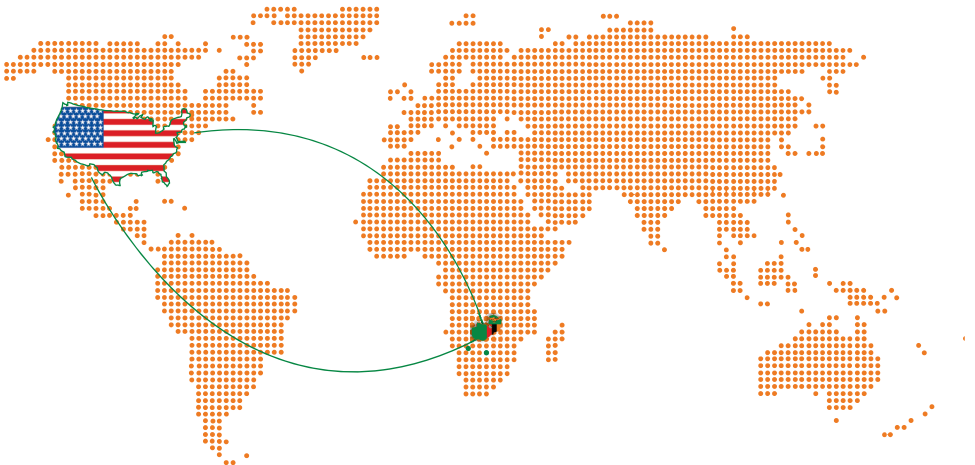


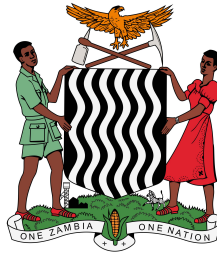
# MINISTRY OF COMMERCE, TRADE AND INDUSTRY

## NATIONAL AFRICAN GROWTH AND OPPORTUNITY ACT (AGOA) RESPONSE STRATEGY AND ACTION PLAN FOR **ZAMBIA**



2018-2025

This publication is made possible by the support of the American People through the United States Agency for International Development (USAID). It was prepared by the USAID-funded Southern Africa Trade and Investment Hub (The Hub) project implemented by DAI. The author's views expressed in this publication do not necessarily reflect the views of USAID or the United States Government.



## MINISTRY OF COMMERCE, TRADE AND INDUSTRY

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## FOREWORD (BY HON. MINISTER)

The Government of the Republic of Zambia remains committed to creating an enabling business environment to promote inclusive growth and industrialization, value addition and diversification of the Zambian economy. It is in this regard that the National African Growth Opportunity Act (AGOA) Response Strategy, 2018-2025 and Work Plan has been prepared as one of the tools that the Government will use to not only assist policy makers in their day to day planning and evaluation of Zambia's utilization of preferences under AGOA but also to assist the private sector to create business linkages and enhance their capacity to export value added, quality products into the US and regional markets.

Zambia has barely utilized the preferential market access opportunities under the AGOA Trade Preference Program in the past due to among other factors, lack of awareness of existing opportunities in various States of America and the preferences of consumers, limited quantities produced for exports, inability to meet product requirements for the US market and logistical costs. It is against this background that this Response Strategy was formulated to not only tackle bottlenecks that limit trade between Zambia and the United States of America but also to create a platform to enhance Zambia's trade with countries in the region as part of efforts to improve market penetration in other regions.

The Strategy is anchored on Zambia's aspiration of becoming a prosperous middle income economy by 2030, as set out in the Vision 2030 as well as in the 7<sup>th</sup> National Development Plan which parts from sectoral-based planning to an integrated (multi-sectoral) development approach that aims to leave no one behind. It is foreseen that efforts to enhance trade under the AGOA initiative will have ripple effects on other efforts being made by the Government of the Republic of Zambia to diversify the Zambian economy and further boost Zambian exports into international markets.

Once implemented the Strategy is expected to enhance competitiveness, while creating opportunities for the growth of Zambia's exports into the United States in light of the current low utilization levels of preferences under AGOA.

The implementation of the Strategy is also expected to increase Zambia's exports to countries within the COMESA, SADC and the African continent at large as well as contribute to employment and wealth creation.

I am confident that the objectives of the AGOA Response Strategy 2018-2025 will be successfully achieved through joint efforts among the policy makers, the private sector and all other cooperating partners.



Hon. Christopher Yaluma, MP

**MINISTER OF COMMERCE, TRADE AND INDUSTRY**

## ACKNOWLEDGEMENTS (BY PERMANENT SECRETARY)

The renewal of the African Growth and Opportunity Act (AGOA) for a further 10 years from 2015 to September 30, 2025 and Zambia's current low utilisation of this facility has necessitated the development of this National AGOA Response Strategy 2018-2025 by the Government of the Republic of Zambia in efforts to boost trade between Zambia and the United States by building capacity to tackle bottlenecks associated with exporting to the US.

This Strategy was developed through a consultative process with a wide range of key stakeholders, which included line Ministries, quasi-government institutions, private sector associations and other experts from various sectors and cooperative partners. The Strategy is an outcome of extensive and comprehensive consultations and engagement with various stakeholders involved in Zambia's development agenda. I wish, therefore, to thank all line Ministries, Statutory Bodies, and other Government institutions; the Zambia Permanent Mission in Washington D.C, Private Sector and Civil Society for the tireless efforts and commitment towards the development of this document.

I wish to convey sincere gratitude to Hon. Margaret D. Mwanakatwe, MP, the former Minister of Commerce, Trade and Industry for her leadership and guidance during the formulation of this Strategy and to thank Hon. Christopher Yaluma MP, Minister of Commerce Trade and Industry for ensuring that this strategy is finalized and launched.

Further, I wish to thank to the United States Agency for International Development (USAID) through the USAID Southern African Trade Investment Hub for the technical and financial support rendered towards the development of this strategy. I would also like to thank other cooperating partners for the contributions made towards formulating this document.

Appreciation also goes to the Consultants that were engaged for their expertise and technical competence in reviewing and revising successive drafts of the Strategy.

In conclusion, I would like to convey my deepest appreciation to members of staff in the Ministry of Commerce, Trade and Industry who diligently applied themselves in providing technical and logistical support in the process of developing this AGOA Response Strategy 2018- 2025.



Kayula Siame (Mrs)  
PERMANENT SECRETARY  
**MINISTRY OF COMMERCE, TRADE AND INDUSTRY**





## ACRONYMS

AGOA	African Growth and Opportunity Act
ANSI	American National Standards Institute
BOZ	Bank of Zambia
CBM	Coordinated Border Management
CEEC	Citizens Economic Empowerment Commission
CIF	Cost, Insurance and Freight
CITES	Convention on International Trade in Endangered Species of Wild Flora and Fauna
COMESA	Common Market for Eastern and Southern Africa
COMTRADE	United Nations Comtrade Database - International Trade Statistics.
CT	Container for international shipping
CVC	Chief Value Cotton
CVS	Chief Value Synthetic Fiber
DRC	Democratic Republic of Congo
DTF	Distance to frontier indicator
EAC	East African Community
EIF	Enhanced Integrated Framework
EPZ	Export Processing Zone
EU	European Union
FDA	U.S. Food and Drug Administration
FDI	Foreign Direct Investment
FL	Florida
FOB	Free on Board
FTA	Free Trade Area
GAP	Good Agricultural Practices
GDP	Gross Domestic Product
GNI	Gross National Income
GSP	Generalized System of Preferences
HACCP	Hazard Analysis & Critical Control Points
HS	Harmonized Trade Classification System
ISO	International Standards Organization
ITC	International Trade Centre - Geneva
KWH	Kilo Watt Hour

LDC	Least Developed Country
MCTI	Ministry of Commerce, Trade & Industry
MEWD	Ministry of Energy and Water Development
MFEZ	Multi Facility Export Zone
MFN	Most Favored Nation
MOA	Ministry of Agriculture
MTC	Ministry of Transport and Communications
NIST	National Institute of Standards and Technology
NPPO	National Plant Protection Organisation
NSW	National Single Window
NTB	Non-Tariff Barriers
NTE	Nontraditional Exports
NY	New York (State)
NYC	New York City
OPIC	Overseas Private Investment Cooperation
OSBP	One Stop Border Post
PMA	US Produce Marketing Association
PQPS	Plant Quarantine and Phytosanitary Service
PRA	Pest Risk Assessments
R&D	Research & Development
REC	Regional Economic Communities
R-SNDP	Revised Six National Development Plan - Zambia
SADC	Southern Africa Development Community
SATIH	Southern Africa Trade & Investment Hub ("The Hub")
SME	Small & Medium Enterprises
SPS	Sanitary and Phytosanitary Measures
SSA	Sub Saharan Africa
SWOT	Strengths, Weaknesses, Opportunities and Threats
TCB	Trade Capacity Building
TCF	Third Country Fabric
TRQ	US Tariff Rate Quota (sugar)
TSO	Trade Support Organization
UCLA	University of California at Los Angeles
UNCTAD	United Nations Conference on Trade and Development

UNZA-FT	University of Zambia – Food Science & Technology
US	United States
US\$	United States Dollar
USA	United States of America
USDA	United States Department of Agriculture
US-ITC	United States International Trade Commission
USTDA	US Trade and Development Agency
USTR	United States Trade Representative
VAT	Value Added Tax
WB	World Bank
ZABS	Zambia Bureau of Standards
ZACCI	Zambia Association of Chambers of Commerce and Industry
ZALIA	Zambia Leather Industry Association
ZAM	Zambia Association of Manufacturers
ZCSO	Zambia Central Statistics Office
ZDA	Zambia Development Agency
ZEDF	Zambia Export Development Fund
ZEGA	Zambia Export Growers Association
ZESCO	Zambia Electricity Supply Corporation
ZNFU	Zambia National Farmers' Union
ZRA	Zambia Revenue Authority

## **PREFACE**

Following the renewal of the African Growth and Opportunity Act (AGOA) for an unprecedented 10 years from 2015 to September 30, 2025 and the uncertainties surrounding the continuation of preferences under AGOA in their current form, beneficiary countries have been encouraged to develop response strategies to increase utilization of the AGOA trade preference program while preparing for enhanced trade under any future arrangement. This non-reciprocal unilateral trade preference program provides duty-free access into the United States for over 6,400 qualifying product lines from eligible Sub-Saharan African countries. The 10-year AGOA extension through the AGOA Extension and Enhancement Act of 2015 covers the third country fabric (TCF) provision, which is a special rule that allows lesser-developed beneficiary countries duty and quota-free access into the U.S. for apparel made from fabric imported from non-AGOA beneficiary countries.

This AGOA Response Strategy and Work Plan for Zambia has been prepared to assist policy makers and the private sector to take advantage of opportunities offered by the AGOA facility, while consolidating export capacities at the regional level.

Therefore, analysis of market and investment trends, production capacities as well as market access opportunities and the preparedness of the private sector to seize the emerging opportunities informed the preparation of this document. While this Strategy and Work Plan for Zambia covers the duration of the extension of the AGOA program noted above, in line with the requirement of the AGOA Extension and Enhancement Act, the strategy will be reviewed every two years to ensure its continued relevance.

## EXECUTIVE SUMMARY

This document outlines a response strategy to the African Growth and Opportunity Act (AGOA) with a view to enhance Zambia's exports into the U.S. and the regional market, in light of the current low utilization levels of preferences under AGOA.

Though a beneficiary country under AGOA, Zambia has barely utilized the preferential market access opportunities under this arrangement. According to the most recent available statistics, Zambia's export to the U.S. under preferential terms amounted to a paltry US\$32,000 under AGOA in 2016 compared to US\$1.7 million under the Generalized System of Preferences (GSP) scheme. A limited basket of exports, which include tobacco, processed peanuts, and semi-precious stones account for this export trade.

The analysis undertaken in preparing this response strategy reveals the following general bottlenecks which need to be addressed for Zambia to effectively tap into the U.S. market:

- lack of awareness of the AGOA program and benefits of exports;
- limited export supply and weak institutional support;
- Low competitiveness, high production costs and various non-tariff barriers (NTBs);
- lack of abilities and resources for exploiting trade preferences for a wide range of products;
- limited marketing skills, lack of viable financing and competitive transportation to the U.S. coupled with long delivery time;
- inadequate production skills and technology to meet U.S. import requirements; and
- insufficient and inconsistencies in policies that discourage investment and export growth.

Specific product and sectoral constraints are also highlighted in this Strategy including the following:

- **Agriculture:** Low yields and productivity, pests and phytosanitary, high costs of inputs as most are imported, post-harvest losses, mostly rain fed crops, gaps in the supply value chain for some products, and reduced farmland near cities due to conversion to housing developments;
- **Processed foods:** Limited export supply, except for a few large vertically integrated companies, old small scale production technology, poor quality systems, insufficient awareness of international standards, poor packaging and labelling, limited marketing capacity and small domestic market, most supermarkets are foreign-owned and sell few local processed food products, almost non-existent research and development (R&D), and insufficient testing and product development capacity at key laboratories;
- **Textile and garments:** Decreasing area for planting cotton due to lack of credit and competition of cash crops, most fabrics are imported, most factories have old equipment with low productivity and high operation costs, inconsistent quality, insufficient labor skills, non-vertically integrated cotton operations, and significant decrease of local clothing production due to second-hand imports; and
- **Leather, home décor, fashion and accessories:** Inconsistent quality and availability of raw material for designed fabrics, baskets and finished leathers, insufficient skills for artisans, local designers and creative artists, lack of financing, designs not adapted to export

markets, inadequate supply of finished crafts, low quantities, low quality and high prices, no differentiation, high costs of imported inputs for production, and lack of marketing skills.

In response to these challenges, this Strategy identifies products and potential export markets and outlines a work plan to enhance Zambia's export trade at regional level and with the U.S. market. The focus areas of the Strategy are to:

- facilitate increased supply of products with export potential and improve their competitiveness;
- identify strategic specific initiatives and tasks for reducing constraints; and
- increase market accessibility for Zambian products regionally, internationally and more specifically to the U.S. market to increase utilization of the AGOA facility.

The proposed interventions and product focus are categorized into short, medium and long term to enable allocation of resources and implementation of the Strategy. In addition to identifying specific investment needs in several sectors and product categories, the Strategy has a work plan that includes strategic initiatives and tasks – grouped in key components – to facilitate implementation and monitoring. The role of the private sector and its activeness is highlighted as a key success factor in the promotion of Zambia's export trade.

Furthermore, besides being in alignment with existing national development plans, the Strategy will be reviewed every two years during the period of the AGOA program (until September 30, 2025) to ensure its continued relevance in line with the recommendations of the AGOA Extension and Enhancement Act (2015).

## 1. INTRODUCTION

## 1.1 Overview of AGOA

The African Growth and Opportunity Act (AGOA) is a non-reciprocal unilateral trade preference program that provides duty-free access into the United States (U.S.) for products from eligible Sub-Saharan African (SSA) countries. AGOA has been in existence for over 16 years and has been amended six times since its enactment in 2000. The latest iteration from 2015 to September 2025 makes it the longest in the history of the trade deal with SSA. AGOA aims to promote a free-market system, expand U.S.-African trade and investment, stimulate economic growth and assist SSA's integration into the global economy. The two focus areas for the AGOA program are to increase exports from AGOA eligible countries to the U.S., and to encourage investment by U.S. companies into SSA. Currently, 40 out of 48 SSA countries are AGOA eligible following the restoration of AGOA trade benefits to Gambia and Swaziland effective January 1, 2018 (see Figure 1). Both countries had lost AGOA eligibility in 2015. Swaziland lost AGOA eligibility due to concerns over restrictions on the freedoms of peaceful assembly, association, and expression while Gambia lost its eligibility because of human rights abuses and the deterioration of the rule of law.

**Figure 1: 2016 AGOA Beneficiary Countries**



This trade initiative provides the most liberal access to the U.S. market consisting of over 300 million people. The combined ACOA/General System of Preferences (GSP) program covers over 6,400 product lines from eligible SSA countries, over 700 of which are agricultural products. The products consist of more than 1,800 new tariff line items (including some apparel, footwear, wine, luggage, handbags, watches, certain motor vehicle components, chemicals, steel and many others) in addition to the 4,600 items enjoying duty-free status under the U.S. GSP program.



The US President signed the AGOA Trade Preferences Extension Act of 2015 into law in June 2015, renewing AGOA by a further 10 years to September 30, 2025. The extension includes the third country fabric (TCF) provisions, which are important to the development of the textile and apparel industry in SSA. The TCF provisions allow lesser-developed beneficiary countries duty-free and quota-free access into the U.S. for apparel made from fabric imported from any country.

The AGOA Trade Preferences Extension Act promotes compliance with the eligibility criteria by providing greater flexibility to the U.S. to withdraw, suspend, or limit benefits under AGOA if it is determined that such action will be more effective than termination. Highlights of the AGOA Extension and Enhancement Act include:

- a) An out-of-cycle review allowing the U.S. President to review at any time whether an AGOA beneficiary country is making progress towards meeting eligibility requirements with a 60-day notification period prior to termination from being an AGOA beneficiary;
- b) Emphasis on promoting the role of women in social and economic development in SSA;
- c) U.S. trade capacity building (TCB) agencies expected to provide appropriate resources to assist the development and implementation of the biennial AGOA utilization strategies; and
- d) United States Trade Representative (USTR) should consider requesting the regional economic communities (RECs) to prepare biennial AGOA utilization strategies, to encourage greater regional integration.

The AGOA extension underscores the importance of the robust trade between the U.S. and SSA and it introduces measures designed to make the agreement more responsive to unique circumstances in each country. Currently, in the Southern Africa Development Community (SADC) region, countries such as Botswana, Lesotho, Madagascar, Malawi and Mozambique as well as other SSA countries such as Ethiopia, Ghana and Kenya, among others, have already or are in the process of developing their national AGOA strategies in line with the recommendation in the AGOA Extension and Enhancement Act (2015).

## **Figure 2: Stakeholders Consultations Provided the Information for this Strategy**



This Strategy presents the National AGOA Strategy and Work Plan for Zambia aimed at increasing exports to the region, the U.S. and other markets. Most companies interested in exporting non-traditional products are in early stages of export readiness and the lack of awareness of U.S. market requirements coupled with distance from the U.S. market as well as the related transportation costs make it more profitable for Zambian companies to focus first on expanding exports in the regional market. After improving export skills, exporters would then be ready to effectively compete on farther markets such as the U.S., Europe, Asia and the Gulf region.

In 2016, two related strategies – “The Zambia National Export Strategy,” completed by a multi-sector team, and the “Zambia AGOA Strategy,” done by students from the University of California, Los Angeles (UCLA) – were drafted. However, though neither strategy has been officially launched to date, this work plan is aligned with both these strategies’ overall objective of product and market diversification, value addition, enhanced productivity and non-traditional exports.

The process of drafting this document included trade data analysis, high-level conceptual competitiveness assessment, and a review of findings from over 100 stakeholder interviews in person and by phone that involved 61 meetings with companies and related institutions in Zambia, as well as selected U.S. buyers (see Figure 2 & Annex 1). An analysis of the collected data and stakeholder validation workshops were conducted to confirm the validity of the draft strategy prior to incorporating suggested changes into the final document.

## 1.2 Vision

This National AGOA Response Strategy and Work Plan for Zambia complements Zambia’s aspirations espoused in several strategic documents to create a diversified and resilient economy for sustained growth and socioeconomic transformation driven by, among others, agriculture, tourism, manufacturing and mining.

### **1.3 General Objective**

The overall general objective of this National AGOA Response Strategy is for Zambia to take full advantage of the preferential market access enjoyed under AGOA and enhance the growth and competitiveness of the country's exports under the AGOA facility. The Strategy provides a prioritized roadmap for developing export competitiveness for Zambia under the AGOA trade preference program. Furthermore, it provides both government and the private sector with tools and actionable recommendations to boost Zambia's capacity for increasing exports to the region, the U.S. and other markets, thereby generating revenue and jobs as the country drives its industrialization agenda.

#### **1.3.1 Specific Objectives**

A National AGOA Response Strategy for Zambia will enable the country to increase utilization of the AGOA program and achieve the full potential of the AGOA unilateral trade preference program. The specific objectives of this Strategy are to:

- a) Increase awareness of the AGOA trade preference facility and its benefits to Zambia to ensure increased utilization of the program;
- b) Identify priority sector and products with potential for development to increase exports under the AGOA program;
- c) Help identify and facilitate support for trade capacity building (TCB) to meet standards and technical regulations requirements for the U.S. market;
- d) Identify investment friendly policies to facilitate increased local and foreign direct investment (FDI); and
- e) Suggest business friendly policies and regulations to capacitate current and potential exporters in Zambia to increase exports to the region and to the U.S. under AGOA.

### **1.4 General Targets of the Strategy**

The above specific objectives for Zambia are in line with the AGOA broader objective of deepening U.S. trade and investment ties with the Sub Saharan Africa region. The two focus areas for the AGOA unilateral trade preference program are to increase exports from AGOA eligible countries to the U.S. and to encourage investment into SSA. Therefore, this AGOA Strategy aims to provide guidance on the support required to develop identified export products by addressing policy, supply and market constraints.

#### **1.4.1 Sector Specific Targets**

The Strategy focuses on three sectors for the short term: agriculture; processed foods; and home décor, leather, crafts & fashion. In the medium term, there is potential for textiles & apparel, leather and other clusters. It also suggests some selected products in these sectors that hold export potential into the regional market and the U.S. under the AGOA trade preference program for the long term. The Strategy focus areas are identifying sectors and products with export potential, as well as supply and competitiveness issues, develop strategic initiatives and tasks for reducing constraints and increase market accessibility for Zambian products to the region, international and more specifically to the U.S. market to increase utilization of the AGOA facility.

## **1.5 Data Collection and Limitation**

A workshop on exporting processed foods to the U.S. attended 41 companies in Zambia and a validation workshop of the proposed work plan activities involved 21 stakeholders from both the public and private sectors were held in 2017. Participants were identified from the targeted sectors noted above with the assistance of Zambia Development Agency (ZDA), based on whether the company is currently exporting or has potential to export. The workshops discussed strategic issues related to export constraints and access to regional and U.S. markets.

Trade data for exports, imports, tariffs and related issues were collected from the U.S. International Trade Commission, Trademap/International Trade Centre (ITC) and subscription databases in the US.

Obtaining reliable data on domestic production, especially for non-basic staples production and key value chains, as well as some key benchmark indicators and sector-specific figures, was challenging because data for some potential export products – except export statistics data – are not collected by ministries or related agencies. The only option was to rely mostly on primary information collected during interviews and – with all the limitations – on data found in the few related publications shared by some institutions.

Zambian companies have minimally utilized AGOA compared with other African countries. In interviews companies said they considered US import requirements extremely difficult to meet. Also, high transport costs together with limited export skills and export readiness, as well as lack of awareness of the U.S. market, contributed to the low level of interest of Zambian companies towards exporting to the US. However, it is expected that Zambian exports into the region and the U.S. particularly from the sectors noted above will increase significantly with the implementation of this Strategy.

## **2. SITUATIONAL ANALYSIS**

### **2.1 Global Context**

According to the Bank of Zambia (BoZ), in 2016 Zambia faced significant challenges of restoring stability in the foreign exchange market and containing the surge in inflation that began in the fourth quarter of 2015 ending the year at 21.1%. However, due to concerted efforts by the Government to restore single digit inflation over the medium-term, annual overall inflation decreased to 7.5% by December 2016 from a peak of 22.9% in February 2016. As at April 2018 the overall inflation rate stood at 7.4%.

Global economic growth slowed down to 1.3% in 2016 from 3.2% in 2015, reflecting mainly lower economic activity in advanced countries. The BoZ mainly ascribed this to the uncertainty regarding the impact of Brexit and the weaker than expected economic growth in the US. However 2017 showed a rebound in economic growth to 2.4% in SSA from 1.3% recorded in 2016. World Economic Outlook (October 2017) projects economic growth in SSA of 3.4% in 2018, with sizable differences across countries (see Table 1). Beyond the near term, growth is expected to rise gradually, but barely above population growth, as large consolidation needs weigh on public spending. The advanced economies growth rate is projected to be 2.0% in 2018. The outlook for fuel-importing countries is generally brighter, with an aggregate growth rate of 4.4% in 2018.

In contrast to the above, the Gross Domestic Product (GDP) growth for SSA was 5.0% in 2014, 3.4% in 2015 and 1.4% in 2016 while growth rates for advanced economies were 1.6% in 2016 compared to 2.1% in 2015 and 1.8% in 2014.

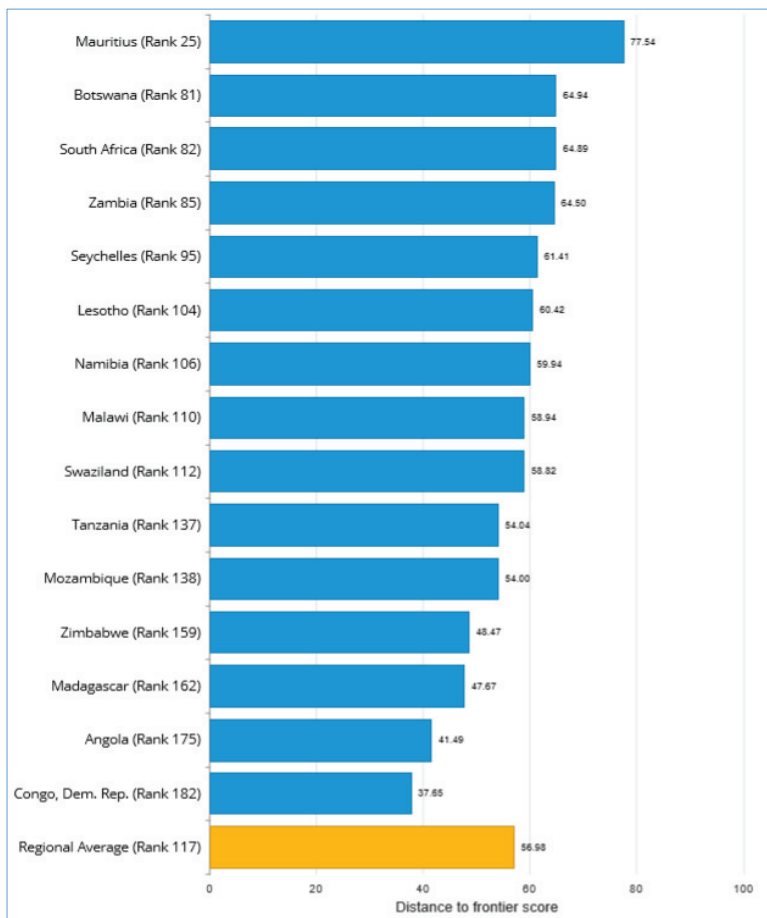
Table 1: Overview of the World Economic Outlook Projections

	2016	Projections		Difference from July 2017 WEO Update <sup>1</sup>		Difference from April 2017 WEO <sup>2</sup>	
		2017	2018	2017	2018	2017	2018
<b>World Output</b>	<b>3.2</b>	<b>3.6</b>	<b>3.7</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>
<b>Advanced Economies</b>	<b>1.7</b>	<b>2.2</b>	<b>2.0</b>	<b>0.2</b>	<b>0.1</b>	<b>0.2</b>	<b>0.0</b>
United States	1.5	2.2	2.3	0.1	0.2	-0.1	-0.2
Euro Area	1.8	2.1	1.9	0.2	0.2	0.4	0.3
Germany	1.9	2.0	1.8	0.2	0.2	0.4	0.3
France	1.2	1.6	1.8	0.1	0.1	0.2	0.2
Italy	0.9	1.5	1.1	0.2	0.1	0.7	0.3
Spain	3.2	3.1	2.5	0.0	0.1	0.5	0.4
Japan <sup>2</sup>	1.0	1.5	0.7	0.2	0.1	0.3	0.1
United Kingdom	1.8	1.7	1.5	0.0	0.0	-0.3	0.0
Canada	1.5	3.0	2.1	0.5	0.2	1.1	0.1
Other Advanced Economies <sup>3</sup>	2.2	2.6	2.5	0.3	0.1	0.3	0.1
<b>Emerging Market and Developing Economies</b>	<b>4.3</b>	<b>4.6</b>	<b>4.9</b>	<b>0.0</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>
Commonwealth of Independent States	0.4	2.1	2.1	0.4	0.0	0.4	0.0
Russia	-0.2	1.8	1.6	0.4	0.2	0.4	0.2
Excluding Russia	1.9	2.9	3.3	0.4	-0.2	0.4	-0.2
Emerging and Developing Asia	6.4	6.5	6.5	0.0	0.0	0.1	0.1
China	6.7	6.8	6.5	0.1	0.1	0.2	0.3
India <sup>4</sup>	7.1	6.7	7.4	-0.5	-0.3	-0.5	-0.3
ASEAN-5 <sup>5</sup>	4.9	5.2	5.2	0.1	0.0	0.2	0.0
Emerging and Developing Europe	3.1	4.5	3.5	1.0	0.3	1.5	0.2
Latin America and the Caribbean	-0.9	1.2	1.9	0.2	0.0	0.1	-0.1
Brazil	-3.6	0.7	1.5	0.4	0.2	0.5	-0.2
Mexico	2.3	2.1	1.9	0.2	-0.1	0.4	-0.1
Middle East, North Africa, Afghanistan, and Pakistan	5.0	2.6	3.5	0.0	0.2	0.0	0.1
Saudi Arabia	1.7	0.1	1.1	0.0	0.0	-0.3	-0.2
Sub-Saharan Africa	1.4	2.6	3.4	-0.1	-0.1	0.0	-0.1

Source: International Monetary Fund, World Economic Outlook 2017

The 2018 World Bank Doing Business report ranks Zambia on 85 out of 190 assessed countries (see Figure 3), compared 98 out of 190 countries in 2017, an improvement of 13 rankings (lower ranking indicates a more attractive and competitive business environment). It is important to note that while the ranking for Zambia is way better than the average for the SADC region, which was 120 for 2017 and 119 for 2016, the country still needs to improve its business climate in several areas to be more competitive regionally and internationally. Compared to the 15 SADC countries, Zambia improved to number four in 2018 compared to five in 2016 and 2017.

