

# Potatoes South Africa

by André Jooste

2<sup>nd</sup> International Powdery Scab Workshop

29 July to 1 August 2014



SOUTH AFRICA



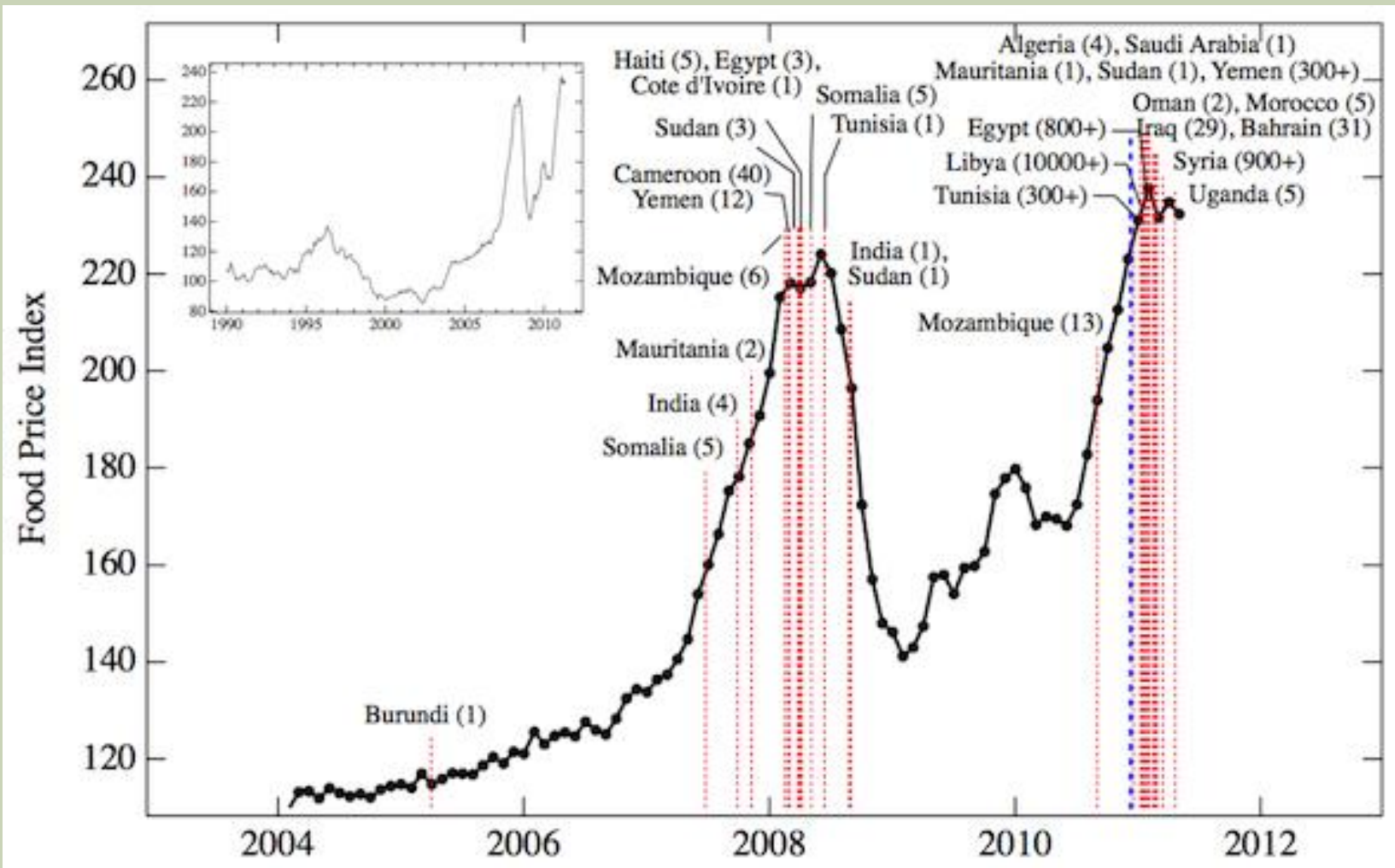
# WAS 2008 A TURNING POINT FOR AGRICULTURE



potatoes  
SOUTH AFRICA

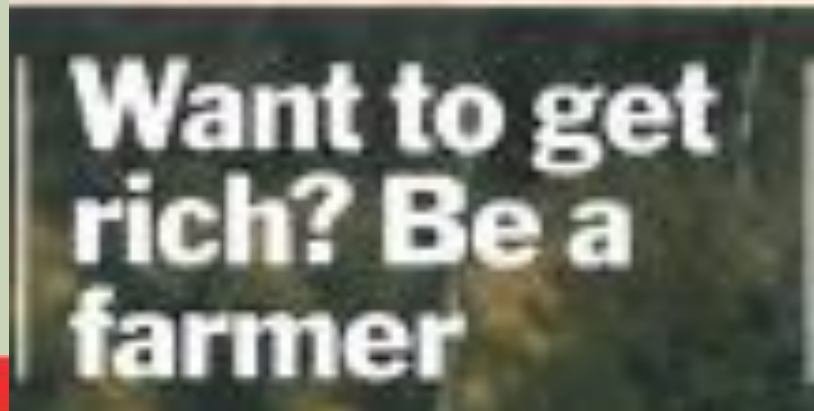


# FOOD PRICES, POVERTY AND FOOD SECURITY



Source: google.com

11 July 2011





# Agriculture is back on the radar screens globally



# On the menu

- \* Snapshot of South Africa
- \* Overview of potato industry in South Africa
- \* Potatoes South Africa



# Snapshot of South Africa



# Turning point in South Africa - 1994

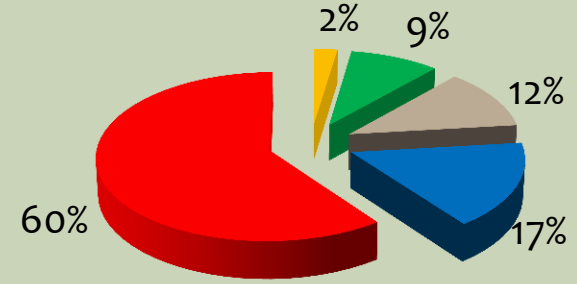




AFRICA



- \* Considered as the economic hub of Africa
- \* GDP – US\$ 384 billion (2012); US\$354 bill (2013)



- Agriculture, forestry, hunting and fishing
- Mining and quarrying
- Manufacturing
- Wholesale and retail trade; catering and accommodation
- Electricity, gas, water, construction, transport, storage, communication, finance, real estate, etc

Source: DAFF, 2014 & own calculations



- \* Population ± 51 million (2011)
- \* Black 79%
- \* Asian 3%
- \* White 9%
- \* Coloured 9%
- \* 11 official languages



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- \* Main agric export markets
  - EU, Asia, SADC & Middle East
    - 71% of exports
- \* Main agric import origins
  - Mercosur (31%), Asean, SADC, & NAFTA
    - 74%







- \* Main agric export products
  - Wine
  - Citrus
  - Sugar
  - Grapes
  - Deciduous fruit
- \* Main agric import products
  - Rice
  - Ethyl alcohol
  - Poultry
  - Oilcake
  - Wheat



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- \* R/US\$: 10.35:1
- \* R/Euro: 14.44:1
- \* Interest rates: Prime 9.25% (June 2014)
- \* Inflation: 6.6% (June 2014)
- \* Food inflation: 9.8% (June 2014)



