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The Comprehensive Guide to Investing in Zambia (2022 edition)

1. Zambia Overview

1.1 Geographical Environment

[Location] Zambia is a landlocked country in south-central Africa with no direct access to the ocean. It shares its borders with eight countries: Malawi and Mozambique on the east, Zimbabwe, Botswana, and Namibia on the south, Angola on the west, and the Democratic Republic of Congo (DRC) and Tanzania on the north. Zambia covers an area of 752,600 square kilometers, the majority of which is between 1,000 and 1,500 meters above sea level. The northeast of Zambia is elevated, and the slope is tilted toward the southwest. Mafinga Hills on the northeast border is the highest peak in Zambia, with an altitude of 2,164 meters. Zambia Standard Time is GMT+2 hours, 6 hours behind Beijing, and it does not adopt daylight saving time.

[Climate] With a mild and cozy tropical savanna climate, Zambia's average annual temperature ranges from 18 °C to 20 °C. There are three seasons: the cool dry season from May to August, when most crops are harvested, with its temperature ranging from 15°C to 27°C; the hot dry season from September to November, with its temperature ranging from 26°C to 36°C; and the warm wet season from December to April, with its temperature ranging from 26.7°C to 32.2°C. The annual precipitation is concentrated in the warm wet season and descends from around 1400 mm in the north to about 700 mm in the south.

1.2 History

Various ethnic groups inhabit Zambia. In the 9th century, tribal kingdoms, including Luba, Lunda, Carolo, and Barroz, were successively established. Around the 16th century, some Bantu tribes began to settle in Zambia. From 1889 to 1900, “The British South Africa Company” gradually took control of the eastern and north eastern regions. In 1911, the UK government merged these two protectorates and named it “Northern Rhodesia”. In 1959, the United National Independence Party of Northern Rhodesia (UNIP) was established, aiming to achieve national independence through “positive, non-violent actions”.

In January 1964, Northern Rhodesia achieved internal autonomy. On October 24th, it officially declared its

independence under the name of the Republic of Zambia as a member of the Commonwealth. Kenneth Kaunda, the leader of UNIP, became the first president. In the multi-party election held in November 1991, Frederick Chiluba, leader of the Movement for Multi-party Democracy (MMD), was elected president and later re-elected in November 1996. In December 2001, Mwanawasa, leader of MMD, was elected president and then re-elected in October 2006. After he died of an illness in Paris in August 2008, Zambia held a presidential by-election in October, in which Banda, the candidate of MMD and the acting president, won. In September 2011, the presidential, parliamentary and local government elections were held simultaneously. Sata, the leader of the Patriotic Front, was elected as the president. After Sata died in London due to an illness in October 2014, Edgar C. Lungu, the candidate of the ruling Patriotic Front, won the presidential by-election held in January 2015. In August 2016, he was re-elected in the presidential election.

On August 12, 2021, Hakainde Hichilema, leader of the United Party for National Development (UPND), won the General Election for presidential, parliamentary, and local government leaders, and was sworn in on August 24.

1.3 Natural Resources

[Minerals] Zambia is blessed with abundant mineral reserves. Its nonferrous metal resources include copper, cobalt, zinc, lead, nickel, platinum, manganese, tin, iron, gold, etc. Known as the “country of copper mines”, Zambia boasts the highest per capita stocks of copper in the world. The proven copper reserves in Zambia are 19 million tons, about 6% of the world’s total. According to the Ministry of Mines and Minerals Development, the output of copper in 2021 was 803,750 tons. Copper resources are mainly located in Copperbelt and North Western. After years of development, Copperbelt has transitioned from open-pit mining to underground mining, dealing with deeper deposits that are more difficult to exploit. North Western, with lower-grade ores, mainly focuses on open-pit mining.

Zambia holds Africa’s second largest cobalt reserves, an associated copper mineral. In 2021, Zambia’s output of cobalt was 247 tons. Lead-zinc mines in Zambia are mainly located in Kabwe. With 4.96 million tons of total proven reserves of lead-zinc ores containing 15% lead and 25% zinc, the Kabwe deposit contains the richest and the highest-grade lead and zinc among other regions in the world. Zambia has significant reserves of iron ores, the known reserves being around 900 million tons, containing 50% iron. The deposits are mainly in

central and western provinces. In the first half of 2021, the gold output was 1,770 kg.

Zambia's non-metallic mineral resources include limestone, phosphate, potassium (sodium), feldspar, wollastonite, marble, granite, sodalite, etc. Zambia also produces a variety of gemstones, including emerald, amethyst, diamond, malachite, garnet, tourmaline, etc. Zambian emeralds, accounting for over 20% of the world's total output, are known for high transparency and good quality.

[Forest and Water] The forest coverage rate in Zambia is about 45%. Many tree species are commercially valuable for export, such as padauk, dracaena fragrans, teak, mukula, pterocarpus soyauxii, rosewood, bergamot, petrified wood, blackwood, etc. In order to tackle the ongoing loss of forest area, the Zambian government issued the 8th National Development Plan (8NDP) in 2021, setting the target of reducing annual deforestation from 172,000 hectares to 120,000 hectares by 2026. Zambia has ample water resources, with many rivers, lakes, swamps, and dense waterways throughout the country. It holds 42% of southern Africa's surface water and 45% of groundwater. The main rivers include the Zambezi River, Kafue River, Luangwa River, and Luapula River.

1.4 Population and Administrative Divisions

According to the Zambia Central Bureau of Statistics, the total population of Zambia in 2020 is about 17.885 million, among which 9.033 million are females and 8.852 million are males. Most of the population is concentrated in the capital city of Lusaka, Ndola in Copperbelt Province, Kitwe, and Livingston in Southern Province, which are also main gathering places for overseas Chinese in Zambia.

There are ten provinces in Zambia (as shown in the table). Muchinga was newly established in 2011.

Administrative divisions of Zambia

Province	Capital City
Central	Kabwe
Copperbelt	Ndola
Eastern	Chipata
Luapula	Mansa
Lusaka	Lusaka
Northern	Kasama
North Western	Solwezi
Southern	Choma
Western	Mongu
Muchinga	Chinsali

Lusaka, the capital city of Zambia, is located on the central plateau, with an average altitude of 1,280 meters. It is the national political, economic, cultural, and transportation center

with a population of about 3.1 million. Other main economic centers include Lusaka, Ndola, Kitwe, and Kabwe.

1.5 Political Context

[Political System] Zambia's government is composed of three distinct arms: legislature, judiciary, and executive. The president, who is the head of state, the head of government, and the commander-in-chief of the armed forces, is elected by universal suffrage to no more than two five-year terms. Under the presidential cabinet system, the president is empowered to appoint the vice president and the cabinet ministers from among the parliament members. The current cabinet, formed in September 2021, consists of the president, the vice president, and 25 ministers. Hakainde Hichilema is the incumbent president.

The current Constitution of Zambia was promulgated in August 1991. The 1996 amendment declared Zambia as a Christian nation. It stipulated that an independent Electoral Commission shall be established to manage and supervise all electoral issues, that the presidential candidate must be born to two Zambian citizens by birth or descent, and that National Assembly candidates must give up their chieftaincy. *The Constitution Amendment in 2015* has changed some of the conditions for the presidential election. It allows dual citizenship

and accepts overseas Zambians with Zambian citizenship to vote in the election.

In Zambia, Parliament is composed of the President and the National Assembly, the latter serving as Zambia's unicameral legislative body. The president has the right to hold national and local elections and the ultimate authority over the laws to be implemented, but no specific position in the parliament. The National Assembly is the highest organ of state power and the highest legislative body. Among its 164 seats, 156 are directly elected, while the President appoints another eight members for a term of five years. The Speaker is elected by Parliament Members from those qualified to be elected as Parliament Members. Cabinet ministers are all elected from among the Parliament Members. The current parliament was elected in August 2021, of which 91 seats were taken by the UPND, 59 seats by the PF, 13 seats by independent candidates, and one seat, by the National Unity and Progress Party. Nelly Mutti, the current speaker, is from the UPND.

Zambia's judiciary is mainly composed of the Supreme Court, the High Court, the Industrial Relations Court, the Lower Courts, and the Local Court. The current Chief Justice is Mumba Malila, and the Attorney General is Mulilo Kabesha.

[Political Parties] At present, there are more than 50 legally registered political parties in Zambia. The major political parties include:

1. United Party for National Development (UPND). Founded in December 1998, UPND is the ruling party of Zambia and mainly led by intellectuals and social elites. It has developed rapidly since its establishment and is more influential in Southern Province, Northwest Province, and Western Province.

2. Patriotic Front (PF). The largest opposition party established in September 2001.

3. Party of National Unity and Progress (PNUP). It was founded in May 2017 as the Party of National Unity, but changed to the current name in January 2021.

4. Movement for Multi-party Democracy (MMD). The former ruling party founded in December 1990.

[Government Agencies] The cabinet consists of the president, the vice president, and 25 ministers. The government ministries include: Ministry of Finance and National Planning, Ministry of Energy, Ministry of Foreign Affairs and International Cooperation, Ministry of Water Resources Development and Water Hygiene, Ministry of Health, Ministry of Community Development and Social Services, Ministry of Technology and Science, Ministry of Transport and Logistics,

Ministry of Labor and Social Security, Ministry of Lands and Natural Resources, Ministry of Defence, Ministry of Education, Ministry of Home Affairs and Internal Security, Ministry of Justice, Ministry of Infrastructure, Housing and Urban Development, Ministry of Local Government and Rural Development, Ministry of Tourism, Ministry of Small and Medium Enterprises Development, Ministry of Information and Broadcasting Services, Ministry of Green Economy and Environment, Ministry of Fisheries and Livestock, Ministry of Mines and Minerals Development, Ministry of Agriculture, Ministry of Commerce, Trade and Industry, Ministry of Youth, Sport and Arts, etc. Other important economic agencies include the Zambia Revenue Authority, Food Reserve Agency, Zambia Development Agency, Bank of Zambia (the central bank), Energy Regulation Board, etc.

1.6 Culture, Health and Safety

[Ethnic Groups, Languages, and Religions] Zambia is a multi-ethnic country with 73 tribes. Among them, the Bemba, mainly living in the north, accounts for about 33.6% of the population, and the Tonga, mainly in the south, accounts for about 22%. Other tribes include Nyanja (Chewa), Lunda, etc..

The official language of Zambia is English. There are altogether 31 languages used in different tribes, including

Pemba, Tonga, Nyanja, Lozi, Luvale, and Lunda. Among them, the Nyanja language is more widely used.

Zambia is a “Christian nation” under the constitution, with about 80% of the population professing Christianity and Catholicism. However, most rural residents follow indigenous religions, and Asian immigrants are mostly Hindus or Muslims.

[Education] Zambia has a system of nine-year compulsory education for all. The adult literacy rate is around 75%. There are 8,801 basic schools, 690 high schools, 268 skills and vocational training institutions, and three universities (Zambia University, Copperbelt University, and Mulungushi University). The Zambian government has also set up cultural villages/centers around the country to protect traditional folk culture. In 2022, the budget expenditure on education from the government is 18.073 billion Kwacha, accounting for 10.4% of the total. From January 2022, Zambia started to offer free education at primary and secondary levels, and a recruitment project of 30,000 teachers are launched simultaneously to meet the demand.

[Health] Hospitals in Zambia are mainly classified into three levels: six tertiary hospitals (central level), 19 secondary hospitals (provincial level), and 80 primary hospitals (district level). There are also four specialized hospitals and a few private hospitals and clinics. Private hospitals are often small in

scale with low-quality health services. The medical conditions in some international private hospitals are relatively better. There are altogether 700 doctors in Zambia, which is far from enough to meet the actual demand (about 2,300 doctors). To cope with the COVID-19 pandemic and promote employment, the Zambian government recruited 4,000 medical staff in 2020 and another 11,000 in 2022. In 2022, the government healthcare expenditure is expected to be 13.912 billion Kwacha, accounting for 8% of the total.

The diseases commonly seen in Zambia include malaria, AIDS, tuberculosis, diarrhea, cholera, dysentery, sexually transmitted diseases, measles, typhoid fever, and leprosy.

