YOUTH UNEMPLOYMENT AND THE EFFECTS OF REGIONAL INTEGRATION ON TRADE BALANCE IN ZAMBIA

Syed Ali
Associate Professor of Economics and Acting Dean, School of Social Sciences Mulungushi University, Kabwe, ZAMBIA

Urooj Afshan Jabeen
Assistant Professor of Economics Government Degree College for Women Nalgonda, INDIA

ABSTRACT

The objective of this study was to find out the quality of unemployed youth with respect to their level of education, training, ICT skills, access to internet and health and their impact on the trade balance due to regional integration. The study used both primary and secondary data. The model used was specified and derived from the economic function of ATB=f(Edu, ICT, Health and Access to Internet) and the econometric model was ATB=β0 + β1Edu + β2ICT + β3Hea + β4Aint + µ. The study revealed that the quality of unemployed youth was poor. There was inverse relationship between the level of education, health, access to internet and trade balance. Whereas, there was positive relationship between the ICT skills and trade balance. The study recommended for improving the skills to benefit from the opportunities that arise from regional integration. The ACBF and NEPAD should formulate policies needed to increase skills and competence of the unemployed youth in Zambia.

Keywords: Youth unemployment; Regional integration; SADC; COMESA; Trade balance.

INTRODUCTION

Zambia’s Human Development Index value increased from 0.422 in 1980 to 0.586 in 2014, a 40.2 percent gain, placing the country in the medium human development range (ZHDDR 2016). It stood at 139 out of 188 countries (HDR 2015). Youth employment has been one of the Sustainable Development Goals. The global youth unemployment rate is 13.1 percent and the number of unemployed youth is 73.4 million in 2015. The youth share in total unemployment is 36.4 percent and the ratio of youth-to-adult unemployment rate is 2.9 percent. The youth unemployment rate for male and female is 12.6 percent and 13.7 percent respectively (ILO 2015a). Africa is the fastest growing and most youthful population (Over 60% of the population is currently younger than 25 years) in the world with implications of job creation and stability (UN 2013). North Africa has the highest (exceeding 25%) youth unemployment in the world – significantly higher than the 16.3 percent of the OECD area (OECD 2013). According to School-to-Work Transition Surveys (SWTS) youth unemployment rates by strict and relaxed definitions in Zambia are 38.0 percent and 17.7 percent respectively and youth unemployment rate by level of completed educational attainment for primary or less, secondary and tertiary is 11.6 percent, 23.1 percent and 19.7 percent respectively (ILO 2015b).

To solve the problem of youth unemployment and over all development, the African countries have adopted the regional integration strategy, which involves the establishment of regional free trade areas (FTA), a continental customs union, a common market and a monetary and economic union. The ultimate purpose of this strategy is to establish an African Economic Community (AEC) through regional integration to create a single continental market for goods and services with free movement of business, people and investments.
Youth unemployment and under employment are critical development challenges to address and regional policies ought to be put to bear to African countries with initiatives addressing these challenges (Kararach et al 2011). Zambia is currently a member to two regional communities, i.e., SADC (South African Development Community and COMESA (Common Market for Eastern and Southern Africa).

Objectives of Study

The purpose of this paper was to find out the quality of unemployed youth in Zambia and the effects of regional integration on trade balance. The specific objectives were to:

1. Find out the quality of unemployed youth, i.e., education, training and health.
2. Research Zambia’s export and import trade with regional communities, i.e., SADC and COMESA.
3. Examine the annual trade balance of Zambia with regional communities.
4. Know the relationship between quality of unemployed youth and annual trade balance

LITERATURE REVIEW

Theoretical Literature Review

According to Jacob Viner’s Custom Union Theory (1950) preferential trade arrangements, including Free Trade Agreements (FTAs) bring important changes to national and global welfare through two distinct effects, i.e., static and dynamic. The static effects of integration results from a one-time reallocation of economic factors of production and natural resources and entail negative and positive impacts on welfare. This theory analyses the welfare effects of Free Trade Agreements by introducing the concepts of trade creation and trade diversion. The trade creation means increase in trade due to abolition of trade barriers within the FTA. Increase in welfare is possible when there is shift in consumption from a higher-cost domestic product to a lower-cost partner country product. On the other hand, trade diversion means shift in consumption in favour of higher-cost products and services from the region than lower-cost products and services produced by countries outside the region. The dynamic gains from FTAs are related to long run. These gains result from economies of scale, efficiency, inward FDI flows, removal of contingent protection and trade barriers.

