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An Evaluation of the Effects of Statutory Instrument 64 of 2016 on Zimbabwe's Neighbours

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Abstract: **The government of Zimbabwe promulgated Statutory Instrument 64 of 2016 on 1 July 2016. The main objective of the instrument, according to the government was to protect domestic firms from unfair competition from foreign firms and therefore boost production by local firms. However, Zimbabwe's neighbours especially South Africa and Zambia claimed that the instrument adversely affected their economies and violated the Southern Africa Development Community Protocol on Trade which seeks to promote free trade among member countries. The study, thus, sought to explore the effects of Statutory Instrument 64 of 2016 on Zimbabwe's neighbours and members of the Southern Africa Development Community region. The study used qualitative research. Data were collected using in-depth interviews, document reviews and observations. The study noted that trade between Zimbabwe and neighbouring countries was governed by the Southern Africa Development Community Protocol on Trade and bi-lateral trade agreements. The study revealed that Statutory Instrument 64 of 2016 had created 'tension' in the Southern Africa Development Community region with some exporters in countries like Zambia openly requesting their governments to retaliate by restricting imports from Zimbabwe. The researchers also discovered that some firms in the neighbouring countries had scaled down operations or closed down while others such as Willowton of South Africa had established a plant in Zimbabwe. The study recommended that the government of Zimbabwe should continue to engage neighbouring countries and Southern Africa Development Community as well as respect the outcome of any negotiations to restore trust and confidence in its trading partners. The government should also strive to strike a balance between Statutory Instrument 64 of 2016 and other policies such as Industry and Trade Policy and investment promotion policies; and avoid protecting inefficient industries that continued to underutilize capacity and resources. Thus, the government of Zimbabwe should institute policies that seek to revamp the whole supply chain for the benefit of Zimbabwe and its neighbours.**

Keywords: **Protectionism; Statutory Instrument; trade; tariffs; imports; exports; infant industry.**

1. INTRODUCTION

Zimbabwe is a landlocked country situated in Southern Africa endowed with natural resources including huge deposits of various minerals such as gold, platinum and diamonds. Zimbabwe is bordered by Botswana, South Africa, Mozambique and Malawi. Zimbabwe is a member of various world trade organizations and blocs that seek to encourage free and easy trade between and among member states, namely, the World Trade Organisation (WTO), Common Market of Eastern and Southern Africa (COMESA), Preferential Trade Area (PTA) and the Southern Africa Development Community (SADC), East Community Of West African States (ECOWAS) and East Africa Community. By virtue of location Zimbabwe has close trade ties with SADC member states. On 1 July 2016, Zimbabwe promulgated Statutory Instrument 64 of 2016 (SI 64/2016) which listed forty three product categories that required a permit when being imported into Zimbabwe. In other words, the forty three products were removed from Open General Import Licence list. There has been a raging debate on the justification of the introduction and implementation of this statute. The discussion has mainly been centred on the effects of the instrument on Zimbabwe which is the importing country. The possible effects of the import ban on neighbouring countries has not been done.. Although the instrument might have affected Zimbabwe's trading partners in different ways, the loudest concerns seemed to emerge from South Africa. The demonstrations held by industrialists in Musina in South Africa, employees and resident citizens, with the support of some Zimbabwean residents (The Herald, 2 July 2016) on 1 July 2016 was as symbolic as it was physical. According to The Herald, trucks from both countries were delayed and the Beitbridge Border Post was temporarily closed as South Africans made a final attempt to derail the implementation of the instrument with the predominantly Indian and Ethiopian businessmen in Musina claiming that their operations would grind to a halt if Statutory Instrument 64 of 2016 was implemented. This was a physical display of the simmering tension between the two countries over the implementation of the instrument. It was a reflection of the disgruntlement of South African citizens towards the instrument. The demonstrations by the South Africans might have been carried out on the backdrop of the fact that South Africa is Zimbabwe's major trading partner in the SADC region, Africa and the world with US$2.83 billion worth of goods and services having been imported from South Africa in 2014; and Zimbabwe having exported US$819 million worth of goods and services to South Africa according to http://atlas.media.mit.edu/en/profile/country/zwe. The government of South Africa, fully acknowledged the economic challenges faced by Zimbabwe but was afraid that Statutory Instrument 64 of 2016 might give preference and advantage to "extra-regional" trading partners at the expense of regional suppliers in addition to the fact that it was not procedurally implemented as the government of Zimbabwe was supposed to approach the Committee of Ministers Responsible for Trade to justify the promulgation of Statutory Instrument 64 of 2016 before implementation (Creamer, 2016). The government of South Africa preferred an integrated approach as it felt that Zimbabwe's economic meltdown would affect South Africa in a number of ways including increased immigration.