[Medical Assistance from China]

China has sent medical teams to Zambia from Henan Province since 1978. Up till now, 23 teams have been dispatched. The 23rd medical team is currently working in the Teaching Hospital of the University of Zambia, Ndola Central Hospital, Livingston General Hospital, and Levy Mwanawasa General Hospital, respectively. Address of the medical team: CQ001 Chinese Flats Chainama Ministry of Health Plot L1222M Chainama Off Great East Road, Lusaka, Zambia.

Since 1984, the Chinese People's Liberation Army has sent a total of 25 groups of military medical experts and staff to perform the military medical assistance mission to Zambia at the

Maina Soko Medical Center in Lusaka, which is the Military Hospital of the Zambian Ministry of Defence. In addition to professional medical diagnosis and clinical surgeries, the expert group also helped train medical personnel for Zambia and conducted academic research. At present, 11 military medical experts in the 25th batch are offering military medical assistance in Zambia. Address of the military medical team: Ash Road, Off Independence Avenue, Woodlands, Lusaka, Zambia.

The Teaching Hospital of Levy Mwanawasa University in Zambia, as China's aid project, was paired with the First Affiliated Hospital of Zhengzhou University in Henan Province to cooperate in the prevention, control, and treatment of COVID-19. It is also the largest designated hospital for COVID-19 treatment in Zambia.

Based on the medical team sent to Zambia, the Chinese Embassy in Zambia has set up a medical group for epidemic prevention and control, so as to provide medical services and consultation for overseas Chinese. The Chinese Embassy also pooled the resources from the medical team sent to Zambia, the military medical team, and the Chinese community to set up an emergency medical rescue team to offer emergency medical treatment to Chinese compatriots in Zambia. The Multi-Care Hospital in Lusaka and Sinozam Friendship Hospital in Copperbelt are the designated hospitals for Chinese citizens for COVID-19 treatment. The Embassy has organized

two rounds of vaccination against COVID-19 for Chinese citizens in Zambia, initially achieving “full vaccination coverage” for Chinese citizens.

[Main media] Zambia News Agency, established in January 1969, is the official Zambian news agency. The main TV media include the Zambia National Broadcasting Corporation (ZNBC), Muvi TV, the private TV company, Multichoice (GOTV, DSTV), Zuku, Kwense TV, Startimes, Topstar (a joint venture between Startimes and ZNBC), and Prime TV.

The main broadcast media include: the three radio stations under ZNBC, QFM (Lusaka), Radio Phoenix (Lusaka), Radio Icengelo (Kitwe), Christian Voice (Lusaka), Radio Chikuni (Monz), Radio Mazabuka (Mazabuka), Radio Maria (Chipata), Breeze FM (Chipata), Radio Yatsani(Lusaka), etc.

Newspapers with a large circulation include *Times of Zambia* and *Zambia Daily Mail*, which are state-owned newspapers, and *Daily Nation* and *Mast*, which are private.

The Press Association of Zambia and the Media Institute of Southern Africa are the main media associations in Zambia. Pan-African News Agency’s Southern Africa regional bureau is located in Zambia and is responsible for news coverage of Angola, Botswana, Lesotho, Malawi, Mozambique, Zambia, and Zimbabwe.

[Public security] Zambia enjoys a mature political system, a sound legal system, a stable political situation, and a generally stable social security situation, with no terrorist attacks or threats, and no anti-government armed groups. Residents can hold guns by legal means. Zambia has a good relationship with neighboring countries, with no war with other countries in history. However, for a long time, civil wars in neighboring countries have occurred one after another, posing a threat to Zambia's border security.

2.Economy of Zambia

2.1 Macro-economy

According to the data from World Bank, Zambia's national economy grew by 3.8% in 2016, 3.5% in 2017, 4.0% in 2018, and 1.4% in 2019. In 2020, the COVID-19 pandemic and other factors severely affected the economy of Zambia. The annual gross domestic product (GDP) was around 19.32 billion US, down by 3% on a year-on-year basis. It was the first decline in Zambia's economy since 1998. Zambia's economic data for 2021 has not been released yet. But according to the estimation made by Zambia's Ministry of Finance, the growth rate was roughly around 3.3%. In 2020, the agricultural, industrial, and service sectors contributed 2.7%, 42.7%, and 48.3% to Zambia's GDP, respectively.

According to the 2022 National Budget released by the Ministry of Finance, the total revenue (including taxes and aid) of the Zambian government from January to September 2021 was ZMW 77 billion, 50.68% higher than the budget target of ZMW 51.1 billion. The surplus mainly comes from an increase in taxes paid by mining enterprises. The total revenue for the whole year from tax and aid income is estimated to be ZMW 96.8 billion, 42.35% higher than the budget target of ZMW 68 billion. By the end of 2021, the fiscal deficit on a cash basis is projected to account for 10.4% of GDP compared with the original target of 9.3%.

According to the data from World Bank, Zambia's unemployment rate in 2020 was 12.2%. The International Labor Organization (ILO) estimated that the unemployment rate in Zambia would be 13% in 2021. Zambia's average inflation rate was 22.9% in 2021. Since 2022, the inflation rate has decreased steadily. In August 2022, Zambia's inflation rate was 9.8%, the lowest level since the pandemic outbreak and almost back to the pre-epidemic level.

According to the Ministry of Finance, the national debt of Zambia amounted to USD 31.74 billion by the end of 2021, of which the public debt to foreign lenders was USD 17.27 billion. In 2012, 2014, and 2015, Zambia issued three Eurobonds of USD 750 million, 1 billion, and 1.25 billion, with bond interest

rates of 5.375%, 8.5%, and 8.97%, and repayment due in 2022, 2024, and 2025-2027 respectively.

The Zambian government led by President Hichilema carries out economic reforms such as fuel subsidy removal and tries to attract more foreign investments to the mining industry while seeking assistance and support from IMF, the World Bank, the African Development Bank, and other multilateral financial institutions. On August 31, 2022, IMF approved a 38-month Extended Credit Facility arrangement of \$1.3 billion for Zambia to support its internal restructuring to achieve debt sustainability and create fiscal space for the much-needed social expenditures.

2.2 Key Economic Sectors

Mining, retail trade, construction, and agriculture are the main pillars of Zambia's economy.

[Mining] Zambian government attaches great importance to developing the mining industry. A series of stimulating measures and preferential policies are adopted: suspending the implementation of Statutory Instrument No. 90 about the value-added tax on imported parts (mainly for the mining industry) to improve the cash flow of mining companies; suspending the export tax on precious metals and gemstones to improve their competitiveness; suspending the 5% import duty on copper concentrate to further stimulate the production of local ores; facilitating the availability of the key inputs of the

mining industry by the Ministry of Commerce, Trade and Industry.

[Agriculture] Zambia boasts 43.2 million hectares of arable land, accounting for 58% of the country's total land area, and 39 million hectares among them are medium- and high- yield land. At present, only about 15% of Zambia's arable land has been developed. The main crops include maize, peanuts, cotton, cassava, and tobacco. In normal years, Zambia is self-sufficient in maize production, with a surplus to be exported to neighboring countries. Zambia is rich in fresh water and forage resources, which provides great potential for the development of freshwater fish aquaculture and animal husbandry. Following the privatization of animal husbandry, some foreign-funded enterprises started to enter the beef and dairy market.

The Zambian government encourages foreign investment in the agricultural sector. In 2004, Zambia launched the "Farming Block Development Plan" (FBDP), in which each province was required to set aside 100,000 hectares of land for commercial farm development. President Hichilema has also repeatedly called for more investment in agriculture.

[Tourism] Zambia boasts the world-famous Mosi-oa-Tunya Falls (AKA Victoria Falls, forming the border between Zambia and Zimbabwe), 20 National Parks, and 34 Ecological Areas, covering a total area of over 65,000 square kilometers.

[Construction] In recent years, Zambia has constructed a large number of roads, airports, hydropower stations, supermarkets, and many other projects, contributing to the rapid development of the construction sector.

2.3 Infrastructure

Zambia's basic infrastructure used to be relatively weak, with high transportation costs within the country. In recent years, the Zambian government has expanded its investment in infrastructure, which has led to certain improvement.

[Road] As one of the main modes of transportation in Zambia, road transport carries more than 80% of the total trade in Zambia by volume. The major cities in all 10 provinces are well connected by Zambia's domestic roads, while its international roads lead to eight neighboring countries including Tanzania, the Democratic Republic of the Congo, Zimbabwe and Namibia, and the major ports in Southern Africa such as Dar es Salaam, Durban, Beira, and Walvis Bay. The total length of roads in Zambia is about 67,700 kilometers, among which more than 50% are maintained by the government, and the rest, by the private sector. In 2012, the Zambian government launched a number of infrastructure construction plans: the "Link Zambia 8000" road project which involves the construction of 8,000 kilometers of roads to create links among major cities and regions; the "Pave Zambia 2000" project

aiming to upgrade 2,000 kilometers of rural roads; the “Lusaka 400” project aiming to upgrade 400 kilometers of selected roads in Lusaka, and the “Copperbelt 400” project aiming to upgrade 400 kilometers of roads in Copperbelt Province. Other road construction projects are also planned to promote economic growth and regional trade development, including the two-lane highway projects of Lusaka-Chirundu, Mpika-Chinsali, Chinsali-Nakonde, Lusaka-Ndola, Chingola-Solwezi and Solwezi-Kipushi. At present, the Zambian government is putting the project of building the Lusaka-Ndola Dual Carriage Way out to tender.

[Railway] Zambia’s railway network carries about 15% of Zambia’s total trade by volume and connects the seven major African ports, namely Port of Dares Salaam in Tanzania, Port of Beira and Port of Nacala in Mozambique, and Port of East London, Port Elizabeth, Port of Durban, and Port of Cape Town in South Africa. There are three main railways in Zambia, TAZARA with around 886 kilometers located in Zambia, Zambia Railway extending about 1,280 kilometers, and the Chipata-Mchinji Railway jointly built by Zambia and Malawi, which connects the border cities of Chadiza in Zambia and Mchinji in Malawi and finally leads to the Port of Nacala in Mozambique. In 2017, Zambia Railways and Tanzania-Zambia Railway Authority reached an agreement to share the railway lines between each other. In 2018, in order to revive the railway

transportation industry, the Zambian government issued a decree requiring all mining enterprises and bulk cargo companies to transport at least 30% of their goods by railway. On May 31, 2022, President Xi Jinping had a telephone conversation with President Hichilema, reaching a consensus on promoting the TAZARA to be the important traffic channel in the region.

[Air Transport] There are 130 airports of various types in Zambia. One-third of them are owned by the government, and the rest are private airports. Kenneth Kaunda International Airport, Simon Mwansa Kapwepwe International Airport, and Livingston International Airport are the main international airports connecting Zambia with the surrounding area and beyond. In August 2021, the reconstruction and expansion projects of Kenneth Kaunda International Airport and Simon Mwansa Kapwepwe International Airport undertaken by Chinese companies were delivered on schedule, empowering Zambia to improve its aviation infrastructure and function as a regional aviation hub. After many years of suspension, Zambian Airways, the national airline of Zambia, started cooperating with Ethiopian Airlines and officially resumed operation in 2021. At present, it mainly offers domestic flights and one international flight from Lusaka to Johannesburg. There are no direct flights between Zambia and China yet, but connecting flights via Dubai, Doha, Nairobi, Addis Ababa, and Johannesburg are all available.

[Water Transport] Zambia is a landlocked country. Mpulungu Harbor on the south bank of Lake Tanganyika is the only port in Zambia, with a daily handling capacity of 1,000 tonnes. Goods exported from this port are mainly corn, cement, sugar, steel, etc. In 2011, the African Development Bank launched the reconstruction plan of Mpulungu Harbor to facilitate Zambia's import and export trade in the Great Lakes region. The total investment in this project is USD 600 million. In April 2017, the Zambian government announced that it would ask the African Development Bank for a USD 35 million loan to renovate the port. In 2018, the loan was announced to be up to USD 50 million.

[Electricity] There are three major electricity suppliers in Zambia: Zambia Electricity Supply Corporation Limited (ZESCO) that transmits electricity to most parts of the country through the national grid; the Copperbelt Energy Corporation (CEC) that mainly sends electricity to the mining areas of Copperbelt Province; and Lusemfwya Electricity Company that mainly supplies power to the central province of Zambia. Zambia boasts rich water resources, with a power generation capacity of about 6,000 megawatts. Zambia's power grid is connected with those in Tanzania, Mozambique, Namibia, Zimbabwe, and other countries, with the potential for electricity export.

