

Potential French fry shortage looms in SA

South Africa may experience a potentially severe shortage of French fries in coming months, as new import duties on European producers block supply to the local market.



Source: [Pexels](#)

Heavy import tariffs on frozen French fries came into effect in July, imposed by the International Trade Administration Commission (ITAC) in an alleged attempt to protect the local industry from ‘dumping’ or being undercut by artificially lowered prices. These include duties on frozen chips from Belgium of up to 23.06 % and up to 104.52 % from the Netherlands, while German suppliers have been hardest hit with new duties of 181.05 %.

According to Fred Hume, managing director of import-export business Hume International, however, the South African potato industry does not supply enough raw material to meet the local market’s need for frozen French fries.

He says South African French fry producers tend to prioritise contracts to retailers, fast food chains and quick service restaurants, and only then sell surplus – if any – to customers such as independent restaurants, wholesalers, hotels and caterers.

“These customers rely on frozen French fry imports to meet their needs for the simple reason that they are not able to get consistent supply locally,” Hume says.

“But the timing of these new duties is especially irrational given the poor local potato harvests seen in recent months, which have limited supply even further. Ultimately, it’s not a question of dumping or cheaper prices – in many cases, these customers will actually pay more for the imported products just to guarantee their supply of quality fries.”

Global shortages risk driving food prices higher

Demonstrating the importance of imported French fries to local plates, South Africa imported over 13,000 tons of frozen chips in 2020 despite muted demand resulting from lockdowns. In 2021, this figure rose again to nearly 24,000 tons as imports plugged the shortfall caused by critical potato shortages.

However, European producers are currently battling the impacts of devastating heatwaves which are likely to result in below-average potato harvests. Like South African producers, supply will then be directed to major fast food chains and quick service restaurants, leaving little stock for exports.

“Global supplies are already being rationed, while basic food costs have increased drastically in line with fuel prices, making the threat of oversupply or dumping highly unlikely. On top of this, new tariffs are being implemented at a time when households around the world are facing a cost-of-living crisis which is threatening food security,” says Hume.

Meanwhile, he says uncompetitive new tariffs could force European producers to turn away from South Africa and seek other markets with any surplus, further aggravating local price hikes and shortages.

For example, where a 2.5 kilogram pack of frozen French fries from Germany used to cost in the region of R45, it will now cost some R130 as a result of tariffs before transportation costs and business margins are added. In total, this means that restaurants would have to pay a retail price of R160 to R170 for a bag of frozen slap chips – before accounting for future price increases.

“These tariffs were imposed without consulting any customers of the imported Fries to investigate the reasons as to why South African businesses may be reliant on foreign producers. Had ITAC done so, they might have realised that support for the foreign product isn’t so much about price but rather to secure ongoing supply.

“Government urgently needs to start consulting stakeholders before making unilateral decisions which are harmful to businesses and households.”



Minister suspends anti-dumping duties for frozen chicken imports

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Hume notes that localisation efforts are noble, but notes that they must be done at time and pace in keeping with the growth of local supply chains to prevent food shortages and skyrocketing prices.

“Other countries are actually doing away with import duties to secure food supply, while South Africa seems intent on doing the opposite. We would also urge government to consider temporarily lifting all import duties on basic goods like frozen fries and poultry to manage rising prices for consumers.”