



National Agricultural  
Marketing Council  
Promoting market access for South African agriculture

# Potato Case Study of a Successful Farmer Fuelled by Passion of Potatoes in South Africa

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# Introduction

- Potatoes are among the top commodities produced in South Africa.
- Potatoes further top all vegetables in terms of value and volume of production.
- The value of production has grown from 1.3 billion in 1996 to 5.1 billion in 2010, this represent 307% growth in 14 years.
- Production of potatoes comes from all nine provinces of South Africa and is further divided into sixteen regions.
- Most of the production emanates from the commercial sector and very less contribution come from small scale growers.
- This is due to dualistic mode that exists not only in the potato industry but in almost all South African agricultural sub-sectors.
- The dualistic mode provided a need to search for growers who have crossed the divide.

# Introduction continues

- Solly the focus of this case study crossed the divide by becoming a successful commercial black producer of potatoes in the Dendron area of Limpopo province.
- Solly has been producing potatoes in the last 28 years and continues to reap rewards from potato enterprise.
- He supplies potatoes to the National Fresh Produce Markets (NFPM), retailers and to the informal markets.
- Farming has never been easy for Solly but he was assisted by the following stakeholders:
  - ✓ White commercial farmers;
  - ✓ Limpopo Department of Agriculture (LDA);
  - ✓ Tribal authorities, Financial institutions and
  - ✓ Potatoes South Africa (PSA).
- Before continuing with Solly's story a brief overview of the global potato industry is provided.

# Global potato production

- Potatoes are grown in over 150 countries of the world.
- According to FAO (2008), in the 1990s most of the potatoes were produced in Europe, North America and from countries of the former Soviet Union.
- Since then, major production growth in Asia, Africa, and Latin America was experienced.
  - From less than 30 million tons in 1960s to more than 165 million tons in 2007.
  - For the first time in 2005, developing world production exceeded that of the developed countries.
- In 2010 production season, Asia accounted for 48% share of world production, followed by Europe with (33%), Africa and North America each had 7% and Latin America had 5% (for more see Figure 1).

