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TRADE POLICY REVIEW

REPORT BY

ZAMBIA

Pursuant to the Agreement Establishing the Trade Policy Review Mechanism (Annex 3 of the Marrakesh Agreement Establishing the World Trade Organization), the policy statement by Zambia is attached.

Contents

1 INTRODUCTION

1.1. Zambia's economic policies are directed at creating an enabling environment that is supportive of private sector as an engine of growth and sustainable development. The major policy thrust is economic diversification and production of value added products for inclusive growth through employment and wealth creation. Therefore, interventions are multi-sectoral and multi-pronged with a view to addressing both external and internal factors affecting the Zambian economy. Key among them include macro-economic stability, low inflation, infrastructure development, promoting access to social amenities, encouraging Foreign Direct Investment, and promoting access to markets and capital finance as well as promoting efficiency, effectiveness and transparency in the use of national resources.

1.2. During the review period, Government programmes continued to be implemented through the Sixth National Development Plan (2011-2015) and the Revised Sixth National Development Plan (R-SNDP) 2013-2016 which are anchored to the country's Vision 2030 of becoming a **"prosperous middle-income country by 2030**". The R-SNDP focuses on public capital investments that have a bias towards rural development and job creation.

1.3. In line with the R-SNDP, Zambia has continued to maintain a trade policy aimed at enhancing productivity and competitiveness of Zambian products in both the domestic and international markets. Zambia is currently in the process of developing the Seventh National Plan, which will take effect at the expiry of the R-SNDP. To this end, Zambia will continue to pursue initiatives at both regional and multilateral levels as part of her economic foreign policy.

1.4. The Private Sector Development Reform Programme (PSDRP II) was the main vehicle used in the period under review to drive Zambia's Reform Agenda towards improving the business environment and reducing the cost of doing business. The implementation of the Private Sector Development Reform Programme resulted in the elimination of unnecessary licenses and tedious business licensing procedures.

1.5. In terms of market access, the Government secured markets for Zambian products through deeper regional integration under the COMESA and SADC frameworks.

1.6. Zambia is also a beneficiary of EU's Everything But Arms (EBA) Initiative, the United States' African Growth and Opportunity Act and other Generalised System of Preference schemes maintained by developed countries and preferential schemes maintained by a number of developing countries such as China and India.

1.7. Zambia is engaged in negotiations at multilateral level under the World Trade Organisation (WTO) and is negotiating with the European Union under the Eastern and Southern African configuration to conclude an Economic Partnership Agreement in line with the Cotonou Agreement. The country is also engaged in negotiations under the COMESA SADC East African Community (EAC) tripartite initiative, which resulted in the launch of the Tripartite Free Trade Area in June 2015 and is currently participating in negotiations to establish the Continental Free Trade Area under the African Union by 2017.

2 ECONOMIC DEVELOPMENTS

2.1 Macroeconomic Developments

2.1. The Zambian economy has performed relatively well over the past six years with an average real GDP growth recorded at 6.5%. This was mainly driven by good performance in agriculture output, positive growth in the transport, storage and communications, and construction sectors. The macroeconomic environment was generally stable evidenced by generally low fiscal deficits, single digit inflation, and a relatively stable exchange rate thereby creating a conducive investment and business climate.

2.2. The country experienced single digit inflation between 2009 and 2014. The annual overall inflation rate was 7.1% at end December 2013, lower than the 7.3% at end December 2012 on account of a decline in staple food prices. As at end-December 2015, the inflation rate rose to 21.1%. The higher inflation was mainly a result of the effects of the sharp depreciation of the

Kwacha in the third quarter of 2015. The currency depreciation was partly due to the global economic slowdown and poor performance of the commodity prices on the international market coupled with the increased production costs caused by low electricity supply.

2.3. Inflation is expected to remain high particularly during the first half of 2016, but will decline from the third quarter. It is projected that inflation will close the year at around 15%. Over the medium term, inflation is expected to further decline and remain at a single digit level, once the exchange rate stabilizes, fiscal deficit reduces and the electricity supply situation improves.

2.4. Debt sustainability remains a key objective for the Government, despite the sharp depreciation of the Kwacha, Zambia's debt ratios remain within internationally acceptable thresholds. Government is mindful of the need to maintain debt sustainability to safeguard macroeconomic stability. Total debt as a percentage of GDP stood at 28% in 2013. External debt stood at US$3.1 billion 2013 or 13.7% of GDP, whilst domestic debt stood at K 17.6 billion or approximately 14% of GDP External and domestic debt levels remained below their international thresholds of 40% and 25% respectively.

