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TRADE AND FINANCING STRATEGIES FOR THE NEW NICS
THE ZIMBABWE CASE STUDY

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ODI Working Papers present in preliminary form work resulting from research undertaken under the auspices of the Institute. Views expressed are those of the authors and do not necessarily reflect the views of ODI. Comments are welcomed and should be addressed directly to the authors.

This working paper is one of five country papers prepared as part of a study of the appropriate choice of external strategies for intermediate-level developing countries in the difficult trade and investment conditions of the 1980s. An earlier stage of the project analysed the experience of 25 intermediate-level and more advanced developing countries to determine whether the lessons that have been drawn from the most successful appeared to apply to a larger number, and under differing external conditions. The country studies are intended to examine the same questions at a much more detailed level. It is hoped that a final report drawing conclusions from both parts of the study will be published in 1988. The project is directed at ODI by Sheila Page. We are grateful for financial support from the Overseas Development Administration, the Economic and Social Research Council, and the International Development Research Centre of Canada, but they are not responsible for the views expressed here.

Working Paper No. 20 Colombia
Working Paper No. 21 Malaysia
Working Paper No. 22 Thailand
Working Paper No. 23 Zimbabwe

The fifth study, on Peru, will be published later in 1987.

The author of the Zimbabwe study is a partner of Zimconsult, Economic and Planning Consultants in Harare. The final version of this paper was received in May 1987.

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1. INTRODUCTION

1.1 Trade and Financing Strategies Study

Conventional wisdom about the reasons for the growth performance of the so-called newly industrialised countries (NICs) centres on their rapid expansion of exports, particularly of manufactured exports. Against a backdrop of the significantly less favourable world market conditions which now exist than was the case for the NICs, and the increasingly standardised policy prescriptions being insisted upon by influential agencies, the trade and financing strategies study sets out to determine to what extent the export-promotion strategy remains relevant or whether a different set of external sector policies would not better serve overall economic goals. More specifically, the question that has been posed is 'what can and should each country do in order to achieve a performance which is better in terms of its original objectives than the result of a simple adjustment to the new external constraints?'

The first aspect of this specificity is that the value judgements implied in 'better' and 'objectives' are politically defined; what 'can' and 'should' be done about external economic policy is not a technocratic matter. It is one located, in the case of Zimbabwe, at the centre of the ideological struggle between the multinational corporations, the national bourgeoisie and a constellation of class interests represented by government.

The recently released First Five Year National Development Plan (1986-1990) provides a basic point of reference for this paper. Although articulating the government's objectives and laying out its strategy for contending with the world economy in which it is assumed 'the OECD countries will grow at the rate of 3.0%' [p.14], the Plan is not a sufficient statement of national intent and economic options, for the following reasons:

- the Plan glosses over tensions and contradictions in Zimbabwe's political economy; these require to be analysed if operational conclusions are to be reached about what is politically as well as technically feasible.

- the Plan assumes that development will not be impeded by drought, interruptions to transport routes or a downturn in the world economy; while acknowledging that 'the assumptions on rainfall, state of the world economy, and indeed transport as it relates to surface transport and ports outside the boundaries of Zimbabwe can be easily violated by circumstances beyond Zimbabwe's control' [Plan, p.14], the reality of southern Africa dictates that these events should be given a high probability of occurrence in the next five years.

These perspectives make for certain difficulties in structuring the paper. While wanting to do justice to the specificity of the Zimbabwe case, the objective remains to focus on options in external sector policies with a view to making a comparison with other developing countries. With this in mind, the paper is structured as follows. The remainder of this section describes the political environment in which economic policy is formulated in Zimbabwe and outlines the objectives and targets of the Five Year Plan. Zimbabwe's place within the region, in respect of its relations with South Africa on the one hand, and the regional groupings in the Southern African Development Coordination Conference (SADCC) and Preferential Trading Area (PTA) on the other, is also outlined.

Section 2 introduces the External Sector itself, with a detailed analysis of the current and capital accounts of the Balance of Payments following a brief historical overview. In the final sub-section, exchange-rate policy, which affects almost every entry in the Balance of Payments, is analysed.

Other external sector policies are discussed by topic in the following two sections which deal respectively with Foreign Capital Flows (Aid, Debt and Investment), Exports and Imports. The general structure in each of these core sections of the paper is mention of the historical and policy background, present structure and policy, what the Plan assumes, discussion of feasibility and whether there are preferable alternatives.

The question of feasibility is explored more comprehensively in Section 5 where the Plan's assumptions about drought, the world eco-

nomy and South African sanctions are examined. In the world economy section, three scenarios, common to the case studies in the trade and financing strategies project, are addressed. They broadly represent a resurgence of economic growth stimulated by the low price of oil (**High**), a consensus of economic opinion among forecasters (**Principal**) and a convergence of uncertainties at the low end of expectations but no catastrophe (**Low**). Some salient features of these scenarios are summarised in Table 1.1.

The Plan's assumptions are optimistic, but not outrageously so, and it will be argued that, with certain internal adjustments, the Plan's figures can be taken to be consistent with the **High** scenario. For convenience of exposition, therefore, the **High** scenario is implicitly assumed throughout the early part of the paper (particularly Sections 3 and 4), with the implications of the more pessimistic **Principal** and **Low** scenarios being dealt with in Section 5.

An overall evaluation of the Plan is then given in Section 6. The constraints imposed by the structure of the economy are discussed in relation to the Plan and other possible strategic options. A case is made for a 'semi-autarkic' approach. This alternative strategy is elaborated upon and discussed further in sub-sections 6.3 and 6.4. Finally, Section 7 summarises the paper and makes some concluding observations on the options for Zimbabwe.

1.2 Economic and Political Environment of Zimbabwe

Constrained by the inherited structure of the economy, the most visible change that took place at Independence was in the redirection of the articulated economic goals towards attacking the existing extreme inequality in the distribution of assets and income. In setting the new priorities, the conventional objective of GDP growth was not, however, neglected. The Transitional National Development Plan (1982/83-1984/85) in fact was based on an annual real GDP growth rate of 8%, significantly higher than the best sustained annual average achieved under the UDI Government (6.3% between 1970 and 1974). The ideology of that regime and its consequential distributional priorities had led to escalating social polarisation and an

intensification of the liberation struggle, with the consequence in the economic sphere that growth in the succeeding five years (1975-1979) fell to a negative average of -2.4% pa. While the whites were to a large extent shielded, the black majority suffered the full negative consequences of this, making a redressing of this situation an urgent priority for the new Government.

In the event, the immediate post-independence boom (real GDP growth of 11% in 1980 and 13% in 1981) came to be reversed by a combination of drought, world recession and the contractionary policy measures adopted from the end of 1982. The proximate target of these measures was a reversal of the unsustainable negative trend in the balance of payments, with the overall result for GDP that growth fell to an annual average of below zero over the following three years. With the exception of the expansion of health and educational facilities, most of the distribution gains made in the first two years were negated by the end of the subsequent period. For example, by mid 1984 average real wages for all sectors apart from agriculture were back to 1979 levels, despite the government's attempt to improve the lot of workers through the implementation of minimum wage legislation [Davies, 1986].

In the redistribution of assets, the main thrust of policy was in the resettlement programme, but that exercise was one of the first to be severely curtailed when budget cuts came to be made. By the end of 1984, only 36 thousand families had been resettled, as against a target in the Transitional Plan of 162 thousand families [Plan, p.28]. That target is now regarded as very ambitious (the official reason for slowing resettlement is that the required planning and implementation capacity was inadequate to the task), yet population growth is such that its achievement would have been more a question of absorbing a new cohort of farmers than of relieving population pressure in the long overcrowded communal areas. To the extent that land was the central issue in the liberation struggle, lack of substantial progress in the redistribution of land is frequently taken as a potent indicator of the failure of the new Government to move towards its overall goal of socialism[1].

At the time of Independence, even observers given to a 'world systems' or an imperialistic view of power relations and who logically deny

that the system allows significant room for manoeuvre for a small peripheral economy, tended to be influenced by the euphoria about Zimbabwe's prospects for breaking out of the mould. With hindsight, however, it is evident that a great deal of critical commentary on the management of the economy has been squandered on debate about the interpretion to be given to the Government's repeated call for socialism and the timetable for its implementation[2]. It would seem more useful at this stage to accept that capitalism will remain dominant for the foreseeable future. If it is to be 'business as usual', the logic of that choice must dictate economic policy and provide a basis for judging its results.

Whether or not the Government is in fact less hostile to capitalism than some of its public pronouncements might suggest, it is certainly nationalistic and to an extent independent in outlook. It has, on the one hand, integrated remarkably rapidly into the framework established by the multilateral and bilateral donors for small peripheral economies: with the rapid influx of aid, Ndlela comments that 'signs of direct and indirect de-industrialisation' are readily to be found [Ndlela, 1984, p. 72]. On the other hand, it has consistently denied that IMF-type contractionary measures have been adopted under the dictate of the Fund. Whether it makes a difference from a welfare viewpoint that the Government implements such policies of its own accord, or only under Fund pressure, is open to debate. Relations with the Fund did sour in mid-1983, presumably as a result of targets on the Government budget deficit being exceeded, and access to the remaining tranches of agreed lines of credit was denied[3].

The nationalistic orientation of the Government is also reflected in its attitude on foreign investment. Stated policy is that the foreign stake in the economy should not be increased by allowing dilution of local control of existing enterprises, and should preferably be reduced by foreign shareholdings being taken over by local companies or (the most preferred alternative) by Government. On the face of it, this position would appear broadly consistent with the socialist thrust, but the inconsistent application of the policy[4] coupled with the tendency to make a virtue of the rescue of failing enterprises during the contractionary period, suggests that the nationalistic

interpretation is more relevant for the purposes of analysing immediate policy options (this is discussed further in Section 3.2).

The rationale for ruling out the sort of major structural change required for socialism may be posed either as external (the reality of Zimbabwe's proximity to and dependence on a power which would view the implementation of a successful politico-economic transformation in the region as impermissible[5], quite apart from the fact of roughly two-thirds of the capital stock in the economy still being foreign-owned), or as internal (the ruling party being judged to lack the ideological cohesion and determination to carry through such a programme, or more fundamentally to be developing in an anti-revolutionary, bourgeois direction which makes a mockery of the rhetoric about socialism). To make the assessment that no meaningful form of socialism is on the foreseeable agenda is not, however, to imply that it is forever precluded. It might be argued, for example, that a neo-colonial form of capitalism is a necessary stage during which the productive forces continue to be built up and political consciousness raised in response to emerging contradictions[6]. In the case of Zimbabwe, this stage is likely to be intensified as the process of liberation of South Africa by a highly mobilised population gathers momentum. At some historical conjuncture in the future, the present constraints will be reversed and the transformation to socialism might be made.

In the Plan itself, the section on 'Objectives', while not being explicit, does reflect something of the tensions between the immediate and the longer term. Three levels of intention are identified (goal, aim and objectives) as follows:

> The development objectives of the Plan outlined below derive from Government's socio-economic goal which states that 'the fundamental goal and aspirations of the people of Zimbabwe is the establishment and development of a democratic, egalitarian and socialist society' whose main aim is the development and enhancement of the mental and cultural faculties as well as efficient production and distribution of goods and services in order to raise the living standards of all Zimbabweans. [Plan, p.10]

The Plan goes on to admit that even the objectives fall into the long-term category. It calls, therefore, for the Plan to be judged primarily in terms of the degree to which it meets its numerical targets rather than on the degree to which it satisfies the objectives which are listed as follows:

(a) Transformation and control of the economy and economic expansion;

(b) Land reform and efficient utilisation of land;

(c) Raising the standards of living of the entire population, in particular, the peasant population;

(d) Enlargement of employment opportunities and manpower development;

(e) Development of science and technology;

(f) Maintenance of a correct balance between the environment and development.

While not countenancing the possibility that the socialist path should be scrapped for the long run, the Plan does seem to endorse the immediate task as being to maintain the momentum of growth within essentially the existing structure. This will ensure the continued accumulation of capital and of skills and an increase in employment opportunities for a burgeoning population. Although caught up in capitalism, the new Government does operate from a much wider political base than did the minority regime. Rather than treat the egalitarian aspirations of Government as a constraint on growth, in view of the above quotation, it may be more relevant to regard the 5% growth target in the Plan as the constraint and distribution, public control etc. as objectives.

It remains, however, to specify simple indicators for the assessment of planned or actual economic performance. GDP growth might previously have been taken as an adequate proxy, but would now have to be supplemented by distributional measures. For a start, although distributional mechanisms are largely unchanged in the formal urban

economy in class terms[7], agricultural support policies, particularly in pricing, have had some beneficial effects for peasant farmers in the communal areas (this would have been more evident if the country had not had three successive seasons of drought 1982/83-1984/85; Matabeleland, Masvingo, Manicaland and much of Mashonaland remain drought-stricken in the current season). Aggregate private consumption does not therefore reflect a wider participation in the economy than previously, and added to the expanded provision of social services reflected in growth in Government consumption would be a more relevant indicator to adopt than GDP growth itself.

Secondly, in view of the character of the present political order (as well as more mundane considerations of data availability), it would seem appropriate to adopt the level of formal employment as the supplementary distributional proxy required[8]. Consumption and employment growth give a simple but operationally defensible means of assessing alternative development strategies within the spectrum of what has been identified as politically feasible.

For reference, the figures associated with the Plan for the three scenarios of different conditions in the world economy are laid out in Table 1.2, together with the corresponding figures from the alternative scenario which is developed in Sections 6.3 and 6.4 below. The original Plan figures, the medium-term forecast made in the World Bank Memorandum of 1985, and estimates of the effects of a South African border closure, are also included. Whether or not the Plan is internally consistent and whether the strategy is as effective as it should be in meeting the articulated objectives, is taken up in detail in Sections 4.2 and 6.1. Suffice it to say here that the argument that will be developed in the paper is that the present structure of the economy is such that import capacity is the basic constraint on development. Policy must necessarily lie within a framework of two broad options: either an increase in the availability of foreign exchange by enhancing exports and augmenting capital inflows, or a change in the structure of the economy so as to mitigate import dependence and reduce capital inflows. The change would have to be achieved in a way that is consistent with meeting directly Government's political objectives through redistribution of income and of assets (particularly land).

The alternative strategy envisages an integrative approach which would result in a more widespread sharing of the fruits of growth, higher employment, more equitable distribution of income and a more sustained reduction in the import requirements which presently make the economy so vulnerable to outside influences. While this strategy would necessarily have a limited life and should indeed be executed so as to lead into a subsequent phase of intensified industrialisation, it would significantly reduce the risks the economy will be facing in the foreseeable future in the volatile Southern African region.

1.3 The Regional Dimension

As pressure grows for the implementation of economic sanctions to end apartheid, the dependence of the Frontline States on South Africa is being put into the limelight. While not engulfed by South Africa as Lesotho and, to a lesser extent, Botswana and Swaziland are, Zimbabwe's links are particularly close due to the legacy of the intimate relationship which was maintained throughout the duration of the Rhodesian UDI regime. The most significant of these links from an economic point of view are:

Trade:

Although the proportions have, on average, been declining since Independence (see Table 1.3), South Africa in 1985 still accounted for 10.1% of Zimbabwe's exports (Z$179 million) and a larger proportion of its imports (18.3% or Z$275 million). On the export side there is a wide spread of primary commodities (such as cotton, maize) but manufactured products (intermediates such as steel and cement as well as a range of final goods) dominate - see Table 1.4. Varying degrees of difficulty will be encountered if new destinations have to be found. As regards imports, the most problematic to be sourced elsewhere would be the spare parts and replacement units for equipment of South African origin, eg certain categories of mining plant.

Transport Routes:

With the historic closure of the border with Rhodesia by Mozambique in 1976, Beira and Maputo ports and their associated rail and road arteries were severely underutilised and did not generate the revenues needed for proper maintenance. Consequently, since 1980 Zimbabwe has continued to use primarily the South African ports for its overseas exports and imports. Even those commodities (principally steel, sugar and ferrochrome) destined for Maputo have had to travel through South Africa due to persistent bandit attacks on the Chicualacuala rail link. In 1985 it is estimated that at least 80% of Zimbabwe's overseas trade was dependent on South Africa's transport routes, generating revenue for South Africa of the order of Z$175 million[9].

Investment:

At Independence, of the total foreign capital, approximately 38% was of South African origin, giving South Africa a 26% share in Zimbabwe's total capital stock[10]. Due to purchase of the South African interest in certain companies by Government or by the Zimbabwe private sector, these proportions will have declined but not by a very large amount[11]. The figures, although significant, certainly underestimate the degree of linkage that exists between Zimbabwean firms and their South African counterparts. Ownership in Zimbabwe is still largely concentrated in the hands of either multinational groups or white entrepreneurs. In the case of groups, even those not of South African origin tend to regard the South African branch as the regional headquarters, while smaller companies have sociological as well as technological links and frequently continue to take their lead from South Africa. Zimbabwe's Prime Minister has spoken of stopping the repatriation of dividends on South African capital [Herald, 9 August 1986], but the ramifications of a fully confrontational stand vis-a-vis South Africa would extend far beyond the question of dividend payments.

Dependence relationships are not uni-directional, and while South Africa is far better placed, in terms of preparedness as well as eco-

nomic power, to withstand sanctions than the Frontline States would be, it is not clear that South Africa will itself seek to implement comprehensive sanctions. Apart from wanting to leave open routes for sanctions-busting operations, there would be a significant loss for South Africa from cutting itself off from its neighbours.

In this regard, the issue of transport routes has a significance that goes beyond the present confrontational situation in South Africa. Maputo, Beira, and Nacala are the natural outlets to the sea for most of the trade of the independent states that are presently forced to use the South African routes. While South African support and sustenance for the resistance movement in Mozambique may have an ideological dimension, it is clearly also in South Africa's economic and political interest to keep the Frontline States dependent on the South African transport system for their trade. The attraction of a project such as the Beira Corridor development programme both to the independent states in the region and the donors is that, besides being a means of coping with a sudden closure of the South African border, restoring the infrastructure and efficiency of the Mozambique routes will give rise to considerable economic advantages to both Mozambique and its neighbours in the longer run. It has been estimated that Zimbabwe alone will save Z$60-80 million per annum once the port system is fully operational.

While dependence on South Africa in the present political conditions may be seen as imposing a series of significant constraints on development, Zimbabwe's membership of the SADCC and PTA is an offsetting factor, albeit to a relatively minor extent. SADCC dates from the Lusaka Declaration of 1980, which highlighted as a primary objective the reduction of economic dependence, particularly, but not only, on the Republic of South Africa. SADCC involves 9 countries (Angola, Botswana, Lesotho, Malawi, Mozambique, Swaziland, Tanzania, Zambia and Zimbabwe) and is oriented towards coordinating development in certain well-defined spheres (where the chances of successful cooperation are thought to be highest). The PTA, by contrast, is a much larger grouping of Eastern as well as Southern African States. The present signatories, numbering 16, include all the SADCC States except Angola, Botswana and Mozambique, although these countries are potential signa-

tories. Some characteristics of the 19 countries (including Zimbabwe) are given in Table 1.5. The principal objective of the PTA is to foster intra-regional trade through the mutual reduction of tariff and other barriers and the establishment of a clearing house (based in the Reserve Bank in Zimbabwe) to facilitate the settlement of accounts in national currencies.

Trade has not grown uniformly since the establishment of these institutions, however, as the figures for Zimbabwe's main SADCC/PTA trading partners given in Table 1.6 show[12]. On the other hand, the dependence of SADCC countries as a whole on imports from South Africa is illustrated by the trade matrix in Table 1.7. While exports from SADCC States to other SADCC States are of the same order of magnitude as exports to South Africa (5% and 7% of total exports respectively), imports from SADCC countries were only 4% of total SADCC imports as against 30% from South Africa.

Although set up to perform different functions, as things have developed, SADCC has become more involved in trade promotion while the PTA has shown interest in the coordination of production and investment. Potential complementarities, as well as duplications and conflicts, have therefore emerged and have received attention from the two institutions[13]. As in any regional grouping, a major problem is created by the imbalances in economic development between members, with Zimbabwe being by far the most diversified and sophisticated economy in the SADCC States and ranking in dominance of the PTA with Kenya.

In the trade sphere, Zimbabwe's exports to the region are dominated by a small number of products (Table 1.8) with growth severely limited by the import capacity of the countries concerned. The recent Michelsen Institute study attempted to identify sectors and products where significant expansion of trade within the region could take place (Table 1.9), but did not characterise the result as being very successful, partly due to incomplete data being available. The report concludes rather pessimistically that 'basically this exercise confirms that if SADCC countries wish to develop export markets within the region, they will have to develop new export products and often

new industries. There is very little room for trade diversion and the market for their traditional exports is very limited within the region' [Michelsen, 1987, p. 28].

SADCC has made progress on a number of fronts since 1980 and commands a considerable measure of support both within and outside the region. The most tangible benefit of SADCC for Zimbabwe is with respect to transport which was the sector given priority immediately after the formation of SADCC. Coordinated by Mozambique through the SATCC (Southern African Transport and Communications Committee) based in Maputo, a substantial amount of technical work has been carried out with 111 projects identified, of which 28 had been fully financed by 1986. Despite SADCC's achievements, however, it is important not to focus exclusively on the short-term potential of regional groupings. For example, the motives behind donors giving consistent support to SADCC requires careful analysis. Mkandawire points out that the donors would claim that 'they are helping the region in its stand against apartheid', but 'they do not of course explain how this tallies with their deep economic and strategic involvement with the racist regime[14]'. His own explanation of donor motives is as follows:

> First there is the danger of the radicalisation of the region as the confrontation in South Africa spills over to the neighbours. It is important that Western presence in the region be clearly affirmed. Secondly, to the extent that most of the investment is simply a rehabilitation or expansion of past patterns of transport and communication, they facilitate the continued accessibility of the region to foreign capital, markets and raw materials. Thirdly, some measure of independence from South Africa is essential to the region if it is not to collapse as a result of strains caused by confrontation within South Africa. Fourthly, SADCC is potentially a huge market. Aid has always served well as a key to new markets. [Mkandawire, 1985, p.9]

This plausible set of arguments suggests that Zimbabwe will have to be vigilant if it is to turn opportunities brought about through SADCC to its advantage. It will also have to be more far-sighted in its commitment to regionalism if the benefits of coordinating production and investment plans are to materialise[15].

2. THE EXTERNAL SECTOR

2.1 Trade and Finance in Historical Perspective

Trade, together with domination of the economy by foreign interests, have been central elements in the socio-economic development of Zimbabwe at least since 1890. In that year, the British Government authorised the chartered British South Africa Company to occupy Rhodesia, a situation that prevailed until the status of a self-governing colony was conferred in 1923. Trade and investment continued to grow fairly steadily up to the Second World War. After the war, the country entered a phase of much more rapid growth, resulting in part from the opportunities arising from the Federation with what are now Zambia and Malawi, but that arrangement only lasted from 1954 to 1963. Following the minority Government's UDI declaration in 1965, the role of trade and finance was once again highlighted by the imposition by the international community of sanctions, these officially remaining in force until the transition to Independence in 1980.

Looking first at trade, the ratio of exports plus imports to national income may be taken as a basic measure of the openness of the economy. Table 2.1 gives figures for selected years over the period 1924-1984. The proportions reach a peak totalling 125% in 1929, just prior to the international economic collapse which severely curtailed both export and import trade [Girdlestone, 1982, Table 2.1]. By 1939, the total was still close to 100%, but with the country running a sizable balance of trade surplus, a trend which was intensified during the Second World War. Imports grew very rapidly after the war (in volume terms by an annual average rate of nearly 26% between 1945 and 1950) so that by the start of Federation the total had reached 119% with a negative trade balance. The export share grew during Federation, while imports declined, but at UDI the total still exceeded 100%. The impact effect of sanctions is to be seen in the very sharp decline in trade shares between 1965 and 1966, the total falling in that one year to 71%.

Over the period to Independence, tight control over the import allocation system, coupled initially with rather rapid import substitution, resulted in the share of imports being further reduced up to 1972,

rising slightly thereafter to reach 32% by 1975, that year marking the end of the early 1970s boom. On the export side throughout the UDI period the share of exports tended to decline, so that, with falling real income and a rising share of imports towards the end of the period, a negative balance of trade was inherited by the new Government[1].

After Independence, import allocations were initially increased, but with exports failing to keep pace and other liabilities in the balance of payments growing, an IMF-type contractionary policy was initiated in 1982-1983, reducing the import share of a declining national income to about 30%, while exports increased to a more satisfactory level matching that of imports. At the end of the initial post-sanctions adjustments, therefore, trade would still appear to amount to 60% of GDP in Zimbabwe.

For the period 1981-83, Kadhani and Green (1985) have an analysis of the current account deficit (CAD) as a whole, with twelve factors (divided into four categories) being used to explain the growth in the CAD relative to potential output (see the figures reproduced as Table 2.2). The exchange rate is reflected in 'tradeability', but has a marginal impact as compared with other influences. In all, external shocks (conditions in the world economy, the influence of the weather on agriculture and the effects of South African destabilisation tactics as regards transport of exports and imports), together with the particular situation of Zimbabwe after Independence (requiring a significant inflow of machinery and spare parts for replacement and maintenance), were found to account for 46%, 65% and 75% respectively of the total deterioration to be explained, with the remainder being assigned to expansion of output and investment, import and exchange rate policy, remittance of profits and increasing payments on foreign debt. With the policy changes that followed, and some improvement in the world economy, the CAD has improved substantially, but it is salutary in the context of this study to note that in 1983 external market factors (deterioration in the terms of trade, interest rate increases and the declining world economy) according to these figures accounted for nearly 60% of the CAD deterioration.

On the finance side, although foreign portfolio and loan capital have played an important role, at Independence it was the legacy of foreign equity capital which was most significant. Figures on capital stock are notoriously difficult to obtain and have to be based largely on informed guess-work. Table 3.5 presents the latest estimates for the capital stock and foreign share by sector for 1982. The overall foreign share is given there as between 43 and 59%; earlier estimates were higher at between 66 and 72% [Riddell, 1984, p.2].

During the sanctions period, the lack of access to foreign financial flows was at least as significant as the trade restrictions, but even more important was the fact that there was no massive withdrawal of foreign capital. In fact the restrictions on external factor payments, which would surely not have been tolerated by foreign capital except in the exceptional circumstances of the time, provided a substantial source of foreign funds for investment purposes. Indeed, the reinvestment of dividends has been identified as having been 'critical' to the import substitution programme, not simply from a balance of payments viewpoint, but as a supplement to domestic savings for capital accumulation [Green, 1985, p.24]. Since Independence, new foreign equity inflows have been small and have been more than counterbalanced by outflows as foreign shareholdings have been acquired by Government in a number of previously foreign-dominated companies.

As regards loans, with only the South African capital market to any degree accessible, foreign debt at Independence was rather modest at about 16% of GDP[2]. Including the funds blocked during the sanctions period, by 1984 total foreign debt had risen to the order of 53% of GDP [calculated from the World Bank Memorandum, Table 1.14], an annual average increase of 50%. In consequence, by 1985 debt service amounted to over 28% of exports [Plan, p.44]. The use of foreign loans therefore represents a marked departure from past practice, although the Government has expressed concern over the current level of debt and the Plan target is to reduce the debt service ratio to 20% by 1990[3].

2.2 Balance of Payments: the Current Account

Collation of balance of payments statistics has since 1980 been the overall responsibility of the Reserve Bank, but with part of the data being supplied by the Central Statistics Office and the Treasury. Two versions of the balance of payments are published on a regular basis, one in the CSO's Quarterly Statistical Digest, the other in the RB's Quarterly Economic and Statistical Review. For reference, these tables are reproduced as Tables 2.3 and 2.4 respectively.

The CSO presentation gives more detail on the Current Account, the RB presentation on the Capital Account. In both versions there are, unfortunately, weaknesses and anomalies in the data and confidence in the figures is further undermined by the existence of discrepancies between the two versions of the accounts[4]. Not all of the data problems in the current account are quantitatively significant, whereas the dominant merchandise trade items are thought to be reasonably comprehensive and accurate (barring transfer pricing)[5]. Of more concern is the lack of information on items which are, or should be, the focus of policy initiatives[6].

In view of the nature of some of the problems, aggregated balance of payments tables may be more satisfactory from a statistical point of view than very detailed ones. The question still arises about the most useful level and form of aggregation to adopt. Table 2.5 attempts to present the data on the basis of a division between the **Productive Sector** (domestic and foreign private companies and parastatals), the **Household Sector** (flows relating to individuals or to families), with the remaining sector being **Government**. To keep the table within bounds, CR and DR do not always refer to the same item and some explanation of this, for certain of the lines in the table, is in order.

1 CR: Exports are entered as ex-border, ie including the internal freight payments which are a foreign-exchange source tied to the process of exporting goods, in effect enhancing the value of making such exports.

DR: Imports on a cif basis, as this in corresponding fashion represents the total amount Zimbabwe has to pay for its imports

(and is therefore more relevant as an indicator of the cost of importing than the more usual fob for presentation). Exports excludes migrants' effects and imports NCI (no currency involved) transactions as these are in effect netted out of the CSO table by the contra entries labelled Non-commercial transactions, in the unrequited transfers section of that presentation.

2 CR: Dividends and branch profits received by Zimbabwe investors (overwhelmingly here the profits of the National Railways of Zimbabwe operations in Botswana; those assets are in the process of being transferred to the Botswana authorities so that this positive item will decline sharply).

DR: Dividends and profits of foreign investors operating from within Zimbabwe.

5 CR: Service exports include port services.

DR: Service imports include here the foreign-exchange costs of expatriate workers.

9 DR: Other Travel includes the cost of sending students outside of the country to study (tuition and subsistence as well as travel costs); an attempt is made here to estimate the amount involved and separate this from the DR amount in line 8.

10 CR: this item is composed both of dividends received from abroad by individuals and the CR part of pensions (which is small).

11 DR: Emigrants' costs is the sum of Migrants' funds and Former residents' remittances in the CSO presentation.

13 CR: This item is the sum of grant aid to central government and interest on foreign securities.

Between 1978 and 1981, it is only the Government sector which registered an improvement, most of the overall deterioration in the current account being due to the very rapid increase in imports under the Productive sector. Between 1981 and 1984, these trends in the

three sectors were reversed, with the current account deficit being substantially reduced but not yet eliminated.

The main policy measures responsible for this were changes in import allocation (an initial relaxation after Independence, followed by a sharp cutback in 1982/83), devaluation (20% in December 1982, with the exchange rate subsequently tied to a basket of currencies, resulting in further depreciation against most currencies), and the specific measures announced in March 1984 (stopping temporarily the repatriation of dividends and branch profits, resolving the outstanding issues of the external securities pool and the backlog of blocked funds through Government 4% bonds, and permanently reducing emigrants' costs by the same means[7]). The significance of the March package was to produce very substantial immediate savings on invisible account, 'perhaps $200 million in 1984' [Green, 1985, p.33], while, apart of measures contrary to the Lancaster House agreements such as reneging on pension payments, effectively plugging the leakage points in the balance of payments[8].

In future, therefore, policy to change the overall balance has to be directed almost exclusively to the balance of trade (merchandise and services) plus associated transport items and the level of foreign debt (including, over the medium term, items previously on current account that are now in the capital account as Government bond liabilities)[9].

