Stanbic Bank

AFRICA **TRADE BAROMETER**

An overview of the current cross-border trade landscape of Africa

ZAMBIA

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EXECUTIVE SUMMARY

Being Africa's largest bank, Standard Bank (trading in Zambia as Stanbic Bank) has leveraged its presence and expertise across the continent to create the Stanbic Bank Africa Trade Barometer (SB ATB).

The SB ATB was launched in 2022 to create Africa's leading trade index to address the information vacuum of reliable African trade data and to support and enable the growth of intra-Africa trade. Availability of trade data remains a challenge across Africa and the SB ATB aims to fill part of this data gap through up-to-date survey data on the views of African businesses on the environment they operate in, their trade behaviour, trading activities and their perceptions on trade.

This is Issue 4 of the SB ATB. The SB ATB focuses on 10 countries: Angola, Ghana, Kenya, Mozambique, Namibia, Nigeria, South Africa, Tanzania, Uganda and Zambia.

To construct the SB ATB index rankings, seven broad thematic categories of data are collected from both primary and secondary data sources. These thematic categories are trade openness, access to finance, macroeconomic stability, infrastructure, foreign trade, governance & economy, and traders' financial behaviour. These are the seven variables on which the trade barometer scores for each country are constructed.

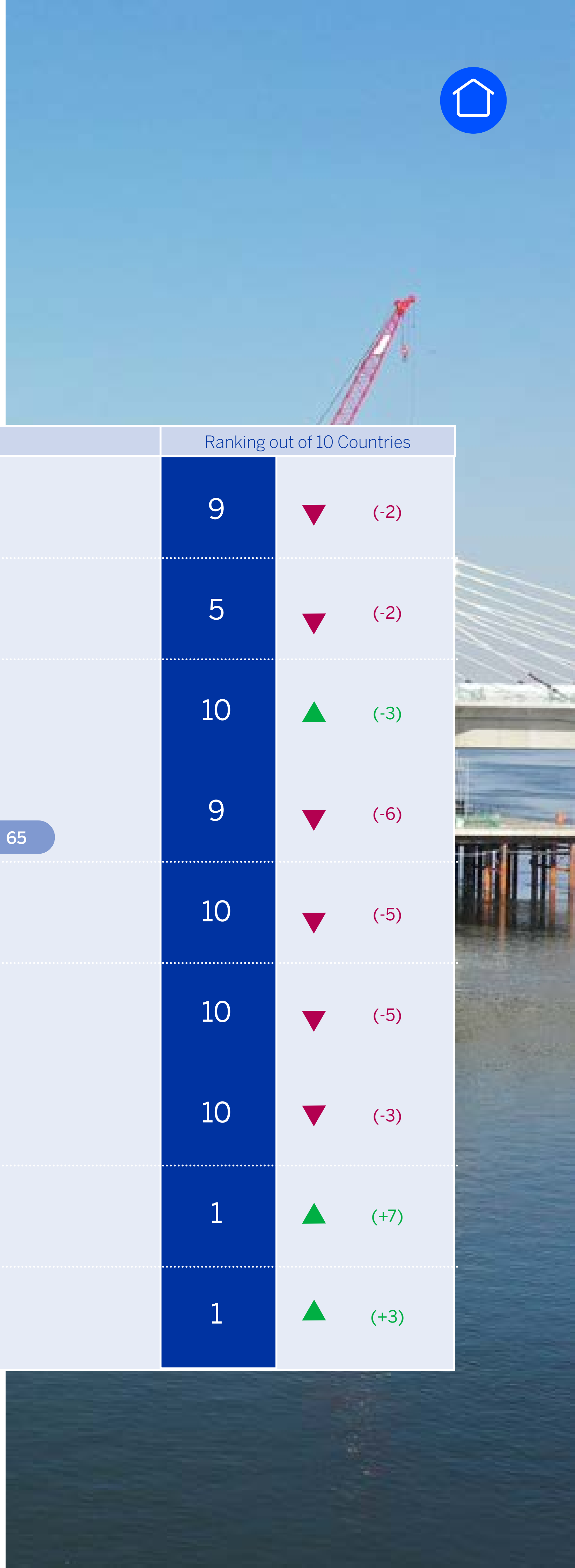
From a primary data perspective, the Stanbic Bank Firm Survey Trade Barometer (SB STB) is constructed. The SB STB scores and ranking by country are the averages of all the data collected only from the primary research surveys conducted with 2 258 firms across the 10 countries of interest.

From a secondary research perspective, the Stanbic Bank 3-Year Quantitative Trade Barometer (SB QTB) is constructed. The SB QTB scores and ranking by country are the averages of all the selected indicators collected only from existing secondary data sources. It is important to note that the SB ATB ranking of countries is relative to the 10 countries themselves. In other words, countries are ranked against each other i.e., relative scores to each other.

The table below shows Zambia's relative performance in the seven broad thematic categories of the SB ATB.

Thematic Category	Indicator	August 2024	May 2023	Ranking out of 10 Countries	
Macroeconomic Stability	Business Confidence	55	54	9	▼ (-2)
Governance and Economy	Government Support on Trade	52	59	5	▼ (-2)
Infrastructure	Quality of Infrastructure	30	41	10	▲ (-3)
	Infrastructure Obstacles	53	65	9	▼ (-6)
Access to Finance	Access to Credit	33	42	10	▼ (-5)
Traders' Financial Behaviour	Credit Terms Extended to Clients	44	55	10	▼ (-5)
	Credit Terms Advanced from Suppliers	41	48	10	▼ (-3)
Foreign Trade	Ease of Trade	40	40	1	▲ (+7)
Trade Openness	Trade Openness	58	55	1	▲ (+3)

Note: All (with the exception of the ease of trade) indicators have an index score ranging from 0 to 100, where 0 represents a low score and 100 the highest score. For the ease of trade indicator, 0 represents a high score and 100 a low score.



The SB ATB is an aggregate of the SB QTB and the SB STB.

This is the country report for Zambia.

It contains an analysis of the primary and secondary data gathered specifically for Zambia between July and September 2024 and showcases trends and opportunities in trade within the country. A consolidated report will complement the individual country analyses, synthesising data from the 10 African markets surveyed to provide a comparative perspective on the factors enabling and hindering trade. This will form the cornerstone of the trade barometer.

Zambia's position in the overall SB ATB ranking rose from position 9 in May 2023 to position 8. With regards to the SB QTB, the country improved its ranking from 7^{th} place to 6^{th}. Meanwhile, Zambia's 10^{th}-place ranking in the SB STB remained unchanged. All in all, Zambia's overall SB ATB position rose in relation to the other markets.**Zambia's macroeconomic conditions have presented challenges to its trade attractiveness, with 2024 GDP growth projections revised downwards from 4.4% to 2.5%.** The El Niño drought has significantly disrupted agriculture and energy, reducing maize, cassava, and soybean yields while increasing inflation due to crop import needs. Hydroelectric power, which generates 84% of the country's electricity, has also been severely affected, leading to rolling blackouts and slowing productivity. However, with real GDP growth expected to rebound to 6% in 2025, supported by better weather and debt restructuring, the outlook remains cautiously optimistic for economic recovery and improved trade potential.

Zambia's business confidence index rose slightly from 54 in May 2023 to 55, reflecting cautious optimism despite ongoing challenges.

While 38% of businesses remained confident in the economy's performance over the next three years, there was a slight rise in pessimism to 24%. Key drivers of optimism include progress in Zambia's USD 15.17 billion external debt restructuring and the expected rise in copper production, which could boost export earnings and support macroeconomic stability. However, concerns persist around high product prices, inflation, and power shortages, particularly as inflation rose to 13.8% in 2024. Despite these challenges, businesses remain hopeful for revenue growth, supported by financial stability, increased production, and rising marketing efforts.

Zambia's government support index dropped from 59 to 52, reflecting declining business confidence in government backing for cross-border trade. Surveyed businesses' operations were disrupted by drought-related power shortages and rising energy costs, leading them to deem the government's response to these challenges inadequate. Larger businesses report better-perceived support due to their resources to navigate regulatory hurdles, while smaller firms struggle with increased costs. Concerns over high taxes, customs duties, and a depreciating Kwacha have further strained sentiment. Despite some progress in debt restructuring and regional trade agreements, businesses still seek more tangible support, such as tax relief and improved customs efficiency.

Surveyed Zambian businesses reported a sharp decline in the perceived quality of trade-related infrastructure, with the index dropping from 41 in May 2023 to 30 in August 2024. This decline is attributed mainly to the El Niño-triggered drought, which has severely disrupted power, water, and telecom services. Prolonged power cuts due to low hydroelectric output, deteriorating road networks, and unreliable telecommunications infrastructure have significantly hampered trade activities. While improvements in airport infrastructure were noted, businesses continue to highlight the urgent need for investments that can mitigate climate-related challenges and improve the resilience of Zambia's critical infrastructure.

The El Niño drought has significantly disrupted agriculture and energy, reducing maize, cassava, and soybean yields while increasing inflation due to crop import needs.

Despite some progress in debt restructuring and regional trade agreements, businesses still seek more tangible support, such as tax relief and improved customs efficiency.

Surveyed businesses' operations were disrupted by drought-related power shortages and rising energy costs, leading them to deem the government's response to these challenges inadequate.

Zambia's access to credit index dropped to 33 from 42 in May 2023, indicating a tightening credit market. Businesses, particularly small enterprises, find it increasingly challenging to secure financing, with 47% perceiving access to credit as somewhat or extremely difficult**.** This reflects the high interest rates, which reached a seven-year high of 13.5% in 2024, and insufficient collateral as key barriers. As a result, smaller businesses are experiencing a decline in supplier credit arrangements, while larger firms and corporates are leveraging more flexible B2B trade credit to maintain cash flow. A fall in the percentage of businesses providing credit terms to clients (55 to 44) and those receiving credit term advances from suppliers (48 to 41) also highlights a tightened credit environment since May 2023.

There has also been an evolution in the payment methods employed by Zambian businesses, with a significant shift towards digital platforms, particularly EFTs, for cross-border transactions. In the August 2024 survey, 83% and 67% of businesses used EFTs for cross-border sales and purchases, respectively, a notable increase from May 2023 when cash was dominant. In contrast, cash remains the most used method for domestic transactions, with 93% of businesses relying on it for local sales. However, mobile money is gaining traction among small businesses as part of Zambia's broader move towards financial inclusion and digitisation under the NFIS II strategy.

Zambia's ease of trade index remained unchanged at 40 in the August 2024 SB ATB survey, mirroring the score from May 2023. Despite this stability, the perception of trading within Africa has become less favourable, especially among small businesses, where 54% now report seeing no benefits from participating in the African Continental Free Trade Agreement (AfCFTA), up from 36% in May 2023. The growing dissatisfaction highlights the complexity of realising AfCFTA's potential, as logistical challenges, high transport costs, and regulatory barriers continue to impede trade. While awareness of AfCFTA has increased to 37%, primarily among corporates, small businesses still struggle to perceive tangible benefits, signalling a need for further reforms and support to unlock the agreement's full potential for Zambian businesses.

Zambia's trade openness index increased from 55 to 58, reflecting a moderate improvement in trade conditions. Import reliance on Asia, particularly China, has grown, with 23% of businesses sourcing imports from there, up from 14% in the previous survey. However, optimism for trade growth is declining, as fewer businesses expect to increase import volumes due to inflation and slower GDP growth. Export activity has also slightly decreased, with 10% of businesses exporting, down from 12%. Nonetheless, regional trade remains strong, with the DRC and Zimbabwe being key export markets, reflecting robust intra-African trade despite broader economic challenges.

In conclusion, Zambia's rise in the SB ATB rankings to 8th place and a similar upward movement in the SB QTB signals a growing sense of cautious optimism regarding the country's trade environment. The stability in the business confidence index and the increase in the trade openness index suggest cautious optimism amid a tightening credit market, power shortages, and inflationary pressures. Future iterations of the SB ATB will need to track how Zambia navigates ongoing climate challenges, especially as businesses continue to struggle with disrupted infrastructure and access to finance. It will be essential to monitor the impact of debt restructuring on the economic outlook, the progression of digital payments, and the tangible effects of AfCFTA on smaller businesses. Additionally, Zambia's reliance on imports from Asia and the growing trade ties with neighbouring African nations will be key areas to watch, particularly as inflation and global economic conditions evolve.

Cash remains the most used method for domestic transactions, with 93% of businesses relying on it for local sales.

Despite this stability, the perception of trading within Africa has become less favourable, especially among small businesses.

Future iterations of the SB ATB will need to track how Zambia navigates ongoing climate challenges, especially as businesses continue to struggle with disrupted infrastructure and access to finance.

1 INTRODUCTION

Africa's largest bank, Standard Bank (trading in Zambia as Stanbic Bank), has leveraged its presence and expertise across the continent to create the Stanbic Bank Africa Trade Barometer (SB ATB).

The SB ATB was conceived with the intent of creating Africa's leading trade index to address the information vacuum of reliable African trade data and to support and enable the growth of intra-Africa trade.

Trade—in the context of the SB ATB—should be understood as the process of production and transfer of goods and services that is enabled by solutions that effectively connect the supply chain domestically and internationally to create economic value.

Launched in 2022, this is Issue 4 of the SB ATB. Issue 1, 2 and 3 were published in June 2022, November 2022 and September 2023 respectively. The SB ATB focuses on 10 countries: Angola, Ghana, Kenya, Mozambique, Namibia, Nigeria, South Africa, Tanzania, Uganda, and Zambia.

The objective of the SB ATB is to provide dynamic and insightful analysis that can intelligently inform and grow Africa's trade ecosystem.

Updated annually, the data enables stakeholders to take the pulse of African trade in near real-time to measure improvements or declines in business confidence, track operational challenges, and identify shifts in overall tradability.

The SB ATB is based on primary and secondary data sources. Primary research is gathered through a survey of over 2 258 firms representing small businesses, big businesses, and corporates across the 10 countries. The survey is augmented by in-depth interviews with select thought leaders in respective countries, and secondary data from sources such as the World Bank, the International Monetary Fund (IMF) and central banks of the respective countries.

To complement the individual country reports, a consolidated report will be published, serving as a cornerstone of the trade barometer. This overarching document will synthesise the data from the various country analyses to offer a comparative perspective of the factors enabling and impeding trade across the 10 African markets surveyed.

This is the country report for Zambia. It contains analysis of the primary and secondary data gathered specifically for Zambia and showcases trends and opportunities in trade within the country. Primary and secondary data was gathered in Zambia between July and September 2024 for this fourth issue of the SB ATB.

