

# WESGRO

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## Zambia: Country Fact Sheet

### September 2023

Cape Town and the Western Cape – A Leading Regional Economy

# 1) Economic Overview - Zambia

Zambia has been one of Southern Africa's fastest growing economies in recent decades. More recently, the country's gross domestic product (GDP) grew at an average annual rate of 3.63% over the period 2013 - 2019, as demonstrated in Figure 1.

Although the economy contracted by 2.79% y-o-y to \$23.42bn in 2020 as the global Covid-19 pandemic took hold, the downturn was short-lived with GDP rebounding to a value of \$24.50bn in 2021, equivalent to a 4.60% y-o-y growth rate. This recovery was underpinned in part by firmer copper prices, favourable external demand, good rainfall, and post-election market confidence.

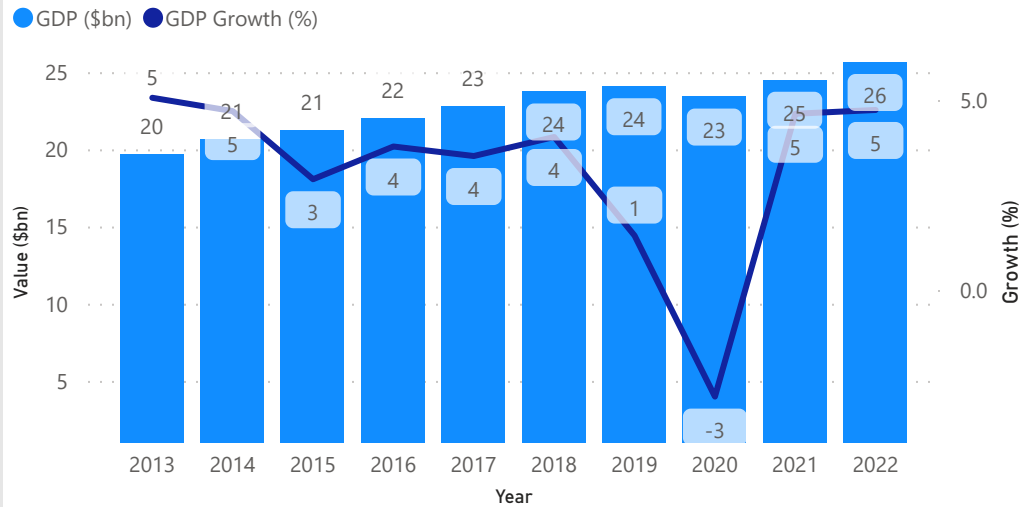
The trend continued in 2022, with Zambia again proving to be one of Southern Africa's fastest growing economies with a y-o-y growth rate of 4.74% despite significant global challenges.

As illustrated in Figure 2, Zambia's GDP per capita fluctuated between \$6,263.10 in 2013 and \$6,189.29 in 2019. This was equivalent to an average growth rate of -0.01% per annum during this period.

The country's GDP per capita declined by 7.48% y-o-y to a value of USD5,726.26 in 2020 underpinned by the economic contraction recorded, but recovered to USD5,947.89 in 2021. Despite GDP per capita increasing by 1.19% y-o-y to a value of USD6,018.53 in 2022, GDP per capita remained well below pre-Covid levels.

In terms of economic structure, the services sector accounted for the largest share of economic output in 2022 at an estimated 60.96% of the GVA. This can be observed in Figure 3. Industry, including construction followed in second place, accounting for an estimated 25.75% of economic output. The manufacturing sector followed at 8.10%, while the agriculture forestry and fishing sector accounted for an estimated 5.09% of GVA in 2022.

Figure 1: Zambia's GDP, 2013-2022



Source: World Bank, 2023

Figure 2: Zambia's GDP per capita, 2013-2022



Source: World Bank, 2023

Figure 3: Zambia's Sector Contribution to GVA (%), 2022



Cape Town

Source: World Development Indicators, 2023, 2023

## 2) Trade

### 2.1) Zambian Global Merchandise Trade

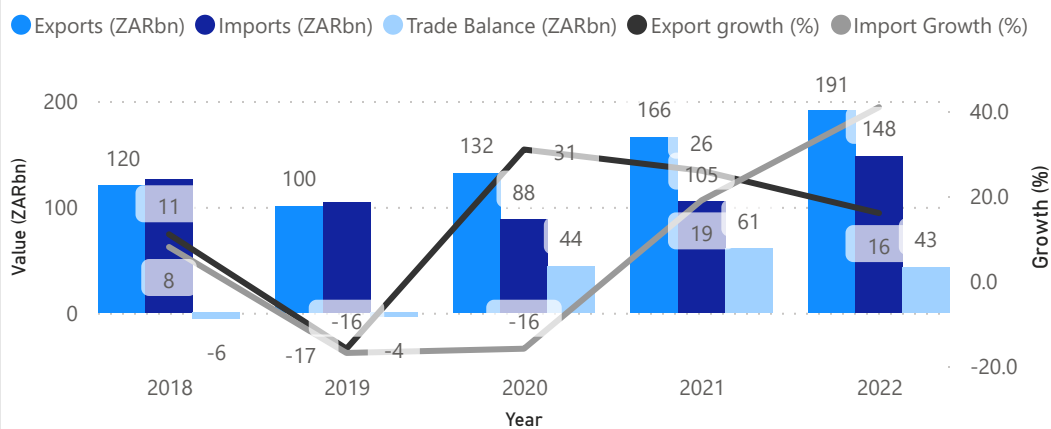
Zambia recorded a substantial increase in export earnings in 2022 which, at a value of ZAR191.45bn, represented a 15.64% y-o-y increase on the ZAR165.56bn earned in 2021. The significant growth in the Southern African country's exports were spurred in part by all-time-high global copper prices, the expansion of key mines, and strong demand from mainland China.

In turn, imports rose by 41.19% y-o-y to an associated cost of ZAR148.19bn in 2022, up from a cost of ZAR104.96bn incurred in 2021. The country's trade balance remained in surplus in 2022 as a result, albeit narrower than the surplus recorded in 2021.

Zambia's largest export category in 2022 was unrefined copper which, at a value of ZAR100.82bn, accounted for 52.66% of the country's total global export earnings. Refined copper was the second largest export category, generating ZAR31.01bn in export earnings which was equivalent to 16.21% of total exports in 2022. This was followed by exports of sulphur which, at a value of ZAR4.97bn, accounted for 2.62% of export earnings.

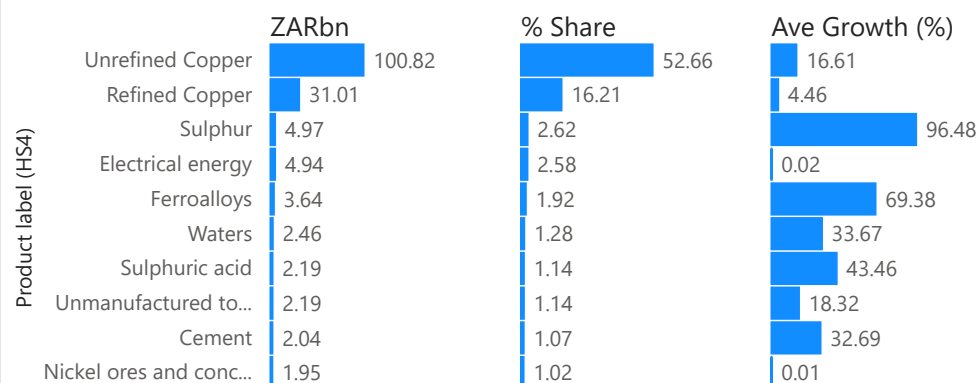
Sulphur, with an average growth rate of 96.48% from 2018 to 2022, was the fastest growing export category. Sulphur was mainly exported to China and four African countries namely the DRC, Angola, Equatorial Guinea, and South Africa.

