



External Sector Developments

Trade Update

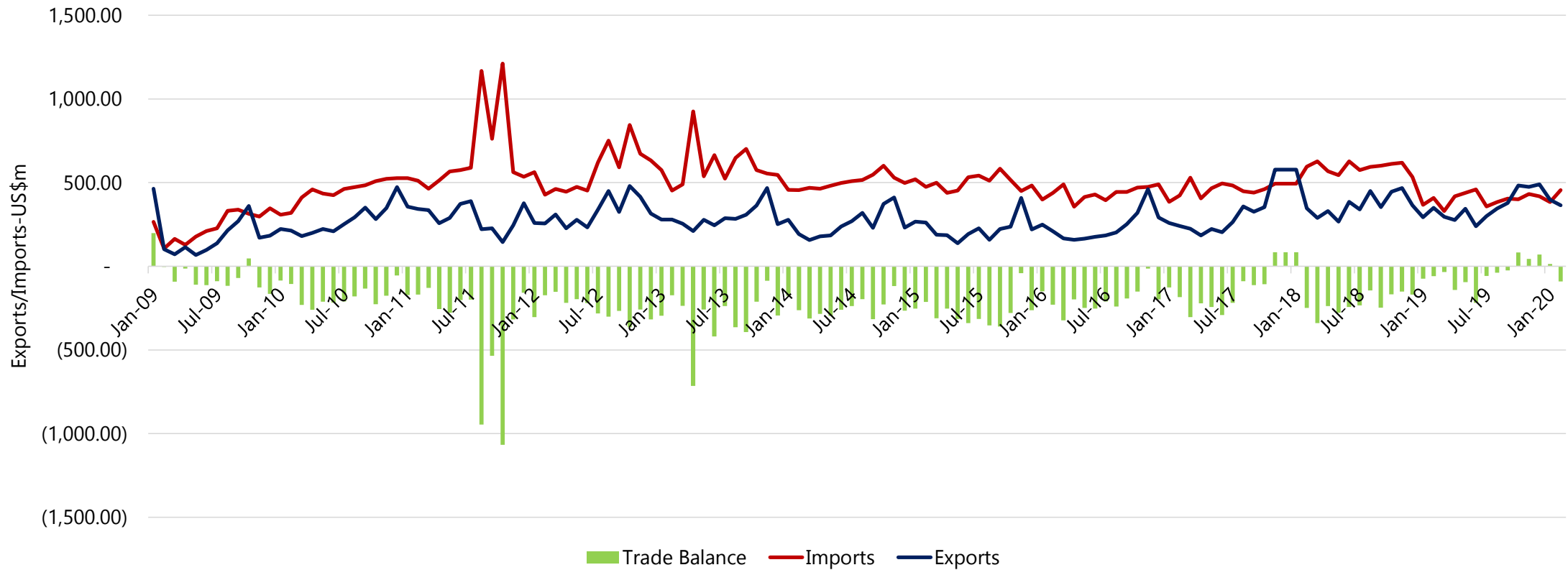
February 2020

EXTERNAL TRADE | Overview



- According to the Zimbabwe National Statistics Agency, “ZimStat”, that the country recorded a trade deficit of US\$90 million in February 2020, the first deficit in six months.
- This followed three months of consecutive decline in exports - to a six months low of US\$364.75m - and a general increase in imports over the same period - **Graph 1**.
- This trend, together with the impact of COVID-19, largely point to the need to enhance the country’s productive base, pursue the import substitution policy and build domestic self sufficiency – especially on foodstuffs.