2.5. Zambia's external debt as at end-December, 2015 stood at US$6.4 billion. This represents 38.7% of GDP, a figure below the internationally accepted threshold of 40%. When domestic debt is included, the ratio of total public debt to GDP is 52.7% which is below the international threshold of 56%.

2.6. Looking ahead, Government will continue to undertake periodic Debt Sustainability Analysis (DSA) to establish the sustainability of the country's debt and the public will be kept informed about the debt situation in line with the provisions of the new Constitution.

2.7. Government will continue to consolidate the macroeconomic gains to ensure sustained and meaningful economic development. The Government will, therefore, intensify efforts towards fiscal consolidation and accelerate the pace of diversification of the economy.

2.2 Performance of Major Sectors

2.2.1 Agriculture

2.8. Government continued to implement the Agriculture Policy (2004-2015) in order to facilitate and support the development of a sustainable and competitive agricultural sector that assures food security at national and household levels and maximize the sector's contribution to Gross Domestic Product (GDP).

2.9. Between 2009 and 2012, the sector grew by an average of 7.0%, exceeding the Comprehensive Africa Agriculture Development Programme (CAADP) target of 6.0%. In addition, the contribution of the Sector to Gross Domestic Product (GDP) averaged 18.5% between 2009 and 2012 mainly driven by significant growth in the crop and livestock sub-sectors which had grown at a combined rate of over 13.0% during the same period.

2.10. The performance of the agriculture sector was positive at 6.5% in 2014 compared to negative 7.4% in 2013. This was supported by an increase in area planted for all major crops, coupled with a rise in yield rates. The relatively good rainfall pattern and general increase in investments in the sector also contributed to the positive outturn.Consistent with the positive performance, there was an overall increase in the food surplus to 1,277,102 Mt in 2014 compared to 896,677 the previous year.

2.11. With more than 50.0% of the employed population in the Agriculture Sector, growth in the sector is critical for achieving inclusive growth and poverty reduction. To attain meaningful transformation of the sector, there is need to address significant challenges in the agriculture sector. The sector has not effectively utilized research and development, farm mechanisation, science and technology and ICT to increase yields. The sector is also yet to fully maximise the comparative advantages of different ecological zones in the country as well as access and utilizing production and market information. Poor storage, inadequate irrigation and other infrastructure challenges have resulted in post-harvest wastages and over-reliance on rain-fed agriculture.

2.12. In order to address these challenges, Government will continue promoting investment in the agriculture sector. In addition, measures are being undertaken to increase area under irrigation, increase area planted through development of farm blocks, enhance productivity through expansion and decentralisation of research and extension services, promote the utilisation of improved seed varieties and other improved agricultural technologies, and promote farm mechanisation.

2.2.2 Mining

2.13. Zambia's economic growth has for many years been driven by developments in the mining sector. The sector remains Zambia's largest export earner.

2.14. On average, output in the mining sector grew at rate of 7.8% per annum over the last 20 years. In 2009 the sector grew by 33.2% due to an increase in copper production mainly as a result of new entrants.

2.15. In 2011, however, the sector contracted sharply by 5.2% due to a number of challenges, including the declining prices of copper and commodities on the international market. More recently in 2014, the sector recorded a negative growth rate of 6.9% attributed to low prices, operational challenges and prolonged maintenance shutdowns at some mines and low grade ore and accumulated concentrates.

2.16. The vision for the mining sector in the country's long term development plan is to have a well-organized private sector led mineral resource exploration and exploitation that contributes to sustainable social economic development by 2030. To achieve this, Government will put in place measures to improve regulation, supervision and enforcement of statutory commitments in the sector, strengthen tracking of potential investors and improve the efficiency of the system of logging, dissemination of information on available plots for mining and recording of commercial mining activities.

2.17. Mining remains a priority growth sector notwithstanding the desire for diversification from over dependency on mining. Over the period 2013-16, the country's objective as per the revised six National Development Plan is the completion of the revision of legislation on mining, petroleum and explosives. These revisions are aimed at facilitating mineral diversification away from dependency on copper and cobalt to nickel, gold, manganese, iron and uranium as well as other precious stones. The revision will also increase exploration activities and ensure sustainable production and management of mineral resources.

