Zimbabwe will play a full-part in efforts to work-out a successor to the LOME Afro-Caribbean and Pacific country arrangement with the European Union. Efforts will be intensified to develop a full understanding and appreciation of the opportunities and responsibilities brought about by the new trading order under the World Trade Organisation. A Government to private sector consultative process will be maintained on WTO issues and arrangements.

The country will seek niche markets for its products. Outward missions will be promoted through Zimtrade for these trade opportunities while ZIC will go on similar missions to encourage inward investment to improve the range of our traded products.

No effort will be spared in emphasising the need for our industries to be world players in a global economy.

9. TRIPARTITE CO-OPERATION

The above policies and strategies will be implemented in close co-operation with all the stake holders on the industrial scene, in a tripartite arrangement between Government, employers and trade unions. The industrial policy is primarily aimed at rallying together all the stakeholders around a common vision. It fits in well with the overall debate on the way forward for Zimbabwe into the next millennium. The tripartite consultations between the Ministry of Industry and Commerce and the other two partners will feed into the National Consultative Council which the President's Office has established (is establishing).

The Ministry of Industry and Commerce for its part will improve its skills and capacity to respond to demands of industry. A full understanding of the issues in the industrial arena will be documented through on-going research projects and constant touch with industry. Industrialist will be expected to play their part and co-operate in the new thrust.

CONCLUSION

This policy statement is a broad indication of the issues and measures for the next ten years. It will be reviewed on a ongoing basis over the whole period. It can only succeed if all the stakeholders embrace it as their own. It is not an event but a process. The Ministry of Industry and Commerce will be only too pleased to continue to receive suggestions on fine turning where necessary as we implement the strategies and programmes.

MINISTRY OF INDUSTRY AND COMMERCE

OMT/am.......strategy

11th April, 1997

SIRDC

SCIENTIFIC AND INDUSTRIAL RESEARCH AND DEVELOPMENT CENTRE

The R & D activities of SIRDC are focused in the areas of technology upgrading, adaptation, innovation, unpackaging and transfer. The work programme of SIRDC is carried out in its specialised constituent institutes. The 7 institutes of SIRDC and the associated scope of activities assigned to them are as follows :

1. Biotechnology Research Institute (BRI)

Director: **Dr J M Gopo**

- Basic Biotechnology Research
- Agricultural Biotechnology (Plant and Animal Breeding)
- Medical Biotechnology (Human and Animal Health)
- Environmental Biotechnology
- Industrial Biotechnology
- Food Technology

2. Building Technology Institute (BTI)

Director: **Dr M T Musarurwa**

- Structural and Geotechnical Engineering and Testing
- Housing and Infrastructure Development
- Construction Technologies and Alternative Building Materials
- Design Systems (Architecture, Industrial Design, Urban Design)
- Building System Performance

3. Energy Technology Institute (ETI)

Coordinator: **Dr M Muyambo**

- Hydro and Thermal Energy
- Renewable Energy Systems (Biomas & Solar Energy)
- Coal Systems
- Power Systems
- Energy Audits and Efficiency
- Applications of atomic energy in medicine, agriculture, mining, etc

4. Environment & Remote Sensing Institute (ERSI)

Director: **Dr C H Matarira**

- Remote Sensing Applications (vegetation mapping, crop yields, etc)
- Creation and Management of GIS Data Bases
- Natural Resources Management
- Environment Monitoring for Air and Water Pollution
- Hydrology/Water Resource Inventory
- Cleaner Production Technologies
- Water Quality Engineering

5. Electronics Institute (EI)

Coordinator: **Mr B Chidyagwai**

- Design of Microelectronics Systems
- Information Technology (Databases, Network)
- Software Engineering including CAD Applications
- Telecommunications
- Design of Integrated Circuits

6. Production Engineering Institute (PEI)

Coordinator: **Mr M Mutyambizi**

- New Materials : Polymers, Composites, Ceramics, etc
- Product Design Technologies including CAD
- Manufacturing Processes
- Design and Development of Machine Tools
- Machinery Design and Development
- Maintenance and Reliability
- Packaging Design and Production.

7. National Metrology Institute (NMI)

Coordinator: **To Be Appointed**

- Maintenance of National Measuring Standards
- Equipment Calibration Services
- Developing New Measuring Standards
- Providing Services in Solving Technical Problems

8. <u>Technology Management Division (TMD)</u>

Coordinator: Mr L Riyano

- Management of Technological Change
- Industrial Analysis and Improvement
- Project Planning and Implementation
- Production Efficiency : Getting it Right the First Time
- Promoting Precision Measurements
- Total Quality Management

In addition to the specialised technical support listed above, each unit offers consultancy, training and information dissemination services.

EXECUTIVE MANAGEMENT

Director General	-	Professor C J Chetsanga
Deputy Director General	-	Dr P Munezvenyu
Financial Controller	-	Mr C Chingosho
Contact Information	-	SIRDC, Hatcliffe P O Box 6640, Harare Tel: 263-4-860321 Fax: 263-4-860351

---

embargoed till end of delivery

Budget Statement, 1997
Presented to The Parliament of Zimbabwe
on Thursday, 24 July 1997

By
The Minister of Finance
The Hon. Herbert M. Murerwa, M.P.

Comd. R.Z. 13

A. MOTION

1. Mr Speaker, I move that leave be granted to bring in a Bill to make further provisions in connection with revenues and public funds of the Republic of Zimbabwe and to make provisions for matters ancillary and incidental to this purpose.

B. INTRODUCTION

2. Mr Speaker, Sir, it is my honour and privilege to present budget proposals for the 1997/98 financial year to this august House. The budget is a major instrument of macro-economic policy, especially in the short term, and therefore demands critical scrutiny by Honourable Members. Economic developments in the next 18 months will depend, to a large extent, on the budgetary impact on macro-economic variables such as inflation, growth and employment.

3. Mr Speaker, Sir, the budget for 1997/98 is being presented at a time when the economic prospects for the country look bright. We have had two successful agricultural seasons and performance in all sectors has been satisfactory. Following the abundant rains received during the 1996/97 season, we are currently enjoying our highest water supply since the early 1990s.

4. Furthermore, prospects for concluding negotiations with multilateral financial institutions on the second phase of reforms

are bright. This will trigger the resumption of the much needed balance of payments and budgetary support.

6. The budget has been crafted within the context of competing priorities such as education, health, social welfare and infrastructure development on the one hand, and the need for a lower and sustainable budget deficit on the other. For as long as the budget deficit remains high, the problem of inflation will persist unabated.

7. Mr Speaker, my statement today will cover economic performance in 1996 as well as prospects for 1997 and 1998. I will also highlight progress made in the preparation of the second phase of the economic reform programme, the outturn for the 1996/97 budget, and finally the 1997/98 budget proposals.

C. ECONOMIC REVIEW

C.1 World Economy

8. Mr Speaker, Sir, global economic activity accelerated significantly in 1996 compared to 1995. World output growth is estimated to have increased from 3.7 percent in 1995 to 4 percent in 1996. This strong growth derives from increased global commitment to structural reforms and macroeconomic stabilisation which has led to price stability being perhaps stronger than at any other time since the Second World War. The growth in 1996 was sustained by the increase in economic activity

experienced in Japan and continued strong growth in the United States and United Kingdom. Economic activity in other major industrial countries was, however, sluggish, due to, among other factors, record unemployment levels which constrained demand for goods and services and led to increases in social welfare expenditures.

9. In 1996, developing countries experienced yet another year of strong growth. The countries as a group grew by 6.5 percent compared to 6 percent in 1995. This increase in output was driven by stronger economic activity in Africa, Latin America and the Middle East as growth in the countries of Asia, though strong, declined marginally. Growth in Central and Eastern Europe continued to be mixed with those countries which commenced reforms earlier realising high growth.

10. Mr Speaker, economic growth in Africa was particularly impressive, rising from 2.9 percent in 1995 to about 5 percent in 1996. This growth in output, the highest in 20 years, signalled the turning point of several years of economic reforms. However, while a significant number of African countries experienced increased economic activity in 1996, prospects for sustained economic growth on the continent will be enhanced by a more stable political environment.

11. Mr Speaker, Sir, inflation in developed countries declined marginally from 2.6 percent in 1995 to 2.4 percent in 1996. The average rate of inflation in Africa declined from an estimated

32.1 percent in 1995 to about 24.8 percent in 1996. The average inflation for the continent was distorted by the very high rates obtaining in some countries. There is, therefore, need for African countries, Zimbabwe included, to implement policies that will lower the rates of inflation to single digit levels in order to achieve macro-economic stability.

C2. Domestic Economy

12. Mr Speaker, the Zimbabwean economy experienced a strong recovery in 1996 and registered an estimated real GDP growth rate of 8.1 percent . This impressive growth in economic activity was largely underpinned by the increase in agricultural output of about 48.6 percent following the abundant rains received during the 1995/96 agricultural season.

13. The Manufacturing sector, which has strong linkages with agriculture, grew by 3.5 percent after experiencing a decline of 13.6 percent in 1995.

14. On the other hand, production in the mining sector, which had been impressive throughout the period of the economic reforms, was sluggish in 1996, and registered a decline of 0.2 percent . Weak international prices for Zimbabwe's major minerals accounted for this stagnation.

15. Mr Speaker, Sir, the economy is estimated to register a growth rate of about 4.5 percent in 1997. Owing to the negative impact

of excessive rains, the volume of agricultural production is projected to slow down and grow by about 4.3 percent . Manufacturing is expected to grow by 6 percent as a result of a combination of factors such as improved access to the South African market and the positive impact of the rationalised tariff structure on domestic economic activity.

16. Even though gold prices continue to be weak, the volume of mining production is expected to pick up as a result of firmer prices for other major minerals and the commencement of production from the BHP Hartley Platinum project during the second half of this year.

17. On the external front, the balance of payments position is expected to improve from a deficit of US$21 million in 1996 to a surplus of US$24 million in 1997. However, the current account deficit is forecast to deteriorate by 2.5 percent of GDP in 1997 from 2.1 percent of GDP in 1996 due to a net outflow in payment for services, signaling the need for an aggressive export drive.

18. Mr Speaker, inflation was on a downward trend in 1996 from a high of 28 percent at the beginning of the year to 16.4 percent in December resulting in an annual average of 21.7 percent . This was a marginal improvement on the 22.6 percent experienced in 1995.

19. Strong inflationary pressures still persist in the economy, largely due to factors such as frequent increases in prices, excessive money supply growth and demand for wage increases in excess of productivity. The rate of inflation, which had further declined from 16.4 percent in December, 1996 to 15.8 percent in January this year shot up to 22.4 percent in April before declining to 20.7 percent in May. However, the rate for June has since risen to 21.4 percent . If these inflationary pressures persist during the second half of the year, we are likely to experience an average rate of inflation in excess of 21 percent this year.

20. Mr Speaker, Sir, the current high inflation levels are inimical to sustainable growth and development. Such rates of inflation undermine our competitiveness with our trading partners. It is therefore necessary that Government, private sector and labour join forces to combat inflation in order to promote growth and employment. On its part, Government is making concerted effort to reduce the budget deficit. The private sector should increase productivity and refrain from unrealistic price increases and wage settlements.

C.3 Zimbabwe Programme for Socio-Economic Transformation (ZIMPREST)

21. Mr Speaker, Sir, in my budget statement last year, I reviewed progress made under the first phase of the economic reform programme in creating a more conducive environment for

accelerated growth in investment and employment generation. I also pointed out how Government was determined to forge ahead in the implementation of the reforms despite the onset of a number of external shocks such as the recurrent droughts and the international recession.

