



Bank of Zambia

Direction of Trade Report

Third Quarter 2020
November 2020

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1.0 Introduction

This Report analyses Zambia’s direction of merchandise trade for the third quarter of 2020 relative to the corresponding quarter in 2019.

The 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.).

2.0 Major Destinations for Zambia’s Exports

Major destinations for Zambia’s exports were Switzerland, China, Singapore, Democratic Republic of Congo (DRC), South Africa, and Malawi

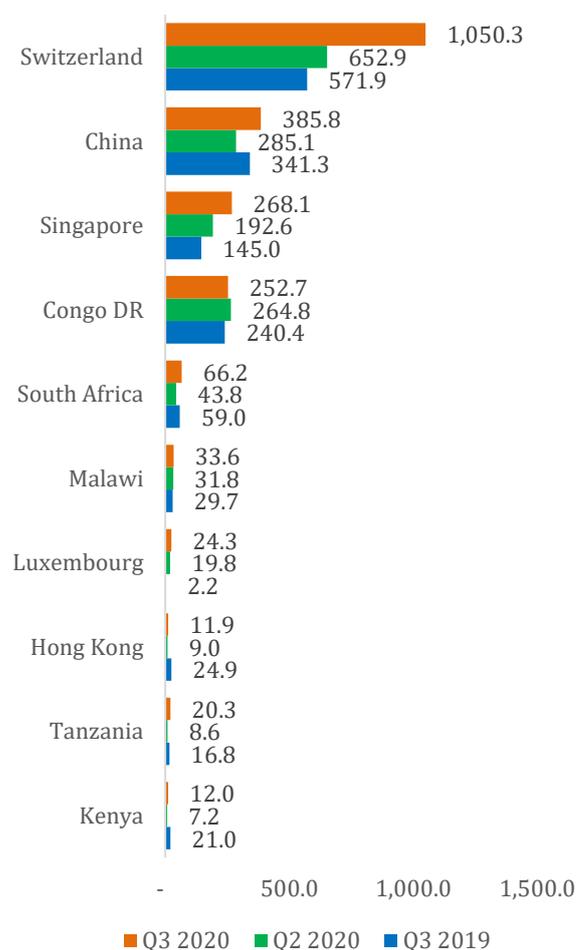
Total export earnings in the third quarter of 2020 were US\$2.26 billion, 44.9% higher than the US\$1.56 billion reported in the corresponding quarter in 2019. This was largely due to a rise in copper export earnings from Switzerland, China, and Singapore (Table 1 and Chart 1). The improvement in copper earnings was supported by higher domestic production and an increase in copper prices. In addition, production was spurred by the depreciation of the Kwacha which lowered operating costs¹ (fuel and labour) for the copper producers as well as improvements in the copper ore grade.

Table 1: Products accounting for export performance with top destinations (US\$ millions)

Country	Main Product (s)	Q3 2019	Q3 2020	% Change
Switzerland	Copper and articles thereof	541.2	1,005.0	85.7
China	Copper and articles thereof	276.4	373.3	35.1
Singapore	Copper and articles thereof	192.2	264.7	37.7
Democratic Republic of Congo	Salt, Sulphur, Earth and Stone, Plastering Material, Lime and Cement	48.8	51.9	6.4
Switzerland	Tobacco and substitutes	10.8	19.8	82.8

Source: Zambia Statistics Agency (ZSA) and Bank of Zambia (BoZ)

Chart 1: Major Export Destinations (US\$ millions)



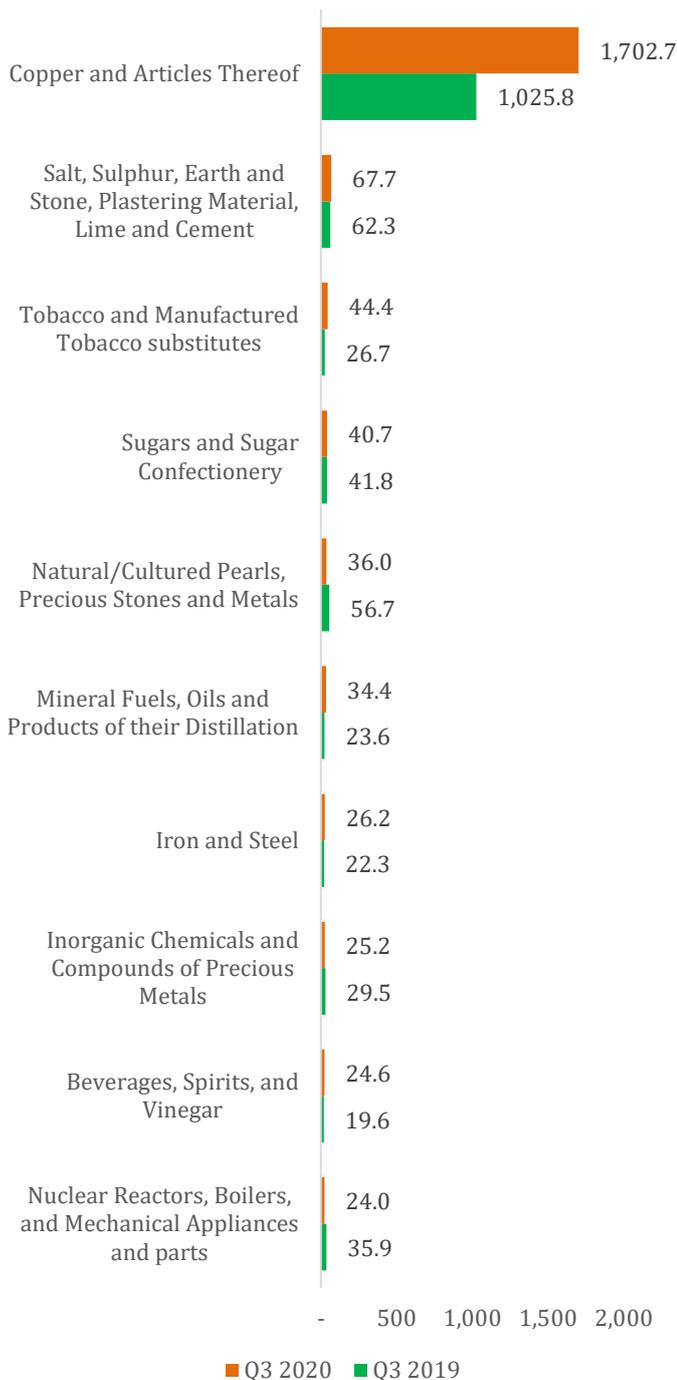
Source: Source: ZSA and BoZ

¹ This is in US dollar terms as relatively less of it

was needed to meet the Kwacha obligations.

