

TRADING

Post



Energising Zimbabwe's Export Growth

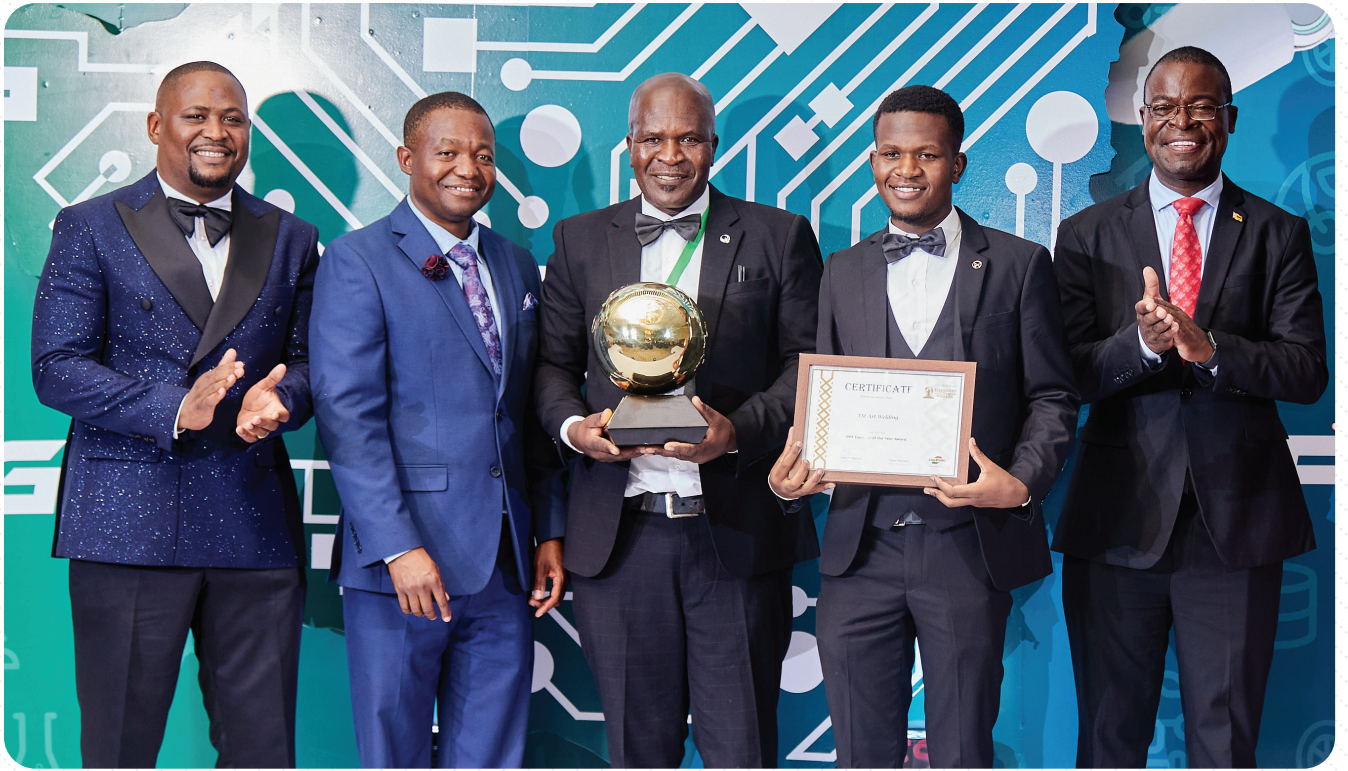
AUGUST 2024



TOP STORIES

- ▶ **ZimTrade Annual exporters Conference set for Bulawayo**
- ▶ **16 local companies participate in Mozambique trade fair**
- ▶ **Zimbabwe set to adopt electronic single window**





ZIMTRADE ANNUAL EXPORTERS CONFERENCE SET FOR BULAWAYO

By Karen Mukwedeza

ZIMBABWE'S PREMIER annual flagship event for exporters is set to reach new heights this year, with a significant expansion in its format.

The ZimTrade-organised event will now span an entire week from 14-18 October 2024 and will provide local companies with unparalleled opportunities to engage deeply and explore strategies to drive Zimbabwe's export growth.

The Conference, dubbed Zimbabwe Export Week, will be held under the theme Qala/Tanga/Start.

Returning to Bulawayo for this year, after the first ever programme held in the city in 2019, attendees can look forward to a dynamic program featuring diverse exhibitions, a range of side events, and insightful company visits.

The week-long program will culminate in the highly anticipated Exporters Conference and Awards ceremony on the 17 October at the Zimbabwe International Trade Fair exhibition centre.

ZimTrade Chief Executive Officer, Allan Majuru, said the expansion of the programme into a week is a major step in creating space for businesses to expand beyond Zimbabwe.

"This year's extension to a full week marks a significant milestone in our journey towards enhancing Zimbabwe's export capabilities.

"By returning to Bulawayo and incorporating a rich array of exhibitions, side events, and company visits, we are creating a robust platform for local businesses to connect, collaborate, and innovate.

"This extended period provides more time for meaningful discussions, and also opens doors for exploring diverse strategies to drive our export growth," said Majuru.

The Zimbabwe Export Week aims to foster dialogue and linkages between delegates and business leaders from different sectors will meet to come up with solutions that will improve Zimbabwe's trade balance.

From issues raised during the programme, key outcomes that are industry-driven will be produced.

These resolutions will inform engagement activities that ZimTrade, the national trade development and promotion organisation, will use to facilitate on improving Zimbabwe's export capacity and the ease of doing export business.

Another key highlight of the Zimbabwe Export Week will be the Buyers' Seminar, rebranded as Buyers Shop at Zim, scheduled for 16 October at Holiday Inn, Bulawayo.

The seminar aims to provide invaluable opportunities for local businesses to connect with international market buyers.

