



**MINISTRY OF COMMERCE, TRADE &
INDUSTRY**

Statement by Hon. Minister of Commerce, Trade & Industry

ON

ZAMBIA'S



EXPORTS FOR 2011

MARCH 2012

Mr. Speaker,

The Government under the Patriotic Front Party recognises the importance that trade plays in achieving higher levels of economic growth and development. In this regard, we have maintained a trade policy that is aimed at enhancing productivity and competitiveness of Zambia's products in both the domestic and international markets. We have positioned commerce and trade sector to become an export driven, competitive and viable commercial sector. The second goal is to expand the variety of export products, increase volume and improve the quality of locally produced goods and services and to increase the country's share in the world exports.

Mr. Speaker,

Let me assure the House that the Government remains committed to pursuing liberal policies aimed at promoting the expansion of markets at bilateral, regional and multilateral levels, as well as the diversification of Zambia's export products. The Patriotic Front-led Government has demonstrated this through our continuous engagement with partners within the region under the frameworks of the Common Market for Eastern and Southern Africa (COMESA)

Customs Union which was launched on 7th June 2009 and the Southern African Development Community (SADC) whose Free Trade Area (FTA) was launched on 17th August 2008 as well as at sub-continental level, through the SADC-EAC-COMESA Tripartite Framework, as well as the African Union integration programme.

At the global level, Zambia has continued pursuing its interest in the current Doha Round of Negotiations under the World Trade Organization (WTO) as well as the Economic Partnership Agreement with the European Union, under the European Union-African Caribbean Pacific (EU-ACP).

To grow our exports further, the Government is working at strengthening the preferential market access schemes that it has, among them: the United States of America's African Growth Opportunity Act (AGOA) and the European Union Everything But Arms (EBA) Initiative. This has been done in order to take full advantage of these schemes so that our exports could grow further, thereby generating additional room for production of our goods for exports.

Mr. Speaker,

In terms of the general export performance, Zambia recorded positive trade balance during the last three years (2009 to 2011). The total export value increased by 61 percent from 2009 to 2010 and increased by 27 percent from 2010 to 2011. In absolute terms the total export value was about US\$ 7 billion and US\$ 9 billion in 2010 and 2011 respectively.

Zambia's major export products in the last three years have remained largely intermediate goods category, mainly comprising copper cathodes accounting for about 80 percent on average. This essentially means that non-traditional exports accounted for about 20 percent on average.

In 2011, Zambia exported about US\$ 9 billion against imports of about US\$ 7.2 billion resulting in a positive trade balance of about US\$ 1.41 Billion. This represents an increase from 2010 total exports of about US\$ 7.3 billion and imports of about US\$5.2 billion; resulting in a positive trade balance of about US\$2.1 billion. In the same year, copper exports increased to US\$6.7 billion from US\$5.8 billion recorded in 2010. However, there was a decline in cobalt earnings from US\$303,820,000 recorded in 2010 to US\$256,010,000 in 2011, a decline of about

US \$58 Million due to a combination of factors, including production and pricing.

This general increase in export earnings was to a greater extent attributed to an upswing in the net realised average price of copper increased demand for metals resulting from the recovery of the world economy from the impact of the global economic and financial crisis.

Mr. Speaker,

As part of the export diversification programme, the Government has taken keen interest in promoting the growth of the non-traditional export sector (NTEs). It may interest this House to note that Zambia's Non-Traditional Exports have generally exhibited an upward trend over the past five years growing from US\$ 566 million in 2005 to about US\$ 1.7 billion in 2011. NTEs increased from about US\$ 1.3 billion in 2010 to about US\$1.7 billion in 2011. This represented 31% growth in NTEs and 19.6% contributions to total exports in 2011.

The growth in the NTEs has been as a result of Government's efforts to diversify the economy from its dependence on copper and facilitating investment in the non-traditional exports sector. The main NTEs that have

recorded significant growth over the years included; cement, lime, wheat, burley tobacco, gemstones, copper wire, electrical cables, cane sugar, cotton lint and cotton yarn. Increases in these were also supported by improvements in the international commodity prices which accounted for this growth.

Impressive as this growth in Non-Traditional Exports is, the Patriotic Front Government believes there still remains substantial homework to achieve a satisfactory level of diversification.

Mr. Speaker,

In 2011, the key sub-sectors that contributed to the average 20% growth in NTEs included among others; engineering products sub-sector with copper wire, electrical cables, and electricity contributing 13.5% to total NTEs. Others are primary agriculture with maize contributing 11.1%, burley tobacco 5.9%, cotton lint 6.9%.

Other key sectors are processed and refined foods sub-sector with cane sugar being a key product, animal products, chemical & pharmaceutical products, scrap metal, other manufacturers and leather and leather

products, gemstones, building materials, nickel and gold. The products that contributed to the high exports in 2011 included; maize and maize seed, copper wire, burley tobacco, cane sugar, electrical cables, cotton lint, chemicals and cement, among others.

Mr. Speaker,

In terms of the direction of Zambia's exports, the major export destination for the intermediate goods category during the period under review has been Switzerland with well above 80 percent on average. This is followed by countries such as the Republic South Africa, China and the Democratic Republic of Congo.

Other prominent export markets included; the United Kingdom, the Netherlands, Tanzania, France, Namibia, Egypt and the United States of America.

It is worth noting that the COMESA and SADC trading blocs continued to be the top destinations for Zambia's Non-Traditional Exports. With regards to individual countries, the Democratic Republic of Congo continued to be the largest single export market for the Zambian NTEs, representing 31%. The Republic of South Africa was the second largest market having recorded 18%. Other significant export

markets in order of value of exports were Zimbabwe, Malawi, Belgium, Tanzania and China.

Way forward

Mr. Speaker,

The Patriotic Front Government has observed that Zambia's export portfolio is still highly dependent on mineral exports, making the economy highly susceptible to external shocks such as global demand and price slumps. In this regard, the Government has taken particular interest in developing not only the urban areas but also the rural parts of Zambia as part of our industrialisation programme. Consequently, my Ministry has embarked on creating a resource map in all the districts and provinces in order to create export oriented industries in identified potential products which.

It is in this spirit that we are taking a critical step in all the trade negotiations where we are involved in to make sure that any trade agreement that Zambia is and will be involved in helps us reduce our dependence on unprocessed exports by increasing the value we add to products, for national, regional and international markets. Our belief and conviction is that if we add value to goods

produced for national, regional and international markets, then we will be creating jobs and enhancing real growth in Zambia's productive sectors.

In conclusion Mr. Speaker, the Government is working very hard to make Zambia among the most attractive investment destinations in the world with a stable political, socio-economic, and cultural and a conducive business environment which is cardinal for business operators, our focus being to increase the Non-Traditional Exports (NTEs). This is further underscored by the fact that we have a thriving democratic, peaceful, and politically stable environment, as well as respect for the Rule of Law, Separation of Powers, independent press and Judiciary, strong civil society, strong Anti-Corruption drive and above all pro-business Government.

With the development of the rural industrialisation strategy through the 150 industrial clusters and attracting domestic as well as foreign direct investments in the key sectors of the economy, the exports are expected to grow further leading to more direct and indirect jobs to be created thereby putting more money in people's pockets.

I now ask that Members assist us by taking copies of our resource mapping to verify this in their respective constituencies.

MR. SPEAKER, I THANK YOU.