

INSIDER VIEW

# Zambia

TUESDAY MAY 7, 2002

## Ready to stand up and be counted

**OVERVIEW** ZAMBIA'S CURRENT ADMINISTRATION IS THE MOST BROADLY BASED DEMOCRATIC PARLIAMENTS THE COUNTRY HAS SEEN. ITS AIM IS LONG-TERM POLITICAL AND ECONOMIC STABILITY

FOR NEARLY two bleak decades the Republic of Zambia was ruled by a one-party dictatorship in which the state controlled some 85% of the nation's economy and implemented its every whim through repressive laws, ruling by fear and maintaining a state of emergency that had been in effect in the country since its independence in 1964. The situation went unchecked until 1991, when the current ruling Movement for Multiparty Democracy (MMD) spearheaded democratic change and moved to return Zambia's industry to the domain of the private sector.

The MMD has recently been given a new five-year mandate to lead as a result of highly contested multiparty elections in



**ENOCH P. KAVINDELE**  
Vice President of Zambia is a strong advocate of the AGOA to boost exports to the U.S.

December 2001 in which Levy Mwanawasa was chosen to take over from President Frederick Chiluba, who had held the office since 1991 and had served the two five-year term limit.

Ironically, many Western nations, apparently forgetting about the debacle in Florida during the last U.S. presidential balloting, complained that elections in Zambia, still an infant democracy, were flawed and some donor countries even threatened to withhold aid.

"I agree that there were inefficiencies that resulted in people waiting hours in line, ballot boxes arriving late and some polling stations not opening on time," President Mwanawasa acknowledges. "But to condition free and fair elections to the granting of aid is most unfair. If what had happened in the United States had happened (here)... they would have said that the elections were not free and fair. For many years we struggled for independence, and that has a lot to do with democracy."

In the end, observer missions



**ONE OF THE MOST** stable countries in Southern Africa, Zambia is a good base for manufacturers to export to the region

from the South African Development Community (SADC) and the Organization of African Unity (OAU) validated the elections, clearing the way for President Mwanawasa to concentrate on the important issues at hand, like his New Deal program for economic development, supervising the OAU's transition to the new African Union and to plan for his upcoming trip to the United States in May.

Enoch P. Kavindele, Mr. Mwanawasa's Vice President is one of Zambia's most beloved politicians and an economic genius, so he was a wise choice for the country's number two position

– a post he also held in the previous administration. "Right now we are encouraging domestic production of the items which have special trade preference in the U.S. market through the African Growth and Opportunity Act (AGOA), especially textiles," the vice president explains. "Our policy is also to encourage private sector investment into the country, so we offer a lot of incentives, such as no foreign exchange controls, low labor costs, tax breaks and political stability."

Zambia is surrounded by some unstable countries, a position that many experts see as an opportunity, as it encourages manu-

facturers to set up in Zambia for export to the region. Zambian Minister of Foreign Affairs Katele Kalumba shares that view.

"Of course there are costs, which is why we invest so much in promoting peace. But there is also another side that suggests that in chaos there is always opportunity," Mr. Kalumba points out. "The very fact that this country is amidst others that do not seem to find an equation for peace speaks a lot in terms of opportunities available within the SADC region. Conflict is not inevitable, it is not a given thing and Zambia is an example of this because it has been able to maintain peace."

## FACTS & FIGURES

**POPULATION**  
10,200,000

**AREA**  
290,586 sq miles  
Landlocked Zambia is in the Southern African region and is slightly larger than Texas in size

**CURRENCY**  
Zambian Kwacha (ZMK)

**EXCHANGE**  
US\$1 = 4,000 ZMK  
(April 2002)

**CAPITAL**  
Lusaka (pop 1.5 million)

**GDP**  
Purchasing power parity  
US\$8.5 billion (2000 est.)

**RESOURCES**  
Copper, cobalt, zinc, lead, coal, emeralds, gold, silver, uranium, hydropower

**INDUSTRIES**  
Copper mining and processing, foodstuffs, textiles, fertilizer

## Tourism, agriculture and mining sectors targeted for boost

In an exclusive interview, Zambian President Levy Mwanawasa discusses Zambia's role in regional affairs and how he has got down to the business of running the country by getting the nation's emerging economy on track following his recent victory in the highly contested December elections.

