Zim manufacturers ramp up food production

By Dumisani Ndlela

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A liquidity crunch in Zimbabwe since dollarisation has meant that cash has become the most sought after commodity in the country after food. But fast moving consumer goods (FMCG) manufacturers are ensuring a massive ramp up of food production to get people's cash trickling into their coffers even when other businesses are haemorrhaging from dwindling demand.

AICO Africa, which rebranded following its acquisition of Olivine Industries, manufacturers of cooking oil, tinned beans and other pre-cooked food products, said its FMCG business was its greatest asset in the hunt for cash.

Sales volumes increase

"Despite the many challenges facing the business, it (FMCG business) remains one of the more exciting opportunities within the group," AICO announced in its financial results for the year to 31 March 2010.

Sales volumes in the FMCG unit increased 86% to 17 305 tonnes, spurring a 464% increase in revenue to US$14.9 million, helped by the removal of price controls.

Conglomerate, starafricacorporation, experienced a 42% growth in its food business, while beverages, at 1,445,917 litres, grew 298% during the year to 31 March 2010.

Colcom Holdings' pork business experienced a 40-45% increase in volumes during the six months to December 2009, and is expected to report significant growth for the year to June 2010.

The pork division reached 100% production capacity and, in response to this, new equipment was installed to increase capacity.

Its beef and canning divisions also enjoyed good growth levels.

Rebound from crisis

National Food said its core division, oils and meals, had rebounded from years of an economic crisis.

"Our oils brands are (now) popular and the unit's management has initiated appropriate work streams to improve profitability," said Todd Moyo, the board chairman.

Innscor Africa has begun the process of installing new technologies at its bakeries and chicken producing business, Irvines, to increase capacity.

Fast foods face-lift

Its fast foods business is growing, and a face-lifting of fast food brands is underway, with new counters soon to be commissioned in major towns and cities like Harare, Masvingo and Chinhoyi.

Hippo Valley Estates, a subsidiary of South Africa's Tongaat Hulett, said it was extensively refurbishing its sugar mills due to firming domestic demand for locally produced sugar.

"Raw sugar production in the 2010/11 season is expected to increase substantially compared to the 2009/10 season. Hippo Valley is well positioned to benefit from the emerging global dynamics of increasing demand for agricultural products, food and renewable energy," said Bruce Dunlop, the board chairman in results for the 15 months to 31 March 2010.

ABOUT DUMISANI NDLELA

Dumisani Ndlela is a Zimbabwean journalist specialising in business and financial reporting, with experience reporting on commodities, stock and financial markets, advertising, marketing and the media. He has previously reported from a number of regional countries as well as from the UK and Germany on commodities and regional integration. He can be contacted on dndlela@yahoo.co.uk.

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