Figure 4: Zambia's Global Trade, 2018-2022



Source: Trademap, 2023

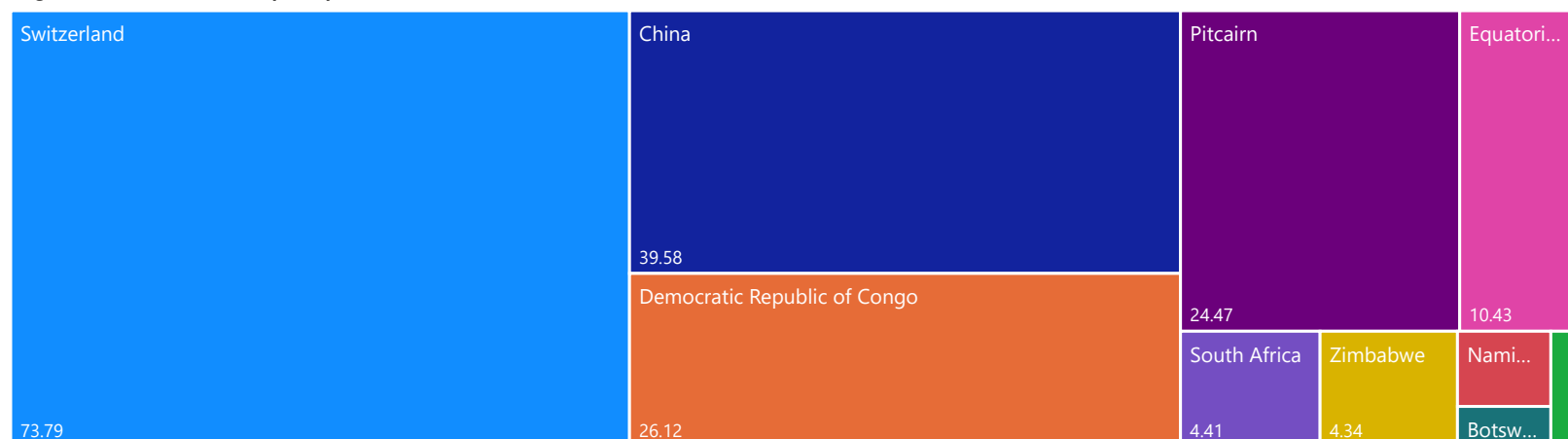
Figure 5: Zambia's Top Export Products, 2022: (Average Growth: 2018-2022)



Source: Trademap, 2023

Switzerland, China and the DRC were Zambia's three primary export destination markets in 2022, with these three countries collectively accounting for 72.86% of the country's exports in that year. As can be observed in Figure 6, Switzerland was Zambia's largest export market in 2022, with ZAR73.79bn worth of the country's exports destined for this European nation, representing a 38.54% share of the country's global exports in 2022. China followed, accounting for ZAR39.58bn (20.67%) of Zambia's exports in 2022, while the DRC was in third position, accounting for exports to the value of ZAR26.12bn (13.64%) in 2022.

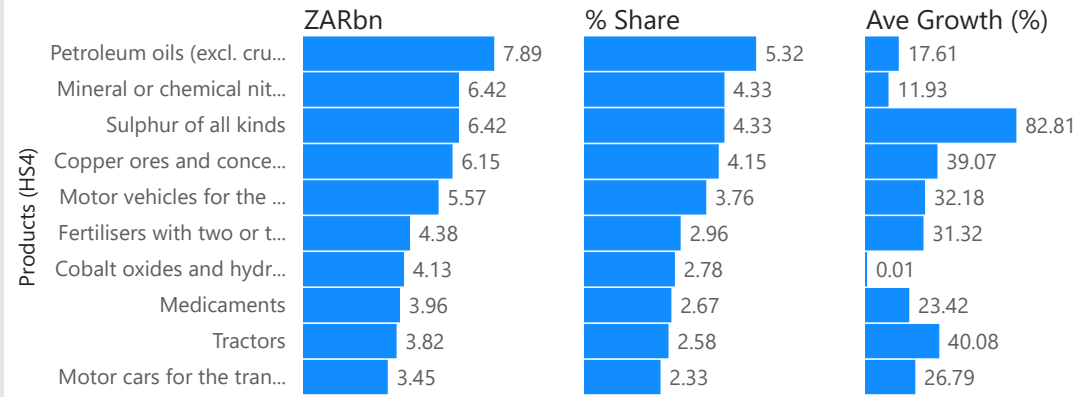
Figure 6: Zambia's Top Export Markets (ZARbn), 2022



Source: Trademap, 2023

Petroleum oils (excl. crude) was Zambia's largest import category in 2022 which, at a cost of ZAR7.89bn was equivalent to 5.32% of total import costs incurred in 2022. This is shown in Figure 7. Mineral or chemical fertilizers placed second at a cost of ZAR6.417bn(4.33%), followed by sulphur of all kinds at ZAR6.416bn (4.33%). Imported products that showed the highest growth rate over the period 2018 to 2022 were sulphur of all kinds with an average growth rate of 82.81%.

Figure 7: Zambia's Top Import Products, 2022: (Average growth: 2018-2022)

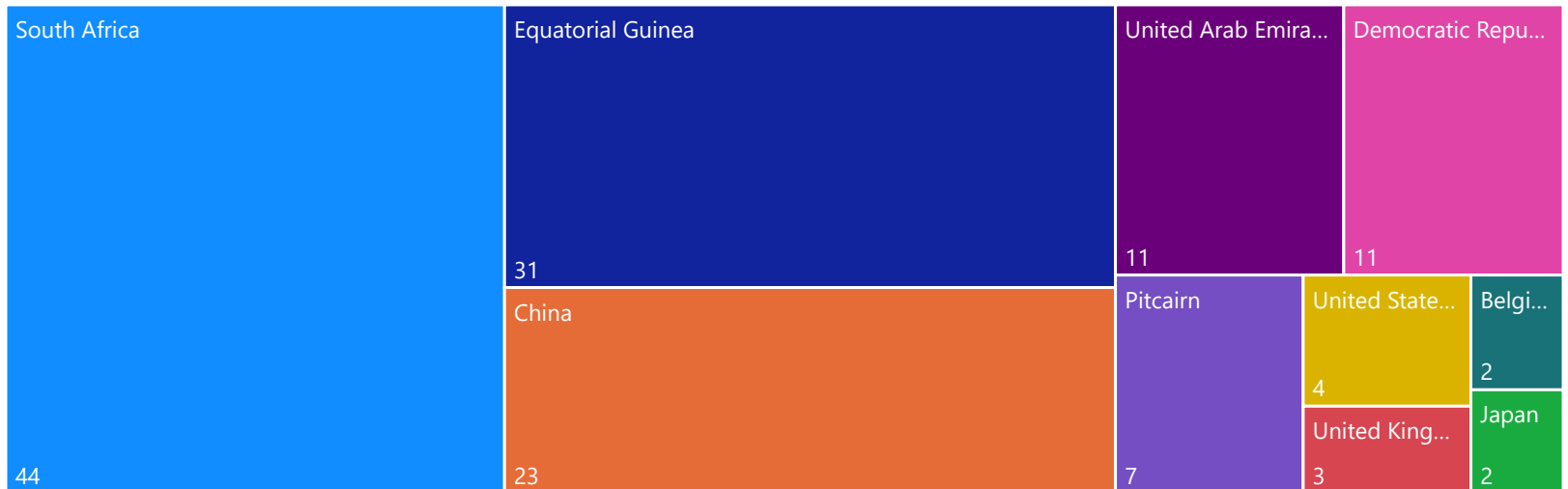


Source: Trademap, 2023

In 2022, South Africa, Equatorial Guinea and China were Zambia's three primary import source markets, with these three countries collectively accounting for 66.76% of the country's imports in that year, as shown in Figure 8.

South Africa was the country's largest import source market in 2022, accounting for import goods worth ZAR44.47bn, equivalent to 30.01% of total global imports. Equatorial Guinea followed with imports worth ZAR31.49bn (21.25% of total imports), with China in third position with imports of ZAR22.98bn (15.51%). Europe remains the country's top source region for imports with four of the top ten import markets located on that continent.

Figure 8: Zambia's Top Import Markets (ZARbn), 2022



Source: Trademap, 2023

## 2.2) Trade Agreements

South Africa and Zambia are members of Free Trade Agreements involving 5 Southern African Development Community (SADC) countries. The SADC Free Trade Area was achieved in August 2008, when a phased programme of tariff reductions that had commenced in 2001 resulted in the attainment of minimum conditions for the Free Trade Area. This meant 85% of intra-regional trade among the partner states attained zero duty. Since the process to remove tariffs on sensitive products continued until 2012, there is still room for increased intra-SADC trade, especially considering that many items on the sensitive list, such as textiles, clothing, leather, and leather products, are highly tradable.

Source: Southern African Customs Union, 2023

## 2.3) Bilateral Trade: South Africa and Zambia

Bilateral trade between South Africa and Zambia has increased substantially in recent years, with South Africa's exports to Zambia increasing from a value of ZAR32.12bn in 2018 to ZAR44.32bn by 2022. Year 2022 saw a notable increase in South Africa's exports to Zambia, with earnings surging from a value of ZAR34.40bn in 2021 to ZAR44.32bn in 2022, representing an increase of 28.86% y-o-y. This was underpinned in part by a notable increase in mineral or chemical fertilizers exports to Zambia, which increased by ZAR1.06bn alone to a value of ZAR2.86bn in 2022. In turn, South Africa's imports from the country increased by 8.37% y-o-y to a cost of ZAR3.89bn in 2022, up from ZAR3.59bn incurred in 2021.

