

Fry-tening crisis looms in the wake of black frost potato disaster



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Import volumes already showed a sudden uptick in demand for frozen French fries in August, reaching over 1 317 tonnes from zero tonnes in July – a record high for the year, and more than four times the previous peak of 312 tonnes seen in January.

Additionally, this increase also comes in the wake of punitive tariff duties implemented in May last year. Demonstrating the impact of these tariffs, South Africa imported over 31 339 tonnes of frozen French fries between January and August last year, and just 2 196 tonnes over the same eight-month period this year – a staggering 93% decline.

So, although the August 2024 figures are comparable to the 1,357 tonnes imported in August 2023, the numbers are concerning given that several months this year have recorded far lower or zero imports.

A South African favourite, 'slap chips,' may quickly become a luxury in coming months after black frost decimated potato crops in Limpopo in July.



In response, the International Trade Administration Commission (ITAC) urgently needs to implement a temporary import tariff rebate to avert shortages and painful price hikes.

Emphasising the extent of the issue, potato price trends are also alarming. The Pietermaritzburg Economic Justice and Dignity Group's Household Affordability Index revealed a sharp spike of 11% in the price of 10kg of potatoes between August and September. As the full impact of the black frost disaster is yet to be felt, that price may deteriorate even further over the upcoming festive season.

The impact on fries could be extreme. Considering that it requires at least 2kgs of potatoes to produce every 1kg of fries, a rise in potato price doubly impacts the price of fries – a burden that suppliers, retailers, and consumers will have to share. And where the market would typically turn to imports to balance out local supply issues, anti-dumping duties have made that increasingly impractical.

Import barriers blocking market supplies

Anti-dumping duties are intended to protect the local industry and potato farmers from unfair competition. However, they have arguably been misapplied in the case of frozen fries and have even become completely

counterproductive in the wake of July's black frost.

Domestic potato farmers generally keep local shelves well stocked, but they do not grow enough of the specific variety of potato optimal for producing fries.

As a result, local producers have historically struggled to fully satisfy demand for French fries, especially for food service customers.



Precedents for tariff rebates

Swift and decisive government action is critical to avert the coming catastrophe, and ensure that South Africans can enjoy crispy restaurant or oven-baked fries this coming holiday while avoiding unnecessary price shocks. This will necessitate tariff rebates similar to the provisions made for poultry earlier this year in the wake of the bird flu outbreak.

The poultry tariff rebates successfully mitigated any negative effects on chicken supplies and prices, safeguarding food insecure and vulnerable households. Similarly, lifting anti-dumping duties on French fries could save both businesses and consumers from unnecessary hardship.

Ultimately, the combination of natural disaster and rigid trade policies has created yet another perfect storm that could hit South African plates. It's time for more consistent, flexible, and swift government responses. **SR**

Meanwhile, in cases such as black frost or other disasters, imports should generally act to plug any shortfalls, bolster supply chains, and keep prices reasonable. But this is only possible if the economics allow it, and that is not the case here. Overly punitive anti-dumping duties of 67.33% on imports from Belgium, 181.05% for Germany, and 239.1% for the Netherlands introduced in May last year have severely restricted the quantity of fries that importers can source from abroad.

Consequently, the country's French fry supply will soon feel the effects of the local supply pressures. At Hume International, we have already witnessed the first signs of trouble, as desperate customers have become increasingly willing to pay a premium for imported products.

