

## Work and Equalities Institute Research Briefing

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# One step forward: how South African farm workers won their pay battle, but supermarkets are winning the war

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### Summary

Global networks of production and consumption have created opportunities for suppliers to source products from around the world, but they have placed pressure on producers, and the workers they employ. According to our research, global value chains are driving precarious work and providing new opportunities for people to challenge their pay and conditions on multiple levels.

A case study of the South African fruit sector provides an in-depth exploration of the impact large supermarkets have on supply chains, and how workers are fighting their corner for a greater share of the profits. While the findings offer some hope for labour agency, and the improvements that can be achieved through worker protest, they show that more systemic strategies are required if the underlying commercial imbalance is to be challenged.

## Introduction: global supply, local conflict

Global supply chains put food on our plates from all over the world. They started to develop in the 1990s in a period of economic liberalisation and open trade policy, and have since developed into a full-scale global system of production and consumption. Bananas from the Caribbean, blueberries from Mexico and grapes from South Africa now find their way onto supermarket shelves so readily that we've become used to buying what we want, when we want.

But this model of supply doesn't serve everyone involved and has attracted the attention of academics, campaign groups and the media. Major supermarkets have increased their economies of scale and buying power and their hold over producers has intensified. Ongoing demands for quality produce at competitive prices, coupled with the ability to shop anywhere in the world, has squeezed the margins available to growers and the resulting wages they pay.

These tensions are explored in my paper which looks at how workers in these supply chains rise up in the face of low pay and precarious employment. *Multi-scalar Labour Agency in Global Production Networks: Contestation and Crisis in the South African Fruit Sector* sends a powerful message about the reality farm workers face in the fruit industry, and their ability to challenge the status quo.

The big retailers have much power to drive down costs and demand high quality from fruit producers. In this context one might assume that the casual workers farming the fruit have little voice and simply accept their plight.

But what we show is that this is very far from the case. Despite working in very difficult conditions, there are lots of different ways in which they challenge their employers and the very way in which they are incorporated into these supply chains.

My research, which is part of a wide body of work exploring labour agency in global supply chains, was published alongside Stephanie Barrientos from Manchester's Global Development Institute and Margaret Visser from the University of Cape Town. It includes an in-depth exploration of farms in the Northern Cape, Western Cape and Limpopo province starting in 2010, which was followed by two further phases of work culminating in a study of the 2012/13 strikes which took place in the Hex River Valley region.

It's important to shine a spotlight on these workers in what is a very asymmetrical power structure, and raise awareness of the bigger picture. The way products are currently sourced is very much in favour of retailers and we, as consumers in the global north, need to think very carefully about how our products are sourced, who pays the price, and whether we are paying a fair price.

## South Africa in context: fruit, farm workers and festering tensions

The fruit sector in South Africa has been through a period of rapid change following the end of apartheid in 1994. As supermarkets began their ascent to supply chain dominance, the government began to open up the country's farming base to international buyers and pursue a series of measures designed to protect workers' rights at the same time. This twin-track approach, which is a key chapter in this story, has ultimately reduced the number of permanent workers and increased reliance on casual labour.

Historically, farming in South Africa involved very paternalistic relationships, and a melting pot of ethnicities. While male farm workers were usually employed on a permanent basis, it was on condition that their partner or female relative was employed seasonally.

In the Western Cape, where the strikes erupted, 'coloured' workers were employed on farms and migrant black African workers were mostly used as seasonal labour when required (Kritzinger and Vorster, 1996). While the so-called master and servant laws were abolished in the 1970s – which saw workers as subordinates – it was still widely believed that the same dynamics perpetuated.

When the government began to challenge the relationship between farmers and workers, it introduced a series of measures designed to level the playing field. Basic conditions of employment were implemented, along with protections that prevented worker evictions when their housing was tied to employment. In 2003, it went further, introducing working conditions and minimum wages for the agricultural sector specifically.

The government also began to deregulate the sector, by scrapping the fruit export marketing boards, and exposing growers to increased competition at a time of

rapid change in the global market. As UK and European supermarkets began to dominate, they placed increasing pressure on South African farms to comply with international labour standards and tough quality measures. Suppliers had to cover the cost of implementing and monitoring these standards, which continued to rise as the supply chain became more sophisticated.

Analysis of the table grape industry of South Africa, at the time of our research, shows that 42 per cent of the final price was captured by the supermarkets, 32 per cent by distributors and only 18 per cent went to growers. At the same time, labour was estimated to represent 7 to 9 per cent of the final retail price. Profits were being squeezed and less successful farms were being bought up by larger operations.

Because of these commercial pressures precarious work dramatically increased as farmers began to reduce what they spent on labour. The use of seasonal workers helped to reduce wage costs and the associated costs of social insurance and housing. They also helped farmers cope with increasing commercial insecurity and competition as a seasonal workforce is more flexible and numbers can be varied, depending on the market and conditions on the ground.

With fruit there is a value chain that takes it from production to consumption. The retailer captures so much value precisely because its production base is so globally fragmented. So producers in South Africa could typically be competing with producers in countries such as New Zealand and Chile.

As such South African producers have limited bargaining power against these lead firms. And it is this combination of economic liberalisation, low wages and pre-existing tensions between farmers and workers that contributed to widespread contestation in the Western Cape region.

