

**2007 UPDATE SURVEY OF NON
TARIFF BARRIERS TO TRADE:
ZAMBIA**

FINAL REPORT

Prepared by: Imani Development International Ltd

Prepared for: Regional Trade Facilitation Programme



JULY 2007

CONTENTS

SECTION	PAGE
1. EXECUTIVE SUMMARY.....	1
2.0 OVERVIEW OF ZAMBIA'S INTRA-SADC TRADE FOR THE PERIOD 2003 - 2006	3
Table A: Zambia - Selected macroeconomic indicators 2003-2006.....	3
Table 1: Value of Zambia's Exports to SADC Countries by Country between 2003 and 2006 in US Dollars	4
Table 2: Value of Zambia's Imports from SADC Countries between 2003 and 2006 in US Dollars.....	5
Table B: Zambia's Balance of Trade within the SADC Region 2003 to 2006 in US Dollars.....	6
Table 3: Zambia Top Ten Exports to SADC Countries 2003 to 2006 FOB Value in USD.....	9
Table 4: Zambia Top Ten Imports from SADC Countries FOB Value in US Dollars.....	10
2.1 OVERVIEW OF ZAMBIA TRADE IN THE COMESA FREE TRADE AREA.....	9
Table 5: Zambia Value of Exports to COMESA Countries FOB in US Dollars	16
Table 6: Zambia Value of Imports from COMESA Countries in US Dollars (CIF).....	17
Table 7: Zambia' top ten exports to COMESA Countries.....	18
Table 8: Zambia' Top Ten Imports from COMESA Countries.....	19
Table 9: Ranking of Zambia Exports to COMESA FTA by Country	20
Table 10: Zambia' Total Exports to SADC, COMESA and the Rest of the World.....	16
Table 11: Zambia' Total Imports from SADC, COMESA and the Rest of the World.....	17
Table 12: Zambia's Total Exports and Imports and the Balance of Trade between 2003 and 2006 in US Dollars	17
CHAPTER 3: NTB MEASURES DIRECTLY AFFECTING EXPORTS.....	18
Table C: NTBs that directly affect Zambian exports to SADC and COMESA Countries	20
Table 13: WTO NTB Categorisation Codes.....	21
Table 14: Specific Official Regulations Affecting Exports.....	22
CHAPTER 4: NTB MEASURES DIRECTLY AFFECTING IMPORTS.....	23
Table D: NTBs that Affect Imports into Zambia from SADC and COMESA Countries.....	23
Table 15: WTO NTB Categorisation Codes.....	24
Table 16: Specific Official Regulations Affecting Imports.....	25
CHAPTER 5: KEY ISSUES FROM INTERVIEWS AND DESK RESEARCH.....	26
CHAPTER 6: ASSESSMENT OF PROCEDURES FOR HARMONISATION OF TRANSIT TRAFFIC BETWEEN COUNTRIES IN THE REGION.....	28
CHAPTER 7 RECOMMENDED ACTIONS ON NOTIFICATION, MONITORING AND ELIMINATION OF NTBS.....	29
APPENDIX 1: LIST OF INSTITUTIONS AND PERSONS CONTACTED.....	30

1. EXECUTIVE SUMMARY

Review of Zambia's economy between 2003 and 2006 shows that the economy grew at an average rate of 5.2%. This is in sharp contrast to the decade 1992 to 2002 when growth of the economy was characterized by intermittent growth and decline. The sustained economic growth reflects improved economic performance due to policy reform and improved economic management. The positive economic performance has, also been boosted by substantial debt relief under the Highly Indebted Poor Countries Initiative and the Multilateral Debt Relief Initiative and record high prices for metals, including copper, the mainstay of the Zambian economy.

The revival of the Zambian economy is also reflected in increased export earnings from both the metal exports and the Non-Traditional Exports. The former have, however, grown faster than the latter, because of huge investments in both the old and the new mines. Metal exports are in fact poised to increase further in the immediate to medium term.

The review of Zambia's trade between 2003 and 2006 shows that the bulk of (57%) of Zambia's exports went to the rest of the world, followed by the SADC (35%) and COMESA countries (8%) respectively, while most imports came from the SADC countries (60%) followed by the rest of the world (30%) and the COMESA countries respectively. The rest of the world and SADC countries were thus Zambia's main trading partners. However, though Zambia's trade increased during the period under review, both her exports and imports to and from the SADC and COMESA countries stagnated. The stagnation in Zambia's trade was more significant in the COMESA than in the SADC countries. The stagnation of Zambia's exports and imports to both the SADC and COMESA countries is somewhat surprising, because tariffs have been reduced and removed completely in the SADC and COMESA countries respectively due to their movement towards a FTA and launch of the COMESA FTA in 2000. Thus, there is a trend indicating that tariffs seem to have been replaced by NTBs.

Stagnation and decline in exports could, however, also be due to an unfavorable domestic environment, while the decline and/or stagnation in Zambia's imports from the SADC and COMESA countries was most probably due to prevalence NTBs since the economy recorded significant growth. Firms operating in Zambia find the economic climate difficult, because of high taxes and bank interest rates, as well as absence of investment finance. There is thus need for Zambia to improve the domestic business climate and thereby promote production of goods for export, which are needed to reduce the huge trade deficits with both the SADC and COMESA countries. The country should also remove the NTBs that were restricting the growth imports from both the SADC and the COMESA countries.

The commodities affected by NTBs include food commodities, such as maize and maize products, fruits and vegetables, animal products, poultry, milk and dairy products. Other goods affected by NTBs are fish and sea foods, as well as groceries including infant milk formulas. The NTBs reported in Zambia range from restrictions justified in terms of ensuring national security to Technical Barriers to Trade (TBTs) and phytosanitary regulations, and customs administration including delays, different interpretations of rules of origins, and lack of transparency in the calculation of duties and other taxes. Delays at numerous road blocks,

bribery and corrupt practices involving customs, immigration and security officials were the other NTBs identified by importers and exporters.

Most NTBs resulted in loss of business and delays, which increased the cost of cross border trade. There was, therefore, an urgent need to remove NTBs to promote intra-regional trade and development. Improved awareness of NTBs within the business community and in the relevant public institutions is critical to their removal. Region wide identification of rules, regulations and laws whose enforcement produce NTBs was also essential to effectively address most NTBs. A fast track mechanism for resolution of NTBs would also be essential to winning the confidence of the business community and encourage them to report NTBs whenever they encounter them. SADC and COMESA countries should also be encouraged to replace NTBs with measures aimed at promoting production of goods for export within the regional trade blocs.

This report analyses intra-SADC and intra-COMESA trade with special reference to Zambia's trade in the two Regional Trade Arrangements (RTAs). Its aim is to assess the trends and potential effects of Non-Tariff Barriers (NTBs) on Zambia's exports and imports to and from the two RTAs. To place the trends in Zambia's trade in the two RTAs in context, we review Zambia's economic performance between 2003 and 2006, before analyzing Zambia's trade in the SADC and COMESA RTAs.

2.0 OVERVIEW OF ZAMBIA'S INTRA-SADC TRADE FOR THE PERIOD 2003 - 2006

Zambia experienced positive economic development between 2003 and 2006. This is evident from table A, which shows some macro-economic indicators over the said period.