2.18. In order to encourage orderly mining and investment in the gemstone sector, the Government has introduced the concept of amalgamation. This is one way of facilitating mineral diversification away from over dependence on copper. This exercise of amalgamation of gemstones mining plot is aimed at removing any possible overlaps, providing reasonable working space for the miners over large space, improving the accuracy of data at the Ministry of Mines and Minerals Development, attracting investments due to the large size of the plots and improving productivity of the sector.

2.19. The Ministry of Mines and Minerals Development in consultation with private sector and other key stakeholders implements the Mineral Resource Development Policy of 2013 which puts forth measures for the creation of a sustainable and orderly mining industry that contributes to the economic development of Zambia. The policy focuses on attracting local and foreign investment in the sector for the sustainable exploration and exploitation of mineral resources, integrating the mining sector in the domestic economy and ensuring acceptable health, safety and environmental protection standards.

2.20. The Mines and Minerals Development Act No. 11 of 2015 repeals and replaces the Mines and Minerals Development Act No. 7 of 2008 and provides for safety, health and environmental protection in mining operations and for the establishment of the Mining Appeals Tribunal. The Act also provides guidelines for mining and non-mining rights, exploration and mining licences, mineral pressing licenses, gold panning certificates, mineral trading, import and export permits, authorisation for radioactive minerals and mineral analysis among others.

2.2.3 Manufacturing

2.21. Government's goal for the manufacturing sector is to develop a diversified and competitive sector, whose growth is underpinned by production of value added products for both the domestic and export markets. In the last six years, the manufacturing sector contributed about 11% of the country's Gross Domestic Product (GDP) and has been growing at an average annual rate of 3%. The manufacturing sector comprises of the following sub sectors: food, beverages and Tobacco; Textile, Clothing and Leather Products; Wood and Wood Products; Paper and Paper Products; Chemical, Rubber and Plastic Products; Non-Metallic and Mineral Product; Basic Metal Products Fabricated Metal Products and other products.

2.22. Growth in the sector is largely driven by the agro processing (food and beverages), textiles and leather subsectors. Secondary processing of metals is a growing subsector. The smelting and refining of copper has led to the manufacturing of finished metal products in the country. Fertilizers, chemicals, explosives and construction materials such as cement are also produced in the sector. Other activities include wood products and paper products.

2.23. Zambia's manufacturing sector's contribution to GDP between 2010 and 2014, averaged 7.7% with the highest contribution being 7.8% in 2012 and the lowest being 7.5 in 2014. The sector recorded the highest growth of 8.0% in 2011 and then dropped to 7.2%, 4.5% and 2.3% in 2012, 2013, and 2014 respectively. Despite the marginal decline in contribution to GDP, the sector has been growing.

2.24. During the review period, the manufactured exports accounted for an average of 84% of the total export value of non-traditional exports, of which 80% were copper related. The main destinations for the manufactured exports were the SADC/COMESA region and the OECD countries, mainly the EU.

2.25. The SADC region, dominated by DRC, Malawi, Zimbabwe and RSA accounted for approximately 80% of all of Zambia's manufactured exports while the remaining 20% was shared by the EU, USA, Canada, Kenya and Japan.

2.26. The contribution of manufactured Non Traditional Exports (NTE's) was mainly from Cement, copper wire, cane molasses and electric cables and Sugar. The growth in NTE signals the potential to significantly diversify Zambian exports particularly into the region.

2.27. Government through the Private Sector Development Reform Programme II (PSDRP II) continued to implement targeted business environment reforms. These reforms include business licencing, labour, trade expansion. This aims to improve competitiveness of the economy through investment, productivity, business expansion and employment.

2.28. As a result, Zambia moved up eleven places in the 2014 Global Ease of Doing Business (DB) index. Zambia's rank on the Doing Business index stood at 83 from 94 in the previous year. The country is also Zambia ranked 8^{th} among African countries, 7^{th} among Sub-Saharan Africa countries and fourth on both SADC and COMESA in terms of competitiveness.

2.29. The focus in the Manufacturing Sector is to continue to expand the industrial base and increase value addition, facilitate private sector development and investment, promote the growth and development of innovative and competitive Micro, Small and Medium Enterprises (MSMEs), and develop rural based industrial enterprises in line with the National Development Plan.

