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Zambia's developing international relations

'Positive neutrality' and global partnerships

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Summary

— Zambia is central to a number of global concerns, including as a participant in the G20 Common Framework for Debt Treatments; as a democratic state and potential African ally for Western powers; and as a valuable producer of natural resources required for the global green transition. Since coming to power in August 2021, President Hakainde Hichilema has taken an assertive approach to Zambia's international relations and retained the country's tradition of 'positive neutrality' – which allows Zambia to proactively engage across global political divides. Hichilema has resuscitated relations with Western partners, especially the US and UK, and maintained Zambia's important relationships with China and the African continent. New investments and development support from a diverse mix of partners, including Brazil, India, Japan, Saudi Arabia, South Africa, Türkiye and the United Arab Emirates, illustrates the further expansion of Zambia's relations.

— As a producer and a transit route for other regional mining deposits, Zambia is critical to the supply of minerals required for the global energy transition. Zambia aims to produce 3 million tonnes of copper per year by 2032 and use these resources to develop its economy. This will require significant international and domestic investment in infrastructure to transport the material, and a reduction of non-tariff barriers, such as border-post inefficiency. Beyond infrastructure, reviving the mining industry and supporting economic diversification will require tangible cooperation and collaboration between ministries, national agencies and companies across the region.

— The legitimacy of both the Hichilema government and international creditors will depend on much-needed economic reforms resulting in investment and concrete benefits for Zambia's population. This will require structures and systems to strengthen the country's capacity to absorb domestic, regional and international investment and development assistance. Combatting corruption is the first step towards ensuring that citizens have an equitable and sustainable stake in the nation's strategic industries, especially mineral production.

— Zambia has the capacity to be a leader in its regional and international engagements, through the formation of alliances and lobbying blocs within international organizations. Strengthening domestic institutional development is key to demonstrating leadership on the global stage as it bolsters the investment environment, shows credible commitment to upholding agreements with investors and allays fears of resource nationalism.

Introduction

Since his inauguration in August 2021, President Hakainde Hichilema's foreign policy has focused on renegotiating Zambia's significant debt burden and attracting inward investment, particularly for the country's mining industry. This requires a careful approach that balances Zambia's various foreign interests, especially those that concern Western nations and China.

Zambia is seeking debt relief under the G20 Common Framework – also known as the Common Framework for Debt Treatments beyond the Debt Suspension Sustainability Initiative (DSSI). The Common Framework was introduced to succeed the DSSI, which ended in December 2021 and was set up to suspend sovereign debts so that indebted countries could concentrate their resources on tackling the COVID-19 pandemic. Nevertheless, there are persistent challenges to the process. Successful intervention requires the support of Paris Club creditors and bondholders, but these entities remain critical of the opacity of Zambia's debt to China. Meanwhile, Beijing is concerned about the terms of a $1.4 billion IMF credit facility for Zambia and the precedent that Zambian debt restructuring may set, given China's broader strategic interests across the region.[1] In January 2023, Kristalina Georgieva, managing director of the IMF, and US treasury secretary Janet Yellen, travelled to Lusaka, the capital of Zambia, and met with President Hichilema to unlock the seemingly faltering Common Framework process. There is no consensus about which partners are delaying progress. However, at the end of the visit the IMF had reached an understanding in principle with China about a debt restructuring strategy that could help resolve Zambia's debt crisis.[2]

Beyond debt sustainability, maintaining balanced international partnerships is critical for Zambia's economic development. Foreign powers play a central role in supporting domestic infrastructure, mining investment, and health and education programmes. But the country's colonial history has led to widespread suspicion of external influence. In the worst instances, external actors have leveraged their investments – and, at times, perpetuated corruption – to access Zambia's strategic minerals and regional links. Maintaining broad and varied international relations can help the Hichilema administration to avoid perceptions that it has allowed Zambia's hard-won independence to be compromised.

This paper reviews Zambia's key international partnerships and the role and influence of foreign actors in the country. A central recommendation of the paper is that Zambia maintains its non-aligned position of 'positive neutrality' – which has enabled the country to proactively engage across global political divides – to continue to build a broad range of international relationships.

The paper is spilt into two sections: the first examines the external international relations and economic diplomacy of the Hichilema administration, focusing on debt negotiations and regional relations; the second section examines the influence

1 IMF (2022), 'IMF executive board approves new extended credit facility arrangement for Zambia', press release, https://www.imf.org/en/News/Articles/2022/08/31/pr22297-imf-executive-board-approves-new-extended-credit-facility-arrangement-for-zambia.
2 Mfula, C. (2023), 'IMF's Georgieva sees broad deal with China on debt restructurings', Reuters, 24 January 2023, https://www.reuters.com/world/africa/imf-chief-says-its-time-creditors-restructure-zambias-debt-2023-01-24.

of external actors across different sectors of the economy and civic space. The paper argues that maximizing the benefits of these partnerships and protecting against 'malign' interests will require clean government, effective institutions, commitment to international rules and norms, and the equitable implementation of domestic policy and regulation. This approach has the potential to give Zambia the agency to be a 'rule-maker' rather than a 'rule-taker' in its external partnerships. And, in doing so, offers an example to other African nations that are also seeking to balance their foreign partnerships and relations between divided global powers.

Box 1. Zambia's post-independence foreign policy

Since independence, Zambia's foreign policy has been informed by four factors: its security and geopolitical position; the personality of its leadership; ideology, particularly on independence and sovereignty; and the desire for economic development, balanced between solidarity with its neighbours and its need for external investment.

Zambia achieved independence from the UK in October 1964. By virtue of its location, it was immediately at the forefront of regional decolonization that initially took the form of newly independent white settler states, which pursued racial segregation and conducted military operations to destabilize the region. Despite Zambia's weak economy and precarious geopolitical situation at that time, President Kenneth Kaunda and his United National Independence Party (UNIP) took principled positions on anti-colonialism and the provision of assistance to liberation movements.

Support for wars of liberation, mineral rent mismanagement, a decline in world copper prices and an increase in the cost of oil imports, all contributed to severe economic stress by the early 1980s. The pace and sequencing of structural debt adjustment programmes in the 1980s caused significant hardship, and, to this day, there is deep resentment and scepticism of the international financial institutions (IFIs). Following elections in 1991, new political leaders faced the challenge of reconciling the post-colonial legacy of an outward looking foreign policy with the imperative of promoting domestic economic development.

As an expression of its desire for self-sufficiency, economic independence and mutual economic cooperation with other countries, Zambia played a prominent role in the foundation of regional organizations, including the Southern African Development Coordination Conference in 1980, which later became the Southern African Development Community. In 1981, Zambia co-founded a larger economic partnership – the Preferential Trade Area for Eastern and Southern Africa, later renamed the Common Market for Eastern and Southern Africa (COMESA), with a secretariat in Lusaka. These blocs are important for Zambia's regional trade, particularly in small-scale manufactured or consumer products, foodstuffs and the informal sector. However, large external markets continue to dominate bilateral trade, especially the export of mined products.

China and Russia
The history of Sino-Zambian relations dates back to China's support for Zambian independence, which was followed by a period of political and economic assistance, primarily through infrastructure development. In 1967, Kenneth Kaunda visited China and secured support for a rail link to the Indian Ocean through Tanzania, to provide access to world markets without exports having to go through white minority-governed

Rhodesia or apartheid South Africa. The TAZARA[3] railway was completed in 1975, and it is still one of the largest Chinese aid projects on the continent. China has subsequently been a significant funder of other infrastructure projects and a major importer of copper products.

However, successive Zambian leaders have had to contend with balancing the macroeconomic importance of China with negative local perceptions, and the relationship with China is a domestic political issue of growing importance. Many Zambians are suspicious of, or even hostile to, Chinese enterprises, citing unfair labour practices and human rights violations. The opacity of Chinese lending and its politicization – notably links to the Zambian ruling party's domestic campaigning – have led to severe criticism. There are also allegations from the media, civil society and competitor firms of kickbacks and inflated project costs that drive rent-seeking and cronyism.

In 2011, Michael Sata was elected president having at first campaigned on a strong anti-China position. However, his position softened once he was in office, and his administration maintained the relationship with China due to the realpolitik of international relations and the promise of Chinese finance. To many observers, Hichilema has followed a similar path – initially seeming more pro-western, but subsequently working to keep China onside.

Russia also has a history with Zambia that predates independence. The USSR was the first entity to recognize Zambia as an independent state in 1964. Since then, the two parties have cooperated on defence, health and science. In 1967, Zambia and the USSR signed the Agreement on Economic and Technical Cooperation and, in December 1971, the two parties agreed a further trade arrangement. Under the presidency of Edgar Lungu, the Patriotic Front signed a memorandum of cooperation in 2016 with the governing United Russia party to enhance political cooperation between Zambia and Russia.

Zambia's international relations and economic diplomacy

Zambian foreign policy formation is highly centralized, empowering the country's president to shape foreign relations, international partnerships and Zambia's position within global geopolitical discourse (Box 1). In his first year in office, Hichilema – leader of the United Party for National Development (UPND) – and his administration pursued a foreign policy focused primarily on economic cooperation, trade and inward investment. In his inauguration speech on 24 August 2021, the president promised enhanced economic diplomacy and committed to 'promoting open and cordial relations with our neighbours and countries on the continent and beyond'.[4]

3 The Tanzania-Zambia Railway Authority.
4 High Commission of the Republic of Zambia in Canada (2021), 'Inauguration Speech by the President of the Republic of Zambia His Excellency, Mr. Hakainde Hichilema', 24 August 2021, http://zambiahighcommission.ca/wp/wp-content/uploads/inauguration-speech-by-the-president-of-the-republic-of-zambia.pdf.

Zambia's top exports are copper and other mined products. These are primarily exported to China, the commodity trading centres of Switzerland and Singapore – though the product mostly ends up in China – and regional economies, especially the Democratic Republic of the Congo (DRC), Namibia and South Africa.[5] Foreign direct investment (FDI) is dominated by large mining investments from Canada, China, the Netherlands, Switzerland and the UK.[6] For the past decade, investment in the industry has been predominantly driven by the extension of current projects, or reinvestment from existing investors.[7] To attract a new cohort of investors, especially into sectors that could benefit from economic diversification, the government must adopt a new approach.

In recognition of this challenge, Hichilema – who often refers to himself as the country's 'chief marketing officer' – has travelled extensively in the US, UK, EU and Africa to promote Zambia's exports and attract investment.[8] This marks a significant break from his predecessor as president, Edgar Lungu. To emphasize this transition, the administration refers to itself as the 'new dawn' government. Zambia's recent Eighth National Development Plan 2022–2026 emphasizes the importance of a well-governed private sector as a driver of growth, and the significance of partnerships between the public and private sectors.[9] Attracting international investment is key to achieving this goal.

Zambia's recent Eighth National Development Plan 2022–2026 emphasizes the importance of a well-governed private sector as a driver of growth, and the significance of partnerships between the public and private sectors.

But marketing alone will not be enough. Despite positive economic fundamentals and relative stability, Zambia has lost the reputation it enjoyed in the late 2000s and early 2010s as one of the top investment destinations on the continent. Under the creeping authoritarianism of former president Lungu, debt spiralled, corruption skyrocketed and international investors became wary. Zambia's economy is dominated by former state enterprises and dependent on copper exports, thus it is acutely vulnerable to price volatility on international markets. Mitigating these risks requires structural reform, economic diversification and support to broaden the participation of Zambia's citizens in the economy.