Table A: Zambia - Selected macroeconomic indicators 2003-2006

Selected macro economic indicators	2003	2004	2005	2006
Real GDP growth rate	5.1	5.4	5.1	5.5
Fiscal deficit as % of GDP	5.1	1.9	1.8	1.3
Money supply	23.4	30.3	0.4	
Inflation	17.2	17.5	15.9	8.2
Interest Rates	37.2	29.8	27.4	
Current account deficit as % of GDP	(16.2)	(10.7)	(11.9)	
Gross International Reserves exclud. grants				

Source: Ministry of Finance and National Planning 2005 Economic Report and 2007 Budget Speech

Zambia's average real GDP growth rate between 2003 and 2006 was 5.2%. The country experienced positive economic performance over the reference period. This is in direct contrast to the fluctuating economic performance of the period between 1992 and 2002, the period over which Zambia undertook most of the macro-economic reforms, which were needed to turn around the economy and transform it from a state dominated and controlled economy into a private sector led market economy.

The positive economic performance of the last four years is also evident from a decline in inflation from more than 17% in 2003 to 8.2% at the end of 2006. Zambia's external sector position also improved over the reference period, due to increased export earnings, aid inflows and above all debt relief arising from Zambia's ascension to the completion point of the Highly Indebted Poor Countries Initiative (HIPC) and the Multilateral Debt Relief Initiative (MDRI) at the end of 2005, which triggered debt relief from the bilateral (mostly Paris Club members) and multilateral creditors, and especially the IMF, World Bank and African Development Bank. As a result, Zambia's external debt dropped from US\$4.5 billion at the end of 2005 to just about US\$500million at the end of 2006. Zambia's current account deficit, however, widened largely due to deteriorations in the services and income accounts. Nevertheless, Zambia's economic performance, on the whole, was positive (GRZ, 2005).

Zambia's positive economic performance was also aided by other factors, and especially the high economic growth rates in the developed and newly industrializing countries, which led to record high metal prices on international markets. The high copper prices, in particular, which coincided with increased copper production helped increase Zambia's export earnings from the record high copper prices. Increased metal outputs were due to the rehabilitation of the old mines and the coming on stream of new mines in the North-Western Province of Zambia. Zambia's export earnings from Non Traditional Exports (NTEs) in the reference period also increased, but so did her imports. The latter was, however, largely due to the record high fuel prices recorded over the 2003 to 2006 period.

To obtain a clear picture of how Zambia's trade evolved between 2003 and 2006, in the SADC and COMESA RTAs, we analyse intra-SADC and COMESA trade. The top ten exports and imports to and from the SADC and COMESA Countries also identified, while the trends in Zambia's exports and imports to and from the SADC and COMESA RTAs are also assessed.

To obtain an overview of intra-SADC Trade between 2003 and 2006, we examine the value of Zambia's exports and imports and the total SADC trade between 2003 and 2006. The value of Zambia's exports and imports to and from the SADC countries for the period 2003 to 2006 are given in tables 1 and 2 respectively.

Table 1: Value of Zambia's Exports to SADC Countries by Country between 2003 and 2006 in US Dollars

Zambia Exports to:	2003	2004	2005	2006
ANGOLA	1,104,027	402,237	554,154	328,456
BOTSWANA	3,579,743	3,240,158	41,070,204	4,567,420
CONGO(DR)	41,660,389	112,591,205	96,563,742	117,331,085
LESOTHO	119,470	2,641,594	633,983	4,059,611
MALAWI	24,542,160	51,651,109	61,781,438	46,190,581
MARUITIUS	3,891,205	3,974,768	1,466,767	560,954
MOZAMBIQUE	1,190,884	1,608,767	797,105	706,655
NAMIBIA	1,264,788	4,463,136	8,611,331	9,580,455
SEYCHELLES	10,017	0	0	0
SOUTH AFRICA	211,423,951	426,627,744	333,921,461	663,374,672
SWAZILAND	240,275	481,114	906,045	2,553,629
TANZANIA	122,749,868	134,039,623	91,941,336	195,279,206
ZIMBABWE	18,918,012	98,143,630	74,274,288	43,765,745
Total Exports to SADC:	430,694,790	839,865,084	712,521,854	1,088,298,470

Source: Central Statistics Office

Table 1 shows that Zambia's exports to SADC countries on average grew by 63% between 2003 and 2006. Although the growth dropped slightly in 2005, the overall trend was continued growth. The value of Zambia's exports to SADC countries thus increased from about US\$431 million in 2003 to US\$1 088 million in 2006.

Examination of Zambia's exports to individual SADC countries shows that South Africa remained its largest export market within the SADC RTA. Although Zambia's exports to South Africa dropped slightly in 2005, overall Zambia's exports to South Africa grew from about US\$210 million in 2003 to US\$663 million in 2006. On average, Zambia's exports to South Africa accounted for 52% of her exports to the SADC region in the period 2003 to 2006. Zambia's other key export markets within the SADC countries during the reference period were: Tanzania; Congo Democratic Republic; Zimbabwe and Malawi, which on average accounted for 19; 12; 7; and 6% respectively of Zambia's exports to the SADC countries. Zambia's exports to other SADC countries were less than 5% of her total exports to the SADC region per annum.

Table 2 shows the value of Zambia's imports from SADC countries by country for the period 2003 to 2006.

Table 2: Value of Zambia's Imports from SADC Countries between 2003 and 2006 in US Dollars

Zambia Imports from:	2003	2004	2005	2006
ANGOLA	17,130	112,646	8,076	15,803
BOTSWANA	6,551,770	10,062,498	11,224,694	15,118,576
CONGO (DR)	12,004,477	15,071,428	21,316,958	26,138,388
LESOTHO	0	14,110	2,243	7,125
MALAWI	9,450,320	8,457,622	14,030,830	11,181,386
MARUITIUS	2,406,339	3,216,097	1,943,709	1,890,563
MOZAMBIQUE	10,310,965	2,473,387	10,063,512	13,097,488
NAMIBIA	3,588,900	6,276,443	6,185,938	6,863,987
SEYCHELLES	0	12,894	46,319	128,322
SOUTH AFRICA	765,976,227	1,081,989,802	1,189,968,976	1,184,895,621
SWAZILAND	4,367,155	6,370,626	3,665,191	3,971,612
TANZANIA	23,713,383	36,512,576	63,986,897	44,118,000
ZIMBABWE	202,448,440	134,830,295	107,670,745	145,747,484
Total Imports SADC	1,040,835,107	1,305,400,425	1,430,114,088	1,453,174,356

Source: Central Statistics Office

Table 2 shows that Zambia's imports from the SADC countries grew by about 40% between 2003 and 2006. Although the imports grew at a lower rate than the exports, which grew at an annual average growth rate of 63%, the value of imports were higher, and it is evident that Zambia had a trade deficit in the SADC RTA.