2.30. Industrial expansion will be facilitated through investment in the Multi-Facility Economic Zones (MFEZ) at Chambishi, Lusaka South, Lusaka East, and Lumwana.

2.31. To promote the MSME sub-sector, key strategies that will be employed include entrepreneurship training and development, technological skills development and on-farm agro-processing training, establishment of business incubation centres and industrial clusters, and establishment of business linkages between MSMEs and multinational corporations.

2.2.4 Services

2.32. The services sector continued to play an important role in promoting growth by contributing over 60% to GDP over the review period. The major sources of the growth were in transport, storage, communication, tourism, financial services, construction and in wholesale and retail trade.

2.2.4.1 Financial Services

2.33. The Government continued to implement reforms under the Financial Sector Development Plan focusing on financial inclusion. In this regard, Government will continue to pursue reform measures directed at addressing weaknesses in the financial sector to improve market infrastructure, increase competition and increase access to finance. Access to financial services in rural areas will be increased within the framework of the Rural Finance Programme. In this regard, the expansion in rural banking services will be promoted through various financial institutions. Key among these will be the National Savings and Credit Bank which will facilitate access to affordable financing to the un-banked population particularly rural entrepreneurs.

2.34. In terms of performance, the overall performance and condition of the bank and non-bank financial institutions (NBFIs) sectors was satisfactory. This assessment was on account of high capital adequacy ratios, satisfactory asset quality, earnings performance and liquidity condition. With regard to the recapitalisation of commercial banks, 15 banks had complied with the revised minimum capital adequacy requirements, while 4 banks were granted special approval for recapitalisation plans within specified time frames as at 2014.

2.2.4.2 Tourism

2.35. The tourism sector (the restaurants, bars and hotels) continued to record positive growth during the period under review. The sector also recorded higher tourist arrivals and entries into national parks.

2.36. The tourism sector grew by 9.6% in 2010 compared to a contraction of 13.4% in 2009. This positive performance in 2010 was mainly on account of the relative global economic recovery and increased investment in tourism infrastructure. The sector grew by 7.0% in 2011 and slowed down to 2.1% in 2012. The slowdown was as a result of lower tourist arrivals mainly attributed to the weak global economy performance. In 2013, the sector grew by 2.2% and 4% in 2014.

2.37. To sustain growth in the sector, Government will continue to develop and rehabilitate key infrastructure such as access roads to tourist sites, airports and cultural centres. The sector has in place the Tourism Policy of 2015 and the Draft Wildlife Policy of 2016 premised on government's commitment to the Convention on Biological Diversity and World Conservation Strategy to guide its operations. These policy directions will continue to promote tourism for economic growth, poverty alleviation and preservation of the country's heritage.

2.2.4.3 Transport

2.38. Transport serves as a central delivery mechanism for quality socio-economic development in any country.

2.39. During the period under review, the Government focused on addressing critical areas that are core to promoting efficiency in the sector, such as road infrastructure development as well as rail and air networks. In 2012, the link Zambia 8000 and the pave Zambia 2000 projects were launched with a view to transforming Zambia from a landlocked to a land linked country. The sector also addressed other aspects of the network such as axle loads, weighbridge construction and rehabilitation, emergency repairs, road safety matters as well as promotion of capacity building for local road authorities and contractors.

2.40. With regards to air transport, Government through National Airport Corporation limited ensured optimum operations at the four (4) international airports, namely Kenneth Kaunda, Harry Mwanga Nkumbula, Simon Mwansa Kapwepwe and Mfuwe International airports. This was achieved through continued infrastructure development and maintenance programme.

Government prioritised aviation infrastructure maintenance and upgrade as key to national development.

2.41. The Maritime and Inland Water ways subsector focused on the provision of public maritime infrastructure in six harbours, including Mpulungu, Mongu, Samfya, Siavonga and Mweru. The main focus is to support the development of the fisheries sub-sector, easy movement across water borders, and promoting tourism.

2.42. Government will continue to focus on developing an integrated, reliable and efficient transport system to leverage Zambia's central location to ensure that 25-35% of all cargo transport south of the equator is processed through Zambia by 2020. The focus will also include the development of transport corridors. Therefore, development of sound policy in the roads, railway, air and marine and inland waterways subsector will be key to achieving this objective.

