

# TRADING

*Post*

**JANUARY**  
**2024**



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- ▶ **Rethinking trade in 2024:  
Moving away from the ordinary**
- ▶ **Trade finance instruments  
to navigate export trade**



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# 1 RETHINKING TRADE IN 2024: MOVING AWAY FROM THE ORDINARY

By Karen Mukwedeya



**A**s the world evolves, a growing trend towards increased originality emerges. Scrolling through social media reveals individuals with mobile phones are showcasing their lifestyles, cultures, business practices, and unique aspects of their countries.

The pursuit of a distinct spark has extended into the business world, particularly in trade. Most businesses across the world are shifting from exporting traditional products to unique offerings for niche markets. To make the most out of these emerging trends, local companies must consider diversifying their export offerings, as well as their markets. This is most important for small businesses that are trying to establish a presence in export markets.

Small businesses, including those in rural communities, can capitalize on the new wave by tapping into non-traditional markets and exporting indigenous goods rooted in its culture and heritage.

## Exploring non-traditional markets

The many conflicts currently taking place in the world are a clear indication that we need to move from the ordinary and diversify our export markets.

Diversifying export markets not only spreads the business' economic risk, but also works to further solidify its presence in markets across the world.

Indications are that Zimbabwe's non-traditional markets are opening up to local products, and these could provide solutions to existing and potential markets.

Figures show that the growth of Zimbabwe's exports has been anchored by local products finding new markets in countries such as United Arab Emirates (UAE), China, Belgium, and Italy.

To penetrate these new markets, local companies must take full advantage of programmes offered by ZimTrade, including capacity building and market linkages.

This year, ZimTrade will explore various non-traditional markets to see what opportunities lie for Zimbabwean products across the world. Countries like the United Arab Emirates, Belgium, and China have had a great reception to Zimbabwean products, even becoming some of the top destination for local products.

As such, ZimTrade will continue to explore new markets for Zimbabwean goods, buy conducting strategic market surveys taking into consideration the various trade agreements world opportunities that may arise.

Some of the planned activities by ZimTrade include market surveys and scans in Indonesia, Saudi Arabia, and Ethiopia, all of which hold immense potential for Zimbabwean goods.

With the coming of AfCFTA a trade agreement with a vision to seamlessly trade across Africa, ZimTrade will actively pursue African markets that have an appetite for local products, such as Angola, Botswana, and Rwanda.

Export promotion activities like outward trade missions and business forums will assist in getting local businesses actively interact with buyers in these markets and successfully trade their products.

## Trading non-traditional products.

Every country has a unique culture, tastes, products, and practices, which all can contribute towards growth of their exports if fully taken advantage of.

For Zimbabwe, one of the areas with greatest potential is superfoods, whose demand has been growing in international markets across the world as consumers seek highly nutritious products.

Demand for natural foods is gaining momentum due to the high health benefits associated with them.

Zimbabwe is home to a diversified range of natural and organic superfoods, thanks to the good climatic conditions.

Zimbabwe has vast wild fruits ranging from mauyu (Baobab), masau (Ziziphus Mauritania), matohwe (Azanza garckeana), and natural herbs including zumbani (Lippia Javanica), Muhacha (Hissing tree) and moringa.

With enough value addition – taking into consideration some key food standards and practices in different markets - these products, that also grow naturally in the wild, can be presented to the international consumers.

These wild fruits and herbs can go through value addition, packaging, and branding and make it simpler for exporters to earn more.

Regarding natural herbs, products that can fair very well in export markets include aloe vera, apple mint, borage, penny royal, calendula, and basil.

To ensure local producers are export ready, ZimTrade will this year expand its export development initiatives and take advantage of this growing demand of naturally nutritious products, by educating various communities on the export potential of wild fruits that have been part of the country's heritage for years!

Already some small businesses are taking on value addition of our wild fruits and herbs to create cordials, snacks, and beauty products.

Some of these youth-led and women-led enterprises are part of SME targeted ZimTrade programmes such as Eagles Nest and Next She Exporter.

Further to this, ZimTrade will also host export awareness programmes to share insights into how communities can take advantage of the emerging trends in export products.

Such export awareness programmes and capacity building interventions will fall under the provincial clusters initiative, which is targeted at opening access to export markets by rural communities.

