

# U.S. Country Commercial Guides



## Zimbabwe 2020

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## **Doing Business in Zimbabwe**

### **Market Overview**

The agriculture, mining, energy, infrastructure, health care, and tourism sectors present opportunities for international firms considering entering the market of this country of over 14 million people. While companies regularly praise Zimbabwe's bountiful natural resources and human capital, macroeconomic instability and a weak investment climate have hindered growth and resulted in the worst economic crisis since Zimbabwe's hyperinflationary period of 2007-2008. The economy declined by 7.5 percent in 2019 due to power and fuel shortages, a fiscal contraction, high-level corruption, rapid inflation and exchange rate depreciation, foreign exchange shortages, the continued effects of Cyclone Idai and droughts, and economic mismanagement. Inflation rose from 11 percent at the end of 2018 to 838 percent by July 2020 due to the monetizing of past deficits, quasi-fiscal activity, and the pass-through effect of currency depreciation on local prices. About half of the population is food insecure, and inflation has significantly reduced real incomes and savings. These challenges continued in 2020, exacerbated by COVID-19 in a country where many public healthcare workers have gone on strike due to falling real wages and a lack of protective equipment. In 2017, the government introduced measures restricting imports, resulting in a fall in the trade deficit. Zimbabwe recorded a current account surplus during the first six months of 2020 due to these restrictive measures and falling investment inflows. The future growth of market opportunities in Zimbabwe depends largely on whether the government follows through on long-promised political and economic reforms. The United States maintains targeted sanctions against selected individuals and entities whose actions have undermined human rights and democracy, but this does not prohibit trade and investment with Zimbabwe.

### **Market Challenges**

Zimbabwe's local currency has lost 99 percent of its value relative to the U.S. dollar since the government ended the 1:1 peg in February 2019. A gap between the official and black-market exchange rates has persisted, with U.S. dollars at one point four times as expensive on the black market and nearly impossible for most companies to obtain at the official rate. Foreign currency retention requirements have challenged exporters, particularly when this gap has grown to such extremes, and international firms have faced challenges repatriating profits. In June 2020, the central bank introduced a weekly foreign exchange auction system which alleviated these pressures and significantly reduced the black-market premium, though the government will need to exercise fiscal and monetary discipline to maintain these gains. High levels of corruption and central bank quasi-fiscal activities have both contributed to Zimbabwe's macroeconomic instability. De-risking by international banks has resulted in very few international correspondent banking relationships. The uncertainty of land tenure on resettled farms increases the risk to agricultural investments despite the government's agreement to pay \$3.5 billion to commercial farmers for improvements made on expropriated farms. The regulatory environment is complex and businesses face hurdles registering and operating. The government frequently changes policies and applies them inconsistently, often based on political or personal grounds, challenging business planning. In addition, Zimbabwe's high external debt and arrears to international financial institutions limit its ability to access official development assistance at concessional rates and credit from international capital markets.

### **Market Opportunities**

Amendments to prior indigenization regulations removing the 49 percent limit to foreign investment have presented new opportunities to American firms since 2018. Zimbabwe offers the potential to participate in infrastructure projects in energy, rail, and road networks through public-private partnerships (PPPs), though financing sometimes presents a challenge. The government has prioritized the development of solar energy, which experts note is well-suited to Zimbabwe's climate. Mining development opens opportunities for equipment manufacturers, investors, and energy suppliers. Though a weak investment climate and problematic agricultural policies have hindered this sector's growth, farmers appreciate the quality of American equipment. Many international firms use contract farming arrangements for export crops including tobacco, cotton, and various horticultural products. The GOZ created special economic zones with attractive incentives from which U.S. companies stand to benefit. Although the quality of education is sharply deteriorating, the country still has a high literacy rate and can provide skilled labor to foreign investors.

Zimbabwe features many natural wonders, varied wildlife, and archeological sites that make it an attractive tourism destination, and its under-developed tourism sector would likely experience new growth as soon as the country's overall stability and image improves. Additionally, a growing number of Zimbabwean companies express interest in selling U.S. products, such as pharmaceuticals, motor oil, and electrical and agricultural equipment.

### **Market Entry Strategy**

To succeed, potential U.S. investors should consider partnering with local investors who know the market and understand Zimbabwe's business environment. Moreover, the government has expressed interest in PPPs, especially in infrastructure including power generation and road and rail construction.

## **Leading Sectors for U.S. Exports and Investment**

### **Agricultural Sectors**

#### **Overview:**

Zimbabwe's economic performance largely depend on developments in its agricultural sector. Following the government's fast-track land reform program which began in 2000, irrigation infrastructure deteriorated, and the majority of the new landowners depend on rain rather than irrigation for their crops. As the weather pattern changes and droughts become more frequent, the country has failed to produce enough grain to meet domestic demand. The government grants 99-year leases for agricultural land, but the protections of such leases are too weak to serve as collateral for financing, hindering agricultural investment. The government has also instituted a number of inefficient "command" agricultural subsidy programs which have hampered growth and corruptly squandered billions of dollars.

#### **Leading Sub-Sectors**

##### **Agricultural Machinery:**

Efficiency improvements across the agricultural sector could greatly improve Zimbabwe's output, and Zimbabwe has a great need for new and updated equipment. The Zimbabwe Government has facilitated such commercial imports, including by signing agreements with international partners including American firms. The government estimates Zimbabwe requires 40,000 tractors as it expects 50,000 new farmers to operate on a commercial basis. Local farmers have commented they prefer American quality and value over Chinese and Belarussian models competing in the market.