Figure 3: Ease of Doing Business 2018 Ranking for SADC Countries



Source: World Bank Doing Business 2018 SADC Regional Report

The Doing Business Report helps to shed light on how easy or difficult it is for entrepreneurs to open and run a small to medium-size business in the assessed country when complying with relevant regulations (World Bank, 2017). The report measures and tracks changes in regulations affecting the following 11 areas in the life cycle of a business: Starting a business; Dealing with construction permits; Getting electricity; Registering property; Getting credit; Protecting minority investors; Paying taxes; Trading across borders; Enforcing contracts; Resolving insolvency; and Labor market regulation.

Although Zambia has taken steps to improve its regulatory framework, progress has been slow. As depicted in Table 2, the report shows that in 2018, seven indicators performed better than the

regional averages with the best ranked being Getting credit (2), which is also the best in the region followed by Paying taxes (15). The 2018 Doing Business Report highlights that Zambia strengthened access to credit by introducing a new Movable Property Act and by setting up a new collateral registry. The new law implemented a functional secured transactions system. Also, besides reducing the property transfer tax rate, Zambia made paying taxes easier by introducing an online platform for filing and paying taxes.

Three indicators are ranked worse than the SADC average with the poorest being Getting electricity (155) followed by Trading across borders (150) and Registering property (149) indicating the need for Zambia to improve these areas to be more competitive. These areas would require more attention to provide an improved business friendly environment and improve the country's overall ranking. However, the Doing Business Report (World Bank, 2018), reports that Zambia made exporting and importing easier by implementing a web-based customs data management platform, ASYCUDA World.

**Table 2: Zambia Rankings on Doing Business Indicators in 2018**

Indicator	Zambia Ranking 2018	SADC Average	Highest Ranked SADC Country	Ranking
Getting credit	2	89	Zambia	2
Paying taxes	15	91	Mauritius	10
Dealing with permits	69	110	Mauritius	9
Protecting minority investors	89	97	South Africa	24
Resolving insolvency	89	109	Mauritius	36
Starting a business	101	128	Mauritius	40
Enforcing contracts	128	129	Mauritius	27
Registering property	149	118	Mauritius	35
Trading across borders	150	118	Swaziland	32
Getting electricity	155	136	Mauritius	51

Source: Prepared with information from World Bank Doing Business 2018 SADC Regional Report

On the other hand, the World Economic Forum Global Competitiveness Index 2016–2017 ranks Zambia 118 out of 138 countries, against 96 out of 138 countries during the previous year. In SADC, the report ranks Zambia better than Lesotho (120), Zimbabwe (126), Madagascar (128) and DRC (129), Mozambique (133) and Malawi (134). The GCI defines competitiveness as the set of institutions, policies, and factors that determine the level of productivity of an economy, which in turn sets the level of prosperity that the country can achieve. The report combines 114 indicators that capture concepts that matter for productivity and long-term prosperity (World Economic Forum, 2017). Competitiveness reports provide reflection of the prevailing business environment in the country. Such reports are often used by potential investors to guide them on selecting a suitable investment destination.

## **2.2 National Context**

### **2.2.1 Overview of the Zambian Economy**

For a decade between 2004 and 2014, Zambia had a real GDP growth averaging roughly 6.7% per annum, though growth slowed in 2015 to just over 3%, due to falling copper prices, reduced power generation, and depreciation of the kwacha. Zambia's dependency on copper as its major export makes it vulnerable to fluctuations in the world commodities market and prices turned

downward since 2015 mainly due to declining demand from China. Zambia's real GDP growth for 2016 was estimated at 3.4%, up from 2.9% registered in 2015 (see Table 3). However in 2017, Zambia's projected GDP rose to 4.2% with a rise in copper prices from 5495(USD) in 2015 to 6166(USD) in 2017. The mining, manufacturing, wholesale and retail trade, transport and storage and tourism sectors were the major drivers of the Zambian economy in 2016.

**Table 3: Selected Economic Facts for Zambia**

Indicator	Economic Fact
Official exchange rate	1US\$ =10.2 – 9.45 kwacha (2016-2017)
GDP	US\$20.57 billion (2015 est.)
GDP (real growth rate)	3% (2016 est.); 3% (2015 est.) & 5% (2014 est.)
GDP (by sector of origin)	Agriculture: 9.2%; Industry: 29.2% & Services: 61.7% (2016 est.)
Agriculture (products)	Corn, sorghum, rice, peanuts, sunflower seeds, vegetables, flowers, tobacco, cotton, sugarcane, cassava (manioc, tapioca), coffee; cattle, goats, pigs, poultry, milk, eggs, and hides
Industries	Copper mining and processing, emerald mining, construction, foodstuffs, beverages, chemicals, textiles, fertilizer, processed horticulture and dairy
Industrial production growth rate	0.2% (2016 est.)
Labor force	7.116 million (2016 est.)
Unemployment rate	15% (2008 est.) & 50% (2000 est.)
Budget surplus - (+) or deficit (-)	-8.1% of GDP (2016 est.)
Inflation rate (consumer prices)	20.7% (2016 est.) & 10.1% (2015 est.)

Source: World Factbook

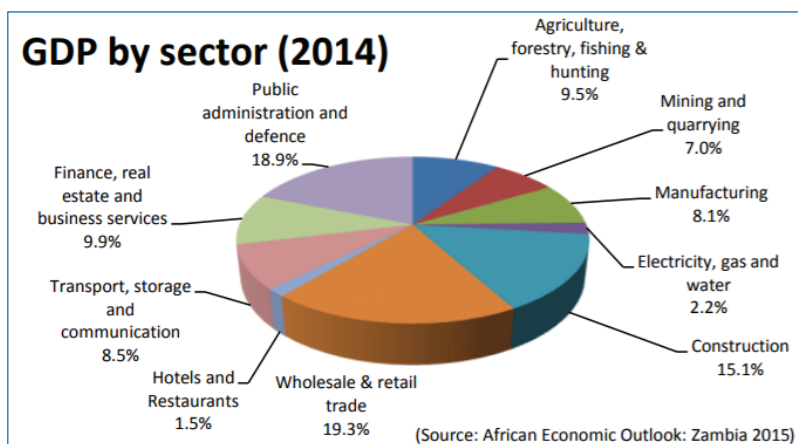
Nonetheless, growth in 2016 was constrained by electricity supply deficit, and the increase in fuel prices, following the removal of fuel subsidies, that raised production and transportation costs. The removal of fuel subsidies was expected to support fiscal consolidation and macroeconomic stability over the medium-term. However, government has over the years adopted policies and programmes aimed at industrialisation and value addition in order to diversify the economy and reduce dependence on copper.

Privatization of government-owned copper mines in the 1990s greatly increased copper mining output and profitability. Copper output increased steadily since 2004, due to higher copper prices and foreign investment. In 2005, Zambia qualified for debt relief under the Highly Indebted Poor Country Initiative for approximately US\$6 billion in debt relief.

Figure 4 shows Zambia GDP contribution by sector for 2014. Commercial agriculture has been increasing production lately and has reasonable export growth potential for the regional and other markets. The main activity for rural families, who constitute approximately 60% of the population and are among the poorest in the country, remains subsistence farming. In 2016, agriculture contributed 9.2% same as in 2014, industry 29.2% with the largest contribution coming from services at 61.7% (see Table 3 for selected economic facts for Zambia).

**Figure 4: Zambia GDP by Sector**





The 2017 African Economic Outlook, projects copper output to increase by 8% in 2018. In addition to the good agriculture season, the forecasts are that there will be sufficient electricity to increase copper production.

## 2.2.2 Foreign Investment

The United Nations Conference on Trade and Development (UNCTAD, 2009) maintains that foreign direct investment (FDI) inflows into host countries are determined by a variety of factors namely, the economic attractiveness of host countries, profitability of the investment, various policy and institutional elements and business facilitation measures. In addition to export development, a broader objective of the AGOA program is to deepen U.S. investment ties with the SSA region. As shown in Table 4, FDI inflows into Zambia were about US\$1.5 billion in 2014 and US\$1.6 billion in 2015, making Zambia one of the main FDI recipients in Africa, but it dropped by 70% to US\$469 million in 2016 mainly due to low commodity prices and uncertainty over mining tax policy amendments.

As noted above, the 2017 World Bank Doing Business Report ranked Zambia 98<sup>th</sup> out of 190 assessed countries and 5<sup>th</sup> compared to other SADC countries, indicating a need for improving the prevailing investment environment although Zambia remains reasonably competitive compared to other SADC countries.

**Table 4: Foreign Direct Investment for Zambia (2014 – 2016)**

Foreign Direct Investment	2014	2015	2016
FDI Inward Flow ( <i>million USD</i> )	1,489	1,583	469
FDI Stock ( <i>million USD</i> )	14,890.7	14,467.8	14,936.3
Number of Greenfield Investments	17.0	13.0	13.0
FDI Inwards ( <i>in % of Gross Fixed Capital Formation</i> )	17.7	19.4	6.3
FDI Stock ( <i>in % of GDP</i> )	54.8	68.1	70.1

Source: UNCTAD, 2016

In 2014, the average rate of return on FDI stocks for Zambia was 11% but was expected to be lower in 2015-2016. Except the mining sector situation where the revised mining code and increase in taxes of mining coupled with the high level of interest rates could create an unfavorable economic climate for foreign investors, the government is doing more to attract investment in the agriculture and manufacturing sectors. Consequently, FDI brings more jobs in the manufacturing and agriculture sectors than mining (see Table 5). Although investment in manufacturing surpassed mining for the first time in the past decade in 2015, foreign companies continued to actively invest in the mining sector with South Africa, the United Kingdom and Zimbabwe being the main investing countries.

**Table 5: Average FDI Jobs in Key Sectors**

Manufacturing	10,263	10,083	25,522
Agriculture	3,595	26,258	2,458
Mining	5,277	1,231	1,643

In addition to government efforts to help create an investment friendly environment in Zambia, the country's infrastructure, whose previously poor quality posed a barrier to investment in the past, is being improved through investments in the road network and railroads and the construction of electrical power stations to minimize power shortages. With Chinese support, the country began the construction of a new hydroelectric plant in 2013, an investment of EUR 1.5 billion, which should start operating in 2018. Renewable Energy World (2014) reports that increased power in the Northern Province will come from the construction of two facilities that include the 93-MW Kabwelume Falls power plant and 151-MW Kundalila Falls (sometimes spelled Nkundalila Falls) power plant, and construction of a 330-kV high-voltage transmission line from two power plants in Kasama. According to Zambia Electricity Supply Corporation (ZESCO), a 66-kV line will be constructed at the hydropower stations that will join the existing national grid at ZESCO's Kawambwa substation in Luapula Province. The Ministry of Energy and Water Development (MEWD) estimates the overall hydropower potential of Zambia to be 6,000 MW, of which 1,858.5 MW has been developed. However, the mining industry still accounts for nearly half of the electricity consumption in the country.

With a population of about 16.6 million and a labor force of approximately 7.1 million (2016 est.), Zambia has a huge potential market as an investment destination. In addition, as a member of two RECs – Common Market for Eastern and Southern Africa (COMESA) with a potential market of 430 million people, and a combined GDP of US\$472 billion and SADC with a potential market of 258 million people and a combined GDP of over US\$471 billion – coupled with access to the COMESA-East African Community (EAC)-SADC Tripartite Free Trade Area (FTA), investing in Zambia guarantees potential access to a huge regional market. The Tripartite FTA consist of 26 countries with a combined population of over 600 million and a GDP of about US\$624 billion, providing a ready market for Zambia products and an opportunity for regional integration and value chain development.

While the Government of Zambia has made some improvements in the business environment over the past decade, cumbersome administrative procedures, instability and unpredictability of laws, the high cost of doing business due to poor infrastructure, the high cost of finance and inadequate human resources remain concerns for current and potential investors. Despite these issues, foreign investment interest continues to be high, which should translate into growth in several economic sectors beyond mining, such as agriculture, power generation and tourism particularly if the government reduces or eliminate market-distorting subsidies and implement more consistent, market driven strategies and investment friendly policies.

As already noted above, Zambia still ranks low in many business climate indicators with the 2018 Doing Business Report ranking the country 98 out of 190 while the 2016–2017 Global Competitiveness Index rank the country 118 against 138, and the Global Innovation Index Report puts Zambia's competitiveness on 125 of out 128. Consequently, Zambia needs to proactively work towards improving these rankings to increase competitiveness for FDI.

Laws which influence foreign investment in Zambia include:

- The Companies Act of 1994, which governs the registration of companies in Zambia;
- The Zambia Revenue Authority's Customs and Excise Act, Income Tax Act of 1966, and the Value Added Tax of 1995, which provide for general incentives to investors in various sectors;
- The Zambia Development Agency Act of 2006, which offers a wide range of incentives in the form of allowances, exemptions, and concessions to companies;
- The Employment Act Cap 268, Zambia's basic employment law, which provides for required minimum employment contractual terms; and
- The Immigration and Deportation Act Cap 123, which regulates the entry into and residency in Zambia of visitors, expatriates, and immigrants.

FDI into Zambia continue to be dominated by large mining investments from Canada, Australia, the UK, and China, in addition to infrastructure and other projects performed almost entirely by Chinese companies<sup>1</sup>. In 2015, there were 15 new Greenfield FDI projects and four mergers/acquisitions deals. However, the U.S. has a relatively small commercial presence in Zambia having accounted for only US\$65 million FDI in 2015, down from US\$127 million in 2014.

Based on UNCTAD Statistics, Zambia is not attracting sufficient inward FDI flows. The country ranked number four in Africa's attraction of FDI flows in 1990 but dropped sharply to 22 in 2016 with a total of only US\$469 million, compared to world inward FDI flows of US\$1.7 trillion, US\$442.6 billion for Asia, and US\$391.0 billion for the US during the same year. In Africa, the top five destinations for inward FDI flows in 2016 were Angola (US\$14.364 billion), Egypt (US\$8.107 billion), Nigeria (US\$4.449), Ghana (US\$3.485 billion) and Ethiopia (US\$3.196 billion). From the SADC region, only Angola with US\$14.364 billion, Mozambique (US\$3.093 billion) and South Africa (US\$2.270 billion) were in the top 10 (lusakatimes.com, 2017).

In realization of the importance of attracting investment into the country, Zambia established ZDA in January 2007 through the consolidation of several trade and investment promotion entities into a one-stop resource for international investors interested in Zambia. ZDA is mandated to attract FDI. This is in line with the Government's commitment to continue with reforms aimed at making Zambia an attractive investment destination. Details of investment incentives offered by Zambia are provided in Annex 2.

### **2.2.3 Sector Performance/Selection of Sectors**

Based on the stakeholder consultations and the criteria presented in Table 6 below, a pre-selection of sectors to consider in this Strategy was done. The focus of the analysis and proposed

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<sup>1</sup> The growing presence of Chinese investors was noticed during the field visits. It is reaching other sectors such as supermarkets, restaurants, hotels, forestry, informal mining, retail, farming, housing and building construction among others. Just the Bank of China has over 100 Chinese staff in its Lusaka office.

activities is on sectors with products that could be exported in the short term, such as agriculture, processed foods, home décor, fashion & crafts, leather, as well as textiles and garments. These are followed by less export ready sectors, although with medium term potential due to their high impact on job creation, use of resources and available skills.

**Table 6: Sector Selection Criteria**

Criteria	Animal products	Agriculture	Processed Foods	Leather	Textiles & garments	Handicrafts	Home décor, fashion	Metal products	Building materials	Semi-precious stones
1. U.S. main stream demand					+			+		
2. African immigrants in US		+	+							
3. U.S. special niche (organic, Fairtrade, uniqueness, etc.)		+	+	+	+		+			+
4. Reasonable supply and potential export readiness	+	+	+				+	+		
5. Growing regional markets demand	+	+	+						+	
6. Target sector for The Hub	+	+	+	+	+		+			
7. Availability of raw materials and inputs	+	+	+	+	+		+	+	+	+
8. Potential contribution to employment	+	+	+	+	+		+			
9. Existence of export firms	+	+	+	+			+			+
10. Supports export supply diversification	+	+	+	+	+		+	+	+	
11. Potential development of value added	+	+	+	+	+		+	+		+
12. Experts suggestions	+	+	+	+			+			

#### Short term (1-2 years):

- The **agriculture sector** (grains and legumes, fruits, vegetables, tubers, seeds, horticulture), poultry and poultry products as well as processed foods (see Figure 5) can expand the export supply significantly and improve food security while generating more employment.
- The **handicrafts sector** may have some potential for employment creation, if supported with design and marketing skills. The products that have potential for export include home textile goods, paintings, leather products, wood products, jewelry, and baskets. Home textile goods comprise of an extensive range of functional and decorative items or products used mainly for decorating homes while textile home furnishing fabrics or home textiles consist of both natural and man-made fabrics. There are also a few designers, making bags with imported fabrics and leather, on a smaller scale and are currently only selling locally or to South Africa but are very keen on exploring additional markets. An assessment of the costs, quality, etc., is necessary to determine the viability of these products.

**Figure 5: Honey is a Potential Competitive Product from Zambia for the U.S. market**



#### Medium term (Over 2-5 years):

- Owing to the fact that animal products (meat and dairy) are not yet export ready, more time would be required to develop these products.
- The **textiles and garments sector** in Zambia has potential to stimulate national economic growth and rural development owing to abundant natural resources. However, in recent years the sector has faced competition from the increased importation of less expensive new and second-hand clothing. There are several small and medium enterprises (SMEs) making protective clothing and uniforms that may have some mid-term potential in the regional market. In addition, there are some fashion and design shops exporting special small orders of women's dresses made with imported ethnic fabrics. Attendance at specialized trade shows will help these SMEs to find new buyers.
- The **leather and leather products sector** has mid-term potential but costs are high compared to other countries in the region. The leather industry in Zambia is dominated by mainly one tannery and is faced with quality issues that require technical assistance to reach export potential. Footwear companies import many components such as soles, lasts, etc. to make mainly industrial shoes. Stakeholders indicated that Zambia had many SMEs making uniform and mining shoes but could not compete with cheaper imported shoes. A social enterprise called Alive and Kicking is making handmade soccer balls from leather and employ disabled men and women (see Figure 6). If connected to soccer teams and corporate gifts divisions of companies in Zambia and the region, they may grow their production and create more jobs and eventually export to U.S. markets. Also, there is potential in the crocodile hide sub-sector for regional trade and for the global high fashion market.

**Figure 6: Alive and Kicking, a Social Enterprise Produces Soccer Balls in Zambia**



#### **Long term (Above 5 years):**

- Export development for metal products, building materials, and semi-precious stones is capital intensive and require large investments, technology, capacities and skills that cannot be achieved in the coming five years<sup>2</sup>.

#### **Not included:**

- Although the gemstone industry has more growth potential, it is not an area of high impact in terms of formal employment and difficult to control due to informal mining. Gemstones are high value stones with little weight, and their global value chain is dominated by large international players, who do the cutting and finishing processes in other countries. Government would need to be a lot more involved in creating a structure to coordinate the industry and provide support for TCB in order to develop the potential of the sector and increase its competitiveness and this would require a lot more time and effort.

### **2.2.4 Strategy, Policy and Legal Context (Alignment with National Development Plans)**

This Strategy provides guidelines for developing a National AGOA Response Strategy for AGOA eligible countries in alignment with:

- The National Long Term Vision 2030 (Vision 2030) that is to become “A Prosperous Middle Income Nation by 2030” supports Zambia on being: (a) integrated within the sub-region, Africa and the rest of the world; (b) diversified and balanced and strong value added industry, (c) improved productivity and export skills, (d) trade policies consistent with sustainable management of resources and environment.
- The 7<sup>th</sup> National Development Plan (7NDP) 2017-2021 is the successor to the Revised Sixth National Development Plan, 2013-2016 (R6NDP) which expired in December 2016. The 7NDP whose theme is “Accelerating Development Efforts towards Vision 2030 without Leaving Anyone Behind”, like the three national development plans (NDPs) that preceded it,

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<sup>2</sup> For the same reason machinery, transportation equipment, electronics and chemicals were not considered.

aims to attain the long term objectives outlined in the Vision 2030. The Plan builds on the achievements and lessons learnt during the implementation of the previous NDPs.

- The objectives of “The 2016 Zambia National Export Strategy”, which are product and market diversification, value addition, enhanced productivity and non-traditional exports.
- The lessons learned by the “Zambia AGOA Strategy” prepared by UCLA students, especially in areas such as access to finance, logistics and transportation, governance, education and outreach.
- The lessons learnt from the 2014 National AGOA Response Strategy Framework developed by UNECA.

### 3. ANALYSIS OF ZAMBIA’S EXPORTS

#### 3.1 Zambia’s Total Exports to the World

In 2016, Zambia exported a total of US\$5.3 billion<sup>3</sup> down from about US\$7 billion in 2015 with copper and articles contributing 78%. Table 7 shows the top 10 global exports for Zambia for 2012-2016 while Table 8 indicates a breakdown of reported exports for Zambia by region and the rest of the world from 2011-2015.

**Table 7: Top 10 Zambia Exports to the World 2012 -2016 (US\$’000)**

Code	Product label	Exported value in 2012	Exported value in 2013	Exported value in 2014	Exported value in 2015	Exported value in 2016
Total	All products	9,364,653	10,594,069	9,687,918	6,979,472	5,305,398
74	Copper and articles thereof	6,372,937	6,890,103	7,210,758	5,150,789	4,190,449
71	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad . . .	282,675	328,474	272,472	200,109	194,861
24	Tobacco and manufactured tobacco substitutes	156,797	216,948	143,362	106,389	175,032
10	Cereals	419,761	161,686	78,155	204,473	115,856
81	Other base metals; cermet’s; articles thereof	214,481	132,868	122,714	75,239	101,947
44	Wood and articles of wood; wood charcoal	101,672	12,208	9,618	10,574	93,805
17	Sugars and sugar confectionery	143,576	188,910	221,561	134,701	77,052
52	Cotton	132,489	85,598	67,522	53,734	55,233
26	Ores, slag and ash	71,439	94,094	57,871	27,275	30,876
84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	122,582	227,271	161,646	93,607	30,177

Source: [http://www.trademap.org/Bilateral\\_TS.aspx](http://www.trademap.org/Bilateral_TS.aspx)

<sup>3</sup> A decline of 24% compared with 2015.



Non-traditional exports (NTE) were US\$1.88 billion (or 26.9% of total exports), agriculture exports were US\$413 million (22% of all NTE), and processed foods were US\$263 million or 14% of total NTE. Zambia has historically been a net importing country. In 2015 the total Zambia trade deficit was US\$1.4 billion due to lower world prices of metals and other commodities. However, at the four-digit Harmonized Tariff System code level, Zambia's main exported product is copper followed by tobacco, precious stones then corn. Most of the NTEs, including agricultural and manufacturing, are to the regional market with the DRC being the largest export market for NTEs (US\$574 million) followed by South Africa (US\$316 million) and Zimbabwe (US\$267 million).

Although most exports are metal products or chemicals related to mining processes, except cane molasses, there are significant exports of processed foods and agricultural products. This justifies the importance of the regional market as destination for more value-added products. Exporting to the regional market provides new local exporters the necessary learning experience vital for exporting to the more challenging U.S. market.

As evident in Table 8, between 2011 and 2015 exports from Zambia to SADC countries averaged 34% of the total exports while exports to EU were around 7% and only about 1% was to the U.S. (also see Figure 7).

**Table 8: Zambia Reported Exports 2011-2015 (1000's US\$)**

Region	2011	2012	2013	2014	2015	% Average total Exports by Market
Other countries in the World	4,352,008	4,996,942	5,533,292	5,343,408	4,102,231	58
SADC	2,584,337	2,937,395	3,113,512	3,224,369	2,396,783	34
EU	539,141	589,44	755,166	568,758	465,066	7
U.S.	123,7356	141,864	131,232	106,806	76,872	1
<b>Total</b>	<b>7,599,222</b>	<b>8,665,640</b>	<b>9,533,204</b>	<b>9,243,342</b>	<b>7,040,952</b>	<b>100</b>

Source: UN Comtrade

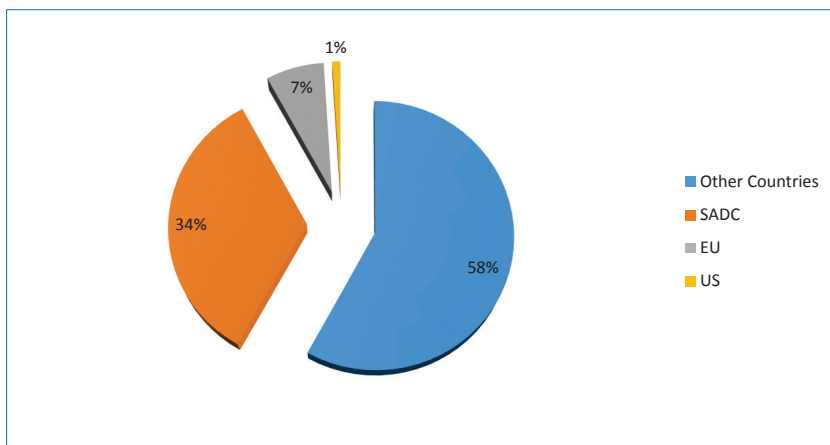
Table 9 below represents a list of 15 top trading partners for Zambia in 2015 in terms of export sales. That is, countries that imported the most Zambian shipments by dollar value during 2015.

Also shown below is each import country's percentage of total Zambian exports.

Table 9 and Figure 8 show that Switzerland was the top market for Zambian exports (mostly copper and metals) with 44.3% followed by China with a distant 14.5%. In Africa, South Africa with 7.7% was the highest beneficiary of Zambian exports closely followed by the DRC with 7.6% and Zimbabwe with 3.8%. The U.S. was the 35<sup>th</sup> market destination of Zambian exports with only around 1%.

**Figure 7: Percentage Average Total 2015 Exports for Zambia by Market**





Source: UN Comtrade

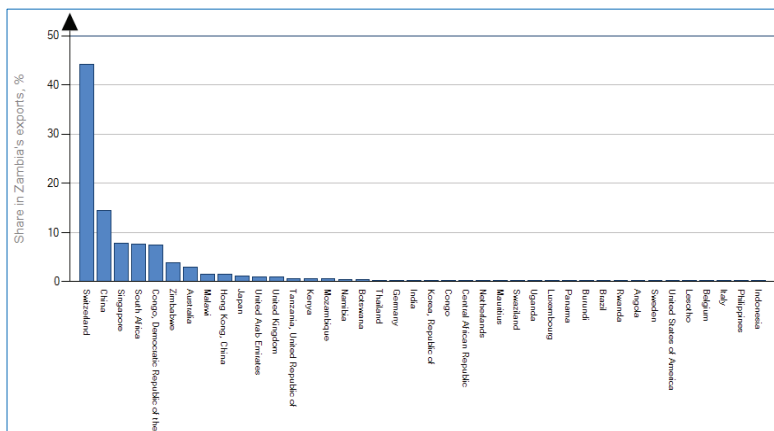
**Table 9: Top Trading Partners for Zambia in 2015 in Terms of Export Sales**

Country	Amount US\$	% of total Zambia exports
1) Switzerland	3.1 billion	44.3
2) China	1 billion	14.5
3) Singapore	545.5 million	7.8
4) South Africa	534.3 million	7.7
5) DRC	532.1 million	7.6
6) Zimbabwe	266.8 million	3.8
7) Australia	208.7 million	3
8) Malawi	107.3 million	1.5
9) Hong Kong	102.7 million	1.5
10) Japan	81.6 million	1.2
11) United Arab Emirates	69.9 million	1
12) United Kingdom	65.8 million	0.9
13) Tanzania	48.7 million	0.7
14) Kenya	40.2 million	0.6
15) Mozambique	40.2 million	0.6

Source: <http://www.worldstopexports.com/zambia>

Table 10 below shows that except for minerals, Zambia is not an export-oriented economy, and has a minimal share in world exports. In 2015, Zambia had a drastic 28% reduction in exports compared to 2014 followed by a further 24% decline in 2016 compared with 2015. The majority of product categories in the three selected sectors at two-digit HS level also had a trade deficit.

**Figure 8: Top 40 Markets for Zambia Exports in 2015**



Source: [http://www.trademap.org/Country\\_SelProductCountry](http://www.trademap.org/Country_SelProductCountry)

In terms of performance, the most notable growth was for cereals, beverages, oil seeds, raw hides and skins, textile crafts/carpets, live animals, resins and vegetable extracts, and fruits and nuts. However, still the world market share of Zambian exports of those products is minimal, but it signifies that there are potential expansion opportunities, if and when competitiveness improves.