**Your background as a lawyer and a man of integrity has won much admiration in the public eye, but your election into office was contentious. How have you settled into your role and what is the current political situation in Zambia?**

I've settled in very well. It was disappointing and somewhat frus-

trating that my opponents were not immediately supportive of me and my administration, but the wounds are healing now and the opposition presidential candidates are slowly coming around. To me that is positive because their leadership should not cease with the end of the elections. Their leadership and their contribution to issues of national development are part of a continuous process.

**Could you tell us a little about your New Deal program of far-reaching reforms?**

The New Deal means the boosting of anything that advances Zambia. It supports production and food security, which is why it



**PRESIDENT LEVY MWANAWASA**  
With his New Deal program, he aims to rid Zambia of inefficiency and corruption and focus on the country's enormous potential. He is placing emphasis on the agriculture and tourism sectors to achieve steady economic growth

places so much emphasis on agriculture. The country has plenty of natural resources and we can grow practically anything, but since independence we have never produced enough to feed ourselves, to export or to keep in reserve. The New Deal has been put forward to ensure that we produce more than enough.

**What is Zambia's role in the transformation of the Organization of African Unity (OAU) to a European Union-like body?**  
Zambia acts as chairman of the OAU and we have been supervising the transition of the OAU to the African Union. It is hoped that when we hand over the OAU chairman-

ship to South Africa in July, the (53-nation) African Union will be in place. As a nation we feel greatly honored to have been given this privilege; it was an excellent, but challenging, beginning to my governance.

**What message will you take to the U.S. when you visit in May?**  
We always welcome Americans and other nationals to come visit and invest in our country. All investments are protected by laws, so if anyone should try to tamper with their investment, they can be assured that they will have effective and efficient legal systems to redress issues. I have been a practicing lawyer for 27 years, so I know what I'm talking about!

## Zambia

## Economic stability boosts investor confidence

**ECONOMY** WITH INFLATION DOWN AND POLICIES IN PLACE TO CONTROL EXPENDITURE, THE GOVERNMENT IS LOOKING TO DIVERSIFY THE ECONOMIC BASE AND HAS TURNED ITS GAZE TOWARDS AGRICULTURE, MINING AND TOURISM

LIKE A SWINGING pendulum, Zambia has grazed both extremes of the arc as the political housecleaning of the early 1990s was paralleled by a transformation of the economy from command socialism into what the former Governor of the Bank of Zambia Dr. Jacob Mwanza, describes as "one of the most liberal economic environments on the African continent".

Opening up trade, slashing tariffs, getting serious about revenue collection, privatizing some 220 state enterprises and completely removing foreign ex-

change controls were some of the policies that have paid off in the form of quantifiable gains in stability and growing prosperity. Dr. Mwanza's principal mandate is to keep a tight lid on inflation.

The principle aim of the government is to keep a tight lid on inflation

It's hard to believe that less than a decade ago this killer of emerging economies was running at over 200%, but as of 2001, had been brought down to 17%. "We think we can manage 13% this year, 8% for next year and try for 5% in 2004," says Dr. Mwanza. "The government is contributing by controlling expenditure. We have been pro-



**WITH INFLATION** down to 17% by 2001 it is forecast to reach 5% by 2004

gressively reducing the deficit and expect to get it down from 3% of GDP and completely balance the budget in 2003. We must also make sure the growth in the money supply is consistent with real growth of economic activity."

The central bank also has a role in commercial bank supervision. Since acquiring full regulatory powers in 1994, eight banks have been intervened or closed down for being undercapitalized or indulging in dubious business practices. Solvent, well-run institutions however, have had no problems.

Citibank, present in Zambia since 1979, has held its 15% market share while posting 34% revenue growth in dollar terms last year by

focusing exclusively on corporate services. In the retail sector, the state-owned Zambia National Commercial Bank is counting on its extensive branch network, foreign connections, brand recognition fac-

tor and what is said to be the best computer technology in the country for maintaining supremacy.

