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Zimbabwe says worst is over as it courts SA investors

Zimbabwe's economy is on the mend as the worst is over, the country's finance minister said in a bid to assure investors in South Africa that its neighbour was "not a basket case".

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"We are a giant waking up," Zimbabwean Finance Minister Patrick Chinamasa told investors. "We are out of the trenches. We are not a basket case."

Chinamasa was leading a high profile delegation of Zimbabwean government ministers to drum up foreign investment from neighbouring South Africa, the continent's most developed economy.

The panel said the economy - which six years ago suffered a world record hyperinflation - was on the mend and that its controversial black empowerment laws were being clarified to show they were flexible.

The "worst is over", Chinamasa said, adding that work was being done to improve the ease of doing business in the country.

The new central bank governor John Mangudya, who has been in office for just six months, sounded an upbeat note claiming the country was heading in the right direction.

"Don't judge us by the way we fell. We fell apart in 2008 when the Zimbabwe dollar was destroyed and confidence levels went down," the bank chief told AFP. "We are starting afresh."

Chinamasa said Zimbabwe is now "open for investment and the opportunities are enormous," telling AFP that already there has been a "stampede of investments into power generation."

Most investors in the energy sector have been Chinese. The Zimbabwe team also spoke about the country's controversial indigenisation law, first implemented in 2010, which forced foreign companies to cede 51 percent of shares to Zimbabwean partners, spooking investors.

But they said the problem was that they had failed to communicate the law clearly and the government was now working at making it a "clear, consistent and predictable policy".

"It's no one-size-fits-all policy," said Chinamasa. Mangudya also told AFP Zimbabwe owed investors clarification of the indigenisation law.

"It's a very feasible policy, but the way it was being marketed scared away investors, maybe we over-politicised it," said the Reserve Bank of Zimbabwe chief.

In urging investment by South African firms, the Zimbabwean officials said it was in the interest of South Africa to help grow its neighbour's economy to stop the tide of economic refugees.

"I believe South African investors have a moral and business obligation to invest in Zimbabwe, or we will continue bothering you," said Chinamasa. "It's in your interest."

Zimbabwe's economy entered a tailspin after the launch of controversial land reforms 14 years ago. By 2008, inflation had officially peaked at 231 million percent before the government stopped counting. Chinamasa described that phase as "hell".

"Zimbabwe's problem is all just about confidence and this lack confidence was caused by the demonisation against the country, against our president."

"We went through hell" He said the government has taken steps to improve the investment climate, including re-engaging the International Monetary Fund.

Early this month the IMF had said Zimbabwe's economy was showing no signs of recovery after adverse weather, low exports and election year uncertainty shattered growth prospects.

The global lender said the government needs strong macro-economic policies and debt relief along with a strategy to clear arrears in order to overcome its economic challenges.

The gross domestic product (GDP) had averaged an annual 10 percent between 2009 and 2011 when the country was run by a power-sharing government of President Robert Mugabe and his arch-foe Morgan Tsvangirai.

The new central bank chief has forecast GDP growth of up to 4.0 percent next year before it heads upwards to between 5.0 and 7.0 percent in 2016.

Source: AFP