Examination of value of imports by country between 2003 and 2006 shows that, South Africa was Zambia's main source of imports within the SADC RTA. Zambia's imports from South Africa on average accounted for 80% of imports from the SADC RTA between 2003 and 2006. Zimbabwe was the next main source of Zambia's imports within the SADC RTA. Imports from Zimbabwe to Zambia averaged about 12% of the total imports from the SADC countries per annum. South Africa and Zimbabwe between them on average thus accounted for 92% of Zambia's imports from the SADC region. Other relatively significant sources of Zambia's imports from the SADC countries were: Tanzania; Democratic Republic of Congo; Malawi and Botswana. Zambia's imports from the other individual SADC countries were insignificant as they accounted for less than one percent of Zambia's total imports from the SADC countries per annum.

It is evident from tables 1 and 2 above that between 2003 and 2006 South Africa was Zambia's main trading partner in the SADC RTA for both exports and imports. This is because South Africa accounted for the bulk of both Zambia's exports and imports. Zimbabwe, on the other had, was Zambia's next main trading partner in the SADC RTA after South Africa, especially with regard to Zambia's imports. However, Zambia had a huge trade deficit in the SADC RTA, which averaged about US\$540 million per annum between 2003 and 2006. This is evident from table b, which shows Zambia's balance of trade in the SADC RTA for the period 2003 to 2006.

Table B: Zambia's Balance of Trade within the SADC Region 2003 to 2006 in US Dollars

	2003	2004	2005	2006
Exports	430694790	839865084	712521854	1088298470
Imports	1040835107	1305400425	1430114088	1453174356
Balance of Trade	(610140317)	(465535341)	(717592234)	(364879886)

Zambia's large trade deficit within the SADC region reveals its underdevelopment compared to its more developed trading partners, notably South Africa and Zimbabwe, which provide most of her imports, which are dominated by manufactured consumer goods, machinery and equipment. This is because Zambia's exports are dominated by the low value primary commodities, mostly copper and other primary agricultural commodities, like cotton, sugar, tobacco and maize seed. Zambia's imports, on the other hand, consist primarily of oil, manufactured consumer goods, capital goods, equipment, vehicles, machinery and industrial chemicals. The above assertions are evident from tables 3 and 4, which show the top ten products exported to and imported from the SADC countries by value.

Table 3 shows that the top ten exports from Zambia to other SADC countries were mostly primary commodities, of which more than 50% were copper cathodes, wire of refined copper, electric conductors and even copper ores and concentrates which mostly went to South Africa for further processing into manufactures. It is therefore not surprising that South Africa absorbed more than 50% of Zambia's exports to the SADC countries.

Zambia's top ten exports to the SADC countries accounted for 66 to 80% of Zambia's total exports to the SADC countries. Between 2003 and 2006, Zambia's top ten exports to the SADC countries averaged 71% of Zambia's total exports to the SADC countries. Thus, Zambia's exports to the SADC countries are dominated by a few primary commodities.

Zambia's top ten imports from the SADC countries between 2003 and 2006 were mostly oil and industrial products ranging from vehicles and machinery to chemical products, including fertilizers and tyres. In value terms, Zambia's top ten imports from the SADC countries accounted for 79 to 88% of the total value of imports from the SADC countries. In that regard, it should be noted that Zambia's top ten imports from the SADC countries ranged between US\$169 million in 2003 and US\$299 million in 2005. The average value of Zambia's total imports from the SADC countries was US\$1,307 million, compared to US\$768 million, which was the average total value of exports to the SADC countries between 2003 and 2006. The average value of Zambia's total imports and exports to the SADC countries confirm that Zambia had a trade deficit in the SADC RTA.

Table 3: Zambia Top Ten Exports to SADC Countries 2003 to 2006 FOB Value in USD

Ranking	HS Code	Commodity Description	2003	2004	2005	2006
1	74031100	Cathodes & sections of cathodes of refined copper	213,196,749	267,649,949	258,136,522	580,590,138
2	74081100	Wire of refined copper maximum cross-sectional dimen	9,873,432	39,062,922	55,720,060	101,764,560
3	52010000	Cotton not carded / combed	15,159,131	99,439,651	27,397,722	28,192,868
4	17011100	Raw cane sugar in solid form	18,989,365	24,363,411	27,884,346	29,456,038
5	24011000	Tobacco not stemmed/stripped	7,996,425	28,860,908	36,955,081	26,610,256
6	26030000	Copper ores & concentrates	4,218,525	6,623,123	20,446,095	54,661,878
7	24012000	Tobacco partly / wholly stemmed/stripped	9,415,610	24,441,163	17,395,039	20,861,626
8	85445900	Electric conductors nes voltage>80 v-<=1000 v (nfit	4,602,887	11,364,173	15,168,315	24,116,129
9	10051000	Maize seed	4,560,925	32,633,482	8,022,431	3,802,362
10	81059000	Articles of cobalt nes	10,260,390	33,534,823	1,409,417	295,007
Top Ten SADC Exports:			298,273,439	567,973,604	468,535,028	870,350,864
Other SADC Exports:			132,421,352	271,891,480	243,986,826	217,947,607
Total SADC Exports:			430,694,790	839,865,084	712,521,854	1,088,298,470

Table 4: Zambia Top Ten Imports from SADC Countries FOB Value in US Dollars

Ranking	HS Code	Description of Commodity	2003	2004	2005	2006
1	27101910	Other gas oil	25,269,607	38,061,021	65,724,566	64,193,460
2	87042190	Other goods vehicles diesel / semi-diesel engines 5	15,303,479	25,998,031	26,684,300	24,580,976
3	28070010	Sulphuric acid	30,522,038	17,333,242	18,506,525	24,457,869
4	31052000	Mineral / chemical fertilizers with nitrogen phospho	32,764,976	20,684,687	8,851,944	14,937,151
5	40112000	New pneumatic tyres of rubber of a kind used on buses	8,146,647	8,601,943	51,519,365	6,359,675
6	31022100	Ammonium sulphate	2,371,125	5,526,851	57,729,140	1,190,877
7	10059000	Maize (exc.. seed)	31,513,492	110,176	6,821,744	22,721,467
8	25030000	Sulphur of all kinds (exc.. sublimed precipitated &	7,806,972	18,575,283	17,646,352	16,743,654
9	15119010	Other palmstearin in bulk for further processing	9,952,863	17,702,534	16,329,990	13,617,711
10	27101110	Motor spirit	5,827,707	6,616,159	29,074,796	16,230,507
Top Ten SADC Imports:			169,478,905	159,209,928	298,888,722	205,033,347
Other SADC Imports:			871,356,203	1,146,190,497	1,131,225,366	1,248,141,009
Total SADC Imports:			1,040,835,107	1,305,400,425	1,430,114,088	1,453,174,356

2.1 OVERVIEW OF ZAMBIA TRADE IN THE COMESA FREE TRADE AREA

To obtain Zambia's trade performance in the COMESA FTA we examine the value of Zambia's exports and imports to and from the COMESA countries. Tables 5 and 6 show the value of Zambia's exports and imports to and from the COMESA countries between 2003 and 2006.

It is evident from Tables 5, which shows Zambia's exports to the COMESA countries that Zambia's exports to the COMESA FTA between 2003 and 2006 were just under US\$285 million per annum. Table 5 also shows that exports had stagnated to just under US\$250 million after having risen from US\$102 million in 2003 to US\$284 million in 2004. Zambia's exports to the COMESA countries then declined to US\$250 and US\$240 million in 2005 and 2006 respectively. Zambia's exports to the COMESA FTA thus declined by about 12% and 4% in 2005 and 2006 respectively.