This year the organization is bringing at least 15 buyers from markets such as Zambia, Mozambique, South Africa, Botswana, UK, Germany and the Netherlands, just to mention a few, all of which are keen to get a firsthand look at Zimbabwean offerings for their intended markets.

The seminar is also a chance for local exporters will engage in business-to-business meetings with buyers from the region and beyond.



2 LOCAL COMPANIES TO PARTICIPATE AT MAPUTO FAIR

SIXTEEN LOCAL companies are set to increase their footprint in Mozambique following their successful participation at the Maputo International Trade Fair, the largest exhibition in Mozambique.

The ZimTrade-facilitated participation of local companies at the fair, held from 26 August – 1 September, follows the Outward Trade Mission conducted in Tete in June this year, where buyers noted the growing appetite for Zimbabwean products in the neighbouring country.

The event also comes on the back of successful hosting of SADC Industrialisation Week by Zimbabwe, where countries in the region identified trade opportunities and discussed best options to boost regional integration.

The FACIM trade fair brought together innovators, policymakers, and members of the industry while providing exporters with a special forum to engage with potential buyers of their products.

Participating companies were drawn from sectors such as processed foods, building and construction, fast-moving consumer goods, processed foods, clothing and textiles, and pharmaceuticals.

Other sectors represented were clothing and textiles, engineering, packaging, furniture, and agriculture inputs and implements.

To ensure that participating companies maximise on the opportunity, ZimTrade also organised for business-to-business meetings between participating companies and buyers from leading distributors in Mozambique, which were held on the sidelines of the trade fair.

Mozambique presents diversified export opportunities for Zimbabwe, including sectors such as manufactured goods, agriculture, and services. A market survey by ZimTrade in Mozambique identified potential in processed foods, building and construction, agricultural inputs and implements, horticulture, and services.

Mozambique relies heavily on imports for processed foods, home electronics, toiletries, detergents, and other FMCG categories.

The country's FMCG sector is dominated by international brands from South Africa, Portugal, Brazil, and the UAE.

This trend is consistent across various categories, including processed foods, beverages, toiletries, frozen foods, and consumer electronics.

Although most imports currently come from South Africa, Zimbabwean products have opportunities, particularly in the middle and northern provinces, where prices are 20-30 percent higher than in the southern provinces.

The northern provinces, with the highest population concentration, offer even more significant opportunities for consumer products.

There are further opportunities in the agricultural sector, where Zimbabwe's advanced industry can meet many market needs.

Farming in Mozambique is mostly communal and subsistence, with limited use of fertilizers and chemicals.

Given the agricultural foundation of Mozambique's economy, there is potential to enhance productivity with new technologies, as many farmers use traditional methods, low-yield seeds, and manual cultivation techniques.

Providing agricultural skills, expertise, and quality seeds also presents significant opportunities. With effective marketing, local producers can capture the market, as there is a lack of extension

services and agricultural knowledge.

Zimbabwean companies can supply items such as seeds, chemicals, treated fencing poles, tractor-drawn implements, hand tools, and fertilizers.

More than 3,050 exhibitors, about 26 nations, 750 organizations, and 65,000 attendees are anticipated for the 59th edition of FACIM this year.

Participating at FACIM will help open opportunities for Zimbabwean companies to increase their sales revenue and in turn national export value.

Mozambique's growing seed market is currently supplied mainly by South Africa, though some Zimbabwean seed companies have established themselves in the western districts.

There is potential for Zimbabwean firms to produce and supply a variety of seeds to the market.

Since most Mozambican farmers are in rural areas, hand tools (hoes, ploughs, cultivators) and ox-drawn implements have strong market potential.

Additionally, Mozambique's construction and engineering sector offers numerous opportunities for Zimbabwean businesses.

Ongoing construction projects in Mozambique create direct and indirect business opportunities, particularly in supplying materials and related services.

Zimbabwean companies can better access these opportunities by participating in joint tenders for building and construction projects.



3

ZIMBABWE SET TO ADOPT ELECTRONIC SINGLE WINDOW

By Archford Mabuka

ZIMBABWE IS now on an advanced stage to adopt Zimbabwe Electronic Single Window, which is the Zimbabwe Revenue Authority to register companies for trade agreements electronically and issue electronic Certificate of Origin.

The Zimbabwe Electronic Single Window (ZeSW) is expected to be functional in September 2024.

The new system will reduce paperwork and streamline processes which will in turn save time and effort.

The system will also enable real-time tracking and monitoring of trade agreements registration and issuance of certificates of origin enhance increased transparency and control.

Key trade agreements that will be utilising the new system include European Union Interim Economic Partnership Agreement, the United Kingdom Interim Economic Partnership Agreement, COMESA, SADC and all other bilateral trade agreements.

Currently trade agreement registration is being done manually and the application process is now being moved to the ZeSW, which will still be managed by Zimbabwe Revenue Authority (ZIMRA).

■ New Trade Agreement Registration procedure is as below:

1. Exporter applies and is given a single window profile login details from the ZIMRA helpdesk.

2. They use these credentials to access the ZeSW portal, submits their documents and all required information.

3. As in the manual environment, ZIMRA receives the application that is, the Regional Manager or Regional Technical Manager.

4. The Manager will carry out an initial document check, if there are any queries, the

application is returned to the client for redress, if there is

no query, the Manager assigns the application to an inspector.

5. The Inspector carries out an in-depth documentary check and conducts a pre-registration inspection of the Exporter's promises. The Inspector arranges with the Exporter for the inspection. The Inspector will write and submit the inspection report in the system and the application is forwarded to Regional or Technical Manager.

6. The Manager will do a final verification before the application is forwarded to the HQ Origin office, if client qualifies.

