Agricultural policy and the right to food in South Africa

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Farming in SA

- Historical trajectory: from 21% of GDP in 1911 to 4.4% in 1999
- But remains important for employment (10%), exports (6%), value of backward and forward linkages? (20-30%?)
- 1994: legacy of racially unequal, 'dualistic agrarian structure
  - small number of large-scale commercial farmers (almost all white) = 60 000, on 86% of agric land
  - large number of small-scale, 'subsistence' (2 million) or 'semi-commercial' smallholders (200 000), on 14% of agric land, mostly in former bantustans

Large scale commercial farming: from subsidy to deregulation

- 1930s – 1980s: massive state support to white LSCF sector via controlled input and output prices, single channel marketing boards, subsidised credit, drought relief etc > guaranteed incomes
- 1980s: high cost to state no longer affordable > liberalisation and deregulation
- 1990s: deregulation of public controls; increase in private regulation (eg privatised co-ops)
- Post-apartheid land policies premised on state action; agricultural policies premised on roll back of the state

Changes in LSCF sector: shares of total value

	Field crops	Animal production	Horticulture
1995/96	48%	36%	16%
2000/01	32%	42%	26%

- Shifts out of subsidized field crops (e.g. maize)
- Shifts into high value fruit, vegetables and flowers
- Shifts into intensive, penned livestock (esp poultry)

Concentration in large-scale farming

- Increasing concentration as ‘inefficient’ LSCF leave agriculture: 60 000 (1990) > 35 000 (2012)
- ‘Neo-classical neo-populist’ economists predicted that market-friendly reforms would open space for efficient smallholders benefitting from the Inverse Relationship between farm size and productivity (of land and capital) – it didn’t happen
- Top 25% of farms produce 75% of produce. Implications?

