Sharp fuel hike sparks violent protests across Zimbabwe

Country battles worst gasoline shortage in decade

HARARE: Angry protesters barricaded roads with burning tires and rocks in Zimbabwe yesterday after the government more than doubled the price of fuel in a bid to improve supplies as the country battles its worst gasoline shortages in a decade.

Protesters turned back drivers and blocked buses from carrying passengers in Zimbabwe's two main cities of Harare and Bulawayo as the main labor federation called for three-day nationwide strike.

Soldiers were deployed at a shopping center in Bulawayo's township of Entumbane where protesters looted shops. Demonstrators in the second city had attacked minibuses heading to the city center and used burning tires and stones to block the main routes into town while some schools were turning away pupils fearing for their safety.

Shops closed in downtown Harare as riot police patrolled the streets and a military helicopter flew over the capital. President Emmerson Mnangagwa on Saturday night announced a more than 100-percent rise in the price of petrol and diesel in a move he said would end fuel shortages.

"We have suffered enough," author Philani Nyoni who was part of the protest in Bulawayo. "The government is now aware that we are not happy with their stupid policies like the fuel price increase," said Nyoni, calling on the president who is on a tour of Europe, to return home to "sort out things".

'We have suffered enough'

"We want Mnangagwa to know our displeasure in his failure," said another Bulawayo protester, Mthandazo Moyo, 22.

"Mugabe was evil but he listened," he added, referring to former autocratic and long-time ruler Robert Mugabe, who was ousted in November 2017. Residents in Epworth, a poor suburb east of the capital Harare, yesterday woke up to find boulders blocking roads and the protesters set ablaze a tent at a police post. "It's tense since early morning," Nhamo Tembo, an Epworth resident said.

Zimbabwe's economy has been in a slump for more than a decade, with cash shortages, high unemployment and recently a scarcity of staples such as bread and cooking oil.

In a televised address late Saturday, Mnangagwa said prices of petrol and diesel would more than double to tackle a shortfall caused by increased fuel usage and "rampant" illegal trading.

Petrol prices rose from $1.24 a liter to $3.31 (2.89 euros), with diesel up from $1.36 a liter to $3.11 starting Sunday - one of the highest pump prices in the world.

The main labor alliance, the Zimbabwe Congress of Trade Unions (ZCTU) has called for a three-day stay-at-home strike as it said the government had shown a clear lack of empathy for the already overburdened poor. Government has accused the strike organizers of pushing a political "regime change" agenda and of "subversive political activities". "It has become obvious that there is deliberate plan to undermine and challenge the prevailing constitutional order," said government spokesman Nick Mangwana in a statement late Sunday night.

He warned that government will "respond appropriately" against "all those who have been conspiring to subvert peace, law and order in the country".

'Subversive political activities' -

He accused unnamed opposition parties of disguising themselves as civic groups and of sponsoring civil unrest. Opposition Movement for Democratic Change (MDC) leader Nelson Chamisa said: "We have a national crisis which is descending into a humanitarian crisis".

Mnangagwa took over from Mugabe following military intervention before winning the disputed election in July. He has announced a package of measures to help state workers after strikes by doctors and teachers over poor pay.

HARARE: Angry protesters barricade the main route to Zimbabwe's capital Harare from Epworth township yesterday after announced a more than hundred percent hike in fuel prices. —AFP

Doctors in state hospitals went on a 40-day strike beginning early December demanding salaries be paid in US dollars and improved work conditions.

Teachers unions called a strike last week for better pay but their calls went largely unheeded. Mnangagwa announced "a package of measures to cushion government workers." He also warned government would come down hard on "elements bent on taking advantage of the current fuel shortages to cause and sponsor unrest and instability in the country."

When he took over from Mugabe, Mnangagwa pledged to revive the moribund economy and end the country's international isolation. —AFP

SUVs, trucks and sports cars take center-stage

DETROIT: SUVs, trucks and sports cars were set to take center stage yesterday as a subdued Detroit auto show kicked off with fewer carmakers and more uncertainty.

With compact cars and sedans an ever-shrinking portion of the North American market, auto makers have all but abandoned them, as evidenced by what they chose to emphasize in Detroit.

