Sovereign Debt News Update No. 160: Zimbabwe’s Lithium Strategy: Maximising National Gains in a Chinese-Dominated Sector

By:

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On the 10 June 2025, the Zimbabwean government announced that it would ban the export of lithium concentrate, with the ban is scheduled to take effect from January 2027. Zimbabwe, Africa’s largest lithium producer, has positioned lithium at the centre of its economic transformation agenda as global demand for battery minerals accelerates due to the expansion of electric vehicles and renewable energy storage technologies. This update examines Zimbabwe’s evolving lithium policy as the government seeks to maximize national benefits through export bans and domestic beneficiation requirements. It analyses the rationale, timelines and political economy of the proposed bans on lithium ore and concentrate exports, while interrogating the ownership structures of dominant Chinese firms such as Sinomine and Zhejiang Huayou Cobalt.

Background

Policymakers increasingly describe lithium as a strategic resource capable of supporting industrialization, export diversification and fiscal recovery rather than as a simple extractive commodity. The mining sector already contributes significantly to national output and foreign exchange earnings, and lithium is viewed as a critical driver of future growth given Zimbabwe's large hard-rock deposits and rising production levels. Government officials have repeatedly argued that exporting lithium in raw or semi-processed form limits employment creation and reduces the developmental impact of mining activities. This position aligns with Zimbabwe's National Development Strategy (2021 to 2025) , which prioritized beneficiation, local value addition and stronger linkages between mining and manufacturing. Mines and Mining Development Minister Winston Chitando emphasized that minerals should underpin broader industrial capacity rather than reinforce dependence on commodity exports, a narrative that has become central to lithium policy debates. The government's focus on lithium also reflects growing concern about price volatility in global commodity markets, which has exposed the vulnerability of economies reliant on primary exports. By pursuing downstream processing, Zimbabwe aims to stabilize export revenues while embedding lithium into a longer-term industrial development pathway.

Early Regulatory Shifts and the Ban on Raw Lithium Ore Exports

Zimbabwe's initial regulatory intervention in the lithium sector occurred in December 2022 when the government imposed a ban on the export of raw lithium ore, marking a decisive departure from past extractive practices. Zimbabwe's government imposed a ban on the export of raw lithium ore in December 2022 through Statutory Instrument 213 of 2022: Base Minerals Export Control (Unbeneficiated Lithium Bearing Ores) Order, 2022. This regulation stated that no lithium bearing ores or unbeneficiated lithium could be exported except with written permission from the Minister of Mines and Mining Development, effectively prohibiting raw lithium exports as part of a value-addition policy. The policy was justified on the basis that unprocessed ore exports generated minimal fiscal returns while depriving the domestic economy of employment and industrial learning opportunities. Minister Winston Chitando stated at the time that Zimbabwe would no longer allow its mineral wealth to

be extracted without corresponding domestic benefits, famously asserting that the country would not function as a quarry for foreign industry. The ban was accompanied by new licensing conditions requiring mining companies to submit beneficiation and processing plans as part of their operational approvals. This regulatory shift altered the incentives for investors, particularly foreign firms that had previously relied on exporting raw material for offshore processing. While the policy was welcomed by proponents of resource-based industrialization, it also raised concerns within the mining sector about regulatory predictability and cost implications. Nevertheless, the ore export ban established a clear policy direction that beneficiation would become a non-negotiable element of Zimbabwe's critical minerals strategy.

Escalation to a Lithium Concentrate Export Ban by 2027

In 2024 and 2025, Zimbabwe escalated its lithium policy by announcing plans to ban the export of lithium concentrates by 2027 , extending beneficiation requirements beyond raw ore to include semi-processed products. Lithium concentrates represent an intermediate stage of processing, yet government officials argued that they still capture only a small portion of the mineral's full economic value. The announcement was framed as part of a broader effort to move Zimbabwe further up the battery value chain towards chemical processing and refined lithium products such as lithium sulphate and lithium carbonate. These downstream products command significantly higher prices on global markets and are essential inputs for battery manufacturing. Authorities emphasized that allowing continued concentrate exports would undermine domestic processing ambitions by incentivizing firms to delay investment in local refineries. The 2027 timeline was deliberately chosen to provide investors with a multi-year adjustment period while signaling that beneficiation requirements would be strictly enforced. This policy shift represents one of the most assertive attempts by an African producer to restructure participation in global critical mineral markets.

Transitional Arrangements and the 2025 to 2027 Adjustment Period

Zimbabwe has characterized the period between 2025 and 2027 as a transition phase designed to allow mining companies time to invest in domestic processing capacity before the export ban takes effect. Government officials

indicated that existing concentrate exports would be permitted during this window, provided companies demonstrate credible progress towards beneficiation. New mining licenses are expected to include stricter conditions linking production approvals to processing commitments. Authorities have also encouraged the use of toll-processing arrangements, whereby smaller producers can access shared refining facilities rather than build standalone plants. This approach reflects an effort to balance industrial policy objectives with practical constraints facing investors. At the same time, officials have stressed that the 2027 deadline will not be extended further, citing the need for policy certainty and credibility. The transitional framework seeks to mitigate the risk of abrupt production declines while maintaining pressure on firms to align with national development priorities.

