

Z A M B I A

WHY INVEST IN **ZAMBIA?**

MARCH 2012

Zambia Development Agency

Zambia at a Glance

- ✧ Land Area: 752,618 sq. km
- ✧ Population: 13 Million (2010)
- ✧ Stable Political Environment
- ✧ Stable Macroeconomic Environment
- ✧ GDP growth: 6.5% per annum over last 5 years
- ✧ GDP per capita: US\$ 1,237 (2010)
- ✧ Exchange rate: US\$ 1 = Kwacha 4,828 (2011 average)
- ✧ Inflation rate: 8.7% per annum over last 3 years
- ✧ Trade: Export US\$ 8.5 Bill.; Import US\$ 6.0 Bill. (2011)
- ✧ F/Reserve: 2.5 Bill. (End of 2011)



10 Reasons to Invest in Zambia

1. Stable Political System
2. A Positive and Investor Friendly Environment
3. Investment Guarantees and Security
4. Attractive Investment Incentives
5. Progressive Banking, Legal, and Insurance Services of International Standards
6. Abundant Natural Resources
7. Access to Regional, Wider Africa, EU and USA Markets
8. Thriving Private Sector
9. Repatriation of 100% of Profits and No Exchange Controls
10. Good Place to Work and Live

1. Stable Political System

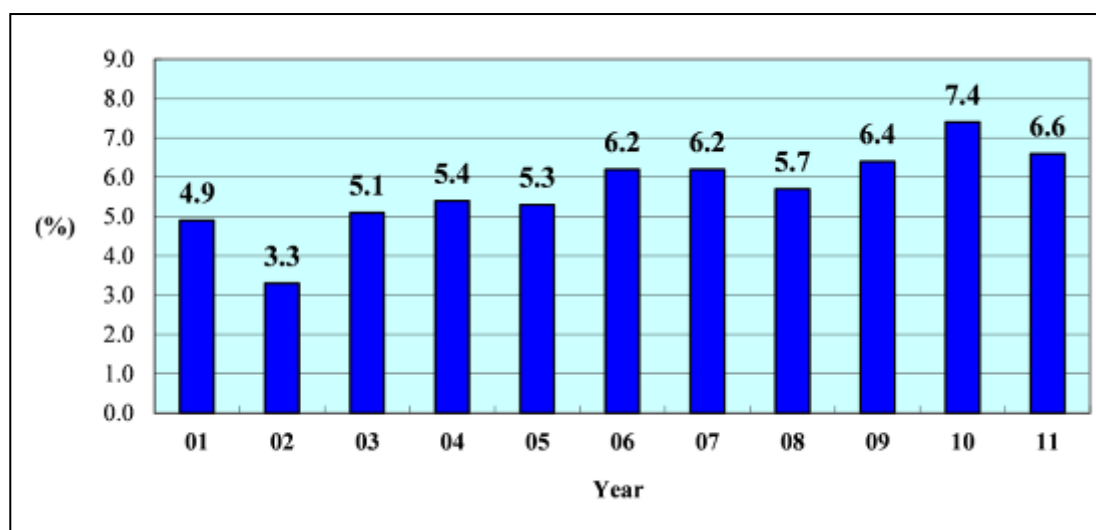
- ✧ One of the most stable political systems in Africa:
 - Completion of Zambia's 6th peaceful political transition in September 2011.
 - Over 47 years of peaceful democracy and political elections
- ✧ Results of the September 2011 Election:
 - Election of current President Michael Sata
 - Ascension into power of the Patriotic Front government promoting *Fight against Corruption*



2. A Positive and Investor Friendly Environment

- ✧ Over 10 years of steady GDP growth
- ✧ Direct support by an Investment Promotion Officer (IPO) for your investment registration process, and assistance with processes for all other licenses and permissions for your business
- ✧ A Private Sector Development and Reform Program (PSDRP) continually streamlining licensing and administrative processes for the private sector

2-1. Macroeconomic Stability-GDP Growth (%)



