



**Trade Policy Review Body**

**TRADE POLICY REVIEW**

**REPORT BY THE SECRETARIAT**

**ZAMBIA**

This report, prepared for the fourth Trade Policy Review of Zambia, has been drawn up by the WTO Secretariat on its own responsibility. The Secretariat has, as required by the Agreement establishing the Trade Policy Review Mechanism (Annex 3 of the Marrakesh Agreement Establishing the World Trade Organization), sought clarification from Zambia on its trade policies and practices.

Any technical questions arising from this report may be addressed to Jacques Degbelo (Tel: 022 739 5583); Zheng Wang (Tel: 022 739 5288); and Michael Kolie (Tel: 022 739 5931).

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## SUMMARY

1. Since its last trade policy review in 2009, Zambia, a Least Developed Country (LDC), recorded relatively strong economic growth at an average rate of 6.6% per year up to 2015. According to the World Bank analytical classification, it became a lower-middle income country in 2014, with a GNI per capita of US\$1,680. This performance was mainly attributed to growing demand for copper (the main export product) and its spillover effects on some other sectors such as transport, communications, and wholesale and retail trade. Buoyant construction activities and higher agricultural production also helped. GDP growth has however decelerated since 2013, due to technical difficulties in the mining sector; in particular, some unscheduled maintenance problems left a number of mines out of operation for several months. In addition, weaker global demand for copper further frustrated investments in mining.

2. Zambia succeeded in lowering annual inflation from two digits to a one-digit level as from 2010, but it has remained generally higher than the 6.5% target of the Bank of Zambia, and it even reached 10.1% in 2015. Indeed, high world prices of petroleum products, elimination of consumer subsidies, depreciation of the Zambian Kwacha by some 50% over the period September 2014 to September 2015, and financing of increasing public deficit by the Bank of Zambia have contributed to maintaining inflation high.

3. In an attempt to curb inflation, the Bank of Zambia has implemented various measures. However, while the gradual increase in the policy rate from 9% in 2012 to 15.5% in November 2015 is likely to contribute to containing inflation, the elimination of the reserve requirement and liquid asset ratios may exert inflationary pressure. Moreover, falling international copper prices and high depreciation of the Kwacha have negatively affected Zambia's external position, the country being a price taker for copper and a net food importer. As a result, the external current account has turned into deficit in recent years after registering surpluses up to 2012.

4. Zambia's ratio of trade in goods and services to GDP (82% in 2014) suggests that trade is important to its economy. Copper continues to be by far the top export earner (accounting for over 70% of the value of merchandise exports). Its imports are more diversified and consist mainly of machinery, transport equipment, and oil and automotive products. Africa is the leading source of Zambia's imports, with South Africa and the Democratic Republic of the Congo leading the way. Europe remains the top destination for its exports and, in particular, Switzerland, the single most important destination.

5. Investment is regulated by the Zambia Development Agency Act that opens most activities to foreign investors. Zambia performed relatively well in attracting foreign direct investment: FDI inflows registered an almost fourfold increase from US\$700 million to US\$2.5 billion from 2009 to 2014. However, FDI is largely destined to the mining sector, highlighting the lack of diversification in the economy. High costs of doing business, due to unreliable energy, difficult access to finance, high interest rates, and recent macroeconomic uncertainties (due to frequent tax policy changes in mining and exchange rate volatility) are among the main factors holding back the country's diversification efforts.

6. Zambia has implemented several reforms aimed at improving its business environment and attracting foreign investment. In fact, an online system was introduced for business registration and an e-registry was implemented. The registration time was reduced to less than 24 hours in areas where one-stop shops have been established. The Business Licensing Reform Committee recommended that, of the 517 licences identified as affecting business operations in Zambia, 290 be retained, 170 be eliminated, and the others be reclassified, merged, or converted. A Business Regulatory Review Agency was established in 2015 to review new proposals for licences, to ensure that only necessary licences are introduced and to increase the accountability of regulatory authorities.

7. Zambia ratified the WTO Trade Facilitation Agreement in December 2015, and notified its Categories A, B, and C commitments in January 2016. Zambia is a member of both COMESA (Common Market for Eastern and Southern Africa), and SADC (Southern African Development Community). Negotiations on a Tripartite Free Trade Area (TFTA) between COMESA, SADC, and the EAC (East African Community) aim at creating a free trade area among the members of the

three regional economic communities and addressing inconsistencies related to their overlapping membership. Zambia has also maintained preferential trade agreements with other countries. It is involved in negotiations on Economic Partnership Agreement (EPA) with the EU. As an LDC, Zambia is eligible for the Everything-But-Arms (EBA) initiative of the EU, and has duty-free and quota-free access to the U.S. market under AGOA.

8. Zambia implements ASYCUDA World, and all customs declarations are conducted electronically. Difficulties in implementing the WTO Customs Valuation Agreement in Zambia are reportedly due mainly to frequent falsification of invoices by importers. Zambia bound tariffs on 16.7% of all lines: tariffs on all agricultural products (WTO definition) are bound, as well as on 3.7% of all lines for non-agricultural products. The simple average of Zambia's final bound tariff rates is 105.9%. The applied MFN rates are much lower than the bound rates. Its average applied MFN tariff rate was reduced from 13.4% in 2008 to 12.9% in 2016: the simple average rate for agricultural products (WTO definition) fell from 19.1% to 18.9%, while that for non-agricultural products fell from 12.5% to 11.9%.

9. Recognizing that one obstacle for Zambian manufactured products to access global markets is the lack of adherence to systematic and internationally acceptable quality standards, the Government developed its National Quality Policy in 2011. It aims at establishing by 2020 a national quality infrastructure, to ensure locally-produced goods and services are recognized and accepted by Zambia's trading partners. By mid-September 2015, a total of 2,434 standards had been published in Zambia, of which 60% are adopted international standards, and the other 40% are Zambian standards based on international/regional/foreign standards or with a mix of source documents. About 2% are technical regulations. The SPS regime remained unchanged during the review period. COMESA has been assisting Zambia in identifying priorities for SPS investment, considering that resources are generally insufficient.

10. Export taxes apply on a number of products including mineral ores and concentrates, waste and scrap metals, and some types of timber products. According to the authorities, this is to encourage value addition within the country and to control the stealing of copper. Export prohibitions apply to, *inter alia*, raw animal hides and skins, logs, and wood charcoal. The Government may restrict maize exports from time to time, for food security reasons.

11. Zambia amended or enacted various trade-related laws over the period under review. It promulgated a new Competition and Consumer Protection Act in 2010, with a view to enhancing the predictability of the related enforcement mechanism; however, sectoral regulators still play an important role in monitoring competition in their respective domains. The Copyright and Performance Rights Act was amended in 2010 with a view to better countering piracy, handling complaints, addressing offences and enhancing sanctions. Other IPR-related legislation remained unchanged, although five bills are under consideration on: trademarks, patents, industrial designs, layout designs, and traditional knowledge.

12. The public procurement regime was reformed in 2013: public procurement has been decentralized and the Zambia Public Procurement Authority (ZPPA) is no longer involved in proceedings. Nevertheless, the wide range of methods available to procuring entities and the large flexibility in their use suggest that transparency could be improved in the new regime. Currently, statistical data are not available on public procurement. The Government intends to develop an e-procurement system to address these weaknesses.

13. Agriculture remains an important sector in Zambia, providing livelihood for over 70% of the population, and contributing 10% to GDP and to total export earnings. Maize, the country's staple food, together with seed cotton, sorghum, rice, millet, sunflowers tobacco, Irish potatoes, wheat, and soya beans remain the leading crops. The sector has a strong growth potential given the country's large fertile land and water resources endowment. Indeed, some 58% of Zambia's total land area is classified as having medium to high potential for agricultural production, but only 14% of agricultural land is utilized. The National Agriculture Policy pursues objectives of, *inter alia*, food security, a sustainable increase in productivity for major crops, and continuous improvement of access to export markets for Zambian agricultural products. A number of assistance programmes are in place to support mainly small-scale farmers and promote the participation of the private sector in agriculture.

14. Zambia is well endowed with copper and cobalt (over 97% of mineral exports), with mining still an important pillar of its economy. In recent years, this sector has been facing various challenges, including infrastructural constraints, uncertainties in taxation, and low international copper prices. However, the sector remains the main recipient of FDI in the country.

15. Manufacturing remains underdeveloped. It is dominated by agro processing (over 63% of total manufacturing production), textiles and leather industries. Recognizing the fundamental role of the sector in Zambia's economic diversification strategy, the Government has implemented various support measures, such as the establishment of multi-facility economic zones (MFEZs) and industrial parks.

16. Services, mainly finance, tourism, transport, and communication continue to be the backbone of the Zambian economy (approximately two-thirds of GDP). A number of constraints impede significant expansion of its international trade in services, with the country remaining a net services importer during the review period. The constraints include limited services supply capacity; an inadequate regulatory framework; absence of a national policy concerning services trade; and difficulties in translating regulatory frameworks into opportunities. Under the GATS, Zambia has bound market access in certain business services, construction and related engineering services, healthcare and social services, and tourism and travel-related services.



## 1 ECONOMIC ENVIRONMENT

### 1.1 Main Features of the Economy

1.1. Zambia is a "landlinked" and least developed country (LDC); and its GNI per capita of US\$1,680 in 2014 places it in the lower-middle-income country category.<sup>1</sup> The country has recorded some human development progress during the last decade, notably improvements in life expectancy at birth and education. According to the UNDP's 2015 Human Development Report, Zambia's Human Development Index (HDI) was 0.586 in 2014, positioning it at 139 out of 188 countries and territories, and placing it in the medium human development category. However, there still remains a long way to go if Zambia is to achieve its ambitions to become a prosperous upper-middle-income country by 2030, as highlighted in its "Vision 2030".

1.2. A number of structural weaknesses leave the Zambian economy narrow-based and highly vulnerable. A large part of economic activity is supported only by copper mining. For example, the large predominant services sector is basically fuelled by mining activities, and supplemented by agriculture to a certain extent. In addition, a substantial part of construction activity takes place in mining.

1.3. Copper continues to be by far the top export earner of the country, contributing over 70% of exports. Weak infrastructure, complex administrative procedures, as well as weak access to finance and narrow market access opportunities, in a context of limited regional integration, impede strong and sustainable economic expansion.

1.4. The broad sectoral distribution of GDP did not change significantly during the review period (Table 1.1). The services sector is the largest contributor to GDP (approximately two-thirds of GDP), particularly banking, insurance, and communication services. Beside its vital role as a primary source for livelihood in rural areas, agriculture also accounts for about 10% of GDP during the review period. Although manufacturing is relatively marginal, it offers opportunities for economic diversification. It consists of agro-processing (food and beverages), textiles and leather, secondary processing of metals, fertilizers, chemicals, and construction materials.

**Table 1.1 Selected macroeconomic indicators, 2008-15**

	2008	2009	2010	2011	2012	2013	2014	2015 <sup>a</sup>
Nominal GDP (current market prices, Zambian kwacha billion)	67.1	77.3	97.2	114.0	131.3	151.3	167.0	183.8
Nominal GDP (current market prices, US\$ billion)	17.9	15.3	20.3	23.5	25.5	28.0	27.1	21.3
Real GDP growth (in 2010 constant prices)	7.8	9.2	10.3	5.6	7.6	5.1	5.0	3.2
GDP per capita (current US\$)	1,365.7	1,134.8	1,456.1	1,635.6	1,724.8	1,839.5	1,726.0	..
Population in million	13.1	13.5	13.9	14.3	14.8	15.2	15.7	..
Unemployment rate (%)	15.6	14.8	13.2	13.2	13.1	13.1	13.3	..
CPI percent change over corresponding period of previous year	12.4	13.4	8.5	6.4	6.6	7.0	7.8	10.1
<b>GDP by the type of expenditure at current prices (% of GDP)</b>								
Final consumption expenditures	69.8	68.8	64.0	62.3	65.5	63.2	60.7	..
Government final consumption	10.4	10.0	6.6	6.6	8.9	9.2	9.2	..
Private final consumption	59.5	58.8	57.4	55.7	56.5	54.0	51.6	..
Gross capital formation	33.3	31.3	29.9	31.8	32.3	33.5	35.7	..
Gross fixed capital formation, incl. valuables	29.4	27.5	25.9	27.2	24.5	25.6	27.6	..
Changes in inventories	3.8	3.8	4.0	4.6	7.8	7.9	8.1	..
Net export of goods and services	-3.1	-0.1	6.2	5.8	2.2	3.3	3.6	..
Exports of goods and services	29.5	29.2	37.0	40.0	42.7	43.5	42.8	..
Import of goods and services	32.6	29.3	30.9	34.2	40.5	40.2	39.2	..
Unbalanced sum	..	..	0.0	-5.4	1.8	-1.7	2.3	..
<b>GDP distribution at constant 2010 basic prices (% of GDP)</b>								
Primary sector	22.3	23.4	24.1	26.9	25.6	27.4	23.9	19.1

<sup>1</sup> World Bank online information, "Data: Zambia". Viewed at: <http://data.worldbank.org/country/zambia>.

	2008	2009	2010	2011	2012	2013	2014	2015 <sup>a</sup>
Agriculture, forestry and fishing	12.7	11.7	10.5	10.6	10.1	9.1	9.6	8.5
Mining and quarrying	9.6	11.7	13.6	16.3	15.4	18.3	14.4	10.6
Secondary sector	24.4	23.3	21.9	21.1	19.4	17.4	18.6	23.3
Manufacturing	9.2	8.7	8.4	8.2	7.7	6.6	6.4	8.5
Electricity, gas, water	2.2	2.1	2.0	2.6	2.2	1.9	2.2	2.2
Construction	13.1	12.5	11.5	10.3	9.5	8.8	9.9	12.5
Tertiary sector	56.9	56.6	56.9	54.1	56.8	57.1	59.2	59.4
Wholesale and retail trade; repair of motor vehicles and motorcycles	19.9	19.5	19.4	21.0	21.0	23.4	23.8	24.4
Transportation and storage	6.7	7.2	6.3	4.7	4.6	3.6	3.9	3.7
Financial and insurance activities	5.5	5.0	4.4	3.5	3.3	3.2	3.1	3.2
Real estate activities	8.2	8.2	4.5	4.2	4.1	4.0	4.2	4.2
Information and communication	..	..	1.8	3.1	3.4	2.9	2.9	2.8
Education	..	..	7.4	7.1	7.5	7.7	8.7	8.2
Public administration and defence; compulsory social security	..	..	4.3	3.2	5.2	4.9	5.4	5.5
<b>Public finance (% of GDP)</b>								
Total revenues and grants	18.3	15.7	15.6	17.8	18.5	17.6	19.3	..
Tax revenue	14.4	12.5	13.1	15.8	14.7	14.1	16.2	..
Non-tax revenue	0.8	0.8	1.1	1.4	2.2	2.1	2.5	..
Grants	3.1	2.4	1.4	0.6	1.7	1.4	0.6	..
Total expenditures and net lending	19.5	17.9	18.1	19.6	21.6	24.0	25.5	..
Current expenditure	16.0	15.0	15.5	16.8	18.6	19.3	21.1	..
Of which wages and salaries	6.7	6.8	6.5	6.5	7.2	7.9	8.6	..
Capital expenditure	2.9	3.0	2.6	3.4	3.3	3.6	4.4	..
Net lending	0.6	0.0	0.0	-0.7	-0.3	1.1	0.1	..
Fiscal balance	-1.2	-2.2	-2.5	-1.8	-3.1	-6.4	-6.2	..
<b>External sector (% of GDP, unless otherwise indicated)</b>								
Current account balance	-4.3	4.7	6.8	4.1	4.9	-0.8	2.1	-3.6
Net merchandise trade	2.6	6.3	13.7	9.8	6.3	5.9	6.0	-0.3
Merchandise exports	28.0	28.5	36.9	37.3	37.3	38.7	37.7	34.6
Merchandise imports	25.4	22.3	23.2	27.5	31.1	32.8	31.7	34.9
Services balance	-1.2	-0.9	-1.6	-1.8	-1.3	-3.8	-2.9	-2.7
Merchandise exports (%age change) <sup>b</sup>	..	-12.8	71.2	17.0	8.8	13.9	-5.7	-28.0
Merchandise imports (%age change) <sup>b</sup>	..	-25.1	38.0	37.0	22.8	16.0	-6.5	-13.5
Service exports (%age change) <sup>b</sup>	..	-14.5	8.0	16.6	48.8	-23.4	12.2	1.3
Service imports (%age change) <sup>b</sup>	..	-19.5	32.2	23.1	22.0	36.2	-9.5	-12.9
Zambian kwacha/US\$ (period average)	3.7	5.0	4.8	4.9	5.1	5.4	6.2	8.6
Real effective exchange rate (percentage change)	15.1	-14.2	5.8	-2.6	3.3	3.7	-4.0	-9.9
Nominal effective exchange rate (percentage change)	8.8	-22.6	0.4	-5.1	-0.1	-0.2	-8.3	-15.6
Total reserves (includes gold, current US\$ billion)	1.1	1.9	2.1	2.3	3.0	2.7	3.1	..
Total reserves in months of imports	1.9	5.0	3.6	3.2	3.8	2.6	3.1	..
<b>Public debt</b>								
Total central government debt, gross (end-period) <sup>c</sup>	..	..	..	..	25.5	28.5	35.1	..
External	..	..	..	..	13.5	13.1	18.4	..
Internal	..	..	..	..	12.0	15.4	16.7	..

.. Not available.

a Preliminary data.

b Percentage change on merchandise and service trade are based on current US\$.

c Primary data for 2014.

Note: GDP figures for 2008-2009 are based on online statistical information from the Zambian Central Statistical Office, while the remaining years, 2010-2015, are provided by the Zambian Ministry of Finance.

Source: Statistical information provided by the Central Bank of Zambia and the Zambian Ministry of Finance; Zambian Central Statistical Office online statistical information; African Development Bank, *African Statistical Yearbook (2015)*; IMF, *Country Report No. 15/152*, June 2015; IMF online information, "International Financial Statistics". Viewed at: <http://data.imf.org/> [22 March 2016]; World Bank's World Development Indicators database. Viewed at: <http://databank.worldbank.org/data/reports.aspx?source=World-Development-Indicators>.

## 1.2 Recent Economic Developments

1.5. With an average rate of about 6.6%, Zambia's GDP growth performance was relatively high during the review period, although it remained subdued in comparison to the 7% annual rate target pursued by the main national development plan.

1.6. The 2008 global economic and financial crisis had very limited effects on GDP growth, as its rates increased steadily from 7.8% in 2008 to a peak of 10.3% in 2010. This favourable growth performance was attributed to growing copper demand by China and its spillover effects on construction, transport, communications, wholesale and retail. Construction activities were also boosted by the recent infrastructural development stance undertaken by the authorities through several road construction projects. Furthermore, higher production in agriculture added to the overall output growth. The fast growing mobile industry also spurred the GDP growth momentum (Section 4).

1.7. Since 2011, GDP growth has decelerated, due to several headwinds in the mining sector (Table 1.1). In fact, reported technical difficulties, in particular some unscheduled maintenance problems, left a number of mines out of operation for several months. In addition, weaker economic growth in China further frustrated investments in mining.

1.8. During the review period, due to various factors, inflation, measured by consumer price index (CPI), was generally higher than the Bank of Zambia's medium-term target of 6.5% a year. The commodity price shocks of 2008 increased inflation beyond single digits in 2008 and 2009, as food products account for over 50% of the CPI basket. However, inflation declined to 8.5% in 2010, higher than the medium-term target; and further fell to 6.4% in 2011. The monetary policy stance was eased in late 2011 with a reduction in both the reserve requirement and liquid asset ratios from 8% in January 2011 to 5% between November 2011 and December 2012.<sup>2</sup>

1.9. Inflation resumed an upward trend in 2012, increasing from 6.6% in 2012 to 10.1% in 2015. Non-food inflation was the main contributing factor to the inflation out-turn in 2013, completely offsetting the decline in food inflation. The increase in prices of non-food products, largely imported, was due to pass-through effects of depreciation of the kwacha (the national currency) against the US dollar. Part of the high inflation is also due to the Government's stance in 2013 of removing existing subsidy programmes, mainly for fuel and maize. In addition, pursuant to the Bank of Zambia Act, the Bank of Zambia (BoZ) is allowed to finance public deficit by up to 15% of government income of the previous year, and this is another source of inflation. According to the authorities, BoZ financing of the government deficit was erratic during the review period, ranging between 0.2 and 2.9 billion Zambian kwacha.

1.10. In April 2012, the Bank of Zambia (BoZ) switched from reserve money targeting to targeting the policy rate. The policy rate was initially set at 9.0% and, under additional threats of inflationary pressures, was increased at end-2012 to 9.8% and ended 2014 at 12.5%. In November 2015, the rate was further increased to 15.5%.

1.11. Zambia's fiscal stance deteriorated gradually during the review period; and deficits have been financed through external and internal sources, including mainly BoZ, and substantial arrears accumulation. Public deficit increased by nearly threefold between 2009 and 2014 from 2.2% to 6.2%. Revenue forgone under several tax incentive programmes was a persisting element of Zambia's widening public deficit. Furthermore, both recurrent and capital expenditures continued to rise as the authorities were engaged in programmes to increase wages in the public sector, as well as to build significant infrastructure throughout the country. Subsidies for fuel, maize and agricultural inputs also added to the fiscal deficit in recent years, namely between 2010 and 2013. The country's fiscal situation continues to face outstanding VAT refund claims, as well as some expenditure arrears consisting of pensions and capital expenditures.

1.12. The external position remained under pressure, in particular over the last two years. The current account was in surplus over most years of the review period, reflecting positive export performance driven by strong copper demand. However, since 2013, falling copper prices and demand, and increasing imports combined with depreciating currency have led to a slight deficit of

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<sup>2</sup> IMF (2012).

the current account. The balance of services trade is traditionally in deficit, which has recently worsened due to increasing import demand for transport services (Table 1.2).

1.13. In the face of several challenges that the country faces, the authorities have recently rolled out strategic plans for its long-term development. In 2013, as an operational tool of Zambia's long-term Vision 2030, a Revised Sixth National Development Plan (R-SNDP) was developed to cover the period 2013-16. It identifies, *inter alia*, skills development, science and technology, and infrastructural development as the main drivers for achieving its objectives of rural development and job creation. International trade in goods and services is clearly considered as an optimal tool for income generation, creation of decent jobs, promotion of economic diversification, as well as an opportunity to overcome the constraints of limited endowments in capital and skills (Section 2).

1.14. Agriculture, manufacturing, energy, construction, tourism and mining are considered to be the key growth sectors in the R-SNDP. The Government is committed to creating a favourable business environment for these priority sectors; active incentive schemes are already in place in this regard (Section 3). Priority sectors are poised to mainstream cross-cutting issues such as HIV, gender, disability, environment and disaster risk management into their key output indicators.

**Table 1.2 Balance of payments, 2008-15**

(US\$ million)

	2008	2009	2010	2011	2012	2013	2014	2015 <sup>a</sup>
<b>Current account, n.i.e.</b>	<b>-768</b>	<b>714</b>	<b>1,377</b>	<b>958</b>	<b>1,248</b>	<b>-218</b>	<b>581</b>	<b>-768</b>
Balance on goods and services	243	815	2,456	1,872	1,251	590	832	-645
Balance on goods	459	958	2,774	2,299	1,595	1,648	1,625	-74
Goods: exports f.o.b.	5,013	4,372	7,483	8,754	9,521	10,843	10,220	7,362
of which copper	3,687	3,179	5,768	6,660	6,294	6,911	7,619	5,234
cobalt	317	164	304	256	203	138	124	71
NTEs	928	953	1,260	1,690	2,852	3,558	2,272	1,849
gold	44	37	110	103	124	186	152	152
Goods: imports f.o.b.	4,554	3,413	4,710	6,454	7,926	9,195	8,595	7,436
Balance on services	-216	-143	-317	-428	-344	-1,058	-794	-571
Services: credit	619	529	571	665	990	758	851	862
of which transportation	30	26	45	53	57	65	61	44
travel	542	474	492	555	518	552	642	660
Services: debit	835	672	888	1,093	1,334	1,816	1,644	1,432
of which transportation	439	345	474	666	825	937	903	825
travel	118	96	105	111	165	210	222	234
insurance & pension services	26	19	27	93	115	116	116	114
Balance on primary income	-1,399	-419	-1,363	-1,157	-333	-1,153	-552	-349
Credit	30	6	8	11	10	5	6	8
Debit	1,429	424	1,371	1,168	344	1,158	558	357
Balance on secondary income	389	318	283	244	330	345	301	227
Credit	499	355	323	285	398	393	354	269
Debit	110	37	39	42	68	48	52	42
<b>Capital account, n.i.e.</b>	<b>230</b>	<b>237</b>	<b>150</b>	<b>151</b>	<b>223</b>	<b>278</b>	<b>202</b>	<b>81</b>
Credit	230	237	150	151	223	278	202	81
Debit	0	0	0	0	0	0	0	0
<b>Financial account, n.i.e.</b>	<b>-393</b>	<b>601</b>	<b>1,564</b>	<b>970</b>	<b>1,268</b>	<b>277</b>	<b>463</b>	<b>-278</b>
Direct investment: net	<b>-939</b>	<b>-425</b>	<b>-634</b>	-	-	-	-	-
Portfolio investment: net	6	75	-74	-71	-899	-96	-1,197	-1,221
Financial derivatives: net	0	-220	-226	154	11	-3	-25	18
Other investment: net	540	1,171	2,498	1,996	4,590	2,067	4,879	2,649
<b>Net errors and omissions</b>	<b>-14</b>	<b>-8</b>	<b>-27</b>	<b>-30</b>	<b>-32</b>	<b>-30</b>	<b>1</b>	<b>-24</b>
<b>Overall balance</b>	<b>158</b>	<b>-342</b>	<b>65</b>	<b>-109</b>	<b>-171</b>	<b>247</b>	<b>-322</b>	<b>432</b>
<b>Reserves and related items</b>	<b>-158</b>	<b>342</b>	<b>-65</b>	<b>109</b>	<b>171</b>	<b>-247</b>	<b>322</b>	<b>-432</b>
Reserve assets	29	783	138	270	290	-206	315	-446
Credit and loans from the IMF	16	242	55	27	-5	-15	-29	-14
Exceptional financing <sup>p</sup>	171	198	148	134	124	57	23	0

a Preliminary data.

b Exceptional financing includes budget support grants.

Source: Information provided by the Zambian authorities.

1.15. International reserves, measured by months of imports, remained under the Government's medium-term target of four months of imports. The sharp drop in reserves in 2013 was attributed to the BoZ's support in the foreign exchange market to counter further depreciation. However, lower import demand for capital goods in 2014, in the context of weak investments in mining, has contributed to the building up of international reserves.

1.16. The stock of government debt, as a percentage of GDP, increased remarkably between 2012 and 2014 from 25.5% to 35.1%, driven to a large extent by its external component. The 2014 hike in external debt stock was mainly associated with the issuance by the Government of a US\$1 billion Eurobond.<sup>3</sup>

### 1.3 Trade Performance

1.17. Trade in goods and services grew steadily during the review period, from over US\$8 billion in 2009 (58% of GDP) to some US\$21 billion in 2014 (82% of GDP).

1.18. The value of imports more than doubled, up from US\$4 billion in 2009 to some US\$10 billion in 2014, with a significant share attributed to manufactures (over 60% of import value on average), as the kwacha has recently depreciated significantly (Section 1.2). The broad composition of imports remained mainly unchanged. Machinery and transport equipment, oil products, and automotive products are the main import categories (Chart 1.1 and Table A1.1).

1.19. Zambia's main exports are traditionally copper products, whose share in total exports further expanded between 2008 and 2014 from 41.1% to 73.3. Agrifood products, chemicals, and certain semi-manufactures are also exported in substantial quantities (Chart 1.1 and Table A1.2).

1.20. Africa is the leading source of Zambia's imports, with South Africa and the Democratic Republic of the Congo (DRC) leading the way. With shares averaging some 10% of Zambia's total imports, the EU and Middle East countries are also noticeable exporters to Zambia (Chart 1.2 and Table A1.3). During the review period, China became an increasingly important source for Zambia's imports with its share almost doubling, up from 4.7% in 2009 to 9% in 2014.

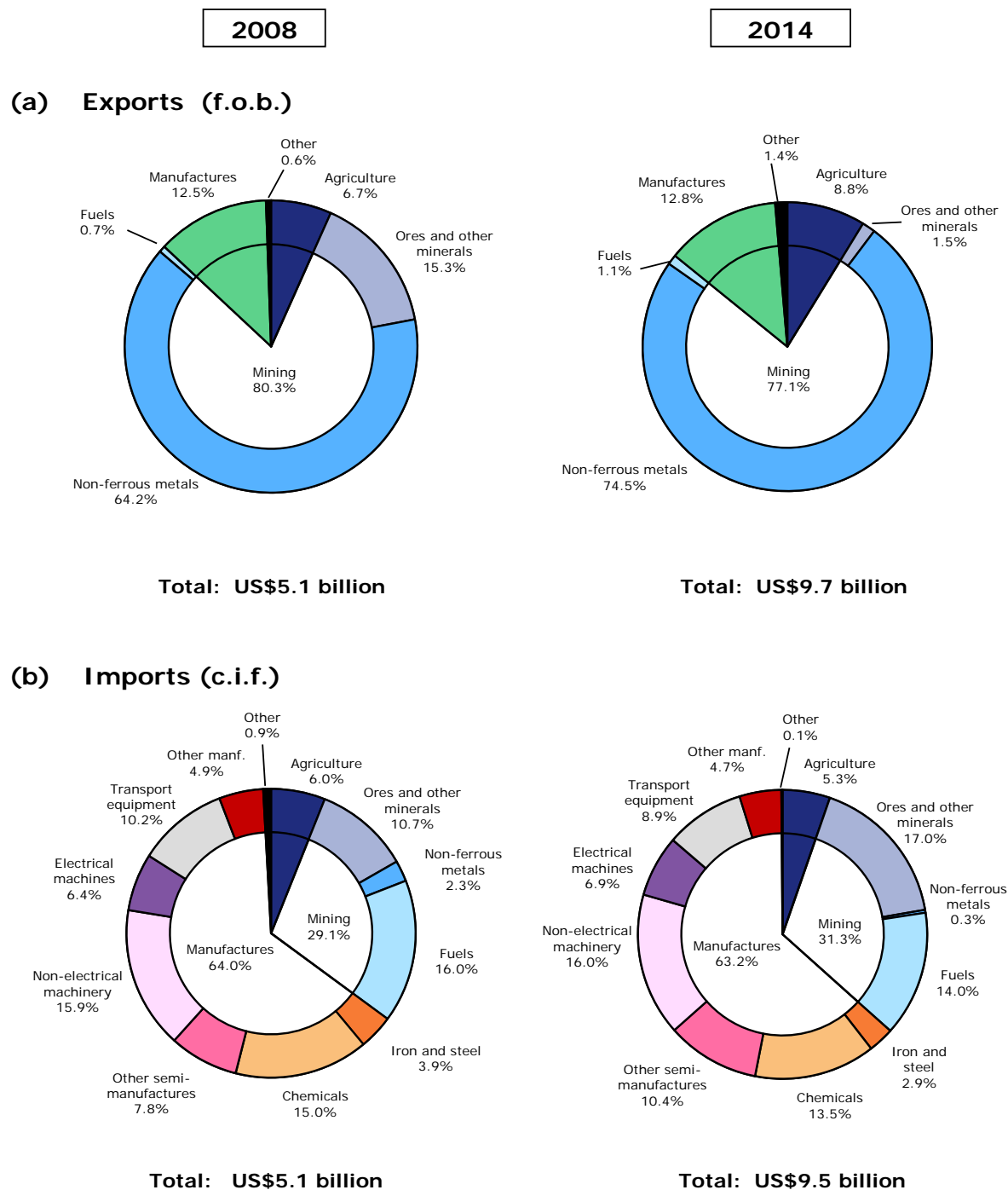
1.21. Europe remains the top destination for Zambia's export products, by accounting for nearly half of its total exports. Switzerland is by far Zambia's single most important export destination, with a record high in 2010, when it absorbed 51% of its total exports (Chart 1.2 and Table A1.4). Like in the case of imports, China has become a significant market for Zambian products, with shares increasing from 11.2% to 18.5% between 2009 and 2014.

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<sup>3</sup> KPMG (2014).