##### **Tobacco:**

Tobacco is the most important cash crop in Zimbabwe in terms of generating foreign exchange. The government expects tobacco output to decline from 258 million kilograms in the 2019 marketing season to around 240 million kilograms in 2020, but the industry expects a good quality crop. Industry players attributed the decline in output to a poor start during the 2019/2020 rainy season.

##### **Soybeans:**

Local demand for soybeans is on the rise owing to its multiple uses including cooking oil, stock feeds, and other foods. The country requires about 220,000 metric tons of soybeans annually for food, feed, and other industrial needs. Soya bean production lags behind demand. While the country depends on soybean imports from Zambia and Malawi, the government hoped to reduce imports following the introduction of the command soya bean program in the 2017/18 season. In the 2019/20 season, the country only expects soybean output of 33,000 tons. At farm level, soybeans are a short season crop with a lucrative return on investment and a cost per hectare structure of between US\$700 and US\$900.

##### **Cotton:**

Cotton, Zimbabwe's second most important cash crop, is usually grown under contract farming arrangements where contractors supply production inputs (seed, fertilizer and chemicals) to farmers on loan. At harvest, the contractor buys back the contracted seed cotton, deducts costs of the inputs, and pays the contract farmer the remaining balance. The country originally expected a lower cotton output in the 2019/20 marketing season due to poor rains, but the government now forecasts cotton output to remain at 100,000 metric tons in the 2019/20 marketing season largely because some farmers adopted new hybrid varieties. According to the Zimbabwe Farmer's Union, commercial farmers, who account for 30 percent of the total cotton output, will realize very high yields which will offset the decline in output from the small- scale farmers who continued to rely on open pollinated varieties.

Currently, Zimbabwe has the capacity to produce 600,000 tons of cotton while the country's 22 ginneries have installed ginning capacity of 750,000 tons per annum. Certain departments within government such as the National Biotechnology Authority of Zimbabwe (NBA) now believe the sector can benefit from adoption of improved seed

varieties including GMOs and production of quality fabric to increase demand for raw cotton. Currently, however, there is no political will to fully embrace the use of GMOs in cotton production.

### **Opportunities**

Given the frequent droughts, there are opportunities for U.S. companies to sell high quality tractors to local farmers under the country's agricultural mechanization drive as well as irrigation equipment to help the sector, especially small-scale commercial farmers, move away from rain-fed agriculture. Moreover, there are opportunities to provide food processing machinery and equipment for agricultural commodities into manufactured goods in line with the government's goal of increased value addition. There are also opportunities in the agrochemicals subsector. In particular, the Zimbabwe Investment Authority emphasizes the need to increase capacity in manufacturing of fertilizer, insecticides, and pesticides.

### **Web Resources:**

Commercial Farmers Union of Zimbabwe

Harare Show Grounds,

Belvedere, Harare,

Zimbabwe [www.cfuzim.org](http://www.cfuzim.org)

Tobacco Industry & Marketing Board

Boka Tobacco Auction Floor Complex,

S. Mazorodze/Stoneridge Roads

Harare

Tel: +263-24-2613263/70/88/95. [www.timb.co.zw](http://www.timb.co.zw)

Zimbabwe Farmers Union

102 Fife Avenue/ Sam Nujoma Harare

Tele: +263 242-251861-7 [www.zfu.org.zw](http://www.zfu.org.zw)

## **Construction**

### **Overview**

Zimbabwe's infrastructure needs rehabilitation. The 2019 Cyclone Idai caused significant infrastructural damage in the areas around Chimanimani and Chipinge. The government is in the process of rebuilding the road network. While the government has rehabilitated the main east-west highway with funding from the Development Bank of Southern Africa, there is an urgent need to rehabilitate the busy Beitbridge to Chirundu highway as it is the main trade route linking the southern ports of South Africa to Zimbabwe and other Southern African Development Community (SADC) states.

### **Leading Sub-Sectors**

The transport sub-sectors of road and rail continue to suffer from a lack of investment. Prospects exist in upgrading the roads and rail networks to improve the movement of goods to the markets, both domestically and internationally.

### **Opportunities**

Opportunities exist for American construction machinery manufacturers and related parts and equipment to provide road and rail construction machinery and equipment in the form of either selling to local construction companies or renting and leasing. Opportunities also exist for American companies to sell rolling stock to the National Railways of Zimbabwe (NRZ).

### **Web Resources**

Construction Industry Federation of Zimbabwe  
256 Samora Machel Ave  
Harare, Zimbabwe. [infor@cifozzim.co.zw](mailto:infor@cifozzim.co.zw)  
Telephone: +263 24 2746937

Zimbabwe National Road Authority (Zinara) House  
STAND No. 489  
Runville,  
Glenroy Shopping Centre,  
Highlands, Harare,  
Zimbabwe [Tel:+263 24 2442711-3](tel:+263242442711-3) [www.zinara.co.zw](http://www.zinara.co.zw)

National Railways of Zimbabwe  
NRZ Parkade Centre, Corner 9th Avenue and Fife Street,  
Box 603,  
Bulawayo, Zimbabwe  
Telephone: +263 29 2363595 [www.nrz.co.zw](http://www.nrz.co.zw)



## **Mining and Minerals**

### **Overview**

The mining sector is highly diversified, with close to 40 different minerals. The sector accounts for about 12 percent of the country's gross domestic product (GDP) and the minister of mines claims the sector has the potential to generate US\$12 billion annually by 2023 if the government addresses challenges such as persistent power shortages, foreign currency shortages, and policy uncertainties. Foreign currency retention requirements have challenged mineral exporters, particularly at times when the black-market exchange rate diverged greatly from the official rate, and has incentivized smuggling. The government expected the sector to drive economic growth in 2020, but the onset of the COVID-19 pandemic dampened such optimism. The predominant minerals include gold, platinum, chrome, coal, and diamonds. The government has stated that it intends to amend the Mines and Minerals Act to make it more progressive and investor friendly to attract more investment.

