Chapter 1: Doing Business In Zambia

- Market Overview
- Market Challenges
- Market Opportunities
- Market Entry Strategy

Market Overview

Welcome to the Zambia Country Commercial Guide (CCG). This guide presents a comprehensive look at Zambia’s commercial environment, using economic, political, and market analysis.

- Zambia is a politically stable, multi-party democracy, rich in natural resources. Its relatively open economy has averaged more than six percent real GDP growth over the past five years and was ranked one of the fastest growing economies in the world in a recent report by The Economist magazine. Through market liberalization, fiscal discipline, and sound economic policies, the country has
brought down the annual inflation rate to less than 10 percent and attracted substantial foreign investment.

- Zambia’s main export markets are Switzerland, South Africa, DR Congo, China, and Egypt. Imports come primarily from South Africa, India, Kuwait, China, DR Congo, and the United Arab Emirates.

- Zambia’s main exports are non-ferrous metals (primarily copper and cobalt), non-metallic minerals, coffee, tea, spices, miscellaneous manufactured goods, and wood products.

- In 2010, 1.4% of Zambia’s total imports were from the United States. These consisted primarily of cereals, telecommunications equipment, machinery, tractors, agricultural equipment and parts, medicaments, medical instruments, chemicals, and mining equipment.

- In 2010, less than one percent of Zambian exports went to the United States, consisting almost entirely of copper and cobalt. Other exports included precious and semi-precious stones, coffee, honey, spices, and handicrafts.

- As of December 2010, U.S. Foreign Direct Investment assets in Zambia were estimated to be USD 144.3 million.

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
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<tbody>
<tr>
<td>Real GDP Growth 2010</td>
<td>6.6%</td>
</tr>
<tr>
<td>GDP per capita estimate 2009</td>
<td>USD 1,286</td>
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<tr>
<td>Zambia Total Exports 2010</td>
<td>USD 6.9 billion</td>
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<tr>
<td>Zambia Total Imports 2010</td>
<td>USD 5.1 billion</td>
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<td>Total Imports through Nov 2010 from the U.S.</td>
<td>USD 50.8 million</td>
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<td>Total Exports through Nov 2010 to the U.S.</td>
<td>USD 25.8 million</td>
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<td>Zambia’s total trade with the U.S. 2010</td>
<td>USD 76.6 million</td>
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<tr>
<td>Trade balance with the U.S. 2010</td>
<td>USD 25.0 million</td>
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<tr>
<td>Estimated Population 2010*</td>
<td>13.6 million</td>
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<tr>
<td>Inflation December 2010 (annual rate)</td>
<td>7.9%</td>
</tr>
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*based on early estimate of census to be finalized in 2011

Source: U.S. Census Bureau, Foreign Trade Division; Central Statistical Office (Zambia)

### Market Challenges

- The Zambian economy is heavily dependent on copper mining and rain-fed agricultural production, which exposes the economy to external vulnerabilities such as global copper prices and seasonal weather patterns.

- The Kwacha remained relatively stable in 2010 ranging from K 4,775 to K 4,720 per USD. Historically, the Kwacha’s volatility has generally tracked closely with global copper price fluctuations. Some financial institutions offer derivatives and forward contracts to hedge against exchange rate movement.
Although the year-on-year inflation rate closed at 7.9%, high food and non-food prices and perennial fuel shortages continue to pose challenges.

Zambia has a relatively small domestic market that is spread across a country roughly the size of Texas. Its internal road infrastructure is generally adequate for the movement of goods between cities and towns. Outside of the main transportation arteries, however, the transportation network is largely undeveloped.

Although improvements have been made at key entry points, including the opening of integrated customs services at the Zambia-Zimbabwe border at Chirundu, the cross-border movement of goods remains slow. This, combined with high fuel prices, translates to steep transportation costs to and from (as well as within) Zambia.

Domestic economic growth is constrained by the limited availability of commercial credit (due to risk aversion, rather than lack of liquidity, in the banking sector) and high fees for financial services.

Occasional government interference in the private sector, the continued government ownership of key public utilities, a weak court system, and inadequate law enforcement capacity tarnish Zambia's liberal investment environment in practice.

Other challenges include pervasive corruption, complex permit requirements, unreliable and expensive communication costs, and low, but growing, Internet connectivity.

Although hourly wages are low, actual labor costs are considered high for the region—driven up by stringent labor laws, a shortage of skilled labor, and health-related absenteeism. Life expectancy at birth is about 39 years. HIV prevalence is approximately 14%.

Market Opportunities

These challenges notwithstanding, there are commercial opportunities in Zambia’s emerging economy. A middle class has developed in Lusaka that has resulted in a proliferation of South African franchises, a construction boom, and a formidable (although mostly risk-averse) banking sector. In general, most sectors are uncompetitive and are dominated by a few large players, leaving plenty of room for new market entrants. There have been few cases of blatant discrimination against foreign investors.

Market opportunities abound in the following sectors:
- Energy
- Mining
- Agriculture
- Food processing
- Telecommunications
Market Entry Strategy

- Only a few U.S. companies have a significant presence in Zambia. U.S. companies usually either license through local representatives, or export indirectly through (often South African) intermediaries.

- Franchising, direct exporting, and greenfield investments are uncommon.

- Whatever market entry strategy is chosen, businesses should bear in mind that entering the market will require local expertise on legal and regulatory issues.

Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

State Department Background Notes: http://www.state.gov/p/af/ci/za

Other useful sources of information include:

Bank of Zambia: http://www.boz.zm


International Monetary Fund: http://www.imf.org/external/country/zmb

World Bank: http://www.worldbank.org/afr/zn

Zambia Association of Chambers, Commerce, and Industry: http://zambiachambers.org

Chapter 3: Selling U.S. Products and Services

- Using an Agent or Distributor
- Establishing an Office
Using an Agent or Distributor

- There is substantial local interest to represent and/or distribute on behalf of U.S. companies.

- Financing local inventories is often a problem, especially given high commercial loan rates. Few companies have sales or service networks that meet U.S. standards and expectations.

- The U.S. Embassy has the capacity to conduct limited agent/distributor searches or other services when requested through a U.S. Department of Commerce district office, or when contacted directly by a U.S. company.

- Local offices of international accounting and consulting firms can also assist in identifying qualified local business partners.

Establishing an Office

The legal requirements for establishing an office in Zambia are relatively simple.

- A prospective company must register with the Registrar of Companies at the Patents and Companies Registration Agency (PACRA), a semi-autonomous institution under the Ministry of Commerce, Trade, and Industry, by submitting the company charter and a registration fee. A local agent may be appointed to do this on behalf of the potential investor.

- After submission of the company charter and payment of registration fees, a Certificate of Incorporation is generally issued within 24 hours.

- Under the terms of the new Zambia Development Agency (ZDA) Act, foreign nationals who invest USD 250,000 and employ a minimum of 200 persons are entitled to self-employment or resident permits. With an approved investment
license, these investors are also eligible for up to five expatriate work/resident permits.

- Foreign companies that plan to invest in Zambia should obtain an investment license from the ZDA to take advantage of its services. The procedure is simple and licenses are approved or disapproved within 30 days. The ZDA may be contacted at the following address:

  Zambia Development Agency
  Privatization House
  Nasser Road
  PO Box 30819, Lusaka, Zambia
  Tel: 260-211-220 177; Fax: 260-211-225 270
  Email: zda@zda.org.zm
  Website: www.zda.org.zm

**Franchising**

Franchise business arrangements in Zambia are based on British contract law rather than more-binding U.S. franchising regulations. There is increased interest in franchising in Zambia generated by publicity and exposure to international franchise trade events in South Africa. Lack of financing options, however, remains a major obstacle to franchise business development in Zambia.

There may be opportunities for U.S. franchises in the following areas:
- Restaurants
- Retail (including pharmaceutical and hardware)
- Non-luxury hotels
- Internet Service Providers

**Direct Marketing**

There are no restrictions on conducting direct marketing in Zambia. However, direct marketing companies may be constrained by inadequate postal services, high phone tariffs, and low Internet penetration.

**Joint Ventures/Licensing**

The Zambian business community has a strong interest in joint ventures and licensing agreements. Local investors actively seek out these arrangements in order to overcome scarcity of domestic capital, technology, and expertise. There are no legal restrictions which define the terms of a joint venture arrangement. A suitable partnership should be established contractually and registered with the Patent and Company Registration Agency (PACRA). The registration certificate from PACRA should be submitted to the Zambia Development Agency (ZDA) for an investment license.
See chapter four for specific investment opportunities, all of which potentially could be undertaken through a joint venture operation.

**Selling to the Government**

All government expenditure’s above USD 100,000, as well as all government loan and credit agreements, must go through the Zambia Public Procurement Authority (until recently known as the Zambia National Tender Board). Government purchases below USD 100,000 are handled by institutional tender committees, and these are open to any company that meets the terms and conditions.

The Public Procurement Authority advertises tenders for procurement of goods and services through the print media and posts copies of all tenders on its website (www.tenderboard.gov.zm).

**Distribution and Sales Channels**

Goods destined for Zambia arrive via South Africa (Durban, Port Elizabeth, and East London), Namibia (Walvis Bay), Mozambique (Beira), and Tanzania (Dar es Salaam). Durban, Walvis Bay and Dar es Salaam are the most commonly used sea ports. Virtually all imports are transported by truck, entering Zambia primarily through Chirundu and Livingstone (on the Zimbabwean border), Kazungula (on the Botswana border), Nakonde (on the Tanzanian border), and Sesheke (on the Namibian border). The Kasumbalesa border with DR Congo sees a great deal of mining sector-related traffic.

Imports coming through Durban, Walvis Bay, and Dar es Salaam can take up to two weeks to reach Zambia, due primarily to delays at border crossings. Transportation costs are high and are estimated to account for 60-70 percent of the cost of production for many goods in Zambia.

Wholesale trade and distribution is concentrated in Lusaka, Kitwe, Ndola, Livingstone, Kasama, and Chipata.

**Selling Factors/Techniques**

Selling is normally done on a cash basis, due to scarce and expensive credit. Companies that can offer credit, or an extended payment schedule, have an edge even if their prices are higher. After-sales service is an important factor for technical products.

Imported food products must have English-language labels that detail ingredients and shelf life of products. Any food products failing to meet this requirement are confiscated by local authorities and destroyed without compensation.

Goods and services are advertised through flyers in the main daily newspapers such as *Times of Zambia*, *The Daily Mail* and *The Post Newspaper* for wider circulation at a fee. There are five private television stations including two public channels operated by the state-run Zambia National Broadcasting Corporation. The television and community radio station provide advertising service.

**Electronic Commerce**


E-commerce is relatively new to Zambia. Very few firms have websites or are equipped to conduct online transactions. Internet penetration is growing but still particularly low (estimated to be 816,000 users as of June 2010), due to lack of ICT investment, particularly in rural areas, and the high cost of an Internet Service Provider operating licenses (USD 25,000).

