

# CRS Report for Congress

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## Zimbabwe Update

named acted  
Specialist in International Relations  
Foreign Affairs, Defense, and Trade Division

### Summary

Zimbabwe is facing triple digit inflation, shortages of cash and fuel, and an adult HIV infection rate of 33.7%. The commercial farm sector has been severely damaged by land seizures, and both food production and tobacco exports are declining. The government of President Robert Mugabe, now 79, has taken some measures to deal with economic problems, but these have not proven effective. Meanwhile, the political situation remains stalemated despite reports of possible talks between the ruling party and the opposition. Opposition leader Morgan Tsvangirai is facing treason charges, and human rights groups continue to report violence against opposition supporters. The United States has imposed sanctions on Zimbabwe leaders in an effort to promote change. In July 2003, President Bush said that President Mbeki of South Africa, who has been non-confrontational with Mugabe, is the “point man” on Zimbabwe. Analysts differ on whether Mbeki’s approach can achieve an early resolution of the Zimbabwe problem. This update on Zimbabwe reviews the current situation there and assesses prospects for change. For background, see CRS Report RL31229, *Zimbabwe Backgrounder* and CRS Report RS21161, *Zimbabwe Election Chronology*.

Zimbabwe is facing a series of grave economic, social, and political problems, and many analysts fear a general social breakdown marked by rising violence and suffering in the months ahead.<sup>1</sup> Others, however, hope that indications that formal talks may soon occur between the ruling Zimbabwe African National Union-Patriotic Front (ZANU-PF) and the opposition Movement for Democratic Change (MDC) portend an improvement in the country’s fortunes.

### Economic Situation

The deterioration of Zimbabwe’s economy is perhaps the most striking feature of the country’s current situation. In a statement issued on July 28, 2003, the International Monetary Fund (IMF) noted that

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<sup>1</sup> Economist Intelligence Unit, “Country Report on Zimbabwe,” August 1, 2003.

The Zimbabwean economy has deteriorated progressively over the past four years. Real output has dropped by one-third, inflation reached 269 percent in the year through April 2003, and social conditions are deteriorating. Severe food shortages have necessitated massive food imports and donor assistance, as two-thirds of the population required food aid in 2002/2003 (April-March). The balance of payments has been under severe pressure since 1999, when Zimbabwe began to accumulate payments arrears. There is little productive investment in the economy, and there are reports of significant capital flight and emigration of skilled labor.<sup>2</sup>

By mid-2003, reports indicated that the official inflation rate had reached 365%, and many observers believed that real inflation, including the soaring cost of goods on the black market, was between 500% and 700%. The Zimbabwe dollar was trading at 4,000 to the U.S. dollar on the unofficial market, as compared with an official rate of 824:1; and local currency was in extremely short supply, leading to protests at banks by angry depositors. Fuel shortages resulting from the shortage of hard currency were hampering commerce as well as ambulance service, garbage collection, and the delivery of food aid.<sup>3</sup> Hunger is a mounting concern, and an estimated 5.5 million people in Zimbabwe will require food aid in the next 12 months.<sup>4</sup>

#### Zimbabwe in Brief

**Population:** (2001) 12.8 million  
**Life expectancy at birth:** 40 years (2000); 56 years (1985)  
**Size:** slightly larger than Montana  
**Gross National Income per capita:** \$480 (2001)  
**Real GDP Per Capita Change:** -14.5% (2002, IMF estimate)  
**GDP:** \$7.1 billion (2001)  
**Real GDP Growth:** -12.8% (2002, IMF estimate)  
**Foreign debt:** \$5 billion (2001)  
**HIV infection rate (adults):** 33.7% (2001)  
**AIDS orphans:** 780,000 (2001)  
**Ethnic groups:** Shona 82%; Ndebele 14%; white, less than 1%  
**Religion:** Christian, 25%; indigenous, 24%; syncretic, 50%; Muslim and other, 1%

*Sources:* World Bank, United Nations Joint Program on HIV/AIDS; International Monetary Fund; U.S. Central Intelligence Agency, *World Factbook*, 2003.

Analysts cite a number of reasons for Zimbabwe's economic problems, including recurrent drought, difficulties encountered in implementing an economic reform program from 1990-1997, and competition for Zimbabwe's industry from comparatively cheap South African imports.<sup>5</sup> An estimated 33.7% of Zimbabwe's adults are HIV positive<sup>6</sup> – the second highest rate of infection in the world – and AIDS illness among farmers is

<sup>2</sup> "IMF Concludes 2003 Article IV Consultation with Zimbabwe," Public Information Notice No. 03/89.

