

PRESENTATION TO CROISSANCE PEACE ON INVESTMENT OPPORTUNITIES IN ZIMBABWE

28 MAY 2015



ZIMBABWE COUNTRY PROFILE

GEOGRAPHICAL LOCATION



KEY FACTS AND FIGURES

- Area 390 757 Km²
- Population + 13million
- Annual growth rate 1.1%
- Literacy Level 92%
- Main Languages English, Ndebele and Shona
- Capital Harare
- Bordering Zambia, Mozambique, South Africa & Botswana
- Major Currency Multi currency System
- Membership UN, AU, SADC, COMESA, ACP etc.

WHY DO BUSINESS IN ZIMBABWE

- Highly skilled and literate labour (+92%)
- Centrally and strategically located in SADC
- Diversified economy (mining, tourism, services, agriculture, finance, manufacturing, etc)
- Regional Gateway (North-South Corridor)
- Natural Resources endowment
- Opportunity to participate in the rejuvenation of the economy

ZIMBABWE ECONOMY

GLOBAL TRADE

MAJOR EXPORT PRODUCTS

Agricultural Products: Tobacco, sugar, beef and Cotton

Minerals: Platinum, Diamonds, Nickel and Black granite

Manufactured Products: cotton lint, ferro alloys, iron & steel

Main Export Destinations: Germany, Belgium, China, South Africa, Japan, USA

MAJOR IMPORT PRODUCTS

Fuels, Chemicals, Machinery, Base Metals & products, Vehicles, Plastic & Rubber and Electrical Products

Main Import Source Markets

South Africa, Germany, Japan, USA, China

ZIMBABWE ECONOMY

ZIMBABWE AGENDA FOR SUSTAINABLE SOCIO-ECONOMIC TRANSFORMATION(ZIM-ASSET)

- Zim Asset was created to achieve sustainable development and social equity through the exploitation of the country's abundant human and natural resources
- Zim Asset is a cluster based Plan:
 - Food security and nutrition
 - Social Services and poverty eradication
 - Infrastructure and utilities
 - Value Addition and beneficiation

ZIMBABWE ECONOMY

INDUSTRIAL DEVELOPMENT POLICY PRIORITIES 2012-2016

- Restore the manufacturing sector's contribution to GDP of Zimbabwe from the current 15% to 30% and its contribution to exports from 26% to 50% by 2015. To achieve an average real GDP growth of 7%
- To create employment
- Increase capacity utilization from the current levels of around 57% to 80% by 2016
- To re-equip and replace obsolete machinery and new technologies for import substitution and enhanced value addition
- To reduce trade deficit

WHY A PARTNERSHIP ECONOMY? Indigenisation and Economic Empowerment Regulations

Main objectives

- To integrate the majority of the people into the mainstream economy in order to achieve inclusive growth, sustainable development and social equity
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- To decentralise economic decision making

(Continued overleaf)

WHY A PARTNERSHIP ECONOMY?

Indigenisation and Economic Empowerment Regulations

Principles guiding the implementation

- There is no expropriation or nationalisation of shares held by non-indigenous persons in companies, rather any equity being taken-up by indigenous people is disposed of, for value.
- There is no imposition of indigenous partners on investors, that is, investors are entitled to identify partners of their choice.
- There is flexibility in the implementation of the programme
- The terms and condition of disposal are private /commercial transactions concluded without any dictation by, or involvement of, the Government

INVESTMENT OPPORTUNITIES IN ZIMBABWE

Energy Sector

- Power Generation through Public Private Partnerships (PPPs) and Independent Power Producers (IPPs) Harnessing solar energy;
- Exploration and exploitation of coal bed methane gas for:
 - electricity generation,
 - production of liquids fuels,
 - Industrial heat generation and production of chemicals including fertilizer among others.

INVESTMENT OPPORTUNITIES IN ZIMBABWE Infrastructure Sector

The following are opportunities available:

Rehabilitation and setting up of –

- Communication systems (ICT, Infrastructure)
- Transport (roads, bridges, railways and airports)
- Urban water and sewage reticulation system
- Agriculture infrastructure including dams and irrigation schemes.
- Industrial parks and factory shells.
- Housing and Office buildings

INVESTMENT OPPORTUNITIES IN ZIMBABWE

Mining

Summary of Investment Opportunities

- Coal bed methane exploration & exploitation
- Resuscitation of already existing mines especially gold and other base metals
- Prospecting, exploration & exploitation of diamonds, cutting and polishing of precious stones
- Platinum refining, ferrochrome production & steel making
- Value addition through the production of jewelry from diamonds, gold, silver, platinum, chrome, gold and other minerals

Investment Opportunities

Agriculture Sector

- Backbone of the Zimbabwean economy with backward and forward linkages with the major sectors

Opportunities Include the following:

- Private equity in agricultural institutions, mechanization and farm technology

Primary Production of:

- food and cash crops, horticulture, livestock, Poultry farming, fishing and fish farming.
- Contract farming

Value addition in the agriculture sector, for instance,

- meat processing, fruit juice manufacturing, export of horticulture and floriculture, processing of cotton lint, -sugar milling ,timber processing, cigarette manufacturing

Investment Opportunities

Manufacturing Sector

Summary of Opportunities

The key thrust is on value addition.

Major sub-sectors include:

- Textiles: Cotton ginning, spinning, weaving, finishing textiles and knitting products
- Clothing and footwear: wearing apparels and footwear
- Chemicals, fertilisers, insecticides, paints, vanishes, soaps, detergents, inks, glues, polishes, pharmaceuticals, industrial chemicals, petroleum products, rubber and plastic products.
- Wood and furniture: Sawmilling, wooden products, furniture and fixtures.
- Metal and metal products: Machinery and equipment, radio and communication equipment.

Investment Opportunities

Tourism Sector

Investment Opportunities include:

- Urban Areas (provision of accommodation, restaurants, transport and touring services and conference facilities)
- Eco-tourism (conservation of the environment, partnerships with the local communities.)
- Victoria falls Master plan
- Construction of five star hotels and conference centers
- Trans-frontier Conservation Areas/Parks (e.g. Great Limpopo Trans-frontier Park)
- Tourism Development Zones (areas with high tourism potential where investors enjoy various tax incentives)
- Hunting safaris and tour operations (a rich and varied game species including the Big Five)

INCENTIVES

- 100% Remittance of after tax profit
- Industrial Park Developers – 0% tax in 1st Five years, thereafter tax at 25%
- BOOT and BOT Arrangements – 0% tax 1st Five years, thereafter tax at 15%
- Tourism Development Zones – 0% tax 1st Five years, thereafter tax at 25%
- Mining – rebate of duty on goods imported for specific mine development operations
- 15% tax for holders of special mining lease
- Reduced taxation for companies exporting 50% of output at 20%
- Duty exemption on imported capital goods

WHY DO BUSINESS IN ZIMBABWE? INVESTOR PROTECTION & SECURITY

Zimbabwe is a signatory to a number of multilateral investment treaties such as:

BIPPAS also signed with various countries

Multilateral Investment Guarantee Agency (MIGA)

Overseas Private Investment Corporation (OPIC)

International Convention on Settlement of Investment Disputes (ICSID)

New York Convention on the Enforcement of Foreign Arbitral Awards

United Nations Convention on International Trade Law (UNCITRAL)

FRENCH COMPANIES WITH INVESTMENTS IN ZIMBABWE

- Lafarge
- Total
- Bureau Veritas
- Limagrain
- Proparco
- Alstom
- AGS
- Bolloré Logistics
- Imerys

THANK YOU

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