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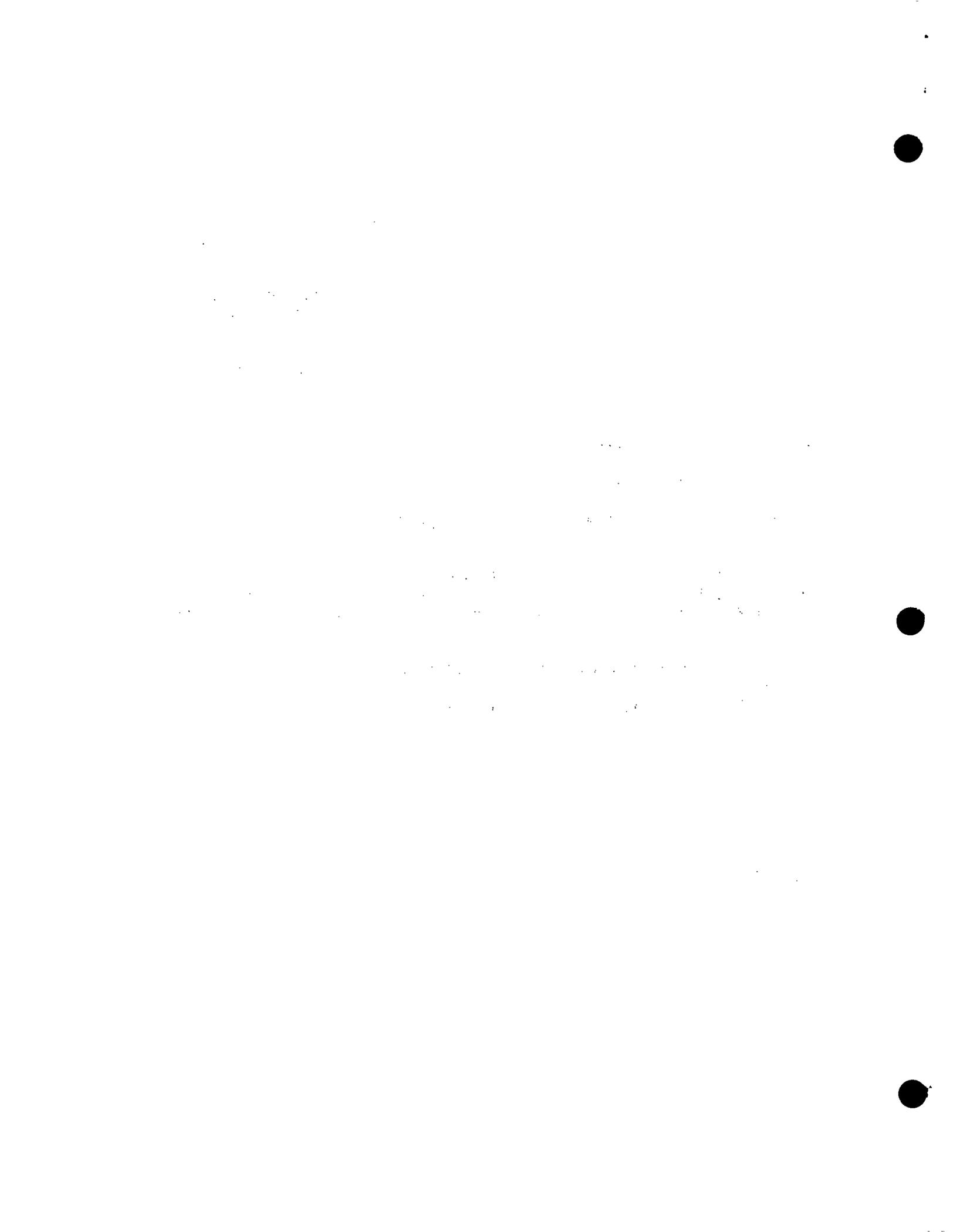
To: Members of the Executive Board
From: The Secretary
Subject: Zimbabwe - Recent Economic Developments

This paper provides background information to the staff report on the 1983 Article IV consultation discussions with Zimbabwe and review under the stand-by arrangement, which was circulated as EBS/83/264 on December 7, 1983.

If Executive Directors have technical or factual questions relating to this paper prior to the Board discussion, they should contact Mr. E. S. Williams (ext. (5)8751).

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INTERNATIONAL MONETARY FUND

ZIMBABWE

Recent Economic Development

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Approved by the African Department, the Exchange and Trade
Relations Department, and the Fiscal Affairs Department

December 5, 1983

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ZIMBABWE - Basic Data

Area, population, and GDP per capita

Area	390,000 square kilometers
Population: Total (1981)	7.6 million
Growth rate	3 percent
GDP per capita (1981)	SDR 654

	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u> Proj.
<u>GDP (at current prices)</u>						
Total (in millions of Zimbabwe dollars)	2,236	2,608	3,316	4,147	4,834	5,673
Agriculture (percent of total)	14	12	14	18	16	14
Mining (percent of total)	7	7	8	5	4	4
Manufacturing (percent of total)	23	26	25	26	26	25
Annual real rate of growth (percent)	...	1.5	11.3	12.2	1.9	0.7
Investment as percent of GDP (at current market prices)	14	14	14	16	17	...

Prices (in percent change)

GDP deflator	...	15.1	14.2	11.5	14.4	16.5
Cost-of-living index	8.1	12.5	7.3	13.9	14.6	18.1
	<u>1978/79</u>	<u>1979/80</u>	<u>1980/81</u>	<u>1981/82</u>	<u>1982/83</u> Prel. actuals	<u>1983/84</u> Budget

Central government finance
(July/June)

(In millions of Zimbabwe dollars)

<u>Total revenue and grants</u>	<u>580.2</u>	<u>674.8</u>	<u>1,011.2</u>	<u>1,366.1</u>	<u>1,818.9</u>	<u>2,150.9</u>
Revenue	580.2	674.8	950.6	1,333.7	1,762.6	2,077.6
Tax	(474.9)	(561.7)	(777.7)	(1,207.5)	(1,578.6)	(1,850.8)
Nontax	(105.3)	(113.1)	(172.9)	(126.2)	(183.9)	(226.8)
Grants	--	--	60.5	32.4	56.3	73.3
<u>Total expenditure and net lending</u>	<u>868.9</u>	<u>1,049.8</u>	<u>1,298.1</u>	<u>1,706.6</u>	<u>2,263.6</u>	<u>2,557.6</u>
Current expenditure	805.5	970.4	1,142.4	1,435.4	1,808.9	2,020.6
Capital expenditure and net lending	63.4	79.4	155.8	271.2	454.7	537.0

ZIMBABWE - Basic Data (continued)

	<u>1978/79</u>	<u>1979/80</u>	<u>1980/81</u>	<u>1981/82</u>	<u>1982/83</u> Prel. Actuals	<u>1983/84</u> Budget
	(In millions of Zimbabwe dollars)					
<u>Overall deficit</u>	-228.7	-375.0	-286.9	-340.5	-444.7	-406.7
Financing	228.7	375.0	286.9	340.5	444.7	406.7
Foreign (net)	(122.9)	(72.7)	(31.7)	(220.4)	(49.9)	(216.6)
Domestic (net)	(165.8)	(302.3)	(255.2)	(120.1)	(394.8)	(190.0)
Deficit as percent of GDP	11.4	12.7	77.7	7.6	8.5	6.6
	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>
<u>Money and credit (end of period)</u>						
Foreign assets (net)	94.0	205.5	177.9	40.3	-36.9	...
Domestic credit	923.4	923.3	1,198.0	1,520.7	1,934.0	...
Claims on Government (net)	(214.3)	(199.8)	(370.9)	(332.9)	(594.2)	(...)
Claims on private sector	(709.1)	(723.5)	(827.1)	(1,187.8)	(1,339.8)	(...)
Money and quasi-money	918.5	993.1	1,214.3	1,399.3	1,692.8	...
Money	(415.0)	(463.2)	(632.8)	(678.7)	(771.0)	(...)
Quasi-money	(503.5)	(529.8)	(581.5)	(720.6)	(921.8)	(...)
Other items (net)	98.9	135.7	161.6	161.7	204.3	...
	(In millions of SDRs)					
<u>Balance of payments</u>						
Exports, f.o.b.	737	836	1,111	1,229	1,195	1,051
Imports, f.o.b.	-523	-677	-1,029	-1,300	-1,337	-1,040
Trade balance	215	158	82	-71	-141	11
Services and private transfers (net)	-185	-243	-314	-545	-562	-512
Current account balance	30	-84	-232	-616	-703	-501
Official transfers (net)	--	--	44	55	63	46
Capital account (net)	116	36	-2	276	482	172
Government	143	134	-26	108	157	76
Public enterprises	-5	-7	-3	152	242	81
Other	-22	-91	27	16	83	15
SDR allocation and net errors and omissions	-29	93	180	116	80	...
Monetization of gold	--	3	46	19	-7	...
Overall surplus or deficit (-)	117	48	36	-151	-86	-283

ZIMBABWE - Basic Data (concluded)

	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u> Proj.
	<u>(In millions of SDRs)</u>					
Current account balance as per- cent of GDP	1.1	-2.8	-5.8	-12.1	-12.2	-9.3
<u>Gross official foreign reserves</u> (end of period)	118.2	156.5	219.3	230.7	203.1	175.4 <u>1/</u>
In weeks of imports, c.i.f.	11	11	10	8	9	8
<u>External public debt</u>						
Debt outstanding including undis- bursed (end of period)	...	456	601	1,449	1,956	2,254 <u>2/</u>
Debt service as percent of exports, f.o.b.						
Excluding the Fund	...	...	3.8	8.1	12.2	19.0
Including the Fund	...	...	3.8	8.2	12.4	20.2
<u>Exchange rate</u>						
SDRs per Zimbabwe dollars						
Period average	1.1792	1.1385	1.1956	1.2267	1.1961	...
End of year	1.1369	1.1259	1.2434	1.1980	0.9859	0.8861 <u>2/</u>

1/ End of September.

2/ End of October.



I. The Domestic Economy

1. National income accounts

Zimbabwe's national accounts statistics for the last few years are still provisional. Data on gross domestic product (GDP) are available at both current and constant prices but the authorities are revising the constant price series to take account of structural changes which have occurred in the economy in recent years.

On the basis of the available statistics, real GDP rose at an average of 10 percent a year in 1980-81. Aided by favorable weather conditions, agriculture recovered from the effects of the 1978/79 drought while a strong increase in consumer demand and the greater availability of foreign exchange to purchase raw materials, stimulated expansion of manufacturing output. Counteracting these positive developments were the successive production declines in the mining sector due to the continuing depression in world demand. In 1982, the rate of economic growth slowed to about 2 percent. Reflecting a severe drought in the southern part of the country, value added in agriculture declined by 8 percent and value added in manufacturing fell by 2 percent as a result of a shortage of imports and a reduction in consumer demand (Table 1). Value-added in the mining sector contracted by a further 3 percent and a shortfall in hydroelectric power generation, also related to the drought, was responsible for reduction in value added in electricity and water. Offsetting these negative trends were increases in value-added in construction (11.5 percent), due to a sizeable expansion in civil engineering work in the private sector, and services (7 percent).

A rising level of net imports of goods and services has generally enabled the growth in domestic expenditure to exceed the growth in GDP at current prices. However, in 1982, domestic expenditure rose more slowly than GDP mainly because of the slowdown in consumption expenditure. The 13 percent nominal growth in total consumption was about one-half the rate of the previous year; government consumption rose by 9 percent and private consumption increased by 14 percent. In real terms, government consumption increased by 7 percent, but there was no increase in private consumption. The behavior of private consumption was related to the general wage freeze, which took effect at mid-1982, the stationary level of employment, and the depletion of stocks of basic commodities due to drought. In 1982, gross fixed capital formation increased by 29 percent in nominal terms and 18 percent in real terms. There was also a significant increase in stocks, for the second year in succession, due to the involuntary accumulation of mineral exports.

There was some change in the distribution of national income in 1982. As a result of the minimum wage increases which came into effect at the beginning of the year and the deterioration in the profitability of much of the private corporate sector, there was a

Table 1. Zimbabwe: Real GDP Growth, 1979-82

(In Per Cent)

	1979	1980	1981	1982
Agriculture and forestry	0.3	8.1	30.8	-8.3
Mining and quarrying	-0.5	-2.2	-8.3	-2.6
Manufacturing	10.7	15.6	8.7	-1.7
Electricity and water	-7.1	8.1	-2.2	-9.5
Construction	-2.0	-2.5	21.0	11.5
Services	-0.9	13.9	10.2	7.2
GDP (factor cost)	<u>1.5</u>	<u>11.3</u>	<u>12.2</u>	<u>1.9</u>
Consumption	13.6	21.3	7.2	1.4
Private households	18.0	23.9	8.3	--
Nonprofit bodies	-27.8	46.2	-21.1	--
Government	2.8	10.6	4.3	7.1
Gross fixed capital formation	-7.3	21.6	10.1	17.7
Domestic expenditure	<u>11.0</u>	<u>16.9</u>	<u>17.1</u>	<u>4.5</u>

Source: Appendix Tables I and II.

shift of income from gross operating profits to wages and salaries (Appendix Table III.)

2. Developments in the main economic sectors

a. Agriculture

Nearly 50 percent of the population derives its livelihood from agriculture which produces 17 percent of GDP. This sector functions within a largely dual framework of ownership. In one category, there are commercial farms, most of which utilize good quality land and advanced farming technology and operate at relatively high levels of efficiency. The bulk of agricultural wage labor is employed by these farms which cultivate about 49 percent of available land and contribute over 90 percent of marketed production. The remaining 51 percent of land is under the control of communal farms producing mainly for subsistence.

In the 1978/79 crop year, a severe drought drastically reduced the output of a wide range of crops, especially maize, the staple food crop, and there was negative real growth in the agricultural sector. With improved weather conditions, production recovered partially in 1979/80 and further in 1980/81, with maize production reaching a record level in the latter year. As a result of the large maize crop and a 41 percent increase in producer prices, maize sales to the Grain Marketing Board (GMB) more than doubled to 2,014 thousand tons in the 1981/82 intake year (Table 2). As the volume of maize sales was almost twice as large as domestic consumption, Zimbabwe was in a position, even after meeting its export commitments, to begin the 1982/83 intake year with a high level of maize stocks. In the 1981/82 crop year, drought affected maize production and maize sales were reduced to 1,396 thousand tons in 1982/83. Following the even more severe drought in 1982/83, maize production has contracted further, and sales to the GMB are now estimated at 610 thousand tons in 1983/84. However, available maize stocks are sufficient to meet Zimbabwe's consumption requirements up to the 1984/85 intake year.

Other food crops include wheat, sorghum, soyabeans and groundnuts, grown mostly to meet domestic requirements. Sales of wheat and soyabeans showed increases of 8 percent and 29 percent respectively in the 1982/83 intake year. The large increase in producer prices announced in late 1982 facilitated a significant shift of acreage into soyabean cultivation. Wheat production also benefited from an extension of acreage under cultivation but adverse weather conditions reduced yields. In the 1983/84 intake year, wheat production is estimated to fall sharply and the supplementary wheat imports, which normally meet a fifth of domestic requirements, are expected to increase to 60 percent of domestic requirements. Sales of both groundnuts and sorghum were lower by 20-40 percent in the 1982/83 intake year, and are likely to be reduced by a further 30-40 percent in the 1983/84 intake year.

Table 2. Zimbabwe: Volume and Value of Marketed Agricultural Products, 1978/79-1982/83

Intake years	1978/79	1979/80	1980/81	1981/82	1982/83
	(Volume in thousands of tons)				
Maize	877.0	511.9	819.2	2,013.8	1,395.9
Cotton	173.9	166.8	182.0	200.8	157.8
Wheat	208.0	158.9	163.0	200.8	217.7
Tobacco	85.1	114.5	125.1	71.8	93.0
Flue-cured	(83.0)	(111.7)	(122.6)	(69.8)	(89.4)
Burley	(2.1)	(2.8)	(2.5)	(2.0)	(3.7)
Soya beans	69.7	81.0	93.6	65.3	84.3
Sorghum	16.7	19.9	17.8	30.4	19.2
Groundnuts	17.7	12.7	17.4	20.0	15.9
Coffee	5.1	4.1	5.6	4.9	6.8
Sugarcane	2,635.0	2,725.0	...	...	...
	(Value in millions of Zimbabwe dollars)				
Maize	45.6	30.9	72.1	239.8	167.0
Cotton	53.3	54.9	70.5	76.8	79.4
Wheat	22.5	18.1	22.1	34.7	66.6
Tobacco	84.0	94.2	99.5	130.7	154.5
Flue-cured	(82.0)	(92.0)	(97.4)	(127.5)	(148.5)
Burley	(2.0)	(2.2)	(2.1)	(3.2)	(6.0)
Soya beans	9.7	11.9	14.9	11.1	16.8
Sorghum	1.2	1.5	1.7	3.2	2.0
Groundnuts	3.6	3.4	4.5	5.3	4.4
Coffee	9.4	10.6	12.4	7.4	11.9
Sugar	28.3	33.5	76.6	82.4	72.3
Total	257.6	259.0	374.3	591.4	574.9

Sources: Central Statistical Office, Monthly Digest of Statistics; and data provided by the Zimbabwean authorities.

The authorities have attached great importance to expansion of groundnut production. The crop has export potential and its high oil content makes it attractive to the domestic crushing industry, now heavily reliant on imports to supplement the inadequate production of vegetable oils. A survey covering the entire sequence of stages from planting to harvesting to marketing is being undertaken to identify constraints to higher production levels. Simultaneously, a special effort has been mounted to increase seed supplies and strengthen the provision of services to existing and prospective growers of groundnuts.

Among major cash crops are tobacco, cotton and coffee, cultivated primarily for export markets or as raw materials for domestic industry. From the low base to which it had fallen under the influence of weak export demand and prices, the production of tobacco rebounded in the 1981/82 crop year, with sales rising to 93 thousand tons in the 1982/83 intake year. The increase was largely due to an extension of acreage under cultivation encouraged by the renewal of export demand for the Zimbabwean leaf, and a strengthening of world prices. Coffee sales, which have in the past averaged about 5 thousand tons a year, increased somewhat in the 1982/83 intake year. The production of cotton expanded at about 9 percent a year during the five intake years ended in 1981/82. However, changes in the structure of producer prices led to a 13 per cent reduction of acreage in the 1981/82 crop year (Appendix Table IV); this, combined with a sharp decline in yields, produced a fall in output and a 20 percent reduction in intake by the Cotton Marketing Board in 1982/83. Production and sales are expected to increase in the 1983/84 intake year, following an increase in the acreage planted.

The practice of setting producer prices at the beginning of the planting season was discontinued in 1981. In April 1982, for the first time, the authorities announced producer prices after the harvesting of crops was over. In a move aimed at evolving a price structure more conducive to diversification in agriculture, a decision was taken to freeze the producer price for maize at Z\$120 per ton for 1982/83 and increase prices for other crops. The package that was introduced in April 1983, made no adjustments to producer prices for the 1983/84 intake year (Table 3). In many cases the increases in producer prices over the last few years have been insufficient to offset rising costs of production inputs such as fertilizer, diesel and power as well as substantial increases in minimum wages of farm workers. It is estimated that the average cost of production has increased by 40 percent over the last three years.

Developments in the livestock sector were also affected by drought in 1981/82 as a large scale slaughtering significantly depleted the overall size of the animal population. The goat stock contracted by 20 percent and the sheep stock by 16 percent (Appendix Table V). In both cases, communal farms were more affected than commercial farms which have a greater capacity to resist the effects of drought. The

Table 3. Zimbabwe: Producer and Selling Prices of Principal Agricultural Products, 1979/80-1983/84 1/

(In Zimbabwe dollars per ton)

Intake years	1979/80	1980/81	1981/82	1982/83	1983/84
Producer price					
Maize	60.50	85.00	120.00	120.00	120.00
Cotton	365.00	375.00	400.00	515.00	515.00
Wheat	115.00	135.00	165.00	220.00	220.00
Soya beans	145.00	160.00	170.00	260.00	260.00
Sorghum	80.00	105.00	115.00	120.00	120.00
Groundnuts (shelled)	360.00	390.00	420.00	450.00	450.00
Coffee	1,600.00	2,300.00	1,550.00	1,700.00	1,700.00
Selling price					
Maize	63.00	63.00	137.00	137.00	137.00
Cotton Lint	1,161.10	1,246.00	1,382.30	1,261.60	...
Wheat	120.67	134.00	157.00	169.00	169.00
Soya beans	150.00	193.84	193.84	193.84	193.84
Sorghum	92.00	109.85	109.84	109.85	109.85
Groundnuts	450.00	490.00	490.00	490.00	490.00
Coffee <u>2/</u>	...	...	...	...	...

Source: Data provided by the Zimbabwean authorities.

1/ Producer prices for intake years 1979/80-1981/82 are pre-planting prices for all crops while those for intake years 1982/83-1983/84 are post-planting prices except for wheat.

2/ The Government does not set a local selling price for coffee.

pig stock remained largely unchanged from the level reached at the end of 1981 because the contraction in communal lands was offset by the expansion in commercial areas. However, the cattlestock showed a moderate growth of 7 percent, reflecting the low offtake in the rural areas where, by tradition, a high social value is attached to cattle and where, in the absence of other assets, cattle might be perceived as a most readily available store of value. The rate of slaughterings increased during the severe drought of 1982/83, thereby raising the prospect of a serious depletion of stock in 1983. The Cold Storage Commission has responded to the situation by drawing up a plan for containing the damage being done to the livestock sector. Some 270 thousand cattle are to be re-located from the worst drought-affected provinces of Matabeleland and Masvingo to the Commission's feedlots and ranches while another 230 thousand cattle are to be slaughtered, with preference given to the protection of cattle needed for breeding. The plan, if implemented successfully, could salvage about half the cattlestock of the two provinces.

b. Mining

Mineral production has declined since the late 1970s and the sector's share in real GDP has fallen to 5 percent in 1982, from 7 percent in 1978. Gold and silver production increased in 1982, but output of most other minerals registered declines (Table 4).

Asbestos production declined by 21 percent in 1982 partly reflecting a shift of world consumption away from asbestos fiber, on health grounds, and partly as a result of competition from Canadian producers. A substantial cutback in chrome production (19 percent) was largely due to the lower intake by the ferro-alloys industry which has been seriously affected by the depressed demand conditions facing the steel industry. Output of iron ore fell by 24 percent, a fall also related to the reduced level of activity in the steel company. Coal production declined for the third successive year, because of the contraction in demand from the depressed industrial sector. Production of copper and cobalt stagnated following further declines in export prices, which have now plunged below production costs in Zimbabwe; there was also no growth in nickel production following the closure of the Empress Nickel and the inability of the Bindura Nickel Company to improve capacity utilization. The shortage of water seriously hampered the production of tin, which nevertheless expanded by about 3 percent in response to an increase in export prices. After three successive years of downturn induced by the contracting world demand, silver production expanded by 7 percent. Gold production displayed even stronger growth (15 percent), mainly due to the opening of the new mine, Renco, by the Rio Tinto.