**Table 10: Selected Sector Products Exported by Zambia to the World in 2015 (US'000)**

HS Code	Product description	Trade Indicators						
		Exported value 2015	Trade balance 2015	2011-2015 Annual growth in value (% p.a.)	2014-2015 Annual growth in value (% p.a.)	2011-2015 Annual growth of world imports (% p.a.)	Share in world exports (%)	Ranking in world exports
	<b>Total Zambian exports</b>	<b>6983184</b>	<b>-1437540</b>	<b>-5</b>	<b>-28</b>	<b>-2</b>	<b>0</b>	<b>95</b>
	<b>Exports in selected sectors</b>							
'10	Cereals	204628	174105	-15	162	-2	0.2	40
'17	Sugars and sugar confectionery	1391	126080	0	-39	-7	0.3	48
'24	Tobacco and manufactured tobacco substitutes	106480	97714	0	-26	-2	0.3	55
'23	Residues and waste from the food industries; prepared	34381	10725	-2	-54	3	0	72

	animal fodder							
'15	Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal ...	34122	-48096	8	-14	-5	0	84
'11	Products of the milling industry; malt; starches; inulin; wheat gluten	25498	10058	-13	-46	0	0.1	61
'22	Beverages, spirits and vinegar	20780	-11714	24	47	1	0	100
'12	Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal ...	16024	6981	18	-53	3	0	93
'41	Raw hides and skins (other than fur skins) and leather	12839	12776	49	-75	2	0	91
'06	Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage	12589	11477	-12	-9	-1	0.1	51
'07	Edible vegetables and certain roots and tubers	11468	-1047	0	0	3	0	105
'44	Wood and articles of wood; wood charcoal	10578	-18491	-25	10	2	0	117
'33	Essential oils and resinoids; perfumery, cosmetic or toilet preparations	9382	-31651	-27	399	4	0	95
'19	Preparations	9048	-20624	-17	-36	5	0	97

	of cereals, flour, starch or milk; pastry cooks' products							
'21	Miscellaneous edible preparations	7724	-21299	11	-23	3	0	96
'04	Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere	4540	-19172	-10	-35	1	0	103
'99	Commodities not elsewhere specified	4021	-750	-14	9	-9	0	115
'63	Other made-up textile articles; sets; worn clothing and worn textile articles; rags	3201	-36079	26	18	4	0	111
'01	Live animals	3131	-2428	25	19	2	0	95
'20	Preparations of vegetables, fruit, nuts or other parts of plants	2853	-21156	-3	-71	1	0	119
'55	Man-made staple fibers	1868	-8490	42	-4	0	0	89
'14	Vegetable plaiting materials; vegetable products not elsewhere specified or included	1859	1855	-37	-75	2	0.2	47
'32	Tanning or dyeing extracts; tannins and their derivatives; dyes, pigments and other coloring ...	1844	-18785	49	-28	-1	0	101
'94	Furniture; bedding, mattresses,	870	-94628	-16	-69	4	0	138

	mattress supports, cushions and similar stuffed furnishings; ...							
'64	Footwear, gaiters and the like; parts of such articles	866	-30886	-21	-24	4	0	121
'18	Cocoa and cocoa preparations	692	-6075	-19	-36	2	0	124
'09	Coffee, tea, maté and spices	609	-6250	-38	-35	-1	0	141
'08	Edible fruit and nuts; peel of citrus fruit or melons	607	-16197	19	-66	5	0	155
'03	Fish and crustaceans, mollusks and other aquatic invertebrates	501	-112176	-1	-3	0	0	169
'97	Works of art, collectors' pieces and antiques	466	-8	-36	33	16	0	96
'62	Articles of apparel and clothing accessories, not knitted or crocheted	284	-21871	0	12	2	0	158
'13	Lac; gums, resins and other vegetable saps and extracts	217	-1051	156	281	-2	0	114
'96	Miscellaneous manufactured articles	216	-19848	36	-80	-8	0	126
'30	Pharmaceutical products	211	-222017	-51	-50	2	0	155
'05	Products of animal origin, not elsewhere specified or included	168	-1994	6	2002	1	0	125
'69	Ceramic products	133	-40854	-50	-69	3	0	129
'70	Glass and	128	-28630	9	-89	0	0	136

	glassware							
'35	Albuminoidal substances; modified starches; glues; enzymes	97	-7892	24	-19	2	0	119
'56	Wadding, felt and nonwovens; special yarns; twine, cordage, ropes and cables and articles thereof	90	-2385	-24	-57	3	0	130
'54	Man-made filaments; strip and the like of man-made textile materials	90	-1570	51	-65	0	0	124
'02	Meat and edible meat offal	86	-5128	-25	-84	1	0	138
'61	Articles of apparel and clothing accessories, knitted or crocheted	65	-30212	-12	-62	3	0	172
'47	Pulp of wood or of other fibrous cellulosic material; recovered (waste and scrap) paper or ...	57	-356	17	-84	-2	0	135
'57	Carpets and other textile floor coverings	56	-1902		116	2	0	112
'95	Toys, games and sports requisites; parts and accessories thereof	55	-6804	57	-38	-1	0	158
'42	Articles of leather; saddlery and harness; travel goods, handbags and	48	-4514	6	11	3	0	154

	similar containers; articles ...							
'92	Musical instruments; parts and accessories of such articles	12	-2885	83	-85	-1	0	133
'16	Preparations of meat, of fish or of crustaceans, mollusks or other aquatic invertebrates	10	-2605	2	-97	3	0	163
'58	Special woven fabrics; tufted textile fabrics; lace; tapestries; trimmings; embroidery	9	-367	-3	-89	1	0	138
'65	Headgear and parts thereof	7	-1447	-21	-86	3	0	157
'51	Wool, fine or coarse animal hair; horsehair yarn and woven fabric	7	-130			-4	0	117
'46	Manufactures of straw, of esparto or of other plaiting materials; basket ware and wickerwork	5	-111	9		-2	0	133
'67	Prepared feathers and down and articles made of feathers or of down; artificial flowers; articles ...	5	-1201	-5	-93	4	0	122
'66	Umbrellas, sun umbrellas, walking sticks, seat-sticks, whips, riding-crops and parts thereof	1	-676			0	0	132
'59	Impregnated,	1	-3172	-60		0	0	166

	coated, covered or laminated textile fabrics; textile articles of a kind suitable ...							
	<b>Sub Total Selected Sectors</b>	680318	-483853					

Source: Prepared with COMTRADE/ITC Trademap data

### 3.2 Zambia's Exports to the Region

The sectors selected for the regional market are agriculture, processed foods, leather, textiles and handmade garments. Annex 4 details 2015 regional imports by country (weight and value) for the potential products in the selected sectors. The largest categories in volume and value are grains/cereals followed by meats, dairy products and other agro-industrial products.

The largest regional potential market is South Africa (with imports between US\$1 million and 300 million per product). However, for some Zambian exporters the DRC represents the top destination for their products due to its proximity and high demand. Still in many categories exports from Zambian to those countries have been low. This could be because inadequate marketing skills by Zambian exporters or there are significant production or market barriers that limit sales expansion. This calls for a detailed assessment to help establish the possible constraint(s).

Table 11 presents a list of identified potential products for each market in the region.

**Table 11: Potential Products for the Regional Markets**

Potential products for the regional market	Angola	Botswana	Drc	Malawi	Namibia	Mozambique	Tanzania	Zimbabwe	South Africa
Beef frozen/chilled	●		●			●	●		●
Beef boneless	●		●		●				●
Poultry/chicken meat	●		●		●	●			●
Milk fresh		●							
Milk cream/buttermilk	●								●
Milk powder			●	●		●			●
Milk condensed/sweet	●	●				●			●
Milk < 1%	●	●					●		
Milk cream in solid forms		●	●		●	●			●
Yogurt	●	●			●	●			●
Fresh Cheese	●								●
Processed Cheese	●	●	●			●			●
Blue/Roquefort cheese									●
Honey	●								●



Dried flowers	●								●
Live plants	●					●			●
Roses in other form	●	●							
Fresh cut roses	●				●				●
Other fresh flowers	●								●
Edible nuts	●		●		●				●
Green beans fresh		●							●
Beans (red, kidney, chick peas, lentils)	●		●	●			●	●	●
Cucumbers		●			●				
Sweet potatoes		●							
Fresh onions	●	●	●		●	●			●
Garlic	●	●				●			●
Other fresh vegetables		●			●				●
Fresh carrots	●	●			●				
Pumpkins									●
Tomatoes		●			●	●			
Lemons	●								
Avocados									●
Cashew nuts									●
Mangoes		●							
Watermelon		●							●
Melon									●
Bananas		●			●				●
Dried fruits		●							
Other nuts (pinenuts, etc.)									●
Green coffee					●				●
Roasted coffee					●	●			●
Black tea	●	●			●	●		●	●
Ginger									●
Pepper									●
Other spices: anise, fennel, coriander, cumin		●			●	●		●	●
Maize seed	●	●	●		●	●	●	●	●
Maize	●	●	●	●	●	●		●	●
Durum wheat		●		●				●	
Wheat/Rye		●	●	●	●		●		●
Rice	●	●	●		●	●	●	●	●
Sorghum		●						●	●
Soybean		●						●	●
Groundnuts								●	●
Groundnuts shelled						●			
Seeds for sowing	●				●	●	●		●
Sunflower seeds									●
Soya bean flour/meal		●	●	●			●	●	
Mongongo, Marula					●				●
Sugar	●	●	●		●	●	●	●	●
Sugar confectionary	●	●	●	●	●	●	●	●	●

Raw cane sugar			●					●	●
Cane molasses				●					●
Chewing gum	●	●	●	●	●	●	●	●	●
Biscuits, pastries – no sweets	●	●	●	●	●	●			●
Biscuits sweet	●	●	●	●	●	●	●	●	●
Other cereals for direct consumption		●			●				●
Food preparations for infants	●	●	●	●		●	●	●	●
Mix of doughs from flours	●	●			●	●			●
Cereals for breakfast (cornflakes, roasting cereals)	●	●	●		●	●		●	●
Mix of fruit juices	●	●	●	●	●	●	●	●	●
Juice of fruits or vegetables without sugar	●	●	●		●		●		●
Prepared cucumbers & gherkins in vinegar									●
Orange juice	●	●			●	●		●	●
Fruit jams & jellies	●				●	●			●
Prepared nuts and other seeds									●
Potatoes prepared/preserved	●	●	●		●				●
Sweetcorn in vinegar	●								●
Maize residues in pellets		●			●			●	●
Dog or cat food for retail	●	●			●	●		●	●
Oil cake and other residues in pellets	●	●	●	●	●	●	●	●	●
Preparations for animal feeding	●	●	●	●	●	●	●	●	●
Hides & skins dry -bovine									●
Whole raw hide & skins									●
Leather further prepared after tanning/crusting of animals									●
Articles of leather									●
Leather belts	●				●				●
Leather gloves (no sport)	●								●
Leather gloves for sports									●
Travel bags	●	●			●	●	●		●
Travel bags insulated for food- textile with plastic	●	●	●		●				●
Suitcases, briefcases									●
Handbags			●		●				●
Cotton no carded, no combed								●	●
Cotton carded or combed									●
Cotton woven fabrics				●		●			
Special garments for sports – knitted cotton									●
Garments covered with plastic									●
Silver jewelry									●
Rough semi-precious stones									●
Imitation metal jewelry									●

#### a) Initial focus in a wide range of potential products

A wide range of potential products – especially for the regional market – were selected because experience in similar projects has shown that focusing on three to four products without doing a

serious market assessment and export capacity evaluation of the companies to be supported has a high probability of failure or waste of resources.

The products initially selected for export may change during implementation as export markets are very dynamic. In agricultural products, demand may change dramatically from one year to the next. This is due to externalities such as floods, droughts, plagues, animal diseases, political and labor issues, as well as production surplus or deficit, among others. In processed foods and manufactured products, the demand is less volatile and the risk is lower if quality and sanitary conditions are met, supported by good marketing. Also, the levels of commitment and cooperation of companies can change or the target market may be less profitable than others. The most successful products will be determined during the implementation by the importers and the export readiness of the Zambian companies.

## b) Potential products for the regional market

Potential products were selected based on import statistics (over US\$1 million for each category in 2015 and in 2016 where the data was available) and comments received during stakeholder consultations. Each product will require further market analysis that will include all factors for successful exports and distribution in the target market(s). This is expected to be done when assisting the selected companies during the work plan implementation phase.

### 3.3 Zambia's Trade with the US

#### 3.3.1 U.S. Imports from Zambia

The U.S. imported only US\$58.6 million in 2015 and US\$69.5 million in 2016 from Zambia. This represented only about 0.003% of the total U.S. imports from the world in both 2015 and 2016. Compared to U.S. imports from other SADC countries during the same period, Zambia contributed less than 1% at 0.5% in 2015 and 0.6% in 2016.

Of the 15 SADC countries, Zambia was the 12<sup>th</sup> highest exporter to the U.S. in 2016 only better than Swaziland, Zimbabwe and Seychelles with the highest exporters to the U.S. being South Africa with over US\$7 billion followed by Angola with over US\$2.9 billion (see Table 12).

**Table 12: US Imports from SADC in 2015-2017**

Country	Total Exports (US\$,000)			
	Total 2015	Total 2016	Total 2016 YTD	Total 2017 YTD (Jan– Apr)
1) South Africa	7,436,989	7,014,111	2,119,512	2,158,443
2) Angola	3,009,896	2,917,433	796,699	482,112
3) Botswana	225,286	444,957	104,221	146,718
4) Madagascar	322,267	441,802	115,935	265,051
5) Mauritius	394,888	334,742	112,084	81,904
6) Lesotho	329,809	310,568	87,090	83,558
7) Tanzania	106,686	153,659	56,128	58,216
8) DRC	153,455	149,313	41,775	25,872
9) Mozambique	109,897	132,197	44,132	41,668
10) Namibia	110,529	109,239	41,993	51,742
11) Malawi	60,556	75,382	20,150	27,631
12) ZAMBIA	58,609	69,543	24,790	12,209

13) Swaziland	19,915	16,996	1,563	1,434
14) Zimbabwe	63,810	15,863	5,673	21,242
15) Seychelles	5,839	5,821	2,248	4,254
<b>Total</b>	<b>12,408,431</b>	<b>12,191,626</b>	<b>3,971,993</b>	<b>3,462,054</b>

Adapted from USITC [https://pubapps2.usitc.ov/africa/total\\_gsp\\_agoa\\_import](https://pubapps2.usitc.ov/africa/total_gsp_agoa_import)

As reflected in Table 13, imports from Zambia to the U.S. under GSP decreased by about 63% (US\$2.9 million) in 2016 compared 2014 (i.e. from US\$4.6 million to US\$1.7 million). The sharp reduction in Zambia exports to the U.S. under GSP was in the minerals and metals category. Products included in the GSP have duties that are usually very low or zero. Many if not most Zambian export products, can obtain access to the U.S. market under the GSP or AGOA program, but this opportunity has not been adequately utilized.

**Table 13: U.S. Imports from Zambia by Sector (US\$'000)**

Sector	Category	2014	2015	2016
Agricultural products	Total U.S. Imports	577	509	672
	Total AGOA (including GSP provisions) imports	28	295	65
	GSP imports		30	35
	AGOA imports	28	265	30
Forest products	Total U.S. Imports (*)	15	16	4
Chemicals and related	Total U.S. Imports (*)	4		
Textiles and apparel	Total U.S. Imports (*)	14	6	11
Minerals and metals	U.S. Imports	54,010	57,219	67,333
	Total AGOA (including GSP provisions) imports	4,413	3,205	1,735
	GSP imports	4,413	3,205	1,735
	AGOA imports	0	0	0
Machinery	U.S. Imports	181	4	240
	AGOA (including GSP provisions) imports			4
	GSP imports			4
	AGOA imports	0	0	0
Transportation equipment	Total U.S. Imports (*)	8	12	14
Electronic products	Total U.S. Imports (*)	42	15	210
Miscellaneous manufactures	Total U.S. Imports	278	323	403
	Total AGOA (including GSP provisions) imports	202	239	14
	GSP imports	195	239	12
	AGOA imports	8		2
Special provisions	U.S. Imports	516	504	655
	U.S. Imports	55,646	58,609	69,543
All sectors	<b>Total AGOA (including GSP provisions) imports</b>	<b>4,644</b>	<b>3,739</b>	<b>1,818</b>
	GSP imports	4,608	3,474	1,786
	<b>AGOA imports</b>	<b>36</b>	<b>265</b>	<b>32</b>

Source: US Department of Commerce - US 'imports for consumption'

Note: empty fields denote 'no trade' (\*) AGOA/GSP imports were zero

Around 97% of all U.S. imports from Zambia are in the category of minerals and metals, and are exported directly by the mining companies. Trading activities are managed from headquarters or by traders located out of Zambia, making it very difficult for Zambian managers to develop the

skills to successfully manage the whole export process. Local staff at the trade sections in the mining companies and multinationals is mostly involved in logistical issues, but not in export marketing management.

The remaining U.S. imports from Zambia are small amounts. In agriculture (1%), some machinery/metal parts (0.5%) and the balance in textiles, garments and forest products (due to the low value, these are probably trial shipments or samples.)

### 3.3.2 Exports under AGOA

Although many local products are AGOA and GSP eligible, Zambia only exported about US\$3.7 million in 2015 under AGOA and GSP. Exports from Zambia to the U.S. under the AGOA facility decreased by about 51% to about US\$1.8 million in 2016, only slightly better than Namibia at US\$1.5 million compared to all AGOA eligible countries in the SADC region (see Table 14).

**Table 14: 2015-2017 SADC Exports to the U.S. under AGOA**

Country	AGOA Exports (US\$'000)			
	AGOA + GSP 2015	AGOA + GSP 2016	AGOA + GSP 2016 YTD (Jan–Apr)	AGOA + GSP 2017 YTD (Jan–Apr)
South Africa	2,858,203	2,845,807	931,815	716,117
Angola	1,830,569	1,955,691	482,847	278,424
Lesotho	299,367	295,485	85,964	82,345
Mauritius	218,079	200,878	62,958	47,544
Madagascar	43,570	96,620	24,530	45,346
Malawi	49,708	51,344	12,161	19,913
Tanzania	28,598	37,476	10,572	11,391
Mozambique	8,568	19,278	3,848	117
Botswana	8,259	4,841	1,618	991
<b>ZAMBIA</b>	<b>3,739</b>	<b>1,818</b>	<b>0</b>	<b>187</b>
Namibia	204	1,465	63	314
Seychelles	0	40	4	NE
DRC	NE	NE	NE	NE
Swaziland	NE	NE	NE	NE
Zimbabwe	NE	NE	NE	NE
Total	5,348,864	5,510,743	1,616,380	1,202,689

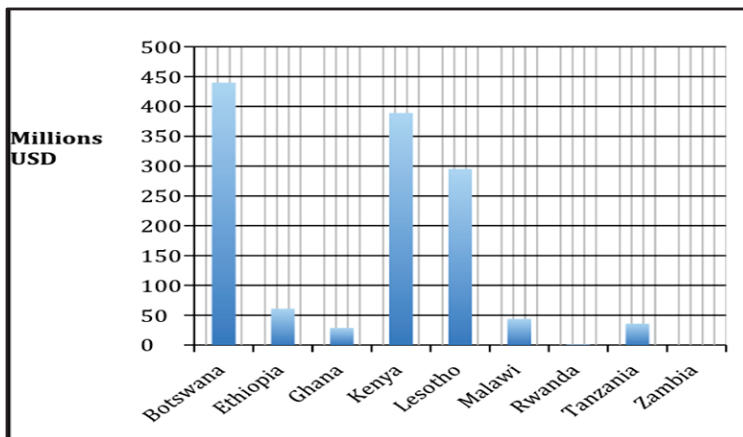
Adapted from USITC [https://pubapps2.usitc.ov/africa/total\\_gsp\\_agoa\\_import](https://pubapps2.usitc.ov/africa/total_gsp_agoa_import)

Further analysis shows that exports from Zambia under AGOA (excluding GSP) were only US\$265,000 in 2015 with GSP exports being US\$3.5 million. In 2016, exports to the US under the AGOA program (excluding GSP) were just only US\$32,000 (mostly bags and other crafts) while GSP was US\$1.786 million (see Table 13 above). This shows that, as is the case in other African countries, while the AGOA program serves as an incentive to foster trade between Zambia and the U.S., the facility continues to be grossly under-utilized hence the need to develop a strategy to ensure increased utilization of this unilateral trade preference program.

South Africa and Angola's exports contributed 87.6% of the total AGOA exports in 2015 and 87.1% in 2016 mainly consisting of oil, automotive and mineral exports. Apart from apparel and energy products, South Africa exports a wide range of goods with motor vehicles becoming the country's major export under AGOA making South Africa arguably the biggest AGOA beneficiary.

However, although oil remains the top U.S. import under AGOA, oil imports from the region to the U.S. are said to have fallen by about 80% (nearly US\$40 billion) since 2011.

**Figure 9: 2016 AGOA Exports**



While the textile sector has been the mainstay of export growth under AGOA for most manufactures in countries like Botswana, Kenya and Lesotho (see Figure 9) the sector has reduced significantly in Zambia over the years. This is mainly due to, among other challenges:

- lack of required incentives to increase competitiveness;
- inadequate production capacity and low productivity coupled with very low profit margins in the sector and stiff competition from Asian producers;
- distance to the market and high transportation cost as well as the multitude of NTBs in the region; and
- high production cost including power, water and labor.

As a least developed country (LDC), Zambia has both AGOA and GSP eligibility, and to be eligible for duty free, products must meet the Rules of Origin for AGOA. At least 35% of the appraised value of the product must be the “growth, product or manufacture” of a beneficiary developing country, as defined by the sum of (a) the cost or value of materials produced in the beneficiary developing country (or any two or more beneficiary countries that are members of the same association or countries and are treated as one country for purposes of the U.S. law plus (b) the direct costs of processing in the country.

Up to 15% of the required 35% of the appraised value may be of U.S. origin, and any amount of production in other beneficiary SSA countries may also contribute to the value-added requirement (“regional cumulation”). This gives potential U.S. market opportunities to Zambian products that have imported inputs from other AGOA beneficiary countries (e.g. regional value chains such as garments made with fabrics and components from other AGOA countries,

processed foods with ingredients or packaging made in the U.S. and other AGOA countries, natural cosmetics and leather goods among other export products).

At its peak in 2008, Zambian exports to the US under AGOA reached US\$8 million, consisting of mostly copper and other metals, but as noted above the exports have decreased significantly to only US\$32,000. A few Zambian products have over the years exceeded US\$6,000 per year and not many had recurrent sales. The largest amount exported under AGOA since 2011 was tobacco in 2015 for US\$255,495, followed by US\$27,500 in processed peanuts (probably groundnut flour) in 2014; rough semi-precious stones for US\$9,640 in 2010; tapioca US\$8,000 (cassava meal) in 2013; and handbags, cases and small orders of textile crafts. Table 15 below shows exports from Zambia to the U.S. under AGOA for 2011-2015 in actual U.S. dollar amounts.

**Table 15: Zambia Exports to the US under AGOA for 2011-2015 (Actual US\$ Amounts)**

<b>HTS Number and description</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>24012083:</b> Tobacco, partly or wholly stemmed/stripped, threshed or similarly processed, not from cigar leaf, not oriental or Turkish, not for cigarettes	0	0	0	0	255,495
<b>15162090:</b> Vegetable fats and oils nesl, partly or wholly hydrogenated, interesterified, reesterified or elaidinized, not further prepared	0	0	0	0	9,823
<b>42029100:</b> Cases, bags and containers nesoi, with outer surface of leather, of composition leather or patent leather	0	6,750	0	0	0
<b>20081145:</b> Peanuts, otherwise prepared or preserved, nesoi, subject to add. U.S. note 2 to chap. 12, not GN15	0	0	0	27,500	0
<b>42029245</b> Travel, sports and similar bags with outer surface of plastic sheeting	0	0	0	617	0
<b>62114200:</b> Women's or girls' track suits or other garments nesoi, not knitted or crocheted, of cotton	630	0	300	415	0
<b>19030040 :</b> Tapioca and substitutes, prepared from starch nesoi, in the form of flakes, grains, pearls, siftings or in similar forms	0	0	8,000	0	0
<b>06031100 :</b> Sweetheart, Spray and other Roses, fresh cut	0	0	0	0	0
<b>71042000:</b> Synthetic or reconstructed precious or semiprecious stones, unworked or simply sawn or roughly shaped	9,640	0	0	0	0
<b>42022215:</b> Handbags, with or without shoulder straps or without handle, with outer surface of sheeting of plastics	0	0	0	7,160	0
<b>Total</b>	<b>10,270</b>	<b>6,750</b>	<b>8,300</b>	<b>35,692</b>	<b>265,318</b>

Source: United States International Trade Commission, Dataweb

The impact of the AGOA program in Zambia has so far generally been minimal due to lack of capacity and resources for exploiting preferences for a wider range of products. Insufficient export marketing skills, unavailability of affordable funding, lack of competitive transportation to the U.S., as well as inadequate production skills and technology to meet U.S. import requirements, and lack of other resources needed to increase production for exporting in the short term are some of the cited causes.

The insufficient utilization of AGOA demonstrates that just low duties or duty free access to the U.S. market is not enough for Zambia exports to be competitive<sup>4</sup>. For instance, except for some commodities like metals and semi-precious stones, the U.S. is less important as a destination market for Zambia, while the regional and China markets are gradually importing more. U.S. imports from Zambia under the **No Program Claimed** category were US\$54.7 million (83% natural semi-precious stones) and increased to US\$67.7 million in 2016 (see Table 16).

**Table 16: All Import Commodities - Customs Value for Zambia 2015 -2017**

HTS Number	Import Program	2015	2016	2016 YTD	2017 YTD (Jan-Aug)
US\$'000					
03: Fish and crustaceans, molluscs and other aquatic invertebrates	No program claimed	23	36	36	0
04: Dairy produce; birds' eggs; natural honey; edible products of animal origin, nesoi <sup>5</sup>	GSP	0	25	25	0
	No program claimed	0	0	0	49
	AGOA (excl. GSP)	0	0	0	144
06: Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage	AGOA (excl. GSP)	0	30	0	17
09: Coffee, tea, mate and spices	No program claimed	135	524	65	517
11: Milling industry products; malt; starches; inulin; wheat gluten	No program claimed	30	23	0	12
	GSP	30	7	0	0
	AGOA (excl. GSP)	0	0	0	32
12: Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruits; industrial or medicinal plants; straw and fodder	No program claimed	0	3	3	0
15: Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes	GSP	0	4	4	8
	AGOA (excl. GSP)	10	0	0	0
	No program claimed	0	0	0	17
24: Tobacco and manufactured tobacco substitutes	AGOA (excl. GSP)	255	0	0	0
34: Soap etc.; lubricating products; waxes, polishing or scouring products; candles etc., modeling pastes; dental waxes and dental plaster preparations	No program claimed	0	0	0	7
39: Plastics and articles thereof	No program claimed	0	0	0	18
41: Raw hides and skins (other than furskins) and leather	No program claimed	25	21	21	0
42: Articles of leather; saddlery and harness; travel goods, handbags and similar containers; articles of gut (other	GSP	0	12	0	2
	No program claimed	7	7	4	8
	AGOA (excl. GSP)	0	2	2	0

<sup>4</sup> Reducing cost of transportation will improve price competitiveness of Zambian products more than duty free preferences (e.g. the freight costs to the US for some food products are easily over 100% of the FOB Lusaka price).

<sup>5</sup> Not otherwise specified or included.



than silkworm gut)					
44: Wood and articles of wood; wood charcoal	No program claimed	16	0	0	0
46: Manufactures of straw, esparto or other plaiting materials; basketware and wickerwork	No program claimed	0	4	4	19
62: Articles of apparel and clothing accessories, not knitted or crocheted	No program claimed	0	2	2	1
	AGOA (excl. GSP)	0	0	0	1
63: Made-up textile articles nesoi; needlecraft sets; worn clothing and worn textile articles; rags	No program claimed	6	9	7	86
71: Natural or cultured pearls, precious or semiprecious stones, precious metals; precious metal clad metals, articles thereof; imitation jewelry; coin	No program claimed	45,769	42,095	29,597	32,549
	GSP	239	4	4	0
	AGOA (excl. GSP)	0	0	0	135
72: Iron and steel	No program claimed	30	0	0	0
	GSP	3,205	0	0	0
74: Copper and articles thereof	GSP	0	1,731	1,731	0
	No program claimed	297	0	0	0
81: Base metals nesoi; cermets; articles thereof	No program claimed	7,943	23,757	8,439	9,241
84: Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	No program claimed	25	441	208	63
	Civil aircraft	0	6	6	0
	GSP	0	4	0	0
85: Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television recorders and reproducers, parts and accessories	No program claimed	6	13	10	8
	GSP	0	0	0	2
90: Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	No program claimed	0	0	0	3
94: Furniture; bedding, cushions etc.; lamps and lighting fittings nesoi; illuminated signs, nameplates and the like; prefabricated buildings	No program claimed	0	3	0	1
	GSP	0	0	0	3
95: Toys, games and sports equipment; parts and accessories thereof	No program claimed	0	0	0	20
97: Works of art, collectors' pieces and antiques	No program claimed	53	103	54	17
98: Special classification provisions, nesoi	No program claimed	429	582	468	292
99: Special import reporting provisions, nesoi	No program claimed	75	73	51	56
<b>Total</b>		<b>58,609</b>	<b>69,521</b>	<b>40,742</b>	<b>43,329</b>

Sources: US Department of Commerce & USITC

### 3.3.3 Exports under the Generalized System of Preference

As Table 16 shows, Zambia exported about US\$3,474,000 under GSP mainly consisting of iron and steel products (i.e. about US\$3.2 million) in 2015 while almost all the GSP exports for

Zambia to the U.S. for 2016 (about US\$1,731,000 out of US\$1,787,000) were copper and articles thereof (HTS 74). As is the case with the AGOA program, while several products from Zambia are GSP eligible, not many products have taken advantage of the program over the years. The reasons for the less than expected utilization of the GSP program are the same as those cited above for the AGOA facility.

