

CANADA-ZIMBABWE TRADE

Zimbabwe and Canada extend Most Favoured Nation treatment to each other through their common membership in the GATT. Zimbabwe is a beneficiary under Canada's General Preferential Tariff and also receives British Preferential Tariff treatment. Zimbabwe possesses, from a trade perspective, the largest and most significant market in the SADCC group. It has one of the most diversified and developed economies in Black Africa and sufficiently well developed mining, industrial and agricultural sectors to allow it to be a central player in the Southern African region. The Zimbabwe economy has been hindered by low international prices for major export minerals which, even at depressed price levels, in 1984 accounted for a quarter of Zimbabwe's export earnings.

Canadian trade relations with Zimbabwe began to develop in 1980 when the country achieved independence. Canadian exports to Zimbabwe have increased from \$4.5 million in 1983 to \$10.2 million in 1984 and to \$11.3 million in 1985, consisting mostly of wheat (\$4M), telephone equipment (\$2.7M) and agricultural equipment and parts (\$0.5M). For the first eight months of 1986, exports to Zimbabwe amounted to close to \$4 million. Imports on the other hand, reached \$6.4 million in 1983, increasing to \$8.2 million in 1984 and decreasing to \$5.2 million. During the last three years these imports consisted almost exclusively of raw sugar with small quantities of tea, coffee and nickel.

The success of Canadian trade efforts into Zimbabwe have been limited by Zimbabwe's import allocations and lack of foreign exchange compounded by the lack of purchasing power of the Zimbabwean dollar which has more than halved in value vis-à-vis the U.S. dollar since 1982. Trade initiatives are being developed following a CIDA line of credit to the private sector which has opened the way for the introduction of a wide range of Canadian products to this market. Telecommunication, power and energy, consulting services and transportation are sectors where the greatest opportunities lie for Canada. Modernization of telecommunications systems and extension of distribution networks to rural areas are among Zimbabwe's high priorities. Participation in projects funded by CIDA and multilateral organizations have opened up opportunities for Canadian consulting firms in the pulp and paper sector, power transmission and transportation. There is, as well, some potential for joint ventures by Canadian firms.

The Export Development Corporation is open for business in Zimbabwe and has indicated interest in financing a variety of projects.