

Recommendations for restructuring food markets in the southern African region: Dynamics in context of the fresh produce sub sector

by

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Introduction



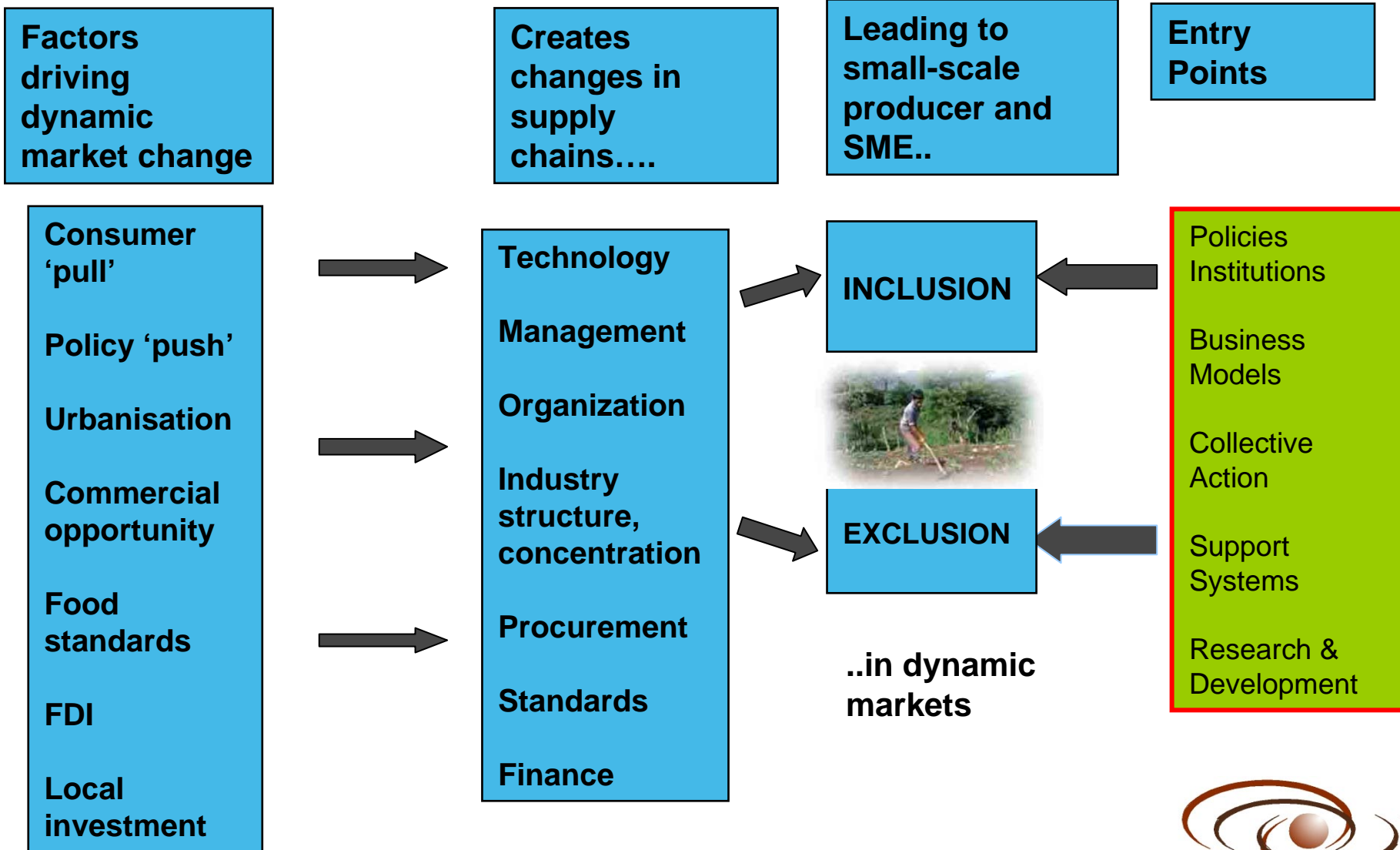
Countries of the SADC (SADC, 2007)

- ▶ Similarities in terms of climate, socioeconomic and governance
- ▶ But South Africa accounts for 69% of region's GDP
- ▶ Such disparities affect progress in integration and economic growth
- ▶ Agriculture dominates these economies with 80% small scale producers
- ▶ Contributes 35% to GDP; 13% to export earnings; and 66% to intra regional trade
- ▶ SA agriculture contribution is 3,5%

Introduction cont..