2.3 Balance of Payments: the Capital Account

In the case of the capital account, statistical problems are even more severe than is the case with the current account[10]. Table 2.6 gives some indication of capital account details, according to the Productive and Government sector breakdown adopted for the current account presentation of Table 2.5, but other sources give such different figures that the table cannot be treated with much confidence[10]. This observation may be taken to suggest that there are grounds for concern about the environment in which the authorities attempt to manage the capital account. If the figures are taken at face value, there are clear features that can be discerned, eg that

direct equity investment has been at very low and even negative levels in recent years. To fulfill growth objectives, a rising positive balance in the total for the **Productive** sector will have to be attained in future.

In the recent past, to achieve overall balance, loan capital inflows have been rapidly increased. These have mainly been official long- and short-term loans; by 1984 repayment of short-term loans used to fund current deficits in 1982-83 amounted to $480 million. In the Reserve Bank presentation, this item is included below the line as 'extraordinary financing', but is put here above the line in conformity with IMF practice. The net balance on current and capital accounts is then the figure that has to be met by gold and reserve changes and the use of IMF resources. As can be seen from Table 2.4, IMF loans have been drawn down in 1981 ($30.8 million), 1983 (162.2 million) and 1984 ($78.7 million).

2.4 Exchange Rate: Effect on Overall Balance

Currency depreciation has a complex effect on the current balance (measured in Zimbabwe dollar terms), depending on whether items are denominated in local currency (eg pension payments - no change) or foreign currency (eg interest charges on foreign debt - apparent increase) and are subject to volume changes (eg exports) or can be regarded as fixed until second and third-round effects take hold (eg the level of foreign debt itself). Items denominated in local currency and whose volumes are not directly determined by devaluation (the foreign-exchange equivalent of remittable dividends and of funds taken by overseas travellers, emigrants and pensioners) are reduced in foreign-exchange terms by currency depreciation. The groups involved are hardly at the top of the Government's social welfare priority list, but, in considering devaluation as a policy option, against this has to be set the inflationary effect of increased input costs, as prices are thereby raised for the whole spectrum of final consumers because of the existing structure of production.

The justification for devaluation as a means of reducing the current account deficit lies more in volume changes of items commonly denoted

of foreign currency, such as merchandise trade itself, travel fares, external freight and service exports and imports. In Zimbabwe conditions, far from devaluation being intended to reduce the volume of imports, which is anyway under administrative control, the intention is to create the conditions in which an increase in the availability of foreign exchange will make an increase in imports possible. The focus of attention is therefore on increasing export revenues, through volume increases and also, where possible, through concentrating on the most favourably priced items.

In practice, the authorities reduced the volume of imports quite dramatically at the time of the December 1982 devaluation, while export volumes showed only limited growth between 1982 and 1983 and actually declined by 1984 (see Table 2.8). The decomposition carried out by Davies (1986) shows that the improvement in the balance of trade between 1982 and the end of 1984 is due mainly to lower import prices and reduced import volumes, although towards the end of the period improved export prices did play a role.

Since the devaluation, the exchange rate has been linked to a trade-weighted basket of other currencies, the exact composition of which is not revealed by the Reserve Bank[12]. In nominal terms, further depreciation of the Zimbabwe dollar has taken place against all major currencies except the Rand. It would appear, however that this decline has not fully compensated for relatively rapid domestic inflation; purchasing power parity indices for mid-1983 are at 'overvalued' 1981 levels for the US dollar and sterling but not for the Rand [Davies, 1986].

The criterion in controlling the exchange-rate decline seems to be to maintain the viability of the primary exporting sectors, which would otherwise have to be explicitly subsidised, while not going so far as to give windfall profits or increase the local currency costs of imports and foreign debt service to unsustainable levels. It is a delicate balance to maintain, in that the foreign-dominated mining sector does need profits if the investment targets of the Plan are to be met, but if a rapid depreciation were to be engineeered, the companies would want first to turn part of Zimbabwe dollar profits into

repatriated dividends to their foreign shareholders. A reasonably competitive exchange rate is also essential for the expansion of manufactured exports, although the high foreign content of inputs is then an issue. This is partly overcome by the export promotion scheme (see Section 4.3), which in effect creates a selective two-tier exchange-rate structure. Compared with a general devaluation, for the manufacturing sector this is a more satisfactory way of achieving the necessary goal of increasing the attractiveness of the export market in relation to the domestic market.

3 FOREIGN CAPITAL FLOWS

3.1 Foreign Aid

With the ending of sanctions against Rhodesia, and a new country taking its place in the international community, there was a wave of support for Zimbabwe from donors. According to World Bank aid figures, disbursement of external assistance (soft loans as well as grants) amounted to US$121 million in 1980 and US$266 million in 1981. At the March 1981 Zimbabwe Conference on Reconstruction and Development (ZIMCORD), aid donors pledged nearly US$2.2 billion towards the development programme presented by government. The results of this conference were, however, slow to materialise, with disbursements in 1982 and 1983 being of the same order of magnitude as 1981 (US$297 million and US$276 million respectively).

In December 1983, facing a rapidly increasing deficit on the current account, the Government held a meeting of donor representatives in Harare to identify reasons for the slow rate of disbursement and seek ways of improving aid flows. The holding of this meeting served to underline Zimbabwe's inexperience in operating in the donor environment and more generally its lack of capacity to coordinate activities in different ministries and turn broad strategic plans into concrete projects and programmes of action. It also showed a willingness to grapple with these problems. The figures indicate some improvement in the level of disbursement in succeeding years: 1984, US$372 million, 1985, US$347 million. Although the figures are probably underestimates of the total assistance received, it is recorded that over the period from Independence to the end of 1985, total commitments amounted to US$2.6 billion with disbursements of US$1.7 billion (see Table 3.1). Of the disbursed amount, the largest single donor was the USA (US$271 million), followed by the World Bank (US$267 million), the UK (US$167 million), and Sweden (US$104 million). About three quarters of the total disbursement was from bilateral donors, with eight countries extending amounts over US$50 million. In the case of the multilateral agencies, the World Bank, the EEC and the UNHCR together accounted for over 80% of the multilateral total.

The Five Year Plan is counting on an average of Z$100 million per annum in grants. Loans to the parastatals and government, presumably intended to be largely on concessionary terms, are anticipated in amounts averaging Z$158 million and Z$212 million per annum respectively [Plan, Table 14, p.52]. This gives a total of Z$470 million per annum, equivalent, at the exchange rate used, to under US$300 million per annum. In view of recent performance, this total would seem by no means over-ambitious as this would anyway be nearly covered by the existing undisbursed commitments. Much will depend, however, on political factors. For example, the Zimbabwe Foreign Minister's speech at an American Independence Day function in Harare in 1986 has resulted in the USA freezing its aid programme to Zimbabwe.

Developments in the region will also play a crucial role in the next five years. The Independence of Namibia, for example, would direct donor energies to that country. On the other hand, it might be possible for the escalation of the struggle to catch donors in the penumbra of their anti-apartheid rhetoric and obtain increased assistance for Zimbabwe. Much of the aid of the latter type is expected to go into regional projects, particularly SATCC. While these are crucial for Zimbabwe, benefits will not materialise directly through the balance of payments.

3.2 Foreign Debt

As was noted previously, prior to Independence, Rhodesia had had rather limited access to foreign borrowing and besides loans from South Africa and the Eurodollar market there was little outstanding debt at Independence. With the start of donor activity, however, debt levels rose very rapidly, with the ratio of public to private debt and lending changing even faster. In Table 3.2, growth rates in concessionary debt of 293% and 148% are given for 1981 over 1980 and 1982 over 1981 respectively. Major projects that had been waiting for a stabilisation of political conditions were also commissioned at that time and involved committing the country to substantial new debts on conditions that are now widely regarded as being very unfavourable. Ironically, had the country been more heavily in debt, greater care would have had to be taken to negotiate more favourable interest and repayment schedules.

The principal example of this is the Z$800 million Hwange power project, which in itself provides an interesting exemplification of the tensions which exist in Zimbabwe's external sector policies, particularly as regards commitment to a regional development approach through SADCC. In taking up, rather than rejecting, a project framed during the war by the former Government specifically to make Rhodesia more independent of its neighbours in electrical power, an opportunity to make a clear commitment to SADCC was lost. In the event, the Hwange project itself was to have a substantial, though hidden, opportunity cost in terms of economic growth in both Zimbabwe and the region. Although not distinguishing the Hwange project separately, according to World Bank tables, debt service for 'water and electricity' rose from US$5 million in 1980/81 to US$10 million in 1982, to US$42 million in 1983 and US$82 million in 1984 and will peak at US$112 million in 1987, at that stage accounting for 35% of projected total debt service.

It would appear that repayments on Hwange loans began to be made before any power became available from the plant. This would have been the case even without the explosion of a boiler of No. 2 Unit in 1984. In Zimbabwe dollar terms, debt service in 1983 and 1984 amounted to Z$43 million and Z$107 million respectively, together amounting to about two-thirds of the IMF balance of payments drawings made in the same period (see Table 2.4). It would perhaps be going too far to blame the Hwange project alone, but if Zimbabwe had pursued a course in which full advantage of the possibilities for exploiting regional complementarities in energy and other sectors had been taken, it might well have been able to avoid resorting to the IMF policy package as balance of payments pressures rose. Greater mutual dependence in a regional context may well mean increased independence in the overall economic sphere.

Zimbabwe's rapidly growing debt in the first few years of Independence was acquiring an unfavourable repayment structure not only as a result of medium-term loans on commercial conditions. During the period alluded to above of rapid current account deterioration, with the Government finding itself unable to increase concessional financing from ZIMCORD pledges, resort had to be made to increased short-term

borrowing from commercial banks and to the use of IMF facilities (SDR 175 million under a stand-by arrangement, SDR56 million under the compensatory financing facility, and SDR2 million from the buffer stock financing facility) - see Table 3.3. 'As a result, a large proportion of the debt is with short maturity carrying high interest charges and debt service ratio for medium and long-term debt increased from less than 6% in 1981 to 23% in 1984'. [World Bank Report, 1986, p.28]

In the Plan (Table XVI, reproduced here as Table 3.4), the figure quoted as the debt-service ratio in 1985 is 28.4% (Z$590 million as a proportion of Z$2750 million of exports) with corresponding figures for 1990 being projected as 18.2% ($529 million over exports of $2910 million). The assumptions about export prices and currency movements that underlie the 'constant 1985 prices' figures in the table are not specified. If, however, the $529 million is a defensible figure for debt servicing in 1990 consistent with the Plan's scenario, it will be argued in the next section that the export growth target in the Plan (7% pa) is very ambitious and may well not be achieved even if no major disruptions in the transport links occur. Ignoring the fact that the level of debt would then also be different, the denominator in the debt-service ratio based on 4% export growth would give rise to a debt-service ratio of 21%, still representing a 7 point improvement over the 1983 figure. As a target taken independently of the Plan itself, reduction of the debt-service ratio in the amount planned is to be endorsed, but a more fundamental question is whether Zimbabwe's stage of development and chronic structural dependence on imports would not justify more rapid accumulation of debt and a concomitant rise in the debt-service ratio.

Without definitive information about the structure of Zimbabwe's debt it is difficult to make a coherent analysis of what range of alternatives really exists. It may be useful, however, to start by posing the question as to whether, in the event of a shortfall in planned exports, higher borrowing should not be undertaken in order to maintain the level of imports and sustain overall economic growth. The answer is not a straightforward one because export activity is not simply a question of the earning of foreign exchange, but of employment and the utilisation of imports (average direct and indirect

import content of exports being 20%). With lower exports, the same employment and consumption growth over the period (though a lower GDP growth) could be achieved through increasing investment demand and changing the import pattern accordingly. The level of import growth consistent with these assumptions is calculated to be less (5.1% pa) than the level given in the Plan scenario (6.0% pa).

The implications for debt would be an increase in the order of $1 billion over the 5 years. In principle, this would probably not raise the 1990 debt-service ratio above the 1985 level of 28%, suggesting that Government should perhaps shed some of the caution engendered by the early experience of trying to manage the national foreign debt and be more willing to borrow to maintain growth. It is not simply a question of willingness on the Zimbabwe side, however. As will be discussed in more detail in Section 5.2, conditions in the world economy raise considerable doubts as to whether it would be possible to achieve an increase in borrowing of this magnitude. For medium- or long-term loans, international financial institutions, whether developmental or commercial, must lend against future export earnings and a country trying to increase its borrowing to make up for missed export targets might find it hard to make a case. While reasonably satisfied with much of Zimbabwe's policy stance (eg, on the exchange rate), the level of the government budget deficit[1] and the stand-off with the IMF are factors which, over and above the current general disinclination to lend to the Third World, would influence the banks against increasing commitments to Zimbabwe in particular. Short-term loans have typically been backed by gold and a massive increase of debt cannot be counted upon without providing some form of security. Over the medium term, if default is not countenanced, the need to increase exports to repay foreign loans is inescapable and has to be given a high priority under any strategy at the present time.

In the short term, however, the option of rescheduling should be given serious consideration. Indeed, from the viewpoint of the first quarter of 1987, with import allocations for productive sectors cut by up to 40%, the ramifications of a poor agricultural season becoming evident, and the likelihood of further disruptions occurring during the year as sanctions come to be implemented, the case for reversing

Zimbabwe's role as a net exporter of capital by rescheduling a major part of the country's foreign debt would seem to be overwhelming. Despite the unfavourable climate outlined in the previous paragraph, it is widely recognised that Zimbabwe has an uneven repayment schedule with a sharp peak in 1987-88. The reluctance of the authorities to pursue rescheduling would seem to be based on the view that Zimbabwe would thereby lose its international standing and hence access to future foreign loans. That this view is entirely fallacious is evident from the experience of many other countries which have survived a series of debt reschedulings in the past, such as Peru, Turkey, Mexico and Argentina. A sense of 'national pride' in perpetuating an unblemished record for Zimbabwe is destined to have very costly implications for the nation as a whole over the next few years[2].

3.3 Foreign Investment

As mentioned in Section 2.1, the relatively high foreign share of total capital stock is the legacy partly of colonialism and partly of the forced reinvestment of what might otherwise have been repatriated dividends during the UDI period. Table 3.5 gives the estimates of capital stock for 1982. It shows the sectors where foreign capital is dominant to be mining (90%) and manufacturing (70%). If capital invested in major infrastructure and housing is excluded, the proportion of foreign capital in the remaining 'productive' part of the economy is estimated to be 58.7%.

In part a reflection of the tensions already discussed between rhetoric and practice, the Government's attitude to foreign investment is perhaps best described as ambivalent. According to a 1984 paper by Riddell, the position of Government results in an attitude amongst existing investors of making the best use of existing resources but not bringing in new funds (nor, at the other extreme, withdrawing funds) and little enthusiasm among potential new investors to start operating in Zimbabwe. In quantitative terms, flows of new foreign investment have indeed been tiny and have in fact been more than counterbalanced by reverse flows arising from purchases by government, or by Zimbabwean companies, of shares previously owned by foreigners. This localisation is particularly with respect to capital that was

owned by South African interests[3]. Net flows of 'direct equity investment' are recorded as -14.5, -0.2, -2.4, and -3 for the years 1981 to 1984, total credits of $33.0 million being offset by debits of $53.1 million over the four-year period. In view of this the Plan's statement that the Z$200 million of new foreign investment that has been included in the financing of the development programme 'surpasses the current inflow of foreign capital to a considerable degree' reads as quite an understatement. The question arises as to whether the government does seriously consider that this level of foreign investment will materialise. From a comparative viewpoint Zimbabwe can hardly be said to be heading the league tables: whether by the economic criteria which, surveys suggest, most investors look at (rapid growth, high income, existing investments, large low-cost labour force, historical ties), or the policy ones the World Bank and others argue are important (friendly political climate, low political risks, favourable regulations), Zimbabwe is not an obvious candidate.

The view articulated in the Plan in support of the assumptions about private sector investment in general is as follows:

> It is expected that the current economic recovery, aided and influenced by the economic programme of this Plan, will motivate the private sector to increase investment and cooperate with the public sector in the implementation of priority development projects. Government will implement economic measures in the fields of tax policy, income and wages policies, prices, interest rates, customs duties and import allocation which are necessary to stimulate investment. Incentives will be introduced in order to encourage development in general as well as export-oriented projects and projects which aim at substituting imports for local products. In addition, employment generating projects will be given the necessary support, especially those located at growth points and also in neglected areas [Plan, p.44].

While there could be some truth in these arguments if the Plan were destined to achieve very high levels of growth, doubts about reaching even its own rather modest targets make this look a bit thin. The local private sector is looking to signs of investment from abroad

before committing its own resources in greater measure, while the reverse is undoubtedly the case for potential foreign investors. The Government may consequently feel that it has to try to encourage both local and foreign private investors to overcome the current general investment malaise without necessarily believing foreign investment would be forthcoming in the quantity needed to fill the gap in the Plan's financing.

Given the present agenda of pursuit of a rather conventional growth strategy with something of a distributional bias, rather than an agenda of the building of socialism, Government should consider shedding its negative attitude towards foreign investment and present a more consistent image to existing and potential new investors. At the same time, it should equip itself with the technical skills to make informed judgments on which foreign investors to go for and which to reject. Provision of technology and access to world markets are two areas where private foreign investment could be useful. Projects which simply replicate Zimbabwean enterprise may have very short-run employment and balance of payments advantages, but these have to be weighed against costs in the longer term. Alternative forms of foreign participation, which may well prove 'more flexible and advantageous' [UNIDO, 1985, p.135], should also be considered - management contracts, licensing agreements, production sharing, supply contracts, technical support and training assistance.

These alternatives would be more in line with the Government's ownership objectives, while bringing specific benefits where applicable. Government's insistence on the question of ownership is an orientation which is clearly unpalatable to private sector interests. The Financial Gazette, Zimbabwe's private sector mouthpiece, has articulated this attitude as follows:

> Politically, the Plan is predictable in its stated intention to advance public ownership or part-participation in sectors which it considers have too high a percentage of foreign shareholders. More ominously, Ministries representing economic sectors in which there is a private sector component are 'required to transform their sector' by increasing the degree of ownership and control of the means of production [Leader on the Plan, 25 April 1986, p.4]

There is an important distinction to be made, however, between ownership and control. Taking over the ownership of foreign corporations is consistent with the maintenance and growth of consumption, employment etc. only where the human resources exist and can be mobilised by the new owners to effect control over those investments[4]. Without this capacity, it is far more efficient to devise ways of exercising indirect control, leaving the basic process of production and accumulation intact but preventing the exploitative excesses associated with transfer pricing and the like from occurring.

Zimbabwe's mining industry is a case in point: an important sector, dominated by foreign capital but relatively skills-intensive, and Government does not presently have the capacity to take it over without prejudicing output, employment and future expansion. However, in addition to the control exercised through foreign-exchange allocation, labour legislation etc., with the establishment of the parastatal Minerals Marketing Corporation and the requirement that all marketing be channelled through that organisation, the Government has institutionalised, at least in principle, a way of regulating the multinationals at exactly the point where the country's interests have been judged to be most at risk[5]. In relation to the Government's re-called rather than rhetorical policy orientation, calls for nationalisation over and above this complex set of controls smack of xenophobia.

The irony in the parastatal sector is that the attempt to keep salaries within bounds (consistent with Government's goal of reducing income disparities) in an environment dominated by the private sector is leading to a situation where control is being lost to a new species of foreigner - the expatriate, employed by a bilateral or multilateral donor agency. Attempts to train more Zimbabweans to obviate the need to employ expatriates are turned into the provision of training for the private sector when skilled workers are continually being attracted away by better pay and conditions. Another perverse feature of recent experience is the failure of Government to insist on local procurement, particularly again where projects are foreign-funded. For a local firm in, say, the engineering sector, the opportunity costs of not participating in a major project are not just the imme-

diate loss of income and employment, but the forgone experience of rising to technical challenges and using the opportunity to train junior staff, aspects that are of primary importance in the ability of the economy to reach a position of self-reliance and self-sustained growth[6].

3.4 Implications for the Balance of Payments

Even without taking more pessimistic scenarios of conditions in the world economy into account, the financing part of the Plan would appear problematic, particularly with respect to assumptions about levels of foreign investment[7]. This implies that if the Plan's foreign financing total is to be reached, greater reliance will have to be placed on aid and debt flows. Recalling the donor conference held in 1983, however, the problems identified then on the Zimbabwe side, of poor coordination between ministries, lack of knowledge of how best to operate in the donor environment and of project management skills, have yet to be adequately addressed. This 'absorptive capacity' constraint may well preclude in practice expanding concessional financing at the rate required to attain the balance of payments targets given in the Plan.

In the wake of the March 1984 measures, there are few loopholes in the balance of payments which remain to be stopped up to improve the availability of foreign exchange for imports. Indeed the temporary freeze on dividend remittability is now to be reversed. In view of the above pessimistic analysis of the prospects for foreign inflows on the capital account, the burden of maintaining adequate levels of imports to sustain and expand the economy has therefore to fall on maintaining and increasing levels of exports and on very careful management of import allocations themselves.

4. EXPORTS AND IMPORTS

4.1 Past and Present Patterns

In Section 2.1, a broad historical picture was given of the significance of trade in the economy, as measured by the export plus import to GDP ratio. Table 4.1, a summary of external trade over the period 1970-1984, quantifies the trends identified earlier, namely a rise in the visible balance towards the end of the UDI period, followed by a reversal into negative balance immediately after Independence, due to the faster growth of imports than exports over the period 1979-1982. Finally, the effects of the IMF-type stabilisation exercise are evident in a recovery of positive balance in 1983 and 1984.

Table 4.2 shows the composition of exports and imports by principal commodity groups over the period 1978-1984. The most marked changes in the export side are with respect to beverages and tobacco (tobacco, one of the commodities most affected by sanctions against Rhodesia, rapidly regaining its world market position after Independence) and on the import side in an increase in the share of machinery and transport equipment (the ending of sanctions resulting in many firms attempting to upgrade or replace old equipment). The details of these changes are given in the disaggregated Tables 4.3 and 4.4.

A number of other features of Zimbabwe's trade are evident from the commodity tables. The volatility of agricultural exports, for example, is illustrated by the volumetric changes in a commodity such as maize (around 500,000 tonnes in 1978 and 1983 as against 62,000 tonnes in 1980 and zero in 1984), coupled with rapidly changing prices even in nominal terms ($50 per tonne in 1978 followed by $78, $118, $146, $115 to $82 per tonne in 1983). Tea, coffee and beef have shown significant growth since Independence in both quantity and value terms. Amongst the minerals, the most marked trend is with respect to asbestos exports which have been declining from a peak of 285,000 tonnes in 1979 to 155,000 tonnes in 1984. Manufactured exports which have shown a significant improvement include paper, yarns and threads, fabrics, cement and the 'other' category of machinery and transport equipment.

On the import side, the 1979 rise in the price of petroleum products increased their import cost from $73 million to $139 million in one year despite a volumetric cut of about 12%. By 1984, the petroleum products bill had increased to $221 million, representing 18% of imports by value. Other major imports in recent years have been resins (plastics), textile piece goods, iron and steel plates and sheets, power machinery and switch gear, telecommunications equipment, excavating and road construction machinery, vehicle kits, and productive machinery and spare parts for, in particular, agriculture and the textile and leather industries.

Tables 4.5 and 4.6 show the destination of exports and origin of imports by SITC categories in recent years, while Tables 4.7 and 4.8 give a more detailed country breakdown, but only of total export and import values. South Africa has been the single most important trading partner, particularly with respect to manufactured exports, and chemical, manufactured and machinery and equipment imports. While South Africa accounted for 18-19% of exports and imports in 1984, Europe (particularly the United Kingdom) made up a further 33-30%. Other overseas countries with a significant share in exports and imports are the United States (6-9%) and Japan (5%). The most significant change in recent years has been the increase in the share of exports to the United Kingdom, from 6.9% in 1981 to 12.8% in 1984, with marked increases in the categories of food, tobacco and manufactured goods. Shares for sub-Saharan Africa in general and SADCC in particular increased rapidly after Independence, but then remained more or less constant. Trade figures for Southern Africa were discussed in more detail in Section 1.3 (see Tables 1.3-1.9).

4.2 Role of Exports in the Five Year Plan

Given the structure of Zimbabwe's economy, and the lack of alternative means of finding foreign exchange within the balance of payments, it is now widely accepted and endorsed that priority has to be given to export promotion. In the context of this paper, it must be stressed, however, that this perception is not the product of an argument which starts with a rejection of import substitution and moves to a simultaneous conclusion about the need for general trade liberalisation.

rather it is arrived at as a necessary condition to sustain and support the intensification of an industrialisation process that has significant self-reliant features, but which is still in an immature and fragile stage of development. As pointed out in Section 1.2, quite apart from considerations of market access, transport costs etc. Zimbabwe's political economy would anyway not countenance the sort of labour-repressive measures needed seriously to compete in the range of products and markets which formed the basis of the export expansion strategies of the first generation of NICs.

The Plan clearly acknowledges the necessity to emphasise exports; indeed the GDP growth target of 5.1% pa is critically based on the assumption that investment will be targeted to export industries and that this approach will ensure an export growth averaging 7% pa over the period[1]. The importance of this assumption is underscored as follows:

> Unless an aggressive export policy is pursued, exports would grow at about 4% per year and this rate is not sufficient to meet the country's international obligations and to support the projected growth in GDP. The balance of payments position could deteriorate seriously in the middle of the Plan period when repayments of foreign loans will reach their peak [Plan, p.17].

It is interesting that the Plan should cite 4% as an underlying rate, because that is the rate which the World Bank uses in its medium-term growth scenario (average for 1986-1990 from Table 3.3 of the Memorandum, p.63 is 3.9% pa). The Bank is, however, far less sanguine about the conditions for achieving 4% export growth:

> The resultant overall growth rates of three to four percent per annum are not high. But this achievement will require significant policy support, both in maintaining a supportive environment for traditional exports and in encouraging rapid growth of new exports [World Bank Memorandum, p.64].

The Bank Memorandum, in common with several recent treatises on Zimbabwe's macroeconomic prospects, has dealt in detail with the potential for increasing exports[2]. Although differing in detail, the broad qualitative conclusions are as follows:

- for what are at present Zimbabwe's major merchandise exports, each constituting over 3.5% and together accounting for 72.6% of the total (tobacco, gold, ferro-alloys, cotton lint, asbestos, nickel, iron and steel, sugar and coffee/tea), prospects are poor;

- while, whatever possible increases in these traditional areas should be made, rapid growth requires emphasis also to be placed on new products and markets; while there are some special cases (eg Lome Convention beef exports to EEC), the most promising new areas are the export of manufactured intermediate, capital and consumer goods, particularly to countries in the region.

In view of these conclusions, it is worth looking more carefully at the differences between the Bank and the Plan scenarios. Table 1.2 summarised certain key growth rates and showed that with a higher growth rate of investment and hence imports (particularly capital goods)[3] but a lower growth of exports, a lower real GDP growth can be expected. Although a lower rate is explicable, it is in fact doubtful whether the GDP growth figure is consistent with the Bank's assumptions about exports and imports and foreign borrowing (a reduction in the debt-service ratio to 17.7% in 1990 being envisaged). The scenario given in the Plan may well be more consistent, but whether it is also more realistic is a separate issue.

Unfortunately the aggregation scheme of the two scenarios is different, so that the details of the respective export projections cannot be directly compared. Table 4.9 presents the data in a reasonably corresponding way. As noted above, the highest growth sectors are indeed in manufactured exports, with the Plan figures somewhat above those of the Bank. The rate of growth of agricultural exports is significant in both, with the Plan's 6.6% pa again exceeding that of the Bank at 5.1% pa. The real difference, however, between the two lies in the assumed rate of growth of exports of the mining sector (Bank = 1.7% and 3.0% for gold), both as minerals (Plan = 7.4%) and in semi-processed form (Plan = 7.9% for intermediate goods).

In the Bank's view, the most promising mineral prospects are in gold, so gold might conveniently be taken as a benchmark for analysing the

Plan figures for the mining sector (without state subsidies, items such as asbestos and copper may even decline). Since Independence, the only major new mining project has in fact been a gold mine (Renco); at 1985 prices, the investment cost of a similar operation would be of the order of Z$45 million, yielding an annual foreign-exchange return of about Z$35 million (at a gold price of Z$540 per ounce).

Now the Plan makes provision for an average of Z$192 million pa to be invested in the mining sector (27% by Government) and expects an annual average increment of Z$115 million to export earnings[4]. The latter figure is equivalent to three Rencos per annum (two only in the very unlikely event of the gold price rising above Z$875 per ounce), plus a small expansion elsewhere in the sector. Although such projects would be overprovided for in terms of investment resources if indeed Rencos were replicable, the more serious problem is that there are not anything like that number of new mining projects waiting in the wings to be implemented, whether in gold or in other minerals. In principle, the investment allocation could be used in part for a massive geological exploration, implemented as a matter of urgency, but even under the most favourable technical conditions, the lead time on mining ventures would preclude the rate of growth anticipated in the Plan for the 1986-1990 period.

Accepting that the export targets in the other sectors will be difficult enough to achieve, this discussion on mineral exports strongly suggests that the Plan's rate of growth of exports was derived from matching the import constraint to a pre-conceived idea of the GDP target, rather than the other way round, ie an autonomous projection of exports being the starting point for the planning process. It would thus appear that the high rates of growth of mining exports have been used as a means, on paper, of relaxing the foreign-exchange constraint sufficiently for the other targets of the Plan to remain consistent with one another but be put at levels which are politically acceptable.

Table 1.2 indicates that if only a 4% export growth is achieved, while debt and investment are kept to planned levels (the Principal

scenario), the consequences would be GDP growth of 2.4% pa with private consumption at 1.2% pa. With the 'alternative' strategy, to be introduced in Section 6.3, considerably better growth performance can be achieved with 4% export growth, but the results still fall far short of the Plan's 5.1% GDP and 4.9% consumption growth targets. Without a commitment to the structural change implicit in the alternative scenario, if GDP, consumption, employment and investment growth are to be sustained in the face of external economic conditions which may well turn out to be more adverse than is assumed in the Plan, the necessity for a rapid expansion of exports to be achieved becomes critical. The following section examines the potential role of Government policy in bringing this about.

4.3 Export Policies

Apart from the adoption of a floating exchange rate, the two principal export-oriented policies already in place are the Export Incentive Scheme and the Export Revolving Fund.

Export Incentive Scheme

'The Export Incentive Scheme is a mechanism through which a tax-free cash payment may be made to registered Zimbabwe exporters on the basis of actual export performance under the list of qualifying export commodities' [CZI Export Directory, 1986, p.17]. The rate that has applied since 1 August 1984 is 9% tax-free, equivalent on a taxed basis to an 18% increase in the fob price. The approved list covers a wide range of agricultural and manufactured goods with exclusions mainly falling in the category of raw materials used by Zimbabwe industries, but also steel and ferrochrome. Goods that are not manufactured in Zimbabwe or which have less than a 25% local content are also specifically excluded.