Companies are required to export all minerals through the state-owned Minerals Marketing Corporation of Zimbabwe (MMCZ), with the exception of gold which must be sold to the Reserve Bank of Zimbabwe (RBZ). However, individual companies may receive permission from the government of Zimbabwe to sell minerals directly and avoid the MMCZ and U.S. targeted sanctions on the MMCZ.

### **Leading Sub-Sectors**

The top minerals include gold, platinum, chrome, coal, diamonds, and lithium. The government expects gold exports to fall by 28 percent from US\$1.33 billion in 2018 to US\$946 million in 2019. Figures from the RBZ show gold deliveries declined by 16 percent from 33.2 tons in 2018 to 27.6 tons in 2019. Of this total, small-scale miners contributed 17.4 tons with primary producers contributing 10.2 tons. The RBZ attributed the overall poor gold production in 2019 to suspected smuggling, fuel shortages, and antiquated technology. In the diamond sector, the consolidation of diamond mining companies into the Zimbabwe Consolidated Diamond Company in Marange and the transition to conglomerates should lead to increased investment and purchases of new mining equipment. That consolidation involved some international firms exiting the Zimbabwe diamond sector, though some were later invited to return. According to the African Mining Market, Zimbabwe's lithium deposits are the largest in Africa and the country will become one of the world's largest lithium exporters due to the continued high international demand given its importance to the energy-battery industry. The government claims the country will meet 20 percent of the world's total demand for lithium when it fully exploits its known lithium resources.

### **Opportunities**

Besides direct investment in mining, there is a significant opportunity to provide heavy underground mining machinery and other supplies needed by the mines, as well as transportation infrastructure and materials, including those related to the railways. The government's renewed interest in increasing domestic production of value-added mineral products may require larger capital investments in the mining sector than under business models that relied upon the export of unprocessed or semi-processed natural resources.

### **Web Resources**

Chamber of Mines of Zimbabwe  
20 Mount Pleasant Drive, Mount Pleasant,  
Harare.  
Tel: +263 242334517 / 242334507 [www.chamberofminesofzimbabwe.com](http://www.chamberofminesofzimbabwe.com)  
RioZim Limited  
1 Kenilworth Road  
Highlands  
Harare  
Tel: +263-242-776 085/89 [www.riozim.co.zw](http://www.riozim.co.zw).

## **Biotechnology Research and Development Laboratories/Services Agriculture**

### **Overview**

In spite of its potential to improve both health and food security, there is still uncertainty and a lack of clear policies regarding biotechnology issues in most parts of Africa in general, and in Zimbabwe in particular. In recent years, however, the National Biotechnology Authority of Zimbabwe (NBAZ) is educating stakeholders about the potential benefits of adopting biotechnology in agriculture.

### **Leading Sub-Sectors**

According to the NBAZ, Zimbabwe has the capacity to do both quantitative and qualitative analysis of GMO maize testing. The NBAZ has recommended that the government reduce regulatory barriers and red tape for biotech products and emerging technologies, improve coordination across government departments and support the uptake of agricultural biotechnologies to improve yields for smallholder farmers.

### **Opportunities**

There are opportunities in the provision of biotechnology research and development to sensitize politicians on the benefits of biotechnology in agriculture and help enhance the country's food security. The sector also needs support and equipment that American firms can provide to boost yields for farmers.

### **Web Resources**

21 Princess Drive

Newlands Harare, Zimbabwe.

Tel: +263-242 -782155; 242782167; 2472828569 [www.nba.ac.zw](http://www.nba.ac.zw)

## **Travel and Tourism**

### **Overview**

Statistics from the Zimbabwe Tourism Authority (ZTA) show that tourist arrivals to Zimbabwe fell by eleven percent in 2019, to 2.29 million from 2.57 million in 2018, due to destination image issues associated with political violence following the August 2018 elections and January 2019 stay-away protests. Most visitors came from within Africa and the Middle East region while the country registered declines in arrivals from Europe, the Americas, Oceania, and Asia. The ZTA said the harsh macroeconomic climate and rapid inflation contributed to the country's decline in hotel occupancy rate over the same period. The situation will deteriorate further in 2020 given the negative effects of the COVID-19 pandemic and resulting reduction in international travel.

### **Leading Sub-Sectors**

In recent years, the government supported capital investment in the tourism sector by providing tax incentives and duty-free status on imports for certain categories of capital goods for hotels, restaurants, and safari operators. Wildlife photo and hunting tourism also offer enormous growth potential, but some wildlife conservancies had difficulty 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. U.S. law also prohibits the importation of elephant trophies into the United States.