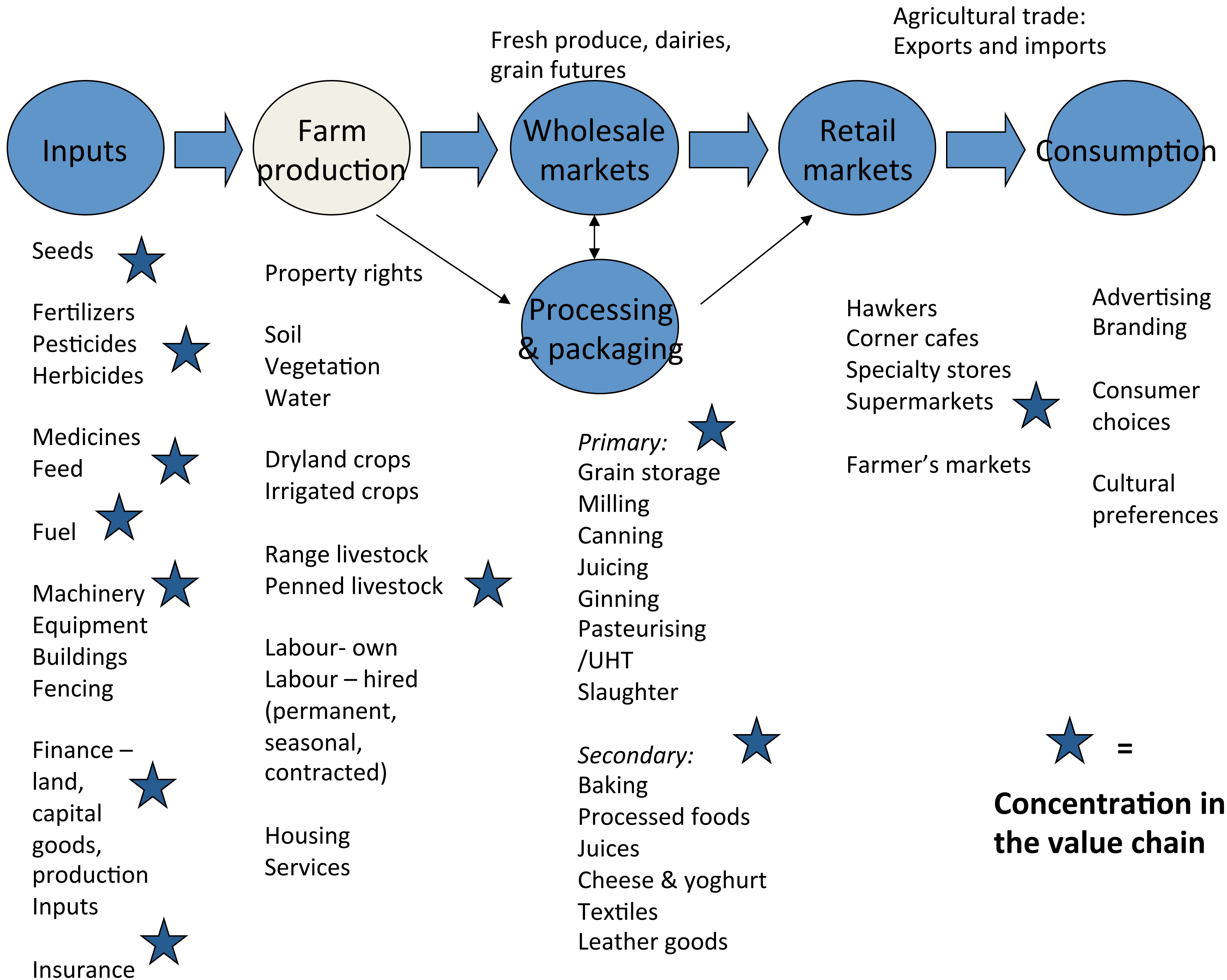
  (a) intense competitive pressures

  (b) low opportunity costs of redistributing 75% of land

  (c) land reform’s threat to food security is exaggerated

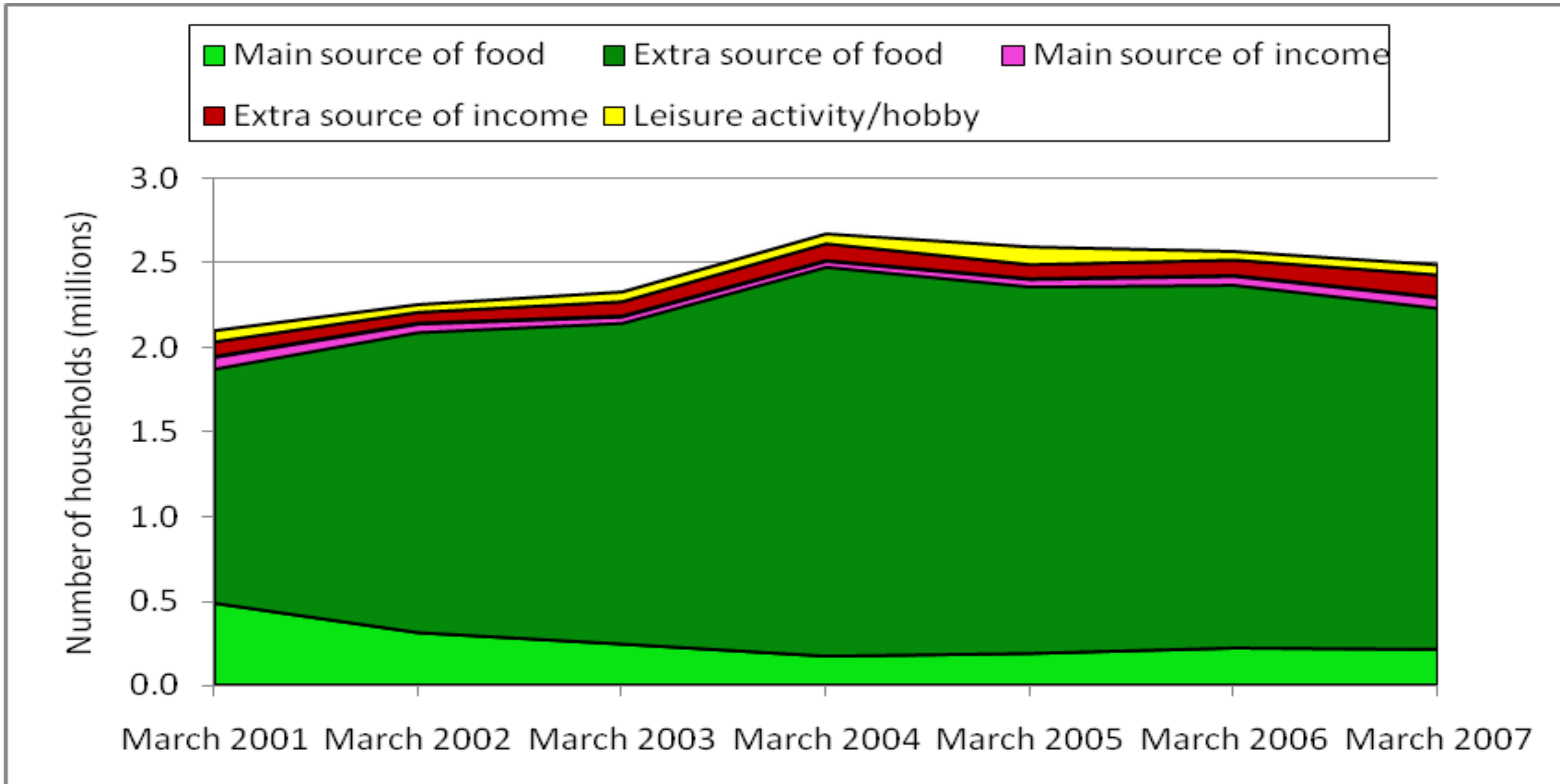
Concentration in agro-produce value chains

