



Bank of Zambia

Zambia

Direction of Trade

Report

(Second Quarter 2019)

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Executive Summary

Zambia's total trade (exports and imports) declined to US\$3.78 billion in the second quarter of 2019 from US\$4.63 billion recorded in the corresponding period in 2018, representing a decline of 18.3%. The fall in trade was on account of a decrease in both export earnings and imports. Exports fell mainly due to lower copper export earnings whilst imports declined due to lower imports of copper ore. Other import commodities that recorded a decline were: nuclear reactors, boilers, and mechanical appliances; mineral fuels, oils and products of their distillation; vehicles and vehicle accessories; and iron and steel. Preliminary data indicate that Switzerland remained the top major destination for Zambia's exports and South Africa continued to be the top source country for Zambia's imports.

1.0 Introduction

This report analyses Zambia's direction of merchandise trade for the second quarter of 2019 compared to the corresponding quarter in 2018. 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 Exports¹

Zambia's total exports in Q2 2019 declined by 14.7% to US \$1.92 billion compared to US \$2.24 billion recorded in Q2 2018. The decline in exports was largely attributed to a fall in copper export earnings from Switzerland. The top six destinations for Zambia's exports, from highest to lowest, were Switzerland, China, Congo DR, United Kingdom, Singapore and South Africa (Figure 1). Exports to these countries accounted for 89.2% of total exports.

Earnings from Switzerland decreased by 18.6% to US \$836.2 million from US \$1,027.6 million. This was mainly as a result of lower copper earnings which declined to US \$827.3 million from US \$1,023.8 million in the second quarter of 2018 (Figure 1).

Export earnings from South Africa decreased by 18.0% to US \$67.5 million mainly explained by a decline in exports of gold and other cultured pearls, precious stones and metals.

Export earnings from Singapore reduced by 36.1 % to US \$74.3 million from US \$116.2 million mainly on account of a fall in exports of copper and works of art.

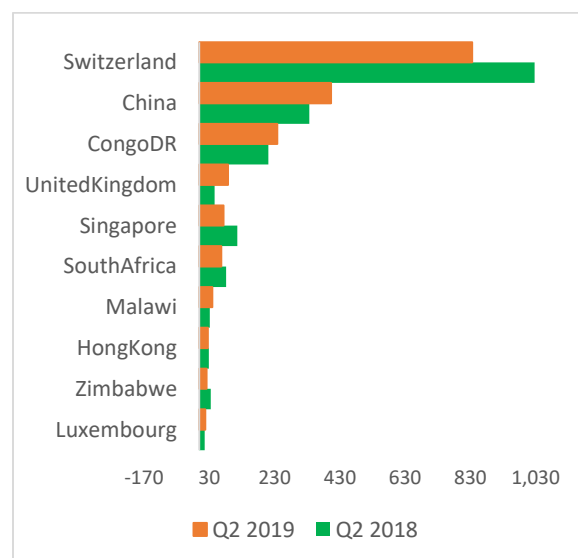
However, export earnings from China, Congo DR and the United Kingdom increased.

Exports to China increased by 20.0% to US \$404.0 million compared to US \$336.7 million mainly on account of a rise in copper export earnings, that rose by 19.9% to US \$392.7 million from US \$327.5 million recorded during the corresponding quarter in 2018.

Further, exports to Congo DR increased by 12.8% to US \$238.8 million compared to US \$211.8 million on account of incremental changes to various Non-Traditional Exports (NTEs) particularly; inorganic chemicals and compounds of precious metals; salt, sulphur, earth, plastering material, lime and cement.

Export earnings from the United Kingdom increased by 86.4% to US \$87.9 million from US \$47.1 million mainly due to an increase in exports of printed books, newspapers and pictures to that country.

Figure 1: Major Export destinations (USD millions)



The top five export commodities were: copper and articles thereof (US \$ 1,338.3 million); printed books, newspapers and pictures (US \$76.4 million); natural/cultured pearls, precious stones and metals (US \$63.4 million);

¹The Appendices shows the major export destinations, source countries for Zambia's imports and Zambia's trade with SADC and COMESA countries.

salt, sulphur, plastering material, lime and cement (US \$58.4 million); and inorganic chemicals and compounds of precious metals (US \$51.7 million). However, the earnings from these commodities fell by 15.0% to US \$1,588.1 million compared to US \$1,867.8 million in the corresponding quarter in 2018 (Figures 2a and 2b).