5 These trade data also include some mined product that ultimately ends up overseas.
6 The Balance of Payments Statistical Committee of the Government of the Republic of Zambia (2021), *2021 Survey On Private Sector Foreign Investment and Investor Perception in Zambia: Promoting Investment for Sustainable Growth and Job Creation*, Zambia: Bank of Zambia, https://www.boz.zm/PCF_Highlights_Survey_Findings_2021_HGH_Dec.pdf.
7 Canada, China, the Netherlands and Switzerland represented 60.8 per cent of the total FDI liability stock in 2020, an increase from 56.4 per cent in 2019. Bank of Zambia (2021), '2021 Survey on Private Sector Foreign Investment and Investor Perception In Zambia', https://www.boz.zm/PCF_Highlights_Survey_Findings_2021_HGH_Dec.pdf.
8 Hichilema, H. (@HHichilema) via Twitter (2022), 'Mining can play a catalytic role in promoting industrialisation & job creation. That's why your Chief Marketing Officer is heading to the Mining Indaba in Cape Town to engage partners who support our efforts to re-establish #Zambia as a world class mining destination. #MI2022', 8 May 2022, https://twitter.com/HHichilema/status/1523310109178441729.
9 Ministry of Finance and National Development (2022), *Eighth National Development Plan, 2022-2026: Socio-economic transformations for improved livelihoods*, Zambia: National Youth Development Council, http://www.zda.org.zm/wp-content/uploads/2022/09/8th-NDP-2022-2026.pdf.

But the administration has had difficulty communicating the long-term benefits of structural reforms and international partnerships to an impatient young population demanding change and improved socio-economic conditions. Promises of jobs and growth have been further undermined by worsening global economic headwinds, such as the COVID-19 pandemic, which restricted Zambia's critical mineral exports and compounded high debt levels. This resulted in low growth and fewer resources for domestic development. Managing domestic resistance to necessary fiscal and regulatory reform is a critical political challenge for Hichilema's government.

This challenge will be further complicated by the fact that the current administration's foreign policy is being forged amid increasingly complex global power competition. Zambia's traditional foreign policy ethos is rooted in its post-independence non-alignment and 'positive neutrality', which allows the country to proactively work with a diverse range of partners and avoid dependence on any single foreign power. While former president Lungu aligned the country much more closely with China, Hichilema's government is signalling a return to the country's traditional approach to foreign partners – with the presidency, Ministry of Commerce, Trade and Industry, Ministry of Finance, and Ministry of Foreign Affairs all taking prominent roles in engaging with international partners.

But the state of current global geopolitics is pressuring leaders across Africa to take sides. Balancing external partnerships and competing interests – especially those of China, other emerging powers, Western nations, and Zambia's immediate region – is another critical task facing Hichilema.

He has already demonstrated his agility and political instincts in this regard. Hichilema has personal connections in the West, especially in the US and UK, and his first visit as president was to the US for the 76th Session of the United Nations General Assembly (UNGA). Many international observers saw his presidency as an opportunity for Western powers to push back against Chinese influence on the continent,[10] a view supported by the early attention Hichilema gave to pursuing a deal with the IMF,[11] positive engagement with Western creditors and a vote against the Russian invasion of Ukraine at the UN.[12] Zambia's vote for UN resolution ES-11/1 on 2 March 2022, which condemned Russia's invasion of Ukraine, marked a commitment to principles of independence and sovereignty. This was acknowledged in a phone call between Ukrainian leader Volodymyr Zelenskyy and Hichilema in August 2022.[13] Hichilema's stance on the war has also demonstrated

10 Swett, R. N. (2021), 'New Zambian President's Visit to U.S. Creates Opportunity to Strengthen Bilateral Relationship', InsideSources, 21 September 2021, https://insidesources.com/new-zambian-presidents-visit-to-u-s-creates-opportunity-to-strengthen-bilateral-relationship.
11 Siachiwena, H., Pruce, K. and Hinfelaar, M. (2021), 'Hakainde Hichilema's first 100 days: Continuity and change in Zambia's New Dawn', Global Development Institute, 16 December 2021, http://blog.gdi.manchester.ac.uk/hakainde-hichilemas-first-100-days-continuity-and-change-in-zambias-new-dawn.
12 Zambia abstained at the UN vote on 27 March 2014 on the Russian annexation of Crimea United Nations General Assembly Resolution 68/262, 27 March 2014.
13 Zelenskyy, V. (@ZelenskyyUa) via Twitter (2022), 'Had the 1st conversation with President @HHichilema in the history of bilateral relations with Zambia. Appreciate the support for Ukraine in international organizations. Noted help to Zambia students in evacuation due to RF's aggression. Ukraine will enhance interaction with the African region', 16 August 2022, https://twitter.com/ZelenskyyUa/status/1559585701661119680?s=20&t=lp8ngipISJ76w-2ivX0_xA.

a willingness to break ranks with Zambia's neighbours – Angola, Mozambique, South Africa and Zimbabwe all abstained from condemning the invasion in the March 2022 vote.[14]

However, the new administration has stopped short of a full 'pendulum swing' to the West – Hichilema has maintained Zambia's relationship with China. A phone call with President Xi Jinping in May 2022 was instrumental in unlocking China's positive engagement in an ongoing multilateral debt negotiation,[15] as well as in positioning Zambia at the forefront of Beijing's own 'new development paradigm', which aims to support small and medium-sized enterprises (SMEs), human capital investments, green development, and emphasize FDI flows rather than loan financing.[16]

Hichilema has also made a concerted effort to reinforce Zambia's regional relationships. He has made multiple regional visits – including to Angola, Botswana, the DRC, Egypt, Eswatini, Ethiopia, Kenya, Lesotho, Malawi, Senegal, South Africa, Tanzania, Namibia and Rwanda – which far outnumber his engagements outside Africa.[17] This demonstrates Hichilema's recognition of Zambia's position at the heart of regional trading and transport networks, and the vital importance of cross-border cooperation to Zambia's future prosperity, explored later in this paper.

Hichilema has also prioritized the Commonwealth, taking part in the Kigali summit in June 2022. Soon after, he facilitated an honour for the Commonwealth secretary-general, Baroness Patricia Scotland, who became head woman of the Lundwe people of Bweengwa area in Monze on 7 August 2022.[18] The secretary-general played a key role in the negotiations leading up to Hichilema's release from prison when he was in opposition. She also attended his inauguration. But while Hichilema has been well received internationally, domestic press scrutiny of these foreign visits highlights the pressure on the president and his team to demonstrate the benefits of international engagement for Zambia, which have been inconsistently and sometimes poorly communicated.

Beyond managing Zambia's delicate external relations, Hichilema has been able to contribute to international debates, notably around green energy and climate issues. He took a very lean delegation to Glasgow's COP26 climate conference in October and November 2021, and gained respect from international partners for his assiduous bridge-building. He has also highlighted green energy in successive election campaigns and created a Ministry of Green Economy and Environment.[19] The ministry is in the process of developing a green growth strategy. But this

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14 Zambia has voted against Russia in three of the four votes regarding the invasion of Ukraine. It was absent from the vote on resolution 11/3. There has also been an important shift in regional voting patterns with Angola abstaining on resolutions 11/1, 11/2 and 11/3, but voting against Russia in resolution 11/4, an important shift for a country that historically had ties to the Soviet Union.
15 Ministry of Foreign Affairs of the People's Republic of China (2022), 'Xi Jinping Speaks with Zambian President Hakainde Hichilema on the Phone', 31 May 2022, https://www.fmprc.gov.cn/eng/topics_665678/kjgzbdfyyq/202206/t20220601_10697300.html.
16 Vines, A., Butler, C. and Yu, J. (2022), *The response to debt distress in Africa and the role of China*, Research Paper, London: Royal Institute of International Affairs, https://www.chathamhouse.org/sites/default/files/2022-12/2022-12-15-africa-china-debt-distress-vines-et-al.pdf.
17 The president's visits outside of Africa include the US, at the time of UNGA, the UK for COP26, Belgium for the EU-Africa summit, and a side visit to the Vatican. The president also led a national delegation to Expo2020 in 2022 in Dubai, pursuing international investment in agriculture, mining, tourism and green energy.
18 Vandome, C. and Chan, S. (2022), 'Zambia: The first year of a Hichilema Foreign Policy', The Africa Report, 23 August 2022, https://www.theafricareport.com/234497/zambia-the-first-year-of-a-hichilema-foreign-policy.
19 Chatham House via YouTube (2022), 'Emerging powers in Africa: Regional environmental priorities', video, 18 May 2022, https://www.youtube.com/watch?v=_aPYwZ0qAjQ.

again will demand careful balancing between pressing for international climate commitments and protecting domestic development. A Zambian official, Ephraim Mwepya Shitima, held the position of chair of the African Group of Negotiators at COP27 in Sharm El-Sheikh, in November 2022, placing Zambia's government at the centre of continental discussions ahead of the summit.[20] Furthermore, the World Wildlife Fund has mooted that a 'debt for nature' swap could be included as part of Zambia's debt negotiations.[21]

Hichilema's role and leadership has been broadly welcomed by external actors, and even praised at the European Parliament, with President Roberta Metsola noting that Zambia stands as an example of a mature democracy for the whole of the African continent.[22] But for the current administration, the most important audience is domestic. The biggest risk to Hichilema's new approach is domestic political turmoil driven by economic hardship. Hichilema and his party know that their 2021 election victory was due to a disenchanted population facing a worsening economic environment. Structural reforms are critical to remedying this, but they will take time, and while tighter fiscal discipline and the cancelling of debt-accruing infrastructure projects may balance the national books, such measures also result in reduced spending in vulnerable rural areas. New initiatives such as the Constituency Development Fund, as well as the protection of social spending within terms agreed with international financial institutions (IFIs), can ameliorate this impact. Domestic reform and institution-building is vital for long-term recovery and growth, not only to encourage investment through the protection of property rights, the rule of law and investor agreements, but also to enhance opportunities for Zambia's population by ensuring a level playing field and an environment in which human rights are respected and upheld.

A conducive business environment is only the first step. This needs to be followed by investment, which takes time to translate into material benefit for the population, especially if it is via the mining industry. In the short and mid-term, the pressures of populism and demands for quick wins will continue to present a challenge, especially ahead of the next electoral cycle. A deal with the IMF will be important to smooth this transition, as will donor support. The World Bank are also pressing forward with concessional development policy financing worth $275 million to support the restoration of fiscal sustainability and private sector led growth.[23] Ensuring that such initiatives actually produce sustainable results will depend on the successful management of Hichilema's most pressing policy issue: Zambia's debt burden.

20 Ibid.
21 Jones, M. and Savage, R. (2023), 'Zambia received 'debt-for-nature' proposal from WWF for restructuring', Reuters, 19 January 2023, https://www.reuters.com/world/africa/zambia-received-debt-for-nature-proposal-wwf-13-bln-restructuring-2023-01-18.
22 European Parliament (2022), 'President of Zambia to European Parliament: "Zambia is back in business"', 23 June 2022, https://www.europarl.europa.eu/news/pt/press-room/20220616IPR33213/president-of-zambia-to-european-parliament-zambia-is-back-in-business.
23 World Bank (2022), 'Zambia to Receive $275 Million in Support of Macroeconomic Stability, Growth, and Competitiveness', press release, https://www.worldbank.org/en/news/press-release/2022/10/26/zambia-to-receive-275-million-in-support-of-macroeconomic-stability-growth-and-competitiveness.

Debt

Zambia has repeatedly accumulated debt to cover fiscal deficits, fund social programmes and pay for food imports, particularly when copper prices are low and drought conditions result in poor agricultural output. Most of Zambia's external debt was written off in the mid-2000s as part of the Heavily Indebted Poor Countries (HIPC) initiative, but in 2011 the country achieved sovereign debt ratings from international rating agencies and was able to quickly accumulate manageable levels of debt on the international markets.

