



Doing Business in Zimbabwe: 2013 Country

Commercial Guide for U.S. Companies

INTERNATIONAL COPYRIGHT, U.S. & FOREIGN COMMERCIAL SERVICE AND U.S. DEPARTMENT OF STATE, 2010. ALL RIGHTS RESERVED OUTSIDE OF THE UNITED STATES.

- [Chapter 1: Doing Business In ...](#)
- [Chapter 2: Political and Economic Environment](#)
- [Chapter 3: Selling U.S. Products and Services](#)
- [Chapter 4: Leading Sectors for U.S. Export and Investment](#)
- [Chapter 5: Trade Regulations, Customs and Standards](#)
- [Chapter 6: Investment Climate](#)
- [Chapter 7: Trade and Project Financing](#)
- [Chapter 8: Business Travel](#)
- [Chapter 9: Contacts, Market Research and Trade Events](#)
- [Chapter 10: Guide to Our Services](#)

[Return to table of contents](#)

Chapter 1: Doing Business in Zimbabwe

- [Market Overview](#)
- [Market Challenges](#)
- [Market Opportunities](#)
- [Market Entry Strategy](#)
- [Market Fact Sheet link](#)

Market Overview

[Return to top](#)

- Zimbabwe generally ranks poorly in global comparisons of economic competitiveness. For example, in the World Bank's "Doing Business" rankings for 2013, Zimbabwe is number 172 out of 185 economies studied.
- The government of Zimbabwe estimates that the economy grew by 4.4 percent in 2012 and projects real economic growth to rise slightly to 5.0 percent in 2013.
- The government expects growth to be constrained by the continued tight liquidity situation, limited growth in government revenues, and a widening current account deficit. The current account deficit is caused by sluggish growth in exports against rising demand for imports and low capital inflows.
- In 2009 adoption of the multicurrency monetary regime, under which nearly all business is done in U.S. dollars, brought stability and restored business confidence. It also imposed a hard budget constraint on public spending. In spite of this, the performance of public finances remains under pressure from high employment costs and food imports.
- Zimbabwe's year-on-year rate of inflation ended 2012 at 2.9 percent, and the government expects it to remain below five percent in 2013.
- As at the end of 2012, exports totaled US\$3.8 billion while imports amounted to US\$7.5 billion giving a trade deficit of US\$3.6 billion.
- Dollarization in 2009 eliminated exchange controls on current account transactions, but some controls remain on capital account transactions.
- Zimbabwe is pursuing an International Monetary Fund (IMF) Staff-Monitored Program (SMP) as an important step towards full re-engagement with international financial institutions (IFIs). In June 2012, an IMF mission recognized the encouraging steps taken by the government toward resolving its debt overhang of over US\$10.7 billion. Following lifting of a technical assistance ban by the IMF in October 2012, the government and the IMF initiated discussions on a possible SMP. These discussions are currently at an advanced stage.

Market Challenges

[Return to top](#)

- The inconsistent application of “indigenization” regulations that set minimum ownership levels of enterprises valued over \$500,000 for black Zimbabweans at 51 percent in most economic sectors continues to discourage investment.
- Disruption of commercial farming continues under the government's "fast-track land reform" policy. Uncertainty of land tenure on resettled farms increases the risk to agricultural investments.
- General 2013 elections, which the government expects to occur sometime between June and September, have dampened sentiment and most investors have adopted a wait-and-see attitude until after the plebiscite. In recent years, election related violence has made business conditions more difficult.
- Frequently changing policies and their inconsistent application, often based on political or personal grounds, creates additional challenges for planning and operating businesses in Zimbabwe.
- High wage demands not in line with growth in productivity continue to raise the cost of doing business in Zimbabwe.
- Zimbabwe's arrears in payments to international financial institutions and high external debt overhang of over US\$10.7 billion limits the country's ability to access official development assistance at concessional rates. Banks in Zimbabwe still do not offer financing over periods longer than two years with most financing available for 90 days or less.

Market Opportunities

[Return to top](#)

Despite the market challenges discussed above, American businesses may find significant opportunities in Zimbabwe.

- As long as the government remains committed to the current multi-currency regime, there is minimal exchange-rate risk.
- If the 2013 elections are peaceful and a stable political environment prevails, economic growth could easily exceed the projected five percent in 2013.
- Growth has been especially strong in mining and agriculture, opening opportunities for equipment manufacturers and investors.
- The continued growth in import demand for consumer goods against the background of low domestic industrial production creates opportunities for U.S. exporters in this sector. Additionally, a growing number of Zimbabwean companies are interested in selling U.S. products.

Market Entry Strategy

[Return to top](#)

- Potential investors should consider partnering with local investors who know the market and understand Zimbabwe's business environment. Partnering with black investors will be in line with the GOZ's indigenization program.
- The government has expressed interest in public-private partnerships, especially in infrastructure sectors such as power generation and road construction.

[Return to table of contents](#)



COUNTRY FACT SHEET: ZIMBABWE

PROFILE

Population in 2011 (Millions): 13

Capital: Harare

ECONOMY

	2009	2010	2011
Nominal GDP (Current Billions \$U.S.)	6.1	7.4	9.5
Nominal GDP Per Capita (Current \$US)	488	591	752
Real GDP Growth Rate (% change)	6.3	9.6	9.4
Real GDP Growth Rate Per Capita (% change)	6.3	9.6	9.4
Consumer Prices (% change)	6.2	3.0	3.5
Unemployment (% of labor force)			

Economic Mix in 2011: 22.9% All Industries; 11.2% Manufactures; 64.3% Services; 12.8% Agriculture

FOREIGN MERCHANDISE TRADE (\$US Millions)

	2009	2010	2011
Zimbabwe Exports to World	2,269	3,199	3,512
Zimbabwe Imports from World	3,527	9,051	8,599
U.S. Exports to Zimbabwe	85.5	67.6	61.5
U.S. Imports from Zimbabwe	22.1	58.9	51.4
U.S. Trade Balance with Zimbabwe	63.4	8.7	10.1
Position in U.S. Trade:			
Rank of Zimbabwe in U.S. Exports	147	157	164
Rank of Zimbabwe in U.S. Imports	150	136	140
Zimbabwe Share (%) of U.S. Exports	0.01	0.01	0
Zimbabwe Share (%) of U.S. Imports	0	0	0

Principal U.S. Exports to Zimbabwe in 2011:

1. Transportation Equipment (31.6%)
2. Machinery, Except Electrical (17.4%)
3. Food & Kindred Products (15.3%)
4. Computer & Electronic Products (13.4%)
5. Chemicals (7.6%)

Principal U.S. Imports from Zimbabwe in 2011:

1. Primary Metal Mfg (87.2%)
2. Agricultural Products (3.7%)
3. Food & Kindred Products (2.6%)
4. Miscellaneous Manufactured Commodities (1.6%)
5. Leather & Allied Products (1.6%)

FOREIGN DIRECT INVESTMENT

	2009	2010	2011
U.S. FDI in Zimbabwe (US \$Millions)			
FDI in U.S. by Zimbabwe (US \$Millions)			

DOING BUSINESS/ECONOMIC FREEDOM RANKINGS

World Bank Doing Business in 2012 Rank: 172 of 185

Heritage/WSJ 2012 Index of Freedom Rank: 178 of 179

Source: Created by USDOC/ITA/OTII-TPIS from many sources: FDI from USDOC, Bureau of Economic Analysis. US Trade from USDOC, Census Bureau, Foreign Trade Division. Zimbabwe Trade with World from United Nations where available. National Macroeconomic data from IMF/World Bank databases including World Economic Outlook and World Development Indicators. .WORLD and other country aggregates are summaries of available UN COMTRADE, IMF and other data, and coverage varies over time and by source, but typically represents greater than 85 percent of world trade and production. Note: Principal U.S. Exports and Imports Are 3-digit NAICS Categories

[Return to table of contents](#)

Chapter 2: Political and Economic Environment

Please follow this link: <http://www.state.gov/r/pa/ei/bgn/5479.htm>

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 3: Selling U.S. Products and Services

- [Using an Agent or Distributor](#)
- [Establishing an Office](#)
- [Franchising](#)
- [Direct Marketing](#)
- [Joint Ventures/Licensing](#)
- [Selling to the Government](#)
- [Distribution and Sales Channels](#)
- [Selling Factors/Techniques](#)
- [Electronic Commerce](#)
- [Trade Promotion and Advertising](#)
- [Pricing](#)
- [Sales Service/Customer Support](#)
- [Protecting Your Intellectual Property](#)
- [Due Diligence](#)
- [Local Professional Services](#)
- [Web Resources](#)

Using an Agent or Distributor

[Return to top](#)

Usage of local agents and distributors by foreign firms is common, with companies' selection of local representation dependent on their existing distribution infrastructure and ability to provide after-sales service. During the early years after independence in 1980 and due to foreign currency shortages, a supplier's ability to provide a service contract and spare parts was often a key determinant of success in the Zimbabwean market. Following dollarization in 2009, the cost and availability of financing are important in determining if a deal closes or not. While direct sales are possible without local representation, this tends to occur on discrete projects, usually with external financing. For ongoing business and sustained market penetration, working with Zimbabwean partners or representatives is highly recommended.

Establishing an Office

[Return to top](#)

It is relatively easy to open an office in Zimbabwe. Nearly all firms have a headquarters office in Harare. As of early 2013, Harare still had a significant amount of unused office space in the city center, although for security reasons, companies are increasingly leasing office space in low-density neighborhoods.

Franchising

[Return to top](#)

Franchising is still relatively uncommon, although several South African firms have franchise operations in Zimbabwe.

Direct Marketing

[Return to top](#)

Direct marketing presents significant challenges in Zimbabwe. Postal and telephone services are highly unreliable. Internet services are limited but improving as more users get broadband Internet connections.

Joint Ventures/Licensing

[Return to top](#)

The government encourages joint ventures, especially when they include local black partners, as this is one way to comply with the Zimbabwean indigenization policy. For most of Zimbabwe's post-independence history, joint ventures were the primary means of investing in the country. However, experience has shown that a joint venture can easily result in the foreign partner meeting all the costs. Careful examination of the assets and track records of local partners is highly recommended. Licensing is also practiced, although it is not widespread. The scarcity and cost of capital are often significant obstacles to a successful business relationship.

