**‘If you want to be here next year, you cannot go on as before’[[1]](#footnote-1)**

**Accumulation and differentiation in Limpopo’s large-scale agricultural sector**

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**ABSTRACT**

Commercial agriculture in South Africa has been an arena of constant change since the state began to withdraw its substantial support and protection to white farmers in the 1980s. When globalisation and neo-liberalism gained momentum after the formation of the World Trade Organisation in 1994, the South African government became a signatory to agreements that would do away with protective trade measures and liberate trade, while state control of agricultural marketing was abolished through a swift deregulation process in 1996. As a consequence of deregulation, farmers were increasingly drawn into systems for input procurement, price-forming and marketing controlled by international corporations. Fierce competition and the pressure to increase productivity and efficiency on a bigger scale resulted in a “shake-out” of farmers and increased concentration in land and markets. Farmers who survived the changes have responded in a range of ways to remain competitive and facilitate accumulation, e.g. expanding the scale of production, acquiring more productive land, reducing labour costs, increasing production, enhancing the productivity of labour through mechanisation, exploring new markets and investing up and downstream of farming. This paper draws on the results of a questionnaire survey and semi-structured interviews to develop a typology of farmers, shed light on accumulation strategies that have been pursued by farmers in South Africa’s Limpopo Province and the extent to which different types or categories of farmers pursue different strategies.

**Key words**

commercial farmers, change accumulation strategies, trade liberalisation, deregulation of marketing, typology of farmers

**1. INTRODUCTION**

White farming and agriculture in South Africa went from a mostly subsistence sector prior to the discovery of diamonds and gold in the 1860s (Wilson, 1971), to a sector that received extensive state support for production, marketing and export, and back to being one of the most unprotected agricultural sectors in the world at present (Van Zyl *et al*, 2001). Although aggregate figures for the sector show that the efficiency, flexibility and productivity of the sector have increased, as has the ability of farmers to adjust their production to changing relative prices (Van Zyl *et al*, 2001:736), deregulation and trade liberalisation also produced many “losers”. Losers included small farmers as a group, the landless who were affected by the slow pace of land reform, the poorest farmers in the former homeland areas and farm workers who became unemployed (Van Zyl *et al*, 2001:737). There was also a substantive shift in the structure of agriculture and agricultural production in South Africa; e.g. an increase in the average farm size, fewer farms and production shifted to high-value commodities, mostly horticultural products for export (Liebenberg and Pardey, 2010:383).

The agricultural sector is still a significant employer, but mechanisation, the adoption of farming methods which are less labour-intensive, the extension of labour legislation and minimum wages to farm workers have led to the employment of fewer permanent workers and increasing casualisation. These processes also lead to a differentiation between permanent agricultural workers and seasonal workers (Barrientos and Visser, 2012).

The commercial farming sector is highly exposed to global markets, and a large proportion of agricultural production is exported, which make farmers’ incomes highly dependent on interest rate fluctuations and global economic conditions (Vink and Van Rooyen, 2009:5). After deregulation private regulation by retailer buyers of these products replaced regulation by government and the rising cost of adhering to these private standards are also of concern (Barrientos and Visser, 2012:14). Two of the most significant developments of the post-deregulation decades are the inclusion of farmers in global value chains and the relative dominance of retailers, especially supermarket groups, on the one hand (Barrientos and Visser, 2012), and the relatively weak position of farmers within these value chains, on the other.

The fact that large-scale commercial farmers are capitalist enterprises means that they are subject to the inherent logic of capital and the imperative to accumulate, a process that Marx describes as the “expanded reproduction of capital”. The accumulation process locks capital into an “endless cycle” of production to make profit in order to re-invest it to produce more and make a bigger profit, or merely to survive in the face of competition. This need to expand the scale of production and increase productivity to make a profit also involves the intensified exploitation of labour (Bernstein, 2010b:22), since one of the constitutive features of capitalism is the social relation between capitalists as owners of the means of production, and workers, who exchange their labour power, or capacity to work, in order to obtain their subsistence or means of reproduction (Bernstein, 2010b:26).

If profit-making in order to fund accumulation drives the adoption of particular farming and business strategies, and is a key measure of farming ‘success’, two broad questions arise, namely (a) which accumulation strategies are pursued by successful farmers?, and (b) what are the sources/origins of differentiation between successful and less successful farmers? In other words, which responses to local and global changes and events seem to work and which do not appear to work?

Evidence from the literature suggests that the size or scale[[2]](#footnote-2) of a farming operation can be an important determinant of farming success. Mather and Greenberg (2003:408) found that the better resourced citrus farmers in the Eastern Cape were able to “upgrade” into value adding activities such as private packhouses, direct marketing and upgrading their production. In addition, Barrientos and Visser’s (2012:20) recent research in the deciduous fruit industry of the Western Cape shows that larger producers who have upgraded in the value chain are “better able to withstand vagaries of price and weather, finance investment in new varieties, supply larger quantities to meet supermarket buying programmes and obtain efficiencies through better downstream linkages in the value chain”.

