



STATEMENT BY THE SOUTHERN AFRICAN DEVELOPMENT COMMUNITY CALLING FOR THE IMMEDIATE REMOVAL OF SANCTIONS IMPOSED ON THE REPUBLIC OF ZIMBABWE

On this day, 25th October 2019, the Southern African Development Community (SADC) reiterates its call for the removal of all forms of sanctions imposed on Zimbabwe to pave way for socio-economic transformation and economic development of Zimbabwe. The removal of sanctions will benefit Zimbabweans and the SADC Region, as well as, enhance cooperation of SADC with the European Union (EU) and the United States of America (USA).

INTRODUCTION

1. The SADC Region is deeply concerned about the prevailing sanctions imposed by the EU and the USA on the Republic of Zimbabwe, and is mindful of the impact of these sanctions.
2. The sanctions have proved to be directly affecting entities beyond the so-called targeted individuals, and have a negative impact on the credibility of Zimbabwe and serious trickle-down effects on the economy and people of Zimbabwe, and by extension, the SADC Region.
3. In recognizing the socio-economic impact of the sanctions on Zimbabwe, the 39th SADC Summit of Heads of State and Government held in Dar es Salaam, United Republic of Tanzania expressed solidarity with Zimbabwe, and called for the immediate lifting of the sanctions to facilitate socio-economic recovery in the country.

NATURE OF SANCTIONS

4. The EU sanctions on Zimbabwe comprise of an arms embargo, as well as an asset freeze and travel ban on targeted people and entities;
5. The nature of USA Sanctions on Zimbabwe are in two key instruments namely:
 - (i) The Zimbabwe Democracy and Economic Recovery Act (ZIDERA), and
 - (ii) The “targeted sanctions program”, which comprises a list of individuals and entities, and specifically instructs US nationals not to do business with these designated entities or their affiliated entities. The current list as of October 2019 includes, 13 state owned enterprises; 13 so called “other” enterprises; 25 farms; 3 Zanu-PF owned Enterprises; and about 100 individuals; <http://www.treasury.gov/resource-center/sanctions/Programs/Pages/zimb.aspx> (as at 20th October 2019).

IMPACT OF SANCTIONS ON ZIMBABWE'S ECONOMY

6. The State owned enterprises traditionally contribute significantly to SADC economies including that of Zimbabwe, and that at the peak of the Zimbabwean economy, state owned enterprises contributed close to 40 percent of the Zimbabwean economy, and as at now, is estimated to contribute about 14 percent of Zimbabwe's GDP, making these entities a key part of the economy. The prevailing sanctions on Zimbabwe, including the unlawful restrictions on multilateral financing and business dealings with US companies, have negatively impacted on the strategic economic sectors of Zimbabwe and presents barriers to innovation, investment and growth.
7. Sanctions on these entities directly impact on employment and income generation opportunities, and thus the livelihoods of the ordinary Zimbabweans. The imposition of sanctions therefore, have had significant spill over effects on a number of sectors that have had serious ramifications on the growth and development, and therefore on the livelihoods and social well-being of ordinary Zimbabwean citizens as follows:
 - Since 2001, International Financing Institutions (IFIs) such as the World Bank, International Monetary Fund and the African Development Bank are barred from extending financial support to Zimbabwe and have instituted a number of suspensions on balance of payments and technical assistance support, including declaring Zimbabwe as ineligible to access fund resources. Despite the accumulation of arrears on the part of Zimbabwe, the IFIs have deliberately avoided to enrol Zimbabwe on special recovery programmes (like other countries in similar circumstances). The suspension of multilateral financing support is more linked to sanctions than failure by Zimbabwe to honour loan servicing obligations.
 - Beyond multilateral financing, the sanctions over the years have extended to the **strategic economic sectors** of Zimbabwe, as follows:
 - **Agriculture Sector:** The Agricultural Bank of Zimbabwe, an entity entrusted with providing financing for smallholder farmers was put under sanctions until February 2016. This development, coupled with the lack of external financing support, and the lack of foreign direct investment have negatively impacted on expansion programmes and investment in agriculture, hence the deterioration in production capacity.
 - **Mining Sector:** Two strategic entities in the Mining Sector, the Minerals Marketing Cooperation of Zimbabwe (MMCZ) and the Zimbabwe Mining Development Corporation (ZMDC) were sanctioned in 2008 and 2012, respectively.