Selling to the Government

[Return to top](#)

There are opportunities for U.S. firms to sell equipment to the government or to state-owned enterprises (SOEs). Some SOEs, such as the Zimbabwe Iron and Steel Company, ZB Financial Holdings Limited, and the Zimbabwe Mining Development Corporation, are subject to targeted sanctions administered by the U.S. Treasury Department's Office of Foreign Assets Control (OFAC). U.S. nationals may not do business with these or other entities designated by OFAC. For details on targeted sanctions, see the OFAC website: <http://www.treasury.gov/resource-center/sanctions/Programs/Pages/zimb.aspx>

Distribution and Sales Channels

[Return to top](#)

Due to the size of the market, most producers of goods sell their products to wholesalers who in turn sell to supermarket chains and specialized outlets in towns and general dealer shops in rural areas. There is a comprehensive and particularly well developed distribution network serving the large supermarket chains in Zimbabwe.

Selling Factors/Techniques

[Return to top](#)

Zimbabweans, in general, have adapted to the U.S. style of business and Americans will not have to adjust their sales techniques. Sales materials are written in English, which is the official language in business.

Electronic Commerce

[Return to top](#)

E-commerce has not yet taken off in a big way in Zimbabwe due to low internet penetration. With the installation of broadband currently in progress, e-commerce may improve in the medium term, especially when targeting the wealthiest classes of consumers.

Trade Promotion and Advertising

[Return to top](#)

Zimbabwe is a relatively small market in which a few trade shows are held annually. The Zimbabwe International Trade Fair is the premier expo where a number of local and international companies exhibit their products. Between 2000 and 2010, the number of foreign exhibitors fell substantially in line with the downturn in the economy but in 2013 there was a slight increase in participation by foreign exhibitors. There are also a number of smaller specialized fairs such as MINE ENTRA for the mining sector and the Zimbabwe International Travel Expo for the tourism sector. It is also possible to advertise products through the local press or use local Internet providers to post web sites.

Pricing

[Return to top](#)

The formation of the coalition government in 2009 ushered in reforms that saw the removal of price controls. Nearly all prices are now market determined. This followed a period of wide-spread shortages caused by the intensification of price controls in 2007. Most products attract a value added tax (VAT) of 15 percent, with the exception of basic commodities that are zero-rated.

Sales Service/Customer Support

[Return to top](#)

A number of local companies provide adequate after-sales service for locally assembled equipment and imported machinery. However, this is usually affected by a lack of spare parts due to the difficulties of financing. The high level of technical skills in the country enables relatively good customer support from the private sector.

Protecting Your Intellectual Property

[Return to top](#)

Zimbabwean law guarantees protection for the holders of intellectual property rights. Trademark and patent disputes are rare. Copyright infringement is common, however, especially related to piracy of CDs, DVDs, digital music and computer software. While Zimbabwean law protects the rights of copyright holders, enforcement in this area is lax due to a lack of funds, collective lobbying and the political will to more actively combat patent and copyright infringements. Despite having strong property rights legislation and being a party to international IPR agreements, there is little to no enforcement of IPR in Zimbabwe. The International Property Rights Index ranks Zimbabwe 115th worst out of 130 countries analyzed in 2012, but not all sectors are affected equally.

Protecting Your Intellectual Property in Zimbabwe:

Several general principles are important for effective management of intellectual property (“IP”) rights in Zimbabwe. First, it is important to have an overall strategy to protect your IP. Second, IP is protected differently in Zimbabwe than in the U.S. Third, rights must be registered and enforced in Zimbabwe, under local laws. Protection against unauthorized use in a particular country depends, basically, on the national laws of that country. However, most countries do offer copyright protection to foreign works under certain conditions, and these conditions have been greatly simplified by international copyright treaties and conventions.

Registration of patents and trademarks is on a first-in-time, first-in-right basis, so companies should consider applying for trademark and patent protection even before selling products or services in the Zimbabwe market. It is vital that companies understand that intellectual property is primarily a private right and that the U.S. government generally cannot enforce rights for private individuals in Zimbabwe. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants who are experts in Zimbabwean law. The Economic/Commercial section of the U.S. Embassy can provide a list of local lawyers upon request.

While the U.S. Government stands ready to assist, individuals and business entities are responsible for monitoring and prosecuting against any violations of IP issues. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the USG can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to legal doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should U.S. Government advice be seen as a substitute for formal legal advice or the obligation of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on potential partners. Negotiate from the position of your partner and give your partner clear incentives to honor the contract. A good partner is an important ally in protecting IP rights. Consider carefully, however, whether to permit your partner to register your IP rights on your behalf. Doing so may create a risk that your partner will list itself as the IP owner and fail to transfer the rights should the partnership end. Projects and sales in Zimbabwe require constant attention. Work with legal counsel familiar with Zimbabwean laws to create a solid contract that includes non-compete clauses, and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IP and stop counterfeiting. There are a number of these organizations, both Zimbabwe or U.S.-based. These include:

- The American Business Association of Zimbabwe
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)

IP Resources

A wealth of information on protecting IP is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the U.S. and other countries -- call the STOP! Hotline: **1-866-999-HALT** or register at <http://www.stopfakes.gov/>.
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the U.S. Patent and Trademark Office (USPTO) at: **1-800-786-9199**.
- For more information about registering for copyright protection in the U.S., contact the U.S. Copyright Office at: **1-202-707-5959**.
- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, a free online training program is available at <http://www.stopfakes.gov/>.
- For U.S. small and medium-size companies, the Department of Commerce offers a "SME IP Advisory Program" available through the American Bar Association. For details and to register, visit: http://www.abanet.org/intlaw/intlproj/iprprogram_consultation.html
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: <http://www.stopfakes.gov/>. This site is linked to the USPTO website for registering trademarks and patents (both in the U.S. as well as in foreign countries), the U.S. Customs & Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking imports of IP-infringing products) and allows you to register for webinars on protecting IP.

Due Diligence

[Return to top](#)

Other than direct exporting, virtually any form of doing business in Zimbabwe (e.g., establishing a sales office or a service facility) is considered an investment and requires approval by the Zimbabwe Investment Authority (ZIA). U.S. firms may wish to contact the Economic/Commercial Section of the U.S. Embassy as a first step.

Local Professional Services

[Return to top](#)

There are a number of well-established and international accounting firms in Zimbabwe and legal standards remain reasonably high.

Web Resources

[Return to top](#)

There are a number of useful web resources concerning doing business in Zimbabwe. Government sites are not always available or up to date. The Zimbabwe Investment Authority (ZIA) has a website <http://www.zia.co.zw/favicon.ico> that gives information on how to obtain investment approvals. The Reserve Bank of Zimbabwe (RBZ) keeps its site (<http://www.rbz.co.zw/>) relatively up-to-date.

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 4: Leading Sectors for U.S. Export and Investment

Commercial Sectors

- Tourism
- Mining
- Manufacturing

Agricultural Sectors

- Tobacco
- Soya Beans
- Cotton

Tourism

Overview

[Return to top](#)

Unit: USD thousands

	2011	2012	2013 (estimated)	2014 (estimated)
Total Market Size				
Total Local Production	770,777	800,837	832,870	871,183
Total Exports				
Total Imports				
Imports from the U.S.				
Exchange Rate: 1 USD				

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:

Total Local Production: Zimbabwe Tourism Authority

Total Exports: Statistics not available

Total Imports: Statistics not available

Imports from U.S.: Statistics not available

The Tourism sector which was negatively affected by Zimbabwe's decade-long economic decline, is now recovering although the recovery is slowed by a lack of medium to long term capital needed to upgrade most of the tourist resorts. Nevertheless, official statistics show that the number of tourist arrivals rose from 657,303 in the first half of 2011 to 688,288 in the corresponding period of 2012.

Sub-Sector Best Prospects

[Return to top](#)

Victoria Falls remains a prime international destination although in recent years it was negatively affected by Zimbabwe's socio-political crisis. Following some stability resulting from the formation of the coalition government in February 2009, tourism activity has picked up significantly. Official statistics show that the number of tourist arrivals rose from 2,423,280 in 2011 to 2,537,512 in 2012 on the back of aggressive marketing by the Zimbabwe Tourism Authority as well as the recorded economic recovery that led to increased trade within the region. According to the ZTA, the post-2009 economic recovery saw an upturn in business tourists passing through, to and from, South Africa. Wildlife photo and hunting tourism also offers enormous growth potential but some wildlife conservancies have had difficulty with obtaining trophy hunting licenses from the government due to political maneuvering by individuals attempting to take ownership of the conservancies' land in the guise of indigenization. Zimbabwe's poor reputation abroad also constrains growth.

Opportunities

[Return to top](#)

The Tourism sector is also likely to grow significantly given that the country will co-host the United Nations World Tourism Organization's General Assembly with Zambia in August of 2013. If the meetings are successful, this will create increased positive publicity regarding tourism opportunities in Zimbabwe. These developments have been

enhanced by the return of several airlines (including KLM, EGYPTAIR and Emirates) serving the more profitable source markets of Western Europe and the Americas. Anecdotal evidence shows that tourist arrivals from these markets continue to rise as more airlines fly into Zimbabwe.

The lifting of travel warnings against Zimbabwe by some of the country's major source markets such as Japan, the U.S. and Germany resulted in the observed increase in both arrivals and receipts. The Zimbabwe Tourism Authority expects tourism receipts to continue rising to hit over US\$800 million in 2013, thanks to the hosting of the 20th session of the United Nations World Tourism Organization's General Assembly in August 2013. Low real estate prices in Victoria Falls offer opportunities in the construction of hotels and lodges. Additionally, the government is currently lengthening the runway at the Victoria Falls airport in order to accommodate all varieties of jumbo jets and is creating a new passenger terminal there. That stated, the infrastructure (road, rail, water, telecoms and energy) is outdated and in desperate need of rehabilitation. As the world moves towards sustainable tourism, there are opportunities for offering specialized training on this subject as well as directly invested in eco-travel and adventure travel businesses.