<sup>3</sup> Ibid., see also "Fuel Shortages Hit Food Aid Distribution," *Daily News* (Zimbabwe), August 4, 2003, and "Zimbabwe's Mugabe Bans Money 'Hoarding,'" *Dow Jones*, August 9, 2003.

<sup>4</sup> U.N. Office for the Coordination of Humanitarian Affairs, "Zimbabwe: Consolidated Inter-Agency Appeal, July 2003-June 2004," July 29, 2003.

<sup>5</sup> Teddy Brett and Simon Winter, "Origins of the Zimbabwe Crisis," *Focus* (Helen Suzman Foundation), June 2003.

<sup>6</sup> United Nations Joint Program on AIDS, *Report on the Global HIV/AIDS Epidemic*, 2002.

contributing to the drop in food production.<sup>7</sup> At the same time, analysts place major responsibility for Zimbabwe's problems on the policies adopted and actions taken by the government of President Robert Mugabe from 1997 until the present. These include an inflationary payout to war veterans in 1997, intervention by Zimbabwe troops in the Democratic Republic of the Congo from 1998 through most of 2002, exchange rate manipulation, and efforts to prevent a free and fair vote in June 2000 parliamentary election.<sup>8</sup> The violence and intimidation surrounding the March 2002 presidential election were widely reported and widely condemned by international observers, although African observers tended to accept the vote as essentially free and fair.

**Land Seizures.** Disruptions to the commercial agriculture sector as a result of the so-called "fast track" takeover of commercial farms, largely owned by whites, for redistribution to Africans, is also seen as a leading source of Zimbabwe's current economic woes.<sup>9</sup> The fast track program was instituted in 2000, when the government broke with a donor-supported plan for a more gradual land redistribution. Although the regime declared an end to fast track takeovers in August 2002, land seizures and land invasions by prospective settlers have continued. Estimates of the number of white commercial farmers still active range from 400 to 1,000 – down from 4,000 to 4,500 when the land invasions and takeovers began.<sup>10</sup> Sharp drops are being reported in the production of tobacco and beef, major foreign exchange earners; and of maize for domestic consumption. An estimated 200,000 African smallholders have moved on to the seized land,<sup>11</sup> but shortages of skills and agricultural inputs may hamper their ability to contribute to an agricultural recovery for some time to come. Another 15,000 to 20,000 larger farms intended to be part of the commercial sector have been given out, including many farms given to government officials and others with ties to the regime. Much of this land is reportedly not being actively farmed.<sup>12</sup>

**Government Response.** The Mugabe regime has taken some measures to alleviate the country's economic situation, announcing, for example, that the importation of petroleum would be privatized so that it would no longer depend on the availability of foreign exchange to the government. Large denomination travelers checks are to be issued to ease the currency shortage, and in July 2003, the government issued an emergency appeal for food aid and other humanitarian assistance, including medicines. The appeal blamed food shortages on drought. President Mugabe has sought to combat

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<sup>7</sup> John Nyamu, "Southern Africa Reels from a Twin Onslaught," *Africa Recovery* (United Nations), May 2003.

<sup>8</sup> See, for example, International Crisis Group, *Zimbabwe: the Politics of National Liberation and International Division*, Africa Report No. 52, Harare and Brussels, October 17, 2002.

<sup>9</sup> IMF, *Zimbabwe: Selected Issues and Statistical Appendix*, Country Report No. 03-225, July 2003, 17-28.

<sup>10</sup> "No Relief for Zimbabwe Farms," *Daily Telegraph* (London), August 7, 2003; "Zimbabwe Gov't. Seizes More Farms from Whites," Panafican News Agency, August 7, 2003; "Zimbabwe Farm Production Has Dropped Dramatically, Charge White Farmers," *Voice of America*, August 6, 2003;

<sup>11</sup> IMF, *Zimbabwe: Selected Issues*, 25.

<sup>12</sup> "Many Seized Zimbabwe Farms Lying Idle: Reports," *Agence France-Presse*, January 17, 2003.

findings of corruption in the land redistribution program by limiting senior officials to one seized commercial farm and ordering them to surrender any additional farms.<sup>13</sup> To date, however, it does not appear that such measures are stemming the economic crisis.

