



# WHO OWNS OUR STAPLE FOOD SYSTEM?

South Africans eat about 28 billion loaves of bread and, on average, each person consumes 100kg of maize and maize-related products every year – wheat and maize are the country's staple foods.

Only a few companies control the wheat and maize value chains – the journey taken from the farmer's fields to the mill, the supermarket shelf and then to our tables each day.

Former storage cooperatives Senwes, NWK and Afgri, which were established under apartheid, control 74% of maize silo capacity, while Tiger Brands, Premier Foods, Pioneer Foods and Foodcorp control the milling industry for wheat and maize, as well as the bread and maize retail market.

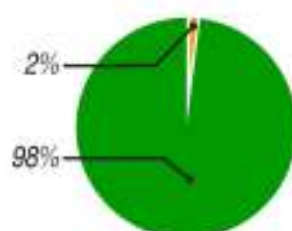
## HOW DID THIS HAPPEN?

The milling and retail market was highly regulated under apartheid; its post - 1994 deregulation was aimed to allow others to enter the market, make it more competitive and bring down prices. This has not happened.

The existing companies have further entrenched themselves in the maize milling and distribution market, as well as the bread sector through buying up smaller players and blocking the entry of others.

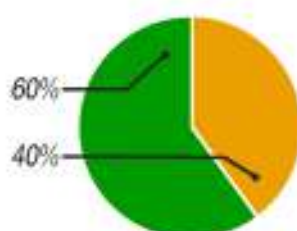
Consumers now pay more for maize and wheat, farmers get less money than they used to and the companies are getting more – the storage, milling, distributing and retailing companies make huge profits.

Milling of White Maize



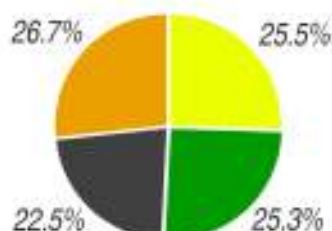
Other  
Tiger Brands  
Premier Foods  
Pioneer Foods  
Foodcorp

Milling of Wheat



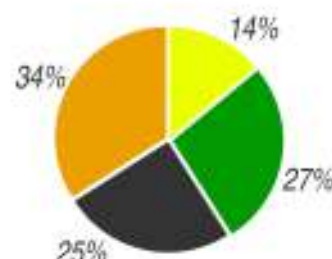
Other  
Tiger Brands  
Premier Foods  
Pioneer Foods  
Foodcorp

Ownership of maize meal market (2013)



Foodcorp & others  
Premier Foods IMISA IMPALA NYALA  
Tiger Brands ACE  
Pioneer Foods WHITE STAR

Ownership of bread market (2013)



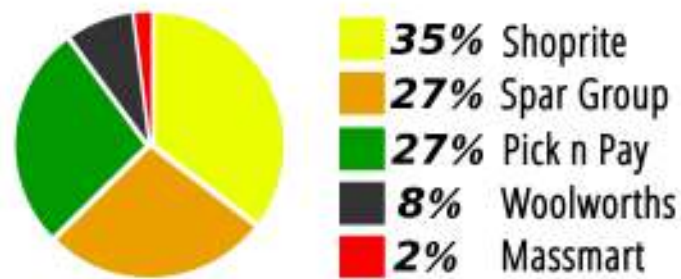
Others SUPERMARKET BAKERIES  
Premier Foods BLUE RIBBON  
Tiger Brands ALBANY  
Pioneer Foods SASKO & OUEMS



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## WHO OWNS OUR RETAIL SECTOR?

Furthermore, five companies control the retail food market. These companies are Shoprite Holdings, Pick n Pay Retail Group, Spar Group, Woolworths Holdings and Massmart.



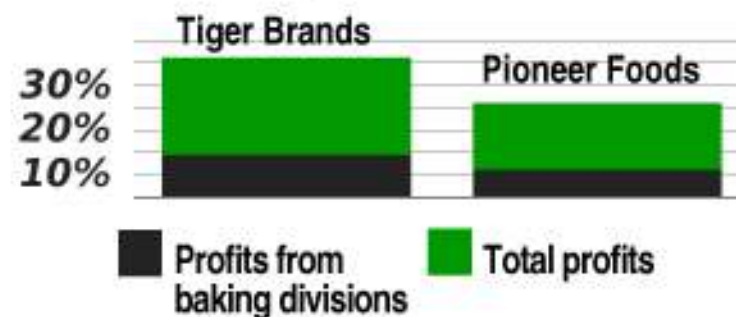
## Everyone is in bed with everyone else...

In addition, there are cross-relationships between those that control the milling, storage and distribution of maize and wheat and those that sell them as final products.

For example, Christo Wiese, the major shareholder in Shoprite Holdings, is the major shareholder in Brait SA, which, in turn, is the major shareholder in Premier Foods.

