



# SMALLHOLDER MARKET ACCESS TRACKER:

Quarter 3 - 2020

*Smallholder  
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# HIGHLIGHTS OF MAY - JULY 2020



What should be the national picture of smallholder farmer participation in National Fresh Produce Markets (NFPMs) based on the recommendations of NAMC Section 7 committee report published in 2006? This quarterly publication aims to provide an answer to this question by applying the target stating that “30% of the volume should be traded through black commission market agents, starting from year 2014”. This volume is assumed to be obtained from smallholder farmers in South Africa. Data for 17 NFPMs were obtained from South African Union of Food Markets – an official and most reliable source and it covers a period of three month (May-July 2020). Over the period the total volume traded in national fresh produce market was 723 609 metric tons (MT).. If the aforesaid target of 30% is applied to this volume, the results show that smallholder farmers should have traded a total volume of 217 thousand MT, matched by a total turnover of 1.2 billion – which is 32% in May, June (30%) and July (38%). The top 5 NFPMs contributing to total turnover include Johannesburg at R616 million (51%), Tshwane at R240 million (20%), Durban at R125 million (10%), Springs at R39 million (3%) and East London at R34 million (3%). This finding implies that Gauteng province had to largest contribution of 75% followed by Kwa-Zulu Natal (13%) and Eastern Cape (5%). Four agricultural products (Potatoes, Onion, Tomatoes and Bananas) commanded 61% of the total volume traded over the period under review. Potatoes had the largest contribution at R266 million (22%) followed by Onion at R153 million (13%), tomatoes at R130 million (11%), and Bananas at R87 million (7%). The rest (47%) was attributed to other fruits and vegetables. These findings have serious policy implications for land reform, food security and strategies for transformation both at farm production and NFPM levels.