Investment in the mining sector has declined markedly because of the current depressed levels of world mineral prices. The Government is providing support to the various mining companies (many of which are incurring financial losses) either by direct loans or guarantees for loans they plan to raise themselves. The aim is to ensure that the

Table 4. Zimbabwe: Volume and Value of Mineral Production, 1978-82

	1978	1979	1980	1981	1982
	(Volume)				
Asbestos ('000 tons)	248.9	259.6	250.9	247.6	194.4
Chrome ('000 tons)	477.8	541.8	553.5	536.1	431.6
Coal ('000 tons)	3,065.0	3,188.0	3,134.0	2,867.0	2,769.0
Copper ('000 tons)	33.8	29.6	27.0	24.6	24.8
Iron ore ('000 tons)	1,123.0	1,201.0	1,622.0	1,096.0	837.0
Nickel ('000 tons)	15.7	14.6	15.1	13.0	13.3
Cobalt (tons)	17.0	205.0	115.0	94.0	98.0
Tin metal (tons)	945.0	967.0	934.0	1,157.0	1,197.0
Gold ('000 fine ounces)	399.0	386.0	367.0	371.0	426.0
Silver ('000 fine ounce)	1,109.0	977.0	949.0	857.0	918.0
Overall volume index (1964=100)	186.2	185.3	181.4	172.2	168.1
	(Value - in millions of Zimbabwe dollars)				
Asbestos	67.0	65.9	70.2	91.3	76.6
Chrome	13.5	16.1	18.4	20.4	19.9
Coal	23.7	25.8	28.0	29.5	35.8
Copper	23.0	35.1	35.4	27.9	26.8
Iron ore	7.9	7.4	14.8	14.8	13.9
Nickel	39.5	45.1	55.6	51.7	49.8
Cobalt	0.1	5.2	2.7	1.4	0.8
Tin metal	8.2	9.9	9.9	11.3	11.6
Gold	51.9	80.9	144.9	117.4	122.8
Silver	4.0	7.3	13.0	6.0	5.3
Other ^{1/}	13.5	16.0	21.9	21.8	19.7
Total	<u>252.2</u>	<u>314.8</u>	<u>414.8</u>	<u>393.5</u>	<u>383.0</u>
Unit value index (1964=100)	253.2	314.2	428.9	427.1	426.0

Sources: Central Statistical Office, Monthly Digest of Statistics, and data provided by the Zimbabwean authorities.

^{1/} Includes precious stones, phosphate, tantalite, magnesite, limestone, and lithium.

mining sector is able to survive through the current difficult period with adequate production capacity to take advantage of an improvement in world demand.

The Mineral Marketing Corporation (MMC) was established in March 1983, with the authority to negotiate mineral selling contracts, to purchase minerals from local producers, and to authorize producers to sell minerals abroad. All minerals except gold (which is sold to the Reserve Bank of Zimbabwe) are now marketed through the MMC. An economy in the cost of selling minerals achieved through a consolidation of cargoes is among the major financial benefits conferred by the MMC. With technical assistance from Canada, Zimbabwe will soon embark on a comprehensive aeromagnetic survey in an attempt to locate new mineral deposits.

c. Manufacturing

The manufacturing sector made rapid advances during 1967-74 when international economic sanctions provided a strong impetus to import substitution. However, from 1975 to 1978, growth was checked by the outbreak of civil conflict and the scarcity of foreign exchange. In 1979-80, the sector began to regain momentum under the combined influence of substantial increases in consumer demand, provided by the large number of returning refugees, and the easing of foreign exchange constraints. Manufacturing output increased at a relatively modest pace in 1981 and declined by 2 percent in 1982 when the foreign exchange constraint reappeared (Table 5).

Industrial policy provides for export incentives for specified manufacturing industries but there is no system of incentives for stimulating activity in the industry as a whole. The allocation of foreign exchange is in fact the single most important tool at the disposal of the authorities for shaping the pattern of the manufacturing sector in economy. At present, the sector is operating at 70-80 percent of capacity and the profitability of private industry has deteriorated markedly. The depreciation of the Zimbabwe dollar since December 1982 is believed to have improved the competitiveness of the industry and should facilitate an expansion of manufacturing output in the next few years.

There was wide variation in the performance of the various industrial groupings in 1982. Largely insulated against the effects of foreign exchange constraint due to its high domestic content, production of foodstuffs and stockfeeds, which contribute about a quarter of manufacturing output, expanded by 12 percent. The authorities decided to utilize the local currency sales from commodity aid programs to finance the domestic input requirements of the drink and tobacco industry, enabling it to raise its output by 8 percent. After several successive years of rapid growth, output of textiles, cotton ginning, clothing and footwear stagnated in 1982, following the reduction in domestic demand and greater competition from imports from Botswana

Table 5. Zimbabwe: Value and Volume of Manufacturing Output, 1978-82

	1978	1979	1980	1981	1982
	(In millions of Zimbabwe dollars)				
Value					
Foodstuffs	351.3	415.7	505.3	561.7	623.8
Drink and tobacco	121.2	132.5	160.8	144.6	167.6
Textiles and cotton ginning	165.0	197.8	254.2	280.2	276.2
Clothing and footwear	80.8	107.2	143.3	166.7	157.4
Wood and furniture	37.2	55.0	82.2	79.0	69.2
Paper, printing, and publishing	71.9	84.0	114.3	130.4	126.2
Chemical and petroleum products	205.7	235.7	335.3	367.3	382.8
Nonmetallic mineral products	38.3	46.6	62.0	72.9	65.3
Metals and metal products	338.7	427.6	555.2	575.6	489.7
Transport equipment	42.9	47.9	58.2	79.1	90.9
Other manufacturing	17.0	21.6	30.5	27.2	22.5
Total	<u>1,470.0</u>	<u>1,771.6</u>	<u>2,301.3</u>	<u>2,467.5</u>	<u>2,500.3</u>
	(1964=100)				
Volume					
Foodstuffs and stockfeeds	234.7	252.3	267.6	292.9	327.3
Drink and tobacco	159.8	165.7	196.9	182.5	196.3
Textiles and cotton ginning	252.6	274.1	320.2	363.0	368.4
Clothing and footwear	124.8	138.8	163.9	211.4	194.1
Wood and furniture	141.9	177.1	222.9	236.6	199.2
Paper, printing, and publishing	162.1	181.7	212.1	242.0	237.7
Chemical and petroleum products	192.8	199.0	239.7	278.9	285.1
Nonmetallic mineral products	155.3	193.7	225.8	272.4	246.6
Metals and metal products	241.4	277.4	307.9	323.9	276.3
Transport equipment	83.9	95.8	117.8	159.0	186.9
Other manufacturing	191.1	206.0	268.9	247.9	206.9
Overall volume index (1964=100)	<u>182.5</u>	<u>202.1</u>	<u>232.2</u>	<u>255.2</u>	<u>249.0</u>

Sources: Central Statistical Office, Monthly Digest of Statistics; and data provided by the Zimbabwean authorities.

(which were placed under open general license). In the face of weak demand in both domestic and world markets the paper, printing and publishing industry reduced output and ran down its high level of stocks. A 16 percent production cutback in wood and furniture was related to the tightening of consumer credit, and uncertainty over the continuation of the preferential trade agreement with South Africa. The transport equipment and the chemical and petroleum industries which received priority foreign exchange allocations were able to increase output by 18 percent and 2 percent, respectively, but production of nonmetallic mineral products, (mainly building materials), contracted by 9 percent, and the output of metals and metal products fell by 15 percent.

d. Energy

Of the total primary energy supply, hydroelectricity, coal and fuelwood, each provides about 30 percent and petroleum products about 10 percent. Hydroelectric energy is generated at the Kariba Lake complex which is owned on a 50-50 basis by Zimbabwe and Zambia. In 1982, the amount of power generated from the Kariba Lake declined by 12 percent as a result of the drought conditions, but because of the reduced level of economic activity, the level of power consumption also declined, by 3 percent (Appendix Table VI). Coal is produced by the Wankie Colliery Company, a monopoly in which the Government has a 40 percent equity participation. Most of the coal is used domestically to produce electricity; a small amount is exported to neighboring countries. Coal production has been falling over the last three years, but the Government is now supporting a major expansion of output for generation of thermal electricity and for beneficiation into methanol gas and oil. The first phase of the thermal electricity project (the Hwange project) involving the construction of four units, each of 120 megawatts, is expected to be commissioned before the end of 1983. A larger unit of 220 megawatts is expected to come into operation toward the end of 1985. Zimbabwe's fuel import bill which averaged Z\$147 million a year from 1978 to 1981 declined by 18 percent in 1982.

The Government's energy policy aims at restraining growth in energy demand, shifting its composition from imported to domestic sources and exploiting indigenous sources of energy supply. Pricing decisions are being increasingly made to meet the requirements of this strategy. Electricity tariffs were increased by an average of 36 percent in October 1982, and 43 percent in early 1983 and petroleum prices were raised substantially on February 9, 1983 to adjust for higher landed import costs consequent on the devaluation of the Zimbabwe dollar.

With a view to reducing import dependence in the energy sector, the government has embarked upon a project which involves blending ethanol and petrol to make gasohol which can be used in automobiles. In early 1982, the ethanol content of the blend was raised from

15 percent to 20 percent. On-going research indicates that it is technically feasible to raise the ethanol proportion to 25 percent. However, the implementation of this mix is constrained by the level of ethanol production (40,000 cubic meters). There are plans for the expansion of sugar cane production to support the additional requirements for ethanol.

e. Transportation

The Transportation sector plays a vital role in Zimbabwe's land-locked economy, heavily dependent on international trade. The record maize harvest in 1981 put an unusually heavy burden on the railway sector, which provides the principal mode of transportation. In 1982, capacity in the railway sector was increased with the reconditioning of 87 steam and 22 diesel locomotives and the importation of 60 new locomotives from the United States and Canada. This additional equipment eased bottlenecks in the transportation sector, and even created some measure of unused capacity.

A parastatal organization, the National Railways of Zimbabwe (NRZ), operates the railway system. The NRZ also operates railway lines in Botswana for reasons derived from their strategic importance for Zimbabwe. Botswana is expected to take over these lines in 1987.

The NRZ has undertaken a railway electrification program with a view to increasing the efficiency and capacity of the railway system. The first phase of this program, costing over Z\$200 million and consisting of the electrification of the main Harare-Dabuka line, is expected to be completed by the end of 1983; the second phase, consisting of the electrification of the line running from Dabuka to the border with Mozambique, is still under consideration.

An important constraint on the further development of the railway sector is the shortage of skills stemming from a continuing emigration of qualified and experienced personnel to other countries. At present, there are 457 expatriates (417 from India and 40 from Pakistan) working with the NRZ on a renewable two-year appointment basis. Meanwhile, the NRZ has organized training programs to train Zimbabweans for the tasks that are now being done by the expatriates. The railway sector is expected to continue to be in need of foreign technical assistance until 1986.

Despite tariff increases of 10 percent for passenger fares and 25 percent for freight, which took effect on May 1, 1983, both passenger and goods traffic continue to be heavily subsidized.

3. Development planning

In 1982, the authorities published the first volume of the Transitional National Development Plan which includes macroeconomic projections for the three Plan years 1982/83-1984/85. The main objective

of the Plan is to mobilize domestic and foreign resources for investment to achieve the maximum feasible rate of growth. The Plan advocates export-oriented growth and allocates considerable resources towards improving the efficiency of the productive sectors (especially agriculture and manufacturing). The private sector is encouraged to play a major role in the development of the economy and is expected to provide a substantial part of planned investment.

In the plan, real GDP is projected to grow by 8 percent a year over three-year period and real per capita GDP by 4 percent a year. Rates of expansion of 5 and 11 percent have been assumed for two major sectors, agriculture and manufacturing, but the mining sector is expected to stagnate due to the continuing world recession and the present high level of exportable stocks. The highest estimated rate of growth is in construction, 15 percent, and various services, including transport and communications, are planned to advance at rates in the 6-9 percent-age range.

Total investment of Z\$6,096 million (59 percent in the public sector and 41 percent in the private sector) has been proposed for the Plan period. Investment in the manufacturing sector constitutes the highest share in the total (23 percent), with agriculture (13 percent) and mining (7 percent). Among other sectors, transport and communications (14 percent) together with housing (14 percent), have received substantial amounts. In the case of housing, the size of investment reflects the importance attached by the authorities to the resettlement of the war-displaced population. Private sector savings are estimated to provide almost half of the total financing requirements. Public sector savings consisting of budgetary and parastatal surpluses are projected to contribute 14 percent with the balance (37 percent) to be covered by the net foreign inflows.

Although the authorities have not yet provided a systematic and comprehensive appraisal of the progress made in the first year of implementation, it is clear that, under the influence of a prolonged world recession and a severe regional drought, the economic performance of Zimbabwe fell considerably short of the targets set by the planners for 1982/83.

II. Prices, Wages and Employment

1. Prices

In Zimbabwe, the official determination of prices is perceived to be the a very effective means of alleviating inflationary pressures and of protecting the low-income classes in society. On May 1, 1982, a new price control regime was implemented, with tighter restrictions on a wider range of goods. Under these arrangements, the price of no commodity sold in Zimbabwe is permitted to exceed the factory or landed cost plus the percentage mark-up on December 1, 1981. It is the markup as a proportion of cost that is sought to be stabilized; hence the mark-up itself is allowed to be adjusted in proportion to the change in the cost since the base date. Subject to this blanket provision, the Price Control Order of 1982 identifies four categories of commodities as follows:

1. Essential goods: This list consists of six products, maize meal, vegetable oils and fats, petroleum fuels, chemical fertilizers, cement, and kapenta, whose prices are set by the Minister of Trade and Industry.
2. Goods requiring Minister's approval of price increase: These 18 products, which include spirits, cigarettes, matches, paper, seeds, stockfeed, pork, iron and steel, can be sold at prices higher than those on December 1, 1981, but only after the Minister's written approval of prices.
3. Goods requiring Minister's approval of pricing formula: These 14 products, which include motor vehicle parts, agricultural tractors and implements, agricultural chemicals, blasting explosives, type-writers, calculators, photocopying machines, and drugs, can be sold at prices higher than those on December 1, 1981, but only after the Minister's approval of the method, including mark-ups, profits and discount structures, employed to determine the new prices.
4. Goods with specific mark-ups: This list runs into 37 products each with a maximum wholesale and retail mark-up. Luxuries are allowed to have fairly high mark-ups while low mark-ups are provided for necessities. Maximum wholesale and retail percentage mark-ups are, for instance, 50 and 65 per cent for wristwatches, 25 and 40 per cent for blankets, but 10 and 15 per cent for salt. The price of a product in this list is not permitted to exceed its factory or landed cost plus the maximum mark-up specified. Exports, publicly auctioned goods, cooked foods and drinks, secondhand goods, eggs in shell, fresh flowers, vegetables and fruits, are exempted from the application of the price control.

In the face of rising production costs, administered prices of a number of commodities (including some essential goods) were raised during the past year. With a view to reducing consumer subsidies beef prices were raised by some 30 percent in May 1982 and maize meal prices by some 50 percent in December 1982. Effective July 1982, fertilizer and steel prices were increased by an average of 12 percent and 25 percent respectively. Toward the end of 1982, transportation and electricity tariffs were increased significantly. Effective February 9, 1983, as part of a general adjustment of petroleum prices, the price of diesel was increased by 43 percent.

The rate of inflation as measured by the average annual increase in the consumer prices index ^{1/} doubled from 7.3 percent in 1980 to 14.5 percent in 1982 (Table 6). In this period, food and fuel prices increased by an average of about 10 percent a year but there were higher rates of increase for rents and rates (26 percent) and servant's wages (55 percent). Data for the first quarter of 1983 show that consumer prices were 16.4 percent higher than in the corresponding period of 1982. Food prices were 18-25 percent higher mainly reflecting the reduction in consumer subsidies on maize meal, and fuel and light prices rose by 31 percent compared with the first quarter of 1982.

2. Wages

The overall average earnings of formally employed persons have been rising at an annual rate of 20 percent during the period 1979-82 implying that average real earnings have been improving at an annual rate of about 8 percent (Table 7). Effective, January 1, 1982, minimum wages of mining, industrial and commercial workers were increased by 24 percent while those of domestic and farm workers were increased by 24 percent while those of domestic and farm workers were increased by 67 percent from a considerably lower base. ^{2/} In addition to this, salary increases up to 17.5 percent were granted in the public sector and up to 23.5 percent were allowed in the private sector, with lower salary ranges getting higher percentage increases. At the beginning of the fiscal year 1982/83, the authorities adopted a general wage freeze, as part of a strategy to contain the expansion in demand. At the same time the authorities commissioned a study of the existing wage structure and of the effects of wage increases on specific sectors. The government will take the results of this study into consideration in deciding on wage adjustments in 1983/84.

^{1/} The average increases of the urban high and low-income families.

^{2/} Preliminary official estimates suggest that 90 percent of the workers in agriculture and mining and 30 percent of the workers in manufacturing receive minimum wages. Almost all workers are employed at minimum wage in domestic service.

Table 6. Zimbabwe: Consumer Price Indices of Urban High and Low-Income Families,
1978-March 1983
(Average 1964=100)

	Weights	1978	1979	1980	1981	1982	<u>1982</u> First quarter	<u>1983</u> First quarter
High-income urban families <u>1/</u>								
Foodstuffs	20.5	205.3	228.4	250.1	283.5	315.8	297.3	349.9
Drink and tobacco	5.4	190.0	207.8	236.8	312.4	342.5	328.7	379.9
Clothing and footwear	7.2	183.4	197.0	212.5	240.7	274.2	262.7	291.9
Rent and rates	19.8	145.9	148.8	152.6	168.0	212.2	208.3	217.3
Fuel and light	2.9	130.2	145.2	155.1	179.7	195.6	183.5	241.0
Household stores	7.1	183.0	195.7	212.4	239.3	262.2	255.1	277.7
Servant's wages	6.1	211.6	230.7	286.9	372.5	577.8	486.8	623.4
Vehicles expenses	11.7	239.2	302.9	333.5	398.7	470.3	449.7	524.0
Miscellaneous	19.3	212.0	244.7	267.9	287.0	325.3	316.3	343.0
All items	<u>100.0</u>	<u>190.0</u>	<u>211.5</u>	<u>231.0</u>	<u>264.7</u>	<u>313.5</u>	<u>297.9</u>	<u>338.7</u>
Low-income families <u>2/</u>								
Foodstuffs	51.8	197.6	221.4	229.5	257.1	284.1	265.5	331.3
Drink and tobacco	5.5	205.0	230.9	256.7	408.4	441.7	424.4	487.0
Clothing and footwear	8.8	167.6	194.5	220.5	259.6	291.2	279.5	308.4
Rent, fuel, and light	16.7	190.7	218.3	232.8	249.5	273.4	265.8	300.6
Household stores	4.5	235.9	268.3	297.2	325.2	348.9	336.6	373.6
Transport	5.1	219.2	272.5	298.4	344.5	381.5	378.7	397.3
Miscellaneous	7.6	140.2	158.0	143.8	120.2	130.7	125.6	143.0
All items	<u>100.0</u>	<u>193.6</u>	<u>220.1</u>	<u>232.0</u>	<u>262.5</u>	<u>290.5</u>	<u>275.8</u>	<u>328.4</u>

Sources: Central Statistical Office, Monthly Digest of Statistics.

1/ Annual figures are the averages of 12 monthly figures.

2/ Annual figures are the averages of four quarterly figures.

Table 7. Zimbabwe: Employment and Average Annual Wage Rates, 1978-1982

	1978	1979	1980	1981	1982
Employment (In thousands) <u>1/</u>					
Agriculture and forestry	341.4	335.2	327.0	294.3	270.9
Mining and quarrying	58.1	59.5	66.2	68.7	63.7
Manufacturing	139.3	144.7	159.4	173.2	180.5
Electricity and water	6.5	6.6	6.7	6.6	6.5
Construction	40.9	40.6	42.2	47.1	51.1
Finance, insurance, and real estate	12.0	12.1	12.5	13.8	14.6
Distribution, restaurant, etc.	69.1	67.6	70.3	75.0	79.8
Transport and communications	44.0	43.4	45.6	49.1	50.4
Other services	274.9	275.0	280.0	310.5	325.6
Of which: public administration	(68.3)	(73.7)	(71.1)	(83.2)	(81.3)
education	(34.9)	(33.8)	(41.9)	(59.1)	(71.8)
health	(14.7)	(14.8)	(15.2)	(16.3)	(18.9)
domestics	(115.9)	(110.4)	(108.0)	(104.6)	(101.3)
Total	<u>986.2</u>	<u>984.7</u>	<u>1,009.9</u>	<u>1,038.0</u>	<u>1,042.6</u>
Wage rate (In Zimbabwe dollars) <u>2/</u>					
Agriculture and forestry	351.8	411.1	457.8	744.5	920.4
Mining and quarrying	1,249.6	1,435.2	1,756.8	2,304.2	2,805.3
Manufacturing	1,916.7	2,121.6	2,520.7	3,117.2	3,600.6
Electricity and water	3,184.6	3,348.5	3,910.4	4,545.5	5,261.5
Construction	1,413.2	1,578.8	1,843.6	2,242.0	2,704.5
Finance, insurance, and real estate	4,783.3	5,314.0	6,280.0	7,195.7	7,972.6
Distribution, restaurant, etc.	1,998.5	2,257.4	2,668.6	3,272.0	3,756.9
Transport and communications	3,038.6	3,405.4	4,138.2	4,843.2	5,470.2
Other services	1,678.5	1,875.2	2,337.1	2,448.3	2,986.8
Of which: public administration	3,152.3	3,303.9	3,703.2	3,375.0	4,054.1
education	2,458.4	2,890.5	4,014.3	3,656.5	4,314.8
health	2,367.3	2,635.1	3,197.4	3,417.2	4,010.6
domestics	450.6	487.3	599.1	690.2	843.0
Overall average	<u>1,351.7</u>	<u>1,525.2</u>	<u>1,862.6</u>	<u>2,307.5</u>	<u>2,794.8</u>

Sources: Central Statistical Office, Monthly Digest of Statistics, and data provided by the Zimbabwean authorities.

1/ Annual figures are averages of end-of-quarter figures.

2/ Earnings over the period divided by employment.

