

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT
POLICY

Voluntary - Public

Date: 1/31/2018

GAIN Report Number:

Zimbabwe

Post: Pretoria

Zimbabwe Announces a New Guideline on Investment and Opportunities

Report Categories:

Agricultural Situation

Agriculture in the Economy

Agriculture in the News

Approved By:

Kyle Bonsu

Prepared By:

Wellington Sikuka

Report Highlights:

On January 18, 2018, recently installed Zimbabwean President Emmerson Mnangagwa issued the national investment policy statement that outlines the guidelines for investing in Zimbabwe, and the available opportunities. The policy statement is part of the many efforts by the new government to attract investors and revitalize the poorly performing economy. If implemented effectively, this policy could result in an increase in agriculture production and growth of the Zimbabwean economy. Post projects that trade opportunities for the United States may include non-genetically modified (GM) seeds, rice, food ingredients, consumer oriented products, animal feed, animal genetics, bovine semen, dairy products, plant varieties, wheat, sorghum, legumes, hops for beer production, and liquor products mainly whisky.

Introduction

On January 18, 2018, the Zimbabwean President Emmerson Mnangagwa, issued the national investment policy statement that outlines the guidelines for investing in Zimbabwe, and the available opportunities. [Download the Investment Guidelines and Opportunities in Zimbabwe](#). The policy statement is part of the many efforts by the new government to attract investors and revitalize the poorly performing economy of the past Administration. In addition, the guidelines seek to address the various investor concerns, mainly property rights uncertainty, political uncertainty, corruption, and ineffective government services and policies. Most importantly, there seems to be an emphasis in aligning some domestic policies to international best practices and widely accepted investment protection agreements. The priority sectors identified by the policy statement include mining, manufacturing, agriculture, infrastructure development and dam construction. Although, the policy statement has been widely accepted as a move in the right direction, some media articles have argued that investors will likely wait for the elections in 2018 prior to making substantive commitments.

Below is a discussion of the potential opportunities for the United States and guidelines pertaining to the agriculture sector.

Implications for the United States

According to media reports, while the policy statement has been widely accepted as a move in the right direction, some media articles have argued that investors will likely wait for the elections in 2018 prior to making substantive commitments. However, if the policy statement is implemented effectively as presented, there is potential for growth of the Zimbabwe agriculture sector and the economy, which may present opportunities for the United States. Post expects that initial trade opportunities for the United States may include non-genetically modified (GM) seeds, rice, food ingredients, consumer oriented products, animal feed, animal genetics, bovine semen, plant varieties, wheat, sorghum, legumes, hops for beer production, and liquor products mainly whisky. **Table 2** at the end of the report shows the main agricultural commodities currently imported by Zimbabwe. If the food processing and manufacturing sector grows as planned, there will be potential for trade opportunities in food ingredients and such imports of raw materials would be duty free if not available in Zimbabwe. **Table 3** at the end of the report shows that South Africa is the main agricultural exporter to Zimbabwe accounting for about forty-nine percent of the total Zimbabwe agricultural imports in 2016. The United States agricultural exports to Zimbabwe range between US\$5 Million to US\$19 Million, and accounted for about two percent of the total Zimbabwe agricultural imports in 2016. As a result, growth in United States agricultural exports could be achieved through direct exports to Zimbabwe or through South African food distributors that export to Zimbabwe.

Zimbabwe Agriculture Sector Priorities

The key priority areas and matters within the agriculture sector that were identified by the policy statement are as follows:

- **Compensation for losses sustained through the Land Reform Program.**

The Government of Zimbabwe has stated its intention to fairly compensate commercial farmers who lost their investments through the land redistribution program implemented by the prior administration in early 2000. In addition, to ensure that property rights are protected in future, there has been a mention of complying with widely accepted investment protection agreements such as the Overseas Private Investments Corporation (OPIC) and Multilateral Investment Guarantee Agency (MIGA), International Convention on Settlement of Disputes (ICSID), New York Convention on the enforcement of arbitral awards, and the United Nations Convention on International Trade Law (UNCITRAL). If government implements these measures, there is potential of boosting agriculture production in Zimbabwe, as property rights certainty and protection would result in financial institutions issuing loans and funding to farmers based on using land as collateral. The projected increase in agricultural production may present trade opportunities for the United States in supplying non-genetically modified (GM) seeds, animal feed, animal genetics, bovine semen and plant varieties.

- **Amendment of the Indigenization and Economic Empowerment Act.**

The Government of Zimbabwe has stated its intention to amend the indigenization and Economic Empowerment Act in order to ensure certainty for investors. The requirement for firms to be 51% owned by Zimbabweans will now only apply to the diamond and platinum sectors. While the Government of Zimbabwe will encourage partnerships between international and Zimbabwean firms, the proposed amendment will provide some relief and certainty for agribusinesses and food companies resulting in increased investments into the agricultural sector.

- **Incentives for Investors in Special Economic Zones.**

The Government of Zimbabwe plans to accelerate the establishment of Special Economic Zones (SEZs) in order to attract investment and increase exports. The SEZs are aimed at promoting value addition including food processors and manufactures by offering targeted and specific incentives to qualifying investments e.g. lower taxes, duty free importation of capital equipment, duty free imports of raw materials not found in Zimbabwe. This may present trade opportunities for the United States in supplying food ingredients, hops for beer production, sorghum, bovine semen and animal feed.

- **Dam Construction.**

The Government of Zimbabwe has identified at least twenty dams that are planned to be constructed for electricity generation, general water utilization and to promote agriculture irrigation. If achieved, the availability of irrigation water could boost agricultural production.

