

ZIMBABWE: Govt relinquishes grain monopoly to ease shortages

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JOHANNESBURG, 17 Aug 2005 (IRIN) - A move to free grain trading from the monopolistic grip of Zimbabwe's government has been roundly welcomed, but observers have labelled the measure a tactful acknowledgment that Harare is unable to import sufficient maize to offset widespread food shortages.

While requesting approval of a Zim \$6.6 trillion (about US\$377 million) Supplementary Budget on Tuesday, Finance Minister Herbert Murerwa scrapped duties on maize and wheat imports, and announced that the state-owned Grain Marketing Board (GMB) would no longer enjoy a monopoly.

However, Murerwa pointed out that the liberalisation measures were temporary and would be reviewed "when necessary".

"These are temporary measures to ensure that those who have the means to import food to do so without having to face bureaucratic bottlenecks. The country is facing a serious shortage of these commodities and, like in the fuel supply sector, the government has decided to liberalise the trade. The situation will be reviewed as and when necessary," Murerwa told IRIN.

Recurring drought conditions in Zimbabwe have reduced the maize harvest to around 600,000 mt, against a national consumption requirement of 1.8 million mt. Although the government planned to import 1.2 million mt, the official Herald newspaper on Wednesday reported that just 300,000 mt of the staple grain had been imported.

Aid agencies have warned of rising food needs - up to 4 million countrywide - but officials have said they had no intention of appealing for international assistance.

Harare has instead dug in its heels and turned inwards for a solution to the food crisis.

Concerning the zero percent tax on maize and wheat imports, Murerwa remarked, "Crucial food supplies have been delayed at border posts over import tax issues. The removal aims to smoothen the process of grain importation."

The opposition Movement for Democratic (MDC) has welcomed the easing of restrictions on grain imports but said the move may have come a little too late.

"In fact, it is a belated move, since the GMB demonstrated a long time ago that it had no capacity to manage food supplies in the country," commented Edward Mkhosi, MDC secretary for lands and agriculture.

Harare-based economist Denis Nikisi agreed that the government ought to have relaxed maize marketing controls sooner, and argued that an early intervention would have "gone a long way towards securing long-term food supplies".

"Private commodity traders have long pushed for grain liberalisation, but to no avail. The government has been unwilling to consider this, out of fear that these traders will fix prices," Nikisi said. "But, given the current shortages, they [the government] have no option - the lack of hard currency has forced them to consider alternatives."