

**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**“1958. Mr T E Mulaudzi (EFF) to ask the Minister of Small Business Development:**

**What has she found to be the impact of fuel price increases on small businesses?”**

**NW2116E**

**REPLY:**

The impact on the latest fuel increase will have a devastating effect on small business and will trigger food price inflation. Transport costs, which are the most severe on black household, will also rocket. This is fourth increase in as many months this year and is going to be a telling blow.

Manufacturers will pass these increases on to the small businesses who in turn will have to face consumers who will resist new prices. The same small businesses will also be faced with higher transports costs as they use either public transport or own transport to get their wares from wholesalers and manufacturers. They will also pay increased delivery prices.

Finally, and as argued by leading economists, small businesses are generally not able to negotiate price concessions more so given the fact that their environment is very competitive given the increase in the number of shopping malls and foreign traders in their trading environment. The most tragic part is that these businesses are always price takers instead of price makers. This is the most tragic part of this situation.

The DSBD is looking at ways in which it can offer relief as it knows small businesses are always in a much weaker position to ride out reduced consumer spending as is going to be the case.