## PROFITEERING CARTELS: HOW MUCH DO THEY MAKE?

Financial reports from companies such as Tiger Brands and Pioneer Foods show that these companies make a huge profit from their baking divisions, a higher percentage than what they make from the rest of their operations.



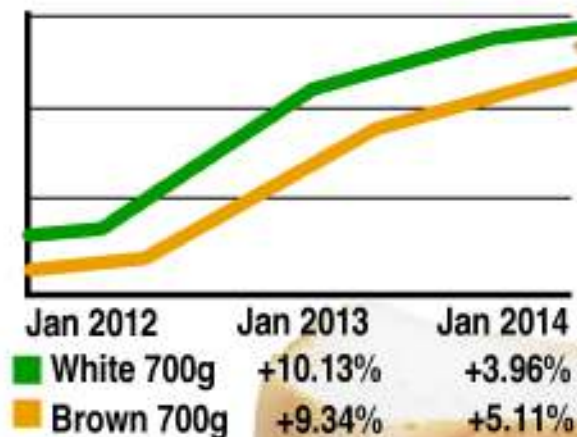
Profits made from baking divisions 2012

## WE ALL PAY THE PRICE!

Consolidation (ownership of an industry by just a few players) hurts consumers and small-scale farmers and shop owners, including thousands of spaza shop owners.

This kind of ownership pattern:

- Means that larger players can effectively set the prices of staple foods.



Price increases in bread

- Excludes small-scale farmers and retailers from the market as they cannot compete against the larger players who use their size to pay lower prices for products and services.

## COLLUDING CARTELS: BREAD AND MAIZE PRICE-FIXING

Tiger Brands, Pioneer Foods, Premier Foods and Foodcorp...

have on several occasions illegally agreed to raise the price of bread. In 2006, these four companies agreed to raise the bread price 30–35 cents a week before Christmas and between 1999 and 2007 they met together with other millers and agreed to fix the price of

wheat and white maize products at certain times and places and set a uniform price list for all their customers. The Competition Commission found them guilty of price-fixing in the bread case and collusion (illegal co-operation) in the wheat and white

maize case. Premier was given immunity from prosecution for helping the commission uncover more of the story while Tiger Brands also cooperated in exchange for a lower fine of R98 million. Pioneer Foods was fined R1 billion.





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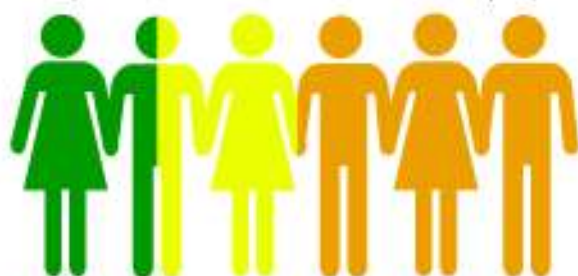
## SOUTH AFRICA'S HUNGER SHAME

South Africa's Constitution (27) states that "Everyone has the right to have access to sufficient food and water" and it places the responsibility on the state to take reasonable actions, within available resources, to achieve these rights.

### We are hungry

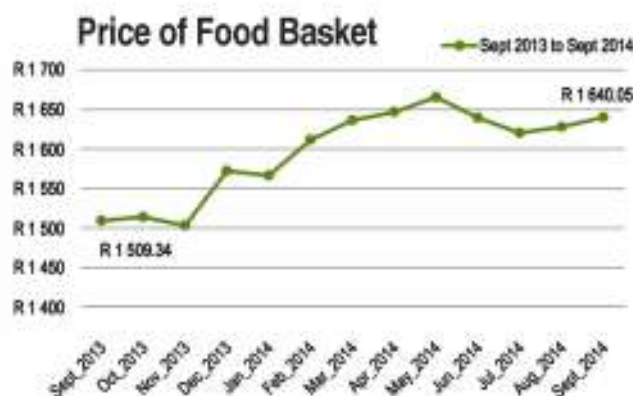
- Only half of South Africa's population is food secure in that they have access to "sufficient, safe, nutritious food to maintain a healthy and active life".
- South Africans are hungry because they can't afford or access food, not because there is not enough of it.

Population of South Africa of 50 million people



## FOOD PRICES KEEP RISING

Close on 70% of all food is bought in supermarkets. The poor feel rising prices the most as they spend nearly 34% of their income each year on food (this percentage is increasing each year) – and 35% of this amount on bread and maize meal. Any increase in food costs, including those from price fixing, damages their ability to feed their families.



Source: <http://www.parsa.org.za>

- About 12 million (24%) South Africans go to bed hungry.
- About 13 million (26%) don't know if they will have enough food for tomorrow.
- Only about 28 million (50%) have enough food to eat.

*It is a matter of urgency that we break up these cartels that have South African consumers, especially the poorest of the poor, in a vice grip through control of our two staple foods – maize and bread. There is a rapidly growing social movement in South Africa demanding a different food system for our country - a food system that is sustainable, just and produces healthy food. A system that celebrates the contribution of small players and allows them access to the market.*