Bargaining Asymmetry and Incumbent Reinforcement: Mechanisms of Limited Domestic Value Capture in Zimbabwe's Lithium Sector

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“Every people have shown a capacity for independently increasing their ability to live a more satisfactory life through exploiting the resources of nature.”

– Walter Rodney, How Europe Underdeveloped Africa

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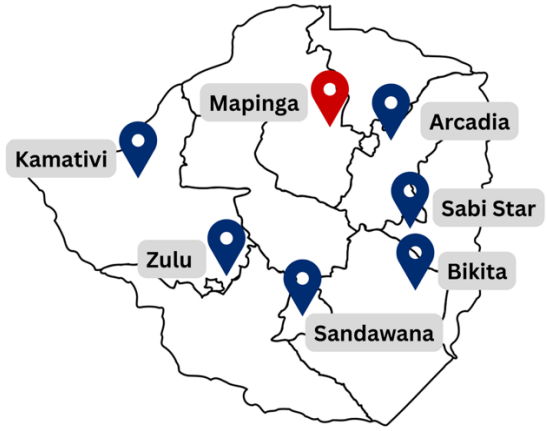


Figure 1: Map of Lithium Mining Sites in Zimbabwe (Source: Radomski et al., 2026a)

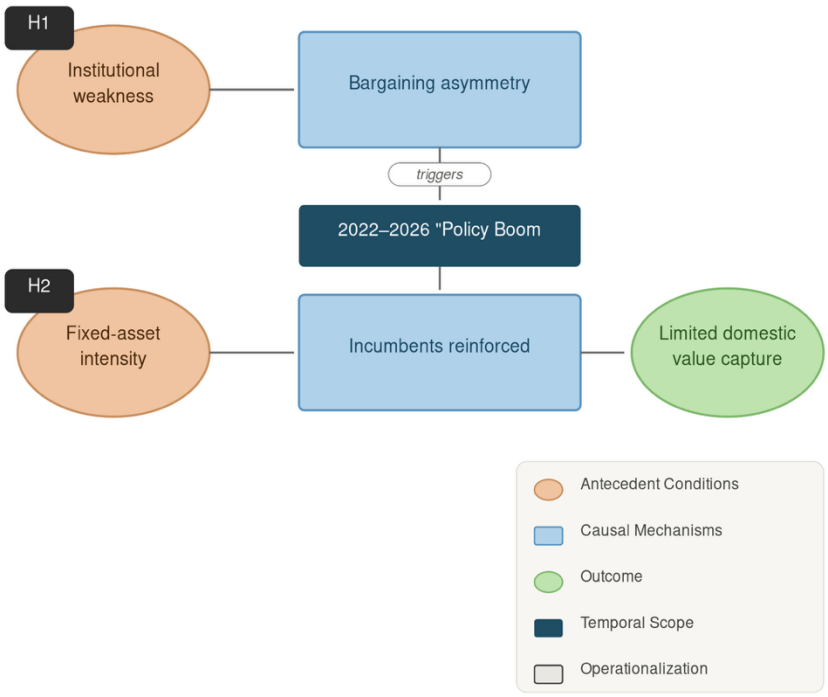


Figure 2: Causal Mechanism Diagram for Limited Value Capture. Author's own work, created with the assistance of Claude (Anthropic, 2026)

List of Abbreviations

APP - Approved Processing Plant
FAI – Fixed-Asset Intensity
KMH - Kuvimba Mining House
MIF - Mutapa Investment Fund
WDR – World Development Report
ZJAR - Zimbabwe Journal of Applied Research

Summary

The influx of Chinese investment in Zimbabwe's lithium sector between 2022 and 2026 has prompted a rapid sequence of export restrictions intended to convert mineral extraction into domestic value capture. This paper asks *how does institutional weakness generate the bargaining asymmetry and incumbent reinforcement that produce limited domestic value capture in Zimbabwe's lithium sector?* While debt diplomacy literature argues that the structure of Chinese capital investment is a primary determinant of developmental outcomes; this paper argues that Zimbabwe's institutional capacity, measured as policy cohesiveness, regulatory transparency, and the disciplining of incumbents, determines whether capital translates into domestic value capture, measured as domestic ownership share and tax revenue capture.

Building on the World Bank's (2024) World Development Report (WDR) and the obsolescing-bargain model, the first hypothesis (H1) holds that weaker institutional capacity increases bargaining power asymmetry favouring incumbents and reducing domestic value capture. Drawing on Jung, Owen, and Shim's (2021) theory of co-industrial disputes, the second hypothesis (H2) holds that because lithium mining and processing are high fixed-asset intensity (FAI) industries, each instance of policy reactivity in Zimbabwe's "Policy Boom" should increase, rather than deter, investment from Chinese firms.

Using process tracing across a critical review of the literature, a compiled timeline of Zimbabwean statutory instruments, and lithium-mine ownership records, this paper finds that institutional weakness is the antecedent condition that produces bargaining power asymmetry which triggers reactive policy from the Zimbabwean government. Policy incoherence, low regulatory transparency, and weak disciplining of incumbents give incumbents a bargaining advantage over entrants and small-scale miners, and lithium's high FAI compounds that

advantage by making incumbent exit costly, so that each of the six policy implementations in the 2022-2026 “Policy Boom” has reinforced incumbent positions and overall limited domestic value capture, indicative by domestic mine ownership rates and tax revenue capture.

Keywords: Institutional capacity, obsolescing bargain, market contestability, bargaining asymmetry, fixed-asset intensity, Zimbabwean lithium sector.

Introduction

Zimbabwe has emerged as a major global supplier of lithium; it is home to 0.6% of the world's lithium deposits and accounted for 10% of global lithium production in 2025. (Radomski et al., 2026b) Global shifts toward greener energy sources have increased demand for transition minerals, such as lithium, to produce Electric Vehicles (EVs) and rechargeable lithium-ion batteries, which are used in consumer electronics and grid energy storage for wind and solar farms. This shift stands to advantage Zimbabwe, as the International Finance Corporation (2024) identifies lithium mining and processing as one of the three primary sectors with potential for private sector investment and structural transformation in Zimbabwe.

While Zimbabwe represents a major upstream supplier in the global lithium market, China is a powerhouse in downstream production, constituting 60% of the world's lithium refining capacity, and 70% of all lithium-ion battery production, and is the world's leading producer of EVs. (Radomski et al., 2026a) They sustain this level of production through imports from Australia, Chile, Argentina, and increasingly from Zimbabwe. (Radomski et al., 2026b) China's reliance on lithium to produce down-stream green energy products has led to a surge in mine acquisitions in the Zimbabwean lithium sector that began rapidly increasing in 2022 (See Appendix 2).

The influx of Chinese capital in Zimbabwe's lithium sector has prompted a rapid sequence of export restrictions intended to convert mineral extraction into domestic value capture (See Appendix 1). While the literature on Chinese debt diplomacy in Zimbabwe argues that the structure of Chinese financing—resource-backed loans and opaque debt instruments, is a causal driver of development outcomes in the lithium sector (or lack thereof), this paper explores

how does institutional weakness generate the bargaining asymmetry and incumbent reinforcement that produce limited domestic value capture in Zimbabwe's lithium sector?

The policy and practitioner literature diagnoses Zimbabwe's institutional weaknesses in detail but does not identify a causal mechanism behind limited domestic value capture in the lithium sector. The debt-diplomacy literature locates a causal force in the structure of Chinese financing rather than primarily in Zimbabwean institutional capacity but does not identify why investment from incumbent Chinese firms has continued to increase through a sequence of policy shocks rather than retreating from them.

Building on the institutional theory framework in the World Bank's (2024) WDR; H1 holds that weak institutional capacity—policy incoherence, low regulatory transparency, and weak disciplining of incumbents—increases bargaining power asymmetry favoring incumbents, and as policy shocks reinforce incumbent advantage, this corresponds to limited domestic value capture measured as domestic mine ownership and tax revenue capture throughout the 2022-2026 "Policy Boom". Drawing on Jung, Owen, and Shim's (2021) theory of co-industrial disputes, the second hypothesis (H2) holds that because lithium mining and processing are high FAI industries, incumbent Chinese firms holding Approved Processing Plant (APP) status face negligible marginal risk from each successive policy shock in the 2022-2026 "Policy Boom", therefore each shock should coincide with continued or expanding investment by incumbents, concentrated specifically in APP qualifying infrastructure, rather than new market entrants.

This paper argues that both patterns are explained by a single causal chain that results in limited domestic value capture. Institutional weakness—operationalized as policy incoherence, low regulatory transparency, and weak disciplining of incumbents—produces bargaining advantages for Chinese firms and Zimbabwean elites already positioned in the sector at the

expense of prospective competitors, which triggers reactive policy from the Zimbabwean government. Lithium mining and processing are high FAI industries, meaning that incumbent firms' bargaining advantage is not eroded by the state's attempts to reassert control through policy. Each successive policy shock reinforces incumbent advantage rather than forcing incumbent exit, since exiting a high FAI industry is more costly than absorbing another round of regulatory disruption. The result, sustained across the 2022–2026 boom, is a sector in which mine acquisitions and lithium sector investment in beneficiation have increased substantially while domestic value capture—measured here as domestic ownership and tax revenue capture throughout the 2022-2026 "Policy Boom"—has remained limited.

