NAMIBIA TRADE FORUM NTF

Media Trade Brief

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<u>Provisional Payment of 13.9% duty implemented as a safeguard measures on imported frozen bone-in chicken from the European Union (EU)</u>

SACU has implemented safeguard measures on chicken imported from the European Union (EU) on 15 December 2016 as contained in notice R 1568 (RSA government gazette no 40499. The safeguard measure imposes a provisional duty payment of 13.9% on frozen bone-in portions of fowls of the species Gallus Domesticus, classifiable in the tariff subheading 0207.14.9, originating in or imported from the EU. Chicken from the EU is normally imported duty free into the SACU market as provided for under the SADC-EU Economic Partnership Agreement,

This development was a accumulation of events that began in 2015, when the South African poultry industry applied to the South African International Trade Administration Commission (ITAC) for protection against imports from the EU after the industry alleged of a serious threat and disturbance to the South African poultry industry claiming a surge (increase in volume) of imported chicken from the EU. As is well known, trade between RSA and EU was governed by a bilateral trade arrangement called the Trade, Development Cooperation Agreement (TDCA). This has been replaced by the implementation of the SADC-EU Economic Partnershiop Agreement, which entered into force in October 2016. A safeguard measure is a trade remedy provision normally applied by countries which have a preferential trade arrangement between them. Since the objectives of trade in good agreements is primarily to liberalise trade by lowering or removing duty rates, it is assumed that, should another country's import disturb another country's domestic market of the like product as a result of the preferential trade, a safeguard measure as negotiated in the agreement could be applied to normalise or off set the situation. The safeguard measure is always applied in a tariff form. In this case, the imposition of this safeguard measure is in terms of article 16 of the TDCA. It is under this TDCA that the poultry producers in South Africa requested for a safeguard measures and not necessary the SADC – EPA agreement which is currently the agreement governing the trade between SACU and the EU.

After almost 2 years of investigation, ITAC concluded the investigation and the minister of Trade and Industry in South Africa approved the safeguard measure provisional payment effect as from 15 December 2016. The provisional payment of 13.9% is to be implemented for 200 days, and will come to an end on 3 July 2017. After the 200 days has lapsed, it will be up to the minister of Trade and Industry in RSA to decide for extension or not.

Frozen bone-in portions of fowls of the species Gallus Domesticus is also known in layman as braai pack or Individually Quick Frozen (IQF). Namibia currently implements Quantitative Restriction (QR) on the poultry industry as contained in the government gazette notice 79/2015. The gazette allows Namibia to import maximum of 1500 tonnes of chicken products per month. Namibia's poultry consumption is estimated to be approximately 3000 tonnes per month. Currently, Namibia's only poultry factory Namib Poultry Industry (NPI) supplies about 1200 tonnes of chicken to the domestic market and the deficit is imported. Over 60% of NPI production is IQF or frozen bone-in portions. Namibia's importers will be affected by the safeguard measure provisional payment of 13.9% when they import this chicken product from the EU.

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