Policy Brief

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Brexit: An Assessment of Zambia-UK Trade & Investment Relations

Following the Brexit referendum held in the UK in 2016 that resulted in a majority vote to leave the EU, there has been speculation and uncertainty surrounding the likely impact of Brexit on trade relations between the UK and developing countries such as Zambia. With Brexit, comes the exit of the UK from the EU, its customs union as well as the single market. Consequently, this implies that Zambia's trade with the UK will no longer be under the ambit of the EU Everything But Arms (EBA) trade agreement which grants Zambian products other than arms, duty-free and quota-free market access to the UK. Naturally, this brings about questions of the likely impact of Brexit on trade relations between Zambia and the UK which thus far, has been determined collectively under the framework of the EU since the UK's accession to the EU customs union. In this policy paper, we provide a contextual analysis of the same. From this, we deduce that a 'deal' or 'no deal' Brexit is not likely to adversely impact the UK's trade with Zambia. This is on condition that the UK's own unilateral preference scheme comes into place and in time, to replicate the EU-EBA scheme with no disruption to traders. On the Investment front, although the UK has been Zambia's fourth-largest source country for FDI inflows over the period 2010-2017, investments have been waning. Brexit has the potential to turn things around as the UK seeks to increase investments in other jurisdictions outside of the EU. With the UK now envisioning to become the largest G7 investor in Africa by 2022, there is a high probability that Brexit could lead to a positive investment crowding in effect, provided Zambia becomes a more attractive investment destination.

1. Introduction

Brexit, an abbreviation for 'British exit' from the European Union (EU) regional bloc, has dominated global affairs over the last three years. This is on the back of a monumental decision made in the United Kingdom (UK) on 23rd June, 2016 that saw 51.9 % of more than 30 million voters vote to leave the EU in a referendum. The motivation for Brexit is a subject of debate and various factors have been touted. A poll conducted by the Centre for Social Investigation in 2018 revealed two primary reasons for the majority vote to leave the EU and these were immigration concerns and a quest for sovereignty.[1]

With Brexit, comes the exit of the UK from the EU, its customs union as well as the single market. Consequently, this implies that Zambia's trade with the UK will no longer be under the ambit of the EU Everything But Arms (EBA) trade agreement. This will be the case in particular under a 'no deal' Brexit scenario. The EBA grants least developed countries (LDCs), duty-free and quota-free market access to the UK for all products except arms. Brexit, therefore, begs questions about the future of the UK and the future of the UK's trade arrangements with developing countries. Until now, these trade arrangements have been determined collectively with other EU countries since the UK's accession to the EU customs union in 1973. Under the customs union, EU member states collectively apply a single set of tariffs to trade with non-EU member countries (Slaughter and May, 2016). Following Brexit however, the rules of the customs union will no longer apply to the UK. The UK will be expected to define its own applicable set of tariffs and commitments – also known as 'schedules of commitments' – under the World Trade Organisation (WTO) members[2] which have to be agreed to by all WTO members (Slaughter and May, 2016).

Right away, there are direct and indirect effects of concern that arise from this. First, Brexit implies new trade agreements will have to be forged between the UK and other countries which could be more favourable, worse or most likely, remain the same. And for LDCs, the UK has to initiate its unilateral preferential schemes. Indirectly, Brexit could have a bearing on the UK's demand for imports with a projected slowdown of the UK economy. This secondary effect, however, is subject to the significance of the trade between the UK and the country in question, as well as the UK's import demand elasticity. On the face of it, Brexit and its likely impact on Zambia's trade with the UK is important for Zambia for 3 main reasons. The UK has been; one, Zambia's 8th largest export market destination over the last 5 years; two, Zambia's top export market destination in the EU trade bloc; and three, a potentially critical market destination for non-traditional exports (NTEs) such as honey and horticulture products. There is, therefore, a basis to closely monitor developments surrounding Brexit and the UK. Moreover, trade remains a critical mechanism for achieving rapid economic growth and inclusive development in Zambia. Any potential adjustment costs or disruptions to trade that may result from Brexit are of great importance to Zambia. Therefore, a key question we seek to answer is whether Zambian businesses exporting to the UK should be concerned about Brexit. Or perhaps could it be that Brexit is really much ado about nothing for Zambia? In this policy brief, we provide some cursory analysis of the ramifications of Brexit on Zambia's trade relations with the UK. We also go a step further and provide the likely ramifications of Brexit on investment relations between Zambia and the UK. The employment creation, capital formation, economic growth and technological and skills spillover effects that can be derived from foreign direct investments (FDI) makes the impact of Brexit on UK investments in Zambia a topic of equal importance.

