



Bank of Zambia

Zambia

Direction of Trade Report

(First Quarter 2013)

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1.0 INTRODUCTION

This report shows Zambia's direction of merchandise trade for the first quarter of 2013 compared with the corresponding quarter in 2012. Statistics, based on the Harmonised Coding System (HS), are reported and exports are valued as free on board (f.o.b.) while imports are reported at cost, including insurance and freight (c.i.f.). The report is divided into six sections. In section 2, the major trading partners are presented. Section 3 gives the major export markets and this is followed, in section 4, by the major source countries of Zambia's imports. Section 5 shows direction of trade by region, while section 6 concludes.

2.0 ZAMBIA'S MAJOR TRADING PARTNERS

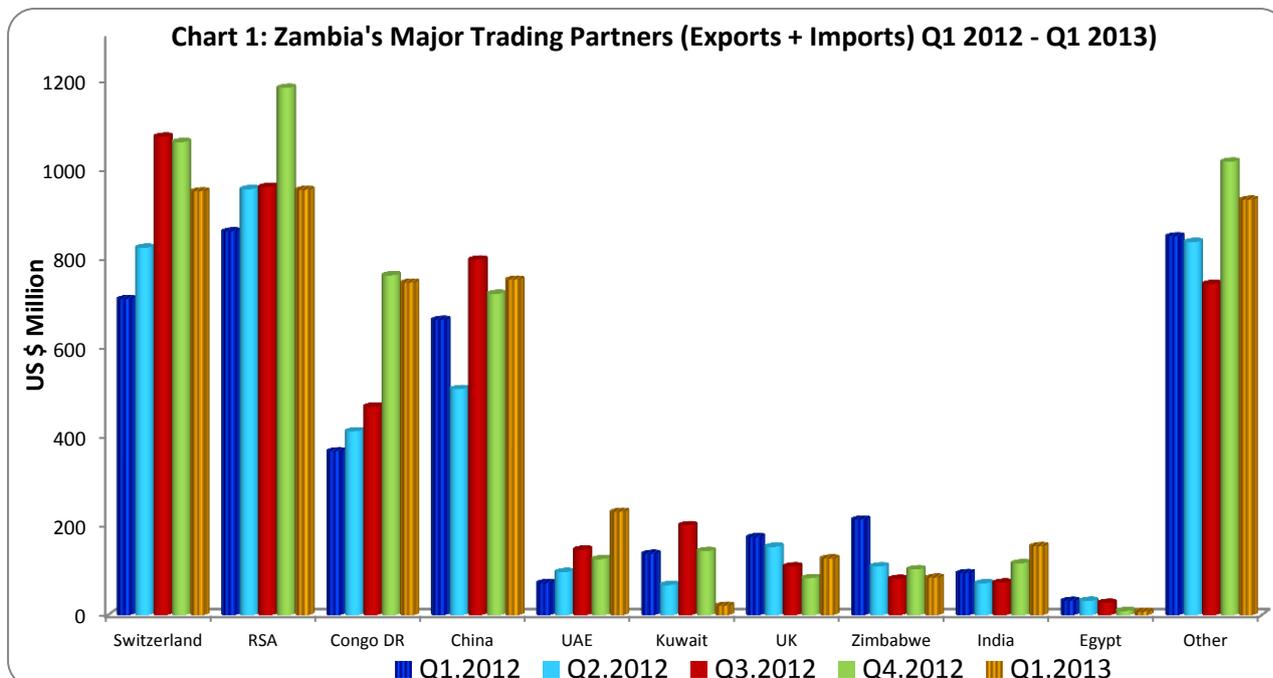
Preliminary data shows that Zambia's trade (exports plus imports) grew by 18.8 percent to US \$4,964.3 million from US \$4,178.5 million recorded during the corresponding period in 2012. During the period under review, the Republic of South Africa ranked first as Zambia's top major trading partner, following an increase in trade with that country by 10.8 percent to US \$954.3 million from US \$861.2 million registered during the first quarter of 2012. A rise in exports of metals, raw hides and skins and cotton, explained this outturn. Switzerland ranked second, as trade with that country increased by 34.0 percent to US \$950.9 million from US \$709.5 million recorded during the first quarter of 2012, largely on account of high volumes of metals purchased from Zambian mining companies by Swiss-based metal traders¹ (*see Chart 1*).