22. At that time, I could only give a broad outline of the second phase of the reform programme as there was still a lot of work to be done.

23. Indeed, a lot has since happened and I am pleased to share with you the major highlights of the programme. ZIMPREST is a home grown policy document which was put together by Government with the assistance of local consultants and involved extensive consultations with the various stakeholders in the economy. Shortly, Government will launch ZIMPREST and I have no doubt that Honourable Members will lend their full support to this programme.

24. ZIMPREST will consolidate the achievements of the first phase of the economic reform programme and attend to the unfinished business of the first phase as well as introduce new areas emerging as a result of unfolding socio-economic developments. The major theme in ZIMPREST and indeed this budget is the achievement of macro-economic stability.

25. Mr Speaker, Sir, ZIMPREST embraces the following economic policies which result in the attainment of macro-economic stability:-

- Achieving economic growth and social development and greater equity of both opportunities and outcomes.
- Facilitating a greater role of the private sector in the economy.
- Providing a regulatory framework for commercialisation and privatisation of sectors previously monopolised by parastatals.
- Promoting outward-looking trade and investment policies.
- Promotion of both portfolio and foreign direct investment.
- Alleviating poverty by empowering individuals and communities, supported by appropriate public investment in health, education and infrastructure.
- Indigenisation that will focus on economic empowerment and facilitate enterprise development to promote growth.
- Promoting sustainable use of natural resources in a manner that does not compromise development options for future generations.

D. PROSPECTS FOR 1998

26. Prospects for 1998 largely depend on the outcome of the 1997/98 agricultural season. Assuming a good rainfall season, the agricultural sector, which is the mainstay of the economy, will post solid growth which will spill over to the other sectors.

27. The Manufacturing sector is expected to benefit from the anticipated decline in inflation and interest rates resulting in yet another year of strong growth. It is hoped that by 1998, international prices for gold will have picked up and this, combined with full production at the BHP mine for the full year, should result in strong growth for the Mining Sector. Overall, the economy is expected to experience a growth rate of about 5 percent in 1998.

28. Mr Speaker, Sir, the budget is the key instrument for implementing ZIMPREST. Among other measures, civil service rationalisation, commercialisation and privatisation of public enterprises and enhanced fiscal management, will significantly reduce the budget deficit. Furthermore, negotiations with the donor community for balance of payments and budget support will reduce dependence on domestic resources for financing. These policy measures are anticipated to exert a downward pressure on inflation and interest rates. Inflation is projected to decline to 16.5 percent by the end of June; 1998 and further to 12 percent at the end of the year. Interest rates are expected to decline in tandem.

E. COMMERCIALISATION AND PRIVATISATION OF PUBLIC ENTERPRISES

29. Noteworthy progress has been made in the reform of public enterprises, although at a slower pace than originally envisaged.

The graduation from commercialization to the privatisation stage will reduce the burden of public enterprises on the fiscus. As you may be aware, in June 1997, Dairiboard Zimbabwe Limited (DZL) became the first public enterprise to be privatised in Zimbabwe. Due to the overwhelming response from the general public, the sale of DZL shares was ten times over-subscribed. Next to be privatised are the Commercial Bank of Zimbabwe and the Cotton Company of Zimbabwe whose shares are scheduled to be on offer in August and September, 1997 respectively.

30. Participation by foreign investors may be required for strategic considerations such as the need for new or advanced technology, research, marketing and managerial skills.

31. The National Investment Trust (NIT) will warehouse shares to be purchased by indigenous people in the future. The enabling legislation on the NIT will be tabled in Parliament during the course of this session.

32. In order to sustain the momentum on privatisation, Government is working on the establishment of a Privatisation Agency whose main function is to facilitate implementation of privatisation proposals within the framework of ZIMPREST.

F. PUBLIC EXPENDITURE REVIEWS

33. The Office of the President has recently completed an exercise on refocusing the mission of Government. This will facilitate further reduction in the size of the civil service by the Public Service Commission.

34. The stop payment system has continued to instill financial discipline in expenditure management. Work on computerisation of the accounting and management systems is underway. In order to minimise the current level of fraud, Government will be introducing a system of direct payment into the accounts of creditors. In an effort to retain skills in accounting and finance, Government is moving towards professionalisation of these fields.

35. Efforts are underway to improve and strengthen the public procurement function. Currently, tender procedures are part of the Treasury Instructions. It is intended that the procurement function be strengthened and be regulated through an Act of Parliament. The Procurement Bill will be presented to this House sometime during the course of this year.

G. BUDGET OUTTURN FOR 1996/97

Revenue

36. Total revenues collected during the fiscal year 1996/97 amounted to $25,282 billion of which tax revenue amounted to $23,209 billion and non tax revenue to $2,073 billion. This is well above the initial target of $23,350 billion. Individual tax, sales tax and customs duties performed far better than originally anticipated. This is mainly attributed to intensive revenue collection measures that were implemented during 1996/97, particularly the door to door exercise carried out in Harare. The exercise will continue throughout the country. Revenue was further boosted by proceeds from the sale of state assets amounting to $540,753 million and $922,762 million surplus on the gold and foreign account.

Expenditure

37. During the past fiscal year, expenditures increased beyond the original budget provisions mainly as a result of wage settlements and bonus awards in the civil service. Total expenditure and net lending amounted to $32,366 billion against a provision of $34,079 billion including supplementary provisions. The original provision on salaries and wages was $8,6 billion, but was later revised to $11,1 billion. Interest on debt had initially been estimated at $8,121 billion. However, the actual payments amounted to $7,510 billion. This was mainly attributed to the temporary decline in interest rates following the transient fall in

inflation in the latter part of last year and earlier this year. In addition, the Reserve Bank assumed responsibility over the interest portion which accrues on Treasury bills utilised purely for mopping up excess liquidity and not for financing the budget.

38. The total wage and interest bill for 1996/97 amounted to $18,610 billion, constituting 71 percent of total revenue or 57.5 percent of total expenditure. Hence, only 29 percent of total Government revenue was available for discretionary expenditures, including the Public Sector Investment Programme (PSIP).

39. Capital expenditure and net lending totalled $4,122 billion, a decrease of 3.5 percent from the initial target of $4,27 billion. However, as a share of total expenditure, it constituted only 12.7 percent . A reduction of recurrent expenditures is necessary for growth in capital expenditures.

The Budget Deficit

40. In 1996/97 the budget deficit excluding grants totalled $5,621 billion, or 6.5 percent of GDP. The deficit excluding grants and privatisation proceeds amounted to $6,162 billion, about 7.1 percent of GDP. When grants and privatisation proceeds are incorporated, the deficit declines to 5.9 percent of GDP. The 1996/97 budget had envisaged a budget deficit of 8.5 percent of GDP. The budget outturn is a good achievement which should be sustained under ZIMPREST.

Financing the budget

41. Total revenue generated in 1996/97, including privatisation proceeds, financed 82.6 percent of total expenditure, compared to 74.8 percent in 1995/96. This left a shortfall of 17.4 percent which was financed through grants amounting to $544,424 million and $5,168 billion net borrowings from the domestic market. There was a net outflow of $90,993 million on foreign financing, with $2,154 billion borrowings and $2,245 billion repayments. In the initial budget, I had estimated net foreign financing of $349 million. This could not be realised due to the suspension of multilateral and donor financial support for the reform programme.

H. PROPOSALS FOR 1997/98

42. Mr Speaker, in my budget statement of July 1996, I announced the intention to merge the fiscal and financial year with the calendar year. The fiscal year 1997/98 runs for a period of 18 months which spans the period July 1997 to December 1998. This will make projections on social and economic statistics more meaningful since most of the data are published on a calendar year basis.

43. Mr Speaker, Sir, I would like to thank Honourable Members for the interest they have shown by contributing towards the budget preparation. At the pre-budget seminar in May this year, I benefited immensely from your contributions. In putting this budget together, I have tried as much as possible to accommodate

your views within the confines of existing budgetary and other limitations.

Revenue

44. I have estimated total revenue to be collected during this fiscal year, at \$48.8 billion, about 28.8 percent of GDP. Of the total amount, \$44.6 billion will be tax revenue while non tax revenue is anticipated to be \$4.2 billion. Revenue collection will be enhanced through the establishment of the National Revenue Authority (NRA), which will close loopholes in the tax system as well as strengthen tax administration. Government has already approved the establishment of the authority, which I will be tabling in the House during this session.

45. Mr Speaker Sir, I intend to introduce the Value Added Tax (VAT) in 1998. At present, sales tax is collected only when a product has been sold. This means that revenue remains uncollected for a long time until a sale is made. The VAT will go a long way in boosting tax revenues as collections will be made earlier in the production and distribution process.

Expenditure

46. Mr Speaker, total expenditure and net lending for 1997/98 is estimated at \$63,857 billion, which is 37.7 percent of GDP. This is a marginal increase of 0.3 percent age points compared to the

1996/97 figure of 37.4 percent of GDP. The salaries and wages bill is estimated at $25 billion while interest on debt is $14,05 billion. As a share of total expenditure salaries and wages will constitute 39.1 percent while interest on debt accounts for 22 percent . The higher wage bill is a result of two annual increments and the award of bonuses to civil servants for the years 1997 and 1998. In addition, the figure caters for the cost of living adjustment and the payment of Phase III of the Job Evaluation Exercise, review of allowances for civil servants, as well as unbunching of salaries for grades 9 to 18.

47. Capital expenditure and net lending will be $7,75 billion, which is 12.1 percent of total expenditure and 4.6 percent of GDP, compared to levels of 12.7 percent and 4.8 percent respectively realised in 1996/97. However, this will be complemented through private sector participation in infrastructure provision, especially considering policy measures such as Build-Own-Operate-Transfer (BOOT), Build-Own-Operate (BOO), etc, which the Government has started to implement on projects such as the New Limpopo Bridge and the proposed Heany Junction - Beitbridge Railway line.

I. CAPITAL AND RECURRENT EXPENDITURE

48. In the 1997/98 budget, I have for the first time put PSIP allocation under the respective Ministry Votes. In the past this used to be allocated under the former Ministry of Public Construction and National Housing.

Wage Bill

49. The wage bill amounts to $25 billion which is 39 percent of total expenditure. This represents 51.2 percent of total revenue and 15 percent of GDP. I am concerned that the wage bill remains too high. Measures that I have already alluded to such as civil service rationalisation, and focus on core business, must be implemented without further delay in order to reduce the salaries and the wages bill.

Education, Sport and Culture

50. Government places high priority on the development of human resources. I have therefore, once again, allowed the recurrent budget to be dominated by Ministries of Education, Sport and Culture and Higher Education and Technology. The two, put together, account for 24 percent of total recurrent expenditure. I have allocated $11,171 billion to the Ministry of Education, Sport and Culture. This is in view of the need to maintain the high standard of education offered in our schools. The biggest increase in the allocation is attributable to the increase on salaries and allowances, as a result of implementation of Phase III of the Job Evaluation exercise. I have provided $2,819 billion to the Ministry of Higher Education and Technology. I am allowing the two Ministries to retain the fees which they collect in order to empower the local communities.

Health Delivery

51. Mr. Speaker, Sir, a healthy nation prospers and becomes the envy of other nations. The AIDS pandemic, together with other diseases such as TB, hepatitis B and malaria are a threat to the prosperity of our nation. Government will therefore continue to give high priority to provision of health services. I have therefore provided $3,818 billion for health delivery and have also allowed the Health Ministry to retain fees collected.

