



**Bank of Zambia**

# Zambia

## Direction of Trade Report

**(Fourth Quarter 2013)**

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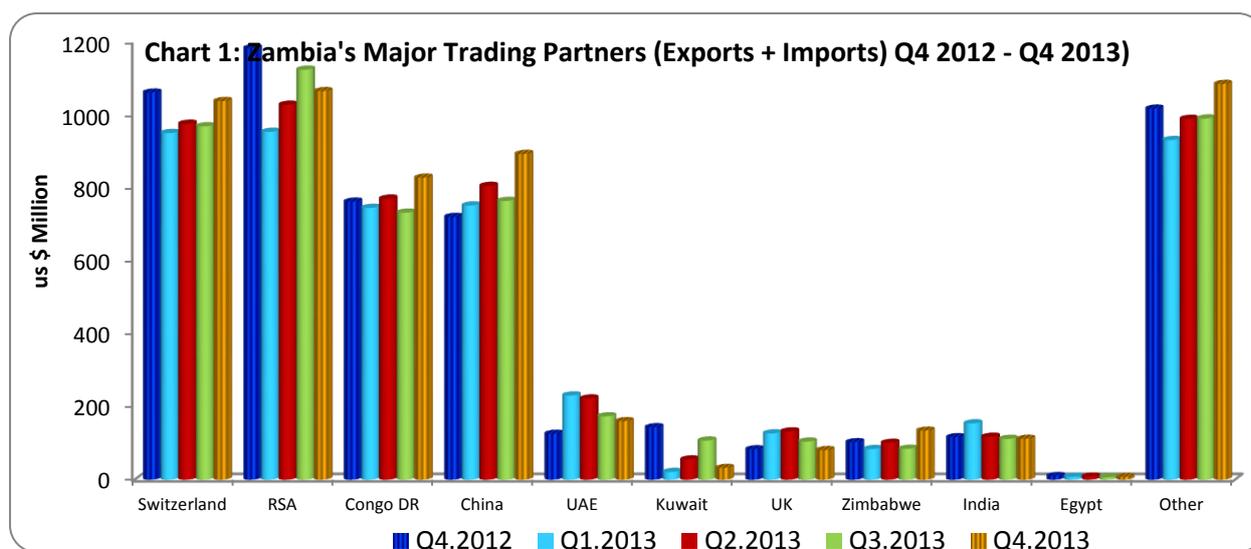
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## 1.0 INTRODUCTION

This report shows Zambia's direction of merchandise trade for the fourth 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 the conclusion is presented in section 6.

## 2.0 ZAMBIA'S MAJOR TRADING PARTNERS

Preliminary data shows that during the fourth quarter of 2013, Zambia's trade (exports plus imports) grew by 2.1 percent to US \$5,441.1 million compared with US \$5,330.4 million recorded during the same period in 2012. The Republic of South Africa was ranked as Zambia's top major trading partner during the period under review, despite registering a decline in trade with that country by 9.9 percent to US \$1,065.6 million compared with US \$1,183.0 million registered during the same quarter of 2012, following a decline in exports of cotton and brans, sharps and other residues of maize to that country. Switzerland ranked second, although trade with that country declined by 2.2 percent to US \$1,038.4 million compared with US \$1,061.5 million recorded during the fourth quarter of 2012, largely on account of lower volumes of metals purchased from Zambian mining companies by Swiss-based metal traders<sup>1</sup>, coupled with a decline in global metal prices (*see Chart 1*).



Source: Central Statistical Office

China ranked third, as trade with that country grew by 23.9 percent to US \$893.8 million from US \$721.5 million registered during the corresponding quarter of 2012, largely driven by an increase in base metal exports to that country. Congo (DR) ranked fourth, following an increase in trade with that country by 8.6 percent to US \$828.9 million compared with US \$763.2 million recorded in the fourth quarter the previous year. This outturn was largely reflective of increased exports of electrical energy and chemicals to that country and imports of copper and cobalt ores and concentrates from that country.