Figure 2a: Export Earnings, including copper (USD millions)

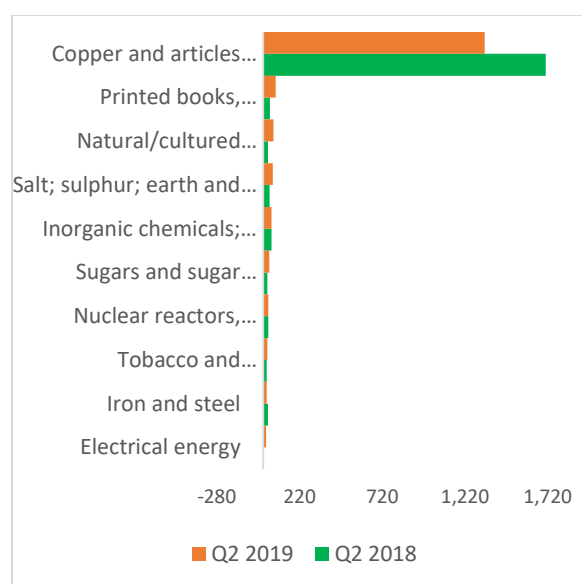
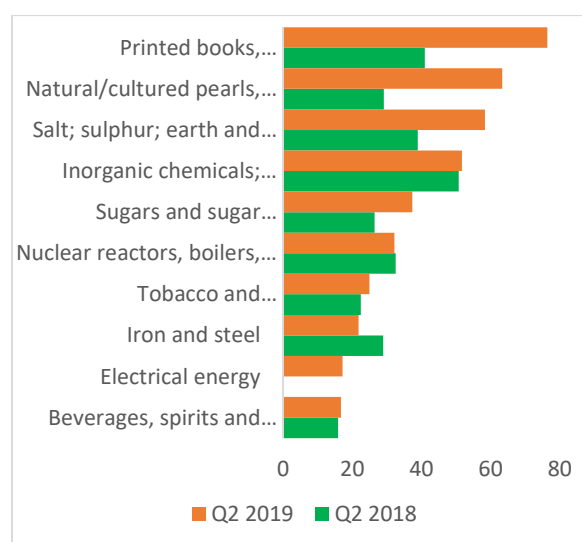


Figure 2b: Export Earnings, Excluding Copper (USD millions)



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

Figure 3a: Q2 2018 and Q2 2019 Major Copper Export Destinations (USD Millions)

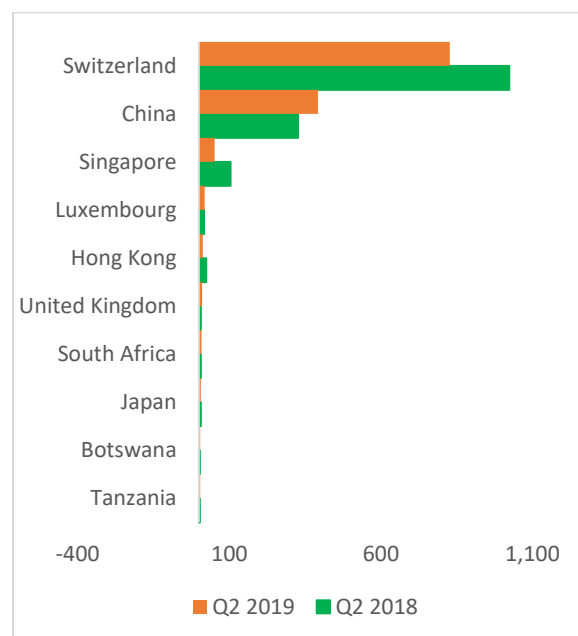


Figure 3b: Q1 2018 and Q1 2019 Major Export destinations of printed books, newspapers, pictures and other products (USD millions)