The paper proceeds in five analytical sections, each tracing a defined segment of this causal chain: institutional weakness as an antecedent condition, established through policy incoherence (paragraph one); its conversion into bargaining asymmetry for both Chinese incumbents and Zimbabwean elites (paragraph two); the escalating sequence of policy interventions that make up the 2022–2026 "Policy Boom" (paragraph three); the role of FAI in explaining why these policy shocks have deepened, rather than dislodged, incumbent positions (paragraph four); and the resulting limits on domestic value capture, measured as domestic mine ownership and tax revenue capture (paragraph five).

Literature Review

Two Overarching Bodies of Literature

The literature on developmental outcomes in Zimbabwe's lithium sector fits into two categories—the first category is policy and practitioner literature and the second is debt-diplomacy literature, specifically from the Zimbabwe Journal of Applied Research (ZJAR). Empirical data in the scholarship is primarily sourced from development finance institutions (International Finance Corporation, 2024; World Bank, 2024), anti-corruption NGOs (Transparency International, 2026), academic policy centres (Radomski et al., 2026a; Radomski et al., 2026b), and investigative watchdogs (The Sentry, 2024; The Sentry, 2026) These sources are doing the diagnostic work in the lithium sector in lieu of the Zimbabwean government, as per the low regulatory transparency claim in H1. The scholarship that is domestic to Zimbabwe paints a narrative that the structure of Chinese financing in the lithium sector is causal to developmental outcomes, while placing less emphasis on the strength of Zimbabwean institutions than the findings in the causal chain in this paper suggests is necessary.

Theoretical and Empirical Basis

Development finance institutions (World Bank, 2024) and academic policy centres (Radomski et al., 2026a; Radomski et al., 2026b) are mutually informative in developing the theoretical and empirical basis in the scholarship.

The World Bank's (2024) WDR supplies a macro-level analysis within the literature for understanding the policy landscape in mineral rich middle-income countries that can lead to and exacerbate slow economic growth, highlighting failure to reinvest export revenue in infrastructure as a major risk. The report advises middle income countries seeking economic development to strike a balance between entrants and incumbents to ensure that incumbents and elites do not uphold the status quo and promote policy that reinforces the power of existing institutions and firms while limiting access to market entrants that have the potential to innovate within a sector. According to this report, middle-income countries are obligated to successfully navigate 2 transitions to create economic structures that can sustain high income levels—advancing from a 1i strategy of *investment*, to a 2i strategy of *investment and infusion*, which entails infusing technologies from abroad domestically. Secondly, including *innovation* in a 3i strategy, where countries engage in high-level downstream production and capital innovation to generate economic complexity and successfully pull away from raw resource extraction. This paper goes on to outline policy mechanisms that can be employed by middle-income countries through disciplining incumbents, destroying outdated institutions upholding an inefficient status quo, rewarding merit and decoupling emissions from growing economies to ensure sustainable energy growth.

The structural and cross-national nature of this report defines both its strength and its limit, while it is broadly applicable to middle-income countries struggling to create institutions that can sustain high income levels, and offers a useful vocabulary for operationalizing concepts such as market contestability and incumbent disciplining, it does not specify what its recommendations would look like at the national or sectoral level, and lacks the granularity and empirical data needed to test its own logic against a single case.

The mixed-method empirical data provided by Radomski et al. (2026a) is foundational scholarship on Zimbabwe's current mineral governance in the lithium sector. This study employs a 230-respondent survey across six mining sites, key stakeholder interviews including government ministries to Huayou Cobalt and Kuvimba Mining House (KMH), and a comparative literature review between South Africa and Namibia. This report offers a sector-specific diagnostic documenting the sector's colonial-era legal framework, its overwhelmingly upstream orientation, and the infrastructure bottlenecks in power, rail, and water that constrain beneficiation. Ultimately, this work concludes that existing mining policies are fragmented, reactive, and often introduced without consultation with stakeholders such as academia or civil society and concludes through survey data that communities are generally being disadvantaged socially and environmentally.

This paper advises that the Zimbabwean government should use the Mutapa Investment Fund (MIF) to play a strategic role in mobilizing the development of side stream infrastructure and other services through mining company agreements, and that small-scale and artisanal mining should be included and regulated in the economy given their significance to livelihoods and ability to stimulate local economies. Considering its multi-level analysis as well as sectoral specificity, this report is both methodologically and empirically robust in diagnosing phenomena within Zimbabwe's lithium sector.

Radomski et al.'s report establishes the empirical existence of institutional weakness in Zimbabwe's lithium sector using operationalizations consistent with the WDR's framework, documenting policy asymmetries that structurally benefit incumbents through differential permitting access and thereby reducing both market contestability and incumbent discipline in practice.

Empirical Overview of Mining Sector

Intergovernmental organizations and non-governmental organizations span multi-level analyses, each contributing a different degree of resolution to the picture of institutional weakness and the effect of high FAI industries which leads to the low domestic value capture that this paper traces.

Comparative macro-analysis that benchmarks Zimbabwe's growth against structurally similar peers (Cambodia, Côte d'Ivoire, Ethiopia, Kenya) identifies three primary sectors for growth including agriculture, tourism, and mining. This contributes a broad-spectrum view of Zimbabwe's economy and locates the developmental potential of mining within it. (International Finance Corporation, 2024) Lithium sector governance is represented by a governance-risk mapping report (Transparency International, 2026) that engages in stakeholder interviews, secondary literature, and formal governance risk assessment reviews. This report culminates in highlighting major players with equity stakes in lithium ventures and point to the absence of mining-rights approval processes, illustrating a lack of regulatory transparency. At the most granular level, an investigative watchdog organization compiled their analysis on a single transaction—the USD$1.6bn KMH buyout from private investors. Based on leaked Sotic records, Zimbabwe corporate registry findings, and source interviews reconstructs the specifics of this transaction and identifies critical players among the private investors involved, as well of the implications of the largely inflated share price that the shares sold for. (The Sentry, 2024) Due to the lack of regulatory transparency postulated in H1, there is a lack of government reporting on the sale and purchase of government assets including mine acquisitions and KMH

shares, and much of the empirical data in this sector comes from organizations outside the Zimbabwean government.

Debt Diplomacy

From within Zimbabwe, the debt-diplomacy literature offers a genuinely causal argument but locates a causal force in the structure of Chinese firms' capital investment. Nhlabano and Shumba (2025) trace the socioeconomic ramifications of Chinese lending, from constrained access to healthcare to elevated crime, back to the structure of that lending itself, recording 83 corruption-related criminal cases in that quarter, as well as a Chinese firm that built a cement grinding facility near an educational institution that compromised the health of individuals there. (ZIMSTAT 2024, cited in Nhlabano and Shumba, 2025) Munemo and Chisi (2025) frame the relationship as a continuation of colonial extraction, arguing that opaque Chinese loan terms have entrenched Zimbabwe's debt crisis by design, highlighting the secrecy in the repayment terms and attributing the spike in Zimbabwe's debt to Chinese lending. Moyo and Moyo (2025) document specific instances of undisclosed resource-backed lending, including a USD$200 million loan to the state power utility that never appeared in the national budget, raising concerns about fiscal transparency. Rwodzi (2025) goes furthest in implicating domestic actors, describing a process of 'Sinofication' in which Zimbabwean elites are treated as willing collaborators in, rather than victims of, this arrangement. This literature is indispensable for establishing the empirical record of opacity and elite complicity that this paper draws on directly, particularly around KMH and the Sandawana concession. While this special issue does attribute developmental outcomes to Zimbabwean institutions; the scholarship tends to treat Chinese

capital and its terms as a primary causal variable where Zimbabwe's institutions appear mainly as terrain on which Chinese strategy plays out, not as an independent factor whose strength could change outcomes regardless of investor identity.

Effect of High Fixed-Asset Industry

In order to ground this work in the larger cross-national literature of investor behaviour and establish the predictive claim outlined in H2, this paper also employs the large-N, cross-national study conducted by Jung, Owen, and Shim (2021) to explain why Chinese investment has continued, and in places accelerated, through six enacted policy shocks between 2022 and 2026 rather than retreating. This paper addresses foreign investment behaviour in the aftermath of policy disputes but has not been applied to the case of Zimbabwe's lithium sector. Jung, Owen, and Shim (2021) analyse more than 1.6 million dyad-industry-year observations of greenfield investment to show that the effect of an investment dispute on subsequent foreign direct investment depends on industry FAI discouraging investment in low FAI industries but potentially increasing it in high FAI industries such as mining, where sunk costs and barriers to entry give incumbents little reason to exit and prospective entrants strong reason to move quickly. When applied to Chinese investment in Zimbabwe's lithium sector, policy shocks that uphold the status quo and promote policy that reinforces the power of existing institutions and firms, while limiting access to market entrants, should increase Chinese investment from existing firms as their bargaining advantage is reinforced.

This general, cross-national, statistically derived theory has not previously been tested against this single critical-minerals case or through process tracing that observes whether a

sequence of reactive policy within a host country produces the increased investment it predicts. Applied to Zimbabwe, this mechanism generates H2: because lithium mining and processing are high FAI activities, each instance of policy reactivity in the 2022–2026 export-ban sequence should be read by the market not as a deterrent but as a co-industrial dispute that continues and increases investment by capitalizing on bargaining asymmetry that spurns a policy boom and reinforces the incumbent's bargaining advantage.

Gap in the Literature

The gap this paper fills sits at the intersection of these two bodies of literature and fits within a larger network of scholarship on institutional capacity, obsolescing bargain theory, market contestability, bargaining asymmetry, FAI and the Zimbabwean lithium sector.