**Chart 1.1 Composition of merchandise trade, 2008 and 2014**

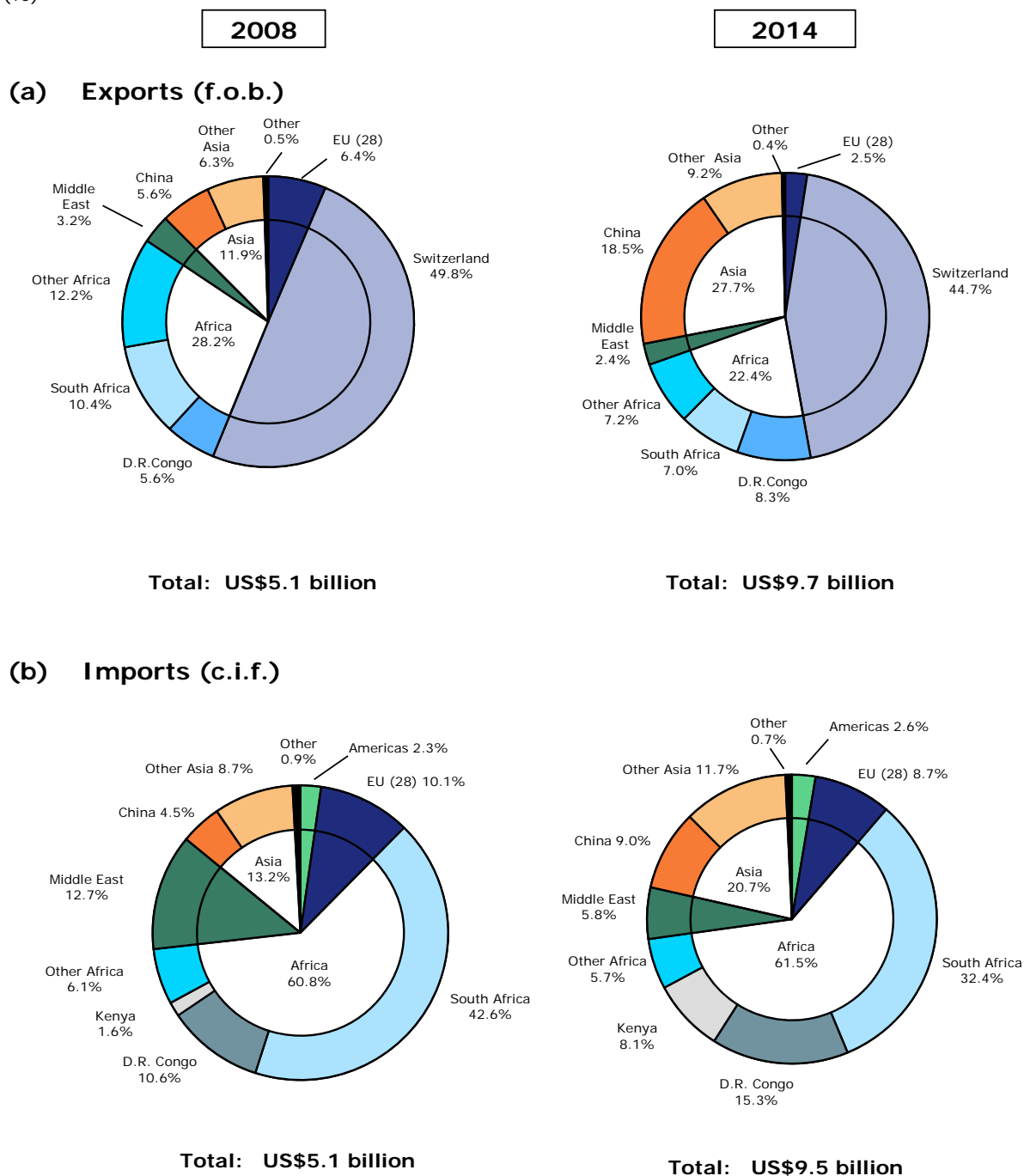
(%)



Source: WTO Secretariat calculations, based on UNSD Comtrade database (SITC Rev.3).

**Chart 1.2 Direction of merchandise trade, 2008 and 2014**

(%)



Source: WTO Secretariat calculations, based on UNSD Comtrade database.

1.22. Zambia's services trade balance is traditionally in deficit. Services exports are highly concentrated, and dominated by travel services (Table 1.3). Imports are more diversified and they are mostly associated with mining activities. Transport, travel and construction services are the main components.

**Table 1.3 Trade in services, 2008-14**

(US\$ million and %)

	2008	2009	2010	2011	2012	2013	2014
<b>Credit (US\$ million)</b>	<b>619</b>	<b>529</b>	<b>571</b>	<b>665</b>	<b>990</b>	<b>758</b>	<b>851</b>
	(% of total)						
Manufacturing services on physical inputs owned by others	..	..	..	..	1.4	..	..
Maintenance and repair services n.i.e.	..	..	..	..	..	..	..
Transport	4.9	5.0	7.8	7.9	5.8	8.5	7.2
Travel	87.7	89.7	86.1	83.4	52.3	72.8	75.4
Business	36.6	40.5	46.5	47.5	28.8	41.3	42.8
Personal	51.0	49.2	39.6	35.9	23.5	31.5	32.6
Other services	7.5	5.3	6.0	8.7	40.6	18.7	17.4
Construction services	..	..	..	..	..	..	..
Insurance and pension services	1.6	1.1	1.3	1.1	34.1	9.9	9.3
Financial services	1.5	..	..	..	..	..	..
Charges for the use of intellectual property n.i.e.	..	..	..	..	..	..	..
Telecommunication, computer, and information services	3.9	3.6	4.0	3.9	2.8	3.9	3.7
Other business services	0.5	0.6	0.7	0.6	0.5	0.6	0.6
Personal, cultural, and recreational services	..	..	..	3.0	3.2	4.3	3.8
Government goods and services n.i.e.	..	..	..	..	..	..	..
<b>Debit (US\$ million)</b>	<b>835</b>	<b>672</b>	<b>888</b>	<b>1,093</b>	<b>1,334</b>	<b>1,816</b>	<b>1,644</b>
	(% of total)						
Manufacturing services on physical inputs owned by others	..	..	..	0.0	..	0.1	0.1
Maintenance and repair services n.i.e.	..	..	..	1.2	1.3	0.7	0.8
Transport	52.6	51.4	53.4	60.9	61.8	51.6	54.9
Passenger	5.5	7.0	7.0	10.3	10.4	8.1	9.5
Freight	43.1	40.1	41.8	46.7	48.1	40.9	42.3
Other (including postal and courier)	4.1	4.3	4.5	3.9	3.4	2.6	3.1
Travel	14.1	14.3	11.8	10.1	12.4	11.5	13.5
Business	9.9	10.0	8.2	7.1	8.7	8.1	9.5
Personal	4.2	4.3	3.5	3.0	3.7	3.5	4.1
Other services	33.3	34.4	34.8	27.8	24.5	36.1	30.7
Construction services	18.0	17.7	17.6	7.1	3.6	3.1	3.2
Insurance and pension services	3.1	2.9	3.0	8.5	8.7	6.4	7.1
Financial services	0.5	0.6	0.6	0.5	2.2	1.1	1.9
Charges for the use of intellectual property n.i.e.	0.2	0.1	0.1	0.3	0.3	0.1	0.1
Telecommunication, computer, and information services	1.5	1.8	1.6	2.9	1.0	1.9	2.4
Other business services	6.0	6.0	7.0	4.2	5.2	20.7	12.8
Personal, cultural, and recreational services	0.5	0.6	0.6	0.4	0.3	0.2	0.2
Government goods and services n.i.e.	3.6	4.7	4.4	3.8	3.3	2.5	3.0

.. Not available.

Source: IMF online information, "IMF Balance of Payments Statistics (BOP)". Viewed at: <http://data.imf.org/>.

#### 1.4 Foreign Direct Investment

1.23. During the review period, Zambia performed relatively well in terms of foreign direct investment (FDI). The inflows registered an almost fourfold increase from nearly US\$700 million to US\$2.5 billion between 2009 and 2014. As a consequence, the inward stocks of FDI firmed up during the same period by doubling in value (Table 1.4). Switzerland, Canada, South Africa, and the United Kingdom are the main investor countries in Zambia.



**Table 1.4 Foreign direct investment, 2008-14**

(US\$ million and %)

	2008	2009	2010	2011	2012	2013	2014
FDI inflows	939	695	1,729	1,110	2,433	1,810	2,484
FDI inward stock	8,222	8,880	9,957	8,394	11,048	12,525	15,009
FDI inward stock (% of GDP)	45.9	57.9	49.1	35.4	44.3	46.7	55.5
FDI outflows	0	270	1,095	-2	-702	66	-213
FDI outward stock	971	1,280	2,531	2,530	1,409	2,630	2,417
FDI outward stock (% of GDP)	5.4	8.3	12.5	10.7	5.6	9.8	8.9

Source: UNCTAD (2015), *World Investment Report*, Geneva; UNCTAD, UNCTAD STAT. Viewed at: <http://unctad.org/en/Pages/Statistics.aspx>; and the Zambian Central Statistical Office.

1.24. Zambia's FDI is largely destined for the mining sector. This highlights the lack of diversification in the whole economy. High costs of doing business, due to unreliable energy, weak access to finance, high interest rates, and macroeconomic uncertainties are among the main factors holding back the country's diversification efforts.

### 1.5 Outlook

1.25. The IMF estimates show that Zambia's growth potential remains strong. In the medium term, the economy is poised to continue growing at least at the same pace as in 2014. Inflation is expected to pick up in the short term, as a consequence of a depreciating kwacha. However, in the medium term, and conditional to strict monetary discipline, annual inflation rates are projected to decline gradually to 5%.<sup>4</sup>

1.26. Given Zambia's vulnerability, the positive outlook on the economic performance may suffer from a certain number of downside risks. These include the persisting depreciation of the Kwacha, as well as the fragile international economic environment, which may hurt demand for copper products. According to the BoZ, over the next five years the current account is projected to improve, recording increasing surpluses in each successive year beginning with a surplus of US\$21.5 million in 2016 and ending with a surplus of US\$1,814.1 million in 2020. The positive outlook is premised on improved earnings from the traditional exports particularly a recovery in copper export earnings as well as an increase in the export of services, specifically travel services.

<sup>4</sup> IMF (2015).

## 2 TRADE AND INVESTMENT REGIMES

### 2.1 General Framework

2.1. Zambia is a multi-party State. In January 2016, the Constitution of Zambia was amended.<sup>1</sup> Major changes include new election arrangements and the establishment of a Constitutional Court.<sup>2</sup> Under the Constitution, the legislative power is vested in the Parliament, which consists of the President and the National Assembly. The Parliament enacts legislation through bills passed by the National Assembly and approved by the President. The National Assembly consists of 156 directly elected constituency-based members and not more than eight nominated members (Article 68).

2.2. The executive power is vested in the President who is also the Head of State and Government. Both the President and the Vice-President are members of the Cabinet, which also consists of an Attorney-General and ministers. The President may, *inter alia*: establish, merge and dissolve government ministries subject to approval by the National Assembly; negotiate and sign international agreements and treaties and, subject to approval by the National Assembly, ratify or accede to international agreements and treaties; and initiate bills for submission to, and consideration by, the National Assembly. Article 120 of the Constitution stipulates that the judicial authority vests in the courts, consisting of the superior courts, subordinate courts, small claims courts, local courts and other prescribed courts.

2.3. In descending order of importance, the Constitution is followed by laws and ministerial and administrative decisions. Since the previous Review, there have been no changes to the legislative procedures. A Member of Parliament or minister may introduce a bill to the National Assembly for adoption. The President, within 21 days of receipt of the bill, must approve it or refer it to the National Assembly for reconsideration. After the President's approval, the bill becomes law immediately. The law must then be published in the Government Gazette.

2.4. Treaties and international agreements concluded by Zambia have legal power in national courts if they are domesticated. In case of conflict, domestic laws take precedence; the Customs and Excise Act is an exception to this. Article 83 of this Act stipulates that international agreements take precedence in case of conflict.

2.5. Zambia has made considerable progress in the fight against corruption during the review period, and its rank in the Corruption Perception Index jumped from 99<sup>th</sup> in 2009 to 76<sup>th</sup> out of 175 countries in 2015.<sup>3</sup> The legal and institutional frameworks against corruption have been strengthened, and efforts have been made to reduce red tape and streamline bureaucratic procedures, as well as to investigate and prosecute corruption cases, including those involving high-ranking officials. Despite all these efforts, corruption remains a serious issue in Zambia;<sup>4</sup> the World Economic Forum identified corruption as the second most problematic factor for doing business in Zambia (following access to financing).<sup>5</sup>

2.6. Trade and industrial policies are formulated and executed by the Ministry of Commerce, Trade and Industry (MCTI). The MCTI has several implementing agencies under it, including the Zambia Bureau of Standards, the Zambia Development Agency, and the Consumer Protection and Competition Commission.

2.7. The MCTI formulates trade policies and makes policy decisions in consultation with the relevant stakeholders. The current guiding document on trade policy – the Commercial, Trade and Industry Policy (CTI) – was adopted in 2010. Trade policy formulation, monitoring, and review

<sup>1</sup> Constitution of Zambia (Amendment) Act 2016. Viewed at: [http://www.parliament.gov.zm/sites/default/files/documents/amendment\\_act/Constitution%20of%20Zambia%20%20\(Amendment\),%202016-Act%20No.%202\\_0.pdf](http://www.parliament.gov.zm/sites/default/files/documents/amendment_act/Constitution%20of%20Zambia%20%20(Amendment),%202016-Act%20No.%202_0.pdf).

<sup>2</sup> *Bloomberg Business*, "Zambian Constitution Changes Set Rules for August Elections", 5 January 2016. Viewed at: <http://www.bloomberg.com/news/articles/2016-01-05/zambian-constitution-changes-set-rules-for-august-elections>.

<sup>3</sup> Transparency International online information. Viewed at: <https://www.transparency.org/country/#ZMB>.

<sup>4</sup> Transparency International online information. Viewed at: <https://www.transparency.org/country/#ZMB>.

<sup>5</sup> World Economic Forum (2015).

within the National Development Plan are conducted by technical working groups on trade. To help in the formulation of trade related policies and negotiation strategies, MCTI has a National Working Group on Trade (NWGT), which consists of representatives from other government ministries including the ministries in charge of agriculture, livestock and fisheries, justice, finance, tourism, and the Zambia Revenue Authority, as well as stakeholders from the private sector such as the ZNFU (Zambia National Farmers Union), ZACCI (Zambia Chamber of Commerce and Industry), ZCSMBA (Zambia Chamber of Small and Medium Business Associations), and ZAM (Zambia Association of Manufacturers). The private sector is involved in formulating trade policies on a *de facto* basis. For specific trade issues, the NWGT forms subcommittees which make recommendations.

2.8. The main legislation on international trade remains the Customs and Excise Act (on the management of customs duties and excise taxes) and the Control of Goods Act No. 12 of 2004 (on the general trade procedures). Since the previous Review in 2009, a number of trade-related laws have been issued, amended, or revised (Table 2.1).

**Table 2.1 Main trade and investment-related legislation issued/amended/implemented since 2009**

Subject	Legislation
Competition policy	Competition and Consumer Protection Act No. 24 of 2010
Standards	National Quality Policy of 2011
Business regulation	Business Regulatory Act of 2014
Privatization	Public-Private Partnership Act of 2009
Industrial property rights	Five bills are under consideration, concerning: trademarks, patents, industrial designs, layout designs, and traditional knowledge
Copyrights	Copyright and Performance Rights Act amended in 2010
Government procurement	Government Procurement Regulation of 2011
Fisheries	Fisheries Act No. 22 of 2011
Agriculture credit	Agriculture Credit Act No. 23 of 2010
Dairy	Dairy Industry Development Act No. 22 of 2010
Agriculture	Animal Identification Act No. 28 of 2010
Agriculture	Animal Wildlife Act of 2015
SPS	Animal Health Act No. 27 of 2010
SPS	Veterinary and Veterinary Para-Professional Act No. 45 of 2010
Tourism	Tourism and Hospitality Act of 2015
Copyright	Copyright and Performance Rights Act (amended in 2010)
ICT	Information, Communication, and Telecommunications Act of 2009
E-commerce	Electronic Communication and Transaction Act of 2009
Postal services	Postal Services Act of 2009
Mines and minerals	Mines and Minerals Development (Amendment) Act of 2015

Source: Information provided by the authorities.

## 2.2 Trade Policy Objectives

2.9. The *Zambian Vision 2030*, released in 2006, aims to build Zambia into a prosperous middle-income nation by 2030. The detailed government action plan is specified in the *Revised Sixth National Development Plan 2013-2016*, which focuses on capital investment areas, aiming at, *inter alia*, rural development and job creation.

2.10. According to the *Commercial, Trade and Industry Policy (CTI)* of 2010, the overall vision of Zambia's trade policy is to: develop an enabling economic environment which supports private investment and the development of domestic productive capacities, and contributes to the expansion of Zambia's international trade.<sup>6</sup> Zambia's trade policy aims to:

- a. stimulate and encourage value-addition activities on primary exports as a means of increasing national export earnings and creating employment opportunities;

<sup>6</sup> MCTI (2010), *Commercial, Trade and Industrial Policy*, January, Lusaka.

- b. transform the economy into a diversified and competitive economy that is well integrated into the international trading environment;
- c. stimulate investment flows into export-oriented areas in which Zambia has comparative advantages, as a strategy for inducing innovation and technology transfer in the national economy;
- d. support the effective development and utilization of domestic productive capacities so as to increase output and expand employment opportunities;
- e. facilitate the acquisition of modern technology to support value addition and industrial processes by domestic firms;
- f. facilitate public and private investment in infrastructure to support improvements in the quality and standards of Zambian products;
- g. assist domestic firms to increase their levels of efficiency and competitiveness, and therefore withstand increasing competition in domestic and international markets.

## 2.3 Trade Agreements and Arrangements

### 2.3.1 WTO

2.11. Zambia is an original Member of the WTO, and accords at least MFN treatment to all its trading partners. Zambia is not a signatory to the Information Technology Agreement (ITA) or the Government Procurement Agreement (GPA). Zambia encounters difficulties in meeting its notification obligations (Table 2.2); by the end of September 2015, Zambia had 21 outstanding notifications in the WTO Central Registry.<sup>7</sup>

**Table 2.2 Zambia's notifications under the WTO Agreements, January 2009 - April 2016**

WTO agreement	Subject	WTO document and date
<b>Agreement on Agriculture</b>		
Article 18.2	Domestic support	G/AG/N/ZMB/8, 4 September 2013
Articles 10 and 18.2	Export subsidies	G/AG/N/ZMB/7, 12 March 2012
<b>Agreement on Subsidies and Countervailing Measures and Article XVI:1 of GATT 1994</b>		
Article 25	Notification of subsidies	G/SCM/N/123/ZMB, 12 March 2012 G/SCM/N/155/ZMB, 12 March 2012 G/SCM/N/186/ZMB, 12 March 2012 G/SCM/N/220/ZMB, 12 March 2012
<b>Agreement on Safeguards</b>		
Article 12.6	Notification of legislation	G/SG/N/1/ZMB/2, 27 August 2009
Article 12.4	Notification on initiation of an investigation and the reasons for it	G/SG/N/6/ZMB/1, 5 October 2015 G/SG/N/7/ZMB/1, 5 October 2015
<b>Article XVII:4(a) of the GATT 1994 and Paragraph I of the Understanding on the Interpretation of Article XVII</b>		
Article XVII:4(a)	State trading	G/STR/N/2/ZMB, 12 September 2012 G/STR/N/3/ZMB, 12 September 2012 G/STR/N/6/ZMB, 12 September 2012 G/STR/N/12/ZMB, 12 September 2012 G/STR/N/13/ZMB, 12 September 2012 G/STR/N/14/ZMB, 12 September 2012
<b>Agreement on Trade Facilitation</b>		
WT/L/931	Notification of Category A, B, and C commitments under the TFA	WT/PCTF/N/ZMB/1, 18 January 2016
<b>Agreement on Technical Barriers to Trade</b>		
Articles 3.2 and 7.2	Technical regulations	G/TBT/N/ZMB/45, 16 December 2015 G/TBT/N/ZMB/46, 16 December 2015 G/TBT/N/ZMB/47, 8 January 2016 G/TBT/N/ZMB/48, 8 January 2016

Source: WTO Secretariat.

<sup>7</sup> WTO online information, "Zambia Trade Profile". Viewed at: <http://stat.wto.org/CountryProfile/WSDBCountryPFView.aspx?Language=E&Country=ZM>.

2.12. Zambia has not been involved in any WTO dispute settlement proceedings as a defendant or complainant, but has participated twice as a third party.<sup>8</sup> The two cases in which Zambia reserved its third party rights were: DS434 (Australia – certain measures concerning trademarks and other plain packaging requirements applicable to tobacco products and packaging); and DS435 (Australia – certain measures concerning trademarks, geographical indications and other plain packaging requirements applicable to tobacco products and packaging).

2.13. Zambia ratified the WTO Trade Facilitation Agreement in December 2015, and notified its Category A, B, and C commitments in January 2016.<sup>9</sup>

2.14. Zambia participates actively in the WTO, and is a member of the following groups in the negotiations: ACP (African, Caribbean and Pacific countries with preferences from the EU), African group (African Members of the WTO), G-90 (African Group + ACP + least developed countries), least developed countries (LDCs), G-33 ("Friends of Special Products" in agriculture, which is a coalition of developing countries pressing for flexibility for developing countries to undertake limited market opening in agriculture), and "W52" sponsors (sponsors of TN/C/W/52, a proposal for "modalities" in negotiations on geographical indications (establishing a multilateral register for wines and spirits, and extending the higher level of protection beyond wines and spirits) and "disclosure" (patent applicants to disclose the origin of genetic resources and traditional knowledge used in the inventions)).<sup>10</sup>

2.15. Zambia has trade-related technical assistance needs in a number of areas, including: customs procedures, standards and other technical regulations, SPS measures, competition policy implementation, and IP protection at the border, among others.

### 2.3.2 Regional and preferential agreements

2.16. Zambia is a member of both the Common Market for Eastern and Southern Africa (COMESA) and the Southern African Development Community (SADC). Zambia also benefits from a number of preferential trade agreements (PTAs) (Table 2.3).

**Table 2.3 Overview of Zambia's regional and preferential trade agreements, 2016**

Agreement	Description
	<b>COMESA</b>
Title	Common Market for Eastern and Southern Africa
Parties	Burundi; Comoros; Democratic Republic of the Congo; Egypt; Eritrea; Ethiopia; Djibouti; Kenya; Libya; Madagascar; Malawi; Mauritius; Rwanda; Seychelles; Sudan; Swaziland; Uganda; Zambia; Zimbabwe
Coverage and type	Goods, FTA
Date of signature	5 November 1993
Date of entry into force	8 December 1994
End of implementation period	2004
Zambia merchandise trade with COMESA countries (2014) <sup>a</sup>	26.6% of Zambia's imports and 13.2% of its exports were with COMESA countries
WTO document series	WT/COMTD/N/3
	<b>SADC</b>
Title	Southern African Development Community
Parties	Angola, Botswana, Democratic Republic of the Congo, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Seychelles, Tanzania, Zambia, and Zimbabwe
Coverage and type	Goods, FTA
Date of signature	24 August 1996
Date of entry into force	1 September 2000
End of implementation period	2012
Zambia merchandise trade with SADC countries (2014) <sup>a</sup>	52.9% of Zambia's imports came from other SADC countries, and 21.4% of its exports went to other SADC countries
WTO document series	WT/REG176

<sup>8</sup> WTO online information, "Zambia and the WTO". Viewed at: [https://www.wto.org/english/thewto\\_e/countries\\_e/zambia\\_e.htm](https://www.wto.org/english/thewto_e/countries_e/zambia_e.htm).

<sup>9</sup> WTO document, WT/PCTF/N/ZMB/1, 18 January 2016.

<sup>10</sup> WTO online information, "Zambia and the WTO". Viewed at: [https://www.wto.org/english/thewto\\_e/countries\\_e/zambia\\_e.htm](https://www.wto.org/english/thewto_e/countries_e/zambia_e.htm).

Agreement	Description	Initial entry into force
<b>PTAs - provider(s)</b>		
Generalized System of Preferences - Australia		1 January 1974
Generalized System of Preferences - Canada		1 July 1974
Generalized System of Preferences - European Union		1 July 1971
Generalized System of Preferences - Iceland		29 January 2002
Generalized System of Preferences - Japan		1 August 1971
Generalized System of Preferences - New Zealand		1 January 1972
Generalized System of Preferences - Norway		1 October 1971
Generalized System of Preferences - Russian Federation, Belarus, Kazakhstan		1 January 2010
Generalized System of Preferences - Switzerland		1 March 1972
Generalized System of Preferences - Turkey		1 January 2002
Generalized System of Preferences - United States		1 January 1976
Duty-Free Tariff Preference Scheme for LDCs - India		13 August 2008
Duty-free treatment for African LDCs - Morocco		1 January 2001
Duty-free treatment for LDCs - Chile		28 February 2014
Duty-free treatment for LDCs - China		1 July 2010
Duty-free treatment for LDCs - Chinese Taipei		17 December 2003
Duty-free treatment for LDCs - Kyrgyz Republic		29 March 2006
Duty-free treatment for LDCs - Thailand		9 April 2015
Preferential Tariff for LDCs - Republic of Korea		1 January 2000
African Growth and Opportunity Act - United States		18 May 2000

a Certain countries (Democratic Republic of the Congo, Madagascar, Malawi, Mauritius, Seychelles, Swaziland, and Zimbabwe) belong to both groups. In this case, these countries are counted in both groups.

Source: WTO Secretariat, WTO RTA and PTA databases, and information provided by the authorities.

2.17. The authorities indicated that Zambia recently signed FTAs with Angola and with the DRC, and it also benefits from GSP preferences provided by Brazil.

2.18. Zambia was involved in the negotiations for the Tripartite Free Trade Area (TFTA), which is a free trade agreement between COMESA, SADC and the EAC (East African Community). The TFTA Agreement was signed on 10 June 2015 at the 3<sup>rd</sup> Tripartite Summit of Heads of State and Government in Egypt. Some important work under phase I negotiations (trade in goods) remains outstanding; these are: tariff offers, rules of origin, and trade remedy.

2.19. The negotiations for a Continental Free Trade Area (CFTA) were launched in 2015, and the African Union aims for a Continental Free Trade Area in 2017. Negotiation meetings took place in February 2016 for the first time.

2.20. Zambia is eligible for the Everything-But-Arms (EBA) initiative of the EU. Zambia is also involved in the negotiations of the Economic Partnership Agreements (EPAs) between the EU and African, Caribbean and Pacific (ACP) regions, which are aimed at promoting trade between the two groups. It is a member of the Eastern and Southern Africa (ESA) negotiation group.<sup>11</sup> Zambia initialled an interim EPA with the EU in 2007, but no agreement has been signed.

2.21. Zambia qualifies for duty-free and quota-free access to the US market, and about 92% of its exports enter the US market duty free. The remaining products may enter the US market under the United States African Growth Opportunity Act (AGOA) initiative, or the GSP programme. In 2014, 0.1% of total Zambian exports were traded under AGOA, and 8.4% under the GSP scheme

<sup>11</sup> EU online information. Viewed at: <http://ec.europa.eu/trade/policy/countries-and-regions/regions/esa/>.

of the United States.<sup>12</sup> In June 2015, the Trade Preferences Extension Act of 2015 simultaneously extended the GSP programme until 31 December 2017 and AGOA until 30 September 2025.

## 2.4 Investment Regime

2.22. Zambia has carried out a number of reforms in its investment regime, notably the simplification of its business registration and licensing procedures and the adoption of new competition legislation (Section 3.3.3). Reflecting these efforts, the World Bank Group Doing Business Report ranks Zambia 97<sup>th</sup> among 189 economies for ease of doing business in 2016, up from 100<sup>th</sup> in 2009.<sup>13</sup> Zambia ranks 96<sup>th</sup> out of 144 economies in the Global Competitiveness Index in 2015-16, showing improvement from its ranking of 112<sup>th</sup> in 2008-09.<sup>14</sup> According to the African Competitiveness Report, Zambia has made progress in upgrading the quality of its institutions and improving goods market efficiencies.<sup>15</sup> The UNCTAD World Investment Report stated that FDI to Zambia rebounded by 37% in 2014 to US\$2.5 billion<sup>16</sup>, despite falling commodity prices.

2.23. Investment is mainly regulated under the 2006 Zambia Development Agency (ZDA) Act. The Zambia Development Agency (ZDA) became operational in January 2007 after the amalgamation of five statutory bodies: the Zambia Investment Centre (ZIC), Zambia Privatisation Agency (ZPA), Export Board of Zambia (EBZ), Small Enterprise Development Board (SEDB) and Zambia Export Processing Zones Authority (ZEPZA). In accordance with the Act, the ZDA is responsible for: enterprise development, investment promotion, export marketing development, and privatization in the form of public-private partnership. Its Board of Director members are appointed by the Minister of the MCTI. The Board comprises members of the public and private sectors, as well as civil society organizations, while both the Chairperson and the Vice Chairperson are appointed from the private sector.

2.24. The ZDA helps (in terms of procedures) registered investors to, *inter alia*, acquire land; obtain water, electric power, transport, and communication services and facilities required for their investments; acquire other licences required to operate a business in any particular sector; and access any other aftercare assistance that may be required. ZDA often assists through letters of support or recommendations to relevant government institutions.

2.25. Registering and licensing a company in Zambia are mainly regulated under the Companies Act, the Registration of a Business Name Act, and the Zambia Development Agency Act. The process involves: registering a business name, checking the name for uniqueness at the Patents and Companies Registration Agency (PACRA), and registering a company.

2.26. Zambia has been making efforts to improve its business registration process, through measures such as the introduction of the online registration system for businesses registered at PACRA; the e-registry which makes it easier to find business licensing information; and the setup of Small Claims Court and automation of courts, including the commercial court, with the aim of expediting dispute settlement. The registration time has been reduced to less than 24 hours in areas where one-stop shops were established. From 2010, the ZDA established one-stop shop facilities in three provinces of Zambia. The number of businesses registered (business names, local companies, and foreign companies) increased significantly in 2011 from the 2010 level (Table 2.4).

<sup>12</sup> Calculated by the WTO Secretariat, based on the USITC database. Viewed at: <https://dataweb.usitc.gov/>.

<sup>13</sup> World Bank (2016).

<sup>14</sup> World Economic Forum (2015).

<sup>15</sup> World Economic Forum (2015).

<sup>16</sup> UNCTAD (2015).

**Table 2.4 Registrations for businesses**

Year	Business name	Local companies	Foreign companies
2009	11,921	5,508	11
2010	11,656	6,967	30
2011	14,884	8,485	47
2012	14,867	9,678	43
2013	17,754	10,143	44
2014	16,935	10,199	49
2015	16,640	9,746	58

Source: Information provided by PACRA.

2.27. Zambia has also been making efforts to simplify its business licensing regime. In 2009, Zambia launched a Business Licensing Reform Programme (BLRP) under the second phase of the Private Sector Development Reform Programme (PSDRP II). The goal of the PSDRP II was to promote and facilitate the development of a competitive business environment in Zambia to contribute to job and wealth creation. The BLRP intended to achieve this mainly by making the licensing regime simpler, transparent, and focusing only on necessary regulation processes.<sup>17</sup> An audit completed by the Business Licensing Reform Committee (BLRC) identified 517 licences affecting business operations in Zambia, involving 18 ministries, 72 local authorities, and 33 regulatory agencies. It recommended that 290 licences be retained, 170 licences be eliminated, 57 licences be reclassified (into levies, reports or notifications), and the rest be merged or converted into a single business levy. As a result, by 2014, 84 acts were reviewed and drafted, of which 69 were enacted into law with a total of 113 licences eliminated, some being amalgamated and others reclassified into levies. 183 licences were uploaded into the e-registry. This has resulted in a 26.6% saving in compliance costs (about K 595 million).

2.28. The Government enacted the Business Regulatory Act (No. 3 of 2014)<sup>18</sup>, in accordance with which a Business Regulatory Review Committee (BRRC) and a Business Regulatory Review Agency (BRRRA) were both established in 2015. The BRRRA – not fully operational yet – is responsible for the regulatory impact assessment (RIA): public bodies wishing to introduce new licences must obtain approval from the BRRRA through a regulatory impact assessment, to analyse the need for the licence and its objectives to avoid introducing unnecessary licences.

2.29. The objective of the business licensing procedure reform is to ensure that only necessary licences are introduced and to increase the accountability of the regulatory authorities. The Business Regulatory Act emphasizes the use of a single licensing system for business activities with a view to addressing the multiplicity of licences.

2.30. The Government is also: linking the systems of the agencies operating in the one-stop shop by introducing a One-Stop Shop Integrated System (OSSIS); and establishing an electronic single window for trade (e-Single Window) to link all trade agencies using the ASYCUDA World system. In addition, the establishment of the e-TaxOnline system allowed taxpayers to register for tax and file returns electronically. The Ministry of Land introduced the Zambia Integrated Land Management and Information System (ZILMIS) to reduce the number of days required to complete the process of registering property. Zambia established an online visa system (e-Visa) at the Zambia Department of Immigration (ZDI), allowing visitors to apply for visas online.

