

A CRITICAL COMMENTARY AGRICULTURAL MARKETING: OVERHAUL OF THE SYSTEM REQUIRED IN SOUTH AFRICA

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ABSTRACT

This paper argues that much of the infirmities of agricultural marketing are due to the stranglehold that politics has over the system and therefore calls for a thorough review highlighting the need for proper attention to two major inputs neglected in South Africa, road linkage and financial assistance. The article therefore looks at these issues amidst a host of other issues. It is not an all encompassing paper and does not pretend to capture all of the issues that permeate agricultural marketing.

Key Words: Cooperatives, Marketing, Agricultural Economy, Infrastructure, Integration, Regulated Markets, Commodities.

INTRODUCTION

The agricultural marketing cooperatives have in reality been destroyed and de-regulated in democratic South Africa, post 1994 in order to fit into the misguided notions of deregulating a number of agricultural inputs in South Africa, post 1994. This has in many ways destroyed the emergence of black farmers in the country. The irony of this is the all embracing fact that the large White Cooperatives run almost on private lines on behalf of their shareholders have grown into multi-billion rand enterprises. In other words they have enjoyed the benefits of the apartheid state and have also benefitted from the post apartheid system of democratic South Africa. They have contributed to commercial agriculture in South Africa but, in reality have not contributed sizably to the empowerment of black farmers in spite of the massive past injection of capital into them by the former apartheid government. They have also contributed too much opposition against the government in respect to agricultural reform and have been proponents of the willing buyer willing seller concept of land. This also stymied the government's efforts to redistribute land to the masses of people who are the rightful owners of South African land and this has thus led to a rather poor restitution process of land by the democratic government. It is thus obvious that the revival of black cooperatives is now cardinal and vital for the reconstruction of black agriculture in South Africa.

DISCUSSION

The agricultural marketing cooperatives will out of necessity provide a reasonably sound base to channel black surplus production and normal production into the domestic market and promote exports for giving the impetus to agricultural development to historically marginalized black farming enterprises in democratic South Africa. There has been recently some improvement in this direction but rather rudimentary gains have been registered. The profound changes that are required in black agriculture must witness a steady improvement in this vital and necessary sector within the agricultural economy and, therefore, underscores the need for a thorough review of the marketing system by the South African Agricultural Department, its provincial agricultural departments and the national and provincial governments of the country. In short or other words, it should be responsive to the needs of the farmers by providing a forum for selling their produce and surpluses at remunerative prices, which is not the case nearly twenty years after democracy. It must also be a reliable and modern means to compete with private enterprise which is better placed in terms of technological and financial resources.

On the other hand, the focus has now turned to agricultural exports following the liberalization of trade and new industrial policies, an improved marketing system with appropriate infrastructural and credit facilities must now become a primary consideration by the democratic government for purposes of empowering black farmers and thus creating an environment for them to successfully engage the agricultural system hitherto denied them. Although an organized system of marketing has been functioning since the days of apartheid and was and is geared to white production and controlled by white farmers and their large cooperatives. This organized system of marketing has been functioning with the aid of several legal and administrative measures to the advantage of the white cooperatives, their members are predominantly white farmers, which have evolved and generally made good because of apartheid legislation that favoured them, from some four or five decades ago and more. It is obvious therefore there are many anomalies that have to be rectified by the democratic government. The many deficiencies therefore need to be removed.

The lack of infrastructural facilities such as communications, adequate on farm storage facilities and credit opportunities for the purposes of developing primary markets, let alone the bigger and important wholesale markets or terminal markets still dog the country and therefore stymies the emergence of the black farmer in democratic South Africa. Some black farmers in areas near the cities enjoy a better system of marketing, which reflects in their economic prosperity. This number is however marginal and insignificant some twenty years into democracy and is therefore an indictment to the democratic government and also the large white agricultural cooperatives such as Noord Wes Koperasie and Suid Wes Koperasie, to name a few. These are multi – billion rand enterprises that must have a moral obligation to promote black farming given the fact that they emerged as successful cooperatives supported by the then apartheid government that wrote off billion of rands of taxpayers' money to promote the privileged sector of white farming enterprises to the exclusion of the majority black population. The time has come for these white cooperatives to intervene on the basis of nation building by providing finance and extension services in order to empower emerging black farmers, thus contributing to

the economy, bringing about racial harmony but more importantly contributing to the consolidation of democracy. The absence of an organized market or the underdeveloped network in rural areas of the country has left small black farmers at the mercy of private traders, the Koperasies (white cooperatives) and capitalist forces of exploitation.

