1. INTERNATIONAL COMMODITY PRICE DEVELOPMENTS

1.1 Precious Metals

On a year on year basis the prices of precious metals registered gains in the month of July 2014. The average gold price increased by 1.83 percent from USD1,287 per ounce in July 2013 to reach USD1,310.8 in July 2014, while the platinum price firmed up by 5.36 percent from USD1,399 to USD1,474 per ounce over the same period (Figure 1).

The strengthening of the gold price in July 2014 was underpinned by positive employments reports reflecting signs of economic progress in the United States (US) released during the month. Unemployment rate declined to 6.1 percent in June 2014 from 6.3 percent in the previous month and an increase of 288,000 non-farm payroll jobs in June. Furthermore, gold price was supported by the minutes of the Federal Open Market Committee (FOMC) released during the month which revealed that current interest rates will be maintained as long as inflation level is below the Federal Reserve target of 2 percent. In the second quarter of 2014, China’s gross domestic product (GDP) grew by 7.5 per cent from 7.4 per cent in the first quarter, which also helped to strengthen the gold price, as the country is the leading importer of gold. The average gold price increased by 2.5 per cent from USD1,278 per ounce in June 2014 on a month on month basis. However, the appreciation of the USD against major currencies undermined the gold price from further increases.

Figure 1: Monthly Average Prices of Gold and Platinum, July 2013 - July 2014

Source: Bloomberg and Reuters
The platinum price continued to strengthen in the month of July by 1.5 percent supported by the rise in the number of auto sales in Europe and the US. The European car sales increased by 4 percent in June as a result of new product launches and retail incentives, while in the US car sales increased by 1.2 percent in the same month. Platinum is used as a key component in catalytic converters in auto manufacturing. The improving economic activity in China, which was reflected by the rise in the Purchasing Manager’s Index from 49.4 percent in May to 50.7 percent in June 2014, also supported the increase in platinum price.

### 1.2 Brent crude oil

On a year-on-year basis, the average Brent crude oil price increased by 1.05 percent from USD107.14 in July 2013 to USD108.27 per barrel in July 2014. On a month on month, however, the Brent crude oil price declined by 3.13 percent from an average of USD111.77 per barrel in June 2014 (Figure 2). The decline in Brent crude during the month was driven by ample supplies in the market, amid low refining margins in the European and Asian refineries. The easing concerns about supply disruptions in Iraq and Ukraine also added pressure on the Brent Crude oil price.

**Figure 2: Brent Crude Oil Prices, July 2013 – July 2014 (monthly average)**

![Brent Crude Oil Prices](image)

**Source:** Bloomberg and Reuters

### 1.3 Wheat and Maize

The wheat price continued to be suppressed in July 2014, owing to increased pressure from expectations of huge global supplies. The price declined from USD314 per tonne on 1 July, 2014 to USD288 at the end of the month (Figure 3). Winter wheat harvests in Russia and Ukraine were much better than anticipated adding pressure to the slump in wheat price.

**Figure 3: Daily Maize and Wheat Export Prices, April –July 2014**

![Wheat and Maize Export Prices](image)

**Source:** International Grain Council
The maize price nearly reached its lowest level in July 2014 in four years. The maize price declined from USD203 per tonne on July 1, to a low of USD187 by mid-month before improving to close the month at USD196 per tonne. Maize price suffered from expectations of ample supplies for the 2014/15 season as a result of the favourable conditions developing in the northern hemisphere, especially in the US.

2. **MACROECONOMIC DEVELOPMENTS**

2.1 Agricultural Sector Developments

**Tobacco Sales for 2014**

As at 31 July 2014, as much as 214 million kg of tobacco had been traded for USD 678 million at USD3.17/kg as compared to 163 million kg that had been traded for USD603 million at USD3.69/kg during the same time in 2013. Figure 4 shows the distribution of farmers who had delivered tobacco to the market by 25 July 2014, where communal farmers topped the list, followed by A1 farmers. It further shows that all the categories of the farmers were active in both auctioned and contracted markets although the latter dominated by 56.3 percent. Farmers, particularly communal need to be adequately funded and equipped in order to increase their productivity.

