

# Zim manufacturing sector declines further

By [Dumisani Ndlela](#)

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Zimbabwe's manufacturing sector output declined by 28% last year as the country's troubled economy remained mired in a crisis, a Confederation of Zimbabwe Industries (CZI) survey has revealed.

The decline, which follows similar drops in output of 18% in 2006 and 29% in 2005, marks an escalation of Zimbabwe's economic crisis, which has triggered massive shortages in the country, resulting in empty retail shops around the country.

The CZI Manufacturing Sector Survey 2008 said the weighted capacity utilisation in the country's industrial sector stood at 18,9% in 2007, compared to 33,8% in 2006.

While foreign currency and raw material shortages had gravely impacted on the performance of the manufacturing sector, the survey revealed that a "dysfunctional pricing policy" by government had severely affected manufacturing sector operations and "severely decimated producers' working capital."

"The unco-ordinated move was also a serious disincentive to continued production," the survey said.

Employment levels in the sector had also declined during the survey period, dropping by 12,2%. The survey said manufacturing companies were battling against highly demoralised workforce due to dwindling incomes.

Obscure industrial policy had also weighed down operations, with business confidence levels plummeting to 2%, from 5% the previous year.

"The business community is arguing that low business confidence levels are being driven by lack of clear industrial policy," the survey said.

The survey was unveiled as government sidestepped the local manufacturing sector in the provision of basic food and household commodities to mainly rural communities under a multi-trillion dollar project said by Reserve Bank of Zimbabwe governor Gideon Gono to "show manufacturers that goods can be produced and sold to people at affordable prices and still make a profit".

The goods are being imported.

Former CZI president, Anthony Mandiwanza said this was an indictment on the local industries.

“It is not the intention of business to see Zimbabwe being converted into a basket of consumption and a corridor of consumption. Zimbabwe must produce what it consumes,” he told journalists just a day before the survey launch in the capital.

## 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](mailto:dndlela@yahoo.co.uk).

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