

## ANNEX II



### ZIMBABWE'S MAJOR IMPORTS AND EXPORTS

#### IMPORTS (2019)

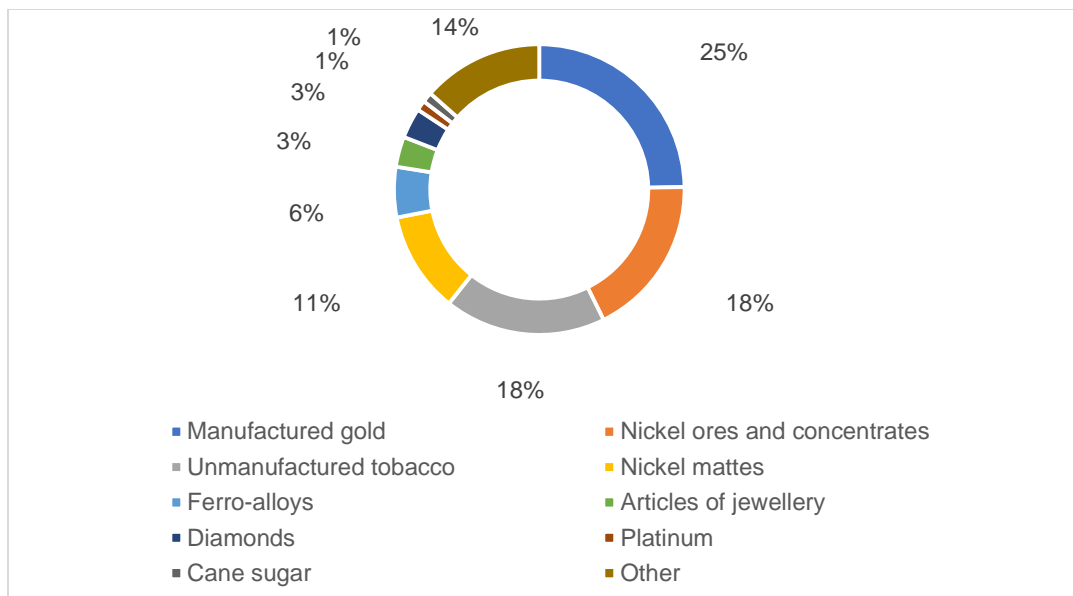
	2018: Feb - Dec	2019: Feb - Dec	% change
Raw Materials (US\$)	801,517,899	474,256,210	-40.83
Machinery & Equipment (US\$)	1,009,788,489	785,326,247	-22.23
Fuels & Electricity (US\$)	1,869,700,950	1,373,068,675	-26.56
Motor Vehicles, Motorcycle & Parts	538,752,276	251,685,654	-53.28
Other (US\$)	2,278,010,450	1,565,849,959	-15.16
<b>Total (US\$)</b>	<b>6,497,770,065</b>	<b>4,450,186,744</b>	<b>-25.87</b>

Source: ZimStats

Fuel and electricity are the country's major imports as shown in the table. 2019, however, witnessed a decline in the import bill for fuel and electricity owing to foreign currency challenges the country and importers face. Other major imports worth noting are of Machinery and Equipment, Raw Materials as well as Motor vehicles, Motorcycles and parts thereof. The total import bill for the period in 2019 stood at US\$4.5billion.

#### EXPORTS (2019)

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Zimbabwe's exports have in recent years been dominated by primary commodities and in 2019 the same position ensued. The country's major exports were composed of semi-manufactured gold (25%), nickel ores and concentrates (18%), flue-cured tobacco (18%), Nickel mattes (11%), ferrochromium (6%), jewellery (3%), diamonds (3%), platinum (1%), and cane sugar (1%). All other exports constituted 14% of the country's

