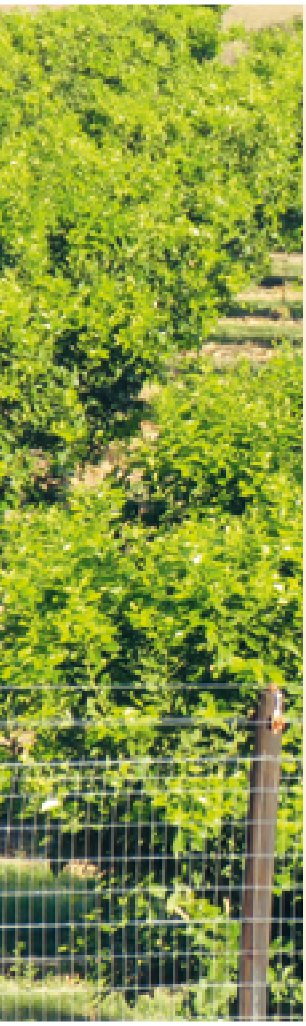
ROSA LUXEMBURG STIFTUNG

Bitter Oranges

THE EXPORT OF CITRUS FRUITS FROM SOUTH AFRICA TO GERMANY

Content



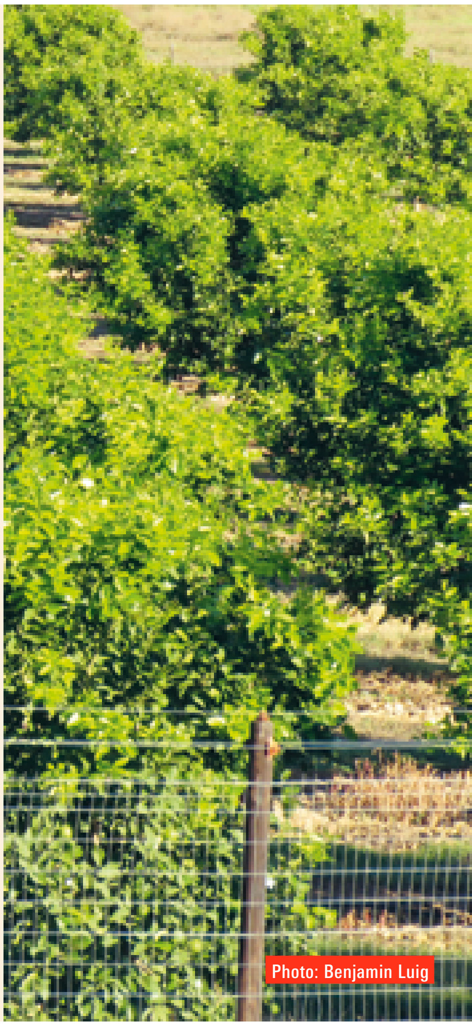


Photo: Benjamin Luig

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Summary of key points

Germany is an important target market for citrus fruit producers in South Africa. The European Union (EU) is by far the largest **importer** of citrus fruits from the country at the Cape, and Germany in turn is a major importer within the EU. A significant proportion of the oranges, lemons and mandarins that German retailers offer their customers come from South Africa, especially in the summer and autumn months. After Spain, South Africa is the most important exporter to the German market with 80,400 tonnes per year.

Market power within the supply chain is extremely unevenly distributed. This is expressed in the **trading practices** of the supermarket corporations. They order the citrus at short notice, often do not sign a written contract, renegotiate the price week by week and only pay after receiving the goods. The risk borne by the German import companies is in turn passed on to the producers. Import companies often receive the fruit on commission instead of purchasing it.

Even though prices for citrus fruits in South Africa have risen significantly in recent years, **price margins** continue to be distributed very unevenly along the supply chain. An ideal-type of calculation of price margins shows that, of the just under two euros that a kilogram of oranges costs in the supermarket in Germany, an estimated 60 cents remain at the retail level. At 45 cents, the South African producer's gross margin is less than a quarter of the final price. Shares of roughly the same amount remain with the transport and logistics sector (44 cents) and the German importer (44 cents). The share of the retail price for a kilogram of oranges received by the farm workers with a permanent contract is the equivalent of six cents.

In terms of both quality assurance and **minimum social standards**, private standards have increasingly prevailed in the cultivation of citrus in South Africa over the past fifteen years. The code of conduct of the Sustainability Initiative of South Africa (SIZA) plays a central role in this. It was developed by the producers in South Africa themselves and is recognised by the supermarket groups at the end of the supply chain. Within the framework of the present study, five citrus farms in the Gamtoos Valley were examined in more detail, all of which are certified by SIZA. These farms produce for packing houses, which in turn supply the German retailers Edeka, Netto, Rewe, Lidl, and the wholesale group Selgros. On the farms surveyed, there were five areas where, according to workers, applicable labour laws were violated. The conditions on the farms Nuwelande, Mimosa and Hillside are particularly problematic.

- → **Employment contracts and wages:** Basic labour rights are violated on three of the five farms: The employees do not have an employment contract, during the harvest season the statutory minimum wage is replaced by a piecework wage, freedom of movement is restricted and the privacy of the workers is violated.

- → **Trade union organisation:** On three of the five farms, workers report being intimidated or actively fighting trade union organisation. On one of the farms, the trade union's shop steward was dismissed in December 2020.

- → **Drinking water:** On all five farms surveyed, the workers who live on the farms do not have access to clean drinking water. This problem is exacerbated by the current drought in the Eastern Cape.

- → **Health protection:** Highly hazardous pesticides are used on all five farms. On four of them, the necessary safety standards are not met. Several cases of acute poisoning were documented on one of the farms.

- → **Accommodations and toilets:** On three of the five farms, accommodations are in poor condition and there are not enough toilets available.

The citrus producers in South Africa advertise that they are promoting a **transformation of agriculture** through their own projects, from which black South Africans are to benefit. On two of the five farms surveyed, Farm Worker Equity Schemes (FWES) have been set up. However, participation in this programme does not give workers any voting rights or information rights about the management of the companies. On one of the two farms, the annual dividend was less than half of a month's wages. Citrus fruit production is actually considered a sector with high additional employment potential. However, the pressure to rationalise on the farms and in the packing houses is undermining a significant part of this potential.

The South African government should act: The number of inspections by the labour department must be significantly increased. In particular, existing labour law must be enforced in the five areas described above. To ensure that private sustainability standards are not disconnected from the right to organise and bargain collectively, framework legislation for private standards such as SIZA is needed. In addition, the South African government should develop binding minimum standards for Farm Worker Equity Schemes.

The German government should act: Based on its national supply chain law, it should force German supermarket corporations to ensure that fundamental labour rights in their supply chains are protected. With a view at their second-tier citrus suppliers in South Africa, this particularly concerns occupational health and safety, access to clean drinking water and the right to trade union organisation. The German government should also advocate at the international level for the human rights due diligence regulation of global supply chains. Finally, it should improve the new Agro-Organisations and Supply Chain Law. The list of banned Unfair Trading Practices in this law should be extended, particularly written supply contracts fixing the prices in advance of the transactions between retailers and suppliers should be prescribed.

1 Approach and methodology

This study analyses the supply chain of citrus fruits between the production region in the Eastern Cape Province in South Africa and the food retail sector in Germany. The supply chain approach looks at the entire production and marketing system, including the social relations between producers and employees. It addresses two key questions from a political economy perspective:

First, this study addresses the link between the global supply chain and local citrus production. Often, policy makers equate growing production for export with rural development, and it is assumed that an increasing number of jobs and growing prosperity will follow suit. The citrus sector in South Africa is a case in point. The South African government hopes that the citrus industry will create new jobs and is willing to support this sector with investments in infrastructure and development programmes. But what are the prospects for the workers on the farms themselves? How many jobs are being created and under what conditions? What challenges are created by the buying power of the German supermarket corporations?

Second, it is about how supermarket corporations use their position of power within the global supply chain to regulate it and secure the largest price margin on the final product. "Regulating" here means the ability to define the rules of the game for other players within the supply chain.[1] In recent years, the issue of human rights due diligence by corporations in global supply chains has gained importance. At the United Nations level, states have been negotiating an international agreement on business and human rights (UN Treaty) since 2014. In Germany, the government has tabled a binding legislation at national level (Supply Chain Law). Such form of regulation by the state could fill a large vacuum. However, due diligence on the part of the lead companies, whose pricing policies and trade practices create the cost pressure in the first place, causing producers to push down labour costs, is not enough.

There is a great deal of scientific research on the issue of global supply chains of fresh fruit and vegetables. Central, for example, are the publications by Dolan and Humphrey (2000) and Barrientos and Visser (2012), which describe in detail how the market power of supermarket corporations affects the supply chain. This study draws on this academic literature, but unlike most publications on the topic, it specifically names the companies along the supply chain and discusses the working conditions on the individual farms in detail.

This study is published by the non-governmental organisation Khanyisa and the Rosa-Luxemburg-Stiftung (RLS). Khanyisa supports the Sundays River Valley Farm Workers Forum (SRVFWF) and the Kouga Farm Workers Reunion (KFWR), which are organised on citrus farms visited as part of the study. The Rosa-Luxemburg-Stiftung collaborates with agricultural unions and farm workers' organisations in different regions of the world.

The study analyses the working conditions on five farms that exemplify the situation in the South African citrus sector.

Instead of examining a broad sample of farms and presenting them anonymously, we take a detailed look at the specific working conditions on five farms that exemplify the situation in the citrus sector in South Africa. In addition to the relevant literature, the study is based on interviews. We interviewed a total of eight groups both permanent and seasonal workers on the five farms surveyed across two phases, one in March and April 2019 and the other in August 2019. Secondly, in the first half of 2020, we conducted eleven individual interviews with stakeholders along the supply chain (see the list of interviews conducted in the Appendix). We reconstructed the supply chain links using the existing system of producer codes. The research on the farms took place in a conflictual environment. Therefore, we initially only spoke with workers and not with the farm management. Where possible, we verified central statements (for example quantitative estimates) in further interviews with other workers. Only then did we contact the producers and ask them to comment. Only two of the five producers responded to our request, and only one of them would reply in detail to the points and questions raised. All interview partners, especially the interviewed workers, are named anonymously. Farm workers in South Africa have experienced time and again the massive pressure or even dismissal by their employers after making public statements.

The study is divided into four sections: First, the structure of the supply chain from the farms and packhouses in South Africa to the food retail sector in Germany is presented. It then analyses how the buying power of the German retail sector affects trade practices, standards and price margins along the chain (Chapter 2). This is followed by a description of the key developments in the South African citrus sector since the end of apartheid in the areas of marketing, control

1 In global supply chain studies, the term "governance" is usually used. We prefer the term "regulation". This study also deliberately refers to "supply chain" because the term "value chain" suggests additional value creation through activities such as design and branding, without physically changing the product.

over land and labour relations. In addition, the forms of organising workers on the ground are discussed, as well as the producers' attempt to retain the control over the definition of social sustainability through the SIZA standard (Chapter 3). Farms that produce for packhouses supplying the German market are then examined in detail (Chapter 4). Finally, the results of the study are summarised and policy recommendations are formulated (Chapter 5).

Many women are only employed at the farms during harvest season.

Photo: IMAGO/Nature Picture Library

2 The supply chain from South Africa to Germany

Together with bananas, citrus is the most important fruit variety traded globally. Between 1980 and 2016, the volume of citrus traded internationally more than doubled from 61 million tonnes to 146.5 million tonnes (Binard 2019: 5). Even though the trade in lemons, grapefruit and mandarins is increasing, the trade in oranges continues to dominate. Oranges are traded internationally in two forms: Most are processed into orange juice concentrate and then exported. The market is dominated by Brazil. The higher quality oranges, on the other hand, are traded directly as fruit. Here, South Africa is the world's second-largest producer after Spain. In addition, the country at the Cape is the largest exporter of grapefruit and the fourth largest exporter of lemons and mandarins (Binard 2019: 10). After Spain and ahead of Turkey, Egypt and China, South Africa is thus the world's second-largest citrus fruit exporter overall (see Figure 1). South Africa is also central to the German market: Spain is by far the largest supplier of citrus fruits to Germany, but South Africa is already in second place with just under 80,400 tonnes, followed by Italy and Greece (as of 2020).

Fruit trading in the 21st century has little in common with the auctions of 100 years ago. It consists of complex, well-coordinated logistics supply chains. Citrus fruits are supported to be available to consumers throughout the year in unlimited quantities, high quality and visually perfect condition. At the same time, the fruits are highly perishable and require specific conditions to ripen: In order to develop their strong yellow or orange colour, they not only need a lot of sun, but also cold nights and large amounts of water. In order to be able to deliver throughout the year, importers therefore change regions and varieties depending on where the fruit is at its optimum ripeness. Unlike bananas, for example, the citrus fruit does not ripen post-harvest.

After Spain and before Turkey, Egypt and China, South Africa is the second largest exporter of citrus fresh fruit globally.

The global trade in citrus is therefore strongly characterised by seasonal dynamics. In Germany, the fruit primarily comes from Spain for most of the year, whereas South Africa is the most important supplier during the summer and autumn months.

Citrus production in South Africa

The production of citrus in South Africa is growing steadily. The Citrus Growers Association (CGA) has set a target of six percent annual growth. In 2017, there were about 1,200 growers in the country, producing more than 122 million 15-kilogram cartons.[2] Cultivated land amounted to just under 73,000 hectares, including an area of about 18,000 hectares where the plants were not yet bearing fruit (Genis 2018: 11). In 2019, cultivated land was already at 88,500 hectares (CGA 2020a: 4). 62 per cent of citrus produced in South Africa are Valencia and Navel oranges, while lemons, limes, grapefruit and mandarins are produced in smaller quantities (DAFF 2018: 5).

The north-eastern provinces of South Africa in Mpumalanga, Limpopo and KwaZulu-Natal have a comparatively warmer climate, which is where Valencia oranges and grapefruit are primarily grown. Navel oranges, lemons and mandarins are the main crops grown in the regions of the Western Cape and Eastern Cape, where winters are cooler. In general, citrus production is labour-intensive: the trees are planted and need to be watered continuously and pruned regularly. Pesticides are applied and harvesting is still done manually.

The packhouses are located in the immediate vicinity of the farms. Here, the fruits are often gassed with ethylene so that the ripe but outwardly green fruits take on the desired colour. They are then washed, sorted and labelled. The fruit is then packed into cartons and pre-cooled. Packhouses are only used at full capacity for part of the year, but at the same time involve high investments. That is why in some cases they are run by cooperatives, especially in the Western and Eastern Cape, where the farms are smaller than in the north-eastern part of the country. The Sundays River Citrus Company (SRCC) cooperative, the largest producer of citrus in South Africa, or the Patensie citrus cooperative in the Gamtoos Valley are examples. In addition, there are family businesses that own larger farms and run their own packing houses. Some transnational fruit-trading companies have also started to operate in South Africa in recent years. Corporations such as the US company Dole, the Argentinian company San Miguel, the Chilean company Unifrutti or the German-

2 15-kilogram cartons are standard packaging in the citrus wholesale trade. This volume is implied when referring to cartons in the text below.

Spanish company San Lucar have not only invested in large packhouses in South Africa, but have also bought up farms in order to control the production of some of their own exports.

Citrus production in South Africa is predominantly export-oriented. Of the total citrus harvest, two-thirds to three-quarters is exported directly. Although the amount of processed products is increasing, the direct export of fresh fruit has also increased significantly in recent years (see Figure 2). The export of the fruit is either organised by the producers themselves—referred to as grower-exporters in South Africa—or specialised export companies take over the marketing of the fruit from the packhouse. The Grown4you company in the Eastern Cape, an association of some of the largest producers in the region, is a good example of a grower-exporter. It is difficult to determine the market shares of exporters. What is clear is that Capespan, the successor to the state monopoly exporter Outspan, is one of the biggest players. The companies Core Fruits and Zest are also among the important exporters, according to a German trader (Individual interview 8).[3]

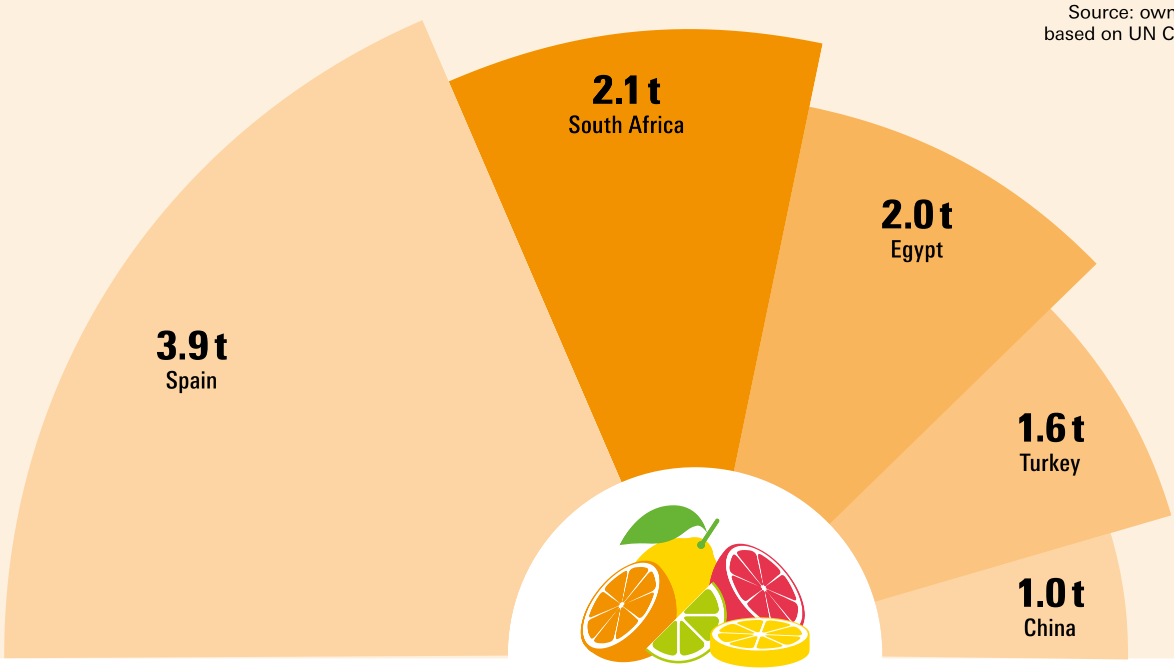
In the packhouse, the cartons of packed fruit are loaded onto pallets and into so-called reefer containers. These containers have their own refrigeration units and thus keep the temperature constant. The refrigeration chain is not interrupted until the goods arrive at the supermarket.

