

TALSMANDENS GRUPPE
SPRECHERGRUPPE
SPOKESMAN'S GROUP
GROUPE DU PORTE-PAROLE
GRUPPO DEL PORTAVOCE
BUREAU VAN DE WOORDVOERDER

**INFORMATION
INFORMATISCHE AUFZEICHNUNG
INFORMATION MEMO**

**NOTE D'INFORMATION
NOTA D'INFORMAZIONE
TER DOCUMENTIE**

Brussels, November 1980

ZIMBABWE ACCEEDS TO THE LOME CONVENTION

Zimbabwe's signature of the EEC-ACP Lome Convention in Luxembourg on November 4 at a meeting between Zimbabwe and European Community Ministers and Commissioners, marks the culmination of a process which began shortly before Zimbabwe's independence in April this year. At that time, during a visit by the European Commissioner responsible for development, M. Claude Cheysson, the newly elected Zimbabwe Prime Minister, Mr. Robert Mugabe, indicated Zimbabwe's intention of joining the convention. Both EEC and ACP responded immediately and very positively, and the formal request was made after independence. A delegation headed by Zimbabwe's Foreign Minister, Mr. Simon Muzenda, attended the Joint EEC-ACP Council of Ministers in Nairobi in May, as observers. Formal negotiations opened in July, and were concluded in October.

Following formal signature the accession treaty has to be ratified in the parliaments of Zimbabwe and of the EEC member states in the course of 1981. Zimbabwe will thus become the 60th ACP country, member of the Lome Convention.

The negotiations centred mainly on trade questions

- The accession of another ACP country to the Lome Convention could not, in any way, mean a modification to the general rules of the Convention : Zimbabwe will automatically benefit from the advantages offered by the Convention.
- The negotiation therefore could only centre round certain specific points i.e. applicable in the case of certain categories of ACP countries, mainly because of their type of production, their commercial relationships with other countries and the level of their development.

The Convention gives unrestricted access to most of Zimbabwe's exports to the European Community. This access has been available to Zimbabwe since January of this year under the trade arrangements accorded to Zimbabwe which give it the same rights of market access to the EEC as those enjoyed by an overseas country or territory. As from January 1, 1981, an interim trade agreement (concluded with the Lome accession treaty) will give Zimbabwe the same rights of market access as those currently enjoyed by ACP countries until the date later in 1981 when the accession treaty comes into force.

There are also certain sensitive products in the agricultural field where special privileged arrangements apply in the case of ACP countries. Notable amongst these products are sugar and beef, which are the subject of joint declarations included in the Accession treaty.

In the case of beef exports, Zimbabwe will benefit from the special regime set up for ACP States (Botswana, Kenya, Madagascar and Swaziland) which are traditional exporters of beef to the Community.

Under this regime some 8,100 tons of Zimbabwe beef will be exempt annually from both the import duty, and 90% of the variable levy imposed on beef imports to the EEC. In return Zimbabwe will be requested to introduce an export tax equivalent to the abatement in the variable levy. The proceeds of this tax would be used to meet national priorities in the livestock sector; particularly in regard to small-holder production.

The timing for the implementation of these arrangements relating to beef will depend in some degree on the general progress made in reestablishing satisfactory animal health arrangements within Zimbabwe. Through the UNHCR, and also bilaterally, the Community is already contributing some 5 M EUA (4.5 M Zimbabwean dollars) for the reconstruction of cattle-dipping tanks, and veterinary control measures in the Zimbabwe-Botswana areas.

In the case of sugar, there have also been detailed discussions between the Community and Zimbabwe, and a joint declaration sets out the special arrangements for this commodity, which, like beef, is of considerable economic importance to Zimbabwe's export trade. Zimbabwe's traditional position as a sugar exporter (she enjoyed a quota of 25,000 tons in the former Commonwealth Sugar Agreement) was of considerable importance in determining the Community's approach to this question, and it has been agreed that Zimbabwe should "enjoy the award of a quantity of sugar of 25,000 tons of white equivalent per annum", and that in consequence it should become a member of the special protocol on ACP sugar.