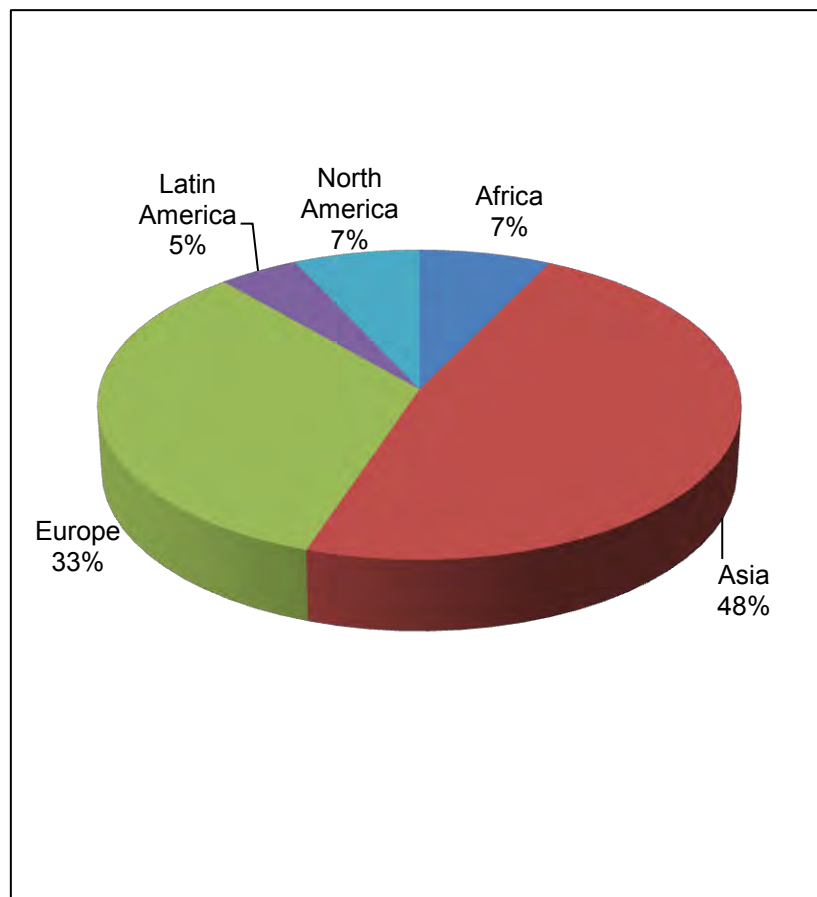


Figure: 1 Global potato production  
Source: FAOSTAT, 2010

# African continent potato production

- In the African continent, production increased from 2 million tons in 1960s to 20 million tons in 2010 (see Table 1).
- Malawi account for 20% of the total production and is followed by Egypt with 16% and Algeria has 14%.
- SA accounts for 9% of the total production, Rwanda and Morocco accounts for 8% and 7% respectively.
- The rest of the African continents accounts for 27% of the total production.

Table 1: Africa's largest potatoes producing countries

Countries	Production in %
Malawi	20
Egypt	16
Algeria	14
South Africa	9
Rwanda	8
Morocco	7
Rest of Africa	27

Source: FAOSTAT, 2010

# Global potato trade

- International trade of potatoes and potato products still remains low, relative to production.
- The value and volume of processed potatoes far outweigh trade of fresh potatoes.
- According to FAO (2008), only 6% of the output is traded in the international markets.
- Challenges of less trade relate to:
  - ✓ Tariff escalation by importing countries
  - ✓ High transportation costs due to bulkiness of the commodity
  - ✓ Restrictive policies e.g phyto-sanitary and TBT
- Figure 2 depict top exporter of potatoes, in order of ranking the top exporters are France, the Netherlands, Germany, Belgium, China e.t.c.
- In the African continent, Egypt is the important role player in the international market.

