CHAPTER ONE: INTRODUCTION

1.1 Introduction

This study examines the socio-economic impact of Fair Trade (FT) on emerging citrus farmers at Riverside Enterprise and Sundays River Citrus Cooperative in the Eastern Cape Province of South Africa. It does this through a comparative analysis of farmers involved in fair trade and those who are not, to reveal the ability of black emerging citrus farmers to access European markets with high income returns and the complexities associated with this. It examines the socio-economic benefits that accrue to the farmers. The discussion is guided by broad general questions that include: Have emerging farmers benefited through fair trade? Have they been successful in any of the objectives that fair trade allows? What has been the impact of fair trade on rural livelihoods in the Eastern Cape?

The origins of growing interest in fair trade in South Africa sprouted in 2003. In December 2003, the Western Cape Department of Agriculture and the South African Agri Academy entered into an agreement with Fair Trade Assistance (FTA) in the Netherlands to secure EU market access for emerging farmers. This gave further impetus to cooperation and to firmly establish a partnership project for agricultural development with the Eastern Cape Province (Bosman 2004). Through the historic agreement signed in Culemborg the FTA allowed the 3 provinces (Eastern Cape, Northern Cape and Western Cape) to share in its 20 million Euro turnover. Hence in 2004 the Eastern Cape Province became actively involved in fair trade emanating from this agreement. The agreement allowed the Eastern Cape Province, with the aid and assistance of FTA to have direct access to EU markets for certain products (Bosman 2004). FTA advocates trade to be successful through quality improvement, product development, technical training, market information, and management.
1.2 Context of the study

The apartheid system used race to control access to South Africa’s productive resources and access to skills. When it came to an end in 1994, 85% of agricultural land was held by the minority white farmers (Lamb 2007). The agricultural sector was dominated by white-owned large-scale farms whilst the black workforce was largely oppressed and uneducated. The formerly disadvantaged groups in South Africa therefore historically have a very small role in ownership of fresh fruit production.

From 1994 onwards the government of South Africa rolled out policies, to ratify land issues that had deprived most Africans access to land. The South African government introduced a land reform programme which sought to increase black ownership of agricultural land to 30% by 2015 (Lamb 2007). In order to rectify the inequality in land ownership and provide opportunities for black economic empowerment (BEE) within the agricultural sector, the government pursued a threefold land reform strategy (FTF 2003). The land reform process focused on three areas: restitution, land tenure reform and land redistribution (Deininger 1999).

As a result of land redistribution, farm labourers from Riverside Enterprise and Sundays River Citrus Cooperative (SRCC) gained access to land through the government and became farm owners. Initially, land was bought from its owners (willing seller) by the government (willing buyer) and redistributed, in order to maintain public confidence in the land market (Deininger 1999). As a result, farmers from SRCC gained access to land as government beneficiaries because they could not afford it as individuals. Furthermore, the government sought to promote these emerging farmers’ managerial skills, hence they sold the land to them on the condition that they are assisted by established cooperatives within their area. As a result of this condition, emerging farmers in this study joined cooperatives (Riverside Enterprise and SRCC). As from 2004 SRCC emerging farmers became the first emerging farmers in the Eastern Cape to join fair trade so as to access high income returns through international markets. Riverside Enterprise farmers only became involved in fair trade in 2007 through the black economic empowerment initiative that the government is promoting.
1.3 Research setting

Data for this study was collected at Riverside Enterprise and Sundays River Citrus Cooperative (SRCC). Riverside Enterprise comprises 21 emerging farmers, of which most are located in the Balfo cimo district which is an area that covers Fort Beaufort, Pedi and Alice. Riverside Enterprise is a fair trade certified enterprise. From the 21 farmers only 3 trade their fruit under fair trade. Riverside Enterprise emerging farmers were suitable in assessing the role of fair trade as they are new producers under fair trade and hence a clear example of the socio-economic impacts of fair trade.

SRCC is located in Cacadu district which is a citrus grower’s area comprising of almost 106 farmers which are all under different management. Sundays River Citrus Cooperative hereinafter referred to as SRCC in the Cacadu district was started 50 years ago by some commercial farmers in order to have a central pack house that grades and markets their fruit. However with the promulgation of the land redistribution program by the government, some of the farming land in the Cacadu district was given to farm workers who now make up the emerging black farmers. These black farmers include Luthando farmers and Sundays River Farming Trust farmers (hereinafter referred to as SRFT). Farmers from Luthando and SRFT farms were used as respondents in this study because these farmers were the first emerging farmers in the Eastern Cape Province to use fair trade markets. They were suitable for this study because they have been with fair trade assistance from the time it was introduced in South Africa.

1.4 Statement of the problem

Fair trade in South Africa is relatively new but has grown very fast. Since 1994, more than 30 agricultural enterprises have established formal relationships with international fair trade organizations, and many more are emerging. These cover exports of wine, fruit, rooibos tea, and other products. A handful of secondary industries producing crafts, preserves and spices are also suppliers to the fair trade system. Participants in the fair trade system in South Africa who include producers, support organizations and traders are facing a number of challenges that are common to all developing countries, and some which are unique, given South Africa’s particular history.
While the fair trade system may provide some immediate benefits to producers (increased income, stable prices, funds for community development), this study seeks to examine whether these benefits in themselves necessarily contribute to emerging black farmers’ empowerment and development. Fair trade policies, criteria and standards are set by overseas NGOs with little input from local producers (who are after all the intended beneficiaries). Shouldn’t producers play a stronger role in determining how the system works for them, and what is socially or environmentally “fair” in their own local contexts? Against this background, this study analyses whether policies set by fair trade are beneficial and empowering for emerging black citrus fruit farmers in South Africa. The study also examines challenges that farmers face in trading their fruit under fair trade.

1.5 Research questions

1) What impact has fair trade had in assisting emerging farmers access foreign markets with high income returns?
2) Are there any socio-economic benefits associated with trading under fair trade?
3) What are the challenges faced by emerging farmers trading under fair trade?

1.6 Research objectives

To:

1. Evaluate the possibility of better income returns for emerging citrus farmers through accessing foreign markets.
2. Investigate socio-economic benefits associated with fair trade.
3. Examine the challenges and possible remedies to improve emerging citrus farmers’ livelihoods.
1.7 Significance of study

This research examines the socio-economic benefits associated with fair trade. This entails an analysis of the strengths and weaknesses of global efforts to help black emerging farmers develop in South Africa. It highlights the constraints associated with fair trade value chains. This is crucial so as to address constraints which may limit the development of emerging black farmers in the Eastern Cape. Once such concerns are addressed, it will enable farmers to benefit more on the global market and access a fair price from the consumer which will sustain the producers and future generations.
1.8 Theoretical Framework

This research uses the value chain approach as its heuristic theoretical tool. The value chain approach describes the full range of activities required to bring a product or service from conception, through the different phases of production (involving a combination of physical transformation and the input of various producer services), delivery to final consumers and final disposal after use (Kaplinsky 2000). The value chain concept as an approach has been defined as that which analyzes the firms in a market chain—from input suppliers to final buyers—and the relationships among them. It analyzes the factors influencing industry performance, including access to and the requirements of end markets; the legal, regulatory and policy environment; coordination between firms in the industry; and the level and quality of support services (World Report 2006).

1.8.1 Value chains: What they are? Why use them? How can they help?

Value chains, are a way of understanding the interaction of people and firms with markets whether domestic or global. In value chains, primary actors perform a selection of (primary) functions (Gibbon 2001). These typically include input supply, production, processing, storage, wholesale (including export), retail and consumption. Actors who perform similar functions are regarded as occupying the same functional node for example the input supply node, production node, retail node and so on (Gibbon 2001). Secondary actors, or ancillary workers, perform (secondary) service roles that support primary functions, such as transportation, brokerage and service processing. As goods in value chains are exchanged and transformed, they flow downstream, in a series of transactions that add value and costs (Gibbon 2001). The point about value chains is that they recognize, as with the most recent variants of trade theory, that the firms linking suppliers to producers to processors and intermediaries to the customer at the end of the chain are the critical determinants of trade, whether these are domestic, regional or global (Kaplinsky 2000). In addition, trade takes place in a more coordinated way than standard trade theory would suggest, often involving close coordination between parties in the chain which have no equity links with each other (Gibbon 2001). All stakeholders along a specific value
chain need to cooperate and to coordinate their activities to keep the end customer happy. Chain coordination allows driving agents to institute measures which reduce costs and risks while increasing the speed and reliability of supply, or which increase sales (Gibbon 2001).

The concept of the value chain has risen to the fore in recent years to reflect major changes in market conditions (Kaplinsky 2000). From the demand side, global markets have become increasingly demanding of variety and quality, and the resulting chains of production have become increasingly suffused with standards. Many of these standards require linked processes throughout the chain (Kaplinsky 2000). From the supply side, firms have increasingly concentrated on their core competences and, although they have been reluctant to own their suppliers and customers, they have needed to ensure that these conform to chain standards in order that they can achieve systemic efficiency in global markets. These two factors have meant chain coordination referred to as chain governance (Gereffi et al. 2005) is a necessary component of value chain competitiveness. Here, Gereffi has made the widely cited distinction between chain governance executed by key buyers, buyer-led chains and that in which the governance role is played by a holder of core technology producer-driven chains (Gereffi 1994).

The value chain approach is rooted in the real world of production and exchange. It focuses much less on overarching theory and unrealistic assumptions and more on a practical approach towards supporting specific target groups to access particular value chains. The value chain in business management was first popularized by Porter (1985) who described it as the full range of activities that firms and workers do to bring a product from its conception to its end use and beyond. This includes activities such as design, production, marketing, distribution and support to the final consumer. The activities that comprise a value chain can be contained within a single firm or divided among different firms. Value chain activities can produce goods or services, and can be contained within a single geographical location or spread over wider areas (Porter 1985). This study uses the same analogy and examines the impact of each value chain process from the time the producers harvest the citrus fruit, to marketing, packaging and process of export to the final stage were the product is taken to the consumer. The study questions whether the value chain organized under fair trade gives the producers a ‘fair’ price for their products.
This approach has been used by Setrini (2009). In his thesis he alludes to the structure of value chains in that much research on value chains exhibits strong economic determinism in assessing trade and development. He argues that falling transaction costs have allowed advanced country firms to outsource a large number of activities to low cost producers in developing countries. The ease of entry into production activities has led to increasing ‘buyer-drivenness’ in global commodity chains, meaning that lead firms devolve ‘unprofitable’ production activities onto their developing country suppliers, while retaining the ‘rent-rich’ service activities such as product definition and design, marketing, and retail for themselves (Sterini 2009). Thus, self-interested advanced-country firms are thought to facilitate entry upstream, intensifying competition among suppliers by helping them ‘upgrade’ their production technology and product quality, while simultaneously erecting barriers to entry into higher-value downstream activities, discouraging their suppliers from ‘functionally’ upgrading and competing with them in their core activities (Humphrey and Schmitz 2002). In this way, the commodity chain literature suggests that as barriers to trade have decreased, so have its benefits, with the bulk going to a small number of multinational firms.

