



ZIMBABWE

What's happening in this economy

Zimbabwe is a landlocked country in Southern Africa with a relatively well educated, young workforce (75 per cent of the population is under the age of 35 years). High unemployment rates (estimated up to 90 per cent) mean a large proportion of Zimbabweans work informally or are underemployed. Population growth is stable.

Once considered the bread basket of Africa, Zimbabwe's agricultural and manufacturing capacity has significantly declined. They require major investment, as does infrastructure. Agriculture and mining hold great potential.

Higher education is currently the most valuable bilateral commercial tie.

Sectors with the most potential for Australian investment include mining and agribusiness. Fintech and tourism also hold potential over the medium to longer term.

Following elections in July 2018, the Zimbabwean Government is focusing on economic recovery and increasing international engagement. It is keen to attract foreign investment. Steps have been taken to make the business environment more conducive—including abolition of the requirement for 51 per cent local ownership (except platinum and diamonds)—but much needs to be done to make the country competitive.

The large government deficit is a concern and is pressuring the already weak domestic banking sector.

The financial sector requires an overhaul and access to foreign exchange is a major hurdle for business. The government is seeking a long term solution to the ongoing liquidity crisis, which has at times resulted in increased inflation and shortages of basic goods including fuel.

Zimbabwe is not a current or prospective FTA partner.

There is a large Zimbabwean diaspora in Australia (approximately 40,000). The strong people-to-people ties—together with economic and climate complementarities—make Zimbabwe a potentially viable investment destination for Australian companies.

Australia has some legacy aid investments in Zimbabwe worth around AUD 35 million, in water and sanitation, agribusiness and civil society, all due to finish in 2019. Zimbabwe also receives a small number of Australia Awards scholarships, and ANCP and DAP funding.

Key facts and figures

- Population: 14.9 million
- GDP growth: 2.4%
- GDP per capita: USD 1,270
- Political system: parliamentary republic
- Two-way trade: higher education, machinery and vehicle parts; and crude minerals and vegetables
- Total merchandise trade (exports + imports): AUD 1,902,000
- Two-way major investments: nil



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Trade, investment, and commercial opportunities and activities

There is no major Australian commercial presence in Zimbabwe. There is some small scale Australian investment in the mining sector, and Australian tertiary institutes have made strong inroads in the education sector.

After decades of decline, many sectors require major investment. These include:

- agriculture and agribusiness
- mining
- manufacturing and textiles
- basic infrastructure (roads, rail, air, power and water)
- IT
- vocational education, and
- financial services.

There is scope in renewable and smart cities, though this is currently not the highest priority for government.

In 2017 Zimbabwe was ranked 181 in terms of Australia's merchandise trade. It was ranked 61 as a destination for Australian services: this relationship has grown by almost 20 per cent since 2016.

Zimbabwe is not a destination for Australian FDI, and there is minimal inward investment into Australia.

There has been Zimbabwean attendance at the annual Africa Down Under conference in Perth and at the October 2018 International Mining and Resources Conference in Melbourne - though not at ministerial level.

Zimbabwean business representatives have shown some interest in meeting with potential Australian investors.

Barriers to trade include parallel currency and forex issues (including repatriation of funds), land tenure issues, corruption, policy and regulatory uncertainty, shortages of basic goods and inflation.

Trade policy and negotiations

Australia does not have an FTA with Zimbabwe.

Zimbabwe has signed bilateral investment promotion and protection agreements with 36 countries. Only 10 of these are in force.

Active agreements are with China, Denmark, Germany, Iran, Kuwait, Netherlands, Russia, Serbia, South Africa and Switzerland.

- Some Bilateral Investment Promotion and Protection Agreement partners have registered complaints about adherence to and enforcement of the agreements.

Zimbabwe is a member of the WTO and the following trade related frameworks:

- Common Market for Eastern and Southern Africa (COMESA)



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- COMESA-US Trade and Investment Framework Agreement
- Southern African Development Community (SADC)
- SADC-EU Economic Partnership Agreement
- African Union, and
- African Continental Free Trade Area (still under development).

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