**Trade Promotion and Advertising**

Zambia holds four annual trade fairs. The main trade events are:

- Zambia Mining, Agriculture, and Commercial Show, which is held during the last week of May in Kitwe (in the Copperbelt);
- Zambia International Trade Fair, which is held in Ndola (in the Copperbelt) during the last week of June;
- Zambia Agriculture and Commercial show, which takes place in Lusaka during first week of August; and
- Gemstone and Mining Exhibition, which is held in Livingstone and Lusaka.

http://www.cacss.co.zm
http://www.zitf.org.zm

Electronic Media: Zambia has two national channels and five private television stations and over 40 community radio stations. Radio broadcasts are in English as well as local languages and tend to reach a wider audience than television broadcasts. The contacts for the most important television and radio broadcasters are:

Zambia National Broadcasting Company (ZNBC)
TV 1 and TV2
Email: znbc@zamtel.zm
Website: www.znbc.co.zm

MUVI Television
Email: muvi@iconnect.zm
Website: www.muvitv.com

MOBI Television
Email: mobitel@zamtel.zm

Radio Phoenix
E-mail: rphoenix@zamnet.zm
Website: www.radiophoenic.co.zm

Print media: The *Times of Zambia* and the *Zambia Daily Mail* are state-owned daily newspapers. The only independent daily is *The Post*. Two monthly business publications, the Zambia National Farmers Union's *Zambian Farmer*, and *Profit Magazine*, published by the Zambia Association of Chambers of Commerce and Industry, are strong voices for private sector business in Zambia. The following are contact addresses for the major print media:
The U.S. advertising firm Young & Rubicam has offices in Zambia and may be contacted at the following address:

Young & Rubicam (Zambia) Limited
Email: yrubicam@coppernet.zm

Pricing

Local pricing formulas usually account for international and domestic transportation charges, customs duty, and value added tax (16 percent), all of which contribute to high local prices. In general, Zambian consumers are price conscious and place greater emphasis on price than quality. However, in many sectors Zambians still see the value for money in U.S. products and services compared to products and services from other countries.

Sales Service/Customer Support

After-sales service and customer support are important factors to business, particularly for technical products such as computers and equipment. Nevertheless these are often lacking in Zambia.

Protecting Your Intellectual Property

The protection of Property rights has been addressed in chapter six – Investment Climate statement. However, a company entering the Zambian market should register its trademark with the Patent and Company Registration Agency (PACRA) and coordinate with the Intellectual Property Unit (IPU) of the Zambia Police Service. The IPU has the ability to enforce intellectual property rights in Zambia’s major cities and border areas where counterfeit and pirated materials enter the country. Unless there is a complainant, police action cannot take action. Zambian intellectual property legislation is still undergoing review in order to remove archaic provisions, bring it to international standards, and stiffen punishments.

Protecting Your Intellectual Property in Zambia:
Several general principles are important for effective management of intellectual property ("IP") rights in Zambia. First, it is important to have an overall strategy to protect your IP. Second, IP is protected differently in Zambia than in the U.S. Third, rights must be registered and enforced in Zambia, under local laws. Your U.S. trademark and patent registrations will not protect you in Zambia. There is no such thing as an "international copyright" that will automatically protect an author's writings throughout the entire world. Protection against unauthorized use in a particular country depends, basically, on the national laws of that country. However, most countries do offer copyright protection to foreign works under certain conditions, and these conditions have been greatly simplified by international copyright treaties and conventions.

Registration of patents and trademarks is on a first-in-time, first-in-right basis, so you should consider applying for trademark and patent protection even before selling your products or services in the Zambia market. It is vital that companies understand that intellectual property is primarily a private right and that the U.S. government generally cannot enforce rights for private individuals in Zambia. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants who are experts in Zambian law. The U.S. Commercial Service can provide a list of local lawyers upon request or visit the website: http://zambia.usembassy.gov/zambia/attorney_information.html.

While the U.S. Government stands ready to assist, there is little we can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IP in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the USG can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to legal doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should U.S. Government advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on potential partners. Negotiate from the position of your partner and give your partner clear incentives to honor the contract. A good partner is an important ally in protecting IP rights. Consider carefully, however, whether to permit your partner to register your IP rights on your behalf. Doing so may create a risk that your partner will list itself as the IP owner and fail to transfer the rights should the partnership end. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in Zambia require constant attention. Work with legal counsel familiar with Zambian laws to create a solid contract that includes non-compete clauses, and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IP and stop counterfeiting. There are a number of these organizations, both Zambia or U.S.-based. These include:

- The U.S. Chamber and local American Chambers of Commerce
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
IP Resources

A wealth of information on protecting IP is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the US and other countries -- call the STOP! Hotline: 1-866-999-HALT or register at www.StopFakes.gov.

- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the US Patent and Trademark Office (USPTO) at: 1-800-786-9199.

- For more information about registering for copyright protection in the US, contact the US Copyright Office at: 1-202-707-5959.

- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, a free online training program is available at www.stopfakes.gov.

- For US small and medium-size companies, the Department of Commerce offers a "SME IP Advisory Program" available through the American Bar Association that provides one hour of free IP legal advice for companies with concerns in Brazil, China, Egypt, India, Russia, and . For details and to register, visit: http://www.abanet.org/intlaw/intlproj/iprprogram_consultation.html

- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: www.StopFakes.gov This site is linked to the USPTO website for registering trademarks and patents (both in the U.S. as well as in foreign countries), the U.S. Customs & Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking imports of IP-infringing products) and allows you to register for Webinars on protecting IP.

Due Diligence

All U.S. companies are advised to exercise due diligence before doing business in Zambia. The Embassy has the capacity to provide limited information about local companies when requested through a U.S. Department of Commerce district office, or when contacted directly by a U.S. company. Local attorneys or business consultants can provide more comprehensive assistance in determining the bona fides of a prospective business partner.
A number of professional service providers are available to U.S. companies. A list of attorneys can be found on the Embassy website: http://zambia.usembassy.gov

Other resources are:
Zambia Institute of Chartered accountants: http://www.zica.co.zm
National Construction Council of Zambia: http://www.ncc.org.zm

Zambia Development Agency: http://www.zda.org.zm/
Zambia Institute of Chartered accountants: http://www.zica.co.zm
National Construction Council of Zambia: http://www.ncc.org.zm
Website: www.postzambia.com
Website: www.times.co.zm
Website: www.daily-mail.co.zm
Website: www.radiophoenic.co.zm
Website: www.muvitv.com
Website: www.znbc.co.zm
Website: www.cacss.co.zm
Website: www.zift.org.zm

Chapter 4: Leading Sectors for U.S. Export and Investment

Commercial Sectors

- Electrical Power Generation, Distribution, and Transmission Equipment
- Mining and Mineral Processing Equipment
- Food Processing and Packaging
- Tourism Infrastructure Service
- Telecommunications
- Transportation Services and Equipment
- Road and Rail Construction
- Healthcare Services

Agricultural Sectors

- Agricultural Equipment
- Agricultural Chemicals
- Agricultural Extension Services
- Seed
- Aquaculture
Electricity generation in Zambia is currently dominated by ZESCO Limited, a state-owned company with an installed capacity of 1,760 MW, about 10,000 miles of transmission lines, and about 15,600 miles of distribution lines. ZESCO has national and regional control centers. There are three private entities in the sector; Lunsemfwa Hydro Power (48MW), Copperbelt Energy Corporation (80MW) and Northwestern Energy Company (10 MVA). Lunsemfwa sells into the grid and Copperbelt Energy supplies power to the mines and is building Zambia’s second interconnect with DR Congo. Northwestern supplies electricity to Lumwana Mine in Northwest Province.

Sub-Sector Best Prospects

- Electrical power systems
- Electrical power transmission equipment
- Hydro electrical generators
- Turbines
- Alternative energy systems
- Conventional energy systems
- Engineering services
- Power plant personnel training equipment

Opportunities

Given that a large portion of Sub-Saharan Africa’s water resources pass through Zambia, there is significant untapped hydropower potential to not only meet domestic demand but to export to Eastern and Southern African countries. Zambia is connected to the Southern African Power Pool and has plans to connect to the East African Power Pool. Domestic demand often exceeds domestic production due to maintenance and upgrades at major hydropower facilities and brown outs are relatively common.

There may be opportunities for U.S. companies to invest in large and small-scale energy generation and distribution projects, particularly those that supply electricity to manufacturers, mining companies, and farming blocs. New projects at Itezhi Tezhi, Kalunghishi, Mambilima, and Batoka may present opportunities to U.S. exporters. There is also a market for small-scale power generating equipment, such as solar panels and diesel-powered generators for household or commercial use.

In 2010 the GRZ raised ZESCO’s electricity rates 25.6 percent as part of a commitment to raise rates to long-term cost recovery levels by the end of 2010. This could make energy generation projects more attractive to private investors. New incentives for
investors in energy sector also include provisions to carry forward tax losses for ten years instead of the five-year limit given to other companies.

Web Resources

Website: www.zda.org.zm

#2) Mining and Mineral Processing Equipment

Overview

The mining sector has played a leading role in the development of the economy. Zambia’s mining sector suffered from the decline in world metals prices in 2008/early 2009. During this period, several mining companies shut down operations and others scaled back their investments. However, the sharp increase in global copper prices in mid-2009 resulted in the re-opening some closed mines and substantial new investment in the sector. Although the closure created unemployment, there remains a shortage of locally available skilled labor in the sector.

Sub-Sector Best Prospects

- Mining equipment
- Mineral exploration
- Operations/maintenance services
- Transportation services
- Security/safety equipment
- Trucks
- Pollution control

Opportunities

All mining companies are required by law to upgrade their mining equipment, particularly smelters, to conform Zambia’s mining sector to international regulations and UK and U.S. environmental standards by 2015.

Despite problems within the sector, U.S. companies may find ample local interest in environmentally friendly smelting equipment as well as tunneling and haulage systems. Companies are also likely to continue with plans to replace machinery, equipment, and vehicles. Opportunities also exist for uranium production.

Given global mineral price volatility, the timing may be appropriate for mineral exploration activities, particularly technologies that bring down the cost of extraction.
Mine operators, especially of semi-precious and precious stone mines, continue to report that theft is a constraint to profitability. In this regard, there may be demand for more effective security equipment.

Web Resources

http://www.zda.org.zm

#3) Food Processing and Packaging

Overview

The Zambian Government has several investment zones (Multi-Facility Economic Zones) to stimulate the manufacturing sector, including food processing.

Sub-Sector Best Prospects

- Foods – processed
- Food processing/packaging equipment
- Used/Reconditioned equipment

Opportunities

Local production is currently small and regional demand for processed food is being met mostly by South African firms. Zambia’s landlocked location may not make it an ideal candidate for export to the United States or Europe, but may present export opportunities to neighboring DR Congo, Tanzania, Malawi, Mozambique, Namibia, Zimbabwe, and Angola. Demand is likely to increase for food processing equipment such as boilers, chillers, refrigerators, evaporative condensers, and processors, and for packaging and labeling equipment.

Web Resources

http://www.zda.org.zm

#4) Tourism Infrastructure Services

Overview

Tourism opportunities abound with Zambia’s 19 national parks and 34 game management areas as well as the 23 million hectares devoted to the conservation of animals. After significant growth in the past few years, the sector recorded a 23 percent
decline in tourist arrivals in 2009 due to the global economic crisis. Tourism infrastructure investment has concentrated on the town of Livingstone, home of Victoria Falls, which now receives direct flights from Johannesburg. Tourism picked up in 2010, although final figures are not yet available.

Government has identified tourism development as a central pillar in its strategy to diversify the economy away from an over-reliance on the extractive industries. However, the sector remains constrained by inadequate road infrastructure, limited and costly domestic transportation, relatively high cost of labor and running a business, and insufficient marketing and promotional activities. The country’s efforts to market itself as a high-end tourist destination do not always succeed, given its frequent inability to provide services on par with its steep prices. Potential investors are often deterred by the high costs (in terms of time and money) of compliance with government regulations, including operating licenses.

### Sub-Sector Best Prospects

- Travel/tourism services
- Tourism infrastructure services
- Hotel/restaurant equipment
- Transportation services
- Architectural/construction/engineering services
- Advertising services
- Franchising
- Management consulting services

### Opportunities

Prospects exist for investments in (or franchising of) mid-range accommodation, restaurants, car rental, recreational activities, and organized tours. Adventure and ecotourism also present opportunities. There may also be a demand for additional sporting and recreational facilities in Livingstone.

The Zambian Government intends to develop further the tourism sector in Livingstone, which already enjoys VAT free status. The GRZ also plans to develop the “Northern Circuit” of waterfalls as well as the Kasaba Bay area of Lake Tanganyika in Northern Zambia into a full-service tourist destination. The GRZ has also expressed an interest in further developing Kafue National Park to make it more accessible to visitors to Livingstone. Lusaka and Livingstone have become popular conference destinations in recent years. There are many investment opportunities for reasonably priced conference facilities, services, and accommodation. There is also demand for corporate, short-term housing that meets international standards.