Export Revolving Fund

Under a World Bank Loan of $70.6 million[5], the operation of this fund was initiated on 1 April 1983. The objective is to provide the foreign exchange needed to manufacture goods for export, thereby helping to break the vicious circle arising from a shortage of imported raw materials, spare parts etc. preventing export expansion. In tying the allocations to input requirements for exports, the divergence between the social requirement for foreign-exchange earnings and private interest in a domestic market generally characterised by more financially attractive prices, is also overcome[6]. The scheme is organised in such a way that industrialists are able to accept and execute export orders in the full knowledge that any inroads they may thereby make into stocks of imported raw materials will automatically be covered by a 'top-up' allocation[7].

Arising from structural features of the Zimbabwe economy (see Section 5.2), there is a high degree of inertia with respect to Zimbabwe enterprise moving from a domestic focus into export markets. This observation suggests that export promotion policies are critical to new markets being found and existing markets expanded. It is not therefore surprising that individual manufacturers and officials involved in promoting exports are emphatically of the view that these policies have a significant effect, particularly with respect to manufactured exports[8].

In view of the need rapidly to increase export growth, additional incentive schemes are under discussion. The UNIDO report (p.265) argues for providing 'an incentive that will enable the manufacturer to be able to distinguish clearly between gains from exporting and gains from supplying the domestic market' in the form of a proportion of export earnings in 'free' foreign exchange that the exporter can use as he wishes. In a critique of this proposal, Gray analyses the 1974-77 Export Bonus Scheme and concludes that the supplementary allocation should be tied to capital or intermediate goods imports, so as to encourage export-oriented industries also to build up their domestic base and take increasing advantage of economies of scale, while maintaining export competitiveness [Gray, 1985, p.5].

One lesson from the experience of first-round NICs is that institutional support for exports may be of critical importance. State trading corporations which allow firms to concentrate on manufacturing while the marketing side is handled by specialised expertise are particularly significant in this regard. The Plan envisages that 'a **State Trading Corporation** (STC) which was to be established during the TNDP, should become operational[9] during the Plan period' (p.34), while in a speech in April the Governor of the Reserve Bank is reported as recommending that 'Japanese-style exporting houses' be established either by groups of companies or in joint ventures which could harness 'the energies of both the public and private sectors in export efforts' [Herald, 3 April 1986, p.9].

In view of the poor export performance over the past twenty years[10], achieving the necessary export targets may not simply be a question of the Government maintaining and strengthening the existing specific export incentive schemes and introducing additional measures along the lines given above. The inward-looking legacy of the sanctions era has to be replaced by an outward orientation, by Government initiating a process of exhortation and incentive enhancement to create an 'export culture' within both the private business and parastatal sectors. This perspective is advocated most strongly by Girdlestone (1982):

> To attain a sustained high rate of real economic growth, therefore, it is not sufficient for economic policy simply to recognise the promotion of exports as being an essential pre-condition. All economic and indeed social and political policies must conspire with the object of promoting a total environment suitable for accelerated export-led growth[11].

For its part, the Government has expressed itself forcefully on the subject of exports since the publication of the Plan. At the annual congress of the Confederation of Zimbabwe Industries in July 1986, the Deputy Minister of Trade and Commerce outlined how the export promotion branch of the Ministry was to be expanded with donor assistance and stated that it would eventually become a parastatal which would 'take the lead in the nation's export-promotion drive' [Financial Gazette 18 July 1986].

The Economy's Import Dependence

During the UDI period, sanctions had the effect of dramatically reducing the level of imports (Table 2.1). Import-substitution policies (coupled with demand and relative price changes) simultaneously altered import composition away from food, other primary commodities and manufactured consumer goods imports, with the result that fuels and manufactured intermediate and capital goods became dominant[12]. By being limited to consumer goods production, the import-substitution industries that emerged remain, nevertheless, heavily dependent on imported capital and intermediate goods, so that import volume is a key determinant of capacity utilisation in manufacturing.

Although less so than manufacturing, agriculture and mining are also import-dependent, so that import capacity determines to a significant extent the overall level of activity in the economy. The most determinant influence of all, however, is in respect of investment and hence growth, on the one hand because profitability and investment intentions are so heavily influenced by the availability of imported inputs for production, and on the other because the very high import content of investment may lead to intentions having to be frustrated when foreign exchange is in particularly short supply.

These points warrant spelling out in considerably more detail:

a Import content of production:

Given the relatively high degree of linkage within the manufacturing sector, it is important when analysing the import content of production to look at **total** import utilisation (direct plus indirect) and not just at direct imports. With an input-output table, this can readily be done; the results for the six-sector model that was elaborated in connection with the five year plan (Table 4.10) are shown in Table 4.11[13]. Although data limitations should caution against too much reliance being put on the figures emerging from that exercise, the indications are that, of the productive sectors, agriculture has by far the lowest import content per unit of output (16%), followed by mining (20%) and industry (at an overall level of 26%). Within industry, which in

the model embraces the GDP sectors **Electricity and Water** and **Construction** as well as **Manufacturing**, the final goods subsector is at the same level as mining (20%), with intermediate goods (35%) lying in between and capital goods by far the most import-intensive (40%).

Superficially, these figures would seem to give support to the notion that further import substitution should be concentrated in the capital goods subsector. The production processes themselves, however, are in the short run far more dependent on intermediates than capital goods as inputs. It is in the medium run, when industries seek to replace or expand capacity, that capital goods come into their own. Using the figures of the input-output table, of the total imports used as inputs to production of agriculture, industry and mining origin ($1,445 million less $494 million), only 19.7% are capital goods, while 66.9% are intermediates. In relation to the corresponding figure for total imports ($1,987 million less $607 million), the capital goods share is higher at 27.9% due to the influence of the direct imports required for investment, but the corresponding figure for intermediates is still 47.9%.

Apart from considerations of comparative advantage, in terms of absolute savings it is, therefore, import substitution in intermediates that is indicated. In further support of this contention, Table 4.12 gives the utilisation of imported inputs by the different sectors in 1984 in absolute (dollar) terms. Of the productive sectors, it is the final goods subsector that is by far the biggest user of imported inputs, with the capital goods subsector consuming only slightly over half of the final goods total.

c Import content of demand:

As regards the import content of final demand categories, Table 4.13 gives the figures for the structure of demand in 1984. While consumption has a very low direct import content for a developing country of Zimbabwe's size (4%), the import dependence of the domestic production structure raises the total to 17-20%. Even though about two-thirds of exports originate from agriculture and mining, overall exports have a similar level of import content (20%), all of which is indirect in that re-exports are excluded from the table.

The significance of Zimbabwe's high import content of investment in relation to other demand categories was first highlighted by Wuyachani and Green (1985). Essentially the argument is that, in the short run, attempts to increase investment will have a detrimental effect on imports. If a rapid increase in foreign debt is impossible or undesirable because of the repayment over the medium term, expansionary policies may simply force a policy reversal. Increasing investment may then have a perverse effect on growth of consumption, not just in the sense of a short-run trade-off, but in the medium run as well.

This is not to suggest that investment is not ultimately a prerequisite for economic growth. Rather it is to focus on one of the central planning issues, namely the sectoral division or targetting of investment resources. The figures forcefully illustrate why the appropriate response to the foreign-exchange constraint is to invest so as to increase exports, borrowing if necessary to do so[14]. Export promotion makes sense not as an end in itself, but as a means to relaxing constraints elsewhere in the economy and spreading growth more widely through multiplier effects.

Corresponding to Table 4.12, Table 4.14 gives the destination of imports in absolute terms for the main categories of final demand. In considering policies to relieve the foreign-exchange constraint on development, this brings out an analogous point to

the one made about import substitution in relation to production. That is, that if the structure of final demand is to be changed so as to reduce its import content, it is not just the relative figures but the actual volume of foreign-exchange expenditure that is to be considered. This makes it important to examine private consumption which accounts for 36% of total imports, while at a Gross Fixed Capital Formation level of 17.7% of GDP (at market prices), investment accounts for 29%.

(c) **Import volume, capacity utilisation and growth:**

Table 4.15 gives data on import volume, capacity utilisation and GDP for five-year periods from 1965 and on an annual basis since Independence. While a strong relationship between the growth of imports and of GDP is evident, it is not as straightforward as has been implied thus far. There is first of all a lead and lag effect, due probably to inventory phenomena and the time needed for achievable increases in capacity utilisation to be matched by rising domestic demand[15]. A second point is that positive growth seems to require disproportionately high growth in imports, but when import allocations are reduced, GDP does not fall as fast as the volume of imports. This can be explained by the influence of investment, which is both the most volatile component of final demand and the one with the highest total import content.

The adverse consequences of reduction in the availability of foreign exchange have been analysed in detail by Kadhani and Green (1984). 'Elimination of the CAD (current account deficit) has seriously been canvassed without a clear realisation of the fact that the initial result would be a 25-40% fall, a real danger (via reduced GFCF) of negative subsequent capacity growth and output growth permanently below that of population' (p. 42). The implication is that import capacity has to be maintained by finding other elements of the balance of payments to be squeezed. At the time 'with debt service approaching 30% of export earnings in 1983, reversion to the unselective 1980-82 borrowing policy is also patently untenable' and the stage was set for the March 1984 measures (already described in Section 2.2).

changing the structure of demand to reduce import content can be done in one of two ways: changing the balance between the final demand categories (more low import content exports or consumption at the expense of investment), or changing the sectoral composition within a particular category (such as increasing demand for agricultural and mining goods at the expense of manufactures within private consumption). Of course, the balance between investment and other elements of final demand should be determined directly by growth strategy considerations, with the import-content problem arising when the implications of the strategy are analysed and the foreign-exchange constraint is encountered. This is where a consistency model can be useful. In the Plan, it is really only changes of this kind that are considered; the option of trying to change import content from within demand categories forms an important part of the alternative strategy that is developed in Sections 6.2 - 6.4.

2.5 The Import Allocation System

The system of allocation of foreign exchange is a legacy which remains unaltered in its essentials from the UDI era. The overall level of allocations is set as a result of a balance of payments forecast that is carried out twice a year by the Treasury in consultation with the Reserve Bank, using information on export prospects and import requirements from a number of government and private sector sources. The allocations themselves are issued on a quarterly basis, responsibility for this ultimately being assumed by the Ministry of Trade and Commerce.

For the individual importer, applications are lodged with either the Commercial Import Controller whose office is in the Zimbabwe National Chamber of Commerce, or the Industrial Import Controller, situated in the Confederation of Zimbabwe Industries. For the importation of capital goods, in particular, the Ministry of Industry and Technology is involved in deciding on allocations in addition to the Ministry of Trade and Commerce, while the Ministry of Finance determines payment procedures.

While the global allocation is divided according to priority categories and scrutinised from a national viewpoint, the individual allo-

cations within each item are made principally in favour of established importers. Allocations also cannot be sold or carried forward to a future quota period, so that the system superficially would appear very rigid. Without some guarantee of continuity in the granting of allocations, however, new investment would be discouraged and existing companies, not necessarily the most inefficient ones, might consider closure.

There is some scope for 'newcomers', although the criteria are fairly demanding: 'In essence the newcomer must establish that a continuing foreign exchange saving will result from his or her addition to the system' or expansion within it[16]. Similarly, when investment projects are submitted to the Industrial Projects Committee, the principal criterion on which they are accepted and currency allocated for the imported component of the capital cost is that a net foreign-exchange saving should be demonstrated within 12 months.

Some countervailing features of the system, which give potential importers alternative forms of access to foreign currency, are the powers of the Joint Allocations Committee to issue once-off allocations for special purposes and the existence of the Export Revolving Fund (described in Section 4.3), commodity import programmes (CIPs) and barter trade[17]. Both barter trade and CIPs represent highly tied forms of expanding imports and, although welcome in the short run, to the extent that these are used for capital goods, the longer-term economic cost of mismatched equipment, lack of spare parts etc. may be quite high.

Overall the system is not as non-market-oriented as some critics maintain because the six-monthly bids are essentially demand-driven. Although relatively smooth working, there is considerable scope for improving the administration of the system (along the lines given in Green, 1985, note 34). A more fundamental concern is with the fixation on short-run balance of payments performance in determining allocations. This may be appropriate for commercial applications, but in the case of projects introduces a significant bias against those with a start-up period longer than a few months, while also subordinating other national objectives such as employment, acquisition of skills, regional development etc.

In this regard there is an urgent need for Government to develop a consistent and comprehensive methodology for translating broad objectives into specific operational decisions about pricing, subsidies, projects and indeed foreign-exchange allocations. Social cost-benefit techniques have a role to play here, although for large projects (eg, power and petrochemicals) more sophisticated tools may be needed[18]. It is not the case that social cost-benefit analysis is ideologically biased towards neo-classical economic efficiency and precludes aims such as equity or socialism[19].

Without proper direction from Government, particularly in respect of setting the shadow prices and other national parameters to be used as these incorporate in a crucial way political goals, it is true that the methodology can be seriously misused. It is therefore important for Government to recognise and act upon this, as since Independence such techniques have been haphazardly employed to date in various donor-funded feasibility studies, with consequences that probably merit investigation. A properly articulated methodology that is accepted by all ministries and parastatals involved in the preparation, scrutiny and execution of projects is crucial both for making the most of public sector investments and for ranking private sector projects, particularly those of foreign investors, according to their potential contribution to national goals[20].

While in the case of projects the destination of the foreign-exchange allocation is known, this is not true of allocations made for raw materials and spare parts. The data do not even permit sectoral totals to be compiled, eg, for the manufacturing sector[21]. The basis for making new allocations or changing existing ones would certainly be immensely improved by creating a detailed data-base on the destinations of imports. These data are essential for reliable disaggregated input-output tables to be constructed. A model that adequately encapsulates the internal and external linkages of the economy would provide the framework within which economic costs and benefits of alternative foreign-exchange allocations could be properly assessed[22].

5. THE PLAN'S RISK FACTORS

5.1 Drought

In an article written in 1982, Zimbabwe's Chief Meteorologist, Todd Ngara, stated that 'Hitherto, SADCC countries have been making economic plans without taking climatic fluctuations into account' [Herald, 10 May 1982, p.7]. The Five Year Plan unfortunately would appear to fall into the same category as, other than making reference to rainfall amongst the underlying assumptions, no analysis of the impact of climatic variations is carried out. 'The 5.1% growth in GDP hinges on the assumption .... that rainfall will remain normal during most of the Plan period' [p.13]. This statement begs the question as to what 'normal' rainfall is. In an FAO conference held in Harare in 1984, the Director of FAO's Animal Production and Health Division made a strong plea to African countries that they should stop looking at droughts as 'extraordinary events. They should rather recognise that droughts are part of the normal African environment and should therefore prepare themselves to cope with drought' [Herald, 13 August 1984].

In the case of Zimbabwe, Masaya (1985) has examined the effect of rainfall on crop cycles and suggests that 3 and 5 year cycles should be incorporated into national planning. The implication would seem to be that at least one year of poor rainfall is likely to occur during the Plan period, although hopefully the country will not be subjected to a recurrence of the sustained drought of 1982-85 as that was exceptional (the worst consecutive dry spells prior to this occurred over 1911-1914).

The economic cost of a drought, to say nothing of its human dimensions, is considerable. In a paper prepared in 1983, the Government quantified the one-year consequences of the drought for the national economy under 3 headings: a balance of payments impact arising from the loss of export earnings, with imports of food and equipment for relief and drilling programmes of $131 million (increasing the then deficit by 20%), direct loss of crop and livestock output at $300 million (7% of then GNP), and an increased burden on the Government

budget, mainly to finance relief programmes in the worst hit areas, of $250 million (increasing budget expenditure by 10%). Subsequently the figures quoted have been higher, and a more detailed analysis that included secondary effects would certainly reveal a substantially larger cost in terms of immediate consumption forgone and negative consequences for growth[1].

Policies to minimise the negative effects of drought in the future include the stockpiling of food, research into drought-resistant crops, incentives for these crops to be grown in areas where maize would be marginal, expansion of well-digging, borehole and dam-building programmes, sanitation and nutrition education, and support to research in applied climatology. Many of these actions are part of regional SADCC programmes, as is appropriate.

5.2 The World Economy

In the halcyon period following the Second World War, the industrialised countries tended to be out of phase with one another, so a down-turn in one major economy would be offset by an upsurge in another, this serving to sustain the growth in world trade. In the 1970s and early 1980s, a tendency to move in phase, coupled with the deflationary bias inherent in the world financial system, has created a far more problematic situation. According to the major institutional forecasts, immediate prospects are 'sluggish growth in the industrialised countries continuing into the medium-term, leaving a high margin of un-used capacity and unemployment there, and offering no support for a recovery in the developing countries' [Page, 1985, p.1].

This view has been criticised as lacking a firm analytic foundation. 'While this may be realistic in the short term, these are medium-term forecasts. Such assumptions therefore display deep pessimism about the possibility of change, even when the consequences are clearly undesirable for all countries. The reasons for what, in the medium-term, is clearly irrational behaviour are not self-evident and no justification is found in these publications' [ODI Briefing Paper 4, 1985 p.3]. As economic conditions worsen, political constraints will

presumably change, leading to a resurgence of growth. There would seem a considerable danger, however, that these changes will be too slow or too hesitant, precipitating what the World Bank rather euphemistically describes as a 'sweeping restructuring of international financial obligations' [World Development Report 1986, p.55].

In the Trade and Financing study, it has been agreed to put aside catastrophic scenarios involving world economic collapse, plus, in Zimbabwe's case, simultaneous drought, total closure of transport routes etc. The object is rather to examine closely the range of options in relation to a spread of less extreme scenarios of world economic growth. The three scenarios to be considered were alluded to briefly in Chapter 1, where the salient features were summarised in Tables 1.1 and 1.2:

High

Largely in response to the decline in oil prices (to around US$15/barrel), industrial country GDP growth recovers to in excess of 3.5% per annum, with a corresponding growth of 7% in world trade. Prices of manufactures increase at 3%, primary commodity prices at 4% with the real interest rate (3 month LIBOR) at 3%. Capital flows are easier, with growth of public funds at 1% per annum.

Principal

This corresponds to a consensus view of prospects, with industrial GDP growth at 3% per annum, world trade at 5% per annum, inflation and real interest at 4%, oil price at US$18/barrel. Capital flow assumptions are broadly that private foreign investment will not fall further, and may even grow at previously established levels, but with only a small number of countries being the major recipients; aid will also be more carefully targetted, with growth at less than established levels; medium-term bank loans will fall to very low levels and remain depressed; short-term financing will follow past trends or be lower. Africa is the least favoured of developing areas in the distribution of these financial flows.

Low

In this case, industrial GDP averages only 2% per annum. World trade grows at 3% with price increases in manufactures (4%) exceeding those of primary commodities (1%). Reduced demand leads to an oil price of US$15/barrel while capital flows will be at even lower levels than is assumed for the Principal scenario.

To analyse the effects on the Zimbabwe economy of the different sets of assumptions, the key aspects to be examined are export prospects and financing of the balance of payments. As regards exports, it is convenient to focus on three major markets, which are roughly correlated with particular commodities:

South Africa (11% of exports in 1984)
Cotton, beverages and tobacco, some steel, cement and chemicals, metal products and a major proportion of manufactured 'final' goods such as clothing, footwear, furniture.

Regional Market (12% of exports in 1984)
Sugar, barley, oil cake, cement, asbestos, coke; a major proportion of capital goods exports; yarns and fibres, soap; coal.

Industrial countries/other markets (77% of exports in 1984)
Major primary commodities (tobacco, cotton, sugar, tea, coffee, meat, gold, asbestos, nickel, copper) and manufactured intermediates (ferro-alloys, iron and steel).

It has previously been argued (Section 4.2) that the mining export projections in the Plan are far too ambitious. Allowing, however, for a different sectoral distribution of export growth than is given in the Plan in relation to the above market segments, the three scenarios may be characterised as follows:

High

Relatively slow growth in southern African market (3.4%) with volumes almost constant, counterbalanced by rapid growth (9.9% per annum) in the PTA/SADCC exports with 7% in the remaining segment, 6% overall.

Principal

4% in the regional market, only 1.8% in South African exports, and 4.3% in the remainder, giving 4% overall.

Low

The regional market severely affected by world economic depression and South Africa's position compounded by escalating labour unrest etc.: zero growth in Southern African exports. Exports to the rest of the world grow at 3% with overall growth (2.5% per annum) falling short of the world trade average (3% per annum).

With exports the driving force of the model, the implications for other macro-economic aggregates over the period 1986-1990 are summarised in Table 1.2[2]. Reduction from 6% per annum to 4% per annum **High** to **Principal** with imports adjusted so that debt overall is no higher, leads to a reduction in GDP growth of 5.1% to 2.5%, private consumption from 4.9% to 1.4% and the employment level at the end of the period from 1,180 to 1,038 thousand. With the same growth in GFCF over the period (5.3%), the same sized capital stock would be available for the period following 1990 but with slightly more capacity available in the **Principal** scenario. For the Low scenario, it is presumed that post-1990 considerations are sacrificed (zero growth in GFCF) in an attempt to sustain consumption and employment in the face of very adverse external conditions. Setting the low levels of growth of consumption projected for the **Principal** scenario as targets (1.4% and 1.0% pa respectively for private and government consumption) leads to a result from the model in which debt is only slightly lower, while the level of employment in 1990 falls below 1 million. Despite zero GFCF growth over the period, there would be considerable excess capacity in 1990.

[illegible] financing projections (Table 14) the Plan assumed a rapid [illegible] of annual net medium-term loans followed by a reduction. [illegible] account is taken of the oil import savings to be made on the **High** [illegible] assumptions, amounting by 1990 to about $124 million, the [illegible] increase required, with a lower foreign investment contribution [illegible] the same level of financing overall, is more modest and may [illegible] be taken as consistent with the other **High** scenario [illegible] assumptions. On the other hand, the assumption of the same debt level [illegible] **High** and **Principal** may be stretching credibility a bit on the [illegible] side, particularly in view of the fact that the **Principal** [illegible] also involves higher interest payments on existing debt, a [illegible] proportion of the non-concessional debt (itself amounting to [illegible] of the total) being affected by variations in interest [illegible] From the debt figures in Section 3.2, this fact alone would [illegible] to increase the deficit by of the order of $10 million for each [illegible] increase in LIBOR. Financing becomes even more problematic in the [illegible] scenario, where debt accumulation up to 95% of the level to be [illegible] in the **High** and **Principal** scenarios has been assumed so that [illegible] other aggregates correspond in Table 1.2. It is not unlikely, [illegible], that if the assumptions of the **Low** scenario were to [illegible] in the world economy, not even the 1.4% GDP growth [illegible] would be achieved due to further cuts having to be made to [illegible] creditor requirements.

[illegible] **Principal** and **Low** figures would correspond to significantly [illegible] real per capita incomes, while the corresponding employment [illegible] would be a cause for considerable concern. With the [illegible] cohort expanding at an average of 180,000 per annum, [illegible] the Plan scenario falls miserably short on that score, creating [illegible] 144,000 jobs over the entire period (29,000 per annum). These [illegible] are discussed further in Section 6.1, where it is argued that [illegible] the patent inadequacies of the **Plan/High** scenarios, growth at [illegible] less verges on being disastrous. This gives rise to the [illegible] to seek an alternative development strategy (Sections [illegible]).

5.3 Sanctions and South African Destabilisation

As with the questions of drought and the world economy, the Plan seems to pay only lip-service to the other menacing threat, South African destabilisation of the region. Without mentioning South Africa, the vulnerable point that is emphasised in the Plan is the question of transport routes: 'Any major transport bottlenecks, inefficiency or disruption of normal trade routes will result in serious disruption of our foreign trade which would destabilise the growth of the economy' [p.7].

On the transport side, a considerable amount of work has already been done in pursuance of the objective of the SATCC of making the SADCC States independent of the South African transport system. With the benefit of hindsight, SATCC should have oriented its work to providing alternative routes on a contingency basis rather than concentrating on economically sound but essentially medium- to long-term projects. Recent efforts to remedy the situation, particularly with respect to accelerating the upgrading of the Beira Corridor system, imply that from an economic viewpoint the immediate termination of trade with South Africa would be far more injurious than simply being forced to use Beira as a transport route for overseas exports and imports. Results from the input-output model suggest that the impact effect in 1987 of a closure of the South African border might be a reduction of investment of 25%, consumption of 22%, national income of 16%, with 160-180 thousand jobs being put at risk (see Table 1.2).

How quickly the economy might recover would depend on many factors, not least being the state of preparedness of both the state and private productive sectors to find new sources of supply and new markets. In Table 1.2, two sets of five-year averages are given for comparison with the Plan and other scenarios. Case (a) assumes the **Principal** growth rates of exports, imports, government consumption, investment and stock accumulation apply in all years except the impact year (1987). This leads to negative growth rates on average over the five years for private consumption, investment, employment and GDP, but lower 1990 debt than the **Principal** scenario. As sanctions against South Africa become more widespread, if Zimbabwe proves itself able to

capture regional and overseas markets previously supplied by South Africa, the 4% pa export growth figure could be a serious underestimate for 1988-1990. In relation to this possibility, the scenario presented may appear unduly pessimistic, but it does at least provide a benchmark against which the importance of an aggressive drive to capture South Africa's markets can all too clearly be seen.

Case (b), while retaining the assumption of 4% export growth in all years except 1987, allows for increased imports, this being reflected in debt accumulation up to a level comparable with the High and Principal scenarios. Increased imports make it possible to retain the target capital formation growth of 5.3% pa, while at the same time ameliorating the reduction in private consumption growth. With these assumptions, employment in 1990 is still calculated to lie below the one million mark, with an apparent loss of 100 thousand jobs in relation to the 1985 base-year figure. Far-reaching measures would have to be implemented to overcome a potential job shrinkage of this magnitude. In this regard, exports are again to be singled out, as an acceleration of export growth over the 4% pa level assumed would serve to expand employment both directly and indirectly, through relieving the foreign-exchange constraint. From a comparison of the figures it would appear that, under sanctions, export promotion should be treated as even more of an imperative than under the most adverse scenario of world economic conditions.

As far as transport routes for overseas trade are concerned, attention has come to be focussed almost exclusively on Beira, Zimbabwe's commitment to this being symbolised by its deployment of troops to guard the rail line, road and pipeline. In principle, both Maputo and Beira are practical alternatives to the South African ports, but the direct rail line to Maputo through Chicualacuala has been kept closed by bandit activity for the past two years. Zimbabwean traffic presently going through Maputo is routed via Komatipoort in South Africa, so that a border closure would effectively cut off Maputo as well as the South African ports. In any event, the Chicualacuala line is considerably longer (524 km) than the Machipanda-Beira line (315 km), which would make upgrading and defence far costlier exercises, and the proximity to the South African border would make security even

more difficult to guarantee than is the case with Beira[3] (see Figure 5.1).

A donors' conference was held in Beira in April 1986 at which an extensive list of projects which had been developed under SATCC auspices was given a priority ranking and a package of approximately US$180 million was decided upon. A significant feature of the overall programme as it is now planned is that several of the specialised handling facilities, together with related services, will be designed, operated and managed by a consortium of business interests (parastatals as well as private companies) drawn from Mozambique, the user SADCC States and a pool of international companies. This development has been welcomed on all sides as the consortium will bring crucial management skills into the system. The scarcity of such skills has been the downfall of so many otherwise well-planned projects in Mozambique in recent years, as officials in Mozambique readily admit. Considerable planning has gone into setting up an institutional structure to facilitate this participation, the objectives being to ensure that the diverse interests of Mozambique in the project are fully safeguarded and that the long-term-security of the transport system is ensured by stimulating the regeneration of all aspects of the economy of central Mozambique (Sofala and Manica provinces)[4].

In 1984 Zimbabwe's trade volumes amounted to over 3 million tonnes, of which overseas trade was about 2 million, the remainder being split between South Africa and the rest of the region (see Table 5.1). These figures exclude petroleum products, which would add a further 0.8 million tonnes. At present, it is thought that overseas trade amounts to 2.2 million tonnes, South African trade adding a further 0.8 million. It is the road and rail links to Beira rather than aspects of the port itself which have been the bottlenecks, but with the completion in May of an emergency repair programme on the railway being carried out by the National Railways of Zimbabwe in conjunction with Caminhos de Ferro de Mocambique, by mid-1987 the system should be capable of handling 2.5 million tonnes (plus petroleum requirements via the pipeline) on a routine basis and could probably be squeezed to cater for a higher volume if absolutely necessary. Admittedly,

special arrangements would have to be made in a contingency situation for the commodities which Beira is not presently equipped to handle, eg grain, which would have been exported in bulk and would have to be bagged. The main part of the Corridor rehabilitation and expansion programme is scheduled to be completed by mid-1989, by which time Beira should have adequate capacity for all of the overseas trade of the sub-region (estimated at 4.2 million tonnes pa, plus another 1 million tonnes of petroleum products) as well as Mozambique's own needs. It will also be fully equipped with specialised handling facilities for high-volume exports and a modern container terminal.

The urgency of the Beira Corridor project has, of course, been heightened by recent political events with respect to South Africa. The underlying rationale for the project is a long-term one, however, in that Beira is the natural outlet to the sea for much of the SADCC region. The objective is to restore Beira at least to the position it held as a viable and important port up to the time when Mozambique closed the border with Rhodesia in 1976. Tariffs and charges will have to be renegotiated as part of the project, but it has been estimated that Zimbabwe alone may be able to save Z$60-80 million pa in transport costs when the system is fully operational, without prejudicing a reasonable return to investors in the consortium and to Mozambique itself for the use of the system[5].

Apart from the question of transport routes, other areas which are receiving attention are the identification and stockpiling of strategic raw materials and spare parts, provision of appropriate financial facilities such as export credit guarantees, trade credits etc. and the identification of new sources for imports currently coming from South Africa and exports currently going to South Africa[6]. While all these measures are intended to cater for a border closure with South Africa, the effectiveness with which such an eventuality could be met does depend on how soon it takes place. From this viewpoint it is important to try to assess the likelihood of the event occurring over different time horizons. The border can be closed by either of the two sides, of course, and it would certainly be easier for the SADCC countries to take a tough and unified stand on sanctions against South Africa if they were better prepared to withstand the

consequences, military as well as economic and political. In the short run, the question is whether South Africa will pre-empt further action by independent Africa by itself closing the border.

South Africa has not shown itself unwilling in recent years to implement measures against neighbouring countries; the cost of destabilisation tactics against the SADCC States over the period 1980-1985 has been calculated at US$10 billion, equivalent to more than one-third of all SADCC exports and greater than all foreign aid received over the period[7]. With the exception of military operations in Angola, the cost to South Africa of most of the actions taken against the SADCC States has been miniscule in comparison. The closure of the Zimbabwe border would represent a departure in that this action would have substantial costs for South Africa in terms of lost transport revenues and lost trade. It is not therefore a decision which South Africa would take lightly, and indeed some action that puts a disproportionate part of the burden on Zimbabwe is likely to be sought as an alternative. However, in the power play that seems now to exist between the political, military and police chiefs, consistency in policy making cannot be assured from the South African State and anything would now seem possible.