The Government had indicated to the Community that it expects the first supplies of 25,000 metric tons of sugar per annum to take place during the delivery period 1982/83. For its part the Community has confirmed that it will take the necessary steps to ensure that the objective of 25,000 metric tons will be reached as soon as possible. The Community has also agreed that, starting from 1982/83, the price conditions provided for in the Protocol on ACP sugar will be applied to an annual quantity of 25,000 metric tons of sugar originating in Zimbabwe.

On Tobacco it was explained during the negotiations that there were problems for the Community caused by imports of Tobacco, particularly from the ACP states. The Zimbabwe delegation was informed of the special problems that would be caused by any increase in tobacco imports into the Community over and above the average level for the last few years.

Financial aid : aid immediately available and future prospects

In the area of financial and technical cooperation, the Community has already accorded funds from its own budgetary resources to assist Zimbabwe with programmes of resettlement and reconstruction. Altogether some 12 M EUA (approximately 11 M Zimbabwean dollars) have been provided by the Community to assist in implementing emergency programmes. These actions have been designed to complement Zimbabwe's own efforts, as well as programmes supported bilaterally by EEC Member States.

Two-thirds of the resources provided by the Community have been channelled through the services of the UN High Commissioner for Refugees, and are being used primarily for resettlement purposes, as well as for veterinary control programmes in the Zimbabwe-Botswana border areas (1.2 M EUA). The remainder of the funds from the Community are being used for rural reconstruction, with a particular emphasis on the rebuilding of cattle-dips.

In addition the Community is providing significant assistance to Community-based non-governmental organisations, which are undertaking educational and social work in the townships and rural areas of Zimbabwe, and is also helping under bilateral and multilateral food aid-programmes.

With Zimbabwe's accession to the second Lome Convention, the Community will take appropriate steps to increase the total finance available through the European Development Fund in Lome 2, so that the necessary support can be given to projects and programmes in Zimbabwe. (1)

The main part of the funding will be directed towards a national indicative programme agreed between Zimbabwe and the Community. This programme will be based on Zimbabwe's own development priorities, and it is foreseen that particular attention might be given to projects in the fields of agriculture, rural development and training. In addition to these national programmes within Zimbabwe, special emphasis will be placed on the regional field, by funding joint projects between Zimbabwe and other ACP and developing countries, in sectors such as transport and communications. The Commission and the Member States of the European Community will be participating in the Southern African Development Coordination Conference (SADCC) to be held in Maputo at the end of November, which will be concerned with various regional projects of direct interest to Zimbabwe.

In addition to the resources available through the European Development Fund, Zimbabwe will stand to benefit under Lome 2 from loan-finance and equity capital made available by the European Investment Bank, and particularly for projects in the industrial, energy, mining and tourism sectors.

Country Profile of Zimbabwe

1. General Background

Zimbabwe is a land-locked country that bestrides the high Southern African plateau between the Zambesi River in the north (latitude 15°50's) and the Limpopo River in the south (latitude 22°25's). Zimbabwe shares common borders with Zambia to the north and north-west, Botswana to the south-west, South Africa to the south, Mozambique to the east and north-east, and touches Namibia at Kazungula on the Zambesi river. The country's total land area is over 389,000 sq. kms, (which is nearly twice the size of Britain, or half that of Zambia). Altitudes vary from 500 metres in the low veld to 2,500 metres in the eastern highlands.

Only about 20% of the land, mainly in the high veld, is suitable for intensive crop farming, the remainder being suited to more extensive forms of agriculture and livestock production. The country is endowed with a wide variety of minerals including copper, gold, asbestos, chrome, nickel, tin, iron-ore, emeralds, silver, platinum and phosphates. Electricity is produced from local coal resources and the Kariba power station jointly owned with Zambia.

Zimbabwe's population at the end of 1978 was estimated at some 7.0 M composed of 6.75 million Africans, 250,000 Europeans, and 33,000 others.

2. Political Background

From the ending of British South African Company rule in 1923, Southern Rhodesia was a self-governing British colony until November 1965, when the Rhodesian Front Government declared the territory independent in the Unilateral Declaration of Independence (UDI). Following this declaration Britain took a series of economic measures against Southern Rhodesia, and in 1968 at Britain's request the UN imposed mandatory economic sanctions on the territory. 1971 saw the beginning of an eight-year guerilla war in which some 27,000 Zimbabweans were killed, and much larger numbers wounded and rendered homeless.