Web Resources

[Return to top](#)

Zimbabwe Tourism Authority
Tourism House, 55 Samora Machel Ave, Harare.
263-4-758 712.
www.zimbabwetourism.co.zw

African Sun Limited
17th Floor, Crowne Plaza
54 Park Lane
Harare
Tel: 263 4 737 944
Fax: 263 4 883 864
www.africansunhotels.com

Mining

Overview

[Return to top](#)

Unit: USD thousands

	2011	2012	2013 (estimated)	2014 (estimated)
Total Market Size				
Total Local Production	2,013,074	2,415,689	2,828,772	
Total Exports		2,371,200	n/a	
Total Imports				
Imports from the U.S.				
Exchange Rate: 1 USD				

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:

Total Local Production: Ministry of Finance

Total Exports: Ministry of Finance

Total Imports: Statistics not available

Imports from U.S.: Statistics not available

Since the formation of the coalition government, mining has been the fastest-growing sector in Zimbabwe's economy, registering real growth rates of 33 percent and 47 percent in 2009 and 2010, respectively. Between 2011 and 2012 the sector expanded by an average of about 20 percent. Unfortunately, overall worldwide economic slowdown has lowered the prices of some minerals and has thus eliminated some of the higher profits seen in the past. The Chamber of Mines of Zimbabwe believes that growth in the mining sector will be subdued by the lack of any significant new projects in the sector as well as by continued power outages that negatively affect production at the mines. However, the government believes that the sector will grow by 17.1 percent in 2013.

Sub-Sector Best Prospects

[Return to top](#)

The mining sector is highly diversified, with close to 40 different minerals. The top minerals include gold, platinum, chrome, coal, and diamonds. The government expects platinum production in the country to rise given the decrease in supply from South Africa as a result of labor strikes there in the first quarter of 2013. The mining sector is one of the main sources of Zimbabwe's current high growth rate.

Opportunities

[Return to top](#)

Given high demand for some of Zimbabwe's minerals, investment opportunities exist in the sector. The liberalization of gold marketing in 2009 boosted gold production, which rose from 3.5 tons in 2008 to 15 tons in 2012. The government projects output to rise further to 17 tons in 2013 in spite of the uncertainties arising from the anticipated elections this year. Besides direct investment in mining, there is a significant opportunity to provide the heavy machinery and other supplies needed by the mines, as well as

related transportation infrastructure and materials, including those related to the railways.

The Reserve Bank of Zimbabwe expects platinum production to grow, given current high world demand for the product. Zimbabwe is the second largest producer of platinum after South Africa and the grade is similar, although Zimbabwe has the advantage of lower extraction costs. The Zimbabwe Investment Authority (ZIA) identifies more opportunities in adding value to minerals such as the cutting and polishing of diamonds and jewelry manufacturing. The ZIA identifies opportunities for foreign investment in prospecting and mining various minerals, including coal, in partnership with locals who hold a number of concessions but lack financial resources.

Until 2008, all base mineral exports were exported through the state-owned Minerals Marketing Corporation of Zimbabwe (MMCZ). Gold produced in the country is no longer required to be sold to the Reserve Bank of Zimbabwe following the liberalization of gold marketing in 2009. Individual companies have acquired permission from the government of Zimbabwe to directly market some mineral exports and thus avoid the MMCZ and the restrictions imposed on Americans doing business with MMCZ by the USG. Both MMCZ and Zimbabwe Mining Development Corporation are currently identified by the U.S Treasury Department's Office of Foreign Asset Control as entities subject to U.S. sanctions.

Web Resources

[Return to top](#)

Chamber of Mines of Zimbabwe
Stewart House, 4 Central Ave.
Harare.
263-4-702841-5

RioZim Limited
1 Kenilworth Road
Highlands
Harare
263-4-776 085/89

Manufacturing

Overview

[Return to top](#)

Unit: USD thousands

	2011	2012	2013 (estimated)	2014 (estimated)
Total Market Size				
Total Local Production				
Total Exports				
Total Imports				
Imports from the U.S.				
Exchange Rate: 1 USD				

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:

Total Local Production: Statistics not available

Total Exports: Statistics not available

Total Imports: Statistics not available

Imports from U.S.: Statistics not available

Zimbabwe's manufacturing sector is operating at approximately 30% of its capacity according to the Confederation of Zimbabwe Industries. As a result of previous hyperinflation and unfavorable government policies, the economy has grown reliant on imported inputs that used to be sourced locally. Furthermore, the ability of the manufacturing sector to compete is stifled by the use of obsolete machinery, frequent power outages, high input and labor costs, the shortage and the high cost of finance, stiff competition and overall business uncertainty. Investment in the sector also remains subdued with only a few firms investing, albeit at very low levels. Reflecting the above challenges, the government estimates that the manufacturing sector grew by only 2.3% in 2012 compared to 13.9% in 2011. (The Ministry of Finance releases growth statistics but not the actual amounts on which the growth is based.) The government expects the sector to grow by 3.0% in 2013, underpinned by implementation of the Industrial Development Policy launched in 2012 which anticipates increased lines of credit.

Sub-Sector Best Prospects

[Return to top](#)

The manufacturing sub-sectors with the greatest potential include: beverages, foodstuffs, furniture, paper, printing, high-end garments and publishing.

Opportunities

[Return to top](#)

As the economy continues to recover, a number of firms will look to modernize long-neglected plant and equipment in order to become competitive again. The ZIA identifies the best opportunities for manufacturers in the timber products sub-sector. Although Zimbabwe's timber plantations have been adversely affected by the land reform policy, there is expertise and infrastructure for producing wood products.

According to the ZIA, there are also opportunities in the chemicals sub-sector. In particular, the ZIA emphasizes the need to increase capacity in fertilizer manufacturing, insecticides, pesticides, pharmaceuticals, and rubber products. The technology sector in the form of computer assembly, solar technology, and consumer electronics could also offer opportunities to foreign investors.

Web Resources

[Return to top](#)

Confederation of Zimbabwe Industries
31 Josiah Chinamano Ave
Harare
263-4-251 490

Zimbabwe National Chamber of Commerce
25 Harvey Brown Ave, Milton Park, Harare. 263- 4 293 6818
www.zncc.co.zw

Agricultural Sectors

Overview

[Return to top](#)

Unit: USD thousands

	2011	2012	2013 (estimated)	2014 (estimated)
Total Market Size				
Total Local Production				
Total Exports				
Total Imports				
Imports from the U.S.				
Exchange Rate: 1 USD				

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:

Total Local Production: Statistics not available

Total Exports: Statistics not available

Total Imports: Statistics not available

Imports from U.S.: Statistics not available

The output of the agricultural sector is highly dependent on the timely distribution and use of inputs (seeds, fertilizer, etc.) and the weather. In 2012, agricultural production was weighed down by lower maize output caused by adverse weather conditions, a decrease in hectares farmed and subdued yields. In the past, the government (operating through co-operating partners) always distributed subsidized farming inputs to vulnerable households in order to boost production and keep the vulnerable out of poverty. In recent years, however, donors are encouraging private sector players to increasingly take over this distribution function due to the failure of government to allocate inputs. Moreover, there is an increase in the use of contract farming (whereby private companies provide the inputs to farmers and the farmers in return agree to sell their harvests to the companies) which has boosted production of both tobacco and cotton. In 2013, the government expressed its intention to extend contract farming to include such crops as barley and soya beans. Furthermore, the government intends to improve farmers' access to financing by subsidizing lending to farmers through a number of financial institutions. As a result, the government expects agriculture to grow by 6.4% in 2013.

Sub-Sector Best Prospects

[Return to top](#)

Tobacco:

Tobacco, output is projected to increase from 144 million kilograms in 2012 to 170 million kilograms in 2013 by the 46,431 registered tobacco growers. Similarly, the government estimates that tobacco growers will farm 85,000 hectares in 2012/13 up from 82,000 hectares in 2011/2012.

Soya Beans:

Local demand for soya beans is on the increase owing to its multiple uses which include cooking oil, stock feeds and other foods. As a result, the government expects more than US\$35 million of financing facilities to be available to soya farmers in 2013.

Cotton:

Cotton production is projected to register negative growth from 350 tons in 2012 to 283 tons in 2013, as farmers seek refuge in other cash crops deemed more viable.

Opportunities

[Return to top](#)

In view of the risks associated with land ownership, there are very few opportunities available for growing crops in Zimbabwe. Opportunities for foreign investors, however, may lie in forming partnerships with locals to process agricultural produce such as tobacco as the country continues to increase tobacco output. In addition, there are opportunities for adding value to the raw cotton before exporting. Currently, Zimbabwe only processes less than five percent of its raw cotton output, with the rest being exported in its raw form. Furthermore, there are opportunities in the agro-chemicals subsector. In particular, the ZIA emphasizes the need to increase capacity in fertilizer manufacturing, insecticides and pesticides. Lastly, there are significant opportunities for U.S. manufacturers to export their machinery to Zimbabwe's agricultural sector.

Web Resources

[Return to top](#)

Commercial Farmers Union of Zimbabwe
Agriculture House, Cnr Adylinn Road/Marlborough Drive,
Harare.
www.cfuzim.org

Tobacco Industry & Marketing Board
Boka Tobacco Auction Floor Complex,
S. Mazorodze/Stoneridge Roads
Harare.
Tel: +263-4-613263/70/88/95.
www.timb.co.zw

[Return to table of contents](#)

Chapter 5: Trade Regulations, Customs and Standards

- [Import Tariffs](#)
- [Trade Barriers](#)
- [Import Requirements and Documentation](#)
- [U.S. Export Controls](#)
- [Temporary Entry](#)
- [Labeling and Marking Requirements](#)
- [Prohibited and Restricted Imports](#)
- [Customs Regulations and Contact Information](#)
- [Standards](#)
- [Trade Agreements](#)
- [Web Resources](#)

Import Tariffs

[Return to top](#)

In general, the government charges higher import duties on finished goods than on raw materials and intermediate goods, as a means of assisting the country's productive sector. Since the advent of the coalition government in 2009, import tariffs have been reduced to align them with regional and international practice.

There are three different types of payments upon importation of goods into Zimbabwe: import duty, surtax, and value added tax (VAT). These are described in the Harmonized System Tariffs Handbook and other relevant subsequent legislation. Most imported goods are subject to surtax and VAT. The government uses the General Agreement on Trade and Tariffs (GATT) method of customs valuation.

The adoption of the multicurrency monetary regime in 2009 eliminated exchange controls on current account transactions although some controls remain on capital account transactions. Surrender requirements imposed by the Reserve Bank of Zimbabwe on exporters were all removed. Grain marketing which was the preserve of the state-owned Grain Marketing Board (GMB) was liberalized and price controls were removed. In fact, most basic commodities do not attract import taxes in order to boost food security in the country following the collapse of agriculture.

