



U.S.
COMMERCIAL
SERVICE
United States of America
Department of Commerce

U.S. Country Commercial Guides



2017

Zimbabwe

Table of Contents

Market Overview	6
Market Challenges	6
Market Opportunities	7
Market Entry Strategy	7
<i>Political Environment</i>	8
Political Environment	8
<i>Selling US Products & Services</i>	8
Using an Agent to Sell US Products and Services	8
Establishing an Office	8
Franchising	8
Direct Marketing	8
Joint Ventures/Licensing	8
Selling to the Government	8
Distribution & Sales Channels	9
Express Delivery	9
Selling Factors & Techniques	9
eCommerce	9
Overview	9
Current Market Trends	9
Domestic eCommerce (B2C)	9
Cross-Border eCommerce	9
B2B eCommerce	9
eCommerce Services	9
eCommerce Intellectual Property Rights	10
Popular eCommerce Sites	10
Online Payment	10
Mobile eCommerce	10
Digital Marketing	10
Major Buying Holidays	10
Social Media	10
Trade Promotion & Advertising	10
Pricing	10
Sales Service/Customer Support	11
Protecting Intellectual Property	11
Due Diligence	11
Local Professional Services	11

Principle Business Associations	11
Limitations on Selling US Products and Services	11
Web Resources	12
<i>Leading Sectors for U.S. Exports and Investment</i>	13
Agricultural Sector	13
Overview	13
Leading Sub-Sectors	13
Opportunities	14
Web Resources	14
Construction	15
Overview	15
Leading Sub-Sectors	15
Opportunities	15
Web Resources	15
Biotechnology Research and Development Laboratories / Services in Agriculture	16
Overview	16
Leading Sub-Sectors	16
Opportunities	16
Web Resources	16
Mining and Minerals	17
Overview	17
Leading Sub-Sectors	17
Opportunities	17
Web Resources	17
Travel and Tourism	18
Overview	18
Leading Sub-Sectors	18
Opportunities	18
Web Resources	18
<i>Customs, Regulations & Standards</i>	19
Trade Barriers	19
Import Tariff	19
Import Requirements & Documentation	19
U.S. Export Controls	20
Temporary Entry	20
Labeling/Marking Requirements	20
Prohibited & Restricted Imports	20

Customs Regulations _____	20
Standards for Trade _____	20
Trade Agreements _____	22
Licensing Requirements for Professional Services _____	22
Web Resources _____	22
<i>Investment Climate Statement</i> _____	23
Executive Summary _____	23
1. Openness to and Restrictions upon Foreign Investment _____	24
2. Bilateral Investment Agreements and Taxation Treaties _____	25
3. Legal Regime _____	26
4. Industrial Policies _____	28
5. Protection of Property Rights _____	30
6. Financial Sector _____	30
7. State-Owned Enterprises _____	32
8. Responsible Business Conduct _____	33
9. Corruption _____	33
10. Political and Security Environment _____	34
11. Labor Policies and Practices _____	34
12. OPIC and Other Investment Insurance Programs _____	36
13. Foreign Direct Investment and Foreign Portfolio Investment Statistics _____	37
14. Contact for More Information _____	37
<i>Trade & Project Financing</i> _____	37
Methods of Payment _____	37
Banking Systems _____	38
Foreign Exchange Controls _____	38
US Banks & Local Correspondent Banks _____	38
Project Financing _____	38
Web Resources _____	39
<i>Business Travel</i> _____	40
Business Customs _____	40
Travel Advisory _____	40
Visa Requirements _____	40
Currency _____	40
Telecommunications/Electric _____	40
Transportation _____	40
Language _____	40
Health _____	41

Local Time, Business Hours and Holidays	41
Temporary Entry of Materials or Personal Belongings	41
Web Resources	41

INTERNATIONAL COPYRIGHT, U.S. & FOREIGN COMMERCIAL SERVICE AND U.S. DEPARTMENT OF STATE, 2017. ALL RIGHTS RESERVED OUTSIDE OF THE UNITED STATES.

Market Overview

Zimbabwe generally ranks poorly in global comparisons of economic competitiveness. In the World Bank's "Doing Business" rankings for 2016, Zimbabwe ranked 155 out of 189.

The government of Zimbabwe estimates that the economy grew by 0.6 percent in 2016 and projects real economic growth to rise to 3.7 percent in 2017 primarily due to a rebound in agriculture following a season of favorable rains. The government does not expect to import food for the 2017/18 marketing season.

Zimbabwe's exports continue to fall far below imports resulting in large trade deficits which, along with declining remittances, have led to a widening current account deficit.

Although the 2009 adoption of the multicurrency monetary regime, under which the U.S. dollar dominates business transactions, brought stability and restored business confidence, the recent introduction of the surrogate currency known as "bond notes" has reintroduced uncertainties within the economy. The poor performance of public finances in recent years with expenditures exceeding revenues has resulted in a widening budget deficit. The government has resorted to borrowing on the domestic market to fund the deficit through issuance of treasury bills, which has crowded out the private sector and undermined local investment.

Until recently, Zimbabwe experienced persistent deflation with year-on-year consumer price index falling by 0.9 percent at the end of 2016. By February 2017, however, the year-on-year consumer price index rose by 0.1 percent while the month-on-month rate rose much quicker by 0.6 percent. While this should improve competitiveness over time, the government needs to implement measures designed to improve productivity.

Zimbabwe's desire to re-engage the international community by paying off arrears to the preferred creditors did not succeed. After the country paid off arrears owed to the IMF, it failed to raise resources to pay arrears owed to the African Development Bank and the World Bank as agreed to in Lima on the sidelines of the World Bank and IMF spring meetings in 2015.

Market Challenges

The inconsistent application of indigenization regulations that require enterprises valued over \$500,000 to be at least 51 percent owned by black Zimbabweans in most economic sectors continues to discourage investment.

The adoption of a surrogate currency (bond notes), limited to domestic commerce but circulating alongside other currencies at a fixed rate of 1:1 to the U.S. dollar, has introduced potential exchange rate risks to foreign investors.

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.

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 the international financial institutions and its high external debt overhang limit the country's ability to access official development assistance at concessional rates.

A binding shortage of cash on the market constrains production and limits domestic demand. Further, most banks in Zimbabwe do not offer financing over periods longer than two years with most financing available for 90 days or less at high rates.

Market Opportunities

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

- There is a relatively stable political environment.
- There is the possibility of entering into infrastructural projects in energy, rail, and road networks through public-private partnerships.
- The government of Zimbabwe's commitment to the current multi-currency regime implies that there is minimal exchange rate risk.
- In recent years, the country has experienced growth in mining, opening opportunities for equipment manufacturers and investors, although indigenization regulations limit foreign investment to 49 percent shareholding.
- 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.
- The GOZ is considering implementation of special economic zones designed to attract investment.