While the sentiments from South Africa might have been justifiable considering the amount of business carried out between the two countries, it is concerns from other countries such as Zambia that might have raised eyebrows. Zambia is also another SADC country that seems to have been affected by Statutory Instrument 64 of 2016. According to http://www.tradebarriers.org/complaint/NTB-000-721 Zambia formally launched a complaint with SADC and COMESA numbered NTB000721 presented at the Fifth meeting of COMESA NTB in Nairobi 23-25 August 2016 wherein it indicated that Zimbabwe intended to enforce a law that controlled the volume of imports of products exported by Zambia to Zimbabwe by requiring that import licences be obtained from the Ministry of Industry and Commerce before importation of a wide range of products. According to the Financial Gazette 8 September 2016, the Executive Director of the Zambia Manufactures Association (Nsupila) and Zambia National Farmers Union website, Zambia could retaliate by restricting importation of key products from Zimbabwe in response to the import ban. Nsipula indicated that Statutory Instrument 64 of 2016 had resulted in several Zambian manufacturers losing millions of dollars in lost business opportunities. Retaliation by Zimbabwe's neighbours might create a destructive trade war in the region as explained by Fouda (2012). Fouda (2012) claimed that the signing of the protectionist Smoot-Hawley Act by US President Hoover in the face of a minor recession in 1930 invited retaliation from 25 other states plunging world trade into a crisis that subsequently culminated in the Great Depression resulting in the whole world losing.

The general feeling among Zimbabwe's neighbours was that Statutory Instrument 64 of 2016 was specifically against the first and fifth objectives under Article 2 of the SADC protocol on trade, namely, to further liberalise inter-regional trade in goods and services on the basis of fair, mutually equitable and beneficial trade arrangements, complimented by protocols in other areas; and establish a free trade area in the SADC region, respectively (Protocol on Trade in the Southern African Community, 1996:7-8). Provisions of the Article indicate that there should be phased elimination of barriers to intra SADC trade pointing specifically to phased elimination of tariff and non-tariff barriers and refraining from implementation of any new non-tariff barriers.

The concerns from Zimbabwe's neighbours especially South Africa and Zambia might be based on the fears expressed by Hughes and Krueger (1984) who highlighted that the primary and immediate impact of an effective protectionist strategy or policy is to reduce imports from suppliers of those restricted products. The same sentiment is expressed by Nogués (2003:2) who when referring to agricultural protectionism categorically stated that it implied "increasing difficulties and uncertainties for efficient exporters who continued to see their access to foreign markets reduced and/or their terms of trade decline". However, Hughes and Krueger (1984) argued that from the experiences of the 1970s developing countries that had open economies were not adversely affected by protectionist policies but registered significant economic growth compared with those developing countries that had closed economies. He further stated that the protectionist policies in fact affected the countries that chose "to protect their internal markets and rely on inner-oriented growth strategies".

It is critical to note that import restrictions on a product that has substitutes may not have an effect on the exporting country. Hughes and Krueger (1984) indicated that in an international market where a given product which has substitutes in consumption or production, quantity based import restrictions on that product may be ineffective or may not achieve the intended objectives due to various reasons. The first reason stated by the author was that the import restriction maybe unenforceable. The second case maybe that the exporting country may divert the product to a different market (a third market) while the previous suppliers of that third market may then sell their product in the exporting country's market. The third scenario that may render the import restriction ineffective, according to Hughes and Krueger (1984) was that the exporting country may shift its production structure to substitutes of the restricted product while other countries may restructure their industry for the production of the restricted product. Complaints by General Beltings seem to suggest that Statutory Instrument 64 of 2016 may be unenforceable and substitute goods may be finding their way into the market as the company's general manager lamented to the Minister of Trade and Commerce that General Beltings was still being affected by influx of fabric reinforced belts disguised as steel coded belts (Nyoni, M 2016) . This implies that some of the companies in Zimbabwe's neighbouring countries may not have been affected by the enactment of Statutory Instrument 64 of 2016.