Until 2008, all base mineral exports were exported through the state-owned Minerals Marketing Corporation of Zimbabwe (MMCZ). Gold produced in the country is no longer required to be sold to the Reserve Bank of Zimbabwe following the liberalization of gold marketing in 2009. Individual companies have acquired permission from the government of Zimbabwe to directly market some mineral exports and thus avoid the MMCZ and thus the restrictions imposed on American persons doing business with MMCZ by the USG.

All exports require a customs declaration form (CD1) to ensure that export proceeds are remitted back to the country within 90 days. Some wildlife products are restricted

through international conventions governing their trade, such as CITES. Export processing zones have been created with generous incentives to attract and facilitate export-oriented investment.

Trade Barriers

[Return to top](#)

Until recently, there was no widespread use of non-tariff barriers to control trade in Zimbabwe. In 2010 and again in 2011, Zimbabwe imposed temporary or partial bans on various meat products. Officially, these restrictions are motivated by consumer-protection or disease-prevention considerations, but they also have the effect of protecting local producers from foreign competition. The government is currently considering a law requiring that importers of food products pay for three Zimbabwean inspectors to visit the location of production for the food before any of the food imports will be allowed into Zimbabwe. Local business associations are opposed to this legislation and thus hope that it will not be enacted.

Import Requirements and Documentation

[Return to top](#)

The government requires the following documentation: a bill of entry plus relevant invoices, shipping documents such as a bill of lading, freight statements, and certificates of origin, especially for products entering from member states of SADC and PTA.

U.S. Export Controls

[Return to top](#)

Exporters should be aware that the U.S. imposed targeted financial sanctions on some individuals and companies operating in Zimbabwe. It is illegal for U.S. firms or persons to do business with sanctioned entities such as the Zimbabwe Iron and Steel Company, ZB Financial Holdings Limited and the Minerals Marketing Corporation of Zimbabwe, among others. Investors are advised to refer to OFAC's website: <http://www.treasury.gov/resource-center/sanctions/Programs/Pages/zimb.aspx>.

Temporary Entry

[Return to top](#)

The government permits the temporary entry of goods for display purposes at trade shows. However, the importer must provide a guarantee by a local financial institution equal to the value of the relevant duties and taxes for such goods. The temporary import permit is issued by the Department of Customs and Excise and is subsequently discharged on the re-exportation of the goods.

Labeling and Marking Requirements

[Return to top](#)

The Standards Association of Zimbabwe (SAZ) stipulates labeling and marking requirements of products in Zimbabwe.

Prohibited and Restricted Imports

[Return to top](#)

The government of Zimbabwe maintains a list of prohibited items that require special permission from the government to import. The list includes nuclear reactors, radioactive materials, arms and ammunition, precious and semi-precious gems, jewelry, carbonated beverages for resale, and textiles and clothing for resale. In 2011 the government imposed an indefinite ban on chicken and meat product imports from South Africa. Although the ban has been relaxed somewhat, meat imports are controlled by a quota system administered by the Ministry of Agriculture. In addition, the government is currently considering a law requiring that importers of food products pay for three Zimbabwean inspectors to visit the location of production for the food to conduct pre-shipment inspection before any of the food imports are allowed into Zimbabwe.

Customs Regulations and Contact Information

[Return to top](#)

Zimbabwe Revenue Authority
6th Floor, Intermarket Center
Kwame Nkruma/ First Street
Harare.
Tel: 263 4 790 811
Fax: 263 4 773 161
www.zimra.co.zw

Standards

[Return to top](#)

- [Overview](#)
- [Standards Organizations](#)
- [Conformity Assessment](#)
- [Product Certification](#)
- [Accreditation](#)
- [Publication of Technical Regulations](#)
- [Labeling and Marking](#)
- [Contacts](#)

Overview

[Return to top](#)

The government has taken steps to improve consumer protection in Zimbabwe. Currently, there are various laws on the books requiring that retailers and manufacturers maintain certain standards. A Consumer Council of Zimbabwe exists and advises consumers about their rights.

Standards Organizations

[Return to top](#)

The Standards Association of Zimbabwe is charged with the responsibility of certifying the quality of goods produced or imported into the country. It can be contacted at:

Standards Association of Zimbabwe
Northend Close
Northridge Park
Borrowdale
Harare.
Tel: 263 4 882017/8/9, 882021, 885511/2

Fax: 263 4 882020
Web: <http://www.saz.org.zw/>

The Medicines Control Association of Zimbabwe which replaced the drug council established by the Drugs Control Act of 1969, requires the registration of drugs, regulates and controls the sale, advertising, manufacture, possession and safe custody of drugs. It can be contacted at:

Medicines Control Association of Zimbabwe
106 Baines Avenue
Harare.
Tel: 263 4 736 981-5
Web: <http://www.mcaz.co.zw/>

NIST Notify U.S. Service

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. **Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL: <http://www.nist.gov/notifyus/>

Conformity Assessment

[Return to top](#)

Experience suggests that the Medicines Control Association of Zimbabwe is more proactive than the Standards Association of Zimbabwe in checking for conformity in the pharmaceutical sector.

Product Certification

[Return to top](#)

The Quality Control Department of the Standards Association of Zimbabwe carries out product certification:

17 Coventry Road
Workington
Harare
Tel: 263 4 753 800-2
Fax: 263 4 749 181

Accreditation

[Return to top](#)

Both the Medicines Control Association of Zimbabwe and the Standards Association of Zimbabwe are involved in accreditation of products produced or imported into the country.

Publication of Technical Regulations

[Return to top](#)

The two organizations publicize technical details. Their reports are available for a fee.

Labeling and Marking

[Return to top](#)

The Standards Association of Zimbabwe provides a list of labeling and marking requirements. Please contact the association.

Contacts

[Return to top](#)

<http://www.saz.org.zw/>

Trade Agreements

[Return to top](#)

Zimbabwe is a member of the Southern African Development Community (SADC), a 14-member group that has begun to explore greater economic/trade co-operation and eventual regional economic integration. It also belongs to the 22-nation Preferential Trade Area (PTA) of Eastern and Southern Africa, which provides for reduced duties on imports from member countries subject to certain rules of origin. Zimbabwe has trade agreements with Namibia, Botswana and South Africa.

Web Resources

[Return to top](#)

<http://www.sadc.int/>

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 6: Investment Climate

- [Openness to Foreign Investment](#)
- [Conversion and Transfer Policies](#)
- [Expropriation and Compensation](#)
- [Dispute Settlement](#)
- [Performance Requirements and Incentives](#)
- [Right to Private Ownership and Establishment](#)
- [Protection of Property Rights](#)
- [Transparency of Regulatory System](#)
- [Efficient Capital Markets and Portfolio Investment](#)
- [Competition from State Owned Enterprises](#)
- [Corporate Social Responsibility](#)
- [Political Violence](#)
- [Corruption](#)
- [Bilateral Investment Agreements](#)
- [OPIC and Other Investment Insurance Programs](#)
- [Labor](#)
- [Foreign-Trade Zones/Free Ports](#)
- [Foreign Direct Investment Statistics](#)
- [Web Resources](#)

Openness to Foreign Investment

[Return to top](#)

Government policy papers recognize the need for foreign direct investment to improve the country's competitiveness. This includes encouraging public-private partnerships in order to enhance technological development. Official statements also emphasize the need to improve the investment climate by restoring the rule of law and sanctity of contracts. But the statements and actions of certain senior government officials are often inconsistent with this sentiment, undermining investor confidence. Despite extremely difficult economic conditions over the past decade, a few U.S. companies maintained subsidiaries in Zimbabwe, largely holdovers from better years a decade and more ago. Many others sell their products through certified dealers.

The government's priority sectors for foreign investment are manufacturing, mining, and infrastructure development. In 2008, the government introduced the Indigenization Act, which requires that "indigenous Zimbabweans" own at least 51 percent of all enterprises valued over \$500,000. In March 2010, the government issued regulations to implement the Indigenization Act. These regulations created new uncertainty, further harming the investment climate. The government then decided to revise the regulations and established committees that will propose sector-specific thresholds for indigenous ownership of businesses.

The government rejected most of the recommendations made by the committees, with the minister in charge of indigenization insisting on the 51-percent indigenization threshold in all sectors. Others in government insist that the minister's decisions must

also receive the concurrence of each sectors' respective line minister. However, implementation of the Act has been slow because funding for indigenization is not readily available. In order to improve the investment climate, the government proposes to exempt all new foreign investment from immediately complying with the 51 percent local ownership requirement. It also proposes to amend the Zimbabwe Investment Act and re-align it with the indigenization regulations as a way of balancing the imperatives of empowerment with the need to attract foreign direct investment. In addition, the government is still working on amendments to the Mines and Minerals Act as well as the Precious Stones Trade Act in order to improve transparency within the sector.

The government reserves several sectors for local investors. Under current laws, foreign investors wishing to participate in these sectors may only do so by entering into joint-venture arrangements with local partners. Foreign investors may not own more than 35 percent of the operation. These rules apply to the following industries:

Agriculture

- Primary production of food and cash crops
- Primary horticulture
- Game, wildlife ranching, and livestock
- Forestry
- Fishing and fish farming
- Poultry farming
- Grain milling
- Sugar refining

Transportation

- Road haulage
- Passenger bus, taxi, and car hire services
- Tourist transportation
- Rail operations

Retail and wholesale trade, including distribution

- Barber shops, hairdressing, and beauty salons
- Commercial photography
- Employment agencies
- Estate agencies
- Valet services
- Manufacturing, marketing, and distribution of armaments
- Water provision for domestic and industrial purposes
- Bakery and confectionary
- Tobacco packaging and grading post auction
- Cigarette manufacturing

Foreign investors wishing to start a new project in Zimbabwe must first register with, and obtain approval from the Zimbabwe Investment Authority (ZIA), which then issues an investment certificate.

The ZIA reports that approval of investment applications now takes five days, down from the 49 days it took in 2010, thanks to implementation of a "one-stop shop" concept to coordinate the work of officials from the ZIA and other government agencies.

