

Poultry prices set to soar over holidays and into 2024, warns AMIE

The Association of Meat Importers and Exporters of Southern Africa (AMIE) is warning consumers to brace for higher poultry prices due to ongoing poultry shortages caused by the bird flu outbreak, and a lack of government action to address the issues around the introduction of a rebate on import tariffs, and other emergency measures.



Source: wirestock via [Freepik](#)

Paul Matthew, CEO of AMIE says: "The price increases are inescapable unless government takes action now. To address the poultry shortages caused by the bird flu outbreak, the local poultry industry has imported 83m fertilised eggs. Given the fact that they have been imported on an urgent basis, they are coming in at three times the price of a locally grown day-old chick.

"It's inevitable that this cost will result in price increases which will of necessity be passed onto consumers. These price increases have not yet made it onto the shelves, as they affect poultry not yet in the market. However, we expect that this product will enter the market in the first quarter of 2024, with a hefty price increase."

Matthew says the social impact of the increase in chicken prices cannot be overestimated.

Chicken remains the most affordable and essential source of protein for consumers, especially the poor, who are struggling to meet their families' basic food security needs. Pressure on consumers is increasing as evidenced by last week's release of the October annual consumer price inflation (CPI) figure, which has climbed to 5.9%.

Poultry prices soar as import tariff relief delayed

In addition, according to the Pietermaritzburg Economic Justice and Social Dignity Group's [October Household Affordability Index](#), the price of eggs increased by 19% between September and October 2023, and 36% between October 2022 and October 2023. Chicken feet and gizzards increased by 8% year on year and chicken livers by 14%. These are the products most consumed by the poor, as they trade down from being able to afford whole or chicken pieces.

"Every effort needs to be made to find ways to keep poultry prices down. Government's mandate is to act on behalf of its citizens, and this requires it to do all it can to ensure that the country is food secure, and that the poor are able to afford poultry. The Minister is acutely aware of this; it's why he issued an urgent two-week call for comment on the introduction of a temporary rebate on poultry import tariffs on 2 October. But everything has now gone quiet. It's nearly December and there is no sign of a decision from ITAC."

The need for the temporary rebate has been publicly supported by Professor Lawrence Edwards, from the Policy Research in International Services and Manufacturing Unit at UCT's School of Economics, who argues that it is pro-poor.

In his [article](#), Edwards wrote that "even with the rebate, demand for domestic chicken will exceed domestic supply, and will therefore have no impact on the sales of domestic products. The rebate, however, will provide some relief to consumers who have faced very high food inflation." Edwards estimates that for every 10% increase in the aggregate import price from duties, there is a 4.8% increase in the consumer price of frozen chicken.

Tariff rebate could ease consumer burden

Matthew says that while import tariffs subsidise and protect local poultry producers, they are in fact a tax that consumers have to bear.

"We understand that government wants to support domestic producers, and we endorse the Deputy President's call to provide financial assistance to domestic producers affected by infrastructure failure and bird flu. However, government's overall mandate is to act in the best interests of the people of this country, in other words, consumers.

"It's time that the Department of Trade, Industry and Competition, as well as ITAC realise that import duties are an extremely regressive form of tax, meaning that it impacts consumers most directly. He said the 62% import duty on bone-in chicken introduced in March 2020 should have been a temporary measure, but it has been institutionalised at the expense of consumers."

"It is also time that the entire narrative on chicken availability and imports, as well as tariffs, is changed. Where there is legitimate dumping, it must be addressed, but extreme import tariffs on all imported chicken is not the answer. Imports are a critical and necessary measure to ensure the country has sufficient supplies of vital protein to feed the nation, and to plug the ongoing gaps in supply.

"The current bird flu crisis illustrates this perfectly. Domestic producers facing severe shortages turned to our country's global trade partners to help replenish their poultry stocks. These strategic partnerships are profoundly important, not only to the domestic market, as evidenced, but also to consumers and thus, must be preserved."