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Borrowing surged following an extremely close presidential by-election in 2015. The winning candidate, President Edgar Lungu, largely used Chinese sources of funding to accelerate infrastructure projects to shore up support ahead of the 2016 general election, which he went on to win.[24] The Lungu administration began discussion with the IMF for financial assistance in 2017, but these efforts failed to translate into a support package due to the administration's reluctance to impose difficult reform measures.

In an attempt to improve trust and transparency – following accusations that the Lungu government had concealed the country's true level of debt – in October 2021, just months after it came into power, the Hichilema administration released figures that revealed total external debts of $14.67 billion at the end of June 2021, including government debt and government guaranteed debt, a higher and more credible figure than previous disclosures.[25] The most recent figures, contained in the 2023 budget speech, delivered on 30 September 2022, put public external debt at $14.87 billion and domestic debt at Zambian Kwacha (ZMW) 44 billion (around $2.5 billion).[26]

A major public concern has been uncertainty and a lack of clarity over guarantees for key loans to Zambia, with suspicions that parastatals – such as Zambia Electricity Supply Corporation Limited (ZESCO), Zambia Railways Limited and TAZARA – may have been put up as collateral.[27] Successive finance ministers have denied

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24 Almost a quarter of the Chinese development finance loans to Zambia happened in the crucial 2016 election year, see Boston University's Global Development Policy Center (2020), 'China's Overseas Development Finance', https://www.bu.edu/gdp/chinas-overseas-development-finance.
25 Of this external debt, $3 billion was in outstanding eurobonds, $3.9 billion in bilateral debt, $2.3 billion owed to multilaterals and $2.9 billion owed to other commercial lenders. National Assembly of Zambia (2021), 'Ministerial Statement: Status of Country's Debt Position', National Assembly of Zambia, 7 October 2021, https://www.parliament.gov.zm/node/9870.
26 Musokotwane, S. (2022), '2023 Budget Address By Honourable Minister Dr Situmbeko Musokotwane, MP, Minister of Finance and National Planning Delivered to the National Assembly', Parliament of the Republic of Zambia, https://www.parliament.gov.zm/sites/default/files/documents/articles/2023%20Budget%20Speech.pdf.
27 Africa Confidential (2018), 'Bonds, bills and ever bigger debts', 59(18), 3 September 2018, https://www.africa-confidential.com/article-preview/id/12424/Bonds%2c_bills_and_ever_bigger_debts.

that Zambian ownership of parastatals is in jeopardy. These accusations have fed into divisive international interpretations of the debt crisis, for instance with Republicans in the US suggesting that China was demanding copper mining assets as collateral for possible debt forgiveness, citing provisions in loan agreements as part of the Republican party's own manoeuvring on wider debates on Chinese influence.[28] Hidden loan crises in other countries in the region, such as Mozambique,[29] have further stoked international donor and financier fears that Zambia may also have substantial secret debt.

Zambia gained some relief on bilateral debt repayments through the G20's DSSI, including from China and Japan. China's Export-Import Bank (EXIM Bank) had agreed to suspend interest and principal payments worth $110 million in 2020 in concert with the G20's DSSI.[30] Nonetheless, in 2020, Zambia became the first country in Africa to default on a debt during the COVID-19 pandemic. The country failed to pay a coupon on its eurobond,[31] after the government's request for a six-month extension on interest payments was rejected by bondholders, who reportedly cited the opacity of the country's debt to China as a reason for turning down Zambia's request.[32]

An agreement reached in December 2021 between the IMF and Zambia for a three-year, $1.4 billion extended credit facility marked a significant step. The IMF board subsequently went on to approve the arrangement at the end of August 2022, once a creditor committee had been established for the purpose of multilateral negotiations on debt restructuring.

Unlocking the IMF credit facility took significant diplomatic and policy action from the Zambian government. The formation of the creditor committee was slowed by China's preference for bilateral renegotiation, and the country's subsequent push to chair the creditor committee. By June 2022, under the G20's Common Framework, 16 countries with eligible claims on Zambian debt formed a creditor committee, co-chaired by China and France and vice-chaired by South Africa. A second meeting of the committee, in July 2022, committed to providing long-term debt relief that matched the Zambian authorities' ambitious fiscal and structural reforms. The committee is pushing for greater participation from private creditors, who so far have remained outside of the process.

This process is a significant demonstration of a functional reconciliation between Chinese and Western interests in the country, and – most importantly – one that materialized because of assertive Zambian agency. Zambia is an important test case of the Common Framework, alongside Chad, Ethiopia and Ghana, the only other countries currently taking part in the programme. It is also an important moment for Beijing, which is keen for Zambia to not set a precedent of moving

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28 Foreign Affairs Committee (2022), 'China Regional Snapshot: Sub-Saharan Africa', https://gop-foreignaffairs.house.gov/china-regional-snapshot-sub-saharan-africa.
29 Vines, A. (2016), 'How Can Mozambique Manage Its Debt Crisis?', Chatham House Expert Comment, 16 May 2016, https://www.chathamhouse.org/2016/05/how-can-mozambique-manage-its-debt-crisis.
30 Cotterill, J., Wheatley, J. and Stubbington, T. (2020), 'Zambia resists Chinese pressure on arrears', *Financial Times*, 13 October 2020, https://www.ft.com/content/aa43fb1c-8f44-495a-a9b5-69a00c7db4a9.
31 On 13 November 2020, Zambia failed to pay a $42.5 million coupon on its $3 billion worth of eurobonds.
32 The bondholders alleged that the Zambian government was prioritizing repayments to China over them. As a result of the rejection, bondholders such as Blackrock – a major holder of Zambian debt – have come under pressure from international campaign groups. Debt Justice (2022), 'BlackRock: Cancel Zambia's Debt!', https://act.debtjustice.org.uk/blackrock-zambia.

away from Chinese partnerships. China is currently reviewing the credit it has extended across the continent, perhaps due to an increasing awareness that it has become overexposed – in August 2022, China cancelled a total of 23 loans across the continent.[33]

The 'China versus the West' narrative has been a central theme of news coverage of Zambia's default.[34] Debts owed to China and Chinese entities stand at more than $3 billion, with $2.6 billion owed to China's EXIM Bank, and at least 18 entities responsible for credit lines to Zambia. There has been no top-down coordination or strategic oversight of these debts, due to the fragmented nature of the Chinese state.[35] But while accusations of China seeking to accrue political influence by deliberately building Zambia's debt are exaggerated, they should not be disregarded.

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Some loans are paid directly by Chinese lenders to Chinese contractors operating in Zambia, without ever reaching Zambian government accounts. While such financing and loans are eventually included in the Zambian government's official debt figures, loans yet to be disbursed are not added to the debt stock.[36] Conversely, there has also been the potential emergence of a 'principal-agent problem', with allegations that representatives of Chinese organizations in Zambia have pushed for contracts that may enrich themselves personally without considering if the organization can meet its commitments – in these instances the risk remains with the head offices back in China, or the Chinese state itself.[37]

In most cases, the commercial nature of Chinese lending behaviour does not match the narrative of China as a calculating predator pursing 'debt trap diplomacy', but the country is able to strategically leverage its position to get preferential treatment on debt repayments or even disrupt multilateral initiatives. The creditor committee has brought partners together to agree in principle to restructuring. However, decisions on the 'haircut'[38] each creditor must take have proved more difficult. China is able to legitimately point to significant write-offs under the DSSI, as well as bilateral cancellation of loans outside these multilateral processes, which it can use to argue

33 Bartlett, K. (2022), 'China Cancels 23 Loans to Africa Amid 'Debt Trap' Debate', Voice of America, 25 August 2022, https://www.voanews.com/a/china-cancels-23-loans-to-africa-amid-debt-trap-debate-/6716397.html.
34 Chelwa, G. (2020), 'China blamed for Zambia's debt, but the West's banks and agencies enabled it', *Mail & Guardian*, 18 November 2020, https://mg.co.za/africa/2020-11-18-china-blamed-for-zambias-debt-but-the-wests-banks-and-agencies-enabled-it/#:~:text=To%20be%20sure%2C%20Zambia%20has,Western%20and%20Western%20allied%20institutions.
35 Brautigam, D. (2022), 'How Zambia and China Co-Created a Debt "Tragedy of the Commons"', Working Paper, no.51, Washington, DC: China Africa Research Initiative, School of Advanced International Studies, Johns Hopkins University, https://static1.squarespace.com/static/5652847de4b033f56d2bdc29/t/615263af0820b159230eccb1/1632789426031/WP+51+%E2%80%93+Brautigam+%E2%80%93+Zambia+Tragedy+of+the+Commons.pdf.
36 Simumba, T. (2018), *He Who Pays the Piper: Zambia's Growing China Debt Crisis, Centre for Trade Policy and Development*, https://www.asienhaus.de/uploads/tx_news/He_Who_Pays_The_Piper-_Zambia_s_Growing_China_Debt_Crisis-1.pdf.
37 Research interviews under the condition of anonymity, Lusaka, March 2022.
38 A 'haircut' is the reduction of outstanding interest payments or a portion of a debt payable that will not be repaid.

its case for taking less of a cut through the restructuring. Furthermore, there are technical differences in the way that China has historically managed debtors – often repeatedly delaying interest or principal payback horizons, effectively writing off the debt without directly cancelling it.

Hichilema has so far proved determined to proactively tackle the debt crisis, and he has demonstrated the potential power of Zambian 'positive neutrality' to bridge between seemingly irreconcilable external actors. But much of Zambia's debt burden remains opaque, linked to vested interests and shrouded in allegations of corruption. The economic pain of debt management will undoubtedly fuel domestic resistance to necessary economic reforms, especially if Hichilema cannot point to improvements in socio-economic conditions.

Zambia's strategic regional role: from 'landlocked' to 'land-linked'

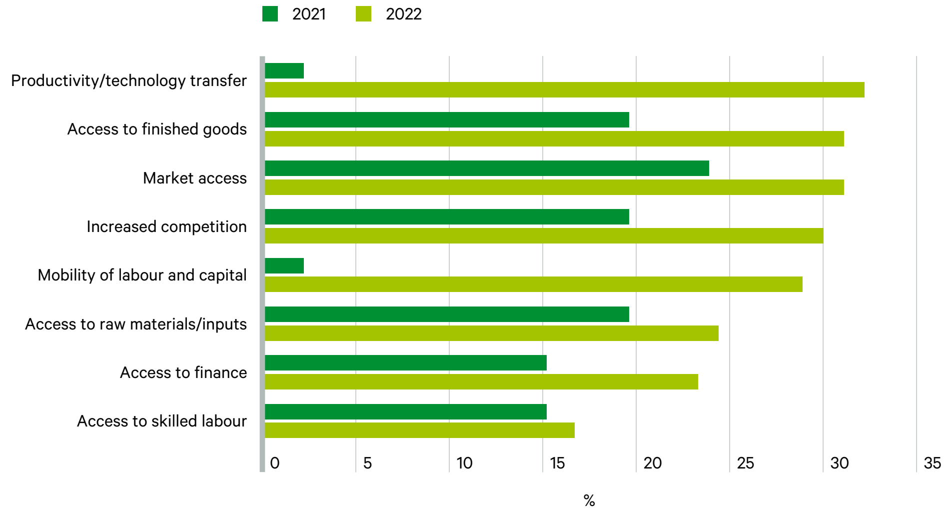
The approach of accumulating debt to deliver populist 'quick wins' has a long history in Zambia, but it is not a realistic option for Hichilema. It is for this reason that he has repeatedly emphasized Zambia's geographical advantages, describing the country as 'land-linked' rather than 'landlocked',[39] with its lack of sea access framed as an advantage. Zambia is a member of multiple regional economic blocs – including the Southern African Development Community and the Common Market for Eastern and Southern Africa (COMESA) – and is located at the centre of a web of infrastructure corridors (see Map 1). This gives the country access to ports on both the Atlantic and the Indian oceans. It also offers importers and exporters options, a diversity that strengthens resilience. For example, when South Africa closed its borders during the COVID-19 pandemic, Zambia was able to divert shipments from Durban to Walvis Bay in Namibia, Dar es Salaam in Tanzania, and even Mombasa in Kenya.