2.31. The World Bank 2016 Doing Business Report ranked Zambia 78<sup>th</sup> out of 189 economies in the world in 2016 on the ease of starting a business, down from 73<sup>rd</sup> in 2015.<sup>19</sup> Zambia eased business start-up by eliminating the minimum capital requirement in 2011 and raising the threshold at which value added tax registration is required, but made starting a business more difficult by increasing the registration fee and making registering a property more costly by increasing the property transfer tax rate. The authorities stated that the documentary and border compliance time was increased for both exporters and importers, as all clearance authorities were shifted to a processing centre at the initial stage of implementing a web-based customs platform (ASYCUDA World).

<sup>17</sup> CUTS (2015).

<sup>18</sup> PMRC (Policy Monitoring and Research Centre).

<sup>19</sup> World Bank (2016).



2.32. Investment guarantees and protection against state nationalization are provided for through the Certificate of Registration under the ZDA Act. The Certificate of Registration is valid for ten years from the date of issue, and may be renewed. Guarantees are also provided for through Zambia's participation in the World Bank Group's Multilateral Investment Guarantee Agency, and the Africa Trade Insurance Agency. Zambia is a party to the New York Convention on the Recognition and Enforcement of Arbitral Awards and the International Convention on the Settlement of Investment Disputes. The ZDA Act provides for free repatriation of profits and dividends and protection against non-commercial risks. Under the Act, no investment may be expropriated except by an Act of Parliament in extreme circumstances; in case of expropriation, full compensation must be made at market value and be convertible at the current exchange rate.

2.33. The ZDA Act does not distinguish between treatment for domestic and foreign investors, and foreign investors may invest in virtually any activity open to the private sector. The activities that could potentially be closed to the private sector include arms production, the manufacture of dangerous substances and the production of coins and security documents, for which case-by-case investment approval is needed. Foreigners, as domestic investors, cannot purchase land. Rather, they may lease land for up to 99 years. According to the authorities, the minimum capital requirements for foreign and domestic investment are the same.

2.34. The authorities stated that there are no restrictions on investment abroad by Zambian nationals.

2.35. Zambia has signed 12 IPPAs (Investment Promotion and Protection Agreements) so far, and three of them have been ratified (with Germany in 1972, with Switzerland in 1995, and with France in 2014). Since 2009, two BITs (Bilateral Investment Treaties) have been signed by Zambia (with the United Kingdom in 2010 and with Mauritius in 2015), but neither have been ratified.

2.36. Zambia has signed a number of double taxation avoidance agreements, most of which are effective (Table 2.5).

**Table 2.5 Zambia's double taxation avoidance agreements**

Country	Date of signature	Date of entry into force	Information on renegotiation
Botswana	09/03/2013	14/08/2015	
Canada	16/02/1984	28/12/1989	
China	26/07/2010	30/03/2011	
Denmark	13/09/1973	18/10/1974	
Finland	03/11/1978	17/05/1985	
France	05/11/1963	30/07/1951	
Germany	13/05/1973	08/11/1975	
Netherlands	19/12/1977	09/11/1982	New agreement signed on 15 July 2015, will be effective in 2017
India	05/07/1981	18/01/1984	New agreement negotiated but not yet signed
Ireland	31/03/2015	23/12/2015	
Italy	27/10/1972	30/03/1990	
Japan	19/02/1970	23/01/1971	
Kenya	27/08/1968	..	
Norway	14/07/1971	22/03/1973	New agreement signed on 17 December 2015, will be effective in 2017
Serbia	Negotiated but not yet signed		
South Africa	22/05/1956	31/08/1956	New agreement negotiated but not yet signed
Sweden	18/05/1974	31/12/1979	
Switzerland	30/05/1961	..	Zambia and Swiss authorities agreed to renegotiate this DTA in June 2016
Tanzania	02/03/1968	..	

Country	Date of signature	Date of entry into force	Information on renegotiation
Uganda	24/08/1968	..	
United Kingdom	04/02/2014	20/07/2015	
Zimbabwe	Negotiated but not yet signed		

.. Not available.

Source: Information provided by the Ministry of Finance.

2.37. The authorities stated that Zambia has Tax Information Exchange Agreements (TIEAs) with Guernsey (ratified by the Cabinet) and the Isle of Man (negotiated, pending ratification). It is also participating in an Agreement on Mutual Assistance in Tax Matters (AMATM) signed between the ATAF (African Tax Administration Forum) and the SADC.

### 3 TRADE POLICIES AND PRACTICES BY MEASURE

#### 3.1 Measures Directly Affecting Imports

##### 3.1.1 Customs procedures, valuation, and rules of origin

3.1. The Customs and Excise Act regulates customs-related issues, including procedures, valuation, and non-preferential rules of origin in Zambia. In 2010, advance tariff ruling on classification was introduced. As tariff classification can be very complex for certain goods, the advance ruling aims to ensure that the classification number used is deemed correct by the customs authority, and the ruling is binding until it is revoked or amended, or until a year later. The authorities consider that this is to provide certainty to the importer or his/her representative.

3.2. The Customs and Excise Department of the Zambia Revenue Authority (ZRA) is responsible for customs administration. Since the previous Review in 2009, the Government has made efforts to streamline customs procedures by, *inter alia*, building a web-based ASYCUDA World system, and setting up centralized centres to process import and export documents. The implementation of ASYCUDA World reduced customs clearance time for traders by allowing online submission of customs declarations (Table 3.1). All customs posts appointed to clear commercial consignments are automated, and all declarations are electronic. The World Bank's Doing Business report ranked Zambia 152<sup>nd</sup> in 2016 among 189 economies in terms of the ease of trading across borders, down from 110<sup>th</sup> in 2015, but close to the ranking of 153<sup>th</sup> in 2009. Zambia's rank indicates a lower performance than the regional average for Sub-Saharan Africa (136<sup>th</sup>).

**Table 3.1 Summary of procedures and documents for trading across borders, 2016**

	Import procedures		Export procedures	
	Time per consignment	Cost per consignment	Time per consignment	Cost per consignment
Border compliance	139 hours	US\$380	136 hours	US\$370
Documentary compliance	134 hours	US\$175	130 hours	US\$200
<b>Documents required</b>	Bill of lading, commercial invoice, customs import declaration (CE 20 Declaration), packing list, proof of payment of customs fees and duties, release order, road manifest, transit documents		Bill of lading, certificate of origin, commercial invoice, customs export declaration (CE 20 Form), EUR 1 – certificate of origin (for exports to the EU market) road manifest, transit entry documents (South Africa & Zimbabwe)	
<b>Comparisons</b>	<b>Import procedures</b>		<b>Export procedures</b>	
	Time (hours)	Cost (US\$)	Time (hours)	Cost (US\$)
<b>Sub-Saharan Africa:</b>				
Border compliance	160	643	108	542
Documentary compliance	123	351	97	246
<b>OECD high-income:</b>				
Border compliance	9	123	15	160
Documentary compliance	4	25	5	36

Source: World Bank online information, "Doing Business 2016: Zambia". Viewed at: <http://www.doingbusiness.org/data/exploreeconomies/zambia#close>.

3.3. To conduct imports/exports in Zambia, companies must be registered and obtain a taxpayer identification number. Currently all customs declaration and clearance must be made by licensed agents. Customs clearing agents must be companies that are registered as a taxpayer, have a number of staff possessing a certificate and experience in customs clearance, and are licensed by the customs authorities. Commissions of customs clearing agents are market determined. The authorities indicated that they are considering allowing self-clearance in the future.

3.4. In 2008, the Government implemented the Authorized Economic Operator (AEO) mechanism as an administrative tool, based on section 188 of the Customs and Excise Act. Under this mechanism, customs authorities recognize and reward compliance efforts by importers through the speedy clearance of their consignments at the border.

3.5. The authorities indicated that some changes were made to the customs appeal procedures during the review period: the appeal process starts with the Commissioner General of Customs, after which stage traders may go to either the ordinary judicial court or to the Revenue Appeals Tribunal. In 2015, there were 76 appeal cases, 21 related to classification, 49 to valuation, and six to other issues.

3.6. The Zambia Bureau of Standards (ZBS), the Food and Drug Administration (FDA), the ministries in charge of agriculture, livestock and fisheries, and the ministries in charge of energy and natural resources are all involved in implementing TBT- and SPS-related inspections and licensing procedures at the border. The Government is preparing a bill on border management, which may reduce the number of agencies physically present at the border.

3.7. Under the ASYCUDA, there are four channels for customs clearance: green (release of the cargo without examination), yellow (release of the cargo after further documentary validation), red (release of the cargo after a physical examination) or blue (post audit control). Data provided by the authorities suggest that, in 2015, 33.4% of the goods entered Zambia through the yellow channel, 32.6% through the green channel, 21% through the red channel and 13% through the blue channel.

3.8. Zambia ratified the WTO Trade Facilitation Agreement on 16 December 2015, and notified its category A, B and C commitments in January 2016.<sup>1</sup> According to the OECD Trade Facilitation Indicators, Zambia performs better than the averages of Sub-Saharan Africa and lower-middle-income countries in the areas of information availability, involvement of the trade community, appeal procedures, and automation. Zambia's performance in internal border agency cooperation and governance and impartiality is below the averages of Sub-Saharan Africa and lower-middle-income countries.<sup>2</sup>

3.9. Pre-shipment inspection is not required.

3.10. According to the Customs Administration, the value for import duty purposes is the transaction value of the imported goods. The authorities indicate that the major difficulty encountered by the customs administration in implementing the valuation system is the credibility of declared invoices. The customs administration indicated that it follows the methods prescribed by the WTO Customs Valuation Agreement. A database of values is maintained to clear second-hand vehicles.

3.11. Non-preferential and preferential rules of origin for goods imported into Zambia are administered by Customs (Table 3.2).

**Table 3.2 Zambia's rules of origin**

<b>Non-preferential rules of origin</b>	
Section 73 of the Customs & Excise Act: The country of origin of any manufactured goods shall be deemed to be the country in which the last process of manufacture has been performed.	
Certification of origin issued by the exporting country must accompany the eligible imports.	
<b>Preferential rules of origin</b>	
<b>Agreement</b>	<b>Rules</b>
COMESA	In general, goods are considered to have originated in a given Party if they have been wholly produced in that State, or if they have undergone a process of substantial transformation of materials imported from outside that Party: either the CIF value of imports must not exceed 60% of the value of all materials used, or domestic value added should be at least 35% of the ex-factory cost of the goods, or a change of tariff heading.

<sup>1</sup> WTO document, WT/PCTF/N/ZMB/1, 18 January 2016.

<sup>2</sup> OECD.

SADC	<p>No regime-wide rules of origin; origin criteria are generally product specific:</p> <ul style="list-style-type: none"> <li>- Wholly obtained or entirely produced goods for agricultural products;</li> <li>- CTH (customs tariff heading) is the most common rule, but import content and technical tests apply to several products.</li> </ul> <p>The following principles are admitted:</p> <ul style="list-style-type: none"> <li>- Full cumulation.</li> <li>- Absorption principle.</li> <li>- Tolerance rule at a maximum of 10% of the ex-works price (different rules apply to textiles).</li> <li>- Duty drawback (most SADC countries have duty drawback laws but no common SADC regulations have been adopted in this regard): goods produced under this regime are not eligible for preferences.</li> </ul>
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Source: WTO online information, "COMESA (Goods): Summary Fact Sheet". Viewed at: [http://rtais.wto.org/rtadocs/121/RelatedDocuments/Factual%20Abstract/English/COMESA\(G\)\\_W.doc](http://rtais.wto.org/rtadocs/121/RelatedDocuments/Factual%20Abstract/English/COMESA(G)_W.doc); WTO, *Factual Presentation: Protocol on Trade in the Southern African Development Community (SADC)*, WT/REG176/4, 12 March 2007; and COMESA Business Council online information. Viewed at: <http://www.comesabusinesscouncil.org/comesabusinesscouncil/?q=Free%20Trade%20Area>.

### 3.1.2 Tariffs

#### 3.1.2.1 MFN tariffs

3.12. Proposals to revise tariffs may come from the public or the private sectors. The Minister of Finance analyses proposals and recommends tariff changes to the Cabinet. The Cabinet approves these recommendations and proposes them to the Parliament for adoption through the national budget process.

3.13. The major change to the tariff regime was the migration to HS 2012, effective from 1 January 2012. The share of customs duties in total tax revenue fell from 11% in 2009 to 7% in 2014 (Section 3.3.1).

3.14. Zambia bound customs tariffs on 16.7% of all tariff lines: tariffs on agricultural products (WTO definition) are bound, while 3.7% of all tariff lines for non-agricultural products are bound. The simple average of the final bound tariffs is 105.9%: 123.3% for agricultural products, and 44.4% for non-agricultural products (Table 3.3). Both the absence of bindings for over 83% of tariff lines, and the large gap between bound and applied tariff levels undermine the effects of tariff bindings in constraining future tariff increases.

**Table 3.3 Structure of MFN tariffs in Zambia, 2008 and 2016**

(%)

		MFN applied		Final bound <sup>a</sup>
		2008	2016	
1.	Bound tariff lines (% of all tariff lines)	n.a.	n.a.	16.7
2.	Simple average tariff rate	13.4	12.9	105.9
	Agricultural products (WTO definition)	19.1	18.9	123.3
	Non-agricultural products (WTO definition)	12.5	11.9	44.4
	Agriculture, hunting, forestry and fishing (ISIC 1)	19.1	19.7	120.6
	Mining and quarrying (ISIC 2)	8.0	6.9	0.0
	Manufacturing (ISIC 3)	13.1	12.5	100.7
3.	Duty-free tariff lines (% of all tariff lines)	22.1	29.9	0.0
4.	Simple average rate of dutiable lines only	17.2	18.4	105.9
5.	Tariff quotas (% of all tariff lines)	0.0	0.0	0.0
6.	Non- <i>ad valorem</i> tariffs (% of all tariff lines)	2.2	2.2	0.0
7.	Non- <i>ad valorem</i> tariffs with no AVEs (% of all tariff lines)	2.2	2.2	0.0
8.	Domestic tariff peaks (% of all tariff lines) <sup>b</sup>	0.0	1.5	0.0
9.	International tariff peaks (% of all tariff lines) <sup>c</sup>	31.4	32.3	16.7
10.	Overall standard deviation of applied rates	9.6	10.7	34.9

		MFN applied		Final bound <sup>a</sup>
11.	Overall coefficient of variation of applied rates	0.7	0.8	0.3
12.	Nuisance applied rates (% of all tariff lines) <sup>d</sup>	0.0	0.0	0.0

n.a. Not applicable.

a Calculations for final bound rates are taken from the CTS database. The final bound schedule is based on HS07 nomenclature and consists of 5,076 tariff lines, of which 850 are bound (at 8-digit tariff line level).

b Domestic tariff peaks are defined as those exceeding three times the overall simple average applied rate.

c International tariff peaks are defined as those exceeding 15%.

d Nuisance rates are those greater than zero, but less than or equal to 2%.

Note: 2008 tariff schedule is based on HS07 nomenclature and consists of 5,963 tariff lines (at 8-digit level).

2015 tariff schedule is based on HS12 nomenclature and consists of 6,195 tariff lines (at 8-digit level).

The *ad valorem* part of mixed duties was taken into account for the calculations.

Source: WTO Secretariat calculations, based on data provided by the Zambian authorities and the WTO CTS database.

3.15. The authorities stated that when need arises, Zambia may apply tariff quotas. In accordance with the Statutory Instrument No. 40 of 2015, the import tariff on wheat was suspended to zero from 17 March to 31 August 2015 if the importer obtained an import permit issued by the Ministry of Agriculture, and imported durum wheat of less than 75,000 metric tonnes, or wheat grain of less than 75,000 metric tonnes.

3.16. The 2016 tariff is based on the HS12 nomenclature and consists of 6,195 lines at the HS 8-digit level (Table 3.4). Most lines carry *ad valorem* duties, with six tariff rates: zero and 5% on raw materials, 15% on intermediate goods, 25% on final or consumption goods, 30% on steel, and 40% on some wood products (Chart 3.1). 138 lines (2.2% of all tariff lines) bear alternate tariffs. Alternate tariffs apply mainly to: woven fabrics of cotton, motor vehicles, tobacco and tobacco substitutes, among others.

3.17. The share of duty-free lines increased from 22.1% in 2008 to 29.9% in 2016, and the simple average applied tariff rate fell from 13.4% in 2008 to 12.9% in 2016. The simple average MFN tariff rate for agricultural products (WTO definition) fell slightly from 19.1% in 2008 to 18.9% in 2016, and the simple average for non-agricultural products (WTO definition) from 12.5% in 2008 to 11.9% in 2016. The dispersion in applied MFN rates, indicated by the standard deviation, was up slightly from 9.6% in 2008 to 10.7% in 2016, partly reflecting the increased share of duty-free lines, and partly reflecting the introduction of the 30% and 40% tariff rates on steel and wood products.

**Table 3.4 Zambia's applied MFN tariff summary, 2016**

	Number of lines	Simple average (%)	Tariff range (%)	SD <sup>a</sup>	Share of duty-free lines (%)	Share of <i>non-ad valorem</i> tariffs (%)
<b>Total</b>	6,195	12.9	0-40	10.7	29.9	2.2
<b>HS 01-24</b>	1,023	20.3	0-25	7.7	1.6	4.3
<b>HS 25-97</b>	5,172	11.4	0-40	10.6	35.5	1.8
<b>By WTO category</b>						
<b>WTO agricultural products</b>	869	18.9	0-25	8.2	2.1	5.1
Animals and products thereof	122	18.5	5-25	9.1	0.0	0.0
Dairy products	34	20.9	0-25	8.6	11.8	8.8
Fruit, vegetables, and plants	260	22.1	0-25	6.8	0.8	0.0
Coffee, tea, and cocoa and cocoa preparations	32	23.1	15-25	3.9	0.0	0.0

	Number of lines	Simple average (%)	Tariff range (%)	SD <sup>a</sup>	Share of duty-free lines (%)	Share of <i>non-ad valorem</i> tariffs (%)
Cereals and preparations	108	16.6	5-25	6.7	0.0	1.9
Oilseeds, fats, oil and their products	89	13.5	0-25	8.4	4.5	25.8
Sugars and confectionary	19	21.6	0-25	7.3	5.3	10.5
Beverages, spirits and tobacco	52	23.7	5-25	4.4	0.0	26.9
Cotton	5	15.0	15.0	0.0	0.0	0.0
Other agricultural products, n.e.s.	148	15.2	0-25	8.4	4.7	0.0
<b>WTO non-agricultural products</b>	5,326	11.9	0-40	10.7	34.4	1.8
Fish and fishery products	227	23.9	0-25	4.2	0.9	0.0
Minerals and metals	979	11.3	0-25	8.3	20.4	0.0
Chemicals and photographic supplies	1,377	6.0	0-25	9.0	64.7	0.4
Wood, pulp, paper and furniture	273	22.2	0-40	15.4	8.1	0.0
Textiles	694	15.3	0-25	8.1	9.8	8.9
Clothing	224	25.0	25.0	0.0	0.0	0.0
Leather, rubber, footwear and travel goods	179	17.2	0-25	9.4	19.0	3.4
Non-electric machinery	531	4.9	0-25	7.6	64.6	0.0
Electric machinery	249	11.7	0-25	9.4	33.3	0.0
Transport equipment	151	8.0	0-30	9.6	50.3	12.6
Non-agricultural products, n.e.s.	421	15.0	0-25	10.2	26.1	0.2
Petroleum	21	15.2	0-25	11.4	23.8	0.0
<b>By ISIC sector<sup>b</sup></b>						
ISIC 1 - Agriculture, hunting and fishing	416	19.7	0-40	8.8	2.2	0.0
ISIC 2 - Mining and quarrying	109	6.9	0-25	5.7	12.8	0.0
ISIC 3 - Manufacturing	5,669	12.5	0-40	10.7	32.2	2.4
<b>By stage of processing</b>						
First stage of processing	825	16.6	0-40	9.8	5.9	0.4
Semi-processed products	2,306	8.5	0-40	9.7	46.0	2.6
Fully processed products	3,064	15.2	0-40	10.6	24.2	2.4

a Standard deviation.

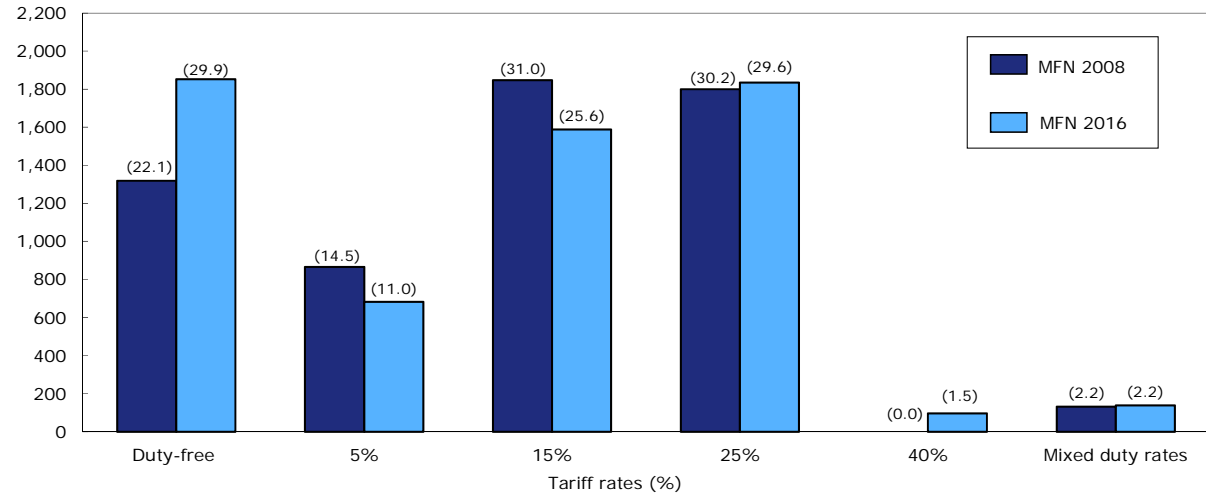
b International Standard Industrial Classification (Rev.2). Electricity, gas and water are excluded (1 tariff line).

Note: 2016 tariff schedule is based on HS12 nomenclature and consists of 6,195 tariff lines (at 8-digit tariff line level). The *ad valorem* part of mixed duty rates were taken into account for the calculations.

Source: WTO Secretariat calculations, based on data provided by the Zambian authorities.

**Chart 3.1 Distribution of MFN applied tariff rates, 2008 and 2016**

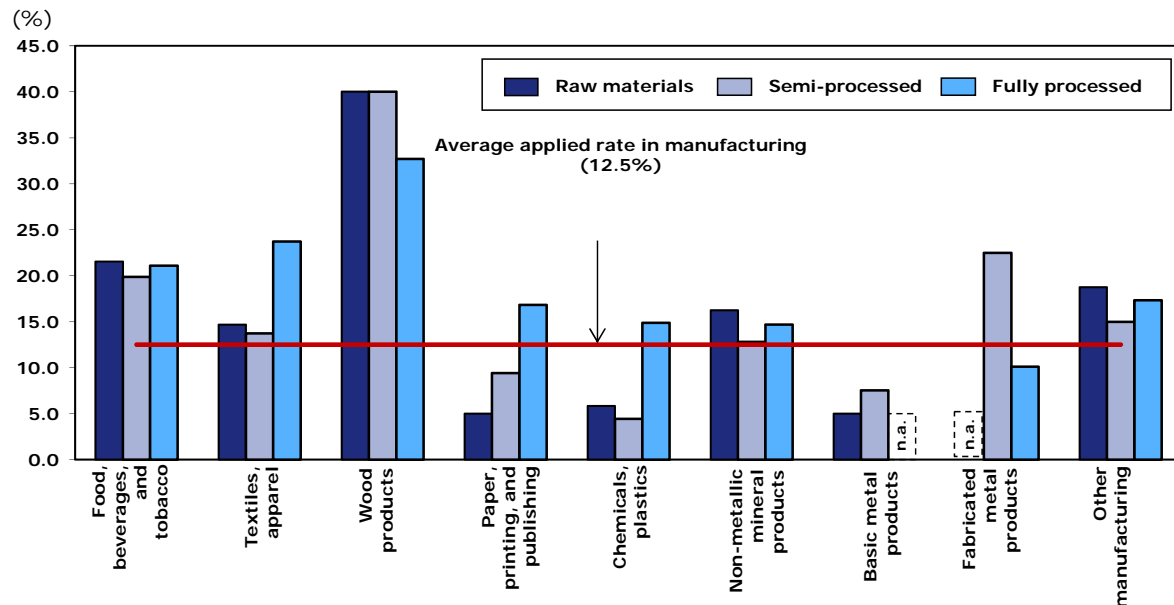
Number of tariff lines



Note: Figures in parentheses indicate the share of total lines.

Source: WTO Secretariat calculations, based on data provided by the authorities.

3.18. In aggregate, positive tariff escalation seems to exist on paper, paper products, printing and publishing: the average rates range from 5% on first-stage processed products to 9.4% on semi-processed products, and 16.8% on fully processed products (Chart 3.2). In most of the other industries, tariff escalation is mixed, i.e. negative from the first to the second stage of processing, and then positive to fully processed goods.

**Chart 3.2 Tariff escalation by 2-digit ISIC industry, 2016**

n.a. Not applicable.

Note: Calculations include the *ad valorem* part of mixed duty rates.

Source: WTO Secretariat estimates, based on data provided by the authorities.

### 3.1.2.2 Preferential tariffs

3.19. As a member of COMESA, Zambia grants duty-free access to goods imported from the other member countries. Goods imported from COMESA FTA members are duty free, while imports from the other COMESA members may be subject to low non-zero tariffs. The authorities stated that,



since 2012, Zambia has been applying a tariff rate of zero on goods imported from the other SADC members, including South Africa, if the goods carry the relevant certificate of origin.

### 3.1.2.3 Tariff exemptions and suspensions

3.20. Tariffs are exempted under the following circumstances:

- a. Mining sector equipment;
- b. Personal and households effects of new residents (any person coming to reside in Zambia for the first time and any person returning to Zambia after having stayed outside for at least two years);
- c. Goods for diplomatic missions and personnel;
- d. Goods for approved organizations<sup>3</sup>;
- e. Under the ZDA (Zambia Development Agency) Act, tariffs are exempted for designated priority industries mostly in the manufacturing sector, such as the zero rate on all machinery and equipment for five years; and
- f. Tariff exemptions for goods imported into the multi-facility economic zones (MFEZs) for five years.

### 3.1.3 Other charges affecting imports

3.21. Zambia bound other duties and charges at zero but does not impose any. Internal taxes and fees, such as VAT and excise duties, are collected at the border on imports (Section 3.3.1). Apart from this, an ASYCUDA processing fee (at K 324.60 per declaration) is collected at the border on imports.

3.22. VAT, at a standard rate of 16%, is applied equally (same rates and equivalent bases) to imported and domestically produced goods and services. VAT is imposed on goods and services provided by suppliers with a turnover over K 800,000 (about US\$70,000) per year. On imported goods, VAT applies to the customs value plus the import tariff and excise tax if applicable.

3.23. VAT is zero on, *inter alia*: export of goods; education materials; medical supplies; agricultural equipment and accessories; energy saving appliances, machinery and equipment; and food and agriculture. VAT exemptions apply to, *inter alia*: water supply services; health services; educational services; passenger transportation services; funeral services; and some financial and insurance services.

3.24. Excise duty is also collected on both domestically produced and imported goods (same rates and equivalent bases). The base for excise on imported goods is the c.i.f. value plus the import tariff. The excise duty rates are as follows:

- a. Beer: 60% for clear beer, and K 0.15 per litre for opaque beer;
- b. Wines and spirits: 60%;
- c. Cosmetics (e.g. lotions, perfumes): 20%;
- d. Tobacco products: 145%, or K 200 per mille, whichever is higher;
- e. Petroleum oils: diesel (K 0.62/litre), petrol (K 1.14/ltr), heavy fuel oil (K 0.87/ltr), LPG (K 0.45/kg), white spirits (15%), other light oils (15%);
- f. Plastic bags: 20%;
- g. Airtime: 15%;
- h. Electricity: 3%; and
- i. Motor vehicles: 10%.

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<sup>3</sup> These are organizations having an MOU with the Government of Zambia, and legislated under Zambia's statutes.

### 3.1.4 Import prohibitions, restrictions, and licensing

3.25. Since the previous Review, there have been no significant changes to the legislative or institutional framework on the import prohibition, restriction and licensing regime, which remains regulated by, *inter alia*, the Control of Goods Act. Goods prohibited from importation into Zambia are:

- a. Base or counterfeit coins;
- b. Any goods which are indecent, obscene, or objectionable;
- c. Any goods which might tend to deprave the morals of the inhabitants;
- d. Prison-made and penitentiary-made goods;
- e. Qilika (a product mainly used as a drug);
- f. Spirituous beverages containing preparations, extracts, essences, or chemical products that are noxious or injurious;
- g. Any goods the importation of which is prohibited by or under the authority of any law (such as the Food and Drugs Act, the Standards Act, the Mines and Minerals Act, and the Environmental and Pollution Control Act);
- h. Stills and all apparatus or parts of apparatus capable of being used for the production or refining of alcohols.

3.26. No import licences are required for general importation of goods. However, unprocessed agricultural products require an import permit and a SPS certificate (Section 3.1.8). Motor vehicles and household sugar (to be fortified with vitamin A) are subject to import licensing on TBT grounds. Importation of pharmaceutical products requires a licence, and the importation of unfortified household sugar also requires a permit, both issued by the Ministry of Health, for consumer safety and human health reasons.

### 3.1.5 Contingency measures

3.27. In 2009, Zambia notified that the Control of Goods Act, as amended by Act No. 12 of 2004, governs the application of safeguard measures.<sup>4</sup> The Investigation Committee established under this Act is responsible for undertaking investigations and providing recommendations on the appropriate course of action. Investigations may be initiated by any Zambian industry, or by the Ministry of Commerce, Trade and Industry (MCTI) on its own initiative.

3.28. Zambia notified that safeguard investigations were initiated in July 2015 on imports of flat-rolled products of iron, non-alloy steel, and trailers and semi-trailers. Provisional safeguard measures were adopted from 10 July 2015 to 10 January 2016.<sup>5</sup> According to the Customs and Excise (Provisional Safeguard Measures) Order of 2015, during these 180 days, an import duty of 15% was applied to concerned goods imported from COMESA or SADC, and an import duty of 25% to those from any other countries; while an import duty of 30% was applied to goods under the HS heading 7210 and imported from any other countries.

3.29. Chapter 322 of the Customs and Excise Act governs the ascertaining of dumping and subsidization, as well as the imposition of anti-dumping and countervailing duties. Zambia has not implemented any anti-dumping or countervailing measures.

### 3.1.6 Government procurement

3.30. Zambia is neither a signatory, nor an observer, to the WTO plurilateral Agreement on Government Procurement (GPA). Zambia has signed one regional agreement covering government procurement under COMESA.

3.31. Government procurement is regulated by the Public Procurement Act No. 12 of 2008 and the Public Procurement Regulations of 2011. The objectives of the government procurement regime in Zambia are: to ensure transparency and accountability in public procurement, and to regulate and control practices in public procurement in order to promote integrity, fairness, and

<sup>4</sup> WTO document G/SG/N/1/ZMB/2, 27 August 2009.

<sup>5</sup> WTO document, G/SG/N/6/ZMB/1 and G/SG/N/7/ZMB/1, 5 October 2015.

public confidence. The Act is applicable to virtually all public institutions, including government ministries and departments, parastatal and statutory bodies, and local councils.

3.32. Zambia decentralized its government procurement regime in 2013 with a view to increasing efficiency. Since then, all procurements have been conducted by their respective procuring entities. The Zambia Public Procurement Authority (ZPPA) is no longer involved in procurement proceedings. Rather, the ZPPA is the regulator of public procurement, and provides advice, guidance and training to procurement entities.

3.33. The thresholds for decision-making, contract conclusion and signature vary according to the types of procurement (Table 3.5). Large projects funded by multilateral lending institutions and bilateral donors may follow their own procurement regulations.

**Table 3.5 Public procurement approval authorities and the publication thresholds**

Approval authority	Types of procurement		
	Goods and non-consulting services	Works	Consulting services
Procurement committee within the procuring entity	Over K 50,000	K 50,000	K 50,000
Controlling officer/chief executive officer	Up to K 50,000	Up to K 50,000	Up to K 50,000
Publication	Goods and non-consulting services	Works	Consulting services
Mandatory thresholds for publication of contract award details	Over K 500,000	Over K 500,000	Over K 300,000

Source: Information provided by the ZPPA.

