



**GOVERNMENT OF ZIMBABWE**

**SPEECH BY THE**

**MINISTER OF INDUSTRY AND COMMERCE**

**HON. DR. SEKAI. I. NZENZA (MP)**

**AT THE LAUNCH OF THE**

**ENGINEERING, IRON AND STEEL SECTOR STRATEGY**

**27 MAY 2022**

**AT CRESTA LODGE, HARARE**

**Director of Ceremonies;**

**Permanent Secretaries here present;**

**Senior Government Officials here present;**

**Captains of Industry;**

**Distinguished Guests;**

**The Media Fraternity;**

**Ladies and Gentlemen;**

**Good morning.**

## **Introduction**

It gives me great pleasure to be here today giving remarks on behalf of the Minister of Industry and Commerce, Dr. Sekai Nzenza, who could not be here with us today.

Today, we are here to officially launch the Zimbabwe Engineering, Iron and Steel Sector Strategy (2022-2026), which is a strategic document that outlines the roadmap to the transformation of this key industry.

As was noted by the previous speakers, the Engineering, Iron and Steel Industry is the bedrock of the industrial growth and transformation of any nation and this sector has linkages with other sectors such as agriculture, mining, construction, education, tourism, health, among other productive sectors of the economy.

## **Global Performance of the Sector**

The World Bank is projecting a 16% increase in metal prices in 2022 compared to 2021 and similarly the World Bank's Metals and Minerals Price Index also rose 13% during the first quarter of 2022, with some metal prices reaching all-time highs in March 2022 amid historically low inventories. This positive outlook on the global metal prices is quite encouraging for the iron and steel sector in Zimbabwe.

## **NDS 1 (2021-2025)**

**Ladies and Gentlemen,**

Government is now in its second year of implementing National Development Strategy One (2021-2025) which is the economic blueprint, guiding us towards the achievement of our national vision of Vision 2030.

As Government, we are pursuing a private sector led economy, where we are acknowledging that private sector is the driver of economic growth.

We are pleased to note that you are already taking the lead in the formulation of strategies to address constraints in your sector.

To the Engineering, Iron and Steel Industry, you have been exemplary by taking this major stride in developing the Zimbabwe Engineering, Iron and Steel Strategy. **This is quite commendable.**

This Engineering, Iron and Steel strategy is derived from the aspirations of the National Vision 2030, National Development Strategy One (2021-2025), National Industrial Development Policy (2019-2023) as well as the Local Content Strategy.

The Engineering, Iron and Steel value chain is one of the ten (10) strategic value chains which are being implemented and monitored under the National Development Strategy 1 (2021- 2025), under the thematic area of “Moving The Economy up the Value Chain and Structural Transformation.” In implementing this thematic area, the Ministry is working closely with the Ministry Mines and Mining Development, Ministry of Lands, Agriculture, Fisheries, Water and Rural Development, value chain players and Business Membership Organisations (BMOs).

Our thrust is to promote an accelerated implementation of value chains as key anchors of driving industrialization through provision of the necessary policy support and enabling environment for business to operate efficiently.

It is important for us as country to develop value chains:

- As they are a key strategy under the Zimbabwe Industrial Development Policy (2019-2023)
- Value chain development promotes import substitution
- The development of value chains can enhance rural-based industrialisation
- Value chains promote cross border linkages
- increase formal employment, and
- leverage on the manufacturing value added products

The private sector is working together with the Ministry in the implementation of this value chain with the aim of resuscitating the local production of steel and increasing the value addition of iron and steel.

### **Government Initiatives to Revive the Engineering, Iron and Steel Industry in Zimbabwe**

**Ladies and gentlemen,**

The Iron and Steel Industry in Zimbabwe has not been performing well for the past decade, mainly due to the closure of ZISCO Steel.

This sector is heavily dependent on primary and secondary steel, as the main feedstock and that the closure of ZISCO Steel in 2008, negatively affected the sector. The closure of ZISCO Steel also affected several other upstream and downstream players such Buchwa Iron mining company and Lancashire steel, among others.

In spite of these challenges, the Second Republic remains resolute in the resuscitation of ZISCO Steel, which is vital to the up-stream activities of

the engineering, iron and steel value chain. To date, Government has managed to engage a local partner, Kuvimba Mining House who is already working together with ZISCO Steel on how best to operationalize the steel company.

### **Investments of Sector**

The engineering, iron and steel sector also seen the coming on board of another strategic investor called Dinson Steel and Iron Company (DISCO). This investment will see the mining of iron ore and the resumption of local production of steel and to date the construction of the USD 1 billion steel processing plant in Chivhu Dinson Steel has started.

With this investment Dinson Steel and Iron Company (DISCO) is expected to become the largest steel plant in Southern Africa, with an annual turnover of US\$1.5 billion from the processing plant and iron ore mine starting next year under a USD 1 billion capital investment. The project will have a capacity to produce 1.2 million tonnes a year and at full production, the company will create between 4 000 and 5 000 employment across value chain.

### **Import Substitution**

The country is currently importing 90% of key steel raw materials. The coming on board of the Dinson Steel and Iron Company (DISCO) and resumption of operations by ZISCO Steel will save the country approximately USD2 million annually, which is currently being spent on the importation of steel raw materials.

Let me say, as a government, we are excited and optimistic that the set sector vision of creating 50 000 employment and generating USD6 billion revenue is feasible.

### **The Zimbabwe Engineering, Iron and Steel Sector Strategy**

The development of Engineering, Iron and Steel Sector Strategy, which is spearheaded by the private sector will guide the development and growth of the engineering, iron and steel sector over the next five (5) years.

The envisaged activities under the Engineering, Iron and Steel Sector Strategy will require coordinated efforts from public, private sector, development partners, communities, academia, investors and workers in order to yield the desired results.

Some of the flagship strategies to be implemented during the tenure of the strategy include:

- strengthening of support and sector representation institutions,
- creation of a dedicated funding facility, to fund attractive value chains in the engineering iron and steel sector,
- retooling and replacing ageing equipment with new technologies and
- establishing a stable and sufficient local production capacity for basic iron and steel products.

### **Challenges**

We are cognisant that over the years, the sector has not been spared by the challenges facing by the manufacturing industry which include

shortage of raw materials, foreign currency, high cost of production and power outages. Despite these challenges, the sector has shown resilience and remains the cornerstone of industrial transformation in Zimbabwe.

As Government, we will continue to work with the private sector in order to create a conducive and enabling business environment, which will allow for the growth and development of the engineering, iron and steel sector.

The prioritization of manufacturers for access to foreign currency under the RBZ Auction System will be continued. This initiative has led to manufacturers being able to re-tool.

## **Conclusion**

**Ladies and gentlemen,**

Allow me, to extend our sincere gratitude to the Engineering, Iron and Steel Association of Zimbabwe (EISAZ) and the National Employment Council for Engineering, Iron and Steel industry for the technical and financial support in development of this strategy.

Let me also extend my special thanks all the stakeholders who contributed tirelessly in coming up with measures to help revive the Engineering, Iron and Steel Sector as well as developing this key strategy which will undoubtedly enable successful and accelerated implementation of the NDS1.

**Ladies and gentlemen,**

**I thank you**