Past Performance of Zambia in COMESA and SADC
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  ❖ COMESA
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Introduction

- Regional integration carries long history in Africa
- Currently more economically inclined, with policy focus on:
  Value addition
  - beneficiation of resources
  - participation in regional and global value chains
- In Africa RTAs are championed by RECs, as Africa moves towards AEC
- Each REC has an RTA in form of an FTA or CU
- Regional integration has been identified as ideal for
  - Attracting FDI
  - Lowering cost of doing business
- Since 1970s many RTAs have emerged in Africa
- Web of overlapping RTA membership in Africa
- Zambia is a member of COMESA and SADC in Southern Africa
- Trade is concentrated in SADC and COMESA in Africa
Zambia’s Export Partners
Regions vs. ROW

**COMESA**
- Zimbabwe: 4%
- Congo, Democratic Republic of the: 8%
- Malawi: 2%
- Kenya: 1%

World: 86%

**SADC**
- South Africa: 8%
- Tanzania, United Republic of: 1%
- Mozambique: 1%
- Malawi: 1%
- Congo, Democratic Republic of the: 8%
- Zimbabwe: 4%

Rest of World: 77%
Zambia’s Import Partners
Regions vs. ROW

**COMESA**
- Rest of World 77%
- Congo, Democratic Republic of the 11%
- Mauritius 6%
- Kenya 5%
- Zimbabwe 1%

**SADC**
- Rest of World 48%
- South Africa 31%
- Mozambique 1%
- Tanzania, United Republic of 1%
- Namibia 1%
- Mauritius 6%
- Congo, Democratic Republic of the 11%
- Zimbabwe 1%
- Mozambique 1%
- Tanzania, United Republic of 1%
Trade Overview
How Zambia Ranks Within COMESA

[Diagram showing trade rankings within COMESA]

- Country is a high performer – score is higher than average of countries
- Country is an average performer – score is within the average of countries
- Country is a low performer – score is below the average of countries
- Average score across REC member countries
Trade Overview

Zambia’s Trade With COMESA

![Graph showing trade value in USD billions from 2001 to 2015. The graph compares imports from COMESA and exports to COMESA.]
Trade Overview
Imports From COMESA (2015)

- Zambia 22%
- Sudan (North and South) 11.4%
- Kenya 10.8%
- Congo D. R 10%
- Uganda 7.5%
- Ethiopia 3.8%
- Zimbabwe 4.8%
- Rwanda 5%
- Libya 6.4%
- Egypt 6.6%
- Djibouti 2.6%
- Malawi 2.6%
- Mauritius 1.8%
- Madagascar 1.9%
- Burundi 1%
- Seychelles 0.9%
- Eritrea 0.6%
- Comoros 0.1%
- Swaziland 0.1%
- Burundi 1%
- Seychelles 0.9%
- Mauritius 1.8%
- Madagascar 1.9%
- Malawi 2.6%
- Djibouti 2.6%
- Ethiopia 3.8%
- Zimbabwe 4.8%
- Rwanda 5%
- Libya 6.4%
- Egypt 6.6%
- Uganda 7.5%
- Congo D. R 10%
- Sudan (North and South) 11.4%
- Kenya 10.8%
## Trade Overview

**Imports from COMESA (6 digit HS Code)**

<table>
<thead>
<tr>
<th>HS Code</th>
<th>Imports</th>
<th>Value</th>
<th>Trade Potential</th>
</tr>
</thead>
<tbody>
<tr>
<td>271019</td>
<td>Medium oils and preparations, of petroleum or bituminous minerals, not containing biodiesel,…</td>
<td>468,303,000</td>
<td>252,302,000</td>
</tr>
<tr>
<td>260300</td>
<td>Copper ores and concentrated</td>
<td>351,303,000</td>
<td>26,638,000</td>
</tr>
<tr>
<td>271012</td>
<td>Light oils and preparation, of petroleum or bituminous minerals which &gt;=90% by volume in</td>
<td>286,508,000</td>
<td>84,038,000</td>
</tr>
<tr>
<td>282200</td>
<td>Cobalt oxide and hydroxide, commercial cobalt oxides</td>
<td>280,566,000</td>
<td>1,307,000</td>
</tr>
<tr>
<td>260500</td>
<td>Cobalt ores and concentrates</td>
<td>232,410,000</td>
<td>83,000</td>
</tr>
</tbody>
</table>
Trade Overview
Exports to COMESA (2015)

