Sovereign Debt News Update No. 186: From Policy Promise to the Test of Implementation: Zimbabwe’s Lithium Beneficiation Push Enters its Test Phase

By:

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Zimbabwe’s lithium policy has moved rapidly from a stated ambition to retain more value from its mineral resources into a much more consequential phase in which the Government must demonstrate that export restrictions can translate into sustained domestic processing, industrial development and stronger national revenue capture. This is particularly significant because the current developments broadly vindicate the direction identified in earlier African Sovereign Debt Justice Network (AfSDJN) analysis, while also exposing some of the practical difficulties that accompanied the policy from the outset. In February 2026, AfSDJN Sovereign Debt News Update No. 160 reported that Zimbabwe had accelerated its previously announced January 2027 lithium

concentrate export ban by suspending exports immediately, arguing that beneficiation could no longer remain an aspirational objective. At the time, the central question was whether Zimbabwe could build sufficient processing capacity without disrupting production, foreign-exchange earnings and investor confidence.

The latest developments provide a mixed answer. Lithium exports generated US$746 million during the first half of 2026, while Zimbabwe has attracted further investment into mining and processing. Yet, by June and July, major lithium producers were asking for additional time to construct processing plants , and the country's sole completed lithium sulphate facility was unable to process material from other producers. The policy has therefore produced investment and industrial responses, but the gap between such responses and operational capacity remains substantial. This update examines Zimbabwe's lithium beneficiation drive against the expectations that accompanied the policy's accelerated implementation, assessing whether the country's growing investment, export earnings and processing capacity are translating into meaningful domestic value addition, industrialisation and stronger public resource mobilisation.

Investment Has Responded, But Processing Capacity Remains the Bottleneck

The strongest evidence that the policy has changed investor behaviour is the expansion of investment in processing and mining infrastructure. The latest investment figures indicate that Zimbabwe's broader investment pipeline remains substantial. According to one report, the Zimbabwe Investment and Development Agency (ZIDA) issued 284 new investment licences during the three months to June. The supplied investment report records US$1.59 billion in newly approved investments, with mining and manufacturing together accounting for nearly 80% of the approved investment value. This is important as it suggests that the Government's broader insistence on value addition has not simply resulted in investors withdrawing from the sector. Instead, investment is increasingly being directed towards activities connected to mineral production, processing and manufacturing.

In the lithium sector specifically, Chinese companies remain central to Zimbabwe's emerging lithium processing industry. Zhejiang Huayou Cobalt, through its subsidiary Prospect Lithium Zimbabwe, operates the country's only fully operational lithium sulphate plant, while Sinomine Resource Group and Sichuan Yahua's Kamativi Mining Company are developing additional processing facilities. The sector's investment trajectory therefore partly confirms the Government's argument that regulatory pressure can change the incentives facing foreign investors. Yet, the ownership structure also reinforces a concern previously raised in AfSDJN Sovereign Debt News Update No. 160: maximising national gains in a Chinese-dominated sector will require more than beneficiation to ensure Zimbabwe captures a meaningful share of the value created.

US$300 Million Chinese-Linked Financing Strengthens State-Led Lithium Expansion

The US$300 million financing secured by Mutapa Energy Resources (Zimbabwe's state-owned lithium producer) marks a significant development in the country's attempt to combine state ownership, foreign capital and beneficiation ambitions. On 23 July 2026, Bloomberg reported that the financing had been secured from a group of investors that includes Chinese companies. Mutapa Energy Resources Chief Executive Officer Innocent Rukweza confirmed the deal, stating, "It's a done deal," but declined to identify the investors because one participating company, which is publicly listed, was yet to make a regulatory disclosure. The financing will support the development of the Sandawana lithium project, where Mutapa has already mined approximately two million tonnes of ore and is developing capacity to extract three million tonnes annually. The development is significant because it shows that Zimbabwe's beneficiation strategy is extending beyond regulatory restrictions on private miners to direct state participation in the lithium value chain. In March 2026, Zimbabwe's Vice President Constantino Chiwenga described Sandawana as holding approximately 100 million tonnes of lithium-bearing ore based on exploration to date and outlined plans for a US$270 million lithium concentrate plant. Sandawana is therefore emerging as a potentially important domestic industrial asset, but the Chinese-linked financing also underscores the continued dependence on foreign capital to develop Zimbabwe's lithium resources. This raises a broader question: will state

participation and beneficiation enable Zimbabwe to capture greater value from its lithium resources, or will dependence on foreign capital, technology and markets simply reproduce external dependency further up the value chain?