Exporters contract service companies to collect the containers from the packhouses and transport them by truck to one of the four loading ports in South Africa: Durban, Cape Town, Mandela Bay and Ngqura, the latter being in close proximity to Mandela Bay.[4] At the port, the goods are inspected (Individual Interview 4). The container terminals in South Africa's ports are operated by the state-owned company Transnet.

As we will show further below, supermarket corporations demand maximum flexibility from their suppliers. Many of the South African export organisations and the German importers try to deal with this by keeping their own structures as lean as possible. For this reason, a large part of the logistics in the supply chain is carried out by external service providers (Individual Interview 3), be it lorry transport to the port, packing of the products or overseas transport.

3 See the list in the Appendix for information on the interviewees.
4 Mandela Bay corresponds to Port Elizabeth.

Figure 1: The largest exporters of fresh citrus fruits worldwide (2019)



Source: own presentation, based on UN Comtrade 2020

Trade in Germany

Citrus fruits are transported from South Africa to Germany on three different routes: Firstly, the import of citrus from South Africa goes via the port of Rotterdam in the Netherlands. This concerns by far the largest quantity of German imports. Secondly, a smaller part of the fruit is delivered directly to the port of Hamburg from South Africa. A third route runs via Spain. Spanish exporters supply the German market with citrus from Spain itself for the longest part of the year. In the summer and autumn months, however, they sometimes also deliver South African fruit to Germany, which they receive in Spain from their suppliers (Individual interview 6). Figure 3 provides an overview of the routes. In the ports, the citrus is unloaded and then repacked into nets by external packing companies. Some import companies operate their own fleet of vehicles for intra-European transport. From the port, the fruit goes directly to the markets or to the retailers' distribution centres.

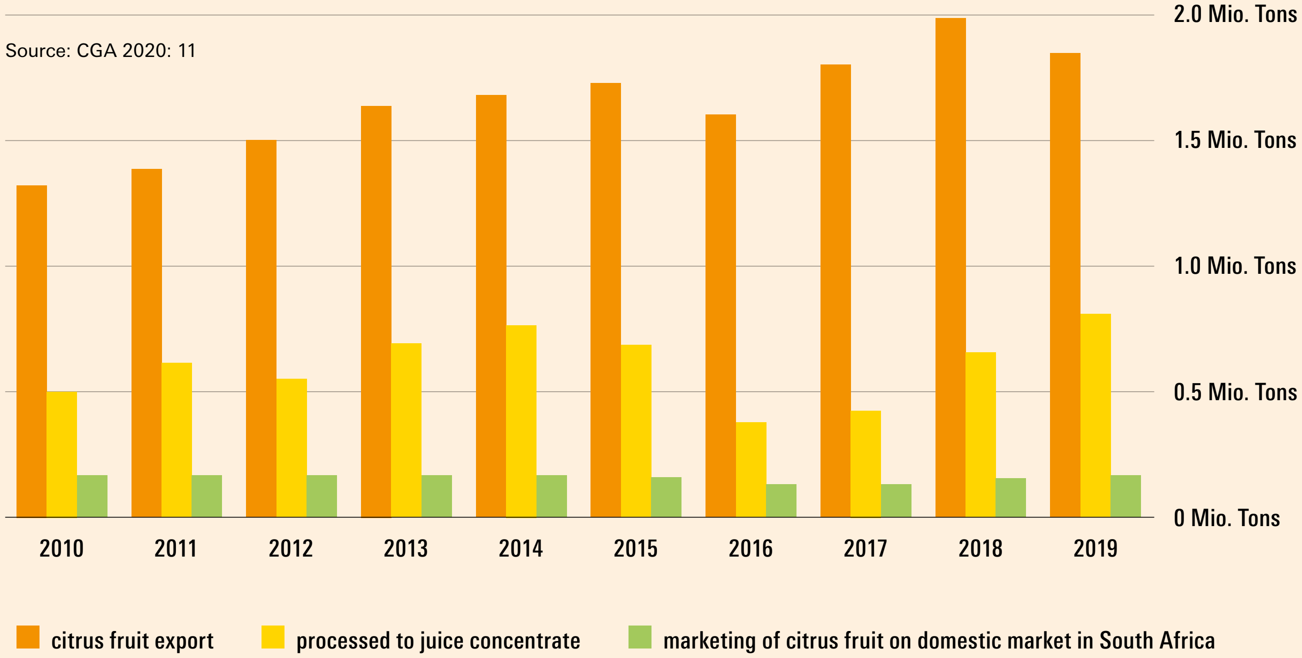
Supermarket corporations dominate the citrus trade in Germany.[5] With the Edeka Group (Edeka and Netto), the Rewe Group (Rewe, Penny, Nahkauf), the Schwarz Group (Lidl and Kaufland) and Aldi (Aldi Nord and Aldi Süd), four groups control 85 percent of the food retail trade in Germany. In the fruit trade, the supermarket groups have largely displaced the specialised fruit shops and direct sales from wholesalers. The volumes via weekly markets also play a comparatively minor role. The four supermarket groups mentioned are the *gatekeepers* to the huge market of over 80 million German consumers. In the following sections, the focus is therefore on the role of the supermarket groups.

In contrast to domestic supply chains for fruit and vegetables produced in Germany, there is a lack of data on the supply chains for imported fruits and vegetables (Stolper 2015: 67). Among German importers, a few large companies have emerged over time that are able to meet the demands of supermarkets. The relationships between the supermarkets and these large importers are usually long-term. Typically, there are three to five supplier companies per supermarket corporation (Individual interview 7).

In general, three types of trading companies can be distinguished in the import of citrus fruits from South Africa: Firstly, traditional associations of former small traders and

5 We use the term "supermarket" as a collective term for supermarkets, discounters and hyperstores.

Figure 2: The importance of the different marketing channels for citrus in South Africa (2010–2019)



producer organisations play a major role in the fruit trade in Germany. Among the traditional fruit traders, those who have joined together to form so called *Fruchtringe* have survived. One example of such a company is Cobana, an association of once almost 50 fruit traders and now five wholesalers who act as shareholders. Another example is Landgard, a registered cooperative with over 3,000 producer companies as members and an annual turnover of about two billion euros.

Secondly, a large part of the import business goes through specialised fruit trading companies, such as the Belgian trading group Greenyard Fresh, which offers more than 200 products from over 100 countries, or the South African company Capespan. Smaller companies seem to be successful when they are highly specialised, like Global Fruit Point from Buxtehude: it was founded in 2006 and specialises in the direct import of fruit from countries like South Africa, Chile or Argentina.

The third major group of players in the import of citrus from South Africa are the procurement companies of the supermarket groups themselves. So called *Fruchtkontore* have been part of the Edeka group of companies since the 1950s. Edeka operates a total of five procurement accounts and three other logistics platforms. Citrus imports are organised through Fruchtkontor Unger in Hamburg, which supplies the total of 11,200 Edeka and Netto stores (Wirtschaftsnews 2020). Rewe's Eurogroup is developing in a similar direction. It was initially founded as a procurement cooperation with the Swiss Coop company to organise and control the direct import of fruit and vegetables from Spain and Italy. In 2016, Rewe took over Eurogroup completely.

In addition to these in-house procurement companies, one importer estimates that Edeka and Rewe buy about 70 per cent of their fruits and vegetables from external suppliers in order to be able to offer a wide variety (Individual interview 8). For example, Edeka buys from importers such as San Lucar or Landgard. Rewe purchases citrus from importers such as Greenyard Fresh or Llombard. Even though Edeka and Rewe like to emphasise their cooperative structure, both groups have caught up with what Aldi and Lidl have done before: centralised global sourcing throughout Germany, which implies a huge bargaining power. Aldi is in the process of centralising purchasing even further, so that in future Aldi Süd, Aldi Nord and Aldi Global will be supplied from a single source (Individual interview 3). For food retailers, the purchasing category fresh fruit plays a central role to ensure customer loyalty. On the one hand, fruit is a product for daily consumption for which consumers remember the prices. On the other hand, retail sales of "healthy food" are growing rapidly, which increases the demand for citrus fruits containing vitamin C (Leahy 2020: 33).

Market power

Market power along supply chains is always expressed in three ways: Firstly, in the conditions for trading. Secondly in the questions of who determines the standards of production. Thirdly in the price margins distributed along the supply chain. These three ways are discussed for the citrus supply chain from South Africa to Germany in the following section.

(1) Trading practices

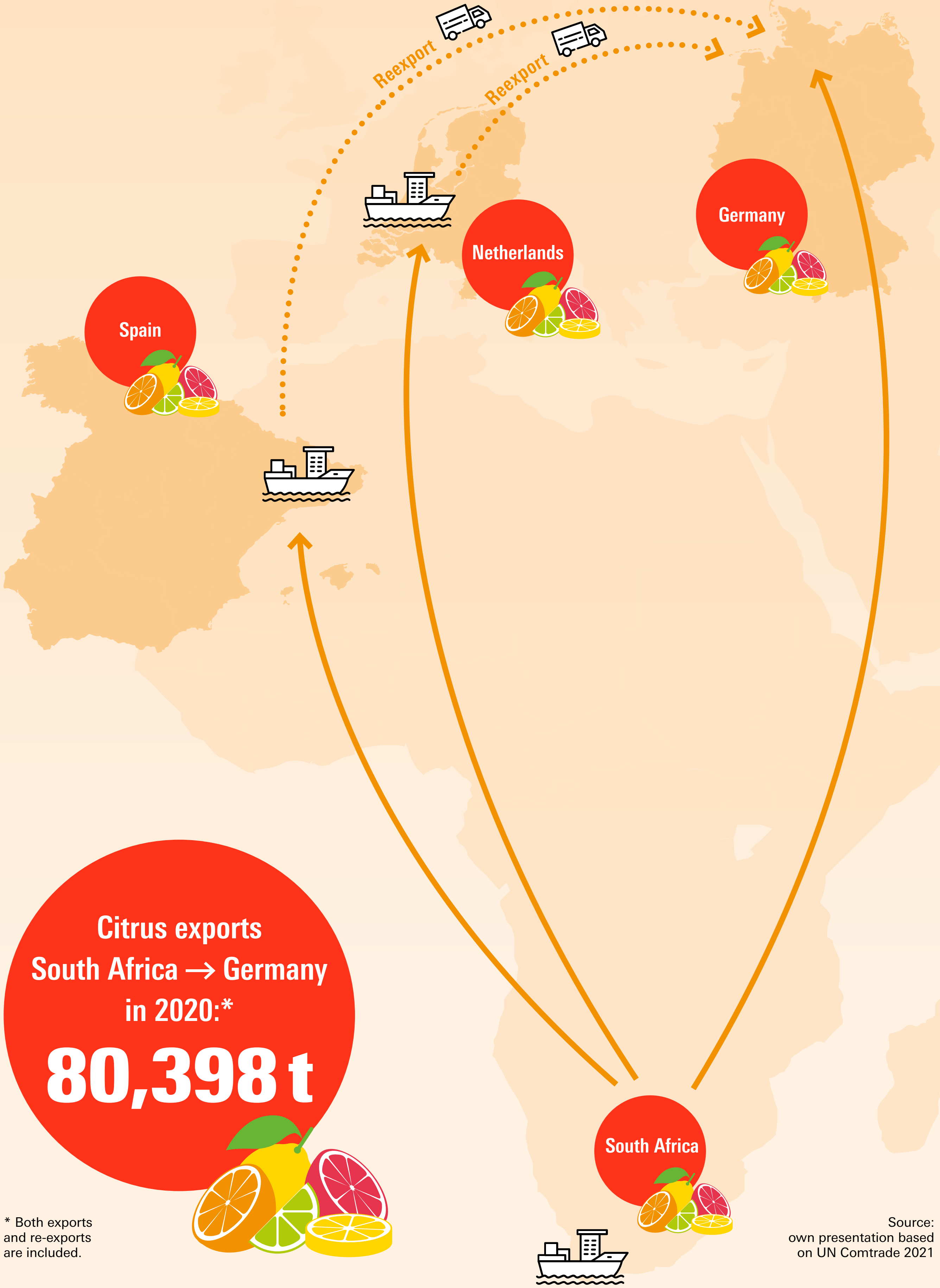
It is important for the supermarket corporations to be able to offer consistently fresh products at the lowest possible cost. To do this, they need long-term, stable supply relationships in place. At the same time, they are dependent on short-term delivery of perishable citrus fruits and try to keep their own warehousing costs as low as possible.

Supermarket groups therefore do not enter into long-term contracts with their suppliers, but put their requirements out to tender. For example they could call for several hundred containers of a certain variety of oranges in a delivery period of two to six weeks. According to one importer, supermarket groups often communicate such demands only two months before the delivery. The transport itself takes four to six weeks, which requires importers to act quickly (Individual interview 6).

If an importer wins the contract, the supermarket group and the importer agree on the quantity to be delivered and the delivery period, but not on the price (Individual interviews 2 and 7). Often prices are renegotiated week by week (Individual interview 8). This is a big difference to trading practices in other countries. In the UK, for example, importers know their prices before the goods are shipped (Individual interview 2). This short notice that the supermarket group demands from the importer nevertheless goes hand in hand with a long-term business relationship. Even though the supermarket groups re-tender their needs each time, there are in fact *back-to-back deals.* This means long-term business relationships between the importer and the supermarket group with the conditions adapted to the interests of the supermarket group each time, as described by a South African exporter (Individual interview 3).

Following the supermarket group's order, the traders enter into negotiations with the logistics companies and the producers in South Africa. In order to ensure fresh products and minimise their costs, the importers also try to work with lean structures and stock as small quantities of citrus fruits as possible. The importers pass on the uncertainty about quantities and prices to the producers

Figure 3: Citrus exports from South Africa to Germany (2019)



* Both exports and re-exports are included.

Source: own presentation based on UN Comtrade 2021 in South Africa (Individual interview 2). Supply contracts with a term of one year are common between importers and producers, in which, however, neither the prices nor the delivery quantities are fixed. Often, German importers receive the delivered goods on commission (Individual interview 7), which means that they initially receive the goods free of charge and only settle their invoices once they have been paid by the supermarket chains. This also shows how tough the conditions on the German market are for South African producers (Individual interviews 2 and 7). On the South American sales market, for example, they sell at fixed prices that they know in advance (Individual interview 7). This is particularly important for producers because they have to plan for the long term and cannot keep the perishable citrus fruits in stock for long.

German retail corporations order the goods at short notice, do not conclude written contracts and can renegotiate the price week by week.

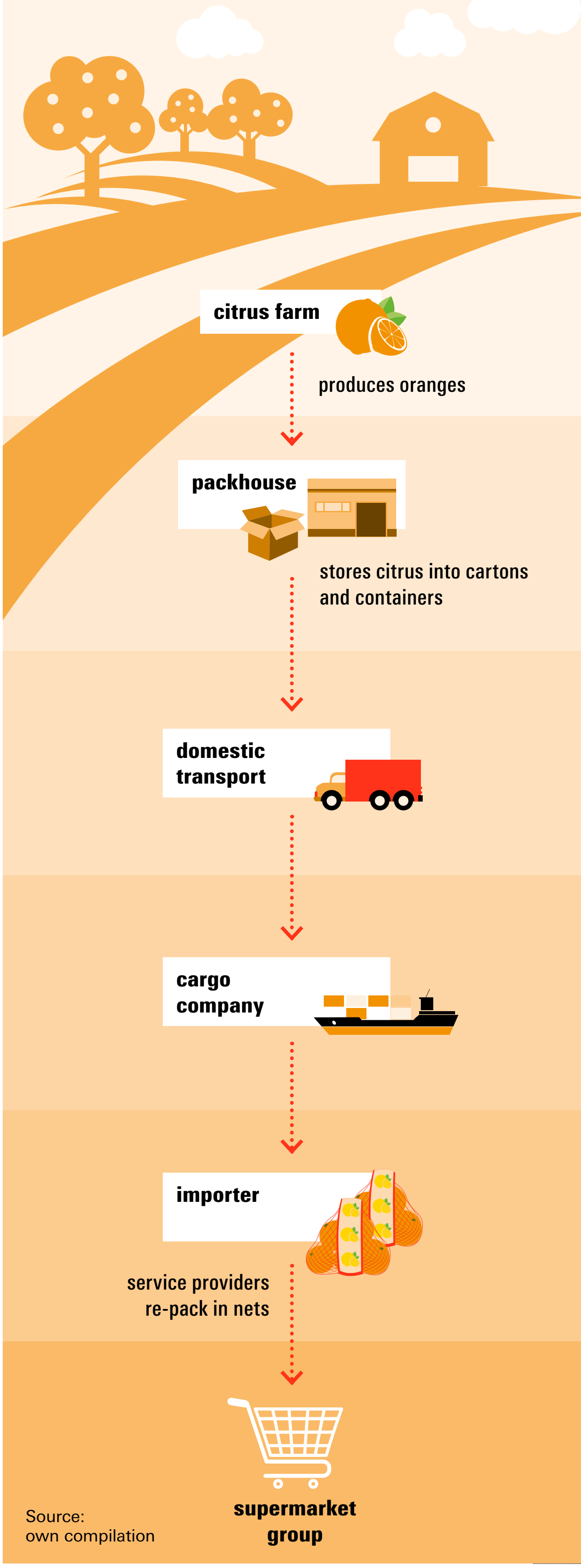
Nevertheless, trade relations between South African producers and German importers are generally long-term. From the German importers' point of view, the challenge lies in the seasonal fluctuations and the difficult-to-predict weather conditions. Individual orange varieties ripen at different times in different regions; between June and July, the Navel oranges in the south of the country, and in the months after that, the Valencia varieties in the north-east. Occasionally, a producer may not be able to deliver at short notice due to a low harvest. In this case, the importer is under pressure to provide the supermarket corporation with the agreed quantity from another source (Individual interview 9).