Another possible determinant of farming success is the willingness to take on risk and sacrifice resources in order to invest in infrastructure and improved farming practices to reap the benefits sometime in the future (Mather and Greenberg, 2003; Barrientos and Visser, 2012). In his article about white farmers’ contribution to the development of agriculture between 1700 and 1960 Schirmer (2005:82-83) concludes that increased farm size is a consequence rather than a cause of economic success, while the explanation for differences between farmers is the “willingness and the capacity” of some farmers to deal with the risks of investment and expanded production.

My research on which this paper is based examines farm size and scale and the capacity to take on risk as well as other possible accumulation strategies or determinants of success. The paper will describe the methodology that was employed, followed by my findings presented in tables and a discussion of these findings. A discussion of emerging patterns and probable shifts will conclude the paper.

**2. METHODOLOGY**

This paper draws on the results of a questionnaire survey that was conducted among 48 farmers in the farming areas near the towns of Tzaneen, Letsitele, Modjadjiskloof, Mooketsi and Trichardtsdal in Limpopo province, as well as two rounds of semi-structured interviews with 24 farmers. The questionnaire and interviews form part of a bigger study into the dynamics of change in the large-scale commercial farming sector in certain areas of Limpopo Province and the Western and Northern Cape Provinces. Results from the Western and Northern Cape will not be discussed here.

The Limpopo research site is situated in a part of the province where white farmers began to settle after 1880, first in the drier, relatively mosquito and malaria-free areas of Mooketsi and Duiwelskloof (now Modjadjiskloof) and after the Mogoba War, in the Magoebaskloof area. The Lowveld (Tzaneen and Letsitele Valley area) were settled much later because of white people’s fear of malaria (Personal communication, Dr Louis Changuion, 2012). The site is situated in the Mopani District Municipality, where agriculture is the most important economic sector in four of the district’s five municipalities. The research site is one of two areas (the Levubu valley just south of the Soutpansberg and east of Makhado, and the Letsitele valley area near Tzaneen) where subtropical conditions allow for the growing of export crops such as a variety of citrus, bananas, tea, avocadoes, mangoes and macadamia nuts (Lahiff et al, 2008:9). Most of the province is frost-free, which allows farmers to grow vegetables right through the year. While citrus fruit are mainly produced for export markets, most of the subtropical fruit such as avocados, mangos, litchis and bananas are grown for local fresh produce markets. A number of processing plants process fruit to dried fruit products, juice and atchar (Mopani District Municipality, 2008:33).

**3. FINDINGS**

A questionnaire survey that was conducted between October 2010 and February 2011 revealed that farming operations are expanding both on the land owned by the enterprises as well as on rented land. It also revealed processes of ongoing change, which is evident in enterprises farmers are engaged in, production practices, marketing arrangements as well as labour relations. The findings section will be divided into two parts. In the first part a snapshot of commercial farming in the field site in terms of the enterprises and markets farmers are involved in, the distribution of gross farm income realised by respondents, involvement beyond the farm gate, the pressures bearing down upon their farming businesses, as well as the most common responses to the pressures and uncertainty. The second part of the findings section will describe the accumulation strategies that are successful, the variables or uncertainties on which they are contingent and will include an attempt to develop a typology of farmers based on the enterprises they are engaged in, the markets they use, the scale of their operations, their gross income from production, etc. The results will be presented in tables and the discussions will offer some explanations for them.

**3.1.1 Enterprises and markets**

**Table 1** captures the range of different enterprises respondents are engaged in. More than half of the respondents (56%) are growing two or three citrus cultivars and varieties for the export market, 40% is growing mangos and 31% avocados, while 27% grow vegetables and 46% keep cattle. This enterprise mix is not static because farmers are evaluating the productivity (in terms of tonnes harvested or boxes packed per hectare) and profitability of their orchards and vegetable fields on a continuous basis. Other criteria for deciding whether to expand or terminate an enterprise are labour and water requirements and availability, buyer standards and convenience. During the interviews three litchi farmers said they were taking their litchi orchards out because of the difficulty to find enough workers to harvest the fruit during the Christmas holidays, and a vegetable farmer in the Trichardtsdal area stopped growing okra and green beans because of a labour-intensive harvesting process. Last year a mango farmer accepted a lower price by harvesting his mangos green and selling them to atchar processors, rather than trying to motivate workers to harvest ripe mangoes during the Christmas holidays. Farmers in the Mooketsi area used to be the country’s major tomato growers until irrigation water became limited on certain farms. Two of the three farmers that were interviewed there stopped all their other enterprises, e.g. citrus, in favour of tomatoes, while others abandoned tomato growing and switched to drought-tolerant crops such as dragon fruit and prickly pear or livestock, such as Bonsmara or Nguni cattle and Pedi sheep.

