



Bank of Zambia

Zambia

Direction of Trade

Report

(Fourth Quarter 2018)

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Executive Summary

Zambia's total trade (exports and imports) declined by 6.3% in the fourth quarter of 2018 to US\$4.58 billion compared to US\$4.89 billion in the corresponding period in 2017. The fall of trade was on account of a decrease in export earnings and a decline in imports. Exports decreased mainly due to lower copper export earnings. Imports declined mostly on account of lower imports of fertilisers; inorganic chemicals and compounds of precious metals; fish and crustacean; and electrical energy. The Report further indicates 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. Introduction

This report analyses Zambia's direction of merchandise trade for the fourth quarter of 2018 compared to the corresponding quarter in 2017. 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. Major Destinations for Zambia's Exports¹

Zambia's total exports in Q4 2018 declined by 11.7% to US \$2.15 billion compared to US \$2.43 billion in Q4 2017. The decline in exports was largely attributed to a fall in earnings from Switzerland, China and South Africa. The top six destinations for Zambia's exports, from highest to lowest, were Switzerland, China, Singapore, Congo DR, South Africa and the United Kingdom (Figure 1). Exports to these countries accounted for 85.8% of total exports.

Accordingly, earnings from Switzerland decreased by 21.7% to US \$898.08 million from US \$1,146.47 million. This was mainly as a result of lower copper earnings which declined to US \$881.28 million from US \$1,126.03 million in the fourth quarter of 2017 (Figure 1).

Exports to China also declined by 1.3% to US \$302.53 million compared to US \$313.21 million mainly on account of a decline in copper export earnings. Copper export earnings from this country fell by 15.8% to US \$249.85 million from US \$296.74 million during the corresponding quarter of 2017.

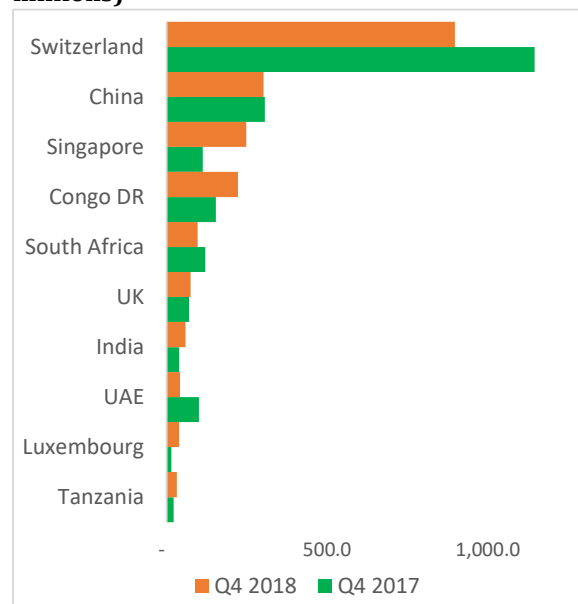
Further, exports to South Africa declined by 20.3% to US \$96.65 million compared to US \$121.33 million on account of a decrease in export earnings from inorganic chemicals and

compounds of precious metals; copper; nuclear reactors and boilers; and animal food.

However, export earnings from Singapore, Congo DR and the United Kingdom increased. Export earnings from Singapore increased by 120.8% to US \$248.69 million from US \$112.61 million mainly on account of a rise in exports of copper.

Export earnings from Congo DR and the United Kingdom increased by 44.9% and 6.9% to US \$222.68 and US \$75.13 from US \$153.64 and US \$70.25, respectively. The increase in export earnings from Congo DR was mainly on account of inorganic chemicals, salts, nuclear reactors, soaps and detergents and incremental changes in various non-traditional export products. Export earnings from the United Kingdom increased 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; printed books, newspapers and pictures; salts and sulphur; various works of

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

Art and inorganic chemicals. The earnings from these commodities fell by 14.8% to US \$1,756.06 million compared to US \$2,060.13 million in the corresponding quarter in 2017 (Figures 2a and 2b).