### 3.3.4 U.S. Imports from Zambia in the Three Selected Sectors

Zambian exports in 2016 for agriculture, processed foods, home décor, textiles, leather, fashion and crafts – whether exported under AGOA, GSP or a general tariff program – were a total free on board<sup>6</sup> (FOB) value of US\$984,000 as shown in Table 17. Only 10% of the cargo in weight is shipped by air. The balance goes multimodal by road and sea. The proportion changes by value but still the smallest cargo value continues to be shipped by air.

**Table 17: 2016 U.S. Imports from Zambia in the 3 Selected Sectors by Mode of Transportation**

Product HS	Total FOB value US\$	Air value	Vessel value	Shipping weight by air (kg)	Shipping weight by vessel (kg)
4202: Travel goods, vanity cases, binocular and camera cases, handbags, wallets, cutlery cases and similar containers, of various specified materials	19792	18890	0	409	0
6302: Bed linen, table linen, toilet linen and kitchen linen	6091	6091	0	71	0
0901: Coffee, whether roasted or decaffeinated; coffee husks and skins; coffee substitutes containing coffee	524136	3300	520836	959	115200
0603: Cut flowers and buds suitable for bouquets or ornamental purposes, fresh, dried, dyed, bleached, impregnated or otherwise prepared	29750	29750	0	9491	0
4101: Raw hides and skins of bovine or equine animals (fresh or preserved, but not tanned or further prepared), whether dehaired or split	6909	6909	0	630	0
6304: Furnishing articles of textile materials others	2713	2713	0	34	0
7116: Articles of natural or cultured pearls, precious or semiprecious stones (natural, synthetic or reconstructed)	251973	19900	0	1443	0
0301: Fish, live	35535	35535	0	1276	0
1106: Flour and meal of dried leguminous vegetables (hd. 0713), of sago or roots etc. (hd. 0714); flour, meal and powder of fruit and nuts etc. (Ch. 8)	30000	0	30000	0	20460
0409: Honey, natural	25090	0	25090	0	18300
1202: Peanuts (ground-nuts), not roasted or	3150	3150	0	682	0

<sup>6</sup> FOB is a trade term that indicates whether the seller or the buyer has liability for goods that are damaged or destroyed during shipment between the two parties. "FOB shipping point" (or origin) means that the buyer is at risk while the goods are shipped, and "FOB destination" states that the seller retains the risk of loss until the goods reach the buyer.

otherwise cooked, whether shelled or broken					
1515: Fixed vegetable fats and oils (including jojoba oil) and their fractions, whether refined, but not chemically modified	3705	3705	0	212	0
4103: Raw hides and skins others (fresh or preserved, but not tanned or further prepared), whether dehaired or split	410	410	0	16	0
4113: Leather further prepped after tanning/crusting, including parchment-dressed leather, of other animals, w/o wool/ hair on, whether split, nt hd 4114	13425	13425	0	110	0
4203: Articles of apparel and clothing accessories, of leather or composition leather	311	311	0	4	0
4205: Articles of leather or composition leather, others	399	399	0	5	0
4602: Basketwork, wickerwork and other articles, made directly to shape from plaiting materials or from products of plaiting materials; articles of loofah	4403	0	4403	0	284
6211: Track suits, ski-suits and swimwear, not knitted or crocheted	2130	2130	0	16	0
7113: Articles of jewelry and parts thereof, of precious metal or of metal clad with precious metal	25000	25000	0	1	0
<b>Total</b>	<b>984,922</b>	<b>171,618</b>	<b>580,329</b>	<b>15,359</b>	<b>154,244</b>

Source: US census & customs declarations

The top product categories imported are coffee and rough semi-precious stones, followed by less than US\$35,000 of imports of live fish, flowers, cassava flour, jewelry, honey, bags, tanned leather and crafts. Still there are some minor exports of travel goods, garments, handbags and home goods made with textile materials. Probably, exports to small U.S. distributors or samples.

Although there are a few products that are exported to the U.S., it shows that all the products in the table entered duty free. During the stakeholder consultations, it was mentioned that the products exported to the U.S. arrived through major ports of entry in the east and west, and are transported from there by truck to the importers' warehouses that could be located far away in other state. However, the trucking costs within the U.S. are covered by the importer while the freight from Zambia to the port of arrival is covered by the importer or exporter, depending on the negotiation.

**Table 18: Sample of selected U.S. import shipments from Zambia in 2016**

HS	Description	Port of Entry	Transport	Weight in kg	FOB Value US\$	U.S. Duty
420221	Handbags, whether with shoulder strap or handles, with outer surface of leather or of composition leather	New Orleans	Air	128	11,591	free
110620	Flour and meal of sago, roots or tubers of heading 0714	Newark, NY	Sea	18,360	23,400	free
090111	Coffee, not roasted, not decaffeinated	Newark, NY	Sea	39,040	184,170	free

040900	Natural Honey	Newark, NY	Sea	18,300	25,090	free
060311	Fresh cut roses and buds	Miami, FL	Air	2,188	7,029	free
410120	Whole hides & skins, unsplit, of a wt/skin <=8kg when simply dried, 10kg when dry-salted, or 16kg when fresh, wet-salted or otherwise preserved, bov/eq	San Francisco, CA	Air	243	3,403	free
460219	Basketwork, wickerwork and other articles of other vegetable materials	Newark, NY	Air	284	4,403	free

Source: US HS tariff schedule & Import customs declarations 2016

The main port of entry for most products from Zambia by sea and air is Newark-NY (Table 18). Also, in the East Coast the other two ports of entry for air shipments are New Orleans and Miami while in the West Coast it's only by air through San Francisco.

#### 4. SELECTED BENCHMARKS AND COST COMPARISONS

The observed competitiveness points on trading, relevant general costs and freight cargo time and costs in the tables below may help Zambia's public and private sector, as well as development partners in proposing policy changes and possible future support activities. Table 19 below compares some relevant indicators for Zambia's trade with other selected countries in the region.

**Table 19: Trading Across Borders - Benchmarks**

	Zambia	Namibia	Malawi	Botswana	Rwanda	South Africa
<b>Trading across borders (rank)</b>	161	127	118	51	87	139
(Distance to Frontier)DTF score for trading across borders (0–100)	46.99	61.47	63.32	85.93	71.19	58.01
<b>Time to export</b>						
Documentary compliance (hours)	130	90	83	24	42	68
Border compliance (hours)	148	120	85	8	97	100
<b>Cost to export</b>						
Documentary compliance (US\$)	200	348	342	179	110	170
Border compliance (US\$)	370	745	243	317	183	428
<b>Time to import</b>						
Documentary compliance (hours)	134	3	63	3	72	36
Border compliance (hours)	163	6	64	4	86	144
<b>Cost to import</b>						
Documentary compliance (US\$)	175	63	162	67	121	213
Border compliance (US\$)	380	145	143	98	282	657

Source: Prepared with data from the Doing Business 2016-17 Report – World Bank

The ranking for Zambia on trading across borders of 161 is the lowest position among the six compared countries. A higher position in the ranking shows less performance in trading across borders, while less DTF shows a country less oriented to trade. This, in the case of exports, can be explained by the high costs and excessive number of hours for documentary and border

compliance. It would be useful to review the better regional practices of better ranked countries such as Mauritius (the best ranked country in Africa), Botswana, Namibia and Rwanda with a view to adapt as appropriate for ZRA Customs and related agencies.

Table 20 shows some costs comparisons of Zambia with other selected countries in Africa. The data specifically shows the costs of factors and time that can influence competitiveness of exports to the US. Analysis of the table reveals the following:

- Labor costs in Zambia are lower than in South Africa and Malawi, but not competitive with Ethiopia and Kenya (both countries attract more FDI in manufacturing and in some sectors have higher productivity);
- Zambia has more flexible labor market regulations, which could be an advantage against competitors as an investment destination;
- Electricity is among the most expensive, which contributes to the high cost of production;
- Of the four countries in Table 20 (no figure for Ethiopia), Zambia has the highest rent in a Multi Facility Economic Zones (MFEZ) and the most expensive water for a factory;
- Corporate tax rate and cost of borrowing are the highest for all the compared countries, both can significantly reduce the profitability of any exports oriented company; and
- The cost of work permits for expatriates is high even though specialized production and export marketing skills are very limited in Zambia.

**Table 20: Comparison of General Costs of Factors**

Cost Element	Zambia	Malawi	South Africa	Ethiopia	Kenya
Mean Monthly wage US\$ skilled/semi-skilled	US\$252 to US\$350	US\$368 to US\$413.43	US\$1485.59/ US\$269.77	US\$74- US\$84	US\$120- US\$150
Weekly working hours	48 hours/ week	48 hours/ week	45 hours/ week	48	45
Overtime allowed/week	No limit	12 hours/ week	10 hours/ week	25 hours /week	20 hours/ week
Rent EPZ/MFEZ factory (per sq. m/per month)	US\$8 to US\$15	US\$6 to US\$11	US\$4 to US\$15	NA	US\$2- 3.70
Electricity (US\$ per kWh)	US\$9c/kWh to US\$25c/kWh	US\$9c/kWh	US\$11.7c /kWh (Municipality) US\$8c/kWh (ESKOM)	US\$1c- 3c/ kWh	US\$18c- US\$20c /kWh
Water cost US\$	US\$0.79/100 m3	US\$0.76/100 m3	US\$0.032/ 100m3	US\$0.19 – 0.58/m3	US\$0.58- 2.00/m3
VAT on imports	16%	16.5%	14%	15%	16%
Corporate tax	35%	30%	28%	30%	30%
Bank interest rate (local currency)	37.5% to 45%	Min. 33.8 Max. 42.8	10.5%	5-11%	18-20%
Inflation 2016 (Average consumer prices)	19.1	19.8	6.4	7.7	6.2
Work permits for expats	US\$3,377	US\$176.46	US\$111.57	Yes	Yes

Availability of industrial parks	Yes	Yes	Yes	Yes	Yes
Availability of land for construction	Yes	Yes	Yes	Yes	Yes

Source: WB, ZDA, Bank of Zambia, Knoema Atlas

Table 21 below shows that Zambia has the highest cargo freight rates to the U.S. among the compared countries. This affects the cost, insurance and freight (CIF) price competitiveness on the U.S. market. However, these rates may be reduced depending on the products and negotiations with transport services.

**Table 21: Freight Costs Comparisons**

Rates in US\$	Zambia	Rwanda	Kenya	Tanzania	Uganda
1. Average Sea freight to USA (20' CT) West Coast	\$6,434	\$5,200	2307	3000	4800
2. Sea freight to USA (40' CT) West Coast	8,110	\$5,300- \$6,300	3466.8	5500	6540
3. Average Sea freight to USA (40' CT) East Coast	\$9,000	\$5,100- 7,000	3266.8	5600	5840
4. Average Sea freight to USA (20' CT) East Coast	\$8,000	\$6,500	2107	3000	4600
5. Average time by sea cargo to USA (days) West Coast	41 days	30-45 days	34 days 15 hours	35days 1 hours	40days 13 hrs.
6. Average time by sea cargo to USA (days) East Coast	30-45 days	30-45 days	24days 7 hours	24days 17 hours	31 days 6 hrs.
7. Average Air freight to USA (per kg. and per m3) New York	\$5	\$2.8 - 6.0	\$3.2	\$4.6	\$4.8
8. Average Air freight to USA (per kg. and m3) Los Angeles	+\$6	+ \$6	\$3.2	\$4.6	\$\$4.8

Note: These are only indicative average rates

(\*) Sea shipments include the road freight from Lusaka to ports (Dar es Salaam, Durban and Beira)

Source: Interviews and publications

Table 22 shows the estimated freight cost from Lusaka to the main ports for exports in South Africa, Tanzania and Mozambique. Some exporters have started to use Namibia's port of Walvis Bay. The cost of shipping to Newark (USA) for a 40'ct is between US\$8,500 and US\$9,000. Those cargo freight rates are high compared with international standards. Current Lusaka-U.S. freight rates for exporters are between US\$7,000 and US\$9,000 per container<sup>7</sup>. Any effort to reduce the time and freight rates will help the competitiveness of the products shipped by sea to the US.

**Table 22: Road Freight Comparisons**

Lusaka to Durban			Lusaka to Dar es Salaam		Lusaka to Beira	
Item	20'ct	40'ct	20'ct	40'ct	20'ct	40'ct

<sup>7</sup> Freight rates from Durban to China for a 40'ct are between US\$800 and US\$1,500. This is because the containers bringing huge imports from China are returning almost empty due to lack of enough export cargo.

Road freight	US\$1,850	US\$2000	US\$1,600	US\$1,800	US\$1,800- US\$2,999	US\$2,000- US\$3,350
Road Time	3-10 days	3-10 days	7 days	7 days	7-10 days	7-10 days
Port dwell time	4 days	4 days	9- 20 days	9- 20 days	10- 30 days	10- 30 days
Total time pre-shipment	12-21	12-21	15-30 days	15-30 days	21-50 days	21-50 days
Distance in km	2380 km		1985 km		1054 km	

Note: Average freight cost of a 30 MT truck to any of the Zambian borders is US\$600-US\$700. (These are only indicative average rates).

Source: Interviews

Generally, most countries that have so far been able to take advantage of the AGOA facility such as Angola, Botswana, Ethiopia, Kenya, Lesotho, Madagascar, Mauritius and South Africa have attracted investments in sectors with U.S. demand, such as oil, textiles, auto parts and food processing. These countries have developed specific export capacities for value added products and a set of capital assets that have been combined to meet specific market opportunities better than Zambia. Learning from their relevant experiences and adapting these experiences in Zambia would be a good investment.

## 5. FUTURE OF TRADE BETWEEN ZAMBIA AND UNITED STATES

A demonstrated commitment from a proactive Zambian private and public sector will be vital for export growth and achieving Zambia Vision 2030. While the ultimate objective of this Strategy is to ensure increased utilization of the AGOA program by Zambia, the approach on developing this work plan was not only focused on AGOA. It has incorporated some of the key lessons from U.S. and African experiences in building trade relationships in recent years. These include the following which can be specifically applied to the case of Zambia:

- **Support Zambian regional economic integration.** Most companies are not ready for exporting to the U.S., and it is easier to learn and develop export skills when exporting to nearby regional markets. Also, there are several potential opportunities for integration of regional value chains for exporting to the U.S. and other markets (e.g. crocodile leather products, cotton textiles, crafts, and food products)
- **Support Zambian value-added production and promote diversification of exports.** Reducing the dependency on exports of natural resources (minerals or raw materials) that are often affected by adverse world price fluctuations, will increase employment, foreign exchange earnings, technology and skills in the long term e.g. moving from cotton and raw hides, to exporting more value added and manufacturing products.
- **Promote Zambian integration into the global trading system.** There are opportunities to join regional value chains in textiles, food products, leather and crafts that could be exported in the mid-term under AGOA.
- **Account for different levels of export readiness and capacity in Zambia's private and public sectors.** Most companies are not ready to export to the U.S. under AGOA, but it is easier for them to export to regional and other markets. This is the case of many processed foods and leather products. Also, the public and private institutions related to export and investment promotion, require assistance and capacity building to improve their capacities to assist the export sector.

The bilateral trade between Zambia and the U.S. has good potential for growth, though it will depend on the policies of both countries. The improvement of competitiveness and the business and investment climates in Zambia, together with access to the SADC and COMESA markets, will attract foreign business interest in some industries related to exports.

The U.S. market will continue to be the largest market and importer of consumer goods in the world. AGOA duty free access is still valid until 2025, and it is a reasonable period to allow adequate return and pay back of investments on export supply development in some industries.

Even if AGOA is replaced by another trade arrangement with the U.S., duty free access for many Zambian exports to the US might continue because its impact on U.S. imports is almost negligible. However, Zambia must work on improving its own competitiveness to take advantage of AGOA and any post AGOA facility alternatives with the United States.

### 5.1 Market Growth and Diversification

Figure 10 below elaborated with Trademap data, shows how Zambian exports have increased versus the growth of imports from the world in those destination markets. In many cases, such as Angola, India, Netherlands, South Africa and Zimbabwe, markets are declining with negative annual growth, while in Hong Kong, China, Congo, and the Philippines markets are growing and are very dynamic. It shows that in general, those are promising potential markets for Zambian exports.

Figure 10: Market & Growth Diversification

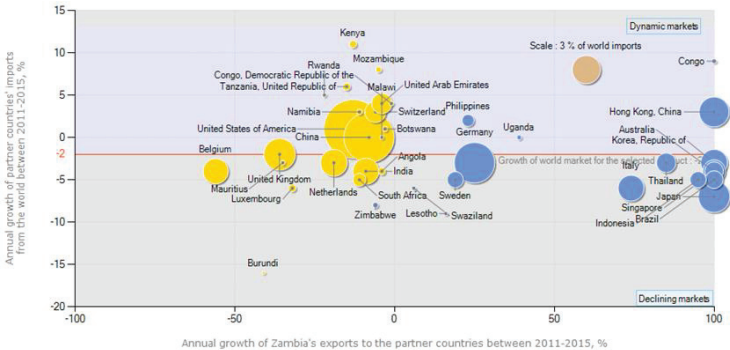
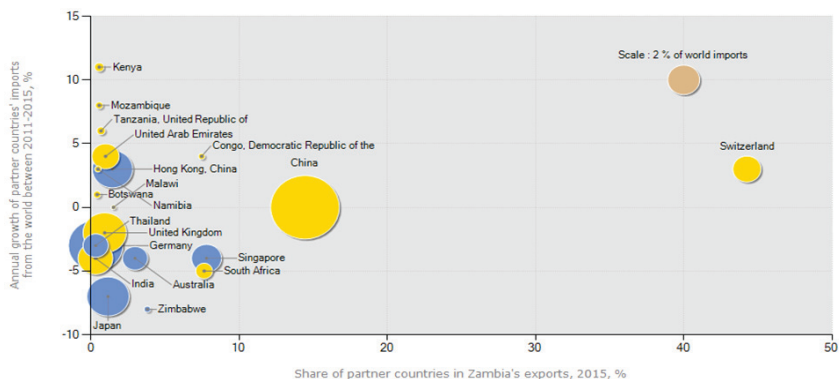


Figure 11 also elaborated with Trademark data and based on exports over a five-year period, the trend in market diversification of Zambian exports is illustrated. Although still small, there are some markets in the region (e.g. Kenya, Mozambique, Tanzania, Swaziland, Uganda and Ethiopia) that have shown import dynamism for current Zambian exports.



**Figure 11: Prospects for Market Diversification**



## 5.2 African Ethnic Market in the US

A potential market for Zambian foods is the U.S. ethnic market where people born outside of the U.S. maintain links with their culture and country of origin through foods. In 2015, there were 2.1 million African immigrants living in the U.S., accounting for 4.8% of the U.S. immigrant population.

The growth is evident among recently arrived immigrants. When compared with other major groups who arrived in the U.S. in the past five years, Africans had the fastest growth rate from 2000 to 2013, increasing by 41% during that period. (Africans are also a fast-growing segment of the black immigrant population in the U.S., increasing by 137% from 2000 to 2013.) Official figures from the Zambia Embassy show that there were only 2,942 Zambians registered living in the US. Still a small number compared with other African nationals. Zambian immigrants mostly live in Maryland, California, Georgia, New York, Pennsylvania, Michigan and Minnesota.

Foreign-born Africans come from all over the continent, but the largest countries of origin for African immigrants are Nigeria, Ethiopia, Egypt, Ghana and Kenya. These five countries accounted for half of the foreign-born African population in the U.S. in 2015.

Africans typically congregate in areas such as Washington D.C. Metro, New York, Houston, Columbus, Ohio, Atlanta and Minneapolis. Often there are clusters of nationalities within these cities. In the San Francisco Bay Area, there were officially 40,000 African immigrants, although it has been estimated that the population is four times this number when considering undocumented immigrants. Most of these immigrants were born in Ethiopia, Egypt, Nigeria, and South Africa.

African immigrants like many other immigrant groups are likely to establish and find success in small businesses. Many Africans that have seen the social and economic stability that comes from ethnic enclaves such as Chinatowns have been establishing ethnic enclaves of their own at much higher rates to reap the benefits of such communities. Such examples include Little Ethiopia in Los Angeles and the DC area, Little Senegal in New York City or the Somalians in Minneapolis.

Demand of African ingredients and foods has also been encouraged by immigrants from Africa that have opened restaurants in urban areas. The DC and NYC Metro areas that host many eateries belonging to the Nigerian, Senegalese, Liberian, Ethiopian, Kenyan, South African and other communities. Also, some supermarkets in cities that have large African population have started to carry more ethnic products on their shelves.

During the interviews of potential buyers, it was found that most distributors of African foods are very small. They import from one or two containers per year of a blend of products to a maximum of 10 to 12. Many have commercial or ownership linkages with facilities and factories in their countries of origin. Hundreds of African immigrants that did not find a satisfactory job have decided to be entrepreneurs and start as distributor of African products.

### **5.3 Opinions of Potential U.S. Buyers**

- Except two buyers who are importing organic/fair trade honey and cassava flour from Zambia, the rest of potential buyers interviewed were not aware of Zambia's export supply and products. They even did not know where in Africa Zambia is (geography is not a strength of average Americans).
- Nobody has approached them before offering products from Zambia. Most buyers of food products for the African immigrant community are small and buy mainly from Ghana, Nigeria, Kenya and South Africa. It was noticed that some products (cassava flour, beans, and hot chili sauces) due to proximity are also sourced from Latin America.
- They were very brief and do not want to talk without having product samples, technical descriptions and FOB & CIF<sup>8</sup> prices. Most buyers are contacted daily by exporters from other countries and only pay attention to those who are well prepared with complete information, as they consider their time to be very valuable.
- Any new supplier must offer better products than the ones the buyers are currently carrying. Suppliers must comply with quality requirements (e.g. FDA requirements for food safety, CITE certificates and trade standards for crocodile skins, buyer standards for textiles and cosmetic oils), prices should be competitive, provide more money for promotion of processed foods; and/or be superior in some other way.
- Buyers are concerned about the cost of shipping from Zambia and the ability of exporters to deliver on time. Generally, the minimum quantity required is a full container (20' or 40') and most of them prefer bulk products that they can blend and pack for retail with their brand.
- The buyer currently importing honey mentioned that on average, it takes four months to get a container from Zambia to their warehouse in the US. It takes two

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<sup>8</sup> CIF is a trade term requiring the seller to arrange for the carriage of goods by sea to a port of destination, and provide the buyer with the documents necessary to obtain the goods from the carrier.

months to clear from the United States Department of Agriculture<sup>9</sup> (USDA), testing and inspections at the port of arrival, FDA and customs at the U.S. port of entry<sup>10</sup>. The other buyer mentioned that the freight charged by Safmarine (the only agent that ships from Zambia to the U.S.) is too expensive and that limits any potential of increasing imports.

- Some importers that purchased over 50-100 containers per year, were already subsidiaries of export companies from Brazil, Argentina, Ghana, Nigeria, and Viet Nam. These importers only source from other countries when there is not enough supply at their country of headquarters. It was also noted that most importers have registered several companies for trading their products<sup>11</sup> in the US.
- Large buyers require that new suppliers follow the standard procedure of completing a form on the Internet for their products to be considered.
- For most buyers, it can take several weeks or months for them to decide to try a new product.

#### **5.4 Proposed Potential Products**

As a result of the trade data analysis and the stakeholder consultations as well as the market experience of the consultants, a list of short and medium term products was identified with potential to be exported from Zambia to the regional, the U.S. and other markets. However, the list may change during implementation as it largely depends on the export readiness of the companies and the market opportunities identified by investors and exporters.

##### **a) Potential Short Term Products**

###### **Regional market:**

- Grains (maize, beans, groundnuts, millet, seeds);
- Animal feed;
- Cotton lint;
- Grapes, pineapple, melon, watermelon, mango, banana;
- Sweet potatoes, carrots, cucumbers, green beans;
- Dairy (UHT milk, yogurt, cheese);
- Poultry (frozen chicken);
- Dried Zambian vegetables and soups;

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<sup>9</sup> USDA is also known as the Agriculture Department

<sup>10</sup> This is a small company and because is also a food product, all the previous shipments were randomly selected for test and inspections. Larger companies usually have less delays at the US ports

<sup>11</sup> Some small companies have this practice to make easier declare bankruptcy and continue the same business with a different name. Exporters must be careful assessing risks when selling with credit, just to avoid non-payment issues.

- Sugar;
- Leather soccer balls;
- Candies, sweets, confectionary; and
- Industrial shoes.

**USA or EU and other markets:**

- Honey bulk;
- Dried fruits;
- Mongongo oil;
- Leather; and
- Crafts (baskets, art, bags, fashion accessories, jewelry).

**b) Potential Medium Term Products**

**Agriculture:**

- Grains (rice, wheat, pulses, seeds);
- Cassava and cassava meal;
- Fruits (avocado, new mango varieties, banana);
- Horticulture (tomato, green beans, baby corn, cucumber, roses); and
- For products targeting the regional market (see Table 11).

**Processed Foods:**

- Bottled honey;
- Fruit concentrate juices and pulps (pineapple, mango);
- Hot sauces;
- Marmalade/jams/jellies of tropical fruits (pineapple, banana, mango, orange);
- Cashew nuts;
- Macadamia nuts;
- Sugar (depending on quotas)<sup>12</sup>; and

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<sup>12</sup> Zambia has surplus in sugar production, but does not have access to the US market with low tariffs as many countries from Africa and other regions. Imports of sugar into the United States are governed by tariff-rate quotas (TRQs), which allow a certain quantity of sugar to enter the country under a low tariff. TRQs apply to imports of raw cane sugar, refined sugar, sugar syrups, specialty sugars and sugar-containing products.

- See Table 11 for regional market.

#### **Textile, leather & garments:**

- Handmade fabric, ethnic, and printed articles;
- Industrial/medical uniforms;
- Fashion clothing and accessories;
- Industrial shoes & gloves; and
- Leather of bovine, crocodile and others

#### **Home Décor & Fashion:**

- Articles of leather (crocodile, bovine and others);
- New improved designed basketwork and others;
- Handmade textile articles for home use, sets and others such as Makishi masks from Northwestern Province, Makenge baskets from Mongu and Tonga baskets from Southern Province; and
- Jewelry with precious stones, metals, and other materials.

### **5.5 Identified needs of private investments**

Table 23 highlights some of the finance and investment needs which were identified during company visits in Zambia and through discussions with stakeholders.

**Table 23: Needs of Private Investments**

<b>Sector</b>	<b>Potential Investment</b>	<b>Estimated Value</b>	<b>Comments</b>
Processed Foods	1. Credit line for pre/post shipment finance for export of honey	US\$1 million/year	Although some companies have access to offshore financing, the 36% interest rate for local credit in Kwachas has limited supply expansion
	2. Credit line for post shipment financing of regional sales	Over US\$1 million of bridging finance to new buyers in the region	New regional buyers (distributors to supermarkets) need credit as most regional sales are only paid up front in cash
	3. Greenfield investment for expansion in poultry, beef processing, leather and processed dairy	Over US\$2 million	Local business group has expansion plans, which require large investments
	4. New plants in the region for confectionary, sweets,	Large investments to be discussed	There are several companies interested in production expansion and will require new plants and equipment

In the region, other countries such as Congo, Madagascar, Mauritius, Mozambique, South Africa, Swaziland, and Zimbabwe have already TRQ quotas and are exporting to the U.S. over 7,000 MT and more per year.

	snacks and other consumer products		
	5. New sugar plant	US\$500 million	Potential interest in new plant for producing 200,000 MT of sugar per year
Cotton Textiles	New vertically integrated cotton textile plant – spinning & weaving (yarn and fabrics)	US\$42-50 million	Foreign investor(s) is required who can work with local entrepreneurs with previous experience in textiles The local entrepreneurs already have a business plan, but they have no collateral or capital to contribute
Leather	Low end vegetable tannery for crocodile skins	US\$150,000+	This will help to develop production of handicrafts from crocodile leather. Own contribution available.
Mining & jewelry	Jewelry operation and gold /diamond mining	US\$10-15 million	Company willing to take partners. They have mining concessions.

#### a) Estimating investment levels needed to boost exports

Investment estimates to boost exports must be substantiated by value chain benchmarking against other successful models in the region and beyond (e.g. Ethiopia, South Africa and Kenya). As this process is extremely time-and industry-specific, any investment figures generated will also need to be adjusted to the changing nature of the following conditions:

- Prices in the U.S. import market or other target markets continue to be profitable to Zambian exporters;
- Zambian companies achieving adequate export capacity, meeting import requirements in regional market, USA or others and consolidating their business position with a long-term vision;
- International buyers increasingly purchasing Zambian products in the three sectors because of satisfaction with the quality and quantity of the export supply;
- No major occurrence of negative events such as natural disasters (e.g. Ebola and other diseases, Kwacha currency volatility or significant political instability); and
- Steady progress towards the proposed work plan being achieved to secure investments and address major threats to export development.

#### b) Estimating impact of investments

As investment figures are confirmed and substantiated for specific industries and businesses in each of the three target sectors, the expected benefits for Zambia should be calculated in terms of increased sales and new jobs generated. Initial impact looks promising. The three sectors are labor-intensive thus they are expected to positively affect the overall economy with new direct and indirect jobs in the related sectors. Also, the assistance to the cross sector proposed activities will improve key institutional capacities that will increase the sustainability of export development.

