

# ZAMBIA TRADE & TARIFF UPDATE (2021)

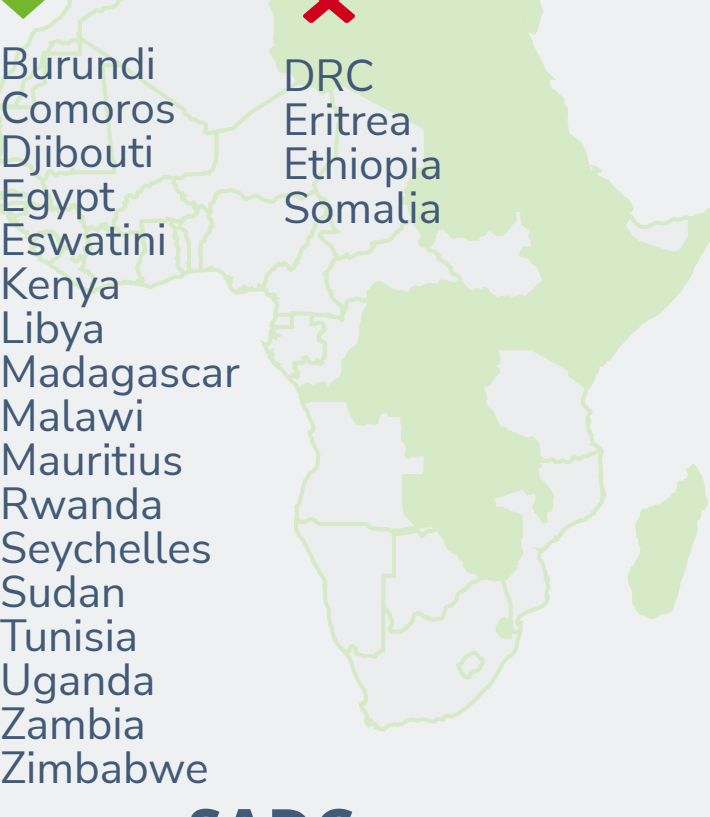
## Regional Economic Communities

- Zambia is a member of the Common Market for Eastern and Southern Africa (COMESA) and the Southern African Development Community (SADC).
- Zambia ratified the AfCFTA in February 2021

### COMESA

- COMESA has 21 member states, 17 of which are part of the COMESA Free Trade Area.
- DRC, Eritrea, Ethiopia and Somalia are all in the process of acceding to the COMESA FTA

#### Members of the COMESA FTA:



### SADC

- SADC is a Regional Economic Community with 16 member states - all the SACU countries, Angola, DRC, Seychelles, Comoros, Madagascar, Tanzania, Zimbabwe, Zambia, Mauritius, Mozambique and Malawi.
- 13 SADC member states are members of the SADC Free Trade Area (FTA).
- Comoros and DRC are yet to join the FTA.
- Angola has submitted its tariff offer to join the SADC FTA.