2.43. Further, the Ministry of Transport and Communications will continue to develop transport corridors, in collaboration with relevant Ministries such as Works and Supply and Commerce, Trade and Industry.

2.2.4.4 Communications

2.44. The Zambia telecommunication sector has seen positive and significant development over the last decade, with reforms that opened the market to new entrants. Zambia's information communication and technology and telecommunication sector activities are governed by the national ICT Policy of 2006 which is premised on three core thematic areas and thirteen pillars. The three core areas are capacity building, a competitive and efficient ICT sector and an effective legal and regulatory framework.

2.45. In 2009, the Zambian Government enacted new legislation to enforce the principles and objectives of the National ICT Policy aimed at establishing a new institutional, legal and regulatory environment. The Government also liberalised the country's international telecommunications gateway in order to promote competition and foreign investment in the sector and reduce the cost of communications.

2.46. During the period under review, the sector was characterised by three mobile network operators namely MTN, AIRTEL and ZAMTEL with market shares of 45.5%, 40.1% and 14.9% respectively. Market entry into the telecommunications market is open.

2.47. The postal subsector in Zambia comprises of a Designated National Postal Operator (Zambia Postal Services Corporation – ZAMPOST) with the exclusive right to operate in a reserved and an unreserved areas. Private postal and courier operators operate in a liberalised and competitive environment. Unreserved Services such as posting of all letters, postcards, printed matter and small parcels weighing between 1kg and 30Kg and courier services can be offered by any licensed operator including ZAMPOST.

2.48. The structure of postal services in Zambia includes postal financial services. These services include traditional money transfer services which have evolved from the basic Money Orders to electronic platforms such as ZAMPOST's "SwiftCash" service. There are also a number of private players in the money transfer service, including mobile money (Airtel), Zoona and Shoprite. To ensure universal access to postal services, the Postal Services Act provides for the Regulation of tariffs and empowers the Authority, subject to the approval of the Minister, and in consultation with licensees, to determine the fees and charges payable for postal services.

2.49. The Zambia Information and Communications Technology Authority (ZICTA) is mandated by the Postal Services Act Number of 2009, to ensure that all Zambians, regardless of their geographic location in the country, have access to a range of postal and courier services that are affordable and of an acceptable quality (Universal Access to Postal and Courier Services). The Authority under the Postal services Act has a specific regulatory duty to stimulate and foster growth and investment in the postal sector for the benefit of consumers, service providers and other stakeholders.

2.50. The Government has embarked on an electronic Governance programme that is aimed at enhancing transparency, accountability, efficiency and effectiveness in the delivery of services. The role out of the programme will also ultimately contribute to the ease of doing business in Zambia.

2.51. Notably the Government through ZICTA has embarked on the development and implementation of a comprehensive National Addressing System in Zambia through the National Addressing and Postcode Project in collaboration with several stakeholders. The project involves the actual installation of street name signage and house numbers in collaboration with the respective local authorities who have the legal mandate under the Local Government Act to install and maintain such infrastructure in their respective districts.

2.2.4.5 Energy

2.52. Energy is a major catalyst for growth and development in all sectors of the economy. A thriving Energy Sector is, therefore, key to achieving sustainable economic development in Zambia. During the period under review, the performance of the energy sector, particularly in the electricity and petroleum sub-sector was positive. This was on account of increased electricity generation and supply of petroleum products. Electricity generation in 2014 increased by 1.9% to 14,050,395 Megawatt hours (Mwh) from 13,782,036 Mwh in 2013. This was mainly attributed to the additional installed capacity of 360 Megawatts from Kariba North Bank Extension.

2.53. Electricity is currently being generated by three major power stations, namely Kariba Dam North Power Station, Kafue Gorge Power Station and Victoria Falls Power Station. The country has an estimated hydropower capacity of 6,000 MW. Only about 27% (1, 640 MW) of the total capacity has been installed.

2.54. Furthermore, there has been increased demand for electricity because of the recent real growth. There has been deficit in power especially after 2007 leading to insecurity and an unreliable power supply which has disrupted productive activities and has adversely affected production and tends to push the cost of production.

2.55. Government is alive to the negative effects of the electricity deficit that the country is experiencing which has resulted in load shedding. This is not just an inconvenience but has real cost to the economy in terms of loss of production and, therefore, lower incomes.