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## 2 ZIMBABWE FARMERS TO SHOWCASE AT FRUIT LOGISTICA TRADE FAIR

By Renwick Wachenyuuka

**Z**imbabwean horticultural farmers will showcase fresh fruits and vegetables at the upcoming Fruit Logistica trade fair, scheduled for Berlin, Germany from 7-9 February 2024.

The participation of 10 Zimbabwean companies follows the successful participation of the country at last year's event, where orders worth around US\$15 million were confirmed at the event.

Fruit Logistica is the world's leading international trade fair for the fruit and vegetable industry.

The event provides a platform for fruit and vegetable producers, buyers, packagers, handling experts and other interested parties from across the globe to meet under one roof.

Over 75,000 trade visitors and more than 3,000 companies are expected to participate at the event, offering a unique opportunity for Zimbabwean companies to interact with potential buyers and distributors from across the world.

With the high demand for organic and quality Zimbabwean produce in Europe, the event will be an ideal opportunity for local companies to grow exports and increase Zimbabwean presence in the international markets.

The Zimbabwean pavilion will showcase products which include mange tout, sugar snap peas, pineapples, fine beans, sweet potatoes, avocados, macadamia nuts, mangoes, baby corn and chillies.

Speaking on this trade fair, ZimTrade Chief Operating Officer, Allan Majuru said the interest by local farmers to take part at the event has been growing over the year, an indication of the continued benefits that have realised from the fair.

"The high interest expressed by farmers in this

event is a testimony to the success of the previous trade fairs, since 2020 when

Zimbabwe made its inaugural appearance. "From the fair, we have seen Zimbabwe spreading its export markets, with buyers from countries such as Dubai, and China keen on importing from local farmers."

Fruit Logistica is a central meeting point of all people interested in imports and exports of horticultural produces and provides huge opportunities to local companies seeking a broader market base in foreign countries.

Participating companies will have an opportunity to interact with buyers from promising markets such as Japan, China, Dubai and other countries in the Middle East.

The farmers will also take the opportunity to benchmark their products against the quality set by the international markets, as well as learn on emerging products trends and new consumer preferences.

Considering that most visitors will be from Germany, local farmers will take advantage of the opportunity to connect with more buyers from the European country, which in turn will contribute towards export growth.

Germany, like the rest of the European Union (EU) countries, is currently on a drive to develop new business partnerships in Africa to increase total trade and investment between Africa and the EU.

ZimTrade will leverage this drive on the country's economic diplomacy mantra to diversify and grow exports in the EU by linking producers with importers of different products in Germany.



# 3

## TRADE FINANCE INSTRUMENTS TO NAVIGATE EXPORT TRADE

By Kudzai Magwenzi

**V**enturing into export trade seems like a minefield of uncertainties especially for small to medium enterprises.

However the globalised economy provides solutions to ease the risks involved in international trade.

Understanding the payment system is crucial for Zimbabwean exporters to be able to participate fully in the globalized economy and comply with regulatory requirements.

To facilitate international transactions, various payment methods are employed.

These methods ensure the smooth flow of goods and services across borders while minimizing risks such as credit, currency, and political risks.

Trade finance instruments help establish trust and confidence between trading partners, particularly in cases where there is limited or no prior experience with each other.

This trust is crucial for businesses to enter new markets and expand their global reach.

By mitigating the risks associated with international trade, trade finance instruments can help reduce the logistical costs associated with cross-border trade.

This can make trade more attractive for businesses and contribute to the overall growth of international trade.

The use of trade finance instruments can help promote stability in global markets by facilitating trade and mitigating the risks associated with cross-border transactions.

This stability can help businesses and governments make informed decisions about their

international trade strategies.

Consult your authorised dealer for the following options or more.

### 1. Letter of Credit (LC)

A Letter of Credit is a contractual undertaking by the importer's bank to pay once the exporter ships the goods and presents the required documentation to the exporter's bank as proof.

As a trade finance tool, Letters of Credit are designed to protect both exporters and importers. This method of payment is popular due to its security and predictability.

However, they can be time-consuming and expensive to set up.

### 2. Documentary Collections

Through a process known as "documentary collection," the importer's bank transfers money to the exporter's bank in return for documentation tracing the transported products.