A Look at the Numbers

While the export earnings are rising, the composition tells a more complicated story. The first-half export figures of US$746 million provide evidence of economic gains, but they do not yet demonstrate full lithium beneficiation. According to the figures released by the Minerals Marketing Corporation of Zimbabwe (MMCZ), of this amount, US$672.8 million came from spodumene concentrates, while lithium sulphate generated US$73.2 million. The figures are significant because lithium has become one of Zimbabwe's major foreign-exchange earners, but they also reveal the limits of the current transition. Spodumene concentrate remains overwhelmingly dominant, generating more than nine times the export revenue attributed to lithium sulphate. The disparity is partly explained by the much larger volumes of concentrate being exported, but the underlying point remains that Zimbabwe's lithium export model is still primarily based on an intermediate product rather than a fully developed domestic chemical-processing chain.

In the first quarter alone, lithium exports amounted to 240,826 tonnes valued at US$178.64 million. Although export volumes were only 2% higher than in the corresponding period of 2025, export earnings increased by 106 percent, reflecting stronger international lithium prices. This matters for the assessment of the beneficiation policy because rising earnings cannot automatically be attributed to domestic processing. Commodity prices themselves have contributed substantially to the increase. The current figures therefore demonstrate that lithium is becoming increasingly important to Zimbabwe's external earnings, but they also reinforce the need to distinguish between higher export revenues and higher domestic value capture. For AfSDJN, the developmental question is not simply how much lithium Zimbabwe exports, but how much value remains inside Zimbabwe after extraction, processing, taxation, wages, procurement and foreign ownership are taken into account.

A *Critical* Question: Who Captures the Value?

Undoubtedly, the success of beneficiation must ultimately be measured by more than the physical location of processing. Chinese companies have become deeply embedded across Zimbabwe's lithium value chain, including mining, concentration, chemical processing and investment. Sinomine, Huayou and Yahua are among the companies investing in Zimbabwe, while the latest US$300 million financing secured by Mutapa Energy also reportedly includes Chinese investors. While Chinese companies possess the capital, technology, processing expertise and access to battery supply chains that Zimbabwe currently lacks, the risk is Zimbabwe may remain dependent on external firms for the technologies and markets required to transform its minerals into higher-value products.

In an academic analysis on increased Chinese investments in Zimbabwe lithium megaprojects, Kennedy Manduna raises precisely this concern, arguing that increased Chinese investment in Zimbabwe's lithium megaprojects can reproduce asymmetrical patterns of accumulation even as processing takes place locally. The framework used by Manduna *illuminates the novel extractivist logic of green extractivism that fosters economic dependency and power asymmetries to sustain and reproduce transnational capitalism*. This concern resonates with Olabisi D. Akinkugbe’s assessment in his article, “An Illusion of Industrialization: Africa’s Critical Mineral Extraction, Trade and Sustainable Development,”. In this article, Akinkugbe argues that Africa’s critical minerals extraction paradigm reproduces colonial economic logic. He cautions that claims that critical minerals extraction and value addition strategies, in their current form, will drive Africa’s industrialisation overlook the power relations and hierarchies underpinning international economic relations.

The issue therefore goes beyond whether Zimbabwe can force companies to construct processing plants. It concerns ownership, financing structures, transfer pricing, technology transfer, local procurement, employment quality, tax obligations and the extent to which domestic firms participate in downstream value chains. Analysis in AfSDJN's Sovereign Debt News Update No. 168 warned that Chinese ownership of major lithium assets created questions about how much value Zimbabwe could realistically capture even after beneficiation requirements were imposed. The latest developments make that question more relevant. The country is succeeding in attracting capital and building processing infrastructure, but the developmental test is whether these

investments create a domestically embedded industrial ecosystem rather than a more sophisticated form of domestic but foreign-controlled extraction.