- \* Skew distribution of income
  - Gini coef – 0.6
- \* High unemployment
  - est. 26% of population
- \* Initiatives by government
  - National Development Plan
  - Infrastructure Investment
  - Land reform







- \* Economy has been growing between 2% and 3.5% over recent years (Target 6%)
- \* Problems
  - Imports outpacing exports
  - Inflation
  - Lack of capacity at institutional level
  - Pressure on infrastructure
  - Labour relations



- \* SA area 1.22 million ha
- \* Approximately 84 per cent or 103 million hectares is available for farming
- \* Approximately only 11 per cent of the land can be cultivated
- \* Greater part only suitable for extensive livestock farming, be it beef cattle, sheep, goats or game

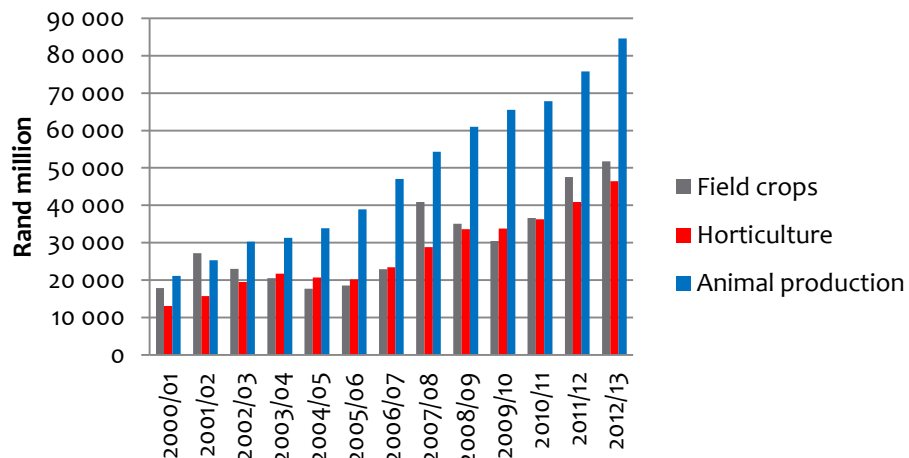


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# Gross value of agric production

