

## The price of frozen chicken - who speaks for the consumer?

18 January 2016

Recent reports in the media suggest that government and the poultry industry are joining forces in order to “save the country’s chicken industry.” (*fin24*) However, with a growing divide between chicken importers and the poultry industry, it is unclear whether the interests of consumers are being considered and who is representing their interests.

The consumer website Retail Price Watch examined the average quarterly prices of ten bulk frozen chicken products sold in the country’s stores. It found that nominal prices of frozen chicken have remained relatively stable since the last quarter of 2015 with the average price of only one product rising above last quarter’s food inflation figure. However, five frozen chicken products decreased in price in real terms between Q4 2015 and Q4 2016.

“The average overall price of frozen chicken has actually decreased when food inflation is taken into account,” says Vicky Baker of Retail Price Watch.

Frozen chicken accounts for 60-70% of retail chicken sales and is a staple protein of many people’s diets in South Africa.

“We are concerned that consumers’ interests are being ignored in this debate. Government and the industry have already initiated a 13.9% tariff on imported chicken, which will soon begin to influence prices in the store, and are currently negotiating a further 40% increase in tariffs” says Baker.

According to David Wolpert of the Association of Meat Importers and Exporters, such a tariff will have an immediate, massive effect on the prices of both local and imported frozen chicken.

“Surely the objective of cheaper chicken imports is to benefit the consumer. It is difficult to imagine in what way 50% plus increases in tariffs will achieve such a benefit.”

Kevin Lovell from the South African Poultry Association, which represent the domestic poultry producers, agrees with the figures produced by Retail Price Watch but comments:

“Prices should have gone up to compensate for local cost increase especially for maize and soya beans as a result of the drought. Imports have suppressed prices and the industry has suffered. Drought is a normal phenomenon and agriculture normally responds by increasing its prices. So maize meal prices have gone up, as expected but chicken which uses maize as its main feed ingredient has not.”

Mr Lovell’s contention is that the local poultry industry is in dire straits and is set to disappear unless cheap imports are curtailed.

In an article in *fin24* Mr Lovell says that if the industry is stabilised and imports are stopped “we can not only save existing jobs but create 50 000 direct and indirect jobs.”

Although Mr Lovell contends that there is “no such thing as cheap food if you don’t have a job,” he does not explain how higher chicken prices will result in 50 000 new jobs, nor how 50% plus tariff increases will assist South Africa’s population with low cost protein.

“While farmers are indeed going through a tough time, cheap chicken imports are readily available and the government should be weighing up the immediate benefits to consumers many of whom are in dire straits today, against promises of jobs and stability in the longer term,” concludes Baker.

### Price of Assorted Bulk Frozen Chicken Products

Description	Price Q4 2015	Ave price per kg Q4 2015	Price Q1 2016	Ave price per kg Q1 2016	Price Q2 2016	Ave price per kg Q2 2016	Price Q3 2016	Ave price per kg Q3 2016	Price Q4 2016	Ave price per kg Q4 2016	% diff Q4 2015/Q4 2016
Supreme Mixed Portions 2kg	53.32	26.66	45.63	22.82	45.04	22.52	43.05	21.53	44.59	22.30	-16.37
Supreme Mixed Portions 5kg	113.99	22.80	121.99	24.40	119.87	23.97	124.99	25.00	117.99	23.60	3.51
Spar Mixed Portions 2kg	47.59	23.80	45.49	22.75	45.80	22.90	48.09	24.05	47.99	24.00	0.84
Rainbow Mixed Portions 2kg	47.25	23.63	48.99	24.50	48.57	24.29	46.48	23.24	49.82	24.91	5.44
Rainbow Mega pack 5kg	126.99	25.40	124.99	25.00	122.83	24.57	116.29	23.26	119.49	23.90	-5.91
Rainbow Leg Quarters 3.5kg	99	28.29	103.35	29.53	105.99	30.28	99.99	28.57	98.98	28.28	-0.02
PnP Braai Pack 5kg	116.1	23.22	117.29	23.46	116.06	23.21	111.96	22.39	115.33	23.07	-0.66
Goldi Leg Quarters 5kg	149.99	30.00	142.13	28.43	154.99	31.00	154.99	31.00	154.99	31.00	3.33
Farmers Choice Mixed Portions	111.89	22.38	111.56	22.31	113.46	22.69	113.70	22.74	129.66	25.93	15.88
County Fair Braai pack 2kg	55.49	27.75	58.49	29.25	49.99	25.00	50.59	25.30	52.59	26.30	-5.23
<b>Total Basket cost</b>	<b>921.61</b>		<b>918.9</b>		<b>922.6</b>		<b>910.13</b>		<b>931.43</b>		

Ends

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