



# SOUTH AFRICAN AGRICULTURAL PROCESSORS ASSOCIATION

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## ***PRESS RELEASE***

***FOR IMMEDIATE RELEASE***

### **FOOD PRICES**

The major food processing companies have participated as part of the S A Agricultural Processors Association at the Nedlac meeting today. We recognized the seriousness and the impact thereof on the poor of high food prices in South Africa. *'Globally all countries are battling with high food prices which negatively impact on food security'* Jannie de Villiers, Executive Director of the S A Agricultural Processors Association said. Food security has two legs to it: Availability and Affordability. Availability is a job for the free market. Free market and capitalism will ensure that there are always food products on the table. The free market, however, distributes products and services according to the ability to pay. This is where the affordability issue comes into play. It is our understanding that the availability of food is the responsibility of business driven by the free market whereas affordability is the responsibility of a government ensuring poverty alleviation through job creation and economic growth.

The major reasons for the current international food price increases are:

- (1) Bad weather conditions during the previous season e.g. drought in Australia;
- (2) Grains being used for biofuel production; and
- (3) The growth in the wealth of China and India requiring more grains for value added products such as meat, dairy and poultry.

*'We have also seen a massive spike in international freight rates – three years ago we were importing maize and wheat at ± US \$20 per ton compared to US \$90 per ton today. Our distribution costs have also escalated by the ever increasing fuel prices'* De Villiers said.

The food processing sector supports the confirmed Government policy not to interfere into the price mechanism of the food value chain. We are of the belief that the best cure for high prices is high prices. Higher prices would stimulate production which in turn will temper food price increases. The food processing sector calls upon Government to implement a more friendlier agricultural policy to encourage production and to increase household food security. *'We need more funds for research, extension services, improvement of our railway system, better roads adequate electricity supplies and investment in our port facilities'* De Villiers said. The Department of Trade and Industry should review the current tariff policy so as to ensure a friendlier investment environment in agriculture.

The World Bank admitted that their lending to agricultural projects decreased from 80% of total lending in 1980 to only 12% in 2007. A similar disinvestment trend in South Africa is currently hampering the agricultural sector's reaction time to produce more food.

The S A Agricultural Processors Association supports Government's decision not to use maize (or even wheat) for biofuel purposes – this is not in the interest of food security in South Africa.

The food processing sector supports COSATU in its call to Government to increase the social grants to enable the poorest of the poor to have access to food. We are also committed to engage with Government and Labour to find solutions to the problem of high food prices. We have noted a bumper maize crop which will most definitely carry South Africa through these difficult times. We do not expect the maize prices to increase beyond the current levels.

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***Member companies:***

Anchor Yeast Astral Foods Foodcorp McCain Foods Pioneer Foods Premier Foods Rainbow Farms SA Breweries Tiger Brands Tongaat Hulett	Animal Feed Manufacturers Association National Chamber of Milling (Maize and wheat) SA Citrus Processors Association
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