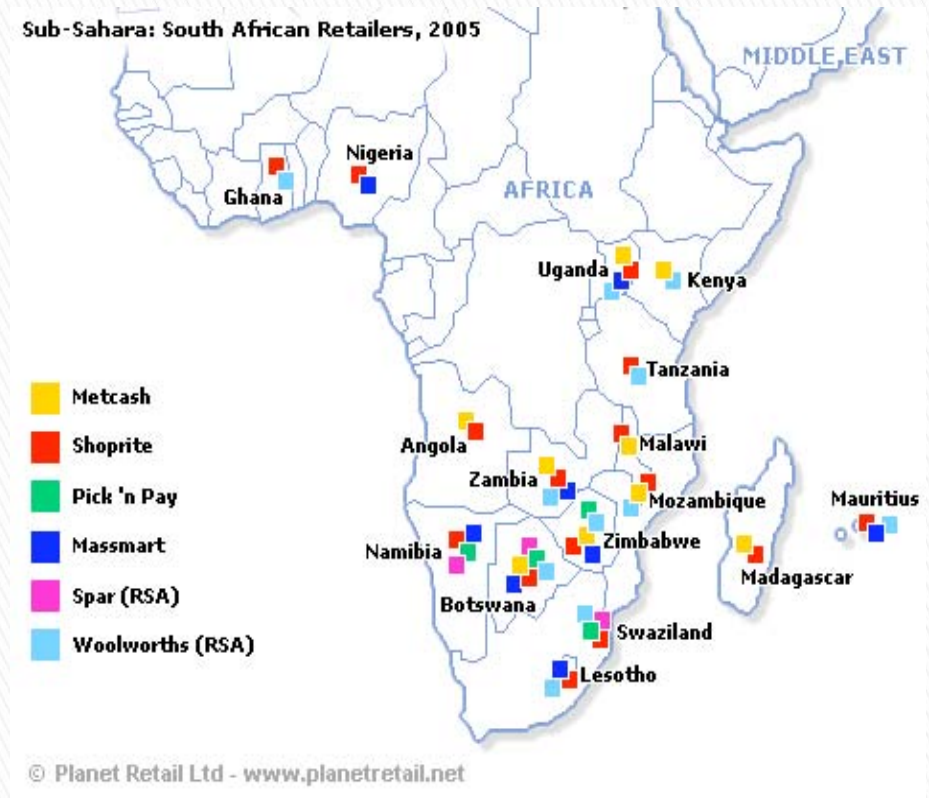
- ▶ Undertook extensive economic reforms – deregulation
- ▶ Rapid changes in agri–food markets are reshaping governance of food systems
- ▶ Procurement systems adopted by modern supermarkets
- ▶ Negotiating market access are conditioned by globalisation, liberalization & modernization
- ▶ Small–scale agriculture, policy makers & development partners are poorly prepared for changes
- ▶ Risks enhances smallholder farmers’ exclusion from modern agro–food markets

