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# Zimbabwe's International Re-engagement: The Long Haul to Recovery

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### Introduction

This document provides a summary of a meeting and questions-and-answers session held at Chatham House on 14 May 2014 for a launch of the Chatham House report, *Zimbabwe's International Re-engagement: The Long Haul to Recovery*, by Knox Chitiyo and Steve Kibble.

The speakers discussed the changes to the political environment in Zimbabwe and the region, and how this has opened the external space for international re-engagement with the country. This international re-engagement is essential for the revival of Zimbabwe's economy, and the country's re-entry into the global economy has made it more reliant on foreign direct investment and its international relations. Zimbabwe's economy is more influenced now by a need to deliver results than by ideological differences. The speakers discussed the need for a UK-Zimbabwe bilateral forum, as well as deeper dialogue between the diaspora and the government. This will allow the government to provide greater clarity and consistency in economic policy, and help re-build the trust between Zimbabwe and the West.

The meeting was held on the record. The following summary is intended to serve as an *aide-mémoire* for those who took part and to provide a general summary of discussions for those who did not.

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### Knox Chitiyo

Knox Chitiyo began by discussing the relevancy and the timing of the report. He explained that, as it was nearly a year since Zimbabwe's elections, it was an opportune moment to reflect critically on its future trajectory. While the Zimbabwean elections and referendum are covered in the report, it does not consist of an in-depth study of these. This is because a large amount of work has already been done on the elections, and the report looks to move the discussion onto a broader examination of issues surrounding Zimbabwe's future. The starting point of the report is based on an understanding, that while there may be some important non-state actors in Zimbabwe, such as civil society and the business community, the ruling Zimbabwe African National Union–Patriotic Front (ZANU–PF) remains the dominant political stakeholder. This means that the government has the primary responsibility for the economy, and will be blamed if the economy worsens. The government must develop a pragmatic path of inclusivity and responsibility if it wishes to see economic recovery. The speaker highlighted how there has been a change in the government's tone that reflects a new pragmatism, and he stated that this was due to its awareness of the need to deliver on the economy. However, he clarified that it remains unclear how substantive this change will be in the long run. There have also been changes to the regional and international dynamics, and the speaker stated that Zimbabwe's emergence as a full member of the global community means that the country has to operate within a rules-based environment.

The speaker highlighted some of the specific issues raised in the report. He explained that the binary political situation between ZANU–PF and the Movement for Democratic Change (MDC) has ended. This dominated domestic politics for several years, so there is now a need to rethink the nature of the political and economic society in Zimbabwe. He described how Zimbabwe's economy has become post-political, with economic delivery and results more important than ideology. Zimbabwe's re-entry into the global system has also led to increased complementarity between the country's international relations and its economic policy in driving economic revival. The report examines the importance of branding for Zimbabwe, as its image in the international market will do a lot to influence investors. The speaker stated

that this brand needs to be readjusted so as to improve investor perceptions of the economic and political risks.

Knox Chitiyo stressed the importance of re-engagement. He acknowledged that political relations between Zimbabwe and the West remain poor, but explained that economic diplomacy will help improve this. A lot of progress has been made in this area and he emphasized the importance of maintaining momentum, especially regarding the lifting of sanctions. Re-engagement with the West will be an important aspect of Zimbabwe's global and economic recovery. The Zimbabwean diaspora is also an important player, and can help drive changes within the country. The report contains a critical examination of Zimbabwe's economy over the last decade and a half, and it describes the large number of problems with the economy, which remains in crisis. However, the speaker clarified that the economy's development is not uniformly negative, and he highlighted some of the positive case studies that are discussed in the report. These include the tourism sector, Chitungwize Hospital, the Harare International Festival of the Arts, and the broader Zimbabwean arts and cultural community.