At the same time, South African exporters also describe relations with German importers as trusting. "We would never talk directly to Lidl or Aldi ourselves. When supermarket groups make tough decisions, it is the importers who discuss this with the producers to find common solutions." (Individual interview 2)

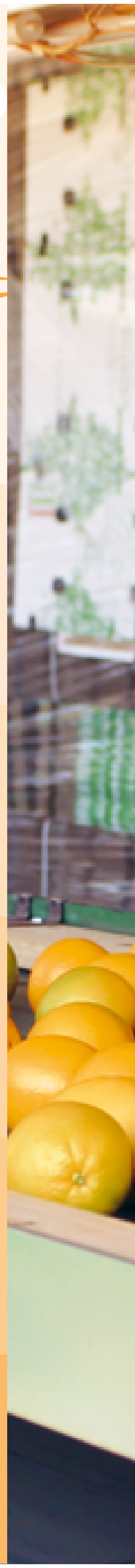
It turns out that the trading practices of the supermarket groups in the citrus supply chain are problematic. Retailers order the goods at short notice, do not conclude a written contract, can renegotiate the price week by week and only pay after receiving the goods. The risk borne by the importing companies is in turn passed on to the producers when they buy the fruit on commission.

So far, such problematic trade practices have been commonplace. This could change in the future. In 2019, the directive on Unfair Trading Practices (UTP) in the food supply chain came into force in the EU. In May 2021, the Bundestag passed the Agricultural Organisations and

Figure 4: The orange supply chain from South Africa to Germany



Source: own compilation



Short-term delivery is an important component of the citrus supply chain.
Photo: RosetteJordaan/iStockphoto

Supply Chains Act. The law contains a prohibition list of Unfair Trading Practices, such as unilaterally changing delivery terms, cancelling orders for perishable food at short notice or repeatedly charging listing fees. It does not yet prescribe written supply contracts or to fix the prices in advance of the transaction.

(2) Private standards

The trading practices of supermarket corporations lead to a high degree of flexibility and the externalisation of risks. At the same time, the supermarkets attach great importance to high quality and therefore demand full traceability of the goods along the supply chain. Importers and supermarket groups can trace the origin of each orange back to the packing house and the farm via producer codes and through the electronic exchange of shipping documents. In addition, importers can often digitally check where the goods are at the moment and how they are cooled (Individual interviews 8 and 9). Traceability goes hand in hand with quality controls at every stage of the supply chain. One importer talks about being able to change suppliers at short notice in case of poor quality control results (Individual interview 6). The supermarket groups also have the goods tested by external laboratories (Individual interview 8).

The regulatory power of supermarket corporations along the supply chain is expressed in particular in product standards. Since 2003/04, the GlobalGAP standard has prevailed in fruit production in South Africa (Barrientos/Visser 2012: 14). GlobalGAP was developed jointly by the Western European supermarket groups. In the fruit and vegetable sector, it is the dominant quality standard worldwide. GlobalGAP is a business-to-business standard, i.e. it is not aimed at consumers, but specifies the requirements between actors in the supply chain. The “GAP” in GlobalGAP stands for “Good Agricultural Practice”. Certification with this standard is strictly voluntary, however, in practice, none of the South African citrus farms supply the European market without a valid GlobalGAP certification. The certification body, which is a private company, is paid by the farm to be audited, not by the GlobalGAP secretariat or the supermarket groups that demand this certification. In addition, inspections (so-called audits) are carried out on the farms at regular intervals, including by third parties. These are also paid for by the farms (Buntzel/Marí 2016: 179). The standard on fruit and vegetables, for example, includes over 200 control points, some of which must be implemented and others of which are recommendations. The inspection criteria cover areas such as occupational health, waste management, soil management, seed use or traceability. At this point we do not want to discuss in more detail about the implication of these control points, which are quite reasonable in large parts, but rather the question of who defines these standards in the supply chain. For what constitutes good agricultural practice in fruit production in South Africa is not decided in this case by the producers or the South African state, but by the supermarket group. GlobalGAP is by far the most important product standard for South African fruit producers, but it is not the only one. Barrientos and Visser, for example, report of a farm that fulfilled 32 different standards in one year (Barrientos/Visser 2012: 18).

Forms of private regulation replace state regulation, but they can also go hand in hand with it.

Beyond codified standards, supermarket groups impose further specifications at will. German retail companies individually dictate to producers which pesticides may be used, the maximum number of active ingredients that may be used, and the *maximum residue level* of pesticides allowed in the product. It is not uncommon for the maximum residue levels to be 70 per cent lower than those permitted in the EU. If the requirements are not met, the goods are withdrawn from the range. Several importers state that the German market is the strictest in the world in this respect (Individual interviews 2, 5 and 7). Reducing the use of pesticides is definitely to be welcomed in terms of protecting the health of the workers on the farms. At the same time, the additional requirements are an expression of the market power of the supermarket groups, which are geared exclusively to the interest of protecting consumers in Germany. They do not address the problem of the lack of safe use of pesticides on farms.

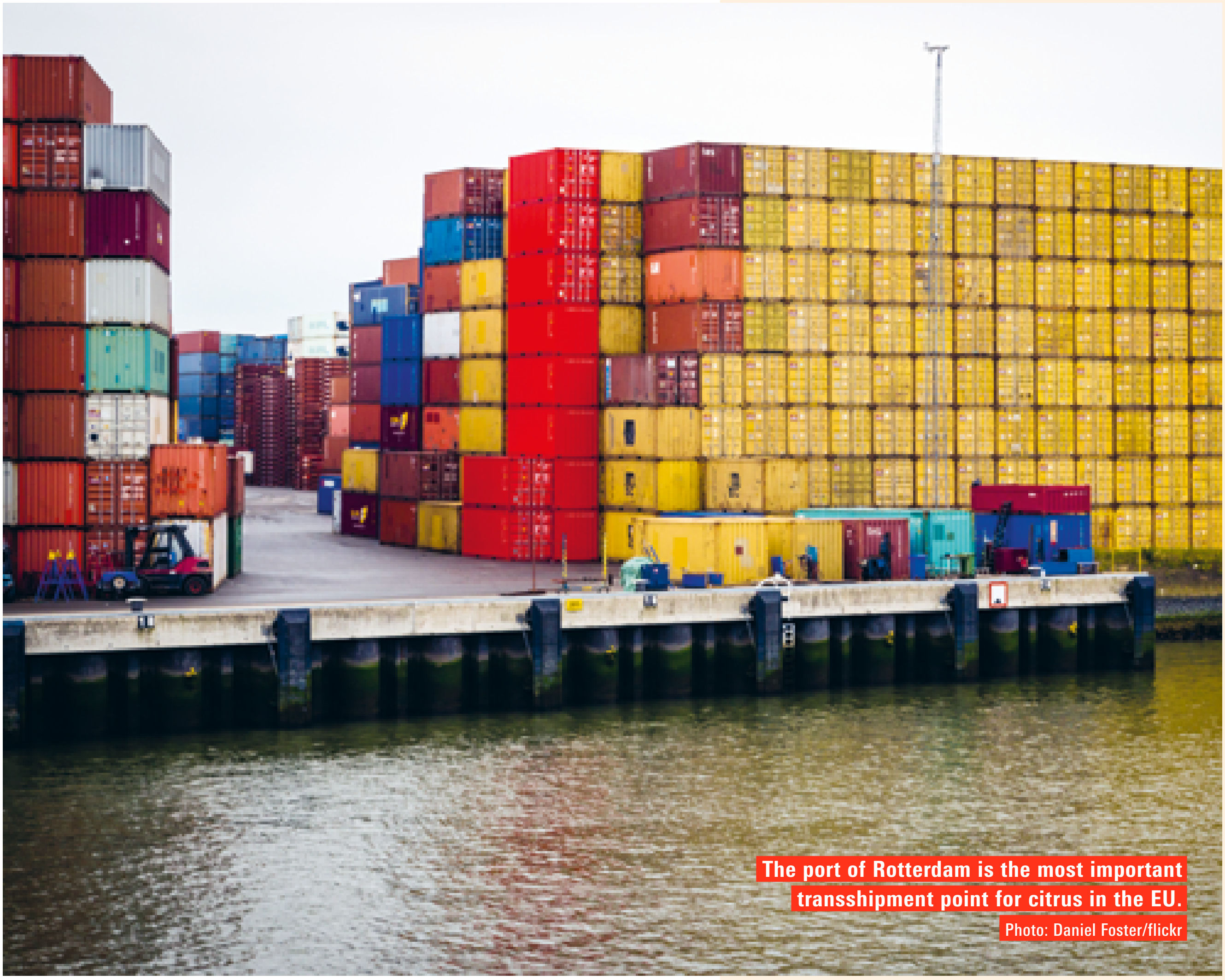
On the one hand, forms of private regulation replace state regulation; on the other hand, they go hand in hand with it (Buntzel/Marí 2016: 130 ff.) This can be seen, for example, in the issue of *black spot disease.* The fungus attacks the peel of oranges and causes small black spots there without affecting the fruit itself. It has appeared sporadically in recent years on citrus fruit imported from South Africa. The association of Spanish citrus producers argues that the black spot disease could spread to its own crop and the EU has temporarily enforced import bans from South Africa. In the 2012/13 season, it completely stopped the import of citrus fruits from South Africa (Dlikili/Van Rooyen 2018: 11). The black spots on the peel are demonstrably not dangerous for consumers. South African producers accuse the EU of unjustified protectionism in the interest of Spanish producers (Individual interview 8). In 2014, South Africa was on the verge of taking the EU’s import ban to the World Trade Organisation (WTO) (Lebensmittelzeitung 2014). In September 2020, the South African Citrus Growers Association (CGA) itself decided to stop exports to the EU from certain regions of the country, apparently to pre-empt an import ban by the EU (Fresh Fruit Portal 2020).

In the 20th century, product standards were mostly defined by states. If, in exceptional cases, they were defined by the industry, they served to ensure a general minimum standard of goods. A closer look at the role of private standards in the citrus sector shows that private standards are increasingly becoming an instrument of product differentiation. In other words, they are becoming an instrument of competition between supermarket groups. The demand for certification systems and audits by third parties is part of their strategy to pass on the costs of quality control to their suppliers (Gibbon/Ponte 2005: 189). Private standards are thus a cost-effective way for supermarket corporations to exert control over producers from a distance.

(3) Price margins

The German retail sector is considered to be price-aggressive with regard to fruit and vegetables. For many citrus producers, it has become more attractive to export to China, where more is paid in the high-price segment (Deutsche Verkehrs-Zeitung 2016 and Barrientos et al. 2016). One importer sees the dilemma that retail in Germany demands the most when it comes to hygiene standards, but pays the least (Individual interview 11). Nevertheless, it is clear that Western Europe, and Germany in particular, is a key market simply because of its high per capita consumption. Spain is able to dominate the German market mainly because its logistics and transport costs are much lower compared to overseas producers (Individual Interview 3 and 5).[6] Since the fruit trade is seasonal, producers of citrus fruits in the southern hemisphere gain access to the European market in those months when Spain cannot deliver, due to the opposite seasons. Take oranges, for example: Oranges from South Africa are on German supermarket shelves from July to October. First oranges of the Navel variety, then oranges of the Valencia variety. The South African producers make great efforts to extend the seasonal window in which the German market is supplied with oranges from the country at the Cape as far as possible. For example, new varieties are bred and

6 Spanish producers are also under price pressure. In 2020, for example, they protested in front of the Spanish branches of Lidl and Aldi because the supermarket groups only paid them 45 cents per kilo (FreshPlaza 2020).



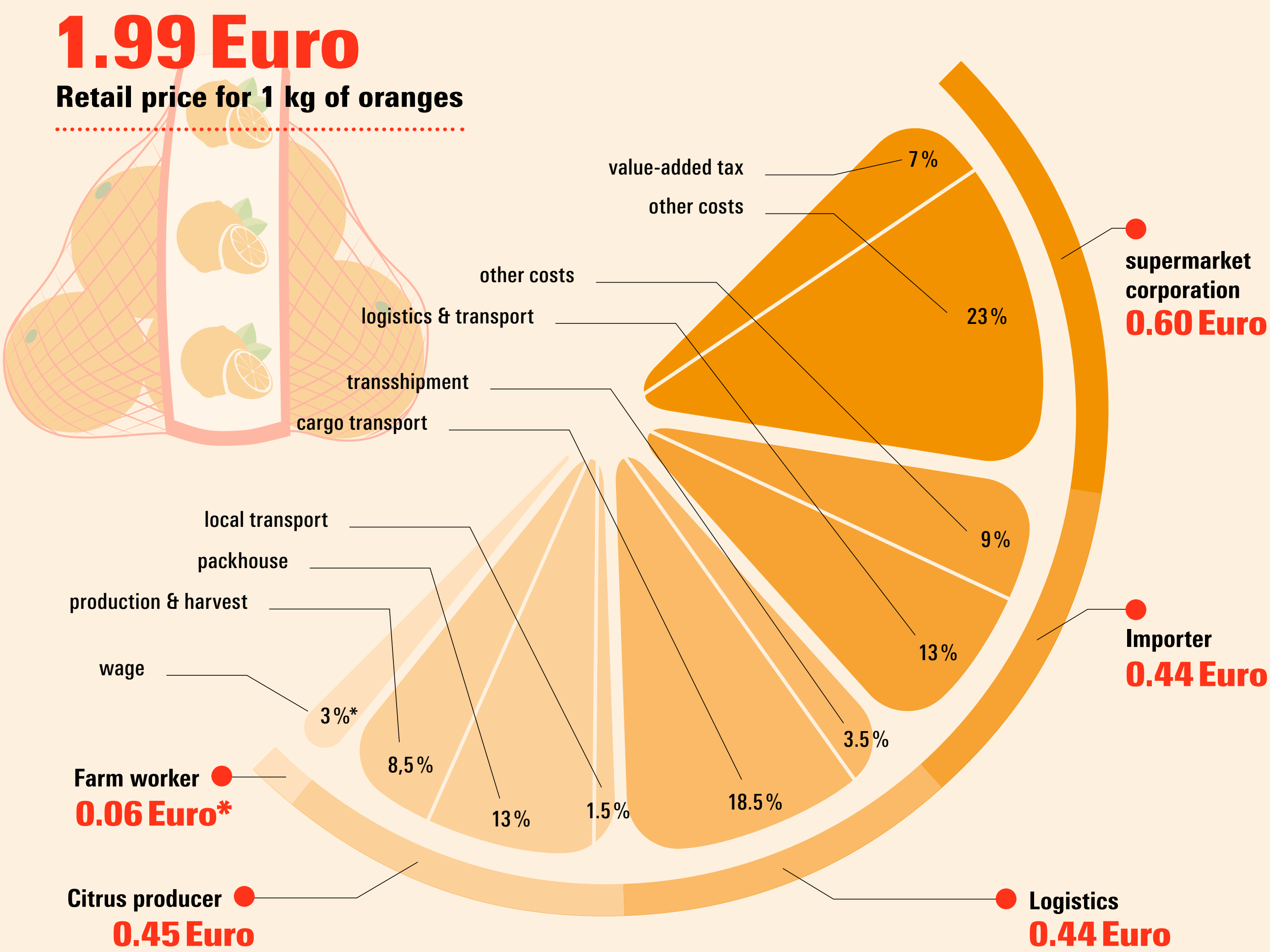
The port of Rotterdam is the most important transshipment point for citrus in the EU.
Photo: Daniel Foster/flickr

cultivated to extend the harvest season even further. If the European harvest in Spain and Italy is poor in one year, both the demand and the prices for South African oranges on the German market increase (Individual interviews 8 and 11).

Over the last ten years, the price of oranges in South Africa has developed positively for producers. Not only has the price of oranges that are sold or processed into juice in South Africa risen, but also the disproportionately higher export price that South African producers achieve on the world market. They have therefore been expanding their cultivation area for years. Due to the rising prices, the situation in citrus fruit production differs significantly from that in South African wine production, for example, where export prices have fallen continuously in recent years while production costs have risen (Luig 2020: 14). More and more wine farms are therefore switching to growing other fruits, including citrus.

Even if orange prices rise for producers, the market power of supermarket groups is shown by how large their share of the retail price is, although they contribute infinitesimally little to real value creation in relation to producers. Estimating price margins is complex because prices fluctuate greatly depending on various factors. They depend on the season as much as on the quantities traded. Importing large quantities reduces the costs for logistics and transport per piece enormously compared to smaller quantities. But the quality of the goods and the location of production also have an influence on the price. The wide range of prices already becomes clear when looking at the

Figure 5: Price margins in the orange supply chain



* The wage-share of 3% and 0.06 Euro is calculated for a farmworker with a full time, permanent contract. The share of seasonal workers is much lower.

Source: own compilation based on Citrus Academy and De Klerk 2017 supermarket shelves in Germany. In 2019, prices for fresh oranges from South Africa ranged from the equivalent of 1.15 euros for a kilogram of "Valencia juice oranges" at Aldi to 3.99 euros for a kilogram of organic oranges at Rewe or Edeka. There are also external factors. Oranges are traded internationally in US dollars, so exchange rate effects have a strong impact on trade. In addition, the EU has a complex system of import duties on citrus fruits, the level of which fluctuates depending on prices and season (DAFF 2018: 101 ff.)

None of the importers interviewed was willing to disclose their price calculations. Therefore, the price margin can only be estimated using an ideal-type estimation. We use a typical traded price in a German supermarket: 1.99 euros for a kilogram of oranges. The Citrus Academy in South Africa, which is linked to the Citrus Growers Association (CGA), has published an estimate of the percentage of costs in the final price based on the average values of the South African citrus fruit industry as a whole (Citrus Academy n.d.). These percentages do not refer specifically to oranges, but to citrus fruit as a whole. Furthermore, they do not reflect the conditions in the supply chain specifically to Germany, but to South African export supply chains in general. The Citrus Academy's calculation corresponds to that of a grower-exporter company, i.e. a producer of citrus fruits with its own packing house which also exports on its own account. The importer in Germany receives the goods on commission. We also compared the estimated margins with the export prices from South Africa to the Netherlands from the UN Comtrade database, as most citrus exports from South Africa to Germany are transported via Rotterdam. The Citrus Academy's average calculation does not include the margins that the farm workers earn through their wages. In order to determine the share that a farmworker gets from a kilogram of oranges sold in the German supermarket, we divided the average amount of oranges harvested by a permanent worker with the annual wage (see Appendix).