3.34. The ZPPA is working to develop an e-procurement system, including a system for data storage related to annual spending on government procurement. Currently, data on the annual value of government procurement and the share in GDP is not available.

3.35. Under the Public Procurement Act No. 12 of 2008 (Part IV), public procurement may be conducted using, *inter alia*, simplified bidding/selection, open bidding/selection, limited bidding/selection, direct bidding, force account, purchases from other procuring entities, and community participation (Table 3.6). According to the authorities, "bidding" is used for the procurement of goods, works, and non-consulting services, whereas "selection" is used for the procurement of consulting services. Open bidding is the recommended method.

3.36. Projects financed by foreign institutions are open to foreign competition. The Public Procurement Act also stipulates that to participate in open international bidding, a foreign bidder must partner with a citizen or a local supplier/bidder. According to the Public Procurement Act, a procuring entity may use open international bidding where:

- a. the estimated value of the procurement exceeds the prescribed threshold<sup>6</sup>;
- b. the goods, works or services are not available under competitive price and other conditions from at least three suppliers in Zambia; and
- c. regional or international participation is required in accordance with an agreement entered into by the Government.

<sup>6</sup> The Act does not seem to specify the threshold to open the tender internationally. Public Procurement Act. Viewed at: [https://www.zppa.org.zm/documents/20182/21181/PUBLIC\\_PROCUREMENT\\_ACT.pdf/f2e108b2-e83b-463b-9b9f-420343757b77?version=1.1](https://www.zppa.org.zm/documents/20182/21181/PUBLIC_PROCUREMENT_ACT.pdf/f2e108b2-e83b-463b-9b9f-420343757b77?version=1.1).

**Table 3.6 Government procurement methods**

Method	Description/conditions
Simplified bidding/selection	<ul style="list-style-type: none"> <li>- low value procurement (up to K 500 million)</li> <li>- at least three competitive quotations</li> <li>- no need to advertise and/or gazette</li> </ul>
Open bidding/selection	<ul style="list-style-type: none"> <li>- high value procurement (above K 500 million)</li> <li>- invitations to bid are gazetted and advertised in newspapers</li> <li>- the invitation to bid is open to the public</li> <li>- it is required to publish the best evaluated bidder before contract award</li> </ul>
Limited bidding/selection	<ul style="list-style-type: none"> <li>- the circumstances do not justify or permit the use of open bidding</li> <li>- the goods, works or services are only available from a limited numbers of suppliers</li> <li>- there is an urgent need</li> <li>- the invitation to bid is not gazetted or advertised in newspapers</li> <li>- the invitation to bid is restricted to nominated firms only</li> <li>- the invitation to bid has a minimum floatation period of four weeks for national tenders and six weeks for international tenders</li> </ul>
Direct bidding	<ul style="list-style-type: none"> <li>- the goods, works or services are only available from a single source, and no reasonable alternative or substitute exists</li> <li>- there is an urgent need</li> <li>- the invitation to bid is not gazetted or advertised in newspapers</li> <li>- the invitation to bid is restricted to the nominated firm only</li> <li>- the invitation to bid has a minimum floatation period of four weeks for national tenders and six weeks for international tenders</li> </ul>
Force account (low value)	<p>Construction conducted by the procuring entity's own personnel and equipment:</p> <ul style="list-style-type: none"> <li>- the quantities of work involved cannot be defined in advance</li> <li>- the works are small and scattered or in remote locations for which qualified construction firms are unlikely to bid at reasonable prices</li> <li>- work is required to be carried out without disrupting ongoing operations</li> <li>- there is an emergency need</li> </ul>
Community participation	<p>It is desirable in selected project components to:</p> <ul style="list-style-type: none"> <li>- call for participation of local communities and non-governmental organizations;</li> <li>- increase the utilization of local know-how and materials; and,</li> <li>- employ labour-intensive and other appropriate technologies</li> </ul>
Purchases from other procuring entities	<p>The procuring entity may purchase directly from another government agency without the application of any other procurement method, if:</p> <ul style="list-style-type: none"> <li>- there would be no benefit in purchasing from a supplier; and</li> <li>- the government agency is able to meet all the procuring entity's requirement as specified in the statement of requirement for a particular procurement need</li> </ul>
Procurement of infrastructure for private financing and award of concessions	<p>Under the Public-Private Partnership Act No. 14 of 2009:</p> <ul style="list-style-type: none"> <li>- use of the private sector to carry out certain projects such as construction, rehabilitation or operation of public infrastructure and other public goods on the basis of private investment</li> </ul>
Use of alternative procurement methods	<p>A procuring entity wishing to use an alternative procurement method from the ones mentioned, must apply to the ZPPA</p>

Source: ZPPA online information. Viewed at: [http://www.zppa.org.zm/index.php?option=com\\_content&view=article&id=77&Itemid=486](http://www.zppa.org.zm/index.php?option=com_content&view=article&id=77&Itemid=486).

3.37. Both the wide range of procuring methods and the discretion of the authorities to choose a method indicate that transparency needs to be improved. The authorities stated that direct bidding is for procurements with a value below K 10,000. If the value goes above this threshold, the procuring entity must obtain a letter of non-objection from the ZPPA before conducting direct bidding.

3.38. The Public Procurement Act also stipulates that a procuring entity may: grant a margin of preference, or reserve or set aside certain procurement requirements, for (Table 3.7):

- citizens or local suppliers;
- goods, works, or services manufactured or provided from Zambia, or performed by Zambians from a particular region;
- Zambian suppliers;
- small and medium-sized enterprises; or
- enterprises owned by women.

**Table 3.7 Government procurement – local preferences**

Price margins	Reservation /set-aside of tenders for local companies
4% for a "citizen-influenced" company <sup>a</sup>	Building construction works not exceeding K 20 million
8% for a "citizen-empowered" company <sup>b</sup>	Civil and road works not exceeding K 30 million
12% for a citizen-owned company (with over 50% of equity)	Goods not exceeding K 3 million
15% for domestically manufactured goods by a citizen-influenced company, a citizen-empowered company, and a citizen-owned company	

a A citizen-influenced company is a company where 5-20% of the equity is owned by citizens, the citizens have significant control of the management of the company, and the company is licensed to undertake business in Zambia.

b A citizen-empowered company is a company where 5-20% of the equity is owned by citizens and the company is licensed to undertake business in Zambia.

Source: Information provided by the authorities.

3.39. Suppliers or bidders may complain to the relevant procuring entity (PE), and subsequently appeal to the ZPPA if the complaint has not been adequately resolved by the PE. If they are still dissatisfied, they may submit the matter to arbitration. The ZPPA charges a fee of K 1,000 per appeal.

### 3.1.7 Standards and other technical requirements

3.40. The Zambia Bureau of Standards (ZABS), under the MCTI, is the statutory national standards body established under the Standards Act, Cap 416 of 1994 of the Laws of Zambia. It is in charge of the promulgation of Zambian standards, standardization, quality control, quality assurance, import and export quality inspections, and certification.

3.41. The ZABS is not in charge of enforcing all standards. Different sector-specific regulators include the Zambia Information Communications and Technology Authority (ZICTA) for ICT standards, the Energy Regulation Board (ERB) for energy, the Road Transport and Safety Agency (RTSA) for road transport, the Zambia Environmental Management Agency (ZEMA) for chemicals, and the Ministry of Health for public-health-related matters. Other relevant agencies include the Zambia Weights and Measures Agency (ZWMA) under the MCTI, the Food and Drugs Control Laboratory (FDCL) under the Ministry of Health, the laboratories of the University of Zambia, the laboratories of the National Institute for Science and Industrial Research, the laboratories of various ministries, and private specialized laboratories.

3.42. In addition to the ZABS, the other agencies in charge of border checks include the Zambia Environmental Management Agency (ZEMA) and the Zambia Agriculture Research Institute (ZARI). Testing fees vary depending on the type of product.

3.43. The authorities recognize that one of the major obstacles to accessing global markets for Zambian manufactured products is the lack of adherence to systematic and internationally acceptable quality standards and the use of associated technology.<sup>7</sup> Against this backdrop, the Government developed its National Quality Policy in 2011. It aims at: establishing by 2020 a National Quality Infrastructure and Technical Regulations Framework, based on local and international best practices that will ensure locally produced goods and services are recognized and accepted by Zambia's trading partners. As part of the efforts, the ZABS drafted a strategic plan for 2015-20, aiming to:

- a. Increase the number of published standards by 10% per annum to improve the quality of products;
- b. Participate in international, regional, and bilateral standardization, quality assurance and metrology programmes;
- c. Increase public awareness of ZABS services; and

<sup>7</sup> MCTI (2011), *The National Quality Policy*, February.

- d. Disseminate standardization, quality assurance and metrology knowledge to industry and other stakeholders.

3.44. Zambia has not signed any mutual recognition agreements (MRAs) with foreign countries, but it accepts certification by foreign institutions if they are accredited.

3.45. The ZABS is the WTO TBT enquiry point, and is a member of a number of international standards and metrology organizations (Table 3.8). The ZABS accepted the TBT Code of Good Practice for the preparation, adoption and appreciation of standards. Zambia also participates in regional programmes aimed at harmonizing standards and conformity assessment schemes such as those under COMESA and SADC. The ZABS set up offices in all provinces and major border entry points.

**Table 3.8 Zambia's membership in a number of international standards organizations**

Organization	Year of participation	Type of membership
ISO (International Standardization Organization)	2003	Corresponding member
IEC (International Electrotechnical Commission)	2004	Affiliate member
ARSO (African Organisation for Standards)	1987	Full member

Source: Information provided by the authorities.

3.46. By mid-September 2015, a total of 2,434 standards had been published in Zambia, of which 40% are Zambian standards (based on international, regional and foreign standards as well as home-developed standards with a mix of source documents) and the other 60% are adopted international standards. About 2% are compulsory standards (technical regulations).

3.47. According to the authorities, technical regulations (compulsory standards) apply to 50 types of products (Table 3.9). During the review period, Zambia made 4 notifications on technical regulations to the WTO; all of them were notified under Article 2.9 of the TBT Agreement. They were all submitted by the ZABS, and products concerned include: asbestos-cement corrugated sheets and decking for roofing and cladding; petroleum jelly for the cosmetic industry; pure glycerine; and drinking water.<sup>8</sup>

**Table 3.9 Standards and technical regulations developed in Zambia**

	Before 2009	2009	2010	2011	2012	2013	2014	2015	Total
Standards developed	810	100	317	286	256	169	376	120	2,434
Technical regulations	27	4	4	7	2	6	0	0	50
International standards adopted	363	67	205	159	144	133	193	79	1,343

Source: Information provided by the authorities.

3.48. There have been no changes to the procedure for formulating standards. A relevant technical committee drafts working documents for the establishment of a proposed standard. The technical committee organizes meetings to discuss working documents and draft standards, which are then circulated for public comment. Standards are published in the Government Gazette once they are approved by the Standards Council.

3.49. The procedure for formulating technical regulations is the same as that for standards. If there is a need to protect health, the environment or the safety of citizens, standards may be declared mandatory and become technical regulations. These standards must be submitted to the MCTI for evaluation before being declared mandatory. During this process, these standards are advertised in the Government Gazette for 60 days, as well as notified to the WTO TBT Committee, for comments. If no substantial comments are received within the 60-day period, a statutory instrument is issued to declare them mandatory, i.e. technical regulations.

<sup>8</sup> WTO documents G/TBT/N/ZMB/45, G/TBT/N/ZMB/46, G/TBT/N/ZMB/47 and G/TBT/N/ZMB/48, December 2015 to January 2016.

3.50. The ZABS maintains a product certification marking scheme, and manufacturers (both local and foreign) may apply to use the ZABS's certification mark. Packaging and labelling requirements are incorporated in products standards. The Food and Drugs Act provides for the labelling of food, cosmetics and pharmaceutical items.

3.51. Zambia does not have an accreditation system, which is a serious impediment to the recognition of Zambian conformity assessment service providers who must obtain accreditation from abroad. The Southern African Development Community Accreditation Service (SADCAS) was launched in April 2009, and Zambia is utilizing its services. The only accredited laboratory in Zambia is Alfred H. Knight on the Copperbelt; the ZABS testing laboratory has also sought accreditation. ZABS is enhancing testing capacity through the development of new laboratories. The Central Veterinary Research Institute is also seeking accreditation in animal disease diagnostics.

3.52. The Zambia Weights and Measures Agency (ZW&MA), under the MCTI, is the regulatory agency for all weighing and measuring instruments used for trade purposes.

### **3.1.8 Sanitary and phytosanitary requirements**

3.53. Since the previous Review in 2009, there have been no significant changes to the sanitary and phytosanitary (SPS) requirements in Zambia. The legislation related to the SPS regime in Zambia includes mainly: the Food and Drugs Act of 1994, the Plant Pests and Diseases Act of 1994, the Noxious Weeds Act of 1994, the Public Health Act of 1933, the Control of Goods Act, and the Animal Health Act of 2010. The Plant Protection Bill is still under preparation.

3.54. The ministries in charge of agriculture, fisheries and livestock, and health are the main institutions responsible for SPS-related issues. Zambia is a member of the Codex Alimentarius Commission and the World Organisation for Animal Health (OIE), and a signatory to the International Plant Protection Convention (IPPC). During the review period, no trade concerns were raised in the SPS Committee with regard to Zambia.<sup>9</sup> The latest notification by Zambia on SPS issues was submitted in 2000.

3.55. Zambia is affiliated to the WTO, SADC, and COMESA in the areas of SPS and standards issues. SADC member countries are now preparing a SADC pest list, and Zambia has been participating in this process. ZARI (Zambia Agriculture Research Institute), together with equivalent agencies in other SADC countries, participated in the formulation of a regional position for the Codex Committee on Food Import and Export Inspection and Certification Systems (CCFICS). COMESA has been assisting Zambia in applying an STDF (Standards and Trade Development Facility) tool since 2011, to help prioritize SPS investment options while recognizing that resources are generally insufficient. COMESA countries are also preparing a COMESA pest list. The Plant Quarantine and Phytosanitary Service (POPS), under ZARI, participated in SPS awareness programmes under Pan-SPS COMESA. Zambia, together with some other countries in the region, obtained training on how to apply the phytosanitary capacity evaluation (PCE) tool sponsored by the Africa Solidarity Trust Fund (ASTF), which is implemented by the FAO.

3.56. Importers of animals and animal products, plants and plant products, and food products must obtain an import permit (Table 3.10). For imports of animals and animal products, veterinary certificates issued in the country of origin are required. For imports of plant and plant products, phytosanitary certificates issued in the country of origin are required.

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<sup>9</sup> WTO online information, "SPS Information Management System". Viewed at: <http://spsims.wto.org/web/pages/search/stc/Search.aspx>.

**Table 3.10 Import/export certificates**

Product	Import	Export	Issuing department
Animals and animal products	Import permit	Sanitary certificate	Veterinary Department
Plants and plant products	Plant import permit	Phytosanitary certificate	Zambia Agriculture Research Institute (ZARI)
Seeds	Plant import permit	Seed certificate	Seed Control and Certificate Institute in Mt. Makalu, and ZARI
Food	Health clearance certificate and import permit	Health clearance certificate	Ministry of Health, Ministry of Agriculture

Source: Information provided by the Ministry of Agriculture, and the Ministry of Livestock and Fisheries.

3.57. Animal standards and hygiene are based on OIE norms. The Department of Veterinary Services regulates the import and export of livestock, livestock products and by-products using the OIE risk analysis and management principles and methodologies. All imports of livestock and livestock products must be inspected by the Department of Veterinary Services upon arrival in Zambia. Importers must obtain an agricultural import permit. The veterinary authorities of the exporting country issues a veterinary certificate. All livestock must be subject to pre-departure quarantine in the country of origin, and post-arrival quarantine upon arrival in Zambia. The duration of quarantine is specified on a case-by-case basis. All exports of animals and animal products are subject to a veterinary certificate.

3.58. The imports of plant and plant products are inspected by plant health inspectors at the border, using the PQPS standards. Inspections involve documentation checks and physical checks. Quarantine requirements are specific to the plant or plant product as well as to the originating country, depending on the results of pest risk analysis.

3.59. Phytosanitary requirements are based on IPPC requirements. The Agribusiness and Marketing (ABM) Department, under the Ministry of Agriculture, is responsible for issuing agricultural import/export permits for plants and plant products. These permits stipulate what other documents, such as phytosanitary certificates, are required. ZARI, through the PQPS and the National Plant Protection Organization (NPPO), is responsible for issuing phytosanitary certificates for exports, plant import permits, and non-GMO certificates. These permits are issued by Plant Health Inspectors or customs officials at the border.

3.60. The fees consist of the following: K 30 per phytosanitary certificate and K 50 per 30 million tonnes for the import permit, K 150 per inspection, K 800 for fumigation (first registration) or K 600 for fumigation (renewal), K 200 for nursery registration, K 500 for treatment facilities, and K 500 for tobacco premises.

3.61. The Seed Control and Certification Institute (SCCI) is responsible for enforcing the Plant Variety and Seeds Act (Cap 236). The Act provides for regulation and control through variety testing and release, production and marketing of seed, import and export of seed, seed quality control, and coordination of the seed industry.

3.62. The Ministry of Health, under the Food and Drugs Act and the Public Health Act, is responsible for import controls of food and food products at the border. The Food Safety Unit under the Ministry of Health is the focal point of the Codex Alimentarius. Health inspectors carry out physical inspections on food imports, check whether the import consignment is accompanied by appropriate permits, test samples in the case of salt (for iodine) and sugar (for vitamin A) imports, and verify labelling standards. For fresh fruits and vegetables, permits are issued and sampled for residues of pesticides by the Food and Drug Laboratory in Lusaka.

3.63. The Ministry of Health is responsible for export clearance for pre-packed foods. Health inspectors at the border check whether the consignment is accompanied by a Health Clearance Certificate issued by the Head Office in Lusaka. This Certificate is valid for six months, and it takes from 3 to 5 days to obtain such a certificate. There is no charge for health certificates, although a proposal has been made to charge for this service.



3.64. According to ZARI, genetically-modified organisms may be allowed to be imported into Zambia, subject to approval from the National Biosafety Authority in line with the National Biosafety Act No. 10 of 2007.

## **3.2 Measures Directly Affecting Exports**

### **3.2.1 Export procedures and requirements**

3.65. According to the World Bank's Ease of Doing Business Report, Zambia ranked 152<sup>nd</sup> among 189 economies in the world in terms of trading across borders in 2016, lower than the regional average for Sub-Saharan Africa (136<sup>th</sup>). It costs on average US\$570 and takes about 266 hours to conduct border and documentary compliance to export a container.

3.66. Export procedures and requirements are listed in Table 3.1. Documents required to export are: bill of lading, certificate of origin, commercial invoice, customs export declaration (CE 20 form), EUR 1 – certificate of origin (required for exports to the EU market only), road manifest, and transit entry documents (for South Africa and Zimbabwe). The ZRA carries out inspections at the border on exports.

### **3.2.2 Export taxes, charges, and levies**

3.67. According to the 9<sup>th</sup> Schedule of the Customs and Excise Act, Zambia applies export duties at a rate of 10% on mineral ores and mineral concentrates, at a rate of 25% or K 1,000 per tonne, whichever is higher, on the waste and scrap of metal, and at rates of 20% or 40% on some types of timber products (Table A3.2). The authorities stated that the export tax on scrap metal is a security measure, to control the stealing of copper in the name of scrap, while export duties on other goods are to encourage value addition within the country.

3.68. An ASYCUDA processing fee, and permit and licensing fees are also collected to cover the administrative costs of such requirements.

### **3.2.3 Export prohibitions, restrictions, and licensing**

3.69. Export prohibitions apply to: raw animal hides and skins; logs; wood charcoal; and any goods prohibited under other laws.

3.70. The Government may restrict maize exports from time to time; according to the authorities, this is for food security reasons. The Food Reserve Agency (FRA) may export maize from Zambia through government to government arrangements.

3.71. Export permits/licences are required for certain goods, such as maize grain, groats and flour (for food security reasons); minerals (for monitoring); fertilizers; live animals; gemstones; and firearms. The intending exporter applies to the relevant ministries indicating the product to be exported (with details such as the quantity, value, origin of the goods, and intended destination) and pays a fee to cover the administration cost once the application is processed and approved.

### **3.2.4 Export support and promotion**

#### **3.2.4.1 Export promotion**

3.72. Exports are zero-rated under the VAT regime. Zambia applies the Duty Drawback Scheme to promote exports by reducing the cost of producing export goods through refunding import tariffs on inputs.

3.73. The Zambia Development Agency (ZDA) is responsible for investment and export promotion in the country. The authorities stated that the ZDA's export promotion strategies include:

- a. Participating, and assisting export companies to participate, in trade fairs and exhibitions within and outside the country;

- b. Developing new markets and expanding existing ones by, for example, conducting market research to assess the export potential of Zambian products in target markets;
- c. Organizing training programmes, seminars, and workshops aimed at promoting exports; and
- d. Enhancing the capacity of local exporters to produce goods that meet international standards.

### 3.2.4.2 Export finance, insurance, and guarantees

3.74. Export insurance may be provided by the African Trade Insurance Agency (ATI), housed under the ZDA. ATI provides political risk and trade credit risk insurance products, with the objective of reducing business risk and cost of doing business in Africa.<sup>10</sup>

3.75. Exporters of non-traditional goods (all goods except mining products) may obtain low-interest loans from the Zambia Export Development Fund (ZEDEF), managed by the ZDA. The loans are for up to one year for pre- and post-shipment finance, market development, market research, capacity building, product development, and promotion/advertising and marketing. Interest rates are Libor rates plus 2 percentage points. To obtain the loan, exporters must be engaged in growth sectors of the economy, i.e. all non-traditional export goods except tobacco.

### 3.2.4.3 Multi-Facility Economic Zones (MFEZ)

#### 3.2.4.3.1 Overview

3.76. Zambia has been focusing on establishing and developing MFEZs and/or industrial parks (which are smaller in size) since 2004, to attract investment and facilitate industrialization. Both domestic and export-oriented enterprises may invest in these zones, which are areas that already have basic infrastructure such as roads, water, sewerage, power and telecommunications, and factory space. Goods manufactured in these zones may be exported, or sold to the domestic market. So far, the MCTI has declared six areas as MFEZs/industrial parks, three of which were approved but not established (Table 3.11). Some other areas are in the process of being developed.

**Table 3.11 MFEZs**

MFEZs established	MFEZs approved but not established	Other MFEZs proposed
Chambishi	Maamba	Chembe MFEZ – land has been given for an industrial park
Lusaka East	Kalumbila	Choma MFEZ – land has been given for a MFEZ
Lusaka South	Lumwana	Livingstone MFEZ – the proposal for a MFEZ is under consideration
		Kabwe - being proposed as a MFEZ
Industrial parks established	Industrial parks approved but not established	
Roma	Ndola (Sub Saharan gemstones exchange)	

Source: Information provided by the authorities.

3.77. Investors may identify and suggest any other location in Zambia for such development. The Government has prioritized the following areas for the development of MFEZs: Lusaka, Ndola, Mpulungu, Chembe, Nakonde, Kasubalesa and Mwinilunga.

<sup>10</sup> ATI currently provides export insurance services in: Benin, Burundi, the Democratic Republic of the Congo, Kenya, Madagascar, Malawi, Rwanda, Tanzania, Uganda, and Zambia. Viewed online at: <http://www.ati-aca.org/index.php/about-ati/overview-10601>.

### 3.2.4.3.2 Legislative framework

3.78. The legislation governing the establishment and administration of MFEZs is the Zambia Development Agency (ZDA) Act No. 11 of 2006 (section 18) and the Statutory Instrument No. 65 of 2007. The ZDA is in charge of administering, controlling and regulating MFEZs.

3.79. Companies, local or foreign, may apply to develop an MFEZ or operate in an MFEZ, once they demonstrate that their investment is to bring the following benefits: local employment creation; expansion of local production and diversification of the economy; utilization of local raw materials and intermediate goods<sup>11</sup>; introduction and transfer of technology and skills; production of new products; and social development. In addition, they also need to provide an environment impact analysis where necessary, and to show that their investment is to increase: foreign exchange earnings; the degree of export-orientation; the degree of import substitution; and the utilization of preferential trade agreements. Once qualified, the companies (both local and foreign) may be entitled to incentives under the ZDA Act No. 11 of 2006 (Section 3.3.1.2).

3.80. The MCTI (particularly its Department of Industry) is responsible for policy formulation with regard to MFEZs and industrial parks, in liaison with: *inter alia*, the Ministries of Finance; Justice; Lands, Natural Resources and Environmental Protection; Local Government and Housing; the Zambia Development Agency; and the private sector, including the Zambia Association of Manufacturers and the Zambia Chamber of Commerce and Industry.

### 3.2.4.3.3 Impact

3.81. So far, Chambishi is the largest MFEZ, with 36 companies operating within it, US\$1.6 billion invested and 8,860 jobs created. Lusaka East (10 operators, US\$21 million invested, 210 jobs created) and Lusaka South (6 operators, US\$35 million invested, over 1,000 jobs created) are two MFEZs operating on a smaller scale, while the Roma industrial park has a number of smaller companies (365 operators/developers), US\$17 million invested, and 500 jobs created.

3.82. The authorities consider that, since the introduction of the MFEZ programme, Zambia has witnessed an increase in investment and employment, and ultimately an increase in trade. According to the authorities, investors were attracted not only by the incentives attached to MFEZs, but also the ease of finding land designated for commercial or industrial purposes.

## 3.3 Measures Affecting Production and Trade

### 3.3.1 Tax and incentives

#### 3.3.1.1 Tax regime

3.83. The tax system is regulated under the Income Tax Act, the Customs and Excise Act, and the Value Added Tax Act. Tax revenue has been increasing rapidly since 2012 (Table 3.12), and was equivalent to about 16.5% of GDP in 2015.<sup>12</sup> The main types of taxes are income tax, VAT, and customs and excise duty. Tax revenue from the extraction royalty increased rapidly during the review period.

**Table 3.12 Tax revenue, 2009-14**

(K million)

	2009	2010	2011	2012	2013	2014
<b>Total tax revenue</b>	9,660	13,125	18,889	20,719	23,127	27,604
Income taxes	5,073	7,326	9,767	11,734	11,575	13,225
Company income tax	1,376	2,422	3,644	4,402	2,852	3,488
PAYE (pay as your earn)	2,924	3,866	4,519	4,934	5,683	6,427
Withholding tax	538	626	736	939	1,279	1,544
Extraction royalty	235	412	868	1,459	1,761	1,767
Domestic goods and services	1,330	1,887	1,630	1,919	3,581	6,011

<sup>11</sup> According to the authorities, this is to encourage both foreign and local investors to consider first using locally available raw materials and intermediate goods before importing them, with an intention to create a market for local micro, small and medium-sized enterprises in the production process.

<sup>12</sup> Ministry of Finance (MOF), *2015 Budget Speech*. Viewed at: <https://www.zra.org.zm/#>.

	2009	2010	2011	2012	2013	2014
Excise duties	1,023	1,372	1,662	2,198	2,339	2,854
VAT collected domestically	307	515	(33)	(279)	1,242	3,157
Trade taxes	3,257	3,912	5,740	7,067	7,971	8,368
VAT collected at the border	2,168	2,658	3,997	5,031	6,150	6,397
Import tariff	1,072	1,250	1,738	2,032	1,808	1,949
Export levies	17	5	5	4	12	23

Source: Information provided by the ZRA.

3.84. According to the World Bank, Zambia ranked 46<sup>th</sup> out of 189 economies for paying taxes in 2016, up from 81<sup>st</sup> in 2015, and much better than the regional average (131<sup>st</sup> for Sub-Saharan Africa).<sup>13</sup> On average, firms pay 26 taxes a year, spend 157 hours a year filing, preparing, and paying taxes, and pay total taxes amounting to 18.6% of profit.

3.85. Direct taxes accounted for almost half of total tax revenue in Zambia in 2014. In 2014, the biggest source of income tax is PAYE, followed by company income tax, extraction royalty, and withholding tax. The individual income tax (PAYE) has progressive rates, at 0%, 25%, 30% and 35%. Despite having a general rate of 35%, the company income tax is levied at different rates depending on the economic sector (Table 3.13). Withholding tax rates may vary for residents and non-residents.

**Table 3.13 Income tax**

Company income tax	Rate (%)
<b>Category</b>	<b>Rate (%)</b>
Mining operations (variable profit tax)	Y = 30% + [15% - (ab/c)], where: Y = tax rate to be applied per annum; a = 15%; b = 8%; and c = the percentage ratio of the assessable income to gross sales
Mining operations other than industrial minerals	0
Mineral processing	30
Manufacturing and other companies	35
Public benefit organizations (on income from business)	15
Agro-processing	10
Farming	10
Non-traditional exports	15
Chemical manufacture of fertilizer	15
Organic manufacture of fertilizer	15
Trusts, deceased or bankrupt estates	35
Rural enterprises	Applicable tax reduced by 1/7 for five years
Business enterprises operating in a priority sector declared under the ZDA Act	0 for the first five years, rate reduced by 50% from 6-8 years, and rate reduced by 25% from 9-10 years
Manufacturing enterprises located in a rural area, MFEZ, or industrial park	0 for the first five years from commencing operation
Electronic communication business:	35
First K 250,000	
Above K 250,000	40
<b>Personal income tax (per annum)</b>	
First K 36,000	0
K 36,000-K 45,600	25
K 45,600-K 70,800	30
Above K 70,800	35
<b>Withholding tax rates</b>	
Dividends (final tax)	15
Dividends paid by a company carrying on mining operations	0
Dividends paid to an individual by a company listed on the Lusaka Stock Exchange (LUSE)	0
Dividends paid by a company engaged in the assembly of motor vehicles, motorcycles and bicycles	0 (for the first five years)

<sup>13</sup> World Bank (2016).

Company income tax	
Dividends declared from farming income	0 (for the first five years)
Dividends paid by a manufacturing enterprise located in a rural area, a MFEZ, or an industrial park	0 (for the first five years from commencing operation)
Interest on the Government of Zambia bonds	15
Interest for individuals (earned from banks or building society savings and deposit accounts)	0
Interest on treasury bills	15
Other interest	15
Royalties (residents)	15
Royalties (non-residents)	20
Rent	10
Commission (residents)	15
Commission (non-residents)	20
Public entertainment fees for non-residents	20
Management and consultancy fees to non-residents	20
Non-resident contractors	20
Payment or distribution of branch profits	15
Payment of winnings from gaming, lotteries, and betting	20

Source: Information provided by the ZRA.

3.86. The mineral royalty rate was increased from 3% to 20% in the first half of 2015, and reduced to 9% in the second half of 2015. The rate is now 6% for underground mining, and 9% for opencast.

3.87. Import tariffs accounted for 7% of total tax revenue in 2014. In the same year, VAT accounted for more than 1/3 of total tax revenue, and the VAT collected at the border was much higher than the VAT collected domestically.

### 3.3.1.2 Incentives

3.88. The ZDA may recommend to the Ministry of Finance incentives to investors who invest not less than US\$500,000 in an MFEZ, an industrial park, a priority sector, or a rural enterprise (Table 3.14).<sup>14</sup> Priority sectors are those outlined in the second schedule of the ZDA Act (Table A3.3).

**Table 3.14 Incentives**

Tax incentives	
Profit tax	0% tax on profits for five years, from the first year of operation (qualifying projects should be in the manufacturing sector in an MFEZ, industrial park, or rural area)
Dividend tax	0% tax on dividends for five years, from the year of commencement of operations
Import tariff	0% import duty on capital equipment and machinery for five years

Source: Information provided by the authorities.

3.89. A NEPAD-OECD report suggested that the Government should consider extending the low tax burden to other sectors of the economy to attract more investment, and to consider simplifying the tax structure and moving from an incentive-based investment attraction strategy towards one based on strengthening the enabling environment for businesses, large and small, to develop.<sup>15</sup>

### 3.3.2 Competition policy and price controls

#### 3.3.2.1 Competition policy

3.90. Significant changes have been made to Zambia's competition policy since the previous review. The Government issued the Competition and Consumer Protection Policy in 2009. The Competition and Consumer Protection Act (CCPA) No. 24 of 2010 was promulgated with a view to

<sup>14</sup> A rural enterprise is an enterprise established in neither a city nor a municipality of Zambia.

<sup>15</sup> NEPAD-OECD (2011).

enhancing predictability of the enforcement mechanism, which was missing in the repealed Competition and Fair Trading Act Cap 417 of 1994 (Table 3.15). The Competition and Consumer Protection Commission (the Commission) was established under the CCPA. In 2011, the Competition and Consumer Protection (General) Regulations were issued.