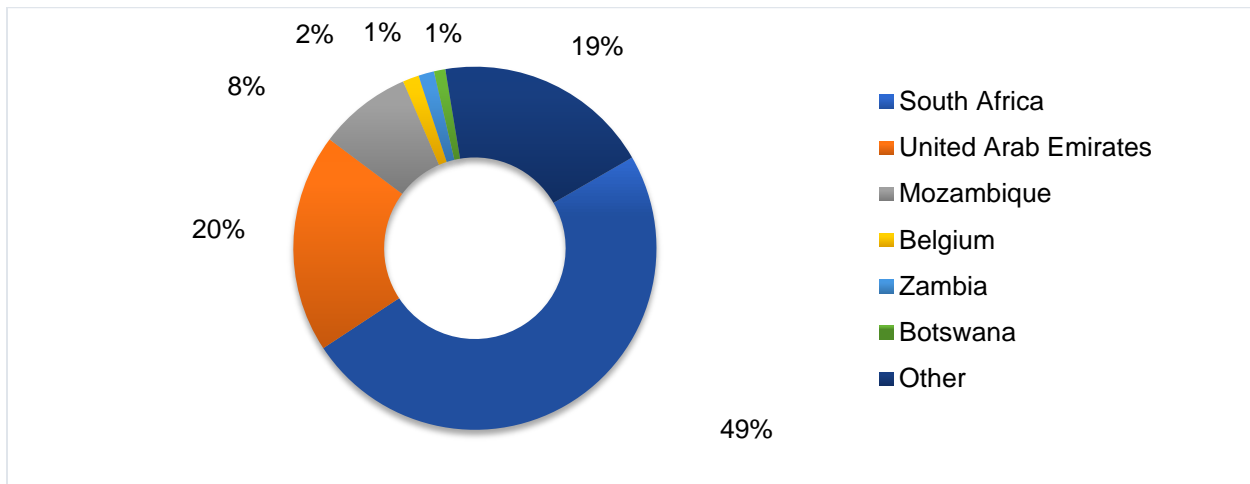
	<b>Sector</b>	<b>Feb-Dec 2019 (US\$)</b>	<b>% Contribution to Exports</b>
<b>1</b>	Minerals	2,359,962,702	59.4
<b>2</b>	Tobacco (Unmanufactured)	701,373,974	17.6
<b>3</b>	Other	578,877,012	14.45
<b>4</b>	Processed Foods & Beverages	86,679,408	2.2
<b>5</b>	Horticulture	63,301,571	1.6
<b>6</b>	Building and construction materials	46,608,999	1.2
<b>7</b>	Tobacco (Manufactured)	42,842,212	1.1
<b>8</b>	Raw Hides & Skins	29,317,585	0.7
<b>9</b>	Clothing and Textiles	23,508,458	0.6
<b>10</b>	Agric Inputs and Implements	22,539,875	0.6
<b>11</b>	Electricity	15,487,018	0.4
<b>12</b>	Pharmaceuticals	2,948,027	0.07
<b>13</b>	Leather	1,802,161	0.05
<b>14</b>	Chemicals (Ex Fert & Pharma)	1,082,014	0.03

total exports.

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By sector, Zimbabwe's major exports in 2019 were Minerals, Unmanufactured Tobacco, Processed foods and Beverages, Horticulture, Building and Construction Materials, Manufactured Tobacco, Raw Hides and Skins, Clothing and Textiles, Agricultural Inputs and Implements, Electricity, Pharmaceuticals, Leather and Chemicals.

### **MAJOR EXPORT DESTINATIONS FOR ZIMBABWE'S PRODUCTS (2019)**



South Africa remains the top export destination for Zimbabwe's exports and has been for the past couple of years. In 2019, 49% of Zimbabwe's exports went to South Africa. Other major destinations for Zimbabwe's exports include United Arab Emirates, Mozambique, Belgium, Zambia and Botswana among others.