The policy and practitioner literature supplies the empirical diagnosis of institutional weakness without a causal framework to explain how that weakness translates into limited domestic value capture. The debt-diplomacy literature assigns causality of limited domestic value capture to the structure of Chinese financing *and* Zimbabwean institutional capacity, whereas this paper identifies bargaining asymmetry and incumbent advantage as mechanisms driving limited domestic value capture across the 2022-2026 "Policy Boom". Jung, Owen, and Shim's (2021) findings on co-industrial disputes supplies a rigorous account of why investment might increase rather than decrease following policy disruption but has never been connected to an institutional-capacity argument or applied to Zimbabwe's lithium sector. This paper closes that gap by treating institutional capacity and high FAI industries as the antecedents that determine limited domestic value capture, and by testing that claim through H1 and H2. Read

together, the two hypotheses reframe the debt-diplomacy literature's claim that the structure of Chinese financing is causal in limited domestic value capture in Zimbabwe's lithium sector, and instead postulate that institutional weakness produces bargaining advantages for Chinese firms and Zimbabwean elites already positioned in the sector, and that the impact of high FAI industries reinforces these bargaining advantages, resulting in limited domestic value capture.

To the best of the author's knowledge, this process-tracing analysis is original in combining institutional theory and obsolescing-bargain frameworks to test whether limited domestic value capture is contingent on institutional weakness generating bargaining asymmetry that, compounded by high FAI, converts successive policy shocks into incumbent reinforcement rather than incumbent exit.

Hypotheses

H1

Weak institutional capacity—policy incoherence, low regulatory transparency, and weak disciplining of incumbents—increases bargaining power asymmetry favouring incumbents, and as policy shocks reinforce incumbent advantage, this corresponds to limited domestic value capture measured as domestic mine ownership and tax revenue capture throughout the 2022-2026 "Policy Boom".

H2

Lithium mining and processing are high FAI industries; incumbent Chinese firms holding APP status face negligible marginal risk from each successive policy shock in the 2022-2026 “Policy Boom”, therefore each shock should coincide with continued or expanding investment by incumbents, concentrated specifically in APP qualifying infrastructure, rather than new market entrants.

Methods

This paper employs process tracing analysis to evaluate whether policy implementations in Zimbabwe’s lithium sector are consistent with the causal mechanisms outlined in H1 and H2. The aim of process tracing is twofold: first seeking to determine whether a sequence of events within a case study follow a pattern that a given causal theory predicts, and secondly to identify if alternative possibilities can be ruled out at each step. This method is ideal for the case study of the impact of weak institutions on development outcomes in Zimbabwe’s lithium sector as this paper’s hypotheses test one linked mechanism, traceable through five successive stages, each corresponding to one of the paper’s five analytical paragraphs.

Institutional weakness is the starting condition that produces bargaining advantages for Chinese firms and Zimbabwean elites already positioned in the sector, at the expense of prospective competitors (paragraph two). This advantage shapes, and is reshaped by, the escalating sequence of policy interventions that make up the 2022–2026 “Policy Boom” (paragraph three). Because lithium mining and processing are high FAI activities, that advantage is not eroded by the state’s later attempts to reassert control: each successive policy shock

reinforces incumbent advantage rather than forcing incumbent exit, since exiting a high FAI industry is more costly than absorbing another round of regulatory disruption (paragraph four). The result, sustained across the boom, is a sector in which mine acquisitions and lithium sector investment have increased substantially while domestic value capture — measured here as domestic mine ownership and tax revenue capture — has remained limited (paragraph five).

Operationalizations

This paper contains four concepts requiring operationalization; institutional weakness, bargaining asymmetry, incumbent reinforcement, and limited domestic value capture.

This paper identifies institutional weakness as an antecedent to the bargaining asymmetries that lay the groundwork for this causal mechanism. It is defined by the author's own synthesis of good governance frameworks from international authorities on the topic (OECD, 2005; Kaufmann and Kraay, 2024; World Bank, 2024). The author's synthesis covers the temporal chain of institutional operation through the analysis of policy incoherence, low regulatory transparency, and weak disciplining of incumbents. Policy incoherence is defined in the OECD's (2005) report as "the systematic promotion of mutually reinforcing policy actions across government departments and agencies creating synergies towards achieving the defined objective." Regulatory transparency is based on Kaufmann and Kraay's (2024) Worldwide governance Indicators which identify regulatory quality and control of corruption as mechanisms that determine a government's capacity to formulate and implement sound policy. Incumbent discipline references the World Bank's (2024) WDR which invokes middle-incomes countries to ensure that incumbents and elites do not uphold the status quo and promote policy that

reenforces the power of existing institutions and firms while limiting access to market entrants that have the potential to innovate within a sector. Taken together, this synthesis tests institutional effectiveness through analysing formulation (policy incoherence), implementation (low regulatory transparency), and enforcement (weak disciplining of incumbents) capacity within Zimbabwe.

Bargaining asymmetry is operationalized as APP exemption access and non-disclosure of beneficial ownership. APP exemption access reflects the World Bank's (2024) market contestability framework, under which bargaining power is a function of whether entry barriers apply unevenly across firms. Non-disclosure of beneficial ownership follows the EITI Standard's definition of beneficial ownership transparency as the international baseline against which extractive-sector ownership opacity is measured. Together, the two measures capture bargaining asymmetry on both sides of H1's definition of incumbency: APP exemption access measures formal, rule-based asymmetry targeted at firms (determining who can legally export), while non-disclosure of beneficial ownership measures informal asymmetries benefiting domestic elites. (Extractive Industries Transparency Initiative, 2023)

Incumbent reinforcement is operationalized as continued and expanding investment concentrated in APP qualifying infrastructures. This follows directly from Jung, Owen, and Shim's (2021) finding that investment disputes increase, rather than deter, FDI in high FAI industries, since sunk costs give incumbents little reason to exit. Though notably in this case, bargaining asymmetry leaves potential entrants to the lithium industry out of the policy exemption regime that benefits incumbents, so while increased investment in high FAI industries holds true when applied to this case for incumbent firms, new entrants are excluded from the

market by bargaining asymmetries while incumbents whose status is reinforced by the exemption regime reinvest heavily with minimal entrant competition.

Domestic value capture is operationalized as domestic mine ownership and tax revenue capture rather than beneficiation, despite beneficiation being the Zimbabwean government's self-proclaimed aim in all their lithium sector policy revisions, because beneficiation does not account for who owns the resulting output — in this case overwhelmingly Chinese firms. (Government of Zimbabwe, 2018) Mine ownership and tax revenue reflect a resource-nationalist standpoint of, respectively, equity ownership and taxation, rather than labelling foreign ownership on Zimbabwean soil as domestic value capture when profits are siphoned out of the country. Wilson (2015) defines resource nationalism as being exercised by states specifically through ownership schemes and taxation of extractive revenues, rather than through production or export volume, this understanding of domestic value capture allows the profitability of the lithium sector to be viewed through revenue it generates that stays within Zimbabwe.

Hypotheses

H1 and H2 explore a causal chain running from institutional weakness to limited value capture (paragraphs one, two, and five) and the specific mechanism of incumbent reinforcement during the 2022–2026 "Policy Boom" (paragraphs three and four), this process-tracing design is constructed to test the causal chain. Domestic value capture, the chain's outcome variable, is operationalized here as domestic mine ownership and tax revenue capture throughout the 2022-2026 "Policy Boom". Based on Appendices 1 and 2, domestic mine ownership is defined as the percentage (if disclosed) of Chinese firm ownership of each of the 6 mines as of 2026. Arcadia

and Sabi Star are 100% owned by Chinese firms, Bikita is at 74% and reportedly Sinomine is moving towards a full buyout, Kamativi and Gwanda are Chinese Zimbabwean joint ventures with undisclosed ownership splits, and Sandawana is 100% held by MIF. Domestic tax revenue is determined by Appendix 1's January 2026 tiered export tax data, which outlines the 10% tax on lithium ore, and a further 10% tax on lithium concentrate, with a 0% tax on lithium sulphate. This Appendix data is analysed in paragraph five, alongside the mine-ownership figures above, to assess domestic value capture.

Temporal Constraint

This analysis is temporally bound by what the author terms the "Policy Boom" of 2022-2026, because December of 2022 saw the implementation of the *Base Minerals Export Control Act*, and marked the first of a rapid succession of lithium-specific export restrictions. This flurry of activity in the lithium sector represents the beginning of a mutually reactive relationship between incumbents with disproportionate bargaining advantages and reactive government policy to attempt to regain control of the lithium sector despite weak institutional capacity.

Additionally, four of the seven significant mine acquisitions outlined in Appendix 2 occurred in 2022—Zulu (2010), Kamativi (2019), Sandawana (2019), and Sabi Star (2021) — were acquired before the *Base Minerals Export Control Act* was implemented in 2022, however, Bikita, Arcadia, and Gwanda were all acquired in 2021 with Bikita and Arcadia being two of the three mines that acquired APP-qualifying status, making 2022 a critical year for policy implementation that lead to incumbent advantage.

The analytical window therefore begins in December 2022 because that is when the variable under test — the regulatory sequence in the lithium sector that is indicative of institutional weakness— begins, while the earlier acquisitions function as a pre-treatment baseline informing paragraph three's argument that the resulting bargaining asymmetry spans the full duration of the "Policy Boom". The analysis focuses on the six large-scale mines the Zimbabwean government classifies as operational — Bikita, Arcadia, Sabi Star, Kamativi, Gwanda, and Sandawana—and traces both the regulatory sequence affecting these sites and the ownership, acquisition, and investment record associated with each. (See Figure 1) The non-operational Zulu project is mentioned in Appendix 2 as it appears in Radomski et al. (2026a) but is not referenced throughout this paper as its acquisition falls far outside the temporal constraints of this paper.