China ranked third, as trade with that country grew by 13.6 percent to US \$753.0 million from US \$663.1 million recorded during the same period in 2012. An increase in exports of metals to that country explained this outturn. Congo (DR) came fourth, as trade with that country more than doubled to US \$746.4 million from US \$367.9 million during the first quarter of 2012, on account of an increase in exports of food items, chemicals, industrial boilers, and lime and cement to that country and imports of copper ores, slag and ash from that country.

The United Arab Emirates (UAE) ranked fifth, following an increase in trade with that country to US \$232.1 million from US \$72.2 million recorded during the first quarter the previous year. An increase in exports of base metals, to that country and imports of industrial boilers and fertiliser from that country, explained this outturn. India ranked sixth, as trade with that country grew by 64.0 percent to US \$155.0 million from US \$94.5 million recorded during the first quarter of 2012. This outturn was largely attributed to higher exports of copper and articles thereof to that country. The United Kingdom ranked seventh as trade with that country declined by 27.3 percent to US \$127.4 million from US \$175.4 million recorded during a corresponding period in 2012. This outturn was explained by a decline in exports of copper cathodes and articles thereof to that country.

Zimbabwe ranked eighth, following a decline in trade with that country by 60.8 percent to US \$84.2 million from US \$214.7 million registered during the corresponding quarter in 2012, largely on account of a drop in exports of maize to that country. Zimbabwe was followed by Kuwait and Egypt, as trade with both countries declined. Trade with Kuwait declined by 84.6 percent to US \$21.2 million from US \$137.9 million recorded in the first quarter of 2012, driven by a significant drop in imports of petroleum products. Trade with Egypt, declined by 75.9 percent to US \$7.8 million from US \$32.2 million recorded in the same period in 2012, due to lower exports of copper cathodes to that country.

¹ Large metal traders (e.g. Glencore International AG), headquartered in Switzerland, purchase copper and cobalt from Zambian mining companies off gate and sell the commodity to other foreign markets. Most Zambian companies are not fully aware of the final destination of the copper purchased by these companies.