It should be noted that the figures calculated are a very rough estimate intended to give a general impression of the situation, not the specific calculation of a trader. Moreover, the calculated gross price margins should not be confused with net margins. All actors along the supply chain bear different costs and deduct taxes. Figure 5 shows that the equivalent of more than one euro remains in Germany. An estimated 60 cents, including VAT, remains at the retail level. If we deduct the VAT, the supermarket group receives 46 cents. The import and logistics companies each get 44 cents. The producers receive less than a quarter of the retail price, the equivalent of 45 cents. It is clear that the producers have by far the highest unit costs. The share of the price of the orange on the supermarket shelf that the individual worker earns is the equivalent of six cents. In 2019, they earned 18 rand (1.15 euro) per hour and 162 rand (10.35 euro) in a full nine-hour working day. However, as Chapter 4 shows, the real income can be lower than this full monthly wage. Increasing producer prices do not automatically lead to rising wages. The large majority of farm workers only receives the minimum wage.

In addition to the high margins that the supermarket groups earn, the high transport costs are particularly noticeable. This also becomes clear when comparing the estimated margins with the development of trade prices. In this respect, the basic estimates of the Citrus Academy correspond to the trade prices listed in the UN Comtrade database. On the one hand, the so-called *Free on Board* price (FOB price) is relevant: *Free on Board* means that the costs for logistics and transport within South Africa up to the port are priced in, but the costs for overseas transport are not. The other relevant factor is the cost, *insurance, freight* price (CIF price). CIF means that the costs for overseas transport, including logistics and insurance costs, are already priced in. The FOB price for trade in oranges between South Africa and the Netherlands averaged 50.9 cents per kilogram in 2019. This is almost exactly the sum of the producer's and worker's shares that we estimated in our calculation. The CIF price is given in the UN Comtrade database as 1.13 euros on average (UN Comtrade 2020). This results in a difference to the FOB price of 62 cents, a higher amount than we assumed for shipping and handling at the port in our rough price calculation (44 cents).

Although supermarket corporations contribute little to the real value creation in the chain, they gain the largest share of the retail price.

3 The political economy of citrus production

Agriculture in South Africa can only be understood against the background of the 300-year history of land grabbing, segregation and apartheid. At the centre of apartheid is not only a racist image of man, but an economic system that determined all social relations and thus also regulated the control over land, the mobilisation of labour and the access to target markets in agriculture. In the following, we will first look at this system.[7] We will then use the three dimensions mentioned—land, labour, access to markets—to trace the development of the citrus sector in recent decades and the questions it faces today.

As early as the 17th century, white farmers used cheap black labour. The land legislations of 1913 and 1936 legalised these structures by allocating 90 per cent of the land to the white population minority and ten per cent to the reservations ("Bantustans") of the large black population majority (Pons-Vignon 2015: 104). This forced a large part of the black population into wage labour, as the possibility of practising small-scale agriculture was no longer given without land (Bernstein 1994: 9).

For the apartheid regime that came to power in 1948, the white farmers represented an important support base. In return, the apartheid government passed laws that made it difficult for farm workers to leave the farms and offer their labour under comparatively better conditions in the cities (Visser 2016: 12). The fact that the black families lived on the farm meant that the farmers not only had access to the male, permanent workers, but were also able to access the labour of the women and children when the need for work increased seasonally, especially during the harvest. Labour relations were characterised by a racist hierarchy and paternalism in which "whiteness" was equated with land ownership, with authority and with the right to deference. During apartheid, there were no codified labour laws in agriculture. Trade union organising was banned for black South Africans (Theron 2016).[8]

As a core clientele of the apartheid regime, the white farmers benefited not only from access to cheap labour and control over the land, but also from state investment in infrastructure. For example, the citrus cooperative in the town of Patensie was able to significantly improve the irrigation of its plantations due to the dam, which was built in the 1960s along with a canal system in the Gamtoos Valley (Patensie Citrus 2020a). Crucial to the successful expansion of citrus production was also the role of the state export monopoly Outspan: founded in the mid-1920s under the name African Cooperative Citrus Exchange, the state secured the organisation's export monopoly in 1937 (Mather/Greenberg 2003: 396). Between the 1940s and 1990s, an impressive infrastructure of nurseries, laboratories, packhouses and storage facilities grew up around Outspan (Genis 2018: 9). Apartheid was thus a profitable system for white citrus farmers. It guaranteed free control over land, access to cheap labour and state-organised market access to Western Europe.

Privatisation

In some of the target markets in Western Europe, Outspan controlled over half of the citrus imports from the southern hemisphere and was thus in a strong negotiating position towards retailers. The pooled marketing of 40 to 50 million cartons of citrus also allowed Outspan to strategically play the different target markets. Lower quality fruit was often exported to the Eastern European market, where there was little competition. The better quality fruit ended up in Western Europe, where Outspan fetched the highest prices. A World Bank report in the mid-1990s, which condemned agricultural marketing monopolies as generally inefficient and corrupt, cited the state export monopoly for citrus fruits in South Africa as a positive exception (Mather/Greenberg 2003: 397).

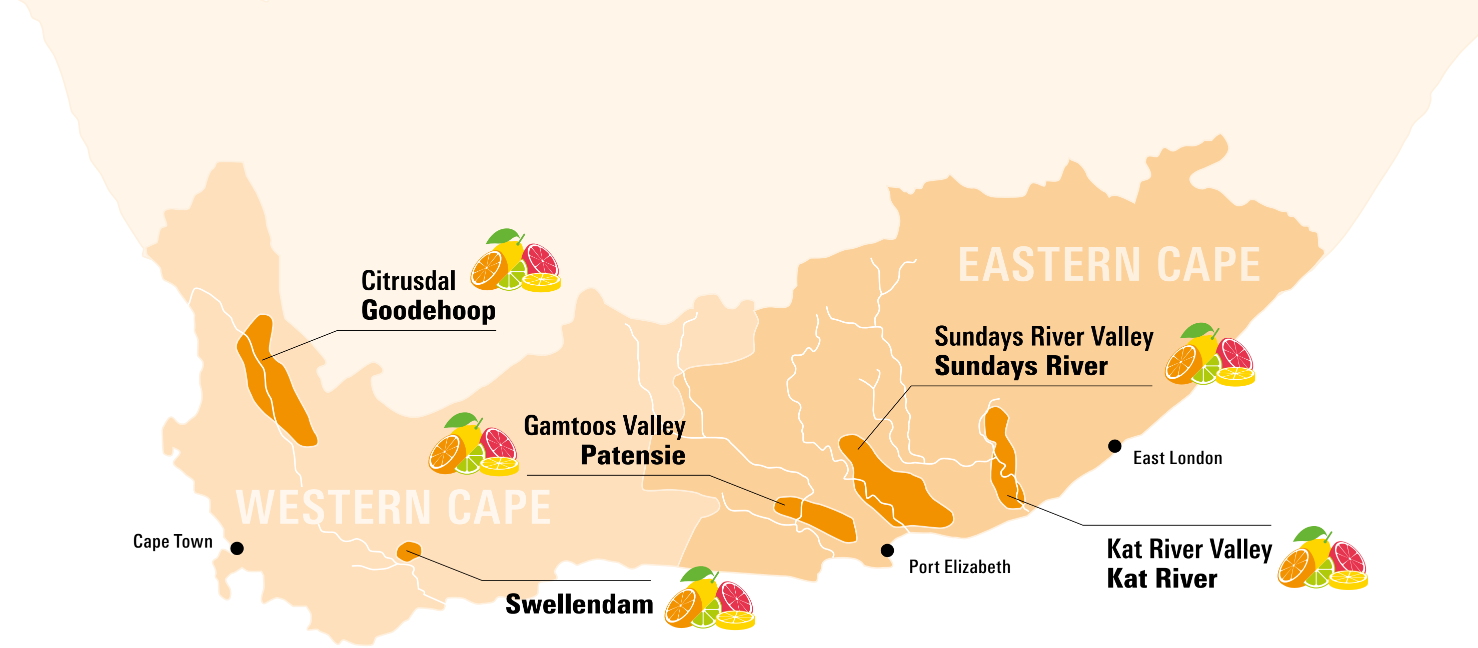
The end of apartheid in 1994 saw the new ANC government embark on a neoliberal course in economic policy, which had already been adopted in part by the apartheid government in the 1980s. It privatised the state export monopolies like Outspan and deregulated the agricultural markets. Production quotas were abolished, as was price regulation. South Africa opened up to the world market at the same time as the WTO was founded.

While the large citrus farms in Limpopo had their own packhouses, there were strong cooperatives among producers in the Eastern Cape, especially in the Sundays River Valley and the Gamtoos Valley, which operated packhouses together. These cooperatives, the forerunners of today's SRCC and Patensie Citrus organisations, were

7 This first part of the chapter largely follows the presentation in: Luig, (2020, Chapter 3: Working conditions along the supply chain, p. 16 ff.)

8 Webb argues that the term "baas" (Afrikaans for "boss"), still commonly heard on farms today, denotes this typical hierarchy along a racial logic (Webb 2017: 57).

Figure 6: Citrus production regions in the Eastern and Western Cape



very closely linked to Outspan. It was common for the directors of the cooperatives to sit on the board of Outspan and later Capespan at the same time. With the privatisation of Capespan, they also became shareholders in the export company (ibid.: 402). The system of cooperatives and the marketing monopoly in apartheid times had been particularly strong in producing large quantities. However, it made little distinction between the quality of the fruit, so that all producers received the same unit prices. After 1994, the incentives for the best producers in South Africa to leave the collective system and export on their own account increased because they could get higher prices for their better quality than in the standardised marketing system. This led to increased competition. The larger farms broke away from the cooperatives and built their own packhouses. In Patensie, this process began as early as 1993 (ibid.: 2003: 403). Conflicts also increased within the cooperatives between the weaker members who were concerned about security of supply and the stronger members who wanted to try other exporters than Capespan. In the course of the 1990s, the cooperatives in the Gamtoos Valley and the Sundays River Valley formally transformed into private companies, which mainly facilitated their access to capital. Nevertheless, a cooperative culture still dominates at Patensie Citrus and at SRCC today.

Some farms managed to profit massively from privatisation. Agricultural exports increased fivefold in the first 15 years after the end of apartheid, with almost half of the exports coming from the fruit and wine sector (Bernstein 2015: 110). Since then, there has been a process of steady concentration in the citrus sector. The big exporters are getting bigger, the big producers are expanding and the smaller ones are giving up (Individual interview 11).

But not only has the situation in South Africa changed since the 1990s, international supply chains have also changed fundamentally since then. On the one hand, European importers no longer trade with a single strong exporter from South Africa who is able to offer large quantities and strategically sell or withhold goods in advance. On the other hand, a process of concentration in trade has taken place in Western Europe itself. At the same time, a process of concentration in trade has taken place in Western Europe itself. Supermarket groups have become more powerful since the 1990s, demanding product differentiation and higher quality in a market characterised by an oversupply rather than a shortage of citrus. Even the largest and strongest producers of citrus in South Africa are in a weak position vis-a-vis European supermarket corporations.

In summary, instead of maintaining the strong state marketing structure and making it available to a new generation of black citrus farmers, the ANC government deregulated and privatised the agricultural sector in the 1990s. This led to increased competition among citrus producers. At the same time, supermarket groups gained buying power in the target markets in Western Europe, so that they could and still can define the new rules of the game in the supply chain. Instead of focusing on homogeneity and quantity, they demand greater flexibility and compliance with private standards (see Chapter 2).

Land reform

The ANC's agricultural policy over the last 25 years has led to a far-reaching transformation of South African agriculture, which, however, looks fundamentally different from what many observers had expected. The ANC did not use its power to initiate a fundamental redistribution of land ownership, but ensured that the vast majority of agricultural land remained in white hands. In the agricultural market, now "freed" from state regulation, many farms failed to adapt to the new capitalist rules of the game, both at home and along global supply chains. Of around 60,000 white-owned commercial farms in 1994, a quarter gave up in the eight years to 2002, and more than a quarter again in the years that followed until today (Bernstein 2015: 106).

In the mid-1990s, 87 per cent of the land was in the hands of white South Africans. Since then, less than ten percent of the land has been redistributed. From the beginning, the South African government pursued a strategy of redistributing land through the principle of willing buyer, willing seller, i.e. through the market. In 2006, the government began to buy land itself in order to sell or lease it again (Hall 2015: 138). Since 2013, it has required so-called land beneficiaries, i.e. those who can lease or buy land from the state, to submit commercial business plans as a precondition for doing so (ibid.: 139). Among the approaches promoted by the government, two are particularly relevant in the citrus sector. First, mentoring programmes in which black producers are to set up farms under the guidance of established white producers, while the land is provided by the government. Second, there are so-called Farm Worker Equity Schemes (FWES) that in theory endow farm workers themselves with equity shares of the farms they work on (Tiwana 2017: 41). These two initiatives will be briefly presented below.

The mentoring programmes are closely linked to public-private partnerships. The government now requires participation in such mentoring programmes for land beneficiaries in the citrus sector (Genis 2018: 25). In 2016, the Citrus Growers Association established its own sub-organisation, the Grower Development Company, which takes on exactly the tasks that would have been expected to be fulfilled by an ANC government: providing advice and training for black citrus farmers. In relation to the size of the industry, however, the significance of the mentoring programmes is very modest. According to the Citrus Growers Association, only 8,100 hectares of the total area under fruit cultivation was owned by black farmers in 2019. Given a total production area of over 300,000 hectares in South African fruit production, this is a vanishingly small area. In total, there are 76 exporting black farmers in the fruit sector in South Africa (CGA 2020b: 48).

The most important current initiative in the area of mentoring programmes is a public-private partnership for the empowerment of black citrus farmers, which was launched in May 2020. It has a total volume of 307 million rand (about 19.5 million euros) and helps black producers to establish and expand citrus plantations, packhouses and irrigation systems. Indirectly, over the course of three years, almost 330 permanent and about 1,400 seasonal jobs are to be created. The costs of the project are mainly borne by the state. 24 million rand (1.5 million euros), i.e. less than ten percent of the financing, comes from the Citrus Growers Association. 164 million rand (about 10.5 million euros) is provided by the government and another 116 million rand (about 7.5 million euros) comes as loan financing from the state-owned Land and Agricultural Development Bank of South Africa (Eurofruit 2020).

Two approaches to land reform are particularly relevant in the citrus sector: mentoring programmes and Farm Worker Equity Schemes (FWES).

The second relevant initiative are the Farm Workers Equity Schemes (FWES). They are an alternative to land reform through the subdivision of farms, because well-functioning and productive farm structures do not have to be abandoned and the technical equipment remains intact. Both the original owner of the farm and the workers on the farm or a part of them become shareholders, sometimes a third, external investor is added. As a rule, the exclusive rights to use the farmland remain with the original owner of the farm. Farm workers are only given voting rights and a share in the dividends. FWES were first implemented by white farmers in the Western Cape of South Africa in the early 1990s (Knight et al. 2003: 1). In the 2000s, the South African government began to offer farm workers the opportunity to set up their own shareholding organisations, so-called trusts. The trusts could apply for financial aid to acquire shares in farms of around five percent. In 2009, after a report found that out of 88 equity projects, only nine paid dividends, while in the remaining 79 the workers received no money at all, the government stopped the equity programme (Gumede/Ramantsima 2019). Only a few years later, however, in 2014, the government started a new initiative in which it bought 50 percent of the shares in farms and transferred them to workers, who in turn were organized in trusts.

It was not possible to determine how many FWES currently exist in agriculture in South Africa. What is clear is that they are particularly prevalent in capital-intensive export sectors such as the citrus industry. As will become clear in Chapter 4, FWES also play a central role on some citrus farms in the Eastern Cape. Proponents of FWES argued during the introduction phase that a number of goals could be achieved. FWES should contribute to a real

The large majority of farm land remains in the hands of white South Africans.
Photo: Benjamin Luig

redistribution of wealth and income, previously exploited workers should be strengthened in their self-confidence, and in the long term not only part of the property, but also the actual control of the farm should pass into the hands of the workers (Knight et al. 2003: 4). Critics argue that, in practice, the paternalistic structures on the farms are maintained and that the majority of workers is not strengthened when the trusts are administered by third parties who act on their behalf. It has often been pointed out that this mechanism in practice rather supports farmers that are under economic pressure to find additional sources of income and thus become more liquid (Tiwana 2017:17). FWES are also useful for citrus producers to secure their own position in the export supply chain. The company's image is improved, and "social sustainability" is signalled to importers through workers' equity participation (Gibbon/Ponte 2005: 156). Chapter 4 discusses examples of what FWES looks like on individual farms.

Labour relations

The introduction of the labour law in the 1990s, which also included the agricultural sector, brought about a major change. In contrast to the deregulation of agricultural markets, the state did not retreat in the area of labour law, but rather ensured an expansion of state regulation (Alford/Phillips 2018: 105). The Labour Relations Act (LRA) of 1995 gave farm workers the right to organise and strike for the first time. The second pillar was the Basic Conditions of Employment Act (BCEA), which allows the government to make specific sectoral regulations through subordinate legislation. A minimum wage was set for agriculture in subsequent years, at 18 rand (1.15 euros) in 2019. From 2021 onwards, agricultural workers will receive the national minimum wage of 21.69 rand per hour for the first time (Business Insider 2021). Other important legislation included the Occupational Health and Safety Act (OHSA) and the Compensation for Occupational Injury and Diseases Act (COIDA). The government created an Unemployment Insurance Fund (UIF) and regulated the housing rights of people living on farms without home ownership (Extension of Security of Tenure Act, ESTA) (Visser/Ferrer 2015: 54–62).

