



MAIN STORIES

Currency Debate

Relations with South Africa

HIGHLIGHTS

- President Emmerson Mnangagwa has issued a stern warning to rivals within the ruling Zanu-PF not to sabotage the party as he fears he will be challenged by his deputy Constantino Chiwenga at the party's congress in December 2022. The Chiwenga camp, based on security reports, is reportedly predicting a Zanu-PF loss under Mnangagwa.
- According to the 2021 Country Reports on Human Rights Practices, published by the United States (US) Department of State on 12 April 2022, significant human rights issues included unlawful or arbitrary killings of civilians by security forces; and torture and cases of cruel, inhuman, or degrading treatment.
- Shareholders challenging the Tongaat takeover by the controversial Rudland family have temporarily blocked the transaction while allegations of improper conduct are investigated. One issue is whether Simon Rudland or his proxies have a stake in the company behind the takeover, Magister Investments.
- Mnangagwa said in May that the government would soon introduce measures to halt the rapid devaluation of the local currency. The move would include measures to increase confidence in the local unit, Mnangagwa said, adding that de-dollarisation will be managed carefully to avert disruptions.
- Mnangagwa said that Western powers met their match in Russian President Vladimir Putin, who is demanding payment for gas and oil in rubles, adding that Zimbabwe will ask any investor that comes to the country to use the Zimbabwean dollar.

ZIMBABWE



- Mnangagwa accused businesses of sabotaging the government despite publicly professing support for his economic policies. Mnangagwa said banks and companies involved in “local currency manipulation and unjustifiable increases” in the prices of goods and services could lose their operating licenses.
- The World Bank April 2022 Macro Poverty Outlook states that GDP growth is estimated to have rebounded to 5.8% in 2021. GDP is projected to grow by 3.7% in 2022.
- The International Monetary Fund (IMF) said in its April 2022 World Economic Outlook (WEO) that the economy would grow by 3.5% in 2022.
- The Monetary Policy Committee (MPC) of the Reserve Bank of Zimbabwe (RBZ) revised upwards the bank policy rate from 60% to 80% per annum.
- The annual inflation rate climbed to 96.4% in April 2022, from 72.7% in March.
- Police officers and nurses are reportedly seething after the government ignored them when it awarded the military a 37% wage hike.
- According to the Fraser Institute’s Annual Survey of Mining Companies 2021, published on 12 April 2022, Zimbabwe is placed in 84th position out of 84 (1=best; 84=worst) countries and jurisdictions on the Investment Attractiveness Index (IAI).
- Zimbabwe’s mining industry sees a funding shortfall of \$10 billion over the next five years, a challenge compounded by erratic power supplies and exchange-rate volatility, according to the country’s Chamber of Mines.
- Trafigura Group and Zimbabwe’s government discussed a deal that would give the commodities trader control over output from some of the nation’s biggest mines as repayment for debts. Under the agreement, Trafigura will be paid \$225.6 million by nickel- and gold-mining subsidiaries of state-run Kuvimba Mining House Ltd. for fuel bills Zimbabwe owes Trafigura on contracts dating back to 2016.



ZIMBABWE



- South African cabinet ministers condemned a statement issued by Zanu-PF's South Africa District criticising the government for its alleged failure to combat the killing of foreign nationals.
- The Zimbabwe Anti-Sanctions Movement (ZASM), which sued the US government in the Gauteng High Court in an effort to have sanctions declared unlawful in South Africa, looks like it has found an ally in the ANC. Advocate Simba Chitando, who is representing the ZASM said that the provincial executive committee ANC member in Limpopo, Bishop Azwihangwi Maumela, told him that the ANC "opposes unlawful sanctions against Zimbabwe" and is considering joining the court proceedings as a friend of the court.
- Zimbabwe was among the 24 countries that voted against a United Nations General Assembly Resolution to suspend Russia from the Human Rights Council.
- The Russia and Ukraine conflict, which has spawned a surge in global food prices and disruption of world markets and supply chains, has been a wake-up call for Zimbabwe on the need to ensure food security, according to Mnangagwa. Against the North Atlantic Treaty Organisation (NATO's) "provocative eastward expansion in Europe and the Russian Federation's robust response to that threat of encirclement by NATO," a new situation has arisen which requires that Zimbabwe re-maps the world with a view to securing its interests, he added.
- Commonwealth minister of state, Zac Goldsmith, told the British parliament that Zimbabwe was not yet at a level where it could be readmitted into the Commonwealth.
- The United States (US) embassy criticised the Zimbabwe Electoral Commission (Zec) over how it handled the March 26 by-elections.



ZIMBABWE



FINANCIAL SECTOR

- On 1 May, Persistence Gwanyanya, a member of the Reserve Bank of Zimbabwe (RBZ) Monetary Policy Committee (MPC), said that Mnangagwa’s administration might announce plans as early as the first week in May for government departments to show “high preference” for the Zimbabwe dollar in the payment of services.
- The Confederation of Zimbabwe Industries (CZI) accused the RBZ of failing to implement the tenants of the Dutch auction system to ensure its smooth operation and establish a true price discovery for the local currency. In its response, the RBZ accused CZI of basing its paper on unsubstantiated claims that the country was already in mono-currency system saying these claims gave a negative impression of the market and have the potential of destabilising financial markets.
- Zimbabwe is to experiment with a liberalised foreign currency exchange rate after allowing corporates and individuals holding US dollars in their accounts to sell the hard currency to banks on a willing seller and willing buyer basis.
- The IMF said that financial system fragility had increased due to the economic downturn and high inflation.
- Standard Chartered announced on 14 April that it will leave Zimbabwe. Zimbabwe Banks and Allied Workers Union assistant secretary-general Shepherd Ngandu said the exit showed lack of faith in Zimbabwe.
- On 7 April, Econet Wireless Zimbabwe introduced “Smart US Dollar Bundles,” allowing consumers to purchase airtime, broadband, and SMS goods in US dollars.