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

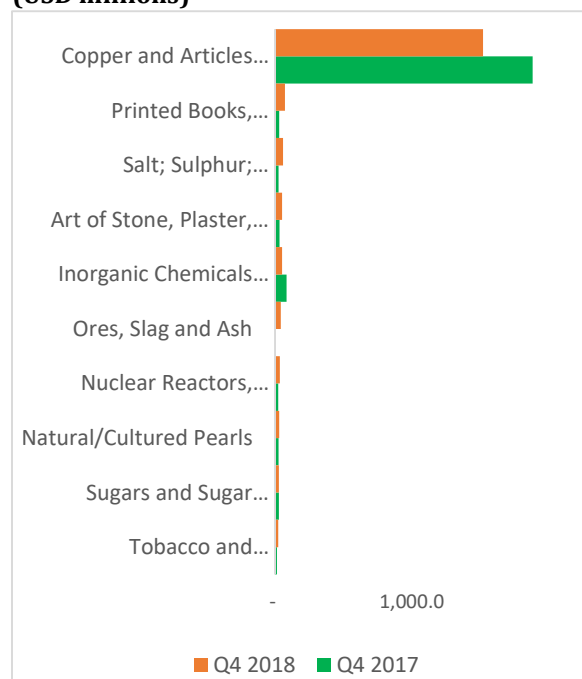
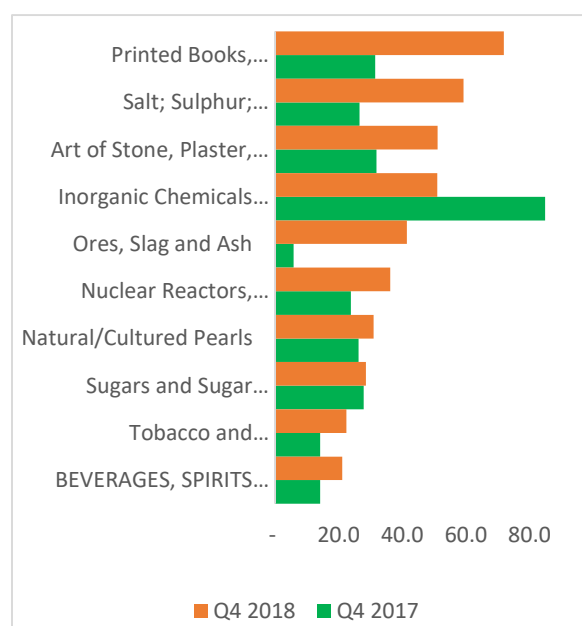


Figure 2b: Export Earnings, Excluding Copper (USD millions)



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

Figure 3a: Q4 2017 and Q4 2018 Copper Major Export Destinations (USD Millions)

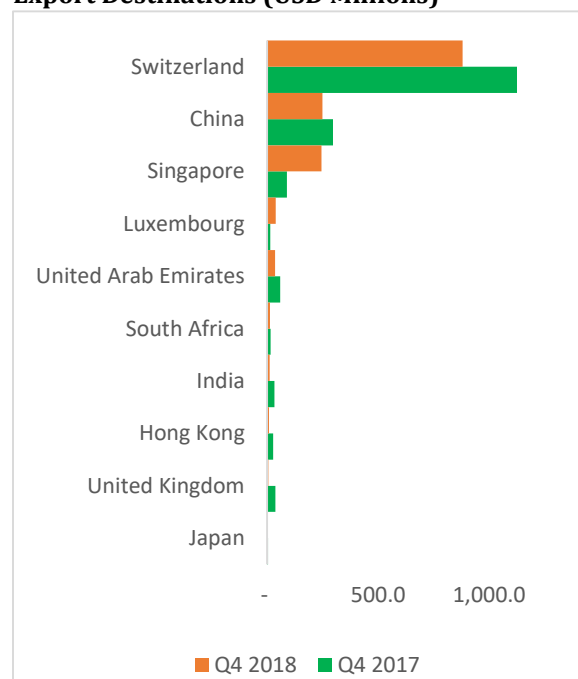


Figure 3b: Q3 2017 and Q3 2018 Major Export destinations of printed books, newspapers, pictures and other products (USD millions)