Regional trade is a priority for Hichilema's administration, especially that which supports economic diversification, and the government has made efforts to strengthen intra-African trade. This will require significant additional investment in infrastructure, addressing non-tariff barriers such as border-post inefficiency, and – domestically – convincing the Zambian people of the benefits and opportunities that regional partnerships offer fledgling businesses.

The president has engaged the Ministry of Commerce, Trade and Industry, and the Ministry of Small and Medium Enterprise Development in efforts to strengthen and boost African trade and investment. The government has made it clear that going forward most infrastructure projects will be financed by the private sector using the public–private partnership model. The existing legislation governing the public–private partnership model is likely to be repealed and replaced in the current sitting of parliament. Publicly available proposal documents demonstrate that the government's strategic goal is to develop trade-enabling infrastructure. So far, most projects are for roads leading to borders and for upgrades to border infrastructure.

39 Lusaka Times (2021), 'Zambia is not a landlocked country but a land linked state – President Hichilema', 16 November 2021, https://www.lusakatimes.com/2021/11/16/zambia-is-not-a-landlocked-country-but-a-land-linked-state-president-hichilema.

Figure 1. Benefits of membership to the African Continental Free Trade Area (AfCFTA), 2022



Source: Bank of Zambia (2022), *2022 Survey on Private Sector Foreign Investment In Zambia*, https://www.boz.zm/PCF_HIGHLIGHTS_SURVEY_FINDINGS_2022.pdf.
Note: These data are based on findings from the Bank of Zambia's 15 Private Capital Flows Survey for 2021 and the first half of 2022, with a total of 143 respondents (from 235 identified enterprises with foreign liabilities and assets). Of this, approximately 42 per cent of respondents were aware of the AfCFTA, perceiving the key benefits associated with the AfCFTA to be increased productivity (technological transfer), access to finished goods and market access.

Zambia ratified the African Continental Free Trade Area agreement in February 2021, and Zambian businesses have already reported significant benefits from membership of the area (see Figure 1), alongside a rise in informal trade exports, the value of which has risen from $81 million in 2019 to $206 million in 2021.[40] The highest volume of informal exports – fish, fish products and rice – was recorded at the Kasumbalesa border with the DRC.[41]

Partnership agreements with neighbouring countries have also been a central part of Hichilema's regional economic diplomacy. In April 2022, Zambia signed a memorandum of understanding (MoU) with the DRC to facilitate the development of value chains in the electric battery and clean energy sector. The MoU reflects the desire of both governments to capitalize on their endowments of minerals that are required for developing batteries. The final agreement is expected to provide a framework for bilateral cooperation to develop the battery value chain as well as strengthen collaboration between Zambia and the DRC. However, industry figures are sceptical, viewing the agreement as an aspiration rather than a plan for action.[42] The initiative was given further support through the signing

40 COMESA (2022), 'Informal Cross-Border Trade on Steady Rise in Zambia', COMESA newsletter 691, 9 May 2022, https://www.comesa.int/wp-content/uploads/2020/09/e-COMESA-Newsletter-Issue-691.pdf.
41 Gakunga, M. (2022), 'Informal Cross-Border Trade on Steady Rise in Zambia', Common Market for Eastern and Southern Africa, 3 May 2022, https://www.comesa.int/informal-cross-border-trade-on-steady-rise-in-zambia.
42 Research interview, under the condition of anonymity, with mining industry figure, Johannesburg, October 2022.

of an additional MoU between the two countries and the US on the sidelines of the US–Africa Leaders Summit, in a move indicative of the US's prioritization of critical mineral supply chains.[43]

The ratification and implementation of the African Continental Free Trade Area means that countries are able to reach such bilateral agreements. This approach has also been replicated outside of the mining industry, and in March 2021 ministers from Zambia and Zimbabwe signed an MoU that launched a joint industrial cooperation programme. This paved the way for the development of the Common Agro-industrial Park, backed by COMESA and the United Nations Economic Commission for Africa (UNECA).

Cross-border cooperation on infrastructure is vital, including collaboration between national transport agencies for bulk carrying. The Kazungula Bridge project is an important example of national acceptance of the use of blended finance for regional projects, with Zambia and Botswana both contributing to parts of the Japan International Cooperation Agency (JICA) and African Development Bank financed project. In addition, in 2022, Zambia and Tanzania signed an agreement to refurbish the TAZARA rail link with standard gauge track.[44]

But further advancements in infrastructure to support regional development must be backed by significant political will in the face of pressures to pursue protectionism. Transport links require significant maintenance funding, and improved coordination of border management processes and customs, including through the implementation of one-stop border posts and enhanced alignment between national ministries and the Southern African Development Community. For example, the Maputo Corridor, which connects South Africa and Mozambique, is one of the continent's most successful transport corridors and public–private partnerships. But success requires resources. Since the late 1990s, the Maputo Corridor has received over $500 billion in investment.[45]

Zambia remains of strategic importance to South Africa as an area beyond its immediate economic influence in the Southern African Customs Union and a vital hub from which to reach the rest of the continent. In the second quarter of 2022, South Africa supplied 30.7 per cent of Zambia's total imported goods.[46] In 2019, a delegation of 28 businesses along with state-owned enterprises and state agencies from South Africa visited Lusaka and Kitwe as part of a trade and investment mission organized by the South Africa Department of Trade, Industry and Competition (DTIC) through its Export Marketing and Investment Assistance (EMIA) scheme.[47]

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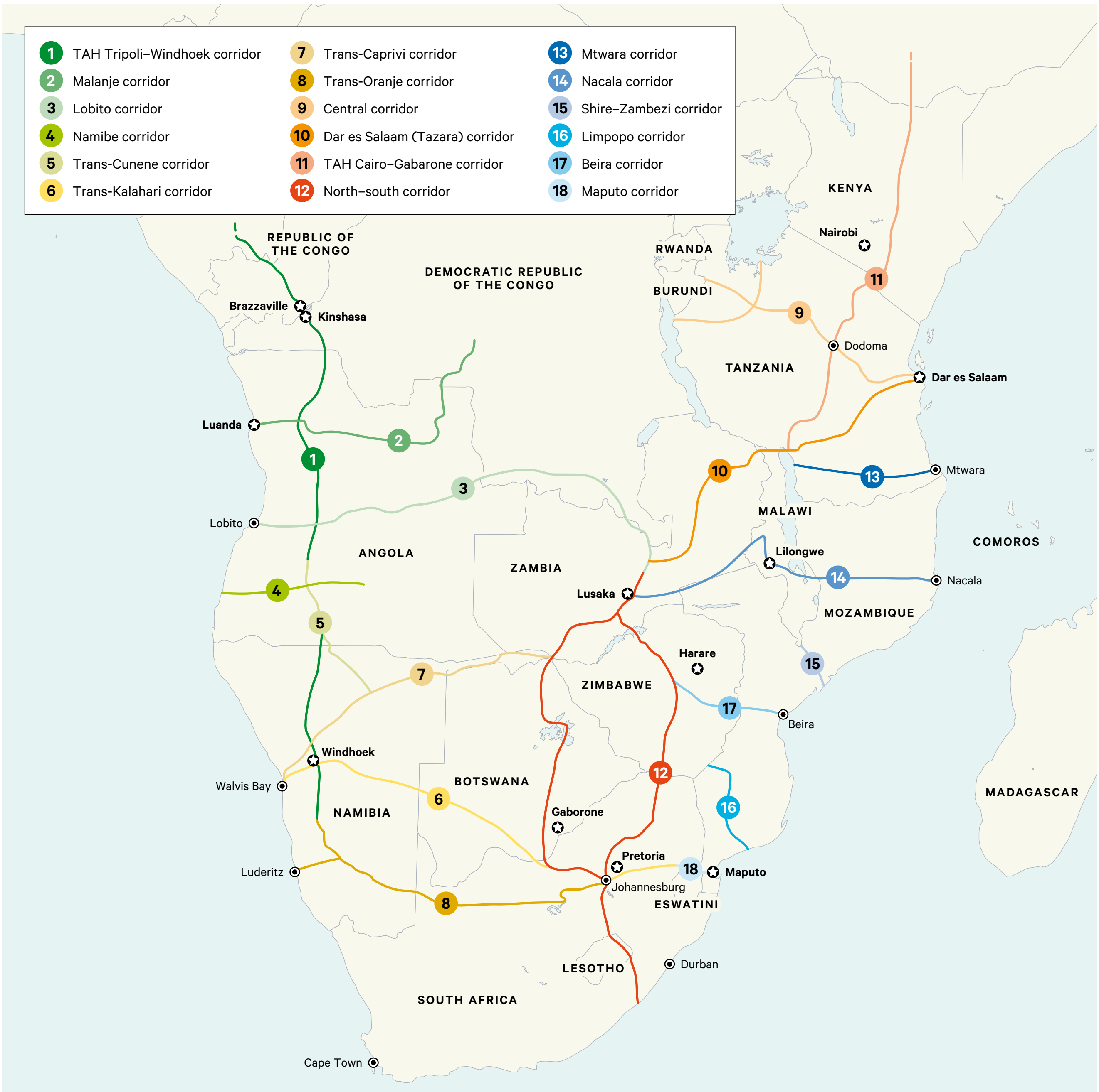
43 US Department of State (2023), 'The United States Releases Signed Memorandum of Understanding with the Democratic Republic of Congo and Zambia to Strengthen Electric Vehicle Battery Value Chain', Office of the Spokesperson of the Department of State Media Notice, 18 January 2023, https://www.state.gov/the-united-states-releases-signed-memorandum-of-understanding-with-the-democratic-republic-of-congo-and-zambia-to-strengthen-electric-vehicle-battery-value-chain.
44 This could have been read as a criticism of the original Chinese track design. Almost immediately afterwards, however, Hichilema unveiled a memorial park for the Chinese workers who had died in the construction of TAZARA – a further example of Hichilema's understanding of the need to maintain broad-based international relationships.
45 Chatham House (2022), 'Emerging powers in Africa: Regional and national economic linkages in Eastern and Southern Africa', Conference Summary, London: Royal Institute of International Affairs, p. 33, https://www.chathamhouse.org/sites/default/files/2023-02/2023-02-20-Summary-Emerging-powers-in-Africa-30-03-22.pdf.
46 Bank of Zambia (2022), *Direction of Trade Report Second Quarter 2022*, https://www.boz.zm/Direction_of_Trade_Report_Q2_2022.pdf.
47 South African Government News Agency (2019), 'SA companies embark on trade mission to Zambia', 12 August 2019, https://www.sanews.gov.za/south-africa/sa-companies-embark-trade-mission-zambia.

South Africa is trying to position itself as a preferred partner for Zambia, and the mission is focused on opportunities in the energy, rail, mining and steel sectors. South Africa has been designated by the African Union as a regional champion of the north–south corridor. In this capacity, a South Africa–Zambia virtual trade and investment seminar was held in July 2020, which led to the South Africa–Zambia comprehensive economic cooperation strategic framework (2021–26).

