



Media release

18 April 2019

SA CONSUMER WATCHDOG SERVES BRAZILIAN CHICKEN INTERESTS

A South African consumer watchdog that used to be against predatory trading practices like dumping has apparently switched sides. In what appears to be a negation of its own position, the SA National Consumer Union (SANCU) has now lent its name to the campaign of Emerging Black Importers and Exporters South Africa (EBieSA) on behalf of Brazilian chicken exporters.

There is no one who can argue that rising unemployment levels are to the benefit of SA consumers. If the Brazilian campaign succeeds in destroying SA chicken, food security is at risk and the local market will be at the mercy of importers and foreign producers.

The campaign to support Brazilian predatory trade in SA is almost encouraging, if cynical and desperately sad.

Encouraging, because it is an indication that there is a real chance of the SA government approving an import tariff increase and, in doing so, support local workers and emerging black farmers whose jobs and livelihoods are being decimated by the flood of questionable Brazilian chicken imports.

Cynical, because the SANCU support for Brazilian products comes at a time when many other countries, including EU countries, are banning Brazilian chicken imports due to food-safety concerns.

The SANCU and EBieSA position favouring Brazil is also desperately sad, because it aims an arrow at the heart of some of the poorest parts of our country – rural South Africa. Chicken production is a largely rural enterprise. It impacts, therefore, most powerfully on rural jobs, small towns and their economies, and dependent small businesses. When jobs are lost due to opportunistic predatory imports, like the Brazilian chicken tide, the viability and sustainability of the rural economy and small towns are directly endangered.

SANCU and EBieSA should also be more concerned with food-safety issues that have been a hallmark of Brazil's poultry industry, before campaigning on behalf of its producers. While local producers are held to strict traceability and labelling requirements, imported chicken is allowed into the country in frozen bulk packs that are then thawed out and repacked with only a vague reference to the country, or countries, from which it may have been imported.

Adding insult to injury, the Department of Health allows previously frozen imported chicken to be sold as fresh to SA consumers. The Department of Agriculture Forestry and Fisheries regulations under which local producers fall, expressly forbids this practice in the interest of food safety. The fact that imported and local chicken are governed by different government departments that uphold



different standards of safety, is part of the problem for unaware consumers and a sleepwalking SANCU.

If SANCU and EBieSA, as its first public act on chicken, had announced a campaign to promote SA chicken exports, because of the quality of the local product and competitiveness of local industry, it would be standing on the side of black chicken farmers and jobs for rural areas.

Instead, these two Brazilian handmaidens make laughably spurious claims about possible consumer price increases unless Brazilian chicken producers have their way with the SA market. Their claim might have been vaguely credible had the latest report from BFAP and Wageningen University not explained in great detail how competitive our local industry is.

Instead of supporting SA chicken, the Brazilian campaign of SANCU and EBieSA is aimed at destroying companies like Daybreak Farms, one of the five biggest local producers, which is a wholly black-owned company.

Emerging farmers are often the first and the hardest hit when imports surge, which has been happening with Brazilian chicken into SA. When the market for their products is decimated by predatory imports and dumping, they simply go out of business and the people they employed lose their jobs.

FairPlay supports the application for increased tariffs because we stand for fair trade practices and competition that serves the interest of local jobs and small farmers. Unfairly priced chicken imports cause price suppression, resulting in local producers losing market share to foreign producers. The latter can expand their markets through predatory pricing, thanks to generous subsidies received from their home governments, and the sale of unsafe chicken that the rest of the world does not want.

The 82% tariff increase that has been applied for will only affect the profit margins of the exporters, because they have double-dip profits. Countries such as Brazil have in the past quickly lowered their export prices when faced with duties and tariffs – it is believed that they charge South African importers between 100% and 190% more than they charge other countries they export to. It is easy to adjust those fat Brazilian margins. When the tariff is implemented, Brazilian producers would simply lower their asking price again without South African importers seeing a dip in their profits. The Brazilians can do this, given that their prices are not linked to real production costs and that they've already made their profits selling breast meat to Europe and the US.

Instead of aiding and abetting the Brazilian chicken strategy of achieving SA market domination and price control to the detriment of SA consumers and the entire SA poultry value-chain, SANCU and EBieSA should serve South African interests, and support FairPlay against predatory trade. ENDS