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WT/TPR/S/398

19 February 2020

(20-1260)

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Trade Policy Review Body

TRADE POLICY REVIEW

REPORT BY THE SECRETARIAT

ZIMBABWE

This report, prepared for the third Trade Policy Review of Zimbabwe, has been drawn up by the WTO Secretariat on its own responsibility. The Secretariat has, as required by the Agreement establishing the Trade Policy Review Mechanism (Annex 3 of the Marrakesh Agreement Establishing the World Trade Organization), sought clarification from Zimbabwe on its trade policies and practices.

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Document WT/TPR/G/398 contains the policy statement submitted by Zimbabwe.

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SUMMARY

1. Agriculture, mining and tourism are the main pillars of the Zimbabwean economy, which has succeeded in developing strong export industries in each of these sectors. Exports of agricultural commodities and minerals (led by gold, nickel, and tobacco) account for nearly 90% of total merchandise exports. While manufacturing has been in decline since the last TPR, Zimbabwe retains a relatively large and diversified manufacturing base. Services contribute about 66% to GDP, led by wholesale and retail trade, education services, and tourism.

2. The country in 2019 was still struggling to stabilize its economy, following a long spell of governance problems and international isolation. Economic reforms, including the adoption of a multiple-currency regime in 2009 with the US dollar as the principal currency, had contributed to its economic recovery with double-digit GDP growth rates and had ended hyper-inflation. However, in a difficult socio-economic context, Zimbabwe then adopted FDI restrictions in 2012 under the Indigenization and Economic Empowerment Act. In consequence, foreign investment has been subdued and the economy has resumed a modest growth performance since 2013 until 2016, hampered by foreign exchange shortages. GDP growth recovered slightly in 2017 and 2018.

3. Under the multiple currency system introduced in 2009, Zimbabwe formally ceased to have a domestic currency. However, in 2014, the Reserve Bank of Zimbabwe (RBZ) started to credit account holders with electronic money balances, termed "Real Time Gross Settlement" (RTGS), using for accounting purposes an exchange rate of one-to-one between the RTGS dollar and the US dollar. Most domestic transactions and salary payments were carried out with the RTGS electronic currency. However, due to increased fiscal deficits financed by the RBZ, the RTGS balances were not backed up by enough foreign currency earnings to maintain parity, leading to high parallel market premiums for the US dollar.

4. In November 2017, Zimbabwe witnessed the departure of the President in power since its independence in 1980. The new Government inherited an economy characterized by large fiscal deficits, rising inflation, shortages of basic goods (including fuel and electricity), and critically low international reserves. Zimbabwe's per-capita income was about USD 1,500 in 2018; the economy was forecast to contract strongly in 2019 (by up to 6% according to the authorities), due to, *inter alia*, fiscal consolidation and the impact of Cyclone Idai.

5. The new Government implemented various reforms, including the elimination in December 2017 of the 49% foreign ownership cap for most sectors. The remaining restrictions in the diamond and platinum sectors were removed in March 2019. The one-to-one RGTS$/USD exchange rate was eventually abandoned in February 2019, and Zimbabweans consequently witnessed a major loss of value of their electronic currency balances in US dollar terms. On 24 June 2019, Zimbabwe abolished the multi-currency system and re-introduced the Zimbabwe dollar as sole legal tender.

6. During the review period, Zimbabwe's exchange rate policy with an artificially overvalued electronic currency has perhaps been the most important source of distortion to its international trade in goods and services. Indeed, in order to deal with its chronic foreign exchange shortages, Zimbabwe put in place a priority list for imports and other foreign currency payments, and introduced mandatory forex surrender for exporters. The policy involved taking a share of foreign exchange earnings from private foreign currency accounts and replacing them with electronic RTGS dollars. The forex surrender scheme became, effectively, a substantial tax on exporters as RTGS$ receipts from exports lost their value in US dollar terms. Imports were also distorted; those who had access to foreign currency at the official one-to-one RTGS$/USD rate benefitted from cheap imports, which greatly increased the demand for fuel and consumer goods.

7. Furthermore, to save foreign currency, the forex control measures were implemented alongside import-restrictive measures. As a result of all the trade restrictions imposed by Zimbabwe over recent years, the importance of trade for its economy has significantly declined: its ratio of trade in goods and services to GDP has dropped from 89.5% in 2011 to about 50% in 2017.

8. Merchandise imports declined sharply between 2011 (USD 8.6 billion) and 2018 (USD 6.3 billion), reflecting the slowdown in economic growth, as well as the restrictive trade and foreign currency measures. Nonetheless, imports of goods continue to significantly outstrip exports. Zimbabwe sources most of its imported goods from South Africa; imports of fuel are mainly from

Singapore. Merchandise exports have recovered significantly in recent years, reaching USD 4 billion in 2018. They are destined mainly to South Africa, followed by the United Arab Emirates. Zimbabwe's export performance closely mirrors the cyclical developments in the mining sector, which staged a recovery following a sharp downturn in 2013-15. Manufacturing exports dropped from USD 740 million in 2011 to USD 470 million in 2018, on the account of liquidity constraints and the high cost of imported raw materials, and power shortages. Tobacco is the number one agricultural commodity for Zimbabwe (21% of total exports in 2018). Zimbabwe is a net-importer of services, although the deficit has narrowed due to a decline in services imports. Remittances (8% of GDP in 2018) play an important role in supporting the people and sustaining the economy.

9. In the period under Review, Zimbabwe has participated in the negotiations on the African Continental Free Trade Agreement, and the COMESA–EAC–SADC Tripartite Free Trade Area. An early harvest of the latter is a web-based facility allowing stakeholders to report and monitor trade barriers, which has helped to resolve over 70 cases involving measures by Zimbabwe. Zimbabwe has also since 2012 implemented the Interim Economic Partnership Agreement between the EU and the Eastern and Southern Africa group.

10. Zimbabwe ratified the WTO Trade Facilitation Agreement (TFA) in October 2018. It has notified all its TFA commitments to the WTO, as well as its technical assistance needs for category C measures. Zimbabwe would benefit from the simplification of its customs documentation requirements, as up to 15 paper documents may be required. Given its geographical location, Zimbabwe plays a critical role in the facilitation of regional transit traffic; yet despite harmonized transit provisions within COMESA and SADC, most member countries, including Zimbabwe, run their own national transit systems.

11. Zimbabwe's simple average applied MFN tariff increased from 15.4% at the time of its last Review in 2011 to 15.8% in 2019. A quarter of all tariff lines are bound. The applied rates exceed the corresponding bound levels (in some cases by as much as 60 percentage points) on 61 tariff lines; another 64 lines carry non-*ad valorem* rates that could potentially exceed their *ad valorem* bindings if the import prices of the products concerned were to fall. Moreover, a surtax is levied at the rate of 25% on imports of numerous products from all countries including COMESA and SADC members.

12. Zimbabwe continues to maintain a multitude of statutory instruments (over 150 in 2019) that provide for exemptions, suspensions or rebates of customs duties, excise duties, VAT or surtax. The high number of tariff exemption schemes is an indicator that some of Zimbabwe's MFN tariff rates may be too high, and thereby negatively affect the competitiveness of industries that rely on imported capital goods and inputs.

13. A system of non-automatic import licensing remains in place for import substitution purposes. The system has changed frequently and conditions to obtain licences appear to be opaque. Furthermore, licences issued to importers are often dependent on other permits or authorizations from other agencies; this multiple-layered system combines non-automatic licensing, quantitative restrictions and SPS requirements for agricultural products.

14. Pre-shipment inspection requirements were phased-out in 1998. However, in 2015 Zimbabwe made trading across borders more difficult by introducing a mandatory pre-shipment conformity assessment programme, which was notified to the TBT Committee. The scheme covers a range of products (12% of tariff lines at HS 8-digit level), subject to the payment of high and complex ad valorem fees. Zimbabwe provided five SPS notifications related to food safety. Overall, its legal framework for SPS measures requires modernization.

15. Zimbabwe's non-automatic licensing regime for exports covers a wide range of products, including most agricultural commodities. As in the case of import licensing, compulsory export licences are intended to ensure that enough quantities of produce are available domestically. Export taxes are in place on several minerals, with lower rates for transformed products.

16. State-owned enterprises play a major role in the economy, including in manufacturing, mining, utilities, and telecoms. For 2017, the Auditor General of Zimbabwe reported a worsening of the losses by the SOEs (some 107 of them in 2019) due to a continued lack of appropriate

governance. Several of these SOEs, such as the Grain Marketing Board and the Minerals Marketing Corporation of Zimbabwe (MMCZ), are engaged in international trade.

17. Zimbabwe has recently modernized its government procurement regime: The Public Procurement and Disposal of Public Assets Act came into force in January 2018; it contains domestic preference provisions. The new Procurement Regulatory Authority of Zimbabwe (PRAZ) oversees public procurement and has started for the first time to compile procurement data. In 2018, public procurement amounted to USD 1.5 billion, or 10% of GDP.

18. Zimbabwe's intellectual property rights regime is administered by the Department of Deeds, Companies and Intellectual Property under the Ministry in charge of Justice. The Zimbabwe Intellectual Property Office (ZIPO) oversees the registration of trademarks, patents, geographical indications, integrated circuit layout designs and industrial designs. Zimbabwe also has a plant breeder's rights legislation; however, the country is not a member of UPOV. Zimbabwe has yet to accept the Protocol amending the TRIPS Agreement to provide additional flexibilities to grant special compulsory licences for exports of medicines.

19. Agriculture is the main source of subsistence for most of the population. The sector's performance has varied substantially due to drought and other natural disasters, as witnessed by Cyclone Idai which hit Mozambique and Zimbabwe in March 2019. As a result, Zimbabweans remain highly food-insecure, with millions of people in need of food aid over the recent years. Maize is the key food security crop and therefore at the centre of Zimbabwe's agricultural policy. A range of policies are in place, essentially to control maize supplies, trade and prices. In response to the 2019 drought, the Government introduced a single-buyer regime whereby all marketed maize production must be channelled through the Grain Marketing Board (GMB). Other measures include temporary import and export bans depending on the domestic supply situation, an input subsidy scheme called "Command Agriculture", price support, and consumer subsidies. The GMB administers the Strategic Grain Reserve and acts as buyer of last resort for all grains and cotton. Applied MFN tariffs on agricultural products (WTO definition) averaged 25.1% in 2019.

20. Zimbabwe is endowed with more than 40 mineral and metal resources, including gold, platinum group metals, diamonds, nickel, coal, and chromite. A "beneficiation" policy to encourage local downstream processing is enforced through export taxes on "un-beneficiated" platinum group metals, diamonds and lithium. Exports are controlled by two state-owned marketing monopolies (MMCZ and Fidelity Printers and Refiners).

21. Zimbabwe's electricity sector is in a state of prolonged crisis, as reflected by chronic power cuts, lagging investment, and a drain on the public finances caused by the national power utility. Fuel imports have also been affected by a reduced availability of foreign currency, resulting in chronic fuel shortages. Zimbabwe's fuel import regime would benefit from market-based reforms, transparency, and strong competition policy enforcement.

22. Zimbabwe's manufacturing policy has been largely inward looking, relying on import substitution policies made effective through tariffs on final products and exemptions on inputs, as well as discretionary import licensing and a newly adopted local content strategy.

23. Zimbabwe has a long insurance tradition and is host to some of the world's oldest multinational insurance companies, such as Old Mutual. The main national insurance groups have close ties with Zimbabwe's main commercial banks as several financial conglomerates have insurance or banking subsidiaries.

24. Zimbabwe is one of the few countries where the State still has substantial ownership in mobile telecom operators. International communications are among the most expensive in Africa, suggesting that the sector's reform could be of considerable benefit to the economy. One of the main drivers of telecom services in Zimbabwe has been mobile banking, an alternative to cash for making payments. Zimbabwe saw a surge in mobile money transactions in 2018, as the foreign exchange shortage escalated into a cash crisis.

25. Tourism is Zimbabwe's flagship industry benefiting from the country's beauty and wildlife, and well-trained workforce. Tourism also benefits from more competition among air transport companies following the opening of the Zimbabwean skies.

1 ECONOMIC ENVIRONMENT

1.1 Main Features of the Economy

1.1. Zimbabwe is facing deep macroeconomic imbalances and structural rigidities[1], following a long spell of governance problems and international isolation. The economic crisis has led to long bank queues and shortages of fuel, electricity and many essential goods, as well as accelerating inflation. Effort to stabilize the economy are underway but reforms are reported to be hampered by vested interests by these governance issues and by corruption.

1.2. Zimbabwe has a population of nearly 15 million, with a per capita income of about USD 1,500 (Table 1.1). The country is highly vulnerable to droughts and other natural disasters, as witnessed by Cyclone Idai which hit Mozambique and Zimbabwe in March 2019. Together with past failed agricultural policies, this left millions of people in need of food aid in recent years. Remittances (8% of gross domestic product (GDP) in 2018) play an important role in supporting the people and sustaining the economy. Economic mismanagement has given rise to a large informal economy, estimated by the International Monetary Fund (IMF) at around 60% of GDP. Standards of living have fallen since the last Trade Policy Review (TPR), and Zimbabwe ranks 156th out of 189 on the United Nations Development Programme (UNDP) Human Development Index.[2] The economic crisis is jeopardizing Zimbabwe's otherwise high levels of literacy (over eight years of schooling on average) and health standards (life expectancy of 62 years).

1.3. Agriculture, mining and turism are the main pillars of the economy: the GDP share of agriculture was around 9% over recent years, while the share of mining was 6.4% in 2017. Exports of agricultural commodities and minerals (led by gold, nickel, and tobacco) contribute nearly 90% to total merchandise exports. While manufacturing has been in decline since the last TPR, Zimbabwe retains a relatively large and diversified manufacturing base (12.3% of GDP in 2017). Services contribute about 66% to GDP, led by wholesale and retail trade, tourism and education services. Tourism was the economy's bright spot until 2018.[3] State-owned enterprises play a major role in the economy, including in manufacturing, mining, utilities, and telecoms.

1.4. Zimbabwe's trade regime is characterized by heavy trade regulation, with licensing and permits of all descriptions. As a result of all the trade restrictions imposed by Zimbabwe over recent years, the importance of trade for its economy has significantly declined: its ratio of trade in goods and services to GDP has dropped from 89.5% in 2011 to about 50% in 2017. Overall, Zimbabwe stands to benefit from trade liberalization and market-oriented reforms. Moreover, the Customs Tariff could be reviewed on social grounds. In this regard, Zimbabwe's import duty on mosquito nets, to protect against malaria and other diseases, stands out: it is the highest tariff in Sub-Saharan Africa, with an *ad valorem* equivalent of nearly 200%.[4]

1.2 Recent Economic Developments

1.5. Following the adoption of the US dollar as the principal currency in 2009 to end hyper-inflation, and efforts towards political compromise, the Zimbabwean economy recovered, with double-digit growth rates from a deep recession (Chart 1.1). However, between 2013 and 2016, persistent structural challenges led to modest GDP growth. Economic performance since 2013 was also hampered by lost competitiveness due to the dollar appreciation *vis-à-vis* the currencies of Zimbabwe's trading partners and, increasingly, by foreign exchange shortages. While the homegrown economic problems are numerous, the performance of the economy also suffered from severe droughts, weaker international commodity prices, and lower remittances.

1.6. In November 2017, Zimbabwe witnessed the departure of the President in power since its independence in 1980; this was followed by general elections on 30 July 2018 (Section 2.1). The

[1] IMF, *Zimbabwe: Staff-Monitored Program – Press Release and Staff Report.* Viewed at: https://www.imf.org/en/Publications/CR/Issues/2019/05/31/Zimbabwe-Staff-Monitored-Program-Press-Release-and-Staff-Report-46952.

[2] UNDP, *Human Development Indices and Indicators, 2018 Statistical Update.* Viewed at: http://hdr.undp.org/sites/default/files/2018_human_development_statistical_update.pdf.

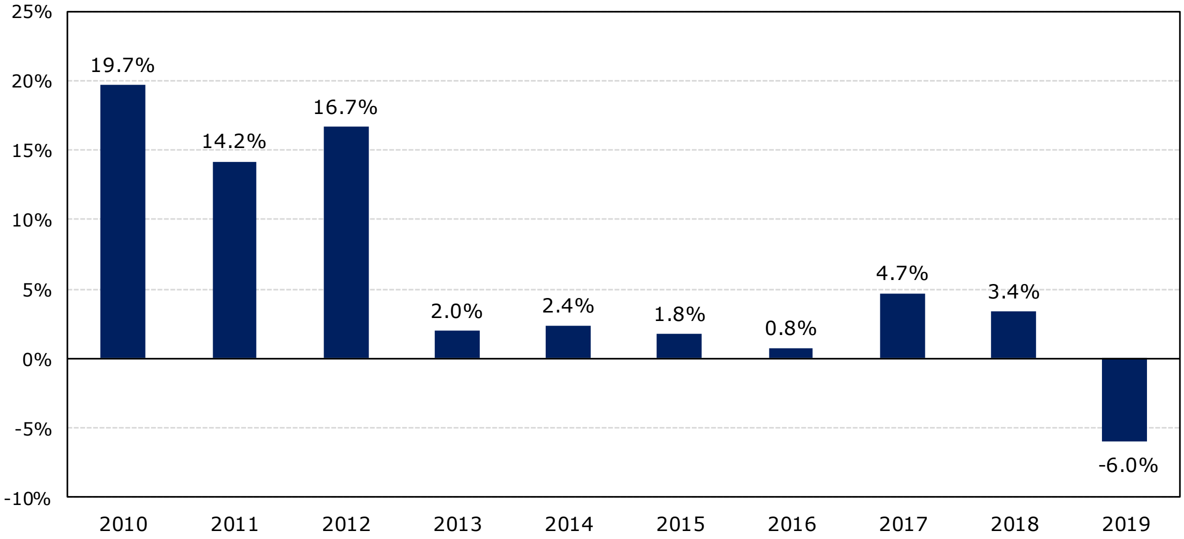
[3] Tourism receipts amounted to approximately 7.2% of GDP in 2018.

[4] 40% plus USD 5 per kg. Viewed at: https://www.wto.org/english/res_e/reser_e/ersd201714_e.pdf.

new Government inherited an economy characterized by large fiscal deficits, rising inflation, shortages of basic goods, and critically low international reserves.

Chart 1.1 Real GDP growth, 2010-19

(% change at 2012 prices)



Note: Projections for 2018 (IMF) and 2019 (the authorities).

Source: Zimbabwe National Statistics Agency; and IMF Country Report No. 19/144 (May 2019).

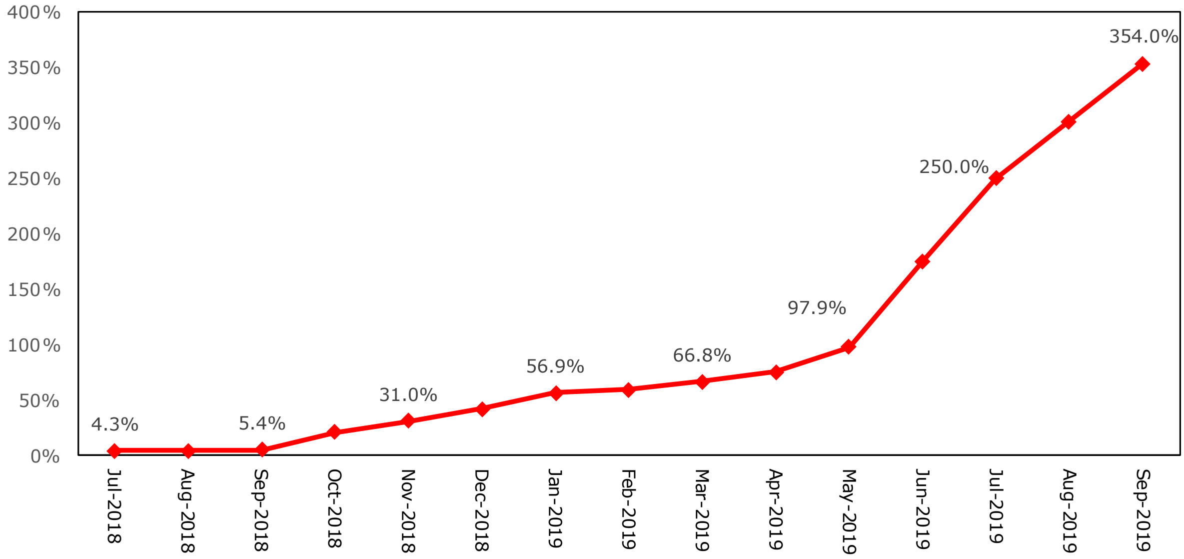
1.7. Against the background of a worsening fiscal and currency crisis, the Government launched the Transitional Stabilisation Programme (for the period October 2018 to December 2020), in order to restore macroeconomic stability and address structural issues. The 400-page Programme comprises an agenda for tackling the fiscal deficit; currency reform; reform of the public service and public procurement; reform and privatization of state-owned enterprises and parastatals; and a series of sectoral reforms (Section 4).[5] Importantly, the Government undertook to stop central bank financing of the fiscal deficit (see below).

1.8. Despite macroeconomic imbalances, foreign exchange shortages, low international reserves, and an uncertain economic outlook, certain sectors continued to grow well in 2017-18. Real GDP increased by 3.4% in 2018, driven by double-digit growth in agriculture (up by 10%), thanks to a good harvest.

1.9. However, the dire economic situation for most of the population continued in 2019, as witnessed by long queues at petrol stations, daily 18-hours electricity cuts, and shortages of many essential goods, including medicines. High inflation and currency depreciation (see below) eroded people's purchasing power. Having been kept under control until 2017, inflation has been accelerating since then (Table 1.1 and Chart 1.2). On 12 January 2019, the Government announced a drastic price increase for petrol and diesel (through a fivefold increase of excise taxes), causing social unrest. In March, Cyclone Idai hit Zimbabwe, affecting an estimated 250,000 people, and aggravating drought-related food insecurity. About five million people needed food assistance, according to the World Food Programme. The economy is forecast by the authorities to contract strongly in 2019 (by up to 6%), due, *inter alia*, to fiscal consolidation and the impact of Cyclone Idai (Chart 1.1).

[5] Veritas, *Transitional Stabilisation Programme Oct 2018-2020.* Viewed at: http://www.veritaszim.net/node/3307.

Chart 1.2 Zimbabwe inflation, July 2018-Sept 2019



Note: Estimates for August and September 2019.

Source: WTO Secretariat estimates, based on data from the Zimbabwe National Statistics Agency.

1.10. In May 2019, the IMF approved a Staff-Monitored Program (SMP) for Zimbabwe, running until early 2020. The Program is designed to provide technical assistance, but no loans, in support of the reform agenda under the Transitional Stabilisation Programme. Under the terms of the SMP, Zimbabwe undertook to implement "a large fiscal adjustment, the elimination of central bank financing of the fiscal deficit, and adoption of reforms to allow the effective functioning of market- based foreign exchange and debt markets. Structural reforms include steps to reform and privatize state-owned enterprises, enhance governance including in procurement and revenue administration, and to improve the business environment. The SMP also includes important safeguards to protect the country's most vulnerable people".[6] However, the IMF notes "that there are also significant implementation risks of the monetary and exchange rate reforms, as well as addressing governance and corruption weaknesses, which could adversely impact the attainment of SMP objectives."[7]

Table 1.1 Selected macroeconomic indicators, 2011-18

	2011	2012	2013	2014	2015	2016	2017	2018
Nominal GDP (USD million)[a]	14,101.9	17,114.8	19,091.0	19,495.5	19,963.1	20,548.7	22,040.9	23,113.0
Real GDP (% change at 2012 prices)[a]	14.2	16.7	2.0	2.4	1.8	0.8	4.7	3.4
Per capita GDP (at current prices)	1,131.8	1,310.4	1,428.0	1,428.0	1,431.7	1,440.8	1,510.8	1,554.6
Per capita GDP (at constant 2012 prices)	1,177.4	1,310.4	1,305.7	1,309.0	1,304.5	1,284.9	1,315.3	..
Trade (goods and services) (% of GDP)	89.5	74.2	58.7	54.7	56.7	51.2	50.0	..
Population (million)	12.5	13.1	13.4	13.7	13.9	14.3	14.6	14.9
Remittance inflows (compensation of employees and personal transfers) (USD million)	1,919.5	2,113.6	1,890.3	1,904.0	2,046.6	1,856.0	1,729.9	1,729.9
Remittances (% of GDP)	13.6	12.3	9.9	9.8	10.3	9.0	7.8	7.5
GDP by economic activity (% of GDP at current factor cost)								
Agriculture, hunting, fishing and forestry	9.9	9.1	8.0	9.8	9.3	8.8	9.3	..
Mining and quarrying	8.1	7.1	7.0	6.6	6.1	6.6	6.4	..

[6] Viewed at: https://www.imf.org/en/Publications/CR/Issues/2019/05/31/Zimbabwe-Staff-Monitored-Program-Press-Release-and-Staff-Report-46952.

[7] Transparency International places Zimbabwe close to the bottom (163rd out of 183 countries) of its corruption perception index, with little improvement since 2011.

	2011	2012	2013	2014	2015	2016	2017	2018
Manufacturing	10.4	15.9	14.5	14.1	13.4	12.9	12.3	..
Electricity, gas, steam and air conditioning supply	3.5	3.0	2.7	3.1	3.0	2.5	2.4	..
Water supply; sewerage, waste management and remediation activities	0.3	0.3	0.2	0.2	0.2	0.2	0.2	..
Construction	2.3	2.5	2.4	2.4	2.4	2.4	2.5	..
Services, of which:	65.4	62.1	65.2	63.8	65.5	66.6	66.9	..
Wholesale and retail trade; repair of motor vehicles and motorcycles	17.3	16.3	17.3	17.0	17.2	18.5	18.8	..
Transportation and storage	4.9	4.1	3.6	3.7	3.8	3.7	3.7	..
Accommodation and food service activities	4.1	3.9	4.1	4.0	4.0	3.9	4.0	..
Information and communication	10.6	4.9	8.1	7.9	8.0	7.6	7.7	..
Financial and insurance activities	5.9	7.5	7.7	5.4	5.5	5.9	5.7	..
Real estate activities	1.6	2.0	2.0	2.2	2.4	2.3	2.2	..
Public administration and defence; compulsory social security	7.3	8.4	7.7	8.3	8.4	8.7	8.3	..
Education	7.6	8.8	9.0	9.6	10.3	10.2	10.8	..
Human health and social work activities	1.7	1.9	1.9	2.0	2.2	2.3	2.3	..
Government fiscal operation (% of GDP)								
Revenue including grants	20.7	20.4	19.6	19.1	18.7	17.0	19.9	22.9
Total expenditure and net lending	21.6	21.0	20.9	20.1	19.7	22.9	27.4	35.3
Overall balance including grants	-0.9	-0.5	-1.3	-1.0	-0.9	-5.9	-7.6	-12.4
Public debt (USD million, unless otherwise indicated, end of period)								
Consolidated public sector debt	8,096	8,565	8,642	10,236	10,253	11,991	15,109	18,718
% of GDP	57.4	50.0	45.3	52.5	51.4	58.4	68.6	81.0
Public and publicly guaranteed external debt	8,096	8,290	8,267	8,560	8,015	7,958	8,113	9,106
% of GDP	57.4	48.4	43.3	43.9	40.1	38.7	36.8	39.4
of which: arrears	4,234	4,501	4,749	5,261	4,958	5,036	5,393	5,876
% of GDP	30.0	26.3	24.9	27.0	24.8	24.5	24.5	25.4
Prices and exchange rates								
Real Time Gross Settlement (RTGS)/USD (end of period)[b]	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Real effective exchange rate (REER) (February 2009=100) Appreciation (-)/ Depreciation (+)	-11.3	-5.9	-16.6	-14.2	-36.6	-1.2	11.8	26.6
Annual inflation (period average) %	3.5	3.7	1.6	-0.2	-2.4	-1.6	0.9	10.6
Annual inflation (end of period) %	4.9	2.9	0.3	-0.8	-2.5	-0.9	3.5	42.1
Foreign direct investment (FDI) (in USD million, unless otherwise indicated)								
FDI flows in Zimbabwe	387.0	399.5	400.0	544.8	421.0	371.8	349.4	744.6
% of GDP	2.7	2.3	2.1	2.8	2.1	1.8	1.6	3.2
FDI stock in Zimbabwe	2,201.5	2,601.0	3,001.0	3,545.8	3,966.8	4,338.6	4,688.0	5,432.6
% of GDP	15.6	15.2	15.7	18.2	19.9	21.1	21.3	23.5

.. Not available.

a Preliminary data for 2018.

b Officially the RTGS was pegged at 1:1 to the US dollar, before the introduction of the interbank foreign exchange rate market in February 2019.

Source: Reserve Bank of Zimbabwe, *Statistics*. Viewed at: https://www.rbz.co.zw/index.php/research/markets; UNCTAD Stat. Viewed at: https://unctadstat.unctad.org/wds/ReportFolders/reportFolders.aspx?sCS_ChosenLang=en; World Bank *Migration and Remittances Data*. Viewed at https://www.worldbank.org/en/topic/migrationremittancesdiasporaissues/brief/migration-remittances-data; and IMF Country Report No.19/144, May 2019.

1.2.1 Monetary and exchange rate policies

1.11. Following a severe foreign exchange crisis and hyper-inflation in 2008, the Reserve Bank of Zimbabwe (RBZ) discontinued the use of the Zimbabwean dollar in 2009, and adopted a multi-currency regime, with the US dollar as the principal currency and unit of account.[8] Under this regime, the South African rand, the British pound, the euro, and the Botswana pula became legal tenders, together with the US dollar. In February 2014, the Australian dollar, the Chinese yuan, the Indian rupee, and the Japanese yen were added to the list.

1.12. Under the multiple currency system, Zimbabwe formally ceased to have a domestic currency. However, in 2014, the RBZ started to credit account holders with electronic money balances, termed Real Time Gross Settlement (RTGS), using, for purposes of accounting, an exchange rate of one-to-one between the RTGS and the US dollar. Most domestic transactions were carried out with the RTGS electronic currency. At this point, the RTGS dollar became *de facto* a domestic currency.

1.13. While the Reserve Bank lost its monetary policy autonomy after 2009, it managed, through moral suasion, to influence interest rates. It negotiated with banks to bring down interest rates, in order to stimulate economic activity, from as high as 35% per annum in 2009 to 6%-12% by 2018. However, due to Zimbabwe's international isolation and poor business environment, FDI was subdued. At the same time, the country continued to rely heavily on imported goods (given the overvalued exchange rate at the official exchange rate), while export performance was sluggish. As a result, the country continued to experience foreign currency shortages, resulting in the emergence of a parallel market for foreign currency.

1.14. The foreign exchange shortage escalated into a cash crisis, with long queues outside banks, and limited cash availability at many ATMs. In 2015, a limit was imposed on withdrawals in US dollars at USD 10,000 per day, later reduced to USD 5,000 per day. By 2019, it was no longer possible to withdraw US dollars. In October 2019, the RBZ announced that it would inject cash into the economy to ease the cash shortages. Furthermore, it actively promoted mobile banking, and most consumer purchases are made with mobile money transfers (Section 4.4.6.1).

1.15. In October 2016, the RBZ introduced an export incentive, payable in "Bond Notes", to promote export growth (see Section 3.2.4), and to deal with the shortage of US dollars notes. The RBZ started issuing 2-dollar and 5-dollar denominated Bond Notes, officially exchangeable at a par with the US dollar (until 20 February 2019). Bond Notes were granted legal tender in all transactions and, together with Bond Coins (introduced in 2014), are still in circulation today.

1.16. However, the foreign currency situation continued to deteriorate – mainly owing to loose fiscal policy (see below) – leading to high parallel market premiums. In response, the RBZ introduced policies to ration the use of foreign currency, including a foreign exchange priority list and forex surrender requirements. These were implemented alongside trade measures designed to save foreign currency by restricting imports, notably through discretionary import licensing (Section 3.1.7).

1.17. From May 2016, local banks were entrusted to allocate foreign exchange according to a foreign exchange priority list, to direct the allocation of forex to exporters, import substitution industries, and strategic imports.[9] Initially, the list had four categories of priority (high, medium, low and non-priority); it was last revised in February 2019 (Table 1.2). At present, foreign currency requirements for imports of essential commodities, including fuel, cooking oil, electricity, medicines, and chemicals, are made through RBZ letters of credit facilities and/or by the Foreign Exchange Allocations Committee.[10] In November 2019, these measures were still in place, but there was no foreign currency to allocate.

[8] Reserve Bank of Zimbabwe, *Monetary Policy Statement, January 2009*. Viewed at: https://rbz.co.zw/documents/mps/mpsjan2009.pdf.

[9] RBZ, *Exchange Control Directive RR86/2016*. Viewed at: http://www.veritaszim.net/sites/veritas_d/files/Reserve%20Bank%20of%20Zimbabwe%20Exchange%20Control%20Operational%20Guidelines%20-%20ECOGAD%208-16%20and%20Exchange%20Control%20Directive%20RR%2086.pdf.

[10] RBZ, Monetary Policy Statement, February 2019.

Table 1.2 Priority list for foreign currency payments, February 2019

Category	Foreign currency payments
Category One 70%	- Net exporters who import raw materials or machinery to help them to produce and generate more exports; - Non-exporting importers of raw materials and machinery for local production (value addition) as a direct substitution for imports of essential finished goods; - Imports of critical and strategic goods, such as basic foodstuffs and fuel, health products and agro-chemicals, if these goods are not available locally (to be funded through Letters of Credits and allocations from the Allocation Committee); - Repayments of offshore loans procured to fund productive activities; - Payments for services not available in Zimbabwe; - Foreign investment (capital disinvestments, profits and dividends); - Remittances of rental income from properties owned by non-resident Zimbabweans and foreign investors that acquired the property using funds originating offshore and transferred through normal banking channels; - Remittances of pension income of non-resident Zimbabweans who formally emigrated from Zimbabwe; - Importation of packaging material not available in Zimbabwe; - University and college fees; - Mining consumables, such as specialized steel rods; and - Goods and services not locally available for tourism operators.
Category Two 30%	- Capital remittances from the disposal of local property; - Capital remittances from cross-border investments; - Funding of offshore credit cards; - Importation of trinkets, low local-content consumer goods and/or goods readily available in Zimbabwe including non-commercial vehicles, maheu, bottled water, tomatoes, vegetables, etc; - Payments for services available in Zimbabwe; and - Donations.

Source: Exchange Control Directive RU 28/2019 of 22 February 2019.

1.18. Foreign exchange surrender requirements were first introduced in 2016, and were last revised in February 2019 (Table 1.3). Manufacturing enterprises, for instance, currently retain 80% of their export proceeds in foreign currency, but for a short period of time only (30 days, see below), while 20% of the receipts are immediately surrendered to the RBZ. The policy involves taking foreign exchange earnings from private foreign currency accounts (FCAs) and replacing them at a rate of one-to-one (until 19 February 2019) with electronic money (RTGS) balances.

Table 1.3 Foreign exchange surrender thresholds, 2016, 2018 and 2019

	2016	2018	2019
Category of exporter	**Share of foreign currency receipts retained by exporter (%)**		
Manufacturing	100	100	80
Large-scale gold producers	50	30	55
Small-scale gold producers	50	30	55
All other minerals	50	100	50
Tobacco and cotton merchants' offshore loans for input schemes[11]	20	20	80
Tobacco and cotton offshore loans for the purchase of crops	20	20	0
Tobacco and cotton growers			50
Agriculture and horticulture	100	100	80
Transport and other services	100	100	80

Source: RBZ, *Exchange Control Directive RR:101/2016*, and *Exchange Control Directive to Authorised Dealers, RU28/2019, 22 February 2019*. Viewed at: https://www.rbz.co.zw/documents/publications/circulars/exchange-control-directive-ru-28-of-2019.pdf.

1.19. The foreign currency surrender regime requires exporters to utilize their retained export receipts in Nostro FCAs within 30 days from the date of receipt; all unutilized balances are sold by the RBZ in the interbank market. Large-scale tobacco growers (with more than 2 hectares) have 180 days to use their foreign currency proceeds. Exporters that are subject to the short 30-day

[11] When tobacco and cotton merchants draw down on the input finance facilities, 20% of the draw-down is transferred to the RBZ Nostro account, and the RBZ transfers the equivalent amount to authorized dealers in the local currency.

forex retention thus face additional costs of currency conversion and exchange rate risk, where production and related financial commitments are seasonal.

1.20. Over time, as the RTGS receipts from exports lost their value in US dollar terms, Zimbabwe's forex surrender effectively became a hefty tax on exporters. Their ability to cover import requirements was compromised, thereby constraining production. The forex surrender scheme also distorted imports. Those who had access to foreign currency at the official one-to-one RTGS$/USD rate benefitted from artificially cheap imports, which greatly increased the demand for fuel and consumer goods, as well as inviting illicit transactions.

1.21. On 20 February 2019, the RBZ officially recognized the RTGS dollar as the *de facto* domestic currency, and established an interbank market for foreign exchange on a willing-buyer willing-seller basis.[12] This step effectively put an end to the artificial parity between RTGS dollars and US dollars, although the multiple currency system was maintained. The exchange of RTGS balances, including Bond Notes and mobile electronic money balances, were done at the prevailing market exchange rate through banks and bureaux de change. All entities, including the Government and individuals, were directed to use the RTGS dollar for the purposes of pricing goods and services, recording debts, accounting, and settlement of domestic transactions.[13] Zimbabweans consequently witnessed a major loss of value of their RTGS balances in US dollar terms, eroding people's purchasing power. However, the floating of the RTGS dollar eased the exchange rate burden for exporters, as export proceeds were credited at the prevailing market exchange rate. However, compulsory forex surrender and rationing remain in place.

1.22. However, the official interbank foreign exchange market was not functioning properly, since there was little trust and trade in the RTGS dollar on the official market. At end-February 2019 at the time of floating, the RTGS dollar started being traded at RTGS$ 2.50 per US dollar. It depreciated to about RTGS$ 8.84 per US dollar by mid-July 2019 (Chart 1.3) and RTGS$ 16.00 by October 2019.

1.23. On 24 June 2019, the Government abolished the multi-currency system, and re-introduced the Zimbabwe dollar as sole legal tender (Statutory Instrument 142 of 2019).[14] RTGS dollars, Bond Notes, and Bond Coins were converted at a par into (new) Zimbabwe dollars. To support the transition to the Zimbabwe dollar, the RBZ increased the supply of foreign currency into the interbank foreign currency market, by announcing that at least 50% of the surrender portion of foreign currency would be sold to the interbank market. This was supplemented by Reserve Bank Letters of Credit worth USD 330 million for imports of essential commodities (including fuel, cooking oil, and wheat).

1.24. The RBZ also guaranteed the exchange rate, at par, of foreign currency "legacy debts" (debts incurred by private companies in foreign currencies at an expected 1:1 exchange rate between RTGS dollars and US dollars). Up to USD 1.2 billion of private debt could potentially be presented to the RBZ, according to the authorities.

1.25. Since 24 June 2019, foreign currencies have, in principle, been banned in domestic transactions by residents, but there are multiple exceptions. First, certain customs duties continue to be payable in foreign currency (see below). Second, transactions in foreign currencies from Nostro FCAs continue to be permitted. Third, the payment of all tourism-related services, and international airlines services is permitted in foreign currency.

1.26. The RBZ put in place measures to establish confidence in the new domestic currency, and achieve low and stable inflation. The surge of inflation in June 2019 was, according to the authorities, mainly attributable to money supply growth emanating from high fiscal deficits experienced since 2013 (Chart 1.3). The RBZ thus adopted a monetary targeting framework, aimed at reducing money supply growth to 8%-10% by end-2019. It increased the overnight interest rate

[12] RBZ, Monetary Policy Statement, Establishment of an Inter-Bank Foreign Exchange Market to Restore Competitiveness. Viewed at: http://veritaszim.net/node/3427.

[13] The Export Incentive Scheme was discontinued with effect from 21 February 2019.

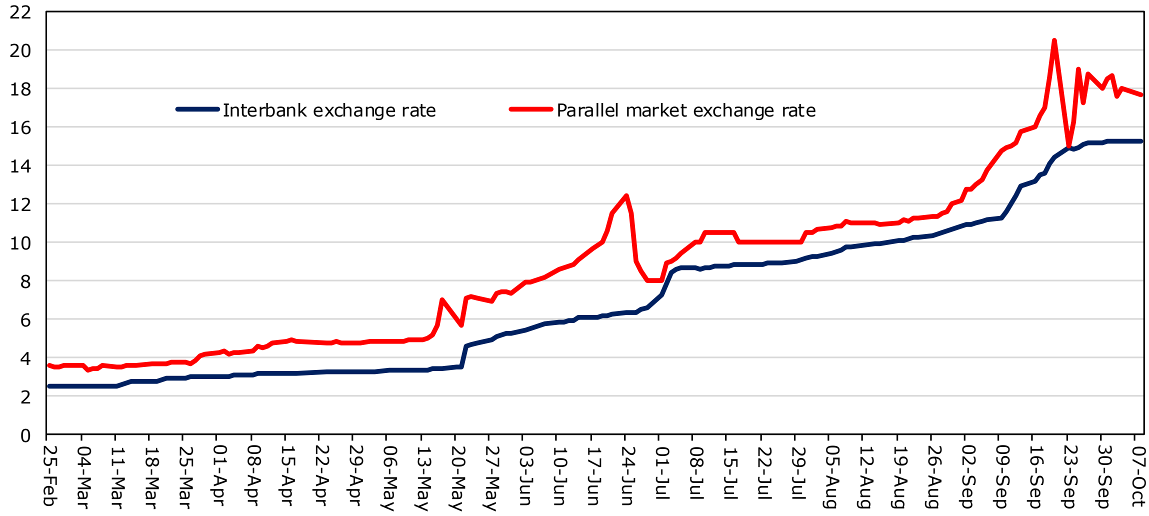
[14] Reserve Bank of Zimbabwe (Legal Tender) Regulations, Statutory Instrument 142 of 2019. Viewed at: http://www.veritaszim.net/sites/veritas_d/files/S.%20I.%20142%20of%202019%20Reserve%20Bank%20of%20Zim%20%28Legal%20Tender%29%20Regulations%2C%202019%20-1.pdf.

for banks from 50% to 70% with effect from September 2019, to discourage borrowing for speculative reasons such as buying foreign currency. In addition, a 5% reserve requirement for banks was introduced in 2018, as a way of mopping up excess liquidity in the economy. To complement these efforts, the Government embarked on fiscal consolidation, and has committed to limit recourse to central bank borrowing to 5% of the previous year's total fiscal revenue (even though a 20% borrowing rate remains in the RBZ's statutes). However, the IMF noted, in September 2019, that "a recent expansionary monetary stance" had been a factor in the fast depreciation of the Zimbabwe dollar.[15]

1.27. Following the re-introduction of the Zimbabwe dollar, the spread between the exchange rates on the parallel market and the interbank market narrowed (Chart 1.3). However, the shortage of bank notes and coins, as evidenced by long queues at the ATMs of most banks, continued unabated and led to price distortions and arbitrage opportunities, depending on which type of payment was used (electronic money, Bond Notes, or US dollars). The authorities acknowledged that "failure to get cash is undermining the confidence in the local currency as well as forcing economic agents to resort to illegal transactions in foreign currency and to selling at a premium".[16]

Chart 1.3 Exchange rate of the Zimbabwe dollar against the US dollar, 2019

(ZML/USD)



Source: Information provided by the authorities.

1.2.2 Fiscal policy

1.28. Zimbabwe began posting massive budget deficits from 2016 onwards (Table 1.1). By 2018, the fiscal deficit reached 12.4% of GDP, despite fiscal tightening when the new Government assumed office. One of the main drivers of the budget deficit was the support to agriculture.[17] The Government acknowledged that the support for maize, with a guaranteed price of USD 390/tonne (more than twice as high as world market prices) and the Command Agriculture (input subsidy) scheme were becoming unsustainable (Section 4.1).[18] However, support for agriculture was significantly increased in 2019 (see below).

1.29. Zimbabwe's budget deficits were financed essentially by a policy of money printing. The funds were borrowed from the RBZ outside the budget (by issuing Treasury Bills) and through overdraft facilities with the RBZ. Table 1.4 shows a net increase of RBZ claims on the central

[15] IMF, IMF Staff Concludes Visit for the Article IV Consultation and Discussions on the First Review of the Staff-Monitored Program to Zimbabwe. Viewed at: https://www.imf.org/en/News/Articles/2019/09/26/pr19355-zimbabwe-imf-staff-concludes-visit-art-consult-discuss-1st-rev-staff-mon-program.

[16] RBZ, 2019 Mid-Term Monetary Policy Statement, pg. 11.

[17] "Expenditure on agriculture, which reached USD 1.1 billion as at August 2018, against an annual Budget target of USD 401 million, has been one of the major drivers of the budget deficit." Budget Speech para. 246.

[18] Transitional Stabilisation Programme, para. 820.

Government, from USD 4 to 7 billion in 2017-18, which set in motion money creation, excess demand for foreign currency, and accelerating inflation.

Table 1.4 Government financing by the RBZ, 2015-18

(RTGS$ million)

	2015	2016	2017	2018
RBZ				
Net foreign assets	-639	-574	-1,126	-1,758
Net domestic assets	1,203	2,047	3,794	5,016
Net credit to financial corporations	70	-149	-406	-2,246
Claims on central Government	1,350	2,338	3,986	7,025
of which: government securities	214	566	1,479	2,062
of which: loans (incl. overdraft)	1,136	1,771	2,507	4,962
Other items, net	-217	-142	214	237
Monetary base	563	1,473	2,668	3,258
	(Annual % change)			
Monetary base	21.4	161.5	81.2	22.1

Source: RBZ.

1.30. In the multi-currency era, the national budget was denominated in US dollars, and taxes were payable in US dollars. In November 2018, the Zimbabwe Revenue Authority (ZIMRA) ordered that customs duties, excise taxes, and value added tax (VAT) on certain imported consumer goods (certain food items, alcoholic beverages, tobacco products, and vehicles) were to be paid in foreign currencies (Statutory Instrument (S.I.) 252A of 2018). In response to concerns by the manufacturing industry that some of the designated goods were critical raw materials, S.I. 252A/2018 was amended through S.I. 170/2019 to exclude goods such as fresh cheese, groundnuts, and mixtures of fruit juice concentrates from the list. According the authorities, this is implemented in the form of a tariff quota, whereby the S.I. lapses once when the allocated quantities are exhausted.

1.31. Income taxes are the main source of government revenues (36% in 2017), followed by the combined import taxes in terms of customs duties, and excise duties and VAT on imports (Table 1.5). Revenue collections from excise tax (mainly fuel import-related) and VAT on domestic goods increased substantially following improvements in collection methods; the Government introduced withholding tax on VAT compelling small businesses to comply (Section 3.1.5). Support from development partners is outside the budget, and is estimated at about USD 600 million in 2019.

Table 1.5 Government revenues and grants, 2010, 2015 and 2017

	2010		2015		2017	
	USD million	% of total	USD million	% of total	USD million	% of total
Total revenue including ZIMRA grants	2,339.1	100.0	3,737.1	100.0	3,870.0	100.0
Tax revenue	2,214.6	94.7	3,548.1	94.9	3,627.8	93.7
Tax on income and profits	852.1	36.4	1,395.5	37.3	1,416.7	36.6
Customs duties	339.9	14.5	344.9	9.2	295.1	7.6
Excise duties, of which:	165.1	7.1	714.2	19.1	675.9	17.5
Beer	41.9	1.8	63.1	1.7	47.1	1.2
Wines and spirits	12.0	0.5	18.6	0.5	17.1	0.4
Tobacco	11.5	0.5	25.3	0.7	22.9	0.6
Fuels	91.0	3.9	560.6	15.0	531.4	13.7
VAT	830.0	35.5	985.2	26.4	1,075.3	27.8
Domestic goods	459.3	19.6	815.3	21.8	883.6	22.8
Imported goods and services	370.7	15.8	452.9	12.1	387.9	10.0
Withholding tax	0.0	0.0	..	..	24.9	0.6
Refunds	0.0	0.0	-283.1	-7.6	-221.1	-5.7
Other indirect taxes	27.5	1.2	108.2	2.9	164.7	4.3
Non-tax revenue	124.5	5.3	189.0	5.1	242.2	6.3

Source: Ministry of Finance and Economic Development, *2019 Mid-Term Fiscal Policy Review and Supplementary Budget*. Viewed at: http://www.zimtreasury.gov.zw/index.php/resources/2019-budget.

1.32. Zimbabwe grants exemptions from import taxes (customs duties, excise duties, and surtax) within the framework of its preferential trade agreements, and pursuant to over 150 statutory exemption codes (Section 3.1.6). The annual revenue foregone is compiled and published by ZIMRA in a transparent manner. As Table 1.6 shows, Zimbabwe incurs substantial revenue foregone (USD 769 million in 2018), over half of which was attributable to preferential access under trade agreements (USD 414 million).

Table 1.6 Revenue foregone, 2017-18

(USD '000)

	Total revenue foregone 2017	Total revenue foregone 2018
C.i.f. value	1,987,076	2,585,033
Total revenue foregone, of which:	697,019	768,717
Customs duty	544,300	560,962
VAT	143,434	196,864
Surtax	9,285	10,891
Revenue foregone under preferential trade agreements, of which:	465,074	413,912
SDC (South Africa under the SADC)	229,927	220,840
CSA (COMESA)	47,632	38,854
TAG (other trade agreements)	104,844	66,138
RSA (South Africa bilateral)	21,640	13,723
SADC except South Africa	57,388	69,048
MZA (Mozambique)	2,922	3,558
EPA (EU)	721	1,751

Source: ZIMRA, *2018 Annual Revenue Foregone Report.*

1.33. Zimbabwe's subsidies were estimated by the IMF at 8% of GDP in 2017, most of which were allocated for agricultural support (Section 4.1) and state-owned enterprises. Thus, Air Zimbabwe, Zimbabwe Electricity Supply Authority Holdings (ZESA), and Agribank, amongst others, were recapitalized within the 2019 Budget. Also, fuel was subsidized by the Government (Section 4.2.2).

1.34. The 2019 national budget was premised on commitments to consolidate the budget and to eliminate monetization of the deficit. However, the original budget was revised in July 2019, mainly to react to the drought and provide additional funds for agricultural support and strategic reserve imports (Section 4.1), and for repair of infrastructure following Cyclone Idai. However, the Government still expects to reduce the budget deficit to 4% of GDP in 2019. In the first quarter of 2019, Zimbabwe recorded a fiscal surplus, as a result of higher-than-expected revenues.

1.35. The following are key revenue measures, decided as part of the 2019 national budget:

- first introduced in October 2018[19], the Intermediated Money Transfer Tax is currently levied at 2%, with a tax-free threshold of ZWL 20 and a cap of ZWL 15,000 for transactions exceeding ZWL 750,000. The tax is expected to raise USD 600 million in 2019. It is mainly levied on electronic money transfers, including mobile money transfers, between informal operators. It is paid by the transferor to ZIMRA via a financial institution or a provider of mobile banking services;

- additional import duty rebates/exemptions (Section 3.1.6) were granted to manufacturers;

- excise taxes rates were increased (Section 3.1.5 and Section 4.2.2); and

- tax deductibility of mining royalties was introduced (Section 4.2.1).

1.36. As a result of uncontrolled domestic borrowing and central bank financing of the budget deficit, Zimbabwe's consolidated public debt increased to 81.0% of GDP by end-2018, up from 68.6% in 2017 (Table 1.1).[20] Over 60% of the public debt was external debt (USD 9.1 billion), a

[19] S.I. 2018-205 of October 2018. Viewed at: http://veritaszim.net/node/3252.

