

POTATO COST CHALLENGE – LOADSHEDDING A COMMON DENOMINATOR

RELEASE DATE: 30 JANUARY 2023

South African potato production has adapted to the growing demand and contrary to recent reports, South Africa does have a strong supply of potatoes with forecasts looking promising over the next 12 months. Potatoes SA's data show that the country produced 2.6 million tons of potatoes annually.

Looking at the last three decades, the total potato production has doubled from 1.3 million tons to 2.6 million tons. At the same time, the area on which potatoes are produced has reduced from 62 000 ha in 1990 to the current 52 355 ha. As a result, yields increased from 20t/ha to 50 t/ha making South Africa one of the most effective potato production countries in the world. South Africa does this without the cavernous subsidy payments that their European counterparts receive. This speaks to the resilience of the local farmers who are delivering potatoes despite very challenging circumstances including numerous lapses in their ability to irrigate crops due to damaging power supply disruptions.

It is not only potato producers who are impacted by loadshedding - the sustainability of the entire South African potato value chain is at risk. Should there be a breakdown in local supply of fresh produce, all role-players will be affected.

The reason for current shortfall of locally produced frozen French fries is severe loadshedding – causing major losses in processing capacity. The frozen chip factories have raised these concerns with ESKOM and the relevant local governments that are power suppliers, pertinently noting that this is a challenge in the government space that is outside of the control of the industry.

Loadshedding at farm level has a significant impact on the farmer's irrigation efficiency. This does result in a yield reduction as well as a decrease in quality due to increases in potato tuber moth damage as well as growth defects. Fresh produce markets, where 60% of all potatoes are sold into the informal sector, are also affected by loadshedding. There is efficiency loss in cold storage facilities, market floors are dark which leads to an increase in theft which in turn result in less feet on the market. Automated trade systems cannot function when there are power outages, forcing market agents to revert to manual transactions. Alternative power supply such as generators to provide reasonable lighting, has a further implication due to the rising cost of diesel.

The above are but a few examples of how loadshedding is affecting the local potato sector with an increase in cost to every role-player in the value chain ending in high prices for an already cash strapped consumer.

Although power supply disruptions are a common denominating challenge, there are also other challenges that the industry has to face. Therefore, Potatoes SA as custodian of a sustainable potato industry, invites all representatives including producers, input suppliers, bag manufacturers, consumers, exporters/importers, agents, market management, local government, trade unions, processors, quality control institutions, researchers, retailers and the media, to state their challenges and proposed solutions at the upcoming Potato Industry Forum which will be held on 25 April 2023.

Representatives of the potato industry are requested to electronically submit items for the Agenda of the Potato Industry Forum to Hanrie Greebe at hanrie@potatoes.co.za by 25 March 2023.