Market Entry Strategy

Potential investors should consider partnering with local investors who know the market and understand Zimbabwe's business environment. Partnering with indigenous Zimbabwean investors will be in line with the GOZ's indigenization program.

The government has expressed interest in public-private partnerships (PPPs), especially in infrastructure sectors such as power generation and road and rail construction.

Political Environment

Political Environment

Selling US Products & Services

Using an Agent to Sell US Products and Services

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. 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

It is relatively easy to locate office space in Zimbabwe. Nearly all firms have a headquarters office in Harare. As of early 2014, 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. 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 one U.S. fast food franchise (KFC) opened in 2014.

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 get broadband internet connections.

Joint Ventures/Licensing

The government encourages joint ventures, especially when they include local indigenous black partners, as this is one way to comply with the Zimbabwean indigenization policy. Zimbabwe has not agreed to abide by the WTO Government Procurement Agreement. 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. 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.

Selling to the Government

Many governments finance public works projects through borrowing from the Multilateral Development Banks. Due to the arrears problems, Zimbabwe cannot borrow from IFIs. 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 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.

Distribution & Sales Channels

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.

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.

Selling Factors & Techniques

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.

eCommerce

Overview

E-commerce has not yet taken off 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 wealthier classes of consumers.

Current Market Trends

Zimbabwe has low levels of eCommerce because the culture of online purchasing has not taken hold in the country. In addition to this, local courier services are expensive and delivery to remote areas is rare. Furthermore, there have been very little marketing of the virtues of eCommerce in Zimbabwe.

Domestic eCommerce (B2C)

There is very little B2C trading in Zimbabwe because of the constraints noted above.

Cross-Border eCommerce

There is no cross-border eCommerce taking place in Zimbabwe.

B2B eCommerce

There is no B2B eCommerce in Zimbabwe.

eCommerce Services

There is one major provider of some eCommerce in Zimbabwe, supported by a mobile phone service provider. However, the development of the service has not progressed well.

In addition, there are a number of legal firms that deal with eCommerce law in spite of very low levels of utilization of eCommerce channels.

eCommerce Intellectual Property Rights

This aspect has not received much attention in view of the low eCommerce levels in Zimbabwe.

Popular eCommerce Sites

Currently, there are no popular eCommerce sites in Zimbabwe.

Online Payment

While the country now has payment systems, most are still in their infancy and are either still in development or the consumers do not yet understand them well.

Mobile eCommerce

Consumers are able to transfer money through mobile applications but the volumes are not high due to connectivity problems as well as low internet penetration ratios.

Digital Marketing

This is still very low, but may improve as the level of internet penetration improves.

Major Buying Holidays

None.

Social Media

In recent year, use of social media for communication purposes has improved, but the government is currently drafting a bill designed to curtail use of social media.

Trade Promotion & 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 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. However, since 2014, the number of foreign exhibitors has fallen again and only a handful of exhibitors from South Africa, Botswana and Namibia showcased their wares at the 2017 edition of the ZITF. 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

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 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, the liquidity problems negatively affect availability of spare parts. The high level of technical skills in the country enables relatively good customer support from the private sector.

Protecting Intellectual Property

In any foreign market companies should consider several general principles for effective management of their intellectual property. For background on these principles please link to our article on [Protecting Intellectual Property](#) and also [Corruption](#).

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 [here](#).

IP Contact [Zimbabwe]

Name: Christopher Corkey

Address: 172 Herbert Chitepo Avenue, Harare, Zimbabwe.

Telephone: +263 250 593

E-mail: CorkeyCT@state.gov

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.

Local Professional Services

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

Principle 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 the retailers 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 although in recent years, the government has been slow to comply with their requests.

Limitations on Selling US Products and Services

According to the indigenization law, there are eleven sectors reserved for Zimbabwean entrepreneurs including transportation, retail and wholesale trade, barber shop, hair

dressings and beauty salons, employment agencies, valets services, grain milling, bakeries, tobacco processing, advertising agencies and provision of local arts and crafts.

Web Resources

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 that gives information on how to obtain investment approvals. The [Reserve Bank of Zimbabwe \(RBZ\)](#) keeps its site relatively up to date.

Leading Sectors for U.S. Exports and Investment

Agricultural Sector

Overview

Zimbabwe's growth is highly tied to developments in its agricultural sector. Following the government's fast track land reform program, the majority of the new landowners depend on rain fed agriculture with a few irrigating their crops. As the weather pattern changes and droughts become more frequent, the country has failed to produce enough grain to meet domestic demand.

Leading Sub-Sectors

Tobacco:

Although the government expected tobacco output to increase to 222 million kilograms in 2015, actual outturn was lower at 198 million kilograms in spite of the increase in the number of registered growers and an increase in the land under the crop. In the 2015/16 marketing season, the government projects tobacco output to decline by 20 percent to 158 million kilograms, thanks to the El Nino-induced drought. Reflecting the impact of falling prices on profitability, the number of registered growers declined from 90,000 in 2015 to 72,000 in 2016.

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. Soya bean production lags behind demand and in the 2015/16 marketing season, soya bean production declined from 70,000 metric tons in the 2014/15 season to 40,000 metric tons largely due to the poor rains and lack of financial support. The country now imports soya beans from Zambia and Malawi to improve throughput in the oil extraction industry which can process as much as 240,000 tons per annum.

Cotton:

Cotton production has declined in recent years due to the fall in international prices. In addition, contract farming which drove production in the past collapsed with the downsizing of the major contractors, Cargill and the Cotton Company of Zimbabwe (Cottco). The government estimates that output declined from over 84,000 tons in the 2014/15 season to around 30,000 tons in 2015/2016 marketing season due to the debilitating drought. Official estimates show that cotton output will rise to 150,000 tons in the 2016/17 marketing season thanks to government's inputs support scheme and favorable rains. Currently, Zimbabwe has capacity to produce 600,000 tons of cotton while the country's 22 ginners have installed ginning capacity of 750,000 tons per annum. Certain departments within government now believe that the sector can benefit from adoption of improved seed varieties including GMOs and value addition to increase demand for raw cotton. Currently, however, there is no political will to fully embrace use of GMOs in cotton production.

Opportunities

Given the frequent droughts, there are opportunities in the provision of irrigation equipment needed to divest from purely rain-fed agriculture especially with respect to small scale commercial growers. Moreover there are opportunities in the provision of food processing machinery and equipment for agricultural commodities into manufactured goods in line with the policy thrust of value addition to raw materials. There are also opportunities in the agro-chemicals subsector. In particular, the ZIA 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

Tobacco Industry & Marketing Board

Boka Tobacco Auction Floor Complex,
S. Mazorodze/Stoneridge Roads
Harare
Tel: +263-4-613263/70/88/95.