**Figure 4: Number of growers who delivered tobacco in 2014 marketing season**

The number of farmers who registered for the 2014 season had reached 106,456 compared to the 91,278 registered in 2013. This shows that more and more farmers continue to be attracted into tobacco farming.

**Cotton**

According to the Agriculture Marketing Authority, the total seed cotton seasonal sales stood at 93 million kg as at 25 July 2014 compared to 114 million, kg sold same time last year. In the current season, buyers offered prices ranging between USD0.50 – USD0.70/kg. This is in comparison to USD0.45 – USD 0.58/kg offered during the same period last year.

Government gazettes minimum Grain Producer Price Regulations

The government, through the Statutory Instrument 122 of 2014, gazetted regulations on the minimum prices for grain crops such as maize, sorghum, pearl millet (mhunga), finger millet (rapoko) and wheat. The regulations state that at the beginning of the marketing season, the Minister of Agriculture may announce, through a government gazette or national media, the minimum prices for grain. Further, the regulations state that buyers are to pay producer prices not less than the minimum prices announced. Buyers shall buy the grain from the producers, or use designated buying points which shall be the Grain Marketing Board (GMB) Depots.
for GMB purchases or at contractor’s premises in the case of contracted farmers. The Board can, in addition, propose more buying points to registered buyers at the beginning of each season. Buyers who would pay prices below the set prices or found buying grain at undesignated points shall be guilty of an offence that is liable to a fine. A sound monitoring mechanism and timely payments to farmers, particularly by GMB, will minimise commission of offenses by traders. In addition, it will ensure that farmers are not reaped off, thereby making farming a more viable business to them as well as guaranteeing a food security.

2.2 Mining Sector Developments

Gold Deliveries

On a year on year basis, total gold deliveries increased by 4.98 percent from 1189.28 kg in July 2013 to 1248.50 kg in July 2014 (Figure 5). Deliveries by primary producers decreased by 3.22 percent from 934.06 kg in July 2013 to 904 kg in July 2014, while deliveries by small-scale producers increased by 34.98 percent from 255.22 kg in July 2013 to 344.50 kg in July 2014.

On a month-on-month basis, total gold deliveries increased by 22.46 percent from 1019.48 kg in June 2014 to 1248.50 kg in July 2014. Deliveries by primary producers increased by 15.89 percent from 780.08 kg in June 2014 to 904 kg in July 2014, while deliveries by small-scale producers increased by 43.90 percent from 239.40 kg in June 2014 to 344.40 kg in July 2014.

Other Mining Developments

The African Consolidated Resources (AFCR) reported that New Dawn Mining subsidiary; Falcon Gold Zimbabwe’s shareholders approved the sale of Dalny mine and its associated infrastructure to AFCR. Dalny mine was shut down in August 2013 owing to a substantial fall in the international gold price and operational problems associated with delays in the implementation of the indigenisation policy. The mine employed approximately 900 workers at the time of its closure, so the acquisition would be a positive development to the employees who had been laid off as a result of the closure of the mine.

Meanwhile, Zimplats, the country’s leading platinum producer increased its ore mined for the second quarter to June 2014 by 10 percent to 1.54 million tonnes from 1.41 million tonnes in the first quarter to March 2014. This was mainly due to the production ramp-up at Mupfuti Mine and improved productivity at the other mines. Compared to the same period in 2013, ore mined increased by 26 percent from 1.23 million tonnes for the second quarter to June 2013 to 1.54 million tons for the second quarter to June 2014. However, there was a major underground collapse recorded at Bimha mine in the second quarter of 2014 which impacted 50 percent of the current mining area. As a result, normal operations were suspended, with
production from Bimha Mine being downscaled by 50 percent equating to 45,000 ounces of platinum in matte production.