[20] In addition to public debt, Zimbabwe has a contingent liability in terms of compensation payments to farmers expropriated during the former government era, estimated at USD 2.4 to USD 10.0 billion, according to the IMF.

large part being arrears (USD 5.9 billion) (Table 1.1), which has largely cut Zimbabwe off from international capital markets (see below). The clearance of external debt arrears *vis-à-vis* the international financial institutions was a necessary condition for improving access to foreign finance. Zimbabwe has limited access to the international capital markets also due to sanctions by some countries.[21]

1.2.3 Balance of payments

1.37. Zimbabwe has been running persistent current account deficits (Table A1.1). The deficit increased to 6.1% of GDP in 2018 (up from 1.3% in 2017), driven by surging imports owing to unrestrained fiscal and monetary policies. Foreign currency reserves dwindled to just 0.5 months of imports by end-2018 (Table A1.1). The RBZ expects the current account deficit to decline in 2019. Indeed, Zimbabwe posted a current account surplus in the first quarter of 2019, reflecting a moderate increase in exports and lower imports due to foreign exchange shortages and austerity measures.

1.38. In the Zimbabwean dollarized economy, exports were key to providing liquidity and stimulating economic activity. However, for most of the period under review (2011-19), the country's export performance was weak, partly for reasons of declining international commodity prices and lost competitiveness, as the US dollar strengthened *vis-à-vis* regional currencies. The real effective exchange rate (REER) appreciated between 2011 and 2016 (Table 1.1). With the stronger US dollar, remittances also declined as a source of finance in the economy (USD 1.9 billion in 2018, Table 1.1).[22] The diaspora remittances from workers in South Africa (about one third of the total) decreased with the depreciating South African rand.

1.39. In the multi-currency system, the loss of competitiveness could only have been reversed through internal devaluation, i.e. through relative gains in efficiency in production or through measures to reduce the cost of production, such as cutting wages. Zimbabwe's policies, however, created a bias against the productive sector and export competitiveness. As noted above, exporters were implicitly taxed, owing to, *inter alia*, forex surrender requirements combined with an artificial, overvalued exchange rate (1:1 RTGS$ per US dollar).

1.40. The current account deficit was financed primarily by FDI and private sector offshore loans. According to the authorities, external loans below USD 20 million require registration by an authorized dealer, while those above USD 20 million are subject to RBZ exchange control approval.

1.41. In some years, Zimbabwe's balance of payments featured relatively large "net errors and omissions", ranging up to 12% of GDP (2011). These statistical discrepancies are likely to reflect capital flight and illicit transactions, among other reasons.[23]

1.3 Developments in Trade and Investment

1.3.1 Trends and patterns in merchandise and services trade

1.42. Imports of goods continue to significantly outstrip exports (Chart 1.4). However, merchandise exports recovered significantly in recent years, reaching USD 4 billion in 2018 (Table A1.2). Zimbabwe's export performance closely mirrors the cyclical trends in the mining sector, which staged a recovery following a sharp downturn in 2013-15. Mining exports contributed close to 60% to export earnings in 2018, with gold accounting for 28.3%. Manufacturing exports plummeted by 45% from USD 739.5 million in 2011 to USD 470.4 million in 2018, on account of liquidity constraints, the high cost of imported raw materials, and power shortages. Exports of

[21] See for example US Department of the Treasury Office of Foreign Assets Control, (OFAC), *Zimbabwe Sanctions Program*. Viewed at: https://www.treasury.gov/resource-center/sanctions/Programs/Documents/zimb.pdf.

[22] RBZ, *Monetary Policy Statement*, February 2019, pg. 30.

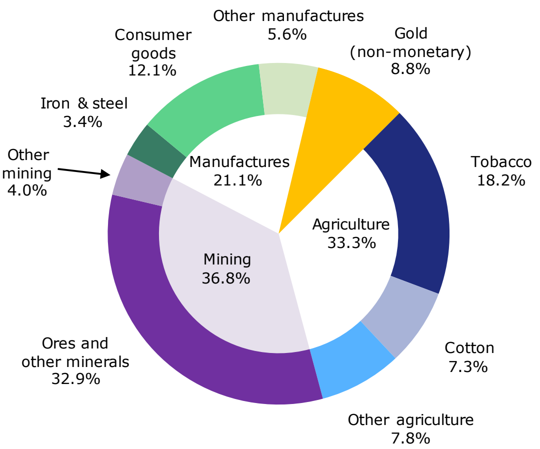
[23] In 2018, the former President of Zimbabwe revealed that, in the period 2009-16, "over 15 billion dollars' worth of diamond revenues could not be accounted for, at a time when the country was experiencing severe liquidity challenges and economic contraction". Viewed at: https://cy4ad5.c2.acecdn.net/wp-content/uploads/2018/06/diamond-revenue.pdf.

tobacco, which is the number one agricultural commodity for Zimbabwe, increased by 15%, while other agricultural exports declined.

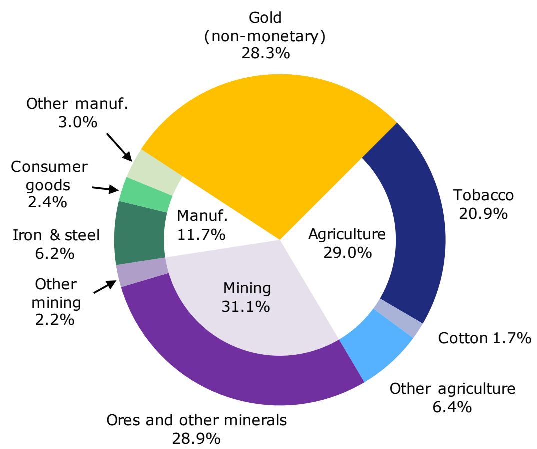
Chart 1.4 Composition of merchandise trade, 2011 and 2018

2011 **2018**

Exports, including re-exports (f.o.b.)

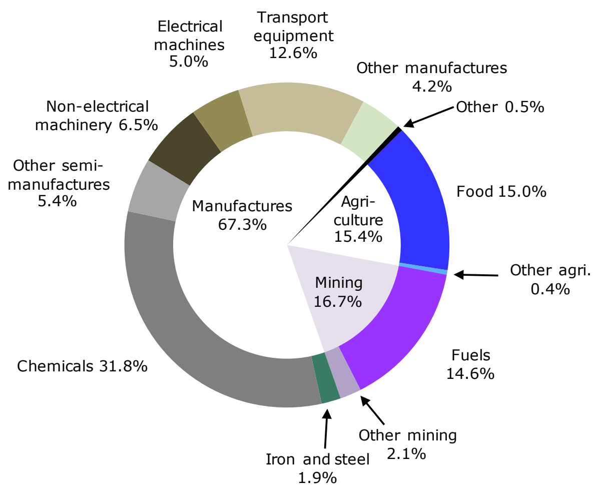


Total: USD 3,512.9 million

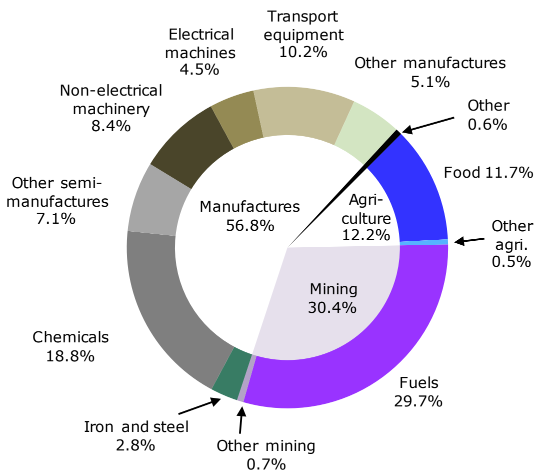


Total: USD 4,037.2 million

Imports (c.i.f.)



Total: USD 8,599.3 million



Total: USD 6,258.9 million

Source: WTO Secretariat's calculations, based on United Nations Statistics Division (UNSD), Comtrade database (SITC Rev.3).

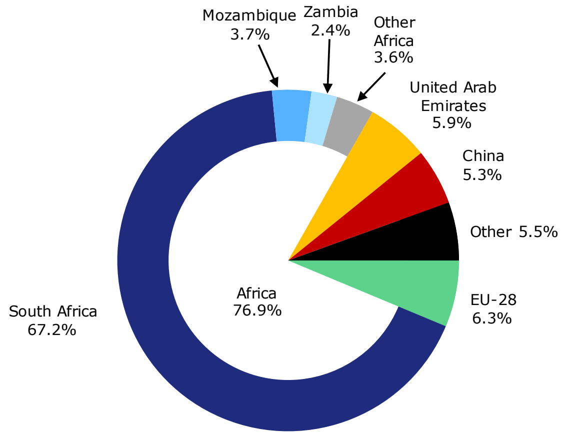
1.43. Dominated by fuels, chemicals, food products and transport equipment, merchandise imports (except fuel) declined sharply since 2011, reflecting the slowdown in economic growth, as well as the foreign currency control measures put in place in 2016 and the restrictive trade measures (Table A1.3). Zimbabwe sources most of its imports from South Africa, and its imports of fuel from Singapore.

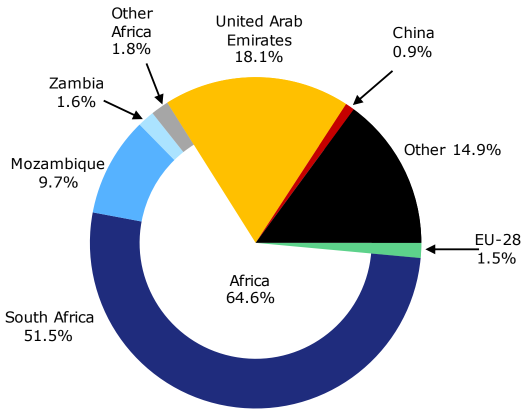
1.44. South Africa is Zimbabwe's main trading partner by far (Chart 1.5). South Africa's dominant position also reflects goods that are trans-shipped from South Africa to landlocked Zimbabwe. Zimbabwe imports mostly cereals, machinery and fuel from South Africa, and exports tobacco and precious stones and metals, among others, to it. Trade with COMESA partners remains small (Tables A1.4 and A1.5). Exports to the United Arab Emirates increased strongly in 2018, mainly gold, making it the second-largest destination for exports (Table A1.4). Merchandise imports from Singapore amounted to USD 1,355.8 million in 2018, mainly on account of fuel imports.

Chart 1.5 Direction of merchandise trade, 2011 and 2018

2011 **2018**

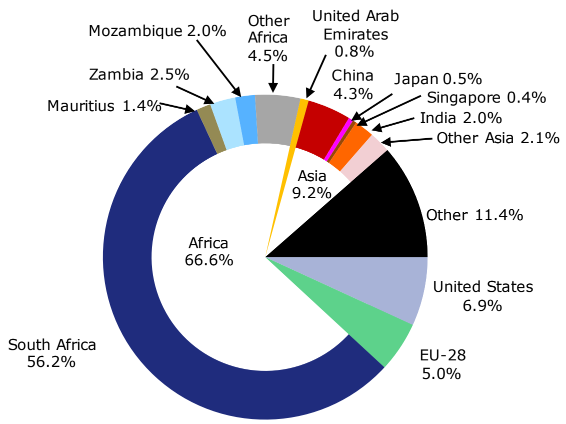
Exports, including re-exports (f.o.b.)

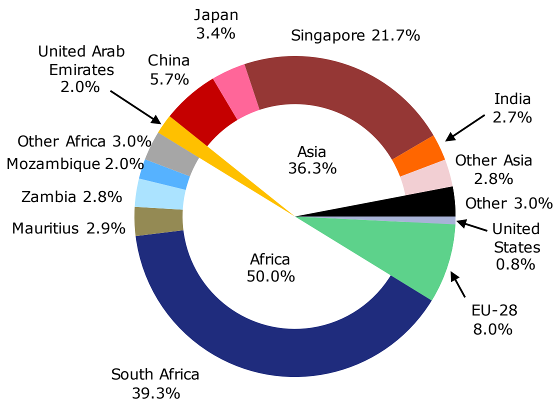




Total: USD 3,512.1 million **Total: USD 4,037.2 million**

Imports (c.i.f.)





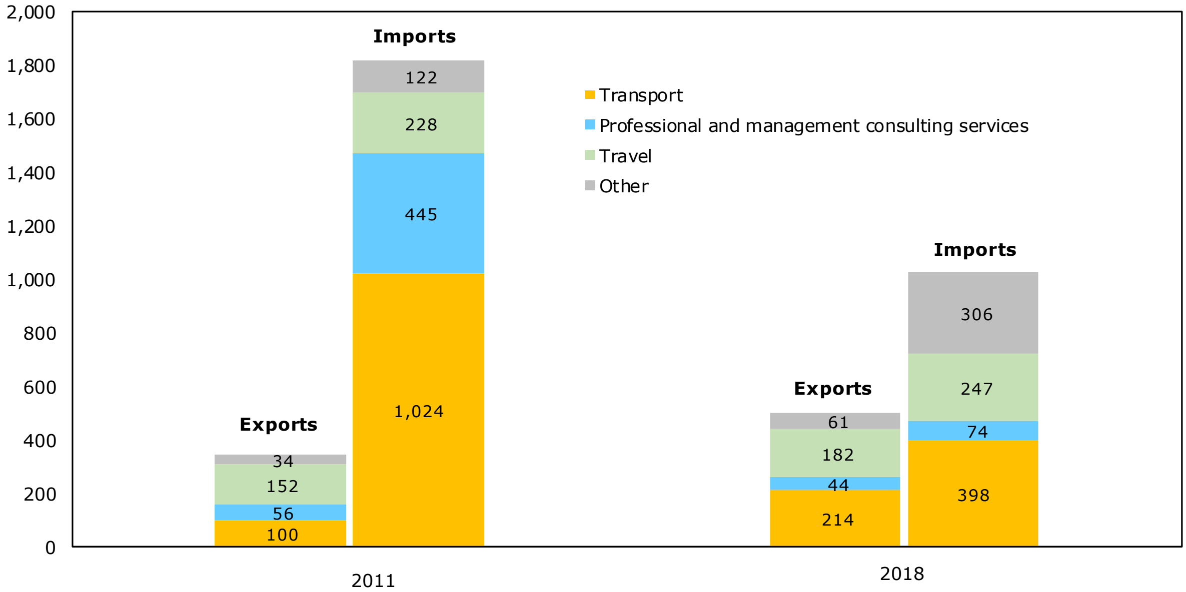
Total: USD 8,599.3 million **Total: USD 6,258.9 million**

Source: WTO Secretariat's calculations, based on UNSD, Comtrade database.

1.45. Zimbabwe remains a net importer of services (Chart 1.6 and Table A1.6), although the gap has narrowed due to a decline in services imports. In 2018, the country was running a considerably lower deficit in transport services, and it had sharply reduced its imports of professional and management consulting services.

Chart 1.6 Trade in services by major services, 2011 and 2018

(USD million)



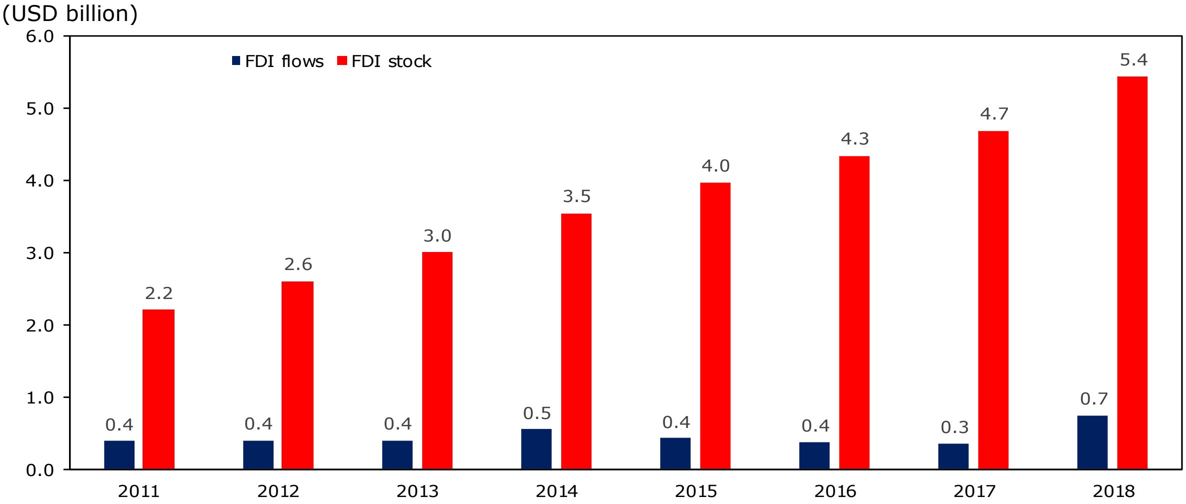
Source: Information provided by the authorities.

1.3.2 Trends and patterns in FDI

1.46. Zimbabwe remained a net importer of capital during the period under review (Table A1.1). However, due to an increasingly unattractive investment climate and international sanctions, inward FDI flows remained subdued, while outward flows and stocks were negligible. In 2018, the country experienced a sudden increase in inward FDI flows, from USD 349 million (2017) to USD 745 million (Chart 1.7). This reflects, in part, the amendment of the Indigenization and Empowerment Act in early 2018, and the political transition to a new leadership that expressed its intention to protect foreign investment and improve the business environment. No data are available regarding foreign investment by sector. In terms of FDI approvals, a considerable improvement was realized in 2018, particularly in the energy, mining, and services sectors.

Chart 1.7 Foreign direct investment, 2011-18

(USD billion)



Source: UNCTAD Stat. Viewed at: https://unctadstat.unctad.org/wds/ReportFolders/reportFolders.aspx?sCS_ChosenLang=en.

2 TRADE AND INVESTMENT REGIMES

2.1 General Framework

2.1. Zimbabwe has a long history as a trading nation, dating back to the Monomotapa Empire and Great Zimbabwe. However, its socio-political situation over the last two decades has negatively affected its economic activities. Since its last Trade Policy Review (TPR) in 2011, the major change has been the end of reign of the President in power since the independence of the country in 1980. A new Constitution (Box 2.1) was approved in a referendum in 2013, and presidential elections were held in July 2018.

Box 2.1 Constitutional developments

Since Zimbabwe's independence in 1980, the "Lancaster House" Constitution of 1979 has been amended several times. In 2013[a], the presidential mandate was constitutionally limited to a maximum of two five-year terms. Under the Constitution, the President is the Head of State and Head of Government, elected directly by universal suffrage (Article 91). The presidential elections take place at the same time as the elections of Parliament. Presidential candidates must nominate two persons to stand for election jointly as Vice-Presidents.

Under the Constitution, the executive branch is composed of the President, the two Vice-Presidents, and the Cabinet of Ministers. The posts of Prime Minister and Deputy Prime Minister were abolished by the 2013 amendment to the Constitution. The President appoints and chairs the Cabinet, from which originates most legislation. Ministers and Deputy Ministers forming the Cabinet must be appointed from among Senators or Members of the National Assembly, except for five who may be appointed from outside Parliament for their professional skills and competence. Next presidential and legislative elections are due in 2023.

Parliament consists of the Senate and the National Assembly. The National Assembly has 270 members, 210 of whom are directly elected; under the new 2013 Constitution, 60 seats are reserved for 6 women from each of the 10 provinces. The Senate is composed of 80 Senators, 6 from each of the 10 provinces, 16 traditional chiefs, the President and Deputy President of the National Council of Chiefs, and 2 persons elected to represent people with disabilities (Article 120). Presidential assent is required to enact legislation, which is voted by Parliament. The President is empowered to dissolve Parliament, provided that, in doing so, s/he does not preclude the operation of other constitutional provisions. In the event of a vote of no-confidence in the Government being passed by Parliament, the President must dissolve Parliament within 14 days.

a *Zimbabwe's Constitution of 2013*. Viewed at: https://www.constituteproject.org/constitution/Zimbabwe_2013.pdf.

Source: Constitution of Zimbabwe, and information provided by the authorities.

2.2. The Constitution (Section 64) enshrines liberty of commerce and industry: every person has the right to choose and carry out any profession, trade or occupation, although their practice may be regulated by law. Certain provisions on agriculture in the Constitution reflect the objective to achieve an equitable land sharing (Section 3). Section 72 provides that agricultural land may be compulsorily acquired by the State without compensation. Under the Constitution, an act of Parliament must provide for every concession of mineral and other rights to ensure transparency, honesty, cost-effectiveness and competitiveness (Section 315).

2.3. Bills of laws and other acts of Parliament are generally initiated at ministry level, and then sent to Cabinet. The Ministry of Justice then drafts a bill, which goes to Parliament for approval. A gazetted text is then published by Parliament. Under an act of Parliament, statutory instruments (S.I.s) can take the form of by-laws and regulations, such as decrees, orders, circulars or notes. The hierarchy of legislation is as follows: treaties/international agreements, the Constitution, laws, regulations, and by-laws. However, Section 327 of the Constitution states that an international treaty which has been concluded or executed by the President or under his/her authority does not bind Zimbabwe until it has been approved by Parliament; and does not form part of the law of Zimbabwe unless it has been incorporated into the law through an act of Parliament.

2.4. The free, exhaustive and up-to-date Veritas Zimbabwe website (http://www.veritaszim.net/) contains legislation passed by Parliament. This greatly facilitates access to trade-related legislation and regulations (Table 2.1).

Table 2.1 Key trade-related laws and regulations, 2011-19

Section of report	Legislation
2.1	The Constitution
2.4	Zimbabwe Investment Authority Act (Chapter 14:30)
2.4.1	Joint Ventures Act (Chapter 22:22, S.I. 6/2015)
2.4	Indigenisation and Economic Empowerment Act (Chapter 14:33)
3.1	Revenue Authority Act (Chapter 23:11)
3.1.7	Control of Goods Act (Chapter 14:05), Control of Goods (Import and Export) (Commerce) Regulations
3.1.8, 3.3.4	Competition Act (Chapter 14:28)
3 (2)	Customs and Excise Act (Chapter 23:02)
3.2	Trade Development Surcharge Act (Chapter 14:22)
3.3	Export Credit Reinsurance Act (Chapter 14:06)
3.3	Special Economic Zones Regulation, 2018
3.3.2	Conformity-based assessment
3.3.3	Food and Food Standards (Import and Export) Regulations (S.I. 8 of 2015) S.I. 121 of 2019 – Plant Pests and Disease (Importation) (Amendment) Regulations, 2019 Pesticide Regulations of 2012 Veterinary Diagnostic Testing Laboratories (S.I. 89 of 2017)
3.3.6	Public Procurement and Disposal of Public Assets Act (Chapter 22:23) 2018
3.3.7	Geographical Indications Regulations, 2016 (S.I. 70 of 2016) Agriculture Marketing Authority (Grain, Oilseed and Products) By-laws, 2013 (S.I. 140 of 2013)
4.1.4.2	Agricultural Marketing Authority Act (S.I. 79 of 2017)
4.2	Mines and Minerals Act (Chapter 21:05)
4.2.1	Electricity Act (Chapter 13:19)
4.2.2	Petroleum Act (Chapter 13:22) and Petroleum Products Pricing Regulations, 2018
4.4.5.1	Air Services Act ([Chapter13:01), Carriage by Air Act (Chapter13:04), the Civil Aviation Act (Chapter13:16) (of 1998)
4.4.5.2	Railways Act (Chapter 13:09), as amended in 1997
4.4.5.3	Motor Road Transportation Act (Chapter 13:15)
4.4.6	National Payments Act (Chapter 24:23)
4.4.6.2	Subscriber Registration Regulations, 2014 VSAT Regulations, 2015 Postal and Telecommunications Quality of Service Regulations, 2016 Postal and Telecommunications Infrastructure Sharing Regulations, 2016
4.4.6	Broadcasting Services Act (Chapter 12:06) of 2006
4.4.7.1	S.I. 95 of 2017 Insurance (Amendment) Regulations, 2017
4.4.7.2	Banking Act (Chapter 24:20) Building Societies Act (Chapter 24:02) Reserve Bank of Zimbabwe Act (Chapter 22:15)
4.4.7.3	Securities Act 2004 (Chapter 24:25)
4.4.8	Chartered Accountants Act (Chapter 27:02)
4.4.8	Legal Practitioners Act (Chapter 27:07) Legal practitioners (Designated legal Qualifications) Notice, 2016

Source: Information provided by the authorities.

2.5. As noted, treaties and international agreements they do not become part of domestic law unless specifically incorporated by an act of Parliament, although the Constitution provides for exceptions allowing the President to enter into binding international agreements. For example, the President is given power under the Customs and Excise Act to make regulations to give effect to any international agreement; the Act specifies that in that case the international agreement and its regulations shall prevail, even if they are inconsistent with any other law, including the Customs and Excise Act, provided enabling legislation is enacted.

2.6. Zimbabwe's highest court is the Constitutional Court, followed by the Supreme Court, which is headed by a Chief Justice that is appointed by the President.[1] The other Supreme Court judges are also appointed by the President, after consultation with the Judicial Service Commission. Immediately below the Supreme Court is the High Court, whose judges are also appointed by the President. Below the High Court are the magistrates' courts, whose officers are appointed by the Chief Justice. Zimbabwe has an Administrative Court, which deals with administrative disputes, including those of a commercial nature; a Labour Court, which deals with industrial disputes; and a Small Claims Court, which has jurisdiction over small civil claims (not exceeding USD 250).

2.7. There appears to be a lack of enforcement of legislation and compliance with rules and regulations, which cuts across both public and private sector entities.[2] In 2018, the passing of the Corporate Governance Act[3] recognized that public entities have been underperforming and are associated with corruption, high salaries and bad corporate governance at the expense of service delivery; this is particularly serious among the numerous state enterprises and parastatals (Section 3.3.4). Development partners have therefore focused donor assistance on public sector reform and privatization. The objective of the ongoing Public Financial Management Enhancement Programme, funded under the Zimbabwe Reconstruction Fund with the help of the World Bank and other financial partners, is to improve internal controls and the internal audit of public companies to ensure compliance with the laws, rules and regulations, and contribute to effective service delivery outcomes. In 2018, the Government was in the process of setting up an independent internal audit function at the national level, to assist the Office of the Auditor General.[4]

2.8. Partly as a result, Zimbabwe continues to fare poorly in the World Bank's Doing Business comparison. At the time of the last TPR in 2011, Zimbabwe ranked 157th out of 183 countries across all aspects of doing business. In the Doing Business 2019 report, Zimbabwe ranked 155th out of 190 countries, and 157th for trading across border[5] The most problematic areas include Starting a Business, where the time needed to obtain a business licence places Zimbabwe in 176th position. Reforms are also apparently needed for the faster issuance of construction permits (also 176th position) despite the new "one-stop platform" for investment (Section 2.4). In contrast, the Getting Credit indicator improved following the creation of a credit registry (Section 4.4.7) and the expansion of its coverage, which made consumer and commercial credit information available to banks and financial institutions; hence, the ranking stands at a favourable 85th position in 2019. Finally, Zimbabwe ranks only in 168th position with respect to the Enforcing Contracts indicator, even though judgements rendered at the appellate and Supreme Court levels in commercial cases are available online.

2.2 Trade Policy Formulation and Objectives

2.2.1 Main institutions in charge of trade policy

2.9. The Ministry of Foreign Affairs and International Trade (MFAIT) is in charge of international trade. It also oversees foreign investment. Its main functions are to promote, maintain and develop mutually advantageous trade and trade relations with foreign countries and businesses. The Ministry of Industry and Commerce (MIC) is in charge of internal trade, and has many prerogatives that pertain to international trade. It implements the country's industrial policy; implements policies to

[1] Judicial Service Commission. Viewed at: https://www.jsc.org.zw.

[2] World Bank, *Assessment of the Zimbabwe Public Finance Management System for Investment Lending Projects*. Viewed at: http://documents.worldbank.org/curated/en/540041468190159922/pdf/102796-WP-P151918-Box394840B-OUO-9-Zimbabwe-Use-of-Country-Systems-Report-June-29-2015.pdf; and Transparency International, *Zimbabwe.* Viewed at: https://www.transparency.org/country/ZWE.

[3] *Public Entities Corporate Governance Act.* Viewed at: http://www.veritaszim.net/sites/veritas_d/files/PUBLIC%20ENTITIES%20CORPORATE%20GOVERNANCE%20ACT_0.pdf.

[4] Office of the Auditor General. Viewed at http://www.auditorgeneral.gov.zw.

[5] World Bank, *Doing Business*. Viewed at: http://www.doingbusiness.org/en/data/exploreeconomies/zimbabwe#DB_tab. The total time it takes to export a container is at close to eight days, while the time it takes to import a container, at close to 10 days, remains very high, at twice the Sub-Saharan average.

promote entrepreneurship; promotes consumer protection; and oversees the operations of parastatals under its jurisdiction. The National Trade Development and Promotion Organization of Zimbabwe (ZimTrade) is a parastatal that operates under the MFAIT as the export promotion agency. It maintains a Internet customer support service that answers users' questions.[6]

2.10. The Ministry of Finance and Economic Development (MFED) has a key role in trade policy through, *inter alia*, fiscal policy and public procurement. Zimbabwe's tariff policy modifications (Section 3.1) are generally carried out under the Customs and Excise Act, but the MFED also has the authority to change statutory rates. In both cases, however, changes require parliamentary approval.

2.11. The Competition and Tariffs Commission (CTC), through the MIC, advises the MFED on tariff matters. It is a statutory body established under the Competition Act in 2001, as a merger of the former Industry and Trade Competition Commission and the former Tariff Commission. The CTC therefore has the twin mandates of implementing Zimbabwe's competition policy and executing its tariff policy, with the primary objective of enforcing the Competition Act (Section 3.3.4).

2.12. The CTC is mandated to review tariff rates of imported products, in order to promote the development and competitiveness of local industry. Reviews can be self-initiated. On request by local industries, it undertakes investigations into tariff incidence, with a view to aiding the local industries through temporary tariff increases of two to three years, renewable. The CTC may recommend to the MIC the increase of the import duty on finished products, in order to protect local industries from foreign competition; in contrast, it may recommend lower customs duties on raw materials and intermediate products, to promote the competitiveness of local industry. It may also recommend suspensions, drawbacks, company-specific rebates, and refunds of duty, generally on request.

2.13. In the private sector, the Confederation of Zimbabwe Industries (CZI) exists since 1923.[7] It is an independent, self-financed, legally constituted organization that represents and serves the interests of its members in an array of matters affecting their viability and competitiveness.

2.14. The Zimbabwe National Chamber of Commerce is a private sector organization, established in 1894, to develop and promote trade, and to lobby for its members and the local business community.[8] It is a non-profit, membership-based business association with a mandate to equip business with development opportunities.

2.15. The private sector is also represented in Parliament's Industry and Commerce Committee, together with stakeholders from the trade-related ministries and from parastatal organizations. National positions on trade matters and trade negotiations are developed after consultations with stakeholders. The Committee also undertakes information dissemination sessions whenever bilateral, regional, and international negotiations are launched.

2.2.2 Objectives of trade policy

2.16. In 2019, the Government published a new National Trade Policy, the Zimbabwe Industrial Development Policy (2019-23), and the National Export Strategy. The new Trade Policy recognizes that Zimbabwe's past strategy has largely been inward-looking, to safeguard local industry from unfair import competition; and that the country's trade potential has not been fully tapped to enable it to meaningfully gain from trade. It specifically recognizes trade as an engine for economic growth and development.[9] Moreover, the new industrial policy indicates that "measures will be instituted where necessary with the objective to support industries and steer them towards producing for the export market in addition to providing import-substitution".[10]

2.17. Over the 2011-18 period, the Customs and Excise Act was frequently amended (16 times, on average twice a year) which makes the +trade regime less predictability. Amendments are generally

[6] ZimTrade, *Ministry of Industry and Commerce.* Viewed at: http://www.tradezimbabwe.com/priviledged-partners/moic.

[7] Confederation of Zimbabwe Industries. Viewed at: https://www.czi.co.zw/.

[8] Zimbabwe National Chamber of Commerce. Viewed at: https://zncc.co.zw/.

[9] Government of Zimbabwe (2019), National Trade Policy 2019-23.

[10] Government of Zimbabwe (2019), Zimbabwe National Industrial Policy 2019-23.

implemented to enhance tariff protection, while exemptions and suspensions of otherwise payable duties and charges are also granted, on an ad hoc basis and on request (Section 3.1). The import licensing policy was also modified several times (Section 3.1.7), first to protect domestic industries and then to relax previously imposed restrictions.

2.3 Trade Agreements and Arrangements

2.3.1 WTO

2.18. Zimbabwe is an original WTO Member, having been a GATT contracting party. It ratified the WTO Agreement on 5 March 1995. Under Zimbabwean law, the WTO Agreement has the same status as all other treaties to which it is a signatory. According to the authorities, the WTO Agreement has not been domesticated into Zimbabwean law through the passing of enabling legislation. Zimbabwe has not subsequently signed any plurilateral agreements or any of the protocols and agreements concluded under the WTO, except for the Protocol of Amendment to insert the Agreement on Trade Facilitation (TFA) into Annex 1A of the WTO Agreement, adopted in October 2018. The TFA was ratified in November 2018 but had not been domesticated as of November 2019.

2.19. Zimbabwe made 52 notifications to the WTO during the 2012-19 period (Table 2.2).

Table 2.2 Selected notifications to the WTO, 2012-19

WTO agreement	Description of requirement	Most recent notifications	Comment
Agreement on Agriculture			
Table ES:1	Export subsidy commitments	G/AG/N/ZWE/6, 8/9/2015	No export subsidies in 2000-14
Table ES:2		G/AG/N/ZWE/7, 9/9/2015	Total exports in 2001-03 and 2011-14
Table ES:1		G/AG/N/ZWE/8, 26/10/2017	No export subsidies in 2015 or 2016
Table ES:2		G/AG/N/ZWE/9, 27/10/2017	Total exports in 2015 and 2016
Table ES:1		G/AG/N/ZWE/10, 9/10/2018	No export subsidies in 2017
Table ES:2		G/AG/N/ZWE/11, 9/10/2018	Total exports in 2017
Agreement on Import Licensing			
Article 7.3	Import and export licensing system	G/LIC/N/3/ZWE/4, 31/10/2014	Replies to questionnaire
Article 7.3		G/LIC/N/3/ZWE/4/Rev.1, 11/11/2014	Revised replies to questionnaire
Agreement on Subsidies and Countervailing Measures			
Article 25.11	Countervailing duty actions	G/SCM/N/203/Add.1/Rev.2, 26/07/2012 G/SCM/N/212/Add.1/Rev.2, 26/07/2012 G/SCM/N/219/Add.1/Rev.2, 26/07/2012 G/SCM/N/228/Add.1/Rev.2, 26/07/2012 G/SCM/N/235/Add.1/Rev.2, 12/10/2012 G/SCM/N/298/Add.1/Rev.1, 25/10/2016 G/SCM/N/305/Rev.1, 21/10/2016 G/SCM/N/313/Add.1, 21/06/2017 G/SCM/N/321/Add.1, 23/10/2017 G/SCM/N/328/Add.1, 20/04/2018	No actions taken
Committee on Regional Trade Agreements			
	Notification of provisional application of the agreement	WT/REG307/N/1/Add.1	Interim Economic Partnership Agreement (EPA) with European Union, Madagascar and Mauritius
		WT/REG307/N/1	

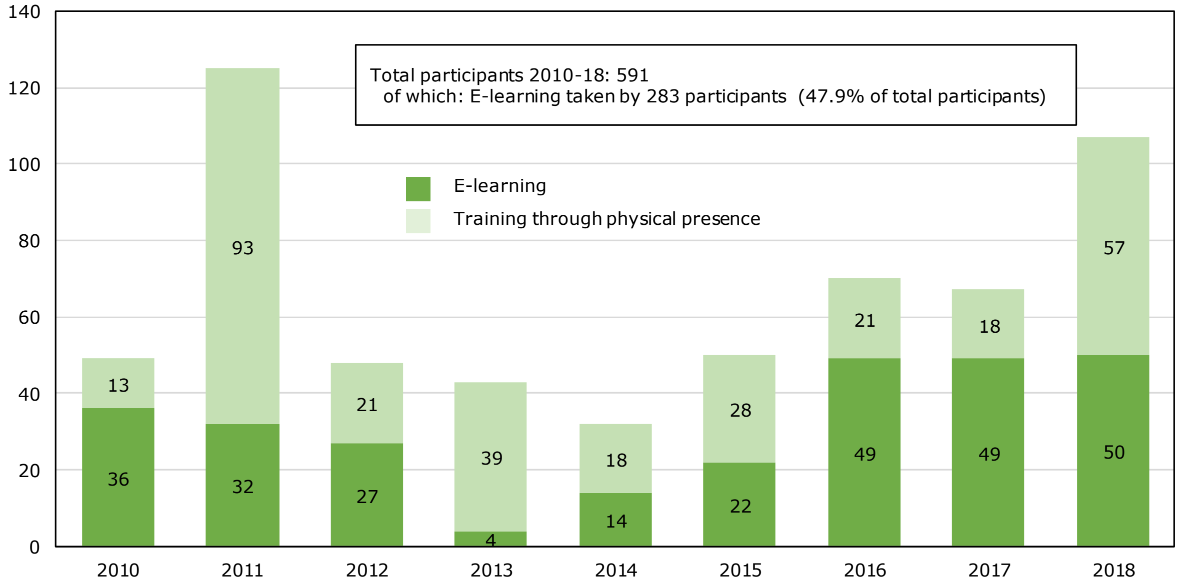
WTO agreement	Description of requirement	Most recent notifications	Comment
Understanding on Interpretation of GATT Article XVII			
Article 16.4	Anti-dumping actions	G/ADP/N/188/Add.1/Rev.2, 01/08/2012 G/ADP/N/195/Add.1/Rev. 2, 27/07/2012 G/ADP/N/202/Add.1/Rev.2, 26/07/2012 G/ADP/N/209/Add.1/Rev.2, 25/07/2012 G/ADP/N/216/Add.1/Rev.2, 25/07/2012 G/ADP/N/223 Add. 1 Rev. 2, 12/10/2012 G/ADP/N/280/Add.1/Rev.1, 25/10/2016 G/ADP/N/286/Add.1, 20/10/2016 G/ADP/N/294/Add.1, 21/04/2017 G/ADP/N/300/Add.1, 23/10/2017 G/ADP/N/308/Add.1, 20/04/2018	No actions taken
Agreement on Rules of Origin			
Article 5	Non-preferential rules of origin	G/RO/N/80, 8/7/2012	Non-preferential rules of origin
Agreement on the Application of Sanitary and Phytosanitary (SPS) Measures			
Article 7 and Annex B	Proposed SPS regulations	G/SPS/N/ZWE/6, 30/8/2016	Food standard
Article 7 and Annex B		G/SPS/N/ZWE/5, 30/8/2016	Food standard
Article 7 and Annex B		G/SPS/N/ZWE/4, 18/4/2013	Standard for mineral water
Article 7 and Annex B		G/SPS/N/ZWE/3, 17/4/2013	Food standard
Article 7 and Annex B		G/SPS/N/ZWE/2, 17/4/2013	Food standard
Agreement on Technical Barriers to Trade			
Article 10.6		G/TBT/N/ZWE/1, 4/4/2016	Name of local government involved
TFA			
Articles 15 and 16 of the TFA	Notification of category A commitments	WT/PCTF/N/ZWE/1, 27/10/2016	
	Notification of category B and C commitments	G/TFA/N/ZWE/1, 16/9/2019	

Source: WTO documents.

2.20. Zimbabwe has been reviewed three times by the Trade Policy Review Mecanism, in 1994, 2011 and 2020. Like most developing countries, has been a recipient of WTO trade-related technical assistance (TRTA) since the establishment of the WTO in 1995. Between 2010 and 2018, 591 Zimbabwe nationals participated in a total of 273 activities, an average of over 60 participants per year in 30 activities. As Chart 2.1 shows, the number of Zimbabwean participants went through a trough in 2010-14 (apart from one national seminar on the WTO reference centre in 2011), and started to increase from 2015 onwards, initially thanks to the expansion of e-learning courses. In 2018, the total number of participants (107) was over thrice that of 2014 (32); and the total number of participants in activities through physical presence (face-to-face, as opposed to e-learning) increased.

Chart 2.1 E-learning activity and training through physical presence, 2010-18

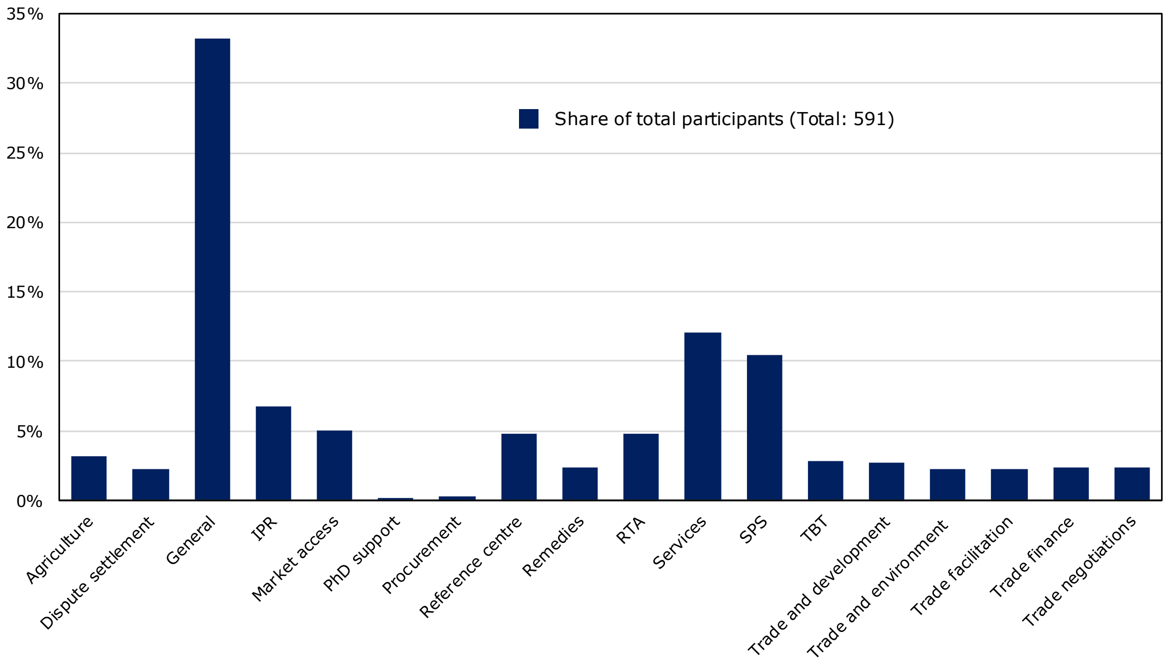
(Number of participants)



Source: WTO Secretariat.

2.21. Three topics for TRTA stand out during the period: activities of a general nature covering most WTO topics accounted for most of the activities (Chart 2.2), followed by services, and sanitary and phytosanitary (SPS) measures.

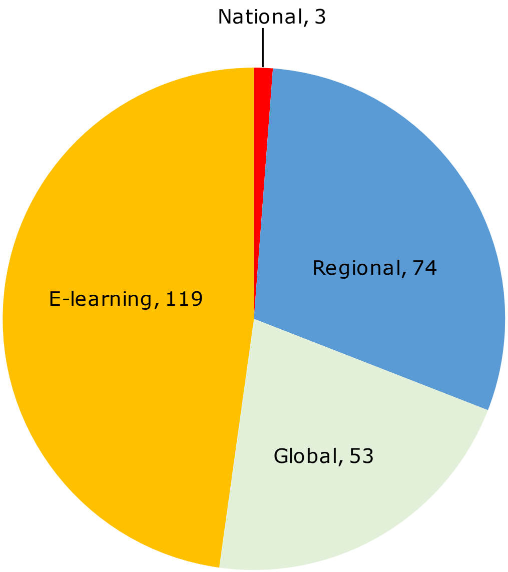
Chart 2.2 Participation in WTO TRTA activities, 2010-18



Source: WTO Secretariat.

2.22. There have been very few national activities (Chart 2.3), despite their advantage in terms of the number of national beneficiaries who can be reached during one single activity. While Zimbabwean officials attended 53 Geneva-based activities, and 74 regional activities, during the nine years, there were only three national seminars, one on the reference centre, one on SPS issues and one on services. Areas where Zimbabwe could benefit from WTO technical assistance include agriculture and SPS issues, import and export licensing and procedures, trade taxation, and other regulatory topics such as technical barriers to trade (TBT) issues.

Chart 2.3 WTO TRTA activities by location, 2010-18



Source: WTO Secretariat.

2.3.2 Regional and preferential agreements

2.23. Since its last TPR in 2011, Zimbabwe has participated in several trade negotiations, and has concluded new preferential trade agreements. The country was involved in the negotiations on the launch of the COMESA-EAC-SADC Tripartite Free Trade Area (TFTA) and the African Continental Free Trade Agreement (AfCFTA); and concluded and implements an Interim EPA with the European Union, where Zimbabwe was in the Eastern and Southern Africa (ESA) negotiating group, a sub-group of COMESA member States (Table 2.3).

Table 2.3 Zimbabwe's participation in preferential trade agreements, 2019

RTA name	Entry into force	Coverage	GATT/WTO notification	
			Year	WTO provision
European Union – ESA States Interim EPA	2012	Goods	2012	GATT Art. XXIV
SADC	2000	Goods	2004	GATT Art. XXIV
COMESA	1994	Goods	1995	Enabling Clause
Global System of Trade Preferences among Developing Countries (GSTP)	1989	Goods	1989	Enabling Clause
Botswana–Zimbabwe Trade Agreement	1988	Goods	Not notified	
Namibia–Zimbabwe Trade Agreement	1993	Goods	Not notified	
Malawi–Zimbabwe Trade Agreement	1995	Goods	Not notified	
Mozambique–Zimbabwe Trade Agreement	2005	Goods	Not notified	

Source: WTO Secretariat. Further information may be found in the WTO RTA Database. Viewed at: http://rtais.wto.org.

2.3.2.1 COMESA

2.24. Zimbabwe is a founding member of the COMESA, which replaced the Preferential Trade Area for ESA in 1994. The COMESA Treaty entered into force in 1995.[11] Zimbabwe grants duty-free and quota-free treatment with no exclusions, on a reciprocal basis, to imports originating from all free trade agreement (FTA) participating COMESA members, namely Burundi, Comoros, the Democratic

[11] *COMESA Treaty*. Viewed at: http://www.comesacompetition.org/wp-content/uploads/2016/03/COMESA_Treaty.pdf.

Republic of the Congo, Djibouti, Egypt, Eswatini (formerly Swaziland, under derogation), Kenya, Libya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Sudan, Uganda and Zambia. Eritrea, Ethiopia, Somalia and Tunisia have yet to implement the FTA. The COMESA Common External Tariff (CET), launched in June 2009, was still not implemented in 2019.

2.25. Zimbabwe signed and ratified the COMESA Fund Protocol, adopted in 2002. The Protocol comprises two windows: the COMESA Adjustment Facility, to assist member States with adjustments arising from the implementation of COMESA integration programmes; and the COMESA Infrastructure Fund, whose priority programmes and projects are in the transport and communications sector. The windows are funded through contributions from member States and the European Union.

2.26. Zimbabwe is also implementing several COMESA trade facilitation initiatives, including the COMESA Simplified Trade Regime (STR) with Zambia and Malawi, a mechanism that would help small-scale (mostly women) traders participate more effectively in the Free Trade Area. Recently, Zimbabwe and Zambia agreed on additional products to be added to the list of eligible products to be traded under the STR.

2.27. The COMESA Yellow Card Scheme is a motor vehicle insurance that is valid in all participating countries; it provides a valid certificate of insurance in the COMESA region, making the scheme a regional third-party insurance scheme. The Insurance Council of Zimbabwe is the government-designated body in charge of the scheme. Zimbabwe is also a party to the COMESA Trade in Services regulations, adopted in June 2009; and participates in several COMESA institutions, including the Regional Investment Authority, the Competition Commission, and the COMESA Court of Justice.[12]

2.3.2.2 SADC

2.28. Zimbabwe signed the SADC Trade Protocol and participates in its Free Trade Area, which was launched in August 2008.[13] In February 2011, Zimbabwe obtained a derogation, pursuant to Article 3 (C) of the Protocol, from implementing the tariff phase-down for sensitive products (Category C products), such as textiles and clothing. The simple average preferential tariff is 2.7% on imports from South Africa, and 0.4% on imports from other SADC countries, with a maximum tariff of 25% (Table 3.7).

2.29. The SADC's trade facilitation initiatives include harmonizing customs procedures and customs classifications; increasing customs cooperation; reducing costs by introducing a single, standardized document (Single Administrative Document) for customs clearance throughout the region; and establishing a one-stop border post between Zimbabwe and Zambia (Section 3.1.1.2).

2.3.2.3 The COMESA-EAC-SADC Tripartite negotiations

2.30. Issues of overlapping membership in trade agreements are addressed in the harmonization efforts underway among the COMESA, the EAC and the SADC. Their Heads of State and Governments met on 10 June 2015 in Egypt, to launch the COMESA-EAC-SADC Tripartite Free Trade Area (TFTA). The total number of participating member States rose to 29, following the expansion of the EAC to include South Sudan in April 2016, and that of COMESA to include Somalia and Tunisia.[14] Zimbabwe signed the TFTA Agreement, which requires 14 ratifications in order to enter into force, and was in the process of ratifying it in November 2019. In January 2019, four countries had both signed and ratified the Agreement: Kenya, Egypt, Uganda, and South Africa.

2.31. Tariff concessions by member States under Annex I – on tariff liberalization – were finalized and adopted; however, tariff schedules to be appended to the Annex were still pending in November 2019. The objective of the Agreement is the liberalization of all tariff lines on originating products,

[12] Other institutions include: the COMESA Leather and Leather Products Institute; the Federation of Women in Business; the PTA Bank; the Re-insurance Bank; the COMESA Clearing House; the COMESA Regional Investment Agreement; and the Africa Trade Insurance Agency.

[13] Angola, the Democratic Republic of Congo, and the Seychelles have not yet ratified the protocol. For information on the tariff phase-out and other details, see WTO document WT/REG176/4, 12 March 2007.

[14] Tralac, *SADC-EAC-COMESA Tripartite Free Trade Area Legal Texts and Policy Documents.* Viewed at: https://www.tralac.org/resources/by-region/comesa-eac-sadc-tripartite-fta.html.

with some exceptions. Between 60% and 80% of tariff lines, depending on the country, are to become duty-free upon the entry into force of the Agreement. The remaining portion is to be phased out over a period of five to eight years.

2.32. Non-tariff barriers are the main impediment to trade within the region, and each of the three regional blocs has procedures in place for their reporting, monitoring and elimination (Section 3.3.2). The TFTA provides for the harmonization of these procedures under a single mechanism, i.e. the Tripartite Non Tariff Barriers Reporting, Resolving and Monitoring Mechanism. Through a web-based platform[15], stakeholders from the three communities can report and monitor the resolution of trade barriers encountered in the conduct of their business. As at January 2019, this system had allowed for the resolution of over 70 trade issues involving Zimbabwean operators or regulators (as complainants or as respondents). Negotiations on trade in services and other trade-related areas (competition policy, and intellectual property rights) start in 2019.

2.3.2.4 AfCFTA

2.33. The AfCFTA is an ambitious initiative, aiming at a single continental market that would increase trade and integrate African markets, in line with the Abuja Treaty of 2000 establishing the African Union. Negotiations were launched by the African Union's Decision on Boosting Intra-African Trade and Fast-Tracking the Continental Free Trade Area in 2012[16]; they effectively started in 2016, and were still ongoing in November 2019, even though the AfCFTA officially entered into force in May 2019.