The strongest argument used by Zimbabwe to justify the enactment of Statutory Instrument 64 of 2016 to her neighbours and regional bodies is that it is intended to protect local industries and infant industries from unfair foreign competition that includes dumping (http://www.zbc.co.zw/index.php/news-categories/business/70263-si-64-to-address-production-deficiencies). This argument is also propounded by Fouda (2012) who said that protectionism is meant to protect "home industries or infant industries (until they are large enough to achieve economies of scale and strong enough to compete internationally), producers and consumers". The other arguments forwarded by Zimbabwe are that the instrument will improve the balance of payment position, curb the liquidity crisis, boost production by local firms; and is not intended to harm her neighbours. The current study therefore sought to get an insight into the possible effects of Statutory Instrument 64 on Zimbabwe's neighbours.

1.1 Research questions:

- What is the nature of trade between Zimbabwe and neighbouring countries?
- What are the categories of goods and services that are affected by Statutory Instrument 64 of 2016?
- Why did the government of Zimbabwe introduce Statutory Instrument 64 of 2016?
- What are the effects of Statutory Instrument 64 of 2016 on Zimbabwe's neighbours?

2. RESEARCH METHODOLOGY AND DESIGN

The study used the qualitative approach (Creswell, 2009). In-depth interviews, document reviews and observations were used as data collection techniques (Marshall, 2006). In-depth interviews were carried out with staff from embassies from Botswana, South Africa, Mozambique and Zambia. A physical visit to Musina in South Africa on 29 January by one of the researchers was made in order to observe the effects of the statutory instrument in that town.

3. DISCUSSION OF RESEARCH FINDINGS

The first section, provides an overview of trade blocs in Southern Africa. A discussion on the goods that cannot be exported to Zimbabwe by neighbouring countries due to provisions under Statutory Instrument 64 of 2016 is in section 3.2. Section 3.3 focuses on the nature of trade between Zimbabwe and neighbouring countries. Section 3.4 covers the effects of Statutory Instrument 64 of 2016 on Zimbabwe's neighbours.

3.1 Overview of Trade Blocs in Southern Africa:

There two major trade blocs in Southern Africa namely the Southern Africa Development Community (formerly Southern African Coordination Conference) established by the Windhoek Declaration of 1992 and the Common Market for East and Southern Africa established by the COMESA Treaty of 1993. Zimbabwe is signatory to the treaties from these blocs. The SADC member states are Angola, Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Zambia, and Zimbabwe. The objectives of SADC as directly extracted from Article 5 of the SADC Declaration and Treaty (1992:5) are:

- To further liberalise intra-regional trade in goods and services on the basis of fair, mutually equitable and beneficial trade arrangements, complemented by Protocols in other areas.
- To ensure efficient production within SADC reflecting the current and dynamic comparative advantages of its Members.
- To contribute towards the improvement of the climate for domestic, cross-border and foreign investment.
- To enhance the economic development, diversification and industrialisation of the Region.
- To establish a Free Trade Area in the SADC Region

In terms of trade, SADC is claimed by Behar and Edwards (2011), in a paper provided by the World Bank in the Policy Research Working Paper Series, to be highly integrated as evidenced by increased openness (controlling for GDP and other factors) which is comparable to other developing countries; more trade with each other than with the rest of the globe; and high trade between countries taking into consideration the size and geography of the market. COMESA is comprised of Angola, Burundi, Comoros, Democratic Republic Congo, Eritrea, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Namibia, Rwanda, Seycelles, Sudan, Swaziland, Tanzania, Uganda, Zambia and Zimbabwe. According to the treaty "the aims and objectives of COMESA have been designed so as to remove the structural and institutional weaknesses in the member States by pooling their resources together in order to sustain their development efforts either individually or collectively". Key to international trade, in the case of COMESA, is the objective that members are to co-operate in the creation of an enabling environment for foreign, cross-border and domestic investment, including the joint promotion of research and adaptation of science and technology for development (COMESA Treaty 1993). Since Zimbabwe is signatory to the treaties of the two blocs it is expected to abide by their provisions. Some members of the blocs feel that Statutory Instrument 64 of 2016 is in violation of the provisions of the treaties of these blocs.