## 6. SECTORAL PERFORMANCE AND STRATEGIES

### 6.1 Agriculture

Primary agriculture is a major economic activity in terms of employment, exports and food for the Zambian population. Products considered under this sector include grains, fruits, tubers, garden vegetables, flowers, aquaculture, poultry, beef, and other meats due to competitive factors such as available farming land, low labor cost, climate and water availability (Table 24).

**Table 24: Summary for the Agriculture Sector**

Agriculture Sector Summary		
<b>Estimated Agriculture Production 2015</b> <ul style="list-style-type: none"> <li>Wheat - 383,082 tonnes</li> <li>Rice - 96,212 tonnes</li> <li>Barley - 30,130 tonnes</li> <li>Maize - 3,590,409 tonnes</li> <li>Millet - 65,370 tonnes</li> <li>Sorghum - 44,841 tonnes</li> <li>Cassava - 1.07 billion tonnes (2013)</li> <li>Coffee, cotton and tobacco - 30,385 tonnes</li> <li>Resource cattle population - 4,096,658 animals (2013)</li> <li>Sunflower - 61,073 tonnes (2016)</li> <li>Groundnuts - 131,562 tonnes (2016)</li> <li>Soybeans - 267,490 tonnes (2016)</li> <li>Seed Cotton - 111,902 tonnes (2016)</li> <li>Irish Potatoes - 24,428 tonnes (2016)</li> <li>Virginia Tobacco - 12,540 tonnes (2016)</li> <li>Burley Tobacco - 6,476 tonnes (2016)</li> <li>Mixed Beans - 45,351 tonnes (2016)</li> <li>Bambara nuts - 5,428 tonnes (2016)</li> <li>Cowpeas - 10,603 tonnes (2016)</li> <li>Sweet Potatoes - 231,882 tonnes (2016)</li> <li>Paprika - 317 tonnes (2015)</li> <li>Pineapples - 14,163 tonnes (2015)</li> </ul> <b>Imports of Agricultural Products into Zambia</b> <ul style="list-style-type: none"> <li>Some rice from Asia and other staple foods when there is temporal deficit on domestic production.</li> <li>Presence of fruits and vegetables in supermarkets, imported from South Africa</li> </ul>	<b>Number of Active Exporters</b> <ul style="list-style-type: none"> <li>Currently between 35-40 active exporters (a few large and mid-size companies, SMEs, cooperatives, and producer associations).</li> </ul> <b>Agriculture Exports in 2015</b> <ul style="list-style-type: none"> <li>Primary agriculture total US\$415 million, 20% of total NTEs</li> <li>Top markets are Zimbabwe, Malawi, South Africa, RDC and others. Main products were maize seed, cotton, tobacco, soybeans, groundnuts, rice and coffee</li> <li>Fruit &amp; vegetables: US\$12 million (banana, melon, grapes, guava, avocado, mango, strawberry, passion fruit, tomatoes, sweet potatoes, onion, squash, eggplant, cucumber, baby veggies, potatoes, chili, sugar snap, peas, broccoli, okra)</li> <li>Flowers: US\$1.3 million</li> <li>Milk US\$8.3 million</li> <li>Meat and other dairy: US\$7 million</li> <li>Informal agricultural cross-border exports estimate: US\$144 million</li> </ul>	
		<b>US Imports from Zambia in 2016</b> <ul style="list-style-type: none"> <li>Total US\$672,000 (mainly in coffee and tobacco and small quantities of flowers)</li> <li>Due to high cost of transportation and long delivery time, most Zambian agricultural crops are not competitive in the US market</li> </ul>
	<b>Products</b> <ul style="list-style-type: none"> <li>See list in Table 10 for the SADC region.</li> <li>Some products are competitive in the region. This due to higher productivity</li> </ul>	<b>Target Market Segment</b> <ul style="list-style-type: none"> <li>Sell in SADC and then other markets where logistics and transportation costs are viable.</li> </ul>

<b>Suggested Preliminary Marketing Strategy</b>	<ul style="list-style-type: none"> <li>in some grains, fruits and vegetables.</li> <li>Zambia exports need to compete with product quality and sanitation, packaging and branding, pricing, distribution and promotion.</li> </ul>	<ul style="list-style-type: none"> <li>Leverage efforts with South African supermarket chains that have regional presence.</li> </ul>
	<b>Prices</b> <ul style="list-style-type: none"> <li>Set prices with reasonable margins that allow increase in sales in the long term.</li> <li>Focus in countries and cities where competition is less intense.</li> </ul>	<b>Promotion</b> <ul style="list-style-type: none"> <li>If necessary to position the product, start branding the products that are sold at retail level. (e.g. grains, cereals, poultry meat, top fruits)</li> <li>Leverage in-store promotions with supermarkets in South Africa when possible.</li> </ul>

### SWOT Analysis

<b>Strengths</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>Climate is adequate for cereals, grains, fresh produce and floriculture.</li> <li>Productivity in commercial farms is high compared to other African countries (e.g. maize, sugar, some grains and others). This allows the production of cheaper animal feed for poultry and dairy farming.</li> <li>Only 20% of potential farm land is utilized. Great potential for expansion of arable/farming land.</li> <li>Low labor costs.</li> <li>Availability of abundant water</li> <li>Easy to produce pollution free products.</li> <li>Access to a market of 400 million people in SADC &amp; COMESA</li> </ul>	<ul style="list-style-type: none"> <li>Inadequate post-harvest and storage facilities</li> <li>Expensive imported inputs and technologies</li> <li>Limited financial resources and high cost of borrowing</li> <li>Limited cold chain facilities</li> <li>High transportation costs</li> <li>Affected by plagues, pests, animal diseases and natural forces (floods, droughts).</li> <li>Limited marketing skills</li> </ul>
<b>Opportunities</b>	<b>Threats</b>
<ul style="list-style-type: none"> <li>SADC &amp; COMESA markets for grains, fruits, fresh produce, dairy, and meat.</li> <li>USA and Europe markets for organics and healthy products.</li> <li>China and others: growing and dynamic markets that need “clean” food products.</li> </ul>	<ul style="list-style-type: none"> <li>Strict standards in most markets (e.g. Sanitary and Phytosanitary Measures (SPS) and HACCP certification)</li> <li>Supermarkets increasingly requiring to meet private standards</li> <li>Difficult to control pests (armyworm, locust, fruit fly, etc.) and animal diseases (foot &amp; mouth disease).</li> <li>Climate change disasters</li> <li>Land near cities affected by new housing and speculation.</li> <li>Declining investments on agricultural infrastructure.</li> <li>Intense competition in the region.</li> </ul>



## 6.2 Processed Foods

The processed food sector in Zambia is still in the early stages of development. Most production is oriented to the domestic market, except processed dairy and confectionary sugar, animal feed and beverages that are expanding in the region with exports of over US\$1 million. Other value added products are exported in limited quantities to the region especially DRC.

The domestic market is still small for many processed food categories so, there is need to export in order to be profitable. Products currently available in bulk or fresh such as honey, coffee, tubers, mango, pineapple and few other fruits, grains/cereals, dairy, chicken, macadamia, and spices may be processed in several ways (value addition) for exporting. Some factories can expand production if adequate local or imported raw materials and equipment are available.

Total exports of processed foods have started to grow in the last years (US\$266 million in 2015).

### 6.2.1 Potential market in the US

Although exports of any Zambian foods to the U.S. have been minimal and in bulk (such as in the case of honey), the trade analysis and interviews with a few selected U.S. buyers, established that there is a potential market for all selected products if the price is competitive. This would need to be assessed directly with the potential exporters on a case by case basis. The challenge however, as is the case with other AGOA beneficiaries is that potential demand in the U.S. can significantly exceed the limited supply capacity of most Zambian companies. In order to overcome this challenge, exporters would be advised to identify and pursue niche markets while improving their production capacity and productivity. At the same time for those that do not have the capacity and skill to export to the U.S. yet, exporting to the regional market first would allow the exporters to gain experience and develop skills required for exporting to more difficult (but profitable) markets such as the United States, Europe or Asia.

**Table 25: Summary for the Processed Foods Sector**

Processed Foods Sector Summary	
<b>Estimated Processed Foods Production with Export Potential</b> <ul style="list-style-type: none"> <li>No statistics available.</li> <li>Small market size.</li> <li>Sales estimated for processed fruits and vegetables around US\$4 million in 2015.</li> <li>Mostly sold at supermarkets (packaged coffee, honey, peanut butter, biscuits, chips, juices, sauces, cassava meal).</li> </ul>	<b>Number of Establishments</b> <ul style="list-style-type: none"> <li>Around 75 (Some few large-mid size companies, SME's, cooperatives, associations not including microenterprises of artisanal /kitchen type production).</li> </ul>
<b>Production</b> <ul style="list-style-type: none"> <li>Sugar - 4 billion tonnes (2013)</li> <li>Animal feed</li> <li>Processed dairy and meats</li> </ul>	<b>Zambia Processed Foods Exported in 2015</b>
<b>Imports of processed food products into Zambia</b> <ul style="list-style-type: none"> <li>Large presence at supermarkets of processed foods from South Africa, Kenya, Tanzania, Egypt, Turkey and Europe.</li> </ul>	<b>U.S. Market:</b> <ul style="list-style-type: none"> <li>Small quantities of bulk honey and cassava flour; and</li> <li>Other ethnic products: sample level of peanut butter, sauces, and packaged coffee).</li> </ul> <b>Other Markets:</b> <ul style="list-style-type: none"> <li>Honey US\$1.4 million;</li> <li>Other sugars US\$2.9 million;</li> <li>Maize flour/meal US\$273,000;</li> <li>Tomato sauce US\$10,000;</li> <li>Milk powder/cream/condensed US\$123,000;</li> <li>Cheese US\$1.8 million;</li> <li>Yogurt US\$9.3 million;</li> <li>Biscuits US\$3.4 million; and</li> </ul>

	<ul style="list-style-type: none"> <li>Confectionary sugar US\$8.4 million.</li> </ul>	
<b>Suggested Preliminary Marketing Strategy</b>	<b>U.S. Imports of Specific Products, Average Customs Value and Key Competitors in 2014</b> <ul style="list-style-type: none"> <li>Packaged comb honey - US\$14.5 million @ US\$6.70 per Kg (New Zealand, Germany, India, France and Greece)</li> <li>Dried banana - US\$12.3 million @ US\$3.38 per Kg (Philippines, Ecuador, Thailand, China and Mexico)</li> <li>Dried mango - US\$59.2 million @ US\$9.23 per Kg, Philippines, Mexico, Taiwan, India and Ecuador)</li> <li>Pineapple juice concentrate - US\$43.5 million @ US\$0.33 per liter (Thailand, Philippines, Indonesia, Costa Rica and Kenya)</li> <li>Hot sauces - US\$30.6 million @ US\$0.88 per Kg (Mexico, Colombia, China, Peru, Korea)</li> <li>Pineapple jam and related products - US\$324,000 @ US\$1.42 per Kg</li> </ul>	<b>U.S. Market Size</b> <ul style="list-style-type: none"> <li>Sales of specialty food US\$100 billion (2014)</li> <li>Sales per capita, specialty food, US\$319</li> </ul>
		<b>HS U.S. Import Tariff</b> <ul style="list-style-type: none"> <li>Free for AGOA, NTR<sup>13</sup> and GSP products.</li> <li>If Not-AGOA then pays few cents per kg depending on the origin and product</li> </ul>
	<b>Products for the U.S. Market</b> <b>Short Term:</b> <ul style="list-style-type: none"> <li>Honey bulk</li> <li>Dried tropical fruits bulk</li> <li>Mongongo oil</li> </ul> <b>Medium Term:</b> <ul style="list-style-type: none"> <li>Cassava flour/meal</li> <li>Pineapple, mango, passion fruit concentrated juice for industrial use</li> <li>Ethnic sauces</li> <li>Sugar (if Zambia can get duty free US import quota)</li> <li>Candy</li> </ul> <b>Products for the regional market:</b> <ul style="list-style-type: none"> <li>See Table 10</li> <li>Zambia must compete with product quality and sanitation, packaging and branding, pricing, distribution and promotion.</li> </ul>	<b>Target Market</b> <b>Consumer products:</b> <ul style="list-style-type: none"> <li>Sell in Zambia supermarkets first, then in SADC and then overseas</li> </ul> <b>Industrial bulk:</b> <ul style="list-style-type: none"> <li>Focus on SADC</li> </ul> <b>U.S. Market Segment</b> <ul style="list-style-type: none"> <li>Distributors &amp; retailers of natural/healthy specialty foods.</li> <li>Distributors of selected African ethnic foods.</li> <li>Start in New York, Washington D.C., Los Angeles, or San Francisco.</li> </ul>
	<b>Prices for the U.S. market</b> <ul style="list-style-type: none"> <li>Understand the needs of US buyers and adapt their products to the buyers' requirements.</li> <li>Initially competitive prices to generate orders (e.g. appeal to natural/organic product attributes).</li> <li>Gradually increasing prices for higher quality products, as the exports and sector capacity grow.</li> </ul>	<b>Promotion</b> <ul style="list-style-type: none"> <li>Trade Shows (Fancy foods East and other product specialized shows), missions, brochure/catalogues, direct contact with buyers</li> <li>Position Zambia brand as a source of healthy and quality high value organic products.</li> </ul>

<sup>13</sup> The Normal Trade Relations (NTR) is a legal designation in the U.S. for free trade with a foreign nation. In the U.S., the name was changed from most favored nation (MFN) to permanent normal trade relations (PNTR) in 1998.

	<b>Prices for the regional market</b> <ul style="list-style-type: none"> <li>▪ Depending on negotiations, competition and supply/demand options</li> <li>▪ Look for differentiation through quality.</li> <li>▪ Set a long-term positioning strategy</li> </ul>	<ul style="list-style-type: none"> <li>▪ Some retailers may require products under their own brand.</li> </ul>
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## SWOT Analysis

<b>Strengths</b> <ul style="list-style-type: none"> <li>▪ Availability of low cost raw materials</li> <li>▪ Access to COMESA &amp; SADC (400 million people market with a GDP over US\$200 billion)</li> <li>▪ Stable democracy with safe and amenable conditions for foreigners</li> <li>▪ Low cost of labor</li> <li>▪ Incentives for location in MFEZ</li> <li>▪ Stable business environment albeit with need be improved</li> <li>▪ LDC beneficiary of AGOA and US duty free access with the support of donors</li> </ul>	<b>Weaknesses</b> <ul style="list-style-type: none"> <li>▪ Landlocked country with longer distance and higher cargo freight costs to the U.S. compared with competitors</li> <li>▪ Conservative culture of managers may reduce speed of required business modernization</li> <li>▪ Expensive and unreliable electricity and industrial water</li> <li>▪ Limited technological awareness</li> <li>▪ No export marketing skills for the U.S. market and limited for the region</li> <li>▪ Weak sector institutional support</li> <li>▪ Unstable supply for some local raw materials</li> <li>▪ Poor packaging and branding</li> <li>▪ Most operations are small SMEs with limited resources</li> <li>▪ High taxes and expensive credit loans</li> </ul>
<b>Opportunities</b> <ul style="list-style-type: none"> <li>▪ Growing regional market for value added products</li> <li>▪ AGOA allows duty free access to the U.S. market for imported raw materials and inputs from third countries</li> <li>▪ Increased U.S. market opportunities and potential buyers if branding Zambia as a source of healthy and quality high value natural/organic products</li> <li>▪ Using good exporters' experiences and marketing to target new investors and take advantage of the assistance of international organizations</li> </ul>	<b>Threats</b> <ul style="list-style-type: none"> <li>▪ Increasing SPS and NTBs on international markets</li> <li>▪ Intense competition from South Africa, Kenya and other regional countries</li> <li>▪ Difficult access to supply regional supermarkets due to challenges and cost of complying with private standards</li> </ul>

### 6.3 Textile and Garments

The textile and garments sector has medium term potential<sup>14</sup> depending on favorable

<sup>14</sup> Due to time and budget limitations, the field visits were only conducted in Lusaka. A more in-depth assessment of the value chain and export readiness of Zambian companies in this sector would be required during the implementation of the Strategy.

government policies and large investments for achieving economies of scales in the cotton value chain. The sector has been selected because of: (a) its social impact; (b) potential and number of jobs that can be created (c) Zambia is a traditional producer and exporter of cotton (d) textile and apparel is the fastest growing manufacturing sector under AGOA; and (e) China, a traditional supplier of the U.S. market is becoming increasingly expensive to produce due to high labor costs, and companies are relocating to countries where it is cheaper to make clothing. Table 26 shows a summary for the sector.

**Table 26: Summary for the Textiles and Garments Sector**

<b>Textiles &amp; Garments Sector Summary</b>		
<b>Estimated Zambia Production</b> <ul style="list-style-type: none"> <li>No reliable data available on production</li> <li>Garment production has decreased significantly due to imports of used clothing but there still some production of traditional &amp; fashion clothing by local designers and few SMEs.</li> <li>Zambia produces cotton through few ginneries, although in lower quantities than previously</li> <li>Number of companies: less than 10 (pending export readiness assessment) few mid-size (ginneries and synthetic textiles) and some small tailors, fashion shops and cotton handloom operations</li> <li>Zambia imports of textiles and apparel was US\$68 million (2012)</li> </ul>		
<b>Zambia Textile &amp; Apparel Exports in 2015 USA:</b> <ul style="list-style-type: none"> <li>Sample and small size orders of clothing and ethnic outfits, around US\$5,000</li> </ul> <b>Other Markets:</b> <ul style="list-style-type: none"> <li>cotton lint, yarn, hand loom cotton textiles, blankets, sacs and bags, table linen, home décor, ethnic garments</li> <li>Total Zambian exports were US\$12 million</li> </ul>	<b>U.S. Total Imports:</b> <ul style="list-style-type: none"> <li>Uniforms: US\$2.6 billion (2014)</li> <li>T-shirts: US\$5.4 billion (2014)</li> <li>Bed linen and kitchen: US\$5.3 billion (2014)</li> </ul>	<b>U.S. Market Size:</b> <ul style="list-style-type: none"> <li>Uniforms have been US\$6.4 billion and 6% annual growth since 2009</li> <li>T-shirts were US\$22 billion (2014) and 8.4% annual growth</li> <li>Household textile were US\$22 billion (2014)</li> </ul>
<b>Key Competitors:</b> <ul style="list-style-type: none"> <li>Vietnam, China, Mexico, and Pakistan</li> <li>Also, EAC countries</li> </ul>	<b>Competitors Prices:</b> <ul style="list-style-type: none"> <li>Lab coats CVC &amp; CVS FOB US\$1.4-1.6 (Pakistan, Mexico, China)</li> <li>Coverall FOB US\$7-8.5 (China, Mexico)</li> <li>Blank T-Shirts FOB US\$1.45-1.85 (China, Honduras)</li> <li>Bed linen FOB US\$3.25 (China, India)</li> </ul>	<b>HS U.S. Import Tariff:</b> <ul style="list-style-type: none"> <li>Free for AGOA products, if not-AGOA then pays between 6%-28.6% Ad Valorem depending on the origin and product</li> </ul>
Suggested Preliminary Marketing Strategy	<b>Products:</b> <ol style="list-style-type: none"> <li><b>Uniforms and Work wear</b> <ul style="list-style-type: none"> <li>Coveralls, Chief Value Synthetics (CVS) and Chief Value Cotton (CVC)</li> </ul> </li> <li><b>Men's, Women's and Children's Knit Shirts</b> <ul style="list-style-type: none"> <li>T-Shirts</li> </ul> </li> <li><b>Household Textiles</b></li> </ol>	<b>Target Market Segment:</b> <ul style="list-style-type: none"> <li>Wholesalers for the institutional market and household retailers in the region and USA (if volume available and export readiness).</li> <li>South Africa and regional market for Chitenge</li> </ul>

	<ul style="list-style-type: none"> <li>▪ Linens: bed, bath, and kitchen (aprons)</li> </ul> <p><b>4. Fashion garments</b></p> <ul style="list-style-type: none"> <li>▪ Ethnic women dresses (Chitenge)</li> <li>▪ African men designed outfit</li> </ul>	<p>dresses.</p> <ul style="list-style-type: none"> <li>▪ Regional market for traditional &amp; designed African men outfit.</li> <li>▪ Internet custom international orders by special Zambian boutiques and fashion shops.</li> </ul>
	<p><b>Prices:</b></p> <ul style="list-style-type: none"> <li>▪ Understand the needs of U.S. buyers and adapt their products to the buyers' requirements; and</li> <li>▪ Initially use competitive prices to generate orders (e.g. CIF US\$10 for overalls).</li> <li>▪ Gradually increase prices for higher quality products, as the skills and capacity grow.</li> </ul>	<p><b>Promotion:</b></p> <ul style="list-style-type: none"> <li>▪ Participation at trade shows (sourcing at Magic, Texworld), organizing trade missions, developing brochure/catalogues, and contacting buyers directly</li> </ul>

## SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>▪ Cotton production that mostly is exported</li> <li>▪ Low labor costs</li> <li>▪ Capacity for manufacturing traditional African clothing</li> <li>▪ Incentives for location in MFEZ</li> </ul>	<ul style="list-style-type: none"> <li>▪ Obsolete machinery</li> <li>▪ Low industrial productivity and capacity of local designers</li> <li>▪ Zambia is not on the U.S. buyer's map</li> <li>▪ Need large investors, especially for vertically integrated cotton operations to improve competitiveness</li> <li>▪ Competition with other SADC countries that are more advanced in the sector, for the same investors and buyers</li> <li>▪ Although Zambia produces cotton, it does not have a large weaving mill and no knitting mill</li> <li>▪ Ginners need to modernize equipment</li> <li>▪ Weak labor technical capacity</li> <li>▪ All fabrics for clothing, as well as accessories and trims, are imported</li> <li>▪ Local garment production has been seriously affected by cheaper imports of second hand clothing</li> <li>▪ Few tailors remain</li> <li>▪ Need to improve quality control systems</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>▪ Export supply growth needs large investments, technology and know-how that may require experienced foreign investors</li> <li>▪ Abundant pool of labor that can be easily</li> </ul>	<ul style="list-style-type: none"> <li>▪ Second hand imports of clothing continue without restrictions (not allowing growth of local production for the domestic market)</li> <li>▪ Intense competition for investors, buyers</li> </ul>

trained <ul style="list-style-type: none"> <li>▪ LDC beneficiary of AGOA, US duty free access and TCF provision</li> <li>▪ Potential integration to regional value chains to export to the USA or Europe</li> </ul>	and markets from other African countries
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#### 6.4 Home décor, crafts, leather and fashion sector

This sector was selected due to the following:

- Its impact on rural families, especially women;
- Duty free under AGOA and GSP; and
- It does not require large investment, though intensive assistance in product design, production skills, raw material supply development, quality assistance and marketing would be necessary.

Table 27 below summarizes the sector followed by a SWOT analysis.

**Table 27: Summary of Home Decor, Crafts and Leather Fashion sector**

Home Décor, Crafts & Leather Fashion Sector Summary		
<b>Estimated Zambia Production:</b> <ul style="list-style-type: none"> <li>▪ Data not available;</li> <li>▪ Most sales are oriented to domestic market and tourism; and</li> <li>▪ Approximately 20,000 jobs in rural and urban areas</li> </ul>	<b>Number of Active Crafts Exporters:</b> <ul style="list-style-type: none"> <li>▪ Less than 20 in different locations;</li> <li>▪ Few SMEs;</li> <li>▪ Some social enterprises supported by international NGOs in rural areas; and</li> <li>▪ Few groups of traders that consolidate supply and sell directly for profit at international trade shows and exhibits.</li> </ul>	
<b>Zambia Imports of Home Décor &amp; Fashion:</b> <ul style="list-style-type: none"> <li>▪ Data not available;</li> <li>▪ There are some imports of textile home décor and synthetic leather goods from China; and</li> <li>▪ Used fashion clothing from Europe and North America.</li> </ul>		
<b>Zambia home décor, leather &amp; fashion exports in 2015</b> <ul style="list-style-type: none"> <li>▪ Total handicrafts - US\$471,200</li> <li>▪ Leather &amp; leather goods - US\$13 million</li> </ul>	<b>US Total Imports as of 2014</b> <ul style="list-style-type: none"> <li>▪ Articles of leather, harness, travel goods were US\$13.3 billion</li> <li>▪ Other made textile articles, sets were US\$13.2 billion</li> <li>▪ Jewelry, precious stones, metals, coins, etc. were US\$63.2 billion</li> <li>▪ Manufacture of plaiting material, basketwork, etc. were US\$507.8 million</li> <li>▪ Works of art, collectors' pieces and antiques were US\$9.2 billion</li> </ul>	
<b>Key Competitors:</b> <ul style="list-style-type: none"> <li>▪ China, India, Latin America</li> <li>▪ Also, African countries</li> </ul>	<b>Competitors Prices:</b> <ul style="list-style-type: none"> <li>▪ Leather messenger bag US\$9.5 (China);</li> <li>▪ Sea grass tote w/ cotton lining US\$5-US\$8 (China);</li> <li>▪ Printed linen cotton cushion cover US\$2-US\$6 (China);</li> <li>▪ Artificial bangles bracelets copper</li> </ul>	<b>HS US Import Tariff:</b> <ul style="list-style-type: none"> <li>▪ Free for AGOA products.</li> <li>▪ Also, some products are included in the GSP duty free or minimal duties</li> </ul>

	US\$10-US\$15 (India); and ▪ Hand carved marble statues US\$400-US\$550 (France).	
Suggested Preliminary Marketing Strategy	<b>Products:</b> ▪ Mix of high value traditional with new designs, reflecting U.S. fashion trends or customer preferences	<b>U.S. Target Market Segment:</b> ▪ CSR units of large U.S. companies with affinity or complementarity to the product line; ▪ Tradefair organizations; ▪ High end retailers, store chains and catalogue internet retailers for high price products; and ▪ Wholesalers for home décor products.
	<b>Prices:</b> ▪ Understand the needs of U.S. buyers and adapt their products to the buyers' requirements; ▪ Initially use competitive prices to generate orders; and ▪ Gradually increase prices for higher quality products, as the skills and capacity grow.	<b>Promotion:</b> ▪ Participation in trade shows (Artisan Resource, Santa Fe International Folk Art Market, Designers & Agents, Coterie, Ambiente-Germany), organize trade missions, produce brochure/catalogues, and contact buyers directly; ▪ Strong exposure to the US consumers through various partnerships; and ▪ High-end value consumer relating to cause marketing, supporting brands with CSR program.

## SWOT Analysis

Strengths	Weaknesses
▪ Ease access to raw material such as straw, sisal, hand-loomed cotton, leather hides and skins. ▪ Artistic culture in the rural areas. ▪ Most of the artisans do weaving, beading and stitching. ▪ Strong skill set. ▪ Some companies have good exposure to the U.S. consumer through various partnerships. ▪ Incentives for location in MFEZ for leather	▪ Bottlenecks in raw material such as quality and consistency of, and access to straw, sisal, finished crocodile skins, finished leather hides. ▪ Poor animal handling and slaughter practices damage quality of cattle hides. ▪ Limited capacity for processing quality leather. ▪ Only one major leather tannery but with quality limitations. ▪ Artisans need training on weaving, beading and stitching, and in leather goods manufacturing. ▪ Not considered a competitive handicraft producer on product price or diversification in the regions. ▪ Same products/designs are copy of other African countries. ▪ International market and U.S. buyers need frequent new products and renew designs in a recurrent basis. ▪ Weak production systems, training and management.

	<ul style="list-style-type: none"> <li>▪ Need to meet international standards in environment, consumer product safety, and AGOA export/ import regulations.</li> <li>▪ Lack of financing or the ability to access funding.</li> <li>▪ Prices are high and quality is low.</li> <li>▪ Land locked country, high cost of transportation.</li> <li>▪ Tax on imported material for export purposes, difficult to get reimbursement.</li> </ul>
<b>Opportunities</b>	<b>Threats</b>
<ul style="list-style-type: none"> <li>▪ The handicraft sector needs to transition towards creative industries, from an informal to a formal industry of Zambian entrepreneurs, designers, artisans and creative enterprises.</li> <li>▪ Need to consolidate and expand supply through clusters and more dynamic associations as well as regional integration.</li> <li>▪ Appeal to high-end value consumer related to “Cause marketing supporting brands with CSR program”. (A loyal quality conscious consumer).</li> <li>▪ Opportunity for product diversity, varying supply chains, supplies additional markets.</li> <li>▪ Regional market sales opportunities and to the tourists.</li> <li>▪ Sales platforms on line to introduce the sector to potential buyers</li> <li>▪ AGOA trade preference program</li> </ul>	<ul style="list-style-type: none"> <li>▪ Price competition from Asia, Kenya, Uganda, Ethiopia and others is too hard to beat.</li> <li>▪ More variety from competition at better prices with shorter lead times and available affordable financing of production.</li> <li>▪ Lack of international recognition for Zambian crafts, leather and home décor goods.</li> <li>▪ Modern craft from South America, other African countries, and Asia as competitors.</li> </ul>

## 6.5 Other Clusters

### 6.5.1 Cross-Cutting Constraints for all Markets

During the field visits and interviews, numerous constraints – at cross sector and sector level – were identified. Table 28 shows a summary of the most relevant cross-cutting constraints for all markets. Specific possible solutions to constraints are proposed and discussed in the sections below.