Zimbabwe Farmers Union

102 Fife Avenue/ Sam Nujoma Harare
Tele: +263 4-251861-7

Construction

Overview

Zimbabwe's infrastructure needs rehabilitation. The government is in the process of reconstructing 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 Zimbabwe to the South African sea ports.

Leading Sub-Sectors

The transport sub-sectors of road and rail continue to be constrained by capitalization challenges. Prospects exist in upgrading the roads and rail networks in order to improve the movement of goods to the markets.

Opportunities

Opportunities exist for American companies to provide road and rail construction machinery and equipment in the form of either outright selling to local construction companies or renting out and leasing to construction companies.

Web Resources

[Zimbabwe National Road Authority \(Zinara\) House](#)

STAND No. 489

Runville,

Glenroy Shopping Centre,

Highlands, Harare,

Zimbabwe

Tel: +263-4-442711-3

[National Railways of Zimbabwe](#)

NRZ Parkade Centre, Corner 9th Avenue and Fife Street,

Box 603,

Bulawayo

Zimbabwe

Telephone: +263 9 363595

Biotechnology Research and Development Laboratories / Services in Agriculture

Overview

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

Leading Sub-Sectors

According to the NBA, Zimbabwe has the capacity to do both quantitative and qualitative analysis of genetically modified (GM) maize testing. The NBA implores on the government to reduce regulatory barriers and red tape for biotech products and emerging technologies, improve co-ordination across government departments and support the uptake of agricultural biotechnologies to improve yields for smallholder farmers.

Opportunities

There are opportunities in provision of biotechnology research and development laboratories in order 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

[National Biotechnology Authority](#)

21 Princess Drive

Newlands

Harare

Telephone: +263-4 -782155; 782167; 7828569

Mining and Minerals

Overview

The mining sector is highly diversified, with close to 40 different minerals. The predominant minerals include gold, platinum, chrome, coal, and diamonds. The government intends to make amendments to the Mines and Minerals Act to make it more progressive and investor friendly in order to attract more investment into the sector. In view of this, the government expects mining output to rise from a decline of 2.3 percent in 2015 due to declining international prices, to a projected increase of 2.4 percent in 2016.

Leading Sub-Sectors

The top minerals include gold, platinum, chrome, coal, and diamonds. The government expects gold production to rise from around 18 tons in 2015 to a projected level of 18.5 tons in 2016 in spite of the decline in gold prices. With increasing demand for coal in the tobacco industry and the energy sector, the government projects that coal output will rise from 5million tons in 2015 to 7.5 million tons in 2016. In the diamond sector, the consolidation of diamond mining companies into the Zimbabwe Consolidated Diamond Company in Marange and the transition to conglomerates mining should lead to increased investment if the company buys the necessary mining equipment.

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 related transportation infrastructure and materials, including those related to the railways. The government's renewed interest in increasing domestic beneficiation in the mining sector may require larger capital investments than for 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 (4)334517 / (4)334507

[RioZim Limited](#)

1 Kenilworth Road
Highlands
Harare

Tel: +263-4-776 085/89

[Zimbabwe Platinum Mines \(ZIMPLATS\) Limited](#)

South Block
Borrowdale Office Park
Borrowdale Road
Harare, Zimbabwe

Tel: +263-4- 886 878-85, 886 88

Travel and Tourism

Overview

The government projects growth in the tourist arrivals to rise by two percent from 2,057,588 in 2015 to 2,100,000 in 2016, primarily due to an improved destination image, completion of Victoria Falls airport, improvement in service delivery and continued marketing efforts. In 2013, however, the government imposed a 15 percent value added tax (VAT) on foreign tourists which could potentially make the product uncompetitive relative to other regional destinations.

Leading Sub-Sectors

In recent years, the government supported capital investment in the sector by providing tax incentives and import duty free exemption on certain categories of capital goods for hotels, restaurants and safari operators. Manufacturers of capital equipment used in the sector stand a chance of selling to players within the sector. Wildlife photo and hunting tourism also offer 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. U.S. policy may also prohibit the importation of elephant trophies into the United States.

Opportunities

The lifting of recommendations against travel to Zimbabwe by some of the country's major source markets such as Japan, the United States, and Germany resulted in the observed increase in arrivals. The government expects the total number of tourist arrivals to rise by 19 percent from 2.1 million in 2015 to 2.5 million in 2016. Relatively low real estate prices in Victoria Falls offer opportunities in the construction of hotels and lodges. Furthermore, the conferment of Victoria Falls as a Tourism Special Economic Zone International Financial Centre should assist the town to attract much needed investments. 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 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. ZIA also identifies opportunities in the construction of conference and convention centers, resorts and casinos, and shopping malls. Furthermore, American companies may be interested in establishing tourism development offices in Zimbabwe in order to attract U.S. visitors to Zimbabwe.

Web Resources

[Zimbabwe Tourism Authority](#)

Tourism House,
55 Samora Machel Ave, Harare. Tel: 263 4 758 712.

[African Sun Limited](#)

17th Floor, Crowne Plaza
54 Park Lane, Harare, Tel: 263 4 737 944
Fax: 263 4 883 864

Customs, Regulations & Standards

Trade Barriers

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 citing consumer protection or disease prevention considerations, although these measures also have the effect of protecting local producers from foreign competition.

Import Tariff

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 2009, the government had reduced some import tariffs to align them with regional and international practices.

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.

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. The government liberalized grain marketing by allowing private traders to trade against the state-owned Grain Marketing Board (GMB) in 2009. In fact, most basic commodities do not attract import taxes in order to boost food security in the country.

Until 2008, companies exported all base minerals through the state-owned Minerals Marketing Corporation of Zimbabwe (MMCZ). Effective 2014, gold producers are required to sell to the Reserve Bank of Zimbabwe. However, individual companies still have permission from the government of Zimbabwe to directly market most other minerals and thus avoid the MMCZ and the targeted sanctions on MMCZ by the United States.

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 & 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.

U.S. Export Controls

A list that consolidates eleven export screening lists of the Departments of Commerce, State and the Treasury into a single search as an aid to industry in conducting electronic screens of potential parties to regulated transactions is available [here](#).

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.

Labeling/Marking Requirements

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

Prohibited & 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 second hand clothes for resale. In 2011 the government imposed an indefinite ban on chicken and meat product imports from South Africa. Although the ban has since been relaxed somewhat, meat imports are controlled by a quota system administered by the Ministry of Agriculture.