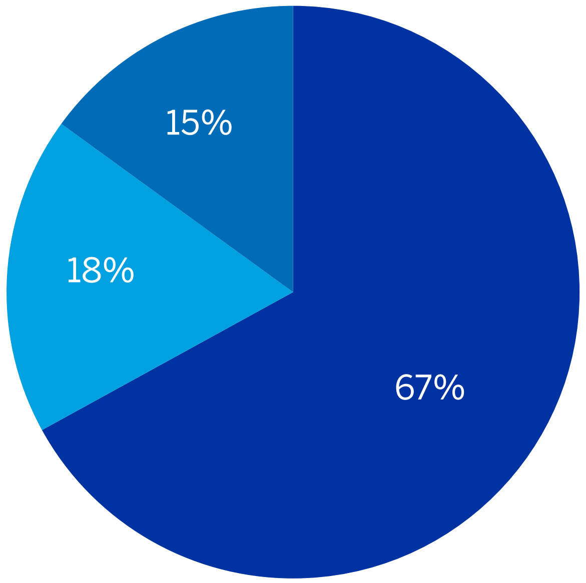
The surveyed businesses in Zambia were located in the following cities or towns: Lusaka, Kitwe, Ndola, Kabwe and Chingola. In order to be representative, the majority of these (67%) were small businesses (see Figure 1) given that most businesses in the country fall in this category. There were three in-depth interviews conducted in Zambia as part of this issue. These were with representatives from the Centre for Trade Policy and Development, Zambia Chamber of Commerce and Industry, and the Zambia Institute for Policy Analysis and Research.

The fact that the majority of surveyed businesses were small businesses is a central value-add of the Stanbic Bank Africa Trade Barometer (SB ATB). Generally, aggregate trade data and information on the African continent is skewed by large businesses who trade specific commodities in large volumes. The trading activities and behaviour of small businesses is therefore often not adequately represented.

Skewness towards small businesses of SB ATB.

The emphasis and findings in the SB ATB relate to small businesses, their trade behaviour, trading activities and their perceptions on trade. The SB ATB also makes a contribution in understanding the trade perceptions of small businesses in Africa that do not necessarily engage in cross-border trade. Understanding the trade perceptions of all small businesses is key, as it aids in Africa's journey from a disjointed trading landscape to a more cohesive one where an extensive range of economic participants actively engage in trade with one another.

Figure 1: Breakdown of surveyed businesses in Zambia by business segment



Small business | Large business | Corporate

Source: Stanbic Bank Africa Trade Barometer Issue 4

Notes: Certain survey findings in this report may differ from data at the aggregate level because data at the aggregate level is skewed by a few large businesses that trade large volumes of specific commodities. This is pointed out in the report, as relevant.

2 STANBIC BANK AFRICA TRADE BAROMETER ISSUE 4 COUNTRY RANKINGS

Zambia rose one place in the Stanbic Bank Africa Trade Barometer ranking, from position 9 to 8.

In order to construct the Stanbic Bank Africa Trade Barometer (SB ATB) index rankings, seven broad thematic categories of data are collected from both primary and secondary data sources. These thematic categories are macroeconomic environment, macroeconomic stability, government support, infrastructure constraints and enablers, trade openness, trader's financial behaviour and access to finance, and foreign trade and trading in Africa.

The SB ATB consists of the following two trade rankings:

- **The Stanbic Bank 3-Year Quantitative Trade Barometer (SB QTB)** is constructed from a secondary research perspective. The SB QTB scores and ranking by country are the averages of all the selected indicators collected from existing secondary data sources and reports.
- **The Stanbic Bank Firm Survey Trade Barometer (SB STB)** is constructed from a primary data perspective. The SB STB scores and ranking by country are the averages of all the survey data collected from 2 258 businesses.

The SB ATB is an aggregate of the SB QTB and the SB STB. Changes in a country's ranking on the three indices (SB ATB, SB QTB and SB STB) are driven by changes in both the aggregate score for that country, as well as their relative ranking against the other countries included. Changes in the SB ATB rankings over the past year are driven mostly by the changes in the SB STB scores.

The SB ATB ranking of countries is relative as countries are ranked against each other i.e., relative scores to each other. This is pegged on a scale of 0 - 100. When indexed between this range, South Africa has the highest Tradability Index while Angola has the lowest. This does not imply that one cannot trade in Angola or that South Africa is perfect, it only implies that on a common starting point of 0 and maximum point of 100, this is how the two markets fared.

Zambia rose one place in its SB ATB rankings, to 8th place from 9th in the May 2023 SB ATB (see Figure 2). Similarly, the country rose to 6th place in the SB QTB, from 7th place. Zambia's SB STB remained constant at 10th place.

Zambia's modest rise in the SB ATB rankings represents improvements in perceptions of trade openness and business confidence. However, demonstrative of the country retaining 10th place in the SB STB, there were measurable declines in perceptions of access to credit, quality of trade-related infrastructure, government support for trade and credit terms extended to clients and advanced from suppliers.

Figure 2: ATB, QTB and STB ranking, by country

1 = High tradability score — 10 = Low tradability score

Aug '24										
ATB	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
May '23	1	2	4	8	6	5	3	9	7	10
Jan '22	1	7	3	5	8	4	2	9	6	10

Aug '24										
QTB	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
May '23	1	2	3	4	6	7	8	5	9	10
Jan '22	1	8	3	6	4	9	6	2	7	10

May '23										
STB	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
Sep '22	3	4	1	2	7	9	8	5	6	10
Jan '22	4	2	6	5	9	8	7	10	1	3

Improved in Ranking — Remained in the same ranking — Declined in ranking

Source: Stanbic Bank Africa Trade Barometer Issue 4

Notes: All values are shown so that a higher value is 'better' for trade, with the best to least ranking economies being ranked 1, 2, 3, etc., and how this has changed over time. Red border indicates that the country has declined in the relevant ranking from May 2023, Green border indicates that the country has improved in ranking from May 2023, while Grey border indicates that the country has remained in the same position as in May 2023.

3 MACROECONOMIC ENVIRONMENT

Zambia's macroeconomic conditions have a less than ideal impact on her tradability attractiveness.

A country's macroeconomic environment is a crucial factor in determining its attractiveness for trade and business in the economy. Some factors that increase a country's trade and investment attractiveness are high GDP (indicating a strong production of goods and services); high GDP per capita (suggesting strong consumer purchasing power); low inflation (ensuring the local currency remains favourable for importers); high foreign direct investment (FDI) (indicating a generally business-friendly environment) and high merchandise trade as a percentage of GDP (reflecting substantial imports and exports).

Zambia's overall macroeconomic performance is negatively impacted due to a deceleration in real GDP growth (see Figure 3). Growth accelerated from 2020 to 2023 and this was expected to continue in 2024, initially forecasted to reach 4.4%. However, projections were revised to 2.5% owing to the adverse impact of the El Niño drought, notably affecting key sectors such as agriculture and energy.[1]

The agricultural sector was affected directly by the drought as the yield of key crops declined. For instance, the yields for cassava, maize and soybeans declined by 30%, 53% and 78% respectively. Given an increase in crop imports to cover the shortages, inflationary pressure will likely worsen. Maize grain and maize product prices, for instance, are likely to increase due to lower supply from theprevious farming season not just in Zambia but the South African Development Community (SADC) region.[2] The whole SADC region was affected by the drought. There is an estimated 2.1 million metric tonne maize deficit in Zambia, and the SADC region also has a maize deficit.[3]

The El Niño drought also severely impacted hydroelectric power supply, which generates the majority of the country's electricity output. As a result of the drought, the generation capacity became significantly lower, reaching 1 225 megawatts, against an installed capacity of 3 811 megawatts.[4] This led Zambia Electricity Supply Corporation Limited (ZESCO) to implement 12-hour rolling blackouts nationwide which were increased in duration from 12 hours a day in May 2024 to 21 hours a day in September 2024.[5] Larger firms, such as mining companies, were less affected as they were able to import electricity. However, smaller firms were left with few alternatives, leading to slowing GDP growth, particularly in wholesale and retail trade in 2024.[6]

2.5%

is the real GDP growth rate forecast for 2024, resulting in Zambia experiencing its lowest growth since 2020 when COVID-19 impacted the economy.

On a positive note, the country anticipates to receive sufficient rainfall during the 2024/2025 farming season, with most areas expected to experience normal to above-normal rainfall levels.[7] Early rainfall is anticipated to begin in October 2024 for certain areas of the Western Province, as well as the northern regions of Luapula and Northwestern provinces.[8] Real GDP growth rate is expected to rebound in 2025, forecasted at 6% in 2025 (see Figure 3), and supported by a likely return to normal rainfall.

Figure 3: Real GDP growth rate (%)

Source: Stanbic Bank African Markets Revealed Report

Note: 'f' represents forecasted data point.

Supporting Zambia's recovery will be progress in restructuring its USD 15.17 billion external debt following the 2020 default.[9,10]

> Climate change is undeniably impacting Zambia's key sectors. From reduced rainfall affecting agriculture and mining to low water levels disrupting industrial production, the challenges are vast. High temperatures also strain workers, leading to decreased productivity across multiple sectors. These are issues we cannot escape, and they emphasise the far-reaching consequences of a changing climate on both the economy and the workforce.
>
> Representative from Centre for Trade Policy and Development

[1] Stanbic Bank African Markets Revealed Report, 2024.
[2] National Assembly of Zambia, 2024. Available here.
[3] Presidential delivery Unit, 2024. Available here.
[4] Zambia 2025 Budget Address, 2024. Available here.
[5] Crisis24, 2024. Available here.
[6] Stanbic Bank African Markets Revealed Report, 2024.
[7] Ministry of Green Economy and Environment, 2024. Available here.
[8] Ministry of Green Economy and Environment, 2024. Available here.
[9] Zambia 2025 Budget Address, 2024. Available here.
[10] Zambia 2025 Budget Address, 2024. Available here.

In March 2024, Zambia reached a key restructuring agreement with its Eurobond holders, aligning with the International Monetary Fund's (IMF) Extended Credit Facility program parameters and the debt restructuring under the G20 Common Framework. Following the request for changes to the bond terms in May 2024, the bond exchange was settled on June 11, 2024. The agreement to restructure the Eurobonds provides essential debt relief provided by the bondholders, including foregoing around USD 840 million in claims and offering approximately USD 2.5 billion in cash flow relief through reduced debt servicing payments during the IMF programme period.[11]

Another positive outcome is that inflation is forecasted to ease in 2025 and reach 11.5%, down from an anticipated 13.8% in 2024. This decrease will likely contribute to a more stable economic environment and may lead to lower interest rates if policy rates are lowered in tandem. Notable factors that are likely to contribute to the easing of inflation going forward are Zambia's progress in its debt restructuring process (which will help stabilise the exchange rate) and developments in the mining sector.

The copper sector is poised for a boost in exports, especially copper, due to a surge in global prices of the metal.[12] With increased production expected from the Konkola and Mopani Copper mines, Zambia should see a significant rise in copper output. Additionally, the recommissioning of the Ndola Energy Power Plant in June 2024 injected an additional 105MW into the national grid and provided a much-needed increase in electricity to the national grid.[13] This move is crucial in Zambia's drive to diversify its energy sources beyond hydroelectric power.

Delays in external debt restructuring can, nonetheless, pose a challenge for the Zambian economy. It can negatively impact sentiment in the foreign exchange market and limit capital flows as there is uncertainty with the outcome of the negotiations.[14]

Table 1: Zambia's macroeconomic indicators and their impact on tradability attractiveness

Indicator	Unit	2019	2020	2021	2022	2023	2024f	2025f
Nominal GDP	USD, billions	23.2	18.1	21.6	28.7	28.1	25.2	31.5
GDP per capita	USD	1 298	983	1 108	1 437	1 363	1 197	1 450
Real GDP growth rate	%	1.4	-2.8	3.6	4.2	4.3	2.5	6.0
Inflation rate	%	9.1	15.7	22.1	11.1	10.9	13.8	11.4
Policy interest rate	%	10.2	9.7	8.5	9.0	9.8	13.3	12.2
Merchandise trade	% of GDP	61.0	72.8	74.8	71.0	67.4	N/A	N/A
Exchange rate stability	USD per ZMW	12.9	18.4	19.6	17.2	20.2	26.1	24.6
FDI	USD, billions	1.6	0.3	-0.6	-0.3	-0.1	0.2	0.3
Trade (exports and imports as % of GDP)	%	68.8	79.2	86.2	69.3	79.9	N/A	N/A

Source: Bank of Zambia; Stanbic Bank African Markets Revealed Report, World Bank Development Indicators

Note: Information collected is up to June 2024 and forecasts could have been revised by the time of publication. Some percentages and figures are rounded to the nearest whole number.

"The Kwacha's fluctuation creates a double-edged sword for Zambia. On one hand, debt servicing in dollars becomes a heavier burden on the treasury as the currency weakens. Yet, on the other hand, a weaker Kwacha boosts export appeal by making Zambian products cheaper on the global market. However, this volatility continues to weigh more heavily on the everyday lives of Zambians, highlighting the tricky balance between national debt and economic opportunity."

Representative from Zambia Institute for Policy Analysis and Research

[11] IMF, 2024. Available here.
[12] Coface, 2024. Available here.
[13] GLA Energy, 2024. Available here.
[14] National Assembly of Zambia, 2024. Available here.

4 MACROECONOMIC STABILITY

Confidence in the economy improved slightly, supported by expectations for business growth and the fruits of debt restructuring.

ZAMBIA'S BUSINESS CONFIDENCE INDEX SCORE

Source: Stanbic Bank Africa Trade Barometer Issue 4

Business confidence can vary between 0 and 100, where 0 indicates an extreme lack of confidence, 50 neutrality and 100 extreme confidence. In the August 2024 SB ATB survey results, Zambia's business confidence index score remained largely unchanged from May 2023, increasing slightly from 54 to 55.

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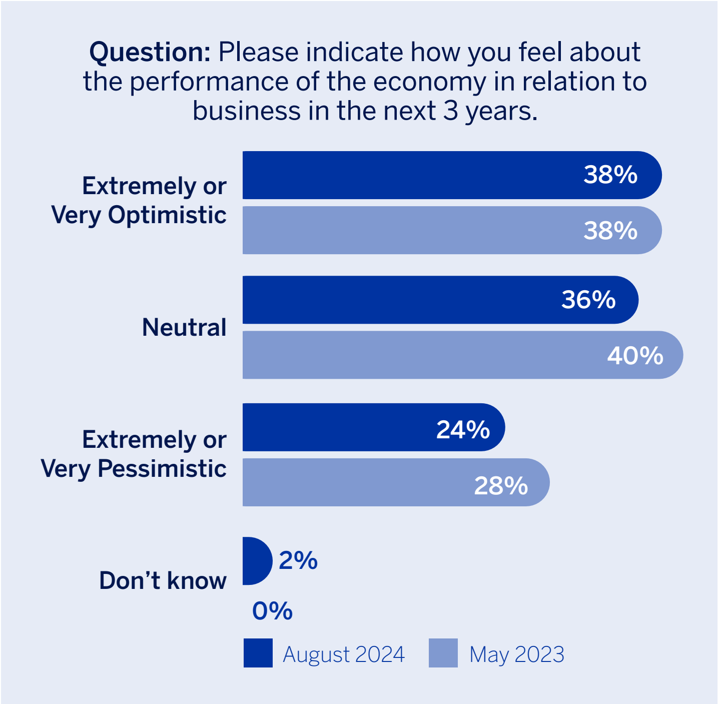
The confidence of surveyed businesses on the performance of the economy in relation to business remained unchanged compared to the May 2023 survey. In both surveys, 38% of businesses expressed confidence in the economy's performance over the next three years. Nonetheless, there was a slight increase in pessimism, rising to 24% in this year's survey compared to the May 2023 cohort (see Figure 4).

