Import Control Regime in Zimbabwe: The Case of Statutory Instrument 64 of 2016

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Introduction

- Statutory instrument 64 of 2016 introduced in July 2016, with immediate effect!
- Additional goods requiring import permits, amending S.I 08 of 1996
- Designed to protect domestic industries from fierce foreign competition
- Trade Deficit, averaging USD2.4 billon annually
- General foreign currency flight
- To stimulate growth of local “infant industries”, and resuscitate existing firms by creating “captive market”
- History of high tariffs, stringent import regime, VAT and border taxes, surtax, consignment conformity based assessments (CBCA)

Materials and methods

- Qualitative Research through key informant interviews within Govt ministries and departments, Zimbabwe National Chamber of Commerce, Confederation of Zimbabwe Industries, Freight Forwarders, and
- Desktop literature review

Results

- Unilateral violation of SADC Protocol on Trade, COMESA Treaty and Bilateral Trade Agreements with respect to introduction of new quantitative restrictions
- Confrontation by South Africa and Zambia delegations
- Violent demonstration by cross-border traders at Beitbridge Border Post and Musina; leading to the burning down of ZIMRA warehouse (*Image on the right bottom corner)*
- Widespread advertising of S.I 64 of 2016 in all forms of media
- Adoption of S.I by ZANU PF Politburo on 6 July 2016
- Fast disappearing of imported goods from shelves and warehouse
- Long queues at the Ministry of Industry and Commerce for permit applications
- Long queues at all border posts due to the suddenly introduced permit system (Non-Tariff Barrier)
- Zambia condemns peanut butter from Zimbabwe (amid concerns that it contains substances that causes cancer- emergence SPS measure)
- SADC Committee of Ministers of Trade , and COMESA Trade and Customs meetings requesting audience on the same matter
- Rise in the prices of domestically available substitutes (consumer welfare decline)
- Loss of jobs in the logistics and retail chains
- Rampant smuggling of imported goods, and corruption at border posts
- Manufacturing sector capacity utilization increases from 34.3% to 47.4%, factors attributable to S.I 64 of 2016
- Positive growth in Furniture, Food Beverages, and Dairy Processing
- Some of the value-added inputs now require import permits such as fruit concentrates and fabric (unintended effects effects)

Conclusions

- Trade policy formulation must be a stakeholder consultative process
- Adherence to international agreements and treaties is critical
- Some level of Govt protection in order to industrialize is allowed, but not in perpetuity (permanent infant industries)
- Build capacity in Govt, Private, business associations, and non-state actors with respect to trade policy engagement, design and implementation

Image Credit: The Herald Zimbabwe (2 July 2016)

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Further information

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