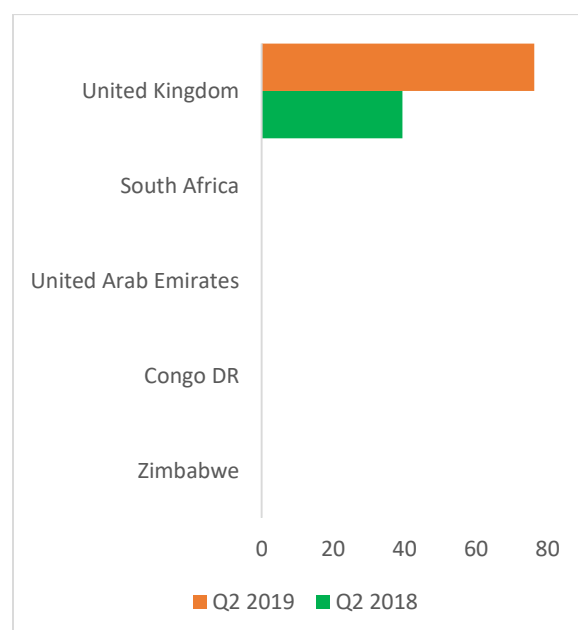


Figure 3c: Q1 2018 and Q1 2019 Major Export destinations of natural/cultured pearls, precious stones and metals (USD millions)

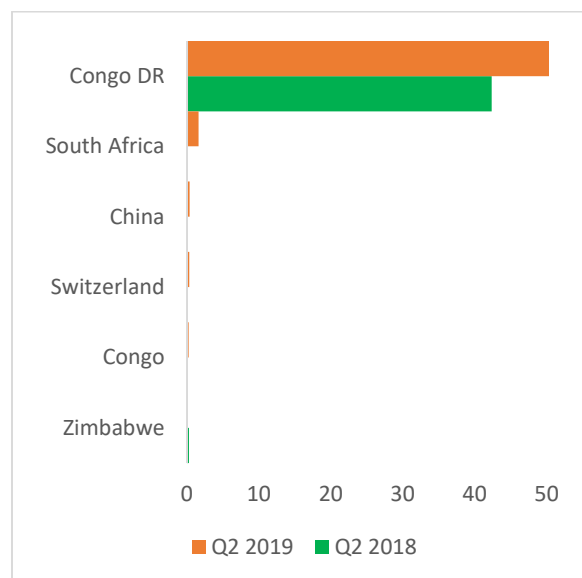


Figure 3e: Q1 2018 and Q1 2019 Major Export destinations of inorganic chemicals and compounds of precious metals (USD millions)

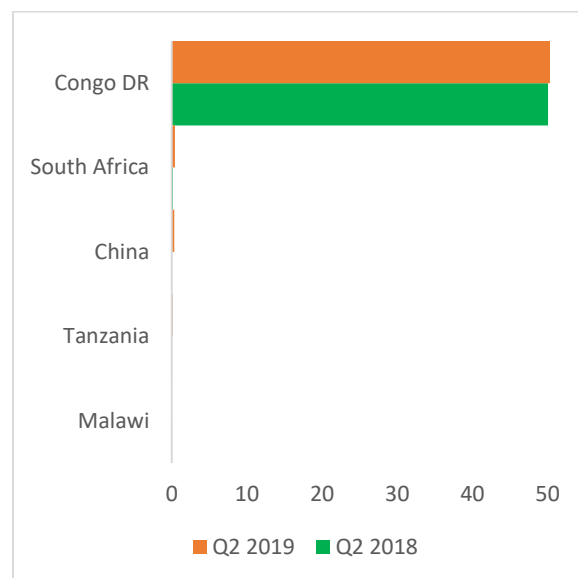
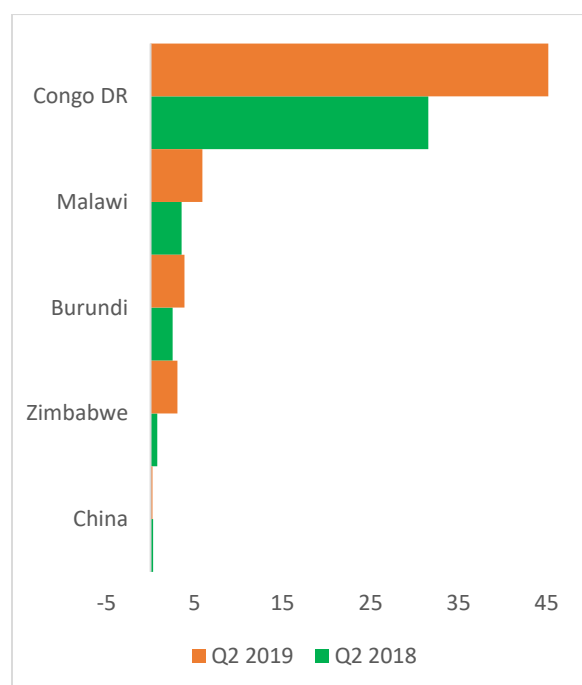


