ANALYSIS OF THE MANUFACTURING SECTOR EXPORT PERFORMANCE

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ZIMTRADE PARTNERS WITH NETHERLANDS BUSINESS EXPERTS

ZimTrade has partnered with the PUM, a Netherlands business support organisation, to provide factory floor interventions as well as expert advice to small and medium scale farmers in the horticultural sector.

The interventions are aimed at enhancing productivity and export competitiveness through on-farm training.

“Through this partnership with PUM, we expect to address challenges along the horticultural value chain such as: agricultural input management; processing; packaging and labelling as well as production efficiencies, among others”, said the ZimTrade CEO, Ms Sithembile Priscilla Pilime.

A Memorandum of Understanding (MoU) between ZimTrade and PUM is due to be signed on 13 April 2016 in Harare.

PUM has implemented diverse and successful projects throughout the continent. A South African manufacturer of field service tool boxes and canopies, Rock Solid Industries, has grown into an international supplier after having benefited from a PUM intervention programme. The company is now supplying markets such as Dubai and Abu Dhabi.

Local manufacturers, in liaison with the PUM representative in Zimbabwe, are eligible to apply for technical assistance. For more information, contact ZimTrade or visit https://www.pum.nl
ANALYSIS OF THE MANUFACTURING SECTOR EXPORT PERFORMANCE

Zimbabwe continues to experience a huge trade deficit due to the poor performance of exports exacerbated by a huge import bill, which is mostly consumptive. Exports in 2015 were US$2.7 billion, representing a 13% decline from the year 2014, which was US$3 billion. This is a worrisome trend at a time when exports should be the main driver for economic growth.

One of the reasons for the decline in export performance is that minerals, which constitute the bulk of Zimbabwe's exports, have been affected by the falling international commodity prices. Value added (manufactured) exports, which normally fetch higher earnings, did not perform well during the same period.

The manufacturing sector’s export performance between 2014 and 2015 indicates that the sector’s capacity to export is declining. Estimates from the Reserve Bank of Zimbabwe show that in 2015, manufactured exports were about US$475.2 million, having declined by about 7% compared to 2014.

Seven representative manufacturing subsectors namely: clothing; furniture; food; beverages; engineering; leather and footwear as well as agricultural inputs were selected for this analysis.

In 2015, these subsectors constituted about 10% of total exports, down from 13% in 2014.

The leather and footwear subsector registered the highest decline of 71% to about US$12 million, followed by horticulture, which registered a decline of about 43% to US$25 million. The furniture subsector recorded a decline of 42%, engineering 40%, food 27% and agricultural inputs 17%.

Processed Foods remained the dominant sub-sector in 2015, constituting about 32% of manufactured exports, having declined from about 41% in 2014. In 2015, the sub-sector’s exports also constituted about 6% of total exports, having declined from about 7% in 2014.

On a positive note, the clothing sub-sector registered an increase in exports of about 70% in 2015 compared to 2014. The beverages sub-sector also registered an increase of 13% to about US$9 million in 2015. While this is a positive development, it is still far below Zimbabwe’s potential.

The above performance is a reflection of the difficult environment that Zimbabwean manufacturing companies are operating in. Companies face numerous challenges that negatively impact on production and the conduct of export business. These challenges, which reduce the price competitiveness of Zimbabwean products in the export markets, include cost of transportation, strengthening of the US dollar and the erratic supply of macro-economic enablers, among others.

In addition, the process of obtaining export documentation (permits/licences) and achieving export compliance makes it cumbersome to export. The challenge with the permits is not only their cost but also the time it takes to process them, which in itself is a higher cost.

Some countries in the region (e.g. South Africa), provide export incentives to facilitate their companies to do business across borders. There is, therefore, an urgent need for Zimbabwe to address trade facilitation issues and implement reforms if we are to realise an export led economic growth.