- Fertilizers production dominated by 4 corporations: Sasol Nitro, Yara and Omnia & Foskor
- 4 maize millers controlled 73% of the milling market in 2004
- Food processing: 10% of firms controlled 85% of production in 2005
- Retail: Big 4 controlled 66% of sales in 2006


Agricultural trade:
Exports and imports
Fresh produce, dairies,
grain futures
Inputs
Farm production
Wholesale markets
Retail markets
Consumption
Processing & packaging
Seeds
Fertilizers
Pesticides
Herbicides
Medicines
Feed
Fuel
Machinery
Equipment
Buildings
Fencing
Finance – land, capital goods, production Inputs
Insurance
Property rights
Soil
Vegetation
Water
Dryland crops
Irrigated crops
Range livestock
Penned livestock
Labour- own
Labour – hired (permanent, seasonal, contracted)
Housing
Services
Primary:
Grain storage
Milling
Canning
Juicing
Ginning
Pasteurising /UHT
Slaughter
Secondary:
Baking
Processed foods
Juices
Cheese & yoghurt
Textiles
Leather goods
Hawkers
Corner cafes
Specialty stores
Supermarkets
Farmer's markets
Advertising
Branding
Consumer choices
Cultural preferences
=
Concentration in the value chain

Profile of 'small-scale land users'

Trends in black household involvement in agriculture, by 'main reason' according to the Labour Force Survey



Source: Stats SA, Labour Force Survey, 2001-2007

SA households with access to land

(General Household Survey 2006)

	Number	%
< 0.5 ha	831 871	64.5
0.5 – 1.0 ha	235 454	18.3
1 – 5 ha	138 196	10.7
5 – 10 ha	38 146	3.0
10 – 20 ha	11 940	0.9
20+ ha	34 546	2.7
Unknown	17 556	-
Total	1 307 710	100