2.56. A number of measures have been put in place to cushion the impact of the power shortage in the short term, such as, importation of emergency power. Further, Government will continue to encourage private sector investment in electricity generation and ensure that investors get a fair return on their investments, electricity tariffs will continue to be adjusted to make them cost reflective.

3 TRADE DEVELOPMENTS AND POLICY

3.1. The Ministry of Commerce, Trade and Industry is Zambia's principal government institution tasked with the responsibility of administering national trade policy in consultation with other government departments and private sector bodies. The Ministry's interventions are currently guided by the Commercial, Trade and Industrial Policy (2009), the National Quality Policy (2011), the Intellectual Property Policy, the Competition and Consumer Protection Policy, the Revised Sixth (6^{th}) National Development Plan, the Vision 2030 and other sectoral policies and strategies.

3.2. During the period under review, the major focus of policy interventions included, export promotion, investment promotion and trade facilitation as well as diversification, enhancing domestic trade and competition, and enhancing market access for Zambian products and services. The specific policy objectives are:

- To maintain an open economy with liberalized import and export regime that supports industrial development;
- To encourage the production of exportable products and continue the process of diversifying the export base;
- To support and encourage exports of value added goods;

- To seek new markets and strengthen Zambia's trading ties with regional and other international markets;
- To ensure efficient customs administration and fair trade practices and reduce poverty through sustainable economic growth;
- To address barriers to trade;
- Trade facilitation to ensure smooth flow of goods and services.

3.3. With regard to trade facilitation, Zambia continued to implement reforms at border crossings including implementation of One Stop Border Post and simplified trade regimes for small traders, as well as other initiatives aimed at improving flow of goods and services.

3.4. Zambia's trade performance during the last six years has seen an improvement in exports and investment. The Country's overall trade maintained a positive balance during the review period, amounting to US$1.45 billion in 2012, US$2.21 in 2011 and US$2.7 in 2010. Exports stood at US$9.6 billion in 2014 out of which US$2.4 billion were Non Traditional Exports (NTEs). In 2013, NTEs increased to US$3.5 billion. However, the NTEs in 2015 reflected a deficit amounting to US$1.88 billion.

3.5. Key Non Traditional Export products comprised mainly Agriculture commodities, Agro-Processed products and manufactured goods. Imports have been dominated by petroleum products, industrial vehicles, equipment and machinery.

3.6. Zambia remains committed to creating a conductive environment for trade. In this regard, Government will continue to promote and facilitate trade to optimize efficient allocation of the scarce resources. This will entail mainstreaming trade into the various policies and sector strategies as outlined in the National Plan.

3.1 Laws and Regulations Governing Trade

3.7. Zambia has continued to pursue reforms designed to improve and promote economic development by reducing the cost of doing business. Economic diversification is being driven by fiscal interventions as well as various policy and strategic interventions to address constraints of doing business.

3.8. Zambia has been making efforts to improve its business registration process, through measures such as the establishment of the following online systems:

- (eVisa) at the Zambia Department of Immigration (ZDI) which allows visitors to apply for visas online;
- Tax Online system that allows taxpayers to register for tax and file returns electronically;
- Integrated Land Management and Information system (ZILMIS) to reduce the period required to register property;
- Online Business name search and registration at PACRA;
- e-registry which makes it earlier to find business licensing information;

3.9. In addition, the Government set up small claims court and automation of court rooms including the commercial court with the aim of expediting dispute settlement.

3.10. The Government is linking the systems of the agencies operating in the one stop shop by introducing the one-stop-shop integrated system (OSSIS), automating the construction permitting and single business levy systems at the Lusaka City Council, establishing a system for delivering integrated public services through self-service kiosks located in post offices, and establishment of an electronic single window for trade (eSingle window) which will link all the trade agencies using the Zambia Revenue Authority (ZRA)'s ASYCUDA WORLD system.

3.11. Zambia has also been making efforts to simplify its business-licensing regime. In 2009, Zambia launched a Business Licensing Reform Programme (BLRP) under the second phase of the Private Sector Development Reform Programme (PSDRP II). The goal of the PSDRP II was to promote and facilitate the development of a competitive business environment in Zambia to contribute to job and wealth creation. The BLRP seeks to achieve this mainly by making the licensing regime simpler, transparent, and to focus only on necessary regulation process.

