

Zim govt worried by rejection of local currency

By [Dumisani Ndlala](#)

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Zimbabwe's acting attorney general, Bharat Patel, has warned Zimbabweans against conducting business in foreign currency as the business sector began shunning the beleaguered domestic currency, opting for United States dollars.



The warning came as the country wrestled with acute cash shortages that have triggered massive use of point of sale (POS) terminals in the country's retail outlets, overwhelming the electronic payments systems which have also been grounded by an implosion of zeros on the country's currency.

In a statement, the attorney general, who is responsible for the prosecution of state cases and is a member of President Mugabe's cabinet as a legal adviser, said businesses were declining payments in Zimbabwe dollars for goods and services despite the fact that the local currency was the only legal tender in the country.

The practise had become so widespread that even property rentals and institutional subscriptions were now being charged in foreign currency, Patel said, indicating the use of foreign currency in domestic transactions was criminal in terms of the country's Exchange Control Act and liable to prosecution.

The president of the Confederation of Zimbabwe Industries (CZI), Callisto Jokonya recently warned, the country's fast depreciating currency was being rejected by traders due to rampaging inflation, saying government's increased money printing was driving inflation and undermining the currency.

"We need to act as a matter of extreme urgency to reduce money supply growth. If we continue with the current policy of injecting massive amounts of liquidity into the economy, we will continue to see a continuous depreciation of the local currency," Jokonya said.

"This will make doing business more and more difficult and we will reach a point where we risk the local currency becoming unusable."

German firm, Giesecke & Devrient stopped supplying Zimbabwe with banknote paper after concerns this was propping up President Robert Mugabe's regime through increased money printing.

While this is expected to worsen the cash shortages in the country, Reserve Bank of Zimbabwe governor, Gideon Gono said there was no need for panic as the central bank had put in place contingency measures to deal with the termination of banknote paper supplies.

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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