3. Employment

After two years of expansion, total employment in the formal sector remained virtually unchanged at 1,043 thousand in 1981/82 (Table 7). In 1982, employment in agriculture, which has been declining since 1975, fell by 8 percent, while financial difficulties in the mining industry resulted in a loss of about 5,000 jobs or 7 percent of the total employment in the sector. Employment in manufacturing increased by 4 percent largely because of expansion in labor-intensive industries, notably foodstuffs and textiles and the continued buoyancy of building activity resulted in an increase of 8 percent in employment in the construction sector. There were also sizeable employment gains in health and education reflecting the increases in government spending in these areas.

III. Public Finance

1. Structure of the public sector

The public sector in Zimbabwe comprises the Central Government, local authorities, and a number of statutory bodies (the public enterprises). Central Government as defined in this report covers the legislature and ministries and does not include decentralized agencies. Public funds received by the Central Government, including revenues, borrowing (gross), and loan repayments by public enterprises and local authorities are paid into the Consolidated Revenue Fund; funds appropriated to the ministries, consisting of current and capital expenditure (excluding reconstruction), lending (gross) to public enterprises and local authorities, and repayment of borrowing are paid from the Consolidated Revenue Fund. In addition to the Consolidated Revenue Fund, there are two other funds used for recording receipts and outlays under the reconstruction and development program. The National Fund for Rehabilitation and Reconstruction was established in July 1980 to account for the distribution of rehabilitation and reconstruction aid received from various governments and international organizations. The Fund records grant receipts directly, while receipts of reconstruction loans on concessional terms pass through the Consolidated Revenue Fund before being transferred to the National Fund for Rehabilitation and Reconstruction. Payments from the Fund include capital expenditure on reconstruction and purchases of relief supplies. The National Development Fund records transactions associated with the Government's development program. Grant and loan receipts are paid into the Fund and transferred at the appropriate time to the Consolidated Revenue Fund to be released to implementing departments and agencies for capital expenditure. Unused appropriations lapse at the end of the fiscal year, which runs from July to June. The Treasury has the authority to control actual expenditure of ministries by issuing warrants and by transferring unallocated reserves in the budget. The President can issue special warrants within specific limits to meet unforeseen and urgent expenditures in advance of their appropriation by the Legislature.

The local authority structure consists of 8 provincial authorities, 16 urban councils, 48 rural councils, and 55 district councils. Rural council jurisdiction covers areas of commercial farmland while district councils cover areas of communal land. The major revenue sources for the councils, other than grants from the Central Government, which are the dominant source of finance, are vehicle license fees, business license fees, and income from the sales of traditional beer. Urban councils may impose a property tax; rural councils normally impose a unit tax applied to a standard area of land irrespective of its quality, although a few rural councils have introduced a valuation-based system. District councils may impose a head tax or animal tax at a low rate. Only Harare and Bulawayo, the two largest municipalities, are authorized to borrow from sources other than the Central Government, subject to limits set by the Treasury. The Ministry of Local Government and Town

Planning provides administrative assistance and grants for district councils and grants and loans for development for urban and rural councils.

The nonfinancial public enterprise sector includes primarily statutory bodies, most of which are under relatively strict control of the Government. The Audit and Exchequer Act requires them to have their annual budget, salaries and wages, borrowings, and investments approved by the responsible ministry and the Minister of Finance. The major nonfinancial public enterprises include National Railways of Zimbabwe, Air Zimbabwe Corporation, Post and Telecommunication Corporation, Electricity Supply Commission, and several marketing boards. The financial operations of these corporations and boards are supported by the Government through transfer payments and loans, while their pricing policy is regulated by the Government.

There is a growing trend towards extension of the public sector to include production of goods and services of key economic significance. Towards the end of 1982, the Government bought 40 percent of shares of the Wankie Colliery Company, the only coal producer in the country. In May 1983, a new public enterprise, the National Oil Company of Zimbabwe, was founded to take over the importation of petroleum products from the private oil companies, though the distribution of petroleum products within Zimbabwe continued in the hands of private retail traders.

2. Recent developments, FY 1979/80 - FY 1981/82

Fiscal developments in recent years have been characterized by rapid growth in both expenditure and revenue of the Central Government as the economy underwent a transformation from wartime to rehabilitation, and social and economic services were greatly expanded. Central Government expenditure rose from the equivalent of 35 percent of GDP in 1979/80 to 38 percent of GDP in 1981/82.

In the same period, central government revenues rose from the equivalent of 23 percent of GDP to 30 percent of GDP. The Central Government deficit expressed as a ratio to GDP, declined from 12.7 percent in 1979/80 to 7.7 percent in 1980/81 and remained virtually unchanged (7.6 percent) in 1981/82 (Table 8).

Total revenue growth accelerated from 16 percent in 1979/80 to 41 percent in 1980/81 and was 40 percent in 1981/82. The latter two years saw the introduction of a wide range of new tax measures together with increases in tax rates with respect to both income and expenditure. As a percentage of GDP total tax revenue increased from 19 percent in 1979/80 to 27 percent in 1981/82. Total expenditure and net lending rose at an average annual rate of 22 percent in 1979/80-1980/81 and by 31 percent in 1981/82. Over this period, housing health and education expenditures were expanded substantially and rehabilitation, reconstruction and development programs were initiated. There was some reduction in defense and police expenditures following the end of the war.

Table 8. Zimbabwe: Summary of the Overall Fiscal Operations of the Central Government 1979/80 - 1983/84

	<u>Actual</u>			<u>Budget</u>	<u>Preliminary</u>	<u>Budget</u>
	1979/80	1980/81	1981/82	<u>Estimate</u> 1982/83	<u>Actual</u> 1982/83	<u>Estimate</u> 1983/84
<u>(In millions of Zimbabwe dollars)</u>						
<u>Total revenue and grants</u>	674.8	1,011.2	1,366.1	1,962.0	1,818.9	2,150.9
Total Revenue	674.8	950.6	1,333.7	1,883.7	1,762.6	2,077.6
Tax revenue	(561.7)	(777.7)	(1,207.5)	(1,727.7)	(1,578.7)	(1,850.8)
Nontax revenue	(113.1)	(172.9)	(126.2)	(156.0)	(183.9)	(226.8)
Grants	--	60.5	32.4	78.3	56.3	73.3
<u>Total expenditure and net lending</u>	1,049.8	1,298.1	1,706.6	2,551.3	2,263.6	2,557.6
Current	970.4	1,142.4	1,435.4	1,831.6	1,808.9	2,020.6
Capital	54.9	107.3	157.2	311.4	219.4	269.4
Net lending	24.5	48.5	114.0	408.3	235.3	267.6
<u>Overall deficit (-)</u>	-375.0	-286.9	-340.5	-589.3	-444.7	-406.7
<u>Financing</u>	375.0	286.9	340.5	589.3	444.7	406.7
External (net)	72.7	31.7	220.4	315.5	49.9	216.6
Domestic (net)	302.3	255.2	120.1	273.8	394.8	190.0
Nonbank	(164.8)	(118.4)	(133.2)	(150.8)	(288.5)	(...)
Banking system	(137.5)	(136.8)	(-13.1)	(123.0)	(106.3)	(...)
Counterpart to IMF loan	(--)	(31.0)	(--)	(--)	(--)	(--)
<u>(as per cent of GDP)</u>						
<u>Memorandum items</u>						
<u>Total revenue</u>	22.8	25.5	29.7	35.9	33.5	33.7
Tax revenue	19.0	20.8	26.9	32.9	30.0	30.0
<u>Total expenditure and net lending</u>	35.4	34.8	38.0	48.6	43.1	41.5
Current	32.8	30.6	32.0	34.9	34.4	32.8
Capital	1.9	2.9	3.5	5.9	4.2	4.4
<u>Overall deficit (-)</u>	-12.7	-7.7	-7.6	-11.2	-8.5	-6.6
<u>Bank financing</u>	4.6	3.7	-0.3	2.3	2.0	...

Sources: Report of the Comptroller and Auditor General; Financial Statements; and data provided by the Ministry of Finance, Economic Planning and Development.

In 1979/80 and 1980/81 the financing of the deficit was predominantly from domestic sources with the banking system and the nonbank sector, each accounting for about 42 percent of the total financing requirement. In 1981/82 the non-bank sector financed about 40 percent of the deficit with the bulk of the remainder coming from external sources. The foreign financing included development and reconstruction loans under ZIMCORD as well as short-term borrowing.

3. 1982/83: Budget and preliminary actuals

The 1982/83 budget (July-June) envisaged an overall deficit of Z\$589 million which, based on the nominal GDP growth forecast at the time, represented 10.7 percent of GDP, an increase of 3 percentage points from the 1981/82 outturn. Including an estimated yield of Z\$235 million from new tax measures, revenue was projected to increase by 41 percent. The new measures announced in the budget included accelerated payment of company and self-employed income tax, increases in excise duties, an increase in the customs duty surtax from 5 percent to 15 percent and higher duties on motor spirit and diesel. In addition the rates of sales tax were raised by 3 percentage points to 15 and 18 percent. The budget provided for a 46 percent increase in expenditure and lending with current expenditure projected to increase by 28 percent and capital expenditure and gross lending expected to more than double on the basis of a sharp increase in the public sector investment program.

The preliminary outturn for 1982/83 is a budget deficit of Z\$445 million which is 8.5 percent of the revised GDP estimate (or 8.1 percent of the original GDP forecast). Revenue increased by 32 percent over 1981/82 but was 6 percent below the budget forecast despite a package of supplementary tax measures introduced in February 1983. These measures included a rise of one percentage point in the rates of sales tax, and increases in the duty on gasoline, cigarettes and beer. The shortfall in revenue was most pronounced in the areas of company income tax and sales tax and can be traced to the slowdown in domestic economic activity.

Offsetting this revenue shortfall, total expenditure and net lending increased by 33 percent compared with the budget estimate of 49 percent. In response to the weakening revenue position, current expenditure was held to Z\$23 million below the budgeted level despite a supplementary provision of Z\$69 million for defense, consumer subsidies and central stores. Capital expenditure and net lending were 37 percent or Z\$265 million below the budgeted level. While some of this shortfall is the result of expenditure restraint, part of it is due to a slower than expected rate of project implementation. This was also reflected in the flow of grant receipts and in net foreign financing. Grants were 28 percent below budget while net foreign financing, predominantly project loans, was less than one-sixth of the budgeted figure. As a consequence the domestic financing of the budget deficit was Z\$395 million compared

with the budget estimate of Z\$274 million. Bank financing of the deficit was Z\$106 million or 2.0 percent of GDP, (6.8 percent of beginning money stock), compared with the budget projection of 2.3 percent.

4. Revenue

In the three years to 1982/83, total revenue increased at an average annual rate of 38 percent, compared with a rate of nominal GDP growth of 21 percent per annum over the same period. This high buoyancy was largely the result of discretionary changes in the tax system which facilitated an average annual increase of tax revenue of 41 percent (Table 9).

The major revenue sources are the income tax on individuals, the company income tax, and the sales tax. In 1979/80, these taxes contributed 84 percent of total tax revenue; by 1982/83, the share had declined to 72 percent. Meanwhile the share of custom duties rose from 4 percent in 1979/80 to 14 percent in 1982/83.

Taxes on income and profits have fallen from the equivalent of 56 percent of total tax revenue in 1979/80 to 50 percent in 1982/83. Taxes on companies include the company income tax and branch profits tax. Company income tax is levied at a basic rate of 45 percent but the application of surcharges in recent years has raised the effective rate to over 56 percent. ^{1/} The 1982/83 budget announced the removal of the advance surcharge, thereby reducing the combined rate of company tax. At the same time, however, the scheduling of tax payments was accelerated. Until 1982/83, company income tax was payable in two equal installments in the periods (August - December) and (December - April) in the year following the end of the income year. Each company was allocated an annual payment date within these periods. Under the new system, the application of which begins with income year ended March 31, 1983, company tax is payable in three equal installments on

^{1/} The combined rate of company tax is made up of the following elements:

<u>Income Year Ended March</u>	<u>(percent)</u>			
	<u>Basic Rate</u>	<u>Surcharge (Percent)</u>	<u>Advance Surcharge</u>	<u>Combined Rate *</u>
1980	45	10	10	54.00
1981	45	15	15	56.25
1982	45	15	--	51.75
1983	45	20**	--	54.00***
1984	45	15**	--	51.75

* The Combined Rate is obtained by adding the surcharge and advance surcharge rates and then applying this percentage to the basic rate.

** 1983 Budget proposal

*** Introduction of a third payment installment.

Table 9. Zimbabwe: Central Government Revenue, 1979/80-1983/84

(In millions of Zimbabwe dollars)

	Actual			Budget	Preliminary	Budget
	1979/80	1980/81	1981/82	Estimate 1982/83	Actual 1982/83	Estimate 1983/84
<u>Taxes on income and profits</u>	315.9	437.5	638.2	859.5	792.4	827.2
Companies	128.2	182.2	282.4	408.5	367.1	313.2
of which: income tax	(126.4)	(180.4)	(279.5)	(405.0)	(364.7)	(310.0)
Individuals	172.1	238.5	328.5	415.0	399.9	488.5
of which: P.A.Y.E.	(143.6)	(201.3)	(277.1)	(...)	(338.9)	(...)
Other	15.5	16.7	27.3	36.0	25.4	25.5
of which: nonresident shareholder tax	(15.5)	(16.7)	(25.5)	(30.0)	(20.7)	(18.0)
<u>Tax on property: estate duty</u>	2.3	2.4	2.2	4.5	5.5	5.5
<u>Taxes on goods and services</u>	215.8	268.4	415.9	607.1	541.8	694.4
Sales tax	171.1	180.4	280.7	440.0	374.2	490.0
Excise duties	42.3	83.0	130.1	161.0	161.9	198.3
of which: liquor	(30.2)	(59.8)	(93.6)	(...)	(115.8)	(...)
tobacco products	(12.1)	(20.0)	(24.5)	(...)	(32.1)	(...)
Betting tax	1.4	4.0	4.3	5.2	4.8	5.1
Other	0.9	0.9	0.8	0.9	0.9	1.0
<u>Tax on international trade:</u>						
<u>customs duties</u>	22.2	59.6	140.1	244.0	228.2	312.3 ^{1/}
<u>Other taxes (stamp duties and fees)</u>	5.6	9.9	11.0	12.6	10.8	11.5
Total tax revenue	561.7	777.7	1,207.5	1,727.7	1,578.7	1,850.8
<u>Revenue from investment and property</u>	48.2	62.4	54.0	61.7	69.2	112.7
<u>Departmental fees and charges</u>	16.2	12.5	13.3	17.0	25.6	23.0
<u>Other nontax revenue</u>	48.6	98.0	58.9	77.3	89.1	91.1
Total nontax revenue	113.1	172.9	126.2	156.0	183.9	226.8
Total revenue	674.8	950.6	1,333.7	1,883.7	1,762.6	2,077.6

Source: Report of the Comptroller and Auditor General; Financial Statements; and data provided by the Ministry of Finance, Economic Planning and Development.

^{1/} Includes new non-residents tax on fees and remittances.

May 31 (fixed for all companies), (August - December) and (December - April). The second and third installments are spread according to companies' annual payment dates as under the previous system. One effect of the change was that an extra installment of company tax was collected in fiscal year 1982/83 and this was responsible for nearly all of the increase in company tax revenue in that year.

Individual income tax is charged at marginal rates ranging from 14 percent to 45 percent for single taxpayers and from 10 percent to 45 percent in the case of married taxpayers, who are assessed on their combined incomes. A variable rate of surcharge is also applied and this has the effect of increasing the progressivity and elasticity of the tax scale and raising the effective marginal tax rates by between 15 and 33 1/2 percent. Thus the effective maximum marginal tax rate is 60 percent. The existence of abatements raises the income threshold at which tax is payable to Z\$1,800 for single taxpayers and Z\$3,000 for married taxpayers. These levels compare with a minimum wage in the mining, industrial, and commercial sectors of Z\$1,260 and an average wage of Z\$2,800 per annum. As a result, only about 12 percent of the estimated one million wage earners pay individual income tax. About 90 percent of the taxpayers are wage earners and pay their tax through the PAYE system. A tax of 20 percent of dividends received by resident shareholders other than companies was introduced in July 1981. Other taxes on incomes are the nonresident shareholders' tax, the nonresidents' tax on interest and the capital gains tax. Together these produced Z\$25 million in revenue in 1982/83.

Taxes on goods and services as a share of total tax revenue have declined from 38 percent in 1979/80 to 34 percent in 1982/83. The major tax in this category is the sales tax which is levied on a wide range of goods and services sold to final consumers (a number of basic commodities are exempt). The rate of sales tax was reduced from 15 percent to 10 percent in April 1980, but in August 1981 a dual rate system of 12.5 percent and 15 percent for selected consumer durables was introduced. These rates were subsequently increased to 15 and 18 percent in August 1982 and to 16 and 19 percent in March 1983. ^{1/} These rate adjustments compensated for the slow growth of consumer

^{1/} The estimated contribution of changes in the rates of sales tax to the increase in sales tax revenue over the period 1979/80 - 1982/83 is as follows:

	<u>(Annual percentage charge)</u>		
<u>June year</u>	<u>Change in average rate of sales tax</u>	<u>Change in value of taxable sales</u>	<u>Change in sales tax collections</u>
1979/80	-5.3	21.6	15.2
1980/81	-29.6	49.7	5.4
1981/82	25.0	24.5	55.6
1982/83	26.0	5.8	33.3

spending in 1982/83 and contributed to a 33 percent increase in sales tax receipts. Revenue from excise duties has nearly quadrupled since 1979/80, largely because of increases in the rates on liquor and tobacco products.

Revenue from customs duties increased six-fold in the fiscal years 1980/81 and 1981/82. This expansion was due to a large growth in the value of imports, an increase in duties on imported motor spirits and, effective August 3, 1981, a 5 percent surtax on all dutiable goods. Customs duties increased by over 60 percent in 1982/83 despite a slowdown in the rate of increase in the value of imports. During the year the rate of customs duty on motor spirit was raised by 37.5 percent, while the duty on diesel was increased from 0.8 cents per liter to 8.8 cents per liter. In addition, the customs surtax was raised from 5 percent to 15 percent from July 30, 1982. Customs duty collection as a rate of total imports (f.o.b.) increased from 3 percent in 1979/80 to 13 percent in 1981/82 and is estimated to have been close to 20 percent in 1982/83.

The share of nontax revenue in total revenue declined from an average of 18 percent in 1979/80-1980/81 to 10 percent for the two subsequent years. The introduction in 1980/81 of free elementary education and free health care for lower income groups was responsible for a decline in departmental fees in the latter period.

5. Expenditure and net lending

Total expenditure and net lending more than doubled over the period 1979/80 - 1982/83, increasing at an average rate of 29 percent per annum and by 33 percent in 1982/83. Current expenditure on goods and services increased at an average rate of 15 percent while interest payments, nonsubsidy transfers, capital expenditure and net lending all increased at average rates in excess of 30 percent per annum (Table 10).

Wages and salaries increased at an average rate of 21.5 percent per annum between 1979/80 and 1982/83. There was a 15 percent general wage increase in early 1980, a graduated increase in early 1982, which ranged from 23.5 percent for those earning up to Z\$1,200 to a complete freeze on salaries above Z\$20,000, and a number of special salary adjustments, effective January 1, 1982 in the Ministries of Defense, Education, Health, and Agriculture. In addition, a system of annual increments, which average about 3 percent is in operation. The number of nonuniformed government employees has risen rapidly since 1980. Between July 1980 and July 1981 the size of the establishment was increased by 17 percent while the number of employees rose 11 percent. Over the following year to July 1982 the establishment was increased by a further 12 percent and employment rose 21 percent as vacancies were reduced. There was a further increase of 8 percent in employment in the year to July 1983.

Table 10. Zimbabwe: Economic Classification of Central Government Expenditure and Net Lending 1979/80-1983/84

(In millions of Zimbabwe dollars)

	Actual			Budget Estimate	Preliminary Actual	Budget Estimate
	1979/80	1980/81	1981/82	1982/83	1982/83	1983/84
<u>Current expenditure</u>	970.4	1,142.4	1,435.4	1,831.6	1,808.9	2,020.6
Expenditure on goods and services	598.7	614.6	751.2	896.9	911.1	1,013.3
Wages and salaries	(315.8)	(374.0)	(471.2)	(552.0)	(559.1)	(623.4)
Other purchases of goods and services	(282.9)	(240.0)	(280.0)	(344.9)	(352.0)	(389.9)
<u>Interest payments</u>	70.4	100.2	142.3	193.2	200.4	299.7
<u>Subsidies and other transfers</u>	301.3	427.6	541.9	741.5	697.4	707.6
Subsidies	(84.6)	(106.1)	(138.1)	(146.5)	(162.9)	(118.5)
Other transfers	(216.7)	(321.5)	(403.8)	(595.0)	(534.5)	(589.1)
<u>Capital expenditure</u>	54.9	107.3	157.2	311.4	219.4	269.4
<u>Total expenditure</u>	1,026.3	1,249.7	1,592.6	2,143.0	2,028.3	2,290.0
<u>Net lending</u>	24.5	48.5	114.0	408.3	235.3	267.6
Total expenditure and net lending	1,049.8	1,298.1	1,706.6	2,551.3	2,263.6	2,557.6

Source: Financial Statements and data provided by the Ministry of Finance, Economic Planning and Development.

Nonwage expenditure on goods and services has shown year to year fluctuations which are mainly related to defense expenditures. It declined 15 percent in 1980/81, returned to its 1979/80 level in 1981/82 and rose 26 percent in 1982/83.

In the three-year period to 1982/83, interest payments rose almost three-fold to the equivalent of 11 percent of current expenditure. The rise reflected increases in government borrowing to finance budget deficits, increases in interest rates and, in 1983, the effects of devaluation on foreign debt service costs. The ratio of interest payments to total government debt outstanding at the end of each fiscal year increased from 4.2 percent in 1979/80 to 7.5 percent in 1982/83.

Expenditure on subsidies and other transfers more than doubled in the period 1979/80-1982/83 and increased as a proportion of total expenditure and net lending from 28.7 percent to 30.8 percent. The main subsidies are on maize meal, maize, beef, milk and railway operations (Appendix Table VII). The major items in the transfer category are education grants to private registered colleges and schools, which take up more than half of the budgeted expenditure of the Ministry of Education and Culture, pensions, demobilization gratuities paid by the Ministry of Labor and Social Services to those leaving the armed forces, and grants for medical care services. The share of transfers other than subsidies increased from 20.6 percent of total expenditure and net lending in 1979/80 to 24.8 percent in 1980/81 under the influence of expanded support for education and an increase in public assistance transfers. The share has since declined, to 23.6 percent in 1982/83.