## Intra-Africa total trade (imports & exports) 2021

29%

Zambia's intra-Africa trade as share of its Global trade

US\$5.3 bn

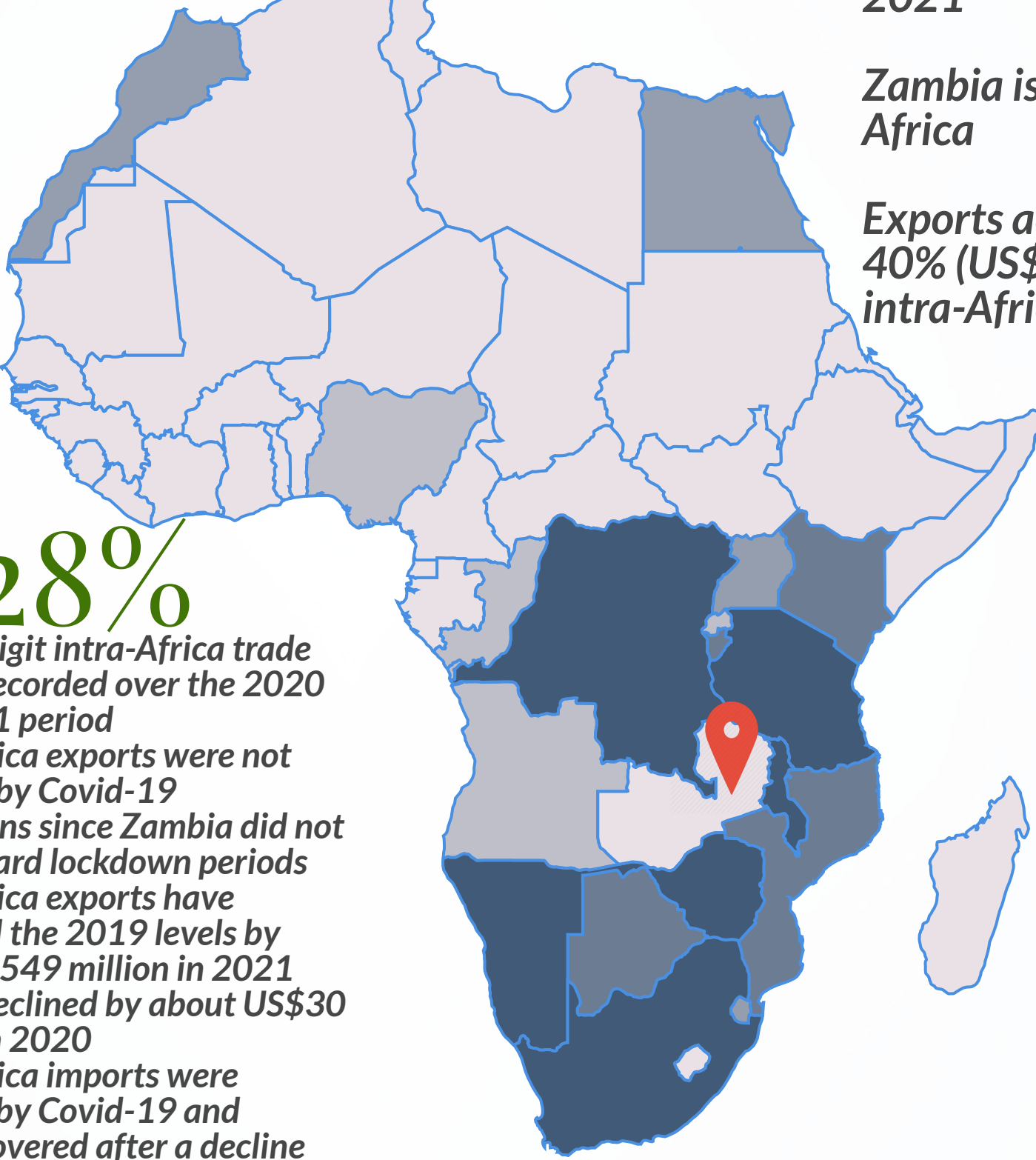
Zambia's intra-Africa trade in 2021

Zambia is a net importer with Africa

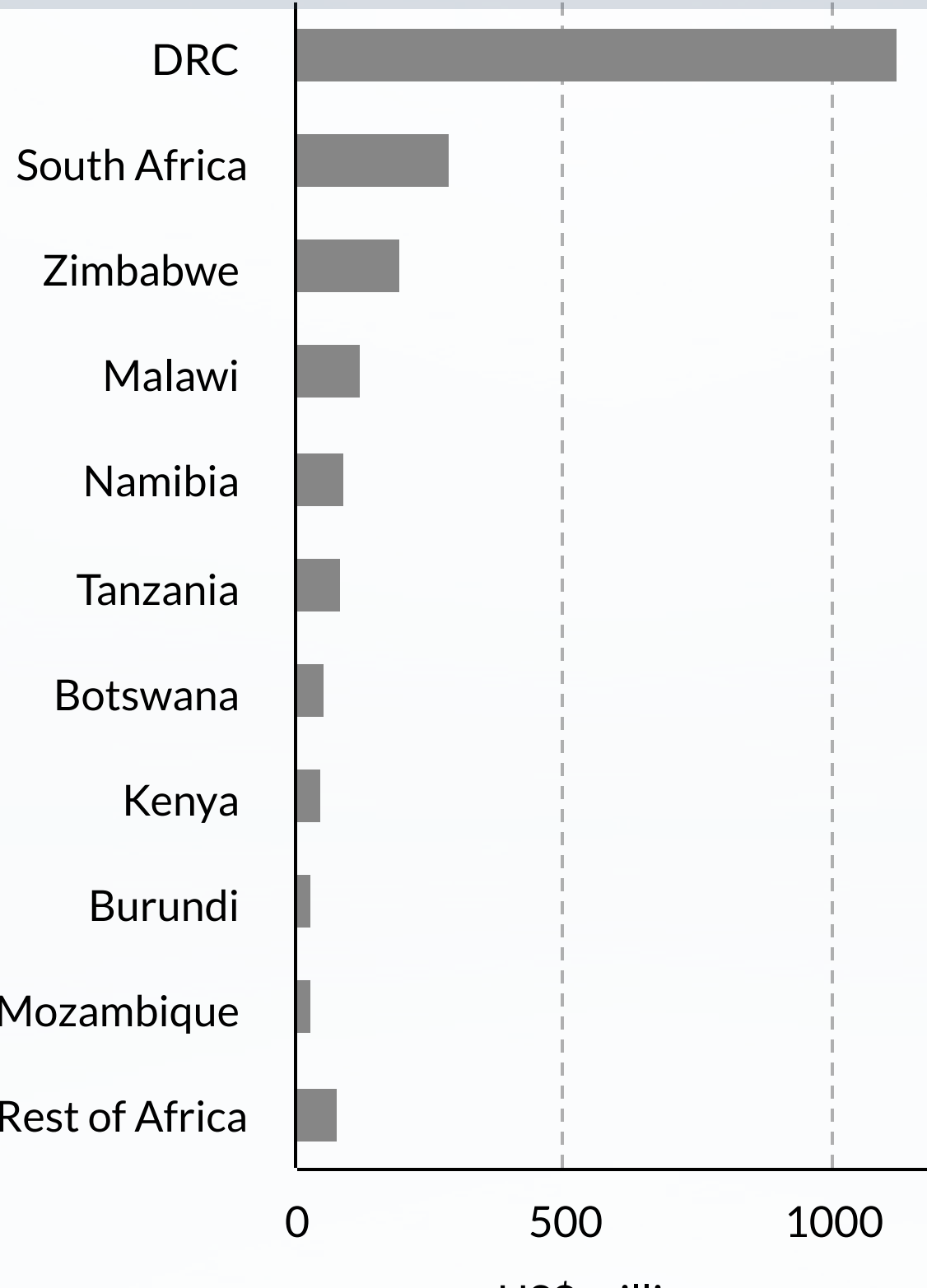
Exports accounted for only 40% (US\$2.2 billion) of its intra-Africa trade in 2021