**Table 3.15 Major differences between the old and the new competition legislation**

Subject	Old Act	New Act
Mergers		
- period to investigate mergers and takeovers	Did not specify	90 days to review a merger
- merger approvals	Nine steps and six hours of administrative activities	Three steps and less than one hour of administrative activities
- merger threshold for notification	No threshold, all mergers had to be notified	Merger parties with a combined turnover or assets above 50 million fee units; small transactions do not need to be notified
Leniency programme	Did not specify	Introduced to facilitate cartel investigations, and other anti-competitive practice investigations
Fines	A fine not exceeding 100,000 penalty units, or imprisonment of not more than five years, or both	A maximum fine of 10% of turnover (based on previous year) or imprisonment of not more than 5 years or both (cartels mostly)
Tribunal	Appeal through the High Court; took on average two to three years for a case to be decided	No fees for all appeal cases filed before the Tribunal; it takes on average about six months for a case to be decided <sup>a</sup>
Consumer protection	Section 12	A detailed section (Part VII) on consumer protection
Negative clearance <sup>b</sup>	Some activities which would not have been prohibited by the old Act might still have had to be approved by the Commission if it believed that such activities could have caused a negative impact on competition	Negative clearance: only those parties who are unsure if their proposed transaction needs to be notified to the Commission need to apply
Relocation of plant and machinery	Must obtain authorization from the Commission	The Commission continues to handle relocations as provided for under Section 5(a) of the Act

- a The case clearance rate is improving. The Tribunal was formed one year after the CCPA took effect, which caused the backlog of cases.
- b Negative clearance is not only for mergers. A comfort letter is then sought by the parties from the Commission.

Source: Information provided by the Competition and Consumer Protection Commission.

3.91. The CCPA applies to all economic activities within, or having an effect within, Zambia, including those carried out by state-owned enterprises (fully or partially) (Table 3.16).<sup>16</sup> It does not apply to:

- a. agreements relating to intellectual property rights;
- b. labour agreements and trade unions; or
- c. the business of any enterprise exercising a statutory monopoly which precludes the entry of another enterprise into the relevant market in Zambia, provided that there is no purpose of restricting competition, no abuse of a dominant position, or in compliance with the merger provisions of the CCPA.

3.92. The Commission retains jurisdiction and the right to intervene in the event that the precluded activities violate any provisions of the CCPA.

<sup>16</sup> Competition and Consumer Protection Act (CCPA) No. 24 of 2010. Viewed at: <http://www.ccpa.org.zm/wp-content/uploads/2014/03/The-Competition-and-Consumer-Protection-1-21.pdf>.

**Table 3.16 Key characteristics of the CCPA**

Subject	Notes
<p><b>Restrictive business and anti-competitive trade practices:</b> The CCPA bans any practices that would prevent/restrict/distort competition to an "appreciable"<sup>a</sup> extent in Zambia: The bans do not apply to an agreement to which all the parties are interconnected and falling under a single economic unit.</p>	
<p>- Horizontal agreements are prohibited if they: - fix the purchase or selling price or any other trading conditions; - divide markets by allocating customers, suppliers or territories specific types of goods or services; - involve bid rigging (with some exceptions); - set production quotas; or - provide for collective refusal to deal in, or supply, goods or services.</p> <p>Parties to a horizontal agreement which would see either one or both supplying about 15% of the market must notify the Commission for approval.</p>	<p>Penalty provisions: - for a person: a fine not exceeding 500,000 penalty units, or imprisonment for a period not exceeding 5 years, or both; - for an enterprise: a fine not exceeding 10% of its annual turnover.</p>
<p>- Vertical agreements are prohibited, if they involve re-sale price maintenance.</p> <p>Parties to a vertical agreement which would see either one or both supplying about 30% of the market must notify the Commission for approval.</p>	<p>A fine not exceeding 10% of annual turnover.</p>
<p>- Abuse of dominant position is prohibited: CCPA prevents enterprises with a dominant position from abusing their dominance to limit competition.</p> <p>Dominant position is defined as: - if 30% or more of the goods or services in question are supplied or acquired by one enterprise; or - if 60% or more of the goods or services in question are supplied or acquired by not more than three enterprises.</p>	<p>A fine not exceeding 10% of annual turnover.</p>
<p><b>Mergers subject to review</b> The Commission reviews a merger if: - parties to a merger transaction meet a prescribed threshold;<sup>b</sup> - if the Commission believes that a merger falls below the prescribed threshold and is likely to create or contribute to creating a position of dominance, or substantially prevent or lessen competition, or due to other factors requiring consideration.</p>	<p>A fine not exceeding 10% of annual turnover.</p>
<p><b>Unfair trading practices are prohibited</b> A trading practice is unfair if: - it misleads consumers; - it compromises the standard of honesty and good faith; - it places pressure on consumers through harassment or coercion.</p>	<p>A fine not exceeding 10% of the person's or enterprise's annual turnover, or 150,000 penalty units, whichever is higher.</p>

a "Appreciable" extent is related to agreements satisfying the *de minimis* rule: only those activities with a great effect are reviewed by the Commission.

b According to the Competition and Consumer Protection (General) Regulations issued in 2011, a merger transaction requires authorization by the Commission where the combined turnover or assets, whichever is higher, in Zambia of the merging parties, is at least 50 million fee units in their latest full financial year. According to the Competition and Consumer Protection Commission, this currently corresponds to K 10 billion.

Source: Information provided by the authorities.

3.93. Sector regulators still play an important role, and the CCPA requires the Commission to sign memoranda of understanding with sector regulators, to ensure coordinated implementation and enforcement of the competition policy. Where the Commission determines that a sectoral regulator is unduly restricting competition, it may conduct a market inquiry into the sector. According to the Competition Policy, the following regulators, among others, need to coordinate with the Commission:

- a. Energy Regulation Board;
- b. Zambia Information and Communications Technology Authority;

- c. Patents and Companies Registration Agency;
- d. Zambia Development Agency;
- e. National Water and Sanitation Council;
- f. Zambia Medicines Regulatory Authority;
- g. Zambia Bureau of Standards;
- h. Zambia Weights and Measures Agency;
- i. Bank of Zambia;
- j. Securities and Exchange Commission;
- k. Pensions and Insurance Authority;
- l. Zambia Revenue Authority;
- m. Zambia Environmental Management Agency;
- n. Zambia Public Procurement Authority (ZPPA); and
- o. Law Association of Zambia.

3.94. The CCPA contains provisions on consumer protection, and hence complements relevant laws on this issue, including the Telecommunications Act, Public Health Act, Food and Drugs Act, Energy Regulation Act, Bank and Financial Services Act, Standards Act, and Weights and Measures Act. Currently, the Commission deals with 150-200 cases of consumer complaints a month, and almost half of the cases concern the supply and sale of defective and unsuitable goods and services, such as electronic products.

3.95. The Commission has a presence in every province of Zambia, with its headquarters in Lusaka. It appoints inspectors in local authorities and currently has inspectors in 73 districts. Since 2009, the Commission has dealt with about 130 cases concerning restrictive business and anti-competitive trade practices, relating to various sectors of the economy such as publishing, energy, agriculture, retail, construction, telecommunications, financial services, and manufacturing. Among these cases, very few were on abuse of dominance: the Commission noted that many companies feared to report abuse of dominance because of the pressures from the dominant firms, many of which used to be SOEs that were later privatized.<sup>17</sup>

3.96. The Commission collaborates with several international organizations on competition policy, such as the African Competition Forum, the International Competition Network (ICN), the International Consumer Protection and Enforcement Network (ICPEN), and the COMESA Competition Commission on merger cases with a regional dimension. Since 2009, a total of 184 mergers have been approved.

3.97. In accordance with the CCPA, the Competition and Consumer Protection Tribunal was established in October 2012. From then to December 2015, 80 cases were filed before the Tribunal (79% were consumer-related cases, and 21% were competition-related cases). The Tribunal passed judgements on 38 cases, 26 cases were settled *ex curia* (out of court), and 16 were ongoing. The Commission has continued training members of the judiciary and members of the Tribunal on matters related to competition policy and consumer protection. A research report found that the Tribunal lacks financial and human resources: both the Tribunal and its secretariat currently operate on a part-time basis.<sup>18</sup>

3.98. The Commission has developed draft amendments to the CCPA, to address issues such as: the limited definition of a consumer, and relations between the Commission and the Food and Drugs Control Laboratory (FDCL). The Commission also started reviewing guidelines on fines and procedural administration. In addition, the CCPA has a leniency programme to facilitate identification of cartels; the programme has been finalized, but not yet published.

### 3.3.2.2 Price controls

3.99. According to the authorities, price controls mainly take the form of price caps, and are applied on (but not limited to) products and services such as: fuel (by the Energy Regulation Board), electricity tariffs (by the Zambia Electricity Supply Corporation), and insurance premiums (by the Pension & Insurance Authority).

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<sup>17</sup> Competition and Consumer Protection Commission (2014), *2013 Annual Report*, p.23.

<sup>18</sup> CUTS (2015).



### 3.3.3 State-owned enterprises, privatization, and state trading

3.100. Zambia notified the WTO in 2012 that it does not maintain any state trading enterprises as defined by GATT Article XVII.<sup>19</sup>

3.101. The State continues to play an important role in the economy. The list of enterprises with significant government ownership remains long, although it is getting shorter compared with the previous review (Table 3.17).

**Table 3.17 Government shares in public enterprises, 2007 and 2015**

Entities	2007 (%)		2015 (%)
<b>Energy sector</b>		<b>Energy sector</b>	
Indeni Petroleum Products	50	Indeni Petroleum Products	..
Tazama Pipelines	60	Tazama Pipelines	50
Zambia Electricity Supply Corporation	100	Zambia Electricity Supply Corporation (ZESCO)	100
<b>Mining sector</b>		<b>Mining sector</b>	
Kagem Mining	20		
Kariba Minerals	51		
Maamba Collieries	100		
Zambia Consolidated Copper Mining Investment Holding	87.6	Zambia Consolidated Copper Mining Investment Holding (ZCCM-IH)	100
AHC Mining Municipal Services	100		
Chambishi Metals	10		
Chibuluma Mines	15		
Copperbelt Energy Corporation	20		
Kansanshi mining	20		
Konkola Copper Mines	20.6		
Luanshya Copper Mines	15		
Mopani Copper Mines	10		
Ndola Lime Company	100	Ndola Lime Company	100
NFC Africa Mining	15		
<b>Financial sector</b>		<b>Financial sector</b>	
Development Bank of Zambia	67	Development Bank of Zambia	..
Indo-Zambia Bank Limited	50		
National Savings and Credit Bank	100	National Savings and Credit Bank	..
Zambia National Building Society	100	Zambia National Building Society	..
Zambia National Commercial Bank	51		
Zambia State Insurance Company	100	Zambia State Insurance Company	100
<b>Other sectors</b>		<b>Other sectors</b>	
Nitrogen Chemicals of Zambia	100	Nitrogen Chemicals of Zambia	100
Contract Haulage	100		
Engineering Services Corporation	100		
Medical stores	100	Medical stores	..
MOFED (London)	100		
MOFED (Tanzania)	100		
Mpongwe Development	0.05		
Mpulungu Harbour Corporation	100	Mpulungu Harbour Corporation	..
Mupepetwe Engineering	100		
National Airports Corporation	100	Zambia Airports Corporation	100
National Housing Authority	100	National Housing Authority	..
Nganga Farms	23.8		
Tanzania-Zambia Railways	50	Tanzania-Zambia Railways	50
Times of Zambia	100	Times of Zambia	100
Zambia China Mulungushi Textiles of Zambia	40		
Zambia Daily Mail	100	Zambia Daily Mail	..
Zambia Education and Publishing House	100		
Zambia Postal Corporation	100	Zambia Postal Corporation	100
Zambia Printing Company	100	Zambia Printing Company	..

<sup>19</sup> WTO document, G/STR/N/2/ZMB, G/STR/N/3/ZMB, G/STR/N/6/ZMB, G/STR/N/12/ZMB, G/STR/N/13/ZMB, G/STR/N/14/ZMB, 12 September 2012.

Entities	2007 (%)		2015 (%)
Zambia Railways	100	Zambia Railways	100
Zambia State Lotteries	100		
Zambia Telecommunication	100	Zambia Telecommunication (ZAMTEL)	100
Zamcapital Enterprises	100		

.. Not available.

Source: Information for 2007 is from: IMF (2008), *IMF Country Report No. 08/30, Zambia: Statistical Appendix*, Appendix II. Information for 2015 is provided by the authorities.

3.102. It seems that the role of the private sector has been increasing. The Zambia Development Agency (ZDA) is the country's privatization vehicle, and privatization has been concentrated in mining, manufacturing and financial services.

3.103. The ZDA Act provides for the following modes of privatization:

- a. Public offering of shares;
- b. Private sale of shares through negotiated or competitive bids or by private treaty;
- c. Offer of additional shares in an SOE to reduce government shareholding;
- d. Sale of the assets and business of the SOE;
- e. Reorganization of the SOE before the sale of the whole or any part of the SOE;
- f. Management or employee buyouts;
- g. Lease and management contracts;
- h. Any other method the Board of the ZDA may consider appropriate.

3.104. Foreign and domestic private enterprises may participate in the purchase of shares in SOEs. All proceeds from the sale of SOEs are transferred/deposited into a special account designated for privatization – the "Privatization Revenue Account" – managed by the Ministry of Finance.

3.105. The Government has identified PPP (public private partnership) as a way to achieve infrastructure development, which may address the finance and management capacity constraints faced by the Government for public infrastructure and service projects. A PPP Unit was set up under the Ministry of Development and Planning, and a PPP Act was promulgated (the Public Private Partnership Act, 2009).

### 3.3.4 Intellectual property rights

#### 3.3.4.1 Overview

3.106. The copyright legislation was amended in 2010. Apart from that, there have been no significant changes to the legislative and institutional framework of IPR protection in Zambia since the previous review, although five bills are under consideration on: trademarks, patents, industrial designs, layout designs, and traditional knowledge. The current IPR regime is summarized in Table 3.18.

**Table 3.18 Summary of the protection of intellectual property rights, 2016**

Main legislation	Duration (agency)	Coverage
<b>Patents</b>		
Patents Act Cap 400	16 years from the date of filing, with the possibility of renewal (PACRA)	Inventions
<b>Trademarks</b>		
Trademark Act Cap 401	Initially for 7 years, may be renewed every 14 years for an indefinite period (PACRA)	Only for goods, not for services

Main legislation	Duration (agency)	Coverage
<b>Registered industrial designs</b>		
Registered Industrial Designs Act Chapter 402	Five years from the date of registration, and renewable for another two five-year periods (PACRA)	Visual design of objects or models
<b>Copyrights</b>		
Copyright and Performance Rights (Amendment) Act, 2010, Copyright Law Cap 407	Copyright automatically exists for the life of the author plus 50 years (Office of the Registrar of Copyrights under the Ministry of Information and Broadcasting Services (MIBS))	The particular form or manner in which ideas or information has been manifested or expressed
<b>Plant varieties</b>		
Plant Breeders Rights Act No. 18 of 2007	Seed Control and Certification Institute (SCCI) under the Ministry of Agriculture	Plant varieties

Source: National Intellectual Property Policy 2010–2015.

3.107. Zambia's current legislation on industrial property is silent on exhaustion with regard to IP rights. In practice, the authorities are more inclined to national exhaustion. The legislation on copyrights stipulates exclusive distribution rights, and does not allow parallel imports.

3.108. Zambia has no legislation dealing with the registration of layout-designs of integrated circuits or of trade secrets. Geographical indications are protected as certification marks under section 42 of the Trade Marks Act Cap 401.

3.109. Zambia is a member of various WIPO-administered treaties<sup>20</sup>:

- a. Paris Convention for the Protection of Industrial Property (1965);
- b. Berne Convention for the Protection of Literary and Artistic Works (1992);
- c. WIPO Convention (1977);
- d. Patent Cooperation Treaty (2001);
- e. Protocol relating to the Madrid Agreement Concerning the Registration of Marks (2001);
- f. Beijing Treaty on Audiovisual Performances (2012);
- g. Nairobi Treaty on the Protection of the Olympic Symbol (1981);
- h. Patent Law Treaty (2000); and
- i. Washington Treaty on Intellectual Property in Respect of Integrated Circuits (1989);
- j. WIPO Copyright Treaty (WCT); and
- k. WIPO Phonograph and Performers Treaty (WPPT).

3.110. Zambia is also a member of some regional IP treaties:

- a. Lusaka Agreement on the Creation of the African Regional Industrial Property Organization (ARIPO) (1978);
- b. Charter for African Cultural Renaissance (2006);
- c. Swakopmund Protocol on the Protection of Traditional Knowledge and Expressions of Folklore within the Framework of the African Regional Intellectual Property Organization (ARIPO) (2010);
- d. Cultural Charter for Africa (1990); and
- e. Harare Protocol on Patents and Industrial Designs within the Framework of the African Regional Industrial Property Organization (ARIPO) (1986).

3.111. Zambia is in the process of acceding to the following treaties:

- a. Singapore Trademark Law Treaty;
- b. International Convention for the Protection of Varieties of Plants (UPOV).

3.112. As an LDC, Zambia is required to conform to all TRIPS obligations by 2013 for subject matter relating to patents in general, and 2016 for public health matters. Both deadlines were

<sup>20</sup> WIPO online information. Viewed at: <http://www.wipo.int/wipolex/en/profile.jsp?code=zm>.

extended for LDCs, to 2021 and 2033 respectively.<sup>21</sup> The authorities indicated that both matters are addressed in the current patent bill.

### 3.3.4.2 Industrial property

3.113. In 2011, the Patents and Companies Registration Agency (PACRA) was established under the MCTI, and is responsible for the administration of industrial property rights, including operating a legal system for the registration and protection of commercial and industrial property, and serving as a legal repository of information.

3.114. Eligible persons may apply for a patent or a design to the PACRA, or to ARIPO.<sup>22</sup> Zambia is not a party to the Banjul Protocol on trademarks of ARIPO, so applicants for trademark protection in Zambia cannot submit their application to ARIPO. The number of patent applications to ARIPO is much higher than those made to the PACRA (Table 3.19). ARIPO operates a system for centralized filing and substantive examination of patent, industrial design, and trademark applications; however, the granting of protection is governed by each member State's national legislation.<sup>23</sup>

3.115. For the PACRA, it takes on average 160 working days to grant a patent. The authorities indicated that most applications were made by foreigners.

**Table 3.19 IPR statistics, 2010-15**

	2010	2011	2012	2013	2014	2015
<b>Patent</b>						
<b>PACRA</b>						
Lodged	17	24	38	28	39	39
Granted	11	15	32	21	23	17
Renewed	150	96	144	128	126	217
<b>ARIPO</b>						
Lodged	38	268	280	379	639	542
Granted	38	35	45	129	362	307
Renewed	36	250	350	595	649	..
<b>Trademarks</b>						
Lodged	2,226	1,293	1,658	1,397	1,705	1,650
Granted	970	1,117	786	1,300	908	1,051
Renewed	653	825	592	810	591	950
<b>Designs</b>						
Lodged	8	16	12	43	40	20
Granted	6	4	10	33	22	12
Renewed	33	5	6	3	3	7

.. Not available.

Source: PACRA (2015), *Annual Report 2014*. Viewed at: [http://www.pacra.org.zm/index.php?option=com\\_docman&Itemid=173](http://www.pacra.org.zm/index.php?option=com_docman&Itemid=173); PACRA (2012), *Annual Report 2011*, p.15; and information provided by the authorities.

3.116. PACRA conducts substantive examination of trademarks. According to the authorities, it takes about 120 working days to register a trademark in Zambia; around half of the applications were made by foreigners. In accordance with the Trade Mark Act, well-known trademarks may be registered as defensive trademarks, or as any other trademarks.

### 3.3.4.3 Copyright

3.117. The Office of the Registrar of Copyrights under the Ministry of Information and Broadcasting Services (MIBS) is responsible for copyright-related issues. Other ministries, such as

<sup>21</sup> WTO online information. Viewed at: [https://www.wto.org/english/tratop\\_e/trips\\_e/ldc\\_e.htm](https://www.wto.org/english/tratop_e/trips_e/ldc_e.htm).

<sup>22</sup> Currently, there are 19 members of ARIPO: Botswana, the Gambia, Ghana, Kenya, Lesotho, Malawi, Mozambique, Namibia, Sierra Leone, Liberia, Rwanda, Sao Tome and Principe, Somalia, Sudan, Swaziland, Tanzania, Uganda, Zambia, and Zimbabwe. Viewed at: <http://www.aripo.org/about-aripo/membership-member-states>.

<sup>23</sup> ARIPO must ensure compliance with national legislation as part of the process of substantive examination. No provisions on parallel imports, including through compulsory licensing or government use, exist at ARIPO level.

those in charge of agriculture, livestock and fisheries, health, and education, may cooperate in IPR enforcement.

3.118. The Copyright and Performance Rights Act (Act No. 44 of 1994) was amended in 2010.<sup>24</sup> Statutory Instrument No. 100 of 2013 was issued to facilitate the implementation of the amended Copyright Act. Major amendments cover, *inter alia*, the introduction of security holograms to counter copyright piracy. The amendments require that all copyrighted audiovisual products sold in the Zambian market have a hologram affixed by the Office of the Registrar. Other major changes are listed in Table 3.20.

**Table 3.20 Major amendments to the Copyright and Performance Rights Act**

	New amendments 2010	Act 1994
Complaints	Office of the Attorney General may complain on behalf of the copyright owner	Only the right owner may complain
Arresting officers	Any police officer with knowledge of copyright	Only a sub-inspector may conduct a seizure
Court	IP offences may be handled by subordinate courts	All cases must go to the High Court

Source: Information provided by the authorities.

3.119. The amendments also introduced a number of new types of offences in section 28, and an increase in penalties. The new copyright offences include:

- a. Installation of an infringing computer programme in a computer;
- b. Compilation of musical tracks or visual images other than those permissible under the Act;
- c. Offering for sale infringing musical compilations or visual images or audiovisual compilations;
- d. Use of a record company or publisher's registered label or trademark on an infringing compilation;
- e. Unlawful re-transmission or re-broadcasting;
- f. Unlawful use of a single unit dwelling device for multiple dwelling;
- g. Unlawful access to a television signal;
- h. Unlawful record for sale or hire of a broadcast; or
- i. Synchronization of music and visual works without the consent of the copyright owner.

#### 3.3.4.4 IPR bills under consideration

3.120. The authorities intend to make significant improvements to the legislation on industrial property rights, and to prepare bills for new IP rights (Table 3.21), with a view to bringing the legislation into compliance with the TRIPS Agreement.

**Table 3.21 Summary of the changes proposed in the bills**

IP rights	Changes proposed
Patents	Compulsory and contractual licensing; International exhaustion of rights; Enforcement of IPRs through criminal or civil proceedings; Protection of pharmaceutical patents; Protection of utility models; International filing of patents (PCT and ARIPO applications); Harmonized duration of validity and renewal in line with the TRIPS Agreement.

<sup>24</sup> Copyright and Performance Rights (Amendment) Act, 2010. Viewed at: <http://www.wipo.int/edocs/lexdocs/laws/en/zm/zm048en.pdf>.

IP rights	Changes proposed
Trademarks	Protection of service marks; Geographical indications; Protection of well-known marks; International exhaustion of rights; Enforcement of IPRs through criminal or civil proceedings; Border measures on seizure of goods; Incorporates provisions of the Madrid Protocol on International Registration of Marks; Harmonized duration of validity and renewal in line with the TRIPS Agreement.
Registered industrial designs	Voluntary licensing; Compulsory licensing; International exhaustion of rights; Enforcement of rights through criminal or civil proceedings; Harmonized duration of validity and renewal in line with the TRIPS Agreement.
<b>Bills on new IP rights</b>	
Layout designs	Layout Design of Integrated Circuits Bill of 2015
Traditional knowledge	Protection of Traditional Knowledge, Genetic Resources and Expression Draft Bill of 2015

Source: Information provided by the PACRA.

#### 3.3.4.5 Enforcement

3.121. PACRA cooperates with the Intellectual Property Unit (IPU) of the Zambia Police Service in the prosecution of infringement cases of counterfeit goods. Copyright protection at the border is conducted by the IPU, in accordance with the Customs and Excise Act. To improve public awareness of protecting IPRs, PACRA developed a website in 2009 and established a Public Relations Office (PRO) in 2012 to enhance dissemination of information and liaison with the public. In 2015, PACRA established a Compliance and Awareness Unit to further increase activities aimed at educating people on the need to protect and respect IPRs.

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## 4 TRADE POLICIES BY SECTOR

### 4.1 Agriculture

#### 4.1.1 Main features

4.1. Although the agricultural sector contributes to only some 10% of Zambia's GDP, it continues to be of significant importance for the economy, as it provides a livelihood to over 70% of the population, and contributes to about 10% of total export earnings, led by sugar, cotton, and tobacco.

4.2. Zambia's agricultural sector faces several challenges. These include a reliance on rain-fed practices, poor irrigation infrastructures and mechanization, a weak research and development system, as well as limited access to credit by smallholder farmers in particular.

4.3. Zambia has vast agricultural potential, including abundant fertile land and water resources. Some 58% of its total land area (about 43 million hectares) is classified as medium to high potential for agricultural production, but only 14% of agricultural land is utilized to date.

4.4. Small-scale farmers account for some 70% of total employment in agriculture. In fact, they operate the majority of agricultural land, and produce a number of staple and cash crops such as maize, seed cotton, sorghum, rice, millet, and sunflowers; while the production of tobacco, Irish potatoes, wheat, and soya beans is dominated by large-scale farmers.<sup>1</sup>

4.5. During the review period, Zambia's agricultural production was volatile, as a result of rain-fed agricultural practices. In most cases, good performance was a consequence of favourable weather conditions in the major agricultural regions; in addition, the recent increased use of fertilizers by farmers, under the Government's Farmer Input Support Programme (FISP), also played a part.

4.6. According to the authorities, the Government's annual spending on agricultural and rural development has exceeded 10% of the total during most years of the review period.<sup>2</sup> The spending is mostly directed towards two programmes: the FISP and the maize marketing programme through the Food Reserve Agency (FRA).

#### 4.1.2 Policy

##### 4.1.2.1 Overall objectives

4.7. The Revised Sixth National Development Plan (R-SNDP) considers agriculture, including livestock and fishery, to be one of the main stepping stones for diversifying Zambia's economy. Its ambitions include several infrastructural investments to support agricultural development, as well as food security, in an environmentally sustainable manner.

4.8. The National Agriculture Policy (NAP), i.e. the agricultural chapter of the R-SNDP, aims at facilitating and supporting the development of a sustainable and competitive sector that assures food security in Zambia. The NAP's first generation was designed to cover the period 2004-15, and it aimed to promote private-sector-led agricultural development. During its implementation period, crop production recorded positive growth. However, the sector continued to face several challenges including: low agricultural productivity; inefficient agricultural input and output markets; poor access by small-scale farmers to productive agricultural resources and services; and weak public and private sector capacity to facilitate creation of an enabling environment.

4.9. In 2012, the NAP was revised. It will be implemented from 2012 to 2030, with the aim of building a "competitive and diversified agricultural sector driven by equitable and sustainable agricultural development", through liberalization, commercialization, promotion of public and private partnerships, and provision of effective agricultural services. According to the authorities, the objectives of the 2012-30 NAP are multifaceted and cover issues such as: a sustainable increase in agricultural productivity of major crops with comparative advantage; continuous

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<sup>1</sup> CUTS International (2013).

<sup>2</sup> Ministry of Agriculture and Livestock (2013).

improvement of agricultural input and product markets; increased agricultural exports as a way of fully utilizing preferential markets; increased access to productive resources and services for small-scale farmers; and the strengthening of public- and private-sector institutional capabilities.

4.10. Several laws regulate Zambia's agricultural sector (Table 4.1). The Ministry of Agriculture and Livestock is in charge of the overall agriculture policy. Many other institutions, including the private sector and NGOs, are involved in the formulation and implementation stages. The Seed Control and Certification Institute (SCCI) assists in providing quality seed for Zambian farmers. The National Plant Genetic Resource Centre is in charge of the collection and preservation of genetic resources. Other key players in policy implementation in agriculture include the University of Zambia, the ministry in charge of science and technology, and the National Science and Technology Council.

**Table 4.1 List of selected laws regulating agriculture in Zambia**

No.	Legal instrument	Purpose
1.	Plant Breeder's Right Act No. 18 of 2007	Protection of plant breeders' rights and registration of plant varieties to safeguard and streamline matters of plant variety ownership and use
2.	Cooperative Society Act No. 20 of 1998	Law regulating the formation and registration of co-operative societies
3.	Fisheries Act No. 22 of 2011	<ul style="list-style-type: none"> <li>• Promotion of sustainable development of fisheries and a precautionary approach in fisheries management, conservation, utilization and development;</li> <li>• Establishment of fisheries management areas and fisheries management committees;</li> <li>• Regulation of commercial fishing and aquaculture;</li> <li>• Establishment of Fisheries and Aquaculture Development Fund</li> </ul>
4.	Fertilizer and Feed Act No. 13 of 1994	<ul style="list-style-type: none"> <li>• Regulation and control of the manufacture, processing, importation and sale of agricultural fertilizer;</li> <li>• Minimum standards of effectiveness and purity of such fertilizers</li> </ul>
5.	Food Reserve Act No. 20 of 2005	Establishment of the Food Reserve Agency for the purpose of securing the national strategic food reserve
6.	Agriculture Credit Act No. 23 of 2010	<ul style="list-style-type: none"> <li>• Establishment of the Warehouse Licensing Authority and its functions and powers;</li> <li>• Facilitation of the borrowing of money on the security of charges created on farming stocks and other agricultural assets;</li> <li>• Registration of charges;</li> <li>• Certification of warehouses;</li> <li>• Issuance and negotiations of warehouse receipts</li> </ul>
7.	Dairy Industry Development Act No. 22 of 2010	<ul style="list-style-type: none"> <li>• Aims to develop an efficient and self-sustaining dairy industry that will effectively contribute towards poverty alleviation, household food security and employment creation;</li> <li>• Establishment of the Dairy Industry Development Board;</li> <li>• Enhancement of milk production;</li> <li>• Processing, manufacturing, marketing and distribution of milk;</li> <li>• Ensuring of collaboration and participation of all stakeholders within the dairy industry and provision of wider service to farmers in the dairy industry;</li> <li>• Promotion of self-regulation of the dairy industry through the development and use of codes of practice</li> </ul>
8.	Cotton Act No. 21 of 2005	Regulation of production and ginning of seed cotton and control of production and marketing of cotton
9.	Coffee Act No. 13 of 1994	Control of production and marketing of coffee
10.	Agricultural Statistics Act No. 13 of 1994	Collection, compilation and publication of agricultural statistics
11.	Noxious Weeds Act No. 13 of 1994	Eradication of noxious weeds
12.	Plant Pests and Diseases Act No. 13 of 1994	Eradication and prevention of introduction and spread of plant pests and diseases in Zambia
13.	Plant Variety and Seeds Act No. 21 of 1995	<ul style="list-style-type: none"> <li>• Regulation and control of the production, sale, export and import of seed for sowing;</li> <li>• Testing and minimum standards of germination and purity thereof;</li> <li>• Certification of seed</li> </ul>



No.	Legal instrument	Purpose
14.	Tobacco Act No. 13 of 1994	<ul style="list-style-type: none"> <li>• Regulation of the production, export, import, packing and marketing of tobacco in the Republic of Zambia;</li> <li>• Direction and promotion of research in connection with tobacco</li> </ul>
15.	Tobacco Levy Act No. 13 of 1994	Imposition of levy on tobacco grown in the Republic of Zambia
16.	Animal Identification Act No. 28 of 2010	Registration of animal identification marks and marking operators
17.	Prevention of Cruelty of Animals Act No. 13 of 1994	<ul style="list-style-type: none"> <li>• Prevention of cruelty to animals; to specify acts and omissions which amount to cruelty and penalties therefore; and</li> <li>• Prescribes the powers of police officers</li> </ul>
18.	Animal Health Act No. 27 of 2010	<ul style="list-style-type: none"> <li>• Prevention and control of animal diseases;</li> <li>• Quarantine of animals;</li> <li>• Regulation of the importation and exportation of animals, animal products, animal by-products, articles and animal feed;</li> <li>• Establishment of the Animal Disease Control Fund</li> </ul>
19.	Veterinary and Veterinary Para-Professional Act No. 45 of 2010	Licensing of laboratories and animal health facilities and recognition and approval of training programmes for veterinary and veterinary para-professionals

Source: Ministry of Agriculture and Livestock of the Republic of Zambia.