With these new laws the ANC government ended the situation of the lack of rights for farm workers. From the perspective of the white farmers, however, the introduction of the new rights was primarily a drastic increase in the cost factor of labour. These increases came at a time when they also had to reposition themselves on a deregulated agricultural market and face the pressure of competition. They reacted by gradually replacing a large part of the permanent workers with seasonal workers. This allowed them to use their labour more flexibly. In recent years, the ratio between seasonal and permanent workers in the citrus sector has settled at around 2:1. A small core of workers is employed year-round, while two-thirds of the workforce is seasonal, especially during the harvest months (De Klerk 2017: 2).

As explained earlier on, at the time of apartheid it was in the interest of the farmers that the workers lived on the farms and were thus removed from the free labour market. With the expansion of seasonal work and the reduction of the number of permanent workers, the farmers are now trying to save on the costs of housing the farm workers and their families on the farms. The Extension of Security of Tenure Act (ESTA) defines farm workers who live on the farms as occupiers, which means that they do not have ownership rights to their accommodation, but they do have the right to use it. They only have to leave their homes against their will if their employment on the farms has ended (Visser/Ferrer 2015: 60). In the nine years between 1995 and 2004, about 930,000 black farm dwellers were evicted from their farms. In 70 per cent of the cases, the reason for the eviction was the termination of employment on the farms (Bernstein 2015: 113). These evictions continue to this day.

Hand in hand with the strategy of making labour relations more flexible—moving away from permanent employment to seasonal work—goes the increased recruitment of migrant workers. To this day, there is often a complaint from citrus producers in the Eastern Cape about a shortage of labour. This is surprising, as unemployment in

The unemployment rate in Eastern Cape province is the highest in South Africa. Nevertheless a large and increasing number of seasonal migrant workers are recruited.

Migrant workers play a key role in citrus production.
Photo: KONTROLAB/Kontributor (Getty Images)

the Eastern Cape fluctuates between 35 and 40 per cent throughout the year, according to local authorities, making it the province with the highest unemployment rate in South Africa (ECSECC 2020: 2).[9] So the real shortage seems to be one of particularly cheap labour and a kind of reserve army of workers who can be exploited despite existing labour rights. Migrant workers from Mozambique, Lesotho or Zimbabwe are socially isolated in South Africa, hardly know their rights and are easier to discipline. In 2013, migrant workers made up an estimated 40 per cent of seasonal workers in the Sundays River Valley (Chirara 2013: 101).

Farmers are reacting to rising labour costs and competitive pressure on the market not only with a precarisation of labour relations, but also with a rationalisation of the labour process and the use of new technologies. This is not a new phenomenon, but a process that is continuing. Already between the 1950s and 1970s, the capital employed in relation to labour on South African farms doubled (Lipton 1986: 86). Since the 1960s, the number of people employed in South African agriculture has declined from over 1.6 million to about 800,000 in the 2010s (Liebenberg 2013: 110). Innovation has also been used in recent years to implement further, gradual rationalisation of production on citrus plantations. On some farms, for example, the containers into which the workers empty their harvest bags are no longer collected by hand, but by forklifts. A second example is drip irrigation, which is widely used in the Eastern Cape. It not only saves water, but also reduces the number of workers needed to irrigate. On 40 hectares, for example, this number drops from three to four workers to one (Genis 2018: 42 ff.). The use of digital technologies is also becoming increasingly important. Many citrus orchard operators no longer buy only pesticides and fertilisers from agricultural input traders, but also services for the use of drones and precision agriculture (Chisoro-Dube et al. 2019: 21 ff.). The traders are transforming themselves into consulting companies that can calculate the optimal use of fertilisers and pesticides with the help of their databases. They measure the climate, humidity and soil conditions on the plantations and process this data for the farmers (Individual interview 1). Labour is not only saved on the farms, but also in the packhouses. In one of the packhouses of the Patensie Citrus Cooperative, automatic packing machines have been used since 2013 to pack 180 cartons of citrus fruits per hour—equivalent the amount that one human worker can pack in one day (Patensie Citrus 2020b).

In media debates in South Africa, the citrus sector is a topic of discussion mainly in its role as a “job engine”, as

9 Even at the time of apartheid, the complaint of white farmers that there was a shortage of labour was common. In the mid-1960s, 14 percent of the labour force in South African agriculture came from abroad (Lipton 1986: 88).

it is both a labour-intensive branch and has a high growth potential. And indeed, employment in the citrus industry has increased significantly as a result of the expansion of production. Ten years ago, the South African government's National Planning Commission estimated that one job could be created per hectare of citrus plantation (Genis 2018: 7). However, given the processes of precarisation of working conditions and the ongoing rationalisation of production, the potential now seems limited. Genis quotes a citrus fruit producer who assumes one additional workplace per four hectares of plantation (ibid.: 50). In addition, the current drought and the low water-level in Kouga-dam shows the ecological limits of expanding water intense citrus production in certain regions.

Farm workers' organisation

So far, this chapter has mainly looked at the perspective of white producers. But how does the situation look from the perspective of black workers? The promises made by the ANC government in the mid-1990s have not been fulfilled for them. Land has hardly been redistributed, and at the same time a considerable number of farm workers and their families have been evicted from the farms. Although there is a formalised labour law, it is often violated. Moreover, the workers from the region are increasingly put in competition with migrant seasonal workers. In addition, the South African state to a certain degree lacks the capacity to monitor and enforce labour laws. A central problem is that the state authorities at national and provincial level are massively understaffed (Alford/Phillips 2018: 106). Farm workers have so far been excluded from the national minimum wage. In 2019, the sectoral minimum wage in agriculture was 18 rand, which translates to 3,507 rand per month, provided that employment involves full working hours. While wages in agriculture have increased in recent years, this has occurred in parallel with an increase in the price of basic necessities such as food. The non-governmental organisation Pietermaritzburg Economic Justice and Dignity (PMBEJD) calculates that about 7,430 rand (473 euros) per month is needed to cover basic necessities for a household of four (PMBEJD 2020: 12). With two full months' salary in agriculture (7,014 rand or 447 euros), a household thus does not have enough money to secure its livelihood.

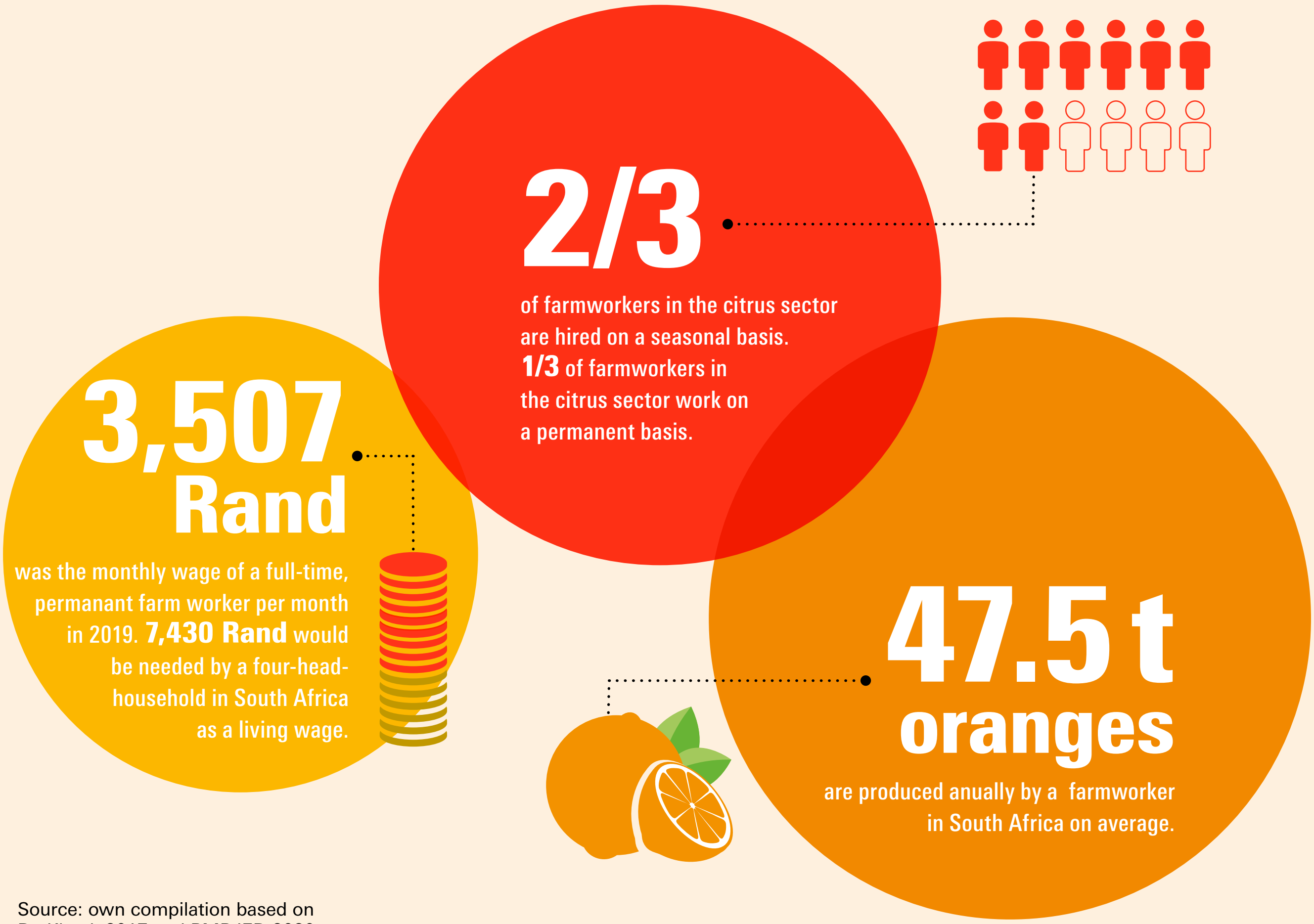
How do workers on citrus farms organise and represent their rights and interests in this context? In 2015, Visser and Ferrer estimated that the level of unionisation in South African agriculture was between five and ten percent (Visser/Ferrer 2015: 200). A special situation can be observed in the core export region in the Western Cape, where a number of trade unions exist. Especially the unions FAWU (Food and Agricultural Workers Union), CSAAWU (Commercial Stevedoring Agricultural and Allied Workers Union) and BAWUSA (BAWSI Agricultural Workers Union) play a central role there, but in the rest of the country the situation is clearly different. Historically, after the end of apartheid, FAWU was part of the COSATU trade union federation and aimed to organise farm workers nationwide in addition to workers in the food industry. To this day, FAWU is organised on individual farms in all provinces of the country, but generally does not have relevant organising power in large parts of agriculture (Leidecker/Luig 2019). Collective bargaining at farm level exists among a few producers, particularly in the Western Cape. But there is no sector-wide collective bargaining in agriculture in South Africa. The situation in the Eastern Cape is similar. In the Gamtoos Valley, for example, FAWU is organised on some of the farms, and on some farms also the Southern African Clothing and Textile Workers Union (SACTWU), which is otherwise primarily active in the textile and retail sectors. In most cases, however, only a minority of the permanent workers on the farms are union members.

In addition to these registered unions, there are other, less formalised forms of organising. Firstly, there are organisations of workers themselves that are not registered as trade unions. In the Sundays River Valley, a number of workers in the citrus sector have formed the Sundays River Valley Farm Workers Forum (SRVFWF). In the Gamtoos Valley, farm workers from various citrus farms are organised in the Kouga Farm Workers Reunion (KFWR). These are grassroots organisations that have neither a secretariat nor full-time officials. Often, it is these farm workers' forums where daily concerns and issues are discussed. They are important spaces for workers' self-organisation on the citrus plantations in the Eastern Cape. At the same time, these forums predominantly organise local workers, not migrant workers from Lesotho or Zimbabwe.

The ability of farm workers in the region to mobilize protest was demonstrated in 2018. In the Kirkwood region, a week-long strike happened during harvest time. It led to collective bargaining with the producers from the Sundays River Valley. Through their strike, the workers were able to push through their demands for a wage increase from the then 16,80 rand to 20 rand per hour. Significantly, the 2000 or so workers were not mobilised by a trade union, but by the South African National Civic Organisation (SANCO). SANCO is a network of township organisations that played a central role in overcoming apartheid in the early 1990s (Ground-Up 2018).

Apart from the trade unions and the forums, there are also workers' committees on the individual farms. These are ambivalent. Often their establishment is pushed by the management of the farms themselves in order to simulate a dialogue between management and workers to the

Figure 7: Farm workers in the citrus sector



Source: own compilation based on De Klerck 2017 and PMBJED 2020

outside world. As a rule, these committees are therefore only autonomous to a limited extent, so that in the worst case they can even make trade union work more difficult. On the other hand, there are also non-governmental organisations such as the East Cape Agricultural Research Project (ECARP) in the Eastern Cape or Women on Farms in the Western Cape and Northern Cape that succeed in empowering workers through these committees. Overall, it is clear that organising farm workers in the Eastern Cape is very difficult.

Sustainability Initiative of South Africa (SIZA)

The precarious working conditions on the citrus farms did not go unnoticed by importers in Europe. In particular, the British supermarket group Tesco began to use its regulatory power in the supply chain from the 2000s onwards to demand an improvement in working conditions in the South African export industry. Other supermarket groups followed Tesco's example. In addition to regulation related to hygiene and citrus quality, social standards were added over time. Retailers required South African producers to comply with the requirements of the Ethical Trade Initiative (ETI). Increasingly, then, the monitoring of the implementation of applicable labour laws took place in private audit processes, allowing a new "technology of ethics" to take hold in citrus supply chains (Swanepoel 2017: 306).

South African producers reacted to this development by attempting to gain the control over the definition of "social sustainability" in citrus production by establishing their own standard. The producers' association Fruit South Africa founded the Sustainability Initiative of South Africa (SIZA) in 2008. SIZA was implemented from 2012. Crucial to the success of the initiative was that SIZA was recognised by the dominant supermarket groups in Europe, which was achieved in 2016. The holders of the most important standard in the field of hygiene and quality, GlobalGAP, recognised SIZA as a counterpart to GRASP (GlobalGAP risk assessment on social practice), GlobalGAP's social standard.

Currently, over 1,500 producers have committed to implementing the SIZA standards by becoming members of the organisation. However, there is no trade union representative on the SIZA board, only a representative of the "labour side" who is selected by SIZA (Visser/Godfrey 2017: 13). SIZA also interprets the producers' membership as a promise to "continuously improve" (Swanepoel 2017: 305). The audit, i.e. the control of compliance with the required standards, consists of a multi-stage procedure in which the producer first monitors itself and is then controlled by an external auditor who visits the company and both checks the management documentation and conducts interviews with the workers (ibid.: 305 et seq.). The SIZA standard is not only based on the GRASP standard, but also on the applicable South African labour law and international standards such as certain conventions of the International Labour Organisation (ILO).

The extent to which the provisions of the SIZA standard (see Table 1) are implemented on citrus farms is discussed in Chapter 4. However, it is also important to note which aspects the SIZA standard does not contain when comparing it, for example, to the standard in the wine sector (Wine and Agricultural Ethical Trade Association, WIETA). Unlike WIETA, SIZA does not in any way refer to the need for living wages, but only to the sectoral minimum wage for agriculture. Unlike WIETA, SIZA does not reflect the point that unions from outside must be able to enter the farms. In addition, unlike WIETA, SIZA does not address the problem of evicting workers from the farms (Visser / Godfrey 2017: 16 and 20 ff.)

Janie Swanepoel, who as an auditor has conducted more than 80 investigations for SIZA, is critical of the standard. She argues that it leaves the actual core problem, namely a strongly hierarchised and paternalistic social relationship between the white farmer on the one hand and the black workers on the other, completely untouched and offers no approach to breaking up these structures. In terms of its logic, the standard aims to solve technical problems here and there, but not to empower the workers. Swanepoel quotes a colleague as follows: "You know, I don't want to do these ethical audits anymore. The real problem is racism on the farms and SIZA is not able to do anything about it. These audits don't make a difference." (Swanepoel 2017: 310) Swanepoel herself reports, "Actually, it often felt patronising to ask workers about their experiences in the workplace when it was clear that they (and especially women) were experiencing a powerlessness in a context where they had very few alternatives." (Ibid.)

In our experience, this disconnection of SIZA's technocratic approach from issues of worker empowerment is also reflected in the refusal of the SIZA secretariat to engage in direct dialogue with the KFWR and SRVFWF. When invited to a meeting with workers, the SIZA director argued that such a dialogue was not within SIZA's mandate. SIZA can only conduct audits on the farms.[10]

With SIZA, South African producers gained control over the definition of "social sustainability" in the citrus sector.

10 Author's email communication with SIZA in March 2019.

Table 1: SIZA standard (selection)

Section 2: Management system	A communication mechanism allows the worker to talk to management about working conditions (2.4). Management must ensure that *labour brokers* also comply with the SIZA standard (2.10).
Section 3: Forced labour	Payroll deductions must be clearly documented and specified (3.3).
Section 4: Child labour	A written regulation clarifies that the employment of people under 18 is not allowed (4.1).
Section 5: Freedom of organisation and collective bargaining	The elected representatives of the workers must confirm in the audits that they can exercise their functions without management interference (5.2). Names and pictures of elected representatives are posted in places on the farm that are regularly accessed by workers (5.4). Management must demonstrate that it has informed workers of their right to organise and bargain collectively through training and publicity (5.6).
Section 6: Discrimination and abuse	There is a policy against sexual harassment in the workplace that all workers are informed about (6.2). There are no financial penalties for workers in response to poor performance at work (6.3).
Section 7: Health protection	Workers must have access to toilets and washbasins near their workplace (7.5). Workers must have access to drinking water of sufficient quality at the workplace (7.5). Houses provided for workers must have a waterproof roof, glass windows, electricity (if the infrastructure is available) and access to drinking water and a toilet in close proximity (7.5).
Section 8: Wages and conditions of employment	Maternity leave of four months must be granted to all women workers who have worked on the farm for at least four months (8.2). All workers, including seasonal and temporary workers, have employment contracts in a language they understand (8.3).
Section 9: Working hours	The workers have to confirm in the audits that they do not work more than 45 hours per week. Working hours may be extended to no more than five additional working hours per week for a maximum of four months. Under no circumstances may working hours exceed ten hours in any one day (9.1).

