



Zambia

Member Countries - Commonwealth Chamber of Commerce

Officially known as the Republic of Zambia, the Southern African country is landlocked and bordered by 8 countries, 5 of which are fellow Commonwealth nations. The Democratic Republic of Congo to the north, which starts at Lake Taaganyika and follows through to the Luapula River driving a wedge into Zambia's circumference thus giving the latter its distinct butterfly shape; Tanzania to the north-east; Malawi to the east; Angola to the west; and, Mozambique, Zimbabwe, Botswana and Namibia to the south, the latter three of which share a "quadripoint" with Zambia at which their borders meet near the Victoria Falls. With a land area of 752,618 kmsq, Zambia is roughly over twice the size of Germany and is home to one of the most youthful populations internationally. The majority of Zambia's territory is sparsely populated and clusters of the population reside in the Line of Rail, Zambia's developed industrial area where railway lines link Zambia's part of the African Copperbelt with Lusaka, the capital of Zambia, as well as the border town called Livingstone.

Much of Zambia forms the high plateau of the southern region of the continent, about 1,500 metres above sea level on average due to which the country is dissected by many river valleys and rifted troughs, some of which are lake-filled. The highest plateau, the Nyika Plateau, is located in the eastern part of Zambia on the Malawian border and its highest point is approximately 2,100 metres located in the Mafinga Hills. Western Zambia is covered with sandy deposits, which are relicts of the Kalahari Desert back when it was more expansive across the region. The central and eastern parts of the country's plateau comprises of swamps and lake-filled depressions though in the more elevated areas of the region there are ridges and isolated hills that are made of rocks resistant to erosion which has affected most of the country's territory, exposing ancient crystalline rock surfaces.



Demographics

Zambia's population in 2022 is estimated to be 19,491,332 and it is expected to increase at a rate of 2.9% annually due to its high fertility rate of almost 6 children per woman. The nation has a very youthful population with 65.77% citizens 24 years old or under. As one of the African countries with the highest levels of urbanization, the rate of urbanization in Zambia is at 4.15% per annum and 45.8% of the population reside around the urban cities of Lusaka, Ndola, Kitwe and Mufulira.

Zambia is home to 72 ethnic groups, most of which are of African Bantu origin. 9 major ethnolinguistic groups (Nyanja-Chewa; Bemba; Tonga; Tumbuka; Lunda; Luvale; Kaonde; Nkoya; and Lozi) take up approximately 90% of the population. Among its population, over 100,000 people are from the Asian community and European countries. In terms of religion, most Zambians are Christians practicing either Protestantism or Roman Catholicism. Asians in Zambia largely practice Hinduism and the rest practicing Islam. As a widely ethnically diverse country, over 70 different languages are spoken across communities. Zambia's official language is English which is commonly used in official documents alongside Bemba and Nyanja, two of the country's most widely used local languages. Bemba, spoken by 33.4% of the population, is also used for education and administration purposes. While Nyanja, spoken by 14.7%, is the official language of the police. Tonga, spoken by 11.4% is mostly used in the media.

History

Zambia was first inhabited by ancestors of modern humans at around 20,000 BCE. Zambia's contacts with the Western world began in 1798 when the Portuguese took slaves from Zambia to be exported to wealthier countries. During the mid-19th century, Zambia was ruled by many groups that had set up kingdoms such as the Kololo kingdom and Ngoni kingdom. At 1889, British politician Cecil Rhodes set up the British South African Company (BSAC) which bore powers of administrations and signed treaties with leaders of various kingdoms, thus marking the beginning of Britain's rule over the country.

Changes came in the 1920s, the discovery of copper in Zambia attracted European businessmen and merchants, expanding the workforce and an influx of white people. However, by 1930, copper prices dropped drastically due to depression and the British government's plans of increasing white settlement failed. The British created the Federation of Rhodesia and Nyasaland in 1953, which is a union of Northern Rhodesia (Zambia), Southern Rhodesia (Zimbabwe) and Nyasaland (Malawi). In response, the United National Independence Party formed by the future President, Kenneth Kaunda, campaigned for the dissolution of the Federation. The campaign concluded at a success in 1963 and Zambia gained independence one year later with Kenneth Kaunda from the United National Independence Party (UNIP) as President. After failed policies by Kaunda, opposing parties such as the United Progressive Party (UPP) and the African Nationalist Congress arose. To secure his position in the 1973 election, Kaunda banned all opposition parties in 1972 by imprisoning opposition leaders and persuaded other members to change sides. However, by late 1980s due to the drastic drop in copper prices, Zambia's economy depreciated causing food riots. In 1991, the ban on opposition parties was raised and the Movement for Multi-party Democracy (MMD) won the elections and its leader, Frederick Chiluba became Zambia's President.

