



SITUATIONAL ANALYSIS AND STRATEGIC ADVISORY ON FARMING AND FOOD SECURITY IN SOUTH AFRICA IN THE AFTERMATH OF WIDESPREAD PUBLIC VIOLENCE AND LOOTING IN KWAZULU-NATAL AND GAUTENG BETWEEN 10-14 JULY 2021

SAGE SUB-COMMITTEE ON FOOD SECURITY

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Executive Summary

Largescale and widespread acts of public violence and rampant theft in the provinces of Kwazulu-Natal (KZN) and Gauteng, primarily between 10-14 July 2021, have severely affected the economies of both provinces. Relatively scant attention has been afforded to the impact of these criminal acts on many rural communities, the farming sector, the food processing and food storage sectors, associated logistics and value chains.

1. Background

- Thousands of individuals engaged in acts of public violence (hereinafter 'rioting') and rampant theft (hereinafter 'looting') in KZN and Gauteng primarily during the period 10-14 July 2020, in the aftermath of the imprisonment of former President, Jacob Zuma.
- These criminal acts saw trucks, retail centres, warehouses, industrial centres, distribution hubs, animal and food markets and critical infrastructure damaged or destroyed. Rural communities and many farms were also affected by acts of rioting and looting.
- The South African government has since conceded that there were critical shortcoming in the country's security cluster, both in anticipating and responding to the emergency. For instance, the South African Police Services (SAPS) lacked capacity and sufficient agility to manage the rioting and looting. Initially, 2,500 soldiers were deployed to assist the police, with the subsequent deployment of an additional 25,000 soldiers coming only a week later. In many communities, private security and community members came together and formed protection groups to guard against acts of rioting, looting and the destruction of property and infrastructure. However, by



then, many street vendors and stores that provide daily essentials to local communities were either robbed of their goods or forced to close owing to the violence and/or the halting of deliveries.

- Most rioting and looting occurred in KZN, concentrated in Durban and Pietermaritzburg, while some low-income settlements in Gauteng concentrated in Johannesburg, Pretoria, and Ekurhuleni were also affected.
- KZN and Gauteng account for almost 50% of South Africa's Gross Domestic Product (GDP), although agriculture overall contributes about 3% of national GDP.
- KZN is a major contributor to national agricultural production. Major agricultural commodities produced in KZN include grains, livestock, and sugarcane, all of which are sourced from more than 3,000 commercial farms and over 400,000 small-scale farmers.
- Durban's port is a major harbour for import and export of agricultural produce in the country. Most of the agricultural products that arrive at, or depart from, the port are transported by road, making the port an important component of the country's logistics chain.
- Additionally, the Durban refinery is South Africa's major petroleum processing plant, accounting for about 35% of the country's refining capacity– which is of direct importance to the agricultural sector.
- Gauteng's two main produce in terms of quantity are maize and potatoes. Gauteng is also the country's biggest producer of carrots and pigs. Though Gauteng has the least number of commercial farms (just over 2,000) amongst the country's 9 provinces, and is not a major agricultural producer, the province is a major processing hub and land port for the export of agricultural products . Moreover, Gauteng hosts an important industrial development zone located at O.R Tambo International Airport, which is the country's largest export hub for high-value goods. The province also has one of the largest animal feed producing plants, houses the country's largest feedlot, and is home to one of two beef producers that is currently exporting to China despite the country's Foot and Mouth Disease (FMD) outbreaks. The Fresh Produce Market in Johannesburg is South Africa's biggest market and the three largest poultry producing companies in South Africa (SA) – Astral Foods, RCL Foods and Daybreak Farms – are also located in the province.
- Given the above factors, any crisis or socio-political turbulence in KZN and Gauteng will have a major impact on farming and food security in the country, and to some extent, the Southern African region. This impact has been felt during the recent rioting and looting in KZN and Gauteng, and could be felt for the foreseeable future.



2. Access to inputs for producers

- Distribution centres for packaging, feed and drugs for animals, fertilizers and other agricultural inputs closed in KZN and Gauteng during the rioting and looting, making inputs unavailable to the farming community. Additionally, the lack of fuel (as a result of the closure of the N3 and N2 highways) crippled farming activities and preparations. Precise seasonal timing is critical to farming activities, especially the dairy sector where neither feed deliveries nor milk collections were able to take place for several days. Furthermore, precise seasonal timing is critical to farming activities, which can be hard hit by interruptions. Accordingly, a week's loss of work can result in significant output losses.
- South Africa is heavily dependant on imported fertilizer and agrochemicals, which normally come through the Durban port. Almost all chemicals used in grain production are imported while about 80% of the fertilizers are imported. As alluded to above, port activity was affected by recent rioting and looting. Prolonged port disruptions could hamper the farming preparations throughout South Africa.
- The lead time (order to delivery) as a result of the rioting and looting for imported inputs has increased from approximately three to five months.
- Some farmers may continue to engage in 'panic-buying' of inputs, which could increase the prices of these inputs.