Sources

Evidence is drawn from five categories of source, compiled and cross-referenced in two original datasets (Appendix 1: Zimbabwean policy interventions, 2022–2026; Appendix 2: mine ownership, acquisition dates, and holding companies). First, primary legal sources, including the text of Statutory Instrument 213 of 2022 and subsequent amendments, establish the formal content of each policy intervention. Second, peer-reviewed academic sources — the ZJAR special issue on China-Zimbabwe debt relations (Munemo and Chisi, 2025; Rwodzi, 2025; Nhlabano and Shumba, 2025; Moyo and Moyo, 2025) and Jung, Owen, and Shim's (2021) Journal of Politics analysis of co-industrial disputes and foreign direct investment — supply, respectively, contrasting theoretical frameworks in the scholarship and independent empirical

corroboration. Third, institutional and governmental reports (World Bank, 2024; International Finance Corporation, 2024; Transparency International, 2026) provide cross-national benchmarks and sector-level context. Fourth, mining-industry trade press (Mining Zimbabwe 2023; Mining Zimbabwe, 2026a-c; Mysteel, 2025a-b; Marawanyika and Clowes, 2026; Philimon Bulawayo, 2026) supply investment figures and acquisition timelines. Fifth, investigative and civil-society reporting (Business and Human Rights Centre, 2026a–c; The Sentry, 2024; 2026) is used to establish facts — particularly around beneficial ownership and elite involvement — that Zimbabwean government sources do not disclose; this reliance is treated not merely as a data-availability constraint but as itself consistent with the low-transparency link in the lack of regulatory transparency that operates as a measurement for institutional weakness.

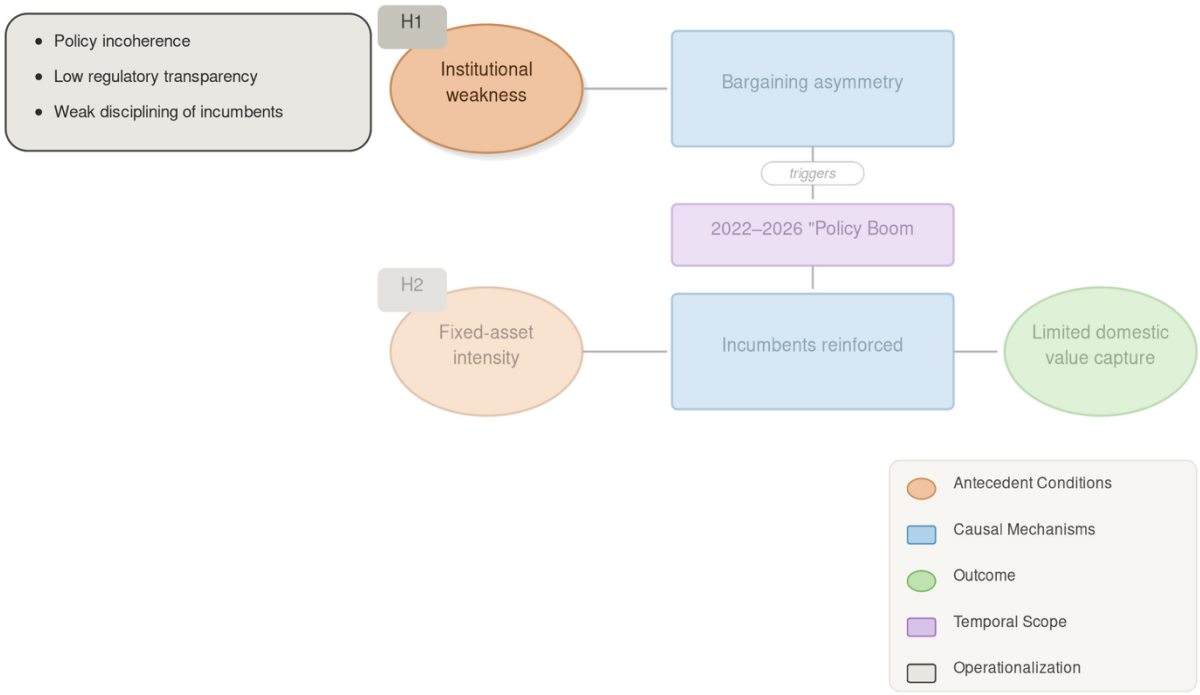
Causal Mechanism

The paper's five analytical paragraphs each trace a defined segment of this chain against the evidence base in Appendix 1 and Appendix 2, evaluating whether the sequence and timing of events is consistent with the mechanism specified at each link and considering plausible alternative explanations along the way. Paragraph one establishes the first link, institutional weakness operationalized as policy incoherence, low regulatory transparency, and weak disciplining of incumbents. Paragraph two traces the second link, showing how that institutional environment converts directly into bargaining advantage for incumbent Chinese firms and Zimbabwean elites alike, operationalized as differential access to APP exemption status. Paragraph three tests whether that bargaining advantage holds across the full span of the 2022–2026 "Policy Boom", tracing the six recorded policy shocks in sequence to establish that the

pattern of investment around each shock is consistent with the chain's prediction rather than with a one-off or declining effect. Paragraph four traces the fourth link: how lithium's FAI makes incumbent exit costly, why each successive policy shock has reinforced rather than eroded incumbent advantage, and why the resulting pattern of deepening, APP-concentrated incumbency, rather than diminishing returns to investment, best accounts for the outcome. Paragraph five evaluates that outcome directly, measuring limited domestic value capture as domestic mine ownership and tax revenue capture and tying the pattern back to the full chain traced across paragraphs one through four.

This design has three limitations. It relies on a single case, which constrains generalizability to other institutionally weak, resource-exporting states without additional comparative work. It depends heavily on secondary and investigative sources in the absence of Zimbabwean government transparency, a constraint also reported by comparable studies whose attempts to secure interviews with relevant ministries and Chinese mining companies were unsuccessful (Radomski et al., 2026a). And the 2022–2026 timeframe, while sufficient to observe the compressed bargaining dynamics this paper documents, is short relative to the multi-decade horizon over which classical obsolescing-bargain theory expects host-investor bargaining power to shift, meaning the findings here should be read as evidence of an emerging pattern rather than a completed bargaining cycle.

1. Institutional Weakness as an Antecedent



The following five paragraphs trace a single causal chain. Institutional weakness produces bargaining advantages for incumbent Chinese mining firms and domestic elites operating in Zimbabwe, and disadvantages prospective investors (paragraph two); this bargaining advantage holds across the sequence of policy interventions that make up the 2022-2026 “Policy Boom” (paragraph three); and it is compounded, rather than eroded, by lithium mining and beneficiation having high FAI, which makes incumbent exit costly and converts each policy shock by the Zimbabwean government into a further opportunity to entrench incumbent advantage (paragraph four). As a result, domestic value capture remains limited due to weak governmental control on the lithium sector (paragraph five).

Sections one, two, and five explore a causal chain running from institutional weakness to limited domestic value capture, while paragraphs three and four explore the specific mechanism of incumbent reinforcement during the 2022–2026 “Policy Boom”. This process-tracing design

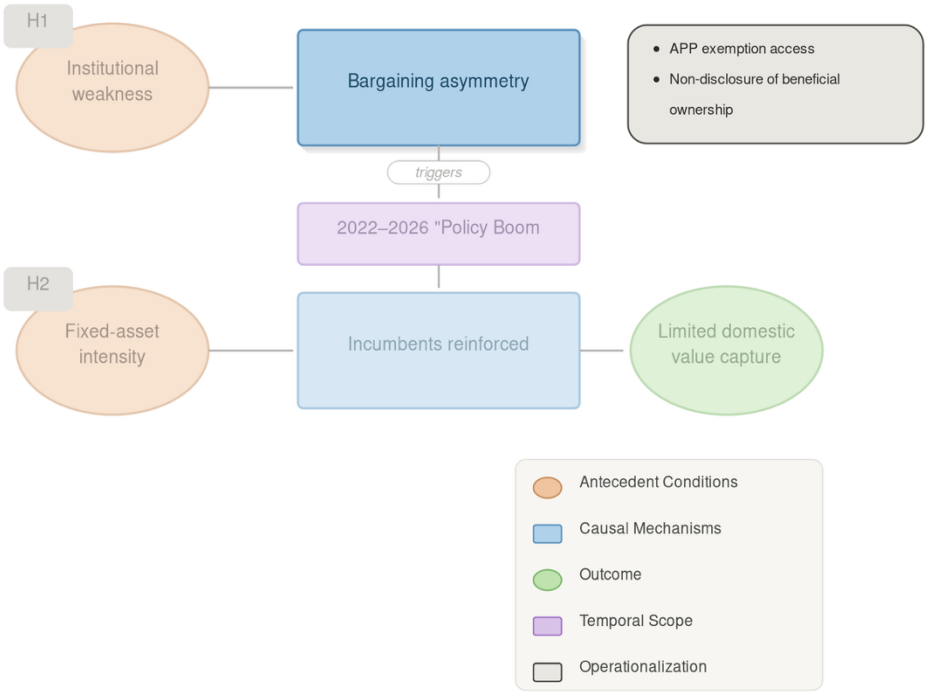
is constructed to test the causal chain. Domestic value capture, the chain's outcome variable, is operationalized here as domestic mine ownership and tax revenue capture throughout the 2022-2026 "Policy Boom".