## Political Situation

President Mugabe, now 79, has ruled Zimbabwe since 1980. Reports appear from time to time suggesting that Mugabe is contemplating retirement, or that Zanu-PF leaders are orchestrating a succession. To date, however, Mugabe had determinedly held onto power. The opposition MDC launched national strikes and protests in March and June 2003, but failed to drive the regime from power. Demonstrations accompanying the strikes were violently suppressed by security forces backed by youth militia loyal to the regime.<sup>14</sup> MDC leader Morgan Tsvangirai, who has been periodically jailed, faces two treason charges carrying the death penalty, and other MDC leaders have faced arrest as well. The Zimbabwe Human Rights NGO Forum continues to report extrajudicial killings, rape, and other violence directed against MDC supporters.<sup>15</sup> Journalists in Zimbabwe operate under severe restrictions, and in May 2003, Andrew Meldrum, a U.S. journalist reporting for the *Guardian* in London, was arrested and forcibly deported from Zimbabwe despite a court order for his release. Meldrum had worked in Zimbabwe for 23 years.<sup>16</sup>

**Talks?** Despite Zimbabwe's political tensions, reports suggest that talks may be possible between the MDC and ZANU-PF on a resolution of the country's political problems. Tsvangirai has denied that such talks, sought by Zimbabwe church leaders and South African mediators, may already be underway, but he acknowledges that there have been exploratory initiatives. However, he has refused to meet a reported ZANU-PF condition for talks – halting a court action challenging the legitimacy of Mugabe's election in March 2002. On August 11, 2003, Mugabe said that the opposition were "enemies" and had to "repent" before talks could occur.<sup>17</sup>

## U.S. Policy

U.S. policymakers grew increasingly concerned about Zimbabwe in the later 1990s, as reports of human rights violations accumulated and Zimbabwe's economy declined. In 2001, Congress passed the Zimbabwe Democracy and Economic Recovery Act (P.L.

<sup>13</sup> "One Man, One Farm – Says President," *The Herald* (Zimbabwe), July 31, 2003. However, an earlier code of conduct for officials was reportedly not a success. Martin Meredith, *Our Votes, Our Guns: Robert Mugabe and the Tragedy of Zimbabwe*, Public Affairs, 2002, 81.

<sup>14</sup> Human Rights Watch, "Under a Shadow: Civil and Political Rights in Zimbabwe," Briefing Paper, June 6, 2003; "Tsvangirai Held as Protests Fizzle Out," *Financial Times*, June 7, 2003.

<sup>15</sup> [<http://www.hrforumzim.com>]. See also the Zimbabwe entry in U.S. Department of State, *Country Reports on Human Rights Practices, 2003*.

<sup>16</sup> "Expulsion Another Blow to Press in Zimbabwe," *Washington Post*, May 25, 2003. On press restrictions, see also letter of Ann Cooper, Executive Director, Committee to Protect Journalists, to President Robert Mugabe, June 17, 2003 [<http://www.cpj.org>].

<sup>17</sup> "Mugabe's Legitimacy an Issue, Says MDC," *Business Day* (South Africa), August 6, 2003; "Mugabe Tells Opposition to 'Repent,'" *Agence France-Presse*, August 11, 2003.

107-99), which noted “economic mismanagement, undemocratic practices, and the costly deployment of troops to the Democratic Republic of the Congo.” Among other provisions, the Act stated the sense of Congress that the United States should begin consultations with other governments on imposing travel and economic sanctions against “individuals responsible for the deliberate breakdown of the rule of law, politically motivated violence, and intimidation in Zimbabwe.” On March 4, 2002, after widespread pre-election violence in Zimbabwe, President Bush issued a proclamation banning travel to the United States by senior members of the Zimbabwe government and their spouses (Proclamation 7524). On March 13, after the Zimbabwe vote, Secretary of State Powell issued a statement highly critical of the elections and affirmed that the United States would consult with other governments on “appropriate responses to this major setback to democracy.” However, it was not until nearly a year later that President Bush issued an executive order freezing the U.S. held assets of President Mugabe and 76 other top Zimbabweans. (Executive Order 13288, dated March 6, 2003 and released on March 7.) The delay drew some criticism, but was explained by officials as the result of the need for inter-agency consultations and the technical difficulties of drafting the terms of the order.

U.S. officials describe the travel ban and assets freeze as “smart sanctions,” designed to punish those responsible for Zimbabwe’s situation while not harming the people of Zimbabwe. Meanwhile, the United States continues to provide economic assistance in Zimbabwe to meet three objectives: preventing a further deterioration in the political and economic situation, strengthening civil society and democratic institutions, and responding to the HIV/AIDS pandemic.<sup>18</sup> An estimated \$16.1 million is being provided in economic assistance in FY2003 and \$20.6 million has been requested for FY2004. In addition, the United States is providing food aid and other emergency humanitarian assistance in response to the food security crisis.<sup>19</sup>

**Actions by Other Countries.** U.S. sanctions against Zimbabwe have been coordinated with the European Union (EU), which has imposed an arms sales ban on Zimbabwe, as well as a travel ban and an assets freeze on Zimbabwean leaders. The EU granted a one-time exception to the travel ban so that President Mugabe could accept an invitation from France’s President Jacques Chirac to attend a Franco-African summit in Paris in February 2003. Chirac argued that it was better to engage Mugabe rather than isolate him,<sup>20</sup> although some pointed out that Mugabe is hardly isolated in view of the recognition and support he continues to receive in Africa. Chirac also faced the reality that many African leaders would have refused to attend the summit if Mugabe had not been invited. The likelihood of an African boycott over a refusal to invite Mugabe led to the cancellation of European-African summit slated for Lisbon in April 2003.