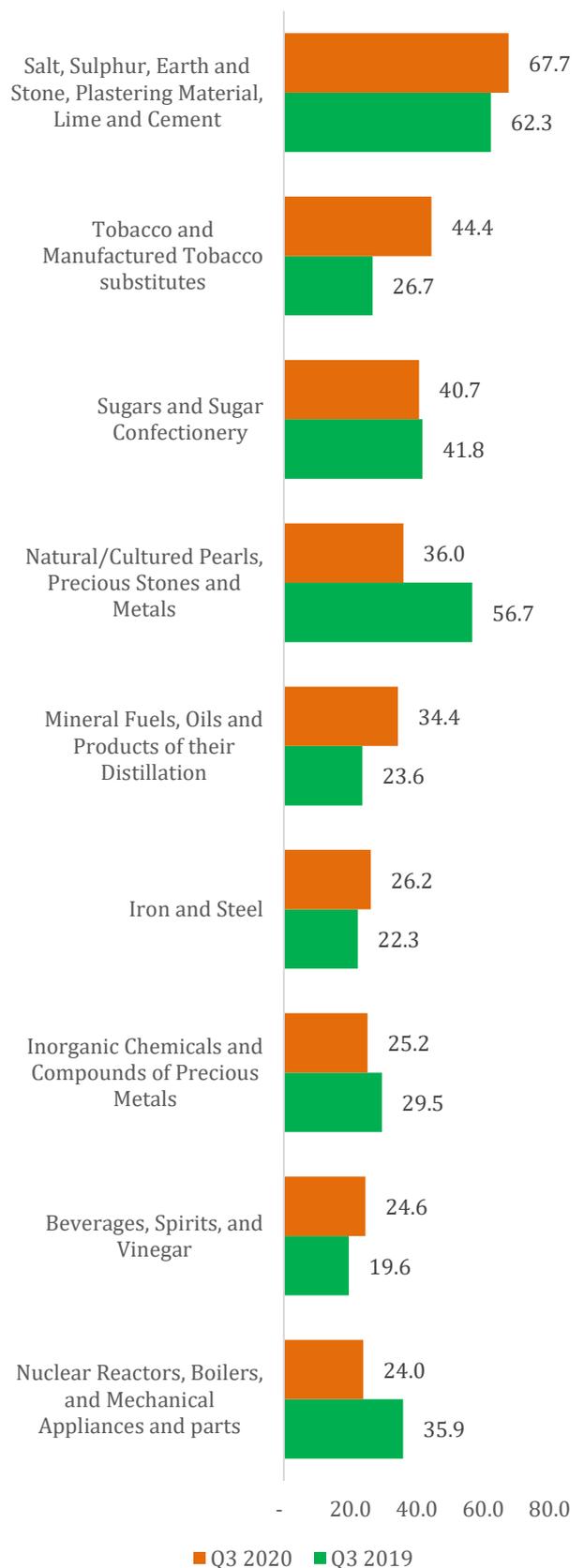
The major export commodities were copper and articles thereof; ores, salt, sulphur, plastering material, lime and cement; tobacco and substitutes; sugars and sugar confectionery; as well as natural/cultured pearls, precious stones and metals (Charts 2a and 2b).

Chart 2a: Export Earnings, including Copper (US\$ millions)



Source: ZSA and BoZ

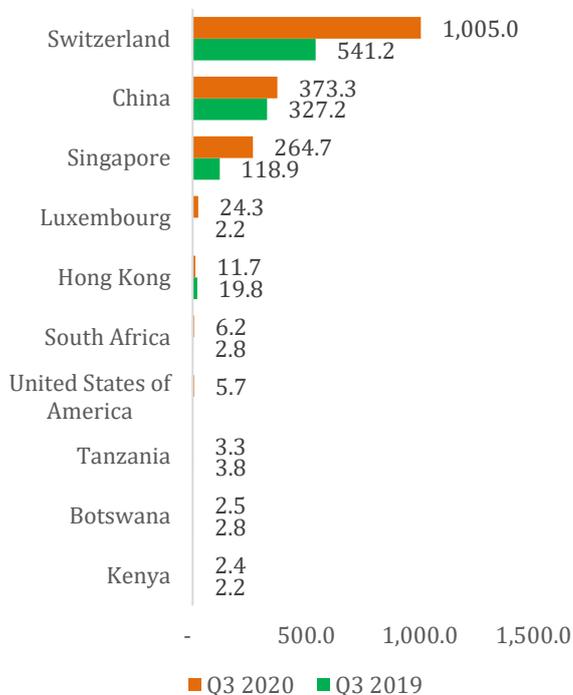
Chart 2b: Export Earnings, excluding Copper (US\$ millions)



Source: ZSA and BoZ

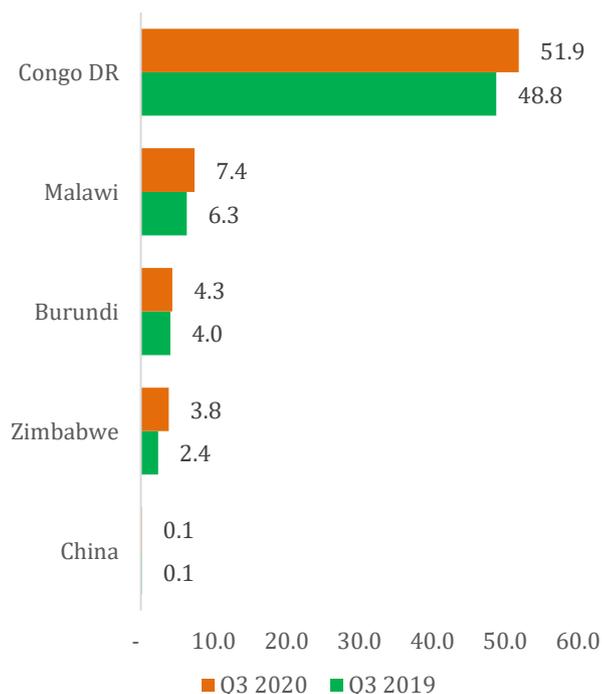
The major export destinations for Zambia's top five export commodities are shown in Charts 3a-3e.