7. HQ reviews the report and the application for approval or denial of the registration.

8. Once approved you will be issued with a unique identification number.

■ Issuance of Electronic Certificate of Origin

a. With the ZeSW Certificate of Origin, the exporter/agent submits the application on the portal.

b. Exporter enters the relevant export bill of entry and information from the bill of entry automatically populates on the Electronic Certificate of Origin and submit for approval by an authorised signatory/issuer at Zimra.

c. Once approved, the authorised signature is appended electronically on the Electronic Certificate of Origin. The Exporter will then print a copy of the electronic certificate of origin.

NB: The Origin Verification Stamp is still a requirement as some members states are still operating in manual environments.



4

AVOCADO VALUE ADDITION: UNLOCKING THE ADDED POTENTIAL OF THE 'GREEN GOLD'

By Kupakwashe Midzi

Avocado, a fruit which is every so often referred to as the 'green gold', is one fruit which has since been gaining global popularity, more so due to its rich nutritional profile.

The fruit is packed with vitamins, healthy fats, and minerals, which makes it a favourite among health-conscious people.

In Zimbabwe, avocado consumption is common, which the fruit enjoyed across the whole country mainly as a fresh fruit, and in salads, as a 'spread' and also as a dip.

The fruit possesses much more potential not just in its raw form, but additionally in the options available for value addition.

The avocado may be transformed into a variety of products, thereby increasing its market value and profitability.

The versatility of avocado makes it a prime candidate for value addition. It can be processed into a wide range of products, each with its unique market.

These include avocado oil, guacamole, avocado flour, frozen avocados and even cosmetic products like body

creams and hair treatments.

Value addition offers numerous benefits to avocado farmers.

It allows them to diversify their income sources, reduce post-harvest losses, and increase their profitability.

Moreover, it creates job opportunities in processing, contributing to Zimbabwe's provincial and economic development.

With the growing global demand for avocado and its products, value addition could be the key to unlocking the full potential of this 'green gold'.

By investing in value addition, farmers in the avocado sector can reap significant benefits, contributing to sustainable agricultural development and economic growth.

■ Step 2: Conducting Market Research

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■ Avocado Oil

Avocado oil is a high-value product derived from the fruit. It is rich in mono-unsaturated fats, which are heart-healthy fats.

This oil is not only used in cooking but also finds applications in the cosmetic industry due to its skin-nourishing properties.

The oil is usually mainly pressed from the avocado flesh, although the seeds and peel can also be a source of the oil, the different parts determining and influencing the quality of the oil.

The trends especially in developed markets, suggest that the demand for avocado oil continues to grow in popularity, more so as a result of the growth in healthy food concepts, plant-based dietary options, and also the demand for new products.

The statistics specifically for avocado oil export are not readily available, however, indications can be drawn from an assessment of other products such as olive oil which has a huge global demand, fetching average prices of US\$6,337/ton in 2022, according to Trade Map.

■ Avocado-Based Foods – Guacamole, Avocado Flour

Avocado-based foods such as guacamole are also a product of value addition of avocados, and they are gaining in popularity especially due to the taste and the health benefits.

Guacamole is a Mexican dip which is made from ripe avocados.

The culinary applications of the avocado fruit also include avocado flour, which can be made from seeds of the fruit, and the flour is gluten-free, providing an alternative which seems to be gaining popularity again among the health-conscious consumers.

The flour is growing in popularity as it is being used in milkshakes, smoothies, mixed into baked goods among other uses.

The flour/powder of avocados is being sold for an average price of around US\$20-US\$25 for a 200g satchet, indicating how much of a high value product it is.

■ Cosmetics and Personal Care

The nourishing properties of avocado also make it a very common ingredient when it comes to personal care and cosmetics products.

Avocado hair treatments as well as avocado creams are well sought after because of their ability rejuvenate the hair, skin as well as to moisturize.

■ Individually quick-frozen (IQF) avocado

Individually quick-frozen (IQF) avocados are dices, slices, and/or halves of ripe avocados which are frozen, rapidly.

This 'value addition' process creates a frozen avocado product that can be defrosted at a later stage.

IQF avocados are later used usually in the same way as one would fresh avocados or can also be used in processed foods, as an ingredient, albeit less often.

According to COLEAD, IQF avocados are particularly important and used in the food services sector i.e. hotels, restaurants as they can also be used, once defrosted, as a fresh ingredient in salads, burgers, guacamole, or smoothies, or in many other dishes.

The target market for IQF avocado pieces is usually retail chain stores in developed economies as well as the tourism and hospitality industry, focusing on the gaps in the market when avocados will be out of season and less available globally.

In terms of the market potential, considering that IQF avocado would be used to replace fresh avocado, the best predictor would be markets with the highest demand for fresh avocado.

According to Trade Map, the USA was the largest importing market of fresh avocados in 2023 and has been dominant as the largest market for at least the last 2 decades.

In the same year, USA imported almost three times more avocados than the Netherlands, which was the 2nd largest importer by value. The Netherlands re-export the bulk of these imports.

According to COLEAD, approximately 97 percent of imports by the Netherlands in 2022 were re-exported across the EU.



5 ZIMBABWEAN FARMERS CAN TAP INTO CHINA FRUIT DEMAND

By Kudakwashe Tirivaviri

AS ZIMBABWEAN farmers look to expand their horizons, the lucrative Chinese market presents huge export opportunities.

In 2023, China emerged as Zimbabwe's third-largest export market, accounting for approximately 23 percent of export destination market, with exports valued at an impressive US\$1,7 billion, according to Trade Map.

This significant figure underscores the potential for fresh produce farmers to grow their businesses and diversify their product offerings to meet the demands of this expansive market.

While Zimbabwe has traditionally exported a range of products to China, including tobacco (US\$670 million), vermiculite (US\$555 million), and iron and steel (US\$240 million), the edible fruit sector remains relatively untapped.

In 2023, Zimbabwe's total exports of edible fruit to China reached US\$9 million, with macadamia nuts accounting for US\$8.5 million, representing 94 percent of all fruit and nuts exports.