Figure 3d: Q1 2018 and Q1 2019 Major Export destinations of salt, Sulphur, plastering material, lime and cement (USD millions)



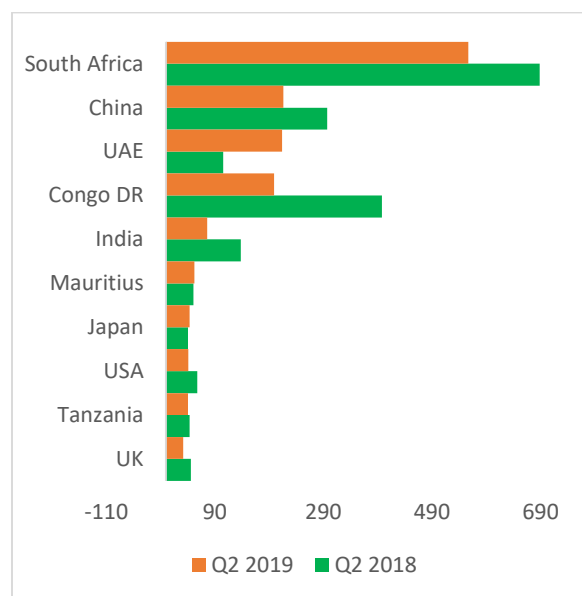
3.0 Major Source Countries for Zambia's Imports

Merchandise imports in Q2 2019 declined by 21.6% to US \$1.87 billion from US \$2.38 billion recorded in Q2 2018. The decline in imports was attributed to a reduction in imports from Congo DR and South Africa. Imports from Congo DR slumped on account of a fall in imports of copper ore while those from South Africa declined due to a fall in various commodities, but mainly: nuclear reactors, boilers, and mechanical appliances; mineral fuels, oils and products of their distillation; vehicles and vehicle accessories; and iron and steel.

During the review period, the top five source countries for Zambia's imports, from highest to lowest, were: South Africa, China, United Arab Emirates (UAE), Congo DR and India (Figure 4). Imports from these countries

accounted for 67.7% of total imports with South Africa being the highest contributor at 29.9%.

Figure 4: Zambia's Q2 2019 Top Source Countries for Imports (USD millions)



A decrease of 19.1% in imports from South Africa was recorded in Q2 2019, falling to US \$557.0 million from US \$688.4 million recorded in Q2 2018. The reduction was mainly on account of a fall in imports of nuclear reactors, boilers, and mechanical appliances; mineral fuels, oils and products of their distillation; vehicles and vehicle accessories; and iron and steel.

Zambia's imports from China decreased by 27.1 % to US \$216.4 million in Q2 2019 from US \$297.0 million in the corresponding quarter in 2018. This was mainly on account of a decrease in imports of articles of iron and steel; electrical machinery and parts thereof; and nuclear reactors, boilers, and mechanical appliances.

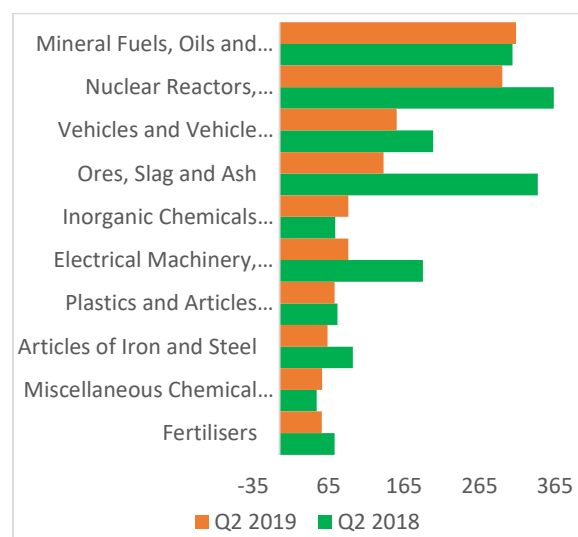
Imports from Congo DR declined by 49.9% to US \$199.3 million in Q2 2019 from US \$397.7 million in Q2 2018 on account of a fall in imports of copper ore.

Further, imports from India reduced by 44.9% to US \$76.0 million in Q2 2019 from US \$137.9 million in Q2 2018. This decrease was mainly on account of a fall in imports of electrical equipment and parts thereof, and pharmaceutical products.