Social Welfare

52. Mr Speaker, Sir, whilst we had a very good agricultural season, some of the people will still need social welfare. I have therefore provided $4,513 billion to the Ministry of Public Service, Labour and Social Welfare.

Economic Ministries

53. The economic Ministries play an important role in the provision of infrastructure which is necessary for spearheading economic growth. These include Finance; Industry and Commerce; Lands and Agriculture; Rural Resources and Water Development; Transport and Energy; National Affairs, Employment Creation and Cooperatives; Information, Posts and Telecommunications; Mines, Environment and Tourism and Local Government and National Housing.

54. I have allocated a total of $5,273 billion to the Vote of Credit relating to donor funding. The Ministry of Local Government and National Housing has been allocated $980 million, Lands and Agriculture $1,311 billion, the Ministry of Transport and Energy $871 million and Ministries of Rural Resources and Water Development and Industry and Commerce have been allocated $626 million and $613 million respectively. I have allocated $14 million to the Ministry of Finance for the Zimbabwe Investment Centre (ZIC) and $273 million to the Ministry of Mines, Environment and Tourism.

Rural Development Fund

55. Mr Speaker, Sir, Government is concerned at the lack of development in the rural areas and in this regard intends to establish the Rural Development Fund to finance the construction of roads, bridges, clinics, schools, water points and other infrastructure.

56. It is proposed that for this year, this money be shared equally among all rural provinces, while a more equitable system which takes into account poverty, population density and other criteria is worked out. This money will not be used to support any bureaucracy, but for development only. I intend to pass on the development levy to this fund.

57. To this effect, legislation will be brought to this House during the course of this Session, and I appeal to Hon. Members to fully support this initiative.

International Relations

58. The Ministry of Foreign Affairs plays an important role in promoting investment and trade and bring Zimbabwe into the limelight abroad. I therefore propose to allocate the Ministry $864,5 million.

Defence And Security Forces

59. Mr Speaker, Sir, the whole of the Southern Africa region has been liberated and is now enjoying relative peace. The defence forces have been deployed on peace-keeping missions under the auspices of the United Nations. While we have achieved considerable reduction in manpower, it is necessary to have an effective and efficient Defence Force that is appropriately equipped. I therefore propose to allocate $5,420 billion to Ministry of Defence. Of this amount $3,988 billion is for salaries and allowances.

60. Mr Speaker, Sir, I propose to provide the Ministry of Home Affairs with $2,931 billion representing an increase of 24 percent over last year's allocation. The allocation will cater for, among others, departments such as the ZRP and Registrar General's office. For the ZRP to maintain law and order, it has to be adequately funded. The Registrar General's office is computerising

in order to update the voters roll and eliminate queues at national registration centres.

Judiciary

61. The judiciary contributes significantly to good governance and transparency. In acknowledgment of its role, I propose an allocation of $818 million to the Ministry of Justice, Legal and Parliamentary Affairs.

J. PUBLIC SECTOR INVESTMENT PROGRAMME

61. Mr Speaker, I have allocated $7,75 billion for the Public Sector Investment Programme (PSIP). Over the past two years resources for the PSIP have fallen as a share of GDP from 9.2 percent in 1994/95 to 6.5 percent in 1996/97 and 4.6 percent in 1997/98.

62. This decline in the PSIP budget has also made it abundantly clear that the Government alone cannot meet the social and infrastructural development requirements of the economy. Efforts are being made to encourage private sector participation through Build Own and Operate (BOO), and Build Own Operate and Transfer (BOOT) to which there is already a resounding response. I am most grateful to donor agencies who have been sufficiently flexible to accommodate this new funding mechanism.

63. Mr Speaker, in the 1997/98 PSIP, priority has been given to on-going projects to ensure their successful completion. New works have been accommodated only where commitments have already been made. In this regard, 78 percent of the total capital budget will go towards financing on-going projects and the remainder is for new priority projects. The proposed total programme, excluding parastatals' own resources amounts to $7,75 billion of which $4,547 billion will be from external sources in the form of grants and loans. Compared to the 1996/97 outturn, this represents an increase of 19 percent in nominal terms. Parastatals' own resources amount to $4,024 billion which is over and above the central government PSIP budget of $7,75 billion.

64. The Ministry of Rural Resources and Water Development has been allocated $1,263 billion. Of this amount, $603 million is mainly for the provision of resettlement infrastructure, rural roads and water supplies by the District Development Fund (DDF). Furthermore, $224 million is earmarked for the Integrated Rural Water Supply and Sanitation programme, and $83 million has been allocated for various capacity building projects for the Rural District Councils (RDCs). Some $343, million is for construction of Tokwe-Mukosi dam and several medium sized dams. The other major dams such as Biri and Kunzvi are being considered for co-funding with the private sector.

65. The Ministry of Transport and Energy has been allocated $1,293 billion. This accounts for 17 percent of total PSIP. An allocation of $605 million has been provided for the New Harare

International Airport. A total of $566 million has allocated for the construction of roads, bridges and traffic control facilities.

66. Mr Speaker, I have allocated $371 million to the Ministry of Lands and Agriculture, which is an increase of 132 percent from last year's allocation. Included in this provision is $80 million for the purchase of land for resettlement. On irrigation development, emphasis will be on the promotion of the smallholder subsector with a view to further enhance its contribution to the economy. An amount of $44 million has been allocated for improvement and upgrading agricultural colleges to enable them to offer National Diplomas and Higher National Diplomas. An additional $69 million has been allocated for agricultural services offered by various departments of this Ministry.

67. The Ministry of Higher Education and Technology has been allocated $541 million. I have allocated $370 million for the construction and equipment requirements of the National University of Science and Technology (NUST). An amount of $120 million has been allocated for the construction and procurement of equipment for the Health Science Centre for the University of Zimbabwe, and $20 million will be for commencement of works on Phase I of Gwanda Teacher's College. A further $10 million is earmarked for the College of Distance Education which will be the nucleus for the Open University.

68. The Ministry of Health and Child Welfare has been allocated

$474 million for the upgrading and construction of health facilities at national, provincial and district level which is an increase of 13 percent over last year's provision. In line with Government's plan to have a hospital in every district, hospitals will be constructed in Hwange and Gokwe North in 1997/98. The total amount includes $240 million for completion of the Family Health II programme.

69. The Ministry of Local Government and National Housing has been allocated $1,407 billion. Of this amount, $634 million has been allocated for the Urban II Development programme which benefits 21 local authorities. This allocation will complete the second phase of this programme which has provided the much needed housing and community facilities for our growing urban centres. The balance of this provision is partly for the construction of the Harare Composite Office Complex which will accommodate several Ministries and also for supervision fees for all construction works.

70. A substantial amount under the Ministry of Industry and Commerce's allocation of $480 million is for the payment of ZISCO's called-up loans amounting to $400 million. Government has put in place a turn-around programme intended to reverse the company's drain on the fiscus. In this regard, the company has borrowed $605 million from external sources for the rehabilitation of Blast Furnace Number 4 which when completed will restore 70 percent of ZISCO's production capacity. Funds in the amount of $35 million have also been provided for SEDCO and IDC to promote development of small to medium size enterprises.

71. Mr Speaker, as you will recall, last year I informed this House that the National Investment Trust (NIT) will be established. This, however, has not been possible since the Trust Deed which provides for the appointment of trustees and the board has yet to be tabled in Parliament. In light of Government's commitment to the indigenisation of the economy, I have allocated $200 million for the NIT which will be established during this session. The NIT will warehouse shares resulting from sale of Government assets. The shares will be held in trust for purchase by indigenous people.

72. Government recognises the need to enhance research and development by both the public and private sectors, in view of the rapid technological changes taking place the world over. In this regard $181 million has been earmarked for the on-going construction of the Scientific Industrial Research and Development Centre in the Office of the President and Cabinet.

73. Mr Speaker, you may be aware of the accommodation problems facing our Defence Forces. In order to mitigate the problem, I have therefore allocated $262 million to the Ministry of Defence for this purpose.

74. The Ministry of Home Affairs has been allocated $482 million of which $280 million is for the procurement of vehicles and boats for the Zimbabwe Republic Police, and $104 million is for construction of the Regional Interpol Headquarters and residential accommodation. The computerization of the Central Registry is

well underway and $141 million has been provided for this programme.

75. The on-going modernization and digitalization programme by the Posts and Telecommunications Corporation has been included under the Ministry of Information, Posts and Telecommunication's Vote with an allocation of $100 million.

76. Mr Speaker, in view of the need to achieve sustainable utilisation and management of our natural resources, I have allocated $161 million to the Ministry of Mines, Environment and Tourism for the Forestry Commission and Department of National Parks and Wildlife Management for natural resources conservation works. The allocation to this Ministry includes $21.5 million for completion of Phase I and commencement of Phase II of the School of Mines and the balance is for mining exploration and research activities.

77. Under the Ministry of Education, Sport and Culture, I have allocated some $45 million for schools and for development of sport.

K. FINANCING THE BUDGET

Budget Deficit

78. Mr Speaker Sir, the 1997/98 budget deficit which stands at \$15 billion, excluding grants and privatisation proceeds, represents 8,9 percent of GDP, which is higher than the 7.1 percent of GDP achieved in 1996/97. When grants are included, the figure declines to \$13,25 billion which represents 7,8 percent of GDP.

Budget Financing

I anticipate total revenue to finance 76.5 percent of total expenditure. This leaves a shortfall of \$15 billion which will be catered for through \$1.819 billion worth of grants, \$1.5 billion privatisation proceeds, \$318 million net foreign financing and \$11.387 billion net domestic borrowings.

L. TAXATION PROPOSALS

80. Mr Speaker, the reduction of the central Government deficit from 10 percent of GDP to 5 percent by fiscal year 1994/95 was one of the major objectives of ESAP. However, this objective could not be achieved due to a number of factors such as decline in revenue performance, among others.

81. Revenue performance declined sharply during ESAP from 33.9 percent of GDP in 1990/91 to 28.5 percent in 1995/96. This reduction has contributed significantly to the growing fiscal imbalance. The decline was due partially to policy changes introduced during the course of the ESAP, such as reduction in the rates of personal income tax, exempt from duty and tax on capital goods and raw materials. The main reason however, lay in the fact that tax administration could not keep pace with the expansion and increasing sophistication of industry and commerce.

82. Due to deficiency in the enforcement capabilities of the tax authority, compliance declined. Constraints that have faced tax authorities include limited technology and professional skills, human and financial resources.

83. Mr Speaker, the theme of my taxation proposals in the current budget is to enhance tax enforcement thereby raising compliance; through closing up loopholes and also introducing other measures that will assist tax administration.

84. Mr Speaker, I propose to change the tax year to align it with the fiscal year. I therefore propose a nine month tax year to cover the period 1st April 1997 to 31st December 1997. Thereafter, the tax year will run from 1st January to 31st December.

85. Honourable Members are aware that a number of measures that led to the overall reduction of tax on income were implemented during phase one of the structural adjustment programme. However, we take cognisance of the fact that the current tax structure continues to impose a heavy burden on tax payers. This fact has been further compounded by the effects of inflation, which have resulted in the problem of bracket creep for taxpayers. I therefore propose to alter income bands used in the calculation of income tax to begin at $12 000 and end at $80 000, above which income tax is chargeable at the rate of 40 percent with effect from January 1999. This measure will have a significant impact on incomes of taxpayers, particularly favouring the poor with those earning $1 000 per month completely exempt from income tax.