### **Opportunities**

Relatively low real estate prices in Victoria Falls offer opportunities in the construction of hotels and lodges. Furthermore, the designation of Victoria Falls as a Tourism Special Economic Zone and International Financial Centre should assist the town to attract much needed investments. Additionally, the government lengthened the runway at the Victoria Falls airport to accommodate all varieties of jumbo jets and created a new passenger terminal. That stated, the infrastructure (road, rail, water, telecoms, and energy) is outdated and in need of rehabilitation. As the world moves towards sustainable tourism, there are opportunities to offer specialized training on this subject as well as direct investment in eco-travel and adventure travel businesses. Zimbabwe Investment Authority (ZIA) also identifies opportunities in the construction of conference and convention centers, resorts and casinos, and shopping malls. Many of Zimbabwe's lodges cater to high-end, luxury tourists, but should the volume of visitors increase, opportunities to develop locations serving the middle class market will grow.

### **Web Resources**

Zimbabwe Tourism Authority  
Tourism House,  
55 Samora, Machel Ave, Harare, Zimbabwe.  
Tel: 263 242 758 712. [www.zimbabwetourism.co.zw](http://www.zimbabwetourism.co.zw)

African Sun Limited  
17th Floor, Crowne Plaza  
54 Park Lane, Harare, Zimbabwe.  
Tel: 263 242 737 944  
Fax: 263 242 883 864

## **Customs, Regulations and Standards**

### **Trade Barriers**

In 2010 and 2011, Zimbabwe imposed partial bans on various meat products citing consumer protection or disease prevention considerations, although these measures also have the effect of protecting local producers from foreign competition. In 2016, the government introduced controls on the importation of several products through Statutory Instrument (SI) 64 to protect local manufacturers. Although the government repealed SI 64 in 2017, replacing it with SI 122 which allowed importation of limited amount of goods for personal use, the government generally requires importers to obtain product-specific import licenses. At times of foreign currency shortages and diverging black-market exchange rates, the RBZ has exerted a great deal of control in determining which companies receive foreign currency at the official (and beneficial) exchange rate for priority imports.

### **Import Tariffs**

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. There are three different types of payments upon importation of goods into Zimbabwe: import duty, surtax, and value added tax (VAT) as 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.

In June 2019, the government re-introduced the Zimbabwe dollar which traded on a purportedly liberalized domestic interbank market, and the RBZ introduced a foreign currency auction system in 2020. The consistent gap between the black market and official exchange rate, however, implies the RBZ has not fully allowed market forces to determine the official exchange rate. Instead, the RBZ has periodically devalued the Zimbabwe dollar but never let the Zimbabwe dollar fall to a market-clearing rate. In March 2020, the RBZ instituted an official fixed exchange rate of 25:1. Since introduction of the auction system on June 23, the official exchange rate depreciated by 70 percent to 83:1 by August 26, 2020. In March the government again allowed the U.S. dollar to be used for all transactions, though this is nominally a temporary measure to facilitate economic activity during the COVID-19 pandemic.

In August 2020, the government standardized foreign currency surrender requirements for all exporters at 30 percent and forced companies selling products in foreign currency domestically to convert 20 percent of such sales into Zimbabwe dollars. These proceeds go to the auction and to the RBZ to subsidize priority imports at the auction rate. Such surrender requirements act as a tax on exports. Exporters receive compensation in local currency at the auction exchange rate.

All exports require a customs declaration form (CD1) to ensure that exporters remit proceeds back to the country within 90 days. Some wildlife products are restricted through international conventions governing their trade, such as the Convention on International Trade in Endangered Species (CITES). The government created export processing zones with generous incentives to attract and facilitate export-oriented investment.

### **Import Requirements and Documentation**

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 the Southern African Development Community (SADC) and the Preferential Trade Area (PTA) of Eastern and Southern Africa.

### **Labeling and Marking Requirements**

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

## U.S. Export Controls

The United States imposes export controls to protect national security interests and promote foreign policy objectives related to dual-use goods through implementation of the Export Administration Regulations (EAR). The Bureau of Industry and Security (BIS) is comprised of two elements: Export Administration (EA), which is responsible for processing license applications, counselling exporters, and drafting and publishing changes to the [Export Administration Regulations](#); and Export Enforcement (EE), which is responsible for the enforcement of the EAR. BIS works closely with U.S. embassies, foreign governments, industry, and trade associations to ensure that exports from the United States are secure and comply with the EAR. BIS officials conduct site visits, known as End-Use Checks (EUCs), globally with end-users, consignees, and/or other parties to transactions involving items subject to the EAR to verify compliance.

An EUC is an on-site verification of a non-U.S. party to a transaction to determine whether the party is a reliable recipient of U.S. items. EUCs are conducted as part of BIS's licensing process, as well as its compliance program, to determine if items were exported in accordance with a valid BIS authorization or otherwise consistent with the EAR. Specifically, an EUC verifies the *bona fides* of transactions subject to the EAR, to include: confirming the legitimacy and reliability of the end use and end user; monitoring compliance with license conditions; and ensuring items are used, re-exported or transferred (in-country) in accordance with the EAR. These checks might be completed prior to the export of items pursuant to a BIS export license in the form of a Pre-License Check (PLC), or following an export from the U.S. during a Post-Shipment Verification (PSV).

BIS officials rely on EUCs to safeguard items subject to the EAR from diversion to unauthorized end uses/users. The verification of a foreign party's reliability facilitates future trade, including pursuant to BIS license reviews. If BIS is unable to verify the reliability of the company or is prevented from accomplishing an EUC, the company may receive, for example, more regulatory scrutiny during license application reviews or be designated on BIS's Unverified List or Entity List, as applicable.