Exporters authorize their bank to act as a collection agency for the payment of items shipped to the purchase in this trade transaction. Collections are quicker than letters of credit and save transaction costs.

However, since a financial institution does not guarantee payment, the exporter is exposed to credit risk.

### 3. Bank Guarantees

A bank guarantee is a financial instrument issued by a bank to guarantee the performance of a specific contract or obligation.

#### 4. Export Credit Insurance

Export credit insurance is a financial instrument that protects businesses from the risk of non-payment by their international buyers.

This insurance covers the costs of unpaid invoices and can be obtained from private or government-backed insurance providers.

#### 5. Factoring

Factoring is a financial instrument in which a business sells its accounts receivable to a third-party factor, usually a financial institution. The factor then collects payment from the buyer, less a fee, and remits the proceeds to the business.

Factoring is commonly used by small and medium-sized enterprises (SMEs) to access the necessary capital for international trade.

The Reserve Bank of Zimbabwe provides guidelines for export administration to ensure that Zimbabwe receives fair and true value from its exports.

“Goods may be exported, when an advance payment for the goods has been made through the formal banking channels or will be so made within the prescribed three months (90 days) from date of export, or when contractually due, or such other period as Exchange Control may prescribe.”

Ensuring that export proceeds are received for Zimbabwean enterprises goes beyond the business scope as failure to remit back proceeds as described attracts penalties for the exporter.

By utilizing these instruments, businesses can ensure that they have access to the necessary capital and resources to support their international trade activities, ultimately contributing to the growth and success of their operations.



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By Vivinah Matswetu (Opinion)

In recent years, a global movement towards environmental consciousness, termed "Eco-Awakening," or the "Green Wave" has been reshaping consumer behaviour and business practices worldwide.

This shift is not only a response to the growing awareness of climate change and biodiversity loss but also a reflection of consumer demand for sustainable products and in turn shaping the future of global exports.

The eco-awakening is more than a trend; it's a necessary evolution of the global economy.

For Zimbabwe, embracing this green wave could mean a brighter, more sustainable future, where its exports are not only valued for their quality but also for the ethical and environmental considerations behind them.

As the world moves forward, Zimbabwe has the chance to ride the crest of the green wave, shaping a legacy that will benefit both the planet and its people.

This article provides an overview of the various factors contributing to the eco-awakening in global exports.

It highlights the importance of sustainability in the current export climate and the potential for growth in this sector.

### The rise of green exports

Zimbabwe, a country with abundant natural resources and a strong agricultural base, stands at a pivotal point in this emerging trend.

The nation's economy, which has seen growth in sectors like mining and tourism, is increasingly influenced by global eco-conscious trends.

As the world leans towards sustainability, Zimbabwe's export sector is poised to undergo significant transformation.

As environmental awareness grows, so does the demand for sustainable products.

Countries and companies that have traditionally relied on exports are now pivoting towards greener alternatives.

From organic produce to renewable energy technologies, the export market is witnessing a surge in eco-friendly goods.

This shift is not only driven by consumer demand but also by stringent environmental regulations that push for sustainable practices.

### Sustainable agriculture and export growth

Agriculture remains a cornerstone of Zimbabwe's economy.

With the eco-awakening, there's a growing preference for sustainably produced goods. Zimbabwean farmers are adopting eco-friendly practices, such as organic farming and conservation agriculture, to meet this demand.

These practices not only improve the quality of exports but also ensure the long-term health of the land.

Such practices include The EU's Common Agricultural Policy (CAP) as well the Global Gap Certification that emphasizes good environmental practice in agriculture and forestry, ensuring that food production and environmental protection go hand in hand.

### Manufacturing Diversification

The diversification of manufacturing in most countries is another factor influencing global exports.

Countries like Vietnam, India, and Bangladesh are emerging as new manufacturing hubs. Their ability to produce goods sustainably and at competitive prices is making them attractive export partners for countries seeking to reduce their environmental impact.

For example, Bangladesh's manufacturing sector is undergoing a crucial transformation, the sector, which has grown significantly over the last decade, is predominantly driven by the export-oriented Ready-Made Garment (RMG) industry.

This trend presents an opportunity or Zimbabwe and with the right support, companies can position themselves as leaders in eco-friendly exports.

Fluctuating global commodity prices have a direct impact on exports.