**Table 28: Cross-cutting Constraints for all Markets**

Identified Constraint	Description
1) No awareness	<ul style="list-style-type: none"> <li>▪ AGOA program, U.S. market, standards and import requirements.</li> <li>▪ Few exporters to the United States.</li> </ul>
2) High transportation costs and long	<ul style="list-style-type: none"> <li>▪ By Air: Lusaka – NYC US\$4-6/kg ---3-7 days</li> <li>▪ By Road: Lusaka- Durban or Beira 40’ Ct US\$2000-3000---10 days</li> <li>▪ By Road + Sea: Lusaka- Newark (USA) 40’ Ct US\$8,000---41 days</li> </ul>



delivery time	
3) Limited export supply	<ul style="list-style-type: none"> <li>Few export ready companies</li> </ul>
4) Few exporters	<ul style="list-style-type: none"> <li>Not organized to grow, advocate, lobby or for trade support</li> <li>Absence of export marketing &amp; export management skills</li> </ul>
5) Taxes to exports	<ul style="list-style-type: none"> <li>Up to six months delays in tax reimbursement (inputs pay VAT, the VAT Rule #18 make reimbursements claims difficult, duties to imported raw materials for export production). This has a cash flow effect on exporters particularly SMEs.</li> </ul>
6) NTBs – regional	<ul style="list-style-type: none"> <li>Transit delays and barriers mostly due to non-harmonized standards that limit market access</li> <li>No internationally accredited certifications coupled with export/import bans</li> </ul>
7) Weak institutional support	<ul style="list-style-type: none"> <li>Limited skills and resources of public sector</li> <li>High staff turnover does not allow continuity</li> </ul>
8) Low competitiveness	<ul style="list-style-type: none"> <li>High cost of compliance with required standards results in only a few exporters having the required food safety and quality certifications</li> <li>High cost of production due to high cost of utilities (water &amp; electricity), discouraging local taxes, erratic water service, power outages, labor cost and inadequate production skills</li> <li>Lack of innovation and R&amp;D</li> </ul>
9) No export financing	<ul style="list-style-type: none"> <li>High cost of bank borrowing (30-40% in kwachas, 14% in US\$).</li> <li>Limited activity and few trades at the Lusaka Stock Exchange restrict access to funds for investment</li> <li>No capacity for ex-post sales credit</li> </ul>
10) Low awareness of the benefit of exports	<ul style="list-style-type: none"> <li>Government agencies (ZRA, Customs border posts, Ministry of Agriculture, Forestry, Police, City Councils, among others) do not adequately facilitate exports due lack understanding of the importance of exports</li> </ul>

## 6.6 Sector Constraints

In addition to the cross sector constraints noted above, each sector has specific constraints that limit its growth. The removal or reduction of the identified constraints will help to develop exports, facilitate increased utilization of the AGOA program and strengthen exporters' capacity to compete in other markets, regionally and internationally.

**Table 29: Identified Sector Constraints**

<b>a) Agriculture Constraints</b>
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<ul style="list-style-type: none"> <li>▪ Low yield varieties and productivity (except for sugar cane, maize and other grains)</li> <li>▪ Existence of recurrent pests, plagues and phytosanitary threats such as maize screwworm, stalk borer, weevils and African migrant locust) that can destroy agriculture.</li> <li>▪ High costs of inputs (fertilizers, seeds, chemicals, pesticides) as most are imported.</li> <li>▪ Poor agronomic practices, post-harvest loss and limited extension assistance.</li> <li>▪ Most crops rely on rain fall, limited to one harvest per year.</li> <li>▪ Diseases affecting cattle and some animal farming restrict export potential.</li> </ul>
<ul style="list-style-type: none"> <li>▪ No production data of non-basic staples.</li> <li>▪ Gaps in the supply value chain for some products (warehouse, cold storage, packing plants, and logistics).</li> <li>▪ Limited produce export capacity, gradually shrinking compared to volumes exported 10 years ago. Farmland near Lusaka and other cities is sold for conversion to housing developments.</li> </ul>
<b>b) Processed Foods Constraints</b>
<ul style="list-style-type: none"> <li>▪ Limited export supply, except few companies-vertically integrated- oriented to the regional market.</li> <li>▪ SMEs have obsolete small scale production technology, poor quality systems (no HACCP, ISO, and limited knowledge of international standards).</li> <li>▪ Poor local packaging and labeling while imported ones are expensive.</li> <li>▪ Limited marketing capacity.</li> <li>▪ Small domestic market for supporting large production.</li> <li>▪ Most supermarkets are foreign owned and sell few local processed food products (most shelves for large supermarkets are full of products from South Africa and other countries).</li> <li>▪ Isolated R&amp;D.</li> <li>▪ Insufficient testing and product development capacity at key laboratories such as UNZA, and ZABS.</li> </ul>
<b>c) Textiles and Garments Constraints</b>
<ul style="list-style-type: none"> <li>▪ Cotton has been a traditional crop, but due to lack of credit for inputs (fertilizers, pesticides and seeds), farmers have been reducing area for planting cotton and replacing with other crops that provide immediate cash.</li> <li>▪ All fabrics are imported (mainly from China, India, and South Africa).</li> <li>▪ Most factories (ginneries, spinners, weavers, tailor's workshops) have obsolete equipment with low productivity and high operational costs.</li> <li>▪ Production has inconsistent quality, insufficient labor skills, non-vertically integrated cotton operations that could allow economies of scale and efficiency.</li> <li>▪ Significant decrease of local clothing production due to cheaper second hand imports.</li> <li>▪ Local tailors and shoemakers have been seriously affected and many had to close operations due to unfair competition from cheaper second hand clothing and footwear.</li> </ul>
<b>d) Leather, Home Décor, Fashion &amp; Accessories Constraints</b>
<ul style="list-style-type: none"> <li>▪ Inconsistent quality and availability of raw materials especially for designed fabrics, baskets and finished leathers of all type.</li> <li>▪ Insufficient skills, artisans need more training on production and quality. Also, need to improve capacities of local designers and creative artists.</li> <li>▪ Lack of viable financing.</li> <li>▪ Need improved designs adapted to market needs, moving from ornamental to functional value crafts.</li> <li>▪ Inadequate supply of finished crafts, low quantities, low quality and high price.</li> <li>▪ Most crafts are very similar to those from other African countries.</li> <li>▪ High costs of imported inputs for production.</li> <li>▪ Weak organizational capacities for exporting.</li> <li>▪ Lack of marketing skills.</li> </ul>

## 6.7 General Strategic Activities to Address Identified Constraints

Below is a more detailed discussion of the identified general constraints and proposed strategic activities to address the constraints:

Identified Constraint	Activity to Address the constraint	Duration
1) No awareness	<ul style="list-style-type: none"> <li>Establish an agreed AGOA institutional structure (such as an AGOA Steering Committee) to spearhead the development and implementation of a countrywide awareness program on the AGOA facility and its benefits, mainly in areas with the potential priority product/sectors to highlight the benefits of the program as well as how and from where interested stakeholders can be assisted.</li> <li>Include export-oriented service providers in the awareness campaign (roadshows) to provide information on their services.</li> </ul>	<ul style="list-style-type: none"> <li>Short term</li> <li>Short/medium term</li> </ul>
2) High transportation costs and long delivery time	<ul style="list-style-type: none"> <li>Engage transport organizations to discuss how they can work with exporters to reduce transport costs.</li> <li>Encourage businesses to cooperate on transport through a cross sectorial industry approach on transportation of raw materials and finished products to cut down on empty return trips to reduce the cost of transport.</li> <li>Explore the possibility of using alternative transport/routes to the market e.g. where feasible, switching to air/rail instead of road, and investigate the possible use of the ports of Walvis Bay in Namibia and Nacala in Mozambique to reduce the cost and/or time taken to reach the market.</li> <li>Establish other OSBPs at strategic border posts, expedite implementation of MCTI Trade Portal, Coordinated Border Management (CBM) and the National Single Window (NSW) for Zambia to minimise delays at the borders to reduce the time and cost of doing business.</li> </ul>	<ul style="list-style-type: none"> <li>Short/medium term</li> <li>Short term/ongoing</li> <li>Medium/long term/ongoing</li> <li>Long term/ongoing</li> </ul>
3) Limited export supply	<ul style="list-style-type: none"> <li>Facilitate reduction of the current cost of finance and provide affordable funding to unlock the bottlenecks to increased production capacity and productivity.</li> <li>Entice producers especially farmers to increase production by providing production forward contracts to stimulate high volumes.</li> <li>Encourage the use of modern agronomic practices in crop production.</li> <li>Ensure consistent economic and regulatory policies and facilitate acquisition of modern machinery to increase production capacity and productivity.</li> <li>Encourage increased irrigation farming to take advantage of the abundant water resources and increase production.</li> <li>Identify and facilitate implementation of required export inclined incentives.</li> <li>Encourage regional integration to argument local production.</li> </ul>	<ul style="list-style-type: none"> <li>Short/medium term/ongoing</li> <li>Short/medium term/ongoing</li> <li>Medium/long term</li> <li>Medium/long term</li> <li>Medium/long term</li> <li>Medium/long term</li> </ul>
4) Few exporters	<ul style="list-style-type: none"> <li>Establish an AGOA desk at the Zambia Embassy in the U.S. or capacitate the existing setup to help drive efforts on identifying markets and to help market Zambia products in the US.</li> <li>Organize workshops on export development and marketing skills.</li> </ul>	<ul style="list-style-type: none"> <li>Short term</li> <li>Short/medium term</li> </ul>

	<ul style="list-style-type: none"> <li>Conduct sector-specific workshops on U.S. market requirements with support/input from U.S. sector experts.</li> <li>Engage USG agencies to support organizing an annual AGOA/African Women's Entrepreneurship Program (AWEP<sup>15</sup>) Trade Show and Expo to bring AGOA exporters/importers together to share information.</li> <li>Organize reverse trade missions for Zambia and U.S. stakeholders.</li> <li>Facilitate participation of local producers at selected international trade shows to meet with buyers, showcase their products and share ideas with other exporters.</li> <li>Develop a database of AGOA eligible products and make it easily accessible by linking it to websites of strategic organizations such as ZDA, ZABS, ZDA, Zambia Export Growers Association (ZEGA), Zambia Association of Chambers of Commerce and Industry (ZACCI), ZRA and the MCTI Trade Portal etc.</li> <li>Distribute information on U.S. market requirements to targeted exporters.</li> <li>Provide a list of common U.S. requirements, standards, general import documentation, technical regulations, and U.S. CBP<sup>16</sup> requirements.</li> <li>Establish a link between U.S. buyers, Zambia producers, and the U.S. and Zambia private sectors through their respective Chambers of Commerce.</li> </ul>	<ul style="list-style-type: none"> <li>Short/medium term</li> <li>Medium/long term</li> <li>Short/medium/long term/ongoing</li> <li>Short/medium/long term/ongoing</li> <li>Medium/ongoing</li> <li>Short term/ongoing</li> <li>Short term/ongoing</li> <li>Short term/ongoing</li> </ul>
5) Taxes to exports	<ul style="list-style-type: none"> <li>Reduce taxes on exports.</li> <li>Expedite tax reimbursements to improve exporters' cash flow.</li> </ul>	<ul style="list-style-type: none"> <li>Medium term</li> <li>Short term/ongoing</li> </ul>
6) NTBs – regional	<ul style="list-style-type: none"> <li>Review and update the national NTB Strategy to facilitate the elimination of NTBs to reduce border delays and the resultant costs.</li> <li>Conduct regular NTBs surveys to continue to identify and resolve NTBs.</li> <li>Encourage stakeholders to use the COMESA-EAC-SADC tripartite NTB Monitoring Mechanism to report and resolve regional NTBs.</li> </ul>	<ul style="list-style-type: none"> <li>Short term</li> <li>Short term/ongoing</li> <li>Short term/ongoing</li> </ul>
7) Weak institutional support	<ul style="list-style-type: none"> <li>Conduct a skills audit in targeted sectors and products to identify required skills and facilitate the development of the missing skills.</li> <li>Engage the various USG agencies for required information and support for TCB to develop private sector business</li> </ul>	<ul style="list-style-type: none"> <li>Medium term</li> <li>Short term/ongoing</li> </ul>

<sup>15</sup> AWEP is an outreach, education, and engagement initiative that targets African women entrepreneurs to promote business.

<sup>16</sup> US Customs and Border Protection (CBP) is the largest federal law enforcement agency of the US Department of Homeland Security. It is charged with regulating and facilitating international trade, collecting import duties, and enforcing US regulations, including trade, customs, and immigration.

	<ul style="list-style-type: none"> <li>associations and networks.</li> <li>Revitalize delivery of extension service in farming.</li> </ul>	<ul style="list-style-type: none"> <li>Medium term</li> <li>Medium/long term</li> </ul>
8) Low competitiveness	<ul style="list-style-type: none"> <li>Work with ZABS and related service providers to assist producers of selected products to comply with required U.S. standards and regulations.</li> <li>Provide funding for training of trainers on relevant standards and regulations to increase capacity for certifications.</li> <li>Engage development partners/donors to provide support to ensure compliance with U.S. standards and regulations.</li> <li>Create a favorable investment climate for electricity generation to reduce power shortages.</li> <li>Reduce production costs such as for electricity, water and labor for targeted sectors to increase competitiveness.</li> </ul>	<ul style="list-style-type: none"> <li>Medium term</li> <li>Medium term/ongoing</li> <li>Medium/long term/ongoing</li> <li>Medium term</li> </ul>
9) No export financing	<ul style="list-style-type: none"> <li>Facilitate provision of affordable funding and provide export incentives.</li> <li>Continue to look for viable sources of funding for exports.</li> <li>Provide tax incentives to promote exports.</li> </ul>	<ul style="list-style-type: none"> <li>Medium term/ongoing</li> <li>Short term/ongoing</li> <li>Medium term</li> </ul>
10) Low awareness of the benefit of exports	<ul style="list-style-type: none"> <li>The awareness campaign on the AGOA program noted above should be anchored on a robust information dissemination program to continuously provide local stakeholders with information on the benefits to Zambia of increased exports and how different government entities can facilitate the exports.</li> </ul>	<ul style="list-style-type: none"> <li>Short term/ongoing</li> </ul>

**Figure 12: Buyers Visiting a Processed Foods Company in Lusaka**



## 7. IMPLEMENTATION FRAMEWORK

This section discusses the proposed framework for the implementation and monitoring of the National AGOA Response Strategy and Work Plan for Zambia. The initiatives and tasks are grouped in four components to facilitate implementation and monitoring.

Below is a summary for the overall work structure with the strategic initiatives for each component. A more detailed description of the approach and tasks for each specific strategic initiative is provided in the Implementation Matrix in section 8.

### 7.1 Institutional Framework

Cross Sector	Agriculture & Processed Foods	Leather, Textiles, Home Décor & Fashion	Working Structures
<ul style="list-style-type: none"> <li>Reduce cargo freight and duration</li> <li>Reduce NTBs</li> <li>Reduce taxes or reimbursement costs</li> <li>Improve trade linkages</li> <li>Innovation and product adaptation</li> <li>Improve institutional export promotion capacity</li> <li>Reduce financial costs of borrowing and investments</li> <li>Improve standards and awareness of market requirements and regulations</li> </ul>	<ul style="list-style-type: none"> <li>Assist pre-selected companies</li> <li>Target value chains in fresh and processed foods</li> <li>Improve required food safety and quality systems</li> <li>Increase export supply and investments</li> </ul>	<ul style="list-style-type: none"> <li>Value chain strategy</li> <li>Assist selected companies and groups</li> <li>Consolidate and expand export supply</li> </ul>	<ul style="list-style-type: none"> <li>Export companies and groups</li> <li>Stakeholders</li> <li>M&amp;E</li> </ul>

#### 7.1.1 Working Structures for Implementation of the Strategy

Stakeholder	Proposed Tasks	Outputs	Lead Stakeholder(s)	Comments
Export companies and groups	Define contributions and process for working with companies and groups	Standard commitment agreements with exporters established	TBD	Commitment and cost-sharing is expected
Other Stakeholders	Provide coordination and support	Adequate coordination and support provided	Reform Coordination Division under cabinet office (former Private Sector Development, Industrialization and Job Creation Division)	Play a significant role in dealing with general strategic activities and cross cutting issues particularly where MCTI is unable to request other Ministries

				to undertake a required activity
			MCTI	Interaction with government agencies on policy and regulations
			MCTI/ Ministry of Agriculture/ Ministry of Livestock and Fisheries	Interface on related policy issues and regulations
			Ministry of Land, Natural Resources and Environmental Protection	Critical for honey related exports and/ or products harvested from the forest
			Food and Drugs Control Laboratory	Issues on food safety and public health inspections
ZDA	Provide effective support in the assigned activities of export and investment promotion	Effective support in assigned export and investment promotion activities	ZDA	ZDA counterpart available for activities
ZABS	Provide to the exporters effective advice, test services and certifications related to regional and US import requirements	Effective advice, required tests/ certifications related to regional and U.S. import provided to exporters	ZABS	ZABS counterparts and resources available for tasks
Associations	Selected associations organize and support the provision of assistance to companies included in its programs	Required assistance identified and provided	The Hub	Commitment and cost-sharing is expected
ZACCI and Zambia Association of Manufacturers (ZAM)	Proactive and adequate organization and services delivery to Chambers and groups of exporters	Required support provided to Chambers and groups of exporters	ZAM	Leverage other donor resources
Universities	Identify and align	Educational	ZDA	Training to

	required educational programs, expertise of academics, laboratory services and trial equipment with the exporters needs	programs, expertise of academics, laboratory services and trial equipment aligned with the exporters needs and efficiently delivered		exporters testing and certification
Development partners	Source funding for implementation of the action plan	Timely and adequate funding for implementation of the action plan provided	MCTI/ The Hub	
M&E	Quarterly or half-year progress reports of all activities and budget	Follow up and corrections on the implementation is timely done	MCTI/ The Hub	Also, need an AGOA Steering Committee to be organized
	Annual updates of the action plan and budget	Resources are allocated efficiently and effort on implementation is increased		
	Report of AGOA best practices and lessons learned emailed to exporters and meetings for sharing experiences organized	Dissemination lessons learned by the export community in Zambia		
	Evaluation of the action plan	Bi-annual evaluation of the Strategy done and corrective action recommended		

### 7.1.2 Roles and Responsibilities for Implementation

Exporters	<ul style="list-style-type: none"> <li>Responsible for achieving exports in the region, U.S. and other markets.</li> <li>Main beneficiaries of technical assistance, training and support to improve competitiveness and enter the markets.</li> </ul>
MCTI	<ul style="list-style-type: none"> <li>Liaison of AGOA and coordinator of trade facilitation issues with other government agencies.</li> <li>Support exporters, especially regarding trade policy issues and constraints</li> </ul>



	that require multi-institutional involvement.
ZDA	<ul style="list-style-type: none"> <li>Support technical assistance and training to SMEs in areas of export and investment promotion.</li> <li>Provide and disseminate regional and U.S. market intelligence and information through its Market Information Center.</li> </ul>
ZABS	<ul style="list-style-type: none"> <li>Responsible for training exporters of U.S. quality requirements.</li> <li>Provide technical support to companies for best practices and food safety management systems.</li> <li>Develop food safety management systems, testing and quality certification schemes for specialty food products to improve export competitiveness.</li> </ul>
CEEC	<ul style="list-style-type: none"> <li>Support for SME financing and value chain promotion.</li> </ul>
ZACCI	<ul style="list-style-type: none"> <li>Support coordination with members related to activities.</li> </ul>
ZAM	<ul style="list-style-type: none"> <li>Support activities with members in the three selected sectors.</li> <li>Coordinate synergies with Agribusiness &amp; Trade World Bank project.</li> </ul>
Universities	<ul style="list-style-type: none"> <li>Selected universities will be responsible for providing a diploma program in export management and some regular export seminars to SMEs.</li> <li>University of Zambia - Food Science to be responsible for new product development services to the food sector, as well as delivery of advice about product adaptation, testing and small food production trials.</li> </ul>
Development Partners/donors	<ul style="list-style-type: none"> <li>Timely and adequate assistance to action plan activities, following their own regulations and aid priorities.</li> </ul>

## 7.2 Overall Coordination

This Strategy and work plan represents the feedback from interviews with exporters and suggestions from all participating stakeholders to push Zambia forward to develop exports and generate economic prosperity. A combination of actions is proposed that will provide sustainability and structural solutions to increase the skills and capacities of export companies. Promoting exports and investing in the selected sectors should motivate the Government of Zambia to improve its export enabling environment. However, export opportunities are also available beyond the identified product categories. It is important to note that exporters will always face intense competition in every market, be it in the region, the U.S., EU, China or others, even in those now considered easy, such as DRC.

Competitive advantages and competitors evolve. The work plan calls for policy changes and increased investments that will improve Zambia's export competitiveness for products as an integrated and solid export promotion strategy. The Strategy will require effective coordination as well as adequate resources, but mainly the commitment from the public sector to address critical changes and immediately unleash the potential of targeted companies. Also, for effective implementation, a full-time, energetic and highly qualified local coordinator would be ideal. Ideally, funding for this position should be by the Government of Zambia as its commitment to the implementation of this Strategy. The other option would be a cost sharing mechanism between the government and other stakeholders such as the development partners. In any case, the AGOA coordinator is very critical to ensuring the successful implementation of the strategy hence there will be a need to accommodate the cost in the budget for Strategy.

In terms of overall implementation of the Strategy, a new exporters association or committee may be the best vehicle to facilitate and foster the public-private dialogue on policies and actions for reducing transport costs and other constraints to exports, as well as facilitate the delivery of many work plan activities. This can become sustainable and will favor the export sector

development over the coming decades. ZDA can implement all activities related to market intelligence, work with export SMEs, support investment promotion, as well as providing selected training and specialized technical assistance. Also, the establishment of an AGOA Steering Committee consisting of representatives of the public and private sector, civil society, development partners as well as other special interest groups spearheaded by MCTI as the secretariat, is necessary.

Other important players include ZABS, to strengthen quality systems and standards, while Zambia National Farmers' Union (ZNFU), ZAM, ZACCI, producer groups and universities will be required to provide support for selected products. Finally, very little will be accomplished unless ZDA and the proposed Exporters Association develop capacities to organize groups of exporters for more efficient marketing and export supply consolidation with short-term programs supported by donors and development partners. Effective export strategies in successful countries have found a way to combine the strengths of the competitive private sector with the dynamic support of public sector actions. Zambia would benefit from emulating such successful export strategies.

### 7.3 Monitoring and Evaluation

The intention of this activity is to facilitate corrections and adaptation of implemented tasks to ensure effective implementation of the Strategy. Procedures should be prepared at the beginning of the implementation with a bi-annual evaluation conducted by an independent evaluator. There are export facilitation and growth initiatives funded by development partners and/or government agencies in Zambia. MCTI – as official AGOA liaison – will need to coordinate proactively and facilitate work plan implementation with other government agencies and consolidate reporting to the AGOA Project Steering Committee. Activities with the private sector and business associations should be coordinated through committees organized by the proposed Exporters Association or Chamber.

The Strategy has already defined outputs and timeframe for monitoring and implementation of the work plan. The tasks and outputs will be adjusted annually as part of the project planning process. Besides the performance indicators highlighted in the work plan, additional monitoring indicators are:

- Value and volume of exports by market;
- Number and variety of exporters by level of export readiness;
- Products upgraded into value-added exports and exporters trained;
- Exporters attending trade shows, and outward/inward missions; and
- NTBs resolved and reduced, and others that the AGOA Steering Committee considers necessary.

In terms of M&E outputs, the following are suggested:

- **Annually:** Report to key stakeholders in Zambia. The report on the work plan and budget prepared by MCTI;
- **Every six months:** Report by the AGOA Zambia coordinator to the AGOA steering committee;
- **Monthly:** Report by the AGOA Zambia coordinator;

- **At two years:** Independent assessment of work plan implementation;
- Dissemination of lessons learned to the export community (as frequent as possible); and
- A final evaluation report submitted to stakeholders at the end of Project Close-Out phase.

## 8. RESOURCE MOBILIZATION AND FINANCING

Following the approval and formal launch of this Strategy and work plan, a preliminary estimation of level of effort and related budget should be drafted and approved by MCTI and all relevant stakeholders before implementation. Also, there are other donor-funded projects in Zambia where resources may be leveraged. Formal discussions and coordination will be necessary. Currently, the most relevant donor projects operating in Zambia are:

- Private Enterprise Programme Zambia (PEPZ<sup>17</sup>), a five-year UK aid funded programme to create synergies with companies with export potential;
- Agribusiness and Trade – World Bank/MCTI, potential for synergies in the agriculture and processed food sectors, as well as in financing and enabling environment;
- EU funded RICB and the SADC Trade Related Facility Projects being implemented under MCTI;
- UNDP funded Innovate for Inclusive Growth Project under MCTI dealing with SME Development and covering some aspects of agribusiness development;
- The National Implementation Unit of the Enhanced Integrated Framework (EIF) Project<sup>18</sup>;
- COMESA has programs in trade facilitation and SMEs promotion under the COMESA Business Council (CBC<sup>19</sup>); and
- Other USAID funded projects to be defined.

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<sup>17</sup> The Private Enterprise Programme Zambia (PEPZ) is a 5-year programme funded with UK aid from the British government with a vision of a buoyant private sector where Zambian businesses can flourish and deliver inclusive economic growth and sustainable jobs.

<sup>18</sup> The National Implementation Unit's mandate is resource mobilization for trade related technical assistance programmes among other things.

<sup>19</sup> CBC is a Business Member Organization and recognized private sector institution of COMESA.

## 9. IMPLEMENTATION MATRIX

The following tables include the proposed tasks, output and responsibility for implementation to solve the identified constraints.

### 8.1 Cross Sector Constraints and Solutions

Constraints	Proposed Key Solution/Tasks	Outputs	Lead	Comments
1. High transport costs and extended transportation time expeditally for international markets like Europe and the US.	<ul style="list-style-type: none"> <li>Conduct study of optimization of the value chain logistics in key transport corridors with the involvement of experts from the Ministry of Transport and Communications (MTC) who spearhead all transport and transit negotiations in the sector</li> </ul>	<ul style="list-style-type: none"> <li>Actions for cost reduction of cargo freight costs and multimodal transport time duration proposed.</li> </ul>	MTC/ZAM	Involvement of experts from MTC who spearhead all transport and transit negotiations in the sector would be essential.
	<ul style="list-style-type: none"> <li>Create a group of exporters/users of transport services to negotiate with providers.</li> </ul>	<ul style="list-style-type: none"> <li>Committee of transport users at the Exporters Association established (at ZACCI)</li> <li>Feasibility study or business plan prepared.</li> </ul>	MTC/ZACCI/Exporters	Negotiation is the only way of obtaining reasonable freight rates.
	<ul style="list-style-type: none"> <li>Prepare viability proposal to airlines using empty cargo space.</li> </ul>	<ul style="list-style-type: none"> <li>Proposal to airlines completed and delivered.</li> </ul>	MTC/ Exporters	Air freight rates can significantly be reduced through negotiations.
	<ul style="list-style-type: none"> <li>Prepare viability proposal for negotiating reduced rates to freight forwarders and sea transport companies.</li> </ul>	<ul style="list-style-type: none"> <li>Proposal to freight forwarders and sea lines completed.</li> </ul>	MTC/ Exporters	
2. NTBs at regional level (four clearing agents' associations, high transshipment costs, transit delays, unsafe roads, standards, certifications & export/import bans) increase trading time and costs.	<ul style="list-style-type: none"> <li>Reduce NTBs through corridors to Dar es Salaam, Beira, Walvis Bay and North- South to Durban.</li> <li>Consolidate and capacitate clearing agents' associations to be effective</li> <li>Improve advocacy, transparency and support of SADC policies to reduce NTBs.</li> <li>Encourage stakeholders to use the</li> </ul>	<ul style="list-style-type: none"> <li>NTBs, time delays and costs of road cargo transportation reduced e.g. on biscuits, sugar, cooking oil with Zimbabwe.</li> </ul>	MCTI/ZDA/ Other relevant stakeholders	Most exporters are either not aware of or just don't use the tripartite NTB Monitoring Mechanism.

	COMESA-EAC-SADC tripartite NTB Monitoring Mechanism to report and resolve regional NTBs. <ul style="list-style-type: none"><li>Intensify implementation of CBM at strategic borders and the NSW for Zambia.</li></ul>	<ul style="list-style-type: none"><li>Freight forwarders and exporters increase use of drawback and associated financial costs reduced.</li></ul>	ZDA/MCTI/ZRA	Most exporters do not know about the existing tax drawback.
3. Taxes on exports with up to six months delays on reimbursement of VAT for inputs and duties on imported raw materials.	<ul style="list-style-type: none"><li>Propose and advocate with the government an improved drawback regime, simplify and disseminate tax reimbursement procedures at ZRA and Customs.</li><li>Reduction of VAT on imported inputs for export production.</li></ul>	<ul style="list-style-type: none"><li>Cost and benefit proposal to eliminate VAT on imported inputs for export production conducted.</li></ul>	MCTI	Taxes affect export competitiveness and reimbursement of taxes need improvement.
4. Lack of awareness of the importance of exports by some government agencies (ZRA, Customs border posts, Min. of Agriculture, Forestry, Police, City Councils, etc.).	<ul style="list-style-type: none"><li>Propose new regulations and policies to solve export constraints.</li><li>Conduct high level dialogue meetings and workshops to facilitate buy-in between top government officials and exporters.</li><li>Develop a communications strategy to improve export mentality of the media, academia and public sector.</li></ul>	<ul style="list-style-type: none"><li>New policies and regulations are endorsed by key government officials, implemented and enforced.</li><li>National awards and forums to reward best exporters are organized.</li></ul>	MCTI/ZDA/ Other relevant government ministries	Needs a special effort with all levels at ZRA.
5. Inadequate awareness of US market requirements and the AGOA facility as a few companies have experience of exporting to the U.S. market.	<ul style="list-style-type: none"><li>Sector-specific workshops for exporters and organizational support through U.S. sector experts.</li><li>Dissemination of market information to exporters.</li></ul>	<ul style="list-style-type: none"><li>At least one workshop per sector conducted per year in the next 2 years.</li><li>Report's and market intelligence delivered to exporters.</li></ul>	MCTI/The Hub	Recurrent annual activity with first AGOA workshop held in 2017.
			MCTI/ZDA/ The Hub	ZDA has a consultant supporting the design of a market intelligence system, but require U.S. databases and U.S. market information. Also, press releases of related news can be distributed to media.