After the break-down of the 1977 Anglo-American proposals and the failure of the 1978 internal settlement, the Lusaka Commonwealth Conference agreement led to the 1979 Lancaster House conference, which established an independence constitution and paved the way for a peace settlement and cease-fire.

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The independence Government, which was formed following the February 1980 elections, represents a coalition amongst the principal parties represented in the National Assembly. These are Prime Minister Mugabe's ZANU/PF (57 seats), Mr. Nkomo's Patriotic Front (20 seats), and the Rhodesian Front (20 seats). Bishop Muzorewa's UANC (3 seats) is not represented in the new Government.

Constitutional independence was accorded to the Republic of Zimbabwe on 18th April 1980 with President Canaan Banana as head of state, and Premier Robert Mugabe as head of government. In its initial policy statements the new administration has consistently emphasised the need for national reconciliation, for economic pragmatism at home, and for non-alignment in external relations.

3. Immediate Priorities

Pressing problems confronting the new Government include the continuing integration of the armed forces, and the accelerated advancement of black Zimbabweans in both the public and private sectors, where imperative needs relate to professional and technical training. However amongst the new Government's first priorities is the resettlement of refugees and displaced persons.

Groups with particularly pressing needs include refugees who remain to be repatriated from neighbouring countries and secondly persons displaced during the civil war. At the request of the Prime Minister, the UN Secretary General has asked the UN High Commissioner for Refugees to coordinate, for an initial period, a programme of humanitarian assistance for displaced persons and returning refugees, (currently estimated at some 660,000 persons). The UNHCR has accordingly issued an appeal to the international community for US \$ 108 M, to which it is proposed that the European Community should make a contribution of some \$ 15.8 M.

4. Land Tenure and Resettlement

But possibly the most complex problem facing the new government concerns land arrangements. Some 60% of Zimbabwe's people live in tribal trust lands (TTLs) in conditions of serious overcrowding and land degradation.

Although the discriminatory land-tenure act was repealed in 1979, the pattern of land holding remains virtually unchanged from the colonial period:

- Commercial farmland : 14.8 M ha. operated by 5,400 white farmers or companies;
- Purchase land : Of the 1.5 M ha. set aside for freehold tenure by blacks, 1.1 M ha. are occupied by some 8,500 farmers;
- Tribal trust lands (TTL) : 16.3 M ha. occupied on a communal basis by some 675,000 cultivators with a total population of 3.5 M;
- National land : 5.9 M ha. of parks and game reserves.

The disparity between black and white holdings is very great. The white farmer averages 2,400 ha., the African purchase farmer 125 ha. and the TTL cultivator 24 ha. There is also a wide differential in the quality of land, the result partly of allocation of the bulk of the most fertile regions to whites, and partly of its corollary - the overcrowding and land degradation of the TTLs.

While the new Government has yet to make known its intentions on resettlement, land reform features high in its election manifesto, which pledges the creation of a land and agricultural development fund, "to facilitate the acquisition of land, land resettlement, and agricultural development". In the post-electoral period, further reference has been made to the coordinated and orderly acquisition of unused land in the commercial farming areas for resettlement purposes. There have also been certain indications on the part of development agencies, as to possible means of providing effective assistance in this particular area of agricultural development, which would help resolve land acquisition and productivity problems.

5. Economic Situation

Following a period of economic expansion in the immediate post-UDI years Zimbabwe began to encounter increasing economic difficulties in the mid-1970s. At that stage the combination of international recession, growing political uncertainty and the impact of war thrust the economy into continuing decline and real GDP fell by more than 13% over the 1975-79 period. With international recognition and the conclusion of peace, this downward trend may be reversed, and current estimates suggest the possibility of real growth of some 4% in 1980.

Agriculture is the chief source of income for more than 70% of the population, it provides wage employment for 345,000 people, almost all of them blacks, or about 35% of total employment. Even in poor climatic years, Zimbabwe is largely self-sufficient in foodstuffs, and this sector contributes approximately 20% of GDP, more than one third of the country's foreign exchange, and a substantial share of inputs to local manufacturing industry. Total agricultural production in 1979 is estimated at just short of Z \$ 500 M.,* almost 90% of which represents production by white farmers.

A dominant feature of commercial farming under sanctions was the diversification out of tobacco production into grain and fibre crops (wheat, maize and cotton) and the growing, although recently interrupted, production of cattle. Soya beans, tea and coffee, have also become significant cash crops.