3.12. As a result by 2014, 84 Acts were reviewed and drafted of which 69 were enacted into law with a total of 113 licenses eliminated (representing 66% of the target), some were being amalgamated and other being reclassified into levies for example 38 municipal license being converted into a single business levy (SBL) to be paid over the counter at local authorities. This has resulted in 26.56% savings in compliance cost of about K 594.94 million. 183 licenses have been uploaded onto the e-registry (63% of the target).

3.13. To safeguard the Business Licensing Reforms, Government enacted the Business Regulatory Act (2015), which has establishment the Business Regulatory Review Agency (BRRA) within the Ministry of Commerce, Trade and Industry (MCTI). The BRRA administers an efficient, cost effective and accessible business licensing system with all proposed laws and licenses, which have an impact on business operations in the country, would Abe subjected to a rigorous regulatory impact assessment (RIA) to assess the impact of the laws and licenses.

3.2 Investment Measures

3.14. Zambian continued to implement investment measures under the Zambia Development Agency (ZDA) which was established under Act No. 11 of 2006.

3.15. The ZDA is responsible for fostering economic growth and development in Zambia through promoting trade and investment and an efficient, effective and coordinated private sector led economic development strategy.

3.16. Government through ZDA continued to undertake a number of activities to promote investment through provision of fiscal and non-fiscal incentives, establishment of Multi-Facility Economic Zones (MFEZs), the development of Small and Medium Enterprises (SMEs) as well as the promotion of skills development, productive investment and increased trade.

4 TRADE ARRANGEMENTS

4.1 Regional Trade Arrangements

4.1. Zambia maintains a liberal trade regime with nearly all tariffs eliminated on a reciprocal basis on trade taking place within the framework of the SADC and COMESA Free Trade Areas (FTAs). Zambia has continued to pursue initiatives directed at reducing barriers to trade, including through her participation in the tripartite online non-tariff barriers monitoring mechanism. Zambia is also actively implementing measures to simplify procedures for cross border traders, through COMESA's Simplified Trade Regime and the World Bank's Cross Border Trade Charter.

4.2. Additionally, Zambia is participating in negotiations under the Tripartite Free Trade Area (TFTA) and the Continental Free Trade Area (CFTA) as part of national efforts to expand markets and to enhance benefits from regional integration. Zambia has also concluded bilateral trade agreements with Angola and the Democratic Republic of Congo.

4.1.1 SADC

4.3. The SADC region is increasingly an important market for Zambia's non-traditional exports and a source of imports, with South Africa as a dominant trading partner. Zambia's major exports to the SADC region include Maize, tobacco, cotton lint, cotton seed and Copper wire. Imports constitute mainly semi and finished products, including capital goods.Overall performance in terms of trade balance has been negative between 2010 and 2015 with 2014 recording a negative trade balance of K 14.5 billion compared to K 9.4 billion recorded in 2010.

4.1.2 COMESA

4.4. Countries within COMESA have increasingly become important trading partners as a result of the liberal trade policy regime adopted under this Regional Economic Community. Zambia's export trade to the COMESA region increased from K 3.1 billion recorded in 2010 to K 12.4 billion by 2014.

4.5. The main sources of Zambia's imports under COMESA include Congo DR, Zimbabwe and Kenya and are dominated by consumer goods.

4.6. The main exports include electricity, cement, maize seed and sulphuric acid. The main destination markets are Congo DR. Zimbabwe, Malawi, Kenya and Mauritius.

4.1.3 SADC-EAC-COMESA Tripartite Framework

4.7. Following the October, 2008 decision by the Heads of State and Government from the **SADC-EAC-COMESA Regional Economic Communities** to implement measures aimed at harmonizing trade arrangements and programmes related to infrastructure development, movement of people and industrial development, Zambia has been actively participating in negotiations to establish the Tripartite Free Trade Area. These negotiations were launched in 2011 and by 2015, the Heads of State and Government had launched the Tripartite Free Trade Area, which encompass 26 countries with a population of over 625 million people and COMESA, and a combined Gross Domestic Product of US$1.3 trillion. The TFTA Agreement will come into effect once fourteen participating countries ratify the TFTA Agreement. Currently, 16 out of the 26 countries have signed the Agreement and negotiations have continued to finalise work related to market access offers, rules of origin and trade remedies.

