

Businesses Reeling From Price-Slashing Order

Author: [Nonthando Bhebe](#)

Panic and desperation sets in among Zimbabweans as most retail outlets run out of goods. It was an act of madness," said a manager at a Spar store in the low-income Harare suburb of Seke. "[The] ripple effects will be felt for a long time in Zimbabwean business. Job losses will be immediate."

Businesses in Zimbabwe are still reeling from President Robert Mugabe's June 26 decision to slash the prices of all commodities by 50 per cent, in a bid to tackle skyrocketing inflation, which he claimed is being fueled by the private sector to bring down his government. The move sparked a stampede of shoppers, leaving companies with empty shelves. Many say they may now be forced to close.

"This act is the latest in a long chain of irrational political decisions Mugabe has taken in the past few years to keep himself in power," continued the Spar manager. "The next will most probably be the seizure of mines and foreign-owned businesses which he is legitimising through the Economic Empowerment and Indigenisation Bill currently before parliament."

Tichafa Chari, a schoolteacher in the same area, compared the latest move to Operation Murambatsvina, the military-style demolition of urban dwellings in 2005 which destroyed the informal sector and left 700,000 people homeless and two million with no source of income. It was believed at the time that Mugabe did this to stem fears of a rebellion by the urban poor that would unseat him.

"Operation Murambatsvina destroyed the informal sector, and now this is destroying the formal sector. So where do we go from here?" said Chari.

Like Operation Murambatsvina, the current operation, according to Mugabe, is to stop the formal sector from working with western powers wishing to effect "regime change" in Zimbabwe.

Several senior company executives, many from companies headquartered outside Zimbabwe, have been arrested and have spent nights in filthy police cells for failing to comply with the government directive to reduce their prices.

Long fuel queues are also back at the few service stations that have received cheap fuel from the state-owned National Oil Company of Zimbabwe, NocZim, which they are selling at 60,000 Zimbabwe dollars, ZWD, a litre, (just under 50 US cents at black market prices) down from nearly 200,000 ZWD two weeks ago.

The fuel situation had stabilised after government allowed private companies to import and sell fuel at rates determined by the black market from which dealers obtained the foreign exchange to import.

But since the price-slash directive, those service stations have run dry and have not restocked. The government has ordered all service stations to sell their fuel at 60,000 ZWD a litre but NocZim supplies are still very low. The national fuel procurement company has promised to increase its deliveries to service stations countrywide.

The public transport sector is almost grinding to a halt after government ordered them to reduce their fares or face a cancellation of their operating licences.

Government told public transport operatives at a meeting last week that if one of their vehicles was caught over-pricing, officials would cancel the licences of not just that one vehicle but of the whole fleet.

One city commuter bus operator said, "Really I cannot be working for the government. It makes no sense to continue when I will be making such a huge loss."

Motorists have also been affected as they cannot get fuel and are being forced to either source from the black market or leave their cars parked. Traffic on Harare's roads has been significantly reduced over the last week or so.

Zimbabweans initial excitement about the order to slash prices of basic commodities by half has now been replaced by panic and desperation as most retail outlets have begun to run out of goods. The first casualties of the price slash were the butchers, which ran out of the beef and pork within a few days of the directive. Most meat outlets in Harare suburbs have either closed or are about to.

Highfield butcher Petros Mawoneke was on the verge of tears when IWPR asked him what effect the price reduction had had on him and his family.

"I just don't know for how long I will be coming to work if the situation continues like this. I am afraid that one day, we will be told not to report for work anymore because we are not selling anything at the moment. Our suppliers are no longer supplying us.

"I don't want to think about the worst - I am trying to be optimistic but at the same time I need to be realistic. It will just kill me if I lose this job. How will I feed my kids - already I am struggling and am only able to provide one meal a day. The government needs to think about people like us and put in measures to protect us."

In response to the beef shortages, the government last week revoked the licences of all private abattoirs for refusing to continue supplying meat and meat products. They had stopped slaughtering livestock in protest against the slashing of prices which they say would bankrupt them.

Trade Minister Obert Mpofu said the Cold Storage Company, CSC, part owned by the government, would now have the sole responsibility of slaughtering livestock. The CSC, however, was already facing serious financial problems and had been operating well below its capacity.

One of the largest outlets of pork products, Colcom Foods, has already run out of everything except bacon, a few boxes of pork sausages, polony and smoked ham, all of which are foods for the rich.

An employee at Colcom Foods told IWPR that the company did not know when the next supplies were going to be delivered. Its general manager in Harare's Workington industrial area was recently arrested together with 33 top executives of other companies for allegedly ignoring the government directive to reduce prices.

Long queues could be observed at TM Supermarket in Arcadia suburb, where the prices of basic commodities like washing soap, washing powder, Vaseline petroleum jelly and margarine were reduced by more than 100 per cent. Reports say the situation is the same countrywide.

Thomas Madziva, who was queuing to buy slices of polony and bread rolls for his breakfast, was irate.

“Why should I queue when all I want is polony? This is getting really frustrating now. First it was the bread queues, now it’s for everything - this is absolute madness. Our relief was temporary - we should have known this is where Mugabe’s generosity would land us.”

Nonthando Bhebhe is the pseudonym of an IWPR journalist in Zimbabwe.

Location: Zimbabwe

Topic: Zimbabwe

Focus: Zimbabwe Crisis Reports

Source URL: <https://iwpr.net/global-voices/businesses-reeling-from-price-slashing-order>