

Trade Policy Review Body  
9-10 September 1996

TRADE POLICY REVIEW

ZAMBIA

MINUTES OF MEETING

Chairperson: H.E. Ms. Anne Anderson (Ireland)

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I. INTRODUCTORY REMARKS BY THE CHAIRPERSON

1. The Trade Policy Review of Zambia was held on 9 and 10 September 1996. The Chairperson welcomed the delegation of Zambia, headed by the Minister of Commerce, Trade and Industry, His Excellency Dr. Syamukayumbu Syamujaye, and the discussants, Mr. Peter Jenkins (United Kingdom) and Mr. Calson Mbegabolawe (Zimbabwe).

2. The Chairperson recalled the purpose of the Trade Policy Reviews and the main elements of the procedures for the meeting. The report by the Government of Zambia was contained in document WT/TPR/G/17 and that of the WTO Secretariat in document WT/TPR/S/17. Copies of written questions submitted by Australia and Canada had been transmitted to the delegation of Zambia; the United States of America, Japan, Egypt, Kenya, the European Union and India also submitted written points shortly before the meeting. If full replies could not be provided during the meeting, supplementary written replies should be provided later.

3. Recalling that intergovernmental organizations would attend meetings of the General Council through decisions taken on the basis of the ad hoc arrangements, the Chairperson proposed that the Trade Policy Review Body invite the FAO, EFTA, IMF, OECD, UNCTAD and the World Bank, which had requested observer status, to its next meeting.

## II. OPENING STATEMENT BY THE REPRESENTATIVE OF ZAMBIA

4. On behalf of his delegation, the representative of Zambia welcomed the holding of his country's first Trade Policy Review. Recalling the importance of such reviews, the representative stressed Zambia's commitment to the Trade Policy Review Mechanism (TPRM) and Zambians' confidence in the fact that such a collective evaluation of their economy would facilitate its integration into the world economy. He reaffirmed Zambia's commitment to the multilateral trading system, noting also that the Uruguay Round had improved transparency and predictability through a substantial strengthening of rules and regulations. Zambia had liberalized its economy significantly and felt that the liberalization of the world economy under the WTO rules, particularly economies of countries in its sub-region, would enable it secure market access.

5. The Zambian economy had always been dominated by the copper mining industry, which had been used by the previous Government to promote industrialization through import substitution. Combined with rising oil prices in the mid 1970s, the decline of copper production from 700,000 tonnes in 1977 to 307,181 tonnes in 1995 had adverse effects on the Zambian economy. Overvalued exchange rates and a restrictive trade régime characterized by import and export prohibitions, price controls and consumer subsidies had distorted domestic production and made Zambian exports uncompetitive on the world market. Because of inconsistencies, structural adjustment programmes implemented by the previous Government in the early 1980s, had failed to accomplish their objectives and had been abandoned in 1987.

6. The Government, which had taken power in 1991, had implemented reform measures, such as the removal of price and foreign exchange controls, the introduction of full retention of foreign exchange earnings on non-traditional exports, the dismantling of restrictions to trade, the liberalization of interest rates and the privatization of State companies. Public sector reform had been implemented with a view to creating a conducive atmosphere for private sector development. The aim of these measures was to improve the Zambian economy by accelerating the development of the manufacturing and agricultural sectors, improving and expanding the economic infrastructure for local and foreign direct investment, promoting and diversifying trade through exports of non-traditional goods, and ameliorating and expanding the social infrastructure for improving living standards. Zambia's economy had become market driven; macro-economic stability had been achieved in spite of serious drought conditions.

7. The Government had established institutions, such as the Zambia Revenue Authority, the Zambia Privatization Agency, the Export Board of Zambia, the Investment Centre and the Lusaka Stock Exchange in order to consolidate Zambia's economic transformation. Tax administration and compliance had improved substantially and 138 State companies had been privatized. Even strategic companies, such as the Zambia Consolidated Copper Mines (ZCCM) were due for sale.