However, imports from the UAE more than doubled, increasing by 102.3% to US \$213.8 million in Q2 2019 compared to US \$105.7 million in the corresponding quarter in 2018, mainly on account of an increase in imports of mineral fuels, oils and products of their distillation.

Zambia's top five import commodities were; mineral fuels, oils and products of their distillation (US \$313.6 million), nuclear reactors and boilers (US \$295.2million), vehicles and vehicle accessories (US \$155.3 million), ores, slag and ash (US \$137.9 million), and inorganic chemicals and compounds of precious metals, (US \$91.3 million).

Figure 5: Major Import Commodities (USD millions)



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

Figure 6a: Source countries for mineral fuels, oils and products of their distillation (USD millions)

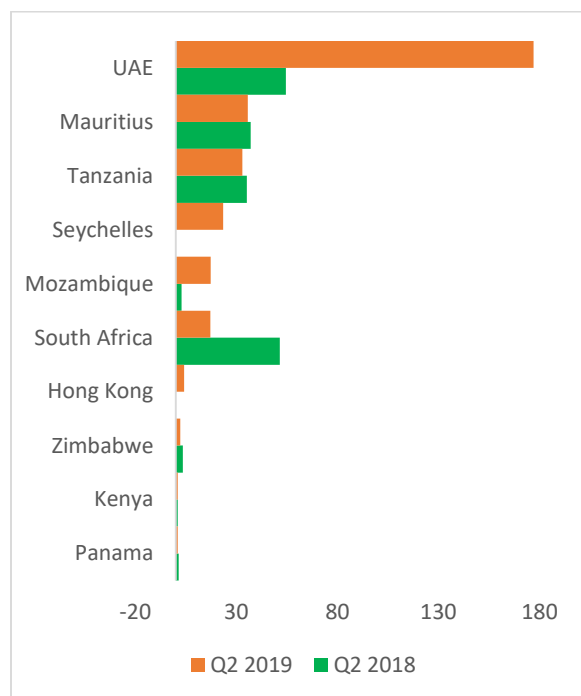


Figure 6c: Source countries for vehicles and vehicle accessories (USD millions)

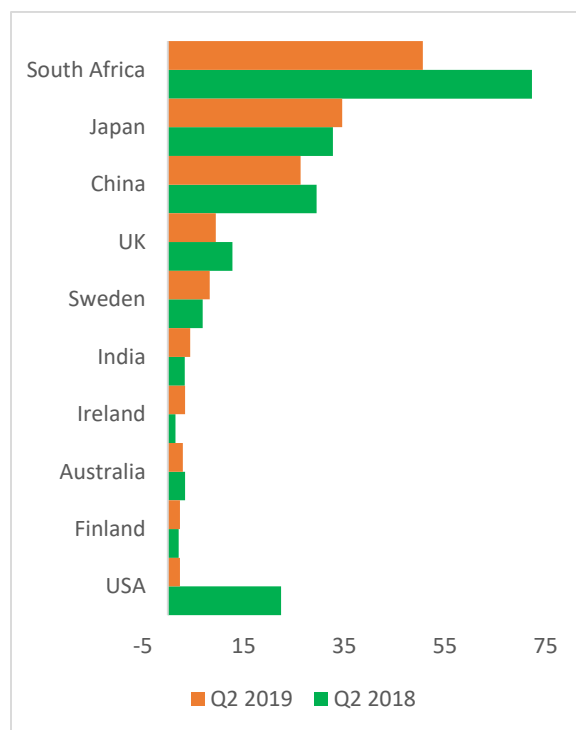


Figure 6b: Source countries for Nuclear Reactors, Boilers and Accessories (USD millions)

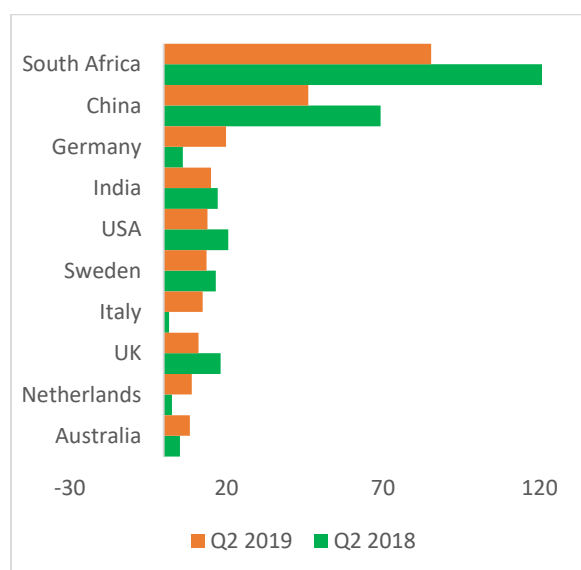


Figure 6d: Source countries for ores, slag and ash (USD millions)