<table>
<thead>
<tr>
<th>Subsector</th>
<th>2014 (US$ m)</th>
<th>2015 (US$ m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leather &amp; Footwear</td>
<td>40</td>
<td>12</td>
</tr>
<tr>
<td>Agriculture Inputs</td>
<td>23</td>
<td>19</td>
</tr>
<tr>
<td>Beverages</td>
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<td>9</td>
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<tr>
<td>Processed Foods</td>
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<td>153</td>
</tr>
<tr>
<td>Engineering Products</td>
<td>55</td>
<td>33</td>
</tr>
<tr>
<td>Furniture</td>
<td>11</td>
<td>7</td>
</tr>
<tr>
<td>Clothing</td>
<td>6</td>
<td>10</td>
</tr>
</tbody>
</table>
ZIMBABWE MISSING OUT ON ‘LIQUID GOLD’

Zimbabwe could immensely benefit from exporting the ‘liquid gold’, honey, should the country be registered as an approved exporter of honey to the European Union (EU).

According to Trade Map, in 2014, the global natural honey industry was worth US$2.2 billion with the EU being the biggest importer, spending over US$700 million.

For natural honey to gain access to the EU market, the producing country has to be on the approved list and fulfil certain requirements such as quality, packaging, traceability, health and safety. In SADC, only four countries are on third world country list of approved exporters of honey to the EU.

According to the Beekeepers Association of Zimbabwe, most local honey producers do not use antibiotics or other medicines for their bees hence the honey is organic. This, therefore, provides a competitive advantage and a base for lobbying to be included on the third world country list of exporters.

With Zimbabwe recording no exports of honey for the past 5 years, the inclusion of the country on the EU approved list would go a long way in stimulating the sector.

“We envisage the listing to assist the honey industry in Zimbabwe to grow and make the majority of producers realise the full benefits of beekeeping”, said the Executive Director of the Beekeepers Association, Mr. Mutandwa Chaipa.

Zimbabwe is signatory to the interim Economic Partnership Agreement that confers duty free quota free access to the EU market to qualifying products including locally produced honey.

According to TradeMap, of all SADC countries only Zambia, Tanzania, Madagascar and Mauritius are exporting to the EU.

NOTICE TO EXPORTERS

All exporters and potential exporters are advised that, with effect from 1 January 2016, the time period within which to load and remove an export consignment from Zimbabwe after being granted authority by ZIMRA has been increased from 10 to 30 days.

The amendment is contained in Statutory Instrument 148 of 2015 Section 63 (page 1106). This amendment is very welcome as it reduces the probability of exporters being penalised for exceeding the time period.

ICTs KEY TO DRIVE SME COMPETITIVENESS

Global trade growth has been shaped by many trends, but one that stands out is technological change. The global trade arena has experienced a phenomenal shift as a result of Information and Communication Technologies (ICTs). SMEs the world over are being equipped with skills to fully adopt ICTs to advance their exports.

According to the International Trade Centre (ITC), one of the pillars of SME competitiveness is ‘connect’ – having access to and being able to use the internet and other ICTs for business. Technology enables companies to tap into much larger international markets and to source raw materials from a broader range of suppliers. Technology has helped in reducing communication costs as businesses can now conveniently identify markets, communicate with buyers/suppliers and make online payments.

According to the European Commission the use of ICT is a critical factor for success in innovation, competitiveness and growth.

SMEs who attended the Bulawayo Leather Cluster Export Awareness seminar were encouraged to adopt ICTs in order to grow their businesses.

Local companies should fully utilise the online Market Analysis Tools available on the Zimbabwe-EU Business Information Centre (Zim-EBIC), which is accessible from the ZimTrade website.

ZimTrade conducts free coaching and demonstrations on how companies can navigate these tools to ensure that they can fully explore identified market opportunities.

ZIMTRADE INTRODUCES MARKET POINTERS

ZimTrade, with the assistance of the International Trade Centre, has introduced a new product called a Market Pointer, which will assist Zimbabwean companies as they explore export opportunities in the global market.

A Market Pointer is a concise technical fact-sheet aimed at increasing the understanding of a market’s realities and challenges as well as export related matters. It helps companies to make informed decisions and develop appropriate strategies to enhance market penetration. The Pointer focuses on: specific products to specific markets; consumer preferences; customs procedures; indicative prices; product quality and standards; technical requirements as well as strategic market access aspects, amongst others. It also provides a summary of the economic profile of the destination market.

Market Pointers are being offered to companies with the capacity to consistently supply the required product(s).