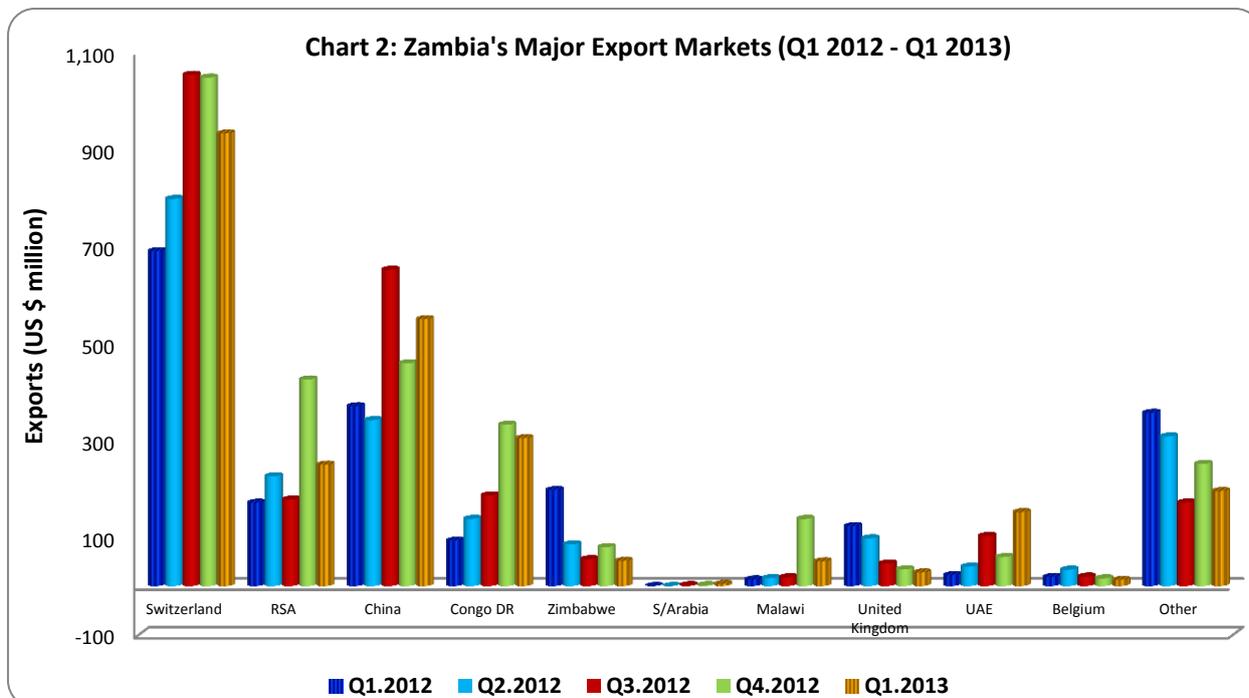


Source: Central Statistical Office

3.0 ZAMBIA'S MAJOR EXPORT MARKETS

During the period under review, Zambia's exports grew by 23.0 percent to US \$2,531.4 million from US \$2,057.5 million, recorded during the corresponding period in 2012. Switzerland continued to rank as Zambia's major export market, following an increase in exports to that country by 35.2 percent to US \$932.1 million from US \$689.2 million (*see Chart 2*). This was driven by higher volumes of metals purchased by Swiss-based metal traders from Zambian mining companies during the period under review. China maintained its second position, as exports to that country increase by 48.4 percent to US \$549.5 million from US \$370.4 million, largely driven by a rise in metal exports to that country. Congo (DR) ranked third, up from fourth position, due to a significant increase in exports to that country amounting to US \$304.5 million from US \$93.4 million recorded in the first quarter of 2012. Increased exports of industrial boilers, chemicals, lime and cement to that country, explained this outturn. South Africa was relegated to fourth position, although exports to that country increased by 45.7 percent to US \$250.0 million from US \$171.6 million recorded during the same period in 2012. The rise was explained by an increase in exports of metals, raw hides and skins and cotton to that country.

The United Arab Emirates ranked fifth, following a substantial rise in exports to that country to US \$152.2 million from US \$22.5 million registered during the corresponding quarter of the previous year. This outturn was explained by increased exports of base metals, beverages, spirits and vinegar to that country. Zimbabwe maintained its sixth position, despite recording a sharp decline in exports to that country by 73.8 percent to US \$51.8 million from US \$197.6 million, explained by a drop in exports of maize. Malawi ranked seventh, as exports to that country rose to US \$50.9 million from US \$13.6 million recorded during the corresponding period in 2012. This was explained by an increase in exports of food items, manufactured products and motor vehicles to that country. The United Kingdom ranked eighth, following a drop in exports to that country by 77.3 percent to US \$28.0 million from US \$123.2 million. This outturn was explained by a decline in volumes of copper cathode exports. Zambia's exports to other countries such as Belgium declined while exports to Saudi Arabia marginally increased.