All private firms are required to incorporate and register with the Registrar of Companies within the framework of their investment certificate or exchange-control approval. Foreign investment in existing companies requires approval from the Reserve Bank of Zimbabwe (RBZ), as the central bank is known. Applications are submitted to the RBZ's Exchange Control Department through the investor's commercial bank or merchant bank or other authorized foreign-exchange dealer. Foreign investors with valid investment certificates may acquire real estate.

In the mid-1990s, the government identified privatization of state-owned enterprises (SOEs) as a priority, but only two have been successfully privatized since then. Although the government set up a ministry responsible for state-owned enterprises, this ministry still lacks the authority to set and implement privatization policy. The ministry also reports that inter-SOE debts are now close to US\$1 billion and these pose problems to the privatization plans as they further weaken the entities' balance sheets. In addition, lack of political will and the enterprises' operational inefficiencies make it unlikely that privatization will accelerate in the near term.

As Zimbabwe's relations with the U.S. and European nations deteriorated over the past decade, the government began to encourage economic ties with Asian countries, particularly China. Under this "Look East" policy, some Asian investors have been offered access to reserved sectors, sometimes at the expense of local or established foreign investors. Chinese-owned firms have also benefitted from the ad hoc waiving of indigenization regulations in contravention of the parameters of the law. Despite the official emphasis placed on these ties and a few high-profile project announcements, Asian investment is still a small fraction of existing investment from South Africa and the United Kingdom.

Conversion and Transfer Policies

[Return to top](#)

Until the end of 2008, Zimbabwe's exchange-rate policies made it difficult for firms to obtain foreign currency, and this in turn resulted in shortages of fuel, electric power, and other imported goods. Other consequences included defaults on public- and private-sector debt and a sharp decline in industrial, agricultural, and mining operations. In 2009, the government lifted exchange controls and withdrew the Zimbabwe dollar from circulation. Foreign currencies are now used for all transactions in Zimbabwe, with most business being conducted in U.S. dollars. Zimbabwe's export performance is recovering slowly, and the government's arrears in payment on its over US\$10 billion in external debt block access to multilateral financing. These conditions severely constrain external financing for the economy. The RBZ has not restored foreign-currency accounts it confiscated from banks' depositors prior to official dollarization in 2009. In line with recommendations from the Southern African Development Community (SADC) and the IMF, the government has revised the Foreign Exchange Control Act, which regulated currency conversions and transfers before the withdrawal of the Zimbabwe dollar. With these changes, exporters now retain 100 percent of their foreign-currency receipts for their own use and most current account transactions have been liberalized.

Despite previous provisions in Zimbabwe's constitution that prohibit the acquisition of private property without compensation, in 2000 the government sanctioned uncompensated seizures of privately owned agricultural land, serially amending the constitution to grant the government increasingly broad authorities to do so after the fact. Many of the farms seized were subsequently transferred to government officials and other regime supporters. The government in April 2000 amended the constitution to authorize the compulsory acquisition of privately owned commercial farms with compensation limited to the improvements made on the land. In September 2005, the government amended the constitution again to transfer ownership of all expropriated land to the government. Since the passage of this amendment, top government officials, supporters of President Mugabe's ZANU-PF party and members of the security forces have continued to disrupt production on commercial farms, including those owned by foreign investors and covered by bilateral investment agreements. Similarly, government officials have sought to impose politically-connected individuals as indigenous partners on privately and foreign-owned wildlife conservancies.

In 2006, the government began to issue 99-year leases for land seized from commercial farms. These leases, however, are not readily transferable. The government retains the right to withdraw the lease at any time for any reason.

The government's program to seize commercial farms without compensating the titleholders, who have no recourse to the courts, has raised serious questions about respect for property rights and the rule of law in Zimbabwe. Accordingly, Zimbabwe was ranked 128 out of 185 countries considered with respect to the country's ability to protect investment under the World Bank's 2013 "Doing Business" report.

President Mugabe and other politicians have in the past threatened to target the mining and manufacturing sectors for similar forced indigenization. In 2008, the government amended the Mines and Minerals Act, outlining indigenization requirements for mining. For strategic energy minerals (coal, methane, uranium), the legislation would require mining companies engaged in extraction or exploitation to transfer ownership to the state of 51 percent of the shares; 25 percent would be without compensation. For precious metals and precious stones, 25 percent of the shares must be transferred to the state without compensation and a further 26 percent is required to be owned by the state or by indigenous Zimbabweans. The government is still deliberating amendments to the Mines and Minerals Act, which may include a "use it or lose it" provision for unexploited mining concessions, and new "indigenous" ownership requirements in the sector in line with the Indigenization Act. In addition, the government intends to amend the Precious Stones Trade Act to focus on diamonds in order to enforce, among other things, the 100 percent government ownership of diamonds, immediate separation of diamond mining and marketing activities and the promotion of value addition through the prohibition of exports of unpolished diamonds.

Zimbabwe has acceded to the 1965 convention on the settlement of investment disputes between states and nationals of other states and to the 1958 New York convention on the recognition and enforcement of foreign arbitral awards.

In the event of an investment dispute, the Government of Zimbabwe agrees, in theory, to submit the matter for settlement by arbitration according to the rules and procedures promulgated by the United Nations Commission on International Trade Law once the investor has exhausted the administrative and judicial remedies available locally. On the other hand, Constitutional Amendment 17, enacted in 2005, removed the right of landowners whose land has been acquired by the government to challenge the acquisition in court.

A group of Dutch farmers whose farms were seized under the land reform program took their case to the International Centre for the Settlement of Investment Disputes in April 2005, demanding that Zimbabwe honor its investment agreement with the Netherlands. The case was heard by a tribunal in Paris in November 2007, and the tribunal issued a verdict favorable to the farmers. Zimbabwe's government acknowledged that the farmers had been deprived of their land without payment of compensation but disputed the amount the farmers claimed in damages.

In a related case, a three-judge panel of the SADC Tribunal in Windhoek, Namibia, ruled in 2008 that Zimbabwe's violent land reform exercise discriminated against a group of white farmers who filed an application challenging the seizure of their farms. The government has refused to recognize the ruling and in September 2009 it said Zimbabwe had withdrawn from the jurisdiction of the SADC Tribunal. This appeared to be a bid to stop the effect of adverse judgments against it by the Windhoek-based court. The government argued that the protocol establishing the Tribunal had not been ratified by the required two-thirds majority of the total membership of SADC. This position was adopted by SADC at a Summit meeting in August 2010 and the Tribunal was dissolved in early 2012. In 2010, a South African High Court attached a Zimbabwe government-owned property in Cape Town to satisfy the Tribunal's order, but the Zimbabwean government appealed to the South African Supreme Court. On September 20, 2012, however, the South African Supreme Court ruled in favor of the Zimbabwean farmer as compensation for seizure of his farm.

Government efforts to influence, co-opt, and intimidate the judiciary since the late 1990s have raised serious concerns about investors receiving a fair hearing in local courts. In addition, the government and ruling elite have ignored numerous adverse judgments, and senior officials have reiterated publicly that court orders that are not politically acceptable to the ZANU-PF party of Robert Mugabe will not be honored. Administration of justice in those commercial cases that lack political overtones is still generally impartial. As government revenue has declined, however, court resources have dwindled and dockets have become backlogged

Performance Requirements and Incentives

[Return to top](#)

Several tax breaks are available for new investment by foreign and domestic companies. Capital expenditures on new factories, machinery, and improvements are fully deductible

and the government waives import taxes and surtaxes on capital equipment. The ZIA maintains the full details on these incentives.

There are no general performance requirements for businesses located outside Export Processing Zones. Government policy, however, encourages investment in enterprises that contribute to rural development, job creation, exports, the addition of domestic value to primary products, use of local materials, and the transfer of appropriate technologies.

There are no discriminatory import or export policies affecting foreign firms, although the government's approval criteria are heavily skewed toward export-oriented projects. Import duties and related taxes range as high as 110 percent. Export Processing Zone designated companies must export at least 80 percent of output.

Government participation is required for new investments in strategic industries such as energy, public water provision, and railways. The terms of government participation are determined on a case-by-case basis during license approval. The few foreign investors (for example from China and Iran) in reserved strategic industries have either purchased existing companies or have supplied equipment and spares on credit.

Foreign investors are expected to make maximum use of Zimbabwean management and technical personnel, and any investment proposal that involves the employment of foreigners must present a strong case for doing so in order to obtain work and residence permits. Normally, the maximum contract period for a foreigner is three years, but this can be extended to five years for individuals with highly specialized skills.

Right to Private Ownership and Establishment

[Return to top](#)

Although Zimbabwean law guarantees the right to private ownership, this right is increasingly not respected in practice. As noted above, the government has in recent years seized thousands of private farms and conservancies, including ones belonging to Americans and other foreign investors, without due process or compensation. Most of these property owners held Zimbabwe Investment Authority investment certificates and purchased their land after independence in 1980. Despite repeated U.S. protests, the government has not addressed the expropriation of property belonging to U.S. citizens.

Protection of Property Rights

[Return to top](#)

Prior to 2009, the government's demonstrated desire to expand its control of the economy put many investments, particularly in real property, at risk. The government's 2005 Operation Restore Order resulted in more than 700,000 persons losing their homes, their livelihoods, or both, according to United Nations estimates. Many of these properties had proper titles and licenses. Although Operation Restore Order officially ended in 2005, the government continued to evict smaller numbers of people from their homes and businesses, primarily in and around Harare, in 2006, 2007, 2010 and 2012. In addition to the thousands of agricultural properties seized under land reform during the past ten years, in late 2005 the government for the first time authorized the seizure of non-agricultural land for the purpose of residential construction in a Harare suburb.

Since independence, Zimbabwe has applied international patent and trademark conventions. It is a member of the World Intellectual Property Organization. Generally, the government seeks to honor intellectual property ownership and rights, although there are serious doubts about its ability to enforce these obligations due to a lack of expertise and manpower. Pirating of videos and computer software is common.

The judiciary generally upholds the sanctity of contracts between private companies. In the case of contracts involving the government or politically influential individuals, however, judgments sometimes appear biased.

Transparency of Regulatory System

[Return to top](#)

The government's officially stated policy is to encourage competition within the private sector but the bureaucracy within regulatory agencies lacks transparency, and corruption within the regulatory system is increasingly worrisome.

The adoption of the multi-currency system in 2009 stabilized prices and removed the need for price controls. Consequently, the government no longer controls prices of goods and services. Nevertheless, the National Incomes and Prices Commission (NIPC) still exists to monitor price developments at home relative to those in the region. The NIPC raised concerns over the decision by private schools to raise fees for 2012 without clearance from the government.