Hydropower accounts for more than 80% of the installed capacity in Zambia. Currently, there are three large hydropower stations, namely, Kariba North Power Station, Victoria Falls Power Station, and Kafue Gorge Upper Power Station, and a number of small hydropower stations. The Kafue Gorge Lower Power Station built by a Chinese company has five generating units, with a total installed capacity of 750 megawatts. So far, four out of the five units have been connected to the grid. As a result, in August 2022, ZESCO announced that the installed capacity in Zambia is 3456.8 megawatts and that the peak demand for electricity is 2,300 megawatts. The government highly values and constantly boosts the development of renewable energy, including photovoltaics.

[Digital Infrastructure] The penetration rate of the mobile communication network in Zambia is 98% and that of intelligent terminals, 43.58%. Currently, the 3G population coverage is 77.2% and the 4G population coverage, 60.85%, with no 5G network available yet. Zambia's National Data Center is a data center operated by a company established by the government. Major operators in Zambia, such as MTN and Airtel, have their own data centers. MTN, Airtel, and Zamtel provide Mobile Money services and internet connectivity to retail customers using mobile phones and routers.

2.4 Price Level

Most of Zambia's daily industrial and consumer goods are imported from neighboring countries like South Africa. In recent years, the retail industry in Zambia has been in good shape, with a sufficient supply of daily necessities. In August 2022, the inflation rate of food and non-food goods in Zambia was 11.3% and 7.8%, respectively. Since the outbreak of COVID-19, due to rising transportation costs and other factors, the prices of imported daily necessities have increased by a large margin. In contrast, the prices of local agricultural products have been relatively stable.

The average price of some goods in August 2022 (unit: ZMW)

item	unit price	item	unit price
cornmeal	162.12/bag (25kg)	sugar	46.13/2 kg
tomato	8.98 / kg	T- bone steak	85.34 /kg
cement	141.17/50 kg	edible oil	138.06/2.5 liters
charcoal	93.31/50 kg	cabbage	5.62/ kg

Source: Central Statistical Office of Zambia..

2.5 Future Plan

[2030 Vision] The Vision was released in December 2006¹¹. It proposed to make Zambia a middle-income country by 2030,

¹ 1. Website to acquire the original text : : https://www.mcti.gov.zm/?wpfb_dl=43

significantly reduce hunger and poverty, and form a competitive export-oriented economy. By 2030, Zambia will strive to achieve a 6% to 10% of economic growth rate, keep the inflation rate within 5%, increase the proportion of the secondary industry to 35% and that of the manufacturing industry to 18%, reduce the population growth rate to 1%, reduce the poverty rate to below 20%, and reduce the Gini Coefficient to 0.4. In agriculture, Zambia will strive to achieve complete irrigation of farmland, improve the production level of agriculture, forestry, animal husbandry, and fishery, and reduce the loss of crops at harvest from 30% to 10%. In the mining sector, the government will formulate laws and regulations to encourage the private sector to invest in the construction of new large-scale mines, control and restrict the production and development of small-scale mines, and put an end to illegal mining. In the infrastructure sector, in order to improve national transportation conditions and reduce high-cost transportation, the government encourages the private sector to participate in the construction and maintenance of national infrastructure to accelerate the construction of roads and airports.

[The 8th National Development Plan] It was released in April 2022 and is scheduled to be implemented from 2022 to

2026², with an estimated investment of ZMW 997.1 billion (about USD 58.4 billion at that time). The specific macroeconomic goals are: by 2026, make the real GDP growth rate above 4.5%; maintain the inflation rate at 6-8%; increase the international reserves to meet the demand of imports for at least 3 months; increase the proportion of domestic income to GDP to more than 21%; keep the domestic debt to GDP ratio below 4.7%; reduce the budget deficit to below 3.6%; gradually reduce the government's domestic arrears and avoid new arrears; reduce the foreign debt to GDP ratio below 60% and keep it sustainable.

² Website to acquire the original text:

<https://www.nydc.gov.zm/wp-content/uploads/2022/04/8th-NDP-2022-2026.pdf>

3. International economic and trade relations

3.1 Trade Data

In 2021, Zambia's trade in goods totaled USD 18.237 billion (ZMW 360.181 billion), among which exports amounted to USD 11.141 billion (ZMW 220.433 billion), and imports, USD 7.096 billion (ZMW 139.748 billion). The trade surplus was USD 4.045 billion (ZMW 80.685 billion).

Zambia's import and export trade from 2017 to 2021 (unit: hundred million USD)

Year	Volume of export	Volume of import	Trade balance
2017	81.39	87.24	-5.88
2018	90.67	94.62	-3.94
2019	73.03	72.21	0.08
2020	78.05	53.16	24.89
2021	111.41	70.96	40.45

Source: Central Statistical Office of Zambia

In Zambia, traditional goods account for 75.46% of total exports, among which more than 70% is refined copper, and

non-traditional goods account for 24.54%. Around a quarter of total exports are agricultural products, including primarily cereals and corn flour, soybean oil-cake and solid residues, coffee, tobacco, and sugar. Non-agricultural products, accounting for about 75%, mainly include metal alloys and their products, cement, non-alcoholic beverages, etc. The top imports of Zambia are automobiles, semi-trailers, crude oil, agricultural machinery, etc.

Zambia's major trading partners include Switzerland, China, South Africa, Congo (DRC), etc. Among them, the main export markets of non-traditional goods are Congo (DRC) (mainly non-alcoholic beverages), Switzerland (tobacco), South Africa (semi-manufactured gold bars), Zimbabwe (soybean oil-cake and solid residues), Malawi (cement), etc.

Zambia's top export destinations in 2021 (unit: hundred million USD, %)

Country	Value of export	Proportion	Main exports
Switzerland	47.23	42.4	refined copper
China	20.60	18.5	refined copper
Singapore	14.78	13.3	refined copper
Congo (DRC)	11.20	10	Non-alcoholic beverages, sulfides, steel

			products, etc.
South Africa	2.85	2.6	Semi-manufactured gold bars, ferroalloys

Source: Central Statistical Office of Zambia

Zambia's top import partners in 2021 (unit: hundred million USD, %)

Country	Value of import	Proportion	Main imports
South Africa	22.35	31.5	Automobile, urea, sulfide, etc.
China	9.01	12.7	Semi-trailer, rubber, etc
United Arab Emirates	8.03	11.3	Crude oil
India	4.34	6.1	Retail goods
Congo (DRC)	3.20	4.5	Cobalt oxide

Source: Central Statistical Office of Zambia

Zambia is a founding member of the World Trade Organization and a member of COMESA and SADC. In February 2021, Zambia became the 36th African Union member to ratify the African Continental Free Trade Area (AfCFTA).

According to the agreement, AfCFTA members will gradually eliminate tariffs on most goods except for the excluded products depending on product categories and their respective national conditions. In November 2021, President Hichilema said that Zambia would delay committing to the AfCFTA agreement.

3.2 Investment Data

According to the 2021 World Investment Report released by the United Nations Conference on Trade and Development (UNCTAD), FDI flows into Zambia was USD 234 million in 2020. By the end of 2020, Zambia 's stock of FDI was USD 19.368 billion. In June 2021, the data released by Zambia Development indicated that the investment of the 326 registered projects in 2020 totaled \$5.841 billion, of which \$3.17 billion was from FDI, and \$2.68 billion was from domestic investment. Zambia' s FDI is mainly from countries like Canada, China, the Netherlands, South Africa, Switzerland, and the UK and concentrates on mining, manufacturing, energy, and construction. Companies like First Quantum Minerals from Canada, Glencore from Switzerland, and Vedanta Group India have all invested in large-scale mineral resources projects in Zambia. In addition, South Africa' s investment goes mainly into communication, trade, tourism, retail, etc.

Zambia's FDI Inflows from 2016 to 2020

(unit: hundred million USD)

Year	2016	2017	2018	2019	2020
FDI	6.63	11.08	4.08	5.48	2.34
The stock of FDI (by the end of 2020)					193.68

Source: UNCTAD World Investment Report 2021

[Mining Investment] At present, foreign investment companies developing mineral resources in Zambia are:

(1) First Quantum Minerals operates Kansanshi Open-pit Copper Mine and Kalumbila Open-pit Copper (-Nickel) Mine in Northwest Province. It also owns a pyrometallurgical smelter and a hydrometallurgical smelter.

(2) Mopani Copper Mines (MCM), a subsidiary of Glencore, originally operated two underground mines, namely, Nkana Mine and Mufulira Mine, in Copperbelt Province. It also owned a pyrometallurgical smelter and a refinery. At the beginning of 2021, the Zambian government, through its mining investment arm, Zambia Consolidated Copper Mines Investment Holdings (ZCCM-IH), completed the 100% acquisition of Mopani Copper Mines and took over the ownership of the copper mine.

(3) Konkola Copper Mines (KCM), once owned by Vendata, now operates the Konkola Mine and Chingola

Open-pit Mine in Copperbelt Province. It also holds a pyrometallurgical smelter, a hydrometallurgical smelter, and a refinery. At present, Zambian government is looking for new investors for KCM.

(4) Lumwana Copper Mine, a subsidiary of Barrick Gold Corporation, operates Lumwana Open-pit Copper Mine in Northwest province.

(5) Lubambe Copper Mine, a subsidiary of Australia EMR Fund Company, operates Lubambe Underground Mine in Copperbelt Province.

(6) NFC Africa Mining, a subsidiary of China Nonferrous Metal Mining Group, operates Chambishi Copper Mine in Copperbelt Province. Luanshya Copper Mines controls Luanshya Copper Mine in Copperbelt Province and a hydrometallurgical smelter. Chambishi Copper Smelter owns the pyrotechnic smelter for Chambishi Copper Mine in Copperbelt Province. Chambishi Hydrometallurgy Company operates a small hydrometallurgical smelter.

3.3 China-Zambia Economic and Trade Relations

3.3.1 China-Zambia relations

The diplomatic relationship between China and Zambia was established on October 29, 1964. Zambia is the first country in southern Africa to establish diplomatic relations with China.

The two countries enjoy a profound and long-term friendship, with the friendly cooperation still improving.

When President Kaunda was in office (1964-1991), he highly valued China-Zambia relations. Having visited China four times during his term of office, he called China a "reliable all-weather friend". China actively supports the Zambian government's struggle to consolidate political independence against Western colonial control. The TAZARA Railway, built with assistance from China, has become a monument of China-Zambia and China-Africa friendship.

In September 2021, the United Party for National Development (UPND) came to power. China continues to support Zambia's independent exploration of a development path in line with its own national conditions. Both sides attached great importance to developing bilateral relations and were committed to deepening their friendly cooperation. In May 2022, President Xi Jinping had a telephone conversation with President Hichilema, reaching a critical consensus on consolidating the China-Zambia friendship and deepening mutually beneficial cooperation, which provided political guidance for the all-round development of China-Zambia all-weather friendship.

3.3.2 Bilateral trade

In 2021, the bilateral trade volume between China and Zambia reached USD 5.172 billion, a year-on-year increase of 23.5%. Among them, China' s exports amounted to USD 781 million, a year-on-year increase of 14.7%, and imports reached USD 4.391 billion, a year-on-year increase of 25.2%. China' s main exports to Zambia include: ① motors, electrical equipment, audio-visual equipment and their accessories; ② boilers, mechanical appliances and parts; ③ vehicles and spare parts (except railway vehicles); ④ shoes, boots, leg guards, similar products and their parts; ⑤ steel products; ⑥ rubber and its products; ⑦ steel; ⑧ optical, photographic, and medical equipment and accessories; ⑨ other textile products, sets of goods, old textiles; ⑩ ships and floating structures.

The main products that Zambia exported to China include: ① copper and its products; ② ore sand, slag, and ash; ③ wood and wood products, charcoal; ④ other base metals, cermets and their products; ⑤ rawhide (except fur) and leather;

⑥ cotton; ⑦ coffee, tea, yerba mate and spices; ⑧ tobacco, tobacco products, tobacco substitute products; ⑨ salt, sulfur, soil and stone; lime and cement, etc. ⑩ oilseeds, kernels, industrial or medicinal plants, feeds.