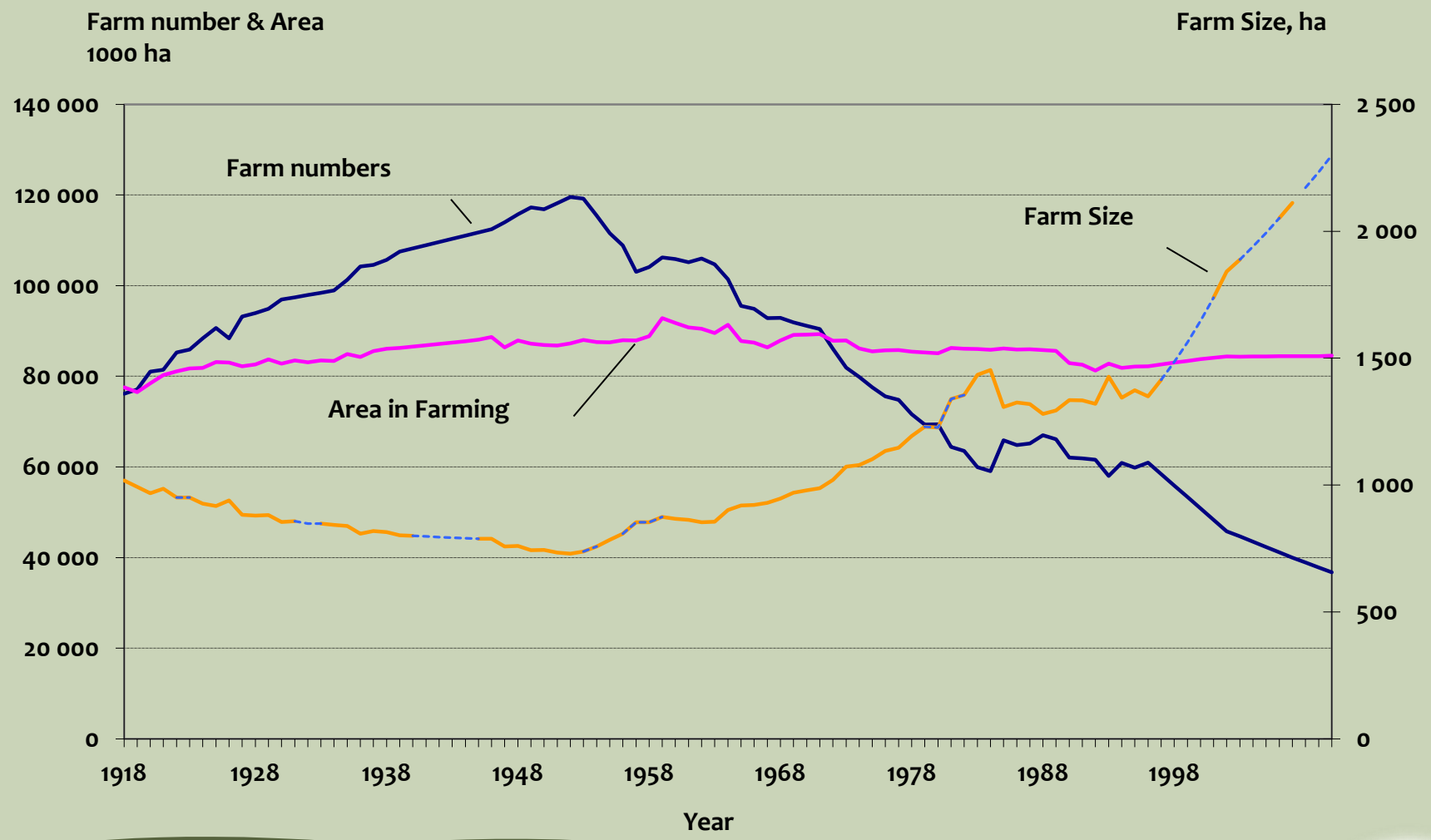


## Gross value of agric production





# Number of farms, area and farm size



Source: Liebenberg, 2011

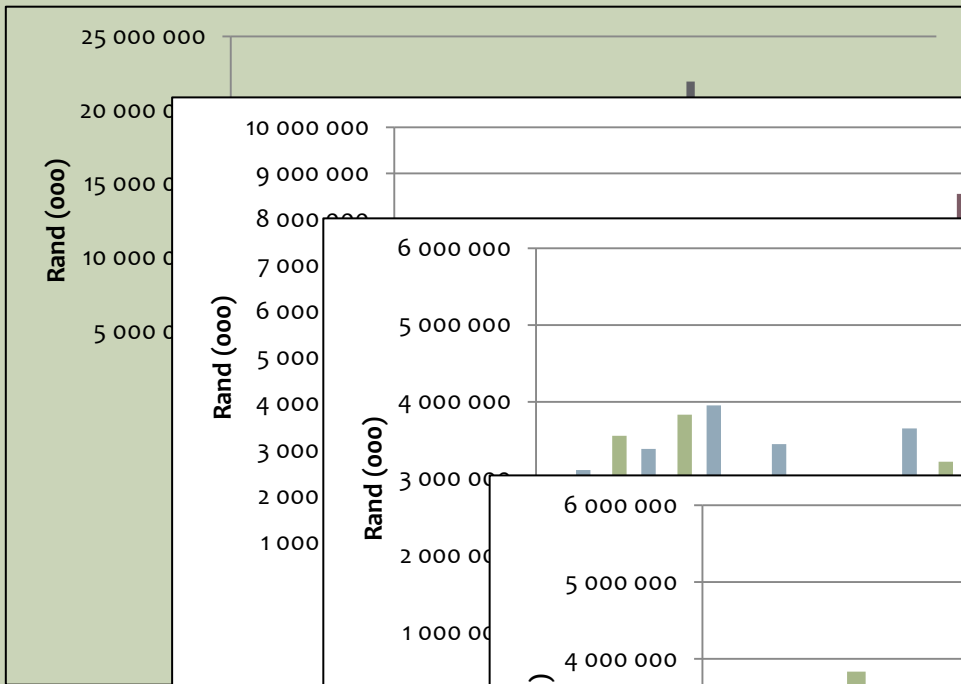


**potatoes**  
SOUTH AFRICA

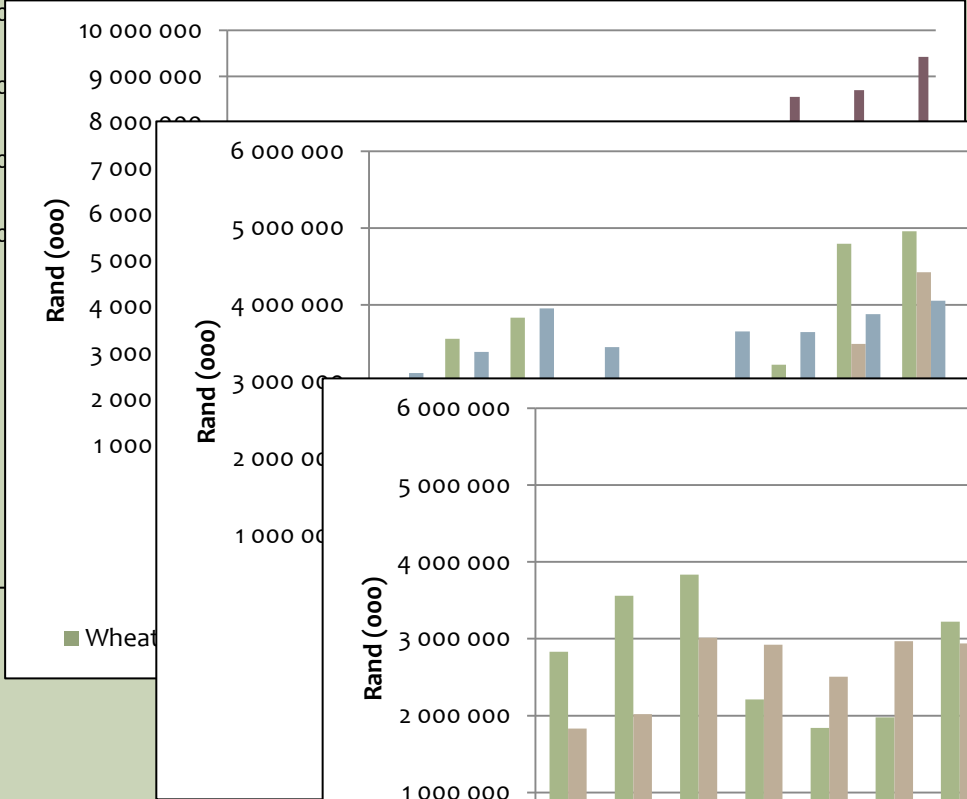
# Overview of the potatoes industry



# Relative size of the industry



Lets remove maize



Lets remove export crops

Lets remove sugar

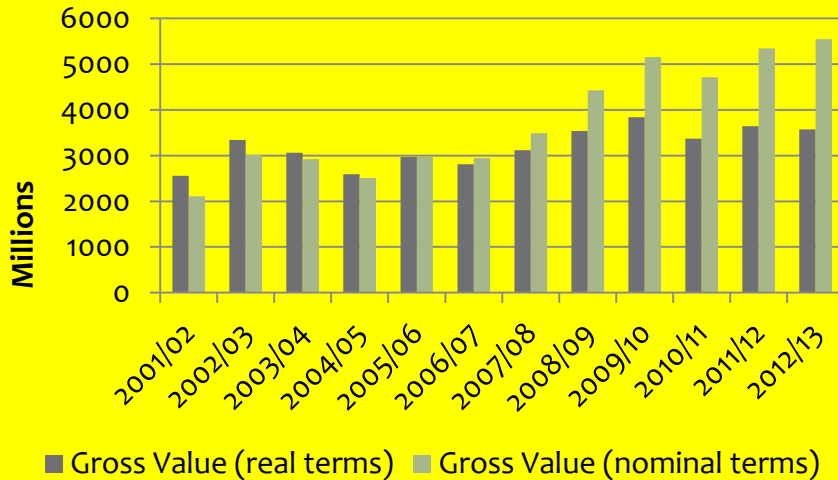
One of the most important in terms of its contribution to the gross value of agricultural production