Chart 3a: Q2 2020 and Q2 2019 Major Export Destinations for Copper (US\$ millions)



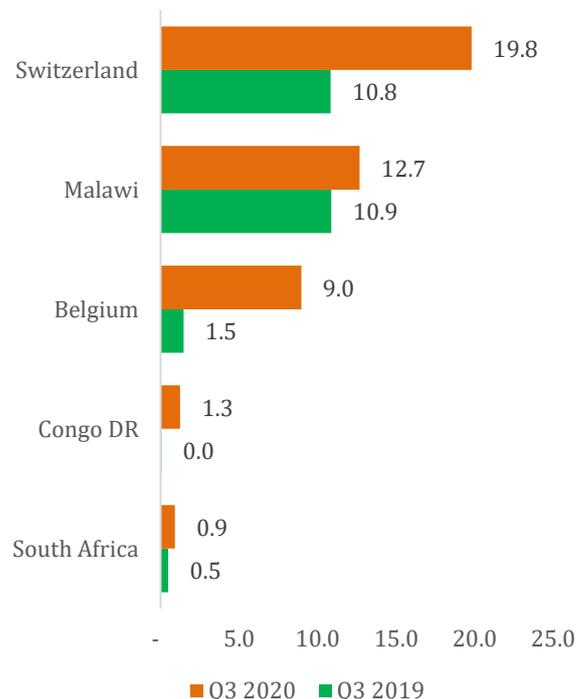
Source: ZSA and BoZ

Chart 3b: Q2 2020 and Q2 2019 Major Export destinations for Salt, Sulphur, Earth and Stone, Plastering Material, Lime and Cement (US\$ millions)



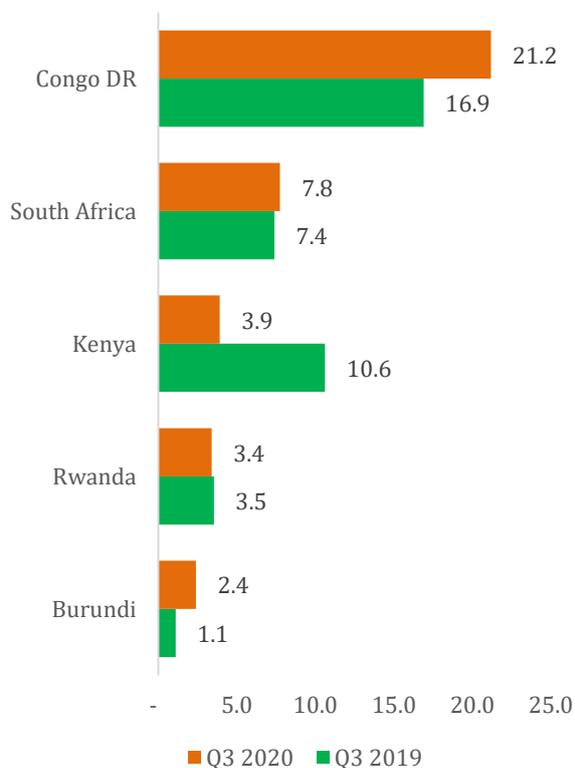
Source: ZSA and BoZ

Chart 3c: Q2 2020 and Q2 2019 Major Export destinations of Tobacco and Manufactured Tobacco substitutes (US\$ millions)



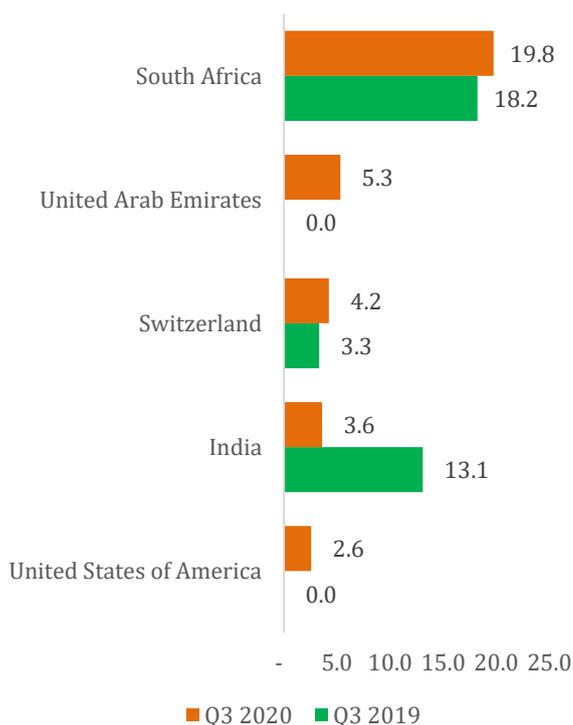
Source: ZSA and BoZ

Chart 3d: Q2 2020 and Q2 2019 Major Export destinations of Sugars and Sugar confectionery (US\$ millions)



Source: ZSA and BoZ

Chart 3e: Q2 2020 and Q2 2019 Major Export destinations of Natural/Cultured pearls, precious stones and metals (US\$ millions)