Noteworthy is the increase in the proportion of surveyed businesses that are 'extremely optimistic' about the economy's performance. This figure rose from 4% in May 2023 to 11% among the August 2024 cohort. This increase was observed across all business segments. A key factor driving this could be Zambia's progress with its USD 15.17 billion external debt restructuring, including a recent agreement in principle with bondholders, accepted by official creditors and the IMF. This progress is paving the way for macroeconomic stability and expected to lower inflation in the near future, as Zambia's debt repayments would have continued to cause a strain on foreign currency reserves and fiscal management.[15] Another factor behind improved perception could be the growing production of copper in Zambia (see Figure 5). Ranked 8th in terms of copper production globally,[16] the country is forecasted to increase its output by 22% between 2023 and 2024 to reach 947,000 tonnes in 2025.[17] This rise will be driven by increased production at Konkola and Mopani Copper Mines, which have overcome previous challenges.

Global demand for copper is expected to increase due to the green energy transition, which will see a boost in demand for Zambian copper. As a highly efficient conductor, copper is essential in renewable energy infrastructure—solar, wind, hydro, and energy storage systems—all of which require up to six times more copper than traditional energy systems.[18] This makes copper fundamental to renewable energy infrastructure, energy storage systems, and EVs.

The global demand for copper prices can be seen in the notable increase in copper prices between October 2022, to October 2024. Copper prices have increased by an estimated 22.85% rising from USD 7,769 in October 2022 to 9,523 per metric ton in October 2024.[19] This upward trend can be attributed to factors such as growing global demand driven by the expansion of electric vehicle production, renewable energy initiatives, and infrastructure projects.

Figure 4: Zambian businesses outlook of the performance of the economy



Source: Stanbic Bank Africa Trade Barometer Issue 4

The increased global demand will subsequently lead to higher copper production in Zambia and lead to an increase in export earnings from copper.

> In Zambia, businesses typically pass on import costs to customers, with little mitigation against currency fluctuations.
>
> Representative from the Zambia Chamber of Commerce and Industry

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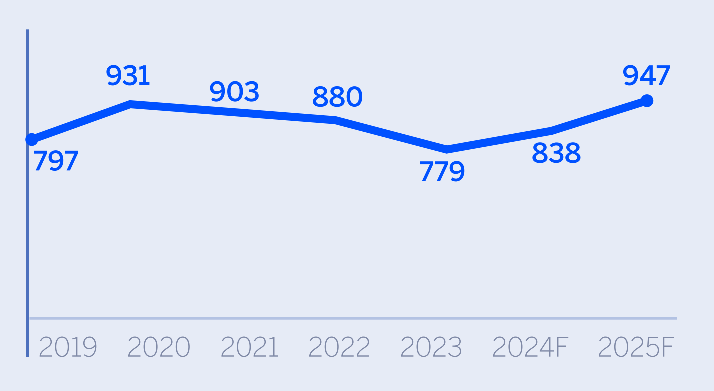
[15] World Bank, 2024. Available here.
[16] Energy Capital Power, 2024. Available here.
[17] Stanbic Bank African Markets Revealed, June 2024.
[18] International Copper Association, 2024. Available here.
[19] Daily Metal Price, 2024. Available here.

Figure 5: Zambian Copper production ('000 tons)



Source: Stanbic Bank African Markets Revealed Report

Note: 'f' represents forecasted figures.

A key factor expected to boost Zambia's economic productivity is the country's efforts to diversify its power generation and reduce its heavy reliance on hydroelectric power, which currently accounts for 84% of Zambia's electricity output.[20] The government has taken several initiatives to improve power generation, including the recommissioning of the 105 MW Ndola Energy Power Plant, the development of the Chisamba solar plant, and the installation of 120 MW of diesel generators in Ndola and Mpika.[21] Diversification of power protects against the failure of the hydroelectric power supply and would avoid an increase in business disruptions due to power outages. Additionally, the Maamba Collieries Phase II Project, expected to bring to the grid 300MW.[22]

In April 2024, the Zambian government introduced the Demand Stimulation Incentive to boost energy access and drive growth in agriculture, energy, and rural development.[23] This grant-based incentive scheme encourages mini-grid developers to rapidly connect small businesses and public institutions to energy supply.[24] In its first phase, the initiative will target 100 priority sites, benefiting 30 000 rural Zambians and improving the welfare of over 100 000 people by electrifying schools, hospitals, and other community facilities. The program is spearheaded by The Rockefeller Foundation with support from GEAPP and SEforALL.

Additionally, the government introduced incentives to attract investment into the renewable energy sector. Some of these incentives include the launch of the Net Metering Program, set to begin on 1 August 2024. The net metering program is designed to promote the adoption of renewable energy, allowing Zambians to generate their own electricity and feed any excess power back into the grid.[25]

Surveyed businesses expressing pessimism in the performance of the economy in relation to business cited high product prices (46%), and high inflation (38%) as key factors for their negative outlook. The Zambian Kwacha has been volatile against the USD, this currency depreciation coupled with rising energy costs contributed to the high prices as cost of production increased for businesses.

Although inflation is expected to lower in 2025, it has increased in 2024 to 13.8% (see Figure 6). Higher inflation is harmful to businesses as it makes the cost of goods volatile and forces consumers to concentrate spending on basic goods. As of September 2024, the inflation rate stood at 15.6% showing growth faster than the initial forecasts. Factors such as increasing food prices due to the drought and a weakening exchange rate against the USD, contributing towards this.[26]

Nonetheless, businesses expect revenue to increase going forward (see Figure 7); although fewer businesses expected an increase compared to businesses surveyed in 2023. Key factors contributing to this optimism include financial stability (74%), increased marketing activity (74%), and a rise in production (73%), all of which are expected to positively impact their revenue.

Figure 6: Annual inflation rate (%)

Source: Stanbic Bank African Markets Revealed Report

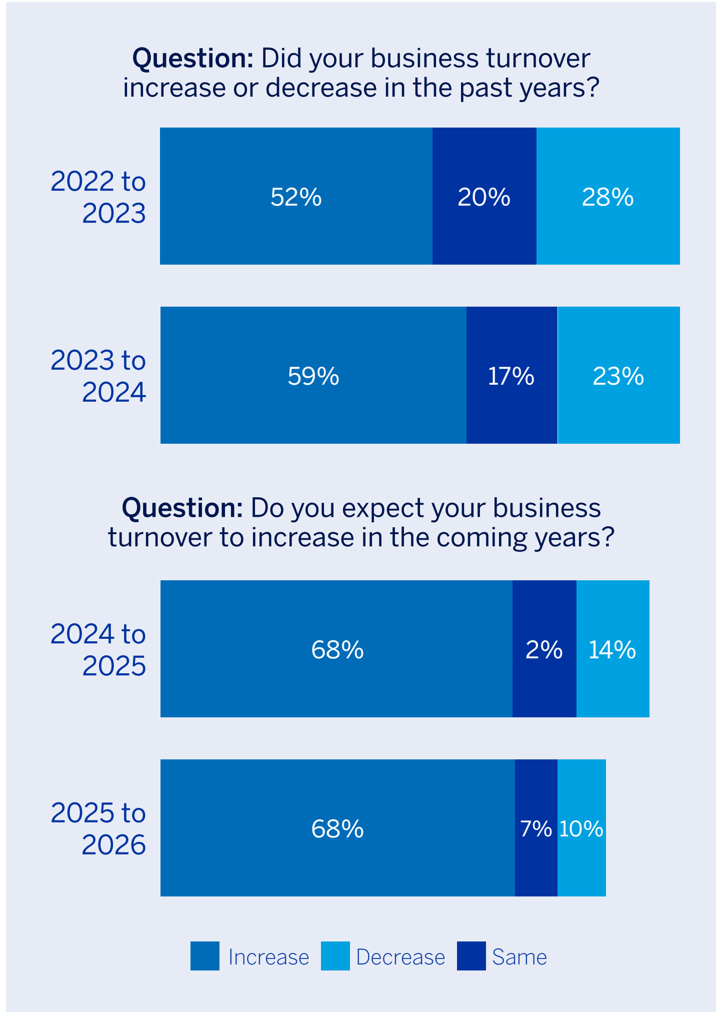
Note: 'f' represents forecasted data points.

Zambia's Kwacha is expected to stabilise due to increased export earnings from agriculture and copper, driven by a rebound in agricultural production and an injection of foreign direct investment (FDI) from increased investor confidence and improved credit ratings from Fitch and Moody's. FDI is projected to grow from $0.2 billion to $0.3 billion by 2025. These factors will create a stable macroeconomic environment allowing businesses to reinvest their retained earnings into revenue-generating business activities.

14% of surveyed businesses said that their revenue will decrease, compared to just 6% from last year's cohort. Factors that will negatively affect business revenue are high taxation (84%), decreased sales/orders (80%), and an unstable political environment, according to surveyed businesses.

Zambia faces tax inefficiencies, and with a substantial spending reprioritisation planned for 2024,[27] there is a critical need to focus on revenue mobilisation, including enhancing tax administration and promoting tax compliance amongst businesses. The government thus aims to improve revenue collection through the introduction of a new electronic invoicing system, alongside modest tax reforms, such as a tax on mobile money transactions and increased excise duties on sweetened beverages and tobacco. This may prove unpopular with businesses as observed in Kenya, Uganda, and Tanzania, and highlight the potential risk of tax reforms on political stability, and ultimately macroeconomic outlooks.

Figure 7: Zambian businesses' sentiments over the likelihood of revenue increases



Source: Stanbic Bank Africa Trade Barometer Issue 4

Note: Numbers may not add up to exactly 100% due to "don't know" and "refused" responses not being included

[20] 2025 Budget Speech, 2024. Available here.
[21] Lusaka Provincial Administration, 2024. Available here.
[22] Maamba Energy, 2024. Available here.
[23] Energy Alliance, 2024. Available here.
[24] ESI-Africa, 2024. Available here.
[25] ZESCO, 2024. Available here.
[26] 2025 Budget Speech, 2024. Available here.
[27] IMF, 2024. Available here.

5 GOVERNMENT SUPPORT

Drought, inflation, and a devaluing Kwacha severely dent confidence in government trade support.

ZAMBIA'S GOVERNMENT SUPPORT INDEX SCORE

Source: Stanbic Bank Africa Trade Barometer Issue 4

Government support index can vary between 0 and 100, where 0 indicates an extreme lack of Government support, 50 neutrality and 100 extreme government support. In the August 2024 SB ATB survey results, Zambia's government support index score decreased from 59 to 52. This means that surveyed businesses in Zambia feel the Government has been less supportive of cross-border trade activities in this iteration of the survey compared to the May 2023 survey.

***

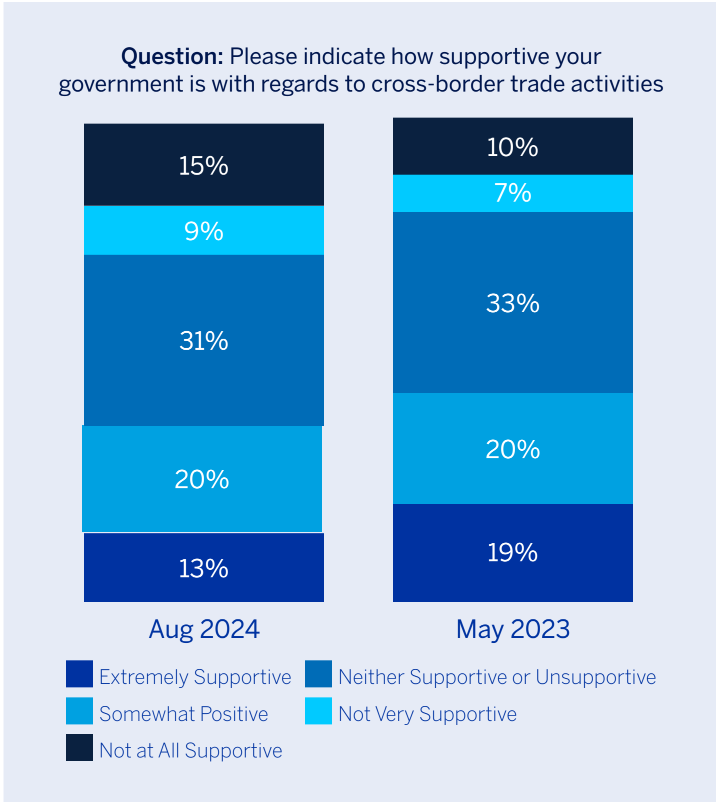
Fewer surveyed businesses perceived the government to be supportive of cross-border trade, falling to 33% in this iteration of the survey compared to 39% in the May 2023 cohort (see Figure 8). Similarly, surveyed businesses that say that the government is not supportive has risen to 24% compared to 17% last year.

Decreased perception of government support for trade can be due to surveyed businesses deeming the response to the El Niño drought inadequate. The droughts led to rolling blackouts which slowed down the economy as power shortages reduced productivity and increased energy costs for businesses.

Surveyed corporate businesses on average have a more positive perception of the government's support for cross-border trade relative to smaller businesses. 56% of surveyed corporates have a positive perception of the government's support for cross-border trade relative to big businesses (48%) and small businesses (25%). This difference may be explained by larger businesses having more resources, access to opportunities and capacity to navigate complex regulatory environments and Government support being more accessible and tangible to larger businesses. As an example, during the power crisis in Zambia, larger mining companies imported power from other countries such as South Africa to continue operations.[28] On the other hand, smaller companies and big businesses continue to struggle with power outages and increased cost of operations.

The reduced perception of the government's positive role in supporting cross-border trade (from 49% in 2023 to 33% in 2024) may also be attributed to Zambia's debt crisis. The country's external debt has been steadily increasing, and since these debts must be repaid in foreign currency, it puts additional pressure on Zambia's foreign exchange reserves, leading to liquidity challenges. Zambia's external debt is projected to rise to 59.5% of GDP in 2024, up from 50.6% in 2023 (see Figure 9). However, it is worth noting that Zambia is making notable progress toward debt sustainability, particularly through its ongoing debt restructuring efforts with bondholders and private creditors.