Table 6 shows Zambia's imports from the COMESA FTA. It shows a similar trend of declining trade, as imports from the COMESA countries to Zambia declined from US\$267 million in 2003 to US\$202 million in 2005, before rising to US\$256 million in 2006, which was still below the US\$267 million recorded in 2003.

Zambia's exports and imports have not been increasing in the COMESA FTA even though it has been a Free Trade Area since 2000. The unimpressive trade performance in the COMESA FTA for Zambia is due to most member countries being predominantly exporters of primary commodities and importers of manufactured goods like Zambia. As a result, only a limited narrow range of goods, especially food stuff can be traded between the members of the COMESA FTA. The situation has, however, been worsened by the fact that three COMESA member countries with significant manufacturing capacities and exports, namely Egypt, Kenya and Zimbabwe have not been able to increase their exports and imports to and from Zambia over the reference period, due to a number of factors. For Egypt and Kenya, they are quite distant from Zambia, because of the latter being landlocked. As a result, manufactured goods from Egypt and Kenya face high transport costs, which make them less competitive than similar goods from the nearer South Africa, which also has both rail and good road linkages with Zambia. Similarly, Zambia's imports and exports from and to Zimbabwe have not only been fluctuating between 2003 and 2006, but have actually been declining, because of the economic crisis that has engulfed the latter. As a result, Zimbabwe's export and import capacities have been impaired by shortages of foreign exchange, which have been made worse by economic sanctions that have been placed on Zimbabwe by the United State and the European Union. Zimbabwe nevertheless remains Zambia's main source of imports in the COMESA FTA. It has also become the second main destination of Zambian exports after Congo Democratic Republic. Zambia's other key trading partners in the COMESA FTA for imports are Kenya, Congo Democratic Republic, Malawi and Mauritius, while her exports mainly went to the Congo Democratic Republic, Zimbabwe, Malawi, Kenya and Mauritius in that order respectively.

Table 5: Zambia Value of Exports to COMESA Countries FOB in US Dollars

Zambia Exports to:	2003	2004	2005	2006
ANGOLA	1,104,027	402,237	554,154	328,456
BURUNDI	2,765,934	2,288,972	15,076	53,372
EGYPT	1,043,003	736,985	94,596	460,149
ERITREA	0	31,874	0	0
ETHIOPIA	6,927	19,710	75,302	141,135
KENYA	5,761,038	9,871,070	13,479,767	24,477,068
LESOTHO	119,470	2,641,594	633,983	4,059,611
LIBYA	6,423	7,846	2,565	3,456
MADAGASCAR	423	51	3,101	0
MARUITIUS	3,891,205	3,974,768	1,466,767	560,954
MALAWI	24,542,160	51,651,109	61,781,438	46,190,581
MOZAMBIQUE	1,190,884	1,608,767	797,105	706,655
SEYCHELLES	10,017	0	0	0
SUDAN	484	487	94	144,238
SWAZILAND	240,275	481,114	906,045	2,553,629
CONGO(DR)	41,660,389	112,591,205	96,563,742	117,331,085
ZIMBABWE	18,918,012	98,143,630	74,274,288	43,765,745
Total:	101,260,672	284,451,418	250,648,024	240,776,135

Table 6: Zambia Value of Imports from COMESA Countries in US Dollars (CIF)

Zambia' Imports from:	2003	2004	2005	2006
ANGOLA	17,130	112,646	8,075	15,803
BURUNDI	0	5,772	0	3,783
EGYPT	1,967,882	3,999,689	6,088,978	5,541,510
ERITREA	3,511	1,116	4,346	3,256
ETHIOPIA	159,440	56,009	24,410	124,325
KENYA	24,039,947	37,053,354	36,645,004	46,705,153
COMOROS	0	0	410	0
LESOTHO	0	14,110	2,242	7,125
LIBYA	30,352	0	0	0
MADAGASCAR	0	0	15,773	85
MARUITIUS	2,406,339	3,216,097	1,943,462	1,890,563
MALAWI	9,450,320	8,457,622	14,029,052	11,181,386
MOZAMBIQUE	10,310,965	2,473,387	10,062,237	13,097,488
SEYCHELLES	0	12,894	46,313	128,322
SUDAN	0	78,288	1,847	63,172
SWAZILAND	4,367,155	6,370,626	3,664,727	3,971,612
CONGO(DR)	12,004,477	15,071,428	21,314,258	26,138,388
ZIMBABWE	202,448,440	134,830,295	107,657,104	145,747,484
Total Imports from COMESA:	267,205,959	211,753,334	201,508,240	254,619,456

Table 7: Zambia' top ten exports to COMESA Countries

Ranking	HS Code	Description of Commodity	2003	2004	2005	2006
1	24011000	Tobacco not stemmed/stripped	8,288,583	28,804,904	36,767,116	24,278,444
2	17011100	Raw cane sugar in solid form	12,738,799	19,387,319	20,787,488	23,641,011
3	24012000	Tobacco partly / wholly stemmed/stripped	8,863,819	24,659,265	17,395,039	20,798,869
4	10051000	Maize seed	3,504,444	32,215,131	8,665,429	5,141,418
5	74081100	Wire of refined copper maximum cross-sectional dimen	4,252,300	7,374,163	9,587,970	15,650,983
6	31023000	Ammonium nitrate	474,517	28,369,110	283,628	1,746,172
7	25232900	Portland cement (exc' white)	5,946,163	7,532,787	7,814,500	9,198,187
8	10059000	Maize (exc.. seed)	1,440,255	16,340,374	6,843,261	3,873,797
9	42022900	Handbags nes	1,525	637	21,730,715	0
10	27101110	Motor spirit	4,662,426	10,967,240	348,481	4,611,512
Top Ten COMESA Exports:			50,172,831	175,650,930.3	130,223,628.0	108,940,393.5
Other COMESA Exports:			51,087,841	108,800,488	120,424,396	131,835,741
Total COMESA Exports:			101,260,672	284,451,418	250,648,024	240,776,135

Table 8: Zambia' Top Ten Imports from COMESA Countries

Ranking	HS Code	Commodity Description	2003	2004	2005	2006
1	26030000	Copper ores & concentrates	2,275,636	7,388,162	15,069,973	22,239,506
2	27011200	Bituminous coal not agglomerated	9,859,052	16,631,045	2,566,784	2,317,003
3	11071010	Malted barley	16,957,002	5,881,962	4,478,432	2,516,972
4	25020000	Unroasted iron pyrites	13,749,809	8,451,393	5,369,516	0
5	49019900	Printed books brochures leaflets & similar printed m	2,207,159	249,708	224,903	18,092,628
6	15162000	Vegetable fats & oils & their fractions hydrogenated	421,754	133,764	5,783,690	13,662,989
7	27040000	Coke & semi-coke of coal lignite/peat; retort carbon	247,688	224,335	2,694,954	15,502,101
8	31021000	Urea	2,458,218	8,629,003	1,858,991	4,058,947
9	48191000	Cartons boxes & cases of corrugated paper/board	5,999,241	4,201,996	3,528,686	2,884,515
10	28070010	Sulphuric acid	4,939,792	6,209,557	1,591,165	3,812,327
Top Ten COMESA Imports:			59,115,351.1	58,000,926.2	43,167,093.4	85,086,988.3
Other COMESA Imports:			208,090,608	153,752,407	158,366,680	169,532,467
Total COMESA Imports:			267,205,959	211,753,334	201,533,774	254,619,456