Using trade and investment data and other existing literature, we find that Brexit is not likely to adversely impact Zambia's exports to the UK. This is conditional on the measures that the UK Government has put in place to roll over all existing trade agreements under the EU, being implemented seamlessly. Notwithstanding, it is highly probable that there could be some other undesirable effects (i.e. trade diversion) arising from the impact of uncertainty on exports to the UK. Further, it is not far-fetched that there could be some indirect negative effect also emanating from the impact of the projected slowdown of the UK economy on the UK's import demand. However, the small proportion of trade between Zambia and the UK (2.4 % of Zambia's overall exports), suggests that this impact is likely to be very negligible, particularly for niche products with no readily available suitable substitutes.

On the investment front, although UK FDI has been waning, the UK has been Zambia's fourth-largest source country for FDI inflows over the period 2010-2017. Brexit holds the potential to turn things around as the UK seeks to increase investments in other jurisdictions outside of the EU. With the UK now envisioning to become the largest G7 investor in Africa by 2022, there is a high probability that Brexit could lead to a positive investment

1. https://ukandeu.ac.uk/wp-content/uploads/2018/07/CSI-Brexit-4-PeoplepercentE2percent80percent99s-Stated-Reasons-for-Voting-Leave.pdf

2. Notably, the UK submitted draft schedules on goods and services to the WTO for certification in 2018

crowding in effect given Zambia's existing investment ties with the UK. But this is subject to how attractive Zambia is as an investment destination relative to other African countries.

The rest of the paper proceeds as follows: In Section 2, we outline the Brexit withdrawal process and the two distinct possible Brexit outcomes – 'deal' or 'no deal'. Section 3 analyses the extent of Zambia's trade and investment relations with the UK, the frameworks governing these relations and how Brexit impacts the frameworks. This is followed by Section 4 which discusses Zambia's post-Brexit trade and investment relations with the UK. Section 5 briefly concludes and lastly, section 6 offers policy recommendations. The rest of the paper proceeds as follows: In Section 2, we outline the Brexit withdrawal process and the two distinct possible Brexit outcomes – 'deal' or 'no deal'. Section 3 analyses the extent of Zambia's trade and investment relations with the UK, the frameworks governing these relations and how Brexit impacts the frameworks. This is followed by Section 4 which discusses Zambia's post-Brexit trade and investment relations with the UK. Section 5 briefly concludes and lastly, section 6 offers policy recommendations.

2. Brexit's Withdrawal Deadline: A Moving Target

The Brexit referendum vote on 23rd June, 2016 subsequently evoked Article 50 of the EU Treaty and signified the start of an exit process. Initially, the UK had been due to leave the EU on 29th March, 2019 subject to a withdrawal agreement being reached between the UK and the EU. Nonetheless, the withdrawal process became a protracted affair with the withdrawal deadline target changing many times, something akin to aiming at a moving target. The withdrawal agreement covers the first of two components for leaving the EU: it sets the terms of exit and lays the basis for an agreement on the 'future relationship' between the UK and the EU. If a deal is approved, the new deal about future trade between the UK and EU would have to be agreed during a one-year transitional phase. During the transition period, a kind of standstill would be in place where current trading arrangements between the EU and UK would continue. The idea is to give time for a new deal on the future relationship between the EU and UK to be worked out after the UK leaves.

Notably, while a withdrawal agreement was reached between the two parties in November 2018; it was rejected three times by UK Members of Parliament (MPs) who have a statutory-inscribed 'meaningful vote[3] on the deal. This then implied that the UK Government could not ratify the withdrawal agreement without a majority vote in parliament. This did not materialise largely due to a sticky issue - the Irish backstop. The Irish backstop was an appendix to a draft Brexit withdrawal agreement that was developed by the UK Government and the EU in December 2017 and was finalised in November 2018. It aimed at preventing a hard border with customs controls between the Republic of Ireland and Northern Ireland after Brexit.

Historically, the border between Northern Ireland and the Republic of Ireland was characterised by a long period of conflict which had run since the 1920s following the division of the Island of Ireland. The basic building block of peace in Northern Ireland was the 1998 Good Friday Agreement which removed security checkpoints and border infrastructure between Northern Ireland and the Republic of Ireland – allowing for free travel.

