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## Country Issue Report

### 1. THE SOUTH AFRICAN GENERAL AGRICULTURAL OPERATING BACKGROUND

According WWF-SA, the country can be divided into distinct farming regions, and farming activities range from intensive crop production in winter rainfall and high summer rainfall areas, to cattle ranching in the bushveld and sheep farming in the more arid regions. Climate-soil combinations leave only 12% of the country suitable for the production of rain-fed crops, with only 3% considered truly fertile land. Most of South Africa's land surface (69%) is suitable for grazing, and livestock farming is by far the largest agricultural sector in the country. Water availability is the single most important factor that limits agricultural production in South Africa

A dependence and overuse of synthetic fertilisers, pesticides and herbicides reduces long-term soil fertility, causes soil erosion, pollutes water supplies, poisons fragile ecosystems, exposes farmers and farm workers to toxins, and contributes to climate change through greenhouse gas emissions

Input costs required for intensive farming are increasing. These costs are also subject to changes in the oil price, the price of raw materials and exchange rate fluctuations, leaving the farmer with little control over his/her affairs. The cumulative impact of these factors degrades farmlands and their vital catchment areas. As a result, the long-term productivity declines and these areas become more vulnerable to climate change. Intensified agriculture often also means increased mechanisation, which in turn means fewer jobs on farms. This affects the country's social well-being.

The move towards genetically modified (GM) crops that depend on herbicides and fertilisers make farmers increasingly reliant on profit-orientated companies. Use of genetically modified crops and certain pesticides, herbicides and fertilisers may also isolate South Africa from lucrative export markets. Relying on single-variety crops is also risky. If these crops fail to perform, it will have a significant impact on national production.

In 2007, fertiliser imported from China and used on Eastern Cape pineapple farms was found to contain toxic levels of cadmium, arsenic and lead, and resulted in an export ban by the EU. As a result, pineapple farmers lost a fortune and important EU markets were jeopardised.

#### **The Province of KwaZulu-Natal**

##### **Agriculture in the UGU District**

###### **Overview**

"Institutional Agri-business is dominated by sugar processing and sawmills. Large-scale commercial farmers are maximising land usage by diversifying into the tourism industry. They offer accommodation, arts and crafts outlets, wildlife-related activities (hiking, birding, fishing, horse-riding) and adventure sports.

Generally, farmers indicate that there is healthy competition and a spirit of co-operation prevails within the sector. However, some misgivings about cut-throat rivalry were expressed around cash crop production. Small-scale farmers felt that they were being sidelined from this market through the highly competitive activities of larger-scale producers. Jealousy between small-scale farmers has led to the destruction of property (such as burning crops). In addition, animosity exists between small-scale livestock and crop farmers because with the absence of fences animals roam freely and often destroy crops.

#### 5. b.ii. Supporting businesses and inputs

The positive input factors for agricultural production and agri-business include:

- Access to good quality arable land
- Good climate and high rainfall area
- Proximity to transport networks and local, regional and export markets through road, airport and harbour access
- A plentiful and affordable labour supply is drawn from surrounding areas and the Eastern Cape
- A high level of technical expertise and extensive farming experience is found among large- and small-scale farmers
- Supply chains structures and supportive partnerships between large-scale and emergent farmers are being introduced to transform the sector into one that is more market-orientated and characterised by more broad-based participation and wealth generation.

Problems regarding the supporting inputs have been raised primarily by the small-scale commercial farmers. The key issues that need to be addressed include:

- Improved access to finance to obtain the necessary capital to start-up or expand a business
- Improved access to land, particularly in resolving land claims and obtaining access to parcels of Ingonyama Trust land
- Obtaining affordable agricultural inputs such as fertiliser, pesticides, seeds (particularly those that conform to organic and other certification standards) as well as equipment, such as tractors, irrigation systems, fencing, cold room storage facilities and packaging machines.
- Increase accessibility to markets through improved road infrastructure, affordable transport vehicles, including refrigerated transport, and investigating rail transport”

*(Quoted from a report prepared by the EU Interim Programme Management Unit for the “KwaZulu-Natal Local Development Support Programme”)*

## 2. STATUS OF ORGANIC AGRICULTURE PRODUCTION

More than 5 million hectares of cultivated land have already been seriously acidified and salty in South Africa (SA Yearbook, 2008/9), due to poorly applied, synthetic fertilisers which reduces soil fertility, (Mulvaney et al., 2009), leading to a decline in soil organic matter and soil life. The South African organic market is estimated to be R100 million across all categories of produce according to a market survey and forecast conducted by the African Organic Farming Foundation in 2005, hence the rapid growth of this agricultural sector over the last 15 years.