86. Mr Speaker, Sir, in my budget statement last year, I announced that the motor vehicle benefit would be taxed at cost to the employer. A number of organisations have expressed concern with this new method of taxing the motor vehicle benefit. However, the new method of taxation is in line with the principle of horizontal equity which requires that individuals with the same income pay the same level of tax. For tax purposes, income includes benefits granted by the employer.

87. Having considered all the representations made, and in particular, the significant increase in tax liability for those who make use of company vehicles, I propose to introduce the taxation of the motor vehicle benefit at cost to the employer on a phased basis. Thus, I propose to tax 50 percent of the benefit with effect from 1st April, 1997; 75 percent with effect from 1st January 1998 and, finally, 100 percent with effect from 1st January 1999. These changes allow for both employers and employees to adjust to the new method of taxing the motor vehicle benefit, as well as provide relief to employees who would otherwise have had to bear a significantly high tax burden.

88. I further propose to reduce the rate of corporate tax from 37.5 percent to 35 percent with effect from January 1, 1999. This measure should provide some relief to companies and contribute towards output expansion and employment generation.

89. Mr Speaker, I have endeavoured over the years to reform the structure of tax policy, in order to attain a degree of simplicity as regards administration, through removal of a number of credits among other things. However, on humanitarian grounds, credits for the blind and disabled have not been scrapped, but have remained static for a long period of time. I propose to increase the same credit from \$500 to \$1 500 with effect from 1st January, 1999.

90. Companies are currently allowed deductions of expenditure amounting to \$50 000 where the cost of putting up a staff house does

not exceed $100 000. Expenditure deduction of up to $500 000 is also allowable on schools and clinics. In order to encourage provision of such services by companies, I propose to increase these deductions to $70 000 where the cost of constructing a staff house does not exceed $125 000, and $750 000 for clinics and schools with effect from 1st January, 1999.

91. Mr Speaker, the prescribed period within which cases are open for assessment is three years under the current legislation. The recent door to door investigations carried out by tax officials have revealed cases in which the fiscus has been deprived of revenue, since it was not possible to open up cases that had already been closed, at the lapse of the three year period, for further investigations. I therefore propose to extend the prescription period to six years in all cases other than those involving fraud or tax evasion where no time limit will apply.

92. Another area where loopholes have led to loss of revenue to the fiscus is where companies that fall under the same control transfer assets from one company to another, in a bid to avoid their tax obligation. I propose amendment to the Income Tax Act inorder to allow recovery of tax in the event that assets are transferred to another legal person under the same control. This measure will no doubt curb the increase of tax avoidance through company asset stripping.

93. Mr Speaker, after the opening up of the economy through trade liberalisation, informal sector activities increased significantly. The

major problem with an existence of a fairly large proportion of the informal sector is that it is difficult for the tax administration to bring potential taxpayers into the tax net. The key to implementing any concept of fair taxation however lies in the ability of the tax administration to reach all those who should pay and to tax them in accordance with their ability to pay. I therefore propose to impose a 10 percent withholding tax on rentals made to any authority or agency that lease space to traders. Adjustment as regards losses that may have been incurred would be made upon submission of annual tax returns.

94. Mr Speaker, tax administration has through its usual audits observed abuse of sales tax numbers by registered operators. The intention of registration for sales tax numbers was to ensure that inputs are acquired at competitive prices through removal of the cascading effect and also that traders would collect sales tax once their stocks are consumed. However, the interpretation of normal cause of business seems to have been too wide, thereby leading to abuse. I propose to restrict the meaning of normal course of business through amendments to the Sales Tax Act.

95. Honourable members are aware that bad debts are common in any trading business. However, the Sales Tax Act does not currently provide for bad debts. I propose an amendment to the same Act in order to provide for a deduction on sales, where proof for bad debts is shown. Simply put, a trader should be able to claim sales tax if a sale in fact was never made.

96. Mr Speaker, the exercise of restructuring parastatals so as to improve their viability is now at an advanced stage. However, some loss making operations of parastatals pertain to State activities. Since parastatals are now taxed like any other company, it will be fair to delink state functions from the rest of other activities for tax purposes, hence I propose an amendment to the Income Tax Act to cater for this measure.

97. Mr Speaker, pension funds are currently exempt from tax. I propose with effect from January 1, 1998 to repeal the exemption and to put in place provisions to tax the profits of pension funds at 15 percent . This measure will contribute towards the broadening of the tax base. I further propose to amend the definition of financial institution to include the Reserve Bank of Zimbabwe for purposes of withholding tax on interest. The effect of this amendment is that interest earned on Treasury Bills will now be subject to withholding tax at
15 percent. This measure will be effective from January 1, 1998.

98. Mr Speaker, Sir, excise duty as a percent age of GDP deteriorated over the years from 2,5 percent in 1990/91 to 1,3 percent in 1995/96. The decline in this revenue source is attributed mainly to the effects of the two droughts 1991/92 and the fact that most excise duties were specific, hence could not keep pace with price changes. This anomaly has since been regularised and most excise duties are now ad-valorem.

99. Mr Speaker, I am not proposing any excise duty increase in this year's budget as such increases would have an adverse impact on consumption volumes, thereby negatively affecting revenue inflows. Furthermore, the increases would unnecessarily add to inflationary pressures which we are striving to contain.

M. CONCLUSION

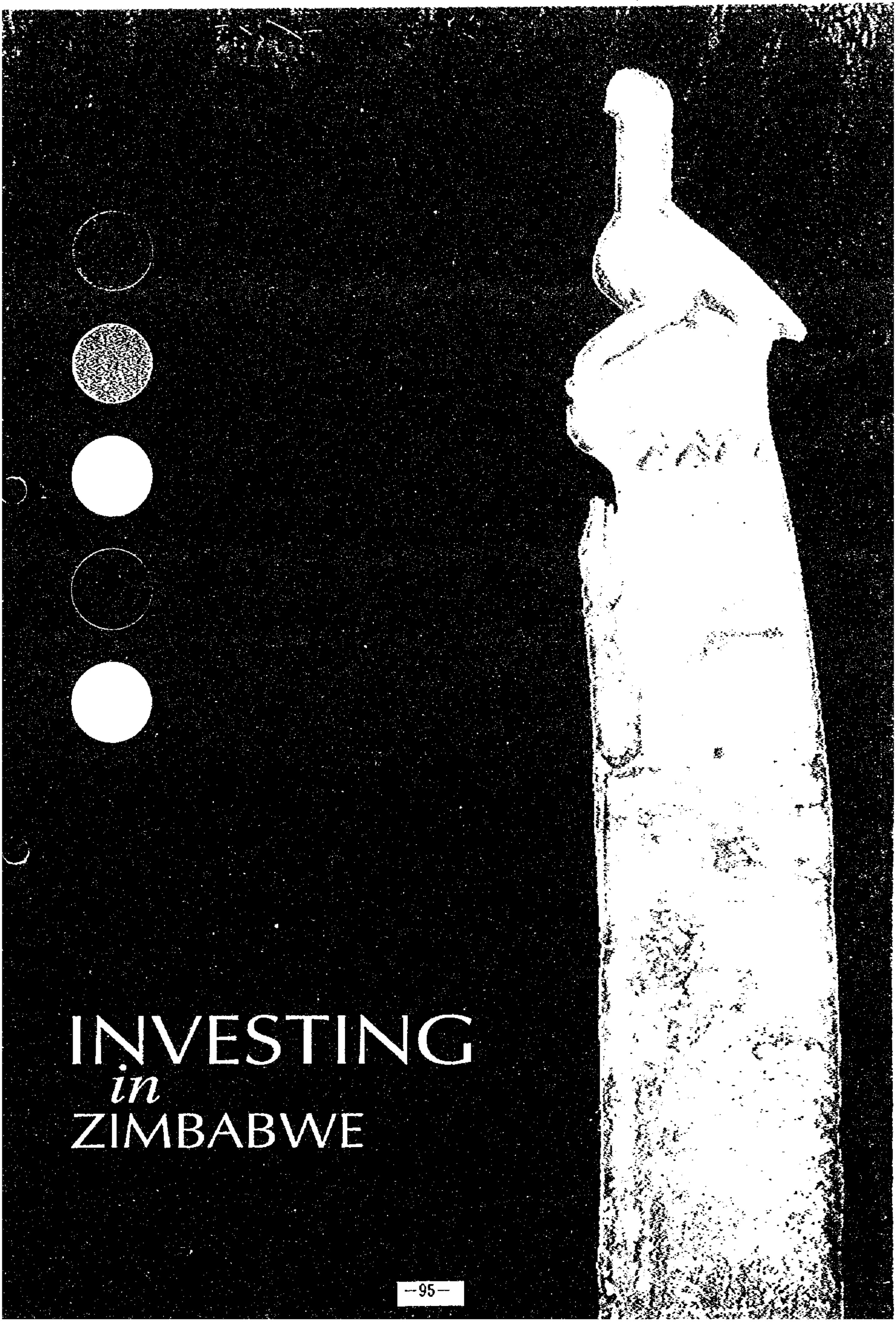
100. `Mr Speaker, Sir, in concluding my statement today, I want to revisit the major theme of ZIMPREST - the restoration of macro-economic stability. An overheated economy, with its ugly head, inflation, creates no meaningful wealth, no meaningful employment opportunities and perpetuates poverty for the ordinary man in the street.

101. Inflation continues to erode purchasing power, with salaries and wages continuing to go down in real terms. It undermines investment and inhibits growth and employment.

102. A monthly wage is intended to look after the needs of the ordinary worker. The fact is that wages can no longer adequately feed, clothe or give shelter to an average family. This is the reality on the ground which must be addressed quickly. Savings which are so focal to investment, have equally been eroded by continued high inflation . Life savings are now a fraction of what they could have been had inflation been contained in single digit figures. Not only does this adversely affect the quality of life, but also undermines confidence in the economy.

103. Government on its part should now aim to balance its current expenditures with current revenues, allowing borrowings only for capital expenditure. Current initiatives to reduce the size of the civil service and disposal of public assets will result in fiscal consolidation in the next two or three years. But Government alone cannot win the battle against inflation; its control and reduction requires combined effort by all stakeholders Government, labour and the private sector.

104. Zimbabwe needs to be remain competitive in the region and internationally, as we are irreversibly part of the global trading arrangement. In the next phase of our economic reforms, we must take up the challenge to create an economic environment in which our citizens can enjoy the fruits of economic growth resulting in increased employment opportunities, gains in real income, consumption and improved quality of life for our people.



INVESTING *in* ZIMBABWE

FOREWORD

This publication seeks to acquaint potential investors with opportunities and changes taking place in our economy. The economic reforms which Zimbabwe has instituted are aimed at revitalising the country's enterprise sector. The role of the private sector in attaining sustained and rapid growth is emphasised. Measures are in place to raise the threshold of business productivity and improve the quality of products and services.

The three major productive sectors of the economy, manufacturing, agriculture and mining are now poised for expansion. The manufacturing sector, which is still largely agro-based, is likely to recover dramatically because of the two successive seasons of good rain. In the mining sector there are investment projects in platinum, nickel and copper minning and processing. There is increased exploration activity. The services industry is growing rapidly, as is the tourism sector. There is great investment potential in all the sectors, therefore.

Government continues to put in place measures to improve the investment climate. Export Processing Zones (EPZ) are now operating and they offer the investor generous incentives which include, a five year tax holiday and duty free entry for imported inputs.

The investment environment outside EPZ is also improving all the time. A major tariff review exercise was implemented early in 1997, aimed at making our industry more competitive, through access to inputs at near-world market prices. Sensitive sectors will receive modest protection for a limited period of time allowing them to adjust to a more open economy.

