

STATEMENT BY THE MINISTER OF FINANCE AND ECONOMIC DEVELOPMENT OF ZIMBABWE, HON. PROF MTHULI NCUBE ON PROMOTING FOREIGN INVESTMENT TO LANDLOCKED DEVELOPING COUNTRIES (LLDCS)

Chairperson,

I am delighted to take the floor and contribute my national perspective to this very important discussion on Promoting Foreign Investment to Landlocked Developing Countries (LLDCs) focusing on our experiences, challenges and strategies that can help attract quality investment.

In light of time limitations, I shall try to zero in more on Zimbabwe's experiences, and the strategies we are employing to make the country more land-linked and attractive to investment.

Zimbabwe's National Development blueprints have largely reflected much of the fundamental priorities identified in the Vienna Programme of Action (VPoA) for Landlocked Developing Countries for the Decade 2014–2024. Here I am specifically refereeing to the issues of transit policy, infrastructure development and maintenance, international trade and trade facilitation, regional integration and cooperation and structural economic transformation.

Chairperson,

Zimbabwe is located at a very strategic position as a transit country within the Southern Africa subregion. In recognition of this, the country has harmonised transit policies in compliance with the COMESA and SADC protocols on transit trade, transit facilities, and third-party motor vehicle insurance schemes.

Aside from that, Zimbabwe is also establishing one-stop-border-posts to facilitate smooth transit of both people and goods across the country's borders. A study of one of the completed border posts, the Chirundu One-Stop-Border-Post (OSBP) has shown that its establishment induced between US\$2.2 and US\$3.1 million of Zimbabwe's annual exports to Zambia.

Chairperson, Distinguished participants,

In the area of infrastructure development and maintenance, Zimbabwe is currently in the process of upgrading and modernising its road infrastructure along major trade corridors that serve East and Southern Africa, linking the North-South transport Corridor. For those road projects already completed, a Costs-Time-Distance study by the government has shown that the average speed of heavy trucks has increased from 33km/hr prior to the rehabilitation exercise, to the current 48km/hr. This does not only reduce transit time and costs, but also improves competitiveness.

In the area of energy, the country has taken the initiative to promote the use of renewable energy in the form of solar generators, apart from

the expansion of the current thermal and hydroelectric generation capacity. Great effort is being made to balance the need for climate sustainability and quality affordable investment.

Distinguished participants, Excellencies, and delegates

Being a landlocked country, Zimbabwe has undertaken a number of reforms to promote and facilitate investment. The country has signed 35 Bilateral Investment Treaties (BITs) and 10 of these are in force. These provides for pre-and-post investment facilitation and protection. Zimbabwe has also signed 9 Treaties with Investment Provisions (TIPs) and 7 of these are in force. The country has embarked on Ease of Doing Business reforms aimed at boosting the competitive advantage of the economy in attracting foreign direct investment. Measures undertaken under this process include, but are not limited to the following:

- Establishment of the Zimbabwe Investment and Development Authority (ZIDA): A One-Stop-Investment Services Centre.
- Promulgation of a Special Economic Zones (SEZ) law which designate areas to be SEZ and the sectors of investment in these areas. The law also provides a number of fiscal and non-fiscal incentives.

The Ease of Doing Business Reforms have also been aimed at reducing the cost of trading through trade facilitation in order to attract FDI. Other measures have included fighting corruption, provision of

investment security, promulgating other investor friendly legislation and amending as well as repealing those that stifle FDI such as the Indigenisation law.

Chairperson, ladies and gentlemen,

Much of Zimbabwe's produce is exported in raw form. Therefore, the government has put in place legislation and incentives to encourage value addition and beneficiation. This strategy has started yielding positive results with the country having processing plants for several minerals. Just as an illustration of the benefits of value addition, platinum mining companies are in the process of setting up a base metals and precious metal refinery in the country to process platinum metals. This project alone is expected to create at least 15000 jobs, just at the facility, after full implementation, and this will tremendously cut down the costs incurred from toll fees charged for refining, a process which is currently being done outside the country. The development has raised the interest of other companies that now want to establish facilities to further process platinum into catalytic converters.

While creating jobs, boosting the country's income and generally pushing the country towards achieving the SDGs, these processes have the added advantage of lessening the burden on our transport infrastructure as less bulk "finished and processed" products will be exported than is currently the case where bulky raw materials are

transported across borders damaging transport infrastructure and attracting high transport costs with very little returns.

In the agriculture sector, Zimbabwe is a huge producer of tobacco and the bulk of the product is exported unprocessed. The average prices are \$3/kg for unprocessed and \$6/kg for crushed tobacco as compared to between \$30 and \$60 for tobacco cigarettes. Therefore, by exporting unprocessed tobacco we are also giving away value of at least \$27 per kilo gram that could be accruing to the country.

Beneficiation also helps in triggering the emergency of vertical and horizontally integrated industries - a strategy for luring both local and foreign direct investment

Ladies and gentlemen,

As we go towards the review of the VPoA, we call upon partners to put in place a tracking mechanism that would assist us in reviewing the progress that both ourselves, the LLDCs and the development partners have managed to achieve in the implementation of VPoA priorities. It is essential that cooperation between the public and private sectors be strengthened to turn our statuses to land-linked developing countries.

I thank you.