3.2 Nature of trade between Zimbabwe and neighbouring countries:

SADC is composed of 15 countries namely Angola, Botswana, Democratic Republic of Congo, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe. Zimbabwe is a signatory to the SADC Protocol on Trade. The protocol seeks to promote regional integration through free trade. Zimbabwe has specific bilateral trade agreements with specific SADC members which seek to promote free trade under the banner of the SADC Protocol on Trade. The trade agreement with Botswana ratified in 1988 covers reciprocal duty free trade on all products from imported grown, wholly produced, or manufactured wholly or partly inputs subject to a 25% local content requirement. The agreement with Namibia signed in 1992, is a reciprocal agreement which requires 25% local content for manufactured goods and that both countries as exporters should be the last place of substantial manufacturing. The other bilateral agreement is with South Africa which was last reviewed in 1996 and promotes duty free regime or preferential tariff quota applied to selected goods that include dairy products, eggs and potatoes. The SADC is the biggest trading partner to Zimbabwe absorbing 90% of the country's exports. South Africa is the dominant destination for Zimbabwe's exports absorbing 79% of Zimbabwe's exports in 2013 followed by Mozambique and Zambia with 10.3% and 3.3% respectively (Kadzere, 2014). Zimbabwe's major export products are tobacco, minerals namely diamonds, nickel, iron and steel; cotton; sugar; cement; raw hides and skins; and wool products. On the other hand, major products exported to Zimbabwe by its neighbours and SADC member states include fertilisers; petroleum oils; nickel matte; maize; animal feeds; motor vehicles; and electrical energy.

Table 3.1: Intra-SADC Exports

Country	Million US $												
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Total
Angola	11	3	5	38	8	16	20	565	2 768	1 665	2 331	2 112	9 541
Botswana	320	255	258	334	479	580	604	838	1 249	751	898	1 118	7 684
D. R. Congo	12	89	3	15	25	94	36	7	502	467	1 180	15	2 447

Lesotho	1	199	140	94	882	185	153	228	313	6	11	3	2 215
Madagascar	26	52	37	78	66	41	39	37	60	49	62	61	607
Malawi	58	91	97	123	134	141	209	314	192	280	204	365	2 207
Mauritius	103	124	115	163	148	254	173	215	236	234	284	355	2 404
Mozambique	55	167	252	255	303	384	477	451	421	186	615	823	4 388
Namibia	436	360	538	900	915	1 005	1 125	1 536	2 030	2 225	1 759	2 295	15 125
Seychelles	6	6	4	2	2	4	2	3	3	6	2	24	63
South Africa	2 967	2 832	2 813	3 385	3 778	4 595	4 852	6 074	8 441	6 797	8 392	10 791	65 717
Swaziland	612	641	868	1 232	1 168	1 040	987	1 104	1 085	1 037	1 164	1 169	12 107
Tanzania	53	69	99	133	249	413	419	227	522	409	781	1 259	4 632
Zambia	265	316	380	459	784	531	754	1 119	1 019	945	1 316	1 895	9 781
Zimbabwe	1 317	1 086	1 393	903	1 712	1 178	4 411	2 202	1 134	1 426	2 284	2 912	21 958
Total	**6 243**	**6 289**	**7 002**	**8 115**	**10 652**	**10 458**	**14 261**	**14 921**	**19 974**	**16 483**	**21 280**	**25 196**	**160 876**

Source: SADC, 2011

SADC intra exports amounted to $160 876 million between 2000 and 2011 with South Africa leading in value exported into the region at $65 717 million and Zimbabwe at second position with $21 958 million while Seychelles had the least value of exports into the region at $63 million as shown in Table 3.1.