2.3 Inflation Developments

Year-on-year inflation rate for the month of July 2014 stood at 0.31 percent, an increase of 0.39 percentage points from the June 2014 rate of -0.08 percent (Figure 6). The annual food & non-alcoholic beverages inflation stood at -2.88 percent while non-food inflation rate stood at 1.91 percent, respectively. The factors underpinning the increase in annual inflation in July 2014 were increases in the following categories: Restaurants & Hotels (1.82 percent), Alcoholic beverages & Tobacco (1.74 percent), and Health (0.79 percent). On the other hand, price decreases were noted in the following categories; Food & Non-alcoholic beverages (-2.88 percent), Furniture & Equipment (-2.36 percent), and Miscellaneous Goods & Services (-1.99 percent). The outlook for the year-on-year inflation is expected to remain above the zero percentage point mark and remain within the single digit band, buoyed by improvements in aggregate demand and a firming South African rand against the USD.

Figure 6: Inflation Developments in June 2014

On a month- on-month comparison, the monthly inflation rate for July 2014 stood at 0.01 percent gaining 0.04 percentage points from -0.03 percent in June 2014 (Figure 6). Monthly Food and Non-Alcoholic Beverages inflation registered -0.46 percent, while month-on-month non-food inflation stood at 0.24 percent. The increase in monthly inflation rate was underpinned by the increase in the price of the following items; Restaurants & Hotels (0.84 percent), Housing, Water, Electricity, Gas & Other Fuels (0.30 percent), Clothing & Footwear (0.12 percent) and Health (0.11 percent). Despite these increases, price decreases were noted in the following categories; Food & Non-alcoholic Beverages (-0.46 percent), Miscellaneous Goods & Services (-0.37 percent), Communication (-0.13 percent), Alcoholic Beverages & Tobacco (-0.11 percent) and Transport (-0.11 percent).

2.4 Interest Rate Developments

Commercial bank weighted average lending rates for individuals increased from 14.29 percent in June 2013 to 14.44 percent in June 2014. However, commercial bank weighted average lending rates for corporates softened from 9.46 percent to 9.33 percent during the same period. On the other hand, merchant bank weighted average lending rates for individuals and corporates tightened from 17.78 percent and 16.89 percent in June 2013 to 19.00 percent and 18.00 percent in June 2014, respectively (Table 1).
### Table 1: Interest Rate Levels (Annual Percentages), June 2013 - June 2014

<table>
<thead>
<tr>
<th>End period</th>
<th>Commercial bank’s lending rates</th>
<th>Merchant banks’ lending rates</th>
<th>3-Month deposit rate</th>
<th>Savings deposit rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Nominal rate</td>
<td>Weighted average</td>
<td>Nominal rate</td>
<td>Weighted average</td>
</tr>
<tr>
<td></td>
<td>Individuals</td>
<td>Corporates</td>
<td>Individuals</td>
<td>Corporates</td>
</tr>
<tr>
<td>Jun-13</td>
<td>9.00-35.00</td>
<td>14.29</td>
<td>9.46</td>
<td>15.00-22.50</td>
</tr>
<tr>
<td>Jul-13</td>
<td>6.00-35.00</td>
<td>14.39</td>
<td>9.65</td>
<td>15.00-28.00</td>
</tr>
<tr>
<td>Aug-13</td>
<td>6.00-35.00</td>
<td>13.82</td>
<td>9.32</td>
<td>15.00-23.00</td>
</tr>
<tr>
<td>Sep-13</td>
<td>6.00-35.00</td>
<td>14.03</td>
<td>9.37</td>
<td>15.00-22.50</td>
</tr>
<tr>
<td>Oct-13</td>
<td>6.00-35.00</td>
<td>13.95</td>
<td>9.25</td>
<td>15.00-23.00</td>
</tr>
<tr>
<td>Nov-13</td>
<td>6.00-35.00</td>
<td>14.18</td>
<td>9.40</td>
<td>15.00-23.00</td>
</tr>
<tr>
<td>Dec-13</td>
<td>6.00-35.00</td>
<td>14.13</td>
<td>9.35</td>
<td>15.00-23.00</td>
</tr>
<tr>
<td>Jan-14</td>
<td>6.00-35.00</td>
<td>14.09</td>
<td>9.30</td>
<td>15.00-23.00</td>
</tr>
<tr>
<td>Feb-14</td>
<td>6.00-35.00</td>
<td>14.08</td>
<td>9.32</td>
<td>15.00-23.00</td>
</tr>
<tr>
<td>Mar-14</td>
<td>6.00-35.00</td>
<td>14.24</td>
<td>9.27</td>
<td>15.00-23.00</td>
</tr>
<tr>
<td>Apr-14</td>
<td>6.00-35.00</td>
<td>14.22</td>
<td>9.12</td>
<td>15.00-23.00</td>
</tr>
<tr>
<td>May-14</td>
<td>6.00-35.00</td>
<td>14.39</td>
<td>9.25</td>
<td>15.00-23.00</td>
</tr>
<tr>
<td>Jun-14</td>
<td>6.00-35.00</td>
<td>14.44</td>
<td>9.33</td>
<td>15.00-23.00</td>
</tr>
<tr>
<td>Average</td>
<td></td>
<td>14.17</td>
<td>9.34</td>
<td></td>
</tr>
</tbody>
</table>