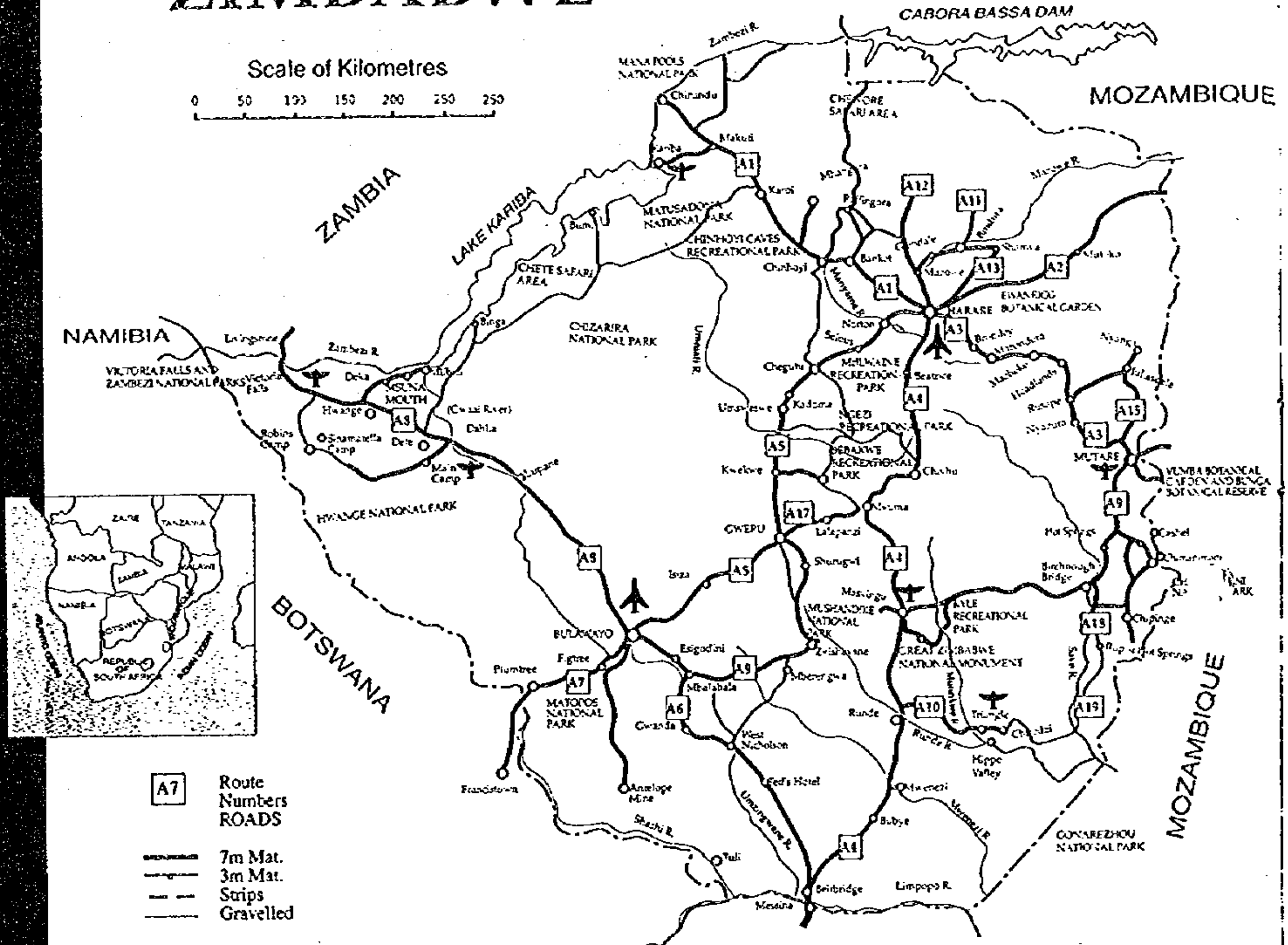
With peace in the region, Southern Africa is more than ready to become a bustling regional economic powerhouse. The regional market of over 200 million people is an important factor that investors hould take advantage of.

May I invite the private sector to play their traditional role of champions of investment projects. Government will not be found wanting in playing its facilitative role. We will give you all the support you need to locate business in Zimbabwe. To be part of the dynamic transformation taking place in the SADC region, invest in Zimbabwe now and count your gains.

Let us hold hands and forge ahead together in this land of opportunities.

DR NATHAN SHAMUYARIRA (HONOURABLE) MP
MINISTER OF INDUSTRY AND COMMERCE

ZIMBABWE



DISTANCES BY ROAD

REPUBLIC OF SOUTH AFRICA

Distances in kilometres over recommended route

HWANGE NATIONAL PARK

Main Camp—Robins Camp	153
Main Camp—Sinamatella Camp	124
Robins Camp—Sinamatella Camp	70
Sinamatella—Hwange Town	48

	BEITBRIDGE	BINDURA	BIRCHNOUGH BRIDGE	BULAWAYO	CHIMANIMANI	CHIREDZI	CHINHOYI	GWERU	HARARE	KADOMA	KARIBA	KAROI	KWEKWE	MARONDERA	MASVINGO	MOUNT DARWIN	MUTARE	MUTOKO	NYANGA	PLUMTREE	RUSAPE	VICTORIA FALLS
BINDURA	670																					
BIRCHNOUGH BRIDGE	461	478																				
BULAWAYO	322	527	454																			
CHIMANIMANI	567	504	106	560																		
CHIREDZI	301	583	203	494	255																	
CHINHOYI	698	204	506	555	532	611																
GWERU	472	363	355	164	461	385	391															
HARARE	582	88	390	439	416	495	116	275														
KADOMA	606	229	489	298	557	519	257	134	141													
KARIBA	947	453	755	804	781	860	249	640	365	506												
KAROI	766	292	594	643	620	699	83	479	204	345	161											
KWEKWE	534	301	417	226	523	447	299	62	213	72	578	417										
MARONDERA	656	162	507	513	342	523	190	349	74	215	439	278	287									
MASVINGO	289	381	172	282	278	203	409	183	293	317	655	497	345	488								
MOUNT DARWIN	739	69	547	596	573	652	273	432	157	298	522	361	370	231	450							
MUTARE	585	353	125	597	151	325	381	430	265	406	630	469	478	191	297	422						
MUTOKO	725	231	533	582	559	633	259	418	143	284	508	347	356	217	436	300	408					
NYANGA	693	360	232	666	258	432	358	547	272	423	631	476	485	198	404	429	107	415				
PLUMTREE	424	629	556	102	662	586	657	266	541	400	906	745	328	615	384	698	681	684	813			
RUSAPE	681	258	220	609	245	420	286	445	180	311	535	374	383	96	392	327	95	313	102	741		
VICTORIA FALLS	759	964	831	437	997	921	992	601	876	735	1241	1080	663	950	719	1033	1016	1019	1133	539	1046	
ZVISHAVANE	386	478	269	185	375	299	506	121	390	255	755	594	183	464	97	547	394	533	501	286	459	622

2

OVERVIEW

Zimbabwe offers immense opportunities for investment and ranks among the most developed economies in sub-Sahara Africa. The country is well endowed with mineral, agricultural and other vast natural resources. This has created great opportunities for growth of resource-based activities such as textiles, clothing, furniture and leather shoes and goods. The economy is well integrated with particularly strong linkages existing in mining, agriculture, commerce and manufacturing. The country also offers ideal climatic conditions and soils favourable for horticultural production. Zimbabwe's economy is market based. Price controls have been lifted on all products except on essential commodities and the import licensing regime has been replaced by a tariff-based system.

The country offers the following attractions to the investor:

- Political stability based on democratic institutions.
- A diversified free enterprise economy with a well developed and dynamic manufacturing sector, and an ample supply of raw material.
- Well-developed and diversified financial sector offering a complete range of financial services.
- Legal protection for investment through multilateral and bilateral investment guarantee arrangements.
- A competitive investment package including 100% of net after tax profit and 100% repatriation of original capital investment on disinvestment.
- A responsive Government machinery including a one-stop investment centre for all investor queries.
- An adequate skill base and well educated and trainable workforce.
- An abundant endowment of natural resources, including huge resources of coal, exploitable hydro-electric power sites and a variety of metallic industrial minerals.
- Tourist attractions include abundant fauna and flora , the majestic Victoria Falls and the historic stone architecture of Great Zimbabwe from which the country derives its name. It has fantastic hotels and lodges for game viewing as well as a natural paradise in the Eastern Highlands.
- Membership of regional organisations such as the Common Market for Eastern and Southern Africa (COMESA), the Southern African Development Community (SADC), and the Organisation of African Unity (OAU). The former two markets have a potential market of approximately 320 million people.
- Is centrally located and has sound infrastructural linkages with all her SADC partners.
- Market access to the European Union (EU) through membership of the Lome Convention.
- Easy access to the rest of the world by air, road and rail.
- Corporate and individual foreign currency accounts can be opened with local banks.

Zimbabwe occupies some 390,757 square km in South Central Africa between the mighty Limpopo and Zambezi rivers. The country is bounded by Zambia to the north and northwest, by the republic of South Africa to the south, Mozambique to the east, and Botswana to the southwest. It lies wholly within the tropics and is part of the great plateau which traverses the subcontinent of Africa. The country's tropical climate has no extremes of temperature, is pleasant and comparable to the best in the world.

The country has a cosmopolitan population of about 11 million. The official and business language is English. The two major indigenous languages are Shona and Ndebele. Formerly Southern Rhodesia, Zimbabwe attained independence in 1980 after a 13 year liberation struggle.

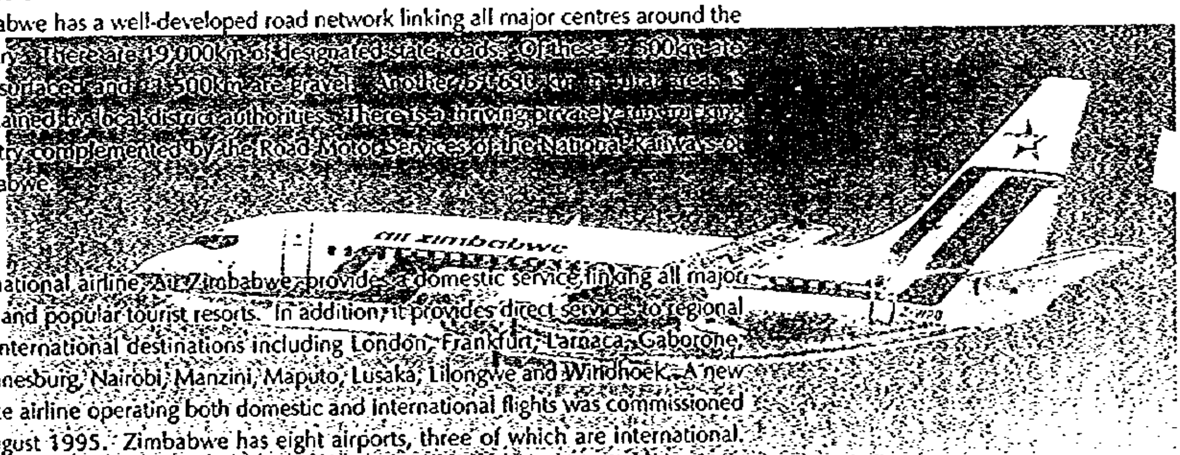
Zimbabwe is a non-racial multi-party democracy enjoying harmonious race relations and political stability. Elections are held every five years. The latest elections were held in April 1995. The constitution guarantees freedom of speech, press, religion and association.