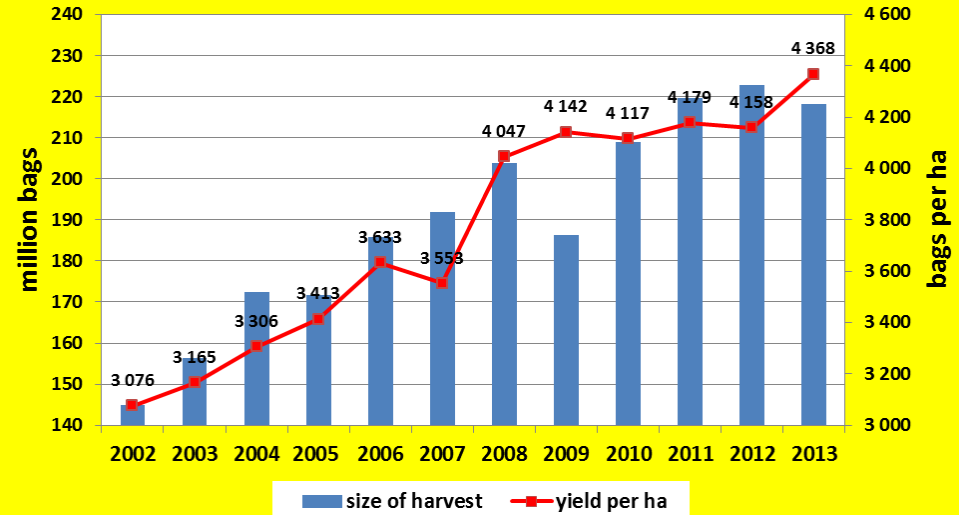


# Snapshot : Industry in Figures

## Gross value of Potatoes



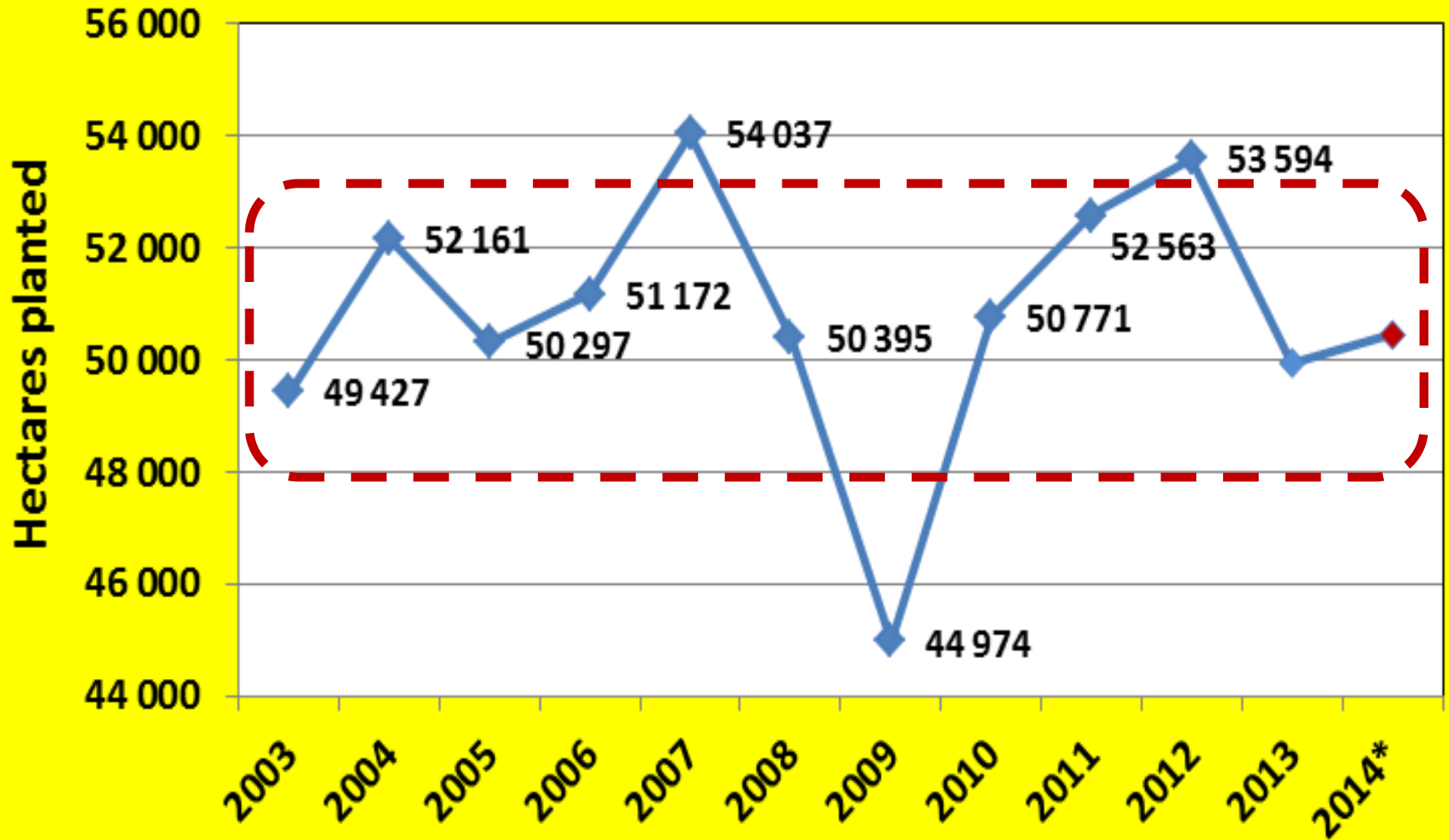
## Potatoes: Size of harvest versus yield/ha



- \* Highly labour intensive with between 65 000 and 80 000 permanent and seasonal labourers.
- \* Significant rural development multiplier effects due to high labour usage.
- \* Per capita consumption nearly doubled in last 10 years.
- \* Complies with all three tiers of the food security equation, i.e. availability, affordability and nutrition.