A stable banking environment has done much to boost the confidence of investors who never quite gave up on Zambia even when macroeconomic indicators were at their grimmest. But what attracted them in the first place? "Agriculture, tourism and mining" says Minister of Finance and National Planning Emmanuel Kasonde, adding that opportunities abound in the farming sector, as this provides employment to about two thirds of Zambia's people.

"Each dollar invested in the sector creates new jobs spread evenly all over the country, as well as

generating manufactured inputs such as fertilizer and machinery, and the possibility of adding post-production value to our output. I think it can be a big foreign currency earner," says Mr. Kasonde.

But having depended on copper for so many years and taken a beating when world prices collapsed, Zambia is not about to make the same mistake again. A diversified economy means a long-term viable economy, with no lack of opportunities for manufacturing sector to take advantage of Zambia's highly urbanized population and strategic location, with privileged access to the potentially vast and "practically unexplored" Southern African market.

## Taking advantage of existing resources

**TRADE & INDUSTRY** DEPENDENCE ON COPPER HAS BEEN REDUCED AND NEW OPPORTUNITIES OPENED UP IN INDUSTRY. TEX-

TILES IS ONE TARGET, WITH THE EMPHASIS ON EXPORTS AND A NUMBER OF COMPANIES ARE ON THE BLOCK FOR PRIVATIZATION

THERE'S NOTHING more convincing than a bad experience, and a look at their recent history will show why Zambians have become firm believers in competitiveness, transparency, good business practices and productive investment. For a quarter century after independence, the country was dependent on steadily declining copper prices on the one hand, and a sprawling parastatal sector that bred monopolies, inefficiency and cronyism on the other. "It was an economy in tatters," says Minister of Commerce, Trade and Industry Bates Namuyamba. "By the time reforms got underway in 1991, many companies were too run-down to be salvaged; all of them were making losses and heavily subsidized by the government, so they were not prepared for competition. Others had to fold when trade barriers and price controls were lifted and foreign goods entered the country."

More than a decade has gone by now, and residual fallout from that period is still on the ground forcing local companies to cope as best they can with the shortage of affordable credit and ready capital. But the corner has been turned and Zambia is engaged in fruitful economic give-and-take with its immediate neighbors in the COMESA zone and exports to Europe through the Cotonou group.



**THE U.S.** presents great potential as an export market for Zambia, but investment is needed to effectively exploit the nation's abundant resources

The AGOA pact, which lets Zambian goods enter the U.S. under a zero tariff regime, has proved a lifeline for the textile industry, especially. "The thing about cotton is that it creates so many links, from the people who grow it to the people who process it into the finished product: yarn, fabric or apparel," says Johnson Mwenya, the Export Board of Zambia's Executive Director, "The U.S. market is becoming increasingly important. We

are actively encouraging industries to take advantage of the opportunities presented by this American connection."

The Export Board has been given responsibility for promoting Zambian goods abroad, assisting entrepreneurs with paperwork and quality control, and to access low-cost financing. Particular emphasis has been placed on non-traditional products, which in theory can mean anything except copper and cobalt. According to Mr. Mwenya, in practical terms it includes items like horticulture, finished wood products, building materials, processed food and leather goods—with farmed crocodiles prominent in the latter two categories.

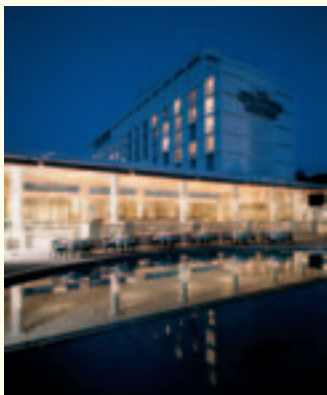


**EMMANUEL KASONDE**  
Minister of Finance and National Planning. Aims to keep on reducing rates of inflation



**DR. JACOB MWANZA**  
Former Governor of the Bank of Zambia. Creating a fair and transparent system is key to economic stability

## Uniquely Inter•Continental



## Uniquely Lusaka

A true landmark in Zambia's capital of Lusaka, the Hotel Inter•Continental is in full operation having undergone extensive renovations in a phased manner. Ideally situated in the diplomatic area and in close proximity to the commercial centre of Lusaka, it is the ideal location for a business or leisure visit. Two hundred and twenty one newly renovated rooms, including 20 suites, are furnished and equipped to the highest Inter•Continental Hotel standards. A choice of Lusaka's leading restaurants will be found within the Hotel, including the



accommodating functions of all sizes, with up to 500 people in the Ballroom. Add to this the famous friendliness of our staff and you will know what it is to enjoy a uniquely Inter•Continental stay in true Lusaka style.