The United Arab Emirates (UAE) remained in fifth position, as trade with that country grew by 27.7 percent to US \$161.2 million from US \$126.2 million recorded during the fourth quarter the

<sup>1</sup> 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.

previous year, largely attributed to an increase in exports of base metals to that country. Zimbabwe ranked sixth, up from ninth position, following a rise in trade with that country by 30.8 percent to US \$134.9 million from US \$103.1 million recorded during the same quarter in 2012, largely on account of a rise in exports of mineral fuels to that country.

India ranked seventh, down from sixth position, following a decline in trade with that country by 3.7 percent to US \$112.5 million from US \$116.8 million recorded during the same quarter in 2012. This outturn was largely driven by a decline in exports of base metals to that country. The United Kingdom ranked eighth, following a decline in trade with that country by 2.6 percent to US \$81.3 million from US \$83.5 million registered during the same quarter of 2012. This was explained by a decline in exports of copper and articles thereof to that country.

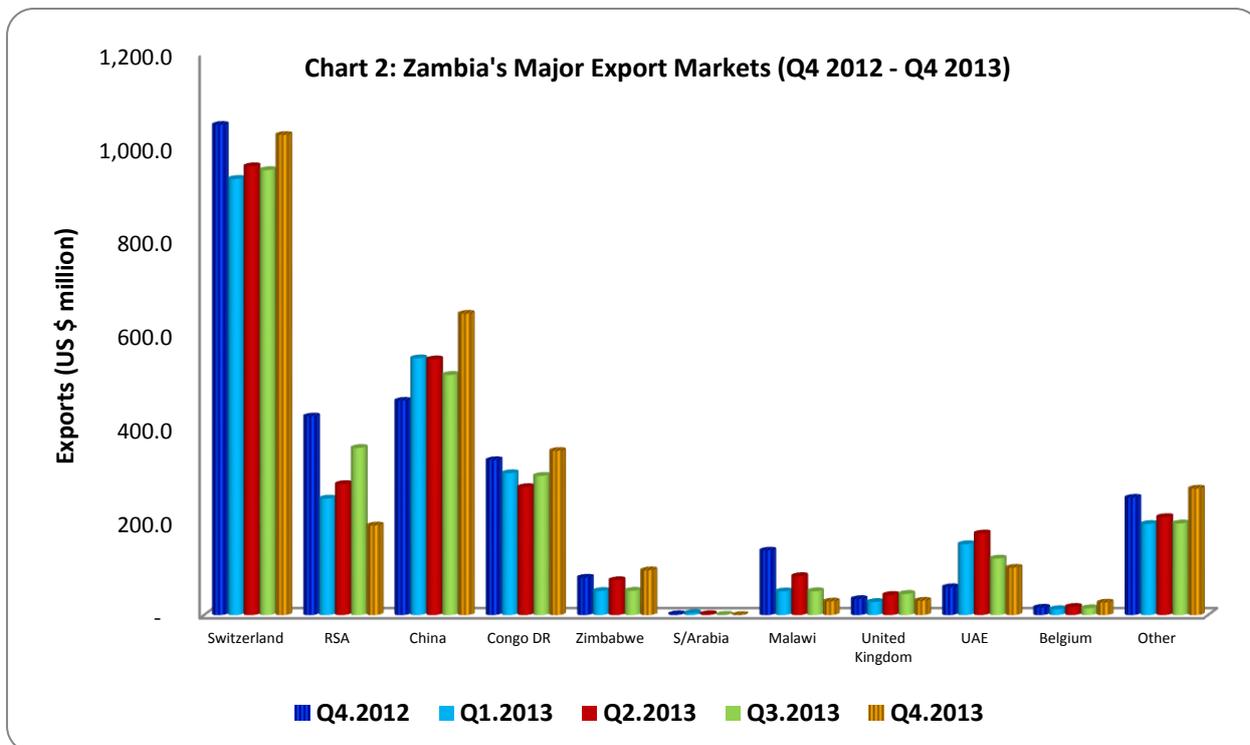
During the period under review, trade with Kuwait and Egypt declined by 77.7 percent to US \$ 32.1 million and 25.8 percent to US \$7.2 million, respectively. The decline in trade with Kuwait was attributed to a significant decline in imports of petroleum products from that country, while the decline in trade with Egypt was largely on account of a decline in imports of electrical machinery and equipment parts thereof from that country.

