

# Tracking ethics within South African supply chains



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# Introducing our Project

‘Ethical Production in South Africa: Advancing a Cultural Economy Approach’,  
*funded by the Leverhulme Trust*

## Case studies:

- Sustainable wild flower harvesting on the Agulhas Plain.
- Eksteenskuil Agricultural Co-operative, Fairtrade raisin producers



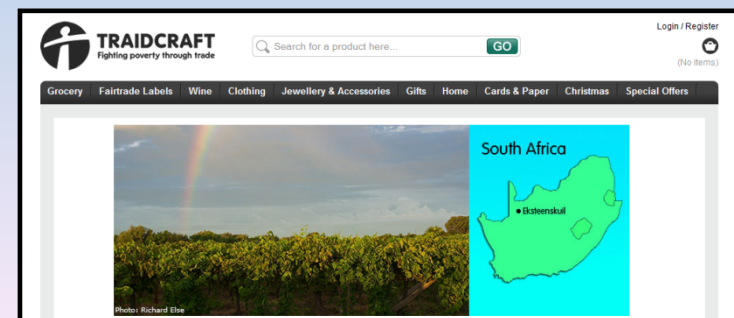
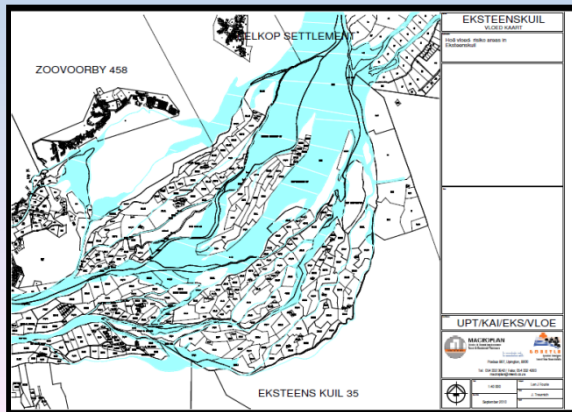
# Methodology

- 140 interviews with workers, NGOs, government and commercial informants.
- 89 interviews conducted in relation to Eksteenskuil.
- 57 interviews conducted in relation to sustainable harvesting
- Support from skilled local research assistants
- Farm observations, field study visits, tours of processing plants, consumer/store-display observation...
- Reviews of published articles, reports, blogs, web-pages.



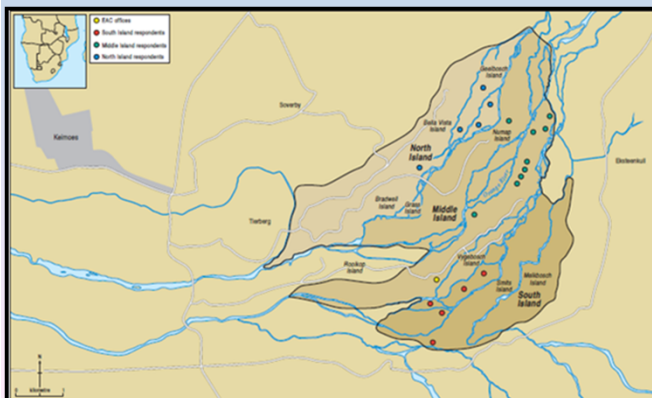
# Part 1: Eksteenskuil, a Fairtrade community

- World's first Fairtrade raisin supplier
- One of only 3 smallholder FT producers in SA
- Unique history and geography
- Produce in a marginal environment
- Linked to UK market
- Been focus for development efforts from Traidcraft



# History and Geography of the Community

- **Community from diverse backgrounds**
- **Post World War 2 resettlement programme**
- **White farmers moved elsewhere and Coloured people from locations such as Kakamas, Poffadder, Namibia came to Eksteenskuil**
- **However, farmers allocated small plots and no deeds**
- **Multi-island community based around North, Middle and South Islands**
- **Infrastructure poor and some areas very 'remote'.**



## Hazardous environment

- **Floods, hail, rainfall variations, frost, fire, monkeys and other pests**
- ‘as a result of the 2002 hailstorm we had to sell all our animals to have cash, so no cows for milk during the floods of 2011’.

## Livelihood stability/survival

- **Household wealth seems to be dependent upon interplay of factors**
- **Diverse livelihood strategies and high dependency levels in many households**



## Benefits of Fairtrade

- **Members mention various benefits: Implements, higher income, ability to take out loans...**
  - ‘That's where our lives started, the exporting of the raisins to overseas. We were available to pay off loans and debts and things like that, made life financially easier. The assistance with pesticides and chemicals and things like that, provided a guarantee of a better harvest. Our lifestyle has definitely improved.’
- **Through Fairtrade the Co-op structure has been set up**
  - ‘The resource from Fairtrade is the Premium and the Co-op manages the Premium money. It is a collective.’
  - ‘It is much easier to speak for 100 people than standing there and representing yourself. That makes a big difference especially if you are into this Fairtrade thing’.