Map 1. Transport corridors in Southern Africa



Source: Byiers, B. and Vanheukelom, J. (2014), *What drives regional economic integration? Lessons from the Maputo Development Corridor and the North-South Corridor*, European Centre for Development Policy Management (ECPDM), https://ecdpm.org/application/files/2516/5546/9272/DP-157-Regional-Economic-Integration-Maputo-Development-Corridor-2014.pdf.
Note: The boundaries and names shown and designations used on the map do not imply endorsement or acceptance by the authors or Chatham House.

As with debt, Hichilema has got off to a positive start in building the relationships, frameworks and cooperation that will be necessary for regional trade to thrive. However, it will be challenging for national administrations to deliver on their political leaders' promises of reviving the mining industry and supporting diversification. There is a clear need for regional cooperation and collaboration between ministries, national agencies and companies. Further progress will depend on maintaining the necessary political will to sustain funding for logistical and transport infrastructure, ensuring that the selection process is rigorous and free from the corruption that has marked Zambia's construction industry – explored below – and that the tangled web of vested interests that sustain non-tariff barriers to increased trade are swept away.

External powers' activities and engagements in Zambia

Beyond the challenges of debt and enhanced regional cooperation, Hichilema and his administration must also manage Zambia's complex array of existing relationships in key sectors – mining, agriculture, infrastructure, defence and civil society – where international actors are deeply embedded. Large parts of Zambia's formal economy are already highly international. This interest in Zambia is primarily driven by the need for access to resources – the Copperbelt, spanning the Zambia–DRC border, is the second largest reserve of copper in the world. Regional and international actors dominate the Zambian mining industry, which accounted for 79.5 per cent of total export earnings and 31.4 per cent of government revenues in 2020.[48] Furthermore, net official development assistance accounted for 5.4 per cent of gross national income in 2019–20.[49] IFIs and bilateral creditors are the largest source of finance for critical infrastructure development.

These relationships are complicated by the fact that external influence over Zambia's politics has long been a point of domestic contention. Investments have not always been welcomed – international businesses have often been accused of exploiting the weak institutional environment. Corruption has been a major concern for international observers and local industry alike, notably with regard to China. Once again, Hichilema will have to balance his administration's legislative and policy approaches to prevent commercial actors from engaging in exploitative practices and to ensure that local people benefit, while not disincentivizing investment and keeping donors and creditors onside.

Foreign firms and dual-listed companies dominate the Lusaka Securities Exchange (LuSE). The top 10 companies on the exchange account for close to 95 per cent of market capitalization. Of these, by far the largest is the South African retailer Shoprite, which has a primary listing on the Johannesburg Stock Exchange (JSE),

48 EITI (2021), '13th Zambia EITI Report (draft version)', Zambia Extractive Industry Transparency Initiative, October 2021, https://eiti.org/sites/default/files/2022-06/REPORT%20FINAL%20ZEITI.pdf.
49 Organisation for Economic Co-operation and Development (2021), 'Aid at a glance charts: Zambia', https://public.tableau.com/views/OECDDACAidataglancebyrecipient_new/Recipients?:embed=y&:display_count=yes&:showTabs=y&:toolbar=no?&:showVizHome=no.

and secondary listings on both the LuSE and the Namibian exchange. Zambia was the first regional presence for Shoprite outside of the Southern African Customs Union in 1995, setting a trend for other South African firms to invest there.

Shoprite offers an example of how regional and international firms can be successful in Zambia. It has made significant effort to ensure that it is integrated into local value chains by stocking fresh produce from Zambian growers, rather than importing, and it has developed a partnership with Zambeef Products PLC, a Zambian food producer, for national distribution. Other significant international holdings on the LuSE include: Zambian Breweries, which is part of Belgian Anheuser-Busch InBev (AB InBev); Airtel Zambia, part of the Indian multinational communications firm; UK multinational Standard Chartered Bank; and South Africa's Illovo Sugar, which is the majority owner of Zambia Sugar.

International capital investment in Zambia's stock market is mirrored by significant external engagement in the SME sector, including Chinese commercial interests. The Chinese ambassador to Zambia noted that there are over 600 Chinese companies invested in and operating in Zambia across diverse sectors.[50] As elsewhere on the continent, the prevalence of Chinese businesses has led to hostility over wages, workers' rights and competition with local actors.[51]

However, despite this tension, some business people speak of a broad acceptance and generally peaceful coexistence in uncontested spaces.[52] For example, where Chinese firms are not competing with the Zambian informal sector but rather operating at other levels of the value chain and employing workers. There is also significant South African commercial presence in Zambia beyond those enterprises listed on the JSE in retail, agriculture, mining and mining services, information and communications, and finance.

The expanding international commercial presence in Zambia is supported by burgeoning numbers of chambers of commerce, which represent an important aspect of economic diplomacy, as foreign partners seek to support their commercial interests. For example, the Russian embassy in Lusaka has facilitated communication between the Chamber of Commerce and Industry of the Russian Federation and the Zambia Chamber of Commerce and Industry. The Russian embassy has also been at the forefront of the country's attempted commercial engagements with Zambia through joint business ventures, investment and trade agreements, technology transfers and capacity-building.[53] There is also a British Chamber of Commerce in Zambia that supports the interests of British businesses. On 6 April 2022, Minister of Commerce, Trade and Industry Hon. Chipoka Mulenga and the then charge d'affaires of the Chinese Embassy in Zambia, Lai Bo, launched the

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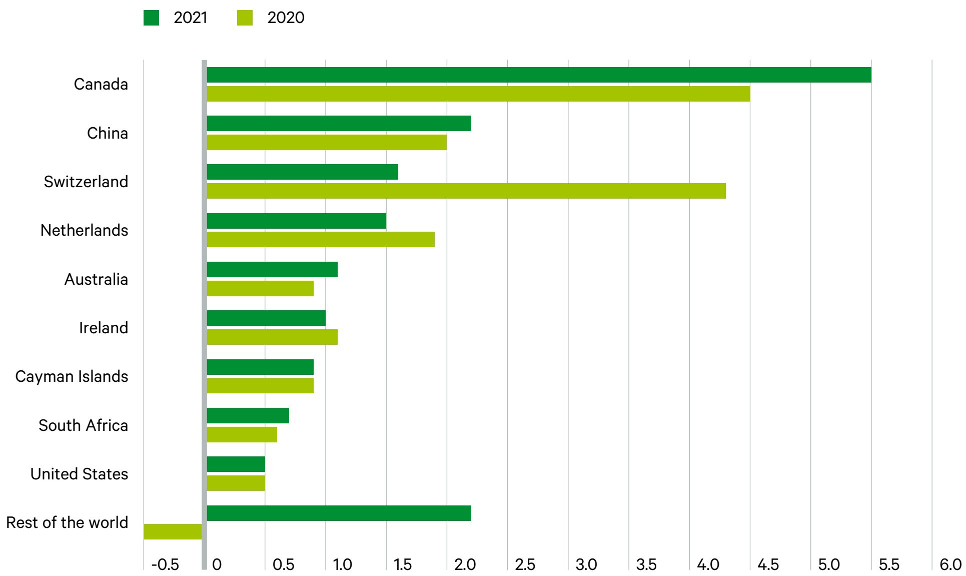
50 Du, X. (2022), 'China-Zambia Trade and Investment Cooperation: All weather, All dimensional, High Quality', ambassador's remarks, http://zm.china-embassy.gov.cn/eng/dshdyjh/202210/t20221016_10784335.htm.
51 The New Humanitarian (2015), 'Increasing hostility towards Chinese traders', 3 November 2015, https://www.thenewhumanitarian.org/report/96266/southern-africa-increasing-hostility-towards-chinese-traders; Smith, D. (2011), 'Chinese mining firms in Zambia under fire for mistreating workers', *The Guardian*, 3 November 2011, https://www.theguardian.com/global-development/2011/nov/03/chinese-mining-zambia-mistreating-workers; Human Rights Watch (2011),*"You'll Be Fired if You Refuse": Labor Abuses in Zambia's Chinese State-owned Copper Mines*, report, https://www.hrw.org/report/2011/11/04/youll-be-fired-if-you-refuse/labor-abuses-zambias-chinese-state-owned-copper.
52 Research interviews under the condition of anonymity, Lusaka, March 2022.
53 Federation Council of the Federal Assembly of the Russian Federation (2020), 'Valentina Matvienko gave a speech at a session of the National Assembly of the Republic of Zambia', http://council.gov.ru/en/events/news/113782.

Chinese Chamber of Commerce in Zambia. The move was a particularly significant diplomatic statement, recognizing the economic importance and commercial breadth of the relationship with China, at a time when debt negotiations were straining the partnership.

Zambia has also been well-represented at international summits, including the South African Development Community investment forum, which was held in Moscow in October 2018, and at the Russia–Africa Business Forum, which was held in Sochi, Russia, prior to the inaugural Russia–Africa Summit in October 2019.

Figure 2. FDI stock by source, 2020–21 ($ billions)



Source: Bank of Zambia (2022), *2022 Survey on Private Sector Foreign Investment in Zambia*.

Corruption is a major concern for international observers and local industry alike. Perceptions of crony capitalism, whether justified or not, risk undermining claims that Chinese investment is contributing positively to Zambia's development through infrastructure or corporate social responsibility projects. Such accusations of corruption are not limited to Chinese business activity, and the relationship between businesses and the state is a key area of focus for the Hichilema administration. However, strengthening institutional capacity and improving accountability mechanisms within departments takes time. These reforms are likely to be difficult to implement, and there are widespread suspicions and perceptions that corrupt networks have been quick to attempt to subvert the appointment of new officials.[54]

54 Research interview under the condition of anonymity with members of civil society, international diplomatic corps and civil service conducted in March and September 2022.

Mining

Zambia's mining sector continues to be a major driver of the economy, accounting for 17.5 per cent of GDP and over 70 per cent of foreign exchange earnings in 2021.[55] The country is well-positioned to capitalize on the demand for minerals resulting from the global green transition, with world class copper reserves as well as significant endowments of cobalt, gold, manganese and nickel. Global demand for copper alone is projected to increase by as much as 600 per cent by 2030, outstripping international mining output by 2024, creating the largest supply gap on record.[56] Goldman Sachs has forecast that the copper price could more than double to $15,000 per ton by 2025, citing a 'clear structural bull story'.[57] Hichilema has prioritized the sector as a potential generator for wider economic development.

Zambia's placement in the copper supply chain is highly geopolitical. While production since privatization in the late 1990s has been dominated by Western players – in particular, Barrick Gold Corporation and First Quantum Minerals of Canada, Glencore of Switzerland, and Indian-headquartered and London-listed Vedanta Resources – several small firms from China and elsewhere are entering the sector. Western firms currently play an important role in providing the capital, expertise and operational experience required to realize Zambia's resource potential. Their engagement is predicated on investment security and credible commitments from government to not renege on investment deals. Western governments and diplomatic missions have played an important role in holding the government to bilateral investment agreements – ensuring the interests of foreign companies in Zambia are protected.

The Chinese state has also played a prominent role in supporting the interests of Chinese businesses in Zambia. China is the global processing hub for copper, and access to resources across the Copperbelt has been the driving force behind engagement with Zambia and the country's inclusion in the Belt and Road Initiative (BRI). China's more strategic and direct approach has entailed state-owned mining firms investing in critical minerals.