With the emergence of Brexit, there were concerns of a return to a hard border between Northern Ireland and the Republic of Ireland which could reignite political violence at the border in addition to encumbering trade. As such, the backstop was a sort of safety net, which was only intended to be a "last resort," to be enforced if a better solution didn't present itself during the two years of transition after Brexit began. It was meant to ensure that irrespective of the outcome of the Brexit negotiations between the UK and EU during the transitional period, a hard border would not materialise between Northern Ireland (which is part of the UK) and the Republic of Ireland. Even if the rest of the UK left the EU with no trade or security arrangements, the Irish backstop was meant to prevent sudden border checks and restrictions at the border between Northern Ireland and the Republic of Ireland. At present, goods and services are traded between the two jurisdictions with few restrictions.

If the backstop were invoked, it would have involved a temporary single customs territory, effectively keeping Northern Ireland in the EU customs union and undermining its position in the UK. It would have also entailed that goods coming into Northern Ireland from elsewhere in the UK not subject to the EU single market regulations, would need to be checked to see if they met EU standards.

3. https://www.instituteforgovernment.org.uk/explainers/parliament-meaningful-vote-brexit

By early 2019, the UK Parliament had voted three times against ratifying the Withdrawal Agreement thereby rejecting the backstop.
With the exit date of 29th March, 2019 fast approaching and a deal nowhere in sight, the EU granted an extension of the UK's exit to 12th April, 2019 which was later further extended by 6-months to 31st October, 2019. The new Government renegotiated the draft and also replaced the backstop. The October 2019 draft agreement proposed that Northern Ireland will be legally in the customs territory of the UK but in reality be in the European Union Customs Union and European Union Single Market. In what has been a trail of twists and turns, Brexit was further extended to 31st January, 2020. This last extension is aimed at allowing for all the necessary Brexit legislation to be put in place.

Since then, pivotal steps have been taken towards leaving the EU. Following the general election held in December, 2019, the withdrawal agreement comfortably passed second reading and is on track to complete its passage through both houses of parliament in time to allow Brexit to happen on 31st January, 2020.

2.1. Two Potential Brexit Outcomes: 'Deal' or 'No Deal'

From the beginning, there have been two distinct possible Brexit scenarios, one being a 'deal' and the other a 'no-deal' Brexit. Under a 'deal' scenario, the UK would remain a part of the customs union during a transitional period which is presumed to be 2 years. At this point, the UK would then enter into a partnership to be negotiated with the EU. During this period, the UK would continue to trade with non-EU countries under the framework of the EU Customs Union. This would mean trade would continue as usual for Zambian firms exporting to the UK, at least during the two transitional years.

On the other hand, under a 'no-deal' Brexit', the UK will exit the EU, customs union as well as the single market and any trade with the UK after this point would have to be under the WTO Most Favoured Nation rules and new unilateral trade agreements for LDCs[4]. According to the UK Government, these unilateral preferential trading arrangements are in place to move into effect should there be a 'no deal' Brexit suggesting minimal disruption to Zambian exports to the UK.