Source: Central Statistical Office

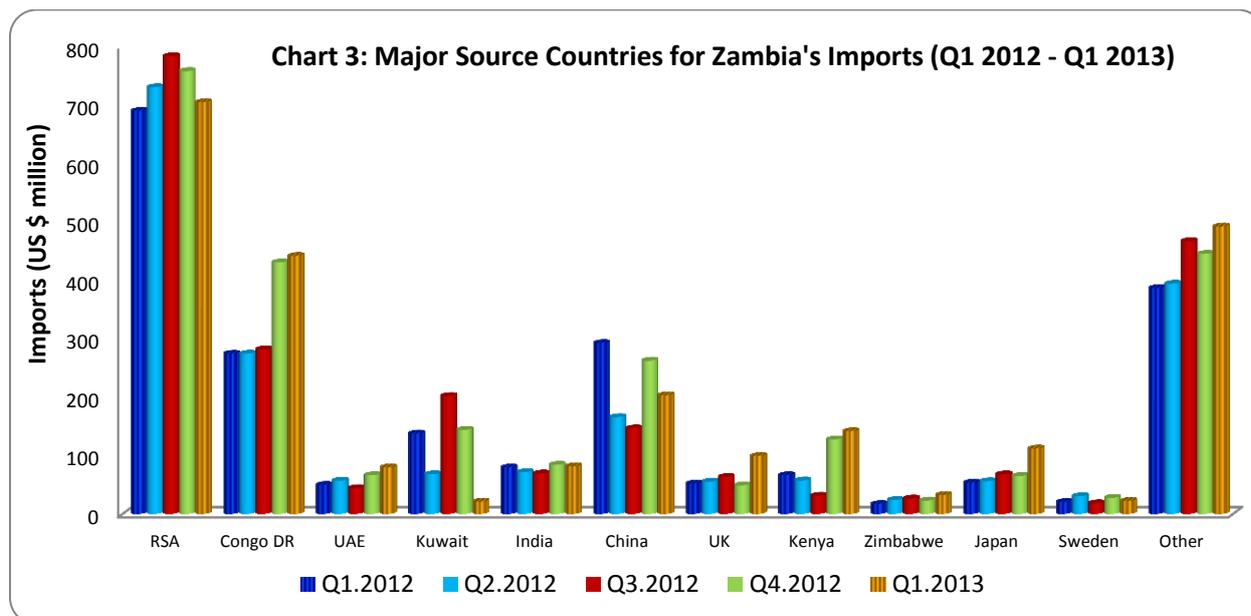
4.0 MAJOR SOURCE COUNTRIES OF ZAMBIA'S IMPORTS

Preliminary data shows that Zambia recorded a rise in imports from the rest of the world by 14.7 percent to US \$2,433.0 million during the first quarter of 2013 from US \$2,121.0 million, recorded during the same period in 2012. The Republic of South Africa maintained its top rank as the major source of Zambia's imports, as imports from that country increased by 2.1 percent to US \$704.3 million from US \$689.6 million, registered during the same quarter the previous year (*see Chart 3*). This was largely driven by a rise in imports of food items, industrial boilers, manufactured products and motor vehicles. Congo (DR) maintained ranked second, on account of a growth in imports from that country by 61.0 percent to US \$442.0 million from US \$274.5 million. Higher imports of copper ores, slag and ash from that country explained this outturn. China ranked third, as imports from that country declined by 30.5 percent to US \$203.5 million from US \$292.8 million, largely explained by lower imports of manufactured goods and special imports. Kenya ranked fourth, as imports from that country more than doubled to US \$141.8 million from US \$66.4 million recorded in the first quarter of 2012, driven by a surge in imports of mineral fuels, oils and products thereof.

Japan ranked fifth, as imports from that country surged to US \$112.0 million from US \$53.7 million, largely explained by increased imports of motor vehicles from that country. The United Kingdom emerged sixth, up from ninth position, following an increase in imports from that country by 90.6 percent to US \$112.0 million from US \$52.2 million, largely attributed to a rise in imports of motor vehicles, electrical machinery and industrial boilers. India ranked seventh, following a rise in imports from that country by 2.6 percent to US \$81.7 million from US \$79.7 million recorded during the same quarter in 2012. An increase in imports of industrial boilers from that country explained this outturn. The United Arab Emirates ranked eighth, as imports from that country increased by 60.5 percent to US \$79.9 million from US \$49.8 million registered during the corresponding period the previous year. This was largely attributed to a rise in imports of fertiliser, industrial boilers, motor vehicles and electrical machinery.

During the period under review, imports from Zimbabwe increased by 90.3 percent to US \$32.4 million from US \$17.0 million registered during the corresponding quarter the last year. Similarly, imports from Sweden increased by 9.7 percent to US \$22.5 million from US \$20.2 million

recorded in the first quarter of 2012. Imports from Kuwait, however, declined by 84.6 percent to US \$21.2 million from US \$137.9 million recorded during the same period the previous year.



Source: Central Statistical Office

5.0 DIRECTION OF TRADE BY REGION

This section shows the share of regions or groups of countries in Zambia's total exports and imports. In this analysis, Zambia's trading partners are categorised into major geographic regions or economic groupings, i.e., the Organisation for Economic Co-operation and Development (OECD), ASIA, Southern African Development Community (SADC) *exclusively*, Common Market for Eastern and Southern Africa (COMESA) *exclusively* and SADC & COMESA (*dual members*). All other countries not part of these regions are classified as 'Other'. The OECD grouping is further sub-divided into European Union (EU)² and Non-EU³.

