

Trade Policy Review Body  
9-10 September 1996

TRADE POLICY REVIEW

ZAMBIA

MINUTES OF MEETING

Addendum

Answers to Written Questions

The following communication was received on 15 October 1996 from the Delegation of Zambia responding to questions raised by delegations and the discussants during the review.

1. Impact of the SADC Trade Protocol on Zambia

If tariff reductions proceed on an asymmetrical basis as required under the SADC Trade Protocol, that is, those member States with higher duty rates start first to reduce them, then Zambia is not likely to suffer any revenue loss during that period as she will not be expected to reduce her tariffs since she has the lowest average tariff among the member states. Instead, she is likely to gain more access into other SADC member states markets.

However, in the long term, Zambia is likely to suffer some revenue losses resulting from tariff elimination within SADC which would account for almost 50 per cent of Zambia's tariff revenue considering that 40 per cent of Zambia's imports originate from the Republic of South Africa.

2. Macroeconomic Environment

The macroeconomic environment as of August 1996 is as follows:

(a) Level of Interest Rates by August 1996:

-	On Treasury bills	
-	28 days	71.6 per cent
-	91 days	64.8 per cent
-	182 days	60.5 per cent
-	On Commercial Banks	
	Base rate	55.5 per cent
	Savings	31.4 per cent
	Interbank	43.5 per cent

## (b) Balance of payments as of August 1996 (in millions of US\$)

(i) Total Donor inflows	95.8
(ii) Total Debt Service	110.1
(iii) Balance ((i)-(ii))	(14.3)

This clearly indicates an outflow.

## (c) Volatility of Reserves

1996		
	Gross Official Reserves (million)	Net International Reserves (million)
January	143.8	(1,141)
February	167.7	(1,116)
March	156.5	(1,122)
April	135.0	(1,143)
May	152.1	(1,113)
June	185.7	(1,079)
July	144.2	(1,120)

3. Anti-dumping duty of 15 per cent

An anti-dumping duty of 15 per cent has been in effect since the early 1970s on iron/steel windows and door frames (HS heading 73.08.30.00) irrespective of the country of origin. This anti-dumping duty is in conflict with WTO requirements because it is applied regardless of the country of origin. In view of the above, a recommendation has been made that this anti-dumping duty be removed in the 1997 budget.

There will be no revenue implications as only K16,982 of customs duty and K14,717 of VAT was collected on iron/steel windows and door frames, from January to August 1996.

4. Customs valuation

Customs valuation in Zambia is based on Brussels Definition of value (BDV). In accordance with the requirements of the WTO Agreement, Zambia is expected to adapt its legislation and its customs valuation procedures to a "transaction value" by 1 January 2000. The Ministry of Finance and Zambia Revenue Authority will work hand in hand to ensure that Zambia meets the deadline.

5. General Agreement on Trade in Services (GATS)

In the General Agreement on Trade in Services, (GATS), Zambia made specific commitments in the following:

Business Services

## (a) Professional Services

- Accountancy
- Medical and dental services
- Services provided by midwives, nurses, physiotherapists and paramedical personnel

- (b) Other Business Services
  - Technical testing and analysis services
  - Services incidental to mining, exploration

Construction and Related Engineering Services

Health related and social services

- Hospital services
- Other human health services

Tourism and Travel Related Services

In all the above sector specific commitments there are no limitations on market access and national treatment. This entails that Zambia applies the Most Favoured Nation (m.f.n.) treatment to Services and service suppliers of all other member states.

However, movement of natural persons in all the above sectors is unbound for entry and temporary stay of natural persons employed in management and expert jobs for the foreign investment. Employment of such persons is agreed upon by parties involved and is approved by the Ministry of Home Affairs.