SMALLHOLDER MARKET ACCESS ESTIMATES

APRIL 2021

National Agricultural Marketing Council

www.namc.co.za

TABLE OF CONTENTS

BACKGROUND

After a successful rollout of quarterly estimates for smallholder market access in fresh produce markets in the 2020/21 financial year, this publication reports on the estimates for April 2021/22. The purpose of this report is to provide strategic insights and policy advisory on the marketing of agricultural products in fresh produce market system to our main stakeholders: the ministry of Agriculture Land Reform and Rural Development (DALRRD) and other directly affected groups, e.g., Council for Black market Agents (CBMA), Institute of Market Agents of South Africa (IMASA), Agricultural Produce Agents Council (APAC), owners of fresh produce markets and potential new entrants.

SCOPE OF REPORT

This report is the first report for the current financial year (2021/22) and focuses on 17 fresh produce markets spread across eight South African provinces. It is limited to the top significant commodities traded in the system, and they include Potatoes, Onions, Tomatoes, and Bananas. Lastly, it places particular emphasis on the estimated share of smallholder farmers rather than the total share of all participants in the fresh produce markets.

Table 1: Summary of fresh produce market statistics, 2021

Items	Revenue	Mass
Mean	81 352 022	13 484
Minimum	721 240	219
Maximum	689 855 883	110 122
Sum	1 382 984 379	229 223
Potatoes	R21 006 922	5 107
Onions	R7 285 831	1 803
Tomatoes	R11 081 176	686
Bananas	R6 424 333	691
Other vegetables	R16 544 368	2 735
Other fruits	19 009 392	2 616

Source: South African Union of Food Markets (2021).

For the entire month of April 2021, the total average mass traded in fresh produce market system was 13 484 metric tons, ranging from 219 to 110 thousand metric tons generating an average revenue of R81 million (see table 1). Potatoes had an average mass of 26% (5 107 metric tons), Onions at 9% (1 803), Tomatoes at 14% (686), and Bananas at 9% (691). The next sections present the share of smallholder farmers which is based on 30% of the total mass (13 484 metric tons) and revenue (R81 352 022). This estimate is calculated in accordance with the recommendations of NAMC's Section 7 committee report on fresh produce markets, published in 2006.

ESTIMATED SHARE OF SMALLHOLDER FARMERS

The estimates are based on recommendations of the NAMC Section 7 committee report published in 2006. Of specific interest to this report is the recommendation which states that "30% of the volume traded in fresh produce markets should be through black commission market agents, starting from the year 2014". This volume is assumed to be obtained or representing the share of smallholder farmers in the national fresh produce markets system.

