

FairPlay anti-dumping movement to address IGD

This weekend, 5-6 May 2017, the FairPlay anti-dumping movement will address a select gathering of African and global business leaders in Durban at the Initiative for Global Development (IGD), which fosters greater strategic investment in Africa. The Spring Frontier 100 Forum in Durban will focus on tackling youth unemployment in Africa through private sector job growth and skills development.



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Unemployment and the opportunities for growth when dumping is stopped are central to the FairPlay message, as the movement has highlighted the thousands of jobs lost in South Africa. The local chicken industry is buckling under volumes of dumped chicken imports, principally from the European Union. There are also great opportunities to bring previously disadvantaged people into the industry and to grow an industry that guarantees food security, when the practice of dumping no longer destroys the local industry.

At the IGD Forum on 6 May, the visiting business leaders will be given a first-hand picture of the economic and social impact of dumping by Scott Pitman, MD of the Consumer Division of RCL Foods, one of the major chicken producers in South Africa. Pitman warned last year that the local industry would not survive in its present form for another 12 months if dumping continued unabated. In January this year, it halved production at a large chicken operation in KwaZulu-Natal and closed a number of poultry farms, with the loss of 1,350 jobs.

If dumping can be stopped, local producers, together with government, have plans to revitalise the industry and turn a shrinking sector into a growing one that creates jobs.

FairPlay is one of the Forum sponsors. The movement was formed in 2016 to counter dumping worldwide, starting with the South African chicken industry. It is seeking government support to protect the industry against the ravages of dumping, which has put the local industry at risk, with additional huge numbers of jobs likely to be lost if the practice continues.

Northern hemisphere consumers prefer chicken breasts and wings, which is where producers in regions such as the EU recover their costs. As a result, a surplus builds up of unwanted brown meat, drums and thighs, which are frozen in bulk and sold off to any market that will take them.

Supporting free trade

FairPlay, which is seeking to build widespread opposition to dumping, supports free trade and is not protectionist. It draws a clear distinction between legal trade and competition, which it welcomes, and the illegal and predatory practice of dumping, when goods are sold below the cost of production, devastating local industries.

This is what is happening in South Africa, where local chicken producers, found by an independent survey to be among the most efficient in the world, are cutting production and jobs because of dumped chicken imports, which have increased over the past five years. Major producers have announced cutbacks and the South African Poultry Association, which estimates industry job losses at between 4,000 and 6,000, has listed 12 local chicken businesses that have closed or been taken over since 2012.

There has been a temporary reprieve this year because EU exports have been halted by outbreaks of avian influenza. However, unless measures are put in place to halt dumping, it will continue as soon as European exports resume.

FairPlay founder Francois Baird said the EU is particularly targeting African countries. South Africa had to avoid following the example of Ghana, where the chicken industry collapsed because of imports. "Cote d'Ivoire is a better model – the chicken industry there is recovering after measures were introduced to counter dumping.

"For decades, African governments have been told by the EU to apply the rule of law and to ensure a level playing field for all businesses. Today the EU is breaking World Trade Organisation rules, destroying African industries by dumping, yet it expects no punishments for its actions nor does it expect African countries to try to stop dumping.

"We are here to show them they are wrong. Rules must apply equally to all in global trade. This is a precondition for industrial development in Africa, enabling Africa to add value to commodities and attract investment in African industries. Trade and commerce has to be based on fair competition," concluded Baird.

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