

**REMARKS BY THE CHAIRPERSON OF THE FPMI, DEPUTY COMMISSIONER OF THE COMPETITION COMMISSION, MR HARDIN RATSHISUSU, ON THE OCCASION OF THE MEDIA BRIEFING ON THE OFFICIAL LAUNCH OF THE FRESH PRODUCE MARKET INQUIRY, HELD ON 23 MARCH 2023**

***Background***

The Commissioner, Ms Doris Tshepe, provided an overview of the FPMI, including the rationale for the Commission to undertake this huge task and the intended objectives. I am not going to labour on the matters that the Commissioner has already addressed in her opening remarks. My intention in this address, is to provide an overview of issues that the FPMI will be focussing on, as demarcated by the Terms of Reference and crystallised in the Statement of Issues which will be published today. I also intend to provide an outline of the process that will be followed by the FPMI.

In the Terms of Reference, the main objective of the FPMI is to identify features, or combination of features, that inhibit or distort competition and participation in the fresh produce value chain. 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.

For each of the themes that are mentioned in the Terms of Reference, the Statement of Issues outlines the issues that will be explored and asks various questions linked to those issues.

I will then proceed to provide a high-level summary of these issues that will be canvassed under each theme. Of course, a detailed list of issues will be available in the Statement of Issues once published on the Commission's website.

***Summary of SOI per theme of the FPM***

The first area of focus is the ***efficiency of the value chain, with an emphasis on the dynamics around fresh produce market facilities***. Under this theme, the FPMI will address various issues linked to the efficiency of the fresh produce value chain.

The focus will be on two broad market access phenomena.

Firstly, the FPMI will look at the National Fresh Produce Markets as a route to market for farmers and asks fundamental questions about access, role of market agents, costs associated with selling through these platforms, price discovery process and barriers to entry.

Secondly, the FPMI will look at direct contracting between farmers and retailers, wholesalers, and processors, as a route to market. The FPMI intends to understand the basic conditions of entry into various contracting arrangements, price determination, and costs associated with contractual arrangements including associated terms and conditions.

The second area of focus is **market dynamics of key inputs and their impact on producers**. There are various issues that the FPMI will investigate under this theme. These issues emanate from observations about input markets where majority of inputs are imported, fertilisers for example.

Therefore, disruptions in global supply chain may, to a certain extent, affect accessibility and pricing of these key inputs in South Africa. In addition, there are other structural concerns arising as input markets are especially concentrated with few firms operating. The FPMI will therefore, look at issues linked to concentration, access to inputs, pricing, and barrier to entry and expansion at this level.

The third area of focus is **barriers to entry facing SME and HDP producers**. Under this theme, the FPMI will assess various issues concerning smallholder and/HDP farmers when interacting with various stakeholders in the value chain such as input suppliers and output markets.

Issues related to access to critical inputs such as finance or credit, fertilisers, seeds and various agrochemicals will be interrogated. Participation of smallholder farmers or HDP farmers in various value chains will be assessed under questions related to market access, discriminatory practices, access to credit/finance and access to water.

These three main areas of focus are set out in the Statement of Issues, which contains a set of ten Annexures with each tailored to a specific issue and guide the stakeholder's response.

I want to encourage stakeholders to carefully engage with and respond to the Statement of Issues, which will be available on the Commission's website later today.

### ***Identified fresh produce***

An important aspect, which is crucial to address in this briefing, is related to the produce that we have selected for this inquiry. As you are aware, the fresh produce landscape in South Africa encompasses a wide range of produce.

The FPMI will focus on selected fruits and vegetables that are representative of the fresh produce value chain for the purposes of this inquiry, namely:

**Five Fruits** - Apples, Citrus, Bananas, Pears, and Table Grapes.

**Six Vegetables** – Potatoes, Onions, Carrots, Cabbage, Tomatoes, and Spinach.

The identified fruits and vegetables account for at least 70% of production and sale of these produce throughout South Africa.

I will now turn to deal with matters related to stakeholder participation in the FPMI.

### ***Participation in the FPMI***

There are various ways in which stakeholders can participate in the FPMI. The stakeholders can respond to the Statement of Issues, participate in Public Hearings (online or onsite) and make written submissions to the FPMI.

Importantly, confirmation about the dates and venues for public hearings will be communicated beforehand. As the fresh produce under consideration covers all significant agriculture hubs in South Africa, these public hearing will be held in a number of provinces, particularly Limpopo, Mpumalanga, Free State, Western Cape as well as Gauteng.

Some stakeholders will be sent request for information directly in due course.

The Guidelines for Participation in the FPMI will also be available on the Commission's website.

Where stakeholders have queries regarding participation and/or any other matter, they are welcome to contact the FPMI Technical Team, which I will introduce next.

### ***The FPMI technical Team***

The FPMI constitute of the Commission's employees. The Team will be led by Mr Ruan Mare and Mr Mogau Aphane. The Technical Team will be responsible for the day to day running of

the Inquiry. Mr Ruan Mare will be the Technical Head of the FPMI, and all correspondence should be directed to him.

### ***Immediate steps***

The FPMI will officially start on 31 March 2023 and is planned to be completed within 18 months thereafter.

The following are immediate dates that are important:

- We shall publish the Statement of issues on the Inquiry's website today;
- Publish the Inquiry's administrative timetable and Guidelines for Participation; and
- We shall also be issuing specific information requests to certain stakeholders.

### ***Conclusion***

All affected stakeholders, including those that will receive specific separate questions, are required to respond to the statement of issues. The success of this inquiry depends on the participation and full cooperation of stakeholders.

Whilst the questions will require some time for stakeholders to complete, it is a necessary step in the inquiry to ensure that the inquiry obtains information and facts, to fully understand the state of competition and any factors that could impede or distort competition in the fresh produce market.

The FPMI has also prepared Frequently Asked Questions ("FAQ") and Fast Facts which are meant to assist the stakeholders in understanding various aspects of the FPMI.

With that being said, I want to take this opportunity to thank everyone who made it for this occasion.

Thank you.