NCM
National Chamber of Milling
South Africa

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Physical address / Fisiese adres
Embankment Park
194 Kwikkie Crescent/Singel
Centurion
0157

Postal address / Posadres
P O Box / Posbus 7262
Centurion
0046
Republic of South Africa

Tel: +27 (12) 6631660
Fax/Faks: +27 (12) 6633109

Web: www.grainmilling.org.za
Email: info@grainmilling.org.za

Our reference: 9517 - 1031

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EXPECTED DECLINE IN MAIZE CROP COUPLED WITH ESCALATING EXPORTS WILL PUT PRESSURE ON STAPLE FOOD PRICES

The final crop estimate figures released yesterday revealed that total maize production is expected to decrease from a record of 13.3 million tons in 2010/11 season to an estimated 10.4 million tons during 2011/12 season. White maize in particular is expected to drop from 7.8 million tons record in 20/11 to an estimated 6.1 million tons during 2011/12.

Incidentally, about 2 million tons of maize had already been exported from January to September this year (2011) - a tremendous increase which is almost double the quantity exported during the same period in 2010. These exports were mainly grains for human consumption and destined to Mexico, Korea Republic and Italy.

The National Chamber of Milling cautioned that a decrease in the expected maize crop coupled with an accelerated increase in the level of exports, would negatively affect the availability of maize locally as well as put pressure on the price of staple food (maize meal) in the near future.

Boikanyo Mokgatle, the Acting Executive Director of the National Chamber of Milling said:

"Excessive maize exports will soon tighten or deplete maize inventories completely, resulting in shortages in the next marketing season."Fundamentally, millers will have no option but to import white maize for consumption purposes. It is a basic economic principle that an enormous pressure will be exerted on prices of maize and products thereof. This situation is also exacerbated by existing logistical challenges and associated costs, especially transport costs".

Directors/Direksie: N Segoale (Chairman/Voorsitter)
P J Jacobs B H Joubert W J Oosthuizen
Acting Executive Director/Waarnemende Uitvoerende Direkteur: B Mokgatle

Food Security is about making food, especially staples, available and affordable to the nation. The availability and affordability are typically the responsibilities of private sector and government respectively.

Mokgatle further stated: *"There is no doubt that the local maize outlook potentially threatens the imperatives to pursue and improve the country's Food Security status."*

It stands to reason that there is an urgent need for stakeholders in the grain (maize) value chain, including government and its entities, to work together concertedly in alleviating the country's Food Security threats.

Enquiries: Boikanyo Mokgatle
National Chamber of Milling
Tel: (012) 663 1660
Fax: (012) 663 3109
Email: boikanyo@grainmilling.org.za