The volatility of oil prices, for instance, affects the cost of transportation and, consequently, the price of exported goods.

However, the green wave is leading to a greater emphasis on local production and shorter supply chains, which can mitigate the effects of such fluctuations.



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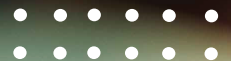
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## 5 PRODUCT FOCUS: **BAOBAB FRUIT**

**B**aobab is an inherent tree to certain regions of Africa, Arabia, Australia, and Madagascar.

Baobab trees are among the biggest and longest-living trees in the world. Baobab trees are normally seen in warm regions. They do well in sandy-to-sandy loam and well-drained.

The trees can grow up to 30 meters tall and produce a large fruit that is commonly consumed and appreciated for its delicious flavor.

### **Health benefits of Baobab fruit**

Baobab is a good source of vitamins and minerals the pulp is high in vitamin C, antioxidants and several key minerals like potassium, magnesium, iron and zinc whereas the seeds and kernel of the plant are loaded with fiber, fat and micronutrients like thiamine, calcium and iron.

There are also multiple other benefits such as helping balancing blood sugar levels, high fiber content also promotes digestive health.

However research has shown that the nutritional content of baobab can vary depending on the geographical location where it's grown and between different parts of the plant, such as the leaves, pulp, and seeds.

### **Baobab fruit value addition**

In recent years, since baobab products started to gain economic significance, several companies

and individuals are now involved in the picking and value addition of the baobab fruit into oil, wine, coffee, powder, and juice.

The baobab sector has the potential to improve livelihoods of many through rural development, employment creation and access to new export markets.

Furthermore, clusters are being developed to meet the required export demands.

### **Baobab fruit market potential**

According to Tridge in 2021 the global top importer of baobab was United States of America having imported baobab worth US\$855.22 million.

Other notable importers were China US\$590.57 million, Germany US\$330.89 million, and France US\$239.36 million.

Due to the increase in demand of organic foods the export market for baobab products is growing big.

The increase in world demand for organic foods and organic wine will see Zimbabwean produced baobab wine and powder performing well on the export market.

With the establishment of the African Continental Free Trade Area (AfCFTA) baobab products have potential to reach more export markets on the continent due to the comparative advantage Zimbabwe has on baobab.

Producing baobab and baobab products also offers an opportunity to diversify income sources farmers in different communities.



**2024**

**EXPORT PROMOTION ACTIVITIES**

**FEB**

7-9

FRUIT LOGISTICA, GERMANY

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HORTICULTURE EXPORT MASTERCLASS  
BUSINESS LINKAGES MISSION TO NETHERLANDS

24-4

SAUDI ARABIA MARKET SCAN

**MAR**

18-20

RWANDA-ZIMBABWE BUSINESS FORUM

25-2

ETHIOPIA MARKET SURVEY

**APRIL**

3-4

ZIMBABWE-SOUTH AFRICA DIASPORA  
BUSINESS FORUM, JOHANNESBURG

18-20

AGRITECH EXPO ZAMBIA

21-25

ZIMBABWE INTERNATIONAL TRADE FAIR (ZITF)

**MAY**

7-9

OUTWARD MISSION TO ANGOLA

27-31

INDONESIA MARKET SCAN

29-31

DRC INWARD MISSION, HARARE

**JUNE**

18-20

OUTWARD MISSION TO TETE, MOZAMBIQUE

2-4

ZIMBABWE-CHINA BUSINESS FORUM, HARARE

**JULY**

18-20

ZIMBABWE-UAE BUSINESS FORUM, HARARE

JULY/AUG

ZAMBIA AGRICULTURAL AND  
COMMERCIAL SHOW (ZACS)

**AUG  
\SEPT**

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MAPUTO INTERNATIONAL TRADE FAIR (FACIM)



**2024**

**EXPORT PROMOTION ACTIVITIES**

**SEPT**

17-20

**MALAYSIA INTERNATIONAL  
HALAAL SHOWCASE**

END SEPT

**WINDHOEK ANNUAL TRADE FAIR**

**OCT**

....

**GLOBAL EXPO BOTSWANA**

15-17

**ANNUAL EXPORTERS' CONFERENCE**

**NOV**

5-7

**ZIMBABWE-QATAR BUSINESS FORUM, DOHA**

18-20

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