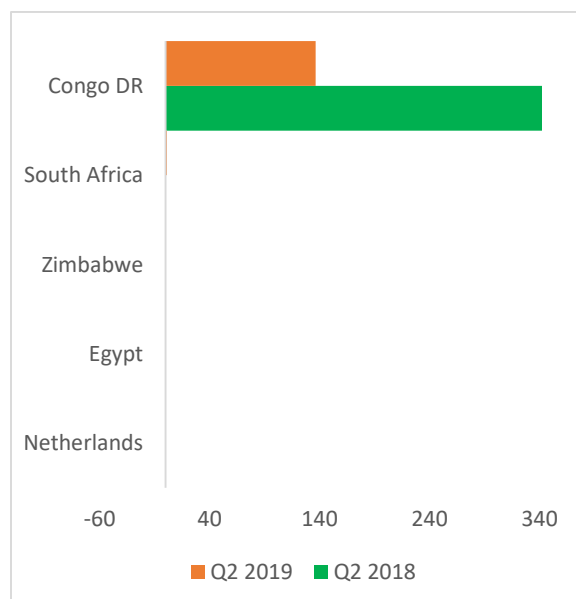
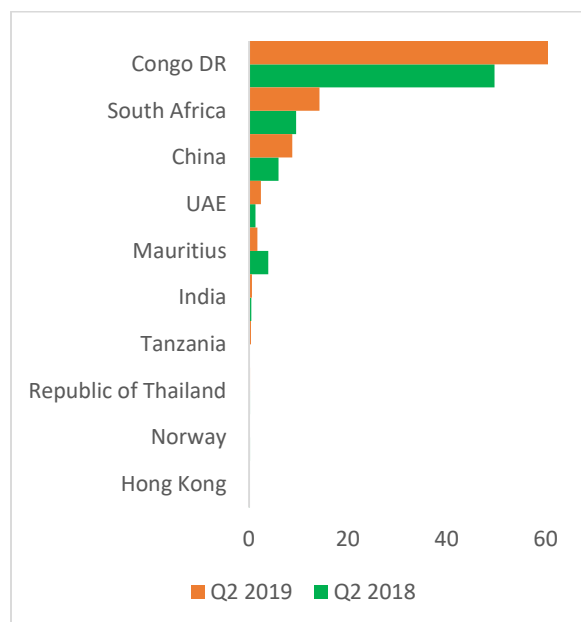


Figure 6e: Source Countries for inorganic chemicals and compounds of precious metals (USD millions)



4.0 Conclusion

During the quarter under review, trade decreased compared to the second quarter of 2018. Zambia's total trade declined by 18.3%, explained by a reduction in export earnings and imports. Export performance worsened largely on account of a decrease in exports of copper while imports declined largely on account of a decrease in imports of copper ore.