8. The representative of Zambia stressed that his country's trade policy focused on creating a conducive environment for regional and international economic integration and recalled multilateral and regional agreements to which Zambia was a signatory. Zambia granted tariff preferences to other member States of the Common Market for Eastern and Southern Africa (COMESA) and to countries with which it had bilateral trade arrangements. It had difficulties with market access to the Southern African Customs Union (SACU) countries - especially South Africa, which was the major supplier of imports to Zambia - because of the high protection level they maintained by means of tariffs and non-tariff measures; negotiations were under way to correct trade imbalances with the Union.

9. Economic reforms had yet to show their full benefits because of, inter alia, fluctuations of copper prices, weather conditions, and high interest rates and freight costs. The representative of Zambia stated that Zambians believed that only the ideals of the WTO, to which they were committed, would

overcome their economic difficulties. He stressed his Government's commitment to democracy and asked the WTO to use its good offices to ensure that other member States, particularly those in the Southern African sub-region, would open their markets and provide an even playing field for fair competition for goods and services originating in Zambia.

### III. STATEMENT BY THE FIRST DISCUSSANT

10. The first discussant, Mr. Peter Jenkins, congratulated Zambia for having taken a decisive turn away from import substitution since 1991. Quantitative restrictions, including import controls, had been removed from all but a few products, the tariff structure simplified, and applied rates reduced although bound rates tended to be very high, including those at 125 per cent.

11. Given that Zambia's dependence on border duties for Government revenue was high, the discussant sought clarification on steps to be taken to increase revenue from non-trade sources, and on problems that had to be surmounted in this regard. Confirmation was requested as to the Government's intention to eliminate, by December 1996, the Import Declaration Fee, whose conformity with WTO rules was questionable; information was sought on the way resulting shortfalls in revenue would be made good.

12. The discussant recalled the importance of investment to economic growth and remarked on its low level in Zambia, which he ascribed to low levels of foreign direct investment and gross domestic savings. He requested comments on the effectiveness of measures already taken and those to be implemented to enhance both the attractiveness of Zambia to foreign investors and to encourage higher domestic savings. He inquired about the real rates of return on interest-bearing saving instruments. He also asked about the repatriation of capital flight, if any.

13. The discussant noted the determination of the authorities to reduce the dependence of Zambia on mineral exports, particularly by boosting exports of non-traditional products, and pointed to instances in which exports had led developing countries on to the path of sustained and low-inflationary growth. He sought information on export diversification possibilities and constraints, including non-traditional products in which Zambia had a comparative advantage. Comments were requested from the delegation of Zambia about the level of market access for Zambian products, including possible new protective barriers to non-traditional exports from Zambia.

14. He continued by noting that Zambia's external current account deficits had been relatively high in the past two years and suggested a risk that Zambia's commitment to market-opening could come under pressure as a result of balance-of-payments difficulties. Information was sought on what had been termed a "huge outflow on the services account" in the Government report, and in particular, the recent and projected cost of payments on foreign debt. He also asked about the capital inflows which were financing these deficits. He requested a breakdown of such inflows by origin and type, enabling one to assess their volatility, and information on the connection between Zambia's commitment to market reforms and on the availability of the capital needed to finance the current account deficits.

15. Noting that Zambia still maintained limitations on foreign investments in the services sector, the discussant sought clarification on these limitations and on plans to rescind them and to participate in future WTO negotiations on telecommunications and financial services.

#### IV. STATEMENT BY THE SECOND DISCUSSANT

16. The second discussant, Mr. Calson Mbegabolawe, acknowledged Zambia's adjustment efforts, encouraged it to continue with its reforms and called on the international community to provide appropriate support. He asked questions about the relationship between the regional arrangements to which Zambia is signatory, and about the consistency and complementarity of regional initiatives with the multilateral trading system.