The Organic Agricultural Association of South Africa was established in the early 1990's, which together with the Bio-Dynamic Agricultural Association and the South African and Zimbabwean Permaculture movements, were the early voices for environmentally friendly agriculture based on organic and associated principles. Organic agriculture has fought for its rightful place in all aspects of South African society. Medical patients have for many years been the main consumers of organically grown produce, in which the development of personal relationships between producer and consumer has been facilitated by farmer's markets, one of the oldest being the [Bryanston Organic Market](#), which has been operating for more than 25 years.

Two local certification agencies, one of which joined Ecocert International and operated as Ecocert-Afrisco, to change later when Afrisco decided to go solo, and they currently seem to be in a dormant state. A major stumbling block has been caused by reluctance on behalf of the Minister of Agriculture to promulgate organic standards, thereby affording legal protection to all in the industry, still has to be overcome. South African organic farmers are not beneficiaries of any organic subsidies, unlike their foreign colleagues. South Africa's long and well established place as an exporter of high quality agricultural produce is reflected in the organic sector, where exporting remains the main marketing channel. Rooibos tea, citrus, sub-tropical fruit, and speciality vegetables and berries are the main export products.

### 2.1 Organic Standards

Up until 2016, South Africa has no legislation, regulation or standard controlling organic agriculture production. A draft regulation on organic products (developed by DAFF) has been in existence for more than 16 years, gone through numerous drafts, but has still not been promulgated. The organic sector, with support and co-operation from government, started with a process to develop a set of voluntary standards as an interim measure. In the meantime, the labelling of organic products is only subject to the Consumer Protection Act and the Advertising Standards Authority. The "protection" offered by these laws and regulations are in essence only in respect of misleading advertising.

Currently the protection of the consumer and the control of labelling are effectively done by the retail sector in co-operation with suppliers and the various certifying bodies operating in the country. They use international standards to certify, with the exception of Afrisco (now dormant), a local certifier that has developed a set of IFOAM-accredited standards for local (and future international) certification.

## 2.2 Acreages, total and organic

In view of the fact that there is no centralised system for documentation in the organic agriculture, it is not easy to document actual organic coverage in the country, except if one would focus per province or district. This is the reason we decided our main development plan will focus on Ugu district of KwaZulu-Natal.

## 2.3 Farmer profiles, numbers and ratio to total population

Due to the vastness of the country our focus area is in the south coast of KwaZulu-Natal province. We have been involved in various studies in the south coast including the research of areas of competitive advantage in four sectors, viz. Land use and agriculture, Agri-processing, tourism and manufacturing. [The study](#) would result in the formulation of a programme called Youth in Local Economic Development to be piloted and implemented countrywide. We have then focused and built onto this study to form a basis for our Development Plan which addresses the needs within the general conditions for agriculture and food safety and security as well as sustainable agricultural practises. Detailed farmer profiles for the development plan are district based.

## 3. EXISTING KEY INSTITUTIONAL STRUCTURES RELATED TO AGRICULTURE IN THE COUNTRY

### 3.1 Transvaal Agricultural Union South Africa (TAU SA)

[TAU SA](#) was established in 1897 as the Transvaal Agricultural Union. In 2002, the union re-organised to become a national agricultural union serving commercial farmers. It also renders services to its members in terms of property rights, economic issues, and safety and security. TAU SA conducts various projects to enhance the concept of successful agriculture.

### 3.2 Agri South Africa (AgriSA)

[AgriSA](#) was established in 1904 as the South African Agricultural Union. It serves approximately 32 000 large and small commercial farmers. AgriSA has representation in all provinces.

### 3.3 Agricultural Business Chamber

The [Agricultural Business Chamber](#) is a voluntary association of agribusinesses. Its focus area includes serving the broader and mutual business interests of agribusinesses in South Africa facilitating considerable networking opportunities, facilitating active

role within the local and international organised business environment and are involved in the legislative and policy environment.

### **3.4 National African Farmers' Union of South Africa (NAFU)**

The [Nafu](#)'s aim is to create a "home" for thousands of black farmers who had previously been excluded from the mainstream of agriculture. At the time of its formation in 1991, there was no black farmer organisation operating at national level in South Africa. Between 1979 and 1991, the only organisation which attempted to address the needs of black farmers at national level was the National African Federated Chamber of Commerce and Industry.