Import taxes are introduced arbitrarily to support certain inefficient producers who continue to lobby for protection against more competitive imports. In late 2012, the Ministry of Finance announced a 25 percent surtax on selected imported products including soaps, meat products, beverages, dairy products and cooking oil starting January 1, 2013 as well as other import taxes on beer, cigarettes, and chickens brought in from outside the Southern African Development Community (SADC) and the Common Market for Eastern and Southern African regions (COMESA).

Efficient Capital Markets and Portfolio Investment

[Return to top](#)

Zimbabwe's stock market currently has 70 publicly-listed companies, but just 14 of them account for over 80 percent of total market capitalization, which stood at US\$4.2 billion at end of November 2012. In September 1996, the government opened the stock and money markets to limited foreign portfolio investment. Since then, a maximum of 40 percent of any locally-listed company can be foreign-owned with any single investor allowed to acquire up to 10 percent of the outstanding shares. As the 40 percent threshold on collective foreign participation is lower than the 49 percent required under the Indigenization Act, the government intends to amend the 1996 provisions to align them with the 49 percent threshold under the new Act.

There is a 1.48-percent withholding tax on the sale of marketable securities, while the tax on purchasing is pegged at 1.73 percent. Totalling 3.21 percent, the rates are comparable with the average of 3.5 percent for the region. As a way of raising funds for the state, the government mandated that insurance companies and pension funds invest between 25 and 35 percent of their portfolios in prescribed government bonds. Zimbabwe's hyperinflation, which came to an end with the 2009 dollarization, wiped out

the value of domestic debt instruments, and the government has only recently started re-issuing Treasury Bills.

Zimbabwe's severe economic problems drove foreign direct investment (FDI) inflows to fall from US\$103 million in 2005 to US\$40 million in 2006, according to the World Investment Report compiled by the United Nations Conference on Trade and Development (UNCTAD). Net FDI rose from US\$44 million in 2008 to US\$105 million in 2009. It rose further to US\$123 million and US\$373 million in 2010 and 2011 respectively owing to the positive effects of some of the reforms implemented by the coalition government.

Three major international commercial banks and a number of regional and domestic banks operate in Zimbabwe, with a total of over 200 branches. Following the well-publicized failure of a number of financial institutions in 2003, primarily due to fraud and inept management, RZB regulations were tightened. Nonetheless, financial institutions have an uncertain future due to the reluctance of citizens to trust their deposits with banks and an increase in bad loans on bank balance sheets. In fact, during 2012, two local institutions surrendered their banking licenses although one re-emerged under a different name. A third bank was placed under curatorship and still operated under judicial management at the end of 2012. In Zimbabwe's dollarized economy and due to the effects of hyperinflation, the RBZ does not have the resources to act as lender of last resort for the banking system. Total bank deposits rose from just US\$300 million in February 2009 to US\$3.8 billion by February 2013. On average, banks in Zimbabwe lend around 62 percent of their deposits. This is significantly lower than the regional average of 75 percent, mainly due to banks' concerns about volatility of deposits and the absence of an interbank lending system.

Competition from State Owned Enterprises

[Return to top](#)

Zimbabwe has 76 SOEs. Many SOEs support vital infrastructure - energy and transportation, for example. As a result, competition within the sectors where SOEs operate tends to be limited. However, the GOZ is now inviting private investors to participate in infrastructural projects through public-private partnerships. Most SOEs have performed poorly in recent years due to mismanagement, lack of maintenance, and inadequate investment, thereby imposing significant costs on the rest of the economy. Nevertheless, while many still produced losses, many SOEs made significant improvements in performance during 2011 even though they still face a number of challenges that include persistent power outages, a lack of liquidity and access to credit and a debt overhang. Corruption is endemic among SOEs with senior management (primarily retired army personnel) appointed by politicians and payrolls bloated with redundant employees. Further, almost all SOEs are under-capitalized because the government lacks financial resources. Most SOEs are saddled with debts accumulated through unsustainable, GOZ-imposed pricing models designed to benefit consumers. The state-owned Grain Marketing Board, for example, has for years purchased grain locally at above-market prices and sold it at a significant loss.

Until the advent of the coalition government in February 2009, most SOEs operated without a board of directors. Most do not produce financial accounts on time. Of the 76 SOEs, 46 have not submitted audited financial statements or held annual general meetings over the past six years as required by law. Poor management and the GOZ's failure to privatize made Zimbabwe's SOEs dependent on subsidies. According to the

Ministry of State Enterprises and Parastatals, the slow pace of restructuring has been a result of their managements' fear of change.

Corporate Social Responsibility

[Return to top](#)

According to an industrial advocacy group, the Confederation of Zimbabwe Industries, there is a general awareness of corporate social responsibility among producers. The organization has developed its own charter according to OECD guidelines, highlighting good corporate governance and ethical behavior. Firms that demonstrate corporate social responsibility do not automatically garner favorable treatment from consumers, employees and government. With regard to indigenization, foreign companies do not receive formal credit for conducting community-service activities.

Political Violence

[Return to top](#)

Political parties and civil-society groups that oppose ZANU-PF and President Mugabe routinely encounter state-sponsored intimidation and repression from government security forces and ZANU-PF-linked activists. This environment persisted even after the main opposition party, the Movement for Democratic Change (MDC), joined ZANU-PF in a transitional unity government in February 2009. Individuals and companies out of favor with ZANU-PF routinely suffer harassment and bureaucratic obstacles in their business dealings. On occasion, domestic businesspeople out of favor with the government have been incarcerated for allegedly engaging in illegal business practices.

Despite widespread dissatisfaction with government policy, there have been no large-scale demonstrations. Sporadic cases of looting by soldiers and small-scale demonstrations have occurred in recent years. With national elections expected in 2013, many expect the government security sector and ZANU-PF-linked activists to again engage in political violence against MDC supporters as elections draw near.

Corruption

[Return to top](#)

Corruption, including bribery, raises the costs and risks of doing business. Corruption has a corrosive impact on both market opportunities overseas for U.S. companies and the broader business climate. It also deters international investment, stifles economic growth and development, distorts prices, and undermines the rule of law.

It is important for U.S. companies, irrespective of their size, to assess the business climate in the relevant market in which they will be operating or investing, and to have an effective compliance program or measures to prevent and detect corruption, including foreign bribery. U.S. individuals and firms operating or investing in foreign markets should take the time to become familiar with the relevant anticorruption laws of both the foreign country and the United States in order to properly comply with them, and where appropriate, they should seek the advice of legal counsel.

The U.S. Government seeks to level the global playing field for U.S. businesses by encouraging other countries to take steps to criminalize their own companies' acts of corruption, including bribery of foreign public officials, by requiring them to uphold their

obligations under relevant international conventions. A U. S. firm that believes a competitor is seeking to use bribery of a foreign public official to secure a contract should bring this to the attention of appropriate U.S. agencies, as noted below.

U.S. Foreign Corrupt Practices Act: In 1977, the United States enacted the Foreign Corrupt Practices Act (FCPA), which makes it unlawful for a U.S. person, and certain foreign issuers of securities, to make a corrupt payment to foreign public officials for the purpose of obtaining or retaining business for or with, or directing business to, any person. The FCPA also applies to foreign firms and persons who take any act in furtherance of such a corrupt payment while in the United States. For more detailed information on the FCPA, see the FCPA Lay-Person's Guide at: <http://www.justice.gov/criminal/fraud/>

Other Instruments: It is U.S. Government policy to promote good governance, including host country implementation and enforcement of anti-corruption laws and policies pursuant to their obligations under international agreements. Since enactment of the FCPA, the United States has been instrumental to the expansion of the international framework to fight corruption. Several significant components of this framework are the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (OECD Antibribery Convention), the United Nations Convention against Corruption (UN Convention), the Inter-American Convention against Corruption (OAS Convention), the Council of Europe Criminal and Civil Law Conventions, and a growing list of U.S. free trade agreements. This country is party to [add instrument to which this country is party], but generally all countries prohibit the bribery and solicitation of their public officials.

OECD Antibribery Convention: The OECD Antibribery Convention entered into force in February 1999. As of March 2009, there are 38 parties to the Convention including the United States (see <http://www.oecd.org/dataoecd/59/13/40272933.pdf>). Major exporters China, India, and Russia are not parties, although the U.S. Government strongly endorses their eventual accession to the Convention. The Convention obligates the Parties to criminalize bribery of foreign public officials in the conduct of international business. The United States meets its international obligations under the OECD Antibribery Convention through the U.S. FCPA. [Insert information as to whether your country is a party to the OECD Convention.]

UN Convention: The UN Anticorruption Convention entered into force on December 14, 2005, and there are 158 parties to it as of November 2011 (see <http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>). The UN Convention is the first global comprehensive international anticorruption agreement. The UN Convention requires countries to establish criminal and other offences to cover a wide range of acts of corruption. The UN Convention goes beyond previous anticorruption instruments, covering a broad range of issues ranging from basic forms of corruption such as bribery and solicitation, embezzlement, trading in influence to the concealment and laundering of the proceeds of corruption. The Convention contains transnational business bribery provisions that are functionally similar to those in the OECD Antibribery Convention and contains provisions on private sector auditing and books and records requirements. Other provisions address matters such as prevention, international cooperation, and asset recovery. [Insert information as to whether your country is a party to the UN Convention.]

OAS Convention: In 1996, the Member States of the Organization of American States (OAS) adopted the first international anticorruption legal instrument, the Inter-American Convention against Corruption (OAS Convention), which entered into force in March 1997. The OAS Convention, among other things, establishes a set of preventive measures against corruption, provides for the criminalization of certain acts of corruption, including transnational bribery and illicit enrichment, and contains a series of provisions to strengthen the cooperation between its States Parties in areas such as mutual legal assistance and technical cooperation. As of December 2009, the OAS Convention has 34 parties (see <http://www.oas.org/juridico/english/Sigs/b-58.html>) [Insert information as to whether your country is a party to the OAS Convention.]

