

# UK Statement for the WTO Trade Policy Review of Zimbabwe

On behalf of the UK Government, I am pleased to add my welcome to the delegation of Zimbabwe, led by the honourable Dr. David Musabayana, Deputy Minister of Foreign Affairs and International Trade.

Mr Chairman,

First, the United Kingdom would like to thank Zimbabwe for its timely responses to the written questions submitted in anticipation of this meeting of the Trade Policy Review Body.

The UK is committed to supporting a more prosperous, peaceful and democratic Zimbabwe, a country with significant economic potential and high human capital. We welcomed the Government of Zimbabwe's commitment to economic and political reforms and hope to see more trade and investment with Zimbabwe in the future. We believe there is notable potential in the renewable energy, agriculture and financial services sectors, sectors with the potential to improve livelihoods and financial inclusion.

Whilst we recognise the challenges caused by external shocks such as Cyclone Idai and now Covid-19, we continue to be deeply concerned by the lack of fundamental reforms. This is leading to the economic crisis that most Zimbabweans are facing today. Inflation has continued rising, with the year on year inflation rate for the month of July 2020 standing at 838%. Extreme poverty has increased and humanitarian needs are rising.

With these challenges in mind the UK, as Zimbabwe's second largest bilateral development partner, is providing £75m this year of bilateral development assistance to support Zimbabwe's people, focusing on poverty reduction, humanitarian assistance, standing up for human rights and the rule of law. In addition, the UK has rapidly reprogrammed £21.24m to respond to the outbreak of Covid-19 to ensure vital health services can continue.

Meaningful progress on reforms, along with respect for human rights and the rule of law, are the only way to sustainably deal with Zimbabwe's underlying challenges, unlock significant investment and bring about a better future for Zimbabwe and its people.

As noted in the reports prepared for this Review, corruption continues to hamper Zimbabwe's development by capturing public and private resources, distorting economic decision making and undermining governance and accountability. We continue to urge Zimbabwe to guarantee the independence of the Anti-Corruption Commission and the courts and to take the necessary steps to address corruption, and tackle entrenched vested interests and illicit financial flows. Within the mining sector, signing up to the Extractive Industries Transparency Initiative, restarting efforts to digitise mining licenses and ensuring compliance with environmental impact assessment

requirements, would go some way to restoring the confidence of international investors.

We welcome the Zimbabwe Government's commitments to resolving outstanding land issues. We encourage Zimbabwe to take credible steps to ensure the viability and security of tenure in the 99 year leases, stop further farm invasions, ensure continued progress on compensation and guarantee respect for court decisions on property rights disputes. Taking these actions on land is critical to unlocking international investment into the agriculture sector in Zimbabwe.

The UK also notes the move towards a fully market-based exchange rate in Zimbabwe. We hope that this can help remove exchange rate distortions that enable rent-seeking behaviour in the economy and create barriers to international investors repatriating their returns on investment. It is also crucial that Zimbabwe guarantees transparency and fairness in addressing and resolving all legacy debts resulting from the previous exchange policy.

The UK is committed to supporting Zimbabwe's response to the ongoing energy deficit, including through protecting the poor from climate shocks. Renewable energy is central to climate mitigation and adaptation, and as we approach COP26, the UK urges Zimbabwe to remove barriers to the smooth importation of renewable energy equipment, and continue efforts to improve the enabling environment in the distributed power sector.

Zimbabwe is an important trade partner for the UK. Total trade between our two countries was £285 million in the four quarters to the end of Q1 2020, and the UK was Zimbabwe's 19th largest export market. The Economic Partnership Agreement (EPA) between the UK and the Eastern and Southern Africa (ESA) States signed by Zimbabwe in January 2019 will enable duty-free and quota-free access on goods from Zimbabwe into the UK. We understand the Agreement is awaiting completion of the domestication processes. We hope Zimbabwe will complete the necessary processes as soon as possible to ensure that Zimbabwean exports to the UK will not face new or higher tariffs, which would disrupt the horticultural sector in particular. This EPA will establish the long-term basis of trade arrangements between our two countries and provide the certainty our businesses seek in both countries.

Mr. Chairman, the UK's connections to Zimbabwe are strong, based on shared history and economic ties, including an estimated 20,000 British Nationals living in Zimbabwe and a Zimbabwe diaspora of over 112,000 living in the UK. We remain committed to supporting the people of Zimbabwe, and extend our best wishes to Minister Musabayana and his team for a successful trade policy review.