South Africa recorded a consistent trade surplus with Zambia throughout the period analysed, from ZAR28.58bn recorded in 2018 to ZAR40.43bn in 2022.

Mineral or chemical fertilisers was South Africa's top export product to Zambia in 2022 which, at a value of ZAR2,862.29m, was equivalent to 6.46% of total export earnings from trade with Zambia.

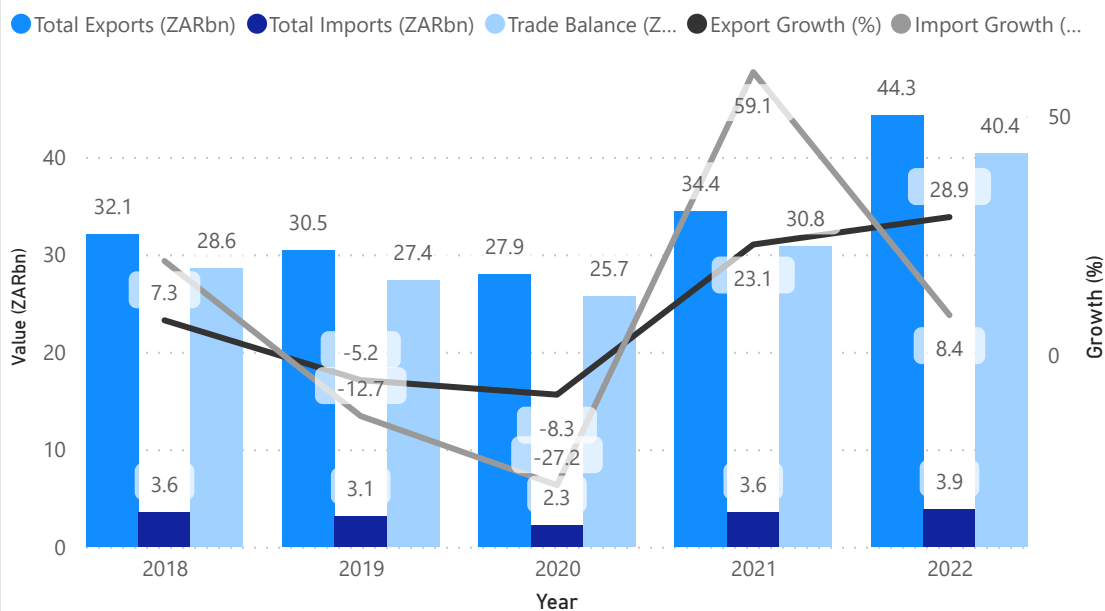
Exports of motor vehicles for the transport of goods followed in second place at a value of ZAR1,665.22m (3.76% of exports), with exports of petroleum oils, other than crude in third position at a value of ZAR1,561.98m.

Exports of sulphur of all kinds was the fastest growing export category to Zambia with a five-year average annual growth rate of 56.07% between 2018 and 2022. This was followed by exports of insecticides and rodenticides with a five-year annual average growth rate of 50.78%.

Refined copper was South Africa's top import product from Zambia in 2022 which, at a cost of ZAR1,632.81m, accounted for 41.99% of all import costs incurred with Zambia in that year. This can be observed in Figure 11. Ferro-alloys imports followed in second position at a cost of R396.13m (10.19% of import costs), with copper wire in third place at a cost of ZAR357.74m.

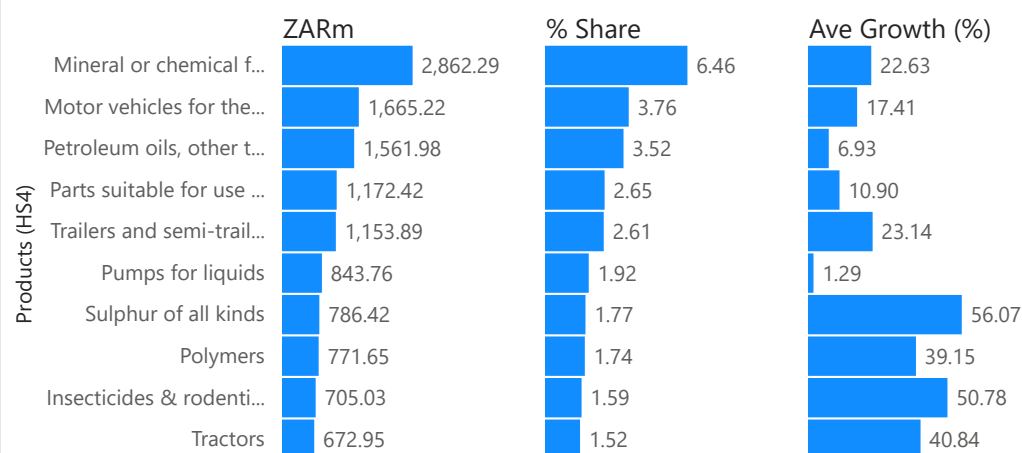
Bran, sharps and other residues was the fastest growing import category from Zambia over the period analysed, growing by an annual average growth rate of 72.16% from 2018 to 2022.

Figure 9: South Africa's Trade with Zambia, 2018-2022



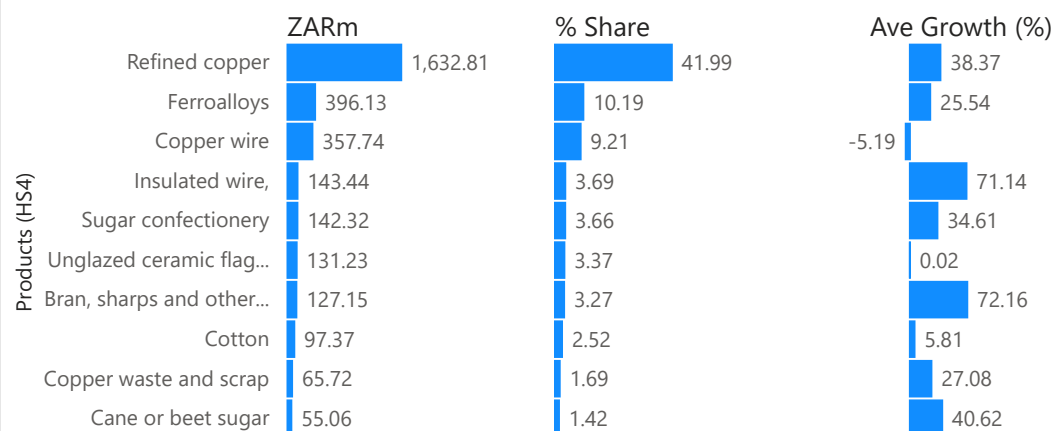
Source: Quantec, 2023

Figure 10: South Africa's Top Exports to Zambia, 2022: (Average Growth: 2018-2022)



Source: Quantec, 2023

Figure 11: South Africa's Top Imports from Zambia, 2022: (Average Growth: 2018-2022)



Source: Quantec, 2023



## 2.4) Bilateral Trade: Western Cape and Zambia

Zambia was the Western Cape's twelfth largest export partner in 2022, with local export receipts earned from trade with Zambia amounting to ZAR3,824.10m in 2022. This represented an increase of 21.28% y-o-y on the ZAR3,152.99m earned in 2021. This can be observed in Figure 12. In turn, Zambia was the Western Cape's 66th largest import source market in 2022. Import costs totaled ZAR248.29m in 2022, an increase of 32.46% y-o-y on the 2021 cost of ZAR187.44m incurred. This was attributed to higher import costs across a number of product categories, including bran, sharps and other residues which increased by ZAR34.58m in 2022, cane or beet sugar (+ZAR28.6m), and other oil seeds (+ZAR13.14m) amongst others. The Western Cape recorded a robust trade surplus with Zambia throughout the period analysed.

