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Uphill battle: nearly half of rural people and 26% of urban dwellers do not get enough to eat

Price increases fuel SA hunger threat

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SOUTH Africa is failing to stave off hunger, despite being able to grow and import enough food.

More than 45% of rural people are threatened with hunger, while in urban areas, 26% do not get enough to eat.

StatsSA says about 14.3 million South Africans are vulnerable to food insecurity. The situation peaked during 2002-03 when food prices rocketed.

In response, the Department of Agriculture established the Food

Pricing Monitoring Committee (FPMC) in January 2003.

"Consumers had the perception that stakeholders in the food sector were unjustly increasing prices and manipulating the commodity market," said Agricultural and Land Affairs Minister Thoko Didiza.

Didiza said they were concerned that prices of basic foodstuffs did not decrease along with price reductions on the commodity market.

"The FPMC was tasked with ... monitoring basic foodstuff prices and to investigate sudden or unjustified price increases," Didiza said.

FPMC chairman Professor Johann Kirsten said rising world grain prices in 2001 resulted in an increase in most South African agricultural commodities.

"The depreciation of the rand led to a further commodity price increase in early 2002," Kirsten said.

He said that by October 2002, food

inflation peaked at 20%, compared to between 4% and 10% earlier in the year.

"Although commodity prices decreased, there was no significant reduction in retail prices as expected," Kirsten said.

White maize producers were selling their harvests for about R1 700 per ton in October 2002.

The price for white maize in October 2003 was less than R1 000 per ton.

"Retail prices for maize meal remained fairly constant, despite a significant price reduction for producers," Kirsten said.

Maize meal was retailing at almost R35 per 10kg, falling only slightly to R30 during the same period.

"This led to consumer suspicions that traders were manipulating the commodity market," Kirsten said.

Investigations by the FPMC deter-

mined that inaccurate figures for the maize crop and incorrect supply and demand expectations created a situation in which commodity traders hoarded maize supplies during 2002, thereby pushing up the price of white maize.

"Although this led to a price increase, the market corrected itself in early 2003 and prices were reduced," Kirsten said.

A similar scenario was found in the case of the wheat price, with wheat being sold at over R 2 000 per ton in October 2002.

A 700g loaf of brown bread retailed

at R3.50 and white bread at R4.

When the wheat price dropped to slightly more than R1 500 per ton in October 2003, bread prices increased to almost R4 for brown and over R4 for white.

Kirsten said that although the food market stabilised with a return to 2001 food prices, poorer households bore the brunt of the impact of high food prices.

"The effect of high prices on the affordability of food and right of people to sufficient food is still a reality which needs to be addressed," Kirsten said.