China-Zambia bilateral trade from 2016 to 2021

(Unit: hundred million USD)

Year	Value (hundred million USD)			YoY growth (%)		
	Import and export	Export	Import	Import and export	Export	Import
2016	26.76	4.90	21.86	14.4	-11.3	22.4
2017	37.90	7.09	30.80	41.7	44.7	41.1
2018	50.74	9.70	41.04	32.4	36.7	31.4
2019	42.32	9.70	32.62	-16.2	0.1	-20.1
2020	39.88	6.81	33.06	-5.8	-29.8	1.3
2021	51.72	7.81	43.91	23.5	14.7	25.2

Source: General Administration of Customs of China

3.3.3 Bilateral Investment

According to China's Ministry of Commerce, China's direct investment in Zambia was USD 380 million in 2021. As of the end of 2020, the stock of China's direct investment in

Zambia was USD 3,055 million (the data for 2021 has not been released yet). More than 600 Chinese enterprises operate in Zambia, mainly in the mining, manufacturing, construction, tourism, agriculture, and service sectors.

3.3.4 Economic and Trade Cooperation Zone

[Zambia-China Economic and Trade Cooperation Zone]
Zambia-China Economic and Trade Cooperation Zone (ZCCZ), established in February 2007, is the first Chinese overseas economic and trade cooperation zone in Africa and also the first Multi-Facility Economic Zone (MFEZ) approved by the Zambian government. With a planned area of 17.28 square kilometers, ZCCZ contains the Sino-Zam Friendship Hospital, located in downtown Kitwe, Copperbelt Province, and two multi-facility economic sub-zones, Chambishi MFEZ and Lusaka East MFEZ. Chambishi MFEZ is located in Copperbelt Province, with an area of 11.58 square kilometers; Lusaka Park is next to the Kenneth Kaunda International Airport, with an area of 5.7 square kilometers.

ZCCZ aims to effectively develop and utilize Zambia's abundant copper and cobalt resources, add value to mineral resources, and extend its industrial chain, so as to tap into the global market and promote Zambia's economic development. With the non-ferrous metal industry as its pillar, the Chambishi

MFEZ seeks to extend the non-ferrous metal processing industry chain by developing its supporting services, serving as a demonstration project stimulating the development of surrounding areas. Taking advantage of its adjacency to the airport, the Lusaka MFEZ prioritizes the development of industries like commerce, logistics, and processing, building itself into a modern Airport Industrial Park with the free trade zone as its primary function.

As of July 2022, 79 enterprises were registered in the two MFEZs of ZCCZ, with an accumulated investment of over USD 2.5 billion. The direct investment from the Zambia-China Economic and Trade Cooperation Zone Development Co., Ltd. was nearly USD 200 million. The total sales revenue of the enterprises in the zones exceeded USD 24 billion, providing nearly 10,000 local jobs. The industries operating within the region include hydrometallurgy, copper smelting, construction, logistics, mining and concentrating, agriculture, winemaking, pharmaceutical, etc. The Sino-Zam Friendship Hospital provides comprehensive medical services to the public. On top of advanced medical apparatus such as MRI scanners and laparoscopic instruments, the hospital is also equipped with experienced medical teams. With 111 medical staff distributed in the main hospital and its four affiliated clinics, Sino-Zam Friendship Hospital is responsible for the daily medical care and treatment of 37,000 people.

In terms of investment promotion, ZCCZ worked together with Anhui Provincial Department of Commerce, Jilin Provincial Department of Commerce, Ningxia Hui Autonomous Region Department of Commerce, Henan Luohe Municipal Government, Sichuan African Investment Chamber of Commerce, Shenzhen Yingli, Jilin Provincial Overseas Agricultural Investment Development Group, and other institutions. Through complementary cooperation, a new pattern of cooperative investment was set up to boost positive development. In addition, ZCCZ also maintains close collaboration with the Zambia Association of Manufacturers and the Zambia Chamber of Small and Medium Business Association. In the future, ZCCZ will further align with Zambia's national conditions and market conditions, and implement the business strategy of "overall planning, phased development, completion of one piece, and recycling revenue" under the joint guidance of the governments of China and Zambia, with a view to achieving better economic and social benefits.

[Zambia-Jiangxi Economic Cooperation Zone]
Zambia-Jiangxi Economic Cooperation Zone is jointly financed by seven large state-owned enterprises in Jiangxi Province. Located in Kibangbu City, Central Province of Zambia, the zone is 88 kilometers from the capital city of Lusaka and 42

kilometers away from Kabwe, the capital of Central Province. With well-equipped facilities for leisure, entertainment, medical, education, and living, this Economic Cooperation Zone will integrate industry, trade, logistics, and comprehensive services to create a new ecological zone highlighting characteristic industries in Jiangxi and meeting the needs of Zambia' s economic development. The focus will be on the development of agriculture and forestry products processing, food processing, light textile, building materials production, electromechanical products manufacturing, new energy development, and other industries.

The Economic Cooperation Zone is generally divided into five functional areas: industrial cooperation, commercial and residential complex, scientific and technological innovation, eco-leisure, and agricultural development. Currently, the planned industrial cooperation zone covers an area of 7.6 square kilometers, of which 5.7 square kilometers have been designed in detail. The total investment in the industrial cooperation zone is approximately USD 600 million, and the construction period is from 2019 to 2035. Up to now, it has created 500 local jobs. It is estimated that by 2035, when the industrial layout of the park is completed, the annual industrial output will reach about USD 1 billion.

The total investment in the cooperation zone has now surpassed USD 50 million. The completed projects include: the 6.1-kilometer road network in the startup area, the 30,000-square-meter steel structure workshop, and the 16,000-square-meter plus road service area and its supporting facilities. In 2022, the park started the construction of the 20-MW large-scale transformer substation and gas stations. The comprehensive office complex with a floor area of 12,000 square meters is under construction, and is estimated to be put into use in mid-2023.

In December 2020, the Zambian cabinet officially declared Jiangxi Cooperation Zone as an MFEZ, indicating that future construction of the zone and the enterprises in the zone will be qualified to enjoy the preferential policies offered by the Zambian government in taxation and other aspects. In order to encourage investment, the Zambian government has provided many preferential policies and convenient measures to the enterprises seeking investment in the zone, such as a 10-year exemption from export income tax. The operators of the cooperation zone also provide a one-stop service for the enterprises in it. Other facilities including factories, office buildings, hotels, and land that can be rented out all contribute to the creation of a first-class business environment.

As of July 2022, six enterprises have signed up for registration, including tobacco planting and processing plants,

pharmaceutical factories and medical devices, electric porcelain factories, logistics parks, and steel component processing plants. The total investment in the project has amounted to USD 160 million and is expected to create 1,800 jobs. In addition, projects to be signed for registration include solar power stations, development and processing of forestry products, gravel yards and brick factories, and feed processing.

4. Investment Environment

4.1 Attractive Investment Destination

Zambia is one of the African countries with a relatively friendly environment for trade and investment. It is endowed with rich natural resources, and the government has actively implemented the policy to facilitate economic diversification and the development of agriculture, mining, manufacturing, and tourism industries, with some positive results achieved. For a long time, Zambia has adopted a free and market-oriented open economy with no import and export quotas. It allows investors to access all economic sectors and offers preferential policies in the areas of tax relief, labor permits, land transfer, and freely convertible currencies to attract foreign investment. What's more, Zambia launched the "Action Plan to Boost Business Environment" in 2013 to facilitate the investment process and improve the local business environment by introducing the unified company registration number, reducing or waiving the costs in Environmental Impact Assessment for low-risk projects, and adopting automated service system.

According to *Doing Business 2020* released by the World Bank, Zambia is 85th among the 190 economies in the world in the ease of doing business ranking.

4.2 Financial Environment

4.2.1 Local currency

Zambian currency is known as the Kwacha. The convertibility of the Kwacha is relatively free and can generally be exchanged to US dollars, British pounds, Euros, South African rand, and other currencies. RMB and Kwacha can be converted at the Zambian branch of the Bank of China, but the conversion of RMB is not available in other banks yet. Since the new government took office in August 2021, the Kwacha has witnessed a stable appreciation. On 31 August 2022, the exchange rate was around 1: 16 against the US dollar, around 1: 16 against the Euro, and 1:2.36 against the RMB.

4.2.2 Foreign exchange management

In May 2019, Zambia's finance minister reiterated that Zambia is committed to keeping a free-floating exchange rate and will not try to control the recent fluctuation of exchange rate via government intervention. According to the relevant laws of Zambia, a withholding tax of 10% is applicable on the remittance of corporate profits, unless there exists a bilateral taxation agreement stipulating otherwise. According to Zambia's current regulations: (1) All cross-border transactions must be declared at the bank. (2) The caps for foreign currency transactions are \$5000 a day for cash withdrawal, \$20,000 for

individual deposits, and \$100,000 for corporate deposits. (3)
The cash carried across borders must be no more than \$5,000.

4.2.3 Banks and insurance companies

Established in 1964, the Bank of Zambia is the central bank of Zambia and the country's highest financial authority. Its functions include issuing currency and maintaining currency stability, formulating financial policies to foster a sound financial system, serving as the banking operator and financial adviser, and managing and supervising the commercial banks. There are 17 commercial banks (foreign banks and local banks) in Zambia, including the branches of Standard Chartered Bank of the United Kingdom, Standard Bank of South Africa, and Citibank of the United States.

[Bank of China (Zambia)]

Established in 1997, the Bank of China (Zambia) is the first Chinese financial institution in Africa and the only Chinese bank in Zambia. With a subsidiary bank license, the Bank of China (Zambia) has two branches in Zambia, one in Lusaka and the other in Kitwe, with a total registered capital of USD 100 million. As a full-licensed bank, it can provide a full range of financial services. In 2015, it was appointed as the RMB clearing bank by the central banks of China and Zambia.

Address: Plot No.2339, Kabelenga Road, Lusaka

Mailbox: 34550, Zambia

SWIFT: BKCHZMLU

Tel: 00260-211238686/238688

Fax: 00260-211235350/225925

Email: executive.zm@mail.notes.bank-of-china.com

Other major financial institutions in Zambia are: Development Bank of Zambia, National Savings and Credit Bank, Home Mortgage Benefit Association, leasing companies, foreign currency exchanges, and nine insurance companies including Prudential UK.

4.2.4 Financing channels

In order to send robust interest rates signals to the market, Zambian Central Bank started to announce the Bank of Zambia Policy Rate every month from April 2012. In November 2021, the benchmark interest rate was raised to 9.0%, and the average lending rate of commercial banks was 25.23%. Zambia's local financial institutions provide financing services for foreign and local enterprises on the same terms, depending on the company's operating and financial conditions, project details, pledge records, etc. The financing conditions are fairly strict, with a relatively high interest rate.

As for the requirements and procedures for Chinese enterprises to apply for a letter of guarantee in Zambia, please consult the Bank of China (Zambia).

4.2.5 Credit card

Zambia's credit card system is not well developed, but the widely accepted credit cards like Visa and Master can still be used in large hotels and shopping malls in Zambia.

4.3 Securities Market

According to Section 38 of the *Securities Act* in 1993, the Zambian government established the Securities and Exchange Commission in Lusaka to oversee the securities market.

Lusaka Securities Exchange Plc (LuSE) was officially opened on February 21, 1994. Currently, 25 companies are listed on LuSE.

In order to encourage companies to go public and promote the development of the securities market, Zambia requires companies listed on LuSE be entitled, in the first year, to a corporate tax reduction of 2% or 7% if more than one-third of the company's shares are held by Zambian citizens.

In June 2012, Zambia's second stock exchange, the Bond and Derivatives Exchange, was established. It mainly focuses on bonds and derivatives.

4.4 Factor Costs

4.4.1 Water, electricity, gas and fuel prices

[Water] Zambia's water users are classified into four types: metered domestic, metered commercial, unmetered domestic, and unmetered commercial. The increase in water charges is subject to approval by the National Water Supply and Sanitation Council (NWASCO). The water charges increased by 20% in 2017, 15% in 2018, and 9% in 2019.