5.1 DIRECTION OF ZAMBIA'S EXPORTS BY REGION

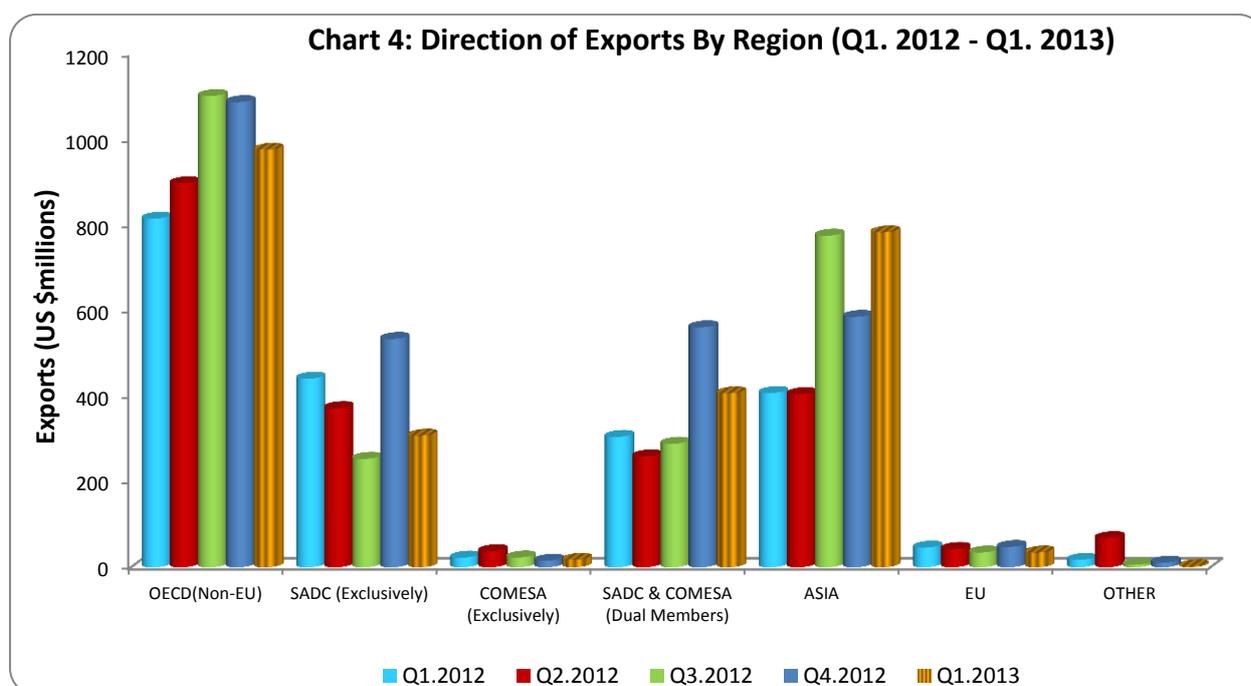
In the first quarter of 2013, Zambia recorded increases in exports to three regions namely; Asia, the Non-EU OECD region and the SADC and COMESA (*dual members*). Exports to COMESA (*exclusively*), the EU and SADC (*exclusively*) however, declined. The Non-EU OECD region maintained its top rank as Zambia's major export market, accounting for 38.6 percent of total exports (*see Chart 4*). Exports to the Non-EU OECD region increased by 19.7 percent to US \$977.0 million in the first quarter of 2013 from US \$816.0 million registered during the corresponding period the previous year, largely on account of high metal exports to Switzerland.

Asia maintained its second position, accounting for 31.0 percent of total exports, due to a rise in exports to that region by 92.0 percent to US \$783.8 million from US \$408.2 million, largely on account of higher metal exports to China and the United Arab Emirates. SADC & COMESA (*dual members*) ranked third, accounting for 16.1 percent of Zambia's total exports, following a rise in exports to the region by 33.4 percent to US \$407.4 million from US \$305.4 million. This was largely explained by an increase in exports of industrial boilers, chemicals and cement to Congo

² Countries classified as European Union (EU) in this paper are those that adopted the Euro (Euro Area) as their national currency and not simply members of the European Union.

