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1

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Food profiteers in firing line

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CONSUMER organisations and the Congress of South African Trade Unions have asked the government to act against food manufacturers and companies profiteering from the sale of basic food items.

Prof Johan Kirsten, head of the food price monitoring committee set up to investigate unfair price hikes and other irregular practices in production and supply, said manufacturers used the exchange rate to justify increases in 2001/2002. "But despite exchange rate appreciation, prices still increased in 2003," he said.

The cost of milk, bread, sugar, eggs and other dairy products went up in 2003 by between 6% and 10%, but the price of stewing beef, potatoes, rice

and maize meal came down.

Kirsten will discuss the committee's interim findings on Tuesday with the parliamentary agriculture and land affairs committee. He told the *Sunday Tribune* the prices of most of the 26 household items surveyed were returning to previous averages. However, he was concerned about the price of dairy products, sugar and cooking oil.

The committee has until December to investigate food pricing and report to the Minister of Agriculture and Land Affairs, Thoko Didiza.

Kirsten said some industries were still being investigated. Food prices went up significantly from November to December, 2001, when the rand plummeted and petrol price rocketed. But this year, even as inflation declined and the exchange rate improved from R13.65 to R7.40 to the dollar, the cost of food escalated. And even three interest rate cuts and lower fuel prices in the first half of the year could not stop the spiral.

South African Communist Party spokesman Mazibuko Jara said

government should control prices of basic food items like bread and milk.

Patrick Craven, spokesman for Cosatu, said the interim report confirmed what the federation had always said. "The food manufacturing chain instantly put up prices when market conditions are poor, but not the reverse when conditions improve, thus making huge profits.

"Clearly, there is a need for government intervention to prevent such conduct, because the effects of high prices hit the poorest the most."

Allan Bishop, Executive Director of Sasko Milling and Baking, said bread manufacturers absorbed costs without pushing up prices when the exchange rate spiralled.

Bishop said prices went up in July by 4%. "People expect our prices to come down because the price of wheat has fallen, but it does not work that way," he said.

Zola Skweyiya, Minister of Social Development, met with 280 business leaders and acknowledged some were doing their bit and challenged others to help ease the food crisis.