## BACKGROUND

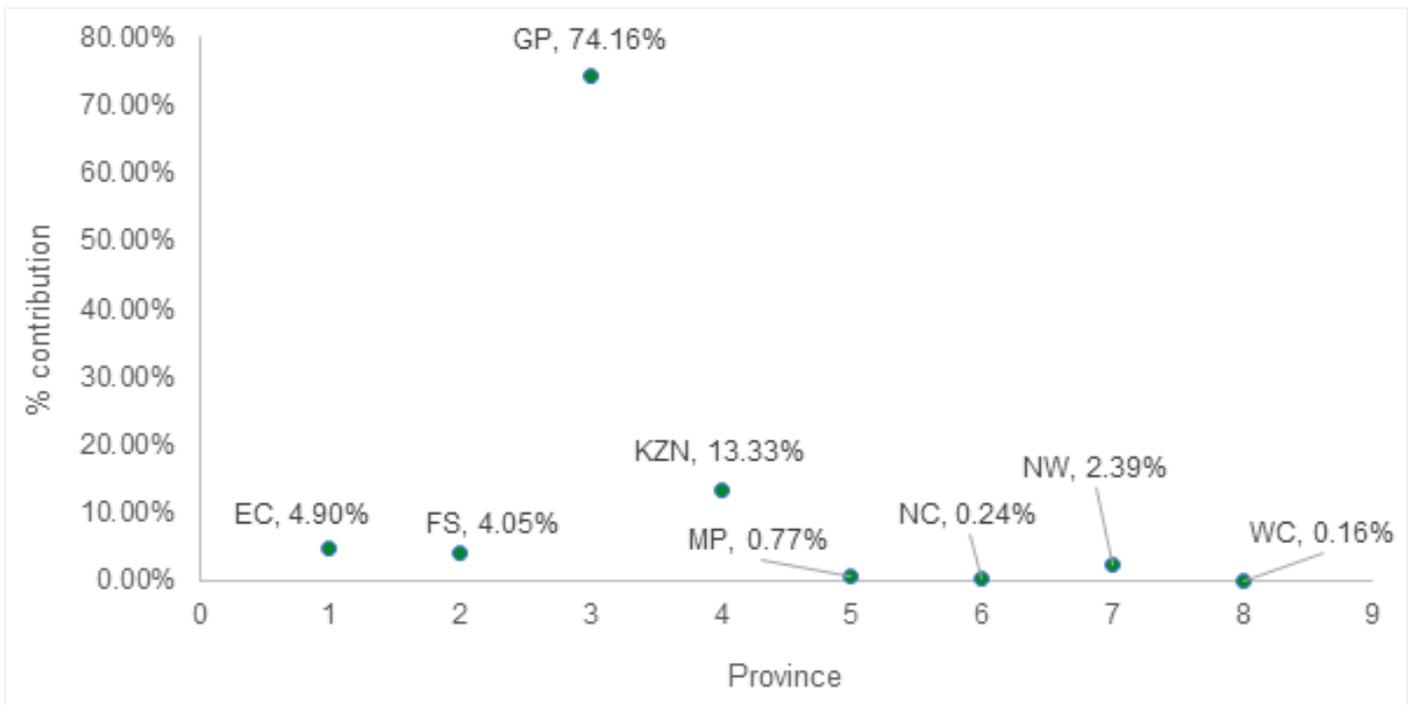


The presence of black commission market agents in NFPMs can be attributed to the NAMC Section 7 committee report published in 2006 and their primary goal is to assist smallholder farmers with market access in the NFPM. One of the assumptions of this publication is that volumes traded by these market agents come from smallholder farmers. While this assumption can be a subject of debate, it does not prevent an analysis revealing what ought to be the picture of smallholder market participation in these markets, all other things held constant. The analysis considers 17 NFPMs spread across different provinces in South Africa. They include three NFPMs located in the Eastern Cape followed by two in the Free State, four in Gauteng, two in Kwa-Zulu Natal, three in Mpumalanga and one in Northern Cape, North West and Western Cape. Unfortunately, the data does not cover the Limpopo province.