4.2 Multilateral Trade Arrangements

4.8. Zambia continued to play an active role in both the negotiating sessions and regular work of the WTO. In 2010, Zambia coordinated the engagement of the Least Developed Country group at the WTO, which resulted in the continued visibility of the LDC group in the negotiations under the Doha Development Agenda. Zambia remained an active player in the work of the WTO African Group as well as the African Caribbean and the Pacific group.

4.9. Zambia is among a the few African countries that have ratified the WTO Trade Facilitation Agreement and deposited a notification on all three categories of the Trade Facilitation Agreement in accordance with the flexibilities accorded to developing and least developed countries. Zambia has since established national implementation structures including the National Committee on Trade Facilitation and the First Steering Committee meeting has since been held.

4.10. Zambia was also privileged to chair the Committee on Safeguards (2012–13) and the Committee on Sanitary and Phytosanitary measures (2014-15) and was elected to serve on the Standards and Trade Development Facility Committee as one of the developing countries representatives.

4.11. Zambia looks forward to the conclusion of negotiations under the Doha Development Agenda with outcomes that uphold the centrality of development for tangible benefits and the effective integration of least developed countries into the multilateral trading system. Upholding multilateralism to the rule making process remains a critical factor to the effective functioning of the WTO as the sole multilateral organisation tasked with setting global trade rules.

4.12. Zambia also wishes to stress the importance of continued technical assistance and capacity building under the regular work of the WTO and through initiatives such as the Enhanced Integrated Framework and the Aid for Trade.

4.2.1 Trade relations with other partners

4.13. In addition to regional and multilateral arrangements, Zambia maintains trade relations with other partners through either unilateral or reciprocal trade preferences. Notable of these include arrangements maintained with the European Union, the United States of America, Canada, Japan, China and India, among others.

4.2.2 Trade relations with the European Union

4.14. The main framework governing Zambia's trade with the European Union is the Everything-but-Arms Initiative. Zambia is also pursuing negotiations to conclude an Economic Partnership Agreement with the European Union under the Eastern and Southern African (ESA) configuration.

4.2.3 Trade relations with the United States of America

4.15. Zambia is among beneficiary African countries under the U.S. African Growth and Opportunity Act (AGOA). The renewal of AGOA on 29 June, 2015 by the United State Administration until 30 September 2025, provides additional impetus for beneficiary African countries, including Zambia to enhance trade with the U.S. Other initiatives undertaken to enhance trade relations with the U.S. include building frameworks and strategies for expanded trade.

4.2.4 Trade relations with developed country partners

4.16. As a least developed country, Zambia is a beneficiary of the system of preferences maintained by major developed country partners such as Canada, Japan, Australia, New Zealand and Switzerland, among others.

4.2.5 Trade relations with developing country partners

4.17. Zambia is also a beneficiary to preferential market access schemes maintained by developing country partners. Notable of these include the initiatives maintained by China and India.

4.18. With regard to the Chinese Initiative, the Government of the Peoples Republic of China granted special preferential tariff treatment to certain goods originated from Zambia and exported to China referred to as the China Special Preferential Tariff Treatment SPT as of January 2005.

4.19. India launched its Duty-free Tariff Preference (DFTP) scheme in April 2008 which became fully operational in October 2012. The scheme – until its revision in August 2014 – offered duty-free access to LDC exports on 85% of Indian tariff lines, and a margin of preference on an additional 9% of tariff lines; the remaining 6% of tariff lines were excluded. Following the scheme's revision, duty concession was extended to 98% of tariff lines in April 2014.

4.20. To date, 29 LDCs including Zambia have joined the scheme. Twenty-two (22) out of the 29 are from sub-Saharan Africa.

4.21. Zambia is a beneficiary under the duty free tariff preference (DFTP) scheme by India for least developed countries (LDCs). The objective of DFTP Scheme for LDCs is to grant tariff preferences on the exports of the LDCs on imports to India.

5 CONCLUSIONS

5.1. Government will continue to implement programmes and initiatives directed at attaining inclusive growth and job creation.

5.2. Further, Government will continue to pay particular attention to macroeconomic stability, diversification of the economy and support to SMEs, engagement with cooperating partners and promotion of investment.

5.3. With regard to Trade Policy, Zambia will continue to use bilateral, regional and multilateral frameworks to support the growth and development of the Zambian economy.

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