Figure 8: Perception of government support for cross-border trade



Source: Stanbic Bank Africa Trade Barometer Issue 4

Note: Numbers may not add up to exactly 100% due to "don't know" and "refused" responses not being included.

> The tax incentives in Zambia highlight an information asymmetry challenge for local companies. Many of these measures seem designed for larger players. For example, the threshold for investment in the Economic Facility Zone was reduced from one hundred thousand Kwacha to fifty thousand, yet few local companies can fully benefit. Ultimately, these incentives are not structured to promote genuine local participation.
>
> Representative from the Zambia Chamber of Commerce and Industry (ZACCI)

[28] Zambian copper mines desperate for power find an unlikely saviour, 2024. Available here.

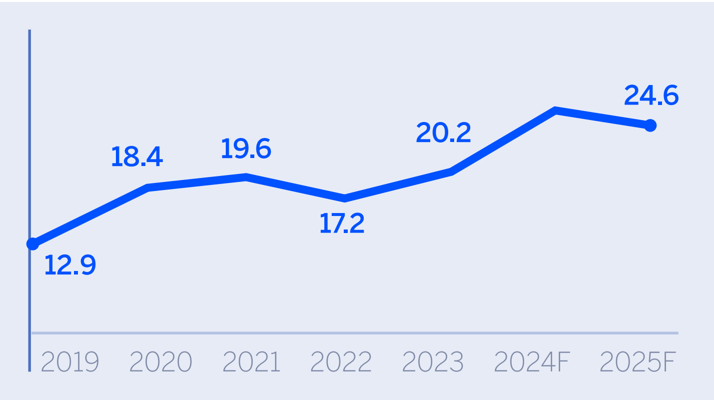
Figure 9: Debt to GDP (2019 to 2024f)

Source: Stanbic Bank Analysis; Stanbic Bank African Markets Revealed Report

Note: 'f' represents forecasted data point.

Furthermore, the Zambian Kwacha has been volatile against the U.S. dollar. The Kwacha lost 17.44% of its value against the US dollar in the period January 2022 to December 2023, compared to a 12.24% appreciation in a similar period from January 2021 to December 2022 (see Figure 10). The depreciation of the Kwacha can be attributed to a low supply of foreign exchange due to a decrease in net FDI inflows and reduced contribution from mining companies, the main source of foreign exchange, which experienced lower production due to operational challenges such as the increase in energy costs.[29] Additionally, high importation costs due to the drought contributed to the weakening of the Kwacha.

Figure 10: Movement of Zambian Kwacha against the US Dollar



Source: Stanbic Bank Analysis; Stanbic Bank African Markets Revealed Report

Note: 'f' represents forecasted data point.

Many businesses feel that the provision of some form of tax relief will ease some of the frictions that inhibit their ability to engage in cross-border trade. 86% of surveyed businesses identified reduction of business taxes as an area where the government can support cross-border trade. Businesses also identified lowering customs duties (84%) and reduced time taken for customs clearance (84%) the three most important interventions they require from the government.

Trade activity in Zambia may be stimulated if the cost of trading were to be lowered, and perceptions of government support may improve. There are promising developments toward this goal, as earlier this year, the government approved a significant Customs and Excise Regulation.[30] This new regulation aims to streamline and regulate the licensing of customs clearing agents. Previously, the profession had minimal entry requirements, which contributed to high transactional error rates, loss of government revenue, increased compliance costs for traders, and frequent delays in clearing goods at the border. The new regulation seeks to address these issues by transforming the licensing process for customs clearing agents. It introduces minimum educational qualifications and mandates training and examinations for those entering the profession.

The Zambian government has made significant progress in removing trade barriers and reducing cross-border trade costs through agreements with countries and regional blocs, such as the COMESA-EAC-SADC Tripartite Trade Area and the Democratic Republic of Congo (DRC). Zambia is a part of the COMESA-EAC-SADC Tripartite Trade Area that came into effect on July 25, 2024,[31] which focuses on market integration, infrastructure development, and industrial growth by establishing a Free Trade Area, enhancing connectivity, and improving regulatory frameworks to boost productivity and competitiveness among the three regional economic blocs.

Zambia has reopened its borders with the Democratic Republic of Congo (DRC) as part of a separate agreement aimed at enhancing trade and border crossings between the two nations.[32]
On August 13, 2024, Zambia reopened the border posts at Sakania, Mokambo, and Kasumbalesa, allowing the free movement of goods and people. In response, the DRC agreed to lift trade restrictions on Zambia. The borders were initially closed after the DRC imposed a ban on the import of soft drinks and beer from Zambia, which led to protests by Congolese truckers near Kasumbalesa and criticism from Zambian business groups.

Additionally, in September 2024, the Africa Finance Corporation (AFC) signed concession agreements with the governments of Zambia and Angola for the funding, construction, ownership, and operation of the Zambia Lobito Rail project. This rail corridor will provide an alternative route to international export markets for Zambia and the DRC, benefiting key sectors like mining and agriculture. The corridor will help facilitate the movement of goods from the Copperbelt and Northwestern Provinces through Angola to the western markets.[33]

Another key government initiative to support the country's energy sectors, address current energy challenges and attract investments into the energy sector has been the Open Access regulations. The government of Zambia enacted the Electricity (Open Access) Regulations 2024 on July 19, 2024. The primary goal of these regulations is to empower independent power producers (IPPs) by allowing them to generate and sell electricity directly to consumers, bypassing the national utility company, ZESCO.This move aims to diversify Zambia's electricity sector, attract new investments into the industry, and ultimately improve the country's power supply. By increasing competition and expanding energy sources, the regulations will help reduce the risk of power outages and enhance the reliability of Zambia's power grid.

Additionally, The Zambian government continues to support small and medium-sized enterprises (SMEs) through programs like the Constituency Development Fund (CDF) and the Zambia Credit Guarantee Scheme. In 2024, the government increased funding for the Credit Guarantee Scheme to $14 million (K386 million), up from $5 million (K150 million) in 2023, to help SMEs access affordable financing.[34]

"The Democratic Republic of Congo (DRC) has seen a notable shift in trade relations, particularly with Zambia. While China and South Africa remain key trading partners, Zambia has increased its imports of metal ores from the DRC for processing. Though trade between the two nations still faces bottlenecks, improvements are steadily being made."

Representative from the Zambia Chamber of Commerce and Industry (ZACCI)

[29] Monetary Policy Report February 2024. Bank of Zambia, 2024. Available here.
[30] Trade Facilitation, 2024. Available here.
[31] COMESA, 2024. Available here.
[32] Ministry of Trade and Industry, 2024. Available here.
[33] ESI-Africa, 2024. Available here.
[34] 2025 Budget Speech, 2024. Available here.

6 INFRASTRUCTURE CONSTRAINTS AND ENABLERS

El Niño-triggered droughts sharply erode the perceived quality of critical infrastructure, disrupting power, water, and telecom services.

ZAMBIA'S QUALITY OF TRADE-RELATED INFRASTRUCTURE INDEX SCORE

Source: Stanbic Bank Africa Trade Barometer Issue 4

The quality of trade-related infrastructure index can vary between 0 and 100, where 0 indicates poor quality, 50 indicates fair quality and 100 indicates excellent quality. In the August 2024 SB ATB survey results, Zambia's quality of trade-related infrastructure index score decreased to 30 from 41 in May 2023.

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On average, surveyed Zambian businesses perceived the quality of infrastructure to be significantly poorer in this iteration of the survey relative to May 2023 (see Figure 11). This shift is largely driven by significant decreases in the quality of road, telecommunications, power supply, and water supply infrastructure, overshadowing an increase in the perceived quality of airport infrastructure.

The perceived quality of power supply infrastructure declined significantly between the May 2023 and August 2024 cohorts of surveyed businesses; dropping from 2.2 points in 2023 to 0.3 points in 2024. A driver of this perceived decline is likely the prolonged power cuts implemented by Zambia's state-owned energy provider, ZESCO Limited, to moderate the country's limited electricity supply due to El Niño-linked droughts.

Power cuts are reported to have increased in duration from 12 hours a day in May 2024 to 21 hours a day in September 2024.[35]

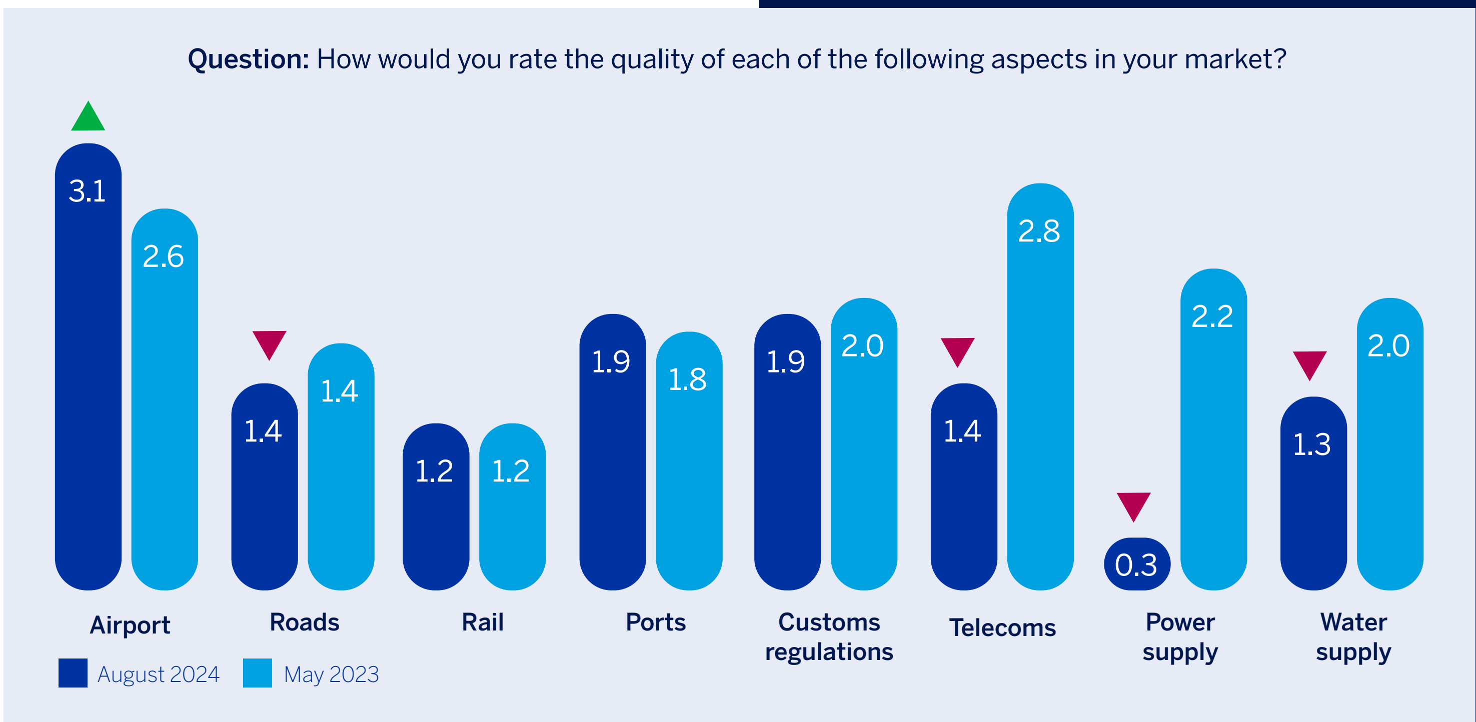
FAST FACT:

Zambia has 3,356.6 MW of installed generation capacity, which is made up of hydro (83%), coal (9%), heavy fuel oil (5%), and solar (3%).[36]

Zambia sources around 80% of its electricity supply from hydropower, the most significant source coming from Kariba Dam – the world's largest human-made lake by volume.[37] Zambia's power supply is thus highly susceptible to drought conditions. Kariba Dam, which has an installed generation capacity of 2130MW,[38] for instance, is operating at 7% of its capacity as of 30 September 2024.[39] The resulting power cuts are significantly disruptive to businesses across the country by adding to energy costs.

Efforts are being made by independent power producers to stabilise the grid; in June 2024 NDOLA Energy Company Limited injected 105 MW electricity into the national grid using diesel generators fed by the Tazama pipeline between Tanzania and Zambia.[40]

Figure 11: The perceived quality of various infrastructural aspects by businesses (5-point scale)



Source: Stanbic Bank Africa Trade Barometer Issue 4

Notes: Rating is on a 5-point scale, where 5 = excellent quality and 1 = poor quality. Arrows denote whether the value of the variable is significantly higher / lower than in the previous survey.

> Power outages have significantly hampered trade. Businesses dependent on electricity cannot operate effectively, affecting everything from the ability to chill products to simple acts of communication. With production levels dropping and telecommunications struggling, the ripple effects on trade are profound.
>
> Representative from the Centre for Trade Policy and Development

[35] Crisis24, 2024. Available here.
[36] Ministry of Energy. Available here.
[37] Zenda, 2024. Available here.
[38] Zambezi River Authority, 2024. Available here.
[39] Zambezi River Authority, 2024. Available here.
[40] GL Africa, 2024. Available here.

FAST FACT:

Zambia's Solar Mini-Grid project, which seeks to install 60 solar mini-grids in rural areas, began in 2024 with 15 mini-grids expected to provide electricity by the end of the year. This project supports the UN Sustainable Development Goals by delivering affordable, reliable, and sustainable clean energy to 40,000 people living in rural areas.[41]

A decrease in the perceived quality of water supply infrastructure can likewise be linked to the El Niño droughts. On a 5-point scale, water supply infrastructure scored 2 points amongst surveyed businesses in May 2023 in contrast to the 1.3 points reported by the August 2024 cohort.