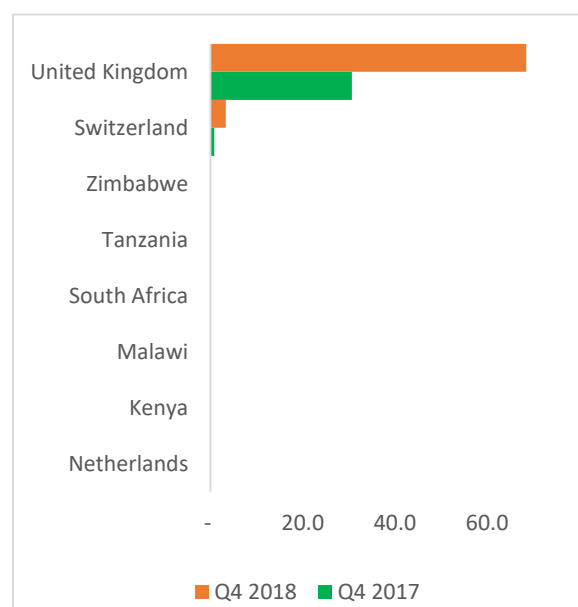


Figure 3c: Q3 2018 and Q3 2017 Major Export destinations of salt; sulphur; earth and stone; plastering material; lime and cement (USD millions)

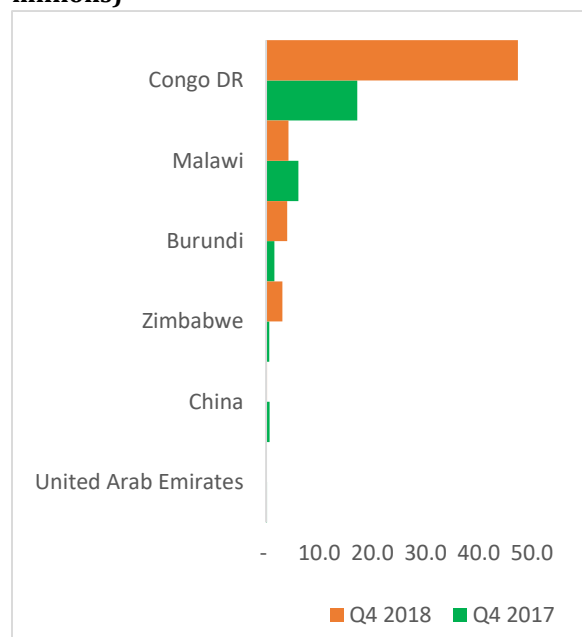


Figure 3e: Q3 2018 and Q3 2017 Major Export destinations of inorganic chemicals; compounds of precious metals, radioactive elements etc (USD millions)

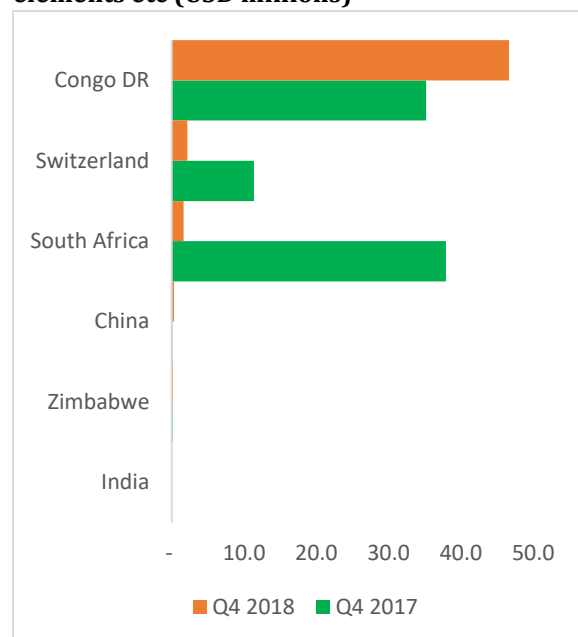
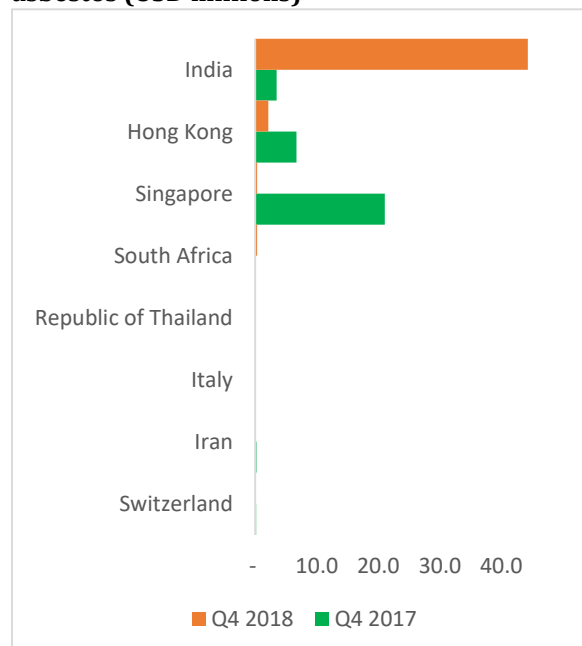


