High input costs force producers to review prices

By Lola Okulo

Producer prices increased by 0.47 per cent during the first quarter of the year driven by high cost of manufacturing beverages and chemicals.

Data from the Kenya National Bureau of Statistics shows that under beverages the producer prices for malt liquor and malt increased and this caused the index to rise by 7.68 per cent.

The KNBS report also shows that while the general production cost of food products dropped by 1.54 per cent, the producer prices for flour and dairy products rose.

The decrease in producer prices for food was largely attributed to a drop in cost of sugar and tea.

The producer price index tracks the average change in retail prices of goods and services to producers in the wholesale market.

“Producer prices of chemical and chemical products increased due to rise in prices of soap and detergents, cleaning and polishing preparations. The mining and quarrying index increased by 2.95 per cent in the first quarter due to rise of salt extraction,” said KNBS in the report.

These prices affect the cost of production of various goods generated by manufacturers and are passed on to retailers and end-users of the finished product.

For example, a 500gm packet of salt which for a long time has been retailing at not more than Sh10 has become more expensive over the last one year to sell at between Sh13 and Sh20.

Producer prices for manufacture of motor vehicles went up by 1.93 per cent while the index for provision of water supply remained unchanged.

In energy, the producer price index for electricity rose by 0.09 per cent. Other areas where producer prices increased include in manufacture of tobacco products and textiles which rose by 0.02 and 0.23 per cent.

In some areas the PPI reduced including in the manufacture of leather and related products which dropped by 0.13 per cent, basic metals by 1.67 per cent and manufacture of equipment which reduced by 0.35 per cent.

The overall consumer price index for March rose by 0.45 per cent. During the month, the food and alcoholic beverages product basket index increased by 0.56 per cent compared to February. The alcoholic beverages, tobacco and narcotics index rose by 0.55 per cent while the housing, water, electricity and gas price index rose by 0.28 per cent.

During the month however, inflation which is the general rate of increase of goods and services dropped to 6.27 per cent from 8.64 per cent.

FKE says work permit delays hurting investors

By Rita Damary

The Federation of Kenya Employers has called on the government to speed up the issuance of work permits to genuine applicants.

FKE executive director Jacqueline Mugo said the delay interferes with the operations of many firms especially in the flower sector thus holding up investment.

Mugo said the Ministry of Interior and Coordination has put stringent measures in issuing the work permits to foreigners and urged the government to strike a balance between taming the threats of insecurity and facilitating investors.

Speaking in Nakuru during the 26th Rift Valley branch annual general meeting, Mugo said while FKE supports the move to weed out illegal immigrants through the ongoing security operation dubbed ‘operation usalama watch’, this should be done humanely.

Mugo said the government should seal loopholes and break corruption cartels in the country’s registration system that make it easier for aliens to obtain documentation compared to genuine investors.