Source: RBZ Monthly Economic Review

Despite deflationary pressures in the economy and modest increases in money supply, some interest rates have tightened, indicating the significance of other factors that may have influence on interest rates such as risk, regulatory costs, and efficiency of banks.

### 2.5 Monetary Developments

Annual growth in broad money supply (M3), defined as total banking sector deposits (net of inter-bank deposits), increased from 6.9 percent in June 2013 to 12.6 percent in June 2014 (Figure 7). Month-on-month M3 growth declined from 2.3 percent in May 2014 to -0.1 percent in June 2014, reflecting the decline in demand deposits by 2.4 percent.

**Figure 7: Monetary Developments (M3), June 2013 - June 2014**

Annual total banking sector deposits increased from USD 3.84 billion in June 2013 to USD 4.32 billion in June 2014 (Figure 8). On a month-on-month basis, total banking sector deposits declined from USD 4.33 billion in May 2014 to USD 4.32 billion in June 2014.
The decline on a month-on-month basis of total banking sector deposits as at end of June 2014 mirrors the decline in demand deposits by 2.4 percent. However, savings & short-term deposits and long term deposits increased by 1.44 percent and 4.39 percent, respectively, as at end of June (Table 2).

Table 2: Composition of Total Banking Sector Deposits (USD billion), April – June 2014

<table>
<thead>
<tr>
<th>Type of deposit</th>
<th>April 2014</th>
<th>May 2014</th>
<th>June 2014</th>
<th>Monthly increase (absolute) USD billion</th>
<th>Monthly increase (percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demand Deposits</td>
<td>2.19</td>
<td>2.22</td>
<td>2.16</td>
<td>(0.053)</td>
<td>(2.40)</td>
</tr>
<tr>
<td>Saving &amp; Short-Term Deposits</td>
<td>1.35</td>
<td>1.41</td>
<td>1.43</td>
<td>0.020</td>
<td>1.44</td>
</tr>
<tr>
<td>Long-Term Deposits</td>
<td>0.70</td>
<td>0.70</td>
<td>0.73</td>
<td>0.031</td>
<td>4.39</td>
</tr>
<tr>
<td>Total Deposits</td>
<td>4.23</td>
<td>4.33</td>
<td>4.32</td>
<td>0.002</td>
<td>(0.05)</td>
</tr>
</tbody>
</table>

The composition of total bank deposits as at end of June 2014 was as follows (Figure 9): demand deposits (50.03 percent), savings and short-term deposits (33.18 percent) and long-term deposits (16.80 percent).