Figure 3d: Q3 2018 and Q3 2017 Major Export destinations of arts of stone, plaster, cement, asbestos (USD millions)

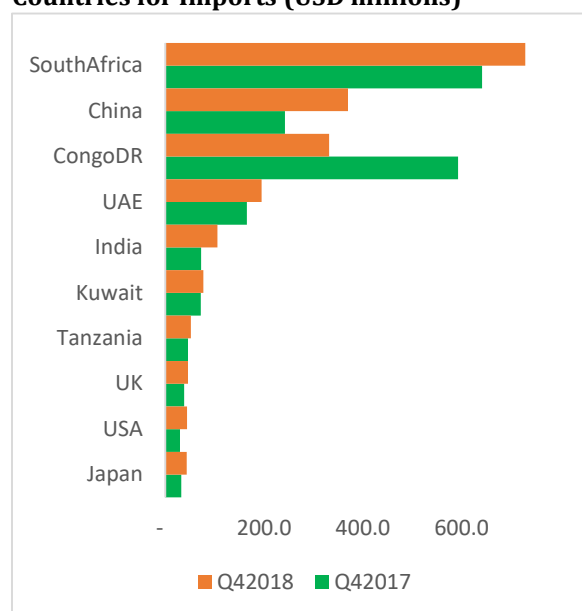


3. Major Source Countries for Zambia's Imports

Merchandise imports in Q4 2018 declined by 0.8% to US \$2.44 billion from US \$2.46 billion recorded in Q4 2017. The decline in imports was mainly on account of a decrease in imports of inorganic chemicals, compounds of precious metals and radioactive elements from Congo DR.

During the review period, the top five source countries for Zambia's imports, from highest to lowest, were: South Africa, China, Congo DR, United Arab Emirates and India (Figure 4). Imports from these countries accounted for 71.0% of total imports with South Africa being the highest contributor.

Figure 4: Zambia's Q4 2018 Top Source Countries for Imports (USD millions)



An increase of 13.6% in imports from South Africa was recorded in Q4 2018, rising to US \$728.71 million from US \$641.46 million recorded in Q4 2017. The growth was mainly on account of a rise in imports of fertilisers, salts, sulphur, plastering material, lime and cement, vehicles and vehicle accessories, and articles of iron and steel.

Zambia's imports from China increased by 52.6% to US \$370.04 million in Q4 2018 from US \$242.45 million in the corresponding quarter in 2017. This was mainly on account of an increase in imports of nuclear reactors and boilers, vehicles and vehicle accessories, iron and steel, and electrical machinery.

Imports from Congo DR declined by 44.1% to US \$331.38 million in Q4 2018 from US \$592.54 million in Q4 2017 mainly on account of a slump in imports of inorganic chemicals, compounds of precious metals and radioactive elements.