### **3.0 ZAMBIA'S MAJOR EXPORT MARKETS**

During the fourth quarter of 2013, Zambia's exports declined by 2.7 percent to US \$2,769.7 million from US \$2,845.7 million, recorded during the same quarter the previous year. Switzerland remained as Zambia's top major export market, despite recording a decline in exports to that country by 2.1 percent to US \$1,025.7 million from US \$1,047.3 million registered during the corresponding period in 2012 (*see Chart 2*). This outturn was largely attributed to lower volumes of base metals purchased by Swiss-based metal traders from Zambian mining companies, coupled with lower metal prices on the global market. China ranked second, following a surge in exports to that country by 40.5 percent to US \$644.5 million from US \$458.8 million, largely attributed to higher exports of base metals to that country. Congo (DR) ranked third, up from fourth, following a growth in exports to that country by 5.9 percent to US \$351.9 million from US \$332.2 million recorded during the same quarter of 2012, explained by increased exports of electrical energy and chemicals to that country. South Africa ranked fourth, down from third, following a decline in exports to that country by 54.8 percent to US \$192.2 million from US \$425.4 million recorded during the same quarter in 2012. This outturn was driven by a decline in exports of cotton and brans and other residues of maize to that country.

The United Arab Emirates ranked fifth, following a surge in exports to that country by 69.7 percent to US \$101.5 million from US \$59.8 million registered during the corresponding quarter in 2012, largely driven by increased exports of base metals to that country. Zimbabwe ranked sixth, as exports to that country grew by 19.8 percent to US \$96.0 million from US \$80.2 million, largely attributed to increased exports of mineral fuels to that country. The United Kingdom ranked seventh, up from eighth, although exports to that country declined by 10.5 percent to US \$30.7 million from US \$34.3 million, following a decline in exports of copper and articles thereof to that country. Malawi ranked eighth, down from seventh, following a decline in exports to that country by 78.9 percent to US \$29.1 million from US \$138.3 million registered during the corresponding quarter in 2012, driven by lower exports of wood and articles of wood, and candles, tapers and the like to that country.

During the period under review, Belgium registered an increase in exports by 68.2 percent to US \$26.7 million from US \$15.9 million registered during the fourth quarter in 2012, driven by an increase in exports of other waste and scrap of precious metals to that country. Zambia's exports to Saudi Arabia were below a million dollars from US \$1.8 million recorded during the corresponding quarter in 2012.