However, a Bloomberg report dated 10 June 2025, Zimbabwean authorities signaled that the lithium concentrate export ban could be implemented earlier than 2027, potentially starting in 2026, due to dissatisfaction with the pace of investment in domestic processing. Senior officials were quoted expressing concern that some mining companies continued to prioritize concentrate exports while delaying refinery construction. According to the report, policymakers argued that Zimbabwe already possessed sufficient lithium resources to justify accelerated beneficiation. The possibility of an earlier ban was framed as a warning to investors rather than an immediate policy reversal. Nevertheless, the statement heightened uncertainty within the sector and prompted renewed discussions about compliance timelines. Government representatives emphasized that domestic processing was essential for retaining value within the economy and reducing reliance on external value chains. The episode underscored the tension between state-led industrial ambition and investor-driven timelines.

A Focus on Domestic Resource Mobilization due to External Financing Constraints

Zimbabwe’s emphasis on lithium beneficiation is closely linked to persistent fiscal pressures and external financing constraints. Limited access to concessional finance, ongoing arrears to international creditors, and chronic foreign currency shortages have increased the importance of maximizing resource beneficiation through export-based revenue mobilization. Lithium is

viewed as a potential stabilizing export capable of generating sustained foreign exchange earnings if processed domestically rather than exported in low-value forms. Authorities argue that beneficiation could enhance tax revenues, royalties and employment while reducing vulnerability to commodity price swings. This framing positions lithium policy as part of a broader macroeconomic stabilization strategy rather than a narrow sectoral intervention. The government has also linked beneficiation to broader industrial policy objectives, including import substitution and the development of local manufacturing ecosystems.

Chinese Dominance in Zimbabwe's Lithium Sector:

Sinomine

Despite Zimbabwe's assertive policy stance, the lithium sector is dominated by Chinese companies that control the largest and most advanced operations. Lithium sulphate plants are currently under development at Bikita Minerals and Prospect Lithium Zimbabwe, owned by Sinomine and Zhejiang Huayou Cobalt, respectively. Sinomine is a Chinese company listed on the Shenzhen Stock Exchange and is primarily owned by Chinese institutional and private shareholders. Sinomine has businesses in more than 40 countries and regions in Asia, Africa, Europe, America and Oceania, and has branches in China, Canada, the United States, the United Kingdom, Norway, Zimbabwe, the Democratic Republic of the Congo (DRC), Zambia and other countries. The firm operates within China's broader industrial strategy aimed at securing upstream access to battery minerals. Following the acquisition, Sinomine announced investments exceeding 300 million United States dollars to expand mining operations and establish lithium sulphate processing facilities in Zimbabwe. Zimbabwean authorities have frequently cited Sinomine as an example of an investor aligned with the country's beneficiation objectives. However, questions remain regarding the extent of technology transfer and local ownership embedded in these investments.

Zhejiang Huayou Cobalt

Zhejiang Huayou Cobalt controls the Arcadia lithium project near Harare following its acquisition of Prospect Lithium Zimbabwe in 2022. Huayou is publicly listed on the Shanghai Stock Exchange and has a diversified

shareholder base that includes institutional investors and state-linked entities. The company is a major global supplier of battery materials to electric vehicle manufacturers and battery producers, giving it considerable leverage across the lithium value. Huayou has invested heavily in processing infrastructure at Arcadia, including concentrators and chemical processing facilities. Its vertically integrated model allows it to control production, processing and downstream sales, limiting Zimbabwe's bargaining power despite domestic beneficiation.

The reality is Chinese firms have invested over one billion United States dollars in Zimbabwe's lithium mining and processing projects since 2021, giving them substantial influence over production, technology and export channels. This concentration of ownership raises important questions about how much value Zimbabwe can realistically capture, even with beneficiation mandates in place. While Chinese investment has enabled rapid production growth and infrastructure development, it also embeds Zimbabwe within Chinese-centered battery supply chains. This structural reality complicates efforts to assert national control over pricing, processing decisions and downstream integration.

Overall, Zimbabwe's lithium policy reflects a broader need for beneficiation and local value addition across Africa, driven by dissatisfaction with historical extraction models. While beneficiation policies assert sovereignty over natural resources, they must navigate global power asymmetries embedded in international capital and technology markets. The challenge lies in balancing national development goals with the realities of foreign-dominated value chains. Success will depend on the state's ability to negotiate equitable partnerships rather than rely solely on regulatory coercion.

Conclusion: Promise and Limits of Zimbabwe's Lithium Strategy

Zimbabwe's attempt to maximize benefits from lithium represents a bold developmental intervention aimed at restructuring participation in global battery supply chains. Export bans and beneficiation requirements signal a clear rejection of low-value extraction. However, the dominance of foreign firms such as Sinomine and Zhejiang Huayou Cobalt underscores enduring structural constraints. The vertical integration of companies such as Sinomine and Huayou highlights structural challenges in Zimbabwe's lithium strategy. Even

when processing occurs domestically, strategic decisions regarding pricing, offtake and technology remain largely offshore. This limits the extent to which beneficiation translates into broader industrial transformation. Without stronger local content requirements, technology transfer provisions and equity participation, Zimbabwe risks hosting processing facilities without gaining meaningful control over value creation. The dominance of integrated foreign firms also constrains opportunities for local enterprises to enter higher-value segments of the supply chain.

Achieving meaningful value capture will require strong enforcement, infrastructure investment and deliberate efforts to expand local ownership and technological capacity. Zimbabwe’s lithium strategy holds significant promise, but its outcomes will ultimately depend on whether policy ambition can be translated into sustained industrial transformation.

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