There is an increasing amount of trade organized through value chains (Gereffi et al. 2001). Many value chains are buyer-driven chains in which retailers, designers and trading companies are fundamental to the development of decentralized production networks. Value chain analysis is well suited to understanding how poor people in rural areas of developing countries can engage, or improve their terms of engagement with domestic, regional or international trade (Mitchell et al 2009). The benefits of a value chain analysis in such a study are that it recognises the lack of economic power of emerging farmers compared with more powerful firms and how this constrains their choices. Moreover the value chain is a powerful diagnostic tool that can identify critical issues and blockages for specific target groups – and provides a framework for interventions to change the circumstances of the resource poor. Such intervention identifies the core rents and barriers to entry that determine who in the value chain benefits from production for diverse final markets. Also important is the fact that the value chain is inherently scalable: even if the initial focus of a value chain development exercise is a single producer group or firm, the same logic can be applied to a cluster of firms, a region or a whole country, hence it has...
capabilities of providing a policy and restructuring tool to counter both market and state failures (Gereffi et al 2001). It is for these reasons that value chain analysis has had a profound impact on development studies in recent years (Gereffi et al 2001).

Mitchell et al (2009) examined how value chain analysis (VCA) can, in a practical way, help the rural poor participate gainfully in local, regional and global trade. They explored why value chains have emerged as a helpful entry point for discussions on rural poverty. Focusing on Latin America, Mitchell et al (2009) summarized some constraints faced by low-income participants in agriculture, while outlining a framework for how the rural poor can upgrade their position within viable value chains. Value chain analysis is more helpful than orthodox theory in explaining why the poor may face barriers to trade and how to overcome these (Mitchell 2009). This is because orthodox trade theory uses a series of empirically questionable assumptions to provide an overarching answer to the wrong question: the link between trade and economic growth, on the one hand, and poverty reduction, on the other, has never been a central focus of trade theory (Mitchell 2009). It also fails to deliver plausible interventions for policymakers and for practitioners who have more modest goals: how to support an identified target group to access (or to access on better terms) specific viable value chains. Recognizing these weaknesses, trade theory is itself being reformulated and, in several important respects, is converging with value chain analysis.

1.8.2 Limitations of the value chain approach

A value chain approach seeks to address the major constraints at each level of the supply chain, rather than concentrating on just one group (e.g., producers) or on one geographical location as discussed above. However, the value chain has certain major constraints, which often include a lack of technical, business or financial support services, a difficult regulatory framework, poor public infrastructure (roads, telecommunications, electricity, etc.), a lack of information about or weak connections to end markets, and/or inadequate coordination between firms (Dempsey 2004). Despite these constraints this study utilized the value chain approach to investigate the role of fair trade in enabling a sustainable livelihood for emerging black farmers. Its line of
enquiry is guided by the fact that value chain analysis is well suited to understanding how poor people in rural areas of developing countries can engage, or improve their terms of engagement in international trade.

1.9 Outline of the study

Chapter 1: Introduction
This chapter gives a brief introduction to the study, the purpose, objectives and significance of carrying out the study. It also discusses the theoretical framework of the study.

Chapter 2: Literature Review
This chapter gives an overview of issues on fair trade that paves the way for a clearer understanding of the origins and progress of fair trade. It identifies gaps this study seeks to fill. The literature review first discusses the different definitions of fair trade. The review further looks at the transition from free trade to fair trade. This discussion serves to outline the emergence and importance of fair trade for the emerging black farmers in South Africa.

Chapter 3: Methodology
This chapter describes and justifies the qualitative research methodology used to provide answers to the research questions. It highlights why qualitative research methods were appropriate to collect data from the respondents and why purposive sampling was the best procedure for selecting interviewees.

Chapter 4: Data presentation and analysis of findings
This chapter discusses and analyses the research findings. The conclusion maps the key findings and arguments about fair trade in the Eastern Cape.
Chapter 5: Conclusion and Recommendations

This chapter summarises the main findings of the study. It also makes recommendations about how the operational conditions and strategies of fair trade farmers in the Eastern Cape can be improved.
CHAPTER TWO: LITERATURE REVIEW

2. Introduction

Fair trade has various definitions. The term “fair trade” was originally used by those who supported the concept of social justice, which can be defined as the belief that justice would be determined by whatever the strongest thought should be (Fair Trade Coffee Company 2003). The Fair Trade Foundation, Oxfam and Traidcraft argue that:

“Fair trade is an alternative approach to conventional international trade. It is a trading partnership which aims at sustainable development for excluded and disadvantaged producers. It seeks to do this by providing better trading conditions, by awareness raising and by campaigning (Moore 2004).”

According to the International Fair Trade Association (IFAT 2003), fair trade is a trading partnership, based on dialogue, transparency and respect that seeks greater equity in international trade (Moore 2004). It contributes to sustainable development by offering better trading conditions to, and securing the rights of marginalized producers and workers, especially in the South. From the above definitions we can say that fair trade aims at bringing sustainable livelihoods for small farmers across the globe.

2.1 Movement from free trade to fair trade

Free trade is a concept that defines a system of trade policy that allows traders to act and transact without interference from government (Smith 1776). According to the law of comparative advantage, free trade permits trading partners mutual gains from trade of goods and services. The value of free trade was first observed and documented by Adam Smith in 1776 (Bhagwati and Jagdish 2002).

Under a free trade system, prices are a reflection of true supply and demand, and are the sole determinant of resource allocation (Pugel 2007). Free trade differs from other forms of trade
policy where the allocation of goods and services amongst trading countries are determined by artificial prices that may or may not reflect the true nature of supply and demand (Pugel 2007). These artificial prices are the result of protectionist trade policies, whereby governments intervene in the market through price adjustments and supply restrictions (Smith 1776). Such government interventions can increase as well as decrease the cost of goods and services to both consumers and producers.

Economists that advocated free trade believed trade was the reason why certain civilizations prospered economically. Adam Smith (1776), for example, pointed to increased trading as being the reason for the flourishing of not just Mediterranean cultures such as Egypt, Greece, and Rome, but also of Bengal (East India) and China. Socialists frequently oppose free trade on the ground that it allows maximum exploitation of workers by capital (Marx 1848). For example, Karl Marx (1848) wrote that, "the bourgeoisie... has set up that single, unconscionable freedom -- free trade. In one word, for exploitation, veiled by religious and political illusions, it has substituted naked, shameless, direct, brutal exploitation." Nonetheless, Marx favored free trade solely because he felt that it would hasten the social revolution. To those who oppose socialism, this becomes an argument against free trade. This research also looks at the opportunities that the workers can receive without a free trade system which exploits workers.

"Free trade" is opposed by many anti-globalization groups, based on their assertion that free trade agreements generally do not increase the economic freedom of the poor or the working class, and frequently makes them poorer (Marx 1848). Where the foreign supplier allows de facto exploitation of labor, domestic free-labor is unfairly forced to compete with the foreign exploited labor, and thus the domestic "working class would gradually be forced down to the level of helotry" (Marx 1848).

As a response to the perceived inequalities of free trade and the low wages for workers and low prices for small scale producers the concept of fair trade has developed some significance since the mid 1970s (Desai and Potter 2003). Hughes (2005:500) sees this as an alternative trading form, while noting that market coordination increasingly appears to underpin its organization through more mainstream distribution channels. Fair trade is seen as an attempt to address
purported market failures by providing producers a stable price for their crop, business support, access to premium northern markets, and better general trading conditions (Desai and Potter 2003). According to the World Bank (2006), fair trade seems to succeed in its aims: "in these respects at least, the role of fair trade is effective. This study examines the practicality of this effectiveness presumed under fair trade.

2.1.1 Origins and development of fair trade: A synopsis

The concept of fair trade began in the 1940’s with some shops and church groups in the US and Europe selling products made by Chinese refugees or poor Puerto Rican communities (FLO 2008). Such initiatives were recognised as Alternative Trade Organisations. They were fairly disparate groups in many different countries, but the essence of what they were doing grew into the basis of fair trade as we know it today (International Fair Trade Association 2005). The fair trade model was developed in the 1970s by Oxfam and other European aid organizations involved in imports of handicrafts (Barret-Brown 1993). Since then the regulation has become more formalized. Fairtrade Labelling Organizations International established in 1997 had by November 2006 become an association of 20 Labelling initiatives that promote and market the Fair Trade Certification Mark in 20 countries.

The organizations that make up the fair trade movement can be divided into four main groups. First, there are the producer organizations in developing or southern countries, which supply the products (Moore 2004). Second, there are the buying organizations in developed or northern countries, which act as importers, wholesalers and retailers of the products purchased from the southern producer organizations (Moore 2004). These have, in the past, been known as Alternative Trading Organizations (ATOs) as mentioned above, a name stemming from the early days of fair trade where "fair" seemed too weak a description of the common vision that forged these companies into a movement (Moore 2004).

“An alternative trading organization (ATO) is usually a non-governmental organization (NGO) or mission-driven business aligned with the fair trade movement, aiming "to contribute to the alleviation of poverty in developing regions of the world by
establishing a system of trade that allows marginalized producers in developing regions to gain access to developed markets”.

(European Fair Trade Association 1998).