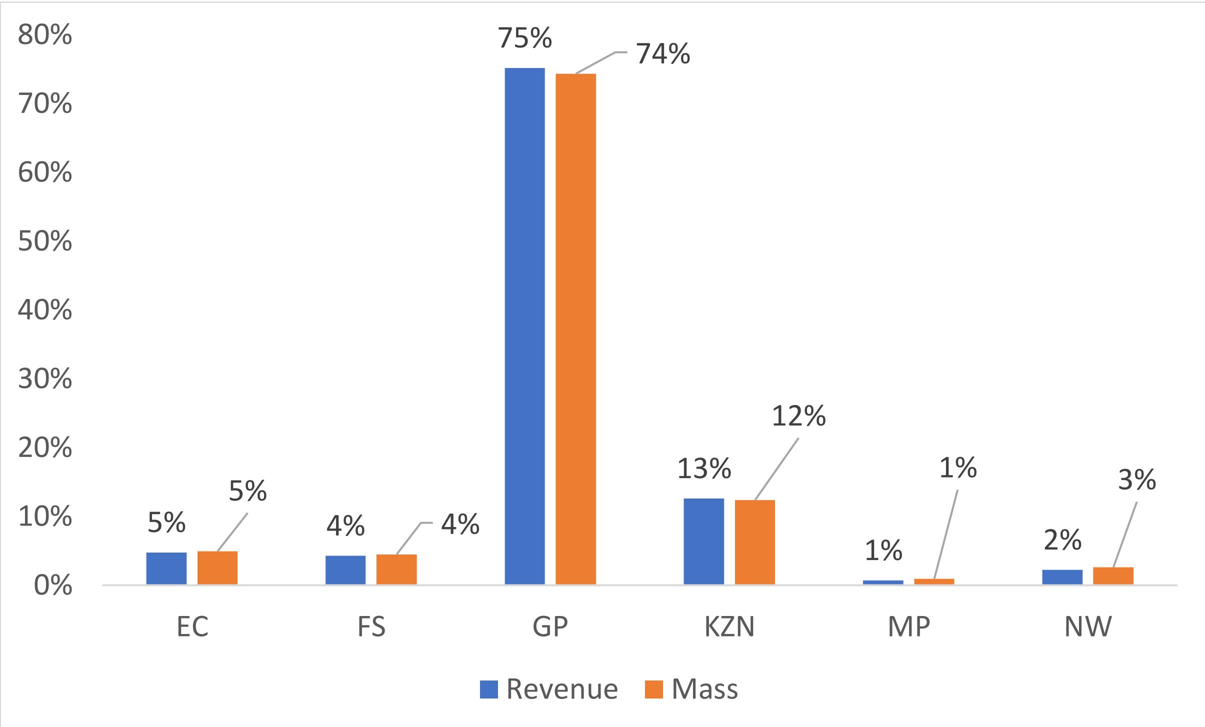
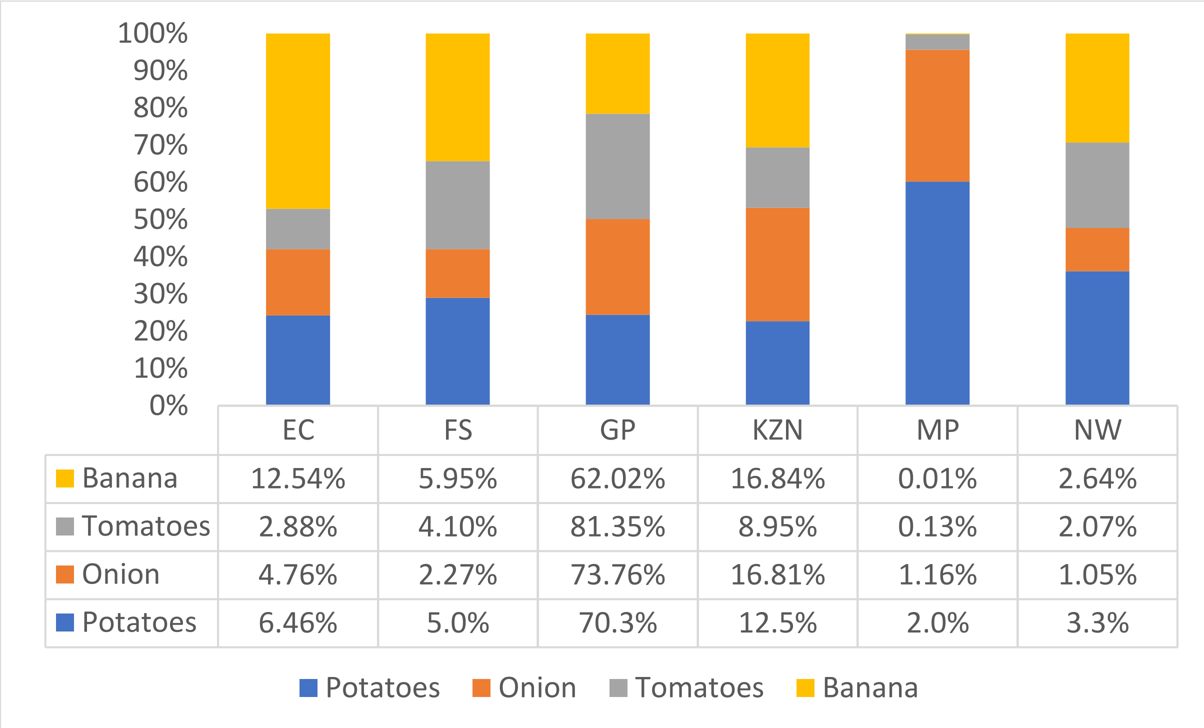


Figure 1: Share of smallholder by province, April 2021

Source: South African Union of Food Markets (2021).