The speaker discussed a few of the report's recommendations. Having re-entered the global market, Zimbabwe has to compete with other countries, and the government needs to better articulate the nature of its competitive advantage so as to attract investors. Zimbabwe should consider establishing an economic task force, bringing together individuals from within Zimbabwe and from outside to assist in the process of economic revival. A series of international investment symposiums should also be held in Zimbabwe, as this would bring investors to the country and help provide clarity on its economic policy. The speaker stated that anti-corruption must be one of the priorities of the economic recovery agenda. This will be essential if Zimbabwe wishes to develop a credible image within the international market. Additionally, electoral reform will be vital. The establishment of a UK-Zimbabwe bilateral forum would also be beneficial, following the template of the South Africa-UK forum. This would help develop a framework for engagement between the two countries, and allow stakeholders to discuss issues of mutual interest, not only at the government level, but also between civil societies. A ministry for the diaspora should be created, increasing engagement with the diaspora and helping to resolve the remaining issues between it and the government. He stressed the importance of the Zimbabwean government in providing clarity, consistency and implementation with regard to its economic policy. This is essential for attracting foreign direct investment. He concluded by describing how the increasing return of members of the diaspora is a positive sign that indicates the beginning of Zimbabwe's recovery.

#### Steve Kibble

Steve Kibble stated that there are indications that internal political space has contracted within Zimbabwe, such as the issues surrounding World Press Freedom and Beatrice Mtetwa. These show that there remains a long way for the country to go. However, the speaker explained that there has been a widening of the external space due to a number of paradoxical factors. These include the economic crash and liquidity crisis, the decline of mining resources, the removal of the majority of restrictive sanctions, the willingness of the West to engage, the unwillingness of China to support major Zimbabwean debt relief without significant control over mineral resources, and ZANU–PF factional fighting. Within this widened external space, the key forms of international engagement will probably be financial investment, an increase in transparency and consistency, and the creation of conditions necessary for debt relief. Alongside these, though, the speaker described how the external space should be used to leverage more significant political developments within Zimbabwe, providing opportunities for ordinary Zimbabweans, and addressing issues such as human rights, poverty alleviation and women's education. He clarified that this agenda still needs to be fought for inside Zimbabwe and externally.

The speaker described how NGOs are also looking at new ways of engaging with the government, with the understanding that ZANU–PF is not a monolithic block. There is an awareness that ordinary Zimbabweans are more concerned with the deliverance of economic results, and have moved away from politics to a certain extent. The question of how to reengage with the government and with the people is going to be a key issue. He acknowledged that not all the recommendations will happen, but stated that the report has nevertheless generated a lot of positive debate. He suggested that the extensive coverage of the report in Zimbabwe, South Africa and the United Kingdom indicates that there is an interest in how to address the post-election ZANU–PF dominated economy and politics of Zimbabwe.

### Miles Tendi

Miles Tendi described how the report is a pertinent foundation for the debate about the engagement of Zimbabwe, and he stated that the recommendations are accurate. He raised four points in discussion of the report. First, he examined the matter of authority, explaining that there has been a debate over who is running the country since 2008. He stated that the events surrounding the 2013 election have made it very clear that Robert Mugabe is in charge of Zimbabwe, not the military. This indicates that it is the nature of civilian authority in Zimbabwe that should be debated, not the lack thereof. It is also now clear that re-engagement must be directed at Mugabe. He highlighted how the report focuses on British and European relations, and does not include the United States. While the United Kingdom and the EU have moved towards re-engagement, the United States has maintained a hard-line position. He stated that it is important to understand the reasons for this, given the United States' lack of a colonial history in southern Africa.

The speaker's third point was regarding the upcoming UK elections. He explained that Mugabe had an affinity towards the UK Conservative Party, and Mugabe began to signal his willingness to engage when David Cameron became prime minister. On the other hand, Mugabe has always had a negative perception about the Labour Party. This will make the results of the next elections an important factor for the dynamics of future re-engagement. If the Conservatives win, he stated that the engagement will probably continue along the same lines. However, if Labour wins, there is a possibility that Mugabe himself would remain subject to sanctions, along with the military. The final area that the speaker discussed was the issue of trust. This is especially important for re-establishing the relationship between the states after many years of disagreement. Trust between the United Kingdom and Zimbabwe has been difficult to develop since 1979 and the relation broke down entirely around 1997–2000. He highlighted Thabo Mbeki's, the former president of South Africa, statements earlier this year that described the lobbying attempts by the UK government under Tony Blair to agree to military intervention in Zimbabwe. The security sector is very aware of this, and there is deep mistrust of the United Kingdom. He stressed that the issue of trust is a key stumbling block and will require careful negotiation, as it has largely disappeared.