3. Impact of riots on food production and food security

- The rioting and looting, especially in KZN, has affected farm production and hampered critical activities such as harvesting, deliveries to the market, and production preparations. Farmers have also suffered huge losses from theft and vandalism of both property and produce.
- It is estimated that 430 thousand tons of sugar cane worth about R258 million might be lost to fires set by protesters in KZN, if the cane fails to reach the mills before the quality deteriorates.
- Citrus farmers failed to transport produce to Durban Port for export.
- Some farmers have also reported livestock being stolen at the auction markets, resulting in a direct loss in income.
- Rioting and looting resulted in income losses for highly perishable products such as fruits, vegetables, milk, eggs and meat, all of which will have viability implications for affected farms. For instance, KZN accounts for 27% of national milk production.
- Some products could not be harvested as a result of riot-related vandalism. For example, in KZN, which produces 30% of the country's meat, cold rooms were full and animals were fed beyond their slaughter time. Even when abattoirs open, backlogs will create bottlenecks along the value chain, which will be felt in the short to medium-term.



- Many workers in the agricultural sector in KZN were not able to report for work during the rioting. Such disruptions impacted, and continue to impact on, production and the capacity of farms to operate viably.
- Given that major produce markets and poultry production are concentrated in KZN, riots in the province could reduce the availability of food products on the market, which, in turn, could trigger food price increases.
- Despite South Africa generally being a food-secure country at a national level, prolonged disruptions in Gauteng and KZN could affect food security in the country given the limited diversity and fragility of South Africa's food supply chains. Therefore, the major short-term risk of public violence and looting is reduced movement of goods, including food and agricultural produce on the roads.
- The Consumer Goods Council of SA (CGCSA) estimates that loss to retailers, including the cost of damage to property and delivery vehicles, amounts to billions of rands.

4. Impact of rioting and looting on food supply chains

- According to the South African Meat Processors Association (SAMPA):
 - rioting and looting in KZN has resulted in 40,000 tons of cold storage capacity and raw material being lost. The lost cold storage capacity will be unavailable for months to come.
 - The loss of significant cold storage capacity in Durban will result in huge bottlenecks in clearing stock arriving in Durban's port over the coming months.
 - Current protocol requires all containers to be unloaded into cold stores in Durban, pending samples passing microbiological analysis, before release. Microbiological testing adds up to three weeks to the import process and will seriously hinder the manufacturing industries' ability to fill the supply chain in the short term.
 - Mechanically Deboned Meat (MDM) – the key raw material used in the production of emulsion-based processed meat products, such as polony – is not produced in South Africa and the industry relies entirely on imports of approximately 18 000 tons per month.
 - Shortages of meat products brought about by riots and looting will be hardest felt by Small Medium Enterprises (SMEs) as they have limited cold storage capacity and cash flow, and rely on 'just in time' (a strategy that aligns raw-material orders from suppliers directly with production schedules) raw material procurement.



5. Food access and affordability

- As a nation, South Africa is food-secure in 2021, as was the case in 2020. However, household food security has, to a lesser extent, been a challenge, especially for those in rural areas, many of whom rely directly on crop and livestock farming to meet their own subsistence requirements and to sell in markets for cash income.
- Supermarket food sales accounts for about 60% of the food supplied in South Africa. Disruption of supermarkets and associated supply chains will likely have a major impact on the two affected provinces in the short-term.
- In the immediate aftermath of the riots and looting, food access became a major challenge for farmers in KZN, with the closure of most retail outlets, especially in small rural areas.
- In KZN, a survey conducted soon after the rioting and looting ended, revealed that 64% of rural towns were experiencing severe food shortages; 32% experienced moderate food shortages and only 4% were food secure.
- The closure of Durban's port and the N2 and N3 highways resulted in millers being unable to access wheat to process into flour, and the movement of yeast from port to major bakeries was halted.
- In most towns where retail outlets were vandalized, consumers will pay more to get food to their homes than before the rioting and looting, as they would now have to travel further to have access to food. Such a situation will likely persist until the affected retail outlets resume regular operations.
- Unaffected provinces have, to a certain degree, capacity to produce and process food products to offset some lost capacity from KZN and Gauteng. For example, maize meal and wheat flour are mainly produced in Free State, Mpumalanga, North West and the Western Cape, with a combined 60% production. Also, over 50% of these grains are processed in these provinces.
- Studies of previous riots in 2012 in South Africa have revealed the intricate relationships between riots and food prices, with doubling of food price indices, especially for maize.
- The unavailability or shortage of food in retail markets will cause a mismatch between demand and supply and this could lead to a rise in food prices. Whether this will impact in the short-term or medium-term will depend on the extent of disruption of production, the value chains affected, supply chain recovery, and food processing normalization in the two provinces.
- The depreciation of the Rand might have implications for production costs for grains, especially since approximately 80% of grain inputs are imported. Producer prices might go up (depending on supply-demand balance).