Zimbabwe's manufacturing sector has developed since 1965 on the basis of subsidies, import and exchange controls, and the increasing utilisation of local raw materials. The volume index of manufacturing production increased 2.25 times between 1964 and 1969, contributing 22% of GDP in 1978. Most rapidly growing sub-sectors were foodstuffs, textiles, chemicals, petroleum, mineral and metallic products. Sugar is being increasingly used for ethanol production.

Although mining accounts for only 7.5% of GDP, and provides work for only 6% of the employed labour force, it has come to play an increasingly significant economic role. Upwards of 90% of mining output is exported, increasingly in processed form. Direct mineral exports in 1979 were valued at more than Z \$ 200 M. In the current international situation, production in this sector could be expanded.

6. Transport

Prior to the 1976 closure of the Mozambique border, nearly two-thirds of Zimbabwe's rail traffic was using either the Beira or Maputo routes, with the latter being the more important because of its harbour capacity and bulkhandling facilities. The border closure forced all rail traffic onto the longer South African routes. With the ending of hostilities, the Beira route has been reopened to limited traffic, but is affected by port constraints, while the Beira pipe-line will re-open in early 1981. The severely damaged Maputo route will also not resume full-scale traffic till next year. Both routes are also of economic significance to Zambia and Botswana.

7. Trade and Balance of Payments

In 1965, Rhodesia exported to the following countries: Britain (22%), Zambia (25%), South Africa (9%), Germany (5%), Malawi (5%), Japan (5%), and all other countries less than 5%. Rhodesian imports by country of origin were: Britain (30%), South Africa (25%), USA (7%), Japan (6%), and all other countries less than 5%.

As a result of sanctions and subsequent changes in trade composition, trade balances and patterns altered considerably over the UDI period. In particular Britain's direct trade with Rhodesia diminished significantly, while South Africa's trade increased substantially, buttressed by a series of preferential trade arrangements between Rhodesia and South Africa dating from the early 1960s. According to 1972 UN figures, 38% of Rhodesian imports were of South African origin, but other estimates have put these at least as high as 51%; about 16%, and possibly more, of Rhodesian exports were estimated by the UN to go to the RSA in 1972. Oil remains a major component of imports as do capital goods, vehicles and spare parts.

* 1 Zimbabwe dollar (Z \$) = 1.18 EUA (April 80)

Zimbabwe's Z \$ 500 M. of exports (1978) are roughly divided as follows :

agricultural products Z \$ 225 M, minerals Z \$ 200 M and manufactures Z \$ 75 M. Principal agricultural exports (for which figures are not currently available) include tobacco, maize, beef, cotton and sugar. The relative contributions of the principal mineral exports are gold (30%), asbestos (30%), nickel (20%), copper (15%), and ferro-chrome (5%). Exports of manufactures, principally within Southern Africa include clothing, footwear, radios, cigarettes, canned meat, sugar and textiles.

1979 balance of payments estimates from official sources suggest that last year exports (including gold) may have increased by about Z \$ 100 M. (or 16%) to almost Z \$ 700 M, while imports may have grown nearly 4% to some Z \$ 585 M, leaving a visible trade surplus of some Z \$ 115 M (as against Z \$ 178 M in 1978). The 1979 invisible deficit is estimated at some Z \$ 90 M, which is thought to have been offset by a net capital inflow of Z \$ 80 M, leaving a small overall deficit. Forward projections of the 1980 balance of payments would appear to reflect a continuation of these main trends.

8. Capital Formation and External Debt

As regards investment, recently published estimates put total foreign capital formation at between Z \$ 1,500 M and Z \$ 2,000 M (out of a total capital stock of Z \$ 2,250 M to Z \$ 2,750 M). The figures suggest a marginal reduction in the proportion of foreign capital since 1965, but a significant increase in value. As to the origin of investments, these are mainly from two sources : Britain and South Africa. The same estimates put the UK proportion at Z \$ 815 M and the South African at Z \$ 583 M. The Government's external debt is estimated at about US \$ 360 - 450 M.