3. Investment Guarantees and Security

- ✧ Investment guarantees and protection against state nationalization through the Certificate of Registration for your investment under the ZDA Act 2006
- ✧ Guarantees through Zambia's participation in the World Bank Group's Multilateral Investment Guarantee Agency
- ✧ Member of the International Convention on the Settlement of Investment Disputes

4. Attractive Investment Incentives

- ✧ A corporate tax rate of 0% for 5 years following your investments first profitable year
- ✧ Taxation on only 50% of profits in year 6 through year 8 following the first profitable year, and only on 75% for years 9 and 10
- ✧ 5-year exemption on dividend taxes following the year of first declaration
- ✧ 5-year customs duties exemption on imported machinery and equipment
- ✧ Improvement allowance of 100% Capital Expenditure on improvements or upgrading of infrastructure



5. Progressive Banking, Legal, and Insurance Services of International Standards

- ✧ Numerous domestic branches of international banks including Barclays, Standard Charter, CitiBank, and Bank of China
- ✧ A well-established English Common Law and Customary Law system with licensed international law firms
- ✧ A strong and growing insurance sector for both life and non-life insurance products
- ✧ Listing through the Lusaka Stock Exchange established in 1993 and a member of African Stock Exchange Association

6. Abundant Natural Resources

- ✧ Extensive mineral resources with at least two billion tons of minerals just within the Copperbelt region alone.
- ✧ 752,000 square kilometers of land, of which 58% is arable land.
- ✧ Victoria Falls, a UNESCO world heritage site, in addition to 22.4 million hectares of national parks and game management areas



7. Access to Regional, Wider Africa, EU and USA Markets

- ✧ A member state of the Southern African Development Community (SADC)
 - Borders with 8 SADC nations; the largest of any SADC country
- ✧ A member state of the Common Market for Eastern and Southern Africa (COMESA)
- ✧ A country under the Africa Growth and Opportunity Act (AGOA) of the United States allowing for quota preference and duty-free entry to the US market
- ✧ A country under the Everything But Arms Initiative allowing for duty-free and quota-free exports to the EU
- ✧ Member of the World Trade Organization (WTO) since 1995

Strategic Location within SADC



8. Thriving Private Sector

- ✧ Continuing of liberal market- led economic policies aimed at facilitating the private sector
- ✧ Continuing privatization of formerly government owned companies with 264 of 288 state owned enterprises having been privatized as of the end of 2011
- ✧ Continuing government support and promotion of private sector through all political transitions



9. Repatriation of 100% of Profits and No Exchange Controls

- ✧ No foreign exchange controls since their abolishment in 1994
- ✧ Free floating currency rates and market set interest rates
- ✧ No restrictions on the repatriation of interest, profit, dividends, management fees, technical fees, and/or royalties

10. Good Place to Work and Live

- ✧ One of Africa's safest nations with a strong rule of law
- ✧ Numerous modern shopping centers providing access to a wide range of international consumer goods and entertainment
- ✧ A multitude of international schools covering a variety of foreign educational systems and certifications
- ✧ Easy access to the natural beauty of Zambia through an abundance of safari reserves and Zambia's landmark Victoria Falls

Zambian Priority Sectors

- ✧ Floriculture Products
- ✧ Horticulture Products
- ✧ Beverages Products
- ✧ Selected Production and Processing Areas in the Textile Sector
- ✧ Engineering Products
- ✧ Processing of Phosphates and Fertilizer Materials
- ✧ Cement Production
- ✧ Wood Product Processing
- ✧ Production of Selected Leather Products
- ✧ Mini-hydro Power Station Construction
- ✧ Education and Skills Training

MFEZ Priority Sectors

- ✧ Information and Communication Technologies
- ✧ Health
- ✧ Education and Vocational Training
- ✧ Manufacturing
- ✧ Tourism
- ✧ Processing of Agricultural, Forest, Non-Ferrous Metals or Gemstones

For more information, please refer to:

"Zambia Investor Guide Handbook" (June 2011),
"Zambia: Africa's New Frontier for Investments and Profits" (2012) and
"Zambia: Application Manual for Investors" (2012).



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