[Electricity] Zambia Electricity Supply Corporation (ZESCO Limited) transmits electricity through the national grid to most areas of the country except the Copperbelt Province. In May 2017, Energy Regulation Board (ERB) approved ZESCO Limited's application to increase electricity tariffs in two stages. The first phase started on May 15, 2017, with a 50% increase in electricity tariff and the second phase started on September 1, 2017, with a further 25% increase. In 2018, the Ministry of Finance requested that the cost of electricity services be calculated and the financial and operational sustainability of ZESCO be assessed. This may further push high electricity tariffs in Zambia. In March 2019, ZESCO Limited applied to raise the electricity tariff again but was not approved. In accordance with the *Electricity Act*, ZESCO has revised its electricity prices, which took effect on January 1st, 2020. Since 2022, ZESCO has urged the ERB to carry out a cost-of-service

study in preparation for higher electricity prices, but the results have not been released yet as of August 31, 2022.

[Fuel] The role of ERB is to manage the fuel price in Zambia. After the current government came to power, the fuel subsidy was removed. Since 2022, ERB has started to adopt a monthly adjustment of the fuel prices, which have been surging due to the crisis in Ukraine and the rise of international oil prices.

Fuel pump prices in Zambia (September 1st, 2022)

(Unit: Kwacha/L)

Category	Unleaded Petrol	Low Sulphur Diesel	Kerosene
Price	21.54	23.12	16.71

Source: Zambia Energy Regulatory Board (ERB) Website

4.4.2 The cost and supply of labor

Zambia has an abundant, low-cost labor force, but is short of high-quality labors including talents in management and senior skilled workers. According to the *Labor Force Survey 2020* launched by the Zambia Statistical Agency, the working-age population in Zambia was about 9.905 million, with a labor force of 3.465 million. Among them, the labor force from the rural accounted for 33.9%, and the urban, 66.1%.

The wages in Zambia vary among jobs. The monthly salary for management positions ranges from 5,000 to 50,000 Kwacha. The monthly salary for non-management positions ranges from 1,000 to 12,000 Kwacha. Both employers and employees are required to contribute an amount equal to 5% of the employees' wages to the National Pension Scheme. In September 2018, Zambia revised the minimum wages and conditions of employment for domestic workers, commercial workers, receptionists, and security guards. The wages of domestic workers were increased from 522.4 Kwacha to 993.60 Kwacha, including the transportation subsidies. The revised minimum wage for commercial workers has been raised from 1,132 Kwacha to 1,698.60 Kwacha, including transportation, lunch, and housing subsidies. The specific number varies according to the level of employees, among which the minimum wage for the highest level is 3,558.9 Kwacha. For general workers such as receptionists and security guards, the minimum wage for the basic level is 1,698.60 Kwacha, and for the senior level, 3,151.61 Kwacha. According to the *Labor Force Survey* released by the Zambia Statistics Agency in 2020, the average monthly wage of employees is 4,393 Kwacha, 2,345 Kwacha in the agricultural sector and 4,733 Kwacha in the non-agricultural sector. Professionals enjoy the highest average monthly salary, which is 8,787 Kwacha. The average salary for managers was

6,876 Kwacha, for skilled workers, 6,350 Kwacha, and for service and sales persons, 2,688 Kwacha.

4.4.3 Land and Housing Prices

The price for land purchasing and leasing in Zambia are as follows:

Average cost of land purchasing in Zambia

(Unit: USD/square meter)

Site	Commercial		Residential
	Industrial Park	Others	
Lusaka	40	20	12
Kitvey	20	15	7
Ndola	20	15	7
Livingston	12	10	5

Source: Zambia Development Agency website

Land leasing prices in major cities in 2019

(Unit: USD/square meter/month)

Category	Price
Office	9-16
Commercial /Buildings (Storefronts)	12-40

Residence	12
Storehouse	5-15

Source: Zambia Development Agency website

4.4.4 Building cost

According to Zambia Development Agency, the cost per square meter of a reinforced concrete structure factory is USD 390-450. According to the monthly report of the Zambia Statistics Agency, the average price of cement in May 2022 was 145.43 Kwacha /50 kg. Plastic steel is seldom used in Zambian construction enterprises.

In August 2019, the Minister of Housing and Infrastructure Development called for the introduction of standardized models and costing for constructing public infrastructure as soon as possible, so as to eliminate the cost differences among the public infrastructure like schools, hospitals, and roads in the country and to save government expenditure. Since 2020, the price of raw materials has continued to rise due to the dual blows of COVID-19 and currency depreciation. The Ministry of Commerce, Trade and Industry and its Fair Competition Commission have been making efforts to stabilize the price of raw materials.

5. Laws, Regulations, and Policies

5.1 Trade

The Ministry of Commerce, Trade and Industry is in charge of import and export operations for Zambia. Its primary responsibility is to formulate trade policies and regulate other agencies involved in implementing these policies. Zambia Development Agency (ZDA), Zambia Bureau of Standards (ZABS), and Zambia Revenue Authority (ZRA) are also involved in trade management.

Trade-related laws and regulations in Zambia mainly include *Customs and Excise Act, Value-Added Tax Act, Competition and Fair Trading Act, Technical Standards and Regulations Standards Act, Food and Drugs Act, Companies Act, Intellectual Property Rights Patents Act, Merchandise Marks Act, etc.*

Zambia's trade policies have been laid out in a series of national documents like Vision 2030 (Zambian Government, 2006), National Trade Policy (Ministry of Commerce, Trade and Industry, 2018), National Industrial Policy (Ministry of Commerce, Trade and Industry, 2018), National Export Strategy (Ministry of Commerce, Trade and Industry, 2018), 2018-2022 National and Local Development Strategy (Ministry of Commerce, Trade and Industry, 2018) and Zambia's Eighth National Development Plan (2022). All these documents aim to

build a prosperous and diversified economy by 2030 and make Zambia a diversified and industrialized net exporter of goods and services.

Zambia features a liberal import and export regime, with no restrictions on the volume and value of most goods. Trade restrictions are only imposed on the export of logs, gemstones, endangered wildlife, primary agricultural products like corns, and a few commodities such as oil and fertilizer, and the import and export of goods that would endanger national security, violate moral rules, social norms, or religious beliefs.

5.2 Investment

In May 2006, the *Zambia Development Agency Act* (revised in 2014) was enacted, specifying related issues on the promotion and protection of investment. On January 1, 2007, the Zambia Development Agency under the Ministry of Commerce, Trade and Industry was established to take charge of the specific matters related to trade and investment promotion and enterprise development and to provide “one-stop” services for investors.³

Zambia’s laws and regulations for investment mainly include: (1) *Zambia Development Agency Act*, stipulating the investment procedures and incentives; (2) *Companies Act*,

³ The Zambia Development Agency Added a Chinese website in 2019:
<http://investzambia.zda.org.zm/zh/homepage>

stipulating the registration procedures of companies; (3) *Customs and Excise Act, Income Tax Act, and Value Added Tax Act*, stipulating the tax benefits for investors; (4) *Employment Code Act*, stipulating investors' mandatory obligations in employment contracts; (5) *Immigration and Deportation Act*, stipulating the rules of employment permits for overseas workers.⁴.

Foreign investors are required to apply for investment licenses from the Zambia Development Agency (ZDA), the board of which will make a decision within 30 days based on the submitted investment plan. The primary considerations are the extent to which the proposed investment will help promote Zambia's economic growth, the creation of employment opportunities; the development of human resources; the degree to which the project is export-oriented; the likely impact on the environment; the amount of technology transfer; and any other considerations the Board considers appropriate. If rejected by the ZDA board, the applicant can apply for a review by the Ministry of Finance. For any disagreement on the review result, the applicant can appeal to the High Court of Zambia. Investment in communication, banking, tourism, transportation, mining, health, education, forestry, and aviation must be

⁴ The full text of relevant laws can be found on the website of the National Assembly of Zambia : <https://www.parliament.gov.zm/acts/volumes>

approved by corresponding national authorities in addition to gaining investment licenses.

Zambia is an investor-friendly country with no limitations on investments in certain industries or regions. Only some specific restrictions are placed on a few industries. For example, *the Mines and Minerals Development Act* stipulate that the mining rights to small-scale and artisanal mines, the Gold-Panning Certificates, and the Mineral Trading Permits are only granted to Zambians or Zambian-owned companies, but the mining rights of industrial minerals are not subject to this restriction. As all land in Zambia is owned by the state, foreign investors can only hold the land on a 99-year lease instead of gaining complete ownership. In order to enter Zambia's market, foreign-owned telecom companies are also required to have 10% of their shares held by Zambians through Lusaka Stock Exchange.

In order to encourage foreign investment, ZDA offers both concessions on income tax, value-added tax, and customs duties, and non-tax incentives such as granting one Investor's Permit and up to five work permits for overseas employees to any investor who invests no less than USD 250,000 in Zambia. In addition, ZDA also assists investors in terms of land, supporting facilities, residence, industry licenses, etc.

In terms of investment protection, property rights are protected by *the Development Agency Act*, which stipulates that property may only be expropriated by parliament with a specific act being passed. The law also requires the government to make full compensation at a fair market value convertible at the current exchange rate. Zambia is the signing member of the Multilateral Investment Protection Agreement of the World Bank and the African Trade Protection Agreement, among other international treaties. It has also signed bilateral investment promotion and protection agreements with China and many other countries.

5.3 Taxation

Zambia's Ministry of Finance designs tax policies and makes adjustments to the tax system every year to meet the needs of macroeconomic development. Zambia Revenue Authority (ZRA) is the government authority for tax management and collection. With the Governing Board as its executive body, ZRA manages various kinds of taxes via the Department of Income Tax, the Customs and Excise Division, the Value Added Tax Division, and the Direct Tax Division⁵

Zambian taxes mainly include corporate income tax, personal income tax, mineral royalty tax, customs duty,

⁵ ZRA manages various kinds of taxes via two operating divisions, namely the Domestic Taxes Division and the Customs Services Division. Each of these divisions is headed by a Commissioner. See <https://www.zra.org.zm/about-us/>

consumption tax, and value-added tax. According to the Income Tax Act, all taxpayers must declare in written form their taxable income to ZRA within 30 days after receiving the payment. A fine will be imposed on violation of this. All companies, whether state-owned or private, local companies or subsidiaries or branches of foreign companies, are subject to the same tax rules and regulations.

[Corporate Tax] The corporate income tax rates applicable in different sectors are as follows:

Table 5-1: Corporate Tax Rates by Industry

Industry	Tax rate
Agriculture	10%
Mining	30%+ (15%-0.12/c)
Manufacturing	30% (15% for fertilizer manufacturers)
Banking	30%
Telecommunication	30% (40% for the part of income exceeding ZMW 250,000)
Export of non-traditional products	15%
Approved non-profit organizations	15%

Trust, inheritance, or bankruptcy assets	30%
Township and village enterprises	1/7 tax reduction in the first five years
Turnover less than ZMW 800,000	4% of the turnover

Note: C= taxable income / total turnover.

Since 2022, the Zambian government has cut the rate of corporate income tax from 35% to 30% (telecom companies excluded) to promote enterprise development and employment growth.

[Personal Income Tax] Zambia uses progressive income taxation for individuals under the system of Pay As You Earn (PAYE). The employer is required to deduct the tax payable from the emoluments of employees and remit the tax deducted to ZRA. In addition, the employer is also required to use the provided form to file the Annual Income Tax Return to ZRA at the end of each tax year. It should be noted that the emoluments of overseas employees hired in Zambia are also due for personal income tax under PAYE.

Table 5-2: Personal Income Tax Rate

Monthly income (ZMW)	Tax rate (%)
-------------------------	-----------------

0-3300	0
4501-4800	25
4801-6900	30
Above 6900	37.5

Source: Zambia Revenue Authority.

[Value-Added Tax] According to *the Value-Added Tax Act* of 1995 and the amendment act of 2013, dealers or suppliers of goods or services with a taxable turnover exceeding ZMW 800,000 should register for value-added tax. Once registered, the dealers or suppliers have the responsibility to submit monthly VAT reports in time, and penalties will be imposed for any delay or negligence (including zero-rated items).

