

# Past Performance of Zambia in COMESA and SADC

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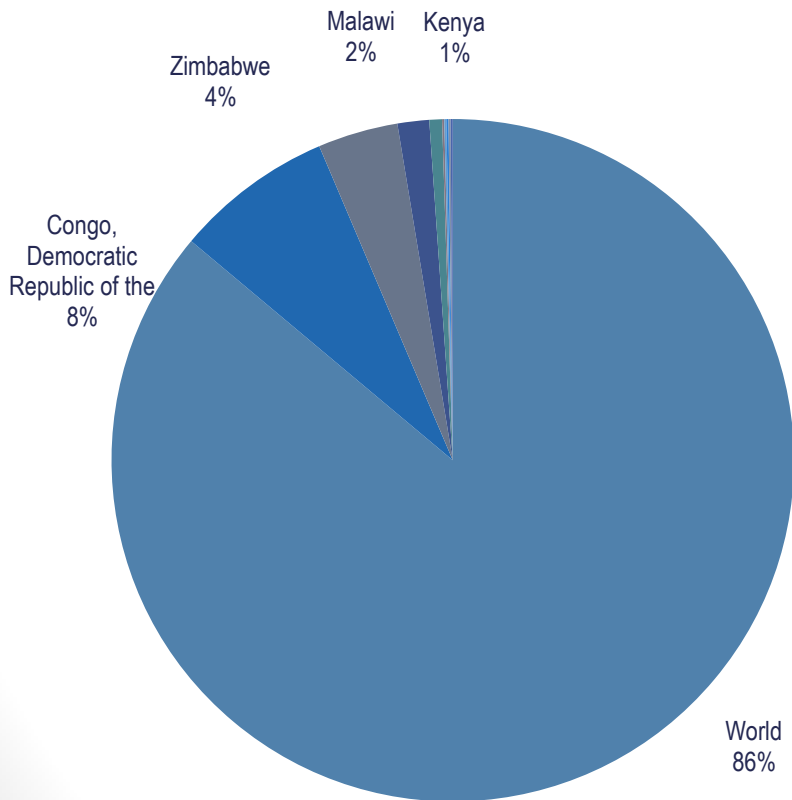
# Introduction