Alternative trading organizations have fair trade at the core of their mission and activities, using it as a development tool to support disadvantaged producers and to reduce poverty, and combine their marketing with awareness-raising and campaigning (European Fair Trade Association 1998). Third, there are the umbrella bodies, which consist of six different organizations which include, Fairtrade Labeling Organizations International (FLO), the International Federation for Alternative Trade (IFAT), the Network of European Shops (NEWS!) and the European Fair Trade Association. Fourth, there are a wide range of mostly conventional organizations, typically supermarkets that engage in some way in fair trade (Fridell 2006).

The logic behind it all was to stimulate demand and promote consumer confidence in what fair trade is and means, (Goodman 2004). The fair trade movement aims to enhance trading conditions for small scale businesses, improve labour conditions for employees and empower communities through ethical and sustainable trade (Goodman 2004). Fair trade advocates typically espouse a number of guidelines. The movement intends to provide market access to otherwise marginalized producers, connecting them to customers and allowing access with fewer middlemen (Desai and Potter 2003). It aims to provide higher wages than typically paid to producers as well as helping producers develop knowledge, skills and resources to improve their lives (Fairtrade Labelling Organizations International 2008). Moore (2004) outlines the characteristics of fair trade shop outlets, fair trade products are sold through three main channels which include; dedicated retail outlets, supermarkets and mail order. In Europe there are approximately 2700 ‘world shops’, the name adopted by these dedicated retail outlets. Fair trade products are also available in 43 000 supermarkets throughout Europe (Moore 2004).

The fair trade network was originally premised on laying the groundwork for an alternative trading system composed of alternative trade organizations that would form part of a new international economic order (Fridell 2004). The emergence of fair trade stems from the fact that the low prices for primary agricultural products in international markets created an impression in
core economy markets that the benefits of free trade did not get down to the small-scale producers and workers (Desai 2003). Brown (1993: 134) asserts that fair trade must ultimately be about constructing a new international economic order based on democratically controlled state marketing boards, with grassroots control at all levels through projects such as network, ecological and organic certification bodies and consumer producer unions. Implicit and often explicit in fair trade is a criticism of the current organization of international trade as being unfair. Fair trade advocates argue in favor of the need for fair trade by mentioning the microeconomic market failures of the current system and the commodity crisis and its impact on developing country producers (Desai 2003). According to fair trade umbrella organizations FLO International and WFTO:

"Fair Trade is, fundamentally, a response to the failure of conventional trade to deliver sustainable livelihoods and development opportunities to people in the poorest countries of the world. Poverty and hardship limit people’s choices while market forces tend to further marginalize and exclude them. This makes them vulnerable to exploitation, whether as farmers and artisans in family-based production units or as hired workers within larger businesses”. (FLO 2007)

Fair trade is an organized social movement and market-based approach that aims to help producers in developing countries and promote sustainability. The movement advocates the payment of a higher price to producers as well as social and environmental standards. It focuses in particular on exports from developing countries to developed countries, most notably handicrafts, coffee, cocoa, sugar, tea, bananas, honey, cotton, wine, fresh fruit, chocolate and flowers (Fairtrade Labelling Organizations International 2008). The employees of fair trade assistance travel throughout the world in order to advise train and support producers developing products (FLO 2008). Frequently they are accompanied by guest experts preferably from the region itself, but also from Europe. Fair trade also provides commercial advice or assistance in the fields of organizational expertise or the improvement of production methods (FLO 2008).
Fair trade in South Africa is an attempt to find a way out of this problem. It is an attempt to facilitate trade not just on price, but on other ethical, social and/or environmental considerations (Law 2005). Fair trade is a type of alternative trade in which “fairness” is the guiding factor, and is probably the most successful alternative trade system (Braizer 2010). Simply put, fair trade is a system in which consumers pay the producers a fair price for their product (Braizer 2010). Looking at the research case studies of Riverside Enterprise, Luthando farms and SRFT farms, they signify new producers in the fair trade chain. These case studies highlight the impact fair trade has had for emerging farmers in terms of socio-economic development within their community. They unravel the gaps of knowledge on whether the concept of fair trade adheres to all different communities in the same way. Producers have to comply with fair trade standards in order to become certified. The fair trade standards state that if national legislation sets a higher standard on an issue than FLO, then the higher standard supersedes FLO standards. However, FLO must interpret national legislation and adapt their policies to ensure the principles of fair trade are maintained. This study seeks to build knowledge on the practicality of adhering to these conditions and principles set by fair trade for producers to become certified. Riverside Enterprise, Luthando and SRFT have black economic empowerment as the basis of their projects. This research reveals how fair trade has attempted to empower the producers and their communities.

Similar research on fair trade was done by Moore (2004). He views fair trade as a trading partnership, based on dialogue, transparency and respect, which seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalized producers and workers - especially in the South. Fair trade organizations (backed by consumers) are engaged actively in supporting producers, awareness raising and in campaigning for changes in the rules and practice of conventional international trade. Moore (2004) explains that fair trade has, in essence, two basic components or visions. The first is to provide a working model of international trade that makes a difference to the producers and consumers that engage in it. In this, fair trade exemplifies principles (for example, the need to internalize externalities into pricing) and develops consumer consciousness. The second and more radical is to challenge orthodoxy in business practice and to do so not simply by campaigning but by being a "tool for modifying the dominant economic model".
The response to fair trade has been mixed. Fair trade's increasing popularity has drawn criticism from both ends of the political spectrum. The Adam Smith Institute sees "fair trade" as a type of subsidy or marketing ploy that impedes growth. Segments of the left, such as French author Christian Jacquiau, criticize fair trade for not adequately challenging the current trading system (Fairtrade Labelling Organizations International 2008). The benefits of fair trade for cooperatives have been many (Raynolds, Murray and Taylor 2004). A number of problems have also been noted. For example, fair trade coffee has encountered setbacks. Suppliers of fair trade coffee have continued to outstrip demand, thus fair trade cooperatives had to sell a large portion of their coffee to the conventional market. Moreover, while fair trade prices benefit farmers when world prices are low, when prices rise, farmers often want to sell in the open market (Rice 2001). An example of Costa Rica showed that farmers often sell their better quality beans outside the cooperatives for higher prices, causing tension with cooperatives and fair trade organizations. Research elsewhere also indicates that fair trade regulations can be burdensome for producer cooperatives (Moberg 2005).

In other sectors fair trade assistance has been applauded as aiding developing countries. An econometric analysis conducted by Becchetti and Costantino (2006) verified the impact of fair trade affiliation on monetary and non monetary measures of well-being on a sample of Kenyan farmers. The researchers compared a control sample group of farmers to fair trade certified groups and meru herbs farmers. Becchetti and Costantino (2006) documented the following: during the same period, fair trade farmers were more successful in diversifying their production, experienced a significant drop in child mortality, improvements in terms of monthly household food consumption, greater satisfaction in terms of prices obtained for their crop, living conditions etc. Looking at this impact in Kenya, can we possibly say the same is happening among emerging farmers in the Eastern Cape?

2.2 Fair trade in South Africa

In the post-apartheid era since South Africa’s transition to constitutional democracy in 1994, the country has enjoyed steady economic growth. Government investment has contributed to notable social developments such as low-income housing and improved access to education, electricity,
water and sanitation and social services grants (World Bank 2010). These initiatives have had a positive impact on reducing poverty. However, South Africa’s position as a ‘middle income’ country (ranked 32nd out of 190 countries in Gross Domestic Product (GDP)) masks significant human development challenges rooted in the legacy of South Africa’s apartheid history which mean that thousands of poor people still have limited access to economic opportunities and struggle to sustain a stable livelihood (Braizer et al 2010). Fair trade was introduced and committed to the economic and social development and empowerment of emerging farmers and workers on farms.

Fair trade has been operating in South Africa since 2003 (Leibbrandt, M. et al. 2010 cited in Braizer et al 2010). There are a total of 42 fair trade certified producers selling 12 product categories into the fair trade global market (FLO 2008). These groups represent over 15,000 workers and 327 smallholder farmers. For smallholder farmers, fair trade has supported organizational development, transparency and democracy, and provided a mechanism for accessing higher value international fair trade markets and securing higher prices. It has also facilitated their access to business-related training and collective investment in farm machinery and tools to improve productivity, alongside investment in community infrastructure (FLO 2008). The products that South Africa engages in fair trade include wine, fruit, rooibos and tea. A handful of secondary industries producing crafts, preserves and spices, are also suppliers to the fair trade system (Law 2005). In May 2004 a South African-based coordinator Johann Hamman was appointed by a meeting of FLO registered producers, and tasked with consulting on various FLO policy and technical matters, liaison with FLO inspectors, monitoring and evaluation, providing support to certified producers, liaison with fair trade structures in other African countries, and other functions. This initiative was formalized as Fair Trade South Africa (FLO 2008).

Fair trade in South Africa has different producing groups in all the provinces. Examples include:

- *Sun Orange Farms* which is a hired labor citrus producer in the Eastern Cape Province comprising two neighboring farms, Sun Orange and Sontule
- *Zebediela Citrus* is also a hired labour citrus farm in the northern Limpopo Province, part owned by the Bjalatladi Community as a result of a land reform initiative
• **Vuki Farming** is a hired labour farm that grows apples and pears in the Western Cape Province

• **Stellar Organics** is an organic hired labour table and wine grape producer in the Western Cape Province comprising three enterprises: Stellar Farming, Stellar Agri and Stellar Winery (which processes and exports its own wines under the Stellar Organics label)

• **Eksteenskuil Agricultural Co-operative (EAC)** is a smallholder farmer organisation that produces raisins and sultanas on the islands of the Orange River delta in the Northern Cape Province

Fair trade in South Africa has also a number of different structures working to support farmers and workers in South Africa. The main four organizations are the Fair trade Labelling Organizations International (FLO) which uses its Liaison Officers to provide support to producer organizations in complying with B-BBEE requirements and fair trade standards through information, advice and training and helping them take advantage of new market opportunities. There is also Fair Trade South Africa (FTSA) which is the national umbrella organization for fair trade in South Africa established in 2005 in order to provide South African fair trade stakeholders with a platform for information, support and market access, and to create greater public awareness about the fair trade movement. The Fair Trade Label South Africa (FLSA15) is a recently established division of FTSA that is a member of FLO and controls the sale of fair trade products carrying the FAIRTRADE Mark in South Africa. Lastly we have the Southern African Fair Trade Network (SAFN) which is the regional arm of the African Fair Trade Network representing fair trade producers with the aim of helping grow the number of certified producers in the region and support them to access new markets, networking and technical support opportunities (Fair Trade 2000).