- Egypt: 20.80%
- Kenya: 18.80%
- Uganda: 14.80%
- Congo D. R: 11.90%
- Zambia: 11.70%
- Ethiopia: 5.50%
- Rwanda: 3.80%
- Malawi: 2.60%
- Mauritius: 2.80%
- Swaziland: 2%
- Sudan (North and South): 1.20%
- Zimbabwe: 1.20%
- Libya: 1.20%
- Madagascar: 0.70%
- Djibouti: 0.06%
- Burundi: 0.60%
- Eritrea: 0.07%
- Seychelles: 0.02%
- Comoros: 0.03%
- Sudan (North and South): 1.20%
- Zimbabwe: 1.20%
- Libya: 1.20%
- Madagascar: 0.70%
- Djibouti: 0.06%
- Burundi: 0.60%
- Eritrea: 0.07%
- Seychelles: 0.02%
- Comoros: 0.03%
# Trade Overview

## Exports to COMESA (2 digit HS Code)

<table>
<thead>
<tr>
<th>HS Code</th>
<th>Exports</th>
<th>Value</th>
<th>Trade Potential</th>
</tr>
</thead>
<tbody>
<tr>
<td>100590</td>
<td>Maize (excluding seed for sowing)</td>
<td>163,593,000</td>
<td>7,168,000</td>
</tr>
<tr>
<td>271600</td>
<td>Electrical energy</td>
<td>69,954,000</td>
<td>29,677,000</td>
</tr>
<tr>
<td>280700</td>
<td>Sulphuric acid</td>
<td>57,149,000</td>
<td>0</td>
</tr>
<tr>
<td>170113</td>
<td>Raw cane sugar, in solid form not containing added flavoring or coloring matter obtained…</td>
<td>54,533,000</td>
<td>0</td>
</tr>
<tr>
<td>240110</td>
<td>Tobacco, unstemmed or unstrippen</td>
<td>45,414,000</td>
<td>1,611,000</td>
</tr>
</tbody>
</table>
Trade Overview
Zambia’s trade with SADC

![Trade Value in USD billions (years 2001 to 2015)](image)

- Imports from SADC
- Exports to SADC
Trade Overview

How Zambia Ranks Within SADC

- South Africa
- Botswana
- Namibia
- Zambia
- Swaziland
- Zimbabwe
- Mozambique
- Seychelles
- Mauritius
- Average
- Lesotho
- Malawi
- United Republic of Tanzania
- Madagascar
- Dem. Rep. of the Congo
- Angola

Legend:
- Green: Country is a high performer – score is higher than average of countries
- Yellow: Country is an average performer – score is within the average of countries
- Red: Country is a low performer – score is below the average of countries
- Blue: Average score across REC member countries
Trade Overview
Imports from SADC (2015)

- Botswana: 17.60%
- South Africa: 16%
- Namibia: 14.70%
- Zambia: 13.60%
- Zimbabwe: 9.20%
- Mozambique: 8.10%
- Congo D. R: 5%
- Malawi: 2.30%
- Tanzania: 2.10%
- Angola: 2%
- Mauritius: 1.30%
- Madagascar: 0.80%
- Seychelles: 0.40%
- Lesotho: 3.20%
- Swaziland: 3.70%
- Tanzania: 2.10%
- Angola: 2%
- Mauritius: 1.30%
- Madagascar: 0.80%
- Seychelles: 0.40%
## Trade Overview

**Imports from SADC (6 digit HS Code)**

<table>
<thead>
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<th>HS Code</th>
<th>Imports</th>
<th>Value</th>
<th>Trade Potential</th>
</tr>
</thead>
<tbody>
<tr>
<td>271019</td>
<td>Medium oils and preparations of petroleum or bituminous minerals, not containing biodiesel.</td>
<td>390,347,000</td>
<td>149,679,000</td>
</tr>
<tr>
<td>260300</td>
<td>Copper ores and concentrates</td>
<td>351,986,000</td>
<td>25,955,000</td>
</tr>
<tr>
<td>282200</td>
<td>Cobalt oxides and hydroxides, commercial cobalt oxides</td>
<td>281,872,000</td>
<td>1</td>
</tr>
<tr>
<td>260500</td>
<td>Cobalt ores and concentrates</td>
<td>167,388,000</td>
<td>83</td>
</tr>
<tr>
<td>271012</td>
<td>Light oils and preparations of petroleum or bituminous mineral &gt;=90% by volume “incl....”</td>
<td>186,434,000</td>
<td>184,112,000</td>
</tr>
</tbody>
</table>
Trade Overview
Exports to SADC (2015)