2.34. Three legal instruments were presented for signature in March 2018, all of which were signed by Zimbabwe's Head of State: the Kigali Declaration for the Launch of the African Continental Free Trade Area[17]; the Agreement establishing the AfCFTA[18]; and a separate Protocol on the Free Movement of Persons, the Right of Residence and the Right of Establishment.[19] These were ratified by Parliament in March 2019.

2.35. The 70-page AfCFTA Agreement contains a Preamble, seven parts and 30 articles, covering trade in goods and services. Investment, intellectual property rights and competition policy are still to be negotiated, together with a Protocol on rules and procedures for dispute settlement with a dispute settlement body. The Protocol on Trade in Goods provides for the gradual elimination of customs duties on originating[20] products, with different phase-out schedules for three groups of countries: developing countries; least developed countries (LDCs); and "G7" countries (consisting of Djibouti, Ethiopia, Madagascar, Malawi, Sudan, Zambia and Zimbabwe):

- the first category of products covers 90% of tariff lines to be phased out over 5 years for developing countries, and 10 years for LDCs. In November 2019, the G7 was negotiating to eliminate tariffs over 15 years;

- the second category contains "sensitive products" to be liberalized over 10 years for developing countries, and 13 years for LDCs and G7 countries; and

[15] COMESA-EAC-SADC, *The Mechanism for Reporting, Monitoring & Eliminating Non-Tariff Barriers.* Viewed at: https://www.tradebarriers.org/about.

[16] African Union Decision of 2012, *Document Assembly/AU/Dec.394(XVIII)*. Viewed at https://au.int/sites/default/files/decisions/9649-assembly_au_dec_391_-_415_xviii_e.pdf.

[17] African Union, *Kigali Declaration for the Launch of the African Continental Free Trade Area.* Viewed at: https://www.tralac.org/documents/resources/african-union/1970-kigali-declaration-for-the-launch-of-the-afcfta-21-march-2018-1/file.html.

[18] Tralac, *Agreement Establishing the African Continental Free Trade Area.* Viewed at: https://www.tralac.org/documents/resources/african-union/1964-agreement-establishing-the-afcfta-consolidated-text-signed-21-march-2018-1/file.html.

[19] Tralac, Protocol to the Treaty Establishing the African Economic Community Relating to Free Movement of Persons, Right of Residence and Right of Establishment. Viewed at: https://www.tralac.org/documents/resources/african-union/1965-protocol-to-the-abuja-treaty-free-movement-of-persons-right-of-residence-and-establishment-adopted-29-january-2018/file.html.

[20] Annex 2 to the Agreement contains rules of origin. Viewed at: https://www.tralac.org/documents/resources/african-union/2163-compiled-annexes-to-the-afcfta-agreement-legally-scrubbed-version-signed-16-may-2018/file.html.

- a third group of products will be exempt from tariff elimination.

2.36. As at November 2019, no tariff reductions had been implemented by Zimbabwe under this Agreement. The Protocol on Trade in Services is to be aligned with the GATS, and contains a schedule of gradual and differentiated liberalization of certain priority services sectors: business services, financial services, transport services, tourism, communication, education, and construction services. Countries' schedules of sector-specific market access commitments are yet to be negotiated.

2.3.3 Relations with the European Union

2.37. In the negotiations on an EPA with the European Union, Zimbabwe is in the ESA negotiating group, together with Madagascar, Mauritius and the Seychelles. Zimbabwe signed an Interim EPA with the European Union in August 2009 (Table 2.3). It has been provisionally applied by Zimbabwe and by the European Union since May 2012. Negotiations for a final agreement are ongoing. The implementation period of the EU-ESA Interim EPA ends in 2022. The simple average applied tariff in 2019 was 8.7%, compared with the 15.8% average MFN rate (Table 3.7).

2.3.4 Other agreements and arrangements

2.38. Zimbabwe has bilateral trade agreements with Botswana, Malawi, Namibia, and Mozambique; the agreement with South Africa was terminated in 20 November 2018, in favour of the SADC Protocol on Trade.[21] However, according to the authorities, bilateral agreements offer better preferential treatment and flexibility than the SADC. The authorities concur that, once a full-fledged customs union is in place for either COMESA or the SADC, the bilateral agreements between its members would need to be reviewed for their relevance.

2.39. Zimbabwe currently benefits from the Generalized System of Preferences (GSP) schemes of Australia; Canada; the Everything But Arms (EBA) of the European Union; Japan; the Republic of Korea; New Zealand; Norway; Sri Lanka; and Switzerland. Zimbabwe is not a beneficiary of the U.S. African Growth and Opportunity Act.[22]

2.4 Investment Regime

2.4.1 Overview

2.40. Foreign investment has been subdued since 2011 (Section 1.3.2), on account of the difficult socio-political context and the numerous and frequently changing investment restrictions, as well as the numerous amendments to investment provisions. However, these restrictions have been lifted, as encouraging foreign investment is now a declared government priority. The Constitution guarantees, in principle, legal protection for all investors, irrespective of country of origin, including the right to private property, and, generally, prohibits expropriation without compensation.

2.41. The Zimbabwe Investment Authority (ZIA) is the country's investment promotion body. It was incorporated in 2006 through the ZIA Act[23], as a result of the merger of the former Export Processing Zone and the Zimbabwe Investment Centre. ZIA's objective is to attract local and foreign investment, and promote the transfer of skills and technology.

2.42. Until 2018, the "indigenization" provisions, put in place in 2012 under the Indigenisation and Economic Empowerment Act of 2010, required companies operating in Zimbabwe to provide an indigenization implementation plan for foreign-owned companies. This involved reducing foreign ownership to a maximum of 49% of shares or interests, in every business with a net assets value of USD 500,000 or more. Furthermore, 14 designated sectors were entirely "reserved against foreign

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[21] Tralac, *Termination of the South Africa-Zimbabwe Trade Agreement: What next?.* Viewed at: https://www.tralac.org/publications/article/13524-termination-of-the-south-africa-zimbabwe-trade-agreement-what-next.html.

[22] AGOA, *US to consider Zimbabwe's eligibility for AGOA this year.* Viewed at: https://agoa.info/news/article/15362-us-to-consider-zimbabwe-s-eligibility-for-agoa-this-year.html.

[23] *Zimbabwe Investment Authority Act.* Viewed at: http://veritaszim.net/sites/veritas_d/files/Zimbabwe%20Investment%20Authority%20Act%20as%20at%201.1.2019.pdf. ZIA. Viewed at: https://www.investzim.com.

investment in favour of indigenous Zimbabweans" (Box 2.2).[24] When the indigenization law was introduced, companies had to transition from one shareholding structure to another, over an unspecified period. Most of them were still trying to find partners when the Act was repealed.

Box 2.2 Sectors subject to the indigenization rule (abolished in October 2018)

0% foreign ownership:

1. Agriculture: primary production of food and cash crops (removed in March 2018);
2. Transportation: passenger buses, taxi and car hire services;
3. Retail and wholesale trade;
4. Barber shops, hairdressing and beauty salons;
5. Employment agencies;
6. Estate agencies;
7. Valet services;
8. Grain milling;
9. Bakeries;
10. Tobacco grading and packaging;
11. Tobacco processing (removed in March 2018);
12. Advertising agencies;
13. Milk processing (removed in March 2018);
14. Provision of local arts and crafts, marketing and distribution; and
15. Artisanal mining (added in March 2018).

49% maximum foreign ownership: all other sectors

Source: Veritas, *SI 2013-66 – Indigenisation Amendment No. 5 Regulations.* Viewed at: http://www.veritaszim.net/node/701.

2.43. Successive amendments were made to this policy, in recognition of its detrimental effect on foreign investment. In 2015, efforts were made to attract foreign investors through the Joint Ventures Act (Chapter 22:22) of 2015, which entered into force in May 2016 and aims to encourage joint venture agreements, including with foreign entities. The Act establishes rules for the public-private procurement process and for public-private partnerships (PPPs) so as to support major infrastructure investments in 13 specified sectors: power generation plants, and power transmission and distribution networks; roads and bridges; inland ports and harbours; inland container depots and logistics hubs; gas and petroleum infrastructure; water supply, treatment and distribution systems; solid waste management works; renewable energy; educational and health care facilities; urban transport systems; housing; information and communication technology projects; and agriculture and irrigation development.[25]

2.44. In January 2017, the Government passed the Special Economic Zones (SEZ) Act, granting generous tax rebates to potential foreign investors investing in export-oriented and import-substituting sectors (Section 3.2.4).[26] The new legislation establishes the Zimbabwe SEZs Authority[27], whose functions include establishing and assisting SEZs; and monitoring and evaluating the implementation of approved investments in SEZs.

2.45. In December 2017, the removal of the 51%/49% indigenization rule was announced as an amendment to the Indigenization and Empowerment Act, while the Finance Act, 2018 maintained foreign investment restrictions on diamonds and platinum group metals.[28] Finally, in March 2019 (pursuant to the Finance Amendment Bill, 2018), the Government scrapped the indigenization policy, including in the diamond and platinum sectors (Section 4.2.1). These frequent policy changes have not provided for a stable and predictable investment climate. Zimbabwe continues to fare poorly in

[24] S.I. 2011-34 – Indigenisation and Economic Empowerment (Amendment) Regulations, 2011 (No. 3). Viewed at: http://www.veritaszim.net/node/219.

[25] Joint Ventures Act. Viewed at: http://www.veritaszim.net/sites/veritas_d/files/Joint%20Ventures%20Act.pdf.

[26] Special Economic Zones Act. Viewed at: http://www.veritaszim.net/sites/veritas_d/files/Special%20Economic%20Zones%20Act%20%5BChapter%2014-34%5D.pdf; and S.I. 2017-059 – Customs and Excise (Special Economic Zones) (Rebate) Regulations, 2017. Viewed at: http://www.veritaszim.net/node/2064.

[27] Zimseza. Viewed at: https://www.zimseza.co.zw/incentives.

[28] Veritas, *Finance (2018) Bill.* Viewed at: http://www.veritaszim.net/node/2310.

the World Bank's Doing Business Index on various aspects related to starting a business, where the time needed to obtain a business licence places Zimbabwe in 176th position out of 190 countries in 2019.[29]

2.46. The policy towards foreign portfolio investment was also frequently modified:

- in October 2014, the RBZ removed restrictions on the participation of foreign investors in the bond market. Previously, foreigners could subscribe to up to 35% of primary issues of bonds, and were prohibited from making purchases on the secondary market. Now, they can undertake full investment in both the primary and secondary bond markets;

- in 2016, the rule whereby a single foreign investor could not acquire more than 10% of a company's listed shares on the Zimbabwe Stock Exchange (ZSE) was modified, with the share increased to 15%; and

- in 2016, the RBZ authorized foreign investors to own up to 49% of most companies listed on the ZSE, up from 40% previously.[30]

2.4.2 Foreign investment procedures

2.47. In general, foreign companies consisting of more than 20 persons and wishing to operate in Zimbabwe (other than under the SEZ Act, Section 3.2.4) must be registered locally under the Companies Act.[31] A foreign company is defined as a company or other association of persons incorporated outside Zimbabwe which has established a place of business in Zimbabwe, irrespective of its ownership. In general, foreign companies are at liberty to establish subsidiaries or branches, or to appoint agents in Zimbabwe, with certain exceptions (e.g. banking). However, several potential limitations remain in the ZIA Act, whereby the MIC is authorized to: (i) designate the sectors available for investment by domestic and foreign investors; (ii) specify those sectors reserved exclusively for domestic investors; (iii) prohibit the export of specified raw materials in unprocessed form; (iv) prescribe the manner or the extent to which any raw materials shall be beneficiated before export; and (v) prescribe the degree of export orientation of investment proposals submitted by applicants.[32]

2.48. Greenfield investment procedures were facilitated in 2018 by the establishment of a One-Stop Investment Centre by the ZIA, under the Office of the President and Cabinet.[33] The process involves the following steps, and could be simplified:

- registration at the Department of Deeds, Companies and Intellectual Property[34]; the registration fee for a foreign company is USD 520, and USD 25 for a local company. Five possible names for the company must be proposed (form C21). The Memorandum and Articles of Association must then be lodged (forms CR14 and CR6), stating the company's directors and its physical address. A Certificate of Incorporation must also be obtained;

- application for an investment licence from the ZIA, for a non-refundable processing fee of USD 500; the licence fee is USD 2,500;

[29] World Bank, *Doing Business 2020*. Viewed at: https://www.doingbusiness.org/content/dam/doingBusiness/country/z/zimbabwe/ZWE.pdf.

[30] RBZ, *January 2016 Monetary Policy Statement by the Reserve Bank of Zimbabwe*. Viewed at: https://www.rbz.co.zw/documents/mps/mpsjan2016.pdf.

[31] Companies Act. Viewed at: http://www.veritaszim.net/sites/veritas_d/files/Companies%20Act%20%5BChapter%2024-03%5D%20updated.pdf.

[32] Zimbabwe Investment Authority Act. Viewed at: http://www.veritaszim.net/sites/veritas_d/files/Zimbabwe%20Investment%20Authority%20Act%20as%20at%201.1.2019.pdf.

[33] ZIA, *The One Stop Shop Investment Centre (OSSIC).* Viewed at: https://www.investzim.com/education-2.

[34] Department of Deeds Companies & Intellectual Property. *Private Business Corporation Act.* Viewed at: http://www.dcip.gov.zw/index.php/companies/private-business-corporation.

- with respect to residency, investors in ZIA-approved projects of over USD 1 million qualify for permanent residence on application.[35] Those investing at least USD 300,000, and those investing at least USD 100,000 in a joint venture, qualify for a residence permit for three years, at the end of which permanent residence may be granted;

- registration with the National Employment Council; any foreigner wishing to take up employment in Zimbabwe must have a valid work permit. Such permits are issued by the Department of Immigration, at its discretion, upon application by the company, which should provide proof that the requisite skill cannot be sourced locally. Spouses and minors may reside in Zimbabwe but not take up employment;

- registration with the National Social Security Agency[36]; and

- application for a tax clearance certificate and a Business Partner Number from the Zimbabwe Revenue Authority. The requirements for the certificate are as follows: certified copies of company papers; certified copies of directors' identity documents and contact details; proof of residence for every director (attach affidavit if proof is not in the director's name); and current personal bank statement of one of the directors.[37]

2.49. Regarding portfolio investment, foreign investors can purchase shares on the ZSE without prior exchange control approval, provided that their capital passes through normal banking channels. Shares purchased on behalf of a foreign investor are registered either in his/her own name or the name of a nominee company. The share certificates, once registered, are endorsed as "Non- resident." Non-resident tax applies on royalties (15%) and dividends (10% rate for listed companies, 15% for unlisted companies).

2.50. Another foreign investment issue has been the repatriation of foreign exchange invested in the country, in the context of foreign exchange scarcity (Table A1.1). The Government, in principle, guarantees the repatriation of 100% of the original capital investment in the event of a disinvestment; and up to 100% of dividends net, after payment of tax, may be remitted. In 2019, there was no available foreign exchange to honour this commitment. To address this challenge, the RBZ announced that it would set up a Portfolio Investment Fund to facilitate the efficient repatriation of portfolio-related funds to foreign investors on the ZSE.[38] However, investors who become permanent residents may not remit their dividends without prior approval of the RBZ.

2.51. Local recipients of technology and/or licences from external partners are permitted to pay, in foreign currency, royalties and licence fees in respect of these agreements. Such agreements require the initial approval of the RBZ. Each approval is valid for five years, and may be renewed. The maximum allowed on remittances for management, technical, and administration agreements is 2% of net turnover; the limit for royalties is 5% of net turnover.

2.4.3 International investment agreements

2.52. According to UNCTAD, Zimbabwe has signed a total of 33 bilateral investment treaties (BITs), plus 9 treaties with investment provisions (TIPs); 10 BITs are in force, with China, Denmark, Germany, Iran, Kuwait, the Netherlands, the Russian Federation, Serbia, South Africa, and Switzerland.[39] Among the TIPs, Zimbabwe ratified the SADC Investment Protocol in 2010[40], the Cotonou Agreement, and the COMESA, SADC and African Union treaties (Section 2.3.2). The

[35] ZIA, *Immigration and Entrance Permits.* Viewed at: https://www.investzim.com/investor-guide/immigration-and-entrance-permits.
[36] National Social Security Authority. Viewed at: https://www.nssa.org.zw/.
[37] Company Registrations. Viewed at: https://www.companyregistrations.co.zw/#requirements.
[38] Transitional Stabilisation Programme, October 2018.
[39] UNCTAD maintains an exhaustive and up-to-date website that lists all available texts and measures relating to investment agreements worldwide. UNCTAD, *Investment Policy Hub*. Viewed at: https://investmentpolicyhub.unctad.org/IIA/CountryBits/233.
[40] UNCTAD, *Investment Policy Hub.* Viewed at: https://investmentpolicyhub.unctad.org/Download/TreatyFile/2730.

agreement between the United States and COMESA concerning the Development of Trade and Investment Relations is in force since 2001.[41]

2.53. Several international agreements for the avoidance of double taxation (DTA) are in force.[42] In 2016, Zimbabwe signed a DTA with China, and another with South Africa.[43] These agreements contain provisions on import duties, corporate and income tax, VAT, business tax, and the exchange rate regime.

2.54. Zimbabwe is a signatory of international investment protection conventions such as the Multilateral Investment Guarantee Agency (MIGA), with no active projects as at February 2019 [44], the Overseas Private Investment Corporation (OPIL) with two active projects as of February 2019)[45], the International Centre for Settlement of Investment Dispute (ICSID)[46], the UN Convention on International Trade Law (UNCITRAL[47]), the New York Arbitration Convention on the Recognition and Enforcement of Foreign Arbitral Awards.

[41] UNCTAD, *Investment Policy Hub.* Viewed at: https://investmentpolicyhub.unctad.org/Download/TreatyFile/2516.

[42] KPMG, *Zimbabwe Fiscal Guide 2017/18*. Viewed at: https://home.kpmg/content/dam/kpmg/za/pdf/2017/12/Zimbabwe%20Fiscal%20Guide%202017_18.pdf.

[43] Veritas, *S.I. 2016-114 - Agreement Between Zimbabwe and China for the Avoidance of Double Taxation*. Viewed at: http://www.veritaszim.net/node/1852; and Veritas, *S.I. 2016-040 - Zimbabwe-South Africa Agreement for the Avoidance of Double Taxation*. Viewed at: http://www.veritaszim.net/node/1660.

[44] World Bank Group, MIGA. Viewed at: https://www.miga.org/projects.

[45] Investment Incentive Agreement between the Government of the United States of America and the Government of the Republic of Zimbabwe. Viewed at: https://www.opic.gov/sites/default/files/docs/africa/zimbabwebilateral1999.pdf.

[46] ICSID, *About ICSID.* Viewed at: https://icsid.worldbank.org/en/Pages/about/default.aspx.

[47] UNCITRAL, *Status: UNCITRAL Model Law on Cross-Border Insolvency (1997).* Viewed at: https://uncitral.un.org/en/texts/insolvency/modellaw/cross-border_insolvency/status.

3 TRADE POLICIES AND PRACTICES BY MEASURE

3.1 Measures Directly Affecting Imports

3.1.1 Customs procedures, valuation, and requirements

3.1.1.1 Procedures

3.1. The Zimbabwe Revenue Authority (ZIMRA), operating under the authority of the Minister of Finance and Economic Development (MFED), is responsible for assessing, collecting and enforcing the payment of import (and export) duties; and enforcing most import and export controls, including on behalf of other government ministries. ZIMRA's mandate is governed by the Revenue Authority Act, available on ZIMRA's website, which contains applicable legislation and regulations.[1]

3.2. Anyone wishing to import (or export) goods for commercial purposes must have obtained from ZIMRA a Business Partner Number[2] (Section 2.4.2), and a tax clearance certificate. Commercial imports that are not accompanied by this certificate are taxed an additional 10% of their c.i.f. value under the Income Tax Act (Section 36c). A similar presumptive tax applies to most commercial transactions within Zimbabwe; all registered businesses are required to withhold 10% of any amounts of USD 250[3] or more, that are due to a payee without a valid tax clearance certificate. This measure has been criticized for its detrimental effects on small-scale informal entrepreneurship and cross-border trade.[4]

3.3. Various agencies are posted at Zimbabwe's border in addition to ZIMRA, for different missions. This has posed challenges for the smooth movement of transit traffic, as each agent endeavours to satisfy his own requirements. In addition to ZIMRA, police, immigration, and state security that are traditionally present at the borders, other government departments, intervening specifically in the control of imports or exports at the border posts, include the Ministry of Agriculture (Section 3.3.3); the Health Department (Section 3.1.7); the Environmental Management Agency (EMA), which regulates all imports and transboundary movement of hazardous substances and chemicals (Section 3.3.3); and the Vehicle Inspection Department (fitness of vehicle and load shipped). Coordination among all these agencies and institutions within the customs clearance process is being improved as part of the World Bank Doing Business Project, to reduce the need for *ad hoc* inspections by representatives of individual departments.

3.4. Zimbabwe ratified the WTO Trade Facilitation Agreement (TFA) in October 2018.[5] Some of its Category A commitments were notified in October 2016, and the remaining 24 measures in September 2019, as well as its technical assistance needs (Table 3.1).[6]

Table 3.1 Notification status of TFA measures, September 2019

Article	Notification	Measure/description
1.1	Category B	Publication
1.2	Category C	Information Available through Internet
1.3	Category C	Enquiry Points
1.4	Category B	Notification
2.1	Category B	Opportunity to Comment and Information before Entry into Force
2.2	Category B	Consultations
3	Category B	Advance Rulings

[1] ZIMRA. Viewed at: https://www.zimra.co.zw/. See, in particular, *Register for VAT.* Viewed at: https://www.zimra.co.zw/index.php?option=com_phocadownload&view=category&id=23:legislation&download=640:revenue-authority-act&Itemid=1.

[2] Proof of domestic residence of every director of the business is required.

[3] The currency amounts referred to in this report are in US dollars, which was legal tender in Zimbabwe until 24 June 2019 (Section 1.2.1). However, since then, most taxes, fees and other charges levied on production and trade are, in principle, payable in Zimbabwean dollars.

[4] SAIIA, *A cry for recognition and protection: Zimbabwe's forgotten Informal Cross Border Traders.* Viewed at: https://saiia.org.za/research/a-cry-for-recognition-and-protection-zimbabwes-forgotten-informal-cross-border-traders/.

[5] TFA Database, *Rate of implementation commitments.* Viewed at: https://www.tfadatabase.org/members/zimbabwe.

[6] WTO document G/TFA/N/ZWE/1, 16 September 2019.

Article	Notification	Measure/description
4	Category B	Procedures for Appeal or Review
5.1	Category B	Notifications for Enhanced Controls or Inspections
5.2	Category B	Detention
5.3	Category C	Test Procedures
6.1	Category A	General Disciplines on Fees and Charges Imposed on Importation and Exportation
6.2	Category A	Specific Disciplines on Fees and Charges for Customs Processing
6.3	Category B	Penalty Disciplines
7.1	Category B	Pre-arrival Processing
7.2	Category B	Electronic Payment
7.3	Category A	Separation of Release from Final Determination of Customs Duties, Taxes, Fees
7.4	Category C	Risk Management
7.5	Category C	Post-clearance Audit
7.6	Category C	Establishment and Publication of Average Release Times
7.7	Category B	Trade Facilitation Measures for Authorized Operators
7.8	Category B	Expedited Shipments
7.9	Category C	Perishable Goods
8	Category A	Border Agency Cooperation
9	Category A	Movement of Goods Intended for Import under Customs Control
10.1	Category B	Formalities and Documentation Requirements
10.2	Category B	Acceptance of Copies
10.3	Category A	Use of International Standards
10.4	Category C	Single Window
10.5	Category A	Preshipment Inspection
10.6	Category A	Use of Customs Brokers
10.7	Category A	Common Border Procedures and Uniform Documentation Requirements
10.8	Category A	Rejected Goods
10.9	Category A	Temporary Admission of Goods and Inward and Outward Processing
11	Category B	Freedom of Transit
12	Category A	Customs Cooperation

Source: WTO TFA Database, *Rate of implementation commitments*. Viewed at https://www.tfadatabase.org/members/zimbabwe.

3.5. Zimbabwe uses the Automated System for Customs Data (ASYCUDA), for customs clearance procedures. In 2011, ZIMRA had migrated to the latest, Internet-based version, ASYWorld, which automatizes most customs-related processes and improves accessibility. In 2019, all customs stations were using ASYWorld. The submission and processing of commercial customs declarations at ZIMRA offices may be done entirely via the Internet; physical submission of original copies of supporting documents for agricultural permits (in original form), and of licences from the Ministry of Industry and Commerce (MIC) is still required. Therefore, the clearing agent still prints a paper copy of all the required documents to finalize the clearance process. According to the authorities, ZIMRA requires assistance in implementing Article 10.2 of the TFA (acceptance of copies). Work is in progress on establishing a single window with the help of COTECNA.

3.6. Customs declarations are processed based on risk assessment, by channelling imported goods into four lanes: green (ready for clearance), blue (deferred control), yellow (inspection of documents), and red (physical inspection). The main factors considered for the risk assessment are: value rulings (goods typically undervalued in declarations), country of origin, tariff peaks (goods subject to high rates of duty), and significant fluctuations in the quantity of the goods imported. Statistics on the percentage of the value of imports entering Zimbabwe under the various channels were not available as at September 2019, but a new ASYCUDA performance monitoring system was being deployed by UNCTAD at ZIMRA.

3.7. According to the authorities, the average time required for processing correct bills of entry is three hours. However, ZIMRA's service has, in the past, been negatively affected by intermittent electricity shortages and network connectivity challenges across the country. Zimbabwe is ranks 157th out of 190 countries for ease of trading across borders.[7]

[7] World Bank, *Doing Business 2019*. Viewed at: http://www.doingbusiness.org/content/dam/doingBusiness/country/z/zimbabwe/ZWE.pdf.

3.8. Zimbabwe could benefit from technical assistance to simplify its documentation requirements, as many documents are still required in original paper form, in duplicate. Clearance of commercial imports valued above USD 1,000 is based on:

- a bill of entry (generated by the system once the clearing agent registers online in ASYCUDA);
- suppliers' invoices;
- consignment notes, such as a rail advice note, air way bill or bill of lading;
- freight statements (to assess ocean freight charges);
- cargo manifests (shows a complete list of what is carried by the vessel);
- the Consignment Based Conformity Assessment certificate (Section 3.3.2);
- an export or transit declaration from the country of origin;
- a "value declaration" (Section 3.1.1.3);
- an invoice for port charges, to evaluate their cost;
- originals of import permits (necessary to monitor partial shipments under import quotas, mainly for agricultural products and medicines);
- licences (Section 3.1.7);
- duty-free certificates, issued by the permanent secretary of the relevant ministry, solely for government imports;
- rebate letters from ZIMRA, to obtain duty and tax concessions applied for by importers;
- value rulings issued by ZIMRA after consultation and research;
- certificates of origin, to claim preferential treatment; and
- and a copy of the importer's tax clearance certificate, issued by ZIMRA.

3.9. Zimbabwe phased out preshipment inspection requirements in 1998. However, in 2015, it introduced a preshipment inspection and conformity assessment for several imported products, on quality grounds (Section 3.3.2).

3.10. It is compulsory to engage the services of professional customs brokers (clearing agents) for imports and exports worth more than USD 1,000, unless companies have in-house clearing (Section 216 (A) of the Customs and Excise Act).

3.11. The profession of customs clearing agent is governed by ZIMRA, under the Customs and Excise Act. It is open to foreigners, but the company must be locally registered. To obtain an annually renewable licence, applicants must submit a certified certificate of incorporation; the national identity card, finger prints, and police clearance of shareholders, directors and any employees authorized to act on behalf of the clearing agent; *curricula vitae* of all employees (with proof of customs experience); and a tax clearance certificate. Where the clearing agent intends to engage in imports, removal in bond, or transit, a bond of USD 250,000 must be lodged with a guarantor.[8] The licence is issued after payment of a USD 800 licence fee, and must be renewed annually at a cost of USD 100.

3.12. ZIMRA put in place a pre-clearance facility, which allows the importer or his agent to lodge all requisite documents before the arrival in Zimbabwe of the goods dispatched by rail, road or air. ZIMRA is in the process of implementing Article 7.1 on Pre-arrival Processing.

3.13. Procedures are also in place for advance rulings for both tariff and tax issues; the authorities indicated that Zimbabwe is already implementing Article 3 of the TFA on advance rulings.

3.14. To avoid delays at the point of entry, importers and clearing agents who have posted a transaction bond with ZIMRA may also opt for the imports' removal under bond. Under this option,

[8] World Bank, *Doing Business 2019*. Viewed at: http://www.doingbusiness.org/content/dam/doingBusiness/country/z/zimbabwe/ZWE.pdf.

the goods are moved for final clearance to an inland port; typically, they must be cleared within ten days. Zimbabwe notified conformity with Article 7.3 of the TFA regarding the separation of the merchandise's release from the final payment of duties and taxes.

3.15. According to the Auditor General's 2017 report, ZIMRA may grant "report orders" to importers for clearance of imported goods within seven days. A report order is a deferred clearance that allows the movement of urgent goods to the client. At end-2017, some report orders that were given to clients for clearing goods at an inland port had not yet been acquitted, and some date back to 2013. As at 31 December 2017, the total value of goods imported under report orders that were not yet acquitted reached nearly USD 63 million.

3.16. Under the dispute settlement procedures in place, importers may appeal through the administrative channel (station supervisor, manager, regional manager, or Commissioner in charge of ZIMRA) or approach the fiscal courts directly. Most dispute cases concern customs valuation, notably of second-hand vehicles. Financial penalties for most violations range from USD 100 to USD 5,000, or three times the duty-paid value, whichever is greater; certain cases are liable to criminal charges, with prison sentences of at least one year.

3.17. Imported goods may be stored in a state-owned warehouse until customs duty obligations are settled; the applicable storage fees are determined according to the weight or the nature of the goods: motor vehicles (USD 10/day/vehicle), goods under 500 kg (USD 2/day), and goods above 500 kg (USD 4/day).

3.18. Goods may also be imported into one of Zimbabwe's 100 licensed private bonded warehouses for up to two years, without paying duties on the goods (Section 68 to 71 of the Customs and Excise Act). During that period, the importer can sell the goods directly from the warehouse and, upon payment of the relevant duties and taxes (related to commercial importation for domestic consumption), obtain the release of the quantities sold.

3.19. Temporary imports can be cleared by payment of a deposit, which is refundable on export, or by an application for temporary importation privileges, which are guaranteed by a bank or an insurance company (Section 124 of the Customs Act). Zimbabwe notified conformity with Article 10.9 of the TFA on Temporary Admission of Goods and Inward and Outward Processing (Table 3.1). Vehicles that enter the country temporarily are given Temporary Import Permits. According to the Auditor General 2017 Report, as at 31 December 2017, there were 20,394 electronic permits that had not been acquitted even though they had expired. Some of the entries date back to 2013.[9]

3.1.1.2 Goods in transit

3.20. Zimbabwe is a landlocked country that shares borders with four countries: Mozambique, South Africa, Botswana and Zambia. Because of its strategic location, Zimbabwe has a critical role to play in the facilitation of regional transit traffic. One of the region's busiest and biggest border posts, Beitbridge, is at the border with South Africa. A project to upgrade and modernize Beitbridge border post was underway in 2019, at an estimated cost of USD 241 million, implemented by Zimborders, a consortium of local and international investors, based on a Build Operate and Transfer model.

3.21. According to the Auditor General 2017 Report, Removal in Transit (regional consignments) entries at ports exceeding USD 40 million had not been acquitted as at 31 December 2017. Some of the entries date back to 2013. For instance, Beitbridge border post had transit entries that had not yet been acquitted as at 31 December 2017 exceeding USD 10 million. The bulk of Beitbridge outstanding transit entries were a result of duplication of clearing agents by transporters; according to the authorities, the duplicated clearances were cancelled. ZIMRA is moving towards automation of manifests to ensure the same goods are not cleared twice.

3.22. Both the SADC and the COMESA adopted regional transit schemes (see below). To date, these have not been implemented in Zimbabwe, but the authorities indicated that Zimbabwe facilitates transit cargo in line with Article 11 of the TFA. Zimbabwe uses a national ASYCUDA-based transit

[9] Report of the Auditor General for the year ending 2017.

module, whereby a transit declaration lodged at the port of entry (airport or border post) is automatically posted to the exit office before the truck arrives. When the truck arrives at the exit office, Customs extracts the details of the consignment, checks if the goods and seals are intact, acquits the entry in the system, and releases the truck.

3.23. Zimbabwe is on the draw-down bond system, whereby the acquittal of the document reinstates the bond amount held in the commencement port (Section 83 of Customs and Excise Act). Goods in transit through Zimbabwe must have security coverage for the full amount of customs duty at stake; this requirement is fulfilled either through a cash deposit or through a clearing agent who has a bond with ZIMRA. Goods released from Customs under the transit regime are expected to exit Zimbabwe within three days; the bill of entry is acquitted electronically at the point of exit. The system also then terminates the transit operation, and informs the commencement office electronically. Failure to meet this deadline results in a late acquittal fine of USD 400 upon clearing the goods for exit; if the bill of entry remains outstanding in the system, the goods are presumed to have been consumed locally, and the relevant security deposit or bond is forfeited.

3.24. To further strengthen tracking of goods, Zimbabwe also introduced non-intrusive scanning equipment of goods in transit. This cuts down on delays caused by the physical examination of goods. ZIMRA also introduced electronic cargo sealing of transit goods.

3.25. The adoption of a single regional administrative transit document would facilitate effective management of transit traffic. The adoption of a single, preferably nominal, bond would also help. In 2019, despite COMESA and SADC provisions on transit traffic, most of the countries that belong to these regional groupings, Zimbabwe included, have their own national transit systems, with differing bond requirements, and different documentation which different countries require for transit operations, procedures and regulations. The various requirements in the management of transit traffic, together with multiple border agencies, negatively impact on transit procedures.

3.1.1.3 Customs valuation

3.26. Zimbabwe's customs valuation rules are contained in Part X of the Customs and Excise Act. The dutiable value of imports is the sum of the purchase cost plus all expenses incurred for insurance and freight up to the point of entry into Zimbabwe. In the absence of proof of insurance and freight charges, an estimate of the cost of insurance is calculated by ZIMRA in the following way[10]: for goods imported by air, the cost of freight and insurance is estimated at 15% of the f.o.b. value of the goods; the corresponding percentage is 1% for imports other than by air, and 5%-7.5% for imports "loaded into the importer's means of transport". In principle, the primary method of valuation of the purchase cost is the transaction value of the imported goods as stated on the invoice. According to the authorities, when necessary, recourse to alternative methods follows the hierarchy set out in the WTO Customs Valuation Agreement. A declaration of value is required for all imports that are subject to the payment of duty and whose total value for duty purposes exceeds USD 100 in respect of each complete consignment. The value declaration is a means to obtain additional details on the transaction beyond those provided on the invoice, such as the relationship between the buyer and the seller.

3.1.2 Rules of origin

3.27. Zimbabwe notified its non-preferential rules of origin to the WTO Committee on Rules of Origin in 2012, based on the Customs and Excise Act. The Act provides that the country of origin of any manufactured goods is the country in which the last process of manufacture was performed. Most imports receive most-favoured-nation (MFN) treatment, and few importers effectively clear imports through one of Zimbabwe's preferential tariff regimes, each with its own set of rules of origin (Table 3.2). According to the authorities, this may reflect stringent rules of origin requirements, particularly under the SADC; a larger amount of imports from the COMESA enters under COMESA preferential rates, reportedly because COMESA rules are not as stringent.

[10] ZIMRA, Customs Act Section 113 (2)c. Viewed at: https://www.zimra.co.zw/downloads/category/17-acts?download=166:customs-and-excise-act-chapter-23-02-updated.

Table 3.2 Rules of origin under trade agreements, September 2019

Agreement	Provision	Link to official website containing the rule of origin
WTO	Last country of transformation	https://www.wto.org/english/tratop_e/roi_e/roi_e.htm.
COMESA	Either change of tariff classification criteria, or regional value content criteria. Cumulation possible among Parties	http://www.trade.go.ke/sites/default/files/COMESA_Protocol-on-Rules-of-Origin-2015_0.pdf.
SADC	Non-originating materials incorporated in the product must have undergone "sufficient working or processing" in accordance with the conditions set out in Appendix I of Annex I; or the value of all non-originating materials must not exceed 10% of the ex-works price of the good. There is no regime-wide rule of origin but Appendix I of Annex I lists the specific criteria (mostly with respect to HS tariff headings (at various levels)) that non-originating materials must meet for a final good to acquire originating status	https://www.mcci.org/media/1285/sadc_protocol_annex_i.pdf.
Botswana	Minimum local-content threshold of 25%	https://www.tradezimbabwe.com/wp-content/uploads/2016/03/Stautory-Instrument-192-of-1988-Zimbabwe-Botswana.pdf.
Malawi		https://www.tradezimbabwe.com/wp-content/uploads/2016/03/Statutory-Instrument-103-of-1995-Zimbabwe-Malawi-1.pdf.
Mozambique		https://www.tradezimbabwe.com/wp-content/uploads/2016/03/Statutory-Instrument-33-of-2005-Zimbabwe-Mozambique.pdf.
Namibia		https://www.tradezimbabwe.com/wp-content/uploads/2016/03/Statutory-Instrument-156A-of-1993-Zimbabwe-Namibia.pdf.
EU (EPA)		https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:22016A0916(01)&from=GA.

Source: WTO Secretariat, based on information provided by the authorities.

3.1.3 Tariffs

3.28. A consolidated version of Zimbabwe's Customs Tariff (including preferential rates and duty rebates, but not duty suspensions) is available at the WTO's Tariff Analysis Online Website.[11]

3.1.3.1 Applied MFN tariffs

3.29. Zimbabwe grants at least MFN treatment to all its trading partners, including those that are not WTO Members. Its 2019 applied MFN customs tariff is based on the HS 2017 version of the Harmonized Commodity Description and Coding System (HS), and comprises 6,380 lines at the eight-digit level. Zimbabwe's simple average applied MFN tariff increased from 15.4% in 2011 to 15.8% in 2019 (Table 3.3). In November 2018, a new statutory instrument listed a large array of food, beverages, consumer goods and vehicles whose import duties are to be paid exclusively in foreign currencies.[12] Beverages, spirits and tobacco are the most protected sectors (Table 3.4).

[11] WTO, *Tariff Analysis Online*. Viewed at: http://tao.wto.org/.

[12] Veritas, *SI 2018-252A Customs and Excise (Designation of Foreign Currency Dutiable Goods) Notice, 2018*. Viewed at: http://www.veritaszim.net/node/3342.

Table 3.3 Structure of applied MFN tariffs, 2011 and 2019

(%)

		MFN applied		Bound tariff[c]
		2011[a]	2019[b]	
1.	Bound tariff lines (% of all tariff lines)	n.a.	n.a.	24.7
2.	Simple average tariff rate	15.4	15.8	82.7
	Agricultural products (WTO def.)	25.1	25.1	144.1
	Non-agricultural products (WTO def.)	13.9	14.3	10.1
	Agriculture, hunting, forestry and fishing (ISIC 1)	17.3	16.7	113.5
	Mining and quarrying (ISIC 2)	5.9	5.7	Unbound
	Manufacturing (ISIC 3)	15.4	15.9	72.6
3.	Duty-free tariff lines (% of all tariff lines)	9.9	11.1	3.3
4.	WTO tariff quotas (% of all tariff lines)	0.0	0.0	0.0
5.	Non-*ad valorem* tariffs (% of all tariff lines)	6.1	8.4	0.8
6.	Domestic tariff "peaks" (% of all tariff lines)[d]	1.6	1.4	0.0
7.	International tariff "peaks" (% of all tariff lines)[e]	30.4	30.4	15.3
8.	Overall standard deviation of applied rates	15.8	16.2	70.6
9.	Coefficient of variation	1.0	1.0	0.9
10.	"Nuisance" applied rates (% of all tariff lines)[f]	0.2	0.0	0.0

n.a. Not applicable.

a The 2011 tariff is based on the HS07 nomenclature, consisting of 5,932 tariff lines (at the 8-digit tariff line level). In the case of non-*ad valorem* rates, the *ad valorem* part is used for compound rates.

b The 2019 tariff is based on the HS17 nomenclature, consisting of 6,380 tariff lines (at the 8-digit tariff line level). In the case of non-*ad valorem* rates, the *ad valorem* part is used for compound and mixed rates.

c Final bound rates are taken from the Consolidated Tariff Schedules (CTS) database. The final bound schedule is based on the HS12 nomenclature at the 8-digit level (except for 1.8% of total tariff lines are coded at the 9-11digit level). In the case of compound and mixed rates, the *ad valorem* part is used as the estimator.

d Domestic tariff peaks are defined as those exceeding three times the overall simple average.

e International tariff peaks are defined as those exceeding 15%.

f Nuisance rates are those greater than zero, but less than or equal to 2%.

Source: WTO Secretariat calculations, based on data provided by the authorities; and the WTO CTS database.

Table 3.4 Applied MFN tariff summary, 2019

	Number of lines	Simple average (%)	Tariff range (%)	CV[a]	Share of duty-free lines (%)	Share of non-*ad valorem* tariffs (%)
Total	**6,380**	**15.8**	**0-100**	**1.0**	**11.1**	**8.4**
HS 01-24	1,320	22.7	0-100	1.0	19.6	7.7
HS 25-97	5,060	14.0	0-65	1.0	8.9	8.6
By WTO category						
WTO agricultural products	**924**	**25.1**	**0-100**	**0.9**	**8.8**	**10.4**
Animals and products thereof	115	29.6	0-40	0.5	9.6	24.3
Dairy products	29	28.9	0-40	0.5	3.4	34.5
Fruit, vegetables, and plants	226	27.7	0-40	0.6	4.0	0.4
Coffee, tea, and cocoa and cocoa preparations	24	32.7	5-40	0.4	0.0	0.0
Cereals and preparations	108	20.7	0-40	0.7	11.1	10.2
Oil seeds, fats, oils and their products	99	13.8	5-40	0.9	0.0	12.1
Sugars and confectionary	18	12.5	0-40	0.8	5.6	33.3
Beverages, spirits and tobacco	143	49.3	0-100	0.8	22.4	19.6
Cotton	9	3.3	0-5	0.7	33.3	0.0
Other agricultural products, n.e.s.	153	9.6	0-40	1.0	7.8	0.0

	Number of lines	Simple average (%)	Tariff range (%)	CV[a]	Share of duty-free lines (%)	Share of non-*ad valorem* tariffs (%)
WTO non-agricultural products	**5456**	**14.3**	**0-65**	**1.0**	**11.5**	**8.1**
Fish and fishery products	473	15.5	0-40	1.1	38.3	1.1
Minerals and metals	988	13.7	0-65	0.9	0.7	0.4
Chemicals and photographic supplies	1,014	7.6	0-40	1.1	6.7	0.9
Wood, pulp, paper and furniture	344	17.3	0-40	0.9	2.3	5.5
Textiles	678	17.4	5-40	0.8	0.0	20.4
Clothing	232	39.1	10-40	0.1	0.0	99.1
Leather, rubber, footwear and travel goods	180	19.7	0-60	0.7	0.6	18.9
Non-electric machinery	584	6.6	0-65	1.7	42.8	0.2
Electric machinery	292	13.7	0-60	1.0	16.4	0.0
Transport equipment	205	17.0	0-60	0.9	11.7	0.0
Non-agricultural products, n.e.s.	440	16.4	0-60	0.8	8.0	0.2
Petroleum	26	13.5	0-45	1.0	26.9	0.0
By ISIC sector[b]						
ISIC 1 - Agriculture, hunting and fishing	515	16.7	0-100	1.2	24.7	0.6
ISIC 2 - Mining and quarrying	98	5.7	0-15	0.4	2.0	0.0
ISIC 3 - Manufacturing	5,766	15.9	0-100	1.0	10.1	9.3
By stage of processing						
First stage of processing	880	13.3	0-100	1.2	17.5	0.9
Semi-processed products	2,036	9.8	0-40	0.9	4.5	5.4
Fully processed products	3,464	20.0	0-100	0.9	13.4	12.1

a Coefficient of variation.
b International Standard Industrial Classification (Rev.2). Electricity, gas and water are excluded (1 tariff line).

Note: The 2019 tariff is based on the HS17 nomenclature, consisting of 6,380 tariff lines (at the 8-digit tariff line level). In the case of non-*ad valorem* duties, the *ad valorem* part is used for compound and mixed rates.

Source: WTO Secretariat calculations based on data provided by the authorities.

3.30. Overall, the 2019 Customs Tariff depicts negative escalation on semi-processed products, which are, on average, subject to a lower average applied rate (9.8%) than raw materials (13.3%), whereas fully processed products attract the highest average applied rate, resulting in positive tariff escalation (Table 3.4). Thus, the tariff structure may not be conducive to diversification of economic activities through value addition at the semi-processed stage, explaining importers' requests for duty and tax concessions granted under numerous schemes (see below). However, such concessions modify the tariff structure, and may result in positive tariff escalation and, thereby, may increase the effective protection of selected activities and companies (Section 3.1.6). Furthermore, the high tariff protection of finished products does not foster international competitiveness in these goods.

3.31. When *ad valorem* equivalents (AVEs) of non-*ad valorem* tariff rates are taken into account, the simple average applied MFN tariff in 2019 reaches 18.2% instead of 15.8%. Indeed, the number of customs duties expressed in specific monetary amounts per unit of product (e.g. USD 2.5 per kg instead of an *ad valorem* percentage) increased over the 2011-19 period (Table 3.5). Some 8.4% of all tariff lines in 2019 have non-*ad valorem* rates, compared to 6.1% in 2011: these are either specific (31 lines), compound (434 lines) or alternate/mixed (72 lines) rates. Most non-*ad valorem* duties apply to imports of food products, alcoholic beverages, tobacco, apparel, and footwear. Specific duties lead to volatility in the level of protection when prices (including the exchange rates) vary, and their AVEs can reach very high levels (Table 3.5). For example, applied tariffs on mosquito nets are 40%, plus a specific import duty of USD 5 per kg, resulting in an AVE of nearly 200% (2018).

Table 3.5 Examples of non *ad valorem* tariffs

Tariff line	Product description	2019 duty rates as reported (USD/kg)	2018 unit price (USD/kg)	2017 unit price (USD/kg)	AVE 2018 (%)	AVE 2017 (%)
36050000	Matches	0.02	2.6	2.6	0.8	0.8
40121190	Retreaded tyres	2.50	1.3	95.2	192.7	2.6
40121290	Retreaded tyres other than solid	2.50	0.9	..	283	..
40122090	Used pneumatic tyres	2.50	1.2	6.3	206.5	39.8
49029090	Newspapers, journals, etc	0.50	3	3.6	16.8	14
63090000	Worn clothing and articles	5.00	1.4	2.4	359.1	204.5
73144100	Other cloth plated with zinc	0.25	1.2	1.1	21.7	22.8
84329010	Plough beams	5.00	28.9	9.6	17.3	52.2
02061000	Of bovine animals, fresh or chilled	40% or USD 1.50/kg, whichever is higher	..	..	..	..
02071490	Of fowls of the species *Gallus domesticus*; cuts and offal, frozen; other than mechanically deboned meat	40% or USD 1.50/kg, whichever is higher	17.3	..	40.0	..
04022199	Milk and cream, not sweetened	USD 2.50/kg	2.9	3.6	86.4	69.7
22085019	Gin, other than wholly distilled in Zimbabwe	USD 5.00/litre or USD 10.00/litre of absolute alcohol, whichever is higher	..	..	..	..
63042000	Mosquito nets	40% + USD 5.00/kg	3.2	..	195.5	..

.. Not available.

Source: Compiled by the WTO Secretariat, based on data provided by the authorities.

3.1.3.2 WTO tariff bindings

3.32. Zimbabwe's tariff bindings cover 1,365 tariff lines at the HS eight-digit level (except for 1.8% of total tariff lines coded at the nine-eleven-digit level, of which 94 are partially bound). Tariffs on all agricultural products were bound in the Uruguay Round, at a ceiling rate of 150%, with exceptions for 54 lines at 0%, 5%, 10%, 20%, 25%, and 0.1 c per kg.[13] Only 12.8% of non-agricultural products are bound, mainly at rates of 0%, 5% and 7.5%, with a few ranging up to 150%. In total, less than a quarter of Zimbabwe's tariff lines are bound. The average bound tariff rate is 82.7%, considerably higher than the average applied MFN rate (15.8%). This, and the low coverage of bindings for non-agricultural products, does not ensure predictability of the tariff regime, since it leaves large margins for autonomous increases of the applied rates.

3.33. The applied rates exceed the corresponding bound levels (in some cases by as much as 60 percentage points) on 61 tariff lines (Table 3.6); another 64 lines carry non-*ad valorem* rates that could potentially exceed their *ad valorem* bindings if import prices fall.

Table 3.6 Tariff lines where applied MFN rates exceed bound rates

Tariff codes (Production description at the HS 4-digit level)	2019 applied MFN rates	Bound rates
Fish, fresh or frozen, fillets, dried, smoked, etc.		
03021310 – 03039200 (18 lines), except:	40	0
03027100, 03032300, 03035500	40% or USD 1.50/kg	0
03044100 – 03049500 (23 lines)	10	0
03053210, 03054110	40	0
03076000	40	7.5
Aquatic invertebrates 03089000	20	0 or 7.5
Crustaceans, molluscs and other, prepared 16052900	40	7.5
Essential oils 33019010	40	25
Other plates, etc. of plastics 39207100	15	10
Retreaded or used pneumatic tyres of rubber		

[13] This particular specific duty predates the Uruguay Round; there is no indication of the currency.

Tariff codes (Production description at the HS 4-digit level)	2019 applied MFN rates	Bound rates
40121110	25	5
40121210 – 40122010 (3 lines)	15	5
Builders' wood carpentry 44182000 – 44187900 (8 lines)	40	15
Other paper, paperboard, cellulose, etc 48239090	40	10
Cotton, not carded or combed 52010019, 52010099	5	0
Other knitted/crocheted fabrics 60063200 – 60064400 (6 lines)	40% + USD 2.50/kg	25
Railway or tramway track construction material 73029000	20	5
Interchangeable hand tools 82074010 – 82078010 (4 lines)	15	5
Pumps for liquids, air or vacuum pumps 84139100, 84148090	10	5
Agricultural machinery 84322110 – 84322950 (7 lines)	10	5
Tools with self-contained motors 84672100 – 84672900 (3 lines)	15	5
Calculating machines, etc. 84701000	25	22.5
Telephone sets, including for cellular networks 85176900	10	0
Reception apparatus for radio-broadcasting		
85271200	60	0
85272100 – 85279900 (6 lines)	40	0
Monitors and projectors, etc. 85287100 – 85287300 (3 lines)	40	0
Parts and accessories of motor vehicles		
87082930, 87082940	40	5
87082990 – 87089500 (6 lines)	10	5
Tricycles, scooters, pedal cars, etc. 95030000	40	30

Note: A full comparison between MFN applied and bound rates was not possible; some 1.4% of tariff lines could not be compared, mainly due to changes in the HS nomenclature and in the structure of the tariff schedule.

Source: WTO Secretariat calculations, based on data provided by the authorities; and the CTS database.

