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# Trends in selected food prices and policy responses

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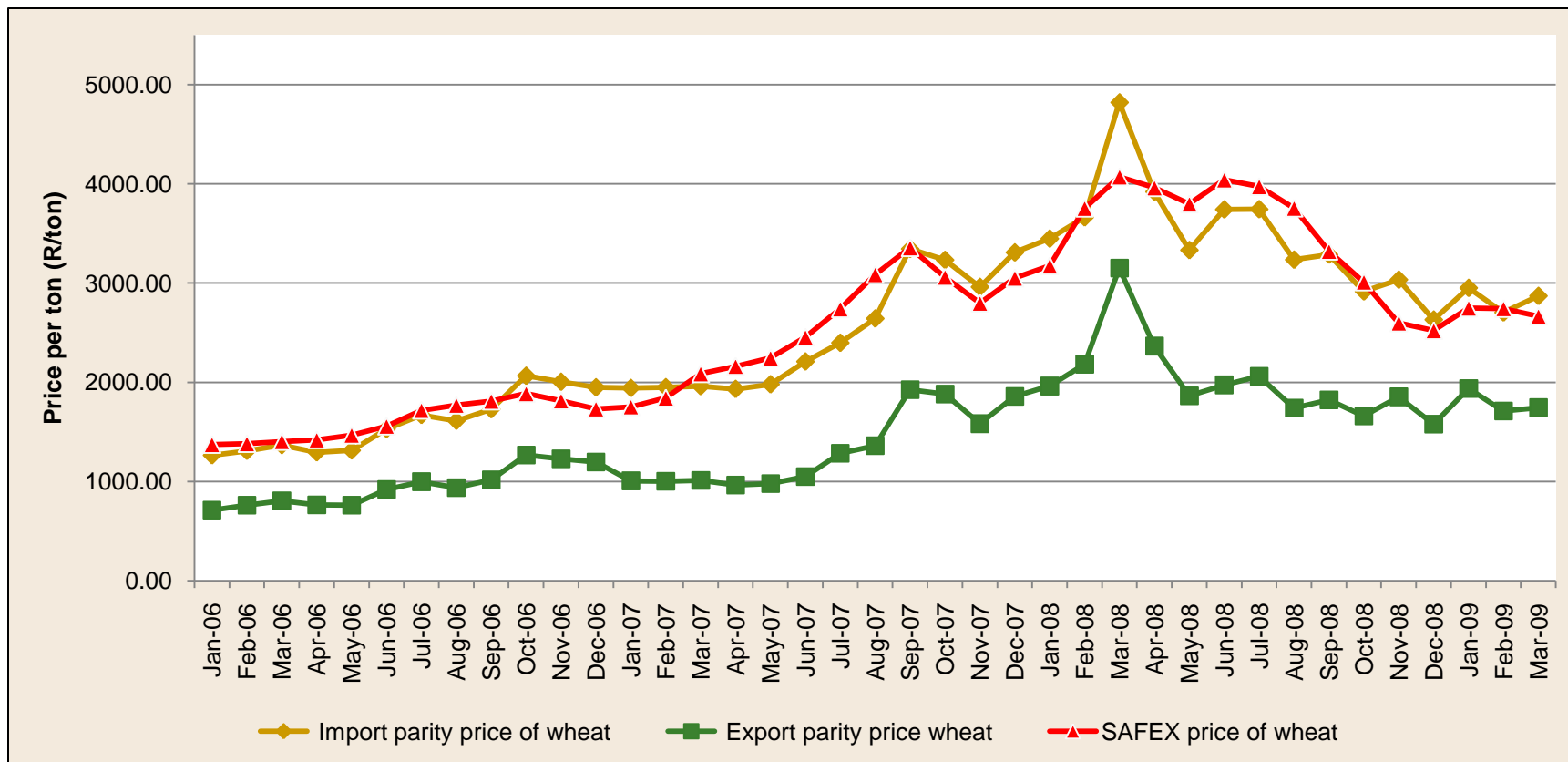
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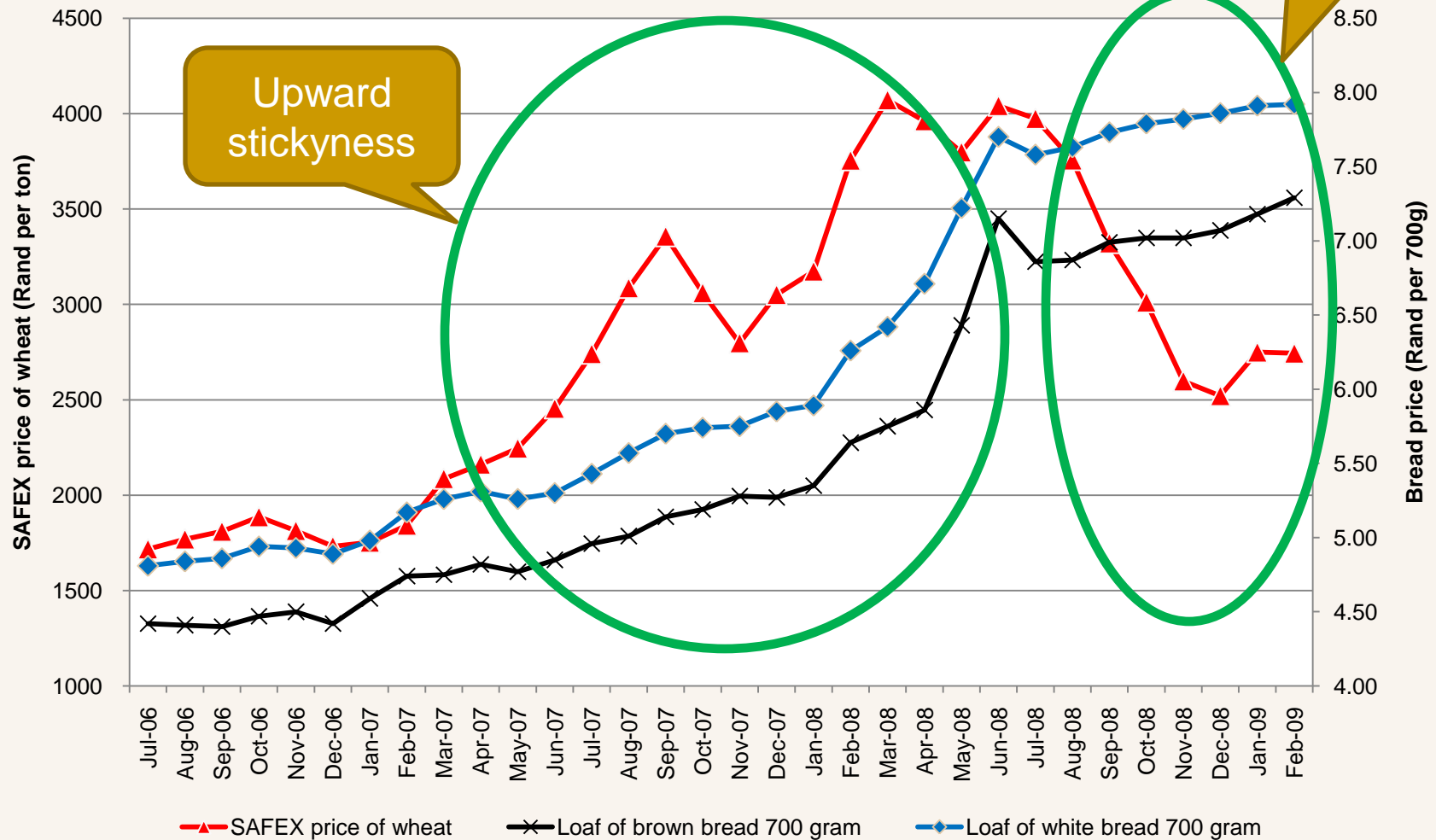
# 1. COMMODITY AND FOOD PRICE TRENDS IN SOUTH AFRICA