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| **Table 1 Enterprises Limpopo farmers are engaged in (n=48)** | | | |
| **Enterprise** | **No. of farmers involved in enterprise** | **Enterprise** | **No. of farmers involved in enterprise** |
| Citrus | 27 | Beef cattle | 22 |
| Mangos | 19 | Dairy | 1 |
| Avocados | 15 | Stud cattle | 2 |
| Macadamias | 8 | Sheep | 2 |
| Litchis | 8 | Game | 10 |
| Guavas | 5 | Forestry | 3 |
| Bananas | 4 | Tree nurseries | 3 |
| Papayas | 1 | Prickly pears | 1 |
| Vegetables | 13 | Dragon fruit | 1 |

A number of citrus and subtropical fruit growers have lately diversified their farming operations to include vegetable production – predominantly sweet peppers, chillies, various cucurbits, aubergines and cabbage – for local fresh produce markets. Others saw an opportunity to supply other fruit farmers with a fundamentally important input, namely young fruit trees, while requirements for more integrated production opened up an opportunity to supply insects for biological control of pests. Anecdotal evidence suggests that the extent of private forests used to be much bigger, especially at a time when tomato producers still needed “kissies” (wooden boxes) to send their produce to the market. These days only three respondents still grow *Eucalyptus* trees for wood, either to manufacture pallets for the fruit and vegetable industries, or to sell for different industrial or residential uses; treated or untreated and according to age. One of the respondents operates a wood processing and treatment plant on his farm.

While 70-80% of all citrus is exported, farmers in the Limpopo research location have access to local fresh produce (municipal) markets in Johannesburg, Pretoria and Springs, and further away in Durban and Cape Town. Export markets also exist for avocado and macadamia nuts. The majority of the vegetable farmers in the survey prefer to send their produce to the fresh produce markets instead of taking out contracts with supermarkets. A significant amount of fresh fruit and vegetables and live chickens are sold to hawkers (**table 2**). In what could be underreported by at least 20% with regards to fruit and vegetables, the value of sales to hawkers is close to R33 million per year. Opportunities to process lower grade fruits (juice in the case of citrus, papayas, mangos, litchis and guavas, oil and guacamole in the case of avocados and macadamias, drying in the case of guavas and mangos and atchar in the case of mangoes) abound in the area.

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| **Table 2 Quantity and value of products sold to on-farm buyers (hawkers, “bakkiemanne”)** | | |
| **Product** | **Quantity sold** | **Value sold** |
| Papaya | 60 tonnes | R 60 000 |
| Avocado | 195 tonnes | R292 500 |
| Litchi | 160 tonnes | R192 000 |
| Chickens (live) | 600 400 chickens | R15,97 million |
| Tomatoes | No quantities | R 1,18 million |
| Cabbage | 1 902 164 cabbages | R 8,5 million |
| Citrus | 6 110 tonnes | R 6,1 million |
| Mangos | 20 tonnes | R111 100 |
| Bananas | 300 tonnes | R400 000 |
| **Total value of farm products sold to on-farm buyers** | | **R 32,8 million** |

**3.1.2 Pressures bearing down upon farmers**

**Table 3** presents the top 15 pressures bearing down upon farmers in Limpopo. Limpopo farmers that took part in the survey consider labour issues, production costs, exchange rates, climate and weather and crime and farm security their top five pressures. These pressures are followed by uncertainty about government policy, land reform, water, infrastructure, producer prices and pests and diseases. Most of these pressures, especially labour (costs and productivity), production costs, the exchange rate, water, producer prices, have a direct influence on profits, while the influence of others are more indirect. However, any response to these pressures will be aimed at lowering costs, increasing yields and production, income or all of these.

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| **Table 3: Pressures bearing down upon farmers** | |
| **Pressure** | **Proportion of farmers who ranked it as one of seven biggest pressures** |
| Labour issues | 81% (1) |
| Production costs | 79% (2) |
| Exchange rate | 56% (3) |
| Climate and weather | 48% (4) |
| Crime and farm security | 46% (5) |
| Uncertainty about govt policy | 44% (6) |
| Land reform | 44% (6) |
| Water | 42% (7) |
| Infrastructure (road, rail, communication) | 37% (8) |
| Producer prices | 29% (9) |
| Pests and diseases (of plants and animals) | 29% (9) |
| Cost to secure family and property | 27% (10) |
| Power of buyers of agricultural products | 19% (11) |
| Government actions | 17% (12) |
| Distance from consumers | 17% (12) |

**3.1.3 Income and investment**

The income distribution of farmers in the survey shows a normal distribution (**table 4**), with a huge range. Two years since my survey was completed, some of the farmers that who realised a turnover of less than R5 million, decided to sell their farms.