**HOTEL**  
**INTER-CONTINENTAL**  
LUSAKA

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Telephone: +260 (1) 250000/250600 Facsimile: +260 (1) 251880  
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**JOHNSON MWENYA**  
Executive Director of the Export Board of Zambia



**MR. LUKASHI**  
Acting Director General of the Zambia Investment Centre



the best of  
**ZAMBIA**  
is the best of Africa

Zambia. Ready for adventure?  
Wildlife safaris... a glimpse of nature at its finest  
Cultural attractions... a new take on age-old traditions  
Natural beauty... an experience that only  
Victoria Falls can provide  
Sports activities...  
a rush of excitement in a kayak or a 4x4  
Warm smiles... a rewarding encounter with the  
continent's friendliest people  
Zambia. Where else?

Investment opportunities also await  
in a wide range of sectors.



## A DESTINATION FOR TOURISM

ZAMBIA NATIONAL TOURIST BOARD  
Century House, Cairo Rd., Box 30017, Lusaka, Zambia  
Tel: (260) 1 229087/90 Fax: (260) 1 225174  
E-mail: zntb@zamnet.zm  
Website: www.zambiatourism.com

FOR FURTHER DETAILS:

## A DESTINATION FOR INVESTMENT

MINISTRY OF TOURISM, ENVIRONMENT AND  
NATURAL RESOURCES  
Kwacha House, PO Box 30575, Lusaka, Zambia  
Tel: (260) 1 227645/7, Fax: (260) 1 223930  
E-mail: mintour@zamnet.zm

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**INDUSTRIES** are being encouraged to take advantage of the AGOA pact

"Five years ago we were shipping out US\$100,000 yearly in cut flowers. Then we got assistance for the growers from the European Union and now that's up to US\$40 million." Mr. Mwenya would like to see something similar happen with gemstones. The stones are out there—top quality amethyst, emeralds, aquamarine and garnet—but modern mining methods would get a lot more of them out of the ground.

It would be a mistake, however, to suppose that privatization is a closed chapter, and that companies such as Unilever, Lonhro, Shoprite, Tate & Lyle, AGIP, BP and Otis grabbed up the choice bits. "Not so," says Stuart Cruickshank, Advisor at the Zambia Privatisation Agency. "The easy ones were the first to go on the block." Now, it's the turn of the state electricity company, which he feels is more suitable for offering on a concession basis.

Management buyouts and share option deals are likewise among the formulas that the agency's board—mainly private sector business leaders—recommends to the government as alternatives to sell-offs if the circumstances warrant. "Kafue Textiles is now available. It can produce 20 million meters per year of a wide range of fabrics. The telecommunications company is under consideration for privatization as the Zambia Railways has been. Then you have ZANACO, the national commercial bank, coalmines and fertilizer factories. I'd say the best opportunities now are in the tourism sector, especially given the deteriorating situation in Zimbabwe."

For privatization deals and other types of direct investment, the Zambia Investment Centre offers a range of services from image building, investment generation and facilitating to follow-up. Providing reliable information to people new to the country and setting up contacts for them is a key part of the mission. If the center's acting Director General Mr. Lukashi has got it right, the next five years will see agriculture and agro-processing making a very substantial contribution to Zambia's GDP "with more and bigger companies coming in. We've got the basic road and communications infrastructures in place, the climate is great, the people are friendly and the overall environment for doing business is as good as it gets."

## Open market means better service

**TELECOMMUNICATIONS** WITH THREE OPERATORS CURRENTLY IN THE MARKET, ZAMBIA IS WELL ON THE WAY TO PROVIDING COUNTRYWIDE COVERAGE WITH HIGH STANDARDS OF SERVICES AND CONNECTION

ZAMBIAN AUTHORITIES are making every effort to open up their telecoms market for further development. Though still 98% state-owned, the former monopoly, Zamtel, has had since 1994 to prepare itself for the liberalization of the market when the Communications Authority (CA) was established to monitor activity and manage the infrastructure. Two private operators, Telecel and Celtel, have since come along to spar for market share in the booming mobile business and Zamtel is gearing up to join them by offering GSM service.