## MAY - JULY 2020

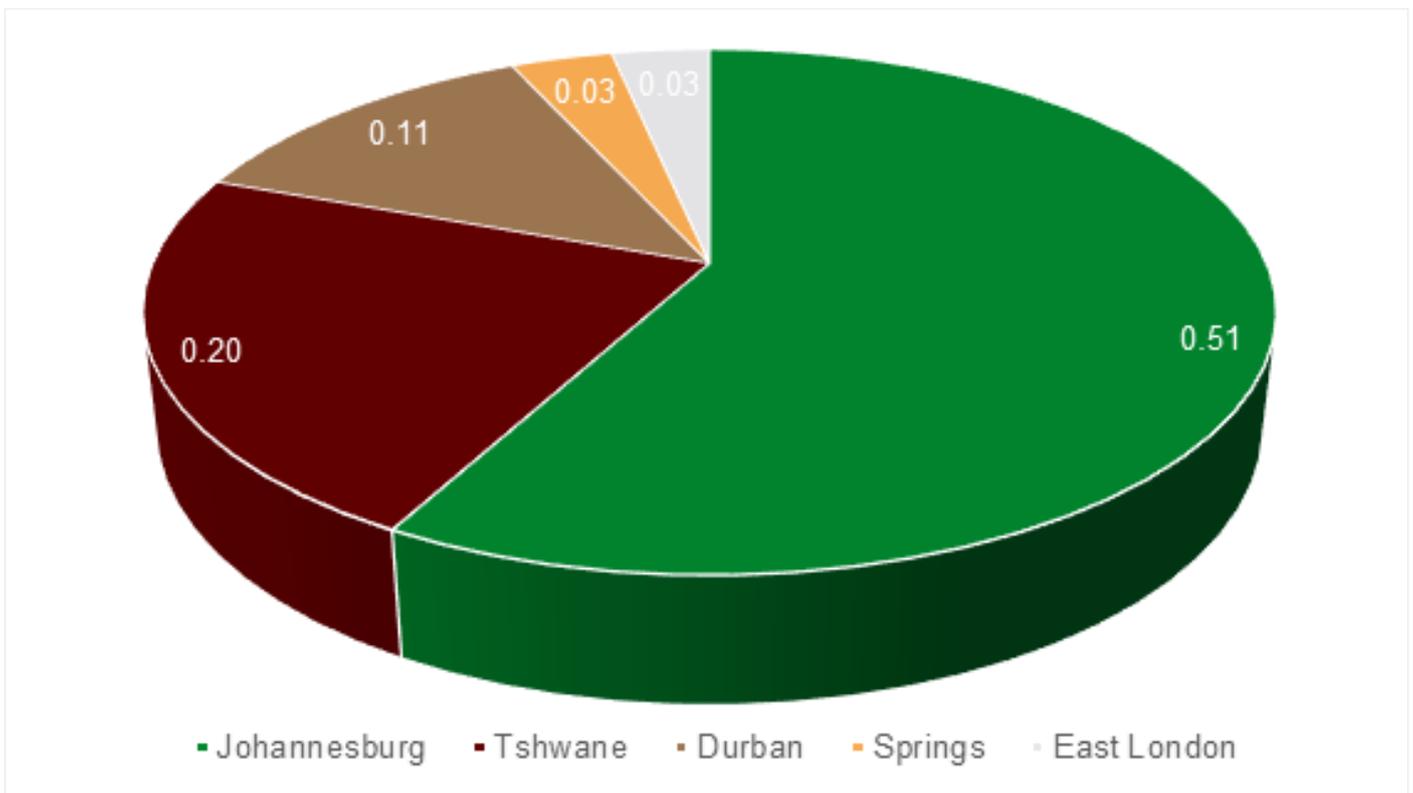


For the month of May, the national fresh produce market system sold a total mass of 235 thousand metric tons which led to a total revenue of R1.3 billion. Thirty percent (30%) of this total mass was approximately 70 539 metric tons, and this represents the volume traded by smallholder farmers during this month. From this volume a total revenue of R390 million was generated with Gauteng province commanding the largest contribution at R289 million (see figure 1) followed by Kwa-Zulu Natal at R52 million, Eastern Cape R19 million, Free State (R15 million) and North West (R9 million). The rest (R6 million) of the contribution came from Mpumalanga, Northern Cape and Western Cape.



**Figure 1: Percentage contribution to volume traded by smallholder farmers in May**

The list of top 5 contributors of revenue to smallholder farmers' total revenue are presented in figure 2. The Johannesburg led at R198 million (50.86%) followed by Tshwane (R77 million), Durban (R43 million), Springs (11.9 million) and East London (R11.4 million). Umtata was the least contributor at R370 thousand (0.09%). This finding is worrisome given the large concentration of farmers around this particular town. It implies that a large number of smallholder farmers are still facing a challenge of market access.