Figure 9: Composition of Total Banking Sector Deposits for June 2014

Source: RBZ Monthly Economic Review
The loan-to-deposit ratio, calculated on the basis of total bank deposits, as well as external and domestic sources of funding, declined from 95.5 percent in June 2013 to 83.3 percent in June 2014 (Figure 10). Despite increasing deposit levels, banks have reduced their lending amid high non-performing loans which have increased risk aversion by banks. Lower aggregate demand and deflationary pressures in the economy could also have potentially discouraged borrowers from taking loans.

**Figure 10: Loan-to-Deposit Ratio, June 2013 - June 2014**

As of May 2013, bank credit to the private sector was distributed as follows (Figure 11): loans and advances (83 percent); mortgages (11 percent); other investments (3 percent); bankers’ acceptances (2 percent and bills discounted (1 percent).

**Figure 11: Distribution of Bank Credit to the Private Sector in June 2014**

The sectoral distribution of bank loans and advances to the private sector was as follows (Figure 12): agriculture (19.41 percent); distribution (18.46 percent); individuals (16.26 percent); services (15.68 percent); manufacturing (15.13 percent); other sectors (7.55 percent) and mining (7.52 percent).
The distribution of loans and advances reflect banking sectors’ preferences to lend more towards sectors with short-term funding needs, short production cycles and with less risk. This is reflected by more lending to agriculture and distribution which have relatively short production cycles and more likely require short-term funding which is compatible with short-term loans that banks are currently able to provide. A relatively high share of lending to individuals is partly due to less risk associated with salary-based loans to individuals. However, mining is characterized by intensive capital investments with long lead time between production and profitability, hence requires long-term funding which banks have limited ability to offer.

Other Financial Sector Developments

According to the Insurance and Pension Commission (IPEC) most pension funds are in a financially unsound condition. Among other challenges facing pension funds are poor or non-remittances of pension contributions, high administration costs against low investment returns, increasing liabilities that mismatch assets, staggered pension benefit pay outs, significant amounts in unpaid benefits and low upwards review of benefits since 2009. In order to protect member’s rights and avoid continuous erosion of member value, IPEC plans to close the financially unsound pension funds. Meanwhile, the Infrastructure Development Bank of Zimbabwe (IDBZ) has almost completed the modalities of accessing a USD10 million line of credit earmarked for the tourism industry from the Industrial Development Corporation of South Africa. However, the debt legacy on its balance sheet is the remaining obstacle to enable it to drawdown the credit line.

2.6 Fiscal Developments

Revenues outturn

Revenue performance remained weak in 2014, leaving the projected annual revenue target of USD4.120 billion in doubt. Despite the June outturn of USD396.23 million exceeding target of USD359.36 million, monthly revenue collections have been lower than target for the greater part of the first half of the year. In that regard, the cumulative revenue collections to June 2014 amounted to USD1,762.61 billion against a target of USD1,847.62 billion, giving a negative variance of 4.6 percent. The lower-than expected revenue performance in 2014 can be attributed to the prevailing macroeconomic challenges, including company closures, liquidity constraints and weak domestic demand, hence, a lower outturn from tax revenues, (Figure 13). However, despite missing the revenue target, the cumulative outturn was a marginal 0.03 percent higher than the USD 1,762.08 billion outturn for the same period in 2013.
The major tax heads whose outturn was lower-than-expected included; Value Added Tax (-19.12 percent), Customs duty (-28.76 percent), Corporate tax (-9.33 percent) and Excise duty (-7.32 percent), (Figure 13). On the positive side, growth in revenues was realized in Pay As You Earn (24.14 percent), on the back of salary increments for the civil service, follow-ups and remuneration audits undertaken by the Zimbabwe Revenue Authority (ZIMRA). Equally, other indirect taxes and non-tax revenue exceeded projections by 19.87 percent and 21.41 percent, respectively.