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| **Table 4: Distribution of turnover** | | |
| **Lowest** | | R362 000 |
| **Highest** | | R131,3 million |
| **Average** | | R20,2 million |
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| **Distribution of turnover**  **(n=48)** | Less than R1 million | 4 |
| >R1 million toR5 million | 14 |
| >R5 million to R20 million | 15 |
| >R20 million to R50 million | 11 |
| More than R50 million | 4 |

My survey showed that farmers are increasingly investing up- and downstream from their farm gates. More than half of them hold shares in input and processing companies; while a third have invested in export companies (**table 5**).

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| **Table 5: Investment upstream and downstream from farm (n=48)** | |
| No. of respondents who hold shares in input companies | 29 (60%) |
| No. of respondents who hold shares in processing companies | 26 (54%) |
| No. of respondents who hold shares in export companies | 14 (29%) |
| No. of respondents who hold shares in food retail companies | 0 |

**3.1.4 Farmers’ responses to pressures**

The majority of the farmers that took part in the survey have responded to these pressures through investments on various levels, be it in land, the improvement of infrastructure or investments in tractors and implements. Most of them also changed their farming practices in order to increase yield and income or cut costs. **Tables 6** shows which accumulation strategies are followed by farmers in the Limpopo research site.

***3.1.4.1 Land transactions***

Two-thirds of all respondents have bought more land during the past 20 years. Almost half of them bought the land adjacent to their farm, while about a third indicated that they’ve bought land in another part of their home province. (That often means that they’ve bought suitable land as close as possible to their original holding.) Small proportions of all respondents bought land in another province (10%), usually Mpumalanga, but also the Eastern Cape, or in a neighbouring country (8%). Renting land is another popular method among respondents to “enlarge” their farms. Almost 40% of all respondents rent land adjacent to their present farm, while 16% rent land in another part of their home province. Rented land is never used for orchards, only for grazing cattle or growing vegetables.

***3.1.4.2 Changes in farming practices***

Many farming practices have changed during the past ten years. The change from a system of flood irrigation to drip irrigation (vegetables and first year of citrus) and micro irrigation (orchard crops) are aimed at increasing water use efficiency, water and labour costs. Almost 90% of respondents said they try to produce as much as possible, even if margins between income and costs are small, as “it helps to have a lot of those small margins”, according to Farmer Jacob and Eric. Organic fertiliser, such as cattle manure and compost are back on farmers’ input lists as a way of “putting life back into the soil”. Some of the manure comes from cattle herds on the farms, while others buy manure in from cattle farmers in the region.

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| **Table 6: Responses aimed at increasing production, efficiency, costs and income, profit (n=48)** | |
| **Response** | **Percentage** |
| Bought land during the past 20 years | 69 |
| Bought more land adjacent to own farm | 42 |
| Bought land in another part of home province | 33 |
| Bought land in another province | 10 |
| Rent land adjacent to own farm | 29 |
| Rent land in another part of home province | 21 |
| Improved irrigation infrastructure | 89,6 |
| Changed orchard replacement programme | 60 |
| Increased mechanisation | 75 |
| Installed equipment to process own products | 31 |
| Have soil analysed scientifically | 92 |
| Changed to integrated/biological farming | 46 |
| Try to produce as much as possible\* | 87.5 |
| Only try to minimise production costs | 58 |
| Diversify | 54 |
| Specialise | 44 |
| Speculate with livestock | 21 |
| Get involved in the processing of agricultural products | 37.5 |
| Process and sell own produce to consumers | 46 |
| Invested outside agriculture | 62.5 |
| Use outside experts or consultants | 98 |
| Joined a study group | 85 |
| Do own experiments on farm | 90 |
| Do research on the internet | 71 |
| Export agricultural products together with other producers | 48 |
| Began to market products together with other farmers | 50 |
| Export own products | 73 |
| Changed packaging in response to consumer preferences | 39,6 |
| Employ more permanent workers | 14.6 |
| Decrease number of permanent workers | 56 |
| Employ more seasonal or temporary workers | 69 |
| Employ wives of permanent workers | 71 |
| Train workers better | 92 |
| Employ contract workers (specialist teams that prune fruit trees) | 67 |

Almost 90% of the respondents made changes to their irrigation infrastructure, mostly in order to use water more efficiently, but also to employ fewer workers, while 60% changed their orchard replacement programme to ensure that only the most productive orchards (in some farmers’ case, the most productive trees) remain and the latest varieties are planted. Three in four farmers (75%) indicated that they’ve increased mechanisation. This is usually by replacing weed eradication by hand with spraying with tractors and spraying equipment, or by installing sizing equipment in packhouses.

***3.1.4.3 Income from other sources***

From the data in **table 6** it is clear that farmers no longer only produce and sell their produce in bulk through an agent; they also get involved in the processing of agricultural products (shelling macadamia nuts, preparing green mangos for sale to atchar processors, etc.), while almost half of them sell farm products directly to consumers. Of all Limpopo respondents, 21% said they speculate with livestock. These respondents buy livestock to utilise veld when they had abundant rain and find it easy to find cash buyers for cattle, sheep and goats. Even though the majority of those surveyed are full time farmers, 63% of them have invested outside agriculture.