To promote Zambia abroad, Government will refund up to 15 percent of expenses related to filming movies in Zambia.
#5) Telecommunications Equipment

**Overview**

Although more than 97 percent of the telephone exchanges are automatic, telecommunication infrastructure remains inadequate especially in rural areas. The Information and Communications Technology (ICT) Bill of 2009 repealed the Telecommunications Act 1994 and the Radio Communications Act 1994 to which transformed the Communications Authority of Zambia (CAZ) to the Zambia Information and Communications Technology Authority (ZICTA). The GRZ privatized 75 percent of government-owned ZAMTEL and liberalized the international gateway in 2010.

**Sub-Sector Best Prospects**

- Telecommunications equipment
- Telecommunications services
- Telecommunications distribution equipment
- Satellite/microwave equipment
- Broadcasting/receiving equipment
- Audio/video equipment

**Opportunities**

Given high costs as well as unreliable and slow bandwidths associated with Internet connectivity in Zambia, 3G mobile phone technology that provides reasonably priced and efficient Internet access is likely to be well received in both urban and rural areas, particularly if coverage could be expanded utilizing new CDMA technology or something comparable.

**Web Resources**

Website: www.zda.org.zm

#6) Road, Rail Construction

**Overview**

Zambia has weak transportation infrastructure, which significantly increases the cost of doing business in Zambia. The railway has the potential to be a dominant mode of
transport for heavy goods but is in need of substantial upgrades and improvements in efficiency.

**Sub-Sector Best Prospects**

Architectural/construction/engineering services  
Building products  
Construction equipment  
Railroad equipment  
Used/reconditioned equipment

**Opportunities**

Export opportunities exist for the sale of railway wagons, road construction equipment, and engineering services. Investment opportunities may exist for the establishment of a reliable local construction company that has a reputation for accountability and quality. Changes to the Zambian procurement system may entail greater transparency and efficiency, leveling the playing field in an area that had been marred by allegations of corruption. There is a 60 percent increase in the 2011 national budget allocation to road building compared to 2010.

**Web Resources**

Website: www.zda.org.zm

**#7) Transportation Services and Equipment**

**Sub-Sector Best Prospects**

- Aviation services  
- Insurance services  
- Leasing services  
- Operations/maintenance services  
- Transportation services  
- Aircraft/parts  
- Airport/ground support equipment  
- Trucks, trailers, busses  
- Vehicles

**Opportunities**

New entrants to the commercial airline industry, including Zambezi Airlines, may entail leasing opportunities in Zambia for U.S. companies.
The railway sector is run down and undergoing restructuring. Passenger train travel is unreliable and uncomfortable. The GRZ commissioned the 27 kilometer Chipata-Mchinji Railway, connecting the eastern border with Malawi through Nacala Port in Mozambique in August 2010. Other projects include new railway lines from the mining town of Chingola to Solwezi in Northwestern and from Solwezi connecting to the Benguela Railway Line in Angola through to Lobito Bay and a railway line from the farming and mining district of Mumbwa of Central Province connecting to Lusaka.

There are investment opportunities in providing transportation services to the mining, manufacturing, and tourism sectors.

Web Resources

http://www.zda.org.zm

#8) Health Care Services

Overview

Weak health care service delivery, poor infrastructure, and a lack of specialized equipment are some of the major problems facing public hospitals and clinics countrywide. The GRZ has increased its budget for purchasing essential drugs and medical supplies. Patients are sometimes evacuated to South Africa or India even for treatable ailments due to lack of equipment and high quality health care services.

The government purchases drugs through the Health Ministry's procurement office and the Zambia Public Procurement Authority (ZPPA). The ZPPA issues tenders for supply and delivery of drugs in bulk. Successful bidders deliver the drugs to Medical Stores Limited, a government owned entity, which stores and distributes the products. Some medications are procured by donors directly, in consultation with Ministry of Health.

Sub-Sector Best Prospects

- Healthcare services
- Insurance services
- Dental equipment
- Pharmaceuticals
- Medical equipment

Opportunities

There are few companies providing international medical insurance. This may be an area where U.S. companies can participate. Export opportunities abound for affordable medical equipment, supplies, and medicine.
Agriculture is at the core of the Zambian Government’s strategy for rural development and poverty reduction. Only about 15% of Zambia’s arable land is currently cultivated. GRZ investment in the national road network and rural feeder roads could create additional opportunities for agricultural growth. Rising global food and commodity prices, as well as Zambia’s relatively weak Kwacha, make Zambian exports more competitive and create opportunities for investment and trade. As part of its agricultural development plan, the government is setting aside significant tracts of land to develop commercial farm blocks to attract large-scale private investment into the industry. The Nansanga Block in Central Province was the first block to be put out for tender in December 2010.

Investment and export opportunities are hampered by the GRZ’s intervention in the market through export and import bans on specific crops from time to time, a restrictive policy environment on genetically modified crops, and inefficient fertilizer subsidy programs.

- Agricultural machinery and equipment
- Autos/light trucks
- Commercial fishing equipment
- Forestry/woodworking machinery
- Automotive parts/service equipment
- Leasing services

There is increasing demand for agricultural equipment, ranging from new and used tractors, harvesters, land clearing equipment, and irrigation devices. New farming blocks such as the proposed 155,000 hectare Nansanga Farming Block in Serenje District will create opportunities for exports of U.S. agricultural equipment. Currently, several USAID projects focus on strengthening links within Zambia’s agricultural value chain by improving private sector delivery of extension services.
#2) Agricultural Chemicals

**Overview**

In previous years the Zambian Government has directed much of its agricultural budget to a highly politicized and inefficient fertilizer support program, utilizing two companies for distribution. The GRZ is piloting a new system whereby the government provides eligible farmers with vouchers with which to purchase fertilizer from any vendor. This should introduce a measure of competition into the market and stimulate growth in an otherwise undeveloped sector.

**Sub-Sector Best Prospects**

- Synthetic fertilizers and other growth agents
- Pesticides
- Fertilizer components

**Opportunities**

U.S. companies could supply fertilizers and agriculture chemicals to commercial farmers as well as to local fertilizer producers and retailers. Given high transportation costs, it might be difficult to remain competitive with South African importers on direct exports for fertilizer. U.S. investors may wish to consider investing in local production and/or distribution.

### Web Resources

- [http://www.znfu.org.zm](http://www.znfu.org.zm)
- [http://www.zda.org.zm](http://www.zda.org.zm)

#3) Agricultural Extension Services

**Overview**

The Zambian Government provides extension services to farmers, but this program has been constrained by inadequate funding levels. There continues to be strong need for technical advice on inputs, soil maintenance, crop management, marketing, and storage.
Currently most cooperatives do not provide extension services, but only serve as a purchasing agent for government subsidized fertilizer.

**Sub-Sector Best Prospects**

- Agricultural services
- Marketing services
- Education/training
- Veterinary services

**Opportunities**

There are investment opportunities for affordable extension services in virtually every agricultural sub-sector, particularly given the interest in diversifying the economy, improving productivity, and expanding into more complicated crops, livestock, and fisheries.

**Web Resources**

http://www.zda.org.zm

### #4) Seed

**Overview**

As the Zambian Government introduces greater openness to its fertilizer support program and decreases its presence in the inputs area of the agricultural value chain, industry experts anticipate increased competition and investment within the seed sector.

**Sub-Sector Best Prospects**

- Agricultural seed
- Agricultural services
- Marketing services
- Education/training

**Opportunities**

Due to rigid import requirements for agricultural seed (including the very restrictive regulatory environment in place for genetically modified organisms), the Zambian Government encourages potential investors to engage in local seed production. Local seed producers have export opportunities within the region.
#5) Aquaculture

Overview

This sector is largely undeveloped in Zambia, although there is growing interest due to reports of overfishing in Zambia’s rivers and lakes. Currently, small-scale traders export fish to neighboring countries.

Sub-Sector Best Prospects

- Commercial fishing equipment
- Agricultural services

Opportunities

With an abundance of water resources and excess market demand for fish and fish protein, there is no shortage of opportunities within this sector, particularly with regard to commercial fish farming. To be profitable, it must be approached intensively, with heavy stocking densities, sophisticated management, specialized (imported) feeds, and reliable sources of electricity. U.S. companies not interested in investing locally may choose instead to provide professional services and/or inputs.

Chapter 5: Trade Regulations, Customs and Standards

- Import Tariffs
- Trade Barriers
- Import Requirements and Documentation
- U.S. Export Controls
- Temporary Entry
- Labeling and Marking Requirements
- Prohibited and Restricted Imports
- Customs Regulations and Contact Information
Import Tariffs

Customs valuation is ad valorem on a Cost Insurance and Freight (CIF) basis. A small number of goods may be imported duty-free. These include medicines, pharmaceuticals, veterinary supplies, medical equipment, computer parts, chemicals in bulk, fertilizers, and seeds. Most goods fall into one of three tariff bands: 5 percent (selected raw materials, and capital equipment); 15 percent (intermediate goods); or 25 percent (final products). Duty on productive machinery for agriculture and mining is zero percent.

Trade Barriers

The Zambian Government frequently pronounces import and export bans on agricultural staples in its efforts to ensure domestic supply. It also maintains a de facto ban on agricultural products with genetically modified content through very restrictive legislation and regulations, and places additional import duties on selected items, including vegetable cooking oils and soaps, and export taxes on copper concentrates and cotton seed.

In its Sixth National Development Plan (2011-2015) released in February, the GRZ commits to adhering to rules-based and predictable trade policies, and some government ministries have expressed a new openness to exploring agricultural biotechnology as a way to increase agricultural production, food security, and rural economic growth.

Administrative corruption may be the most serious non-tariff barrier, particularly as it relates to government procurement. Other non-trade barriers include intellectual property infringement, preferential treatment of state-owned enterprises, and an overly cumbersome—and often arbitrary and non-transparent—regulatory environment.

Import Requirements and Documentation

In general, the Zambian Government does not require import licenses. Certification, however, is required to import meat (certification available from the Veterinary Department), plants and seeds (Mount Makulu Research Station), food and drugs (Ministry of Health), and firearms and ammunition (Zambia Police).

U.S. Export Controls

There are no sanctions against Zambia. The U.S. Government requires export licenses for products related to national security, particularly dual-use technology that has commercial and military or proliferation application. Other items that the U.S. Government regulates for export include defense articles, nuclear materials, and
controlled substances. The U.S. Government controls exports on a case-by-case basis, examining the following factors: the destination, the end-user, the product, and its end-use. The majority of exports which do require a license are either controlled on the Commerce Control List (CCL), administered by the Commerce Department, or the U.S. Munitions List (USML), administered by the State Department.

For more information on export controls, please visit the following sites:
http://www.export.gov/regulation/exp_001498.asp
http://www.export.gov/regulation/exp_defense_trade_controls.asp
http://www.bis.doc.gov/licensing/exportingbasics.htm
http://www.treas.gov/offices/enforcement/ofac/articles/ticupdt.pdf
http://www.access.gpo.gov/bis/ear/ear_data.html#ccl
http://www.pmddtc.state.gov/

Temporary Entry

Visitors are generally permitted to enter the country with goods for their own use. When a visitor’s motor vehicle is not covered by a valid carnet, Customs will issue a customs import permit (CIP). For goods not intended for the visitor’s own use, permission must be acquired from the Commissioner of Customs. Prior to importation, persons intending to import such goods should seek authority in writing, detailing the goods, value, purposes for importing, and duration of stay in Zambia. The Commissioner will in turn indicate the conditions for importation, which may include a refundable monetary security pending exportation after expiry.