# Challenges of FT and the market

- **There is little extra value for Fairly traded commodities**
  - ‘They are all keen to buy the (Fairtrade) tonnes but they are not keen to pay.’
  - ‘The expectation is that this will change their lives around but this is not the right model. So you will always have that frustration.’
- **This story is replicated across virtually all Fairtrade and ethical trade markets.**
- **Costs of compliance**
  - ‘And the paperwork! I had a guy who probably worked on this for a week full time, just the auditing. It is just a nightmare to work through. It is a cumbersome process to comply.’



**Fairtrade Standard  
for  
Prepared and Preserved  
Fruit & Vegetables  
for  
Small Producer  
Organizations**

Also applicable to Contract Production for Dried Fruit in Pakistan

Current version: 13.12.2011

Supersedes previous version: 01.05.2011

Expected date of next review: 2016

Contact for comments: [standards@fairtrade.net](mailto:standards@fairtrade.net)

For further information and standards downloads:  
[www.fairtrade.net/standards.html](http://www.fairtrade.net/standards.html)

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# Comments about the Fairtrade System

- Over emphasis on raisins and value chain control. Could be greater focus on potential benefits via diversification and leveraging support from external stakeholders
- Co-operative model does not fit easily with local context
- Costs of managing Co-op are prohibitive
- Social standards may not meet expectations of consumers, especially around seasonal workers
- FLO Environmental standards are not necessarily appropriate for a location such as Eksteenskuil.



## Summary

- Fairtrade has brought some benefits to the Eksteenskuil members.
- However, the full potential has not been realised and outcomes have been socially and spatially uneven.
- Land ownership rights and vineyard investments should be a priority
- Communication within, and beyond, the community needs enhancing.
- Co-op needs to sharpen its focus.
- Stakeholders need to fully take on board the implications of 'forces of nature', 'forces of economics' and 'social forces'.

## Part 2: Sustainable Harvesting of Wild Fynbos

- Response to on-going threats to the fynbos ecosystem in the Cape Floristic Region
- Model = conservation via the market
- ‘Sustainable harvesting code of practice’ devised via the Flower Valley Conservation Trust
- Initial sustainable harvesting supply chain delivered to Marks and Spencer in the UK
- Environmental and social ethics are intrinsic to the project



## Positive outcomes from the Sustainable Harvesting supply chain

- Some evidence of (stable) employment creation
- Working conditions better than in mainstream wild flower industry
- SH concept respected by suppliers and broadly by workers
- Increase in land subject to sustainable harvesting
- On-going growth in market (i) increased volumes via M&S; (ii) more retailers coming on board
- Ahead of the game in terms of ethical standards in SA protea industry




## Working Lives: Pickers and Packers

- **Workers in the ‘Sustainable harvesting supply chain’ experience better working conditions than those in the mainstream wild flower industry**
- **Typical sources of discontent include: pay, overtime and physical hardship**
- **Workers from the Xhosa communities experience a greater range of work-related challenges**
- **Workers who have been promoted are more likely to be content**
- **But opportunities for promotion or genuine empowerment are constrained**

# Shaping the ethics: retailers

- **Benefits of Fynsa/M&S market: large, constant orders for diverse product BUT effective price freeze**
- **Constructing and re-constructing the ethics: wild v. cultivated, value v. volume**
  - 'When M&S saw how big this can get and the money they can get they have bent the rules. The cultivated product is selling the greens is now the story.'



**Cape Flora Bouquet**  
£22.00

Product Code: 00669252

Overall Rating: ★★★★★ 1

[Read all 68 reviews](#) | [Write a review](#)

The cape flora used in this bouquet is sustainably harvested in the agulhas region of South Africa and forms part of the cape floral kingdom which is the smallest plant kingdom in the world, but contains the highest known concentration of plant species. More than 9 000 plant species make up the region - 6000 of which are found nowhere else on Earth. flower harvesting and bouquet making are a cultural heritage and a traditional livelihood amongst the rural communities in the area. harvesting directly from the wild also presents an ideal way for previously disadvantaged communities to build their economy.

Hover to zoom

## Shaping the ethics: retailers/consumers

- The desire for 'perfect specimens' leads to pack shed rejects



- **Shifts in market tastes can be problematic**
  - 'One of the worst things that happens in fresh produce is when a new buyer comes in and says , "I want to shake things up a bit".'
  - 'No pincushions anymore. They don't like it, the colour that we get here.'

## Shaping the ethics: business systems

- **Inflexible corporate systems lead to concentration on a small range of species**
  - ‘You have 20 species that are being used year in year out.’
  - ‘They want to know everything that goes in a bouquet and does that fit their brand values. That can slow the process down.’
- **‘Just in time’ delivery system imposes pressures on environment and workers.**
  - ‘This morning the order came at 6am for today. I try to get it to them between 11 and 1pm.’
- **However...**
  - ‘They place orders on a Tuesday night for the next week (from Thurs/Fri), so we get 10 days notice.’