The standard international trade theory, i.e., Heckscher-Ohlin-Stolper-Samuelson theory predicted employment gains for women in export sectors of developing countries and employment losses for women in industrial countries. Becker’s theory predicted decline in labour market discrimination in response to increasing competition in product markets generated by trade expansion, leading to demand-induced dynamic toward greater gender equity.

Empirical Literature Review

Anyanwu (2014) revealed that for increased intra-African trade and youth employment reduction there was need for eliminating tariffs and non-tariff barriers and also investing in human capital to enhance technical and vocational education and health. The study by Stone et al. (2013) concluded that higher export shares were associated with lower probability of unemployment, while import penetration showed a tendency to increase slightly the probability of unemployment. Mashayekhi et al. (2012) using CGE approach revealed that substantial changes in employment in a specific sector occurred in SADC due to removal of
high tariffs. The employment effects from the elimination of intra-SADC tariffs were positive but small in all SADC member countries.

Lawrence and Robert (2012) analysed the challenges faced by the Zambian regional policy and concluded that Zambia should adopt the same tariff as other COMESA members and should participate in the SADC as a FTA member but cannot belong to two customs union unless they adopt the same external tariff.

Newfarmer and Sztajerowska (2012) revealed that trade liberalisation reduced unemployment rates in the trading countries. Von Xexkull (2012) reported that regionally exporting firms in ECOWAS (Economic Community of West African States) contributed significantly to the creation of jobs, even faster than global exporters.

OECD (2012) estimated that even under recession conditions further trade liberalisation among the G20 economies led to improved labour market outcomes a 50% reduction in tariffs and non-tariff measures led to increase of 0.3% to 3.4% in employment for low skilled workers and between 0.7% and 5% for high skilled workers. According to Thompson, et.al (2012) trade liberalisation caused relocation of jobs in Australia, leading to decreased manufacturing employment and increased employment in mining and services.

According to UNDP (2011) health and education policies played an important role in the context of economic integration by empowering citizens and increasing productivity. Many countries in Southern Africa had particularly high rates of communicable diseases which reduced productivity and growth. Enrolment in Secondary and Tertiary (including vocational) education in Africa was particularly low. Regional integration could allow African countries to pool resources to build the human resources base and technological capacities to allow Africa to sustain growth and remain globally competitive.

Kim (2011) using the data of 20 OECD countries for the years 1961-2008 found that an increase in trade led to higher aggregate unemployment in rigid labour market institutions, whereas it reduced aggregate unemployment in flexible labour markets. In a country with the average degree of the labour market rigidities, an increase in trade had no significant effect on unemployment rates.

The study by Hahn and Park (2011) revealed that exporting promoted the employment of the skilled workers in Korean manufacturing sector but had a less beneficial effect on the unskilled workers in the Korean manufacturing sector since the 1990’s, Mc Millan and Verduzco (2011) revealed that in Brazil, South Africa and the United States, trade liberalization resulted in employment losses in the industrial sector.

Chinembiri (2010) analysed the impacts of trade liberalisation on employment at the aggregated levels of South Africa and found that derived labour demand in the primary sectors (agriculture, fishery, forestry and mining activities) and the secondary sectors (manufacturing, utilities and construction industries) were impacted negatively by increased imports.

