

FROM THE DESK OF THE CEO (17/19)

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"It's a sad thing not to have friends, but it is even sadder not to have enemies" Che Guevara

AGRARIAN REFORM IN PERU

Driving down a dusty road about 200 kilometres south of Lima, Peru when we suddenly come upon a row of trucks parked off on the side of the road. We are on our way to a citrus and avocado farm and there is no mining or manufacturing industry in the area – and yet we pass about two to three kilometres of trucks parked on the side of the road – with tarpaulins hiding their load. My friend who was driving us to the citrus farm had no idea what is in the trucks – and three out of every four trucks was from Bolivia. When we get to the farm office we ask the Manager what the trucks are carrying – soya to feed the chickens he answers – we produce 4,5 million eggs a day – FOUR AND A HALF MILLION EGGS A DAY. But we were visiting a citrus and avocado farm – chickens? Well necessity is the mother of creativity as some say.

But this story is not about the size of the egg production. It is about what makes a farmer. In 1968 a military coup deposed the Congress in Peru and installed a military dictator. One of his first actions was to expropriate business's – ranging from mining to manufacturing to agriculture. In terms of agriculture and the agrarian reform over 9 million hectares of land were expropriated (15 000 farms) and handed to 300 000 families, small cooperatives and farmer associations. One of the farms expropriated was the one we were to visit – at that time the farmer was farming on over 500 hectares of citrus and other fruit. The government expropriated his land and gave him Agrarian Bonds in return; which turned out to be the subject of litigation until today – and not worth the paper they are printed on. The farmer was left with fifty hectares. Realising that this size farm made fruit farming unviable, he looked for other options – after much research and investigation he settled on producing eggs – and this was the start of his 4.5 million a day egg business.

The Agrarian reform was a disaster. Peru suffered hyperinflation, between 1980 and 1989 inflation was never below 50%, peaking at 12 378%. In addition, there was high unemployment and a shortage of food. Driving from Lima to the farm we had been in a desert most of the time, only 2% of Peru is arable – the arable land mostly in the valleys that have rivers of snow melt providing water all year long. Unfortunately, the people who had been given the land were poorly equipped to maintain production, and the agrarian reform was a disaster.

But the farmer we were visiting was doing well with his eggs, and when the military government was displaced, and economic reforms instituted, the farmer bought back his farm, and more. He now farms on 700 hectares of citrus (mostly satsuma and W. Murcott) and 400 hectares of avocado; and he has his massive egg business.

This real life story should be a lesson to all those who believe that expropriation without compensation is a solution; it has proved to be a disaster wherever it was attempted. To be a farmer takes a number of special attributes – a farmer has to be ready and able to take risks, a farmer has to do the relevant research and investigation to make informed decisions, a farmer has intuition and foresight, a farmer works hard and understands that hard work does not always pay – climatic variables, market forces, government policies and many other factors can result in no return from all his hard work. As the Peruvian government found out, giving land to those who do not have these attributes leads to more poverty, hunger and pain than was experienced before these so called agrarian reforms. Some of us are meant to be workers, other are meant to be farmers; social engineering and poor government reforms will not change one into the other.

PACKED AND SHIPPED

Million 15 Kg Cartons to end Week 16	Packed	Packed	Packed	Shipped	Shipped	Original Estimate	Latest Prediction	Final Packed
SOURCE: PPECB/AgriHub	2017	2018	2019	2018	2019	2019	2019	2018
Grapefruit	1.7 m	1.3 m	1.7 m	0.6 m	0.6 m	17.1 m	16.6 m	18.8 m
Soft Citrus	1.5 m	1.7 m	1 m	1.1 m	0.4 m	18.3 m	18.3 m	16.2 m
Lemons	3.1 m	3.5 m	2.7 m	2.3 m	2.1 m	22 m	21.8 m	19.9 m
Navels	0.2 m	0.2 m	0.1 m			26.9 m	26.9 m	26.7 m
Valencia		0.1 m				52.9 m	52.9 m	54.4 m
Total	6.5 m	6.8 m	5.5 m	4 m	3.1 m	137.2 m	136.4 m	136 m

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