Customs Regulations

[Zimbabwe Revenue Authority](#)

6th Floor, Intermarket Center

Kwame Nkruma/ First Street

Harare

Tel: 263 4 790 811

Fax: 263 4 773 161

Standards for Trade

Overview

The government has taken steps to improve consumer protection in Zimbabwe. Currently, 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.

Conformity Assessment

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 also implemented the consignment based conformity assessment (CBCA) program by appointing Bureau Veritas to verify and assess conformity to standards and declared value of certain goods in exporting countries before shipment.

Product Certification

Once Bureau Veritas is satisfied with product assessment, then 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
Tel: 263 4 753 800-2
Fax: 263 4 749 181

Accreditation

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

The two organizations publicize technical details.

Contact Information

[Standards Association of Zimbabwe](#)

Northend Close
Northridge Park
Borrowdale
Harare.
Tel: 263 4 882017/8/9, 882021, 885511/2
Fax: 263 4 882020

[Medicines Control Association of Zimbabwe](#)

106 Baines Avenue
Harare.
Tel: 263 4 736 981-5

Trade Agreements

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.

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

[Law Society of Zimbabwe](#)

[The Insitute of Chartered Accountants of Zimbabwe](#)

Investment Climate Statement

Executive Summary

While the government of Zimbabwe has implemented a number of measures since 2009 designed to attract foreign direct investment (FDI), many of its macroeconomic policies, such as the indigenization and economic empowerment laws, are significant deterrents. The country's commitment to the use of the multicurrency monetary regime, under which the U.S. dollar dominates most transactions, restored some business confidence in the country up to November 2016, but the introduction of a surrogate currency (the bond note) used only for domestic transactions, has reintroduced uncertainties in the economy. The country is currently experiencing a binding liquidity constraint as the U.S. dollar disappears from circulation making it difficult for companies to meet their foreign obligations.

Zimbabwe's incentives to attract FDI include tax breaks for new investment by foreign and domestic companies and allowing capital expenditures on new factories, machinery, and improvements to be fully tax deductible. The government also waives import taxes and surtaxes on capital equipment. The government has been working to improve the business environment by trying to reduce costs measured by the World Bank's Ease of Doing Business index, although the pace of introducing such reforms is extremely slow.

In spite of these developments, the country still needs to implement a comprehensive economic reform program designed to address the debt burden and attract foreign financial inflows and capitalization at competitive rates. In addition, corruption is rife and there is little protection of property rights, particularly with respect to agricultural land. The government routinely expropriates land without compensation. Moreover, the inconsistent application of "indigenization" regulations, which set minimum ownership levels by black Zimbabweans of enterprises valued over \$500,000 at 51 percent in most economic sectors, continues to discourage investment.

Zimbabwe's arrears in payments to international financial institutions and poor macroeconomic policies complicate the situation by limiting the country's ability to access official development assistance at concessional rates. Additionally, the country's banks do not offer financing for periods longer than two years, with most financing available for 180 days or less. As a result of these negative factors, Zimbabwe generally ranks poorly in global comparisons of economic competitiveness.

Table 1

Measure	Year	Index/Rank	Website Address
TI Corruption Perceptions Index	2016	154 of 176	Transparency.org
World Bank's Doing Business Report "Ease of Doing Business"	2016	160 of 190	Business Rankings
Global Innovation Index	2016	N/A	Global Innovation Index
U.S. FDI in partner country (\$M USD, stock positions)	2015	N/A	BEA International Factsheet
World Bank GNI per capita	2015	USD 1,710	Data Worldbank

1. Openness to and Restrictions upon Foreign Investment

Policies Towards Foreign Direct Investment

The government's policies are nominally designed to attract greater FDI in order to improve the country's competitiveness, though it does not fully support the policies in practice. While the government appears to encourage public-private partnerships in order to enhance technological development and the need to improve the investment climate by restoring the rule of law and sanctity of contracts, the statements and actions of many senior government officials undermine Zimbabwe's ability to attract FDI and ultimately undermine investor confidence.

Zimbabwe has an Indigenization and Economic Empowerment law that limits the amount of shares owned by foreigners in an organization to 49 percent with a requirement for the remaining 51 percent to be owned by indigenous blacks.

The Zimbabwe Investment Authority (ZIA) promotes and facilitates both foreign direct investment and local investment. The country encourages companies to register with ZIA and the process currently takes approximately 90 days.

Limits on Foreign Control and Right to Private Ownership and Establishment

While there is a right for foreign and domestic private entities to establish and own business enterprises and engage in all forms of remunerative activity, foreign ownership of businesses is limited to 49 percent (or less in certain sectors), as outlined above.

In 2007, the government passed the Indigenization and Economic Empowerment Act, which requires that "indigenous Zimbabweans" (i.e. black Zimbabweans) own at least 51 percent of all enterprises valued over \$500,000.

In the natural resources sectors such as mining, the government restricts foreign ownership to 49 percent with the remainder reserved to indigenous Zimbabweans or the government. In the non-resource sectors, the government grants waivers based on achievements of certain initiatives such as technology transfer, creation of employment, and value addition. In certain sectors, such as primary agriculture, transport services, and retail and wholesale trade including distribution, foreign investors may not own more than 35 percent equity. The government reserves certain sectors such as passenger busses, taxis and car hire services, employment agencies, grain milling, bakeries, advertising, dairy processing and estate agencies for Zimbabweans.

The country screens FDI through the Zimbabwe Investment Authority (ZIA) in liaison with relevant line ministries to confirm compliance with the country's investment and indigenization regulations. Once an investor meets the criteria, ZIA issues the company or entity with an investment certificate.

Other Investment Policy Reviews

In the past three years, the government has not conducted an investment policy review through the Organization for Economic Cooperation and Development (OECD), the World Trade Organization (WTO) or the United Nations Conference on Trade and Development (UNCTAD).

Business Facilitation

Zimbabwe does not have an online registration process. The Zimbabwe Investment Authority (ZIA) is the country's investment promotion body set up to facilitate both foreign direct investment and local investment [ZIA's website](#). The country encourages companies to register with ZIA and the process currently takes 90 days.

Outward Investment

Zimbabwe does not promote or incentivize outward investment because of tight liquidity constraints

2. Bilateral Investment Agreements and Taxation Treaties

The United States does not have a bilateral taxation and/or investment treaty with Zimbabwe.

Zimbabwe has investment treaties with 17 countries but ratified only seven of these treaties (with the Netherlands, Denmark, Germany, South Korea, South Africa, Botswana, and Switzerland). Three other investment agreements with Russia, India, and Iran are awaiting ratification before they go into effect. 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, an army officer seized a farm belonging to a German national but the government did not intervene, despite its assurance that Zimbabwe would honor all obligations and commitments to international investors.

