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# Poultry producers await state help on bird flu fallout

It's been just over a month since the previous outbreak but the industry still has the economic sniffles

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After cases of avian flu were detected in South Africa, millions of chickens have been culled to avoid the spread of infection and prevent human consumption of diseased poultry.

Image: 123RF/Chayakorn Lot

Though it has been just over a month since the last bird flu outbreak in South Africa, the poultry industry is still waiting for government help in softening the fallout from the blow the virus dealt it last year.

Thalukanyo Nangammbi, spokesperson for the International Trade Administration Commission (Itac), told Business Times that discussion of a poultry import rebate was at an advanced stage.

The possibility of a rebate has been on the agenda for Itac since Ebrahim Patel, minister of trade, industry & competition (DTIC), gazetted a directive in October. He asked Itac to investigate, invite public comments and decide on the possibility of “a temporary rebate provision on meat and edible offal, fresh, chilled or frozen chicken”.

“Itac will communicate once the commission and the two respective authorities, the DTIC and the National Treasury, have finalised the process,” Nangammbi said.

The last bird flu outbreak locally was in early December. To contain that outbreak, producers had to cull an estimated 9-million birds.

Izaak Breitenbach, the general manager of the broiler division of the South African Poultry Association, said prices had risen towards the second half of last year but had dropped sharply this month.

“The drop in prices is related to the annual business cycle, with low demand for chicken in January. Production levels for September to January have been normal at about 21.5-million birds per week,” he said.

He said the impact of the last outbreak on production had been limited because the industry had imported more than 150-million hatching eggs to replace those lost due to the virus.

“Itac and the DTIC investigated a rebate on tariffs and anti-dumping duty towards the end of 2023 because they thought there would be a material shortage in chicken meat and resultant elevated prices. This did not materialise at all and slaughter numbers were normal,” he said.

He said local producers have not had feedback on the rebate consideration process and nothing has been published in the government gazette with all existing tariffs and anti-dumping duties still in place.

“No progress was made in terms of assistance to the industry as yet. The industry is awaiting information on the disaster relief fund for poultry that was announced by Deputy President [Paul] Mashatile late last year,” he said.

The CEO of the Association of Meat Importers and Exporters, Paul Matthew, said the organisation had not discussed the situation with local producers and was not sure

what the current bird flu status was.

“We understand that the retail chains had no shortages of poultry. I am not sure about eggs. What we do know is that the price of bone-in poultry was high ... [which] is a good reason no shortages were noted,” Matthew said.

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*- The CEO of the Association of Meat Importers & Exporters, Paul Matthew*

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In October, when Patel directed Itac to consider the rebate proposal, Matthew said: “The sooner that we start behaving like we’re in a crisis, the sooner we can address the crisis, and we are just not seeing that behaviour yet.”

Retail outlets including Pick n Pay, Spar and Shoprite, as well as fast-food franchises such as Nando’s and Chicken Licken, said they coped with the supply challenges caused by the last bird flu outbreak through stock management, finding alternative suppliers and monitoring the situation closely.

Trade & Industrial Policy Strategies (Tips) economists Gillian Chigumira and Neva Makgetla said in an economic bulletin that the national poultry flock could take 17 months to recover fully.

“In the meantime, the impact on the egg supply is particularly large. Layers normally live for a year before slaughter, compared to less than six months for broilers,” the bulletin read.

“Higher egg and chicken prices have a decidedly regressive impact. According to the 2014/2015 living conditions survey, the latest data available, eggs accounted for 0.7% of total expenditure by the poorest 50% of households, but only 0.1% for the richest decile.

“The poorest 50% of households spent around 4% of their total budgets on poultry, compared to 0.5% for the richest. Eggs and poultry together far outweighed other sources of protein for working-class families, with beef and milk each accounting for only 1% of spending,” the bulletin said.

Measures taken by the department of agriculture, land reform & rural development in response to the outbreak late last year included allowing the import of table eggs,

fertilised eggs and poultry meat to ensure stocks were available for the Christmas holiday season.

The department said since September, it had granted 115 import permits for fertilised eggs, 48 permits for egg powder, 2,406 permits for poultry meat and 24 permits for table eggs. This had allowed for the arrival of 34,511t of poultry meat along with 1.9-million hatching eggs and 5,840 day-old chicks.

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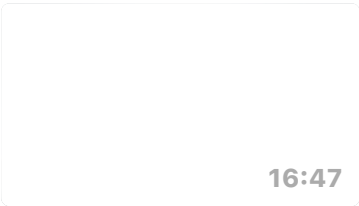


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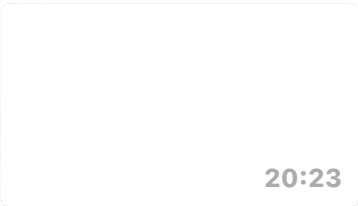
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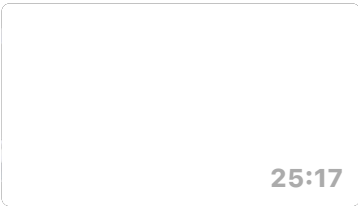
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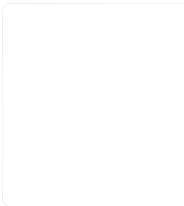
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