Apart from explicit actions that might be taken by South Africa against the Frontline states, the escalating conflict within South Africa itself is already having a significant impact on the Zimbabwe economy. The effect of consumer boycotts within the black townships, compounded by the sharp fall in the Rand when President Botha failed to deliver the conciliatory message expected by the international banking community in August 1985, were already a cause of concern by January 1986. A spokesman for one of the larger Zimbabwe clothing manufacturers, in a report in the Financial Gazette, stated that: 'The volume of our exports to South Africa has been fairly consistent, but fell dramatically over the last year. At the time when the boycott started we thought we might have problems and experienced a reduction in orders in some areas like the Eastern Province. Then cancellation orders came in. The most dramatic plunge in orders has been for our winter range for 1986 where we have had up to 50% drop in orders, although this is not certain yet.... South Africa has been a

traditional market for our clothing industry for a quarter of a century. However, we are now looking at the market very carefully and at the credit ratings of our clients as there are bankruptcies every day' [24 January 1986].

Even if the Plan was not able to cater for a scenario of border closure with South Africa, the tacit assumption of 'business as usual' looks increasingly untenable as time progresses, if only at the minimal level of uncontrolled changes occurring which affect Zimbabwe's penetration of the South African market.

6. GROWTH STRATEGY

6.1 Evaluation of the Plan

It was argued in Section 1 that consumption and employment growth provide a simple, but operationally defensible, means of assessing alternative development strategies within the spectrum of what has been identified as politically feasible. In the Plan itself, aggregate consumption is downplayed, being mentioned only in Table 8 of the Statistical Annex where annual average growth rates of 4.9% for private and 4.2% for public consumption are specified (4.7% overall). In relation to the population growth rate assumed in the Plan of 2.76% pa, this gives a per capita increase of less than 2%; at the more often quoted figure of 3.5% pa for population, the per capita increase would be only 1.2% pa.

This of course says nothing about the distribution of increased aggregate consumption and here the proxy of employment becomes relevant. The Plan estimates that the development path defined by the chosen investment strategy will result in an increase in formal wage employment of 144,000 jobs over the five years, equivalent to an annual average of 2.7%. In addition, 'during the Plan period, 15,000 families with about 100,000 dependants will be resettled each year. Establishment and development of small-scale industries in growth points and rural areas, as well as general encouragement of co-operatives and self-employment schemes will provide additional gainful employment' (p.3).

This is to be compared to the growth in working-age population over 1985-1990 of 4.0% pa [calculated from Table X]. In the face of this, plus the accumulated backlog (255,000 from the last three years alone - p.6), the Plan frankly admits that 'the problem of unemployment is a major national issue and it looms as one of the most socially destabilising problems throughout the Plan period' (p.2). In the Plan's defence, it can at least be said that a credible attempt is being made to work within the existing stringent structural constraints; without the key orientation to 'distribute investment in favour of material production sectors' [see Section 2.2 of the Plan, entitled **Development**

Strategy p.12] performance on all criteria would be lower - annual average growth rates for private consumption of 3.3%, Government consumption of 3.6% (3.4% for total consumption) and employment of 1.5%.

Other than to state that 'the present urbanisation level of 22.0 per cent will have increased to 40.0 per cent and the concentration of urban population in Harare and Bulawayo will have been reduced' (p.21), the Plan does not make explicit its spatial implications. It does, however, lay considerable stress on rural development and decentralisation. Of the six main objectives of the Plan, three are particularly relevant in this regard (p.10):

- Land reform and the efficient utilisation of land.

- Raising the standards of living of the entire population, in particular the peasant population.

- Maintenance of a correct balance between the environment and development.

In Figures 6.1 and 6.2 an attempt has been made to piece together information from the 1982 Census and from the Plan to arrive at a picture of the changing composition of the labour force and the spatial distribution of the population between urban and rural, with communal and commercial (plus resettlement, National Parks etc.) distinguished in the rural case. Although qualified by the many assumptions that had to be made to arrive at the breakdowns given, there are several interesting features to emerge from this exercise:

Figure 6.1:

- unemployment (as defined in the Census 10% sample report) is likely to increase from 200 thousand in 1982 (10.8%) to 400 thousand in 1990 (11.8% of the labour force);

- if the CSO figures for formal employment in 1982 (1 million) can be combined with the Census total of 1.2 million, there would appear to be 200 thousand self-employed or informal-sector income earners; on the same basis, this figure might rise to 300 thousand by 1990;

- taking this into account and removing the resettled peasant farmers from the communal total (75,000 families with an average of 1.4 farmers per family, giving 100 thousand) results in a wage or self-employed (outside of communal farming) total of 1.6 million (47% of the 1990 labour force);

- the number of communal farmers in 1990 then becomes a residual figure of 1.5 million, an increase of 400 thousand since the Census.

Figure 6.2:

- with the Plan's assumptions about total population (9.4 million) and urbanisation (40% at a level where settlements of over 2,500 people are classified as urban), by 1990 the urban population will be 3.75 million;

- this corresponds to an annual average urban growth rate of over 10%, a high but not inconceivable figure, given the experience of other countries; the implications for housing, however, are discussed below;

- relating an estimate of the number employed in rural areas outside of communal areas in 1982 (450 thousand) to the total population in those areas (1.5 million) and using the same dependency ratio for 1990 gives a population of 1.65 million at the end of the Plan period;

- the population of the communal areas then emerges as a residual at 4.0 million, a decrease of 300 thousand persons from the 1982 Census figure; this furthermore implies, when combined with the increased number of farmers, a rapid decline in the dependency ratio in communal areas.

Although in danger of reading too much into the figures given in the Plan, these results would certainly be consistent with the simultaneous achievement of raising the standard of living of the peasant population and of relieving environmental pressure in the communal

areas. Higher per capita income would accrue from more intensive use of labour and a lower dependency ratio. With only 75,000 families being resettled, however, the other specific objective of land reform can hardly be said to be playing a key role in the Plan scenario.

Is it realistic to assume that a declining population in the communal areas can be achieved during the Plan period? The implications of such a strategy for urban growth can best be seen by examining the housing problem. The Plan itself states that the urban housing backlog was 240 thousand units in 1985 (p.33). With the demographic assumptions of Figure 6.2, there would be a requirement for an additional 310 thousand units during the Plan period, or a total of 550 thousand urban houses in all. Despite giving due consideration to this problem (pp.5 and 33), the best the Plan can do is to allocate resources for the building of only 75,000 to 100,000 houses over the period. Not all of these will be urban, but even if this was the case, there would still be a backlog of at least 450 thousand units by 1990. Although Government will take additional measures to encourage house building (p.33, last paragraph), this level of backlog, even under the favourable assumptions of all targets of the Plan being met, is likely to be socially unsustainable. That is to say that the implied decline in communal area population is unlikely to be realised, leaving those areas with their familiar problems - overcrowded, environmentally threatened and offering very low levels of per capita income[1].

In short, the Plan is not destined to redress to any significant extent the existing structure of poverty and inequality in the country. The pressure on incomes, jobs, housing, social infrastructure and the land is immense, making it difficult to find a strategy which ameliorates more than a subset of these problems. With the very real possibility of the Plan's scenario being disrupted and even poorer performance eventuating, it would appear vital for Government to be exploring the possibility of more radical strategies which, over a longer time horizon perhaps than the Five Year Plan, would make the economy less vulnerable to the pressures it now faces and better able to fulfill the needs of the population.

6.2 Industrial Structure

Those who were anticipating that the Independence government would effect sweeping changes in the structure and operation of the economy have been disappointed. It is salutary to reflect, however, on the experience of neighbouring Mozambique, which pursued a socialist order far more aggressively after its Independence in 1975 but soon found itself impoverished by the flight of capital and skills, a legacy of almost no education of its people during the colonial period, and retaliation by the forces of imperialism for having attempted to move out of line. Subsequently, a series of natural disasters and an escalating level of bandit activity (the Nkomati non-aggression pact with South Africa notwithstanding) have totally debilitated the economy. Although having a much stronger and more diversified economy and a population with a much higher level of education, it is not unlikely that a more decisive policy on the part of the new Zimbabwe government, no matter how well conceived, would not have been allowed to succeed.

Gradualist policy is not necessarily just a question of political economy, however. The structure of production itself and the existing inter-sectoral linkages make for a system which in many respects is quite fragile, and policies which did not take account of this and led to significant disruption to output and employment would be hard to justify, no matter what long-run benefits mignt be envisaged. On the other hand, the Plan's attempt to work with and through the existing structure essentially fails to fulfil the primary articulated goals of government to any significant extent.

The question which then obviously arises is whether the structure can be changed so as to create more room for manoeuvre and open up the possibility of widespread development in terms of a high level of employment, high and evenly distributed incomes and widespread and equitable access to social services. At the level of theory and policy debate, two conflicting approaches to structural change can be identified, both of which would claim to lead to the fulfilment of these goals, although the interpretation of them would be rather different (liberal capitalist versus socialist):

- **full integration into the world capitalist system:**

  This would involve making comparative advantage the cardinal principle of trade policy, faster growth being claimed to arise from the multiplier effects of increased export activity, aided by the financing that an export orientation would attract.

- **semi-autarky:**

  In this approach, redistribution of assets and income would alter the pattern of demand and subsequently production to a more indigenous resource-based structure, less dependent on imports and thus less subject to the vagaries of the world economy; though GDP growth might be slower (although the model indicates otherwise), the rate at which primary objectives would be fulfilled would be faster.

While the political economy constraints on strategic choices of this kind are taken up later, in the remainder of this section the structural aspects of the Zimbabwe economy as they relate to these options are considered in some detail. In effect, these are extremes with the Plan's scenario lying somewhere between; it remains to be concluded whether the Plan thereby represents a good compromise or the worst of both worlds.

The first option is essentially the import-liberalisation - manufactured-exports-promotion policy package currently in vogue with the IMF/World Bank. In this connection, the study by Doris Jansen of the manufacturing sector, insisted upon by the World Bank and which supposedly examined the efficiency of Zimbabwean industry and recommended the closure of key installations (like the iron and steel works at Zisco) purportedly on the basis of static comparative advantage, has been entirely discredited. The domestic resource cost methodology used, itself unequal to the useful task that has yet to be performed of examining **dynamic** comparative advantage within a comprehensive framework that incorporates distributional and other objectives, was not even properly applied in the Jansen exercise.

In consequence, despite its stated conclusions the report has been shown to offer 'no support for an overall change of direction in

industrial policy'. Furthermore, the neglect of the reservations made by more sophisticated practitioners of the DRC methodology suggests that the report was in fact a crude attempt to imply 'that there is no alternative but a change in government policy in the direction of trade liberalisation' by presenting an ideological view as a technocratic exercise [Stoneman, 1985 pp.12 and 14; see also Riddell, 1983]. The Bank itself seems to be staging a tactical retreat on this, stating that 'the results of this type of study should be interpreted with caution' and arguing that 'the degree of inefficiency is if anything overstated. In view of the high degree of protection conferred on the sector by the foreign exchange allocation system over the previous 16 years, this is a surprising and important result.' On policy following from this, the paradigmatic line 'it is clear that it would be desirable for Zimbabwe to create a more flexible and less discriminatory system' is followed by the acknowledgement that 'the present extreme foreign exchange shortage makes it difficult to relax controls' [World Bank Memorandum pp.49, 50 and 52].

The iron and steel plant provides an interesting focus for comparing the two strategies, as the one recommends its closure while the other would support government's actual policy which is a Z$400 million investment programme to modernise and diversify the plant.

Although 80-85% of Zisco's output is exported, closure of the plant would certainly have a very significant negative impact on the engineering industries, in the Midlands in particular, as these have been established to further process the output of the iron and steel plant and would probably not make sense with imported raw materials. Under current market conditions, Zisco requires a significant government subsidy to remain in production. The justification is not just the short-run adjustment problems that would arise from closure, but the perception that the engineering and capital goods industries that Zisco has spawned have a significance in terms of the acquisition of skills and the furtherance of creativity and indigenous technological development that is not reflected in the financial figures.

The first strategy, placing exports at central stage, has to contend with the market conditions outlined in Section 5.2, namely poor prospects for the present major exports (mainly agricultural and mineral products) and moderate prospects for manufactured exports. In order to get significant export growth rates overall, manufactured exports have to be projected at very high levels. To these lacklustre export demand prospects, significant constraints to export expansion that arise from the existing productive structure have to be added.

The UNIDO study of the manufacturing sector in Zimbabwe gives a detailed analysis (Chapter 10). The first point to mention is the inadequacy of present plant with respect to exports (see Table 6.1). The proportion of plant that is considered suitable is highest (88%) for the PTA area but that market is severely constrained in terms of the foreign-exchange capacity of the countries involved to import from Zimbabwe. The proportion is reasonably high for the South African market (54%) but that market is fraught with difficulties, and it is only the 30% for the overseas market which must be the major target under an export promotion strategy.

The other major point on which attention is focussed by the study is the domestic orientation of the vast majority of manufacturing firms involved in exporting. 'Most are reluctant to increase substantially their exposure to export markets without a firm domestic base' [p. 263]. In part this is a reflection of a natural reluctance to be involved in a market that is prone to greater uncertainty and volatility and in which there is more competition than is the case with the domestic market. Equally important is the typical situation that domestic prices far exceed those to be obtained from exports, in part because of the high degree of monopolisation in the sector.

Manufacturers therefore only 'look for export markets when additional plant capacity exists and marginal costs are covered. This arises especially when domestic demand falls' [p.260]. While the study provides figures that show that exports rise when output falls, anecdotal information would suggest that manufacturers' behaviour is even more perverse in the very short run, creating a potentially

unstable situation. As the domestic market declines, rather than immediately trying to replace domestic sales in the export market, manufacturers attempt first and foremost to retain their own domestic market share at the expense of their competitors (if any). In losing an opportunity to generate foreign exchange to cover the cost of imported inputs, this reaction contributes to the overall shortage of funds for imports and so to the general decline in the domestic economy. Only when this is seen to be persisting, do manufacturers explore export possibilities and begin to reverse the trend.

Behaviour is also perverse from a national viewpoint when output expands in that 'the nearer a firm is working to its full capacity target, the lower will be the incentive to export' [p.265]. In these conditions, the cost of imported inputs will be reaching a peak just when the contribution to foreign-exchange earnings from the manufacturing sector is actually falling. From a planning perspective, the relatively high export ratios that are observed in times of recession should not be used to project export levels at higher utilisation of capacity, unless the export incentive schemes are set at a sufficiently high level to offset this tendency. To make the export promotion strategy work, therefore, it seems that domestic demand has to be kept in check, with negative consequences in terms of household consumption levels.

The export promotion strategy would also have to place emphasis on wage control, in order to guarantee the competitiveness of prices of goods for export. Wage restraint would not necessarily increase employment, however, again for structural reasons[2]: in Zimbabwe labour-capital substitutability would appear to be low because it is not part of a smooth neo-classical trade-off but is technologically defined. The choice of technology in turn is often made from a very restricted list of options due to lack of access to information, ties to suppliers in high labour cost countries, financing through commodity import programmes or other forms of tied aid, or, significantly, the requirement that the product meet some internationally defined standards in order to be suitable for export.

Whereas the imperative in export promotion is to restrict the size of the labour force and keep down the level of wages in order to remain

competitive, in a domestically oriented strategy increased labour costs, while squeezing margins in the shortrun, in aggregate do mean higher domestic demand. Raising wages in this context can therefore result, through multiplier effects, in higher employment overall[3].

If the degree to which the objectives of increased consumption and employment can be increased by raising the **level** of demand, it will also be necessary to bring about a change in its **structure**, particularly with respect to total import content. As regards direct import content, the scope is rather limited with direct imports for private consumption, for example, being only 4%. This could be reduced somewhat further by eliminating luxury goods altogether, but the composition of direct imports for private consumption already largely comprises necessities such as medical supplies. When it comes to altering the indirect import contribution, it would appear that the overall import level is rather insensitive to changes in demand structure in the short run, be these due to changes in the sectoral shares of consumption, exports, or even investment. It is only when the changed composition of demand leads to the adoption of new technologies and productive processes (ie, in terms of the input-output model, a change in the A matrix) that a significant change will take place.

Of course traditional import substitution (equivalent in the table to decreasing the share of imported inputs to production) or an improvement in productivity (higher value-added share per unit of total value of output) would also have a marked effect on the level of imports needed to sustain production, but what is not always obvious in traditional import substitution or efficiency improvements in the modern sector is the high level of investment, predominantly in foreign exchange, frequently needed to bring these changes about. What is being envisaged here in talking of the implications of a changed structure of demand is, through effecting a significant asset and income redistribution, to make effective a pattern of domestic demand with a much lower import content, and one which, furthermore, typically would not require sophisticated machinery for its production. Only through a profound reorientation of the demand-productive system, can the import constraint on economic growth

be overcome. Fortunately, it should be possible to do this in a way which is entirely consistent with government's objectives, so there should be no fundamental conflict with which to contend. An attempt is made in the next two sections to flesh out this approach into a more detailed strategy that can be compared and contrasted with the Plan's scenario.

6.3 An Alternative Strategy

The literature on possible development strategies for underdeveloped countries must be one of the world's fastest growing industries. While the academic part of the debate is concerned both with placing the situation of the underdeveloped world in its proper politico-historic context and with the finer points of the economic side of contrasting views, much of the running is made by the multilateral agencies and private corporations and banks whose views inform the politicians of the industrialised countries. For governments in the Third World, themselves a manifestation of the complex interplay of domestic class struggles with the outside pressures exerted by donors, investors, and expatriate contractees, 'strategy' tends to become subsumed in the immediate battle to remain on top of pressing problems. If the academic contribution to policy making is not to remain an ivory-towered exercise in intellectual purity, the real conditions in which policy has to be made and executed must be incorporated into the prescriptions that are offered.

In that spirit, what is laid out here is not a profound departure from current economic policy in Zimbabwe, but rather a shift of emphasis. It is presented as an 'alternative' strategy to highlight and dramatise the shift which, although not sweeping, is feasible and potentially extremely rewarding within a reasonable time period. It is in fact a strategy with a limited life span, a period of bringing the benefits of the exchange economy to the mass of the population, while consolidating and refining the existing modern sector and at the same time minimising the effects of economic destabilisation against the Frontline States by South Africa that are likely to occur contemporaneously. It provides a constructive breathing space in which to prepare, in terms of political mobilisation, the acquisition

of technical skills and experience and a thorough-going national planning effort, for a phase of much more profound structural change in the economy, at which time the emphasis will switch to both heavy and light industry for the greatly expanded domestic market and carefully investigated export markets.

The strategy for the immediate phase is labelled 'semi-autarkic' to emphasise that the key element is the management of the economy's links with the outside world. By the same token, policies in the area of trade and financing cannot themselves constitute a strategy to achieve overall socio-economic development goals; policies in other areas must be formulated to complement the external sector orientation, taking cognisance of political as well as economic risk factors.

The strategy itself is derived from the discussion presented in the earlier sections of this paper. The line of argument followed may be summarised and expanded upon as follows. Starting from the binding constraint of the structural import-dependence of the economy, and rejecting export promotion as a solution (on political and philosophical grounds as well as economic infeasibility in the particular circumstances of Zimbabwe) the remaining option is to attack the import-dependence directly. While straightforward import substitution has a place in this, a more profound transformation of the structure of the economy would follow from altering the structure of demand, particularly the largest component, private consumption, and the most import-intensive component, investment, in favour of more domestically oriented production. In practice this means effecting the following measures, both of which imply strong backward linkages within the economy:

- a redistribution of income so that demand expansion will be predominantly in favour of relatively unsophisticated mass consumption goods, entailing a very high proportion of domestic content in their manufacture;

- a redistribution of basic productive assets (principally land - this is expanded upon in the next section) so that the

mass of the population which cannot be absorbed into the employment structure of the formal economy can be given a means of livelihood, the investment requirements of which would in turn be served by domestic industry.

This strategy is **semi**-autarkic because it does not eschew links with the outside world and would continue to require considerable efforts to be made to maintain and increase exports. It is, however, autarkic in respect of being more inward-looking, expanding the relative position of the domestic market vis-a-vis exports in such a way as to minimise imports. It requires a reorientation from the implicit race to 'catch up' in industrialisation, a race in which, with the gap ever widening particularly in the crucial area of technology, Zimbabwe can hardly be given even an outsider's chance in present circumstances[4]. An alternative **style** of development has to be found which involves the mass of the people in a much more meaningful way and addresses directly questions of employment, basic needs etc[5].

This alternative style must arise in part from the implied delinking from the international capitalist system in all its institutional manifestations. It will also be determined by the fact that in the first instance the strategy has to lay emphasis on agriculture and rural development in order to reach the mass of the population which has hitherto been subjected to the ravages of uneven development, being permitted access to the high productivity sectors of the economy only as workers with scant political rights. In the colonial economy the reproduction of the workforce was subordinated to the rural subsistence sub-economy, thereby keeping the cost of labour to a minimum. If Independence is not to perpetuate colonial economic relationships, meaningful development must be achieved as a matter of priority in the communal areas.

This implies not only increasing the income-generation potential of communal households, but dramatically improving their access to goods and services (both from the public sector, such as health and education, and the private sector such as bus services, goods transport and rural stores well stocked with a wide range of consumer and producer goods at reasonable prices). In Section 3 of the Plan, evidence is

presented to show that a policy orientation to the communal areas has been put into effect since Independence: much has indeed been achieved in improvements to infrastructure and services (roads, wells and boreholes, dams, schools, clinics, agricultural extension services, rural marketing depots for crops etc.). As will be illustrated by the example below, however, in relation to what might have been achieved, the Government's commitment seems ambiguous and half-hearted and that is where the question of **emphasis** in overall strategy arises.

To make a real impact on the inherited structure of inequality, resources have to be consistently channelled into the communal areas, while the reality is one of 'leakages' into prestige projects, maintenance of excessively high standards in facilities used by the middle classes[6], and unquestioning across the board acceptance of technological choice and product definition made by the multinational corporations operating in the modern sector[7]. While the present system has substantial opportunity costs for overall development objectives, the alternative style of development would bring linkage effects into play, raising industrial demand for mass consumption goods and capital and intermediate good inputs needed for rural development, thereby having a beneficial effect on employment and economic activity in the industrial sector. This would of course require a shift of emphasis within that sector, but this shift would, as already argued, also have positive externalities in terms of lowering the average import-dependence of production and having stronger linkage effects with the domestic economy on the input side.

As an example of Government's less than complete commitment to communal area development, **milk** provides an interesting case study, both in respect of peasant sector production and the consumption of dairy products within the communal areas:

Peasant sector production of milk:

Two major donor projects in the dairy sector (EEC milk powder-butterfat supply and Norwegian bulk milk tanks) have generated counterpart funds in local currency earmarked for expanding peasant sector involvement in dairying. An inability, or perhaps unwillingness, on the part of the Ministry of Agriculture to decide on which agency should have institutional responsibility for administering these funds and executing peasant sector dairy projects, has resulted in an almost total lack of action in this sphere, the counterpart funds themselves languishing unused in bank accounts. While due cognisance needs to be taken of the negative lessons of the well-known Operation Flood scheme in India and similar projects elsewhere in the world, preliminary work by the Dairy Marketing Board (DMB) indicates that there would be considerable income potential in carefully formulated small-scale dairy projects in Zimbabwe, together with a range of ancillary developmental benefits[8]. The opportunity cost for communal area development of the Government's failure in this respect is, therefore, considerable and is quite inexcusable in terms of its articulated objectives[9].

Rural consumption of dairy products:

Prior to Independence, Government agricultural parastatals existed primarily to serve the interests of producers on the one hand, and high income (white) consumers on the other. Tensions between these two interests did sometimes lead to changes taking place; in the case of the DMB, desired increase in production by dairy farmers and a statutory requirement that DMB purchase all raw milk offered to it led to DMB extending its system of urban depots and door-to-door sales from the white suburbs (now the 'low density' urban areas) to the townships (now called the 'high density' urban areas). This only occurred in 1978 and proved commercially very successful as it resulted in a rapid increase in the consumption of dairy products.

The next frontier in the distribution of dairy products is clearly the communal areas. While official Government policy is

for parastatals to ensure equitable access throughout the country to the products they market, in practice Government has failed to allocate the resources needed for the DMB to reorient its distribution system and has not countenanced its reducing the level of service or product diversity available in urban areas to allow a greater concentration on the rural areas. Haphazard rural marketing has been forced on the DMB when long delayed adjustments in key prices controlled by Government have resulted in sudden surpluses of milk in the urban market, which have had to be disposed of in the rural areas. In public pronouncements, this has been rationalised as the implementation of the Government's new policy of extending distribution to areas previously deprived of dairy products. Far from being encouraged to develop a coherent strategy for rural marketing, Government's undiscriminating attitude about the factors underlying the DMB's operating deficit and its insistence on a general reduction in DMB's subsidy requirement, result in practice in a strong disincentive for the DMB to shift from the role it inherited at Independence. A tangible demonstration of the Government's lack of priority towards the rural marketing of dairy products is its failure to allocate sufficient foreign exchange for packaging. The effects of this in the first quarter of 1987 are a general reduction in the availability of dairy products, but hardest hit is one of the main products targeted to the rural areas (Sterimilk), with the purpose-built Chipinge Sterimilk plant being shut down.

Despite their being relatively deprived economically, research has indicated a strong demand for DMB products in the rural areas[10]. Given that some private sector firms have succeeded in establishing a widespread rural distribution network, Government's failure to respond to this demand must be seen as a lack of commitment to its articulated objectives with respect to the communal areas[11]. Although there is some controversy about the nutritional value of dairy products in relation to price for a poor household, the fact that little milk is available in rural stores while sales of a competitive beverage of very dubious

social value (Coca Cola) are widespread, is a vivid illustration of the style of development Zimbabwe is actually pursuing.

While commercial expansion in the rural areas would bring direct benefits to urban industry, this pattern of consumption growth could only be sustained by significant development of peasant agriculture and of small-scale rural industry (mainly, but not exclusively, linked to agriculture either on the input side or in the processing of agricultural products). It is important to stress that the emphasis in the alternative strategy on agriculture and rural development rather than industry, which is conventionally treated as the sector to be emphasised to achieve rapid and sustained development, should not be taken as a denial that, in the broad sweep of economic history, it is the exploitation of new technologies through industrialisation that has provided the engine of growth. Relatively speaking, Zimbabwe already has a very significant industrial base, ranging from an integrated iron and steel plant to a wide range of intermediate and final goods industries. It is not being suggested that Zimbabwe should isolate itself from further exploitation of the benefits of industrialisation, but rather that at this particular juncture the country should not overexpose itself by an emphasis on industrialisation to the exclusion of other sectors, which would then necessarily imply a strong export-orientation, given that in the next 5-10 years at least the southern African situation threatens disruption (to trade in particular), world economic prospects are bleak, and domestic technological and organisational capacity is relatively weak and underdeveloped. A final consideration, which relates directly to the nation's socio-economic goals, is that such a strategy would do little in the short run to create employment or alleviate economic conditions for the mass of the population.

The 'semi-autarkic' approach is an attempt to kill several birds with one stone - to improve immediate performance on key national objectives, while providing a period in which coordinated preparations can be made to exploit the potential of further industrial development and manufactured exports in a planned sequence at a later stage, by which time lower import-dependence and a wider domestic market will be a useful base and political stability might have been achieved in the region through the liberation of South Africa.

The strategy proposed is in the tradition of what Samir Amin calls 'self-directed' development, wherein 'external relations are subjected to the logic and imperative of internal accumulation'. This he contrasts to the conventional 'extroverted' strategy, in which 'external relations almost wholly determine the pace and nature of internal accumulation, (Amin, 1983, p.1)[12]. Amin points out that while 'growth whose benefits are chiefly earmarked for a minority is not only possible on the basis of extroverted development but actually calls for such development', the delinking which is a necessary but insufficient condition for self-directed development 'will be impossible if it does not command popular support (that is if the benefits accruing from the increase in productivity are not immediately shared by the broad mass of the people)' [p.3]. Self-directed development, in short, 'puts an end to the priority growth of the middle classes' [p.14] and is 'synonymous with national and popular development' [p.3].

Whether the semi-autarkic strategy put forward for Zimbabwe, if broadly adopted, would lead in this direction, would to a large extent depend on concomitant political developments. Improvement of economic conditions at the grassroots would lay the basis for mass politics to become a reality but its expression would depend on the reaction of the leadership and on outside political and military events. At the end of Japanese colonialism, land redistribution, widespread education, and a widening of economic opportunities took place in both North and South Korea, but these phases of development became the precursor to the quite different social and political systems that finally emerged. One common feature that can be pointed to, however, is that the significant industrialisation that has taken place on both sides of the 38th parallel, associated with very rapid average rates of growth, was firmly based on earlier phases when the economy was opened to the mass of the people and technical and organisational skills developed.

6.4 Quantification of the Alternative Strategy

At a general level, the broad lines of the semi-autarkic strategy appear to be consistent, but it is desirable that a detailed, quantitative elaboration of the strategy be presented so that it can be compared directly with the scenario of the Plan. Unfortunately there are serious difficulties in attempting to do this. Despite its shortcomings, it was possible to justify using the 6-sector Zimconsult model to examine the consistency of the Five Year Plan. As it was a case largely of continuing trends, the risks of using a model based mainly on data from a single year were deemed to be acceptable. When it comes to trying to quantify a scenario where structural change is taking place, the shortcomings of the model become more critical. This is particularly the case where the semi-autarkic strategy is concerned, because the focus there is on the regeneration of the communal areas where the majority of the population lives. Due to the colonial legacy, data on these areas are scant although this situation is improving rapidly as a result of the efforts made since Independence. As the model presently stands, however, having a single sector for agriculture that embraces communal and resettlement as well as large-scale state and commercial farming is highly unsatisfactory.

Nonetheless, even without including the communal farmers under agricultural employment, the figures for the cost per job and value-added per unit of material input and more importantly of imported inputs (measured as indirect as well as direct) give a clear a priori rationale for emphasising agriculture in a strategy aimed at spreading development across the population as fast as possible (see Table 6.2). The cost of making employment more viable in the communal areas will be lower than that calculated in the table, as will be the proportional uses of material inputs, particularly imported inputs. The import content of investment in agriculture in general, and communal agriculture in particular, will also tend to lower overall import levels to satisfy investment demand. The results for a rural strategy would therefore be expected to be considerably better than for the model runs which emphasise 'agriculture' described below.

The basis for the favourable ratios in the table is, of course, the fact that agriculture is based on a natural resource - the land - which has a zero import content and a relatively modest initial cost of turning it into a productive asset (clearing and stumping, fencing etc.). At a higher level of sophistication such as the installation of irrigation, this investment picture does change, both in terms of overall and foreign-exchange investment and recurrent costs. The choice of technology for the rural strategy should be guided by the principle that linkages to the existing capital goods sector, which is already well-placed to supply the inputs required, and to easily achieved expansion of the sector, should be maximised[13]. Costs would also depend on the political means by which change is effected: the proposal in the Kadhani-Green paper to bring un- and underutilised commercial farm land into productive use, is a promising one because such a 'market oriented' approach to land reform would be less likely to provoke an economically destructive reaction from the existing commercial farmers in particular and the established bourgeoisie in general, but it would not be a cheap one to implement[14].

