

# Chapter 7

## Fresh Produce Market Challenges and Opportunities: A Case for the Johannesburg Municipal Fresh Produce Market

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### ABSTRACT

*This chapter examines the functioning of the national fresh produce markets (NFPMs) with specific reference to three themes: 1) challenges in the regulatory environment and the importance of social relation, 2) networks in shaping the functioning of the NFPMs alongside the narrow economic relations that exist among the market participants in the NFPMs, and 3) the importance of the informal sector for the NFPMs and the distribution of fresh produce. Specific reference is made to the Johannesburg Fresh case study for the Johannesburg Fresh Produce Market (JFPM). The chapter proposes solutions to the mentioned challenges.*

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## **INTRODUCTION**

Fresh produce markets (FPMs) are vital to food security in South Africa. They are key nodes in the flow of fresh produce from primary producers to the end-users. As such, they contribute to determining the viability of farmers and the accessibility of fresh produce across the country. Despite the critical role played by FPMs, there are competing views as to the future of these markets and the most effective means of distributing fresh produce across the country, as well as regionally and globally.

Rapid urbanization across the African continent and rising levels of food insecurity, including urban food insecurity, make effective urban food markets even more important (Baeumler et al., 2021; Balineau et al., 2021). With the double burden of malnutrition and high levels of obesity—increasing especially in cities—access to fresh fruits and vegetables is essential for balanced diets and people’s health (Food and Agriculture Organization et al., 2021; Harvard School of Public Health, 2011; Willett et al., 2019). It is also widely argued that increasing the production and consumption of fresh produce is essential for reducing the drivers of climate change and other negative environmental impacts of agriculture (Benton & Bailey, 2019; Benton et al., 2021; Willett et al., 2019). Rising urban incomes and changing lifestyles are also increasing the demand for a greater variety of foods including fresh produce (Balineau et al., 2021). The National Development Plan (NDP) in South Africa has identified fresh produce farming as an area with high potential for new and emerging black farmers and high job creation potential (National Planning Commission, 2011). The nature of markets is one factor that will determine if these challenges are met and opportunities are realized.

It is in this context that this chapter focuses on the Municipal Fresh Produce Markets (MFPMs) in South Africa with specific reference to the Johannesburg Fresh Produce Market (JFPM) as a case study and establish how the functioning markets can contribute to the realization of the NDP goals. Municipal markets have been the mainstay of fresh produce trade in South Africa for decades and have their roots in different forms of markets that emerged more than a century ago to meet the food needs of the new and expanding cities in South Africa (Beavon, 2001; Cripps, 2012). These markets are, however, facing multiple pressures such as shifts in supermarket procurement practices, demands for transformation in what remains a white-dominated agri-food sector, and well-publicized municipal management challenges (Pieterse, 2021; Smit & Madubela, 2021; Staff, 2021). It is essential, given such pressures, that a well-informed discussion takes place about the role of these markets and how they function.

The word “market” has multiple meanings. One is the demand for and the possibility to sell goods, that is, there is a market for them. A market is also a particular place, a building, where goods are sold and bought. The Municipal Fresh Produce Markets (MFPMs) create a physical market space where buyers and sellers come together to trade. Through this platform, they also represent and help to create access to a particular market in the form of a demand for products—in this case, fresh produce. It is important that both sellers and buyers have knowledge of the physical site of these markets and confidence that there will be enough supply and demand for the fresh produce. Also important is that the MFPMs do not only face competition from the creation of other physical market spaces where buyers and sellers can meet but also from the creation of other market channels through which buyers can obtain the produce they want from producers, notably supermarket supply chains. Given the scale of the horticultural industry in South Africa, it is not surprising that participation in this industry is challenging.

The horticultural industry is the second-largest agricultural subsector in South Africa after animal production (R141 billion) and contributed over R92 billion—29% of the total agricultural gross value of R312 billion—in gross value during the 2019-2020 production year (Department of Agriculture Land

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