

Farmers cry foul over Brazilian poultry

Local producers hope cheaper imported chickens go home to roost, writes Annaleigh Vallie

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SOUTH African chicken producers have for the past few months complained that poultry imports, particularly from Brazil, have been killing their business.

For producers such as Afgri , Astral Foods and Rainbow Chicken , the bottom line has taken a knock. The result is that a few producers and the industry body have teamed up to take action in the form of an antidumping case against Brazilian imports. They accuse Brazil of selling whole chickens cheaper in SA than in their home market.

The Brazilians have in turn cried foul and strongly believe they are right, saying they are prepared to take the case all the way to the World Trade Organisation (WTO).

Brazilian poultry association Ubabef has claimed the antidumping case is political and that SA is protecting inefficient producers to the detriment of the millions of people who can benefit from a cheaper protein supply.

In a way their argument is compelling — if they can produce chicken efficiently, affordably and sustainably — why shouldn't they feed the millions of starving people in SA and Africa?

According to the South African Poultry Association, in 1999 imports from Brazil reached 11198 tons; last year the figure ballooned to 193896 tons. Last year, about 73% of poultry imports came from Brazil. The closest competitor was Argentina with 10,3% and Canada with 7,1%. At this rate poultry imports are projected to reach an estimated 19,2% of consumption next year.

At the heart of the matter is the lack of assistance from the government, as Astral CEO Chris Schutte stated yesterday. Mr Schutte says he has struggled to get Agriculture Minister Tina Joemat-Pettersson to look at an e-mail, let alone attend a meeting. In contrast, at the 22nd Brazilian Poultry Congress two weeks ago, both the minister of agriculture and the deputy president of Brazil were in attendance. It is high on their agenda that the poultry industry succeeds and becomes the largest exporter and producer of chicken in the world. Brazil is the third-largest producer of chicken and chicken products.

There are a few factors in Brazil's favour, including the vast amount of land the country has at its disposal, along with good weather. Add to that a bit of luck — they have never registered a single case of avian influenza — and all the ingredients for success are there.

The Brazilians maintain that the trade partnership with SA can help keep prices stable and could complement the local production of poultry products to secure supply.

Ubabef says total imports by SA in the past decade have never exceeded 20% of the total produced in the country.

Ubabef marketing relations manager Adriano Zerbini says: "Our market share in SA is not high, we do not want to harm local producers but they need our help to meet demand. If we really were that cheap wouldn't we have a bigger share of the market?"

Ubabef markets director Ricardo Santin says since the public in SA has become aware of the practice of injecting chicken with water and still charging by weight for what essentially is water and not just meat, chicken producers in SA have had to change their game plan. "Brazil does not inject chickens with brine, this is why SA has found itself suddenly uncompetitive.

"The South African market is less than 1% of Brazil's exports. Brazil exports to about 150 other countries, why would we trade unfairly in just one country?"

The International Trade Administration Commission of SA will now test whether Brazil is dumping. That could take up to a year to complete. If either party is unhappy with this investigation they may approach the WTO dispute panel.

Poultry association CEO Kevin Lovell says SA's "inefficiencies" have nothing to do with injections. In fact, if the standard measurement — PEF, or performance effectiveness factor — is used, SA ranks quite high. "We can always get better but not at a technical level," he says. "We do, however, pay more for feed and electricity. In a way trade in chicken parts has been determined by the US market, they fashioned demand. So to compete with the US, who are subsidised, Brazil is forced to follow their lead and trade in a distorted manner."

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