## Part 3: Retailers, supply networks and changing ethical practices

- **Companies are paying more attention to ethics**
  - ‘I think businesses are looking at their supply chains and they perceive an increase risk in that area. People are more aware of it. Customers are more aware of it. It becomes less acceptable for businesses not to do something about it.’
  - ‘The question for any new product will be what is green or sustainable about it? They had better have an answer or it does not go.’
  - ‘I would suggest that the tide is coming in and the supply base/industry in SA must proceed with some momentum I would say. We publicly urge all our growers to treat this initiative (FruitSA) very seriously.’

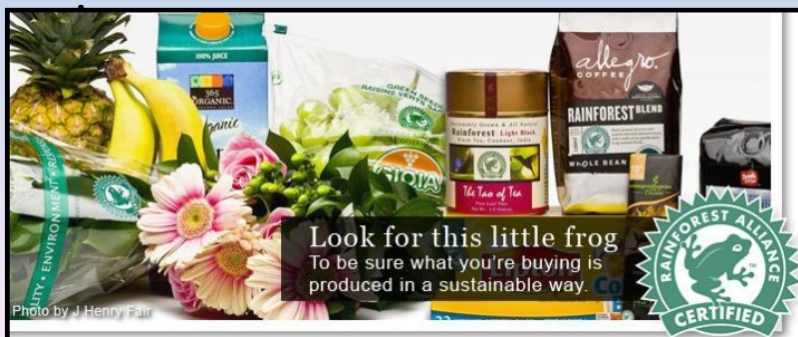
# Acknowledgement of issues

- **Companies do accept that there are problems in supply chains**
  - 'If you look at all the data on our supply base 50% of all the issues are to do with H&S. After that it is working hours and wages.'
  - 'I think the legislation is reasonable but I would not like to be a farm worker in South Africa, that is the most marginalised of the lot. They are not unionised, they are paid R6.70 an hour, baking sun, hard work. What is going on there? That cannot be legal...**morally legal.**'



# Perspectives on Fairtrade 1

- Increasing trend of FT penetration into retailer portfolios
- Position of FT within portfolios varies
  - i) **THE symbol of ethics but mainstreamed FT likely to dominate**
    - ‘Just last week, I got a phone call about a Women’s [Group] produced coffee but our whole coffee range is Fairtrade, so it is not something that will add anything for the consumer.’
  - ii) **Part of a broader ethical mix**
    - ‘We like to give consumers choice and rather than making that decision for them and only stocking one ethically labelled product we do have Rainforest Alliance and FT, we give the consumer a choice and hopefully they can make an informed decision.’



## Perspectives on Fairtrade 2

- **Can be a distraction if ethics are core to a corporate brand**
  - ‘There is an assumption that because I am shopping with you it is all fine and it is your job to make sure it is.’
- **Relevance of FT for RSA consumers is questioned**
  - ‘We could not see the point in taking the FT model from Europe, that did not make sense at all. Then we did not see our customers as appreciating it.’
  - ‘If you think of the massive distances your fruit has to travel versus our fruit, there is a big difference in perception.’
- **Producers/exporters fairly sceptical about commercial benefits of FT**

# Who is driving the ethical components?

- **Retailers mediating complex consumer desires**
  - 'It is a challenge to continue to offer the products as **'value for values'**. People have become much more conscious of price.'
  - 'I think there is a huge gap with the customers and what we require our own supermarkets to do versus the UK customers'.
- **Shifts in South Africa – industry, even government involvement**
  - 'The FruitSA programme which is brilliant, it is not now the retailers dictating what the requirements are, it is FruitSA saying we are here. It is a change, a turn around.'
- **Will this shift be linked to re-conceptualisations of sustainability?**
  - 'There is good stuff going on. That balance between trying to become a first world country and not making the same mistakes, that's the power that the retailers, that's what we have to do. Government is massive but retail can play a really key role in that.'

## Retailers and Ethical Practices: Summary

- Retailers do acknowledge the existence of labour compliance problems in their supply chains and are actively seeking to rectify these
- Social ethics increasingly bound up within 'sustainability'
- Fairtrade is increasingly part of the retail offer, although its trajectory varies between retailers
- There is likely to be an increasing trend of retailer collaboration over ethical management
- There is a trend to look beyond basic auditing to ensure ethical standards within supply chains
- Ethical governance – complex drivers

## Concluding thoughts: Abstract ethics vs moral experience?

- Not external/global vs internal/local...
- Ethical enterprises positioned in value chains involving multiple ethics and commercial pressures:
  - Sustainable wildflower harvesting:**
    - commercial pressures (retailers; suppliers; pickers)
  - Fairtrade raisins:**
    - perpetuation of dependency and paternalism
- South Africa key player in making ethics work in global value chains

# Thank you!





# Workshop:

## Group discussions

- Group 1: Who pays (or should pay) for ethics in the supply chain?
- Group 2: What challenges do commercial pressures pose for ethical/fair trade and how are these best overcome?
- Group 3: What are the possibilities for growing ethical consumption (environmental, 'fair', 'ethical', developmental, BEE, localism etc.) in South Africa?
- Group 4: Is there a need to move 'Beyond Audit'; if so, why and how? If not, why not?