- 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

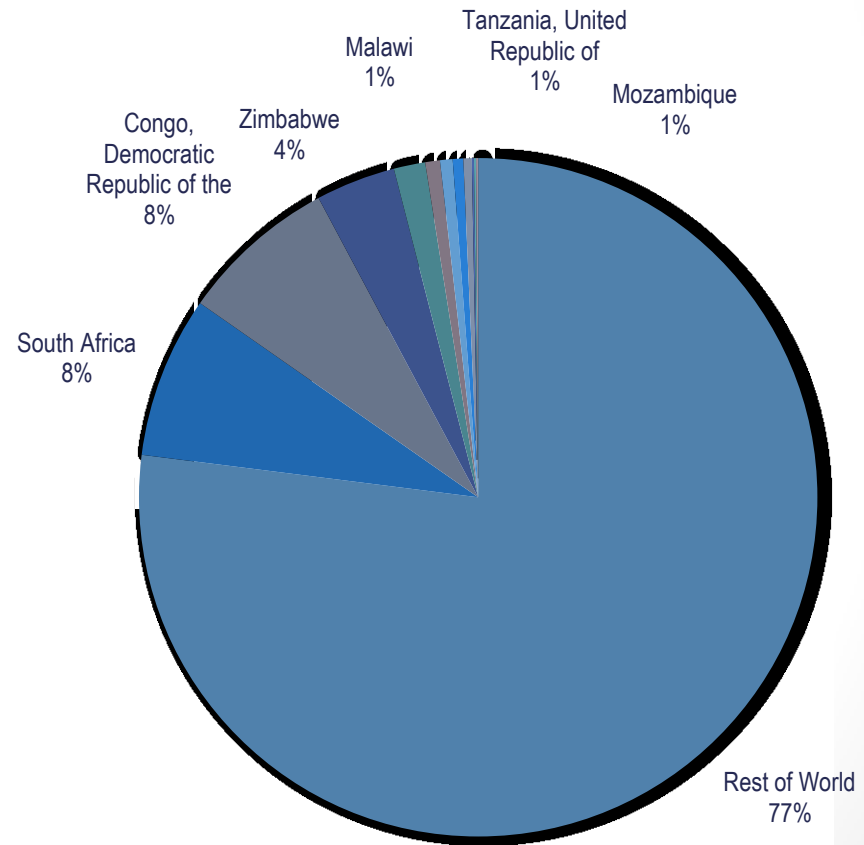
# Zambia's Export Partners

## Regions vs. ROW

### COMESA



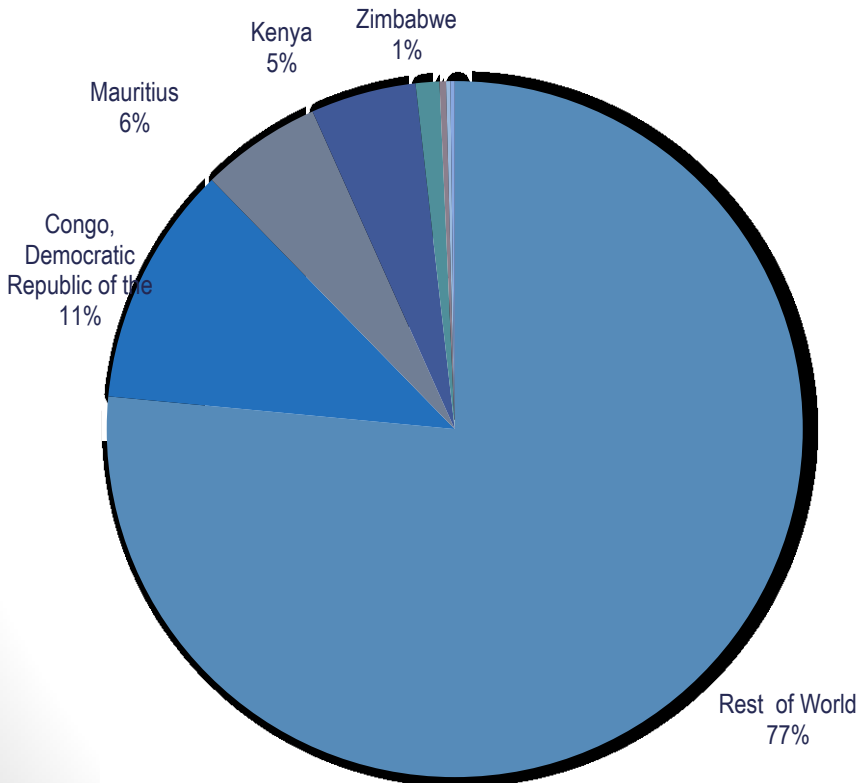
### SADC



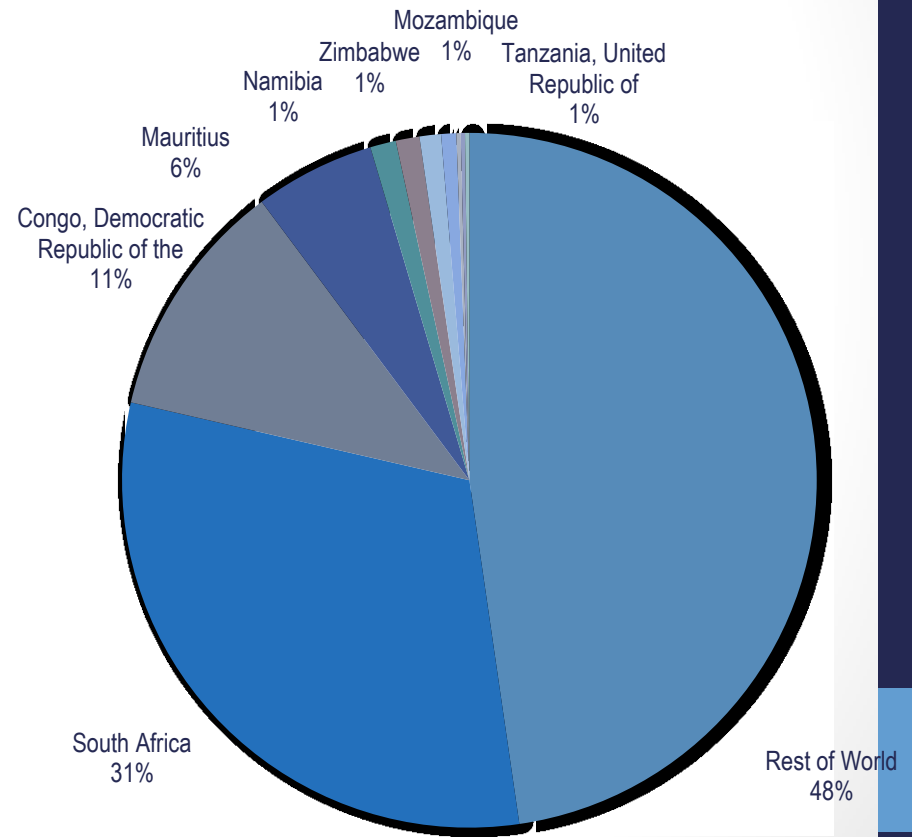
# Zambia's Import Partners

## Regions vs. ROW

COMESA