Capital expenditure and net lending cover spending on the projects that constitute the reconstruction program and the public sector investment program. These categories also include the provision of seasonal finance to the Agricultural Finance Corporation and some other lending operations. Capital outlays have shown a substantial increase from a low base at the time of independence as foreign grants and loan funds became available. These outlays rose from the equivalent of 7.6 percent of total expenditure and net lending in 1979/80 to 20.1 percent in 1982/83. Unusually high agricultural financing requirements in 1982/83 associated with the drought conditions constituted an important factor behind the doubling of net lending in that year. Another factor was the extension of the Government's private sector participation program.

In terms of the functional classification of central government operations, the largest percentage increases during the period 1979/80-1982/83 were in housing and community services (a 13-fold increase from a very low base), education with an annual average growth of 46 percent, economic services (40 percent), and health (32 percent). There were also substantial increases in expenditures on welfare (30 percent), and general public services (25 percent) (Appendix Table VIII). Within the general public services category, expenditure on general administration showed a 68 percent increase in 1982/83. A large part of this increase was due to the government building program in the areas of defense,

education and health. As a percentage of total expenditure and gross lending, the largest categories in 1982/83 were education (18.4 percent compared to 12.5 percent in 1979/80), defense 15.4 percent, general administration 10.0 percent and agriculture and forestry 8.7 percent.

6. The 1983/84 budget

The 1983/84 budget, presented in July 1983, attempted to provide a measure of fiscal restraint while coping with the problems caused by the continuation of drought conditions and low growth. It provides for an increase in expenditure and net lending of 13 percent while projecting a growth in total revenue and grants of 18 percent. The overall deficit is projected at Z\$407 million, equivalent to 6.6 percent of GDP. ^{1/} As envisaged in the budget, this deficit is principally to be financed through an accelerated inflow of foreign loans.

The budget provides inter alia for an increase of 50 percent in interest payments, 18 percent in capital expenditure and net lending, and a decline of 27 percent in subsidy payments. The reduction in the provisions for agricultural and transportation subsidies was partly in anticipation of increases in certain commodity prices and railway tariffs and partly a shift in the financing of their trading account deficits to bank sources. Drought related expenditure included direct grants for drought relief (Z\$30 million), a redirection of resources toward measures and projects that will generate income and employment in drought affected areas, and a substantial increase in short-term lending through the Agricultural Finance Corporation. On a functional basis, the largest percentage increases are in the allocation for housing and community services and defense.

The budget contained a tax package designed to yield Z\$ 150 million in additional revenue. The rates of surcharge on the individual income tax are to be increased from the previous scale of 15 to 33 1/3 percent to a new scale of 20 percent to 40 percent. A new income tax at a rate of 2 percent on the taxable income of employees earning more than Z\$100 per month, but who are not liable for the normal income tax, is to be introduced. The surcharge on company income tax has been raised from 15 percent to 20 percent with respect to the income year 1982/83. A new tax at the rate of 20 percent is to be applied to the cost of services supplied by nonresident contractors and to the related external costs of a non-resident trading in Zimbabwe.

^{1/} The coverage and classification of budget items used here and reflected in the tables differs somewhat from that of the authorities. In particular, the Financial Statements, which cover only the operations of the Consolidated Revenue Fund have been supplemented by estimates of the operations of two other funds concerned with reconstruction and development.

The rates of sales tax have been increased from 16 to 18 percent on general goods and from 19 to 23 percent on the list of higher rated goods, which has been extended to include alcohol, tobacco, cosmetics, jewellery, records and some other items. Motor cars made in Zimbabwe will be subject a 15 percent excise duty while imported trucks will bear a 15 percent customs duty. The import surtax has also been increased, effective July 29, 1983, from 15 percent to 20 percent.

IV. Money and Banking

1. Structure of the financial sector

The banking system in Zimbabwe consists of the Reserve Bank of Zimbabwe (RBZ), five commercial banks, four accepting houses and two discount houses. The accepting houses, commonly called merchant banks or wholesale banks, specialize in providing services to corporate customers, mainly through trade-related financing and medium-term loans. The discount houses, modelled on the similar institutions in London, accept call money from various financial and non-financial institutions and invest the funds into a wide range of financial assets mainly with short maturity. The financial sector also includes five finance houses, three building societies and the Post Office Savings Bank (POSB). The finance houses provide hire purchase credit, leasing finance and medium-term loans. The houses are not permitted to accept deposits of less than 30 days, given longer-term nature of their lending operations. The building societies provide mortgage finance for residential and commercial building construction. The POSB is a statutory corporation which invests funds in stock issued by the Government or other public entities. Interests on deposits with the POSB are taxexempt.

Other than the deposit-taking intermediaries described above, there are several institutions which are designed to channel funds from the Government (or capital subscription by the private sector) to specific areas of economic activity, in particular, agriculture and industry. These include the Agricultural Finance Corporation (AFC); the Industrial Development Corporation (IDC); the Zimbabwe Development Bank (ZDB), a Government-controlled development bank established in July 1983; Ipcorn Limited; and Febco Limited. The most important among them is the AFC which is owned and funded entirely by the Government. There are also about 50 insurance companies and over 1,200 pension funds operating in Zimbabwe.

2. Recent monetary and credit developments

The growth rate of money supply accelerated from the annual average of 9 percent in the late 1970s to 22 percent in 1980 (Table 11). Domestic credit which had also risen very slowly in the late 1970's rose by 30 percent in 1980. The acceleration was mainly the result of the increase in credit to the Central Government to finance the budget deficit. Credit to the private sector recorded only a moderate rise in 1980 a fact that was partly related to the strong self-financing capacity of many enterprises.

In 1981, credit to the private sector rose by 44 percent, because of a sharp increase in loans to the AMA to finance the bumper maize crop and because of the financing of export stocks (mainly steel and sugar) following rail transportation bottlenecks in Zimbabwe and in the neighboring transit countries. On the other hand, there was a decline in net claims on the Government, reflecting the increased

Table 11. Zimbabwe: Monetary Survey, 1979-83

(In millions of Zimbabwe dollars)

	1979	1980	1981	1982				1983	
	Dec.	Dec.	Dec.	March	June	Sept.	Dec.	March	June
Foreign assets (net)	205.5	177.9	40.3	53.3	13.8	-8.7	-36.9	-90.9	-235.5
Reserve Bank (net)	181.2	176.4	37.2	50.9	9.3	-25.0	-44.5	-101.9	-235.1
Assets	(189.3)	(176.4)	(192.6)	(179.1)	(153.5)	(162.1)	(206.0)	(226.3)	(149.1)
Liabilities	(8.1)	(--)	(155.4)	(128.2)	(144.2)	(187.1)	(250.5)	(328.2)	(384.2)
Of which: IMF	(--)	(--)	(31.0)	(31.0)	(31.0)	(31.0)	(37.0)	(163.3)	(203.1)
Banks (net)	24.3	1.5	3.1	2.4	4.5	16.3	7.6	11.0	-0.4
Domestic credit	923.3	1,198.0	1,520.7	1,481.9	1,693.2	1,875.9	1,934.0	1,927.4	2,066.6
Claims on Government (net)	199.8	370.9	332.9	312.0	417.5	502.9	594.2	554.0	523.8
Of which: IMF counterpart	(--)	(--)	(31.0)	(31.0)	(31.0)	(31.0)	(31.0)	(31.0)	(31.0)
Credit to private sector	723.5	827.1	1187.8	1,169.9	1,275.7	1,373.0	1,339.8	1,373.4	1,542.8
AMA	(105.8)	(162.0)	(335.1)	(270.0)	(310.8)	(379.4)	(361.2)	(373.1)	(384.6)
Other	(617.7)	(665.1)	(852.7)	(899.9)	(964.9)	(993.6)	(978.6)	(1,000.3)	(1,158.2)
Money	993.1	1,214.3	1399.3	1,392.2	1,561.6	1,667.5	1,692.8	1,656.8	1,663.2
Currency	107.6	157.2	198.5	199.9	213.0	222.2	237.5	236.7	224.3
Demand deposits	355.6	475.6	480.2	436.9	518.4	554.2	533.5	462.2	504.4
Short-term fixed deposits	246.2	319.1	356.1	356.7	384.2	441.6	465.5	498.2	507.6
Other term deposits	283.6	262.4	364.5	398.7	446.0	449.5	456.3	459.7	426.9
Other items (net)	135.7	161.6	161.7	143.0	145.4	199.7	204.3	179.7	167.9
<u>Rates of change from previous year</u>				<u>(In per cent)</u>					
Domestic credit	--	29.8	26.9	22.9	23.4	25.3	27.2	30.1	22.1
Net claims on Government	-6.8	85.6	-10.2	-16.8	-3.0	32.2	78.5	77.6	25.5
Credit to private sector	2.0	14.3	43.6	40.7	35.5	22.9	12.8	17.4	20.9
Money	8.1	22.3	15.2	20.3	26.2	21.3	21.0	19.0	6.5

Source: Reserve Bank of Zimbabwe.

recourse to external borrowing for budget financing. Total domestic credit showed an increase of 27 percent in 1981, but its impact on money supply growth (15 percent) was mitigated by the increase in the balance of payments deficit.

In 1982, domestic credit increased at the same rate as the previous year. The larger budget deficit and delays in disbursement of concessional external aid caused the Government to increase its borrowing from the banking system by 78 percent but credit extended to private sector increased by only 13 percent. The financing requirement for stockpiling of bulky export items declined after the restoration of normal transport facilities in the middle of 1982 but the AMA still needed some credit to finance the accumulated maize stock. Money supply increased at a somewhat slower rate than domestic credit (21 percent).

The available data on direction of credit (Appendix Table IX) ^{1/} indicate that most of the increase in credit to the private sector in 1982 was absorbed by the agricultural and mining sectors and by the parastatals including the AMA and the NRZ. Credit to the manufacturing sector stagnated in 1982.

Since the general increases in interest rates in 1981, there has been a continuous shift in the composition of the banking sector's liabilities to the public in favor of longer-term deposits. The share of demand deposits declined significantly from 45 percent at the end of 1980 to 37 percent at the end of 1982, while the share of longer-term deposits rose from 25 percent to 31 percent during the same period. Outside the banking system, deposits with the building societies and the finance houses stagnated in 1982, a development which is partly related to the unattractiveness of their deposit rates compared with the corresponding rates offered by the commercial banks. Deposits with the POSB, interest on which has been tax exempt, rose by 24 percent in 1982.

3. Policies and operations of the monetary authorities

Over the last two and one-half years, monetary policy has been geared toward restraining demand pressures. With this aim in view, Bank rate was raised in two steps from 4.5 percent to 9 percent and the commercial banks prime lending rate was raised from 7.5 percent to 13 percent (Table 12). Other interest rates rose in line with the above increases. As a result, the representative lending rates applied to ordinary corporate customers or private persons (which ranged from 13.25 percent to 14.5 percent) became more closely aligned with the rate of inflation. Also in 1981, the statutory reserve requirement for

^{1/} Available data on credit by economic sectors are incomplete. They cover only loans and advances of the commercial banks. They exclude private bills held by commercial banks and credits granted by other financial institutions.

Table 12. Zimbabwe: Selected Interest Rates, 1979-83

(In percent; end of period)

	1979	1980	1981	1982	1983	
					March	June
Bank Rate	4.50	4.50	9.00	9.00	9.00	9.00
Treasury Bills	3.57	3.30	8.18	8.29	8.40	8.54
Call Money (Maximum)	3.75	3.50	7.65	7.75	8.50	8.35
Certificates of Deposit						
6-months (maximum)	4.15	4.70	14.60	10.50	14.25	13.25
12-months (maximum)	5.00	5.20	14.50	10.75	14.25	13.25
24-months (maximum)	5.55	6.10	15.00	11.25	14.25	13.25
Government Stock						
3 years' maturity	4.85	4.85	9.05	9.05	9.05	9.05
25 years' maturity	8.75	9.50	13.00	13.00	13.00	13.00
Savings Accounts						
Commercial banks	3.00	3.00	7.00	7.00	7.00	7.00
Building societies	3.50	3.50	7.75	7.75	7.75	7.75
Fixed Deposits						
Commercial banks						
12 months (maximum)	4.25	4.40	12.00	10.50	12.75	12.75
24 months (maximum)	5.15	5.25	12.50	10.80	12.75	12.75
Building societies						
12 months	4.75	4.75	9.75	9.75	9.75	9.75
24 months	5.25	5.25	10.00	10.00	10.00	10.00
Lending rates						
Commercial banks (minimum)	7.50	7.50	13.00	13.00	13.00	13.00
Building societies (houses)	7.75	7.75	13.25	13.25	13.25	13.25
Agricultural Finance Corporation						
Short-term	8.00	8.00	12.00	13.00	13.00	13.00

Source: Reserve Bank of Zimbabwe.

the commercial banks, the accepting houses and the finance houses was increased from 6 percent to 8 percent for demand deposits and from 3 percent to 4 percent for term deposits. The statutory liquid asset ratio for the finance houses was raised from 15 percent to 20 percent. In response to moral suasion by the RBZ, the commercial banks have maintained their actual liquid asset ratio of 40 percent, 5 percentage points above the statutory ratio. Liquid asset holdings of the accepting houses and the building societies have been substantially higher than the statutory ratios, because of stagnant credit demand for trade financing, medium-term loans and mortgage financing.

In 1981 and 1982 the RBZ attempted to influence liquidity conditions and credit allocation of the banking system through its own portfolio management. In the middle of 1981, the RBZ began purchasing short-term paper (largely acceptances and trade bills) from the banking institutions in order to alleviate liquidity shortages in the banking system and thereby enable the commercial banks to allocate more resources to the credit needs of the AMA and the export industries. In mid-1982, as private sector credit demand started to ease, the RBZ ceased purchasing those bills and by year-end had reduced its holdings of the bills to zero. At the same time, the RBZ provided close to Z \$200 million (Appendix Table X) to the Government directly through overdraft facilities. In addition, the RBZ intensified its cent. In addition, the RBZ intensified its efforts to mobilize funds of non-bank sector, in particular, insurance companies and pension funds, in order to facilitate the Government financing of the budget deficit.

4. Other Financial Institutions

The non-bank financial institutions have played an important role in mobilizing resources for development purposes. Moreover, some of these institutions, in particular, the POSB, insurance companies and pension funds have become increasingly important in the area of Government financing (Table 13). Deposits with the POSB, have risen markedly over the past few years. These savings have been mostly invested into Government stock. At the end of 1982, the POSB held 26 percent of the total of government stock outstanding, compared with 22 percent at the end of 1980. Based on the available data, insurance companies and pension funds together held 48 percent of outstanding government stock in 1981; this ratio is estimated to have increased further in 1982.

Table 13. Zimbabwe: Domestic Financing of Central Government,
1980/81-1982/83

(In millions of Zimbabwe dollars)

	1980/81	1981/82	1982/83
Total domestic financing	<u>255.2</u>	<u>120.1</u>	<u>394.8</u>
Banking system	<u>136.8</u>	<u>-13.1</u>	<u>106.3</u>
Reserve Bank	224.8	33.4	96.7
TBs	(109.1)	(1.6)	(-36.8)
Stock	(29.1)	(36.5)	(-39.5)
Cash drawdown	(55.6)	(-4.7)	(24.5)
Overdraft	(--)	(--)	(148.5)
Use of Fund resources	(31.0)	(--)	(--)
Commercial banks and others	-88.0	-46.5	9.6
Of which: TBs	(-57.7)	(-14.5)	(4.5)
Stock	(-14.0)	(-34.6)	(7.5)
Other financial institutions	<u>50.3</u>	<u>0.9</u>	<u>56.7</u>
POSB (stock)	32.0	45.5	58.5
Building societies and finance houses	18.3	-44.6	-1.8
Of which: TBs	(-0.2)	(0.1)	(-1.4)
Stock	(18.5)	(-43.1)	(-0.4)
Nonbank institutions, companies and public	<u>68.1</u>	<u>132.3</u>	<u>231.8</u>
TBs	-22.0	14.1	26.7
Stock	81.5	87.2	184.0
Of which: Insurance companies <u>1/</u>	(35.0)	(29.5)	(85.0)
Pension funds <u>1/</u>	(30.2)	(29.5)	(85.0)
Others <u>2/</u>	8.6	31.0	21.1

Source: Reserve Bank of Zimbabwe.

1/ Gross purchase of Government stock issue.

2/ Including bond issues, and errors and omissions.

V. External Sector

1. Overall developments

Zimbabwe has a fairly diversified export base comprising agricultural, mining and manufactured products. In recent years, export performance has been hampered by adverse weather conditions and transportation bottlenecks. Manufacturing and mining exports also have been constrained by the inadequate availability of imported materials. Efforts to increase foreign exchange availability for exports have been recently strengthened by a World Bank loan which was approved in February 1983. The authorities have maintained strict control of imports through the foreign exchange allocation system. Payments for services and private transfers have, however, risen markedly in recent years because of higher costs of transportation, larger outflows of migrant remittances and rapidly increasing interest payments on external borrowing. These payments now absorb about one-half of export earnings.

In the 1970s when the external economic sanctions were in force and there were stringent import and exchange restrictions, the current account of the balance of payments was in virtual balance as trade surpluses almost exactly offset deficits on net services and private transfers. The balance of payments began to deteriorate in 1979 and by 1981 the current account deficit reached SDR 616 million, equivalent to 12 percent of GDP (Table 14). Imports, mainly related to rehabilitation and investment projects, increased by 52 percent in 1980 and by a further 26 percent in 1981. Exports increased by 33 percent in 1980 but by only 11 percent in 1981. Net payments on services and private transfers jumped by 74 percent, reflecting the partial deregulation of the exchange control system and the increased costs of transportation. Despite rising levels of capital inflows, the overall balance of payments swung from a surplus of SDR 48 million in 1979 to a deficit of SDR 150 million in 1981, most of which was financed through short-term Euro-currency loans contracted by the Reserve Bank.

In 1982, the current account deficit widened to SDR 703 million, although remaining at the equivalent to 12 percent of GDP. However, because of a significant increase in net capital inflows (including short-term loans to some parastatal enterprises), the overall deficit was reduced by almost one-half. Exports declined by 3 percent in 1982, while imports recorded an increase of 3 percent. The poor export performance was related to the unfavorable weather conditions which affected major export crops, technical problems in certain manufacturing industries and the continued weak world demand for Zimbabwe's minerals. A severe cutback (19 percent) of foreign exchange allocations for basic imports contributed to the sharp deceleration of import growth. The deficit on services account in 1982 was largely unchanged from the previous year, because a combined increase in interest payments by the public sector and dividend remittances by private enterprises was offset by lower payments for foreign travel and other transportation, and also because payments for freight and insurance remained virtually constant.

Table 14. Zimbabwe: Summary of Balance of Payments, 1978-82

(In millions of SDRs)

	1978	1979	1980	1981	1982
Trade balance	<u>214.9</u>	<u>158.4</u>	<u>81.8</u>	<u>-70.5</u>	<u>-141.4</u>
Exports, f.o.b.	737.4	835.7	1,110.6	1,229.0	1,195.3
Imports, f.o.b.	-522.5	-677.3	-1,028.8	-1,299.6	-1,336.6
Services (net)	<u>-171.2</u>	<u>-199.2</u>	<u>-220.8</u>	<u>-441.1</u>	<u>-447.7</u>
Freight and insurance	-36.0	-31.4	-46.9	-137.3	-136.8
Other transportation	-15.7	-16.4	-15.2	-25.8	17.0
Foreign travel	-61.2	-75.4	-103.4	-106.2	-70.0
Investment income	-28.8	-27.9	-22.0	-97.5	-188.6
Other	-29.4	-48.2	-33.4	-74.3	-69.3
Private transfers (net)	<u>-13.9</u>	<u>-43.3</u>	<u>-92.7</u>	<u>-103.9</u>	<u>-114.0</u>
Of which: migrants	(-11.2)	(-40.4)	(-72.2)	(-75.8)	(-67.7)
Current balance	<u>29.7</u>	<u>-84.1</u>	<u>-231.7</u>	<u>-615.6</u>	<u>-703.1</u>
Official transfers (net)	--	--	<u>44.4</u>	<u>72.6</u>	<u>62.7</u>
Capital (net)	<u>116.4</u>	<u>36.3</u>	<u>-2.3</u>	<u>275.9</u>	<u>481.5</u>
Government	143.2	134.3	-25.8	108.2	120.0
Public enterprises	-5.0	-7.3	-3.0	151.6	279.1
Other	-21.8	-90.7	26.5	16.1	82.5
Net errors and omissions	-29.1	92.6	179.8	87.9	80.0
SDR allocation	--	--	--	10.1	--
Monetization of gold	0.2	2.8	45.7	18.6	-6.6
Overall balance	<u>117.2</u>	<u>47.6</u>	<u>35.9</u>	<u>-150.5</u>	<u>-85.5</u>
Valuation and exceptional reserve adjustment	<u>8.8</u>	<u>-0.1</u>	<u>36.0</u>	<u>-24.2</u>	<u>-3.0</u>
Change in net foreign assets (increase -)	<u>-126.0</u>	<u>-47.5</u>	<u>-71.9</u>	<u>174.7</u>	<u>88.5</u>
Gold	0.3	-2.8	-81.2	3.3	9.4
Others	-126.3	-44.7	9.3	171.4	79.1
Of which: Fund resources	--	--	--	(37.5)	--
<u>Memorandum items:</u>					
Average exchange rate (SDR per Zimbabwe dollar; period average)	1.1792	1.1385	1.1956	1.2267	1.1961
Foreign assets (net, end of year)	99.9	147.4	219.3	44.6	-43.9
Current balance as percent of GDP	1.1	-2.8	-5.8	-12.1	-12.2

Source: Reserve Bank of Zimbabwe and Treasury.

At the end of 1982, gross official external reserves stood at SDR 203 million (equivalent to 2 months imports), a decrease of SDR 28 million over the year. Net official external reserves (excluding short-term liabilities of the authorities) turned from SDR 45 million at the end of 1981 to minus SDR 44 million at the end of 1982.

The Zimbabwean authorities devalued the Zimbabwe dollar by 20 percent in local currency terms in December 1982. At the same time, the authorities changed the exchange rate currency basket to reflect trade weights rather than settlement currencies. The Zimbabwe dollar was allowed to depreciate by 5 percent in local currency terms in January 1983.

2. Merchandise trade

a. Exports

Agricultural products, mineral and manufactured products have roughly similar shares in total exports. The main agricultural exports are tobacco, sugar, maize, and coffee; the main mineral exports are gold, asbestos, nickel, copper; manufacturing exports include ferro-alloys, steel products, cotton lint, textile and machinery. Published data on the direction of exports (Appendix Table XIX) which are available only for the period after August 1980 show that South Africa has been the principal market (17 percent of total exports in 1982). Other important markets are the United Kingdom (10 percent), the United States (8 percent), Germany (8 percent) and the countries of the Southern African Development Coordination Conference (SADCC, 11 percent).