3.1.3.3 Tariff preferences

3.34. The preferential tariffs (simple averages) for Zimbabwe's main preferential trading groups are presented in Table 3.7.Duty-free treatment is available for all goods imported from the COMESA and Botswana, Malawi, and Namibia. In contrast, under the SADC for countries other than South Africa, tariffs are close to zero on all imports except transport equipment. Under the agreement with Mozambique, most tariffs are also close to zero – and could advantageously be eliminated - except for beverages, sugars and confectionary, and transport equipment. Under the interim EPA with the European Union, Zimbabwe's highest (average) tariffs are 39.0% and 32.3%, respectively, on clothing and beverages (including spirits), and tobacco, and 21.9% on dairy products.

Table 3.7 Preferential tariffs (average), 2019

	Applied MFN	Interim EPA	Mozambique	SADC		Memo: RSA rate bilateral (until Nov 2018)
				South Africa	Other	
Total	**15.8**	**8.7**	**0.6**	**2.7**	**0.4**	**11.6**
HS 01-24	22.7	8.1	1.0	4.6	0.2	10.5
HS 25-97	14.0	8.8	0.4	2.2	0.4	11.8
By WTO category						
WTO agricultural products	**25.1**	**9.7**	**1.4**	**6.3**	**0.3**	**13.3**
Animals and products thereof	29.6	1.9	0	8.4	1.4	2.4
Dairy products	28.9	21.9	0	7.7	1.0	0
Fruit, vegetables, and plants	27.7	4.1	0	5.2	0.1	13.8
Coffee, tea, cocoa and preparations	32.7	18.2	0	4.6	0	32.1
Cereals and preparations	20.7	9.2	0	7.5	0.3	12.0
Oil seeds, fats, oils and products	13.8	8.4	0	6.8	0	4.7
Sugars and confectionary	12.5	9.5	5.3	6.7	0	12.5
Beverages, spirits and tobacco	49.3	32.3	8.4	11.8	0	39.3
Cotton	3.3	3.3	0	0	0	3.3
Other agricultural products, n.e.s.	9.6	3.7	0	0.3	0	6.2
WTO non-agricultural products	**14.3**	**8.5**	**0.4**	**2.1**	**0.4**	**11.3**
Fish and fishery products	15.5	4.3	0	0.7	0.0	4.6

	Applied MFN	Interim EPA	Mozambique	SADC		Memo: RSA rate bilateral (until Nov 2018)
				South Africa	Other	
Minerals and metals	13.7	8.0	0	1.7	0.1	10.7
Chemicals and photographic supplies	7.6	6.0	0	1.1	0	7.4
Wood, pulp, paper and furniture	17.3	8.6	0	4.7	0	13.6
Textiles	17.4	11.6	0	1.9	0	14.1
Clothing	39.1	39.0	0	0	0	34.2
Leather, rubber, footwear, etc.	19.7	13.9	0	1.3	0	16.3
Non-electric machinery	6.6	1.2	0	1.1	0	6.0
Electric machinery	13.7	4.7	0	3.3	0	11.9
Transport equipment	17.0	11.2	9.8	12.1	9.3	15.2
Non-agricultural products, n.e.s.	16.4	7.6	0.5	2.5	0	13.1
Petroleum	13.5	10.1	0	2.5	3.3	13.5

Note: The 2019 tariff is based on the HS17 nomenclature, consisting of 6,380 tariff lines (at the 8-digit tariff line level). In the case of non-*ad valorem* duties, the *ad valorem* part is used for compound and mixed rates.

Source: WTO Secretariat calculations, based on data provided by the authorities.

3.35. Zimbabwe had a dual tariff regime *vis-à-vis* its main trading partner, South Africa, until the termination of the bilateral agreement in November 2018 (Section 2.3.2). Until then, importers wishing to procure goods originating in South Africa could either claim a bilateral agreement with South Africa, with tariffs averaging 11.6%, or the SADC preferential tariff that is specific to South Africa and which averages a much lower 2.7% (Table 3.7). However, on some 297 tariff lines, the bilateral tariff was lower that the SADC-South Africa tariff. This was made even more complicated by the fact that, on 370 lines, importers could import duty-free from South Africa under the bilateral agreement provided they were granted an import licence. (Those tariff codes were specifically assigned as Free Under Licence (FUL) in Zimbabwe's tariff schedule. FUL imports were subject to a quota, set and administered by the Ministry of Lands, Agriculture, Water, Climate and Rural Resettlement. Beyond the FUL "quota", the duty reverted to the MFN rate if the imports were not suspended altogether.

3.1.4 Other duties and charges

3.36. Other duties and charges (ODCs) on those national tariff lines that were bound by Zimbabwe under the GATT are bound at 15%, thereby allowing Zimbabwe to levy ODCs up to a level of 15% in addition to the bound tariff itself.

- a surtax is levied at the general rate of 25% on imports from all countries including COMESA and SADC members (except, in principle, on goods entered under the bilateral agreements with Botswana, Malawi and Namibia) on numerous meat and dairy products, vegetables, and food preparations; beer not produced in Zimbabwe; cider, pet food; tobacco; body products; food containers, cleaning products; candles; certain footwear; and freezers and refrigerators, ovens, and second-hand motor vehicles The surtax list was modified in 2014 to add cement and wooden furniture, among other products[14];

- a COMESA surtax was levied in 2011 on certain imports at either 2% (1,078 HS eight- digit lines) or 1% (69 HS eight-digit lines). According to the authorities, the rationale for the surtax is twofold: to protect local industry from goods originating from the other COMESA countries; and to generate fiscal revenue; but its overall impact would be rather modest in comparison to its administration cost;

- a trade development surcharge of 0.1% is levied on the f.o.b. value of imported and exported goods for the purpose of financing the trade development organization ZimTrade (70% of proceeds) and the Competition and Tariff Commission (30%). Products exempt from the surcharge include gold and articles thereof, currency,

[14] Customs and Excise (Surtax Tariff) Notice, 2012, *Statutory Instrument 12 of 2012*. Viewed at: https://www.zimra.co.zw/news/721:changes-to-the-surtax-list.

electricity, petroleum fuels and oils; any mineral exports involving the Minerals Marketing Corporation of Zimbabwe; essential food items imported under suspension of customs duties; and any goods imported under a "no currency involved" transaction, with payment effected outside Zimbabwe. The surcharge is collected by authorized dealers (mostly banks) at the time of the trade-related currency exchange transaction and remitted to the beneficiary trade development organization; and

- imports of fuel are subject to a strategic reserve levy, a debt redemption levy, and a carbon tax (Section 4.2.3).

3.1.5 Internal taxes

3.37. VAT of 15% is levied on the supply of goods and services, including on their importation.[15] VAT on imports is levied on the c.i.f. value plus customs duties. Exempt essential necessities include: medical and educational services; rentals from residential properties; transport of fare-paying passengers; water and electricity for domestic use; and fuel. Some supplies are zero-rated, and are thus eligible for a VAT refund on inputs. These supplies include: basic foodstuffs and clothing (e.g. mielie meal, sugar, milk, meat, salt, and bread); agricultural inputs (e.g. fertilizer, seeds, pesticides, animal feed, animal remedy, plants, and tractors); "fiscal memory devices" (see below); and exported goods (except un-beneficiated chrome) and services.

3.38. Since 2010, the share of VAT on domestic goods in total government revenue has increased (from 20% to 23% in 2018), while the share accounted for by VAT on imports fell from 16% to 10% (Table 1.4). This shift could reflect efforts by ZIMRA to improve the collection of domestic VAT proceeds by tracking taxable transactions: new electronic registers with a memory device were made compulsory for businesses with an annual turnover above USD 240,000, to minimize tax fraud. Any device not interfaced with ZIMRA leads to a fine of USD 25 per day. Since October 2018, Zimbabwe levies the Intermediated Money Transfer Tax on electronic money transfers (Section 1.2.2).

3.39. Zimbabwe levies excise duties on a range of products (Table 3.8). New products have been made subject to excise duties, such as "diesel imported designated fuel service stations for sale in foreign currency"; the rates for petrol and diesel were set in 2019 on an *ad valorem* c.i.f. basis, at 45% and 40% per litre, respectively. Rates for cigarettes were set at USD 50 per 1,000 sticks plus 20% of the ex-factory price. The excise duty was waived for imports of "raw" wine (175,000 l). However, the fact that the rates are levied in local Zimbabwean dollars may translate into substantial revenue losses in case of further inflation.

Table 3.8 Excise taxes, 2017 and 2019

Commodity code corrected	Description of goods	Rate of duty 2017	Rate of duty 2019
2106.90.10	Opaque beer powder	USD 0.05/kg	ZWL 0.50/kg
2201.10.11	Water in closed bottles or other containers, ready for drinking	25%	25%
2203.00.11	Beer containing not less than 2 g (dry weight) of mashper 100 ml	0%	0%
2203.00.19	Other beer	0%	0%
2203.00.91	Clear beer made from sorghum, wholly produced in Zimbabwe	15%	15%
2203.00.99	Other	40%	40%
2204[a]	Wine	USD 0.50/L	ZWL 4.00/L
2205[b]	Other wine	USD 0.40/L	ZWL 3.50/L
2206.00.10-30	Cider, perry, mead	USD 0.36/L	ZWL 3.00/L
2206.00.41-9	Opaque beer	10%	10%
2206[c]	Sparkling wine	USD 0.40/L	ZWL 3.50/L
2207.10.10	Ethyl alcohol	USD 0.05/L	USD 0.05/L
2207.10 90-99	Other alcohol	15%	15%
2208.20.11-9	Alcohol containing <33⅓% of imported spirit	USD 5.00/litre of absolute alcohol (LAA)	30% + ZWL 10.00/LAA
2208.20.90	Other alcohol	40%	40%
2208.30.10, 90 2208.40.11-90	Rum	USD 5.00/LAA	30% + ZWL 10.00/LAA

[15] ZIMRA, viewed at: https://www.zimra.co.zw/domestic-taxes/vat/mechanics-of-vat.

Commodity code corrected	Description of goods	Rate of duty 2017	Rate of duty 2019
2208.40.90 2208.50.11-19	Tafia	USD 5.00/LAA	USD 5.00/LAA
2208.50.90	Geneva	USD 5.00/LAA	USD 5.00/LAA
2208[d]	Vodka and other	USD 5.00/LAA	30% + ZWL 10.00/LAA
2401.30.10	Tobacco refuse	60%	60%
2402[e]	Cigars, cigarettes	USD 20.00 per 1,000 cigarettes	20% + ZWL 50.00 per 1,000 cigarettes
2402.90.10-20	Cigars, cigarettes not containing tobacco	USD 20.00 per 1,000 cigarettes	USD 20.00 per 1,000 cigarettes
2403[f]	Tobacco	60%	60%
2707.10.00	Benzol (benzene)	USD 0.05/m^3	USD 0.05/m^3
2710.12.12, 13	Leaded and unleaded petrol	USD 0.385/L	45%
2710.12.14,15	Leaded and unleaded petrol imported using free funds for own use	..	USD 2.31/L
2710.12.19	Other	45%	45%
2710.19.12	Kerosene type jet fuel	5%	5%
2710.19.13, 14,15	Power kerosene, having a density of 20^{0}C, illuminating or heating kerosene	USD 0.33/L	40%
2710.19.16	Power kerosene having a density of 20^{0}C	..	USD 0.40/L
2710.19.17	Other power kerosene, imported	..	USD 0.40/L
2710.19.18	Illuminating or heating kerosene	..	USD 0.40/L
2710.19.19	Illuminating or heating kerosene	..	USD 0.40/L
2710.19.29	Diesel	USD 0.385/L	40%
2710.19.30	Other fuel oils	25%	25%
2710.19.31	Diesel imported using free funds	..	USD 0.40/L
3826.00.00	Biodiesel and mixtures	USD 0.16/L	USD 0.16/L
8539.22.10	Electrical lamps, power >40W but <60W	USD 0.15 each	USD 0.15 each
8539.22.20	Electrical lamps, power> 60W but <80W	USD 0.20 each	USD 0.20 each
8539.22.30	Electrical lamps, power > 80W but < 100w	USD 0.25 each	USD 0.25 each

.. Not available.

a 2204.10.11, 2204.10.19, 2204.10.91, 2204.10.99, 2204.21.11, 2204.21.12, 2204.21.13, 2204.21.19, 2204.21.91, 2204.21.92, 2204.21.93, 2204.21.99, 2204.22.11, 2204.22.12, 2204.22.13, 2204.22.19, 2204.22.91, 2204.22.92, 2204.22.93, 2204.22.99, 2204.29.11, 2204.29.12, 2204.29.13, 2204.29.19, 2204.29.30, 2204.29.91, 2204.29.92, 2204.29.93, 2204.29.99.

b 2205.10.10, 2205.1019, 2205.10.91, 2205.10.99, 2205.90.11, 2205.90.19, 2205.90.91, 2205.90.99.

c 2206.00.52, 2206.00.53, 2206.00.59, 2206.00.71, 2206.00.72, 2206.00.73, 2206.00.79, 2206.00.90.

d 2208.60.10, 2208.60.90, 2208.70.10, 2208.70.90, 2208.90.21, 2208.90.29, 2208.90.91, 2208.90.99.

e 2402.10.00, 2402.20.10, 2402.20.20, 2402.20.30, 2402.20.40, 2402.20.90.

f 2403.11.10, 2403.11.20, 2403.11.90, 2403.19.10, 2403.19.20, 2403.19.90.

Source: Part II Excise duties, Zimbabwe's tariff schedule; and Statutory Instrument 161 of 2019.

3.1.6 Duty concessions, suspensions, exemptions or rebates

3.40. One of the indicators that Zimbabwe's tariffs on certain industrial imports are too high, and hence negatively affect industries that rely on imported inputs, is the high number of duty remissions granted annually to importers and the importance of foregone revenue because of these remissions (Table 1.6). Rebates may concern customs duties, surtax, excise or VAT; they are granted on imports of capital plants, equipment and machinery, and inputs. In total, over 150 statutory instruments provide for duty rebates of various sorts (Table 3.9); these would benefit from a regulatory review by the Ministry of Finance.

Table 3.9 Provisions for customs duty or VAT exemptions

Code	National procedure code description
001	Suspension of Duty on Sugar
002	Suspension of Duty on Powdered Milk
003	Cider Manufacturer Rebate

Code	National procedure code description
004	Suspension on Goods for Beitbridge Railway Line
006	Importation of Fertilizer under Suspension
105	Exportation of Goods by the Government of Zimbabwe
012	Rebate of Duty on Capital Equipment Imported for Use in Special Industries
120	Exportation of Goods-Industrial Drawback to be Claimed
125	Export under Bond of Products Manufactured Claiming Industrial Drawback
170	Exportation of Products Manufactured Under Inward Processing Rebate
175	Exportation of Goods from Export Processing Zone
178	Exportation of Chrome Products Where Export Tax is Charged
180	Export of Excisable Goods
201	Entry of Beer Produced by Local Authorities
205	Exemption Excise Duty - Companies
206	Exemption Excise Duty - Families
207	Exemption Excise Duty - Inheritance
208	Exemption Excise Duty – Private Voluntary Organizations
301	Re-Export After Entry for Home Use
320	Re-Export of Goods Where Industrial Drawback of Duty Will Be Claimed
401	Imported Goods for Resale
402	Goods for Use in Manufacturing
403	Goods for Use by Zimbabwean Government
404	Goods for Use by Foreign Embassies and Diplomatic Missions
405	Donated Hospital Requisites Including Motor Vehicles
406	Donated School Requisites Including Motor Vehicles
407	Component Parts and Materials for Use in the Manufacture of Aircrafts
410	Goods for Occupational Therapy/Training of the Blind
411	Imports by Registered Miners
412	Specified Goods for the Mining Industry
413	Specified Goods for the Mining Industry for Specific Use
414	Capital Goods for the Prospecting/Search for Mineral Deposits
415	Goods for Petroleum Exploration
416	Component Parts and Material for Manufacturing of Electrical Goods
417	Importation of Goods by Farmers and Agricultural Co-Ops
418	Importation of Kerosene/Lubricants for Use as Fuel in Jet Aircraft
419	Surtax on Fuel for Entries Registered Prior to Suspension
420	Aircraft Stores/Equipment for Impair Navigation/Rescue, etc.
421	Spare Parts for Repair/Servicing of Foreign Owned Aircraft
422	Goods Imported by International Organizations for Free Distribution
423	Goods Imported by Foreign Organizations Under an Aid/Technical Co-Op Agreement
424	Goods Imported by Road Safety Associations/Organizations
425	Goods Imported by Religious, Charitable or Welfare Organizations
426	Special Controls and Goods for the Blind/Disabled
427	Goods Imported for Religious Purposes
428	Cups, Medals and Other Trophies Awarded Outside Zimbabwe
429	Goods for Incorporation in Construction of Approved Projects
430	Importation of Goods for Public Museums
431	Materials for Preparation/Packaging of Fresh Fruit for Export
432	Samples Imported for Destructive Testing
433	Goods Imported by Blood Transfusion Service Organs
434	Seeds of All Kinds Imported in Bulk for Planting
435	Substances Prepared for Medical/Veterinary Research
436	Diamond Drilling Tools Placed Between Machine and Hole Being Drilled
437	Containers
438	Grinding Media (Pellets, etc.)

Code	National procedure code description
439	Importation of Capital Equipment for Use in Export Processing Zones
440	Specified Goods for the Manufacture of Tyres Under Rebate
441	Importation of Spirits and Wines Under Rebate
443	Importation of Bicycle Kits for Use in Bicycle Assembly
444	Importation of Donated Goods by Local Authorities
445	Importation of Certain Goods by Former President
446	Importation of Goods for Use by the President of Zimbabwe and/or His Spouse
447	Motor Vehicle Component Parts Imported by A Registered Assembler
450	Reserve Bank Relief on Capital Goods and Spares
452	Reserve Bank Relief on Raw Materials for Manufacture
453	Rebate of Duty on Parts and Accessories for Public Transport Vehicles
454	Rebate of Duty on Parts of Certain Railway Locomotives of National Railways
455	Rebate of Duty on Parts of Certain Railway Locomotives of Other Operations
456	Rebate of Duty on Diplomatic Importations
457	Importations Under Inheritance Rebate
458	Importations Under Immigrants Rebate
459	Written-Off/Destroyed Goods, etc. Removed from a Bonded Warehouse
460	Rebate of Duty on Arts Organizations Equipment
461	Rebate of Duty on Refuse Collection/Road Maintenance Vehicles
462	VAT Exemption on Agricultural Imports
463	Imports of Goods by Air Zimbabwe
464	Duty Free on Zimbabwe Iron and Steel Company Spare Parts
465	Rebate of Duty on Vehicle Imported by Serving Parliamentarian of Zimbabwe
466	VAT Deferment on Approved Capital Equipment
467	Suspension of Duty on ZIMRA Scanners
468	Surtax on Light Vehicles over 5 Years
469	Rebate of Duty on Chemicals for Zimbabwe National Water Authority or Local Authorities
470	Pharmaceutical Manufacturers Rebate
472	Rebate of Duty on Zimbabwe Electricity Supply Authority (ZESA) Transformer Components
473	Rebate of Duty on Air Zimbabwe Engine Spares and Components
474	Bus Assembly Rebate
475	Rebate of Duty on Goods for Use by Zambezi River Authority
476	Ex-warehouse of Goods belonging to Closed HS 2002 Tariffs
477	Rebate of Duty on Second-Hand Ambulances over 5 Years for Charitable Organizations
478	Suspension of Duty on Imported Specified Groceries
479	Suspension of Duty on Agricultural Goods
480	Suspension of Duty on Schools Uniforms
482	Rebate of Duty on Electronic Registers
483	Rebate of Duty on ZIMRA Staff Uniforms
484	Suspension on Goods for Specific Mine Development
485	Suspension of Duty on Civil Aviation Authority of Zimbabwe(CAAZ) Security Equipment
486	Donated Educational Requisites for Tertiary Institutions
487	Rebate of Duty on Imports for Zimbabwe Beitbridge Customs House Development
488	Rebate of Duty on Prepaid Electricity Meters
489	Rebate on Ambulances for Councils
490	Rebate on Sports Kits for Associations
491	Suspension and VAT Deferment for Mine Development
492	Once-Off Rebate of Duty on Imports by NRZ
494	Suspension of Duty on Wheat Flour
495	Rebate of Surtax on goods of HS 8418500
496	Accounting for VAT Deferment
497	State Appropriation Additional Code
499	Rebate of Duty (S.I. 95 of 2013)

Code	National procedure code description
502	Temporary Importation of Goods for an Approved Project
503	Temporary Importation of Aircraft for Rescue and Repairs
504	Temporary Importation for Repair and Return
601	Re-Importation After Outright Exportation
602	Re-Importation After Temporary Export for Repair
604	Re-Importation After Temporary Export for Repairs - Only VAT os Payable
606	Re-Import of Goods Attracting a Specific Duty Rate After Repairs
607	Surtax on Light Vehicles of 8703 >5 Years from Date of Manufacture
701	Surtax on Light Vehicles of 8703 >5 Years from Date of Manufacture
801	Surtax on Light Vehicles of 8703 >5 Years from Date of Manufacture
999	Cancellation Code for Selected Declarations

Source: Government.

3.41. Additional import duty rebates were granted to manufacturers in 2019. Under the Manufacturers Rebate Scheme, the duty rebate was extended to additional fabrics (Clothing Manufacturers Rebate, S.I. 39 of 2019) and to additional raw materials for pharmaceuticals. The duty-free importation of raw materials for manufacturers of bread, fertilizers, and dairy products was renewed. The duty-free quota of wine was increased from 90,000 litres to 175,000 litres. Import duties were suspended for 75 new tourist buses.

3.1.7 Import prohibitions, restrictions, and licensing

3.1.7.1 Import licensing, controls and other restrictions

3.42. Zimbabwe maintains a system of non-automatic import licensing, to ensure that imported goods are safe for the public, to restrict imports for import substitution purposes, and to monitor them for statistical purposes. The system is opaque and unpredictable, as the authorities tend to regularly modify its scope and procedures. Since the last TPR in 2011, the main legislation on import licensing - the Control of Goods (Import and Export) (Commerce) Regulations, under the authority of the MIC, was amended three times; the most recent legislation, S.I. 237A/18 amended S.I. 122/17, which had amended S.I. 64/16.[16] Other licensing procedures are applied by the Ministry of Agriculture (Section 4.1). Assistance could help Zimbabwe to review and simplify this system, publish a list of products subject to licensing, and clarify conditions to obtain licences.

3.43. In 2016, S.I. 64/16 made it compulsory for imports of products that are also domestically produced to be covered by a non-automatic Special Import Licence (SIL) rather than an Open General Import Licence (OGIL); according to the authorities, under the OGIL, the importer is free to import, and there is no licence requirements.[17] Products affected by S.I. 64/16 included a large variety of consumer food items and other products.[18] According to the authorities, these import substitution measures, together with foreign exchange shortages, caused imports to decline substantially in 2016.[19]

3.44. In 2018, the list of goods under the SIL was substantially decreased. The fee payable for the import licence issued by the MIC was reduced from USD 70 to USD 30 in 2018, and then changed to Zimbabwean dollars in June 2019, at a rate of 1 to 1 (ZWL 30).

3.45. In Table 3.10, an attempt has been made to lists all products subject to non-automatic import licensing, as at November 2019, as well as the corresponding statutory instrument.

[16] See, for example, the 2018 Manufacturing Sector Survey, pg. 1.

[17] Veritas, *S.I. 2016-064 – Control of Goods (Open General Import Licence) (No. 2) (Amendment) Notice 2016 (No. 8).* Viewed at: http://www.veritaszim.net/node/1715.

[18] Including coffee creamers, body creams, plastic pipes and fittings, builders' ware such as bridges and bridge sections, flat-rolled iron products, metal furniture, metal insulated panels, baked beans, cereals, bottled water, mayonnaise, peanut butter, jams, canned fruits and vegetables, pizza bases, yoghurts, flavoured milks, dairy juice blends, ice creams, milk, cheese, second-hand tyres, fertilizer, household furniture, and woven fabrics of cotton.

[19] Government of Zimbabwe, *National Trade Policy 2019-23*.

Table 3.10 Goods subject to import controls and/or licensing, November 2019

Description/HS Chapter	Legal reference	Type of licence/permit Issuing agency, conditions and requirements
Most agricultural and horticultural products	..	
Maize seed/wheat seed	..	
Wheat, maize grain, sorghum (grain, meal and malt), mhunga (grain, meal and malt), soya beans	..	
Cotton (lint, meal, seed and cake), soya cake, corn meal, corn soya blend, apples, bananas, grapes, peaches, pears, plums, potatoes, sugar (raw and refined), vegetable oils, vegetable fats, margarine, beans, bean meal, mielie meal, oil seeds (cake, cake meal, offal and residues from oil seeds), seed for planting (cereals, trees, vegetables), flour, maize and soya meal, barley, barley malt, baby corn, fruit (citrus and non-citrus), coffee beans, ground nuts, jugo beans, manure, mopane worms, rapoko (grain, meal and malt), rice in the grain, sunflowers, tea, vegetables (dried and fresh), Katambora grass	..	Import Permit from the Ministry of Agriculture, conditional on: (i) biosafety permit; (ii) Plant Import Permit; (iii) Agricultural Marketing Authority support letter; (iv) Seed Services support letter
Poultry products (1-day-old chicks, frozen chickens and their products, hatching and table eggs, ostrich meat, ostrich eggs), animal oils and fats (lard, tallow, dripping), animal semen and animal embryos, animal feed stuffs, beef, veal, goats, bees, butter, ghee, cream, cattle, meat (above 5 kg), meat meal, blood meal, carcass meal, bones, bone meal, pigs (live and dead); horns, hides, and skins, milk (pasteurized, sterilized, UHT, lacto, condensed, or in any other liquid form), milk powder (skimmed and full cream), honey, cheese, ice cream, fish (dried and fresh)	S.I.122/17	Import Permit from the Ministry of Agriculture Import licence issued by the MIC (for those products also manufactured domestically and listed in S.I.122/17)
Radioactive and associated materials classified under HS headings 28.44 and 28.45	S.I.122/17	Import licence issued by the MIC
Nuclear reactors and parts thereof, including fuel elements (cartridges)	..	Radiation Protection Authority
Hazardous and toxic substances, radioactive substances	..	Import licence issued by the MIC, conditional on: permit from the Environmental Management Authority/Radiation Protection Authority
Diesel fuel, petrol, jet A-1 fuel, paraffin and aviation gasoline, when imported in a container, other than the fuel tank of a vehicle, by anyone other than the National Oil Company of Zimbabwe	S.I.122/17	Import licence issued by the MIC, conditional on recommendation from the Ministry of Energy and Power Development
Second-hand clothing and shoes; articles of second-hand undergarments of any type, form or description, whether purchased, donated or procured in any manner	S.I. 19/16 S.I.122/17	Import licence issued by the MIC
Sugar classified under HS 17.01, 17.02, 17.03 and 17.04	S.I.237A	Free (OGIL) since 2018
Poultry classified under HS headings 01.05 and 02.07	S.I.122/17	Import licence issued by the MIC
Meat of swine classified under HS heading 02.03	S.I.122/17	Import licence issued by the MIC
Milk (liquid and powder packed for retail) under HS headings 04.01 and 04.02	S.I.122/17	Import licence issued by the MIC
Potatoes, tomatoes and onions under HS headings 0710, 0702 and 0703	S.I. 126/14 S.I.122/17	Import licence issued by the MIC
Biscuits and yeast under headings 1905:1000. 1905:3100, 1905:9090, 2102: 1000, 2102:2000 of the customs tariff	S.I. 126/14 S.I.122/17	Import licence issued by the MIC
Portland cement classified under HS headings 2523.21-9	S.I. 126/14 S.I.122/17	Free (OGIL) since 2018
Bar soaps and soap preparations (soap preparations put for retail shops) under headings 3401:1900,3401:2000 and 3402:2000	S.I. 126/14 S.I.122/17 S.I.237A	Free (OGIL) since 2018
Conveyor belts of HS headings 4009, 4010	S.I. 126/14 S.I.122/17	Import licence issued by the MIC
Plastic bags of polymers classified under headings 3920, 3921 and 3923 of the customs tariff; plastic packaging other than biodegradable; or plastic bread packaging and cling film	S.I. 126/14 S.I.122/17	Free (OGIL) since 2018

Description/HS Chapter	Legal reference	Type of licence/permit Issuing agency, conditions and requirements
Pharmaceutical medicines of HS codes 300410-20	S.I. 18/16 S.I.122/17	Import licence issued by the MIC, conditional on: permit from the Ministry of Health (products manufactured locally)
Blankets and products of HS headings 6001, 6301	S.I. 19/16 S.I.122/17	Added to the OGIL in 2016
Fertilizers (HS code 3102, 3105, 3103), but not raw materials such as ammonia, potassium nitrate or sulphate	S.I.237A/18	Added to the OGIL in 2016, plus permit issued by Ministry of Agriculture
Automotive batteries (HS 8507) and 8507:20 (deep cycle batteries)	S.I. 20/16 S.I.122/17	Import licence issued by the MIC
Tile adhesive and tylon	S.I.122/17	Import licence issued by the MIC
Shoe polish	S.I.122/17	Import licence issued by the MIC
Candles classified under 3406:2000 of the customs tariff	S.I. 20/16 S.I.122/17	Added to the OGIL in 2016
Floor polish, HS code 3405.20	S.I. 20/16 S.I.122/17	Added to the OGIL in 2016 Import licence issued by the MIC
Tobacco twine of HS headings 5607.4900	S.I. 20/16 S.I.122/17	Added to the OGIL in 2016
Coffee creamers classified under HS code 2106.9090	S.I. 237A/18	Free (OGIL) since 2018
Body creams and petroleum of HS code 3304.9990	S.I. 237A/18	Free (OGIL) since 2018
PVC and other pipes (HS 3917:2110, 3917:2190, 3917:2310, 3917:2320 and 3917:2390)	S.I.122/17	Import licence issued by the MIC
Builders ware (doors, windows, furniture)	S.I.122/17	Import licence issued by the MIC
Flush door, beds, wardrobes, bedroom suites, dining room suites and office furniture	S.I.122/17	Import licence issued by the MIC
Metal clad insulated panels (HS headings 8418:9910, 8609:0010 and 9406:0091)	S.I.122/17	Import licence issued by the MIC
Baked beans and potato crisps classified under HS heading 2005:59 and 2005:20	S.I. 237A/18	Free (OGIL) since 2018
Cereals of HS 1904.1010	S.I. 237A/18	Free (OGIL) since 2018
Bottled water, mayonnaise, salad cream, peanut butter, jams, maheu, canned fruits and vegetables, pizza base, yogurts, flavoured milks, dairy juice blends, cultured milk	S.I. 237A/18	Free (OGIL) since 2018
Cheese, ice cream	S.I. 237A/18	Free (OGIL) since 2018
Second-hand tyres of HS 4012	S.I.122/17	Licences generally not issued
Baler and binder twine of HS 5607:2100 and 5607:4100	S.I.122/17	Import licence issued by the MIC
Woven fabrics of cotton (HS 5208, 5210, 5211)	S.I.122/17	Import licence issued by the MIC
Luggage ware (HS heading 4202)	S.I.122/17	Import licence issued by the MIC
Agricultural implements (hoes, ploughs, etc), classified under HS heading 8432 and 8437100	S.I.122/17	Import licence issued by the MIC
Coaxial cable and other conductors (HS 8544:3000)	S.I.122/17	Import licence issued by the MIC
Ignition wiring sets classified under tariff code 8544:3000	S.I.122/17	Import licence issued by the MIC
Electrical conductors for a voltage exceeding 1,000 V classified under tariff code 8544.4200	S.I.122/17	Import licence issued by the MIC
Wire and cable classified under tariff code 8544:6099	S.I.122/17	Import licence issued by the MIC
Flat cable classified under HS 8544:6092-9	S.I.122/17	Import licence issued by the MIC
Stranded wire, cables, of HS code 7614:10-90	S.I.122/17	Import licence issued by the MIC
Other electric conductors, for a voltage not exceeding 1,000 V classified under tariff code 8544:4900	S.I.122/17	Import licence issued by the MIC
Animal oils and fats (lard, tallow and dripping)	S.I. 237A/18	Free (OGIL) since 2018
Crude and refined vegetable oils	S.I. 237A/18	Free (OGIL) since 2018
Vegetable fats, margarine	S.I. 237A/18	Free (OGIL) since 2018
Wheat flour	S.I.122/17	Import licence issued by the MIC
School uniforms	S.I.122/17	Import licence issued by the MIC
Explosives used in mining (emulsions)	..	Import licence issued by the MIC
Firearms, ammunitions	..	Licence from the Registrar of Firearms
Transmitters; transceivers; two-way radios; walkie-talkies; citizen-band radios (generally installed in cars)	..	Import licence issued by the Postal and Regulatory Authority of Zimbabwe,

.. Not available.

Source: Information provided by the authorities.

3.46. These changes are yet to be notified to the WTO. Although detailed answers were provided to the WTO Questionnaire on Import Licensing procedures in 2014, no notification has been received since then on this matter. There is therefore a need to notify a list of products currently subject to licensing, and provide a clear description to operators of the practical steps required to obtain an import licence under the different systems, explain the system's purpose, and update the corresponding official website.[20] This website contains a description of the import licensing system, a general description of the restricted and prohibited goods, and the names of the implementing government agencies; it would need an update indicating the purpose of the system, the exact nature of all products covered by compulsory licensing, with their HS codes, the types of licences, the institutions in charge of delivering them, and the cost. WTO technical assistance could help to provide more clarity and predictability to the import licensing system.

3.47. This multi-layered system combines non-automatic licensing, quantitative restrictions and the SPS permit system, and could be reviewed to facilitate the importation procedure. The system could also be made more user-friendly by accepting copies of the original licence for customs clearance; by authorizing importers to exceed the authorized quantity and/or value limits in case of necessity; and by accepting licence applications after the goods' arrival at Customs. MIC licences are valid for three months from the date of issue, and are not transferable between importers.

3.48. The movement of all wild life within Zimbabwe and across its borders is controlled by a permit system, run by the Zimbabwe Parks and Wildlife Management Authority, which, *inter alia,* administers the CITES protocol.[21]

3.1.7.2 Import prohibitions

3.49. Zimbabwe maintains import prohibitions mainly on health and moral grounds, and to comply with international conventions to which it is a party (Table 3.11).

Table 3.11 Selected import prohibitions, in force, 2019

Legal basis	Description
Customs and Excise Act (Section 47)	Base, forged or counterfeit currency; any goods that are indecent, obscene or objectionable; any goods that might tend to deprave the morals of the inhabitants of Zimbabwe; prison-made and penitentiary-made goods; spirituous beverages that contain preparations, extracts, essences or chemical products that are noxious or injurious (100% alcoholic content)
S.I. 150/91	Bufotenine; glutethimide; lysergamide; lysergide and other N-alkayle derivatives of lysergamide, which included the medicine commonly known as LSD, but not including methysergide maleate; mescaline; methaqualone methyprylon; parahexyl; psilocin, psilotsin; psilocybine; DET N, N-diethyltryptamine; N-dimethyltryptamine; 2.5-dimethoxy-4,a dimethylphenthylamine; tetrahydrocannabinnols, all isomers; any stereoisomerism form, ester, ether or salt of a substance prohibited and any preparation thereof
Dangerous Drugs Act	Prepared opium and heroin
S.I. 57/89	Gizzards of poultry
White Phosphorus Matches Act	Matches containing white phosphorus
Censorship Act (Section 13)	Indecent, pornographic, and subversive material (mainly publications)
S.I. 7/11	Ozone-depleting substances whose phase-out periods have expired
S.I 766/74 (Section 7)	Flick guns, flick knives, and any other lockable knives

Source: Information provided by the authorities.

[20] Viewed at: https://www.zimra.co.zw/customs/restricted-and-prohibited-goods.
[21] Zimbabwe Parks Wildlife Management Authority. Viewed at: http://www.zimparks.org.

3.50. Violations concerning prohibited or restricted importations are punishable by imprisonment for up to five years, and fines of up to USD 2,000, or three times the duty-paid value of the subject goods, whichever is greater.

3.1.8 Anti-dumping, countervailing, and safeguard measures

3.51. In 2002, Zimbabwe adopted anti-dumping and countervailing duty regulations, and notified them to the WTO.[22] Other legislation pertaining to trade remedies includes the Customs and Excise Act, the Competition Act, and Competition (Safeguards) (Investigations) Regulations (S.I. 217/06), which have yet to be notified to the WTO.

3.52. These provisions are to be implemented by the Competition and Tariff Commission. To date, the Commission has developed anti-dumping application forms and a questionnaire.[23] No full investigation into an unfair trade practice has taken place so far. The Commission primarily helps local industry through, *inter alia*: legislative or administrative measures for the purpose of countering unfair trade practices; and technical assistance to the Government in the conclusion of arrangements with other countries for the benefit of local industry.

3.2 Measures Directly Affecting Exports

3.53. Trade policy developments, described above, probably explain part of Zimbabwe's modest export performance over the 2011-18 period (Section 1.3); and suggest that a more business-friendly approach to exporters would facilitate the diversification of exports into new activities. This Section describes the export documentation requirements, the export licensing procedures and prohibitions, the charges levied on exporters and exporters incentives. At the time of the previous TPR, Zimbabwe's export regime was considered by the World Bank's Doing Business profile as extremely expensive and cumbersome; the situation has not changed much in 2019. Nevertheless, probably the most important policy measure affecting exports over the 2011-19 period was the foreign exchange surrender requirement at an overvalued exchange rate (Section 1.2.1).

3.2.1 Customs procedures and documentation requirements

3.54. Exportation in Zimbabwe starts with the registration at the ZIMRA, which maintains an automated clearance system. A Business Partner Number is required for identity purposes when processing exports or imports.[24] Export documentation must be submitted to Customs by either a registered importer, a registered exporter, or a registered clearing agent.

3.55. Exports customs clearance procedures require numerous documents:

- a bill of entry, "Form 21";
- a supplier's invoice;
- consignment notes, such as rail advice notes, or airway bills;
- original export permits from the Ministry of Agriculture, veterinary health certificates, plant quarantine certificates;
- exchange control clearance CD1 documentation (see below);
- cargo manifests;
- certificates of origin where preference is claimed; and

[22] Competition (Anti-Dumping and Countervailing Duty) (Investigation) Regulations, G/ADP/N/1/ZWE/2/Suppl.1, 15 November 2002. Viewed at: https://docs.wto.org/dol2festaff/Pages/SS/directdoc.aspx?filename=Q:/G/SCM/N1ZWE2S1.pdf.

[23] Competition and Tariff Commission, *Application for Remedial Action Against the Alleged Dumping.* Viewed at: http://www.competition.co.zw/complaints/forms/Dumping%20form%20PART%201.pdf; and University of the Western Cape, *A critical assessment of Zimbabwe's anti-dumping laws.* Viewed at: http://etd.uwc.ac.za/xmlui/handle/11394/6826?show=full.

[24] ZimTrade, *Application for appearing in Export Directory.* Viewed at: http://www.tradezimbabwe.com/exporting-from-zimbabwe-2/are-you-an-exporter-2/application-export-directory.

- licences (where applicable)[25].

3.56. In general, goods may not be exported until all the documentation is provided to a ZIMRA office, but Customs can authorize delivery of certain customs documents within a specified time-frame after the goods' exportation. For example, perishables, such as flowers and fresh produce, can be exported without the foreign currency surrender CD1 form, if approved by the RBZ.

3.57. For exports of goods exceeding USD 5,000 per declaration, the CD1 electronic form is required; it can also be filled in paper form, at a cost of USD 5. Its purpose is to ensure that exporters repatriate export proceeds. The threshold is applied per exporter, for private and commercial exportations. Entry in the system represents a declaration of the transaction by the exporter and an undertaking that payment will be received in the officially approved manner. The paper form can be presented either to a bank or, since 2017, directly online, for registration in the RBZ's Computerised Exports Payments Exchange Control System (CEPECS). Those exporters that have migrated to CEPECS can FILL-IN CD1 forms and generate export performance reports online, outside bank office hours, thereby eliminating the expense of multiple trips to the bank and the attendant follow-ups.[26]

3.58. Certified copies are returned to the exporter and, upon submission of the export documentation, are forwarded to Customs, to the RBZ, and to the National Economic Conduct Inspectorate, a crime-investigation department of the MFED.

3.59. The exporter is then required to acquit the CD1 forms within three months of receiving the foreign currency from the foreign customer. Failure to do so results in the company being blacklisted in the CEPECS, and allowed to export only on a prepayment basis. Earnings from the cross-border delivery of services must also be declared and registered in the CEPECS. Problems reported by exporters relate to Internet connection. ZIMRA machines are connected to the RBZ via the Internet, to enable the latter to approve CD1 forms; delays in processing the export documents occur when there is no electricity. The verification process by the RBZ is also frequently described as taking too long – up to three days.[27] Finally, the CD1 form is also reported as an obstacle by small operators attempting to enter the export market.[28]

3.2.2 Taxes, charges, and levies

3.60. Several taxes, charges and other fees are levied on exports:

- all bills of entry are subjetct to a clearance fee of USD 10 or equivalent in local currency;
- a trade development surcharge of 0.1% is levied on the f.o.b. value of exported goods (Section 3.1.4);
- a surtax applies to raw hide exports (Section 4.1.5);
- live wildlife specimens and fertile eggs are reportedly subject to an *ad valorem* export levy of 2%-10%, collected by the Zimbabwe Parks and Wildlife Management Authority (Section 3.3.3); and
- exports of lithium, platinum group metals and diamonds are taxed (Section 4.2.1).

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[25] ZIMRA, *Tax Clearance Certificate (IFT 263).* Viewed at: https://www.zimra.co.zw/news/22-taxmans-corner/161-tax-clearance-certificate-itf-263.

[26] NewsDay, *RBZ introduces direct access to forms CD1, disintermediates banks.* Viewed at: https://www.newsday.co.zw/2017/06/rbz-introduces-direct-access-forms-cd1-disintermediates-banks.

[27] Non-Tariff Barriers – Reporting, Monitoring and Eliminating Mechanism, Complaint NTB-000-197. See also, NewsDay, *RBZ introduces direct access to forms CD1, disintermediates banks.* Viewed at: https://www.newsday.co.zw/2017/06/rbz-introduces-direct-access-forms-cd1-disintermediates-banks/.

[28] International Labour Organization, *Situational analysis of Women in the informal economy in Zimbabwe.* Viewed at: https://www.ilo.org/wcmsp5/groups/public/---africa/---ro-addis_ababa/---sro-harare/documents/publication/wcms_619740.pdf.

3.2.3 Prohibitions, quantitative restrictions, controls, and licensing

3.2.3.1 Export licensing

3.61. Zimbabwe's non-automatic export licensing regime covers a wide range of products, including most agricultural commodities (Table 3.12). As in the case of import licensing, a request for an export licence must be submitted to the MIC.[29] This policy is designed to ensure sufficient quantities of produce domestically, but has the effect of discouraging exports. Abolishing export permits would enhance local industry's export competitiveness, as the need for prior clearance on exports delays product delivery.

Table 3.12 Selected products subject to export controls or licensing, 2019

Description	Conditions/requirements
Cotton (lint, meal, seed, and cake)	Permit from the Ministry of Agriculture (MA), conditional on: (i) Cotton Growers Association support letter; and (ii) Agricultural Marketing Authority support letter (Livestock Meat Advisory Council in the case of meal and cake)
Fruit and vegetables	Permit from the MA, conditional on Phytosanitary Certificate
Meat, dairy and animal products	Permit from the MA, conditional on Veterinary Health Certificate
Hides and skins	Permit from the MA, conditional on: (i) Veterinary Health Certificate; and (ii) MIC support letter
Fish (dried and fresh)	Permits to fish breeders in export processing zones
Any equipment or machinery used for mining, farming, or industry	Export licence from the MIC required to alleviate concerns of de-industrialization
Indigenous plants[a] and wildlife	Export licence from the MIC based on permit from the Director of Zimbabwe Parks and Wildlife Management Authority
Precious and semi-precious stones and metals and minerals[b]	May only be exported by the Minerals Marketing Corporation of Zimbabwe or Fidelity (gold and silver), Section 4.2.1
Fertilizers	Export licence from the MIC, permit from the MA
Timber, timber products	Export licence from the MIC, permit from the Ministry in charge of Forestry
Pharmaceutical products	Export licence from the MIC
Cement	
Melamine boards, cooking oil, coconut oil, fertilizer, margarine, palm oil, raw and refined sugar, vegetable acid oil, vegetable oils and fats	

a The list of protected indigenous plants includes: *acrostichum aureum linn*, *cyrtanthus* (all species), *dierama* (all species), *adenium obesum (forsk), roem et schult. var multiflorum (klotzsch), pachypodium saundersonii, borassus aethiopum mart., gloriosa superba* (flame lily), *raphia farinifera (gaertn), hylander, hoodia lugardii n.e.br, tavaresia barklyi, (thistleton-dyer) n.e.br, juniperus procera endi, alsophila* (all species), *euphorbia davyl n.e.br, duphorbia decidua bally and leach, euphorbia memoralis r.a. dyer, euphorbia wildii leach, bivinia jalbertii tul*, aloe (all species and natural hybrids), *epiphytic* and *lithophytic orchidaceae* (all species), *adenia fruiticosa burtt davy, adenia spinosa burtt davy, platycerium alcicorne desv*., and *encephalartos* (all species).

b The list includes: gold, platinum and platinoid metals, silver, diamonds (other than those suitable only for industrial purposes), emeralds, beryls, chrysoberyls of gem quality, rubies, sapphires, topaz, tourmalines, chrome, coal, cobalt, copper, minerals of the lithium group, magnesite, mica, nickel, minerals of the tin group, and minerals of the tungsten group.

Source: ZimTrade, *New Exporter's Guide*. Viewed at: http://www.tradezimbabwe.com/wp-content/uploads/2019/09/ZimTrade_New_Exporters_Guide_2019-c.pdf; and information provided by the authorities.

3.62. In 2018, the authorities introduced an additional export permit under National Biotechnology Regulations Statutory Instrument 157 of 2018, which required importers and exporters of food, feed, food and feed additives, and seeds to register with the National Biotechnology Authority and obtain an annual permit. This resulted in complaints from exporters who felt this permit was an impediment,

[29] *Application for Licence to Export.* Viewed at: http://www.tradezimbabwe.com/wp-content/uploads/2016/03/Application-for-License-to-Export.pdf.

as it was not a requirement by regional and international buyers.[30] The permit was eliminated in October 2019 to improve the doing business climate, except for those exports destined for markets that require a genetically modified organism declaration or certification.

3.2.3.2 Export prohibitions

3.63. Under the Zimbabwe Investment Authority Act of 2006, the Government may prohibit the export of specified raw materials in "un-beneficiated" form (Section 4.2.1).[31] Besides posing considerable administration challenges, including evasion, these export restrictions are likely to discourage investment in the activities concerned.

3.64. Other export prohibitions or "suspensions" are maintained to ensure adequate supply of the goods on the domestic market, or to stimulate local value added (Table 3.13). For suspended products, an export permit may only be given in special circumstances.

Table 3.13 Export prohibitions and suspensions in force in 2019

Description
Export prohibitions
Dangerous and harmful drugs
Hazardous substances
Expired drugs
Pornographic, objectionable or undesirable materials
Harmful substances which include skin lightening creams, soaps and lotions
Unprocessed chrome ores
Diamonds that are not certified under the Kimberley Process
Scrap metal
Export suspensions (temporary ban)
Seeds
Maize and wheat seed, GMO-free maize grain, mielie meal, rapoko (grain, meal and malt), sunflowers
Wheat, sorghum (grain, meal and malt), mhunga (grain, meal and malt), soya (beans, meal and cake), corn soya blend, oil seeds (cake, cake meal, offal and oil seed residues), flour, maize meal, barley and malt

Source: WTO Secretariat, based on information provided by the authorities.

3.2.4 Tax and other export incentives

3.65. ZimTrade, a public-private association, provides a range of international market expansion services to Zimbabwean entrepreneurs, including market information[32], practical training in various aspects of export marketing, and coordination and facilitation of Zimbabwean companies' participation in international trade fairs. ZimTrade also sells certificate of origin forms (at USD 4 for members and USD 5 for non-members) that must be formally validated by the ZIMRA. ZimTrade also participates in bilateral and multilateral trade negotiations, and coordinates private-sector input on trade policy matters. ZimTrade's activities are funded by the trade development surcharge (0.1% of the f.o.b. value of imports and exports, see above), as well as by grants. Export expenditure incurred in an export country in order to export Zimbabwean goods to such country is deductible for tax purposes. An additional allowance of 100% of such incurred cost may be deducted.

Duty drawback scheme

3.66. A duty drawback scheme has been in place since 1991.[33] It provides for the refund of all levies on imported inputs used in the manufacturing of goods for export (industrial drawback), and on unused goods exported in the form in which they were imported (same-state drawback).

[30] All Africa, *Zimbabwe: Biosafety Export Permit Suspended, 1 October 2019*. Viewed at: https://allafrica.com/stories/201910010078.html.

[31] Zimbabwe Investment Authority Act. Viewed at: http://www.veritaszim.net/sites/veritas_d/files/Zimbabwe%20Investment%20Authority%20Act%20as%20at%201.1.2019.pdf.

[32] Besides handling trade enquiries, ZimTrade publishes country and market briefs, and an annual exporter directory; it also maintains databases on Zimbabwean companies, foreign buyers and suppliers, and trade statistics.

[33] Customs and Excise (Industrial Drawbacks) Regulations, S.I. 278A/91.

Special Economic Zones

3.67. Exporters located in Special Economic Zones pay 0% tax on income arising from their exports for the first five years, and 15% thereafter.[34] A special initial depreciation allowance on capital equipment is also allowed, at a rate of 50% of cost in year one, and 25% in the subsequent two years. A zero capital gains tax applies, and a flat rate of 15% for income tax for specialized expatriate staff. Investors also benefit from an exemption from non-resident tax on royalties and dividends; duty-free import of capital equipment and machinery; and duty-free import of inputs, including raw materials, provided they are not produced locally. When approving an investment in such Zones, the Zimbabwe Special Economic Zones Authority considers, *inter alia*, the degree of export orientation or import substitution of the project. A few Zones were established under the Special Economic Zones Act (Section 2.4): in 2018, a zone was established in the Bulawayo Metropolitan Municipality; and the Surewin Zone was established in 2019 in Mutoko for mining activities[35] (Table 3.14).

Table 3.14 Special Economic Zones

City/region	Activities
Harare	Information communication technology, health services, diamonds, jewelry
Bulawayo	Heavy industry, leather and footwear, textiles, engineering
Matebeleland North	Tourism, and financial services hub around the Victoria Falls-Hwange-Kariba corridor
Matebeleland South	Gold production, livestock
Masvingo	Sugarcane processing, tourism
Manicaland	Fruit canning, diamond cutting and polishing
Mashonaland West	Agro-processing, chrome, textiles
Midlands	Iron and steel corridor, asbestos, gold, leather and footwear, dairy
Mashonaland Central and East	Agro-processing

Source: Zimbabwe Transitional Stabilisation Programme (2018-20).

Other incentives

3.68. Manufacturing companies exporting 50% or more of their output (by volume), are taxed at a reduced income tax rate of 20% instead of the normal rate of 25.75% (a base rate of 25% plus a 3% (of 25%) AIDS levy). Mining companies that hold Special Mining Leases are taxed at 15% (Section 4.2.1). Operators of a tourist facility in a tourist development zone, and industrial park developers, are taxed at 0% for the first five years, then at the normal rate of 25.75%.