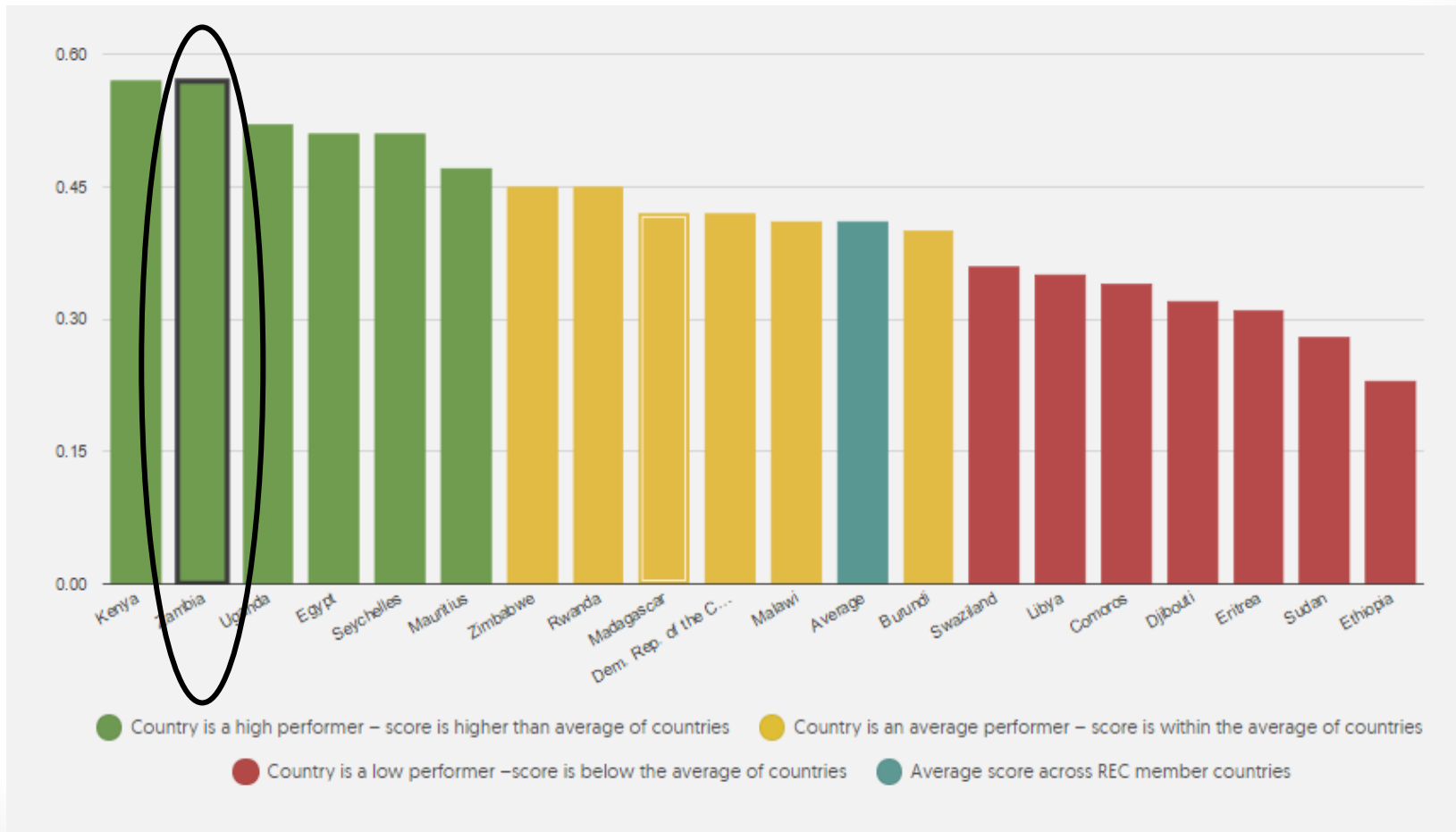


SADC



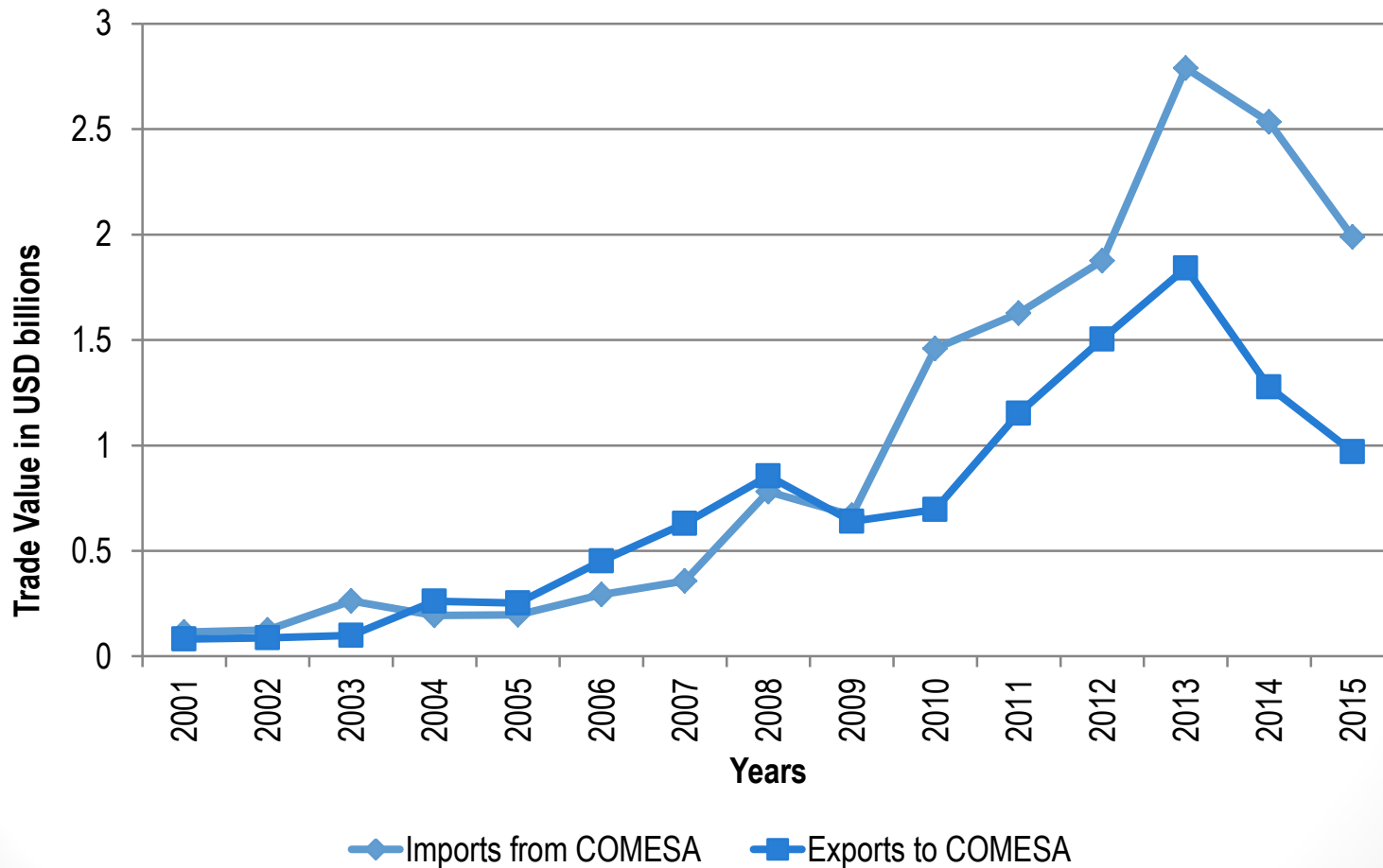
# Trade Overview

## How Zambia Ranks Within COMESA



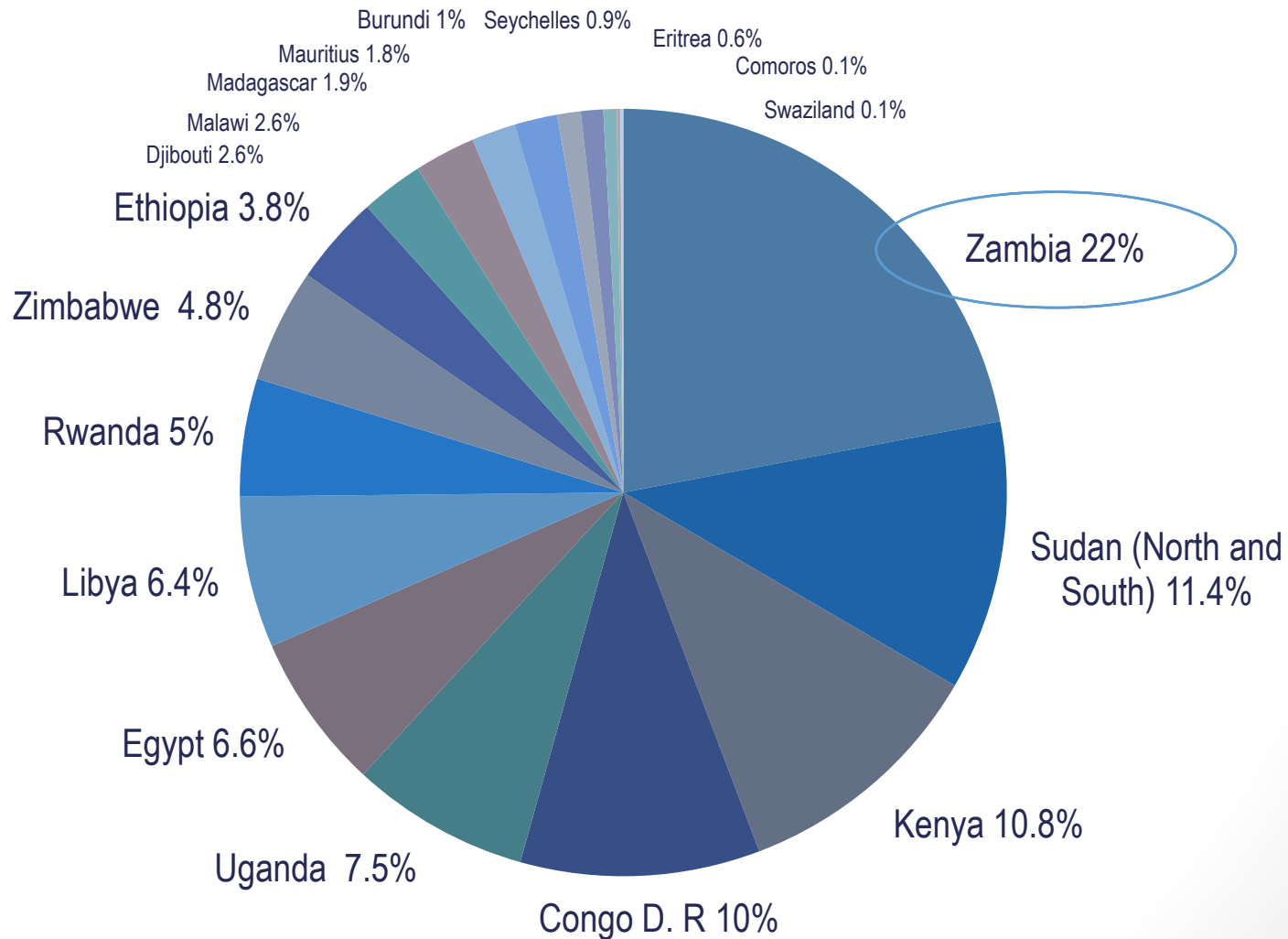
# Trade Overview

## Zambia's Trade With COMESA



# Trade Overview

## Imports From COMESA (2015)





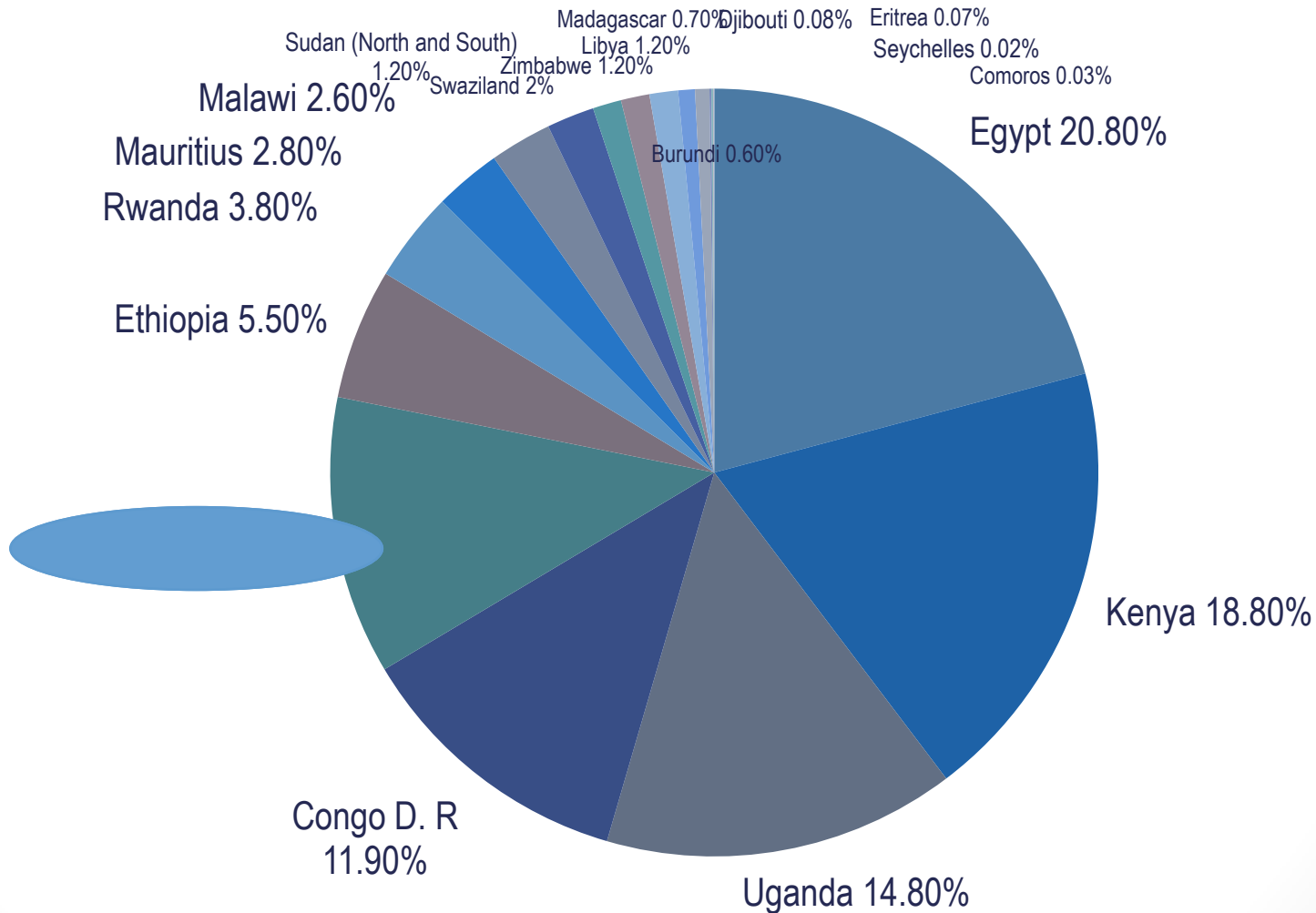
# Trade Overview

## Imports from COMESA (6 digit HS Code)

HS Code	Imports	Value	Trade Potential
271019	Medium oils and preparations, of petroleum or bituminous minerals, not containing biodiesel,...	468,303,000	252,302,000
260300	Copper ores and concentrated	351,303,000	26,638,000
271012	Light oils and preparation, of petroleum or bituminous minerals which $\geq 90\%$ by volume in	286,508,000	84,038,000
282200	Cobalt oxide and hydroxide, commercial cobalt oxides	280,566,000	1,307,000
260500	Cobalt ores and concentrates	232,410,000	83,000