### **3.5 African Farmers' Association of South Africa (AFASA)**

[AFASA](#)'s aim is to have competent and successful commercial African farmers of South Africa and to ensure meaningful participation of black individuals within the mainstream commercial agribusiness sector. AFASA's objectives are to create a sustainable united body of African farmers with capacity to influence policies through lobbying and advocacy.

### **3.6 National Emergent Red Meat Producers**

The National Emergent Red Meat Producers' Organisation ([NERPO](#)) was established as a voluntary commodity farmer Organization in 1997 and was subsequently registered as a section 21 Company in January 1999. The primary aim of NERPO is to commercialise the developing agricultural sector and ensure meaningful participation of black individuals within the mainstream commercial agribusiness sector, hence ensuring the long term sustainability of the agricultural sector in South Africa.

### **3.7 Agricultural Research Council (ARC)**

The [ARC](#) renders innovative and smart solutions, which help farmers eliminate pests and eradicate diseases such as foot- and-mouth disease and rabies. Vaccines are a highly specialised animal health area. Therefore, the ARC conducts clinical trials ensuring the efficacy and effectiveness of such remedies for the livestock sector.

### **3.8 Dube Trade Port**

[Dube Tradeport Corporation](#), is a business entity of the KwaZulu-Natal Provincial Government, charged with the responsibility to develop the province's biggest infrastructural project. The designated Special Economic Zone (SEZ) is geared to promote foreign and local investment. This 2 940 hectare development is home to the state-of-the-art King Shaka International Airport and is ideally positioned 30 minutes from Africa's busiest cargo port, Durban Harbour, and 90 minutes from Richards Bay Harbour. Dube TradePort is the only facility in Africa combining an international airport, dedicated cargo terminal, warehousing, offices, retail, hotels and agriculture.

### **3.9 Ugu Fresh Produce Market**

[Ugu Fresh Produce Market](#) provides retailing and limited agri- processing opportunities as well as a link to the Durban and Eastern Cape markets. The Market forms part of the network of markets in KwaZulu-Natal linked to the Dube Trade Port. Ugu Fresh Produce Market provides retailing and limited agro-processing opportunities.

### 3.10 Credit and assistance

The six major sources of credit for farmers are banks (56%), agricultural cooperatives and agribusinesses (9%), the Land and Agricultural Development Bank of South Africa (the Land Bank) (30%), private creditors (3%) and other creditors and financial institutions (2%).

- **Land and Agricultural Development Bank of South Africa**

The [Land Bank](#) is a specialist agricultural bank guided by a government mandate to provide financial services to the commercial farming sector and agribusiness, and makes available financial products to new entrants to agriculture from historically disadvantaged backgrounds.

- **Micro-Agricultural Financial Institutions of South Africa ([Mafisa](#))**

Mafisa is a scheme that provides production loans to smallholder operators within the agriculture, forestry and fisheries sectors. Mafisa loans were initially restricted to agricultural enterprises, but following the incorporation of the forestry and fisheries subsectors into the department of agriculture, the credit policy is under review so that it can also accommodate these two subsectors.

## 4. EXTENSION MODALITIES FOR AGRICULTURE

Extension services in South Africa have been transforming since 1994. To briefly depict the pre 1994 period:

### 4.1 The extension services for black farmers

In 1913, the Union Government promulgated the [Native Land Act 1913](#) (Act 27 of 1913), which reserved land for blacks that had been occupied by them at the time of Union in 1910. The proceedings of an Extension Methods Workshop conducted in Salisbury (now Harare) during May 1962 served as an impetus for the establishment of a formal extension service for black farmers (Coetzee, 1987). Declining farming profitability and water scarcity (drought, declining rainfall or over-demand for water) has left South Africa with less than two-thirds of the number of farms it had in the early 1990s. In many cases, advisory services provided by fertiliser companies and agribusinesses have entered the vacuum of the under resourced government extension service. These corporate companies provide their own extension staff and build relationships with farmers, which can create a dependence on the products they promote and sell.

### 4.2 The Indian farmers

Indian farmers were required to register at the M. L. Sultan Technikon for a three-year National Agricultural Diploma, which was linked to practical instruction at the Cedara Agricultural College (Rix, 1987). The first Indian labourers arrived in South Africa in 1860. In view of the large number of farmers, it was decided to concentrate their extension effort on a relatively small number of larger growers and high priority to requested visits. (Rix, 1987; Lewin, 1951 & Robbertse, 1968).