Foreign Exchange Stabilisation and Incentive Support Facility

3.69. The Reserve Bank of Zimbabwe Act set up the Foreign Exchange Stabilisation and Incentive Support Facility in May 2016. Backed up by a USD 200 million foreign exchange allowance from the Afreximbank, this scheme provided exporters with an additional 2.5% or 5% of the value of their exports deposited in exporters' RTGS accounts: at the time of selling 50% of USD export receipts to the RBZ, the foreign exchange dealer would credit the foreign currency earner's account with "bond notes" (the new local currency) amounting to 2.5% of the export value (large mining exporters); this amount was 5% for all other exporters.[36] This scheme obviously did not compensate exporters for the loss of their foreign currency proceeds because of the compulsory surrender requirement at a fixed and overvalued exchange rate. This scheme was terminated with effect from 21 February 2019.

3.2.5 Export finance, insurance, and guarantees

3.70. In recent years, the RBZ provided several concessional loan facilities, some related to exports:

- Export Finance Facility (USD 200 million);

[34] Zimbabwe Special Economic Zones Authority, *Fiscal Incentives Gazetted*. Viewed at: https://www.zimseza.co.zw/incentives/.

[35] Veritas, *GN 2019-104 Special Economic Zones Act [Chapter 1434] Amendment of a Special Economic Zone.* Viewed at: http://www.veritaszim.net/node/3403.

[36] Exchange Control Directive RR86/2016 (Section 1.2.1).

- horticulture promotion (USD 10 million);
- Gold Support Facility (USD 150 million);
- Tourism Support Facility (USD 15 million);
- tobacco production (USD 70 million); and
- Soya Beans Facility (USD 25 million).

3.71. Export finance facilities aim to help companies increase their production and exports.[37] Support includes access to pre- and post-shipment finance at concessionary interest rates: the facilities are offered over 12 months for working capital and 36 months for capital expenditure, at an all-inclusive rate of 7.5% and 10.5%, respectively. To secure the facility, all the export business must be generated and handled through participating banks.

3.72. The Export Credit Guarantee Corporation of Zimbabwe, a wholly owned subsidiary of the RBZ and a registered short-term insurer, is an export credit agency whose mandate is to help in the promotion and facilitation of Zimbabwe's domestic and international trade through the provision of export and domestic credit insurance products. It also provides guarantees to financial companies so that they lend to micro, small and medium-sized companies.[38]

3.3 Measures Affecting Production and Trade

3.3.1 Incentives

3.73. Since 2001, Zimbabwe has not submitted any notification to the WTO Committee on Subsidies and Countervailing Measures pursuant to Article XVI:1 of the GATT 1994 and Article 25 of the WTO Agreement on Subsidies.[39] In general, the lack of financial resources would appear to limit the Government's capacity to provide substantial subsidies or state aid. However, several state-owned enterprises engaged in commercial activities received state aid for recapitalization. Support and subsidies are also paid out for agriculture, in particular for maize (Section 4.1). Moreover, various incentives are available to investors in export activities (Section 3.2.4).

3.3.2 Standards and other technical requirements

3.74. Zimbabwe has made one notification to the WTO TBT Committee on Technical Barriers to Trade (TBT) since 2012 (Table 2.2). The Standards Association of Zimbabwe (SAZ) is the national standards body, which also functions as Zimbabwe's WTO TBT enquiry point for standards and conformity assessment. Trade-related matters are handled by the MIC. The SAZ is a non-governmental and non-profit organization, with offices in Harare, Bulawayo and Mutare. It is funded mainly through grants from the Standards Development Fund and its certification, testing, calibration and training services and publications. The Fund, administered by the MIC, collects the proceeds of a levy related to the wage bill payable by designated employers.

3.75. The SAZ represents Zimbabwe in standardization activities at the International Organization for Standardization (ISO) and the African Regional Organization for Standardization (ARSO), which Zimbabwe joined in 2018, the International Electrotechnical Commission (IEC); and the African Electrotechnical Standardization Commission (AFSEC). Furthermore, the SAZ is involved in the harmonization of policies and standards within the framework of the COMESA, the SADC, and AfCFTA under the ARSO.

3.76. The SADC has committed to work towards the elimination of unnecessary TBTs among its members. The SADC Protocol on Trade (Annex concerning TBTs) provides for the harmonization "through harmonized texts, technical regulations and conformity assessment procedures in order to facilitate and increase trade".[40] This includes, *inter alia*, the withdrawal of a conflicting national

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[37] Viewed at: https://www.newsday.co.zw/2018/05/zimtrade-urges-firms-to-utilise-rbz-facilities/.
[38] Viewed at http://www.ecgc.co.zw/.
[39] WTO document G/SCM/N/48/ZWE, 30 March 2001. Viewed at: https://docs.wto.org/dol2festaff/Pages/FE_Search/DDFDocuments/12578/Q/G/SCM/N71ZWE.pdf.
[40] Viewed at: https://www.sadc.int/files/6614/1520/1550/TBT_ANNEX_to_the_SADC_Protocol_on_Trade_-_Approved_Version_-_17_July_2014_-_ENGLISH.pdf.

standard once the text of a regional standard has been developed and approved. To this end, the SADC established the Standardisation, Quality Assurance, Accreditation, and Metrology Programme, a framework under which several TBT-related harmonization structures were set up, including the SADC Accreditation Service (SADCAS) and the SADC Cooperation in Standards (SADCSTAN).[41] To date, the SADCSTAN has developed 99 regional standards, in the areas of management systems, construction, electrical appliances, and fish products. According to the SAZ, Zimbabwe had adopted 66% of the SADC harmonized standards by 2019. Some of the standards were not adopted, as they conflict with Zimbabwean technical regulations (e.g. the reflective triangle standard for road safety).

3.77. Among its many programmes, the COMESA aims to achieve the harmonization of standards, which is undertaken by the COMESA Committee on Standardization and Quality Assurance. The COMESA has harmonized 322 standards, of which the SAZ has adopted 60%, especially for food products, steel products, timber, and power cables.

3.78. The Continental Standardization Body under the ARSO was established in 1977, with the mandate of harmonizing African Regional Standards, which are developed or adopted. To date, the ARSO has harmonized more than 280 standards and, of these, Zimbabwe has adopted 51.

3.79. Within the SAZ, national standards are prepared by technical committees (TCs) with broad representation, including manufacturers, trade associations, government departments, research and professional institutions, and the Consumer Council of Zimbabwe under the MIC. The SAZ has over 250 committees and sub-committees, consisting of over 4,000 national experts. As a signatory to the WTO code of good practice for the preparation, adoption, and application of standards, the SAZ seeks to abide by its principles of openness, balance of interests and participants, due process, and consensus.[42] The process provides for a 60-day period for public comment. A two-thirds majority of the TC members is required for a standard's approval for publication.

3.80. To date (2019), the SAZ has published 2,352 Zimbabwean standards, about 57% of which are based on international, regional, or foreign national standards from other countries. The Zimbabwe National Standardization Strategy is in place for the three-year cycle of 2018-20, which has identified 133 new standardization projects, mainly in food and agriculture (46).[43]

3.81. Decisions on the adoption of standards as technical regulations are made by the ministry in charge of regulating the relevant sector. A statutory instrument making the standard mandatory must be enacted by that ministry and published in the government Gazette. Zimbabwe's technical regulations cover a range of products, including Portland cement, cement bricks, glass blocks, damp-proofing materials, mastic asphalt for roofing, bitumen roofing felts, fibre cement felts, fire extinguishers, fire doors, zinc coatings on steel, clay roofing tiles, steel pipes, copper tubes, and water taps. The energy sector is also covered by technical regulations. To date, about 3% of the standards have been adopted as technical regulations in Zimbabwe.

3.82. In December 2015, Zimbabwe introduced a mandatory preshipment conformity assessment scheme (the Consignment-Based Conformity Assessment (CBCA) Programme). The Programme was promulgated through S.I. 132 of 2015, Control of Goods (Open General Import License) (Standards Assessment) Notice 2015, and notified to the TBT Committee.[44] According to the authorities, the objective of the Programme is to reduce the risk of hazardous and substandard imported products entering Zimbabwe, for consumer and environmental protection reasons (e.g. motor vehicles, and hazardous substances). The Programme is not related to the valuation of goods. The statutory instrument does not state the objectives of the measure.

3.83. Under the CBCA Programme, designated products (12% of tariff lines at the HS eight-digit level) within the following categories are subject to controls under the Programme: food and agricultural products; fertilizers; building and civil engineering products; certain petroleum and fuels (not inspected by the Zimbabwe Energy Regulatory Agency); packaging material;

[41] SADC, *Non-Tariff Barriers.* Viewed at: https://www.sadc.int/themes/economic-development/trade/non-tariff-barriers/.

[42] ISO, *Stages and Resources for Standards Development.* Viewed at: https://www.iso.org/stages-and-resources-for-standards-development.html.

[43] *Zimbabwe National Standardization Strategy (ZNSS) 2018-2020*. Viewed at: http://saz.org.zw/wp-content/uploads/2018/09/ZNSS-Full-Document-Foreword-Signed.pdf.

[44] WTO document G/TBT/N/ZWE/1, 4 April 2016.

electrical/electronic products; body care products; automotive and transportation goods; clothing and textiles; and toys.[45]

3.84. The CBCA Programme provides that the designated products, when imported into the country, must be accompanied by a certificate of conformity with Zimbabwean national standards. A pre-export verification of conformity of the listed products is carried out in the country of export, and a Certificate of Conformity (CoC) is issued. The assessment involves "confirmation, through the provision of objective evidence, that requirements of the applicable standards have been fulfilled through one or more of the following tasks: shipment inspection, verification of documentation, sample testing and risk assessment". According to the authorities, the CBCA Programme accepts certified products from well-known brands, as long as reports and/or certification documents from an accredited third party are provided; in that case, there is no testing, but the fees are still payable.

3.85. Bureau Veritas was appointed by the MIC to assess, in the exporting country concerned, the conformity of goods with national standards. At the port of entry, the ZIMRA will require a CoC for the products concerned; consignments are otherwise reshipped at the importer's cost. However, waivers have been issued by the MIC when the CoC is missing (S.I. 132 of 2015). There was no border inspection in Zimbabwe in November 2019.

3.86. The CBCA Programme contains a complex fee schedule (Table 3.15). The fees for verification and inspection by the "assessment agent" are levied in *ad valorem* terms, but the rates vary according to the "applicable facilitation route", and rates are subject to a minimum (USD 250) and a maximum (USD 2,675) per consignment. It appears that the minimum fee of USD 250 would be high for imports when applied to the minimum merchandise value of USD 1,000. Moreover, WTO principles provide that fees should be proportional to the cost of the service rendered, which calls, in principle, for flat fees.

Table 3.15 Fee schedule of the Consignment Based Conformity Assessment Programme

Facilitation routes	*Ad valorem* fee as % of the declared f.o.b. value	Minimum fee in USD or its equivalent	Maximum fee in USD or its equivalent
A – Exporters with conformity documents; product will otherwise be tested or visually inspected	0.50%	250	2,675
B – Fast-track certification process without testing, for exporters having demonstrated past compliance with the CBCA Programme and that ship the same product from the same supplier (e.g. computers, cars)	0.45%	250	2,675
C - Licensed products without testing	0.25%	250	2,675

Source: S.I. 132 of 2015, Control of Goods (Open General Import License) (Standards Assessment) Notice 2015.

3.87. The applicable facilitation routes for assessment are determined by the Assessment Agent (Veritas), taking into consideration the supporting documentation provided by the exporter. The fees (Table 3.15) cover the documentary verification and inspection of goods only; they do not cover laboratory testing, sealing of containers, or registration and licensing of products. Testing services are charged directly by the Assessment Agent, on a case-by-case basis.

3.88. According to the authorities, inspections for compliance with technical regulations are carried out both at the border and in the domestic market. Customs officers may only intervene upon receipt of directives from line ministries. Zimbabwe does not have a single market surveillance system in place, but surveillance is carried out by different government bodies, such as the SAZ (e.g. water, bricks, and cement), the Medicines Control Authority of Zimbabwe, and the Ministry of Health and Child Care (food products). The MIC is also in the process of formulating the National Quality Infrastructure Policy and drafting the National Compulsory Specifications Bill to strengthen the national quality system. The objective of the Bill is to establish and administer compulsory

[45] S.I. 132 of 2015, Control of Goods (Open General Import Licence) (Standards Assessment) Notice, 2015. Viewed at: http://www.veritaszim.net/sites/veritas_d/files/SI%202015-132%20Control%20of%20Goods%20%28Open%20Import%20Licence%29%20%28Standards%20Assessment%29%20Notice%2C%202015_0.pdf.

specifications and other technical regulations, with a view to protecting human health, safety, and the environment.

3.89. The SAZ operates several ISO certification schemes and HACCP schemes, including for quality management systems (ISO 9001); environmental management systems (ISO 14001); occupational health and safety management systems (ISO 45001); and food safety management systems (ISO22000 and HACCP). The SAZ also operates product certification schemes, which include products such as packaged drinking water (other than natural mineral water). ZWS ISO 9001, 14001, 45001 certification schemes are accredited by both the SADCAS and the South African National Accreditation System. The SAZ is also licensed under the ARSO to certify forestry and agricultural products under the ECOMARK Africa Sustainability Eco-labelling Scheme, to enable products to be marketed globally.

3.90. Furthermore, the SAZ promotes the use of standards through product and systems certification. To date, the following certifications have been achieved: ISO 9001 (137 companies), ISO 14000 (31 companies), ISO 45001 (24 companies), ISO 22000 (8 companies) and HACCP (4 companies). This represents a small percentage of the companies and manufactured products. The SAZ continues to support the development of a National Quality Policy and a regulatory framework that promotes systems and product certification, which would foster a culture of manufacturing of quality products for competing in export markets.[46]

3.91. The SAZ maintains laboratory and testing facilities in Harare, Bulawayo and Mutare. The Chemical and Food Technology Laboratories offer comprehensive chemical, physical, and microbiological analyses, inspection, and advisory services to meet customer requirements. The SAZ is accredited by the SADCAS to ISO IEC 17025 for water and fuel testing. The SAZ's engineering laboratories provide the following services: non-destructive testing, inspection services, electrical engineering and electronics, solar testing, mechanical engineering, civil engineering, packaging testing, and calibration services. The inspection of boilers and pressure vessels is accredited to ISO IEC 17020 by the SADCAS. The SAZ also operates a specialized High-performance Liquid Chromatography Laboratory at the Head Office in Harare, which offers tests mainly for the food industry for contaminants such as aflatoxins, herbicides and pesticides in grains and horticulture produce.

3.92. With regard to environmental measures, Zimbabwe has signed five environmental conventions, the Climate Change Convention, and desertification conventions. The Environmental Management Agency was established in 2007 under the Environmental Management Act of 2003. It is in charge of environmental impact assessments, including for mining projects (Section 4.2.1), ecosystem protection, water standards, air pollution, and chemicals management. On the ground, it has officers that deal with water, air, and chemical pollutions. Since 2011, six border posts have been opened.

3.3.3 Sanitary and phytosanitary (SPS) requirements

3.93. Zimbabwe's SPS regime remains substantially unchanged since the last TPR in 2011. The legal framework for food safety, animal health, and plant pest and disease control is largely obsolete, and requires modernization. Zimbabwe provided five SPS notifications in the period under review (Table 2.2). No specific trade concerns were raised against Zimbabwe's measures in the WTO SPS Committee.

3.94. Zimbabwe is a member of the Food and Agriculture Organization (FAO) Codex Alimentarius Commission, the World Organisation for Animal Health, and the International Plant Protection Convention. It is also a member of the African Union Inter-African Bureau for Animal Resources, and the Inter-African Phytosanitary Council (a Regional Plant Protection Organization).

3.95. The development of mechanisms for the harmonization of SPS measures at the regional level (SADC and COMESA) are at a very early stage. Within the SADC, Zimbabwe entered into commitments to work towards the harmonization of SPS measures within the region. The SADC Protocol on Trade (Annex on SPS measures) requires its members to base their practices on the international standards, guidelines, and recommendations of the SPS Agreement. Its objective is to

[46] *Zimbabwe National Standardization Strategy (ZNSS) 2018-2020*. Viewed at: http://saz.org.zw/wp-content/uploads/2018/09/ZNSS-Full-Document-Foreword-Signed.pdf.

improve SPS cooperation and harmonization in the SADC region, and to ensure that members do not arbitrarily discriminate or restrict trade. The SADC adopted in 2011 several regional guidelines on various SPS matters (SPS management, food safety, veterinary drugs, and crop protection).[47]

3.96. As an example of the nascent harmonization within the SADC, in 2013, a memorandum of understanding on the Harmonized Seed Regulatory System (and related phytosanitary measures) was opened for signature among SADC members. It has not yet been signed by Zimbabwe. The regulatory regime for seeds is aimed at facilitating cross-border trade in certified seed varieties, and reducing repetitive national testing. The system comprises a SADC seed variety catalogue and common phytosanitary measures for seeds. The SPS measures include two SADC pest lists: one for seed-borne pests/pathogens requiring control when seeds are traded across borders within the SADC; and the other where seeds are imported from third countries.

3.97. In accordance with Article 132 of the COMESA Treaty, COMESA members undertook "to harmonise their policies and regulations relating to phytosanitary and sanitary measures without impeding the export of crops, plants, seeds, livestock, livestock products, fish and fish-products".[48] In 2009, COMESA Regulations on the Application of Sanitary and Phytosanitary Measures entered into force, which provide for the establishment of a COMESA Green Pass scheme. The Green Pass is intended as a commodity-specific SPS certification scheme for the movement of agricultural products within the COMESA, implemented by the respective National Green Pass Authorities.[49] To date, this scheme is not yet operational.

Food safety

3.98. The legal framework for food safety comprises the Public Health Act (covering, *inter alia,* basic hygiene requirements), and the Food and Food Standards Act of 1971, last amended in 2001.[50] The latter food law deals mainly with the production, sale and importation of adulterated or "falsely described" food items. It established the Food Standards Advisory Board to formulate and advise the Minister of Health on food safety policy, and to develop regulations; the Food Standards Advisory Board also functions as the National Codex Committee. A national food safety strategy was being drafted in November 2019, with the help of the FAO.

3.99. Several food safety regulations were promulgated under the Food and Food Standards Act, some of which predate the establishment of the WTO and appear to be outdated. Under the recent Food and Food Standards (Import and Export) Regulations (S.I. No. 8 of 2015), all imports of food are subject to inspection at the border, unless the importer concerned holds a Food Sanitary Certificate, issued by the Minister of Health, in accordance with the Food and Food Standards (Inspection and Certification) Regulations, 2015 (S.I. No. 5 of 2015).[51] Certification involves inspection of the premises. Food inspectors are authorized to detain import consignments for up to 14 days. Both 2015 regulations are based on the Codex Alimentarius, according to the authorities, and were notified to the SPS Committee.[52] In November 2019, Zimbabwe was in the process of drafting a procedure for implementing the relevant Codex Alimentarius Code of Practice for reducing aflatoxins in peanuts and peanut butter.

3.100. Zimbabwe has a good record of providing food safety notifications prior to adopting measures. During the review period, it notified three Codex-based draft regulations concerning bottled water; packaged water; and labelling requirements for pre-packaged food.[53] In addition, in 2016, it notified a draft regulation concerning mandatory food fortification and labelling, which is partly based on Codex standards, and partly on national standards, according to the authorities.[54]

[47] SADC, *Sanitary & Phyto-Sanitary Measures.* Viewed at: https://www.sadc.int/themes/economic-development/trade/sanitary-phyto-sanitary-measures.
[48] COMESA Treaty. Viewed at: https://www.comesacompetition.org/wp-content/uploads/2016/03/COMESA_Treaty.pdf.
[49] COMESA, *Regulations on the Application of Sanitary and Phytosanitary Measures.* Viewed at: https://www.comesa.int/wp-content/uploads/2019/02/2010-Gazette-SPS-REGULATIONS1-Attachment.pdf.
[50] Food and Food Standards Act. Viewed at: http://extwprlegs1.fao.org/docs/pdf/zim24975.pdf.
[51] S.I. 5 of 2015, Food and Food Standards (Inspection and Certification) Regulations, 2015. Viewed at: http://extwprlegs1.fao.org/docs/pdf/zim170804.pdf and http://extwprlegs1.fao.org/docs/pdf/zim170803.pdf.
[52] WTO document G/SPS/N/ZWE/2, 17 April 2013.
[53] WTO documents G/SPS/N/1, 4 and 6, 20 December 2011, 18 April 2013 and 30 August 2016.
[54] WTO document G/SPS/N/5, 30 August 2016.

The regulation entered into force in 2017. In total, Zimbabwe has 24 commodity-specific food regulations in place, according to the SPS register maintained by the National Codex Contact Point.

Phytosanitary measures

3.101. The Department of Research and Specialist Services, Specialist Services Division, Plant Quarantine Services Institute (of the Ministry of Lands, Agriculture, Water, Climate and Rural Resettlement) functions as the National Plant Protection Organization (NPPO) and is responsible for phytosanitary measures. The basic legal framework comprises the Plant Pest and Diseases Act (Chapter 19:08) of 1958, and the Plant Pests and Diseases (Importation) Regulations, 1976.[55]

3.102. For imports, the first step is an application, in person, for a plant import permit from the Department of Research and Specialist Services in Harare or the Head Plant Quarantine and Plant Protection Services Institute in Mazowe. A permit is required for all plants and plant products entering Zimbabwe. The process involves pest risk analysis, and a decision by the Chief Plant Quarantine Office on whether preshipment inspection is required. A weekly schedule is compiled by the NPPO for approval, together with a recommendation for approval (or not) by the approving authority. Registration of the applicant with the Agricultural Marketing Authority is a pre-requirement. The second step involves an application for a biosafety permit from the National Biotechnology Authority (See also 3.2.3.1). The third step involves the issuance of an import permit by the Ministry of Lands, Agriculture, Water, Climate and Rural Resettlement. This process takes about 14 days. In the case of approval, a permit is issued. There is no website yet that allows for import handling permit applications. The applicable fees are USD 5 for commercial imports and USD 1 for other imports.[56]

3.103. Plant import permit conditions typically stipulate that plants must be fumigated on arrival, unless accompanied by a fumigation certificate; in the absence of this certificate, the plants may be released on the importer's signed undertaking to report with the goods to a specified centre for fumigation.

3.104. A phytosanitary certificate is required for the importation of any commodity of plant origin; release from customs may be refused if the certificate produced is not worded in accordance with the conditions stipulated on the import permit. The importer has the right to appeal against the detention or destruction of a plant. A transit permit is required for all agricultural products. Plant health inspectors are stationed at most of Zimbabwe's entry points to facilitate customs clearance; where there are no inspectors, ZIMRA officers have been appointed as plant inspectors.

3.105. Imports of pesticides are regulated by the Fertilizers, Farm Feeds and Remedies Act (Chapter 18:12), and the Pesticide Regulations issued in 2012. No pesticide may be imported into Zimbabwe, for private use or for resale, unless it is registered with the Plant Protection Research Institute (Pesticides Registration Office). All imports of unregistered pesticides are detained pending registration. Non-registered pesticides may be imported for experimental purposes only, with written authorization from the Registering Officer; the containers must bear the label "for experimental purposes only - not for sale". Active ingredients for use in pesticide formulations do not have to be registered, and are not subject to control on importation.

Biosafety policy

3.106. Zimbabwe joined the Cartagena Protocol on Biosafety in 2005. Its biosafety policy, international commitments, and legislation require risk assessment (Section 25 of the National Biotechnology Authority (NBA) Act). The NBA Act (Chapter 14:31) was passed in 2006, and it superseded the Research Amendment Act of 1998. The NBA replaced the Biosafety Board.

[55] Plant Pests and Diseases Act. Viewed at: http://extwprlegs1.fao.org/docs/pdf/zim60741.pdf; and Plant Pests and Diseases (Importation) Regulations, 1976. Viewed at: https://www.ecolex.org/details/legislation/plant-pests-and-diseases-importation-regulations-1976-lex-faoc061967/?q=plant+pest+zimbabwe&xdate_min=&xdate_max=.

[56] S.I. 121 of 2019 – Plant Pests and Disease (Importation) (Amendment) Regulations, 2019.

3.107. Zimbabwe maintains a ban on cultivation, (sale and use) of GMOs and GMO products. While imports of GMO products are generally prohibited, imports of GM-modified grains (e.g. maize and soya beans from South Africa) may be authorized under supervised milling requirements.

3.108. In 2018, new GMO regulations were promulgated, that lay out the procedures for obtaining a biosafety permit from the NBA and a registration certificate for GMO operators (importers). The registration fee is USD 500. The regulations contain a long and non-exhaustive list of agricultural products requiring GMO-free certificates/declarations (commodities, meat, fish, dairy products, feed, vegetables, coffee and tea, feed additives, seeds, etc). Applications for a biosafety import permit must be accompanied by a GMO certificate or a GMO declaration issued by the competent authority in the exporting country. GMO declarations are accepted only for milled and other products (except seeds and grain) not known to contain GM ingredients. Zimbabwe is in the process of adopting mandatory labelling rules with regard to GM food and feed.

Veterinary measures

3.109. The Department of Veterinary Services (of the Ministry of Lands, Agriculture, Water, Climate and Rural Resettlement) is responsible for animal health and veterinary measures. The Veterinary Services, as mandated by law, also administer imports of grains (S.I. 57 of 1989). Zimbabwe's Animal Health Act (Chapter 19:01) of 1961, last amended in 2001,[57] gives powers to the Minister to eradicate and prevent animal pests and diseases. The Act and most of its regulations require updating, and are under review, according to the authorities. The Veterinary Services issued a list of endemic notifiable diseases (S.I. 49 of 2017), which include foot and mouth disease, anthrax, rabies, and Newcastle disease.

3.110. Imports of animals and related products require a veterinary import permit, issued by the Veterinary Services Head Office in Harare; and a veterinary health certificate signed by the exporting country's veterinary authority. The granting of a veterinary import permit for certain animals or animal products (e.g. chickens and chicken products, dairy products, and processed and canned meats) may be conditional on the inspection of processing plants in the exporting country; the cost is paid for by the importer. In addition, some products (certain live animals and animal products) require a Control of Goods Import Permit, issued by the Ministry of Agriculture (under S.I. 350 of 1993), in order to control imported quantities. Animal health inspection fees at the border were revised in 2016 and were USD 20 per shipment until June 2019, when they were brought to ZWL 20.[58]

3.111. Upon arrival at the port of entry, systematic physical inspection of the products is carried out. A release certificate of the consignment is issued, for an additional ZWL 20.

3.112. Live animals entering Zimbabwe are typically quarantined for 30 days. Breeding stock is the only live poultry to be allowed into Zimbabwe, and is quarantined for a minimum of 12 weeks and inspected at least twice daily.[59] Samples from all shipments of imported animal products are tested at the Central Veterinary Laboratory (CVL) to ascertain whether they are fit for human consumption before being released into the market; tests are performed for salmonella and total bacterial count, at a cost of USD 10 and USD 5, respectively. If the test results are favourable, a release certificate is issued for a fee of USD 20 per consignment (the charges are, in principle, levied in ZLW since June 2019). A second test could be performed if the results of the first test are unfavourable (Article 5.3 of the Trade Facilitation Agreement), provided the laboratory is accredited; in November 2019, only the CVL was accredited in Zimbabwe.

3.113. Animals, animal products, and "infectious things"[60] are not subject to controls if in transit by either rail or air (unless they have passed through Kenya, Tanzania, Malawi, Mozambique, or Zambia); this measure is currently under review. A transit permit (conditional on an import permit from the importing country) must be obtained.

[57] Animal Health Act. Viewed at: http://extwprlegs1.fao.org/docs/pdf/zim21477.pdf.

[58] S.I. 56 of 2016. Animal Health (Import) (Amendment) Regulations, 2016 (No. 6). Viewed at: http://extwprlegs1.fao.org/docs/pdf/zim170797.pdf.

[59] Quarantine may be at the importer's property or at a government-approved quarantine station.

[60] The term "infectious things" includes animal products, all grains, and any wrapping material used to contain processed or unprocessed materials intended for incorporating into animal feeding stuffs, fodder, etc.

3.114. New developments with respect to the veterinary measures include the following:

- new regulations on veterinary diagnostic testing laboratories were published in 2017 (S.I. 89 of 2017);

- the health certificate for the importation of cattle was amended in 2014 to include the section indicating that "the animals may only be disposed of after 3 years while breeding, under close veterinary monitoring";

- with effect from October 2014, a new prerequisite regarding the importation of cattle was introduced. Applicants are now required to submit a breeder's certificate or breeder's confirmation letter and an authorized veterinarian confirmation letter on breeding status. This is to prevent imports of live animals for slaughter (which are prohibited) disguised as imports for breeding purposes;

- Section 9 regarding highly pathogenic avian influenza (HPAI) on the health certificate on importation of day-old chicks and hatching eggs was amended, in line with the Terrestrial Animal Health Code, 2014. The section "the country must be free from active highly pathogenic avian influenza in poultry" was amended to read "the country, zone, or compartment must be free from active highly pathogenic avian influenza in poultry". The section "the poultry flocks of origin are located in districts free from highly pathogenic avian influenza, and more than 300 Km away from any highly pathogenic avian influenza outbreak in the country" was changed to read "the poultry flocks of origin are located in districts free from highly pathogenic avian influenza";

- the health certificate regarding the importation of blood meal was amended in 2015 for Botswana, to read "the processing temperature 90 degree Celsius for a minimum period of 30 minutes at an absolute pressure 400-800 Kpa", from a temperature of 133 degrees Celsius for a minimum period of 20 minutes at an absolute pressure of three bar;

- regarding the health certificate for the importation of fish, the following condition was added in 2015 "declare freedom from algae toxins and seasons for harvesting of fish";

- testing for Johne's disease on the importation of cattle, sheep and goats was amended on health certificates to include the ELISA test;

- a polymerase chain reaction test was added to the health certificate for the importation of semen, to test for Infectious Bovine Rhinotracheitis;

- the proposed health certificate for the export of bovine semen from the Netherlands was adopted in 2018; and

- in 2019, proposed health certificates for the importation of live sheep, goats, and cattle, frozen bovine embryos and frozen semen from Canada and the United States were reviewed and adopted by both countries.

3.115. Movement restrictions of animals due to disease outbreaks were implemented for the following diseases: HPAI and the tick-borne disease Theileriosis in 2017; foot and mouth disease; anthrax (sporadic outbreaks were experienced, and all affected areas are quarantined); and African Swine Fever in 2019. All affected areas were quarantined. The importation of poultry and poultry products from South Africa is suspended due to a HPAI outbreak that occurred in 2018.

3.3.4 Competition policy and price controls

3.116. The Competition Act, as amended in 2001, was described in detail in the previous Review; it prohibits the abuse of dominance and collusive arrangements between competitors. Collusive arrangements are prohibited, *per se,* and they attract, in principle, both civil and criminal sanctions. The authorities explained that the Act was being amended in 2019, *inter alia,* to provide for sanctions that would ensure that competition law violations can effectively be deterred.

3.117. The Competition and Tariff Commission is a statutory body, established with the primary objective of enforcing the Competition Act. It resulted from a merger in 2001 of two bodies, the former Industry and Trade Competition Commission and the former Tariff Commission.[61] The Commission therefore also has the mandate of implementing the country's tariff policy (Section 3.1.8).

3.118. Since its inception, the Commission has handled cases in several sectors, including, *inter alia*, energy, construction, agriculture, financial services, beverages, health, and telecommunications. Most of the restrictive business practices handled by the Commission were remedied through the issuance of cease-and-desist orders. Penalties were levied for breaches of the merger notifications provisions, and the highest penalty was USD 2.5 million. The Commission undertook studies in the fertilizer sector, and in the petroleum, beef and cement industries.

3.119. The Act also provides for the regulation of mergers of all types. The notifiable merger threshold is set at USD 1.2 million or its equivalent (S.I. 110/10). The Competition Act's merger-control provisions take precedence over any powers of a sectoral regulator in merger assessment and approval; regulators that have such functions are required to apply to the Commission for final clearance of a merger.

Price controls

3.120. A range of goods and services supplied in Zimbabwe were subject to price controls during the 2011-19 period; these were implemented by government departments, sectoral regulators or professional associations (Table 3.16).

Table 3.16 Products subject to price controls, 2019

Product/service	Description
Health services provided by government centres	Maximum fees set by the Ministry of Health
Telecommunication and bandwidth tariffs	Approved by the Postal and Regulatory Authority of Zimbabwe
Electricity tariffs	Set and approved by the Zimbabwe Electricity Regulatory Commission
Legal fees	The Law Society of Zimbabwe fixes minimum tariffs to be levied by law firms
Petroleum products	Prices set by the Zimbabwe Energy Regulatory Authority (ZERA)
Services provided by local authorities	Rates set by the Ministry of Local Government
Water	Prices set by the Ministry of Water and Sanitation
Maize and wheat	Consumer prices (resale prices) set by the Agricultural Marketing Authority
Government schools	Fees set by the Ministry of Education, Sports and Culture

Source: Information provided by the authorities.

3.121. The National Incomes and Pricing Commission was dissolved in June 2017, and was replaced by the National Competitiveness Commission. The latter is mandated to help enable a competitive environment for business, through the development, coordination and implementation of key policy improvements. This follows concern from the authorities that goods and services were overpriced in many sectors of the economy, owing to a combination of factors that include high costs of doing business and lack of competition.

Consumer protection

3.122. A new Consumer Protection Bill, gazetted in 2018, aims to protect consumers of goods and services, by establishing a Consumer Protection Agency and regulating Consumer Advocacy

[61] Competition and Tariff Commission, *Setting Price Ranges to be Charged by Retailers/Wholesalers by Producers/Manufacturers.* Viewed at: http://www.competition.co.zw/.

Organisations.[62] It would replace the Consumer Contracts Act. Section 11 provides for the right to fair value, good quality, and safety of goods and services. Section 12 further provides for the implied warranty of quality a producer, importer, distributor or retailer are expected to give the consumer. Section 17 provides for the liability for damages caused by goods, which is extended to the producer; any person who put their name on the packaging of goods or services; importers; distributors; retailers; and suppliers.

3.123. This Bill would require that, in any transaction, there is an implied provision that the producer, importer, distributor or retailer each warrant that the goods or services comply with the requirements and standards. This Bill complements the National Compulsory Specifications Bill, whereby the producer, importer, distributor or retailer of any goods would be liable for any harm caused by supplying unsafe goods; a product failure, defect or hazard in any goods; or inadequate instructions or warnings provided to the consumer. Also, any person who produces, supplies, imports or packages any prescribed goods or services must display a notice that discloses the presence of any GM ingredients therein.

3.3.5 State trading, state-owned enterprises, and privatization

3.124. Zimbabwe has a long history of numerous, large and loss-making state-owned enterprises and parastatals (SOEs). The contribution of Zimbabwe's 107 public companies was estimated by the Government at about 14% of GDP in 2019, down from 40% in the late 1990s, although no precise statistics are available. The latest report on SOEs by the Office of the Auditor General of Zimbabwe, for the year 2017, reports a worsening of the SOEs' losses, due to irregular transactions and misappropriation of funds and, generally, a continued lack of appropriate governance.[63]

3.125. Several of these entities would appear to be actively engaged in the international trade of goods or services (Table 3.17). However, in its latest submission to the WTO, dated 25 June 2008, Zimbabwe notified that it does not have any state trading enterprises that meet the working definition adopted for notification purposes.[64] Assistance from the WTO on state-trading notifications could constitute an opportunity to help the SOE reform process.

3.126. Among these, the Minerals Marketing Corporation of Zimbabwe, which is wholly owned by the State, acts as the exclusive agent for the marketing and sale of all minerals produced in Zimbabwe (Section 4.2.1); and Fidelity Printers and Refiners Ltd is the sole exporter of refined gold and silver. Other state-owned companies that are also engaged in trade include the Grain Marketing Board, the Cold Storage Company Ltd, the National Oil Company of Zimbabwe, and ZESA Holdings.

3.127. After decades of reliance on SOEs in key agricultural, industrial and services sectors, and given their longstanding poor performance, in 1999, the Government adopted procedures for the privatization and restructuring of SOEs The State Enterprises Restructuring Agency was established to provide advice to the technical committees. Two decades later, the implementation of these restructuring and privatization strategies has yet to fully occur, and most of the earmarked companies remain in the State's portfolio.

Table 3.17 State-owned enterprises

Name of sEP	Financial data 2015 (USD '000)			
	Gross income	Total expenditure	Dividend paid to the Government	Accounts 2016, audited[a]
Agricultural and Rural Development Authority	2,811	6,307	0	No
Agricultural Marketing Authority	..	..	..	..
Agricultural Bank of Zimbabwe (AGRIBANK)	29,920	36,219	0	Yes
Air Zimbabwe	32,879	36,219	0	No
Allied Timbers	10,693	14,874	0	No
Astra Industries	..	..	..	..
Cairns Holdings	..	..	..	..

62 Veritas, *Consumer Protection Bill, 2018.* Viewed at: http://www.veritaszim.net/sites/veritas_d/files/Consumer%20Protection%20Bill%202018%20-%20HB%2010-2018.pdf.

63 The Office of the Auditor-General Zimbabwe, *Parastatals.* Viewed at: https://www.auditorgeneral.gov.zw/downloads/category/2-parastatals.

64 WTO document G/STR/N/12/ZWE, 25 June 2008.

Name of sEP	Financial data 2015 (USD '000)			
	Gross income	Total expenditure	Dividend paid to the Government	Accounts 2016, audited[a]
CBZ Holding	279,010	238,125	469	Yes
Civil Aviation Authority Zimbabwe	33,534	37,115	0	Yes
CMED	32,665	35,120	0	No
Cold Storage Commission/Company	3,534	9,080	0	No
Forestry Commission of Zimbabwe	..	..	..	..
Grain Marketing Board	43,879	99,964	0	Yes
Hwange Colliery Company	68,146	173,736	0	Yes
Industrial Corporation Zimbabwe Group	99,483	109,317	0	Yes
Infrastructure Development Bank Zimbabwe	14,886	19,939	500	Yes
Minerals Marketing Corporation of Zimbabwe	10,933	17,930	2,990	No
Zimbabwe Mining Corporation	..	..	..	..
National Handicraft Centre	59	104	0	No
National Handling Service	6,911	13,552	0	..
National Oil Infrastructure Company of Zimbabwe	110,916	88,279	3,513	No
National Pharmaceutical Company	13,061	7,150	0	No
National Railways of Zimbabwe	99,389	148,144	0	Yes
NetOne	115,113	117,256	0	No
New Ziana	1,286	1,158	0	No
Olivine Industries	Closed down in 2019			
Parks and Wildlife Management Authority	29,501	28,896	..	Yes
People's Own Savings Bank	35,244	27,336	313	Yes
Petrotrade	111,674	110,153	0	No
Pig Industry Board of Zimbabwe	1,007	956	35	No
Powertel	26,079	26,628	0	No
Printflow	5,024	8,172	0	No
Rainbow Tourism Group	30,850	31,984	0	..
Zimbabwe Tourist Development Corporation	..	..	..	..
Rural Electrification Company	..	..	..	..
Small Medium Enterprise Dvl Corporation	649	2,510	0	No
Tobacco Industry and Marketing Board	12,564	7,929	-	No
Tobacco Research Board	11,948	11,189	-	No
Tobacco Growers Trust			..	..
TelOne	148,549	138,628	0	Yes
Tractive Power Holdings	..	..	..	..
Transmedia Corporation	2,696	1,803	0	No
ZB Financial Holdings (Finhold)	..	..	..	..
ZESA Enterprises	16,109	25,694	0	No
ZESA Holdings Private Limited	30,652	28,059	0	No
Zimbabwe Broadcasting Corporation	18,193	20,304	0	No
Zimbabwe Consolidated Diamond Company	..	..	..	..
Zimbabwe Electricity Transmission and Distribution	885,154	996,628	..	No
Zimbabwe Investment Authority	1,415	1,406	326	No
ZISCO	..	..	..	..
ZINWA	..	..	..	..
Zimbabwe Post	25,286	35,001	0	No
Zimbabwe Power Company	494,230	475,139	..	No
Zimbabwe Reinsurance Company	..	..	..	..
Zimbabwe United Passenger Company	19,128	22,543	0	No
Zimpapers	42,277	40,090	..	No
Grand total	**2,957,337**	**3,250,636**	..	..

.. Not available.

a Audited by the Office of the Auditor General.

Source: Government, *Report on the Evaluation of the Public Financial Management System of Zimbabwe, Public Expenditure and Financial Accountability (PEFA) Assessment 2017*; and information provided by the authorities.

3.3.6 Government procurement

3.128. Zimbabwe is neither a party nor an observer to the WTO Plurilateral Agreement on Government Procurement. Considering a WTO national training workshop on accession to the Agreement, particularly in the light of the recent reforms described below, could constitute an opportunity for the authorities to consider obtaining observer status in the WTO Agreement on Government Procurement. This, in turn, would increase transparency in government procurement processes, including those funded through foreign aid, reduce opportunities for corruption, and lay the foundations for genuine competition among suppliers, national or foreign.

3.129. The Public Procurement and Disposal of Public Assets Act (Chapter 22:23) came into force on 1 January 2018, replacing the 1999 Procurement Act. It applies to all stages of the procurement process of goods, construction works and services, and to the disposal of public assets. The new Act covers all publicly owned companies in which the State has a controlling interest, at central and subcentral level. If one of its provisions conflicts with an obligation of Zimbabwe under, or arising out of, any convention, treaty or agreement between Zimbabwe and one or more foreign States or governments, or one or more international financial organizations, the requirements of the convention, treaty or agreement shall prevail (Section 3 of the Act).

3.130. Since 2018, the new Procurement Regulatory Authority of Zimbabwe (PRAZ) oversees public procurement proceedings to ensure transparency, honesty, cost-effectiveness and competition in public procurement.[65] It directly reports to the Office of the President. Its functions are to monitor and supervise procuring entities and the public procurement system.[66] The PRAZ publishes information on procurement procedures, procurement planning, procurement complaints procedures; and information about tendering. A bidder dissatisfied with any part of the procurement proceedings can challenge them under Section 73 of the Act.[67]

3.131. Until 2018, no data had been compiled on the value of publicly awarded contracts. Thanks to recent efforts, disaggregated data, by procurement method and by type of purchase, is available for the first time, for the year 2018. That year, total procurement amounted to USD 1.5 billion, or 10% of GDP.

3.132. The new procurement law established the Special Procurement Oversight Committee (SPOC) to review procurement contracts that the Government deems sensitive or especially valuable. Above a certain threshold, the SPOC reviews contracts before award, and may oblige the procurement process to be recommenced. For other purchases, procuring entities procure on their own, within thresholds (Table 3.18). Procuring entities are grouped in three classes, A, B, and C. The class a procuring entity belongs to is determined on a case-by-case basis by the PRAZ, based on published guidelines. There were 293 procuring entities in 2018, at central and subcentral level (including SEPs).

Table 3.18 Financial thresholds for procurement contracts liable to scrutiny

Procuring Entity	Financial threshold (USD)
Class A	
(a) for construction works	500,000
(b) for goods	250,000
(c) for non-consultancy and consultancy services	100,000
Class B	
(a) for construction works	250,000
(b) for goods	150,000
(c) for non-consultancy and consultancy services	75,000
Class C	
(a) for construction works	200,000
(b) for goods	100,000
(c) for non-consultancy and consultancy services	50,000

Source: Public Procurement and Disposal of Public Assets (General) Regulations, 2018.

3.133. The Public Procurement and Disposal of Public Assets (General) Regulations, 2018 (S.I. 5/2018) apply to registrations of bidders and contractors; engagement of procuring agents; shared procurement; procurement plans; domestic price preferences; market consultations; and financial thresholds.[68]

3.134. With respect to domestic preference, procuring entities may invite only Zimbabwean (domestic) suppliers to bid where the price of the procurement requirement does not exceed USD 5 million in the case of construction works; USD 300 000 in the case of goods; or USD 200 000

[65] PRAZ. Viewed at: http://www.praz.gov.zw.
[66] Public Procurement and Disposal of Public Assets Act. Viewed at: http://www.veritaszim.net/sites/veritas_d/files/Public%20Procurement%20Act%20r.pdf.
[67] PRAZ, *How to Tender*. Viewed at: http://www.praz.gov.zw/index.php?option=com_content&view=article&id=588&Itemid=943&lang=en.
[68] Public Procurement and Disposal of Public Assets (General) Regulations, 2018. Viewed at: http://www.veritaszim.net/sites/veritas_d/files/SI-5-2018ed.pdf.

in the case of consultancy and non-consultancy services. Above these thresholds, foreign (international) bidders must be invited.

3.135. The competitive bidding method of procurement is the normal method to be employed by procuring entities; use of another method must be justified in writing. In competitive bidding, all qualified bidders should be allowed to participate (Section 38 of the Act).

3.136. If it is not feasible to define fully the technical or contractual aspects of the procurement to elicit competitive bids, or because of the complex nature of the procurement requirement, the procuring entity may wish to consider various technical or contractual solutions and to discuss them with bidders before deciding on the final technical or contractual specifications. Where the procurement requirement is of particularly high value or complexity, competitive bidding may be preceded by prescribed pre-qualification procedures, with a view to identifying qualified bidders prior to the submission of bids.

3.137. The restricted bidding method involves only bidders who are selected or invited by the procuring entity. This method may be used in cases of urgency, or when the cost of considering many bids is disproportionate to the estimated value of the procurement requirement, or for procurement contracts with an estimated value that does not exceed the prescribed threshold. The direct procurement method involves only one bidder or supplier; it may be used only in prescribed circumstances (Section 33 of the Act).

3.138. A domestic price preference envisages a margin of 15% for the procurement of goods, and 7.5% for the procurement of contractors' services. Within these prescribed limits, preference may be given to bidders that are domestic suppliers or manufacturers, and an extra preference, within the prescribed limits, may be given to women or entities controlled predominantly by women, or to Zimbabwean universities or polytechnics.

3.3.7 Intellectual property rights (IPRs)

3.139. Zimbabwe is a member of the World Intellectual Property Organization (WIPO) and its administered conventions and protocols; its legal framework is presented in Table 3.19. Zimbabwe is also a member of the African Regional Intellectual Property Organization (ARIPO), which maintains a centralized system for the filing and substantive examination of industrial design, trademark and patent applications. Zimbabwe has yet to officially adhere to the Protocol amending the TRIPS Agreement, to provide additional flexibilities to grant special compulsory licences for the export of medicines.[69]

Table 3.19 Framework protecting IPRs, 2019

Legal text
Patents
Zimbabwe Patent Act (Chapter 26:03)
Patent Regulations (1971)
Patent Cooperation Treaty
Harare Protocol on Patents and Industrial Designs
Trademarks
Trade Marks Act (Chapter 26:04)
Trade Marks Regulations, 2005
Madrid Agreement on the International Agreement for Registration of Marks
Banjul Protocol for Trademarks under the ARIPO
Industrial designs
Industrial Designs Act (Chapter 26:02)
Paris Convention for the Protection of Industrial Property
Harare Protocol on Patents and Industrial Designs
Copyright
Copyright and Neighbouring Rights Act
Copyright and Neighbouring Rights Regulations, 2006
Berne Convention for the protection of literary and artistic works

[69] WTO, How to accept the Protocol Amending the TRIPS Agreement. Viewed at: https://www.wto.org/english/tratop_e/trips_e/accept_e.htm.

Legal text
Geographical indications
Geographical Indications Act (Chapter 26:06)
Geographical Indications Regulations, 2016 (S.I. 70 of 2016)
Plant varieties
Plant Breeders Rights Act (Chapter 18:16)
Layout-designs (topographies) of integrated circuits
Integrated Circuit Layout-Designs Act

Source: Information provided by the authorities.

3.140. During the period under review, Zimbabwe made no notifications about new IPR laws or regulations to the WTO, as required by the TRIPS Agreement, although it passed and implemented new regulations, such as on geographical indications.

3.141. Zimbabwe has yet to accept the Protocol Amending the TRIPS Agreement, following the 2001 Declaration on the TRIPS Agreement and Public Health. This Amendment incorporated the new provisions in the Doha Declaration on the TRIPS Agreement and Public Health concerning compulsory licensing of certain essential medicines.[70]

3.142. Zimbabwe's IPR regime is administered by the Department of Deeds, Companies and Intellectual Property, under the Ministry of Justice, Legal and Parliamentary Affairs (MJLPA).[71] Particularly, the Zimbabwe Intellectual Property Office (ZIPO) oversees the registration of trademarks, patents, geographical indications, integrated circuit layout-designs, and industrial designs. The ZIPO manages Zimbabwe's participation in international organizations dealing with intellectual property issues. Zimbabwe also has plant breeder's rights legislation. However, the country is not a member of the International Union for the Protection of New Varieties of Plants.

3.143. The Zimbabwe Intellectual Property Tribunal (IPT), established by the Intellectual Property Tribunal Act of 2008, has jurisdiction to hear and determine any contentious matters in terms of the Industrial Designs Act, the Copyright and Neighbouring Rights Act, the Patents Act, the Trademark Act, the Geographical Indications Act, and the Integrated Circuit Layout-Designs Act.[72] The Tribunal does not have jurisdiction to try any criminal case. Those involved in a dispute before the IPT may appeal to the Supreme Court.

3.144. In 2018, the MJLPA launched the Zimbabwe National Intellectual Property Policy and Implementation Strategy (2018-22). The Strategy seeks to rely on IPRs for economic growth and development, in science, technology, innovation; for rural development; and the growth and competitiveness of SMEs, among others. It focuses on agriculture, health, industry, small and medium-sized enterprises, and educational, training and professional skills development.

3.145. Table 3.20 summarizes the registration of new IPR titles during the period under review.

Table 3.20 Applications for patents, trademarks, industrial designs and patent granted, 2012-18

	2012	2013	2014	2015	2016	2017	2018
Patent applications							
Resident	4	2	5	8	4	7	18
Non-resident	4	8	8	12	3	2	2
Harare Protocol	**104**	**212**	**314**	**543**	**415**	**489**	**518**
Abroad	15	11	8	4	4	9	2
Industrial design applications							
Resident	2	2	2	4	3	4	3
Non-resident	2	2	2	2	2	4	4
Harare Protocol	**..**	**6**	**16**	**74**	**48**	**36**	**64**
Trademark applications							

70 WTO document WT/LET/638 of 12 December 2008. Viewed at https://docs.wto.org/dol2fe/Pages/FE_Search/DDFDocuments/67276/Q/WT/LET/638.pdf. For procedures, see WTO, *How to accept the Protocol Amending the TRIPS Agreement.* Viewed at: https://www.wto.org/english/tratop_e/trips_e/accept_e.htm.

71 Department of Deeds Companies & Intellectual Property. Viewed at: http://www.dcip.gov.zw.

72 WIPO, *IP Portal*. Viewed at: https://wipolex.wipo.int/en/text/130488.

	2012	2013	2014	2015	2016	2017	2018
Resident	353	249	211	224	350	305	319
Non-resident	1,309	1,311	1,489	1,121	852	822	774
Total	**1,662**	**1,560**	**1700**	**1,345**	**1,202**	**1,127**	**1,093**
Abroad (Madrid)	..	..	..	397	781	1156	1305
Patents granted							
Resident	4	2	5	8	4	7	18
Non-resident	4	8	8	12	3	2	2
Total	**4**	**10**	**13**	**20**	**7**	**9**	**20**
Abroad	1	1	1	72	1	..	..

.. Not available.

Source: WTO Secretariat, based on data provided by the authorities.

3.146. Applications for trademark registration were high during the period under review (Table 3.20). The authorities explained that awareness programmes in all provinces have made locals aware of the importance of protecting their trademarks.