BIS has developed a list of "red flags", or warning signs, and compiled "Know Your Customer" guidance intended to aid exporters in identifying possible violations of the EAR. Both of these resources are publicly available, and their dissemination to industry members is highly encouraged to help promote EAR compliance.

BIS also provides a variety of training sessions to U.S. exporters throughout the year. These sessions range from one to two-day seminars that focus on the basics of exporting to coverage of more advanced, industry specific topics. Interested parties can check a [list of upcoming seminars and webinars](#) or reference BIS provided [online training](#).

BIS and the EAR regulate transactions involving the export of "dual-use" U.S. goods, services, and technologies. For advice and regulatory requirements, exporters should consult the other U.S. Government agencies which regulate more specialized items. For example, the U.S. Department of State's Directorate of Defense Trade Controls has authority over defense articles and services, or munitions. A list of other agencies involved in export control can be found on the [BIS website](#) or in Supplement No. 3 to Part 730 of the EAR.

The EAR is available on the [BIS website](#) and on the e-CFR (Electronic Code of Federal Regulations) and is updated as needed.

The [Consolidated Screening List](#) (CSL) is a list of parties for which the United States Government maintains restrictions on certain exports, reexports or transfers of items. The CSL consolidates eleven export screening lists of the Departments of Commerce, State and the Treasury into a single data feed as an aid to industry in conducting electronic screens of parties to regulated transactions. Exporters are encouraged to classify their items prior to export, as well as consult the CSL to determine if any parties to the transaction may be subject to specific license requirements.

## **Temporary Entry**

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 Department of Customs and Excise issues an import permit that the importer subsequently discharges on the re-exportation of the goods. Firms have faced challenges with inconsistently applied policies regarding tax status of temporary imports of goods intended for rental, such as vehicles.

## **Prohibited and Restricted Imports**

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 and secondhand clothes for resale. Meat imports are controlled by a quota system administered by the Ministry of Agriculture.

## **Customs Regulations**

Zimbabwe Revenue Authority  
6th Floor, Intermarket Center  
Kwame Nkrumah Avenue/ First Street  
Harare, Zimbabwe.  
Tel: 263 24 2790 811  
Fax: 263 24 2773 161 [www.zimra.co.zw](http://www.zimra.co.zw)

## **Standards for Trade**

### **Overview**

There are various laws requiring that retailers and manufacturers maintain certain standards. A Consumer Council of Zimbabwe exists and advises consumers about their rights.

### **Standards**

The Standards Association of Zimbabwe and Bureau Veritas are charged with the responsibility of certifying the quality of most non-medical goods produced or imported into the country.

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

### **Testing, inspection and certification**

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

In 2015, the government implemented the consignment-based conformity assessment (CBCA) program by contracting the French company, Bureau Veritas, to verify and assess compliance with standards and declared value of most goods in exporting countries before shipment. Bureau Veritas will review documentation, inspect products, and in some cases perform laboratory testing. Once Bureau Veritas is satisfied with product assessment they issue a CBCA certificate. Goods not accompanied with the required CBCA certificate will be refused from entering the country.

In addition, The Quality Control Department of the Standards Association of Zimbabwe carries out product certification as well at: 17 Coventry Road, Workington, Harare, Zimbabwe, Tel: 263 24 2753 800-2.

## **Publication of technical regulations**

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. Members of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to notify the WTO proposed technical regulations and conformity assessment procedures that could affect trade. Notify U.S. ([www.nist.gov/notifyus](http://www.nist.gov/notifyus)) is a free, web-based e-mail registration service that captures and makes available for review and comment key information on draft regulations and conformity assessment procedures. Users receive customized e-mail alerts when new notifications are added by selected country(ies) and industrial sector(s) of interest and can also request full texts of regulations. This service and its associated website are managed and operated by the USA WTO TBT Inquiry Point housed within the National Institute of Standards and Technology, as part of the U.S. Department of Commerce.

## **Contact Information**

Standards Association of Zimbabwe  
Northend Close, Northridge Park, Borrowdale, Harare.  
Tel: 263 242 882017/8/9, 242882021, 242885511/2  
Fax: 263 242 882020 Web: <http://www.saz.org.zw/>  
Medicines Control Association of Zimbabwe  
106 Baines Avenue  
Harare, Zimbabwe.  
Tel: 263 242 736 981-5

## **Trade Agreements**

Zimbabwe is a member of the Southern African Development Community (SADC), a 16-member group that has begun to explore greater economic/trade cooperation and eventual regional economic integration. It 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. Zimbabwe also officially joined the African Continental Free Trade Area (AfCFTA) in February 2020 which aims to create a single continental market for goods and services, eventually leading to the establishment of a Customs Union.

## **Licensing Requirements for Professional Services**

Most professional services require licensing with the relevant professional bodies. Legal services require registration with the Law Society of Zimbabwe, while accountants need to register with the Institute of Chartered Accountants of Zimbabwe.

Web Resources <http://www.lawsociety.org.zw/> <https://www.icaaz.org.zw/>

## **Selling US Products and Services**

### **Distribution & Sales Channels**

#### **Overview**

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.

#### **Using an Agent or Distributor**

The use 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. A supplier's ability to provide a service contract and spare parts is often a key determinant of success in the Zimbabwean market. 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**

It is relatively easy to locate office space in Zimbabwe. Nearly all firms have a headquarters office in Harare. With the current economic decline, Harare has a significant amount of unused office space in the city center, although for security reasons, companies are increasingly leasing office space in the suburbs. Despite the government's intentions to improve the ease of doing business, registering a company takes time due to the relatively slow bureaucratic process (see the Investment Climate Statement below).

