

The role of the South African private sector in meeting food shortages in the sub-region

Jannie de Villiers

South African Chamber of Milling

and

Johann Kirsten

University of Pretoria

Who is the private sector?

- # Agribusiness firms/cooperatives
 - # Grain traders
 - # Agro processors such as milling companies and dairy companies
 - # Transport companies
 - # *Responsible for most of agricultural economy and agro processing and trade*
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Current and previous roles by SA private sector

- # Normal commercial trade for a large variety of food products
 - # Supplier to WFP
 - Companies on Preferred Suppliers Data Base
 - WFP activity in SA since 2001
 - Share of gross value of production
 - Share of exports
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WFP purchases as share of the gross value of SA agriculture

2001			2002			2003			2004		
WFP	RSA (\$m)	WFP share	WFP	RSA (\$m)	WFP share	WFP	RSA (\$m)	WFP share	WFP	RSA (\$m)	WFP share
\$9 890 348	6 114	0.16	\$50 388 600	6 503	0.77	\$50 512 850	9 448	0.53	\$23 101 317	10 887	0.21

WFP maize purchases as a share of national production

	2001	2002	2003	2004	Average (2001-2004)
Maize	0.39 (0.52)*	2.82 (4.55)	2.79 (4.85)	0.58 (0.84)	1.65 (2.69)
Maize meal	0.39	0.29	0.37	-	0.35

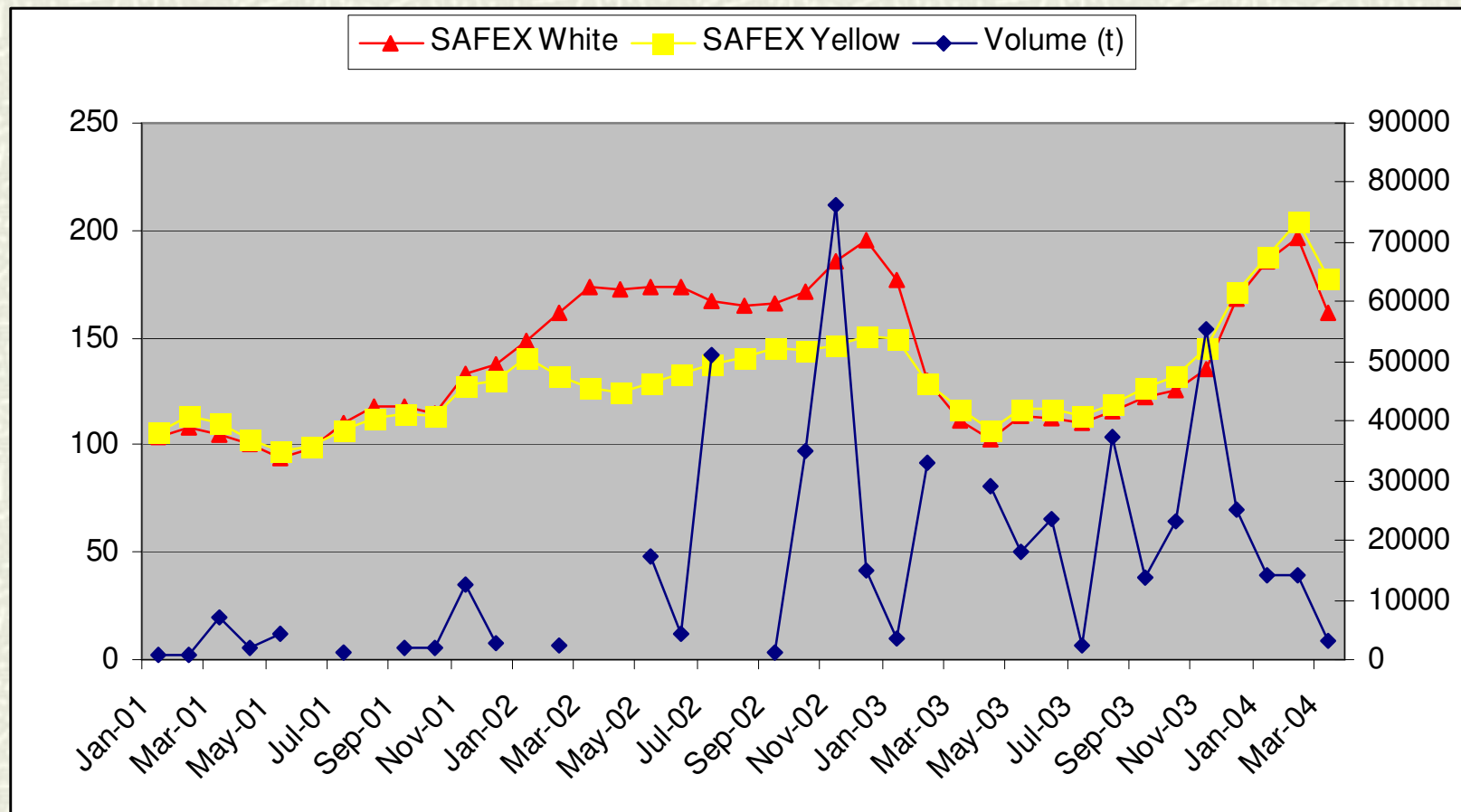
WFP purchases of maize as a share of South African exports

	2001	2002	2003	2004
RSA Exports	1 488 000	1 335 000	1 188 000	1 185 000
WFP purchases	33 351	211 084	270 670	49 301
Share (%)	2.2	15.8	22.8	4.2

The pattern of WFP purchases in South Africa

- # Buys throughout the year
 - # WFP has been active in the South African market in every month of the past four years, with the exception of September 2001 and October 2004
 - # No specific pattern but purchases are the highest in November and lowest in January.
 - # But, the price of maize tends to increase towards the end of every year.
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The volume of WFP purchases by month, 2001 - 2004



Constraints faced by the South African private sector

Price

- Subsidised supplies
- Costs of food aid
- SA companies find it difficult to compete with other countries

Logistics

- Rail stock
 - Road conditions
 - Border problems
 - Crime and other risk factors
 - *in transito* duty
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Constraints faced by the South African private sector

Quality

- Recipient countries receive low quality products
- SA companies can not compete

Politics

- Food Aid convention
- US supplies to recipient countries
- UN system
- Mozambican floods – no takers for food assistance from South Africa

Communication and information



Concluding comments