***3.1.4.4 Learning and expertise responses***

In the past many agricultural extension officers and technicians and soil conservation officials were employed by various incarnations of the Department of Agriculture in order to give advice to farmers and see to it that government policy was implemented. These days the focus of extension services has shifted to emerging farmers. Commercial farmers now pay for advice, either directly by using the services of experts or consultants, or indirectly by consulting the agronomists and soil scientists of agrochemical companies from whom they buy seed, fertiliser and other agrochemicals, and 82% of all respondents said they use experts and consultants.

Other important institutions for learning are localised, but specialised citrus (Limpopo) study groups, where interested farmers can learn from experts and other farmers. Study group meetings, as well as farmers’ days, also offer promotion opportunities to agrochemical companies and further strengthen the bonds between farmers and these companies. Due to the partial withdrawal of the state from research and extension services as well as a need to verify the claims made by private companies selling agricultural inputs, 84% of all respondents said they conduct their own experiments by testing different cultivars or fertilisers. Almost 60% of all respondents said they do research on the internet, probably to get access to the latest research, to see what other farmers in similar positions to theirs do and to find answers to questions that they can no longer find here.

***3.1.4.5 Improve bargaining power, producer prices and marketing opportunities***

Farmers are far more conscious of changing consumer preferences and 28% of Limpopo respondents said they changed the packaging of their produce to suit consumers (**table 6**). Farmers’ concern about the increasing proportion of the final price of a product they lose to “middlemen” has necessitated direct selling to consumers, as 46% of the respondents indicated. Even if it might also point to a desire on the side of farmers to shorten the distance to consumers, most of the of 71% of Limpopo respondents that are selling produce directly are selling their low grade or *uitskot* fruit and vegetables in bulk to the *bakkiemanne*, i.e. on-farm buyers who sell to street hawkers. At least two farmers (growing avocado and mango) have found that some on-farm buyers have become more discerning, but also more willing to pay higher prices. More and more farmers are realising the potential of on-farm buyers, often developing relationships with them to the extent that they will allow these buyers to select their fruit in the packhouse or orchard. Some mango and avocado farmers who have abandoned export markets have shifted a substantial proportion of their sales to this market.

Even though respondents seem largely reluctant to join buyer groups, more than 40% of them indicated that they have begun to pack and market products together with other farmers, while about a fifth of them export together with other farmers. Marketing together means they can negotiate a better deal with big or bulk buyers of agricultural produce, or save on transport and shipping costs. The large farmers need not do that. They often employ dedicated marketing experts that save them commission along the cost/value chain and present their case better (Pretorius, 2012: personal communication).

***3.1.4.6 Farm workers and labour issues***

Survey results relating to labour issues follow the general trends in the country (Simbi and Aliber, 2000:2), with 56% of respondents indicating that they are employing fewer permanent workers than ten years ago. While many workers were probably retrenched, some respondents said that they do not replace workers that die, retire or resign. Almost 70% of the respondents said they employ more temporary or seasonal workers, mostly to pick fruit and vegetables. Only 15% of the respondents said that they’re now employing more permanent workers. Almost two-thirds of all respondents indicated that they employed contract workers, here explained as specialist teams that prune fruit trees. The majority of respondents (94%) pays the minimum wage, however, this survey was conducted before the minimum wage was increased by 52% in February 2013.

**3.2 Accumulation strategies and the variable or uncertainties that affect them**

When 14 respondents in the early rounds of semi-structured interviews were asked what their definition of a successful farmer was, the majority of them said one who made a profit every year. The most common measure of farming profit is net farm income (NFI). Agricultural economy textbooks (Harsh *et al*, 1981:88-90; Standard Bank, 1988:35-38) define NFI as the gross farm income minus the operating and fixed (overhead) costs. This figure does not include remuneration to management, interest on capital or payment for rented land. Farm profit can only be determined once foreign capital, management and land had been remunerated. Because gross farm income incorporates items such as sales of produce and changes in inventories of livestock, etc., while operating costs are costs associated with seasonal and contract labour, inputs (e.g. seed, seedlings, young trees, fertiliser, pesticides, fuel) that can be allocated to specific enterprises and machinery and marketing costs, and fixed (overhead) costs includes permanent labour, taxes, depreciation on assets and insurance, a myriad of factors contribute to gross income and costs, and thus net farm income and the profitability of a farm.