17. He noted that Zambia had autonomously liberalized its economy, but that the level of its WTO commitments was low. This did not ensure the irreversibility of reform. Questions were asked about the way Zambia intended to increase its WTO commitments. In view of the Government's complaints about unfair trading practices within the sub-region, comments were requested from the delegation of Zambia on the time-frame for the incorporation of WTO disciplines (particularly on anti-dumping and countervailing measures) into domestic trade legislation, on products that might be affected, on the basis on which the existing provision for the imposition of selective countervailing measures would be implemented, and on the long-standing anti-dumping measures that Zambia applied on an m.f.n. basis. The compatibility of the Import Declaration Fee with WTO rules was put into question, given that Zambia did not list any "other duties and charges" in its Uruguay Round Schedule. Clarification was sought on the criteria for selecting products to be inspected under the selective pre-shipment inspection system whose introduction Zambia was considering.

18. Commending Zambia on its ambitious privatization programme, the discussant requested comments on measures to deal with negative developments, including social difficulties, that might result from the reforms. He also asked about efforts by the Government to revitalize the copper industry, which was the backbone of Zambian economy. Information was sought on the Government's progress in exploiting the huge potential that existed for agriculture and on solutions to difficulties, including financial problems, experienced by small-scale farmers. A question was asked about regional initiatives on tourism, especially with regard to resources shared by Zambia and its neighbours.

## V. STATEMENT BY MEMBERS OF THE TRADE POLICY REVIEW BODY

19. The representative of Australia acknowledged the impressive programme of economic reforms undertaken by Zambia since 1991 and encouraged it to take the foreshadowed measures to complete its privatization and liberalization programme. He inquired about the reasons for which the one-stop Investment Centre was not used to process investment applications in the mining and financial services sectors. He requested further details on the privatization of Zambia Consolidated Copper Mines (ZCCM); on incentives to both Zambians and foreigners investing in Zambia through the privatization programme; and on controls or restrictions, including the import permit, applying to imports and exports. He raised questions on the Import Declaration Fee (IDF). He requested comments from the delegation of Zambia on tax and tariff concessions; on the way the Agricultural Sector Investment Programme operated; and on the level of livestock importation into Zambia, particularly in the context of the drought related loss of livestock and tariffs that ranged to 25 per cent.

20. The representative of Canada congratulated Zambia for its progress in implementing economic reforms. He expressed concern about the disparity between bound and applied tariff rates and asked for an assessment of the impact of the regional tariff liberalization on the Government revenues and possible consequences for achieving further multilateral liberalization. He raised questions on the way the reduction of income tax under the Investment Act operated, on the IDF, and on pre-shipment inspection of products subject to preferential tariff treatment. He sought information on criteria used by banks to accept or refuse export permits, on the timescale for the implementation of the WTO Customs Valuation Agreement by Zambia, and further details on the Agricultural Sector Investment Programme.

21. The representative of the United States commended Zambia on its impressive record of trade liberalization. He expressed concern about: the long-standing GATT- and WTO-inconsistent anti-dumping action; restrictions on foreign investment in Zambia; the limited number of tariff lines that were bound; and the disparity between bound and applied rates. He sought clarification on: customs valuation; monopolies and rights held by State-owned companies, such as Zambia National Oil Company, Zambia Consolidated Copper Mines and Zambia Electricity Supply Corporation; administration of export prohibitions, given that no export licences were required; and the time-frames for implementing the computerization programme of customs procedures and bringing Zambia's custom's legislation into conformity with WTO disciplines in the area. He requested justification for the ban on the importation of left-hand drive vehicles, further information on procedures for determining whether a particular alcoholic spirit was "noxious" or "injurious"; and asked about the publication of rules of origin regulation and procedures for appealing origin determinations made by Zambian customs.

22. Pointing out that his country was the single largest market for Zambian exports, the representative of Japan congratulated Zambia on its reforms. He requested comments from the delegation of Zambia on: the impact of registration procedures for foreign companies and the elimination of this measure; and about any possible discrimination against foreigners as regards the period of validity of trucking activities licences. He also asked about the compatibility of the IDF with GATT Agreements and about the abolition of this fee.