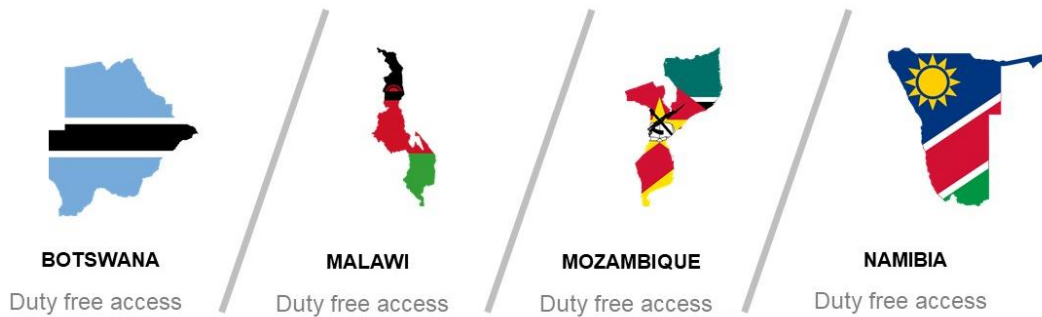
### **ZIMBABWE'S MEMBERSHIP TO INTERNATIONAL TRADE ORGANISATIONS**

#### **Preferential Bilateral Trade Agreements**

Zimbabwe currently has four (4) operational preferential bilateral trade agreements under which exporters can benefit.

These are with:

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### **Zimbabwe - Botswana**

Ratified in 1988, reciprocal duty-free trade on all products grown, wholly produced, or manufactured wholly or partly from imported inputs subject to a 25 percent local content requirement.

### **Zimbabwe - Malawi**

Implemented in 1995, this is a reciprocal trade agreement, with 25 percent domestic value-added requirements.

### **Zimbabwe - Mozambique**

Signed in January 2004, this agreement came into effect in March 2005. Its objective is to eliminate tariff and non-tariff barriers as well as to cooperate in customs and trade promotion. The agreement provides for duty free trade between the two members with the rules of origin specifying a 25 percent domestic value added.

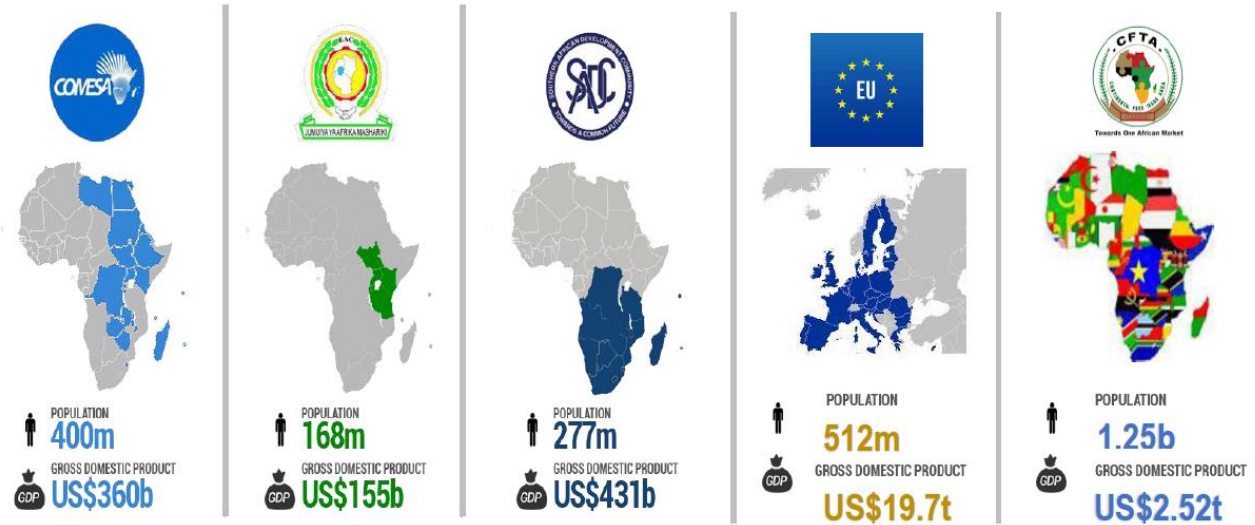
Excluded from the agreement are refined and unrefined sugar, Coca-Cola/Schweppes soft drinks, firearms, ammunition and explosives, motor vehicles and cigarettes.

### **Zimbabwe - Namibia**

A reciprocal agreement in effect since 1992, subject to rules of origin that require at least 25 percent local content for manufactured products and that Zimbabwe and Namibia should, as exporters, be the last place of substantial manufacturing.

## **Multilateral Trade Agreements**

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### COMESA Free Trade Area

The Common Market for Eastern and Southern Africa (COMESA) is a regional integration grouping of African States which have agreed to promote regional integration through trade development and to develop their natural and human resources for the mutual benefit of all their peoples.