**Expenditure Outturn**

During the first half of the year, preliminary figures indicated monthly expenditure overruns were kept minimal, with the government incurring a cash surplus of USD25.22 million in June 2014. Cumulative expenditures to June 2014 amounted to USD1,772.16 billion against total revenues of USD1,762.61 billion, giving a cash deficit of USD9.55 million, approximately 0.07 percent of GDP. Despite the fiscal deficit being kept minimal, the overall expenditure mix remains unsustainable with recurrent expenditures accounting for 93.17 percent of total expenditures at USD1,650.89, with the remainder of USD107.94 million being capital spending.

A major downside risk towards rebalancing the expenditure mix is the high employment costs (including pensions), which accounted for 71.83 percent of total revenues and 76.69 percent of the recurrent expenditures, at US$1,266.07 billion. Hence, containing these huge employment costs, including through scaling down on staff made redundant by the end of the Inclusive Government, and aligning any future wage increases to inflation, could help create fiscal space for capital spending, in support of the Zim-Asset growth objectives. Furthermore, strengthening of the fiscal balance over the medium term would help rebuild fiscal and external reserves to insulate the economy from disruptive shocks, and create resources for servicing domestic arrears and other payment obligations.

### 2.7 External Sector Developments

A positive development for the first half of 2014 is that imports were generally contained below their values in both 2013 and 2012 (Figure 14). Reducing imports is a positive step towards correcting the current account deficit, which is mostly driven by imports. Total imports during the six months to June 2014 were about USD 3 billion, having decreased by about 23.1 percent from the level recorded during the same period in 2013 and by about 3.6 percent compared to the same period in 2012.

The decrease in imports can be attributed to the measures that were introduced to contain imports under the 2014 National Budget Statement as well as the general worsening liquidity challenges in the economy. However, on the negative side was the continued decline of exports during the same period in 2014 compared to previous periods (Figure 14).
Figure 14: Exports and Imports during the first six months, 2012-2014

Source: ZIMSTAT

Total exports during the first half of 2014 were about USD 1.2 billion, having decreased by about 23.1 percent compared to the same period in 2013 and by about 21.3 percent compared to the same period in 2012. The effects of the liquidity challenges which also results in manufacturing firms struggling to undertake the necessary investment for internationally competitive production could also explain the falling exports.

There was however an improvement in the country’s trade deficit during the first half of 2014 since imports fell more than exports in absolute terms. The trade deficit was about USD 1.8 billion, having decreased by about 24.8 percent compared to the same period in 2013. More measures to boost exports are still called for to ensure that the economy performs better at containing the deficit.

3. STOCK MARKET DEVELOPMENTS

The industrial index opened trading at 186.49 in the month of July 2014, gaining 1.59 points (0.85 percent) before closing the month at 188.08, while the mining index opened trading at 58.03, gaining 36.97 points (63.7 percent) to close the month at 95.00. The performance of the mining index was buoyed by the performance of Bindura Nickel Corporation shares which rose from trading at 4.3 cents as at 7 July 2014 to 8.4 cents as at 28 July 2014. A monthly comparison of stock market activities showed that both turnover value declined by 11.63 percent, while turnover volume rose by 80.65 percent between June 2014 and July 2014. Despite the poor performance of the stock market, market capitalisation grew by 1.76 percent from USD 4.87 billion as at 30 June 2014 to USD 4.96 billion in July 2014.

Figure 15: Zimbabwe Stock Exchange ZSE Industrial and Mining Indices, July 2012 - July 2014

Source: Zimbabwe Stock Exchange
On a year-on-year comparison, the industrial index closed at 188.08 in July 2014, falling short by 44.79 points to exceed its performance in July 2013 in which the index closed the month at 232.87. On the other hand, the mining index showed tremendous progress to close at 95.00 surpassing its performance in July 2013 in which it closed at 66.77 (Figure 15).