# SAFEX, import parity and export parity prices of wheat

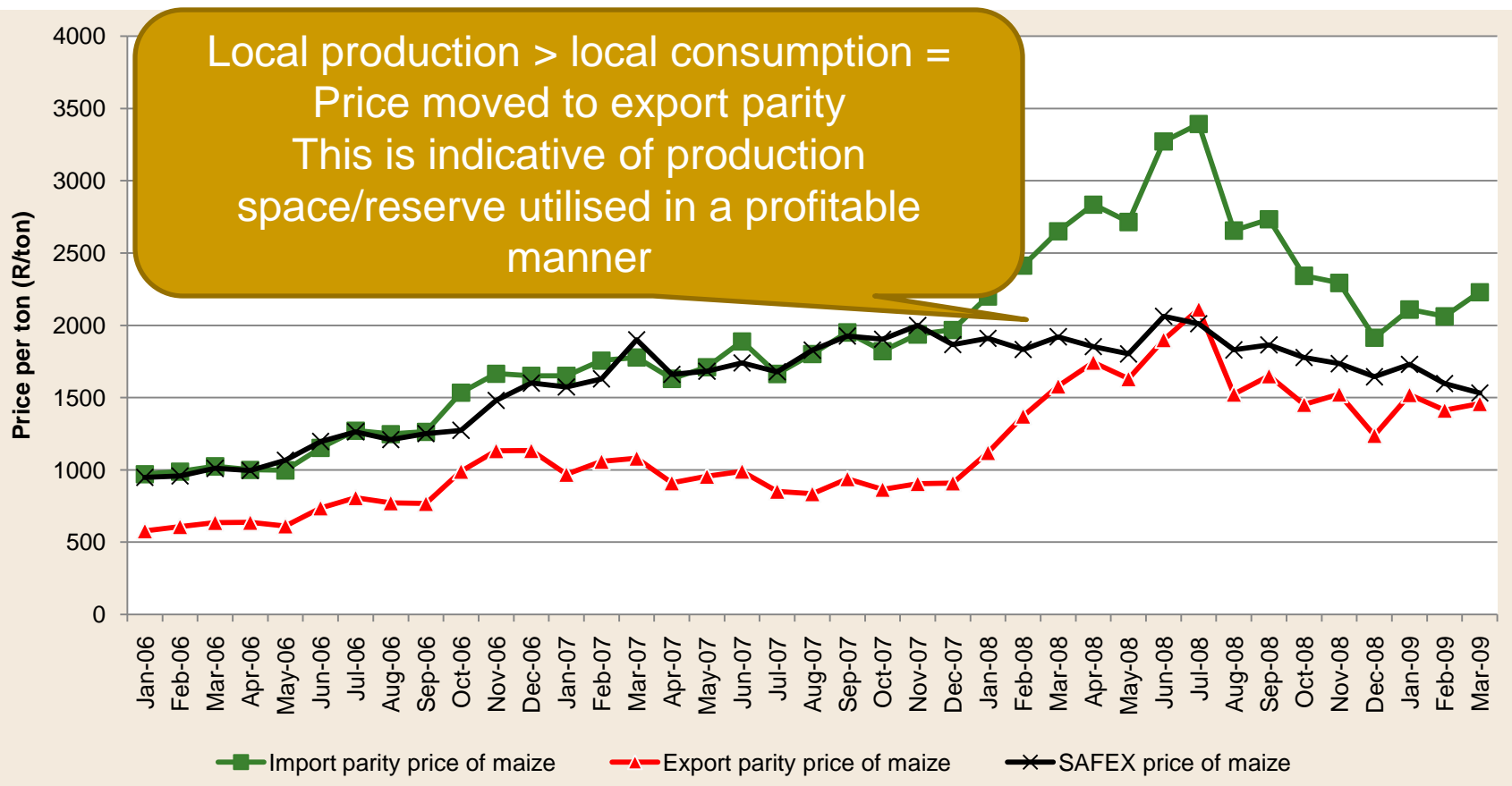


	<b>Mar-08</b>	<b>Dec-08</b>	<b>Mar-09</b>	<b>Dec-08 to Mar-09</b>	<b>Mar-08 to Mar-09</b>
Import parity price of wheat	4,821.00	2,630.96	2,869.96	9%	-40%
Export parity price wheat	3,150.99	1,577.69	1,744.16	11%	-45%
SAFEX price of wheat	4,071.63	2,521.30	2,666.95	6%	-34%

# Bread price versus wheat price



# SAFEX, import parity and export parity prices of maize



	Mar-08	Dec-08	Mar-09	Dec-08 to Mar-09	Mar-08 to Mar-09
Import parity price of maize	2,649.73	1,914.08	2,229.33	16%	-16%
Export parity price of maize	1,580.18	1,238.93	1,458.75	18%	-8%
SAFEX price of maize	1,920.00	1,643.70	1,531.45	-7%	-20%

# Maize meal price versus maize price



	Apr-08	Jan-09	Apr-09	Jan-09 to Apr-09	Apr-08 to Apr-09
Maize Super 5KG	20.63	23.10	22.20	-3.9%	7.6%
Maize Special 5KG	16.78	18.89	17.62	-6.7%	5.0%
<b>Average</b>				<b>-5.3%</b>	<b>6.3%</b>
White maize R/ton	1,856.62	1,814.33	1,630.22	-10.1%	-12.2%