³ Non-EU OECD countries are: Australia, Canada, Czech Republic, Denmark, Hungary, Iceland, Korea, Japan, Mexico, New Zealand, Norway, Poland, Slovakia Republic, Sweden, Switzerland, Turkey, UK and USA

DR, metals, and manufactured products to Malawi. SADC (*exclusively*) ranked fourth, accounting for 12.2 percent of Zambia's total exports, following a decline in exports to the region by 30.2 percent to US \$308.3 million from US \$441.7 million recorded during the first quarter in 2012, driven by a decline in exports of copper cathodes to Tanzania, maize to Botswana and Namibia. The EU ranked fifth, accounting for 1.4 percent of total exports, following a decline in exports to the region by 24.9 percent to US \$34.6 million from US \$46.1 million, driven by a drop in exports of metals to Belgium and copper cathodes to Luxembourg. COMESA (*exclusively*) maintained its sixth position accounting for 0.7 percent of Zambia's total exports, as exports to the region declined by 30.2 percent to US \$17.5 million from US \$22.6 million. This was largely on account of low exports of cement to Burundi and copper cathodes to Egypt.



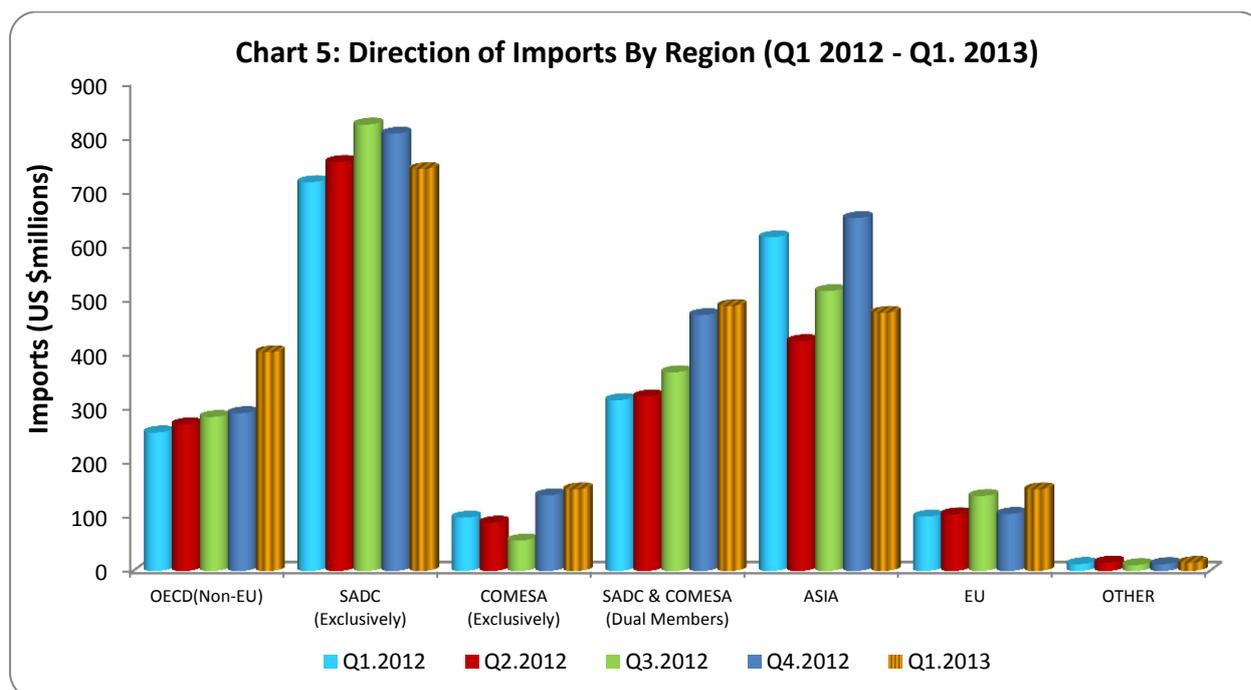
Source: Central Statistical Office

5.2 DIRECTION OF ZAMBIA'S IMPORTS BY REGION

During the first quarter of 2013, Zambia recorded an increase in merchandise imports from all regions, with an exception of Asia. SADC (*exclusively*) maintained its top rank as Zambia's major source of imports accounting for 30.5 percent of total imports. Imports from that region grew by 3.4 percent to US \$742.9 million from US \$718.7 million recorded during the corresponding quarter in 2012 (*see Chart 5*). This outturn was driven by increased imports of food items, industrial boilers, manufactured products and motor vehicles from South Africa. SADC & COMESA (*dual members*), ranked second, accounting for 20.1 percent of total imports. Imports from that region increased by 55.0 percent to US \$490.2 million from US \$316.2 million, driven by higher imports of copper ores, slag and ash from Congo DR. Asia ranked third, down from second position, and accounted for 19.6 percent of total imports, as imports from the region declined by 22.6 percent to US \$477.7 million from US \$617.1 million. Low imports of petroleum products from Kuwait and manufactured goods and special imports from China, largely explained this outturn.

The Non-EU OECD region ranked fourth, accounting for 16.6 percent of the total imports, as imports from that region increased by 57.8 percent to US \$404.6 million from US \$256.5 million. This was largely on account of increased imports of motor vehicles from Japan, the United Kingdom and the United States of America, and industrial boilers from the United Kingdom and

the United States of America. The COMESA (*exclusively*) and EU ranked fifth and sixth, with imports from the two regions rose to US \$151.3 million and US \$ 151.2 million, respectively.