The decline in the perceived quality of water supply infrastructure has been less severe than that of power supply due to the Ministry of Water Development and Sanitation's efforts to enhance access to water. Since 2022, the Government has made progress drilling 2,277 boreholes and rehabilitating 3,025. 2025 plans include the drilling of 947 boreholes, the construction of 12 dams, and the rehabilitation and maintenance of 399 further dams.[42]

The significant decline in the perceived quality of telecommunications infrastructure can be attributed to poor fibre infrastructure and cellular network coverage, slow internet speeds, and expensive data costs.[43]

On the 5-point scale, telecommunications infrastructure scored 2.8 points amongst surveyed businesses in May 2023 in contrast to the 1.4 points reported by the August 2024 cohort. Around 21% of Zambians are internet users, well below the average for the continent (39%).[44] Cellular network coverage is not extensive enough to reach the full population, particularly in rural areas. Sentiments regarding Zambia's telecommunications infrastructure could increase in the new future; the Zambian government's plan to reach 96% cellular and internet coverage nationally by the end of 2025 is currently underway. The plan includes the construction of additional communication towers, bringing the national count up to 900 from 380 at the project's inception.[45]

Perceptions around the quality of Zambia's road infrastructure have decreased. The May 2023 cohort of surveyed businesses scored road infrastructure quality at a 1.7 in contrast to the August 2024 cohort's score of 1.4. This could be due to issues surrounding rural connectivity, traffic, and a degradation in the quality of existing roads. These issues are likely to cause market access and logistics issues for surveyed businesses.[46]

Perceptions on the quality of road infrastructure are expected to increase in the future as a series of ongoing road development projects approach conclusion and successive projects continue to be implemented.[47] One such project, currently underway, is the Kasomeno-Mwenda Toll Road project. Spanning 92 kilometres in Zambia and 94 kilometres in the DRC, this venture between the governments of Zambia and the DRC, GED Africa, and Duna Aszfalt encompasses the financing, design, construction, operation, and maintenance of the road, a one-stop border post, a 345-metre cable-stayed bridge over the Luapula River, and associated facilities. This project is expected to significantly improve trade flow between Zambia and the DRC by providing new trade routes for goods, especially those originating from the DRC's mines.[48] Another project that is underway in 2024 is the World Bank funded Transport Corridors for Economic Resilience project which aims to streamline the Dar es Salaam corridor, a critical trade route between Tanzania and Zambia, enhancing its efficiency, accessibility, and climate robustness, with an expected direct impact on 2.5 million Zambians.[49] Improved infrastructure from such projects will catalyse regional trade for Zambia by reducing transit times, lowering transportation costs, and fostering a more reliable supply chain that is resilient to climate-related disruptions, thereby enhancing Zambia's trade competitiveness.

Airport infrastructure was the only attribute that surveyed businesses perceived significantly improved in quality this year compared to the May 2023 cohort. This is likely linked to the 23% increase in cargo and mail volumes being processed at Zambia Airports Corporation Limited's four airports between 2023 and 2024, a volume which surpasses pre-COVID levels.[50] This trend in perception is expected to continue as further improvements are made to airport infrastructure, including the renovations to Mfuwe International Airport which commenced in June 2024,[51] and ongoing upgrades to cargo facilities within Kenneth Kaunda International Airport (KKIA) and Simon Mwansa Kapwepwe International airport (SMKIA).[52] A likely factor contributing to these positive sentiments is Zambia's high performance in a recent audit on aviation safety regulations carried out by the International Civil Aviation Organisation. Zambia achieved a 73.48% successful implementation rate; well above the global average of 69.40% and the regional average for East and Southern Africa, 60.71%.[53]

> The downturn in industrial production levels and the disruption of telecommunications when power is out underscore the challenging impact on trade. If a tower lacks power, even making a call becomes impossible, affecting various business operations.
>
> Representative from the Centre for Trade Policy and Development

> Zambia's road network is vital for transit cargo movements, with trucks from South Africa to DRC and vice versa passing through our nation. The investment in road infrastructure, such as the ongoing Dollar-Kitwe dual carriage road, is crucial. It underpins trade facilitation and is indispensable for farmers to transport produce. The importance of robust infrastructure for economic vitality simply cannot be overstated.
>
> Representative from the Zambia Chamber of Commerce and Industry (ZACCI)

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[41] ESI-Africa. Available here.
[42] Ministry of Finance and National Planning, 2024. Available here.
[43] Mitchell, 2024. Available here.
[44] Pulse, 2024. Available here.
[45] Mulenga, 2024. Available here.
[46] PricewaterhouseCoopers, 2024. Available here.
[47] GrantThornton, 2024. Available here.
[48] Kabamba, 2024. Available here.
[49] Mwanza, 2024. Available here.
[50] Mwanalushi, 2024. Available here.
[51] Mwanza, 2024. Available here.
[52] Mwanalushi, 2024. Available here.
[53] Mwanza, 2024. Available here.

7 TRADE OPENNESS

Surveyed businesses report waning optimism for trade growth despite an increase in import reliance on the Asia market.

ZAMBIA'S TRADE OPENNESS INDEX SCORE

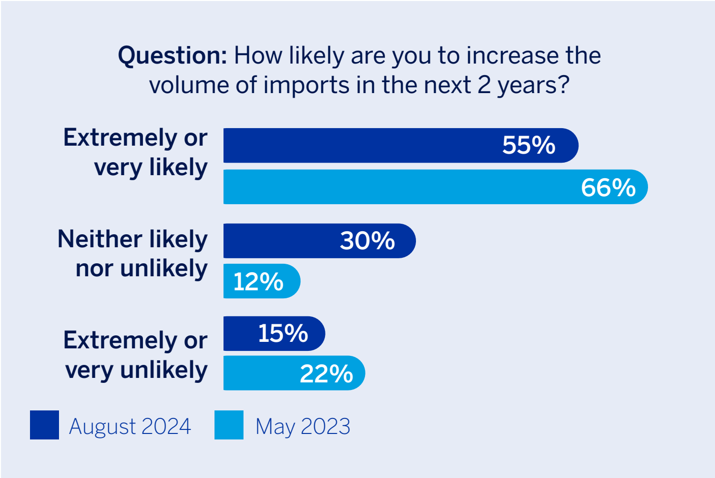
Source: Stanbic Bank Africa Trade Barometer Issue 4

The trade openness index score can vary between 0 and 100, where 0 indicates a high burden of obstacles inhibiting trade, 50 indicates a moderate burden of obstacles inhibiting trade and 100 indicating a low burden of obstacles inhibiting trade. In the August 2024 SB ATB survey results, the trader perceptions on the degree of challenges impacting trade score increased from 55 to 58.

***

45% of surveyed businesses trade exclusively with domestic markets, a significant decrease from the 58% in the May 2023 cohort. A significantly higher proportion (54%) of surveyed businesses import their goods compared to the proportion of importers (36%) amongst last year's cohort. The proportion of surveyed businesses that export has slightly decreased between surveyed business cohorts from 12% to 10%. The decline in domestic trade and increase in importation activity amongst surveyed businesses could be linked to challenges arising from Zambia's power supply issues which prevent its value chains from meeting local demand, causing businesses to source imports externally.

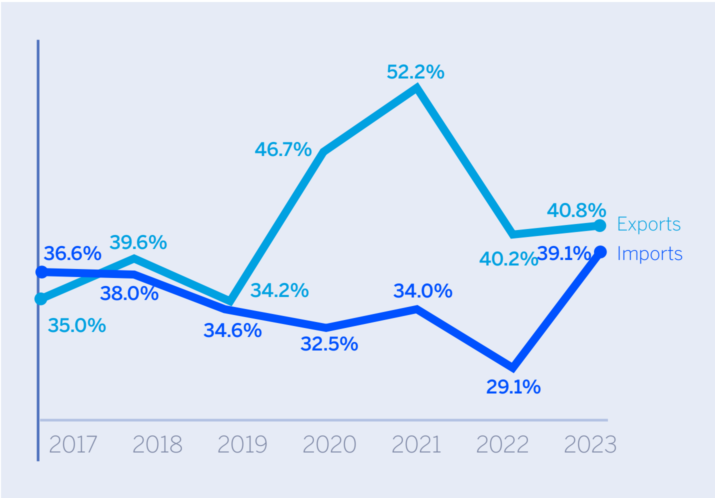
Figure 12: Importers' perceptions on their likelihood to increase import volumes over the next 2 years (%)



Source: Stanbic Bank Africa Trade Barometer Issue 4

A lower proportion of surveyed businesses believe that their import (see Figure 12) volumes will increase in the next two years, in contrast to the views reported by the May 2023 cohort. This is despite import and export volumes in 2023 showing a slight recovery from dips in 2022 at the national level (see Figure 13), however it is possible that surveyed businesses expect the decreased rate of GDP growth to result in a decreased demand for their imported products.

Figure 13: Imports and exports (% of GDP, 2017 - 2023)



Source: World Bank

Although the predominant type of import by surveyed businesses is consumer goods, this has declined substantially from last year. 43% of surveyed businesses import consumer goods, in contrast to 58% in the May 2023 cohort. This could be linked to the perspectives on high product prices amongst surveyed businesses discussed earlier in this report. An increase in inflation could also lead to certain imported goods becoming unaffordable for smaller businesses, leading to a decrease in imports amongst surveyed businesses.

> "China's role as a major player in global demand significantly affects Zambia, especially in our export of copper concentrates and cobalt. While the trade with China has been very positive, there is a risk of Zambia becoming a dumping ground due to varying quality tiers of Chinese products. It is crucial for Zambia to enforce stringent quality standards on imports to ensure they meet a certain threshold, preventing potential negative impacts on our market."
>
> Representative from the Zambia Chamber of Commerce and Industry (ZACCI)

Asia is the largest source of imports for Zambia amongst surveyed businesses. 57% of surveyed businesses source imports from Asia, in contrast to 43% in the May 2023 cohort, likely driven by an increase in trade with China.

FAST FACT:

Between August 2023 and August 2024, Zambia's imports from China grew by 36.4%, from USD 98.4 million to USD 134 million.[54]

Within Asia, the most popular import market is China, with the country also being the second most popular overall behind South Africa. 23% of surveyed businesses sourced their imports from China, in contrast to 14% in the May 2023 cohort. On a national level, 16% of Zambia's imports came from China in 2022.[55]

Southern Africa is the second largest import region for surveyed businesses, mainly attributed to South Africa. Nonetheless, the prominence of the country is declining, with 25% of surveyed businesses sourcing their imports from South Africa, in contrast to 37% in last year's cohort. On a national level, 30% of Zambia's imports came from South Africa in 2022.[56] Imports from South Africa may have cooled amongst surveyed businesses due to an overall slowdown in South Africa's economic activity; this has been attributed to weak domestic demand partly triggered by elevated inflation.[57]

On the export trading landscape, 10% of surveyed businesses export in contrast to 12% of businesses in May 2023.

On a macroeconomic level, exports account for about 41% of Zambia's GDP in 2023, down from 52% in 2021 (see Figure 13), suggesting that businesses like those surveyed in this iteration of the ATB cannot easily access international markets for export. Of the businesses that export, a majority of them (65%) sell directly to end consumers. Most of the August 2024 cohort's exports (35%) occur in the consumer goods sector. In the May 2023 cohort of surveyed businesses, most exports (35%) occurred in the services sector, which dropped to 13% in relevance to the August 2024 cohort. The slight downturn in export activity amongst surveyed businesses is echoed in a decline in goods and services exports at a national level. This decline has been driven by decreased demand caused by low liquidity and persisting challenges arising from inflation.[58]

On a national level, Zambia's exports did not grow significantly between 2022 and 2023 (see Figure 13). In 2024, the continued trend of lower export volumes could be related to the decrease in yield from the agricultural sector, lower ore grades, and operational challenges in Zambia's mines.[59] This decrease in production could have influenced surveyed businesses to report a lower likelihood of their export volumes increasing in the next 2 years (see Figure 14).

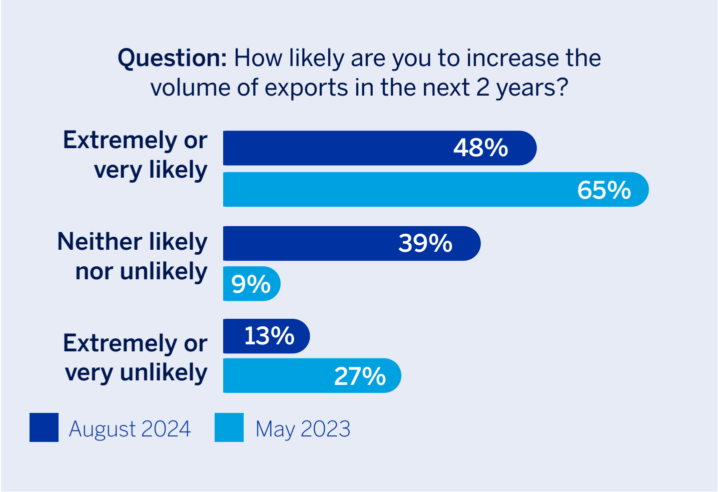
African regions are becoming increasingly prominent destinations for Zambian exports. 61% of surveyed businesses export to Southern Africa, in contrast to 32% of businesses in the May 2023 cohort. The same proportion of surveyed businesses also export to Central Africa, up from 50% in the May 2023 cohort. Among surveyed businesses, the Democratic Republic of Congo (DRC) and Zimbabwe emerged as the top export destinations, with 30% and 21% of businesses exporting to these countries, respectively, which is not necessarily reflected at the national level. DRC is Zambia's third main export market while Zimbabwe only accounted for 3% of the country's total exports in 2023.[60]

This distinction in export activity between the surveyed businesses in the ATB and Zambia at an aggregate level suggests that the businesses surveyed in the ATB are better positioned to export to countries that are geographically near to Zambia and with which they share regional economic community ties (COMESA and SADC), likely due to simpler trade logistics and an enabling trade environment for small-scale businesses.

FAST FACT:

Zambia's intra-African exports accounts for 26% of Zambia's total exports, with a total value of USD 3 billion in 2022, a 40% increase from the year before.[61]

Figure 14: Exporters' perceptions on their likelihood to increase export volumes over the next 2 years (%)



Source: Stanbic Bank Africa Trade Barometer Issue 4

[54] OEC, 2024. Available here.
[55] Afreximbank, 2023. Available here.
[56] Ibid.
[57] Bank of Zambia, 2024. Available here.
[58] Ibid.
[59] Afreximbank, 2023. Available here.
[60] TrendEconomy, 2024. Available here.
[61] Tralac, 2023. Available here.

8 TRADERS' FINANCIAL BEHAVIOUR & ACCESS TO FINANCE

Cash remains dominant in domestic transactions among surveyed businesses, but dethroned by EFTs in cross-border transactions.

ZAMBIA'S ACCESS TO FINANCE INDEX SCORE

Source: Stanbic Bank Africa Trade Barometer Issue 4

Access to finance can vary between 0 and 100, where 0 indicates an extreme difficulty in accessing finance, 50 neutrality and 100 indicates no difficulty in accessing finance. In the August 2024 SB ATB survey results, Zambia's access to finance index score declined to 33 from 42 in May 2023. This means that surveyed businesses in Zambia generally perceived it more difficult to access credit in this iteration of the survey compared to May 2023.