23. The representative of Egypt commended Zambia on its adjustment measures and encouraged it to continue the reform programme. He inquired about Zambia's cooperation with African countries on the basis of the Abuja Treaty, and about the development of its trade relations with other African countries with which Zambia had not concluded regional or bilateral trade agreements.

24. Noting that both political and economic reforms can be difficult, the representative of Kenya congratulated Zambia for the success it had achieved and encouraged it to continue its economic liberalization. Referring to duplication of activities of both the Common Market for Eastern and Southern Africa (COMESA) and the Southern African Development Community (SADC), to which Zambia

was a member, she asked for information on the position of the Government of Zambia as regards a possible merger of the two regional economic groupings.

25. After congratulating Zambia for its progress with trade liberalization, the representative of the European Union inquired about the main factors that were limiting positive gains for Zambia from the reforms and on the way it could exploit the benefits of trade liberalization, particularly for non-traditional exports. He asked questions regarding recent developments of foreign direct investment, the privatization of ZCCM, and further liberalization of trade and its possible impact. He requested comments from the delegation of Zambia on the expected impact of the recent trade protocol for the SADC region and suggested that the WTO and other international organizations look at the regional perspective in trade matters. He sought clarification on: the way the Government of Zambia intended to answer donors' concerns on its ability to ensure stability; the incorporation of the provisions of the WTO Agreements into domestic trade legislation; and Zambia's specific expectations from the Singapore Ministerial meeting, particularly as regards the review of agriculture commitments and initiatives benefiting least developed countries.

26. Recalling that reform measures had been unilaterally initiated by Zambia, and in spite of internal and external factors that had negatively affected its economy, the representative of India called on the international community to provide a conducive environment for the growth of Zambia's non-traditional exports. He encouraged Zambia to improve productivity in copper production, to resolve the issues associated with management and skilled labour, and to give more emphasis to non-traditional exports.

27. The representative of Hungary welcomed the fundamental policy changes initiated by Zambia since 1991. He recalled the positive results that had been accomplished in spite of unfavourable exogenous factors. He observed that Zambia's bilateral trade with Hungary was insignificant, although Hungary had provided duty-free treatment for its imports from Zambia. He inquired about future reductions by Zambia of its bound tariff rates.

28. The representative of Tunisia congratulated Zambia on its reforms, and encouraged it to continue with its programme. He sought information on Zambia's participation in the Global System of Trade Preferences and in the African Economic Market, as initiated by the United Nations Economic Commission for Africa.

29. Acknowledging that economic reforms can be politically sensitive, the representative of Tanzania considered that efforts made by Zambia deserved international support. He encouraged Zambia to increase its regional trade with countries such as Tanzania.

30. After noting that his country was also a member of COMESA, the representative of Madagascar encouraged Zambia on its path of economic liberalization.



## VI. REPLIES BY THE REPRESENTATIVE OF ZAMBIA AND ADDITIONAL COMMENTS

31. In the introduction to his replies, the representative of Zambia indicated that he would provide written answers to some of the questions upon his return to Zambia. These written answers would cover: the impact of SADC in the short and medium term; the macro-economic environment, including issues relating to interest rates, the balance of payments, the structure and viability of the external current account, and the volatility of international reserves; and Zambia's commitments to the General Agreement on Trade in Services.

### (1) External and regional setting for Zambia's trade policies

32. The representative of Zambia reiterated the commitment of his Government to the steps it had taken and assured other participants that there was no way back. He indicated that Zambia was committed to entering into bilateral and regional trade arrangements and was negotiating bilateral agreements with Zimbabwe and SACU member States. It was his Government view that COMESA and SADC could co-exist in a constructive manner; a joint COMESA/SADC meeting in November 1996 would deal with any duplication of activities by the two. Recalling that COMESA had been notified to the WTO in line with the Uruguay Round Agreements, he noted that Zambia would encourage all COMESA members to ensure that the regional arrangement complied fully with the WTO. He emphasized that his Government was sensitizing Zambia's business community to prepare for stiffer competition, given that preferences provided under the Lomé Convention would come to an end by the year 2000.