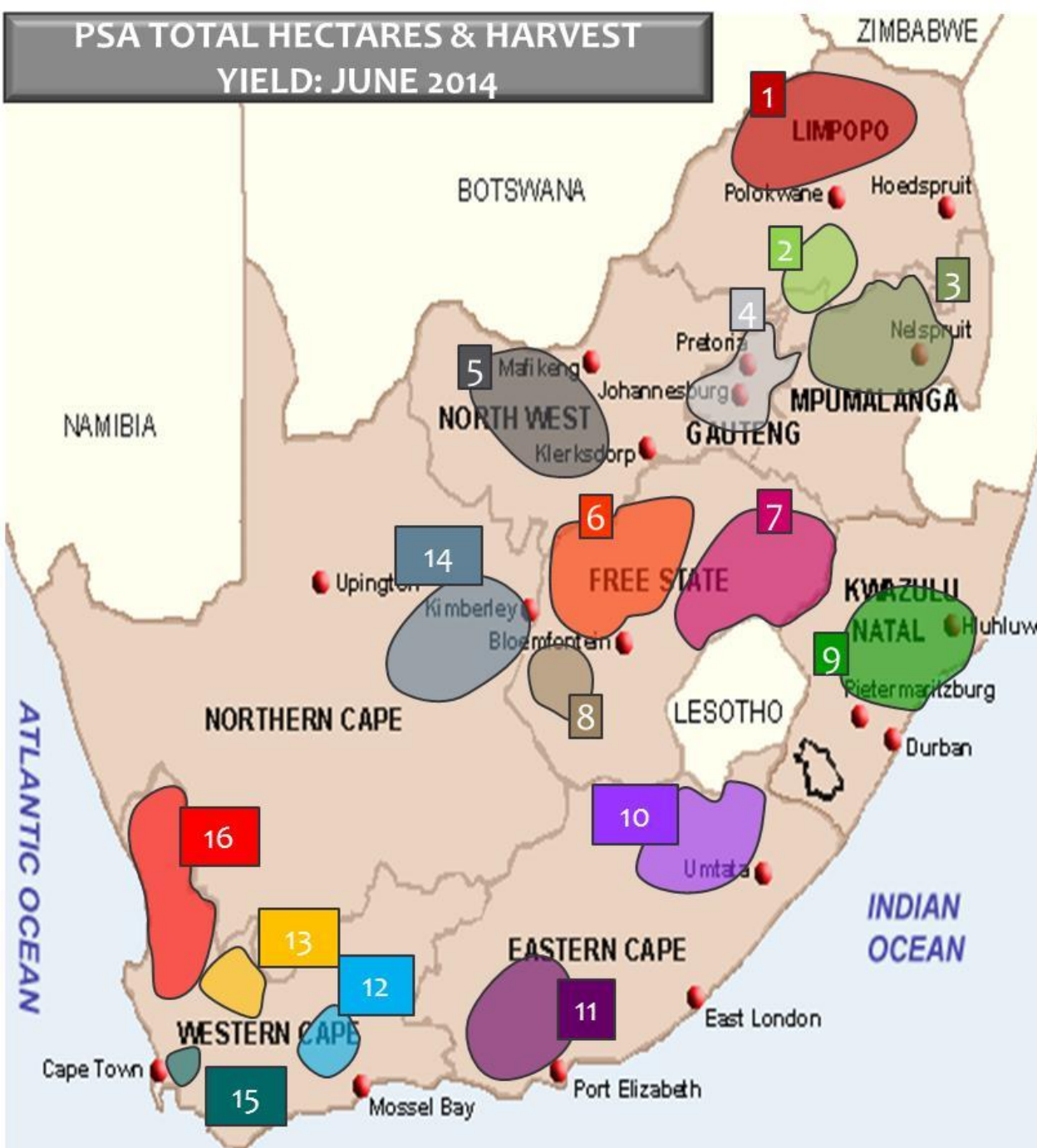


# Hectares of potatoes planted



# PSA TOTAL HECTARES & HARVEST

## YIELD: JUNE 2014

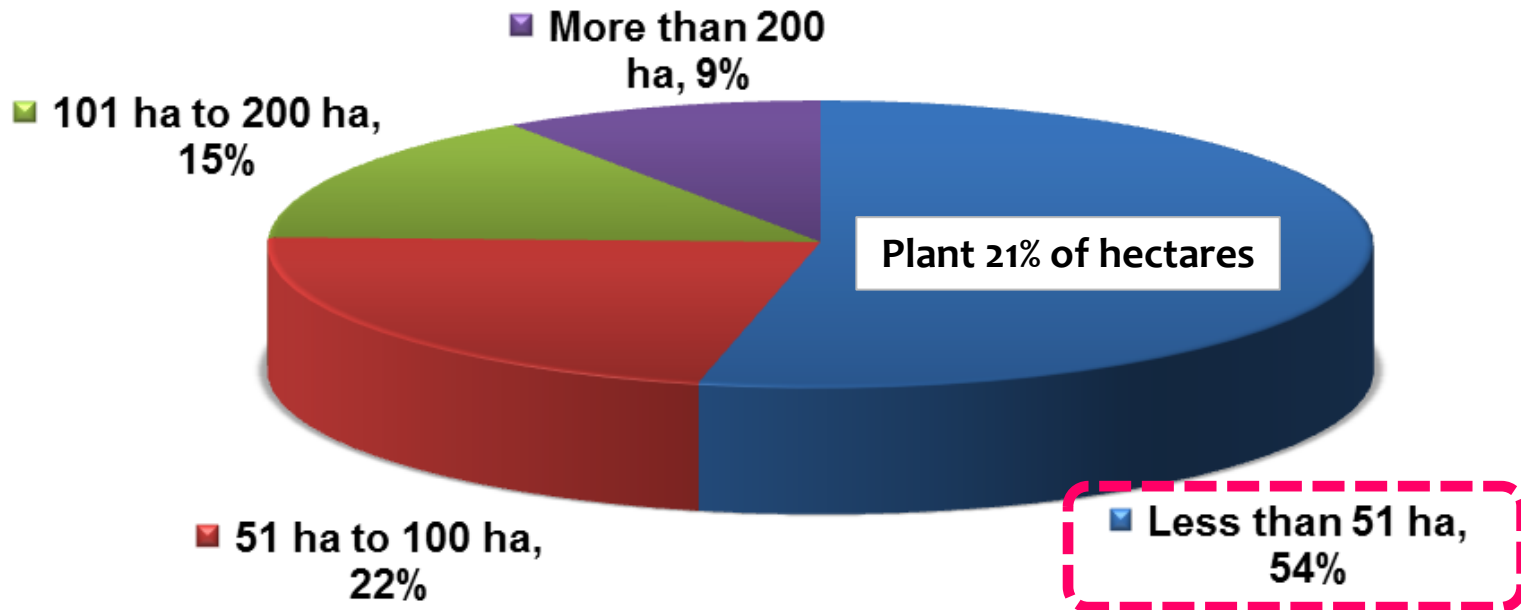


2013 Harvest	Hectares	Harvest Yield (10 kg bags)
Limpopo	9 619	45 721 646
Loskop Valley	1 113	4 787 300
Mpumalanga	2 333	10 291 800
Gauteng	835	3 161 609
Northwest	1 917	10 538 414
W Free State	6 776	33 821 401
E Free State	9 989	33 106 489
SW Free State	970	5 088 435
KZN	4 204	18 319 000
NE Cape	1 590	7 190 009
E Cape	1 354	5 385 070
S Cape	206	960 548
Ceres	1 046	4 483 237
N Cape	1 524	6 099 487
SW Cape	57	241 200
Sandveld	6 409	28 187 300
<b>Total</b>	<b>49 942</b>	<b>217 382 945</b>



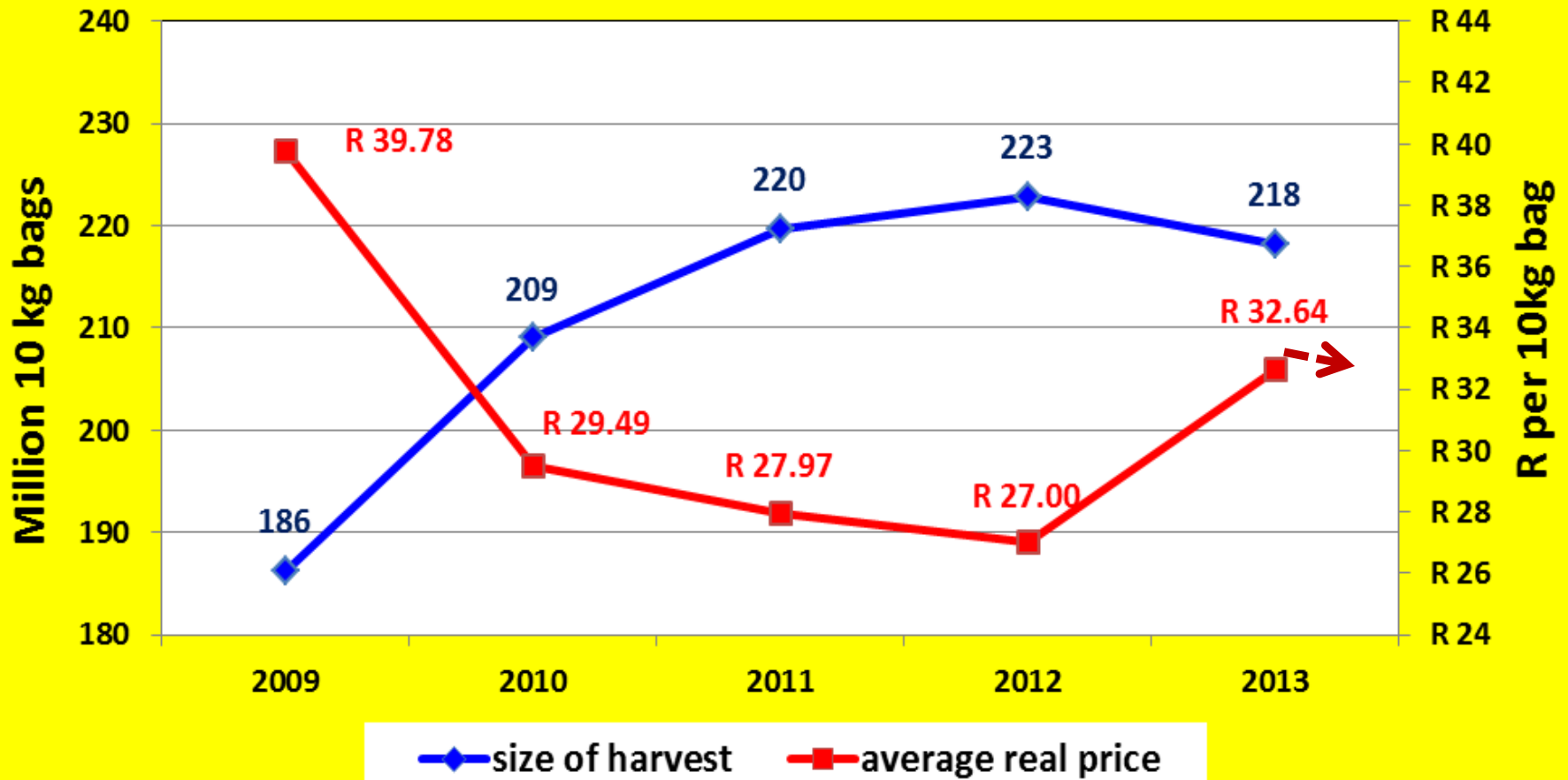
# Size of potato plantings

Percentage of producers versus size of planting in hectares - 2012 crop year



# Economy 101 in action: potatoes

## Size of harvest versus average real market prices



# Snapshot : Realities

## \* High Input Costs Environment

- Production costs – Irrigation: Ranges between R100 000 and R130 000/ha (US\$ 11500/ha)
- Production costs – Dryland: Ranges between R60 000 and R80 000/ha (US\$ 6700/ha)

