

NATIONAL
CHICKEN
COUNCIL

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March 30, 2015

His Excellency Mininwa Johannes Mahlangu
Ambassador of the Republic of South Africa
3051 Massachusetts Avenue, N.W.
Washington, D.C. 20008

Dear Ambassador Mahlangu:

Last summer, representatives of the U.S. poultry industry met, at various times, with your predecessor, Ambassador Ebrahim Rasool, and with the Republic of South Africa's Minister of Trade and Industry, Rob Davies, to express our very serious concerns regarding our products having been excluded from the South African market over the past fifteen years.

Over that same fifteen-year period, the United States has extended special import duty preferences to South Africa and a number of neighboring countries under the African Growth Opportunity Act (AGOA). According to a Voice of America report published several days ago, AGOA preferences accounted for approximately \$52 billion in trade last year, and South Africa accounted for one-quarter or approximately \$13 billion.

As you know, AGOA will expire this year unless Congress votes to renew these privileges.

The U.S. poultry industry supported AGOA when it was originally before Congress in 2000; we did not realize, at that time, that South Africa would, within the same year, impose punitive antidumping duties on our products, and exclude us from the market for the ensuing 15 years. As we told both Ambassador Rasool and Minister Davies last summer, unless South Africa changes its protectionist policies and permits U.S. poultry to compete openly and fairly in the South African market, we will have no alternative but to actively and adamantly oppose renewal of AGOA preferences for South Africa. The gross unfairness of the situation has struck a note with our political leadership.

Both Ambassador Rasool and Minister Davies asked that our industry try to reach a settlement of this issue through negotiation with the South African Poultry Association (SAPA). We agreed to do this and have carefully kept our pledge. Our industry has exchanged correspondence with SAPA leadership, and we have met with SAPA President Kevin Lovell. We have maintained the confidentiality of all exchanges and have been careful not to make any statements to the

press or to the public that would in any way disparage South Africa or its poultry industry or jeopardize the chances of a successful resolution.

It is with great displeasure that I report to you that our SAPA interlocutors have not conducted themselves with the same circumspection.

Apparently, Mr. Lovell has spent more of his time generating propaganda for the local press in South Africa than he has seriously proceeding in negotiations. Some comments Mr. Lovell has made are needlessly offensive; others are recklessly untrue; in either instance, they are highly injurious to the process of good faith negotiation that Ambassador Rasool and Minister Davies had urged.

It was recently reported that at a Parliament Portfolio meeting in South Africa, Mr. Lovell had characterized the United States as a "bully" in attempting to obtain relief from South African antidumping duties on U.S. poultry. I personally take offense, and I am sure that all Americans do, at this characterization. The United States has extended a helping hand to the Republic of South Africa for the past fifteen years by opening its market for South African products. As mentioned earlier, South Africa now exports approximately \$13 billion annually to the United States because of the preferential status it has been accorded. In addition, the U.S. Agency for International Development reports that over the past five years, South Africa has received approximately \$350 million annually in other forms of foreign aid.

These are hardly the acts of a bully and Mr. Lovell's name-calling, in an effort to garner sympathy for his highly protected industry, is insulting. I would hope that you, as South Africa's Ambassador to the United States, and your government would disassociate yourselves from these offensive remarks.

In addition, Mr. Lovell has been reported on several occasions in the press characterizing U.S. poultry exports as "second-rate products." This is recklessly untrue, and offensive to our industry. The U.S. industry produces the highest quality poultry products in the world. Our products are required under U.S. law to be produced under the same stringent requirements and pass the same rigorous inspection whether those products are consumed in the United States or exported. There is nothing "second-rate" about the products that we export; they are the very same products of the very same quality that Americans buy and eat. I would also note that prior to the imposition of antidumping duties by South Africa, U.S. poultry products entered South Africa on the basis of U.S. Department of Agriculture inspection and certification, and were well accepted in the South African market.

Our industry has attempted to negotiate a settlement with SAPA before the issue of AGOA renewal comes before Congress this year, but my understanding is that little progress has been made. While we believe that Ambassador Rasool and Minister Davies were acting in good faith when they requested the two industries to attempt to negotiate a resolution, ultimately the responsibility for providing fair access for U.S. poultry to the South African market rests with the government of South Africa. If Mr. Lovell and his SAPA colleagues are unwilling to involve themselves earnestly in these negotiations – and Mr. Lovell's recent public comments seriously call his sincerity into question – then I would respectfully request the South African government


to assume those responsibilities in this matter. The South African government has stood off to the side hoping that this problem could be resolved by the two industries; I would respectfully suggest it is now time for South Africa to actively re-involve itself in achieving a solution.

As I previously have told Ambassador Rasool and other officials of your government, my sincere desire, and that of my industry, has been to support renewal of AGOA. However, if the issue of our exclusion from the South African market is not addressed very soon, we will be forced to oppose any renewal of AGOA for South Africa.

In a Voice of America report this week, Minister Davies was quoted as saying: "Take us out of AGOA because of the chickens and the U.S. chicken producers do not get access to the markets, it is a simple as that." Apparently, Minister Davies forgets that the U.S. poultry industry has not had significant access to the South African market for the past fifteen years. The risk here is not that we will be excluded from South African markets – because, substantially, that already occurs – but that South Africa will lose its AGOA preferences. I would respectfully advise your government to take that risk seriously.

My association and its members intend to be actively involved with their congressional representatives on the issue of AGOA renewal. Mr. Lovell's ill-advised and derogatory comments suggest that the issue of our exclusion from the South African market may not be resolved successfully through negotiations with SAPA. Thus far, he has invested more time in travel and hyperbole than he has at serious discussions to resolve the exclusion of U.S. chicken from the South African consumer. I am hopeful that the Government of South Africa will immediately assist Mr. Lovell in achieving a successful negotiation with the U.S. chicken industry that allows access to the South African marketplace prior to AGOA renewal. As AGOA may come before our Congress in the next several months, I would respectfully suggest this intervention occur soon.

With kind regards,



Mike Brown
President

cc: Honorable Rob Davies, Minister of Trade and Industry, Republic of South Africa
cc: Patrick H. Gaspard, Ambassador to South Africa, U.S. Department of State