

**Leveraging Regional and Continental Trade agreements: Unlocking growth for Zimbabwe’s Manufacturing Sector.**

1. **Introduction**

Zimbabwe’s manufacturing sector has faced decades of structural decline, marked by dwindling investment, outdated equipment, rising production costs and shrinking export markets. Once a powerhouse in Southern Africa, the sector now contributes less than 12% to GDP and operates far below capacity. Regional and continental trade agreements such as the **Southern African Development Community (SADC)**,the **Common Market for Eastern and Southern Africa (COMESA)** and the **African Continental Free Trade Area (AfCFTA)** offer a potential platform to revive domestic industry. These frameworks go beyond trade as they are instruments for driving broad-based economic transformation.

1. **Trade Agreements as Catalysts for Industrial Growth**

Trade agreements are designed to **expand market access**, streamline customs processes, facilitate **regional supply chains** and attract investment. For Zimbabwe, they offer a timely opportunity to scale up industrial production, diversify exports, enhance competitiveness through retooling and innovation, access new sources of foreign exchange. To exploit these benefits, Zimbabwe’s manufacturing sector must align its strategies with the opportunities these trade regimes present.

1. **Benefits of Trade Agreements**

**3.1 Expanding Market Access**

Through SADC and COMESA, Zimbabwean producers already enjoy preferential access to a regional market of over 400 million consumers. The African Continental Free Trade Area (AfCFTA) significantly expands this reach, opening up trade opportunities across the continent with a combined population of 1.3 billion people and a GDP exceeding US$3.4 trillion. This vast and growing market presents unprecedented potential for Zimbabwean-manufactured products such as processed maize, cooking oil, detergents, soaps, textiles, footwear, furniture and steel products. Reduced tariffs, harmonised standards and simplified border procedures under these agreements enhance competitiveness of firms by lowering trade costs and improving market entry. By tapping into these markets, Zimbabwean manufacturers can scale up production beyond limitations of the small domestic economy. This allows firms to diversify revenue streams, increase capacity utilisation, achieve economies of scale and generate critical foreign exchange. More importantly, export growth can trigger broader industrial upgrading, incentivise investment in modern production technologies and support employment creation thereby contributing meaningfully to national economic recovery.

* 1. **Rebuilding Regional Value Chains and Promoting Industrial Clustering**

Regional integration provides a strategic opportunity for Zimbabwe to rebuild and strengthen fragmented supply chains. By fostering deeper linkages with producers, suppliers and distributors across Africa, Zimbabwe can reduce its dependence on distant and often volatile global supply networks. This shift is crucial for improving the reliability of inputs supply, lowering production costs and ensuring more predictable market access.

A key strategy in this process is the promotion of industrial clustering which refers to the geographic concentration of interconnected businesses, service providers and support institutions within particular sectors. Industrial clustering enhances competitiveness in several important ways. Clustering encourages specialization by allowing firms to focus on their core competencies while relying on nearby partners for complementary inputs and services, which enhances efficiency and product quality. It also enables sharing of infrastructure and services, such as transport networks, energy supply, warehousing and training facilities, lowering overhead costs and achieve economies of scale. Further, the close proximity fosters knowledge spillovers and innovation as companies and institutions interact, exchange ideas and collaborate on product development, quality improvements and technology adoption, allowing firms to respond more effectively to evolving market demands.

* 1. **Attracting Investment and Facilitating Technology Transfer**

The AfCFTA makes Zimbabwe more attractive to investors seeking regional manufacturing hubs. Its location, along the North-South Corridor, positions it as a gateway to regional and continental markets. Key investment opportunities lie in agro-processing, pharmaceuticals, renewable energy, furniture, textiles, steel and light manufacturing. Increased trade and market certainty will draw foreign direct investment (FDI), facilitate technology transfer and create jobs, especially in value-added sectors.

**3.4 Fostering Industrial Efficiencies**

Regional and continental trade introduces competition, a catalyst for growth. To survive and thrive in this environment, Zimbabwean firms have to improve product quality, adopt international production and packaging standards, invest in research and development, and streamline operations to enhance efficiency. By embracing these changes, local industries can leapfrog legacy inefficiencies and align with modern industrial practices, positioning themselves more competitively in regional and continental markets.

**3.5 Building Resilience Through Integration**

Recent global crisis such as COVID-19 and ongoing geopolitical disruptions, have exposed the risks of relying solely on distant global supply chains. By deepening trade with its African neighbours, Zimbabwe can secure inputs more reliably, shorten transport times, lower logistics costs and reduce its vulnerability to external shocks. The AfCFTA is driving a shift in Africa’s trade focus from raw material exports to intra-African, value-added production. Zimbabwe is well-positioned to play a leading role in this transformation given its diverse resources.

1. **Alignment with National Development Priorities**

The SADC, COMESA and AfCFTA trade agreements align seamlessly with Zimbabwe’s Industrial Development Policy, National Trade Policy and National Development Strategy 1, which prioritize import substitution, value addition and industrial recovery. Regional integration is not a detour from these national priorities, it is a strategic vehicle for achieving Vision 2030, which aspires to transform Zimbabwe into an upper-middle-income economy anchored by a strong and competitive industrial base.

1. **Essential Enablers for Success**

To fully leverage regional and continental trade frameworks, Zimbabwe must take concrete steps to create an enabling environment for manufacturing. Key actions include:

* **Improving the ease of doing business** by ensuring predictable and transparent approval processes, reducing licensing fees and digitizing regulatory compliance.
* **Reducing input and utility costs**, such as electricity, fuel, water and logistics to enhance price competitiveness.
* **Retooling and modernizing industry** through improved access to capital for machinery upgrades and automation.
* **Eliminating non-tariff barriers** by removing bureaucratic bottlenecks and harmonizing standards across borders.
* **Streamlining border processes** by digitizing customs clearance systems and enhancing the operational capacity of border agencies.
* **Investing in trade infrastructure**, particularly upgrading road and rail networks that link production zones to regional corridors and export markets.
* **Ensuring energy reliability** by providing affordable, consistent and uninterrupted power supply to support industrial activity.
* **Supporting small and medium-sized enterprises (SMEs)** to meet export requirements, adopt quality standards and participate in regional value chains.
* **Engaging actively in trade negotiations**, with the government championing local industry interests in all regional and continental trade platforms.

These measures are essential for transforming Zimbabwe’s manufacturing sector into a competitive, export-oriented engine of economic growth.

1. **Conclusion**

Zimbabwe stands at a critical turning point in its economic journey, where the convergence of regional and continental trade agreements presents a transformative opportunity to reorient its economy towards resilience and competitiveness. Trade agreements offer more than preferential access, they represent a blueprint for industrial recovery and a pathway to sustainable, inclusive growth. With coordinated action by government, industry and development partners, Zimbabwe can reclaim its position as a leading manufacturer in Africa.

For any further clarification please contact the undersigned.

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