A half-dozen ISP (internet service providers) have also set up shop—not nearly enough to satisfy the CA's Controller, David Kapitolito. He says the government would be glad to see a fourth player on the field to keep Zamtel and its two private competitors on their toes and provide road coverage from

Livingstone to Chillabombwe.

That would still leave room for a second operator on the national level to build and operate high capacity fixed-line links. "We feel more operators would help us bridge the digital divide, not only the one that stands between us and the rest of the world, but between rural and urban Zambia,"

he says. The government is offering companies rebates on the percentage of turnover they pay as operating fees and drawing up plans for a rural telecom development fund to channel future service away from the high-density population patterns that follow the colonial railroad vectors, which is where 65% of the people live, and into the hinterland, where it will bolster the developing tourism industry and give the other 35% of Zambians a better opportunity for staying in touch.

Competition such as Mr. Kapi-

The number of cellphone users has doubled to 120,000 in the last five years



**FORMER MONOPOLY** Zamtel is gearing up to join Zambia's booming mobile business by offering GSM service

tolo envisions may be a fine thing, but does the more the merrier principle apply in all situations? Perhaps not necessarily in Zambia, says Celtel Managing Director Steve Torode. "No matter how many slices you cut it into, Zambia is not the world's biggest telecom pie. That's why I am not convinced by the argument that the more licenses you issue, the more competition you

get, driving subscriber rates down. In South Africa, where there are millions of subscribers, they've only just let a third operator in."

Celtel is an offshoot of MSI—a Dutch holding that has interests in a number of sub-Saharan nations, and got its toehold in Zambia in 1997, when there were 6,000 mobile customers in the entire country. Now there are 120,000, and

over half are using Celtel's network. Mr. Torode attributes that success to having had the foresight to use a system based on pre-paid cards—which allows it to work in a country of tight credit and high interest rates—and offering services like voice mail, international roaming and a brand new cash transaction service which allows you to top up your account over the phone.

## Exploring alternative opportunities

**MINING AND ENERGY** VASTLY UNDEREXPLORED, ZAMBIA IS IN NEED OF NEW TECHNOLOGY TO GET TO WORK ON ITS ABUNDANT RESOURCES. MEANWHILE THE PUBLIC ELECTRICAL ENTITY IS GETTING A REVAMP

ZAMBIA'S HUGE and all-important copper mining industry was thrust into one of its most difficult situations ever in late January when South Africa's Anglo American Corporation decided to pull the plug on its Konkola Copper Mines without warning, putting at risk some 10,000 jobs and threatening one of the main pillars of the country's economy.

The reason, politicians say, was that the candidate Anglo American wanted as Zambia's president lost in the December elections. The government's reaction has been a pledge to keep the mines running after working out the legal questions, and it is currently looking for buyers for the profitable enterprise.

Zambia's mining sector is wide open to private investment, and the government has adopted a pragmatic mineral policy designed to enhance investment in the mining industry and to ensure development of self-sustaining, minerals-based sectors.

The policy is carried out by the Ministry of Mines and Mineral Development, whose minister, Davison Mulela, likes to stress the fact that American investors entered the



**ZAMBIA** is implementing policies to enhance investment in the mining sector

Zambian mining market at the industry's earliest stages, especially those companies seeking out rich cobalt, copper, gold and uranium deposits.

"We expect Americans to continue investing, and to even increase their stake in the industry. Zambia is not well explored, and we do know what the rest of the country has in terms of resources," Mr. Mulela explains. "We need investors to come and take part in

exploration of these areas, and Americans have the best technology and the best geologists."

A lot of energy is required to run Zambia's mining industry, and so the government has also set down certain policies aimed at guaranteeing responsible energy use with heavy emphasis on water, electricity and diesel, says Minister of Energy and Water Development Kaunda R. Lembalemba.