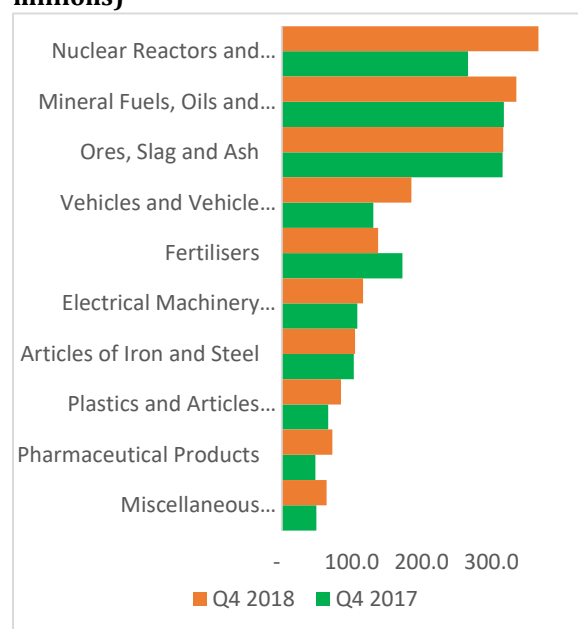
The imports from United Arab Emirates increased by 18.0% to US \$195.24 million in Q4 2018 compared to US \$165.44 million in the corresponding quarter in 2017, mainly on

account of an increase in imports of mineral fuels, oils and product of their distillation.

Further, imports from India increased by 44.9% to US \$105.39 million in Q4 2018 from US \$72.74 million in Q4 2017. This increase was mainly on account of a rise in imports of pharmaceutical products.

Zambia's top five import commodities were; nuclear reactors and boilers (US \$367.66 million), mineral fuels, oils and products of their distillation (US \$335.66 million), ores, slag and ash (US \$316.91 million), vehicles and vehicle accessories (US \$185.33 million), and fertilisers (US \$137.62 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 Nuclear Reactors, Boilers and Accessories (USD millions)



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

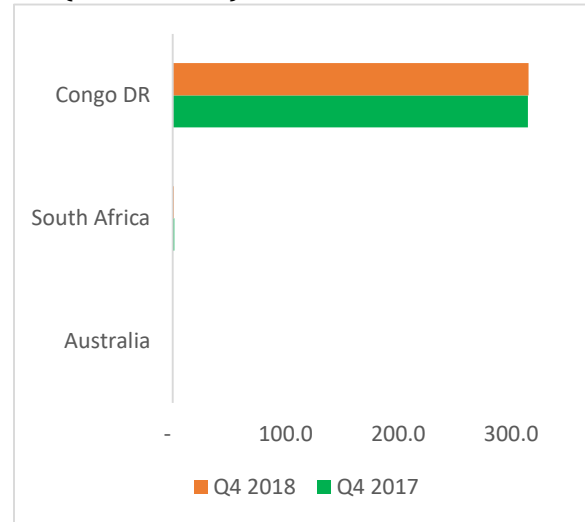


Figure 6b: Source countries for mineral fuels, oils and products of their distillation (USD millions)