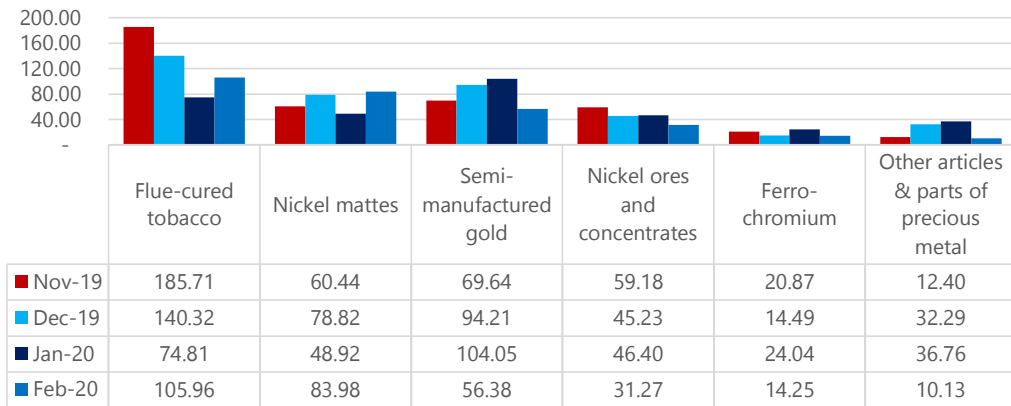
Graph 1: Trade Developments



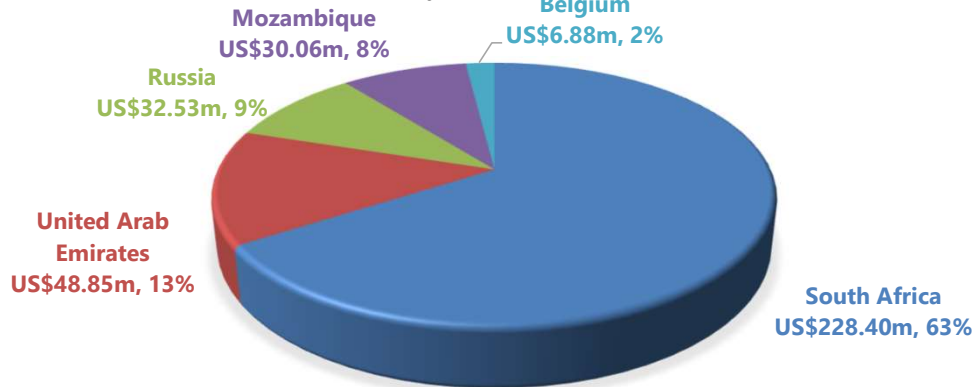
Source: ZimStat

EXPORTS | Decline exacerbated by Covid-19 Pandemic ...