#### 4.1.2.2 The Farmer Input Support Programme (FISP)

4.11. The Farmer Input Support Programme (formerly the Fertilizer Support Programme) has been under implementation since the 2002-03 season. According to the authorities, fertilizer distribution under the programme expanded remarkably between the 2002-03 and 2012-13 farming seasons, from 48,000 tonnes to nearly 183,000 tonnes. It pursues the objectives of, *inter alia*, increasing maize production through the provision of fertilizer and improved seed, while creating an environment for development of private sector input supply chains. As a reflection of the Government's efforts to promote crop diversification, the range of crops under the FISP was expanded in recent years to include rice in 2010-11; and sorghum, cotton, and groundnuts in 2012-13.

4.12. Since its inception in 2002, government spending on FISP, in absolute value, followed a positive trend until 2012; in 2013, the Government decided to reduce the magnitude of its subsidy to the programme (Section 1).

4.13. In order to be eligible for the FISP, farmers are required to: be a member of a cooperative or other farmer organization; be a smallholder farmer within the coverage area; have up to 5 ha of land and the ability to cultivate at least 0.5 ha of land; have the capacity to make the initial payment (i.e. the farmer contribution to FISP); and not be a defaulter to the Food Reserve Agency (FRA) and/or any other agricultural credit programme.

#### 4.1.2.3 The Food Reserve Agency

4.14. The Food Reserve Agency (FRA) was created through the Food Reserve Act to ensure national food security and provide market access for rural-based smallholder farmers by maintaining a sustainable national strategic food reserve. Its responsibility is mainly to administer (constitution, maintenance, and offloading) the strategic food reserves; and engage in marketing facilitation, development and management of the national storage facilities. Currently, the main agricultural commodities covered by FRA's activities are rice, white maize, and groundnut.

4.15. The FRA is a parastatal marketing board which buys designated crops (mainly maize) in major producing areas for export or domestic marketing at prices fixed through a consultative process involving key stakeholders, including the Stock Monitoring Committee (chaired by the Ministry of Agriculture) and the Zambia National Farmers Union. In general, prices are set in consideration of production costs. The Ministry of Agriculture maintains a monitoring mechanism (taking into account mainly the price) to determine crop deficit.

4.16. In deficit production years, the FRA imports crops, or offloads part of its strategic reserves and embarks on various crops sale programmes destined mainly for grain processors that operate at national level; and for vulnerable communities, through the "Community Maize Sales Programme", at rates lower than market prices. In general, prices take into account the prevailing market prices of the designated commodity both locally and regionally.

4.17. According to the authorities, specific sales modalities are elaborated by the FRA each time a commodity sale programme is initiated. Such modalities include the main rules of procedure, including the selection criteria for beneficiary processors and communities.

4.18. The FRA also facilitates marketing for smallholders (those operating less than five hectares) by opening several buying points relatively close to their production sites. The farmers must comply with a number of product quality standards. Reserves are maintained in different parts of the country at the cost of the FRA. Before any buying session, the FRA publishes the precise dates in local newspapers, in addition to the amount to be purchased and the prices. The purchasing prices are generally based on production costs.

4.19. The FRA is funded by the Zambian Government through the national budget. A minimum stock of 500,000 metric tonnes should be permanently in stock.

4.20. The agricultural marketing policy is reflected in the FRA Act. It provides for the necessary conditions to encourage the private sector to develop efficient agricultural production and marketing systems, while curtailing direct intervention and control by government agencies and institutions. According to the authorities, the presence of the FRA in remote rural areas has contributed to the development of the private sector through increased business opportunities for local transporters, empty bag producers, storage maintainers, and financial services providers. Efforts are also undertaken to encourage public-private partnership by promoting a liberal market.

#### 4.1.2.4 Land policy

4.21. Land tenure is regulated through the Lands Act of 1995. It recognizes two land tenure types in Zambia: state lands and customary lands. About 6% of lands in Zambia are classified as state lands, and they are usually for residential or commercial use by government services. The remainder, classified as customary land, falls under the jurisdiction of traditional chiefs and encompasses agricultural lands.

4.22. Under the Lands Act, ownership of all land in Zambia is vested in the President on behalf of the people. The President may alienate this land ownership to any Zambian, or non-Zambian under specific circumstances, through leasehold tenure. Leasehold tenure may be granted for a maximum period of 99 years, with the possibility of extension; and it can be used as collateral. In accordance with the Lands Act, the President shall not alienate any land held under customary tenure without first consulting and obtaining the approval of the local authority.

4.23. Before state land can be bought and a title deed issued, "state consent", issued by the Commissioner of Lands, must be obtained. With respect to customary lands, the following documents are required: written consent of the area Chief and approval of the District Council in the area; in the case of game management areas, approval from the Director General of the Zambia Wildlife Authority (ZAWA) is required. The authorities recognize that out of the estimated 1.5 million small-scale farmers, only 3% have title deeds; and the lack of title deeds, in many cases, discourages small-scale farmers from adopting a sustainable, long-term land management approach.<sup>3</sup>

#### 4.1.2.5 Trade policy measures

4.24. The average tariff protection of agriculture and fishing (ISIC Rev.2, 1) stood at 19.2% in 2016, slightly up from 19.1% in 2008, with tariffs ranging from zero to 25% (Section 3.1).

4.25. The lowest tariff rates (mostly zero) apply to oilseeds, fats, oil and their products, while the highest average rates apply to selected products such as cocoa, tea, beverages, spirits, and tobacco. In addition, VAT applies on domestically produced and imported agricultural goods at a standard rate of 16%, while basic foodstuffs (e.g. brown bread, maize meal, eggs, milk, fruit, and vegetables) are zero-rated. Importers of animals and animal products, plants and plant products, and food products must obtain an import permit (Section 3).

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<sup>3</sup> Ministry of Agriculture and Cooperatives (2011).

4.26. During the review period, Zambia notified to the WTO that it did not subsidize its exports of agricultural goods for the period 2003-10.<sup>4</sup> It also notified that during calendar years 2004, 2006, 2008, 2010 and 2012, all domestic support related to Green Box measures.<sup>5</sup> The main areas of public support were development programmes in the framework of the Fertilizer Support Programme; research; agro-economic services; veterinary and phytosanitary services and quality control; resource conservation and environmental management; as well as actions related to public stock holding for strategic food reserves.

### 4.1.3 Key sub-sectors

#### 4.1.3.1 Crops

##### *Maize*

4.27. Maize is the primary calorie source for Zambians. It is grown in almost all parts of the country mostly by small-scale farmers, responsible for some 80% of the country's annual maize production. Maize cultivation is mostly rain-fed; this leads to substantial fluctuation in production from one year to another. However, Zambia's maize production has performed well during the review period: the 2009-10 and 2013-14 agricultural seasons, for example, are considered to have been some of the best maize harvests in Zambia. The expansion in maize production over the period corresponds to the scaling up of maize purchases at pan-territorial, above-market prices through the Food Reserve Agency (FRA) and to subsidized fertilizer distribution under the Fertilizer Support Programme.

##### *Floriculture*

4.28. Zambia's floriculture production is largely dominated by roses (with some 95% of total production), and the rest consists of summer flowers such as *Atriplex*, *Amaranthus*, *Ammi majus*, *Euphorbia*, *Hypericum*, *Bupleurum*, and *Rudbeckia*. The sub-sector is increasingly becoming one of the suppliers of Zambia's main non-traditional exports.

4.29. The sub-sector employs over 6,000 people, and provides foreign earnings of about US\$40 million annually. However, due to the 2009 economic downturn, export revenues dropped by nearly half. EU countries, mainly the Netherlands, Germany, and the United Kingdom are the main export markets for Zambian flowers.

#### 4.1.3.2 Livestock

4.30. The livestock sub-sector accounts for 42% of total agricultural production, and it has noticeably expanded during recent years (Table 4.2). It is an important tool for poverty reduction in Zambia. Its related products, especially meat and milk, contribute to food security, as they are sources of high quality proteins, among other nutrients.

4.31. In addition, livestock production in Zambia enhances the economic viability and sustainability of farming systems since it contributes to the diversification of income, provides employment for rural populations, and serves as precautionary saving. Livestock often forms a major capital reserve of farming households, and contributes substantially to crop production through the provision of draught power and manure.

4.32. Budget allocation to the sub-sector remains relatively low (less than 20% of the agriculture budget). Furthermore, low productivity due to a lack of effective breeding programmes and poor pasture management systems, as well as high animal mortality rates, constitute serious constraints. As a consequence, the performance of the livestock sub-sector remains limited.

**Table 4.2 Livestock population and products, 2008-14**

	2008	2009	2010	2011	2012	2013	2014
<b>Live animals</b>							
Cattle	2,457,563	2,315,327	3,038,000	3,837,880	3,932,269	4,026,658	4,319,277

<sup>4</sup> WTO document G/AG/N/ZMB/7, 2 March 2012.

<sup>5</sup> WTO document G/AG/N/ZMB/8, 4 September 2013.

	2008	2009	2010	2011	2012	2013	2014
Goats	746,143	758,501	1,380,100	2,067,858	1,839,650	3,023,585	3,538,785
Sheep	80,541	83,524	88,507	91,490	95,473	101,456	115,338
Pigs	583,036	655,919	700,802	832,685	910,568	1,098,951	1,533,402
Poultry	73,290,635	74,700,661	75,928,130	78,585,623	86,745,351	122,605,273	146,055,266
<b>Products</b>							
Milk (MT)	160,881	170,000	215,000	306,000	370,000	452,000	463,020
Eggs ('000)	125,000,000	226,000,000	326,000,000	429,000,000	529,547,245	630,112,735	686,388,112
Hides	203,989	226,654	238,584	245,987	278,219	289,025	303,174
Beef	20,865,095	22,435,586	23,129,471	25,874,903	29,375,668	30,474,284	32,913,006
Pork	1,311,575	137,071,000	288,767,500	328,752,000	332,039,520	383,378,816	408,751,305
Poultry	1,701,265	1,809,857	1,846,793	5,274,563	1,580,529	3,409,572	3,818,227

Source: Data provided by the Zambian authorities.

#### 4.1.3.3 Fisheries

4.33. Zambia has 15 million hectares of water in the form of rivers, lakes and swamps, which provide favourable conditions for freshwater fisheries. The country is also richly endowed with resources suited to aquaculture development.

4.34. The fisheries sub-sector is a noticeable contributor to livelihood in Zambia's rural areas. Some 300,000 people derive their livelihood from fisheries directly as fishers and fish farmers, or indirectly as traders, processors and other service providers. Fishing is carried out by industrial operators and traditional artisanal fisheries.

4.35. The Department of Fisheries in the Ministry of Agriculture and Livestock is mandated through the Fisheries Act to manage the fisheries resources of the country. In order to ensure sustainable utilization of the fisheries resources in line with the provisions of the Act, the following control measures are employed:

- An annual fishing closure, from 1 December to 28 February the following year, to protect the breeding of the commercially preferred species (mostly Tilapia species) whose breeding peaks in this period;
- A mesh size restriction of not less than 50 mm for all stationary gillnets;
- The introduction of permanently closed areas as sanctuaries and breeding grounds for commercially important species;
- A complete ban on the use of certain destructive fishing methods such as the forcefully driving of fish into set nets, use of explosives, use of weirs targeting migratory fish, and beach seine nets operated in shallow waters, which incidentally destroy fish nests and foul the water by stirring up silt.

#### 4.1.3.4 Forestry

4.36. The forestry sub-sector as a whole contributes to about 5.2% of Zambia's GDP. The total national biomass is estimated at 6 billion tonnes. There are approximately 2.8 billion tonnes of carbon stored in Zambian forests. The potential for increased carbon sequestration from the terrestrial forests in Zambia is generally high due to the high total growing stock of the forests and the potential for reducing emission from the forests. Over 65% of the forests are secondary regeneration with active growth potential.

4.37. According to the authorities, the main forestry activities include forest-based industries, commercial logging, charcoal production, and fuelwood and non-timber forest product collection. The forestry sub-sector has great potential for employment creation, supply of raw material from sawmills for downstream production of various products, supply of pulp and paper, sustainable supply of wood fuel, and carbon sequestration and trade. Wood and wood product exports have also been significant.

4.38. The country has a new National Forestry Policy since 2014. It aims to reduce deforestation and forest degradation. It is also focused on ensuring increased forest cover and enhanced carbon

stocks through integrated participatory forest management, improved law enforcement and private sector investment.

4.39. The sub-sector faces several challenges, including low investment, safety and health risks related to the use of old technology in the production of forest products, and a lack of innovative and incentive-based mechanisms to encourage stakeholder participation in sustainable forest management.

4.40. According to the authorities, the new policy will explore appropriate approaches to developing value addition and sustainable resource management.

## 4.2 Mining and Energy

### 4.2.1 Overview

4.41. The mining sector accounted for about 10% of Zambia's GDP in 2015 and employed 80,000 people in 2013. Furthermore, the sector accounts for almost 70% of export earnings, with a large contribution from copper mining (over 97% of the sector's exports). Despite subdued growth of global commodity prices, regulatory uncertainty, and infrastructure constraints, Zambia continues to attract foreign direct investment in the mining sector. In addition, mining production increased from 572,793 tonnes in 2008 to about 800,000 tonnes in 2013 before dropping slightly in 2014.<sup>6</sup>

4.42. In addition to copper mining, good investment opportunities also exist in the extraction and processing of several other minerals, including gold, gemstones, a variety of industrial minerals and potential energy sources such as uranium, coal and hydrocarbons.

4.43. The Ministry of Mines, Energy and Water Development is responsible for the mining policy in Zambia. During the review period, the main legislation regulating the sector (the Mines and Minerals Development Act, 2008) was reviewed and replaced by the Mines and Minerals Development (Amendment) Act, 2015. It entered into force on 1 July 2015. In substance, the Act revises regulations relating to the exploration of mining and processing of minerals; provides for safety, health and environmental protection in mining operations; and provides for the establishment of the Mining Appeals Tribunal.

4.44. The exploration and mining of uranium are regulated through the Mines and Minerals Development (Prospecting, Mining and Milling of Uranium Ores and Other Radioactive Mineral Ores) Regulations of 2008.

4.45. The mineral royalties that are currently applicable, as stipulated in the Mines and Minerals Development Act No. 11 of 2015, are 9% of production value for opencast mining, and 20% for underground mining.

4.46. Under the Mines and Minerals Development Act, there is a strict requirement that a person shall not explore for minerals or carry on mining operations, mineral processing operations or gold panning, except under the authority of a mining right, mineral processing licence, or gold panning certificate granted under the Act. In addition, written approval by the Environmental Management Agency of the environmental impact assessment is required.

4.47. Foreigners and nationals have the right to apply for mining rights under the Act. However, artisanal mining can only be undertaken by a citizen or cooperative wholly composed of citizens, while small-scale mining can only be undertaken by a citizen-owned, citizen-influenced or citizen-empowered company.

4.48. Generally, mining rights issuance is based on the "first come, first served" principle. Applications for exploration licences are made to the Director of Mining Cadastre. The Mining Licensing Committee considers the applications and grants the licences. However, where mineral potential for an area is known, the Minister may license the area through a bidding process. He

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<sup>6</sup> Zambia Development Agency online information, "Mining Sector Profile". Viewed at: <http://www.zda.org.zm/?q=content/mining-sector>.

may issue a notice in a daily newspaper of general circulation in Zambia, inviting bids for mining rights over identified areas or mineral resources which are not subject to mining rights or non-mining rights.

4.49. The bids are evaluated by a Technical Committee, which is established by the Minister. The evaluation takes into account the bidder's financial and investment plan; whether the holder has been compliant with regulations and provisions of the Act; and any other matter relevant for the purpose of the Act. The Technical Committee makes recommendations to the Mining Licensing Committee which is the ultimate granting authority.

4.50. There are two types of mining rights: exploration and mining licences. There are two types of exploration licence depending on the scale of the operation: large-scale and small-scale, while there are three types of mining licence: artisanal, small-scale and large-scale (Table 4.3).

**Table 4.3 Mineral Rights in Zambia**

Type of right	Scale of operation	Validity	Maximum area	Required documents
Exploration	Large-scale	4 years (renewable but total maximum period not exceeding 10 years)	2000 km <sup>2</sup>	As stipulated in the First Schedule of SI No. 7 of 2016, Mines and Minerals Development (General) Regulations, 2016
	Small-scale	4 years	10 km <sup>2</sup>	
Mining	Large-scale	25 years	250 km <sup>2</sup>	As stipulated in the First Schedule of SI No. 7 of 2016, Mines and Minerals Development (General) Regulations, 2016
	Small-scale	10 years	4 km <sup>2</sup>	
	Artisanal	2 years	6.68 hectares	

Source: Information provided by the Zambian authorities.

4.51. Mines in Zambia are operated by private companies. However, the Government retains minority interests in most of the large copper projects through its holding company Zambia Consolidated Copper Mines Investments Holdings Plc (ZCCM-IH). ZCCM-IH holds shares of between 10-35% in all the large-scale mining companies on behalf of the Zambian Government. However, the Government directly participates in the largest emerald mine in Zambia, Kagem, where it holds 35% of shares.

4.52. In general, all large-scale mining companies are foreign-owned (Table 4.4).

**Table 4.4 Ownership of large-scale mines in Zambia**

Zambian company	Location	Controlling company	Country
Mopani Copper Mines Plc (MCM), Nkana and Mufulira Mines	Kitwe and Mufulira	Glencore (Swiss 73%)/Xstrata/First Quantum (13%)/ZCCM-IH (GRZ)	Switzerland/Canada-Australia/Zambia
Konkola Copper Mines Plc (KCM), Konkola, Konkola Deep and North, Nchanga Tailings, Nchanga	Chililabombwe, Kitwe, Nampunwe and Chingola	Vedanta/ZCCM-IH (GRZ)	India/UK/Zambia
Bwana Mkubwa Mining Ltd (BMML) Bwana Mkumbwa/Lonshi	Ndola	First Quantum Minerals Ltd (FQM)/ZCCM –IH (GRZ)	Canada-Australia/Zambia
Chibuluma Mines Limited, Chibuluma South and West	Kalulushi	Metorex/ZCCM-IH (GRZ)	South Africa/Zambia
Non Ferrous Metals Africa Mining Plc (NFC), Chambishi Mine	Chambishi	China Non-Ferrous Metals Corporation/ZCCM-IH (GRZ)	China/Zambia

Zambian company	Location	Controlling company	Country
CNMC Luanshya Copper Mines Plc	Luanshya	China Non-Ferrous Metals Corporation/ZCCM –IH (GRZ)	China/Zambia
Kansanshi Mining Plc	Solwezi	First Quantum Minerals Ltd (FQM)/ZCCM-IH (GRZ)	Canada-Australia/Zambia
Lumwana Mining Company Limited	Solwezi	Barrick Gold	Canada
Albidon Zambia Limited	Mazabuka	Albidon Limited/Jinchuan/ZCCM-IH (GRZ)	Australia/China/Zambia
Chambishi Metals Plc	Chambeshi	Enya/ZCCM-IH	India/Zambia
Lafarge (Limestone)	Lusaka/Ndola	Lafarge	France
Kalumbila Minerals Limited	Solwezi	First Quantum Minerals Limited	Canada-Australia
Lubambe Copper Mine Limited	Chililabombwe	VALE/African Rainbow Minerals/ZCCM-IH	Brazil/South Africa/Zambia
Maamba Collieries Limited	Sinanzogwe	Nava Bharat/ZCCM-IH	India/Zambia

Note: ZCCM-IH is government-owned.

Source: Information provided by the Zambian authorities.

4.53. Average tariff protection for mining and quarrying stood at 6.9% in 2016 (Section 3.1).

4.54. In 2012, Zambia became fully compliant with the requirements of the Extractive Industries Transparency Initiative.

## 4.2.2 Key sub-sectors

### 4.2.2.1 Copper and cobalt

4.55. Copper production was generally high during the review period; however, the recent slowdown of the global economy had a negative effect on production figures in recent years (Table 4.5).

**Table 4.5 Copper and cobalt production in Zambia, 2000-14**

Year	Copper (T)	Cobalt (T)
2000	226,804.84	3,168.99
2001	297,292.18	4,352.26
2002	335,023.12	3,912.76
2003	372,211.75	3,202.20
2004	424,141.69	2,641.18
2005	468,148.38	5,447.50
2006	514,888.48	4,648.68
2007	565,550.37	4,459.13
2008	574,900.97	4,097.43
2009	635,811.06	1,411.08
2010	676,198.54	1,327.20
2011	667,604.32	1,166.00
2012	697,910.66	280.79
2013	754,918.14	1,363.89
2014	708,258.30	1,525.25

Source: Data provided by the Zambian authorities.

4.56. Zambia is predominantly a copper mining country. It is well known for its high-quality copper and cobalt reserves located primarily in the Copperbelt Province, the north of Lusaka and on the border with the Democratic Republic of the Congo (DRC). In 2011, Zambia was ranked the sixth-largest copper ore producer in the world.

4.57. In 2010, First Quantum Limited acquired the Sentinel copper deposit project, located in the North-Western Province of Zambia. It is part of the Trident project, which comprises five

prospecting licences totalling 2,300 square kilometres. First Quantum received large-scale mining licences for the development of the Trident project in 2011. The licences give the company the exclusive rights to carry out mining operations on the full area of interest at Trident for a period of 25 years. The environmental impact assessment was approved and a land use agreement was established in July 2011 for the development of the Sentinel deposit. Initially, the project is expected to produce 150,000 tonnes of copper in concentrate annually, before rising to 300,000 tonnes. The commercial production was set to begin in 2014. According to the authorities, it has produced 21,621.66 metric tonnes of finished copper as of 30 November 2015. Sentinel has a defined ore body of approximately 1 billion tonnes with a mine life of 25 years.

4.58. During the review period, a number of cobalt and copper development and exploration projects were ongoing in Zambia. In 2012, Blackthorn Resources Ltd of Australia completed a scoping study of the development of the Kitumba prospect as an open-pit mine. Blackthorn also completed a drill programme of about 14,000 m at the Mumbwa project, which included 19 holes at the Kitumba prospect and 3 holes at the Kakozhi prospect. Caledonia Mining Corporation of Canada completed a series of projects on the Nama cobalt and copper prospect in the Chililabombwe/Solwezi District in the north of Zambia.

4.59. In 2012, Caledonia announced that it had reached an agreement with the Ministry of Mines, Energy and Water Development to start cobalt mining at Nama, to submit a feasibility study and programme of operations for copper production, and to submit an updated estimate of the Nama project's copper-sulphide mineral reserves and resources by 30 June 2013. Caledonia planned to mine and mill about 30,000 tonnes per month of ore initially, and to produce cobalt oxide concentrate.<sup>7</sup> According to the authorities, Caledonia has not commenced any production and the Ministry has since suspended some of its licences.

4.60. Copper ores are smelted mostly into cathodes and blisters and not refined metal. Metal fabrication in Zambia is on a very small scale as most of the large copper mining companies export all their ores as cathodes/blisters. The fabricators depend on the small-scale miners whose production is quite low.

#### **4.2.2.2 Energy minerals**

##### **4.2.2.2.1 Hydrocarbons**

4.61. Historically, the country has had two major exploration programmes, by Mobil and Placid Oil, undertaken between 1986 and 1991 within the Luangwa Rift Valley. Recent exploration work for petroleum covering parts of the North-Western, Western and Eastern Provinces of Zambia, using the Microbial Prospecting for Oil and Gas technique, indicated that the Okavango and North Luangwa basins have potential for oil and gas.

4.62. The Petroleum (Exploration and Production) Act, 2008 prescribes the bidding process in the acquisition of exploration rights. The first step is the publication of a Gazette Notice issued by the Minister of Mines, Energy and Water Resources in two newspapers of general circulation in Zambia.

4.63. Zambia imports all its petroleum requirements, either as commingled petroleum feedstock or refined fuel products. Due to sustained GDP growth and an increasing number of motor vehicles in the country, the national consumption of petroleum products increased from 752,959 tonnes in 2010 to 1.17 million tonnes in 2014. The state-owned TAZAMA and 47 licensed oil marketing private companies are officially allowed to import and distribute refined oil; however very few are in operation. Most of the companies purchase oil from TAZAMA and distribute it.

4.64. Zambia's commingled petroleum feedstock is refined at INDENI Petroleum Refinery. Its throughput capacity stands at 850,000 MT per annum. During the review period, the refinery encountered several shutdowns due to technical issues. During planned shutdowns, the Government imports finished petroleum products to cover for the shortfall.

4.65. TAZAMA Pipelines Limited is responsible for conveyance of petroleum feedstock to Ndola fuel terminal from the Dar es Salaam tank farm, through a 1,710 km pipeline. The pipeline is

<sup>7</sup> Zambia Extractive Industries Transparency Initiative (2014).



working with obsolete infrastructures. As a consequence, while its initial capacity was set at 1.1 million tonnes of crude oil, throughput was only 519,725 MT in 2014.

4.66. The Energy Regulatory Body (ERB) is in charge of petroleum price setting. In addition, it is mandated by the Energy Regulation Act to issue licences to entities operating retail sites in the petroleum industry. One of the requirements of a retailing licence is related to compliance with a list of technical standards defined by the ERB.

4.67. When determining wholesale and pump prices for each cargo of feedstock and finished petroleum products, the ERB uses the so-called Cost Plus Model, which is based on cost recovery along the petroleum supply chain. The model takes into account the costs incurred along the petroleum supply chain from the port of discharge in Dar es Salaam to the refinery where the feedstock is processed up to the Ndola fuel terminal where the product is stored and sold (Table 4.6).

**Table 4.6 Cost elements in the wholesale price**

Cost element	Unit cost	Basis
Cost-insurance-freight (US\$/MT)		Contract/supplier invoice
Ocean losses	0.30%	Best practice
Wharfage	1.25%	Tanzania Ports Authority
Finance charges	4.00%	Financier
Collateral manager (US\$/MT)	0.39	Stock monitoring agreement
Insurance	0.15%	Insurer
TAZAMA storage fee (US\$/MT)	2.00	TAZAMA
TAZAMA pumping fee (US\$/MT)	54.00	Approved ERB pumping tariff
TAZAMA pipeline losses	1.48%	Determined by ERB
Agency fee (US\$/MT)	5.00	Agency agreement
Refinery fee (US\$/MT)	60.38	Approved ERB processing fee
Refinery processing losses	9%	Determined by ERB
Terminal losses (LPG, petrol, diesel/kero/Jet A1)	1%, 0.5%, 0.3%	Best practice

Source: Information provided by the Zambian authorities.

4.68. Since 2010, the ERB has maintained a Uniform Pump Pricing (UPP) framework to ensure that the price of fuel at all retail sites throughout the country is the same for petrol, diesel, and kerosene. The UPP functions on the basis of a transport cross subsidy mechanism, whereby oil marketing companies delivering fuel to sites near the depots are required to remit the transport differential of fuel into the UPP fund used to reimburse the transport differential for oil marketing companies delivering to sites far from the depots. The transport differential is the transport claim (or charge) that is applied in all towns to equalize the pump prices to the national uniform pump price (Table 4.7).

**Table 4.7 Cost elements in the pump price**

Cost element	Unit cost	Calculations
Wholesale price to oil marketing company		a
Terminal fee	K 0.025/litre	b
Excise duty (incl. road levy)		c
Ex-refinery gate		d=(a+b+c)
Transport margin (to Lusaka)	K 0.20/litre	e
Transport claim/charge	+ve/-ve	f
Oil marketing company margin	K 0.42/litre	g
15 days stock cost-line		h
Total (excl. VAT)		j=(d+e+f+g+h)
Dealer margin	K 0.28/litre	k
Price to dealer		l=(j+k)
ERB fees	0.7%	m
Strategic Reserves Fund	K 0.15/litre	n
Price before VAT		q=(l+m+n)
VAT	16%	r
Uniform pump price	K/litre	s=(q+r)

Source: Information provided by the Zambian authorities.

#### 4.2.2.2.2 Other energy minerals

##### Uranium

4.69. Uranium exploitation remains marginal in Zambia, as annual production stands at some 120,000 kg produced from the Nkana mines. However, in recent years, some companies, mainly Albidon Limited of Australia and African Energy Resources Pty Ltd, have carried out explorations, focusing on potential mineralization in Karoo-aged sediments, in the Copperbelt and the Domes region of the Northwest Province.

##### Coal

4.70. Zambia possesses substantial coal resources, with a proven reserve of 20 million tonnes. The country has been producing coal since 1967 from mines located in southern Zambia, and in the Mid-Zambezi Rift Valley. In addition, other thin coal seams and carbonaceous shales have been identified in the Gwembe Formation of the Luangwa and Luano-Lukusashi Valleys and in the eastern part of the Barotse Basin in western Zambia.

4.71. During the review period, Singapore's Nava Bharat Pte acquired a 65% share in Maamba Collieries, Zambia's largest coal producer. In 2011, Nava Bharat established a plan to start the construction of a 300 MW coal-fired power plant in Zambia, to be completed by 2014. According to the authorities, the plant is expected for the first quarter of 2016. The new mine is expected to produce 360,000 tonnes of coal in its first year of operation, and is expected to reach a maximum output capacity of 2 million tonnes of coal per year.

#### 4.2.2.3 Electricity

4.72. The electricity sub-sector in Zambia falls under the jurisdiction of the Ministry of Energy and Water Development (MEWD). The Electricity Regulation Board (ERB) supervises the power companies in accordance with the Electricity Act, Cap 433 and the Energy Regulation Act, Cap 436. Prior to actions such as concluding power purchase agreements, revising electricity tariffs or participating in the power utility business (generation, transmission, and distribution), companies must seek approval from the ERB. In 2014, the ERB issued a total of 12 licences in the electricity sub-sector (two for generation, two for distribution and eight for manufacturing, supply, installation and maintenance of solar energy systems). In addition, it approved new electricity tariffs for Zambia Electricity Supply Company (ZESCO) (Table 4.8), Zengamina Power Limited (ZPL), and the mining customers.

**Table 4.8 ZESCO's approved tariffs**

Customer category		Old tariffs (K)	% increment	2014 ERB approved tariffs (K)
<b>1. Metered residential (prepaid) (capacity 15 kVA)</b>				
R1 – Consumption up to 100 kWh	Energy charge/kWh	0.15	0	0.15
R2 – Consumption between 101 and 300 kWh	Energy charge/kWh	0.25	24.63	0.31
R3 – Consumption above 300 kWh	Energy charge/kWh	0.41	24.63	0.51
Prepaid	Energy charge/kWh	0.28		
	Fixed monthly charge	14.63	24.63	18.23
<b>2. Commercial tariffs (capacity 15 kVA)</b>				
Commercial	Energy charge/kWh	0.27	15.38	0.31
	Fixed monthly charge	47.75	15.38	55.09
<b>3. Social services</b>				
Schools, hospitals, orphanages, churches, water pumping and street lighting	Energy charge/kWh	0.24	15.38	0.28
	Fixed monthly charge	41.52	15.38	47.91
<b>4. Maximum demand (MD) tariffs system</b>				
MD1 – Capacity between 16 and 300 kVA	MD charge/kVA/month	11.69	19.49	13.97

Customer category		Old tariffs (K)	% increment	2014 ERB approved tariffs (K)
MD2 – Capacity from 301 to 2,000 kVA	Energy charge/kWh	0.17	19.49	0.20
	Fixed monthly charge	114.50	19.49	136.82
	MD charge/kVA/month	21.87	19.49	26.13
MD3 – Capacity from 2,001 to 7,500 kVA	Energy charge/kWh	0.14	19.49	0.17
	Fixed monthly charge	228.99	19.49	273.62
	MD charge/kVA/month	39.72	5.11	41.75
MD4 – Capacity above 7,500 kVA	Energy charge/kWh	0.13	5.11	0.14
	Fixed monthly charge	551.56	5.11	579.74
	MD charge/kVA/month	39.94	5.11	41.98
	Energy charge/kWh	0.11	5.11	0.12
	Fixed monthly charge	1,103.13	5.11	1,159.50

Source: Energy Regulation Board (2015), *Energy Sector Report 2014*, Appendix 2. Viewed at: <http://www.erb.org.zm/reports/EnergySectorReport2014.pdf>.

4.73. Zambia Electricity Supply Company (ZESCO), a state-owned company, is the dominant operator in the electricity business in Zambia, running and operating power stations, transmission lines, and distribution networks. The revision of the Electricity Act in 2003 allowed the participation of private companies in the three segments of the electricity business. Although ZESCO continues to dominate all the segments of the sector, there are currently private independent power producers (IPPs): LHPC, Ndola Energy Company Limited, and Zengamina Power Limited; they sell their power to ZESCO under a power purchase agreement (PPA).

4.74. The other major power company is Copperbelt Energy Company (CEC), which purchases electricity from ZESCO and retails it to copper mining companies. CEC is a privately owned company, created after privatization of Zambia Consolidated Copper Mines' (ZCCM) power division. The company owns transmission and distribution networks in the Copperbelt region of Zambia. CEC purchases 55% of the power generated by ZESCO and supplies it to the mines. In addition, North Western Energy Company (NWECC) supplies energy to Lumwana mines.

