

Leaflet No. 10.

International Trade Agreements- Brief guide to Importers and Exporters

1. Introduction

This leaflet is intended to explain to the importers and exporters involved in the conduct of international trade, the procedures governing the certification and verification of evidence tendered in support of a claim for eligibility under the COMESA and SADC Trade Protocols and the Rules of Origin for products to be traded among Member states. It is also a brief guide to other trade Protocols that Zambia is a party to and how exporters can benefit from these agreements.

2. COMESA Member States

These include Angola, Burundi, Comoros, D.R.Congo, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Libya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Sudan, Swaziland, Uganda, Zambia and Zimbabwe.

3. SADC Member States

SADC Member States include Angola, Botswana, D.R.Congo, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe.

4. Rules of Origin

The COMESA and SADC Treaties provide that goods shall be accepted eligible for preferential tariff treatment if they originate in the Member States. Goods shall be accepted as originating in a Member State if they are consigned directly from another Member State and comply with one of the five origin conferring criteria listed below:

- (a) goods wholly produced in a Member State (that is, no raw materials from outside the Regions have been used in their manufacture); or
- (b) goods produced in a Member State and the CIF value of any foreign (that is non-COMESA or SADC) materials used does not exceed 60% of the total cost of all materials used in the production; or
- (c) goods produced in Member States whose value added resulting from the process of production accounts for at least 35% of the ex- factory cost of the goods; or
- (d) goods produced in a Member State designated in a list by the Council to be of particular importance to the economic development of the Member State and containing not less than 25% value added notwithstanding the provision in © above.
- (e) goods satisfying the change of tariff heading resulting from their process of manufacture where some raw materials are imported.

Note: For goods to be admitted into a COMESA or SADC Member State as originating in another Member State, the importer/exporter of the goods concerned must present to the Customs Authority, alongside the Bill of Entry a certificate of origin duly completed and signed in the exporting Member State and certified by designated certifying authority of that Member State.

5. COMESA Tariffs

The application of the COMESA Protocol between the Member States is on reciprocal basis.

- (a) The following countries have reduced their tariffs and fully participating in the Free Trade Area (FTA).
These are Burundi, Comoros, Djibout, Egypt, Kenya, Libya, Madagascar, Malawi, Mauritius, Rwanda, Sudan, Zambia and Zimbabwe.

Note: Eligible goods originating from these countries attract Customs duty at 0% in the Free Trade Area.

- (b) The status of tariff reduction for the under listed countries is as detailed below:
1. Eritrea – 80%
 2. Ethiopia – 10%
 3. Uganda – 80%

Note: Eligible goods from these countries attract customs duty at the rates of the tariff reduction reached by each country as indicated above.

- (c) Some countries have not effected any tariff reduction. These include Angola, DR Congo, and Seychelles.

Note: Goods from these countries shall attract customs duty at their substantive rates appearing in the Customs and Excise tariff book.

- (d) Swaziland is under derogation. What this means is that imports from Swaziland will attract customs duty at 0% while exports to Swaziland will attract customs duty.

6. SADC Tariffs

The SADC Protocol came into effect in the year 2000. Under this Agreement, Member States have agreed to a gradual reduction of the duty rates over a period of 12 years and eventual elimination by the year 2012.

Note: Eligible goods from SADC Member states coming into Zambia attract duty at rates ranging from 0, 5, 10 and 15%.

7. Other International Trade Agreements being implemented

Under these Trade Agreements, eligible Zambian exports are admitted into various world markets such as Europe, Asia and United States of America at preferential duty rates. These are meant to reduce the cost of the products and increase their competitiveness on the global market. The end result is growth in the export sector.

These are;

- (a) General Systems of Preferences (GSP) – this is a non- reciprocal preferential treatment granted to developing countries under the Cotonou Agreement.
- (b) Everything but Arms Initiative of the European Union (EUR 1)
- (c) The African Growth and Opportunity Act (AGOA) of the United States of America
- (d) Zambia China bilateral Trade Agreement

8. What the Exporter should do to obtain a Certificate of Origin

- a) An exporter intending to export goods from Zambia to another Member State and desiring to have such goods granted preferential tariff treatment in the importing Member State must obtain a certificate of origin from ZRA Customs Services Division, which is the certifying authority in Zambia. The certificate, when presented by the importer to the Customs Authorities in the importing Member State will serve as evidence to enable the goods to be accorded the preferential tariff treatment being sought.
- b) The exporter/manufacturer must present to Customs Services Division evidence that the goods have been produced in conformity with conditions specified in the Rules of Origin when applying for a certificate in respect of the goods being exported.
- c) Where the goods have been produced by a company or enterprise that is not the exporter seeking the certificate of origin, then, the exporting company or enterprise must obtain from the producer a declaration in the prescribed form. The exporter should ensure that such information is correct.
- d) The exporter must complete the certificate of origin form.
- e) While the exporter is free to decide whom to sign declarations on his behalf, it is highly desirable that the person so authorized be a member of the exporting firm. Declarations signed by shipping or forwarding agents are not acceptable.
- f) Certificates of origin for other International Trade Agreements are also available and can be obtained from the Customs Services division.
- g) All certificates of origin are sold at K4,500.00 each.