The remaining five percent comprised citrus fruits, valued at \$500,000.

Although exports of citrus to China are still low, the huge market presents opportunities for Zimbabwean farmers.

Figures show that China imported US\$16 billion worth of edible fruit in 2023, with major suppliers including Thailand, Chile, Vietnam, and the USA.

The existing trade relations and cultural affinities between these countries and China have contributed to their strong export positions.

The data from Trade Map reveals a significant gap and an opportunity for Zimbabwean farmers to diversify their fruit offerings.

The most imported fresh produce in China includes durians (US\$6,7 billion), cherries (US\$2,6 billion), bananas (US\$1 billion), mangoosteens (US\$730 million), grapes (US\$518 million), and citrus (US\$446 million).

Other top imported fruits include kiwifruit (US\$493 million), longan (US\$454 million), dragon fruit (US\$320 million), plums (US\$280 million), cranberries (US\$260 million), macadamia (US\$222 million).

With Zimbabwe's favourable climatic conditions, there is room for farmers to introduce new products that could appeal to Chinese consumers.

For instance, durians and mangoosteens are tropical fruits that could thrive in Zimbabwe's environment.

Additionally, kiwifruit and dragon fruit have already begun to be cultivated in Matabeleland South, where the sunny conditions are ideal for their growth.

Moreover, traditional fruits such as macadamia nuts, citrus, and bananas present significant opportunities for expansion.

South Africa, the leading African exporter to China, has successfully captured a considerable market share, exporting nuts worth US\$246 million and citrus fruits worth US\$190 million in 2023, according to Trade Map.

This success story shows potential for Zimbabwean farmers to increase their market share in China if they boost production of produce earmarked for the Asian market.

To successfully penetrate the Chinese market, Zimbabwean farmers must navigate a complex landscape of regulations and standards.

First, obtaining market access approval from the General Administration of Customs of the People's Republic of China (GACC) is essential.

This process requires adherence to China's food safety and phytosanitary standards, which include meeting maximum residue limits (MRLs) for pesticides, complying with labelling requirements, and ensuring product traceability.

Already ZimTrade is assisting local companies to register with the General Administration of China Customs (GACC).

GACC is a key border agency of China with responsibilities of traditional customs, as well as border health checks, inspection and quarantine for imported and exported animals, plants, and their products, imported and exported food safety, and commodity inspection.

Manufactures of food products across the world need to be registered with GACC, upon recommendations of a competent authority in the source market, which in the case of Zimbabwe is ZimTrade.

Additionally, farmers must be prepared to provide

a suite of documentation to facilitate exports.

A Phytosanitary Certificate is mandatory, certifying that the produce is free from pests and diseases.

Other essential documents include a Commercial Invoice, which outlines the transaction details, a Packing List specifying the contents and packaging of the shipment, and a Bill of Lading, which serves as a contract between the exporter and the carrier.

Depending on the product, other certificates such as certificates of origin, free sale, or fumigation may also be necessary.

Implementing Good Agricultural Practices (GAP), SMETA and HACCP is crucial for ensuring product safety and consistency.

This includes maintaining high-quality standards throughout the production process, which can significantly enhance the marketability of Zimbabwean produce.

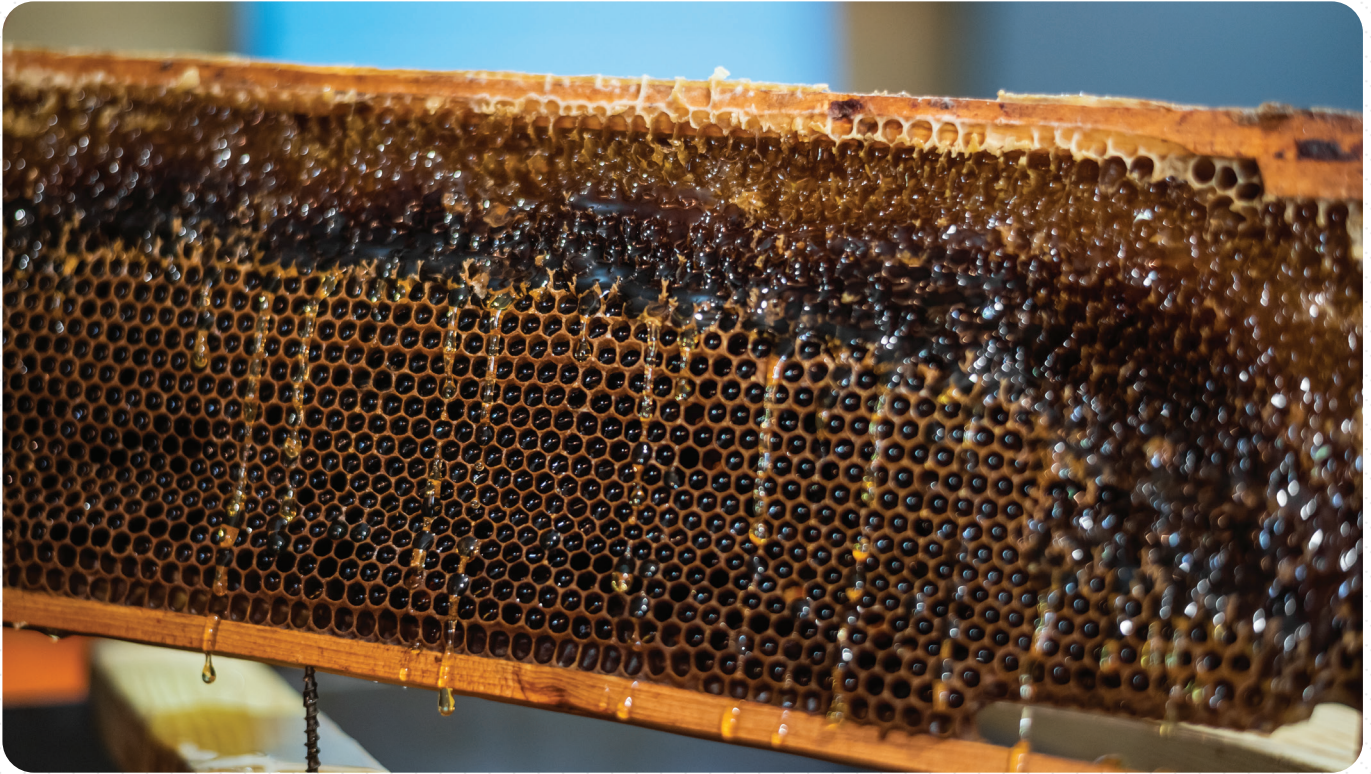
Furthermore, proper packaging is vital to protect the produce during transportation and maintain its freshness.