Trucks, SUVs and high-performance vehicles dominated the new debuts scheduled for the US's premier auto show. The exception was Volkswagen, which was to unveil a new Passat sedan.

"Car companies are acknowledging that the crossover, sport utility vehicle boom is continuing," said analyst Michelle Krebs of Autotrader. For those looking for an alternative, carmakers were emphasizing sporty cars with nostalgic pasts. Ford's redesigned Explorer SUV, debuted in Detroit on Friday, is on public display for the first time, with a high-powered version of the Mustang sports car called the Shelby GT500 also to be unveiled.

Toyota was also scheduled to show off a new Supra-a refresh of a beloved sports car the firm stopped producing more than 16 years ago. Meanwhile, Fiat Chrysler was to unveil redesigns of its larger versions of the popular Ram truck. Aside from VW, German carmakers abandoned the Detroit show this year, amid competition from events in New York, Miami and Las Vegas where increasingly tech-centered car announcements were presented.

At the Detroit show, the hope was that larger and more profitable vehicles would help the industry weather any economic storms. Analysts predicted slowing sales in 2019, following a decade of growth.

"We believe that the future is increasingly looking less positive for the industry," said Jonathan Smoke, chief analyst for Cox Automotive, whose firm has forecast 16.9 million new car sales in 2019, down from 17.3 million in 2018.

"The market itself is adjusting to a slightly smaller volume but they happen to be more expensive, higher quality vehicles," he said. Small cars and conventional sedans accounted for less than a third of last year's new car purchases-down four percent from 2017.

The industry has invested heavily in SUVs and trucks, making them more luxurious and high tech, analysts said. Meanwhile, small car and sedan production has been downsized or abandoned by many companies. GM has announced plans to close underused US plants that make smaller cars. Ford planned similar cost-cutting moves in Europe. —AFP

DETROIT, MI: Jim Farley, Ford Motor Company Executive Vice President and President of Global Markets, reveals the 2020 Ford Mustang Shelby GT 500 at the 2019 North American International Auto Show during Media preview days yesterday in Detroit, Michigan.—AFP

DETROIT, MI: The General Motors Cadillac XT6 three-row crossover SUV is revealed at the Garden Theater. —AFP

China's US trade surplus hit record in 2018 but tariffs bite

BEIJING: China's trade surplus with the United States hit a record high last year but the country's imports and exports fell in December as the long-running trade war begins to bite in the world's number two economy, data showed yesterday.

The surplus with the US is a major source of anger within the Trump administration, which imposed tariffs on hundreds of billions of dollars worth of Chinese goods last year and has warned of more to come.

Despite the levies, exports to the United States grew 11.3 percent last year while imports rose 0.7 percent, expanding the surplus to a record $323.3 billion from $275.8 billion in 2017, customs data show. However, in a sign that the White House's measures are having an impact, China's exports to the US sank last month.

The figures come after a US delegation held three days of talks in Beijing last week in the first face-to-face meeting since Donald Trump and Chinese leader Xi Jinping in December pledged a 90-day truce to resolve the crisis.

Trump wants Beijing to buy more American goods to narrow the yawning trade gap and allow foreign players better access and protection in the Chinese market.

China traditionally imports vast quantities of American soybeans in the second half of the year, long making it the most valuable import from the US.

Subdued import growth

But the buying fell off last year after China imposed a 25 percent retaliatory tariff on the commodity in the summer. Total imports of soybeans fell 7.9 percent last year to 88 million tons, customs data showed, with December imports down 40.1 percent from a year earlier. "The overall development of China-US trade in 2018 was still relatively normal, but the trade surplus did expand slightly," said Li Kuiwen, spokesman for the customs administration. The country's commerce minister told state media on Friday that China will work to straighten out trade frictions with the US this year.

China's exports to the world fell 4.4 percent in December from a year earlier, while imports dropped 7.6 percent, reflecting sluggish demand at home and abroad.

"With global growth set to cool further this year, exports will remain weak even if China can clinch a trade deal that rows back Trump's tariffs," said Julian Evans-Pritchard of Capital Economics.

