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## **South Africa - Republic of**

**Post:** Pretoria

### **South Africa Extends Safeguard Duty on EU Bone-in Broiler Meat**

**Report Categories:**

Poultry and Products

Market Development Reports

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**Report Highlights:**

On September 28, 2018, the South African Revenue Service published notifications that a safeguard duty of 35.3 percent will be imposed on EU bone-in chicken; the duty will depreciate over four years to 15 percent. The safeguard duty is expected to negatively affect the competitiveness of EU bone-in chicken imports in the South African market, which is currently dominated by Brazil and the United States. In 2016, the EU was the largest exporter of bone-in chicken meat to South Africa, followed by the United States and Brazil. However, in 2017, the EU lost substantial market share due to the provisional safeguard duty and the avian influenza outbreaks. Between January and August 2018, the United States exported about 57,100 tons of bone-in chicken to South Africa, with a market share of almost 29 percent.

## Outcome of the Safeguard Investigation

In February 2016, the International Trade Administration Commission of South Africa (ITAC) released a notification stating that it had been instructed by the Minister of Economic Development to investigate and evaluate an application by the South African Poultry Association (SAPA) for the imposition of safeguard measures on EU bone-in chicken in terms of Article 16 of the Trade, Development and Cooperation Agreement (TDCA). In its application, SAPA argued that EU bone-in chicken imports threatened to cause a serious disturbance in the South African market. Based on the information submitted by SAPA, ITAC initiated the investigation in accordance with its guidelines and conditions pertaining to an agricultural safeguard application in terms of Article 16 of the TDCA. In December 2016, South Africa imposed a provisional 13.9 percent safeguard duty on imports of EU bone-in chicken into South Africa. The provisional safeguard duty expired on July 3, 2017. However, ITAC continued with its full investigation into SAPA's allegations that EU bone-in chicken imports threaten to cause serious disturbances in the South African market.

ITAC later concluded its investigation, and on September 28, 2018, the South African Revenue Service (SARS) released [notices](#) stating that the rate of safeguard duty on EU bone-in chicken imported into South Africa will be set at 35.3 percent with immediate effect. The safeguard duty will decrease over 4 years, falling to 15 percent from March 12, 2021 to March 11, 2022 (Table 1). The [Association of Poultry Processors and Poultry Trade](#) has since requested the European Commission to impose reciprocal measures on South Africa. It is not clear if the EU will challenge the safeguard duties or apply retaliatory measures.

**Table 1: Rates of Safeguard Duty on Bone-in Chicken Exported to South Africa from the EU**

Tariff Heading	Description	Safeguard Duty (%)	Period
0207.14.9	Frozen bone-in portions of fowls of the species <i>Gallus Domesticus</i>	35.3	September 28, 2018 - March 11, 2019
0207.14.9	Frozen bone-in portions of fowls of the species <i>Gallus Domesticus</i>	30	March 12, 2019 – March 11, 2020
0207.14.9	Frozen bone-in portions of fowls of the species <i>Gallus Domesticus</i>	25	March 12, 2020 - March 11, 2021
0207.14.9	Frozen bone-in portions of fowls of the species <i>Gallus Domesticus</i>	15	March 12, 2021 to March 11, 2022

Source: SARS

## Local Poultry Industry Welcomes the Safeguard Duty

SAPA welcomed the new safeguard duty, noting it as a '[step in the right direction](#)' and called for more measures to protect the local egg and broiler industries. This seems to mirror the recent [announcement](#) by the President of South Africa that the government will use trade measures within WTO rules to protect the poultry industry.

## South Africa's Bone-in Chicken Market

In 2016, the EU was the largest exporter of bone-in chicken meat to South Africa, with 81 percent market share (Table 2). During the same year, the major EU countries that exported bone-in chicken to South Africa were the Netherlands, the United Kingdom (UK) and Spain, with a combined market share of 60 percent. In 2016, the United States and Brazil were the second and third largest exporters of bone-

in chicken meat to South Africa, respectively. However, in 2017, the EU lost a substantial market share due to the avian influenza outbreaks in the EU, which led to South Africa suspending chicken meat imports from the EU. That market share was mainly taken up by Brazil and the United States (see, [As Domestic Industry Recovers from Bird Flu, Poultry Imports Forecast to Increase Marginally](#)). The safeguard duty is expected to have a negative effect on the competitiveness of EU bone-in chicken in the South African market, given that some chicken producers from Germany, the Netherlands and the UK face anti-dumping duties (ranging from 3.86 to 73.3 percent) imposed by South Africa in 2015.

**Table 2: The Major Exporters of Bone-in Chicken to South Africa**

<b>Product</b>	<b>Trading Partner</b>	<b>2016</b> tons	<b>% of total</b>	<b>2017</b> tons	<b>% of total</b>	<b>2018*</b> tons	<b>% of total</b>
Chicken bone-in (HS code 0207149)	EU	194,045	81.1	57,226	24.6	29,202	14.6
	Brazil	18,771	7.8	77,791	33.4	96,031	48.1
	U.S.	22,154	9.3	77,975	33.5	57,134	28.6
	Others	4,349	1.8	19,905	8.5	17,152	8.7
	<b>Total</b>	<b>239,319</b>	<b>100</b>	<b>232,897</b>	<b>100</b>	<b>199,519</b>	<b>100</b>

Source: GTA

\*January - August