- Rand depreciation might not just be a reflection of the rioting and looting, but, rather, an acknowledgment that the country is anchored on vulnerable fundamentals in terms of equity and poverty. If this is the case, then rand depreciation might not be short-term.
- South Africa is a net exporter of agricultural products, with more than US\$10 billion exported in 2020. With expected increases in food prices, countries that depend on South Africa for food imports are likely to experience imported inflation and food price increases.

6. Other factors

Two other factors will exacerbate food insecurity in KwaZulu-Natal, Gauteng, and other parts of the country:

- Counter-measures related to the COVID-19 pandemic continue to impact on supply chains in the country.
- On 22 July 2021, Transnet, South Africa's state-owned logistics enterprise, which manages the nation's rail, port and pipeline infrastructure, experienced a major cyberattack. The disruption primarily affected operations in several container terminals, interrupting cargo movement. The attack has severely impacted the delivery of perishable food stuck in containers and freight trucks. On 26 July 2021, Transnet declared a *force majeure* with immediate effect at its terminals in Cape Town, Durban, Gqeberha and Ngqura. While Transnet has since announced that it will lift its *force majeure* on 2 August 2021, and that its operations are slowly recovering, backlogs and bottlenecks will persist in the near-term, which will continue to impact the food sector, including suppliers, retailers, and consumers of MDM.

7. Recommendations

- Rioters and looters must be apprehended and prosecuted.
- Government, civil society, traditional leadership structures, community leaders, religious leaders, and the private sector should engage in awareness-raising activities aimed at conscientizing the public about the repercussions of rioting and looting. The public should be strongly discouraged from participating in such activities.
- The security cluster should be more proactive in gathering intelligence, conducting situational analyses, and devising mitigation strategies before protests occur to avert their devastating consequences, such as the disruption of food supply and value chains.



- Crime intelligence should focus on potential threats in rural areas and farming communities. Relatedly, the safety and security needs of rural communities and farms should be afforded higher priority than has historically been the case.
- In the event of an eruption of riots, prioritization should be given to the security of strategic assets, such as the Durban port, highways and the petroleum refinery, possibly through remote surveillance of major highways, to ensure unhindered safe transport of agricultural produce around the country.
- Rioting and looting can detrimentally impact farm productivity, and thus, short to medium term food security. Considerations should be given to partnering the state's security cluster with private security organizations to protect farming and rural communities from rioting and looting.
- An assessment should be made of the losses suffered by agricultural input suppliers and farmers as a result of the riots and looting. Insurance coverage and the need for interventions to improve the capacity of producers should also be surveyed. A time-sensitive response to improving production will help improve livelihoods, income generation, food access and affordability.
- A logistical intervention prioritizing KZN and Gauteng should be devised to ensure food security and to avert food price increases.
- Rebuilding offers the opportunity to develop an inclusive economy. For instance, small-scale farmers should be incorporated into the supply chain for local supermarkets and retail centres. This inclusivity has the potential to reduce the high level of inequalities that characterizes South African society. Such a strategy may help deter the looting of local supermarkets and retail stores as local communities will have a greater sense of personal connection and social investment in businesses, and, accordingly, may protect them.
- Measures should be put in place to ensure that in the short to medium-term, food is delivered from surplus provinces to those experiencing deficits.
- Authorities need to give prioritised consideration to SAMPA's proposal for temporary concessions on the regulations governing imported MDM and other ingredients used by the meat producing industry.
- Containers arriving in Durban's port need to be rapidly cleared for direct delivery to suppliers or to cold storage facilities in Gauteng.
- Given the loss of cold storage facilities in KZN, authorities need to give prioritised consideration to SAMPA's proposals for import containers to be transported under veterinary bond to Gauteng cold stores, to be cleared by state veterinary officials in Gauteng.
- Veterinary processes at all ports need to be fast-tracked to facilitate the time-sensitive transport of product to factories that have not been affected by the riots and looting.



- Authorities need to give consideration to SAMPA's proposal for a temporary concession in relation to a reduction in laboratory testing of imported MDM. This process adds up to three weeks to the import process and will seriously hinder the manufacturing industries' ability to fill the supply chain that has been lost. Such concession should not compromise food safety and quality.

8. Conclusion

- The rioting and looting in KZN and Gauteng has resulted in the closure of input supplies, disrupted agricultural activities, and poses potential food access and affordability challenges. All these factors threaten the food security status of KZN and Gauteng, in particular, and the nation, at large. Other negative multiplier effects to other provinces might include disruption of agricultural-related imports and exports.
- Panic buying of agricultural inputs could result in higher production costs for farmers.
- Farmers, especially in KZN, have suffered significant losses as a result of the riots and looting. Initial indications are that both small-scale and commercial farmers were affected and most of the losses will affect farm viability in the long-term.
- Indications are that food access has dropped in both provinces, though this can be improved by prioritising logistics for access to food, since, at a national level, the country is food-secure.
- Prices of food and raw materials for food processing are expected to rise in the short term in KZN and Gauteng, though the medium to long term impacts will depend on how the supply and value chains respond to the crises.
- Possible food price increases might affect neighbouring countries, which depend on South Africa supplies.
- The recommendations contained in this Advisory should receive prioritized attention.

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