## Rising up: how tensions boiled over

The problems came to a head in the Hex River Valley district of De Doorns, Western Cape, in 2012. As the workforce began to switch in favour of seasonal workers, the area became a magnet for migrant labour seeking work. Competition between local Basotho workers and Zimbabwean immigrants caused conflict early in the year as pressure to provide housing led to protests and the blocking of main highways to get the government's attention.

It was in the township of Stofland where the tensions boiled over. The central traffic circle, where trucks arrived to pick up and drop off farm workers, was a perfect place for frustrations to be shared and developed, and for action to start. But it was the way these workers challenged their conditions by combining protests to attract local, national and international attention, that was most striking. In short, they wanted to send a signal to the supermarkets and get the attention of their employers and the government as they did so.

### **Workers – individual influence gets people moving**

Workers in the area had developed organisational capacity as a result of previous skirmishes over working and living conditions, and had the support of non-governmental organisations which had moved into the area following the ethnic tensions between migrants. This helped to build the collective belief needed to deal with any challenges. The growth of settlements for off-farm, or migrant workers, on the outskirts of Stofland had also galvanised the workers living on the farms and had contributed to a growing sense of frustration in the face of worsening labour conditions.

Labour brokers, which had risen to prominence in the years leading up to the strikes, still had access to large groups of workers and were able to wield significant power in the area. Some had even become councillors by the time of the protests and were actively involved in organizing them. Because much of the activity was happening on public land, away from the farms, the authorities were initially unclear whether the workers were targeting the government, producers, or both – which is exactly the tactic they were pursuing.

**The employers –****sending a message through the media**

There is a clear risk to a farm's reputation when poor labour practices are exposed. Two months before the crisis in Stofland, local strikes in De Doorns occurred as workers demanded better pay after new contracts had slashed their daily wages. This event gained traction in the press with the help of a local NGO and, as a result, their pay was reinstated to its previous level. This victory had a big impact on workers in Stofland because they began to question their own wages. The message also reverberated among frustrated workers elsewhere.

**The community, unions and NGOs – the collective gets organised**

The initial unrest in De Doorns quickly escalated across the Western Cape. The proximity of workers and farms, combined with the growing sense of discontent, spread quickly on chat forums. The community mobilised itself using whistles and loud hailers to attract attention, and knocked on doors to invite people out onto the streets.

As the strikes began to take hold on the first day, the strike committee – elected to speak on behalf of the workers – called on town councillors and NGOs for help. They also helped to bring in trade unions, which became the spearhead for negotiations, using the press to further shine a spotlight on the treatment of workers and bring in more support.

**National government –****taking their demands to the top**

With the support of community leaders, NGOs and trade unions, the Stofland workers and others in the Hex River Valley were able to scale up their protests to a national level and direct their demands for higher wages to the people responsible for setting them. They asked for an increase of more than 100 per cent to the agricultural minimum wage and called for an end to increasing casual labour on farms across the Western Cape.

**The global value chain – disrupting supermarket supply**

The workers were able to send a message all the way to the top of the supply chain by blocking the main roads linking the farms and packhouses to the ports. They did this at the height of the grape and fruit harvest because they knew it would have maximum impact. They had awareness of the logistical 'choke points' in the system and by blocking main routes they also disrupted other traffic in and out of Cape Town. All of this gained the attention of the media and the government.

**Research view**

As well as shining a spotlight on casual workers, our research specifically looked at different forms of labour agency and what it can achieve. In this case the workers might not have had a trade union voice in the early days, but they were able to adopt novel and interesting forms of community-based organisation. In so doing they were also able to challenge the commercial functioning of the value chain by blocking the journey of the product, something we haven't really seen before in global supply chains.

## Fair pay and conditions: what next for global supply chains?

The strikes did give the workers a pay rise, but ongoing tensions in the system between producers and supermarkets remain unresolved.

While the government acknowledged both sides of the protest, they only moved to increase pay by 52 per cent, which remained below the estimated living wage for the Western Cape. The pay increase also prompted numerous producers to reduce the size of their permanent workforce, and cut or remove certain benefits. Action by the workers on multiple levels had brought some gains, but it did little to influence the commercial realities driving the conditions for precarious employment, which continue to be a challenge.

In 2018, **a report by Oxfam** explored the issue of human suffering in supply chains. It found that producers continue to be squeezed by supermarkets and that workers in South Africa's fruit sector are still struggling to meet the cost of living. Casual work is still rife across the sector and a large percentage of people employed in the grape sector, specifically, are reporting high levels of food insecurity. The research found that wages on South Africa's fruit plantations are only 78 per cent of the estimated living wage.

Our research findings, and recent work like Oxfam's, demonstrate the need for a critical mass of actors to address the bigger picture. The key point is this: if we don't change the global commercial dynamics of how products are sourced by these big retailers, we are not going to have sustainable gains. We need to think more broadly about the bigger changes required to level the playing field and give producers the ability and space to pay higher wages. You can increase the wage, but if you don't systemically change the way products are sourced, you could actually exacerbate insecure working conditions by driving casualisation in the face of commercial pressures.

We need to understand the global value chain as a system. At the moment these supply chains greatly favour the profits and capture of lead firms. The question is whether that is socially or even environmentally sustainable. We need to bring together governments, the firms themselves, and multilateral organisations like the International Labour Organisation (ILO) to work out a fair way to split the value between all involved and, ultimately, provide a living and fair wage for workers. What is clear, is that systemic change is incredibly difficult and will require transnational collaboration between different actors in the value chain..

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## References

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