COMESA Member States established a Free Trade Area (FTA) on 31 October 2000 after a sixteen-year period of progressive trade liberalisation through reduction on intra-COMESA tariffs. Fourteen States (Burundi, Comoros, Democratic Republic of Congo, Djibouti, Egypt, Eritrea, Kenya, Kingdom of Eswatini, Ethiopia, Libya, Madagascar, Malawi, Mauritius, Rwanda, Somalia, Seychelles, Sudan, Tunisia and Uganda Zambia and Zimbabwe) are participating in the Free Trade Area.

#### *COMESA Rules of Origin (RoO)*

For a product to be considered as originating in a Member State, it must meet one of the criteria prescribed in the COMESA rules of origin.

For products to be accepted as originating they should be consigned directly from a Member state to a consignee in another Member State provided that:

- A. They have been wholly produced or obtained in a Member State, or
- B. They have been produced in a Member State wholly or partially from materials imported from outside the Member States by a process of production which effects a substantial transformation of those products, such that:
  - i. The Cost, Insurance Freight (C.I.F.) value of those imported material does not exceed 60% of the total cost of the materials used in the production of the goods; or

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- ii. The value added resulting from the process of production accounts for at least 35% of the ex-factory cost of the goods; or
  - iii. The goods are classified or become classifiable under a tariff heading other than which they were imported; or
- C. They have been produced in the Member State and designated by Council of Ministers of Trade to be products of particular importance to the Member States, and containing not less than 25% of the value added
- D. The cumulation of origin - raw materials or semi-finished goods originating in any of the Member States and that have undergone processing in one or two Member States to produce a finished product shall be deemed to have originated in the Member State where final processing took place.

The exporter is free to base his claim to COMESA duty free or preferential tariff treatment on any one of the above criteria.

### *COMESA Simplified Trade Regime*

The Common Market for Eastern and Southern Africa (COMESA) implemented Simplified Trade Regime (STR) to help the small trader to benefit from the preferential rates enjoyed by commercial traders when importing or exporting goods within the COMESA Bloc. The regime is operational between Zimbabwe and Zambia, and Zimbabwe and Malawi.

STR is used for goods that have been grown or wholly produced in the COMESA Region. The trader will complete a simplified customs document (declaration form) and a simplified COMESA certificate of origin. These documents are filled in at the border post by the trader and are stamped and certified by a customs official. Goods to be exported should comply with the normal food safety, plant and animal health regulations including environmental protection. Import or export permits needed to import or export certain agricultural foods and animal products are still required.

### **SADC Trade Protocol**

Zimbabwe implemented the SADC Trade Protocol on 1 June 2001. The Protocol is an agreement between SADC Member States to reduce customs duties and other barriers to trade on products from each other. By lowering customs duties and removing other barriers to trade, the SADC Member States intend to promote economic growth and regional integration. By January 1, 2008, most customs duties (on 85% of tariff lines) had been eliminated for goods originating from SADC Member States.

### *SADC Rules of Origin (RoO)*

Preferential tariff rates are granted to products that meet the SADC RoO and are accompanied by a SADC Certificate of Origin. Products are accepted as originating in a

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Member State if they are consigned directly from a Member State to a consignee in another Member State and:

1. They have been wholly produced (e.g. mineral products extracted from their ground or sea bed; vegetable products harvested locally; live animals born and raised locally; products obtained locally from live animals; and products obtained through hunting or fishing conducted locally).
2. They have been produced in the Member State wholly or partially from materials imported from outside the Member States or of undetermined origin by a process of production which effects a substantial transformation of those materials such that:
  - i) The Cost Insurance Freight (C.I.F) value of those materials does not exceed 60% of the total cost of the materials used in the production of the goods, or
  - ii) The value added results from the process of production accounts for at least 35% of the ex-factory cost of the goods, or
3. There is a change in the tariff heading of a product arising from a processing carried out on the non-originating materials. According to the Harmonised System (HS) of coding, every product has a tariff heading, or classification. The SADC RoO make provision for some products that contain non-SADC materials, once substantially transformed, to be originating, provided that the final product has a different tariff heading at four digits or sub-heading at a six digit level, from that of a constituent material.

