

Mondstuk van die Suid-Afrikaanse aartappelbedryf • Mouthpiece of the South African potato industry

CHIPS

VOL 35 NO 02 • MARCH / APRIL 2021

**BASELINE AND MARKET
DYNAMICS FOR THE
COMING SEASON**

Growing tomorrow's
producers, today

**OOS-VRYSTAATSE
DROËLANDKULTIVARPROEF
OP WARDEN 2019/2020**

Importation of French
fries takes a nosedive

Waarde van navorsing
oor blaarsiektebeheer

Importation of French fries takes a nosedive due to proactive industry strategic moves

By Immaculate Zinde

The importation of frozen potato products from around the world is permissible. Around 2005, the industry observed volumes that did not pose any harm or threat to locally produced frozen potato products. That year, a total of 13 751 tons of imported fries were recorded in South Africa.

Potatoes South Africa (PSA) on a monthly basis, tracks and monitors potato imports from the world. Through this monthly tracking, industry observed a sharp increase of frozen potato chips from 14 000 tons in 2005 to almost 47 000 in 2010 - a 244% increase in five years.

It is within this context that investigations into the importation of frozen potato products were

launched, focussing on frozen potato chips. The outcome revealed a case of dumping, which necessitated the application of a safeguard measure – a trade remedy used against an unforeseen surge in imports that cause and/or threaten to cause serious injury to the local industry.

ITAC launches anti-dumping case

The International Trade Administration Commission (ITAC) initiated an anti-dumping case on frozen potato chips from Belgium and the Netherlands during 2013. In December of that year, the South African Revenue Service (SARS) imposed provisional safeguard

duties on frozen potato chips from companies in Belgium and the Netherlands. The safeguard measures were introduced to protect the local industry from unfair trade practices.

Following this short-term safeguard measure, industry sought an imposition of countervailing duties which expired in June 2016. During this time, through many engagements with potato processing companies, it became apparent that a forum was needed. The Potato and Vegetable Processors Forum (PVPF) was established and its members consist of PSA, McCain Foods South Africa, Nature's Garden, and Famous Brands (Lamberts Bay Foods).

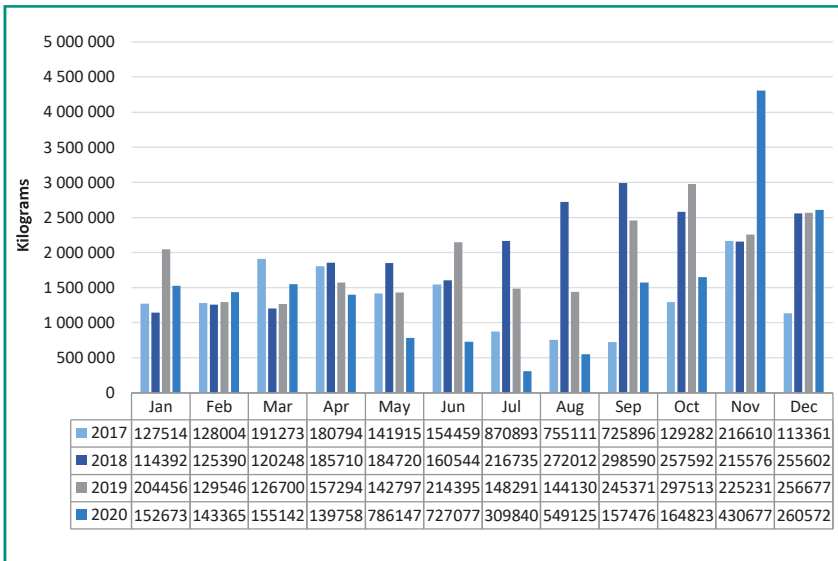
Up until recently (2021), the potato industry enjoyed an anti-dumping duty imposed in October 2016. The maximum duration of any anti-dumping duty is four years. The duty has expired, necessitating industry role-players, in close collaboration with the PVPF, to explore further trade remedies to limit the importation of frozen potato chips and protect the local industry from material injury.

A look at 2020

Last year, South Africa imported a total of 18 417 tons of French fries. Imports of frozen French fries had declined from 46 904 tons since the implementation of



Figure 1: Imports under tariff line 2004.10.20 from January to December: A quantity comparison.



trade remedies, reflecting a 61% decline over a decade. Covid-19 and associated bans on trade and travel may also have contributed to the significant decline in volumes in 2020.

The PVPF has been lobbying the South African government to institute a temporary prohibition on imports of frozen potato chips from the European Union, due to market conditions impacted by Covid-19. This was done to protect the sustainability of the potato industry, including employment by local potato growers and processors.


Potato growers and processors are significant economic multipliers for rural towns and cities. To this end, one of the points outlined in the forum's argument to government, states that the long-term effect on local processors could result in a significant shortage of products once European markets recover. Considering the time it takes to grow potatoes from seedlings to the final product, a disruption in local supply could have a severe long-term impact on supply to downstream industries.

In September 2020, the PVPF published a press release titled *Urgent action needed to protect*

SA's potato industry. Although the initiative did little to dissuade government to enact stricter trade tariffs and regulations, it did create awareness about the magnitude and depth of frozen potato products from Europe, that may pose a threat to locally produced frozen potato chips.

Industry efforts pay off

Since the implementation of trade remedies, the industry has benefited from a decline in the volumes of frozen French fries imported under tariff line 2004.10.20 (Figure 1). Prior to the implementation of trade remedies, the volumes of imported frozen French fries stood at 30 822 tons. By 2020, the volumes had decreased by 48.9% to 15 811 tons, proving that industry efforts in collaboration with the PVPF are bearing fruit.

With the anti-dumping duty having expired, the PVPF is working tirelessly to prevent a surge in imports of frozen potato products that are priced below fair market value. 

For more information, contact Immaculate Zinde at immaculate@potatoes.co.za.

DORMAS

GRIMME



PLANT
GRIMME



UITHAAL
GRIMME



PAK
DORMAS

KONTAK ONS GERUS
Hannes van Aarde
082 559 8501
hannes@dormas.co.za
Kantoor 011 496 2800

 YouTube

Dormas Implements,
Dormas Vegetable Handling

Ontwerp deur Plus Media AW121