

## Cosatu attack: Union said to lack understanding of maize prices

The Agricultural Business Chamber (Agbiz) said a recent statement by Cosatu lacked understanding of how global and local maize markets work.

Cosatu recently criticised rapidly increasing national maize prices, accusing South Africa's grain farmers and food processing companies of looking forward to huge profits while the country's poor struggle even more to feed themselves.

"Cosatu is outraged that maize prices have risen by 25% in SA since the beginning of June 2012 and are likely to rise even further," said Cosatu spokesperson Patrick Craven, in a statement. "But what Cosatu objects to most is that SA maize prices are not determined by market conditions in SA, but are locked into world grain prices as fixed at the Chicago Exchange."

While the world's maize stocks are under pressure, SA has up to 1 million tons of surplus maize, which should decrease national maize prices, said Cosatu.

Agbiz CEO Dr John Purchase said Craven had given little recognition to the significant impact the current drought in the US will have on global maize stocks.

"The resultant and expected global shortage will necessarily drive up global maize prices," said Purchase. "This in turn will stimulate production, also in SA, in order to meet the ever-increasing global demand."

Once stock levels rise again and supply outstrips demand, prices will come down, he said. "Since SA has a globally competitive maize industry, exporting 2 million to 3 million tons annually, maize prices generally track