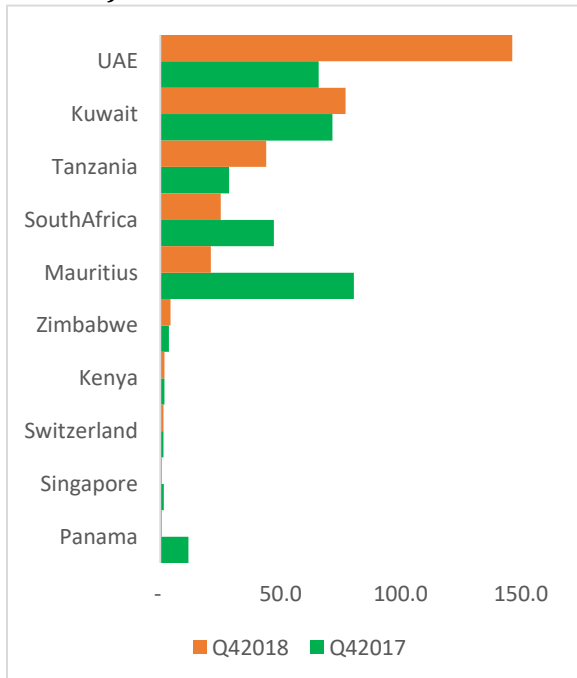
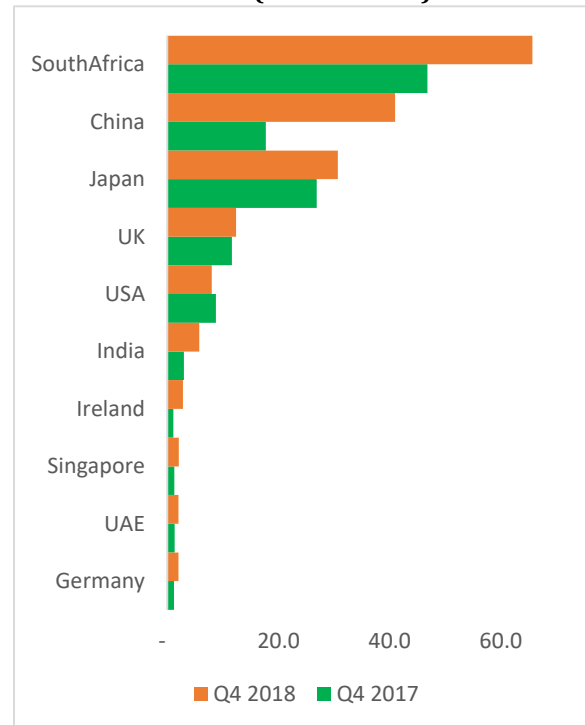
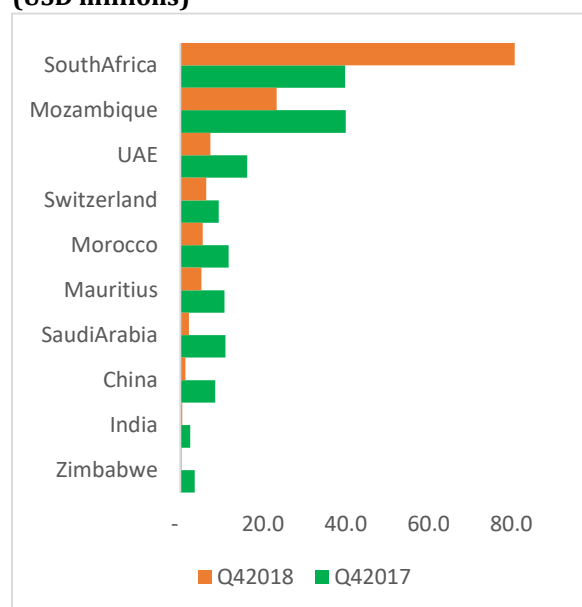


Figure 6d: Source countries for vehicles and vehicle accessories (USD millions)



**Figure 6e: Source Countries for Fertilisers
(USD millions)**



4. Conclusion

During the quarter under review, trade decreased compared to the fourth quarter of 2017. Zambia's total trade declined by 6.3%, explained by a reduction in export earnings and imports. Export performance worsened largely on account of a decrease in exports of copper. Imports declined largely on account of a decrease in imports of fertilisers, inorganic chemicals and compounds of precious metals, fish and crustacean, and electrical energy.