The United States does have a Trade and Investment Framework Agreement (TIFA) with the Common Market for Eastern and Southern Africa (COMESA), of which Zimbabwe is a member. This TIFA provides a mechanism to talk about disputes, although the protection offered by the TIFA is much more limited than protection typically provided by a bilateral investment treaty.

3. Legal Regime

Transparency of the Regulatory System

The government's official policy is to encourage competition within the private sector, but the bureaucracy within regulatory agencies lacks transparency, and corruption within the regulatory system is believed to be rampant.

The government introduces import taxes 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). In 2016, the government, through the Ministry of Industry and Commerce, introduced statutory instrument (SI) 64 which bans importation of a number of products manufactured locally.

International Regulatory Considerations

Zimbabwe is a member of the Southern African Development Community (SADC) and the Common Market for Eastern and Southern Africa (COMESA) and it is signatory to the SADC and COMESA trade protocols establishing free trade areas (FTA) with the aim of growing into a customs union. Although the country is also a member of the World Trade Organization (WTO), it normally notifies only SADC and COMESA of measures that it intends to implement.

Legal System and Judicial Independence

According to law, Zimbabwe has an independent judicial system whose decisions are binding on the other branches of government. The country has commercial law but does not have specialized commercial courts. Administration of justice in commercial cases that lack political overtones is still generally impartial. Regulations or enforcement actions are appealable and are adjudicated in the national court system.

Laws and Regulations on Foreign Direct Investment

As noted above, in 2007, the government introduced the Indigenization and Economic Empowerment Act requires that "indigenous Zimbabweans" (black Zimbabweans) own at least 51 percent of all enterprises valued over \$500,000. In certain sectors, such as primary agriculture, transport services, and retail and wholesale trade including distribution, foreign investors may not own more than 35 percent equity.

The Zimbabwe Investment Authority (ZIA) is the country's investment promotion body set up to facilitate both foreign direct investment and local investment. [ZIA's website](#). The country encourages companies to register with ZIA and the process currently takes 90 days.

Competition and Anti-Trust Laws

The government's official policy is to encourage competition within the private sector with the enactment of the Zimbabwe Competition Act. The Act provided for the formation of the Tariff and Competition Commission charged with investigating restrictive practices, mergers, and monopolies in the country. The Competition and Tariff Commission (CTC) is an autonomous statutory body established in 2001 with the dual mandate of implementing and enforcing Zimbabwe's competition policy and law and executing the country's trade tariffs policy.

Expropriation and Compensation

Despite provisions in Zimbabwe's previous constitution that prohibit the acquisition of private property without compensation, in 2000 the government began to sanction uncompensated seizures of privately owned agricultural land, serially amending the constitution to grant the government increasingly broad authorities to do so after the fact. The authorities subsequently transferred many of the farms seized to government officials and other regime supporters. In April 2000, the government 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 Zimbabwe African National Union – Patriotic Front (ZANU–PF) party, and members of the security forces have continued to disrupt production on commercial farms, including those owned by foreign investors and those 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. As a result, Zimbabwe ranked 87 out of 189 countries considered with respect to the country's ability to protect minority investors in the World Bank's 2015 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 required 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. The 2008 legislation directs a transfer of 25 percent of the shares in precious metals and precious stones to the state without compensation and a further 26 percent to the state or to 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 provisions of the

Precious Stones Trade Act relevant to diamonds to enforce, among other things, 100 percent government ownership of all alluvial diamonds in the ground, immediate separation of diamond mining and marketing activities, and the promotion of value addition through the prohibition of exports of unpolished diamonds.

Dispute Settlement

ICSID Convention and New York Convention

Zimbabwe 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 1994. However, the government does not always accept binding international arbitration of investment disputes between foreign investors and the state.

Investor-State Dispute Settlement

The government is signatory to a number of bilateral investment agreements with a number of countries (see above) in which international arbitration of investment disputes is recognized. As noted above, Zimbabwe does not have a Bilateral Investment Treaty or Free Trade Agreement with an investment chapter with the United States.

Local courts recognize and enforce foreign arbitral awards issued against the government, but there is a history of extrajudicial action against foreign investors. For example, senior politicians declined to support enforcement of a 2008 SADC Tribunal decision ordering Zimbabwe to return expropriated commercial farms to the original owners. Once an investor has exhausted the administrative and judicial remedies available locally, the government of Zimbabwe agrees, in theory, to submit matters for settlement by arbitration according to the rules and procedures promulgated by the United Nations Commission on International Trade Law. However, this has not occurred in practice.

International Commercial Arbitration and Foreign Courts

Zimbabwe is a member of the International Center for Settlement of Investment Disputes, but in practice local courts have not recognized foreign arbitration since the Fast Track Land Reform program in the early 2000s when commercial farmers lost much of their property.

Bankruptcy Regulations

In the event of insolvency or bankruptcy, Zimbabwe applies the Insolvency Act. All creditors have equal rights against an insolvent estate. In terms of resolving insolvency, Zimbabwe ranks 145 out of 190 economies in the World Bank's 2016 Doing Business Report.

4. Industrial Policies

Investment Incentives

There are a number of incentives depending on the form of investment and the sectors. For investment designed to develop industrial parks and investment in tourism development zones and joint ventures in the form of the build, own, operate and transfer (BOOT) and build operate and transfer (BOT), the investors are not required to pay tax in the first five years after which they will pay tax at the rate of 25 percent compared to the normal tax rate of 35 percent. For joint ventures in the form of the build, own, operate and transfer

(BOOT) and build operate and transfer (BOT), investors are not required to pay tax for the first five years after which they will pay tax at the rate of 15 percent per annum. Investors within the mining sector exporting 50 percent of output will have reduced corporate tax of 20 percent and receive import duty exemption on imported capital goods.

Foreign Trade Zones/Free Ports/Trade Facilitation

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—ZIA—now serves as a one-stop shop for both local and foreign investors. Zimbabwe is currently in the process of amending the Zimbabwe Investment Authority Act to include Special Economic Zones. However, to date, activities in special economic zones overall have not been meaningful.

Performance Requirements and Investment Incentives

The government mandates local employment except for specialized skills that are in short supply locally. 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.

Although there are no discriminatory import or export policies affecting foreign firms, the government's approval criteria heavily favor 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, Russia, and Iran) in reserved strategic industries have either purchased existing companies or have supplied equipment and spares on credit.

The government does not require foreign IT providers to turn over source code and/or provide access to surveillance. Only banks are required to maintain all their data in the country through the escrow agreement.

