

Zimbabwe's latest trade policy pronouncements: Government suspends import duties and removes import licenses on basic commodities

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On the 17th of May 2022, the Zimbabwean government, through the Minister of Finance and Economic Development, introduced Statutory Instrument 98 of 2022 which immediately and wholly suspended Customs duties on importation of basic commodities. The principal regulations being amended by Statutory Instrument 98 of 2022 is the Customs and Excise (Suspension) Regulations, 2003 published in Statutory Instrument 257 of 2003.

As a Customs & Excise suspension and amendment regulation, Statutory Instrument 98 of 2022 will be effective for the next six months – from 17 May 2022 to 16 November 2022. Its effect on cross-border trade is to totally or wholly suspend payment of duty on; cooking oil, margarine, rice, flour, salt, bath soap, laundry soap, washing powder, toothpaste and petroleum jelly during the said period, regardless of their country of origin (CoO) and quantities (bulk and small).

By wholly suspending Customs duties on the above listed basic commodities, it means that anyone can now import these products into Zimbabwe duty free as from the 17th of May 2022 to the 16th of November 2022. The basic commodities affected are those goods or products which people use in their day-to-day lives. For the avoidance of doubt, the amendment defines the basic commodities being affected by providing the specific tariff codes (HS2017). Table 1 below shows in detail the list of these basic commodities by Heading (4-digit tariff level, HS2017), commodity code (8-digit tariff level, HS2017), and the commodity code description (harmonized system of coding – HS2017) that are affected by these policy pronouncements.

Table 1: Suspension of duty on basic commodities disaggregated by heading, commodity code and description (HS2017)

Heading Number	Commodity Code	Description
04.02	0402.10.10	Disaccharide- free milk prepared for infants
	0402.10.91	Pre-packed in immediate packings for retail sale of a content less than 25kg
	0402.10.99	Other
	0402.21.10	Disaccharide- free milk prepared for infants
	0402.21.91	Pre-packed in immediate packings for retail sale of a content less than 25kg
	0402.21.99	Other
	0402.29.10	Disaccharide-free milk, and milk specially prepared for infants
	0402.29.90	Other
	0402.91.10	Disaccharide-free milk, and milk specially prepared for infants
	0402.99.10	Disaccharide-free milk, and milk specially prepared for infants
09.02	0902.30.00	Black tea (fermented) and partly fermented tea, in immediate packings of a content not exceeding 3kg
	0902.40.00	Other black tea (fermented) and other partly fermented tea
10.06	1006.10.10	In bulk, in immediate packing of 25kg or more
	1006.10.20	Pre-packed in immediate packings of less than 25kg for retail sale
	1006.20.10	In bulk, in immediate packing of 25kg or more
	1006.20.20	Pre-packed in immediate packings of less than 25kg for retail sale
	1006.30.10	In bulk, in immediate packing of 25 kg or more
	1006.30.20	Pre-packed in immediate packings of less than 25kg for retail sale
	1006.40.10	In bulk, in immediate packing of 25kg or more
	1006.40.20	Pre-packed in immediate packings of less than 25kg for retail sale
11.01	1101.00.10	In bulk, in packings of 50kg or more
	1101.00.20	Pre-packed in immediate packings for retail sale less than 50kg
11.02	1102.20.10	In bulk, in packings of 50kg or more
	1102.20.21	In immediate packing of a content less than 5kg
	1102.20.29	Other
	1102.90.10	In bulk, in packings of 50kg or more
	1102.90.21	In immediate packing of a content less than 5kg
	1102.90.29	Other
11.03	1103.13.20	Maize meal

