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Sunset review on anti-dumping duties

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Poultry and Products

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Report Highlights:

On April 10, 2017, the International Trade Administration Commission of South Africa announced that it has initiated a sunset review of the anti-dumping duties on frozen bone-in chicken from the United States. This follows an application for anti-dumping duty review against United States imports by the South African Poultry Association. This sunset review will have a bearing on whether the United States bone-in chicken exports to South Africa, above the 65,000 tons anti-dumping duty free quota, will be subjected to anti-dumping duties or not.

Background

The United States bone-in chicken has been affected by an anti-dumping duty put in place in 2000 by South Africa. The United States poultry exporters applied to have the anti-dumping ruling reviewed in 2005, but the South African Poultry Industry opposed the application and the anti-dumping duty was extended to 2011. In 2012, the anti-dumping duty was extended for another five years and was set at R9.40 per kilogram (also see, [South Africa Poultry Update: the supply and demand for broiler meat in South Africa](#)). Therefore, the current anti-dumping duty against the United States bone-in broiler meat was set to expire on April 4, 2017.

New application to review anti-dumping duties

An International Trade Administration Commission of South Africa (ITAC) [Gazette notice](#) in June 2016, invited the Southern African Customs Union (SACU) broiler producers to submit requests for a review of the current anti-dumping duty before October 4, 2016. The applicants were requested to submit substantiated information indicating that the expiry of the duty would likely lead to continuation or recurrence of dumping and material injury.

ITAC released a [notice](#) on April 10, 2017, stating that it received an application for an anti-dumping duty review from the South African Poultry Association (SAPA) on October 25, 2016. Thus, the application for an anti-dumping duty review was submitted by SAPA, AFGRI Poultry (Pty) Ltd and RCL Foods Pty Ltd. SAPA represents the major poultry producers in South Africa. In its application for anti-dumping duty review, SAPA argued that removal of the anti-dumping duty will result in continuation or recurrence of dumping of United States frozen bone-in portions in South Africa. The applicant suggested that this is due to bone-in portions being sold below cost of production in the United States since they are not in the ordinary course of trade. In addition, the applicant stated that the removal of anti-dumping duty is likely to lead to an increase in the dumping of bone-in portions, resulting in the applicant experiencing price undercutting and price suppression.

Sunset review

ITAC noted that the anti-dumping duty review application submitted by SAPA had enough *prima facie* evidence to trigger a sunset review investigation. Therefore, the investigation period for dumping is from July 1, 2015 to June 30, 2016. Furthermore, the injury investigation entails assessment of data from July 1, 2013 to June 30, 2016, in order to assess whether the anti-dumping duty should be removed or not. Interestingly, for the period under review, the United States bone-in chicken exports to South Africa were negligible between 2013 and 2015, before increasing in 2016 to 22,000 tons under the 65,000 anti-dumping duty free quota (Table 1).

Table 1: The main exporters of poultry meat to South Africa

Product	Trading partner	2014	% of total	2015	% of total	2016	% of total
Broiler meat	EU	188,498	51	194,823	43	262,371	50
	Brazil	154,498	42	226,026	49	218,372	41
	U.S.	2,907	0.8	304	0.1	24,765	4.7
	Argentina	21,562	6	27,718	6	18,688	3.5
	Total	368,885		457,374		528,506	
Mechanically deboned meat (MDM) (HS code 02071210)	Brazil	127,251	87	166,122	92	170,045	87
	EU	17,369	12	5,355	3	21,014	11
	Argentina	2,098	1	707	0.4	1,162	0.6
	U.S.	0	0	0	0	0	0
	Total	146,983		179,891		195,253	
Chicken bone-in (HS code 0207149)	EU	145,523	93	155,924	81	194,400	81
	U.S.	1	0	0	0	22,018 (in quota) 0 (out of quota)	9
	Brazil	7,067	4	26,591	14	18,799	8
	Argentina	4,165	2.7	9,535	1	2,892	1
	Total	157,118		192,390		239,589	
	Frozen whole birds, frozen (02071290)	EU	2,358	91	4,160	96	8,775
Argentina		218	8	0	0	574	6
Brazil		0	0	161	4	249	3
U.S.		25	1	0	0	0	0
Total		2,602		4,321		9,597	
Turkey meat	Brazil	14,261	59	15,154	73	15,416	49
	Canada	4,346	18	79	0.4	6,895	22
	EU	2,124	9	4,545	22	6,882	22
	U.S.	2,115	9	27	0.1	1,808	6
	Total	24,299		20,724		31,474	

Source: GTA

The information required by ITAC to conduct its investigation will be obtained from known importers, exporters, and representative associations. Thus, ITAC will send non-confidential versions of the application and questionnaires to these individuals or organizations. ITAC encourages importers and interested parties to contact ITAC and ascertain whether they have been listed and provided with relevant documentation. The completed questionnaires and any other representations made must be submitted to ITAC within 30 days after receiving the documents. The sunset review will remain in place until ITAC has completed its investigation. ITAC notes that it generally takes up to six months to complete an investigation.

Implications of the review

If ITAC concludes that the removal of the anti-dumping duty will result in continuation or recurrence of dumping of United States frozen bone-in portions in South Africa, then the United States bone-in chicken exports above the 65,000 tons anti-dumping duty free quota, will continue to be subjected to anti-dumping duties. On the other hand, if ITAC decides to remove the anti-dumping duty, then United

States bone-in chicken exports will not be subjected to any anti-dumping duty, rendering the 65,000 anti-dumping duty free quota irrelevant as the United States bone-in chicken exports above 65,000 tons will not be subjected to anti-dumping duties.