3.147. The ZIMRA may confiscate counterfeit goods or goods with forged trademarks, or forfeit said goods. Anyone who imports prohibited goods is guilty of an offence, and is liable for a fine or three times the value of the duty paid of the goods concerned, whichever is greater, or for imprisonment for a period not exceeding five years, or to both.[73]

3.148. The owner of a registered trademark may request Customs for an import prohibition on any goods that have identical or deceivingly similar marks.[74] For registered industrial designs and copyright, the rights owner may request the Director of Customs to stop the export or import of infringing articles for up to ten working days, conditional upon IPT proceedings on the matter, within that period; the import or export prohibition remains in force until the tribunal or court instructs otherwise. If there is confirmed violation of a copyright or industrial design right, the person shall not be subjected to any penalty, except forfeiture of the concerned imported or exported goods.[75]

[73] Zimbabwe Legal Information Institute, *Customs and Excise Act (Chapter 23:02)*. Viewed at: https://zimlii.org/zw/legislation/act/1955/16.

[74] Trade Marks Act (Chapter 26:04).

[75] Copyright and Neighboring Rights Act (Chapter 26:05) and Industrial Designs Act (Chapter 26:02).

4 TRADE POLICIES BY SECTOR

4.1 Agriculture, Forestry, and Fisheries

4.1.1 Overview

4.1. Agriculture is the backbone of the Zimbabwean economy, and subsistence farming and a few cash crops are the main livelihood of most of the population. Agriculture contributed 9.3% to GDP in 2017 (including fisheries and forestry) and 29% to exports in 2018 (Chart 1.6). Zimbabwe was a net exporter of agricultural products in recent years (Tables A1.2 and A1.3). The agriculture sector has important linkages with the industrial sector, as a supplier of raw materials and a market for manufactured inputs.

4.2. Zimbabwe's agriculture is highly vulnerable to natural disasters, particularly droughts.[1] Annual losses from drought are estimated by the World Bank at USD 126 million on average. In March 2019, Cyclone Idai hit Mozambique and the Eastern regions of Zimbabwe, causing devastation and losses in agriculture. At same time, the rest of the country experienced drought, and a poorer crop harvest is to be expected in 2019.

4.3. Due to drought-related and other factors, agricultural performance varied substantially, making Zimbabweans highly food-insecure. During the lean season, a large part of the population (4 million people in 2017) rely on government food aid from the Strategic Grain Reserve, or international food aid schemes.[2] To address malnutrition, Zimbabwe has a food fortification policy, with mandatory vitamin fortification for corn flour, wheat flour, sugar and cooking oil (S.I. 120 of 2012).

4.4. Zimbabwe's agricultural area was approximately 16.3 million ha in 2012, with diverse agroclimatic conditions and regions. The arable area is about 4.31 million ha, with an irrigated area of about 123,000 ha.[3] The main crops are maize, wheat, sorghum and millets, groundnuts, tobacco, cotton, sugar, and horticulture (Table 4.1).

Table 4.1 Agricultural production, 2016-19

('000 tonnes)

	2016/17	2017/18	2018/19
Tobacco	188.9	194.3	..
Maize	2,155.5	1,708.7	776.6
Sugarcane	4,350.0	3,903.0	..
Cotton	127.0	130.3	133.0
Groundnuts	139.5	127.2	321.7
Wheat	158.5	136.0	..
Sorghum	182.0	154.2	77.5
Soybeans	35.7	59.8	..
Barley	15.0	33.4	..
Sunflower seeds	10.4	3.8	11.0
Tea	19.0	20.0	..
Horticulture	70.0	71.0	77.0
Dairy (million l)	65.4	66.4	75.4
Poultry	134.5	166.0	..
Beef	72.0	74.5	..
Pork	10.0	11.4	..

.. Not available.

Source: Information provided by the Ministry of Land, Agriculture, Water, Climate and Rural Resettlement; and the Ministry of Finance, *Supplementary Budget, 2019.*

4.5. Maize is the key food security crop and is therefore at the centre of Zimbabwe's agricultural policy. For most Zimbabweans, it is the staple food for their daily corn meal porridge (Sadza). Maize

[1] Severe droughts occurred in 2001/02, 2007/08, and 2015/16. The rainy season normally lasts from November to March/April. In one year, the main cropping areas may have an average of 1,200 mm of rainfall, and in the next year only 600 mm.

[2] World Bank (2019), *Zimbabwe; Agriculture Sector Disaster Risk Assessment*, p. 5, March 2019.

[3] Transitional Stabilization Programme, para. 795.

is cultivated by both small-scale and larger farms. Production, while on a long-term decline, is highly volatile. The 2016/17 season was exceptionally good, and the harvest filled national maize requirements including feed, estimated at 2.2 million tonnes (Table 4.2). However, in the 2018/19 season, the maize harvest was poor, as noted above. A range of policies are in place, essentially to control maize supplies and prices. In response to the 2019 drought, the Government introduced a single-buyer regime, whereby all marketed maize production must be channelled through the Grain Marketing Board (GMB). Other measures include temporary import and export bans, depending on the domestic supply situation, an input subsidy scheme called "Command Agriculture", price support, and consumer subsidies. The strategic food reserve is mostly maize. Wheat is the second most important cereal for national food security. Other important staple crops include millet and sorghum, groundnuts, and beans.

Table 4.2 Maize production and imports

Maize	Production (tonnes)	Area (ha)	Yield (t/ha)	Imports (tonnes)
2015/16	512,000	1,162,000	0.44	201,900 (2015)
2016/17	2,155,500	1,875,000	1.15	183,700 (2016)
2017/18	1,708,700	1,894,000	0.99	155,200 (2017)
2018/19	776,600	1,722,700	0.99	1,811,400 (2018)

Source: Information provided by the Ministry of Land, Agriculture, Water, Climate and Rural Resettlement.

4.6. Zimbabwe is one of world's largest tobacco producers and exporters. Tobacco accounted for 20% to 30% of Zimbabwe's exports in recent years, and about 80% of agricultural exports (Chart 1.4 and Table A1.2). In 2018, the value of tobacco production was around USD 740 million, with deliveries of close to 253,000 tonnes. Tobacco is the main cash crop grown by both smallholders and larger farms. The crop is grown under contract farming arrangements or marketed by auction in Harare. The forex retention threshold is 50%, and the sector benefits from a retention period of 180 days, which is longer than normal (30 days). The sector is regulated by the Tobacco Industry and Marketing Board.

4.7. Cotton is an important cash crop for alleviating poverty among smallholders. After tobacco, it is Zimbabwe's second largest foreign exchange earner in agriculture; it contributed 1.7% to total exports in 2018 (Chart 1.4). At its peak, the country was producing 350,000 tonnes of cotton but when thousands of smallholders abandoned cotton growing, production dropped to 28,000 tonnes by 2015 (see below). Cotton production has since recovered (Table 4.1), supported by a Cotton Input Subsidy Scheme (see below).

4.8. Sugarcane is a significant crop in terms of exports (1%-2% of total exports in 2016-18) and as a raw material for local industries, including ethanol production (Section 4.2.3). It also plays a minor role in electricity generation (from bagasse). The area under sugarcane, mostly irrigated, was about 47,000 ha in 2018/19. Two large private farms in South Eastern Zimbabwe (Triangle Sugar Estate and Hippo Valley Estate Sugar) account for about 80% of sugarcane production. There are two sugar refineries, with a total sugar production capacity of about 640,000 tonnes. Zimbabwe is a net exporter of sugar. It exports mainly raw sugar to Kenya, the United States, the European Union, Botswana, and South Africa.

4.9. Horticulture has been in decline following the land reform. The sector's foreign currency earnings fell from a peak of USD 143 million, or 10% of total exports in the 1999-2000 season, to USD 83 million in 2016. Zimbabwe was once the world's third largest exporter of flowers (1999- 2005). In 2019, the country was exporting about 170 tonnes of horticultural produce per week, mainly mangetout peas. There were about 100 farmers engaged in horticulture. The industry was grappling with access to foreign exchange (due to a 20% retention threshold and a short retention period of 30 days), as well as an unfavourable/insecure land tenure situation for investors.

4.10. There were no major developments regarding land distribution since the last TPR in 2011. In 2000, Zimbabwe had launched the Fast Track Land Reform Programme. Land expropriation payments are to start in 2019; ZWL 68 million were allocated in the 2019 Budget for compensation payments. A major issue is security of tenure for peasant agriculture. The Government plans to introduce new bankable 99-year leases to facilitate the financing of farmers, but banks still seem reluctant to extend loans.

4.1.2 Agricultural policy framework

4.11. The Ministry of Lands, Agriculture, Water, Climate and Rural Resettlement is responsible for agricultural policy and oversees a number of parastatals (Agricultural Bank of Zimbabwe - Agribank, Agricultural and Rural Development Authority, Agricultural Marketing Authority, Cold Store Commission, Grain Marketing Board (GMB), Pig Industry Board of Zimbabwe, Tobacco Industry and Marketing Board, and Tobacco Research Board).[4]

4.12. Zimbabwe did not have an (approved) agricultural policy framework for most of the period under review.[5] Furthermore, the Zimbabwe Agricultural Investment Plan (ZAIP) (2013–17) was not fully operational due to the political and economic environment.[6] In practice, the main objective of agricultural policy has been to ensure food security (confined to self-sufficiency) by subsidizing maize production through procurement by the GMB at above-market prices, with the stocks resold at subsidized prices to ensure affordable consumer prices.

4.13. A National Agricultural Policy Framework (2018–30) was issued in draft form in June 2018 but has yet to be adopted. It aims to enhance investment, productivity and output, and improve food security and nutrition. Self-sufficiency (in maize) still figures as a policy objective. According to the new agricultural policy framework, policy-making is based on the following principles: evidence-based decision-making; productivity and growth-oriented; nutrition-sensitive; and with market-based interventions where "the Government will commit to a rule-based system of interventions that will not undermine private sector investments".

4.14. The Transitional Stabilization Programme outlines a host of actions and targets "for realisation of self-sufficiency and food surpluses that will see the re-emergence of Zimbabwe as a major contributor to agricultural production and regional food security in the Southern Africa region and beyond".[7] The Programme envisages greater involvement of the domestic financial sector, since heavy reliance on government support has proved to be unsustainable.

4.15. In terms of policy implementation, the Agriculture Marketing Authority (AMA) is mandated with the overall regulation of the production, marketing and processing of agricultural products in Zimbabwe. Its responsibilities include: to promote proper marketing and fair pricing; to promote contract farming of strategic crops; and to advise the Minister of Agriculture on agricultural policy matters connected with prices of agricultural products, marketing guarantees, subsidies and levies. The AMA registers private companies that enter into agreements with farmers for contract farming. It raises funds, through the issuance of treasury bills (the last issuance of USD 80 million was in 2018), to produce crops, and to purchase them from farmers through the GMB. According to the authorities, there are issues to be addressed with this system.

4.16. Contract farming has long been a key instrument of agricultural policy in Zimbabwe, either through private out-grower arrangements or government schemes, such as Command Agriculture. Contract farming arrangements exist for a range of commodities, including dairy, cotton, tobacco, maize, soya, and wheat. For grains and oilseeds, AMA regulations provide that contractors supply a minimum input package to contracted farmers, as determined by a stakeholder committee (Grain and Oilseeds Technical Committee) and "a contractor and a grower shall agree on a price or pricing model that takes into account the cost of inputs and services of the contract grains and oilseeds".[8]

4.17. Cotton is grown almost entirely under contract farming arrangements between the growers and several private ginners or the Cotton Company of Zimbabwe (Cottco). The Government recently announced its intention to reinforce the enforcement of the cotton marketing regime (S.I. 142 of 2009), which regulates the cotton value chain, from production to marketing, and prohibits a buyer to buy cotton from a grower contracted by another merchant. The aim is to address side-marketing

[4] Ministry of Lands, Agriculture, Water, Climate and Rural Resettlement, *Parastatals.* Viewed at: http://www.moa.gov.zw/index.php/parastatals.

[5] A draft Comprehensive Agricultural Policy Framework, completed in 2012, was never formally adopted.

[6] The ZAIP foresaw investments in agriculture of about USD 4.7 billion, in line with Zimbabwe's commitments under the Comprehensive Africa Agricultural Development Programme to allocate at least 10% of the national budget to agriculture to achieve a growth rate of at least 6% per year in the sector.

[7] Transitional Stabilization Programme, para. 43.

[8] *The Agriculture Marketing Authority (Grain, Oilseed and Products) By-laws, 2013* (S.I. 140 of 2013).

of the crop which, according to the Government, resulted in poor loan recovery by contractors and prompted them to scale down investment or exit the sector.

4.18. The private sector is an important source of financing in agriculture, including through contract farming. In addition, Agribank provides agricultural and non-agricultural financial services to customers and stakeholders, grants loans and takes deposits. Its operations are supervised by the RBZ. In the 2019 (Supplementary) Budget, ZWL 35 million were allocated for the recapitalization of Agribank.

4.1.3 Market access

4.19. The market access regime for agricultural products comprises MFN tariffs; preferential tariffs within the framework of bilateral and regional trade agreements; and, for some products, tariff quotas, quotas (QRs), non-automatic licensing and import bans. The latter are applied under the Control of Goods Import and Export Agriculture Order (S.I. 350 of 1993) when domestic supply is plentiful. Products concerned include maize (Table 3.10), wheat, other grains, live bovine animals, and some horticultural products, e.g. onions and pineapples.

4.20. Imports of agricultural products generally require an import permit for SPS reasons. However, Zimbabwe has also applied and still uses discretionary (non-automatic) import licensing to limit or restrict imports (Table 3.10). Pursuant to S.I. 237A of 2018, the following agricultural products, which were hitherto subject to non-automatic import licensing, reverted to automatic import licensing (OGIL): cereals; wheat flour; sugar; cheese; vegetable oils and fats; animal oils and fats; and certain other food products (baked beans, bottled water, coffee creamers, cooking oil, ice cream, jams, juice blends, margarine, mayonnaise, potato crisps, peanut butter, pizza base, yoghurt, and palm oil fat).

4.1.4 Domestic support

4.21. There is limited information available with respect to Zimbabwe's domestic support measures. Its last domestic support notification to the WTO covers the years 1999 and 2000.[9]

4.22. Agriculture was one of the main drivers of the large budget deficit in FY 2018 (Section 1). Expenditures for agriculture greatly exceeded the budget allocation of USD 401 million, reaching USD 1.1 billion (as at August 2018), of which USD 238 million went towards Command Agriculture, USD 263 million to the Vulnerable Households Input Support Scheme, and USD 505 million to grain procurement. As agricultural expenditures became unsustainable, the Minister of Finance advocated, in the 2019 Budget, a shift away from government support to private contract farming.

4.23. The original Budget for FY 2019 was intended as an austerity budget (Section 1). When a Supplementary Budget was passed in mid-2019, the resources for the Ministry of Lands, Agriculture, Water, Climate and Rural Resettlement were increased from about ZWL 1 billion to ZWL 4,382 billion (Table 4.3). The revised allocation covers the operational functions of the Ministry, such as extension and other general services, as well as input subsidy schemes, price/consumer support, the Strategic Grain Reserve, and land expropriation payments.

Table 4.3 Budget of the Ministry of Lands, Agriculture and Rural Settlement, FY 2019

	ZWL million
Ministry of Lands, Agriculture and Rural Settlement, of which:	**4,382**
Grain procurement (Strategic Grain Reserve, and price support for maize)	1,489
Input subsidy schemes, of which:	1,928
Command Agriculture (maize and soybeans)	1,028
Vulnerable Households Input Support Scheme and Cotton Input Subsidy	780
Agriculture Input Guarantee Scheme	120
Agricultural Marketing Authority	80
Compensation for land expropriation	68

Source: Ministry of Finance, *2019 Mid-Year Budget Review* and *Supplementary Budget*

[9] WTO document G/AG/N/ZWE/2, 20 September 2000.

4.1.4.1 General services

4.24. Zimbabwe provides Green Box-type general services as part of its mandate (Table 4.3). Extension services are provided to farmers free of charge by the Agricultural Technical and Extension Services. There are about 1,900 extension workers for approximately 2 million farmers.[10]

4.1.4.2 Input subsidies

4.25. Zimbabwe has implemented various input subsidy programmes. Past and present schemes include:

- Command Agriculture: the agricultural production initiative for crops, livestock, and fisheries, commonly called Command Agriculture[11], was promulgated in 2017 under a regulation of the Agricultural Marketing Authority Act (S.I. 79 of 2017).[12] The stated objective is food security and import substitution. The programme was first launched in the 2016/17 marketing year, and continued in 2017/18, 2018/19 and 2019/20. It covers maize, soya beans, and winter wheat (2017 and 2018 only). Command Agriculture is essentially a governmental contract farming scheme, whereby participating contract farmers receive an input package from the GMB on loan (seeds, fertilizers, pesticides, fuel, or tillage services) for a specified area "in return for the contract farmer delivering the contract produce to the designated delivery points or depots specified in the Scheme contract". The farmers are eligible to receive the government guaranteed producer price against delivery of the product (see below). For maize, the Government targeted a total crop area under maize of 2.2 million ha, to ensure coverage of national requirements of 2 million tonnes for food and feed. Command Agriculture provides support for a fraction of that targeted area. The area planted to maize under Command Agriculture was 168,666 ha in 2017/18. In the current 2019/20 marketing year, the programme targets 210,000 ha of maize, at a budgetary cost of ZWL 1.03 billion (this amount includes input support for 30,000 ha of soybeans). There is no budgetary provision for winter wheat input subsidies, where participation rates remained far below targets in the past. Command Agriculture has suffered from high default rates by farmers (greater than 35%). According to the IMF, the Government has undertaken to cap its default guarantees.[13] Also, the Government announced that it would select eligible farmers based on their track record of honouring loan obligations in previous programmes and producing high yields. Measures would be put in place to recover all loans. According to the authorities, the high cost of inputs explains the high budget cost of the programme, of ZWL 1.03 billion (about USD 500 per ha).

- Vulnerable Households Input Support Scheme: this ongoing food security programme is designed to replace food assistance by more sustainable ways, supporting vulnerable households and allowing them to escape the poverty trap. In the 2018-20 seasons, the Scheme provides inputs for maize, sorghum and pearl millet, free of charge, targeting over 2 million vulnerable households and 640,000 ha. The budgetary cost of ZWL 780 million includes input subsidies for cotton (see below). The input package comprises 10 kg of seeds (5 kg for millet), 50 kg of basal fertilizer, 50 kg of top-dressing fertilizer, and pesticides for 0.4 ha of maize. Eligibility of farmers (identification and registration) require a means tests that involves the local community.

- Cotton Input Subsidy Scheme: with this product-specific input subsidy in place, cotton production increased from 28,000 tonnes in 2015 to 133,000 tonnes in 2018/19. The input scheme for 2018/19 targeted 1.3 million smallholders, with 400,000 ha under

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[10] World Bank (2019), pg. 23.

[11] Ministry of Lands, Agriculture, Water, Climate and Rural Resettlement, *Programmes.* Viewed at: http://www.moa.gov.zw/index.php/programmes.

[12] S.I. 79 of 2017 – Agriculture Marketing Authority (Command Agriculture Scheme for Domestic Crop, Livestock and Fisheries Production) Regulations, 2017. Viewed at: http://www.veritaszim.net/sites/veritas_d/files/SI%2079Agriculture%20Marketing%20Authority%20%28CommandAgriculture%20Scheme%20for%20Domestic%20Crop%2C%20Livestock%20and%20Fisheries%20Production%29%20Regulations%2C%202017.pdf.

[13] IMF 2019, pg. 41.

cotton, and expected to produce over 200,000 tonnes across the country's dry regions. The 2019/20 programme was scaled down to provide input subsidies for 200,000 ha. The input package includes 20 kg of cotton seed, 100 kg of basal fertilizer, 50 kg of top dressing fertilizer, and pesticides. Beneficiaries are selected based on their repayment record and delivery to Cottco. The Scheme is implemented by Cottco, and is restricted to farmers selling to Cottco.

- Presidential Well-Wishers Input Scheme: the Scheme operated similar to the Vulnerable Households Scheme. It provided free seeds and fertilizer for 0.4 ha under maize for 820,000 smallholders (seeds and fertilizers) in 2017-18.

4.1.4.3 Grain procurement

4.26. The public procurement of grains through domestic purchase or imports is managed by the Grain Marketing Board (GMB). The main functions of the GMB are to administer the Strategic Grain Reserve; to act as the buyer of last resort for all grains produced in Zimbabwe; to ensure the orderly marketing of "controlled products"; to act as importer and exporter of grains; to provide storage, handling and processing facilities; and to administer input schemes on behalf of the Government. The GMB's accumulated losses stood at USD 209 million as at 31 March 2017.[14] The 2019 Budget allocated USD 235 million for the recapitalization of the GMB. Among recent developments, the GMB is no longer involved in the processing and packaging of rice, groundnuts, sugar beans, coffee, nyimo or popcorn since April 2019.

4.27. The domestic maize trade was liberalized in 2009 to encourage competition and ensure that farmers obtain the highest price for their harvest. However, in June 2019, the Government reverted to strict controls of the domestic maize trade, and made all sales to the GMB compulsory: private purchases from farmers were prohibited.[15] Accordingly, "no person or statutory body or company or entity shall buy or otherwise acquire any maize from any farmer or producer otherwise than through the Grain Marketing Board", although "a producer of maize or farmer is permitted to transport no more than five bags of maize of a capacity not exceeding 50 kg per bag from one area of the country to the other without any authorised person or police officer having to confiscate the maize".[16] The rationale for this restrictive policy was to ensure sufficient supply of maize for the population, but it may encounter numerous implementation issues in the future, notably in the absence of sufficient funds.

4.28. Zimbabwe maintains a price support policy via minimum guaranteed prices for maize and other grains. The minimum guaranteed producer prices are established by the AMA, subject to approval by the Cabinet.[17] From the 2013/14 to the 2018/19 marketing seasons, the maize procurement price was set at USD 390 per tonne, considerably exceeding regional and world market prices. However, prompt payment to farmers was not guaranteed and were subject to the availability of funds. In 2019, procurement prices were increased several times due to inflation (Table 4.4).

Table 4.4 Guaranteed producer prices, 2019

Commodity	Until March 2019	June 2019	October 2019
Maize	USD 390	ZWL 1,400	ZWL 4,000
Wheat	USD 622	ZWL 1,089	ZWL 8,612
Soybeans	USD 780	ZWL 918	ZWL 1,825
Cotton	..	ZWL 1,950	..
Traditional grains	USD 390	ZWL 1,400	ZWL 4,000

.. Not available.

Source: GMB.

[14] Office of the Auditor-General Zimbabwe, Report of the Auditor-General for the Financial Year Ended December 31, 2017 on State Enterprises and Parastatals, pg. 43.
[15] S.I. 145 of 2019 Grain Marketing (Control of Sale of Maize) Regulations, 2019.
[16] S.I. 145 of 2019, Grain Marketing (Control of Sale of Maize) Regulations, 2019. Viewed at: http://www.veritaszim.net/sites/veritas_d/files/SI%202019%20-%20145%20Grain%20Marketing%20%28Control%20of%20Sale%20of%20Maize%29%20Regulations%2C%202019.pdf.
[17] Agricultural Marketing Authority (Minimum Grain Producer Prices) Regulations (S.I. 129 of 2014).

4.29. Zimbabwe's price support policy for maize tends to disadvantage rather than support the smallholders, since they tend to be net buyers of food.[18] To overcome this dilemma, and to ensure that maize (mealie-meal) remains affordable for consumers, the Government intervened and provided consumer subsidies. The subsidized GMB resale price to millers was fixed at USD 240/t in 2016/17 to 2018/19. The large price gap between procurement and resale prices opened (illegal) arbitrage opportunities.

4.30. Zimbabwe's strategy reserve policy for grains dates back to the severe drought experienced in 1992. According to a 1996 agreement between the Government and the GMB, the latter manages the Strategic Gain Reserve, which fluctuates between 500,000 and 936,000 tonnes. The GMB has national depots and silos to handle about 1.5 million tonnes of grains. It is mandated to procure grains domestically or import them for the Strategic Reserve and other food security purposes. The GMB does not have exclusive import privileges, according to the authorities. Grain millers have been granted import permits to import grain without resorting to the GMB, as long as they can access foreign exchange to do so. The Grain Millers Association of Zimbabwe represents, and acts as importer on behalf of, the private sector.

4.1.5 Export measures

4.31. Zimbabwe notified the WTO Committee on Agriculture that it did not provide export subsidies to agricultural products in the years 2000 to 2017.[19] It also notified, as a "significant exporter" of tobacco, its total exports of tobacco for the years 2001 to 2003 and 2011 to 2017.[20]

4.32. The RBZ provided concessional loan schemes in 2017-18 for various sectors of the economy, including tobacco (USD 70 million), soyabeans (USD 25 million), horticulture (USD 10 million), cotton and macademia nuts. There was generally little uptake of the loans due to unattractive requirements, and the IMF advised against the use of these quasi-fiscal commitments. The schemes were terminated with effect from 21 February 2019.[21]

4.33. Zimbabwe has not issued export permits for maize and other grains for food security reasons in the event of a poor domestic harvest.

4.34. Zimbabwe maintains an export tax on exports of raw hides, together with export quota restrictions, to encourage further processing of raw hides. The tax is levied at a rate of USD 0.75 per kg or 15% of the export value, whichever is higher. Exporters requested the removal of both the tax and the export restrictions for products deemed too small for local tanning. According to the Zimbabwe National Statistics Agency, close to 60% of the raw hides (running into thousands of tonnes) went to waste between January and August of 2017, as the sector exported only 900 tonnes of processed hides out of an estimated production of about 5,000 tonnes. A new statutory instrument came into effect on 1 January 2019, which provides an exemption from the tax on un-beneficiated raw hides to registered companies.[22] The tax relief is applied in terms of company-specific export quotas (deemed to be excess stockpiles) for a 12-month period, with effect from 1 January 2019.

4.1.6 Forestry

4.35. The regulatory framework for the forestry sector and the timber industry is based on the Forest Act (Chapter 19:05), which regulates activities on state forests and private forests, as well as trade in forestry products; and the Communal Land Forest Produce Act (Chapter 19:04), which regulates the management and utilization of forest resources on communal land and resettlement

[18] According to the Zimbabwe Draft National Agriculture Policy Framework (2018), pg. 14: "The output subsidies offered to maize producers have been disadvantaging the majority of smallholder farmers who rely on the market for their food needs".

[19] WTO documents G/AG/N/ZWE/6, G/AG/N/ZWE/8 and G/AG/N/ZWE/10, dated 8 September 2015, 26 October 2017 and 9 October 18, respectively.

[20] WTO document G/AG/2/Add.1 refers. WTO documents G/AG/N/ZWE/7, G/AG/N/ZWE/9 and G/AG/N/ZWE/11, dated 9 September 2015, 27 October 2017 and 9 October 2018, respectively.

[21] RBZ Exchange Control Directive RU/2019, para. 7.1.

[22] S.I. 274 of 2018, Value Added Tax (Unbeneficiated Hides Export) Regulations, 2018. Viewed at: http://www.veritaszim.net/sites/veritas_d/files/S.I.%20274%20of%202018.impo-.pdf.

areas. Under these two enabling Acts, several statutory instruments address specific forestry regulatory issues.

4.36. Zimbabwe's forests cover about 21.8 million ha, or 45% of the land area, comprising indigenous forests (about 829,000 ha); plantations; and woodlands, bush land and wooded grasslands.[23]

4.37. The Forest Act distinguishes between: (i) listed ("gazetted") forests, which are state-owned and managed by the Forest Commission with the aim of conserving biodiversity; (ii) protected forests, which belong by tradition to local communities or fall under the national parks; and (iii) forests for permanent exploitation (plantations by private companies). Under S.I. 116 of 2012, Zimbabwe prohibits the harvesting of 12 protected forest species: teak, mukwa, mchibi, pod mahogany, wooden banana, mopane, msasa, white syringa, munhondo, red mahogany, marula, and ebony.[24]

4.38. The forestry sector is managed by the Forestry Commission, a parastatal under the Ministry of Environment, Tourism and Hospitality. Since 2016, the Commission receives no funding from the Government; it is funded by fees. Under the Tobacco Wood Energy Programme, the Commission also imposes the Tobacco Levy on farmers, to pay for the wood used for curing of tobacco. The Commission's mandate covers, *inter alia*, the regulation of trade in timber and forestry products, including firewood; and the sustainable management of Zimbabwe's forests. The main challenges in forestry management are deforestation due to land clearance for agriculture, and over-exploitation of trees for fuel wood, aggravated by the electricity shortage..[25] Deforestation is driven also by uncontrolled fires; overgrazing and elephant damage; and illegal harvesting for wood curio carvings.

4.39. Zimbabwe does not yet have a national forestry policy in place to guide forestry development. It is a signatory to the SADC Protocol on Forestry. The Protocol applies to all activities relating to the development, conservation, sustainable management, and utilization of all types of forests and trees, and trade in forest products within the SADC region.

4.40. Zimbabwe's timber industry, which used to employ more than 10,000 people and over 40,000 people in downstream industries, has been in steep decline in recent years. Forest plantations, which are concentrated in Manicaland, decreased from about 120,000 ha in 1999-2000 to about 85,000 ha in recent years, mainly due to the generally unfavourable business environment, wild fires, and miners and illegal settlers clearing plantations for settlement and agriculture. As a result of the industry's decline, Zimbabwe, which was traditionally a net exporter of timber and wood products (including wooden furniture (HS9403)), became a net importer in 2017 and 2018.[26]

4.41. The leading timber companies, under the private plantations category, are the wholly state-owned Allied Timbers Zimbabwe (Pvt) Ltd., the Wattle Company, and Border Timbers Ltd, which produce softwood. They specialize in sawn timber, poles, and other value-added timber-based products, such as doors, flooring, etc., and export products to Botswana, Namibia and South Africa. The Government approved the privatization of Allied Timbers Zimbabwe in February 2019. According to the authorities, foreign investment restrictions related to the indigenization policy were lifted in the timber industry.

4.42. Timber concession agreements for selected cutting in listed forests are signed between the Forestry Commission, the concessionaire and/or the local authority to regulate the timber exploitation process. Timber concessions (for a renewable term of five years) are awarded through the the Forestry Commission Internal Tender Committee, and the process is guided by provisions in the Procurement Act and its statutory instruments. The procedure for awarding concessions is

[23] *Zimbabwe's Fifth National Report to the Convention on Biodiversity*. Viewed at: https://www.cbd.int/doc/world/zw/zw-nr-05-en.pdf.

[24] Forest (Control of Firewood, Timber and Forest Produce) Regulations, 2012. Viewed at: http://forestry.co.zw/wp-content/uploads/2017/03/SI-116-of-2012-ForestControl-of-firewoodtimber-and-forest-produceRegulations-2012-1.pdf.

[25] The Forestry Commission administers the tobacco fund, targeted to fund tree seedling production and planting in the four tobacco-growing provinces, i.e. Manicaland and the three Mashonaland provinces.

[26] Exports and imports (including furniture HS 9403) totalled USD 17.8 million and USD 25.8 million, respectively, in 2018.

detailed in a Forestry Commission publication, which serves as a manual for Forestry Commission staff, and was made available to the local authorities with timber resources.

4.43. Timber concessions are subject to the following fees and royalties: a forest concession fee of USD 5.00 per ha per year (surface rent); a fee of USD 2.00 per ha per year on small-scale timber- cutting operations; and a reforestation tax of 1% of the ex-works value per m^3 of wood harvested. In addition, concessionaires must pay royalty fees of the local currency equivalent of USD 68 per cubic meter for standing timber; management fees of 5% of royalty fees; and supervision fees of USD 450 per Forestry Commision timber measurer per month.

4.44. Zimbabwe maintains a ban on exports of unprocessed or semi-processed indigenous hardwoods (S.I. 112 of 2001[27]), aimed at promoting the beneficiation of sawn timber in the country. For exports of processed timber and wood products, an export permit is required, and is issued by the District Forest Extension Officer (Section 14 of the Forest Act). The permit may be refused on the grounds, *inter alia*, that the consignment involves exports of timber in contravention of S.I. 112 of 2001; that there is a general shortage of timber in the country; or for sustainability or phytosanitary reasons. Export permit fees are the local currency equivalent of USD 100 per consignment or 1% of the export value, whichever is greater (S.I. 116 of 2012).

4.2 Mining and Energy

4.2.1 Mining

4.45. The mining sector (including quarrying) contributed 6.4% to GDP, and 31.1% to total exports, in 2017; and provided formal employment for about 33,000 people.[28] After a period of strong growth (2009-13), the sector experienced a downturn in 2014 and 2015, followed by a modest recovery (2016 and 2017). The industry has been struggling with low-capacity utilization and profitability, due to low commodity prices and a host of internal challenges, arising from foreign exchange shortages and surrender requirements, restrictive foreign investment conditions, heavy taxes and fees, and power shortages, among others.

4.46. Zimbabwe is endowed with a wealth of (more than 40) mineral and metal resources along the Great Dyke area and in the greenstone belts, also known as gold belts. Gold, platinum and associated minerals, diamonds, nickel, coal, and chromite are the main minerals that are currently extracted, (Table 4.5). The country has the world's second largest reserves of chrome and platinum group metals (PGMs), and the fifth largest of lithium. The total value of mineral production from over 800 registered mines was estimated at about USD 3.2 billion in 2018.

Table 4.5 Mining sector production, 2017-19

	2017	2018[a]	2019[b]
Black granite (tonnes)	177	213	184
Chrome (tonnes)	1,674	1,756	2,000
Coal (tonnes)	3,074	3348	2,000
Cobalt (tonnes)	445	402	520
Copper (tonnes)	8,839	9,076	9,700
Diamonds (carats)	2,508	3,252	2,000
Gold (kg)	26,495	35,054	28,000
Graphite (tonnes)	1,577	1,577	5,800
Nickel (tonnes)	16,617	17,810	16,000
Phosphate (tonnes)	60,094	51,393	61,000
Platinum group metals			
Palladium (kg)	11,822	12,094	12,000
Platinum (kg)	14,257	14,703	15,000

[27] Forest (Control of Timber) (Export of Unprocessed and Primarily Processed Indigenous Hardwood) Regulations, 2001.

[28] The Chamber of Mines of Zimbabwe, *2017 – State of the Mining Industry, Survey Report.* Viewed at: https://miningzimbabwe.com/wp-content/uploads/2017/12/The-2017-State-of-the-Mining-Industry-Survey-Report-2.pdf.

	2017	2018[a]	2019[b]
Rhodium (kg)	1,283	1,334	1,500
Ruthenium (kg)	1,102	1,155	1,200

a Estimated.
b Projection.

Source: Ministry of Finance, *2019 Mid-Year Budget Review* and *Supplementary Budget.*

4.2.1.1 Mining policy

4.47. Under the Transitional Stabilization Programme, Zimbabwe's mining policy is geared towards revitalizing the mining sector, by encouraging the opening, re-opening or expansion of mines; promoting beneficiation; and improving transparency. The legal framework, the Mines and Minerals Act (Chapter 21:05) was amended in 2015.[29] It aims, *inter alia,* to promote exploration and mining through a new "use it or lose it policy", by revoking unutilized claims held for speculative purposes. The law also formally recognizes (informal) small-scale mining, to enable the Government to support the small-scale mining sector, which is particularly important in gold and chrome mining. The Government also undertook to improve transparency through open bidding or auctioning of mining rights. A cadastre system has yet to be implemented. The mining sector, including steel[30], is regulated by the Ministry of Mines and Mining Development (MMMD).

4.48. Beneficiation remains a key element of government mining policy, to generate greater benefits for Zimbabwe through downstream processing, comprising smelting and refining in the gold, platinum and chromium industries; diamond cutting and polishing; and coking from local coal for electricity generation. The beneficiation policy has been enforced through export bans and export taxes, aimed at making these inputs available to local industries. However, a 15% export tax on un-beneficiated platinum was suspended in January 2017, and an export prohibition for chrome ore was removed in July 2015. The following export taxes were in place in 2019:

- un-beneficiated lithium – 5%;
- uncut diamonds – 5%; cut diamonds – 2.5%; and
- un-beneficiated PGMs – 5%; smelted PGM matter – 2.5%; and refined PGM metal – 1% (although there was no refining activity in 2019).

4.49. The 2018 amendment to the Indigenization and Empowerment Act removed the 51%/49% indigenization rule, while the Finance Act, 2018 maintained foreign investment restrictions for diamonds and PGMs. These restrictions were removed in 2019 (Finance Amendment Bill, 2018). Foreign investors may thus own 100% of the shares in mining companies in all minerals. Most of the major mines in Zimbabwe are foreign-owned, such as Zimplats, Mimosa, Bindura Nickel Mines, and various granite and gold mines.

4.50. The State continues to play an important role in the mining industry. The wholly state-owned Zimbabwe Mining Development Corporation has mining operations, through joint ventures and subsidiaries, in platinum, gold, graphite, and emeralds.[31] The Zimbabwe Consolidated Diamond Company has operations, and joint ventures, in the Marange diamond field. The Zimbabwe Asset Management Corporation has holdings in the mining industry.

4.51. Mineral rights are vested in the President. Prospecting, exploration and exploitation of mineral deposits are regulated by the Mines and Minerals Act. The requirements for acquiring mining rights and the steps to be followed are provided by law. A prospecting licence (valid two years) confers on the prospector the right to search for any minerals, mineral oils or natural gas, and to peg and register claims. Exploration rights are conferred by a prospecting licence. Applications for

[29] Parliament, *Mines and Minerals Amendment Bill Final H.B. 19, 2015.* Viewed at: https://www.parlzim.gov.zw/component/k2/mines-and-minerals-amendment-bill-final-h-b-19-2015.
[30] Iron and steel factories (Zimbabwe Iron and Steel Company - ZISCO) have been idle since 2008. ZISCO was granted Special Economic Zone status in 2017, but has not yet started operating.
[31] Zimbabwe Mining Development Corporation. Viewed at: http://www.zmdc.co.zw/about-us.

prospecting licences/permits involve several agencies and procedural steps.[32] There are three main types of prospecting licences/permits:

- Exclusive Prospecting Order (EPO): confers the exclusive right to prospect for specified minerals in any defined area of up to 65,000 ha; application to the Mining Affairs Board and payment of a refundable deposit equal to USD 0.12 per ha per month; presidential approval is required; licence is valid for three years, renewable; and fees range from USD 1,000-USD 3,000;

- Ordinary Licence: for precious metals; and covers blocks of 10 ha;

- Special Prospecting Licence: for base metals; and covers blocks of 25-100 ha.

4.52. In the case of a discovery, the EPO holder may apply to the Mining Commissioner for a Special Grant. Prospectors registered under an Ordinary or Special Licence may apply for a Mining Claim. Multiple Mining Claims may be consolidated under a Mining Lease, renewable annually. A Special Mining Lease requires FDI of over USD 100 million.

4.53. Royalties are calculated as a percentage of the gross "fair" market value of the minerals, and are paid at the time of export. They are levied under Section 244 of the Mines and Minerals Act, and the rates are fixed under the Finance Act, and are payable in the currency in which the export sale was made. A full rebate of royalties is granted in respect of all minerals or mineral-bearing products used wholly within Zimbabwe. Zimbabwe's royalties range up to 15% for diamonds (Table 4.6) and are relatively high by regional standards, according to the Chamber of Mines of Zimbabwe.[33] To address this concern, tax deductibility of mineral royalties will be introduced with effect from 1 January 2020. Corporate income tax on mining operations is levied at 15% for Special Mining Lease holders, and at 25% for other mining title holders.

Table 4.6 Royalty rates, September 2019

Mineral	Royalty (% of gross mineral value)
Diamonds	15
Other precious stones	10
Platinum	10
Gold below USD 1,200 per ounce	3
above USD 1,200 per ounce	5
Gold small-scale miners (<0.5 kg)	2
Other precious metals	4
Base metals	2
Industrial metals	2
Coalbed methane	2
Coal	1

Source: Information provided by the authorities.

4.54. Zimbabwe's mining fees and charges were last revised in 2016 and, since June 2019, are payable in the local currency. Fees include an environment fee of 2% of gross revenues. New projects require an environmental impact assessment (EIA). EIA fees range from 0.8% to 1.2% of the project cost, depending on the environmental impact, with the costs including only components that affect the environment. Fees are capped at USD 2 million.

4.55. The mining industry is eligible for exemptions or rebates of import duties on goods and capital equipment used in a project (S.I. 190 of 2010; S.I 154/2001; and S.I. 6 of 2016). The duty rebates

[32] Ministry of Mines and Mining Development, *Procedures Introduction.* Viewed at: http://www.mines.gov.zw/?q=mining_procedures.

[33] Chamber of Mines of Zimbabwe, *2017 – State of the Mining Industry, Survey Report.* Viewed at: https://miningzimbabwe.com/wp-content/uploads/2017/12/The-2017-State-of-the-Mining-Industry-Survey-Report-2.pdf.

are also available for prospecting, and petroleum exploration. At least 75% of expenses by mining companies must be sourced locally (Exchange Control Directive RR:101/2016).

4.56. With respect to the export regime, the Minister of Mines and Mining Development has the authority to prohibit, regulate and control the export of base minerals; and to implement export licence (permit) requirements under the Base Minerals Export Control Act (Chapter 21:01). Export permits are required from the Ministry for all minerals, except silver and gold, which are handled by Fidelity Printers and Refiners Ltd. Export permits are valid from three months to one year, except for diamonds where permits are issued per shipment; permit fees range from USD 500 to USD 20,000, depending on the product.

4.57. Exports are controlled by two state-owned marketing monopolies, the Minerals Marketing Corporation of Zimbabwe (MMCZ), and Fidelity Printers and Refiners Ltd. The MMCZ was established in 1983 for the purpose of reducing transfer pricing abuses, and has the sole authority under the Minerals Marketing Corporation of Zimbabwe Act (Section 42) to market and sell all domestically produced minerals[34] (except silver and gold), and to control and regulate the stock-piling of minerals. The MMCZ appears to be an export state-trading enterprise, but it has never been notified as such to the WTO Working Party on STEs.

4.58. Export sales are subject to approval by the MMCZ, which acts as export agent on behalf of the respective mining company, and does not export directly. Together, the MMCZ and the mining company negotiate sales with prospective buyers. The MMCZ charges a 0.875% commission. It does not have its own laboratory to perform independent analysis of the mineral samples it receives from the mining operators (independent assay verifications). It relies on information provided by the corporation's assigned monitor, following sample analysis carried out by the mining companies.

4.59. The forex surrender threshold for the mining sector, as at 22 February 2019, stood at 50%, except for gold mining (55%); the remainder can be retained in foreign currency accounts for a limited number of days (Table 1.2). This caused widespread complaints from producers. (The mining industry was eligible, until termination of the scheme, for export incentives of up to 5% of gross export values under the Foreign Exchange Stabilisation and Incentive Support Facility (Section 3.2.4).

4.2.1.2 Gold

4.60. Gold remains Zimbabwe's main export commodity (Chart 1.6). In 2018, production increased to 35.1 tonnes, up from 26.5 tonnes in 2017. There are over 400 major gold deposits in Zimbabwe. In addition to providing formal employment for about 11,600 people (2017), over 300,000 people were engaged in small-scale (artisanal) gold mining[35], whose combined output exceeded that of the large-scale operations. However, the heavy taxation of exports, combined with numerous levies and controls, is making Zimbabwean gold less competitive, as well as encouraging fraud and smuggling.

4.61. The gold sector has a two-tier royalty regime, which distinguishes between large- and small-scale producers (Table 4.6). For large gold producers, the royalty rates were modified, with effect from 1 September 2019, to a sliding scale: when international gold prices are lower than USD 1,200 per ounce, a 3% royalty applies; and when international gold prices are higher than USD 1,200 per ounce, the royalty is 5%. The royalty rate for smallholders was increased from 1% to 2% of the gross fair market value, to reduce incentives for tax avoidance by large producers.

4.62. Fidelity Printers and Refiners Ltd., a subsidiary of the RBZ, is the sole purchaser of all gold and silver produced in the country, from both large- and small-scale producers, and the sole refiner and the sole exporter. Exports of unrefined gold are not permitted.

[34] Metals, precious and semi-precious stones (rough and uncut), and minerals (ore, concentrates or other unmanufactured products thereof) produced in Zimbabwe.

[35] Small-scale gold mining is defined as a monthly output of less than 1 kg.

4.2.1.3 Diamonds

4.63. Zimbabwe's diamond deposits are concentrated in Somabula, Beitbridge, Murowa (near Zvishavane), and in the Marange diamond fields in Eastern Zimbabwe. About 10% of the diamond output from Marange is of gem quality, and the rest are industrial diamonds.

4.64. The Zimbabwe Consolidated Diamond Company (Pvt) Ltd (ZCDC) was established following the March 2015 government decision to consolidate all diamond mining companies in Marange, to form a wholly state-owned company. At present, there are four licensed diamond mining companies: the ZCDC; Murowa Diamonds (a subsidiary of Riozim); and two recent government joint ventures between the ZCDC and Alrosa of Russia, and Anjin of China. Seven companies are currently engaged in the cutting and polishing of diamonds (beneficiation).

4.65. The main acts that govern the diamond industry include the Mines and Minerals Act (Chapter 21:05); the Minerals Marketing Act (Chapter 21:04); the Precious Stones Trade Act (Chapter 21:06); and the Finance Act (Chapter 23:04).[36]

4.66. Exports of rough and cut diamonds are controlled by the MMCZ, which also issues certificates under the Kimberly Process Certification Scheme (KPCS) to control trade in conflict diamonds. Diamonds are marketed by the MMCZ either by tender in Harare or through "sights" in Antwerp. Participation in tenders is by invitation.

4.67. The producer must notify the MMCZ in writing of its intention to sell rough diamonds produced in compliance with the KPCS minimum requirements. The MMCZ will then send a team of evaluators to evaluate the consignment, following either of the options below:

- Murowa Option: the MMCZ evaluation is compared to that of the producer and both sides come to an agreed value. The producer uses the agreed value to prepare an export permit, which is endorsed by the MMCZ and approved by the Ministry of Mines. Once the export permit is approved, the MMCZ prepares the KPCS and other export documents and, once all documents are processed, the consignment is despatched in tamper-proof containers, accompanied by the required documents. The Murowa Option is similar to sights but is referred to as relational selling, where parcels are prepared and sold according to specific customer needs; and

- Marange Option: once the MMCZ evaluators complete the evaluation, the producer surrenders the diamonds to the MMCZ, against receipt. The MMCZ prepares the diamonds for tender, by counting the stones, and weighing and labelling the individual packets. The MMCZ prepares a manifest for the consignment, and invites selected customers to a scheduled tender. It manages the tender process but works in the presence of other stakeholders, e.g. the producer and the Criminal Investigations Department. At the close of the tender, the producer and the MMCZ compare the evaluations, and come to an agreed value. The agreed evaluation is used as a reserve value for the adjudication process, which is normally overseen by the Attorney General's office. Once adjudication is completed, the results are communicated to all participants, and winning bidders with bids within an acceptable range of the reserve prices are invoiced. Upon receipt of the proceeds from the winners, consignments are processed and despatched.

4.68. According to the authorities, Zimbabwe complies with the minimum requirements of the KPCS. The KP Certificate is completed by an officer using information from the invoice, the packing list and the export permit. The certificate is stamped with a special MMCZ KPCS stamp. The completed KP Certificate is taken to any of the two MMCZ signatories (one must be the registering officer and the other the authorizing officer) together with the invoice, the packing list and the export permit for verification and authorization. After obtaining the two signatures, the officer tears off the main part of the KP Certificate, with the confirmation slip still intact, and despatches it, together with a copy

[36] Statutory instruments that directly impact the diamond industry are S.I.s 79 of 2014, 157 of 2010, 249 of 2003, and 282 of 2003.

of the Export Permit to the MMMD for signing by the Minister of Mines or a ministry-authorized signatory.

4.2.2 Electricity

4.69. Zimbabwe's electricity sector s in a state of prolonged crisis, as reflected by chronic and extended power cuts, lagging investment, and a drain on the public finances caused by the national power utility, the Zimbabwe Electricity Supply Authority (ZESA).[37]

4.70. The Energy Regulatory Authority Act of 2011 (which amended the Electricity Act of 2002 and the Petroleum Act of 2006) (Section 4.2.3) established the Zimbabwe Energy Regulatory Authority (ZERA), which replaced the Zimbabwe Electricity Regulatory Commission. The ZERA has extended authority to regulate the production, transmission, distribution, importation and exportation of energy from any source. The Minister of Energy and Power Development may advise the ZERA on policy issues of national interest, and the ZERA Board must comply (Section 24 of the 2011 Act).[38] In the case of a dispute, licensees may take an appeal to the Administrative Court (Section 64(1) of the Act).

4.71. The ZERA has the mandate to create an enabling environment for competition, and promote an efficient energy supply industry. It is responsible for preparing a pricing methodology, and for setting electricity tariffs in consultation with the Minister (Section 53(1) of the Act). Electricity tariffs must be set to recover full costs, with a view to phasing out, or substantially reducing, cross-subsidies; and they must not cause undue discrimination among customers (Art 53 of the Electricity Act).

4.72. Zimbabwe's tariffs, as applied since in 2013, were among the highest in the region in 2017-18[39] but, after the floating of the RTGS dollar (Section 1.2.1) on 20 February 2019, they fell far below cost-recovery tariffs. With effect from August 2019, the Government approved an increase of electricity tariffs[40], followed by another increase in October 2019. As at November 2019, the currency in which a company was to pay its electricity bill depended on its status. Foreign currency- earning customers may apply, under *ad hoc* agreements with the ZERA, to pay their bills in US dollars, in order to ensure the supply of electricity from imports, and avoid power cuts. For other foreign currency-earning customers (e.g. hotels and tourism industry), the tariff is fixed in the local currency, but paid in US dollars at the official exchange rate. Non-exporting companies, domestic consumers and agricultural consumers are charged in the local currency, at fixed prices.

4.73. Electricity tariffs are subject to a surcharge of 6% (Rural Electrification Levy), plus 15% VAT for all customers except domestic consumers. In urban areas, approximately 86% of the population has access to electricity, but only 16% of households in rural areas.[41] Firewood is the main source of energy in Zimbabwe.

4.74. There has been no change in the structure of the electricity sector since 2011. It is dominated by the state-owned ZESA Holdings, which operates through its subsidiaries, the Zimbabwe Power Company (ZPC) and the Zimbabwe Electricity Transmission and Distribution Company (ZETDC), ZESA Enterprises (repairs, maintenance and new projects), and Powertel (in charge of information and communication technology (ICT)). In August 2019, the Government approved the re-bundling of all ZESA subsidiaries into a vertically integrated single board.

4.75. Zimbabwe's electricity mix is based on electricity generation mainly from local coal supplies, hydropower, and imports. The ZPC operates five licensed hydroelectric and thermal power plants, with a combined installed capacity of 2,230 MW (Table 4.7). However, ZPC's plants have been

[37] Office of the Auditor-General, *Report of the Auditor-General*. The 2019 National Budget includes a ZWL 35 million capital transfer to the ZESA, to recapitalize the state-owned enterprise, in addition to its recurrent annual deficits.

[38] Electricity Act (Chapter 13:19). Viewed at: https://www.zera.co.zw/images/legislation/electricity_act.pdf.

[39] Viewed at: http://www.sapp.co.zw/annual-reports.

[40] Ministry of Finance, *2019 Mid-Year Budget Review* and *Supplementary Budget*, para. 126.