**4.3 The Coloured People** extension history remains unknown (Koch, 2007).

#### **4.4 The Extension Services Rendered by Agricultural Co-operatives**

The agricultural co-operatives that specialized in wool, citrus and the canning of fruit were the first to employ extensionists (during the late 1930s). In 1982, agricultural co-operatives had deployed a total of 242 graduates and 286 technicians. In 1992, agricultural co-operatives were privatized and their extension numbers dwindled into insignificance.

#### **4.5 Commodity Organizations**

Commodity organizations such as the wine, sugar and wool industries organised themselves into commodity organizations and are linked to Agri SA through its chambers. Some have their own technical backup structures, such as the Mount Edgecombe Experiment Station in the case of the Sugar Industry. In the case of the National Wool Growers Association (NWGA, established in 1929), sustainable and profitable wool and sheep production is promoted in South Africa. More than 50% of its members are black commercial and emerging farmers with representation throughout the organizational structures of the NWGA.

#### **4.6 The Private (Commercial) Sector**

The sector concentrates on the supply (and after-sale service) of seed, fertilizer and lime, animal feed, plant-protection chemicals, tractors, farm implements, vehicles, packing materials, fuel and lubricants and financial services (Luus, 1987). The state extensionists target the poorer masses of people while the private sector concentrates on areas with superior profit potential even though sound extension principles apply to all sectors and they need one another.

### **5. ORGANIC AGRICULTURE, QUALITY ASSURANCE AND ORGANIC STANDARD SETTING ACTIVITIES**

South Africa does not yet have national legislation either requiring certification of or affording protection to organic producers and their products. Due to the lack of legislated control over organic sales, any certification may be accepted, depending on the knowledge and policy of the retailer. Woolworths, a retail chain, has issued a policy statement requiring internationally recognised certification by ISO accredited certifying agencies. The lack of organic legislation in South Africa has led to different scenarios regarding certification agencies accepting each other's certification:

- Some agencies accept the certification of others without any investigation into equivalency of standards or regulations, and inspection and certification protocols.
- Equivalency of standards or regulations and inspection and certification procedures are considered to be of paramount importance, and are investigated before the certification is either accepted or rejected and this usually occurs on a product by product basis, and does not extend to blanket acceptance / rejection of any one agency's certification by another.
- If the produce is to be exported from South Africa, then the certification of the input must be recognised by the final destination country, according to that country's Laws or Regulations.

There is a feeling amongst some long-term members of the South African organic movement that organic certification is unacceptable because of additional administrative load and costs, restrictions (such as seeking permission to use allowed inputs) and certification fees of consumer-safe produce.

Two local certification agencies certify according to draft standards published by the National Department of Agriculture in 2001. Exported products are certified according to the requirements of the destination market. Typically available certification includes EU 2092/91, the USA's NOP, Japan's JAS, Switzerland's Bio Suisse, Naturland and Demeter International. These certifications are also recognised by the local market.

**Generally organic quality assurance activities are in silos and mostly unknown to each other with a few starting to mobilise for unity and collaboration:**

### **5.1 South African Organic Sector Organization [SAOSO](#)**

**SAOSO** is a public, non-profit organization, established to represent the Organic Sector as an intermediary between government and the Sector, which is represented by OSSIC (Organic Sector Strategy Implementation Committee) on behalf of the DTI (Department of Trade and Industry).

Draft Voluntary Organic Standard for Organic Production and Processing by the South African Bureau of Standards (SABS) has been approved by the Technical Committee to be circulated as draft standard publicly. IFOAM, PGS South Africa, and SAOSO have objections to this standard, as it fails to address key issues like the use of the South African Organic logo and a well-developed equivalency structure. SAOSO is currently developing its own standard, based on the IFOAM Standard, and will advocate for its adoption by stakeholders as the preferred organic standard for South Africa.

### **5.2 Participatory Guarantee System South Africa [PGSSA](#)**

PGS South Africa is a voluntary association of growers, retailers and most importantly, members of the public with the aim to promote the growth of the organic and natural sector by linking small growers and projects to markets.