EDUCATION

The country has since independence invested heavily in education and achieved a massive increase in both primary and secondary school enrolments. New schools and colleges have been built. There are five universities and several technical colleges. Zimbabwe has one of the highest literacy rates in Africa, at over 70% of the adult population. An average Zimbabwean worker is highly literate, trainable and and highly motivated. Investors already operating in Zimbabwe can attest to this. The country has also switched to technical education related to efficiency in industrial production.

ROADS

Zimbabwe has a well-developed road network linking all major centres around the country. There are 19,000km of designated state roads. Of these 7,500km are hard surfaced and 11,500km are gravel. Another 67,630 km in rural areas is maintained by local district authorities. There is a thriving privately-run trucking industry complemented by the Road Motor Services of the National Railways of Zimbabwe.



AIR

The national airline, Air Zimbabwe, provides a domestic service, linking all major cities and popular tourist resorts. In addition, it provides direct services to regional and international destinations including London, Frankfurt, Larnaca, Gaborone, Johannesburg, Nairobi, Manzini, Maputo, Lusaka, Lilongwe and Windhoek. A new private airline operating both domestic and international flights was commissioned in August 1995. Zimbabwe has eight airports, three of which are international.

Affretair, the national cargo airline is equipped to handle specialised cargo to destinations worldwide. The airline provides charter services. It has outstations in London and Amsterdam and has general sales offices, manned by Affretair officials in France, Denmark, Italy, Sweden, South Africa, Canada, Finland, Singapore, Germany, Austria and Switzerland.

A new bigger terminal is to be constructed. The new terminal will increase cargo handling capacity from an estimated 18,000 tonnes in 1993 to a projected 53,000 tonnes by 2,010. It will double passenger handling capacity to 2 million annually.

Travel Time from Harare to International and Regional Destinations are as follows:-

International Destinations	Time of Travel in Hours
Frankfurt (Germany)	10
London (UK)	10
Sydney (Australia)	14

Regional Destinations	Time of Travel in Hours
Cape Town (South Africa)	4
Durban (South Africa)	2
Gaborone Gibbering (Botswana)	2
Johannesburg (South Africa)	2
Lilongwe (Malawi)	1
Lusaka (Zambia)	1
Port Louis (Mauritius)	3.5
Windhoek (Namibia)	3
Nairobi (Kenya)	3
Maputo (Mozambique)	1

The other major airlines which fly in and out of Zimbabwe are British Airways, Qantas, Bulgarian Airlines, Lufthansa, South African Airways, TAP, Kenya Airways, Air Mauritius, Ugandan Airways, Air Botswana, Air Malawi, Royal Swazi, KLM, Swiss Air, Ethiopian Airlines and Egypt Air.

POSTAL AND TELEPHONE SERVICES

Telephone, telegraphic, facsimile and other postal services are readily available. Direct airmail service is available to all parts of the world.

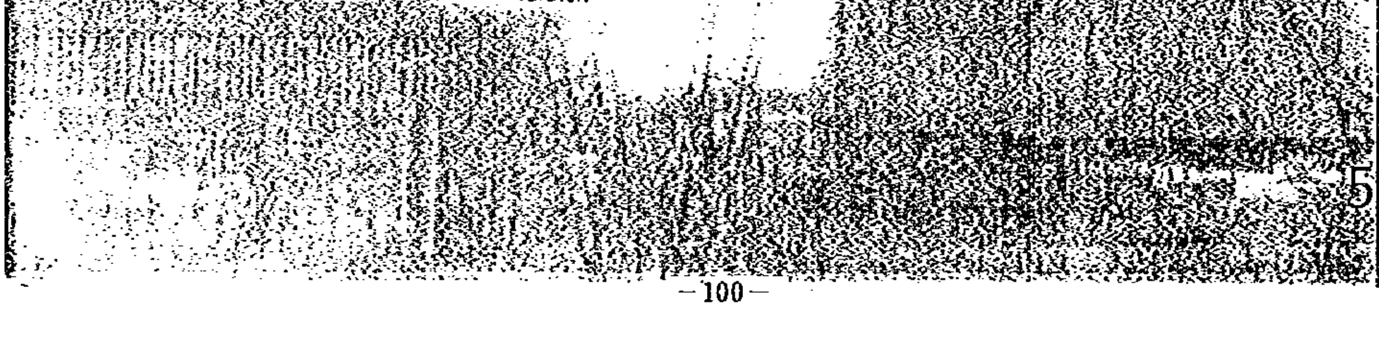
Express Mail Services (EMS) to overseas destinations is available from post offices and private international courier services. There is also the International Business Reply Service (IBRS) which offers the business community an efficient service enabling them to maintain contact with clients worldwide. The Posts and Telecommunications Corporation (PTC) is installing a digital exchange system countrywide to expand their capacity and improve telecommunication services. A number of exchanges including Harare have already gone digital; and more such exchanges are coming on stream. Cellular telephone technology has already been implemented in Zimbabwe.

POWER

The generation and distribution of electricity is undertaken by the Zimbabwe Electricity Supply Authority (ZESA). Private power stations have recently been allowed to feed the Zesa grid and accelerate development especially to those areas without electricity. Hydro-electric power is generated from the Zambezi river at Kariba and is complemented by four thermal power stations. Zimbabwe is on the regional power grid linking it to sources in Zambia, Zaire, South Africa and Mozambique.

RAILWAYS

Zimbabwe's well-developed rail network links the country to Botswana, South Africa, Mozambique and Zambia and handles the bulk of imports and exports. In 1993 and 1994, the National Railways of Zimbabwe handed over 11 million tonnes of cargo. The railway administration has steadily built a reputation for reliability and efficiency. A major programme is under way to upgrade equipment and improve efficiency further.



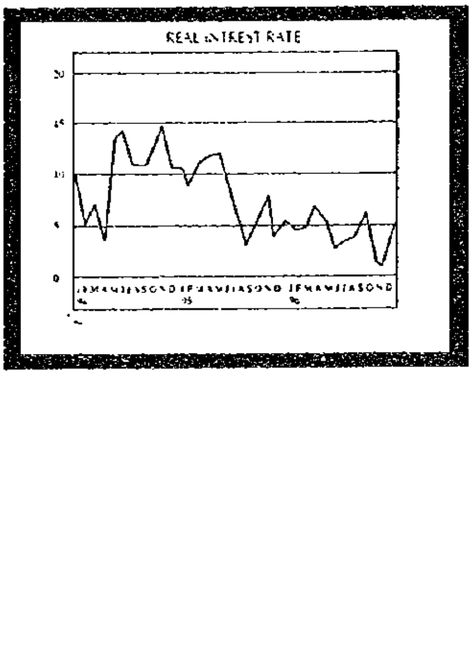
BANKING AND FINANCE

Zimbabwe's banking and financial infrastructure is highly developed. The Reserve Bank of Zimbabwe is the central bank and carries out functions normally associated with such institutions.

There are five major international commercial banks currently operating in Zimbabwe with over 194 branches, sub-branches, agencies and correspondence relationships with international banks.

A number of merchant banks and discount houses provide the usual financial services such as medium-term loan finance, foreign market transactions, equity issues, stock exchange transactions, portfolio management, company broking, corporate restructuring, economic services and project finance advice.

The banking sector has been deregulated and interest rates are now market determined. The reforms have introduced dynamism to the banking sector and new service and financial instruments have emerged . Commercial Banks have introduced international credit cards in line with international banking practice. Foreign exchange bureaus are now operational where foreign exchange is sold and bought. Banking regulations are being reviewed to encourage greater competition in the financial sector.



The Zimbabwe Stock Exchange (ZSE) lists 65 local industrial and mining companies and is listed on the International Finance Corporation Global Index which monitors performance of emerging markets. The ZSE is open to foreign investors. Broking firms offer comprehensive advisory services on local and foreign markets.

The Zimbabwe Credit Insurance Corporation (Credsure) underwrites political risk and commercial risk. Other risks underwritten by the corporation include insolvency of buyer, non-payment of undisputed debt by buyers and failure or refusal by the buyer to accept delivery of goods. Over 60 direct insurers, professional re-insurers and insurance brokers operate life and non-life funds.

COMPANY REGISTRATION AND INTELLECTUAL PROPERTY RIGHTS

The Companies Act provides for the incorporation, managment, administration and winding up of companies. A company incorporated outside Zimbabwe may carry out its activities in Zimbabwe without having to form a separate locally-registered company. Foreign companies are required to obtain a certificate from the Ministry of Justice, Legal and Parliamentary Affairs.

All applications for the registration of a company have to be accompanied by a Memorandum and Articles of Association or equivalent documents which have to be lodged with the Registrar of Companies. The registration fee depends on capital issued, but the minimum is Z$220.

Eighteen months after registration, the company is required to submit statutory returns and thereafter, returns every 15 months. A foreign company is obliged to maintain proper accounting records of its transactions in Zimbabwe. A balance sheet and profit and loss account must be lodged each year with the Registrar of Companies. The Patents Act makes provision for the protection of inventions together with assignments. Licences under a patent have a term of 20 years. The protection of the patent starts on the day the patent is lodged. It costs Z$550 to register a patent.

MANUFACTURING

Zimbabwe's manufacturing sector is one of the most developed in Africa south of the Sahara and has excellent potential for growth. It is the leading sector in terms of contribution to GDP, accounting for about 25% of GDP and employing 17% of the labour force. The main sectors include metal and metal products, food and drink, textiles, clothing and footwear and chemicals.

MINING

Zimbabwe is richly endowed with mineral resources. Over 40 different types of minerals are mined in the country including some which provide strategic materials such as chromite, lithium, nickel and ferrochrome. Mining contributes 6% to GDP and employs 7% of the country's labour force and earns 40% of the foreign exchange. The mining sector has great potential for investment with huge unexplored deposits on the Great Dyke. The major minerals are gold, chrome, asbestos, coal, iron ore, nickel, copper, diamonds and platinum. There has been an upsurge in exploration for diamonds, platinum and methane gas by local and international companies. The country's first diamond processing plant was commissioned in early 1994. An international company has started work on a huge platinum mine in central Zimbabwe. At Z$1.7 billion, the Hartley Platinum Project ranks as the largest investment in mining since 1980. With this investment Zimbabwe is expected to be the world's second largest platinum producer in the next few years.

AGRICULTURE

The sector contributes 17% to GDP and employs 25% of the labour force. The main crops are tobacco, cotton, maize, wheat, oilseeds, sugar, timber and horticulture. Other major activities include cattle ranching and dairying. Zimbabwe's cotton and tobacco products are world renowned for their quality.

EXPORTS

Zimbabwe has a diversified export base with manufacturing, tourism, mining and agriculture forming the backbone of the country's export sector. Total exports amounted to Z$16 billion in 1994 and Z$18.4 billion in 1995.

Exports include clothing, beef, footwear and leather products, tobacco, gold, asbestos, chrome, ferro-alloys, metals, cotton lint, radios and electrical cables, non-electrical machinery and railways vehicles and equipment. Manufactured exports cover all the industrial products. More than 6,000 different products are manufactured in the country.