### *SADC Cumulative Treatment*

Raw materials or semi-finished goods originating in any of the Member States undergoing working or processing either in one or more Member States shall, for the purpose of determining the origin of a finished product, be deemed to have originated in the Member State where the final processing or manufacturing takes place.

### **EU Interim Economic Partnership Agreement (iEPA)**

Zimbabwe signed the interim Economic Partnership Agreement (EPA) under the Eastern and Southern African Bloc with the European Commission (EC) on 29 August 2009 together with three other countries (Madagascar, Seychelles and Mauritius). The interim EPA consolidates the duty free, quota-free market access which the EU28 offers to all exports from the four Eastern and Southern African States (ESA). The ESA countries involved will gradually open their markets to EU exports over 15 years, with some exceptions for products that ESA countries consider sensitive.

Zimbabwe agreed to phase out import tariffs on 80% of its traded goods with the E.U, excluding the following sensitive products: products of animal origin, cereals, beverages,

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paper, plastics and rubber, textiles and clothing, footwear, glass and ceramics, consumer electronic and vehicles.

The interim Agreement also contains provisions concerning rules of origin, development cooperation, fisheries, trade defense instruments and dispute settlement. This Agreement constitutes a stepping stone to a wider and comprehensive deal currently under negotiation between the EU and the Eastern and Southern African region, taking into account the development dimension for the ESA signatory countries. The areas potentially covered by the full EPA go beyond trade in goods and will include services and investment, and trade-related areas such as sustainable development, competition, Trade Facilitation as well as further improvement in trade in goods and rules of origin.

### *iEPA Rules of Origin*

The basic approach used in the iEPA for determining the origin of a product is that a qualifying product must be wholly produced locally from local materials, or at least have been substantially transformed locally, based on the respective qualifying criteria that are specified at the product, category or sector level as applicable.

The criteria for substantial transformation broadly follow three methodologies:

1. A specific processing (technical) test, which specifies what processing is required to non-originating materials in order to transform them into originating goods,
2. A change in tariff classification test, which generally considers substantial transformation to have taken place if it can be shown that the non-originating input materials have been locally transformed into a product that results in a different classification under the Harmonised System (HS) nomenclature, and
3. A percentage test, whereby a limit is placed on the non-originating content contained in the final product seeking local origin status.

Apart from the product-specific rules, other related provisions may also assist exporters in meeting the required origin criteria.

### **The African Continental Free Trade Area**

The African Continental Free Trade Area (AfCFTA) is a free trade area which, as of 2018 included 28 countries. It was created by the African Continental Free Trade Agreement among 54 of the 55 African Union nations. The free-trade area is the largest in the world in terms of the number of participating countries since the formation of the World Trade Organization.

The general objectives of the agreement are to:

- create a single market, deepening the economic integration of the continent
- establish a liberalised market through multiple rounds of negotiations
- aid the movement of capital and people, facilitating investment



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- move towards the establishment of a future continental customs union
- achieve sustainable and inclusive socio-economic development, gender equality and structural transformations within member states
- enhance competitiveness of member states within Africa and in the global market
- encourage industrial development through diversification and regional value chain development, agricultural development and food security
- resolve challenges of multiple and overlapping memberships

The commencement of trading within the AfCFTA is slated for 1st July 2020.

### **Generalised System of Preferences (GSP)**

The Generalized System of Preferences (GSP) is a scheme whereby a wide range of industrial and agricultural product originating in certain developing countries are given preferential access to the markets of certain developed countries. Preferential treatment is given in the form of reduced or zero rates of customs duties.

The GSP scheme is specifically designed to benefit certain developing countries and integrate them into the world economy. Zimbabwe, in common with other developing countries, is benefiting from Generalised System of Preferences. The preferences vary by country, product and sometimes change from year to year.

#### *GSP Rules of Origin (RoO)*

Products are considered as originating in two ways:

- i. Products wholly obtained in a GSP benefiting Country
- ii. Products are considered to be originating in a GSP country when the raw materials used are sufficiently worked or processed. The GSP scheme provides rules of origin to ensure that this condition is satisfied. Each product has a specific origin rule which can be found the Customs Code Implementing Provisions. The rule of origin is based on the first four digits of the Tariff Classification Code for the product.