FairPlay - a not-for-profit trade movement that seeks to "end the scourge of dumping as an immoral trade practice" - the recently gazetted agricultural safeguard levy of 35.3% imposed on bone-in chicken cuts will impact importers, not consumers.



Image source: [Facebook](#)

Baird was responding to the [Association of Meat Importers and Exporters' \(AMIE\) position in opposition](#) to the safeguard duty.

"Meat importers are right to be concerned about the impact on their business of new duties on European Union chicken. The duties, announced in September, are designed to constrain the flood of EU chicken into South Africa. And that will affect the importing business," said Baird.

Assault on SA jobs

He emphasised in his response to AMIE CEO designate Paul Matthew's view that the safeguard levy will hit SA consumers, that "while EU chicken imports have been negligible for the past year because of outbreaks of bird flu, importers have happily continued what is in effect an assault on South African jobs".

"Bone-in chicken portions – mainly leg quarters – dominate an expanding South African chicken market. And that expansion is being met by rapidly increasing volumes of imports, most of it dumped at prices below the cost of production," explained Baird.

"Bone-in chicken imports are running at record levels this year, with negligible contribution from the EU, because Brazil and other countries have filled the gap left by EU producers.

"As a result, an efficient local chicken industry remains under threat," he said. "No industry, however efficient, can compete with dumped imports. Thousands of jobs have been lost as smaller producers go out of business and larger producers consolidate or change their business model because of the import threat. The SA Poultry Association estimates that for every 10,000 tonnes less chicken meat produced in South Africa, 1,000 jobs will be lost."

EU chicken imported cheaply, not sold cheaply

"The assault is set to become even fiercer when the bird flu bans on various EU countries are lifted. EU chicken may be imported cheaply, but it is not sold cheaply – the selling price is kept just below the ruling retail price, crippling local producers and making fat profits for importers and middlemen," Baird said.

In his organisation's view, the reason why meat importers are worried, is because the 35% safeguard duty will eat into those profits, and will boost the local industry - which is the objective of the safeguard.



Agricultural safeguard levy on poultry could impact SA consumers negatively

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"AMIE also states that the duty was imposed in contravention of a trade partnership agreement with the EU. It does not state that SA government and the local industry disagree with that view and that it is not a South African-imposed duty but one agreed to by SA Customs Union countries. If meat importers were really convinced of their interpretation of the agreement, they would have gone to court," concluded Baird.

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