#### **Franchising**

Franchising is still relatively uncommon, although several South African firms have franchise operations in Zimbabwe and two U.S. fast food franchises (KFC and Pizza Hut) opened in 2014 and 2018, respectively.

#### **Direct Marketing**

Direct marketing presents significant challenges in Zimbabwe. Postal and telephone services are highly unreliable. Mobile phone and Internet services have improved as fiber connectivity is available and more users adopt broadband internet connections.

#### **Joint Ventures/Licensing**

The government encourages joint ventures. 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 despite not owning all of the business. A careful examination of the assets and track records of local partners is highly recommended. Zimbabwe also practices licensing although it is not widespread. The scarcity and cost of capital are often significant obstacles to a successful business relationship. In 2018, the government partially repealed the Indigenization and Economic Empowerment Act which required firms to maintain majority ownership by indigenous black Zimbabweans except in sectors reserved for local entrepreneurs such as except in sectors reserved for local entrepreneurs such as public transport, retail and wholesale trade, barber shops, hair dressing and beauty salons, employment agencies, valet services, grain milling, bakeries, tobacco processing, advertising agencies and provision of local arts and crafts..

#### **Express Delivery**

There are a number of express delivery companies including DHL, FedEx Services and others that operate internationally. Generally, it takes about five days for a standard package from Washington, D.C. to get to Harare.



## **Due Diligence**

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.

## **E-Commerce**

E-commerce is limited to urban centers, with much of it taking place on social media platforms using cash on delivery or mobile payments rather than credit card transactions on traditional websites. E-commerce, as a nationwide sales strategy, has not yet taken off in Zimbabwe due to low internet penetration of around 40 percent. With the installation of broadband currently in progress, e-commerce may improve in the medium term, especially when targeting the wealthier classes of consumers. Following years of cash shortages, electronic payments via debit cards and mobile applications have become common. In January 2019 the government shut down the internet for three days in reaction to protests, blocking all e-commerce and transactions via mobile payments systems.

## **Selling Factors & Techniques**

### **Overview:**

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 for business.

## **Trade Promotion and Advertising**

Zimbabwe is a relatively small market in which a few trade shows are held annually. The Zimbabwe International Trade Fair (ZITF) is the premier expo where several local and international companies exhibit their products. Following President Mugabe's resignation in 2017, the international business community had high hopes that the Mnangagwa administration would enact comprehensive reforms to improve Zimbabwe's economic climate. As a result, the number of foreign exhibitors (which had historically been low) increased substantially in 2018. Initial optimism has soured, however, as the Mnangagwa administration has only enacted modest reforms and continues to use violence to squash dissent. As a result the number of foreign exhibitors at ZITF fell in 2019. In 2020, the government cancelled the trade fair due to the COVID-19 pandemic.

There are also a number of smaller specialized trade shows 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**

Nearly all prices are now market-determined, and sellers may list prices in both U.S. and Zimbabwe dollars at the official exchange rate, though physical U.S. cash sometimes elicits deeper discounts. Most products are subject to a value added tax (VAT) of 15 percent, with the exception of some basic commodities that are zero-rated.

## **Sales Service/Customer Support**

A number of local companies provide adequate after-sales service for locally assembled equipment and imported machinery. However, currency shortages negatively affect the availability of spare parts. The high level of technical skills in the country enables relatively good customer support from the private sector.

## **Local Professional Services**

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

## **Principal Business Associations**

The main business associations are the Confederation of Zimbabwe Industries (CZI) which looks after the interests of manufacturers, the Zimbabwe National Chamber of Commerce (ZNCC), which looks after the interests of retailers, the Chamber of Mines of Zimbabwe which looks after the interest of miners, The Bankers Association of Zimbabwe (BAZ) which looks after the interests of the financial sector players and the American Business Association of Zimbabwe (ABAZ) which was originally formed to advance the interests of American and American- affiliated companies but now includes local companies. The associations lobby the government for policies that benefit their members.

## **Limitations on Selling U.S. Products and Services**

According to the 2018 law amending indigenization regulations, there are still sectors reserved for citizens of Zimbabwe entrepreneurs only including public transport, retail and wholesale trade, barber shops, hair dressing and beauty salons, employment agencies, valet services, grain milling, bakeries, tobacco processing, advertising agencies and provision of local arts and crafts.

## **Trade Financing**

### **Methods of Payment**

Zimbabwe's 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 many companies remain short on cash. In addition, banks in Zimbabwe charge relatively high interest rates and lend for three months or less in most cases. The physical payment system functions well but buyers may not have adequate financial resources to pay for goods acquired. Local banks and vendors accept international credit cards as a form of payment for goods and services due to the critical shortage of cash in the country. Zimbabwe's high mobile telephone penetration ratio of 90 percent has encouraged banks to partner with mobile network operators to offer a range of financial services including purchasing goods and services using mobile money. By the beginning of 2019, Zimbabweans performed 80 percent of their transactions using a mobile device. The widespread adoption of mobile money has helped offset the negative effects of a shortage of cash which retailers prefer. For more information about the methods of payment or other trade finance options, please read the Trade Finance Guide available at <https://www.trade.gov/trade-finance-guide-quick-reference-us-exporters>

### **Banking Systems:**

Zimbabwe has a well-developed banking sector modeled on the British system. The RBZ is the central bank which, after years of dollarization, is once again responsible for monetary policy since the introduction the local currency, RTGS dollars, in February 2019. In March, the government again allowed the U.S. dollar to be used for all domestic transactions, though this is nominally a temporary measure to facilitate economic activity during the COVID-19 pandemic. 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. The re-introduction and collapse of the Zimbabwe dollar has challenged balance sheets for many banks, particularly when U.S. dollar assets converted into local currency balances but U.S. dollar liabilities remained.