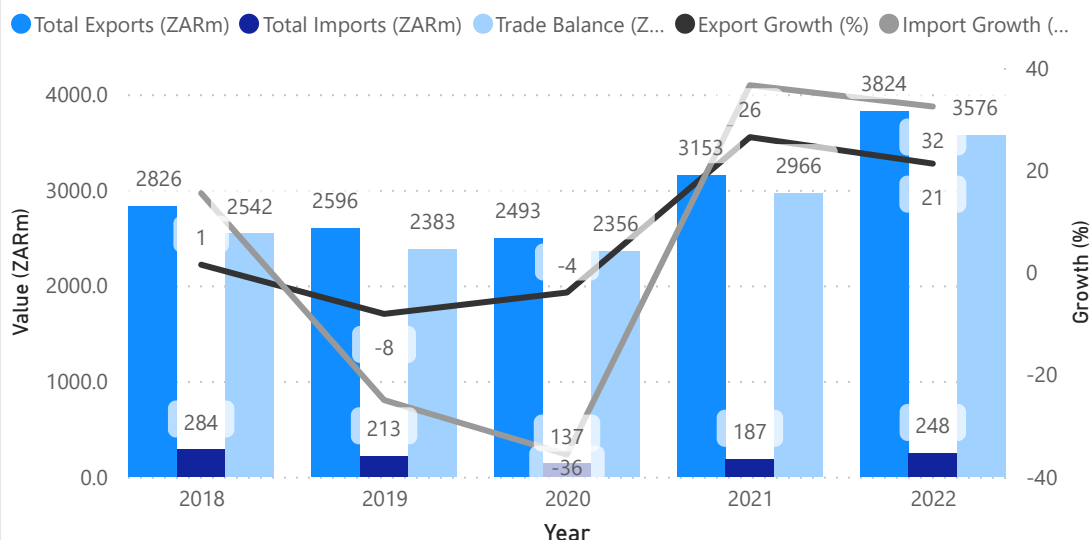
Sulphur of all kinds was the Western Cape's largest export category to Zambia in 2022 which, at a value of ZAR766.03m accounted for 20.03% of export earnings with this country. Other fermented beverages followed with export earnings of ZAR143.69m (3.76%), while refrigerators placed third at a value of ZAR141.84m (3.71%). Collectively these products accounted for 27.50% of the total export basket to Zambia.

Monitors and projectors had the highest average growth rate of 1,707.93% over the five-year period, followed by exports of flours, meals and pellets with a five-year average growth rate of 121.12%.

Bran, sharps and other residues was the Western Cape's largest import category from Zambia in 2022. At a cost of ZAR64.87m, these imports accounted for 26.13% of the total share of the province's imports from Zambia in 2022 as indicated in Figure 14. This was followed by cane or beet sugar and chemically pure sucrose imports at an associated cost of ZAR51.16m (20.61%); while imports of oil-cake from soyabean oil placed third at a cost of ZAR34.03m (13.71%).

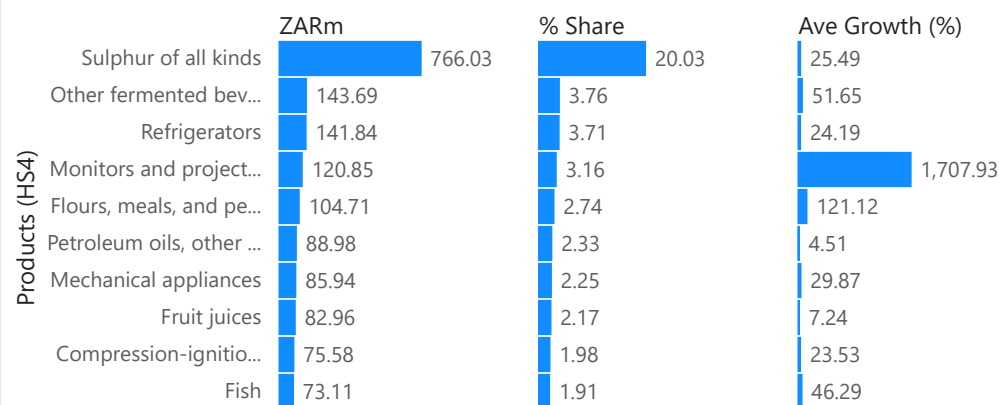
Imports of other oil seeds and oleaginous fruits was the fastest growing import category from Zambia, with a five-year average rate of 607.65%.

Figure 12: Western Cape's Trade with Zambia 2018-2022



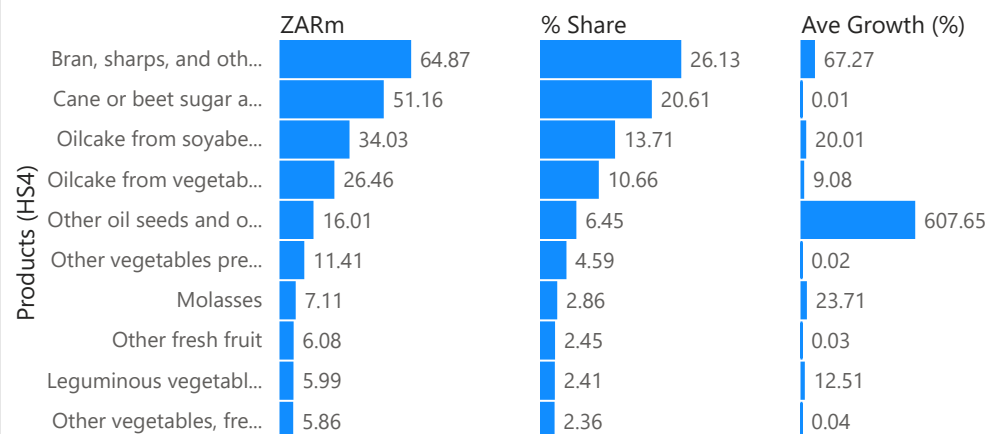
Source: Quantec, 2023

Figure 13: Western Cape's Top Exports to Zambia, 2022: (Average Growth: 2018-2022)



Source: Quantec, 2023

Figure 14: Western Cape's Top Imports from Zambia, 2022: (Average Growth: 2018-2022)



Source: Quantec, 2023

### 3) Foreign Direct Investment (FDI)

#### 3.1) Global FDI in Zambia

Zambia benefited from 212 foreign direct investment (FDI) projects from January 2011 to June 2023. These projects represented a total capital investment (capex) value of ZAR240.55bn, which equated to an average investment of ZAR1.14bn per project. A total of 43,339 jobs were created as a result.

In that period, the number of FDI projects varied from 30 in 2011, to nine projects in 2022, and most recently, to an estimated 10 projects in the first six months of 2023.

The capex value of these projects totaled ZAR35,944.69m in 2011, rising to a high-point of ZAR40,489m in 2014, and to an estimated ZAR8,116.39m in the first six months of 2023. These trends are shown in Figure 15.

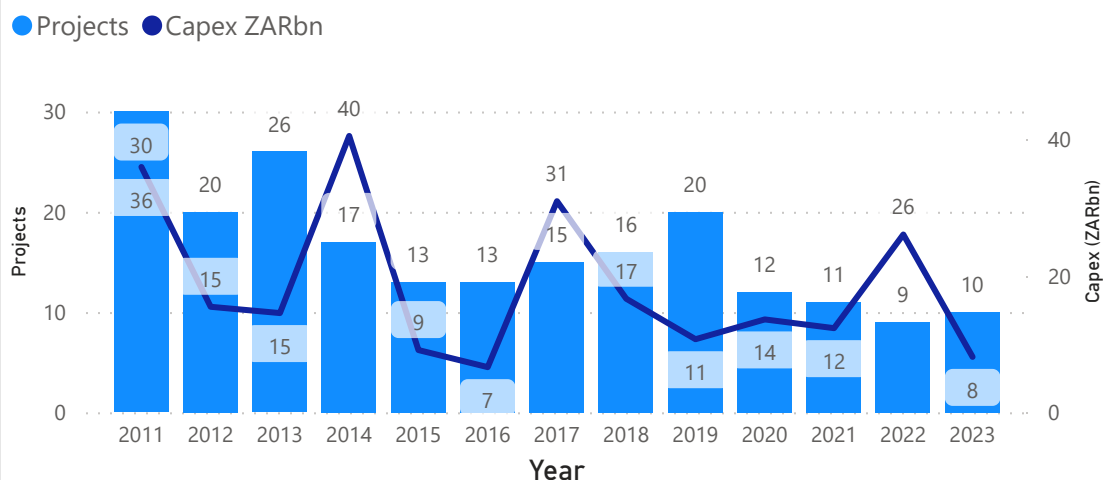
China was the main source of FDI into Zambia when measured by capex during the period 2011 to June 2023. As is evident in Figure 16, FDI from China to Zambia totaled ZAR40.36bn during this period, with this capex invested across 18 projects.

The United Kingdom ranked second with a total capex of ZAR35.06bn invested in 21 projects, while Canada was third, with a capex of ZAR33.86bn from six projects.

Four of the top ten investing countries in Zambia were from Africa, while China was the only Asian country that invested in Zambia.