### Summary of questions and answers

#### Comment

The report's recommendations do not include the creation of a bilateral investment treaty between the United Kingdom and Zimbabwe, which would help reassure investors of a recourse should the government decide to take away their investments, as it has done before. Investors are reluctant to trust the Zimbabwean government.

### **Knox Chitiyo**

The speaker indicated that this issue was hinted at in the report's recommendation for a UK-Zimbabwe bilateral framework. This development could act as a confidence builder and the speaker acknowledged that there are a number of trust issues between the United Kingdom and Zimbabwe, so the establishment of a forum to aid the dialogue between the governments and civil society would be beneficial. One of the areas for discussion could be the creation of a bilateral treaty, but he stated that he was uncertain that an investment treaty could be developed without addressing some of the broader issues as well. He also highlighted the issue of clarity, consistency and implementation, for which investors have expressed a real need. The speaker noted the government is very aware of issues of perception and trust as well as the need for attracting investors. While it remains unclear as to how and when this will be resolved, there has been a push within the government to discuss these issues and bring investors on board.

### **Comment and questions**

The report assumes that Zimbabwe needs foreign direct investment (FDI), but it has a large amount of mining revenue. If this were used for economic development, Zimbabwe would not need foreign direct investment. Concentrating on FDI allows the Zimbabwean government to continue to take the mineral revenue for itself, and the report should have involved an examination of how Zimbabwean money can be used to boost the country's economy instead.

There has been a lack of clarity surrounding the Indigenization and Economic Empowerment Act of 2010. This calls for companies to cede 51 per cent of their assets, but a few weeks ago Mugabe stated that this only applied to companies using Zimbabwean resources. Could the speakers add any clarity to the scope of the act, whether it operates on an ad hoc basis, and where it will go in the future?

Since Zimbabwe's independence, the West has been attempting to engage with ZANU–PF, yet the regime's criminal behaviour never changes, which may be the reason for the United States' unwillingness to engage. Does the report not ask countries to engage with a criminal regime?

### **Alex Vines**

Zimbabwean officials and ministers have stated the importance of FDI. Discussions with the diamond industry have also indicated its necessity. The easy access diamonds are depleted, so deep investment, including FDI, will be required if Zimbabwe wants to access the remaining mineral wealth. This means that the diamonds will no longer be able to disappear in an opaque process.

### **Steve Kibble**

Zimbabwe will require significant outside investment if it wishes to extract Kimberlite diamonds, which are very different from the currently mined alluvial diamonds. The report also assumes that FDI has become crucial for all countries in a globalized economy. Zimbabwe has rejoined the international global market so FDI is inevitable, whether or not ZANU–PF is a criminal regime.

### **Knox Chitiyo**

Knox Chitiyo stated that there is a new indigenization minister in Zimbabwe, and he explained that the government appears to be taking a softer stance on the issue. However, greater clarity on the policy of indigenization is needed, including the percentage it calls for, and how the policy will actually work in

practice. The key issue is decreasing the ambiguity surrounding the act as there are a number of mixed messages.

The report does discuss the necessity of revenue development from the local sector as well. This is mentioned in the ZIMASSET economic policy. The mining and diamond revenues require long term investments, but the economy needs an immediate increase in revenues. The government understands the need, and FDI can offer a solution to this.

### **Steve Kibble**

There is a complete lack of clarity about the indigenization programme, and it is intriguing to note that even the Chinese have called for greater clarity over how the policy will work in practice.

### **Miles Tendi**

Miles Tendi stressed the hypocrisy involved in questioning the United States' engagement with Zimbabwe because of criminality within the Zimbabwean government, and he stated that this reinforces some of the double standards in the international community. He highlighted the United States' relationship with Saudi Arabia, which is a far worse regime than Robert Mugabe's ever has been or will be. He indicated that the West is not averse to dealing with bad regimes.

### **Comments and questions**

Most of the West's engagement with Zimbabwe has taken place on the basis of selfish economic gains, rather than for the benefit of Zimbabwe. This was seen when Belgium led the campaign for the removal of the targeted sanctions against Zimbabwe due to a desire to obtain its diamonds. If re-engagement is to take place, there needs to be a greater emphasis on how this will benefit Zimbabweans.