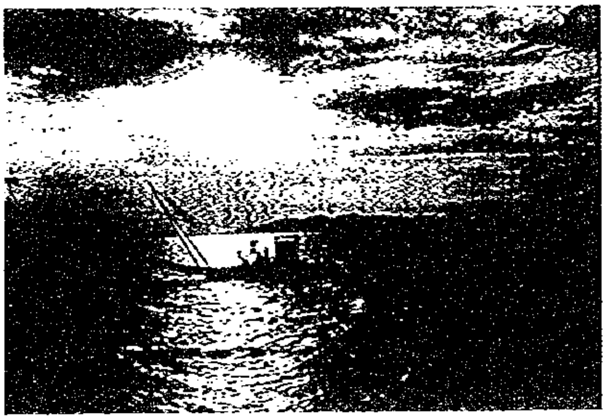
IMPORTS

Zimbabwe's principal imports are chemicals, machinery and equipment, motor vehicles, manufactured goods and petroleum products. Total imports were Z$18.4 billion in 1994 and Z$23.8 billion in 1995.

TRADING PARTNERS

Zimbabwe's major trading partners are South Africa, the United Kingdom, Germany and the United States of America. The volume of trade in 1994 and 1995 was as follows:-

	EXPORTS	IMPORTS
South Africa	1.9	1.8
United Kingdom	2.1	6
Germany	1.5	1.1
USA	1	1
Others	9.5	8.5
Total 1994	16	18.4
South Africa	2	8.8
United Kingdom	2	1.9
Germany	1.3	1.2
USA	0.76	1
Others	12.34	10.9
Total 1995	18.4	23.8

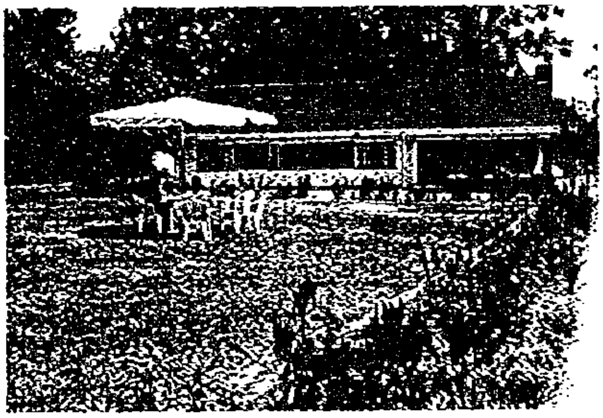


The balance of trade improved signficantly in 1995/96. As always the economy of Zimbabwe is dependent on the weather. A good rainfall season was experienced in the 1995/96 growing season which had a positive effect on the Balance of Payment position. Inflows of investment funds on the stock exchange have also increased significantly with the opening up of the market to foreign investors.

TOURISM

Zimbabwe has spectacular tourist sights such as :-
The mighty Victoria Falls, which is considered to be one of the seven wonders of the world, the Great Zimbabwe monument, the Matopos, whose "World's View" captured the hearts of early foreign explorers; the scenic Eastern Highlands; the Hwange - a National Park teeming with abundant wildlife; and the majestic Kariba Dam.

Tourist activities include safaris, game viewing, water rafting, canoeing, cruising and game fishing. For golf enthusiasts Zimbabwe has over 70 golf courses, most of which are ranked among the best in Africa. The Zimbabwe Open is usually played in early December and attracts world renowned golfers, namely Nick Price, Mark Mcnulty and Tony Johnstone.



RESIDENTIAL AND INDUSTRIAL LAND

Local authorities are responsible for allocation of residential and industrial land in all cities and towns in Zimbabwe. Individuals can buy residential land on the free market and can own that land as private property under title. Investors can obtain industrial land from the local authorities either under a terminal lease which can be valid for periods ranging from five years up to 40 years, or under a lease with an option to purchase. An investor can purchase the land he is operating, provided he has developed the land with the construction of buildings or machinery etc.

The manufacturing sector is highly diversified. This diversity is a source of strength. Linkages are well-developed within the sector itself and with other leading sectors. However, as a result of prolonged international isolation prior to independence (1965-1980) and the shortage of foreign currency that has only recently ceased, the industrial plant is old. The situation has improved with some sectors recording significant capital investments in the late 1980s. This presents opportunities for new investors to partner existing ones on the basis of retooling and expansion projects. There are opportunities for greenfield projects, relying on the inherent possibilities for technological and product change and on production processes that do not exist in the country.

The economic reform programme has ushered in a more liberalised investment climate in the manufacturing sector. Inflows of investment funds on the Stock Exchange have increased substantially with the opening of the market to foreign investors. Competitive in[illegible]tives are being offered to encourage foreign investment. Exporting activities are [illegible]avoured. Manufacturing is a leading export sector. The major sectors [illegible]metals and metal products; food, drink and [illegible]cco, textiles [illegible] are also leaders in terms of exports. Some [illegible] sectors have [illegible]en experiencing transitional problems and need new equity [illegible]on. Investment to im[illegible]uality and competitiveness will be well-rewarded. [illegible]lose look will illustrat[illegible]e potential:-

• The me[illegible] subsector has the greatest linkages of all the sectors [illegible] inputs are imported (Zimbabwe's industry generally relies on impo[illegible]to 50 percent.) It has linkages with at least two other sectors that rely [illegible]mbly of kits and imported components, the electronics sub[illegible]hicle assembly industry. These two sectors offer opportuniti[illegible]s manufacture. In the electronic subsector, semiconductor [illegible]ndustry and the regional market is yet another potential investment area since tariffs have been significantly lowered. Preferential trading arrangements with other regional countries are being enhanced [illegible] new treaties. The motor vehicle industry has reached quality standards which [illegible] trade barriers were lifted. Good local components manufacture will further enhance th[illegible]mpetitiveness. It has already been indicated that Export Processing Zones [illegible]e been established. Some of these sectors [illegible] fo[illegible]uction.

• Under normal conditions, the food, drink and tobacco subsectors are well supplied with raw materials by a modern agricultural industry; similarly for textiles, clothing and footwear in spite of recent transitional problems. Zimbabwe's tobacco and hand-picked cotton are world renowned for their quality. But they are largely exported in raw form or semi-processed, offering scope for greater beneficiation of lint and for tobacco manufacture. There are vast opportunities in clothing, footwear and tobacco sub-sectors for new entrants.

• Agro-based industries and industries providing agricultural inputs and machinery have unlimited potential. Zimbabwe is responsible for food security in the 12 nation Southern African Development Community (SADC) group. Projects have been mooted to enhance and modernise fertiliser production. There is growing demand for other agricultural chemicals and pesticides. The chemicals subsector can count on abundant mineral resources for agricultural and industrial chemicals.

Peace in Southern Africa will result in increased construction activity and the expansion of social infrastructure. This offers opportunities in the non-metallic products subsector and the ceramics industry. In Zimbabwe itself there is a housing backlog which is now being partly addressed with donor funding. Timber production and processing is yet another important area of opportunities.

For further details investors should contact the Zimbabwe Investment Centre and the Ministry of Industry and Commerce and its Trade Representatives abroad. Addresses are supplied at the end of this brochure.

INSTITUTIONAL ARRANGEMENTS FOR INVESTMENT AND INCENTIVES

1. Zimbabwe Investment Centre

In order to facilitate quick decisions on investment proposals, Government in 1990 established an investment institution known as the Zimbabwe Investment Centre (ZIC). The ZIC is a "single window facilitator". It is the focal point for the co-ordination and promotion of private investment in Zimbabwe. The Zimbabwe Investment Centre has offices in Harare and Bulawayo.

2. Section 16 of the Zimbabwe Constitution guarantees private ownership of property.

Zimbabwe has acceded to investment protection agreements including the Multilateral Investment Guarantee Agency (MIGA) and the Overseas Private Investment Corporation (OPIC). Zimbabwe is also a signatory to several international and bilateral investment protection treaties such as the International Convention on the Settlement of Investment Disputes (ICSID), the UN Commission on International Trade and Arbitration Law (UNCITRAL) and the New York Convention on Recognition and Enforcement of Foreign Arbitral Awards. Zimbabwe is willing to enter into bilateral investment protection agreements and has already done so with some countries and recently with Germany.

3. (i) Decentralisation Tax Incentives

To promote equitable spatial spread of industry in the country and limit the tendency towards over-concentration in major towns, the Government has encouraged industrial development at designated growth points by providing income and sales tax incentives. Business in designated growth point areas also qualify for a 15% investment allowance in respect of:-

i. New commercial or industrial buildings or staff housing built by the investor.

ii. Additions or alterations to such existing structures;

iii. New or unused articles, implements, machinery and utensils, but excluding motor vehicles for road use.

4. (ii) Export Processing Zones

Export Processing Zones have been established wherein export oriented industrial activities will take place. The Export Processing Zone Authority is now operating from its head office in Harare.

Major incentives offered are:-

- Five year tax holiday
- 15% corporate tax after the tax holiday
- Exemption from withholding taxes on dividends, royalties, fees, etc.
- Exemption of duty for goods imported into the EPZs
- Exemption from Capital Gains tax
- Exemption from Surtax
- Exemption from free benefits tax for employees of EPZs companies
- Exemption from sales tax on services and goods
- Permission of foreign companies to borrow locally.

Possible areas for investment in EPZs include textiles, clothing, leather and footwear, wood based products, chemicals and chemical products, engineering products and electronics.

5. Capital Allowance for Income Tax Purposes

Asset	All Areas (%)	Growth Points (%)
Commercial Buildings		
Investment Allowance	-	15
Special Initial Allowance	-	25
Wear and Tear (on cost)	25	25
Industrial Buildings		
Investment Allowance	-	15
Special Initial Allowance	25	50
Wear and Tear (on cost)	5	10
Motor Vehicles (Max. of Z$75 000 each		
Investment Allowance	-	-
Special Initial Allowance	25	-
Wear and Tear (on reducing balance)	10	
Buildings Equipment for Training		
Investment Allowance	50	50
Taxable Income for a Company providing infrastructure	15	15
Project of manufacturing	37.5	10

6. Duty Exemption for Capital Goods

In October 1993 Government introduced exemptions on capital goods from import tax and surtax for imports under Zimbabwe Investment Centre approved projects. Investments made outside the ZIC can benefit from this facility if an application for exemption is made through the Centre. All capital goods are exempt from import duty. The new tariff structure has been put in place. It is expected to offer much lower tariff levels for raw materials and other manufacturing inputs.

11

7. Mining Investment Incentives

Capital expenditures for mining are tax-deductible in the year in which they are incurred. Reduced or nil duties apply for some mining materials. Sales tax rebates are available.

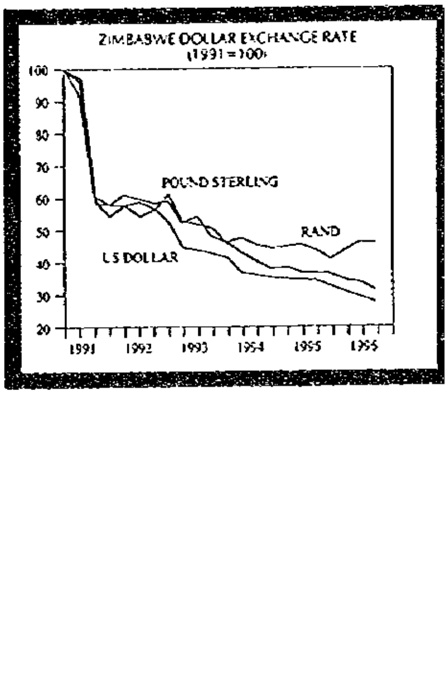
8. Investment on the Zimbabwe Stock Exchange

Foreign investors may acquire shares in companies listed on the Zimbabwe Stock Exchange. Purchases of shares should be financed through an injection of foreign currency received in Zimbabwe through normal banking channels.

Foreign investor participation stands at 40% of total equity of the company with a single investor acquiring a maximum of 10% of the shares on offer.

