

Voluntary Report – Voluntary - Public Distribution

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Report Name: South Africa Initiates Antidumping Duty Investigations into Bone-in Chicken Meat from Brazil and Four EU Countries

Country: South Africa - Republic of

Post: Pretoria

Report Category: Poultry and Products

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Report Highlights:

On February 22, 2021, South Africa's International Trade Administration Commission (ITAC) initiated antidumping duty investigations on bone-in chicken imports from Poland, Ireland, Denmark, Spain and Brazil. The investigation is in response to an application by the South African Poultry Association alleging that these poultry products are being dumped in the Southern African Customs Union (SACU) market, and thereby causing or threatening to cause material injury to the SACU industry. South African meat importers stand firmly against these investigations and plan to contest the allegations formally.

Background

On February 22, 2021, the South African International Trade Administration Commission (ITAC) announced that it is initiating antidumping duty (AD) investigations on bone-in chicken imports from Brazil and four European Union (EU) countries. The four EU countries are Poland, Ireland, Denmark and Spain. ITAC's decision to investigate was as a result of an application lodged by the South African Poultry Association (SAPA). SAPA alleges that the dumping by the five countries risks or causes material injury to the local poultry industry. The application included sufficient evidence to enable the ITAC to initiate an investigation. The bone-in chicken meat cuts under investigation include frozen leg quarters, frozen wings, frozen breasts, frozen thighs and frozen drumsticks. The period under investigation is July 1, 2019 to June 30, 2020.

South Africa's Bone-in Chicken Meat Import Tariffs and Measures

Brazil exports bone-in chicken meat to South Africa under the Most Favoured Nation (MFN) regime where they are subject to a tariff of 62 percent. The four European Union countries exports chicken to South Africa under the Southern African Development Community European Union Economic Partnership Agreement (SADCEUEPA) and are not subject to the MFN duty. However, bone-in chicken meat imported from these EU countries are subject to a safeguard duty of 15 percent.

Table 1. Tariff Schedule

| Tariff heading | Tariff subheading | Description | Statistical unit | Rates of Duty | | | | | |
|----------------|-------------------|----------------------|------------------|---------------|------|------|------|------|----------|
| | | | | General (MFN) | EU | SADC | U.K | EFTA | MERCOSUR |
| 0207.14 | 0207.14.1 | Boneless cuts | | | | | | | |
| | 0207.14.11 | Breasts | kg | 42% | free | free | free | 42% | 42% |
| | 0207.14.13 | Thighs | kg | 42% | free | free | free | 42% | 42% |
| | 0207.14.15 | Other | kg | 42% | free | free | free | 42% | 42% |
| | 0207.14.2 | Offal | | | | | | | |
| | 0207.14.21 | Livers | kg | 30% | free | free | free | 30% | 30% |
| | 0207.14.23 | Feet | kg | 30% | free | free | free | 30% | 30% |
| | 0207.14.25 | Heads | kg | 30% | free | free | free | 30% | 30% |
| | 0207.14.29 | Other | kg | 30% | free | free | free | 30% | 30% |

| | | | | | | | | | |
|--|------------|------------------------|----|-----|------|------|------|-----|-----|
| | 0207.14.9 | Bone-in cuts | | | | | | | |
| | 0207.14.91 | Whole bird cut in half | kg | 62% | free | free | free | 62% | 62% |
| | 0207.14.93 | Leg quarters | kg | 62% | free | free | free | 62% | 62% |
| | 0207.14.95 | Wings | kg | 62% | free | free | free | 62% | 62% |
| | 0207.14.96 | Breasts | kg | 62% | free | free | free | 62% | 62% |
| | 0207.14.97 | Thighs | kg | 62% | free | free | free | 62% | 62% |
| | 0207.14.98 | Drumsticks | kg | 62% | free | free | free | 62% | 62% |
| | 0207.14.99 | Other | kg | 62% | free | free | free | 62% | 62% |

Source: South African Revenue Services (SARS)

Countries Subject to New Antidumping Duty Investigations (Period of Investigation: July 2019-June 2020)

Table 2 below shows bone-in chicken meat imports into South Africa from Brazil and the four EU countries between July 2019 and June 2020, which is the period under investigation. Brazil is one of South Africa's leading poultry meat suppliers, and was the leading exporter during that period. Poland and Ireland were the also leading suppliers during the period, although imports from Ireland increased from the prior year whereas those from Poland and Brazil declined considerably.

If Brazil and the EU countries are subject to AD, then South Africa's bone-in chicken meat imports are expected to decline because Brazil and these EU countries are among South Africa's leading suppliers. The AD would likely increase the price of imported meat and result in a rise in consumer prices due to expected supply constraints. These EU countries and Brazil compete with the United States, Argentina and other EU countries. Thus, the application of these AD would potentially benefit these competitors as the market may shift into their favors.

Table 2: Bone-in Chicken Meat Exports to South Africa by Countries Subject to AD Investigations (Tons; July 2019-June 2020)

| Partner | 07/2018 – 06/2019 | 07/2019 - 06/2020 | +/- (%) |
|----------------|--------------------------|--------------------------|----------------|
| <i>World</i> | 260,523 | 198,678 | -24 % |
| Brazil | 86,887 | 40,141 | -54% |
| Poland | 30,752 | 21,219 | -31% |
| Ireland | 16,798 | 20,572 | +22% |
| Denmark | 21,785 | 14,251 | -35% |

| | | | |
|--------|--------|--------|-----|
| Spain | 7,944 | 8,680 | +9% |
| Others | 96,357 | 93,815 | -3% |

Source: SARS

Attachments:

No Attachments.