

Why increased poultry tariffs will do SA's economy more harm than good

The Association of Meat Importers and Exporters (AMIE) has welcomed reports that the government has finalised tariffs to be imposed on poultry product imports. However, the association cautions that an increase in trade protection will lead to job losses and increased chicken prices.



Image source: [Gallo/Getty](#)

South Africa currently imposes a tariff of 12% on boneless cuts and 37% on bone-in portions, which made up 53% of poultry imports in 2018. The South African Poultry Association has lobbied the International Trade Administration Commission of South Africa (ITAC) to increase the duty on both to 82%, the maximum amount.

If the appeal is successful, almost half of poultry imports – 48% – would be subject to this increase in duty as they originate from countries without free trade agreements with South Africa.

AMIE, however, says this will be disastrous as an independent study last year into South Africa's broiler industry had found that:

- Domestic production is unlikely to increase to meet the gap that will most likely be opened by an increase in trade protection, resulting in consumers having to pay more for chicken; and
- Increased protection will lead to job losses and have a negative impact on GDP and the economy.



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The study found that chicken is by far the most popular animal protein consumed by South Africans, most likely because it is the most affordable source of animal protein on a rand per kilogram basis.

In 2017, South Africans consumed an estimated 2.12 million tonnes of chicken, at an average of roughly 38kg per capita – double that of beef and veal and far higher than the per capita amount of pork, sheep, lamb or goat meat consumed.

Conversely, domestic producers only produce around 1.7 million tonnes, leaving a 382-million-kilogram gap that has been filled by imports.

South Africa exported only 42 million kilogram of poultry products in 2018, mainly to neighbouring countries.

The facts presented in the study are contrary to the lies and untruths peddled by the US-based and SAPA funded lobby group, FairPlay.

"The study shows quite clearly that domestic producers cannot meet local demand for chicken, which is behind the need for imports. In fact, the study found that complying with SAPA's request for the maximum tariffs will result in a supply gap of 2.4 - 5.9%.

With domestic producers currently unable to bridge this gap, this means that imports will be necessary and because they incur higher duties, consumers will end up paying more for chicken and poultry products.



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"With all these facts, we are constantly dismayed at the misinformation campaign that is being run by FairPlay, which goes against the cooperative spirit which Ministers Patel and Didiza have encouraged in the facilitation of the national poultry strategy formulation process. We are disappointed that despite our constant engagement with SAPA, their sponsored organisation continues to mislead the public," says Pau Matthew, AMIE CEO.

Matthew points out that the study indicated that while tariffs – which have been applied for over 10 years – were intended to protect and empower domestic producers, it had not appeared to do so.

"Protection appears to have reduced, not increased, the incentive for domestic producers to find solutions to the problems it faces and encourage competitiveness," he says.

"Considering the weak economy, high unemployment and the increasingly straitened circumstances that most South Africans find themselves in, this would be terrible news for consumers," he adds.

Matthew says the study had also found that not only will import protection have a net negative impact on jobs across the economy, it will also lead to "losses in economic welfare and GDP". While increased trade protection will lead to a drop in imports and a slight increase in output in the broiler and livestock sectors, jobs will be lost due to contraction in other sectors.



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"This is something that South Africa simply cannot afford, so we urge the authorities to tread carefully in weighing up the needs of domestic producers versus that of South Africans and the economy at large," he says.

"AMIE's position has always been that policy makers need to explore less costly ways to encourage the competitiveness of South Africa's broiler industry. One of these measures is to increase the amount of poultry that South Africa exports, which will not only benefit the consumer but also lead to more jobs and grow the South African economy."

Matthew concludes by saying: "AMIE has taken a principled position against the tariffs; however, the association appreciates the Minister's prerogative in this regard. We remain committed to working with government and other sector stakeholders to ensure the South African Poultry Sector Masterplan – which resolves several structural and other problems within the industry as well as efforts to grow South Africa's broiler industry – can be implemented."

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