Zimbabwe's lithium sector displays the three institutional weaknesses specified in H1: policy incoherence, low regulatory transparency, and weak disciplining of incumbents. Institutional weakness is the antecedent to bargaining asymmetry favouring incumbents and elites that lay the groundwork for this causal chain, this section serves to deliver preliminary information on policy incoherence in Zimbabwe, with a granular analysis of incoherent policy in the lithium sector's "Policy Boom" delivered in paragraph three, and low regulatory transparency and weak disciplining of incumbents are further exemplified in paragraph two.

According to the Organization for Economic Cooperation and Development (OECD, 2005, p. 90) policy coherence is "the systematic promotion of mutually reinforcing policy actions across government departments and agencies creating synergies towards achieving the defined objective." Zimbabwe's lithium sector is governed by the 1961 Mines and Minerals Act, colonial-era legislation whose 2015 revision has yet to be passed, and it is critical to note that this act lacks legislation towards a transition minerals strategy, which is essential for resource rich nations to maximize development spillover from their mineral wealth. Without an overarching plan, the Zimbabwean government's policy in the lithium sector has been reactive to exogenous factors and consistently changing, a pattern traced in full in paragraph three.
This reflects weak monitoring capacity and a limited agency in governing Zimbabwe's transitional mineral sector, visible across every stage of the policy sequence traced in paragraph three. This is consistent with the World Bank's (2024) argument that middle-income economies stall when they attempt to legislate technology and value diffusion outcomes without the

institutional capacity that such transitions require, failing to move from a 1i strategy of accumulating capital to a 2i strategy of infusing and diffusing imported technology domestically; the WDR identifies this institutional weakness as a road block to middle-income countries developing the institutional capacity necessary to sustain innovation that leads to the domestic value capture that the Zimbabwean government is trying to attain.

2. Bargaining Asymmetry as a Mechanism



Policy incoherence does not affect all investors neutrally as it has structurally favoured the Chinese firms operating in Zimbabwe before the “Policy Boom” occurred. This pattern is consistent with the bargaining advantage that benefits incumbents and elites as the second link in the causal chain, measured here as access to export ban exemptions through APP qualification and non-disclosure of beneficial ownership.

The exemption criterion written into SI 57 of 2023 restricted export permits to operators running an APP or in the process of constructing a processing plant. This threshold was met exclusively by firms that had entered the market years earlier and had begun sinking capital into processing infrastructure. Huayou's Prospect Lithium subsidiary at Arcadia, Sinomine at Bikita, and Chengxin at Sabi Star qualified and continued exporting spodumene concentrate, while artisanal miners and later entrants without existing processing plants were effectively excluded from legal export (Radomski et al., 2026a). Chinese firms are also reported to hold a substantial share of global lithium refining capacity, which limits the practical alternatives available to a firm that clears the domestic permitting requirements. Transparency International (2026) documents the resulting arrangement as a de facto monopsony, in which the same firms that benefit from preferential domestic exemptions are also the primary buyers of what little concentrate reaches the export market. Rwodzi (2025), writing in the ZJAR, frames this dynamic as a process of 'Sinofication' in which elite complicity compounds Chinese firms' structural advantage: incumbency, on this account, was not merely a market outcome but was encoded directly into the permitting process, whose own criteria were, according to Appendix 1's compiled record, 'not officially disclosed' at the time the original 2022 order took effect.

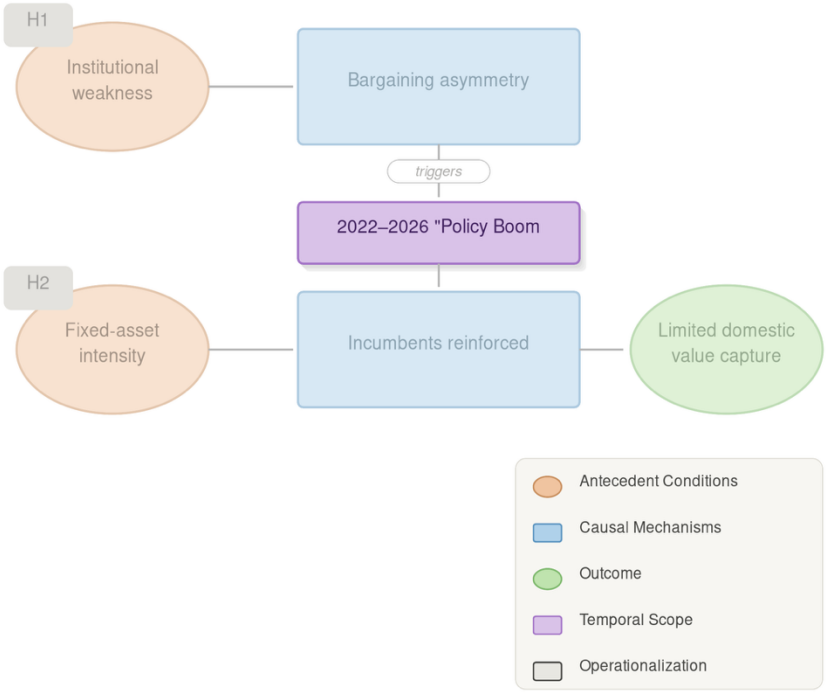
Low regulatory transparency is exemplified by Zimbabwe's weak discipline of incumbent elites, and the disproportionate bargaining advantages they maintain. The empirical data for this case is drawn primarily from an investigative watchdog organization (The Sentry, 2024) rather than peer-reviewed research or official disclosure and should be weighed accordingly. However, the prominence of anti-corruption and watchdog organizations that report on Zimbabwe's extractive sector is indicative of a lack of regulatory transparency outlined in H1. According to The Sentry's (2024) investigation, Kudakwashe Tagwirei — a presidential advisor and ruling-

party donor who has faced corruption allegations and international sanctions — was reportedly still making key decisions at KMH as late as September 2023, despite publicly denying any formal link to the company. In April of 2024, the MIF bought out Pfimbi's remaining 35 percent stake in KMH for $1.6 billion, financed through treasury bills equal to roughly 5 percent of Zimbabwe's GDP rather than a transparent public appropriation. That price implied a $4.6 billion valuation for KMH, triple the $1.5 billion figure the government itself had assigned the company in 2022; The Sentry (2024) characterizes this valuation as 'distinctly frothy' given KMH's simultaneous losses in its platinum and nickel projects, a characterization that reflects the outlet's own analysis rather than an independently audited figure. Zimbabwe's efforts to restructure its debt with the African Development Bank have required greater transparency with Western financial institutions, and The Sentry (2026) reports that this apparent overvaluation prompted the IMF, in February 2026, to request that the Zimbabwean government publish audited accounts for every company held under the MIF. This demand for disclosure originated outside Zimbabwe's own institutions rather than from within them. Taken together and read with appropriate caution given their sourcing, these investigative accounts describe a pattern broadly comparable to the one documented by Chinese firms. An entity with unresolved, politically connected ownership was permitted to extract a treasury bond state resources without the transparency, aligning with H1's definition of low regulatory transparency and weak disciplining of incumbents as institutional weakness.

These factors are the empirical signature of H1's second and third institutional variable, low regulatory transparency and weak disciplining of both Chinese corporations and domestic elites: rather than constraining incumbents, Zimbabwe's regulatory apparatus has repeatedly

ratified the position of Chinese mining conglomerates and domestic elites such as Tagwirei ahead of prospective competitors or Zimbabwean citizens.

3. Policy Boom – Bargaining Asymmetry to Incumbent Reinforcement



The flurry of incoherent policy implemented by the Zimbabwean government in the lithium mining sector is detailed in this section to display how it produces the bargaining dynamics that institutional theory predicts, representing an attempt to legislate beneficiation and domestically capture greater value without building the institutional strength that beneficiation depends on. The six statutory interventions and one further announcement enacted between December 2022 and April 2026 represent Zimbabwe's escalating attempts to reassert control over incumbents already benefiting from the imbalance documented in paragraph two. As

Appendix 1 documents, the Zimbabwean government legislated six interventions in the lithium sector between December 2022 and April 2026 and made one major announcement of impending policy; each of these policy implementations occurred within months of a Chinese acquisition, or in response to enforcement failures in the instrument before it. (See Appendix 1) The December 2022 ban on raw lithium-bearing ore and unbeneficiated lithium under Statutory Instrument 213 was issued the same year Sinomine acquired Bikita in January and Huayou acquired Arcadia in April. When S.I 213 was later repealed through Statutory Instrument 5 in January of 2023, a legal analysis from Wintertons Legal Practitioners written by Mwandura (2023) noted that the repeal "[did] not affect the validity of anything done by the Minister" under the 2022 Order, so exemptions and permits to export unbeneficiated lithium already granted under S.I. 213 are still applicable to the mines they had been granted to. Mwandura (2023) further states that three unidentified Chinese companies already building processing plants were exempted from the initial 2022 ban. Four months later, SI 57 of 2023 was implemented, extending the ban to all unbeneficiated base mineral ores, unprocessed concentrate, cathode powders, and battery components, and restricting legal export to operators running an APP. At this time, Arcadia, Bikita and Sabi Star mine owners all owned or were in the process of constructing processing plants and were therefore allowed to continue exporting unbeneficiated ore without need for a permit. (Mwandura, 2023; Radomski et al., 2026a) Critically, S.I. 57 also introduced movement permits to address smuggling lithium ore from small-scale and artisanal mines to ports for export. The implementation of S.I. 57 changed the definition of smuggling overnight, effectively legislating small-scale and artisanal miners out of the industry and further concentrating leverage in the hands of incumbent Chinese processors already holding APP status, aiding in reinforcing a de facto monopsony for Chinese firms.

