



EUROPEAN UNION

DELEGATION TO THE REPUBLIC OF SOUTH AFRICA

16 March 2017

## **PRESS RELEASE**

../for immediate release

### **Poultry crisis: what does it mean for markets and consumers?**

#### **An EU perspective**

Having read in the press the repeated ill-informed and distorted comments and accusation by some South African poultry producers' regarding the European Union and chicken bone-in imports into South Africa, I would like to share with readers the European Union perspective.

South Africa's trade relationship with the EU remains by far the most significant for the country. both in terms of volumes of local exports and in terms of job creation in South Africa. This, notably is largely due to the opportunities created under the SADC-EU Economic Partnership Agreement (EPA) which entered into force on 16 October 2016. One recent example to illustrate this: South Africa's citrus industry in 2016 achieved record exports to the EU, close to R7bn in value (up from R2bn in 2007) and is set to take advantage of further market openings provided under EPA. Tens of thousands of jobs depend on South African exports of citrus alone. This success has been possible despite differences on the threat of a fungal disease, citrus black spot, that affects local citrus production in South Africa. This illustrates how concerted and constructive efforts by South African and EU interests can lead to hugely beneficial results both for markets and consumers.

The same holds true for poultry: here too, the SADC EU Economic Partnership Agreement, rather than public campaigns, provides the appropriate framework to address challenges and resolve differences to find common ground. We have full confidence in the work done by the inter-ministerial committee established by the Department of Trade and Industry (DTI), and we are committed to the process underway by the International Trade Administration Commission (ITAC), South Africa's body in charge of investigating matters arising on international trade.

Regarding EU chicken bone-in exports to South Africa I must state clearly that increases experienced in the past have in no way been influenced by EU market interventions. Since 2003, the EU does not provide any export subsidies to poultry farmers exporting to Africa, nor does it encourage the practice. The EU-SADC Economic Partnership Agreement (EPA), just like all of the EU's Economic Partnership Agreements, bans agricultural export subsidies altogether, and there is also no domestic support for chicken producers in the EU.



Aggregate figures for 2016 show that despite increases in imports from Europe in response to growing local demand, imports of bone-in chicken from the EU in 2016 have not exceeded 200,000 tons, i.e. less than 10% of overall poultry consumption in South Africa. We fail to see how such a relatively moderate market share should be the main cause of the problems facing the South African industry.

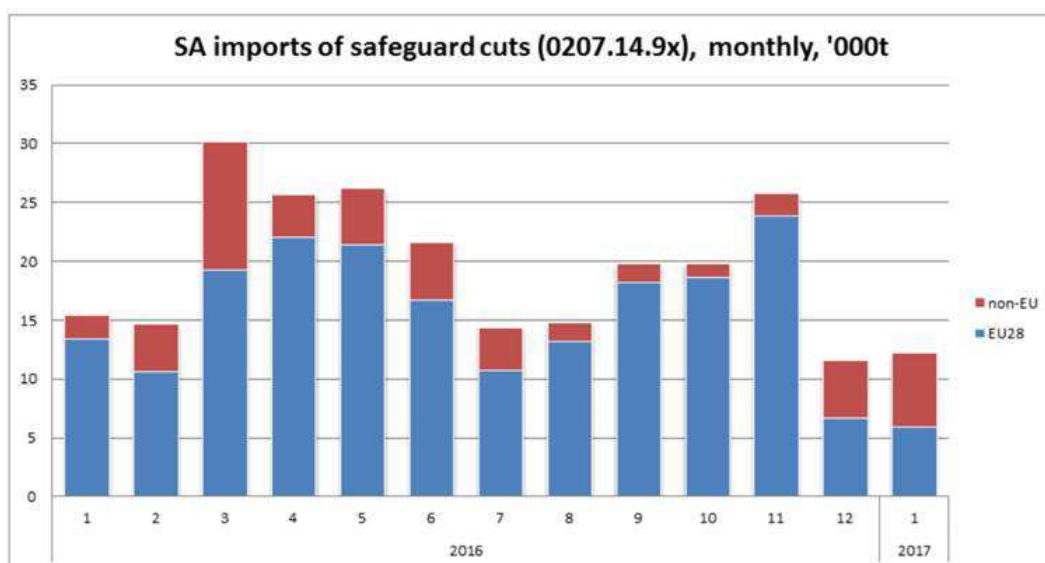
Such claims are even more questionable looking at figures for 2017: as the graph below illustrates, EU exports of bone-in chicken portions have dropped by over two thirds linked to the outbreak of avian influenza in a number of EU producer countries. South Africa's ban on imports from such European producers is expected to stay in place for a number of months, providing space for local restructuring of the sector to take place.

Informatively the graph also indicates that other international producers are quick to start filling the gap left by the significant decline of poultry bone-in chicken exports from Europe to South Africa. This raises questions of the ability of local producers to competitively meet the large local demand.

It is prudent to remember, on World Consumers Rights Day, that industries are meant to serve consumers.

Sheltering the local industry through more protection against imports from the EU would entrench the current state where few local producers control both the poultry and the feeds market. While the drought might have reduced their margins, they have kept recording profits overall. With maize prices back to international parity, we trust that the local industry will take this opportunity restructure and so also to enable new entrants' access to production. This with the objective of ultimately benefiting job creation and consumer welfare.

The EU has repeatedly engaged with stakeholders and government. We remain committed to economic transformation, both in the implementation of the SADC-EU EPA and in development co-operation. EU industry also stands ready to cooperate with local industry to develop export capacity for which the EPA provides significant duty-free opportunities. Our hope is that all interested parties join us in these concrete and positive actions to the benefit of the local market and consumers.



2016 Bar Chart by the EU Delegation to South Africa

For more information on EU position in this matter, please visit:  
[https://eeas.europa.eu/delegations/south-africa/22033/06032017-eu-delegation-position-poultry\\_en](https://eeas.europa.eu/delegations/south-africa/22033/06032017-eu-delegation-position-poultry_en)

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