

FREQUENTLY ASKED QUESTIONS

Q: The basic commodity prices keep increasing. Is this not worrying the NaCC?

NaCC: Rising commodity prices, especially of basic items not luxurious ones are a source of concern for everyone as this could impact on our pressing matters of concern-inequality and poverty.

Q: Why are local product prices like chicken sometimes higher than that of foreign products?

NaCC: The defining issue is at the end of the day- competitiveness- in terms of production. Given our small economies of scale, our local products for most part will at times have to be sold at higher prices to reflect the cost structure of producing them.

Q: Is NaCC ever considering regulating the prices of chicken, which have been escalating in recent months?

NaCC: The NaCC, as relayed to the public in various forms, is developing a price monitoring regime to assess and review, on a constant basis, the price and cost structure of certain industries that are amenable for industrialization schemes such as the Infant Industry Protection. This is not regulation or price control, rather it is monitoring to ensure that the end price derived at their farm gate or factory price truly reflects the cost structure.

Q: What could be the factors that are leading to price increment?

NaCC: Input prices to produce the local products are an important determinant of high end product prices, especially where such inputs are sourced internationally. Secondly, there also seems to be some price premiums extracted during the distribution channel of the product to the

shops. Thirdly, the pricing relations between producer and retailer might also give way to some pricing rent extractions. The question then is whether such pricing rent extraction or what they call marketing margins are efficiently priced or whether the country could look at other alternatives, such as subsidized transportation by say TransNamib from farm gate to retail shelf. The NACC will delve deeper into the distribution channel and issues of buyer power between producer and retailer next year.

Q: How much authority does NaCC have? Does it have the power to reduce the prices or to recommend that prices be controlled?

NaCC: The NACC can only engage in price monitoring, not price controls. The appropriate authority to ponder on price controls and regulations aspects is the Ministry of Trade and Industry.

Q: What are the challenges associated with controlling prices in the economy?

NaCC: There could be a danger that imposed prices by a government authority could render the producer much more inefficient, thereby leading to unsustainability and thereby rendering our industrialization ambitions to naught.

Q: Anything else you can add?

NaCC: The NACC is busy reviewing its domestic legislation and it has included relevant provisions of price monitoring, to ensure that such a function is fully mainstreamed into its work.