Labeling and Marking Requirements

Imported food products must have English-language labels that detail ingredients and shelf life of products. If inadequately labeled, these products may be confiscated and destroyed. Pharmaceutical products must also be labeled in English, detailing ingredients, recommended dosage, shelf life, and any cautionary notes.

Prohibited and Restricted Imports

Zambian law prohibits the importation of indecent, obscene, or objectionable material, as well as goods produced wholly or in part by prison labor. Regulations related to the importation and transportation of pharmaceuticals are relatively strict. Travelers are strongly encouraged to carry their prescription drugs and medications in original labeled containers, as well as the written prescription from their physician. Travelers who cannot get a doctor’s note for their over-the-counter medications, including some cold medicines, must leave them behind or risk arrest.

Customs Regulations and Contact Information

It is against both Zambian and U.S. law to buy, possess or transport animals or animal products, such as warthog tusks, tortoise shell, rhino horn, elephant ivory or any items made out of these materials. In Zambia, penalties range from large fines to mandatory five-year prison sentences. The Zambian Wildlife Authority has screeners at international ports of entry and will prosecute offenders to the fullest extent of the law. While many of these items are sold in open markets particularly aimed at foreign tourists, it remains the responsibility of the customer to ensure that he/she is not purchasing a prohibited item.

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Commissioner – Customs  
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Fax: 260-211-221923

Standards

- Standards Organizations
- Conformity Assessment
- Product Certification
- Accreditation
- Publication of Technical Regulations
- Labeling and Marking
- Contacts

Standards Organizations

The Zambia Bureau of Standards (ZABS) intends to renew its standards legislation, which is generally outdated. Several companies are attempting to become ISO 9000 certified.

NIST Notify U.S. Service

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. Notify U.S. is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at: http://www.nist.gov/notifyus/

Conformity Assessment

ZABS has acquired modern equipment with support from the European Union for the Metrology Laboratory that provides calibration services.
Manufacturing companies use in-house laboratories to certify products according to standards set by ZABS. ZABS utilizes portable electronic equipment to clear electronic goods at some ports of entry.

ZABS has signed memorandums of understanding with ASTM International (2004), Malawi Bureau of Standards, and the Standards of Association of Zimbabwe.

ZABS is the accreditation body in Zambia.

The Zambia Development Agency issues a monthly publication, “ZDA Newsletter,” containing updates on technical regulations, in collaboration with ZABS. The “Zambia Gazette” also provides information related to new legislation.

English-language labeling is required for all imported food and pharmaceutical products.

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Mr. Anthony Bwembya
Acting Registrar and Chief Executive Officer
Patents and Companies Registration Agency
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Tel: 260-211 255 151
Fax: 260-211 255 426

Ms. Esnat Mwape
Director General
Pharmaceutical Regulatory Authority
Zambia belongs to the 19-member Common Market for Eastern and Southern Africa (COMESA), which allows for preferential tariff duties between member states. In 2008, COMESA agreed to harmonize its FTA with that of the East African Community (EAC) and the Southern African Development Community (SADC). In June 2009, COMESA launched a customs union. Zambia also belongs to the 14-member SADC, which established an FTA in 2008.

Negotiations with the European Union over the Economic Partnership Agreement are ongoing. To ensure that there is no disruption in trade, the European Commission devised interim bilateral agreements, known as Framework Economic Partnership Agreements, which Zambia initialed on December 5, 2007.

Zambia is also eligible for trade benefits under the African Growth and Opportunity Act (AGOA), which provides duty-free/quota-free access to the U.S. market for most goods, including textile and apparel.

### Web Resources

- COMESA: http://www.comesa.int
- SADC: http://www.sadc.int
- U.S. Embassy Consular website: http://zambia.usembassy.gov/zambia/consular.html

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## Chapter 6: Investment Climate

- Openness to Foreign Investment
- Conversion and Transfer Policies
- Expropriation and Compensation
- Dispute Settlement
- Performance Requirements and Incentives
- Right to Private Ownership and Establishment
- Protection of Property Rights
- Transparency of Regulatory System
- Efficient Capital Markets and Portfolio Investment
- Competition from State Owned Enterprises
Openness to Foreign Investment

The GRZ actively seeks foreign investment through the Zambia Development Agency (ZDA), which was established in January 2007 through the consolidation of a number of trade and investment promotion entities into a one-stop resource for international investors interested in investing in Zambia.

The major laws affecting investment include:
- The Zambia Development Agency Act of 2006, which offers a wide range of incentives in the form of allowances, exemptions and concessions to companies. The Act also provides for investment threshold that investors have to meet to qualify for fiscal and non-fiscal incentives.
- The Companies Act of 1994, which governs the registration of companies in Zambia.
- General incentives to investors in various sectors are provided in various legislations that govern the Zambia Revenue Authority (ZRA), including the Customs and Excise Act, Income Tax Act of 1966 and the Value Added Tax Act of 1995.
- The Employment Act Cap 268 is Zambia’s basic employment law and provides for required minimum employment contractual terms.
- The Immigration and Deportation Act Cap 123 regulates the entry into and residency in Zambia of visitors, expatriates, and immigrants.

The Zambian judicial system has a mixed record in upholding the sanctity of contracts. The judicial process is lengthy and inefficient. Many magistrates lack experience in commercial matters.

There is no distinction in Zambian law between foreign and domestic investors. Investors are free to invest in any sector of the economy and are entitled to incentives per the ZDA Act of 2006 (discussed later in this report). In the privatization process, foreign investors are eligible to bid on state-owned companies. Non-Zambians may also invest in the Lusaka Stock Exchange without restriction and on terms comparable to those Zambians receive. Companies seeking licenses or concessions or investors bidding for privatized companies are encouraged to seek local partners, although it is not clear how such commitments are weighed when decisions are made by the ZDA.

The ZDA board screens all investments for which incentives are requested and usually makes its decision within 30 days. The reviews appear routine and non-discriminatory, and applicants have the right to appeal investment board decisions. The ZDA board is comprised of sixteen members, including representatives from various government and private sector stakeholders.
An investment can be subject to review for determination of sector or value and filing is mandatory. An investment application is subjected to screening mechanism, among other things, to determine the extent to which the proposed investment will lead to the creation of employment opportunities and the development of human resources; the degree to which the project is export oriented; the impact the proposed investment is likely to have on the environment and, where necessary, the measures proposed to deal with an adverse environmental consequence in accordance with the Environmental Protection and Pollution Control Act; the possibility of the transfer of technology; and any other considerations that the Board considers appropriate.

The possible outcome of the review could be prohibition or imposition of additional requirements, especially where adverse environmental issues arise. The reviews are generally completed in a timely manner.

An investor may, within 14 days of receiving a Board decision, can appeal the decision to the Minister of Finance and National Planning. Within 30 days of receiving the appeal, the Minister may confirm, set aside or amend the decision of the Board. An investor dissatisfied with the decision of the Minister, may within 30 days appeal to the High Court of Zambia against the decision. No negative reports have been received from U.S. firms concerning this process.

The ZDA Act does not discriminate against foreign investors, and all sectors are open to both local and foreign investors. The GRZ plans to issue a Statutory Instrument in the first quarter of 2011 that will give preference of procurement of Government contracts to Zambian-owned companies. The Citizens Economic Empowerment Commission is working with the Zambia Public Procurement Authority to implement preferential procurement that would support Zambian-owned based firms.

<table>
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<th>Measure</th>
<th>Year</th>
<th>Index/Ranking</th>
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<td>Heritage Economic Freedom</td>
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<td>World Bank Doing Business</td>
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<td>MCC Control of Corruption</td>
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<td>-2.0 / 58%</td>
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<tr>
<td>MCC Natural Resource Mgmt</td>
<td>2011</td>
<td>64.40 / 58%</td>
</tr>
</tbody>
</table>

**Conversion and Transfer Policies**

There are no restrictions on converting or transferring funds associated with an investment (including remittances of investment capital, earnings, loan repayments, lease payments) into freely usable currency and at a legal market clearing rate.
Investors are free to repatriate capital investments as well as dividends, management fees, interest, profit, technical fees, and royalties. Foreign nationals can also transfer and/or remit wages earned in Zambia without difficulty. There is no exchange control in Zambia for anyone doing business as either a resident or non-resident. Additionally, there are no restrictions on non-cash transactions.

Over-the-counter cash conversion of the local currency, the Kwacha, into foreign currency is restricted to a USD 5,000 maximum per transaction for account holders and USD 1,000 for non-account holders. There are no changes or plans to change remittance policies affecting foreign exchange for investment remittance.

**Expropriation and Compensation**

Investments may only be expropriated by an act of Parliament relating to the specific property expropriated. Although the ZDA Act states that compensation must be at a fair market value, the method for determining fair market value is ill-defined. Compensation is convertible at the current exchange rate. The ZDA Act also protects investors from being adversely affected by any subsequent changes to the Investment Act of 1993 for seven years after initial investment.

Leasehold land, which is granted under 99-year leases, may revert to the government if it is ruled to be undeveloped after a certain amount of time (generally five years). Land title is sometimes questioned and land is re-titled to other owners.

There has been no expropriatory action in the recent past or policy shifts which would lead the Mission to believe there may be expropriatory actions in the near future. The GRZ does not discriminate against investors or U.S. investments, companies or representatives in expropriation.

**Dispute Settlement**

There have been relatively few investment disputes involving U.S. companies since the Movement for Multi-party Democracy (MMD) government took office in 1991. The Zambian Investment Code stipulates that claimants must first file internal dispute settlements with the Zambian High Court. Failing that, the parties may go to international arbitration, which the state recognizes as binding. Zambia is a member of the International Center for the Settlement of Investment Disputes (ICSID) and the United Nations Commission of International Trade Law (UNCITRAL).

Previous disputes involved delayed payments to U.S. companies from state-owned enterprises for goods and services and the delayed deregistration of a U.S.-owned aircraft that was leased to a Zambian airline company that went bankrupt.

The courts in Zambia are somewhat independent, but contractual and property rights enforcement is weak, and final court decisions can take a prohibitively long time. The Foreign Judgments (Reciprocal Enforcement) Act Chapter 76 of the Laws of Zambia (cited as the Act) makes provision for the enforcement in Zambia of judgments given in foreign countries which accord reciprocal treatment. The registration of a foreign judgment is not automatic. In 2010 a Lusaka High Court Judge ruled that a London civil
judgment against former president Chiluba could not be registered in a Zambian court despite precedent.

There is no bankruptcy law in Zambia. Secured interests in property are possible and recognized but fairly rare.

The Zambian Arbitration Act No. 19 of 2000 applies to both domestic and international arbitration and is based on the UNCITRAL Model Law. Arbitration agreements must be in writing. Parties may appoint an arbitrator of any nationality, gender or professional qualifications. Foreign lawyers cannot be used to represent parties in domestic or international arbitrations taking place in Zambia. There are no facilities that provide online arbitration, although there is an arbitral institution, the Zambia Institute of Arbitrators. Arbitration awards are enforced in the High Court of Zambia, and judgments enforcing or denying enforcement of an award can be appealed to the Supreme Court. On average, it takes about 14 weeks to enforce an arbitration award rendered in Zambia, from filing an application to a writ of execution attaching assets. It takes about 18 weeks to enforce a foreign award. Contracts involving state entities commonly rely upon arbitration as a dispute resolution tool.

Zambia is Party to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards of 1958, which entered into force on 7th June 1959 and Party to the Convention of the Settlement of Investment Disputes between States and Nationals of Other States of other States of 1965 and entered into force on 14 October 1966. These are being enforced through the Investment Disputes Convention Act Cap 42 of the Laws of Zambia.

Performance Requirements and Incentives

The GRZ strives to be consistent with Trade Related Investment Measures (TRIMs) requirements and generally abides by the WTO’s TRIMs obligation.