Observers speculate that Mugabe enjoys the sympathy and support of many in Africa and other parts of the developing world because he is seen as standing up to pressure from

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<sup>18</sup> U.S. Agency for International Development (USAID), *Budget Justification to the Congress, Fiscal Year 2004*, 303.

<sup>19</sup> USAID, “Southern Africa – Complex Food Security Crisis,” Situation Report #9, March 18, 2003.

<sup>20</sup> “Chirac Defends Invitation to Mugabe for Franco-African Summit,” *Agence France-Presse*, February 4, 2003.

the United States and other powerful countries and righting the wrongs of the colonial era. Moreover, some may feel he deserves continuing support because of his role in the African liberation struggle. A more cynical view is that leaders of authoritarian and corrupt regimes may see western pressure for reforms in Zimbabwe as portending threats to their own hold on power. In any event, Mugabe has scored a number of recent diplomatic successes, including selection as deputy chair for southern Africa at the July 2003 meeting of the African Union. In March, the summit of the Common Market of Eastern and Southern Africa, meeting in Sudan, called for sanctions against Zimbabwe to be lifted. Mugabe was warmly received at the Non-Aligned Movement Summit in Malaysia in February, and at the World Summit on Sustainable Development in South Africa in September 2002. The Commonwealth of Nations suspended Zimbabwe in March 2002, but African pressure to end the suspension is mounting.

## Policy Analysis

President Bush, after meeting in South Africa with President Thabo Mbeki on July 9, 2003, said that Mbeki believed he was “making good progress” on Zimbabwe and was the “point man” on the issue, with the support of the United States.<sup>21</sup> The President’s remarks set off a flurry of speculation that the United States was shifting toward a less confrontational stance on Zimbabwe, since Mbeki is noted for his reluctance to criticize Mugabe openly.<sup>22</sup> Just two weeks before, Secretary of State Colin Powell had published an Op Ed column stating that Mugabe’s “time has come and gone” and urging South Africa to “play a stronger and more sustained role” in ending the Zimbabwe crisis.<sup>23</sup> Some reports speculated, however, that Mbeki had offered assurances to President Bush that he was working behind the scenes to bring about Mugabe’s retirement, possibly by December. From this perspective, Bush’s remarks reflected a new “unity of purpose”<sup>24</sup> with South Africa and a willingness to give South Africa time to demonstrate that African leaders can resolve the Zimbabwe problem. Nonetheless, many observers doubt that Mugabe has any intention of stepping aside; and if he fails to do so, some will urge that the United States take stronger action, perhaps by imposing stronger sanctions, seeking United Nations involvement, or urging South Africa to take direct action, such as cutting off Zimbabwe’s electricity supplies, to force Mugabe from power. Others may continue to urge that a policy of engagement with Mugabe is more likely to lead to his retirement. Even should Mugabe leave office, however, a long and potentially costly process of reconciliation and reconstruction will likely be required before Zimbabwe can return to the economic and political stability it once enjoyed. Whether such a process would be launched and whether it could succeed remain to be seen.

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<sup>21</sup> White House, Office of the Press Secretary, “President Bush Discusses U.S.-Africa Partnership from South Africa,” (Press Availability), July 9, 2003.

<sup>22</sup> “Harare Sees Support for Talks as ‘Loud Climbdow’n by Bush,” *Washington Times*, July 11, 2003; “At Risk in Zimbabwe,” *Boston Globe* editorial, July 21, 2003.

<sup>23</sup> Colin L. Powell, “Freeing a Nation from a Tyrant’s Grip,” *New York Times*, June 24, 2003. The Secretary wrote that Pius Ncube, the Roman Catholic Archbishop of Bulawayo, had told him that “there is too much fear in the country; fear of the unknown and fear of the known consequences if we act or speak out.”

<sup>24</sup> John Prendergast, “Leaders of Africa Must Act Now to Save Zimbabwe,” *Business Day* (South Africa), August 6, 2003.

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