<u>Area</u>	: 389,000 sq. kms.	
<u>Population</u>	: Africans	6,755,283 (96%)
(Dec 78)	Europeans	249,967 (3.5%)
	Others	34,760 (0.5%)
	Total	7,040,010

Population densities

Overall	18.1 persons/sq.km.
African trust lands	27.4
White rural areas	7.2

Urbanisation

1969	17.1%
1978	19.5% (24.8% unofficial)

Currency

Zimbabwean/Rhodesian dollar 5 Z \$)
 Z \$ 1 = 1.18 EUA = £ 0.71 = US \$ 1.54 (April 1980)

National income

GDP 1978 = Z \$ 2,332 M = US \$ 3,542M (current exchange rate)
 GNP per capita 1977-78 = US \$ 480 - 500 (IBRD estimate)

Trade 1978

Main commodities exported :

Agricultural products (45%) tobacco, maize, beef, sugar and cotton
 Mineral products (40%) gold, asbestos, nickel, copper, chrome ore
 Manufactured products (15%) - ferrochrome, other processed minerals, and food products, clothing, footwear, tobacco, textiles

Government finance 1978

Revenue	Z \$ 573 M (24.6% GDP)
Expenditure	Z \$ 803 M (34.4% GDP)
Deficit	Z \$ 230 M
External debt	US \$ 350 M - 450 M (1980 estimate)

Labour Force

In formal employment 1978	991,600	100%
. Commercial agriculture	340,800	34%
. Manufacturing	140,000	14%
. Mining	58,000	6%
. Public and private services	280,000	28%
Number of small African farmers :	685,000	

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Bruxelles, novembre 1980

CONVENTION DE LOMÉ 2

SIGNATURE DU TRAITE D'ADHESION DU ZIMBABWE

La signature à Luxembourg le 4 novembre 1980 du traité d'adhésion du Zimbabwe à la Convention de Lomé est l'aboutissement d'un processus engagé le jour même de l'indépendance de ce pays en avril dernier. C'est alors que M. Robert Mugabe indiquait à M. Cheysson l'intention du Zimbabwe de demander son accession à la Convention de Lomé. Dès le mois de mai, une délégation du Zimbabwe dirigée par son Ministre des Affaires étrangères, M. Simon Muzenda, participait en observateur au Conseil des Ministres CEE-ACP de Nairobi, où le principe d'adhésion du Zimbabwe à la Convention était unanimement approuvé. Les négociations d'accession ouvertes formellement au mois de juillet se sont achevées en octobre.

L'acte d'accession qui vient d'être signé doit être maintenant ratifié par les parlements du Zimbabwe et des 9 Etats membres. Le Zimbabwe deviendra alors le 60ème pays ACP membre de la Convention de Lomé.

Sans attendre l'aboutissement des négociations la Communauté avait pris toutefois un ensemble de mesures permettant de venir en aide immédiatement au nouvel Etat : ouverture du marché communautaire aux exportations du Zimbabwe dès avant l'indépendance (le 15 janvier 1980). Plan d'aide d'urgence communautaire approuvé dès le mois d'avril.

La négociation a porté principalement sur des problèmes commerciaux

Les négociations d'accession d'un nouveau pays ACP à la Convention de Lomé ne peuvent avoir pour effet d'en modifier les dispositions générales : d'entrée en jeu le Zimbabwe était donc assuré de bénéficier des avantages qu'elle prévoit et tenu d'en accepter les obligations.

C'est ainsi que la Convention de Lomé assurera le libre accès au marché communautaire à la quasi totalité des exportations du Zimbabwe, libre accès déjà accordé en fait par la Communauté depuis janvier 1980. En attendant l'entrée en vigueur de la 2ème Convention de Lomé ainsi que la ratification du traité d'adhésion du Zimbabwe, un accord intérimaire garantira au Zimbabwe un régime commercial analogue à celui dont bénéficient les autres pays ACP.

Les négociations n'ont donc porté que sur les dispositions spécifiques qui - notamment dans le domaine commercial - prévoient un régime particulier pour tel ou tel pays ou groupe de pays ACP, ceci afin de tenir compte de la structure de leur production et de leurs échanges, de leur niveau de développement etc.: c'est ainsi que le régime à prévoir pour la viande bovine et pour le sucre - deux productions importantes du Zimbabwe - furent au centre des conversations dont le résultat fut l'adoption de deux déclarations conjointes.

