



**NATIONAL CHAMBER OF MILLING**

*(Incorporated)*

REGISTERED NO. 1936/008920/08

*Association not for Gain*

ESTABLISHED 1936

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Our reference : 9517

30 November 2006

**FOR IMMEDIATE RELEASE**

**PRESS RELEASE**

**FOODPRICE PRESSURE WILL CONTINUE AT LEAST UNTIL SECOND HALF OF 2007**

The Chamber of Milling today reacted on the CPI and PPI data released by StatsSA in the last two days.

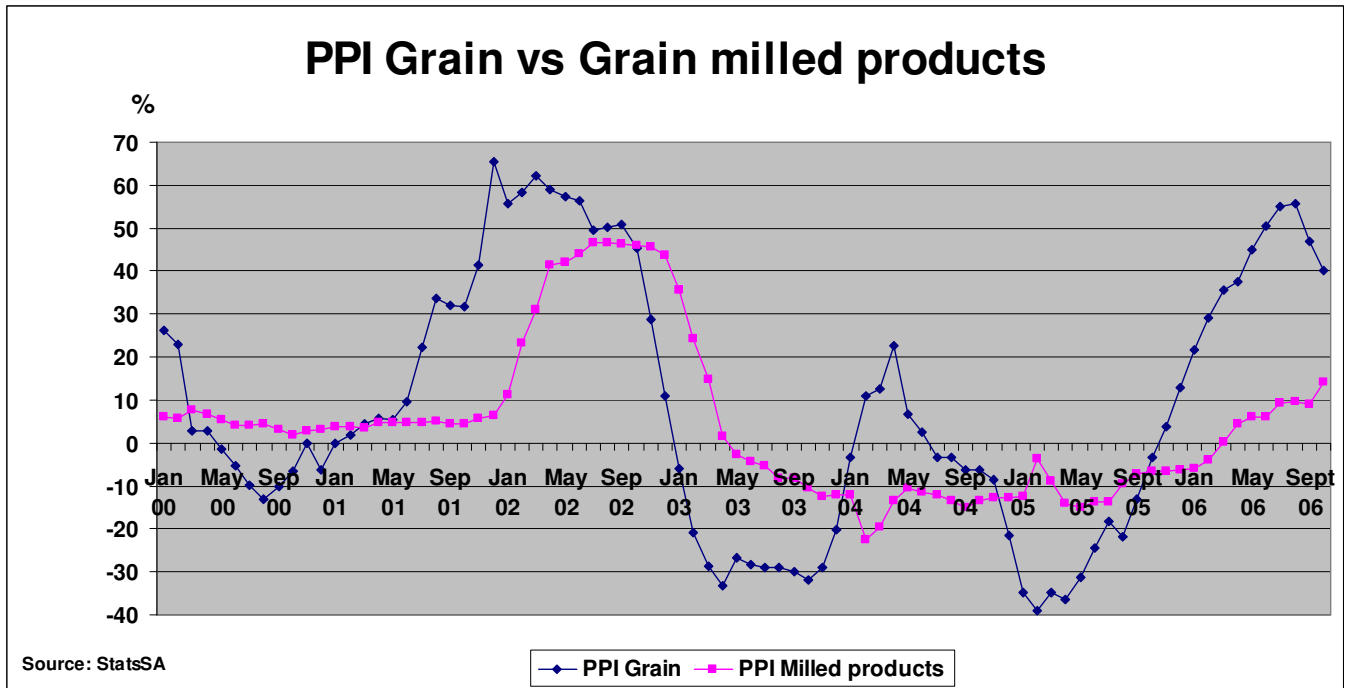
The PPI for grains has reached a peak in August 2006 (55.7%), but the PPI for *grain milled products* for October 2006 kicked upwards to a steep 14.1%. This is the first indications of a recovery of *grain milled products* following the huge increases of maize of more than 50% during the last few months. The CPI for *grain products* only indicated a 6.6% increase which does not reflect the current pressure in the grain value chain.

Mr Jannie de Villiers, Executive Director of the Chamber of Milling said that *'despite this immense pressure, it is almost impossible to increase food prices during the Festive Season'*. The wholesale and retail sectors are not open for any increases from their suppliers and competition amongst processors prevents this pressure to be merely passed on to consumers. It is projected that maize meal and that flour prices will increase substantially in the first quarter of 2007. The increases to follow will probably be similar to the increases in the raw material that we have seen during the second half of 2006. This could be well above 20%.

*'If the raw material prices (maize and wheat) remain at the current levels, we only expect some relief during the second half of 2007'*, De Villiers said. It is almost impossible to project what these raw material prices would be like in the new year.

A serious concern for the maize industry is the fact that the current import duty on maize (R22-91 per ton) should have been zero since 10 August 2006 but Government

mechanisms are currently unable to publish this reduction in the import duty. We cannot understand that with the current pressure on food prices, inflation, interest rates and the fight against poverty, the inability of the Department of Trade and Industry and the Department of Finance to implement this reduction. *'This is an unnecessary tax burden on food consumers in these days,* De Villiers said.



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