The Hichilema administration has an ambition to more than treble the country's copper production to 3 million tonnes per year by 2032.[58] However, as one commentator put it: 'Zambia's history of regulatory oscillation and its political strong-arming of the mining sector, means that any changes to mining legislation will need to be managed delicately. If done correctly, the country could turn exploration activity into long-term capital investments, jobs and economic growth.'[59]

This careful approach to reform of the sector will go against the grain of recent developments – the country has made 10 revisions to its mining code in the space of 17 years – and will need to overcome significant public misgivings, with deep historical

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55 Musokotwane, S. (2022), '2023 Budget Address By Honourable Minister Dr Situmbeko Musokotwane, MP, Minister of Finance and National Planning Delivered to the National Assembly'.
56 Snowdon, N., Sharp, D. and Currie, J. (2021), *Green Metals: Copper is the new oil*, London: Goldman Sachs, 13 April 2021, https://www.goldmansachs.com/insights/pages/gs-research/copper-is-the-new-oil/report.pdf.
57 Bloomberg via Mining Weekly (2022), 'Goldman cools on copper as Europe's energy woes threaten demand', 13 July 2022, https://www.miningweekly.com/article/goldman-cools-on-copper-as-europes-energy-woes-threaten-demand-2022-07-13/rep_id:3650#:~:text=Goldman%20said%20copper%20was%20still,%2410%20500%20and%20%2412%20000.
58 Reuters (2022), 'First Quantum Minerals approves $1.25 billion mine expansion in Zambia', 9 May 2022, https://www.reuters.com/world/africa/first-quantum-minerals-approves-125-bln-mine-expansion-zambia-2022-05-09.
59 Mapila, K. (2021), 'Copper can save Zambia', *The World Today*, Royal Institute of International Affairs, 1 August 2021, https://www.chathamhouse.org/publications/the-world-today/2021-08/copper-can-save-zambia.

roots. Promises in the 1990s that Zambians would benefit from mining were not met. Instead, the population experienced low returns and rising national debt. In 1997, under pressure from the IFIs, Zambia privatized Zambian Consolidated Copper Mines (ZCCM) limited, later becoming ZCCM Investment Holdings (ZCCM-IH), resulting in considerable job losses and unprecedented economic crisis in the Copperbelt. The Mines and Minerals Act of 1995 allowed development agreements to be individually negotiated between companies and the state, opening the door to corruption.[60] The suffering experienced by miners in this transition period has left a romantic idea of the benefits of a state-owned sector, and 'tinged the experiences of former mine employees with nostalgia for a "golden" past where the mining system provided a stable economic base and a wide range of social services'.[61]

Tensions between the government, industry and the population continued into the 2000s. In 2001, First Quantum Minerals acquired an 80 per cent stake in the Kansanshi copper-gold mine. First Quantum Minerals, Zambia's largest taxpayer by a considerable margin, also operates the Sentinel copper mine – a $2.1 billion investment and Zambia's biggest infrastructure investment since the fifties.[62] In July 2022, First Quantum Minerals launched the Enterprise Nickel Project, the largest nickel mine in Africa in Kalumbila district in North-Western province. But the company's relationship with successive regimes has been difficult, with significant government pressure to increase revenues, concerns over repeated changes to the mining code,[63] and the implementation of policies that resulted in double taxation. In an early effort to support the mining sector, the Hichilema government made mineral royalties deductible for corporate income tax in 2021. In a move popular with the industry, the 2023 budget included a graduated mining royalty scale, which adjusted the relationship between the tax system and copper price to incentivize investment.

The entry of Chinese firms created new challenges for Zambia. Significant initial failures on labour, environmental and corporate social responsibility practices gave these companies a bad reputation that has cast a long shadow over their commercial presence. This was illustrated by an explosion in 2005 at the Beijing General Research Institute of Mining and Metallurgy, which killed almost 50 Zambian workers.[64] There have been fierce criticisms of practices at Chinese run operations,[65] though there are indications that these firms have responded to domestic pressure to improve practices and are gradually embracing the corporate social responsibility agenda.[66]

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60 Harvey, R. (2019), 'Can Zambia's copper become a flywheel for industrialisation?', Occasional Paper No 300, South Africa: South African Institute for International Affairs, https://saiia.org.za/wp-content/uploads/2019/09/Occasional-Paper-300-harvey.pdf.
61 Patience, M. (2010), '"Getting by": life on the Copperbelt after the privatisation of the Zambia Consolidated Copper Mines', *Social Dynamics*, 36:2, pp. 380–394, DOI: 10.1080/02533951003790546.
62 First Quantum Minerals (2022), 'Sentinel: Overview', https://first-quantum.com/English/our-operations/default.aspx#module-operation--sentinel.
63 In a statement to the UK House of Lords in 2013, the company noted that 'FQM places a premium on stability in the countries where it invests considerable funds over a very long period', First Quantum Minerals (2012), 'International Development Committee: Written evidence submitted by First Quantum Minerals', UK Parliament International Development Committee, https://publications.parliament.uk/pa/cm201213/cmselect/cmintdev/130/130vw07.htm.
64 Li, P. (2010), 'The Myth and Reality of Chinese Investors: A Case Study of Chinese Investment in Zambia's Copper Industry', Occasional Paper No 62, South Africa: South African Institute for International Affairs, https://saiia.org.za/research/the-myth-and-reality-of-chinese-investors-a-case-study-of-chinese-investment-in-zambias-copper-industry.
65 Human Rights Watch (2011), '"You'll Be Fired if You Refuse": Labor Abuses in Zambia's Chinese State-owned Copper Mines'.
66 Shieh, S., Chow, L., Huang, Z. and Yue, J. (2021), *Understanding and mitigating social risks to sustainable development in China's BRI: evidence from Nepal and Zambia*, report, London: ODI, https://cdn.odi.org/media/documents/ODI_social_risks_BRI_Nepal_and_Zambia_final0104.pdf; Li (2010), 'The Myth and Reality of Chinese Investors'.

Box 2. Hichilema's mining vision for Zambia and the region

> In Zambia, we have taken a strong decision that we are tired of talking about Africa's potential, we don't want to hear someone in our country… sing the song of potential, we want to realize that potential to drive development and alleviate poverty amongst our people.
>
> **President Haikande Hichilema at the 2022 Investing in African Mining Indaba**[67]

President Hichilema used his appearance at the 2022 Investing in African Mining Indaba in Cape Town to outline a vision for the industry that is 'resilient and sustainable, anchored on environmental, social and governance (ESG) standards and best practice', and that can be an engine for development. The key pillars of his vision are to:

— Create an attractive, transparent, consistent, predictable and fair regulatory environment that promotes and creates shared value. Promises of tangible action include improving the functioning of Zambia's mining cadastre system, a database used for administering mining rights and licences, to encourage investment in exploration.

— Work with the private sector to support domestic economic empowerment and job creation without resource nationalism. To this end, the government is promoting the active participation of local people in the various opportunities offered by mining. It also wants to prioritize skills development.

— Build strategic partnerships within the region and the global value chain. This includes, as mentioned earlier, an MoU signed in April 2022 with the government of the DRC to facilitate the development of value chains in the electric battery and clean energy sectors.

— De-risk mining and related industry ventures so as to catalyse private capital, emphasizing that, 'Zambia is governed by the rule of law, in property rights, public safety, security and protections typically offered by transparent, just and ethical governance systems and, by extension, the administration of mineral rights'.[68] This will be enhanced by the finalization of ongoing legal and regulatory reforms.

It was against this background that Hichilema laid out his vision for the sector at the 2022 Investing in African Mining Indaba (see Box 2), and consultation with industry stakeholders has already resulted in significant policy measures. These include the removal of the contentious 'double taxation' policy whereby mining companies paid corporate tax on top of royalties; scrutiny of the cadastre system – an online database for managing mining licences – to root out corruption including an audit of mining rights and a review of the application process; and restriction of licences to address the problem of long-term speculative licence holders preventing new exploration.

67 Hichilema, H. (2022), 'Speech Delivered by President Hakainde Hichilema at the Mining Indaba 2022', Financial Insight, https://fizambia.com/speech-delivered-by-president-hakainde-hichilema-at-the-mining-indaba-2022.
68 Ibid.

This policy approach has proved successful so far. In May 2022, First Quantum Minerals announced a new $1.35 billion dollar investment over 20 years in its Kansanshi mine, along with a partnership on an ambitious solar and wind energy project to power its operations.[69] Other top-tier firms have also announced investments through joint ventures and exploration after years of hesitancy with international and regional firms, including those from South Africa. Maintaining this momentum will depend on further progress on domestic policy, improving bureaucratic processes, streamlining government decision-making, and finding solutions to major legacy issues from the previous regime involving complex legal disputes between the state and major industry players over allegations of tax avoidance and environmental damage.

Despite the positive reaction of international investors to the government's change of direction, two major legacy issues from the previous regime remain. The 85 per cent state-owned mining holding company ZCCM-IH is embroiled in a legal dispute with Vedanta Resources over the enforced liquidation of copper producer Konkola Copper Mines plc (KCM). Vedanta is keen to re-operationalize the company under new terms and conditions being negotiated with the government, including on environmental and community engagement terms. In September 2022, the court case between Vedanta and the government was suspended to pave the way for dialogue. The second major legacy issue is that Zambia took on $1.5 billion in debt to buy Mopani Copper Mines plc from Glencore in January 2021. Glencore's Mopani operation became the subject of severe international criticism for tax avoidance and environmental damage. In 2020, the Supreme Court of Zambia fined Mopani Copper Mines $13 million for non-payment of tax.[70] The case has been cited by those placing pressure on the government to reconsider the bad terms of the sale of Mopani to ZCCM and the ongoing payments that ZCCM is paying to Glencore. In a separate case in 2016, Mopani Copper Mines was ordered by the High Court of Zambia to pay compensation of ZMW 400,000 (£30,000) in damages to the widower of Beatrice Miti, a politician who died after inhaling sulphur dioxide released by the mine.[71] Lawyers for Glencore contested the claim, citing an environmental indemnity agreement signed with the Zambian government in 2000. Upon appeal, the supreme court ruled that the original amount was too modest and increased the award of damages to ZMW 1 million ($48,000), 'in view of the aggravating circumstances in this case where the entire community was put at risk, more so that the pollution went on for a long time and it was within the capacity of the Appellant to control the amount of gases which were being emitted into the ambient air'.[72] Both KCM and Mopani require new investment and significant efforts to secure 'social licences' to operate in two contexts where communities have complex historical relationships with mines and those running them.

69 First Quantum Minerals (2022), 'First Quantum Minerals Reports First Quarter 2022 Results', 26 April 2022, https://www.first-quantum.com/English/announcements/announcements-details/2022/First-Quantum-Minerals-Reports-First-Quarter-2022-Results/default.aspx.
70 The Supreme Court of Zambia (2020), 'Mopani Copper Mines Plc Vs Zambia Revenue Authority Appeal No 24 of 2017', https://www.judiciaryzambia.com/wp-content/uploads/2020/05/App-024-2017-Mopani-Copper-Mines-Plc-Vs-Zambia-Revenue-Authority-20th-May-2020-Mambilima-Cj-Malila-And-Mutuna-JJS.pdf.
71 The Supreme Court of Zambia (2020), 'Mopani Copper Mines Vs Ndumo Miti Appeal No 154/2016', https://media.zambialii.org/files/judgments/zmsc/2020/79/2020-zmsc-79.pdf.
72 Ibid.

These disputes highlight the paramount importance of ensuring that agreements with international firms provide for fair allocation of the benefits and costs of extraction, with firms taking responsibility. Waivers on environmental or social protection legislation hurt both the government and private firms, which may be acting in line with agreements but nonetheless lose their 'social licence' to operate. These cases also demonstrate the importance of the institutions and norms that govern the sector – including an independent judiciary, property rights, the rule of law and transparency.

The government must act soon if it is to maintain international goodwill. There is an opportunity for Zambia to demonstrate regional leadership on mining best practice in terms of the domestic policy environment, participation in the global organizations that govern the industry and implementation of international standards. The conversation on widening economic benefits is particularly pressing in the context of an industry that is increasingly less labour intensive and seeing rapid growth in the use of mechanical and digital equipment.

