



South African Chamber of

BAKING

The home of the baker

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PRESS RELEASE

For immediate release

BREAD PRICES

The Executive Director of the S A Chamber of Baking has responded positively to Minister Trevor Manuel's remarks in Parliament yesterday when he "*ruled out fixing the price of bread in South Africa*".

Food security has two legs, namely availability and affordability. The free market in agriculture has proven very successful in assuring the availability of food to all South Africans. We have, however, in the past ten years of deregulation experienced two cycles of very high food prices which seriously impact on the affordability of food to especially the poor and vulnerable groups in our communities.

The current high food prices are an international phenomenon caused by the eruption of the bio-fuel industry. Together with that, we are experiencing some weather problems in major grain producing countries. This joint effect has caused the wheat price in South African to increase by R1 320 per ton (75%) since August 2006. This in itself equates to an increase of more than 80 cents a white loaf.

"On top of that we are also struggling to manage the ever-increasing fuel cost. The distribution cost constitutes almost a third of the total cost of baking and distributing bread. We are doing our utmost to delay passing on these huge spikes in our wheat and flour prices", De Villiers said.

The Chamber of Baking is of the opinion that the affordability issue in food security needs direct assistance from Government to targeted vulnerable communities and agrees with Minister Manuel not to intervene in the price mechanism supplying bread to the nation. A recent example in a neighbouring country clearly indicates that price intervention is not a solution for high food prices as availability disappears from the shelves.

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