As noted above, in 1982, the value of exports declined, for the first time since 1978, by 3 percent. The unit value of exports fell by 5 percent, reflecting lower international prices for maize and sugar, most mineral products (asbestos, copper, nickel and gold), and cotton lint but export volume showed a 3 percent increase after three consecutive years of decline.

From early 1981 to mid 1982, exports were severely hampered by the external transportation bottlenecks which arose from the interruption of rail and port services in the transit routes through Mozambique and South Africa as well as by the internal transportation difficulties caused by shortages of locomotives, wagons and skilled personnel. Export volume was also constrained by stagnant world demand and several factors on the production side. The tobacco and cotton crops were adversely affected by the unfavorable weather in the 1981/82 growing season, production of ferroalloys and steel was interrupted by recurrent technical difficulties, and exports of manufactured goods including machinery and small electric appliances were checked by inadequate availability of imported spare parts and materials. Moreover, the real effective appreciation of the Zimbabwe dollar resulted in a loss of international competitiveness for some manufactured goods, especially, consumer goods such as textile, clothing, furniture and footwear.

Items which recorded increases in export volume in 1982 were maize, coffee, sugar, copper, nickel and gold (Table 15).

The Zimbabwean authorities have implemented several measures to promote exports. These include: (1) favorable foreign exchange allocation for registered exporters; (2) import duty drawback scheme for manufactured export items; (3) financial incentives provided through the budget to exporters of products with a local content of 25 percent and; (4) a revolving fund of Z\$5 million providing assistance to new exporters or registered exporters with unexpectedly large export orders. This fund has now been boosted by the World Bank export promotion loan of US\$70.6 million which was approved in February 1983.

b. Imports

Zimbabwe's imports have been controlled through the foreign exchange allocation system (See Section VI). The priority given to capital goods in the allocation of foreign exchange explains the high share (41 percent in 1982), of machinery and transport equipment in total imports (Appendix Table XXI). There has been a downward trend in the share of petroleum imports in total imports (14 percent in 1982 compared with 27 percent in 1979), which partly reflects on-going energy conservation and substitution policies. With regard to the geographical distribution of imports, South Africa (22 percent of total imports in 1982) has thus far been the most important partner for Zimbabwe, followed by the United Kingdom (15 percent), the United States (10 percent) and Germany (8 percent). The combined share of SADCC countries was 7 percent in 1982.

As mentioned earlier, in 1982, imports increased only by 3 percent after rising by 52 percent in 1980 and by 26 percent in 1981. Imports financed through the foreign exchange allocation system were reduced by 19 percent, in SDR terms, (17 percent in Zimbabwe dollar terms), while there was a substantial increase in imports financed by aid funds, Eurocurrency loans, and commercial credits for reconstruction and investment projects. The Zimbabwean authorities have decided to reduce the foreign exchange allocation for basic imports for the first half of 1983 by (27 percent) in SDR terms (7 percent in Zimbabwe dollar terms) compared with the corresponding period of 1982.

c. Terms of trade

Zimbabwe's terms of trade deteriorated by 3 percent in 1982, following an improvement of 24 percent in 1980 and of 11 percent in 1981 (Table 16). The unit value of exports declined by 3 percent in Zimbabwe dollar terms (by 5 percent in SDR terms), reflecting lower international prices for most of Zimbabwe's mining and agricultural export commodities. The unit value of imports remained virtually unchanged in Zimbabwe dollar terms (declined by 3 percent in SDR terms) as the prices for manufactured goods from industrial countries stagnated and the prices of petroleum imports declined.

Table 15. Zimbabwe: Annual Growth Rates of Major Export Products, 1981-82

(In per cent; in terms of SDRs)

	1981			1982		
	Value index	Volume index	Unit value index	Value index	Volume index	Unit value index
Agricultural products	<u>81</u>	<u>41</u>	<u>28</u>	<u>-8</u>	<u>-12</u>	<u>4</u>
Tobacco (21)	90	39	36	-14	-33	28
Sugar (6)	19	4	14	-7	28	-27
Maize (4)	384	280	29	12	46	-23
Coffee (2)	48	77	-16	45	36	7
Mineral products	<u>-18</u>	<u>-16</u>	<u>-2</u>	<u>21</u>	<u>29</u>	<u>-7</u>
Gold (15)	-32	-6	-28	80	84	-2
Asbestos (7)	-3	-27	34	-22	-15	-8
Nickel (5)	-9	-19	12	-5	11	-15
Copper (2)	-24	-21	-4	16	25	-7
Manufactured goods	<u>-12</u>	<u>-18</u>	<u>6</u>	<u>-4</u>	<u>-14</u>	<u>11</u>
Ferro-alloys (8)	-7	-14	8	-5	-17	14
Iron/steel (5)	-36	-37	2	17	-9	28
Cotton lint (6)	8	-1	8	-16	-12	-5
Total (major 11 products - 82)	<u>11</u>	<u>-1</u>	<u>11</u>	<u>2</u>	<u>--</u>	<u>2</u>
Other minor products	-1			-17		
GRAND TOTAL	<u>11</u>	<u>-5</u>	<u>13</u>	<u>-3</u>	<u>3</u>	<u>-5</u>

Sources: Data provided by the Zimbabwean authorities.

Note: Figures in parentheses are value shares in percent in the 1982 total domestic exports (excluding re-exports, migrants' effects and internal freight).

Table 16. Zimbabwe: Terms of Trade, 1978-82

(1964 = 100)

	1978	1979	1980	1981	1982
Unit value indices <u>1/</u>					
Exports	184.2	211.7	280.6	310.2	301.2
(annual percentage change)	(6.4)	(14.9)	(32.5)	(10.5)	(-2.9)
Imports	276.9	379.0	406.1	404.0	402.5
(annual percentage change)	(13.7)	(36.9)	(7.2)	(-0.5)	(-0.4)
Terms of Trade	66.5	55.9	69.1	76.8	74.8
(annual percentage change)	(-6.5)	(-15.9)	(23.6)	(11.1)	(-2.6)
<u>Memorandum items:</u>					
Volume indices					
Exports	120.3	118.7	113.0	107.6	110.7
(annual percentage change)	(4.0)	(-1.3)	(-4.8)	(-4.8)	(2.9)
Imports	67.3	66.4	91.4	112.9	121.6
(annual percentage change)	(-8.5)	(-1.3)	(37.7)	(23.5)	(7.7)

Source: Central Statistical Office, Monthly Digest of Statistics.

1/ Denominated in Zimbabwe dollars.

3. Services and private transfers

a. Services

The deficits on services account (including investment income) have been large, reflecting higher transportation costs and the heavy burden of dividend payments accumulated before Independence. In addition, interest payments on external borrowing of the public sector are assuming greater significance.

The deficit on services account in 1982 was SDR 448 million, virtually unchanged from the 1981 level of SDR 441 million. Service payments in 1982 increased by 6 per cent to SDR 670 million (equivalent to 56 per cent of merchandise exports) and service receipts increased by 15 per cent to SDR 222 million (equivalent to 19 per cent of merchandise exports). Payments on foreign travel fell by 26 percent because of the reduction in foreign exchange allowances given to Zimbabwean travelers. Payments on "other transportation" were reduced as a result of the return of hired locomotives to the neighboring countries. However, investment income payments rose by 48 percent because of substantially higher interest payments on public external borrowing and increased remittances of profits and dividends.

b. Private transfers

For many years, there has been a large outflow on private transfers account because of large migrants' transfers and pension payments to emigrants. The number of emigrants has been in the order of 17-20 thousand annually since 1980.

4. Official Transfers and Capital Flows

a. Official transfers

Zimbabwe received official unrequitted transfers amounting to SDR 44 million in 1980. In 1981 official transfers totalled SDR 73 million, of which over one-half was received in the form of grants pledged under ZIMCORD (Zimbabwe Conference on Reconstruction and Development). At this conference, held during March 23-27, 1981, grants totalling SDR 760 million were pledged. ^{1/} In 1982, official transfers amounted to SDR 63 million, all of which were related to ZIMCORD.

b. Capital flows

Following a gross inflow of SDR 40 million in 1980, the gross inflow of Government capital increased to SDR 185 million in 1981, about one-half of which (SDR 92 million) consisted of Eurocurrency loans for balance of payments support. Capital flows under ZIMCORD

^{1/} In addition pledges of concessional loans amounted to SDR 840 million.

amounted to SDR 17 million. In 1982 the gross inflow of Government capital was SDR 214 million, of which SDR 96 million represented inflows of Eurocurrency loans and SDR 57 million inflows under ZIMCORD. Net government inflows amounted to SDR 108 million in 1981 and SDR 120 in 1982.

Capital inflows of the public enterprise sector which were negligible in the period 1978-80 rose in 1981, to SDR 178 million, of which SDR 107 million represented borrowings under trade credit facilities established by the Agricultural Marketing Authority (AMA) and the Zimbabwe Oil Procurement Consortium (ZOPCO). The remaining inflows in 1981 were for the financing of development and infrastructure projects. Gross inflows to the public enterprise sector increased by 80 percent to SDR 320 million capital in 1982. About 70 percent of these flows (SDR 223 million) represented project loans mainly for the Wankie thermal and railways projects.

5. External debt

External public debt outstanding at the end of 1982, including undisbursed, amounted to SDR 1,986 million (34 percent of GDP), of which direct Government debt was SDR 1,053 million and government-guaranteed debt was SDR 933 million. External debt outstanding rose to SDR 2,254 million by April 1983 reflecting, in part, the conversion of US\$147 million of short-term government debt due to commercial banks into medium-term loans.

In 1982 service payments on external debt (excluding the Fund) amounted to SDR 146 million (Table 17), of which amortization was SDR 56 million and interest payments were SDR 90 million. The debt service ratio was estimated to be equivalent to 10.3 percent. In 1983 service payments on external debt (excluding the Fund) are projected at SDR 199 million, of which amortization payments are projected at SDR 92 million while interest payments are projected at SDR 107 million. ^{1/} In 1983, the debt service ratio is projected to increase to 15.9 percent excluding the Fund, and to 16.9 percent (including the Fund). By 1988, the debt service ratio, is projected to be about 11.8 percent excluding the Fund but 20.8 percent when debt servicing to the Fund is included.

6. External reserves

Boosted by sizeable short-term commercial borrowing by the Reserve Bank, gross official external reserves amounted to Z\$206 million (the equivalent of two months of imports) at the end of 1982 and was Z\$195 million by the end of September 1983 (Table 18). Net official reserves amounted to minus Z\$45 million at the end of 1982 and minus 312 million at the end of September 1983.

^{1/} The debt service projections exclude short-term borrowings of US\$40 million by the Government, which are expected to be repaid in 1983. The projections of service payments for the public authorities include interest payments on the short maturity (one and a half years) credit facilities of the Agricultural Marketing Authorities (AMA) and the Zimbabwe Oil Procurement Consortium (ZOPCO).

Table 17. Zimbabwe: Service Payments on Government and Government-Guaranteed External Debt, 1982-88 ^{1/}

(In millions of SDRs)

	1982	Projected					1988
		1983	1984	1985	1986	1987	
(In millions of SDRs)							
I. Government							
Amortization	50.5	72.1	103.9	122.1	120.8	111.4	91.9
Interest	48.2	55.1	60.2	59.3	52.3	45.0	39.6
Subtotal	98.7	127.2	164.1	181.4	173.1	156.5	131.5
II. Government-guaranteed							
Amortization	5.9	19.8	53.3	55.2	50.9	60.1	59.5
Interest	41.4	52.2	49.5	51.3	52.1	47.1	42.5
Subtotal	47.3	72.0	103.8	106.5	103.0	107.2	102.0
III. Fund ^{2/}							
Repurchases	—	—	9.4	18.8	53.3	132.2	127.2
Charges	2.4	12.7	29.2	32.2	30.6	24.7	15.1
Subtotal	2.4	12.7	38.6	51.0	83.9	156.9	142.3
(A) Total I + II	146.0	199.2	267.9	287.9	276.1	263.8	233.6
(B) Total I + II + III	148.4	211.9	306.6	338.9	360.0	420.8	375.9
<u>Memorandum items:</u>							
Exports of goods and services ^{3/}	1,416	1,251	1,317	1,516	1,657	1,811	1,980
Debt service ratios							
Excluding Fund (A)	10.3	15.9	20.3	19.0	16.7	14.6	11.8
Including Fund (b)	10.4	16.9	23.3	22.4	21.7	23.2	19.0

Sources: Data provided by the Zimbabwean authorities; and staff estimates.

Note: (a) For Eurocurrency loans, assume LIBOR rates of 13.5 percent for 1982, 9.5 percent for 1983, and 9 percent thereafter.

(b) Excludes service payments on Reserve Bank of Zimbabwe's foreign liabilities, which, at the end of 1982, stood at Z\$250.5 million.

^{1/} Service payments on existing external debt outstanding, government and government-guaranteed, which, at the end of April 1983 stood at SDR 2,254 million (including undisbursed).

^{2/} Includes repurchases and charges in respect of purchases to be made under the present stand-by arrangement.

^{3/} Exports of goods are projected to grow at 12 percent in 1984 and at 10 percent thereafter.

Table 18. Zimbabwe: Official External Reserves, 1979-83

(In millions of Zimbabwe dollars; end of period)

End of period	1979	1980	1981	1982	<u>1983</u> Sept.
Foreign assets					
Gold ^{1/}	6.5	71.2	71.1	76.9	--
Foreign exchange	<u>132.5</u>	<u>105.2</u>	<u>121.5</u>	<u>129.1</u>	--
Total	<u>139.0</u>	<u>176.4</u>	<u>192.6</u>	<u>206.0</u>	<u>194.5</u>
Foreign liabilities	8.1	--	155.4	250.5	506.0
Foreign assets (net)	<u>130.9</u>	<u>176.4</u>	<u>37.2</u>	<u>-44.5</u>	<u>-311.5</u>

Source: Reserve Bank of Zimbabwe.

^{1/} Prior to March 1980, gold was valued at Z\$25 per fine ounce, and from April 1980, at a market related price which is determined at the end of each month.

VI. Summary of the Exchange and Trade System

A detailed description of Zimbabwe's exchange and trade system is given in Appendix I. This section describes the main features and recent developments in the exchange rate system and in exchange and trade restrictions and controls.

1. Exchange rate system

Since December 9, 1982, the exchange rate of the Zimbabwe dollar is determined on the basis of a trade-weighted basket of currencies. The U.S. dollar is the intervention currency. Prior to that date the exchange rate of the Zimbabwe dollar was determined on the basis of a transaction-weighted basket consisting of six major currencies. The principal effect of the change was to reduce the weight of the U.S. dollar substantially while increasing the weight of a number of other currencies, especially the South African rand, and introducing several new currencies into the basket. The nominal effective exchange rate of the Zimbabwe dollar, based on the new weights, appreciated by 3.8 percent between end-1980 and end-1981 and by a further 7.6 percent in the first three-quarters of 1982 (Chart 1). The real effective exchange rate of the Zimbabwe dollar appreciated by 8.8 percent in 1981 and by a further 15.5 percent in the first three-quarters of 1982. On December 8, 1982, the Zimbabwe dollar was devalued by 20 percent in local currency terms. The Zimbabwe dollar was allowed to depreciate by a further 5 percent in local currency terms in January 1983. Between the end of December 1982 and the end of September 1983 the nominal effective exchange rate depreciated by 5.9 percent; and between the end of December 1982 and the end of June 1983 the real effective exchange rate depreciated by 2.3 percent.

2. Exchange and trade restrictions

All exchange restrictions and controls being applied in Zimbabwe at present were in operation, in some form, at the time it became a member of the Fund (September 29, 1980). Zimbabwe avails itself of the transitional arrangements under the provisions of Article XIV. The main features of the exchange and trade system and the changes since the 1982 Article IV consultation discussions are described below.

a. Import payments

Foreign exchange is provided for authorized imports under a system of foreign exchange allocation. At the primary stage of the allocation process, the Ministry of Finance, Economic Planning and Development (FEPD) estimates the global availability of foreign exchange, taking into consideration the balance of payments and external reserve situation. Global foreign exchange allocations are decided by an Interministerial Committee, chaired by the FEPD, and made available through the Ministry of Trade and Commerce and the Ministry of Industry and Energy. The Ministry of Trade and Commerce basically handles the commercial categories, while the industrial categories

are handled by the Ministry of Industry and Energy. "Commercial" imports include imports by merchants of raw materials, machinery, and spare parts for resale to manufacturers and the public sector, as well as consumer goods. "Industrial" imports cover direct importations by industrialists of raw materials, machinery, and spare parts.

For purposes of foreign exchange allocation, products permitted to be imported are classified under 31 categories (until the end of 1981, 32 categories which included the product group eligible under the export bonus scheme). These product categories are grouped under four broad headings (basic, public sector maintenance, development projects, and others). Once in every six months, government ministries and departments, statutory bodies, local authorities, commerce, industry, the mining sector, the Zimbabwe Oil Procurement Consortium, and all other organizations having import requirements are required to submit foreign exchange "bids". The essentiality of products covered by these "bids" is scrutinized by the Ministry of Trade and Commerce and the Ministry of Industry and Energy, and a consolidated "bid" stating the total amount of foreign exchange required for imports in the next six-month period is submitted to FEPD. The final decision on the size of allocations is the responsibility of the Interministerial Committee. Allocations of foreign exchange by the FEPD are made on a three-month basis.

Foreign exchange allocations for commercial and industrial imports are made on the basis of five priority lists. However, in the industrial sector, because of employment considerations, such priority ratings are not so strictly applied. List 1 consists of essential products which are considered vital to the economy and the least essential products are placed under List 5. The bulk of products imported by the commercial and industrial sectors (the majority of industrial raw materials and essential consumer goods) are grouped under List 3. Foreign exchange allocation certificates with respect to commercial imports are issued for an individual tariff item only and cannot be used to import other products or be transferred without the authorization of the Ministry of Trade and Commerce. Certificates, however, may be used over a period of six months or recipients of certificates may form a group to place orders to take advantage of price discounts. Foreign exchange allocations for industrial products are made in accordance with industrial divisions, and firms within each division are given certificates which will allow them to import a specified group of tariff items to be used in the manufacturing process.

b. Trade restrictions

All imports are subject to licensing requirements, except for a very few products which are listed on the Open General Import License (OGIL) list. Import licenses (on an f.o.b. basis) are issued automatically against foreign exchange allocation certificates.

The customs tariff regime consists mainly of ad valorem duties ranging up to 40 percent. Since July 1, 1981, a customs surcharge at the rate of 5 percent has been levied on imports with the exception of fuel, government imports, capital goods for statutory bodies, and surgical and medical goods.

On July 30, 1982 the rate of customs surcharge was raised to 15 percent. The customs duty on gasoline and diesel was increased in August 1982 and again in February 1983. The duty on gasoline was increased from 40 cents per liter to 41 cents per liter (August 1982), and to 55 cents per liter (February 1983), while that on diesel was increased from 0.8 cents per liter, to 2.8 cents per liter (August 1982), and to 8.8 cents per liter (February 1983). In the fiscal year 1981/82 the average rate of duties, including the surcharge was 13 percent, compared to a ratio of 6 percent in 1980/81. In 1982/83 the ratio of customs duty revenue to total imports is estimated to be around 20 percent. Most imports are subject to an additional import tax, presently of 16 percent or 19 percent (compared to rates of 12 or 15 percent that prevailed in fiscal year 1981/82), which is the countervailing levy to the sales tax imposed at the same rate on domestically produced goods. No products are subject to an export tax.

3. Invisible payments

All invisible payments, with the exception of those relating to authorized imports, are tightly controlled, and at present the following restrictions are applied. (1) The basic foreign exchange allowance for business travel is Z\$100 per day, up to a maximum of Z\$1,500 per trip, with an overall annual maximum of Z\$3,000. Previously, the basic foreign exchange allowance for business travel was Z\$100 per day up to a maximum of Z\$2,000 per trip, with an overall annual maximum of Z\$4,000. Applications for business travel allowance exceeding Z\$1,500 are subject to the approval of the Reserve Bank. (2) The basic foreign exchange allowance for holiday travel is Z\$60 per day up to an annual maximum of Z\$360; children under the age of 10 are entitled to one half of these amounts. The allowance may be accumulated up to 3 years but it is not granted in advance. (3) The allowance for education at universities in the United Kingdom and the United States is Z\$6,000 per year, and for education at universities in other countries is Z\$2,750 per year. (4) For medical treatment, foreign exchange is provided up to Z\$20 per day, for a maximum period of 30 days, for the patient and any necessary accompanying companion. (5) The allowance for family maintenance is up to Z\$30 per month per individual beneficiary and Z\$60 per month per family unit. (6) The limits on foreign exchange which are allowed to be transferred by emigrants at the time of emigration range from Z\$500 to Z\$10,000, depending on the person's age, family status, and health conditions. (7) Since July 30, 1981, incomes accruing from assets owned by former residents who have emigrated have been allowed to be transferred up to an annual limit of Z\$15,000. (8) The annual transfer of pensions earned by former residents is guaranteed under the Constitution but they are included in the calculation of the limit on annual income transfers described in (7), and if an annual pension transfer exceeds Z\$15,000 the remittance of other income is prohibited. (9) Since April 1, 1981, up to 50 percent of after-tax profits and dividends accruing to companies domiciled in Canada, the United Kingdom, and the United States (previously referred to as "designated countries" during the period of sanctions) have been allowed to be remitted. The remittance of profits and dividends to other countries, which was not restricted during the period of sanctions, has been subject to the same limit since July 1, 1980 so that

since April 1, 1981 remittances to all countries have been treated equally. Dividends in excess of 50 percent of the after-tax profits of companies in favor of non-residents are blocked. These limitations do not apply to individual shareholders who have never been resident in Zimbabwe. Since January 5, 1981 companies domiciled in previously "designated countries" (except insurance companies) and having blocked dividends, interest, and other incomes which accrued during the years 1965-73 have been allowed to apply for release of these funds (including up to 50 percent of branch profits) over a period of six years through a special 4 percent per annum interest, government bond facility. A 10 percent tax is applied to funds transferred through this medium. Interest (accruing from July 1, 1980) on all blocked funds of companies and corporations domiciled in the former "designated countries" and interest accruing in favor of individuals resident in the former "designated countries" are freely transferable.

The allowances and limits on invisible payments in Zimbabwe are denominated in local currency terms. The devaluation of the Zimbabwe dollar on December 9 1982, was passed on to the foreign exchange allowance for holiday travel by increasing the limits for each adult and each child from Z\$300 and Z\$150, respectively, to Z\$360 and Z\$180, respectively. However, the devaluation was not passed on to the allowances and limits for other invisible payments. Hence, effectively the allowances and limits for invisible payments, which are denominated in local currency terms, have been reduced in foreign currency terms by the magnitude of the devaluation.

