

The impact of Eskom's tariff increase on agriculture

By [Dawie Maree](#)

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The Eskom tariff increases announced for the next three years will impact the agricultural economy negatively by increasing the cost of production - pushing up electricity as one of the highest input costs for irrigation farmers.



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From a primary agriculture perspective, irrigation, fruit and vegetable farmers will particularly be impacted as they rely heavily on electricity for production. Farmers, just like consumers on the other end of the supply chain, are price takers. Therefore, they cannot pass on this increase in production costs. As a result, the cost squeeze will just be harder on producers.

Furthermore, we are likely to see the food processing sector, coming under pressure with costs being passed on to consumers who are also impacted by the tariff increases in their personal capacity.

The current power supply challenges coupled with ongoing tariff increases present a compelling case for farmers to consider investing in renewable energy alternatives to ensure the sustainability of the sector.

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