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EXPERIENCE IN PROMOTION OF TRADE IN SOUTHERN AFRICA

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**EXPERIENCES IN PROMOTION OF TRADE IN SOUTHERN AFRICA
WORKSHOP ON HOW TO SELL SOUTHERN AFRICA ABROAD:
TRADE AND INVESTMENT**

(a) Export Board of Zambia

Export Board of Zambia (EBZ) is a statutory body created under the Export Development Act of 1985 (as, amended by Act No, 29 of 1994) and became fully operational in April 1987. It reports to government through the Ministry of Commerce, Trade and Industry and its mandate is that of developing and promoting non-traditional exports (NTEs) from Zambia into the international market. This was after realisation of the need to diversify Zambia's foreign exchange earning base and the need to diversity this base. In addition the fluctuations in the international commodity prices and the instability in the 70s and 80s exposed Zambia's foreign exchange vulnerability.

(b) Source of Funding

The board is 100% funded by the Zambian government but also occasionally receives funds or technical assistance from co-operating bilateral and multilateral partners for specific projects. Notable among these are the European Union, International Trade Centre (ITC), UNDP, UNIDO, CBI/Netherlands Embassy and GTZ.

(c) Organisational Structure and Staffing level

The Export Board of Zambia is headed by an Executive Director, supported by three departmental managers/heads. It has a full staff compliment of 26, 13 of who are professionals in economics, marketing, business administration, information technology and accountancy. Management reports to a Board of Directors comprising mostly private sector representatives, who in turn report to government through the Minister for Commerce, Trade and Industry. The three departments are:

(i) Finance and Administration: This department keeps stock of board assets, undertakes maintenance and repair of office equipment and other serviceable board property as well as keeping personal records. It is also responsible for sourcing funding for the Board and financial assistance for the export sector

(ii) Trade Information: The main function of this department is collection and dissemination of trade information. It has a well-stocked business library for trade information and manages the Global Trade Point Network that is a source for world-wide electronic trade opportunities. The information contained in the library is on specific products, markets, trade opportunities, international commodity prices, etc. The department is also responsible for publication of EBZ's newsletter, trade directory and other relevant literature, while taking care of the organisation's public relations.

(iii) Product and Market Development: This department is the main direct interface between EBZ and exporters through the respective industry sector officers who are constantly in touch with the industry in order to closely monitor developments that affect export production and marketing. The department is thus responsible for:

- Zambia's participation in selected international fairs
- Market research, and organisation of trade missions and buyer/seller meetings
- Supply and demand surveys- Monitoring the performance of NTEs
- Mandate of EBZ

(d) Mandate

The mandate of the Board is to spearhead the development and promotion of Zambia's non-traditional export products. EBZ has, since its inception, undertaken to stimulate growth in the export sector and has launched an aggressive and sustainable promotional drive that has seen a stable expansion of Zambia's share of the international market.

A host of activities have been undertaken by EBZ both at home and outside to create greater awareness about Zambia's NTEs and the potentialities in the world market. Some of these activities comprise:

- Active participation in specialised and general trade fairs within Zambia and in target markets to which suitable export oriented firms are invited.
- Conducting research in potential and identified markets as a way of expanding Zambia's share of the global market.
- Undertaking trade missions in target markets to discover new areas of trade for the Zambian exporter.
- Carrying out audit surveys at home to evaluate and determine the performance of the export sector, with a view of coming up with appropriate export strategies.
- Liaison with Zambian missions outside, import promotions offices, chambers of commerce and trade related organisations in order to position Zambia's exports in the international market.
- Organising training programs and seminars/workshops on topical issues affecting the export sector in Zambia.
- Making recommendations to government in areas relating to policy, development and promotion of non-traditional exports for possible ratification.

Further, in a bid to assist the Zambian exporter maximize quality production and expansion of the country's share of the export market, EBZ helps source for technical assistance in production and marketing from the developed international market place, especially Europe. Through its information network, EBZ also provides contact details, prices lists, product specifications and country profiles on both potential and target markets to which Zambian products are exported using the most up-to-date and accurate information sources. These are available in Global Trade Point Network (GTPN) of Internet Trade directories Product

reports· Market reports· Specialised publications· Trade journals. Other sources, which are internally published, comprise:

- Doing business with Zambia and the classified list of exporting companies.
- Export Review newsletter
- Electronic Trade Opportunities (ETOs) Weekly Bulletin
- Audit report on the overall performance of the export sector.
- Computer databases and brochures
- How To Approach Banks

The various information sources are distributed to target groups such as the import promotion offices, chambers of commerce, producer associations, diplomatic missions, individual exporters and Zambia's foreign missions.