Table 9: Ranking of Zambia Exports to COMESA FTA by Country

Ranking	Zambia's Exports to:	2003	2004	2005	2006	
1	CONGO(DR)	41,660,389	112,591,205	96,563,742	117,331,085	368,146,422
2	ZIMBABWE	18,918,012	98,143,630	74,274,288	43,765,745	235,101,675
3	MALAWI	24,542,160	51,651,109	61,781,438	46,190,581	184,165,287
4	KENYA	5,761,038	9,871,070	13,479,767	24,477,068	53,588,944
5	MARUITIUS	3,891,205	3,974,768	1,466,767	560,954	9,893,695
6	LESOTHO	119,470	2,641,594	633,983	4,059,611	7,454,658
7	BURUNDI	2,765,934	2,288,972	15,076	53,372	5,123,354
8	MOZAMBIQUE	1,190,884	1,608,767	797,105	706,655	4,303,411
9	SWAZILAND	240,275	481,114	906,045	2,553,629	4,181,063
10	ANGOLA	1,104,027	402,237	554,154	328,456	2,388,874
11	EGYPT	1,043,003	736,985	94,596	460,149	2,334,733
12	ETHIOPIA	6,927	19,710	75,302	141,135	243,074
13	SUDAN	484	487	94	144,238	145,303
14	ERITREA	0	31,874	0	0	31,874
15	LIBYA	6,423	7,846	2,565	3,456	20,290
16	SEYCHELLES	10,017	0	0	0	10,017
17	MADAGASCAR	423	51	3,101	0	3,575
Total:		101,260,672	284,451,418	250,648,024	240,776,135	877,136,249

The review of Zambia's exports and imports to the SADC and COMESA countries suggest that the bulk of Zambia's trade is with the SADC countries, while trade with the COMESA countries is predominantly with countries that are also members of SADC such as Zimbabwe, Congo Democratic Republic, Malawi and Mauritius. The only COMESA country, which is not a member of SADC with which Zambia had significant trade, was Kenya. In that regard, it should be noted that Kenya's exports to Zambia grew by nearly 200% between 2003 and 2006, as her exports increased from US\$24 million in 2003 to US\$47 million in 2006. Zambia's export to Kenya, on the other hand, grew by a 425%, as they rose from US\$5.76 million in 2003 to US\$24.48 million in 2006. The balance of trade is, however, in favor of Kenya, and the trade deficit against Zambia is likely to grow further, because Kenya has a more diversified economy and thus has more potential export commodities than Zambia.

To establish the trends in Zambia's trade with the SADC and COMESA countries, as well as, the rest of the world, we ought to compare the trends in exports and imports to the SADC and COMESA countries and the rest of the world. Table 10 and Table 11 show Zambia's total exports and imports respectively to and from the SADC and COMESA countries and the rest of the world respectively.

Table 10: Zambia' Total Exports to SADC, COMESA and the Rest of the World

Zambia	2003	%	2004	%	2005	%	2006	%
Total SADC Exports	430694790	44	839865084	49	712521854	40	1088298470	35
Total COMESA Exports	102260672	10	284415418	17	250648024	14	240776135	8
Total Exports Rest of the World	447832425	46	592792206	34	830657066	46	1748634826	57
Total Exports	980787887	100	1717072708	100	1793826944	100	3077709431	100

Table 10 shows that the bulk of Zambia's exports between 2003 and 2006 went to the rest of the world rather than to the SADC and COMESA countries as individual blocks. However, taken together, SADC and COMESA countries on average accounted for about 54% of Zambia's exports in the reference period, while 46% of exports went to the rest of the world. Closer examination of table 10, however, suggest that whereas Zambia's exports to both the SADC and COMESA countries were fluctuating downwards, exports to rest of the world were rising after a temporal decline in 2004.

The recent increases in Zambia's exports to the rest of the world largely reflect recovery of the copper mining industry and the growing proportion of copper in Zambia's exports. Zambia's exports to the SADC and COMESA countries, on the other hand, shows a definite declining trend in exports to the SADC and COMESA countries from a crest of 49 and 17% of Zambia's total exports to 40 and 14% and 35 and 8% in 2005 and 2006 respectively. Although these declines might point to the growing influence of the copper exports, they also point to unnatural barriers to trade preventing the growth of Zambia's exports to both the SADC and COMESA countries. It is therefore, likely that there are some Non-Tariff Barriers (NTBs) preventing the growth of exports from Zambia into the SADC and COMESA countries. This is likely because tariffs have substantially been reduced in both the SADC and COMESA countries under their respective trade protocols.

The possibility of NTBs being responsible for the definite decline in Zambia's exports to the SADC and COMESA countries is also supported by trends in Zambia's imports from the two regional trade blocs. Table 11, for example, show that the proportion of Zambia's Imports from the SADC and COMESA countries declined between 2003 and 2006 from highs of 66% and 17% of Zambia's total imports averages of 60% and 11% of Zambia's total value of imports respectively over the reference period.

Table 11: Zambia' Total Imports from SADC, COMESA and the Rest of the World

	2003	%	2004	%	2005	%	2006	%
Total SADC Imports	1040835107	66	1305400425	56	1430114088	57	1453174356	60
Total COMESA Imports	267205959	17	211753334	9	201508240	8	254619456	10
Total Imports Rest of the World	263851768	17	818388428	35	869964875	35	721412271	30
Total Imports	1571892834	100	2335542187	100	2501587203	100	2429206083	100

It is instructive that imports from the rest of the world showed a rising trend from 17% of Zambia's total imports in 2003 to an average of 29% of total imports between 2003 and 2006. The fluctuations and the down trends in Zambia' exports and imports to the SADC and COMESA countries at a time when tariffs have been removed suggest some unnatural barriers to trade being at play in both the SADC and the COMESA regional trade blocs.

Lack of growth in Zambia' exports to SADC and COMESA countries could, however, also be due to the country's failure to produce adequate export volumes owing to the difficult investment and production environment. In that regard, it should be noted that entrepreneurs in Zambia find it difficult to access affordable credit and investment loans owing to high bank interest rates, high taxes and costs of communication and energy. Zambia's unfavorable domestic economic climate is perhaps evident from the country's unfavorable balance of trade in the SADC and COMESA regional trading blocs and indeed with the rest of the world. This is evident from table 12, which shows Zambia's balance of trade.