Source: ZSA and BoZ

3.0 Major Source Countries for Zambia's Imports

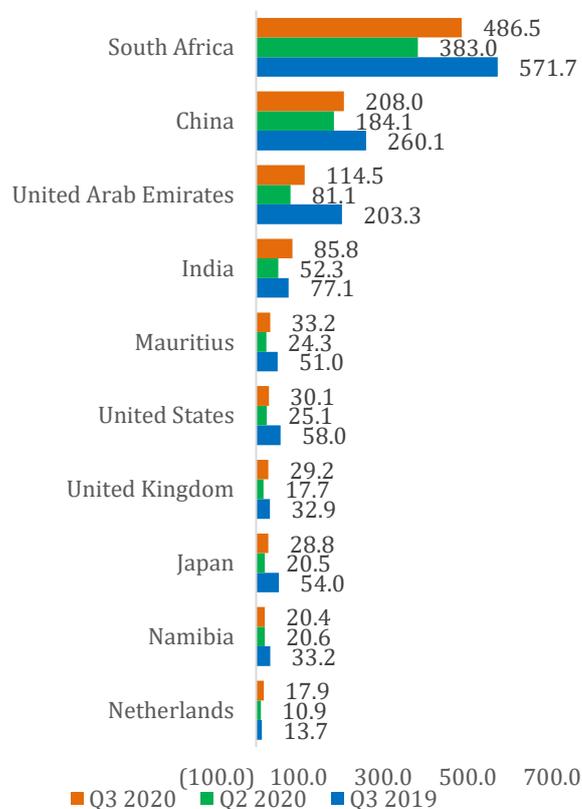
Major source countries for Zambia's imports were South Africa, China, United Arab Emirates (UAE), India, Mauritius, and United States

Merchandise imports were US\$1.37 billion in the third quarter of 2020, 23.7% lower than the US\$1.79 billion reported in the corresponding quarter in 2019. Imports from the top five source countries accounted for 67.8% of total imports with South Africa being the largest contributor at 35.5% (Chart 4). There was a significant reduction in imports across all major import categories except chemical products that rose by 12%, fertilizers (25.8%) and pharmaceutical products (91.5%).

The compression in imports is attributed to supply disruptions on account of lockdown measures to contain the COVID-19

pandemic, depreciation of the Kwacha, and a contraction in economic activity.

Chart 4: Top Source Countries for Imports (US\$ millions)



Source: ZSA and BoZ

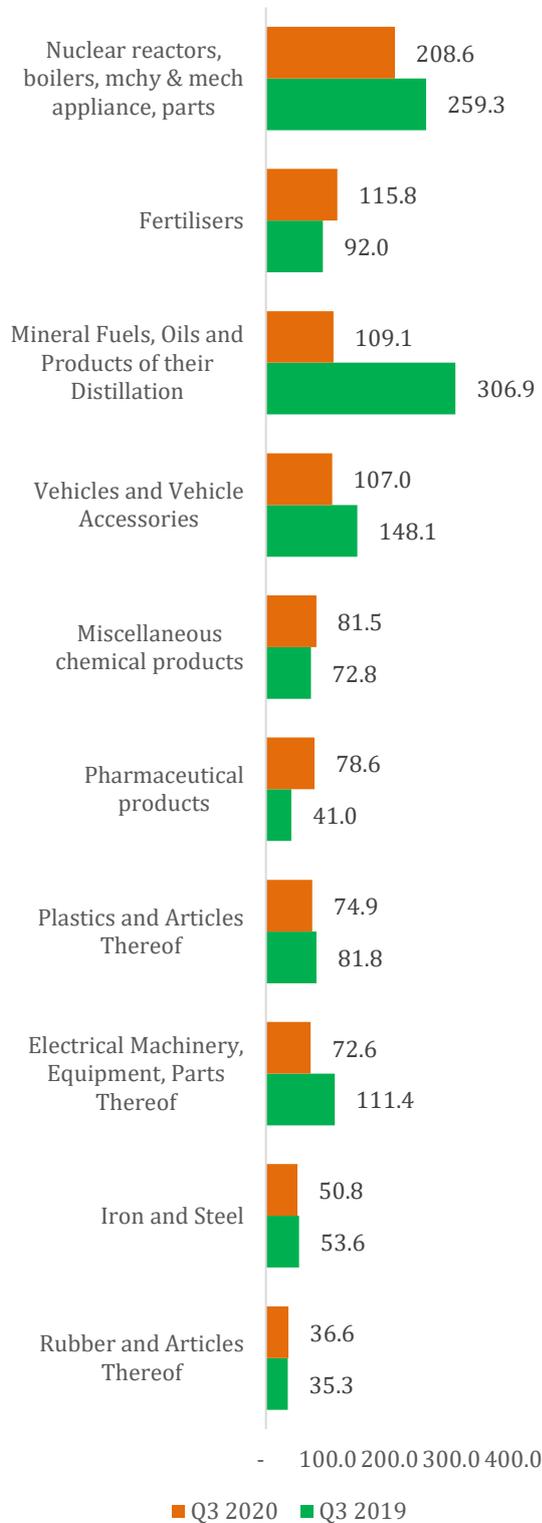
Table 2: Products accounting for import performance with top destinations (US\$ millions)

Country	Main Product (s)	Q3 2019	Q3 2020	% Change
South Africa	Nuclear Reactors, Boilers, and Mechanical Appliances and parts	33.5	68.1	103.4
South Africa	Vehicles and Vehicle Accessories	62.9	43.8	-30.3
China	Nuclear Reactors, Boilers, and Mechanical Appliances and parts	46.8	27.4	-41.4
United Arab Emirates	Mineral Fuels, Oils and Products of their Distillation	161.8	74.3	-54.1

Source: ZSA and BoZ

The top five import commodities are presented in Chart 5.

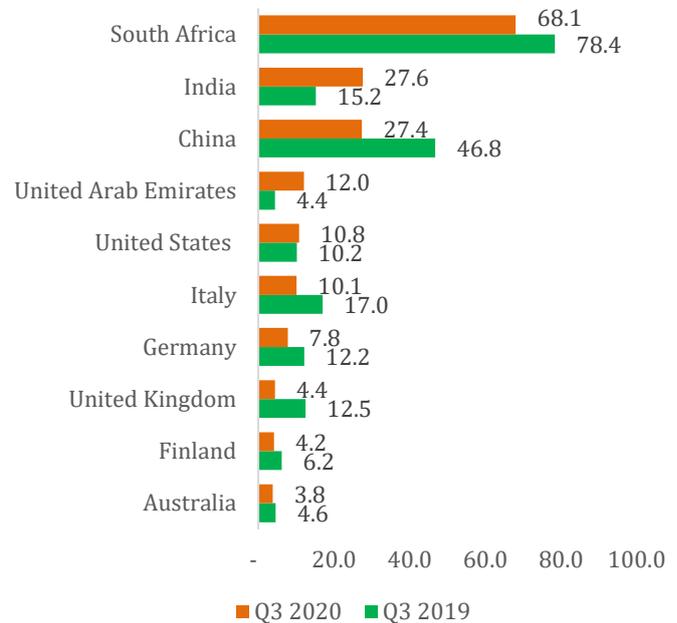
Chart 5: Major Import Commodities (US\$ millions)