The ZDA Act of 2006 offers a wide range of incentives in the form of allowances, exemptions and concessions for companies, which are applied uniformly to both local and foreign investments. Investors who invest at least USD 10 million in an identified sector or product are entitled to negotiation with the government for additional incentives other than what they might already qualify for under the ZDA Act.

Investors who invest at least USD500,000 in a Multi Facility Economic Zone (MFEZ) and/or in a sector or product provided as for as a priority sector or product under the ZDA Act, in addition to being entitled to the general incentives, are entitled to:

--Zero percent tax rate on dividends for five years from year of first declaration of dividends
--Zero percent tax on profits for five years from the first year profits are made. For year six to eight, only 50 percent of profits are taxable and year nine and ten, only 75 percent of profits are taxable.
--Zero percent import duty on raw materials, capital goods, machinery including trucks and specialized motor vehicles for five years.
--Deferment of VAT on machinery and equipment including trucks and specialized motor vehicles.
Priority sectors and products under the ZDA Act include:
--Agriculture
--Manufacturing
--Mining
--Tourism

Priority products are:
--Floriculture
--Horticulture
--Processed foods
--Beverages and stimulants
--Production and processing of textiles
--Manufacturing of engineering products
--Mini-hydro stations
--Education and skills training
--Production of fertilizers, cement, leather and timber products

General Incentives and Taxation: Foreign investors receive national treatment under Zambia’s tax system. Income from farming is taxed at a rate of 15 percent, below the standard corporate tax rate of 35 percent. In addition, that portion of income determined by the Commissioner of Taxes to originate from the export of non-traditional products is taxed at a rate of 15 percent (traditional exports include copper, cobalt, lead, zinc, gold, and silver).

Capital Allowances: Manufacturing, mining, and hotel structures qualify for a depreciation allowance of five percent per year plus an initial allowance of ten percent of the cost in the year in which the building was first used. Equipment, machinery, and plants used exclusively for farming, manufacturing, and tourism qualify for a depreciation allowance of 50 percent. Capital expenditures on farm improvements qualify for a farm improvement allowance of 20 percent per year for the first five years after improvement. Capital expenditure allowance on the growing of coffee, tea, bananas, citrus fruits, or similar plants qualifies for a development allowance of ten percent per year through the first year of production. A farm work allowance of 100 percent applies to farmland expenditures such as stumping; clearing; preventing soil erosion; drilling boreholes, wells, and water conservation; and aerial or geographical surveys. The depreciation allowance for non-commercial vehicles is 20 percent (straight-line depreciation). Expenditure on other assets used in creating income qualifies for a depreciation allowance of 25 percent (straight-line depreciation).

Although performance requirements are not imposed, authorities expect commitments made in applications for investment licenses to be fulfilled. No requirements currently exist for local content, equity, financing, employment, or technology transfers. Government does not impose ‘offset’ requirements or impose conditions on permission to invest in specific geographical area or local content, but investors are encouraged to employ local nationals.

Government requires that all international firms licensed operating a domestic cellular telephone network offer ten percent of shares on the Lusaka Stock Exchange, per commitments made by agreement prior to entering the market. Investors are required to disclose proprietary information to ZDA as part of the regulatory approval process.
Work Permit Requirements: Notwithstanding the provisions of the Immigration and Deportation Act of 1994, a foreign national who invests a minimum of USD 250 thousand or equivalent in convertible currency is entitled to a self-employment permit and employment permits for up to five (5) expatriates. However, in practice some foreign companies have had difficulty securing these permits, especially smaller-scale investors.

Import restrictions are in force on poultry products and genetically modified products for environmental, health and security reasons. Import licensing is required for most agricultural products and Zambia does not currently apply trade sanctions. Food imports must satisfy the provisions of the Food and Drugs Act of September 1978 which requires packaging and labeling requirement to be in English. A consignment of assorted food products which were labeled in Chinese were destroyed at Chirundu Border post for not meeting the packaging and labeling requirements.

Right to Private Ownership and Establishment

Foreign and domestic private entities have a right to establish and own business enterprises and engage in all forms of remunerative activities, and no business ventures are reserved solely for the government. Although private entities may freely establish and dispose of interests in business enterprises, investment board approval is required to transfer an investment license for a given enterprise to a new owner. Private enterprises have occasionally complained that the playing field is not level when they compete with public enterprises for licenses or concessions.

Protection of Property Rights

The ZDA Act assures investors that property rights shall be respected. Secured interests in property, both movable and real are recognized and enforced.

The ZDA Act provides for legal protection and facilitates acquisition and disposition of all property rights such as land, buildings and mortgages. Currently the ZDA is working with the Commissioner of Lands to develop a fast tracking system for identifying land for investment in the priority sectors.

The legal framework for trademark protection in Zambia is adequate. There are fines for revealing business proprietary information; however, they are not large enough to penalize disclosure adequately. Copyright protection is limited and does not cover computer applications. Enforcement of intellectual property rights is weak in Zambia, and courts have little experience with commercial litigation.

Zambia’s patent laws conform to the requirements of the Paris Convention for the Protection of Industrial Property, to which Zambia is a signatory. It takes a minimum of four months to patent an item or process. Duplicative searches are not done, but patent awards may be appealed on grounds of infringement.

Zambia is a signatory to a number of international agreements on patents and intellectual property, including the World Intellectual Property Organization (WIPO), Paris Union, Bern Union, African Regional Industrial Property Organization (ARIPO), and the
Universal Copyright Convention of UNESCO. National laws are generally adequate in protecting intellectual property rights, and there recently has been effective enforcement against pirated musical and video recordings, cosmetics, as well as software. Small-scale trademark infringement occurs for some packaged goods through copied or deceptive packaging.

**Transparency of Regulatory System**

The government has made strides toward introducing transparent policies to foster competition, although complaints arise from time to time. Questions have arisen in recent years regarding the process of awarding Game Management Areas by the Zambia Wildlife Authority, the enforceability of existing mine development agreements, which gave mine owners the right to compensation if government failed to comply with agreed tax stability guarantees, and the fairness of competition between state-owned enterprises and private firms. In the agricultural sector, Zambian government interventions, through the purchase of maize (corn) at subsidized prices and the distribution of subsidized fertilizer, undercut the private sector's capacity to enter these markets. The unpredictability of import and export bans on commodities, especially maize, is a deterrent to private sector participation in commodity markets.

Labor laws provide for extremely generous severance pay, leave, and other benefits to workers, which can impede investment. Such rules do not apply to personnel hired on a short-term basis. As such, the vast majority of Zambian employees are hired on an informal or short-term basis.

Although the ZDA seeks to serve as a "one-stop shop" for investors, in practice red tape associated with licenses and permits presents problems for potential investors. In some cases, dozens of licenses are required to establish and run a business. The GRZ is working to streamline numerous licensing requirements and administrative procedures. The 2011 World Bank Doing Business Report ranked Zambia 76th out of 183 countries.

Proposed laws are usually not published in draft form for public comment. Opportunities for comment on proposed laws and regulations exist through trade associations such as the Zambia Chamber of Commerce and Industry (ZACCI), Zambia Association of Manufacturers (ZAM), Zambia Chamber of Mines and Zambia Business Forum.

Although the underpinnings of an efficient system to handle court disputes exist, Zambian courts are relatively inexperienced in the area of commercial litigation. This, coupled with the large number of pending commercial cases, keeps the regulatory system from being prompt and transparent. Some measures to promote resolution of disputes by mediation have been implemented in an attempt to clear the case backlog. The courts support alternative dispute resolution, including a mechanism for binding arbitration. In 2004, the High Court established a commercial division to adjudicate high-value claims. This fee-based system has accelerated resolution of such cases.

**Efficient Capital Markets and Portfolio Investment**

Government policies generally facilitate the free flow of financial resources to support the flow of resources in the product and factor market. Banking supervision and regulation by the Bank of Zambia (BoZ), the central bank, has improved over the past few years.
Improvements include revoking licenses of some insolvent banks, denying bailouts, limiting deposit protection, strengthening loan recovery efforts, and upgrading the training and incentives of bank supervisors. In 2010, the BoZ instituted overnight lending facilities to inject further liquidity into the market.

Although some improvements have been registered in recent years, credit to the private sector is expensive and readily available only for low-risk investments. One factor inhibiting lending is a culture of tolerating loan default, which many borrowers view as a minor transgression. In addition, high returns on government securities have historically encouraged commercial banks to invest heavily in government debt, to the exclusion of financing productive private sector investments. Banking officials acknowledge that they need to upgrade the risk assessment and credit management skills within their institutions in order to better serve borrowers. At the same time, they argue that widespread financial illiteracy limits borrowers’ ability to access credit. Banks provide credit denominated in foreign currency only for investments aimed at producing goods for export. Banks provide services on a fee-based model, and banking charges are generally high. Home mortgages are available from several leading Zambian banks, although interest rates are still very high.

The 15-year old Lusaka Stock Exchange (LuSE) is structured to meet international recommendations for clearing and settlement system design and operations. The LuSE has offered trading in equity securities since its inception, and in March 1998, the LuSE became the official market for selling Zambian Government bonds. Investors intending to trade in a listed security or government bond are now mandated to trade via the LuSE. The market is regulated by the Securities Act of 1993 and enforced by the Securities and Exchange Commission of Zambia. The secondary trading of financial instruments in the market is very low or non-existent in some areas. At the end of 2010, 21 companies were listed on the LuSE.

There are no restrictions on foreign participation in the LuSE and foreigners may invest in stocks on the same terms as Zambians.

Zambia’s largest banks include Zambia National Commercial Bank (Zanaco), Barclays Bank Zambia, Standard Chartered Bank Zambia, and Stanbic Zambia Limited. In 2009, Barclays Bank estimated total assets were USD 926,261 with 450,611 depositors. The bank’s loan portfolio has continued to grow and accounted for 36.6 percent of the total loans in the sector. Zanaco estimated total assets are USD 638,286 with 482,160 depositors. Zanaco’s loan portfolio accounted for 44 percent of the total loans in the banking sector. The third largest bank, Stanbic Bank Zambia’s estimated total assets are USD 396,164 with 344,257 depositors while loans accounted for 13.8 percent of the sector’s total loans.

Although the banking system is generally sound, sector officials estimate that about 15 percent of the total sector loan portfolio is non-performing. In December 2010, the Bank of Zambia took possession of Zambia’s sixth largest bank, Finance Bank Limited Zambia, the first time the BOZ has intervened in more than a decade. The Governor of the Central Bank announced that take-over was necessary due to serious breaches of the provisions of the Banking and Financial services Act and ongoing unsafe and unsound banking practices that compromised the viability of the bank and threatened to destabilize the sector.
Private firms are open to foreign investment through mergers and acquisitions. The Competition Consumer Protection Commission (CCPC) reviewed and handled 43 mergers and acquisitions in 2010, including Bharti Airtel’s purchase of Zain/Celtel Zambia, the purchase through privatization of Zamtel by LAP Green, and the acquisition of Chevron’s assets in Zambia by Engen Petroleum.

**Competition from State Owned Enterprises**

There are few state-owned enterprises (SOEs) remaining in Zambia, and all have serious operational and management challenges. ZESCO Ltd is responsible for generation, transmission, and distribution of electricity in Zambia. Two private entities are contracted to supply electricity to some mines. Copperbelt Energy Corporation supplies electricity to mining companies on the Copperbelt while North-Western Energy Company supplies power to Lumwana (Equinox) Mine in Solwezi.

Private enterprises are allowed to compete with public enterprises under the same terms and conditions with respect to access to markets, credit and other business operations, such as licenses and supplies. Zambia has a pipeline of privately developed hydro-power projects, but few have attracted financing.

The SOEs are governed by Boards of Directors that are appointed by Government with consultations and participation of the private sector. The chief executive of the SOE reports to the Board Chairperson. In the event that the SOE declares dividends, these are paid to Ministry of Finance and National Planning. The Board Chairperson is informally obligated to consult with government officials before making decisions. Zambia does not have a Sovereign Wealth Fund.