The government encourages foreign investors 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 in order to obtain work and residence permits. Normally, the maximum contract period for a foreigner is three years but with possible extension to five years for individuals with highly specialized skills.

5. Protection of Property Rights

Real Property

The government enforces interests in residential and commercial properties in cities although this is not the case with agricultural land. Mortgages and liens do exist for urban properties although liquidity constraints have led to a fall in the number of mortgage loans. According to the World Bank's 2015 Doing Business Report, Zimbabwe is ranked 94 out of 189 countries in terms of registering property. The recording of mortgages is generally reliable. With regard to agricultural land, the government provides and protects use rights of indigenous people and it is currently in the process of developing new 99-year leases that will guarantee use, with the government retaining ownership of all agricultural land.

Intellectual Property Rights

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.

It does not appear that the government enacted new IP related laws or regulations over the past year. The country does not publish information on the seizures of counterfeit goods.

For additional information about treaty obligations and points of contact at local IP offices, please see [WIPO's country profiles](#).

Zimbabwe is not listed in the notorious market report. For additional information about national laws and points of contact at local IP offices, please see [WIPO's country profiles](#).

6. Financial Sector

Capital Markets and Portfolio Investment

Zimbabwe's stock market currently has 58 publicly-listed companies, but just 17 of them account for over 80 percent of total market capitalization, which stood at \$3.8 billion on February 28, 2017. In September 1996, the government opened the stock and money markets to limited foreign portfolio investment. Since then, a maximum of 49 percent of any locally-listed company can be foreign-owned in line with the indigenization policy framework, with any single investor allowed to acquire up to 15 percent of the outstanding shares.

There is a 1.48 percent withholding tax on the sale of marketable securities, while the tax on purchasing stands 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 restarted issuing Treasury Bills.

Money and Banking System

Three major international commercial banks and a number of regional and domestic banks operate in Zimbabwe, with a total of over 200 branches. The central bank (Reserve Bank of Zimbabwe (RBZ)) believes that the banking sector is generally stable in spite of a harsh operating environment characterized by high credit risk and liquidity constraints. As most international banks reduce risk (de-risking) in the face of high penalties for non-compliance with prudential guidelines in developed countries, most Zimbabwean correspondent banking relationships are in jeopardy. As of December 31, 2016, the sector had 18 operating institutions, comprising 13 commercial banks, four building societies and one savings bank. According to the RBZ, as of December 2016, all operating banking institutions complied with the prescribed minimum core capital requirements. The level of non-performing loans improved somewhat from 10.87 percent in December 2015 to 7.9 percent by December 2016 largely due to a general improvement in credit management and the selling of qualifying bad assets to the Zimbabwe Asset Management Company, set up to cleanse banks' balance sheets through acquisition and restructuring of non-performing loans.

According to the central bank, the total deposits (excluding interbank deposits), rose from \$5.7 billion in December 2015 to \$6.5 billion by December 2016. Demand deposits accounted for 54.6 percent of the total while time deposits accounted for 26.9 percent.

The central bank received a \$200 million injection from the African Export Import Bank (Afrexim Bank) to revitalize Zimbabwe's inter-bank lending market which started operating on March 23, 2015 (see above).

Foreign Exchange and Remittances

Foreign Exchange

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 demonetized the Zimbabwe dollar. The RBZ now permits bank accounts and transactions in the following currencies: Euro, Botswana pula, South African rand, British pound, U.S. dollar, Chinese yuan, Australian dollar, Indian rupee, and Japanese yen, with most business conducted in U.S. dollars. Zimbabwe's export performance is rising but at a slower pace than imports. The government's arrears on over \$10 billion in external debt block the country's access to multilateral financing. These conditions severely constrain external financing for the economy which has resulted in rising external payments arrears for necessary imports.

Remittance Policies

In line with recommendations from the Southern African Development Community (SADC) and the IMF, the government revised the Foreign Exchange Control Act, which regulated currency conversions and transfers before the withdrawal of the Zimbabwe dollar. With these changes and the liberalization of most current account transactions, exporters retain 100 percent of their foreign currency receipts for their

own use until the second quarter of 2016. Since then, the RBZ retains 50 percent of all export proceeds to be shared among competing foreign payments needs based on a priority list. In spite of this, foreigners can remit capital appreciation, dividend income and after tax profits provided the foreign exchange is available.

Zimbabwe is a member of the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG). The country still awaits the results of the 2014 Financial Action Task Force (FATF) assessment of Zimbabwe's compliance with the international standards on money laundering and terrorism financing, and the authorities believe that the results will be positive.

Sovereign Wealth Funds

Zimbabwe does not have a sovereign wealth fund (SWF). The government set aside US\$1 million toward administrative costs related to the setting up of the Sovereign Wealth Fund in its 2016 Budget. The government proposes to capitalize the SWF through a charge of up to 25% on royalty collections on mineral sales, as well as on a special dividend on the sale of diamond, gas, granite and other minerals.

7. State-Owned Enterprises

Zimbabwe has 76 state-owned enterprises (SOEs), defined as companies wholly-owned by the state, but there is no published list of these entities. Many SOEs support vital infrastructure, including energy, mining, and agribusiness, for example. As a result, competition within the sectors where SOEs operate tends to be limited. However, the government of Zimbabwe (GOZ) invites private investors to participate in infrastructure projects through public-private partnerships (PPPs). Most SOEs have public function mandates, although in more recent years, they perform hybrid activities of satisfying their public functions while making profits. SOEs should have independent boards but in some instances such as the recent case of the Zimbabwe Mining Development Corporation (ZMDC), the government allows the entities to function without boards.

Zimbabwe does not appear to subscribe to the Organization for Economic Cooperation and Development (OECD) guidelines on corporate governance of SOEs. SOEs operate under the same taxes and same value added tax rebate policies as private sector companies. The SOEs face a number of challenges that include persistent power outages, mismanagement, lack of maintenance, inadequate investment, a lack of liquidity and access to credit, and debt burdens. As a result, the SOEs have performed poorly in recent years. Few SOEs produce publicly available financial data and ever fewer audited financial data. This has imposed significant costs on the rest of the economy.

Privatization Program

Since the start of the privatization program of its 76 state-owned enterprises (SOEs) in the 1990s, the government has only successfully privatized two parastatals. The government established a ministry responsible for state-owned enterprises in 2009 but disbanded it in 2013. Inter-SOE debts of nearly \$1 billion pose challenges for privatization plans because 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.