Source: ZSA and BoZ

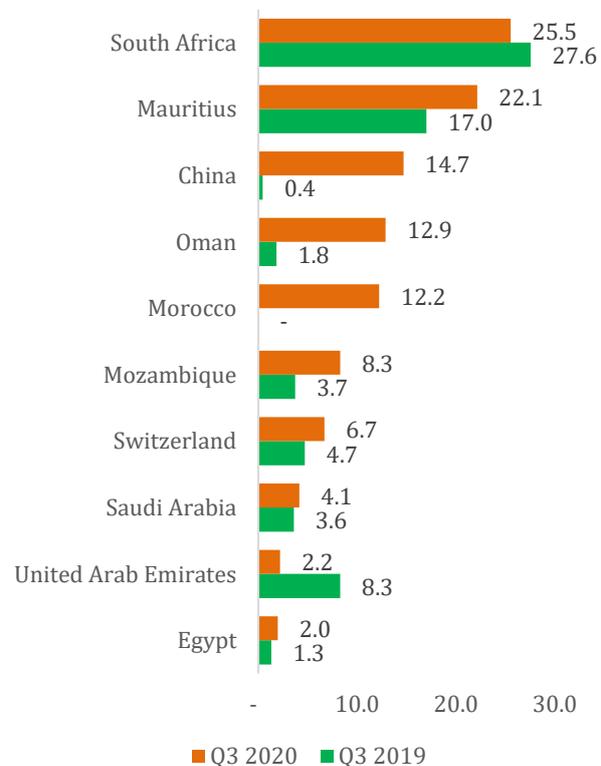
The source countries for Zambia's top five major imports are given in Charts 6a to 6e.

Chart 6a: Q2 2020 and Q2 2019 Source countries for Nuclear Reactors, Boilers, and Mechanical Appliances and parts (US\$ millions)



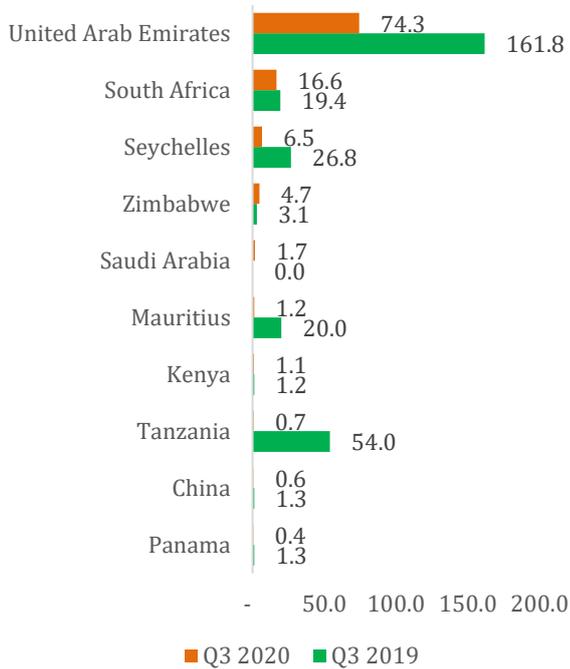
Source: ZSA and BoZ

Chart 6b: Q2 2020 and Q2 2019 Source countries for Fertilisers (US\$ millions)



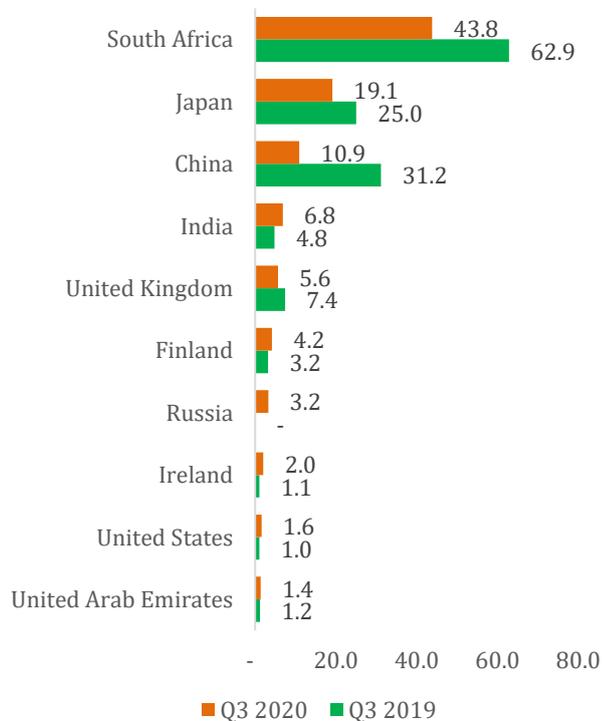
Source: ZSA and BoZ

Chart 6c: Q2 2020 and Q2 2019 Source countries for Mineral Fuels, oils and products of their distillation (US\$ millions)



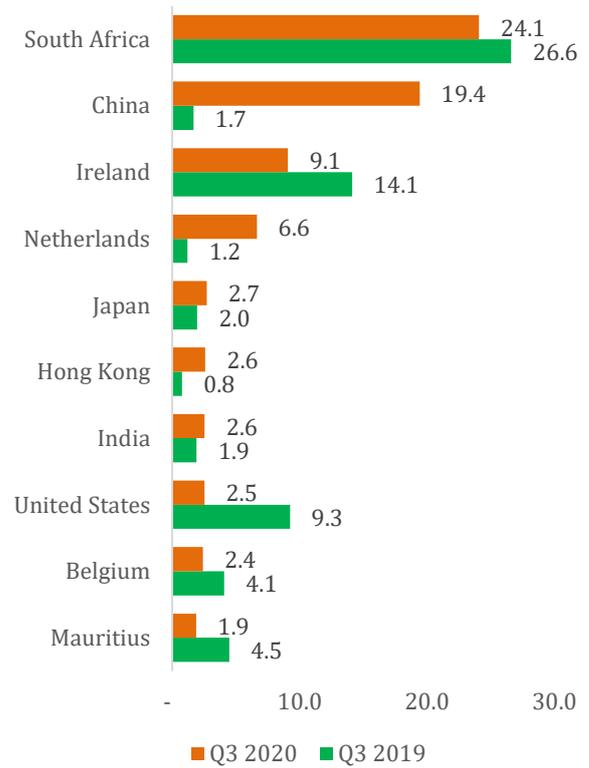
Source: ZSA and BoZ

Chart 6d: Q2 2020 and Q2 2019 Source countries for Vehicles and Vehicle Accessories (US\$ millions)



