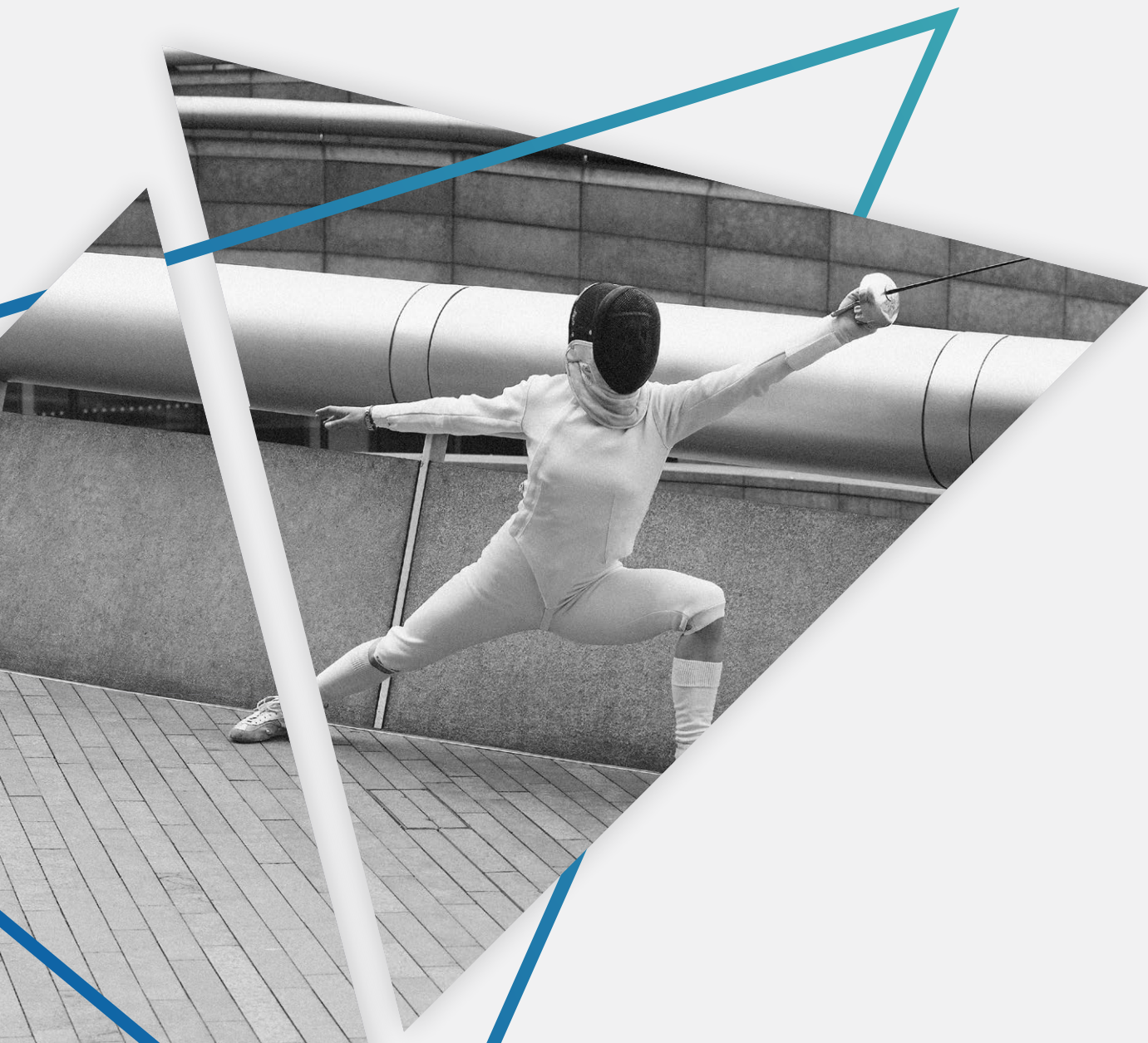


# Competition Law

ALERT | 3 September 2025



## In this issue

### SOUTH AFRICA

Gaps, blind-spots and rising compliance risks identified in the Essential Food Price Monitoring Report