Establishing a reliable cold chain throughout the shipping process is equally important to preserve product quality, ensuring that the fruits arrive in optimal condition for consumers.

On the domestic front, Zimbabwean farmers must ensure they have completed the necessary export documentation, including the CD1 form, agro dealer certificate, and export permit.

These steps are vital for ensuring smooth customs clearance and compliance with trade procedures.





6

UNLOCKING GLOBAL MARKETS FOR HONEY

By Natalie Fanciko

HONEY PRODUCTION is increasingly becoming a profitable venture for producers worldwide, driven by rising demand for natural and organic products.

For Zimbabwean producers, the honey export market presents an exciting opportunity to tap into global demand.

This article explores the essentials of honey production for export, highlights the unique selling points (USPs) of top-performing honey brands, and provides insights into how Zimbabwean producers can successfully enter and thrive in the international honey trade.

The global honey market has seen steady growth due to consumers' preference for natural sweeteners and health-promoting products. Key importers include the United States, Germany, and Japan, where demand for high-quality honey is robust.

For Zimbabwean producers, this offers a unique opportunity to diversify agricultural exports and leverage the country's rich biodiversity to produce distinctive honey varieties.

To succeed in the international honey market, producers must meet several critical requirements, including quality, certification, and packaging and labelling.

Regarding quality, Zimbabwean honey must meet international quality standards, such as those set by the Codex Alimentarius.

Ensuring low moisture content, appropriate sucrose levels, and the absence of contaminants is essential for market acceptance.

In addition, securing organic certification can significantly enhance the marketability of Zimbabwean honey, particularly in the European Union and the United States. Fair Trade and other ethical certifications can further add value.

Further to this, honey intended for export must be packaged in a way that preserves its quality during transit.

Labels should comply with the regulations of the destination market, including details on nutritional content, country of origin, and certifications.

Compliance with the phytosanitary standards of importing countries is also crucial.

Zimbabwean producers need to adhere to these regulations to avoid barriers to market entry.

■ Strategies for growing exports

Zimbabwe is home to diverse flora, which can produce honey with unique flavor profiles.

By promoting honey derived from specific plants, such as wildflowers or indigenous trees, Zimbabwean producers can create niche products that stand out in the global market.

Emphasizing organic production methods and securing relevant certifications can help Zimbabwean honey appeal to health-conscious consumers in high-value markets.

Additionally, promoting ethical beekeeping practices, such as supporting local communities, can enhance the product's appeal.

Establishing state-of-the-art quality control facilities can ensure that Zimbabwean honey meets international standards.

This includes testing for moisture content, purity, and absence of contaminants.

Developing a strong brand that tells the story of Zimbabwean honey—its origins, production methods, and benefits—can help create an emotional connection with consumers.

Highlighting the role of local communities and the sustainable practices used in production can further strengthen the brand.

Collaborating with international distributors, participating in trade fairs, and leveraging online platforms can help Zimbabwean producers gain access to global markets. Building partnerships with buyers in target markets can also facilitate smoother entry and growth.

Understanding the unique selling points (USPs) of successful honey brands can provide valuable insights for Zimbabwean producers looking to differentiate their products

■ Manuka Honey (New Zealand):

USP: High UMF (Unique Manuka Factor) rating, indicating strong antibacterial properties. This honey is marketed as a premium medicinal product.

There is need to invest in scientific research on health benefits and positioning the honey product as a rare, high-value product.

■ Sidr Honey (Yemen):

USP: Unique flavor and medicinal properties from the ancient Sidr tree. Marketed as a luxury honey.

Focus for the product is on the exotic origins and traditional significance of Sidr honey.

■ Heather Honey (Scotland):

USP: Distinctive flavor with a rich, aromatic profile, valued for its high mineral content.

The product is marketed as a gourmet product, often paired with fine foods, and emphasizing its limited availability.



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ZIM-UAE BUSINESS FORUM HIGHLIGHTS IN PICTURES







8

EMERGING TRENDS IN INTERNATIONAL TRADE

By William Gaviyau (Opinion)

INTERNATIONAL TRADE has been evolving rapidly in recent years, with new trends and challenges emerging all the time.

In 2024 and beyond, it is important to keep up with the latest developments undergoing marked transformation, especially if involved in global commerce or planning to enter new markets.

This is fuelled by the challenging economic and geo-political environment, evolving commerce models, the rise of digitisation, the pivot towards sustainable business practices, and innovative approaches to financing among others.

Below, are some of the most important trends in international trade and their implications for businesses.

■ Sustainability

Sustainability is no longer just a talk and ignore issue.

Regulators, consumers, policymakers and industry bodies are demanding that companies adopt sustainable practices and reduce their carbon footprint.

Failure to do so could result in companies being subjected to even tougher rules on sustainability. Conscious consumerism has been on the rise, with people valuing ethical sourcing, fair trade practices, and environmentally friendly products.

The demand for transparency and sustainability is driving businesses to adopt responsible practices and ensure their supply chains adhere to ethical standards.

The message is, act now, or else you will be required to do so on somebody else's terms!