Source: ZSA and BoZ

Chart 6e: Q2 2020 and Q2 2019 Source Countries for Miscellaneous chemical products (US\$ millions)



Source: ZSA and BoZ

4.0 Conclusion

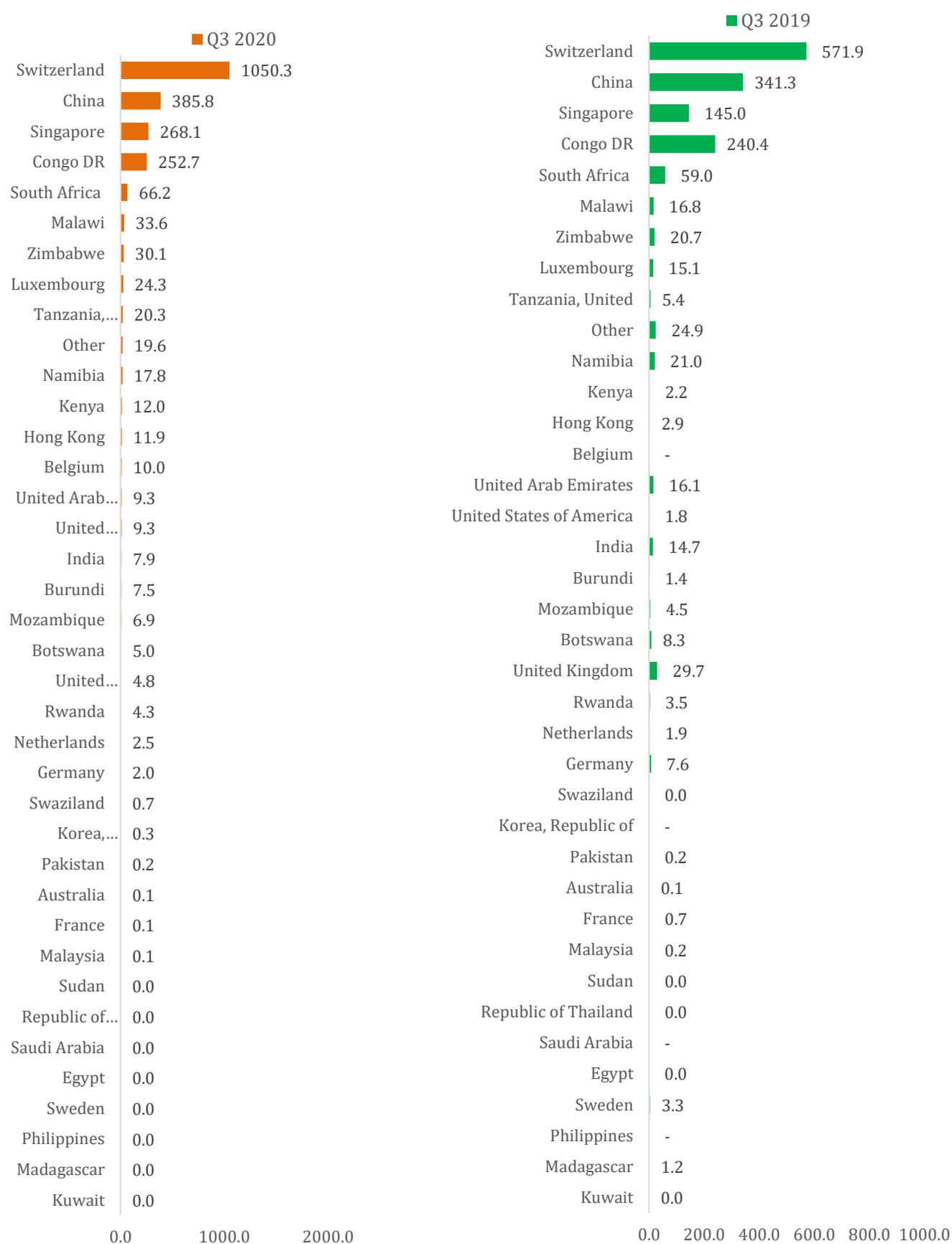
Total trade increased in the third quarter of 2020 compared to the corresponding period in 2019. A substantial rise in exports underpinned the improvement in total trade. Higher production and prices of copper accounted for the rise in exports. However, imports declined by 23.7% as domestic economic activity remains subdued largely due to COVID-19 compounded by the sharp depreciation of the Kwacha and disruptions to global supply chains as lockdown measures were implemented to contain the COVID-19 pandemic.

Appendix One: Major Export Destinations for Zambia's Exports (US\$ Millions)