Graph 2: Major Exports



Graph 3: Major Export Destinations

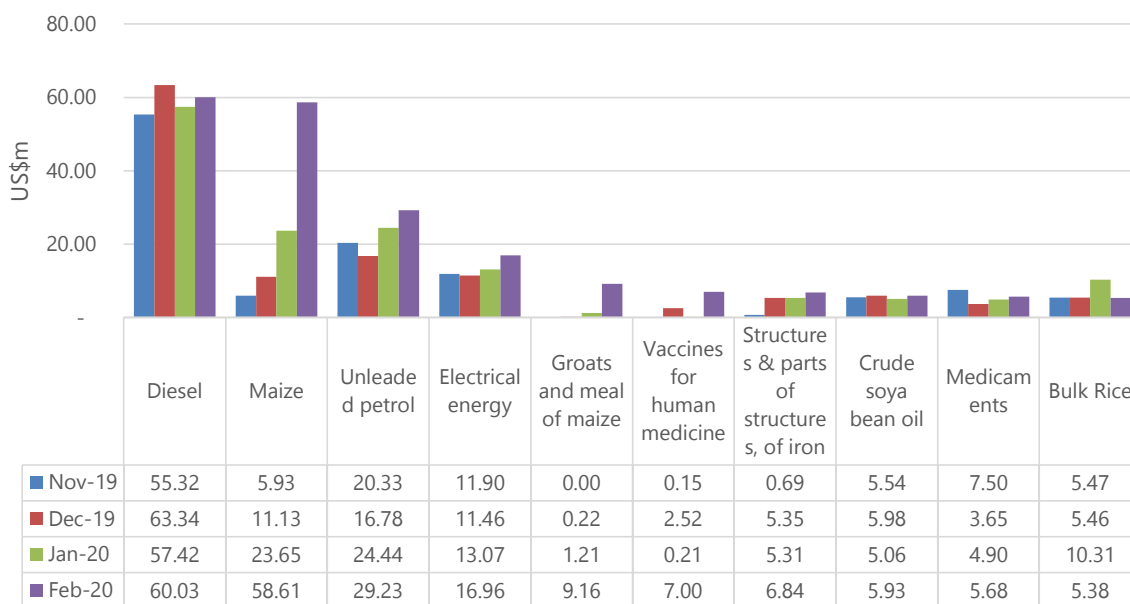


- Total exports declined by 8.3% m/m to US\$364.7million in February 2020 due to decreases in exports of gold (-46%), other articles and parts of precious metals (-72%), nickel ores and concentrate (-33%) and ferro-chromium (-41%). Mineral exports were affected, in part, by the Covid-19 pandemic that caused widespread lockdowns which restricted the movement of people and goods between trading partners. However, m/m increases were still recorded for nickel mattes, flue-cured tobacco and platinum – **Graph 2**.
- Meanwhile, cumulative exports for the two months to February 2020 stood at US\$762.8 million, 18.7% higher than the comparative period of 2019.
- The top six exports accounted for 83% of total export earnings in February 2020 dominated by tobacco and mineral exports.
- Meanwhile, the major export markets and/ gateways were South Africa (63%), United Arab Emirates (13%), Russia (9%), Mozambique (8%) and Belgium (2%). These countries accounted for 95% of the total exports - **Graph 3** across.

IMPORTS | Shifting priorities....

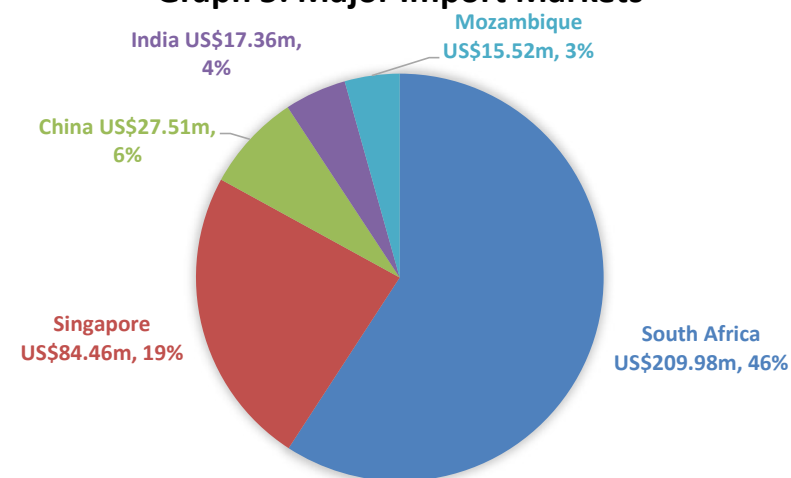
- Imports increased by 18.7% m/m to US\$455.3 million in February 2020, driven by increases in imports of maize (+148%), groats and meal of maize (+659%), vaccine for human medicines (+3233%), petrol (+20%), electrical energy (+30%) and diesel (+5%). This, to some extent, reflected the change in import priorities as more focus was placed on food security and health as the country sought to augment the reduced output from the 2019/20 agricultural season as well as fight the coronavirus outbreak, respectively. However, declines were recorded in the importation of bulk rice (-48%), other insecticides (-32%) and road tractors for semi-trailers (-38%). **Graph 4**
- Cumulative imports for the two months to February 2020 increased by 8%, compared to the same period last year.

Graph 4: Major Imports



- Meanwhile, the major source markets for imports were South Africa (46%), Singapore (19%), China (6%), India (4%) and Mozambique (3%) **Graph 5**

Graph 5: Major Import Markets



OUTLOOK | Policy & Business Options

- Import substitution policy, e.g. for goods like cereals, pharmaceutical products, fertilizers, iron & steel, paper, among others.
- Investment in new technologies to enhance quality of domestically produced goods.
- Promotion of domestic demand and consumption, e.g. through fiscal incentives.
- Financing of, and fiscal incentives to, industries sustainably pursuing import substitution.

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