In the 21st century, along with the rise in copper prices and the mining of other metals such as silver, cobalt, zinc and lead, Zambia's economy grew sharply. Today, Zambia is considered a stable country with successful democratic elections held every five years. Edgar Lungu became the sixth president of Zambia in January 2015 after winning an election victory to replace former leader Michael Sata. He was re-elected in August 2016 after defeating his major rival, Hakainde Hichilema of the United Party for National Development (UPND), in a closely contested presidential election. In the 2021 elections, Hakainde Hichilema finally won the elections and became Zambia's seventh President.

Key Dates

1798 – 1831 Portuguese explorers arrive at Zambia and begin settlement

1889 Cecil Rhodes sets up the British South African Company (BSAC) to establish control over Northern Rhodesia

Later 1920s Copper mining is discovered, bringing an influx of European technicians and administrators

1953 The British creates the Federation of Rhodesia and Nyasaland, which consists of Northern Rhodesia (Zambia), Southern Rhodesia (Zimbabwe) and Nyasaland (Malawi).

1960 Kenneth Kaunda forms the United National Independence Party to campaign for the dissolution of the Federation and independence of Northern Rhodesia.

1963 The Federation is dissolved.

1964 Northern Rhodesia gains independence with Kaunda as President and is renamed as Zambia.

1991 Amendments to the Constitution allows multi-party elections and the Movement for Multi-party Democracy (MMD) wins the elections. The party's leader Frederick Chiluba becomes the President of Zambia.

2015 Edgar Lungu becomes Zambia's sixth President after winning the elections.

2021 Hakainde Hichilema, leader of United Party for National Development (UPND), wins the election and becomes Zambia's seventh President.

Legal System and Government

Zambia is a presidential republic with a multiparty system. The President is elected through universal suffrage and can serve a maximum of two five-year terms. The Parliament, consisting of the President and the National Assembly, performs legislative actions and various functions including approving proposals for public expenditure and scrutinizing the work of the Government. 167 members make up the National Assembly. 156 members are elected by the first-past-the-post system in which all Zambia's permanent residents aged eighteen or above are entitled to vote. 8 seats are taken up upon the nomination of the President and the remaining 3 are ex-officio members including the Vice President, the Speaker one deputy Speaker. Every member of the Parliament serves the term of 5 years.

Zambia practices a mixed English Common Law and customary law system. Under this dual legal system, the laws of Zambia are drawn from the Constitution, different legislation, the common law and judicial precedents, as well as Customary Law. The Constitution of Zambia promises that the Judiciary shall be independent from the Government. Courts in Zambia are divided into two categories: (1) the superior courts, which consists of the Supreme Court of Zambia, the Constitutional Court of Zambia, the Court of Appeal and the High Court of Zambia; and (2) the lower courts. Judges, including the Chief Justice, are appointed by the President on the advice of the Judicial Service Commission and subject to ratification by the National Assembly.

Economy

Zambia has one of the fastest growing economies in Africa and has achieved a lower middle-income status after graduating from the Least Developed Country (LDC) category as of June 2022. It was rated by Forbes as Africa's seventh best country for doing business out of 54 countries. Zambia's economy is predominantly led by the mining sector which contributes to 13.2% of the country's GDP, 30% of government revenues, over 70% of its foreign exchange earnings and employs 8% of the national labour force. With 882,061 metric tonnes of copper produced in 2021, it is the world's eighth largest copper producer and home to 6% of the world's known copper reserves. Copper and cobalt, the country's primary exports, make for more than 70% of the mining sector's revenue. Since copper prices are estimated to increase steadily in the years to come, there are great prospects for the mining industry. Other mineral endowments include Gold, Zinc, Lead, Iron Ore, Manganese, Nickel, Feldspar, sands, Talc, Barite, Apatite, Limestone, Dolomite, Uranium, Coal, and gemstones (e.g. Diamonds, Emeralds, Aquamarine, Topaz, Opal, Agate and Amethysts). In particular, Zambia produces almost 20% of the world's Emeralds with untapped capacity to increase its production. In recent years, through collaborations with the Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development (IGF) in the Tax Base erosion and profit shifting (BEPS) programme, revenues from the sale of copper and manganese have increased by revising the transfer pricing rules.