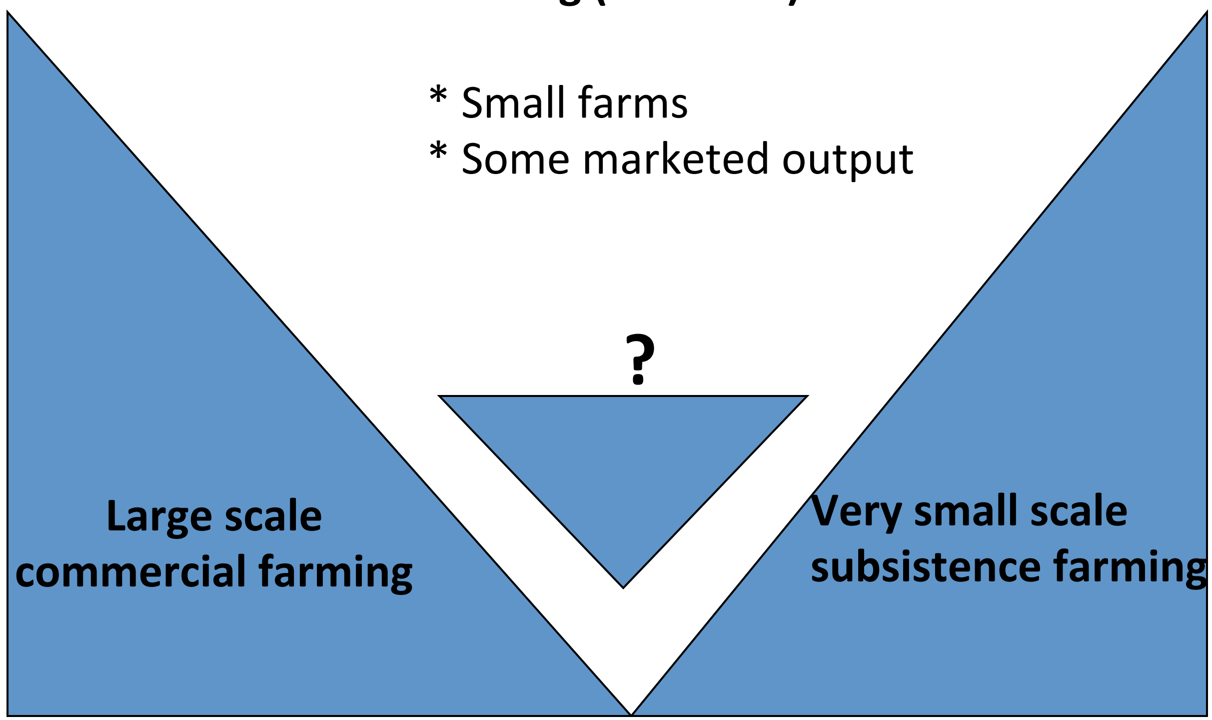
Income sources, households with land

	Households	%
Salaries or wages	292 229	22.9
Remittances	237 189	18.6
Pensions and grants	642 520	50.4
Sales of farm products	47 787	3.7
Other non-farm income	39 680	3.1
No income	12 188	1.0
Unspecified	3 781	0.3
Total	1 275 374	100

Agrarian structure: dualism and the ‘missing middle’

Small-scale commercial farming (200 000?)

