
Comments on Prof. Kassier's paper by:

V.J. Rugani, Chairman of the National Vegetable Committee

INTRODUCTION

Vegetable production - Agriculture's unknown quantity, always underestimated, seldom understood.

We always hear that vegetable production is:

- * Not really a viable proposition;
- * Can't compare to staple food lines;
- * Easy to grow, but difficult to market;
- * The Cinderella, etc, etc.

The facts are that the Fresh Produce Industry sells a total of R1,7 billion per annum through the visible market, ie our national central markets. This is calculated to be 63 percent of production total. The balance being sold direct from farm-gate to distributor or consumer. This makes the vegetable industry worth R2,7 billion at producer prices. Vegetables account for 40 per cent of the R2,7 billion which makes vegetables a R1 billion per annum industry. That is, excluding potatoes - not bad for a Cinderella.

THE PRESENT

Who are we, the facts:

- * Agriculture is the largest employer of labour in the country;
- * Vegetable farmers are the largest employers in the agricultural sector;
- * Our labour forces are peaceful, orderly and paid well above the agriculture's average wage;
- * There are no control boards; and
- * The industry is totally based on free market principles.

We are an industry with:

- * Free entry and exit;
- * Efficient and cost effective production;
- * Prices are linked directly to supply and demand and **definitely not** to input costs;
- * Our consumers enjoy the cheapest vegetables in the world;
- * The slogan "Fresh is best" tells its own story;
- * We produce health;
- * Our product has protein, vitamins, amino acids, etc;
- * Our product brings variety to the consumer's plate;
- * Vegetable producers are leaders in packing and presentation;
- * The improvement in quality on the market floor over the last ten years has been nothing short of dramatic, without legislation and inspectors;
- * Competition is the name of the game at all levels of our industry. This competition carries right through to the retail level where the independent fruit shop has been able to resist the chains with their monopolistic tendencies and is in fact out-selling and out-servicing these large and inflexible organisations;
- * Distribution is efficient. Thousands of tonnes per week are moved onto and

off the markets. The flow is fast, efficient, with a minimum of wastage whilst the end result is a fresh product at a reasonable price on the consumer's plate.

All this **without** a bureaucrat in sight.

The only criticism that could be levelled is that market agents licenses are difficult to come by on the national markets. This is linked more to the lack of physical space, rather than to an effort to contain the number of agents on the market floors. Organised agriculture (the producers) are reasonably happy that there are enough agents on the markets, with the odd exception. This perceived shortcoming does not affect competition.

Every day on the market floors:

- * National markets compete for product;
- * The eighty odd market agents compete with each other;
- * Farmers compete with farmers in their thousands;
- * Salesmen compete with salesmen in their hundreds;

Into this scenario are injected literally tens of thousands of buyers who can walk up and down and pick and choose what they want, at the quality, price and volume that suits them, across the nation from produce delivered to the market floor at the producer's cost.

Our free market system is proven and forces efficiency at all levels of the industry. There is one simple rule: "If you can't compete, you go bankrupt".

THE FUTURE

No branch of agriculture is as ready and able as the Fresh Produce Industry, especially vegetable production, to take on the challenge of the new South Africa. The system is tried and tested and there are no barriers to entry.

The greatest challenge facing the vegetable farmer in the future is to be able to produce quality food at the cheapest possible price. The economy will demand a lowering of prices because of the lack of demand, but at the same time, fierce competition will force an improvement in quality to ensure the sale of a product. This is the one real challenge of the future and the fertilizer industry had better take note.

All input products, during the past year, have tended to contain steep price increases, with the exception of agricultural chemicals, which in some cases have increased 100 per cent.

CONCLUSION

The vegetable producers say:

- * **A loud no to**
 - controls;
 - bureaucrats;
 - artificial barriers.
- * **A resounding yes to**
 - free competition;
 - free market principles;
 - a level playing field.

The industry has always been based on these principles and is an excellent example of a free market success story on a win, win basis for all participants.

Mr S Summers, Deputy Managing Director of the Pick 'n Pay Group of Companies also replied to Prof Kassier's paper, but his comments are unfortunately not available. Mr Summers is a supporter of the free market system.