# Trade Overview

## Exports to COMESA (2015)



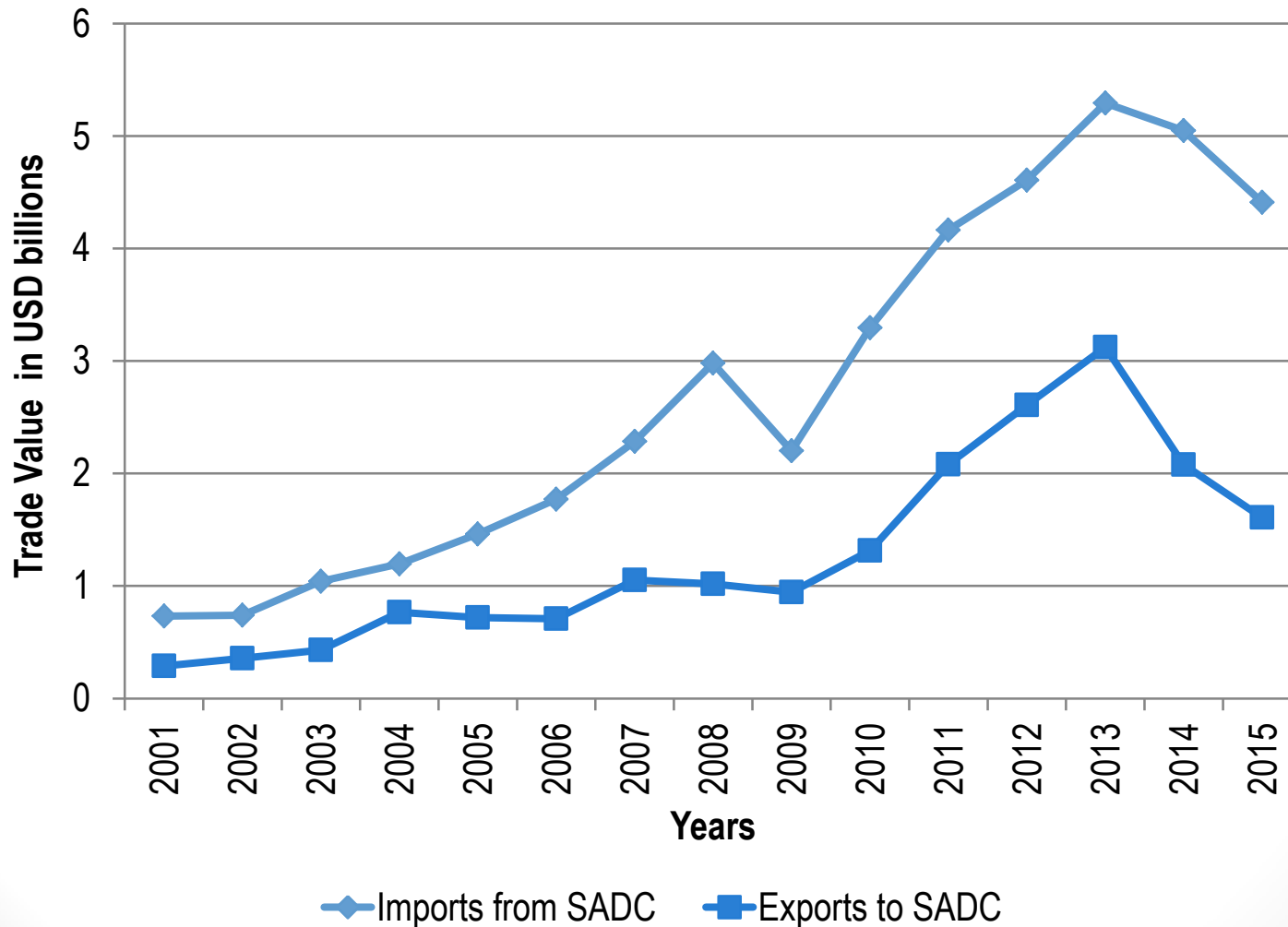
# Trade Overview

## Exports to COMESA (2 digit HS Code)

HS Code	Exports	Value	Trade Potential
100590	Maize (excluding seed for sowing)	163,593,000	7,168,000
271600	Electrical energy	69,954,000	29,677,000
280700	Sulphuric acid	57,149,000	0
170113	Raw cane sugar, in solid form not containing added flavoring or coloring matter obtained...	54,533,000	0
240110	Tobacco, unstemmed or unstripped	45,414,000	1,611,000