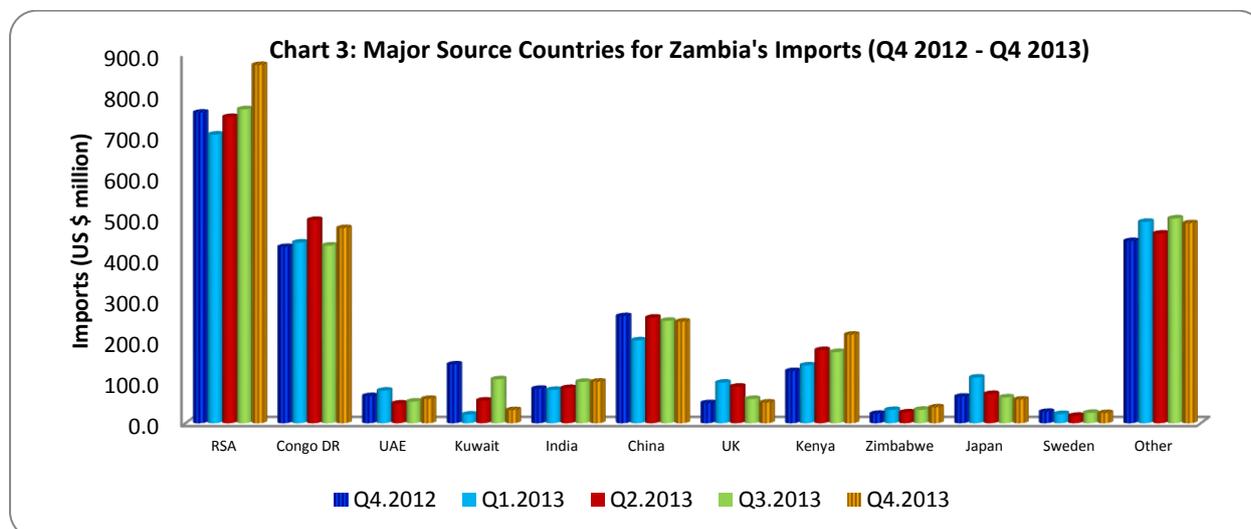
Source: Central Statistical Office

#### 4.0 MAJOR SOURCE COUNTRIES OF ZAMBIA'S IMPORTS

Zambia's imports from the rest of the world during the fourth quarter of 2013 grew by 7.5 percent to US \$2,671.4 million from US \$2,484.7 million, recorded during the same quarter in 2012. The Republic of South Africa continued to be Zambia's major source of imports, following an increase in imports from that country by 15.3 percent to US \$873.4 million from US \$757.6 million, registered during the fourth quarter in 2012 (*see Chart 3*). Increased imports of articles of iron and steel and industrial boilers from that country explained the outturn. Congo (DR) ranked second, following a 10.7 percent growth in imports from that country to US \$477.0 million from US \$431.0 million, largely attributed to higher imports of copper and cobalt ores and concentrates from that country. China ranked third, as imports from that country declined by 5.1 percent to US \$249.3 million from US \$262.7 million, largely driven by lower imports of industrial boilers and equipment. Kenya ranked fourth, following a surge in imports from that country by 69.1 percent to US \$217.3 million from US \$127.9 million registered during the corresponding quarter of 2012, following a rise in imports of gas oils.

India ranked fifth, up from sixth, as imports from that country grew by 20.7 percent to US \$101.8 million from US \$84.4 million registered during the corresponding quarter of 2012, largely attributed to increased imports of industrial boilers and equipment and electrical machinery equipment parts thereof from that country. The United Arab Emirates ranked sixth, as imports from that country declined by 10.1 percent to US \$59.7 million from US \$66.4 million registered during the same quarter in 2012. This outturn was largely attributed to a decline in imports of fertiliser and industrial boilers from that country. Japan ranked seventh, following a decline in imports from that country by 11.0 percent to US \$57.9 million from US \$65.1 million, registered during the fourth quarter in 2012, driven by a decline in imports of industrial boilers from that country. The United Kingdom ranked eighth, following a 2.8 percent growth in imports from that country to US \$50.6 million from US \$49.2 million, largely on account of higher imports of industrial boilers and equipment from that country. Zimbabwe ranked ninth, following an increase in imports from that country by 69.1 percent to US \$38.8 million from US \$23.0 million recorded during the same quarter in 2012, explained by an increase in imports of mineral fuels from that country.

During the period under review, imports from Kuwait, declined by 77.7 percent to US \$32.1 million from US \$144.2 million recorded during the fourth quarter in 2012. This outturn was reflective of a decline in imports of petroleum products from that country. Similarly, imports from Sweden declined by 10.8 percent to US \$24.8 million from US \$27.8 million recorded in the same quarter of 2012, driven in part by lower imports of paper and paper products.



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)<sup>2</sup> and Non-EU<sup>3</sup>.