Dans le cas de la viande bovine, le Zimbabwe bénéficiera du régime spécial établi en faveur des pays ACP (Botswana, Kenya, Madagascar et Swaziland) afin de maintenir les courants d'échange traditionnels avec la Communauté. A ce titre le Zimbabwe pourra exporter annuellement 8.100 tonnes de viande non seulement sans droits de douane, mais avec en outre une réduction de 90 % du prélèvement appliqué normalement par la Communauté à ses importations de viande. Le Zimbabwe devra introduire en retour une taxe d'exportation d'un montant équivalent à cette réduction, taxe dont le produit sera affecté à la réalisation des objectifs prioritaires dans le secteur de l'élevage, notamment en faveur des petits propriétaires. La mise en vigueur de ce régime dépendra toutefois de l'amélioration de la situation vétérinaire dans le pays, amélioration à laquelle des financements communautaires d'environ 5 millions d'UCE ont été affectés au titre du programme d'aide d'urgence.

Le fait que le Zimbabwe ait été traditionnellement exportateur de sucre (un quota de 25.000 tonnes lui avait été attribué au titre du Commonwealth sugar agreement) a été dûment pris en considération par le négociateur communautaire : il a été convenu que le Zimbabwe devrait en conséquence pouvoir livrer à la Communauté une quantité annuelle de 25.000 tonnes (équivalent sucre blanc) de sucre aux conditions prévues par le protocole sucre CEE-ACP, protocole dont le Zimbabwe deviendra membre.

Le gouvernement du Zimbabwe a indiqué à la Communauté qu'il excomptait voir appliquée cette concession au plus tard pour la campagne 1982/83. La Communauté pour sa part a confirmé que les mesures nécessaires seraient prises pour que l'objectif de 25.000 tonnes soit atteint dès que possible et qu'en tout état de cause les conditions de prix prévues par le protocole sucre seraient appliquées pour cette quantité à partir de 1982/83.

Enfin pour le tabac, autre exportation importante du Zimbabwe, la Communauté, tout en confirmant le maintien du régime de libre accès prévue par la Convention, a exposé à ses partenaires les problèmes que pourrait lui poser l'accroissement des exportations des pays ACP sur son marché par rapport au niveau moyen enregistré au cours des dernières années.

Aide financière : aide immédiate et perspectives ouvertes par la Convention de Lomé

En matière de coopération financière et technique la Communauté a pris des mesures immédiates pour venir en aide au Zimbabwe, avant même que ne soient engagées les négociations d'adhésion. Une aide portant sur environ 12 millions d'UCE (11 millions de \$ du Zimbabwe), financée par le budget communautaire, a été consacrée à un programme d'urgence destiné à appuyer les actions de reconstruction et de réinstallation des populations entreprises par les autorités de Salisbury et à compléter les aides consenties bilatéralement par les Etats membres.

Les deux tiers de cette aide ont été affectés par l'intermédiaire de l'UNHCR à la réinstallation des populations et aux actions vétérinaires dans la région frontalière du Botswana. Le solde a permis de financer des projets de reconstruction en zone rurale.

En outre la Communauté a apporté un concours non négligeable à diverses organisations non gouvernementales engagées dans des projets de développement social et de formation aussi bien en zone rurale qu'en zone urbaine.

L'accession du Zimbabwe à la Convention de Lomé 2 se traduira par la mise en oeuvre de toutes les dispositions prévues par celle-ci en matière de coopération financière et technique, de coopération industrielle et agricole etc. Le montant du 5ème Fonds européen de développement sera majoré en conséquence de 85 millions d'UCE et porté pour l'ensemble des pays ACP à 4.627 Mio UCE.

Les crédits ainsi disponibles seront affectés en majeure partie à la réalisation d'un programme indicatif à convenir entre le Zimbabwe et la Communauté, programme dont les priorités seront arrêtées par le gouvernement de Salisbury. Ils permettront

également de financer, en sus de ce programme, des projets régionaux proposés conjointement par le Zimbabwe et d'autres pays ACP voisins, notamment dans le domaine des transports et communications. L'importance accordée aux efforts de coopération régionale engagés par les pays d'Afrique Australe se traduira par la participation de la Communauté et de ses Etats membres à la Conférence qui se réunira à Maputo fin novembre (Southern African Development Coordination Conference) et où seront examinés divers projets intéressant directement le Zimbabwe.

