

The RSA Group

South Africa: Fruit and veg price up 30% due to drought

The RSA Group is one of the largest fresh produce traders in South Africa and as the group is represented countrywide, they were asked for comment on the current drought affecting the country.

South Africa is currently experiencing the strongest El Nino phenomenon in 18 years. This has a medium and long term impact on food security, food prices, as well as an adverse effect on availability. Jaco Oosthuizen RSA Group MD, says that the changes were first detected in December 2015. Prior to this, there was ample supply, and even oversupply, on the markets.



"During December, the Joburg Fresh Product Market received 107,594 tons of fresh fruit and vegetables. This figure is only 1.1% down from December 2014, but the price per kilogram escalated by 31.28%. The Tshwane Fresh Produce Market, the second largest in South Africa, received 54,257 tons of fresh fruit and vegetables. The mass was 0.81% up from the previous December, and price per kilogram escalated by 34.43%. The total mass received by the 18 markets in South Africa dropped only 3.26% compared to the previous December," explains Oosthuizen.

"The biggest impact that could be seen immediately during December 2015 and January 2016 was the excessive heat and ghastly hail damage in certain areas. These had an adverse effect on quality, shelf life and availability."

At that stage, the areas hardest hit were the Free State, Limpopo, Mpumalanga, and KwaZulu Natal. The collective fresh produce industry will be affected, and shortages as well as higher prices are to be expected during the course of the next few months.

Andries Erasmus, senior trader on potatoes at the RSA Group, explains that the biggest impact on the potato crop will be areas that farm dry land (no irrigation). "The effects of this were not yet visible in December 2015. However, the yield was already low due to the extreme heat. The potato crop in the Eastern Free State will be severely affected, and very low yields are expected as most of this area farms dry land."

"Various areas have water problems so have not been able to plant the usual number of hectares. In some cases, like the Western Cape, the fruit trees must first receive irrigation. This is the same for onion planting and production," says Erasmus. "In the Western Cape, the largest potato producing region in South Africa called the Sandveld, is affected by severe drought and excessive heat. At this stage the Western Free State may have a crop with less damage. Time will tell."

Supplies have been erratic, and January saw the highest potato prices ever recorded. The prices since then have stayed between R60 and R80 per 10kg bag.

The little rain that we've had over January and February has resulted in slightly cooler temperatures, but water is still in short supply. Many rivers and boreholes have dried up and this is a major cause for concern.

"The drought has had an immediate influence on livestock and maize crops, but the effects on the fresh produce industry will present more strongly from mid February, with comparative figures available from April onwards," says Oosthuizen. "The buyers of fresh produce are acutely aware of the looming crisis, and the very high purchase prices that await them."

The RSA Group is the largest market agent business in Africa, representing 30% of all sales of fresh produce on the 5 major markets, and in the past year, sold in excess of 720 000 tons of fresh fruit and vegetables.

The Group started off as a family business but has evolved into a fully-fledged corporate business. It employs more than seven hundred people, 38% being women (excluding unskilled labour), with 26% of employees under the age of thirty. The RSA Group maintains a position of leadership within the fresh produce industry.

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