Zambian SOE’s are audited by the Auditor General’s Office as required by law and using international reporting standards. The audited reports are submitted to the President for tabling in the National Assembly in accordance with the provisions of Article 121 of the Constitution of Zambia and the Public Audit Act Cap 378 of the Laws of Zambia. The audits are carried annually, but delays in finalizing and publishing results are common.

**Corporate Social Responsibility**

The concept of corporate social responsibility (CSR) has recently gained traction in Zambia. There is a general awareness of corporate social responsibility among both producers and consumers. Some local and foreign enterprises tend to follow generally accepted CSR principles, such as the OECD Guidelines for multinational enterprises while other foreign firms ignore complex issues such as labor rights, environmental protection, bribery, corruption and human rights. The firms who pursue CSR are viewed favorably by the government and the communities.

**Political Violence**

Zambia does not have a history of significant political violence. Infrequent student protests sometimes turn violent, but they are generally confined to small areas in and
around universities. The presidential by-election in October 2008 following the death of President Levy Mwanawasa was carried out peacefully and in accordance with the constitution. In December, a Lusaka High Court nullified a parliamentary by-election held Mufumbwe, Northwestern Province in April 2010 citing extreme violence, intimidation and destruction of property. Recent upticks in violence during by-elections are becoming a source of concern for the government and the general public. Presidential and parliamentary elections are scheduled to be held in 2011.

**Corruption**

Corruption, including bribery, raises the costs and risks of doing business. Corruption has a corrosive impact on both market opportunities overseas for U.S. companies and the broader business climate. It also deters international investment, stifles economic growth and development, distorts prices, and undermines the rule of law.

It is important for U.S. companies, irrespective of their size, to assess the business climate in the relevant market in which they will be operating or investing, and to have an effective compliance program or measures to prevent and detect corruption, including foreign bribery. U.S. individuals and firms operating or investing in foreign markets should take the time to become familiar with the relevant anticorruption laws of both the foreign country and the United States in order to properly comply with them, and where appropriate, they should seek the advice of legal counsel.

The U.S. Government seeks to level the global playing field for U.S. businesses by encouraging other countries to take steps to criminalize their own companies’ acts of corruption, including bribery of foreign public officials, by requiring them to uphold their obligations under relevant international conventions. A U.S. firm that believes a competitor is seeking to use bribery of a foreign public official to secure a contract should bring this to the attention of appropriate U.S. agencies, as noted below.

**U.S. Foreign Corrupt Practices Act:** In 1977, the United States enacted the Foreign Corrupt Practices Act (FCPA), which makes it unlawful for a U.S. person, and certain foreign issuers of securities, to make a corrupt payment to foreign public officials for the purpose of obtaining or retaining business for or with, or directing business to, any person. The FCPA also applies to foreign firms and persons who take any act in furtherance of such a corrupt payment while in the United States. For more detailed information on the FCPA, see the FCPA Lay-Person’s Guide at: http://www.justice.gov/criminal/fraud/

**Other Instruments:** It is U.S. Government policy to promote good governance, including host country implementation and enforcement of anti-corruption laws and policies pursuant to their obligations under international agreements. Since enactment of the FCPA, the United States has been instrumental to the expansion of the international framework to fight corruption. Several significant components of this framework are the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (OECD Antibribery Convention), the United Nations Convention against Corruption (UN Convention), the Inter-American Convention against Corruption (OAS Convention), the Council of Europe Criminal and Civil Law Conventions, and a growing list of U.S. free trade agreements. This country is party to [add instrument to which this country is party], but generally all countries prohibit the bribery and solicitation of their public officials.
OECD Antibribery Convention: The OECD Antibribery Convention entered into force in February 1999. As of December 2009, there are 38 parties to the Convention including the United States (see http://www.oecd.org/dataoecd/59/13/40272933.pdf). Major exporters China, India, and Russia are not parties, although the U.S. Government strongly endorses their eventual accession to the Convention. The Convention obligates the Parties to criminalize bribery of foreign public officials in the conduct of international business. The United States meets its international obligations under the OECD Antibribery Convention through the U.S. FCPA. Zambia is Party to the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.

UN Convention: The UN Anticorruption Convention entered into force on December 14, 2005, and there are 143 parties to it as of December 2009 (see http://www.unodc.org/unodc/en/treaties/CAC/signatories.html). The UN Convention is the first global comprehensive international anticorruption agreement. The UN Convention requires countries to establish criminal and other offences to cover a wide range of acts of corruption. The UN Convention goes beyond previous anticorruption instruments, covering a broad range of issues ranging from basic forms of corruption such as bribery and solicitation, embezzlement, trading in influence to the concealment and laundering of the proceeds of corruption. The Convention contains transnational business bribery provisions that are functionally similar to those in the OECD Antibribery Convention and contains provisions on private sector auditing and books and records requirements. Other provisions address matters such as prevention, international cooperation, and asset recovery. Zambia is a Party to the Anticorruption Convention.

OAS Convention: In 1996, the Member States of the Organization of American States (OAS) adopted the first international anticorruption legal instrument, the Inter-American Convention against Corruption (OAS Convention), which entered into force in March 1997. The OAS Convention, among other things, establishes a set of preventive measures against corruption, provides for the criminalization of certain acts of corruption, including transnational bribery and illicit enrichment, and contains a series of provisions to strengthen the cooperation between its States Parties in areas such as mutual legal assistance and technical cooperation. As of December 2009, the OAS Convention has 33 parties (see http://www.oas.org/juridico/english/Sigs/b-58.html). Zambia is not Party to the OAS Convention.

Council of Europe Criminal Law and Civil Law Conventions: Many European countries are parties to either the Council of Europe (CoE) Criminal Law Convention on Corruption, the Criminal Law Convention, or both. The Criminal Law Convention requires criminalization of a wide range of national and transnational conduct, including bribery, money-laundering, and account offenses. It also incorporates provisions on liability of legal persons and witness protection. The Civil Law Convention includes provisions on compensation for damage relating to corrupt acts, whistleblower protection, and validity of contracts, inter alia. The Group of States against Corruption (GRECO) was established in 1999 by the CoE to monitor compliance with these and related anti-corruption standards. Currently, GRECO comprises 46 member States (45 European countries and the United States). As of December 2009, the Criminal Law Convention has 42 parties and the Civil Law Convention has 34 (see www.coe.int/greco.) Zambia is not Party to the Council of Europe Conventions.
Free Trade Agreements: While it is U.S. Government policy to include anticorruption provisions in free trade agreements (FTAs) that it negotiates with its trading partners, the anticorruption provisions have evolved over time. The most recent FTAs negotiated now require trading partners to criminalize “active bribery” of public officials (offering bribes to any public official must be made a criminal offense, both domestically and trans-nationally) as well as domestic “passive bribery” (solicitation of a bribe by a domestic official). All U.S. FTAs may be found at the U.S. Trade Representative Website: http://www.ustr.gov/trade-agreements/free-trade-agreements. Zambia does not have a free trade agreement (FTA) with the United States.

Local Laws: U.S. firms should familiarize themselves with local anticorruption laws, and, where appropriate, seek legal counsel. While the U.S. Department of Commerce cannot provide legal advice on local laws, the Department’s U.S. and Foreign Commercial Service can provide assistance with navigating the host country’s legal system and obtaining a list of local legal counsel.

Assistance for U.S. Businesses: The U.S. Department of Commerce offers several services to aid U.S. businesses seeking to address business-related corruption issues. For example, the U.S. and Foreign Commercial Service can provide services that may assist U.S. companies in conducting their due diligence as part of the company’s overarching compliance program when choosing business partners or agents overseas. The U.S. Foreign and Commercial Service can be reached directly through its offices in every major U.S. and foreign city, or through its Website at www.trade.gov/cs.

The Departments of Commerce and State provide worldwide support for qualified U.S. companies bidding on foreign government contracts through the Commerce Department’s Advocacy Center and State’s Office of Commercial and Business Affairs. Problems, including alleged corruption by foreign governments or competitors, encountered by U.S. companies in seeking such foreign business opportunities can be brought to the attention of appropriate U.S. government officials, including local embassy personnel and through the Department of Commerce Trade Compliance Center “Report A Trade Barrier” Website at tcc.export.gov/Report_a_Barrier/index.asp.

Guidance on the U.S. FCPA: The Department of Justice’s (DOJ) FCPA Opinion Procedure enables U.S. firms and individuals to request a statement of the Justice Department’s present enforcement intentions under the anti-bribery provisions of the FCPA regarding any proposed business conduct. The details of the opinion procedure are available on DOJ’s Fraud Section Website at www.justice.gov/criminal/fraud/fcpa. Although the Department of Commerce has no enforcement role with respect to the FCPA, it supplies general guidance to U.S. exporters who have questions about the FCPA and about international developments concerning the FCPA. For further information, see the Office of the Chief Counsel for International Counsel, U.S. Department of Commerce, Website, at http://www.ogc.doc.gov/trans_anti_bribery.html. More general information on the FCPA is available at the Websites listed below.

Exporters and investors should be aware that generally all countries prohibit the bribery of their public officials, and prohibit their officials from soliciting bribes under domestic laws. Most countries are required to criminalize such bribery and other acts of corruption by virtue of being parties to various international conventions discussed above.
Public sector corruption, including bribery of public officials, remains a major challenge for U.S. firms operating in Zambia. Insert country specific corruption climate, enforcement, commitment and information about relevant anticorruption legislation.

**Anti-Corruption Resources**

Some useful resources for individuals and companies regarding combating corruption in global markets include the following:


- Information about the OECD Antibribery Convention including links to national implementing legislation and country monitoring reports is available at: [http://www.oecd.org/department/0,3355,en_2649_34859_1_1_1_1_1,00.html](http://www.oecd.org/department/0,3355,en_2649_34859_1_1_1_1_1,00.html). See also new Antibribery Recommendation and Good Practice Guidance Annex for companies: [http://www.oecd.org/dataoecd/11/40/44176910.pdf](http://www.oecd.org/dataoecd/11/40/44176910.pdf).

- General information about anticorruption initiatives, such as the OECD Convention and the FCPA, including translations of the statute into several languages, is available at the Department of Commerce Office of the Chief Counsel for International Commerce Website: [http://www.ogc.doc.gov/trans_anti_bribery.html](http://www.ogc.doc.gov/trans_anti_bribery.html).

- Transparency International (TI) publishes an annual Corruption Perceptions Index (CPI). The CPI measures the perceived level of public-sector corruption in 180 countries and territories around the world. The CPI is available at: [http://www.transparency.org/policy_research/surveys_indices/cpi/2009](http://www.transparency.org/policy_research/surveys_indices/cpi/2009). TI also publishes an annual *Global Corruption Report* which provides a systematic evaluation of the state of corruption around the world. It includes an in-depth analysis of a focal theme, a series of country reports that document major corruption related events and developments from all continents and an overview of the latest research findings on anti-corruption diagnostics and tools. See [http://www.transparency.org/publications/gcr](http://www.transparency.org/publications/gcr).


• Additional country information related to corruption can be found in the U.S. State Department’s annual *Human Rights Report* available at [http://www.state.gov/g/drl/rls/hrrpt/](http://www.state.gov/g/drl/rls/hrrpt/).

• Global Integrity, a nonprofit organization, publishes its annual *Global Integrity Report*, which provides indicators for 92 countries with respect to governance and anti-corruption. The report highlights the strengths and weaknesses of national level anti-corruption systems. The report is available at: [http://report.globalintegrity.org/](http://report.globalintegrity.org/).

### Bilateral Investment Agreements


Zambia does not have a bilateral investment treaty or a bilateral taxation treaty with the United States.