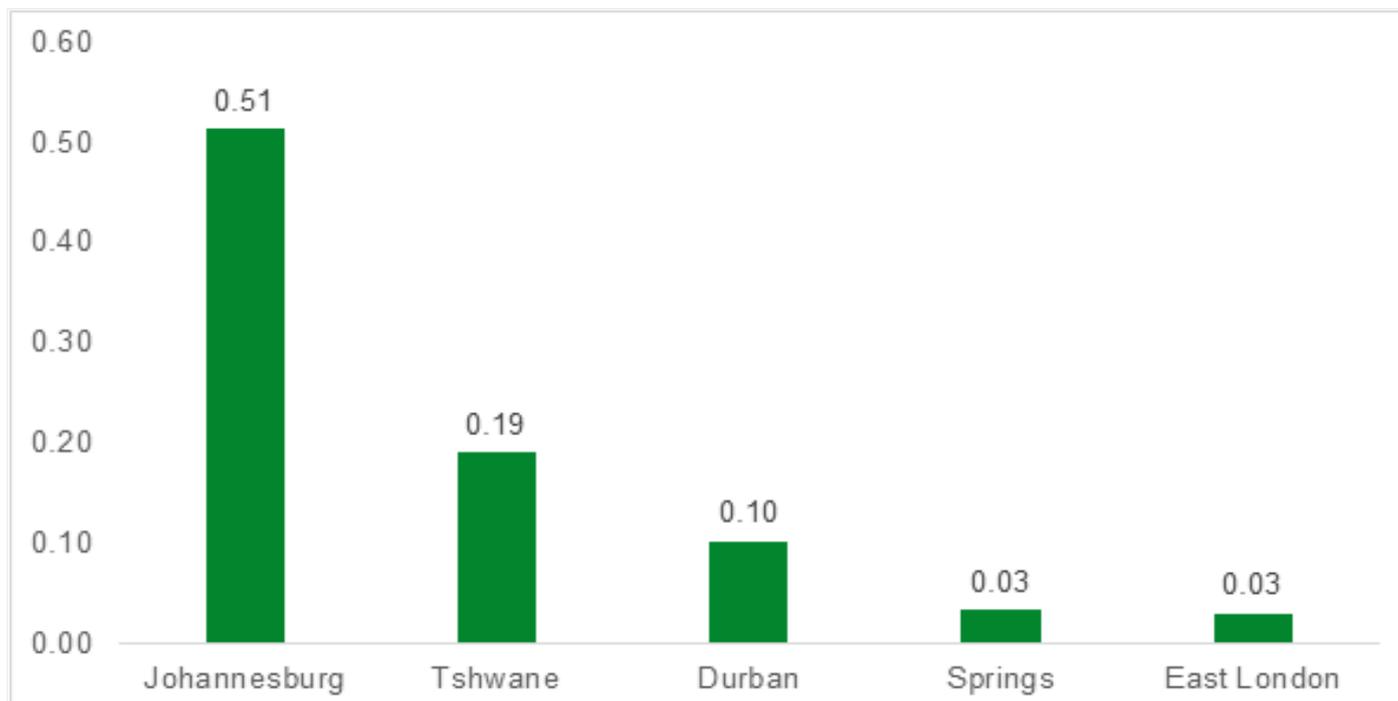
**Figure 2: Top 5 NFPs contributing to smallholder revenue in May**

In June a slight increase of 1 253 metric tons in the total volumes assumed to be traded by smallholder farmers was observed. However, this increase in total volume was matched by a significant decline of R27 million in the turnover compared to the previous month (May). As a result, the total turnover for June was just over R362 million. Gauteng province had the largest contribution to the total turnover, estimated at R269 million – which can be translated as 74%, followed by Kwa-Zulu Natal at R45 million, Eastern Cape at R18 million, Free State (R16 million) and North West (R8 million). The rest (R6 million) of the contribution came from Mpumalanga, Northern Cape and Western Cape.