This trend is reflected in the rise of initiatives such as the United Nations Sustainable Development Goals, which aim to promote sustainable economic growth and social progress around the world.

Additionally, this is not only good for our planet but also presents new opportunities for sustainable entrepreneurs.

For exporters from Zimbabwe and other businesses, sustainability presents huge opportunities.

On the one hand, it requires them to invest in new technologies and practices that can reduce their environmental impact and improve their social performance.

On the other hand, it can also create new market opportunities, as consumers and businesses seek out sustainable products and services.

■ E-commerce driving global trade growth

One of the biggest trends in international trade is the rapid growth of e-commerce, which is trans

forming the way businesses buy and sell goods across borders.

The global e-commerce sales are projected to reach US\$4.9 trillion by 2025, up from US\$3.5 trillion in 2019.

This growth is being driven by factors such as rising consumer demand for online shopping, the increasing availability of internet access and mobile devices, and the expansion of digital payment systems.

The largest players in the market are Alibaba and Amazon among others, with Amazon establishing its presence in South Africa this year. Businesses are leveraging digital tools to streamline operations, enhance efficiency, and foster better customer experiences.

E-commerce allows companies to reach new customers and expand their market share without the need for costly physical infrastructure.

It also requires them to adapt to new digital technologies, such as online marketplaces and payment systems, and to compete with other businesses from around the world.

■ Data privacy and cybersecurity

As companies become more reliant on digital technologies to conduct business across borders, the importance of data privacy and cybersecurity is increasing.

There have been many high-profile data breaches and cyberattacks, which have resulted in the loss of sensitive data and damage to company reputations.

To mitigate the risks of data breaches and cyberattacks, businesses need to invest in cybersecurity measures, such as firewalls, encryption, and employee training.

They also need to comply with data privacy regulations, such as the European Union's General Data Protection Regulation (GDPR), which requires companies to protect the personal data of EU citizens.

For Zimbabwe businesses, this trend requires compliance with the target export market's relevant data protection and privacy regulations to mitigate against the associated risks.

■ Trade in Services

While goods have traditionally dominated international trade, the importance of services is rapidly growing to both respond to domestic supply shortages and export diversification.

Digital services, such as software development, graphic design, and consulting, can now be exported globally effortlessly.

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■ Regional Trading Blocs

The world has witnessed an increase in the formation of regional trading blocs, such as the European Union and the African Continental Free Trade Area.

These agreements foster regional integration, increase market access, and streamline trade processes.

As more countries come together for economic cooperation, the dynamics of international trade are likely to be reshaped.

With this positive economic development, there has been a growing backlash against globalization and free trade, as some countries seek to protect their domestic industries and jobs from foreign competition.

This has led to the imposition of non-tariff barriers, such as restrictive requirements, which can make it harder for businesses to export their products and compete in foreign markets.

To navigate this trend, businesses need to stay informed about the latest trade policies and regulations and develop strategies that can help them mitigate the risks of free trade.

This may involve diversifying their supply chains, investing in new markets, or partnering with local businesses to gain a foothold in foreign markets.

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COMMON MARKET FOR EASTERN AND SOUTHERN AFRICA

9

LOOKING AT THE COMESA-EAC-SADC TRIPARTITE **FREE TRADE AREA**

By Kupakwashe Midzi

A**FTER HOSTING** regional partners throughout the month of August, it may be interesting to understand one of our shared initiatives as a region.

As members of the African Union, there are many initiatives put in place to integrate the continent.

One of these is the Tripartite Free Trade Area, which aims to create a single market for goods and services across a vast swath of Africa, paving the way for greater economic growth and development.

The COMESA-EAC-SADC Tripartite Free Trade Area (TFTA) is a landmark initiative aimed at fostering economic integration and cooperation among three of Africa's major regional economic communities, viz the Common Market for Eastern and Southern Africa (COMESA), the East African Community (EAC), and the Southern African Development Community (SADC).

This project, launched officially in 2015, officially came into effect on July 25, 2024, after reaching the required number of ratifications from member states.

For the agreement to become operational, at least 14 out of the 29 member countries needed to submit their instruments of ratification.

This milestone was achieved when Angola submitted its documents on June 25.

The countries that have ratified the agreement include Angola, Botswana, Burundi, Egypt, Eswatini, Kenya, Lesotho, Malawi, Namibia, Rwanda, South Africa, Uganda, Zambia, and Zimbabwe.

The TFTA spans half of the African Union member states, encompassing a combined population of approximately 600 million people and a GDP exceeding US\$1 trillion.

Both the TFTA and the AfCFTA serve as foundational steps toward establishing the African Economic Community (AEC), which is planned to be in place by 2063.

■ Objectives of the TFTA

The TFTA was established with the goal of enhancing trade and investment flows within the region by reducing tariffs, eliminating non-tariff

barriers, and harmonizing policies and regulations.

This initiative merges three regional economic communities that cover a combined population of over 600 million people and a combined Gross Domestic Product (GDP) of more than \$1 trillion.

Some of the key objectives of the TFTA include market integration, trade facilitation, and economic diversification.

In terms of market integration, the agreements to create a larger and more efficient market that enhances trade opportunities and competitiveness within the continent.

There are also efforts to reducing trade barriers, including tariffs and non-tariff barriers, to make cross-border trade smoother and more cost-effective.

Further to this, the tripartite agreement seeks to encourage member states to diversify their economies and reduce dependence on a limited range of exports.

■ Synergy with the AfCFTA

The TFTA is a crucial component in the broader vision of the African Continental Free Trade Area (AfCFTA), which aims to create a continent-wide single market with 54 member states.

The AfCFTA, operational since January 2021, seeks to boost intra-African trade by reducing tariffs on goods and addressing non-tariff barriers. The TFTA provides a solid regional framework that can facilitate the implementation of the AfCFTA goals.