APPENDIX ONE: MAJOR EXPORT DESTINATIONS FOR ZAMBIA'S EXPORTS

COUNTRY	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Australia	0.4	0.4	0.4	0.0	6.5	0.4
Belgium	1.4	1.1	1.6	1.9	1.2	0.9
Botswana	6.6	12.2	0.0	0.0	0.0	0.0
Burundi	6.4	7.0	4.5	5.5	5.0	5.3
China	313.2	306.9	273.6	336.7	424.1	302.5
Congo DR	141.2	145.0	190.2	211.8	231.0	222.7
Egypt	0.0	0.0	0.0	0.0	0.0	0.0
France	0.5	0.0	0.1	0.2	1.2	0.0
Germany	1.1	4.9	4.3	3.0	4.9	5.4
Hong Kong	53.2	34.5	52.9	29.3	48.4	11.7
India	24.1	39.4	75.3	34.1	16.9	59.7
Kenya	17.4	22.5	10.2	10.7	28.1	11.1
Korea, Republic of	1.0	1.2	0.5	1.2	0.0	0.1
Kuwait	0.0	0.0	0.0	0.0	0.0	0.0
Luxembourg	10.8	15.1	18.3	16.6	2.2	39.6
Madagascar	0.1	0.0	0.1	0.1	0.1	0.0
Malawi	27.0	17.1	14.0	31.9	20.7	18.2
Malaysia	0.0	0.2	0.1	0.1	0.4	0.3
Mozambique	2.6	4.8	2.7	2.1	5.3	2.3
Namibia	7.4	2.4	9.0	9.5	7.7	4.8
Netherlands	0.8	1.4	1.6	1.5	1.6	1.3
Pakistan	0.0	0.0	0.0	0.0	0.0	0.0
Philippines	0.1	0.0	0.0	0.0	0.2	0.0
Republic of Thailand	0.0	0.1	0.0	0.0	0.0	0.0
Rwanda	8.9	9.5	3.3	4.6	5.1	6.5
Saudi Arabia	0.0	0.0	0.0	0.0	0.0	0.0
Singapore	99.2	112.6	144.7	116.2	190.2	248.7
South Africa Republic of)	166.7	121.1	170.8	82.3	89.0	96.7
Sudan	0.0	0.0	0.0	0.0	0.0	0.8
Swaziland	2.2	0.6	1.4	1.1	1.2	1.7
Sweden	0.0	0.1	0.4	0.4	0.3	0.3
Switzerland	811.1	1,146.5	974.6	1027.6	908.9	898.1
Tanzania, United	27.4	21.8	12.9	17.1	21.9	32.2
United Arab Emirates	54.0	101.6	76.0	83.0	35.0	42.6
United Kingdom	53.1	70.3	38.4	47.1	192.2	75.1
United States of America	0.9	2.0	2.2	4.0	5.0	1.3
Zimbabwe	31.6	32.1	29.2	34.7	43.7	29.6
Other	83.9	207.7	235.2	130.4	28.9	28.1
TOTAL	1,944.7	2,418.5	2,348.5	2,244.6	2,326.7	2,147.8

APPENDIX TWO: MAJOR SOURCE COUNTRIES FOR ZAMBIA'S IMPORTS

COUNTRY	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Australia	19.4	12.0	14.5	15.6	9.3	11.0
Belgium	19.7	13.8	12.5	8.9	12.9	9.7
Botswana	4.8	6.3	5.5	6.5	6.4	5.3
Brazil	2.9	3.6	3.3	1.6	2.9	3.3
Canada	5.5	5.1	6.5	5.1	6.6	4.4
China	254.6	242.4	324.7	297.0	298.9	370.0
Congo DR	574.9	592.5	338.8	397.7	325.9	331.4
Denmark	10.2	7.3	9.2	8.2	5.6	7.6
Egypt	3.3	4.4	2.6	4.0	3.6	4.2
Finland	7.0	10.3	24.5	12.4	7.5	11.6
France	6.0	6.0	12.2	9.8	10.8	11.4
Germany	19.4	18.0	15.2	25.4	31.0	35.9
Hong Kong	9.5	16.0	21.5	16.1	18.3	17.4
India	60.2	72.7	106.9	137.9	92.3	105.4
Indonesia	4.3	1.4	0.7	1.3	2.1	3.5
Israel	0.8	1.2	52.5	34.2	1.0	2.3
Italy	3.2	5.1	4.1	6.8	3.5	4.9
Japan	33.6	32.5	38.5	40.7	45.7	43.6
Kenya	9.6	10.8	13.4	11.3	11.5	14.0
Korea, Republic of (South)	8.5	9.4	12.1	9.6	12.3	11.8
Kuwait	124.6	71.6	99.1	117.0	147.3	77.0
Lebanon	0.8	1.0	1.1	1.0	0.8	0.9
Malawi	4.6	4.0	2.6	3.6	3.8	3.4
Malaysia	4.7	2.1	2.8	3.4	5.3	4.1
Mauritius	63.4	101.7	60.3	50.8	52.1	42.9
Mozambique	11.8	42.8	21.2	28.9	46.6	38.9
Namibia	24.8	58.8	28.6	29.2	21.4	25.1
Netherlands	9.2	14.0	8.4	16.3	11.9	13.7
Pakistan	0.8	1.3	1.8	1.7	2.5	1.9
Republic of Thailand	2.5	3.6	3.0	2.9	3.3	3.2
Singapore	8.3	6.6	11.4	2.9	5.9	12.9
South Africa	630.2	641.4	636.6	688.4	673.1	728.7
Spain	3.1	4.6	3.5	5.0	5.5	9.3
Swaziland	5.9	6.0	2.1	4.0	3.6	4.2
Sweden	22.2	8.9	20.4	28.8	18.1	22.2
Switzerland	7.0	16.0	17.8	10.3	10.3	12.2
Taiwan, Province of China	3.2	2.5	3.3	2.3	4.8	3.5
Tanzania, United	59.7	46.2	40.5	43.5	44.9	51.9
United Arab Emirates	96.5	127.8	160.6	105.7	134.2	195.2
United Kingdom	40.9	38.3	43.9	45.8	50.0	45.7
United States of America	33.0	29.9	31.8	57.4	61.5	43.9
Zimbabwe	20.1	21.4	17.0	17.9	18.9	20.4
Other	60.6	98.0	79.0	64.0	93.7	67.0
TOTAL	2,295.4	2,419.3	2,315.9	2,380.9	2,327.8	2,437.0