Impacts of restructuring on primary producers: A conceptual framework



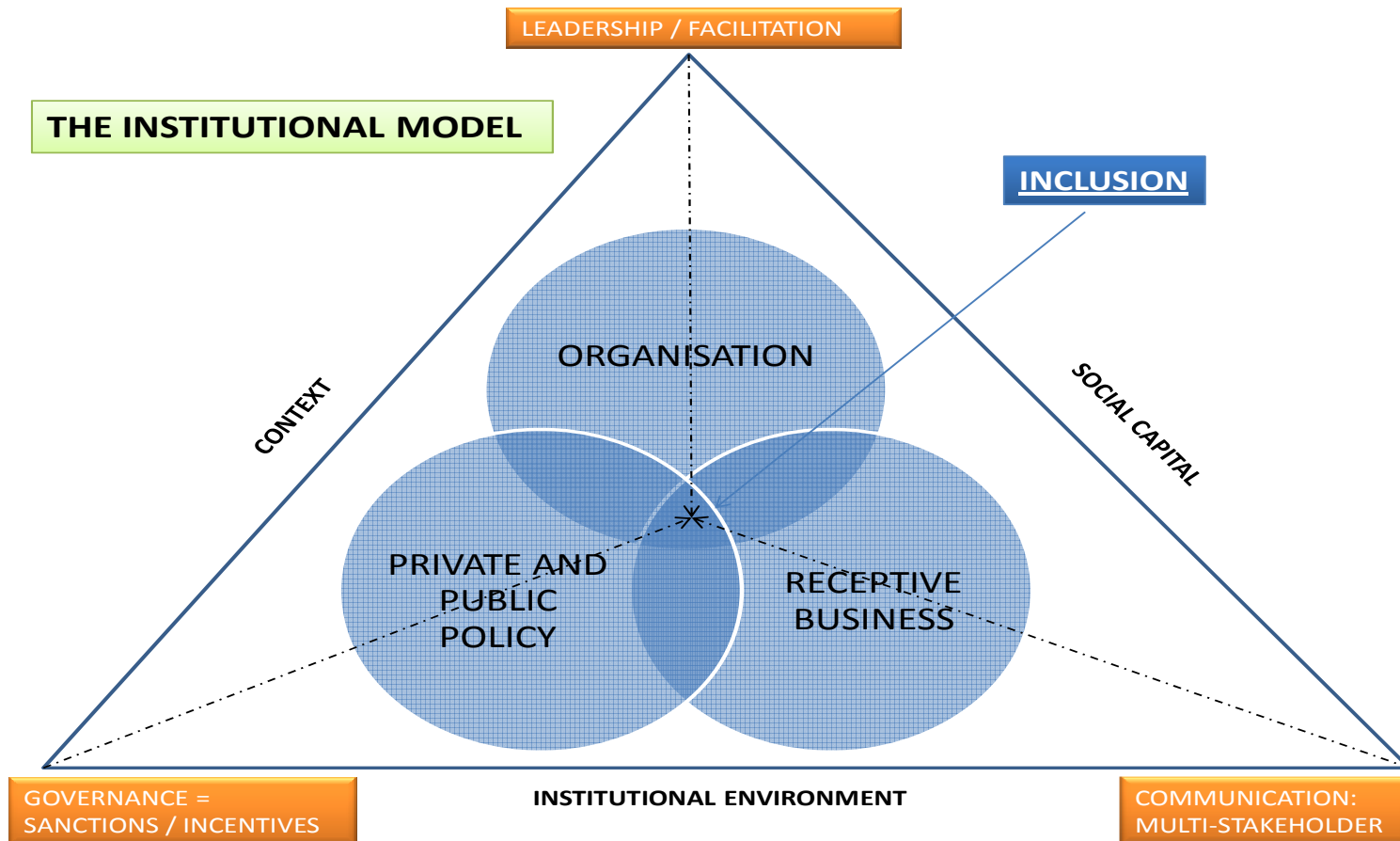
Food market restructuring

- ▶ The restructuring is observed as
 - Consolidation
 - Concentration
 - Trans-nationalization
 - Emergence & disappearance of supply chain actors



Footprint of South African retailers in Africa (2006)

Recommendations: Institutional framework



Recommendations for Farmers

- ▶ Farmers need to manage production & marketing risks for effectively
- ▶ Diversify enterprises focusing on niche markets where economies of scale are not as important
- ▶ Promote formation of farmer groups (cooperatives, producer organisations, outgrower schemes).

Recommendations for Agribusiness

- ▶ Promote contract farming to provide guaranteed markets for smallholder farmers in remote areas.
- ▶ Create low cost credit schemes which enable resource constrained farmers to finance inputs.
- ▶ Enhance dissemination of marketing information so that farmers have timely access to information.
- ▶ Provide technical support

Recommendations for Governments

- ▶ Create effective technical & market support services.
- ▶ Improve extension & training – skills transfer.
- ▶ Develop infrastructure.
- ▶ Review institutional mandates for influencing private sector investment in agribusiness & agro-industry.
- ▶ Develop networks & synergies for sector dialogue.

Recommendations for Regional Initiatives

- ▶ Exploit diversity to unlock region's comparative advantage & agricultural potential.
- ▶ Allow diversity to stimulate rural development & trade in the region.
- ▶ Focus on cross border supply chain issues
- ▶ Create a development path that optimises regional bargaining position in intra-regional & international markets.
- ▶ Facilitate market chain actors to build vertical integration & reduce transaction costs.
- ▶ Provide research & analytical services & develop national capacity at centres of excellence.

Recommendations for Research

- ▶ Analyse country, regional & global trend changes & factors affecting transformation of agro–food systems on smallholder agriculture.
- ▶ Characterize agro–industries in the region, focusing on leveraging the regional supply chains.
- ▶ Develop information management systems for agribusinesses, small–scale producers, processors & professional organisations.
- ▶ Formulate business models or strategies for improving the region’s agribusiness sector that’s country specific.



The end

*Thank you for
your attention!*