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# At Heart of U.S.-South African Trade Dispute, a Serious Game of Chicken

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MILFORD, Del. — The 40,000 chickens — a few short weeks from becoming Valu-Paks at the supermarket — scratched their way toward the rows of water drips, eager for a little midday sip. Eyeing an open door, one bird made a vague attempt to wander away, before it was gently returned to the brood.

Such prancing poultry rests at the center of a major trade dispute between the United States and South Africa, with large economic stakes, especially in states like Delaware, the birthplace of the American chicken industry.

For decades, in addition to chemicals (think DuPont) and corporate registrations, the state has been known for three other C's: cards, cars and chickens. The car business has imploded, as manufacturers have closed operations. The card business — credit cards, that is — is humming.

The last C, chickens, accounts for only about 3 percent of the state's jobs, but it is big where it is needed most, in the Delmarva Peninsula with Maryland and Virginia. Indeed, Sussex County is the nation's biggest producer of meat chicken, and the future of this business rests in large part overseas, especially for the savory dark meat that is disfavored here but enjoyed abroad.

"There are more and more people in the world," said Charles Postles, who has raised chickens here for decades and, like most people in the poultry business, sees foreign markets as an essential tool in expanding the trade. "And chickens are an economic form of protein."

But one of the industry's potentially most lucrative importers, South Africa, has been placing tariffs on American chickens for years, essentially shutting them out, frustrating farmers, trade officials and members of Congress from the unfortunately named Chicken Caucus.

“There are 14,000 people in my state whose lives depend on chicken,” said Senator Chris Coons, Democrat of Delaware. “Chicken here is not just a product; it’s a way of life.”

American officials, led by Mr. Coons and Senator Johnny Isakson, Republican of Georgia, a huge chicken-producing state, are now threatening South Africa’s continued inclusion in a trade partnership that has been particularly beneficial for that nation.

If South Africa continues to shun the chickens of America to protect its own, officials say, then perhaps that nation should be removed from the trade agreement that allows it to send its wines, luxury automobiles and other goods here.

“You want unlimited access to American market to sell autos, yet you won’t let my state send its biggest agriculture export into your country?” fumed Mr. Coons, who has long been involved in African affairs.

The dispute over chickens comes just as President Obama is pushing an aggressive trade agenda in Congress. But for some lawmakers the rejection of American chicken is emblematic of other disputes, and evidence that trade agreements often do not live up to their billing for the United States.

“Members of Congress are fed up with this,” said Representative Rosa DeLauro, Democrat of Connecticut.

The African Growth and Opportunity Act, a trade deal providing duty-free treatment for some products from sub-Saharan Africa, was first passed in 2000 to help bring that impoverished region into the international economy. That was the same year South Africa — which accounts for the majority of American imports under the trade deal and which exports billions of dollars in goods to America — began to impose large duties on chickens, which officials here believe is a trade violation. South Africa contends that the United States is trying to “dump” chicken on its market below the cost of production.

For several years, questions have been raised about the need for the inclusion of South Africa, a member of the Group of 20 largest industrial economies with a booming middle class.

Chicken producers have been pressing the White House on the issue, and lawmakers are considering dropping South Africa from the trade deal, which is scheduled to expire this year if not extended, unless the country relents. Mr. Coons, Mr. Isakson and others have met with South African trade officials to issue their

not-so-veiled threats.

“What is important is that we convince South Africa that we have that capability and they believe it,” Mr. Isakson said. “We have a full-court press on poultry.”

Sidwell Medupe, a spokesman for South Africa’s Department of Trade and Industry, said that while the two nations continued to haggle over fowl, his country’s position is that it should be renewed in the trade agreement, “without any new and onerous eligibility criteria.”

The Obama administration would like to see the agreement renewed sooner rather than later, but officials concede that the chicken issue is greatly complicating the process. The two sides remain far apart, according to trade officials and industry executives here.

While several Southern states produce more chicken than Delaware, the chicken industry is responsible for a very large portion of the state’s farm income, according to trade associations.

According to local lore, the chicken business began here in 1923 when a woman named Cecile Steele ordered 50 chicks for egg-laying purposes, but accidentally received 500. The brood eventually became a clutch of birds weighing about 2.5 pounds apiece. Sticking with the industry she created, she grew her numbers to 10,000 by 1926.

The broiler industry has been nourished by the peninsula’s mild climate and sandy soil, both hospitable to chicken raising, and the local chicken knowledge developed over years by many small farmers with tiny but productive egg-laying farms. Farmers here raise chickens for some of the nation’s biggest names in the industry, like Perdue, Tyson and Mountaire.

While rising feed costs and environmental regulations took a toll on the business in the late 1990s, chickens are on the upswing again, said Mr. Postles, who raises 120,000 chickens several times a year. Foreign markets — which make up about 20 percent of the nation’s business now — are one reason.

“We keep growing people,” Mr. Postles said. “And we have a way of wanting to eat.”