

NaCC reveals product prices to be monitored

The mark-ups on certain retail products, along each step of the supply chain, will now be closely scrutinised by the Namibian Competition Commission (NaCC).

WINDHOEK

ELLANIE SMIT

The Namibian Competition Commission (NaCC) will focus on poultry, maize, wheat and dairy and cement products as part of government's bid to monitor escalating food and other prices.

The commission confirmed yesterday that it will monitor the cost structures, production data and farm gate or ex-factory prices of selected industries. This will be done in co-operation with the Namibia Trade Forum (NTF), who will collect retail price data.

This follows the announcement by the Minister of Trade and Industry Calle Schlettwein last week that a retail charter will be developed for the country.

He also directed the NaCC and the NTF will implement a price monitoring system.

The NTF will focus on retailers, while the commission will focus on selected products which are cement, poultry, dairy, maize and wheat



PRICED: The prices of chicken will be monitored from the moment it leaves the farm until it is sold in the shop.

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to start with. Asked how the price monitoring system will work the NaCC explained that on a monthly basis, it will collect and analyse cost breakups for the production in the selected industries.

This will be done in terms of analysing both local and imported materials, as well as labour and manu-

facturing overheads that include electricity, gas, repair and maintenance.

These will be evaluated along with depreciation and other expenses, in order to arrive at the ex-factory selling price.

The farm gate or ex-factory price refers to the price of a product at the point where the commodity leaves the farm or factory.

The monitoring exercise will help to ensure that Namibia has better market intelligence and advanced assessments regarding any price movements and demand-supply gaps.

Some Namibian industries contain one or two companies operating in them and therefore price monitoring of infant industry protected sectors helps to ensure that the farm gate price is not manipulated towards monopolistic profits, according to NaCC.

Meanwhile, the NTF has said that a survey was carried out between June and September last year in which 34 retail outlets were surveyed - 22 in Namibia and 12 in South Africa.

These included Shoprite/Checkers, Spar, Pick n Pay and Woermann

& Brock. A total of 41 products in six categories were selected, namely dairy, poultry, eggs, pork, beef and lamb.

According to the NaCC it will also make recommendations to the Ministry of Trade with regards to high prices of products.

"For every price increase announced by the selected industries, the commission will provide its assessment on the validity of such increases and make recommendations to the ministry. The commission will also investigate the margin differentials between the farm gate price and the retail prices to assess the mark-ups waterfalls and provide for relevant policy advice to the minister."

The NaCC added that if warranted the commission may embark upon a full market inquiry to specifically delve more into the economics, pricing and competition of a specifically monitored industry.

However, the commission's price surveillance function is meant only to monitor the relevant prices, it is not meant to regulate price caps or profit ceilings, as this is beyond the commission's mandate in terms of the Competition Act 2003.