## \* Highly capital intensive (scale economies)

- Establishment of packhouse: Ranges between R2.5 to R4 million (US\$240 000 – US\$380 000)
- Mechanisation

## \* Risk/Uncertainty

- Pests and diseases
- Climate change impacting dryland
- Highly volatile market prices
- Finance access challenges

## \* High demand for land due to rotational requirements (1 in 4)

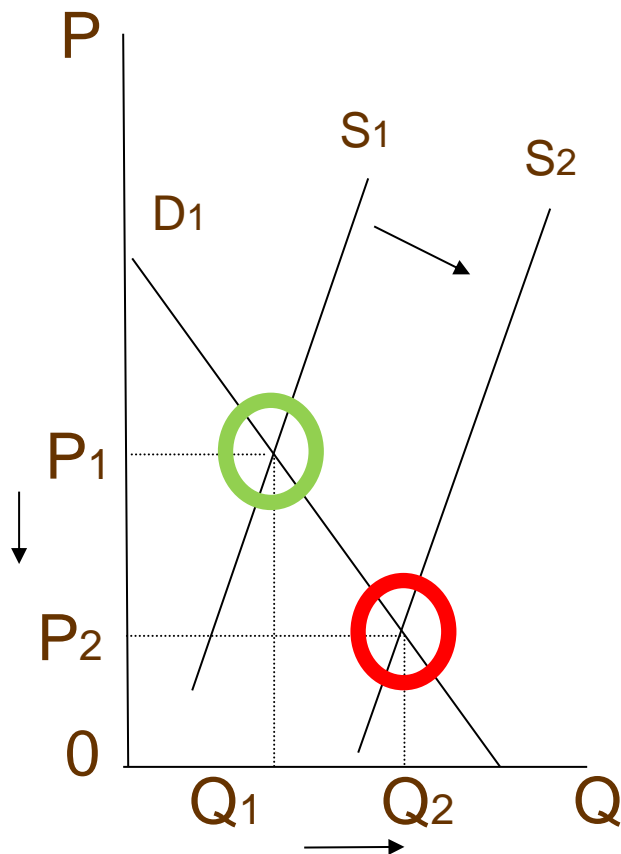
## \* High hands on management requirements

**Dry land maize** ranges between **R7 800 to R11 000 (US\$1000)** per hectare (2012/13) (Total costs before marketing)

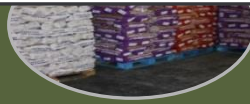
**Irrigation maize** ranges between **R19000 to R25 000 (US\$2000)** per hectare (2012/13) (Total costs before marketing)



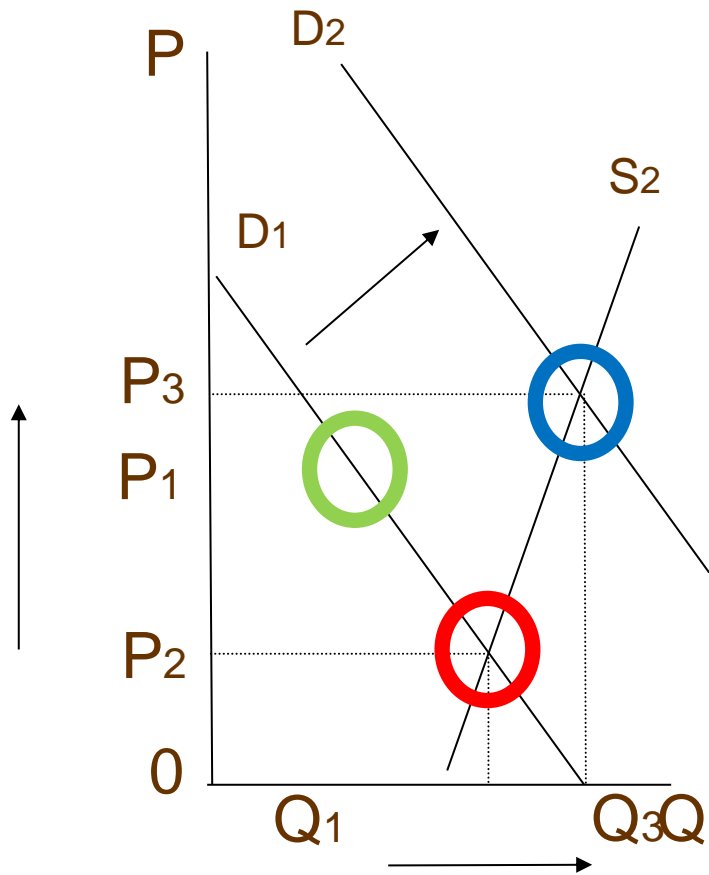
# Supply and demand: Change in quantity demanded



- \* Productivity gains (e.g. cultivars)
- \* Better disease control
- \* Movement in hectares planted
- \* Irrigation
- \* Imports



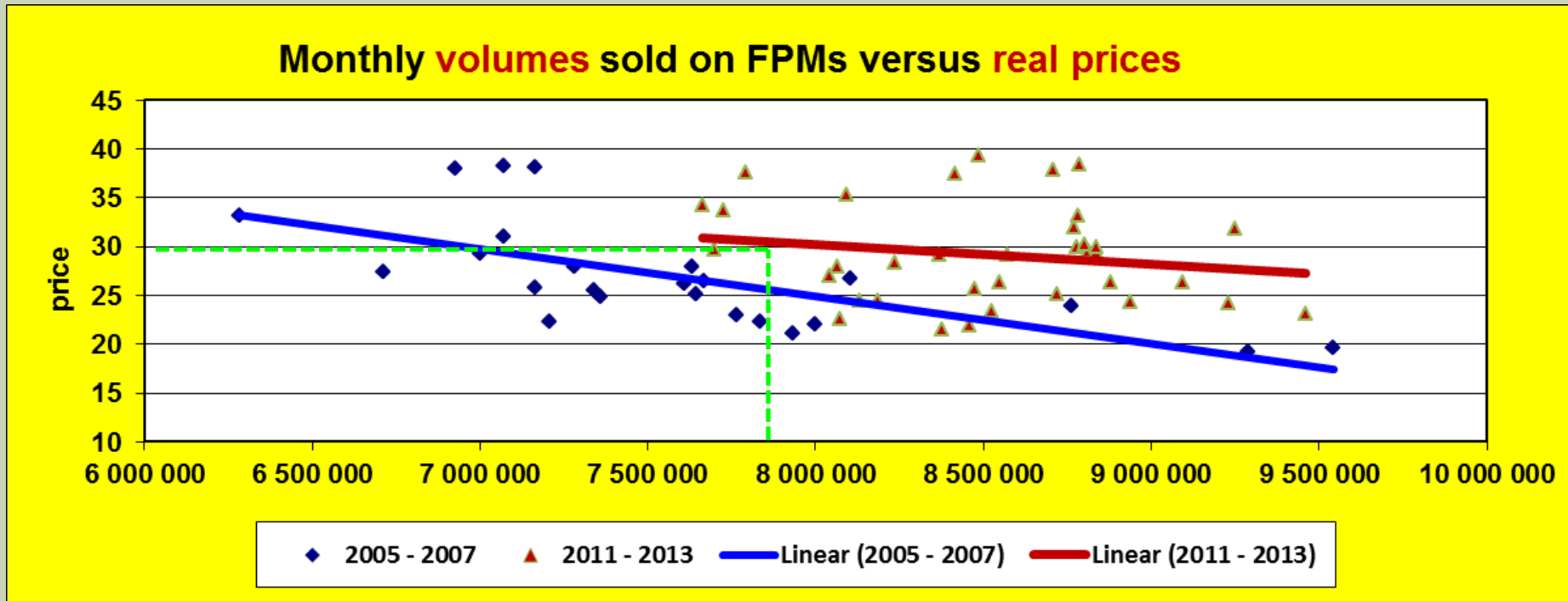
# Supply and demand: Change in demand



- \* Stimulate demand
- \* Change demand patterns
- \* Image of the product
- \* Segmentation of the market
- \* Producing the right product
- \* Exports



