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CHIPS

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**MANAGING CRISES THROUGH
PUBLIC RELATIONS:
LAPSE IN ANTI-DUMPING DUTIES**

Empangeni farmers get
the know-how

Span weerdata in vir
besproeiingskedulering

**SANDVELD-KULTIVARPROEF
ONDER BESPROEING OP
AURORA IN 2020/2021**

Kultivars wat op
varsproduktemarkte presteer

Managing crises through public relations: Lapse in anti-dumping duties

By Immaculate Zinde

Crisis management is the process by which an organisation deals with disruptive and unexpected events that threaten to harm the organisation or its stakeholders. It is the most important process in public relations.

Three elements are common to a crisis:

- A threat to the organisation.
- The element of surprise.
- Limited decision-making time.

Since 2006, Potatoes South Africa (PSA) has been undertaking many public relations campaigns aimed at raising awareness regarding pertinent industry issues. As such, public relations, or PR, remains a prominent feature in the mix of promotional elements which PSA and the marketing division deploy to communicate externally.

Sunset review application

In 2019, PSA, through close co-operation with the Potato and Vegetable Processors Forum (PVPF), initiated a sunset review application through the International Trade Administration Commission of South Africa (ITAC). A sunset review is an assessment that is initiated before a definitive anti-dumping duty lapses, so as to determine whether the anti-dumping duties should continue or be terminated.

Between 11 and 13 June 2019, ITAC visited McCain Foods as the main applicant for anti-dumping duties to verify financial and cost information relating to industry's application for a sunset review of

the anti-dumping duties on frozen potato chips, originating in or imported from Belgium and the Netherlands.

After the visit, ITAC presented the information at its commissioners' monthly meeting on 9 July 2019. At this meeting, ITAC took a favourable view of the sunset review application and approved the correctly documented file for official investigation. ITAC officials immediately started preparing the required *Government Gazette* notice to announce the initiation, which appeared on 26 July 2019.

After the gazetting of the investigation in July 2019, the primary activity was engagement between ITAC, European Union (EU) factories and local importers, to obtain their respondent

application forms and related verifications. This process was closely monitored to keep abreast of the matter.

Then, the Covid-19 pandemic broke out during the investigation. However, with ITAC having been classified as an essential service, it confirmed in a letter dated 19 May 2020 that it would still be able to proceed with investigations. "Responses should still be submitted within the prescribed time periods by participating exporters, unless an extension has been granted as provided for in the relevant regulations," it stated.

Managing the crisis

The volumes of frozen French fries imported into South Africa between



The Government Gazette containing the notice to announce the initiation of the sunset review, was published on 26 July 2019.

Urgent action needed to protect SA's potato industry

Since 2000/01 potatoes accounted for approximately 45% of total vegetable crops produced in South Africa and contribute around R8.5 billion to the economy. These numbers, however, are under threat due to a surplus of frozen and processed potato products in Europe, as a result of a decreased demand brought on by the COVID-19 pandemic worldwide, and hence significantly depressed prices. As South Africa is a key destination for processed potato product exports from the EU where there is a history of dumping, this is set to have a negative impact on the country's agricultural sector and surrounding communities.

Cognisance must be taken that over and above the normal farm support that EU farmers receive, there was also special COVID-19 support measures afforded to potato producers. This support, combined with low priced surpluses, will drive export prices down further with a significant risk of increasing dumping margins threatening the South African potato industry.

EU potato dumping threatens local industry

The battle between the local potato industry and global importers has a long-standing history, with South Africa (SA) being considered a prime destination for dumping frozen processed potato products. With the recent lapse of anti-dumping duty protection, there is a significant risk that the increased volume of below-cost frozen French fries that land on our shores from the Netherlands and Belgium, will cripple SA producers.

Willie Jacobs, CEO of Potatoes South Africa (PSA), expressed concern for the local potato industry and pleaded for local support. "South African producers have been experiencing many challenges brought on by Covid-19, the cost-price squeeze, rising input costs and most recently, the riots in parts of the country.

"Furthermore, our producers don't benefit from the financial support afforded to farmers in the European Union (EU) by their governments, and simply cannot compete with below-cost

Follow these links to read the full releases: <https://africa.com/urgent-action-needed-to-protect-sas-potato-industry/> and <https://www.agriorbit.com/eu-potato-dumping-threatens-local-industry/>

April and August 2020, were at an all-time low due to the Covid-19 pandemic and the subsequent bans on travel and trade. The volumes imported during this period amounted to 3.8 million kilograms of French fries, compared to 8 million kilograms in 2019, and 10.2 million in 2018 during the same months.

Although this boded well for the local industry, it was evident that once trade regulations had eased and business operations normalised, South Africa would experience an exponential rise in the importation of processed potato products. This would be due to European markets trying to find alternative markets for the oversupply of stocks brought on by Covid-19 and associated trade bans.

South Africa is not the only country plagued by EU dumping practices. Colombia, New Zealand and Australia have all had to deal with dumping. Given the disappointing outcome of the sunset review application, the marketing division of PSA has remained cognisant of the fact that more is required to turn the situation around.

Over and above the ongoing engagement with ITAC and key processing companies in South Africa, PSA, through the PVPF, has submitted letters to the minister of agriculture and the minister of trade and industry. In addition, it implemented two powerful media campaigns.

In September 2020, a media release titled, "*Urgent action needed to protect SA's potato industry*", was distributed. The campaign achieved an advertising value to the equivalent of R2 991 036 and reached 111 431 726 people. Then, in July 2021, another media release titled, "*Local potato industry appeals for support amidst major EU dumping threats*", was distributed. The campaign achieved an advertising value to the equivalent of R2 248 797 and reached 11 711 393 people.

Where are we now?

In a meeting called by ITAC with the PVPF on 12 February 2021, ITAC reported that it was unsuccessful in concluding the investigation within the 18-month time frame under the World Trade Organisation (WTO) rules and ITAC's anti-dumping

regulations. The ITAC report on the investigation of anti-dumping duties did not provide insights into the reasons why the 18-month deadline had been exceeded, regrettably leading to the duties determined not being implemented.

The resilient nature of the local potato industry, however, transcends any possible threat to its sustainability. According to *Metro*, an online news platform, bad weather in Europe, specifically Belgium, Germany and the Netherlands, has destroyed many hectares of potato plants. This resulted in a major shortage of chip and roast potatoes.

The true impact of the defunct anti-dumping duties have not yet been recorded. The latest import statistics will only be available in the first week of September. Only then will the true effect of the lapse in dumping duties be pronounced, if at all. 🍅

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