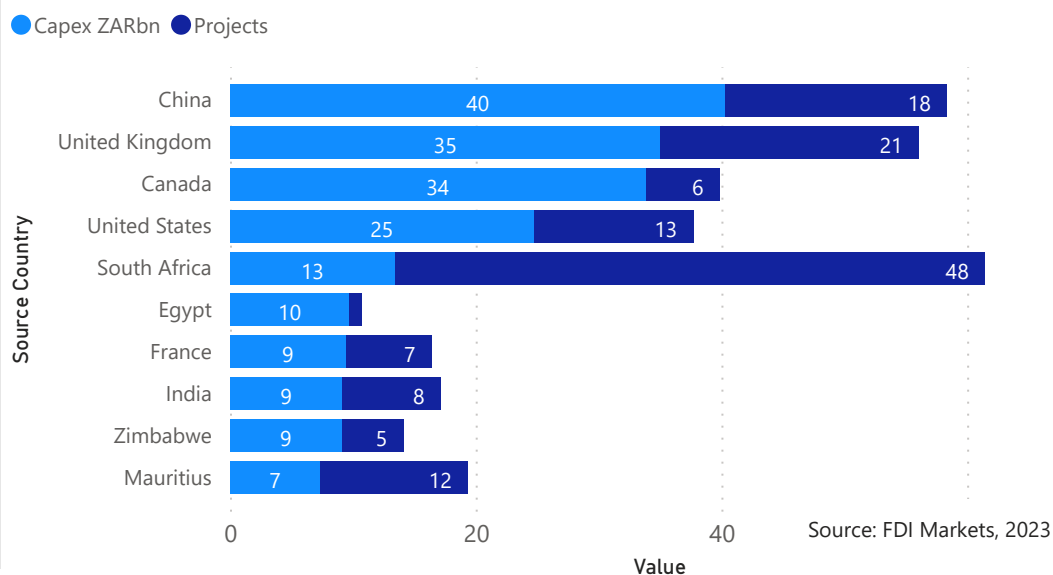
From January 2011 to June 2023, Zambia's metal sector was the largest recipient of global inward FDI in terms of capex. As is evident in Figure 17, this amounted to ZAR82.02bn, invested across 25 projects. The building materials sector was the second largest recipient of FDI, with six projects valued at ZAR39.54bn in capex. The food and beverages sector followed, with 33 projects worth ZAR22.97bn in capex.

Figure 15: FDI in Zambia, 2011-2023



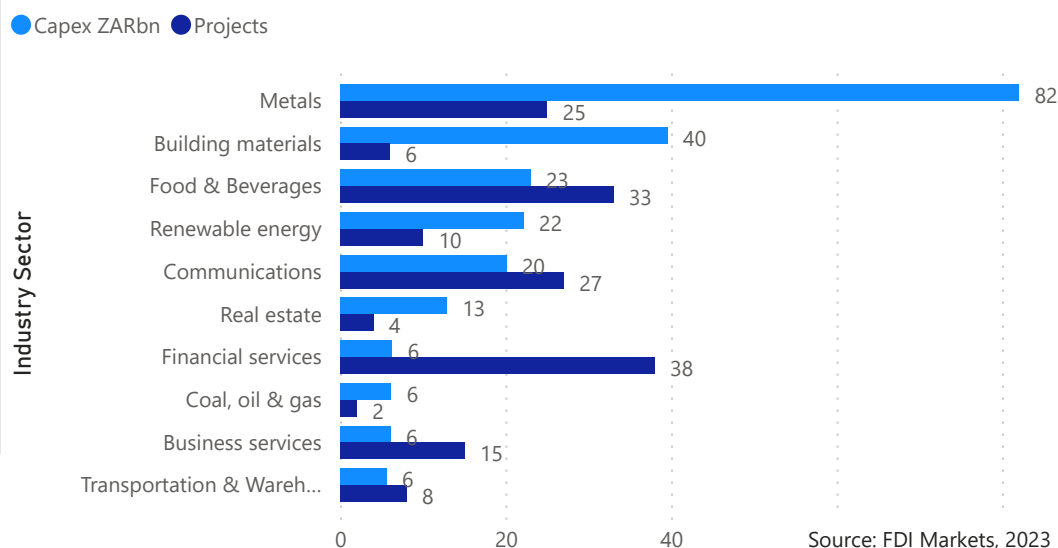
Source: FDI Markets, 2023

Figure 16: FDI in Zambia by Source Markets, 2011-2023



Source: FDI Markets, 2023

Figure 17: FDI in Zambia by Sectors, 2011-2023

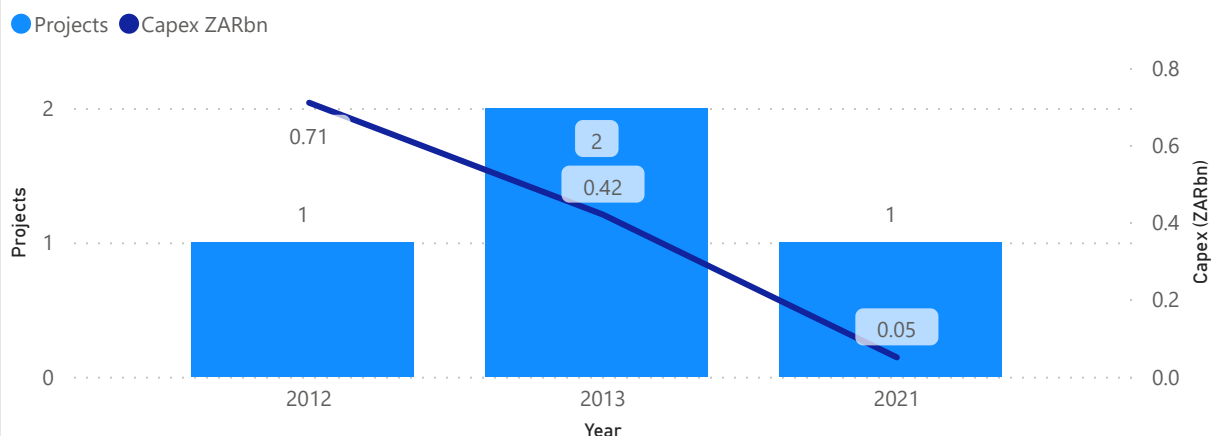


Source: FDI Markets, 2023

### 3.2) Global OFDI From Zambia

Zambian-based companies invested in four FDI projects globally between January 2011 and June 2023. These projects amounted to a total capex of ZAR1.16bn, equating to an average investment of ZAR289.91m per project. During this period, 391 jobs were created. A breakdown of these figures can be observed in Figure 18.

Figure 18: Trends in OFDI from Zambia, 2011 - 2023

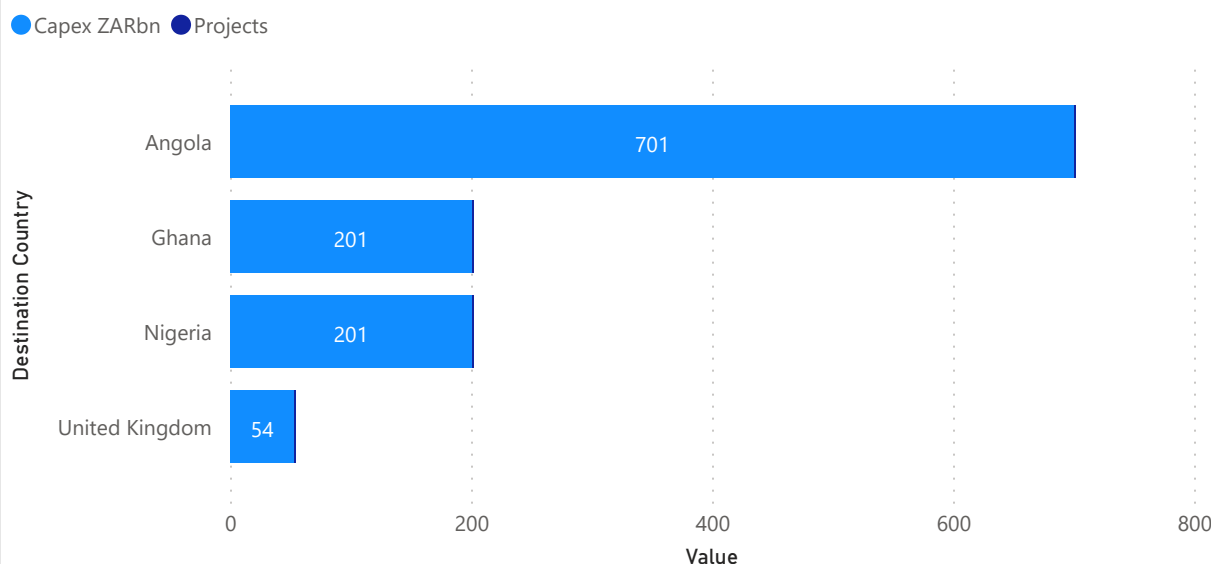


Source: FDI Markets, 2023

Strong economic ties exist between Zambia and other African countries. This can be demonstrated by the fact that three of the four destination markets for OFDI from Zambia were in Africa.