4. Capital transactions

Inward transfers of capital through normal banking channels are not restricted, but outward transfers are controlled or restricted. Foreign investments, irrespective of their source, which have been undertaken through normal banking channels since September 1, 1979, may be considered for repatriation after two years subject to certain regulations. Repatriation of capital invested before September 1, 1979 to any country is allowed only in exceptional cases. Since January 5, 1981, emigrants who left Zimbabwe before January 1, 1980 and have blocked assets in Zimbabwe with a total cash value not exceeding Z\$1,000 have been permitted to apply for the immediate release of such funds; the transfer of blocked assets with a total cash value exceeding Z\$1,000 is restricted.

5. Significant changes during 1982 and 1983

1982

July 30. The customs surtax was increased from 5 percent to 15 percent on most imports. Goods previously exempted remained exempt.

September 1. Remittances by residents to nonresidents for gift purposes were made subject to the approval of the Reserve Bank of Zimbabwe. The limits on these remittances remain unchanged.

December 1. A maximum limit on foreign exchange allowance for holiday travel during a 12-month period, irrespective of destination, was established for each adult and each child under 10 years of age at the equivalent of Z\$300 and \$Z150, respectively (previously, the maximum allowance for a two-year period was Z\$600 for travel in Africa, and Z\$800 for travel outside Africa).

December 9. The Zimbabwe dollar was devalued by 20 percent in local currency terms.

December 9. The exchange rate currency basket was changed to reflect trade weights rather than transactions weights.

December 9. The devaluation of the Zimbabwe dollar, was passed on to the foreign exchange allowance for holiday travel by increasing the limits for each adult and each child from Z\$300 and Z\$150, respectively, to Z\$360 and Z\$180, respectively. The devaluation was not passed on to the allowances and limits for other invisible payments, which are denominated in local currency terms, thus, effectively reducing the value of these allowances and limits in foreign currency terms.

1983

January. The Zimbabwe dollar was allowed to depreciate by 5 percent in local currency terms.

February. The customs duty on gasoline was increased from 41 cents per liter to 55 cents per liter and that for diesel was increased from 2.8 cents per liter to 8.8 cents per liter.

August. A tax of 20 percent was introduced on remittances outside Zimbabwe in respect of fees for technical, administrative, management and consultancy services or amounts remitted in respect of external expenses of local branches.

Zimbabwe: Exchange and Trade System

1. Exchange rate system

The currency of Zimbabwe is the Zimbabwe Dollar. The exchange rate of the Zimbabwe dollar is determined on the basis of fixed relationships to a trade-weighted basket of currencies. The U.S. dollar is the intervention currency. The spread applied by the Reserve Bank of Zimbabwe between the buying and selling rates is 0.8 percent for major currencies and 1.0 percent for other currencies. An additional 0.25 percent on either side of the quoted rates of major currencies may be charged by authorized dealers (authorized commercial and merchant banks). The authorized dealers base their rates for other currencies on current international market rates. On December 31, 1982 the official buying and selling rates for the U.S. dollar quoted by the Reserve Bank in its dealings with authorized dealers were US\$1.0920 and US\$1.0832, respectively, per Z\$1. Forward exchange contracts are permitted only for trade transactions. There is no limit on the amount of such contracts, but these must be limited to periods of three to six months. The Reserve Bank is prepared to cover forward transactions and, at present, quotes fixed discount or premium rates for major currencies. There are no taxes or subsidies on purchases or sales of foreign exchange.

2. Administration of Control

Exchange control is administered by the Reserve Bank, under powers delegated to it by the Minister of Finance, in terms of the Exchange Control Act, Chapter 170, and the Exchange Control Regulations of 1977. Authorized dealers have been empowered to approve certain foreign exchange transactions in accordance with Exchange Control Instructions Issued to Authorized Dealers (July 1, 1981, as amended) and Exchange Control Circulars issued periodically. Import and export controls are administered in accordance with the Control of Goods (Import and Export) (Agriculture) Regulations of 1965, as amended, the Control of Goods (Import and Export) (Commerce) Regulations of 1974, as amended, the Control of Goods (Export of Minerals and Metals) Order, 1979, the Control of Goods (Open General Import License) Notice of 1979, and the Control of Goods (Open General Export License) Notice, 1977.

3. Prescription of Currency

All payments by nonresidents to residents must be effected in denominated currencies, 1/ with the exception of payments otherwise specified or effected through nonresident accounts. There are no bilateral payments agreements.

1/ There are 17 denominated currencies which are freely convertible through authorized dealers: Austrian schillings, Belgian francs, Canadian dollars, Danish kroner, deutsche mark, French francs, Italian lire, Japanese yen, Netherlands guilders, Norwegian kroner, Portuguese escudos, pounds sterling, South African rand, Spanish pesetas, Swedish kronor, Swiss francs, and U.S. dollars.

4. Nonresident Accounts

Nonresident accounts may be opened with the approval of the exchange control authorities by persons who have never been residents of Zimbabwe. Nonresident accounts may be credited with foreign currencies, with payments from other nonresident accounts, or with payments by residents that would be eligible for transfer outside Zimbabwe. Nonresident accounts may be debited for payments to residents, for payments to other nonresident accounts, or for payments abroad. Only former residents now residing outside of Zimbabwe may maintain emigrants' accounts in Zimbabwe. Cash assets held in Zimbabwe in the names of emigrants must be blocked in these accounts, and all payments to and from these accounts are strictly subject to various exchange restrictions.

5. Imports and Import Payments

With the exception of products covered by the Open General Import License (OGIL), all imports are subject to licensing requirements. (At present the OGIL covers very few items.) Import licenses are issued only against a certificate of foreign exchange allocation. Global foreign exchange allocations are decided by an Interministerial Committee, chaired by the Ministry of Finance, and made available through the Ministry of Trade and Commerce and the Ministry of Industry and Energy. The Ministry of Trade and Commerce basically handled the commercial categories, while the industrial categories were handled by the Ministry of Industry and Energy. "Commercial" imports include imports by merchants of raw materials, machinery, and spare parts for resale to manufacturers and the public sector as well as consumer goods. "Industrial" imports cover direct importations by industrialists of raw materials, machinery, and spare parts. For purposes of allocating commercial imports, individual products are classified into five categories in accordance with the degree of essentiality. (In the manufacturing sector, because of employment considerations, similar priority ratings are not so strictly applied.) Foreign exchange is allocated to individual commercial importers for single tariff items (with facilities for a limited degree of transferability between items), whereas foreign exchange allocated to manufacturers is for a group of tariff items appropriate to the industrial division concerned. Allocations granted during the first and third quarters of the year may be carried forward and added to those granted in the second and fourth quarters, respectively.

Import licenses have to be drawn against foreign exchange allocation certificates at the time orders are placed. The normal validity of import licenses is six months from the end of the month of issue, but the validity period can be extended in certain circumstances. Import licenses are normally issued without geographical restriction and importers are free to choose the country of supply. Licenses are issued on an f.o.b. basis and do not, therefore, cover the invisibles element of the transactions.

Imports of certain goods (mostly agricultural and processed food products) require a special permit issued by the Ministry of Agriculture. Certain agricultural products (coffee, maize, sorghum, soybeans, and

wheat) may be imported only by the Grain Marketing and Cotton Marketing Boards or by others with the permission of the Boards. No quotas are in force, but seasonal restrictions are applied in the case of certain agricultural products.

Authorized dealers may approve applications to effect payments for authorized imports, provided necessary documentation (including the details of import licenses or open general licenses) is submitted. Payments for imports into Zimbabwe from all countries may be made in Zimbabwean currency to a local nonresident account or in any foreign currency.

The customs duty regime consists mainly of ad valorem duties, which range up to 40 percent, and specific duties on a number of products. Generally, imports are subject to an additional tax of 16 percent or 19 percent, which is the countervailing levy to the sales tax imposed at the same rates on goods sold domestically. Most imports are subject to a surtax of 15 percent.

6. Payments for Invisibles

Foreign exchange to pay for invisibles related to imports and, within certain limits, for other purposes is provided by commercial banks under delegated authority. Applications for foreign exchange exceeding the limit established for commercial banks are approved by the Reserve Bank, which deals with each case on its merits.

The basic foreign exchange allowance for holiday travel is Z\$60 a day up to a maximum of Z\$360 for a 12-month period. The allowance may be accumulated up to three years but it is not granted in advance. (Children under ten are entitled to one half of these amounts.) The basic foreign exchange allowance for business travel is Z\$100 a day up to a maximum of Z\$1,500 a trip, with an overall annual maximum of Z\$3,000. For business travel to Europe and the United States, an additional allowance may be provided with the approval of the Reserve Bank. Applications for business travel allowance exceeding Z\$1,500 are subject to the approval of the Reserve Bank. Foreign exchange is provided for education abroad beyond the secondary school level, within the following limits: Z\$2,750 a year for education at universities other than those in the United States and the United Kingdom, and Z\$6,000 a year for education at universities in the United States and the United Kingdom. For medical treatment, foreign exchange is provided up to Z\$20 a day for a maximum period of 30 days for the patient and any necessary accompanying companion. Remittances of up to Z\$40 a year for subscriptions to religious and educational societies, and Z\$20 for other societies are allowed; the limit for an initial membership fee is Z\$50. Remittances to close relatives permanently resident outside Zimbabwe, not exceeding Z\$30 a month for each individual beneficiary and Z\$60 a month for each family unit, are permitted with the approval of the Reserve Bank.

As regards remittances of dividends and profits, shareholders may freely remit all declared dividends for financial years ending on or after March 31,

1981 (or June 30, 1980 for those whose dividends were not blocked previously), provided that the total so declared by a company does not exceed 50 percent of the company's after-tax profits. Dividends in excess of 50 percent of the after-tax profits of companies in favor of nonresidents are blocked, but these limitations do not apply to individual shareholders who have never been resident in Zimbabwe. Blocked dividends, interest, and other incomes (including 50 percent of after-tax branch profits) that had accrued during the period 1965-73 to companies (except insurance companies) domiciled in previously designated countries (Canada, the United Kingdom, and the United States) are released over a six-year period by means of special, six-year government bonds with an annual interest rate of 4 percent; one sixth of such bonds would be redeemable annually from the end of the first year. A 10 percent tax is applied to funds transferred through this medium. Interest accruing from July 1, 1980 on all blocked funds of companies and corporations domiciled in the designated countries is freely transferable, as is all interest accruing in favor of individuals resident in the former designated countries (subject to a maximum of Z\$15,000 a year for former residents).

Applications for emigrant status must be submitted to the Reserve Bank. Transferable allowances at the time of emigration are as follows: (1) single persons under the age of 40 years, Z\$500; (2) single persons aged 40-59 years, Z\$1,000; (3) family units and single persons with dependents (under 60 years of age), Z\$1,000; (4) family units (husband over 60 years of age) and single persons over 60, Z\$7,000; (5) persons over 80 years of age, Z\$10,000; (6) widows (no age restriction), Z\$10,000; and (7) handicapped or disabled persons, Z\$10,000. A further release of capital is made as an annual allowance on the anniversary date of the emigrant's departure, as follows: persons over 65 years of age, Z\$2,000 and persons over 70 years of age, Z\$3,000. Emigrants who left Zimbabwe prior to January 1, 1980 and who had blocked assets in Zimbabwe not exceeding Z\$1,000 may apply for the immediate release of such funds; those with blocked assets of more than Z\$1,000 but less than Z\$3,000 may also apply for the release of such funds through placement in the above-mentioned special government bonds.

A traveler leaving Zimbabwe may take out not more than Z\$20 in Zimbabwean currency together with a maximum of the equivalent of Z\$20 in foreign bank notes. Nonresident travelers may take out travelers checks they imported less the amount sold to authorized dealers. Upon departure from Zimbabwe, nonresident travelers may reconvert unspent Zimbabwean currency into foreign currencies against presentation of exchange certificates.

7. Exports and Export Proceeds

Licenses are required to export certain products which are not covered by the OGIL; these include (1) any ore, concentrate, or other manufactured product of chrome, copper, lithium, nickel, tin, or tungsten; (2) petroleum products; (3) jute and hessian bags; (4) road or rail tankers for carrying liquids or semiliquids; (5) bitumen, asphalt, and tar; (6) wild animals and wild animal products; (7) certain wood products; (8) ammonium nitrate; and (9)

implements of war. In addition to security and social reasons, export licensing requirements are intended to ensure adequate domestic supply of essential products.

Goods may not be exported without permission, unless the customs authorities are satisfied that payment has been made in an approved manner or will be so made within three months from the date of shipment or such longer period as may be permitted by the Reserve Bank. Payments for exports must be received within 90 days in the following manner: (1) in a denominated currency; (2) in Zimbabwean currency from a nonresident account; and (3) in the case of Malawi and Botswana, by checks drawn in Malawi kwacha or Botswana pula, respectively. In addition, exports to some 50 countries are approved only upon advance payment of export proceeds or if payment is covered by an irrevocable letter of credit issued or confirmed prior to export by a reputable overseas bank. Export receipts must be sold to authorized dealers.

8. Proceeds from Invisibles

Receipts from invisibles are required to be sold to authorized banks within a reasonable period of time. Residents performing professional services abroad are not permitted to retain any part of their foreign exchange earnings, and such earnings are required to be sold to an authorized bank. Foreign currency and traveler's checks may be imported without restrictions but must be sold or exchanged in Zimbabwe only through authorized dealers. A traveler may bring in Zimbabwean currency up to a maximum of Z\$20.

9. Capital

Inward transfers of capital through normal banking channels are not restricted.

Outward transfers of capital are controlled, but all foreign investments, irrespective of their source, which are undertaken through normal banking channels since September 1, 1979 may be considered for repatriation after two years, subject to the requirement that the amount to be repatriated will be reduced by any profits remitted in the interim. Where such authority is granted, the balance may be transferred only through the established medium of six-year, 4 percent a year interest, government bonds.

The repatriation of capital invested before September 1, 1979 is prohibited; however, shareholders are allowed within limits to apply to the Reserve Bank for the remittance of such capital upon the sale of shares to local residents, and if such application is approved, the capital is invested in six-year, 4 percent a year interest, government bonds.

Income accruing in Zimbabwe to former residents who have emigrated is remittable up to an annual limit of Z\$15,000. The remittability of the Zimbabwean pension of a former resident is guaranteed under the Constitution. All other outward transfers of capital are subject to approval by the Reserve Bank, as are dealings in external securities.

10. Gold

The export of gold in unmanufactured form is controlled and licensed under the Control of Goods (Export of Minerals and Metals) Order, 1979. The administration of the Order is the responsibility of the Ministry of Mines. No person may export any precious metal and certain other specified metals and minerals unless he holds an export license; no such licenses for gold are issued. These controls do not, however, apply to the Reserve Bank. The import of gold is controlled by the Gold Trade Act. The Act provides for certain requirements to be met where a person intends to import gold into Zimbabwe.

No person, either as principal or agent, is entitled to deal in or possess gold unless (1) he is the holder of a license or permit; or (2) he is the holder or distributor of a registered mining location from which gold is being produced; or (3) he is the employee or agent of any of the persons mentioned in (1) and (2) above, and is authorized by his employer or principal to deal in or possess gold in the lawful possession of such employer or principal. A mining commissioner may issue to any person a permit authorizing him to acquire or to be in possession of or to dispose of any gold, provided the quantity does not exceed one troy ounce. In all other cases, permission can only be issued by the Secretary for Mines. Three types of licenses may be issued under the terms of the Gold Trade Act: a gold dealing license, a gold recovery works license, and a gold assaying license. Barclays Bank International Ltd. is the only authorized dealer under the terms of the Act, and each holder or distributor of a registered mining location is required to lodge with this bank all gold acquired by him in the course of his operations by the tenth day of the month following that in which the gold was produced. When a person intends to smelt any gold or any article containing gold, he must first obtain a license issued by a district commissioner under the terms of the Second Hand Goods Act authorizing him to be in possession of smelting equipment.

(All amounts in Zimbabwe dollars)

Tax	Nature of Tax	Exemptions and Deductions	Rates																																			
1. <u>Taxes on net income and profits</u>																																						
1.1 <u>Taxes on companies, corporations, and enterprises</u> Company Income Tax (Income Tax Act, Chapter 181; amended by Acts 1/80, 11/80, 10/81, 55/81, and 30/82)	Annual income tax is levied on taxable income of companies (including branches of foreign corporations) from all sources within Zimbabwe. Income from other sources is not liable to tax except for interest. Taxable income is defined as gross income (excluding accruals of a capital nature and exempt income) less allowable deductions incurred in the process of production. The assessment year runs from April to March, and tax is payable thrice yearly in May, August, and February. Company income tax legislation is integrated with individual income tax legislation.	Statutory bodies are exempt. Interest on government bonds and postal savings is exempt. Deductions allowed include expenditure and losses (other than of a capital nature) to the extent to which they are incurred for the purposes of the taxpayer's trade or in the process of his production expenditure. These include repairs and maintenance as well as depreciation computed on either the straight line or reducing balance basis. Special initial allowance (100 per cent of cost) is available for farm improvements, industrial buildings, licensed hotels, and railway lines erected and used by the taxpayer for the purpose of his trade. This allowance is also available for current capital expenditure by mines. Special initial allowance of 100 per cent and 15 per cent investment allowance for new investments (commercial industrial, or mining) is available for investment in prescribed growth areas.	<p><u>Basic tax:</u> 45 per cent of taxable income.</p> <p><u>Temporary surcharge:</u> 15 per cent of basic tax payable.</p> <p><u>Other surcharges:</u> 20 per cent of the amount of dividends payable by local companies to their shareholders resident or non-resident in Zimbabwe.</p> <p><u>Other charges:</u> 15 per cent of 56 per cent of taxable income earned by local branches of foreign companies derived from domestic sources (branch profit tax);</p>																																			
1.2 <u>Taxes on individuals</u> Individual Income Tax (Income Tax Act, Chapter 181)	Annual tax on income of individuals (either family or single taxpayers) derived from all sources within Zimbabwe. Income from other sources is not liable to tax except for interest and dividends (dividends are taxed at a special rate of 20 per cent). Taxable income is defined as gross income (excluding accruals of a capital nature and exempt income) less allowable deductions. The tax payable is determined by calculating the gross tax chargeable by applying the appropriate rate to the taxable income, and deducting from the resulting amount a further amount calculated by applying the same rates to the individual's total abateable amount. The tax of employed individuals is	<p>Most of the deductions allowed to companies are also allowable to individuals (see 1.1); exemptions on interest on government bonds are the same as the company income tax. Major personal abatements include primary allowance of Z\$ 1,800 for single persons, or Z\$ 3,000 for family taxpayers, Z\$ 500 for each child and medical expenses in excess of Z\$ 72. Special abatements for elderly and handicapped persons are allowable.</p> <p>A married woman's earnings allowance of up to Z\$ 300, or one sixth of earnings up to a maximum deduction of Z\$ 1,800, may be claimed by working wives.</p>	<p><u>Basic tax:</u></p> <table border="1"> <thead> <tr> <th data-bbox="1464 1000 1613 1060" rowspan="2">Taxable income (in Z dollars)</th> <th colspan="2" data-bbox="1640 959 1847 979">Marginal tax rates</th> </tr> <tr> <th data-bbox="1640 979 1725 1019">Married Taxpayers</th> <th data-bbox="1753 979 1847 1019">Single Taxpayers</th> </tr> </thead> <tbody> <tr> <td data-bbox="1464 1084 1625 1104">Up to 1,000</td> <td data-bbox="1689 1084 1710 1104">10</td> <td data-bbox="1789 1084 1810 1104">14</td> </tr> <tr> <td data-bbox="1464 1105 1625 1125">1,001 to 2,000</td> <td data-bbox="1689 1105 1710 1125">12</td> <td data-bbox="1789 1105 1810 1125">16</td> </tr> <tr> <td data-bbox="1464 1127 1625 1146">2,001 to 3,000</td> <td data-bbox="1689 1127 1710 1146">14</td> <td data-bbox="1789 1127 1810 1146">18</td> </tr> <tr> <td data-bbox="1464 1148 1625 1167">3,001 to 4,000</td> <td data-bbox="1689 1148 1710 1167">16</td> <td data-bbox="1789 1148 1810 1167">20</td> </tr> <tr> <td data-bbox="1464 1169 1625 1188">4,001 to 5,000</td> <td data-bbox="1689 1169 1710 1188">18</td> <td data-bbox="1789 1169 1810 1188">22</td> </tr> <tr> <td data-bbox="1464 1190 1625 1209">5,001 to 6,000</td> <td data-bbox="1689 1190 1710 1209">20</td> <td data-bbox="1789 1190 1810 1209">24</td> </tr> <tr> <td data-bbox="1464 1211 1625 1230">6,001 to 7,000</td> <td data-bbox="1689 1211 1710 1230">22</td> <td data-bbox="1789 1211 1810 1230">26</td> </tr> <tr> <td data-bbox="1464 1232 1625 1252">7,001 to 8,000</td> <td data-bbox="1689 1232 1710 1252">24</td> <td data-bbox="1789 1232 1810 1252">28</td> </tr> <tr> <td data-bbox="1464 1253 1625 1273">8,001 to 9,000</td> <td data-bbox="1689 1253 1710 1273">26</td> <td data-bbox="1789 1253 1810 1273">30</td> </tr> <tr> <td data-bbox="1464 1274 1625 1294">9,001 to 10,000</td> <td data-bbox="1689 1274 1710 1294">28</td> <td data-bbox="1789 1274 1810 1294">32</td> </tr> </tbody> </table>	Taxable income (in Z dollars)	Marginal tax rates		Married Taxpayers	Single Taxpayers	Up to 1,000	10	14	1,001 to 2,000	12	16	2,001 to 3,000	14	18	3,001 to 4,000	16	20	4,001 to 5,000	18	22	5,001 to 6,000	20	24	6,001 to 7,000	22	26	7,001 to 8,000	24	28	8,001 to 9,000	26	30	9,001 to 10,000	28	32
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Zimbabwe: Summary of Tax System, 1983 (continued)

APPENDIX II

(All amounts in Zimbabwe dollars)