In June of 2025, the government announced an impending ban on exporting lithium concentrate, namely crushed and floated ore, that would be enacted in January of 2027. While this is not a policy implementation with immediate legal effect, it is included in Appendix 1 as an additional row and is retained as a data point for H2 in paragraph four, because a credible commitment to a future ban is itself the governmental behaviour that is capable of shifting investor risk perceptions under Jung, Owen, and Shim's (2021) model, independent of whether it carries immediate legal force. This announcement was intended to prioritize domestic production of lithium sulphate and higher value products for export as of 2027, when the government unexpectedly brought the ban compliance date forward to February of 2026 in a blanket suspension of the export of all raw minerals including platinum, coal, chrome and lithium. (Bore, 2026; International Energy Agency, 2025) Two months later, the government relaxed the ban and implemented export quotas to the six largest concentrate producers outlined in Appendix 2, five of which are majority or jointly owned by Chinese firms. Mwandura's (2023) legal analysis sheds light on the impact of this reactive policy by highlighting that the 2023 repeal explicitly preserved the validity of the permits that were granted under S.I. 213 and were again preserved with the amendments in S.I. 57, embedding the grandfathered advantage repeatedly across multiple policy revisions.

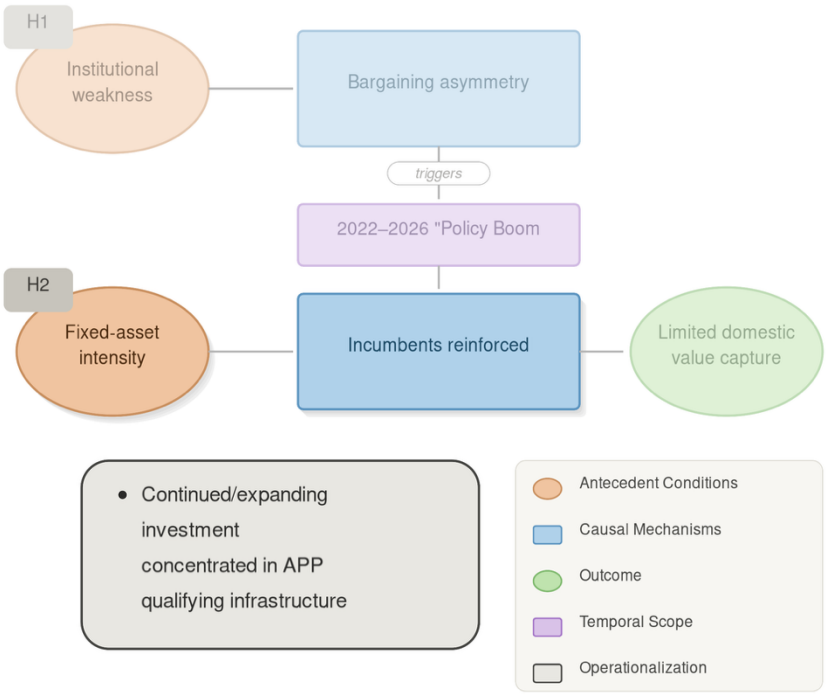
This sequence reflects a government attempting to reassert control that it does not, in practice, achieve. At Sandawana, a deposit jointly held by the MIF through KMH and unnamed Chinese investors, villagers were reportedly induced to extract lithium under promises of compensation, only state bodies to loot the ore they had extracted without compensation, coercive state action directed at informal miners rather than at the incumbents the export-ban regime was designed to discipline. (New Zimbabwe 2023, cited in Business and Human Rights Centre, 2026) The pattern

recurs across the boom: each successive statutory instrument targets the points of state leverage — export permits, movement of ore, compliance deadlines — without ever revising the underlying exemption criteria that grandfather incumbent advantage forward.

This is the paradox the Policy Boom exposes rather than resolves: a government visibly attempting, through six enacted instruments and one further announcement, to regain the leverage that institutional weakness ceded to incumbents in paragraph two, while the specific structure of each instrument — permits and deadlines revised and relaxed rather than the underlying exemption criteria rewritten — repeatedly closes off the same channel through which incumbents already benefit. Paragraph four turns to why: because lithium mining and processing are high FAI activities, each attempt at reassertion instead reinforces incumbent advantage rather than eroding it.

The peer-reviewed literature on Zimbabwe-China debt relations corroborates this pattern of state action failing to translate into effective control at the macroeconomic level. Moyo and Moyo (2025) and Nhlabano and Shumba (2025) document systematic opacity in loan negotiation, including an undisclosed loan of roughly $200 million to the Zimbabwe Electricity Supply Authority and a broader pattern of resource-backed lending through China's Export-Import Bank whose terms are not reported in the national budget. At the community level, Business and Human Rights Centre (2026a; 2026c) documents unresolved compensation claims and displacement disputes at the Sabi Star mine and continuing scrutiny of ownership transparency at Bikita — both consistent with institutional capacity that is too weak to implement strategic mineral governance policy, and instead enact a flurry of reactive policy lacking overarching vision, that paradoxically reinforces incumbent's position in the lithium market.

4. Incumbent Reinforcement from High FAI Industry



The bargaining advantage documented above would erode over time if not for the institutional weakness that acts as an antecedent condition: as a project matures and a host government engage the administrative capacity to enforce its own laws, classical obsolescing-bargain theory predicts that leverage should shift from investor to host. (Vernon, 1971) That shift depends on the host's ability to make its own policy shocks credible threats to incumbents — and it is precisely here that lithium's FAI closes off the path H1's institutional weakness has already narrowed. Jung, Owen, and Shim (2021), in a peer-reviewed analysis of over 1.6 million dyad-industry-year observations of greenfield foreign direct investment, find that the effect of an investment dispute on subsequent FDI depends systematically on industry FAI. Jung, Owen, and Shim's dataset measures formal investor-state disputes; this paper treats each of Zimbabwe's enacted policy instruments as a functional equivalent — a discrete, state-initiated event that

recalibrates investor risk perception in a similar way to disputes. In low FAI industries, a dispute discourages new investment because perceived risk outweighs new opportunity it creates; but in high FAI industries — the authors identify utilities, oil and gas, and mining among their examples — a dispute can increase FDI, because high profit margins reward entrants willing to exploit a weakened incumbent's position, and because the sunk, irreversible nature of the investment already made gives existing firms little incentive to exit (Jung, Owen, and Shim, 2021, pp. 1263–1265). Zimbabwe's case isolates only the second of the two high FAI channels, since SI 57's APP exemption strengthens incumbents relative to entrants rather than weakening them, so the entry channel this mechanism predicts never opens. Lithium mining and processing is a paradigm case of high FAI investment: Huayou's and Sinomine's roughly $700 million and $500 million commitments to processing infrastructure alone and Sandawana's separate $300 million expansion are not the kind of capital a firm abandons over a regulatory disagreement. (Marawanyika and Clowes, 2026; Okafor, 2026) This is the mechanism H2 predicts: high FAI makes incumbent exit costly, which the theory predicts should mean that policy shocks reinforce incumbent advantage rather than forcing incumbents out.

Establishing this requires more than noting that six enacted shocks were followed by continued investment; that observation alone would be equally consistent with firms simply pursuing profitable opportunities unrelated to Zimbabwe's regulatory sequence. What ties the observed expansions to Jung, Owen, and Shim's mechanism is what incumbents chose to expand into: not new, unrelated ventures, but the same asset classes the export-ban regime uses to define incumbency in the first place. SI 57 of 2023 conditions legal export on APP status; every major post-2023 investment recorded in Appendix 1 and Appendix 2 — Huayou's and Sinomine's roughly $700 million and $500 million processing-infrastructure commitments, Huayou's further

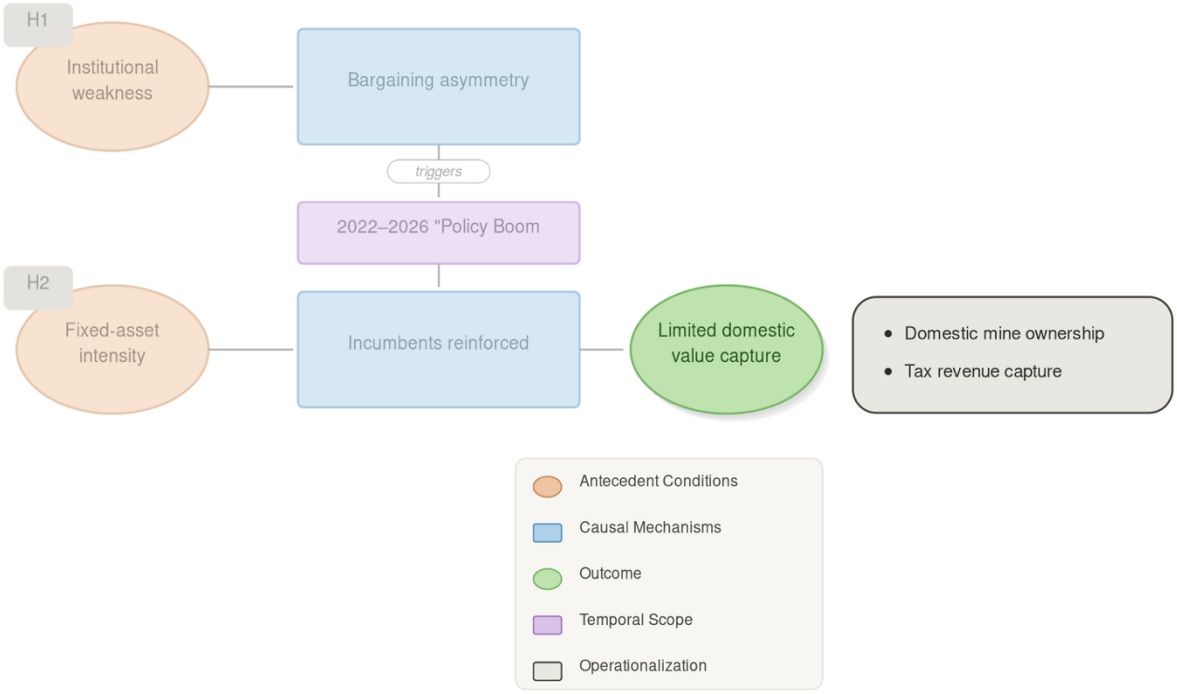
$32 million buyout consolidating full ownership of Arcadia in 2026 (Mining Zimbabwe, 2026b), and Sandawana's $300 million expansion — deepens exactly the kind of asset that confers exemption under the ban regime, rather than diversifying into unrelated activity. If incumbents were responding to ordinary market opportunity independent of the ban sequence, there would be no particular reason for reinvestment to concentrate so specifically on APP-qualifying firms; that it does is what Jung, Owen, and Shim's model predicts of a high FAI industry, in which incumbents double down on the sunk asset that both the ban regime and its own exemption criteria jointly protect.