What role will the proposed ministry for the diaspora have, and how flexible will this be? Will this limit engagement with stakeholders other than the government?

One of the concerns voiced by the UK diaspora is whether re-engagement will promote democracy and rule of law. Can the security of the diaspora be guaranteed if they return to Zimbabwe?

### **Steve Kibble**

Steve Kibble acknowledged that re-engagement is going to be difficult, and that it is possible that ZANU–PF is unable to change its nature. There are also dangers presented by the possibility of countries' selfish economic interests prevailing, and he confirmed that Belgium pushed for the removal of sanctions. However, he noted that half of Zimbabwe's diamonds did not go to Antwerp in the end, with Zimbabwe choosing to send them to Dubai and Shanghai, and this is a further example of some of the issues that may arise with re-engagement. He explained, though, that the report is attempting to seize an opportunity to open up the available spaces and to see how far these can be pushed. He also highlighted how there are no other viable alternatives. He explained that Zimbabwe lacks an internal civil movement pushing for social justice and human rights, with its members having been repressed or left the country. He stressed that, while re-engagement may not work and may be faced with a number of challenges, in the absence of alternative stakeholders or any internal push for change, re-engaging the government is the only option.

### **Knox Chitiyo**

The diaspora ministry remains a work in progress, and there is a need for the development of trust-building measures. While issues between the diaspora and the Zimbabwean government remain, re-engagement is commencing, and a ministry for the diaspora would be very beneficial. He stated that part of the challenge the diaspora faces is an ambiguity as to where it should be engaging within Zimbabwe, and the ministry could be a focal point for this. This would help the diaspora develop a dialogue on topics such as passport or citizenship issues.

The security of the returning diaspora is a concern that has been raised by the broader Zimbabwean diaspora. Alongside issues regarding the economy and security of property, this is one of the reasons for the diaspora not returning to Zimbabwe en masse. Patrick Chinamasa, the Minister of Finance, has been calling for re-engagement with the diaspora and opening a dialogue with them, and he has been discussing these issues over the last few weeks. However, the speaker clarified that the diaspora must also play a role in further examining what the nature of their re-engagement with Zimbabwe should be.

### **Comments and questions**

Could the speakers provide some commentary on whether SADC has pressured Zimbabwe on its democratic developments, and is assistance for Zimbabwe's economic recovery anticipated from any regional players, such as the African Development Bank?

Zimbabwe's manufacturing production index trended upwards until 1991, predating the 2000 crisis. When looking more broadly at sub-Saharan Africa, governments often express concerns about the structural changes to their countries' economies that are brought about by engagement and globalization, so could the speakers comment on some of these broader structural restraints for African economies?

How much of Zimbabwe's economy development is due to access to markets, rather than access to FDI?

Anglo American has ceded 51 per cent of its platinum mine in Zimbabwe, but has not ceded control, so there is evidence of pragmatism in the way the indigenization policy has been managed.

Could the speakers elaborate further on Zimbabwe's engagement with China?

There is a lot of mistrust of the west by Zimbabweans, not only at the government level, but also amongst ordinary citizens. The diaspora is also distrusted, as the locals in Zimbabwe often feel that the diaspora ran away from the whole process. It would be better to extend the bilateral forum beyond the United Kingdom, as the strained relationship between the two countries would make it difficult to establish this. When Chinamasa stated that Zimbabwe is ready to engage with the West, he meant the West as a whole, not just the United Kingdom.

If the diaspora is to help develop Zimbabwe, should the government not allow them to vote in the next elections? It will also be interesting to see the development of the issue of dual citizenship in Zimbabwe's new constitution.

Does this situation mean that the policy of sanctions has succeeded, or does it mean that sanctions are not effective, and that African countries that pursue independent policies can be re-admitted into the international forum?

### **Knox Chitiyo**

The speaker stated that mistrust is definitely a problem, and there is a sense amongst local Zimbabweans that the diaspora were not present during the challenging times. This perception is especially negative if they were absent in 2008. There remains a gap between the people in Zimbabwe and the diaspora, particularly those who now live in the United Kingdom. However, the speaker noted that this is beginning to close, partly due to an increase in the number of diaspora returning to Zimbabwe.

