Zimbabwe's freight industry faces ‘collapse'

Zimbabwe's freight industry is operating at under 30% of its capacity - an unsustainable rate that could see the industry collapse. Observers say the main reason is for the low operational level is the currently crippling rate of exchange for the local currency.

Joseph Musariri, CEO of the Shipping and Forwarding Agency Association of Zimbabwe says volumes had fallen drastically over the past few months and the sector is operating at below 30% of capacity. He says the main cause of the decline is the unavailability of foreign currency caused by the low exchange rate.

"Business is currently very low and most of our members are operating at below 30%, and official exchange is not favourable for foreign currency generation. Foreign currency is the backbone of freight industry and, with unavailability, it's really a disaster," said Musariri.

He put the blame for the foreign currency shortage squarely on the governor of the Reserve Bank of Zimbabwe, Gideon Gono. "The problem with the central bank governor is that after pegging the official exchange rate he does not [make a] follow up to find out how companies are performing under the exchange rate," he said.

Under normal circumstances, rail is the usual mode of transport used by the industry, but the state of the national system and its rolling stock now means that expensive road transport has to be used for both imports and exports.

The SFAAZ boss said another major challenge the freight industry faces is fuel shortages, as this has led to the cessation in air cargo operations. "There is no cargo airline currently in place and it's really affecting the smooth running of business. At the same time, we are expected to award workers better salaries when there is no increase in economic performance and costs are rising daily.

"There is really no growth in the industry because those operating are surviving by using black market," said Musariri.