Fair trade in South Africa is growing at a rapid rate, and has the potential to act as a significant driver of change in the agricultural sector. What form that change will take, and whether it will indeed meet the developmental needs of small-farmers, farm-workers, crafters and other beneficiaries, is an open question. Certainly a more empowered engagement of fair trade
“beneficiaries” in both the business and the politics of fair trade is essential if fair trade is to remain true to its own.

2.3 Fair trade in the Eastern Cape

As fair trade is growing in the country considerable amount of fair trade has percolated in the Eastern Cape Province immensely. From the onset of fair trade movement around 2000 in South Africa, Eastern Cape was one of the beneficiaries of the agreement signed, introducing fair trade. In December 2003 the Western Cape Department of Agriculture entered into an agreement with the Netherlands for access to EU markets and this gave government impetus to involve the Eastern Cape and other provinces to benefit in Fair Trade Assistance (FTA). However, the farmers needed starting capital to reach the standards of the export market. The state launched the Industrial Development Corporation (IDC) for funding poor farmers. The first emerging citrus farmers to export under fair trade are from Luthando farm, the group under Riverside only became involved later on.

The state-owned IDC's Pro-Orchard Scheme, which was launched in a bid to provide favorable funding terms to emerging farmers, has had considerable impact on making available loans to emerging farmers in the Eastern Cape. The initiative is currently assisting nine emerging historically disadvantaged citrus farmers cooperatives in the impoverished province, with the aim of facilitating a move by so-called 'second-economy farmers' into mainstream commercial agriculture (Cameron 2007). This initiative by the IDC enabled emerging farmers under Riverside cooperative to join fair trade. The nine black economic-empowerment (BEE) farming businesses were assisted by Riverside Enterprises during the initial years of the project. Riverside Enterprises started to manage and monitor the scheme, control the loan accounts of each business entity and deal with legal matters. The company also was to mentor the growers through the transfer of technical, administration, logistical, financial, marketing and packaging skills.
CHAPTER THREE: RESEARCH METHODOLOGY AND METHODS

This study uses a qualitative approach. Qualitative research explores the richness, depth, and complexity of phenomena. Qualitative research, broadly defined, means "any kind of research that produces findings not arrived at by means of statistical procedures or other means of quantification" (Strauss & Corbin, 1990). The goal of this method (qualitative) is mostly informed by the critical science of qualitative approach termed interpretivism, and makes assumptions that the qualitative approach is a way to gain insights through discovering meanings by improving our comprehension of the whole (Strauss & Corbin, 1990). The researcher specifically adhered to this method because the underlying assumption of interpretivism is that the whole needs to be examined in order to understand phenomena. Interpretivism is critical of positivism which understands research from a quantitative perspective, involving counting and measuring of events and performing statistical analysis of a body of numerical data (Smith 1988). Interpretivism proposes that there are multiple realities, not single realities of phenomena, and that these realities can differ across time and place (Denzin and Lincoln 2000).

Such qualitative analysis entailed a comparative analysis of fair trade citrus farmers from Riverside Enterprise, SRCC and non fair trade farmers within the Eastern Cape. This qualitative approach was appropriate as the ultimate aim of this qualitative research is to offer a perspective of a situation that reflects the researcher's ability to illustrate or describe corresponding phenomenona. The research entailed an analogy of the value chains annexed to the respective farmers under study. One of the greatest strengths of the qualitative approach in this research was the richness and depth of explorations and descriptions (Myers 2002). Another major strength of the qualitative approach is the depth to which explorations are conducted and descriptions are written, usually resulting in sufficient details for the reader to grasp the idiosyncracies of the situation (Meyers 2002). Simply put, it investigates the why and how of decision-making as compared to what, where, and when of quantitative research (Babbie and Mouton 2001). Qualitative methods were also effective in identifying intangible factors, such as social norms, socioeconomic status, gender roles, ethnicity, and religion, whose role in the research issue may not be readily apparent (Denzin and Lincoln 2000).
However, the qualitative approach used also has some weaknesses. Since we maintain our humanity throughout the research process, it is largely impossible to escape the subjective experience, even for the most seasoned of researchers (Bernard 1995). As we proceed through the research process, our humanness informs us and often directs us through such subtleties as intuition or 'aha' moments (Babbie and Mounton 2001). Speaking about the world of human experience requires an extensive commitment in terms of time and dedication to process; however, this world is often dismissed as 'subjective' and regarded with suspicion (Babbie and Mounton 2001).

One other key weakness of the qualitative method is the issue of bias (Babbie and Mounton 2001). It is very difficult in this case to prevent or detect researcher induced bias. Its scope is also limited due to the in-depth, comprehensive data gathering approaches required (Bernard 1995). The positivist theorists question the validity of the qualitative approach in that the researchers’ perceptions are what observers are exclusively relying on. They are therefore, more susceptible to subjectivity, prejudices and selective perceptions (Bailey 1998). However the researcher still believes that the qualitative approach was able to yield the best results for the research in question.

3.1 Research design and sampling

The research respondents comprised of purposively selected emerging farmers from Riverside Enterprise, Luthando and SRFT farms. Thirty emerging farmers were purposively selected and interviewed. These respondents are inclusive of farmers involved in fair trade and those not involved in fair trade (15 non fair trade farmers and 15 fair trade farmers). Purposive sampling was appropriate because the researcher has knowledge of the population and its elements (Babbie 2004). According to Babbie (2004) purposive sampling is a type of non-probability sampling in which you select the units to be observed on the basis of your own judgment about which ones will be the most useful representative. The weakness of purposive sampling is lack of wide generalizability (Berg 1998). Nevertheless purposive sampling enabled the researcher to interview people who fit the criteria of desirable participants (Henning et al. 2004).

Interviews for emerging fair trade farmers were done using the interview guide listed as Appendix 6. The interview guide for those not involved in fair trade is Appendix 7. When
selecting the respondents the researcher recorded age and gender of the farmers which is summarized in Table A below and chart 1 respectively. Both fair trade and non fair trade farmers interviewed were asked to indicate their age. This assisted in reflecting the age group that still invests in farming in this region.

Table A: Age of farmers interviewed

<table>
<thead>
<tr>
<th>Age range (years)</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>30-40</td>
<td>16</td>
<td>53.33%</td>
</tr>
<tr>
<td>41-50</td>
<td>11</td>
<td>36.66%</td>
</tr>
<tr>
<td>51-60</td>
<td>3</td>
<td>10%</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Author 2010

The table above indicates that the respondents ranged between the age of 30-60. The youngest that was interviewed was 31 years and the oldest was 54 years. This shows that the generation between 30-60 years within the Eastern Cape is actively involved in citrus farming.

With the issue of black economic empowerment being at the core of South African law gender also plays a crucial role in development. The researcher saw it appropriate to illustrate the gender composition of the farmers interviewed. Such composition from the 30 respondents was as follows: 4 women were interviewed which were the only active female farmers the researcher managed to contact; the other 26 were male respondents, (see Chart 1 below).
Research respondents also included purposively selected key informants. The key informants were individuals from different groups and organizations involved in fair trade matters. To select these 6 individuals the researcher used purposive sampling. These individuals include one government official from the Department of Agriculture, a scholar from the University of Western Cape, an official from Fair Trade Foundation South Africa, an official from the Department of Trade and Industry, the project manager of fair trade at Riverside Enterprise, the director of SRCC and the director of Riverside Enterprise. Each key informant had a separate set of questions and themes to be interviewed on depending on the role they play in fair trade. These interviews were conducted face to face, through email and on the telephone. For the Director of Riverside Enterprise and Director of SRCC they used the same interview guide attached as Appendix 1. Both interviews were done face to face. The scholar from the University of Western Cape was interviewed over the telephone using the guide listed as Appendix 2. For the official from the Department of Agriculture the interview was face to face using the interview guide listed as Appendix 3. The Department of Trade and Industry key informant was contacted via email and interviewed with interview guide listed as Appendix 4. Lastly, the informant from the Fair Trade Foundation was interviewed using the interview guide listed as Appendix 5.
3.2 Research Methods

Research methods are the instruments which were used in order to obtain the qualitative data for the research. The researcher used in-depth semi-structured interviews, focus group discussions and key informant interviews as instruments. All interviews were conducted by the researcher. These interviews were in-depth semi-structured interviews. Semi-structured interviewing was more flexible than standardized methods such as the structured interview or survey. Although the interviewer in this technique had some established general topics for investigation, this method allowed for the exploration of emergent themes and ideas rather than relying only on concepts and questions defined in advance of the interview (Hockey 2005). The researcher adhered to this technique. This method allowed for an open interview that enables the subjects to speak freely (Babbie and Mouton 2001). The interviewer in a semi-structured interview generally has a framework of themes to be explored. These themes are explored in terms of open ended questions, in which case the respondent is asked to provide his or her own answer to the question (Babbie and Mouton 2001). These questions are more likely to provide valid data since respondents can say what they mean in their own words (Haralambos et al 2000).

Although in-depth semi-structured interviews have many merits, they do have weaknesses. Weaknesses of in-depth semi-structured interviews which were encountered by the researcher were that they took a lot of time to complete. The other disadvantage of the semi-structured interview is that it can be difficult to elicit participation from individuals who have time constraints; documentation and analysis can be time consuming and may require someone versed in qualitative analysis (Gillham 2000).

Focus groups or group interviewing was used to derive more information from all the small holder farmers under study. It allowed the researcher to question systematically and simultaneously several individuals (Babbie 2004). In this focus group the farmers involved in fair trade were brought together with the director of Sundays River cooperative in one room to engage in a guided discussion using a theme guide listed as Appendix 8. Farmers not involved in fair trade were engaged in the same procedure. The purpose of such focus groups was to explore issues in a definitive sense. In addition group dynamics frequently bring out aspects of the topic
that would not have been anticipated by the researcher and would not have emerged from interviews with individuals (Babbie 2004). There are challenges to be faced within such an interview such as controlling the dynamic within the group. Letting one interviewee dominate the focus group reduces the likelihood that the other subjects will participate and express themselves. This can generate the problem of group conformity or ‘groupthinking’, which is the tendency for people in a group to conform with opinions and decisions of the most outspoken members of the group (Morgan 1993 cited in Babbie 2004).