Zambia's agriculture sector also makes notable contributions to the country's economy; it employs more than 75% of the country's labour and contributes 19% to GDP. On its 752,000 sq kilometer territory, 58% has medium-to-high potential for agricultural land use. The most cultivated crops and livestock include, maize, cotton, soybeans, tobacco, cattle and sheep. In addition, Zambia's power production industry is rapidly growing due to an increasing demand for electricity. It is expected that electricity demands by 2025 will reach 4,427 megawatts, a 90% increase from 2018. Zambia has abundant natural resources such as coal, bio-fuels from agricultural land, biomass from forests, water reserves, wind energy and long hours of sunlight for the production of both renewable and non-renewable energy.



Trade

In 2021, Zambia's GDP was recorded to be US\$ 21.2 billion. The nation's top merchandise export, as has been the case for the past 5 years, were copper and articles thereof, contributing 75.8% of total exports. Other notable exports included salt, sulphur, earths, stone and their by-products (2.7%) and iron and steel (2.1%). The top importing countries for Zambian products include Switzerland (42.1%), China (18.7%) and Singapore (13.4%). In terms of imports, Zambia mainly imported machinery, mechanical appliances, nuclear reactors and boilers (14.0%), mineral fuels, mineral oils and products thereof (10.2%), vehicles other than railway/tramway rolling stock and parts thereof (9.9%) and fertilisers (6.2%). These imports were primarily procured from South Africa (31.6%), China (12.6%) and the UAE (11.3%)

Zambia is a signatory of the Common Market for Eastern and Southern Africa (COMESA), the Southern African Development Community (SADC) and the African Continental Free Trade Agreement (AfCFTA). Due to its recent graduation from the LDC category, soon Zambia's duty free and quota free access to the EU market under the "Everything But Arms" (EBA) Program will be discontinued.

Investment Opportunities

Rated by Forbes as the 7th best country for doing business across the continent, Zambia's impressive economic growth in the past decade has contributed to its stable political system, robust macroeconomic environment and improved investment protection guarantees. Zambia offers an expansive range of opportunities in the sectors of tourism, manufacturing, mining, energy and agriculture. The mining sector is undoubtedly the most developed and central pillar of the Zambian economy with abundant investment opportunities still present in the extraction and processing of resources aside from copper including gold, cobalt, zinc, lead and other precious metals. At the same time, the government of Zambia is committed to diversifying exports and increasing the number of Public-Private-Partnerships (PPP) to improve the capacity and efficiency of its public sector as well as physical infrastructure for better connectivity. Regarding agriculture, 58% of Zambia's 752,000 sqkm land mass is arable but as of now only 14% is cultivated showcasing the potential for development of non-traditional crops including cashew nuts, pineapples, cassava and several other horticultural and floricultural crops; opportunities also exist in agro-processing and value-addition of products to advance Zambia's agricultural supply chains.

Due to the nation's growing economy the demand for electricity has also been steadily rising and while the country has adequate infrastructure for hydro-electric power and wood fuel it still wholly imports petroleum which the country is looking to change. The government is encouraging investment in petroleum and coal powered electricity production but more so than these it is looking for investment to develop renewable energy sources and infrastructure. The priority areas of investment for the manufacturing sector, that has been growing at an annual growth rate of almost 3% since 2011 and contributes 9% to GDP, include food processing, textiles, mineral processing, leathering, electronics, pharmaceuticals and packaging products all of which run parallel to the government's objective to diversify exports. As for tourism, Zambia is amongst the most prime locations for tourism in Africa with 31% of its total land area dedicated to wildlife protected areas and its vast arrays of national parks, waterfalls, lakes and rivers. With such a vibrant tourist ecosystem paired with its rich culture and heritage owing to its diverse population, Zambia offers many collaboration projects, especially through PPP, for the development of holiday resorts, ecological hotels and lodging and in particular the government is encouraging foreign investment into the Greater Livingstone City, a development project to expand the city and transform it into a ultra-modern city.

The Zambia Development Agency (ZDA) offers a wide range of incentives under the ZDA Act (amended in 2014) under which investors who invest US\$500,000 or above into a Multi Facility Economic Zone, an Industrial Park, a Priority Sector or in a Rural Enterprise are eligible for zero percent import duty rates and accelerated depreciation on capital equipment and machinery for a period of 5 years. The ZDA also provides zero rate on mining products for exports and reduction of VAT rates in tax free zones.

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