28%

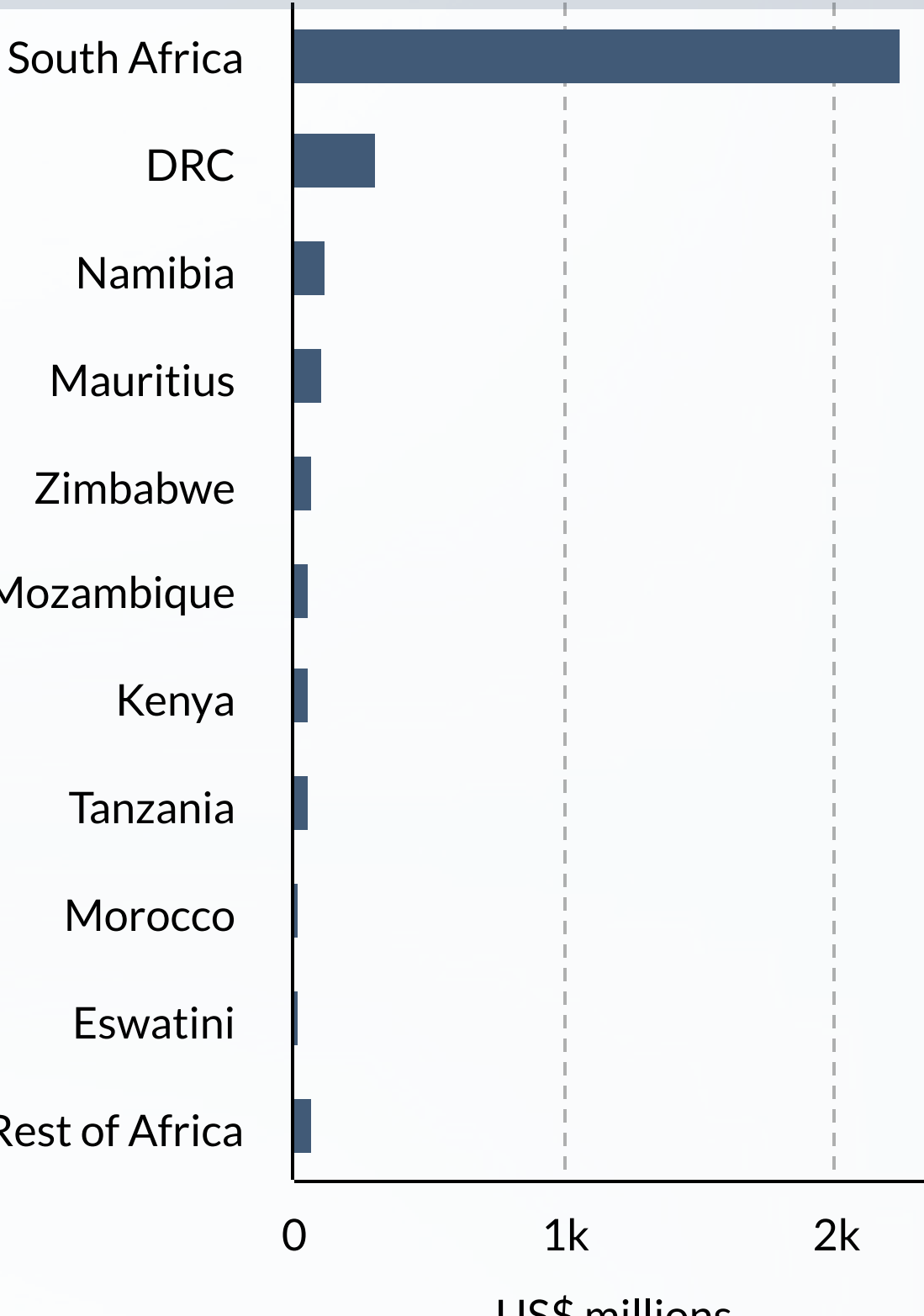
- Double digit intra-Africa trade growth recorded over the 2020 and 2021 period
- Intra-Africa exports were not affected by Covid-19 disruptions since Zambia did not go into hard lockdown periods
- Intra-Africa exports have exceeded the 2019 levels by over US\$549 million in 2021 having declined by about US\$30 million in 2020
- Intra-Africa imports were affected by Covid-19 and have recovered after a decline in 2020, however have not reached the 2019 levels



