

FOOD PROCESSING IN SOUTHERN AFRICA; AN OPPURTUNITY FOR SMALL PRODUCERS?

ABSTRACT

Background

The price for raw material have decreased the last 30 years while the price for more complex commoditized have risen. Most of the developing countries are still trapped in the trade whit only raw material, a pattern which, is traceable back to the days of early colonial rules. The developed countries in the north has in these 30 years expand and refined a complex manufacturing industry witch resultate in added value compare to the developing world. Today the prices for raw material is sometimes lower than for 30 years ago, the price is many time below the actually cost for producing the commodity. The aim of fair trade is to neutralize inequality that exists within the world trade today and to help small producers to reach out on the world market. Can Fair Trade bee a positive force in helping producers to develop refinement of food products? The main focus of our study is: *Can food processing lead to value added for Fair trade producers in Southern Africa?*

The study

During two weeks we visited ten small scale food producers in South Africa and Swaziland. The producer we visited are manufacturing jam, chutneys and spicy sauces. We also paid a visit to one salt producer and one rooibos packing company. Only one of these ten producers where not connected to the Fair trade movement.

List of producers included in the study:

- Vuki Farm, Grbouw (grapes and apples)
- Turqle Trading, Cape Town (Trading company)
- Thandi Farm, Grbouw (grapes and apples)
- Khoisan Salt, Veldriff (natural sea salt)
- Fair Packers, Cape Town (rooibos packing house)
- Cape Span, Belleville (Fruit trading company)
- Tiger Brand, Paarl (canned fruit)
- Nantekara, Wellington (jams, chutneys and sauces)
- Eswatini, Manzini, Swaziland (jams, chutneys and sauces)
- Swazi Can, Malkerns, Swaziland (canned fruit)

Result

Processing industry in comparison to cultivate a crop or fruit and sell it demands a higher level of education in most parts of the operation. On one hand we hear about the obstacle of the lack of highly educated people, on the other hand we believe that processing could be a useful method for a small producer to get a little bit more of the profit. If the share of sales of the fair trade products could increase we see a big opportunity of using the increased premium not only in basic education but also in higher education. Subjects as bookkeeping-, marketing- and computer education could be very useful to promote bigger independence and thereby the opportunity to start your own processing business.

Fair trade has as one of its motives to shorten the chain between producer and consumer. Apart of that we think that as small as the fair trade market still is at the moment some companies are in need of an ATO (Alternative Trading Organization/ middleman). We still think it's very important that all actors in the fair trade movement continuously is trying the opportunity to cut middlemen and promoting that producers themselves develop their skills and extract their full potential.

When it comes to the tariffs on import of processed food to the European Union (EU) we have found that the producers find the subsidies to the European farmers are a bigger threat. The subsidies are not only closing down the European market for the producers of southern Africa but is also making it hard for them to compete in alternative markets as for example Southeast Asia.

To be involved in fair trade is often one of few methods for a producer of southern Africa to access the exportmarket in general and the European market in specific. Another opportunity with fair trade is to get more long term and sustainable business relationships. If this is a fact or just an ambition is although not something that we could prove in this study. One obstacle with fair trade as we have understood it in our meetings with producers is that it is often seen as a top down -approach rather than a grassroot movement. To turn this circumstance around is one of the fair trade movement's biggest challenges.