

REGULATORY

Food-focused Market Inquiry Lift Off! The Commission officially launches Fresh Produce Market Inquiry

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The Competition Commission (“**Commission**”) has today, 23 March 2023, formally launched the Fresh Produce Market Inquiry (“**FPMI**”), following the publication of the final terms of reference for the FPMI in the Government Gazette on 14 February 2023. The Commission’s long-standing focus on the agricultural sector stems, *inter alia*, from the 2.5% contribution the sector makes to our country’s Gross Domestic Products (GDP) and 5% contribution to our country’s employment levels. Further, in recent years, the Commission’s receipt of several complaints, along with findings of the Commission’s own concentration and food-price studies, respectively, has underlined the importance of the Commission’s prioritisation of the agricultural sector.

The focus

The FPMI will focus on selected fruits, being **apples, citrus, bananas, pears, and table grapes**; and vegetables, being **potatoes, onions, carrots, cabbage, tomatoes, and spinach**, that are representative of the fresh produce value chain and account for at least 70% of the production and sale of these products throughout South Africa.

The purpose of the FPMI is to examine whether any features in the fresh produce value chain impede, restrict, or distort competition in the market. Pursuant to this purpose, the Commission has identified three themes that cover the entire fresh produce value chain.

- **Theme 1 – efficiency of the value chain, with an emphasis on the dynamics around fresh produce market facilities.** This theme is focused on understanding the functioning of the fresh produce value chain in South Africa; and will be assessed on two broad market access phenomena. The first is the National Fresh Produce Market as a route to market for farmers. The second is direct contracting between farmers and retailers, wholesalers, and processors, as a route to market.
- **Theme 2 – market dynamics of key inputs and its impact on producers.** This theme is focused on the upper-end of the value chain, particularly regarding concentration levels, price discrimination, buyer power, and exclusivity.
- **Theme 3 – barriers to entry, expansion, and participation.** This theme is centred on the lower-end of the value chain. Specifically, the FPMI will consider the barriers to entry faced by small and HDP growers and issues around access to input and output markets.

What does this mean?

Where there are competition and/or public interest issues, the FPMI will provide recommendations to foster competition and ensure equitable and meaningful participation in the value chain for the benefit of all stakeholders as well as consumers in the economy.

The 4IR world and all the wonders of its technological advancement may give one the impression that Big Tech and digital platforms are all the competition authorities have their eye on insofar as market inquiries are concerned. After all, it is only in

recent years that the ICT sector has seen inquiries at the scale of those such as the Online Intermediation Platforms Market Inquiry, and more recently, the release of draft [Terms of Reference for the Media and Digital Platforms Market Inquiry](#). However, traditional sectors such as the food and agro-processing sector has been a high-priority industry for the Commission.

The work of the FPMI will officially commence on 31 March 2023 and is expected to be completed within 18 months, with public hearings held in provinces including Limpopo, Mpumalanga, Free State, Western Cape and Gauteng. To this end, the Commission has also published the Statement of Issues (SOI), guidelines for participation, and the administrative timetable in respect of the FPMI. The aforementioned documents may be accessed at [Fresh Produce Market Inquiry – The Competition Commission \(compcom.co.za\)](#).



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