However, legislation to promote local content – activities to develop domestic industrial infrastructure and local skills – currently in progress in Zambia, needs to be carefully crafted to ensure that it creates broad opportunities and does not just benefit a narrow group of politically connected middlemen.[73] New policy documents released in November 2022 provide for a wide-ranging review of legislation and existing practices.[74] A first step would be the development of a national mining vision – in line with the UNECA African Mining Vision (AMV) – through an inclusive process with firms, communities and other social stakeholders. Furthermore, developing such a vision should also pressure UNECA to update the continental AMV. Encouraging regional states to join the Extractive Industries Transparency Initiative (EITI),[75] and implementing the UN Human Rights Council's Voluntary Principles on Security and Human Rights (VPs), could put Zambia in the driving seat of broader regional mining reform.

Hichilema's promise of a transparent, predictable and fair regulatory environment has created a hopeful buzz among investors. Working alongside foreign partners to deliver national economic benefit, including through training and procurement, is critical to moving the country away from perceived threats of resource nationalism. But partners need to demonstrate value generation for Zambians, and not operate on purely extractive terms that offer short-term wins.

73 Ministry of Mines and Minerals Development (2020), *Regulatory Impact Assessment: Proposed Local Content Regulations for the Mining Sector*, Zambia: Government of the Republic of Zambia, http://www.businesslicenses.gov.zm/uploads/documents/RIA%20REPORT%20FOR%20LOCAL%20%20CONTENT%20REGULATIONS.pdf.
74 Ministry of Mines and Minerals Development (2022), 'National Mineral Resources Development Policy Implementation Plan 2022–2027', MMMD, Republic of Zambia; Ministry of Mines and Minerals Development (2022), 'National Mineral Resources Development Policy', MMMD, Republic of Zambia.
75 While Zambia is a member of the EITI, the organization has failed to gain traction in Botswana, Namibia, South Africa and Zimbabwe, as it is often seen as aligned with former colonial powers, although many major players are signatories, including Angola, the DRC, Ghana, Madagascar and Mozambique. Harvey, R. (2021), 'Africa Mining Vision can help put ESG benefits in focus', Business Day, 14 July 2021, https://www.businesslive.co.za/bd/opinion/2021-07-14-africa-mining-vision-can-help-put-esg-benefits-in-focus.

Agriculture and tourism

International partners are crucial to Zambia's commercial agriculture and the Farmer Input Support Programme. As with other areas of economic activity, there is a need for a policy environment that benefits ordinary Zambians as well as international investors. On account of being the country's largest employer, the agricultural sector remains critical to achieving the government's ambitions of economic growth and job creation.

On account of being the country's largest employer, the agricultural sector remains critical to achieving the government's ambitions of economic growth and job creation.

Agriculture and agri-processing have been identified by authorities as key areas for investment. There is a considerable opportunity for the private sector, although the Zambian establishment still regards the state as the most important driver and supporter of rural transformation and livelihoods. The state provides subsidies under the Farmer Input Support Programme to those unable to get finance elsewhere, and the Food Reserve Agency (FRA) provides further support by purchasing maize at a guaranteed price, buying upwards of one-third of the national harvest. These programmes have failed to reduce poverty or improve productivity.

Agriculture has been a major focus of development actors, including multilateral organizations, the IFIs and bilateral donors. Zambia's international partnerships in agriculture reflect the nature of broader bilateral relations, and include state-to-state cooperation with Russia, while Western interventions have been channelled mostly into human development and private sector support.[76] There is also cooperation with Brazil, Japan, South Korea, Türkiye and Saudi Arabia, with the latter having an ambition to import 1 million goats a year from Zambia.[77]

This range of partners provides Zambia with a significant opportunity for economic diversification. However, there is a need for better coordination of external actors engaging in the sector, as well as greater recognition of the offerings of less dominant players. There is a sense in Lusaka among the press, civil society and international observers that debt relief negotiations have dominated the Hichilema administration's foreign relations bandwidth to the detriment of other sectors, including agriculture.

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76 Under President Edgar Lungu, the government signed an agreement with Uralkali-Uralchem Group Company Limited of Russia for the supply of fertilizers, which became free of charge in 2022 as part of Russia's international public diplomacy campaign relating to the war in Ukraine. Aris, B. (2022), 'Russia woos Africa with arms, grain and nuclear power', bne IntelliNews, 29 July 2022, https://www.intellinews.com/russia-woos-africa-with-arms-grain-and-nuclear-power-252022; in 2020, US-based non-profit organization African Fertilizer and Agribusiness Partnership (AFAP) entered into a joint venture with the Zambian fertilizer company, African Green Resources, worth $40 million, focusing on post-pandemic food security. Alexander, L. (2020), 'Agricultural Partnership Invests in Zambian Farmers to Fight Virus', BORGEN Magazine, 13 September 2020, https://www.borgenmagazine.com/zambian-farmers.
77 Chunga, E. (2020), 'Exports of goats to Saudi Arabia on!', Zambian Business Times, 5 October 2020, https://zambianbusinesstimes.com/the-export-of-goats-to-saudi-arabia-is-still-on/#:~:text=The%20Kingdom%20of%20Saudi%20Arabia,which%20could%20improve%20their%20return.

Infrastructure

Infrastructure underdevelopment remains a major challenge to growth, economic diversification and human development in Zambia. Much of Zambia's transport and utility networks are ageing, and power outages and erratic water supply are common. The country's Seventh National Development Plan (7NDP) 2017–21,[78] focused on infrastructure development to improve transport, water management, energy and IT, in line with Zambia's long-term Vision 2030. For example, the Link Zambia 8000 project set out to pave 8,201 kilometres of road, at an estimated cost of $5.6 billion, to improve transport connections.[79]

The cost of infrastructure has historically been funded through debt. When the Patriotic Front came to power in 2011, Zambia had a relatively healthy macroeconomic position, resulting from nearly a decade of high growth. However, this growth had only marginally improved living conditions. Unemployment and unrest were growing, especially among the urban youth. The Patriotic Front government instigated a programme of infrastructure development to both drive growth and cement its political position, which accelerated when President Lungu came to office in 2015. As mentioned earlier, infrastructure spending became a significant feature of his winning campaign for the 2016 national election. But these investments had limited impact. Projects were not systematically prioritized, and in many cases, contracts were awarded without a proper tendering process.[80] Furthermore, a lack of transparency has fuelled concerns that the government has overpaid for infrastructure built by Chinese state-owned firms.[81] According to one study, Zambia paid twice the African average for road construction on a per-kilometre basis.[82]

There have been some successes in infrastructure expansion to support wider industrialization, especially in the energy sector. The expansion of hydropower generation initially contributed to Zambia becoming a net exporter of energy, selling power to South Africa and Zimbabwe. However, recent droughts have led to power shortages and load-shedding, which has highlighted the need for more diversified energy generation to provide systemic resilience. To expand generating capacity, Zambia has sought to work with multiple partners. In January 2023, Hichilema announced that ZESCO had signed an agreement with the United Arab Emirates' renewable energy company Masdar to develop solar projects worth $2 billion.[83] The project will proceed with an initial phased installation of 500 megawatts (MW), but with scope to generate up to 2,000 MW. The Russian State Atomic Energy Corporation (ROSATOM) and the government of Zambia signed a contract for the construction of a Zambia Center for Nuclear Science and Technology (CNST)

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78 SDG Philanthropy Platform (2017), *Seventh National Development Plan 2017-2021*, Zambia: SDG Philanthropy Platform, https://www.sdgphilanthropy.org/system/files/2019-02/7th-National-Development-Plan-Zambia.pdf.
79 International Trade Administration (2022), 'Zambia – Country Commercial Guide: Infrastructure Development', 7 August 2022, https://www.trade.gov/country-commercial-guides/zambia-infrastructure-development.
80 Furthermore, Chinese companies – most of them state-owned enterprises – have financed or built 83 per cent of all public-capital projects. International Republican Institute (2019), *Chinese Malign Influence and the Corrosion of Democracy: An Assessment of Chinese Interference in Thirteen Key Countries*, Washington, DC: International Republican Institute, https://www.iri.org/wp-content/uploads/legacy/iri.org/chinese_malign_influence_report.pdf.
81 Infrastructure projects financed by the EXIM Bank of China are negotiated directly with Zambian government departments, with loans then made directly to Chinese contractors. The true costs of a deal are rarely made public, and these have been criticized by civil society, the press, as well as international observers.
82 International Republican Institute (2019), *Chinese Malign Influence and the Corrosion of Democracy*.
83 Reuters (2023), 'Zambia, UAE to develop $2 billion solar projects', 17 January 2023, https://www.reuters.com/business/energy/zambia-uae-develop-2-billion-solar-projects-2023-01-17.

in 2018, representing the first joint project between the two countries in the field of nuclear technology.[84] Russia has also pledged to develop a technology education centre.

Corruption remains a major concern for investors, especially in infrastructure.[85] It is estimated that corruption is causing Zambia to lose between ZMW 713 billion and ZMW 1.4 trillion ($143 million–$285 million) in the construction sector, or 10–20 per cent of the value of construction contracts.[86] According to the Overseas Development Institute, the main weakness of China's financing model is that it relies heavily on Chinese companies to develop projects together with host country officials. This creates strong incentives for kickbacks and inflated project costs.[87]

While recognizing the importance of infrastructure for national development, the Hichilema administration has sought to rein in excess spending as part of its debt restructuring and negotiations. In August 2022, Zambia cancelled $1.6 billion in agreed but not disbursed Chinese loans, mostly from China EXIM Bank and the Industrial and Commercial Bank of China.[88] As a result, the government halted work on a major highway, which was to link the capital to the country's Copperbelt province,[89] and digital projects, such as Smart Zambia phase II and digital terrestrial television. However, popular demand for improved services will not go away, nor will the temptation to use external financing to deliver them, particularly as Zambian politics heats up before the next general election in 2026. With limited fiscal space for government spending on infrastructure due to the huge debt burden, ensuring better sectoral governance will be a key priority for the Hichilema administration. In the 2023 budget, the minister of finance announced targeted tax incentives to catalyse increased private sector participation in public infrastructure development through public–private partnerships, ahead of the proposed repeal and replacement of the Zambian public–private partnership act.[90]

Defence and security

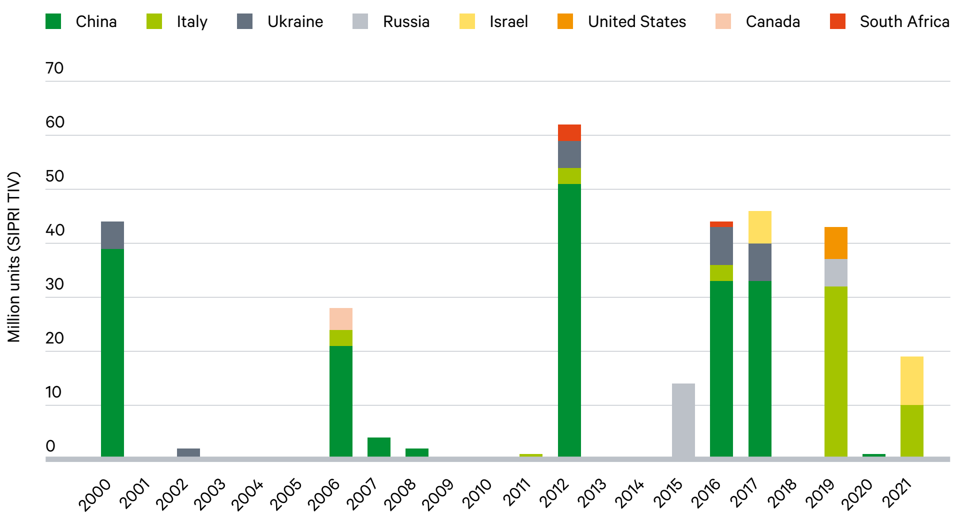
Zambia is broadly a peaceful country, with few internal security threats, a low risk of terrorism and no non-state armed groups. However, the closing down of political space under the Patriotic Front administration led to a rise in public protests across the country,[91] including a wave of violent demonstration following the 2016 election. During the later years of the Lungu administration, public protests met