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

	Q1.2018		Q2 2018		Q3 2018		Q4 2018	
COUNTRY	EXPORTS	IMPORTS	EXPORTS	IMPORTS	EXPORTS	IMPORTS	EXPORTS	IMPORTS
Angola	1.4	0.0	0.8	0.0	0.8	0.0	1.7	0.0
Botswana	0.0	5.5	0.0	6.5	0.0	6.4	-	5.3
Lesotho	0.0	0.2	0.6	0.0	0.1	0.1	0.0	0.0
Mozambique	2.7	21.2	2.1	28.9	5.3	46.6	2.3	38.9
Namibia	9.0	28.6	9.5	29.2	7.7	21.4	4.8	25.1
South Africa	170.8	636.6	82.3	688.4	89.0	673.1	96.7	728.7
Tanzania	12.9	40.5	17.1	43.5	21.9	44.9	32.2	51.9
TOTAL	196.8	732.6	112.3	796.5	124.6	792.5	137.6	849.8

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

	Q1.2018		Q2. 2018		Q3.2018		Q4 2018	
COUNTRY	EXPORTS	IMPORTS	EXPORTS	IMPORTS	EXPORTS	IMPORTS	EXPORTS	IMPORTS
Burundi	4.5	0.0	5.5	0.0	5.0	0.0	5.3	0.0
Comoros	-	-	-	-	-	-	-	-
Djibouti	0.0	-	-	-	-	0.0	0.0	-
Egypt	0.0	2.6	0.0	4.0	0.0	3.6	0.0	4.2
Eritrea	-	0.0	-	-	-	-	-	-
Ethiopia	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Kenya	10.2	13.4	10.7	11.3	28.1	11.5	11.1	14.0
Libya	-	-	-	-	-	-	-	-
Rwanda	3.3	0.0	4.6	0.0	5.1	0.1	6.5	0.0
Sudan	0.0	0.0	-	0.0	0.0	0.0	0.8	0.0
Uganda	0.8	1.4	2.7	7.9	1.4	1.8	1.9	2.2
TOTAL	19.0	17.6	23.5	23.3	39.6	17.0	25.5	20.4

APPENDIX FIVE: ZAMBIA'S TRADE WITH SADC AND COMESA

	Q1.2018		Q2. 2018		Q3. 2018		Q4 2018	
COUNTRY	EXPORTS	IMPORTS	EXPORTS	IMPORTS	EXPORTS	IMPORTS	EXPORTS	IMPORTS
Congo DR	190.2	338.8	211.8	397.7	231.0	325.9	222.7	331.4
Madagascar	0.1	0.0	0.1	-	0.1	0.0	-	0.0
Malawi	14.0	2.6	31.9	3.6	20.7	3.8	18.2	3.4
Mauritius	0.1	60.3	1.4	50.8	0.4	52.1	0.5	42.9
Seychelles	0.0	0.1	0.0	0.2	-	0.0	-	0.1
Swaziland	1.4	2.1	1.1	4.0	1.2	3.6	1.7	4.2
Zimbabwe	29.2	17.0	34.7	17.9	43.7	18.9	29.6	20.4
TOTAL	235.0	420.8	280.9	474.2	297.0	404.3	272.6	402.3