Tax	Nature of Tax	Exemptions and Deductions	Rates																																			
	collected in advance, based on PAYE tax tables from their weekly or monthly wages. The amount so deducted is credited against the tax eventually assessed for each individual. The assessment year runs from April to March.		<p><u>Basic tax:</u></p> <table border="1"> <thead> <tr> <th data-bbox="1400 423 1555 440" rowspan="2"><u>Taxable income</u></th> <th colspan="2" data-bbox="1576 383 1779 399"><u>Marginal tax rates</u></th> </tr> <tr> <th data-bbox="1576 399 1672 415"><u>Married</u></th> <th data-bbox="1693 399 1779 415"><u>Single</u></th> </tr> <tr> <th data-bbox="1400 423 1555 440"></th> <th data-bbox="1576 423 1672 440"><u>Taxpayers</u></th> <th data-bbox="1693 423 1779 440"><u>Taxpayers</u></th> </tr> <tr> <th data-bbox="1400 464 1555 480">(in Z dollars)</th> <th colspan="2" data-bbox="1608 464 1747 480">(in per cent)</th> </tr> </thead> <tbody> <tr> <td data-bbox="1400 505 1555 521">10,001 to 11,000</td> <td data-bbox="1630 505 1651 521">30</td> <td data-bbox="1736 505 1757 521">34</td> </tr> <tr> <td data-bbox="1400 521 1555 537">11,001 to 12,000</td> <td data-bbox="1630 521 1651 537">32</td> <td data-bbox="1736 521 1757 537">36</td> </tr> <tr> <td data-bbox="1400 537 1555 553">12,001 to 13,000</td> <td data-bbox="1630 537 1651 553">34</td> <td data-bbox="1736 537 1757 553">38</td> </tr> <tr> <td data-bbox="1400 553 1555 570">13,001 to 14,000</td> <td data-bbox="1630 553 1651 570">36</td> <td data-bbox="1736 553 1757 570">40</td> </tr> <tr> <td data-bbox="1400 570 1555 586">14,001 to 15,000</td> <td data-bbox="1630 570 1651 586">38</td> <td data-bbox="1725 570 1779 586">42.5</td> </tr> <tr> <td data-bbox="1400 586 1555 602">15,001 to 16,000</td> <td data-bbox="1630 586 1651 602">40</td> <td data-bbox="1736 586 1757 602">45</td> </tr> <tr> <td data-bbox="1400 602 1555 618">16,001 to 17,000</td> <td data-bbox="1619 602 1672 618">42.5</td> <td data-bbox="1736 602 1757 618">45</td> </tr> <tr> <td data-bbox="1400 618 1555 634">17,001 and above</td> <td data-bbox="1630 618 1651 634">45</td> <td data-bbox="1736 618 1757 634">45</td> </tr> </tbody> </table> <p data-bbox="1400 691 1779 773"><u>Temporary surcharge:</u> 15 per cent of basic tax payable rising to 33 1/3 per cent of basic tax payable above \$12,000.</p> <p data-bbox="1400 797 1789 837"><u>Surcharge:</u> (Nonresident shareholders' tax.)</p> <p data-bbox="1400 862 1821 984"><u>Nonresident shareholders' tax:</u> 20 per cent of the amount of dividends payable by local companies to their shareholders resident outside Zimbabwe. Nonresident tax on interest, 10 per cent withholding tax on interest paid to nonresidents.</p> <p data-bbox="1400 1008 1864 1195"><u>Resident shareholders' tax:</u> Resident shareholders' tax 20 per cent on dividend paid by Zimbabwean companies to residents of Zimbabwe. Tax on foreign dividends, foreign company dividends paid to residents of Zimbabwe included in taxable income and taxed at 20 per cent with allowance for withholding taxes. Refund of all or a proportion of tax to low income taxpayers.</p>	<u>Taxable income</u>	<u>Marginal tax rates</u>		<u>Married</u>	<u>Single</u>		<u>Taxpayers</u>	<u>Taxpayers</u>	(in Z dollars)	(in per cent)		10,001 to 11,000	30	34	11,001 to 12,000	32	36	12,001 to 13,000	34	38	13,001 to 14,000	36	40	14,001 to 15,000	38	42.5	15,001 to 16,000	40	45	16,001 to 17,000	42.5	45	17,001 and above	45	45
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16,001 to 17,000	42.5	45																																				
17,001 and above	45	45																																				
1.3 <u>Capital gains tax</u>	A tax on the surplus over the cost on the disposal of marketable securities and fixed property (applicable to both individuals and companies).	If the gains in any year do not exceed Z\$ 1,000, no tax is payable. If losses do not exceed that amount, they cannot be carried forward. A deduction of 5 per cent of cost is allowed for each year that asset is held. Local authorities, parastatals, welfare organizations, pension funds, and certain other organizations and agencies are exempt.	A flat rate of 30 per cent.																																			

(All amounts in Zimbabwe dollars)

Tax	Nature of Tax	Exemptions and Deductions	Rates
1.4 <u>Betting and gaming taxes</u> (Betting and Totalizator Control Act 33/76; Pools Control Act, Chapter 87; and Casino Act, Chapter 77)	Taxes on gross or net winnings, gross turnover, total stakes, and slot machines of horseracing, pools betting, and casino gambling.		<u>Horseracing:</u> 10 per cent of winnings and gross turnover. <u>Pools betting:</u> 10 per cent of aggregate. <u>Casino gambling:</u> 15 per cent of winnings
2. <u>Social security contributions</u>			
None.			
3. <u>Payroll taxes</u>			
None.			
4. <u>Taxes on property</u>			
4.1 <u>Real estate taxes</u>	A local government tax levied annually on the value of real estate.	The scope of real estate covered and the valuation differ widely among local governments.	Rates differ among local governments. Z\$ 30 to Z\$ 150 per unit of land (400 hectares) in commercial farming areas.
4.2 <u>Net wealth tax</u>			
None.			
4.3 <u>Estate duty</u> (Estate Duty Act, Chapter 178; amended by Act 38/76)	Payable on the value of the assessed estate of a deceased person.	An abatement exempts estates valued at less than Z\$ 30,000. Abatement is Z\$ 1,800, reduced by Z\$ 100 for every Z\$ 1,000 over a dutiable amount of Z\$ 30,000. The abatement for the estate of a person who dies leaving a spouse exempts estates valued at Z\$ 60,000.	0.02 of a cent per complete Z\$ 100 with a maximum of 20 per cent.
4.4 <u>Property transfer tax</u>			
None.			
5. <u>Taxes on goods and services</u>			
5.1 <u>General sales tax</u> (Sales Tax Act, Chapter 184; amended by Acts 48/76, 27/77, 12/78, 23/78, 35/78, 22/78, 1/80, 11/80, and 55/81)	Single stage tax levied on all goods sold locally to final consumers and on certain services rendered or contracted locally. The tax is levied at the retail level and is collected monthly from traders.	Taxable services include accommodations at hotels and restaurants, and transportation and telecommunications services. The following items are exempt: (i) basic commodities such as fresh meat and fish, mealie meal, milk, bread, and illuminating paraffin; (ii) main input items of mining and agricultural industries;	16 per cent of retail price of all taxable sales of goods and services except for a rate of 19 per cent on a selective list of "consumer durables" such as furniture and appliances.

Zimbabwe: Summary of Tax System, 1983 (continued)

APPENDIX II

(All amounts in Zimbabwe dollars)

Tax	Nature of Tax	Exemptions and Deductions	Rates
5.2 <u>Excise duties</u> (Customs and Excise Act Chapter 177; amended by Acts 23/79, 24/79, 2/80, and Customs and Excise (Suspension) Regulations, 1980, SI 645/80, and SI 55/81)	Dutiable goods include liquor and tobacco products.	(iii) raw materials of manufacturing industries; (iv) the goods purchased for resale by traders. Exports are exempt.	<u>Cigarettes</u> : 1,000 cents per kg. for cheap, lightweight cigarettes; others mainly 1,279 cents per 1,000 cigarettes. <u>Beer</u> : regular beer, 60 cents per liter; designated opaque beer, 8.75 cents per liter. <u>Spirits</u> : 536.25 cents per 750 ml. bottle; aerated beverages, 12.5 cents per liter. 3.75 cents per 300 ml. bottle. <u>Wholly Local Wines</u> : still wines 52.5 cents per 750 ml. bottle; fortified wines 71.25 cents per 750 ml. bottle.
5.3 <u>Selective tax on services</u>	None.		
5.4 <u>Business licenses</u> (Shop License Act of 1976)	An annual levy on selected business.		Z\$ 100 per year per business in urban area; Z\$ 50 per year per business in other areas.
5.5 <u>Motor vehicle tax</u>	Tax on motor vehicles. Heavy vehicles are taxed by the central government and all the receipts are granted to local governments. Other vehicles are taxed by local governments. In some regions where local governments do not have tax administration, the central government (post offices) collects this tax and grants it to the regions.		
6. <u>Taxes on international trade and transaction</u>			
6.1 <u>Tax on imports</u>		Special concessions are applied to some goods produced in specified countries in terms of agreements with them.	Tariff basically consists of a single schedule. There is statutory provision to impose an additional duty of 15 per cent on all goods produced in such countries as may be specified, although none have been specified. Rates are mostly ad valorem and applied to the c.i.f. value. Classification is based on the Brussels Nomenclature System. Most raw materials: free-5 per cent Most others: 25-30 per cent Petrol luxuries: 40 per cent Luxuries: 35 per cent Tariff Protection for locally produced goods

Zimbabwe: Summary of Tax System, 1983 (concluded)

APPENDIX 11

(All amounts in Zimbabwe dollars)

Tax	Nature of Tax	Exemptions and Deductions	Rates
6.2 <u>Import tax</u>	A countervailing tax to the sales tax applied to the value for customs duty purposes, plus the duty.	See item 5.1 for exemptions.	Applicable at the same rate as the sales, i.e., 16 per cent, but 19 per cent on a list of "consumer durables".
6.3 <u>Surtax</u>	A temporary surtax of 15 per cent on all imports except petrol, medical, surgical, and other goods limited by international treaty.	Government imports and capital goods for statutory bodies are also exempt.	
6.4 <u>Taxes on exports</u>			
None.			
6.5 <u>Exchange taxes</u>			
None.			
7. <u>Other taxes</u>			
7.1 <u>Poll taxes</u>			
None.			
7.2 <u>Stamp duties</u> Stamp Duties Act (Chapter 186); amended by Acts 32/75, 22/76.	Obligatory use of stamped paper for legal documents such as checks, brokers' notes, nonlife insurance registration of the acquisition of property and mortgage bonds.		Checks: 5 cents per check Brokers' notes: 3-25 cents per note Nonlife insurance: 2.5 cents per dollar of premium Registration of property: 50-400 cents per registration Mortgage bonds: 25 cents per Z\$ 100

Source: The Ministry of Finance.

Table I. Zimbabwe: Gross Domestic Product, 1978-82

(In millions of Zimbabwe dollars)

	1978	1979	1980	1981	1982 1/	1978	1979	1980	1981	1982 1/
	At current prices					At 1969 prices				
Agriculture and forestry	305	316	462	738	759	195	196	211	276	253
Mining and quarrying	158	191	267	217	211	87	86	84	77	75
Manufacturing	514	679	844	1,098	1,236	240	266	307	334	329
Electricity and water	64	67	75	88	129	23	21	23	22	20
Construction	68	78	84	126	162	45	44	43	52	58
Finance and insurance	109	126	161	189	232	72	62	67	73	94
Real estate	45	44	43	47	60	24	21	19	19	19
Distribution and hotels	296	367	479	620	736	169	174	220	256	267
Transport and communication	191	209	230	262	320	91	95	119	122	124
Public administration and defence	241	266	287	352	415	105	105	101	106	105
Education	86	98	169	253	373	36	36	49	67	79
Health	54	63	73	63	91	26	26	27	29	35
Domestic services	54	53	65	74	89	31	29	29	28	27
Other services less imputed bank charges	51	51	77	20	21	26	27	24	22	24
GDP (factor cost)	<u>2,236</u>	<u>2,608</u>	<u>3,316</u>	<u>4,147</u>	<u>4,834</u>	<u>1,170</u>	<u>1,188</u>	<u>1,322</u>	<u>1,483</u>	<u>1,510</u>

Sources: Central Statistical Office, Monthly Digest of Statistics; and data provided by the Zimbabwean authorities.

1/ Preliminary.

Table II. Zimbabwe: Use of Resources, 1978-82

(In millions of Zimbabwe dollars)

	1978	1979	1980	1981	1982 1/	1978	1979	1980	1981	1982 1/
	At current prices					At 1969 prices				
GDP (factor cost)	2,236	2,608	3,316	4,147	4,834	1,170	1,188	1,322	1,483	1,510
Indirect taxes less subsidies	103	172	215	381	571	71	140	206	258	282
GDP (market prices)	2,339	2,780	3,531	4,528	5,405	1,241	1,328	1,528	1,741	1,792
Net imports of goods and services	-81	5	103	316	405	-44	1	25	78	109
Total resources	<u>2,258</u>	<u>2,785</u>	<u>3,634</u>	<u>4,844</u>	<u>5,810</u>	<u>1,197</u>	<u>1,329</u>	<u>1,553</u>	<u>1,819</u>	<u>1,901</u>
Domestic expenditure	<u>2,258</u>	<u>2,785</u>	<u>3,634</u>	<u>4,844</u>	<u>5,810</u>	<u>1,197</u>	<u>1,329</u>	<u>1,553</u>	<u>1,819</u>	<u>1,901</u>
Consumption	1,869	2,350	3,100	3,833	4,341	1,051	1,194	1,448	1,552	1,523
Private households	(1,381)	(1,772)	(2,352)	(2,979)	(3,410)	(785)	(926)	(1,147)	(1,243)	(1,243)
Non-profit bodies	(34)	(37)	(50)	(57)	(60)	(18)	(13)	(19)	(15)	(15)
Government	(454)	(541)	(698)	(797)	(871)	(248)	(255)	(282)	(294)	(315)
Gross fixed capital formation	333	382	497	706	910	150	139	169	186	219
Stocks	56	53	37	305	559	-4	-4	-64	81	109

Sources: Central Statistical Office, Monthly Digest of Statistics, data provided by the Zimbabwean authorities; and Staff estimates.

1/ Preliminary.

Table III. Zimbabwe: Distribution of National Income, 1978-82

(In millions of Zimbabwe dollars, at current prices) 1/

	1978	1979	1980	1981	1982 <u>1/</u>	1978	1979	1980	1981	1982 <u>2/</u>
	(In millions of Zimbabwe dollars, at current prices)					(Percentage shares in gross domestic income)				
Wages and salaries	1,333	1,502	1,881	2,346	2,914	57	54	53	52	54
Rent	44	43	43	47	60	2	1	1	1	1
Imputed owner-occupied	(22)	(21)	(19)	(21)	(...)					
Government	(22)	(23)	(24)	(26)	(...)					
Gross operating profit	859	1,063	1,392	1,754	1,860	37	38	39	39	34
Unincorporated enterprise	(221)	(256)	(382)	(504)	(670)					
Private companies (non- financial)	(510)	(723)	(968)	1,178	1,163					
Public corporations (non- financial)	(122)	(84)	(47)	(88)	(80)					
Government enterprises (nonfinancial)	(21)	(17)	(17)	(19)	(22)					
Financial institutions	(54)	(65)	(87)	(104)	(105)					
Imputed bank charges	(-69)	(-81)	(-109)	(-139)	(-180)					
Gross domestic income (factor cost)	<u>2,236</u>	<u>2,608</u>	<u>3,316</u>	<u>4,147</u>	<u>4,834</u>	<u>96</u>	<u>94</u>	<u>94</u>	<u>92</u>	<u>89</u>
Indirect taxes	238	262	315	501	740	10	9	9	11	14
Subsidies	-135	-90	-100	-120	-169	-6	-3	-3	-3	-3
Gross domestic income (market prices)	<u>2,339</u>	<u>2,780</u>	<u>3,531</u>	<u>4,528</u>	<u>5,405</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
Net investment income paid abroad	-40	-53	-47	-110	...					
Gross national income (market prices)	<u>2,299</u>	<u>2,727</u>	<u>3,484</u>	<u>4,418</u>	...					

Sources: Central Statistical Office, Monthly Digest of Statistics; and data provided by the Zimbabwean authorities.

1/ Preliminary.

Table IV. Zimbabwe: Area Under Cultivation for
Major Crops, 1978/79 - 1982/83

(In hectares)

Crop Years	1978/79	1979/80	1980/81	1981/82	1982/83
Maize	...	1,127,733	1,355,274	1,408,000	1,340,000
Cotton	102,985	89,921	125,054	109,251	138,360
Tobacco	60,500	64,030	39,723	46,719	50,578
Flue-Cured	58,501	62,251	38,087	43,806	47,000
Burley	1,977	1,777	1,636	2,838	3,800
Soya Beans	...	52,783	39,971	55,564	60,600
Sorghum	...	126,766	209,290	208,542	288,500
Unshelled Groundnuts	...	178,841	312,909	253,826	191,500
Coffee	3,572	4,098	4,613	...	...
Sugarcane	24,518	24,515	34,146	...	...
Wheat	45,135	34,288	32,556	36,845	...

Source: Data provided by the Zimbabwean authorities.

Table V. Zimbabwe: Livestock in Communal ^{1/}
and Commercial Farming Areas ^{2/}, 1978-82

(In thousands)

	1978	1979	1980	1981	1982
Cattle	<u>6,027</u>	<u>5,569</u>	<u>5,279</u>	<u>5,286</u>	<u>5,640</u>
Communal lands	2,950	2,860	2,869	2,895	3,240
Commercial areas	3,077	2,709	2,410	2,391	2,400
Beef cattle	(2,960)	(2,600)	(2,304)	(2,287)	(2,298)
Dairy cattle	(117)	(109)	(106)	(104)	(102)
Sheep	<u>705</u>	<u>587</u>	<u>387</u>	<u>469</u>	<u>399</u>
Communal lands	494	400	214	297	247
Commercial areas	211	187	173	172	152
Goats	<u>1,944</u>	<u>1,348</u>	<u>982</u>	<u>1,243</u>	<u>899</u>
Communal lands	1,872	1,300	935	1,202	858
Commercial areas	72	48	47	40	41
Pigs	<u>209</u>	<u>...</u>	<u>132</u>	<u>183</u>	<u>182</u>
Communal lands	96	...	39	84	76
Commercial areas	113	90	93	99	106

Sources: Central Statistical Office; Monthly Digest of Statistics; and data provided by the Zimbabwean authorities.

^{1/} On December 31.

^{2/} On March 31.

Table VI. Zimbabwe: Electric Energy Produced and Distributed, 1978-82

(In millions of kilowatt hours)

	1978	1979	1980	1981	1982
Power generated	<u>4,325</u>	<u>4,025</u>	<u>4,341</u>	<u>4,334</u>	<u>3,935</u>
From: Kariba south bank <u>1/</u> Thermal stations	3,812 513	3,535 490	4,008 332	4,115 219	3,605 329
Power distributed locally	<u>6,264</u>	<u>6,704</u>	<u>7,272</u>	<u>7,524</u>	<u>7,743</u>
From: Central grid <u>2/</u> Noninterconnected thermal stations	6,057 196	6,488 206	7,089 200	7,328 185	7,528 200
Public	(2)	(2)	(1)	(--)	(--)
Private	(194)	(204)	(200)	(185)	(200)
Net imports	11	10	-17	11	15

Source: Central Statistical Office, Monthly Digest of Statistics.1/ Inputs into the grid of the Central African Power Corporation.2/ Drawings from the grid of the Central African Power Corporation.

Table VII. Zimbabwe: Government Subsidy Payments, 1979/80-1983/84

(In millions of Zimbabwe dollars)

	Actual			Budget	Estimated
	1979/80	1980/81	1981/82	Estimate 1982/83	Outturn 1982/83
Paid through Ministry of Agriculture	29.8	30.9	43.1	74.5	74.5
Beef	13.0	9.6	25.7	33.2	33.3
Milk	2.1	4.1	10.0	18.5	18.3
Maize	4.3	9.7	6.3	22.8	22.9
Soya beans	1.4	1.9	1.1	--	--
Cotton	1.4	--	--	--	--
Drought relief	6.8	5.6	--	--	--
Other <u>1/</u>	0.8	--	--	--	--
Paid through Ministry of Trade and Commerce	6.3	33.6	57.4	36.0	55.4
Wheat/flour	3.1	6.7	5.7	)	1.9
Maize meal	1.9	20.1	46.4	)	53.5
Sugar	1.3	--	--	--	--
Edible oil	--	5.8	4.8	--	--
Opaque beer	--	1.0	0.5	--	--
Railway	29.4	36.0	37.6	31.0	28.0
ZISCO	10.0	--	--	--	--
Export	9.1	5.6	--	5.0	5.0
Total	84.6	106.1	138.1	146.5	162.9
<u>(As percent of total expenditure and net lending of central government)</u>					
Total subsidies	8.1	8.2	8.1	5.7	7.2

Source: Data provided by the Ministry of Finance, Economic Planning and Development.

1/ Includes cheese, sorghum, wheat, tallow and fertilizer.

Table VIII. Zimbabwe: Functional Classification of Central Government Expenditure and Gross Lending, 1979/80-1983/84

(In millions of Zimbabwe dollars)

	<u>Actual</u>			<u>Budget</u>	<u>Preliminary</u>	<u>Budget</u>
	<u>1979/80</u>	<u>1980/81</u>	<u>1981/82</u>	<u>Estimate</u>	<u>Actual</u>	<u>Estimate</u>
				<u>1982/83</u>	<u>1982/83</u>	<u>1983/84</u>
<u>General public services</u>	173.1	183.2	236.4	346.7	341.1	364.3
General administration	62.7	88.8	133.6	226.1	224.3	229.3
Public order and safety	110.3	94.4	102.8	120.5	116.8	135.0
<u>Defense</u>	321.1	231.7	290.4	291.2	345.5	383.9
<u>Education</u>	132.3	240.3	325.9	437.8	413.1	440.7
Of which: primary	72.2	145.5	198.3	259.7	250.8	251.7
secondary	34.9	46.7	72.6	92.4	95.4	99.0
<u>Health</u>	53.5	79.0	107.0	140.1	124.0	133.2
<u>Welfare (including demobilization gratuities)</u>	75.2	109.9	97.1	172.5	164.8	167.7
<u>Housing and community services</u>	8.4	51.0	98.2	191.6	113.9	134.1
<u>Economic services</u>	221.9	326.6	424.5	737.3	543.8	547.0
Agriculture and forestry	73.1	100.2	140.8	275.3	196.1	192.9
Mining and manufacturing	21.8	37.2	61.4	91.1	73.1	72.6
Roads	32.9	45.2	64.9	97.2	73.9	92.7
Transportation	63.3	75.1	104.4	137.7	103.3	60.9
Other economic services	30.8	68.9	53.0	136.0	97.5	127.9
<u>Unallocable (interest and charges)</u>	70.4	99.8	139.3	194.1	200.4	299.7
<u>Total expenditure and gross lending 1/</u>	1,055.8	1,321.4	1,718.7	2,511.3	2,246.7	2,470.6
Net short term seasonal lending	+6.8	-11.3	+0.2	+51.0	+28.5	+101.5
Less loan recoveries	-12.8	-12.0	-12.3	-11.0	-11.6	-14.6
<u>Total expenditure and net lending</u>	1,049.8	1,298.1	1,706.6	2,551.3	2,263.6	2,557.6

Source: Estimates of Expenditure and data provided by the Ministry of Finance, Economic Planning and Development.