By addressing regional trade barriers and harmonizing regulations, the TFTA sets a precedent for the broader continental integration efforts under the AfCFTA.

As the TFTA creates a larger regional market, it helps in integrating these markets into the continental framework of the AfCFTA.

This expanded market base supports the AfCFTA aim of creating a unified and expansive trading environment.

The TFTA enhances intra-regional trade within the participating RECs, which in turn supports the AfCFTA objective of increasing intra-African trade by building stronger regional economies.



10 OVERVIEW OF FRESH VEGETABLE AND FRUIT MARKET IN SADC

ZIMBABWE'S EXPORTS have been on upward trajectory in the past few years, with the country surpassing the 2023 target of US\$7 billion well before time.

This growth has been on the back of successful strategic and policy measures implemented by President E.D Mnangagwa's Second Republic in boosting production of export-earmarked products and services, as well as placing Zimbabwean producers at the centre of Africa's and global supply chains.

For example, to boost horticultural exports, the Second Republic is implementing several policy measures and programmes to support agricultural production, with a special focus on rural communities and previously marginalised groups.

One example is the Presidential Rural Horticulture Programme, launched by President Mnangagwa in December 2021 to improve production and productivity efficiencies across the horticulture value chain.

The programme recognises horticulture as an important sub-sector of agriculture, with the potential to contribute to the nation's Gross Domestic Product through exports.

Further to this, the national trade development and promotion agency, ZimTrade, is implementing a cluster programme to integrate rural communities in mainstream export business.

These interventions include incentives for farmers, subsidies for critical inputs, and initiatives to pool resources, share knowledge, and improve their market competitiveness.

This collective approach has been enhancing

production efficiency, ensuring consistent quality, and helping to meet the volume demands of larger markets.

With the ongoing efforts to boost production of horticulture produce, focusing on regional markets will provide an easy landing in export markets by smallholder farmers and rural communities.

Zimbabwe's fertile soils, favourable climate, and advanced farming techniques enable the production of exceptional quality fruits and vegetables year-round.

These natural advantages, combined with the country's central location within the SADC region, facilitate efficient transportation and reduced logistics costs, ensuring fresh produce reaches markets quickly and retains its quality.

■ Trade statistics

For fresh fruits and vegetables, Zimbabwe's exports within SADC continue to increase with destination markets being mainly South Africa, Mozambique, Zambia and Botswana.

South Africa, a key player in the region, has a fruits and vegetables market estimated at US\$ 2.38 billion in 2024, with projections to grow to US\$3,45 billion by 2029.

This growth is partly due to an increase in health consciousness among consumers, driving demand for fresh produce.

South Africa imports fruits and vegetables from the various countries in the SADC region, including Zimbabwe.

Producers who are eyeing the market can utilize existing supply routes to introduce more

produce into the market.

In Botswana, the banana market continues to grow with banana exports quantity from Zimbabwe increasing from three tonnes in 2018 to 472 tonnes in 2022.

There is a bigger market for bananas in Botswana as the country requires a yearly average 9,500 tonnes imports from the world.

Additionally, avocados are in great demand in Botswana with imports from the world increasing from 447 tonnes in 2018 to 755 tonnes in 2022.

Zimbabwe is still establishing its presence in Botswana and efforts are ongoing to connect local producers with leading buyers of fresh fruits and vegetables in Botswana.

Another market to consider is Namibia, only potatoes and lettuce have been exempted from import restrictions, underlining their critical role in Namibia's horticultural landscape.

According to Trade Map, potatoes import from the world by Namibia grew from 22,641 tonnes in 2018 to 27,662 tonnes in 2022.

Thus, potatoes and lettuce producers in Zimbabwe can tap into the Namibia market either through direct export or partnership with Namibia farmers.

Also, in Zambia opportunities for selected Zimbabwe fruits and vegetables do exist. Zambia citrus imports have been increasing from US\$1.5 million recorded in 2020 to US\$3.481 million in 2022.

While bananas import from the world increased from US\$0.103 million in 2018 to US\$1.236 million in 2022.

These opportunities can be tapped by Zimbabwean farmers.

■ Leveraging on non-GMO policy

There is a growing shift across the world towards healthier eating habits, with consumers increasingly prioritizing fresh, organic, and non-GMO produce.

Zimbabwe's non-GMO policy aligns perfectly with these emerging consumer trends, providing a distinct competitive edge in the marketplace.

The Government's commitment to a non-GMO policy is a significant selling point, appealing to health-conscious consumers and markets that value natural food sources.

This policy not only ensures the integrity and safety of Zimbabwean produce but also appeals to a niche market that values purity and natural food sources.

■ Some requirements

The SADC bloc presents a number of opportunities, and local suppliers must consider these requirements as they produce, rather than at the point of selling.

For exports of produce into SADC, there is need to firstly identify a produce easy to produce based on capacity.

Key to supplying these markets is managing pests and diseases, ensuring crop quality, and meeting strict food safety regulations.

Additionally, sustainability is topical, with consumers increasingly looking for products that are grown using eco-friendly methods.

This has led to a rise in practices such as organic farming, integrated pest management, and water conservation.

Fruits and vegetables are perishable by nature which requires a cold chain arrangement to maintain the quality and extend the shelf-life if consumption is not meant immediately after harvest.

However, for fruits and vegetables one should be very careful about the recommended storage temperature and humidity, a deviation from which will have adverse effect on the stored product leading to even loss of the entire commodity.

After production, one must attain necessary registration requirements export permits from Zimbabwe, as well as meet import requirements in the destination market.

Exporters must, register with Agricultural Marketing Authority (AMA), obtain an export permit and phytosanitary certificate from the Ministry of Agriculture, and export documentation is done through their preferred bank.

In the market, partnering with retailers and wholesalers is a viable option to getting produce in front of a larger audience.

This approach can be especially effective if one looking to reach new markets or grow your sales quickly.