Table 3: Summary Statistics for the Zimbabwe Stock Exchange for July 2013 and 2014

<table>
<thead>
<tr>
<th></th>
<th>Jul-13</th>
<th>Jul-14</th>
<th>Percentage Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover Value (USD)</td>
<td>42,569,164.73</td>
<td>25,224,550.43</td>
<td>(40.74)</td>
</tr>
<tr>
<td>Turnover Volume</td>
<td>298,099,799</td>
<td>322,407,141</td>
<td>8.15</td>
</tr>
<tr>
<td>Value of Shares bought by Foreigners (USD)</td>
<td>17,796,476.74</td>
<td>15,567,205.04</td>
<td>(12.53)</td>
</tr>
<tr>
<td>Value of Shares Sold by Foreigners (USD)</td>
<td>15,536,698.07</td>
<td>4,753,520.00</td>
<td>(69.40)</td>
</tr>
<tr>
<td>Volume of Shares Bought by Foreigners</td>
<td>33,529,020</td>
<td>180,541,480</td>
<td>438.46</td>
</tr>
<tr>
<td>Volume of Shares Sold by Foreigners</td>
<td>31,102,670</td>
<td>105,391,344</td>
<td>238.85</td>
</tr>
<tr>
<td>Market Capitalisation (USD)</td>
<td>6,004,918,131</td>
<td>4,959,213,299</td>
<td>(17.41)</td>
</tr>
</tbody>
</table>

Source: Zimbabwe Stock Exchange

An annual comparison of stock market turnover shows that turnover value declined by 40.74 percent, while turnover volume rose by 8.15 percent in July 2014 from their July 2013 levels. Foreign investor participation weighed in on the performance of the stock market as the value of shares bought and sold by foreign investors declined by 12.53 percent and 69.40 percent, respectively. On the other hand, the volume of shares bought and sold rose by 438.46 percent and 238.85 percent respectively (Table 3). Market capitalisation which stood at USD6 billion in July 2013 declined by 17.41 percent to USD4.96 billion in July 2014.

4. **TOURISM DEVELOPMENTS**

The Ministry of Tourism and Hospitality Industry launched the National Tourism Policy on the 24th of July 2014. The main objective of the Policy is to create an enabling environment for tourism development and community participation in order to optimize the sector’s contribution to economic development. It also provides a framework for the country’s tourism development, and positions the sector as an engine for economic growth.

Specific tourism sector policy targets include: (i) increasing tourist arrivals from 2.5 million to 3.2 million by 2015; (ii) increasing tourism receipts from USD749 million to 1.8 billion by 2015; (iii) increasing tourism contribution to GDP from 10 percent to 15 percent by 2015; (iv) enhancing the sector’s direct and indirect contribution to employment from the current 300,000 to 400,000 by 2015 and (v) improving participation of locals in tourism.

The success of the National Tourism Policy will hinge on the stability of the country’s macroeconomic environment, including maintaining the multicurrency system until the economy fully recovers. Political stability and efficiency in tourism enablers such as transport, information communication technology systems, water and electricity are also vital. Sufficient funding is also crucial for the successful implementation of the Policy’s programmes. Since tourism in Zimbabwe is government led but private sector driven, there is need for complementarity between government policies and private sector initiatives in the tourism sector.

5. **CORPORATE SECTOR DEVELOPMENTS**

In July, the Postal and Telecommunications Regulatory Authority of Zimbabwe (POTRAZ) released its telecommunications sector report for the first quarter of 2014. The report shows that total mobile subscribers stood at 13,892,109, which is an improvement as the number had closed the year 2013 at 13,633,167. The mobile penetration rate stood at 106.4 percent while fixed telephone subscribers were 326,183. Competition among the three mobile phone operators was also
stiff, with massive promotions being used to lure subscribers. Econet and Netone, thus, registered positive growth in mobile subscriber numbers whilst Telecel’s mobile subscriber base took a 4.6 percentage dip to about 4.6 million. Econet is still the leading player with about 65 percent market share, with Telecel and Netone following at 18 percent and 17 percent, respectively. There is still scope to increase the mobile penetration rate in line with some neighbouring countries that have higher rates. For example, Namibia (119 percent), South Africa (138 percent) and Botswana (153 percent) all have higher rates than Zimbabwe (106.4 percent).