### 5.1 DIRECTION OF ZAMBIA'S EXPORTS BY REGION

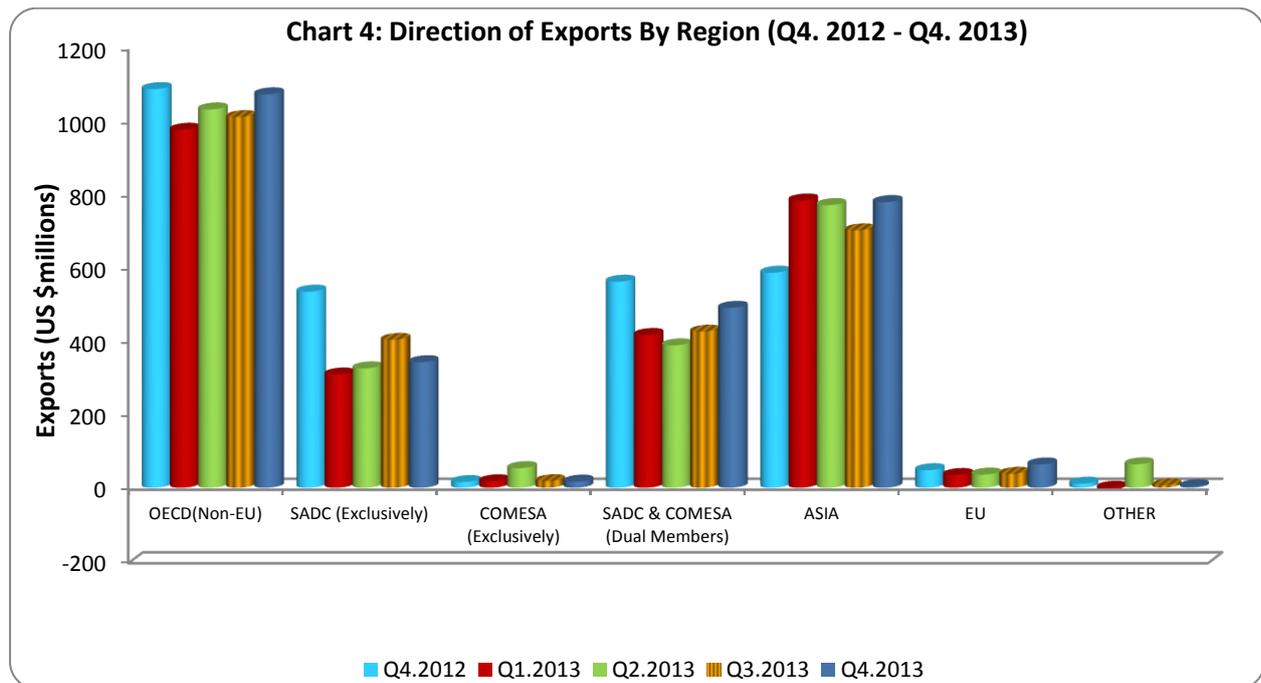
Preliminary data shows that Zambia recorded increases in exports to three regions namely; Asia, COMESA *exclusively* and the EU, and declines in exports to three other regions namely; Non-EU OECD, SADC *exclusively* and SADC and COMESA *dual members*). Nonetheless, the Non-EU OECD region ranked as Zambia's top major export market, accounting for 38.8 percent of total exports (*see Chart 4*), although exports to that region declined by 1.3 percent to US \$1,073.9 million from US \$1,088.1 million recorded during the same quarter in 2012, largely explained by lower metal exports to Switzerland. Asia remained in second position, accounting for 28.1 percent of the country's total exports, following an increase in exports to that region by 32.9 percent to US \$779.4 million from US \$586.5 million, driven by increases in exports of base metals to China and the United Arab Emirates.

SADC & COMESA *dual members*) ranked third, accounting for 17.7 percent of total exports, despite registering a decline in exports to the region by 12.7 percent to US \$490.6 million from US

<sup>2</sup> 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.

<sup>3</sup> 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

\$562.0 million. Lower exports of articles of wood, and candles, tapers and the like to Malawi explained the outturn. SADC (*exclusively*) ranked fourth, accounting for 12.3 percent of the country's total exports, although exports to the region declined by 36.0 percent to US \$342.0 million from US \$534.8 million, largely explained by declines in exports of cotton and brans, sharps and other residues of maize to South Africa. The EU ranked fifth, with exports to that region accounting for 2.3 percent of total exports, as exports to that region grew by 32.6 percent to US \$63.2 million from US \$47.7 million, explained by increases in exports of cathodes and sections of cathodes of refined copper to Luxembourg and other waste and scrap of precious metals to Belgium. COMESA (*exclusively*) ranked sixth, accounting for 0.6 percent of Zambia's total exports, following an increase in exports to the region by 6.7 percent to US \$16.5 million from US \$15.5 million, explained in part by high exports of cotton to Kenya.