Compte tenu de son niveau de développement et de son potentiel économique, le Zimbabwe est particulièrement bien placé pour faire appel aux divers instruments de financement gérés par la Banque Européenne d'Investissement, et ceci en particulier dans les secteurs industriels, énergétique, minier et du tourisme.

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1. General Background

Zimbabwe is a land-locked country that bestrides the high Southern African plateau between the Zambesi River in the north (latitude 15°50's) and the Limpopo River in the south (latitude 22°25's). Zimbabwe shares common borders with Zambia to the north and north-west, Botswana to the south-west, South Africa to the south, Mozambique to the east and north-east, and touches Namibia at Kazungula on the Zambesi river. The country's total land area is over 389,000 sq. kms, (which is nearly twice the size of Britain, or half that of Zambia). Altitudes vary from 500 metres in the low veld to 2,500 metres in the eastern highlands.

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- National land : 5.9 M ha. of parks and game reserves.

The disparity between black and white holdings is very great. The white farmer averages 2,400 ha., the African purchase farmer 125 ha. and the TTL cultivator 24 ha. There is also a wide differential in the quality of land, the result partly of allocation of the bulk of the most fertile regions to whites, and partly of its corollary - the overcrowding and land degradation of the TTLs.

While the new Government has yet to make known its intentions on resettlement, land reform features high in its election manifesto, which pledges the creation of a land and agricultural development fund, "to facilitate the acquisition of land, land resettlement, and agricultural development". In the post-electoral period, further reference has been made to the coordinated and orderly acquisition of unused land in the commercial farming areas for resettlement purposes. There have also been certain indications on the part of development agencies, as to possible means of providing effective assistance in this particular area of agricultural development, which would help resolve land acquisition and productivity problems.

5. Economic Situation

Following a period of economic expansion in the immediate post-UDI years Zimbabwe began to encounter increasing economic difficulties in the mid-1970s. At that stage the combination of international recession, growing political uncertainty and the impact of war thrust the economy into continuing decline and real GDP fell by more than 13% over the 1975-79 period. With international recognition and the conclusion of peace, this downward trend may be reversed, and current estimates suggest the possibility of real growth of some 4% in 1980.

Agriculture is the chief source of income for more than 70% of the population, it provides wage employment for 345,000 people, almost all of them blacks, or about 35% of total employment. Even in poor climatic years, Zimbabwe is largely self-sufficient in foodstuffs, and this sector contributes approximately 20% of GDP, more than one third of the country's foreign exchange, and a substantial share of inputs to local manufacturing industry. Total agricultural production in 1979 is estimated at just short of Z \$ 500 M.,* almost 90% of which represents production by white farmers.

A dominant feature of commercial farming under sanctions was the diversification out of tobacco production into grain and fibre crops (wheat, maize and cotton) and the growing, although recently interrupted, production of cattle. Soya beans, tea and coffee, have also become significant cash crops.

Zimbabwe's manufacturing sector has developed since 1965 on the basis of subsidies, import and exchange controls, and the increasing utilisation of local raw materials. The volume index of manufacturing production increased 2.25 times between 1964 and 1969, contributing 22% of GDP in 1978. Most rapidly growing sub-sectors were foodstuffs, textiles, chemicals, petroleum, mineral and metallic products. Sugar is being increasingly used for ethanol production.

Although mining accounts for only 7.5% of GDP, and provides work for only 6% of the employed labour force, it has come to play an increasingly significant economic role. Upwards of 90% of mining output is exported, increasingly in processed form. Direct mineral exports in 1979 were valued at more than Z \$ 200 M. In the current international situation, production in this sector could be expanded.

6. Transport

Prior to the 1976 closure of the Mozambique border, nearly two-thirds of Zimbabwe's rail traffic was using either the Beira or Maputo routes, with the latter being the more important because of its harbour capacity and bulkhandling facilities. The border closure forced all rail traffic onto the longer South African routes, with the ending of hostilities, the Beira route has been reopened to limited traffic, but is affected by port constraints, while the Beira pipe-line will re-open in early 1981. The severely damaged Maputo route will also not resume full-scale traffic till next year. Both routes are also of economic significance to Zambia and Botswana.