33. The second discussant encouraged Zambia to diversify its export markets, particularly to dampen the effects that might result from the abolition of the Lomé Convention. Recalling that Zambia and Zimbabwe had a common geographical, historical and cultural background, the representative of Zimbabwe listed sectors, including tourism, power and transport, in which cooperation between the two countries was promoted. He reaffirmed the commitment of Zimbabwe to the view that regional cooperation should be a building block towards integration into the multilateral trading system and into the world economy. He expressed the full support of his country to Zambia's determination to succeed in its reform effort, notwithstanding adverse exogenous factors, such as droughts.

34. The representative of the European Union observed that the market access problem that Zambia was facing in Southern Africa arose from the fact that some countries were members of SADC but not of COMESA. After having noted that a number of his questions fell into areas to be covered in written answers, the first discussant requested information on the long-term intention of the Government of Zambia to reduce the share of border charges in total public revenue. He commended Zambia on its liberalization efforts, and commented on Zambia's external accounts and possible ways to improve its domestic savings.

### (2) Zambia's economic situation

35. The representative of Zambia acknowledged that the IDF was inconsistent with the WTO Agreement and stressed that it would be dropped at the end of 1996. Alternative revenue measures, such as broadening the tax base and improving the performance of the Zambia Revenue Authority (ZRA), were under study to fill the financial gap that would be created by the elimination of the IDF.

36. He mentioned that structural adjustment programmes had not brought any political instability to Zambia, largely because the population had strongly accepted them as the only way to revitalize the economy. Free and fair elections would be held in two-months time. On privatization, he noted that 138 State companies had been sold and others were due for sale. ZCCM had been advertised

for sale as from September 1996; the deadline for receiving tenders was 28th February 1997. Studies were under way for the sales of the Zambia Telecommunication Company and the Zambia Electricity Supply Corporation.

37. Measures taken by Zambia to attract foreign direct investment included: the removal of customs duty on productive machinery in agriculture, mining and tourism; the harmonization of the Zambia Revenue Authority and Investment Acts in order to improve incentives offered to foreign investors; the commitment to macro-economic and political stability through, *inter alia*, fiscal and monetary discipline to ensure low interest rates and inflation; the improvement of infrastructure, such as roads; access to productive inputs, such as land; creation of a rural electrification fund; full repatriation of profits by foreign investors; the introduction of a new legislation to provide for the creation of a private pension scheme; and improvements introduced in promotional activities realized by the Investment Centre.

38. The Investment Centre did not process investment licences in the mining and financial services sectors because of the complexity of these sectors and the limited capacity of the Centre to handle them. As regards areas in which Zambia had comparative advantages, the representative listed horticultural products, precious and semi-precious stones, agriculture, textiles, engineering, wood and wood products, leather, and tourism.

39. The first discussant congratulated the representative of Zambia on Zambia's intention to eliminate the IDF. The second discussant observed that bilateral and regional groupings, as well as the WTO, were fora that Zambia could use to increase its market access. Structural rigidities were also to be given due consideration.

40. The representative of Zambia added that consultations were under way with neighbouring countries. Among the major problems Zambia was facing were subsidized exports from abroad and obsolete equipment. There was less capital outflow from Zambia than before. Financial assistance was negotiated with institutions, such as the World Bank.

(3) Specific questions

41. The representative of Zambia confirmed that his Government had a consultative process for trade policy with the private sector. He reassured participants that Zambia had no intention to increase tariffs but it was rather committed to future tariff liberalization. He mentioned Zambia's need of technical assistance to implement the WTO Agreement on customs valuation, but he added that inter-ministerial consultations were under way for this purpose. On the long-standing anti-dumping duty on steel doors and window frames, he pointed out that the parastatal, which was protected by this measure, was under privatization and consequently the duty would automatically cease to be in effect.