4.75. ZESCO produces its power from three main hydropower plants: Kariba North Bank, Kafue Gorge and Victoria Falls power stations. In addition, the company generates limited amounts of power from its four mini hydropower stations located in the northern part of Zambia and ten isolated diesel stations in some remote parts of the country that are not yet connected to the grid.

4.76. Zambia's main source of energy is hydro generation, which accounts for more than 95% of the total electricity production. Other electricity sources include diesel, thermal, solar, and heavy fuel oil (HFO). In 2014, the total installed capacity in Zambia was 2,396 MW disaggregated as follows: 2,255 MW for hydro; 80 MW for thermal; 11 MW for diesel; 50 MW for HFO; and 0.06 MW for solar.

4.77. ZESCO engages in imports and exports of electricity through the Southern African Power Pool (SAPP) and bilateral markets.

### 4.3 Manufacturing

4.78. The manufacturing sector in Zambia accounts for less than 10% of the country's GDP. The sector is largely driven by the agro-processing (over 63% of total manufacturing production) and textiles and leather industries. Secondary processing of metals is also gaining importance in the sector, including the smelting and refining of copper, and this has led to the manufacturing of metal products. Fertilizers, chemicals, explosives and construction materials such as cement are also produced in the sector. Other activities include wood and paper products. Manufactured goods contribute to some 12% of the country's total exports. The main exports of manufactured goods are: engineering products, processed and refined foods, chemical and pharmaceutical products, scrap metal and leather products.

4.79. The sector is fundamental to the country's strategy for encouraging economic diversification. In this regard, the Government has put in place measures to support manufacturing activities, such as the establishment of multi-facility economic zones (MFEZs) and industrial parks, and the provision of sector-specific investment incentives (Section 3). All core manufacturing activities in Zambia are undertaken by the private sector.

4.80. Manufacturing suffers from weak external competitiveness due to, *inter alia*, the high costs of doing business in Zambia, fuelled by a cumbersome licensing and regulatory framework, poor infrastructure and high transport and communication costs.

4.81. According to the authorities, trade policy measures in the manufacturing sector seek to build the country's capacity to produce in quantities and qualities that could be effectively traded in international markets. A number of steps have recently been taken towards trade facilitation, simplification of business licensing and reform of the labour market. Efforts are also being made to improve Zambia's national quality infrastructure in order to ensure that Zambian products are accepted internationally. The average tariff rate in manufacturing stood at 12.5% in 2016.

4.82. The Vision 2030, the National Development Plans (currently implementing the R-SNDP) and the Commercial, Trade and Industrial (CTI) Policy provide the overall framework upon which the Government's plans for the manufacturing sector are anchored.

#### 4.4 Services

4.83. The services sector continues to be the backbone of the Zambian economy (Section 1). Finance, tourism, transport, and communication are the main industries. Zambia has a negative balance in services trade. A number of constraints impede significant expansion of its international trade in services. These include limited services supply capacity; an inadequate regulatory framework; the absence of a national trade in services policy; and an inability to translate regulatory frameworks into opportunities provided under the WTO system.

4.84. Zambia's commitments under the GATS did not change over the review period. It has bound market access in certain business services, construction and related engineering services, healthcare and social services, and tourism and travel-related services.<sup>8</sup>

##### 4.4.1 Transport

4.85. The contribution of the transport (air, road, and rail) sub-sector to GDP averaged some 5% during the review period, with a decreasing trend. Being a landlocked country, Zambia is heavily dependent on its transport network connecting it to various export and import destinations. The Zambian transport network includes railways, roads, aerodromes, airports, and inland waterways. Road transport is the dominant mode in terms of passenger and freight transportation.

###### 4.4.1.1 Railway transport

4.86. The railway sub-sector is mainly operated by two companies. The Tanzania-Zambia Railway Authority (TAZARA), jointly owned by Zambia and Tanzania, links the former at Kapiri Mposhi to the port of Dar es Salaam, covering a distance of 1,700 kilometres. A smaller rail line links Livingstone with Mulobezi covering a distance of 162 kilometres and was previously mainly used for ferrying timber. Zambia Railway Limited (ZRL), a government-owned company, is mandated under the Railways Act to operate freight and passenger trains. In 2003, ZRL was conceded to a private operator, Railway Systems of Zambia (RSZ), until September 2012 when the concession was cancelled by the Government. According to the authorities, ZRL was set up to be the main carrier of heavy cargo, particularly for the mining sector. The current ZRL total route length is 1,248 km.

4.87. Both ZRL and TAZARA primarily serve the mining industry. As farming took root along the line of rail, haulage of agricultural produce, mostly livestock, created extra business.

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<sup>8</sup> WTO document S/DCS/W/ZMB, "Zambia Draft Converted Schedule of Specific Commitments", 24 January 2003.

4.88. Lack of maintenance in the railway sub-sector has resulted in the poor state of the rail network with its corollary of inefficient services. Consequently, the road sub-sector has taken a larger share in the cargo haulage business. To date, trucks are the dominant transport mode. According to the authorities, the pricing system is fully liberalized in railway transport.

4.89. Railway transport is facing tough competition from the road sector and, in particular, in freight traffic. TAZARA's freight traffic decreased from 0.5 million tonnes in 2011 to 0.09 million tonnes in 2014 and ZRL's freight traffic dropped from 1.8 million tonnes in 2003 to 0.96 million tonnes in 2014. Together, the railways have a combined market share of around 8%-9% of the total transport volumes.

#### 4.4.1.2 Road transport

4.90. Road transport is liberalized in Zambia and is operated by the private sector. According to the authorities, anyone having a vehicle (bus or minibus) can be licensed to operate bus services. The presence of informal operators is also evident within the system. There are no limitations to the number of buses, and the market decides upon routes and frequencies and service quality.

4.91. The Road Traffic Act (Act No. 11 of 2002) governs the public transport sector, and it established the Road Transport and Safety Agency (RTSA), which is in charge of all regulatory issues regarding road transport, including the implementation of international treaties and protocols on road transportation.

4.92. Zambia has a road network of about 67,671 km. Roads are classified into nine categories: trunk (3,088 km), main road (3,691 km), district road (13,707 km), urban road (5,294 km), primary feeder (15,800 km), secondary feeder (10,060 km), tertiary feeder (4,424 km), park roads (6,607 km), and community roads (5,000 km). The Road Development Agency (RDA) is in charge of planning, managing and coordinating the road network in Zambia through, *inter alia*, maintenance of public roads; conducting such studies as it may consider necessary for the development, maintenance and improvement of the road network in Zambia; advising road authorities regarding the construction, rehabilitation and maintenance of roads under their jurisdiction; providing guidance and technical assistance to road authorities; preparing and awarding contracts and certifying works for public roads; reviewing design standards and classification of roads and traffic signs; planning and co-coordinating the road network in the country; enforcing axle load control; and enforcing road tolling on the core road network.

4.93. The Government started implementing the first Road Sector Investment Programme (RoadSIP) from 1998 to 2003. This was followed by RoadSIP II which was implemented between 2003 and 2013. The programme was aimed at promoting equitable economic growth and better living conditions in Zambia, by bringing about a sustainable improvement in the condition of the transport infrastructure.

4.94. Cabotage is not allowed in principle. However, under COMESA, in certain circumstances it could be allowed. According to the authorities, road freight transport is largely composed of foreign road haulers and accounts for about 85% of the total road fleet currently traversing the Zambian road network.

#### 4.4.1.3 Air transport

4.95. Air transport is critical to the viability of Zambia's tourism sub-sector. International connectivity by air is provided by one Zambian carrier (ProFlight Zambia) and 11 non-Zambian carriers (Air Botswana, Air Namibia, Air Zimbabwe, Emirates, Ethiopian Airlines, Fastjet, Kenya Airways, Martinair, RwandAir, South African Airways and TAAG) providing scheduled services to and from 12 destinations: Addis Ababa, Amsterdam AMS (cargo/freight only), Dar es Salaam, Dubai, Durban, Gaborone, Harare, Johannesburg, Kigali, Luanda, Nairobi, and Windhoek WDH. There are no international charter flights to and from Zambia.

4.96. Zambia hosts 4 international airports – Kenneth Kaunda (Lusaka), Harry Mwaanga Nkumbula (Livingstone), Simon Mwansa Kapwepwe (Ndola), and Mfuwe – and 46 aerodromes across the country. The main policy guidelines for air transport are contained in the Civil Aviation Act.

4.97. Zambia is a signatory to the Yamoussoukro Convention and the Convention on International Civil Aviation (Chicago Convention), and a member of the International Civil Aviation Organization (ICAO). Zambia has concluded 20 bilateral air services agreements (BASAs) with ICAO member States, including one open skies treaty with the United States. These international agreements govern air transport relations between parties to the agreement. The underlying principle of bilateral air services agreements is reciprocity. However, according to the authorities, since the demise of Zambia Airways, most of these BASAs remain unreciprocated, and some remain unexploited largely due to poor traffic demand.

4.98. The Civil Aviation Authority (CAA) is responsible for developing, regulating, and operating a safe, economically sustainable, and efficient civil aviation system.

4.99. The Zambian National Airports Corporation Limited (NACL) is responsible for management, air navigation services, maintenance and development of the four international airports; and the Department of Transport is in charge of granting licences for international and domestic non-scheduled air service operations into and within Zambia, bilateral air services agreements and scheduled air services. Cabotage is not allowed in air transport.

4.100. Zambia Air Services Training Institute was established in 1968 to ensure the human resources required for the Zambian civil aviation industry.

#### **4.4.2 Telecommunications**

4.101. Telecommunications has seen positive and significant development over the last decade, with reforms that have opened the market to new entrants. The sub-sector is governed by the national ICT Policy of 2006, which consists of three core thematic areas: capacity building, a competitive and efficient ICT sector, and an effective legal and regulatory framework.

4.102. In 2009, the Government enacted a number of laws to enforce the principles and objectives of the National ICT Policy, through the establishment of a new institutional and legal framework. In addition, the country's international telecommunications gateway was deregulated in order to promote competition and foreign investment in the sector and lower the high costs of communications.

4.103. The Information and Communication Technologies (ICT) Act of 2009 provides for the economic and technical regulation of information and communication technology; facilitates access to ICTs; provides for the protection of the rights and interests of service providers and consumers; and mandates the Zambia ICT Authority (ZICTA) to regulate and manage radio spectrum. The Postal Services Act of 2009 provides for the regulation of postal and courier services by ZICTA. Previously, the Ministry of Communications and Transport regulated postal and courier services.

4.104. The Electronic Communications and Transactions (ECT) Act No. 21 of 2009 provides for the development of a safe, secure and effective environment for the conduct and use of electronic communications, with a view to encouraging investment and innovation in the industry.

4.105. The ICT Act of 2009 empowers the minister responsible for ICT to declare certain services as reserved services, having regard to the strategic and policy considerations related to providing the service.

4.106. The licensing regime in telecommunications is divided into two main categories: individual and class licences. Individual licences allow an entity to provide a range of telecommunications services, mainly infrastructure, voice, and data. Market players with a class licence must provide only the category for which they apply.

4.107. The telecommunications sector as at the end of 2015 was characterized by three mobile network operators namely MTN, AIRTEL and ZAMTEL with market shares of 45.5%, 40.1% and 14.9% respectively. Market entry into the telecommunications market is open. The Government provides guidance through the regulator who issues a call for expression of interest for the entry of new mobile network operators. The fixed telephone market is not open to competition. ZAMTEL is the only company operating in the fixed telephone market.

4.108. Interconnection fees are determined by the regulator through a cost-based flat interconnection rate, in accordance with the ICT Act.

4.109. In 2015, mobile penetration in Zambia stood at 74.3% with 11.6 million mobile subscribers; 6.1 million users of mobile data, with a penetration rate of 39.0%; and 38,316 fixed internet users, with a penetration rate of 0.3%.

4.110. There are currently 19 registered internet service providers in Zambia: ZAMNET, ZAMTEL, Coppernet Solutions, Communication Systems, UUNET Zambia, Microlink Technologies, Real Time, Zain Zambia, Bringcom Zambia Ltd, Epochal Digital Technology, Oisat Cable Limited, Post Link Limited, MTN Zambia, Pronet Online, Quick Edge, Comium Data Zambia Limited, Foris Telecom, Morse Communications and Ibrust Zambia Limited. The biggest challenge in the Zambian internet industry is the limited availability of terrestrial cable linking the country to submarine cables, as the country has only one entry point for the optical fibre network through Namibia.

#### **4.4.2.1 Postal sub-sector**

4.111. The postal sector in Zambia comprises a designated national postal operator (Zambia Postal Services Corporation – ZAMPOST) with the exclusive right to provide reserved services. Private postal and courier operators are licensed to supply unreserved services in concurrence with ZAMPOST.

4.112. Unreserved services include all letters, postcards, printed matter and small parcels weighing over 1 kg; and courier services.

4.113. The structure of postal services in Zambia also includes postal financial services, including traditional money transfer services which have evolved from basic money orders to electronic platforms such as ZAMPOST's "SwiftCash" services. The provision of international money transfer services in partnership with global brands such as Western Union and MoneyGram are another common feature of the postal financial services landscape.

4.114. The Zambia Information and Communications Technology Authority (ZICTA) is mandated by the Postal Services Act of 2009, to ensure that all Zambians, regardless of their geographic location in the country, have access to a range of postal and courier services that are affordable and of an acceptable quality (universal access to postal and courier services). ZICTA has a specific regulatory duty to stimulate and foster growth and investment in the postal sector for the benefit of consumers, service providers and other stakeholders.

4.115. The Government has embarked on an electronic governance programme that aims at enhancing transparency, accountability, efficiency and effectiveness in the delivery of services. According to the authorities, the effective implementation of the programme will ultimately contribute to the ease of doing business in Zambia.

4.116. The Government, through ZICTA, has recently embarked on the development and implementation of a comprehensive national addressing system in Zambia through the National Addressing and Postcode Project in collaboration with several stakeholders. The project involves the installation of street name signage and house numbers in collaboration with the respective local authorities who have the legal mandate under the Local Government Act to install and maintain such infrastructure in their respective districts.

#### **4.4.3 Financial services**

##### **4.4.3.1 Banking and other credit institutions**

4.117. The Bank of Zambia (BoZ) is mandated through the Bank of Zambia Act, as amended, to supervise and regulate the activities of banks and non-bank financial institutions (NBFIs) so as to promote the safe, sound and efficient operation and development of the financial system. The Banking and Financial Services Act of 1994, as amended, complements the Bank of Zambia Act by providing for the regulatory framework for licensing, supervising, and regulating financial service providers in Zambia. It outlines the licensing requirements for financial service providers; their

organization and administration; their financial accountability; their supervision and regulation; insolvency, dissolution, and liquidation; as well as appeals and other matters.

4.118. For a bank to operate in Zambia, it is required to provide, *inter alia*, evidence of the minimum required capital of K 520 million, or K 104 million or more, for foreign banks and local banks, respectively; a business plan with financial projections and forecasts for a minimum of three years and audited financial statements (where applicable) for the year immediately preceding the application; and a detailed curriculum vitae, including details of nationality and residence status, for the senior management.

4.119. In the BoZ's early warning system, the financial conditions and performance of banks and NBFIs are assessed based on four main components: capital adequacy, asset quality, earnings performance, and liquidity position. According to the authorities, the implementation of Basel II remains a strategic objective for the BoZ for the period 2012-15. In 2013, the Bank of Zambia prepared a draft regulation for Basel II and submitted it to the Ministry of Finance for issuance.

4.120. The structure of the banking industry as at end-2014 comprised 19 commercial banks, of which eight were foreign owned<sup>9</sup>, nine were locally owned private banks, and two were jointly owned by the Zambian Government and the Indian Government (Indo-Zambia), and the Dutch Rabobank Group. Following the increase in the minimum capital requirements for banks to K 520 million and K 104 million, for foreign and locally owned banks, respectively, five subsidiaries of foreign-owned banks converted to locally owned private banks. This reduced the total of foreign owned banks to eight from 13 in 2013. Concentration is high, with the five largest banks accounting for the bulk of total banking assets (Table 4.9). Non-bank financial institutions as at end-2014 consisted of seven leasing companies, four building societies, one development bank, one savings and credit bank, one development finance institution, 66 bureaux de change, one credit reference bureau and 33 micro-finance institutions.

**Table 4.9 Commercial banks' market share and performance indicators, as at 31 December 2014**

Bank	Percentage of assets %	Percentage of deposits %	Percentage of loans %	Profit before tax (K m)	Return on assets (%)	Return on equity (%)	Total regulatory capital ratio (%)
Zanaco	13.6	14.4	16.9	259.4	2.9		20.5
Stanbic	14.2	14.2	16.3	275.1	4.4	15.8	23.5
StanChart	13.7	14.8	14.9	376.4	5.0	23.7	18.7
Barclays	13.9	14.7	14.7	222.4	3.7	30.3	14.7
BOC	6.7	7.2	7.2	76.7	1.8	17.9	90.3
Finance Bank	6.7	7.1	6.7	258.4	-0.3	2.0	36.4
Citibank	4.7	3.5	2.0	209.9	-3.5	22.7	49.9
First National	6.7	6.4	8.8	77.1	3.1	17.2	43.3
Indo-Zambia	4.9	4.7	3.8	71.6	4.0	9.5	60.6
BancABC	4.0	2.2	4.3	10.7	-3.5	10.2	40.0
Investrust	3.2	4.0	2.8	0.7	0.5	-16.7	12.0
Ecobank	1.9	1.7	1.7	8.9	1.4	7.8	33.6
Cavmont	1.5	1.6	2.0	2.9	-3.6	5.8	19.6
United Bank	0.7	0.6	0.2	0.7	4.3	-16.7	59.7
First Alliance	1.0	0.8	1.2	19.4	-0.3	11.3	36.4
Access Bank	1.2	1.2	0.5	(-18.2)	-6.2	-3.2	27.6
Intermarket	0.6	0.7	0.6	(-5.1)	2.8	-28.3	13.2
First Capital	0.6	0.4	0.8	(-7.8)	-7.1	18.9	45.5
AB Bank	0.2	0.1	0.2	(-22.2)	-22.73	-20.5	18.8
Total/weighted average	100	100	100	1,817	3.7	128.5	27.0

Source: Bank of Zambia (2015), *Financial System Supervision: Annual Report 2014*. Viewed at: <http://www.boz.zm/publishing/39/2014%20Financial%20System%20Report.pdf>.

<sup>9</sup> Of the eight foreign-owned banks, three are Southern African banks, two are European banks, one is an American bank, one is an Asian bank, and one is a West African bank.



4.121. Zambia's banking system has several structural weaknesses, including high interest rate spreads and a high ratio of non-performing loans to total loans. Access to finance is relatively low, with more than 65% of the population lacking access to financial services. According to the authorities, several initiatives are in place to address the issue. These include strategies to promote financial literacy among the populations; establishing a Deposit Insurance Protection Scheme; mobile banking; and a series of measures to facilitate financial participation for the benefit of the population.

4.122. Interest rates are market determined and are influenced by changes in the Bank of Zambia Policy Rate.

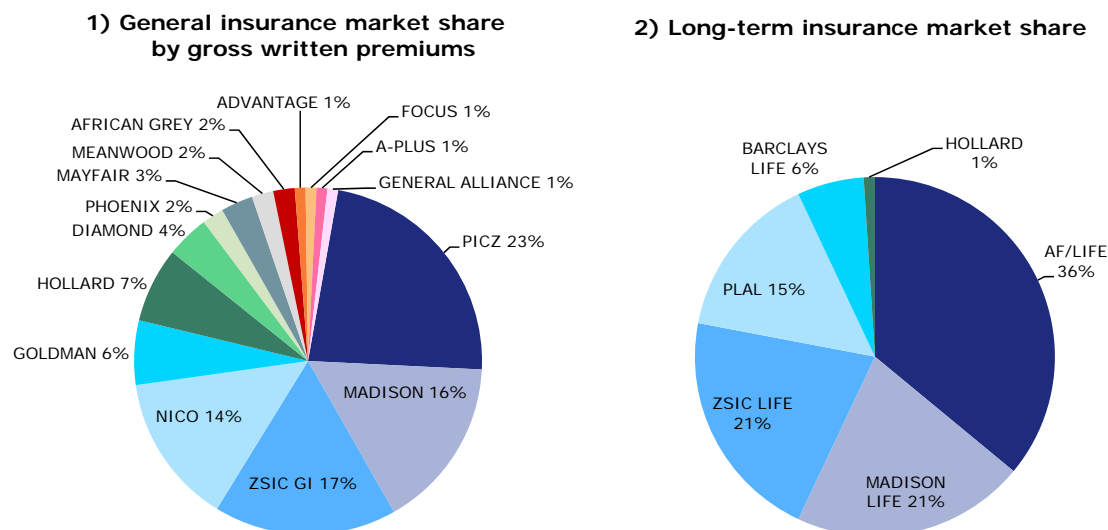
#### 4.4.3.2 Insurance

4.123. The Insurance Act No. 27 of 1997, as amended, is the main law regulating the insurance sub-sector in Zambia. The amendment by Act No. 26 of 2005 prohibited the existence of composite insurance companies, i.e. general and long-term. Other relevant legislation in the sub-sector includes: the Pensions Scheme Regulation Act No. 28 of 1996, as amended; the Road Traffic Act No. 11 of 2002; the Banking and Financial Services Act of 1994, as amended; and the Companies Act, Cap 388 of the laws of Zambia.

4.124. The Pensions and Insurance Authority (PIA) is the regulator of the insurance and pension industry in Zambia and is an autonomous entity, as provided for in the Pensions Scheme Regulation Act No. 28 of 1996, as amended in 2005. It operates under the supervision of the Ministry of Finance, as it has no distinct legal personality.

4.125. Zambia's insurance market is underdeveloped, with a penetration rate of 1.3% and total premiums equivalent to only US\$20 per capita.<sup>10</sup> The government wholly owned ZSIC Ltd is one of the top operators in both the general and life insurance markets (Chart 4.1).

**Chart 4.1 Insurance sector in Zambia, 2014**



Source: Information provided by the Zambian authorities.

4.126. The industry had the following players as at 2014: two state-owned reinsurance companies, two reinsurance brokers, 22 general insurance companies, 11 long-term insurance companies, 39 insurance brokers, six claims agents, eight motor assessors, six loss adjusters, and one risk surveyor. The current Insurance Act does not contain any foreign equity restrictions. However, according to the authorities, the proposed Insurance Bill has included a provision that may restrict foreign equity to 70%. The current paid-up capital share requirements for insurance and reinsurance companies stand at: K 10 million for general insurance companies, K 12 million for long-term insurance companies, and K 20 million for reinsurance companies.

<sup>10</sup> KPMG.

4.127. All general insurance premiums are standard-rated for value added tax (VAT) purposes, with a VAT rate of 16% applied. In addition, since 2016, all insurance services (regardless of whether they are life or non-life) are charged an insurance premium levy of 3% of the gross premiums written.

4.128. All brokers are required to be members of the Insurance Brokers Association of Zambia (IBAZ). All the licensed insurers and reinsurers are required by law to be members of the Insurers Association of Zambia (IAZ).

4.129. The Insurance Act does not allow foreign insurance companies to underwrite risks that are located in Zambia. However, where a risk cannot be underwritten by licensed entities in Zambia, prior approval has to be sought by foreign companies from the Registrar.

4.130. In Zambia, the only compulsory insurance is currently motor third party as provided for in the Road traffic Act of 2002.

4.131. Premium rates are priced by insurance companies after taking into consideration the pure risk premium value, the overhead cost loadings and the profit margin. However, the PIA has issued guidelines to set minimum rates for the industry due to the absence of a robust solvency regime.

#### 4.4.4 Tourism

4.132. In 2014, the tourism sector accounted for about 4.3% of GDP, up from 2.1% in 2012 and 4.2% in 2013.

4.133. Under the Government's Industrialization and Job Creation Strategy, tourism is considered to be one of the key sectors that can promote employment. The tourism component of the Sixth National Development Plan (SNDP) emphasized infrastructure development in three priority areas: the Greater Livingstone area, Kafue National Park and the Northern Circuit. The other priority areas under the SNDP are tourism promotion and marketing, product development, and human skills development.

4.134. Zambia's key tourism assets include pristine national parks and game management areas, waterfalls, lakes and rivers holding about 35% of Southern Africa's total natural water resources, and "wildlife protected areas" occupying about 10% of the country's total land area. Zambia is home to the Victoria Falls, a UNESCO World Heritage Site. However, the tourism potential remains largely untapped due to, *inter alia*, poor and inadequate infrastructure, limited investment, inadequate marketing and limited skilled manpower.

4.135. The Ministry of Tourism and Arts (MTA) oversees all portfolio functions and operations of the country's tourism and cultural sector, including accommodation, arts and culture centres, culture industries, casinos, national parks and wildlife, safari operations, travel agencies, and tourism policy. Several other institutions operate in the sub-sector, under the supervision of the MTA. These include the Department of National Parks and Wildlife, the Zambia Tourism Agency, the National Arts Council, and the Hotel and Tourism Training Institute.

4.136. The functions of the new Zambia Tourism Agency include marketing and setting minimum standards for tourism enterprises, as well as carrying out inspections to ensure adherence to the minimum standards for the provision of quality tourism services.

4.137. Tourism operators must be licensed by the Zambia Tourism Agency. Other authorities may also issue licences in certain instances; for example, the Department of National Parks and Wildlife may issue licences to safari hunting companies. Zambia's first policy document on tourism was produced in 1997, revised in January 2011 and further revised in 2013, based on a consultative process undertaken by the MTA. In 2011, the main medium-term objectives of the MTA included increasing contributions of the sub-sector to GDP from 2.1% in 2012 to 6.0% in 2016; as well as increasing employment creation from 30,000 jobs in 2012 to 300,000 jobs in 2016.

4.138. According to the authorities, foreign participation is encouraged. Foreign-owned enterprises are required to have a programme whereby foreign staff are replaced by Zambian staff after three years of training.

4.139. The main incentives provided in the tourism sector in Zambia are those provided under the Zambia Development Agency Act.

4.140. The classification system for hotels is currently being formulated under the auspices of the Southern Africa Development Community's (SADC) overall guidelines/standards.

4.141. Tourism arrivals performed relatively higher during the review period, with the majority of visitors arriving from Africa and Europe (Table 4.10). Business-oriented tourism was the dominant category contributing over 50% of arrivals, while holiday tourism was the second largest representing 26%.

**Table 4.10 Tourists arrival to Zambia by category and origin, 2009-13**

Country of origin	2009	2010	2011	2012	2013
<b>South Africa</b>	84,413	144,960	134,556	134,602	98,216
<b>Zimbabwe</b>	171,232	171,806	227,733	119,100	208,962
<b>Other Southern Africa</b>	41,191	33,662	60,051	74,630	66,970
<b>Sub total</b>	<b>296,836</b>	<b>350,428</b>	<b>422,340</b>	<b>328,332</b>	<b>374,148</b>
<b>Kenya</b>	10,378	12,785	14,698	10,643	11,337
<b>Tanzania</b>	81,288	121,275	116,280	214,820	219,215
<b>Other East Africa</b>	13,440	10,734	19,361	24,097	30,062
<b>Sub Total</b>	<b>105,106</b>	<b>144,794</b>	<b>150,339</b>	<b>249,560</b>	<b>260,614</b>
<b>North Africa</b>	1,397	2,671	2,817	1,474	2,080
<b>West Africa</b>	5,751	5,148	5,448	9,554	4,746
<b>Central Africa</b>	57,955	80,314	71,332	65,194	89,919
<b>Sub total</b>	<b>65,103</b>	<b>88,133</b>	<b>79,597</b>	<b>76,222</b>	<b>96,745</b>
<b>United Kingdom</b>	52,346	50,955	59,084	25,446	31,280
<b>Germany</b>	12,667	9,770	10,311	6,619	7,638
<b>Italy</b>	8,238	5,515	6,883	2,972	3,617
<b>France</b>	4,116	6,416	6,049	3,023	4,562
<b>Denmark</b>	2,665	3,752	2,377	1,861	1,783
<b>Sweden</b>	3,166	3,640	3,625	2,057	3,126
<b>Other Scandinavian</b>	12,989	7,054	6,182	7,272	8,948
<b>Other Europe</b>	28,544	17,290	19,320	16,576	17,120
<b>Sub total</b>	<b>128,340</b>	<b>104,392</b>	<b>113,831</b>	<b>65,826</b>	<b>78,074</b>
<b>United States of America</b>	49,451	29,523	35,096	23,827	32,625
<b>Canada</b>	9,488	7,378	10,441	5,517	6,202
<b>South America</b>	4,150	4,805	6,131	2,215	5,820
<b>Sub total</b>	<b>63,089</b>	<b>41,706</b>	<b>51,668</b>	<b>31,559</b>	<b>44,647</b>
<b>Australia</b>	13,909	10,430	12,599	10,814	11,201
<b>New Zealand</b>	3,992	3,451	15,383	1,583	2,333
<b>India</b>	12,932	21,414	33,120	15,333	21,117
<b>Japan</b>	5,373	8,341	11,346	3,535	7,539
<b>Other Asia</b>	12,861	23,732	30,076	12,432	19,720
<b>Sub total</b>	<b>51,474</b>	<b>67,368</b>	<b>102,524</b>	<b>43,697</b>	<b>61,910</b>
<b>Grand total</b>	<b>709,948</b>	<b>796,821</b>	<b>920,299</b>	<b>795,196</b>	<b>916,138</b>

Source: Data provided by the Zambian authorities.

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**5 APPENDIX TABLES**

**Table A1. 1 Merchandise imports by product group, 2008-14**

(US\$ million and %)

	2008	2009	2010	2011	2012	2013	2014
Total (US\$ million)	5,061	3,793	5,321	7,178	8,805	10,162	9,539
	(% of total)						
Total primary products	35.1	34.4	37.9	30.5	31.2	32.7	36.6
Agriculture	6.0	7.2	5.3	5.6	6.1	4.9	5.3
Food	5.6	6.5	4.7	5.1	5.6	4.4	4.8
0342 Fish, frozen (excluding fillets and minced fish)	0.1	0.1	0.1	0.2	0.3	0.5	0.8
Agricultural raw material	0.4	0.7	0.6	0.5	0.5	0.5	0.5
Mining	29.1	27.2	32.6	24.9	25.1	27.8	31.3
Ores and other minerals	10.7	9.7	16.3	14.3	13.0	16.2	17.0
2831 Copper ores and concentrates	8.4	6.7	11.7	11.5	9.6	13.7	12.8
2879 Other non-ferrous base metal ores and concentrates	0.0	2.2	4.1	1.7	2.2	1.6	2.1
2789 Minerals, crude, n.e.s.	0.1	0.2	0.0	0.1	0.1	0.1	0.9
2741 Sulphur (excl. sublimed/precipitated/colloidal)	1.7	0.2	0.1	0.8	0.8	0.5	0.8
Non-ferrous metals	2.3	3.6	4.7	3.2	1.5	0.9	0.3
Fuels	16.0	13.9	11.6	7.3	10.6	10.6	14.0
3330 Crude oils of petroleum and bituminous minerals	9.5	11.4	9.6	4.7	6.2	0.9	1.9
Manufactures	64.0	65.2	61.7	69.2	68.4	67.1	63.2
Iron and steel	3.9	3.9	3.5	3.9	3.3	3.2	2.9
Chemicals	15.0	18.7	17.4	18.0	16.0	15.5	13.5
5621 Mineral or chemical fertilizers, nitrogenous	1.4	2.4	2.1	2.7	1.8	2.5	2.1
5429 Medicaments, n.e.s.	2.7	2.6	1.6	1.5	1.7	1.2	1.8
5629 Fertilizers, n.e.s.	1.9	2.0	1.2	1.6	1.3	1.0	1.2
Other semi-manufactures	7.8	7.9	7.3	7.9	8.9	10.3	10.4
6911 Iron or steel structures, tubes and the like, for use in structures	1.5	0.8	0.9	1.3	1.5	3.2	3.3
6996 Articles of iron or steel, n.e.s.	0.3	0.5	0.5	0.5	0.7	0.5	0.7
Machinery and transport equipment	32.5	28.6	28.7	33.9	35.2	33.0	31.7
Power generating machines	0.9	0.7	0.6	0.8	1.0	1.6	1.6
7165 Generating sets	0.3	0.1	0.0	0.2	0.1	0.6	1.0
Other non-electrical machinery	14.9	13.9	14.8	16.9	15.2	16.6	14.3
7283 Other mineral working machines	2.2	2.1	1.8	2.8	1.6	2.9	2.2
7232 Mechanical shovels, etc., self-propelled	1.6	1.1	1.7	2.4	2.0	1.8	1.7
7239 Parts n.e.s., of machinery of 723 and 744.3	2.0	1.5	1.8	1.8	1.7	1.5	1.5
Agricultural machinery and tractors	0.6	0.8	0.7	0.7	0.8	1.0	1.0
Office machines & telecommunication equipment	2.8	3.0	2.4	3.0	2.3	2.3	2.5
Other electrical machines	3.6	3.1	3.3	3.8	3.7	3.5	4.3
7711 Transformers, electrical	0.7	0.4	0.3	0.6	0.9	0.7	1.1
7731 Insulated wire, cable etc.; optical fibre cables	0.6	0.5	0.4	0.8	0.7	0.6	0.7
Automotive products	8.9	6.5	6.4	7.9	9.1	7.8	7.8
7821 Goods vehicles	3.7	2.6	2.8	3.9	4.2	3.4	3.6
7812 Motor vehicles for the transport of persons, n.e.s.	2.4	1.8	1.7	1.8	2.1	2.3	2.2
Other transport equipment	1.3	1.4	1.3	1.7	4.1	1.3	1.0
Textiles	0.7	0.9	0.8	0.9	0.8	0.7	0.8
Clothing	0.4	0.6	0.5	0.5	0.4	0.6	0.6
Other consumer goods	3.8	4.6	3.4	4.1	3.8	3.8	3.3
Other	0.9	0.4	0.4	0.2	0.4	0.2	0.1

Source: UNSD Comtrade database, SITC Rev.3.