6. No market linkages with the U.S., potential buyers are unaware of the export supply from Zambia.	<ul style="list-style-type: none"> <li>▪ Hire “missionary type” sector consultants in the U.S. for identification of specific buyers, research, trade shows, trade missions and promotion activities.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Buyers identified, trade promotion strategy adequately supported.</li> </ul>	MCTI/The Hub	High priority. Retainer type contract in the selected sub-sectors.
7. Unknown process for selecting adequate promotional events and buyer identification in the USA.	<ul style="list-style-type: none"> <li>▪ Form strategic partnerships between Zambian companies and selected U.S. companies. A U.S. company working with Zambian companies to produce products will help ensure that the final product meets U.S. standards.               <ul style="list-style-type: none"> <li>▪ Identify relevant trade shows per selected sub-sector (e.g. PMA for fresh produce, Fancy Foods East for processed foods, Gulf Food Trade Show, Food &amp; Hospitality Africa, Ambiente and Gifts Show for home décor &amp; fashion) and business matchmaking activities.</li> </ul> </li> <li>▪ Organize buyers and importers missions to Zambia.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Trade linkages established and potential sales created.</li> <li>▪ Business awareness increased through trade shows and expanded network of buyers</li> </ul>	ZDA/The Hub/Exporters	New participants should ideally focus on regional events first to gain the much-needed experience before embarking on international and ultimately the U.S. market.
8. Limited knowledge of regional potential market opportunities.	<ul style="list-style-type: none"> <li>▪ Conduct rapid regional market profiles or studies for target products</li> <li>▪ Attend regional exhibitions and trade fairs.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Buyers import products from Zambia.</li> </ul>	MCTI/ZDA/The Hub	Invite regional or U.S. buyers, depending on products and market potential.
9. Insufficient knowledge of standards and import requirements for the region coupled with limited access to potential buyers.	<ul style="list-style-type: none"> <li>▪ Assessment of regional standards on selected products and identification of import and commercial requirements for key regional supermarkets.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Report on regional standards and private supermarket requirements disseminated to exporters.</li> </ul>	ZDA	High priority. Also, leverage on other studies previously done.  COMESA has done some preliminary work on standards, but will need to be completed.

10. Limited export supply due to a few export ready companies as a result of inadequate incentives, lack of viable cost of export finance and investments. The recent US\$3.5 million export financing fund under the Zambia Export Development Fund (ZEDF <sup>20</sup> ) is insufficient for the needs of exporters. Also, limited activity at the Lusaka Stock Exchange with no capacity for export sales credit (critical for regional exports).	<ul style="list-style-type: none"> <li>Expand MFEZ benefits at firm level.</li> <li>Improve cooperation with U.S. Trade and Investment institutions including the U.S. Embassy, Export-Import Bank, U.S. Trade and Development Agency (USTDA), Overseas Private Investment Cooperation (OPIC), U.S. Trade Representative and USAID</li> <li>Assess and continue identification of potential investment needs for export expansion.</li> <li>Establish adequate and competitive pre-shipment and post sales financing schemes.</li> <li>Continue to support measures to reduce lending interest rates in Zambia using the existing monetary policy.</li> </ul>	<ul style="list-style-type: none"> <li>Viability study done.</li> <li>All export firms enjoy the same benefits as those in the MFEZ.</li> <li>Exporters have access to reasonable cost financing.</li> <li>Due diligence and new investments materialize.</li> </ul>	ZDA/Ministry of Finance and National Planning/BOZ/ Development partners	Companies outside the four MFEZ do not have same benefits. Incentives only for five years are not enough to justify large investments (e.g. fruit trees take longer time to grow). Borrowing rates in kwachas are 30-40%, and up to 14% in US\$. Other countries in the region have over US\$200 million for export financing. Some investment needs have already been identified.
11. Weak quality assurance systems and inadequate required assistance	<ul style="list-style-type: none"> <li>Facilitate the adoption of higher quality standards in the targeted sub-sectors, and provide training of trainers on relevant regional and internationally recognized standards and best practices.</li> <li>Establish linkages between ZABS and food certification agencies like FDA as well as relevant institutions like the American National Standards Institute (ANSI) and the US National Institute of Standards and Technology (NIST) for purposes of building capacity for ZABS to be able to provide specific certification services according to</li> </ul>	<ul style="list-style-type: none"> <li>Increased number of local companies is certified to the required international standards (mainly quality and food safety) and there are more skilled personnel in critical areas to aid exports.</li> </ul>	ZABS/ANSI/ NIST	COMESA, National Plant Protection Organisation (NPPO) and private agencies will need to be involved.

<sup>20</sup> ZEDF is a fund managed by ZDA and its objective is to contribute to the increase in NTEs through provision of low-cost export finance with an interest rate of 8% for all sectors.

	<ul style="list-style-type: none"> <li>the U.S. requirements. <ul style="list-style-type: none"> <li>Increase capacity of the Plant Quarantine and Phytosanitary Service (PQPS) in Zambia to conduct Pest Risk Assessments (PRAs)</li> </ul> </li> </ul>				
12. Low competitiveness due to high domestic taxes, erratic water service, power outages and high energy cost, and inadequate production skills, among other challenges.	<ul style="list-style-type: none"> <li>Conduct a study on how Zambia performs against other countries in the region on cost of production and utilities.</li> <li>Prepare viability proposal to leveling off with regional competitors on the cost of water, power, labor and local councils and government discretionary taxes for export industries.</li> </ul>	<ul style="list-style-type: none"> <li>Threats of increases in utility and production cost reduced.</li> <li>Reduction of electricity tariffs and lower discretionary taxes for the export industry are advocate for.</li> </ul>	ZAM	Buy-in can be through showing the long-term benefits.	
13. Few exporters, not well organized to advocate, lobby, grow support and engagement with public sector officials.	<ul style="list-style-type: none"> <li>Propose a national exporters association or Chamber following best practices in governance, sustainability, common needs and services.</li> </ul>	<ul style="list-style-type: none"> <li>Zambia National Exporters Association or Chamber established at ZACCI.</li> </ul>	ZACCI	Leverage on cost freight reduction and engage potential champions in the private sector. CITIC offered to organize it.	
14. Absence of export marketing and management skills hence the need to create leaders in export management.	<ul style="list-style-type: none"> <li>Provide training workshops in export costing and quotations as well as export planning and international marketing.</li> <li>Create a post graduate diploma in Export Management at the local universities.</li> </ul>	<ul style="list-style-type: none"> <li>Trained managers.</li> <li>A group of executives responsible for marketing and exports acquires the required knowledge and tools for exporting.</li> </ul>	Ministry of Higher Education/ Universities/ZDA	Quick temporal solution for some training to busy executives. Direct impact in the skills availability in the export sector. This could be self-financed.	
	<ul style="list-style-type: none"> <li>In addition to training workshops, to facilitate small scale producers (e.g. crafts makers) to have access to export markets, there is need to: <ul style="list-style-type: none"> <li>Capacitate their associations to effectively identify and coordinate the common needs of the</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Handicrafts association and marketing house/Handicrafts Centre established and capacitated.</li> </ul>	Associations/ The Hub/ Development partners	Selected promising producers can also attend internships, attachments and study tours to improve their management and marketing skills.	



	sector; establish a marketing house/Centre to help with effective coordination, marketing and distribution of products; capacitate the association/Centre to effectively manage; and develop a website and database of available products.				
15. Weak institutional support to exports with limited skills, required assistance and resources at ZDA, MCTI and private sector associations.	<ul style="list-style-type: none"> <li>Support the establishment of an “Export Market Intelligence System” at ZDA that could be linked to web portals of other Zambian organizations.</li> </ul>	<ul style="list-style-type: none"> <li>Databases of U.S. and regional market information, and buyers’ lists are available and disseminated to exporters.</li> <li>Databases on export supply, freight costs, export prices, standards and import requirements are developed and disseminated to relevant stakeholders.</li> </ul>	MTC/ ZDA	Currently, the only readily available market information in Zambia is through Google searches and there is only basic infrastructure with low budget at ZDA. Private associations cannot sustain the recurrent expenses consequently development partners need to be approached for support. ICT experts from MTC should be involved. The MCTI E-trade portal is only focused on regulatory issues and addresses other needs.	This would help to benchmark local activities.
16. High staff turnover at ZDA does not allow continuity, exacerbating the situation of having inadequately trained staff on trade	<ul style="list-style-type: none"> <li>Organize two-week internships or study tours on export promotion at successful export promotion agencies in Africa and key U.S. agencies for selected staff from ZDA, MCTI and Associations.</li> </ul>	<ul style="list-style-type: none"> <li>Four internships completed on key export promotion issues in two years.</li> </ul>	World Bank project/ The Hub/ Other donors		

promotion and related issues at other organizations.	<ul style="list-style-type: none"> <li>Provide specialized training and technical assistance for improving service delivery on export promotion.</li> </ul>	Staff at ZDA and others provide efficient services on export promotion to companies.	ZDA/ The Hub	This can be speeded up through cost sharing with other donors.
17. Lack of innovation and R&D in all the targeted sub-sectors.	<ul style="list-style-type: none"> <li>Provide specific product design and packaging expertise to target companies and sub-sectors.</li> <li>Improve coordination among research institutions and laboratories that could be related to meeting import requirement, new export product adaptation or development, and packaging.</li> </ul>	<ul style="list-style-type: none"> <li>Technical assistance is provided and workshops on product design for targeted products are conducted.</li> <li>Export products meet technical import requirements.</li> </ul>	ZDA/ZAM/ Development partners	Better design and presentation of garments, processed foods and crafts are required.

## 8.2 Sector Constraints

### 8.2.1 Short Term Sectors

#### a) Agriculture and Processed Foods Sector Proposed Solutions

Constraints	Proposed Tasks	Outputs	Lead	Comments
1. Zambian companies weak export capacity or readiness gaps, limit exporting to the regional and U.S. markets.	<ul style="list-style-type: none"> <li>Assess export competitiveness of three or more selected companies and help them to set up business strategy/plans</li> </ul>	Increased utilization of the ACOA facility and improved exports to the US and other regions by targeted companies.	The Hub/ Associations	Companies pre-selected based on export readiness and the identified U.S. and regional demand.
	<ul style="list-style-type: none"> <li>Advice on export quotations, samples, buyer identification, initial contact and exporter visit to regional markets and the US.</li> </ul>		The Hub/ ZDA/ Exporters	Coaching and training is required.
	<ul style="list-style-type: none"> <li>Assistance on quality issues, packaging and marketing so the firms are ready to export.</li> </ul>		Exporters	Use of U.S. and regional experts is required.
	<ul style="list-style-type: none"> <li>Monitor, follow-up and disseminate to the Zambian export community the lessons learned for motivation and benchmarking.</li> </ul>		ZDA/Exporters/ ZNFU/Associations	Direct mail, meetings and cluster workshops presented by visiting international experts.

2. Gaps in the value chains of fresh and processed food products with potential for export.	<ul style="list-style-type: none"> <li>Assess the Zambian value chains for exports of selected <b>fruits</b> (pineapple, mango, citrus, banana); <b>vegetables</b> (garden vegetables and tubers); <b>organic products</b> (dried fruits and vegetables, honey, cashew); and <b>processed foods</b> (meats, preserves, yogurt, and confectionary etc.).</li> <li>Identify gaps and potential solutions before designing strategies for value chain export development and coordination of implementation.</li> </ul>	Mid-term development of new exports.	World Bank –A&T project/ZAM/MCTI/ Development Partners	Leverage resources of international cooperation partners and others.
3. NTBs and SPS restrictions for fresh produce inhibit access to export opportunities in South Africa.	<ul style="list-style-type: none"> <li>Develop a proposal and action plan to achieve NTBs elimination and SPS accreditation with South Africa for Zambian exports.</li> <li>Negotiate access of selected fresh produce into South Africa.</li> </ul>	Increased exports to South Africa of sweet peepers, chili peppers, melon, and avocados.	Ministry of Agriculture (MOA)/ ZECA/Associations	Coordinate with ZECA and directly with the SPS agency of South Africa.
4. Lack of awareness of regulations and import requirements for agri-food products in the regional and US markets.	<p>Specialized training on:</p> <ul style="list-style-type: none"> <li>Export marketing skills, regional and U.S. import requirements, and customs procedures for SMEs;</li> <li>Food safety, quality standards and best manufacturing practices for SMEs; and</li> <li>Exposure to regional and U.S. buyers.</li> </ul>	Awareness of regional and US import requirements enhanced.	The Hub/ANSI/ APHIS/USDA-FDA	Organize group training within business associations to develop and improve their capacities.
5. Few investments in export development and regional and U.S. buyers in targeted sectors.	<ul style="list-style-type: none"> <li>Organize regional and U.S. buyers missions to Zambia.</li> <li>Develop Online platform to promote the agriculture and processed food sectors.</li> <li>Link to tourism a strategy to use tourists purchases of new food products as marketing tests.</li> <li>Identify, select and promote the interest of investors in the Zambian agri-food sector.</li> </ul>	Improved investments and exports in the targeted sectors.	ZDA/MCTI/The Hub	Use of specialized consultants to identify importers and potential regional or U.S. investors.
6. Weak quality assurance systems and required assistance.	<p>Assistance on quality improvement:</p> <ul style="list-style-type: none"> <li>Develop capacity to implement and provide internationally recognized certification on HACCP, food safety and quality standards for selected export</li> </ul>	Improved quality for exports destined for the US and other markets.	ZABS/ANSI/US Customs	Seek assistance from the FDA, USDA and U.S. certification agencies. Explore the possibility of benefiting from the

	<p>products as well as management systems for targeted companies.</p> <ul style="list-style-type: none"> <li>Train ZABS inspectors on U.S. quality regulations and import requirements.</li> <li>Provide required equipment and tools to conduct critical tests and certifications.</li> </ul>			ANSI Standards Alliance program. ZABS already certifying products and companies to local and international standards and management certification programs.
7. Insufficient quantities available for export due to lack of production and productivity capacity.	<ul style="list-style-type: none"> <li>Create groups of producers with shared export services costs.</li> <li>Study viability of export cooperative or consortia for group members.</li> </ul>	Reduced production costs distributed among members. Transport capacity and efficiency of containers increased.	Exporters/ZDA	Need to identify champions in the private sector to lead these initiatives.

**b) Leather, Home Decor and Fashion Proposed Solutions**

<b>Constraints</b>	<b>Proposed Tasks</b>	<b>Outputs</b>	<b>Lead</b>	<b>Comments</b>
1. Limited quality, originality, export supply quantity and competitiveness of most products.	<ul style="list-style-type: none"> <li>Assess capacity, viability of value chain and suggest a strategy for exporting selected products with export potential (soccer balls, textiles handmade, handbags, leather accessories, art crafts, baskets).</li> </ul>	SMEs and artisan groups involved in being readied to export.	The Hub/ ZDA/MCTV/ Zambia Leather Industry Association (ZALIA).	Exports may not be in large quantities but some social enterprises, may champion future development of the sector.
2. Production focused in ornamental souvenirs for the tourists which lack differentiation from other African crafts.	<ul style="list-style-type: none"> <li>Identify potential SMEs and producer/artisan groups.</li> <li>Select two companies for direct assistance.</li> </ul>	Companies/groups ready to export.	The Hub	This task is associated with market linkages activities.
3. No designs adapted to target markets and functional needs.	<ul style="list-style-type: none"> <li>Prepare a business and marketing plan for selected companies.</li> <li>Provide focused technical assistance in sourcing inputs, production skills, product design and marketing.</li> </ul>	Improvement in quality and competitiveness of new designs of Home Decor and Fashion products.		

## 8.2.2 Mid Term Potential Clusters

### a) Leather, Home Decor and Fashion Proposed Solutions

Constraints	Proposed Tasks	Outputs	Lead	Comments
1. Weak SMEs and limited available quantities do not allow profitable exports.	<ul style="list-style-type: none"> <li>Consolidate and expand export supply.</li> <li>Conduct a viability study for an export consortium and an association or group.</li> <li>Establish associations and formal groups such as designers, accessories, high fashion clothing, art, high quality crafts, and others.</li> </ul>	Export supply diversifies and increases.	ZDA	Mid term
	<ul style="list-style-type: none"> <li>Promote new investments in the value chain raw materials development, new social enterprises and partnerships, production centers, distribution warehouses in target markets, and e-commerce web sites.</li> </ul>		ZDA	
	<ul style="list-style-type: none"> <li>Explore the viability of regional production and marketing complementarity with other countries that have similar capacities in selected products especially for large orders (e.g. Crocodile leather goods and baskets).</li> </ul>	Regional integration of some value chains developed.	Exporters	

### b) Textiles and others

Constraints	Proposed Tasks	Outputs	Lead	Comments
1. Lack of large investments to enable exports of value added products	<ul style="list-style-type: none"> <li>Assess the competitiveness of the textile garments, furniture and other selected value chains.</li> </ul>	Identified gaps, benchmarks and suggested strategy for the cluster value chain development.	Exporters/ The Hub	Should be market driven.
2. Insufficient training, technology and marketing power in Zambia.	<ul style="list-style-type: none"> <li>Formulate and enforce adequate policies to promote competitiveness of the value chains.</li> </ul>	Incentives and regulations for developing the value chain are implemented and enforced.	ZDA/MCTI	Offer similar incentives as the ones of most competitive countries in Africa.
3. Inconsistent policies, regulations and poor enforcement affect the development of new	<ul style="list-style-type: none"> <li>Prepare feasibility studies and promote Greenfield investments in cotton</li> </ul>	New investments materialize and vertically integrated	ZDA	Targeted investment promotion campaign is

value chains.	garments, wooden furniture parts and pieces, metal work in copper, steel, and stone jewelry.	factories established. New cotton garment and furniture factories established.		required.
			ZDA	Necessary for export supply expansion.

## Annex 1: List of Stakeholders Consulted During the Study

Organization	Name of Interviewee	Position
1. ADCO/Retail Properties Limited	Peter Castle	Director
2. Alive & Kicking - Zambia	Jane Thiongo	Director
3. American Chamber of Commerce	Dailesi Njobvu	Senior Program Manager
4. American Chamber of Commerce	Inota Cheta	Business Dev. Assistant
5. Amiran Zambia	Collins Chibbonta	Agricultural Manager
6. Bid Air Cargo	Nkula Kasanga	Regional Manager
7. Bid Air Cargo	Mildred Musonda	Key Account Manager
8. BIMZI Limited	Catherine Mwanamwambwa	Executive Director
9. Camland Estates Limited	Mumeka M. Wright	Chief Executive Officer
10. Central Statistics Office	Joseph Tembo	Head of Trade and Statistics
11. Chizo Designs	Chisoma Lombe	President Designer
12. Citizen Economic Empower	Muma B. Munansangu	Evaluation Manager
13. Citizen Economic Empower Commission	Likando Mukumbuta	Director General
14. Citizen Economic Empower Commission	Mum Munansangu	Plan & Evaluation Manager
15. Coffee Growers Association of Zambia	Teija Lublinkhof	Managing Director
16. COMESA	Mukayi T. Musarurwa	SQAM/TBT Consultant
17. COMESA	Walter Talma	USAID Program Coordinator
18. COMESA	Fudzai Pamacheche	Trade Unit
19. COMESA Business Council	Sandra Uwera	Chief Executive Officer
20. Cotton Association of Zambia	Aselly Mwanza Mumba	CEO Business Development
21. Cotton Association of Zambia	Dickson Mutafela	Program Ass. Communication
22. Cuts & Facets Limited (Gemstones)	Amon Banda	Owner
23. Davmwel Best Tailors	David Mwelwa	Director
24. Dougman Venture Limited	Douglas Kangungu	Managing Director
25. Embassy of Zambia, USA	Charity Mkandawire	Trade issues
26. Entry Point Africa	Monde Mukela	Chief Executive Officer
27. Entry Point Africa	Alinani Simukonda	Consultant
28. Entry Point Ltd	Alinani Simukonda	Enterprise Development Consultant
29. Evolution Logistics & Solutions	Eston Sakala	Manager
30. Fallsway Food F&V Processing	Shyam Vora	Chairman
31. Forest Fruit Limited	Christian Nawej	General Manager
32. Forest Fruits Limited	Daniel Ball	Managing Director
33. Grafex Cotton Zambia Limited	Ajay Sharma	Logistics Manager
34. Grain Traders Assoc. Zambia	Yotam Mkandawire	Program Manager
35. Grain Traders Association	Yotam Mkandawire	Program Manager

36. Great Lin Development Limited	Sandra Namukombo	Executive Officer
37. INDABA Ag. P. R. Institute	Brian Chisanga	Research Associate
38. Indaba Agricultural Policy Institute	Brian Chisanga	Research Associate
39. Independent Consultant	Evans Wala Chabala	Consultant
40. Java Foods	K. Monica Musonda	Chief Executive Officer
41. Jewel of Africa	Rashmi Sharma	Director/Gemmologist
42. Kalahari Natural Oils Limited	Monica R Robson	Director
43. Kapenda Mabula Natural Products	Luano Honey	Director
44. Kizi's Cakes and Catering	Mavis Kyakilika Bota	Managing Director
45. Kutowa Designs	Towani Clarke	Owner/Fashion Designer
46. LamoZ Fashions Limited	Belita Phiri-de la Court	Managing Director
47. Lusaka City Clothing	Makulila Emmanuel	Accountant
48. Lusaka City Clothing Company	Makulila Emmanuel	Accountant
49. Masophi Enterprises Limited	Martin Phiri	Director
50. MCTI	Lillian S Bwalya	Director - Foreign Trade Department
51. MCTI	Lina Mutandwa	Economist/Foreign Trade
52. MCTI	Mwenya Chisheta	Trade & Investment
53. MCTI	Trevor Sichombo	Chief Economist/Foreign Trade
54. MCTI	Mwila Daka	Agribusiness & Trade Project
55. MCTI	Mwila Daka	Acting Director Policy & Planning
56. MCTI	Langani Phiri	Acting Principal Economist
57. Ministry of Agriculture	Kaunda Kapepula	Chief Agricultural Economist
58. Ministry of Agriculture	Sydney Mfune	Plant Health Inspector
59. Ministry of Agriculture	Emma Malao	Director of Planning
60. Moleskin Textile	Brijesh Patel	Director
61. Neelkanth Fresh Foods Limited	Dunstan Mwemena	Sales Manager
62. Parmalat Zambia Limited	Maria Ch. Chitomfwa	Export Manager
63. Peaberry	Teija Lublinkhof	Managing Director
64. PEP Zambia	Donia Benmiloud	Business- Link Manger
65. Safmarine	Patience Makoloni M	Sales Executive
66. Sylva Group of Companies	Hector HL Banda	Chairman
67. Sylva Group of Companies	Sylvia C. Banda	Managing Director
68. The World Bank Group	Henry Sicheembe	Program Coordinator
69. Trade Investment Center Zambia	Sebastian C. Kopulande	Chief Executive Officer
70. Trade Kings Group	Mike Hunter	Managing Director
71. Trade Kings Group	Guy Fraser	Marketing Manager
72. United Nations Industrial Development Organization (UNIDO)	Ryan Cutting	Standards & Trade Facilitation
73. University of Zambia (UNZA) Food Science	Mercy Mwala	Chief Scientist
74. UNZA Food Science Laboratory	I. Nachibanya	Chief Scientist



75. USAID/Zambia	Olive Kaluwa	PSD Specialist
76. USAID/Zambia	Anafrida Bwenge	Feed the Future - Chief
77. Wanzana Processing Limited	Mukupo Sichula	Chief Executive Officer
78. York Farm Limited	Sriram Ramakrishnan	Manager
79. ZABS	Nicodemus Malisa	Technical Standards
80. ZABS	Nicodemus Malisa	Laboratory Manager
81. ZABS	Margaret Lwenje Lungu	Director-Technical Service
82. ZACCI	Alfredo Chitalu	Research Officer
83. Zam Chick	Basil Weber	Manager
84. ZAMACE Limited	Jacob Mwale	Executive Director
85. Zambeef	Murray Moore	General Manager
86. Zambeef	Basil Webber	Poultry Products
87. Zambia Agricultural Research Institute (ZARI)	Elisah Siame	Plant/quarantine & phytosanitary
88. Zambia Association of Manufacturers	Lewis Chimfwembe	Policy and Research Officer
89. Zambia Crocodile Farmers Association	Suresh Desai	President
90. Zambia Customs Agents Association	Gideon M. Phiri	Chief Executive Officer
91. Zambia Fed Creative Industry	Joseph B. Kota	Chairman
92. Zambia Gemstone Integrated Trade Association	Joseph Mwansa	President
93. Zambia Honey Council	MacDonald Kayuna	Director
94. Zambia Statistical Office	Joseph Tembo	Head Trade BOP Statistics
95. Zambia Sugar	Joordan M. Ndhiovu	Administrative Manager
96. Zambia Sugar	Mukuwe Akamana	Export Manager
97. Zamleather	Richard Franklin	General Manager
98. Zamleather	Richard Franklin	General Manager
99. Zasaka Garments Limited	Chris Roberts	Finance Manager
100. ZDA	Albert Halwampa	Manager Export Development
101. ZDA	Petronella Ndimbwa	Export Development Officer
102. ZDA	Jones Zulu	Investment Promotion Officer
103. ZDA	Patricia Nkonde	Market Development - Food
104. ZEGA	Luke C. Mbewe	Chief Executive Officer
105. ZEGA	White Zimba	Managing Director
106. ZEGA Logistics	Mwitumwa Masani	Assistant Head of Exports
107. ZNFU	Humphrey Katotoka	Senior Economist

## Annex 2: Zambia Investment Incentives

The Zambia Development Agency (ZDA) Act of 2006 offers a wide range of incentives in the form of allowances, exemptions & concessions for companies. The Act provides for investment thresholds that investors have to meet to qualify for fiscal and non-fiscal incentives. There are five categories of investors who can be considered under the ZDA Act. [Source: Zambia's Investor Guide Handbook, February 2013]

### a. Investments of US\$10 million and above

The first is that of investors who invest not less than US\$10 million in an identified sector or product. This category of investors is entitled to negotiation with Government for additional incentives other than what they might already qualify for under the ZDA Act.

**b. Investments of US\$500,000 and above in Priority Sectors/Products\* and Multi Facility Economic Zones (MFEZ)**

The second category is that of investors who invest not less than US\$500,000 in the Multi Facility Economic Zones (MFEZ) and /or in a sector or product provided for as a priority sector or product under the ZDA Act. This category, in addition to being entitled to the general incentives, is entitled to the following incentives:

- Zero percent tax rate on dividends for 5 years from year of first declaration of dividends.
- Zero percent tax on profits for 5 years from the first year profits are made. For year 6 to 8 only 50 percent of profits are taxable and in years 9 and 10 only 75 percent of profits are taxable.
- Zero percent import duty rate on raw materials, capital goods, machinery including trucks and specialized motor vehicles for five years.
- Deferment of VAT on machinery and equipment including trucks and specialized motor vehicles.

**c. Investments by Micro and Small Enterprises**

The third category of investors relates to investors who are designated as micro or small enterprises under the ZDA Act. Like the second category, this category is also, in addition to the applicable general incentives, entitled to the following incentives:

- For an enterprise in an urban area the income shall be exempt from tax for the first three (3) years.
- For an enterprise in a rural area the income shall be exempt from tax for the first five (5) years.

**d. Investments of Less than US\$500,000 in Priority Sectors / Products\***

The fourth category is that of investors who invest less than US\$500,000 in a sector or product provided for as a priority sector or product under the ZDA Act. This category is only entitled to general incentives.

***\*Note: The Priority Sectors and Products are;***

- (a) Floriculture fresh flowers and dried flowers
- (b) Horticulture fresh and dried vegetables
- (c) Processed foods wheat flour other processed foods
- (d) Beverages and stimulants
- (e) Tea and tea products
- (f) Coffee and coffee products
- (g) Production and the processing of the following products in the textile sector
  - Cotton
  - Cotton yarn
  - Fabric
  - Garments
- (h) Manufacturing of the following engineering products

- Copper products
  - Iron ore and steel
  - Cobalt
  - Other engineering products
- (i) Beneficiation of phosphates and any other related material into fertilizer
- (j) Beneficiation of rock materials into cement
- (k) Production and processing of raw timber into wood products
- (l) Production and processing of the following products in the leather sector:
- Cattle hides
  - Crust leather
  - Leather products
- (m) Building of mini-hydro power stations
- (n) Education and skills training

**MFEZ Priority Sectors are:**

- 1) Information and Communication Technology (ICT)
  - Development of computer software
  - Assembly/manufacture of ICT equipment
- 2) Health
  - Manufacture of pharmaceutical products;
  - Repair and maintenance of medical equipment;
  - Provision of laundry services to medical institutions;
  - Ambulance services;
  - Medical laboratory services;
  - Diagnostic services; and
  - Other medical services.
- 3) Education and skills training
- 4) Manufacture of:
  - Machinery & machinery components
  - Iron & steel products
  - Electrical and electronic products & components & parts thereof;
  - Chemicals & petrochemicals
  - Pharmaceutical & related products
  - Wood & wood products
  - Palm oil & their derivatives
  - Pulp, paper & paper board
  - Textile & textile products
  - Transport equipment, component & accessories
  - Clay-based, sand-based & other non-metallic mineral products;
  - Plastic products
  - Professional medical, scientific, & measuring devices/parts
  - Rubber products
  - Leather & leather products

- Packaging & printing materials
  - Fertilizer
  - Cement
- 5) Tourism
- 6) Processing of:
- agricultural products
  - forest products
  - non-ferrous metals & their products
  - gemstones

#### **e. General Incentives**

The fifth and last category is that of investors who invest any amount in a sector or product not provided for as a priority sector or product under the Act. This category of investors is also only entitled to general incentives provided under the various pieces of legislation.

