

# 'Dismayed' by energy crisis, retail and consumer goods CEOs pen letter to Ramaphosa

The chief executive officers of some of South Africa's largest retailers and consumer goods companies have addressed a letter to President Cyril Ramaphosa bemoaning the energy crisis and its "crippling" effect on businesses.



President Cyril Ramaphosa. Source: Reuters/Sumaya Hsham

The [open letter](#) was issued on behalf of the CEOs of member companies belonging to the Consumer Goods Council Of South Africa (CGCSA). The list of companies included Massmart, Famous Brands, Coca-Cola, Tiger Brands, Exclusive Books, Pick n Pay, Shoprite, PepsiCo, Mars, Burger King, OBC, BAT East and Southern Africa, Bidfood and Magaliescitrus.

The communication noted the consumer goods industry's contribution to GDP and its impact on livelihoods as the country's largest employer, and the responsibility many of the companies play in feeding the nation. "If this crisis continues, we will not be able to guarantee stable supplies of food, medicines and other essential goods," the letter read.

The CEOs expressed alarm at the escalation of load shedding in recent months, and while emergency backup power supplies have helped to maintain operations the financial cost endured has been significant and "unsustainable". The letter warned that should conditions not improve companies will be forced to raise prices, putting further pressure on already financially-constrained consumers.



## Current load shedding situation "untenable" - Mr Price chairman

23 Jan 2023



The letter called on the government for "urgent and decisive action" in solving the energy crisis and stated numerous measures that the CGCSA members feel are vital to the action plan.

Among the measures mentioned, the industry is pushing for a suspension of the fuel duty levy and road accident fund for the consumer goods industry and value chain, for as long as regular load shedding occurs. "This is a critical sector that should be considered for fuel rebates similar to the mining, agriculture, fisheries and forestry sectors," the letter read.

The open letter was signed by CGCSA co-chair Gareth Ackerman, CGCSA co-chair Johann Vorster and CGCSA CEO Zinhle Tyikwe, and was issued on behalf of the CEOs of the association's member companies.

Read the full open letter below.

*Dear Mr President,*

*This open letter brings together many of South Africa's most significant manufacturers and retailers of food and other essential products, such as quick-service restaurants and medicines.*

*We take our responsibility to feed and sustain the nation very seriously. We work tirelessly, night and day, to produce food and household products, secure healthcare products, and to ensure they are always available in our stores when customers need them.*

*The consumer goods industry's contribution to the GDP is significant and is also the country's largest employer. Millions of people depend on us for their livelihoods.*

*We are alarmed and dismayed by the levels of load shedding which we have all had to endure over the past decade, and which have escalated catastrophically in recent months.*

*While we have maintained our operations and supply chains so far by using emergency power generators, this has been at an unsustainable financial cost. It is crippling our businesses, and will in the end mean much higher prices for consumers, who are already under severe financial strain.*

*The deterioration of other essential infrastructure – including water, roads, rail, and policing – all make our tasks, and those of thousands of other businesses around the country, even more difficult.*

*If this crisis continues, we will not be able to guarantee stable supplies of food, medicines and other essential goods. The government needs to understand this, rather than believe we can maintain business as usual.*

*We require urgent and decisive action from government to solve the crisis, and specific steps to ensure that the consumer goods industry can fulfil its role as an essential service for every family in the country.*

*These steps must include:*

- *rapid implementation of the plans already in place to solve the overall energy crisis*
- *the removal of regulatory red tape and escalating indirect taxes such as the health promotion levy to enable investment and business sustainability*

- *address the deterioration of essential infrastructure such as including water, roads, rail, and policing*
- *a suspension of the fuel duty levy and road accident fund for the consumer goods businesses and value chain, for as long as we suffer regular load shedding. This is a critical sector that should be considered for fuel rebates similar to the mining, agriculture, fisheries and forestry sectors*
- *effective tax and other incentives to install localised renewable energy at small and medium scale*
- *action to ensure that critical infrastructure, such as essential food production, medicines and distribution facilities are not only exempted from load shedding but are prioritised on the safety and security list, and*
- *accelerate the fight against illicit trade across the economy as it reduces the tax base and deprives government of crucial revenue at this critical time.*

*We look forward to hearing your plans for action in the 2023 State of the Nation Address (Sona), giving due consideration to the proposals put forward in this letter by the chief executive officers who are signatories.*

*We will continue to work tirelessly to sustain our customers and communities.*

*We will support government where we can and ask urgently for decisive action from you.*

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