Table 12: Zambia's Total Exports and Imports and the Balance of Trade between 2003 and 2006 in US Dollars

Zambia	2003	2004	2005	2006
Total Exports:	980,787,887	1,717,072,708	1,793,826,944	3,077,709,431
Total Imports:	1,571,892,834	2,336,542,187	2,501,587,203	2,429,206,083
Trade Balance:	-591,104,947	-619,469,479	-707,760,259	648,503,348

Table 12 shows that Zambia's balance of trade between 2003 and 2006 was in favor of its trading partners. This would suggest a lot of potential for Zambia to increase exports to her trading partners and thereby to reduce the huge unhealthy trade deficit. Overall, Zambia trade deficit averaged about US\$317 million between 2003 and 2006. The bulk of Zambia's trade deficit was with her main trading partners in the SADC and COMESA countries respectively. There is, therefore, need for Zambia to address not only the NTBs, but also her investment and regulatory environment. The rest of the report assesses NTBs that have directly been affecting Zambia's exports and imports.

CHAPTER 3: NTB MEASURES DIRECTLY AFFECTING EXPORTS

To establish the NTBs directly affecting exports from Zambia to SADC and COMESA countries, we reviewed research reports and papers on NTBs in the SADC and COMESA countries. We also interviewed exporters and freight forwarders, as well as the business leaders, such the Chairpersons and Chief Executive Officers of the business associations, like the Zambia Confederation of Chambers of Commerce and Industry (ZACCI), Zambia Chamber of Small-Scale Medium Business Association (ZSCMBA), the Zambia Freight Forwarders Association and the COMESA Cross Border Traders Association. The main exporters and importers interviewed were mostly the managing directors of manufacturing companies that export some of their products and the large retailers that have to import large volumes of merchandise from countries in the SADC and COMESA regional trade blocs.

The review of reports and workshop papers on NTBs suggest that discussions of and concerns with NTBs in Zambia were relatively new. Thus, many people including businessmen and women were not well acquainted with NTBs. Most reports, papers and discussions thus devote a lot of attention to the definition of NTBs. There was, however, no big difference in how NTBs were defined within the SADC and COMESA countries. Some kind of consensus thus exists on what charges, restrictions and practices amount to NTBs. The NTBs were, therefore, generally defined as “quantitative restrictions and limitations that discourage, obstruct or prevent cross-border trade”. Most NTBs were often justified on any one of the four grounds below:

- (1) To safeguard national security;
- (2) To prevent revenue loss;
- (3) To protect domestic industries; and
- (4) To safeguard health, safety and security of human beings.

Most NTBs have thus been in existence or were introduced on the basis of some reasonable grounds or to safeguard vested interests of some influential social groups. Thus, NTBs can be found in the form of rules, regulations and even laws that cause delays and thereby increase the cost of cross border trade, as well as frustrate those engaged in cross border trade.

The NTBs that have been identified in the SADC and COMESA countries range from a wide range of non-tariff charges to restrictive trading practices and policies; cumbersome customs and administrative procedures and practices. Other common NTBs associated with the SADC and COMESA countries are Technical Barriers to Trade (TBTs) and the Sanitary and Phytosanitary measures (SPS).

The Non-Tariff Charges range from road tolls to a variety of levies imposed on either goods or transport vessels by the central or local government agencies. Similarly, restrictive trading practices are either introduced by the central or local government agencies and result in preferential treatment of some categories of exporters or importers on the basis of nationality or ethnicity. In that regard, such acts of parliament as the Black Economic Empowerment Act in South Africa and the recently passed Citizens Economic Empowerment Act in Zambia could easily produce NTBs which could give some categories of exporters or importers some advantages over their counterparts, who would be adversely affected by the preferential treatment of those favoured.

The cumbersome administrative and custom practices encompass a wide range of issues of which the most easily discernible are:

- (1) customs documentation and administrative procedures;
- (2) Immigration procedures;
- (3) Quality inspection procedures
- (4) Transiting procedures
- (5) Police roadblocks; and
- (6) Business registration and licensing.

The main issues under customs documentation and administrative procedures are: varying systems of import declaration and payment of applicable duties; limited and or varying working hours for customs officials at adjacent border posts; different interpretation of the relevant (SADC or COMESA) rules of origins; varying and cumbersome procedures for verifying containerized imports; detection of counterfeit goods; and cumbersome and varying systems of managing transit goods.

Two main problems have been identified with regard to immigration procedures. These are; the varying application of visa fees and work permits; and cumbersome immigration procedures for some nationalities of the SADC and COMESA member countries. With regard to the former, drivers of some nationalities face the problem of having to constantly pay for their visa fees and work permits while driving across the borders of the member countries.

Inspection procedures aimed at confirming compliance with quality standards are often cumbersome and costly. Some countries, for example, insist on verifying even products that have been certified by accredited laboratories. Similarly, the transiting procedures are often different in the member countries belonging to the same trade blocs.

Road blocks are common in all the SADC and COMESA countries. They are usually put up in the name of enhancing security, but have in most cases turned into opportunities for extorting money from transporters carrying goods within and across the borders. The road blocks mounted by different state agencies ranging from immigration to local authorities and state police tend thus cause unnecessary delays, especially that they are uncoordinated and could be encountered every 50 or 100 kilometers.

The business climate also varies between countries within the SADC and COMESA countries. As a result, the cost of doing business varies between countries even within the same trade bloc. In some countries, businesses have to put up with high costs and delays in the registration and licensing of businesses, as well as in terms of operational costs, due to a variety of reasons ranging from poor transport infrastructure to lack of finance, high bank interest rates and intermittent supplies of essential utilities like electricity and water. Businesses in some countries are thus unduly constrained to engage in cross border trade, because of unfavorable and unpredictable business environments.

NTBs Affecting Exports from Zambia

The review of literature on NTBs in the SADC and COMESA countries identified various NTBs that have to be addressed to promote regional integration and economic development. To establish the specific NTBs that affect exports from Zambia to other SADC and COMESA countries, we interviewed the relevant captains of industries that export some of their products to other SADC and COMESA countries.

The interviews revealed that the NTBs affecting exports from Zambia ranged from technical barriers based on not meeting the specifications of the potential export markets to quotas and sanitary and phytosanitary measures. The other less reported barriers by the large scale enterprises, but pointed out by the small-scale cross border traders were delays at customs, due to customs administration procedures, and delays arising from roadblocks put up by different state agencies. Poor administration of certificates of origins by the Zambia Revenue Authority was also identified as a barrier which had resulted in failure to export goods to some markets within SADC and especially South Africa, which requires certificates of origin prior to shipment of goods. The South Africa Revenue Services does not also accept any lapses and in the management of the certificates of origin. Exports, for example, accompanied by photocopied certificates of origins with covering Zambia Revenue Authority letters explaining reasons for use of photocopied certificates of origin were not entertained.

The NTBs that affect Zambian exports and the specific products they affect are summarized in Table C below.