### **Foreign Exchange Controls:**

The RBZ has some controls on current and capital account transactions. Zimbabwe's central bank established a foreign exchange priority list to guide banks in the distribution of foreign currency at the preferential official exchange rate towards competing demands. The RBZ uses this priority list in allotting money to successful bidders following

the introduction of the auction system for foreign exchange in June 2020. RBZ limits the U.S. dollar cash clients can take out of the country to \$2,000.

### **U.S. Banks and Local Correspondent Banks:**

U.S. banks do not have a presence in Zimbabwe although most international banks such as First Capital Bank (formerly Barclays Bank of Zimbabwe Limited), Standard Chartered Bank Zimbabwe Limited, Ecobank, and Nedbank Zimbabwe (formerly MBCA bank) do. A number of international banks have cut off correspondent relationships with Zimbabwean banks as part of their de-risking strategy. With the exception of Standard Chartered and FBC Bank, Zimbabwean banks no longer have direct correspondent banking relationships with the United States which increases the difficulty of obtaining foreign currency.

### **Protecting Intellectual Property**

Zimbabwe applies international patent and trademark conventions, and it is a member of the World Intellectual Property Organization. Generally, the government seeks to honor intellectual property ownership and rights, although a lack of expertise and manpower, and rampant corruption limit its ability to enforce these obligations. Pirating of videos, music, and computer software is common. For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at <http://www.wipo.int/directory/en/>.

In any foreign market, companies should consider several general principles for effective protection of their intellectual property. For background, please visit [Protecting Intellectual Property](#) and [Stopfakes.gov](#) or contact ITA's Office of Intellectual Property Rights Director, Stevan Mitchell at [Stevan.Mitchell@trade.gov](mailto:Stevan.Mitchell@trade.gov).

### **IP Attaché Contact [Zimbabwe]**

Name: Christopher Hunnicutt  
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### **Selling to the Public Sector**

#### **Selling to the Government**

Zimbabwe has not agreed to abide by the WTO Government Procurement Agreement. Many governments finance public works projects through borrowing from the Multilateral Development Banks. Due to Zimbabwe's arrears to international financial institutions, Zimbabwe cannot borrow from those institutions. There are, however, opportunities for U.S. firms to sell equipment to the government or to state-owned enterprises (SOEs) such as the National Railways of Zimbabwe and the Zimbabwe Electricity Supply Authority. Some U.S. firms have faced payment delays from the government following the signing of contracts. Some SOEs, such as the Zimbabwe Iron and Steel Company (and its successor companies), 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 OFAC website: <http://www.treasury.gov/resource-center/sanctions/Programs/Pages/zimb.aspx>

U.S. companies bidding on Government tenders may also qualify for U.S. Government advocacy. A unit of the U.S. Commerce Department's International Trade Administration, the Advocacy Center coordinates U.S. Government interagency advocacy efforts on behalf of U.S. exporters bidding on public sector contracts with international governments and government agencies. The Advocacy Center works closely with our network of the U.S. Commercial Service worldwide and inter-agency partners to ensure that exporters of U.S. products and services have the best possible chance of winning government contracts. Advocacy assistance can take many forms but often involves the

U.S. Embassy or other U.S. Government agencies expressing support for the U.S. bidders directly to the foreign government. Consult [Advocacy for Foreign Government Contracts](#) for additional information.

### **Financing of Projects**

Political risks and economic challenges are significant, and this tends to limit project financing from abroad. A few regional banks such as the Preferential Trading Area (PTA) bank and the African Export Import Bank continue to offer funding to Zimbabwean firms.

**Multilateral Development Banks and Financing Government Sales.** Price, payment terms, and financing can be a significant factor in winning a government contract. Many governments finance public works projects through borrowing from the Multilateral Development Banks (MDB). A helpful guide for working with the MDBs is the [Guide to Doing Business with the Multilateral Development Banks](#). The U.S. Department of Commerce's (USDOC) International Trade Administration (ITA) has a Foreign Commercial Service Officer stationed at each of the five different Multilateral Development Banks (MDBs): the African Development Bank; the Asian Development Bank; the European Bank for Reconstruction and Development; the Inter-American Development Bank; and the World Bank.

Learn more by contacting the Commercial Liaison Office to the [African Development Bank](#)

## **Business Travel**

### **Business Customs:**

In spite of perfunctory reference to Marxism and the “Look East” policy by some members of the ZANU-PF government, business customs are more or less similar to those in Western countries.

### **Travel Advisory:**

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

<https://travel.state.gov/content/passports/en/country/zimbabwe.html>

### **Visa requirements:**

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 arrested, expelled from the country, and/or occasionally fined. A passport, visa, return ticket, and adequate funds are required to enter Zimbabwe.