### OPIC and Other Investment Insurance Programs

An OPIC/Zambia agreement was signed in June 1999. Zambia is also a signatory to the Multilateral Investment Guarantee Agency (MIGA), which guarantees foreign investment protection in cases of war, strife, disasters, other disturbances, or expropriation. In June 2001, the World Bank extended credit in the amount of USD five million for starting the African Trade Insurance Agency (ATI). This institution, which is open to all African states that are members of the AU, provides exporters with insurance against receivables on export trade deals and political risk insurance for trade transactions.

The Embassy uses approximately USD 8.6 million in Zambian Kwacha per year. Kwacha was purchased at the average market exchange rate of K4,830 to the U.S. dollar in 2010. Zambia’s foreign exchange rates track closely with international copper prices. As such, when copper prices rise, the Kwacha generally appreciates in value.

### Labor

Although there is an abundance of unskilled labor in Zambia, investors complain that there is an inadequate supply of skilled and semi-skilled labor. The government adheres closely to International Labor Organization (ILO) conventions. Labor-management relations vary by sector. Strikes are not uncommon in the public sector and often are related to the government’s failure to pay salaries or allowances on time. The minimum
monthly entitlement for any permanent employee including general workers is approximately Kwacha 419,000 (USD 84).

Foreign-Trade Zones/Free Ports

An investor may apply to be appointed and licensed by the Commissioner General to establish and operate a bonded factory under Section 65 of the Customs and Excise Act. In early 2007, the GRZ announced the creation of multi-facility economic zones (MFEZ) where investors enjoy waivers on customs duty on imported equipment, excise duty and value added tax, among other concessions.

On October 31, 2000, the COMESA Free Trade Area (FTA) was launched. COMESA launched a customs union in June 2009, during the 13th Summit of the COMESA Heads of State and Government. The top five intra-COMESA exports from Zambia include tobacco, raw sugarcane, wire, refined copper and cement.

The SADC Trade Protocol Member States Southern African Development Community (SADC), a regional grouping of 13 African states came into force in 2008. The protocol promotes regional integration through trade development and to develop their natural and human resources for the mutual benefit of their people. Trade between the SADC member states is being conducted on reciprocal preferential terms and Rules of Origin define the conditions for products to qualify for preferential trade in the SADC region. Products have to be ‘wholly produced’ or ‘sufficiently processed’ in the SADC region to be considered compliant with Rules of Origin. The Rules of Origin for SADC are product specific and not generic like the ones for COMESA.

Foreign Direct Investment Statistics

The ZDA compiles data on investment commitments from investors who obtain investment licenses at the ZDA. Investors in mining projects do not invest through the ZDA but instead work with the Ministry of Mines and Mineral Development. The ZDA data are therefore incomplete and should not be considered a complete measure of investment. However, these are the only FDI data available in Zambia.


<table>
<thead>
<tr>
<th>Sector</th>
<th>2009 (USD)</th>
<th>January/November 2010 (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>251,125,000</td>
<td></td>
</tr>
<tr>
<td>Construction</td>
<td>3,422,999</td>
<td>550,000</td>
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<tr>
<td>Education</td>
<td>2,500,000</td>
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<tr>
<td>Manufacturing</td>
<td>1,756,000</td>
<td>30,585,000</td>
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<tr>
<td>Real Estate</td>
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<tr>
<td>Service</td>
<td>1,000,000</td>
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</tr>
<tr>
<td>Tourism</td>
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<td>1,024,850</td>
</tr>
<tr>
<td>Total</td>
<td>260,303,999</td>
<td>34,159,850</td>
</tr>
</tbody>
</table>
Investment Pledges by Sector and Nationality in USD for the period January-November 2010.

<table>
<thead>
<tr>
<th>Investment by Country</th>
<th>Sector</th>
<th>Value in USD</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>American</strong></td>
<td>Construction</td>
<td>550,000</td>
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<td></td>
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<tr>
<td></td>
<td>Real Estate</td>
<td>500,000</td>
</tr>
<tr>
<td><strong>American British</strong></td>
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<td>1,024,850</td>
</tr>
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<td><strong>American/British/South Africa</strong></td>
<td>Manufacturing</td>
<td>585,000</td>
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<td><strong>American/Zambian</strong></td>
<td>Real Estate</td>
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</tr>
<tr>
<td><strong>Australian/Zambian</strong></td>
<td>Manufacturing</td>
<td>553,000</td>
</tr>
<tr>
<td><strong>Brazilian/South African</strong></td>
<td>Mining</td>
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<tr>
<td><strong>British</strong></td>
<td>Agriculture</td>
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<td></td>
<td>Energy</td>
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<td></td>
<td>Manufacturing</td>
<td>4,300,000</td>
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<tr>
<td></td>
<td>Service</td>
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<td></td>
<td>Tourism</td>
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<td></td>
<td>Transport</td>
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<td>Real Estate</td>
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<td><strong>Canadian</strong></td>
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<td></td>
<td>Transport</td>
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<td><strong>Canadian/Zambian</strong></td>
<td>Manufacturing</td>
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<td>Service</td>
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<td></td>
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<td><strong>Cypriot</strong></td>
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<td>Tourism</td>
<td>2,500,000</td>
</tr>
<tr>
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<td>Construction</td>
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<td>2,950,000</td>
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<td>Tourism</td>
<td>1,500,000</td>
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<td>Country 1</td>
<td>Country 2</td>
<td>Sector</td>
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<tr>
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<td>Service</td>
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<tr>
<td>Indian</td>
<td></td>
<td>Tourism</td>
</tr>
<tr>
<td>Indian</td>
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<td>Transport</td>
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<tr>
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</tr>
<tr>
<td>Irish/</td>
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<tr>
<td>Italian</td>
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<td>Kenyan/Zambian</td>
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<tr>
<td>Lebanese/Sierra Leon/Zambian</td>
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<td>Construction</td>
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<td>ICT</td>
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<td>Mauritian/Zambian</td>
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<td>Omani</td>
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<tr>
<td>Palestinian</td>
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<tr>
<td>Peruvian/Zambian</td>
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<td>Russian</td>
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<tr>
<td>South African</td>
<td></td>
<td>Service</td>
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<tr>
<td>South Africa/British/Zambian</td>
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<td>Tourism</td>
</tr>
<tr>
<td>Country/Region</td>
<td>Industry</td>
<td>Value in USD</td>
</tr>
<tr>
<td>------------------------------------</td>
<td>----------------</td>
<td>--------------</td>
</tr>
<tr>
<td>South African/Trinidad</td>
<td>Tourism</td>
<td>1,432,000</td>
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<td>ICT</td>
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<tr>
<td>South African/Zimbabwean</td>
<td>Construction</td>
<td>1,000,000</td>
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<tr>
<td></td>
<td>Manufacturing</td>
<td>1,000,000</td>
</tr>
<tr>
<td>South Korean</td>
<td>Tourism</td>
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<tr>
<td>Sri Lankan</td>
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<tr>
<td>Swiss</td>
<td>Service</td>
<td>1,977,000</td>
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<td>Swiss/Zambian</td>
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<td>600,000</td>
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<td>Ugandan/Zambian</td>
<td>Real Estate</td>
<td>16,000,000</td>
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<tr>
<td>Zambian</td>
<td>Education</td>
<td>214,000,000</td>
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<td></td>
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<td>294,657,350</td>
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<td></td>
<td>Real Estate</td>
<td>126,864,000</td>
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<td></td>
<td>Service</td>
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<td></td>
<td>Tourism</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Zambian/Dutch</td>
<td>Tourism</td>
<td>1,058,000</td>
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<tr>
<td>Zambian/South Africa</td>
<td>Construction</td>
<td>866,630</td>
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<tr>
<td></td>
<td>Service</td>
<td>1,000,000</td>
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<tr>
<td>Zambian/Zimbabwean</td>
<td>Manufacturing</td>
<td>500,000</td>
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<tr>
<td></td>
<td>Service</td>
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</tr>
<tr>
<td>Zimbabwean</td>
<td>Agriculture</td>
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</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>4,333,612,830</strong></td>
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</table>

Source: Zambia Development Agency

<table>
<thead>
<tr>
<th>Investment by U.S. Companies in Zambia</th>
<th>Value in USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cargill Cotton Ginners Ltd</td>
<td>USD 18 million</td>
</tr>
<tr>
<td>National Milling Corporation (Seaboard Corporation)</td>
<td>USD 20 million.</td>
</tr>
<tr>
<td>Pioneer DuPont Zambia (Pioneer Hi-Bred International Inc)</td>
<td>USD 4 million</td>
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</table>

<table>
<thead>
<tr>
<th>Actual Investment by other Nationals in Zambia</th>
<th>Value in USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albidon Zambia (Chinese)</td>
<td>USD 37 m</td>
</tr>
<tr>
<td>Pick N Pay (Woodlands, Lusaka) (South African)</td>
<td>USD 25 m</td>
</tr>
<tr>
<td>Zambia-China Economic and Trade Cooperation Zone (Chambishi MFEZ) (Chinese)</td>
<td>USD 780 million</td>
</tr>
</tbody>
</table>
Credit is the most common method of payment used for Zambian imports. In general, Zambian companies find it difficult to finance their own imports and seek credit arrangements, but businesses considering offering their exports on credit should make a very careful check of the bona fides and finances of Zambian companies before doing so. Delinquent payments (even from government-owned companies) to suppliers are a common problem in Zambia. The cash-in-advance payment method may be advisable, especially when dealing with small companies.

Zambia's commercial banking sector is composed of 18 international and local banks. All banks operating in Zambia must incorporate locally. As a result, there are no local branches of foreign (including U.S.) banks or financial institutions. However, Citibank Zambia Limited, a wholly-owned subsidiary of Citicorp NY, provides corporate banking services in Zambia.

The banking sector is supervised by the central bank, the Bank of Zambia (BoZ), which reports to the Ministry of Finance and National Planning. The sector is governed by the Banking and Financial Services Act of 1994. Industry observers generally credit the BoZ with making large strides in improving bank oversight over the past several years.
Legislation is being drafted which will provide for the establishment of a deposit insurance system.

While Zambia currently lacks an anti-money laundering regime that meets international standards, it has passed legislation to create an independent financial intelligence unit (FIU). The FIU has yet to take over investigative authority from the Drug Enforcement Commission (DEC), and remains hampered by a lack of funding.

**Foreign-Exchange Controls**

There are no controls on the movement of capital in or out of Zambia. Bank accounts may be held in local or foreign currency, and funds are easily transferred out of the country or held offshore. Amounts over 5,000 U.S. Dollars, carried in or out in cash or travelers checks, must be declared. Commercial banks and bureau de change operators restrict issuance of over-the-counter cash to USD 5,000 per transaction.

The BoZ is responsible for the management of the country’s foreign exchange reserves and participates in open market operations to either build up reserves or to smooth exchange rate volatility.

**U.S. Banks and Local Correspondent Banks**

Zambia has one U.S. owned bank:

Citibank Zambia Limited  
Citibank House  
Cha Cha Cha Road  
P.O. Box 30037  
Lusaka, Zambia  
Tel: 260-211-22 0913  
Fax: 260-211-22 6258  
Contact: Ms. Joyce –Ann Wainaina  
Managing Director

**Project Financing**

The availability of project financing, particularly for export-oriented projects, is improving. Besides bilateral and multilateral government agencies, commercial banks and venture capital funds are playing an increasing role. Both the U.S. and European Union (EU) have established enterprise development funds, which can be accessed for projects in Zambia. U.S. enterprise development funds include the Southern African Enterprise Development Fund and the United States African Development Foundation. The International Finance Corporation (IFC) and Commonwealth Development Corporation (CDC) both offer financial assistance for projects in Zambia. There are no restrictions for U.S. companies to participate in bids and tenders floated by the Zambia Public Procurement Authority (ZPPA) and funded by the international institutions such as the World Bank, Africa Development Bank and other. After selection of successful bidder,
the relevant government ministry will supervise the project while payments are made from the financing institution. However, channels for remittance of project funds will differ according to the financing institution.

http://www.saedf.com
http://www.usadf.gov

Web Resources

OPIC: http://www.opic.gov
Trade and Development Agency: http://www.tda.gov/
SBA's Office of International Trade: http://www.sba.gov/oit/
USDA Commodity Credit Corporation: http://www.fsa.usda.gov/ccc/default.htm

Business Customs

Business law is based mostly on British law, and business customs are similar to those in the U.S. and Europe. Zambians are polite and mild-mannered, and a direct confrontational style is not well received in the local cultural context. Business dress code is formal for both men and women. If the attire is a skirt suit, then the length should be below the knees.
Travel Advisory

Crime is a problem in Zambia. Mugging, carjacking, and house and car break-ins are not uncommon. Copperbelt towns along the border with the Democratic Republic of Congo have seen periodic surges in crime due to political instability across the border. There are no internal travel restrictions in Zambia, although areas around military bases may have restricted access.

