

The 'foreign' impact on South Africa's potato industry

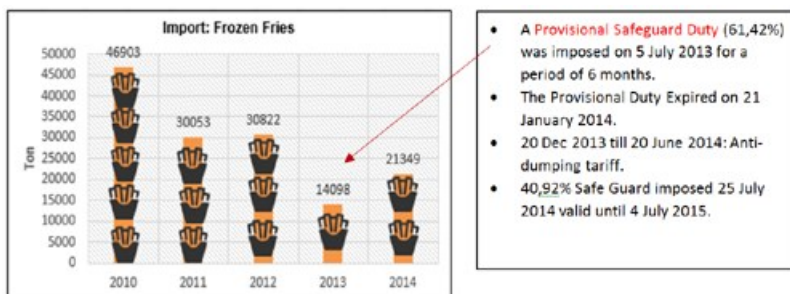
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Be it the economic repercussions of the recent wave of xenophobic violence sweeping the country; the import tariff war waged against European markets; or the effects of foreign viruses on domestic crop yield, it is clear that the market environment of South Africa's potato industry is currently bound by a single common denominator: that of the 'foreign'.

Insight Survey's latest **Carbohydrate Landscape Report** comprises extensive primary research (including in-depth interviews with leading industry experts) in order to ascertain and provide detailed insight into the current impact of the 'foreign' on domestic market dynamics.

The local industry has been waging a bitter war against foreign imports, after frozen French fry imports increased by 400%, severely affecting domestic fast-food and consumer markets. In the following example from our report, we trace the trend in importation and the associated effects of local Governmental intervention



Source: Potatoes.co.za: Graphics By Insight Survey

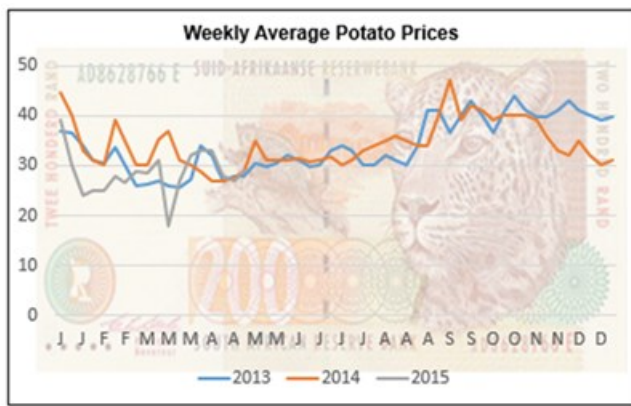
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What this equated to at the end of 2013 was a positive effect on local market prices due to reduced importation; however with the increase in imports in 2014, this has once again had a negative effect on local market prices and the entire value chain in general.

During one of our interviews with Potatoes SA they confirmed this, stating that "Frozen French fry imports increase the potential volatility of the South African potato market. The dumping of oversupply into the local market leads to unforeseen pressure on the marketing channels available for producers and other role players within the potato value chain".

A further concern has been the recent increase in potato plant infection with foreign bodies, which has led to considerable losses to domestic yields. During our interview with Rudolf Badenhorst, Head of Market Development at Potatoes SA, he reiterated that "Potatoes are susceptible to a variety of viruses and pests that can influence the quality of the harvest", however indicated that future yields should improve as "Cultivars are being developed that are less susceptible to pests and viruses and that yield more per hectare than older varieties".

Lastly, the fiscal effects of the xenophobic riots have been felt across the agricultural sector. It is estimated that the informal sector buys more than 50% of potatoes from fresh produce traders, markets that have, in certain areas, come under severe pressure due to unrest.



Source: Potatoes.co.za: Graphics by Insight Survey

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As the statistics indicate, the large price dip in March coincided with the xenophobic riots, and prices were much lower than the same time in 2014. However, whilst the riots continued into April, the prices recovered dramatically. Thus it appears that the effects of the riots were felt predominantly during March, and not April. This was stressed by Potatoes SA who stated that "Given the price trends observed during April no conclusive evidence exists to indicate that xenophobia impacted negatively on prices in April, especially in the light [of the fact] that record volumes of potatoes were sold on markets during April".

The **Carbohydrate Landscape Report** (124 pages) provides a dynamic synthesis of primary and secondary research, including extensive interviews with relevant stakeholders and industry experts across the value chain: from organisational bodies to manufacturers, retailers and leading academics.

Some Key Questions The Report Will Help You To Answer:

- What are the key factors that are restraining and driving the growth of the local and global markets?
- What are the local and global supply and production trends and predictions?
- What are the local and global demand and consumption trends and predictions?
- What were the Manufacturing and Retail sectors' overall financial performances for 2014?
- What are the consumption trends in the following carbohydrate sectors: rice; pasta; mealie meal; bread; potato chips; breakfast cereal; frozen potato products?

Please note that the 124-page PowerPoint report is available for purchase for R45,000 (excluding VAT). Alternatively, individual sections can be purchased for R7,500 (excluding VAT). For additional information simply contact us at info@insightsurvey.co.za or directly on (0)21 830-5638.

For a full brochure please go to: <http://www.insightsurvey.co.za/2015-carb-landscape-report>

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