- **Investment Opportunities.**

Investment opportunities identified by the policy statement in agricultural value addition include tobacco, cotton, timber, sugar milling, meat processing, canning of vegetables and fruits. Other agriculture opportunities include the provision of financial and technical services, greenhouse production of vegetables and flowers, fruits production, livestock production, dairy farming, tobacco farming and soya beans production.

- **Policies and Regulations.**

The Government of Zimbabwe has stated its intentions to ensure that the economy and policies will be founded on sound market principles including liberalized trade arrangements that will support the imports and exports of products or services. This may present trade opportunities for the United States in supplying non-genetically modified (GM) seeds, rice, food ingredients, consumer oriented products, animal feed, animal genetics, bovine semen, plant varieties, wheat, sorghum, legumes, hops for beer production, and liquor products mainly whisky.

The contact details pertaining to the guidelines for investing in Zimbabwe, and the available opportunities are as follows:

One Stop Shop Investment Centre
 Tel: +263 4 757 9315/ 759 9115 Fax: +263 773843
 Email: info@zia.co.zw

Conclusion

While some of these opportunities may only be achievable over time, Post recommends that the United States starts as early as possible to build contacts, develop market intelligence, and start engaging the new Zimbabwean government and industry on trade policies and the importance of adopting scientifically based regulations. Supporting Zimbabwe’s adoption of biotechnology, and initiating capacity building and technical assistance programs, such as the Cochran and Borlaug Fellowship would be the most practical and recommended initiatives to commence at this stage.

Table 1: Other Related Zimbabwe Reports

Name of Report	Link
Grain and Feed Annual Report	Download
Cotton Production and Consumption in Zimbabwe	Download
The supply and demand for sugar in Zimbabwe	Download

Table 2: Top 25 Agricultural Commodities Exported to Zimbabwe

Zimbabwe Import Statistics			
Commodity: Agricultural Total, Group 2 (2012)			
Calendar Year: 2014 - 2016			
Commodity Description	2014	2015	2016
World	976,344,626	1,016,024,646	1,079,599,404

Corn (Maize)	127,253,041	172,835,836	303,354,445
Soybean (Oil, Oilcake, Flour)	80,603,540	147,138,179	176,623,430
Durum Wheat	91,499,801	99,981,026	97,717,669
Rice	96,302,075	105,702,381	87,974,284
Food/ Drink Ingredients	30,755,794	30,759,765	38,122,047
Animal Feed	29,252,332	19,920,248	21,336,432
Rice	16,898,484	12,622,549	20,568,572
Wheat Flour	34,585,301	45,447,327	19,876,438
Pasta	14,095,351	17,953,113	18,425,456
Sauces	16,314,061	18,598,085	18,084,206
Tobacco	18,177,898	6,400,605	13,986,230
Cane/Beet Sugar	19,240,357	21,140,572	13,677,359
Non-alcoholic Beverages	5,875,309	7,667,729	12,505,382
Food Preparations	24,127,471	21,953,273	11,709,248
Grain Sorghum	1,979,860	6,215,466	11,592,125
Corn (Maize) Seed	3,849,905	9,752,042	10,227,956
Vegetable Fats & Oils	7,912,186	7,587,220	8,629,563
Palm Oil	5,347,238	5,308,634	8,204,767
Waters (Mineral & Aerated)	27,389,535	28,407,291	7,808,664
Peanuts	6,095,672	4,818,358	7,251,615
Fruit And/Or Vegetable Juices	8,688,422	7,543,344	7,240,923
Margarine	6,532,457	6,403,162	5,809,078
Flour Meal	7,849,775	5,387,344	5,459,486
Peas	290,186	492,408	4,980,253
Apples, Fresh & Dried	3,218,995	5,179,272	4,666,792

Source: Global Trade Atlas

Table 3: Top 20 Agricultural Exporters to Zimbabwe

Zimbabwe Import Statistics			
Commodity: Agricultural Total, Group 2 (2012)			
Calendar Year: 2014 - 2016			
Partner Country	United States Dollars		
	2014	2015	2016

World	976,344,626	1,016,024,646	1,079,599,404
South Africa	543,329,028	487,500,147	529,932,228
Zambia	124,855,156	223,728,820	136,138,858
Mexico	119,128	0	53,549,927
Mauritius	15,303,735	15,642,582	40,412,839
Swaziland	26,034,024	35,912,353	38,703,661
Mozambique	35,990,317	43,024,144	35,406,712
Malawi	29,593,052	26,660,814	34,117,533
Thailand	46,501,018	50,517,734	32,572,296
United Kingdom	3,258,289	3,243,887	19,528,549
United States	6,119,545	5,413,145	18,687,936
China	2,424,891	9,198,984	17,408,472
United Arab Emirates	11,142,667	18,660,810	14,220,602
Pakistan	30,922,246	18,482,867	14,151,239
Russia	18,889,799	13,118,896	13,681,963
Turks & Caicos Islands	990,715	4,182,681	8,637,826
Australia	5,299,155	29,075	7,996,027
Poland	1,302,962	1,111,710	7,435,219
Egypt	5,650,177	4,693,477	7,096,595
Lithuania	413,906	0	6,139,412
India	7,221,776	8,404,826	6,011,951

Source: Global Trade Atlas

Table 4: Sources of Information

Name	Link
Zimbabwe Investment Authority	http://www.investzim.com/index.php/media-centre/item/360
Tralac	https://www.tralac.org/news/article/12608-investors-slow-to-engage-zim.html
Pindula Online News	https://news.pindula.co.zw/2018/01/22/eu-council-adopts-conclusions-mnangagwas-administration/
The Independent	https://www.theindependent.co.zw/2018/01/19/govt-unveils-new-blueprint/