However, it can also involve additional costs and may require adjustment to pricing or branding strategy.

When partnering with retailers, it is important to find a good fit for product.

One must consider the types of stores that their target customers frequent, and the marketing strategy required.

Wholesaling can be a good option if one is looking to sell large quantities at once, they should be prepared to negotiate on price and terms.



11 EXPLORING EXPORT OPPORTUNITIES IN SAUDI ARABIA

ZIMBABWEAN PRODUCTS continue to gain recognition across the world, thanks to efforts by President E.D Mnangagwa in laying a strong foundation to local companies to establish a solid footprint in both existing and emerging markets.

Over the past few years, there have been spirited engagement and reengagement efforts by the Second Republic, which has seen the country re-establish ties with Western countries, while simultaneously strengthening relationships with emerging markets in Middle East, Asia, and the rest of Africa.

For example, diplomatic efforts in Saudi Arabia have opened new avenues to trade, providing local companies with diversified export markets.

The opening of the Zimbabwean embassy in Saudi Arabia further enhanced relations between the two countries and is expected to help local businesses to establish and strengthen their presence in the Middle East, fostering economic, political, and cultural ties.

A recent market scan conducted by ZimTrade, the national trade development and export promotion organisation, with support from the Embassy of Zimbabwe in Saudi Arabia and the Ministry of Foreign Affairs and International Trade revealed export opportunities in sectors such as horticulture.

The objective of the market scan was to investigate the dynamics and characteristics of the Saudi Arabian market particularly the economic hub which is Riyadh and identify trade opportunities.

The market scan gave an opportunity to identify specific export opportunities, engage potential buyers of Zimbabwean products, and identify trade events in that market that local businesses can participate in such as the Saudi Food Fair.

■ About the market

With a population of 37 million people, Saudi Arabia's Gross Domestic Product (GDP) was US\$1,07 trillion in 2022, with a per capita GDP of US\$30,447, indicating a relatively high average income level for the population.

The economy is mainly based on oil, and the GDP growth is closely linked to real oil growth.

Saudi Arabia's economy is undergoing a transformation, as it implements reforms to reduce oil dependence, diversify income sources, and enhance competitiveness.

The country is becoming a transport and logistics hub between Asia, Europe and Africa.

Saudi Arabia is an active member of the United Nations (UN), Gulf Cooperation Council, the Arab League, Arab Air Carriers' Organisation, Organi

zation of Islamic Cooperation, Organisation of the Petroleum Exporting Countries (OPEC) and BRICS+.

The country is also a dialogue partner of the Shanghai Cooperation Organisation sources a significant portion of its fruits and vegetables from various countries around the world.

Some of the major import partners for horticultural products include countries like India, Egypt, the United Arab Emirates, Netherlands, and United States.

In terms of trade, Saudi Arabia's imports from Africa have increased by over 150 percent from US\$4,08 billion in 2018 to US\$10,6 billion in 2022.

Egypt and South Africa are the major Africa's suppliers to Saudi Arabia accounting for 3.5 percent and 0.6 percent respectively of Saudi Arabia's total imports.

■ Opportunities

Saudi Arabia, known for its high spenders, presents significant opportunities for Zimbabwean produce, particularly fruits, vegetables, and meat products.

Much of the domestic consumption of horticultural produce, including that in hotels and restaurants, is imported.

According to Trade Map, Saudi Arabia imported horticultural produce worth US\$3,51 billion in 2021, up from US\$2,72 billion in 2017.

Some of the top imported products in 2022, that local farmers can supply include citrus fruits (US\$426 million), berries (US\$234 million), apples, pears and quinces (US\$209 million), and tea (US\$223 million).

Other top imported products in the market were bananas (US\$295 million), nuts (US\$203 million), tomatoes (US\$141 million), onions (US\$156 million), dried leguminous vegetables (US\$190 million), dates, figs, pineapples, avocados, guavas and mangoes (US\$149 million), and grapes (US\$1129 million).

Over the past five years Africa has been providing an average of 30 percent of Saudi Arabia's horticulture requirements and this amounted to US\$1,1 billion in 2022.

Citrus imports from Africa amounted to US\$355 million, coffee amounted to US\$223 million, and cut flowers amounted to US\$82 million.

Zimbabwean farmers and local businesses can exploit low-hanging export options such as oranges, grapes, pears, avocados, potatoes, shelled chickpeas, guavas, mangoes, stone fruits, tomatoes, strawberries, and fresh-cut roses and buds

Further to this, Saudi Arabia presents a growing market for meat and meat products.

The growing demand has been fuelled by a growing population, high incomes, and religious practices.

Cultural and religious practices play a significant role, with strong demand for Halal-certified meat. Additionally, rising incomes and a growing middle class are growing purchasing power, increasing the demand for high-quality meat options.

As lifestyles modernize and dining habits shift towards convenience foods, including meat-based dishes, the market is set to continue its upward trajectory.

To enter this market, meat producers must ensure their products are Halal certified. Certification also applies to processed foods in facilitating market entry.

Another factor to consider when accessing the market is packaging.

Local businesses aiming to enhance their competitiveness should focus on convenient packaging for consumers and compliance with regulatory standards.

Apart from products, there are also opportunities in services, such as education where Zimbabwean educators can benefit from the renewed focus on the sector by Saudi Arabia.

With around a quarter of the national budget allocated to education and training in recent years, Saudi Arabia is committed to substantial investment in this sector.

In terms of doing business in the country, foreign businesses can operate in Saudi Arabia without appointing a commercial agent and are allowed to sell directly to Saudi companies from abroad.

However, appointing an agent or distributor is the most common method for entering the market. These relationships are regulated by the Ministry of Commerce, and companies can have multiple agents regionally. Agency agreements must be approved by the Ministry.

For government contracts, which are primarily handled through local tenders, only Saudi companies typically qualify to bid.

In this context, having a local agent or partner becomes essential.

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