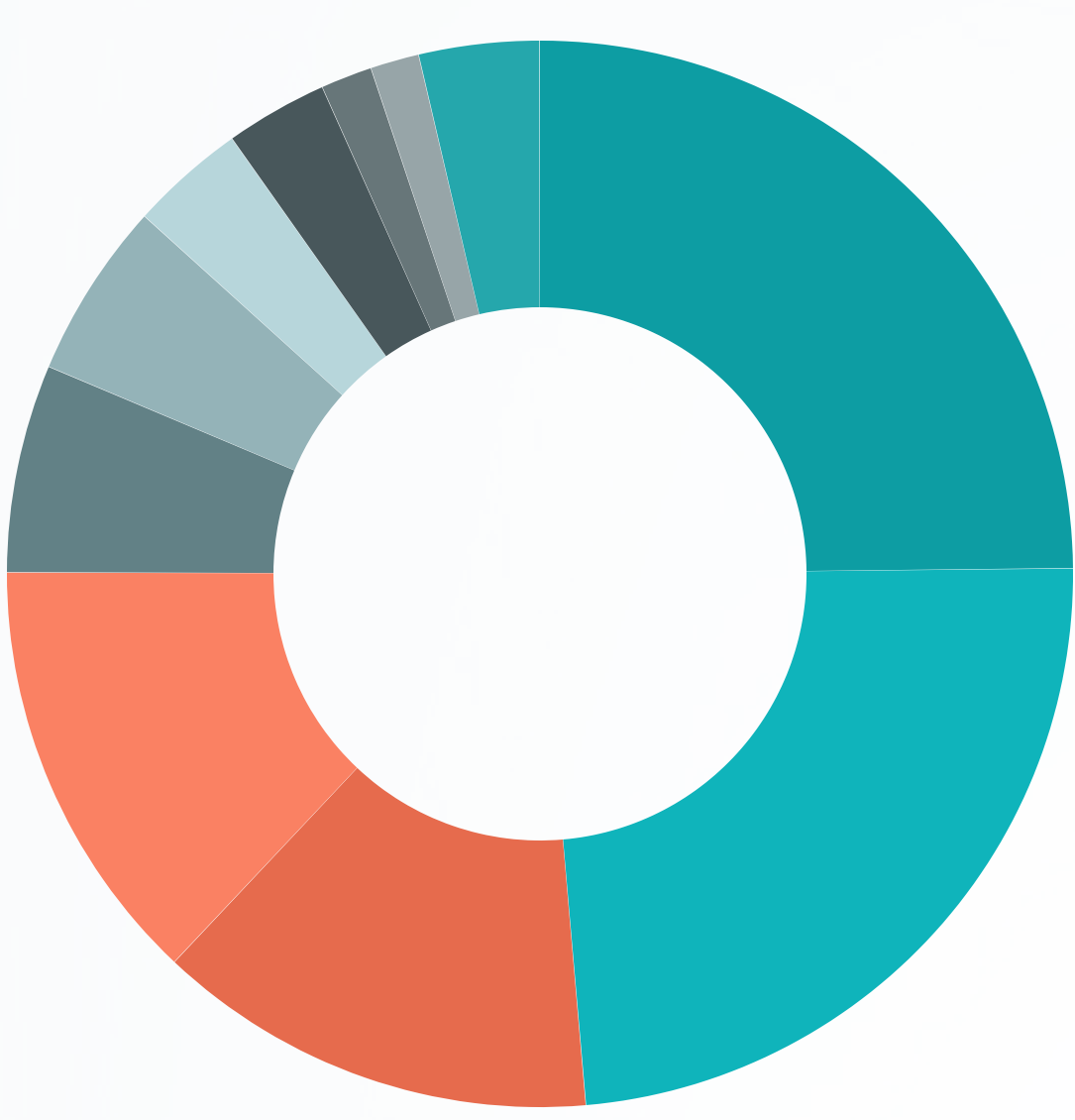
### Top 10 intra-Africa export destinations (2021)