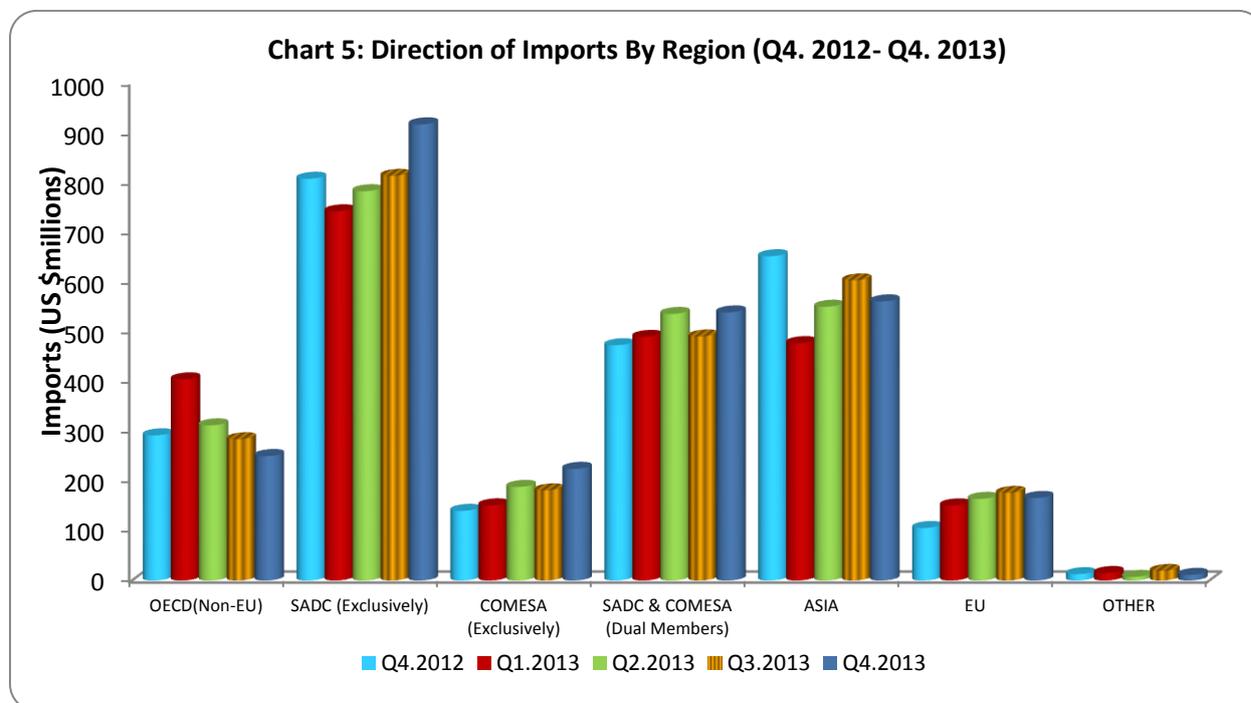
Source: Central Statistical Office

## 5.2 DIRECTION OF ZAMBIA'S IMPORTS BY REGION

During the fourth quarter of 2013, the country registered growth in merchandise imports from four regions namely; COMESA (*exclusively*), the EU, SADC & COMESA (*dual members*) and SADC (*exclusively*), whilst imports from Asia and the Non-EU OECD region declined. SADC (*exclusively*) remained as Zambia's top major source of imports accounting for 34.3 percent of total imports, following an increase in imports from the region by 13.5 percent to US \$917.6 million from US \$808.3 million recorded during the same quarter in 2012 (*see Chart 5*). This outturn was largely driven by a growth in imports of articles of iron and steel and industrial boilers from South Africa. Asia ranked second, accounting for 21.0 percent of total imports, following a decline in imports from that region by 13.9 percent to US \$561.6 million from US \$652.4 million, explained by declines imports of petroleum products from Kuwait. SADC & COMESA (*dual members*), ranked third, as imports from that region grew by 13.9 percent to US \$539.4 million from US \$473.4 million registered during the fourth quarter in 2012, representing 20.2 percent of total imports. Increased imports of copper and cobalt ores and concentrates from Congo DR and mineral fuels from Zimbabwe, explained this outturn.