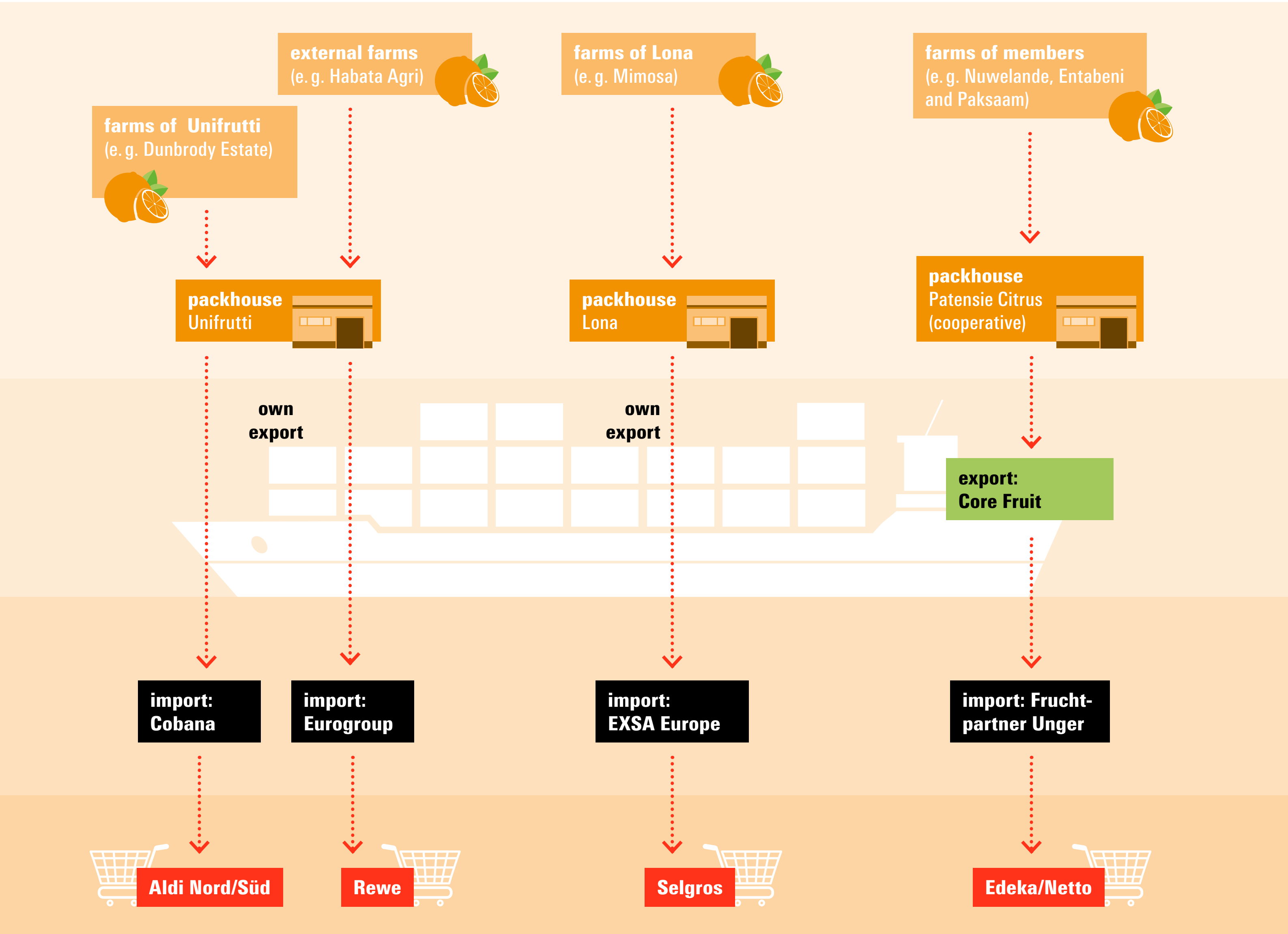
Source: SIZA 2016

4 In detail: Living and working realities on citrus farms

In this chapter we discuss the working conditions on citrus farms in the Eastern Cape, based on interviews with farmworkers. A central criterion for the selection of the farms were the supply relationships that link these farms to the German market. The focus is on the supply chain of Navel oranges. In the cultivation of navel oranges, the Eastern Cape is the most important production region in South Africa with 41 per cent (DAFF 2018: 11). In the following, we will first highlight examples of producers who are among the largest in the region and supply the German market (see Figure 8). Some of the producers take marketing into their own hands as *grower-exporters,* others work together with specialised export firms. The supply chains for navel oranges, from cultivation on the farm to the German supermarket, are comparatively short. South African citrus producers usually supply several importers at the target markets and German supermarket corporations on their part purchase from several suppliers. The connections outlined in Figure 8 are therefore exemplary and by no means reflect the only or complete supply relationships.

An important player producing in both the Sundays River Valley and the Gamtoos Valley is the export organisation

Figure 8: Selected orange supply chains from South Africa to Germany



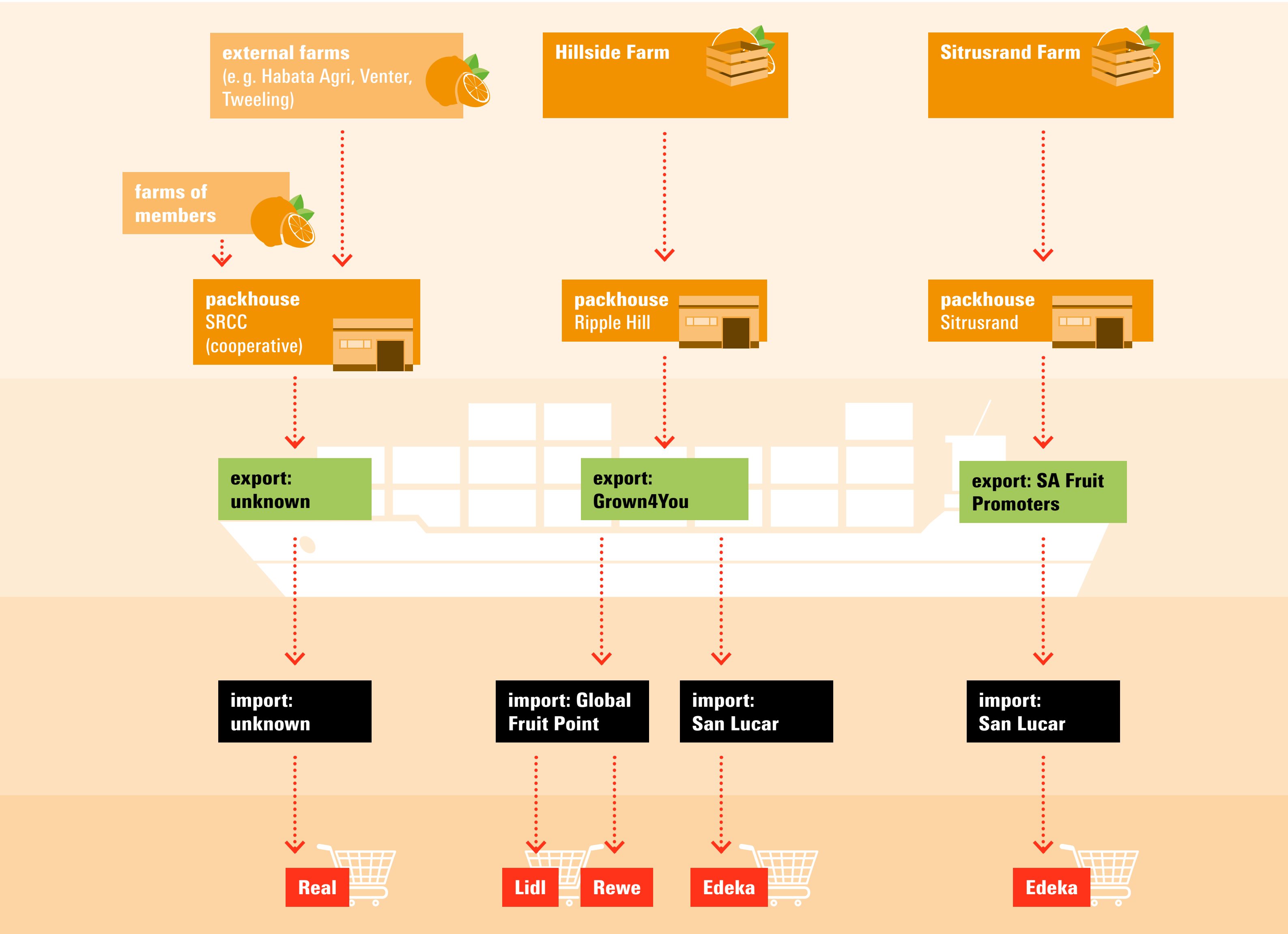
Source: own compilation

Grown4You. The company represents and organises the export of family businesses such as J. B. Ferreira, who owns the Endulini farms, or Boeram Venter, one of the largest producers in the region. The member companies each use their own packhouses. Grown4You enables them to control export and marketing themselves. At the same time, the members also produce for other channels. Habata Agri, for example, grows citrus on over 1,000 hectares and also markets it through SRCC and Unifrutti. Grown4You supplies Lidl and Rewe markets on the German market via the importer Global Fruit Point, and Edeka markets via the German-Spanish importer San Lucar.

One of the largest family businesses is **Sitrusrand** in the Sundays River Valley. Sitrusrand owns three packing houses and exports through the company South African Fruit Promoters. The farm covers 1,100 hectares. In 2016, owner Pieter Nortje reported that the farm produced 2.3 million cartons of citrus for 47 countries and planned to increase production to 3.5 million cartons by 2019 (Farmers Weekly 2016). An important customer is again the German-Spanish company San Lucar. Through San Lucar, oranges from Sitrusrand reach the shelves of Edeka.

The largest exporter of citrus in South Africa is the **Sundays River Citrus Company (SRCC)** cooperative. In 2018, annual production was around nine million cartons, with the aim of increasing production to twelve million cartons in a few years (Meintjes 2018). SRCC sources navel oranges from its members' farms and exports them to Rotterdam via the ports of Ngqura and Nelson Mandela Bay. In Germany, SRCC's navel oranges are offered in Real markets, among others.

A similar role to SRCC in the Sundays River Valley is played in the Gamtoos Valley by the **Patensie Citrus** cooperative. Patensie Citrus operates two packhouses and packages



citrus from about 50 producers in the region. The oranges from Patensie Citrus are marketed by Core Fruits. The company is one of the biggest players and has its own office in Patensie. In Germany, Core Fruits supplies, among others, Fruchtkontor Unger, which belongs to the Edeka Group. From there, the oranges reach the shelves of Edeka and Netto markets.

Lona is a South African export company that, in addition to exporting, also offers services for producers such as consulting and financing assistance, and also operates its own farms and packing houses. According to its own statement, Lona is one of the five largest exporters of citrus fruits in South Africa with 4.5 million cartons (Lona 2020). Through the South African trading company EXSA, of which Lona is a member, the company also supplies the German market, for example the wholesale company Selgros and several supermarket groups.

The Chilean company **Unifrutti** also operates farms and packing houses in various regions of South Africa. The Dunbrody farm in the Sundays River Valley cultivates 1,100 hectares of land, half of which is used to grow citrus. At the same time, Unifrutti packs citrus from other producers at its sites. The Dunbrody packhouse turns over 3.5 million cartons a year. The German market is supplied through various channels. Rewe's own Eurogroup supplies Rewe's stores with oranges from Unifrutti, Lidl and also Rewe are supplied via the German import company Global Fruit Point, and the citrus fruits from Unifrutti reaches the outlets of Aldi Nord and Aldi Süd via Cobana.

The following is an example of the working conditions on five farms, all of which are located in the Gamtoos Valley and are part of the aforementioned supply chains. It is important to note that no direct links from the farms to the supermarkets could be traced, but only from the packhouses to the supermarkets. The farms Nuwelande, Entabeni and Paksaam Nursery supply the Patensie Citrus Cooperative. The Hillside farm produces for Ripple Hill packhouse owned by J. B. Ferreira, who exports through Grown4You. The Mimosa farm belongs to the Lona company.

The supply chains from the South African citrus farm to the German supermarket are comparatively short and traceable.

Nuwelande

There are 45 permanent workers on Nuwelande farm. About 20 of these permanent workers come from Zimbabwe. An additional 50 workers from Zimbabwe work on the farm as seasonal workers throughout the year. The owner of the farm is Salomon Reinier Ferreira, who also owns other farms in the region. The farm produces mainly oranges, but also vegetables such as potatoes. The orange harvest is packed for export in the packhouse of the Patensie Citrus cooperative.

The employees start work between 8.30 and 9 a.m. and finish at 5.30 p.m.[11] The working time per day is 8.5 hours. According to the workers, the day begins with a compulsory prayer at 7.30 a.m. before the actual work. This shows the deeply rooted patriarchal structures on the farm.

In most months throughout the year, workers receive the industry-standard minimum wage of 18 rand per hour.[12] During the harvest, however, a piece rate is paid. An automatic time recording system registers each filled harvest bag and thus the amount of work. The workers only receive the 18 rand if they have fulfilled a certain target. In addition, part of the wage is deducted if the management considers the fruit to have been damaged during harvesting. According to workers, ten harvested bags are deducted for one orange that was not cut properly. On one pay slip, a copy of which we have, a worker received barely 2,700 rand at the end of the month instead of the more than 3,000 rand that were supposed to be paid. The workers' pay slips distinguish between "normal time" and "piecework pay". SIZA criterion 8.1 prohibits the wage from falling below the legal minimum wage of 18 rand. The piecework pay leads to stress at work during the harvest. "Every day you have to run", reports one worker, "you have to run up and down the ladder", says another.

The permanent workers sign a new contract every year, even if they have been working on the farm for decades. In this way, the management keeps open the possibility of dismissing them at any time. Their contracts state that they have only been employed by Nuwelande Trust since 2012, even though they have been working on the farm for much longer. Apparently, the ownership of the farm was transferred from one company to another in 2012, although the de facto owners remained the same. Due to this shortened company affiliation stated in the contract texts, the workers are losing massive pension rights.

One concern of the workers on the farm is their health when applying the pesticides. Among the pesticides used on Nuwelande are Biomectin, Scat 360SL and Amine 480 SL from the Villa company. Biomectin contains the insecticide abamectin as its active ingredient, Scat the herbicide glyphosate and Amine the herbicide 2,4 D. All

11 The following information is based on group interviews 1 and 2.
12 This corresponds to the status at the time of the interviews on the farms in 2019.

A dam at the side of Nuwelande farm is the drinking water source for workers' families living on the farm.
Photo: Benjamin Luig

three active ingredients are classified by the international Pesticide Action Network (PAN) as highly hazardous and harmful to health in the long term. Abamectin is classified as acutely toxic and "fatal by inhalation" by the World Health Organization (PAN 2019). An annual training on health protection is held for all workers, during which a video by SIZA is shown. For the workers who apply the pesticides (all of whom are men), additional training takes place. Also, as required by SIZA, two workers have been appointed as contact persons in case of acute complaints. The workers receive boots, gloves, masks and other necessary equipment from the farm management. However, some of these are inadequate. For example, workers who apply the pesticides say that they are not given long boots, so that the pesticides get directly onto their trousers when they spray. Their request to purchase boots at a price of 150 rand per pair was refused by the management, who said that the workers should buy the boots themselves.

The interviewed workers state that seasonal workers in particular are less protected. Spraying may take place while unprotected workers are working in the next row of trees. It is also problematic that some of the tractors from which the pesticides are sprayed only have open driver's cabs, without windows to protect the driver, although this equipment is not required by law. When asked about health complaints, several workers spoken to frequently mentioned a burning sensation on their arms and an itchy and dried out face. According to the workers, protection against corona is also inadequate. While workers on the other farms surveyed are provided with respirators, on Nuwelande they only received a few and had to buy the rest at their own expense.

Another important issue for the workers is drinking water. They are not provided with drinking water at the workplace, but have to walk long distances instead to bring their own water. This violates SIZA criterion 7.5. The families living on the farm get their drinking water from the canal system in the valley. The source of drinking water for some of the families is a small reservoir on the main road (see picture). The reservoir is not covered or fenced in any way, which is dangerous for the smaller children of the workers.

During harvest season, workers are paid based on piece rate wages. For badly cut fruits, deductions are made.

Another grievance is the condition of the houses. According to South African law and also according to SIZA criterion 7.5, employers are allowed to deduct up to ten per cent of the wages for the provision of the houses, but in return they have to ensure adequate maintenance. This is not the case at Nuwelande Farm. Workers repeatedly complained to management that roofs leak and walls get wet, or that it is not possible to lock the door. Nuwelande management argues in a letter to Khanyisa that the shelters are being investigated by SIZA and GlobalGAP and that management cannot pay for all the damage because there are regular domestic disputes among workers on the farm and they seem to damage their homes.[13]

The inspections by both SIZA and GlobalGAP take place once a year. However, workers say they have not been interviewed or visited in their homes by SIZA or GlobalGAP auditors. One worker noted, “These people don’t know anything about us.” Another suspects “they call some people for the interviews”. Inspectors from the South African Department of Labour also visit the farm from time to time, but less than once a year. In addition, the ministry offers a mobile office that also makes a stop in Patensie. In order to make an appointment there, however, the Nuwelande workers have to take a whole day off work.

An electronic chip counts the number of bags harvested. Wages are determined by the number of filled bags.
Photo: Benjamin Luig

The active ingredient of Biomectin is categorized as “acute toxic”.
Photo: Benjamin Luig

At Nuwelande Farm, the local union SACTWU has about 25 members among the permanent workers. The SACTWU shop steward was dismissed in December 2020 after reporting about the problematic labour and living conditions on Facebook. In writing, Nuwelande management justified this step, claiming that the shop steward had put the company’s name in disrepute. Workers interviewed cited instances where the farm owner has directly insulted the shop steward for his trade union role. The owner has also threatened other workers with dismissal if they join the union. In one case, a worker was encouraged by him to leave the union. Although SACTWU union representatives are usually given the opportunity to talk to the farm management, nothing changes after these meetings. When the shop steward reports complaints from other farm workers, management always demands to hear the specific names. All these issues violate SIZA criteria 5.1 and 5.2, which stipulate that there must be no interference by management with the right to organise.