The pattern extends to the June 2025 announcement of a further, not-yet-effective concentrate ban: though excluded from the count of enacted shocks because it carried no immediate restriction, it was followed by continued expansion rather than a pause pending its 2027 effective date, which is itself informative under Jung, Owen, and Shim's framework, since a credible future threat to unprocessed concentrate exports should, if anything, accelerate investment in the sulphate-stage processing capacity that would fall outside the coming ban.

It is worth being precise about why risk fails to deter incumbents here, since Jung, Owen, and Shim's own model assumes disputes carry some real signal value. Zimbabwe's export-ban sequence does not distribute risk evenly across the market: SI 57 of 2023's APP exemption means that for firms already holding APP status, each successive restriction carries negligible risk, since the exemption regime has protected them across all six enacted shocks without exception. For a prospective entrant without existing processing infrastructure, by contrast, the same restriction represents genuine risk, since entry now requires sinking capital into a processing plant merely to qualify for the exemption that determines legal export. Risk and opportunity are therefore not falling and rising uniformly across the market; they are being

reallocated by policy design, away from incumbents and onto entrants. This is the reinforcement mechanism itself: incumbents deepen their position with each shock precisely because each shock only disadvantages the firms outside the exemption regime, and the firms paragraph two associates with Zimbabwe's regulatory exemptions convert every subsequent regulatory shock into a further competitive advantage over prospective entrants. Institutional weakness and industry FAI thus appear to compound one another rather than operate as parallel, independent causes. Paragraph five turns to the resulting outcome, measured directly against Appendix 2.

5. Limited Domestic Value Capture



By the paper's own operational measure of the outcome variable, the pattern is visible directly in Appendix 2: of the six large-scale mines granted export quotas in April 2026, only Arcadia processes to lithium sulphate, and even that single plant is reported as running at

capacity with no ability to process concentrate delivered from any other producer's mine (Philimon Bulawayo, 2026); Bikita, Sabi Star, Kamativi, Gwanda, and Sandawana continue to export at the concentrate stage five years into a boom that has attracted at least $1.5 billion in processing-infrastructure investment alone — Huayou's $700 million, Sinomine's $500 million, and Sandawana's $300 million — on top of the roughly $1 billion in acquisition-era investment recorded since 2021. (Okafor, 2026) That five of six mines remain at the concentrate stage despite this scale of capital inflow, and despite a tax structure explicitly designed to reward the move to sulphate, displays that domestic value capture remains limited: not because Chinese capital is large, but because the same weak institutions that produced bargaining advantage in paragraph two have not translated that capital into a sector-wide shift up the processing chain.

Domestic value capture's first component, mine ownership, is measured directly from Appendix 2's ownership records. Arcadia and Sabi Star are 100% owned by Chinese firms, Huayou and Chengxin respectively; Bikita is 74% owned by Sinomine, with the remaining share held by local shareholders and reportedly transitioning toward full Sinomine control; Kamativi and Gwanda are Chinese-Zimbabwean joint ventures with undisclosed ownership splits; and Sandawana is recorded as 100% held by the MIF, though the same record also notes joint holding with unnamed Chinese investors, an ambiguity that is itself consistent with the low regulatory transparency documented in paragraph two. Of the six mines, only Sandawana is unambiguously majority Zimbabwean-owned on paper, and even that record is internally inconsistent about the presence of Chinese co-investment.

Domestic value capture's second component, tax revenue capture, is measured through the tiered export tax introduced in January 2026 (Appendix 1): a 10% tax on raw lithium ore, a further 10% tax on lithium concentrate, and a 0% tax on lithium sulphate. Because the tax structure is

designed to reward beneficiation, the tax rate a mine actually pays is a direct function of how far up the processing chain its output travels; and because, per Appendix 2, five of the six mines remain at the concentrate stage, the government captures its 10% rate on the overwhelming majority of Zimbabwe's lithium exports rather than the 0% rate the policy was designed to phase in. The tax structure therefore penalizes the very outcome — continued concentrate-stage export by incumbents — that the bargaining asymmetry traced in paragraph two and the incumbent reinforcement traced in paragraph four make structurally likely, so tax revenue capture, like mine ownership, remains limited by the same mechanism that produced it.

Read together, these two measures show the endpoint of the chain traced across the preceding four paragraphs. Weak institutional capacity — policy incoherence, low regulatory transparency, and weak disciplining of incumbents — produced a bargaining asymmetry that favoured firms already positioned in Zimbabwe's lithium sector before the "Policy Boom" began (paragraphs one and two). That asymmetry held, rather than eroded, across six enacted policy shocks between December 2022 and April 2026 (paragraph three), because lithium's high FAI gave incumbents little reason to exit and every reason to deepen their investment in exemption-qualifying infrastructure (paragraph four). The result, consistent with both H1 and H2, is a sector that has absorbed a rapid and sustained increase in Chinese investment without a corresponding increase in what Zimbabwe itself retains from it: mine ownership remains overwhelmingly Chinese, and tax revenue capture remains capped by a processing structure the same institutional weaknesses have left largely unchanged.

Summary

This paper traced a single five-link causal chain to explain why Zimbabwe's lithium sector has absorbed a historic surge of Chinese investment without a corresponding increase in what the country itself retains from it. Institutional weakness — policy incoherence, low regulatory transparency, and weak disciplining of incumbents — is the antecedent condition (paragraph one): Zimbabwe's lithium sector remains governed by colonial-era legislation, its 2015 revision still unpassed, and reactive rather than strategic in its response to the sector's growth. That weakness converts directly into bargaining asymmetry (paragraph two): incumbent Chinese firms and Zimbabwean elites already positioned in the sector before the "Policy Boom" began gained differential access to APP exemptions and benefited from the non-disclosure of beneficial ownership, while prospective entrants and small-scale miners were structurally disadvantaged.

That asymmetry did not erode as the Zimbabwean government attempted to reassert control. Across six enacted policy shocks and one further announcement between December 2022 and April 2026 (paragraph three), each intervention targeted permits, the movement of ore, or compliance deadlines without revising the underlying exemption criteria that grandfathered incumbent advantage forward — the pattern this paper terms the "Policy Boom." Lithium's high FAI explains why the asymmetry held rather than eroded: because exiting a high-FAI industry is costlier than absorbing another round of regulatory disruption, incumbents had every reason to deepen their investment in exemption-qualifying infrastructure, and each successive shock reinforced rather than eroded their position (paragraph four).

The result is limited domestic value capture (paragraph five): mine ownership remains overwhelmingly Chinese, with only Sandawana majority Zimbabwean-owned on paper, and the

tiered export tax captures its lowest rate on the concentrate-stage exports that five of six mines have remained at throughout the boom, despite a tax structure explicitly designed to reward the shift to sulphate. Read as a whole, the chain is consistent with both hypotheses: H1 holds across paragraphs one, two, and five, where weak institutional capacity produces the bargaining asymmetry that limits domestic value capture; H2 holds across paragraphs three and four, where lithium's high FAI converts each successive policy shock into continued and expanding incumbent investment rather than incumbent exit. Institutional weakness and FAI therefore do not operate as parallel, independent causes; they compound one another, converting an escalating sequence of state intervention into a further competitive advantage for the very firms and elites that intervention was nominally designed to discipline.

Conclusion

These findings speak to several bodies of literature beyond the Zimbabwean case itself. Classical obsolescing-bargain theory (Vernon, 1971) predicts that bargaining power shifts from investor to host as a project matures and host administrative capacity develops. This paper's findings complicate that prediction: bargaining power did not shift toward Zimbabwe across the 2022–2026 "Policy Boom," not because the state failed to act, but because institutional weakness and high FAI jointly foreclosed the conditions under which such a shift could occur. Obsolescing-bargain theory's classic mechanism, this suggests, is conditional on an institutional capacity that resource-rich but institutionally weak states cannot always supply on the timeline the theory assumes.

The paper's operationalization of bargaining asymmetry through APP exemption access and non-disclosure of beneficial ownership extends the World Bank's (2024) market contestability framework from a cross-national diagnostic tool into a single-case account of how institutional capacity fails specifically: not through the complete absence of policy, but through policy that is incoherent, opaque, and undisciplined. Read alongside Jung, Owen, and Shim's (2021) finding that high-FAI industries can see investment increase following a dispute, this paper's contribution is to disaggregate that aggregate effect for a single case: Zimbabwe's exemption-based export-ban regime specifically strengthens incumbents relative to entrants, rather than merely failing to discourage investment overall, isolating the incumbent-retention channel of their model from the entrant-attraction channel it also predicts.