3.3 Ethical Considerations

As researchers we have an obligation towards our colleagues, study population and the larger society. This is so because every research does delve into the social lives of other human beings (Berg 1998), hence in every case study researchers have an obligation to ensure that the rights, privacy and welfare of the people that form the focus of the study are preserved. Such care is what is termed ethics. Babbie and Mouton (2001) states that “if you are going to do social scientific research then you need to be aware of the general agreements about what is proper and improper in the conduct of scientific enquiry.”

Before conducting interviews informed consent of all participants was sought and granted. Informed consent means individuals participation in an exercise of their choice, free from any element of fraud, deceit, duress or similar unfair inducement or manipulation (Berg 1998). During data collection the farmers were asked to give their names, age and farm names. To ensure confidentiality of the farmers was secure, the researcher removed the names and age of the farmers from the interview guide and replaced them with identification numbers (Babbie and Mouton 2001). Moreover no physical contact was involved in collecting data hence there was no physical harm on the respondents.
3.4 Limitations of the study
During the process of data collection it was a challenge to locate most emerging farmers because they lived kilometers apart and the researcher had to wait until an available date to access most of them. This factor also limited the number of respondents available for the focus group discussions. The issue of language was also a barrier; most farmers had a limited knowledge of English hence it was imperative to use an interpreter. The use of an interpreter may have influenced the data collected because they may have left out important information during translation. To make this effect minimal the researcher used a tape recorder and asked for a second opinion in interpretation of respondents’ opinions from another interpreter.
CHAPTER 4: DATA PRESENTATION AND ANALYSIS OF FINDINGS

4. Introduction

This chapter presents the findings and interpretation of the impact of fair trade on citrus farmers. It also examines the value chain for fair trade farmers and non fair trade farmers. Through this examination a clear critique of ‘fairness’ presumed under the concept of fair trade is discussed. The study finds that fair trade farmers have benefited in terms of social development in their communities. As Mr.C.Painter (Director of Riverside Enterprise, interviewed 1 October 2010) stated: “Fair trade has been a fantastic way for the consumer because money goes back to the poor community, the system has checks and balances hence money does not get lost or misappropriated”. Using available funds, fair trade farmers have managed to build a crèche for their children as well as learning centers which enhance computer literacy for everyone including the workers. Moreover they are now identified independently as emerging farmers on the international market through the fair trade brand unlike non-fair trade farmers who use different markets every season. Ms. Bronwyn from Fair Trade Foundation (interviewed 20 November 2010 through email) confirmed that the fair trade brand has 80% awareness in England which has helped to expand sales. The international markets have knowledge of the fact that fair trade aims to uplift emerging producers, hence it has helped farmers to make their voice heard on their needs and a fair income return on their produce. In comparison to fair trade farmers, the study found that non fair trade farmers have also succeeded in their own way. Non-fair trade farmers have a wider choice in terms of markets as they are not confined to fair trade. Moreover, their fruit is exported on demand to various parts of the world whereas fair trade farmers need to export a stipulated amount of citrus fruit under fair trade.

4.1 Crops produced, packaging and access to markets for fair trade and non-fair trade farmers

From Riverside Enterprise all 18 of the farmers interviewed (which include 3 fair trade farmers and 15 non-fair trade farmers) indicated that they produced satsuma and navels because they
have a high income return when being exported. Another 8 farmers from the same cohort indicated that they also produce clementine, nova and cara cara. These citrus fruits are very popular in the Middle East and European markets.

In SRCC (Sundays River Citrus Company) which manages the packaging and marketing of emerging farmers from Luthando farms and SRFT (Sundays River Farming Trust), 12 of the farmers produce citrus which includes navels, deltas, midknight, lemons, clementines, novas and grapefruit. (see figure 1).

Figure 1. Citrus trees

![Image A](Image A) ![Image B](Image B)

Source: Author 2010

All 15 fair trade farmers from both SRCC and Riverside Enterprise indicated that they did not have packsheds on their respective farms hence they use the packsheds of the cooperatives they are affiliated with. The 3 fair trade farmers from Riverside use the Riverside Enterprises packshed for packing and grading. The farmers from Luthando and SRFT use the packshed for SRCC for packaging and grading of their fruit.

In terms of marketing knowledge and expertise, this study finds that fair trade farmers know little about their markets and the process of accessing markets; therefore they are not involved in the marketing of their citrus fruit. The marketing is done by their cooperatives which act as a
marketing agency. Limited knowledge on market information and training may be the reason why the fair trade farmers are unable to have an input on their choice of markets. The farmers have to incur all the costs from renting packsheds, grading and the marketing of their fruit. With regards to the marketing of the citrus, there are differences between the markets available to fair trade farmers and non fair trade farmers. As Joachim Ewert from the University of Western Cape (interviewed on the telephone 4 October 2010) confirmed, although markets may be available for fair trade farmers, prices tend to fluctuate with demand and quality. Hence if the market is down fair trade farmers tend to receive low dividends whereas non fair trade farmers have an advantage of seeking the best price anywhere at any time. This shows that fair trade farmers may not necessarily receive the best price for their fruit.

Due to the fact that fair trade has strict regulations in terms of ethics, access to fair trade markets has rules that are different from non fair trade farmers. According to Ms. E Bosch from the Department of Trade and Industry (interviewed 30 November on the telephone) as well as Mr. Colin Painter (Director of Riverside Enterprise interviewed 1 October 2010) and Mr. Du Plessis (Director of SRCC interviewed 10 November 2010), for all farmers to export their fruit whether as fair trade or non fair trade they have to comply with Global Gap conditions and TESCO conditions in order to be certified exporters. Global gap is an international group which conducts audits on how farmers practice; if you fail under their conditions farmers will not be eligible to export fruit under any brand or organization. Mr. M Mgldlana from the Department of Agriculture (interviewed 29 October 2010) suggested that there is a South African government body the Perishable Products Export Control Board (PPECB) which oversees compliance of all exporting farmers to assist the farmers to be eligible to export their fruit. Such conditions set by these bodies include quality of crop and the type of chemicals that are used for producing this citrus. From this analysis it shows that for farmers to be eligible to trade they have to maintain international standards set by the above mentioned bodies, hence both fair trade and non fair trade farmers have to comply with certain ethical standards before exporting their fruit.

There is need to point out that the crucial difference with regards to fair trade standards that separate them from non fair trade standards is that they set standards higher than those of basic
export legislation. These include ethical considerations such as the working conditions of the workers and the exclusion of certain chemicals and fertilizers in the production process. According to Lew (key informant at Riverside, interviewed 2 November 2010) who is in charge of regulating the stringent working conditions set by fair trade, in order to reach markets under fair trade the workers have to be treated according to the standards set by fair trade. These standards include, all pickers of citrus fruit are always to be vigilant and avoid injuries, no blood must be exposed to the fruit and every injury must be reported. Health and safety checks for each worker are supposed to be done every month. Also every worker must have a medical pack with vitamins A, D and all B,s . The cooperative also has laundry facilities whereby every day the workers uniforms are washed and ironed. They are allowed to wear these uniforms once and then they are washed again. Every sprayer must have their own mask and the filters are changed when expired, they also have full uniforms including gumboots, overalls and gloves. The workers blood is tested each season to check for pesticides and other hazardous materials (this test is called cholinesterase). If the worker is exposed to such hazardous materials they always do another test and the worker is then sent to a physician for proper treatment. Fair trade thus ensures environmentally safe chemicals. Such measures by fair trade also assist in protecting the health and life of workers on the farm. Hence fair trade goes an extra mile in ensuring environmental and health safety. This altogether means that fair trade farmers have specific standards and farmers have to ensure the quality of their fruit adheres to the requirements of fair trade in order to access fair trade markets. These findings concur with Moore’s (2004) view that fair trade is a trading partnership, based on dialogue, transparency and respect that seeks greater equity in international trade which contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalized producers and workers.

The 15 non-fair trade farmers from Riverside also indicated that they did not have their own packsheds; they use packsheds of Riverside Enterprise. Mr. C Painter (Director of Riverside Enterprise interviewed 1 October 2010) indicated that the marketing agency for Riverside Enterprise markets the farmers’ fruit and looks for the best market across the world. Non-fair trade farmers also incur packaging and marketing costs. The 15 non-fair trade farmers expressed
that they are part of Riverside Enterprise because it offers reasonable marketing and packaging costs.

4.2 Socio-economic benefits for fair trade and non fair trade farmers

This study finds that within the past five years fair trade farmers have been receiving income for their produce after every two weeks (see Table B below). The figures given by the farmers differed depending mostly on the size of the farm. One fair trade farmer from Riverside Enterprise with 20ha receives R300 000 gross profit each season. Fifty nine farmers from Luthando receive R6 million each season as gross profit; which translates to R100 000 per farmer, on 139ha of land. The 59 Luthando farmers sell their fruit as one collective body because they share the land. The financial figures presented in Table B give an approximate amount of what fair trade farmers interviewed receive every season.

Table B: Incomes for fair trade farmers

<table>
<thead>
<tr>
<th>Gross-Seasonal Income</th>
<th>Riverside Enterprise</th>
<th>Luthando farms</th>
<th>SRFT farms</th>
</tr>
</thead>
<tbody>
<tr>
<td>R100 000-300 000</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>R300 000-600 000</td>
<td></td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>R600 000-1 000 000</td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>R1000 000-3000 000</td>
<td></td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>R3000 000-6000 000</td>
<td></td>
<td></td>
<td>8</td>
</tr>
</tbody>
</table>

Source: Author 2010

In contrast non-fair trade farmers receive their income in 5 payments per year. These farmers own their farms as individuals not as a group of beneficiaries as is the case with fair trade farmers. The income returns for non fair trade farmers is presented in Table C below. The lowest
income for a non fair trade farmer is R200 000 gross profit from 15ha of citrus with the highest income amounting to R550 000 gross profit for a farmer with 30ha of citrus. The reason for this difference is the fact that some farmers own larger farms than others, hence they are able to export more citrus. The non fair trade farmers are at an advantage in that they have more money for their produce compared to fair trade farmers because they farm as individuals and not as a group.