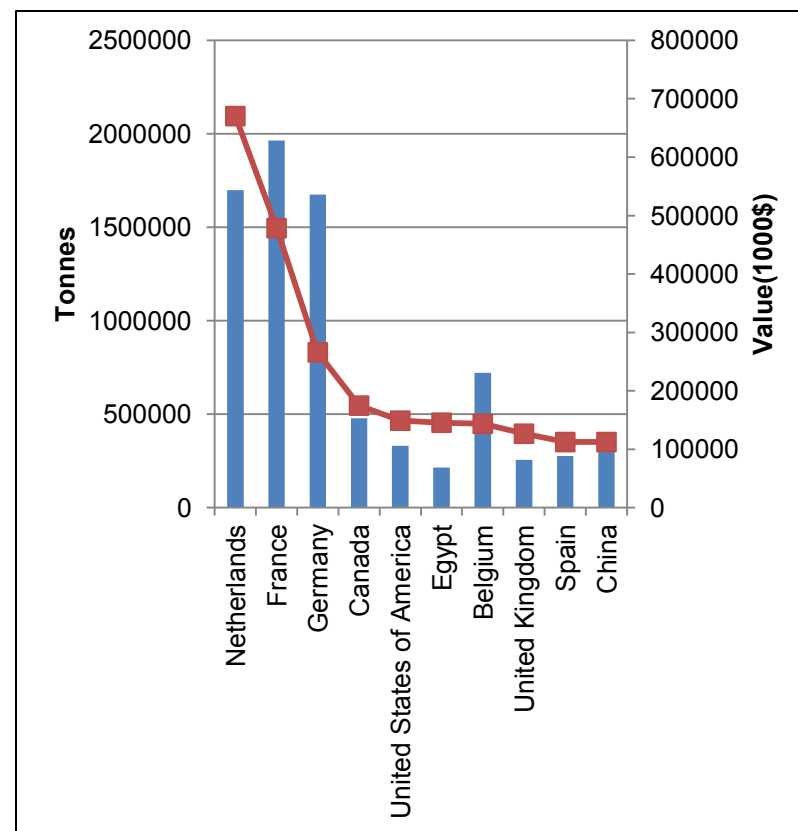


Figure: 2 Global top exporters of potatoes

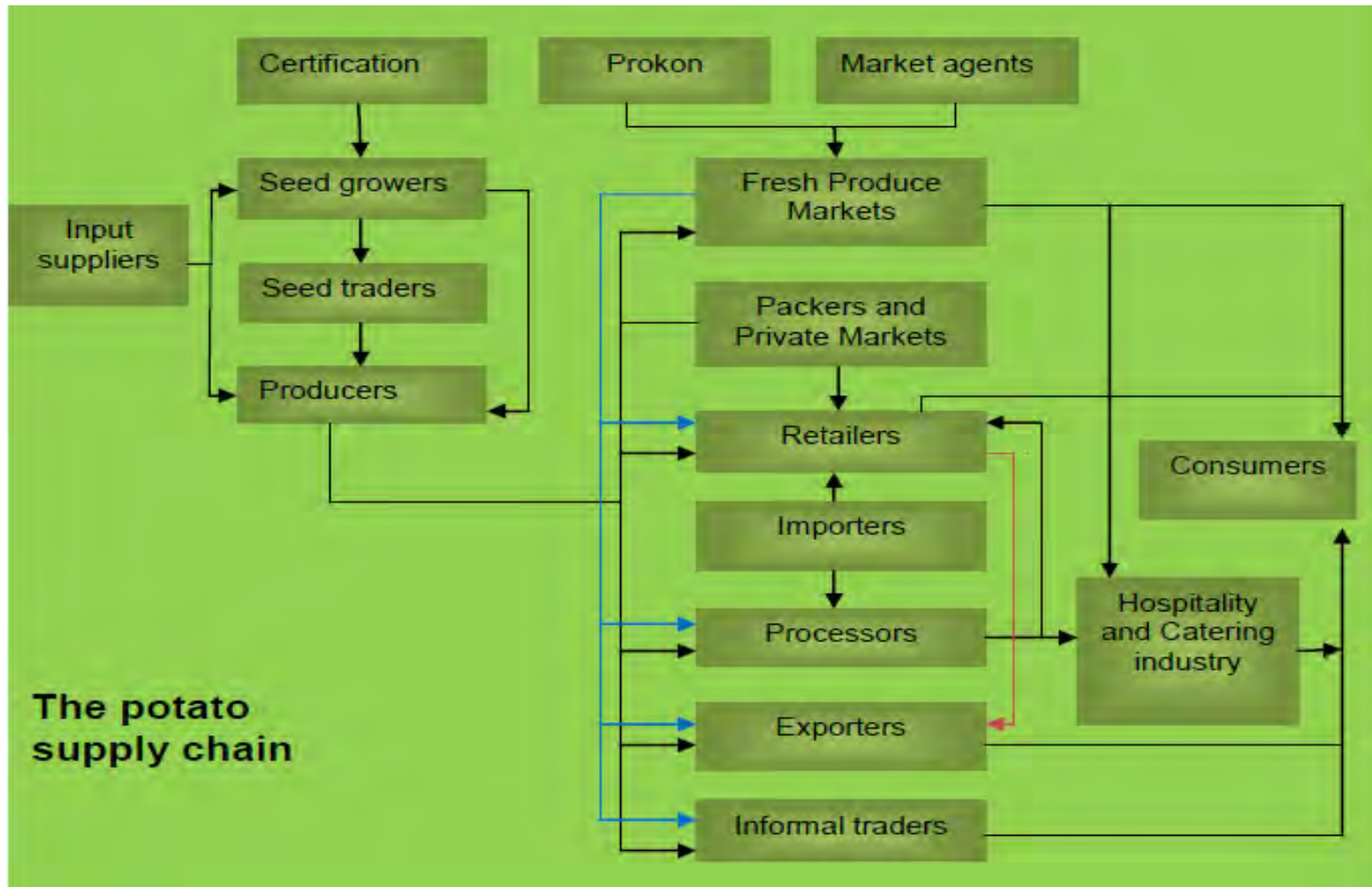
Source: FAOSTAT, 2012

# SA potato industry overview

- Potato industry plays an important role in the South African economy.
- The role is seen through creation of job opportunities and through generation of income for producers.
- According to PSA (2012), potatoes are produced from 654 units.
- Production is divided into seed and table potatoes.
- Table potatoes are produced by 600-700 commercial producers and about 200 small scale producers.
- Seed is produced by approximately 100 registered growers.
- Potatoes are produced under irrigation which accounts for 84% of the total area planted and dry land farming account for 16% of the total area planted.
- The average yield per ha of potato produced is 40 tons.
- The average annual hectares under production is estimated at 52 000.
- Main cultivars are Mondial which account for 43% of the total varieties under production, BP1 has 12% and UTD has 9%, other varieties account for 36%.