Council of Europe Criminal Law and Civil Law Conventions: Many European countries are parties to either the Council of Europe (CoE) Criminal Law Convention on Corruption, the Civil Law Convention, or both. The Criminal Law Convention requires criminalization of a wide range of national and transnational conduct, including bribery, money-laundering, and account offenses. It also incorporates provisions on liability of legal persons and witness protection. The Civil Law Convention includes provisions on compensation for damage relating to corrupt acts, whistleblower protection, and validity of contracts, inter alia. The Group of States against Corruption (GRECO) was established in 1999 by the CoE to monitor compliance with these and related anti-corruption standards. Currently, GRECO comprises 49 member States (48 European countries and the United States). As of December 2011, the Criminal Law Convention has 43 parties and the Civil Law Convention has 34 (see www.coe.int/greco.) [Insert information as to whether your country is a party to the Council of Europe Conventions.]

Free Trade Agreements: While it is U.S. Government policy to include anticorruption provisions in free trade agreements (FTAs) that it negotiates with its trading partners, the anticorruption provisions have evolved over time. The most recent FTAs negotiated now require trading partners to criminalize “active bribery” of public officials (offering bribes to any public official must be made a criminal offense, both domestically and trans-nationally) as well as domestic “passive bribery” (solicitation of a bribe by a domestic official). All U.S. FTAs may be found at the U.S. Trade Representative Website: <http://www.ustr.gov/trade-agreements/free-trade-agreements>. [Insert information as to whether your country has an FTA with the United States: Country [X] has a free trade agreement (FTA) in place with the United States, the [name of FTA], which came into force. Consult USTR Website for date: <http://www.ustr.gov/trade-agreements/free-trade-agreements>.]

Local Laws: U.S. firms should familiarize themselves with local anticorruption laws, and, where appropriate, seek legal counsel. While the U.S. Department of Commerce cannot provide legal advice on local laws, the Department’s U.S. and Foreign Commercial Service can provide assistance with navigating the host country’s legal system and obtaining a list of local legal counsel.

Assistance for U.S. Businesses: The U.S. Department of Commerce offers several services to aid U.S. businesses seeking to address business-related corruption issues. For example, the U.S. and Foreign Commercial Service can provide services that may assist U.S. companies in conducting their due diligence as part of the company’s overarching compliance program when choosing business partners or agents overseas. The U.S. Foreign and Commercial Service can be reached directly through its offices in every major U.S. and foreign city, or through its Website at www.trade.gov/cs.

The Departments of Commerce and State provide worldwide support for qualified U.S. companies bidding on foreign government contracts through the Commerce Department's Advocacy Center and State's Office of Commercial and Business Affairs. Problems, including alleged corruption by foreign governments or competitors, encountered by U.S. companies in seeking such foreign business opportunities can be brought to the attention of appropriate U.S. government officials, including local embassy personnel and through the Department of Commerce Trade Compliance Center "Report A Trade Barrier" Website at tcc.export.gov/Report_a_Barrier/index.asp.

Guidance on the U.S. FCPA: The Department of Justice's (DOJ) FCPA Opinion Procedure enables U.S. firms and individuals to request a statement of the Justice Department's present enforcement intentions under the anti-bribery provisions of the FCPA regarding any proposed business conduct. The details of the opinion procedure are available on DOJ's Fraud Section Website at www.justice.gov/criminal/fraud/fcpa. Although the Department of Commerce has no enforcement role with respect to the FCPA, it supplies general guidance to U.S. exporters who have questions about the FCPA and about international developments concerning the FCPA. For further information, see the Office of the Chief Counsel for International Counsel, U.S. Department of Commerce, Website, at http://www.ogc.doc.gov/trans_anti_bribery.html. More general information on the FCPA is available at the Websites listed below.

Exporters and investors should be aware that generally all countries prohibit the bribery of their public officials, and prohibit their officials from soliciting bribes under domestic laws. Most countries are required to criminalize such bribery and other acts of corruption by virtue of being parties to various international conventions discussed above.

There is widespread corruption in government. Implementation of the government's ongoing redistribution of expropriated commercial farms has substantially favored the ZANU-PF elite and lacks transparency.

In 2005, the government enacted an Anti-Corruption Act that established a government-appointed Anti-Corruption Commission to investigate corruption; however, it includes no members from civil society or the private sector. The government prosecutes individuals selectively, focusing on those who have fallen out of favor with ZANU-PF and ignoring transgressions by members of the favored elite.

The coalition government formed in February 2009 enhanced the institutional capacity of the Anti-Corruption Commission, with members appointed from civil society and the private sector. Moreover, the government has improved accountability in the use of state resources through the introduction of the Public Finance Management Act in March 2010. In spite of this, corruption is still endemic especially within the diamond sector where production and export figures are normally unreliable. In this respect, the government has introduced a Diamond Policy that focuses on ensuring the 100 percent government ownership of diamonds and the involvement of the Zimbabwe Revenue Authority in the entire value chain of diamonds. While the government has also embraced the World Bank's Extractive Industries Transparency Initiative (EITI) principle in order to strengthen accountability, good governance, and transparency in the mining sector, it has yet to launch an EITI program in Zimbabwe.

Anti-Corruption Resources

Some useful resources for individuals and companies regarding combating corruption in global markets include the following:

- Information about the U.S. Foreign Corrupt Practices Act (FCPA), including a “Lay-Person’s Guide to the FCPA” is available at the U.S. Department of Justice’s Website at: <http://www.justice.gov/criminal/fraud/fcpa>.
- Information about the OECD Antibribery Convention including links to national implementing legislation and country monitoring reports is available at: http://www.oecd.org/department/0,3355,en_2649_34859_1_1_1_1_1,00.html. See also new Antibribery Recommendation and Good Practice Guidance Annex for companies: <http://www.oecd.org/dataoecd/11/40/44176910.pdf>.
- General information about anticorruption initiatives, such as the OECD Convention and the FCPA, including translations of the statute into several languages, is available at the Department of Commerce Office of the Chief Counsel for International Commerce Website: http://www.ogc.doc.gov/trans_anti_bribery.html.
- Transparency International (TI) publishes an annual Corruption Perceptions Index (CPI). The CPI measures the perceived level of public-sector corruption in 180 countries and territories around the world. The CPI is available at: http://www.transparency.org/policy_research/surveys_indices/cpi/2009. TI also publishes an annual *Global Corruption Report* which provides a systematic evaluation of the state of corruption around the world. It includes an in-depth analysis of a focal theme, a series of country reports that document major corruption related events and developments from all continents and an overview of the latest research findings on anti-corruption diagnostics and tools. See <http://www.transparency.org/publications/gcr>.
- The World Bank Institute publishes Worldwide Governance Indicators (WGI). These indicators assess six dimensions of governance in 213 countries, including Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law and Control of Corruption. See <http://info.worldbank.org/governance/wgi/index.asp>. The World Bank Business Environment and Enterprise Performance Surveys may also be of interest and are available at: <http://data.worldbank.org/data-catalog/BEEPS>.
- The World Economic Forum publishes the *Global Enabling Trade Report*, which presents the rankings of the Enabling Trade Index, and includes an assessment of the transparency of border administration (focused on bribe payments and corruption) and a separate segment on corruption and the regulatory environment. See <http://www.weforum.org/s?s=global+enabling+trade+report>.
- Additional country information related to corruption can be found in the U.S. State Department’s annual *Human Rights Report* available at <http://www.state.gov/g/drl/rls/hrrpt/>.

- Global Integrity, a nonprofit organization, publishes its annual *Global Integrity Report*, which provides indicators for 106 countries with respect to governance and anti-corruption. The report highlights the strengths and weaknesses of national level anti-corruption systems. The report is available at: <http://report.globalintegrity.org/>.

Bilateral Investment Agreements

[Return to top](#)

The U.S. has no bilateral investment or trade treaty with Zimbabwe. Zimbabwe has investment treaties with 17 countries; only seven of these treaties (with the Netherlands, Denmark, Germany, South Korea, South Africa, Botswana, and Switzerland) have been ratified. Three other investment agreements with Russia, India, and Iran are awaiting ratification before they become effective. In spite of these agreements, the government has failed to protect investments undertaken by nationals from these countries, particularly with regard to land. In 2009, for example, a farm belonging to a German national was seized by an army officer and the government did not intervene, despite its assurance that Zimbabwe would honor all obligations and commitments to international investors.

OPIC and Other Investment Insurance Programs

[Return to top](#)

The U.S. Government and Zimbabwe concluded an OPIC agreement in April 1999. Zimbabwe acceded to the World Bank's Multilateral Investment Guarantee Agency in September 1989. Support from the Export-Import Bank of the U.S. is not available in Zimbabwe. Many other major donor countries have also suspended their trade finance and export promotion programs, as well as investment insurance, due largely to Zimbabwe's mounting multilateral and bilateral debt arrears and deteriorating investment climate.

Labor

[Return to top](#)

Zimbabwe's interconnected economic and political crises prompted many of the country's most skilled and well educated citizens to emigrate, leading to widespread labor shortages for managerial and technical jobs. At the same time, the decade-long severe contraction of the economy caused formal sector employment to drop significantly. The Zimbabwe Statistical Agency (Zimstats) has only just begun to compile meaningful employment statistics since the end of the 1990s. According to these figures, Zimbabwe's non-farm employment fell from 912,000 in March 2000, to 750,000 by March 2008. Since 2008, however, total formal sector employment rose to stand at just over 1,193,000 by end of 2010, thanks to the stable macroeconomic environment achieved through dollarization in 2009. By December 2011 (the latest date for which data are available), non-farm employment stood at 1,127,900.

The country's HIV/AIDS epidemic is also taking a heavy toll on the workforce. The most recent survey reports that 15.2 percent of adults were infected with HIV during the 2010 to 2011 period.

The government is a signatory to International Labor Organization (ILO) conventions protecting worker rights, although the world body has designated Zimbabwe as a

"notorious country" for its continued attempts to limit workers' rights to organize and hold labor union meetings. The 1985 Labor Relations Act set strict standards for occupational health and safety, but enforcement is fairly lax and inconsistent across the industrial sectors. In November 2008 an ILO-appointed commission found Zimbabwe in breach of ILO Conventions 87 and 98. The new Minister of Labor promised to implement all the ILO's recommendations relating to freedom of association and protection of the right to organize as well as the right to collective bargaining.

Collective bargaining takes place through a National Employment Council (NEC) in each industry, comprising representatives from labor, business, and government. In addition, the Zimbabwe Congress of Trade Unions (ZCTU), the country's umbrella labor organization, advocates for workers' rights.