13 E-mail communication between Nuwelande and Khanyisa in July 2019.

The source of drinking water of workers at Entabeni farm is this canal. Photo: Benjamin Luig

Entabeni

Entabeni farm is located in the immediate vicinity of the Nuwelande farm. It is also a member of the Patensie Citrus Cooperative and supplies its packhouse. Entabeni is of particular relevance as it implements both land reform initiatives we outlined in Chapter 3. Its owners are black farmers and there is both a mentorship and a farm equity scheme (FWES). The farm land is owned by the Ministry of Rural Development and Land Reform, which has leased the land to the farmers as land reform beneficiaries. The farm is 80 per cent owned individually by eight black tenants, with the other 20 per cent owned—as FWES shareholders—by 20 workers on the farm (News24 2017). Their share is managed by three trustees. The mentoring programme for the farmers is organised by the Patensie Citrus Cooperative. It includes training for the farmers as well as support from specialists (agronomists, economists). The farmers receive loans from the state-owned agricultural bank, which are, however, administered by the cooperative (ibid.).

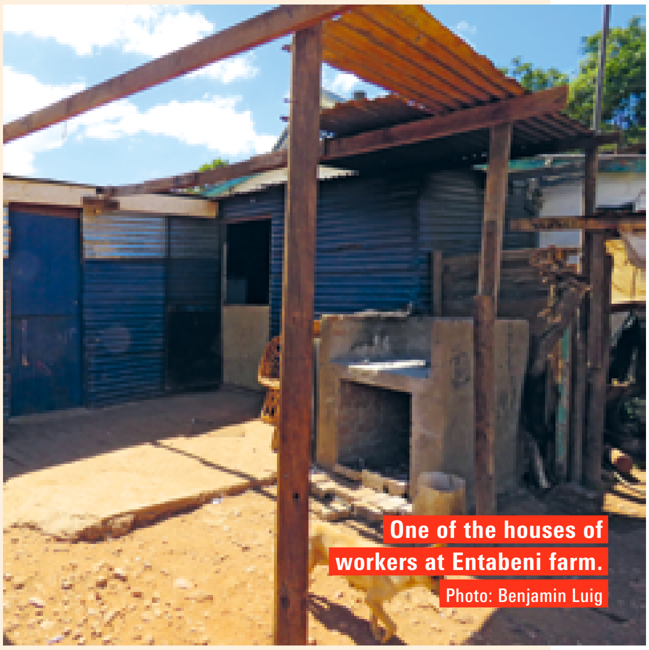
A total of 22 permanent workers are employed on the farm, as well as ten seasonal workers who work on the farm on a regular basis. During the harvest season, additional seasonal workers are hired. The cultivation of citrus is only part of the production system. Oranges, lemons and mandarins are produced on 48 hectares, and mixed crops such as maize, potatoes and wheat on 120 hectares.

The workers on the farm receive the sectoral minimum wage of 18 rand per hour.[14] The 20 workers, who are shareholders under the FWES, also benefit from the distributions, which have risen steadily in recent years. In 2014 they were 5,900 rand at the end of the year, in 2015 28,000 rand and in 2018 41,000 rand. If one compares these distributions with the monthly minimum wage in agriculture of 3,507 rand, the importance of this additional source of income for the workers becomes clear. At the same time, however, the rights implied by the FWES are limited to these dividends. All workers made it clear in the interviews that the management processes are not transparent to them and that they are not involved in any way in company decisions.[15] Seasonal workers are significantly worse off than the group of permanent workers who benefit from the FWES, even though some of them have been working on the farm for a long time. One of the workers has been employed regularly on the farm since the 1990s, but only recently got a permanent job and is not among the FWES beneficiaries.

The work days spans from 8 a.m. to 5 p.m. every day, interrupted by a 30-minute breakfast break and a 45-minute lunch break. In the interviews, the workers make it clear that the conditions on their farm are better than on other neighbouring farms. The other workers agree with the statement of one of the workers: “The working conditions are up to date, we can’t complain.”

14 This corresponds to the status at the time of the interviews on the farms in 2019.
15 The following information is based on group interview 3.

On the Entabeni farm, too, one of the main concerns is the application of pesticides. According to the workers, the products used include Skoffel and Dursban. Skoffel contains the herbicide Paraquat, which is banned in the EU. Dursban contains the insecticide chlorpyrifos, which is also not allowed in the EU. Both substances are classified as highly hazardous pesticides (HHPs) by PAN (PAN 2019). There is the necessary occupational health and safety training on the farm. Two of the three tractors used also have protective windows. The workers receive the necessary protective equipment such as masks, gloves and work clothes from the farm management.



One of the houses of workers at Entabeni farm.
Photo: Benjamin Luig

The bad quality of drinking water is a key problem.
Photo: Benjamin Luig

When asked about the biggest challenges at their daily work, the workers mention the lack of toilets at the workplace, especially for the women on the farm. Although this is also not common on other farms in the Gamtoos Valley, the SIZA standard is clear in its requirements. Criterion 7.5 stipulates that toilets and hand-washing facilities must be provided near the workplace.

The source of drinking water for the workers on the Entabeni farm is the same as for many colleagues in the valley. In the late 1960s, the Kouga Dam was built in the Gamtoos Valley in combination with a canal system. This canal system serves as a source of water for the cultivation of citrus. Farm workers get drinking water for themselves and their families from an open canal right next to the road. They complained about the taste and the quality of the water during the interviews held in 2019, and assumed it makes them sick. In fact, the drinking water already then was clearly discouloured. With the enduring drought in the Eastern Cape, the situation gets worse. In May 2021, Kouga Dam was filled only by 4 percent (News24 2021). This has further worsened the quality of the workers' drinking water. SIZA criterion 7.5 states that all workers must have access to clean drinking water where they live and that this water must be tested regularly.

In Chapter 3 we have already discussed the fact that the minimum wage in South African agriculture is well below the estimated living wage for a household of four. For seasonal workers on the Entabeni farm, who do not benefit from the equity programme, the daily costs, such as food, school and doctor's visits, can hardly be financed with the wages they receive. Especially the workers who do not participate in the FWES report that the previous owner of the farm sometimes gave them loans. Even though most other aspects have improved with the current owners, they now lack these loans. This also points at the problem that current minimum wages are still below living wages.

The farms discussed in this chapter are located in Gamtoos Valley. Photo: Benjamin Luig

Mimosa

Mimosa farm has been owned by Lona since 2017. The export company operates several of its own packhouses and five different farms. All employees, both permanent and seasonal, receive an hourly wage of 18 rand per hour.[16] At harvest time, quantitative piece rate targets are set by the management, but workers are paid by the hour. According to one worker, "the boss only yells if we don't reach the piece rate target". In addition to wages, workers receive a one-time bonus payment of between 200 and 600 rand at the end of each year.

As required by the South African Occupational Health and Safety Act and by SIZA, workers attend annual trainings on occupational health and safety and on medical aid. Work clothes are provided for them. According to the interviews with workers, only permanent workers also get the necessary protective equipment such as boots, gloves, masks or raincoats. Seasonal workers have to buy it for themselves. Mimosa's management however, retorts that all workers involved in spraying and other risky activities are provided with the necessary protective equipment.[17] Another problem from the workers' point of view is that only tractors without protected cabs are used for spraying pesticides. However, this is legal under South African law. The workers report that they have to pay their own medical and hospital bills, whether their illness or injury is work-related or not. They report a case that happened a few weeks before the interview, when a young colleague cut his hand while lifting a corrugated sheet. The management refused to drive him to the hospital. He had to walk to the clinic and pay for the doctor himself. Another worker sustained a back injury at his workplace in 2015. Because doctors confirmed that he was no longer fully fit for work, his permanent employment was terminated. He did not receive any compensation. The farm management replies that both cases were not occupational accidents and provided the author with a letter of resignation from the worker in relation to the second case.

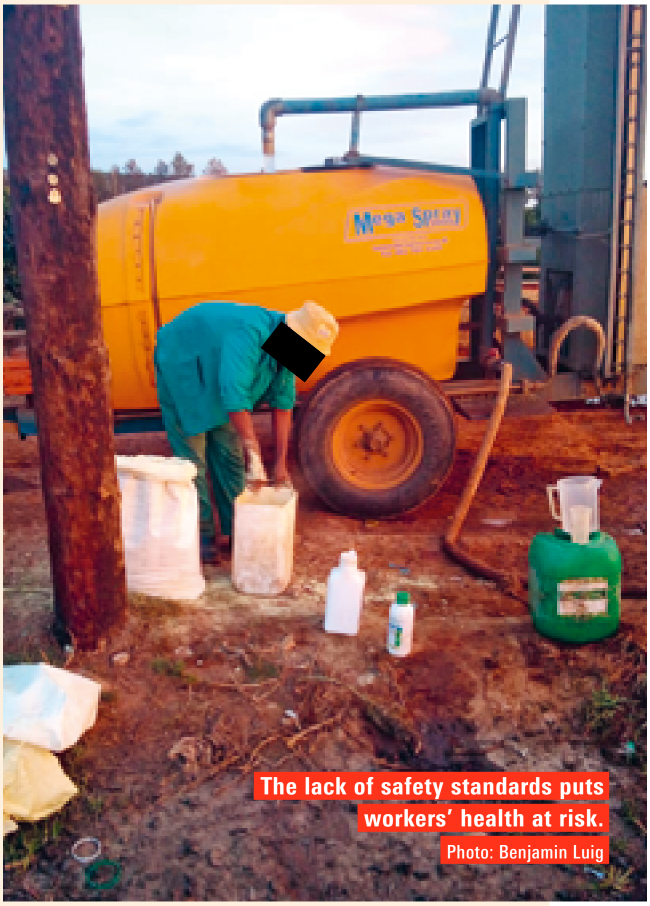
A big problem for the families on the farm is the lack of toilets. In a row of houses visited by the author, eleven households have to share four pit latrines. The houses are only four to five metres from the border of the citrus plantation. Since all the trees are sprayed, this is a major health risk, not only for the workers, but especially for their children. The management of the farm states that renovations of the houses and installation of toilets are currently being carried out. In addition, the farm management provides clear buffer zones to prevent residents from coming into contact with chemicals. Among other things, the insecticide Agrimec from Syngenta is used at Mimosa. The active ingredient in Agrimec is abamectin, which is classified by PAN as highly hazardous and by the WHO as acutely toxic (PAN 2019).

16 This corresponds to the status at the time of the interviews on the farms in 2019. The following information is based on group interviews 4 and 5 .

17 The management of Mimosa farm responded to the questions of the author in written form. The following information is based on these responses.

Another problem is the lack of access to drinking water. As on other farms in the valley, Mimosa's tree plantation is irrigated by a drip system through tubes. The water flows from a large canister through the tubes along the row of trees. However, this canister is not only used for irrigation, but also serves as a source of drinking water for the families on the farm. Fertiliser is regularly added to the water in the canister. The families living on the farm try to draw their drinking water from the canister only in the evening, when the fertiliser is supposed to have run out of the canister. The workers do not know how to stop their children from getting water from the canister during the day when they themselves are working on the plantation. The management of the farm says they know nothing about it, but it is true that rainwater is collected in tanks and used as drinking water.

Like all the farms surveyed, Mimosa is SIZA and GlobalGAP certified. As a trading company, Lona also carries the Fairtrade label, but not as a producer. Although SIZA audits take place regularly at the Mimosa farm, all workers interviewed claim they have never been interviewed by SIZA auditors. According to the management of the farm, it is the responsibility of the workers to talk to the auditor on their own initiative if there is a desire to do so. In addition, SIZA criterion 2.4 requires the certified farm's management to have a system in place to allow workers and non-management staff to communicate with management on issues of labour practices and ethical trade. According to the workers, the manager is very aggressive towards them. He regularly shouts at them and insults them. In addition, the interviewed workers report an incident: The manager once grabbed one of their colleagues by the collar and throat. The colleague then fought back and did the same to the manager. As punishment, the management removed four years of work experience from his contract, so that his pension claims are reduced. In response to this report, the farm management notes informs that senior staff is encouraged to be respectful, but also to adress workers if harvest targets are missed by them. Another problem: the workers on the farm have no originals or copies of their employment contracts. They have signed contracts, but these are kept by the management. The management responds that every worker is invited to ask for a copy.



The lack of safety standards puts workers' health at risk.
Photo: Benjamin Luig

Since 2017, Mimosa has had a Farm Workers Equity Scheme (FWES). In mid-2017, staff from Lona's head office in Cape Town visited the farm and informed the workers that they were now beneficiaries of the FWES and would own ten per cent of the farm. However, Lona would have to take out a loan to do so. The workers told Lona staff that they did not understand what was involved and that they did not know the trustees of their ten per cent shares personally. They were only shown pictures of six people they did not know and given the opportunity to vote for "their" trustees.[18] According to them, they did not sign any official document or receive a contract, but only a copy of a PowerPoint presentation which they showed us. In July 2017, the workers were paid a dividend for the first time, depending on the number of years they had been working at Mimosa. The PowerPoint slides show that of the ten percent dividend-shares of the workers, 90 per cent seem to go towards paying off the debt. The amount per worker was between 1,100 and 1,500 rand (equivalent to 70 and 96 euros respectively) when paid out in 2017. In January 2019, the shareholders again received amounts between 800 rand and 1,000 rand (51 to 64 euros). The workers interviewed said they did not have access to the annual reports and therefore did not understand the calculation behind these payouts. The amounts are hardly higher than the bonuses workers receive at the end of the year on any other farm. Mimosa management does not dispute the amount of dividends, but states that the farm was visited not once but twice. In addition, it would be open to any employee to attend the annual general meeting in Cape Town, 700 kilometres from Mimosa. This general meeting was scheduled for one hour in 2019, for example.

18 The six candidates work in the areas of IT, financial controlling and quality management at Lona headquarters. Three of them are white South Africans. Not one farm worker was among the candidates.

The citrus nursery and farm Paksaam is owned by the cooperative Patensie Citrus.
Photo: Benjamin Luig

Paksaam

Paksaam farm belongs to the Patensie Citrus Cooperative. It is a nursery for citrus plants, but also produces oranges and lemons for the market. As a nursery, it supplies plants to the co-owners of Patensie and sells them to citrus producers in the Gamtoos and Sundays River Valley. Paksaam was established in the 1970s. Currently, the farm produces about 120,000 trees per year (Patensie Citrus 2020).

Workdays start at 7.00 am and end at 5.00 pm, with short breaks from 9.00 am to 9.30 am and from 1.00 pm to 1.30 pm. Both permanent and seasonal workers are paid 18 rand per hour.[19] Until a few years ago, Paksaam paid a supplement if workers exceeded a set amount of work during harvesting, but this supplement has been done away with. The deductions from permanent employees' wages for rent are much lower than on the other farms surveyed. By law, deductions for rent of up to ten percent of wages are allowed.

In terms of working conditions, the workers interviewed unanimously report that their situation is rather better than on other farms in the Gamtoos Valley. The biggest concern of the interviewed workers is the use of pesticides. In fact, several highly hazardous pesticides are used at Paksaam. The products Sporekill and Quattro Kill contain the fungicide didecyl dimethyl ammonium chloride, which is banned in the EU. The product Biomectin contains the insecticide Abamectin, which is classified by the WHO as acutely toxic and fatal if inhaled. The product Imidor contains the insecticide Imidacloprid, and is classified as highly hazardous by PAN. In addition, the insecticide Delegate is used. Delegate contains the active ingredient spinetoram, which is classified as highly hazardous by PAN due to its environmental toxicity (PAN 2019).

The necessary protective equipment such as masks, boots and gloves are provided to the workers by the company. The spraying of the citrus trees takes place in close proximity to the houses where some of the workers live with their families. Many of the workers interviewed have been employed by Paksaam for decades. According to their statements, they have never been trained in the use of pesticides. This is a clear violation of Section 13 of the South African Occupational Health and Safety Act as well as SIZA criterion 7.2. This violation is also surprising because on the other farms surveyed, the relevant training is conducted annually.

As far as living conditions are concerned, the standards of houses on the farm meet the legal minimum standards. One problem for the workers, however, is access to drinking water. In Paksaam, they have no other nearby source of drinking water than the open canal, which is also used to irrigate the tree plantations. One worker says, "the water is very bad". Another one states that the

19 This corresponds to the status at the time of the interviews on the farms in 2019. The following information is based on group interview 6.

water is "very dirty". The workers are not aware of SIZA's requirement that the water must be tested regularly (SIZA criterion 5.7). They fear that chemicals regularly get into the canal and thus into their drinking water, and complain that no measures are taken by the management to prevent this dangerous pollution. A second major concern of the workers is the issue of occupational health. In case of injury or illness, medical costs such as doctor's visits or medicine are not fully covered by the company, but only 50 per cent. According to workers, this also applies to workplace injuries, which violates SIZA criterion 8.2.

Two unions, SACTWU and FAWU, are represented on the farm. Workers do not see any obstacles to trade union activities. Paksaam is both GlobalGAP and SIZA certified. According to the workers, apart from inspections by the Ministry of Labour, they have never experienced an external audit. It is possible that the workers were not informed about the different audits and therefore thought that all audits were Ministry of Labour inspections. Workers' lack of knowledge of the SIZA standard violates SIZA criterion 2.5, which requires farm management to proactively explain the key provisions of the standard to workers.

During the interviews, workers also raised the issue of the Farm Workers' Equity Scheme (FWES), which they find confusing. On the one hand, in 2012, a certain plot of land at Paksaam Farm was set aside by the management and the workers were told that they now owned this land. However, this verbal agreement was later retracted by the management. In 2018, Paksaam workers learned through an advertisement in a local newspaper that, on paper, there appeared to be an FWES at Paksaam. However, there has been no further communication from management since then. Workers also reported that the name of the owning company had been changed in their contracts. When Khanyisa asked the management about this, the original name was reinstated.