The current VAT rate in Zambia is 16%, while medical, educational, and funeral services can enjoy VAT relief. Zero-rate items include basic foods, agricultural supplies, exports of goods, foreign aid donations, medical supplies and drugs, hammer mills, curtains treated with pesticides, tour guide services, and group tours. Education and health services, supply of water services, public transport services, and land and real estate transactions are entitled to enjoy VAT exemption.

Registered dealers or suppliers must submit monthly VAT reports within 21 days after the end of the accounting period,

and the input VAT can be claimed within three months from the date of issuance of tax invoices or other supporting documents. Zambia had planned to abolish the VAT and replace it with Sales Tax but failed due to strong resistance.

[Customs Duty and Excise] Zambia implements a Customs Duty based on CIF, with the tax rate ranging between 0 to 30%. Zambia's simple average import tariff is around 14%. The tax rate on imported vehicles varies from 10% to 30%, depending on the age. The duty on imported drinks is 60%. Tobacco is subject to a special tariff of 240 Kwacha per thousand cigarettes.

Zambia's consumption tax rate ranges from 3% to 20%. The object of taxation includes mineral water, sucrose, beet sugar and its products, beverages, tobacco, electricity, and oil.

In 2022, the Zambian government adjusted its policy on Customs Duty and excise:

- (1) Take measures to promote export: cancel the 10% export duty on raw maize.

- (2) Take measures to stimulate economic activities in other sectors: making mining royalties deductible from income taxes to avoid double taxation; applying a zero rate of VAT on specific agricultural equipment such as fertilizer spreaders and harvesters and new energy facilities such as solar street lamps.

(3) Take measures to support localized production: applying zero income tax for ceramic products manufacturers; imposing VAT on property insurance, non-life insurance, physical printing services, and electronic newspapers.

(4) Take measures to promote tourism: reducing the income tax of tourism companies from 35% to 15%; extend the tariff reduction for tourist vehicles to the end of 2023.

[Withholding Tax] The rate of Withholding Tax is generally 15%. Mining companies are exempt from withholding tax. Citizens letting their properties are required to withhold 10% of the rentals.

[Property Transfer Tax] Property transfer tax is levied on the transfer, sale, gifting, and inheritance of movable property and real estate transactions at the tax rate of 3%. For the transfer of permits for mineral processing and other mining-related activities, the rate is 10%.

[Mineral Royalties] In 2019, Zambia increased mineral royalties by 1.5% on the respective original basis. After the adjustment, for the copper price between USD 1 dollar to 4,499 dollars per ton, the tax rate is 5.5%; for the price of USD 4,500 to 5,999 per ton, 6.5%; and for the price of USD 6,000 to 7,499 per ton, 7.5%. When the copper price exceeds USD 7,500 per ton, the mineral royalties are 10% and can be deducted from the corporate income tax.

5.4 Provisions on Special Economic Zones

According to the *Zambia Development Agency Act*, Multi-Facility Economic Zones (MFEZs) can be established in Zambia to facilitate foreign investment and offer preferential policies. Enterprises investing in MFEZs enjoy tax incentives in the following aspects: (1) Income tax. Enterprises are allowed to increase the depreciation rate at an early stage of operation to reduce corporate income tax. (2) Customs duty. Raw materials, capital goods, and machinery, and equipment imported by companies within the zone are exempt from tariffs for five years. (3) Value-added tax. Imported machinery and equipment used for the construction of the cooperation zone can enjoy zero tax rates. Investment projects beyond the total investment approved in the license can also enjoy the preferential investment policies stipulated in *Zambia Development Agency Act*.

Zambia's MFEZs (Economic and Trade Cooperation Zones) include the Zambia-China Economic & Trade Cooperation Zone (composed of Chambishi MFEZ and Lusaka East MFEZ), Zambia's Jiangxi MFEZ, the Lusaka South MFEZ, Roma Industrial Park, Lumwana MFEZ, and Ndola MFEZ. Zambia plans to build at least one multi-facility economic zone in each province.

5.5 Labor and Employment Regulations

In early 2019, Zambia promulgated *the Employment Code Act* (Act No.3 of 2019), which was implemented on May 10, 2019.

Employees in Zambia are divided into permanent employees and temporary employees. Most provisions in the new Act only apply to the former rather than the latter. The Employment Act prohibits employers from hiring temporary employees for long-term jobs, which refers to the projects that cannot be completed within six months.

[Work Permit] According to the law, investors who invest no less than USD 250,000 in Zambia will be granted an Investor's Permit and up to five work permits for overseas employees. A work permit should be acquired before entry. For investments over USD 10 million, the number of overseas employees can be negotiated with the government.

According to the Zambia Department of Immigration, employers can only apply to hire overseas employees if they can prove that no Zambians with proper experience and skills qualify for this position. Therefore, only engineers, experts, and senior managers are encouraged to work in Zambia with work permits. According to the new Employment Law, foreign employees are only allowed to take up the jobs listed in the list of Critical Skills. Jobs not included in this list can only be taken

by Zambian citizens. Employers shall not dismiss any number of Zambian citizens for employing a foreigner. Employers may not force overseas workers to take up jobs that they do not agree to. Violations of this clause constitute a criminal offense. Once convicted, employers must accept a fine of not more than 300,000 penalty units (equivalent to ZMW 90,000, or be imprisoned for not more than three years, or both. In addition, where feasible, employers should assign an apprentice to overseas workers, formulate a training and succession plan, and then submit annual reports to the labor department, which can check the progress at any moment.

The Ministry of Labor will keep a record of the names of employers, names, gender, nationality, qualification certificates, positions, and other information of all the overseas workers in Zambia. The registration book of foreign workers should be kept by the Labor Commissioner and made available for public inspection during regular office hours.

[Special Committee] According to the authorization of the new labor act, the Zambian government has set up two special committees, namely the Skills Advisory Committee and the Labor Advisory Committee. The Skills Advisory Committee offers suggestions to the Minister of Labor to guarantee the following aspects: Zambian citizens have the priority to obtain employment opportunities; According to the provisions of the *Citizens Economic Empowerment Act* of 2006, take positive

actions in favor of Zambian citizens in employment and labor relations; For jobs of the same value, Zambian citizens get the same salary as foreigners; Promote the welfare of Zambian citizens in employment and labor relations.

The Labor Advisory Committee will become a special committee of the Tripartite Consultative Labor Council, and its functions include: investigating the wages and employment conditions of any post or industry so as to put forward suggestions on the minimum wages and employment conditions; for employees of any group, evaluating their minimum wage and employment conditions, and then making relevant recommendations to the Minister of Labor.

5.6 Provisions for Foreign Enterprises to Acquire Land/Forest Land in Zambia

According to the *Lands Act* (No. 29 of 1995) promulgated in 1995, the land is categorized into State Land (6%), Trust Land (37%), and Reserve Land (57%), of which the latter two are Customary Land. State Land is assessed to serve residential, commercial, or industrial purposes by the local government. Customary Land is administered by chiefs in traditional communities and distributed with land certificates signed by the chiefs. Land under customary tenure may be converted into State Land and then privatized. State Land can only be held by leasing. The lease can be renewed for another 99 years after the

first 99-year term. The lease can also be transferred to others before the end of the term.

Non-Zambians or foreign-funded companies can obtain State Land if the following conditions are met: (1) Permanent residents of Zambia; (2) Investors as defined in the *Zambia Development Agency Act* or any other laws related to investment promotion; (3) In exceptional circumstances, the written approval of the President should be obtained; (4) A company that is registered in Zambia with no less than 75% of its shares held by Zambians and is entitled to get the landholding certificate; (5) Short-term lease of no more than five years; (6) Having obtained a concession by the *National Parks and Wildlife Act*.

Prior to the land transaction, State Consent must be obtained from the Commissioner of Lands. If consent is not granted within 45 days of filing the application, the application is deemed granted. If consent is rejected, the Commissioner of Lands must provide the reasons of refusal within 30 days.

For customary land, investors must obtain written consent from the chief and an approval letter from the local government. If the land is located in a wildlife protected area, the approval letter from the person in charge of wildlife management should also be applied. After obtaining these approval letters, the

investor should report to the relevant regional government, which will then report the relevant documents to the Commissioner of Land, who will issue a formal quotation to the applicant.

5.7 Main Methods of Business Dispute Resolution and Applicable Laws

Disputes arising from investment cooperation in Zambia can be settled through courts or arbitral institutions under Zambian laws. Enterprises can request international arbitration or foreign arbitration. Since Zambia inherited the British legal system upon its independence, judges may refer to English common law and equity in judicial practice.

6.Procedures for Investment Cooperation in Zambia

6.1 Procedures Required to Register an Enterprise

6.1.1 Types of Enterprises

Zambian local companies can be mainly classified into two types: private limited companies and public limited companies. A private limited company, whose name usually ends with “limited company”, is a registered company established and owned by an individual. The number of directors and shareholders in a limited company must be no less than two, and its shares or bonds cannot be held in public hands. Limited companies come in three types: companies limited by shares, bonding companies, and unlimited liability companies. A public limited company is required to declare in its articles of association as a “public limited company”, and its name usually ends with “public limited company” (abbreviated as PLC), with a minimum capital of 1 million Kwacha.

Types of Companies in Zambia and their requirements

Types of companies		Registration requirements
Private limited company	Company limited by	The number of shareholders should be no more than 50. Not allowed to issue shares or bonds to the public;

	shares	The registered capital of a non-financial company shall not be less than 15,000 Kwacha.
	Bonding company	No capital contribution is required. The liability of each member to the company is limited to the amount of bond; Not allowed to engage in profit-making industries. Main examples include charitable organizations, churches, or foundations.
	Unlimited liability company	The number of shareholders should be no more than 50. Shareholders bear unlimited liability. The registered capital should be no less than 15,000 Kwacha.
Public limited company		The registered capital should be no less than 1 million Kwacha

Source: Zambia Patents and Companies Registration Agency

6.1.2 Business Registration Authority

The Patents and Companies Registration Agency (PACRA) is a semi-autonomous executive arm of Zambia's Ministry of Commerce, Trade and Industry. Its main functions are to manage the registration and protection of industrial and commercial property rights and to deal with the registration of

enterprises. The information of registered companies is collected by the department of Business Services.

6.1.3 Main Procedures for Business Registration

[Name Approval] The applicant shall fill in 3-4 potential names of the company in accordance with the requirements in the prescribed form and submit them to PARCA, which will then review the names. The fee for name approval is 83 Kwacha for a local company and 166 Kwacha for a foreign company.

[Local Company Registration] After the name of the company is approved, the following materials shall be submitted:

(1) Application for incorporation. (if applicable) Different application forms are used for different types of companies;

(2) A consent signed by all directors and/or secretaries of the company;

(3) A guarantee statement provided by each sponsor for a bonding company;

(4) A statutory declaration in compliance with the provisions of the Company Act;

(5) A capital certificate. This can be a capital certificate issued by a bank or the fixed asset assessed by an appraisal institution;

(6) Registration fees (this may vary depending on the type of the company⁶).

[Foreign Company Registration] After obtaining the name approval, the applicant of foreign company registration is required to submit two sets of general application forms. The specific requirements are as follows:

(1) At least one but not more than nine local directors must be designated as the director/directors of the company. At least one local director must be the resident in Zambia. If the company has more than two local directors, over half of them must be Zambian residents;

(2) At least one document agent (a company or body corporate registered and incorporated in Zambia, or a resident of Zambia);

(3) A certified copy of the certificate of incorporation of the company from the country of original;

(4) Articles of association, regulations, memoranda and terms or other instruments relating to foreign companies must be submitted;

(5) The registration fee of 4,166 Kwacha.

⁶ Please refer to the website of PARCA for the above forms and registration fee criteria, www.pacra.org.zm.

[Application for Investment License] Investors may apply for an investment license from the Zambia Investment Center of the Zambia Development Agency by submitting the following documents:

(1) a copy of the certificate of incorporation issued by the registration officer;

(2) the company's registered capital certificate;

(3) the name list of the company's shareholders/directors;

(4) financial certificate (bank deposit certificate or latest bank statement);

(5) a detailed business plan;

(6) certificate of site use for business operation or land certificate (lease agreement, contract or letter of offer).

For some industries, certificates that have been approved by relevant authorities should be submitted along with the application for investment license.