### Top 10 intra-Africa import sources (2021)



## Zambia's intra-Africa exports by product group (2021)

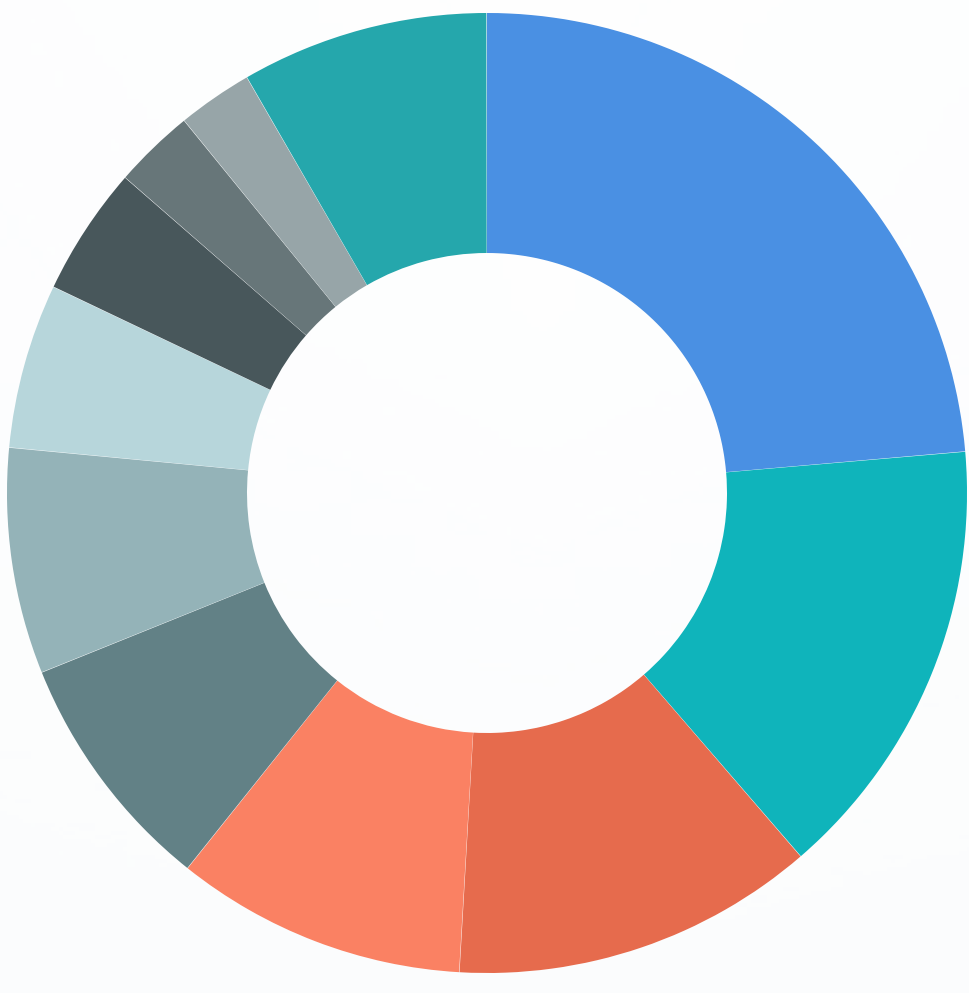


- Food, beverages & tobacco (24.84%)
- Mineral products (23.8%)
- Chemical products (13.4%)
- Base metals (13.01%)
- Machinery (6.31%)
- Vegetable products (5.35%)
- Live animals, animal products (3.5%)
- Precious stones and metals (3.1%)
- Plastic products (1.57%)
- Transport equipment (1.47%)
- Other (3.65%)