Accepting that the detailed information needed to explore these technological questions is not available, and acknowledging the limitations of the input-output model noted above, it is still possible to generate some results which are suggestive, if not definitive (see Table 1.2). While the table shows the differences between the runs of the model, it should be emphasised that they are based on some features which remain the same, namely the technological coefficients, the degree to which final demand is directly met by imports, and the growth rate of fixed investment and stocks. This last point leads to a situation in which each set of options has the same overall level of capital stock in 1990, this being used as a crude way of assuring that the performance over the 1985-1990 period is not improved at the expense of post-Plan prospects. This is really only a proxy as the composition of the final capital stock, the capacity to export in the period after 1990 etc. would be crucial factors to consider in a more detailed analysis of strategic options. Immediate post-Plan growth would be determined by the degree of surplus capacity and it is for this reason that a capacity utilisation indicator is included in the penultimate column of the table.

With the above assumptions, the alternative strategy emphasising agriculture, final goods and services in consumption with investment priorities following from this, performs better than the Plan for each of the three scenarios of the study: **High**, **Principal** and **Low** (see Section 5.2 for an explanation of the assumptions). In all three cases, the more productive use of imports made possible by the reorientation of consumption and investment results in higher growth of private and public consumption and of employment than is the case in the conventional scenarios based on the strategy encapsulated in the Plan.

How realistic is it to make the crucial assumption that the composition of consumption and, with a lag, investment can be changed? Again it is difficult to give a precise and definitive answer to this question, but Table 6.3 reveals that the demographic pattern of development will alone be a significant determinant of the overall growth of imports for consumption. The first section of the table gives estimates of the population, per capita and total consumption and imports for private consumption in 1985 of three main demographic groups - the urban high density areas and low density areas and the rural areas[15]. The remaining sections give three spatial-cum-income distribution scenarios for 1990 based on the common Plan figures of 2.76% pa growth in total population and 4.84% pa growth in total private consumption. For ease of comparison, it is further assumed that the HDA and LDA per capita expenditure figures are the same in 1990 as they were in 1985 ($675 and $4,934 pa respectively); the average rural per capita income then reflects the differing demographic assumptions. Imports for consumption of the three groups (direct and indirect) are calculated on the basis of the assumed import content figures given in each case.

- **Plan Scenario**
  in which rapid urbanisation takes place, reaching 40% in 1990; it was concluded previously (in connection with Figure 6.2) that this assumption is highly unrealistic, but it provides an interesting reference point for comparative purposes. Required growth of imports for private consumption: 5.4% pa.

- More Likely Plan Outcome

If the macro-economic aspects of the Plan remain accurate, a more likely outcome in spatial development terms is an urbanisation proportion of 30%. Required growth of imports for private consumption is then reduced to 4.6% pa.

- Rural-focussed Strategy

Here it is assumed, for the sake of discussion, that the urban-rural proportions remain the same as they were in 1985, while the import content of per capita consumption declines by 3.3% pa in the urban areas and increases by 6.2% pa in the rural areas. The import content figures are a proxy for the changed style and rural orientation of development, implying somewhat less sophisticated goods in the urban areas than the other scenarios, but a greater range and higher quality of goods in the rural areas. Required growth of imports for private consumption is then only 2.04% pa, the same rate as the national average increase in per capita consumption.

Apart from illustrating the point that changes of import content of consumption may not be as infeasible as the aggregate figures might have suggested, the income distribution profile encapsulated in the table provides a quantification of the basic argument in favour of a rural-income redistributive strategy at this stage. Per capita expenditure differs by a factor of 2.57 between rural and HDA, 18.76 between rural and LDA and 7.31 between HDA and LDA. It is to be noted that the rural figure in principle includes 'consumption of own production in the communal lands', the first item in the CSO tabulation of private consumption expenditure, although that figure may well be underestimated. The effect of making rural per capita income a balancing factor in the calculations is a small reduction (0.7% pa) in the Plan scenario, an increase of 3.6% in the second scenario and of 5.3% pa in the rural scenario. Given the starting situation, a relatively rapid growth of per capita income affecting 74% of the total population would appear to be possible without reducing urban per capita income or introducing substantial policy changes which would have to discounted on the grounds of political feasibility. The development spin-offs of a substantial widening of economic involve-

ment would go far beyond the gains reflected in an improvement in income distribution statistics[16].

With respect to the earlier figures derived from the input-output model, it has to be emphasised that the fact that no change in the shares in final demand (to increase domestic to import ratios) or the technology of production (in favour of domestically-oriented production over imports) has been included, has really left out precisely the sources from which the major gains are expected to arise from the alternative strategy. If the data permitted informed judgements to be made about these, the superiority of the alternative strategy would be far more marked than is the case in the figures presented. The gains from the structure of production shifting to accommodate the changed pattern of demand and employing a level of technology with a lower investment and recurrent import content, would anyway take some time to materialise. If the alternative strategy were to be implemented now, it is unlikely that the structural changes would have much impact at the macro-economic level until 1990 so that it is in the next Five Year Plan period that the benefits would really become evident.

How long the phase of rural development-oriented 'semi-autarkic' strategy should last, is an important question, to a large extent empirical in nature, warranting detailed investigation. For a start, the success of such a strategy would depend critically on being able to mobilise suitable people in sufficient numbers to execute it. While organisation and training can assist to an important degree, effectiveness at the grassroots in a rural development programme seems to depend on personal temperament and sensitivity to the subtleties of the situations encountered. Inevitably, these aspects make it difficult to plan for a rigid timetable of implementation in the same way one might for the opening-up of a new series of mineral deposits, for example. While in terms of time this might be a disadvantage, there would be substantial learning and political involvement advantages in the nature of the programme, one objective being that the mass of the people gradually come to make for themselves key decisions affecting the structure of their lives. Not only does the strategy seek to spread economic resources more evenly, but political resources too.

Zimbabwe is a society in which democratic forms were systematically denied during the colonial period and the opportunity for people to gain the experience required to take command at local levels and participate meaningfully at the national level, needs to be given[17].

The direct financial costs of implementing an integrated rural development strategy throughout the communal areas would undoubtedly be very high.[18] It is not being proposed that all other activities should be totally subordinated to that objective as, apart from very real absorptive capacity constraints, other targets already identified, such as export promotion, have to be supported simultaneously for the overall strategy to make sense. The pace and duration of the strategy will therefore be determined by the actual historical conditions that unfold, but it is unlikely that the broad objectives will be obtained in less than 10 years. In the second half of that period, the next phase of economic development, aimed at significant widening and deepening of the industrial sector, should be initiated on a planned basis, while the political thrust towards a thoroughgoing democratisation of the society should be continued, but concentrated in this phase on the urban workers.

As the details of the Government's investment programme are yet to be released (Vol. 2 of the Plan), the actual division of resources between the urban/modern and rural/underdeveloped sectors cannot be specified precisely. It is worth reiterating, however, that the proposal here is for a change of emphasis rather than a dramatically different strategy. While Government does have an orientation to the rural economy, there is a gap between rhetoric and the reality of policy implementation, many aspects of which could be filled without necessitating the diversion of additional resources. By Government committing itself unequivocally to its populist orientation to improve economic conditions for the masses, the complementary benefits from a concerted policy stance would far outweigh the sometimes contradictory effects of the current more ambiguous position.

7. SUMMARY AND CONCLUSIONS

In this paper, the main structural feature of the economy which has been focussed upon is its dependence on imports of intermediate and capital goods. With very little scope to increase foreign-exchange availability for imports other than through export expansion, and with limited prospects for Zimbabwe's exports, plus the likelihood that trade will be disrupted as the crisis in South Africa intensifies, prospects for the economy over the five year period 1985-1990 are rather bleak. Significantly, the Five Year Plan's target growth rates of GDP, consumption and employment consistent with its optimistic assumption of a 7% pa growth rate of exports and no droughts or external disruptions, are really very modest. Growth rates that are much higher would be needed for Government to make substantial progress towards its ultimate socio-economic goals.

The question that arises in response to the Plan is whether an alternative strategy can be devised which is feasible both politically and economically and which makes a greater contribution to the fulfilment of national goals, while not prejudicing post-Plan prospects, and is also less in danger of being thrown off course by exogenous factors. More specifically, the challenge is to find a way of overcoming more comprehensively the nexus of problems associated with Zimbabwe's rapidly growing population, particularly employment, housing, social services, and the provision of basic foodstuffs, while creating a situation in which the country is less vulnerable to outside pressures and influences.

In the alternative 'semi-autarkic' strategy presented in the paper, the main economic elements are a redistribution of income and assets which would contribute directly and decisively towards the ultimate objectives, while also relieving the macro-economic constraints through making both consumption and investment less import-intensive. This strategy would be a precursor to a period of intensified industrialisation, this later phase being based on a wider domestic market, a sounder technological base, and less problematic conditions within the Southern African region.

The key to the strategy would lie in a significant redistribution of land and the adoption of a style of development emphasising appropriate mass consumption goods and associated technologies. The trend since Independence has, if anything, been in the opposite direction towards goods with a high profile internationally and prestige projects. With the accelerating expansion of the middle class of industrialists, bureaucrats and intellectuals, the likelihood of society remaining open to alternative paths is becoming more remote.

The inertia of socio-political systems can be overcome, however, in times of crisis with significant results in terms of changed economic structures. The important phase of import-substituting industrialisation which took place in a Rhodesia subjected to international sanctions was the product of the sense of purpose and determination arising from the cohesiveness of those with political and economic power at that time. With the emerging confrontation with South Africa, another historical moment may be approaching when the country could be unified and galvanised into making a proper start on the building of socialism. 'This is economic war - prepare for it', Prime Minister Mugabe said in a press conference on 8 August 1986: is that the start of a new epoch for Zimbabwe?

NOTES

SECTION 1

1 Moyo(1986) argues that the land question as viewed by the peasantry, ie the redistribution of arable land with reliable rainfall, remains totally unresolved six years after Independence. He suggests, however, that the emerging crisis will come to restore the land question to its proper place on the political agenda.

2 Since this was written, the seminal volume edited by Mandaza (1986) has been published; Mandaza's introduction, in particular, refers. Dealing with the same issues, Davies (1987) is even more recent.

3 A more Machiavellian account is given in Stoneman (1985).

4 The Cairns - Dalgethy saga is particularly interesting; see Riddell (1984).

5 The example of Mozambique, especially after the signing of the Nkomati accord, would seem to support this.

6 See Mandaza (1986), particularly again the chapter by Moyo.

7 With the racial change in the composition of classes, some beneficial effects for income distribution do accrue through extended family support mechanisms.

8 It would be desirable to include health, schooling and other social indicators, but the use of these as measures poses rather tricky problems. For the purposes of this paper, crude proxies will suffice.

9 Zimconsult paper on the 'Viability of the Beira Corridor'.

10 Clarke (1980).

11 Riddell (1984).

12 There is some optimism about this situation changing, however. In recent quota periods, Zimbabwe has issued import allocations

tied to PTA sourcing and this is expected to result in increased PTA exports as well as imports. Recommendations from a study of the underutilisation of the clearing house are also expected to lead to an expansion of PTA trade.

13 The most recent comprehensive study of the interplay between SADCC and PTA is the Michelsen Institute report, dated January 1987.

14 SADCC members themselves are deeply divided in their ideological position on South Africa, Malawi being a particular focus of attention in this regard in recent months.

15 While the Government talks of regionalism, it is actually engaged in dismantling regional institutions, eg CAPCO, the Central African Power Corporation which, against all odds, survived the animosity between Zambia and Rhodesia during the UDI era.

SECTION 2

1 Girdlestone (1982) Table 3.8, World Bank (1985) Table 1.19 and the Plan Table III.

2 The Eurodollar market was also tapped in the late 1970s, eg for the Hwange Project.

3 This is discussed further in Sections 3.2, 5.2 and 6.3 below.

4 The assistance of officials from the Reserve Bank and the Central Statistics Office in attempting to resolve these differences is gratefully acknowledged.

5 A unit has been set up within the Ministry of Finance inter alia to try to detect transfer pricing and take appropriate measures to reverse it.

6 Examples here would include details of the revenue deriving from tourist and business visitors to Zimbabwe and of the composition of service exports and imports. Although not directly derivable from the balance of payments data, the lack of information on the costs of using South African trade routes is perturbing in the context of trying to establish the parameters

within which the costs of securing alternative routes by upgrading and defending Mozambique road, rail and port facilities could be properly assessed and the tariffs for the use of those routes after upgrading could be negotiated. See footnote 9 below.

7 For more details, see Riddell (1984) p.15 and Green (1985) p.31.

8 Although officially sanctioned, the 'leakages' associated with prestige items such as the overseas services of Air Zimbabwe ($9 million per annum according to the National Transport Study) and the maintenance of a network of embassies and foreign delegations (that now cost over $30 million per year) warrant being reviewed.

9 From a small base, there would appear to be considerable scope to increase receipts from tourism and from service exports of all kinds. On the transport side, cost savings should arise from the development of the Mozambique routes - see Section 5.3 for comments on potential savings (estimated to be of the order of $80 million pa) after the rehabilitation of Beira.

10 When the Reserve Bank and CSO presentations of the capital account are put on the same basis, there are considerable differences in most years since 1978. The Reserve Bank was asked to provide an explanation and resolution of this, but has yet to find the opportunity to do so.

11 For example, the direct equity investment item for 1981 is recorded as 5.9 CR and 3.3 DR while Riddell (Table 7) gives 7.0 CR and 21.5 DR for the same item.

12 Manungo (1986) gives details of Zimbabwe's exchange-rate policy and of the implications of the current trade-weighted formula as opposed, for example, to the settlement-weighted index used between 1980 and 1982. He shows that the currency composition of Zimbabwe's foreign debt largely does not correspond with the currency composition of imports and exports. Taking into account the balance of payments as a whole he concludes that 'Zimbabwe cannot by its own choice of exchange rate regime completely avoid being affected by exchange rate volatility among the major currencies' [p.101].

SECTION 3

1 The World Bank emphasises that at around 10% of GDP since Independence 'the deficit of the central government is now the overriding issue in short-run economic management' [Memorandum, p. 58]. The Plan acknowledges that 'one of the main tasks of Government during the Plan period is to reduce the gap that exists between Government expenditure and revenue' [Plan p.42] and sets a target to reduce the deficit to 6.2 % of GDP by 1990. In the 1986 budget, however, the deficit has been increased to over $1 billion, which according to the Minister corresponds to about 11.8% of GDP, about twice the figure the Bank would like to see in the short run.

2 The most visible response of the Reserve Bank and Ministry of Finance to the emerging crisis in 1987 has been the contracting of further commercial bank loans worth Z$184 million to support an expansion of the Export Revolving Fund facility (see Section 4.3) [Herald, 2 April 1987, p.1].

3 For example, the acquisition by Portland Holdings of Bulawayo of the shares of Pretoria Portland Cement in United Cement, turning United into a wholly-owned subsidiary of Porthold.

While South African capital is a special case, an interesting general feature of the UDI period was the 'pseudo-localisation' that took place through enforced Rhodesianisation of management of the branches of multinationals and the reinvestment of profits which would otherwise have been repatriated. In the absence of the resources needed to take direct control of these enterprises, the independence Government could do worse than to foster this pseudo-localisation. Such a policy would be unlikely to encourage new investors, but if it is argued that little new investment will be forthcoming anyway, it would be better to have existing foreign-owned companies working as far as possible in the national interest.

4 From observation of the Industrial Development Corporation and of enterprises with a new Government stake outside of IDC, this would not appear to be the case in public acquisitions in

Zimbabwe at the present time. This view is corroborated by the reports of appalling conditions produced so far by the committee under Justice Smith to investigate the parastatals (on Air Zimbabwe and ZISCO).

5 In practice, much of the marketing continues to be done through established channels, throwing doubt on whether the purpose for which the corporation was set up is presently being fulfilled. The mechanism is at least in place, and as the corporation gains in experience it is to be hoped that it will increasingly take the lead.

6 The Hwange project again provides a good example.

7 It is only with the reduction in the price of oil that the Plan's financing can be accepted as being consistent with **High** scenario assumptions - see Section 5.2.

SECTION 4

1 The Plan's figures assume a continuation of the oil price at 1985 levels. Taking account of lower oil prices, as well as some other updates to the data used in the model, allows the **High** scenario figures given in Table 1.2 to attain the same levels of consumption, employment, investment and debt as the Plan, but with a lower export growth of 6%.

2 Plan pp.16-18, World Bank Memorandum pp.30-33, UNIDO Report, (1985) Chapter 10.

3 The World Bank Memorandum (Table 3.4) has growth of **Machinery and Transport Equipment** 11.3% pa, while the Plan (Table 10) has **Capital Goods** growing at 5.2% pa.

4 Calculated from the Plan Tables V, VI and VII.

5 This is rather small in relation to the figure given in Table 4.14 for total import content of exports ($391.4 million for 1984 in 1985 prices).

6 Although threatened with losing all access to foreign exchange if companies use part of the revolving fund currency on

inputs for the domestic market, it is clear that this has been happening to some extent.

7 CZI Export Directory 1986, p.23.

8 A study has been carried out by Government into the effectiveness of the Export Revolving Fund, evidently with positive conclusions. As mentioned in note 2 of Section 3, commercial bank loans were signed on 1 April 1987, expanding the facility by Z$184 million. The Minister of Finance announced at the time that negotiations had reached an advanced stage with other commercial banks and the World Bank for further increases in resources for the Export Revolving Fund.

9 The bill to create the STC was gazetted on 26 September 1986.

10 From an export volume index of 64.0 in 1966 directly after the imposition of sanctions, the highest level attained has been in 1974 (114.7). Since 1980 (index = 100), export volumes declined in 1981 and 1982 and have made only a hesitant recovery since then (see Table 2.8).

11 Writing at a point where the exchange rate was clearly moving against exporters, Girdlestone finds little to be impressed by in the export-incentive scheme. 'In the light of this analysis, the recently introduced export incentives probably constitute little more than a reward to exporters to do what they anyway intend to do' (p.127). He places emphasis in his analysis and policy conclusions on the effect of import controls on exporters' input costs, in line with the views of the World Bank. Discussions over a new loan for expanding the Export Revolving Fund are apparently stalled over the Bank's insistence that it be coupled with some liberalisation of imports. The Bank is unhappy that the success of the first loan served only to bolster Zimbabwe's restrictive trade regime; yet officials privately acknowledge that it is much more efficient than they had expected it would be, coming out of the relative isolation of the UDI period.

12 Girdlestone, Table 3.8, World Bank Memorandum, Table 1.19, Plan, Table III.

13 Due to the highly aggregative nature of that exercise and the lack of crucial data required, for example on the destination of imports, the analysis based on the input-output table should be taken as illustrative rather than definitive. It has been pursued in the spirit of provoking interest and debate in macroeconomic modelling in Zimbabwe, and there are now some encouraging signs that a new era is about to begin in that field which will soon leave behind the existing table. The assistance of my colleagues on the input-output modelling project, Dr Colin Stoneman, Jon Knox, Logan Pakkiri and Dr V. Rajkovic of the United Nations Department of Technical Cooperation for Development, is gratefully acknowledged, but the author must bear the major responsibility for errors or inconsistencies in the data used. The approach is explained in more detail in Stoneman and Robinson (1984) and Zimconsult (1985).

14 This is the policy indication that emerges from optimal growth models which include foreign borrowing.

15 See discussion in Section 6.2 in relation to exports.

16 See Riddell Commission report, (1981) p.71.

17 In April 1986, there were 8 CIPs in operation, involving Canada, Federal Republic of Germany, Finland, France, Netherlands, Norway, Sweden and the USA. Details of barter deals are not released, nor are aggregate figures published.

18 See MacDonald and Robinson (1986).

19 This criticism is made by Stoneman (1985, p.8) in his discussion of Jansenism - see Section 6.2.

20 The role of parastatals is a subject of considerable debate in Zimbabwe at the present time, with Government awaiting the report of a special committee that has been set up to look into the question. One of the major problems faced is that the current framework in which parastatals operate leads to catch-all financial deficits which cannot readily be analysed to distinguish the fulfilment of social responsibilities from operational inef-

ficiency or an inappropriate framework of key administered prices. If the parastatals are not to abandon national goals (in which case these enterprises might as well be in the hands of the private sector), clear performance criteria, including financial targets, should be agreed with Government, these taking proper account of the social role of those enterprises. Management should then be given far more autonomy than is presently the case to decide how best to meet their objectives, with performance reviews taking place at specified but widely spaced intervals. As an alternative to financial targets which may be negative when non-commercial goals are included, explicit payments could be made for social programmes. The methodology advocated in the text is needed to set the social and commercial functions of the parastatals in operational terms.

21 The reasons are explained in the UNIDO report, p.12.

22 A great deal of time and effort has been wasted since Independence on input-output work that is incomplete or deficient, particularly on the imported input side, to the extent of being non-operational (eg. the Statistics Sweden table and the manufacturing input-output component of the UNIDO study). Given the lack of data on the destination of imports, it is a great pity that the Census of Industrial Production questionnaire still does not attempt to delve much further than it does into the origin of inputs to production. The input-output exercise presently being carried out by the CSO in cooperation with the Norwegian Central Bureau of Statistics, holds more promise, particularly as it is to be institutionalised, the input-output transactions tables henceforth providing a framework to assist in compiling the national accounts.

SECTION 5

1 Although not bearing directly on the question of the choice of long-run strategy, the effects of periodic drought would possibly be more adverse under the semi-autarkic strategy, to be introduced in Section 6.3, where a higher proportion of the population would be living in the rural areas and directly dependent on agriculture. This would depend, however, on how such a strategy

is planned and executed; if sufficient water is assured for households to have a vegetable garden, food security might be less of a problem than with a more urbanised population.

2 Notes 1 and 13 of Section 4 refer at this point.

3 Nonetheless, since the Maputo/Matola port complex is much better equipped than Beira and has far greater capacity, there is a resurgence of interest in the Limpopo line. With financing from the UK, the National Railways of Zimbabwe is to start the rehabilitation of the first 42 km of the line in June 1987, following which there should comfortably be capacity for one train per day in each direction (about 1 million tonnes pa), security conditions permitting.

If all the transport systems in the region were operational at a reasonable level of efficiency, Beira would be the economic port for Zimbabwe's petroleum supplies and Mashonaland traffic (together constituting about 58% of total Zimbabwe overseas trade), while Maputo would handle virtually all the remaining overseas imports and exports (particularly sugar, iron and steel and ferrochrome, as for these commodities dedicated handling facilities already exist in Maputo).

4 Two representative companies have been formed to act as catalysts in furthering these objectives (**Sociedade Austral de Desenvolvimento**, registered in Maputo and BCG Ltd, the Beira Corridor Group, registered in Harare). AUSTRAL and BCG are working closely with the government institutions set up to manage the donor-funded infrastructure projects (the **Beira Corridor Authority** in Mozambique and the **Machipanda-Beira Authority** in Zimbabwe).

5 Zimconsult paper on the 'Viability of the Beira Corridor'.

6 A survey is being conducted by CZI for Government to obtain the detailed information required about the manufacturing sector.

7 SADCC paper tabled at the January 1986 conference held in Harare.

SECTION 6

1 While still assuming the population and consumption growth rates of the Plan, a more likely outcome in urbanisation and income distribution terms is explored in Section 6.4 (Table 6.3).

2 Drawn from a discussion by Rob Davies at a conference on 'Zimbabwe - Current Economic Issues',June 1986.

3 This perspective is increasingly becoming a feature of the strategies being recommended for underdeveloped countries emerging from stabilisation crises, eg the Kenya and Turkey papers in the WIDER Stabilisation and Adjustment Policies and Programmes Project.

4 See UNIDO (1985), especially Chapter 8.

5 This view is eloquently expresed in Streeten (1975).

6 See Stewart (1974) on 'Inappropriate products'.

7 This issue was at least brought into the public arena by the toothpaste saga. Investigative journalism revealed that the shortage of toothpaste in early 1987 was due not to a lack of either the tubes or the contents, but of the (imported) paint necessary to emblazon tubes with the international marks of the brands concerned. After a spirited debate in the press, the toothpaste companies reluctantly agreed to allow 'austerity' packaging on a temporary basis. Whether any wider lessons will be drawn from the incident remains to be seen.

8 See, for example, the DMB report on 'Milk Collection in Chikwaka', 1983.

9 Dairy Master Plan (1986), Section 6.2.2.

10 Zimconsult report on 'The Rural Distribution of Dairy Products', October 1984.

11 Admittedly, some communal areas are far more accessible than others and commercialisation by parastatals such as DMB and by private companies can only follow the provision of adequate infrastructure by the responsible ministries. Nevertheless, it is reflective of 'urban bias' that in recent years much of the

sterimilk produced at Chipinge has been trucked to Harare and sold there, while the demand in the densely populated rural areas around Chipinge itself has remained only partially satisfied.

12 Amin's article was only drawn to the author's attention after the first draft of this paper had been written. Amin's notion of 'self-directed' development is more universal in character than the 'semi-autarkic' strategy which, as emphasised in the text, is seen only as the first phase in a planned sequence of emphases in macro-economic policies. Amin points out (p.2) that certain socialist countries all 'went through a quasi autarchic phase' although, significantly, as in the relative isolation of Rhodesia through UDI, this autarky was 'imposed by the world system rather than desired by these countries themselves'. He goes on to state that 'the fact that the USSR intends, in conjunction with Eastern Europe, to restructure the system by means of COMECON, and to open itself more to the international division of labour (IDL), and that China also intends to open itself more to the IDL, in no way signifies that these countries have renounced the principle of self-directed development' (p.3).

13 It is envisaged that the capital goods sector would have to grow, but this growth would be concentrated in familiar sub-sectors, eg, agricultural implements and transport equipment, so that the concomitant export focus would be regional rather than international. The political economy aspects of this, ownership patterns, interests of the multinationals, competition from aggressive exporters such as Brazil, warrant further analysis. Detailed consideration of which technologies are 'appropriate' would also be required, particularly in relation to the decentralisation of agro-based industries on a smaller scale to their urban counterparts.

14 Land tenure is another crucial area which lies beyond the scope of this paper. Different forms have implications for financing requirements, fulfilment of social objectives, and contribution to economic growth. The Government's approach to date of having four different 'models', has merit in that no one tenure system could be uniformly successful throughout the country. A massive expansion of the resettlement programme

should be preceded by careful analysis of the strengths and weaknesses of schemes already implemented in Zimbabwe and a review of the lessons of experience elsewhere (eg, the extensive literature on Kenyan resettlement).

15 These categories are defined in terms of consumption location, rather than physical location itself. Thus large-scale commercial farmers, for example, are treated as being part of the LDA category, as this more accurately describes their expenditure levels and patterns. The figures presented are based on work for the Cold Storage Commission ('The Domestic Demand for Beef', Zimconsult, May 1984), where a more detailed income distribution matrix, with 5 expenditure levels in the urban areas, was developed, using in part information on beef consumption for cross-checking purposes.

16 This point is obvious in a Marxist framework, but is also one that has gained a certain currency in orthodox circles, following analysis of the main problems identified from the immediate post-Second World War phase of development in countries which had already achieved nominal political independence. For example, an ILO Mission reported of the Philippines [Ranis, 1974] that 'it is essentially the non-participation of more than four-fifths of the population in productive and innovative activity which lies at the root of the problems to which the Mission was asked to address itself' and proposed a policy package aimed at 'releasing the energies of large numbers of persons who are at present economically disenfranchised'.

17 Involvement in the decisions affecting a person's livelihood are widely thought to be the most important. 'If participation in decision-making is a crucial element in civil education, participation in the decisions most intimately and consistently governing everyday life are likely to be the most crucial'[Lively 1977, p.143].

18 Careful analysis of the development of commercial agriculture in Zimbabwe to its present very sophisticated and profitable level would undoubtedly reveal a high level of direct and indirect subsidies over many decades. It would not be feasible

to find the resources required to replicate this level of support for the rural sector as a whole, but the degree of deprivation is such that even a modest shift of emphasis would give rise to a significant increase in the standard of living of the beneficiaries.

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Table 1.1 : World Economy Scenarios Assumed

	High	Principal	Low
GDP Industrial Countries	3.5+	3	2
World Trade	7	5	3
Inflation - Industrial Countries	3	4	4
Exchange Rates	No change	No change	No change
Interest rate	3	4	6
Prices in trade:			
manufactures	4	4	4
oil	$15	$18	$15
other primary	4	4	4

Source: Trade and Financing Strategies study documents

Note : Interest rate is 3 month LIBOR, oil price is per barrel. other figures are annual growth rates.

Table 1.2 : Scenarios for the Zimbabwe Economy 1985-1990

Scenario	Exports % pa	Imports % pa	Debt Index	GDP % pa	PrCons % pa	GovCons % pa	1990 Emp't ('ths)	1990 Cap Util	GFCF % pa
REFERENCE SCENARIOS									
Five Year National Dev Plan	7.3	6.0	n.s.	5.1	4.9	4.2	1173	n.s.	5.3
World Bank Memorandum	3.9	6.3	n.s.	4.2	3.0	n.s.	n.s.	n.s.	8.4
MAIN & ALTERNATIVE STRATEGIES - WORLD ECONOMY SCENARIOS									
HIGH	6.0	5.2	100	5.1	4.9	4.2	1180	93	5.3
Alt High	6.0‡	5.2‡	100	5.6	5.5	5.0	1256	93	5.3‡
PRINCIPAL	4.0	3.25	100	2.5	1.4	1.0	1038	82	5.3
Alt Prin	4.0‡	3.25‡	100	2.9	2.0	1.5	1102	82	5.3‡
LOW	2.5	1.29	95	1.5	1.4‡	1.0‡	994	79	0.0
Alt Low	2.5‡	1.29‡	95	2.0	2.0	1.4	1057	79	0.0‡
SA BORDER CLOSURE IN 1987 - IMPACT & 5-YEAR AVERAGE EFFECTS									
IMPACT (1987)	-10.9	-18.2	73	-15.7	-21.7	0 0	853	68	-25.0
5-Yr Av (a)	0.8	-1.6	79	-1.4	-3.6	0 8	859	69	-1.6
5-Yr Av (b)	0.8	1.5	100‡	0.2	-1.5	0 0	923	75	5.3‡

Source: Plan World Bank Memorandum and runs of Knox/Robinson/Stoneman input-output model (Gradzim version). Assumptions given in Sections 5.2 and 5.3.

Note: Employment in 1985 was 1029 thousand [Plan, Table 5, page 48].