[Application for Industry License] The procedures for applying for an industry license in Zambia are as follows:

(1) Wood processing industry: There are two types of licenses, commercial timber license and timber concession license, both of which should be applied from the Principal Forestry Officer of the Department of Forestry under the Ministry of Land, Natural Resources and Environmental

Protection, together with the following information: the area and map of the operation in application; the volume of productions by cubic meters per month or per year; the type of equipment to be used, tree species, and a copy of the company certificate.

(2) Tourism: The Zambia Tourism Agency is responsible for issuing licenses to travel enterprises and regulating tourism industry activities. In addition to the general documents required to apply for an investment license, investors should also submit a five-year business plan, a construction plan, a credit certificate, and other necessary documents to the Tourism Agency. If the project is located in a wildlife tourism management area or a national park, the consent of the District Committee and local chiefs and the permission of ZAWA are also required. The hotel license is issued by the Hotels Board of Management under the Tourism Agency. Investors are required to attach hygiene license and fire safety certificate and obtain the liquor license from the District Committee. Furniture, equipment and buildings must be finally inspected and approved by the committee.

(3) Mining: The Ministry of Mines and Mineral Resources is responsible for issuing mineral exploration or mining licenses. When submitting an application for an industry license, in addition to the general documents required, investors should also provide a topographic map of the area to be invested, the

company's operation plan and cost estimate, and a metal reserve assessment of the mining area to be invested.

(4) Energy Industry: The Energy Regulation Board (ERB) under the Ministry of Energy and Water Development is responsible for issuing the business license for this industry, and the applicant is required to attach a five-year business plan and a recent audited financial statement.

(5) The Medical Industry: the approval of the Medical Council of Zambia (MCZ) is required, and the applicant is required to submit the certificate of incorporation, the name list of directors, and qualification certificates of nurses and logistics staff. The Zambian Medical Association will inspect the applicant's premises, equipment and protective clothing before issuing the permit.

(6) Education Industry: the approval of the Ministry of Education is required, and the certificate of incorporation and qualification certificate of faculty members are required to be submitted when applying. Officials from the Ministry of Education will inspect the school buildings and teaching facilities before issuing the license.

(7) Telecommunications Industry: the approval of the Communications Authority of Zambia (CAZ) under the Ministry of Transport and Communications is required, and it is

required to provide the certificate of incorporation, the business plan, auditing reports, and credit certificate when applying.

(8) Transportation Industry: the Civil Aviation Authority and Road Transport and Safety Agency under the Ministry of Transportation and Communications are responsible for issuing air transportation license and road service license.

(9) Financial Industry: The establishment of banks and other financial institutions requires the approval of the Zambian Central Bank. If the applicant is a foreign registered financial institution, it is necessary to provide the approval of the banking regulatory authority of the country. The establishment of an insurance institution is also subject to the approval of the Pension and Insurance Authority.

6.2 Procedures for Project Undertaking

6.2.1 Obtaining information

Large government agencies, state-owned companies or public-private companies generally organize the bidding of construction projects through Zambia's Public Procurement Authority (ZPPA). Projects funded by the World Bank and the African Development Bank are mostly entrusted to ZPPA for tendering.

ZPPA generally publishes tender advertisements through public media (usually newspapers), and sometimes forward

them to embassies in Zambia for international public tenders. On certain special circumstances, ZPPA will also send the tendering information directly to the registered contractors. According to the contractors' bidding records and project management history, a blacklist of contractors is compiled. Those who are included in the blacklist cannot participate in the bidding process.

6.2.2 Tendering and bidding

Construction projects are generally carried out through public bidding, and a few key projects are subject to limited bidding or negotiation. The bidding methods and requirements are basically in line with the international practice.

The public bidding procedures for construction projects include: pre-qualification, issuance of official bidding documents, on-site inspection, supplement and clarifying of bidding documents, submission of bidding documents, bid opening, bid evaluation, award of contracts, signing of agreements, etc.

The management of project tendering and bidding is relatively strict in Zambia. The bid evaluation committee consists of professionals from various departments, and the whole process is quite transparent.

6.2.3 Government procurement

Zambian government obtains goods, engineering and consultancy services through the e-government procurement (E-GP) system. All bidders participating in the bidding must register in advance on <https://eprocure.zppa.org.zm>.

6.2.4 Licensing procedures

The licensing procedures for contracting projects in Zambia are relatively simple. When a contractor registers as a contracting enterprise, he needs to register with Zambia's National Council for Construction to apply for corresponding qualifications. The Council entrusts the Association of Building & Civil Engineering Contractors to review the qualification declared by the enterprise. The review process is similar to pre-qualification in the bidding process. After the review, the contractor can start to undertake projects in Zambia.

The Association of Building & Civil Engineering Contractors is a non-governmental organization with a database of registered contractors, which contains the contractors' business scope and qualification level. It also has a blacklist of companies that are not allowed to participate in bidding.

There is no such restriction for large-scale international public bidding projects such as power stations, reservoirs, etc. It

is mainly through pre-qualification to screen contractors for these projects.

6.3 Patent and trademark applications

6.3.1 Patent Application

The Patents and Companies Registration Agency (PACRA) under Zambia's Ministry of Commerce, Trade and Industry (MCTI) is responsible for processing patent applications. When an enterprise applies for a patent, it is required to submit a patent application, a physical sample, and a disclaimer. At the same time, the corresponding application fee must be paid.

6.3.2 Trademark registration

The Patents and Companies Registration Agency (PACRA) under the Ministry of Commerce, Trade and Industry (MCTI) of Zambia is responsible for trademark registration. The Zambian trademark registration is based on the principle of prior use. Trademarks that can be applied for registration include commodity trademark, joint trademark, certification trademark, and defensive trade mark. Currently, service trademark registration is not available.

Zambia's trademark registration adopts a classification scheme similar to the international classification of commodities. The trademark can only be applied for registration on specific commodities or classes of commodities. The applicant must

provide the following materials: the English name and address of the applicant, types of goods or services and the specific items, trademark drawings, and a photocopy of the identity certificate of the applicant. The application procedures are as follows: fill in the trademark application form, provide a physical sample, sign the disclaimer, and pay the corresponding fees.

Upon receipt of the application for registration, the examiner will make enquiries about similar trademarks and notify the applicant in writing if there is any objection. The applicant can give a reply or apply for a hearing within 2 months, otherwise, the application will be deemed to have been abandoned. The examiner may accept the application conditionally or request the applicant to waive the right of exclusive use. The application for trademark registration shall be published in the official gazette together with any conditions or restrictions imposed by the examiner. Any person may lodge an objection in writing within 2 months from the date of the announcement. The applicant may file a reply within 2 months from the date of receiving the copy of the statement of reasons for objection sent by the examining officer. After the evidence is submitted, a final hearing is held and a decision is made by the censor. Those who are not satisfied with the decision of the censor may appeal to the court. Any request or decision against a censor may be appealed to the court, and the court's decision

may also be appealed to the High Court. The appeal period is 3 months or such other longer period as the court or the High Court may allow.

The period of trademark protection is 7 years from the date of registration and the renewal period is also 7 years.⁷

6.4 Procedures of Taxpaying in Zambia

6.4.1 Tax Day

According to local rules, the corporate income tax is forecasted quarterly, and the tax payable in the previous financial year is settled before December 31st of each year. Circulation tax is generally declared within a certain period of time after the transaction occurs. Added-value tax is declared before the 21st of the second month. The property transaction tax shall be declared within 14 days after the transaction, and the mine tax shall be declared before the 14th of the second month after the sale of minerals. The personal income tax of employees shall be declared before the 14th of the next month.

6.4.2 Tax Declaration Channels

Enterprises can declare and pay taxes by themselves, or entrust accountants or accounting firms to do so. Due to the complexity of corporate income tax, it is difficult for

⁷ The full text of the relevant legal provisions can be found on the website of PARCA: www.pacra.org.zm

non-professionals to fully and correctly charge it. It is suggested that Chinese enterprises in Zambia entrust accounting firms to prepare financial statements and handle corporate income tax on their behalf.

6.4.3 Tax Declaration Procedures

At the beginning of the establishment of an enterprise, it is necessary to register with the Zambia Revenue Authority (ZRA) and obtain the Taxpayer Identification Number (TPIN), and register the tax type. Before the deadline for filing tax, enterprises, individuals, or entrusted accountants should collect the corresponding forms from all local branches of ZRA, fill them out properly, submit the forms, and pay taxes before the deadline.

6.4.4 Tax Report Materials

Individual income tax, added-value tax, transaction tax, and other taxes have special forms. Enterprises or individuals need to fill in and attach detailed items according to the actual situation. The company's income tax needs to be supplemented with auditing reports and other materials.⁸

⁸ Relevant regulations can be found in the website of Zambia Tax Bureau:<https://www.zra.org.zm>

6.5 Work Permit Application

6.5.1 Authorities in charge

Zambia Department of Immigration is under the Ministry of Home Affairs, responsible for the control of entry and exit personnel, immigration, and the management of inbound tourists. It is headquartered in Lusaka, the capital of Zambia, with branch offices in all the 10 provinces in Zambia.

6.5.2 Work Permit System

[Employment Permit] It is issued to foreigners who have been employed in Zambia for more than 6 months. The maximum extension is 10 years. Foreigners who want to work in Zambia must obtain the permit before entering the country. The permit cannot be applied by the applicants themselves. They must apply through employers, practicing lawyers, or immigration consultants. The holder can enter the country multiple times and stay in the country within the validity period of the permit. For overseas applicants who have successfully applied but are entering the country for the first time, they must apply for a visa before claiming the permits.

The scope of work that the applicant can engage in is as follows: (1) employed by the Zambian government or other statutory organizations; (2) employed by the private sector, non-governmental organizations (including individual volunteers) or religious organizations; (3) a foreigner's spouse

and children over the age of 21 may be granted employment permits if they are employed by their personal company.

Obligations of the holder: (1) abide by the conditions in the license and do not engage in any other activities such as commerce, trade, employment, teaching or learning; (2) abide by the requirements about the field and nature of work that can be engaged in; (3) land purchase is not allowed; (4) studying in educational institutions is not allowed.

[Investment License] It is issued to foreigners (at least 18 years old) who are preparing or have already set up a company or invested in an existing company in Zambia.

[Temporary Employment Permit] It is issued to business people who intend to stay in Zambia for more than 30 days. The license is valid for no more than 6 months in every 12 months.

6.5.3 Application Procedure

According to the regulations of the Immigration Bureau, after the applicant provides the required documents and payment vouchers to the Immigration Bureau, the Immigration Bureau shall examine and give a reply within two weeks. However, in practice, it is quite difficult to apply for a work permit. Generally, it takes 2-6 months to get a permit, and in some cases, it takes more than 1 year.

When the Immigration Bureau issues a work permit, the applicant must be present to sign and collect it. The work permit is generally valid for 2 or 3 years, and you can apply for extension. The validity period of one extension is the same as that of the original work permit. In February, 2020, Zambia Immigration Service upgraded its management system, replacing the previous paper license with digital cards.

Zambia Immigration Bureau does not accept cash payment, nor does it accept cheques from non-commercial banks. It is required to pay at the bank or use mobile payment with the payment slip issued by Zambia Immigration Bureau. At present, the management fee of mobile payment is 50% lower than that of bank payment. Applicants can handle this business at Bank of China (Zambia) or through mobile payment.

The “e-Services” system of the Zambia Immigration Service website provides online applications for visas and permits. After the applicant (or its agent) registers the account and logs in to the system, select the required e-visa or permit (new application or change) service and fill in the application form. Applicants can upload the required supporting documents in png, jpg and tiff formats in the system, pay the application fee online using debit or credit cards, track the progress of the application, and receive notifications from the Immigration Bureau.