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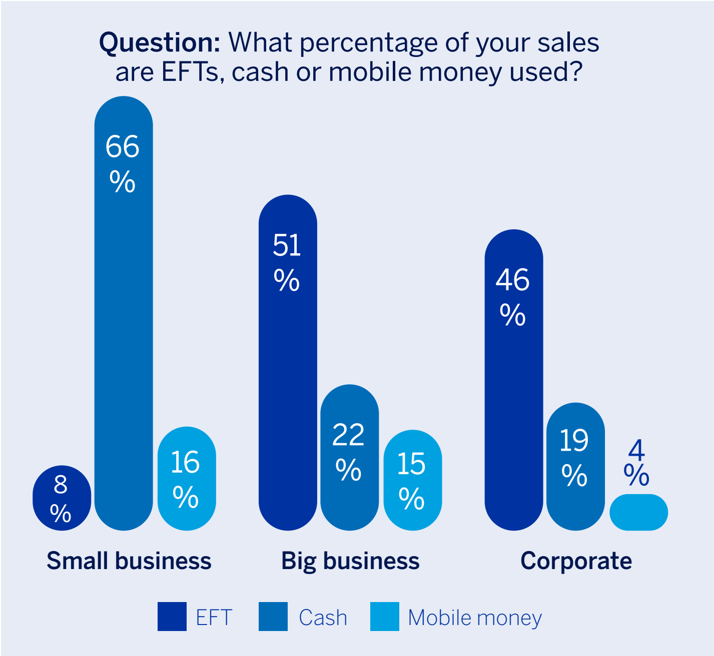
In Zambia, different payment preferences emerge across business segments when accepting payment for the sale of cross-border goods and services (see Figure 15). Small businesses overwhelmingly accepted cash for 66% of their cross-border sales. The dominance of cash aligns with the rapid growth of Zambia's informal cross-border trade (ICBT) sector, where total informal export values increased from USD 82 million in 2019 to USD 206 million in 2021.[62] The ICBT sector in Zambia is characterised by SMEs trading agricultural goods such as meat, rice, beans, soy beans, and pesticide.[63] In contrast, big businesses and corporates predominantly utilise EFTs for cross-border transactions, accounting for 51% and 46% of their respective cross-border sales.

Figure 15: Proportion of cross-border sales by business type



Source: Stanbic Bank Africa Trade Barometer Issue 4

Surveyed businesses utilise a range of payment methods to purchase cross-border goods and services, mainly EFTs, international transfers, and cash. Unlike with cross-border sales, small businesses exhibit similar payment preferences as big businesses and corporates, mainly using EFTs for cross-border purchases (see Figure 16). This preference for EFTs and other digital payment methods is attributed to its perceived benefits, with 67% and 45% of businesses citing faster transaction processing times and guaranteed security, respectively, as significant benefits.

FAST FACT:

In 2023, 56% of all retail payments were made using mobile money, with 34% of workers in the informal economy receiving their wages through mobile money.[64]

81%

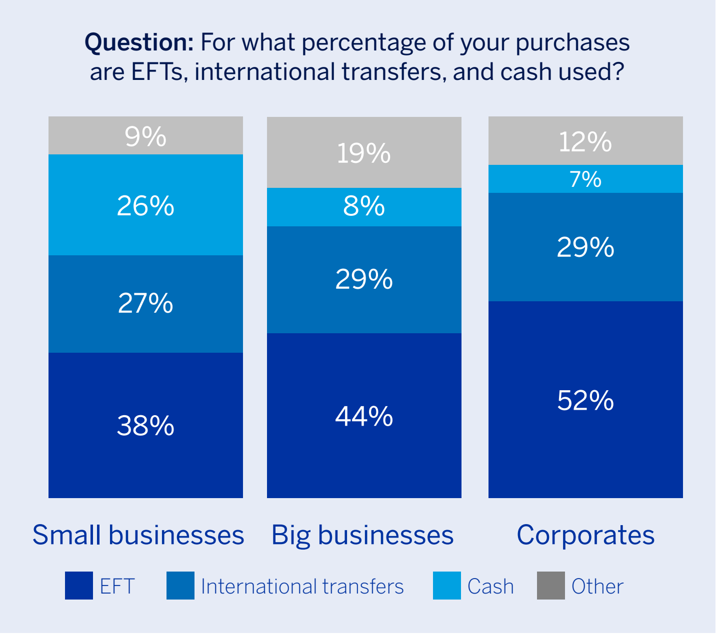
of cross-border purchases were made via digital channels, including EFTs, mobile money, international transfers and card.

90%

of surveyed businesses in Zambia use cash for domestic purchases.

[62] COMESA. Available here.
[63] South African Institute of International Affairs. Available here.
[64] International Growth Centre, 2024. Available here.

Figure 16: Proportion of cross-border purchases by business type



Source: Stanbic Bank Africa Trade Barometer Issue 4

In the August 2024 iteration of the SB ATB, EFTs emerged as the most widely used method of payment for cross-border transactions, with 83% and 67% of surveyed businesses using EFTs for cross-border sales and purchases, respectively. This is a significant departure from the May 2023 SB ATB findings where cash was the most used payment method.

Cash is the most widely used payment method for domestic transactions among surveyed businesses. 93% of surveyed businesses are paid using cash for local sales and use it for 90% of their purchases. Moreover, this widespread reliance on cash is observed across all business segments.

However, there is a slight shift away from cash towards mobile money in domestic transactions, particularly among small businesses in this iteration of the survey, in contrast to the May 2023 survey. Surveyed businesses reported a 6-percentage point decline in domestic sales paid for with cash, contrasted by a 4-percentage point increase in domestic sales paid for using mobile money. This increase was primarily driven by small businesses, who now use mobile money for 20% of their sales. Zambia's latest National Financial Inclusion Strategy (NFIS) II (2024-2028) has recognised the catalytic potential of mobile money in fostering financial inclusion, particularly for women and rural populations. As the NFIS II prioritises investments in digital payment infrastructure to reduce transaction costs, the adoption of digital financial services, particularly mobile money, is expected to increase.[65]

FAST FACT:

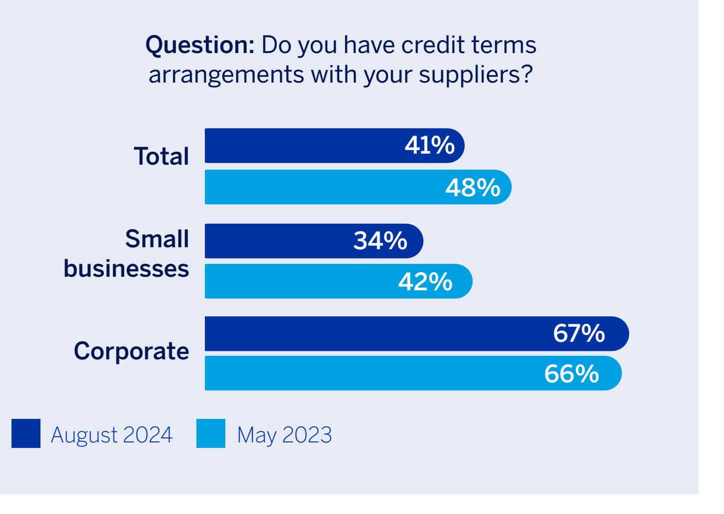
In 2019, Zambia launched its official National Financial Switch (NFS) for POS and ATM payments. By 2020, the NFS integrated non-bank participants onto the platform, paving the way for an interoperable payment landscape whereby mobile money accounts can be linked to traditional bank accounts.[66]

More surveyed businesses in Zambia perceive access to credit to be extremely difficult in this iteration of the survey (34%) as compared to May 2023 (27%). This heightened perception of difficulty in accessing credit is observed across all business segments.

The main obstacles to accessing credit cited by surveyed businesses are insufficient collateral (65%) and high interest rates (64%). This aligns with persistent increases in the monetary policy rate, which reached a seven year high of 13.5% in 2024. However, the policy rate has begun to stabilise amidst rising inflationary pressure, remaining constant in August 2024 after six successive increases since February 2024.[67]

The challenging credit environment is further compounded for smaller businesses, as the survey reveals a decline in the number of businesses securing credit arrangements with their suppliers (see Figure 17). The proportion of surveyed businesses with existing credit arrangements with their suppliers decreased from 48% in May 2023 to 41% in August 2024. This is driven by an 8-percentage point decline in the number of small businesses with existing credit arrangements with their suppliers. Conversely, corporates reported a modest increase in credit arrangements during the same period, contrasting with the trend observed among small businesses. This aligns with historical patterns, where business-to-business (B2B) trade credit has long served as a crucial financial instrument for corporations.
Such arrangements allow larger businesses to establish revenue streams before settling payments for goods and services, thereby optimising cash flow and facilitating operational flexibility.

Figure 17: The proportion of surveyed Zambian businesses with credit arrangements with their suppliers



Source: Stanbic Bank Africa Trade Barometer Issue 4

47%

of surveyed businesses perceive access to credit to be somewhat or extremely difficult.

> The cost of finance is a challenge, either for infrastructure projects where you need long term financing or simply companies that need short term, tailored financing solutions to support their trading activities.
>
> Representative from the Zambia Chamber of Commerce and Industry

[65] Bank of Zambia. Available here.
[66] AfricaNenda, 2023. Available here.
[67] Bank of Zambia. Available here.

9 FOREIGN TRADE & TRADING IN AFRICA

Surveyed businesses perceive intra-African trade to be easier, in light of growing awareness of the AfCFTA.

ZAMBIA'S EASE OF TRADE INDEX SCORE

Source: Stanbic Bank Africa Trade Barometer Issue 4

Ease of trade can vary between 0 and 100, where 0 indicates an ease of trade with other countries, 50 neutrality and 100 indicates an extreme difficulty in trading with other countries. In the August 2024 SB ATB survey results, Zambia's ease of trade index score remained unchanged at 40 as it was in May 2023. This means that the perceptions of surveyed businesses in Zambia with regard to ease and/or difficulty to trade remain unchanged from May 2023.

***

The majority of surveyed Zambian businesses prefer to trade with countries that are either in Africa (39%) or Asia (23%). Analysis of Zambia's trade openness reveals a nuanced and strategic approach to cross-border trade. Surveyed Zambian businesses have developed a distinctive dual-market strategy that leverages Asian supply chains for imports while capitalising on the growing demand for their products in African markets. Notably, European and North American markets hold the least appeal for Zambian businesses, with only 6% and 1% of businesses, respectively, expressing a preference for trading in these markets.

China is the most significant trading partner in Asia for surveyed businesses engaged in imports, with the nature of their trading activity centred on buying final goods and services directly from China (68%). At least 85% of surveyed businesses identified good quality of products, fast response times and bigger orders in terms of quantity as the most important elements of doing business with China.

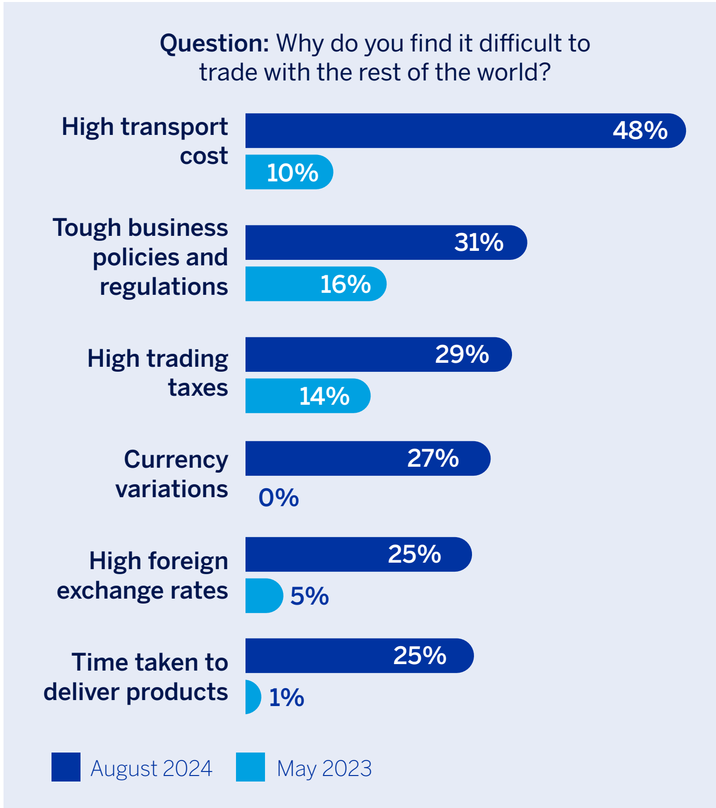
Fewer surveyed Zambian businesses found it difficult to trade with the rest of the world in this iteration of the survey. The percentage of businesses reporting trade with the rest of the world to be difficult significantly declined to 42% in August 2024 from 51% in May 2023. Despite these improvements, Zambian traders still report that trading with the rest of the world remains very/extremely difficult. Surveyed businesses noted that the main reasons for these difficulties were higher transport costs (48%) and tough business policies and regulations (31%), and high importation/exportation tax rates (29%) (see Figure 18).

FAST FACT:

Zambia's three main trading partners in Africa are South Africa, Equatorial Guinea and the Democratic Republic of Congo, accounting for 92% of Zambia's intra-African trade in 2022.[68]

The percentage of businesses reporting trade with the rest of Africa to be difficult significantly declined to 32% in August 2024 from 44% in May 2023. This positive trend is primarily attributed to a significant rise in businesses reporting easier trading procedures and strengthened trade relations (24%) (see Figure 19). This observation is consistent with the trading patterns of surveyed exporters, who have consistently identified the DRC, South Africa, and Zimbabwe as the primary destinations for Zambian exports across all iterations of the SB STB to date.

Figure 18: Reasons businesses find it difficult to trade with the rest of the world



Source: Stanbic Bank Africa Trade Barometer Issue 4

> Zambia's imports from China are mainly finished products, including electronics, gadgets, laptops.

Representative from Zambia Institute for Policy Analysis and Research

> One of the key challenges is the misunderstanding of the status of regulations, especially from the informal sector. I think it is something which has really hammered them in terms of going to other markets. We find that these requirements are not simplified.

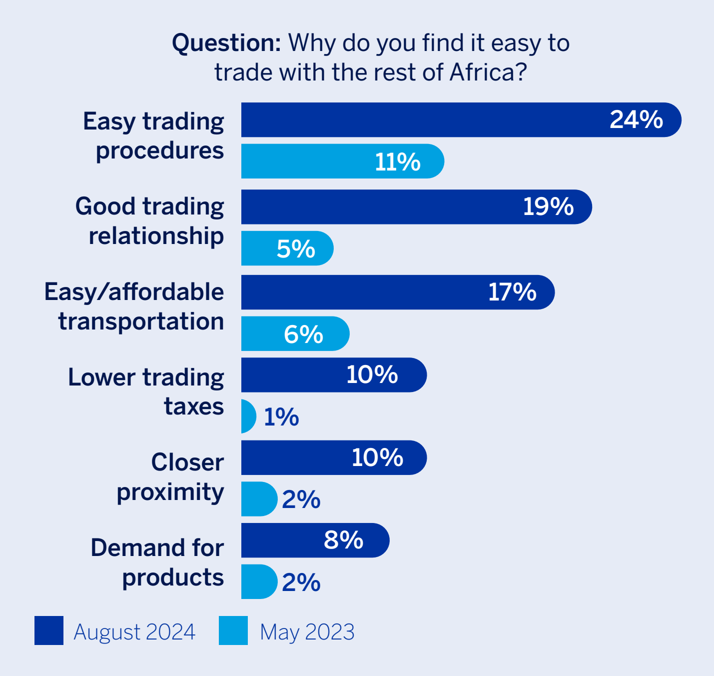
Representative from the Centre for Trade Policy and Development

88%

of surveyed businesses identify good quality products as a reason for preferring to trade with China.