APPENDIX ONE: MAJOR EXPORT DESTINATIONS FOR ZAMBIA'S EXPORTS

COUNTRY	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019
Australia	0.4	0.0	6.5	0.4	0.3	0.0
Belgium	1.6	1.9	1.2	0.9	0.4	1.3
Botswana	0.0	0.0	0.0	0.0	7.4	8.1
Burundi	4.5	5.5	5.0	5.3	6.4	4.7
China	273.6	336.7	424.1	302.5	377.9	404.0
Congo DR	190.2	211.8	231.0	222.7	207.8	238.8
Egypt	0.0	0.0	0.0	0.0	0.0	0.0
France	0.1	0.2	1.2	0.0	0.2	0.8
Germany	4.3	3.0	4.9	5.4	3.6	2.1
Hong Kong	52.9	29.3	48.4	11.7	4.7	26.2
India	75.3	34.1	16.9	59.7	6.8	12.4
Kenya	10.2	10.7	28.1	11.1	13.0	16.4
Korea, Republic of	0.5	1.2	0.0	0.1	-	0.0
Kuwait	0.0	0.0	0.0	0.0	-	0.0
Luxembourg	18.3	16.6	2.2	39.6	35.5	18.6
Madagascar	0.1	0.1	0.1	0.0	0.1	0.0
Malawi	14.0	31.9	20.7	18.2	16.8	39.8
Malaysia	0.1	0.1	0.4	0.3	0.1	0.1
Mozambique	2.7	2.1	5.3	2.3	6.5	3.5
Namibia	9.0	9.5	7.7	4.8	8.3	8.1
Netherlands	1.6	1.5	1.6	1.3	1.8	2.2
Pakistan	0.0	0.0	0.0	0.0	-	0.0
Philippines	0.0	0.0	0.2	0.0	-	0.0
Republic of Thailand	0.0	0.0	0.0	0.0	0.0	0.0
Rwanda	3.3	4.6	5.1	6.5	3.0	3.7
Saudi Arabia	0.0	0.0	0.0	0.0	-	0.0
Singapore	144.7	116.2	190.2	248.7	183.7	74.3
South Africa Republic of)	170.8	82.3	89.0	96.7	71.8	67.5
Sudan	0.0	0.0	0.0	0.8	0.0	0.0
Swaziland	1.4	1.1	1.2	1.7	0.0	0.2
Sweden	0.4	0.4	0.3	0.3	0.4	0.1
Switzerland	974.6	1027.6	908.9	898.1	807.8	836.2
Tanzania, United	12.9	17.1	21.9	32.2	10.9	11.0
United Arab Emirates	76.0	83.0	35.0	42.6	27.1	3.3
United Kingdom	38.4	47.1	192.2	75.1	78.4	87.9
United States of America	2.2	4.0	5.0	1.3	1.6	0.6
Zimbabwe	29.2	34.7	43.7	29.6	36.4	21.8
Other	235.2	130.4	28.9	28.1	5.1	2.4
TOTAL	2,348.5	2,244.6	2,326.7	2,147.8	1,943.0	1,915.8

APPENDIX TWO: MAJOR SOURCE COUNTRIES FOR ZAMBIA'S IMPORTS

COUNTRY	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019
Australia	14.5	15.6	9.3	11.0	8.6	17.6
Belgium	12.5	8.9	12.9	9.7	8.7	13.0
Botswana	5.5	6.5	6.4	5.3	3.3	4.5
Brazil	3.3	1.6	2.9	3.3	3.5	2.5
Canada	6.5	5.1	6.6	4.4	5.3	5.2
China	324.7	297.0	298.9	370.0	292.1	216.4
Congo DR	338.8	397.7	325.9	331.4	14.1	199.3
Denmark	9.2	8.2	5.6	7.6	4.1	9.2
Egypt	2.6	4.0	3.6	4.2	3.3	4.2
Finland	24.5	12.4	7.5	11.6	11.7	14.4
France	12.2	9.8	10.8	11.4	11.2	6.2
Germany	15.2	25.4	31.0	35.9	30.1	30.4
Hong Kong	21.5	16.1	18.3	17.4	12.2	13.2
India	106.9	137.9	92.3	105.4	130.1	76.0
Indonesia	0.7	1.3	2.1	3.5	1.8	4.4
Israel	52.5	34.2	1.0	2.3	22.3	1.9
Italy	4.1	6.8	3.5	4.9	17.0	14.9
Japan	38.5	40.7	45.7	43.6	37.2	43.7
Kenya	13.4	11.3	11.5	14.0	10.6	10.2
Korea, Republic of (South)	12.1	9.6	12.3	11.8	7.5	8.5
Kuwait	99.1	117.0	147.3	77.0	151.0	0.0
Lebanon	1.1	1.0	0.8	0.9	0.7	0.8
Malawi	2.6	3.6	3.8	3.4	2.3	3.2
Malaysia	2.8	3.4	5.3	4.1	6.7	7.4
Mauritius	60.3	50.8	52.1	42.9	41.7	52.5
Mozambique	21.2	28.9	46.6	38.9	19.5	24.9
Namibia	28.6	29.2	21.4	25.1	23.0	23.4
Netherlands	8.4	16.3	11.9	13.7	14.6	17.2
Pakistan	1.8	1.7	2.5	1.9	2.1	1.5
Republic of Thailand	3.0	2.9	3.3	3.2	6.0	4.0
Singapore	11.4	2.9	5.9	12.9	8.0	15.4
South Africa	636.6	688.4	673.1	728.7	545.0	557.0
Spain	3.5	5.0	5.5	9.3	5.1	4.2
Swaziland	2.1	4.0	3.6	4.2	2.6	4.0
Sweden	20.4	28.8	18.1	22.2	17.5	26.7
Switzerland	17.8	10.3	10.3	12.2	4.5	5.8
Taiwan, Province of China	3.3	2.3	4.8	3.5	1.6	3.7
Tanzania, United	40.5	43.5	44.9	51.9	42.3	40.5
United Arab Emirates	160.6	105.7	134.2	195.2	130.1	213.8
United Kingdom	43.9	45.8	50.0	45.7	32.6	31.6
United States of America	31.8	57.4	61.5	43.9	49.9	41.1
Zimbabwe	17.0	17.9	18.9	20.4	14.7	15.1
Other	79.0	64.0	93.7	67.0	12.3	9.2
TOTAL	2,315.9	2,380.9	2,327.8	2,437.0	1,820.5	1,865.6

