



...Manufacturing Sector
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Sector Watch

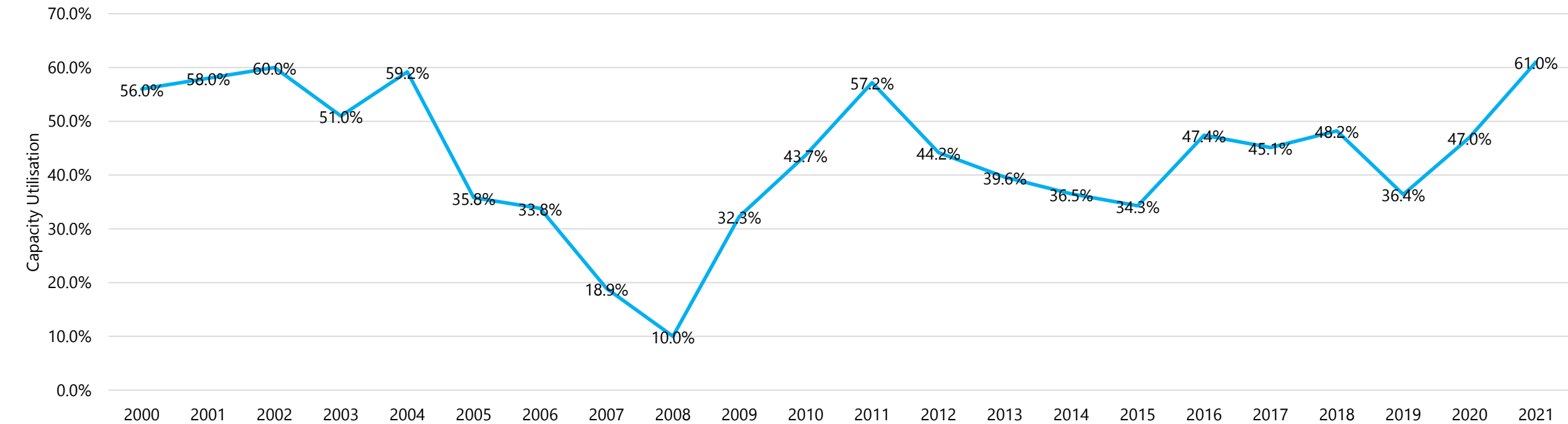
Manufacturing Sector

March 2021



- This report summaries key findings from the Confederation of Zimbabwe Industries “CZI” 2020 Manufacturing Sector Survey report released on 04 March 2021.
- According to the report, the manufacturing sector capacity utilisation – a measure of the intensity with which the sector makes use of its resources- increased to 47.0% in 2020, from 36.4% recorded in 2019 – **Graph 1**. This also represents 20 percentage points “pp” increase from the initial 27.0% projected at the beginning of 2020 following more than anticipated increase in production capacity in most sub-sectors.
- In fact, with the exception of wood and furniture, all other sub-sectors recorded increases in capacity utilisation, led by other manufactured products and textiles & ginning which increased by 41 pp and 20 pp to 65% and 45%, respectively. The growth in the sector’s capacity utilisation was largely attributed to improved foreign currency availability, increased sales and re-tooling.
- However, notwithstanding the increase in capacity utilisation, the sector faced a number of constraints including competition from cheaper imports, Covid-19 restrictions, water shortages, machine breakdowns, inflation and foreign currency challenges especially during the first half of the year.
- Going forward, the industry body anticipates production to increase to 61% in 2021, subject to currency and exchange rate stability, low inflation, export growth, promotion of locally produced goods and an aggressive vaccination programme.