**Table 1: Total revenue of smallholder farmers by province in June**

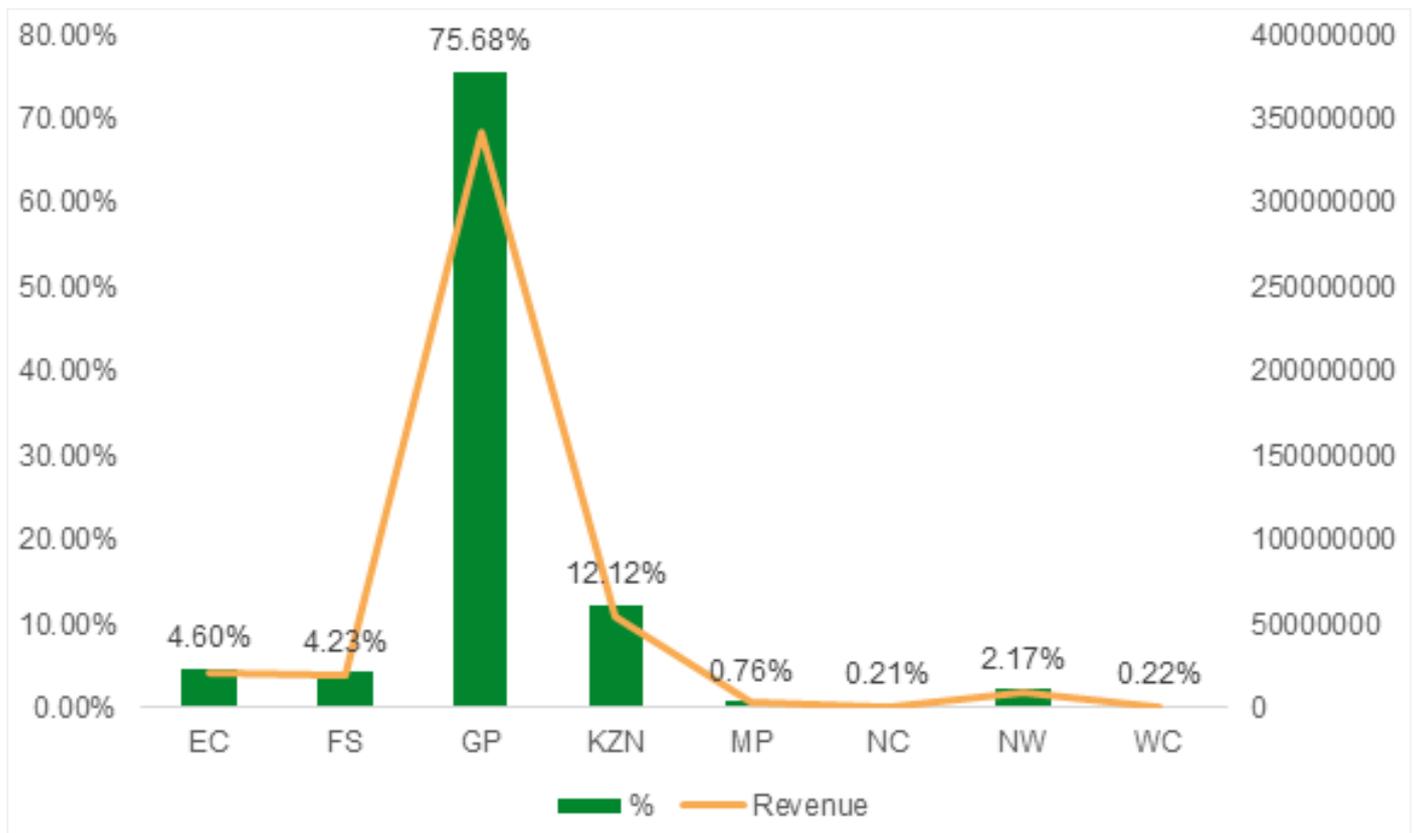
Variable	Description	Total Turnover	% of total turnover
EC	Eastern Cape	R18 266 946	5,04%
FS	Free State	R16 454 437	4,54%
GP	Gauteng	R269 243 349	74,22%
KZN	Kwa-Zulu Natal	R45 772 640	12,62%
MP	Mpumalanga	R3 022 344	0,83%
NC	Northern Cape	R1 060 969	0,29%
NW	North West	R8 243 527	2,27%
WC	Western Cape	R718 630	0,20%

The top 5 NFPMs contributing to smallholder farmers’ total revenue were Johannesburg at R186 million translated as 51% of the total revenue, Tshwane (R69 million), Durban (R37 million), Springs (R12 million) and East London (R10.9 million). Similar to the previous month, Umtata was the least contributor at R3575 thousand (0.16%).