Much of the infirmities of the South African agricultural marketing system stem not so much from policy inadequacies but from the stranglehold of politics on the marketing organizations and the consequent denial of black farmer participation in the decision making processes. This is further exacerbated by infighting among black farmer trade unions and emerging cooperatives which are generally weak to provide the necessary leadership for the emergence of small black and commercial farmers, in order to engage the farming system of South Africa and provide a basis for recognition by both the white cooperatives and the government, as a powerful, united and vibrant force that can challenge the status quo that has lingered on for too long post democracy. This has led to a situation where only rich black agriculturalists, particularly the predatory black elites, by using and buying off large farms and facilities at “vulgar” prices, developed by the former apartheid regime or for that matter have the ability of using these state of the art facilities. A large majority of black farmers in the tribal areas are still deprived of even a semblance of a marketing system.

An integrated development of marketing of agricultural produce with the objective of safeguarding the interests of producer – sellers as well as consumers finds its expression in the Marketing Act, which includes in its scope the regulation of the markets, in order to evolve a code of discipline in the process of marketing agricultural produce. More wholesale markets in the country must be developed and brought under the ambit of regulation. Necessary legislation needs to be passed in respect of this possibility. Different categories of markets need to be promulgated for the possible increase in marketable surpluses, if black emerging farmers join the production chain in large numbers. This most certainly has to be the responsibility of government coupled with the white privileged cooperatives that have had historic and undue advantage.

INTEGRATION WITH WHOLESALE MARKETS

While there has been considerable development of markets located in some of the provinces of South Africa, post democracy, such development has not taken place in other areas. There are some primary rural markets, where the small and marginal farmers as seen at the North West University in Mahikeng sell their produce and also by requirements, which need to be developed countrywide and integrated in the main wholesale markets. Though this will be a herculean task requiring very huge financial resources, surveys must be conducted and master plans have to be prepared for purposes of scientific development. This must be done in a phased manner. Another important plan would be to cover villages in the rural and peri – urban areas of South Africa, in order to cater for the large tribal areas and other sections historically deprived of these facilities. These plans when and if developed must have five and fifteen year perspectives in respect to marketing needs of the country.

RELEVANCE OF REGULATED MARKETS

Even in the changing circumstances following the government's focus on a free market economy, a regulated market for agricultural produce will be in order because of South Africa's tardy development process in the rural areas and the propensity of private traders to exploit the disadvantaged and historically marginalized farmers of the rural periphery. Grading and standardization and quality control are other important aspects of the marketing strategy. Though some progress has been made in this important area, establishing grading units in regulated markets and marketing cooperatives is a continuing process.

The complex requirements of the present day marketing operations coupled with the equally complex nature of agricultural products ranging from food grains to fruits and vegetables cast on market research and planning a very important role. Research in this regard needs to be conducted in respect of projected requirements for the next fifteen years in cities having a defined population and similar efforts must be made for cities with a smaller defined population. Training programmes must be borne simultaneously and housed in institutes developed and defined by government. This will allow for building a professional cadre of agricultural marketing managers in public, cooperative and private sectors. Commodity specific research and consultancy in agricultural marketing must be given priority.

TWO MAJOR CONSTRAINTS

The vital question of finance and communication remain the major constraints in South Africa for purposes of developing markets. Little attention has been paid to the two major inputs, proper road linkage and financial assistance. One way of solving the financial problem would be to make an integrated approach of the rural development programme by linking the market development schemes.

CONCLUSION

Each province must consider an agricultural marketing bank to finance agricultural marketing. Agricultural marketing has assumed greater importance and scope than mere procurement and distribution to the public distribution system. With the desire on improving production through better farming systems and technologies, South Africa now and especially after twenty years of democracy and freedom from the yoke of apartheid oppression needs to intervene by means of a comprehensive strategy for developing a modern agricultural marketing system for the requirements of the 21st century, but more importantly for purposes of uplifting the historically marginalized farmers and thereby creating a momentum for a stable economy by dealing with inequality. This will assist in generating much needed employment and cushioning poverty.

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Secondly, it must be acknowledged that this commentary emanates from the authors understanding of the South African agricultural situation, owing to the fact that he worked in the Department of Agriculture in the North West Province as Chief Director and Head of Department for twenty years. He is essentially a veterinarian by training. His thoughts have been galvanized by observation, over time, wide reading and by means of his own analysis. There is thus no bibliography because the paper is a critical commentary.