Zambia

An Investment Guide to Zambia

Opportunities and Conditions

2011

UNITED NATIONS

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UNCTAD

The United Nations Conference on Trade and Development (UNCTAD) was established in 1964 as a permanent intergovernmental body. Its main goals are to maximize the trade, investment and development opportunities of developing countries, to help them face challenges arising from globalization, and to help them integrate into the world economy on an equitable basis. UNCTAD's membership comprises 193 States. Its secretariat is located in Geneva, Switzerland, and forms part of the United Nations Secretariat.

ICC

The International Chamber of Commerce (ICC) is the world business organization. It is the only body that speaks with authority on behalf of enterprises from all sectors in every part of the world, grouping together thousands of members, companies and associations from 130 countries. ICC promotes an open international trade and investment system and the market economy in the context of sustainable growth and development. It makes rules that govern the conduct of business across borders. Within a year of the creation of the United Nations it was granted consultative status at the highest level (category A) with the United Nations Economic and Social Council. This is now known as General Category consultative status.

Notes

The term "country" as used in this study also refers, as appropriate, to territories or areas; the designations employed and the presentation of the material do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries. In addition, the designations of country groups are intended solely for statistical or analytical convenience and do not necessarily express a judgment about the stage of development reached by a particular country or area in the development process.

References to "dollars" ($) are to United States dollars, unless otherwise indicated.
References to "tons" are to metric tons.

While every reasonable effort has been made to ensure that the information provided in this publication is accurate, no business or other decision should be made by the reader on the basis of this information alone, without a further independent check. Neither UNCTAD nor ICC accepts any responsibility for any such decision or its consequences.

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Three good reasons to invest in Zambia

- **Investment-friendly environment**

Zambia is consistently undertaking various measures to improve its business environment. The ambitious Private Sector Reform Development Programme (PSRDP) is bent on further streamlining business licensing processes and improving other administrative processes related to business establishment. The creation of the Zambia Development Authority (ZDA) in 2007 centralized and rationalized investment facilitation and promotion and through the ZDA, a generous incentive scheme for investors is also made available and aftercare services provided. Furthermore, the development of multi-facility economic zones provides investors with more secure and well-equipped environment to operate. Finally, reforms are continuing in the areas of automated registration, permits and visa processing, registration of land, and customs clearings. The labour laws are also currently under review.

- **Market access**

Zambia shares borders with eight countries in the South-eastern subregion. As a member of the South African Development Community Free Trade Area (SADC-FTA), Zambia expands its market's reach to the more than 170 million people comprising the FTA with a regional market worth $360 billion. In addition, as a member of the Common Market for Eastern and Southern African States (COMESA), investors have ready access to the largest regional economic grouping in Africa with 19 members comprising over 400 million people. The expected establishment of a single FTA comprising 26 countries of Common Market for Eastern and Southern Africa (COMESA), East African Community (EAC) and SADC by 2012 will result in an even larger market that will be attractive to investments and conducive to large-scale production.

Regional infrastructure cooperation projects, such as the most recent North–South Corridor project, which links the port of Dar es Salaam (United Republic of Tanzania) to the Copperbelt (Zambia) and through to the southern ports of South Africa strategically positions Zambia as a land-linked transit hub to its neighbouring countries. Improvements in road and rail travel along this corridor will also help ensure a more fluid movement of goods and people within the subregion.

- **Resources and opportunities**

With a total mineral resource of at least two billion tons in the Copperbelt region alone, the mining sector offers real potential for growth and further expansion. Aside from copper and cobalt, Zambia also boasts of precious stones such as emeralds, amethyst, aquamarine, gold and diamonds, among others. Zambia has 752,000 square kilometres of landmass, 58 per cent of which is arable. New farming blocks have recently been made available for use by both local and international investors for cultivation and agro-business purposes. A number of horticultural and floricultural crops, with export markets in Europe and South Africa are being promoted for expansion. There are opportunities to engage in agro-processing and move up the value chain and investments through joint ventures. Zambia's tourism potential lies in its vast natural resources, most of which are pristine and unexploited and cater to a diverse and broad range of interests, including varied sceneries, wilderness and wildlife, adventure activities, diverse culture and national heritage. Aside from the world famous Victoria Falls, a UNESCO world heritage site, Zambia boasts many other attractions, including 19 national parks and 34 game management areas covering over 22.4 million hectares. Zambia's wildlife estate is one of the largest in the subregion, with wildlife protected areas occupying about 40 per cent of the country's land surface area. There is scope for development of private wildlife estates given the availability of land in communal areas.

Note to the reader

This document is published as part of the UNCTAD–ICC series of investment guides. The publications in this series are intended for the use of foreign investors who are largely unfamiliar with the countries covered.

They are thus designed to offer overviews of potential locations for investment, rather than constitute exhaustive works of reference or provide detailed practical instruction. They do, however, offer pointers to sources of further information in the private as well as the public sector.

There are two other features of these publications that the reader will find worth noting. One is that they are third-party documents, intended to offer a balanced and objective account of investment conditions. Their principal advantage in drawing the attention of investors to the countries they cover is credibility. The other feature is that both their general structure and some of their specific content are the result of consultations with the private sector.

The executive summary is followed by a brief introductory chapter. Then come the three chapters that account for the bulk of the contents. "The operating environment" describes the general conditions in which investors must operate: macroeconomic conditions, infrastructure, human resources, etc. "Areas of opportunity" offers a description of areas of potential interest to foreign investors. "The regulatory framework" focuses on regulations governing investment and foreign direct investment in particular. The fifth and final chapter provides a summary of the perceptions of the private sector in the country, both foreign and domestic.

Preface

Foreign direct investment (FDI) has come to be widely recognized over the past decade as a major potential contributor to growth and development. It can bring capital, technology, management know-how and access to new markets. In comparison with other forms of capital flows, it is also more stable, with a longer-term commitment to the host economy.

An Investment Guide to Zambia is the concrete product of a collaborative venture by the United Nations Conference on Trade and Development (UNCTAD) and the International Chamber of Commerce (ICC). The objective of this project is to bring together two parties with complementary interests: companies that seek new opportunities and countries that seek new investors. This is not always a straightforward exercise, for firms are driven by their global strategies as much as lured by specific opportunities, and countries have economic and social objectives that transcend attracting foreign investment.

The UNCTAD–ICC investment guides are thus properly seen as parts of a process, a long-term process at the heart of which is an ongoing dialogue between investors and governments. The guides themselves are the product of a dialogue, including that occurring among and between the representatives of business and government during the workshops that precede the completion of the guides. It is our hope that the guides will in turn contribute to the dialogue, helping to strengthen and sustain it. We are convinced that in the long run it is this alone that will create conditions increasingly conducive to greater flows of investment.

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- *Guide de l'investissement au Mali, 2000;* revised edition in new format, 2004
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