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## COMPETITION LAW ALERT

# Gaps, blind-spots and rising compliance risks identified in the Essential Food Price Monitoring Report



The Competition Commission's (Commission) latest Essential Food Price Monitoring Report (EFPM Report) is billed as a reassuring signal that easing cost pressures are filtering through to end consumers. While the Commission's EFPM Report, and the framework it uses, provides a valuable, transparent and structured method for tracking farm-to-retail price spreads, its reliance on relatively simple spread analysis may risk oversimplifying the complexity of price formation in agricultural value chains.

The 'spread' methodology follows a largely linear relationship between upstream costs and downstream prices, but this relationship is often mediated by multiple commercial, contractual and logistical factors. In reality, prices can be influenced by hedging strategies, forward contracts, storage decisions, currency movements and differentiated product quality, none of which are directly captured in the spread indicators. As such, while the spread analysis is useful for alerting anomalies, it is not always sufficient to draw robust conclusions about market behaviour without considering other variables in a deeper analysis.

## Price equation frameworks

In its consideration of white maize, the Commission moves beyond a pure cost-plus framework and considers supply shocks, export demand and regional climatic conditions. Sometimes, deviations from import parity pricing are viewed as inherently suspicious and possibly flowing from anti-competitive behaviour because of the authorities' focus on policing such behaviour. Price fluctuations may however arise from legitimate, non-collusive market factors. For example, high export demand from drought-affected neighbouring countries, quality differentials in maize crops, and domestic storage and inventory management strategies could all sustain prices above import parity without indicating market manipulation. The report acknowledges some of these drivers.

Similarly, while the report notes the potential role of speculative trading and over-the-counter transactions in influencing price discovery, it does not quantify the magnitude of these effects relative to broader supply-demand fundamentals.



## COMPETITION LAW ALERT

# Gaps, blind-spots and rising compliance risks identified in the Essential Food Price Monitoring Report

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Price levels at a particular point in time may be a rational market response to tight regional supply, inelastic consumer demand, and expectations of future scarcity. This is especially relevant in staple commodity markets where substitution is limited and where forward-looking pricing behaviour is rational from the perspective of both producers and traders.

The Commission acknowledges the influence of climate change, structural barriers to entry and transport inefficiencies. These are sometimes treated as background context rather than integral, quantifiable components of the price equation. A balanced approach should integrate these structural features directly into the price monitoring models, ensuring that deviations in price spreads are assessed against a fuller set of explanatory variables before suggesting that market power or opportunistic pricing may be at play. Without this integration, there is a risk that policy recommendations will lean towards unnecessary regulatory intervention, which in itself increases compliance costs. In light of the scrutiny of the pricing levels of basic foodstuffs and the risk of investigation, because of alleged anti-competitive conduct, industry participants should also be mindful of the need to record and be able to explain the factors which they perceive to result in price increases and be prepared to engage with the authorities to explain these factors.

**Andries le Grange and Christopher Kode**



## Chambers Global 2025 Results

### Competition Law

Chambers Global 2011–2025 ranked our  
Competition Law practice in:  
**Band 2:** Competition/Antitrust.

**Chris Charter** ranked by  
Chambers Global 2018–2025 in  
**Band 1:** Competition/Antitrust.

**Andries le Grange** ranked by  
Chambers Global 2022–2025 in  
**Band 4:** Competition/Antitrust.

**Albert Aukema** ranked by  
Chambers Global 2023–2025 in  
**Band 5:** Competition/Antitrust.





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**BBBEE STATUS: LEVEL ONE CONTRIBUTOR**

Our BBBEE verification is one of several components of our transformation strategy and we continue to seek ways of improving it in a meaningful manner.

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