

# Suffer the wheat farmer

Global markets and poor infrastructure hit domestic production, writes **Surika van Schalkwyk**

**S**outh Africa faces a growing food crisis with declining domestic wheat production threatening to escalate food prices.

Critics say the drop is because of a combination of factors, primary among them is government's decision to open up the domestic market to global forces. But transport and infrastructure problems also make it costly for farmers to use the railways to export their product.

Wheat production fell from 2.5-million tons in 1997 to 1.8-million tons last year, according to statistics from the South African Grain Information Service.

In the early 1990s the government moved away from a policy of self-sufficiency in food production, says Nico Hawkins manager of industry services at Grain South Africa (GSA). The new policy of food security

means that "as long as we are able to buy food on international markets at prices cheaper than we can produce it ourselves, we would rather import those food items," Hawkins says.

GSA now calls for increased import tariffs. Hawkins says the free trade policy allows for tariffs to be used to protect farmers in times of low profitability.

"We [GSA] asked government to increase import tariffs in 2006, but they refused.

"Our local market was not protected and commercial farmers were discouraged from farming."

AgriSA executive director Hans van der Merwe says the question of a return to subsidies is not so simple. Developing countries simply can't afford to compete by matching the immense subsidies paid to farmers in the developed world. Such action would also keep food prices high.



**South Africa does not have the means to equal the subsidy expenditure on agriculture of industrialised nations.**

Photograph: SA Tourism

"For many decades this approach by governments of industrialised nations resulted in surpluses being produced, which were exported, in many cases below production cost, to other countries. This depressed global prices for agricultural produce, making it unprofitable and unviable, especially for developing countries to invest in the growth potential of their agricultural sectors.

"South Africa, with many poor African and other developing nations, does not have the fiscal means to equal the subsidy expenditure of industrialised nations.

"By taxing imports heavily food for the poor may become unaffordable. Most importantly: although subsidies are still applied by richer nations to support their agricultural sectors, it is fundamentally against the spirit and rules of the World Trade Organisation."

According to Van der Merwe, AgriSA argues that it is economically and socially defensible to pitch import tariffs on agricultural products at a level that will neutralise the effect on local prices of distortive global subsidies.

"It is true that government failed to adequately protect the wheat

industry for a number of years. Low prices led to underinvestment and structural adjustments away from wheat production and, subsequently, a higher dependency on imports. It also holds true that the global boom in agriculture commodity prices will provide an incentive for increased production," he says.

According to Jannie de Villiers, executive director of the National Chamber of Milling, the decay in South Africa's infrastructure also contributes to rising food prices. "In 1985 85% of grain produced in South Africa was transported via railway. Today only 50% of grain is transported by trains. This is despite the fact that road transport is 30% more expensive."

De Villiers says the country is losing out on major export opportunities because of poor infrastructure. "We have an approximate two-million ton surplus in the maize harvest this year, but due to Transnet Freight Rail's low capacity to transport surplus maize to the port the country is losing a lot of money. Transnet Freight Rail is able to transport only 30 000 tons a week, which means it would take two weeks to fill up a normal size freighter."

Another factor influencing decreased production is in the area of research. Ferdi Meyer, senior lecturer in the department of agricultural economics at the University of Pretoria, says: "Research and development in agriculture has basically collapsed under a restricted budget and poor management in the past few years and only very little research is still conducted without significant support from private institutions."

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The waters of the Luangwa and Zambezi rivers provide food for more than 300 000 people. The African Wildlife Foundation was awarded the 2007 Drivers of Change Award in the civil society category for their positive engagement with local government and the communities dependent on these rivers. Through their work, they are ensuring the continuation of this great resource for generations to come.

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