Table C: Incomes for non-fair trade farmers

<table>
<thead>
<tr>
<th>Gross-Seasonal Income</th>
<th>Riverside Enterprise</th>
</tr>
</thead>
<tbody>
<tr>
<td>R100 000-200 000</td>
<td>3</td>
</tr>
<tr>
<td>R200 000-300 000</td>
<td>2</td>
</tr>
<tr>
<td>R300 000-400 000</td>
<td>8</td>
</tr>
<tr>
<td>R400 000- 600 000</td>
<td>2</td>
</tr>
</tbody>
</table>

Source: Author 2010

One of the key objectives of this study was to investigate the impact of fair trade on citrus farmers. This study finds that these farming communities have benefited economically and through social dividends that fair trade farmers receive from selling their fruit under fair trade. The social dividend comes as an extra premium from selling the fruit under fair trade. The social dividend is determined by the amount of citrus the farmer would have sold under fair trade. The farmer does not pocket this social dividend, it is meant to benefit the community as a whole. Social dividends are used to finance developmental projects within farmers’ communities. When asked to comment on the impact fair trade has had on social development, Mr. C Painter (Director of Riverside enterprise interviewed 1 October 2010) noted that, “fair trade has enabled farmers to give back to the community because in other circumstances farmers want to pocket the money and not use it for development of their workers or community. Hence fair trade has
had a great impact on social community development”. This is evident at Riverside Enterprise where there is Khuyakhanya project.

The Khuyakhanya project (hereinafter referred to as the project) is a scheme that was invented by the community to drive the necessary structures needed to improve the community. The project has a joint body which ensures the use of social dividends for community development. The project has built a crèche with two classrooms for the community. The crèche is called Babbel and Krabbel. It started with 70 children between the ages of 2½ years - 3 years. Presently only 20 are attending. The fair trade premium is used to pay the teacher’s salary because the community is unable to pay the fees of R90 a month. This crèche was introduced for purposes of helping the farmers and the workers to take their children whilst they work on the farm. This crèche is also helping the community that does not necessarily work on the citrus farms. However, all three fair trade farmers showed dissatisfaction concerning this issue they believe their hard work is paying for other people’s needs who do not contribute to the production of citrus farming. Besides the crèche, the project built the Hillside learning center which has a computer room and sewing section. There is also the Riverside training center for meetings and training.

SRCC respondents (which include farmers from both Luthando and SRFT farms) were also impressed with the projects they successfully executed from the fair trade social dividends. Within Luthando farms they have also managed to build a crèche although it has only one teacher. The teacher at the crèche proudly proclaimed that, “before fair trade I did not know anything about children, but now for the past 3 years fair trade has taken me to school for a course in Early Development Care, which has helped the community by providing them with an educated teacher for their children”. Furthermore there is a play field with swings and games for the children to help in healthy child development (see Appendix 9). They have also managed to build beautiful cottages for guests in order to generate some more income. This researcher made use of these cottages during data collection (see Appendix 10).
In addition, SRCC farmers built an Albeit class which is useful for teaching both young and old how to read and write as well as to use computers (see Figure 2 below). They managed to also build a conference center on the same premises which is used for training, seminars and meetings. From the respondents’ perspective, although fair trade has some disadvantages it has managed to help them develop their community and educate their children.

Figure 2: Albeit class

Source: Author 2010

With all these aspects of fair trade it does seem attractive to become fair trade farmers as you are inevitably made to give back to the community. Moreover all the respondents from the fair trade farms pointed out that they are audited by Fair Trade to investigate whether or not they are maintaining their farms through improving social structures such as schools, clinics and service centers and they ensure that projects are being done with the fair trade premium. For Riverside Enterprise they had an audit recently in August 2010 and the respondents attested that fair trade was impressed with their progress in terms of the projects they are running.

On the other hand specifically looking at the issue of social dividends, the research findings suggest that although the farmers receive this social dividend it has shortfalls which may be disadvantageous to the farmers. The amount in social dividends that farmers receive depends on the amount of fruit they export under fair trade. The Fair Trade Foundation takes a certain stipulated amount from South Africa as a whole. Because of this, approximately 10% of fair trade farmers interviewed did not see any future in fair trade unless fair trade starts taking more
fruit from them; this they say, will increase the fair trade social dividends which will enhance more development.

In comparison to fair trade farmers non-fair trade farmers have benefited as individuals in different ways. Mr. Nohamba a non fair trade farmer (interviewed 29 October 2010) noted that being a citrus farmer under Riverside Enterprise has improved most farmers’ citrus in terms of quality of the fruit. This has brought in high production with high returns for him as a citrus farmer. The enterprise has good record keeping and gives good advice on the best financial markets. This suggests that for non fair trade farmers, most of their benefits and successes are only for them as individuals. They do not have development projects for the community unlike fair trade farmers. This shows that fair trade goes beyond the interests of the farmer and caters for the needs of the farm workers as well as the surrounding community.

It is also important to note that one of the key informants, Mr. M Mgidlana, from the Department of Agriculture (interviewed 29 October 2010) stated that both fair trade and non fair trade farmers have a disadvantage that citrus was seasonal and was not always bringing returns throughout the year. To address this limitation non-fair trade farmers grow tomatoes and butternuts, and some rare cattle and livestock to sustain their families. Although such a problem may also exist for the fair trade farmers, Mr. Colin Painter (the Director of Riverside Enterprise interviewed 1 October 2010) and 3 fair trade respondents indicated that mostly non fair trade farmers were able to farm other crops besides citrus. This is so because fair trade has strict conditions as to the farm that their citrus is being produced from and it does not cater for other crops to be produced within the same farm.

4.3 How fair is fair trade?

The process of accreditation is one manifestation of the unfairness of fair trade. According to Ms. Bronwyn from the Fair Trade Foundation (interviewed 20 November 2010 through email), FLO- cert is the body within the foundation that does accreditation. However this accreditation has been criticized by other informants who include Joachim Ewert from the University of the
Western Cape (interviewed 4 October 2010 on the telephone) who noted that it was very expensive for one to become fair trade accredited. The Director of SRCC Mr. Du Plessis then gave an explanation of the process of accreditation. For farmers fruit to become fair trade certified three bodies have to be accredited by FLO-cert. These include 1) the farmer, he has to meet the conditions in order to be accredited 2) the marketing agency, they have to meet conditions in order to be fair trade accredited and lastly 3) the exporting company must also be fair trade accredited. The farmers in SRCC pay close to R500 000 for all three accreditations. The fairness is then questioned, since the emerging farmers have to pay for all three accreditations in order to sell their fruit as fair trade. Fair trade seeks to promote economic expansion on the poor producers yet the same concept requires a lot of money to help sell the fruit of emerging farmers. A scenario to represent the unfair nature of such practice was presented by Mr. Du Plessis (the Director of SRCC interviewed 10 November 2010). He gave an example where a farmer would be charged approximately R20 000 for accreditation. It may so happen that the prices deflect that season and fair trade buys the fruit at a lower price. The returns from such a sell will be low and farmers may receive social dividends less than the R20 000, they used for accreditation. Eventually fair trade farmers may pay more for accreditation than they will receive in terms of social dividends.

The findings also suggest that prices tend to fluctuate and fair trade may buy the citrus from the producers at a lower price, whereas other markets like the Middle East may be buying at a higher price. The fair trade farmers will lose out on accessing these markets to get a better “fair price”. From this analysis, the concept of fair trade will not essentially invite more resource poor farmers to make their fruit fair trade because it costs the farmers the little they have to trade through the fair trade brand. On the other hand findings in Costa Rica indicate the opposite (meaning the opposite is true): According to Rice (2001) fair trade prices benefit farmers when world prices are low, when prices are high, farmers often want to sell in the open market. The findings of research done in Costa Rica confirm the assertion by Rice (2001) where the farmers were found selling their better quality beans outside the cooperatives for higher prices, causing tension with cooperatives and Fair Trade Organizations. Moberg (2005) supports this view citing
that, “research in many areas indicates that fair trade regulations can be burdensome for producer cooperatives”. Hence farmers need flexibility in accessing what they term the best fair price.

Moreover most respondents were disappointed in the fact that since fair trade only takes a certain amount of citrus from South Africa as a whole they only take the fruit once a week and have to wait until fair trade comes to select only the best fruit and they are left at times with fruit not so good. As one respondent put it “This issue of them coming once also affects the quality of the farmers fruit as some tend to rot in the waiting period”, (Patricia Jacoobs interviewed 9 November 2010, farmer from SRFT). Five farmers from Luthando argued that another challenge is in the audits done by fair trade. They felt that auditors from fair trade were very strict and they did not understand their community. An example was given where seasonal workers are questioned by the auditors of their knowledge of fair trade and premiums. If they show lack of understanding, the farmers are requested to ensure compliance with fair trade standards. Farmers felt that these workers cannot be treated as permanent workers and be expected to know everything because they change from time to time. This can be alluded back to the point that Joachim Ewert from the University of the Western Cape made (interviewed 1 October 2010 on the telephone), which is that fair trade does not have cultural diversity and with the standards they uphold South Africa may not be the best place to expand their influence. Moreover one farmer, Mr Jeffrey Rossouw (fair trade farmer interviewed 9 November 2010) highlighted that fair trade sets standards which are not reasonable at times in the environment the farmers are living in. Inspectors visit the community and demand farmers to fix things they cannot be accounted for, like houses of community members who are not even fair trade farmers’ workers.

The problem of farm workers goes to the extent that farmers in SRCC have to employ foreigners and people from far to work on the farm, as the community is not willing to work on the farms. Two farmers also highlighted the impact of loosing workers to HIV/AIDS; most workers who are good pickers are dying each year, and therefore the farmers have to teach new pickers to replace them. This is not to say the farmers have met a number of challenges. Most fair trade farmers from Luthando and SRFT complained about how the weather has been a problem over the years; at some instances they experience drought and in some cases the rain will be too much
for the citrus fruit. Ms. Nokwanele Mzamo farmer from Luthando farms (interviewed 9 November 2010) also said that, “sometimes we need to pick the fruit but the weather does not permit, in 2008 we had hail which damaged the fruit”, therefore weather is a natural process which most farmers have failed to reconcile with producing their fruit.