Table C: NTBs that directly affect Zambian exports to SADC and COMESA Countries

	Non-Tariff Barrier	Export Products Affected by NTBs
1	Export Restrictions (Quotas)	Maize and maize products
2.	Quantitative Restrictions	Sugar; Rice and Textiles
3.	Technical Barriers to Trade (TBTs)	(a) Coffee exports to South Africa are restricted based on the level of Ocratosin in the coffee; (b) Export of detergent pastes to Zimbabwe was sometimes prevented due to lack of instructions for users in the two main Zimbabwean local languages: Shona and Ndebele.
3.	Customs procedures	South Africa requires SADC certificates of origin prior to shipment of exports. However, the Zambia Revenue Authority at times runs out of certificates of origins and use photocopied certificates and covering official letters, which were not accepted by the South Africa Revenue Service.
4.	Sanitary and Phytosanitary Regulations	Beef and leather products cannot be exported to South Africa, because of poor standards of abattoirs and the fact that Foot and Mouth Disease is believed to be endemic in Zambia
5.	Costly quality assurance	Flowers and horticultural products
6.	Unfavorable Business Climate	High cost of finance; high interest rates discourage production of export goods; Poor transport infrastructure and lack of storage facilities.
7.	Public sector involvement in exports	Exports of maize to countries in the region that experienced deficits were predominantly exported by a public sector agency, responsible for maintenance of food reserves, the Food Reserve Agency

Source: NTBs survey, 2007

Table 13: WTO NTB Categorisation Codes

INVENTORY CATEGORY	DESCRIPTION				
Part I	Government Participation in Trade and Restrictive Practices Tolerated by Governments Exports of maize have been restricted to the Food Reserve Agency				
WTO Inventory Code E	Problem Area Single Channel Export	Description of the most severe NTBs Prevents private sector participation in the export of maize	Impact of NTB to businesses and trade: Prevents development of formal trade in maize and promotes smuggling of maize across borders	Responsibility/Source of NTB Ministry of Agriculture	
Part II	Customs and Administrative Entry Procedures				
WTO Inventory Code B,G	Problem Area Valuation of Imports	Description of the most severe NTBs The valuation of imported goods carried by small-scale cross border traders is not transparent. Customs officials rely on power to impound imported goods to make small-scale cross border traders pay rather suspicious duties	Impact of NTB to businesses and trade: Encourages smuggling of goods	Responsibility/Source of NTB Zambia Revenue Authority	
Part III	Technical Barriers to Trade				
WTO Inventory Code A	Problem Area Restrictions of Exports on account of standards and provision of user instructions in specified local languages	Description of the most severe NTBs: Restriction of Coffee exports and export of Paste Detergents to South Africa and Zimbabwe	Impact of NTB to businesses and trade: Prevents Coffee Exports and Encourages smuggling of paste detergents	Responsibility/Source of NTB South Africa Revenue Service and Zimbabwe Customs respectively	

Table 14: Specific Official Regulations Affecting Exports

WTO Inventory Category	Product Group	Government Controlling Agency	Regulatory procedure
	Maize and maize products	Ministry of Agriculture	Export Permit required
	Sugar	Ministry of Commerce, Trade and Industry	Export quotas

CHAPTER 4: NTB MEASURES DIRECTLY AFFECTING IMPORTS

The NTB measures that directly affect imports range from import restrictions based on the need to protect local industries to different interpretations of the SADC and COMESA rules of origins and the Sanitary and Phytosanitary Measures. The need to protect the local industry seems to be a major factor. In that regard, the Zambian Minister of Agriculture was recently quoted as having justified frequent restrictions on exports of maize and maize products "...as a short term strategy ... [that is essential] until the country is able to consistently produce exportable surplus." (Post Newspaper, March 15, 2007, p. 11).

The main NTBs that directly affect imports into Zambia from SADC and COMESA countries and the merchandise affected are given in Table D.

Table D: NTBs that Affect Imports into Zambia from SADC and COMESA Countries

	Non-Tariff Barrier	Products Affected by NTB
1.	Quantitative Restrictions (quotas)	Sugar; Rice and Wheat
2.	Import Bans	Cement
3.	Customs procedures	Wheat imports from Malawi prevented on grounds of rules of origin; Opaque valuation of imports made by small-scale cross-border traders. Customs officials do not explain the rules being used to value the imports; Long delays experienced at borders believed to be means of encouraging small-scale cross border traders to pay bribes. Bribery and corruption reported to be rife at the ports of entry
4	Sanitary and Phytosanitary measures	Wheat and flour; maize and rice; Animal products; milk and dairy products and poultry. Also Genetically Modified Cotton and Maize Seeds
5.	Roadblocks	Unscheduled customs check points on main roads. Sometimes merchandise already valued and paid for is re-valued and has to be paid for afresh. Other roadblocks mounted by other government agencies, notably immigration and police. Roadblocks cause undue delays and "unofficial payments"
6.	Technical Barrier to Trade	Flour imports from Tanzania obstructed on account of containing a "preservative" that is banned in Zambia

Table 15: WTO NTB Categorisation Codes

INVENTORY CATEGORY	DESCRIPTION				
Part I	Government Participation in Trade and Restrictive Practices Tolerated by Governments				
	WTO Inventory Code	Problem Area	Description of the most severe NTBs	Impact of NTB to businesses and trade	Responsibility/Source of NTB
Part II	Customs and Administrative Entry Procedures				
	WTO Inventory Code B,G	Valuation of Imports	Description of the most severe NTBs Exorbitant valuation of imports of small-scale cross border traders	Impact of NTB to businesses and trade: Discourages compliance and encourages smuggling especially by small-scale cross border traders	Responsibility/Source of NTB Zambia Revenue Authority
Part III	Technical Barriers to Trade				
	WTO Inventory Code B	Standards of infant milk formulae	Description of the most severe NTBs Imports of infant milk formulae prevented on account of not meeting specified Zambian standards	Impact of NTB to businesses and trade: Restricted importation of Infant formulae	Responsibility/Source of NTB Ministry of Agriculture/Health
Part IV	Sanitary and Phytosanitary Measures				
	WTO Inventory Code A	Imports of fruits and vegetables	Description of the most severe NTBs Restricted importation of fruits and vegetables	Impact of NTB to businesses and trade: Limited fruit and vegetable imports	Responsibility/Source of NTB Ministry of Agriculture

INVENTORY CATEGORY	DESCRIPTION				
Part V	Specific Limitations Imports of fruits and vegetables; beef and meat products, poultry, as well as milk and dairy products are prevented on account of protecting human, animal and plant health				
	WTO Inventory Code B	Problem Area	Description of the most severe NTBs	Impact of NTB to businesses and trade: Limited trade in beef and meat products, poultry milk and dairy products	Responsibility/Source of NTB Ministry of Agriculture
Part VI	Charges on Imports				
	WTO Inventory Code	Problem Area	Description of the most severe NTBs	Impact of NTB to businesses and trade:	Responsibility/Source of NTB

Table 16: Specific Official Regulations Affecting Imports

WTO Inventory Category	Product Group	Government Controlling Agency	Regulatory Procedure
Import Bans	Cement; Rice and Wheat	Ministry of Commerce Trade and Industry and Ministry of Agriculture	Import Restrictions has to be lifted by a statutory instrument; Import permits required
Sanitary and Phytosanitary measures	Fruit and Vegetables; Animal Products; milk and dairy products	Ministry of Agriculture	Phytosanitary certificate required

CHAPTER 5: KEY ISSUES FROM INTERVIEWS AND DESK RESEARCH

Review of limited reports and papers on NTBs in the SADC and COMESA countries suggest that there is some broad consensus on what constitutes NTBs. The reports and papers, however, suggest that knowledge of NTBs is extremely limited within the Zambian business community. This is largely due to lack of experience, as only a few companies engage in export of goods. With the exception of the mining companies and producers and buyers of primary agricultural commodities, most businesses in Zambia engage in importing rather than exporting goods.