Felbermayr et al. (2009) argued that trade liberalisation lowered unemployment as long as it improved the aggregate productivity. This happened through crowding-out of the least productive firms and the labour reallocation in to more productive firms.
Dutt et al. (2009) using cross-country data found fairly strong evidence that trade openness resulted in lower aggregate unemployment. The trade liberalization resulted in immediate rise in unemployment but in the long run employment recovered and unemployment declined.

Feldstein (2008) suggested that in evaluating its position Zambia needs to weigh the gains with losses. Not all countries or regions are suited to the formation of a monetary union. The benefits of a monetary union were much greater the more closely integrated was the area with respect to international trade and factor (labour and capital) movements.

Moore and Rajan’s study (2005) revealed that trade liberalisation led to an increase in the unemployment of unskilled workers. Trade liberalisation increased the profitability of innovation activity by raising the profit margin of the exporting firms. As a result more firms were engaged in research and development and the demand for skilled labor increased. Aggregate unemployment decreased in skilled labor-abundant country and increased in unskilled labor-abundant country.

Veron and Dean (2003) revealed that the maximum possible gains from free trade for Zambia were 2.8 percent of GDP annually, while the completion of COMESA and SADC free trade areas provided economy-wise benefits of 1.2 percent and 1.0 percent of GDP respectively. This study differs from the above studies and opens a new thought on the relationship between the quality of unemployed youth and the effects of regional integration on trade balance in Zambia, where the quality of unemployed youth with respect to education, training, ICT skills, access to internet and health is poor.

METHODOLOGY

The study used both primary and secondary data. The primary data were collected by using multi-stage random sampling technique to select the sample. In the first stage three provinces, i.e., Copperbelt, Luapula and Southern Province were identified – representing developed, medium developed and backward, respectively out of 10 provinces in Zambia. In the second stage, Luanshya town from Copperbelt Province; Chipili town from Luapula Province and Monze town from Southern Province were selected. In the third stage, 49 from Copperbelt Province, 60 from Luapula Province and 26 from Southern Province – a total of 135 sample unemployed youth were selected. The data were collected during September to November 2015 by serving questionnaire and interview. The study used the ILO’s definition of youth, i.e., between 15 and 24 years. The level of education was indicated with illiterate, primary, secondary and tertiary level. Training was shown in number of years, the ICT skills and access to internet of the unemployed youth were shown in percentages. The health problems of both male and female during the last 12 months were taken into consideration. The nature of health problems was related to Malaria, T.B, Cholera, Heart attack, Cancer, Malnutrition/Visually handicapped, etc.,

The secondary data on Zambia’s trade with SADC and COMESA were collected from the Central Statistical Office (CSO) Lusaka. The relationship between annual trade balance and the quality of unemployed youth was measured by using econometric model. Annual Trade Balance was the dependent variable and the level of education, ICT skills, health conditions and access to internet of the unemployed youth were the independent variables. The policy measures were recommended to increase the quality of unemployed youth to get employment and positive trade balance through the regional integration.
Model Specification

The model used under this study was specified and derived from the following function:

\[ ATB = f(EDU, ICT, HEA, AINT) \]

The above model therefore becomes:

\[ ATB = \beta_0 + \beta_1 EDU + \beta_2 ICT + \beta_3 HEA + \beta_4 AINT + \mu \]

Where:

- \( ATB \) = Annual Trade Balance for Zambia.
- \( EDU \) = Level of education of the unemployed youth.
- \( ICT \) = ICT skills of the unemployed youth.
- \( HEA \) = Health status of the unemployed youth.
- \( AINT \) = Access to internet of the unemployed youth.
- \( \mu \) = The error term.