[68] Tralac, 2023. Available here.

Figure 19: Reasons businesses find it easy to trade with the rest of Africa



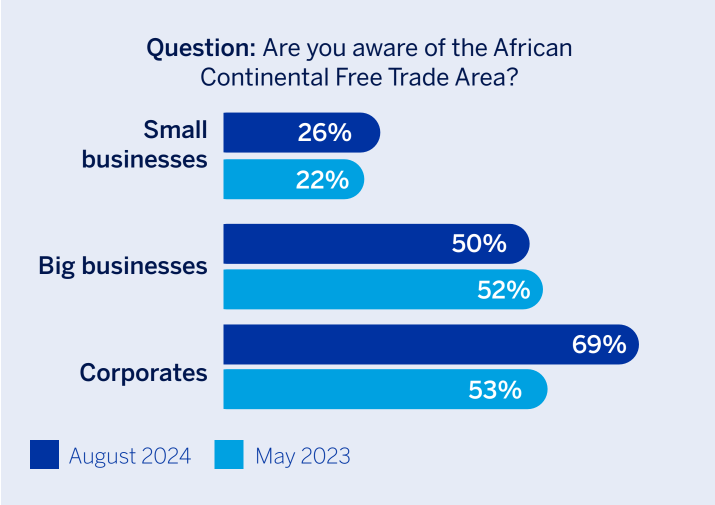
Source: Stanbic Bank Africa Trade Barometer Issue 4

The perception of improved intra-African trade dynamics aligns with growing awareness of the African Continental Free Trade Agreement (AfCFTA), to which Zambia is a signatory. The AfCFTA is an initiative which looks to improve the level of intra-African trade by creating a single market for goods and services and lowering trade barriers.

FAST FACT:

The Guided Trade Initiative (GTI) aims to catalyse trade under the AfCFTA through preferential tariff arrangements. The GTI began in late 2022 with 8 participating countries trading selected goods. As of 2024, 30 more African countries will be covered by the GTI as well as an increase in the scope of products to be traded, including bio pesticides, packaged moringa, tea, coffee, and meat products, among others.[69]

Figure 20: Awareness of the African Continental Free Trade Area by business segment

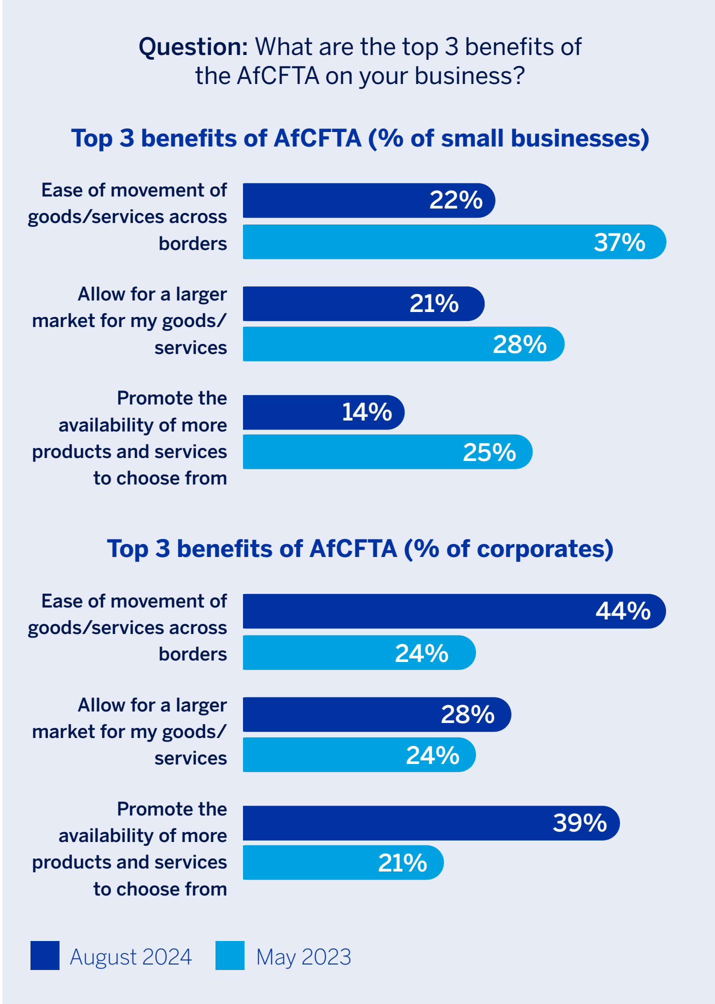


Source: Stanbic Bank Africa Trade Barometer Issue 4

Awareness of the AfCFTA amongst surveyed Zambian businesses is increasing. The percentage of respondents that are aware of the AfCFTA increased to 37% compared to 33% in May 2023, which is driven mainly by corporations (see Figure 20). Leveraging its existing focus on intra-African exports, the Zambian government is strategically positioning itself to capitalise on the opportunities presented by the AfCFTA through its AfCFTA National Strategy and Implementation Plan. The objective of this strategy is to diversify Zambia's export markets, increase the country's earnings from traditional and non-traditional exports, improve the competitiveness and reach of its services sector, and deepen sectoral linkages through national and regional value chains.[70]

However, there is a growing perception among small businesses that there will be no benefits by participating in the AfCFTA. 54% of small businesses were unaware of the benefits associated with the AfCFTA, a significant increase from 36% in May 2023. This trend corresponds to a decline in the percentage of small businesses reporting the top three benefits of the AfCFTA during the same period (see Figure 21). Conversely, corporate perception of the top three benefits of the AfCFTA increased during the same period, aligning with the growing awareness of the AfCFTA among this business segment.

Figure 21: Expected benefits of the African Continental Free Trade Area



Source: Stanbic Bank Africa Trade Barometer Issue

72%

of surveyed businesses said the low cost of exports is an important element in doing business with China, a significant increase from 48% in May 2023.

22%

of surveyed small businesses believe that AfCFTA will allow for the ease of movement of goods and services across borders, a sharp decline from 37% in May 2023.

> Zambia is implementing the guided trade initiative under the African Continental Free Trade Area which is like a pilot project for companies to test the benefits of trading under AfCFTA architecture.
>
> Representative from Zambia Institute for Policy Analysis and Research

[69] Africa24. Available here.
[70] The Ministry of Commerce, Trade and Industry. Available here.

CONCLUSION

Zambia's trajectory in the Stanbic Bank Africa Trade Barometer (SB ATB) rankings paints a picture of cautious optimism, as the nation climbed to 8th place from a previous 9th. This upswing is mirrored in the SB Quantitative Trade Barometer (QTB), with Zambia moving up to 6th place. These modest yet meaningful ascents reflect a growing perception among stakeholders that Zambia is increasingly open for trade and that business confidence is on the rise. Nevertheless, the country's steady position at 10th in the SB Survey Trade Barometer (STB) signals that challenges persist, particularly in areas such as access to credit, infrastructure quality, government support for trade, and credit terms for businesses.

Underlying these rankings, Zambia's economy has felt the impact of climatic and fiscal forces. Severe El Niño conditions have strained both power supply and agricultural productivity, with ripple effects across the trade landscape. Power supply disruptions have been particularly severe for the country, leading to 12 to 21 hour power cuts and disrupting other infrastructure such water supply. Concurrently, Zambia is navigating an ongoing debt restructuring process under the guidance of an International Monetary Fund (IMF) credit facility. These dynamics underscore the complexities of Zambia's trading environment, where infrastructural and fiscal resilience are being tested alongside efforts to broaden economic horizons.

Despite these challenges, the cornerstone of Zambia's export sector remains its rich copper resources. The metal's enduring importance to the country's macroeconomic stability is undiminished, and copper's increasing global importance in the energy transition will continue to be significant in shaping Zambia's economy. As Zambia forges ahead with its trade and fiscal strategies, it will be essential to closely monitor the evolving tradeability landscape and will inform strategic direction in future assessments of the SB ATB.

APPENDICES

Appendix 1: Stanbic Bank Africa Trade Barometer (SB ATB) Country Ranking for Issue 4, 2024

The Stanbic Bank Africa Trade Barometer (SB ATB) scores are an aggregate of the Stanbic Bank 3-Year Quantitative Trade Barometer (SB QTB) scores and the Stanbic Bank Survey Trade Barometer (SB STB) scores. Countries are ranked against each other, i.e., relative scores to each other. This is pegged on a scale of 0 - 100. When indexed between this range, South Africa has the highest Tradability Index while Angola has the lowest. This does not imply that one cannot trade in Angola or that South Africa is perfect, it only implies that at a common starting point of 0 and maximum point of 100, this is how the two markets fared.

SB ATB scores remained the same for Namibia, Angola and South Africa, while half of the countries saw their scores decrease from May 2023 (see Table 2).

Countries that have retained their ranking from May 2023:

- Namibia (2nd position)
- South Africa (1st position)
- Angola (10th position)

Countries that have improved in their ranking from May 2023:

- Zambia (9th to 8th position)
- Tanzania (8th to 4th position)
- Mozambique (4th to 3rd position)
- Nigeria (6th to 5th position)

Countries that have declined in their ranking from May 2023:

- Ghana (3rd to 7th position)
- Kenya (5th to 6th position)
- Uganda (7th to 9th position)

Table 2: Stanbic Bank Africa Trade Barometer (SB ATB) scores by country

	Africa Trade Barometer (ATB) Score		ATB Ranking	
	August 2024	May 2023	May '22	Aug '24
Angola	0	0	10	10
Ghana	14	46	3	7
Kenya	16	32	5	6
Mozambique	29	35	4	3
Namibia	47	50	2	2
Nigeria	19	29	6	5
South Africa	100	100	1	1
Tanzania	25	25	8	4
Uganda	4	25	7	9
Zambia	9	15	9	8

Source: Stanbic Bank Africa Trade Barometer Issue 4

Note: The scores denote the performance of each country relative to the full country list on the specified measures.

Appendix 2: Stanbic Bank 3-Year Quantitative Trade Barometer (SB QTB) Country Ranking for Issue 4, 2024

The Stanbic Bank 3-Year Quantitative Trade Barometer (SB QTB) scores and ranking by country are the averages of all the selected indicators collected from existing secondary data sources and reported facts.

SB QTB scores remained the same for Nigeria, Uganda, Angola, Mozambique, Namibia and South Africa, while most countries had their scores decline from May 2023 (see Table 3).

Countries that have retained their ranking from May 2023:

- Nigeria (4th position)
- Uganda (9th position)
- Namibia (2nd position)
- South Africa (1st position)
- Angola (10th position)
- Mozambique (3rd position)

Countries that have improved in their ranking from May 2023:

- Zambia (7th to 6th position)
- Tanzania (8th to 7th position)
- Kenya (6th to 5th position)

Countries that have declined in their ranking from May 2023:

- Ghana (5th to 8th position)

Table 3: Stanbic Bank 3-Year Quantitative Trade Barometer (SB QTB) scores by country

	Quantitative Trade Barometer (QTB) Score		QTB Ranking	
	August 2024	May 2023	May '22	Aug '24
Angola	0	0	10	10
Ghana	20	27	5	8
Kenya	22	26	6	5
Mozambique	36	37	3	3
Namibia	45	46	2	2
Nigeria	25	32	4	4
South Africa	100	100	1	1
Tanzania	20	23	8	7
Uganda	11	18	9	9
Zambia	21	23	7	6

Source: Stanbic Bank Africa Trade Barometer Issue 4

August 2024 May 2023

Note: The scores denote the performance of each country relative to the full country list on the specified measures.

Appendix 3: Stanbic Bank Survey Trade Barometer (SB STB) scores by country

The Stanbic Bank Firm Survey Trade Barometer (SB STB) scores and ranking by country are the averages of all the data collected from the primary research surveys conducted with 2 258 businesses.

Except for Zambia, SB STB ranks have changed in this wave for all countries, while the majority of the countries saw their scores rise (see Table 4).

Countries that have retained their ranking from May 2023:

- Zambia (10th position)

Countries that have improved in their ranking from May 2023:

- Ghana (7th to 5th position)
- Uganda (9th to 6th position)
- Tanzania (3rd to 1st position)
- Namibia (4th to 2nd position)
- Kenya (8th to 7th position)

Countries that have declined in their ranking from May 2023:

- Nigeria (5th to 8th position)
- Angola (1st to 3rd position)
- Mozambique (6th to 9th position)
- South Africa (2nd to 4th position)

Table 4: Stanbic Bank Survey Trade Barometer (SB STB) scores by country

	Survey Trade Barometer (STB) Score		STB Ranking		
	August 2024	May 2023	May '22	Aug '24	
Angola	79	100	1	3	▼
Ghana	37	18	7	5	▲
Kenya	34	18	8	7	▲
Mozambique	25	22	6	9	▼
Namibia	79	53	4	2	▲
Nigeria	31	22	5	8	▼
South Africa	44	67	2	4	▼
Tanzania	100	65	3	1	▲
Uganda	34	12	9	6	▲
Zambia	0	0	10	10	●

Source: Stanbic Bank Africa Trade Barometer Issue 4

Note: The scores denote the performance of each country relative to the full country list on the specified measures.

Appendix 4: Selected Macroeconomic Indicators for Zambia

This appendix is structured around the thematic categories of the Stanbic Bank Africa Trade Barometer: macroeconomic stability, trade openness and foreign trade, access to finance and infrastructure. These are important in evaluating the trade environment and prospects of a country. Within each theme, specific indicators have been selected to quantify elements contributing to the overall trade climate. The data spans from 2019 to the forecasted values for 2024 and 2025, offering a temporal perspective on trends and potential future directions.