Source: Central Statistical Office

6.0 CONCLUSION

During the quarter under review, Zambia recorded an increase in both merchandise exports earnings and merchandise imports to and from the rest of the world. Export destinations continued to be dominated by Switzerland, China, South Africa and Congo DR, which recorded increases during the period under review and accounted for 80.4 percent of Zambia’s total exports. Significant increases in exports were also recorded to the United Arab Emirates and Malawi. The top three major sources of Zambia’s imports continued to be South Africa, Congo DR and China, accounting for 55.5 percent of the country’s total imports. Increases in imports were reported from South Africa, Congo DR, Kenya, Japan and the United Kingdom, while declines were registered from China and Kuwait.

At regional level, Zambia’s top export market was the Non-EU OECD, while SADC (*exclusively*) maintained its position as the country’s major source of imports. During the second quarter of 2013, international trade is expected to rise further. Merchandise export earnings are expected to be higher, driven largely by higher metal export volumes and favourable metal prices on the international market. Similarly, merchandise imports are expected to be higher, driven by higher FDI related imports of machinery and equipment and Government infrastructure related expenditure.

ANNEX 1: ZAMBIA'S EXPORTS TO THE REST OF THE WORLD (IN US \$'MILLION; FOB), Q1 2012 – Q1 2013

COUNTRY	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013
Angola	0.9	8.1	1.2	14.4	0.9
Australia	0.2	0.4	0.4	0.7	1.3
Belgium	18.8	33.7	19.5	15.9	12.6
Botswana	16.0	7.0	5.4	32.1	4.2
Burundi	4.4	7.4	6.2	6.8	1.8
China	370.4	341.8	651.5	458.8	549.5
Democratic Republic of Congo	93.4	160.1	186.6	332.2	304.5
Egypt	0.0	2.2	3.7	0.0	0.0
France	0.0	0.8	0.9	3.0	1.6
Germany	3.0	3.1	2.9	3.3	1.8
Hong Kong	0.3	4.9	10.8	10.2	2.7
India	14.8	18.1	4.0	32.4	73.3
Kenya	10.6	28.5	10.5	6.5	14.5
Korea, Republic of	0.0	0.0	0.0	0.2	0.0
Kuwait	0.0	0.0	0.0	0.1	0.0
Luxembourg	20.9	1.9	7.1	5.4	10.7
Madagascar	0.0	0.0	0.0	0.1	0.0
Malawi	13.6	16.8	18.1	138.3	50.9
Malaysia	0.0	0.0	0.0	0.0	0.0
Mozambique	4.8	5.1	5.5	4.8	13.0
Namibia	74.5	7.4	39.3	31.5	25.2
Netherlands	3.5	3.4	3.6	19.9	7.6
Pakistan	0.0	0.0	0.0	0.0	0.0
Philippines	0.4	0.0	0.1	0.0	0.0
Republic of Thailand	0.0	0.0	0.1	0.0	0.0
Rwanda	0.6	1.4	2.1	1.8	0.8
Saudi Arabia	0.01	0.0	1.9	1.8	4.2
Singapore	0.0	1.6	4.5	22.2	1.4
South Africa (Republic of)	171.6	233.1	178.2	425.4	250.0
Sudan	3.9	0.0	0.0	0.0	0.0
Swaziland	0.5	1.2	10.5	0.4	0.2
Sweden	0.0	2.0	0.0	0.7	0.3
Switzerland	689.7	908.9	1,053.0	1,047.3	932.1
Tanzania, United	174.0	48.6	23.5	24.5	12.2
United Arab Emirates	22.5	40.1	103.1	59.8	152.2
United Kingdom	123.2	99.8	46.4	34.3	28.0
United States of America	1.7	0.8	1.9	3.4	4.8
Zimbabwe	197.6	87.1	55.4	80.2	51.8
Other	21.7	10.6	27.8	27.3	17.2
Total	2,057.5	2,085.90	2,485.7	2,845.7	2,531.3

