OPENING STATEMENT

BY

HON. DR. SEKAI NZENZA
THE MINISTER OF INDUSTRY AND COMMERCE – ZIMBABWE

AT THE 4TH COMMITTEE MEETING OF MINISTERS OF INDUSTRY

27th MAY 2021
H.E., Secretary General of COMESA;
Honourable Ministers;
Heads of Development Support Partners;
Members of the Media Fraternity;
Distinguished delegates;
Ladies and Gentlemen.

Firstly, I bring you greetings from Harare, the Capital City of the Republic of Zimbabwe. I am delighted that this fourth Meeting of the Ministerial Committee on Industry is now underway on this virtual platform.

We have a comprehensive agenda before us in which we will deliberate key issues in regional integration agenda among them:

- The draft Implementation Strategy for the Domestication of the COMESA Local Content Policy Framework,
- The draft COMESA Framework of Managing Special Economic Zones and Industrial Parks,
- Guidelines of Increasing Industrial Production during and after the COVID-19 Pandemic in an inclusive and sustainable way, and
- Taking stock of what has been achieved in implementing Council Decisions on Industry since the last 3rd Committee Meeting on Industry in June 2019, in Nairobi, Kenya.

Honourable Ministers

Our region, under the Common Market, represents 42.6% of Africa’s population, 36.5% of its surface area, and 27.2% of Africa’s GDP. In
the past five years, the average GDP growth rate has been 4.89%. In 2014, COMESA attracted investment of around $15 billion representing 27.8% of Africa’s total FDI inflows.

According to the African Economic Outlook, real GDP in Africa grew by an average of 3.6% in 2015, higher than the global average growth of 3.1% and more than double that of the European Union. At this growth rate, Africa remained the second fastest growing economy in the world (after emerging Asia), and several African countries were among the world’s fastest growing economies.

Indeed, the United Nations Economic Commission for Africa (UNECA) reports that: “the continent has many growth opportunities and has become a magnet for investment driven by improved governance, better macroeconomic policies, abundant human and natural resources, urbanization and the rise of the middle class, steady population growth, good economic performance, rising FDI, and huge market potential. This resurgence has led to growing recognition of Africa as an emerging market and a potential global growth pole, ready for economic take-off.”

Despite this stated growth potential, poverty, unemployment, low investment levels, and depressed aggregate demand among others, are prevalent in the COMESA region. This is attributed to depressed industrialization in our region. The average manufacturing value added
(MVA) as a percentage of the GDP stood at 10%, according to the 2014 World Bank figures compared with South East Asia at 18%. This indicates that the COMESA region and the African continent as a whole need structural transformation through industrialization.

That explains why industrial development is a critical pillar of the Tripartite Free Trade Area Agreement and the recently launched African Continental Free Trade Area. This pillar is critical in addressing the productive constraints towards the realization of inclusive and sustainable transformation of the region; from low productivity economies that rely on export of unprocessed primary commodities with either little or no value addition to highly competitive economies that produce, and export value added products.

**Honourable Ministers**

Allow me at the very outset to mention that the Government of Zimbabwe fully supports industrialization. This is demonstrated by the recent launch of the National Development Strategy 1 (2021 – 2025) which focuses on structural transformation and moving up the value chains. Implementation of specific strategies to facilitate industrial development are in line with Vision 2030 of transforming Zimbabwe into a prosperous and empowered Upper Middle - Income Society.

Further, implementation of the Zimbabwe National Development Strategy 1 will promote inclusive and sustainable industrialization and
economic growth, full and productive employment, and decent work for all in line with the Sustainable Development Goals.

The investment climate and business environment has improved as shown by the improved inflow of foreign direct investment. However, despite these achievements, there is still more room for improvements that should tackle poverty and joblessness in the economy hence the need urgent need of promoting industrialization.

Zimbabwe`s industrial sector has traditionally been the leading sector in the economy in terms of contribution to GDP, formal employment, and foreign exchange earnings through exports. In the past two decades, however, several challenges have resulted in the country experiencing massive de-industrialization which left the economy highly dependent on imports hence the need to resuscitate domestic production.

**Honourable Ministers**

**Ladies and gentlemen**

In response to the de-industrialisation, the Government of Zimbabwe has developed the Local Content Strategy (Towards Investment, Innovation and Export - Led Industrialization). This Strategy aims at the value addition of locally available raw materials and fostering business linkages in growth sectors as well as promoting linkages between MSMEs and large enterprises, both local and/or foreign. The
Government will use this strategy to ensure that the benefits that Zimbabwe seeks to achieve from FDI, with regards to improved technology and managerial skills, are integrated into the domestic market and distribution networks.

We want to ensure linkages between local and foreign enterprises to enhance the competitiveness of local firms and therefore spur the much-needed industrialization and diversification. This strategy serves as a framework for integrating the use of local primary resources and locally manufactured goods and services, employment of locals and participation of local service providers in production processes.

Furthermore, it will serve as a framework for strengthening institutional capacity and streamline measures so that investors are not unduly burdened with the requirements for local content. The successful implementation of this strategy, however, largely depends on collaborating efforts by Government, the private sector and development partners.

**Honourable Ministers**

**Ladies and gentlemen**

So far, the governments of Zambia and Zimbabwe have signed a Memorandum of Understanding to form a Joint Industrialization Cooperation Programme which will facilitate deeper collaboration by setting up joint ventures. These will utilize complementarities of
national resources, value-addition skills, technology and marketing, among other capabilities. Priority sectors include agriculture and agro-processing, mining and mineral beneficiation, petrochemicals, fertilizers and pharmaceuticals, capital goods industries, textiles, forest and timber-based industries, building materials and knowledge economy, among others.

The two countries can develop and facilitate regional value chains based on their comparative advantages. Copper for example, could be smelted in Mhangura in Zimbabwe and cotton from Zimbabwe be ginned at Mulungushi Textiles in Kabwe, Zambia. Such intra-regional trade could justify infrastructure projects such as the Lion’s Den to Kafue railway, right up to the Beira Corridor. The intention is to establish common agro-industrial parks based on comparative advantage. Such an initiative requires a harmonized framework of managing Special Economic Zones and Industrial Parks at regional level.

**Honourable Ministers**

**Ladies and Gentlemen**

I conclude by restating that the above requires political will and commitment among the Member States, support from the COMESA Secretariat and related institutions and assistance of cooperating partners. This will enable the region to meet the needs and requirements
for an inclusive and sustainable development with the strong private sector participation in the implementation phase.

I thank you for your attention.

God Bless You All.