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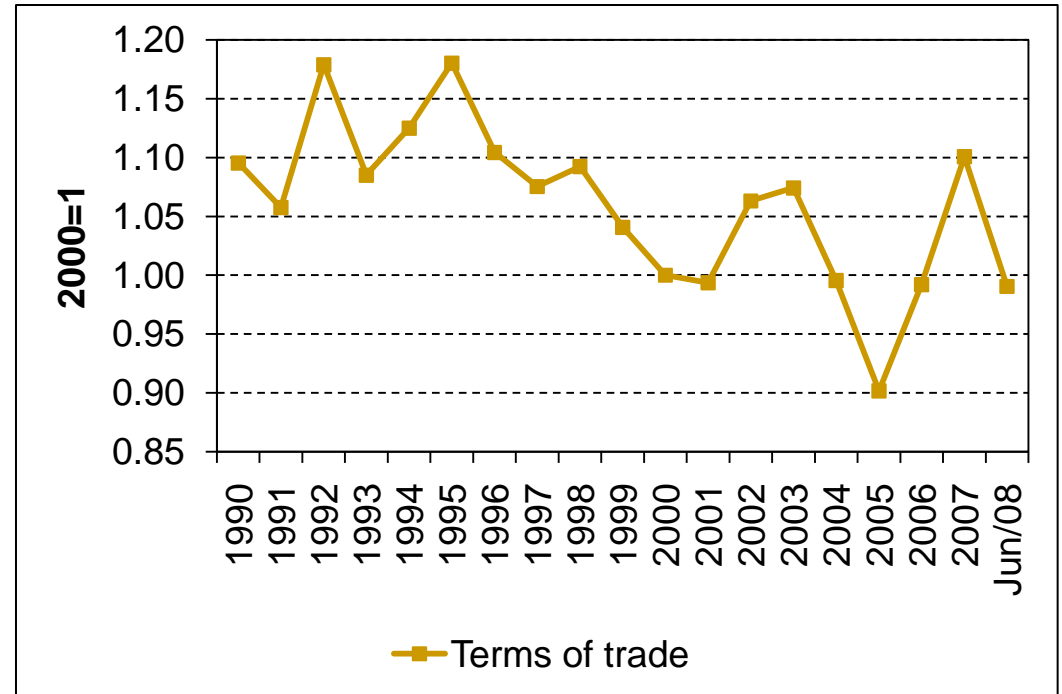
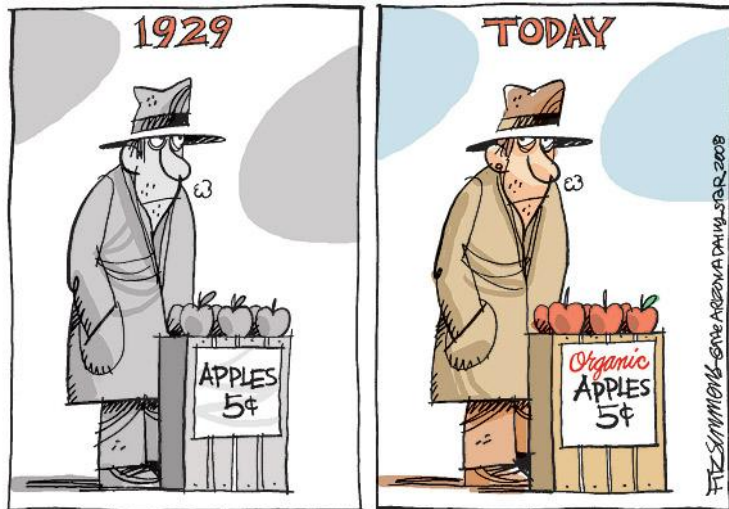
# Summary

- Other commodity prices moved in similar way in SA.
- Price transmission different in different chains due to nature of chain and type of product.
- Signs that prices are slowing significantly.
- Questions regarding supermarkets power in the chain

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## **2. PRESSURES IN THE CHAIN**