Table 1.3 : Trade with South Africa and SADCC 1981-1985

		1981	1982	1983	1984	1985
Exports to RSA	(Z$m)	192.2	137.8	191.8	232.7	178.5
Total Exports	(Z$m)	971.7	968.4	1150.2	1451.6	1766.7
RSA Share	(%)	19.8	14.2	16.7	16.0	10.1
SADCC Share	(%)	10.2	11.0	10.4	10.5	
Imports from RSA	(Z$m)	279.7	239.4	259.9	231.8	275.2
Total Imports	(Z$m)	1017.7	1081.8	1061.6	1193.7	1499.8
RSA Share	(%)	27.5	22.1	24.5	19.4	18.3
SADCC Share	(%)	7.8	7.6	8.2	6.4	

Source: Central Statistics Office

Table 1.4 Total commodity exports and manufactured exports by country or area of destination, 1983, $000

Country/Area of Destination	Total Exports $000 (1)	Percent of Total Exports (2)	Total Mfg. Exports Incl. Metals (3)	% of Total Mfg. Exports Incl. Metals (4)	Total Mfg. Exports Less Metals (5)	% of Total Mfg. Exports Less Metals (6)	Mfg. Export+ Metals as % all Exports 3/1 (7)	Mfg. Exports Less Metals as % all Exports 5/1 (8)
EEC[a/]	352,874	36.2	148,727	30.5	104,688	27.4	42.1	29.9
South Africa	162,387	16.6	106,703	21.9	102,478	26.8	65.7	63.1
Far East/ Australasia	98,535	10.1	54,781	11.2	36,122	9.4	55.6	36.7
North Africa/ Middle East/ Indian Sub C.	67,227	6.9	17,305	3.5	16,838	4.4	25.7	25.0
USA	67,181	6.9	50,606	10.4	24,939	6.5	75.3	37.1
Scandanavia	8,074	0.8	3,207	0.7	745	0.2	39.7	9.2
Other Europe	54,258	5.6	30,936	6.3	22,317	5.8	57.0	41.1
SADCC States[a/] of which	108,775	11.2	61,789	12.8	61,758	16.2	56.8	56.8
Zambia	(32,060)	(3.3)	(7,389)	(1.5)	(7,358)	(2.0)	(23.0)	(23.0)
Tanzania	(3,272)	(0.3)	(291)	(0.1)	(291)	(0.1)	(8.9)	(8.9)
Swaziland	(1,210)	(0.1)	(822)	(0.2)	(822)	(0.2)	(68.0)	(68.0)
Mozambique	(15,300)	(1.6)	(7,244)	(1.5)	(7,224)	(1.9)	(47.2)	(47.2)
Malawi	(15,125)	(1.6)	(11,917)	(2.4)	(11,916)	(3.1)	(78.7)	(78.7)
Botswana	(40,789)	(4.2)	(33,401)	(6.8)	(33,401)	(8.7)	(81.9)	(81.8)
Namibia	(1,019)	(0.1)	(745)	(0.1)	(745)	(0.2)	(73.1)	(73.1)
Other African	26,055	2.7	3,970	0.8	3,970	1.0	15.2	15.2
Other Countries	30,201	3.0	9,785	2.0	8,531	2.2	32.4	28.2
Total	975,567	100.0	487,809	100.0	382,386	100.0	50.0	39.2

Source: UNIDO (1985), Table 10.4.

Note a/: Portugal and Spain are included in Statistics for the EEC and Namibia in Statistics for SADCC, although the countries were not at the time members of these respective official groupings.

Table 1.5: PTA actual and potential members GDP, GDP/Capita manufacturing share in GDP, MVA IN 1981 and population in 1981 & 1983

	Country	GDP (US$'000)	GDP/Capita	Manufacturing Share	MVA (US$'000)	Population (millions) 1981	1983
1	Angola[1/]	3,242	446	2.6	84	7.94	8.34
2	Botswana[1/]	1,173	1,405	6.7	79	0.94	1.01
3	Burundi	984	226	10.4	102	4.22	4.42
4	Ethiopia	4,800	149	10.4	500	32.75	33.68
5	Kenya	6,688	389	13.2	884	17.34	18.77
6	Lesotho	382	277	4.7	18	1.37	1.44
7	Malawi	1,649	258	15.2	251	6.23	6.62
8	Mozambique[1/]	2,612	242	8.8	230	12.53	13.31
9	Madagascar	2,835	315	13.2	373	8.96	9.40
10	Comoros	111	300	5.4	6	0.41	0.42
11	Mauritius	1,011	1,036	17.8	180	0.94	0.96
12	Rwanda	1,256	253	15.6	196	5.32	5.70
13	Seychelles	-	-	-	-	0.6	5.27
14	Somalia	1,884	390	8.8	165	4.87	5.27
15	Swaziland	618	1,074	24.3	150	0.57	0.61
16	Uganda	2,989	219	4.5	134	13.64	14.63
17	Tanzania[2/]	5,232	282	8.6	450	19.17	20.41
18	Zambia	3,429	574	19.3	661	5.83	6.24
19	Zimbabwe	6,534	851	25.6	1674	7.36	7.74
	Totals	33,779	8,686	203.1	6,137	156.82	167.91

Source: UNIDO (1985), Table 11.3.

Notes: 1/ These are not yet members of the PTA.

2/ This country has recently expressed its intention to join.

TABLES 1.6 and 1.7

Source: Michelsen (1986), Tables 11 and 13.

Tl.6a . Zimbabwe's imports (fob) (US$m.)

	1979	1980	1981	1982	1983	1984
A: SADCC including		49 151	415 03	108 18	86 11	63 85
Angola	(-)	-	-	-	-	-
Botswana		15.26	25 23	45 05	44 35	30 91
Lesotho	(-)	-	0 01	0 01	0 01	0 04
Malawi	(1 56)	15 28	21 85	13 57	8 09	10 93
Mozambique	(-)	0 67	27 56	12 52	8 96	0 09
Swaziland		1 50	4.33	3.97	1 54	0 32
Tanzania	(-)	0 15	0.26	0 16	0 32	0 27
Zambia	(12 77)	16.29	35 79	32 90	22 84	21 29
Zimbabwe						
B: PTA-nes		0 53	0 72	0 32	0 48	0 24
C: Rep. of South Africa			406 33	315.69	256 86	186 17
D: Rest of world			956 64	1,003 81	706 72	
E: Total	808 00	1,259.51	1,478.72	1,428 00	1,050 17	

Tl.6b Zimbabwe's exports (fob) (US$m.)

	1979	1980	1981	1982	1983	1984
A: SADCC including:		68.17	138.98	122.86	108.06	114.58
Angola	(-)	0.12	3.37	3.72	0.49	9 98
Botswana		39.37	41.67	33.68	40.36	49.52
Lesotho		0.25	1.70	0.34	0.94	0 29
Malawi	(5.30)	12.59	20 67	16.23	14.97	12 75
Mozambique	(-)	4.61	16.21	22 72	15.14	5 39
Swaziland		0.66	2.09	1.64	1.20	0.49
Tanzania	(-)	0.01	2.00	7.76	3.24	2 37
Zambia	(-)	10 56	51.27	36.77	31 72	33 79
Zimbabwe						
B. PTA-nes		7.79	8.54	7.25	3.97	9 55
C: Rep. of South Africa			279.23	181.99	189 71	186.60
D: Rest of world			863.66	753.73	698.26	
E: Total	949.30	1,225.43	1,290.41	1,065.83	1,000.00	

Table 1.7 Trade matrix for the SADCC, 1982 (US$m.)

Total merchandise trade flows as reported by A: exporting country; B: importing country

Exports from		ANG	BOT	LES	MAL	MOZ	SWA	TAN	ZAM	ZIM	SADCC total	PTA-nes	PTA total	RSA	Rest world	Total
Angola	A		(-)	(-)	(-)	(0 98)	(-)	(-)	(-)	(-)	(0 98)	(-)	(0 98)		(-) 1691.02	1692 00
	B	NA	-	(-)	(-)	1.08	(-)	-	-	-	1.08	-	1.08			
Botswana	A	-		0.04	0 07	8.35	0 01	-	0.99	44 85	54.31	0 23	54 54	51.47	350 75	456 75
	B	(-)	NA	(0.04)	(0.08)	5.93	(0 01)	-	1.73	45.05	(52.83)	(0.55)	(53 38)			
Lesotho	A	(-)	(0.02)		(-)	(-)	(-)	(-)	(0 01)	(0 01)	(0.04)	(0.01)	(0 05)	14 90	21 16	36 11
	B	(-)	0.02	NA	(-)	-	(-)	-	0 01	0 01	0.04	0 01	0 05			
Malawi	A	(-)	(0.46)	(-)		1.15	(-)	0 01	3.35	17 96	22.93	(2 56)	(25 49)	13 60	197.91	237 00
	B	(-)	0.51	(-)	NA	(1 26)	(-)	0 02	1.83	13.57	17.19	2 43	19 62			
Mozambique	A	3 25	-	-	(3.05)		1.30	12 23	-	6.90	26.73	(17.90)	(44 63)	4 04	180.92	229 59
	B	(3 58)	-	(-)	3.35	NA	(1.43)	15 78	-	12 52	36.66	20 91	57.57			
Swaziland	A	-	(0.25)	0 01	-	(0 49)		-	3.57	(3 97)	(8.29)	3 29	(11.58)	113.20	182.12	306 90
	B	(-)	0 27	(0.01)	(-)	0.54	NA	-	4 19	3.97	8.98	(2.57)	11.55			
Tanzania	A	-	-	-	0.29	2 08	-		1 15	0 15	3.67	12 95	16.62	-	426 78	443.40
	B	(-)	0 02	(-)	0.14	(2 47)	(-)	NA	2 96	0.16	(5.75)	(22 18)	(27.93)			
Zambia	A	0 06	0.22	-	3.72	0.06	0.58	2.80		28 60	36 04	2.48	38.52	2 97	982 44	1023 93
	B	(0 07)	0 67	(-)	4 98	-	(0 64)	5 99	NA	32.90	45.25	8.06	53.31			
Zimbabwe	A	3 72	33 68	0.34	16.23	22 72	1 64	7.76	36 77		122.86	7.25	130 11	181 99	753 73	1065 83
	B	(4 09)	49.92	(0 38)	20.51	13 76	(1.80)	13.07	52 26	NA	147.79	6.35	154.14			
SADCC total	A	7 03	(34.63)	0 39	23.36	35 83	3.53	22.80	45.84	102 44	275 85	(46 67)	322 52	382 17	4786 83	5491 52
	B	(7 74	43.41	(0 43)	29.06	25 04	(3.88)	34.86	62 98	108 18	315.58	63 05	378 63			
PTA-nes	A	0 14	(0 22)	(0 10)	1.10	1 84	(0 40)	10 16	3.16	0 22	17.34					
	B	(0.15)	0.45	(0 11)	(1.21)	(2 02)	(0 44)	15.32	4 02	0 32	24.04					
PTA total	A	7 17	(34.85)	0.49	24 46	37.67	3 93	32.96	49 00	102 66	293.18					
	B	(7 89)	43 86	(0 54)	30 27	27 06	(4.32)	50.18	67.00	108.50	339.62					
RSA	A															
	B		(-)	585.66	(512 70)	103.50	67.64	431.20	-	145.04	315.69	2161.43				
Rest world	B	997.11	58 35	(14.74)	170.23	742.84	84.83	787.83	789.85	1003.81	4649.59					
Total	B	1005 00	687 87	527 98	304 00	837 54	520 35	838 01	1001 80	1428 00	7150 65					

Table 1.8 : Zimbabwe's main exports to SADCC in 1981
(in million US $)

	Angola	Botswana	Lesotho	Swaziland	Malawi	Mozambique	Tanzania	Zambia	Total
Refined Sugar		12.87							12.87
Malted Barley		0.72		0.72					1.44
Oilcake and meal								1.88	1.88
Tea		0.29							0.29
Ground Nut Oil		1.16							1.16
Yarns & Synthetic Fibres		6.36			1.59				7.95
Cement		1.74							1.74
Asbestos & Products			0.48			3.18			3.66
Coke						09.72		2.85	3.57
Toilet Soap								2.85	2.85
Metal Products		1.74				1.30		0.58	3.62
Machinery		0.58	0.43						1.01
Railway Equipment								6.94	6.94
Other	1.59	15.75	0.83	0.87	12.87	4.49	0.28	15.28	51.96[1/]
Total	1.59	41.21	1.74	1.59	14.46	9.69	0.28	30.36	100.92

Source: UNIDO (1985), Table 11.2.

Notes: 1/ The category may contain other exports of non-manufactured products.

Table 1.9: Illustration of Identified Trade Potentials

a. Exports from Zambia – Imports to Zimbabwe ('000 US$)

SITC code	Commodity	Value of exp./imp. 1980-83 Max. export Zambia	Max. import Zimbabwe
24331	Lumber, sawn lengthwise	198	124
27699	Mineral substances	9337	110
68221	Bars, rods, sections, flakes etc. of copper	1681	204
86197	Measuring instruments for liquids or gases	497	872

b. Exports from Zimbabwe – Imports to Zambia ('000 US $)

SITC code	Commodity	Value of exp./imp. 1980-83 Max. export Zimbabwe	Max. import Zambia
24232	Sawlogs and veneer logs	190	124
27699	Mineral substances	1681	232
67313	Wire rod of alloy steel	124	151
67321	Bars and rods of iron or steel	5041	1873
67341	Angles, shapes, sections 80 mm or more of iron or steel	5709	1193
67351	Angles, shapes, sections, less than 80 mm of iron or steel	463	293
68423	Aluminium foil	369	507
69221	Casks, drums, etc used for transport of goods of iron or steel	121	262
69711	Domestic stoves, boilers, cookers etc. of iron or steel	236	141
69892	Articles of copper	492	364
84111	Men's and boys' outer garments	222	432
84112	Women's, girls' and infants' outer garments	423	640
84143	Under garments, knitted or crocheted	565	119
84144	Outer garments, knitted or crocheted	943	350
85102	Footwear	488	2275
89915	Other worked animal carving material	143	305

This table presents the results of a matching exercise

Source: Michelsen (1986), Table 23.

Table 2.1 : Exports and Imports as a Proportion of National Income

Year	Exports	Imports	Ex + Im
1924	53%	37%	90%
1929	62%	63%	125%
1939	55%	41%	96%
1942	67%	42%	109%
1953	52%	67%	119%
1965	55%	47%	102%
1966	37%	34%	71%
1975	31%	32%	63%
1980	32%	36%	68%
1981	28%	36%	64%
1982	25%	31%	56%
1983	26%	30%	56%
1984	30%	30%	60%
1990	31%	30%	60%

Sources: 1924-1939 Girdlestone (1982) page 21
1942-1966 calculated from Girdlestone Tables 3.1, 3.16 and 3.17
1975-1984 calculated from CSO National Income and Expenditure Report, October 1985, Tables 1.8 and 1.9
1990 figures from First Five Year National Development Plan, Table 8.

Notes : Figures prior to 1951 relate to proportions of Net Domestic Product. From 1952, proportions are of Gross Domestic Product at factor cost. Exports and imports constitute goods and non-factor services.

Table 2.2

Causation 1981-83 Increase Current Account Deficit/Potential Output Ratio

Decomposition of Increase In Current Account Deficit as % Potential Output: 1981-1982-1983 Compared with 1978-80 Base

CAD/PO 1978-80 = 1.3%

		1981	1982	1983
1.	Increase CAD/PO	8.1%	10.1%	6.5%
2.	Expected Terms of Trade Gain From Reversal of Sanctions[1]	4.0%	4.0%	4.0%
3.	Total Deterioration To Be Explained	12.1%	14.1%	10.5%
I.	External Shock	3.39%	5.40%	6.20%
	Terms of Trade[1]	.82	2.45	2.55
	Interest Rate	.58	1.28	1.30
	Recession	1.40	1.88	2.36
	Weather[2]	-	(-.41)	(-.09)
	Transport[3]	.58	.21	.09
II.	Debt Burden	0.02%	0.19%	0.80%
III.	Domestic Policy	6.93%	4.16%	1.92%
	Output	3.61	2.73	1.48
	Investment	.11	.29	.20
	Tradeability[4]	.58	.62	(-.36)
	Import Relaxation[5]	1.75	(-.41)	(-.18)
	Profit Remittance Relaxation[6]	.88	.92	.77
IV.	Capital Rehabilitation Shock (Increase M/GFCF Ratio[7]	2.22%	3.74%	1.68%
V.	Total Calculated	12.6%	13.5%	10.6%
VI.	Total 'Observed'[8]	12.1%	14.1%	10.5%
	Interaction Effects/Errors/ Ommissions[9]	(-0.5)%	0.6%	(-0.1)%

Notes Table 2.2

1. Removal of sanctions allowed ending intermediation which had raised import prices perhaps 15% and reduced export prices 20% on average. In 1980 about 60% of this gain was achieved but in 1981-1983 it was rapidly offset by terms of trade deterioration. These calculations compute the counterfactual 1981-83 terms of trade adjusted for sanctions reversal and take terms of trade loss from these levels.

2. The 1981 weather-boosted harvest had a positive (deficit decreasing) impact in 1982-1983. The 1982-84 weather-stricken harvests will have severe negative impact in 1984 and 1985.

3. In 1981 and to a lesser extent 1982 and 1983 some potential exports (particularly steel) could not be exported because no transport to ports was available. Rough estimates of amount from Treasury sources.

4. Estimated sector by sector effect of real exchange rate appreciation (depreciation) from base period level.

5. Change in ratio of non-capital imports to GDP from base period.

6. Change in ratio of profit remittances allowed to GDP.

7. Change resulting from increased ratio of capital imports to GFCF. This was caused by making good deferred maintenance and restoring a more normal makeup of GFCF after 1976-1979 import constraints which had altered its composition as well as reducing its overall magnitude.

8. 'Observed' including adjustment for 'lost' terms of trade improvement explained at note 1.

9. The sectoral computations in respect to loss of exports due to tradeability and impact of recession in certain cases probably posit exports beyond sub-sectoral capacity limits.

Source: Kadhani & Green (1985), Table 11.

TABLE 2.3 BALANCE OF PAYMENTS

Zimbabwe

$ million

Item	1979		1980		1981		1982		1983		1984	
	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr
A. Goods, Services and Income												
Merchandise†	734,0	894,9	928,9	860,5	1 001,9	1 859,4	998,2	1 114,3	1 173,9	1 086,6	1 483,7	1 237,1
Exports/Imports	645,4	549,3	787,5	809,4	894,6	1 017,5	817,6	1 081,8	1 027,3	1 056,2	1 277,0	1 199,4
Re-exports	3,7	—	6,5	—	7,3	—	20,7	—	20,2	—	22,3	—
Gold	66,6	—	115,2	—	76,3	—	140,5	—	98,9	—	159,6	—
Internal freight	18,3	45,6	19,7	51,1	23,7	41,9	19,4	32,5	27,5	30,4	24,8	37,7
Shipment Services	18,8	46,4	25,9	65,1	16,8	128,6	14,8	122,0	18,0	185,3	22,3	163,9
Port dues	—	21,7	—	21,0	—	30,3	—	33,5	—	35,5	—	40,1
External freight	18,8	24,7	25,9	44,1	16,8	98,3	14,8	88,5	18,0	149,8	22,3	123,8
Other Transport Services	24,9	38,3	38,7	51,4	31,2	53,1	84,5	48,3	60,8	56,5	71,2	62,3
Passenger fares	4,3	21,4	11,0	21,5	16,5	22,2	20,9	16,0	30,2	16,6	36,1	11,3
Port services	20,6	17,9	27,7	29,9	14,7	29,9	33,6	24,3	30,6	39,9	35,1	51,0
Travel	8,6	71,8	15,9	102,4	16,8	103,4	28,4	78,9	25,8	73,4	31,2	83,8
Business and holiday allowances	—	63,7	—	92,3	—	89,5	12,5	64,4	8,2	56,2	9,4	58,5
Tourism	5,5	—	15,7	—	16,6	—	2,0	—	3,0	0,2	6,1	—
Other	0,1	8,1	0,2	10,1	0,2	13,9	5,9	14,5	14,6	17,0	15,7	24,5
Direct Investment Income	23,4	42,0	24,7	90,0	33,6	79,2	35,5	95,3	39,1	92,2	39,7	14,9
National Railways	22,9	—	26,0	—	32,2	—	34,6	—	37,9	—	38,4	—
Dividends and profits of companies and persons	0,5	42,0	0,7	50,0	1,4	79,2	0,9	95,3	1,2	92,2	1,3	14,9
Other Investment Income	18,4	24,3	37,8	32,9	31,0	64,5	25,1	122,9	30,4	184,6	28,8	285,6
Interest: public sector	10,3	4,1	22,7	5,9	16,7	27,5	14,4	75,2	12,1	127,7	12,3	166,9
private sector	1,0	5,5	1,5	18,9	1,5	15,9	1,5	24,4	3,9	33,6	2,8	25,6
Dividends—persons	6,5	—	9,0	—	12,3	—	8,9	—	14,2	—	13,7	—
Former residents' remittances	0,6	14,7	0,6	18,1	0,5	21,1	0,3	23,3	0,2	23,3	—	12,1
Other	—	—	4,0	—	—	—	—	—	—	—	—	—
Other Goods' Services and Income												
Official	8,7	2,1	15,8	3,6	8,3	14,3	20,9	11,4	21,6	23,5	30,8	24,8
Private	10,8	51,7	15,2	55,3	19,9	74,3	27,4	82,2	28,4	92,4	33,5	103,2
Labour income	0 8	23,4	2,5	23,5	0,2	3,5	0,4	2,8	0,7	2,2	0,6	3,0
Property income	0,7	7,0	1,8	8,8	1,4	9,5	1,1	12,9	1,0	12,7	0,8	9,0
Other	9,3	21,3	10,9	23 0	18,3	61,3	25,9	66,5	26,7	77,5	32,1	91,3
B. Unrequited Transfers												
Private	29,7	67.7	33,0	110,5	47,7	133,2	50,7	147,4	73,8	187,3	125,3	183,2
Migrants' funds	,0,7	13,7	0,3	23,9	0,4	26,6	0,7	30,1	0,1	30,8	0,6	23,0
Non-commercial transactions†	4,5	27,0	2,1	38,9	18,4	53,9	22,3	50,9	17,5	50,1	21,3	50,3
Workers' remittances	7,2	0,4	6,0	0,8	0,5	—	1,7	—	—	—	—	—
Pensions	5,1	13,5	3,5	29,7	2,6	37,3	2,5	54,4	2,7	64,9	3,2	71,3
Other	12,2	13,1	21,1	17,2	25,8	15,4	23,5	12,0	52,7	41,5	100,2	38,7
Official	—	—	37,1	—	68,9	6,4	38,6	4,2	71,7	14,1	117,8	8,0
Government	—	—	33,5	—	59,2	—	32,3	4,0	64,0	—	117,8	—
Non-commercial transactions	—	—	3,6	—	9,2	—	6,3	—	7,7	7,2	—	—
Other	—	—	—	—	0,5	6,4	—	0,2	—	8,9	—	8,0
Net balance on current account	—	73,9	—	156,7	—	439,3	—	532,8	—	454,2	—	181,9
C. Capital Account												
Government	128,6	10,6	33,0	54,6	150,7	46,3	257,6	99,1	267,5	77,9	302,5	150,9
Other public authorities	0,5	6,9	0,7	3,7	57,9	2,2	192,2	2,8	317,1	225,3	171,3	80,0
Private transactions including statistical discrepancy	81,5	19,4	126,5	26,1	220,4	70,3	339,5	169,0	98,2	80,9	99,0	75 7
Net balance on capital account	173,7	—	75,8	—	310,2	—	518,4	—	298,7	—	266,2	—
Net balance on current and capital account	98,8	—	—	80,9	—	129,1	—	14,4	—	155,5	164,3	—

* Provisional.

† Prior to 1979 the value of non-commercial exports is not known and therefore excluded from Merchandise Exports (Credits) and unrequired transfers, private non-commercial transactions (Debits)

‡ Includes gold swap agreements

§ Figures supplied by the Reserve Bank of Zimbabwe subsequent to 1980.

Source: Quarterly Digest of Statistics, CSO, Table 9.1.

TABLE 2.4 BALANCE OF PAYMENTS[1] — ANNUAL DATA *

Z$ million

	1979	1980	1981	1982	1983[6]	1984[7]
Merchandise exports[2]	+ 734,0	+ 928,9	+ 1 001,9	+ 998,2	+ 1 173,9	+ 1 483,7
Service receipts	+ 58,6	+ 91,4	+ 83,0	+ 115,6	+ 131,3	+ 156,8
Income receipts	+ 44,0	+ 84,6	+ 74,5	+ 83,1	+ 92,9	+ 100,7
Merchandise imports[2]	— 594,9	— 860,5	— 1 059,4	— 1 114,3	— 1 086,6	— 1 237,1
Service payments	— 178,8	— 241,9	— 345,6	— 307,8	— 392,7	— 400,5
Income payments	— 98,8	— 118,8	— 171,0	— 245,3	— 314,2	— 257,3
Unrequited transfers (net)	— 38,0	— 40,4	— 23,0	— 62,4	— 58,7	+ 51,8
Balance on current account	**— 73,9**	**— 156,7**	**— 439,6**	**— 532,9**	**— 454,2**	**— 101,9**
Long term capital	**— 27,8**	**— 66,6**	**+ 62,0**	**+ 281,9**	**+ 311,7**	**+ 214,1**
Official	(— 27,9)	(— 67,6)	(+ 68,1)	(+ 237,5)	(+ 294,5)	(+ 235,0)
Private	(+ 0,1)	(+ 1,0)	(— 6,1)	(+ 44,3)	(+ 17,2)	(— 20,9)
Short term capital[3]	**— 18,2**	**+ 22,8**	**+ 71,6**	**+ 60,7**	**— 25,8**	**+ 18,5**
Balance on capital account	**— 46,0**	**— 43,8**	**+ 133,6**	**+ 342,6**	**+ 285,9**	**+ 232,6**
Net errors and omissions	+ 81,2	+ 120,3	+ 85,9	+ 66,0	+ 10,0	+ 33,6
Balance on capital and current accounts	— 38,7	— 80,2	— 220,1	— 124,3	— 158,3	+ 164,3
Gold monetization/demonetization	+ 2,5	+ 38,2	+ 15,2	+ 2,2	+ 41,5	+ 29,0
Valuation factors[4]	+ 1,3	+ 12,6	— 28,0	+ 25,2	— 36,1	— 21,7
Use of IMF resources	—	—	+ 30,8	—	+ 162,2	+ 78,7
Extraordinary financing[5]	+ 120,2	+ 24,6	+ 218,3	+ 110,3	— 8,4	— 223,0
Change in reserves [sign reversal]	**— 85,3**	**+ 4,8**	**— 16,2**	**— 13,4**	**— 0,9**	**— 27,3**

1. All figures except current account are net
2. Includes timing adjustments, internal freight, gold sales, and gold swap agreements
3. Capital movements not related to reserves, where period is less than one year
4. Valuation changes relating to both gold and foreign assets.
5. Extraordinary financing represents borrowing related to reserves
6. Adjusted
7. Provisional

Source: Quarterly Economic and Statistical Review, Reserve Bank, Table 6.2.

Table 2.5 An Alternative Disaggregation of the Current Account

(various years, current prices)

Zimbabwe $ million

Line	CR Item	Dr Item	1978 CR	1978 DR	1978 Bal	1981 CR	1981 DR	1981 Bal	1984 CR	1984 DR	1984 Bal.
1	Exports	Imports	638.7	483.3	155.4	964.8	1169.6	-204.8	1455.7	1379.7	76.0
2	Pr. & dividends	Pr. & dividends	16.5	26.4	- 9.9	33.6	79.2	- 45.6	39.7	14.9	24.8
3		Interest-private loans	0.6	7.2	- 6.6	1.5	15.9	- 14.4	2.8	25.6	- 22.8
4		Interest - parastatals	-	-	-	-	2.8	- 2.8	-	38.7	- 38.7
5	Service Exports	Service Imports	24.6	45.3	- 20.7	34.6	104.2	- 69.6	68.6	154.3	- 85.7
6	Productive Sector total		680.4	562.2	118 2	1034 5	1371 7	-337 2	1566 8	1613 2	- 46 4
7	Other unrequited transfers		9.6	10.3	- 0.7	25.8	15.4	10.4	100.2	38.7	61.5
8	Travel	Travel	9,8	74.1	- 64.3	33.2	113.9	- 80.7	67.2	73.6	- 6.4
9		Education	0.1	5.3	- 5.2	0.1	11.7	- 11.6	0.1	20.7	- 20.6
10	Pensions & Dividends - persons	Pensions	9.2	7.7	1.5	14.9	37.3	- 22.4	16.9	71.3	- 54.4
11	Workers remittances	Emigrants costs	3.7	26.1	- 22.4	1.4	47.7	- 46.3	0.6	36.1	- 35.5
12	Household total		32.4	123.5	- 91.1	75.4	226.0	-150.6	185.0	240.4	- 55.4
13	Foreign aid	Interest on debt	1.3	3.2	- 1.9	75.9	24.7	51.2	117.8	128.2	- 10.4
14	Embassies & other		0.5	0.5	-	18.0	20.7	- 2.7	43.1	32.8	10.3
15	Government total		1.8	3.7	- 1.9	93.9	45.4	48.5	160.9	161.0	- 0.1
16	CURRENT ACCOUNT		714.6	689.4	25.2	1203.8	1643.1	-439.3	1912.7	2014.6	-101.9

NOTES: See text.

Sources: Reserve Bank and Central Statistics Office.

Table 2.6 : An Alternative Disaggregation of the Capital Account
(various years, current prices)

Zimbabwe $ million

Item	1978 CR	1978 DR	1978 Bal	1981 CR	1981 DR	1981 Bal	1984 CR	1984 DR	1984 Bal
Direct Equity Investment	4.0	2.3	1.7	5.9	3.3	2.6	10.0	13.0	- 3.0
Private Long Term	3.4	23.7	-20.3	94.0	43.8	50.2	3.4	21.2	- 17.8
Blocked Funds					8.7	- 8.7		0.1	- 0.1
Banks - short term		4.1	- 4.1	8.6	4.9	3.7	52.0	41.4	10.6
Parastatals - long term	3.0	7.2	- 4.2			*	143.7	60.3	83.4
Other - short term				87.0	19.1	67.9	27.6	19.7	7.9
Productive Sector Total	10.4	37.3	-26.9	195.5	79.8	115.7**	263.7	155.7	81.0
Port folio investment		5.6	- 5.6	1.6	22.4	-20.8	55.0	48.3	6.7
Official long term capital	130.9	3.9	127.0	53.7	15.0	38.7-*	247.5	102.6	144.9
Official short term capital		55.1	-55.1	226.5	8.2	218.3	257.4	480.4	-223.0
Government total	130.9	64.6	66.3	281.8	45.6	236.2-*	559.9	631.3	- 71.4
CAPITAL ACCOUNT	141.3	101.9	39.4	477.3	125.4	351.9	796.6	787.0	9.6
NET BALANCE - Current & Capital	855.9	807.3	48.6	1767.0	1768.5	- 1.5	2742.9	2801.6	- 58.7

NOTES: 1. Net balance includes errors and omissions (-16 in 1978, +85.9 in 1981 and +33.6 in 1984).
2. Balance on capital account from Reserve Bank presentation (official short term below the line) is -32,2 in 1978, +133,6 in 1981 and +232,6 in 1984

SOURCES: Reserve Bank and Central Statistics Office.