Figure 1 presents the estimated share of smallholder farmers in six provinces for April 2021. The overall share was estimated at R414 million, matched by 68 767 metric tons. Gauteng province led at R311 million with a total mass of 51 123 metric tons, followed by KZN at R52 million (8 507), Eastern Cape at R19 million (3 382), and Free State at R17 million (3 090). Although not included, WC had the lowest estimates by revenue and volume at R44 016 (119).



	EC	FS	GP	KZN	MP	NW
Banana	12.54%	5.95%	62.02%	16.84%	0.01%	2.64%
Tomatoes	2.88%	4.10%	81.35%	8.95%	0.13%	2.07%
Onion	4.76%	2.27%	73.76%	16.81%	1.16%	1.05%
Potatoes	6.46%	5.0%	70.3%	12.5%	2.0%	3.3%

Figure 2: Estimated share in the province by commodity

Source: South African Union of Food Markets (2021).

For the month of April, potatoes were at R107 million (26 044 metric tons) with R75 million (18 367) in Gauteng, followed by KZN at R13 million (3 185), Eastern Cape at R6 million (R1 608), and Free State at R5 million (1 342) – see figure 2. Onion was at R37 million (9 195 metric tons) with Gauteng at R27 million (7 119), KZN at R6 million (1 266), and Eastern Cape at R1.7 million (379). Tomato had total revenue of R56 million matched by 3 497 metric tons, and Gauteng led at R45 million (2 864), followed by KZN at R5 million (315), Free State at R2.3 million (124), and Eastern Cape at R1.6 million (113). Banana was at R32 million accompanied by 3 523 metric tons with Gauteng leading at R20 million (2 221), KZN at R5 million (629), Eastern Cape at R4 million (379), and Free State at R1.9 million (200).