"These are the engines of any country's economy, and we have seen that without putting the energy sector into proper perspective, the country cannot advance, especially as far as agricultural development is concerned," the minister points out.

The public electrical power company ZESCO's possible privatization has taken up a lot of news copy in recent months, but Mr. Lembalemba says plans to sell the firm have been put on hold.

"ZESCO and our oil industry are strategic industries for the nation...and ZESCO will not be privatized, at least not now. We have to be very careful with privatization because in the past it was done very quickly and the economy suffered as a result. ZESCO is a very important company for the government and is being well managed, so for now it will remain in state hands."

## New goals to reach potential

**AGRICULTURE** THIS SECTOR COULD BECOME THE ENGINE OF ZAMBIA'S ECONOMY—NOT ONLY A SOURCE FOR PROVIDING JOBS FOR THE NATION, WITH THE RIGHT INVESTMENT IT COULD BE A GREAT FOREIGN EXCHANGE PROVIDER

GOVERNMENT PLANNERS, industry organizations and the private sector all agree: Zambia has incredible agricultural potential both as a means to feed its citizens and as a sure-fire jobs and foreign exchange provider. With 40% of the region's water resources and with soil fertility that is three times that of its neighbors, Zambia could use this age-old sector to drive its economic progress.

"We are going to use farming to reorganize the Zambian economy," pledges Minister of Agriculture Mundia Sikatana. "This country boasts fantastic soil, a fine climate

and a market you can never satisfy. But there is a lot of work to do if we want to achieve our goals in the agricultural industry."

Among the measures on the government's list of priorities is obtaining funding for rural infrastructure so farmers can get their crops to market. The government also plans to increase and improve extension services to provide information, expertise and training to producers. There are also plans to revive the cooperative system, relaunch animal husbandry programs and get more

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**ZAMBIA** Investment Centre facilitates investments in agriculture

# Making privatization work for *Zambia*

Privatization is an essential part of the Zambian government's plan for economic liberalization. Hundreds of former state companies have been privatized in recent years, making Zambia one of the Zinvestors. Companies in sectors ranging from energy to tourism to mining are slated for privatization, and, thanks to far-reaching government initiatives, top players from around the globe are fast discovering the nation's incredible potential.

The Zambia Privatization Agency is at the center of the privatization and investment wave. Our professional staff are experts in privatization procedures and our streamlined services make application and set-up procedures easy. At the Zambia Privatization Agency, we believe in transparency, efficiency and social responsibility in business, and our commitment to development and economic growth is evident in everything we do.

Invest in Zambia. Invest in the future.



## Investment Opportunities exist in the following:

### ZAMBIA NATIONAL COMMERCIAL BANK

The ZPA invites prospective investors to bid for 35% of the Government shareholding in the Zambia National Commercial Bank Plc. The successful investor will be offered management control of the bank.

### NATIONAL AIRPORTS CORPORATION (NAC)

Manages Lusaka International Airport, Ndola, Livingstone and Mfuwe airports. NAC's airports in Livingstone, Ndola and Mfuwe are to be recapitalized and their terminal operations will be offered for lease to the private sector.

**SAVOY HOTEL** - the biggest Hotel on the Copperbelt with 155 rooms in the heart of Zambia's industrial and mining base. The market is made up of local and foreign business people, tourists and travellers. Savoy Hotel is within reach of some tourist sites and other attractions which include the world's second largest open-pit copper mines in Chingola.

**NITROGEN CHEMICALS OF ZAMBIA** - The company manufactures explosive grade ammonium nitrate, chemical fertilizers and industrial chemicals. NCZ also produces Sulphuric acid and NPK compound fertilizer.

**KAFUE TEXTILES OF ZAMBIA** - a vertically integrated textile mill with the capacity to produce 20 million meters/ year of fabrics in a wide range of finished goods including African prints and Drills.

### NDOLA LIME COMPANY

Ndola Lime Company Limited is located in Ndola, the provincial center of the Copperbelt Province. Ndola Lime Company is the only producer and supplier of quicklime, limestone and hydrated lime in the country, supplying the mining sector, Zambia Sugar Refinery, water treatment companies and regional export markets.