**Table A1.2 Merchandise exports by product group, 2008-14**

(US\$ million and %)

	2008	2009	2010	2011	2012	2013	2014
Total (US\$ million)	5,099	4,312	7,200	9,001	9,365	10,594	9,688
	(% of total)						
Total primary products	87.0	88.8	90.1	86.9	84.4	81.2	85.8
Agriculture	6.7	8.9	6.8	8.7	13.0	12.1	8.8
Food	5.6	7.5	5.9	6.8	11.0	10.2	7.3
0611 Sugars, beet/cane, raw, solid, no added flavour/colour	1.1	2.2	2.0	1.6	1.1	1.1	1.2
1211 Tobacco, not stemmed/stripped	1.3	1.5	1.1	0.9	1.2	1.1	0.8
0615 Molasses	0.0	0.0	0.0	0.0	0.0	0.5	0.8
1212 Tobacco, wholly or partly stemmed/stripped	0.1	0.5	0.5	0.3	0.5	0.6	0.7
Agricultural raw material	1.1	1.4	1.0	1.9	2.0	1.9	1.5
2631 Cotton (other than linters), not carded or combed	0.7	1.1	0.7	1.1	1.2	0.6	0.6
2119 Hides, skins, n.e.s., leather waste	0.1	0.1	0.0	0.0	0.0	0.5	0.5
Mining	80.3	79.9	83.2	78.2	71.4	69.1	77.1
Ores and other minerals	15.3	12.0	7.5	2.4	2.0	2.0	1.5
2892 Waste and scrap of precious metals (excl. gold)	0.0	0.0	0.0	0.0	1.0	0.9	0.6
2831 Copper ores and concentrates	13.5	6.7	3.3	0.1	0.1	0.6	0.5
Non-ferrous metals	64.2	67.0	75.2	75.4	68.1	65.1	74.5
6821 Copper anodes; alloys; unwrought	41.6	52.2	63.6	68.8	63.4	62.4	73.3
6824 Copper wire	2.9	2.4	2.1	2.0	1.6	1.2	0.9
Fuels	0.7	0.9	0.5	0.4	1.3	1.9	1.1
3510 Electric energy	0.1	0.2	0.3	0.2	0.5	1.2	0.8
Manufactures	12.5	10.1	8.9	12.1	13.8	16.9	12.8
Iron and steel	0.2	0.2	0.2	0.7	0.7	0.6	0.8
Chemicals	1.4	2.0	1.9	2.6	2.8	6.1	4.0
5223 Inorganic acid and oxides	0.4	0.5	0.3	0.5	0.8	2.4	2.3
5222 Other chemical elements	0.1	0.2	0.2	0.5	0.6	0.6	0.6
Other semi-manufactures	7.5	4.0	4.5	4.1	6.4	5.2	4.0
6998 Articles of cobalt/cadmium/titanium/zirconium, n.e.s.	5.8	1.7	2.7	2.2	2.2	1.3	1.2
6673 Precious and semi-precious stones (excl. diamonds)	0.6	0.5	0.3	0.5	0.5	0.6	1.0
6612 Portland cement and similar hydraulic cements	0.5	0.8	0.9	0.8	0.7	2.0	0.7
Machinery and transport equipment	2.8	3.2	1.9	4.3	2.7	4.0	3.2
Power generating machines	0.1	0.1	0.0	0.3	0.1	0.4	0.1
Other non-electrical machinery	1.0	1.4	0.9	0.5	1.0	1.8	1.6
7232 Mechanical shovels, etc., self-propelled	0.1	0.1	0.0	0.0	0.1	0.3	0.5
Agricultural machinery and tractors	0.0	0.0	0.0	0.0	0.0	0.1	0.0
Office machines & telecommunication equipment	0.1	0.1	0.0	0.0	0.1	0.2	0.1
Other electrical machines	1.1	0.7	0.6	2.7	0.6	0.6	0.6
7731 Insulated wire, cable etc.; optical fibre cables	1.0	0.7	0.5	0.4	0.5	0.6	0.5
Automotive products	0.4	0.7	0.2	0.2	0.3	0.9	0.7
7821 Goods vehicles	0.1	0.5	0.1	0.1	0.1	0.6	0.4
Other transport equipment	0.1	0.2	0.1	0.6	0.7	0.1	0.1
Textiles	0.1	0.0	0.0	0.0	0.0	0.1	0.1
Clothing	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other consumer goods	0.3	0.7	0.3	0.4	1.2	0.9	0.7
Other	0.6	1.1	1.0	1.0	1.8	1.9	1.4

Source: UNSD Comtrade database, SITC Rev.3.

**Table A1.3 Merchandise imports by origin, 2008-14**

(US\$ million and %)

	2008	2009	2010	2011	2012	2013	2014
Total (US\$ million)	5,061	3,793	5,321	7,178	8,805	10,162	9,539
	(% of total)						
Americas	2.3	2.0	1.9	2.3	3.7	3.1	2.6
United States	1.4	1.3	1.4	1.4	2.8	2.4	1.8
Other America	0.8	0.6	0.5	0.9	0.9	0.7	0.8
Europe	11.0	10.9	9.6	10.2	10.4	11.5	9.2
EU(28)	10.1	10.4	9.1	9.3	9.2	10.7	8.7
United Kingdom	3.1	3.6	2.0	2.6	2.5	2.9	2.6
Germany	1.3	1.6	1.0	0.8	1.3	2.6	1.3
Belgium	0.5	0.5	1.7	0.7	0.8	1.0	0.9
The Netherlands	0.7	0.8	0.6	0.7	0.7	0.7	0.8
Sweden	1.2	0.9	0.9	1.2	1.1	0.9	0.7
Italy	0.2	0.2	0.2	0.3	0.3	0.3	0.5
EFTA	0.8	0.5	0.4	0.9	1.0	0.7	0.4
Other Europe	0.1	0.1	0.1	0.1	0.2	0.2	0.1
Commonwealth of Independent States (CIS)	0.0	0.0	0.0	0.0	0.1	0.0	0.1
Africa	60.8	60.5	63.6	60.3	56.8	59.5	61.5
South Africa	42.6	40.0	34.4	35.7	33.7	30.3	32.4
Democratic Republic of the Congo (DRC)	10.6	12.8	23.8	18.5	14.4	18.2	15.3
Kenya	1.6	2.1	1.2	1.8	3.2	7.0	8.1
Mauritius	0.2	0.3	0.2	0.2	0.4	0.3	1.4
Zimbabwe	2.1	1.5	1.4	1.2	1.1	1.2	1.1
United Republic of Tanzania	0.9	0.9	0.8	0.8	0.8	0.7	1.0
Namibia	0.3	0.2	0.2	0.3	0.3	0.4	0.7
Middle East	12.7	13.7	12.2	8.4	9.1	5.5	5.8
United Arab Emirates	2.4	2.9	2.2	3.4	2.5	2.4	2.8
Kuwait	10.2	10.6	9.6	4.7	6.2	2.1	2.4
Asia	13.2	12.8	12.7	18.9	19.9	20.4	20.7
China	4.5	4.7	5.4	9.8	9.9	9.4	9.0
Japan	1.7	1.7	1.6	2.1	2.8	3.0	2.3
Six East Asian Traders	2.0	2.1	1.9	2.5	2.5	2.6	3.4
Singapore	0.3	0.3	0.8	1.3	0.6	1.0	1.5
Hong Kong, China	0.7	0.6	0.5	0.5	0.7	0.5	0.6
Korea, Republic of	0.4	0.5	0.3	0.2	0.4	0.4	0.6
Other Asia	5.0	4.3	3.7	4.4	4.7	5.4	6.0
India	3.8	3.5	2.7	3.5	3.5	3.6	4.3
Australia	1.0	0.5	0.7	0.6	0.7	0.9	1.4
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: UNSD Comtrade database.



**Table A1.4 Merchandise exports by destination, 2008-14**

(US\$ million and %)

	2008	2009	2010	2011	2012	2013	2014
Total (US\$ million)	5,099	4,312	7,200	9,001	9,365	10,594	9,688
	(% of total)						
Americas	0.5	0.3	0.1	0.1	0.2	0.2	0.4
United States	0.5	0.1	0.1	0.1	0.1	0.1	0.1
Other America	0.0	0.1	0.0	0.1	0.2	0.0	0.2
Europe	56.2	52.0	55.4	54.6	47.6	40.1	47.2
EU(28)	6.4	5.0	4.4	5.6	5.3	3.1	2.5
United Kingdom	2.3	2.0	1.9	3.7	3.3	1.4	1.0
Belgium-Luxembourg	0.0	0.1	0.5	0.5	0.4	0.5	0.5
Belgium	1.1	1.3	1.0	0.9	0.9	0.7	0.4
Germany	0.2	0.2	0.1	0.1	0.1	0.2	0.3
EFTA	49.8	47.0	51.0	48.9	42.3	37.0	44.7
Switzerland	49.8	47.0	51.0	48.9	42.3	37.0	44.7
Other Europe	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commonwealth of Independent States (CIS)	0.0	0.0	0.1	0.0	0.0	0.0	0.0
Africa	28.2	25.3	19.9	24.6	29.0	30.5	22.4
Democratic Republic of the Congo (DRC)	5.6	7.0	4.6	6.5	7.7	11.2	8.3
South Africa	10.4	9.2	9.1	9.3	9.0	10.7	7.0
Zimbabwe	1.3	2.0	1.7	2.7	4.6	2.6	2.0
Malawi	1.2	1.7	1.4	1.3	2.0	2.1	1.5
Kenya	0.5	0.6	0.5	0.9	0.6	0.8	0.6
Namibia	0.2	0.1	0.3	0.4	1.6	1.0	0.5
United Republic of Tanzania	0.6	0.8	0.4	0.8	1.1	0.7	0.5
Mozambique	0.0	0.1	0.1	0.9	0.2	0.3	0.5
Botswana	0.2	0.2	0.2	0.3	0.7	0.2	0.5
Mauritius	0.4	0.7	0.3	0.7	0.5	0.5	0.4
Middle East	3.2	6.7	3.0	1.1	2.4	5.2	2.4
United Arab Emirates	0.5	3.3	2.4	1.0	2.4	5.1	2.4
Asia	11.9	15.8	21.5	17.5	20.8	24.0	27.7
China	5.6	11.2	20.2	16.7	19.2	21.3	18.5
Japan	0.8	0.1	0.1	0.0	0.0	0.5	0.8
Six East Asian Traders	4.1	2.6	0.5	0.4	0.7	0.9	4.3
Singapore	0.1	0.1	0.0	0.3	0.5	0.7	3.8
Hong Kong, China	0.0	0.1	0.0	0.0	0.3	0.2	0.4
Other Asia	1.3	2.0	0.7	0.3	0.8	1.3	4.0
Australia	0.0	0.0	0.0	0.0	0.0	0.0	3.6
India	0.6	1.1	0.3	0.3	0.8	1.2	0.4
Other	0.0	0.0	0.0	2.0	0.0	0.0	0.0

Source: UNSD Comtrade database.

Table A3. 1 MFN tariff averages by HS2-digit level, 2016

HS	Description	No. of lines	Average (%)	Range (%)	SD <sup>a</sup>	Share of duty-free lines (%) <sup>b</sup>	Share of non-ad valorem tariff lines (%) <sup>c</sup>
	<b>Total</b>	<b>6,195</b>	<b>12.9</b>	<b>0-40</b>	<b>10.7</b>	<b>29.9</b>	<b>2.2</b>
01	Live animals	43	6.7	5-15	3.7	0.0	0.0
02	Meat and edible meat offal	68	25.0	25.0	0.0	0.0	0.0
03	Fish and crustaceans, molluscs and other aquatic invertebrates	189	24.4	15-25	2.3	0.0	0.0
04	Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere specified or included	45	19.9	0-25	7.9	8.9	6.7
05	Products of animal origin, not elsewhere specified or included	20	12.5	0-25	8.1	10.0	0.0
06	Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage	16	18.4	0-25	9.8	6.3	0.0
07	Edible vegetables and certain roots and tubers	83	21.9	5-25	7.3	0.0	0.0
08	Edible fruit and nuts; peel of citrus fruit or melons	104	25.0	25.0	0.0	0.0	0.0
09	Coffee, tea, maté and spices	45	25.0	25.0	0.0	0.0	0.0
10	Cereals	26	11.5	5-15	4.8	0.0	0.0
11	Products of the milling industry; malt; starches; inulin; wheat gluten	38	15.0	5-25	3.2	0.0	5.3
12	Oil seeds and oleaginous fruits; misc grains, seeds and fruit; industrial or medicinal plants; straw and fodder	48	12.0	5-25	5.5	0.0	0.0
13	Lac; gums, resins and other vegetable saps and extracts	10	4.5	0-5	1.5	10.0	0.0
14	Vegetable plaiting materials; vegetable products not elsewhere specified or included	5	15.0	15.0	0.0	0.0	0.0
15	Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes	54	14.6	0-25	9.7	7.4	42.6
16	Preparations of meat, of fish or of crustaceans, molluscs or other aquatic invertebrates	42	24.0	5-25	4.3	0.0	0.0
17	Sugars and sugar confectionery	19	21.6	0-25	7.3	5.3	10.5
18	Cocoa and cocoa preparations	13	19.6	15-25	5.0	0.0	0.0
19	Preparations of cereals, flour, starch or milk; pastry cooks' products	20	23.0	5-25	5.1	0.0	0.0
20	Preparations of vegetables, fruit, nuts or other parts of plants	52	24.2	5-25	3.8	0.0	0.0
21	Miscellaneous edible preparations	21	20.2	5-25	8.5	0.0	0.0
22	Beverages, spirits and vinegar	26	23.5	5-25	5.3	0.0	26.9
23	Residues and waste from the food industries; prepared animal fodder	26	6.7	0-25	6.8	11.5	0.0
24	Tobacco and manufactured tobacco substitutes	10	22.0	15-25	4.6	0.0	70.0

HS	Description	No. of lines	Average (%)	Range (%)	SD <sup>a</sup>	Share of duty-free lines (%) <sup>b</sup>	Share of non- <i>ad valorem</i> tariff lines (%) <sup>c</sup>
25	Salt; sulphur; earths and stone; plastering materials, lime and cement	73	7.1	0-25	5.6	5.5	0.0
26	Ores, slag and ash	47	3.9	0-5	2.0	21.3	0.0
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	60	13.8	0-25	8.1	15.0	0.0
28	Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, of radioactive elements or of isotopes	299	0.0	0.0	0.0	100.0	0.0
29	Organic chemicals	457	4.0	0-15	6.5	70.7	0.0
30	Pharmaceutical products	36	0.6	0-5	1.6	88.9	0.0
31	Fertilizers	28	0.0	0.0	0.0	100.0	0.0
32	Tanning or dyeing extracts; tannins and their derivatives; dyes, pigments and other colouring matter; paints and varnishes; putty and other mastics; inks	55	9.4	0-25	9.3	25.5	0.0
33	Essential oils and resinoids; perfumery, cosmetic or toilet preparations	33	15.2	0-25	10.4	9.1	0.0
34	Soap, organic surface-active agents, washing preparations, lubricating preparations, artificial waxes, prepared waxes, polishing or scouring preparations, candles and similar articles, modelling pastes, dental waxes and dental preparations with a basis of plaster	35	14.9	0-25	10.5	14.3	20.0
35	Albuminoidal substances; modified starches; glues; enzymes	20	15.8	0-25	10.3	5.0	0.0
36	Explosives; pyrotechnic products; matches; pyrophoric alloys; certain combustible preparations	12	21.7	5-25	6.2	0.0	0.0
37	Photographic or cinematographic goods	34	20.9	0-25	8.3	11.8	0.0
38	Miscellaneous chemical products	98	12.1	0-15	5.6	14.3	0.0
39	Plastics and articles thereof	359	8.7	0-25	10.7	57.1	0.0
40	Rubber and articles thereof	105	14.5	0-25	10.8	32.4	5.7
41	Raw hides and skins (other than furskins) and leather	37	15.0	15.0	0.0	0.0	0.0
42	Articles of animal gut (other than silk-worm gut)	20	25.0	25.0	0.0	0.0	0.0
43	Furskins and artificial fur; manufactures thereof	12	25.0	25.0	0.0	0.0	0.0
44	Wood and articles of wood; wood charcoal	77	40.0	40.0	0.0	0.0	0.0
45	Cork and articles of cork	13	40.0	40.0	0.0	0.0	0.0

HS	Description	No. of lines	Average (%)	Range (%)	SD <sup>a</sup>	Share of duty-free lines (%) <sup>b</sup>	Share of non- <i>ad valorem</i> tariff lines (%) <sup>c</sup>
46	Manufactures of straw, of esparto or of other plaiting materials; basketware and wickerwork	11	25.0	25.0	0.0	0.0	0.0
47	Pulp of wood or of other fibrous cellulosic material; recovered (waste and scrap) paper and paperboard	21	5.0	5.0	0.0	0.0	0.0
48	Paper and paperboard; articles of paper pulp, of paper or of paperboard	102	12.9	0-25	9.2	2.9	0.0
49	Printed books, newspapers, pictures and other products of the printing industry; manuscripts, typescripts and plans	31	9.4	0-25	10.8	54.8	0.0
50	Silk	9	15.0	15.0	0.0	0.0	0.0
51	Wool, fine or coarse animal hair; horsehair yarn and woven fabric	46	15.0	15.0	0.0	0.0	0.0
52	Cotton	135	13.9	0-15	3.9	7.4	39.3
53	Other vegetable textile fibres; paper yarn and woven fabrics of paper yarn	25	14.4	0-15	2.9	4.0	0.0
54	Man-made filaments	123	8.4	0-15	6.8	31.7	0.0
55	Man-made staple fibres	113	10.0	0-15	5.7	10.6	5.3
56	Wadding, felt and nonwovens; special yarns; twine, cordage, ropes and cables and articles thereof	30	23.3	15-25	3.7	0.0	0.0
57	Carpets and other textile floor coverings	21	25.0	25.0	0.0	0.0	0.0
58	Special woven fabrics; tufted textile fabrics; lace; tapestries; trimmings; embroidery	40	24.8	15-25	1.6	0.0	0.0
59	Impregnated, coated, covered or laminated textile fabrics; textile articles of a kind suitable for industrial use	34	12.2	0-25	9.0	2.9	0.0
60	Knitted or crocheted fabrics	43	25.0	25.0	0.0	0.0	0.0
61	Articles of apparel and clothing accessories, knitted or crocheted	106	25.0	25.0	0.0	0.0	0.0
62	Articles of apparel and clothing accessories, not knitted or crocheted	118	25.0	25.0	0.0	0.0	0.0
63	Other made up textile articles; sets; worn clothing and worn textile articles; rags	58	23.3	0-25	6.3	6.9	5.2
64	Footwear, gaiters and the like; parts of such articles	25	24.2	15-25	2.7	0.0	0.0
65	Headgear and parts thereof	8	20.0	5-25	7.1	0.0	0.0
66	Umbrellas, sun umbrellas, walking-sticks, seat-sticks, whips, riding-crops and parts thereof	7	21.4	0-25	8.7	14.3	0.0

HS	Description	No. of lines	Average (%)	Range (%)	SD <sup>a</sup>	Share of duty-free lines (%) <sup>b</sup>	Share of non-ad valorem tariff lines (%) <sup>c</sup>
67	Prepared feathers and down and articles made of feathers or of down; artificial flowers; articles of human hair	9	25.0	25.0	0.0	0.0	0.0
68	Articles of stone, plaster, cement, asbestos, mica or similar materials	49	11.3	5-15	4.8	0.0	0.0
69	Ceramic products	29	18.1	15-25	4.6	0.0	0.0
70	Glass and glassware	65	15.0	5-25	5.5	0.0	0.0
71	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal, and articles thereof; imitation jewellery; coin	59	19.0	0-25	5.5	1.7	0.0
72	Iron and steel	168	2.9	0-25	6.9	83.3	0.0
73	Articles of iron or steel	143	14.9	0-25	6.1	9.1	0.0
74	Copper and articles thereof	57	16.6	15-25	3.6	0.0	0.0
75	Nickel and articles thereof	17	13.2	5-25	7.1	0.0	0.0
76	Aluminium and articles thereof	41	14.3	0-25	8.3	4.9	0.0
78	Lead and articles thereof	12	12.5	5-25	6.0	0.0	0.0
79	Zinc and articles thereof	9	8.3	5-15	4.7	0.0	0.0
80	Tin and articles thereof	7	10.0	0-15	6.0	14.3	0.0
81	Other base metals; cermets; articles thereof	48	5.0	5.0	0.0	0.0	0.0
82	Tools, implements, cutlery, spoons and forks, of base metal; parts thereof of base metal	67	16.9	0-25	4.9	1.5	0.0
83	Miscellaneous articles of base metal	36	23.9	5-25	3.9	0.0	0.0
84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	515	4.7	0-25	7.4	65.4	0.0
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	266	12.6	0-25	9.7	30.8	0.0
86	Railway or tramway locomotives, rolling-stock and parts thereof; railway or tramway track fixtures and fittings and parts thereof; mechanical (including electro-mechanical) traffic signalling equipment of all kinds	26	0.4	0-5	1.3	92.3	0.0
87	Vehicles other than railway or tramway rolling-stock, and parts and accessories thereof	102	12.5	0-30	9.3	26.5	18.6
88	Aircraft, spacecraft, and parts thereof	17	2.1	0-5	2.5	58.8	0.0
89	Ships, boats and floating structures	18	0.3	0-5	1.1	94.4	0.0

HS	Description	No. of lines	Average (%)	Range (%)	SD <sup>a</sup>	Share of duty-free lines (%) <sup>b</sup>	Share of non- <i>ad valorem</i> tariff lines (%) <sup>c</sup>
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	153	10.5	0-25	8.6	35.9	0.0
91	Clocks and watches and parts thereof	72	16.9	0-25	11.5	29.2	0.0
92	Musical instruments; parts and accessories of such articles	18	0.0	0.0	0.0	100.0	0.0
93	Arms and ammunition; parts and accessories thereof	20	18.5	15-25	4.8	0.0	0.0
94	Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; lamps and lighting fittings, not elsewhere specified or included; illuminated signs, illuminated name-plates	41	25.1	0-40	9.0	7.3	0.0
95	Toys, games and sports requisites; parts and accessories thereof	31	19.5	15-25	5.0	0.0	0.0
96	Miscellaneous manufactured articles	53	20.7	0-25	7.5	7.5	0.0
97	Works of art, collectors' pieces and antiques	8	1.9	0-15	5.0	87.5	0.0

a Standard deviation.

b Duty-free tariff lines as a percentage of total tariff lines.

c Non-*ad valorem* lines as a percentage of total tariff lines.

Note: 2016 tariff schedule is based on HS12 nomenclature consisting of 6,195 tariff lines (at 8-digit tariff line level). The *ad valorem* part of mixed duty rates was taken into account for the calculations.

Source: WTO Secretariat calculations, based on data provided by the Zambian authorities.

**Table A3.2 List of products with export duties**

HS code	Product description	Export duty rate
2601.11.00	Iron ores and concentrates, including roasted iron pyrites, non-agglomerated	10%
2601.12.00	Iron ores and concentrates, including roasted iron pyrites, agglomerated	10%
2601.20.00	Roasted iron pyrites	10%
2602.00.00	Manganese ores and concentrates, including ferruginous manganese ores and concentrates with manganese content of 20% or more, calculated on the dry weight	10%
2603.00.00	Copper ores and concentrates	10%
2604.00.00	Nickel ores and concentrates	10%
2605.00.00	Cobalt ores and concentrates	10%
2606.00.00	Aluminium ores and concentrates	10%
2607.00.00	Lead ores and concentrates	10%
2608.00.00	Zinc ores and concentrates	10%
2609.00.00	Tin ores and concentrates	
2610.00.00	Chromium ores and concentrates	
2611.00.00	Tungsten ores and concentrates	10%
2612.10.00	Uranium ores and concentrates	10%
2612.20.00	Thorium ores and concentrates	10%
2613.10.00	Molybdenum ores and concentrates, roasted	10%
2613.90.00	Molybdenum ores and concentrates, other	10%
2614.00.00	Titanium ores and concentrates	10%
2615.10.00	Zirconium ores and concentrates	10%
2615.90.00	Niobium, tantalum or vanadium ores and concentrates	10%
2616.10.00	Silver ores and concentrates	10%
2616.90.00	Other precious metal ores and concentrates	
2617.10.00	Antimony ores and concentrates	10%
2617.90.00	Other ores and concentrates	10%
2618.00.00	Granulated slag (slag sand) from the manufacture of iron or steel	10%
2619.00.00	Slag, dross (other than granulated slag), scaling and other waste from the manufacture of iron or steel	10%
2620.11.00	Slag, ash and residues containing mainly hard zinc spelter	10%
2620.19.00	Slag, ash and residues containing mainly other zinc	10%
2620.21.00	Slag, ash and residues containing mainly gasoline sludges and leaded anti-knock compound sludges	10%
2620.29.00	Slag, ash and residues containing mainly other lead	10%
2620.30.00	Slag, ash and residues containing mainly copper	10%
2620.40.00	Slag, ash and residues containing mainly aluminium	10%

HS code	Product description	Export duty rate
2620.60.00	Slag, ash and residues containing arsenic, mercury, thallium or their mixtures, of a kind used for the extraction of arsenic or those metals or for the manufacture of their chemical compounds	10%
2620.91.00	Slag, ash and residues containing antimony, beryllium, cadmium, chromium or their mixtures	10%
2620.99.00	Other slag, ash and residues (other than from the manufacture of iron or steel)	10%
2621.10.00	Ash and residues from the incineration of municipal waste	10%
2621.90.00	Other slag and ash, including seaweed ash (kelp)	10%
7201.10.00	Non-alloy pig iron containing by weight 0.5% or less of phosphorous	10%
7201.20.00	Non-alloy pig iron containing by weight more than 0.5% of phosphorous	10%
7204.10.00	Waste of cast iron	**
7204.21.00	Waste and scrap of stainless steel	**
7204.29.00	Waste and scrap of other steel	**
7204.30.00	Waste and scrap of tinned iron or steel	**
7204.41.00	Turnings, shavings, chips, milling waste, sawdust, fillings, trimmings and stampings, whether or not in bundles	*
7204.49.00	Other ferrous waste and scrap	*
7204.50.00	Remelting scrap ingots	*
7205.10.00	Granules of pig iron, spiegeleisen, iron or steel	10%
7205.21.00	Powders of alloy steel	10%
7205.29.00	Powders of pig iron, spiegeleisen, iron or other steel	10%
7401.00.00	Copper mattes; cermet copper (precipitated copper)	**
7404.00.00	Copper waste and scrap	**
7501.10.00	Nickel mattes	10%
7501.20.00	Nickel oxide sinters and other intermediate products of nickel metallurgy	10%
7503.00.00	Nickel waste and scrap	**
7802.00.00	Lead waste and scrap	**
7902.00.00	Zinc waste and scrap	**
8002.00.00	Tin waste and scrap	**
8101.97.00	Waste and scrap of tungsten	**
8103.30.00	Waste and scrap of tantalum	**
8104.20.00	Waste and scrap of magnesium	**
8105.30.00	Waste and scrap of cobalt	**
8106.00.00	Waste and scrap of bismuth	**
8107.30.00	Waste and scrap of cadmium	**
8108.30.00	Waste and scrap of titanium	**
8109.30.00	Waste and scrap of zirconium	**
8110.20.00	Waste and scrap of antimony	**
8111.00.00	Waste and scrap of manganese	**
8112.13.00	Waste and scrap of beryllium	**
8112.22.00	Waste and scrap of chromium	**
8112.52.00	Waste and scrap of thallium	**
8112.92.00	Waste and scrap of germanium, vanadium, gallium, hafnium, indium, niobium (colombium) and rhenium	**
8113.00.00	Cermet waste and scrap	**
44.01	Fuel wood, in logs, in bullets, in twigs, in faggots, or in similar forms; wood in chips or particles; sawdust and wood waste and scrap, whether or not agglomerated in logs, briquettes, pellets or similar forms	40%
44.02	Wood charcoal (including shell or nut charcoal), whether or not agglomerated	40%
44.03	Wood in the rough, whether or not stripped of bark or sapwood, or roughly squared	40%
44.04	Hoopwood; split poles; piles, pickets and stakes of wood, pointed but not sawn lengthwise; wooden sticks, roughly trimmed but not turned, bent or otherwise worked, suitable for the manufacture of walking sticks, umbrellas, tool handles or the like; chipwood and the like	40%
44.05	Wood wool; wood flour	40%
44.07	Wood sawn or chipped lengthwise, sliced or peeled, whether or not planed, sanded or end-jointed, of thickness exceeding 6 mm	40%
44.08	Sheets for veneering (including those obtained by slicing laminated wood), for plywood or for similar laminated wood and other wood, sawn lengthwise, sliced or peeled, whether or not planed, sanded, spliced or end-jointed, of thickness not exceeding 6 mm	20%
44.09	Wood (including strips and friezes for parquet flooring, not assembled) continuously shaped (tongued, grooved, rebated, chamfered, V-jointed, beaded, moulded, rounded or the like) along any of its edges, ends or faces, whether or not planed, sanded or end-jointed	20%



HS code	Product description	Export duty rate
44.10	Particle board, oriented strand board (OSB) and similar board of wood or other ligneous materials, whether or not agglomerated with resins or other organic binding substances	20%
44.11	Fibreboard of wood or other ligneous materials, whether or not bonded with resins or other organic substances	20%
44.12	Plywood, veneered panels and similar laminated wood	20%
44.13	Densified wood, in blocks, plates, strips or profile shapes	20%

Note:

- \* 25% or K 80 (about USD 8) per tonne whichever is greater.
- \*\* 25% or K 1000 (about USD 100) per tonne whichever is greater.

Source: Information provided by the Zambia Revenue Authority (ZRA), and the Customs and Excise Act (amendment No. 18 of 2015).

**Table A3.3 List of priority sectors**

Sectors	Details
<b>Manufacturing</b>	Manufacturing activities located in a MFEZ, an industrial park, or a rural area
<b>Construction and refurbishment</b>	<b>Construction and establishment of infrastructure, excluding renovation, expansion and refurbishment</b>
Education	Construction of education and skill training institutions
Health	Construction of health centres as defined under the Health Professions Act 2009
Tourism	Construction and establishment of hotels
	Construction and establishment of convention centres
	Construction and establishment of exhibition centres
	Construction and establishment of museums
	Construction and establishment of theme parks
	Construction and establishment of art galleries
	Construction and establishment of theatres
	Construction and establishment of large retail complexes containing a variety of ten or more stores, restaurants or other business establishments housed in a series of connected or adjacent buildings or in a single large building
Housing	Development of 50 or more houses erected or maintained under one management or control on land developed specifically for the siting of such houses in accordance with a comprehensive plan which provides for the laying out of roads and the furnishing and availability of services essential or ancillary to the use of such building as houses
Agriculture	Construction of crop and grain storage facilities
<b>Energy and water development</b>	
Power	Building and installation of power stations
Fuel	Building and installation of processing and refinery plants for bio-fuel
	Construction of petroleum refineries
	Construction of pipelines
	Construction of rural filling stations
Water supply	Construction of depots
	Construction of dams
	Construction of irrigation canals
	Construction of water and sewage treatment plants

Source: Information provided by the Zambia Development Agency (ZDA).