# SA potato supply chain and Markets



# The story of Solly and his passion for potatoes

- Solly was born in 1956 and is a successful producer of seed and table potatoes.
- He managed to cross the divide between small scale growers and became the first black commercial farmer of potatoes.
- He started farming with tomatoes in 1983 but realised that tomatoes are not annual, he then ventured into potatoes.
- Currently he owns 1430 ha farm and leases an additional 446 ha.
- The farm has created 25 permanent jobs and further employs 66 temporary workers during harvesting period.
- Farming has never been easy for Solly and he was assisted by various individuals and organisations.



His passion of farming has earned him awards, such as winning of Toyota New Harvest Farmer to the year in 2009.

He was further awarded best commercial farmer by the Limpopo Department of Agriculture in 2005.

# Solly's inspiration, philosophy and learning curve

- His inspiration in farming with potatoes came from a neighbouring commercial farmer and since then he expended his operation.
- He believes that farming is not easy and needs to be nurtured like a new born baby.
- The key to success was driven by passion, hard work, commitment, determination and he never shy away to ask questions from knowledgeable industry advisors and producers.
- He further ascribed to never too old to learn principle.
- He learned farming through informal training (short courses).
- His knowledge of farming was broadened by international visits to Germany, Russia and Holland.
- Solly has two sons who plays an important role in the farm and have also undergone training in bookkeeping and farm management.
- Technically the farm is assisted by consultants who visits him to check whether production is not negatively affected by diseases.

# Strategy for managing inputs

- The key strategy in managing high inputs costs for Solly has been that of negotiation.
- Other strategies was that of conducting soil analysis before fertiliser is bought and is bought in bulk and stored in the farm to avoid frequent deliveries.
- He further makes his own repairs on broken equipment and has taught his workers on how to save water.
- Figure 3 gives a breakdown of costs associated with potato production.
- The high input expenditure is seed and account for 40% of the operating costs. The second high inputs are fuel, fertiliser, chemicals and they account for 30%. Labour costs 15% of the total budget.
- Packaging account for 10% and marketing costs accounts for 5% of the total variable costs.