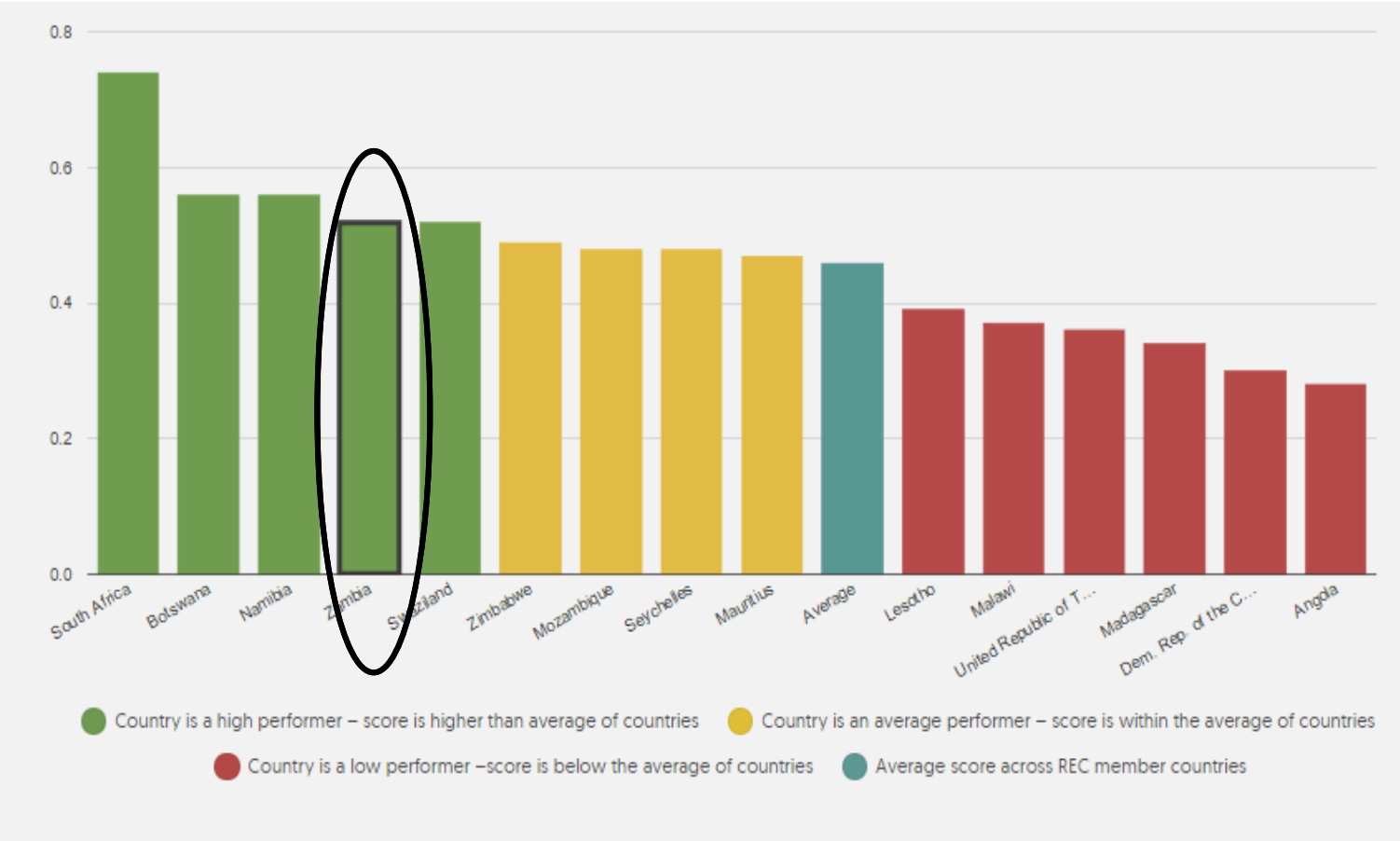
# Trade Overview

## Zambia's trade with SADC



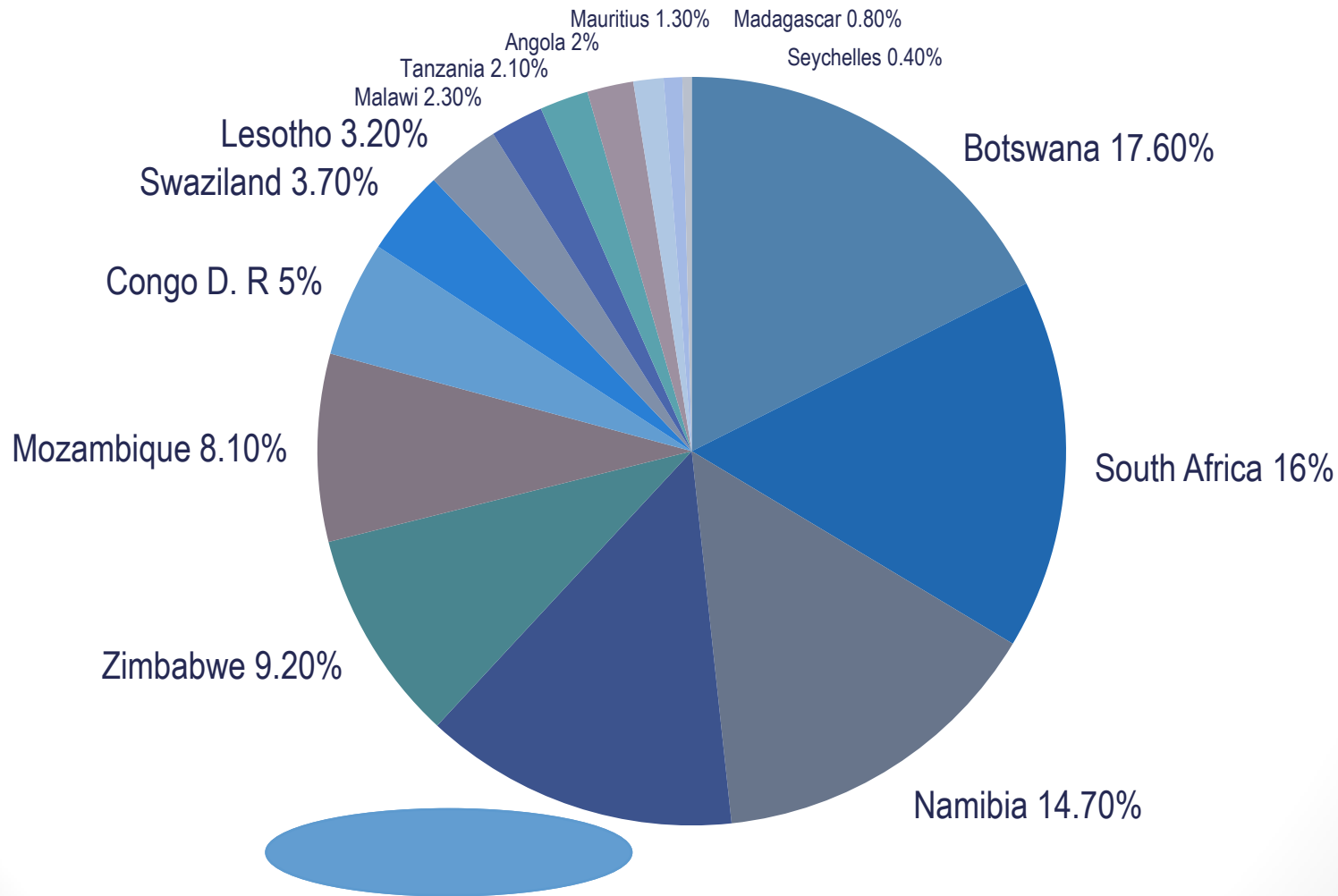
# Trade Overview

## How Zambia Ranks Within SADC



# Trade Overview

## Imports from SADC (2015)



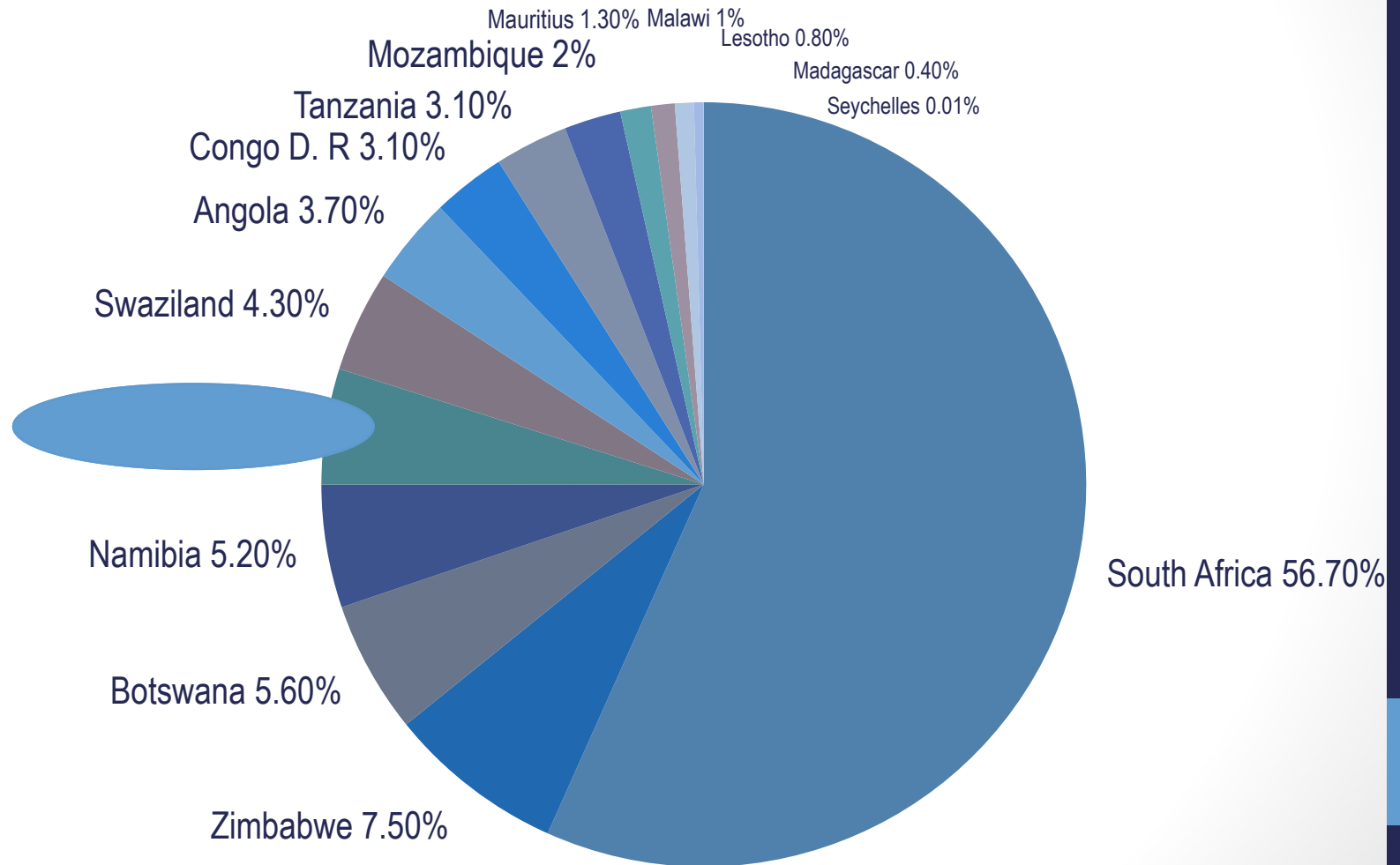
# Trade Overview

## Imports from SADC (6 digit HS Code)

HS Code	Imports	Value	Trade Potential
271019	Medium oils and preparations of petroleum or bituminous minerals, not containing biodiesel....	390,347,000	149,679,000
260300	Copper ores and concentrates	351,986,000	25,955,000
282200	Cobalt oxides and hydroxides, commercial cobalt oxides	281,872,000	1
260500	Cobalt ores and concentrates	167,388,000	83
271012	Light oils and preparations of petroleum or bituminous mineral >=90% by volume "incl....	186,434,000	184,112,000

# Trade Overview

## Exports to SADC (2015)





# Trade Overview

## Exports to SADC (6 digit HS Code)

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

# 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.

# Impact of Regional Integration?

## 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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