For further details please contact:

The Chief Executive

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## Zambia

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private enterprise involvement in the sector.

All these measures are supported by many in the industry, including Luke Mbewe, Chief Executive of the Zambia Export Growers Association, a non-profit organization that helps growers who wish to export fresh vegetables and fresh-cut flowers to overseas markets.

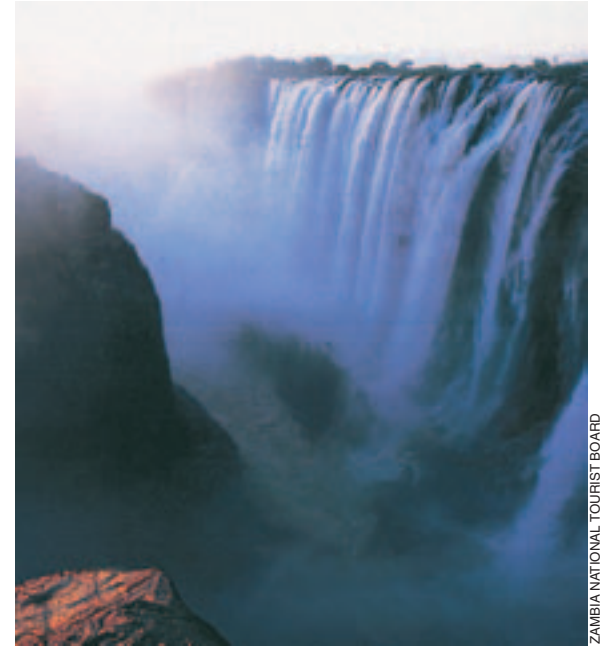
"Our members would also like to see the government get rid of a lot of the taxes and duties on farmers as they have been a constraint on the development of the industry," he argues. "It would also help if there were incentives to move people away from the now collapsing mining industry and into agriculture. After all, the cost of creating farming jobs is much less than in any other sector."

One of the association's key activities is chartering cargo planes to carry fresh produce to the markets of Europe. Each week, six planes each carrying around 40 tons of vegetables and flowers leave Zambia for the north and Mr. Mbewe believes United States consumers could soon be enjoying produce from his country.

"Already, some of the flowers we ship to the Netherlands end up in the United States. We are now working with the U.S. Department of Agriculture on getting permits for Zambian fresh vegetables so they can enter the American market," he explains.

A company deeply involved in fresh produce export is Agriflora, which began from scratch in 1995 and now enjoys an annual turnover of around US\$30 million. Around 80% of its output is vegetables and the rest fresh-cut flowers. Managing Director Neil Slade predicts a rosy future for the business and the sector in general.

"There is so much potential to not just provide foreign exchange but also to create employment," he says. "And there'll always be a market because, after all, people need to eat."



**THE IDEAL CHOICE** for a once-in-a-lifetime African experience, Zambia has changed for visitors in recent years. One major tourist highlight is Victoria Falls, one of the world's greatest natural wonders

## Welcome to the 'real' Africa

**TOURISM WITH POLITICAL STABILITY, ZAMBIA HAS CHANGED FOR TOURISTS. THE NATIONAL PARKS ARE TEEMING WITH BIRDS AND ANIMALS AND THE IMPRESSIVE VICTORIA FALLS AND THE ZAMBEZI RIVER ARE NOT TO BE MISSED**

A HERD OF elephants splash and drink at their favorite spot along the shores of Lake Tanganyika in the northeast while on the other side of the country, hundreds of wildebeest thunder across the Liwua Plains in a mass migration. Giraffe, buffalo and antelope populate the southwestern Sioma Ngwezi National Park and last, but not least, in the south are the mighty Victoria Falls, one of the world's greatest natural wonders and a true sight to behold.



**LEVISON MUMBA**  
Minister of  
Tourism,  
Environment and  
Natural Resources

This is Zambia, one of Africa's most beautiful and least-known countries, where tourism is now beginning to take off thanks to government steps to liberalize the sector, fresh investment both foreign and domestic and a new international marketing campaign trumpeting its many attractions.

"We like to refer to Zambia as 'The Real Africa' because the tourism environment here is still pristine," explains Chief Executive of the Zambia National Tourist Board Ms. Agnes Seenka.