The Non-EU OECD region ranked fourth, with imports from the region representing 9.4 percent of total imports, as imports from the region declined by 14.2 percent to US \$250.5 million from US \$292.1 million, recorded during the fourth quarter in 2012. This outturn was driven by declines in

imports of industrial boilers and special imports from the United States of America. COMESA (*exclusively*) ranked fifth, with imports from the region accounting for 8.4 percent of total imports, following an upswing in imports from the region by 60.4 percent to US \$224.7 million from US \$140.1 million registered during the corresponding quarter of 2012, largely reflective of increased imports of gas oils from Kenya. The EU ranked sixth, representing 6.2 percent of total imports, following a growth in imports from the region by 57.3 percent to US \$166.2 million from US \$105.6 million registered during the corresponding quarter in 2012. Increased imports of industrial boilers from Belgium and Germany, explained this outturn.



Source: Central Statistical Office

## 6.0 CONCLUSION

During the quarter under review, South Africa, Switzerland, China and Congo DR remained as the four major dominant trading partners, collectively accounting for 70.1 percent of Zambia’s total trade (exports and imports), after they recorded a 2.6 percent growth in trade combined. Additionally, these countries were the country’s major export markets, accounting for 80.0 percent share of total exports. During the period under review, considerable increases in exports to the United Arab Emirates, Belgium and Zimbabwe were recorded. South Africa, Congo DR, China and Kenya were the country’s top major sources of imports, collectively accounting for 68.0 percent of the total imports, with a combined growth of 15.0 percent. At regional grouping level, the Non-EU OECD region was Zambia’s major export destination, whilst SADC (*exclusively*) remained as the country’s top major source of imports.

During the first quarter of 2014, Zambia’s international trade performance is expected to remain strong, driven by growth in merchandise export earnings, on account of high metal and non-traditional exports, as metal prices on the global market are forecast to be relatively high during the quarter. Equally, merchandise imports are expected to continue trending upwards, on account of growing foreign direct investment related imports for new and expansionary projects, particularly in the mining sector, coupled with capital goods imports by government to support the massive infrastructure programmes.

**ANNEX 1: ZAMBIA'S EXPORTS TO THE REST OF THE WORLD (IN US \$'MILLION; FOB), Q4 2012 – Q4 2013**

<b>COUNTRY</b>	<b>Q4 2012</b>	<b>Q1 2013</b>	<b>Q2 2013</b>	<b>Q3 2013</b>	<b>Q4 2013</b>
Angola	14.4	0.9	0.3	1.9	1.3
Australia	0.7	1.3	1.6	0.4	0.1
Belgium	15.9	12.6	17.6	14.6	26.7
Botswana	32.1	4.2	3.5	7.9	14.0
Burundi	6.8	1.8	3.3	2.4	0.8
China	458.8	549.5	547.4	514.0	644.5
Democratic Republic of Congo	332.2	304.5	274.8	298.8	351.9
Egypt	0.0	0.0	0.0	0.0	0.0
France	3.0	1.6	0.4	0.7	0.1
Germany	3.3	1.8	3.1	2.4	10.7
Hong Kong	10.2	2.7	11.4	4.8	1.3
India	32.4	73.3	31.9	10.9	10.6
Kenya	6.5	14.5	49.5	12.3	13.9
Korea, Republic of	0.2	0.0	0.0	0.1	0.1
Kuwait	0.1	0.0	0.0	0.0	0.0
Luxembourg	5.4	10.7	8.2	17.4	17.9
Madagascar	0.1	0.0	0.0	0.0	0.0
Malawi	138.3	50.9	83.7	51.2	29.1
Malaysia	0.0	0.0	0.2	0.9	0.9
Mozambique	4.8	13.0	6.1	4.4	3.5
Namibia	31.5	29.0	18.8	12.7	107.8
Netherlands	19.9	7.6	6.0	2.8	7.1
Pakistan	0.0	0.0	0.0	0.0	0.0
Philippines	0.0	0.0	0.0	0.6	0.4
Republic of Thailand	0.0	0.0	0.0	0.3	0.2
Rwanda	1.8	0.8	0.0	2.8	0.6
Saudi Arabia	1.8	4.2	2.1	0.6	0.0
Singapore	22.2	1.4	2.5	46.8	17.8
South Africa (Republic of)	425.4	250.0	281.7	358.4	192.2
Sudan	0.0	0.0	0.0	0.0	0.0
Swaziland	0.4	0.2	0.2	0.2	3.9
Sweden	0.7	0.3	0.8	0.9	1.5
Switzerland	1,047.3	932.1	959.3	951.0	1,025.7
Tanzania, United	24.5	12.2	16.6	17.7	23.2
United Arab Emirates	59.8	152.2	175.3	121.4	101.5
United Kingdom	34.3	28.0	43.2	45.5	30.7
United States of America	3.4	4.8	7.3	0.4	0.7
Zimbabwe	80.2	52.1	74.9	52.1	96.0
Other	27.3	17.2	38.1	62.3	33.0
<b>Total</b>	<b>2,845.7</b>	<b>2,531.3</b>	<b>2,669.8</b>	<b>2,604.2</b>	<b>2,769.7</b>