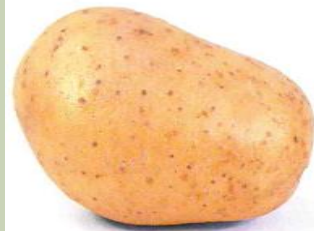
# Demand curve to the right = Good



- \* The demand curve is moving in the right direction:
- \* **The consumer is buying more potatoes at the same real price**
- \* **= The consumer is paying more for the same volume of potatoes**



# Are potatoes too expensive?



AGRICULTURAL DEVELOPMENT  
AND FOOD SECURITY

The potential  
of the potato  
for Africa

Food groups and items	2010	2011	2012
<b>Bread and cereals</b>			
Loaf of brown bread 700g	7.06	7.70	8.45
Loaf of white bread 700g	7.88	8.65	9.46
Maize special 5kg	16.64	17.71	26.95
Rice 2kg	21.41	20.42	21.51
Apples - fresh per kg	12.13	13.28	13.55
Bananas - fresh per kg	9.69	10.27	11.00
Oranges - fresh per kg	7.39	7.14	7.87
Butter beans - tinned 410g	10.73	10.98	11.90
Onions - fresh per kg	8.35	9.46	8.28
Potatoes - fresh per kg	9.25	9.87	9.03
Tomatoes - fresh per kg	14.73	9.15	9.86
<b>NAMC food basket</b>	<b>396.43</b>	<b>418.82</b>	<b>451.08</b>

NFPM = R3.5kg





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# Snapshot of Potatoes South Africa





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# Research for the potato industry

Fienie Niederwieser





## The team

- Manager 1, Researcher 1
- Regional officers 6
- Researchers @ universities, ARC, Dept. Agric. WC, (12 researchers)

## Manage national research projects

- From research request to knowledge transfer, 21 projects

## Manage workgroup projects

- From research request to knowledge transfer
  - 14 projects (40 trials)
- Trial lay out, Data analysis
  - Reporting

## Manage the research process

- Research request (regional)
- Research needs (research com)
- Budgeting (BoD)
- Submission (PIDT)

## Reporting

- Research symposium
- Chips articles
- Talks in regions
- Website
- Research reports



# National research programme

- \* Soil-borne
  - Diseases 32%
  - Pests 11%
  - Water 13%
  - Virus 13%
- \* Climate change 14%
- \* Conservation farming 5%
- \* Cultivar evaluation 4%
- \* Post harvest handling 3%
- \* Nutrition 2%



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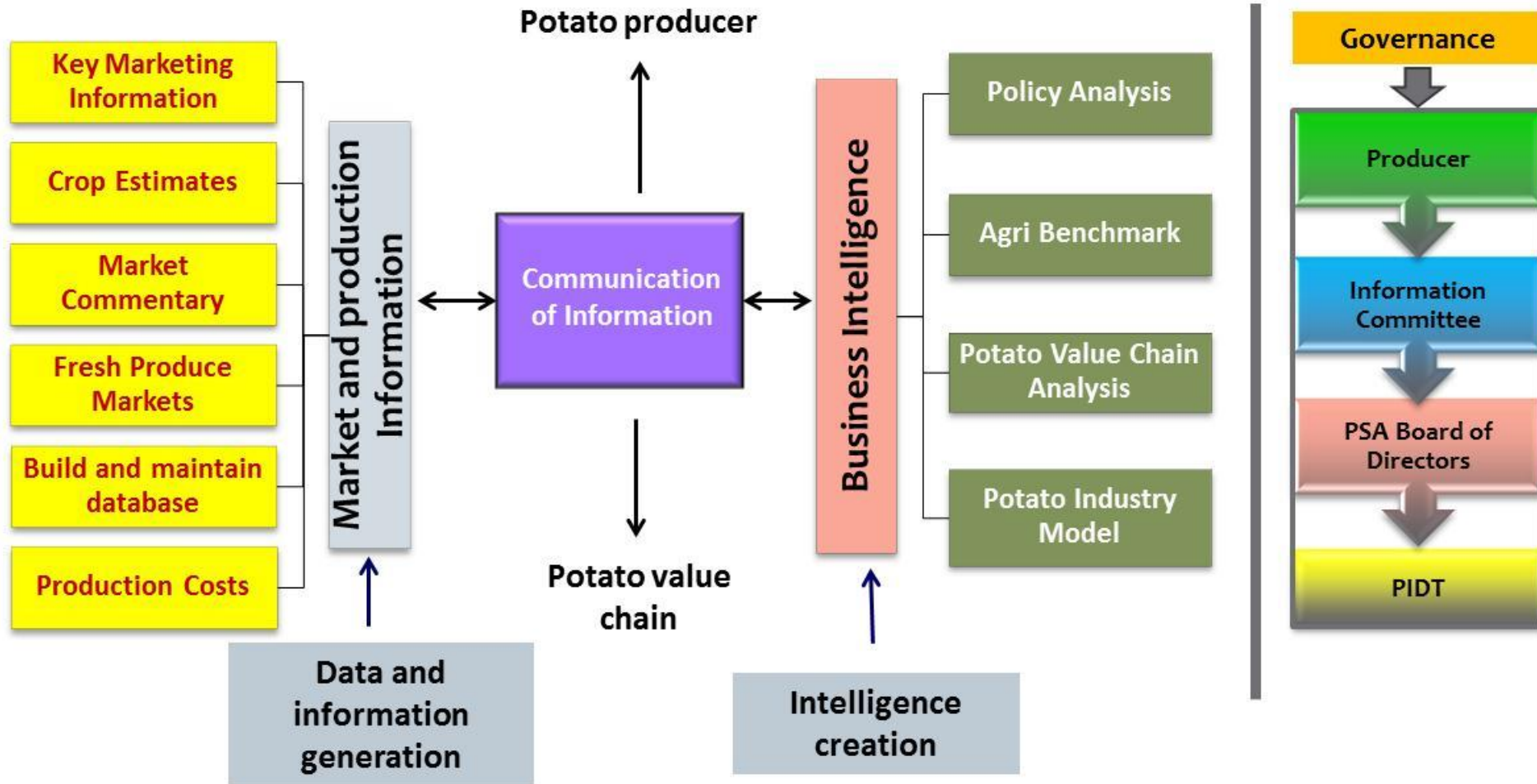
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# Information Management

Pieter van Zyl



# Potato Information Services





# Industry strategic information available for distribution

1

- \* **DAILY INFORMATION**
- \* **Morning report**
  - \* **Potatoes & Onions**
- \* **Afternoon report**
  - \* **Potatoes & Onions**
- \* **SMS**

2

- **WEEKLY INFORMATION**
- **Weekly report**
  - **Potatoes & Onions**
- **Crop year report (“Kop&Stert”)**
- **Crop estimates (bi-weekly)**

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- On the web page, in articles and in presentations various **other** information is reported as well.