- Zambia's top intra-Africa exports were Food, beverages & tobacco and Mineral products which accounted for almost 50% of total intra-Africa exports
- Chemical products and Base metals account for an additional 26% share of Zambia's intra-Africa exports
- Top 10 intra-Africa export destinations account for about 96% of Zambia's intra-Africa exports
- The bulk of Zambia's intra-Africa exports are destined to the COMESA and SADC regions (96%)
- No non-SADC or non-COMESA countries feature in the Top 10 export destinations

## Zambia's intra-Africa imports by product group (2021)

- Zambia imports mostly value-added manufactured goods, which account for over 70% of its intra-Africa imports
- Primary based natural resource products and non-processed agricultural intra-Africa imports are minimal
- 71% of Zambia's intra-Africa imports originate South Africa
- Intra-Africa imports are mostly from SADC and COMESA member states. Morocco is the only non-Member that features in the Top 10 import sources accounting for 1% share



- Chemical products (23.64%)
- Mineral products (15.04%)
- Machinery (12.25%)
- Base metals (9.79%)
- Plastic products (8.19%)
- Transport equipment (7.61%)
- Food, beverages & tobacco (5.56%)
- Live animals, animal products (4.34%)
- Paper products (2.73%)
- Animal or vegetable fats & oils (2.53%)
- Other (8.33%)

### 5 year growth performance (exports)

- Zambia's intra-Africa exports increased by 9% (CAGR) over review period 2017 - 2021
- Exports to top destination DRC grew by 21% and exports to South Africa declined 11% (CAGR) over review period 2017 - 2021
- Non-metallic mineral, wood products and live animals recorded the highest growth rates (from a low base) of 126%; 63% & 47% (CAGR) respectively over review period 2017 - 2021

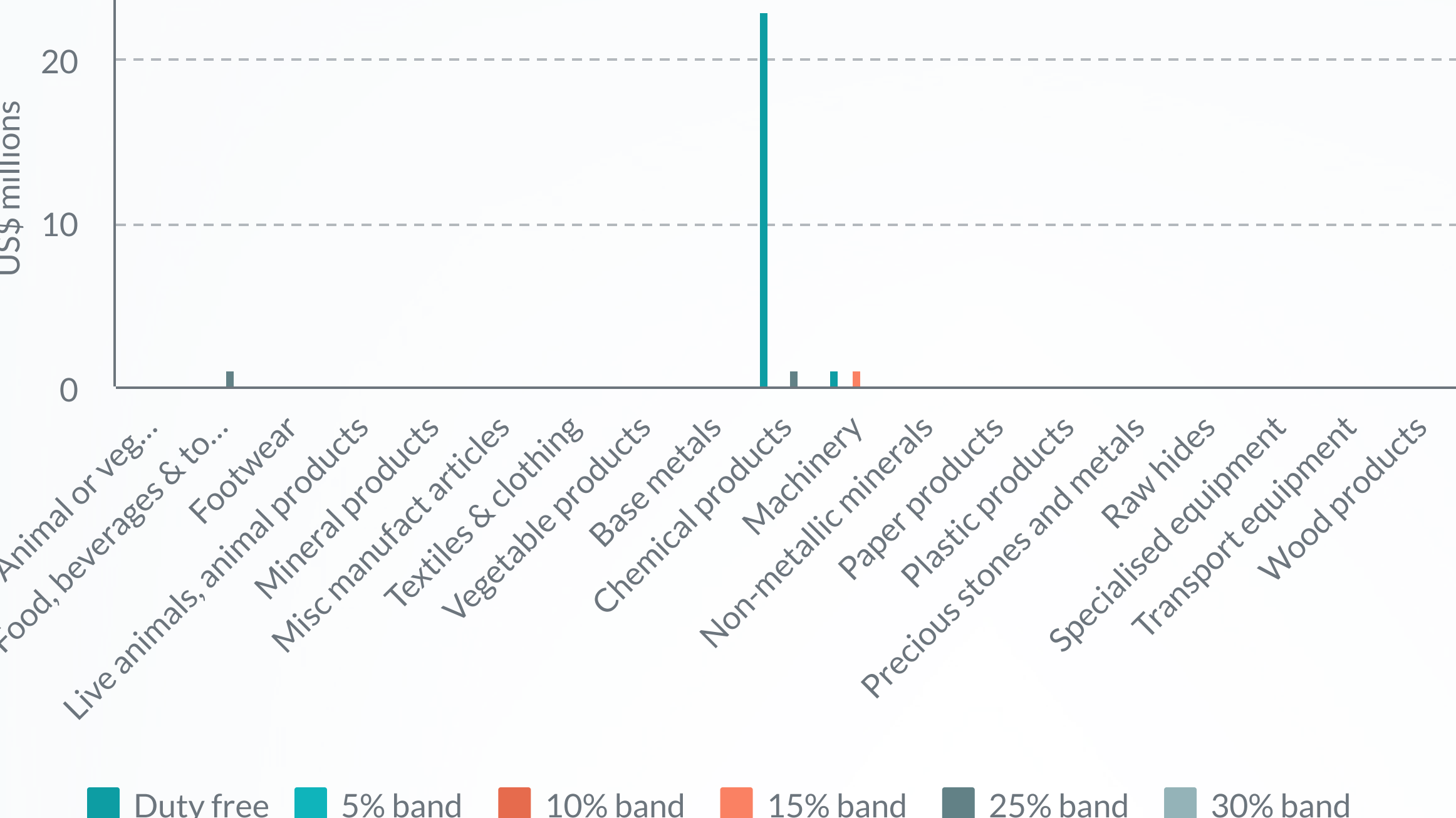
### 5 year growth performance (imports)