APPENDIX THREE: ZAMBIA'S TRADE WITH SADC (EXCLUSIVELY)

	Q3 2018		Q4 2018		Q1 2019		Q2 2019	
COUNTRY	EXPORTS	IMPORTS	EXPORTS	IMPORTS	EXPORTS	IMPORTS	EXPORTS	IMPORTS
Angola	0.8	0.0	1.7	0.0	0.8	0.0	0.4	0.0
Botswana	0.0	6.4	-	5.3	-	3.3	-	4.5
Lesotho	0.1	0.1	0.0	0.0	-	0.0	-	0.0
Mozambique	5.3	46.6	2.3	38.9	6.5	19.5	3.5	24.9
Namibia	7.7	21.4	4.8	25.1	8.3	23.0	8.1	23.4
South Africa	89.0	673.1	96.7	728.7	71.8	544.9	67.5	557.0
Tanzania	21.9	44.9	32.2	51.9	10.9	42.3	11.0	40.5
TOTAL	124.6	792.5	137.6	849.8	98.3	633.0	90.5	650.3

APPENDIX FOUR: ZAMBIA'S TRADE WITH COMESA (EXCLUSIVELY)

	Q3.2018		Q4 2018		Q1 2019		Q2 2019	
COUNTRY	EXPORTS	IMPORTS	EXPORTS	IMPORTS	EXPORTS	IMPORTS	EXPORTS	IMPORTS
Burundi	5.0	0.0	5.3	0.0	6.4	0.0	4.7	-
Comoros	-	-	-	-	-	-	-	-
Djibouti	-	0.0	0.0	-	-	-	-	-
Egypt	0.0	3.6	0.0	4.2	0.0	3.3	-	4.2
Eritrea	-	-	-	-	-	-	-	0.0
Ethiopia	0.0	0.0	0.0	0.0	0.0	0.3	0.0	0.0
Kenya	28.1	11.5	11.1	14.0	13.0	10.5	16.4	10.2
Libya	-	-	-	-	-	-	-	-
Rwanda	5.1	0.1	6.5	0.0	3.0	0.0	3.7	0.1
Sudan	0.0	0.0	0.8	0.0	0.0	0.2	-	-
Uganda	1.4	1.8	1.9	2.2	3.3	6.3	1.9	2.1
TOTAL	39.6	17.0	25.5	20.4	25.8	20.6	26.8	16.6

APPENDIX FIVE: ZAMBIA'S TRADE WITH SADC AND COMESA

	Q3. 2018		Q4 2018		Q1 2019		Q2 2019	
COUNTRY	EXPORTS	IMPORTS	EXPORTS	IMPORTS	EXPORTS	IMPORTS	EXPORTS	IMPORTS
Congo DR	231.0	325.9	222.7	331.4	207.8	14.1	238.8	199.3
Madagascar	0.1	0.0	-	0.0	0.1	0.0	-	0.0
Malawi	20.7	3.8	18.2	3.4	16.8	2.3	39.8	3.2
Mauritius	0.4	52.1	0.5	42.9	4.9	41.7	0.3	52.5
Seychelles	-	0.0	-	0.1	-	4.7	-	23.4
Swaziland	1.2	3.6	1.7	4.2	0.0	2.6	0.2	4.0
Zimbabwe	43.7	18.9	29.6	20.4	36.4	14.7	21.8	15.1
TOTAL	297.0	404.3	272.6	402.3	266.0	80.2	300.9	297.6