# Profitability

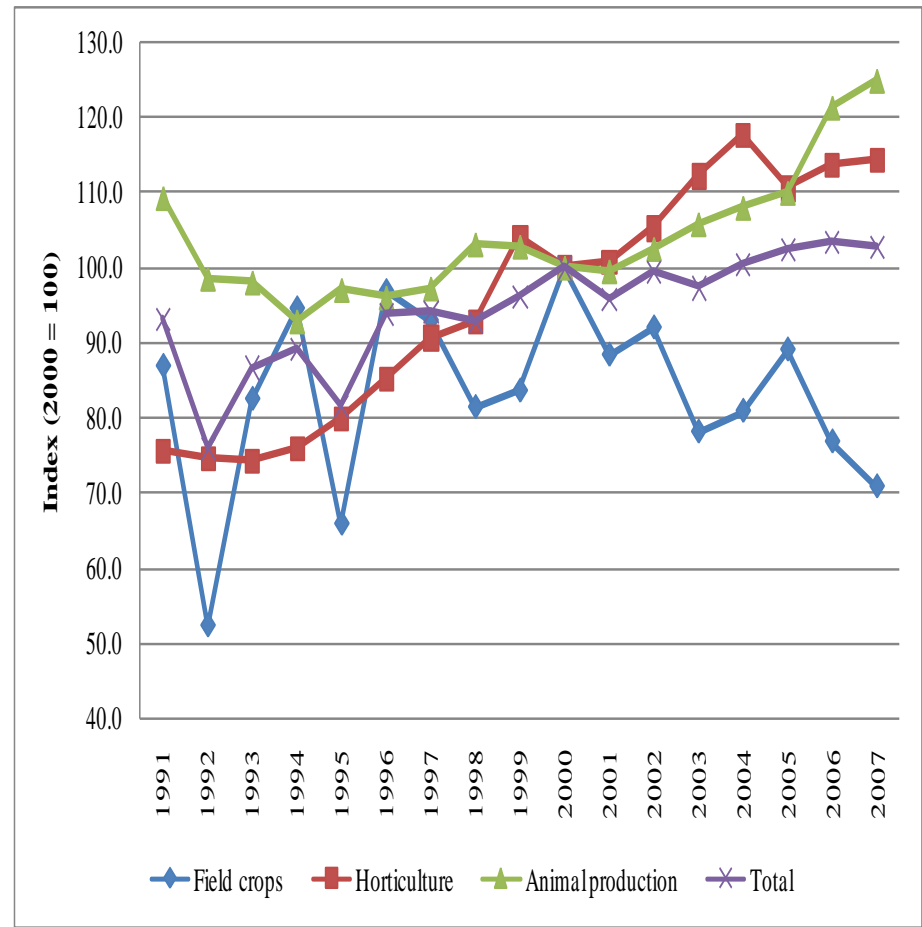


Source: Own calculations based on data from DoA, 2008

# Agricultural production not keeping up with population growth

Population has grown by 32% since 1991, but production has grown 10% overall.

Not taking into account immigrants from neighbouring countries



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- Concentration (market power) in the chain
  - Low investment in R&D
  - Infrastructure deficiencies – especially in transport
  - Farmer support programmes

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# 3. POLICY INTERVENTIONS

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## SHORT-TERM POLICY INTERVENTIONS

- An Integrated Food Security and Nutrition Program (IFSNP) used as an anchor program to address food insecurity across the country,
    - Expanded the coverage from 70 000 to 300 000 poor households
  
  - Expanded the Household Food Production Programme through a “One household, one food garden” campaign. Through this program, farmers/poor households are provided with production starter packs for:
    - **Vegetable Production**
    - **Livestock Production**
    - **Dairy /Milk Production**
    - **Poultry Production**
      - **Broiler production**
      - **Layers**
  
  - Expanded the School Feeding Programme to include nursery schools – introduced one meal per day for all school days per learner from poor households
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## SHORT-TERM POLICY INTERVENTIONS.....

- Adjusted the social grant system to be linked to food prices (adjusted to food price inflation).
    - Introduced the Social relief of distress grant to households with income below R800,00 per month,
    - Introduced a range of social support grants such as a grant for child headed households, disability grant, old age pension, child support grant, etc to promote food security.
  
  - Working with humanitarian and church based organizations on food distribution and coordinating donations (Food banks were introduced).
  
  - Expanded the labour intensive income generating Public Works Program to
    - build economic and social infrastructure such as schools, clinics, stadia, roads, removal of alien plant species, controlling soil erosion, etc
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## OUTCOMES OF THE INTERVENTIONS

- **Levels of observed malnutrition at schools has come down**
  - **All poor households have been identified and are in the national database for continuous tracking**
  - **Limited impact observed as more and more people fall into the poverty and unemployment trap as a result of the economic crisis due to large scale retrenchments and limited job opportunities**
  - **A thorough impact analysis of the programs will be undertaken in due course.**
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# Summary

- **Price crisis (affordability) not food crisis (availability)**
  - **No market interventions were introduced but direct RESPONSIVE assistance to poor was introduced, (Social food safety nets programs)**
  - **Quicker responses on supply (production support) and demand (food safety nets to the poor) side**
  - **Strengthened the application of competition laws to discourage anti-competitive practices in agro-chains.**
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**THANK YOU FOR THE  
OPPORTUNITY**