The underdevelopment of the export side of international trade in Zambia entails that most NTBs that might affect exports are not yet known, as they have not been encountered yet. The situation is made worse by the tendency to concentrate Zambian manufactured goods in particular, in the less regulated exports markets than the more rigorous regulated export markets like South Africa, Kenya, Zimbabwe and Egypt. There is, therefore, need to raise awareness of NTBs and build capacity of Zambian based enterprises to export more goods into the SADC and COMESA markets.

The interviews also suggested that problems of NTBs in the SADC countries were not being seen as a priority, because of overwhelming concerns with the cost of doing business in Zambia, which constrains capacities of most businesses to engage in export of goods. As a result, there was little evidence of most Zambian enterprises being ready for the launch of the SADC Free Trade Area. The business community in Zambia in fact seemed to engage more in importing than exporting goods to other SADC and COMESA countries. This is also evident from the trade statistics, which showed that Zambia had a trade deficit in both the SADC and COMESA trade blocs. The Zambian authorities thus ought to address the issues relating to the cost of doing business in the country. The Zambian authorities should also put more effort in the promotion of production of commodities for export than merely obstructing trade in products which can potentially be produced in Zambia, such as fruits and vegetables and a wide range of groceries.

The underdevelopment of the export side of business in Zambia means that most NTBs that are likely to obstruct exports from Zambia to other SADC countries will only come to light after the SADC FTA is in operation. There will, therefore, be a constant need to continue monitoring NTBs after the launch of the SADC FTA.

Interviews with the Zambian business community also revealed that there was little collaboration between the large multinational corporations trading in Zambia and the local business community. The exception were the large companies involved in food processing, which appeared to be fully engaged with other manufacturers and suppliers including such bodies as the Zambia National Farmers' Union and the Manufacturers Association of Zambia. There was therefore need for businesses based in Zambia to collaborate on issues of common interest, such the NTBs. Collaboration is important to ensure the business community speaks with a single voice in seeking to remove obstacles to free trade.

The interviews revealed that collaboration and coordination between the Government and the private sector on matters relating to international trade and NTBs in particular left a lot to be

desired. In part, this was due to the split of SADC and COMESA trade between the Ministries of Foreign Affairs and Commerce Trade and Industry respectively. As a result, while the Ministry of Foreign Affairs coordinated the trade issues under SADC, the Ministry of Commerce Trade and Industry coordinated issues relating to COMESA. The Ministry of Foreign Affairs does not, however, deal with the business community on a regular basis. The split of responsibilities for trade issues between the Ministries of Foreign Affairs and Commerce Trade and Industry perhaps explains the absence of both the Ministry of Commerce Trade and Industry and the Zambian Private Sector representation at the SADC workshop that discussed NTBs in Pretoria in November, 2006. There is, therefore, need for better coordination of SADC trade related matters in Zambia. Improved awareness of NTBs in the Zambian business community could also ensure a smooth take off of the SADC FTA.

CHAPTER 6: ASSESSMENT OF PROCEDURES FOR HARMONISATION OF TRANSIT TRAFFIC BETWEEN COUNTRIES IN THE REGION

Interviews with the major transport companies based in Zambia which are involved in the movement of goods across the borders in the region, suggested that there was hardly any harmonization of the rules governing transit traffic. This was particularly the case in terms of the SADC trading bloc than COMESA. It should, however, be noted that even in the COMESA trade bloc where attempts at harmonization had been made problems often arise. For instance, foreign trucks and drivers carrying copper concentrates were stranded in the DRC in March 2007, because of a sudden change of regulations regarding the transportation of copper concentrates from the DRC to other countries for processing. Similarly, drivers from countries that do not belong to the Commonwealth face problems of visas and work permits when they travel in the SADC member countries that are not members of the Commonwealth and vice versa.

There is thus need to regulate transit traffic at the SADC level and bring national legislation in line with the SADC regulations throughout the region. In the COMESA countries, there is also need to monitor the situation closely and ensure removal of outstanding bottlenecks, as well as harmonize the immigration rules for international drivers transporting goods. Lack of harmonization of immigration procedures causes additional expenses in the form of visa fees and delays.

CHAPTER 7 RECOMMENDED ACTIONS ON NOTIFICATION, MONITORING AND ELIMINATION OF NTBS

The proposed form for reporting NTBs did not receive any adverse comments. There was, however, widespread skepticism that SADC would be able to remove NTBs. Given the high levels of skepticism, there is a need to come up with an effective fast track mechanism for resolving disputes arising from NTBs. In addition, continued sensitization of the business community and public agencies involved in intra-regional trade on the costs of NTBs should continue to promote intra-regional trade.

The contribution of NTBs to the stagnation of intra-regional trade cannot be doubted given the lack of congruence between economic growth that Zambia had had over the last four years and corresponding growth in intra-regional trade. There is thus need to remove NTBs affecting both the Zambian imports and exports. Barriers affecting Zambian exports, in particular, require urgent attention as the country has huge trade deficits with its SADC and COMESA trading partners. To achieve that, there is need for Governments in the region to identify rules, regulations and laws whose application results in NTBs that constrain intra-regional trade. This is particularly essential for those rules, regulations and laws that have no bearing on the health and safety of human, animals and plant life. Measures that seek to protect the local producers or protect penetration of the domestic markets by firms based in other countries ought to be removed and be replaced by measures aimed at promoting the production of goods that have potential of being produced for both the domestic and the regional/international markets.

Measures to remove NTBs arising from customs administration should be the easiest to resolve as they arise largely from the administration and interpretation of the rules of origins. To help build confidence of small-scale cross border traders, in particular, in the valuation of imports from the SADC and COMESA countries, there is need to publicize how the relevant duties and taxes on different goods are worked out. This is important to reduce delays, remove suspicion and prevent the reported high occurrence of bribery and corruption at the ports of entry. Improved confidence in the valuation of goods for duty and tax purposes would also discourage smuggling, which is not only risky but costly.

Reduction of road blocks would also go a long way towards reducing the cost of intra regional trade and thus promote cross border trade.

Measures to harmonize rules, regulations and laws that obstruct trade ought to be taken on a regional wide basis.

APPENDIX 1: LIST OF INSTITUTIONS AND PERSONS CONTACTED

	Name of Institution	Name of Person Contacted	Designation
1.	COMESA	Mwansa Musonda	Trade Senior Advisor
2.	ZRA	Swithan Kalobwe	Senior Collector
3.	National Milling Corporation	Peter Cottan	Managing Director
4.	Shoprite	Mr. Kranz	General Manager
5.	Trade Kings	Hussein Patel	Managing Director
6.	ZACCI	Valarie Sesia	Representative on NTBs
7.	ZACCI	Justin Chisulo	Chief Executive Officer
8.	ZCFAA	Valerie Sesia	Chairperson
9.	ZSCMBA	Maxwell Sichula	Chief Executive Officer
10.	MCTI	Dorothy Tembo	Director of Trade
11	MCTI	Hellen Henderson	Economist
12.	ZEGA	Luke Mbewe	General Manager
10.	ZNFU	Robert Sanyikosa	Economist