1/ Excluding short term seasonal lending, mainly for agriculture.

Table IX. Zimbabwe: Commercial Bank Advances by Sectors, 1978-82

(In millions of Zimbabwe dollars; end of period)

	1978	1979	1980	1981	1982
Private enterprises	<u>237.6</u>	<u>222.3</u>	<u>219.8</u>	<u>294.6</u>	<u>375.2</u>
Agriculture	52.7	52.3	57.3	57.4	80.9
Mining	15.3	13.9	14.8	27.1	46.2
Manufacturing	86.6	75.0	67.5	103.6	110.2
Construction	4.7	3.8	3.3	3.7	2.5
Distribution	33.8	28.6	28.2	31.7	54.8
Finance, insurance, real estate	30.5	36.5	35.8	55.8	60.0
Other	14.0	12.2	12.9	15.3	20.6
Public sector	<u>103.5</u>	<u>73.9</u>	<u>125.3</u>	<u>271.7</u>	<u>316.5</u>
Private persons	<u>27.0</u>	<u>24.7</u>	<u>27.8</u>	<u>35.3</u>	<u>32.8</u>
Other <u>1/</u>	<u>-9.2</u>	<u>5.0</u>	<u>15.5</u>	<u>15.0</u>	<u>35.3</u>
Total	<u>358.9</u>	<u>325.9</u>	<u>388.3</u>	<u>616.7</u>	<u>759.8</u>

Source: Reserve Bank of Zimbabwe.

1/ Includes non-residents, unallocated and timing adjustments.

Table X. Zimbabwe: Reserve Bank, 1979-June 1983

(In millions of Zimbabwe dollars; end of period)

	1979	1980	1981	1982	1983 June
Foreign assets	<u>139.0</u>	<u>176.4</u>	<u>192.6</u>	<u>206.0</u>	<u>149.0</u>
Gold ^{1/}	6.5	71.2	71.1	76.9	90.9
Foreign exchange	132.5	105.2	121.5	129.1	58.1
Credit	<u>167.4</u>	<u>171.7</u>	<u>332.2</u>	<u>394.7</u>	<u>534.9</u>
Government	104.7	122.4	196.8	335.7	315.1
Treasury bills	(60.4)	(70.2)	(95.2)	(71.5)	(111.6)
Stock	(18.0)	(52.2)	(101.6)	(68.8)	(55.0)
Loans and advances	(26.3) ^{2/}	--	--	(195.4)	(148.5)
Other credit	62.7	49.3	135.4	59.0	219.8
Of which:					
Private bills	(0.2)	--	(95.0)	--	(27.7)
Other assets	<u>111.2</u>	<u>80.1</u>	<u>137.2</u>	<u>93.8</u>	<u>120.9</u>
Assets = Liabilities	417.6	428.2	662.0	694.5	804.7
Currency issued	<u>128.3</u>	<u>188.7</u>	<u>233.6</u>	<u>279.9</u>	<u>259.2</u>
Deposits	<u>146.0</u>	<u>149.4</u>	<u>185.8</u>	<u>108.8</u>	<u>124.2</u>
Banks	39.1	51.8	82.7	101.4	99.2
Government	75.9	66.1	94.2	0.2	15.3
Other	31.0 ^{3/}	31.5	8.9	7.2	9.7
Foreign liabilities	<u>8.1</u>	<u>--</u>	<u>124.4</u>	<u>213.5</u>	<u>181.0</u>
Other liabilities	<u>135.2</u>	<u>90.1</u>	<u>118.2</u>	<u>92.3</u>	<u>240.3</u>

Source: Reserve Bank of Zimbabwe.

^{1/} Prior to March 1980, valued at Z\$25 per fine ounce, thereafter at a market-related price.

^{2/} Investment of blocked deposits of Central African Power Corporation in bills and stock.

^{3/} Including blocked deposits of Central African Power Corporation.

Table XI. Zimbabwe: Commercial Banks, 1979-June 1983

(In millions of Zimbabwe dollars; end of period)

	1979	1980	1981	1982	1983 June
Cash	<u>105.6</u>	<u>120.0</u>	<u>169.2</u>	<u>191.9</u>	<u>200.5</u>
Currency	20.7	31.5	35.0	42.4	34.9
Reserve Bank	42.7	42.7	71.3	89.2	88.5
Discount houses	42.2	45.8	62.9	60.3	77.1
Credit	<u>567.5</u>	<u>751.9</u>	<u>920.5</u>	<u>1,132.9</u>	<u>1,129.7</u>
Government	104.8	208.9	149.8	150.7	147.3
Treasury bills	(9.0)	(43.9)	(19.8)	(16.4)	(0.5)
Stock <u>1/</u>	(88.3)	(143.6)	(110.7)	(128.0)	(140.5)
Stock <u>2/</u>	(7.5)	(21.4)	(19.3)	(6.3)	(6.3)
Private sector	462.7	543.0	770.7	982.2	982.4
Loans and advances	(325.9)	(388.3)	(616.7)	(759.8)	(786.2)
Bills	(136.8)	(154.7)	(154.0)	(222.4)	(196.2)
Foreign assets (net)	<u>15.1</u>	<u>5.3</u>	<u>6.9</u>	<u>3.1</u>	<u>4.9</u>
Other assets	<u>76.0</u>	<u>103.7</u>	<u>130.7</u>	<u>111.0</u>	<u>114.9</u>
Assets = Liabilities	764.2	980.9	1,227.3	1,438.9	1,450.0
Demand deposits	<u>296.2</u>	<u>413.4</u>	<u>453.0</u>	<u>491.0</u>	<u>477.1</u>
Short-term fixed deposits	<u>246.3</u>	<u>319.2</u>	<u>356.0</u>	<u>465.5</u>	<u>507.7</u>
Other term deposits	<u>129.7</u>	<u>121.9</u>	<u>242.2</u>	<u>308.6</u>	<u>287.7</u>
Other public	<u>26.3</u>	<u>54.2</u>	<u>47.1</u>	<u>56.1</u>	<u>40.0</u>
Other liabilities	<u>65.7</u>	<u>72.2</u>	<u>129.0</u>	<u>117.6</u>	<u>137.5</u>

Source: Reserve Bank of Zimbabwe.

1/ Less than six years' maturity.2/ Six years' maturity and more.

Table XII. Zimbabwe: Accepting Houses, 1979-June 1983

(In millions of Zimbabwe dollars; end of period)

	1979	1980	1981	1982	1983 June
Cash	<u>17.5</u>	<u>26.2</u>	<u>25.5</u>	<u>28.2</u>	<u>21.6</u>
Reserve Bank	5.9	7.4	9.0	11.6	10.6
Discount houses	11.6	18.8	16.5	16.6	11.0
Credit	<u>160.6</u>	<u>202.2</u>	<u>193.3</u>	<u>232.4</u>	<u>243.1</u>
Government	18.7	30.5	24.9	18.4	11.5
Treasury bills	(1.6)	(2.1)	(2.5)	(3.4)	(0.7)
Stock <u>1/</u>	(11.0)	(16.9)	(14.9)	(14.0)	(10.1)
Stock <u>2/</u>	(6.1)	(11.5)	(7.5)	(1.0)	(0.7)
Private sector	141.9	171.7	168.4	214.0	231.6
Foreign assets (net)	<u>12.5</u>	<u>16.1</u>	<u>8.5</u>	<u>9.0</u>	<u>5.7</u>
Other assets	<u>64.6</u>	<u>69.0</u>	<u>37.6</u>	<u>38.8</u>	<u>40.1</u>
Assets = Liabilities	255.2	313.5	264.8	308.4	310.5
Demand deposits	<u>50.5</u>	<u>51.4</u>	<u>43.2</u>	<u>59.8</u>	<u>42.2</u>
Short-term fixed deposits)		<u>17.7</u>	<u>27.8</u>	<u>57.5</u>	<u>56.6</u>
Other term deposits)	<u>113.1</u>	<u>143.9</u>	<u>120.3</u>	<u>109.9</u>	<u>121.1</u>
Other liabilities	<u>91.6</u>	<u>100.5</u>	<u>73.5</u>	<u>81.2</u>	<u>90.6</u>

Source: Reserve Bank of Zimbabwe.

1/ Less than six years' maturity.2/ Six years' maturity and more.

Table XIII. Zimbabwe: Discount Houses, 1979-June 1983

(In millions of Zimbabwe dollars; end of period)

	1979	1980	1981	1982	<u>1983</u> June
Credit	<u>80.0</u>	<u>91.1</u>	<u>101.4</u>	<u>97.8</u>	<u>111.5</u>
Government	45.8	71.7	25.0	57.5	35.3
Treasury bills	(23.1)	(45.8)	(24.9)	(56.5)	(35.0)
Stock	(22.7)	(25.9)	(0.1)	(1.0)	(0.3)
Other	34.2	19.4	76.4	40.3	76.2
Other assets	<u>2.2</u>	<u>10.2</u>	<u>8.8</u>	<u>6.9</u>	<u>30.8</u>
Assets = Liabilities	82.2	101.3	110.2	104.7	142.3
Call money and loans	<u>73.2</u>	<u>91.5</u>	<u>100.2</u>	<u>93.0</u>	<u>129.2</u>
Banking system	53.8	64.6	84.1	76.9	110.7
Other financial institutions	6.9	5.9	12.0	8.1	6.7
Private sector	12.5	21.0	4.1	8.0	11.8
Other liabilities	<u>9.0</u>	<u>9.8</u>	<u>10.0</u>	<u>11.7</u>	<u>13.1</u>

Source: Reserve Bank of Zimbabwe.

Table XIV. Zimbabwe: Finance Houses, 1979-June 1983

(In millions of Zimbabwe dollars; end of period)

	1979	1980	1981	1982	<u>1983</u> June
Cash	<u>2.9</u>	<u>3.7</u>	<u>9.8</u>	<u>8.6</u>	<u>10.2</u>
Credit	<u>94.1</u>	<u>127.2</u>	<u>163.6</u>	<u>159.1</u>	<u>176.5</u>
Government	<u>12.8</u>	<u>16.9</u>	<u>20.5</u>	<u>19.9</u>	<u>20.5</u>
Treasury bills	(0.1)	(--)	(0.2)	(--)	(--)
Stock <u>1/</u>	(12.7)	(16.9)	(20.3)	(19.9)	(20.5)
Private sector	81.3	110.3	143.1	139.2	156.0
Other assets	<u>10.5</u>	<u>5.3</u>	<u>11.3</u>	<u>9.1</u>	<u>8.2</u>
Assets = Liabilities	107.5	136.2	184.8	176.8	194.9
Negotiable certificates of deposit	<u>28.0</u>	<u>44.0</u>	<u>67.8</u>	<u>72.7</u>	<u>84.0</u>
Term deposits	<u>55.7</u>	<u>65.8</u>	<u>87.9</u>	<u>73.7</u>	<u>81.7</u>
Other liabilities	<u>23.8</u>	<u>26.4</u>	<u>29.1</u>	<u>30.4</u>	<u>29.2</u>

Source: Reserve Bank of Zimbabwe.

1/ Including municipal stock.

Table XV. Zimbabwe: Building Societies, 1979-March 1983

(In millions of Zimbabwe dollars; end of period)

	1979	1980	1981	1982	1983 March
Cash	<u>11.6</u>	<u>14.0</u>	<u>19.0</u>	<u>24.8</u>	<u>22.4</u>
Credit	<u>492.8</u>	<u>549.2</u>	<u>547.8</u>	<u>583.1</u>	<u>584.9</u>
Government	<u>107.4</u>	<u>124.1</u>	<u>86.0</u>	<u>85.4</u>	<u>76.4</u>
Treasury bills	(2.8)	(4.7)	(1.5)	(0.1)	(0.2)
Stocks <u>1/</u>	(104.6)	(119.4)	(84.5)	(85.3)	(76.2)
Private	385.4	425.1	461.8	497.7	508.5
Mortgage	(337.8)	(359.2)	(371.6)	(375.9)	(384.8)
Other	(47.6)	(65.9)	(90.2)	(121.8)	(123.7)
Other assets	<u>21.9</u>	<u>33.1</u>	<u>39.0</u>	<u>35.5</u>	<u>34.9</u>
Assets = Liabilities	526.3	596.3	605.8	643.4	642.2
Term deposits and shares	<u>490.1</u>	<u>556.1</u>	<u>559.0</u>	<u>587.6</u>	<u>585.9</u>
Other liabilities	<u>36.2</u>	<u>40.2</u>	<u>46.8</u>	<u>55.8</u>	<u>56.3</u>

Source: Reserve Bank of Zimbabwe.

1/ Including municipal stock.

Table XVI. Zimbabwe: Post Office Savings Bank, 1979-June 1983

(In millions of Zimbabwe dollars; end of period)

	1979	1980	1981	1982	<u>1983</u> June
Cash	<u>19.4</u>	<u>11.8</u>	<u>39.0</u>	<u>34.3</u>	<u>46.4</u>
Credit	<u>218.9</u>	<u>252.9</u>	<u>270.7</u>	<u>358.8</u>	<u>367.7</u>
Government stock	200.0	224.5	243.0	327.7	342.5
Public corporations	18.9	28.4	27.7	31.1	25.2
Other assets	<u>21.8</u>	<u>23.2</u>	<u>38.5</u>	<u>33.1</u>	<u>31.3</u>
Assets = Liabilities	260.1	287.9	348.2	426.2	445.4
Term deposits	<u>228.6</u>	<u>248.5</u>	<u>295.6</u>	<u>367.1</u>	<u>376.9</u>
Other liabilities	<u>31.5</u>	<u>39.4</u>	<u>52.6</u>	<u>59.1</u>	<u>68.5</u>

Source: Reserve Bank of Zimbabwe.

2/ Public corporations.

Table XVII. Zimbabwe: Agricultural Finance Corporation, 1979-June 1983

(In millions of Zimbabwe dollars; end of period)

	1979	1980	1981	1982	1983 June
Credit	<u>119.8</u>	<u>131.4</u>	<u>134.2</u>	<u>154.9</u>	<u>183.0</u>
Short-term	38.9	61.4	61.9	84.3	103.2
Long-term	60.7	70.0	72.2	70.6	79.8
Assistance scheme	20.2	--	--	--	--
Borrowings	<u>99.7</u>	<u>109.7</u>	<u>100.8</u>	<u>117.5</u>	<u>146.3</u>
Government	91.2	99.1	79.6	89.2	96.9
Long-term	(50.8)	(57.0)	(66.6)	(70.8)	(78.9)
Short-term	(40.4)	(42.1)	(13.0)	(18.4)	(18.0)
Other	8.5	10.6	21.2	28.3	49.4
Other items (net)	<u>20.1</u>	<u>21.7</u>	<u>33.4</u>	<u>37.4</u>	<u>36.7</u>

Source: Reserve Bank of Zimbabwe.

Table XVIII. Zimbabwe: Financial Survey, June 1980-March 1983

(In millions of Zimbabwe dollars; end of period)

	1980		1981		1982		1983
	June	Dec.	June	Dec.	June	Dec.	March
Foreign assets (net)	<u>238.0</u>	<u>173.3</u>	<u>22.7</u>	<u>32.1</u>	<u>6.0</u>	<u>-46.6</u>	<u>-102.2</u>
Reserve Bank (net)	236.1	176.4	30.8	37.2	-9.3	-44.5	-101.9
Banks (net) <u>1/</u>	6.5	1.5	-2.3	3.2	4.5	7.6	11.0
Other financial institutions (net) <u>2/</u>	-4.6	-4.6	-5.8	-8.2	-7.8	-9.7	-11.3
Domestic credit	<u>1,923.5</u>	<u>2,155.2</u>	<u>2,387.0</u>	<u>2,547.3</u>	<u>2,752.6</u>	<u>3,066.3</u>	<u>3,026.9</u>
Reserve Bank and banks	1,061.6	1,198.0	1,372.4	1,520.7	1,693.2	1,934.0	1,927.4
Other financial institutions	861.9	957.2	1,014.6	1,026.6	1,059.4	1,132.3	1,099.5
Government (net)	627.5	743.4	814.6	700.3	802.4	1,032.9	992.9
Reserve Bank and banks (net)	293.8	370.9	430.6	332.9	417.5	594.2	554.0
Other financial institutions (net)	333.7	372.5	384.0	367.4	384.9	438.7	438.9
Private sector <u>3/</u>	1,296.0	1,411.8	1,572.4	1,847.0	1,950.2	2,033.4	2,034.0
Reserve Bank and banks	767.8	827.1	941.8	1,187.8	1,275.7	1,339.8	1,373.4
Other financial institutions	528.2	584.7	630.6	659.2	674.5	693.6	660.6
AMA <u>4/</u>	(139.7)	(162.6)	(164.6)	(336.3)	(312.7)	(362.1)	(373.6)
Non-AMA	(1,156.3)	(1,249.2)	(1,407.8)	(1,510.7)	(1,637.5)	(1,671.3)	(1,660.4)
Money supply	<u>1,978.9</u>	<u>2,123.4</u>	<u>2,214.1</u>	<u>2,401.2</u>	<u>2,583.5</u>	<u>2,784.0</u>	<u>2,758.2</u>
Reserve Bank and banks (M2)	1,142.1	1,214.3	1,237.7	1,399.3	1,561.6	1,692.8	1,656.8
Other financial institutions	836.8	909.1	976.4	1,001.9	1,021.9	1,091.2	1,101.4
Other items (net)	<u>182.6</u>	<u>205.1</u>	<u>195.6</u>	<u>178.2</u>	<u>175.1</u>	<u>235.7</u>	<u>166.5</u>
<u>Rates of change from previous year</u> (In per cent)							
Domestic credit	...	...	24.1	18.2	15.3	20.4	...
Net claims on Government	...	...	29.8	-5.8	-1.5	47.5	...
Credit to private sector	...	...	21.3	30.8	24.0	10.1	...
Money supply	...	...	11.9	13.1	16.7	15.9	...

Sources: Data provided by the Zimbabwean authorities; and staff estimates.

1/ Commercial banks, accepting houses and discount houses.2/ Finance houses, building societies and the Post Office Savings Bank.3/ Private sector and official entities (including municipal government).4/ Agricultural Marketing Authority.

Table XIX. Zimbabwe: Direction of Trade, 1981-82

(In percentages of total trade)

	Exports		Imports	
	1981	1982	1981	1982
Industrial countries				
Belgium	3.6	2.0	1.6	0.7
France	1.7	2.6	3.6	5.0
Germany	8.2	8.0	7.2	8.2
Italy	5.0	4.4	2.1	2.3
Japan	2.8	3.2	6.1	5.2
Netherlands	3.0	4.5	2.3	1.7
Portugal	0.9	1.0	*	*
South Africa	21.6	17.1	27.5	22.1
Sweden	0.7	0.7	0.7	0.8
United Kingdom	6.9	9.5	10.0	15.0
United States	7.9	7.9	7.3	9.6
Developing countries				
Botswana	3.2	3.2	1.7	3.2
China, People's Republic	2.8	0.2	*	*
Malawi	1.6	1.5	1.5	1.0
Zaire	2.2	2.5	*	*
Zambia	4.0	3.4	2.4	2.3
Other (petroleum) <u>1/</u>	--	--	11.6	10.2
Other	23.8	28.2	14.3	12.8
Total	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

Source: Central Statistical Office, Monthly Digest of Statistics.

1/ Petroleum imports of unknown origin transported through South Africa.

* Less than 1 per cent.

Table XX. Zimbabwe: Exports by Principal Products, 1978-82

(In millions of Zimbabwe dollars)

	1978	1979	1980	1981	1982
Major agricultural exports	<u>187.7</u>	<u>171.7</u>	<u>203.1</u>	<u>332.4</u>	<u>309.1</u>
Tobacco ^{1/}	<u>102.5</u>	<u>85.5</u>	<u>122.8</u>	<u>224.4</u>	<u>194.7</u>
Sugar ^{2/}	10.9	20.6	47.4	54.8	52.3
Maize	25.4	17.0	7.4	34.7	39.9
Coffee	11.6	10.8	6.9	9.9	14.7
Meat	37.3	37.8	18.6	8.6	7.5
Major mineral exports	<u>174.3</u>	<u>215.8</u>	<u>283.0</u>	<u>227.6</u>	<u>280.8</u>
Gold	<u>46.1</u>	<u>66.6</u>	<u>115.2</u>	<u>76.3</u>	<u>140.5</u>
Asbestos	57.3	70.5	80.1	75.9	60.9
Nickel	36.5	37.9	52.8	46.8	45.5
Copper	26.5	31.3	24.6	18.3	21.7
Coal/coke	7.9	9.5	10.3	10.3	12.2
Major manufactured goods	<u>151.6</u>	<u>193.6</u>	<u>263.0</u>	<u>235.0</u>	<u>219.0</u>
Ferro-alloys	<u>31.6</u>	<u>46.3</u>	<u>88.1</u>	<u>79.5</u>	<u>77.2</u>
Iron/steel	39.8	57.9	67.2	41.8	50.1
Cotton lint	40.1	46.4	57.2	60.3	51.8
Textile/clothing	21.4	23.5	26.1	22.5	15.0
Machinery/equipment	14.1	14.0	16.7	19.2	12.7
Chemicals	4.6	5.5	7.7	11.7	12.2
Others	<u>91.2</u>	<u>105.1</u>	<u>116.7</u>	<u>115.5</u>	<u>103.8</u>
Total ^{3/}	<u>604.8</u>	<u>686.2</u>	<u>865.8</u>	<u>910.5</u>	<u>912.7</u>

Source: Central Statistical Office, Monthly Digest of Statistics.^{1/} Including manufactured tobacco.^{2/} Including refined sugar.^{3/} Excluding migrants' effects, re-exports and internal freight.

Table XXI. Zimbabwe: Imports by Principal Products, 1978-82

(In millions of Zimbabwe dollars)

	1978	1979	1980	1981	1982
Food	4.6	9.7	28.0	15.3	10.6
Tobacco and beverages	1.4	2.1	3.7	2.2	2.1
Crude materials	13.1	18.5	26.1	33.4	37.9
Fuels and electricity	92.4	162.2	195.0	211.7	178.7
Of which: petroleum	(78.4)	(147.0)	(174.2)	(189.1)	(154.8)
Oils and fats	0.4	2.2	6.5	8.5	6.9
Chemicals	60.5	76.4	108.9	142.0	125.0
Machinery and transport equipment	102.1	126.7	208.6	327.4	439.9
Other manufactured goods	129.2	151.5	232.6	277.2	280.7
Total <u>1/</u> <u>2/</u>	403.7	549.3	809.4	1,017.7	1,081.8

Source: Central Statistical Office, Monthly Digest of Statistics.1/ Figures may not add up because of rounding.2/ Excluding internal freight.