Source: Central Statistical Office (CSO)

ANNEX 2: ZAMBIA'S IMPORTS FROM THE REST OF THE WORLD (US \$'MILLION); CIF Q1 2012 – Q1 2013

COUNTRY	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013
Australia	18.1	12.2	9.5	19.8	19.4
Austria	1.3	1.0	1.8	0.8	0.4
Belgium	16.9	12.1	27.4	13.9	16.4
Botswana	5.7	4.8	5.5	12.6	6.2
Brazil	1.7	3.2	1.9	2.0	6.8
Canada	7.6	9.2	18.9	10.0	14.2
China	292.8	166.0	146.6	262.7	203.5
Democratic Republic of Congo	274.5	274.7	282.0	431.0	442.0
Denmark	11.8	7.7	5.9	5.4	8.7
Egypt	21.5	30.2	24.4	9.7	7.8
Finland	18.1	11.4	10.0	6.7	3.9
France	9.8	16.4	10.8	5.5	10.2
Germany	20.1	23.9	38.7	29.4	63.1
Hong Kong	21.4	19.9	12.0	10.2	10.3
India	79.7	71.8	69.4	84.4	81.7
Indonesia	2.2	11.2	4.0	9.2	8.3
Ireland	14.8	21.1	4.0	18.0	21.8
Israel	0.4	0.6	0.7	0.5	0.7
Italy	5.7	6.3	4.0	9.3	6.5
Japan	53.7	56.2	67.9	65.1	112.0
Kenya	66.4	57.5	31.2	127.9	141.8
Korea, Republic of	8.6	7.2	8.8	9.4	9.8
Kuwait	137.9	68	202.0	144.2	21.2
Lebanon	1.2	3.0	4.3	1.6	2.9
Malawi	4.8	4.5	52.4	6.6	9.3
Malaysia	2.7	3.2	3.0	3.6	7.9
Mauritius	12.7	15.1	5.5	5.9	2.3
Mozambique	1.5	1.4	7.0	11.3	3.4
Namibia	2.9	5.9	7.4	7.3	7.0
Netherlands	11.9	9.6	24.2	15.4	18.0
Pakistan	2.2	1.2	1.5	1.1	0.4
Republic of Thailand	0.0	2.5	5.2	5.9	9.6
Singapore	18.5	7.5	11.9	18.0	23.3
South Africa (Republic of)	689.6	730.0	782.8	757.6	704.3
Spain	1.6	2.2	3.5	5.8	8.3
Swaziland	6.4	5.3	1.3	7.0	4.1
Sweden	20.5	30.5	18.4	27.8	22.5
Switzerland	19.8	27.2	20.6	14.2	18.8
Taiwan, Province of China	3.0	2.8	2.5	30.8	4.8
Tanzania, United	18.7	13.3	22.5	16.8	22.0
United Arab Emirates	49.8	57.1	44.3	66.4	79.9
United Kingdom	52.2	55.6	63.4	49.2	99.4
United States of America	48.8	55.6	63.4	82.5	90.9
Zimbabwe	20.2	23.4	26.5	23.0	32.4
Other	41.4	36.5	43.0	39.2	44.8
Total	2,121.0	1,986.0	2,202.0	2,484.7	2,433.0

Source: Central Statistical Office (CSO)