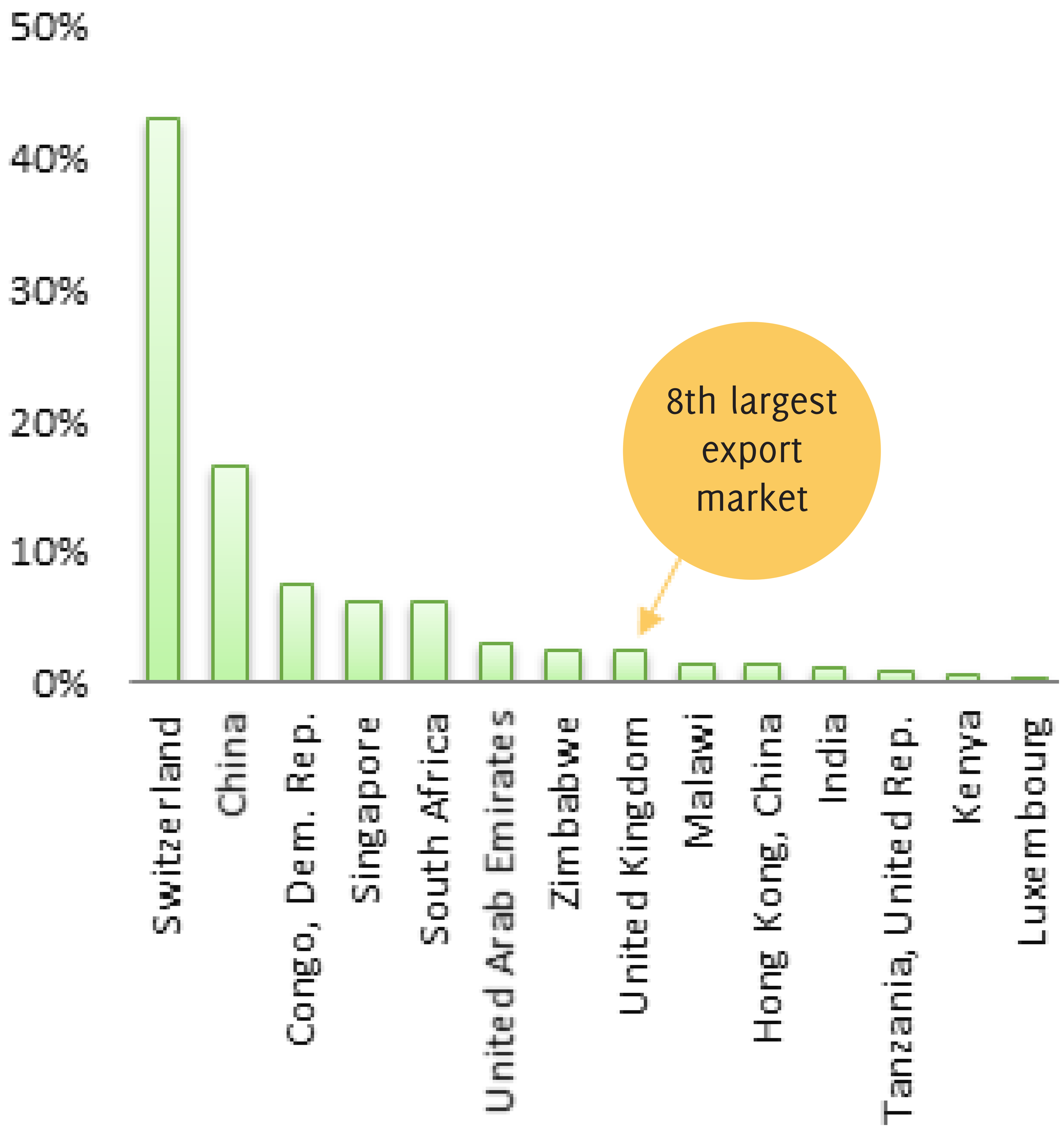
Following the general election held in December, 2019 and subsequent approval of the withdrawal agreement in its parliament, the UK is likely to have a deal with the EU by 31st January, 2020.

3. Zambia-UK Trade and Investment Relations

3.1. Trade Relations – Size and Composition

In terms of the size of exports, over the last 5 years, the UK has been Zambia's 8th largest export market in the world and 5th largest export market outside Africa, averaging 2.4 % of the country's average total exports between 2014 and 2018 as shown in Figure 1.