Fees for some services of Zambia Immigration Bureau

(Unit: Kwacha)

Employment permit			Investment license			Temporary work permit		
Category	Licence	Management	Category	Licence	Management	Category	Licence	Management
Claim	18 000	one hundred and eighty	Claim	12 000	12 0	Claim	13 500	135
Renewal	21 000	21 0	renewal	15 000	15 0	renewal	15 750	157.5
Change	18 000	one hundred and eighty	Change	12 000	12 0	Change	15 750	157.5
Change of occupation, employer or nationality	90 00	90	Change of nationality, name, or business	15 000	15 0	change	15 750	157.5

			nature					
Add names of spouses or children.	30 00	30	Add names of spouse s or children.	60 00	60	-	-	-
Change of address	15 00	15	Change of company name or address	15 00	15	-	-	-

Source: Zambia Immigration Bureau website

6.5.4 Information Provided

[Application for employment permit] The employer shall issue the following documents to the Immigration Bureau:

(1) A letter of introduction from the employer to the Director of Immigration;

(2) Employment contract or employment notice;

(3) A statement from the police station at the place of residence;

(4) Resume;

(5) Registration certificate of relevant professional institutions in Zambia (if required);

(6) Copy of qualification certificate (academic certificate, professional certificate);

(7) Marriage certificate or birth certificate (if any);

(8) Certified copy of valid passport details (personal information page, Zambia endorsement page);

(9) Certified share certificate and list of shareholders;

(10) The succession plan should include the training plan for foreigners to impart knowledge or skills to Zambian workers;

(11) Company registration license;

(12) If a foreigner is employed for projects in construction, mining, information and communication technology, engineering and other industries, it is necessary to submit a

description of the project and an employment letter containing the completion date and the project value;

(13) The original job advertisements appearing in A5 size in two mainstream newspapers. The name and publication date of the newspaper should be clearly visible, and the results of selection and employment should be submitted;

(14) A recent passport photo;

(15) Proof of payment.

[To apply for an investment license] the following documents shall be issued to the Immigration Bureau:

(1) A letter to the Director of Immigration;

(2) Company registration certificate;

(3) Certificate of share capital (if necessary);

(4) Minimum capital certificate;

(5) Investor certificate issued by Zambia Development Agency (ZDA) (if any);

(6) List of shareholders;

(7) Personal investment certificate. The newly established company shall not be less than USD 250,000, and the shareholding in the existing company shall not be less than USD

150,000 (bank statement, money order, form CE20 of Zambia Tax Bureau, etc.);

(8) Proof of property right or lease contract in Zambia;

(9) Certified copy of valid passport details (personal information page, Zambia endorsement page);

(10) 2 recent passport photos;

(11) Proof of payment.

[To apply for a temporary work permit] the following documents shall be issued to the Immigration Bureau:

(1) A letter from the applicant's cooperative organization to the Director of Immigration Bureau, stating the specific work of the applicant;

(2) Application form for temporary employment permit (Table 25);

(3) Certified copy of valid passport details (personal information page, Zambia endorsement page);

(4) A recent passport photo;

(5) Proof of payment.

These are the requirements of the new application.⁹

6.6 Institutions That Can Provide Investment Cooperation Consultation to Chinese-funded Enterprises

6.6.1 Economic and Commercial Office of the Embassy of the People's Republic of China in the Republic of Zambia

Address: P.O. Box 31975, No.7430 United Nations Avenue,
Long Acres, Lusaka, Zambia

Tel: 00260-211-263876/264123

Email: zm@mofcom.gov.cn

Website: zm.mofcom.gov.cn

6.6.2 Association of Chinese Corporations in Zambia

Address: 30A Kudu Road, Kabulonga, Lusaka

Tel: 00260-963-075763

6.6.3 Embassy of the Republic of Zambia in China

Address: No.5, East 4th Street, Sanlitun, Beijing

Tel: 0086-10-65321554

⁹ Requirements for renewal, replacement or change, and application forms in the document are available on the Zambia Immigration Authority website www.zambiaimmigration.gov. For more information by zm.

6.6.4 Research and Promotion Center for Foreign Investment Cooperation, Chinese Academy of International Trade and Economic Cooperation, Ministry of Commerce, China

Address: No.28, East Back Lane, Anwai, Dongcheng District, Beijing

Tel: 010-64515042, 64226273, 64515043

Fax: 010-64212175

Email: guobiezhinan@mofcom.gov.cn

6.6.5 Zambia's Investment Promotion Agency

Zambia Development Agency

Address: Privatisation House, Nasser Road, Lusaka (behind the new government complex)

Tel: 00260-211220177/223859

Fax: 00260-211225270

Website: www.zda.org.zm

Address: No.8471, Pacra House, Haile Selassie Avenue, Long Acres, P.O. Box 32020, Lusaka

Tel: 00260-211255151/255127

Fax: 00260-211 255426

Email: pro@pacra.org.zm

Website: www.pacra.org.zm

7. Issues Need to be Considered by Chinese Companies Going to Zambia.

7.1 Investment in Zambia

[Get fully informed about the market]

Chinese investors should pay attention to the following issues for investment and cooperation in Zambia:

(1) They should conduct proper market research on the industries they intend to invest in, understand relevant laws on taxation, environmental protection, and labor forces, and objectively evaluate the investment environment.

(2) Zambia's infrastructure remains inadequate. With no direct access to the ocean, it has to rely on ports in other countries like Durban in South Africa and Dar es Salaam in Tanzania to import and export goods. As a result, companies have to face long transportation time and high costs for importing and exporting activities.

(3) The *Zambia Development Agency Act* offers preferential treatment to foreign investment in priority industries, remote areas, and export processing. It should be noted that for an investment of over USD 10 million, investors can negotiate

with the Zambian government for additional preferential policies on top of those stipulated in the *Zambia Development Agency Act*.

(4) Before investing in Zambia, investors are required to submit to the Zambia Environmental Management Authority (ZEMA) a description or an assessment report on the environmental impact of the investment project, form an *Environmental Management Plan*, apply for the license to dispose waste gas, wastewater, and solid waste before obtaining the project approval from ZEMA.

(5) The Zambian government has enacted relatively complete laws to protect the rights of employees. Chinese investors should learn about and abide by all applicable regulations. Trade unions in the mining, construction, and other industries have the right to negotiate with the employers on behalf of their members. Enterprises should have regular exchanges and dialogues with the trade unions to keep the communication channels open.

(6) The Zambian government attaches great importance to labor protection and environmental protection and puts in place a relatively complete set of laws and a sound trade union system.

In July 2012, the Ministry of Labor and Social Security set a new standard and increased the minimum wage significantly.

(7) Chinese companies should take the initiatives to enhance the possibility to cooperate with third-party countries or international institutions in various aspects, and at the same time make full use of the strengths of all parties to achieve mutual benefit and complementarity.

[Take safety measures]

Chinese investors in Zambia need to improve their safety awareness and take necessary measures to prevent theft, robbery, and burglary. It is relatively safe to go out during the day, but precautions still need to be taken against theft. Avoid revealing your financial situation to others. Try not to go out alone at night. Doors and windows of working and living places should have locks on them and be locked at night. Try to avoid living alone, especially females. It is advisable to know more about your employees, including their names, national ID numbers, addresses, places of birth, etc.

Zambia follows the Left-Hand Traffic rule. Chinese citizens should pay special attention to road safety in Zambia.

[Prevention and treatment of infectious diseases]

At present, Zambia is still facing many uncertainties in managing the pandemic. We should take measures to protect ourselves by wearing masks, washing hands, disinfecting surfaces and objects frequently, and avoiding crowded places.

The risk of Malaria is very high in Zambia. Anti-mosquito measures such as mosquito nets and mosquito repellent sprays should be taken to reduce the risk. If you are feeling unwell, please immediately go to a doctor for examination. Once you are diagnosed with malaria, follow the doctor's directions in taking medicine and rest under recovery. Don't self-prescribe medicines or even overdose, as that may be life-threatening.

Rainy seasons in Zambia often bring with them cholera outbreaks. Thanks to the positive response of the Zambian government and the urgent support from China's medical team, which offers help in epidemic prevention, the cholera outbreak was brought under control. Chinese citizens are advised to take the cholera vaccine before coming to Zambia.

7.2 Undertaking Construction Contracts in Zambia

Chinese enterprises should pay attention to the following issues for project undertaking in Zambia:

(1) Make good use of the contract provisions. During construction, the contract provisions must be strictly followed. Companies should also learn to make reasonable requests based on the contract. For example, in the case of default payment, the enterprise should take active measures to collect the arrears, track the financial revenue of the Zambian side, and make relevant requirements promptly. At the same time, the enterprise should closely follow up on the stance of the Zambian government and make a good risk plan.

(2) Consider the risks of price and exchange rate fluctuation. Due to the change in the local currency exchange rate, it is recommended that contractors should add a price adjustment clause in the contract to reduce the risk and pressure caused by price fluctuation.

(3) Prevent the debt risk. When undertaking a project, the contractor shall fully consider the debt level of the Zambian government, assess its financial status and solvency, and make timely adjustments to the project progress according to the payment status, so as to guard against potential risks such as default payment.

(4) Cooperate with local enterprises and get on well with local competitors and government departments. The Zambian government cares a lot about whether local enterprises and residents can enjoy the fruits of economic development. Strengthening cooperation with local enterprises will help Chinese investors to take root in Zambia. In particular, Chinese companies should value cultural exchanges and build consensus across cultures, and at the same time, try to improve the skills of local residents and transfer technology and past experience. According to the regulations of Zambia Road Development Agency in 2012, foreign contractors are required to subcontract 20% of Zambian government works to local contractors after getting the project. Zambian President and senior government officials have paid close attention to the implementation of the policy and have repeatedly called on all foreign contractors to strictly implement the policy.

(5) Strengthen coordination with all parties, improve public relations, and fulfill corporate social responsibilities. Chinese enterprises should communicate with the project owners, supervisors, and government departments based on the principles of mutual respect and understanding. It is also

necessary to build a stronger tie of communication with local media to create a good atmosphere of public opinion.

(6) Transform the existing investment pattern. After the new Zambian government came into power, the original common EPC+F model was gradually transformed. The integration of investment, construction, and operation represented by PPP was an upgraded model actively advocated by Zambia, and was already practiced by some companies.

7.3 Labor Cooperation in Zambia

Zambia encourages the employment of local staff and tries to reduce the use of foreign labor. Foreign workers must hold a formal labor contract and a valid work visa. When applying for an employment permit, the applicant must provide the academic qualifications and related certificates translated into English and notarized. Workers going to Zambia should complete all the relevant formalities before starting off from China.

Zambia labor assistance agency and its contact information:

Ministry of Labor and Social Security

Address: New Government Complex, Nasser Road, Lusaka

Tel: 00260-211221432

Fax: 00260-211225169

Website: www.mlss.gov.zm

7.4 Risk Management Measures

To invest, conduct trade activities, undertake projects, and engage in labor cooperation in Zambia, companies need to research, analyze, and assess relevant risks in advance and take risk avoidance and management measures during the cooperation, so as to protect their own interests. Possible actions include conducting credit investigation and assessment on the project owner, trade customers, or related parties, analyzing and avoiding political and commercial risks in countries where the investment goes or the project is conducted, and conducting a feasibility analysis of the project itself, etc. It is suggested that enterprises use relevant services offered by financial institutions like insurers, guarantors, banks, and other professional risk management institutions to protect their own interests. Potential services include credit insurance for trade, investment, project undertaking, and labor services, property insurance, personal safety insurance, bank factoring, and forfaiting, and various

guarantee services (government, commercial, and letter of guarantee).

It is suggested that enterprises use credit risk insurance products offered by policy-oriented insurance institutions in the process of foreign investment and cooperation, for example, the products provided by China Export & Credit Insurance Corporation (Sinosure) for political risks and commercial risks, or the commercial guarantee services provided by policy banks such as the Export-Import Bank of China.

Sinosure is a state-funded and policy-oriented insurance company established and supported by the state to promote China's foreign economic and trade development and cooperation. As an independent legal person, it is the only financial institution undertaking a policy-oriented export credit insurance business in China. In supporting Chinese companies' foreign investment and cooperation, Sinosure offers services including short-term export credit insurance, medium- and long-term export credit insurance, overseas investment insurance, and financing guarantee. It provides risk protection against the economic loss caused by political risks such as government confiscation, exchange restriction, war, political riots, and government default in the country (region) where the

investment is located. For related services, please visit the company's website at www.sinosure.com.cn

If a loss occurs with no risk avoidance measures taken in advance, companies should take relevant measures to pursue the recovery. In cases covered by credit insurance, the institutions will assess the loss, verify the compensation, and make up for the loss. Relevant authorities will also assist the credit insurance institutions to recover the loss.