Capital gains arising from the sale or disposal of marketable securities are taxed at the rate of 10%. The investments qualify for 100% dividend remittability rights and disinvestment proceeds are freely remittable.

Any amounts arising from the capital gains made on disposal of such investments are freely remittable. Foreign investors may also bring in hard currency to invest a maximum of 15% of their assets in primary issues or bonds and stocks. Foreign investors are still not permitted to make purchases from the secondary market.



The government is amending the Stock Exchange Act to make it responsive to new market conditions and to introduce transparency.

The performance of the Zimbabwe Stock Exchange has been very impressive in the past year. The initial bull run was fuelled mainly by a good agricultural season which in turn raised investor confidence. By April 1997, the Zimbabwe Industrial index soared to a record of 10 100. In the same period the mining index gained significantly to record 7 000 points. This was driven mainly by the relative weakening of the Zimbabwean dollar which boosted returns in local currency terms. Foreign investor participation on the ZSE continues on an upward trend.

9. Taxation In General

The rate of corporate tax has been reduced from 40% in 1994 to 37.5% from April 1, 1995. Taking into account tax concessions the effective rate is normally low.

As from April 1, 1994, companies located at growth points now pay tax at the reduced rate of 10% per annum for five years.

Branches of foreign companies are also liable for branch profit tax of 8.4% of taxable income derived from Zimbabwean sources. However, following the signing of various double taxation agreements with other countries, the rate may be reduced depending on the relevant agreement. United Kingdom companies, for instance pay 2.5% because of double-taxation arrangements.

The following are the countries with which Zimbabwe has double taxation agreements:

Bulgaria	Norway
Canada	Poland
China	Romania
France	South Africa
Germany	Sweden
Iran	United Kingdom
Mauritius	Netherlands

Capital gains tax arising from the disposal of immovable property and marketable securities from a source within Zimbabwe are taxed at a flat rate of 30%. With effect from January 1, 1994 capital gains realised on the stock exchange are being taxed on a lower rate of 10%. Dividends earned on such securities are being taxed at a lower rate of 15%, down from the previous rate of 20%.

The main types of indirect taxes applicable in Zimbabwe are sales tax and customs and excise duties. From August 1990, a three tier sales tax structure was introduced with luxury goods attracting the highest percentage. Sales tax now range from 15% to 25%. Surtax has been reduced from 15% to 10% with effect from 1st August 1994. Duties on clothing and textiles is now 65% ad valorem plus $100 per kg and duty on second hand clothing is $200 per kg.

FOREIGN EXCHANGE SYSTEM

1. Two types of foreign currency accounts (FCAs) can be established with authorised dealers, namely individual and corporate accounts. Companies and individuals with export earnings or other externally sourced funds can open and operate corporate FCAs with local commercial and merchant banks. Exporters are entitled to 100% of export earnings. Non-export foreign exchange inflows (such as investment inflows and capital transfers) are also eligible for 100% deposit into corporate FCA's.

- The dividend remittance threshold is 100% of net after tax profits and these remittances are through the market.
- No withholding tax is levied on interest earned by individual FCAs for a period of 3 years beginning April 1, 1993.
- Surtax has been reduced from 15% to 10% effective from August 1994.
- The Reserve Bank of Zimbabwe no longer provides forward cover or any transfer undertakings relating to private borrowing. Authorised dealers provide these facilities.
- No import licence is required by corporate and individual importers.
- All import requirements of goods and services except for those covered by forward exchange contracts are funded by the interbank market.
- Visitors to Zimbabwe can sell their foreign currency to Authorised Dealers and are issued with relevant receipts as evidence of having converted foreign currency. The issued receipts are required when reconverting the unutilised balances.
- Foreign exchange bureaus have been opened in order to enhance efficiency in the interbank foreign exchange market.

14

EMPLOYMENT LAWS AND IMMIGRATION LAWS

Zimbabwe enjoys harmonious industrial relations. There is free collective bargaining for wages and conditions of service. Government intervenes only when there is failure to reach agreement between labour organisations and employers.

Investors may employ expatriates in their operations in Zimbabwe. Expatriates have to obtain work permits and residence permits from the Immigration Department.

Expatriate employees engaged on contract in Zimbabwe who have received the approval of Exchange Control are permitted to remit a third of their salaries.

WORK PERMITS

Employment of Expatriate Staff.

Under the Immigration Control Act of 1979 various categories of persons are issued with work permits on the following conditions:-

• In acknowledgement of the scarcity of a wide range of technical and management skills, immigration regulations provide for companies to engage expatriate staff.

• Work permits for such personnel are issued by the Department of Immigration Control upon application by the employing company which should provide proof that the requisite skill or capability cannot be sourced locally. These permits are normally issued for periods of two years and are renewable,

• People engaged on work permits can only work for the specified company and in the specified capacity for which the permit was issued. Their spouses and legal minor children will be allowed to reside in Zimbabwe but are not allowed to take up employment in Zimbabwe.

• Persons that reside in Zimbabwe on the basis of work permits do not automatically qualify for permanent residence.

Permanent Residence Permits

These are issued to persons who satisfy the following criteria:-

- Investing US$500 000 or more in an investment project approved by the Zimbabwe Investment Centre.

- For persons that have been resident in Zimbabwe for not less than three years, investing US$100 000 or more by the expiry date of the residence permit they currently hold.

- For persons with professional or technical skills who have been resident in Zimbabwe for not less than three years, investing US$50 000 or more in capital equipment in a joint venture with a bona fide Zimbabwean partner by the expiry date of the residence permit they currently hold.

- A man or woman can be granted a permanent permit if they continue to be married to a Zimbabwean resident for 10 years.
  Dependants of Zimbabwe residents:- this applies to spouses and legal minor children of persons who acquire residence by virtue of their having met the criteria outlined above.

TEMPORARY RESIDENCE PERMITS

- Immigration regulations provide for companies to engage expatriate staff under temporary work permits.

- Permits are issued by the Department of Immigration. Permits are normally issued for two years, renewable for a further three years.

- People are only permitted to work within the capacity for which their permit was issued. Spouses and minor children may reside in Zimbabwe provided they do not take up employment.

VISA REQUIREMENTS

No visa is required from the majority of Commonwealth countries. Application forms are obtainable direct from the Department of Immigration in Harare, or from Zimbabwean High Commissions, Trade Missions or Embassies. Visas may also be issued at the point of entry, for South African passport holders only.

COST OF VISA

Single entry visa US$25.00 or equivalent
Double entry visa US$40.00 or equivalent
Multiple entry visa US$50.00 or equivalent

HOTEL ACCOMMODATION PAYMENT

The Reserve Bank of Zimbabwe requires non-residents to pay hotel accommodation accounts using foreign currency (foreign bank drafts and credit cards are acceptable). Foreign currency may be exchanged at most hotels, banks and bureau de changes. It is illegal to exchange currency outside the institutions mentioned above. Zimbabwe dollars cannot be accepted by a hotel even if exchanged from foreign currency at a commercial bank or hotel. Foreign visitors are able to bring an unlimited amount of foreign currency in the country. They should however bring at least Z$300 per day to support themselves. The departure tax for foreigners is US$20.00

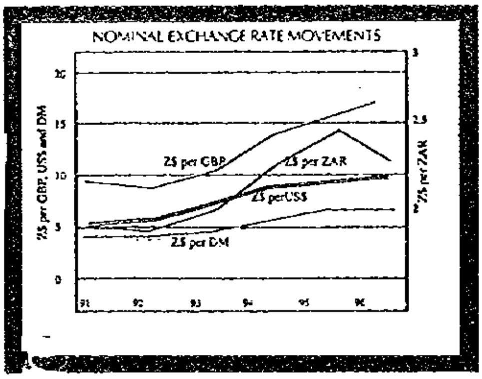
CUSTOMS

Personal posessions that are not intended for re-sale in Zimbabwe or are for personal consumption are allowed entry duty-free. In addition, other consumables up to a value of Z$2 000 per person , not for trade purposes may be imported duty free. Alcoholic beverages may be included within this allowance by persons over 18 years, subject to a limit of 5 litres per person of which is no more than two litres may be in spirits.

Zimbabwe's border posts are open as follows but it is advised to check these times before making travel plans:-

Beitbridge 0600 - 2000 hours daily including holidays.
Plumtree, Victoria Falls, Kariba, Chirundu, Forbes (Mutare). Nyamapanda, and Kazungula: 0600 - 1800 hours daily including holidays.

OTHER RELEVANT INFORMATION



CURRENCY

The currency of Zimbabwe is based on the decimal system. The units of the currency are the Zimbabwe dollar and cents. The dollar is made up of 100 cents. The exchange rate is influenced by market forces. The Zimbabwe dollar is now convertible on all current accounts transactions but not on capital accounts. In April 1997, the official exchange rate against the main currencies was as follows:-

U.S.$	1	11.39
U.K. pound	1	18.45
Japanese yen	1	0.096
French franc	1	2.11
S.A. rand	1	2.57
DM	1	6.77
AU$	1	8.81
Pula	1	3.22

The exchange rate is not fixed but fluctuates according to a basket of currencies of major trading partners.

WEIGHTS & MEASURES

Zimbabwe uses the metric system for measurements. Prior to the adoption of the metric system the country used the imperial system. Therefore, the population is familiar with both systems.

INVESTMENT COSTS

The cost of water, electricity and telecommunications is extremely competitive when compared with other investment locations. Zimbabwe has the cheapest electricity for domestic consumption in Central and Southern Africa. Electricity for industrial consumption ranks among the cheapest in the SADC region.

A recent study ranks Zimbabwe among the countries with the lowest telephone rates among the eight investment centres of Mauritius, Costa Rica, South Africa, Togo, Kenya, Cameroon, Mozambique and Malaysia.

MEMBERSHIP OF VARIOUS INTERNATIONAL AGREEMENTS AND ORGANISATIONS

Zimbabwe is a member of the United Nations, Commonwealth, the Organisation of Africa Unity, and the Non-Aligned Movement. Zimbabwe is also a member of the following international and regional organisations:-

1. Community of Eastern and Southern Africa (COMESA), formerly the Preferential Trade Area (PTA) of Eastern and Southern Africa.
2. Southern African Development Community (SADC)
3. G3
4. ACP/EU Convention (Lome Convection) Lome Convention
5. World Trade Organisation (WTO)
6. Common Fund for Commodities
7. UNCTAD
8. General Systems of Trade Prefences (GSP)
9. Globalised System of Trade Prefences (GSTP)
10. Inter-African Coffee Organaisation (IACO)
11. International Sugar Organisation (ISO)
12. International Coffee Organisation (ICO)
13. World Bank (WB)

14. International Monetary Fund (IMF)
15. Signatory to the Multilateral Investment Guarantee Agency (MIGA)
16. The 1965 Convention on the Settlement of Investment Disputes
17. The 1959 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards.

TRADE AGREEMENTS

Zimbabwe signed a comprehensive Southern African Development Community trade protocol which will lower trade barriers progressively among the 12 trading partners and create a free trade area in about eight years time. This regional market has a GDP of over $1230 billion.

Bilateral trade agreements exist with the following countries:-

Albania	Hungary	Palestine
Angola	Iraq	Poland
Bangladesh	Iran	Portugal
Brazil	India	Romania
Botswana	Lesotho	Senegal
China	Malawi	Tanzania
Cuba	Malaysia	Tunisia
Czech	Mauritius	USSR
DPRK	Mozambique	Zambia
Ethiopia	Nigeria	
Gabon	Namibia