Table 3.2: Intra-SADC Imports

Country	Million US $												
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Total
Angola	331	431	32	532	592	596	805	953	1 437	1 459	1 245	1299	9 711
Botswana	1 616	1 418	1 766	2 118	2 766	2 735	2 725	3 482	4 124	3 704	4 262	4 985	35 700
D. R. Congo	197	170	212	227	370	502	1 705	731	1 793	1 149	1 597	1464	10 118
Lesotho	1	577	611	935	1 100	800	801	793	772	31	12	6	6 441
Madagascar	97	98	74	188	190	273	203	250	360	328	298	306	2 664
Malawi	232	324	396	449	531	719	784	739	1 094	1 173	907	935	8 284
Mauritius	364	333	353	368	383	330	345	375	461	375	456	472	4 617
Mozambique	329	274	483	629	744	1 065	1 028	1 159	1 149	1 391	2 201	2 382	12 835
Namibia	1 245	1 220	1 129	2 031	2 098	2 128	2 349	3 186	3 284	3 543	3 490	5 135	30 839
Seychelles	46	38	65	53	57	55	74	63	98	109	109	96	863
South Africa	336	318	513	545	976	1 557	2 291	3 690	5 063	2 486	3 693	4 283	25 751
Swaziland	1 001	830	931	1 289	1 648	1 523	1 075	1 172	1 046	1 153	1 541	1 502	14 710
Tanzania	197	224	211	320	382	440	616	515	877	750	945	936	6 413
Zambia	650	735	968	1 068	1 214	1 437	1 762	2 187	2 981	2 201	3 297	3 886	22 385
Zimbabwe	1 283	983	1 503	742	1 752	1 576	1 662	2 381	2 157	2 544	3 446	5 669	25 698
Total	7 925	7 975	9 247	11 493	14 804	15 736	18 227	21 678	26 696	22 396	27 500	33 357	217 032

Source: SADC, 2011

In terms of intra regional imports, SADC had an amount of $217 032 million with Botswana leading at $35 700 million and Namibia at $30 839 million while Zimbabwe was fourth at $25 698 million during the same period as reflected in Table 3.2. Seychelles was once again the least importer at a value of $863 million.

3.3 Goods that cannot be exported to Zimbabwe by neighbouring countries due to SI 64/2016:

The researchers noted that suppliers in neighbouring countries required an Open General Import Licence (OGIL) to export all the products listed in Statutory Instrument Number 64 to Zimbabwe with effect from 1 July 2016. The suppliers were prohibited from exporting coffee creamers (Cremora), camphor creams, white petroleum jellies and body creams, plastic pipes and fittings according to Statutory Instrument 64 of 2016. They were banned from exporting builders ware products such as wheelbarrows (flat pan and concrete pan wheelbarrows), structures (excluding prefabricated buildings of heading 94.06) and parts of structures of iron or steel (bridges and bridges section, lock gates, towers, lattice masts, roofs, roofing frameworks, doors, windows and their frames and thresholds for doors, shutters, balustrade, pillars and columns) and plates, rods, angles, shapes, sections and tubes prepared for use in structures of iron and steel classified under headings 7308:3090 of the customs tariff. Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, clad plated or coated and corrugated steel roofing sheets and other furniture and parts thereof and other metal furniture of steel kitchen units and metal clad insulated panels are some of the products under builders' ware that could not be imported into the country without a permit. The statutory instrument outlawed exports of food items that included baked beans, potato crisps, cereals, bottled water, mayonnaise, salad cream, peanut butter, jams, maheu, canned fruits and vegetables, pizza base, yoghurts, flavoured milks, dairy juice blends, ice creams, cultured milk, cheese to Zimbabwe. Other non-food items that were barred from entering the country without a permit included second hand tyres (all re-treaded or used pneumatic tyres or rubber), baler and binder twine, fertilisers (urea and ammonium nitrate), compounds and blends, tile adhesive and tylon, shoe polish, synthetic hair products, flash doors, beds, wardrobes, bedroom and dining room suites, office furniture and tissue wading, and woven fabrics of cotton of different types, sizes and weights as specified under various headings of the relevant customs tariffs. However, the researchers observed that in line with the clarification of the Minister of Industry and Commerce small quantities deemed by customs clearing officers to be for home consumption and use could be imported without a permit. The Minister of Industry and Commerce, Honourable Mike Bimha in his article published in the Sunday Mail of 10 July 2016 and Herald of 20 June 2016 clarified that Statutory Instrument Number 64 of 2016 was intended to regulate commercial imports through imposing a licencing requirement for bulk or commercial importers. The statement from the Minister implies that the removal of products from the Open General Import Licence meant that a licence will be required to import the listed products. This means that small quantities of the items on the list can still be imported without an import licence or permit as long as they are intended for household use.