***3.2.1 Accumulation strategies***

Strategies that successful farmers pursue, i.e. strategies that will either raise their income from farming or lower farming costs are buying or renting more land, diversifying their operations on their present property, exploring different markets in search of higher product prices, trying to enlarge the margin between income and cost by improving productivity and increasing yields (**table 7)**. While the citrus and subtropical industries experienced an export “boom” in the years since deregulation of marketing, and most farmers tried to maximise the proportion of their harvest going to export markets, the cost of export standards, e.g. GlobalGAP and Nature’s Choice and packaging farmers are increasingly reconsidering local markets. Many farmers prefer the certainty of a contract with one of the large supermarkets, but vegetable farmers in my study are resisting the lure of contracts in favour of the daily uncertainty and volatility of fresh produce (municipal) markets. Their reasons are that prices are on average better on the markets and changes daily and the fact that most farmers with a good reputation in the market will sell their produce, even in a market where there are no shortages, also known as a “full market”.

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| **Table 7: Accumulation strategies and the variables or uncertainties that affect them** | | |
| **Accumulation strategies** |  | **Contingencies / uncertainties** |
| * Buy more land * Diversify on present landholding * Employ the next generation * Production: yield vs. cost * Labour and mechanisation * Export market (volume vs. niche) * Local fresh produce markets vs. contracts with supermarkets (fruit, vegetables, livestock) * Build reputation, flexibility * Involvement in processing * Divest from or outsource parts of value chain (to save on costs) * Off-farm employment |  | * Land (availability, suitability, affordability) * Financial, economic, political considerations (interest & exchange rates, uncertainty) * Land reform (opportunities to expand production transferred land) * Agricultural developments or conditions in other countries * Legislation (labour, environmental, etc.) * Climate & weather |

As orchards and harvests get bigger, the seasonal labour requirements (for picking and packing) increases. Labour costs represent a significant proportion of variable costs and farmers employ various mechanisms to limit the numbers of seasonal workers employed by mechanising certain processes in the packhouse or increasing worker productivity by changing harvest logistics (e.g. shortening the distance workers have to walk between trees and picking bins, mobile and automatic ladders to speed up movement between trees and different tree heights or paying workers by weight picked). Other strategies include diversifying on the present landholding, i.e. by growing other fruit varieties or cultivars, and improving productivity by making sure that every tree in every orchard is productive in terms of the amount of fruit it produces. Where possible, investments are made to reduce costs, e.g. variable speed drives on pump motors to save on electricity costs, etc. Labour productivity is monitored and the area of land worked per hectare has increased from 1,8 ha per worker to 4,5 ha per worker during the past 20 years (Farmer Vos, 2012: Personal communication,). Even though most of the farmers in the research site grow fruit for volume exports to a range of markets, some farmers exploit niches such as mandarins, limes, kumquats, prickly pear and dragon fruit. While involvement in processing of agricultural produce, i.e. drying or pickling mangoes, is a popular way to capture a bigger share of the final retail price of a product, divesting from or outsourcing parts of the value chain is a strategy followed by an increasing number of farmers to save on costs and increase the profit margin in that way.

The success of the accumulation strategies mentioned above are contingent on the availability of suitable and affordable land, financial, economic and political considerations, e.g. interest and exchange rates, uncertainty about government policy and actions and confidence in the state. While claims on land and land transfers as part of the land reform process reduced the amount of land available to large-scale commercial farmers, research by Davis (2013) shows that commercial farmers view strategic partnerships with land reform beneficiaries as a way to expand their production without having to buy land. South African agriculture is no longer isolated from events in world markets, and the actions of farmers in other countries and their governments’ agricultural policies have a direct effect on South African farmers. For example, farmer Mark, one of a few organic avocado farmers in the country, has recently gone back to conventional farming using synthetic fertilisers, chemical control of weeds, pests and diseases because of declining root health and the dampening effect the entry of Peruvian avocado farmers had on the prices of organic avocados. “Their superior growing conditions, fertile soil and clean water from glaciers make them natural organic farmers, but closed the niche we had in the market” (Farmer Mark, 2012: Personal communication).

***3.2.2 A typology of commercial farmers***

To show the differentiation among the farmers in my sample according to where they are now and what possible paths their farming operations might follow in future, I’ve drawn up a typology of farmers (**table 8)**. The typology is very loosely based on the livelihood typology that Scoones *et al* (2010:228-229) developed for new resettlement households in Zimbabwe. I’ve identified seven different categories or farmer types, namely mega farmers, movers, diversifiers (export), diversifiers (local), small and profitable (“cash farmers”), small, but struggling or hanging in, because ... and the leavers.

The **mega farmers** are without exception growers with citrus as their main enterprise, but also grow macadamias, mangoes and/or bananas and breed cattle or game. They have their own packhouses, export companies and tree nurseries and employ very strict orchard expansion and replacement programmes. The business form is private companies with family members as directors or private companies with a BEE (Black Economic Empowerment) component. The accumulation strategies that they follow include buying more land, cementing their position in the volume export market and backing that up with strict production efficiency regimes. They invest upstream and downstream from farming and employ the next generation as managers for different divisions of the business. Because the number of workers they employ increases four- to six-fold during the six months of harvest, with concomitant higher labour costs, they often change harvest logistics in the orchard and mechanise certain functions in the packhouse to reduce the number of seasonal workers employed.

