

## Zimbabwe ban hits Country Bird exports

Country Bird Holdings had lost sales of 600 tons of chickens a month to Zimbabwe as a result of the reworked chicken controversy that broke out last month, financial director Robbie Taylor said yesterday (26 January 2011)

By Michael Bleby<sup>28 Jan 2011</sup>

The Zimbabwean exports account for the lion's share of Country Bird's total monthly exports of just more than 1000 tons.

Last month Solomon Zawe, chairman of the Zimbabwe Poultry Association, called for a ban on the import of South African chickens, saying they contained harmful additives not fit for human consumption and risked importing diseases into the country.

"They don't need an excuse. They close the border for every single reason they can find. They are not competitive," Mr Taylor said.

Mr Taylor said while imports of chickens from Country Bird were blocked, other South African suppliers had not been blocked.

Country Bird, whose Supreme Poultry unit said last month it reworked chickens by thawing, washing, injecting with brine and refreezing them, says the practice conforms with food health standards and is widespread throughout the industry.

The issue of reworked chickens raises the question of whether there is sufficient disclosure about the processing of frozen chickens.

Mr Taylor said his company's disclosure practices met all required standards, and he would be "happy" to put as much information on packaging as customers wanted, provided the same requirements applied to all players in the industry.

He said chicken importers, which supply about 15% of the South African market with products brought in from Brazil and Argentina, should also be subject to the same disclosure requirements.

Country Bird said pretax profit rose 63% in the six months to December to R91,4m from R56,1m in the same period a year earlier as revenue increased and it cut costs.

The company's South African poultry operations, which account for about 62% of total revenue, saw operating profit rise to R73,1m.

Conditions remained tight, however, as the average realisation, the total revenue from the sale of all the different parts of a bird, fell to an average R11,66 in the period from R11,88 a year earlier.

"It's still fairly low," Mr Taylor said. "It's indicative of the current economic climate.

"Customers are still buying, volumes are increasing but it's such a competitive market. If you start trying to put up the price they won't buy."

Separately, the company's red meat division, which makes up about 12% of revenue, posted an operating loss of R2,1m from a R0,6m profit last year due to margins being under "intense pressure".

Mr Taylor said the company was evaluating options for that unit, including selling it.

Trading conditions were "encouraging" and so far the company had not seen the build-up of stocks that typically happens after Christmas.

Country Bird's share price was up 1,41% to R3,60. Over the past year, the shares have risen 5,6%, while Rainbow Chickens,

*Source: Business Day*

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