- Zambia's intra-Africa imports declined by 11% (CAGR) over review period 2017 - 2021.
- Top import suppliers South Africa, and the DRC's exports to Zambia declined by 2% and 35% (CAGR) respectively over the review period (2017-2021)
- Plastics, Animal and vegetable oils, and Paper products recorded the highest growth rates of 9%; 7% and 6% (CAGR) respectively for period (2017-2021)

### Export markets showing significant growth

- Zambia is increasingly becoming an economic powerhouse in SADC and COMESA where the bulk of its intra-Africa trade occurs and there are currently little signs of expansion beyond East and Southern Africa with exception of Nigeria and Senegal
- Significant intra-Africa export growth was recorded for Egypt, Mauritius and Nigeria which grew by 245%; 116% and 62% (CAGR) respectively over review period (2017-2021)
- Participating in regional value chains provides opportunities for Zambia to expand its market footprint beyond East and Southern Africa. The AfCFTA is a possible channel to achieve this

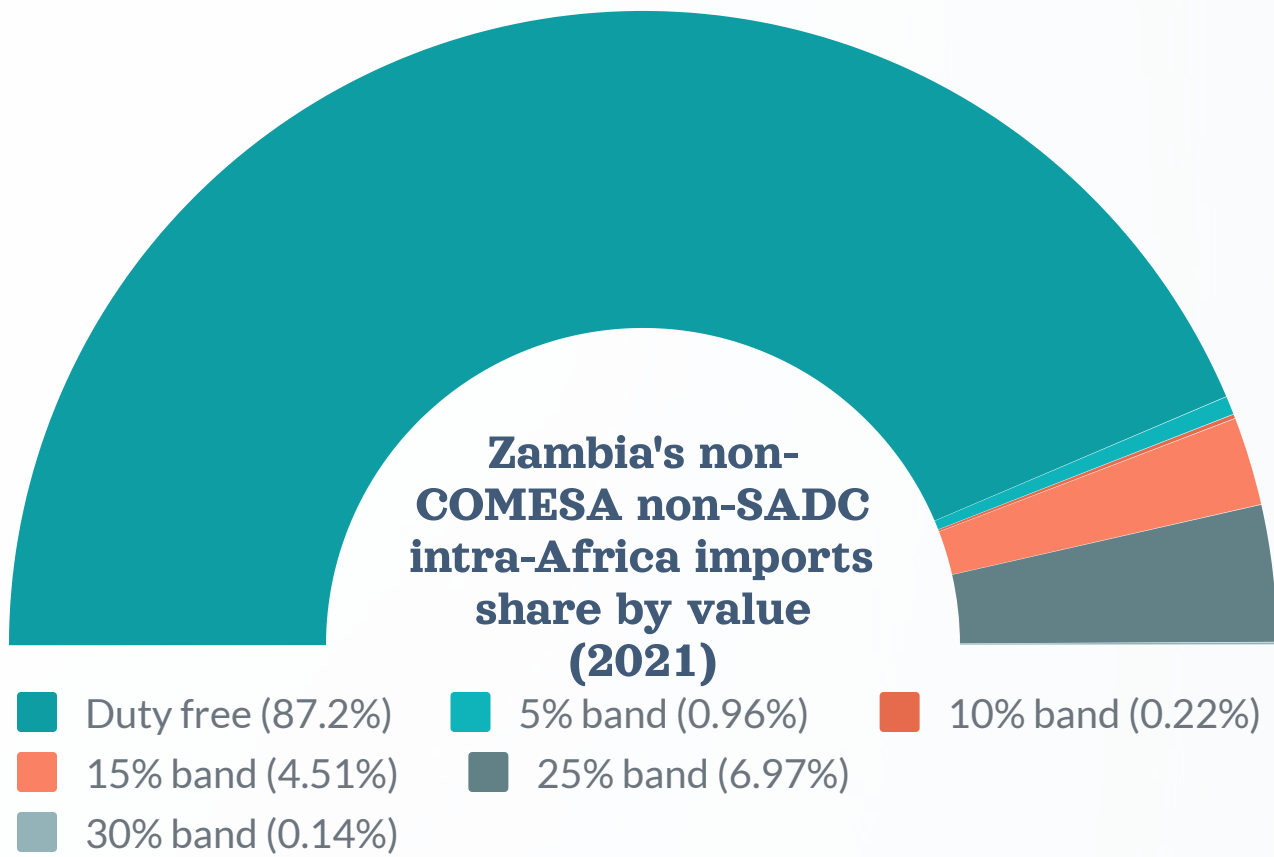
## MARKET ACCESS - Zambia's MFN tariff regime (intra-Africa trade)