8. Responsible Business Conduct

Following dollarization in 2009, there has been increased awareness of standards for responsible business conduct (RBC), driven by the private sector through the Standards Association of Zimbabwe. The private sector developed the National Corporate Governance Code of Zimbabwe (ZimCode), which is a framework designed to guide Zimbabwean companies on RBC. An industrial advocacy group, the Confederation of Zimbabwe Industries, has a standing committee on business ethics and standards which drives ethical conduct within the Zimbabwean private sector. The organization has developed its own charter according to OECD guidelines, highlighting good corporate governance and ethical behavior. The Zimbabwean government has not taken any measures to encourage RBC and it does not take RBC policies or practices into its procurement decisions.

Firms that demonstrate corporate social responsibility do not automatically garner favorable treatment from consumers, employees, and government. With regard to indigenization, foreign companies receive formal indigenization credits of up to 31 percent for conducting CSR determined by the extent to which the activity achieves the government's socio-economic objectives.

Although the Zimbabwean government has considered implementing the World Bank's Extractive Industries Transparency Initiative (EITI) principles in order to strengthen accountability, good governance, and transparency in the mining sector, it has yet to launch an EITI program. However, the government has stated its intention to adopt a domestic initiative called the Zimbabwe Mining Revenue Transparency Initiative (ZMRTI) but it has made little progress in implementing the initiative.

9. Corruption

In 2005, the government enacted an Anti-Corruption Act that established a government-appointed Anti-Corruption Commission (ACC) to investigate corruption. However, the ACC did not include any members from civil society or the private sector. The government of national unity (GNU) enhanced the institutional capacity of the ACC with members appointed from civil society and the private sector. However, when the ACC's term of office expired, the new ACC did not include civil society and private sector representatives. 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. Accusations of corruption are used as a political tool but seldom result in formal charges and convictions.

While laws to combat corruption exist, enforcement of the laws is weak as the law enforcement agencies lack the political will and resources to do their job effectively. As a result, Transparency International ranked Zimbabwe 154 out of 176 countries and territories surveyed in 2016 for its corruption perceptions index.

Existing rules on the Zimbabwe Stock Exchange compel listed companies to comply, through annual reports, with minimum disclosure requirements.

The government also created a policy to improve 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 largely unreliable. In this respect, the government has introduced a Diamond Policy that focuses on ensuring the 100 percent government ownership of all

alluvial diamonds in the ground and the involvement of the Zimbabwe Revenue Authority (ZIMRA) in the entire value chain of diamond production.

While Zimbabwe signed the United Nations Convention against Corruption on February 20, 2004 and ratified the treaty on February 20, 2007, it is not party to the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.

Resources to Report Corruption

Transparency International Zimbabwe
96 Central Avenue
P O Box CY 434, Causeway
Harare, Zimbabwe
+263 4 793 246/7
tiz@tizim.org; info@tizim.org

10. Political and Security Environment

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 during the period of the coalition government when the main opposition parties, the Movement for Democratic Change-Tsvangirai (MDC-T) and the Movement for Democratic Change-Ncube (MDC-N), joined ZANU-PF in an Inclusive Government from February 2009 to June 2013. Individuals and companies out of favor with ZANU-PF routinely suffer harassment and bureaucratic obstacles in their business dealings.

Within the ruling ZANU-PF party, tensions over succession are increasingly carried out in public and the battle over who will succeed President Mugabe will continue to intensify. Though Zimbabweans are increasingly frustrated with the President Mugabe government's mismanagement of the economy and political repression, neither the opposition nor political activists have articulated convincingly a feasible way forward. In 2013, Zimbabwe passed a new constitution and held seriously flawed national elections. The next presidential, parliamentary, and local elections will take place in July or August 2018, if the government adheres to constitutional framework. Political violence and human rights abuses persist in Zimbabwe, though at lower levels than in 2008. However, with increased factionalism in both the ruling and opposition parties, intra-party violence is rising. Recent discussions among Zimbabwe's main opposition party leaders have prompted speculation about a possible coalition challenge to ZANU-PF in 2018 elections, although there is no agreement on which candidate would lead such a ticket.

Despite the perceived widespread dissatisfaction with government policy, there have not been large-scale demonstrations since the July 2013 general elections. Disagreements between and within political parties occasionally resulted in violence targeting political party members. In December 2013, customers broke the windows at a bank branch which had run out of funds to distribute to depositors. Such violence is sporadic, but will increase as elections draw close.

11. Labor Policies and Practices

Zimbabwe's interconnected economic and political crises from 1998 through 2008 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 (Zimstat) began to compile meaningful employment statistics in 2010. According to these figures, Zimbabwe's non-farm employment rose from 721,000 in December 2011 to 802,000 in June 2012 (the latest date for which official data are available). Anecdotal evidence shows widespread youth unemployment as the country continues to churn out graduates without any meaningful employment growth. As a result, most end up joining the informal sector estimated at over 90 percent of the workforce.

Although the country's HIV/AIDS epidemic had previously taken a heavier toll on the workforce, in 2014, 15 percent of adults were living with HIV/AIDS.

The government encourages foreign investors to make maximum use of Zimbabwean management and technical personnel.

The country's labor laws make it very difficult for employers to adjust employment in response to an economic downturn except in the Special Economic Zones (SEZs) where labor laws do not apply. Outside the SEZs the employer must engage the employees and their representatives and agree to adopt measures to avoid retrenchment. If the measures fail, the employer can retrench and pay an all-inclusive package of one month salary for each two years of service or the pro rata share thereof.

The labor laws differentiate between layoffs and firing for cause, with the former falling under retrenchment where the retrenchment law must apply. The law does not accept dismissal or layoffs of employees without full retrenchment packages in place. The 2015 amendments to the act only permit termination of contract in terms of a registered code of conduct, expiry of a contract of fixed term duration or mutual agreement. There is no unemployment insurance or other safety net programs for workers laid off for economic reasons.

Employers in any sector tend to use temporary or contract workers because it is easy to lay them off as there is no need to follow termination procedures. Employers typically negotiate contracts ranging from 3 months to one year, renewed as necessary. The Labor Amendment Act of 2015, however, now requires employment councils to put a limit on the number of times employers can renew short term contracts.

The government does not waive labor laws in order to attract or retain investment, except in the case of special economic zones if and when the law is passed to establish such zones.

Labor unions affiliated to the Zimbabwe Congress of Trade Unions (ZCTU) are independent of the government and those affiliated to the Zimbabwe Federation of Trade Unions (ZFTU) and the Zimbabwe Industrial Revolution Workers Federation support the government.

Collective bargaining takes place through a National Employment Council (NEC) in each industry, comprising representatives from labor, business, and government. The agreements apply to the entire sector regardless of whether or not all employees are members to the council, except for managerial employees.