The trade slowdown sent Chinese stocks lower yesterday. Rapidly falling exports could point to rising unemployment, said Nomura economist Lu Ting. "Beijing will perhaps be more eager to strike a trade deal with the US ... policymakers will need to take more aggressive measures to stabilise GDP growth," Lu wrote in a note.

QINGDAO: Workers prepare a container at the port in Qingdao, China's eastern Shandong province, yesterday. China's global trade volume rose last year but its surplus fell again as its imports outpaced its exports, official data released yesterday showed amid a bruising trade war with the United States. —AFP

'Hidden concerns'

China's global trade volume rose last year but its surplus with the world fell 16.2 percent to $351.76 billion in 2018, as imports rose 15.8 percent while exports gained 9.9 percent. The customs administration will work to "improve the country's business environment and expand foreign trade... in order to keep employment, the financial sector, foreign trade, foreign investment" stable, Li said, adding there are some "hidden concerns" and "uncertain external factors" for development.

With US tariffs in place, the gloomy export picture has reinforced the need for Beijing to rely on its legion of consumers to grow its economy.

But a slew of bad data has added to concerns about China's economy, which is expected to have grown around 6.5 percent in 2018, down from 6.9 percent in 2017 and at its weakest rate in almost three decades. China's annual passenger car sales fell last year for the first time in more than 20 years, as the trade war with the US rocked consumer confidence and Beijing reined in car financing channels. —AFP

China trade shock hits global stocks, commodities

LONDON: Global stock markets and commodities took a hit yesterday after a shock contraction in Chinese trade pointed to deepening cracks in the world's second-largest economy and sparked fears of a sharper slowdown in global growth.

Data from China showed imports fell 7.6 percent year-on-year in December while analysts had predicted a 5 percent rise. Exports dropped 4.4 percent, confounding expectations for a 3 percent gain. For an interactive version of the following chart, click here https://tmsnrt.rs/2SRopIf. The data reinforced fears U.S. tariffs on Chinese goods were starting to hit China's cooling economy, while softening demand has been felt around the world with sales of goods ranging from iPhones to automobiles slowing, prompting profit warnings from Apple among others.

Adding to the gloom were weak industrial output numbers from the euro zone, which posted their largest fall in nearly three years. The index of Europe's leading 300 shares fell 0.9 percent by noon in London. Germany's DAX and France's CAC were down over half a percent and 0.9 percent respectively, with shares in European luxury goods companies and the automotive sector suffering some of the biggest declines.

The falls in Europe followed hefty declines in Asia where MSCI's broadest index of Asia-Pacific ex-Japan shares lost around 1 percent from Friday's 1-1/2 month high - its biggest single-day percentage drop since Jan. 2. Chinese and Hong Kong shares suffered the worst hits.

"December's (China) trade data were soft, but the data for the preceding months were surprisingly strong and show exports to the US growing at a decent pace, which may reflect producers trying to front-run any future escalation in tariffs," wrote Neil Shearing, group chief economist at Capital Economics in a note to clients. US futures showed no let-up on the horizon, with Nasdaq e-mini futures pointing to falls over 1 percent for tech stocks while industrials looked set to open 0.9 percent softer.

Commodities suffer

The prospect of slowing global growth also roiled commodity markets, with oil prices slipping over 1 percent . Industrial metals copper and aluminium lost ground in London and Shanghai.

Safe-haven trades benefited from the equity pullback with US 10-year Treasury yields falling to as low as 2.6690 percent - their lowest level in a week - while gold prices gained. The world's two largest economies have been in talks for months to try and resolve their bitter trade war, with no signs of substantial progress. Some analysts expect China's latest data to provide impetus to Beijing to resolve the trade dispute with Washington.

Though Citi analysts said even with the rising probability for both sides to reach an agreement, the tariff and trade disruption appears to have already rippled through the global economy. "Regional trade growth appears to have slowed substantially after front-loading effect diminished," they said. In light of the trade dispute, China's policymakers have already pledged to step up support this year, following a raft of measures in 2018 including fast tracking infrastructure projects and cuts in banks' reserve requirements and taxes. —Reuters