Numerically, the econometric model is specified as follows:

\[ ATB = 554825.1 - 9615.711 EDU + 17726.55 ICT - 312.4523 HEA - 10634.72 AINT + \mu \]

\[ R^2 = 0.8237 \]

Dependent Variable: ATB
Method: Least Squares
Date: 06/11/16   Time: 04:35
Sample: 2005 2012
Included observations: 8

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Std. Error</th>
<th>t-Statistic</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>554825.1</td>
<td>1588471.</td>
<td>0.349283</td>
<td>0.7500</td>
</tr>
<tr>
<td>EDU</td>
<td>-9615.711</td>
<td>8932.790</td>
<td>-1.076451</td>
<td>0.3606</td>
</tr>
<tr>
<td>ICT</td>
<td>17726.55</td>
<td>37441.73</td>
<td>0.473444</td>
<td>0.6682</td>
</tr>
<tr>
<td>HEA</td>
<td>-312.4523</td>
<td>1965.224</td>
<td>-0.158991</td>
<td>0.8838</td>
</tr>
<tr>
<td>AINT</td>
<td>-10634.72</td>
<td>7039.318</td>
<td>-1.510760</td>
<td>0.2280</td>
</tr>
</tbody>
</table>

According to the model used in this study, there existed an inverse relationship between education and annual trade balance. The relationship was therefore interpreted as follows: a one unit increase in level of education led to a K 9615.7 reduction in the annual trade balance on average, holding other factors constant. The holding assumption was that on average an increase in educated individuals in a country resulted into a higher labour force that had access to a basic salary. Therefore, this increased the consumption of the people. As consumption increased people demanded more of imported commodities. Therefore, the increased imports reduced the trade balance.

On the other hand, there existed a positive relationship between the ICT skills and the annual trade balance. The relationship was interpreted as follows: One unit increase in ICT led to a K 17726.55 increment in the annual trade balance on average, Ceteris Paribus. Increase in the ICT skills had the potential to bring technological advancement and improved production methods of local goods and services. This overall increased the attractiveness of local
materials on the international market. The end result was higher exports which implied an increase in the trade balance.

An inverse relationship was found between health and annual trade balance. The relationship was therefore interpreted as follows: One kwacha increase in health expenditure led to a K 312.4523 reduction in the annual trade balance, on average, holding other factors constant. It was assumed that efforts to improve the health status of the individuals led to increase the level of imports, which negatively affected the trade balance. In most developing countries most of the health facilities and medicines were purchased from high or technically advanced foreign countries.

Finally, there was also an inverse relationship between access to internet by the unemployed youth and annual trade balance. The relationship was therefore interpreted as follows: One unit increase in access to internet led to K 10634.72 reduction in the annual trade balance, on average, holding other variables constant. When more people had access to the internet facilities, they exposed to high quality and cheap commodities from foreign countries. Consumer preference patterns changed in favour of foreign commodities. This resulted in increased import levels and reduced the trade balance.

RESULTS

The quality of Unemployed Youth

(a) Education

Table (1) shows the level of education of unemployed youth

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Name of Province</th>
<th>Illiterate</th>
<th>Primary</th>
<th>Secondary</th>
<th>Tertiary</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Copperbelt</td>
<td>01 (2.04)</td>
<td>12 (24.48)</td>
<td>36 (73.48)</td>
<td>-</td>
</tr>
<tr>
<td>2.</td>
<td>Luapula</td>
<td>01 (1.66)</td>
<td>32 (53.34)</td>
<td>27 (45.0)</td>
<td>-</td>
</tr>
<tr>
<td>3.</td>
<td>Southern</td>
<td>-</td>
<td>-</td>
<td>26 (100.0)</td>
<td>-</td>
</tr>
<tr>
<td>4.</td>
<td>Total</td>
<td>02 (1.48)</td>
<td>44 (32.60)</td>
<td>89 (65.92)</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: Primary data

Out of 135 unemployed youth, 65.92 percent studied secondary level, 32.60 percent studied up to primary level and the illiterates were only 1.48 percent. All the unemployed youth in Southern Province studied up to secondary level. In Copperbelt and Luapula provinces it was 73.48 percent and 45 percent respectively. The youth unemployed studied up to primary level in Copperbelt and Luapula provinces were 24.48 and 53.34 percent respectively.