Angola was the top destination market for Zambia's OFDI between January 2011 and May 2023, with ZAR701.04m worth of capex invested in a single project. This was followed by Nigeria, with an investment in a single project worth ZAR200.95m in capex. Ghana was third, having recorded ZAR200.95m worth of capex from a single project during this period. This can be observed in Figure 19.

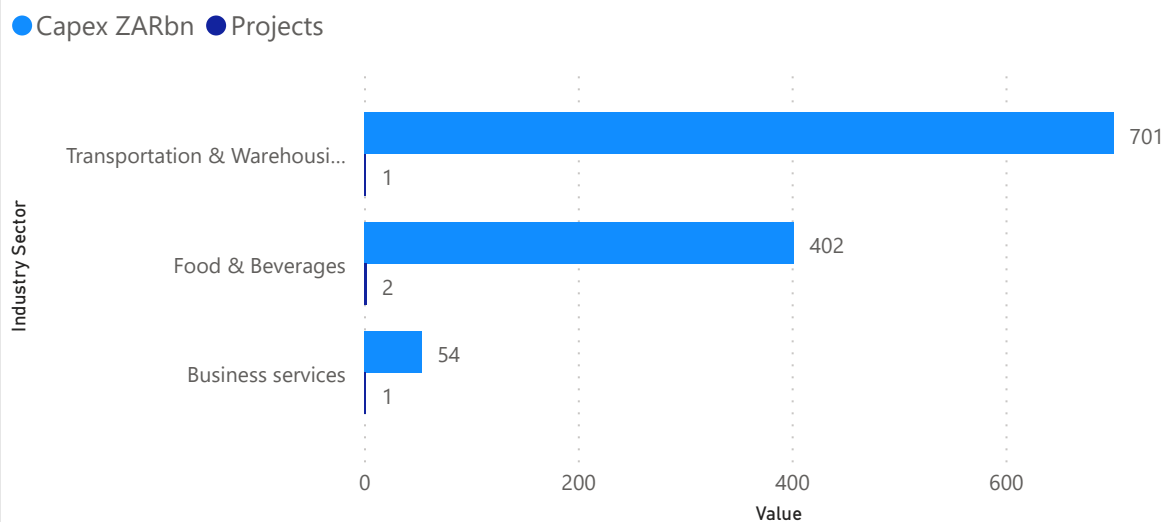
Figure 19: Destination Markets for OFDI from Zambia, 2011 - 2023



Source: FDI Markets, 2023

OFDI from Zambia was predominantly focused on the transportation and warehousing sector, with the country investing ZAR701.04m in capex from 2011 to June 2023. This was followed by investments in the food and beverages sector, and in business services sector valued at ZAR401.91m and ZAR53.69m respectively. This is indicated in Figure 20.

Figure 20: Top Sectors for OFDI from Zambia, 2011 - 2023



Source: FDI Markets, 2023



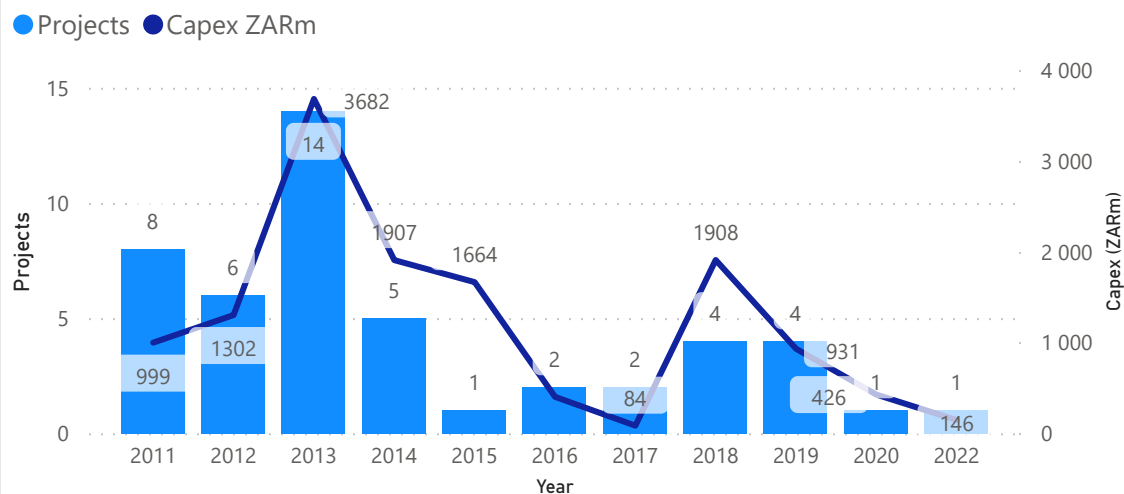
### 3.3) Bilateral FDI: South Africa's FDI in Zambia

South African companies invested ZAR13,451.65m worth of capex into Zambia between 2011 and June 2023. This was spread across 48 projects, with an average capex value of ZAR280.72m per project. An estimated 3,630 jobs were created as a result.

Figure 21 shows that South African investments (measured by capex) into Zambia peaked at a value of ZAR3,681.62m, which was invested in fourteen projects in 2013.

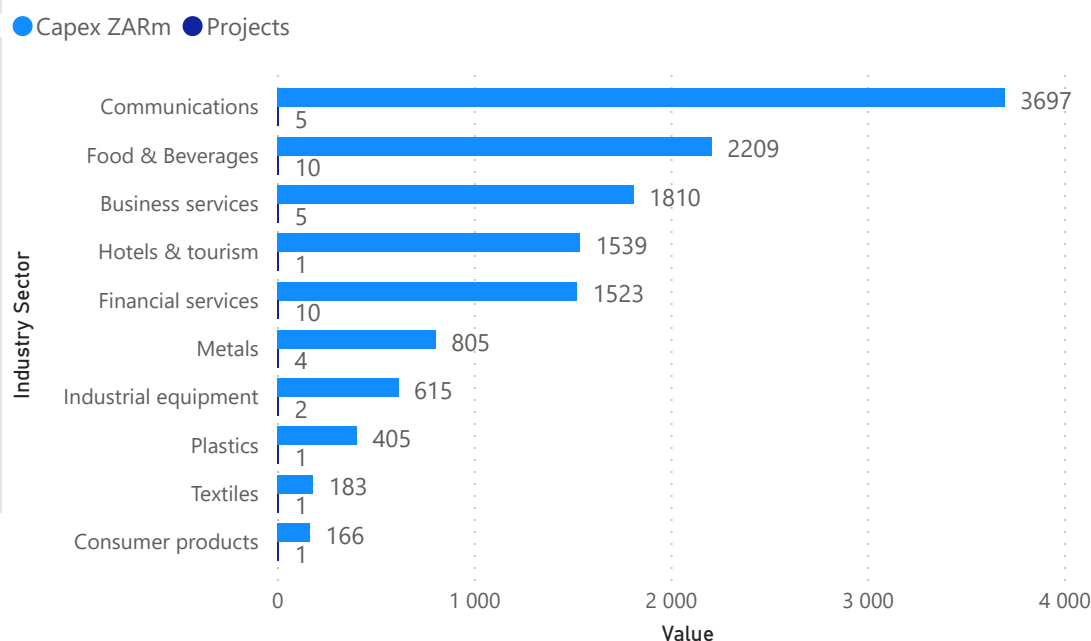
No FDI from Zambia into South Africa was recorded in the period under review.

Figure 21: FDI from South Africa in Zambia, 2011-2023



Source: FDI Markets, 2023

Figure 22: FDI from South Africa in Zambia by Sectors, 2011-2023



Source: FDI Markets, 2023

Investments in the communications sector dominated South African investments in Zambia during the period under review. This sector was the recipient of ZAR3,696.94m worth of capex invested in five projects.

Investments in the food and beverages sector followed with investments in 10 projects worth ZAR2,208.96m. The remaining industries that received FDI from Zambia are listed in Figure 22.

The top 10 South African companies that invested in Zambia (as measured by capex) from January 2011 to June 2023 are listed in table 1.

MTN Zambia was the top investor, having invested ZAR3,430.02m in three projects.

Tsogo Sun Holdings was the second largest investor, with an investment in a single project with a value of ZAR1,538.62m.

First National Bank Zambia, the third largest investor, invested in six projects with a total capex value of ZAR897.39m.