**Movers** can be described as the next big farmers and usually export 600 000 to 1 million boxes of citrus per year. They have their own packhouses and exporting companies, but do not own nurseries. They are still planting new orchards to grow their businesses. They are buying land, and often face competition from farmers in the mega farmer category. They also focus on increasing the productivity of orchards and employ the next generation (sons, daughters and children-in-law) for the marketing, accounting, computer or engineering expertise that they bring to the business. Farmers in this category also change harvest logistics in the orchard and mechanise certain functions in the packhouse to reduce the number of seasonal workers employed and bring labour costs down.

A third category of farmers, the **diversifiers (export and local)**, are smaller than the movers in terms of the volume of citrus produced, but make up for that by growing big volumes of vegetables, often on rented land with an abundance of water. They are buying land, but are more likely to rent land due to the annual nature of vegetable production, or diversify to supply niche markets with specialised high-value products. Similar to them are the **diversifiers (local)** who shun export markets and use the fluctuating, but mostly lucrative, fresh produce markets. These farmers are not buying land, but are expanding their orchards with crops that use less water or are less risky and are often destined for processing, e.g. mangoes, guavas, litchis. Diversifiers (local) have built up relationships with on-farm buyers (hawkers, “bakkiemanne”) and have developed both the packhouse and emotional infrastructure for dealing with cash buyers who operate along different rules than agents in the formal fresh produce markets.

The fifth category is the **cash famers**, a group of vegetable growers and dairy producers who are small and profitable due to their good reputation for quality and flexibility they’ve developed over the years, recent high prices for vegetables because of shortages on the market and diversification in the dairy market. They only sell on the fresh produce markets, thus saving on the costs and hassles of getting some form of accreditation. They are closed-knit family businesses with a keen knowledge of the production and marketing cost structure of their enterprises. One of their strategies is a willingness to differentiate their produce on packaging or processing.

The sixth group is the **small and struggling** farmers, often citrus farmers who export fewer than 200 000 boxes of citrus per year, or who grow avocado and vegetables on small tracts of land. Some of them are struggling, while others are **hanging in because** they can supplement their income from orchard or vegetable farming with income from cattle, practising their trade, breeding rare birds or having a wife or child that works off-farm. They are often prevented from expanding their farming enterprises because of a lack of funds to establish more orchards or to comply with all the legal requirements for clearing virgin land, etc. Farmers in this group are more likely than the other groups to divest from the value chain or outsource parts of the chain to save on costs. The last group or type is the **leavers,** who are either no longer on the farm, or want to leave. They are often citrus farmers who export fewer than 100 000 boxes of citrus a year. They’ve never bought more land or expand their orchards and their children are not interested in farming. Their only strategy is often to offer their land for purchase to one of the bigger farmers or to government for land reform. They also divest from or outsource parts of the value chain. Two other subcategories in this type are farmers who are willing sellers and have received their money from government or are still waiting, and those that were too indebted to continue farming.

**3.3 Summary of findings**

Commercial farmers are actively responding to pressures bearing down on their operations and investing, diversifying, specialising and changing to maximise profits. These accumulation strategies are not homogeneous across all farmers in the sample, but are related to the position each farmer finds himself/herself in, in terms of size and scale of operation, (financial) ability to expand and willingness to pursue niche markets or bear with the uncertainty and volatility of fresh produce markets. Few farmers are doing nothing; in fact, those that seem set on leaving agriculture, are strategising to sell their land to the highest bidder, even if they have to go through the bureaucratic process associated with selling to the state.