11.05	1105.10.00	Flour of potatoes
11.06	1106.10.00	Flour of the dried leguminous vegetables of heading. 07.13
	1106.20.00	Flour of sago or of roots or tubers of heading No. 07.14
	1106.30.00	Flour of the products of Chapter 8
15.07	1507.90.10	Soya-bean cooking oil
15.08	1508.90.10	Groundnut cooking oil
15.09	1509.90.10	Olive cooking oil
15.10	1510.00.10	Olive cooking oil whether or not refined but not chemically modified
15.11	1511.90.10	Palm cooking oil
15.12	1512.19.10	Sunflower and safflower seed cooking oil
	1512.29.10	Cotton seed cooking oil
15.13	1513.19.10	Coconut cooking oil
	1513.29.10	Palm kernel or babassu cooking oil
15.15	1515.29.10	Maize cooking oil
	1515.50.10	Sesame cooking oil
	1515.90.20	Vegetable cooking oil
15.17	1517.10.00	Margarine
	1517.90.00	Liquid margarine
17.01	1701.13.00	Cane sugar specified in subheading note 2 to this Chapter
	1701.14.00	Other cane sugar
25.01	2501.00.10	In bulk, in immediate packing of 50kg or more
	2501.00.21	In immediate packing of a content less than 5kg
	2501.00.29	Other
27.12	2712.10.10	Petroleum jelly in immediate packings of a content not exceeding 5l
	2712.10.90	Petroleum jelly in other packing which is 5l and above
33.06	3306.90.00	Toothpaste
34.01	3401.11.00	Bath soap
	3401.19.00	Laundry bar
	3401.20.00	Washing powder

To complement efforts to avert serious shortages of basic commodities in the economy, government through the Ministry of Industry and Commerce gazetted Statutory Instrument 103 of 2022 on Friday the 20th of May 2022 (3 days later). This instrument removed the mandatory production of import

licenses on the same seven categories of the basic commodities covered by Statutory Instrument 98 of 2022. This implies that sugar, milk powder, infants milk formula, petroleum jelly, bath soap, laundry bar and washing powder can now be imported by anyone without the need to produce import permits or licenses. Statutory Instruments 98 and 103 all of 2022 complement each other towards the faster and easier importation of these basic commodities. The former addresses issues of tariff barriers to trade, while the later addresses issues of licenses or permits as non-tariff barriers to trade in the basic commodities in question.

Despite considerable progress towards implementation of HS2022 which became effective on the 1st of January 2022, Zimbabwe is still administering HS2017 version. A cursory look of the HS2017, that is, Statutory Instrument 53 of 2017 (Customs & Excise (Tariff) Notice, 2017 shows that these basic commodities were generally attracting either 10% or 15% in Customs tariffs prior to the recent policy pronouncements. By definition, a Customs or import tariff is a tax imposed by the government of a given country or a supranational union on imports or exports of goods and/or services. It is a visible and strategic instrument often used by governments to design their cross-border trade policies with the rest of their international trading partners.

Apart from being a source of revenue for the government, import duties can also be a form of regulation of foreign trade and policy that taxes foreign products to encourage or safeguard domestic industries. In the current case of Zimbabwe, the government has decided to wholly suspend the tariffs on imported basic commodities as well as remove import licenses to encourage importation by the ordinary citizen in the wake of high prices being charged by the local or domestic manufacturers of similar products. While the causes or reasons why government adopted this policy shift are beyond the scope of this Blog, information in the public domain suggest that the government suspended import duty and import controls on these basic commodities to avert their inevitable and looming shortages in the country.

This is not the first time that Zimbabwe has responded with similar policy approaches under more or less similar deteriorating economic circumstances. At the peak of hyperinflation in May 2008, the government suspended Customs duties on generally more or less – the same list of commodities for an unbroken period of four years. Table 2 below summarizes a series of some of the previous Statutory Instruments gazetted by government that suspended import duties

Table 2: List of some of the Statutory Instruments gazetted by government suspending import duties disaggregated by year

Year gazetted	Statutory Instrument Number
2008	83, and 119
2009	8, 108, and 129
2010	4, 133 and 191
2011	77, and 85
2012	113

The current policy developments affect different sectors of the local economy differently – for good and for worse. Despite enjoying government protection for years as well as having priority to easy access to foreign currency through the Reserve Bank of Zimbabwe’s Auction System, local manufacturers continued to hike prices on locally manufactured goods beyond landed prices of similarly imported goods from neighbouring countries. The vulnerable groups, particularly women in informal cross-border trade who trade for their basic survival and livelihoods will see the current policy developments as considerable reprieve and opportunity to rise again following the perverse effects COVID-19 had had on their means of livelihoods. This is also happening at a time when mandatory high-cost PCR Tests valid for 48 hours were removed, while all land borders are open to individuals once again.