(b) Training, ICT skills and Access to Internet

Table (2) shows the Training, ICT skills and Access to Internet

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Name of Province</th>
<th>Training (years)</th>
<th>ICT skills (%)</th>
<th>Access to Internet (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Copperbelt</td>
<td>0.32</td>
<td>71.42</td>
<td>67.35</td>
</tr>
<tr>
<td>2.</td>
<td>Luapula</td>
<td>0.03</td>
<td>30.00</td>
<td>26.66</td>
</tr>
<tr>
<td>3.</td>
<td>Southern</td>
<td>0.11</td>
<td>46.15</td>
<td>34.62</td>
</tr>
<tr>
<td>4.</td>
<td>Total</td>
<td>0.15</td>
<td>48.14</td>
<td>42.96</td>
</tr>
</tbody>
</table>

Source: Primary data.

The average number of years of training was only 0.15 years but less than half of the unemployed youth had ICT skills and access to internet. The highest number of years of
training was found in Copperbelt and the lowest was in Luapula. In Southern Province it was 0.11 years. Copperbelt province being the developed one, 71.42 percent had ICT skills and 67.35 percent had access to internet. The training provided in Copperbelt province was higher than in other two provinces.

(c) Health

The table (3) shows the number of unemployed youth with health problems

<table>
<thead>
<tr>
<th>S.No</th>
<th>Province</th>
<th>Number</th>
<th>Male (%)</th>
<th>Female (%)</th>
<th>Total</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Copperbelt</td>
<td>49</td>
<td>22 (64.7)</td>
<td>12 (35.3)</td>
<td>34</td>
<td>69.38</td>
</tr>
<tr>
<td>2.</td>
<td>Luapula</td>
<td>60</td>
<td>19(52.77)</td>
<td>17(47.23)</td>
<td>36</td>
<td>60.00</td>
</tr>
<tr>
<td>3.</td>
<td>Southern</td>
<td>26</td>
<td>04 (50.0)</td>
<td>04 (50.0)</td>
<td>08</td>
<td>30.76</td>
</tr>
<tr>
<td>4.</td>
<td>Total</td>
<td>135</td>
<td>45(57.7)</td>
<td>33(42.30)</td>
<td>78</td>
<td>57.77</td>
</tr>
</tbody>
</table>

Source: Primary data. Figures in parentheses are the percentages

Table (3) shows that 57.77 percent unemployed youth were having health problems. Their percentage was higher (60%) in Luapula Province than other provinces. The gender issues with regard to health shows that 57.70 percent male and 42.30 percent females were suffering from health problems. The percentage of male having health problems in all the provinces were more than the female.

Table (4) shows the nature of health problems of the unemployed youth

<table>
<thead>
<tr>
<th>S.No</th>
<th>Nature of health problem</th>
<th>Total No. of Youth</th>
<th>No. of Youth having health problems</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Malaria</td>
<td>135</td>
<td>43</td>
<td>31.85</td>
</tr>
<tr>
<td>2.</td>
<td>T.B</td>
<td>135</td>
<td>04</td>
<td>2.96</td>
</tr>
<tr>
<td>3.</td>
<td>Cholera</td>
<td>135</td>
<td>01</td>
<td>0.74</td>
</tr>
<tr>
<td>4.</td>
<td>Heart Attack</td>
<td>135</td>
<td>01</td>
<td>0.74</td>
</tr>
<tr>
<td>5.</td>
<td>Lung Cancer</td>
<td>135</td>
<td>01</td>
<td>0.74</td>
</tr>
<tr>
<td>6.</td>
<td>Malnutrition/Visually handicapped</td>
<td>135</td>
<td>04</td>
<td>2.96</td>
</tr>
<tr>
<td>7.</td>
<td>Others</td>
<td>135</td>
<td>24</td>
<td>17.78</td>
</tr>
<tr>
<td>8.</td>
<td>Total</td>
<td>135</td>
<td>78</td>
<td>57.77</td>
</tr>
</tbody>
</table>

Source: Primary data.

