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Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

THE NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NO. 3821

Mr V Pambo (EFF) to ask the Minister of Trade, Industry and Competition:

What are the full details of the (a) current and (b) planned policy interventions and/or responses that his department will be implementing to address the dumping of surplus produce such as poultry from industrialised countries into the Republic, a practice that undermines local producers and distorts the market? NW4367E

REPLY:

Background

Competitive imports might be sold in the domestic market at prices lower than those of locally produced South African products for three reasons. Firstly, it might be because the foreign manufacturer is a competitive producer. The lower production cost might be due to, for example, lower raw material or labour costs, larger scale of production, or more advanced technology that reduces production cost.

Secondly, imported goods might be low priced through what are considered unfair trading practices on which the WTO has established rules to discipline such practices. Such unfair practices include government provision of subsidies to exports and/or firms selling their goods in foreign markets at below production cost (predatory pricing). Such unfair competition is addressed by so-called trade remedy measures that may include anti-dumping, countervailing or safeguard duties. These duties are designed to offset the unfair practice and arise from an ITAC investigation, on application of stakeholders in the affected industry.

Thirdly, imported goods could be fraudulently competitive through the use of criminal practices such as customs under-invoicing (or under-declaration) where the price of the imported goods is declared below its true value so as to avoid the level of import duties to be levied. Other examples of customs fraud include mis-classification of goods into tariff codes that attract lower import duties, or misreporting the volume/ number of items imported.

Dumping is defined in the General Agreement on Tariffs and Trade. When a South African industry or economic operator is of the view that imports from a particular foreign company meet the definition of dumping, the International Trade Administration Act provides that an application for an anti-dumping duty may be lodged with the International Trade Administration Commission (ITAC). ITAC will, guided by its set procedure which is informed by the World Trade Organisation (WTO) Agreement on Subsidies and Countervailing Measures, investigate the application. This is done to ascertain whether there is indeed dumping as defined, establish that there is material injury to the South African industry and establish a causal link with the dumping, and finally determine the dumping margin. The dumping margin informs the anti-dumping rate recommended to the Minister of Trade, Industry and Competition. The investigation process is outlined at <https://www.itac.org.za/pages/services/trade-remedies>

- (a) Anti-dumping duties currently in effect are published as Schedule 2 to the Customs & Excise Act. South Africa currently has a large number of anti-dumping duties in effect, each specified per product, per country and per producing/ manufacturing company. These may be found at <https://www.sars.gov.za/wp-content/uploads/Legal/SCEA1964/Legal-LPrim-CE-Sch2-Schedule-No-2.pdf>

Current anti-dumping duties are not limited to poultry meat, but for the example mentioned in this question it may be mentioned that the anti-dumping duties currently applied on poultry meat against specified companies from Germany, The Netherlands, United Kingdom, United States of America, Brazil, Denmark, Ireland, Poland and Spain.

- (b) The work to ensure a level playing field for South African manufacturers in the domestic market is ongoing and requires a concerted effort based on closer collaboration and coordination between government, business and labour. In our

endeavour to foster industrialisation which is a long term phenomenon, we will continue to use trade instruments strategically. When an industry or producer believes that it faces unfair competition due to dumping, an application may be submitted for investigation and a recommendation by ITAC.

As part of a diverse set of support measures to manage trade-related shifts, ordinary customs duty interventions are also applied through the implementation of appropriate customs tariff duties, also focussing on promoting inclusive participation and stabilising prices through targeted rebates and supply chain monitoring.

ITAC also considers adjusting tariffs or quotas, which is aimed at addressing internal and external shocks that could threaten affordability or availability, thereby ensuring food security by mitigating risks of staple protein scarcity by stabilising supply chains, i.e. Highly Pathogenic Avian Influenza (HPAI) rebate.

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