42. He mentioned that Zambia did not practice any discrimination between local and foreign truckers. Measures on foreign trucking were to stop rampant smuggling, which had emanated from extensive trade liberalization. He stated that Zambia did not rely on commercial farmers. Zambia supported and encouraged a regional approach to the promotion of tourism and had initiated joint packages with South Africa and Namibia; consultations were under way with Kenya. He assured the representative of Hungary that everything would be done to ensure that Zambia exported to Hungary.

43. He stressed the commitment of Zambia to succeeding in both political and economic reforms and called for unwavering support of the international community for this purpose.

## VII. CONCLUDING REMARKS BY THE CHAIRPERSON

44. Over the past two days, the Trade Policy Review Body has conducted the first review of Zambia's trade policies and practices. These remarks, intended to summarize the salient points, are made on my own responsibility and do not substitute for the Body's collective evaluation and appreciation. Details of the discussion will be reflected in the minutes of the meeting.

45. The discussion developed under three main themes: (i) the external and regional setting for Zambia's trade policies; (ii) Zambia's economic situation; and (iii) specific questions on trade measures.

### (i) External and regional setting for Zambia's trade policies

46. Members commended Zambia on its unilateral liberalization efforts and its determination to base its economic and trade policies on the principles of the multilateral trading system. The point was emphasised that open markets were necessary to support Zambia's economic restructuring. Within this context, Members asked about the access granted to Zambia by its neighbours in regional trade agreements, such as SADC and COMESA, to which it is a party; that available under the Lomé Convention; and the effects of such access on Zambia's own liberalization process. Questions were also posed concerning broader regional co-operation, including under the Abuja Treaty. Some members noted the desirability of regional approaches on tourism, with regard to resources shared by Zambia and its neighbours. Participants commented that Zambia's regional agreements should be fully consistent with the WTO Agreements.

47. The representative of Zambia began his response by indicating that he would provide written answers to some of the questions upon his return to Zambia. Areas he proposed to cover in this way included: the impact of SADC in the short- and medium-term; the macroeconomic environment; and Zambia's commitments under the GATS.

48. The representative of Zambia went on to emphasise that his country had embarked on an unparalleled and bold growth programme in both the political and economic spheres; Zambia was committed to this programme and sought the support of the international community to ensure the success of the programme. He indicated that his country sought to enter into a range of bilateral trade arrangements and was currently negotiating agreements with Zimbabwe and SACU member States. On regional arrangements, it was his Government's view that COMESA and SADC could co-exist in a constructive manner. He noted that there would be a joint COMESA/SADC meeting in November of this year that would deal with any duplication of activities by the two. COMESA had been notified to the WTO in line with the Uruguay Round Agreements, and that Zambia would encourage all COMESA members to ensure that the regional arrangement complied fully with the WTO.

49. With respect to the suggestions on regional approaches to tourism, he indicated that joint packages had been initiated with South Africa and Namibia and that consultations had been initiated with Kenya. On the Lomé Convention, he noted that as the preferences would end by the year 2000, Zambia had already begun to sensitize its business community to the stiffer competition that would result.

### (ii) Zambia's economic situation

50. Members appreciated Zambia's significant economic reforms introduced since 1991. They noted that results had been slow in coming, partly because of the recurrence of drought; however, there had recently been an encouraging expansion of non-traditional exports. Both savings and investment levels remained low: Members asked about the effects of measures taken to increase savings and attract foreign direct investment, after the recent removal of specific incentives. Some participants inquired about levels of interest rates and their effects on competitiveness of Zambian goods and services; the

structure and viability of the external current account; and the volatility of international reserves. Acknowledging that economic reforms can often be politically sensitive, Members asked questions regarding the short-term impact, and longer-term effects, of Zambia's structural adjustment measures, including the privatization programme. Questions were posed regarding domestic structural constraints on export diversification and the further development of non-traditional products.

