

BUSINESSREPORT

SA must climb value chain and spread gains – Davies

December 5 2012 at 09:34am

<http://www.iol.co.za/business/business-news/sa-must-climb-value-chain-and-spread-gains-davies-1.1435587#.UOcHAcW0OPg>



Factories and businesses in Wolseley, such as Wolseley Fruit Packers (Wolf Pack), employed security guards and watchdogs to protect their assets as farmworkers in the Western Cape resumed their wage protests yesterday. Photo: Brenton Geach

Ann Crotty

“We need to elevate our place in global value chains and not be satisfied with just being primary producers and exporters,” Trade and Industry Minister Rob Davies told delegates at the “Capturing the gains” conference in Cape Town yesterday.

He said that the government would consider changing the way it awarded licences to ensure that more of the value of primary products accrued in South Africa. He also suggested that South Africans should take a more assertive stance with international customers, referring to Brazilian negotiators who said: “If you want our products you can have them, but here are our conditions.”

He said that South African producers and workers needed to secure a place in the global value chain that would ensure they received more of the profits generated by the value chain.

Davies said the challenge facing fruit farmers and workers in the Hex River Valley was about “sharing the benefits visibly with all the participants”.

Davies was commenting on the first day of the resumption of protest activity by farmworkers and seasonal workers in the Hex River Valley.

The workers are demanding an increase in the basic minimum wage from about R69 a day to R150 a day.

Delegates at the conference said that local farmers would have difficulty in increasing wage rates because they were under severe pressure from the powerful major retail chains, particularly those in Europe, which dominated the supply chain for table grapes.

Research by UCT academics has revealed that European retail chains capture as much as 42 percent of the final retail price of South African table grapes. By contrast, South African farmers take home only 26 percent of the price.

Davies said that his department and the Department of Agriculture were committed to supporting the sector’s drive to capture a greater share of the value chain.

Davies told Business Report yesterday that it was essential for the farmers and the workers to be organised to undertake collective bargaining.

“In discussions with the farmers and the workers I pointed out that they will be able to get a better deal if they engage in collective bargaining,” Davies said.

While tensions were high ahead of the resumption of protest activity, there were few reports of violence or intimidation, apart from several arrests and the unconfirmed shooting, by police, of four protesters early in the day.

In a statement issued ahead of the protest action, Agri SA regretted the failure to resolve the dispute and noted: “Real wages should preferably and in most cases be higher than the minimum wage.” The farmers’ lobby group said, in contrast to Davies, that “applicable wages [should] be negotiated at farm level because practices and circumstances differ between farms”.

The farming body recommended that performance bonuses be used increasingly to supplement income “and policies should be applied which could enhance agriculture’s profitability as well as the sector’s ability to provide quality employment opportunities on a broad basis”.