Graph 1: Manufacturing Sector Capacity Utilisation Trends



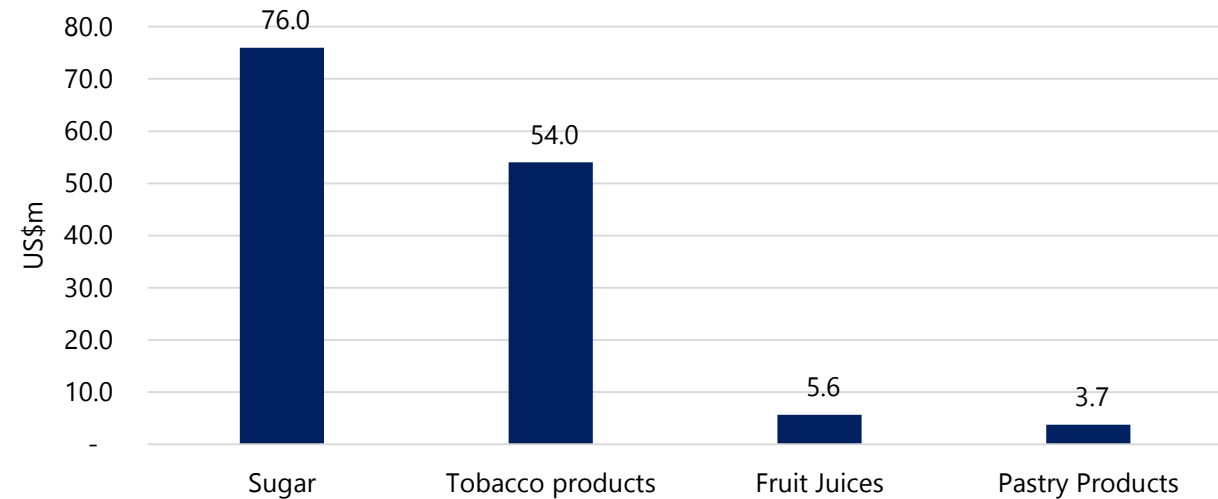


EXPORT CONTRIBUTION

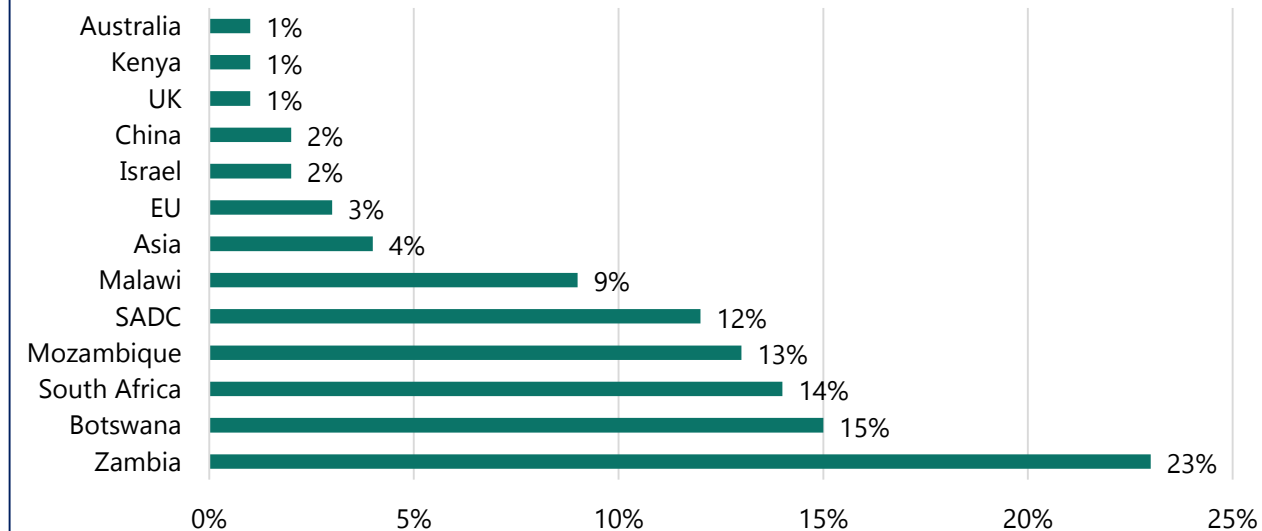
Table 1: Exports By Sector 2019 vs 2020

Sector	2019 US\$m	2020 US\$m	% Change
Mining	2,838.9	3,291.8	15.95%
Agriculture	344.8	158.5	-54.03%
Manufacturing	314.8	244.7	-22.27%
Transport	191.6	124.0	-35.28%

Graph 2: Top Manufactured Export Products



Graph 3: Export Destinations



- According to CZI, the bulk (81%) of the manufactured goods in 2020 were sold in the local market, with only 19% going into the export market. Resultantly, the value of exports for manufactured products declined by 22%, from US\$314.8m in 2019 to US\$244.7m in 2020 (RBZ, 2020) – **Table 1**.
- The largest exports were recorded for sugar (US\$76m), tobacco products (US\$54m), fruit juices (US\$5.6m) and pastry products (US\$3.7m)- **Graph 2**.
- Meanwhile, the major export markets and/ gateways for the country's manufactured products were Zambia (23%), Botswana (15%), South Africa (14%) and Mozambique (13%)- **Graph 3**.

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