51. Participants sought clarification on limitations maintained by Zambia on foreign investment in services. They noted that the prospects for FDI could be improved by Zambia's participation in future WTO services negotiations and by increasing its GATS commitments.

52. The representative of Zambia replied that in the short term structural adjustment had had adverse effects on the welfare of Zambia's people. This had not brought any political instability as Zambians strongly believed that the adjustment programme was the only way to revitalize the economy. In this context, Zambia had embarked on a comprehensive privatization programme, under which 138 companies had already been sold. Zambia was committed to privatizing ZCCM, the Copper Company, and ZAMTEL, the telecommunications company; the former had already been advertised for sale and the deadline for tenders was end-February 1997. He noted that a number of measures had been taken to attract foreign direct investment, including the removal of customs duty on imports of machinery in certain sectors, infrastructural improvements and 100 per cent profit repatriation by foreign investors. He noted that the Investment Centre did not have the capacity to process investment licences in the highly complex mining and financial services sectors; therefore these were the responsibility of the respective Ministries. New legislation had also been introduced for the creation of private pension schemes, which might improve savings. The representative emphasised that there were, indeed, a number of constraints facing Zambian exports, however, Zambia had a comparative advantage in areas such as horticultural products, precious and semi-precious stones, agriculture, textiles, engineering, wood and wood products, leather and tourism.

(iii) Specific questions

53. Expressing full appreciation for the considerable progress made by Zambia in liberalizing its trade régime, Members sought clarification on the consultative process for trade policy with the private sector. While noting that the tariff structure had been significantly simplified, participants expressed concerns both about the low level of Zambia's WTO bindings on non-agricultural products, and about the disparity between bound and applied rates. Participants noted the heavy dependence of Zambia's government revenue on border taxes and asked if this might slow its further pursuit of tariff liberalization. Specific questions were also raised on the compatibility of the Import Declaration Fee with WTO rules and timetable for its abolition; as well as the incorporation of WTO disciplines into domestic trade legislation including on customs valuation, pre-shipment inspection, and anti-dumping and countervailing measures. The existence of a long-standing anti-dumping measure, applied on an m.f.n. basis, was particularly emphasised by some members. Members also asked about prospects for further liberalization of services sectors, particularly telecommunications, and the implementation of the trucking activities licence.

54. The representative of Zambia responded that some 25 per cent of government revenue came from border duties; the dependence was therefore less serious than had been suggested. Government officials held quarterly meetings with the private sector to discuss a number of policy issues, including those relating to trade; the private sector was also involved in trade negotiations and in the preparation for Singapore. On the disparity between bound and applied tariffs, he reassured Members that Zambia had no intention of increasing tariffs, but rather was committed to future liberalization. He indicated that the Import Declaration Fee would be eliminated this year; a number of measures, including a broadening of the tax base and improved performance by the Zambia Revenue Authority would fill the subsequent financial gap. Zambia was fully committed to implementing the WTO Agreement on

Customs Valuation, but needed technical assistance for this purpose; inter-Ministerial consultations were under way to this effect. He noted that the company making the product on which there was a long-standing anti-dumping duty was in the process of privatization and hence the duty could be expected to lapse. He added that there was no discrimination between local and foreign truckers in granting the trucking activities licence, whose issuance was intended to arrest smuggling.

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55. In summary, I should say that the overall thrust of the discussion was encouraging and supportive of the underlying direction of Zambia's economic and trade policy. At the same time, many of the questions posed reflected members' concern that the economic reform process in Zambia should be sustained and deepened, accompanied by full compliance with all of Zambia's WTO obligations.

56. Members welcomed the significant steps taken by the Zambian authorities towards a more open and deregulated economic and trade régime; they also welcomed steps being taken by Zambia to overcome infrastructural and other supply constraints. They recognized the difficulties of such major adaptation, particularly given the inevitable time-lag before the steps taken translate into practical benefits for the Zambian economy. They were conscious that, if the policies pursued domestically are to achieve the desired results, it is important that they receive support at the regional level and within the multilateral trading system.