The table (4) shows that more than half of the unemployed youth, i.e., 57.77 were suffering from health problems. 31.85 percent were suffering with malaria; 2.96 percent each from T.B and mal-nutrition/visually handicapped; 0.74 percent each from cholera, heart attack and lung cancer; and 10.37 percent from other health problems like head ache, decently, etc.,
Zambia’s Trade with Regional Communities

(a) Exports

Table (5) shows Zambia’s Export Trade with Regional Communities

<table>
<thead>
<tr>
<th>S.No</th>
<th>Trade With</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>SADC</td>
<td>2255.4</td>
<td>2516.9</td>
<td>4193.9</td>
<td>3740.6</td>
<td>4659.2</td>
<td>6321.6</td>
<td>9054.8</td>
<td>13416.3</td>
</tr>
<tr>
<td>2</td>
<td>COM-ESA</td>
<td>1548.3</td>
<td>1622.9</td>
<td>2518.9</td>
<td>3120.6</td>
<td>3183.5</td>
<td>3359.2</td>
<td>4737.6</td>
<td>7850.8</td>
</tr>
<tr>
<td>3</td>
<td>All Africa</td>
<td>2687.4</td>
<td>3264.1</td>
<td>5264.9</td>
<td>5257.2</td>
<td>5397.2</td>
<td>6893.4</td>
<td>9714.2</td>
<td>13965.5</td>
</tr>
</tbody>
</table>


Zambia’s export trade with SADC and COMESA increased by more than four hundred percent during 2005 and 2012. The export trade with SADC was more than with COMESA. It was also higher than all African countries’ trade during this period.

(b) Imports

Table (6) shows Zambia’s Import Trade with Regional Communities

<table>
<thead>
<tr>
<th>S.No</th>
<th>Trade With</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>SADC</td>
<td>6540.6</td>
<td>6366.0</td>
<td>9096.3</td>
<td>10884.7</td>
<td>10938.6</td>
<td>15796.3</td>
<td>20396.8</td>
<td>23678.1</td>
</tr>
<tr>
<td>2</td>
<td>COM-ESA</td>
<td>878.3</td>
<td>1049.0</td>
<td>1431.9</td>
<td>2873.7</td>
<td>3292.1</td>
<td>6979.6</td>
<td>7953.7</td>
<td>9657.0</td>
</tr>
<tr>
<td>3</td>
<td>All Africa</td>
<td>6751.7</td>
<td>6596.7</td>
<td>9453.9</td>
<td>11244.3</td>
<td>11413.2</td>
<td>16204.4</td>
<td>21224.5</td>
<td>25738.3</td>
</tr>
</tbody>
</table>


Zambia’s import trade with the regional communities increased during 2005 and 2012. The import trade with COMESA was more than with SADC. The import trade with SADC from K 6540.6 billion in 2005 to K 23,678.1 billion in 2012. Where as it was increased with COMESA from K 878.3 billion to K 9657 billion during the same period.

(c) Annual Trade Balance

Table (7) shows the annual trade balance in goods with SADC and COMESA

<table>
<thead>
<tr>
<th>Regional Community</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>SADC</td>
<td>-4285.2(86.48)</td>
<td>-3849.1(87.02)</td>
<td>-4902.4(81.85)</td>
<td>-7144.1(96.65)</td>
<td>-6279.4(98.3)</td>
<td>-9474.7(72.35)</td>
<td>-11342.1(77.9)</td>
<td>-10261.8(85.03)</td>
</tr>
<tr>
<td>COMESA</td>
<td>669.9(13.52)</td>
<td>573.9(12.98)</td>
<td>1087.0(18.15)</td>
<td>246.9(3.35)</td>
<td>-108.6(1.7)</td>
<td>-3620.3(27.65)</td>
<td>-3216.1(22.1)</td>
<td>-1806.2(14.97)</td>
</tr>
</tbody>
</table>


Zambia’s deficit in its trade in goods with SADC countries during the year 2005 stood at K 4285.2 Billion; then declined marginally to K 3849.1 Billion in 2006. In 2007, the trade deficit increased to K 4902.4 Billion and K 7144.1 Billion in 2008 before decreasing to K 6279.4 Billion in 2009. In 2010, the deficit increased to K 9474.7 Billion. Furthermore, in
2011 and 2012, a trade deficit of K 11342.1 Billion and K 10261.8 Billion was recorded, respectively. This indicates that Zambia imports more from SADC than it exports to the region, as shown by the steady increase in the value of imports during the period under review.