The January 2027 Deadline Meets Industry Reality

The most important contradiction has emerged around the January 2027 deadline. In June 2026, Zimbabwean lithium producers asked Government for more time to complete their processing facilities, with the industry indicating that construction projects were at different stages and that a number of plants would not be operational by January. Innocent Rukweza, chairman of the Zimbabwe Lithium Producers' Association, indicated that major producers were building lithium sulphate plants but needed additional time up to June 2027. This has been interpreted as an indication from industry that the accelerated timetable is difficult to meet. As highlighted above, Sinomine's Bikita Minerals and Sichuan Yahua's Kamativi Mining Company were still constructing their lithium sulphate plants, while state-owned Sandawana was undertaking a processing feasibility study. Only Prospect Lithium Zimbabwe, owned by Zhejiang Huayou Cobalt, had a completed lithium sulphate plant. The industry therefore faced a practical problem: Government was requiring producers to stop exporting concentrates while the infrastructure needed to replace those exports was still being built. The miners' request also revived an issue that the AfSDJN Sovereign Update 168 had identified in February: the tension between regulatory ambition and investor timelines. The original 2027 deadline was intended to provide a transition period, but the February 2026 immediate suspension substantially shortened the effective adjustment period.

Meanwhile, on 17 July 2026, Mines and Mining Development Minister Polite Kambamura reiterated that the January 2027 deadline remained in place despite appeals from producers. During a visit to Prospect Lithium Zimbabwe's Arcadia operation, Kambamura stated, “The January 2027 deadline is still on. We cannot talk of extending right now. We would like to urge all producers to stick to that deadline.”

The subsequent request for a 6-month extension should therefore not be read simply as resistance to beneficiation. It can also be understood as evidence of the capital-intensive and technically demanding nature of moving from mining and concentration into chemical processing. This distinction matters because a

successful beneficiation policy must create incentives for investment while ensuring that investors cannot use technical delays indefinitely to preserve an extractive export model. The question facing Zimbabwe is therefore how to enforce the deadline without creating unnecessary production disruptions or allowing the absence of processing capacity to become an excuse for another indefinite postponement.

Conclusion

Zimbabwe's lithium strategy has moved beyond prediction and into a period where implementation can now be judged against measurable outcomes. The developments of 2026 demonstrate that the central proposition behind the Government's beneficiation policy was not without economic force. The earlier expectation was that a 2027 concentrate export ban would pressure mining companies to invest in domestic processing, and there is now clear evidence of substantial investment in lithium sulphate plants, exploration and new mining infrastructure.

The US$300 million financing secured by Mutapa Energy Resources, the broader US$1.59 billion investment approvals reported in the supplied material, the commissioning of Huayou's lithium sulphate plant and the construction of additional facilities all indicate that the policy has materially altered investment behaviour. Lithium exports of US$746 million in the first half of 2026 and total mineral exports of US$2.53 billion demonstrate the growing importance of the sector to Zimbabwe's foreign-exchange position. However, the same developments also validate the concerns identified in earlier AfSDJN analysis.

The immediate February 2026 suspension was introduced before adequate national processing capacity existed. By June, producers were asking for more time, while by July the only completed lithium sulphate plant was unable to process third-party concentrates. The Government's insistence that the January 2027 deadline remains unchanged has therefore created a genuine implementation test. Zimbabwe must now build sufficient processing capacity, maintain reliable electricity and transport infrastructure, strengthen mineral valuation and revenue collection, and ensure that the benefits of beneficiation reach workers, communities, domestic businesses and the public fiscus. The objective should not be merely to replace concentrate exports with foreign-owned lithium sulphate exports. It should be to establish a durable domestic

and regional industrial ecosystem around critical minerals. In that respect, Zimbabwe's experience offers an important lesson for the wider African resource governance debate: export restrictions can change investment incentives, but the developmental gains of beneficiation depend on the institutions, infrastructure, ownership structures and public policies that determine who ultimately captures the additional value.

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