COUNTRY	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020
Australia	0.1	0.6	0.4	0.5	0.1
Belgium	-	0.2	0.7	0.6	10.0
Botswana	8.3	7.3	6.4	3.6	5.0
Burundi	1.4	1.5	6.1	5.4	7.5
China	341.3	379.6	364.7	285.1	385.8
Congo DR	240.4	226.1	221.7	264.8	252.7
Egypt	0.0	0.2	0.0	0.5	0.0
France	0.7	0.0	0.2	0.3	0.1
Germany	7.6	9.7	2.7	4.2	2.0
Hong Kong	2.9	3.3	16.7	9.0	11.9
India	14.7	11.2	17.8	3.5	7.9
Kenya	2.2	10.4	5.7	7.2	12.0
Korea, Republic of	-	0.0	0.0	0.0	0.3
Kuwait	0.0	0.1	0.0	0.0	0.0
Luxembourg	15.1	13.4	11.4	19.8	24.3
Madagascar	1.2	0.0	0.0	0.0	0.0
Malawi	16.8	22.5	13.4	31.8	33.6
Malaysia	0.2	0.0	0.2	0.1	0.1
Mozambique	4.5	2.0	1.9	2.9	6.9
Namibia	21.0	12.8	13.0	15.0	17.8
Netherlands	1.9	2.0	1.8	2.2	2.5
Other	24.9	20.1	18.2	16.2	19.6
Pakistan	0.2	0.0	0.4	0.4	0.2
Philippines	-	0.0	0.0	0.0	0.0
Republic of Thailand	0.0	0.1	0.0	0.4	0.0
Rwanda	3.5	4.5	3.2	0.7	4.3
Saudi Arabia	-	0.0	0.0	0.0	0.0
Singapore	145.0	183.9	177.8	192.6	268.1
South Africa	59.0	97.4	41.1	43.8	66.2
Sudan	0.0	0.0	0.0	0.0	0.0
Swaziland	0.0	0.0	0.4	0.0	0.7
Sweden	3.3	0.7	0.0	0.8	0.0
Switzerland	571.9	689.6	655.5	652.9	1,050.3
Tanzania, United	5.4	6.1	12.3	8.6	20.3
United Arab Emirates	16.1	19.6	1.9	2.8	9.3
United Kingdom	29.7	18.2	1.0	1.0	4.8
United States of America	1.8	0.8	3.1	5.7	9.3
Zimbabwe	20.7	20.8	19.6	10.8	30.1
Total	1,561.6	1,764.9	1,619.5	1,593.2	2,263.9

Source: ZSA and BoZ

Chart A1: Major Export Destinations for Zambia's Exports (US\$ Millions)



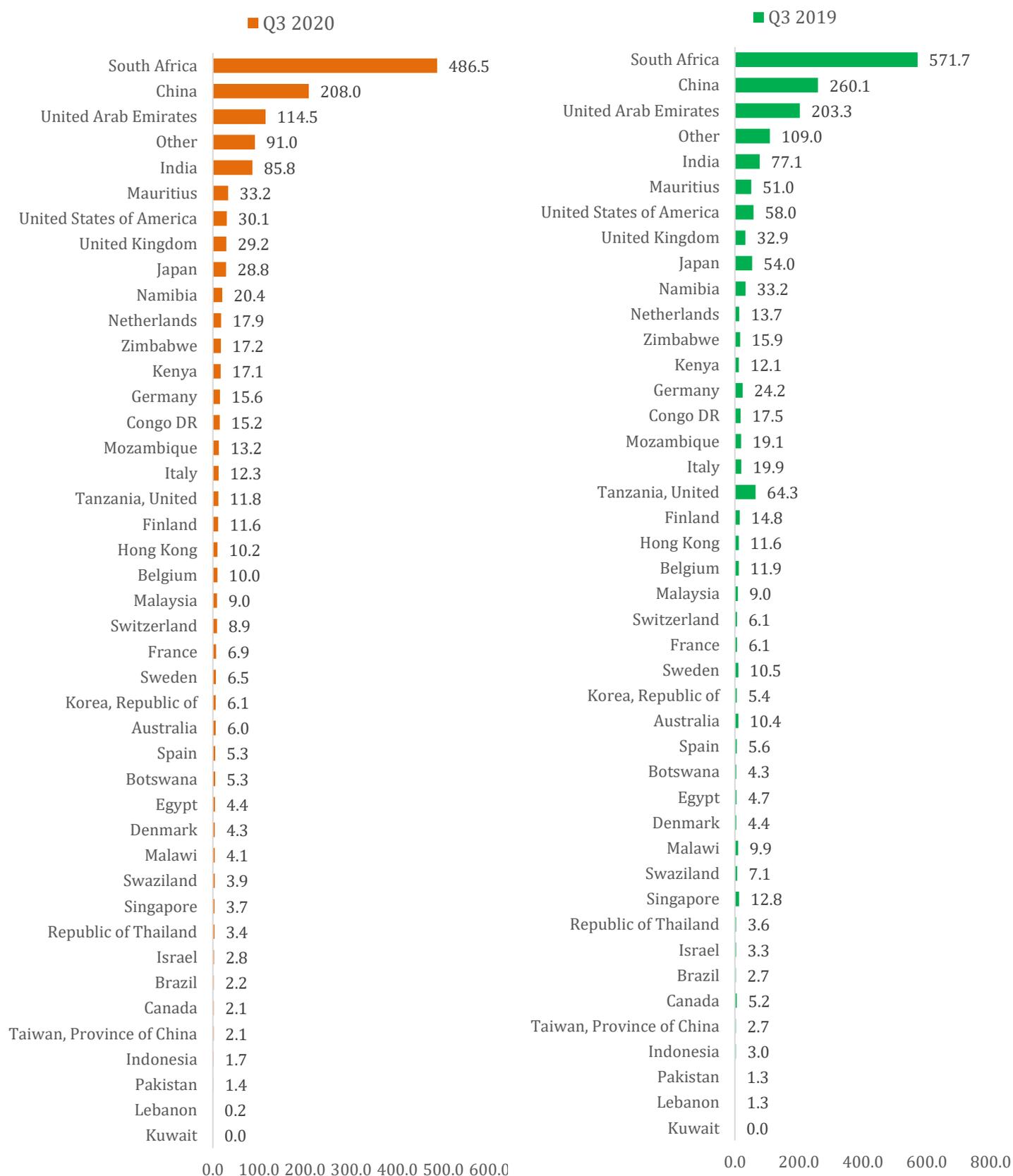
Source: ZSA and BoZ

Appendix Two: Major Source Countries for Zambia's Imports (US\$ Millions)