Visitors should exercise caution when purchasing curios and souvenirs to avoid items that contain materials that are protected by the Convention on International Trade in Endangered Species (see Chapter 5, Customs Regulation and Contact Information).

Visa Requirements

Travel Advisory and Visas: Visas are required for U.S. passport holders, and it is highly recommended that travelers obtain visas in advance of arrival. Multiple entry visas may be obtained from the Embassy of the Republic of Zambia, 2419 Massachusetts Avenue, NW, Washington DC 20008, Telephone: (202) 265-9717. Zambian Embassy officials generally require a letter of invitation from the individual or entity in Zambia with whom one intends to do business. Tourist visas may be obtained at the border at the airport upon arrival for USD 50 single entry and USD 80 for a double entry.

A foreign national who invests a minimum of USD 250,000 or equivalent in convertible currency and who employs a minimum of 200 Zambians is entitled to a self employment permit or resident permit (see Chapter 6, Investment Climate).

U.S. companies that require travel of foreign business persons to the United States should advise the foreign business person to work through the U.S. Embassy consular office for their visa application and processing. Visa applicants should go to the following links:

US Embassy Website: http://zambia.usembassy.gov

We address for Consular Section:
http://zambia.usembassy.gov/non-immigrant_visas/visa-processing-fees2.html

In the past, the Zambian Drug Enforcement Commission (DEC) has detained a number of travelers for possession of Benadryl and other over-the-counter medications, which have contained small quantities of diphenhydramine, an active ingredient that is on Zambia’s list of controlled substances. Although unaware of these restrictions, Americans have been charged with drug trafficking offenses, had their passports confiscated, and been jailed. As a result, any American visiting Zambia is strongly advised to leave behind all non-prescription medications behind. When traveling with prescription medications, Americans should bring a doctor’s prescription and ensure that the medication is in its original bottle. Any American stopped by the DEC for possession of over-the-counter medications should contact the Embassy at +260-211-357 260 as soon as possible.

State Department Visa Website: http://travel.state.gov/visa/index.html
Zambia is a member of Intelsat and receives video and communications services through its earth satellite station.

Telecommunications services are generally adequate, but often unreliable, especially during the rainy season (November-March), and relatively expensive. Cellular service is currently offered in all provinces of Zambia, but coverage is uneven. Major private firms that offer mobile phone facilities include MTN Zambia and Airtel Zambia. International telephone calls are expensive (about one U.S. dollar per minute to the United States). AT&T’s USA Direct service is available, as well as similar services to Britain, Sweden, and some other European countries. There are a number of callback service companies operating in Zambia.

Cell phones usage is rapidly surpassing landline communication. Code Division Multiple Access (CDMA) is the most prevalent digital cellular phone technology. Following a privatization process by the Zambia Development Agency, Libyan firm LAP Green bought a 75 percent stake in Zambia’s state-owned telecommunications company Zamtel for $257 million in June 2010.

There are 19 Internet Service Providers offering dial-up connections, broadband wireless, and VSAT services. Following the privatization of Zamtel, the GRZ liberalized the International Voice Gateway which now falls under the Zambia Information and Communication Technology Agency.

There are regular airline connections to Lusaka and Livingstone from London, Dar es Salaam, Johannesburg, Gaborone, Windhoek, Harare, Addis Ababa, Cairo, Lilongwe and Nairobi. Domestic flights are available between Lusaka, Ndola, Kitwe and Chingola (Copperbelt Province), Mfuwe and Chipata (Eastern Province), Livingstone (Southern Province), Kasama (Northern Province) and Solwezi (Northwestern Province). There are regular flights linking Johannesburg to Lusaka, Ndola, and Livingstone. The Zambian Government has announced its intention to rehabilitate its airports and extend its runways, but has not yet undertaken any significant upgrade projects. There are several private city bus lines.

The railway system is run down and undergoing restructuring. Passenger train travel is unreliable and uncomfortable. The GRZ commissioned the construction of the 27-kilometer Chipata-Mchinji Railway, connecting the eastern border with Malawi through to Nacala Port in Mozambique and was commissioned in 2010. The GRZ intends to construct new railway lines from Chingola, on the Copperbelt, to Solwezi, in
Northwestern Province, as well as a railway line connecting Solwezi to the Benguela railway line in Angola, providing eventual access to Lobito Bay.

Road transportation is the preferred means of transport for many goods. The road network is uneven, consisting of 38,763 km of bitumen paved road and 85,592 km of gravel. 23,998 km is unclassified, but mostly likely unmaintained dirt road. The heavy rains sometimes wash away road segments on major routes, making some areas inaccessible. The road network has improved but more needs to be done in terms of rehabilitation and maintenance.

Zambia is landlocked, and goods come in and out via air freight, or through five African ports: Mpulungu, on Lake Tanganyika; Dar-es-Salaam, Tanzania; Beira, Mozambique; Durban, South Africa; and Walvis Bay, Namibia.

**Language**

Although there are 73 local languages in Zambia, English is the official language. Government business and commercial transactions are normally conducted in English. Other dominant languages are Bemba, Kaonda, Lozi, Luvale, Nyanja, and Tonga.

**Health**

Basic medical care outside of major cities is extremely limited. Private medical clinics in major cities can provide reasonable care in many cases, but major medical emergencies usually require medical evacuation to South Africa, India, Europe, or the United States. Doctors and hospitals often require immediate cash payment for health care services. Medical insurance covering air ambulance evacuation is highly advisable. For the most recent travel information on Zambia, check www.travel.state.gov.

Malaria is endemic in Zambia. Prophylaxis is strongly recommended. HIV prevalence is very high in Zambia, with approximately 14 percent of the adult population HIV positive nationwide, but with higher rates in urban areas. Drinking water should always be treated if bottled water is not available.

**Local Time, Business Hours, and Holidays**

Zambia does not participate in daylight savings time.

Zambian business hours:

Government offices are open from 8:00 a.m. to 5:00 p.m., Monday to Friday. They are closed from 1:00 p.m. to 2:00 p.m.

Bank hours vary, but most banks are open from 8:00 a.m. to 3:00 p.m. Monday to Friday. Some are open every Saturday while most open every first and last Saturday of the month from 8:15 a.m. to 10:30 a.m.
Shops are generally open from 8:15 a.m. to 5:00 p.m., Monday to Sunday while others open from 08:15 a.m. to 21:00 p.m.

**Zambian Holidays in 2011 are:**

<table>
<thead>
<tr>
<th>Date</th>
<th>Holiday</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 01</td>
<td>New Years Day</td>
</tr>
<tr>
<td>March 08</td>
<td>International Women’s Day</td>
</tr>
<tr>
<td>March 12</td>
<td>Youth Day</td>
</tr>
<tr>
<td>April 22</td>
<td>Good Friday</td>
</tr>
<tr>
<td>April 23</td>
<td>Holy Saturday</td>
</tr>
<tr>
<td>April 25</td>
<td>Easter Monday</td>
</tr>
<tr>
<td>May 01</td>
<td>Labor Day</td>
</tr>
<tr>
<td>May 25</td>
<td>African Freedom Day</td>
</tr>
<tr>
<td>July 06</td>
<td>Heroes Day</td>
</tr>
<tr>
<td>July 07</td>
<td>Unity Day</td>
</tr>
<tr>
<td>August 03</td>
<td>Farmers Day</td>
</tr>
<tr>
<td>October 24</td>
<td>Independence Day</td>
</tr>
<tr>
<td>December 25</td>
<td>Christmas Day</td>
</tr>
</tbody>
</table>

**Temporary Entry of Materials and Personal Belongings**

Tourist/visitors declare their goods to Customs at point of entry and declare and produce them for inspection at the point of departure.

**Web Resources**

- Zambia Tourist Board: [http://www.zambiatourism.com](http://www.zambiatourism.com)
- State Department Visa Website: [http://travel.state.gov/visa/index.html](http://travel.state.gov/visa/index.html)

**Chapter 9: Contacts, Market Research and Trade Events**

- **Contacts**
- **Market Research**
- **Trade Events**

**Contacts**
U.S. Embassy Lusaka

Ambassador – Mark C. Storella
Deputy Chief of Mission – Stephen Schwartz
Acting Political/Economic Chief – Phillip Nervig
Commercial Specialist - Vedruna Santana


International mailing address: United States Embassy, PO Box 31617, Lusaka, Zambia.

Street address: Subdivision 694/Stand 100, Ibex Hill Road, Lusaka, Zambia.

Telephone: 260-211-357 000
Fax: 260-211-357 224
Email: CommercialLusaka@state.gov

Zambian Government and Industry:

Ministry of Commerce, Trade and Industry, Permanent Secretary, Dr. Buleti Nsemukila, P.O. Box 31968, Lusaka, Zambia. Tel: 260-211 223 617.

Ministry of Finance and National Planning, Permanent Secretary, Mr. Emmanuel Ngulube, P.O. Box RW 50062, Lusaka, Zambia. Tel: 260-211 250 657 and 260-211 251 843.

Zambia Development Agency (ZDA), Director General, Mr. Andrew Chipwende, P.O Box 30819, Lusaka, Zambia. Tel: 260-211 221 417.

Zambia Association of Chambers of Commerce and Industry (ZACCI), Chairman, Mr. Geoffrey Sakulanda, P.O. Box 30844, Lusaka, Zambia. Tel: 260-211 252 369.

**Market Research**

To view market research reports produced by the U.S. Commercial Service please go to the following website: [http://www.export.gov/mrktresearch/index.asp](http://www.export.gov/mrktresearch/index.asp) and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, and is free.

**Trade Events**

Trade Schedule: Zambia holds four annual trade fairs. The Zambia Mining, Agriculture and Commercial Show, held in the last weekend of May, is the premier event for any mining-related business. This is followed by the Zambia International Trade Fair, held the first week of July in Ndola, the Zambia Agriculture and Commercial Show, held in Lusaka during the first week of August, and the Gemstone and Mining Exhibition, held annually in Livingstone and Lusaka around September.
Chapter 10: Guide to Our Services

The President’s National Export Initiative aims to double exports over five years by marshaling Federal agencies to prepare U.S. companies to export successfully, connect them with trade opportunities and support them once they do have exporting opportunities.

The U.S. Commercial Service offers customized solutions to help U.S. exporters, particularly small and medium sized businesses, successfully expand exports to new markets. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers
- Gain access to the full range of U.S. government trade promotion agencies and their services, including export training and potential trade financing sources

To learn more about the Federal Government’s trade promotion resources for new and experienced exporters, please click on the following link: www.export.gov

For more information on the services the U.S. Commercial Service offers to U.S. exporters, please click on the following link: http://www.buyusa.gov/southafrica

U.S. exporters seeking general export information/assistance or country-specific commercial information can also contact the U.S. Department of Commerce’s Trade Information Center at (800) USA-TRAD(E).

We value your feedback on the format and contents of this report. Please send your comments and recommendations to: Market_Research_Feedback@trade.gov

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, The Department of Commerce does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. The Department of Commerce can assist companies in these endeavors.