Distribution of information is done through a very well co-ordinated system, which has created rapport manifested in the continuous flow of information between EBZ and the target groups. Hence, the confidence exhibited in EBZ by almost all concerned.

In its continued effort to expand Zambia's share of the world market, EBZ is now linked to a worldwide computer network of trade organisations through the Trade Point, which it was designated by the United Nations Conference on Trade and Development (UNCTAD) in 1996. Through the Trade Point, market opportunities are targeted; export procedures and documentation are disseminated while facilities to enable smooth business transactions are made available to local exporters. Information on Zambia's export statistics, legislation and tariffs plus lists of local company profiles, services and products are provided to exporting companies and co-operating partners.

Furthermore, EBZ co-operates with international organisations such as the European Union, the International Trade centre (ITC) of the world Trade Organisation (WTO) and the Netherlands Office for Promotion of Imports from Developing Countries (CBI). The former is currently sponsoring a five-year Export Development Programme, which has so far greatly benefited the coffee, tobacco, textile, horticultural and floriculture sectors. EBZ has initiated similar programmes in the gemstones and timber sectors before and continues to do the same for the other priority areas in the export sector.

However, to ensure successful implementation of the policy decisions EBZ has put in place a unique and efficient management system through the creation of two key departments namely Trade Information Department (TID) and Product Marketing and Development Department (PMDD), who deliver the services directly to exporters and other stakeholders.

(e) Major Achievements

Since EBZ started operating in 1987, Zambia's non-traditional exports have grown from US\$77.49 million to US\$313 million in 1998. This represents an average annual linear growth rate of 27.68%. On a year to year basis, however, the growth rate averages 14.65%. Sectors that

performed well before the Asian economic crisis were Primary Agricultural Commodities, Cotton Textiles, Sugar Processing and Copper Semi-manufactures. However, Fresh Flowers and Vegetables are currently the leading performers.

During the same period, traditional metal export receipts declined from US\$932.74 million in 1987 to US\$629.74 million in 1998, representing a drop in annual earnings of 32.48% or a linear annual average of (2.95)%. The year on year average during the eleven-year period averages (2.33)%.

The table below illustrates this performance:

Trend Analysis of Zambian Non-Traditional Exports. (Value in US\$ million)

	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
NTEs in US\$'mn	89.02	86.69	102.20	121.32	100.31	124.09	148.86	199.28	242.56	329.49	313.39
NTEs Growth %	14.88	-2.62	17.89	18.71	-15.95	21.69	19.96	33.87	21.72	35.84	-4.89
Metal Exports in US\$mn	1027.70	1279.50	1167.50	1041.20	1072.00	905.70	965.20	1038.70	754.20	808.60	629.74
Metal Growth %	10.18	24.50	-8.75	-10.80	2.96	-15.56	6.57	7.60	-27.39	7.21	-22.12

Sources: EBZ Exporter Audits 1988 - 1998; Bank of Zambia.
Bank of Zambia.

(f) Challenges

The challenges facing EBZ for further growth of NTEs are:-

- Ensuring an annual increase of 15% in NTE earnings in the face of declining/low international commodity prices.
- How to educate the rural farming community on the need to grow profitable crops, and the essence of repaying loans.
- How to attract low cost finance that will enable exporters borrow at international competitive interest rates, for the modernisation, rehabilitation and expansion of their export production.
- How to attract relevant technical assistance that will ensure that exporters produce internationally acceptable products.

- How to remain competitive in the European market in the face of the phasing out of preferential access enjoyed under the EU/ACP Lome Convention.
- How to ensure that Zambian exporters remain competitive and benefit from the opening-up of regional markets.
- How to ensure that South Africa and its SACU allies open-up their markets by reducing or removing protective import tariffs.

(g) Future Prospects

The future for the expansion of Zambia's export trade is bright as long as:-

- International commodity prices pick up, especially for cotton tobacco, sugar and coffee, and the country diversifies to more value added products instead of relying on commodity exports.
- The South African market opens-up and frees its market to its neighbours;
- The EU extends the period in which it phases out the preferential access Zambia enjoys with other ACP states for its export products;
- More affordable financing facilities at competitive lending rates are established for export production;
- Technical assistance is offered to Zambian enterprises in order to prepare them for stiff competition that will arise out of free regional trade areas, and cancellation of preferential access in to the EU market;
- The copper mines improve their productivity so as to strengthen the domestic market base, which should be a springboard for export development.

Sectors identified to have great potential for future growth are Agricultural Commodities, High Value Crops, Food Processing, Gemstones and Value-added Wood Products.