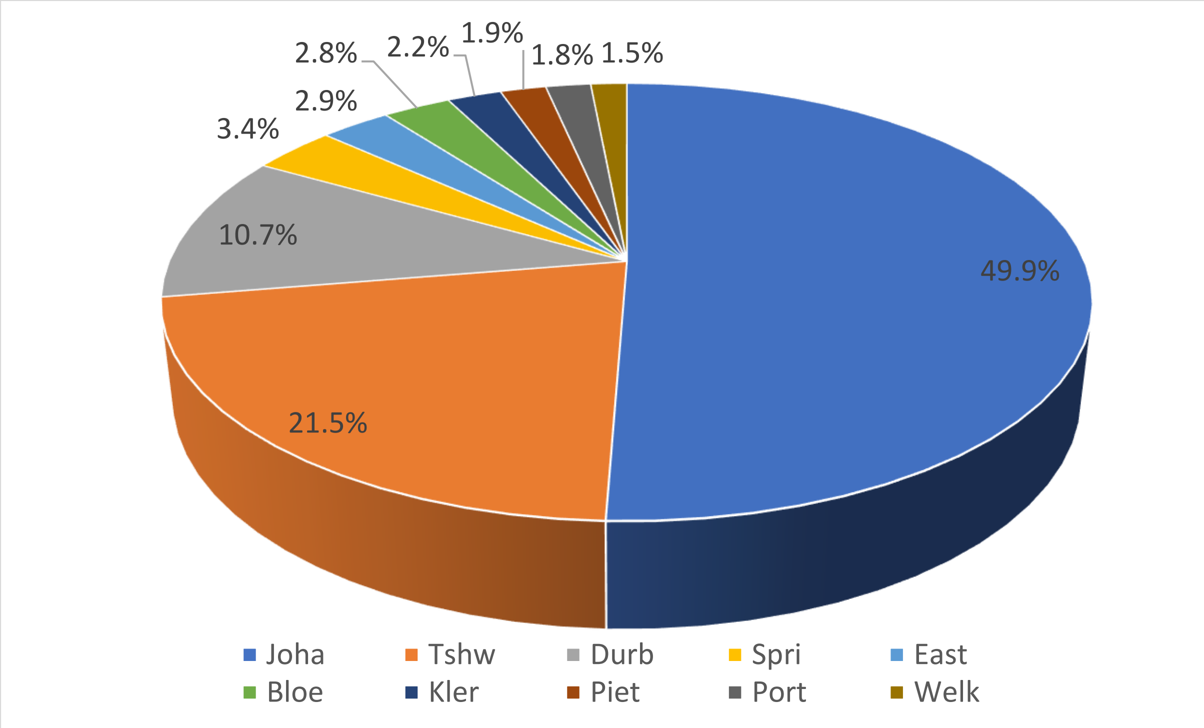


Figure 3: Share in top 10 fresh produce market by revenue

Source: South African Union of Food Markets (2021).

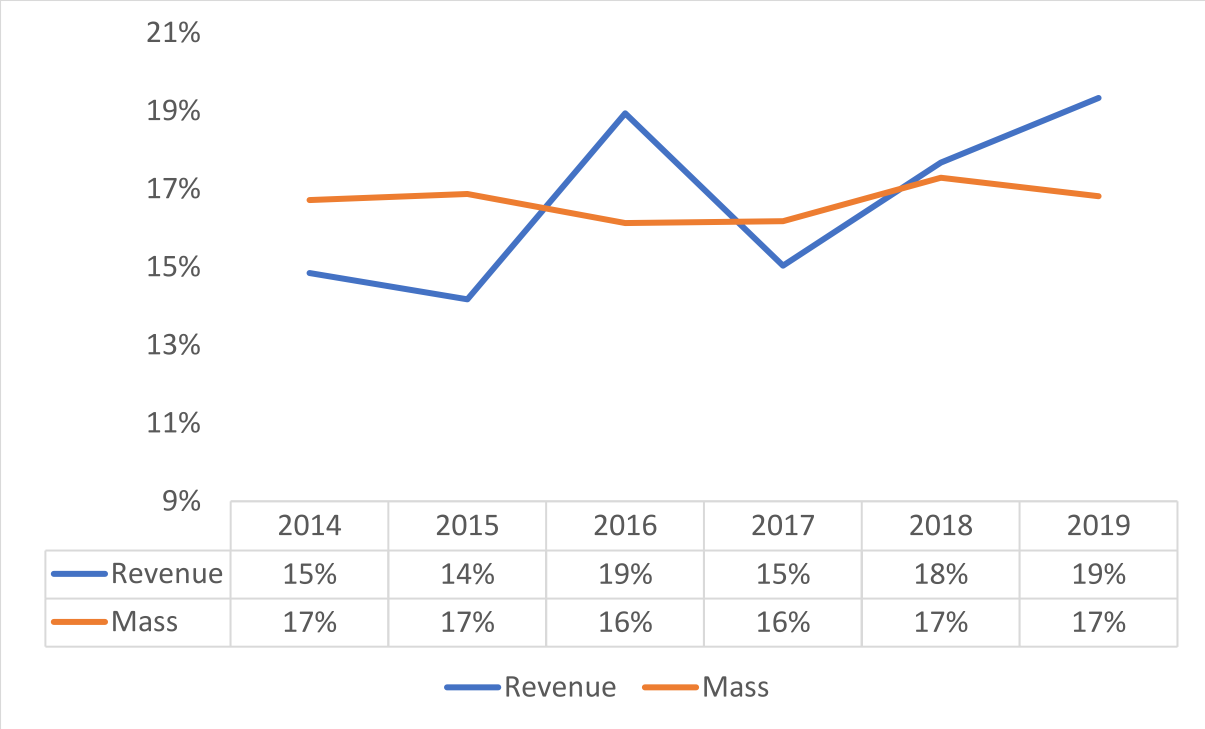
Figure 3 presents the revenue by fresh produce market measured in percentage terms. The Johannesburg market led at 49.9% of the revenue, which is translated to R206 million, matched by 33 thousand metric tons. Tshwane followed this at 89 million (14 thousand metric tons), Durban (R44 million, 7 thousand metric tons), Springs (R14 million, 2 718 metric tons), and East London (R11 million, 1 832 metric tons). The markets in the bottom of the top ten were Pietermaritzburg at 1.9% (R7 million, 1.460 metric tons), Port Elizabeth at 1.8% (R7 million, 1 484 metric tons), and Welkom at 1.5% (R6 million, 1 199 metric tons).