"Even the act of viewing our wildlife is unique because you are

out in the real wilderness. Along with the animals in their true natural state, you'll come across typical villagers and Zambians are the friendliest people around. All this makes Zambia a wonderful experience for the visitor," she says.

Zambia boasts 19 national parks and 36 game management reserves. Around 30% of the country's landmass is set aside as wildlife conservation areas supporting an incredible variety of animal, bird and plant life. Walking safaris, in which tourists are guided through the stunning scenery by trained naturalists and protected by armed game scouts, are a specialty in Zambia.

If it's adventure travel you're after, you can go white-water rafting, canoeing or bungee jumping in some of the most breathtaking environments on the planet. Culture

vultures can see age-old and colorful tribal ceremonies.

"We have a world-class offer for visitors and proof of that are the increasing numbers of Americans choosing Zambia for their once-in-a-lifetime African vacation," says Ms. Seenka.

"For example, in 2000, the number of European visitors grew by 2%, but the number of Americans was up by 6% on the previous year. We now receive 20,000 American visitors a year. That shows we're doing things right."

A radical change in official tourism policy a decade ago helped Zambia become the prime tourism destination it is today. New rules and regulations made the sector more investor friendly, government-owned visitor facilities were privatized and infrastructure was up-

graded, says Minister of Tourism, Environment and Natural Resources Levison Mumba.

"After the present administration took office, the economy was liberalized, foreign exchange controls were eliminated and the tourism industry was taken out of the hands of the government and policy guidelines, this helped the sector realize its true potential.

"We also realized that the industry did not have a comprehensive master plan which we are now working on and it is aimed at planning tourism development as we know our resources are limited. We need targeted development to stimulate investment and help spread the revenue to reduce poverty," the minister explains.

International investors have taken note of the improved climate and companies like Holiday Inn, Taj Hotels and Sun International have entered the market and local investors have opened new lodges, safari camps and other facilities across the country. Over the past six years, the number of hotel beds has risen from 6,700 to almost 8,000 and tourism authorities are predicting another 20% increase.

"Zambia has unspoiled wilderness, modern and comfortable accommodation, friendly people, peace and stability," says Mr. Mumba. "It's the ideal destination for an African adventure."

## Beating the trend with top-of-the-line facilities and customer benefits

THE HOTEL industry in the Zambian capital Lusaka, which is dominated by three upscale luxury hotels, has been in decline since 1997, when the market produced 135,000 room nights. By the end of the year 2000, that figure had dropped to 118,000, and as year-end data for 2001 begins to roll in, it seems that there was a further drop of 6%.

The Hotel Inter-Continental Lusaka, however, is planning on beating the trend, says General Manager Ian McLachlan. "The completion of Phase One of

the hotel's renovation program in June of last year, which included most of our lobby, all food and beverage outlets and half of our guest rooms, had a very positive impact in both the local and international markets."



**IAN MCLACHLAN**  
General  
Manager of  
Hotel Inter-  
Continental  
Lusaka

Phase Two of the Inter-Continental's renovation program will take place for the first seven months of the current fiscal year, Mr. McLachlan explains. But the hotel's sales and marketing efforts along with service improvements over the past 18 months have already helped push the hotel towards its goal of repositioning the property as the market leader in Lusaka.

"During the last five months of the year, Hotel Inter-Continental Lusaka will attain the market leadership role. The

new facilities and image are in line with Inter-Continental Hotel standards and will surpass those of the competition," Mr. McLachlan confidently notes.

The Hotel Inter-Continental Lusaka has always been a true landmark of the Zambian capital. Situated in the city's diplomatic area and near Lusaka's bustling commercial sector, the hotel provides business and leisure travelers with the ideal location for their visits.

The Phase One renovations also offer guests large working

space with voice-mail telephone systems, convenient data ports, an array of satellite television channels and new safety systems.

During the recent market slowdown and especially during the renovation phases, the Inter-Continental followed the rate-cutting strategy of its competitors. "But we have also been laying the groundwork for an 'after-renovation' strategy that will move away from rate cutting and move toward benefit and service delivery," Mr. McLachlan concludes.

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