Table 1: South African Companies Investing in Zambia, 2011-2023

Company name	#Projects	Capex ZARm	Total jobs	Primary sector
MTN Zambia	3	3 430.02	173	Communications
Tsogo Sun Holdings	1	1 538.62	202	Hotels & tourism
First National Bank Zambia	6	897.39	123	Financial services
Rainbow Chicken	1	855.97	250	Food & Beverages
Thos Begbie	2	684.16	74	Metals
Bell Equipment	2	615.13	315	Industrial equipment
Shoprite	4	564.51	601	Food & Beverages
Pick n Pay	4	527.73	398	Food & Beverages
Bowmans (Bowman Gilfillan)	1	426.45	30	Business services
Murray & Roberts	1	426.45	30	Business services

Source: FDI Markets, 2023

### 3.4) Bilateral FDI: Western Cape's FDI in Zambia

Western Cape-based companies invested in 16 projects in Zambia at a cumulative capex value of ZAR3,015.84m between 2011 and June 2023. These investments were made by 10 Western Cape companies and generated 1,749 jobs. Investments by Western Cape companies into Zambia peaked in 2013 at a capex value of ZAR1,448 m which was invested in three projects. This can be seen in Figure 23.

No FDI from Zambia into the Western Cape was recorded during the period 2011 to June 2023.

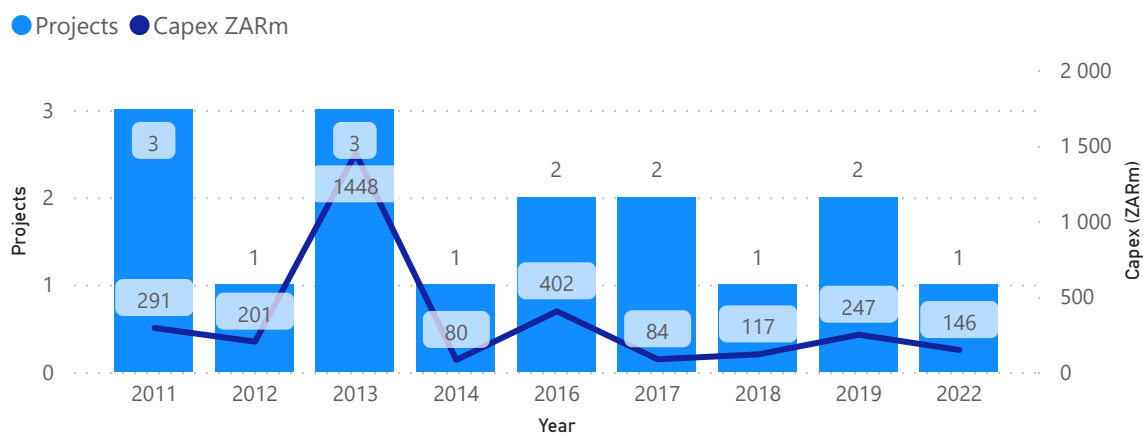
Most of the capex from the Western Cape (ZAR1,948.18m) was invested in nine projects in the food and beverages sector, as shown in Figure 24.

The business services sector followed, having attracted a single project worth ZAR426.45m from the Western Cape.

The financial services sector placed third, having benefited from two projects worth ZAR311.41m, while the consumer products sector landed ZAR165.67m in investments.

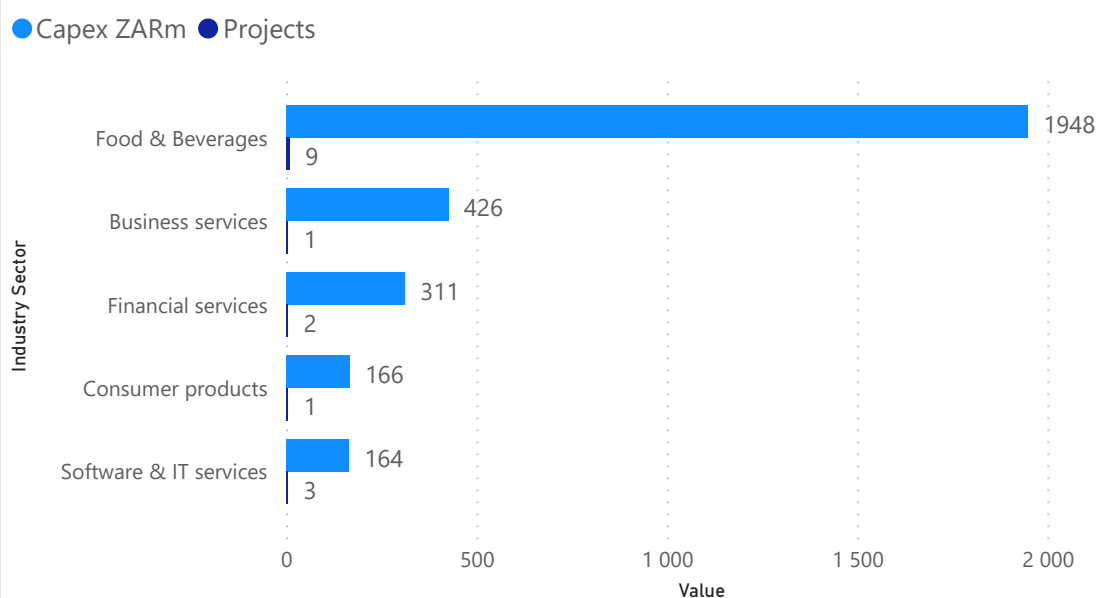
Rainbow Chicken was the top Western Cape investor (when measured by capex) into Zambia from January 2011 to June 2023, as shown in Table 2. The company invested in a single project in the food and beverages sector, with an associated capex value of ZAR855.97m. Shoprite and Pick n Pay followed with each company investing in four projects worth ZAR564.51m and ZAR527.71m, respectively.

Figure 23: FDI from the Western Cape in Zambia, 2011-2023



Source: FDI Markets, 2023

Figure 24: FDI from the Western Cape in Zambia by Sectors, 2011-2023



Source: FDI Markets, 2023

Table 2: Western Cape Companies Investing in Zambia, 2011-2023

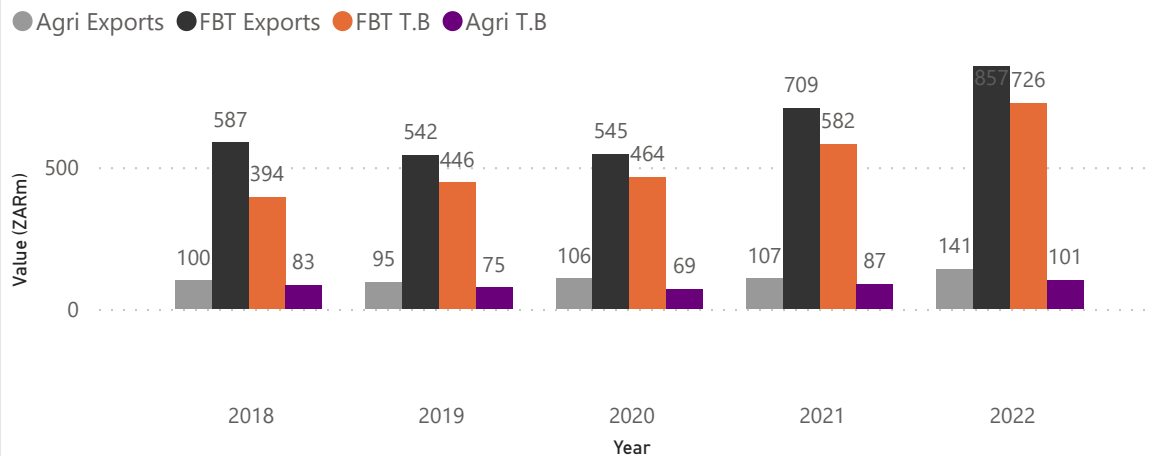
Company name	#Projects	Capex ZARm	Total jobs	Primary sector
Rainbow Chicken	1	855.97	250	Food & Beverages
Shoprite	4	564.51	601	Food & Beverages
Pick n Pay	4	527.71	398	Food & Beverages
The Jupiter Drawing Room	1	426.45	30	Business services
Santam	1	165.67	91	Financial services
The Foschini Group	1	165.67	318	Textiles
Carrick Wealth	1	145.73	21	Financial services
Jumo.World	1	79.77	18	Software & IT services
Webtickets	1	79.77	18	Software & IT services
Jembi Health Systems	1	4.61	4	Software & IT services