The country has a labor dispute resolution process that starts at company level through disciplinary committees or grievance committees. If the issue is not resolved at this level, the aggrieved party can appeal to either the employment council or the Labor Court depending on the industrial agreement. Other redress is through the Ministry of Public Service Labor and Social Welfare in which labor officers settle disputes for industries

without employment councils. From the Labor Court an aggrieved party can appeal to the Supreme Court.

The ZCTU called for a demonstration on August 8, 2015 to protest against massive job losses as a result of the Supreme Court decision allowing employers to terminate contracts of employment on three-month notice under the common law. The police banned the activity and riot police camped at ZCTU offices for a week, preventing workers from gathering and accessing union offices. Following the ZCTU appeal to the High Court on August 22, 2015, the demonstration went ahead.

Labor inspection is very minimal and there is discrimination in practice. The government continues to harass labor unions and their leaders. In December 2012, for example, the police arrested two ZCTU officials for allegedly holding an unsanctioned protest march to celebrate Human Rights Day in the city of Bulawayo, even though the police had sanctioned it beforehand. Under Zimbabwe labor law, the government can intervene in ZCTU's internal affairs if it determines that the leadership is misusing funds.

The government enacted some amendments to the labor act in 2015 to compel employers who dismissed workers from July 2015 as a result of the Supreme Court judgment to pay retroactive compensation. While employers are unhappy with the provision, trade unions are somewhat pleased with the decision. But the compensation is limited to one month salary for each two years of service or a share thereof.

The government is a member of the International Labor Organization (ILO) and has ratified conventions protecting worker rights. The country has been subject to ILO supervisory mechanisms for practices that limit workers' rights to freely associate, organize, and hold labor union meetings.

12. OPIC and Other Investment Insurance Programs

The U.S. government and Zimbabwe concluded an OPIC agreement in April 1999 which permits OPIC to conduct transactions in Zimbabwe. Zimbabwe acceded to the World Bank's Multilateral Investment Guarantee Agency in September 1989. Support from the Export-Import Bank of the United States is not available in Zimbabwe. Finance and export promotion programs, as well as investment insurance offered through the international financial institutions, remain limited due largely to Zimbabwe's mounting multilateral and bilateral debt arrears and deteriorating investment climate.

13. Foreign Direct Investment and Foreign Portfolio Investment Statistics

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

	Host Country Statistical Source*		USG or International Statistical Source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
Economic Data	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) (\$M USD)	2015	\$14,059	2015	\$14,419	Worldbank
Foreign Direct Investment	Host Country Statistical Source*		USG or International Statistical Source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in partner country (\$M USD, stock positions)	2015	N/A	2015	(D)	BEA data
Host country's FDI in the United States (\$M USD, stock positions)	2015	N/A	2015	(D)	BEA data
Total inbound stock of FDI as % host GDP	2015	N/A	2015	(D)	N/A

*Zimbabwe National Statistical Agency

(D) Data suppressed to avoid disclosure of data of individual companies

Table 3: Sources and Destination of FDI

Data not available.

Table 4: Sources of Portfolio Investment

Data not available

14. Contact for More Information

Joseph Muzulu, Economic Specialist,
U.S. Embassy Harare,
172 H. Chitepo Avenue, Harare
+263 4 250593 muzuluj@state.gov

Trade & Project 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, even today,

these companies are 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 have accepted international credit cards as a form of payment for goods and services only in recent years due to the critical shortage of cash in the country.

Banking Systems

Zimbabwe has a well-developed banking sector which 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 has re-established the RBZ's lender-of-last-resort function with the support of the African Export-Import Bank, which established a facility of \$200 million for this purpose. 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

Following the cash shortages experienced in Zimbabwe in recent months, the RBZ has re-established 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 towards competing demands. In addition, the RBZ revised downwards the maximum cash that clients can take outside the country from \$5,000 to \$1,000.

US Banks & Local Correspondent Banks

U.S. banks do not have a presence in Zimbabwe although most international banks operating in Zimbabwe, such as Barclays Bank of Zimbabwe Limited, Standard Chartered Bank Zimbabwe Limited, FBC Bank, and Nedbank Zimbabwe (formerly MBCA bank), have correspondent banking relationships with the United States.

Project Financing

Political and risks and economic challenges 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 continue to offer funding to Zimbabwean firms.

U.S. Commercial Service Liaison Offices at the Multilateral Development Banks (African Development Bank, World Bank)

The Commercial Service maintains Commercial Liaison Offices in each of the main Multilateral Development Banks, including the African Development Bank and the World Bank. These institutions lend billions of dollars in developing countries on projects aimed at accelerating economic growth and social development by reducing poverty and inequality, improving health and education, and advancing infrastructure development. The Commercial Liaison Offices help American businesses learn how to get involved in

bank-funded projects, and advocate on behalf of American bidders. Learn more by contacting the Commercial Liaison Offices to the [African Development Bank](#) and the [World Bank](#).

Web Resources

[Commercial Liaison Office to the African Development Bank](#)

[Commercial Liaison Office to the World Bank](#)

Web Resources

Trade Finance Guide: A Quick Reference for U.S. Exporters, published by the International Trade Administration's Industry & Analysis team:

- [Export-Trade Finance Guide](#)
- [Export-Import Bank of the United States](#)
- [Country Limitation Schedule](#)
- [OPIC](#)
- [Trade and Development Agency](#)
- [SBA's Office of International Trade](#)
- [USDA Commodity Credit Corporation](#)
- [U.S. Agency for International Development](#)

Business Travel

Business Customs

In spite of perfunctory reference to Marxism and to 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.

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. Visitors are advised to refer to the up-to-date complete information posted on the following websites:

[State Department Visa Website](#)

[U.S. Embassy in Zimbabwe](#)

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](#)

Currency

Since 2009, Zimbabwe adopted a multi-currency system, with the U.S. dollar dominating most transactions.

Telecommunications/Electric

Although improving somewhat, mobile and landline networks are sometimes overloaded. Phones in general are reliable in urban centers. In 2010 some service providers introduced connectivity for data-enabled devices, such as smart phones and usage is becoming widespread.

Transportation

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 and the United Arab Emirates.

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](#)

[CDC Travelers' Health website](#)

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 2017 include: New Year's Day, Good Friday (April 14), Easter Monday (April 17), Independence Day (April 18), Workers' Day (May 1), Africa Day (May 25), Heroes' Day (August 14), Defense Forces Day (August 15), National Unity Day (December 22), Christmas Day (December 25) and Boxing Day (December 26).

Temporary Entry of Materials or 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](#) (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 of the necessary documentation is in order before departing the United States.

For country specific travel information, please visit [here](#).

Web Resources

[Zimbabwe Tourism Authority](#)

Tourism House,

55 Samora Machel Ave, Harare.

Tel: 263 4 758 712.