[41] SADC Centre for Renewable Energy and Energy Efficiency, *SADC Renewable Energy and Energy Efficiency Status Report, 2018*. Viewed at: https://www.sacreee.org/sites/default/files/documents/files/SADC_EN_%28web%29.pdf.

running well below capacity in recent years. Table 4.7 gives a snapshot of the gravity of the shortfall in electricity generation (as at end-July 2019), causing a highly unreliable electricity supply throughout the country. Productive sectors, such as agriculture, mining and manufacturing, have not been spared by the power cuts. The Kariba Dam hydropower plant, with a capacity of 1,050 MW, has been adversely affected by low water levels of the Zambezi River due to drought. Local coal shipments to the thermal power plants have been constrained by payment delays and logistical problems. Generally, forex shortages have caused maintenance-related generation outages.

4.76. Several electricity generation projects, both government- and private sector-financed, are in the pipeline. The projects include the Hwange 7 & 8 Expansion Project (600 MW, at a cost of USD 1.5 billion), carried out by the ZPC; the Batoka Hydro Electric Power Plant (1,200 MW) under a build-operate-transfer arrangement; the Munyati Solar Plant (100 MW), to be implemented by the ZPC in the Midlands Province; the Gairezi Mini Hydro Power Plant (30 MW), to be implemented by the ZPC in the Manicaland Province, Mutare; the Peaking Plant (120 MW)m for a diesel/gas combined cycle gas turbine power plant, to be implemented by the ZPC in the Manicaland Province; and the Gwanda Solar Plant project (100 MW), to be carried out by the ZPC in Matabeleland South. Plans are at an advanced stage to develop a 2000 MW coal–fired thermal plant at Binga (adjacent to Lake Kariba), Matabeleland North Province. The power plant will be implemented in phases of 500 MW each. There are also projects to explore the feasibility of coalbed methane for power generation.

Table 4.7 ZPC's generation capacity, as at end-July 2019

Power station	Type	Installed capacity (MW)	Available capacity (MW)	Available capacity as % of installed capacity (%)
Kariba	Hydro	1,050	358	34
Hwange	Thermal	920	535	58
Harare	Thermal	60	15	25
Bulawayo	Thermal	100	18	18
Munyati	Thermal	100	18	18
Total		**2,230**	**944**	**42**

Source: ZERA.

4.77. Incentives for renewable energy generation include duty-free imports of solar panels, inverters, solar lights, solar geysers, energy-saving bulbs and tubes, electrical motors and generators. Import duties on lithium-ion solar batteries were eliminated, with effect from 5 August 2019.

4.78. The Electricity Act confers upon the ZERA the mandate to license all undertakings in the generation, transmission, distribution and supply of electricity in excess of 100 kW. The Act provides three categories of licensees, namely for generation, transmission and bulk supply, and distribution and retail. A generation licensee may supply electricity to any transmission licensee, distribution or retail/supply licensee that purchases electricity for resale and, with the approval of the ZERA, supply electricity to consumers.

4.79. Independent power producers (IPPs) are licensed under the Electricity Licensing Regulations of 2008 (S.I. 103 of 2008).[42] 72 IPPs were licensed as at September 2019. The (non-refundable) licence application fee is USD 2,500 (plus 15% VAT). The licence fees are denominated in US dollars, and are based on: installed capacity for greenfield electricity generation projects - 1-10 MW (USD 10,000); 11 MW and above (USD 20,000 plus USD 10,000 per 25 MW or part thereof); a flat rate for transmission projects (USD 120,000); and energy distributed for distribution projects (USD 20,000 plus USD 10,000 per 1,000 GWh). For brownfield generation projects, the fees are half those levels. Generation licences are valid up to 30 years. Power purchase agreements are negotiated on a case-by-case basis, between the ZESA and the investor, on a cost-plus basis, subject to approval by the regulator. A feed-in tariff regime for renewable energy was reviewed in 2018, but has not yet been implemented. IPPs have a marginal share in electricity generation, mainly solar and small hydropower projects. They generated 3% (313 GWh) of the total electricity generated

[42] ZERA, *Electricity Licencing Guidelines and Requirements 2017.* Viewed at: https://www.zera.co.zw/images/Electricity_Licencing_Guidelines_2015.pdf.

in 2018 (9,713.9 GWh). Two large sugar estates (Triangle Sugar Estate and Hippo Valley Estates) supply excess electricity (from bagasse) into the national grid.

4.80. The country's electricity shortfall is partially covered by imports, approximately 27% of national electricity consumption in 2017/18. As a member of the SADC, Zimbabwe benefits from the Southern Africa Power Pool (SAPP), with its 12 members (including the ZESA) connecting it to the regional energy grids. Generating companies outside Zimbabwe are free to enter into a power purchase agreement with large Zimbabwean consumers at freely negotiated prices, using transmission agreements to use the national grid; prices for wheeling are generally based on the SAPP reference prices. Imports are carried out mainly under supply contracts with Eskom of South Africa and the Mozambican power utility, Hidroelectrica de Cahora Bassa. However, Zimbabwe's capacity to import electricity has been compromised by forex shortages and non-payment of bills by domestic consumers.

4.81. Licences are available for independent distribution, subject to the setting up of a distribution infrastructure. According to the authorities, the ZETDC no longer operates as a monopoly in electricity transmission and distribution (Section 43 of the Electricity Act).[43] Transmission is open to competition where there is no transmission grid, but the transmission grid is not accessible to IPPs. Projects to upgrade the transmission infrastructure within the SAPP region include the ZIZABONA Project, linking the Zimbabwe, Zambia, Botswana and Namibia transmission networks, at a cost of USD 154 million, and the MOZISA Project, linking Mozambique, Zimbabwe and South Africa.

4.2.3 Petroleum products

4.82. Zimbabwe has no oil or gas exploitation or refineries, and relies largely on imports, although there is some ethanol production (see below). The country's import bill for refined petroleum products reached nearly USD 2 billion in 2018, corresponding to about one third of total imports (Chart 1.6).

4.83. From late 2018, Zimbabwe's fuel imports were affected by the deepening foreign currency shortage, as witnessed by long queues at petrol stations. The current fuel crisis has been long in the making, and can be traced to Zimbabwe's exchange rate policy and currency controls, as well as competition issues. Fuel importers relied on foreign currency allocations by the RBZ, or on foreign credit lines, to pay for imports. The non-transparent forex allocation system, together with a subsidized (overvalued) exchange rate, made imported fuel cheaper in Zimbabwe than in neighbouring countries, and led to diversion and smuggling of fuel, with resulting shortages in Zimbabwe.[44]

4.84. In response, excise taxes on fuel were raised in December 2018[45], followed by a five-fold increase on 12 January 2019.[46] Thus, the Government announced an overnight price increase for petrol from USD 1.24 per litre to USD 3.31 per litre, and for diesel from USD 1.36 to USD 3.11 per litre, causing social unrest in the country. Meanwhile, the controlled fuel prices fell in USD terms to USD 1.08 for petrol and USD 1.12 for diesel at end-October. According to the authorities, the subsidy element was eliminated by end-October 2019.

4.85. Under the Energy Regulatory Authority Act of 2011, the ZERA became the regulator of the petroleum sector; until then, the sector had been regulated by the Ministry of Energy and Petroleum Development. However, under the Petroleum Act (Chap 13:22, Section 57), "the Minister may, after consultation with the Authority, make regulations prescribing all matters which by this Act are

[43] The ZETDC is in the process of moving to a pre-paid metering system, to recover unpaid bills and improve cash flow.

[44] *2019 National Budget Statement*, para. 791. Viewed at: http://www.veritaszim.net/sites/veritas_d/files/Zimbabwe%202019%20National%20Budget%20Statement%2022%20Nov%202019.pdf.

[45] *2019 National Budget Statement*, para. 796.

[46] With effect from 13 January 2019, excise duties on diesel were increased, from USD 0.40/L to USD 2.05/L, and for petrol, from USD 0.45/L to USD 2.31/L. Viewed at: http://www.veritaszim.net/sites/veritas_d/files/S.%20I.%209%20of%202019%20Customs%20and%20Excise%20%28Tariff%29%20%28Amendment%29%20Notice%2C%202019%20%28No.%207%29.pdf.

required to be prescribed or which, in the opinion of the Authority, are necessary or convenient to be prescribed for carrying out or giving effect to this Act".[47]

4.86. Fuel prices are controlled by the ZERA under the Petroleum (Petroleum Products Pricing) Regulations, 2018 (S.I. 10 of 2019). The Regulations provide for a fuel pricing formula, with price caps throughout the distribution chain, including maximum wholesale (f.o.b. ex Beira, Mozambique) and maximum retail prices, and caps on profit margins. The Government collects the following taxes and levies (August 2019)[48]:

- excise duties: with effect from 2 August 2019, the taxation basis for fuel imports was changed from specific to *ad valorem* duties, due to the inflationary environment and currency depreciation. The new rates are 45% and 40% per litre of petrol and diesel, respectively (Table 3.8);
- carbon tax collected by the ZIMRA: USD 0.04/L of petrol and USD 0.013/L of diesel;
- debt redemption levy: USD 0.057/L of petrol and USD 0.013/L of diesel. This levy is used to paid back debt left by the NOCZIM, the predecessor of the National Oil Infrastructure Company (NOIC);
- ZINARA road levy: USD 0.06/0.02/L of petrol/diesel; and
- Strategic Reserve Levy: USD 0.015/L of petrol/diesel.

4.87. The state-owned NOIC engages in the storage, handling, blending of petroleum products, and pipeline transportation. The NOIC is the entity through which all fuel by pipeline is imported. It owns and controls fuel storage capacity of about 500 million litres, with depots in Harare, Bulawayo, Beitbridge, and Mutare. The Ministry of Energy has the exclusive mandate of procuring stocks for the strategic reserve, stored by the NOIC, with a target of 60 days of consumption.

4.88. According to the authorities, importation and distribution of petroleum products are open to competition (subject to licensing by the ZERA).[49] Any locally registered company may apply for a licence. The state-owned company Petrotrade, earmarked for privatization, engages in the importation of petroleum products (about 9% of import volume) in competition with the private sector. There are currently more than 100 oil-importing companies; the five major companies, mainly locally-owned or joint ventures, are Engen Petroleum Zimbabwe, Petrotrade, Puma Energy, Total Zimbabwe, and Zuva Petroleum.

4.89. Fuel is imported either via the oil pipeline from Mozambique to Zimbabwe, which supplies most of the fuel, or via the Beitbridge-Bulawayo Railway, or by road. About 5% of the oil arrives by road or rail from South Africa and Mozambique, and is imported and stored by the private sector. Bulk imports of diesel or petrol are subject to a road levy (USD 0.10 per litre) if the products are transported by road on either one of two specific routes within Zimbabwe. The levy is intended to boost utilization of the pipeline between the port of Beira and the Msasa Fuel Terminal in Harare, and of the Beitbridge-Bulawayo railway.

4.90. The oil pipeline from the port of Beira is owned and maintained by the Companhia do Pipeline Mocambique-Zimbabwe Ltd (CPMZ)); and the Zimbabwe part of the pipeline is owned by the NOIC. The NOIC transports fuel through the pipeline on behalf of international oil traders that sell to ZERA-registered importers. A Throughput and Storage Agreement outlines the terms and conditions, and covers the injection of fuel from the various terminals at Beira, Mozambique, into the CPMZ pipeline to either Feruka (Mutare) or Msasa (Harare), the storage of the fuel in inland depots, and the re-delivery into road or rail tank cars. The pipeline fees are (August 2019): USD 78.89 per cubic meter from Beira to Harare, USD 58.89 from Beira to Mutare, and USD 20.00 from Mutare to Harare.

[47] Petroleum Act (Chapter 13:22). Viewed at: https://www.zera.co.zw/images/Petroleum_Act_Chapter_Chapter_1322_as_amended.pdf.

[48] Since June 2019, all amounts are set in Zimbabwe dollars.

[49] The ZERA issues eight types of fuel operator licences for procurement, wholesale, retail, production, and LPG retail and wholesale.

4.91. In principle, the Government has an open access policy for pipeline imports. The main users of the pipeline are five international traders (e.g. Trafigura). Over the past two years, the pipeline has been running at 80% of its capacity. Total daily imports by pipeline for the domestic market are about 3 million litres of diesel and 2 million litres of petrol.

4.92. The Competition and Tariff Commission is currently undertaking a study into competition issues in the fuel market in Zimbabwe. Overall, the fuel import regime would benefit from market-based reforms, transparency, and strong competition policy enforcement.

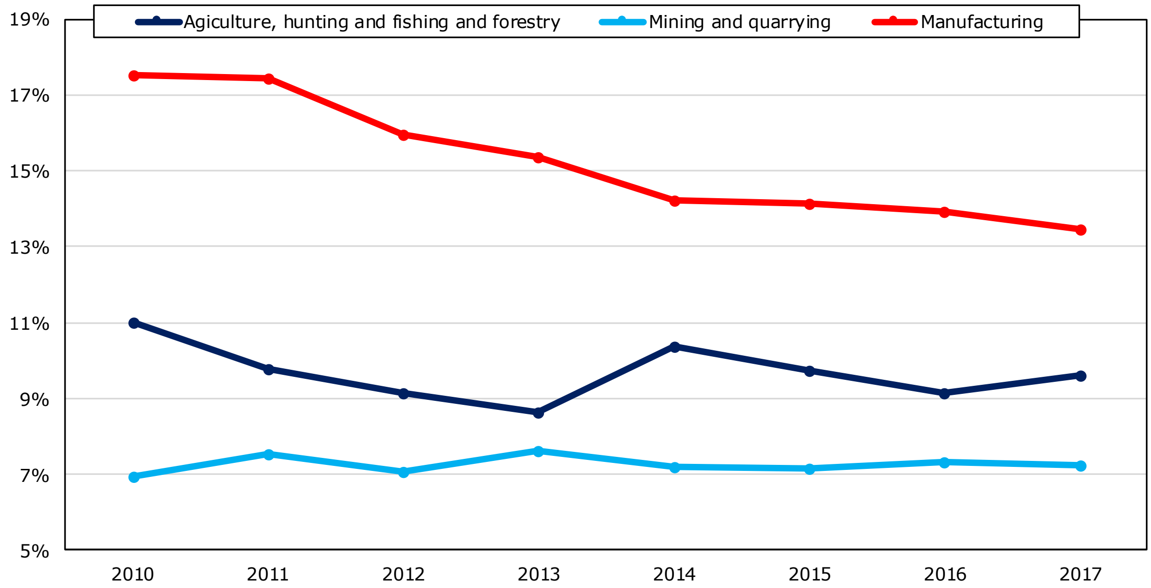
4.93. Under Zimbabwe's ethanol programme, mandatory blending of petrol was first introduced in 2011, with a 5% blending requirement of ethanol from sugarcane; the ratio currently stands at 20% of ethanol, subject to availability. The company Green Fuel manages about 9,000 ha of sugarcane for ethanol production (about 56 million litres in 2018-19). The company Triangle Sugar produced about 23 million litres of ethanol as a by-product of sugar production. The ethanol production is purchased by the registered oil companies, some of which are licensed to do the blending, although the NOIC also carries out blending.

4.3 Manufacturing

4.94. Zimbabwe has a relatively diversified manufacturing sector, with industries in the agro-processing industry (based on sugar, oilseeds, grains, dairy products, and horticulture); beverages; clothing and textiles; leather and leather products; pharmaceuticals, fertilizers, cement and chemicals; rubber and related articles; soaps and detergents; motor vehicle assembly; furniture and timber; and paper, printing and packaging. Since the last Review, the sector continued its decline as a share of the country's GDP (Chart 4.1).

Chart 4.1 Evolution of manufacturing GDP

(% of GDP at constant (2012) prices)



Source: Zimbabwe National Statistics.

4.95. The authorities consider that the sector has the potential to contribute much more in terms of GDP, employment and export growth, provided that an enabling productive infrastructure is put in place. An appropriate enabling environment should include, *inter alia,* an adequate exchange rate policy whereby investors can retain their foreign exchange proceeds, and the availability of working capital from banks to renew obsolete equipment. In its 2018 Manufacturing Sector Survey, the Confederation of Zimbabwe Industries (CZI) noted that capacity utilization in the manufacturing sector dropped to 42% at the end of 2018, and that companies expected a further decline in capacity utilization to 34% in 2019 due to a plethora of problems summarized in Table 4.8, the main ones being foreign currency shortages causing liquidity constraints; obsolete machinery; the high cost of imported raw materials; and electricity shortages.[50]

Table 4.8 Business environment affecting manufacturing companies, 2018

(%)

Measure (section of TPR report)	Very negative	Negative	No effect	Positive	Very positive
Forex access (1.3)	81	14	3	0	3
Exchange rate (1.3)	65	22	8	3	3
Cash shortages (1.3)	61	31	5	0	3
2% tax on electronic transactions (1.2.2)	59	27	10	2	3
Policy instability (2.1)	54	35	7	4	0
Corruption (2.1)	52	31	13	3	2
Access to financing (4.4.7)	43	28	18	6	6
Ageing equipment	36	42	19	1	2
Competition from imports (3.1)	35	31	27	3	4
Interest rates (1.3)	32	43	21	3	2
Power cuts (4.2.1)	26	29	31	10	2
Electricity charges (4.2.1)	21	31	37	8	3
Environmental requirements (3.3.2)	19	23	47	9	3
Conformity assessment (3.3.2)	13	28	50	4	6
Domestic demand	12	20	15	39	14
Minimum wage/labour regulations	12	29	46	7	6
Import restrictions (3.1.7)	9	4	34	27	27

Note: The totals may not add up to 100 because of rounding.

Source: CZI, *2018 Manufacturing Sector Survey*, Table 75.

4.3.1 Overview of policy developments

4.96. The manufacturing sector has been affected by many adverse policies, the most serious probably being acute foreign currency shortages and failure to access credit lines, including internationally. Past fixed exchange rate policies, together with a lack of monetary discipline, have led to real effective currency overvaluation, which encouraged most industries to rely on (artificially cheaper) imported raw materials; the general unavailability of foreign currency severely affects their operations. The lack of international credit lines has meant that Zimbabwean industries are generally required to pay upfront for any imported supplies while exporters are deprived of their foreign currency earnings through the foreign exchange surrender requirements (Section 1.2.1). In 2019, the floating of the RTGS dollar, followed by the abolition of the US dollar as legal tender, led to further instability, which, in turn, caused companies to scale down or close some of their production lines.

4.97. On the demand side, lowering prices in US dollars would have been the only way to counteract the US dollar's overvaluation in real effective terms; but failure to do so made local industries uncompetitive compared to industries in neighbouring countries that produced in non US dollar currency environments.

4.98. Other policies have led to difficulties in importing inputs. In 2015, Zimbabwe put in place the Consignment-Based Conformity Assessment (CBCA Programme), a preshipment inspection scheme that has proved an obstacle to import by industry (Table 4.8).

4.99. The main development in Zimbabwe's trade-related policy is the possibility, since 2018, of 100% foreign ownership of industrial projects, as a result of the repealing of the indigenization legislation (Section 2.4.1). In 2018, about 79% of the manufacturing companies surveyed by the CZI were owned by Zimbabwean nationals, while 12.3% were owned by foreigners, suggesting that there is ample room for additional foreign investment and know-how.

[50] CZI (2018) Manufacturing Sector Survey; and African Development Bank Group (2018), *Zimbabwe Economic Report* . Viewed at: https://www.afdb.org/fileadmin/uploads/afdb/Documents/Generic-Documents/Zimbabwe_Economic_Report_-_Building_a_new_Zimbabwe_Targeted_policies_for_growth_and_job_creation.pdf.

4.100. In June 2019, the MIC adopted the Zimbabwe National Industrial Development Policy (ZNIDP) (2019–23) that envisions a build-up of the industrial base to 25% of GDP. The ZNIDP is anchored in innovation, investment, and export-led industrialization. It envisions the development of industrial parks, whose infrastructure and utilities are to be developed by local authorities in collaboration with higher education institutions and the private sector, including foreigners. Mention is also made of Special Economic Zones that will host both industrial and other (services) companies. In this respect, the Strategy for the Pharmaceutical Industry, developed in partnership with the United Nations Industrial Development Organization, yet to be approved by Cabinet as at mid-2019, could constitute a model for government support to the rest of the manufacturing sector. It includes measures to enhance production infrastructure, including: expansion of productive space for local industry; provision of adequate electricity and water; upgrading of manufacturing quality to international Good Manufacturing Practice standards; and mobilization of required financial resources.[51]

4.3.2 Trade policy in the manufacturing sector

4.101. The ZNIDP aims to "support industries and steer them towards the export market in addition to providing import substitution". In recent years, Zimbabwe has incrementally restricted imports of consumer goods by raising tariffs (Section 3.1.3) and by extending the scope of discretionary import licensing (Section 3.1.7) in order to shield domestic manufacturers from foreign competition. This trend peaked in 2016, with S.I. 64 that prohibited imports of 43 products, whereby the Government monitored the demand for those products in relation to the capacity of the local manufacturing companies, and issued import licences accordingly. In 2017, a consolidated list of products subject to such discretionary import licensing was issued (S.I. 122 of 2017). The CZI praised the positive impact of the non-tariff barriers that the Government put in place, which helped divert competition from imports. It argued that this policy had some benefits, as capacity utilization increased from 45% in 2017 to 48% in 2018, and the overall output in the manufacturing sector increased by 12% during the same period.[52] In autumn 2018, the Government liberalized imports for some 29 of the 43 restricted products.

4.102. The Duty Rebate Facility provides specific industrial companies with targeted import duty and VAT exemptions (Section 3.1.6 for imports of capital equipment and raw materials, but only where these are not locally available. This system is administered on a case-by-case basis. Administrative procedures prior to the issuance of a rebate aim to ensure that the equipment being imported fits the description of the importer, and that it is indeed to be used for purposes of manufacturing. The 2019 Budget renews industry-specific rebates for clothing manufacturers,the dairy industry, the baking industry[53], agriculture, the motor industry, the wine industry, the fertilizer industry, the furniture industry, the pharmaceutical industry, and tourism.

4.103. The Industrial Development Corporation of Zimbabwe (IDCZ) is a wholly state-owned enterprise, established by the Industrial Development Corporation Act (Chapter 14:10). The IDCZ does not trade, but its subsidiaries manufacture and trade. Its investment portfolio includes newly created export-oriented enterprises, and acquired enterprises, mostly those in distress and rescued for import-substitution purposes. Its subsidiaries are involved in the manufacture of fertilizer, animal and plant health products, industrial minerals, motor vehicle assembly, and insurance. For example, Zimbabwe's largest fertilizer group (Chemplex) and its subsidiaries are wholly owned by the IDCZ, which was looking for investors to reduce its stake. The IDCZ also operates as a development finance institution, to provide funding for industrial companies. It recorded profits of USD 29 million in 2017, up from USD 16 million in 2016.[54] But its annual report also stated that, in the 2017 and 2018 national budgets, the Government failed to provide recapitalization of USD 83 million to address technical insolvency.

4.104. The new Zimbabwe Local Content Strategy of June 2019 aims to increase local content levels in prioritized sectors from current levels of approximately 25% to around 80% (on average) by 2023. Local Content Rating Agents are to independently verify compliance with minimum local

[51] Sector Development Strategy for Pharmaceutical Manufacturing in Zimbabwe.
[52] Confederation of Zimbabwe Industries Manufacturing Sector Survey (2018).
[53] S.I. 275 of 2018, Customs and Excise (Baking Industry Manufacture) (Rebate) Regulations, 2018. Viewed at: http://www.veritaszim.net/sites/veritas_d/files/S.I.%20275%20of%202018.impo-.pdf.
[54] IDCZ, *IDCZ Annual Report 2017*. Viewed at: http://idc.co.zw/wp-content/uploads/2018/09/annual-report-final-2017.pdf.

content thresholds, and issue Certificates of Compliance to qualifying products and services eligible to benefit from local content incentives and support measures, which have yet to be defined. Assistance from the WTO could help to design ways to promote the competitiveness of local production in a WTO-consistent manner.

4.4 Services

4.4.1 Overview

4.105. Zimbabwe's services sectors were singled out in the 2018-20 Transitional Stabilisation Programme as significant potential contributors to the country's economic recovery. The services sector accounts for 67% of GDP. As described below, Zimbabwe has comparative advantages in several sectors, particularly tourism and the longstanding insurance and pensions industries. Its specific GATS commitments from the Uruguay Round concern tourism, banking, and telecommunications services.[55]

4.106. Significant structural reforms are needed for services to contribute to the economy's development. State intervention remains significant, rendering the supply of key services, such as transport and telecommunications, inefficient and costly. As noted in the 2017 Report of the Auditor-General on state enterprises and parastatals, 23 entities faced challenges regarding providing services sustainably, including the National Railway, Air Zimbabwe, and Zimbabwe Post.

4.107. Zimbabwe grants at least MFN treatment in services to all WTO Members, and did not list any exemption to the principle of MFN treatment under the GATS. COMESA Regional Regulations Governing Trade in Services aim to achieve the free movement of services envisioned in the COMESA Treaty, but few effective preferences have so far been granted. Zimbabwe also participated in the SADC Services negotiations in 2017, but the offer of specific commitments is limited.[56]

4.108. A horizontal market access restriction listed in Zimbabwe' Uruguay Round Schedule relates to the unbound nature of mode 4 – movement of natural persons – except for the entry and temporary presence of intra-corporate executive and senior managerial personnel. Locally incorporated companies may employ foreigners under temporary work permits that are issued at the discretion of the Department of Immigration. The guiding principle is that the company should provide proof that the required skill cannot be sourced within Zimbabwe. A permit holder will only be allowed to work within the confines of the granted employment capacity (Section 2.4.2).

4.109. Regarding the taxation of services imports (mode 1 under the GATS), the following taxes apply:

- the supply of imported (non-exempt) services is subject to VAT at the standard rate of 15%; and

- business income (rather than profits) paid to non-residents is taxed at a rate of 25.75%.

4.110. A withholding tax – the Non-Resident Tax on Fees - is imposed on non-residents at a rate of 15% on gross fees or royalties paid abroad to legal or natural persons for technical, managerial, administrative and consulting services. The tax is allowed as a credit against income tax assessed at the normal rates. The amount of the credit is limited to the lesser of the tax assessed or the withholding tax. There is no refund where the withholding tax exceeds the income tax liability. The rate of tax can be reduced in accordance with a double taxation treaty (Section 2.4.3).

4.4.2 Construction services

4.111. According to the Construction Industry Federation of Zimbabwe (CIFOZ), there are no market access restrictions (cross-border or commercial presence) limiting foreign companies'

[55] WTO I-Tip database on services. Viewed at http://i-tip.wto.org/services/GATS_Detail.aspx/?id=21842&sector_path=00000.

[56] SADC negotiations on Trade in Services, Final Offer by Zimbabwe, document SADC/FO/ZWE/01.08.2017.

participation in the local construction services sector. Registration with the Procurement Regulatory Authority of Zimbabwe (Section 3.3.6) is not compulsory, nor is registration with the CIFOZ.[57]

4.4.3 Wholesale distribution services

4.112. According to the authorities, there are no specific market access limitations precluding foreign companies from participating in wholesale distribution services.

4.4.4 Tourism

4.113. The tourism sector experienced a mixed performance (Table 4.9 and Chart 4.2), as receipts and the number of arrivals both increased until 2018 but fell in 2019. In 2019, the operating environment had become very difficult for the tourism sector, against a backdrop of cash shortages, rising prices, low incomes for the population, and fuel and electricity shortages. Persistent shortages of fuel continued to impact negatively on the sector, as both local and foreign tourists found it difficult to be assured of reaching destinations across the country, which led to many cancellations. The current power outages have forced tourism operators to resort to the use of generators for more than 12 hours every day, compounded by the unavailability of fuel on the formal market most of the time. This increased the sector's operating costs, which are ultimately passed on to customers, making the destination very expensive and uncompetitive. Nevertheless, the sector contributes over 7% to GDP, with 2.6 million tourists generating revenues of nearly USD 1.4 billion in 2018.

Table 4.9 Tourism sector indicators, 2010-18

	2010	2011	2012	2013	2014	2015	2016	2017	2018[a]
Number of tourists (million)									
Arrivals	2.2	2.4	1.8	1.8	1.9	2.1	2.2	2.4	2.6
Departures	0.7	0.7	0.7	2.9	3.2	3.4	2	2.8	..
Trade in tourism services[a] (USD million)									
Exports	**123.5**	**151.8**	**160.8**	**169.9**	**172.3**	**174.8**	**177.3**	**149.2**	**182.1**
% of total services exports	42.8	44.3	47.2	48.0	47.4	45.2	44.7	31.3	36.4
Business	23.3	26.5	29.0	31.0	31.4	31.9	32.3	44.7	54.6
Personal, of which:	100.2	125.3	131.8	138.9	140.9	142.9	145.0	104.4	127.4
Health-related	71.0	89.0	97.0	100.0	101.4	102.8	104.3	3.0	1.8
Education-related	1.6	1.7	1.8	1.9	2.0	2.0	2.1	11.9	14.6
Imports	**130.6**	**228.0**	**272.2**	**337.4**	**342.1**	**476.2**	**326.9**	**314.6**	**247.5**
% of total services imports	9.6	12.5	15.3	17.8	17.5	31.3	25.9	27.8	24.1
Business	1.5	4.6	7.3	7.2	8.0	9.5	7.8	5.8	6.4
Personal, of which:	129.1	223.4	264.9	330.2	334.2	466.7	319.0	308.8	241.1
Health-related	119.7	149.6	187.0	251.2	251.5	373.6	260.2	5.9	6.4
Education-related	7.9	69.2	70.6	71.8	75.1	93.1	58.8	60.1	65.4
Tourism revenues (USD million)	634.0	662.0	749.0	856.0	827.0	886.0	819.0	917.0	1,386.0

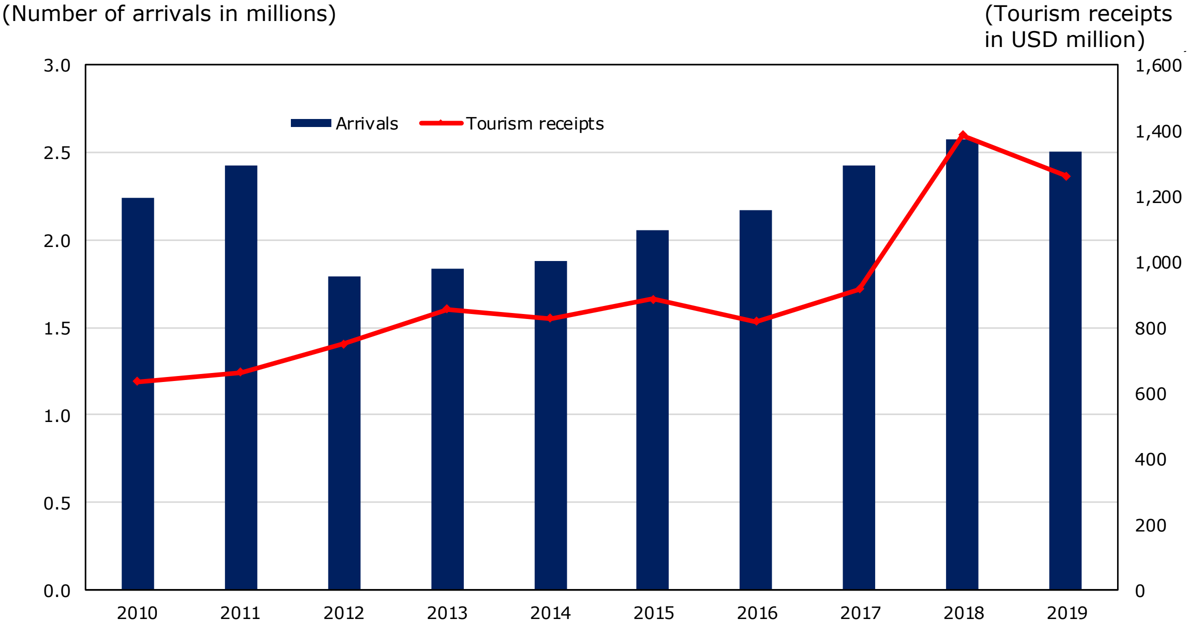
.. Not available.

a Based on balance of payments statistics.

Source: Zimbabwe Tourism, Tourism Trends and Statistics Report 2018; World Bank World Development Indicators; and information provided by the authorities.

[57] CIFOZ. Viewed at: http://www.cifoz.co.zw.

Chart 4.2 Tourism, 2010-19



Note: Estimates for 2019.

Source: Zimbabwe Tourism, Tourism Trends and Statistics Report 2018; World Bank World Development Indicators; and information provided by the authorities.

4.114. The shortage of bank notes and the foreign exchange crisis proved another deterrent for tourists in 2019. They had to pay for hotel rooms in foreign currency, despite legislation imposing the use of the new local currency (Section 1.2.1). Similarly, park-entry fees are due in foreign currency. Foreigners were also asked to pay for restaurants, and airline services in foreign currency. Out of that foreign currency, recipients must convert 20% into the local currency; 80% of the proceeds may remain in foreign currency "transitory" accounts for longer, undetermined periods, allowing the tourism industry more flexibility to pay for its imported inputs.

4.115. Moreover, non-automatic import licences (Section 3.1.7) constitute another constraint for the tourism industry, causing delays or shortages in the delivery of consumer products sold to tourists. A 2% tourism levy is charged on hotel room bills. VAT is levied at the standard rate of 15% on hotel accommodation and all other tourism projects, up from 0% in 2015. In addition, the 2% electronic transaction Intermediated Money Transfer Tax (Section 1.2.2) applies.

4.116. Despite these economic challenges, the tourism industry continued to attract new investments, mostly small accommodation such as lodges and guest houses. The number of travel agents also increased. The Zimbabwe Tourism Authority provides an exchange platform for investors and project promoters.[58] Investors must register with the Zimbabwe Investment Authority to obtain an investment licence for their project, which is granted based on the recommendation of the Zimbabwe Tourism Authority.

4.117. The real estate regime provides the possibility for foreigners to acquire hotels and lease tourism concessions from local authorities. To support investment in tourism projects, the Government provides import duty rebates to companies that have been in existence for more than two years:

- duty-free imports of capital goods (S.I. 50/2006) into the Tourism Development Zones under the Tourism Act; in these Zones, investors benefit from simplified labour legislation and more favourable tax provisions;
- duty-free imports of safari vehicles (S.I. 159/2017) by safari operators;

[58] Zimbabwe Tourism. Viewed at: https://www.zimbabwetourism.net.

- duty-free imports of equipment (S.I. 10/2018) for tourism businesses; rebates are valid until December 2019, and restaurants are not eligible; and
- import duties were suspended on imports of specified buses by tour operators (S.I. 279/2018).

4.118. Limitations on national treatment relate only to tourist guide services, under the Tourism Act. Also, under the Policy on Wildlife of 1999, only locally registered safari operators may obtain wildlife concessions.

4.4.5 Transport services

4.119. Zimbabwe's stated trade policy objective in the area of transport services is to liberalize market access, albeit generally on a case-by-case and reciprocal basis. In fact, market access continues to be determined on a bilateral basis, and restrictions remain, although commercial presence (mode 3 of the GATS) was liberalized following the repeal of the Indigenization Act in 2018 (Section 2.4).

4.4.5.1 Air transport services

4.120. Considering that liberalization of air transportation would benefit not only the air transport and tourism sectors, but also the rest of the economy, the Government declared an Open Skies Policy in the air transport sector, including the major airports of Harare, Bulawayo and Victoria Falls, and Zimbabwe's tourist airports and aerodromes across the country; this led to an increase in activity at all airports (Table 4.10). In practice, however, the fifth freedom is granted on a case-by-case basis under bilateral agreements, covering specified locations and airlines, as was the case recently with Ethiopian Airways, Air Namibia, Rwanda Air, Emirates, and TAG Angola.

Table 4.10 Traffic statistics for the main airports

	Passengers by airport			Total freight (tonnes)
	Harare	Victoria Falls	Bulawayo	
2011	746,015	175,858	64,123	19,322
2012	719,017	180,704	49,161	17,196
2013	871,795	219,041	90,464	18,362
2014	949,865	237,056	122,238	17,362
2015	1,056,923	245,465	151,905	16,525
2016	1,096,375	268,920	143,758	14,932
2017	1,148,315	345,078	149,011	15,766
2018	1,317,617	411,057	172,140	19,720

Source: Civil Aviation Authority of Zimbabwe.

4.121. At national level, the following laws and statutory instruments govern commercial activities in the air transport sector: the Air Services Act, the Carriage by Air Act, the Civil Aviation Act and its amendment of 2018 providing for the spinning of certain functions to a future Airports Company of Zimbabwe, and the Air Zimbabwe Corporation Act.

4.122. The Ministry of Transport is the Aeronautical Authority of Zimbabwe. The Civil Aviation Authority of Zimbabwe (CAAZ) is a technical advisor to the Government on aviation matters, including internationally. Any airline wishing to set up in Zimbabwe and, *inter alia,* enjoy the privileges of a designated Zimbabwean company, must obtain an air service permit from the Ministry, and be locally registered with the Registrar of Companies. It then proceeds to the CAAZ for operational modalities, including the issuance of an Air Operator Certificate. The 51% local ownership provision was abolished in 2018 (Section 2.4); no minimum share of the company's capital must be held by Zimbabwean nationals, provided the aircraft have their port of registry in Zimbabwe and are listed in the Zimbabwe aircraft register.

4.123. Cabotage is restricted to Zimbabwean companies. Domestic routes previously monopolized by Air Zimbabwe were opened to other airlines, with Fastjet and Fly Africa now licensed on the Harare-Bulawayo, and the Harare-Victoria Falls routes. International air transport is governed by bilateral air services agreements, which stipulate provisions in terms of routes, frequency, and capacity (Table 4.11). Fastjet Zimbabwe is designated as a national carrier, together with Air Zimbabwe, in these agreements.

Table 4.11 Bilateral air services agreements signed/initiated since 2011

Country and region	Frequency limitations	Capacity limitations	Price provisions	Carrier designation
1. Angola (2013)	Yes	Yes	No	No
2. The Gambia (2018)	No	No	No	No
3. Botswana (2017)	No	No	No	No
4. Burkina Faso (2018)	No	No	No	No
5. Cape Verde (2018)	No	No	No	No
6. Congo Brazzaville (2012)	No	No	No	No
7. Egypt (2015)	No	No	No	No
8. Ethiopia (2012)	No	No	No	No
9. Mauritius (2015)	Yes	Yes	No	No
10. Morocco (2014)	Yes	Yes	No	No
11. Mozambique (2017)	No	No	No	No
12. Nigeria (2015)	Yes	Yes	No	No
13. Rwanda (2012)	No	No	No	No
14. South Africa (2017)	Yes	Yes	No	No
15. Eswatsini (2012)	No	No	No	No
16. Tanzania (2013)	No	No	No	No
17. Togo (2015)	No	No	No	No
18. Zambia (2015)	No	No	No	No
19. Austria (2015)	Yes	Yes	..	..
20. Iceland (2015)	Yes	Yes	..	..
21. Luxembourg (2015)	Yes	Yes	..	..
22. Netherlands (2013)	No	No	No	No
23. Spain (2017)	No	No	No	No
24. Bahrain (2014)	No	No	No	No
25. Singapore (2014)	No	No	No	No
26. Sri Lanka (2017)	No	No	No	No
27. Jordan (2014)	No	No	No	No
28. Oman (2017)	No	No	No	No
29. United Arab Emirates (2012)	No	No	No	No
30. Yemen (2013)	No	No	No	No
31. Guyana (2018)	No	No	No	No

.. Not available.

Source: CAAZ.

4.124. According to the authorities, the Government implements the 2000 Ministerial Declaration of Yamoussoukro, which defines the conditions for intra-African air transport services.[59] It eliminated all non-physical barriers and restrictions relating to the granting of traffic rights, especially fifth freedom rights, between signatories.[60] It prohibits anti-competitive behaviour with respect to tariff regulation and airline designation, and introduces a "Community ownership clause", by virtue of which any company of another member State is treated in the same way as a national company. The Declaration provides for a similar regime for scheduled and unscheduled flights (passengers and cargo).[61]Any wholly or majority foreign-owned company can benefit from the advantages of the Decision if it satisfies the eligibility criteria if its headquarters, its central administration and its principal place of business are physically located in the signatory State concerned.[62] In 2018, Zimbabwe signed the solemn commitment to the implementation of the Single Africa Air Transport Market. There are no preferences at the SADC/COMESA level for air transport services providers.

4.125. Zimbabwe's civil airports, which belong to the State, are managed by the CAAZ, which is responsible for airport management and operation. The state company, National Handling Services, is solely in charge of passenger ground handling, and carries out cargo handling in competition with

[59] The Decision was taken under Article 10 of the Treaty of Abuja, establishing the African Economic Community; it was signed in July 2000, and has been in force since 12 August 2002. According to Article 2, the Decision takes precedence over all non-conforming bilateral and multilateral air transport agreements.

[60] The right of an airline to carry passengers, freight and mail between two state parties other than the state party in which it is licensed.

[61] WTO document S/C/270/Add.2, 28 September 2007.

[62] Article 6.9 of the Decision.

a private company, AGS. The private company Catercraft is the only company in charge of catering, and enjoys a *de facto* monopoly position. Several private companies (e.g. PUMA, and ZUVA) distribute aircraft fuel, which is an activity open to competition, according to the authorities.

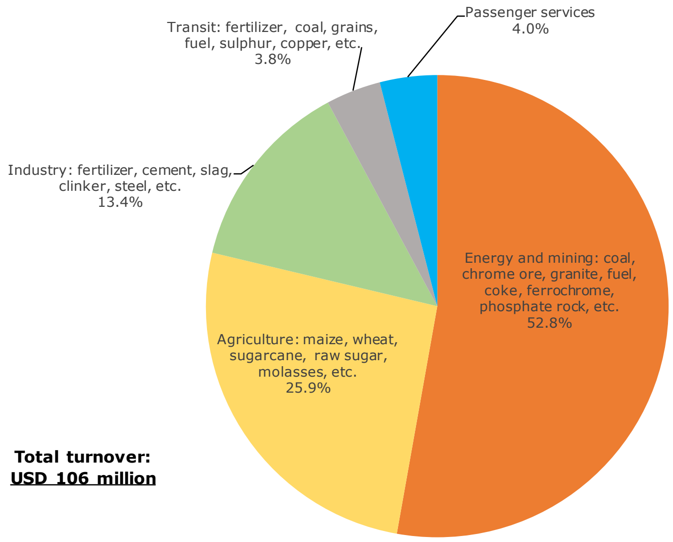
4.126. Zimbabwe is a member of the International Civil Aviation Organization and the International Air Transport Association. In July 2019, an arrangement was negotiated for the payment of USD 196 million in arrears, because of foreign exchange shortages, that were owed to airlines from the sale of air tickets in Zimbabwe

4.4.5.2 Rail transport

4.127. National Railways of Zimbabwe (NRZ), a state-owned body, is the sole mover of local, transit and international traffic of freight and passengers by rail, operating under the Railways Act as amended in 1997. The rail network stretches 2,760 km across Zimbabwe, and is linked to Botswana, Mozambique, South Africa, Zambia, and the Democratic Republic of Congo. There has been no recent investment in the expansion of the domestic rail network.

4.128. The NRZ's designed operational capacity is 18 million metric tonnes per annum. At its peak in 1998, it carried 12.4 million metric tonnes, considerably more than the average of 3.5 million metric tonnes per annum carried over the last five years. This poor performance is due to the deteriorating state of NRZ's resources and infrastructure, and the general underperformance of the economy. The NRZ has reportedly not received any subsidies since 2014; an estimated 10% of its track infrastructure is under temporary speed restrictions. The NRZ's gross earnings in 2018 reached USD 106 million, up from USD 101 million in 2011. Freight services contribute 93% to the NRZ's overall business. Chart 4.3 shows each sector's major products transported.

Chart 4.3 Sectors' contribution to NRZ business, 2019



Source: NRZ.

4.129. Although the State retains a *de facto* or *de jure* monopoly on the construction, operation and management of railroads for transporting passengers and goods, there were exceptions. In November 1996, the Government and the NRZ entered into a build-operate-transfer (BOT) agreement with the then-owners of Beitbridge-Bulawayo Railways, for the construction of a direct railway link between Beitbridge and West Nicholson, where the NRZ line terminated. The BOT agreement is in force for 30 years, after which (in 2026) the railway line will be handed over to the Government. In return, the Government, through NRZ, got a 15% shareholding in the company for its railway line. The Government, also through the NRZ, also allows tourist/safari passenger services trains to run through its system, while maintaining its monopoly on ordinary passenger trains. Finally, there are plans to allow a BOT joint venture Harare-Chitugwiza commuter rail.

4.4.5.3 Road transport

4.130. Road transport is the principal mode of domestic goods transport, with lorries being used for 99% of domestic freight volume. The highway network (3,400 km) belongs to the State, and is managed by the Ministry of Transport and Infrastructural Development.

4.131. The transport of goods and passengers by road, whether from one place to another within Zimbabwe or to or from Zimbabwe, remains reserved for companies established under Zimbabwean law under the Motor Road Transportation Act.[63] A similar nationality requirement applies to the provision of commercial vehicle rental services, and maintenance and servicing services, as well as to services related to road transport. Foreigners wishing to provide these services must set up a company under Zimbabwean law, and the company must be registered with the Ministry. However, the capital may be majority foreign-owned, and there are no nationality requirements regarding management.

4.132. Cabotage is generally prohibited, as is delivery or picking-up in third countries. Zimbabwe signed bilateral road agreements with Botswana, the Democratic Republic of Congo, Mozambique, Namibia, Malawi, South Africa, and Zambia, that restrict market access to companies established in one of the two States that are party to the agreement; these market-sharing provisions are implemented by permit systems, managed by the regional Cross-Border Road Transport Agency.[64] For example, the Bilateral Agreement on Road Transportation between South Africa and Zimbabwe applies to freight and passenger transport; it allows a Joint Committee to organize the number of permits that may be issued to the carriers of each Party, and the maximum number of journeys that a given carrier may undertake.[65] This Agreement does not cover rentals or vehicle maintenance.

4.4.6 Telecommunications and broadcasting

4.4.6.1 Market overview

4.133. The ICT sector registered a strong increase between 2010 and 2013, followed by an important decline and, as a result, revenues in 2018 were at their 2013 level (Table 4.12).[66] The mobile telephone penetration rate increased strongly, to 103% in 2017, before falling in 2018. The Internet penetration rate is relatively high, at almost 63% in 2018. One of the drivers of telecommunications is mobile banking, given the shortage of cash in the economy, as mobile money provides an effective alternative to cash for making payments during liquidity crises (Box 4.1).

Table 4.12 Telecommunication sector, 2010-18

	2010	2011	2012	2013	2014	2015	2016	2017	2018
Subscriptions ('000):									
Fixed telephone	378	356	302	304	330	334	306	264	269
Fixed teledensity (%)	3.0	2.8	2.3	2.3	2.5	2.6	2.4	1.9	1.9
Mobile-cellular telephone	7,700	9,200	12,614	13,633	11,799	12,757	12,879	14,092	12,909
Mobile penetration rate (%)	50.4	60.6	80.0	84.3	90.3	94.4	94.8	102.7	93.1
Internet	1,375	2,413	3,945	5,473	5,880	6,575	6,722	6,973	8,723
Internet penetration rate (%)	11.0	19.3	30.6	41.9	45.0	48.1	50.0	50.8	62.9
Revenue and investment (USD million):									
Fixed-telephone services	176	149	132	148	163	163	117	117	135
Mobile networks	607	746	890	1,105	907	745	723	849	1,156

[63] Viewed at: https://parlzim.gov.zw/acts-list/download/799_c9823f9e0482702e5b32981a9f33f752.

[64] Cross-border Road Transport Agency, *Bilateral Road Transport Agreement with Zimbabwe.* Viewed at: http://www.cbrta.co.za/resources/bilateral-road-transport-agreement-with-zimbabwe.

[65] Transport Deregulation Act No. 80 of 1988. Viewed at: http://cbrta.co.za/uploads/files/Agreements-MozMalawiZambiaZimb004.pdf.

[66] Postal and Telecommunications Regulatory Authority of Zimbabwe, *Abridged Annual Postal and Telecommunications Sector Performance Report 2017.* Viewed at: http://www.potraz.gov.zw/wp-content/uploads/2017/03/Annual_Sector_Perfomance_Report_2017.pdf.

	2010	2011	2012	2013	2014	2015	2016	2017	2018
Annual investment in telecommunications services	410	..	488	188	206	318	276	198	..

.. Not available.

Source: The Postal and Telecommunications Regulatory Authority of Zimbabwe, *Annual Postal and Telecommunications Sector Performance Report 2018*; and International Telecommunications Union *World Telecommunication/ICT Indicators Database 2018 (22nd Edition/January 2019)*.

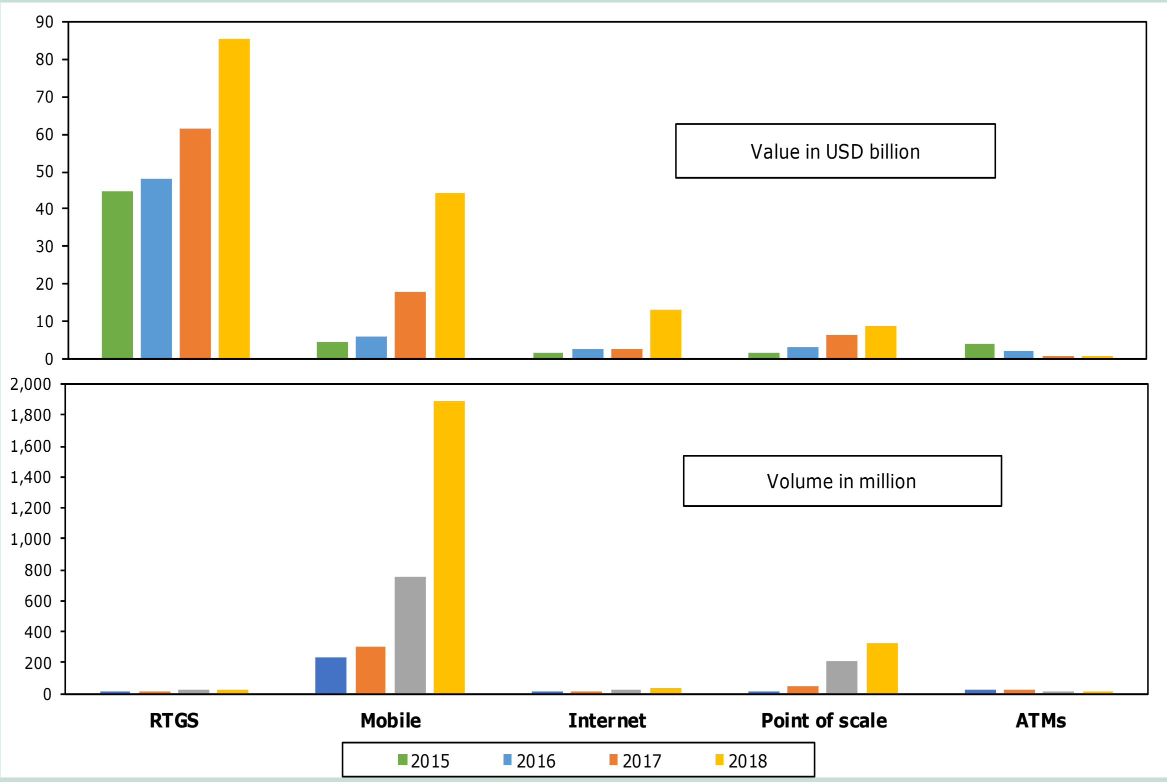
Box 4.1 Mobile banking

As noted in Section 1, Zimbabwe's chronic shortages of foreign currency led to shortages of physical cash in the economy. Given the shortage of cash, the RBZ promoted the use of mobile banking as an alternative to cash for making payments during liquidity crises.