The sanctioning of these entities, particularly the MMCZ (Institutions that are mandated to solicit markets and administer mineral sales proceeds), has resulted in constrained financing for mining operations, loss of revenue, and reduced ability to access new markets.

- **Industry and Manufacturing Sector:** The cancellation of business ties with US-based and US linked firms and companies has negatively impacted the Industry and Manufacturing Sector, as the sourcing of industrial technologies and supplies was disrupted, including loss of supply and market contracts in the international markets. These developments have also affected, and continue to affect the performance of the extractive sectors (agriculture and mining) and the competitiveness of the industry sector.
- **Infrastructure investments:** Sanctions on the Infrastructure Bank of Zimbabwe, an entity mandated to provide long and medium-term funding for key infrastructure projects in the transportation, housing, energy, ICT, and water and sanitation sectors, has resulted in the loss of credit lines worth \$100 million and equity partnerships. This has affected targeted infrastructure investments in the related sectors, especially capital intensive ones.
- **Aviation industry and the tourism sector:** As a result of sanctions, most European Airlines have left the Zimbabwean aviation industry since 2003, affecting not only the aviation industry, but also the tourism sector. The tourism sector is further constrained by the stringent Visa requirements for Zimbabwean nationals, bad publicity and negative travel advices given to tourists as part of the calculated sanctions against Zimbabwe.
- **Barriers to innovation, growth, profitability and investment.** It is evident that the strategic sectors of the Zimbabwean economy are constrained by the imposition of the sanctions (targeted or not targeted) as they are a barrier to innovation, growth, profitability and investment. Sustained sanctions will imply continued lack of access to multilateral financing and therefore no prospects for economic resuscitation. Instead, the economy will continue to grapple with public debt, inflation, unemployment, low FDI stock and limited supply of goods and services, with negative and devastating impacts on the lives of ordinary Zimbabweans.

REGIONAL IMPACT OF SANCTIONS IMPOSED ON ZIMBABWE

8. The impact of the sanctions at the regional level include:

- The implosion of the Zimbabwean economy has added a burden to the social services of neighbouring countries due to mass emigration.

- The lack of financial support for infrastructure development has led to the delapidation of critical rail and road networks in Zimbabwe, which were traditionally utilised by neighbouring countries as transit networks in support of regional trade.
- Regional economic integration targets such as SADC macroeconomic convergence have been retarded as Zimbabwe has failed to meet some of its targets owing to the adverse effects of the sanctions.
- Sanctions have reduced Zimbabwe's capacity to take part in regional programmes that are supported by International Cooperating Partners, thus impacting negatively on SADC development and integration agenda.
- Sanctions have resulted in the under-performance of the agriculture sector, as a result of, among others, continued lack of financing for agricultural technologies thereby posing threats to regional food and nutrition security as Zimbabwe was once considered a bread basket of the region.

SADC CALLS FOR IMMEDIATE REMOVAL OF SANCTIONS ON ZIMBABWE

9. Regardless of the terms used to define the sanctions, international finance and investment entities take a pre-cautionary approach, and inadvertently restrict the extension of financial support to Zimbabwe, and investment across economic sectors. This is contrary to the argument that the sanctions are targeted at individuals, and do not affect ordinary Zimbabweans and the region. This situation negatively affects the prospects for economic recovery.
10. SADC therefore, calls upon the European Union, the United States of America, Multilateral Organizations, and International Community to recognise that sanctions on Zimbabwe have far-reaching social, economic and financial implications, which not only affect Zimbabwe's economy and Zimbabweans, but also affect the region at large.
11. Once again, SADC reiterates its call for the immediate removal of all forms of sanctions on Zimbabwe to pave way for socio-economic transformation and economic development of Zimbabwe. The removal of sanctions will benefit Zimbabweans and the SADC Region, as well as, enhance cooperation of SADC with the EU and the USA.



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25th October 2019, Gaborone, Botswana