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| --- | --- | --- | --- |
| **Table 8: A typology of farmers in the Limpopo sample** | | | |
| **Farmer type / category** | **Description/Characteristics** | **Strategies** | |
| Mega farmers | Citrus farmers exporting more than 1 million boxes of citrus per year  Turnover >R100 million.  Own packhouse, own tree nursery  Private companies with family directors/ private companies with BEE shareholders  Own land and buying more land locally, other parts of province & other provinces  Big employers of permanent and seasonal workers | Buy more land  Export market (volume)  Production: yield per tree, water use efficiency  Mechanise and change harvest logistics to employ fewer seasonal workers | Labour and mechanisation  Involvement upstream & downstream  Employ next generation as managers |
| Movers | Citrus farmers exporting 600 000 to 1 million boxes of citrus and growing  Own packhouse  Own land and buying more land  Family-owned and managed  Big employers of permanent and seasonal workers | Buy more land  Production: yield per tree, water use efficiency  Mechanise and change harvest logistics to employ fewer seasonal workers | Employ next generation for marketing, accounting, computer or engineering expertise and experience |
| Diversifiers (export) | Citrus farmers exporting fewer than 500 000 boxes  Growing vegetables for local market  Avocado and forestry or macadamias  Shared packhouse and export arrangements  Own land and renting land for vegetables | Buy more land  Diversify on present landholding | Niche markets |
| Diversifiers (local) | ***No*** citrus. Mango, litchi, guava, tomatoes, avocado, prickly pear, dragon fruit  “Infrastructure” for on-farm sales  Own farm and not buying more land.  Expanding orchards  Family-owned and managed | Local markets (fruit, vegetables, livestock)  Divest from or outsource parts of value chain (to save on costs) | Build reputation, flexibility (with on-farm buyers)  Niche markets |
| Cash farmers | Vegetables, bananas, dairy, tomatoes  Own land, borehole water  Good reputation on local fresh produce markets, flexibility  Farmer-owned, worked and managed. Wife involved on full-time basis  Own farm, buying more land outside citrus areas | Cash profit driven  Only use local fresh produce markets, no contracts with supermarkets, etc. | Build reputation, flexibility  Differentiate on packaging, processing |
| Small and struggling or “hanging in” because ... | Exporting fewer than 200 000 boxes of citrus  Other employment or income (stud cattle, electrician, contractor for Eskom, son is lawyer, breeding rare birds, wife works away from farm)  Own land, not necessarily smaller than average, but limited irrigation water for expansion or cannot afford to do EIA to clear more land) | Off-farm employment or sources of income | Divest from or outsource parts of value chain (to save on costs) |
| Leavers | Exporting fewer than 100 000 boxes of citrus  Children not interested in farming  Willing seller (sold land or waiting for govt processes)  Too indebted to continue farming | Offer land for sale on markets or to govt | Divest from or outsource parts of value chain (to save on costs) |

**CONCLUSION**

Capital-intensive, large-scale export farming is a relentless process of anticipating changes and adapting to these changes through investments in land, machines and new cultivars, yield and production increases, cost-cutting and out-competing the neighbours as well as competitors in other countries, to make a profit. It is perhaps best summed up by a marketing manager on one of the bigger farms; “if you want to be here next year, you cannot go on as before” (Pretorius, 2012: personal communication). Change is indeed at the order of day in the large-scale commercial farming sector of Limpopo Province. However, the types of change and the directions of change are not homogeneous. The biggest farmers seem to survey the land market with a keen eye and can afford to buy more land to expand production, while another group of farmers realised that they cannot compete against the big farmers in the land market and have since embarked on diversification, cost-cutting activities and alternative harvesting, marketing and farm management arrangements. Even though they all still consider themselves family farms, the involvement of family members differ: in the biggest farming business sons (and sometimes daughters) and sons-in-law are involved as managing partners, while the involvement of wives on a full-time basis are more prevalent on the smaller farms.

It is probably too early to view the increasing sales of fresh produce to on-farm buyers from the immediate vicinity, neighbouring provinces, Mozambique and Botswana as a departure from export-driven agriculture and a turning point for capital-intensive agriculture, yet this re-appreciation of the local market points to a recognition of its potential. Because on-farm buyers look for different qualities and demand a variety of fruit sizes for their differentiated clients, this trend could lead to lower production costs. However, while selling to on-farm buyers cuts out the cost of expensive accreditation schemes, packaging and transport and can lead to an increase in commercial farmers’ profit margins, it also makes entry into this market by smallholders more difficult, if not impossible.

This paper will be presented at a panel that considers the trajectories of change in the large-scale commercial farming sector and their implications for agrarian reform. In other words, where do all the activity, changes and involvement in all local and export markets in the large-scale commercial farming sector leave new entrants to agriculture, which often come from non-farming backgrounds and do not have the historic access to finance, markets and beneficial networks? How do they get a proverbial foot in the door?

Several opportunities potentially exist in agriculture for new entrants with limited means, but the reason why very few people recognise and exploit them is probably because they often present quite a departure from the present modelsof large-scale commercial farming and thinking about land use rights, production, marketing and consumer preferences. Even if different agrarian structures and production practices were implemented, the reality is that little, if any, research is being done on suitable alternative practices, while the range of experts on whom commercial farmers came to rely on comes at fees that are all but unaffordable for farmers with limited means. Furthermore, only remnants of the once extensive marketing and input supply infrastructure and support systems remain in rural areas, yet large-scale farmers are still better equipped to utilise them. Also, new farmers who get very little support are expected to show success in a very short period of time, although commercial farming was slow to develop, even with ongoing state support.

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**Personal communication**

Farmer Mark, Tzaneen, 2012

Farmer Vos, Letsitele, 2012

1. Jan-Louis Pretorius, marketing manager Groep 91, one of the large citrus producing and exporting groups in Letsitele, made this remark during an interview in February 2012. [↑](#footnote-ref-1)
2. Farm size and scale are not synonymous. Frank Ellis (1993:202-203) describes farm size as the “area size” of a farm, while scale is the economic size, measured by the “joint volume of resources used in production, by gross farm output, or by the quantity of capital (fixed and working) tied up in farm production”. [↑](#footnote-ref-2)