As the chart below shows, most domestic transactions in value terms are carried out on the RTGS system (53.5% in 2018), but RGTS transactions accounted for only a negligible share of all transactions (0.3% in 2018). The vast majority of individual transactions was made with mobile money transfers (84.7% of all payment transactions in 2018). In 2018, Zimbabwe saw a surge in the volume and value of mobile transactions, which reflected the worsening cash crisis, among other factors.

Mobile banking has been one of the main drivers of telecoms business in Zimbabwe. The total number of active mobile money subscriptions increased to 6.1 million users in 2018, compared with 4.6 million in 2017 (up 33%). In comparison, Internet banking subscriptions totalled 353,100 subscribers in 2018, up from 277,700 in 2017. The mobile payment operators are licensed by the RBZ under the National Payments Act, which regulates payments and charges, whereas the POTRAZ regulates the platforms through which mobile money is offered and the quality of service. As at 31 December 2018, there were five regulated mobile payment systems providers: Ecocash (with 13 participating banks); MyCash (1); Getcash (1); One Money (5); and Telecash (2).

Main payment transaction streams, 2015-18



Note: Other payment transactions include Swift FX Payment, Swift FX Receipts, and cheques, which are negligible. Less than 1% of total volume for RTGS, Internet and ATMs.

Source: Information provided by the authorities.

4.134. The State controls two of the three mobile telecom providers: it fully owns NetOne, and owns 60% of Telecel; Econet is in private local ownership. Fixed-line telephone services are supplied only by TelOne, a 100% state-owned company.[67]

4.135. One national backbone company (operated by Liquid) controlled nearly 70% of the country's bandwidth capacity (in 2019) and nearly 53% of Internet revenues (2017); TelOne controls another 24% of that capacity, and 23% of revenues (2017);[68] Powertel, 4.3%, and Dandemutande (a new Internet services provider), 2.4%.

4.136. The fibre optic cable network covered 10,140 km as at 30 June 2019. In 2019, each operator has its own network, and operates national and international traffic on its own network. International roaming is very expensive, about USD 100 for 10 megabytes (Swisscom). International calls were priced at USD 4 per minute for Switzerland, USD 0.5 for the United States, and USD 0.3 for regional destinations, from a fixed line. Operators continue to use very expensive satellite links for international telecommunications but are increasing their use of fibre optics. Zimbabwe is connected to the submarine cable networks of SEACOM, WACS and EASSy

4.4.6.2 Telecommunications regulation

4.137. The Postal and Telecommunications Act of 2000 constitutes the main legislation of the sector.[69] Zimbabwe made specific commitments on telecommunications under the GATS.[70] These also stipulated the monopoly of public telecommunications services granted to the Posts and Telecommunications Company, a monopoly which was abolished in 2000. At the time of the previous TPR, restrictions on foreign investment applied to data transmission, including packet-switched data transmission and circuit-switched data transmission. All investment restrictions were lifted in 2019, according to the authorities (Section 2.4.2).

4.138. The Postal and Telecommunications Regulatory Authority of Zimbabwe (POTRAZ) regulates the provision of telecommunications services in Zimbabwe. Since 2011, new regulations were issued with respect to customer registration (2014); Very Small Aperture Terminals (VSAT) (2015); quality of service (2016); and sharing of infrastructure (2016).[71]

4.139. On the advice of the POTRAZ, the Ministry in charge of telecommunications approves and grants licences, except in the case of a few services (mainly private networks), where a simple declaration is required. If a new operator applies for a licence, the POTRAZ carries out a needs test to decide whether a licence is to be issued by the Minister. The licence is not a public document. The POTRAZ also allocates radio-frequency bands, manages the frequencies, and collects the fees associated with their use.

4.140. There is no domestic roaming. The segregated market structure (between the three mobile operators) calls for strong regulations on pricing. The POTRAZ monitors tariffs charged by operators based on the long-run incremental costing model, balancing affordability for consumers and viability for operators.

4.141. Telecommunications equipment and computers are currently subject to relatively high MFN customs duties (Table 4.13), plus 15% VAT, which does not facilitate access to information technologies and the Internet. All telecommunications equipment is type-approved before use in the country by the POTRAZ.

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[67] Viewed at: https://www.telone.co.zw.

[68] POTRAZ, *Abridged Annual Postal and Telecommunications Sector Performance Report, 2017.* Viewed at: http://www.potraz.gov.zw/wp-content/uploads/2017/03/Annual_Sector_Perfomance_Report_2017.pdf.

[69] POTRAZ. Viewed at: http://www.potraz.gov.zw/?page_id=877. See also https://zimlii.org/zw/legislation/num-act/2000/4/Postal_Act.pdf.

[70] WTO, *I-TIP Database*. Viewed at: http://i-tip.wto.org/services/DetailView.aspx/?id=Zimbabwe&isGats=1&sector_code=2.C. Zimbabwe did not participate in the extended negotiations on basic telecommunications, did not accept the Fourth Protocol (basic telecommunications), and did not schedule the Reference Paper.

[71] POTRAZ. Viewed at: http://www.potraz.gov.zw/?page_id=877.

Table 4.13 Applied MFN tariffs on telecom and computer equipment

HS	Product description	Applied MFN 2019	Min.	Max.
	Total	**17.2**	**0.0**	**60.0**
8443[a]	Printing machinery, copying machines and parts thereof	5.0	0.0	15.0
8470	Calculating machines, cash registers, etc.	17.5	0.0	25.0
8471	Automatic data processing machines and units thereof	0.0	0.0	0.0
8472	Other office machines	15.0	15.0	15.0
8473	Parts and accessories	4.0	0.0	5.0
8517	Telephone sets	12.0	0.0	40.0
8518	Microphones, loudspeakers, etc.	35.0	20.0	40.0
8519	Sound recording or reproducing apparatus	40.0	40.0	40.0
8521	Video recording or reproducing apparatus	40.0	40.0	40.0
8522	Parts and accessories for 85.19 or 85.21	30.0	10.0	40.0
8523	Discs, tapes, solid storage devices, etc.	17.8	0.0	20.0
8525	Apparatus for broadcasting, cameras and video recorders	15.0	0.0	40.0
8526	Radar apparatus, radio navigational aid apparatus	14.2	0.0	40.0
8527	Reception apparatus for radio-broadcasting	34.0	0.0	60.0
8528	Monitors and projectors	26.7	5.0	40.0
8529	Parts suitable for 85.25 to 85.28	17.5	0.0	40.0
8540	Thermionic, cold cathode or photo-cathode valves and tubes	5.0	5.0	5.0
8541	Diodes, transistors and similar semiconductor devices	5.0	0.0	10.0
8542	Electronic integrated circuits	9.0	5.0	10.0

a Only HS 8443.31, HS 8443.32, and HS 8443.39.

Source: Zimbabwe's Integrated Tariff.

4.142. Universal service obligations include the routing of telephone calls to and from subscriber points, the free routing of emergency calls, and the provision of an information service. A universal service fund is in place since 2009, financed by a levy of 1.5% of every licensed operator's annual turnover. The fund amounted to USD 131 million in June 2018.[72] Thanks to the funding, the POTRAZ has rolled out over 146 community information centres.

4.143. Several projects to harmonize telecommunications services have been on the back burner at the regional level. For example, the Communications Regulators Association of Southern Africa, the Africa Telecommunications Union and the International Telecommunications Union are working to harmonize the regulatory framework to develop common telecommunications legislation. A technical regulation committee is planned but is not yet in place. There is no radio-frequency management system at regional (COMESA, SADC) level.

4.4.6.3 Postal and courier services

4.144. The POTRAZ is the regulator of postal and courier services. Zimbabwe Posts (ZIMPOST) is the designated postal operator, with the mandate of providing universal postal, courier, real estate, and financial services within Zimbabwe. It is a state-owned enterprise established under the Companies Act and incorporated in 2000 after the unbundling of the former Posts and Telecommunications Corporation. The provision of the following services is reserved exclusively for ZIMPOST: the conveyance of letters of less than 500 g, other than such letters are conveyed by a commercial courier service, "provided that the operator of a commercial courier service shall not charge less than the prescribed rate for the conveyance of such letters by ZIMPOST; the issuance of money orders or postal orders for an amount in excess of, or less than, that prescribed by the Minister; and any prescribed agency service". ZIMPOST wholly owns Courier Connect, one of seven courier companies. Total postal and courier volumes declined by 4.1% in 2018 from 2017. Revenues declined by 14% to USD 35 million in 2018 from USD 41 million in 2017.

4.4.6.4 Broadcasting

4.145. Zimbabwe Broadcasting Corporation (Private) Limited (ZBC) was established under the Broadcasting Services Act and the Zimbabwe Broadcasting Corporation Commercialization Act, 2001. It is a government-owned company under the Ministry of Information and Broadcasting Services. Its core function is to carry on broadcasting services, within and outside Zimbabwe. The

[72] TECHZIM, *Since 2009 POTRAZ Has Collected Over USD 120 Million For The Universal Service Fund.* Viewed at: https://www.techzim.co.zw/2018/06/potraz-rakes-in-120-million-from-universal-service-fund.

ZBC competes with private companies in the market for broadcasting services. In May 2019, the Cabinet approved the Broadcasting Services Amendment Bill, which aims to merge the country's media and telecoms regulators. The Broadcasting Authority of Zimbabwe and the POTRAZ are to be combined as the Broadcasting and Communications Authority.[73]

4.146. Since 1 January 2019, foreign-domiciled satellite and broadcasting services providers, and foreign-based suppliers of goods and services via electronic commerce platforms (beyond a minimum prescribed amount) are required to pay corporate income tax in Zimbabwe. They must register with the ZIMRA, appoint Public Officers or agents to act on their behalf, and obtain a tax clearance certificate to enable remittance of funds.

4.4.7 Financial services

4.147. Zimbabwe made commitments on some banking services[74] as a result of the Uruguay Round. It did not improve or modify those commitments during the extended financial services negotiations in 1995 and 1997, and is therefore not a party to either the Second or Fifth Protocols to the GATS, through which the results of those negotiations were adopted.

4.4.7.1 Insurance and pension funds

4.148. Zimbabwe has a long insurance tradition, and is host to some of the world's oldest multinational insurance companies, such as Old Mutual. The main national insurance groups have close ties with Zimbabwe's main commercial banks, as several financial conglomerates have insurance or banking subsidiaries, and vice versa. The foreign presence is substantial, with Old Mutual, Zimnat Life, Zimnat Lion, Grand Reinsurance and FBC Insurance all foreign-owned. With respect to state ownership, the Export Credit Guarantee Corporation of Zimbabwe is 100% owned by the RBZ; Nicoz Diamond is 45%-owned by the National Social Security Authority; Emeritus is 43%-state-owned through ZIMRE Holdings; and Allied Insurance is 2.23%-owned by the IDCZ (Section 4.3.2).

4.149. The insurance (and pension) market represents gross premiums written (GPW) of approximately USD 700 million annually (Table 4.14), comprising agencies, brokers, insurance and reinsurance companies, and retrocessions. There were 81 insurance services providers in 2017, of which 11 life insurance companies; 18 non-life insurance companies; 2 composite life and non-life companies; 9 funeral assurance companies; 4 reinsurance companies; 33 brokers; and 7 reinsurance brokers. Nearly 44% of non-life insurance premiums are for motor vehicles, followed by fire (20%), and personal accident (8%). Agricultural insurance represents nearly 5% of turnover. Zimbabwe's insurance penetration rate, which reached a high of 10% in the early 1990s, has been declining over the last two decades, to 4.7% in 2017, according to the Insurance and Pensions Commission (IPEC).[75] Insurance penetration is estimated to have declined to around 3% in 2018.

Table 4.14 Trend in insurance premiums written by largest companies, 2011-18

(USD million)

		2011	2012	2013	2014	2015	2016	2017	2018
Total premium	Non-life	159	194	210	215	215	216	236	277
	Life	148	196	258	310	332	347	369	426
Old Mutual	Non-life	16	23	28	31	36	37	38	41
	Life	93	134	139	149	158	164	165	185
Alliance Nyaradzo (mostly funeral business)	Non-life	20	29	26	30	33	33	32	32
	Life	..	..	47	62	76	84	96	108
First Mutual	Life	24	22	28	34	32	36	35	43

[73] New Zimbabwe, *New broadcasting law seeks to end alleged ZBC bias towards Zanu PF.* Viewed at: https://www.newzimbabwe.com/new-broadcasting-law-seeks-to-end-alleged-zbc-bias-towards-zanu-pf.

[74] These commitments concern: acceptance of deposits; lending; financial leasing; all payment and money transmission services; guarantees and commitments; and services supplied by merchant banks (underwriting, portfolio management, development capital raising, and financial arrangements for mergers and takeovers).

[75] IPEC. Viewed at: http://www.ipec.co.zw.

		2011	2012	2013	2014	2015	2016	2017	2018
Nicoz Diamond	Non-life	21	23	28	27	29	29	32	41
Zimnat	Non-life	13	14	19	22	24	25	28	42
	Life	9	12	14	15	18	18	22	26
FBC (ex Eagle)	Non-life	8	13	15	17	18	19	19	22
Cell	Non-life	15	19	22	22	21	19	18	27

.. Not available.

Source: IPEC Quarterly Reports.

4.150. Conditions of establishment are spelt out in the Insurance Act[76] and in the respective principal regulations. The IPEC is the regulatory and prudential authority for the insurance industry. Motor vehicle third party insurance is compulsory under the Road Traffic Act; insurance rates are set by insurers but are subject to approval by the Ministry of Transport.

4.151. In 2017, new regulations amended and substantially increased the minimum capital requirements for insurers and insurance brokers. Minimum capital requirements were increased to: USD 5 million[77] for life assurance business, including funeral assurance; USD 2.5 million for non-life insurance business; USD 7.5 million for both types of insurance business; USD 5.0 million for reinsurance; and USD 2.5 million in the case of an insurer which carries on life assurance solely for the purpose of issuing funeral policies.[78] Some insurance companies in 2019 were below these new thresholds. As at 30 June 2019, two life and two non-life companies, and five funeral companies were not compliant.

4.152. Regarding market access, insurers and reinsurers are required to register for a specific class or classes of business, i.e. assistance, disability, fund, health, or life. There are no economic needs tests prior to obtaining a licence. Foreign-based insurers are not allowed to solicit business in Zimbabwe (Sections 7, 12 and 14 of the Act). Section 72 of the Act restricts the placement of insurance business abroad: no registered insurer or insurance broker shall place Zimbabwean insurance business with an insurer who carries on business outside Zimbabwe and who is not registered in Zimbabwe. Zimbabwean legislation is silent on whether residents may purchase policies from non-resident insurance companies (e.g. travel insurance).

4.153. The Act (Sections 8 and 17) limits the composition of foreign directors sitting on the board of an insurer. At least 50% of directors, trustees or other individuals who have administrative control over the insurance company must be Zimbabweans residing in Zimbabwe.

4.154. Reinsurers are required to register in Zimbabwe to conduct business. Also, a reinsurer must exhaust local reinsurance capacity before sourcing abroad (Insurance Act, Section 72). In practice, fronting is the rule, and Zimbabwean insurance companies enter into reinsurance arrangements with foreign reinsurers for most of their large underwriting business. For this reinsurance to be acknowledged for purposes of capital adequacy requirements, the foreign reinsurer must provide security in the form of a monetary deposit with the Zimbabwean primary insurer, or an irrevocable guarantee or a letter of credit issued by a Zimbabwean bank. Insurance brokers must be registered (Section 35); and there are no nationality restrictions.

4.155. There are no restrictions preventing foreigners from operating a pension fund in Zimbabwe. The Act recognizes external funds, defined as one whose head office is outside Zimbabwe. However, like a local fund, the fund must be registered in Zimbabwe, and must have a registered office under Section 12 of the Pension and Provident Funds Act. In addition, an external fund must appoint a principal officer who resides in Zimbabwe (Section 13). Furthermore, S.I. 80 of 2017 makes it mandatory for trustees of all pension funds to reside in Zimbabwe. Pension funds are generally

[76] Insurance Act, (Chapter 24:07). Viewed at: https://ipec.co.zw/wp-content/uploads/2018/03/Insurance-Act.pdf.

[77] Since June 2019, all amounts are expressed in Zimbabwe dollars, in principle at a rate of one to one.

[78] S.I. 95 of 2017, Insurance (Amendment) Regulations, 2017. Viewed at: http://www.veritaszim.net/sites/veritas_d/files/SI%202017-95%20Insurance%20%28Amendent%29%20Regulations%2C%202017%20%28No.19%29.pdf.

restricted from investing abroad (Section 18); however, foreign pension funds (with a head office abroad) with less than 13 Zimbabwean members can invest abroad.

4.4.7.2 Banking services

4.156. At end-2018, Zimbabwe's banking sector consisted of 18 banking institutions (excluding the Post Office), down from 24 in 2010; and 205 microfinance institutions, up from 114 in 2010 but down from 213 in 2005 (Table 4.15).

Table 4.15 Structure of the banking sector, 2005, 2010, 2016-19

Institution	2005	2010	2016	2017	2018	2019[a]
Commercial banks	13	15	13	13	13	13
Merchant banks	5	5	0	0	0	0
Discount houses	6	0	0	0	0	0
Finance houses	4	0	0	0	0	0
Building societies	4	4	5	5	5	5
Total	**32**	**24**	**18**	**18**	**18**	**18**
Savings banks	1	1	1	1	1	1
Microfinance institutions	213	114	185	183	205	210
Memo items:						
Banking sector loans and advances at year end (USD billion)	..	1.4	3.4	3.7	4.1	0.9[a]
Average capital adequacy ratio, % (minimum 12%)	25.8	17.6	23.7	26.8	27.7	32.6

.. Not available.

a First half of 2019.

Source: RBZ.

4.157. The rates of government participation and foreign ownership in the banking sector are presented in Table 4.16.

Table 4.16 Ownership structure of banking institutions, as at end of June 2019

(%)

Banking institutions	Government shareholding (%)	Local shareholding (%)	Foreign shareholding (%)
Commercial banks			
African Banking Corporation Zimbabwe Limited	0	0	100
Agricultural Bank of Zimbabwe (Agribank)	100	0	0
First Capital Bank Limited	0	48	52
CBZ Bank Limited	37	44	19
Ecobank Zimbabwe Limited	0	0	100
FBC Bank Limited	35	65	0
Nedbank Zimbabwe Limited	0	28	72
Metbank Limited	0	40	60
NMB Bank Limited	0	46	54
Stanbic Bank Zimbabwe Limited	0	0	100
Standard Chartered Bank Zimbabwe Limited	0	0	100
Steward Bank Limited	0	100	0
ZB Bank Limited	41	59	0
Building societies			
CABS	0	25	75
CBZ Building Society	37	44	19
FBC Building Society	35	65	0
National Building Society	100	0	0
ZB Building Society	41	59	0
Saving banks			
People's Own Savings Bank	100	0	0

Source: RBZ.

4.158. The RBZ is responsible for the regulation and supervision of banking institutions under the Banking Act of 2000. Other legislation applicable to the banking sector is described in Table 4.17. Foreign-owned banks may operate in Zimbabwe as locally incorporated subsidiaries of their foreign parent institutions, and are subject to the same supervisory requirements as domestic banks. Foreign branches and foreign representative offices are not allowed.

Table 4.17 Principal banking legislation, as at end of December 2018

Type of institution	Statute	Key requirements for establishing a domestic or foreign bank (e.g. minimum capital requirements)	Key activities
Commercial banks	Banking and Anti-money Laundering Act (Chapter 24:20) Banking Regulations S.I. 205/2000	Minimum current capital – USD 25 million; shareholding structure complying with stipulated holding limits for individuals, and financial and non-financial entities; shareholders with capacity to provide adequate capital on an ongoing basis; capital structure that does not prevent effective supervision; sound corporate governance and risk-management structures and systems; sound internal controls; fit and proper board, senior management and principal shareholders; viable business plan	Accepting deposits withdrawable by cheque or otherwise; lending; foreign exchange transactions; money market instruments; and custodial services, among others. Activities are prescribed in Section 7 of the Banking Act
Merchant banks	Banking and Anti-money Laundering Act (Chapter 24:20) Banking Regulations S.I. 205/2000	Minimum current capital – USD 25 million; other requirements, same as for commercial banks	Issuance of bankers' acceptances; acceptance of deposits; trade finance; corporate finance; and advisory services
Discount houses	Banking and Anti-money Laundering Act (Chapter 24:20) Banking Regulations S.I. 205/2000	Minimum current capital – USD 20 million; other requirements, same as for commercial banks	Discounting of bills; and short-term investments
Finance houses	Banking and Anti-money Laundering Act (Chapter 24:20) Banking Regulations S.I. 205/2000	Minimum current capital – USD 20 million; other requirements, same as for commercial banks	Hire-purchase financing; and financial leasing or factoring
Building societies	Building Societies Act (Chapter 24:02) and Regulations Some sections of the Banking Act and Banking Regulations	Minimum current capital – USD 20 million; other requirements, same as for commercial banks	Mortgage finance; savings accounts; and investments
People's Own Savings Bank	People's Own Savings Bank of Zimbabwe Act (Chapter 24:22) and some sections of the Banking Act	n.a.	Lending and savings accounts; and investments
Asset management companies	Asset Management Act (Chapter 24:26), Collective Investment Schemes Act (Chapter 24:19), and Regulations 1998	Under Securities and Exchange Commission	Fund management (unit trusts); and portfolio management

Type of institution	Statute	Key requirements for establishing a domestic or foreign bank (e.g. minimum capital requirements)	Key activities
Microfinance institutions and moneylending institutions	Microfinance Act (Chapter 24:29) and Money Lending and Rates of Interest Act (Chapter 14:14), as amended by the Microfinance Act	Minimum current capital – USD 5 million; other requirements same as for commercial banks; the target market is the unbanked and under-banked communities	Accepting deposits; offering credit facilities prescribed in the Banking Act except offering checking accounts; foreign exchange transactions; and speculative activities

n.a. Not applicable.

Source: RBZ.

4.159. The establishment of the Credit Registry in 2017 was designed to bolster credit underwriting standards in the banking sector and improve the credit referencing environment across the economy. As at 30 September 2019, the Credit Registry held 1.1 million records, of which 481,000 were active loan accounts. Individual records represented 98.3% of the active loan records. Total subscribers were 183, comprising 18 banking institutions and 160 microfinance institutions. Currently, foreign entities do not have access to the Credit Registry database, pending finalization of Credit Reporting Regulations, which will outline the requirements of foreign entities to access the database, including registration procedures, fees and proof of consent by data subject. Foreign entities may, however, request the data subject/borrower to furnish them with a copy of their latest Credit Report from the Credit Registry. The Movable Property Security Interests Act of 2017 established a Collateral Registry and the registration of security interests in movable assets, except for marine vessels and aircraft. It also provides for administration of the registry by the RBZ.

4.4.7.3 Securities regulation

4.160. The Zimbabwe Stock Exchange (ZSE)[79] is regulated by the Securities and Exchange Commission of Zimbabwe.[80] It is a member of the SADC Stock Exchange Committee, which includes Botswana, South Africa, Mauritius, Zambia, Lesotho, and Namibia. In 2019, the Securities Act of 2004 was being amended to develop new listing rules, a central securities depository, and securities regulations to conform to similar laws being implemented by other SADC members. This could make it easier for companies to seek dual listing in any of the SADC States.

4.161. Foreigners cannot collectively own more than 49% of a publicly listed company, according to the Monetary Policy Statement of 2016. Also, 30% of shares must be sold to the public when a company goes public on the Stock Exchange.

4.4.8 Selected professional services

4.4.8.1 Accountancy services

4.162. The Companies Act defines basic requirements for accounting, auditing, and financial reporting for companies registered under the Act. It requires that all companies apply the international accounting standards as adopted by the Public Accountants and Auditors Board (PAAB). Over the past decade, the profession continued to systematically adopt international standards; progress was made in the implementation of the International Financial Reporting Standard 9 which came into effect on 1 January 2018. The Standard is designed to enhance risk management and ensure that banks set aside provisions for loan losses in a timely manner. All Zimbabwe banks were to publish IFRS 9 compliant financial statements for 2018.

4.163. There are over 30 accountancy offices in Zimbabwe, including representations of several large international accountancy firms. The profession is regulated jointly by the PAAB and by

[79] ZSE. Viewed at: https://www.zse.co.zw/.
[80] Securities and Exchange Commission of Zimbabwe. Viewed at: http://www.seczim.co.zw/regulated-entities/exchanges/2-zse.

professional accountancy organizations, in conformity with the Chartered Accountants Act, the Chartered Accountants By-Laws, and the International Federation of Accountants (IFAC) Code of Ethics, under the responsibility of the Ministry of Finance. A report on the observance of Standards and Codes in Zimbabwe's accountancy and auditing profession was carried out by the World Bank in 2011.[81]

4.164. Only chartered accountants and accountancy firms may perform the functions of a statutory auditor or legal expert in accountancy. To exercise the profession of chartered accountant, it is compulsory to be a member of the Institute of Chartered Accountants of Zimbabwe (ICAZ), the main national association of chartered accountants, which has over 2,100 members. Half of the members are non-residents, mostly from South Africa, the United Kingdom and Commonwealth countries.

4.165. The objective of the Institute is to enhance the international standing and recognition of the Chartered Accountant (Zimbabwe) qualification for the benefit of its members, and to support them in providing quality services to the public.

4.166. The ICAZ has memoranda of understanding with the South African Institute of Chartered Accountants (SAICA) and with the Institute of Chartered Accountants in England and Wales (ICAEW). It is affiliated with them, and with the Chartered Accountants Australia and New Zealand; the Hong Kong Institute of Certified Public Accountants; Chartered Accountants Ireland; the CPA Canada; the Public Accountants and Auditors Board of Namibia; the Pan African Federation of Accountants; and the IFAC.

4.167. All professional accountants must be registered with the PAAB, either as general accountants, tax accountants, public accountants, and/or public auditors. Public accountants must be members in good standing of either the ICAZ; the Zimbabwe branch of the Chartered Association of Certified Accountants of the United Kingdom; the Zimbabwe branch of the Chartered Institute of Management Accountants of the United Kingdom; the Institute of Chartered Secretaries and Administrators in Zimbabwe; or the Institute of Certified Public Accountants of Zimbabwe (another professional association).[82]

4.4.8.2 Legal services

4.168. Providers of legal services in Zimbabwe are represented by the Law Society of Zimbabwe, which regulates the profession and controls its membership.[83] The Legal Practitioners Act deals with issues relating to market access; no change took place since 2011.[84] The number of companies providing legal services is not limited by regulation. However, the new establishment of foreign law companies is not allowed. Existing foreign-owned firms may hire only locally licensed professionals as employees. But foreign companies can associate with locally licensed professional as partners or shareholders. Local law companies can join international networks of law firms, subject to the jurisdiction of the latter. Since 2016, the new Code of Professional Conduct governs the practice of legal practitioners in Zimbabwe.[85]

4.169. A foreign-qualified lawyer wishing to become a legal practitioner must apply to the Ministry of Justice, which may waive the requirement of residency in Zimbabwe or in a reciprocating country (no reciprocity agreements were in force in 2019), having regard to the importance, complexity or special circumstances of the matter.

4.170. Foreigners holding an Bachelor of Law (LLB) "designated degree" and wishing to practice law in Zimbabwe must convert it into an LLBS qualification obtained from the Minister of Justice before applying for registration as legal practitioners. The Council for Legal Education designates degrees

[81] World Bank, *Report on the Observance of Standards and Codes (ROSC), Zimbabwe, Accounting and Auditing, 15 February 2011*. Viewed at: http://documents.worldbank.org/curated/en/209411468167384541/pdf/625750WP0ROSC000Box0361486B0PUBLIC0.pdf.

[82] IFAC, *Zimbabwe.* Viewed at: https://www.ifac.org/about-ifac/membership/country/zimbabwe.

[83] Law Society of Zimbabwe. Viewed at: http://lawsociety.org.zw.

[84] Zimbabwe Legal Information Institute, *Legal Practitioners Act (Chapter 27:07).* Viewed at: https://zimlii.org/zw/legislation/act/1981/15.

[85] S.I. 2016-111 Legal Practitioners (Designated Legal Qualifications) Notice 2016; and Law Society of Zimbabwe, *Draft Legal Practitioners Bill (2018).* Viewed at: http://lawsociety.org.zw/Downloadables/LegalPractitionersBill.pdf.

obtained from foreign countries through Conversion Exams, and issues a certificate to the applicant, who must, thereafter, submit it to the Law Society of Zimbabwe along with transcripts and degrees, with an application to the High Court for registration. In 2019, such designated degrees were accepted only from the University of Zimbabwe and the Midlands State University; however, reforms were underway in 2019 to accept degrees from other universities.

5 APPENDIX TABLES

Table A1.1 Balance of payments, 2011-18

(USD million)

	2011	2012	2013	2014	2015	2016	2017	2018[a]
Current account	-2,749	-2,278	-2,649	-2,334	-1,597	-697	-295	-1,413
Balance on goods	-2,926	-2,647	-2,686	-2,283	-2,114	-1,263	-951	-1,968
Exports	4,528	3,964	3,810	3,682	3,577	3,663	4,140	4,648
Imports	7,453	6,610	6,496	5,965	5,691	4,926	5,091	6,616
Balance on services	-1,477	-1,435	-1,541	-1,590	-1,137	-867	-654	-526
Exports	343	341	354	363	387	397	477	501
Imports	1,819	1,776	1,895	1,953	1,524	1,264	1,131	1,026
Balance on primary income	-246	-290	-290	-341	-366	-395	-387	-315
Credit	9	7	4	4	3	3	4	4
Debit	256	297	294	344	370	399	391	319
Balance on secondary income	1,899	2,094	1,868	1,880	2,020	1,827	1,697	1,396
Credit	1,912	2,109	1,888	1,901	2,044	1,853	1,726	1,424
Debit	13	14	19	21	24	26	29	29
Capital account	346	738	251	369	398	242	278	209
Financial account, net lending (+)/net borrowing (-)	-722	-1,075	-1,475	-1,758	-1,366	-898	-1,110	-790
Direct investment	-344	-350	-373	-473	-399	-343	-306	-707
Portfolio investment	-10	-99	-114	-130	-123	80	101	-55
Other investment	-368	-626	-987	-1,155	-844	-635	-905	-28
Net errors and omissions	1,681	465	923	207	-168	-443	-1,093	414
Memorandum items:								
Reserve assets	407	432	331	349	434	421	296	303
Monetary gold	1	1	0	0	16	0	1	0
Special drawing rights	253	143	143	134	128	122	112	56
Reserve position in the IMF	1	1	1	0	0	0	0	0
Other reserve assets	153	287	187	214	289	298	183	29
External payment arrears	4,234	4,501	4,749	5,261	4,958	5,036	5,393	5,555
Reserves in months of imports	0.7	0.8	0.6	0.7	0.9	1.0	0.7	0.5
Current account (% of GDP)	-19.5	-13.3	-13.9	-12.0	-8.0	-3.4	-1.3	-6.1

a Estimate.

Source: Information provided by the authorities.

Table A1.2 Merchandise exports by group of products, 2011-18

	2011	2012	2013	2014	2015	2016	2017	2018
Total exports (USD million)	3,512.1	3,882.4	3,507.3	3,063.7	2,704.1	2,832.3	3,480.4	4,037.2
	% of total							
Total primary products	70.2	75.2	70.4	60.3	63.8	60.6	62.1	60.1
Agriculture	33.3	33.4	35.7	39.6	43.5	40.1	30.2	29.0
Food	24.0	26.3	30.9	35.3	40.1	37.4	28.2	25.8
1212 - Tobacco, wholly or partly stemmed/stripped	18.2	19.1	24.6	26.0	31.5	31.1	22.4	20.9
0611 - Sugars, beet or cane, raw, in solid form	1.1	2.6	2.1	4.9	3.5	1.9	1.4	0.9
0741 - Tea, whether or not flavoured	0.5	0.5	0.6	0.6	0.7	0.6	0.6	0.6
1223 - Other manufactured tobacco	0.2	0.3	0.1	0.3	0.4	1.2	0.9	0.5
0577 - Edible nuts	0.1	0.1	0.2	0.3	0.4	0.4	0.4	0.4
Agricultural raw material	9.3	7.2	4.8	4.3	3.4	2.7	2.0	3.2
2631 - Cotton (other than linters), not carded or combed	7.3	5.5	2.8	2.2	1.8	0.6	0.8	1.7
2119 - Hides and skins, n.e.s.; waste and used leather	0.6	0.6	0.7	0.8	0.1	0.9	0.6	0.8
Mining	36.8	41.7	34.7	20.7	20.2	20.5	31.9	31.1
Ores and other minerals	32.9	36.6	27.9	14.5	17.1	18.3	29.8	28.9
2842 - Nickel mattes, nickel oxide sinters and other intermediate products of nickel metallurgy	15.0	9.1	11.7	0.1	0.8	1.2	12.5	13.0
2841 - Nickel ores and concentrates	9.8	9.2	9.3	11.6	8.1	10.4	10.6	9.8
2879 - Ores and concentrates of other non-ferrous base metals	0.4	0.0	0.0	0.0	0.0	0.8	2.7	2.4
2771 - Industrial diamonds, sorted, whether or not worked	6.4	16.9	5.4	0.9	5.8	3.8	2.3	2.3
2731 - Building or monumental (dimension) stone	0.4	0.4	0.5	0.8	1.2	1.2	0.8	0.6
2789 - Minerals, crude	0.2	0.2	0.3	0.4	0.6	0.5	0.5	0.5
Non-ferrous metals	3.2	4.2	5.9	5.7	1.6	2.0	1.4	1.2
6812 - Platinum and other metals of the platinum group	2.9	3.7	4.0	4.5	1.3	1.8	1.3	1.1
Fuels	0.8	1.0	1.0	0.5	1.5	0.3	0.7	1.0
3250 - Coke and semi-coke (including char) of coal, of lignite or of peat	0.7	0.9	0.5	0.0	0.0	0.0	0.5	0.6
3510 - Electric current	0.1	0.0	0.2	0.4	1.5	0.2	0.2	0.3
Manufactures	21.1	8.7	15.0	22.3	12.9	9.3	12.4	11.7
Iron and steel	3.4	3.5	4.5	9.2	6.1	4.3	8.1	6.2
6715 - Other ferro-alloys (excluding radioactive ferro-alloys)	3.2	3.3	4.2	8.9	5.9	4.2	8.1	6.1
Chemicals	0.8	0.5	0.9	0.7	0.8	0.5	0.4	0.4
Other semi-manufactures	2.8	1.8	6.0	8.9	2.6	1.4	0.7	1.0
Machinery and transport equipment	1.4	1.4	1.6	1.7	1.3	1.4	1.8	1.0
Power generating machines	0.0	0.0	0.0	0.0	0.1	0.0	0.5	0.1
Other non-electrical machinery	0.6	0.4	0.4	0.6	0.4	0.6	0.5	0.3
Agricultural machinery and tractors	0.1	0.2	0.1	0.2	0.1	0.1	0.1	0.0
Office machines & telecommunication equipment	0.0	0.0	0.0	0.1	0.1	0.1	0.0	0.0
Other electrical machines	0.3	0.3	0.3	0.4	0.4	0.3	0.3	0.3
Automotive products	0.2	0.2	0.3	0.3	0.2	0.1	0.2	0.1
Other transport equipment	0.2	0.4	0.5	0.3	0.2	0.3	0.2	0.2
Textiles	0.5	0.5	0.7	0.5	0.6	0.4	0.2	0.2
Clothing	0.1	0.1	0.1	0.1	0.3	0.3	0.3	0.4
Other consumer goods	12.1	0.9	1.2	1.3	1.2	1.0	0.8	2.4
8973 - Jewellery of gold, silver or platinum group metals and goldsmiths' or silversmiths' wares	0.0	0.0	0.0	0.0	0.0	0.0	0.1	1.7
Other	8.8	16.1	14.6	17.4	23.4	30.1	25.5	28.3
9710 - Gold, non-monetary	8.8	16.1	14.3	17.4	23.3	30.0	25.5	28.3

Source: WTO Secretariat's calculations, based on UNSD, Comtrade database (SITC Rev.3).

Table A1.3 Merchandise imports by group of products, 2011-18

	2011	2012	2013	2014	2015	2016	2017	2018
Total imports (USD millions)	8,599.3	7,362.5	7,704.2	6,379.8	6,002.2	5,211.6	4,962.1	6,258.9
	% of total							
Total primary products	32.1	41.5	37.7	42.0	44.1	49.7	46.2	42.6
Agriculture	15.4	19.6	14.8	15.6	17.1	20.5	15.3	12.2
Food	15.0	19.1	14.3	15.1	16.7	20.1	14.9	11.7
4211 - Soya bean oil and its fractions	0.6	1.1	0.5	0.9	1.8	2.4	2.1	2.0
0423 - Rice, semi-milled or wholly milled	0.9	1.4	1.4	1.8	2.0	2.1	2.0	1.8
0411 - Durum wheat	0.9	0.7	1.1	1.4	1.7	1.9	1.5	1.7
Agricultural raw material	0.4	0.5	0.5	0.4	0.4	0.3	0.4	0.5
Mining	16.7	21.8	23.0	26.4	26.9	29.3	30.8	30.4
Ores and other minerals	1.8	0.9	1.7	1.5	0.3	0.3	0.4	0.4
Non-ferrous metals	0.3	0.4	0.2	0.4	0.3	0.2	0.3	0.3
Fuels	14.6	20.6	21.0	24.5	26.4	28.8	30.1	29.7
3510 - Electric current	0.6	0.5	0.9	0.8	0.6	3.2	3.6	2.4
Manufactures	67.3	58.4	61.3	57.3	55.2	49.6	53.3	56.8
Iron and steel	1.9	2.1	1.9	2.3	2.3	2.6	2.4	2.8
Chemicals	31.8	15.0	24.5	17.4	15.7	14.7	16.8	18.8
5621 - Mineral or chemical fertilizers, nitrogenous	0.5	0.7	1.0	2.5	1.0	0.6	2.0	2.6
5429 - Medicaments	0.8	1.9	1.8	3.0	2.6	2.4	1.9	2.2
5629 - Fertilizers	22.9	3.6	12.7	1.4	1.4	0.7	1.3	1.2
5913 - Weed-killers	0.2	0.2	0.2	0.2	0.3	0.3	0.4	0.9
5911 - Insecticides	0.3	0.3	0.3	0.3	0.5	0.5	0.6	0.8
5623 - Mineral or chemical fertilizers, potassic	0.2	0.2	0.2	0.2	0.3	0.4	0.7	0.8
5711 - Polyethylene	0.2	0.5	0.4	0.5	0.5	0.6	0.6	0.7
5986 - Organic chemical products	0.2	0.3	0.3	0.4	0.4	0.5	0.8	0.7
Other semi-manufactures	5.4	6.7	5.7	7.1	7.6	6.8	6.9	7.1
Machinery and transport equipment	24.1	28.9	23.2	23.4	23.5	20.7	22.1	23.1
Power generating machines	0.7	0.9	0.6	0.6	0.7	0.9	1.2	0.4
Other non-electrical machinery	5.8	7.3	7.2	7.9	7.8	7.5	6.9	8.0
7232 - Mechanical shovels, excavators and shovel-loaders, self-propelled	0.4	0.6	0.7	0.7	0.5	0.6	0.6	1.0
7283 - Machinery for sorting, screening, separating, washing, crushing, etc	0.6	0.8	0.9	0.6	0.7	0.6	0.6	0.7
Agricultural machinery and tractors	0.5	0.6	0.6	0.8	0.8	0.7	0.6	0.7
Office machines & telecommunication equipment	2.8	3.0	3.8	3.9	4.9	3.8	4.7	2.9
7643 - Transmission apparatus for radio-telephony, radio-broadcasting or television	0.3	0.4	0.7	0.8	0.3	0.3	0.3	0.9
Other electrical machines	2.1	2.3	2.3	2.3	2.3	2.0	2.3	1.6
Automotive products	11.9	14.5	8.7	7.8	7.0	5.8	6.2	9.1
7812 - Motor vehicles for the transport of persons	5.7	7.2	3.3	3.1	2.5	2.1	2.5	3.7
7821 - Motor vehicles for the transport of goods	4.4	5.3	3.5	2.7	2.9	2.2	2.2	3.5
7832 - Road tractors for semi-trailers	0.7	0.4	0.5	0.5	0.4	0.4	0.5	0.8
Other transport equipment	0.8	0.8	0.7	0.9	0.8	0.8	0.8	1.2
Textiles	1.2	1.4	1.2	1.3	1.1	0.9	1.2	1.1
Clothing	0.3	0.3	0.6	0.5	0.4	0.4	0.3	0.4
Other consumer goods	2.7	4.0	4.0	5.4	4.5	3.4	3.5	3.5
8931 - Articles for the conveyance or packing of goods, of plastics	0.4	0.5	0.6	0.7	0.7	0.7	0.6	0.9
Other	0.5	0.2	1.0	0.7	0.7	0.7	0.5	0.6

Source: WTO Secretariat's calculations, based on UNSD, Comtrade database (SITC Rev.3).

Table A1.4 Merchandise exports by destination, 2011-18

	2011	2012	2013	2014	2015	2016	2017	2018
Total exports (USD million)	3,512.1	3,882.4	3,507.3	3,063.7	2,704.1	2,832.3	3,480.4	4,037.2
	% of total							
Americas	0.9	0.4	0.1	0.1	0.1	0.1	0.1	0.1
United States	0.6	0.4	0.1	0.1	0.1	0.1	0.0	0.1
Other America	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Europe	6.9	3.3	0.9	5.0	1.1	2.2	1.8	1.5
EU-28	6.3	2.9	0.9	5.0	1.0	2.2	1.8	1.5
Belgium	1.7	1.2	0.8	4.1	0.7	1.6	1.5	1.0
Netherlands	0.1	0.1	0.0	0.1	0.2	0.1	0.1	0.1
Italy	1.7	1.1	0.0	0.1	0.0	0.0	0.1	0.1
Germany	0.9	0.4	0.0	0.1	0.0	0.1	0.1	0.1
United Kingdom	0.9	0.1	0.0	0.2	0.1	0.1	0.0	0.1
EFTA	0.6	0.4	0.0	0.0	0.0	0.0	0.0	0.0
Other Europe	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commonwealth of Independent States	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Russian Federation	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Africa	76.9	80.6	90.4	90.8	91.7	93.4	76.5	64.6
South Africa	67.2	68.9	74.5	67.0	71.1	79.4	62.7	51.5
Mozambique	3.7	7.3	10.5	18.8	15.1	9.5	10.5	9.7
Zambia	2.4	2.5	3.3	3.4	3.4	2.5	1.7	1.6
Botswana	1.1	1.3	1.3	0.9	1.1	1.0	0.6	0.8
Kenya	0.1	0.0	0.0	0.0	0.0	0.4	0.5	0.5
Namibia	0.1	0.0	0.2	0.3	0.5	0.3	0.3	0.2
Malawi	0.6	0.1	0.2	0.2	0.1	0.1	0.2	0.2
Democratic Republic of the Congo	0.5	0.4	0.3	0.1	0.1	0.0	0.0	0.0
Sudan	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Middle East	6.9	13.2	7.7	3.4	6.0	4.2	6.4	18.1
United Arab Emirates	5.9	12.4	6.5	3.1	5.5	4.1	6.4	18.1
Asia	8.3	2.4	0.9	0.6	0.2	0.1	0.1	1.0
China	5.3	2.2	0.9	0.4	0.2	0.0	0.0	0.9
Japan	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Asia	2.8	0.2	0.0	0.1	0.1	0.1	0.1	0.1
Hong Kong, China	0.3	0.1	0.0	0.1	0.0	0.0	0.0	0.0
Viet Nam	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Indonesia	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.1	0.9	0.0	15.1	14.7
Unspecified	0.0	0.0	0.0	0.1	0.9	0.0	15.1	14.7
Memo:								
SADC	76.7	80.6	90.4	90.7	91.6	92.9	75.8	64.0
COMESA	4.3	3.1	3.9	3.7	3.8	3.1	2.4	2.4

Source: WTO Secretariat's calculations, based on UNSD, Comtrade database.

Table A1.5 Merchandise imports by origin, 2011-18

	2011	2012	2013	2014	2015	2016	2017	2018
Total imports (USD million)	8,599.3	7,362.5	7,704.2	6,379.8	6,002.2	5,211.6	4,962.1	6,258.9
	% of total							
Americas	7.8	8.1	2.6	1.9	1.7	3.1	2.2	2.1
United States	6.9	7.6	2.2	1.2	1.2	1.3	0.8	0.8
Other America	0.9	0.5	0.4	0.7	0.5	1.8	1.4	1.3
Canada	0.2	0.1	0.1	0.1	0.1	0.2	0.3	0.4
Europe	5.7	22.0	23.8	9.8	6.3	5.9	6.5	8.5
EU-28	5.0	21.2	22.8	8.6	5.8	5.3	6.1	8.0
United Kingdom	2.2	17.2	18.4	3.3	1.6	1.8	2.2	3.6
Denmark	0.3	0.3	0.6	0.5	0.5	0.5	0.5	0.7
Germany	1.0	0.9	0.9	1.0	0.6	0.7	0.4	0.5
Netherlands	0.2	0.3	0.5	0.4	0.3	0.3	0.4	0.5
France	0.2	0.4	0.5	0.7	0.5	0.4	0.4	0.5
EFTA	0.5	0.6	0.9	1.2	0.4	0.6	0.3	0.4
Switzerland	0.5	0.6	0.9	1.2	0.4	0.5	0.3	0.4
Other Europe	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1
Commonwealth of Independent States	0.2	0.6	0.3	0.6	0.6	0.4	0.5	0.7
Russian Federation	0.2	0.3	0.2	0.6	0.4	0.3	0.5	0.6
Africa	66.6	54.9	58.2	53.4	50.0	52.7	50.5	50.0
South Africa	56.2	42.2	47.5	42.9	38.4	41.3	40.6	39.3
Mauritius	1.4	0.5	0.6	0.8	0.8	1.4	2.1	2.9
Zambia	2.5	6.7	3.4	2.8	4.6	3.5	2.5	2.8
Mozambique	2.0	2.2	2.6	2.3	2.8	3.1	2.3	2.0
Botswana	2.4	1.5	2.3	2.3	0.9	0.8	0.6	0.8
Malawi	1.0	0.6	0.6	0.7	0.7	0.8	0.6	0.5
Eswatini	0.3	0.3	0.3	0.4	0.6	0.7	0.4	0.5
Middle East	10.5	3.5	1.8	2.1	1.7	1.5	1.9	2.4
United Arab Emirates	0.8	1.2	1.3	1.7	1.3	1.2	1.5	2.0
Asia	9.2	10.9	13.4	32.2	39.7	36.3	38.3	36.3
China	4.3	4.8	5.7	6.3	7.6	7.0	8.7	5.7
Japan	0.5	1.3	1.8	2.4	2.2	1.9	2.5	3.4
Other Asia	4.5	4.8	5.9	23.5	29.9	27.4	27.1	27.1
Singapore	0.4	0.4	0.8	18.3	22.3	21.5	22.3	21.7
India	2.0	2.0	2.0	2.1	4.0	3.2	2.1	2.7
Thailand	0.5	0.3	0.3	0.8	0.9	0.7	1.1	1.1
Hong Kong, China	0.5	0.6	0.8	0.8	1.5	0.9	1.0	0.9
Other	0.0	0.1	0.0	0.0	0.0	0.0	0.1	0.0
Memo:								
SADC	66.1	54.3	57.6	52.8	49.5	52.2	49.9	49.2
COMESA	5.8	8.7	5.4	5.3	7.2	6.9	6.2	7.4

Source: WTO Secretariat's calculations, based on UNSD, Comtrade database.

Table A1.6 International transactions in services by sector, 2011-18

(USD million)

	2011	2012	2013	2014	2015	2016	2017	2018[a]
Trade balance on services	-1,476.6	-1,434.9	-1,541.1	-1,590.0	-1,137.1	-867.1	-654.1	-525.6
Exports[b]	342.6	340.9	353.9	363.3	386.7	396.7	476.6	500.5
Transport, of which:	100.5	85.6	85.2	87.6	89.4	91.3	223.6	213.9
Air transport	12.0	12.6	13.2	13.8	14.4	15.1	8.8	8.6
Other modes of transport	88.5	73.1	72.1	73.8	75.0	76.2	214.8	205.4
Travel	151.8	160.8	169.9	172.3	174.8	177.3	149.2	182.1
Business	26.5	29.0	31.0	31.4	31.9	32.3	44.7	54.6
Personal, of which:	125.3	131.8	138.9	140.9	142.9	145.0	104.4	127.4
Health-related	89.0	97.0	100.0	101.4	102.8	104.3	3.0	1.8
Education related	1.7	1.8	1.9	2.0	2.0	2.1	11.9	14.6
Charges for the use of intellectual property n.i.e.	1.9	2.0	2.1	2.2	2.3	2.4	0.0	0.0
Telecommunications services	2.2	2.3	2.4	2.5	2.6	2.8	13.9	9.5
Professional and management consulting services	56.1	58.7	61.4	64.3	67.3	70.4	41.3	43.6
Technical, trade-related, and other business services	3.6	3.7	3.9	4.1	4.3	4.5	0.0	0.0
Government goods and services n.i.e.	26.5	27.7	28.9	30.3	46.0	48.1	47.7	48.8
Imports[b]	1,819.2	1,775.7	1,895.0	1,953.2	1,523.8	1,263.8	1,130.7	1,026.2
Transport, of which:	1,024.2	943.9	949.5	992.3	454.1	372.4	337.7	398.4
Air transport	85.6	111.1	100.2	104.9	75.9	75.4	60.2	68.0
Other modes of transport	934.9	829.0	845.2	883.2	373.7	292.4	223.0	265.3
Postal and courier services	3.7	3.9	4.1	4.2	4.4	4.7	1.4	0.3
Travel	228.0	272.2	337.4	342.1	476.2	326.9	314.6	247.5
Business	4.6	7.3	7.2	8.0	9.5	7.8	5.8	6.4
Personal, of which:	223.4	264.9	330.2	334.2	466.7	319.0	308.8	241.1
Health-related	149.6	187.0	251.2	251.5	373.6	260.2	5.9	6.4
Education related	69.2	70.6	71.8	75.1	93.1	58.8	60.1	65.4
Charges for the use of intellectual property n.i.e.	8.8	9.3	17.8	18.7	19.5	10.4	4.3	2.5
Telecommunications, computer, and information services	9.2	9.6	10.1	10.5	11.0	11.6	48.9	60.3
Telecommunications services	9.2	9.6	10.1	10.5	11.0	11.6	2.3	3.5
Computer services	0.0	0.0	0.0	0.0	0.0	0.0	45.3	56.3
Information services	0.0	0.0	0.0	0.0	0.0	0.0	1.3	0.5
Professional and management consulting services	444.5	428.9	463.4	460.2	386.5	429.6	170.4	74.0
Technical, trade-related, and other business services	51.2	58.1	61.1	67.0	70.4	66.9	122.1	116.0
Personal, cultural, and recreational services	4.2	8.8	18.3	9.6	49.3	10.0	3.2	5.9
Government goods and services n.i.e.	49.0	44.8	37.4	52.7	56.7	36.1	21.2	17.7

a Estimate.
b Only major categories are presented in the Table.

Source: Information provided by the authorities.