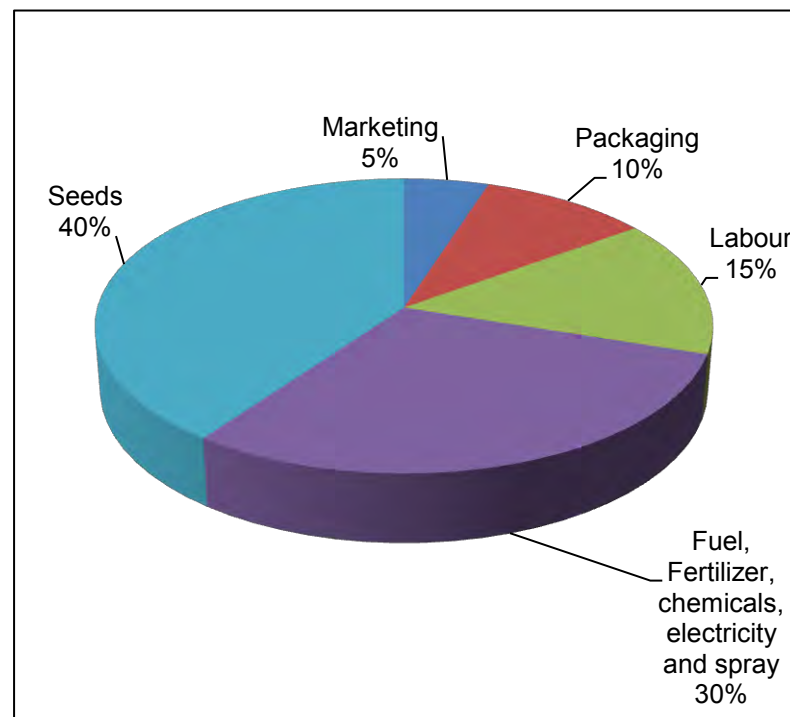


Figure 3: Breakdown of inputs.  
Source: Solly and own calculations

# Strategy for production and diversification

- Solly's farm produces only Mondial potato variety due to market demand and suitability of the cultivar to his area.
- The farm produces on average 56 tons per ha which surpasses industry average of between 34 tons and 40 tons.
- The farm produces the highest quality potatoes as for example 49 tons constitutes class A, 5 tons class B and 1 ton is class C.
- Because of good management, the average loss per annum is estimated at 2%.
- According to Solly, loss of production is caused by growth cracks, mis-formed, cutting during harvesting and greening due to sunlight.
- As part of keeping the business going, Solly has diversified into livestock industry.
- He has 242 Bonsmara and 78 Simba cattle.
- Other rotational enterprises are maize, tomatoes and dry beans.

# Marketing strategy

- Solly uses his brand name “Solly Boerdery” to market his fresh potatoes as shown in Figure 4.
- He markets his products to NFPM, which absorb 40% of his produce, other wholesales also accounts for 40%.
- Exports to neighbouring countries absorb 8%, processors and retailers each obtain 5% and informal markets absorb 2% as shown in Figure below.

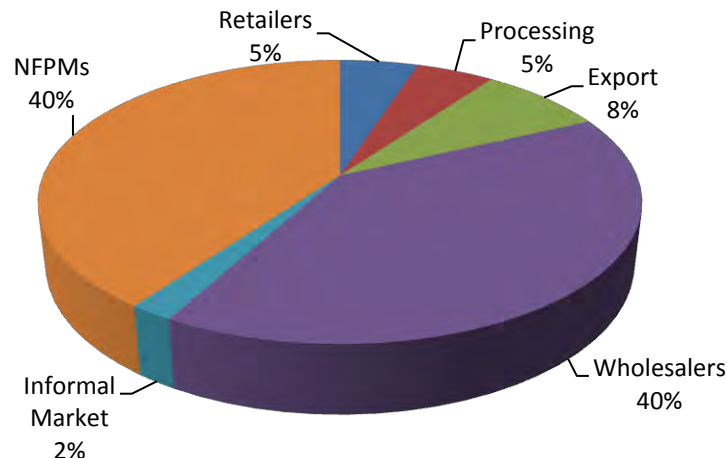


Figure 4: Solly's Boerdery label displayed

The brand name “Solly Boerdery” is a bit of ingenuity born out of desperation.

Solly had difficulties in gaining market access and he decided to combine his name with Afrikaans word.

# Main challenges in the potato industry

- High infrastructure costs serve as a barrier of entry into the industry by the small growers.
- Continual increases in input costs impact negatively on the profitability of farmers located far away from suppliers.
- Distances to the main markets serve as a barrier to entry into the market and further reduce marketing margins.
- Timely availability of chemicals is also regarded as a major challenge in the potato industry.
- Production is heavily dependent on the use of fertiliser, and the volatility in prices and availability has a negative impact on profitability.
- Availability and reliability of labour is problematic due to social and cultural factors, social grants, illnesses and urbanisation, and absorption by other sectors.

# Conclusion

- The potato industry, like many other agricultural sub-sectors has been operating in a dualistic mode.
- That is, having a few large white commercial farmers and many small-scale black farmers.
- Solly crossed the divide and became a successful black commercial farmer who produces potatoes.
- Under his brand name, “Solly’s Boerdery”, he supplies various marketing channels.
- Farming with potatoes has never been easy for Solly but he was assisted by various role players.
- Land was a challenge but he leased farms until he purchase his own farm.
- In spite of all the odds he persevered to be where he is today.

*“FARMING NEED TO BE NURTURED LIKE A SMALL BORN BABY”*



**END :THANK YOU**

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