### **5.3 Bryanston Organic Market**



[Bryanston Organic & Natural Market](#) established a PGS group in 2005 and today the **Bryanston Market PGS** group consists of 20 smallholder farmers from Gauteng and Limpopo who regularly supply the market with fresh produce.

#### 5.4 Go-Organic

[Go-Organic](#) is South Africa's organic website, directory and marketing company. They trade locally and internationally in bulk organic products. They source and trade in all mainstream and niche market, certified organic and wild-harvested products from retail fresh to industrial to processed. Our suppliers are certified to international standards.

#### 5.5 Food and Trees for Africa (FTFA)

[FTFA](#) was founded in 1990 by a group of concerned individuals, representing major greening organisations in South Africa, who came together to uplift quality of life and address climate change.

#### 5.6 Siyavuna

[Siyavuna](#) is located in the Ugu district in Kwazulu-Natal, organized into farmer associations who are given training on organic farming, and mentored continuously.

### 6. GENERAL AND ORGANIC PRODUCTS MARKETS (DOMESTIC AND EXPORTS) AND LOGISTICS

#### 6.1 Domestic and Export Markets in general

According to a report published by PWC, South Africa has the biggest retail market in Sub-Saharan Africa and the 20th largest in the world and is dominated by:

- Spar
- Pick n Pay (incl. Boxer)
- Shoprite Checkers (incl. Ok Foods)
- Fruit & Veg City
- Massmart / Wal-Mart (incl. Makro, Game, Jumbo Cash & Carry and Cambridge Foods)

There has been a significant move away from the municipal markets, as retailers enter into direct supply agreements with "listed" suppliers.

In terms of Company owned or Corporate Stores, all products are supplied to those stores via the distribution centre and listed suppliers. Franchise Stores or owner run stores are able to buy outside of the retailers' centralised buying structure and procure product direct from farmers and suppliers, thus creating opportunity for emerging rural farmers wishing to supply a retail store. Government is placing pressure on retailers to implement procurement policies in support of Broad Based Black Economic Empowerment, which envisage a procurement of at least 30% of fresh produce from Black emerging farmers.

Commercial farmers are issued with growing programmes by the retailers on a bi-annual or seasonal basis. These programmes detail the product, pack size, and volume or quantity (broken down per week or month). Orders are then placed daily with the

farmer in line with the growing programme. Most Distribution Centres have moved away from direct deliveries (to the back door) by suppliers and have centralized their distribution and logistics which are operated out of large regional Distribution Centres (DCs), strategically located throughout the country.

Stores place orders, which are consolidated at the distribution centres, then communicated to the respective suppliers, for delivery into the distribution centre the following day. The length of the lead time for placing orders varies from retailer to retailer (minimum 24 hours and maximum is 48 hours). Product is received from the suppliers, sorted and dispatched to the various stores for overnight delivery. Due to the geographical size of the country, many distribution centres will deliver to stores that can be more than 800kms away.

South African Processors have a sophisticated food processing and manufacturing industry utilizing the best of local and global technology, processing and packaging methods. Global companies have established local production facilities in South Africa that supply local markets and other African countries. A significant percentage (10%) of fresh produce (vegetables) is processed into other food forms i.e. canned, frozen, dried and value added convenience meals. Most processing companies obtain their inputs directly from farmers. Many of the manufacturers and processors are located in the urban areas and their suppliers have to comply with quality specifications and undergo the required Global GAP audits.

## 6.2 Markets and logistics in Organic Products

Organic Markets are structured mostly within the private sector because of lack of market regulation from central government. Each organic business entity has its own value chain participants based on trust and knowledge sharing in PGS and external markets in the case of certified organic farmers and processors. The exporters in the organic sector have their own logistical arrangements.

## 7. AGRICULTURE RESEARCH DOMINANT ISSUES

[The Agricultural Research Council \(ARC\)](#) was established by the Agricultural Research Act 86 of 1990 (as amended) and is the principal agricultural research institution in South Africa. It is a schedule 3A public entity in terms of the Public Finance Management Act 1 of 1999, as amended by Act 29 of 1999.

The organisation performs its functions throughout South Africa and beyond its borders through:

- Crop production, improvement and protection
- Animal health, production and improvement
- Natural resources management
- Mechanisation and engineering
- Agro-processing, food technology and safety
- Smallholder agricultural development
- Agricultural economics and commercialisation
- Training and extension

We have ascertained that some Higher Education and Training institutions have community outreach extension programmes they refer to as *community engagements* and within these units they do conduct some agricultural research activities.