TABLE 2.7

STRUCTURE OF FOREIGN TRADE IN 1984 BY INDUSTRY OF ORIGIN

Exports	Per cent.	Imports	Per cent.
AGRICULTURE	41,0	AGRICULTURE	7,9
Tobacco	20,1	MINING	1,5
Cotton	8,2	INDUSTRY	90,6
Sugar	3,9	Energy (oil products and electricity)	20,9
Coffee and Tea	3,8	Chemicals	16,8
Meat and Hides	3,5	Metal products	4,8
Other agricultural products	0,5	Textiles, Wood and Paper	4,7
		Iron and Steel	3,4
MINING	26,9	Other intermediates	0,8
Gold	11,2	Cables, Screws, Tools and Engine spares	4,0
Asbestos	5,2	Machinery and Equipment	27,1
Nickel	4,4	Consumer goods	8,1
Copper	3,0		
Coal and Coke	1,1		
Other Mining products	2,0		
INDUSTRY	32,1		
Ferro-alloys	10,8		
Iron and Steel	4,0		
Textiles	3,5		
Chemicals	1,8		
Machinery and Equipment	1,5		
Other Manufactures	10,5		
TOTAL	100,0	TOTAL	100,0

Source: Flan, Table III

TABLE 2.8 : SELECTED TRADE INDICES
(1980=100)

	IMPORTS			EXPORTS			TERMS OF TRADE		BALANCE OF TRADE
	Volume	Unit Value	Value Index	Volume	Unit Value	Value Index	Net Barter	Income	$m
1970	99.6	29.4	29.3	81.5	36.4	29.7	123.8	101.0	23.8
1971	112.4	31.3	35.2	89.9	37.0	33.3	118.2	106.4	7.8
1972	111.6	30.6	34.1	107.7	37.2	40.1	121.6	131.0	74.4
1973	120.4	31.9	38.4	110.0	40.6	44.7	127.3	140.7	80.5
1974	125.4	43.5	54.5	114.6	53.2	61.0	122.3	140.2	92.8
1975	119.6	48.0	57.4	107.3	56.8	60.9	118.3	126.9	69.4
1976	87.4	54.4	47.5	107.8	59.3	63.9	109.0	117.5	174.7
1977	80.5	60.0	48.3	102.4	61.7	63.2	102.8	105.3	162.9
1978	73.6	68.2	50.2	106.5	65.7	70.0	96.3	102.6	182.2
1979	72.6	93.3	67.7	105.0	75.5	79.3	80.9	85.0	139.1
1980	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	68.4
1981	123.5	99.5	122.9	95.2	110.6	105.3	111.2	105.8	-57.5
1982	133.0	99.1	131.8	98.2	107.3	105.4	108.3	106.4	-116.1
1983	111.5	116.4	129.8	101.5	121.3	123.1	104.2	105.8	87.3
1984	111.1	131.2	145.8	100.2	158.3	158.6	120.6	120.9	246.6

Source: Davies (1986), Table III.4.

Table 3.1 : Aid Flows since Independence (1980-1985)

	US$ millions	
	Disbursements	Commitments
Multilateral		
World Bank	267	493
EEC	81	138
UNHCR	38	38
Subtotal (3 agencies)	386	669
Other Multilateral	74	209
Subtotal	460	878
Bilateral		
USA	271	343
UK	167	221
Sweden	104	125
FRG	97	171
France	86	140
Netherlands	68	73
Italy	66	123
Canada	52	83
Subtotal (8 countries)	991	1279
Other bilateral	308	450
Subtotal	1219	1729
TOTAL	1679	2607

Source: *United Nations Development Programme*

TABLE 3.2

ZIMBABWE: DEBT OUTSTANDING AND DISBURSED a/

	Growth rates (Percent per annum)								Shares (Percent)							
	1980	1981	1982	1983	1984	1985	1986	1990 c/	1980	1981	1982	1983	1984	1985	1986	1990
1. Total	..	88.6	49.2	38.5	8.6	4.3	5.4	1.9	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2. Medium & Long Term	..	41.5	47.2	33.9	0.4	-3.6	-4.5	0.1	100.0	75.1	74.1	71.6	66.3	61.2	55.5	51.0
Concessional	..	293.4	147.5	85.3	22.8	9.8	8.8	9.6	2.2	4.6	7.6	10.1	11.4	12.0	12.4	17.9
IDA	..	(d)	0	6.3	38.8	42.2	19.9	5.5	0.0	1.1	0.7	0.6	0.7	0.9	1.1	1.2
Other	..	189.1	193.9	93.8	21.9	8.0	7.9	9.9	2.2	3.5	6.8	9.5	10.7	11.1	11.4	16.6
Nonconcessional	..	45.3	28.7	14.9	19.8	24.9	22.5	11.9	12.6	9.7	8.4	7.0	7.7	9.2	10.7	17.1
IBRD	..	726.4	30.6	28.7	44.3	55.6	44.3	18.4	0.8	3.3	2.9	2.7	3.6	5.4	7.9	15.6
Other	..	1.7	27.7	7.6	4.2	-2.2	-8.1	-13.0	11.9	6.4	5.5	4.3	4.1	3.8	3.3	1.5
Private b/	..	34.5	42.7	30.0	-6.2	-11.5	-14.8	-11.5	85.2	60.8	58.1	54.6	47.1	40.0	32.3	16.0
3. Short term																
Private	..	(e)	75.8	6.9	-11.5	-60.5	-81.5	-100.0	..	7.9	9.3	7.2	5.7	2.2	0.4	0.0
Reserve Bank	..	(f)	56.7	29.5	0	0	0	0	—	13.4	14.4	13.4	12.1	11.9	11.3	10.3
4. IMF	..	(g)	0	373.1	117.2	24.4	12.9	-1.8	—	3.4	2.3	7.8	15.5	18.5	19.8	16.5
5. Other (GAP)	--	--	--	--	--	(h)	123.7	13.3	--	--	--	--	—	6.2	13.1	22.2

a/ End of year
b/ Excludes nonguaranteed debt estimated to be at least US$56.4 million in 1981 and US$93.0 million in 1982.
c/ Average annual compound rate.
d/ IDA Allocations of US$14.3 million.
e/ Private short term debt outstanding = US$103.6 million.
f/ Short term Reserve Bank debt = US$179.9 million.
g/ IMF debt outstanding US$44.6 million.
h/ GAP = US$189.7 million.

Source: World Bank Memorandum, 1985, Table 4.02.

Table 3.3: Debt Outstanding & Disbursed, 1980-84
(US$ million)

	1980	1981	1982	1983	1984
Public medium and long-term debt[a]	700	880	1220	1520	1450
Foreign assistance[b]	(21)	(100)	(200)	(290)	(380)
Export credits	(80)	(70)	(110)	(130)	(100)
Commercial[c]	(590)	(710)	(920)	(1110)	(970)
Private M&LT[d]	20	40	70	80	120
Short-term[d]	90	400	580	480	400
IMF	0	40	40	200	270
Total	810	1360	1910	2290	2230

[a] Includes publicly guaranteed debt
[b] Bilateral concessional and multilateral
[c] Includes bonds
[d] This information is largely from creditor sources, and is less reliable than public debt statistics.

Source: World Bank Memorandum, 1985, Table 1.14.

Table 3.4: Plan Figures on Foreign Debt Service
(million Z$ at constant 1985 prices)

Total foreign debt service	590	529
Onnforeign loans as of 6/85	590	379
On new loans	-	150
Exports of goods and services	2 075	2 910
Debt Service Ratio	28.4%	18.2%

Source: Plan, Table XVI.

Table 3.5: Estimates of Total and Foreign Capital Stock, 1982 Z$m

	Total capital	Foreign	% Foreign
Agriculture	1,500	450	30
Mining	1,200	1,080	90
Manufacturing	2,400	1,680	70
"Local"	3,800	380	10
Other	2,500	1,250	50
Total	11,400	4,840	42.5
Total without "Local"	7,600		58.7

Source: Riddell, 1984, Table 5.

Notes: "Local" embraces electicity, water, construction, real estate & services. "Other" covers remaining GDP sectors.

Table 4.1 SUMMARY OF EXTERNAL TRADE, 1970-1984

Z $ million

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
Domestic exports	245.1	266.3	322.2	377.8	482.1	477.7	518.2	500.8	558.7	645.4	787.5	888.1	807.2	1 025.7	1 269.7
Gold sales	7.6	17.5	20.7	5.0	42.5	45.3	34.6	45.7	46.1	66.6	115.2	76.3	140.5	104.3	159.6
Re-exports	6.1	6.5	6.2	6.3	6.5	8.2	4.6	4.4	4.6	3.7	6.5	7.3	20.7	20.2	22.3
Total exports	258.8	290.3	349.1	389.1	531.1	531.2	557.4	550.9	609.4	715.7	909.2	971.7	968.4	1 150.2	1 451.6
Total imports	235.0	282.5	274.7	308.6	438.3	461.9	382.7	388.1	403.7	549.3	809.4	1 017.7	1 081.8	1 061.6	1 200.7
Visible balance	23.8	7.8	74.4	80.5	92.8	69.3	174.7	162.8	205.7	166.4	99.8	-46.0	-113.4	88.6	250.9
Domestic exports-(NCI)[1]	..	..	..	..	..	..	..	..	..	25.7	36.9	53.9	50.9	50.1	50.3
Imports (NCI)[1]	..	..	..	..	..	..	..	..	..	4.4	5.7	30.2	22.3	25.2	21.3
Visible balance excluding NCI transaction	..	..	..	..	..	..	..	..	..	145.1	68.6	-69.7	-142.0	63.7	221.9

1) No Currency Involved (NCI) Transactions are mainly migrants' effects. Migrants effects imported prior to 1980 and exported prior to 1979 are excluded.

Source: Central Statistical Office, Statistical Yearbook, 1985, Table 11.1.

The value of imports at current prices reached an all high figure of $1 200.7 million in 1984. Imports remained fairly static for the period from 1970 to 1979 rising steadily from $235.0 million in 1970 to $461.9 million in 1975 and then started falling from 1976 until they started rising again in 1979. There was a sharp increase from 1980 to 1984 with some slack due to foreign exchange shortages in 1982.

During the same period exports followed almost the same trend but were always higher than imports, except for the years 1981 and 1982. In these two years exports were mainly hit by the world recession.

With the exception of 1981-1982 the visible trade balance was positive throughout the period under review. The deficits in 1981 and 1982 were a manifestation of the world recession. The surpluses after 1983 were due to more efforts put on export promotion programmes and import restraint policies taken by Government.

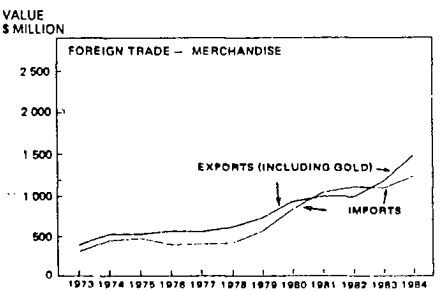


Table 4.2 EXPORTS AND IMPORTS BY PRINCIPAL COMMODITY GROUPS, PERCENT, 1978-1984

Commodity groups	Exports							Imports						
	1978	1979	1980	1981	1982	1983	1984	1978	1979	1980	1981	1982	1983	1984
Food products (0)	18	17	13	15	16	15	13	1	2	3	2	1	2	7
Beverages and tobacco (1)	18	13	16	25	24	23	23	-	0	-	-	0	-	-
Crude materials except fuels (2)	22	23	22	19	18	18	19	3	3	3	3	4	4	3
Mineral fuels, related products and electricity (3)	1	1	2	1	1	2	1	23	30	24	21	16	21	21
Animal and vegetable oils and fats (4)	1	1	-	-	-	-	-	-	1	1	1	1	1	1
Chemical and related products (5)	1	1	1	1	2	1	2	15	14	14	14	12	14	15
Manufactured goods classified by materials (6)	30	34	36	27	28	33	33	17	17	19	19	15	15	15
Machinery, transport, radio/T.V, electrical equipment (7)	5	2	2	2	2	1	2	25	23	26	32	40	34	31
Miscellaneous manufactured articles - Not elsewhere classified (8, 9)	4	8	8	10	9	7	7	15	10	10	8	11	9	7
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100

Source: Central Statistical Office, Statistical Yearbook 1985, Table 11.2.

The traditional picture of Zimbabwe's foreign trade is one in which Agricultural products, raw materials and semi-processed raw materials (SITC Sections 0, 1, 2 and 6) are exhanged for fuels and electricity, machinery and transport equipment and manufactured products (SITC Sections 3, 6, 7, 8 och 9).

The share of agricultural products and raw materials (SITC sections 1-4) in total exports ranged between 53-60 % during the years 1978-1984. During the same years manufactures (SITC sections 5-9) absorbed a share ranging between 64-78 % of imports.

Table 4.5 DOMESTIC EXPORTS OF PRINCIPAL COMMODITIES, 1978-1984

Commodity	1978		1979		1980		1981		1982		1983		1984	
	Tonnes	$000	Tonnes	$000	Tonnes	$000	Tonnes	$000	Tonnes	$000	Tonnes	$000	Tonnes	$000
Food products (0)														
Meat, fresh, frozen or chilled	59 026	34 555	45 468	32 572	13 377	13 708	2 672	4 526	2 527	4 496	8 741	10 942	18 353	26 760
Other meats	..	2 719	..	5 215	..	4 918	..	4 034	..	2 621	..	6 930	..	11 119
Maize	507 420	25 433	218 562	17 021	62 654	7 398	238 017	34 738	348 039	39 881	492 741	40 551	..	-
Matted barley	15 505	2 825	14 195	2 772	11 513	2 560	13 119	3 534	12 291	3 688	9 406	3 852	3 617	1 782
Animal feeds	54 259	3 819	95 725	7 896	70 452	6 787	53 805	7 926	10 502	1 732	3 689	865	23 973	6 837
Tea	7 606	7 975	7 831	6 895	6 200	6 168	6 360	5 870	7 178	6 056	8 244	10 126	9 865	25 462
Coffee	5 012	11 612	4 164	10 762	2 976	6 871	5 276	9 915	7 280	14 742	7 175	19 156	9 598	29 843
Raw sugar	104 466	7 369	203 058	15 802	129 989	40 992	142 493	45 908	191 174	44 418	169 386	39 605	174 643	40 593
Refined sugar	31 635	3 522	41 592	4 767	35 814	6 366	29 524	8 893	29 164	7 898	32 964	12 519	36 180	15 429
Other	..	5 965	..	6 131	..	7 217	..	5 561	..	4 777	..	6 464	..	9 638
Total value		105 794		109 833		102 985		130 905		130 309		151 010		167 463
Beverages and tobacco (1)														
Barley leaf stripped and scrap	599	1 177	197	329	1 189	1 854	1 435	3 981	458	1 501	347	929	229	687
Flue cured leaf	56 368	71 154	60 151	60 361	59 570	72 641	84 815	120 696	17 032	26 587	7 554	11 398	4 990	6 993
Flue cured stripped	14 064	23 656	11 722	19 006	23 285	42 570	33 452	92 221	57 092	161 384	69 204	215 126	77 275	274 817
Other unmanufactured tobacco	..	642	..	533	..	1 066	..	1 382	..	2 843	..	2 237	..	1 546
Manufactured tobacco	..	5 865	..	5 262	..	4 717	..	6 074	..	2 353	..	2 942	..	3 276
Beverages	..	235	..	102	..	156	..	220	..	128	..	172	..	239
Total value		102 729		85 593		123 004		224 574		194 796		232 804		287 558
Crude materials except fuels (2)														
Cattle hides	12 124	6 388	13 404	10 100	7 389	3 457	3 938	2 097	5 843	4 030	19 878	8 754	7 724	11 648
Cotton lint	46 578	40 063	49 322	46 362	55 787	57 192	53 534	60 299	47 245	51 759	48 378	73 574	54 506	115 262
Raw cotton	..	1 009	..	924	..	860	..	941	..	1 005	..	1 142	..	2 159
Railway sleepers wooden	..	1 482	..	1 735	..	2 520	..	3 029	..	2 514	..	1 674	..	1 340
Poles & posts	..	..	..	..	..	35	..	78	..	1 057	..	454	..	453
Parquet and other lumber	..	1 378	..	1 370	..	1 352	..	1 077	..	1 499	..	2 368	..	1 886
Crude magnesite	..	738	..	866	..	1 091	..	1 207	..	1 294	..	544	..	431
Groundnuts	3 548	1 670	3 483	1 493	2 071	1 253	2 676	2 020	3 814	2 281	1 493	959	751	766
Maize-seed	5 354	2 214	5 424	2 417	5 642	3 242	4 370	2 566	3 483	2 335	2 430	1 588	2 386	2 173
Asbestos	212 437	57 344	285 021	70 527	274 258	80 083	198 958	75 947	168 812	60 859	161 088	68 590	155 385	74 036
Lithium ores	16 427	941	13 432	997	18 373	1 722	16 163	2 167	9 793	1 540	16 172	2 321	23 805	5 109
Precious metal waste	..	839	..	1 800	..	3 486	..	5 416	..	838	..	339	..	2 820
Copper slimes	..	-	309	181	..	-	162	107	6 560	4 537	3 290	12 995	376	11 819
Tungsten ores & concentrates	260	1 596	225	1 287	201	1 254	130	795	52	271	24	120	72	531
Tantalum ores	..	37	..	1 869	..	2 847	..	2 031	..	211	..	115	..	97
Ores & concentrates of silver & platinum	..	578	..	994	..	1 236	..	1 068	..	352	..	..	..	..
Other metallic ores & contrates	6 226	678	6 217	365	8 465	1 010	11 545	1 344	8 803	1 464	..	..	..	..
Other	..	9 189	..	3 989	..	7 613	..	4 407	..	4 030	..	8 983	..	13 137
Total value		126 144		147 276		170 253		166 596		141 876		184 520		243 666
Mineral fuels, related products and electricity (3)														
Coal	216 614	3 166	195 952	3 104	229 498	3 916	116 357	2 531	66 217	1 468	113 761	3 505	174 776	5 201
Coke	110 528	4 704	131 629	6 424	113 388	6 388	112 921	7 767	128 221	10 757	135 272	12 853	102 246	11 220
Other	-	2	-	3	-	1 267	-	63	-	49	-	101	-	176
Total value		7 872		9 531		11 571		10 361		12 274		16 459		16 597

Table 4.3 (cont.)

Commodity	1978 Tonnes	1978 $000	1979 Tonnes	1979 $000	1980 Tonnes	1980 $000	1981 Tonnes	1981 $000	1982 Tonnes	1982 $000	1983 Tonnes	1983 $000	1984 Tonnes	1984 $000
Animal and vegetable oils and fats (4)														
Groundnut oil	6 920	2 972	3 495	2 212	1 214	884	1 066	884	163	158	513	229	3	2
Cotton seed oil	..	147	..	519	..	..	..	..	..	677	..	29	..	52
Other	..	2 645	..	3 341	..	1 279	..	151	..	78	..	393	..	1 688
Total value		5 764		6 072		2 163		1 035		913		651		1 742
Chemical and related products (5)														
Wattle extract	7 143	1 533	7 978	1 776	8 386	1 867	8 099	2 992	6 459	3 138	3 251	2 200	4 500	3 639
Soaps	67	55	333	424	1 097	1 283	2 798	3 118	2 055	3 441	2 606	3 002	4 182	6 228
Crude glycerine	590	199	1 003	422	1 117	600	1 425	632	1 323	684	982	688	348	484
Medicinal & pharmaceutical Products	..	2 204	..	1 884	..	2 610	..	2 721	..	3 638	..	2 920	..	6 796
Insecticides, fungicides and disinfectants	..	263	..	172	..	306	..	433	..	369	..	415	..	515
Other	..	369	..	805	..	1 081	..	1 801	..	928	..	2 328	..	6 270
Total value		4 623		5 483		7 747		11 697		12 198		11 553		23 952
Manufactured goods classified by materials (6)														
Leather in the piece	163	604	433	1 376	863	1 856	1 128	1 780	580	1 391	84	271	32	479
Tyres & tubes	492	693	690	1 095	379	750	726	1 161	754	1 371	680	1 762	737	2 548
Plywood & boards	..	1 246	..	1 195	..	1 185	..	807	..	400	..	734	..	2 026
Paper, paper-boards and manufactures thereof	2 951	1 285	5 300	1 423	2 404	1 394	1 322	1 120	3 097	2 063	7 325	4 606	13 251	8 148
Yarns and threads	1 857	3 080	3 101	5 058	3 008	5 620	1 959	3 948	1 434	2 686	977	2 839	6 800	14 218
Fabrics[1] (000)m^2	3 714	4 612	2 850	4 139	3 046	4 862	1 632	2 812	820	1 563	2 839	5 255	5 392	8 613
Bed-sheets	..	1 345	..	1 952	..	2 367	..	2 335	..	1 853	..	3 941	..	5 882
Cement	36 416	892	41 595	1 055	62 687	1 906	46 584	1 529	49 171	1 717	96 959	4 436	164 415	7 581
Domestic hardware	..	1 778	..	2 502	..	3 271	..	3 923	..	2 768	..	2 479	..	2 445
Gemstones	..	742	..	1 262	..	1 492	..	2 390	..	3 210	..	4 198	..	3 750
Pig iron	..	-	7 594	547	36 041	3 725	10 195	816	5 001	432	144	22	250	36
Ferro-alloys	101 548	31 600	170 951	46 345	257 306	88 071	220 575	79 517	182 634	77 162	246 711	116 186	209 569	154 941
Metal containers	..	113	..	37	..	322	..	463	..	716	..	363	..	280
Ignots and billets	324 466	22 767	237 891	25 968	305 545	34 224	207 827	24 185	252 525	28 228	286 263	40 666	184 134	31 027
Iron and steel bar rod & section	234 748	17 043	225 397	31 931	215 948	33 014	118 402	17 637	86 791	12 969	131 405	16 443	77 526	18 313
Copper metal	35 856	26 455	26 635	31 270	22 735	24 617	17 943	18 317	22 661	21 702	24 898	33 676	21 539	31 062
Wire	20 085	3 437	17 773	3 865	18 660	5 501	18 167	5 904	8 438	2 874	18 240	4 078	16 070	6 423
Railway construction material	1 555	172	1 674	316	2 766	643	1 397	203	2 593	1 217	1 436	273	3 842	477
Nickel metal	16 534	36 525	13 891	37 851	14 449	52 754	11 685	11 974	46 787	45 453	16 237	67 771	11 303	63 031
Tin metal	748	6 280	865	8 504	891	8 610	950	8 286	1 030	9 150	427	6 402	167	2 205
Other	..	7 678	..	8 645	..	12 377	..	14 866	..	11 620	..	2 694	..	56 325
Total value		168 347		216 336		288 561		238 786		230 545		343 342		419 810
Machinery, transport, radio/T.V and electrical equipment (7)														
Machinery, non-electrical	..	5 401	..	4 301	..	6 967	..	7 238	..	6 214	..	4 965	..	8 369
Insulated electric cable and wire	..	1 946	..	1 591	..	2 350	..	1 666	..	995	..	708	..	1 584
Radios, T.V and parts	..	3 129	..	4 854	..	4 341	..	3 462	..	1 940	..	2 136	..	2 562
Railway vehicles and equipment	..	1 839	..	1 797	..	1 146	..	5 293	..	1 185	..	1 161	..	1 443
Other	..	1 744	..	756	..	416	..	1 585	..	2 322	..	2 940	..	8 438
Total value		14 059		13 299		15 220		19 244		12 656		11 910	..	22 396

Table 4.3 (cont.)

Commodity	1978 Tonnes	1978 $000	1979 Tonnes	1979 $000	1980 Tonnes	1980 $000	1981 Tonnes	1981 $000	1982 Tonnes	1982 $000	1983 Tonnes	1983 $ 000	1984 Tonnes	1984 $000
Miscellaneous manufactured articles - not classified (8 and 9)														
Sanitary ware	..	904	..	997	..	1 476	..	1 233	..	160	..	170	..	363
Curios	..	416	..	418	..	722	..	1 078	..	1 648	..	1 665	..	3 015
Printed matter	..	643	..	521	..	1 063	..	597	.	382	..	373	.	400
Articles of plastic materials	..	272	.	161	.	342	.	686	..	614	..	385		373
Furniture & fixtures	.	2 492	..	3 303	..	4 744	.	5 273	.	3 590	.	3 531		4 835
Travel goods	..	710	..	826	..	1 226	..	1 120	..	1 229	..	2 039	..	3 374
Suits, jackets and trousers	..	3 441	..	3 246	..	3 372	..	2 766	..	1 415	..	967	..	3 138
Dresses, blouses, skirts	..	3 446	..	4 007	..	3 755	..	4 222	..	2 762	..	1 978	..	4 784
Other clothing	..	4 991	..	4 429	..	5 185	..	5 320	..	2 778	..	1 760	..	3 691
Footwear	..	4 145	..	4 594	..	5 086	..	6 074	..	3 819	..	4 171	..	5 890
Migrants effects	..	..	..	25 735	..	36 939	..	53 846	..	50 903	..	50 141	..	50 275
Other miscellaneous articles	..	1 870	..	3 705	..	2 112	..	2 654	..	2 277	..	6 278	..	7 748
Total value		23 330		51 942		66 022		84 869		71 577		73 458	..	87 886
GRAND TOTAL	..	558 661[2]	..	645 365	..	787 526	..	888 067	..	807 144	..	1 025 708	..	1 271 070

1) Measured in thousand square metres
2) Excluding migrants effects

Source: Central Statistical Office, Statistical Yearbook, 1985, Table 11.3.

Note: Zimbabwe, in her classification of commodities, uses the United Nations Standard International Trade Classification (SITC Rev 1). Principal commodities are either individual SITC items or homogenous groups or sub-groups within each section whose level of trade in the previous year was significant in terms of total value. A residual of each section is shown if applicable.

Table 4.4 IMPORTS OF PRINCIPAL COMMODITIES, $000, 1978-1984

Commodity	1978	1979	1980	1981	1982	1983	1984
Food products (0)							
Rice	636	1 170	1 803	1 452	1 000	4 732	4 404
Fish and fish preparations	979	801	2 179	1 925	1 101	1 097	534
Milk and cream	145	4	1 082	1 993	2 401	2 648	5 077
Other	2 888	7 734	22 958	9 938	6 070	13 124	73 613
Total value	4 648	9 709	28 022	15 308	10 572	21 601	83 628
Beverages and tobacco (1)							
Total value	1 383	2 072	3 698	2 193	2 054	3 147	2 717
Crude materials except fuels (2)							
Crude rubber	1 787	2 549	3 942	3 438	2 746	335	353
Synthetic rubber and substitutes	1 806	2 646	2 813	4 641	4 233	3 379	5 263
Lumber and parquet blocks	550	1 062	1 921	2 972	1 675	1 235	1 312
Wood pulp	2 661	3 212	4 258	5 233	4 975	3 867	6 848
Synthetic fibres	1 981	3 576	4 957	5 008	5 117	3 190	4 678
Crude sulphur	681	724	1 011	2 194	2 415	1 243	3 742
Common salt	941	1 031	1 330	1 375	1 311	1 793	1 650
Nickel ore concentrates and matte	-	-	-	779	7 489	-	-
Other	2 723	3 712	5 863	7 745	7 985	26 041	14 548
Total value	13 130	18 512	26 095	33 385	37 946	41 083	38 394
Fuels and electricity (3)							
Coal, coke and briquettes	886	1 297	2 233	2 336	2 711	3 164	4 684
Electricity	13 105	13 885	18 600	20 305	21 169	20 223	22 284
Motor spirit	29 972	53 419	65 547	51 331	48 630	61 798	57 225
Aviation turbine fuel	7 253	12 697	15 492	17 513	17 593	25 880	30 433
Gas oil	31 777	67 059	75 789	93 400	66 803	91 708	124 370
Lubrication oils	3 574	5 418	7 928	10 895	9 704	9 716	9 272
Other petroleum and petroleum products	5 827	8 441	9 435	15 916	12 025	11 109	8 656
Total value	92 394	162 216	195 024	211 696	178 635	223 598	256 924
Oils and fats (4)							
Animal Tallow	63	1 701	5 745	6 328	5 455	7 046	7 465
Other	343	537	770	2 176	1 469	4 899	3 413
Total value	406	2 238	6 515	8 504	6 924	11 945	10 878
Chemicals (5)							
Ammonium anhydrous	1 735	1 369	4 231	6 755	9 327	6 029	6 666
Sodium cyanide	580	1 091	1 140	1 806	1 873	2 521	3 366
Sodium hydroxide	562	610	1 411	1 731	1 900	1 701	1 232
Dyeing materials	2 567	3 391	4 707	5 643	4 119	3 091	4 272
Medicinal and pharmaceutical goods	9 666	10 656	12 152	16 216	17 000	16 680	15 658
Nitrogenous fertilizer material	1 236	1 312	4 800	13 928	8 157	5 253	4 855
Other fertilizer material	3 511	2 622	4 778	8 682	8 987	4 121	5 510
Blasting compounds and explosives	3 547	4 265	4 676	5 514	5 180	6 845	6 976
Explosives primers, fuses and detonators	2 448	3 091	3 921	4 365	3 863	5 522	6 215
Resins	8 707	15 536	21 042	25 590	18 700	26 868	33 029
Insecticides and disinfectants	12 045	13 158	15 894	18 486	18 064	12 391	20 050
Other	13 848	19 285	30 120	33 276	27 852	59 612	70 282
Total Value	60 452	76 386	108 872	141 992	125 022	150 634	178 111
Manufactured goods classified by materials (6)							
Rubber manufactures	2 554	2 808	4 998	4 845	6 117	4 321	6 217
Wood veneers and hardboard	673	1 127	1 829	2 566	1 746	1 255	1 198
Paper and paperboard	5 751	7 982	12 674	16 645	12 675	12 571	14 247
Yarns and threads	6 756	8 630	12 533	17 049	10 002	8 875	9 432
Textile piece goods	11 900	15 477	26 178	37 329	30 309	27 594	34 051
Bags and sacks	3 987	2 947	6 771	13 016	4 907	5 474	1 689
Refractory building materials	3 876	4 688	4 559	5 019	3 933	7 207	8 477

Table 4.4 (cont)

Commodity	1978	1979	1980	1981	1982	1983	1984
Sheet and plate glass	919	1 260	2 091	2 986	2 236	2 412	3 040
Ferro-alloys	1 041	1 362	1 494	1 668	373	1 338	1 623
Iron and steel							
bars, rods and section	1 863	2 815	4 611	6 295	5 195	4 056	4 741
plates and sheets	11 871	21 294	28 658	28 954	27 468	21 282	25 488
rails	930	99	2 644	5 975	3 195	111	162
tubes, pipes and fittings	1 750	2 341	4 274	5 444	9 023	6 930	10 702
Aluminium bar, sheets etc	1 810	2 508	5 256	8 980	4 850	6 345	5 349
Zinc and zinc alloys	912	1 400	1 788	2 217	2 160	2 026	3 911
Wire cables, rope and screening	906	1 670	1 544	1 996	2 091	1 604	2 407
Screws, nails, bolts and nuts	1 026	1 390	2 123	2 797	2 219	2 087	2 719
African hand tools	1 491	1 841	2 999	4 060	5 041	2 278	2 136
Other	9 631	12 914	22 324	28 717	23 792	36 279	40 262
Total value	69 647	94 553	149 348	196 558	157 332	154 045	177 851
Machinery and transport equipment (7)							
Engine spares	9 356	11 898	15 251	20 442	19 110	11 093	6 492
Farming machinery	5 859	8 181	17 355	18 685	18 101	28 036	15 272
Office machinery	1 484	1 721	4 654	8 900	9 399	10 202	15 824
Textile and leather machinery	2 565	4 145	10 227	18 913	18 666	9 710	6 788
Printing and bookbinding machinery	528	581	2 623	6 352	4 244	5 821	1 348
Food processing machinery	620	288	1 379	3 459	2 197	2 893	1 538
Excavating and road construction Machinery	2 576	4 756	9 408	16 173	20 078	24 715	22 958
Mining machinery	3 139	4 824	4 534	7 976	6 258	2 417	2 034
Mechanical handling machinery	2 287	1 366	2 790	5 125	10 100	8 943	7 357
Ball and roller bearings	2 045	2 521	3 484	4 209	3 544	5 344	6 144
Pumps and centrifuges	2 057	1 884	3 437	3 865	5 290	7 710	10 651
Compressors	1 356	1 348	2 858	3 616	2 483	3 218	2 418
Power machinery and switchgear	4 277	3 907	5 524	13 615	50 409	35 770	35 810
Insulated cable and wire	1 518	1 335	2 798	2 912	4 851	2 818	4 974
Radio and TV parts	3 567	3 706	4 712	4 692	5 001	4 443	2 411
Telecommunication equipment	4 397	4 687	8 593	9 508	15 371	26 908	51 874
Electric batteries	2 408	2 953	3 447	2 416	2 025	2 315	2 507
Railway vehicles and spares	4 015	4 483	4 243	7 831	70 245	8 920	3 649
Bus, Lorry, Chassis and Parts	7 588	8 690	15 607	32 098	32 251	21 669	12 768
Motor-car assembly kits	6 421	8 503	13 836	21 547	19 395	15 195	10 920
Trailers and motor vehicle spares and accessoires	4 928	5 820	7 845	9 553	9 141	9 312	10 383
Aircraft and spares	3 926	5 361	6 325	13 972	9 976	4 433	1 777
Other	25 203	33 707	57 673	91 541	101 764	113 375	137 653
Total value	102 120	126 665	208 603	327 400	439 899	365 260	373 550
Miscellaneous manufactured articles and commodites not elsewhere classified (8 and 9)							
Clothing	1 759	2 151	3 858	6 191	8 788	5 653	4 988
Photo and cine supplies	379	380	957	1 157	1 214	1 059	1 168
Medical instruments and appliances	2 601	3 294	3 246	3 989	4 195	4 773	8 962
Books, newspapers and magazines	2 080	1 895	3 745	4 897	5 106	5 259	6 134
Articles of plastic material	1 761	2 419	3 999	4 920	3 439	1 928	1 846
Office and stationery supplies	366	377	817	1 304	885	780	1 121
Postal packages	4 162	4 391	6 040	6 589	5 333	4 591	4 961
Other	46 403	42 007	60 559	51 611	94 443	66 263	49 435
Total value	59 511	56 914	83 221	80 658	123 403	90 306	78 615
GRAND TOTAL	403 691	549 265	809 398	1 017 694	1 081 787	1 061 619	1 200 668

Source: Central Statistical Office, Statistical Yearbook, 1985, Table 11.4.