3

- **MONTHLY INFORMATION**
- **Inventory turnover – FPMs**
- **Age analysis of carry-over stock – FPMs**
- **Prokon analysis**
- **Market statistics**
- **Market comment**

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- **ANNUAL INFORMATION**
- **Agri benchmark report**
- **Transport costs**
- **Buyers on FPMs**
- **Potato industry model**
- **FPMs trend analysis**
- **A Perspective on the Potato Industry**

4

- **SEASONAL INFORMATION**
- **Post seasonal crop report**
- **Production costs (main regions)**
- **Size of seed industry**
- **Size of processing industry**

# Marketing and Product Promotion

Rudolf Badenhorst and Immaculate Zinde



### Maintenance strategy

### Long term/Growth strategy

### Short term/Price strategy

### Marketing Communication

Potato shows  
Brand promotion  
Packaging research  
NFPMs “Rebirth Project”  
Marketing Symposium

- Sport, Health & Lifestyle
- Product Development
- University program
- Rural Markets Hawker campaign
- Youth Marketing (schools)
- Foreign Market Development
- Consumer Research

Marketing Contingencies  
In-store promotions

Year 1

Year 2

Year 3

- E.g. Hawkers campaign
- Foreign Market Development
- Consumer Research

In-store promotion

- E.g. Consumer Research
- Foreign Market Development





# Branding



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# SHOPRITE JOINS THE POTATO NATION

IN PARTNERSHIP WITH SHOPRITE – THE POTATO NATION IS CURRENTLY ROLLING OUT AT 10 SELECTED STORES THROUGHOUT GAUTENG. THE IN-STORE CAMPAIGN CREATES HYPE AROUND THE ARRIVAL OF KING ZAMBAN OF THE POTATO NATION. SHOPPERS ARE INVITED TO CREATE THEIR FAVOURITE POTATO DISHES IN A BID TO WIN 'FLAVOUR WITH THE KING', THE TITLE OF BEING 'SOUTH AFRICA'S OFFICIAL POTATO NATION CHIEF COOK' AND R20 000 CASH.



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# School programs

## GROW A SPUD!

Teachers' Manual

Empower your learners to grow their own potatoes...  
and watch them thrive!



WIN up to R10 000 cash to  
GROW your school!



JOIN THE



- Communication to 2600 schools
- Potato plantings
- Potato recipe book for the youth
- Youth Website cooking competition



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# Comrades

- Approximately 20 000 runners



# Soccer

- Started in 2008
- 62 teams in the Ceres (Western Cape)
- **Winners**
  - R20 000
  - Training camp with Santos
  - Soccer balls, T shirts, trophy, etc.
- **Sponsors:** Potatoes South Africa and Shoprite/Checkers.



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# The Informal Market

## How?

- Hawkers Academy – (Training program)
- Competitions
- Potato information leaflets
- T-shirts, caps, price boards, packaging
- 5 – Biggest markets in South Africa % taxi ranks, train stations and bus terminals



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# Using social media

facebook

Potato Nation Timeline

http://www.thelighthousebabysitter.co.za/  
http://www.facebook.com/PotatoNation

**WE LOVE POTATOES?**

**WE WANT 1 000 LIKES AND WE WILL DONATE 10 POCKETS OF POTATOES TO**

Unlike Comment Share

Potato Nation, Lonaina Fischer, Jacques Rothmann, Gerhard De Jager and 16 others like this.

View 1 more comment

Jacques Rothmann I suppose because this way more people get to hear about the shelter and it may lead to further involvement and donations and at the same time Potatoes SA highlight their campaign to encourage potatoes as a nutritional food option in South Africa.

Unlike Reply · 2 hours ago

Potato Nation Hi Vanessa, Thank you for the post. I think Jacques has answered your question perfectly, just so you know we do donate without advertising or posting - this is just a highlight which is part of our social responsibility initiative for people to get more involved. Thank you Jacques for your perfect explanation.

Like Reply · about an hour ago

Write a comment...

250 people saw this post

**This Week's Shopping at Brazi's Famous Mash & Chak**

**Win R300 Shopping**

Unlike Comment Share

Potato Nation, Nawaera Amad, Belinda Eku Bar 3 others like this.

Potato Nation Remember guys you must s 18 profile. To win try the recipe and post it your own variation. Remember to tag us and Like Reply · 22 hours ago

Potato Nation Each recipe is shared and a diversity of as South Africans. Our Potato 3 select a winner and this will be announced. Entries will be judged based on creativity, most importantly POTATO MA... See More Like Reply · 22 hours ago

Write a comment...

facebook

Potato Nation Timeline

**Potato NATION Fun Facts**

Potato Production Regions in South Africa

- Northern Province • North West • Gauteng
- Mpumalanga • Northern Cape
- Western Free State • KwaZulu-Natal
- Sandveld • Ceres • South Western Cape
- South Cape • Eastern Cape

Like Comment Share

Philiz Zink, Sharon Herbst, Gwazi Mufokeng and 3 others like this.

Kim Bezen So the potatoes like all the provinces except Limpopo province... wonder why lol

Like Reply · April 5 at 11:56am

Write a comment...

127 people saw this post

Potato Nation April 5

**CREATIVITY PALS**

facebook

Potato Nation Timeline

Overview Likes Reach Talking About This

03/11/2013 - 04/07/2013

Export Data

Who You Reached (Demographics and Location)

Gender and Age

Gender	13-17	18-24	25-34	35-44	45-54	55-64	65+
Female 69.4%	16.8%	28.3%	23.3%	0.6%	0.2%	0.1%	
Male 30.3%	9.1%	12.8%	7.8%	0.3%	0.1%		

Countries

11,529 South Africa	2,736 Cape Town, Western Cape, South Africa	8,220 English (US)
61 United Kingdom	2,073 Johannesburg, Gauteng, South Africa	3,112 English (UK)
31 United States of America	1,076 Pretoria, Gauteng, South Africa	157 Afrikaans
14 Australia	1,004 Durban, KwaZulu-Natal, South Africa	63 French (France)
9 Germany	337 Port Elizabeth, Eastern Cape, South Africa	37 German
8 Congo, Democratic Republic	194 Bloemfontein, Free State, South Africa	28 Spanish
6 Canada	134 East London, Eastern Cape, South Africa	19 Dutch

Show All





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SOUTH AFRICA

# Transformation

Nomvula Xaba



# Enterprise Development

- \* Seed
- \* Industry Exposure
- \* Mentorship
- \* Technical Support and Training



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# SMALL POTATO GROWER DEVELOPMENT PROGRAMME

## GOALS:

- To disseminate production and business information through trials
- To give farmers practical training on good potato production practices
- Food Security impact
- Develop potential new talent



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# TERTIARY SKILLS DEVELOPMENT PIPELINE

## INDUCTION PROGRAMME- 2013



- \* Bursaries to 16 new students in 2013
- \* Tertiary assistance ensuring that there is a pool of agriculturalists to service the growing emerging sector



# Regional Service

Attie van den Berg & Pieter van Zyl



# Core Regional Services Activities



Thank you!