Table 5: Zambia macroeconomic overview

Thematic Categories	Indicator	Unit	2019	2020	2021	2022	2023	2024**	2025**
Macroeconomic Stability	GDP per capita	USD	1 298	983	1 108	1 437	1 363	1 197	1 450
	Real GDP growth rate	%	1.4	-2.8	3.6	4.2	4.3	2.5	6
	Inflation rate	%	9.1	15.7	22.1	11.1	10.9	13.8	11.4
	Exchange rate stability (USD/ZMW)	Zambian Kwacha	12.9	18.4	19.6	17.2	20.2	26.1	24.6
	Policy interest rate	%	10.2	9.7	8.5	9	9.8	13.3	12.2
	FX reserves	USD, billions	1.4	1.2	2.8	3	3.3	3.6	3.8
	Domestic debt (% of GDP)	%	26.7	39.2	43.1	41.3	38.8	36	N/A
	External debt (% of GDP)	%	61.7	87.5	65.3	48.7	50.6	59.4	N/A
	Domestic debt (% of GDP)	%	31.3	40.5	41.8	33.7	28.2	34.2	41
	External debt (% of GDP)	%	31.6	36.2	36.8	39.5	38.2	38.2	36.4
Trade Openness and Foreign Trade	Trade (exports and imports as % of GDP)	%	68.8	79.2	86.2	69.3	79.9	N/A	N/A
	Balance of Trade*	USD, billions	0.2	2.7	4	2.4	0.6	0.5	1.6
	Current account (% of GDP)*	%	0.7	12	12.2	3.7	-1.1	-1.9	2.4
	Trade (% of GDP)	%	68.8	79.2	86.2	69.3	79.9	N/A	N/A
	Exports of goods and services	USD, billions	8.3	8.6	11.7	12.4	11.5	12.3	13.7
	Merchandise of trade (% of GDP)	%	61.0	72.8	74.8	71.0	67.4	N/A	N/A
Access to Finance	Domestic credit to private sector (% of GDP)	%	15.6	15.2	11.4	13.0	N/A	N/A	N/A
	Gross capital formation (% of GDP)	%	39.3	32.2	31.4	27.0	N/A	N/A	N/A
	Net official development assistance and official aid received	USD, billions	3.3	3.4	3.5	4.4	N/A	N/A	N/A
	Personal remittances received (% of GDP)	%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	FDI	USD, billions	1.6	0.3	-0.6	-0.3	-0.1	0.2	0.3

Infrastructure	Individuals using the internet (% of population)	%	16.8	18.1	21.2	N/A	N/A	N/A	N/A
	Access to electricity (% of population)	%	43	44.6	46.7	47.8	N/A	N/A	N/A
	Mobile cellular subscription (per 100 people)	Ratio	93.7	100.9	104.0	99.1	N/A	N/A	N/A
	Air freight tonnage	Ton-Km, millions	1.8	1.7	1.6	N/A	N/A	N/A	N/A
	Container traffic at ports	TEUs***, thousands	1 627.1	1 548.6	1 566.1	1 566.1	N/A	N/A	N/A

Source: Stanbic Bank African Markets Revealed Report. | World Bank. Available here.

Notes:

*Negative values indicate that a country is a net importer, while positive values indicate it is a net exporter.

**2024 and 2025 data points are estimates. ***TEUs refers to twenty-foot equivalent unit.

N/A denotes that the relevant data was unavailable from the specified source.

Appendix 5: Key Results of the Stanbic Bank Africa Trade Barometer Issue 4 Survey in Zambia

This appendix presents the key results of the main questions asked to businesses in Zambia as part of the fourth edition of the Stanbic Bank Africa Trade Barometer. The results are structured according to the SB ATB thematic categories: macroeconomic stability, trade openness and foreign trade, infrastructure, government support, as well as traders' financial behaviours and their access to finance. **Not all questions in the SB ATB survey are presented here.** The questions selected for inclusion have been chosen for their closed-ended nature and being succinct enough for a concise presentation. Questions pertaining to the general profile of businesses and individual respondents, or those requiring open-ended responses, have been omitted. This approach ensures that the findings detailed in the following table are directly relevant and valuable for interpreting the trade dynamics within the Zambian context.

Table 6: Key findings of the survey

Thematic Categories	Question	Responses								
Macroeconomic Stability	Thinking of your business turnover over [from 2020 to 2021], please indicate if turnover increased, decreased or remained the same.	Increased	Decreased	Remained the same	Don't know	Refused	–	–	–	–
		51%	34%	13%	1%	0.5%	–	–	–	–
	Thinking ahead [from 2024 to 2025] do you expect business turnover to increase, decrease or remain the same.	Increased	Decreased	Remained the same	Don't know	Refused	–	–	–	–
		68%	14%	12%	6%	N/A	–	–	–	–
	Thinking ahead [from 2025 to 2026] do you expect business turnover to increase, decrease or remain the same.	Increased	Decreased	Remained the same	Don't know	Refused	–	–	–	–
		68%	10%	7%	16%	N/A	–	–	–	–
	Please indicate how you feel about the performance of the economy in relation to business in the next 3 years.	Extremely optimistic	Very optimistic	Neutral	Not very optimistic	Not at all Optimistic	Refused	Don't know	–	–
		11%	27%	27%	19%	5%	N/A	2%	–	–

Infrastructure	[Road infrastructure] How would you rate the quality of the following aspects in your market?	Excellent	Very good	Good	Fair	Poor	Do not depend on/ use this	Don't know	–	–
		1%	8%	26%	28%	34%	2%	1%	–	–
	[Water supply] How would you rate the quality of the following aspects in your market?	Excellent	Very good	Good	Fair	Poor	Do not depend on/ use this	Don't know	–	–
		1%	6%	22%	29%	40%	0.5%	0.5%	–	–
	[Telecommunications] How would you rate the quality of the following aspects in your market?	Excellent	Very good	Good	Fair	Poor	Do not depend on/ use this	Don't know	–	–
		4%	8%	18%	32%	35%	3%	0.5%	–	–
	[Ports] How would you rate the quality of the following aspects in your market?	Excellent	Very good	Good	Fair	Poor	Do not depend on/ use this	Don't know	–	–
		5%	5%	21%	27%	10%	11%	22%	–	–
	[Airports] How would you rate the quality of the following aspects in your market?	Excellent	Very good	Good	Fair	Poor	Do not depend on/ use this	Don't know	–	–
		18%	15%	33%	12%	3%	7%	12%	–	–
	[Customs and trade regulations] How would you rate the quality of the following aspects in your market?	Excellent	Very good	Good	Fair	Poor	Do not depend on/ use this	Don't know	–	–
		6%	9%	29%	35%	14%	3%	5%	–	–
	[Power supply] How would you rate the quality of the following aspects in your market?	Excellent	Very good	Good	Fair	Poor	Do not depend on/ use this	Don't know	–	–
		1%	1%	2%	8%	88%	N/A	N/A	–	–
	[Rail infrastructure] How would you rate the quality of the following aspects in your market?	Excellent	Very good	Good	Fair	Poor	Do not depend on/ use this	Don't know	–	–
		2%	5%	13%	27%	32%	11%	11%	–	–
Trade Openness and Foreign Trade	How likely are you to increase the volume of imports in the next 2 years?	Extremely likely	Very likely	Neither likely nor unlikely	Very unlikely	Extremely unlikely	–	–	–	–
		13%	42%	30%	13%	2%	–	–	–	–
	How likely are you to decrease the volume of imports in the next 2 years?	Extremely unlikely	Very unlikely	Neither likely nor unlikely	Very likely	Extremely likely	–	–	–	–
		10%	26%	45%	15%	4%	–	–	–	–
	To what extent do importation-related taxes, including tariffs, impact your business growth?	Severe impact	Major impact	Moderate impact	Minimal impact	No impact	–	–	–	–
		11%	24%	23%	22%	20%	–	–	–	–
	To what extent do importation-related customs and trade regulations impact your business growth?	Severe impact	Major impact	Moderate impact	Minimal impact	No impact	–	–	–	–
		8%	20%	29%	21%	22%	–	–	–	–
	How likely are you to increase the volume of exports in the next 2 years?	Extremely likely	Very likely	Neither likely nor unlikely	Very unlikely	Extremely unlikely	–	–	–	–
		13%	35%	39%	9%	4%	–	–	–	–
	How likely are you to decrease the volume of export in the next 2 years?	Extremely unlikely	Very unlikely	Neither likely nor unlikely	Very likely	Extremely likely	–	–	–	–
		13%	27%	47%	13%	N/A	–	–	–	–
	To what extent do exportation-related taxes, including tariffs, impact your business growth?	Severe impact	Major impact	Moderate impact	Minimal impact	No impact	–	–	–	–
		3%	11%	19%	16%	51%	–	–	–	–

Trade Openness and Foreign Trade (Cont.)	To what extent do exportation-related customs and trade regulations impact your business growth?	Severe impact	Major impact	Moderate impact	Minimal impact	No impact	–	–	–	–
		1%	11%	20%	15%	52%	–	–	–	–
	In your view would you say trading with the rest of Africa is extremely easy, very easy, neither easy nor difficult, very difficult or extremely difficult?	Extremely easy	Very easy	Neither easy nor difficult	Very difficult	Extremely difficult	Don't know	Refused	–	–
		0%	20%	35%	25%	7%	12%	0.5%	–	–
	In your view would you say trading with the rest of the world (OUTSIDE OF AFRICA) is extremely easy, very easy, neither easy nor difficult, very difficult or extremely difficult?	Extremely easy	Very easy	Neither easy nor difficult	Very difficult	Extremely difficult	Don't know	Refused	–	–
		1%	7%	35%	25%	17%	14%	1%	–	–
	Are you aware of the African Continental Free Trade Area Agreement?	Yes	No	–	–	–	–	–	–	–
		37%	63%	–	-	–	–	–	–	–
	What are the top 3 benefits of the AfCFTA on your business?	No benefits (Exclusive)	Ease the movement of goods/ services across borders	Allow for a larger market for my goods/ services	Allow for greater competition	Promote the availability of more products and services to choose from	Contribute to the movement of capital and people across borders	Facilitate greater investment across countries	Promote industrial development across the countries	Other
		42%	28%	22%	15%	19%	12%	11%	12%	N/A
Government Support	Please indicate how supportive your government is with regards to cross-border trading activities.	5 - Extremely supportive	4	3	2	1 - Not at all supportive	Refused	Don't know	–	–
		13%	20%	31%	9%	15%	1%	11%	–	–
Traders' Financial Behaviour and Access to Finance	Please indicate how difficult or easy it is to get credit from financial institutions	Extremely easy	4	3	2	1 - Extremely difficult	Refused	Don't know	–	–
		5%	13%	30%	13%	34%	1%	4%	–	–
	Why do you prefer using cash to pay for your goods or services when trading with suppliers in other countries?	Minimal cost/ fees	Allows for negotiations	Limited knowledge in other payment methods	Convenient - easy to deal with	Privacy	Other	–	–	–
		55%	43%	12%	50%	12%	N/A	–	–	–
	What challenges, if any, do you encounter when using cash when trading with suppliers in other countries?	Fraud	Loss of money/ security risks	Fluctuating exchange rates	Customs declarations	Inconvenience - of carrying large amounts of money	Other	–	–	–
		33%	50%	21%	7%	38%	N/A	–	–	–
	What benefits or incentives would encourage you to entirely switch to formal channels (such as cards, electronic payments, international transfers) when trading with suppliers in other countries?	Faster transaction processing times	Minimal document requirements	Competitive exchange rates	Guaranteed security	Recorded transactions	Other	–	–	–
		67%	24%	29%	45%	5%	N/A	–	–	–
	Do you offer credit terms to your clients?	Yes			No			–	–	–
		44%			56%			–	–	–
	Do you have credit terms arrangements with your suppliers?	Yes			No			–	–	–
		41%			59%			–	–	–

ABOUT THE RESEARCH

The Stanbic Bank Africa Trade Barometer is based on both primary and secondary research sources. This is Issue 4 of the SB ATB. Issues 1, 2 and 3 were released in June 2022, November 2022 and September 2023, respectively. Data collection (both primary and secondary research) for Issue 4 was carried out between July and September 2024 in all 10 countries of interest.

The primary research component involves the administration and analysis of a firm survey (i.e., a survey of sample businesses in the countries of interest) and in-depth interviews with key stakeholders. The sample is stratified by size (small, big and corporate), region and industry. A total of 2 258 businesses were surveyed and 30 in-depth interviews were conducted across the 10 countries in Issue 4.

In Zambia, 234 businesses were surveyed. 45% of these businesses were in Lusaka, 22% in Kitwe, 10% in Ndola, 12% in Kabwe and 11% in Chingola.

The breakdown of surveyed businesses in Zambia by business segment was as follows:

- 67% were small businesses
- 18% were big businesses
- 15% were corporates

In the context of the SB ATB, small businesses are defined as those with a turnover of less than ZK 10 million, large businesses as those with a turnover of between ZK 10 million and ZK 200 million and corporates as those with a turnover of more than ZK 200 million.

The breakdown of surveyed businesses in Zambia by industry is as follows:

Table 7: Breakdown of surveyed businesses in Zambia by industry

Industry	%	Industry	%
Wholesale and retail trade; repair of motor vehicles and motorcycles	31	Electricity, gas, steam and air conditioning supply	3
Other service activities	14	Education	3
Accommodation and food service activities	12	Water supply; sewerage, waste management and remediation activities	3
Agriculture, forestry and fishing	6	Administrative and support service activities	3
Manufacturing	6	Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use	3
Construction	5	Information and communication	0
Transportation and storage	4	Real estate activities	0
Financial and insurance activities	3	Public administration and defence; compulsory social security	0
Professional, scientific and technical activities	3	Arts, entertainment and recreation	0
Human health and social work activities	3	Activities of extraterritorial organizations	0
Mining and quarrying (includes oil & gas)	2		

The breakdown of surveyed businesses by staff complement was as follows:

- 29% had below 5 employees
- 32% had 5 - 10 employees
- 6% had 11 - 20 employees
- 12% had 21 - 50 employees
- 4% had 51 - 100 employees
- 6% had 101 - 1 000 employees

With regards to individual respondent characteristics within the businesses, 27% were female and 73% were male.

The breakdown by their job titles is as follows:

- 25% were general managers
- 19% were owners, partners or co-owners
- 11% were chief executive officers (CEOs)
- 9% were managing directors
- 5% were treasurers
- 5% were chief accountants
- 4% were financial directors
- 2% were heads of departments
- 2% were chief financial officers
- 1% were director generals

Further details by region, business segment, industry, staff complement, age of firm, the firms' corporate and strategic decision-making structures as well as individual respondent characteristics (gender, job title, etc.) are available on request.

There were three in-depth interviews conducted in Zambia as part of Issue 4. The interviews were held with representatives from the Centre for Trade Policy and Development, Zambia Chamber of Commerce and Industry, and the Zambia Institute for Policy Analysis and Research.

The survey and in-depth interviews were conducted on a confidential basis.

The secondary research component involves the gathering and analysis of quantitative data. This data is primarily collected from World Bank sources, although additional data is obtained from the International Monetary Fund (IMF), the International Trade Center and individual country central banks.

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In-depth details on how the Stanbic Bank Africa Trade Barometer scores for each country are calculated, and the resultant country rankings, are available on request.

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The research was produced by Standard Bank Business and Commercial Banking Research & Insights. For any questions or information requirements on this report please contact tradebarometer@standardsbg.com.

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