**Figure 3: Top 5 NFPMs contributing to smallholder revenue in June**

A significant increase of 2 960 metric tons was realised in July, leading total volume 74 thousand metric tons assumed to be traded by smallholder farmers. This led to a total turnover estimated at R452 million indicating an increase of R89 million compared to the previous month (June). Figure 4 shows the total revenue by different provinces measured in million rands and percentage terms. Gauteng province had the largest contribution to the total turnover, estimated at R342 million – which can be translated as 75%, followed by Kwa-Zulu Natal at R54 million, Eastern Cape at R20 million, Free State (R19 million) and North West (R9 million). The rest (R8 million) of the contribution came from Mpumalanga, Northern Cape and Western Cape.



**Figure 4: Total revenue of smallholder farmers by province in July**

Figure 5 depicts the top 5 NFPMs contributing to smallholder farmers’ total revenue. These include Johannesburg at R231 million translated as 51.21% of the total revenue, Tshwane (R93 million), Durban (R45 million), Springs (R15 million) and Bloemfontein (R12 million). Similar to the previous month, Nelspruit was the least contributor at R496 thousand (0.11%).

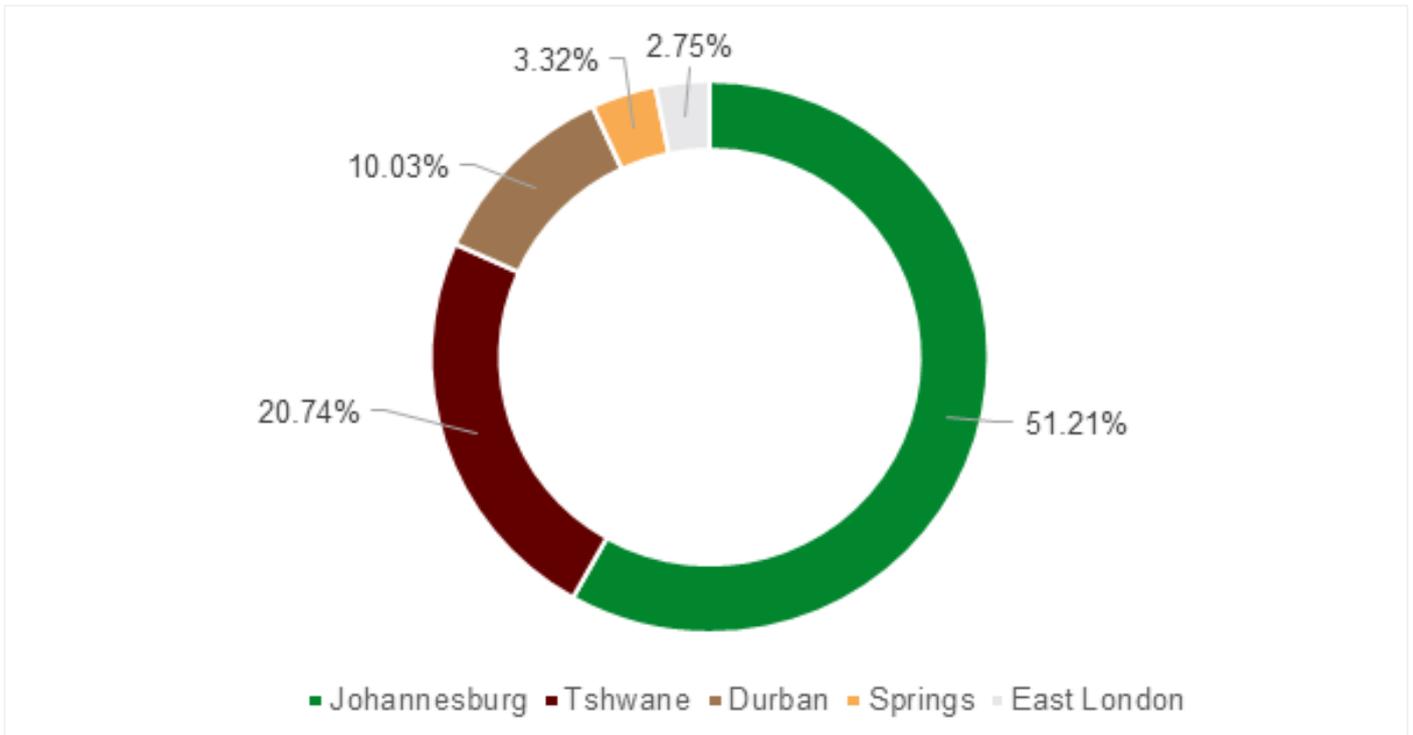


Figure 5: Top 5 NFPMs contributing to smallholder revenue in July

## OUTLOOK OF MASS, REVENUE FOR TOP 4 COMMODITIES

Data indicates that a total volume of 217 MT traded in the national fresh produce market should be attributed to smallholder farmers. This can be broken down into Potatoes at 73 987 MT which can be translated to 34%, Onion at 27 818 MT (13%), Tomatoes at 17 076 MT (8%), and Bananas at 12 223 MT (6%). This implies that the four commodities commanded 61% of the total volume traded by smallholder farmers in the national fresh produce market system in South Africa.

The total revenue attributed to the aforesaid volume was estimated at R1.2 billion with potatoes commanding the largest contribution at R266 million (22%) followed by Onion at R153 million (13%), tomatoes at R130 million (11%), and Bananas at R87 million (7%). The rest (47%) was attributed to other fruits and vegetables.

Table 2: Proportion of mass and revenue by top commodities

Commodity	Mass (%)	Revenue (%)
Potatoes	34	22
Onion	13	13
Tomatoes	8	11
Bananas	6	7
Total	61	53

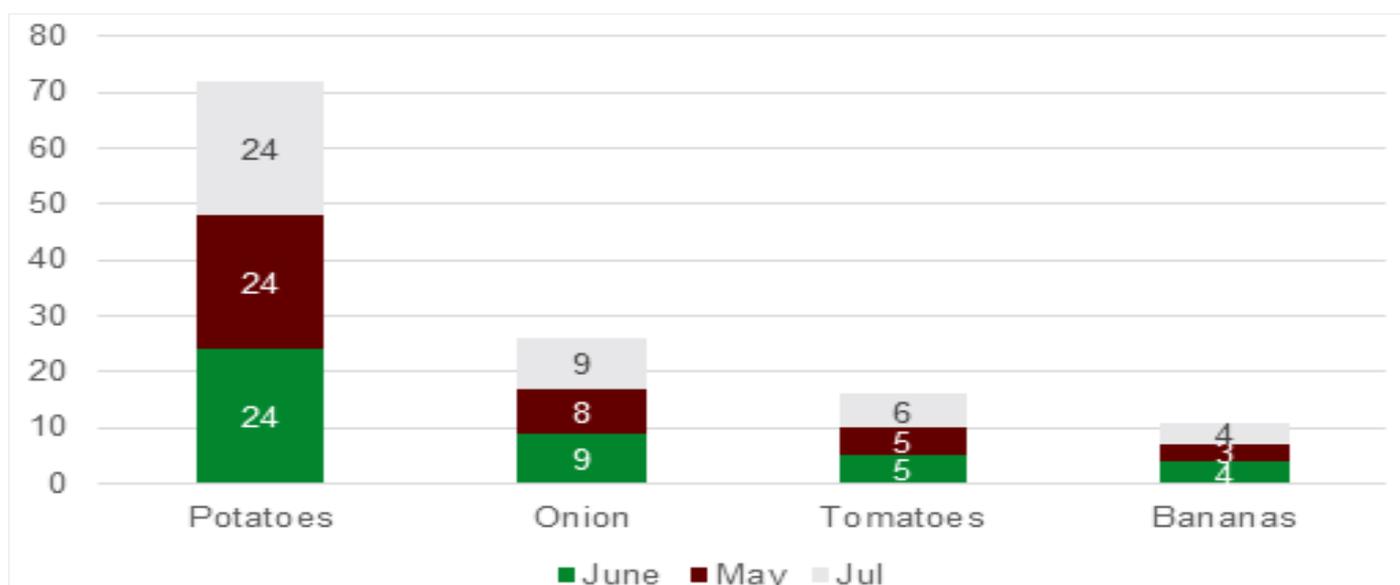
The subsequent discussion of four agricultural commodities are based on figures 6 and 7.