3.4 The effects of Statutory Instrument 64 of 2016 on Zimbabwe's neighbouring countries:

The researchers discovered that Statutory Instrument 64 of 2016 had various effects on Zimbabwe's neighbours in the SADC region. The growing agitation of stakeholders in neighbouring countries was noticeable to the researchers. These stakeholders included employees, producers, government, and transporters. Producers in Zambia openly implored their government to retaliate against Statutory Instrument 64 of 2016 through the Zambia Manufactures Association and the Zambia National Farmers Union by restricting the importation of products from Zimbabwe into Zambia. The Zambian government even took the bold step of registering a formal complaint with the SADC and COMESA NTB over Statutory Instrument 64 of 2016 registered as number NTB000721 which called for the withdrawal of the instrument because it controlled the volume of imports of products exported by Zambia to Zimbabwe requiring that import licences be obtained from the Ministry of Industry and Commerce before importation of a wide range of products. The South African Minister of Industry and Trade, Dr Rob Davies, castigated the implementation of Statutory Instrument 64 of 2016 as contradictory to the provisions of free trade which the SADC Protocol on Trade seeks to promote and has aggressively lobbied the Zimbabwean government to retract the law. The South African Minister also expressed fears that the law may benefit countries outside the SADC region at the expense of SADC member countries. Cross border traders from South Africa and Zimbabwe demonstrated against the promulgation of Statutory Instrument 64 of 2016. At the SADC conference held 22-31 August 2016 in Swaziland SADC had to deliberate on Statutory Instrument 64 of 2016 and ratified the appointment of an expert to resolve the impasse between Zimbabwe and its trading partners in the SADC region. Mashaya (2016) in his analysis of the effects of Statutory Instrument 64 of 2016 claims that Zimbabwe risked isolation from trading partners especially those from the SADC region. The researchers thus observed that Statutory Instrument 64 of 2016 had caused tension between Zimbabwe and its trading partners in the SADC region.

The research revealed that the introduction of Statutory Instrument 64 of 2016 resulted in the reduction of exports to Zimbabwe by trading partners in the SADC region especially South Africa which is Zimbabwe's largest trading partner. Products that were mainly affected included Lays chips, yoghurts, Cremora, tinned beans. Products in this category were still finding their way into the Zimbabwean market but in smaller quantities. A quick check carried out by the researchers in major supermarkets such as TM/Pick n Pay Supermarkets and OK Zimbabwe revealed the presence of a few units of the products on the supermarket shelves. The researchers observed that some of the shops in Manica, Mozambique that dealt in the restricted products had closed due to reduced business and the town was gradually becoming a ghost town. Thus several people have already lost jobs in the neighbouring countries.

The researchers observed that export of certain product lines into the country had been completely eliminated or abolished. This implies that the companies in neighbouring countries had lost business and had therefore scaled down operations. A clear example of a product line that had been affected in this way was cooking oil where brands such as Delite, Sunfoil, Canola and Sun Gold from South Africa were either no longer available or available in very limited quantities in major supermarkets in Zimbabwe. These had been replaced with local brands namely Pure Drop, Roil, Olivine and Zimgold cooking oil. Imported yoghurts were also not available on shelves in big supermarkets such as OK Zimbabwe.

The enactment of Statutory Instrument 64 of 2016 had prompted some South African companies to invest in Zimbabwe for the first time or expand existing operations or establish partnerships with local companies. Willowton Zimbabwe, a wholly owned subsidiary of the South Africa based Willowton Group recently injected US$40 million in the construction of cooking oil and soap manufacturing plants in Mutare to circumvent the provisions of Statutory Insrtument 64 of 2016 as stated in the Manica Post of 23 September 2016.The Willowton Group also produces candles, yoghurts, margarines, spreads, chocolates, bathing soaps, baking and industrial fats in South Africa. The researchers realised that Pick n Pay, a South Africa based retail company, was increasing its investment in TM Supermarkets through the expansion of the supermarket chain's branch network which now stands at 58 stores with 15 of these operating under the Pick n Pay banner.

The researchers discovered that some companies that had business models that were not compatible with the new dispensation reduced or withdrew their operations in Zimbabwe. A good example maybe SPAR South Africa franchising business model which required that a certain proportion of products held by the franchisee should be from the SPAR Distribution Centre which specialized in South African products. This requirement was not in tandem with the provisions of Statutory Instrument 64 of 2016 and may have influenced the decision by SPAR South Africa to divest from Zimbabwe leaving SPAR Zimbabwe to manage the SPAR brand in Zimbabwe.