Fair trade also has financial and technical limitations. Joachim Ewert from the University of the Western Cape (interviewed 4 October 2010) suggested that South Africa can do empowerment without fair trade. This is so because fair trade has not fully delivered what it promised. One of the objectives of fair trade was the promise to offer technical support for quality improvement (Bosman 2004). However the findings of the research show limited support for the farmers. This altogether contradicts the assertion by FLO (2008) that fair trade sends regular assistance throughout the world in order to advise train and support producers developing products. When respondents were asked about fair trade assistance, all 15 respondents had condescending sentiments with regards to this. All 3 farmers from Riverside Enterprise said they received very limited support from the FTF. Farmers from SRCC confirmed that it was only in 2008, when FTF sent people to do training about fair trade, skills development and how to improve personal life. Other than that, respondents mostly referred to session trainings offered by other programs which include Colruyt, Albertin and SRCC which advise on when to spray the citrus and how.

Non fair trade farmers were also asked on the availability of technical and financial support. From Riverside Enterprise, the non-fair trade citrus farmers said that they received financial and technical support from South African Fruit Export (SAFE). This is so because SAFE is also used as an exporting and marketing agency by some of the farmers not involved in fair trade. More training and technical support is also received from the Citrus Research Institute. Mr. C Painter (the Director of Riverside Enterprise interviewed 1 October 2010) said that the farmers had study groups together as fair trade and non fair trade farmers and they are all monitored by the Citrus Growers Association and Citrus Research Institute. This study shows that the benefits annexed to non fair trade farmers are also the same for fair trade farmers in terms of technical support. However, fair trade would have been expected to receive more financial and technical benefits from Fair Trade Foundation but this is not the case. Such expectations are derived from
December 2003 Agreement which involved FTA in the Netherlands to secure EU markets for emerging farmers.

The study also found that the South African government does to a certain extent help farmers. A key informant from the Department of Agriculture Mr. M Mgidlana (Interviewed 29 October 2010) said that the government is making efforts to transfer ownership of land to the farmers. He showed great concern in the farmers and the need for the government to help them in building their own pack shed. Both fair trade farmers and non fair trade farmers from Riverside Enterprise recently received, (whilst researcher was on site), some chemicals and fertilizers for their trees. However 3 farmers said that although this was a good move by the government it did not even cover a tenth of the materials they need.

Mr. M Mgidlana an official from the Department of Agriculture also disclosed that the government has extension officers that they send to help the farmers with advice on the fruit. A majority of 70% farmers in Riverside Enterprise acknowledged the involvement of government in their farms. The farmers from SRCC stated that they rarely had encounters with the government over the past 5 years, as they only received tractors once. Mr. Jeffrey Rossouw (fair trade farmer interviewed 9 November 2010) described government assistance to be very little. Overall all 15 respondents of fair trade felt that the government was offering very little help. A majority of 20 farmers inclusive of both fair trade and non fair trade farmers believe that the government should be more involved and assist more.

The challenges faced by non fair trade farmers are not as vast as those of fair trade farmers. Most of these farmers work as individuals and do not have challenges of extra beneficiaries. However, they do face challenges of weather the same with fair trade farmers. They also want more support from the government in terms of acquiring title deeds to the land.
4.4 Emerging Issues within the value chain for citrus fruit fair trade farmers?

To gain better understanding on how value chains are structured from the “bottom up” its meaning and applicability and necessity with fair trade farmers, the value chain theory was analyzed with regards to the discussion above. This study reveals how the farmers respond to economic constraints, labor input and marketing costs within their value chains. The research demonstrates the processes through which fair trade producer groups make choices about what strategies to pursue and how these choices lead to different forms of economic benefits and constraints. This research demonstrates that there is more to citrus as a commodity; it also has economic benefits and constraints and issues around labor input within the value chain. Most economic constraints for fair trade farmers come in terms of trying to maintain standards set by fair trade. The process of accreditation costs farmers a lot of money, yet increasing value is the key for fair trade movement. Farmers have no mechanism to overcome this; they have to pay three accreditations to trade their fruit. The value chain concept does not acknowledge the constraints annexed to fair trade farmers. This finding adds knowledge to the literature of value chains.

The farmers are dependent on either Riverside Enterprise or SRCC for packaging and marketing where they pay huge sums of money after paying accreditation costs. The research shows that this situation weakens the position of farmers in terms of bargaining on their preferred market. This is confirmed by Sterini (2009) who did a similar study on sugarcane in Paraguay. Farmers could explore selling their fruit locally or regionally which may even increase the value of their fruit without incurring extra costs. But because they don’t have power beyond producing their citrus they are dependent on bigger companies for their packaging, marketing and margins of income return.

Other than marketing costs, the issue of labor is one major aspect in the producers’ value chain. Producers must ensure that adequate working conditions stipulated by fair trade are followed. This includes taking cautionary measures in ensuring a safe working environment and hazardous free chemicals.
4.5 Emerging Issues within the value chain for citrus fruit non-fair trade farmers?

The value chain structure for non fair trade farmers is different from fair trade, but faces the same constraints as those faced by fair trade farmers. From production, the labor input required is the same, but these farmers do not have extra working conditions attached to the production of their citrus. They meet the general working conditions set by law for farm labor.

Lack of technical and financial support is also at the core of the farmers’ problem; they have to find help from independent organizations such as SAFE. However, the farmers have an advantage of not having to pay extra accreditation costs to have their fruit exported. Hence the value of their citrus holds more weight because they do not take out too much and do not expect to cover such costs after they sell their produce.

The non-fair trade farmers’ model of the value chain resonates with the theory discussed above about value chains. The structures annexed to these farmers model attach more value to the fruit than can be said for fair trade farmers. In terms of choice of markets these farmers aim for the best market and can export as much citrus as they want to export at the best price they can get. Nevertheless, the farmers are not involved in the marketing of their fruits which limits their bargaining capacity as the marketing is in the hands of their marketing agency. This structure does not help these farmers to participate fully in global trade as their knowledge of this field is limited. Farmers have limited knowledge about tariffs charged on trade or the procedures of how they can export their fruit independent of their partner company Riverside Enterprise.

4.6 Conclusion

In conclusion the findings of the study reveal that fair trade has helped in supporting farmers to develop their communities. Such developments emerged in the sense of public infrastructures built using fair trade premiums. Moreover, the findings of the research point out that fair trade farmers and non fair trade farmers both receive an income from selling their citrus fruit. However, the findings of the research highlighted the complexities associated with accessing
such markets by emerging farmers. The emerging fair trade farmers have to pay high accreditation costs to be labeled fair trade farmers, thus diminishing the amount farmers are supposed to receive for selling their produce; which undermines the purpose of accessing these markets. On a more positive note fair trade regulated conditions of trade have managed to ensure that farmers treat their workers with the most outmost safety and care, this also ensures environmentally safe mechanisms of farming their citrus fruit.
Chapter 5: Conclusion and Recommendations

This study examined the effectiveness of fair trade assistance on citrus fruit emerging farmers in the Eastern Cape. This evaluation entailed an analysis of the income returns farmers are receiving and the socio-economic benefits that come with it. The study found that all farmers receive an income every season for their produce. However, fair trade farmers receive less for their produce compared to non fair trade farmers. This is due to the fact that they have to divide the income amongst themselves whereas non-fair trade farmers do not. Secondly, the income that fair trade farmers receive diminishes since the farmers pay debts, marketing and packaging costs. Moreover, farmers have to pay substantial amounts for them to become fair trade accredited. This raises concerns because fair trade purports to enable poor farmers’ growth yet it still manages to take so much money from the same farmers.

On a positive note, the study found that fair trade farmers have benefited through social dividends they receive from selling their fruit under fair trade. It also established that fair trade farmers have public infrastructure built using fair trade premiums such as crèches and learning centers. Fair trade has also ensured quality crop production through regulation of use of environmentally safe chemicals. The FTF has also assisted in ensuring safe and healthy working conditions for farm labourers. Such efforts by fair trade have made a positive impact on citrus farmers in the Eastern Cape. Such benefits do not accrue to non fair trade farmers. Nevertheless, non fair trade farmers have other benefits. The advantage that non fair trade farmers have is the income they receive which is higher than that of fair trade beneficiaries. Moreover, non fair trade farmers have diverse markets which are accessible to them every season; hence they always seek the best market.

The findings of this research also illustrate the limited amount of managerial skills that fair trade farmers have. One of the aims of fair trade is to inject knowledge through training and financial support to improve the emerging farmers’ knowledge on managing their own farms. However, the emerging farmers are still dependent on the established white commercial farmers who own the cooperatives they are under (Riverside Enterprise and Sundays River Citrus Cooperative).
There is a sense of dependency by most emerging farmers, as they are not receiving enough knowledge to help them access their own preferred markets. Even though fair trade farmers understand the advantages annexed to fair trade (e.g. social dividends) they have limited knowledge on the structures and ability of accessing other markets. Most decisions on which markets to use are determined by the cooperatives rather than the farmers themselves.

The study findings also indicate that fair trade markets only take limited amounts of citrus from farmers across South Africa, yet farmers’ produce outstrips demand. These findings confirm observations made in Costa Rica where fair trade suppliers of coffee have continued to outstrip demand (Rice 2001). One may ask, does this confirm a pattern within fair trade markets? To address this anomaly fair trade may need to expand their markets or decrease the number of suppliers so as to increase the amount of citrus that enters the supply chain.

An analysis of value chains within citrus farming revealed that there is more to citrus as a commodity; it has economic benefits and constraints. The value chain analogy was made for both fair trade and non fair trade farmers. This revealed patterns within their chains which enhance obtaining a good price; nevertheless there are constraints which limit their income and efforts of developing themselves. For fair trade farmers the issue of accreditation was a factor which constrained the amount of income they received. Non fair trade farmers have limited access to funds which may assist in improving their productive capacity.