84 Kumon, T. (2022), 'Russia and China throw weight behind Africa's nuclear power drive', Nikkei Asia, 22 July 2022, https://asia.nikkei.com/Business/Energy/Russia-and-China-throw-weight-behind-Africa-s-nuclear-power-drive.
85 Shieh, Chow, Huang and Yue (2021), *Understanding and mitigating social risks to sustainable development in China's BRI*.
86 Ibid.
87 Ibid.
88 Nyabiage, J. (2022), 'Zambia cancels US$1.6 billion Chinese loans and halts infrastructure projects in move to avoid debt crisis', *South China Morning Post*, 1 August 2022, https://www.scmp.com/news/china/diplomacy/article/3187287/zambia-cancels-us16-billion-chinese-loans-and-halts.
89 Mwansa, I. (2022), 'Construction of Lusaka-Ndola dual carriageway to resume next month', Zambian Business Times, 6 May 2022, https://zambianbusinesstimes.com/construction-of-lusaka-ndola-dual-carriageway-to-resume-next-month.
90 Musokotwane, S. (2022), '2023 Budget Address By Honourable Minister Dr Situmbeko Musokotwane, MP, Minister of Finance and National Planning Delivered to the National Assembly'.
91 Matfess, H. (2018), 'All Politics are Local: Chinese Investment, Speculation, and Protests in Zambia', ACLED, 29 November 2018, https://acleddata.com/2018/11/29/all-politics-are-local-chinese-investment-speculation-and-protests-in-zambia.

with increasingly heavy-handed responses from the security services. Popular demonstrations have notably focused on external political interference, especially the relationship between the Lungu administration and China.

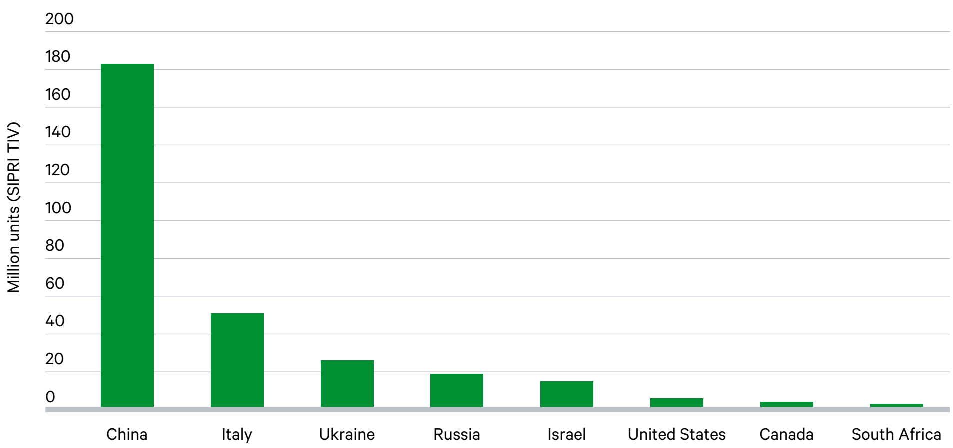
Zambia's military history is characterized by its position as a front-line state against racist white-authoritarian regimes to the south – a key factor in its need for developing a substantial air defence capacity – as well as its contribution to regional peacekeeping operations, including in neighbouring DRC. Zambia is also an important contributor of uniformed personnel to UN peacekeeping missions.

Figure 3. Zambian annual arms imports by source (2000–21)



Source: Stockholm International Peace Research Institute (2022), 'SIPRI Arms Transfer Database', https://www.sipri.org/databases/armstransfers.
Note: SIPRI TIV = Stockholm International Peace Research Institute trade-indicator values.

Figure 4. Zambian total arms imports by source (2000–21)



Source: Stockholm International Peace Research Institute (2022), 'SIPRI Arms Transfer Database'.
Note: SIPRI TIV = Stockholm International Peace Research Institute trade-indicator values.

China is Zambia's leading supplier of military equipment (see figures 3 and 4). China's dominance in Zambian defence spending has been attributed to the fact that the former provides loan financing and offers Zambia essential remote airlift and deployment capabilities on a budget – Chinese helicopters are cheap and easy to maintain. A further important factor is the close relationship the two countries have in logistics and infrastructure projects. Allegations of corruption and kickbacks are also prevalent due to close cooperation in the security sector.

Beyond China, Zambia has security relations with a range of partners. During a military parade held before the 2021 elections, Zambia unveiled a wide range of new military equipment and combat vehicles manufactured by Israel and Russia.[92] In April 2017, Zambia signed a defence deal with Russia for spare parts, and it also has a strategic partnership with Türkiye under the Security Cooperation Agreement signed in 2018. The agreement is part of a raft of partnership agreements between the two countries, buttressed by reciprocal presidential visits in 2019.

In 2022, US Africa Command (AFRICOM) announced a security cooperation agreement with Zambia and established a security cooperation office attached to the US embassy in Lusaka. The office will be a focal point for ongoing US support for pre-UN deployment training for Zambian forces, as well as health and military education programmes. Since 2014, the US government has invested over $8 million in assistance for training Zambian battalions before deployment to the UN mission in the Central African Republic. The US Department of Defense HIV/AIDS Prevention Program also provides $12 million annually to support Zambian security forces with technical assistance and mentoring to prevent, manage and treat HIV and AIDS.[93] While the security cooperation office has a light footprint – there is officially only one member of military personnel based there – it has prompted push back from Zambians that are wary of external military presence.

Civil society

Civil society can play an important role in foreign policy development, but the centralization of decision-making in Zambia has limited its input. Past governments have been suspicious of organizations that receive international funding. Around 70 per cent of NGOs in Zambia are donor supported, which inevitably results in them reflecting external priorities – for instance EU, UK and US projects on poverty reduction, education, healthcare and human rights.

These are important areas of focus for social development. However, it is equally important to ensure they do not prevent civil society from having open discussion and debate with the government on Zambia's foreign policy. For example, the Ministry of Foreign Affairs could develop a specific mechanism to engage and facilitate the participation of civil society in matters of foreign policy. A more

92 Hwang, J. (2020), *Logics of Arms Deals: Multilevel Evidence from China-Zambia Relations*, Working Paper No. 2020/37, Washington, DC: China Africa Research Initiative, School of Advanced International Studies, Johns Hopkins University, https://static1.squarespace.com/static/5652847de4b033f56d2bdc29/t/5f4e6eb43420ff01a7240433/1598975678736/WP+37+-+Hwang+-+Zambia+Air+Forces.pdf.
93 U.S. Mission Zambia (2022), 'About the Office of Security Cooperation', US Embassy in Zambia, https://zm.usembassy.gov/osc.

cooperative approach would also be a conduit for the administration to share and disseminate information on policy, communicate national successes and maintain public consent for executive action.

Civil society and the media play a critical role in countering corruption and promoting accountability. Since 2017, several Southern African states, including Angola, South Africa and Zimbabwe, have seen new leaders come into office promising to attract investment for growth, using the rhetoric of anti-corruption to distance themselves from the tainted image of their predecessors and create a narrative of national 'renewal'. Their experiences show that if governments are to deliver on electoral promises, they must empower institutions, actively promote a culture of accountability and transparency within their party ranks, and pursue economic reforms that untangle the web of party–state–business alliances.

Across the region, international businesses have benefited from corruption. In 2022, Glencore pleaded guilty to violations of the US Foreign and Corrupt Practices Act, and agreed to pay a fine of $1.1 billion for corruption and price manipulation, including in the DRC and other countries on the continent.[94] International civil society has been at the forefront of this case. Furthermore, South African media and transnational civil society linkages have been instrumental in not only revealing the details and extent of international banks, consultancies and PR firms involved in state capture in the country, but also in putting pressure on those firms overseas. Opposition, civil society and the media are critical for creating a culture of transparency and accountability. This is not only essential for building a cohesive society but also for attracting 'good' investment and ensuring that international commercial partnerships translate into benefits for local citizens.

Conclusion

Zambia has become significant as an international test case for a number of global priorities, including the G20 Common Framework; as a democratic state and potential African ally for Western powers in global geopolitics; and to China, not just as a major debtor, but as an ongoing economic partner and valuable source of natural resources. China remains important as an export destination. Meanwhile, Western investment is vital and underpins the mining industry that produces these exports. Balancing these interests requires the promotion of a fair system, supported by economic institutions that allow a transparent and efficient market to function, while also intervening to ensure benefits accrue to Zambia and its people. Making this a reality will require significant improvements in dialogue, diplomacy and the implementation of a strong developmental plan.

Since coming into power, Hichilema and his administration have demonstrated an assertiveness and 'positive neutrality' on international relations, especially in economic diplomacy. The government has shown that Zambia has the capacity to be a leader in its regional and international engagements. Adherence

94 United States Department of Justice (2022), 'Glencore entered guilty pleas to foreign bribery and manipulation schemes', DoJ Department of Public Affairs Press Release, 24 May 2022, https://www.justice.gov/opa/pr/glencore-entered-guilty-pleas-foreign-bribery-and-market-manipulation-schemes.

to international norms and standards offers protection to Zambians as well as investors. These standards are not necessarily prescriptive – Zambia can coordinate and build regional alliances and lobbying blocs within international organizations to shape these standards.

Domestic institutional development strengthens the investment environment, demonstrates credible commitment to upholding agreements with investors, and allays fears of resource nationalism. There is also a need for structures and systems to strengthen the absorption capacity for domestic, regional and international investment and development assistance. The establishment of a partner coordination body – similar to the creditor committee structure but used for a broader range of discussions to develop wider partnerships – would be a useful tool to improve cooperation. The government would also benefit from better promotion and acknowledgment of the importance of non-Chinese and non-Western partners, especially those from the global south. This would help depolarize Zambia's international relations, and also address domestic allegations of neo-colonialism.

Attracting investment is vital for the legitimacy of the Hichilema government. Domestic political and economic pressure is mounting as electoral promises of jobs and improved living standards become ever harder to deliver against a backdrop of rising fuel and food prices caused by factors well beyond Zambia's control. Hitting government targets – such as producing 3 million tonnes of copper per year by 2032 – will require delivery on a holistic economic vision that extends beyond mining. Most significantly, there is a need to build on existing environmental efforts and to articulate a plan for sustainable green energy generation that supports industry, exports and national electrification targets for the rural population. Government delivery on this will require the delegation of responsibilities to departments and the enabling of decision-makers.

Building momentum in anti-corruption will also contribute towards greater trust between elected governments and Zambia's civil service. While international support is vital, there have been examples of international actors contributing to poor governance and undermining democracy in Zambia. Combatting corruption is the first step towards ensuring that citizens have an equitable and sustainable stake in the nation's strategic industries, especially critical minerals.

The patient pursuit of institutional reform, and rejection of populist quick wins, will require the continued support of Zambian citizens. Transparent communication and consultation will be vital to ensure that ordinary people have a sense of ownership of the country's future and understand the benefits they accrue from Zambia's foreign relations.

About the author

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Cover image: An aerial view of the newly built Kazungula bridge that links Zambia and Botswana, 10 May 2021. The bridge marked the completion of a multi-million-dollar project to ease congestion along border crossings in Southern Africa.
Photo credit: Copyright © Monirul Bhuiyan/AFP/Getty Images

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