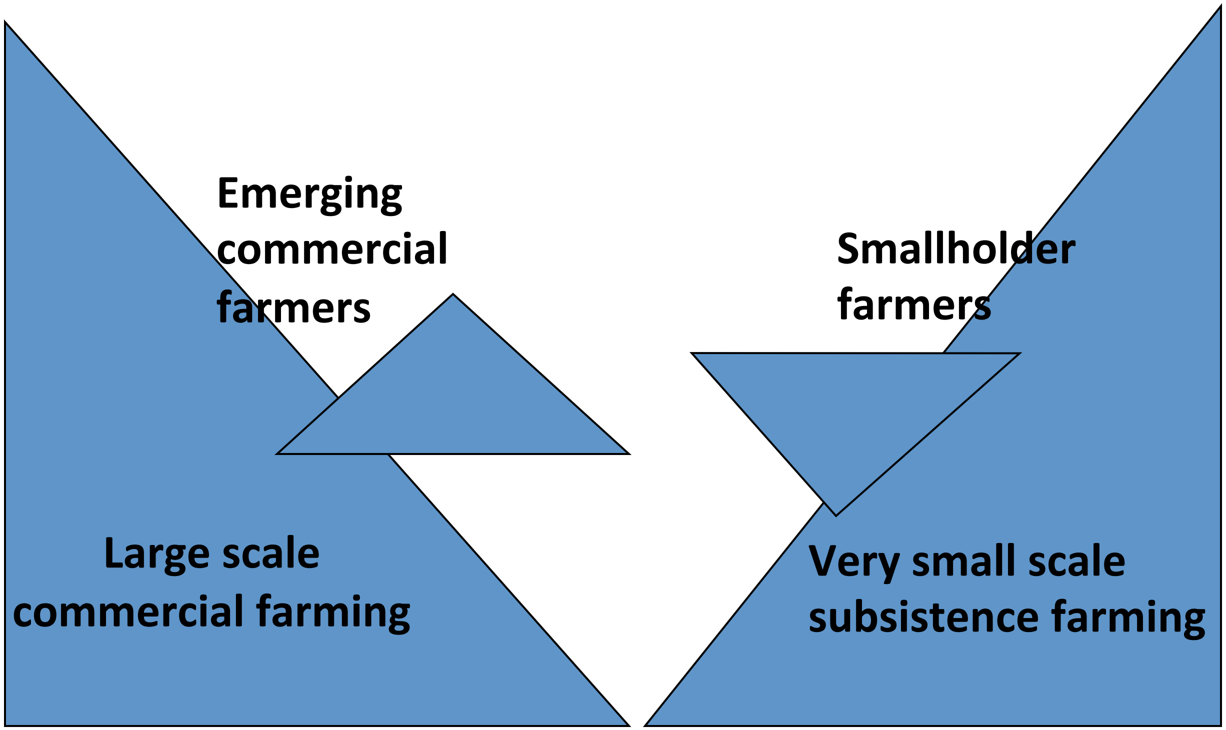
* Small farms
* Some marketed output



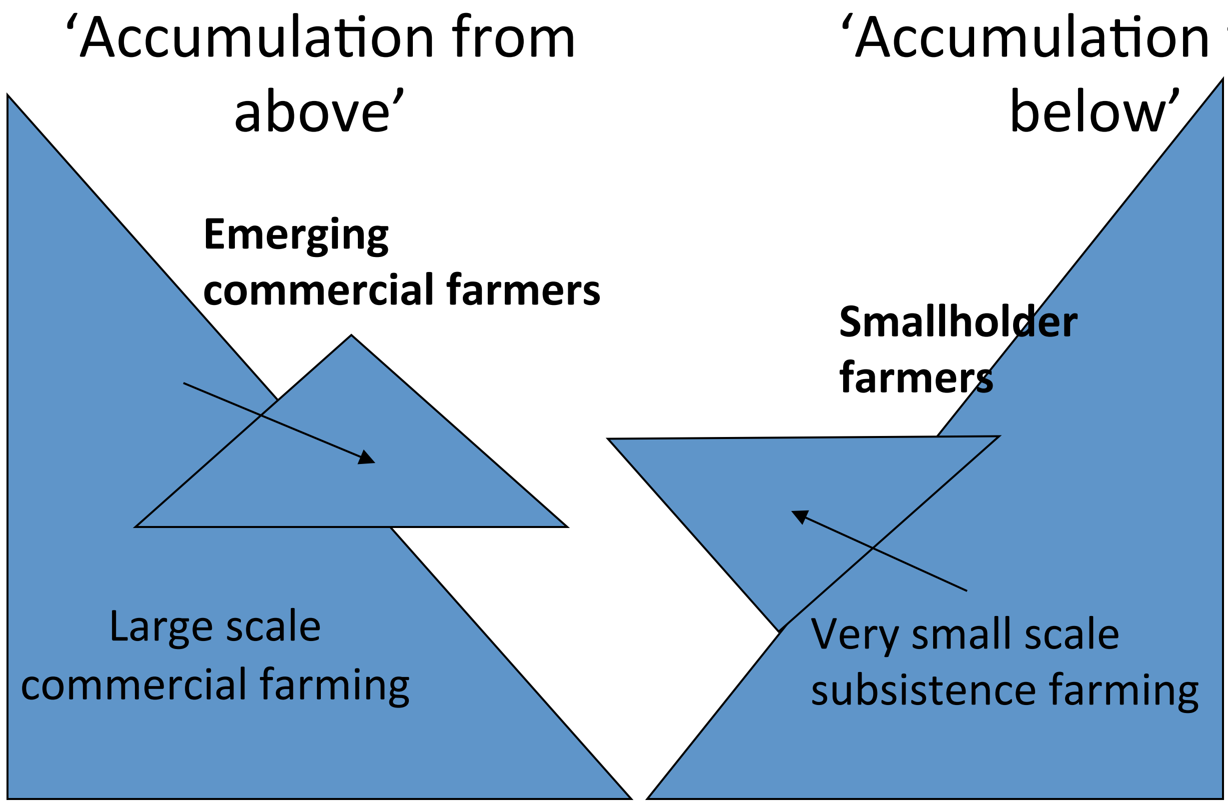
* Small numbers
* Large farms
* 95% marketed output

* Large numbers
* Small plots
* Little marketed output

Growing the 'missing middle': emerging farmers or smallholders?



Accumulation pathways



Land reform: lessons from 'failure'

- Land alone is not enough: farmers need access to finance, extension, vet services, markets, water
- Water and land reform disconnected; not sufficient attention to irrigation potential of redistributed land
- Business plans unrealistic and not based on real desires and capabilities of beneficiaries
- LARGE SCALE COMMERCIAL FARM MODEL DOMINATES THINKING AROUND 'VIABILITY'
- This model influences policy in communal areas as well (e.g. Massive Food Production Programme in E Cape)

Successful smallholders? Tugela Ferry Irrigation Scheme, Msinga, KZN

Tomato farmer on her cell-phone to a trader

Positive gross margins
(106 crop record sheets)

Crop	Number of growers (n)	Profit makers as % of all growers (%)	Positive gross margin (mean)	Positive gross margin (median)	Range
Maize	30	91%	R1439	R1344	R208 – R2916
Tomatoes	12	46%	R3166	R3545	R17 – R7163
Sweet potatoes	16	73%	R1172	R1243	R240 – R2785
Cabbages	5	56%	R3840	R4450	R1394 – R5146
All four crops	64	71%	R1868	R1367	R17 – R7163

Conclusions

- Smallholders can be highly productive
- ‘Accumulation from below’ is constrained by poor access to high potential land and to markets
- Land redistribution is necessary (but not sufficient); state interventions in agricultural markets also required
- Food security for around 2 million households could be enhanced by more effective programmes aimed at ‘gardens’ around homesteads
- Land reform and agricultural policy need to be re-connected > ‘agrarian reform’?