For more information contact us on export@zimtrade.co.zw
AFRICA

ANGOLA

International Fair of Luanda (FILDA), Luanda
19-24 July 2016
Tel: +244 926 405 970
Fax: +244 222 862 161
E-mail: feiras@fil-angola.co.ao
Website: www.fil-angola.co.ao

PROJEKTA – Luanda (Construction and Public Works show)
22-25 October 2016
Tel: +244 926 405 970
Fax: +244 222 862 161
E-mail: feiras@fil-angola.co.ao
Website: www.fil-angola.co.ao

MALAWI

Malawi International Trade Fair, Blantyre
20-29 May 2016
Tel: 265 1 871988/813
Fax: 265 1 871117
E-mail: mcci@mcci.org
Website: www.mcci.org

MOZAMBIQUE

MOZABUILD – Maputo (Building and Construction materials and technology show)
27-29 October 2016
+258 21 485438
E-mail: moz@ametrade.org
Website: www.cicjc.gov.mz

NAMIBIA

ONGWENDIVA ANNUAL TRADE FAIR, Ongwendiva
26 Aug - 3rd September 2016
Tel: +26465230191
E-mail: ongwetradefair@iway.na
Website: www.ongwetradefair.na

WINDHOEK AGRICULTURAL SHOW, Windhoek
28 Sept - 3rd Oct 2016
Tel: +264 61224748
Mobile: +264 81 2426664
E-mail: info@wssnam.org

NIGERIA

NIGERIA AGROFOOD, Lagos (Agricultural Food, Technology Exhibition)
NIGERIA FASHIONEXPO, Lagos (Textiles and Shoes Exhibition)
NIGERIA DECOREXPO, Lagos (Furniture and Home Show)
NIGERIA BHEXPO Lagos (Beauty, Cosmetics and Hygiene)
08-10 June 2016
Tel: +234 805 333 3333
E-mail: info@the-landmark-village.com
Website: www.the-landmark-village.com

SOUTH AFRICA

DRINKTEC Africa - Johannesburg
FOODBIZ AFRICA - Johannesburg
SAITEX - Johannesburg
19-21 June 2016
Tel: +27 11 2663000
Fax: +27 11 2663205
E-mail: info@gallagher.co.za
Website: www.gallagher.co.zw

TANZANIA

Dar es Salaam International Trade Fair
28 June - 8 July 2016
Tel: 255 22 285 0238
Fax: 255 22 285 0239
E-mail: betis@intafrica.com
Website: www.tptanzania.com

ZAMBIA

Zambia International Trade Fair, Ndola
29 June - 5 July 2016
Tel: +260 212 651 514
Email: zitf2000@coppernet.zm; marketing@zitf.org.zm
Website: www.zitf.org.zm

ZIMBABWE

Mine Entra, Bulawayo
20-22 July 2016
Tel: +263 9 884 911
E-mail: pr@zitf.co.zw; coordinator@zitf.co.zw
Website: www.zitf.net

INTERNATIONAL

BELGIUM

INTRAFOOD, Kortrijk (International Food Ingredients Exhibitions)
21-22 September 2016
Tel: 32 (0) 56241111
Fax: 32 (0) 56 217930
E-mail: info@kortrijxpo.be
Website: www.kortrijxpo.be

GERMANY

TEXCARE INTERNATIONAL, Frankfurt (International Fair for Fabrics, clothing textiles and industrial cleaning and maintenance)
11-15 June 2016
Tel: +49 69 75750
Fax: +49 69 7575-6433
E-mail: info@messefrankfurt.com
Website: www.messefrankfurt.com

ISRAEL

ISRAFOOD, Tel Aviv
29 November – 01 December 2016
Tel: 927 3 6404480
E-Mail: liora@fairs.co.il
Website: www.fairs.co.il

ITALY

FLORMART-MIFLO, Padua (Horticulture and Gardening Exhibition)
21-23 September 2016
Tel: +39 045 8298111
Fax: +39 045 8298288
E-mail: info@padovafiere.it
Website: www.padovafiere.it

UNITED ARAB EMIRATES (UAE)

Beauty World Middle East, Dubai
15-17 May 2016
+971 4 3321 000
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Website: www.dwtc.com

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