Workers at Paksaam consider their situation as better compared to other farms at Gamtoos-Valley.

Imidor contains the active ingredient Imidacloprid, a highly hazardous pesticide according to PAN.
Photo: Benjamin Luig

Quattro-Kill and Sporekill contain the active ingredient didecyl dimethyl ammonium cloride, which is banned in the EU.
Photo: Benjamin Luig

The maintenance of citrus orchards is labour intensive.
Foto: Benjamin Luig

Hillside

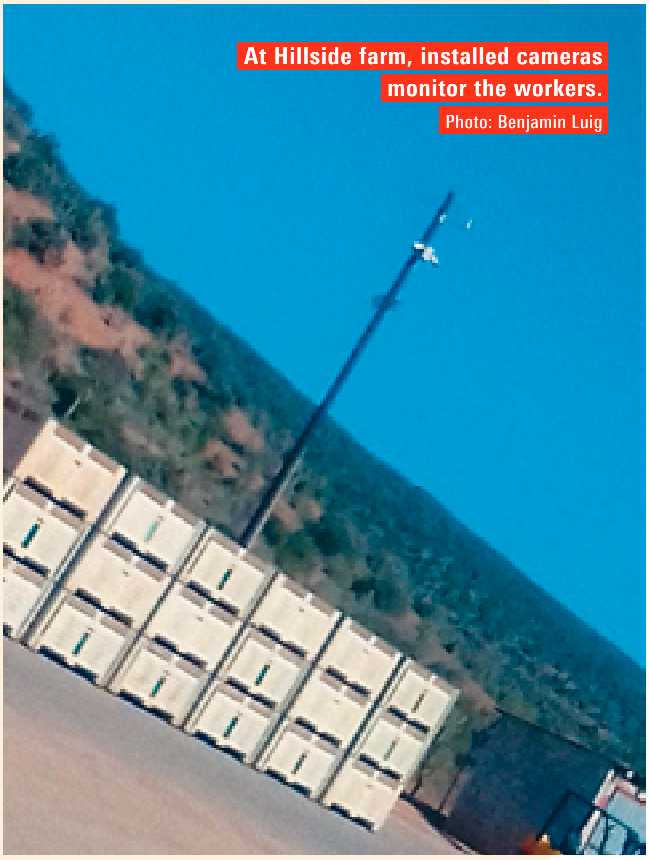
Hillside farm employs 21 permanent workers who also live on the farm. In addition, there are about 50 seasonal workers from Lesotho. The owner of the farm is Ivan Ferreira. Besides oranges, lemons and mandarins are also grown on the farm. The harvest goes to Rippell Hill Packhouse, which belongs to Ivan Ferreira's father, J. B. Ferreira. The latter in turn is a shareholder of the export organisation Grown4You.

Permanent workers on the farm work 8.5 hours a day and receive the legally prescribed minimum wage of 18 rand per hour.[20] In addition, they receive a once-off bonus payment at the end of the year. Seasonal workers, on the other hand, are paid according to the amount harvested. Each year, the workers receive one set of work clothes and protective equipment from the management. According to them, however, they often need more than this one set, but they have to pay for replacements themselves.

Once a year, health protection training is held at the farm. One of the workers was appointed as the contact person for health protection; however, this was not done by the workers but by the management. Despite the training, the workers report several cases of pesticide poisoning. A problem here is that workers sometimes work only a few rows of trees away while the pesticides are being applied. In one case in March 2017, a tractor driver sprayed pesticides without being protected by a closed driver's cab. He inhaled the chemicals due to the wind. The management refused to take him to hospital for lung treatment. He was picked up by the ambulance and taken to hospital with acute poisoning. When he returned from the hospital after several weeks, he did not receive any compensation. Furthermore, because of the health damage he suffered, which reduced his ability to work, his permanent job as a tractor driver was changed to a temporary one. Only two years after the accident did he get another permanent contract. The workers also report another incident on the farm, when a five-year-old child was taken to hospital with pesticide poisoning. The management refused to drive him to the hospital.

The workers who live on the farm have their freedom of movement restricted and their privacy violated. The management has installed cameras in various places on the farm to monitor the workers. They feel that they are being watched by these cameras not only at work, but also in their private lives. Another drastic restriction is a lockable gate at the entrance of the farm, which was built in 2012. In 2018, the gate was also electrified. In addition to being locked at night, the gate is also often locked during the day. Management argues that the gate is necessary to protect the farm from outside crime, but workers are often unable to leave the farm in their free time. In one case, a woman on the farm was about to give birth. The ambulance had no way of accessing the farm,

20 This corresponds to the status at the time of the interviews at the farms in 2019. The following information is based on group interviews 7 and 8.



At Hillside farm, installed cameras monitor the workers.
Photo: Benjamin Luig

The workers interviewed report an aggressive behaviour of management representatives. They also question the effectiveness of audits and inspections on the farm.

and instead the heavily pregnant woman had to be lifted over the fence. In another case, it was not possible for an ambulance to pick up a boy who had multiple epileptic seizures because the gate was locked. There is a second exit from the farm with a gate. However, only two staff members have the key to this other gate and permission to use the exit.

At Hillside, not only the permanent workers but also the seasonal workers from Zimbabwe live in accommodations on the farm. As on the other farms surveyed, the lack of access to clean drinking water and toilets is a problem on Hillside.[21] Water for the households comes from the nearby canal and is also piped to the farm. Workers criticise the poor quality of the water. One woman interviewed said “the water is not normal”. Toilets are shared by several households. In one block, for example, there are three toilets for ten households.

Treatment by a doctor in Patensie has to be paid for by the workers themselves. One visit usually costs 320 rand. Women on the farm are discriminated against in many ways. Women who are pregnant or breastfeeding are not employed for this period. Accordingly, there is no maternity leave. If they want to return to work after breastfeeding, they can only do so on a seasonal basis. This violates SIZA Standard 6.2, which states that there must be no discrimination on the farm based on gender and that permanent employment must be offered regardless of gender. SIZA criterion 8.2 also requires that pregnant and lactating workers be given six weeks maternity leave and be assigned jobs that are safe for their health during the period up to six months after the birth, without placing them at a disadvantage professionally compared to the period before the pregnancy.

The workers all complain about the manager’s aggressive behaviour. One worker says, “When you complain about something, he yells at you.” Another one notes that “he uses brutal language, which is intimidating.” Management is also hostile to trade unions. The farm workers interviewed reported intimidation when individuals tried to join the FAWU union. The interviews reveal a fundamental scepticism about the effectiveness of the audits as well as the government inspections. One worker says, “We have to hide all the pesticides when GlobalGAP or labour inspectors come.” One problem is that the inspectors from the Ministry of Labour and the auditors from SIZA and GlobalGAP never go into the workers’ houses during their visits. Generally speaking, employees are disciplined through the threat of disadvantages. Therefore, workers think twice before taking the risk of fighting back. One worker, who was not paid his bonus of 500 rand for the year at the end of 2018 for disciplinary reasons, refused to continue working until he received the bonus. As a result, he was dismissed in January 2019.

21 Unlike the other farms, the housing conditions at Hillside could not be inspected by the author himself.

5 Conclusion

The supply chain for citrus fruits from South Africa to Germany is largely regulated by private standards. Private standards have prevailed over the last 15 years, both in terms of ensuring the quality of the fruit and protecting the rights of workers on citrus farms. In particular, the GlobalGAP code of conduct and the SIZA social standard play a central role in the supply chain between South Africa and Germany. These standards work excellently in the target market in Germany—they guarantee consumers comparatively high quality and a high level of food safety. However, they fail on the citrus farms in South Africa—they cannot ensure compliance with the applicable labour laws for the workers on the plantations. The fact that private forms of regulation dominate the supply chain does not mean that they have simply replaced forms of regulation by the state. On the contrary, the high requirements of GlobalGAP and the EU policy on human and plant health standards for imported products go hand in hand. The

GlobalGAP and SIZA work well for consumers in the target market in Germany. However, they fail to ensure compliance with applicable labour laws on the farms in South Africa.

South Africa produces high quality oranges.
Photo: piqsels

Citrus fruits from South Africa fill the supermarket shelves in Germany between June and October.

Photo: Rikolto (Vredeseilanden)/flickr (CC BY-NC 2.0)

German supermarket corporations use their market power against South African producers in a problematic way: they achieve high price margins, but do not accept responsbility for labour rights in their supply chains.

relationship between SIZA and South African labour law is similar. The substantive criteria of the SIZA standard build on labour law. However, due to the low number of inspections and the inadequate punishment of violations, the South African state has effectively handed over the enforcement of these rights to SIZA, an organisation of citrus producers. On the one hand, this leads to a technocratic approach to the protection of labour rights. The fact that workers need protected spaces to raise grievances, given the paternalistic and conflictual social relations on the farms, is ignored. At the same time, SIZA as an organisation apparently refuses to engage in dialogue with farm workers' organisations such as KFWR and does not make the results of its audits available to workers, the public or government agencies, but only to the citrus importers in the supply chain.

German supermarket groups are using their buying power against producers in South Africa. Problematic trading practices are not the exception but the rule in the citrus supply chain. German supermarket groups do not enter into long-term supply contracts with importers and renegotiate prices, at the same time demanding high quality standards. The importers pass this uncertainty and pressure on to the producers in South Africa. They receive the products on commission and place orders at short notice. This means that it is the South African producers who bear the risk. Importers see their role as a mediator. As a rule, they have built up long-term relationships of trust with the citrus fruit producers and mediate between the tough conditions of the retail trade and the production conditions in South Africa. An ideal-type of calculation of price margins shows that the gross margins along the supply chain have little to do with the real value added. It is true that producer prices in South Africa have shown a clear upward trend in recent years, and citrus cultivation is booming. However, more than half of the final price remains in Germany. Even South African producers who export themselves *(grower-exporters)* only receive about a quarter of the final price as a gross margin. The converted share a permanent farmworker in the price that a kilogramme of oranges fetches in the German supermarket is three percent. The one-sided distribution of market power on the part of the supermarket corporations is the result of two opposing trends in recent decades. In the German retail sector, the formation of monopolies has reached increasingly drastic proportions and cemented the market power of four large corporations. In South Africa, privatisation, in relation to the previously state monopoly structure, has led to fragmentation in the export sector, which has massively weakened the bargaining power of exporters. However, the supermarket corporations have so far not used their strong position towards the suppliers to actively enforce labour laws on the farms.

The current measures to transform the citrus sector are not leading to fundamental changes. Instead of re-distributive land reform, two "transformational" initiatives are currently implemented in the citrus sector. The first is the mentorship programme, in which black farmers operate citrus farms under the mentorship of white farmers and are given land by the government. However, the number of these projects is small. The second transformation initiative, Farm Worker Equity Schemes (FWES) for farm workers, has proven to be highly opaque. While a core of permanent workers on one farm (Entabeni) benefit from the scheme, workers on another farm (Mimosa) do not benefit at all. The rapid growth of the citrus sector in South Africa has created additional jobs in recent years. However, a closer look shows that the pressure to rationalise, both on the citrus farms and in the packhouses, has wiped out a significant part of this potential. In addition, producers in the Eastern Cape have access to a kind of "reserve army" of labour through the recruitment of migrant workers from Lesotho and Zimbabwe. At the same time, unemployment in this region is the highest in South Africa at over 35 per cent.

This shows that rising citrus prices in favour of producers do not per se lead to rising wages or better working conditions.

On the citrus farms surveyed in the Eastern Cape, labour laws are violated in several ways according to workers. There are huge differences between the farms in terms of living and working conditions. While workers spoke positively about Entabeni and Paksaam, the conditions o nthe farms Nuwelande, Mimosa and Hillside are particularly problematic.

(1) Employment contracts and wages: Basic labour rights are violated on three of the five farms. On Nuwelande farm, permanent workers sign a new contract every year. During harvest time, the minimum wage is suspended and piece-rate wages are paid instead. At Mimosa, workers are not given the original or a copy of the signed contract. At Hillside, workers' freedom of movement is restricted and their privacy is violated.

(2) Trade union organisation: On three of the five farms, workers report being intimidated or actively fighting union organisation. On Nuwelande, the shop steward of a union has been dismissed. At Mimosa and Hillside, workers are intimidated by the management.

(3) Drinking water: On all farms surveyed, the workers who live on the farms do not have access to clean drinking water. On Paksaam, Entabeni and Hillside they draw water from a canal; on Nuwelande from an open reservoir that is right next to a road; on Mimosa, workers report to drink from a canister that is contaminated by fertiliser. With the enduring drought in the Eastern Cape in 2021, the situation has further worsened for workers.

(4) Health protection: Various types of highly hazardous pesticides are used on several farms. Moreover, their safe use is not guaranteed. On Hillside, workers have to buy their own protective equipment; on Paksaam there is not enough training; on Nuwelande there is simultaneous work with spraying nearby; on Hillside there have been several cases of acute poisoning.

(5) Accommodations and toilets: On three out of five farms, the shelters and access to toilets on the farms are problematic. On Nuwelande, the roofs of the shelters are partly leaking; on Mimosa, eleven households share four pit latrines as toilets; on Hillside, ten households share three toilets.

Recommendations

In 2020, three of the four large German supermarket corporations, together with the German government, recognised their human rights responsibility along the entire supply chain in a declaration and affirmed their commitment to a living wage and decent living standards in the future (BMZ et al. 2020). Supermarket corporations could contribute to an improvement as a first step by ending the common practice of problematic trading practices and actively demanding compliance with labour law from their suppliers. Much would be gained if they showed a similar diligence in verifying compliance with their standards on elementary labour rights as they do in ensuring the quality of citrus fruits. However, these standards should not be set arbitrarily by supermarket companies, but need a legal framework that governments must define and enforce. In doing so, they should involve representatives of farm workers' organisations and civil society. In times when global supply chains dominate large areas of agriculture, both elements of regulation in the country of production and elements of regulation on the part of the importing country are needed.

The South African government should act and implement effective regulation:

→ The number of labour law **inspections** must be significantly increased. To this end, the South African government should massively increase the number of qualified inspectors. Sanctions must be enforced in case of labour law violations by farms. The basis for an improved strategy should be the ratification of ILO Convention 129 on labour inspections in agriculture. In particular, existing labour law must be enforced in the areas described above: (1) labour contracts and wages, (2) trade union organisation, (3) access to drinking water, (4) health protection, (5) housing and access to toilets.

→ To ensure that the awarding of private labels is not disconnected from the right to organise and to bargain collectively, **framework legislation** for private standards is needed: SIZA must make the results of its audits publicly available and withdraw certification in case of violation of audit criteria. Registered trade unions as well as non-registered organisations of farm workers should be involved in the development of the standards, be present at the audits and countersign the audit reports, and have a say in the monitoring process. Audits must include interviews with a larger number of workers in the future.

→ The two current forms of "transformation" are proving problematic in many cases. In order to combat rural unemployment in the Eastern Cape, ambitious **land reform strategies** are needed. As a first step, the South African government should undertake a critical inspection of the existing Farm Worker Equity Schemes (FWES) in the citrus sector. Based on this inspection, the government should develop a concept of mandatory rather than voluntary FWES. Instead of being financial support for farmers, FWES must be designed in such a way that farm workers as a target group benefit directly from them.

The German government should act and implement effective regulation.

→ Based on its national supply chain law, it should force German supermarket corporations to ensure that fundamental labour rights in their **supply chains** are protected. With a view at their second-tier citrus suppliers in South Africa, this particularly concerns occupational health and safety, access to clean drinking water and the right to trade union organisation.

→ The German government should also advocate at the **international level** for the human rights due diligence regulation of global supply chains. It should lobby for appropriate regulation at EU level. In addition, it should advocate for a strong, binding UN agreement on business and human rights that also requires importers of citrus fruits from other countries to follow appropriate practices.

→ The federal government must **curb** the excessive **market power** of supermarket groups in Germany. A first step towards this would be to further develop its recently adopted law on organisations and supply chains in agriculture ("Agrarorganisationen-und-Lieferkettengesetz") by increasing the list of Unfair Trading Practices. Based on the insights from the citrus sector, it should particularly prescribe written supply contracts with the priced fixed in advance.

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Appendix

List of interviews conducted

Group interviews	G1	8 workers	Nuwelande Farm
	G2	5 workers	Nuwelande Farm
	G3	7 workers	Entabeni Farm
	G4	8 workers	Mimosa Farm
	G5	4 workers	Mimosa Farm
	G6	14 workers	Paksaam Farm
	G7	9 workers	Hillside Farm
	G8	4 workers	Hillside Farm
Individual interviews	E1	Employee	Agricultural input trader, South Africa
	E2	Employee	Producer and exporter, South Africa
	E3	Employee	Exporter, South Africa
	E4	Employee	Logistics company, South Africa
	E5	Employee	Exporter, South Africa
	E6	Employee	Importer
	E7	Employee	Importer
	E8	Employee	Importer
	E9	Employee	Importer
	E10	Employee	Importer
	E11	Employee	Supermarket group

Calculation of the farm workers' share of the harvest

(1) Average yield per hectare of orange production in South Africa 2019: The total orange harvest (Valencia and Navel) was divided by the area under cultivation of oranges (CGA 2020). The average yield is 35,572 tonnes per hectare.

(2) Number of permanent and seasonal workers needed for orange production. The calculation of the number of permanent and seasonal workers per hectare on citrus farms is multiplied by the area under orange cultivation (De Klerk 2017). Number of permanent workers needed: 16,230. Number of seasonal workers needed: 34,516.

(3) Yield that a permanent worker generates: It is assumed that seasonal workers work on the farms for half a year in average. First, the share of the orange harvest produced by the permanent workers alone is calculated: 770,811 tonnes. This share is divided by the number of permanent workers. Converted, a single permanent worker produces 47.49 tonnes per year.

(4) Wage paid to a permanent worker per kilogram of oranges: Applied is the 2019 monthly minimum agricultural wage plus annual bonus payment equal to a thirteenth month's wage. The annual earnings are 45,595 rand. This annual earnings is divided by the quantity of oranges harvested: Per kilogram, the permanent worker receives 0.96 rand (0.061 euros) per kilogram.

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