The findings from this study suggest that the FTF needs to review the issue of high accreditation costs. The FTF also needs to address the concerns of producers especially in relation to the amount of produce FTF acquires from the farmers. Failure to do this might force emerging farmers to seek other avenues outside the FTF to market their produce. The government of South Africa also needs to be more involved in citrus fruit export and agriculture so that they can implement structures which work to protect the interests of the emerging farmers against those of international organizations such as the FTF.
Appendix 1

Key Informant Interview Guide

Director of fair trade Cooperative: ______________________________

Number of years with group: ______________________________

Date: ______________________________

Venue: ______________________________

Gender: ______________________________

General Questions

1) When did you form your Enterprise/ cooperative?
2) What was the initial main objective in forming the enterprise?
3) When and why did you decide to be part of fair trade?
4) How many emerging farmers are in the enterprise? Prob....
5) Do you have knowledge of the 2003 Agreement where the Western Cape Department of Agriculture and the SA Agri Academy entered into an agreement with Fair Trade Assistance in the Netherlands to secure EU market access for emerging farmers?
6) What form of training if any do the emerging farmers receive from Fair Trade Assistance?

Crops Produced

7. What type of citrus fruit do the farmers mostly grow?
8. What type of citrus fruit do you mostly export under fair trade?
9. Besides exporting under fair trade, do you sell your citrus fruit anywhere else?
10. Comment on quality improvement on the farming techniques of citrus in the last 5 years?

Empowerment

11. Are you involved in black empowerment projects for the citrus farmers?
12. Are there any special working conditions for farm labors required by fair trade?
Fair Trade producers

7. Do the farmers get paid weekly, monthly quarterly or annually, How is the method of payment structured?
8. How much do the farmers receive i.e gross and net income?
9. How much do you expect to receive annually in terms of fair trade premium?
10. Are the emerging farmers involved in the packing and marketing of the fruit?

Successes and Failures

7. Are there any successes you have experienced since joining fair trade?
8. Are there challenges you come across as fair trade farmers?
9. Have the emerging farmers benefited through fair trade? If yes how?

Government Support

10. Do you receive any form of support from the government?
11. Besides the government do you receive support from different groups and organizations?

General comments
Appendix 2

Key Informant Interview Guide

Key informant: University of Western Cape

Number of years with Institution: _______

Date:

Venue:

Gender:

General Questions

1. From your study of fair trade in different industries how has it been received in South Africa?
2. How have different communities in South Africa adopted fair trade?
3. Who funds most of the farmers involved in fair trade in agriculture?

Empowerment

4. From your analysis of different fair trade farms how have they managed over the years to sustain their livelihood?

Fair Trade producers

5. Do emerging farmers really understand the concept and purpose of fair trade from previous studies you have conducted?
6. In South African circumstances and economic climate is fair trade an appropriate tool to enhance sustainable livelihood for the poor emerging farmers?
7. How much social dividends do farmers receive annually from your own previous study in the western cape wine farms?
Successes and Failures

8. What are the major benefits farmers receive as fair trade affiliated farmers?
9. What are the most significant failures incurred by fair trade farmers across the country?

Government and other Support

10. How much support have fair trade emerging farmers received from the government?
11. Does fair trade provide any technical help, in terms of education and training to emerging farmers
Appendix 3

Key Informant Interview Guide

Department of Agriculture

Date:

Venue:

General Questions on Farming

1. In the Eastern Cape in general do we have many people investing in Farming particularly citrus farming?
2. What type of citrus do the farmers mostly produce?
3. Where do they produce this citrus fruit and since when?

Crops Produced

4. Do you have an idea of how much citrus farmers expect to receive annually for their produce in the cooperatives they are part of?
5. Has there been improvement in citrus farming in the past 5 years?

Empowerment

1. Does the government have any empowerment projects that help improve knowledge and farming techniques for the emerging citrus farmers?

Title to land

1. Do the emerging farmers hold any form of title deeds to the land both from Riverside and Kat River?
**Fair trade producers**

1. When did the farmers start trading as fair trade producers?
2. Has fair trade had any impact for the producers in terms of quality improvement and techniques on farming citrus?
3. What impact has fair trade producers brought to the community?

**Non Fair trade producers**

4. What projects do these farmers embark on to improve their livelihood?
5. Are there any educational programmes for farmers on how to better farming of citrus?

**Successes and Failures**

6. Are there any challenges being faced by either Kat River or Riverside enterprise?
7. Are there any successes which have been gained by fair trade producers?
8. Are there any challenges being faced by fair trade producers?

**Comments**

9. How best can the emerging farmers manage to sustain a manageable livelihood?
10. Any other comments on the issue of fair trade producers
Appendix 4

Key Informant Interview Guide

Department of Trade and Industry

Date:

Venue:

General Questions

1. When was fair trade introduced in South Africa?

2. Does the department of trade oversee the functions of the fair trade foundation?

3. How effective has the foundation been in improving and promoting the amount of export made by small emerging farmers in the past five years?

Crops Produced

4. How much citrus fruit is exported every year under fair trade.

   Prob... how much is exported under other projects?

Empowerment

5. Does the department of trade ensure the BBEEE requirements are met before farmers become fair trade certified traders?

Fair trade producers

6. Were would you rank the fair trade programme amongst the trading organizations in South Africa

7. From your statistical data how much input in terms of dividends do the farmers receive in comparison to the amount that is exported

8. Who is in charge of the trading arrangements
Appendix 5

Key Informant Interview Guide

Fair Trade Foundation

Date:

Venue:

General Questions

1. Why was fair trade introduced in South Africa specifically in the agricultural sector?
2. Do you have knowledge of the 2003 Agreement where the Western Cape Department of Agriculture and the SA Agri Academy entered into an agreement with Fair Trade Assistance in the Netherlands to secure EU market access for emerging farmers?
3. What was the main purpose of the agreement?

Crops Produced

4. How much is the citrus fruit in demand on the international market?
5. Is the production of citrus fruit a significant part of Fair Trade Foundation?

Empowerment

6. For fair trade foundation does it mean business or empowerment of the disadvantaged farmers?
7. Where does the broad based economic empowerment fit in the fair trade movement agenda?

Fair Trade producers

8. How has fair trade cut down on the various middle man involved in trade to secure a fair price for farmers?
9. For farmers to be fair trade certified what are the procedures and requirements to ensure this?
10. Has fair trade grown over the past 5 years in the agricultural sector?
11. How does the payment of dividends work in fair trade?

Successes and Failures

12. What are your greatest achievements as fair trade foundation in South Africa?
13. What are the challenges you have met as Fair trade foundation in South Africa?

Support

14. Does the South African government contribute anything to the functioning of the Fair Trade Foundation?
15. Do you secure any educational programmes for emerging farmers on how to care better for their crops?

Non Fair trade producers

9. Do you have emerging farmers other than those in fair trade that export their fruit

Prob.... How would you compare them to fair trade producers?

Successes and Failures

Government Support

Comments

1. Are fair trade producers increasing or decreasing over the past five years?
2. Can Fair trade be used as a development tool in South Africa for emerging farmers?
Appendix 6

Fair Trade Farmers Interview Guide

Farmer: ________________________________

Number of years farming: ________________________________

Date: ________________________________

Venue: ________________________________

Gender: ________________________________

Age: ________________________________

Name of farm: ________________________________

Size of farm: ________________________________

General Questions

1. What do you understand by fair trade?
2. What cooperative markets and packs your fruit
3. Why did you decide to become part of the cooperative?
4. What do you depend on mostly for your survival?

Crops Produced

5. Which crops do you mainly produce and why?
6. What percentage of your fruit do you export under fair trade?
7. Do you have an option to sell your fruit to other places besides exporting under fair trade?
   _How much do you receive for your produce annually?
8. How much social dividends do you receive annually if any?

Fair trade farmers

9. Are you involved in the marketing and processing of your citrus produce?
10. Do you receive any form of technical or financial help from the fair trade foundation itself or anywhere else?
11. Does fair trade farming ensure a future for your children and their children?

Empowerment

12. What empowerment projects do you have in the community as citrus farmers?
13. Do you have adequate facilities e.g clinics, schools or houses as a community of fair trade farmers?

Successes and Failures

14. Since joining fair trade under the cooperative what achievements have you made?
15. Are there challenges you have faced over the year producing citrus?
16. What other challenges in general do you face?

Government and other organizations Support

17. In your view has the government managed to secure your interests as farmers?
18. Do you receive any funding from the government or any other agency?
Appendix 7

Non-Fair Trade Farmers Interview Guide

Farmer: __________________________________________

Number of years farming:

Date:

Venue:

Gender:

General Questions

1. Why did you decide to become part of the cooperative?
2. What do you depend on mostly for your survival?

Crops Produced

3. How much do you receive for your produce annually?
4. How much social dividends do you receive annually if any?
   Prob....
5. Who do you sell your citrus crop to?
6. Do you have a choice or option to whom you can sell to?

Non-Fair trade farmers

7. Are you involved in the marketing and processing of your citrus produce?
8. Do you receive any form of technical and financial help from anyone?
9. Does citrus farming ensure a secure future for the next generation in your family?

Empowerment

10. What empowerment projects do you have in the community as citrus farmers?
11. Do you have adequate facilities e.g. clinics, schools or houses as a community of citrus farmers?
12. Do you have knowledge of farmers like yourselves that are fair trade affiliated?
13. If you were given a choice would you want to become fair trade farmers?

**Title to land**

14. Do you have any title to the land, as in tenure over the land?
   Prob...

**Successes and Failures**

15. Since joining the cooperative what achievements have you made?
16. What challenges as farmers do you face over the year producing citrus?
17. What other challenges in general do you face?

**Government and other organizations Support**

18. In your view has the government managed to secure your interests as farmers?
19. Do you receive any funding from the government or any other agency?
Appendix 8
Interview Guide for focus group discussion

**Fair Trade Farmers**
1. Do you have representatives within the group of emerging farmers who carters for your needs to management?

2. Do you see future generations to come continuing to trade citrus fruit under fair trade?

3. Are you satisfied with the management team of the cooperative?

4. What advantages do you have over other citrus farmers outside fair trade?

5. Has the quality of your citrus fruit improved over the past 5 years?

6. How are you paid by the cooperative? And are you happy with the system

7. With regards to farming equipment and chemicals are they shared or each individual has their own?

8. Comments on anything
Appendix 9

Source: Author 2010

Appendix 10

Source: Author 2010
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