A Tripartite Negotiating Forum (TNF) was established in 2001 for labor, business, and government to tackle macro-social issues. These talks have been fitful and unproductive since their inception. A continuing impasse for the TNF is disagreement between business and labor over indexing wages to a measure of poverty. But the two sides have not agreed on a suitable poverty benchmark.

The government continues to harass labor unions and their leaders. In December 2012, the police arrested two ZCTU officials for allegedly holding an unsanctioned protest march to celebrate Human Rights Day in Zimbabwe's second city of Bulawayo, even though this had been obtained from the police beforehand. Under Zimbabwe labor law, the government can intervene in ZCTU's internal affairs if it determines that the leadership is not acting in the workers' interest. To undercut the strength of ZCTU, the government created an alternative umbrella organization, the Zimbabwe Federation of Trade Unions (ZFTU), after ZANU-PF fared poorly in the 2000 parliamentary elections. Outside of the government, however, the ZFTU is not regarded as a legitimate labor organization. The ZCTU remains the voice of labor in Zimbabwe and the country's official and internationally recognized labor organization.

Foreign-Trade Zones/Free Ports

[Return to top](#)

The government promulgated legislation creating Export Processing Zones (EPZs) in 1996. Zimbabwe now has approximately 183 EPZ-designated companies. Benefits include a five-year tax holiday, duty-free importation of raw materials and capital equipment for use in the EPZ, and no tax liability from capital gains arising from the sale of property forming part of the investment in EPZs. Since January 2004 the government has generally required that foreign capital comprise a majority of the investment. The requirement on EPZ-designated companies to export at least 80 percent of output has constrained foreign investment in the zones. The merger between the Zimbabwe Investment Centre and the Zimbabwe Export Processing Zones Authority, which began in 2006, has been completed and the new institution—the Zimbabwe Investment Authority—now serves as a one-stop shop for both local and foreign investors.

Foreign Direct Investment Statistics

[Return to top](#)

Net Direct Investment Flows 2000-2011 (US\$ million)

2000	16
------	----

2001	0
2002	23
2003	4
2004	9
2005	103
2006	40
2007	66
2008	44
2009	105
2010	123
2011	373

Source: UNCTAD, World Investment Report 2012

Web Resources

[Return to top](#)

<http://www.zia.co.zw/>

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 7: Trade and Project Financing

- [How Do I Get Paid \(Methods of Payment\)](#)
- [How Does the Banking System Operate](#)
- [Foreign-Exchange Controls](#)
- [U.S. Banks and Local Correspondent Banks](#)
- [Project Financing](#)
- [Web Resources](#)

How Do I Get Paid (Methods of Payment)

[Return to top](#)

The banking system is linked to international banks allowing for the transfer of U.S Dollar payments. Following the collapse of the Zimbabwean Dollar, many companies in Zimbabwe found that their cash reserves were suddenly worthless. Thus, even today, these companies are short on cash. In addition, banks in Zimbabwe charge relatively onerous interest rates and lend for three months or less, in most cases. Thus, the physical payment system functions well but buyers may not have adequate financial resources to pay for goods acquired.

How Does the Banking System Operate

[Return to top](#)

Zimbabwe has a well-developed banking sector which, because of its colonial past, is modeled on the British system. The Reserve Bank of Zimbabwe (RBZ) is the central bank which, until dollarization, was responsible for exercising monetary policy. Following dollarization, however, the RBZ is now solely responsible for banking supervision. The government is trying to re-establish the RBZ's lender-of-last-resort function, but the task is made difficult by lack of funds. The rest of the banking system is composed of commercial banks, which are the largest subsector; merchant banks, whose function is to finance trade, underwrite rights offerings of listed companies, and assist in mergers and acquisitions; building societies, which provide mortgages for real estate transactions; the People's Own Savings Bank and development financial institutions; and micro-finance institutions. Other key players in Zimbabwe's financial sector include insurance companies, pension and provident funds, investment trusts, and offshore portfolio investors.

Foreign-Exchange Controls

[Return to top](#)

Although the Foreign Exchange Control Act still exists, it has been extensively reviewed such that controls on current account transactions were fully removed while those on the capital account were partially removed.

U.S. Banks and Local Correspondent Banks

[Return to top](#)

U.S. banks do not have a presence in Zimbabwe but correspondent banks are present.

Barclays Bank of Zimbabwe Limited

Box 1279

Harare, Zimbabwe

Tel: 263-4- 758 280/99; 754 000

Fax: 263-4-754 241

Standard Chartered Bank Zimbabwe Limited

Box 373, Harare, Zimbabwe

Tel: 263-4-753 212/5; 752 852/9

Fax: 263-4-752 860

First Merchant Bank of Zimbabwe Limited

Box 2786

Harare, Zimbabwe

Tel: 263-4-703 071/9; 701 568/9

Fax: 263-4-738 810

Project Financing

[Return to top](#)

Political risks are significant and this tends to limit project financing from abroad. A few regional banks such as the PTA bank and the African Export Import Bank continued to offer funding to Zimbabwean firms even during the crisis period.

Web Resources

[Return to top](#)

Export-Import Bank of the United States: <http://www.exim.gov>

Country Limitation Schedule: http://www.exim.gov/tools/country/country_limits.html

OPIC: <http://www.opic.gov>

Trade and Development Agency: <http://www.tda.gov/>

SBA's Office of International Trade: <http://www.sba.gov/oit/>

USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/cc/default.htm>

U.S. Agency for International Development: <http://www.usaid.gov>

African Export Import Bank : <http://afreximbank.com/afrexim/en/home.aspx>

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 8: Business Travel

- [Business Customs](#)
- [Travel Advisory](#)
- [Visa Requirements](#)
- [Telecommunications](#)
- [Transportation](#)
- [Language](#)
- [Health](#)
- [Local Time, Business Hours and Holidays](#)
- [Temporary Entry of Materials and Personal Belongings](#)
- [Web Resources](#)

Business Customs

[Return to top](#)

In spite of perfunctory reference to Marxism by Zanu PF members of the inclusive government, business customs are more or less similar to those in Western countries.

Travel Advisory

[Return to top](#)

See the U.S. Department of State website for up-to-date information on travel to Zimbabwe:

<http://travel.state.gov/visa/>

Visa Requirements

[Return to top](#)

Foreigners intending to engage in meetings or discussions for business purposes are advised to secure a business visa for entry into Zimbabwe. Individuals found to be engaging in business-related activities on a tourist visa have been known to be expelled from the country and occasionally fined. A passport, visa, return ticket, and adequate funds are required to enter Zimbabwe. Visitors are advised to refer to the up-to-date complete information posted on the following websites:

State Department Visa

Website: http://travel.state.gov/travel/cis_pa_tw/cis/cis_1063.html#entry_requirements

US Embassy in Zimbabwe: http://harare.usembassy.gov/import_visitorsinfo.html

U.S. companies that require travel of foreign businesspersons to the United States should be advised that security evaluations are handled via an interagency process. Visa applicants should go to the following links.

State Department Visa Website: <http://travel.state.gov/visa/>

Telecommunications

[Return to top](#)

Although improving somewhat, mobile and landline networks are sometimes overloaded. Phones in general are reliable in urban centers but temporary disconnections are frequent. In 2010 some service providers introduced connectivity for data-enabled devices, such as iPhones, but usage is not yet widespread.

Transportation

[Return to top](#)

Zimbabwe still has fairly good transportation infrastructure especially relative to much of the rest of the continent, with a reasonably well-developed road network. The country has air connections with other countries in the southern and eastern regions of Africa, as well as Europe. A number of international carriers that pulled out during Zimbabwe's crisis are slowly returning to Harare, notably the Dutch airline KLM and EGYPTAIR.

Language

[Return to top](#)

English is the official business language in Zimbabwe. Much of Zimbabwe's education is conducted in English.

Health

[Return to top](#)

For the most up-to-date information, please visit these websites:

State Department Visa

Website: http://travel.state.gov/travel/cis_pa_tw/cis/cis_1063.html#entry_requirements

CDC Travelers' Health website: <http://wwwnc.cdc.gov/travel/>

Local Time, Business Hours, and Holidays

[Return to top](#)

Local time is six hours ahead of Washington, D.C. time, or seven hours during Daylight Savings Time. Business hours are between 0800 hours and 1700 hours (Monday to Friday). Zimbabwe's holidays for 2013 include: New Year's Day, Independence Day (April 18), Good Friday (March 29), Easter Monday (April 1), Workers' Day (May 1), Africa Day (May 25), Heroes' Day (August 12), Defense Forces Day (August 13), National Unity Day (December 22), Christmas Day (December 25) and Public Holiday (December 26).

Temporary Entry of Materials and Personal Belongings

[Return to top](#)

U.S. citizens who are temporarily carrying firearms and ammunition into Zimbabwe for purposes of hunting must register these items with the U.S. Bureau of Customs and Border Protection, using Customs Form 4457, when leaving the U.S. and upon re-entry. U.S. citizens must also comply with the temporary export exemptions at 22 CFR 123.17, posted on the Directorate of Defense Trade Control's website at <http://www.pmdtc.state.gov/> (see Reference Library). U.S. citizens should also contact the Embassy of Zimbabwe in Washington, D.C. to find out what permits are required. Travelers are advised to make sure that all of the necessary documentation is in order before departing the United States.

Web Resources

[Return to top](#)

For country specific travel information, please visit: http://travel.state.gov/travel/cis_pa_tw/cis/cis_1063.html

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 9: Contacts, Market Research and Trade Events

- [Contacts](#)
- [Market Research](#)
- [Trade Events](#)

Contacts

[Return to top](#)

William Humnicky
Economic/Commercial Officer
U.S. Embassy Harare
2180 Harare Place, Department of State
Washington, D.C. 20521 – 2180
Tel: 263-4- 250 593-5

Joseph Muzulu
Economic Specialist
U.S. Embassy Harare
172 Herbert Chitepo Ave.
Harare, Zimbabwe.
Tel: 263-4- 250 593-5

Market Research

[Return to top](#)

To view market research reports produced by the U.S. Commercial Service please go to the following website: <http://www.export.gov/mrktresearch/index.asp> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, and is free.

Trade Events

[Return to top](#)

Please click on the link below for information on upcoming trade events.

<http://www.export.gov/tradeevents/index.asp>

[Return to table of contents](#)