The speaker confirmed that there are challenges surrounding the establishment of the UK-Zimbabwe bilateral forum, and explained that he anticipated this to be a long-term process due to the large number of issues. A framework between the United Kingdom and Zimbabwe is needed, but the speaker indicated that this could be established within either a broader multilateral context, such as incorporating the EU, or a bilateral one. He clarified that the creation of the bilateral market forum should not be expected soon.

The report mentions the existence of challenges to electoral democracy not just in Zimbabwe, but throughout the region. Zimbabwe held elections recently, and another cycle of elections will take place towards the end of the decade. The speaker stated that the issues surrounding electoral democracy will be present in this next cycle. There are also problems within South Africa, and there is an ongoing debate as to whether South Africa will be the driver of a re-examination of electoral democracy. Part of the challenge surrounding electoral democracy is the need for civil society and NGOs to rethink the landscape in which they operate. Government will not drive electoral reform alone, so civil society and the opposition must also help instigate this discussion.

### **Steve Kibble**

The speaker described how China want to see similar developments in Zimbabwe to the West, including security, stability and a rules-based investment climate. Chinamasa's inability to leverage money from South Korea and China without promising major concessions on diamonds and mineral rights will create an interesting dynamic. The speaker stated that it can no longer be assumed that the Chinese will step up, no matter the state of Zimbabwe's domestic environment.

SADC has had difficulties in dealing with Zimbabwe, and the speaker explained that the organization has been unable to simultaneously pursue trade integration and a focus on issues of human rights and social justice. The speaker described how SADC is supportive of ZANU–PF, shown by the events at the SADC tribunal. It has opted to act in solidarity and promote patriotic nationalism, rather than express a genuine commitment to deepening Zimbabwe's democracy beyond formal elections. The speaker highlighted how there is often a lack of understanding of the deep divisions within SADC, or the distrust of South Africa and the isolation the country sometimes faces within the organization. These nuances make it difficult to apply regional pressure on Zimbabwe. Instead, Mugabe will soon become the SADC chairman, as well as the first deputy chair of the African Union Executive Council. This implies that Africa has normalized relations with Zimbabwe, without necessarily following the policies that Mugabe has been pushing.

Zimbabwe's manufacturing sector was established on the base of a thriving agrarian economy, with manufacturing from agriculture moving into the wider manufacturing sector. The speaker stated that he did not think this will return; instead specialist niche manufacturing may be developed.

### **Knox Chitiyo**

The issue of dual nationality must be one of the key items on the agenda in helping unlock the value of the diaspora. This should form part of the discussions between the diaspora and the Zimbabwean government.

### **Miles Tendi**

The effectiveness of sanctions is a complex matter, and is highly contextual. There are a variety of reasons as to why they sometimes do not work. In the case of Zimbabwe, the speaker clarified that the sanctions were certainly ineffective. They were applied in a very hypocritical manner, especially by the other governments in the region. More crucially, however, the sanctions were leveraged by ZANU–PF in Zimbabwe's domestic politics, with ZANU–PF claiming that the MDC were responsible for the sanctions as part of the party's 2013 election campaign. However, the speaker clarified that, while sanctions were clearly counter-productive in Zimbabwe, their overall global efficacy is more context specific.

### **Comment**

The Zimbabwean government has always recognized the important role that the diaspora plays in the country's economic and social life. The government is consulting with the diaspora, and will be sending teams to visit countries in which the largest number of diaspora live. However, the government's current strategy is to consult the diaspora directly, rather than create a ministry. It is also important for the members of the diaspora to be proactive in engagement with the government, rather than act retrospectively when a problem arises. The government is currently facilitating the return of the Zimbabwean diaspora to live in the country, especially those who are looking to invest. There is security in Zimbabwe, and none of the returning diaspora members have been persecuted, including individuals with criminal histories in the United Kingdom. The government has been learning from the indigenization law since it was put into practice. It has listened to the concerns raised about the legislation, and it is examining whether the law is operating effectively. It is not the law itself that is leading to issues, rather its implementation, as the legislation is currently very flexible.