- South Africa 56.70%
- Zimbabwe 7.50%
- Botswana 5.60%
- Namibia 5.20%
- Zambia 4.90%
- Swaziland 4.30%
- Angola 3.70%
- Congo D. R 3.10%
- Tanzania 3.10%
- Mozambique 2%
- Mauritius 1.30%
- Malawi 1%
- Lesotho 0.80%
- Madagascar 0.40%
- Seychelles 0.01%
- Malawi 1%
- Lesotho 0.80%
- Madagascar 0.40%
- Seychelles 0.01%
- Mozambique 2%
- Tanzania 3.10%
- Congo D. R 3.10%
- Angola 3.70%
- Swaziland 4.30%
- Namibia 5.20%
- Botswana 5.60%
- Zimbabwe 7.50%

South Africa 56.70%
## Trade Overview
### Exports to SADC (6 digit HS Code)

<table>
<thead>
<tr>
<th>HS Code</th>
<th>Imports</th>
<th>Value</th>
<th>Trade Potential</th>
</tr>
</thead>
<tbody>
<tr>
<td>740311</td>
<td>Copper, refined, in the form of cathodes and sections of cathodes</td>
<td>181,035,000</td>
<td>25,621,000</td>
</tr>
<tr>
<td>100590</td>
<td>Maize (excluding seed for sewing)</td>
<td>170,524,000</td>
<td>237,000</td>
</tr>
<tr>
<td>271600</td>
<td>Electrical energy</td>
<td>99,631,000</td>
<td>0</td>
</tr>
<tr>
<td>710813</td>
<td>Gold, incl. gold plated with platinum, in semi manufactured forms, for non monetary purposes</td>
<td>91,296,000</td>
<td></td>
</tr>
<tr>
<td>810590</td>
<td>Articles of cobalt, n.e.s</td>
<td>70,935,000</td>
<td></td>
</tr>
</tbody>
</table>
Zambia’s Successes with RI

- Increase in both flow and volume of trade with the two RECs
- Made progress in international trade facilitation
  - Chirundu One-Stop Border Post
  - Simplified Trade Regime
  - Web-Based submissions of customs declarations
  - Scanning machines at border posts
- Slowly taking advantage of newly peaceful markets in the region e.g DRC
- Increase of FDI inflows into Zambia especially after COMESA FTA
Zambia’s Challenges with RI

• Not easy to trade across borders
  - Ranked 152/189 countries on ease to doing business
  - Shifting all clearance authority to central processing centre
• Transport and communication yet to be improved
• Little support for manufacturing sector
• Overlapping of agreements
Impact of Regional Integration?

- Welfare is the well being of the entire society
- Two thirds of Zambia’s population lives in poverty
- Therefore, the poor make up majority of Zambia’s society
- Implications of regional integration on the welfare of Zambians
  1. Economic growth
  2. Expanding employment and Higher incomes for the poor
  3. Macro-economic stability
  4. Changes in prices
  5. Government revenue
Impact of Regional Integration?

1. Economic growth
   • Trade induced changes in economic growth can lead to expanding employment opportunities for the poor, and/or higher incomes for the poor

2. Expanding employment and higher incomes for the poor
   • Regional integration may facilitate increased cross-border trade and thus increased incomes and employment possibilities.
   • Labour is a key asset of the poor, hence the importance of trade in providing new employment opportunities in expanding sectors.
3. **Macro-economic stability**
   - Macro-economic stability can reduce the vulnerability of the poor and the risks they face.
   - Export diversification can lead to greater insulation from shocks
     - Though note that specialisation according to comparative advantage might suggest less diversification.

4. **Changes in prices**
   - Trade liberalisation has first-order effects on prices- due to eg. tariffs / trade costs
   - Changes in prices are likely to drive the most significant impacts on poverty at least in the short run and will have impacts on both producers and consumers.
   - For consumers – prices and therefore cost of consumption.
   - For producers – price effects may be complex.
     - Increased competition in export markets may drive prices down and therefore reduce incomes
     - Changes in prices can be muted by transport costs, and can be smaller in more remote areas (ie not necessarily felt by producers (ie they may see less of the price changes)
Impact of Regional Integration?

5. **Government Revenue**

- First order reduction in tariff revenue arising from tariff reductions.
- However, if import volumes rise, efficiency in tariff collection improves this need not be the outcome.
- Part of trade liberalisation likely to involve reductions in such taxes, which will also have revenue and price/income effects.
Thank You

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