Annual trends on Zambia’s trade with COMESA member countries from 2005 to 2006 showed that the trade surplus declined marginally before increasing by almost 50 percent in 2007 to K 1087 Billion from K 573.9 Billion in 2006. In 2008, the surplus reduced to K 246.9 billion which was the lowest ever trade surplus for the period under review. However, trade deficits were recorded after 2008. In 2009, COMESA registered a trade deficit valued at K 108.6 Billion, before increasing to K 3620.3 Billion in 2010. In 2011, a decline to K 3216.1 Billion was recorded and further reduced to K 1806.2 Billion in 2012. However, a steady increase in the value of exports to COMESA gives an indication that Zambia will enjoy trade surpluses with this regional group.

DISCUSSION

The results of study showed that the literacy level, ICT skills and access to internet of the unemployed youth were poor. More than half of the unemployed youth were having health problems and more male youth were suffering from health problems than the female youth. There was inverse relationship between education, access to internet, health and the annual trade balance due to inter-regional trade. But there was positive relationship between ICT skills and annual trade balance due to inter-regional trade.

The annual trade balance of Zambia with SADC and COMESA was negative during 2009 to 2012, revealing that Zambia imported more than it exported during this period. These results did not confirm the results of the study by Vernon and Dean (2003) and Newfarmer & Sztajerowska (2012). Where as, this study supports the outcome of the study by Chinembiri (2010), which concluded that trade liberalisation resulted in increased imports. The study also confirmed the results of the study by Kim (2011), which revealed that an increase in trade led to unemployment in rigid labor markets. This study confirmed the results of the study by UNDP (2011) which stated that in Southern Africa there were high rates of communicable diseases, low enrolment in secondary and tertiary education but regional integration could increase the human capital and technological capacities to achieve sustainable growth in Africa. The study also confirmed the results of the research by Lawrence & Robert (2012); Mashayekhi et.al (2012); Stone et.al (2013) and Anyanwu (2014).

CONCLUSIONS

The following conclusions emerge from the foregoing analysis.

1. The quality of unemployed youth with respect to education, training, ICT skills and access to internet should be improved to benefit from the opportunities that arise from the regional integration. The skills of unemployed youth should be matched to job requirements. The skills could be enhanced through entrepreneurship, leadership, innovation, managing risks and uncertainties.
2. The demand for unemployed youth could be increased through regional infrastructure development, improving conditions for economic growth and private sector activities. Investments in energy and transport could speed up export sectors and create export related jobs.
3. Multi-country ICT could enhance connectivity and develop business environment through increase in the size of markets, access to markets and innovation.
4. The institutions that work on a regional level like African Capacity Building Foundation (ACBF) and New Partnership for Africa’s Development (NEPAD) should support Zambia to formulate policies needed to increase skills and competence of the unemployed youth to benefit from the regional integration.
5. The processes and systems, including border crossing and regulations across countries, should be harmonised to enhance the capacity of the regional economic communities.
6. Health and Education policies should be amended in the context of regional integration to empower the unemployed youth to increase productivity. Regional integration should allow to pool resources to build the human resources base and technological capacities.
7. Zambia should grab the opportunities of employment and structural changes that arise from regional integration.

REFERENCES


Bertil Ohlin (1933): Inter regional and International Trade, Harvard University Press.


OECD (2013): Employment and Labour Markets: *Key Tables from OECD, France*.


UNDP (2011): Regional Integration and Human Development: Pathway for Africa, *UNDA, New York, USA, p. 61*