**Potatoes:** the volume traded was stable at 24 thousand MT in each month. During the same period, the total revenue rose from R78 million in May to R107 million in July.

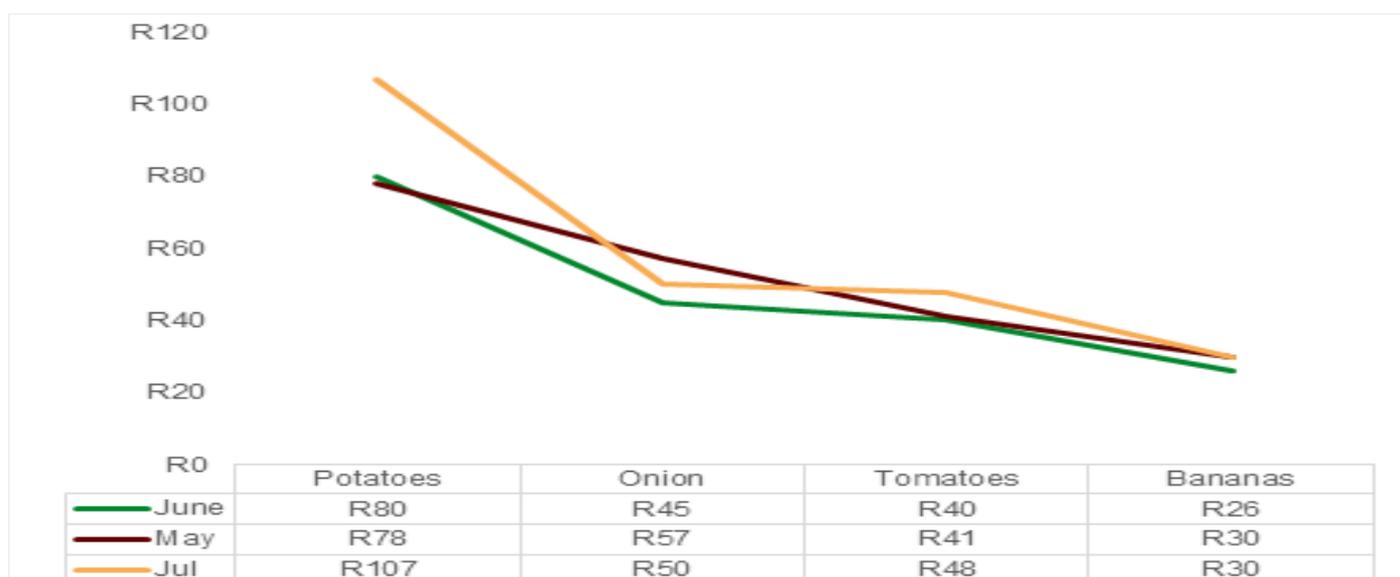
**Onion:** the volume traded was also stable at 9 thousand MT in each month. This was matched by a slight decline of R2 million in the total revenue for the month of June compared to the previous month. However, the revenue increased to R50 million in July.

**Tomatoes:** for May and Jun, the total volume traded in the national fresh produce market system was at 5 thousand MT. The subsequent month (July) recorded the highest volume traded at 6 thousand MT. The total revenue ranged from R40 million in June to R48 million in July.

**Bananas:** May had the lowest volume traded in the national fresh produce market system. In subsequent month the volume was the same at 4 thousand MT. The revenue for May and July was R30 million. However, this was low by R4 million in June.



**Figure 6:** Volume traded by agricultural commodity in each month.



**Figure 7:** Revenue by agricultural commodity in each month



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