Note: Zimbabwe, in her classification of commodities, uses the United Nations Standard International Trade Classification (SITC Rev 1). Principal commodities are either individual SITC items or homogenous groups or sub-groups within each section whose level of trade in the previous year was significant in terms of total value. A residual of each section is shown if applicable.

TABLE 4.5

ZIMBABWE - EXPORTS CLASSIFIED BY SITC CATEGORIES AND DESTINATION, 1980-1982[a]
(Z$ THOUSAND)

Country	Year	Food	Tobacco & Beverages	Crude Materials	Fuels & Electricity	Oils & Fats	Chemicals	Manufactured Goods	Machinery & Equipment	Miscellaneous Manufactured Goods n.e.i.	Total
S. Africa	1980	6,106	7,191	10,728	1,188	—	1,018	17,985	4,418	10,812	59,466
	1981	24,860	18,645	29,633	339	69	2,375	39,217	8,069	68,970	192,177
	1982	6,118	14,542	26,094	38	58	2,398	28,309	4,961	55,299	127,817
		37,084	40,378	66,455	1,565	127	5,791	85,511	17,448	135,081	379,460
U.K.	1980	912	13,774	1,263	—	—	—	2,471	—	276	18,696
	1981	3,243	36,786	8,977	—	—	10	8,897	19	3,367	61,299
	1982	8,225	37,911	4,954	—	—	22	21,774	222	3,838	76,946
		12,380	88,471	15,194	—	—	32	33,142	241	7,481	156,941
W. Germany	1980	668	4,481	16,187	—	—	—	16,096	14	48	37,494
	1981	2,819	17,564	23,035	—	—	—	29,331	1	260	73,009
	1982	5,896	18,474	22,382	—	—	—	17,544	12	298	64,606
		9,383	40,519	61,604	—	—	—	62,971	27	606	175,109
U.S.A.	1980	136	3,140	353	—	—	—	6,857	47	148	10,681
	1981	29,349	5,089	2,061	—	—	21	32,304	9	937	69,770
	1982	29,980	1,840	3,109	—	—	12	27,751	—	887	63,579
		59,465	10,069	5,523	—	—	33	66,912	56	1,972	144,030
Japan	1980	200	—	4,502	—	—	—	6,247	—	3	10,952
	1981	969	208	10,726	—	—	—	13,008	—	—	24,911
	1982	349	62	7,739	—	—	—	17,392	—	7	25,549
		1,518	270	22,967	—	—	—	36,647	—	10	61,412
Sub Sahara	1980	7,255	365	824	2,618	301	1,939	9,183	1,676	1,513	25,674
	1981	51,997	2,780	3,975	9,960	966	6,285	26,187	10,559	5,608	118,476
	1982	50,713	2,396	5,594	12,228	855	6,611	22,494	6,099	4,940	111,930
		109,965	5,541	10,393	24,806	2,122	14,835	57,864	18,334	12,061	256,080
Others	1980	28,522	44,491	41,188	1,176	178	915	49,271	486	18,979	185,186
	1981	17,668	143,502	88,194	62	—	3,027	89,842	587	5,727	348,425
	1982	29,029	119,571	72,004	9	—	3,155	95,280	1,362	6,307	326,717
		75,219	307,564	201,386	1,247	178	7,097	234,393	2,435	31,013	860,328
Total	1980	43,799	73,442	75,045	4,982	479	3,872	108,110	6,641	31,779	348,149
	1981	130,905	224,574	166,596	10,361	1,035	11,697	238,786	19,244	84,869	888,067
	1982	130,310	194,796	141,876	12,275	913	12,198	230,544	12,656	71,576	797,144
		305,014	492,812	383,517	27,618	2,427	27,767	577,440	38,541	188,224	2,043,360

[a] 1980 data cover the period August-December only.

Source: World Bank Memorandum, 1985, Table 3.06.

TABLE 4.6

ZIMBABWE - IMPORTS (FOB) CLASSIFIED BY SITC CATEGORIES AND COUNTRIES OF ORIGIN, 1980-1982a/
(Z$ THOUSAND)

Country	Year	Food	Tobacco & Beverages	Crude Materials	Fuels & Electricity	Oils & Fats	Chemicals	Manufactured Goods	Machinery & Equipment	Miscellaneous Manufactured Goods n.e.i.	Total
S. Africa	1980	4,679	399	4,906	5,950	83	20,800	33,648	27,468	6,703	104,676
	1981	3,160	853	9,186	49,800	298	50,879	80,343	64,615	20,518	279,652
	1982	2,204	719	7,037	34,893	1,070	46,699	63,581	68,483	14,762	239,448
		10,043	1,971	21,129	90,683	1,451	118,378	177,572	160,566	41,983	623,776
U.K.	1980	406	258	625	51	19	3,763	4,053	18,914	4,153	32,242
	1981	487	683	1,302	91	20	7,656	14,048	60,200	15,435	101,922
	1982	343	539	355	183	19	9,046	15,426	76,261	59,811	161,983
		1,236	1,480	2,282	325	58	20,465	33,527	155,375	79,399	296,147
W. Germany	1980	262	8	302	320	15	5,624	4,345	10,943	3,880	25,699
	1981	672	5	1,242	1,518	33	13,515	12,145	37,220	7,418	73,773
	1982	2,379	5	1,068	1,338	35	13,698	10,142	52,321	7,577	88,563
		3,313	18	2,612	3,176	83	32,837	26,632	100,484	18,875	188,035
U.S.A.	1980	1,313	1	1,300	70	1,522	7,715	3,329	10,689	1,886	27,825
	1981	778	18	3,538	453	1,253	16,721	8,704	37,410	5,548	74,423
	1982	348	1	3,634	257	676	14,002	7,591	72,401	4,628	103,538
		2,439	20	8,472	780	3,451	38,438	19,624	120,500	12,062	205,786
Japan	1980	10	—	352	76	1	945	3,960	10,096	798	16,238
	1981	27	—	839	33	11	3,614	10,355	43,710	3,017	61,597
	1982	32	—	1,580	94	9	3,064	6,876	41,872	2,824	56,333
		69	—	2,771	203	21	7,623	21,191	95,678	6,639	134,168
Sub Sahara	1980	3,004	1,708	315	9,801	532	375	5,231	62	2,127	23,079
	1981	4,531	396	4,707	41,458	1,812	986	16,968	326	7,463	78,847
	1982	3,673	320	12,918	31,007	1,743	1,744	17,228	740	12,428	81,801
		11,208	2,424	17,940	82,266	4,087	3,105	39,427	1,128	22,018	183,727
Others	1981	5,653	238	12,571	118,344	5,077	48,623	53,995	83,919	21,255	347,480
	1982	1,593	470	11,354	110,863	3,372	36,769	36,488	127,821	21,373	350,121
Total	1981	15,308	2,193	33,385	211,697	8,504	141,994	196,558	327,400	80,654	1,017,694
	1982	10,572	2,054	37,946	178,635	6,924	125,022	157,332	439,899	123,403	1,081,787

a/ The 1980 data covers period from August-December only.

Source: World Bank Memorandum, 1985, Table 3.07.

Table 4.7 DIRECTION OF EXPORT TRADE, Z$ THOUSAND, 1981-1984

Country	1981	% share	1982	% share	1983	% share	1984	% share
Algeria	209	0.02	12 580	1.55	17 734	1.73	2 731	0.21
Australia	6 642	0.75	6 802	0.84	7 088	0.69	10 973	0.86
Austria	8 634	0.97	8 780	1.09	12 381	1.21	13 268	1.04
Belgium	32 411	3.65	16 074	1.99	22 225	2.17	20 902	1.64
Botswana	28 678	3.23	25 504	3.16	40 789	3.98	61 611	4.85
France	13 087	1.47	21 050	2.61	16 298	1.59	22 974	1.81
Hong Kong	13 008	1.46	8 991	1.11	12 296	1.20	22 854	1.80
India	4 030	0.45	5 052	0.63	1 724	0.17	6 290	0.49
Israel	3 145	0.35	7 920	0.98	5 145	0.50	8 870	0.70
Italy	44 013	4.96	35 719	4.43	52 992	5.17	64 348	5.06
Japan	24 911	2.81	25 549	3.17	64 978	6.33	66 160	5.21
Malawi	14 226	1.60	12 292	1.52	15 125	1.47	15 863	1.25
Mozambique	11 154	1.26	17 204	2.13	15 300	1.49	10 524	0.83
Netherlands	26 874	3.03	36 641	4.54	36 316	3.54	22 523	1.77
Philippines	3 122	0.35	5 693	0.71	3 063	0.30	1 363	0.11
Portugal	8 269	0.93	8 301	1.03	13 213	1.29	14 337	1.13
South Africa	192 177	21.64	137 817	17.07	191 970	18.72	232 179	18.27
Spain	11 580	1.30	11 123	1.38	17 960	1.75	24 645	1.94
Sweden	6 365	0.72	5 897	0.73	5 119	0.50	12 971	1.02
Switzerland	16 796	1.89	11 528	1.43	13 700	1.34	18 531	1.46
Tanzania	1 373	0.16	5 877	0.73	3 272	0.32	2 953	0.23
United Kingdom	61 299	6.90	76 946	9.53	119 379	11.64	162 604	12.79
U.S.A	69 770	7.86	63 579	7.88	68 685	6.70	78 979	6.21
West Germany	73 009	8.22	64 606	8.00	79 299	7.73	109 159	8.59
Zaire	19 612	2.21	20 392	2.53	21 507	2.10	20 179	1.59
Zambia	35 284	3.97	27 843	3.45	32 060	3.13	42 047	3.31
Other	158 389	17.84	127 384	15.78	136 090	13.27	201 232	15.83
TOTAL[1]	888 067	100.0	807 144	100.0	1 025 708	100.0	1 271 070	100.0

1) Excludes gold exports included in the summary of External Trade Table.

Source: Central Statistical Office, Statistical Yearbook 1985, Table 11.6.

The countries selected are the major trading partners in terms of value based on figures of the previous year.

For the period 1981-1984, South Africa remained Zimbabwe's dominant trading partner, absorbing 18,9 % of exports (excluding gold). The United Kingdom followed closely with her share of exports rising from 6,9 % in 1981 to 12,8 % in 1984.

The other principal trading partners have been the United States, West Germany and Italy with a percentage average export share of 7,2 %, 8,1 % and 4,9 % respectively.

Table 4.8 DIRECTION OF IMPORT TRADE, Z$ THOUSAND, 1981-1984

Country	1981	% share	1982	% share	1983	% share	1984	% share
Australia	5 575	0.55	4 341	0.40	5 675	0.53	6 920	0.58
Austria	6 396	0.63	5 789	0.54	7 586	0.72	7 452	0.62
Bangladesh	11 357	1.12	4 625	0.43	5 812	0.55	2 438	0.20
Belgium	16 697	1.64	7 128	0.66	11 037	1.04	9 156	0.76
Botswana	17 362	1.71	34 116	3.15	44 821	4.22	38 458	3.20
Brazil	4 396	0.43	2 268	0.21	2 206	0.21	3 939	0.33
Canada	9 097	0.89	26 201	2.42	4 367	0.41	11 261	0.94
Finland	2 486	0.24	4 106	0.38	3 347	0.32	5 513	0.46
France	37 130	3.65	54 102	5.00	49 568	4.67	50 927	4.24
Israel	8 793	0.87	7 460	0.69	6 180	0.58	3 790	0.32
Italy	21 116	2.07	24 655	2.28	19 123	1.80	36 570	3.05
Japan	61 597	6.05	56 333	5.21	50 412	4.75	63 254	5.27
Malaysia	3 170	0.31	2 489	0.23	4 077	0.38	4 334	0.36
Malawi	15 038	1.48	10 278	0.95	8 179	0.77	13 605	1.13
Mozambique	18 829	1.85	9 480	0.88	9 059	0.85	106	0.01
Netherlands	23 439	2.30	18 922	1.75	19 403	1.83	22 061	1.84
South Africa	279 652	27.48	239 448	22.13	259 892	24.48	231 792	19.30
Spain	4 515	0.44	3 156	0.29	16 001	1.51	3 005	0.25
Swaziland	2 983	0.29	3 009	0.28	1 563	0.15	404	0.03
Sweden	7 147	0.70	8 848	0.82	8 490	0.80	16 626	1.38
Switzerland	21 447	2.11	22 601	2.09	20 893	1.97	16 894	1.41
Taiwan	12 064	1.19	9 705	0.90	6 601	0.62	6 393	0.53
United Kingdom	101 922	10.02	161 983	14.97	121 689	11.46	143 495	11.95
U.S.A	74 423	7.31	103 538	9.57	100 444	9.46	111 512	9.29
West Germany	73 773	7.25	88 563	8.19	78 058	7.35	82 311	6.86
Zambia	24 635	2.42	24 918	2.30	23 085	2.17	26 493	2.21
Other	152 655	15.00	143 725	13.29	174 051	16.40	281 959	23.48
TOTAL	1 017 694	100.0	1 081 787	100.0	1 061 619	100.0	1 200 668	100.0

Source: Central Statistical Office, Statistical Yearbook 1985, Table 11.7.

As with exports, South Africa remained the dominant trading partner supplying 20-25 % of imports. However compared to 1981 South Africa's dominance has decreased with her share dropping to 19 % in 1984.

Table 4.9 : Structure of Merchandise Trade in Plan and World Bank Scenarios (%)

	1984 Share	1986-90 av an growth	1990 share		1985 Share	1986-90 av an growth	1990 share
IMPORTS							
PLAN				**WB**			
Agriculture	7.9	3.1	3.6	Food	1	0	0.7
Intermediate	48.8	6.9	56.5	Petroleum	19.0	4.5	16.2
Mining	1.5	2.9	1.2	Intermediate	37.0	7.0	35.3
Capital Goods	33.7	5.2	31.1	Machiner & Trnsprt Equip	35.0	11.3	40.9
Consumer Goods	8.1	4.0	7.3	Misc Manuf	7.0	7.1	6.7
EXPORTS							
PLAN				**WB**			
Agriculture	41.0	6.6	39.6	Agriculture	41.0	5.1	44.0
Mining	26.9	7.4	26.9	Metals & Minerals	38.0	1.7	30.0
Intermediate	20.1	7.9	20.8	Gold	10.0	3.0	9.0
Capital	1.5	13.5	1.9	Gen Manuf	8.0	13.0	16.0
Consumer Goods	10.5	7.9	10.7	Other	4.0	-4.4	2.0

Sources: Plan and World Bank Memorandum, various tables.

TABLE 4.10

1984 TRANSACTIONS TABLE (IN 1985 PRICES)

1984 in 1985 prices	Agric.	Inter-mediate	Capi-tal	Final	Min-ing	Other	Inter-mediate demand	Private cons.	Govt. cons.	Ex-ports	Invest-ment	Stocks	Final demand	Total demand
Agric.	140	12	0	535	0	0	687	318	26	509	0	-19	834	1521
Inter.	318	179	251	260	95	90	1193	55	12	394	0	67	528	1721
Cap.	52	79	12	145	116	60	464	1	2	18	668	-69	620	1084
Final	12	37	21	467	31	129	697	1633	236	208	42	78	2197	2894
Mining	14	332	18	12	38	16	430	7	2	273	0	46	328	758
Other	30	41	19	193	51	139	473	1415	914	565	160	79	3133	3606
	566	680	321	1612	331	434	3944	3429	1192	1967	870	182	7640	11584
Imp. Agric.	0	0	0	14	0	0	14	7	1	0	0	75	83	97
Inter.	46	256	97	39	32	166	636	18	10	0	0	-12	16	652
Cap.	5	10	140	16	2	14	187	6	4	0	200	-12	198	385
Final	2	2	2	80	2	25	113	72	32	0	13	15	132	245
Mining	0	1	0	0	0	0	1	0	0	0	0	0	0	1
Other	34	153	90	80	19	118	494	40	3	0	62	8	113	607
Total Imports	87	422	329	229	55	323	1445	143	50	-	275	74	542	1987
Value Added	868	619	434	1053	372	2849	6195							6195
Total Inputs	1521	1721	1084	2894	758	3606	11584	3572	1242	1967	1145	256	8182	

Source: Zimconsult

Table 4.11 : Direct plus Indirect Imports by Sector

	Agric.	Intm.G	Cap.G	FinalG	Mining	Other
Direct	6%	25%	30%	8%	7%	9%
Total	16%	35%	40%	20%	20%	12%

Table 4.12 : Utilisation of Intermediate Imports by Productive Sectors (1984 in 1985 prices)

Sector	Direct Imported Inputs ($m)	Indirect Imported Inputs ($m)	Total Imported Inputs ($m)	% of $1445m
Agriculture	47.7	89.3	137.0	9%
Intermediate	129.5	53.8	183.2	13%
Capital	188.2	58.3	246.5	17%
Final	173.8	269.6	443.4	31%
Mining	23.8	42.9	66.7	5%
Other	280.7	87.4	368.1	25%
Totals	843.7	601.3	1444.9	

Source: Calculated from Table 4.10 using Leontief Inverse

Note: Total for CSO sectors of Industry - Manufacturing, Electricity & Water and Construction = $873,1m (60%)

Table 4.13 : Direct plus Indirect Imports - Base Period Final Demand

	Pr. Cons.	Gov. Cons	Exports	Investment	Total
Direct	4%	4%	0%	24%	7%
Total	20%	17%	20%	50%	24%

Table 4.14 : Utilisation of Total Imports by Final Demand Categories

Demand Category	Direct Imported Component ($m)	Indirect Imported Content ($m)	Total Imported of Imports ($m)	% of $1987m
Private Consumption	142.9	569.0	711.9	36%
Government Consumption	49.7	164.7	214.4	11%
Exports	-	391.4	391.4	20%
Investment	274.8	292.9	567.7	29%
Stocks	74.0	27.1	101.1	5%
Totals	541.4	1445.1	1986.5	

Source: Calculated from Table 4.10 using Leontief Inverse

Table 4.15 : Volume of Imports in Relation to Capacity Utilisation, Investment and GDP Growth 1965-1984

Period	Final Year Capacity Utilisation	Real Av Annual Inv Growth	Real Av Annual GDP Growth	Av Annual Imp Vol Growth
1965-69	n/a	11.5%	5.1%	-3.4%
1970-74	98%	16.3%	6.3%	5.4%
1975-79	76%	-17.4%	-2.4%	-11.0%
1980-84	84%	0.13%	1.6%	1.1%
1980	83%	19.2%	11.3%	37.7%
1981	95%	36.9%	13.0%	23.5%
1982	91%	.9%	0.03%	.7%
1983	85%	-16.8%	-3.4%	-16.2%
1984	84%	-13.6%	1.1%	-0.4%

Source: Capacity Utilisation: Kadhani Green (1985)
Other Series calculated from:
CSO National Income and Expenditure Report (1984)
National Accounts and Balance of Payments of Rhodesia (1971)
Quarterly Digest of Statistics, September 1985, various tables.

Notes: Annual average growth rates over five year intervals are the geometric equivalents of the exponential coefficients obtained from logarithmic time series regressions
(R-squares vary from 0,013 to 0,953).

Figure 5.1: Map showing Transport Routes through Mozambique

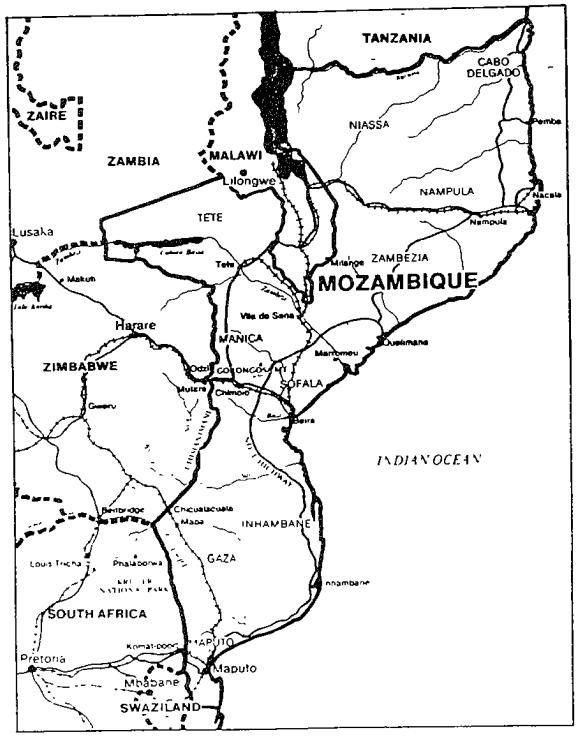


Table 5.1 : Zimbabwe Trade Volumes and Transport Costs 1984

Zimbabwe Trade Volumes in 1984 (thousand tonnes)

	Overseas	South Africa	Region	Total
Exports	1,070	330	343	1,743
Imports	860	480	55	1,395
Total	1,930	810	398	3,138

Transport Costs of Zimbabwe Overseas Exports & Imports in 1984 (in 1986 prices)

Railage (Zimbabwe border : port)	Z$ 130 million
Road transport	Z$ 15 million
Port Costs	Z$ 60 million
Total	**Z$ 205 million**

Source: Zimconsult

Figure 6.1: Labour Force Composition 1982 & 1990 (Plan)

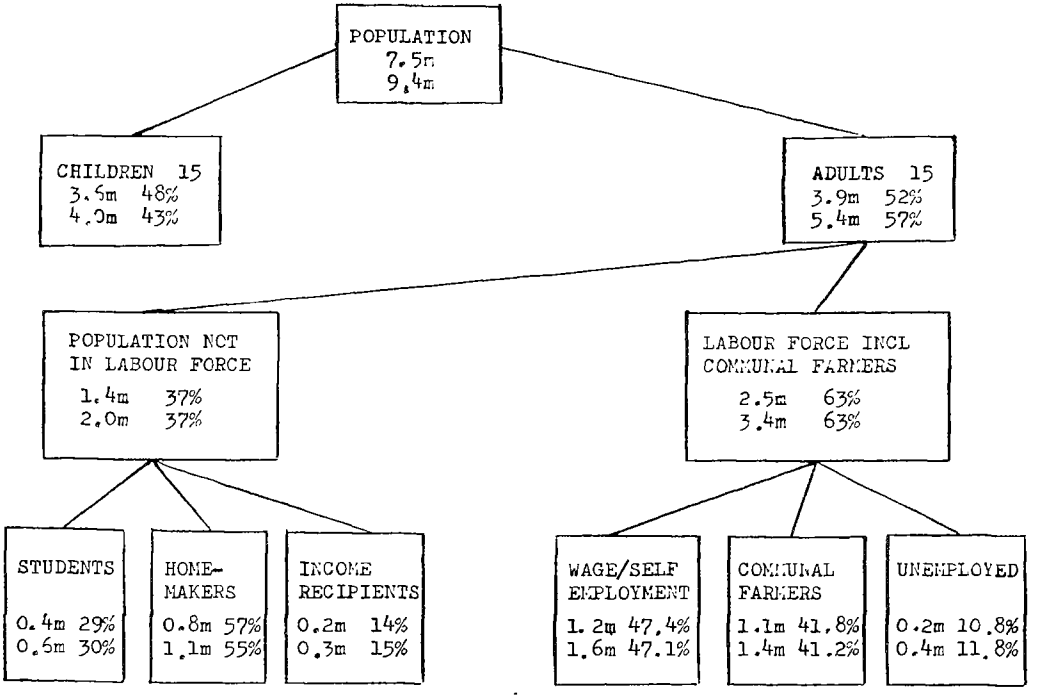
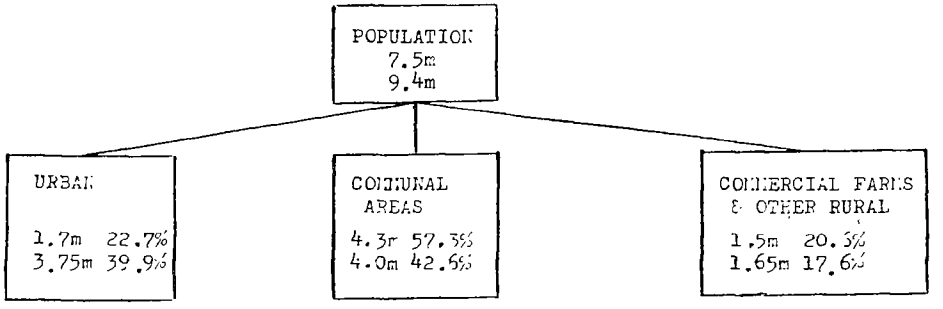


Figure 6.2: Spatial Distribution of Population 1982 & 1990 (Plan)



Sources: Extrapolated from CSO Main Demographic Features of the Populationn of Zimbabwe - An Advance Report Based on a Ten Percent Sample , June 1985 Figure V.I and Plan, various tables, plus figures from the text.

Table 6.1 : Adequacy of Present Plant for the Export Market

Market	Numbers with adequate plant	Total Sample	% with adequate plant
Zimbabwe market	62	69	90
PTA regional market	58	66	88
South African market	36	67	54
Overseas market	201	67	30

Source: UNIDO Table 10.7 (1985 questionnaire survey data)

Table 6.2 : Sectoral Value Added and Employment Ratios

	Agric	Int	Capital	Final	Mining	Other	Total
Employment (th)	262	58	53	108	56	489	1026
GDP contribution (%)	14	10	7	17	6	46	100
Capacity Utilisation (1984)	87	93	73	78	91	74	80
VA/unit material inputs	1,32	0.56	0.67	0.57	0.97	3.77	1,15
VA/total import usage	6.34	3.38	1.76	2.37	5.58	7.74	4.29
Cost/Job (th $)	7.5	52.6	36.0	44.1	32.2	13.0	19.2

Source: Zimconsult

Table 6.3: Income Distribution Scenarios and Import Consequences

1985 Base Assumptions

Item		HDA		LDA		Urban		Rural		Total
Population	(th)	*22.1*	1,807	*3.9*	319	*26.0*	2,126	*74.0*	6,049	8,175
Pr. Consumption	($m)	*27.8*	1,219	*35.9*	1,574	*63.7*	2,793	*36.3*	1,591	4,384
Expenditure pc	($)	-	675	-	4,934	-	1,314	-	263	536
Pr Cons Imports	($m)	*27.8*	244	*48.8*	428	*76.6*	672	*23.4*	205	877
Import content	(%)	*20.0*	135	*27.2*	1,342	*24.1*	316	*12.9*	34	107
Imports/capita	($)									

1990 Plan Scenario

Item		HDA		LDA		Urban		Rural		Total
Population	(th)	*36.0*	3,373	*4.0*	375	*40.0*	3,748	*60.0*	5,621	9,369
Pr. Consumption	($m)	*41.0*	2,277	*33.3*	1,850	*74.3*	4,127	*25.7*	1,427	5,554
Expenditure pc	($)	-	675	-	4,934	-	1,101	-	254	593
Pr Cons Imports	($m)	*39.8*	455	*44.1*	503	*83.9*	958	*16.1*	184	1,142
Import content	(%)	*20.0*	135	*27.2*	1,342	*23.2*	256	*12.9*	33	122
Imports/capita	($)									

1990 More Likely Plan Outcome

Item		HDA		LDA		Urban		Rural		Total
Population	(th)	*26.0*	2,436	*4.0*	375	*30.0*	2,811	*70.0*	6,558	9,369
Pr. Consumption	($m)	*29.6*	1,644	*33.3*	1,850	*62.9*	3,494	*37.1*	2,060	5,554
Expenditure pc	($)	-	675	-	4,934	-	1,243	-	314	593
Pr Cons Imports	($m)	*30.0*	329	*45.8*	503	*75.8*	832	*24.2*	266	1,098
Import content	(%)	*20.0*	135	*27.2*	1,342	*23.8*	296	*12.9*	41	117
Imports/capita	($)									

1990 Rural-focussed Strategy

Item		HDA		LDA		Urban		Rural		Total
Population	(th)	*22.1*	2,071	*3.9*	365	*26.0*	2,436	*74.0*	6,933	9,369
Pr. Consumption	($m)	*25.2*	1,398	*32.4*	1,801	*57.6*	3,199	*42.4*	2,355	5,554
Expenditure pc	($)	-	675	-	4,934	-	1,313	-	340	593
Pr Cons Imports	($m)	*24.3*	236	*42.7*	414	*67.0*	650	*33.0*	320	970
Import content	(%)	*16.9*	114	*23.0*	1,134	*20.3*	267	*13.6*	46	104
Imports/capita	($)									

Note: Numbers in *italics* are proportions.