



## CTPD'S MONDAY OPINION

This is a weekly column aimed at sharing CTPD's perspective and steering public debate on various issues pertaining to Trade & Investments Law, Public Finance Management, Extractives and Human Development.

### TODAYS TOPIC

#### REFLECTIONS ON ZAMBIA'S TRADE PERFORMANCE FOR THE YEAR 2021 (PART 2)



### INTRODUCTION

IN LAST week's Monday Opinion, I provided insight as to how factors such as foreign market access and regional economic integration play a pivotal role in contributing to a country's overall trade performance. In this week's article, I take a step further by analysing the statistical data surrounding Zambia's 2021 trade performance.

Last week, I alluded to the fact that in 2021, Zambia's cumulative total trade was up by 48.3% based on the data provided by the Zambia Statistical Agency. According to the data, the collective total trade from January to December 2021 was K359.4 billion, while the same period in 2020 was K242.3 billion. Thus, resulting in the country's improved positive trade performance for the year.

We saw a positive trade balance - the difference between the country's imports and exports - of K25.3 billion, K23.0 billion, K12.6 billion, and K19.1 billion in the first, second, third, and fourth quarters of 2021, representing the first, second, third, and fourth quarters, respectively. As a result, we have a total positive trade balance of K80 billion. The third quarter had the highest import bill and the lowest export earnings for the year, resulting in the dramatic drop to K12.6 billion. This was attributed to, inter alia, high inflation, political uncertainty affecting the investment climate and a fall in copper prices per metric ton, on the London Metal Exchange (LME).

### Trade Flow

Zambia's economy and export performance have been heavily reliant on copper, cobalt, and other minerals since pre-independence, as Zambia's Traditional Exports (TE). The trend continued in 2021, with traditional exports accounting for 75.5 percent of total exports. Whereas, non-traditional exports, being agriculture and other non-agricultural products such as locally manufactured goods, accounted for the remaining 24.5%. Furthermore, Zambia's major export

products in 2021 were intermediate goods (primarily copper anodes for electrolytic refining and electro-refined copper cathodes (High Purity), accounting for 85.0 percent of total exports. By virtue of the fact that intermediate goods are products which are not final but are used as inputs for production, the country is unable to maximize the potential earnings from our minerals, that could be achieved through value addition. Therefore, as the Centre for Trade Policy and Development (CTPD) we implore the Government to provide better incentives to the manufacturing sector and ensure the availability of these minerals to local industry players that have the capacity to add value and export finished or semi-finished products.

With regard to Non-Traditional Exports (NTE), we see that the agricultural sector - dominated by Tobacco, partly or wholly stemmed/stripped accounting for 16.1 percent, Groats and meal of maize (corn) (9.6 percent) and Oil-cake of soya-bean (7.5 percent) - performed poorly, amounting to around 30% of the total NTE. Whereas, non-agricultural products accounted for the remaining 70% - dominated by Reservoirs, tanks (excl. for gas) of iron or steel accounting for 10.1 percent, Other non-alcoholic beverages (10.0 percent) and Ferro-silico-manganese (7.8 percent). The poor performance of the agricultural sector could be attributed to, inter alia, the effects of global warming resulting in droughts and floods, delays in farming inputs, and other financial challenges faced by SMEs.

### Key Trading Partners

As was highlighted last week, a country's level of regional economic integration or cooperation, plays a pivotal role in its export performance. In 2021, we see that Zambia's five key export trading partners were Switzerland, China, Singapore, Congo DR and South Africa. In regard to export earnings, these countries accounted for 44.3, 17.1, 12.7, 11.6 and 2.4 percent of Zambia's total exports, respectively.

In considering Zambia's top five major import sources, we see an alteration to the list above, where South Africa, United Arab Emirates, China, India and Japan were our top five import sources, accounting for 34.5, 12.9, 12.5, 5.7 and 3.4 percent of Zambia's total imports, respectively.

To put this data in perspective with regard to regional integration, we see that trade within the COMESA & SADC region only amounted to 19.1 percent of total Exports and 45.7 percent of total Imports. These low levels of regional integration are what have necessitated the Creation of the Africa Continental Free Trade Area (AfCFTA).

However, despite the country's positive trade performance, the Covid-19 pandemic harmed Zambia's 2020 and 2021 trade performance as well as overall regional integration. This was due to many countries experiencing lockdowns and economic slowdowns.

Nonetheless, there is a need for government to address Zambia's export diversification problem. As CTPD we are of the opinion that this can be achieved by addressing the high costs of investment and trading across borders; reviewing the impact of existing industrial, localisation and sector-specific policies based on import & export behaviour; implementing a comprehensive and well-targeted export promotion and export finance framework; and improve government's trade policy approach to negotiations across the continent and internationally.

### About the author

*Tawila Anamela is a researcher for Trade and Development at the Centre for Trade Policy and Development (CTPD) and a lecturer of Law with ZCAS University. He holds a Masters of Law in International Trade Law from the International Training Centre of the International Labour Organisation (ITCILO) and The United Nation (UN), and is currently Pursuing a Master's in Business Administration (MBA) in International Business from the University of Greenwich in the UK.*

EXECUTIVE DIRECTOR  
P.O. Box 50882, Lusaka, Zambia  
Plot 3823, Manda Hill Road,  
Olympia Park  
Tel: +260 211 264409  
Email: info@ctpd.org.zm



Centre for Trade Policy & Development



www.ctpd.org.zm



+260975876038

With support from:



OSISA

Open Society Initiative  
for Southern Africa