- Most of the goods imported into Zambia from SADC and COMESA FTAs' countries enter duty-free.
- Imports from countries outside the COMESA and SADC FTAs face MFN applied duties with 6 tariff bands - duty-free, 5%, 10%, 15%, 25%, 30% & 40%
- Only 1% (US\$27.4 million) originate from outside COMESA and SADC the bulk of goods enter duty free (87%) albeit dominated by one product group
- Chemical products which are largest import by value attract duty free tariffs

### ZAMBIA'S TRADE DEVELOPMENTS

- In its 8th National Development Plan (2022-2030) Zambia aims to:
  - increasing agriculture production and productivity
  - promoting mining of traditional and non traditional minerals
  - promoting value addition and manufacturing
  - promoting rural industrialisation as well as tourism diversification
- Zambia also ratified the AfCFTA in February 2021 after taking time in comparison to other COMESA and SADC member states
- Zambia is taking steps to harmonize and align its National Industrial Strategy with key regional frameworks, critical for accelerating industrialization in the country and the region according the UNECA



## Zambia's average intra-Africa non-tariff trade costs for manufactured & agricultural goods (2014-2018)

### ZAMBIA'S MANUFACTURED PRODUCTS NON-TARIFF TRADE COSTS (2014-2018) AD VALOREM EQUIVALENT

Highest average non-tariff trade cost countries

Madagascar- 442%

Ethiopia- 362%

Angola- 302%

Lowest average non-tariff trade cost countries

South Africa- 46%

Zimbabwe- 47%

DRC- 51%

### ZAMBIA'S AGRICULTURAL PRODUCTS NON-TARIFF TRADE COSTS (2014-2018) AD VALOREM EQUIVALENT

Highest average non-tariff trade cost countries

Egypt- 615%

Rwanda- 412%

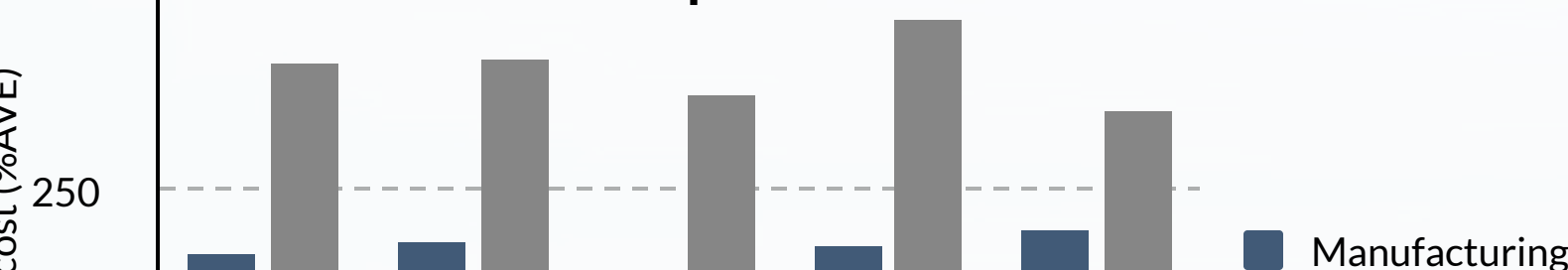
Mauritius-383%

Lowest average non-tariff trade cost countries

South Africa - 95%

Malawi - 106%

Botswana - 194%



This activity was commissioned by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ)

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Sources: ITC TradeMap; World Bank WITS (TRAINS); World Bank ESCAP Trade Cost databases; UNECA; EIGHT NATIONAL DEVELOPMENT PLAN