

# CANAD EXPORT



## Focus on Zimbabwe

# An African Success Story

*Zimbabwe is a country full of advantages and opportunities for Canadian investments and products. Aside from its political stability and diversified economy, Zimbabwe's work force is literate and well-educated. It enjoys a strategic location in the growing Southern African region and its economy has undergone pronounced liberalization and deregulation over the last five years.*

Until drought ravaged the agricultural sector which is the basis of the economy, Zimbabwe was often described as one of Africa's success stories. Traditionally, the gateway to Southern Africa, it has a diversified economy with strong manufacturing and commercial farming sectors, varied mineral resources and considerable tourism potential. As the rains return and revive the farming industry, Zimbabwe will again meet the challenges of the new Africa and its potential regional market of 150 million people.

The economic strength of the country lies in its commercial agricultural and mining sectors which each account for approximately 40 per cent of exports, and on the increasing earnings from its tourism sector. In addition, Zimbabwe has a well-developed infrastructure, a good transportation system and reliable public utilities.

### **A Key Member of the Southern Africa Family**

Zimbabwe is important to the economic life of Southern Africa. It is a member of SADC (Southern African Development Community), and COMESA (Common Market of Eastern and Southern Africa) — the objectives of both organizations being to remove barriers and increase trade among member states. Zimbabwe has bilateral trade agreements with Namibia, Malawi

and Botswana, and is in the process of renewing and expanding its 1964 bilateral trade agreement with South Africa.

With the election of democratic governments in South Africa and Malawi, and the end of civil war in Mozambique and Angola, the Southern Africa region is now the most stable and has the best economic development prospects of any region in Africa.

This new-found stability has resulted in an array of opportunities for Canadian business in mining, telecommunications, transportation, consulting services and food processing.

### **An Inviting Economic Climate**

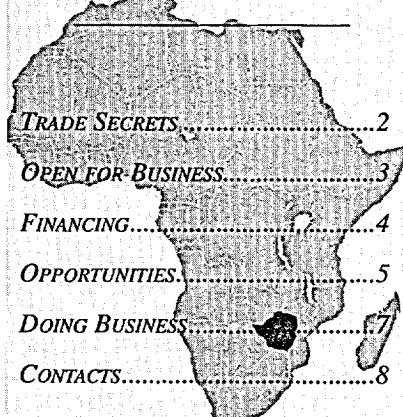
Following the introduction of the Economic Structural Adjustment Program (ESAP) in 1990, Zimbabwe has made significant changes in its foreign exchange and investment regulations. In January 1994, most import controls were abolished, as were most exchange control regulations. Repatriation of after-tax profits was raised to 50 per cent; 100 per cent for products that generate significant exports. The second phase of ESAP will focus on macro-economic problems.

Deregulation of foreign investment, exchange control and import regulations is evidence of the Zimbabwe Government's commitment to a more open market

system that welcomes investors. It should be noted, however, that problems with bureaucratic delays still occur. Growth in Zimbabwe's gross domestic product (GDP) was 3.5 per cent in 1994 and is expected to be between 1 per cent and 2 per cent in 1995. The inflation rate in 1994, however, remained unacceptably high at an estimated 25 per cent.

From 1995 to 1998, the World Bank is scheduled to lend \$330 million for structural adjustment, credit facilities, export facilitation, infrastructure development and agriculture growth.

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