Source: FDI Markets, 2023

## 4) Western Cape Agribusiness Trade with Zambia

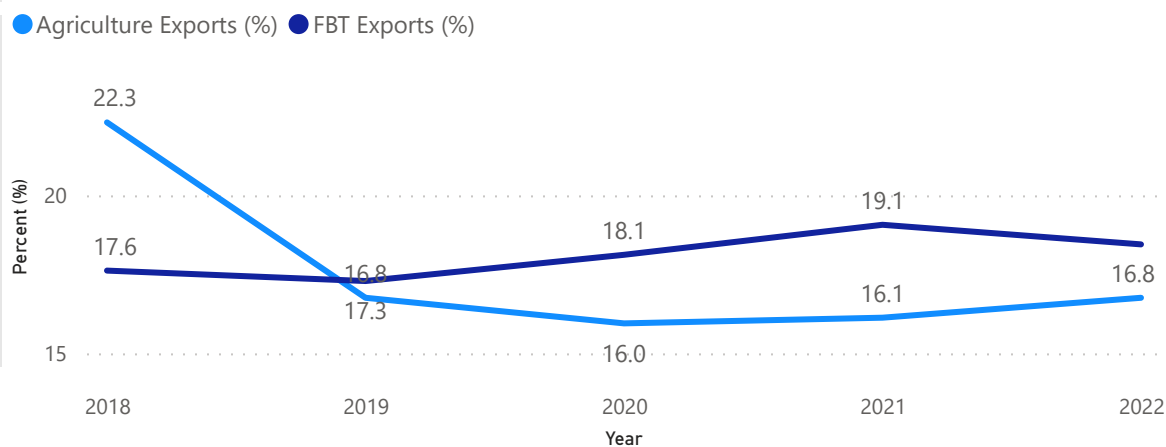
The Western Cape has historically exported more agribusiness products to Zambia than it has imported from that country. Agricultural exports fluctuated between ZAR100.28m in 2018 and ZAR140.71m in 2022. In parallel, exports of food, beverages and tobacco (FBT) products from the Western Cape fluctuated between ZAR586.74m in 2018 and ZAR857.18m in 2022. The province's trade in agribusiness products with Zambia remained firmly in a surplus throughout the period under review as is evident in Figure 25.

Figure 25: Western Cape's Agriculture and FBT Trade with Zambia, 2018-2022



Source: Quantec, 2023

Figure 26: Western Cape's Share of National Agri and FBT exports to Zambia, 2018-2022



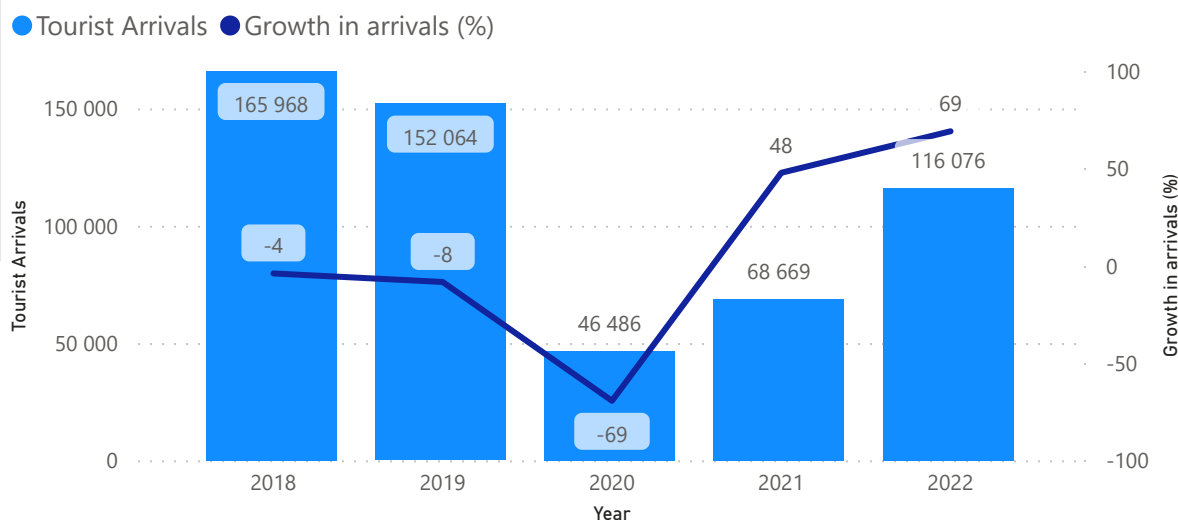
Source: Quantec, 2023

The Western Cape accounted for a modest share of South Africa's agribusiness exports to Zambia. In 2022, the province accounted for an average national share of 16.76% of primary agricultural exports and 18.45% of FBT exports to Zambia, as shown in Figure 26.

## 5) Tourism from Zambia to South Africa and the Western Cape

South Africa welcomed 116,076 tourists from Zambia in 2022, reflecting a 69.04% y-o-y growth when compared to 2021. This is evident in Figure 27.

Figure 27: Tourist Arrivals from Zambia in South Africa, 2018-2022

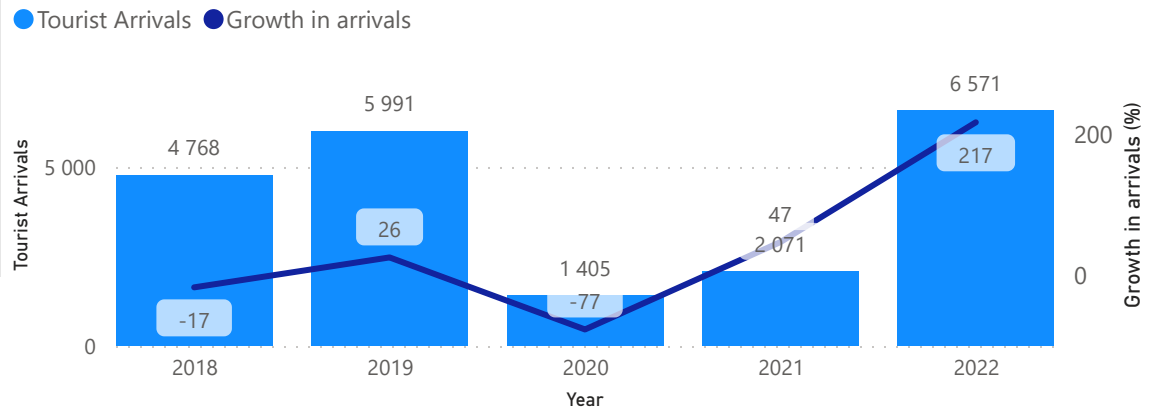


Source: South African Tourism, 2023

## 6) Tourism from Zambia to South Africa and the Western Cape

In 2022, some 6,571 tourists from Zambia visited the Western Cape, as seen in Figure 28. This reflects a recovery of 109.68% when compared to 2019 and a y-o-y growth of 217.29% in relation to 2021.

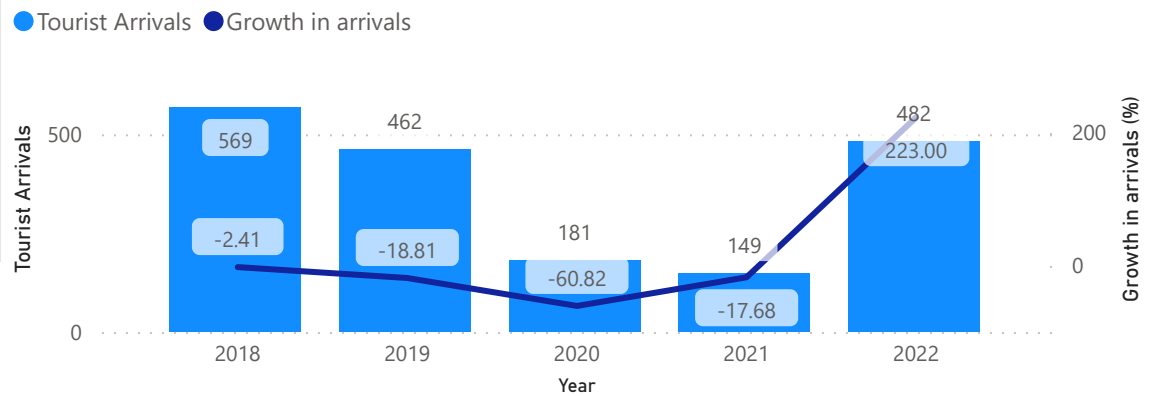
Figure 28: Tourist Arrivals from Zambia in the Western Cape, 2018-2022



Source: South African Tourism, 2023

Zambian passenger movement to Cape Town (via air) picked up in 2022, with a year-on-year growth of 223.49% when compared to 2021 and a recovery of 104.33% in comparison to 2019.

Figure 29: Zambian Passenger Movement through Cape Town International Airport, 2018-2022



Source: South African Tourism, 2023

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