COUNTRY	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020
Australia	10.4	7.5	6.4	8.9	6.0
Belgium	11.9	7.2	6.0	6.8	10.0
Botswana	4.3	5.1	3.3	3.9	5.3
Brazil	2.7	3.1	3.2	1.3	2.2
Canada	5.2	9.5	2.8	1.9	2.1
China	260.1	252.5	310.7	184.1	208.0
Congo DR	17.5	1.2	8.0	42.2	15.2
Denmark	4.4	10.7	5.0	4.5	4.3
Egypt	4.7	3.5	2.9	5.2	4.4
Finland	14.8	10.3	9.4	12.4	11.6
France	6.1	4.9	7.9	11.6	6.9
Germany	24.2	28.5	12.7	15.6	15.6
Hong Kong	11.6	18.1	17.0	9.6	10.2
India	77.1	68.7	78.3	52.3	85.8
Indonesia	3.0	3.7	1.9	2.4	1.7
Israel	3.3	2.7	3.0	3.3	2.8
Italy	19.9	6.9	6.4	4.6	12.3
Japan	54.0	83.6	27.3	20.5	28.8
Kenya	12.1	9.3	7.6	10.2	17.1
Korea, Republic of	5.4	6.1	6.7	6.5	6.1
Kuwait	0.0	0.0	0.0	0.0	0.0
Lebanon	1.3	3.3	0.3	0.1	0.2
Malawi	9.9	5.7	3.6	3.2	4.1
Malaysia	9.0	17.5	14.0	8.5	9.0
Mauritius	51.0	55.0	31.9	24.3	33.2
Mozambique	19.1	18.9	10.1	13.2	13.2
Namibia	33.2	26.0	22.1	20.6	20.4
Netherlands	13.7	11.3	5.8	10.9	17.9
Other	109.0	115.2	107.3	91.9	91.0
Pakistan	1.3	1.7	1.8	1.7	1.4
Republic of Thailand	3.6	3.2	1.3	3.9	3.4
Singapore	12.8	19.3	6.6	6.3	3.7
South Africa	571.7	548.8	408.0	383.0	486.5
Spain	5.6	6.0	6.1	2.4	5.3
Swaziland	7.1	5.5	4.0	0.6	3.9
Sweden	10.5	12.9	9.4	10.4	6.5
Switzerland	6.1	7.6	3.1	6.2	8.9
Taiwan, Province of China	2.7	1.9	1.7	1.1	2.1
Tanzania, United	64.3	57.4	40.0	8.8	11.8
United Arab Emirates	203.3	193.0	180.7	81.1	114.5
United Kingdom	32.9	33.6	26.5	17.7	29.2
United States of America	58.0	37.5	30.3	25.1	30.1
Zimbabwe	15.9	16.1	15.4	14.1	17.2
Total	1,794.6	1,740.6	1,456.3	1,143.1	1,369.9

Source: ZSA and BoZ

Chart A2: Major Source Countries for Zambia's Imports (US\$ Millions)



Source: ZSA and BoZ

Appendix Three: Zambia's Trade with SADC (Exclusively) (US\$ Millions)

COUNTRY	Q3 2019		Q4 2019		Q1 2020		Q2 2020		Q3 2020	
	X	IM	X	IM	X	IM	X	IM	X	IM
Angola	1.5	0.2	0.5	0.0	0.8	0.1	0.1	0.1	0.4	0.1
Botswana	8.3	4.3	7.3	5.1	6.4	3.3	2.8	3.9	5.0	5.3
Lesotho	0.8	0.0	0.3	0.0	0.4	0.0	0.1	0.0	1.6	0.1
Mozambique	3.5	19.1	4.5	18.9	1.9	10.1	2.9	13.2	6.9	13.2
Namibia	14.7	33.2	11.2	26.0	13.0	22.1	6.3	20.6	17.8	20.4
South Africa	59.0	571.7	97.4	548.8	41.1	408.0	43.8	382.9	66.2	486.5
Tanzania	16.8	64.3	22.5	57.4	12.3	40.0	8.0	8.8	20.3	11.8
TOTAL	104.4	692.7	143.8	656.2	75.9	483.5	64.0	429.5	118.2	537.4

X are Exports and IM are Imports

Source: ZSA and BoZ

Appendix Four: Zambia's Trade with COMESA (Exclusively) (US\$ Millions)

COUNTRY	Q3 2019		Q4 2019		Q1 2020		Q2 2020		Q3 2020	
	X	IM								
Burundi	5.4	0.0	6.1	0.0	6.1	0.0	5.4	0.0	7.5	0.1
Comoros	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Djibouti	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Egypt	0.0	4.7	0.1	3.5	0.0	2.9	0.5	5.2	0.0	4.4
Eritrea	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Ethiopia	0.0	0.0	0.1	0.0	0.0	8.7	0.0	0.3	0.0	0.7
Kenya	21.0	12.1	12.8	9.3	5.7	7.6	7.2	10.2	12.0	17.1
Libya	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Rwanda	4.5	0.0	2.0	0.1	3.2	0.0	0.7	0.0	4.3	0.2
Sudan	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Uganda	1.1	0.8	1.6	0.8	1.7	1.1	1.0	0.9	2.3	1.7
TOTAL	32.1	17.7	22.7	13.8	16.7	20.2	14.6	16.7	26.2	24.1

X are Exports and IM are Imports

Source: ZSA and BoZ

Appendix Five: Zambia's Trade with SADC and COMESA (US\$ Millions)

COUNTRY	Q3 2019		Q4 2019		Q1 2020		Q2 2020		Q3 2020	
	X	IM	X	IM	X	IM	X	IM	X	IM
Congo DR	240.4	17.5	226.1	1.2	221.7	8.0	255.0	42.2	252.7	15.2
Madagascar	0.0	0.0	0.2	0.1	0.0	0.0	0.0	0.1	0.0	0.0
Malawi	29.7	9.9	18.2	5.7	13.4	3.6	31.1	3.2	33.6	4.1
Mauritius	4.2	51.0	0.9	55.0	0.0	31.9	2.3	24.3	1.1	33.2
Seychelles	0.0	27.3	0.0	40.8	0.0	33.7	0.0	11.2	0.0	6.5
Swaziland	0.7	7.1	0.0	5.5	0.4	4.0	0.0	0.6	0.7	3.9
Zimbabwe	20.7	15.9	20.8	16.1	19.6	15.4	10.8	14.1	30.1	17.2
TOTAL	295.7	128.7	266.2	124.5	255.2	96.6	299.2	95.6	318.2	80.1

X are Exports and IM are Imports

Source: ZSA and BoZ

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