Table 2: Share in top 10 fresh produce market by traded agriculture commodity

NFPM	Potatoes	Onion	Tomatoes	Bananas
Joha	42,4%	53,2%	59,5%	34,4%
Tshw	21,6%	18,3%	18,9%	22,3%
Durb	10,1%	15,2%	8,5%	13,5%
Spri	5,2%	2,2%	3,0%	5,3%
Kler	3,3%	1,0%	2,1%	2,6%
East	3,2%	2,8%	1,4%	7,7%
Port	3,0%	2,0%	1,5%	4,8%
Bloe	2,9%	1,4%	2,5%	4,7%
Piet	2,4%	1,6%	0,4%	3,4%
Welk	2,2%	0,9%	1,6%	1,3%

Source: South African Union of Food Markets (2021).

Table 2 shows the share of smallholder farmers in the top 10 fresh produce markets by most traded agriculture commodities. The Johannesburg market had the largest estimated share in all the top traded commodities, with Potato at R45 million, Onion at R19 million, Tomato at R33 million, and Banana at R11 million. Tshwane had Potatoes at R23 million, Onion at R6million, Tomato at R33million and Banana at R11 million, Durban – Potatoes at R10 million, Onion at R5 million, Tomato at R4 million, and Banana at R4 million. Other markets among the top 10 included Springs, Klerksdorp, and East London, with Welkom commanding the lowest share by type of commodity among the top 10 markets.



	2014	2015	2016	2017	2018	2019
Revenue	15%	14%	19%	15%	18%	19%
Mass	17%	17%	16%	16%	17%	17%

Figure 4: Trend of smallholder's share over past six years in April.

Source: Fresh produce annual statistics (2014-19).

Figure 4 shows the estimated total revenue and mass measured in percentage during April over the past six years. A notable observation is that mass has been relatively stable, around 16-17%. Total revenue shows significant fluctuations over the period, and this can be attributed to food inflation. The highest revenue was at 19% observed in 2016 and 2019. On the other hand, the highest mass was at 17% (see figure 4). The lowest share of both mass and revenue were observed in 2015 and 2016, respectively.

RECOMMENDATIONS

Several policy insights and strategic recommendation can be drawn from the report, and they are as follows:

There is a great need to document/collect data on the fresh produce markets on all traded volumes as well as corresponding revenues for the smallholder farmers. Market intelligence on these figures should be produced on monthly basis to take cognisance of the new trends in fresh produce markets. This will help to ascertain whether they are meeting the targets of the NAMC Section 7 (2006 report) recommendation on market access and transformation.

Significant improvements in market performance are required in the Mpumalanga province and Umtata fresh produce market.

The volumes traded in the fresh produce market system are all most stagnant, this too needs to be improved by embarking on market access campaigns and sharing the information with the affected groups and finding strategic interventions to support smallholder farmers to increase their market efficiency.

WHAT DO YOU LOVE ABOUT SOUTH AFRICAN AGRICULTURE?

JOIN THE MOVEMENT ON SOCIAL MEDIA AND SHARE WHAT YOU LOVE ABOUT SOUTH AFRICAN AGRICULTURE USING #LoveRSAAgriculture

Lindikaya Myeki
Enquiries: +27 12 341 1115
lindikaya@namc.co.za
Sandra Wolfaardt is acknowledged for assistance provided to the NAMC in terms of NFPM data.

GET IN TOUCH

536 Francis Baard Street,
Meintjiesplein Building,
Block A, 4th Floor, Arcadia,
0007

Private Bag X935, Pretoria, 0001

012 341 1115

info@namc.co.za

www.namc.co.za