*Source: Central Statistical Office (CSO)*

**ANNEX 2: ZAMBIA'S IMPORTS FROM THE REST OF THE WORLD (US \$'MILLION); CIF Q4 2012 – Q4 2013**

<b>COUNTRY</b>	<b>Q4 2012</b>	<b>Q1 2013</b>	<b>Q2 2013</b>	<b>Q3 2013</b>	<b>Q4 2013</b>
Australia	19.8	19.4	22.43	21.3	28.7
Austria	0.8	0.4	1.6	2.8	1.9
Belgium	13.9	16.4	12.7	27.0	48.5
Botswana	12.6	6.2	7.0	7.5	6.5
Brazil	2.0	6.8	2.9	2.4	2.1
Canada	10.0	14.2	9.4	7.8	8.5
China	262.7	203.5	259.1	251.4	249.3
Democratic Republic of Congo	431.0	442.0	496.8	434.5	477.0
Denmark	5.4	8.7	3.9	8.5	8.4
Egypt	9.7	7.8	8.4	6.6	7.1
Finland	6.7	3.9	18.4	6.8	8.4
France	5.5	10.2	7.5	7.1	6.3
Germany	29.4	63.1	65.0	77.6	62.5
Hong Kong	10.2	10.3	12.1	15.8	11.8
India	84.4	81.7	86.3	101.4	101.8
Indonesia	9.2	8.3	14.8	22.6	14.9
Ireland	18.0	21.8	25.1	24.0	18.5
Israel	0.5	0.7	0.4	1.2	0.7
Italy	9.3	6.5	8.7	7.4	3.3
Japan	65.1	112.0	71.8	63.4	57.9
Kenya	127.9	141.8	179.4	174.5	217.3
Korea, Republic of	9.4	9.8	10.6	12.3	9.3
Kuwait	144.2	21.2	55.5	107.8	32.1
Lebanon	1.6	2.9	10.4	1.8	3.5
Malawi	6.6	9.3	5.5	5.8	4.9
Malaysia	3.6	7.9	3.1	3.9	4.1
Mauritius	5.9	2.3	2.3	12.7	13.5
Mozambique	11.3	3.4	3.4	7.9	10.3
Namibia	7.3	7.0	9.8	10.2	11.3
Netherlands	15.4	18.0	20.0	19.4	12.0
Pakistan	1.1	0.4	0.8	2.3	1.5
Republic of Thailand	5.9	9.6	2.4	5.6	6.1
Singapore	18.0	23.3	34.8	18.9	21.4
South Africa (Republic of)	757.6	704.3	747.1	765.8	873.4
Spain	5.8	8.3	3.9	3.2	3.5
Swaziland	7.0	4.1	5.2	4.8	5.0
Sweden	27.8	22.5	18.3	25.4	24.8
Switzerland	14.2	18.8	17.0	18.5	12.7
Taiwan, Province of China	30.8	4.8	6.5	7.9	8.5
Tanzania, United	16.8	22.0	15.6	22.5	16.2
United Arab Emirates	66.4	79.9	48.4	53.1	59.7
United Kingdom	49.2	99.4	89.7	59.5	50.6
United States of America	82.5	90.9	61.3	58.4	42.1
Zimbabwe	23.0	32.4	26.5	32.9	38.8
Other	39.2	44.8	73.4	37.9	64.7
<b>Total</b>	<b>2,484.7</b>	<b>2,433.0</b>	<b>2,542.5</b>	<b>2,570.2</b>	<b>2,671.4</b>

**Source:** Central Statistical Office (CSO)