Read against the debt-diplomacy literature that motivated this paper's point of departure, the findings suggest that the structure of Chinese financing is not, on its own, a sufficient explanation for Zimbabwe's limited domestic value capture. Institutional weakness offers a

complementary, arguably prior, explanation: even absent opaque loan terms, a bargaining asymmetry rooted in domestic policy incoherence would still favour incumbents already positioned in the sector. The two literatures are not in competition so much as addressing different links in the same chain, one upstream of the mechanism this paper traces, the other embedded within it.

More broadly, this paper's five-link chain offers a transferable diagnostic for institutionally weak, resource-exporting states attempting to convert extraction into development: where institutional capacity is weak and the industry in question is high FAI, policy intervention aimed at incumbents should be expected to entrench rather than discipline them, regardless of how frequently that intervention is renewed. Whether Zimbabwe's lithium sector eventually breaks this pattern will depend less on the pace of further policy shocks than on whether the institutional weaknesses identified here — policy incoherence, low regulatory transparency, and weak disciplining of incumbents — are addressed directly.

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APPENDICES

APPENDIX 1

Zimbabwean Policy Implementations in Lithium Sector

	Date	Policy	Effect	Exemptions to Policy	Who procured Permits?	Unintended outcomes	Source(s)
1	Dec 16, 2022	**Statutory Instrument 213** – Base Minerals Export Control (Lithium Bearing Ores and Unbeneficiated Lithium) Order, 2022	Ban export of raw lithium-bearing ore and unbeneficiated lithium Required permits granted by Ministry of Mines Did not apply to lithium concentrate — only raw/unbeneficiated lithium ore was barred.	Exporting samples for assaying outside Zimbabwe Written approval of the Minister justifying export under Value Added Tax Act [*Chapter 23:12*].	Not officially disclosed Mwandura's (2023) legal analysis notes that the repeal "does not affect the validity of anything done by the Minister" under the 2022 Order, so exemptions and permits already granted stand; Analysis states three unidentified Chinese companies already building processing plants were exempted from the ban.	Created framework for later amendments enforcement gaps such as under-declaration and smuggling prompted 2023 amendment below	(Ministry of Mines and Mining Development, 2022) (Mwandura, 2023) (Government of Zimbabwe, 2022)
2	January 6, 2023	**Statutory Instrument 5 of 2023** — Base Minerals Export Control (Unbeneficiated	Repeals SI 2022-213 and re-establishes the ban on export of unbeneficiated base mineral ores under a new principal Order	Repeal does not affect exemptions or permits already granted under SI 2022-213	n/a — general re-enactment; no permits described in this Order itself	Left a gap for lithium-specific and concentrate enforcement, closed four months later by SI 57 of 2023 (below)	Mwandura (2023) Government of Zimbabwe, 2023a)

		Base Mineral Ores) Order, 2023	General framework only — does not yet contain lithium-specific provisions or concentrate coverage				
3	May 8, 2023	**Statutory Instrument 57 of 2023** — Base Minerals Export Control (Unbeneficiated Base Mineral Ores) (Amendment) Order, 2023 (No. 1), 8 May 2023; amends the principal Order (SI 5 of 2023, 6 January 2023), which repealed SI 2022-213 (that repeal did not affect exemptions/permits already granted under it)	Bans export of unprocessed lithium (spodumene/petalite concentrate) and extends the ban to cathode powders and battery components Sets minimum lithia (Li content) thresholds for exported concentrate Regulates domestic trading (licensed buyers only; movement permits required for transport)	Export permits granted only to operators running an APP or supplying such a facility Export licenses require approval by both the Minister and the President.	Huayou (Arcadia), Sinomine (Bikita), and Chengxin (Sabi Star) owned or were constructing processing plants and were exempt from ban.	Concentrated bargaining leverage in the hands of incumbent Chinese processors already holding APP status (de facto monopsony) Later entrants without processing plants effectively blocked from export.	Mutondoro (2024, as cited in Radomski et al., 2026a) (Government of Zimbabwe, 2023b)
*	June 10, 2025	Gov announced **impending Jan 2027 ban on lithium concentrate** (crushed and floated ore)	Signals transition to allow export of only lithium sulphate and higher-value products from Jan 2027 Concentrate exports to be phased out.	n/a—announcement of impending policy	n/a—announcement of impending policy	n/a—announcement of impending policy	(International Energy Agency, 2025)
4	January 2026	**Tiered export tax system**	10% tax levied on raw lithium ore Further 10% tax on lithium concentrate	Lithium sulphate exempted from tax (0% rate)	n/a — an export tax, not a permit-based mechanism	Further entrenches incumbents in industry and reinforces monopsony to Chinese conglomerates.	(Bore, 2026)

			Lithium sulphate untaxed — tax burden decreases as domestic value addition increases				
5	February 2026	**Blanket suspension of raw mineral exports**	Zimbabwean government suspended all exports of raw minerals, including platinum, coal, chrome, and lithium concentrate	Not specified in sources	n/a	Ban compliance date brought forward to curb malpractice — chiefly artisanal miners' smuggling of unbeneficiated ore	(Bore, 2026);
6	April 14, 2026	**Lithium Concentrate Export Quotas**	Gov granted lithium export quotas to six large-scale concentrate producers	11 conditions for lithium producers on volume, tonnage, export consignments, etc. Full export access permitted after beneficiation milestones are met	1. Bikita Minerals (Sinomine) 2. Sabi Star Mine (Chengxin Lithium) 3. Kamativi Lithium Company (Yahua Group) 4. Arcadia Lithium Mine (Huayou Cobalt – Prospect Lithium Zimbabwe) 5. Gwanda Lithium Mine (Tsingshan) 6. Sandawana Mines (Mutapa Investment Fund)	Exports allowed for companies meeting beneficiation requirements.	(Mining Zimbabwe, 2026b)

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Operational Zimbabwean Lithium Mines, Acquisition Dates, and Owners in Descending Order of Chinese Firm Acquisition Date

	Mine Acquisition Date	Mine Site Name	Subsidiary/Joint Venture	Holding Company	Source for column 1-4	Deposit Size and Projected Plans
1	November 2022	**Gwanda Lithium Mine**	Dinson Mining Investments Crawfold Private Ltd. (Zimbabwe)	Tsingshan Holding Group (China) Ownership percentages undisclosed	(China Global South Project, 2021) (Transparency International, 2026)	**Deposit:** Undisclosed **Output**: No data
2	April 2022	**Arcadia Lithium Project**	Prospect Lithium Zimbabwe (subsidiary)	100% owned by Zhejiang Huayou Cobalt Co., Ltd. (China)	(Business and Human Rights Centre, 2026b) (Mining Zimbabwe, 2026a) (Transparency International, 2026)	**Deposit**: 42.3 million tons (1.19% lithium oxide) **Output**: Zimbabwe's only lithium sulphate plant - 400,000 tons annually and producing at capacity without ability to process lithium from other plants. (International Finance Corporation, 2024); (Philimon Bulawayo, 2026)
3	January 2022	**Bikita Minerals Mine**	None	74% owned by Sinomine Resource Group Co., Ltd. (China) 26% owned by local shareholders (reportedly transitioning to full Sinomine control)	(Business and Human Rights Centre, 2026a) (Transparency International, 2026)	**Deposit**: 11 million tons (1.4%) **Output**: Current capacity 300,000 tons of spodumene concentrate Existing petalite plant capacity to be expanded to 480,000 tons of ore annually

						(EJ Atlas, 2026a); (International Finance Corporation, 2024)
4	November 2021	**Sabi Star Mine**	Max Mind Investments Zimbabwe (subsidiary)	100% owned by Chengxin Lithium Group (China)	(Business and Human Rights Centre, 2026c) (Transparency International, 2026)	**Deposit**: 6.6 million tons of Lithium and Tantalite ores (Mining Zimbabwe, 2023) **Output**: 300,000 tons of lithium concentrate per year. (EJ Atlas, 2026b)
5	2019	**Kamativi Lithium Mine**	Kamativi Mining Company - joint venture between Sichuan PD Technology Group (Yahua) and Kamativi Tin Mines Ltd. (Defold)	Yahua Group (China) Defold Mine (PVT) Ltd. (Zimbabwe – member of Mutapa Investment Fund) Ownership percentages undisclosed	(China Global South Project, 2019) (Transparency International, 2026)	**Deposit**: 26.7 million tons (China Global South Project, 2019) **Output**: 2.5 million tons of lithium ore in 2025 (projected as of early 2025) (Mysteel, 2025b)
6	2019	**Sandawana Mines**	Kuvimba Mining House + Unnamed Chinese investors (joint ownership)	100% owned by Mutapa Investment Fund (MIF)	(Reuters, 2025) (Sailo, 2025) (Transparency International, 2026)	**Deposit**: 39.9 million tons of 1.39% lithium oxide (Shanghai Metals Market, 2026) **Output**: 343,000 tons in 2025 (Mining Zimbabwe, 2026c) Projected 661,000 tons per year. (Reuters, 2025)
7	2010	**Zulu Lithium and Tantalum Project**	N/a	Premier African Minerals (UK)	(Premier African Minerals, 2015)	**Deposit**: 579,000 tons of lithium carbonate equivalent (Mysteel, 2025a) **Output**: Ongoing plant optimization required (Mysteel, 2025a)

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