U.S. Companies that require travel of foreign businesspersons to the United States are advised that security evaluations are handled via an interagency process. Visa applicants should go to the following link(s): [State Department Visa Website](#)

Visitors are also advised to refer to up-to-date complete information posted on:

U.S. Embassy in Zimbabwe: [http://harare.usembassy.gov/import\\_visitorsinfo.html](http://harare.usembassy.gov/import_visitorsinfo.html)

### **Currency:**

In June 2019, the government abandoned U.S. dollar parity and re-introduced the Zimbabwe dollar which trades on a purportedly liberalized domestic interbank market. Over the following year, the Zimbabwe dollar has lost 99 percent of its value relative to the U.S. dollar. The consistent gap between the black market and official exchange rate implies the RBZ has not allowed market forces to fully determine the official exchange rate. Instead, the RBZ has periodically devalued the Zimbabwe dollar without allowing it to fall to a market-clearing rate. In March 2020, the RBZ instituted an official fixed exchange rate of 25:1, while U.S. dollars cost as much as four times on the black market, which pressured the government to introduce a weekly foreign exchange auction on June 23. Since then, the Zimbabwe dollar has depreciated by 70 percent to 83:1 by September 1, 2020. The subsequent narrowing of the exchange rate gap has relieved some market distortions but has not yet attracted substantial new foreign currency inflows. Now businesses may list prices in both U.S. dollars and local currency at the official exchange rate, with businesses preferring physical U.S. dollars for transactions.

### **Telecommunications/Electronics:**

Mobile and landline networks are sometimes overloaded, and providers have faced challenges maintaining services as rapid inflation has increased costs while prices have increased at a slower pace. Phone service in general is reliable in urban centers. Mobile payment companies, typically subsidiaries of major telecoms firms, have faced suspensions and unsubstantiated government accusations of fueling inflation, contributing to the growth in money supply, and money laundering.

### **Transportation:**

Zimbabwe has a reasonably well-developed road network, especially relative to much of the rest of the continent. Normally the country has air connections with other countries in the southern and eastern regions of Africa, as well as Europe and the United Arab Emirates. Currently, due to COVID-19, Ethiopian Airlines is the only carrier offering international service to Zimbabwe, with several flights weekly.

**Language:**

English is the official business language in Zimbabwe and it is the language used in much of Zimbabwe's education system.

**Health:**

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

State Department [Visa Website \(http://travel.state.gov/travel/cis\\_pa\\_tw/cis/cis\\_1063.html#entry\\_requirements\)](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:**

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 2020 include: New Year's Day, Robert Mugabe National Youth Day (February 21), Good Friday (April 10), Easter Monday (April 12), Independence Day (April 18), Workers' Day (May 1), Africa Day (May 25), Heroes' Day (August 10), Defense Forces Day (August 11), National Unity Day (December 22), Christmas Day (December 25) and Boxing Day (December 26).

**Temporary Entry of Materials and Personal Belongings:**

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 to Zimbabwe should make sure that all the necessary documentation is in order before departing the United States.

Country specific [travel information](http://travel.state.gov/travel/cis_pa_tw/cis/cis_1063.html) ([http://travel.state.gov/travel/cis\\_pa\\_tw/cis/cis\\_1063.html](http://travel.state.gov/travel/cis_pa_tw/cis/cis_1063.html)).

**Travel Related Web Resources**

Zimbabwe Tourism Authority  
Tourism House,  
55 Samora Machel Ave, Harare.  
Tel: 263 242 758 712.  
[www.zimbabwetourism.co.zw](http://www.zimbabwetourism.co.zw)

## **Investment Climate Statement (ICS)**

The U.S. Department of State's Investment Climate Statements provide information on the business climates of more than 170 economies and are prepared by economic officers stationed in embassies and posts around the world. They analyze a variety of economies that are or could be markets for U.S. businesses.

Topics include Openness to Investment, Legal and Regulatory systems, Dispute Resolution, Intellectual Property Rights, Transparency, Performance Requirements, State-Owned Enterprises, Responsible Business Conduct, and Corruption.

These statements highlight persistent barriers to further U.S. investment. Addressing these barriers would expand high-quality, private sector-led investment in infrastructure, further women's economic empowerment, and facilitate a healthy business environment for the digital economy. To access the ICS, visit the U.S. Department of State's [Investment Climate Statement](#) website.

## **Political Environment**

Political tensions and civil unrest persist under President Emmerson Mnangagwa's government which came into power in November 2017 after former President Robert Mugabe resigned. After the government delayed the announcement of official presidential election results held on July 30, 2018, thousands took to the streets in protest on August 1. The army used live ammunition to disperse the protest, leaving six people dead. A seventh victim later died from injuries sustained at the protest. Following a nationwide stay-away demonstration against a 140 percent increase in fuel prices on January 14, 2019, security forces raided opposition strongholds, arresting and beating hundreds, killing 17, and raping 17 women over the course of several weeks. Increasing public revelations of high-level corruption, for example in high profile scandals surrounding Zimbabwe's COVID-19 response as well as the energy sector, have increased public discontent, and the government has responded to critics with increasing vitriolic rhetoric, arrests, denial of bail, and harassment targeted at members of the opposition political party, journalists reporting on corruption, civil society groups, and labor leaders. Political uncertainty remains high.

Political parties, labor organizations, and civil-society groups sometimes encounter state-sponsored intimidation, abductions, torture, and repression from government security forces and ZANU-PF-linked activists. Disagreements between and within political parties occasionally result in violence targeting political party members.

Key link:

<https://www.state.gov/countries-areas/zimbabwe/>