The promulgation of Statutory Instrument 64 of 2016 had forced some SADC based companies to expand into other markets. For example some South African companies have increased operations in Mozambique which has the fastest growing market in the SADC bloc.

The researchers noted that there was increased smuggling of products across the borders due to the enactment of Statutory Instrument 64 of 2016 as traders try to avoid the penalties associated with the violation of Statutory Instrument 64 of 2016. According to the Manica Post of 25 November 2016, there was increased smuggling of goods prohibited under Statutory Instrument 64 of 2016 in the supermarkets and the parallel market. The researchers noted that besides increased smuggling activities, Statutory Instrument 64 of 2016 had the downstream effect of increasing expenditure on security as SADC member states sought to prevent smuggling of Statutory Instrument 64 of 2016 listed products from their countries.

Lastly, a physical visit to Musina by one of the researchers on 29 January 2017 revealed that retailers had reduced stocking of products listed under Statutory Instrument 64 of 2016 such as cooking oil and bar soaps; and closed earlier than they used to. On the day, some wholesalers had closed their doors by 1500 hours instead of 1700 hours due to low business activity. The retailers clearly stated that this was part of the effects of Statutory Instrument 64 of 2016.

4. CONCLUSION AND RECOMMENDATIONS

The study revealed that the promulgation of Statutory Instrument 64 of 2016 had several effects on Zimbabwe's neighbours especially South Africa since it is Zimbabwe's largest trading partner in the world. The effects included scaling down of business operations by companies in neighbouring countries with some of them such as SPAR South Africa withdrawing operations from Zimbabwe. Some of the companies such as Willowton had established subsidiaries in

Zimbabwe in a bid to circumvent the effects of Statutory Instrument of 2016. The researchers noted that the instrument had caused unprecedented tension among stakeholders in neighbouring countries with some organizations such as the Zambia Manufactures Association calling for their government to retaliate by banning exports by Zimbabwe to their countries. There was an apparent upsurge in the smuggling of restricted products from neighbouring countries that required increased expenditure on security among Zimbabwe's neighbours.

In light of the foregoing, the researchers recommend that Zimbabwe should continue to engage stakeholders in the neighbouring countries in good faith in order to rebuild confidence and trust. It is critical to note that Zimbabwe's economy is in a comatose and requires urgent and drastic policy shifts but it is also important to continuously consult neighboring countries especially on policy changes that affect the neighbouring countries. Zimbabwe must embrace and implement constructive advice that may emerge from the consultations. For example, Zimbabwe should revisit the requirements and procedures of the SADC protocol that a member country should follow when introducing licencing as a protection measure. South Africa had also raised concerns about the purportedly high tariffs imposed by Zimbabwe on certain goods well before the enactment of Statutory Instrument 64 of 2016.

These concerns, from the view of the researchers, should be addressed to the satisfaction of all parties. The identification and subsequent ratification of appointment of an expert to address issues raised by Zimbabwe's neighbours over the promulgation of Statutory Instrument 64 of 2016 as per provisions of SADC protocol on trade is a positive step towards restoring trust and confidence in Zimbabwe's trading partners. The researchers recommend that the parties should respect the outcome of this mediation for the benefit of all trading partners so that the impasse is quickly and permanently resolved. In other words the outcome should be respected even if it involves the repealing of Statutory Instrument 64 of 2016, redrafting of the instrument, review of the listed items or adherence to provisions and procedures of the SADC Protocol on Trade. The researchers noted that the economic challenges that are being faced by Zimbabwe are beyond trade imbalances as they involve other issues such as capacity underutilization, low local and foreign investment levels, policy inconsistencies and political tension. Such complex challenges from the researchers' viewpoint require a holistic approach that is well coordinated, articulated and religiously implemented.

The government should strive to strike a balance between Statutory Instrument 64 of 2016 and other policies such as industry and trade policy and investment promotion policies. Protecting nascent industries that continue to be inefficient and underutilize capacity and resources might not provide a permanent solution to Zimbabwe's economic challenges and may never benefit Zimbabwe and its neighbours. Thus, the government should revamp the whole supply or production chain rather that treat the symptoms of the economic challenges faced by the country. For example raw materials such as crude cooking oil should be from Zimbabwe not from South Africa as is the present situation considering that Zimbabwe is an agriculture based economy.

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