7. Trade and Balance of Payments

In 1965, Rhodesia exported to the following countries : Britain (22%), Zambia (25%), South Africa (9%), Germany (5%), Malawi (5%), Japan (5%), and all other countries less than 5%. Rhodesian imports by country of origin were: Britain (30%), South Africa (25%), USA (7%), Japan (6%), and all other countries less than 5%.

As a result of sanctions and subsequent changes in trade composition, trade balances and patterns altered considerably over the UDI period. In particular Britain's direct trade with Rhodesia diminished significantly, while South Africa's trade increased substantially, buttressed by a series of preferential trade arrangements between Rhodesia and South Africa dating from the early 1960s. According to 1972 UN figures, 38% of Rhodesian imports were of South African origin, but other estimates have put these at least as high as 51%; about 16%, and possibly more, of Rhodesian exports were estimated by the UN to go to the RSA in 1972. Oil remains a major component of imports as do capital goods, vehicles and spare parts.

* 1 Zimbabwe dollar (Z \$) = 1.18 EUA (April 80)

Zimbabwe's Z \$ 500 M. of exports (1978) are roughly divided as follows :

agricultural products Z \$ 225 M, minerals Z \$ 200 M and manufactures Z \$ 75 M. Principal agricultural exports (for which figures are not currently available) include tobacco, maize, beef, cotton and sugar. The relative contributions of the principal mineral exports are gold (30%), asbests (30%), nickel (20%), copper (15%), and ferro-chrome (5%). Exports of manufactures, principally within Southern Africa include clothing, footwear, radios, cigarettes, canned meat, sugar and textiles.

1979 balance of payments estimates from official sources suggest that last year exports (including gold) may have increased by about Z \$ 100 M. (or 16%) to almost Z \$ 700 M, while imports may have grown nearly 4% to some Z \$ 585 M, leaving a visible trade surplus of some Z \$ 115 M (as against Z \$ 178 M in 1978). The 1979 invisible deficit is estimated at some Z \$ 90 M, which is thought to have been offset by a net capital inflow of Z \$ 80 M, leaving a small overall deficit. Forward projections of the 1980 balance of payments would appear to reflect a continuation of these main trends.

8. Capital Formation and External Debt

As regards investment, recently published estimates put total foreign capital formation at between Z \$ 1,500 M and Z \$ 2,000 M (out of a total capital stock of Z \$ 2,250 M to Z \$ 2,750 M). The figures suggest a marginal reduction in the proportion of foreign capital since 1965, but a significant increase in value. As to the origin of investments, these are mainly from two sources : Britain and South Africa. The same estimates put the UK proportion at Z \$ 815 M and the South African at Z \$ 583 M. The Government's external debt is estimated at about US \$ 360 - 450 M.

8

ZIMBABWE SUMMARY DATA

Area : 389,000 sq. kms.

Population : Africans 6,755,283 (96%)
(Dec 78) Europeans 249,967 (3.5%)
Others 34,760 (0.5%)
Total 7,040,010

Population densities

Overall 18.1 persons/sq.km.
African trust lands 27.4
White rural areas 7.2

Urbanisation

1969 17.1%
1978 19.5% (24.8% unofficial)

Currency

Zimbabwean/Rhodesian dollar 5 Z \$)
Z \$ 1 = 1.18 EUA = £ 0.71 = US \$ 1.54 (April 1980)

National income

GDP 1978 = Z \$ 2,332 M = US \$ 3,542M (current exchange rate)
GNP per capita 1977-78 = US \$ 480 - 500 (IBRD estimate)

Trade 1978

Main commodities exported :

Agricultural products (45%) tobacco, maize, beef, sugar and cotton
Mineral products (40%) gold, asbestos, nickel, copper, chrome ore
Manufactured products (15%) - ferrochrome, other processed minerals, and food products, clothing, footwear, tobacco, textiles

Government finance 1978

Revenue Z \$ 573 M (24.6% GDP)
Expenditure Z \$ 803 M (34.4% GDP)
Deficit Z \$ 230 M
External debt US \$ 350 M - 450 M (1980 estimate)

Labour Force

In formal employment 1978 991,600 100%
. Commercial agriculture 340,800 34%
. Manufacturing 140,000 14%
. Mining 58,000 6%
. Public and private services 280,000 28%

Number of small African farmers : 685,000