

ZIMSTAT

Zimbabwe National Statistics Agency

P.O .Box cy342, Causeway
Harare, Zimbabwe
Tel: (263-4) 706681-8 or (263-4) 703971-7
Fax: (263-4)762494
E-mail: zimstatdirector@zimstats.co.zw

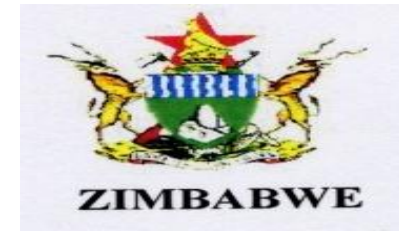
BUSINESS TENDENCY SURVEYS 2006 - 2009

This publication contains the results of the Business Tendency Surveys (BTS) conducted for the period 2006 to 2009. The surveys sought to collect data specifically on Capacity Utilization in industry. The Medium Term Plan (MTP) which covers the period 2010 ó 2016 recognizes the fact that manufacturing industries were operating below capacity in all sub-sectors of the economy during the last decade. In a bid to turnaround the economy the main thrust of the MTP is to raise capacity utilization in all sub-sectors and to promote utilization of available local raw materials in the production of goods. The main objective of conducting these business tendency surveys is to give policy planners and decision makers a historic picture of capacity utilization in the manufacturing and mining industrial sectors based on judgments and perceptions of captains of industry.

Historically business tendency surveys were conducted tri-annually. The last report produced was for the period January to April 2007.

Methodology

The questions framed for the survey are qualitative rather than quantitative



and hence, the data should be interpreted in that context. The main questions asked in the 2006 survey were whether establishments were operating at full capacity or not. The 2007 survey sought to find out whether capacity utilization was below normal, about the same or above normal when compared to 2006

The same comparative questions with regards to levels of capacity utilization were also asked for the years 2008 and 2009.

Sampling Procedure

The annual Census of Industrial Production (CIP) register of establishments was used as the sampling frame. Eleven manufacturing sub-sectors and the mining sector were used as the basis for weighting so that larger firms had a higher chance of being included in the sample. A cut-off point of firms employing twenty or more persons was set so that only firms engaging twenty or more people were included in the sample. An assumption was made that those establishments employing less than twenty employees make a smaller contribution of value addition and hence their omission from the sample was not likely to significantly alter the results.

Questionnaires were dispatched to 230 establishments that made up the sample. At the time of data analysis 155 responses had been received. This represented a 67% response rate.

Results for capacity utilization for each year from 2006 to 2009 are presented in Table 1.

Table 1: Percentage of Establishments by sub-sector working at full capacity: 2006-2009

Sub-Sectors	2006	2007	2008	2009
Foodstuffs	29	7	0	7
Drinks & Tobacco	18	9	0	8
Textiles	38	25	13	14
Leather & Footwear	29	14	14	0
Wood & Furniture	14	14	0	0
Paper & Printing	36	18	0	0
Chemicals	25	10	5	0
Non-Metallic Minerals	50	0	0	0
Metals & Metallic Products	18	14	10	4
Transport Equipment	33	22	0	0
Other Manufacturing	14	14	13	29
All Manufacturing	27	13	5	5
Mining	14	0	0	0

In 2006, in "All Manufacturing" 27% of responding establishments reported operating at full capacity. This declined to 13% in 2007 and further down to 5% in 2008 and 2009, respectively. "The Wood & Furniture", "Other Manufacturing" and "Mining" reported 14% each of establishments operating at full capacity in 2006. The "Non-metallic Minerals" sub-sector recorded the highest 50% firms operating at full capacity in 2006. However, none of these reported operating at full capacity in 2007, 2008 and 2009.

In 2007 "Textiles" and "Transport Equipment" had the highest proportions of establishments reporting operating at full capacity with 25% and 22% respectively. These were followed by "Paper & Printing" 18%, "Leather & Footwear", "Wood & Furniture" and "Metals & Metal Products" with 14% each, followed by "Chemicals", "Drinks & Tobacco" and "Foodstuffs" with 10%, 9%, and 7%, respectively. "Mining" and "Non-metallic Minerals" had none working at full capacity in 2007.

In 2008 capacity utilization further declined with "Leather & Footwear" recording 14% operating at full capacity, "Textiles" and "Other Manufacturing" both at 13% and lastly both "Chemicals" and "All

Manufacturing" with 5% operating at full capacity. The rest had none operating at full capacity.

The same pattern was repeated in 2009 with a slight improvement. The "Other Manufacturing" group had the highest number of establishments 29% operating at full capacity, "Textiles" had 14%, "Drinks & Tobacco" 8%, "Foodstuffs" 7%, and "Metals and Metallic Products" at 4% full capacity.

Table 2: Percentage capacity utilisation of current year compared to previous.

Sub-sectors	2007			2008			2009		
	"Down"	"Change"	"Up"	"Down"	"Change"	"Up"	"Down"	"Change"	"Up"
Foodstuffs	80	13	7	93	7	0	14	14	71
Drinks & Tobacco	55	27	18	67	17	17	33	17	50
Textiles	75	25	0	43	29	29	57	29	14
Leather & Footwear	71	14	14	86	14	0	57	0	43
Wood & Furniture	57	29	14	71	14	14	50	25	25
Paper & Printing	64	18	18	70	30	0	45	27	27
Chemicals	65	35	0	75	20	5	29	24	48
Non-Metallic Minerals	63	25	13	67	0	33	63	0	38
Metals & Metal Products	73	18	9	67	24	10	61	13	26
Transport Equipment	56	33	11	89	11	0	67	11	22
Other Manufacturing	43	29	29	38	50	13	14	29	57
All Manufacturing	66	24	10	71	19	10	43	17	39
Mining	43	57	0	43	57	0	0	57	43

Table: 2 shows percentages of establishments stating whether their capacity utilization was "down", "about the same" or "up" compared to the previous year.

Capacity utilization in 2007 compared to 2006

When 2007 is compared to 2006 the proportion of establishments operating below capacity was over 50% for all groups except for "Other Manufacturing" and "Mining" which had 43% each. The proportion of

those experiencing no change in capacity utilization compared to 2006 ranged from 13% to 57% for -Foodstuffsø and -Miningø respectively. None of the establishments in the -Textilesø -Chemicalsø and -Miningø indicated their capacity utilization had gone up compared to 2006.

Capacity utilization in 2008 compared to 2007

The -Foodstuffsø 93%, -Transport & Equipmentø 89% and -Leather and Footwearø 86% establishments reported capacity utilization going down when 2008 is compared to 2007. Only -Non-Metallic Mineralsø and -Textilesø with 33% and 29% respectively., reported capacity utilization going up when 2008 is compared to 2007.

Capacity utilization in 2009 compared to 2008

When capacity utilization in 2009 is compared to 2008, general increases were recorded -Foodstuffsø had the largest proportion of establishments, 71% saying øUpø followed by -Other Manufacturingø 57% and -Drink and Tobaccoø with 50%. Despite proportions of lower than 50% in the remaining groups including mining, an increase in capacity utilization in the first four months of 2010 was recorded.

For further information, please contact:

Godfrey Makware on 0772864318 or Peter Mafunga on
0733617666 or Zimbabwe National Statistics Agency
263 4 706681/8 or 703971/7 (ZIMSTAT)
P.O. Box CY 342, Causeway, Harare, Zimbabwe
Tel: (263-4) 706681-6 or 703971-7 Ext. 162/163
Fax: (263-4) 708854 or 728529
E-mail: zimstatdirector@zimstats.co.zw