General Incentives are incentives available to investors investing in various sectors of the economy. These incentives are provided for under the pieces of legislation falling under the Zambia Revenue Authority, namely: the Customs and Excise Act, Income Tax Act and Value Added Tax Act.

### **2.3. TAX INCENTIVES**

The main general tax incentives include the following:

#### **2.3.1. Income Tax:**

The Income Tax incentives are;

- Income earned by companies in the first year of listing on the Lusaka stock exchange qualifies for a 2% discount on the applicable company tax rate in the particular sector, however companies with more than 1/3 of their shareholding in the hands of Zambians qualify for a 7% discount;
- Implements, machinery and plant used for farming, manufacturing or tourism qualify for wear and tear allowance of 50% of the cost per year in the first two years;
- Building used for manufacturing, mining or hotel qualify for wear and tear allowance of 10% of cost in first year and 5% of cost per year in subsequent years;
- Duty free importation of most capital equipment;
- Corporation tax is as follows on income from:
  - Farming – 10%;
  - fertilizer production – 15%;
  - non-traditional exports (all exports other than copper and cobalt) – 15%;
- Farm works allowance of 100% of expenditure on stumping, clearing, prevention of soil erosion, bore holes, aerial and geophysical surveys and water conservation, stone and brickwall; and
- Development allowance of 10% of the cost of capital expenditure on growing of coffee, banana plants, citrus fruits or similar plants

- Farm improvement allowance - capital expenditure incurred on farm improvement is allowable in the year of incurring the expenditure plus K10million allowance for farm workers living quarters.
- Dividends paid out of farming profits are exempt for the first five years the distributing company commences business.
- Initial allowance of 10% on capital expenditure incurred on the construction or improvement of an industrial building is deductible;
- Foreign exchange losses of a capital nature incurred on borrowings used for the building and construction of an industrial or commercial building are tax deductible
- Dividends declared by companies assembling motor vehicles, motor cycles and bicycles are exempt for the first five years of initial declaration of dividends;
- Carry Forward of Losses

<b>Carry Forward Losses</b>	<b>Years</b>
Copper and Cobalt mining	10 years
Other mining	5 years
Non-mining	5 years
Farming and non-traditional exports	5 years

### **Legal Framework for Investment Protection**

The Zambia Development Act assures investors that property rights shall be respected. No investment of any description can be expropriated unless Parliament has passed an Act relating to the compulsory acquisition of that property. Also, in case of expropriation full compensation shall be made at market value and shall be convertible at the current exchange rate.

Zambia is a signatory to the Multilateral Investment Guarantee Agency (MIGA) of the World Bank and other international agreements. This guarantees foreign investment protection in cases of war, strife, disasters, and other disturbances or in cases of expropriation. Zambia has signed bilateral reciprocal promotional and protection of investment protocols with number of countries.

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## Annex 4: Size of Regional Imports of Selected Sectors by HS 2015

Size of the Regional Market for Selected Products from Zambia																			
Imports for Selected Products for Zambia's Neighboring Countries (2015)																			
Product (HS6)	Angola		Botswana		DRC		Malawi		Namibia		Mozambique		Tanzania		Zimbabwe		South Africa		
	Quantity (Tons)	Value (US\$000)	Quantity (Tons)	Value (US\$000)	Quantity (Tons)	Value (US\$000)	Quantity (Tons)	Value (US\$000)	Quantity (Tons)	Value (US\$000)	Quantity (Tons)	Value (US\$000)	Quantity (Tons)	Value (US\$000)	Quantity (Tons)	Value (US\$000)	Quantity (Tons)	Value (US\$000)	
02-Meat and Edible Meat Offal	Total Imports from Zambia	29	98	3	23	0	0	1	95	226	458	1,340	0	0	1	687	1,650		
		Imports from Zambia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
		Imports from Malawi	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
		Imports from Botswana	59	302	11	19	128	168	64	248	303	943	72	337	0	0	14	16	
		Imports from Mozambique	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	Total Imports from Zambia	61,325	27,742	81	19	185	342	0	87	245	679	1,351	621	2,431	0	0	1,735	3,160	
		Imports from Zambia	15	62	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
		Imports from Malawi	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
		Imports from Botswana	257	1,321	4	66	75	361	0	74	288	146	1,340	0	0	0	3,674	8,236	
		Imports from Mozambique	0	0	0	0	6	17	0	0	0	0	0	0	0	0	0	0	
020711: Fresh or chilled bovine carcases and half-carcases	Total Imports from Zambia	680	1,425	10	67	1	2	15	24	171	172	6	32	0	0	0	0	0	
		Imports from Zambia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
		Imports from Malawi	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
		Imports from Botswana	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
		Imports from Mozambique	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	Total Imports from Zambia	103,408	98,504	785	565	27,378	35,665	41	73	4,161	3,398	5,814	10,826	121	66	0	142,568	46,162	
		Imports from Zambia	3	11	0	0	6	11	0	0	0	0	0	0	0	0	0	0	0
		Imports from Malawi	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
		Imports from Botswana	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
		Imports from Mozambique	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
020712: Fresh or chilled carcases and edible offal of the species Gallus domesticus, not cut in pieces	Total Imports from Zambia	2,481	3,900	88	189	1,456	708	10	24	724	922	1	2	0	1	0	13	17	
		Imports from Zambia	3	11	0	0	0	0	1	2	0	0	0	0	0	0	0	0	
		Imports from Malawi	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
		Imports from Botswana	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
		Imports from Mozambique	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	Total Imports from Zambia	205,200	213,548	718	67	40,356	31,946	116	247	14,959	16,833	5,848	7,832	186	119	7,969	4,001	212,989	225,048





040221:	Total Imports	168	335	44	210	7,313	19,602	1,565	3,543	348	1,178	1,546	7,801	172	213	0	0	2,133	6,138
Milk and cream in solid form of a fat content by weight of > 1,5%, unsweetened	Imports from Zambia	0	0	0	0	17	78	3	11		0	0	0	0	0	0	0	0	0
040900:	Total Imports	168	630	100	247	7	36	46	45	95	283	134	118	23	72	39	21	2,300	3,708
Natural honey	Imports from Zambia	0	0	20	96	0	0	12	2	0	0	0	0	0	0	13	21	17	10
040223:	Total Imports	28,956	2,922	0	0	144	587	837	2,197	427	1,614	188	248	334	583	406	1,052	121	296
Milk and cream in solid forms of a fat content by weight of > 1,5%, sweetened	Imports from Zambia	0	0	0	0	0	0	0	3	0	0	0	0	0	0	0	0	0	0
40299	Total Imports	61,631	18,760	1,255	2,042	497	809	34	50	970	1,083	2,180	1,357	245	168	115	153	519	1,497
Milk and cream, concentrated and sweetened (excl. in solid forms)	Imports from Zambia	0	0	0	0	3	1	10	13	0	0	6	7	0	0	0	0	0	0
040490:	Total Imports	5,332	1,622	109	566	1	89	0	0	648	2,559	83	34	1	1	22	10	75	347
Products consisting of natural milk containing > 1% fat, whether or not sweetened, n.e.s.	Imports from Zambia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	11	1	0	0
040110:	Total Imports	16,781	5,825	18,001	8,524	386	297	99	143	3,019	2,314	685	664	1,524	1,239	0	0	60	68
Milk and cream of a fat content by weight of <= 1%, not concentrated nor containing added sugar	Imports from Zambia	0	0	0	0	4	6	10	12	0	0	0	0	0	0	0	0	0	0
040120:	Total Imports	34,323	21,540	23,254	11,044	1,771	1,347	545	500	3,325	2,864	7,876	7,674	4,788	4,778	0	2,332	10,508	6,265
Milk and cream of a fat content by weight of > 1% but <= 6%, not concentrated nor containing	Imports from Zambia	0	0	0	0	5	45	34	35	0	0	0	0	0	0	0	0	0	0
40140	Total Imports	1,208	1,500	462	377	56	111	4	12	169	235	0	0	0	0	0	14	0	0
Milk and cream of a fat content by weight of > 6% but <= 10%, not concentrated nor containing	Imports from Zambia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

040150:	Total	0	0	1,081	1,090	90	252	67	80	446	446	0	0	82	36	0	0	24	65
Milk and cream of a fat content by weight of > 10%, not containing added sugar	Imports from Zambia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
040210:	Total	71	453	579	1,587	439	1,452	884	2,567	846	3,083	1,344	4,837	238	1,401	311	1	8,118	18,791
Milk and cream in solid form, of a fat content by weight of <= 15%	Imports from Zambia	0	0	0	0	7	7	0	0	0	0	0	0	0	0	0	0	0	0
040310:	Total	9,433	20,732	8,421	9,382	441	646	394	761	1,095	1,811	4,802	7,204	59	149	161	143	247	685
Yogurt, whether or not flavoured or containing added sweetening matter, fruits	Imports from Zambia	0	1	0	0	5	5	8	21	0	0	0	0	0	0	109	123	0	0
040620:	Total	19	155	64	492	33	153	1	2	12	28	10	35	0	0	0	4	233	1,754
Grated or powdered cheeses, of all kinds	Imports from Zambia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
040690:	Total	249	1,184	54	114	50	213	60	51	28	132	105	332	0	0	0	40	278	6,265
Fresh cheese "unriped or uncurd cheese", incl. whey cheese,	Imports from Zambia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
040690:	Total	565	2,585	448	1,544	208	1,148	24	44	172	782	379	1,268	19	126	7	38	5,868	22,550
Processed cheese, not grated or powdered	Imports from Zambia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
040690:	Total	3	32	14	32	1	13	0	2	2	15	3	8	0	0	1	7	160	1,355
Blue-veined cheese and other cheese containing veins produced by Penicillium roqueforti	Imports from Zambia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
056 live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage	Imports from Zambia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
060390: Dried, dyed, bleached, impregnated or otherwise processed cut flowers and buds, of a kind suitable	Total	55	418	88	244	2	30	0	1	21	37	10	32	10	12	1	1	85	713
	Imports from Zambia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0





Dried, shelled beans "Vigna and Phaseolus", whether or not skinned or split (including beans)	Imports from Zambia	29	18	0	0	400	217	0	0	0	0	0	0	0	0	0	0	0	0
070990:	Total	11,864	9,738	19,641	6,730	776	200	636	384	25,140	8,379	7,416	1,517	323	85	26	34	0	0
Fresh or chilled potatoe (excl. seed)	Imports from Zambia	28	13	0	0	6	11	0	0	0	0	0	0	0	0	0	0	0	0
071010:	Total	2,542	413	4,271	5,500	62	42	4	9	933	1,009	2,914	4,637	3,951	269	226	201	0	0
Potatoescooked/coked by steaming or by boiling in water, frozen	Imports from Zambia	0	1		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
071151:	Total	11	50	4	11	0	0	0	0	45	88	7	14	0	0	0	0	1	1
Mushrooms of the genus "Agaricus", provisionally preserved, e.g. by sulphur dioxide gas	Imports from Zambia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
071334:	Total	0	1	0	0	165	87	0	0	0	0	0	0	0	0	17	17	0	0
Dried, shelled bambara beans "Vigna subterranea or Vauradialis subterranea", whether or not skinned	Imports from Zambia	0	0	0	0	165	87	0	0	0	0	0	0	0	0	12	14	0	0
071390:	Total	18	24	149	251	14	35	0	0	66	76	22	27	14	14	20	134	31	438
Dried, shelled leguminous vegetables, whether or not skinned or split (excl. peas, chickpeas)	Imports from Zambia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
070951:	Total	94	135	384	885	3	14	5	39	155	214	57	146	4	6	4	15	124	320
Fresh or chilled mushrooms of the genus "Agaricus"	Imports from Zambia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	19	26
070955:	Total	77	55	65	126	9	12	7	26	136	130	32	31	32	10	26	83	11	33
Fresh or chilled edible mushrooms and truffles (excl. mushrooms of the genus "Agaricus")	Imports from Zambia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
071200:	Total	284	475	1	5	9	9	0	1	1	1	69	50	29	15	1,648	1,548	2,532	3,075
Dried, shelled chickpeas "Cicer arietinum", whether or not skinned or split	Imports from Zambia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
070700:	Total	10	44	615	585	3	6	10	20	545	509	149	107	1	2	34	18	0	0



070200:	Total Imports from Zambia	188	450	5,341	3,340	118	34	30	52	1,530	1,171	7,119	1,358	24	18	80	36	0	0
Tomatoes, fresh or chilled	Imports from Zambia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
09-Edible fruit and nuts																			
080550:	Total Imports from Zambia	3,153	2,203	143	142	63	66	25	37	148	166	889	140	221	21	136	151	381	463
Fresh or dried lemons "Citrus limon" and limes "Citrus aurantiifolia, Citrus"	Imports from Zambia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
081190:	Total Imports from Zambia	10	31	4	32	12	20	0	3	90	110	7	5	23	5	3	14	781	1,494
Frozen fruit and nuts, whether or not cooked by steaming or boiling in water, whether or not sweetened	Imports from Zambia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
080131:	Total Imports from Zambia	2	5	4	20	0	5	0	4	1	10	27	3	0	0	1	1	0	0
Fresh or dried cashew nuts, in shell	Imports from Zambia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
080132:	Total Imports from Zambia	72	227	22	130	4	12	2	4	14	64	78	252	0	0	5	45	2,542	18,789
Fresh or dried cashew nuts, shelled	Imports from Zambia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
080440:	Total Imports from Zambia	4	18	284	332	5	5	5	12	284	315	42	43	1	3	3	6	2,246	5,455
Fresh or dried avocados	Imports from Zambia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
080590:	Total Imports from Zambia	95	96	304	241	12	8	12	17	294	96	40	29	5	4	89	59	100	14
Fresh or dried citrus fruit (excl. oranges, lemons "Citrus limon" and limes "Citrus aurantiifolia, Citrus"	Imports from Zambia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
080450:	Total Imports from Zambia	11	58	1,012	842	24	23	1	2	307	287	42	24	302	11	0	0	320	190
Fresh or dried guavas, mangoes and guava seeds	Imports from Zambia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
080710:	Total Imports from Zambia	2	4	577	250	6	6	54	48	62	42	97	87	1	1	43	19	1,174	483
Fresh or dried watermelons	Imports from Zambia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
080719: Fresh melons (excl. watermelons)	Total Imports from Zambia	13	22	318	250	2	2	14	21	113	81	171	102	2	3	248	199	2,221	1,033
	Imports from Zambia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

081350:	Total Imports	40	145	182	403	2	25	43	159	265	858	26	81	3	12	41	171	3	14
Mixtures of nuts or dried fruits	Imports from Zambia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
81290	Total Imports	169	211	35	87	1	1	0	1	97	185	14	21	0	0	0	0	7	48
Fruit and nuts, provisionally preserved, e.g. by sulphur dioxide gas, in brine or in sugar	Imports from Zambia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
80290	Total Imports	99	440	0	0	4	38	2	3	377	814	85	74	43	49	39	166	326	1,680
Nuts, fresh or dried, whether or not shelled or peeled (excl. Brazil nuts, cashew)	Imports from Zambia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	9	5	0	0
080390: Bananas, incl. plantains, fresh or dried	Total Imports	0	0	1,960	1,809	120	9	47	22	2,524	1,126	6	14	1	2	0	1	24,302	4,243
	Imports from Zambia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
09-Coffee, tea, malt and spices	Total Imports	37	118	11	39	5	30	5	14	390	369	6	21	7	18	3	200	2,725	24,937
090411:	Imports	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Pepper of the genus Piper, whether or not crushed nor ground	Total Imports	50	241	156	795	25	133	5	14	533	2,540	17	128	2	1	1	13	20,555	51,370
090111: Coffee (excl. roasted and decaffeinated)	Imports from Zambia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	93	226
091011:	Total Imports	118	302	53	130	7	53	4	12	51	102	52	48	2	3	8	45	1,096	1,338
Ginger, neither crushed nor ground	Imports from Zambia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
090240:	Total Imports	126	599	1,260	4,341	66	114	34	55	370	1,750	261	1,270	41	106	497	2,496	24,561	42,287
Black fermented tea and partly fermented tea, flavoured, in brine or in sugar	Imports from Zambia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
090212: Roasted coffee (excl. decaffeinated)	Total Imports	359	195	245	708	75	687	25	51	240	1,514	138	1,193	5	25	13	122	1,436	27,151
	Imports from Zambia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
900412	Total Imports	114	387	403	378	11	132	10	33	235	362	42	112	16	8	89	200	1,338	12,371
Pepper of the genus Piper, crushed or ground	Imports from Zambia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0



091091: Mixtures of different types of spikes	Total Imports	17	52	242	1,011	8	28	6	9	331	812	43	155	29	88	44	145	641	1,428
	Imports from Zambia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total	199	735	3,396	11,401	212	994	213	521	3,672	9,925	541	1,885	199	486	349	1,109	4,080	7,477
091099: Spices (excl. pepper of the genus Piper and of the genus Capsicum or of the genus Pimenta)	Imports from Zambia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Imports from Zambia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10-Cereals	Total Imports	110	1,272	2,122	1,786	2,193	5,696	818	827	600	1,897	1,788	2,166	13,256	29,418	5,655	9,752	2,579	14,908
	Imports from Zambia	0	0	1,299	2,497	599	1,121	764	636	0	0	50	110	7,915	11,996	3,328	6,143	428	972
	Total	5,117	3,902	207,861	46,314	5,960	1,413	103,864	31,862	241,493	52,452	117,334	26,636	8,953	582	566,124	164,516	694,735	127,255
100590: Maize (incl. seed for sowing)	Imports from Zambia	0	0	870	164	1,734	435	2,537	30,400	0	0	6,615	1,557	0	0	653,365	39,723	22,689	4,964
	Total	216	237	87	87	2	3	18	17	130	83	297	131	26	32	22	13	1,220	1,255
	Imports from Zambia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
100119: Durum wheat (incl. seed for sowing)	Total Imports	0	0	35,922	15,084	245	72	67,040	28,663	0	0	0	0	1,696	725	231,195	99,981	53	17
	Imports from Zambia	0	0	0	0	0	0	1	2	0	0	0	0	0	0	0	0	0	0
	Total	12	6	66,006	20,411	358,789	69,797	40,067	17,864	115,864	24,704	0	0	946,172	222,025	0	0	19,927	266,504
100199: Wheat and wheat meslin (incl. seed for sowing, and durum wheat)	Imports from Zambia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total	6,217	3,497	4,502	3,064	36	27	120	113	1,017	574	23	20	38	17	6,633	6,598	1,719	1,325
	Imports from Zambia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
100630: Semi-milled or wholly milled rice, whether or not polished or glazed	Total Imports	10,351	10,517	15,510	12,691	23,382	14,411	552	490	13,250	6,153	425,457	149,574	25,359	8,139	22,022	12,623	700,544	301,963
	Imports from Zambia	0	0	0	0	25	17	0	0	0	0	0	0	0	0	0	0	0	0
	Total	0	0	10,003	6,617	42,042	16,097	60	51	3,132	2,314	6,405	2,626	3,243	725	173,204	105,702	14,288	14,471
100640: Broken rice	Imports from Zambia	0	0	0	0	425	203	0	0	0	0	0	0	0	0	0	0	0	0
	Total	0	0	18,256	5,757	116	30	28	21	112	70	0	0	12	16	11,307	6,215	55,084	9,301
	Imports from Zambia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0





[illegible]

Prepared foods obtained from unroasted cereal flakes or from mixtures of unroasted cereal flakes	Imports from Zambia	0	0	0	0	0	0	0	1	2	0	0	0	0	0	0	178	620	0	0
	Total	12,192	8,337	3,322	5,068	1,276	2,823	589	873	2,554	3,296	1,003	1,863	418	818	3,283	5,539	1,897	3,899	
Prepared foods obtained by swelling (not including cereal products, e.g. corn flakes)	Imports from Zambia	0	0	0	0	679	2,185	2	7	0	0	0	0	0	0	203	603	2	0	
	Total	35,05	43,312	3,542	6,916	12,230	15,328	788	1,552	13,613	8,825	27,644	8,693	5,858	5,148	1,751	3,455	8,817	16,399	
Sweet biscuits	Imports from Zambia	0	0	0	0	2,108	2,581	114	195	0	0	0	0	0	0	1,092	1,767	96	139	
	Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
20-Preparations of vegetables, fruit, nuts or other parts of plants	Imports from Zambia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	Total	17,022	6,078	18,374	16,547	3,131	3,302	1,906	1,665	24,742	18,490	15,837	14,617	1,216	1,607	9,196	7,543	2,009	1,670	
200990: Mixtures of fruit juices, incl. grape must, and other fruit juices, unfermented	Imports from Zambia	7	2	0	0	10	84		423	0	0	0	0	0	0	332	184	0	0	
	Total	184	291	0	0	40	28	0	0	909	922	119	130	6	3	881	744	0	0	
200961: Grape juice, incl. grape-, unfermented	Imports from Zambia	10	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	Total	287	400	200	211	91	88	184	249	1,910	1,598	744	533	1,274	795	162	187	40,309	51,130	
200975: Apple juice, unfermented	Imports from Zambia	9	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	Total	14	33	38	32	10	27	70	171	127	117	10	19	13	12	32	57	2,896	3,032	
Imports and gherkins, prepared/preserved in vinegar or acetic acid	Imports from Zambia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	Total	937	1,189	4,596	3,810	351	286	43	48	1,779	1,454	705	1,010	614	506	2,857	4,562	1,147	1,036	
200991: Orange juice, unfermented, whether or not containing added sugar or other sweetening matter	Imports from Zambia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	1	0	0	
	Total	14	33	219	304	10	21	21	29	88	163	15	0	6	6	3	6	92	197	
200791: Citrus fruit jams, jellies, marmalades, purées or pastes, obtained by cooking, whether or not	Imports from Zambia	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	
	Total	267	369	0	0	139	166	4	6	101	165	1,099	1,129	13	11	262	245	4	4	
200912:	Total imports	267	369	0	0	139	166	4	6	101	165	1,099	1,129	13	11	262	245	4	4	

Orange juice, unfermented, Brix value <= 20 at 20°C, whether or not containing added sugar	Imports from Zambia	0	0	0	0	0	15	60	0	0	0	0	0	0	0	0	0	0	0	167	182	0	0
200710: Homogenised preparations of jams, jellies, marmalades, fruit or nut pastes and nut pastes	Total Imports from Zambia	144	535	57	109	9	30	13	21	278	537	122	169	2	3	6	16	6	8				
200290: Tomatoes, prepared/ preserved otherwise than by vinegar	Total Imports from Zambia	18,855	18,634	56	61	0	0	21	41	1,208	1,187	3,376	1,782	1,112	734	662	816	27,581	25,927				
200799: Jams, marmalades, fruit or nut pastes, fruit, obtained by cooking, whether or not containing	Total Imports from Zambia	400	1,124	479	533	118	303	63	122	1,354	1,344	477	915	329	406	328	405	7,120	7,220				
200819: Nut and other seeds, in bulk, unprepared/ preserved	Total Imports from Zambia	558	639	313	843	48	175	9	18	62	203	49	102	20	46	16	83	1,781	9,096				
200911: Frozen orange juice, unfermented, whether or not containing added sugar or other sweetening	Total Imports from Zambia	15	29	177	241	12	15	25	25	4	5	309	203	1	8	55	13	0	1				
200971: Apple juice, unfermented, Brix value <= 20 at 20°C, whether or not containing added sugar	Total Imports from Zambia	238	338	144	171	33	41	0	0	905	937	171	176	19	20	725	628	0	2				
200410: Potatoes, prepared/ preserved otherwise than by vinegar or acetic acid, frozen	Total Imports from Zambia	1,707	2,381	1,870	1,730	2,517	1,417	73	200	1,719	1,724	159	214	180	143	42	46	8,159	5,051				
200580: Sweetcorn "Zea Mays var. saccharata", prepared or preserved otherwise than by vinegar or acetic	Total Imports from Zambia	2,451	862	11	13	94	199	12	28	108	153	74	64	92	77	48	71	1,059	993				
	Imports from Zambia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0				

200989: Juice of fruit or vegetables, unfermented, whether or not containing added sugar or other sweetening	Total Imports	18,202	6,220	11,346	11,087	1,224	1,164	151	184	7,297	5,930	0	0	1,124	1,111	0	0	3,162	4,001
	Imports from Zambia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
200910:	Total Imports	445	742	6	17	98	300	12	32	58	104	159	253	108	93	8	26	400	458
Mushrooms of the genus 'Agaricus', prepared or preserved otherwise than by vinegar or brine	Imports from Zambia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21-Residues and waste from the food industries; prepared animal fodder	Total Imports	2	6	49,852	3,417	0	0	0	0	12,618	3,813	35	15	0	0	18,032	1,881	44,726	5,799
230210: Bran, sharps and other residues of maize 'corn', whether or not in the form of pellets, derived	Imports from Zambia	0	0	47,526	3,178	0	0	0	0	0	0	0	0	0	0	5,601	735	10,950	1,253
230220: Flour, meal and pellets of fish or crustaceans, molluscs or other aquatic invertebrates	Total Imports	26	22	33	6	0	0	95	153	42	71	233	249	0	0	1,408	1,674	1,186	1,532
	Imports from Zambia	0	0	30	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0
230910: Dog or cat food, in bulk for retail sale	Total Imports	12,476	9,209	5,600	2,815	529	571	264	378	2,136	2,389	1,171	1,419	292	499	1,377	1,312	20,059	26,801
	Imports from Zambia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
230230: Bran, sharps and other residues of wheat, whether or not in the form of pellets, derived from	Total Imports	2	7	280	50	0	0	0	0	2,915	671	3	2	2,070	218	18,193	2,368	40,010	4,642
230630: Orlizane and other solid residues, whether or not ground or in the form of pellets	Imports from Zambia	0	0	243	45	0	0	0	0	0	0	0	0	0	0	0	0	1,491	142
230250: Bran, sharps and other residues of leguminous plants, whether or not in the form of pellets	Total Imports	500	473	2,842	878	32	37	283	9	4,482	1,326	0	0	0	0	3,042	1,206	65,152	15,445
	Imports from Zambia	0	0	981	147	0	0	283	9	0	0	0	0	0	0	0	0	0	0
	Total Imports	590	320	18	14	0	0	0	0	0	0	0	0	0	0	0	0	625	123
230940: Bran, sharps and other residues of cereals, whether or not in the form of pellets	Imports from Zambia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total Imports	259	206	586	88	0	1	0	0	0	0	13	6	0	0	6,683	614	295	435
230990: Residues of cereals, whether or not in the form of pellets,	Imports from Zambia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	238	36	0	0







420292: Travelling-bags, insulated food/beverage bags, toilet bags, rucksacks, daypacks, map-cases	Total Imports from Zambia	2,831	3,728	135	1,992	287	1,975	45	239	318	4,035	63	492	150	434	36	313	7,882	57,164
420219: Trunks, suitcases, vanity cases, executive-cases, briefcases, school satchels and similar containers	Total Imports from Zambia	1,049	2,302	477	1,583	31	420	221	387	169	3,715	978	1,179	1,475	1,624	40	93	59423 94	8,501
420321: Specialty designed gloves for use in sport, of leather or composition leather	Total Imports from Zambia	11	179	13	86	0	0	3	5	3	42	19	37	26	13	6	35	75	1,859
420212: Trunks, suitcases, vanity cases, executive-cases, briefcases, school satchels and similar containers	Total Imports from Zambia	1,320	5,332	171	425	3,239	15,351	22	85	555	4,310	83	398	3,242	3,105	84	517	1,769	27,105
46-Manufactures of straw, of esparto or of other plaiting materials, basketware and wickerwork	Total Imports from Zambia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	0	0
460129: Mats, matting and screens, of vegetable plaiting materials, flat-woven or bound together in regular pattern	Total Imports from Zambia	14	26	3	25	0	0	1	16	74	54	4	5	33	36	2	13	39	150
460211: Basketwork, wickerwork and other articles, made directly to shape from plaiting materials	Total Imports from Zambia	28	124	2	15	3	20	1	5	11	86	31	39	7	9	2	2	246	867
52-Cotton	Total Imports from Zambia	3,847	8,638	0	0	27	35	3	5	1	14	435	733	3	3	1,255	2,057	9,663	14,148
520100: Cotton, neither carded nor combed	Total Imports from Zambia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4,710	6,770
520300: Cotton, carded/ combed	Total Imports from Zambia	41	256	0	0	91	110	13	5	0	2	55	98	12	11	0	3	676	2,306
520411:	Total Imports from Zambia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total Imports	19	48	0	0	4	12	0	0	1	17	58	72	4	23	3	36	16	62