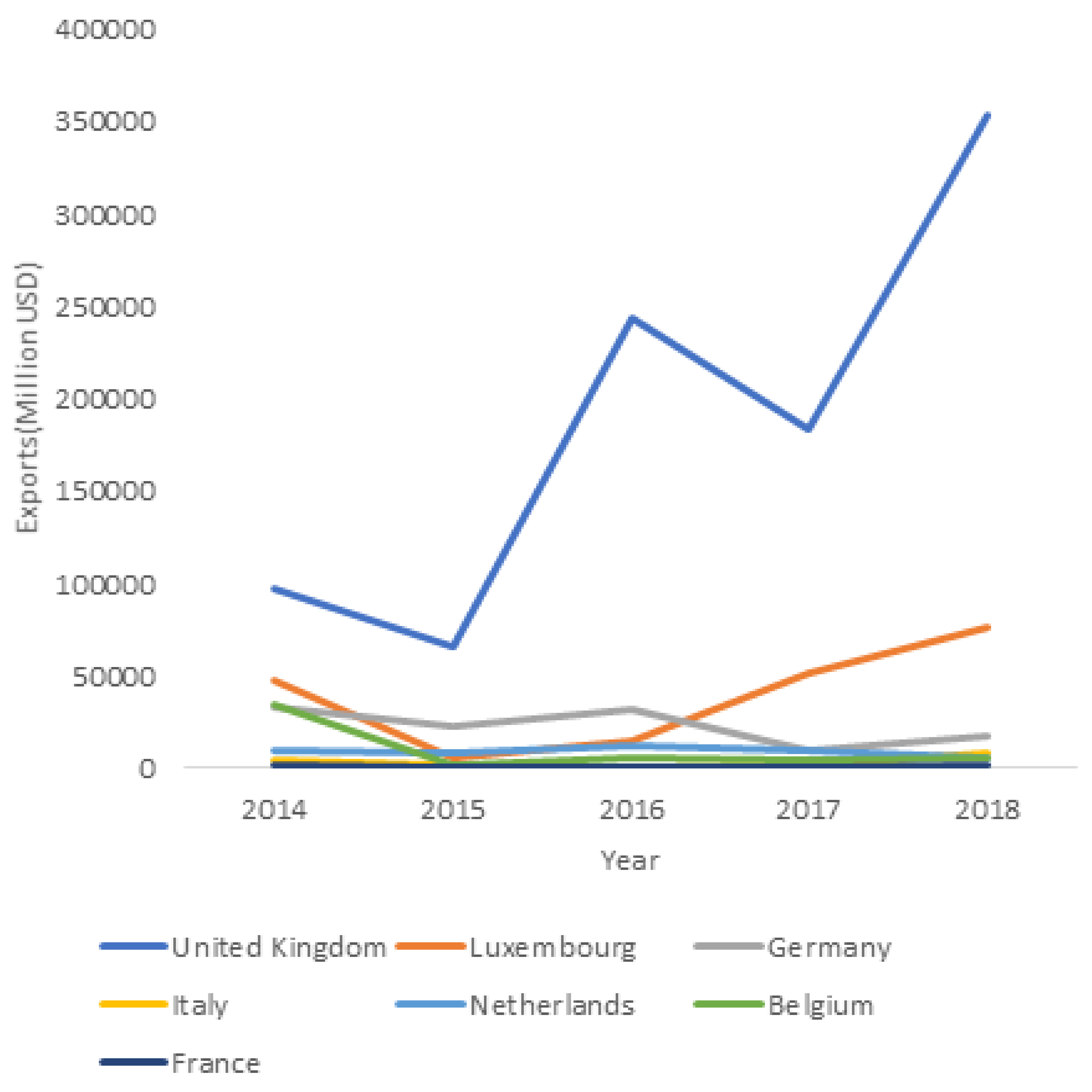
Figure 1: Percentage share of total exports by country partner (2014 -2018)



Source: Authors own construction from ZSA data

4. https://www.tralac.org/publications/article/14055-how-will-united-kingdom-african-trade-be-conducted-post-brexit.html

Figure 2: Zambia's top export partners in the EU



Source: Authors own construction from ZSA data

A decomposition of Zambia's top 5 exports to the UK, at 6 digit HS code level, reveals that Zambia mainly exports unused postage stamps (52.2% of Zambia's exports to the UK), unrefined copper (24.4%), refined copper (21.6%), fresh or chilled vegetables (0.7%), fresh-cut roses and bubs (0.4%), peas (0.2%) and natural honey (0.1%). (See table 1 below).

The Zambia-UK trade data reveals that as a single trade partner, relatively, the UK is not a significant trade partner for Zambia accounting for a mere 2.4% of Zambia's total exports. However, in the EU trading bloc, the UK emerges as the most important export destination for Zambia. Moreover, in terms of advancing Zambia's export diversification away from metals, the UK is an important market for niche exports such as honey, edible vegetables, live trees and plants and edible fruits and nuts.

Framework governing trade: Everything But Arms (EBA), Cotonou and Economic Partnership Agreements (EPAs)

Zambia's trade with the UK has mainly been carried out under one trade agreement that the UK participates in by its membership to the EU: The Everything But Arms (EBA) and Cotonou Agreements. The EBA is a unilateral non-reciprocal arrangement that was initiated by the EU to grant duty and quota -free market access to products originating from Least Developed Countries (LDCs) except for armaments. Zambia, as an LDC, has benefited from this preference system and its exports to the UK have been under the ambit of the EBA. Brexit implies that trade with the UK will no longer be carried out under this existing framework. Indications, however, are that a replica of this agreement will be put in place to ensure continuity for LDCs.

Table 1: Zambia's top 7 export products to the UK (US thousand dollars)

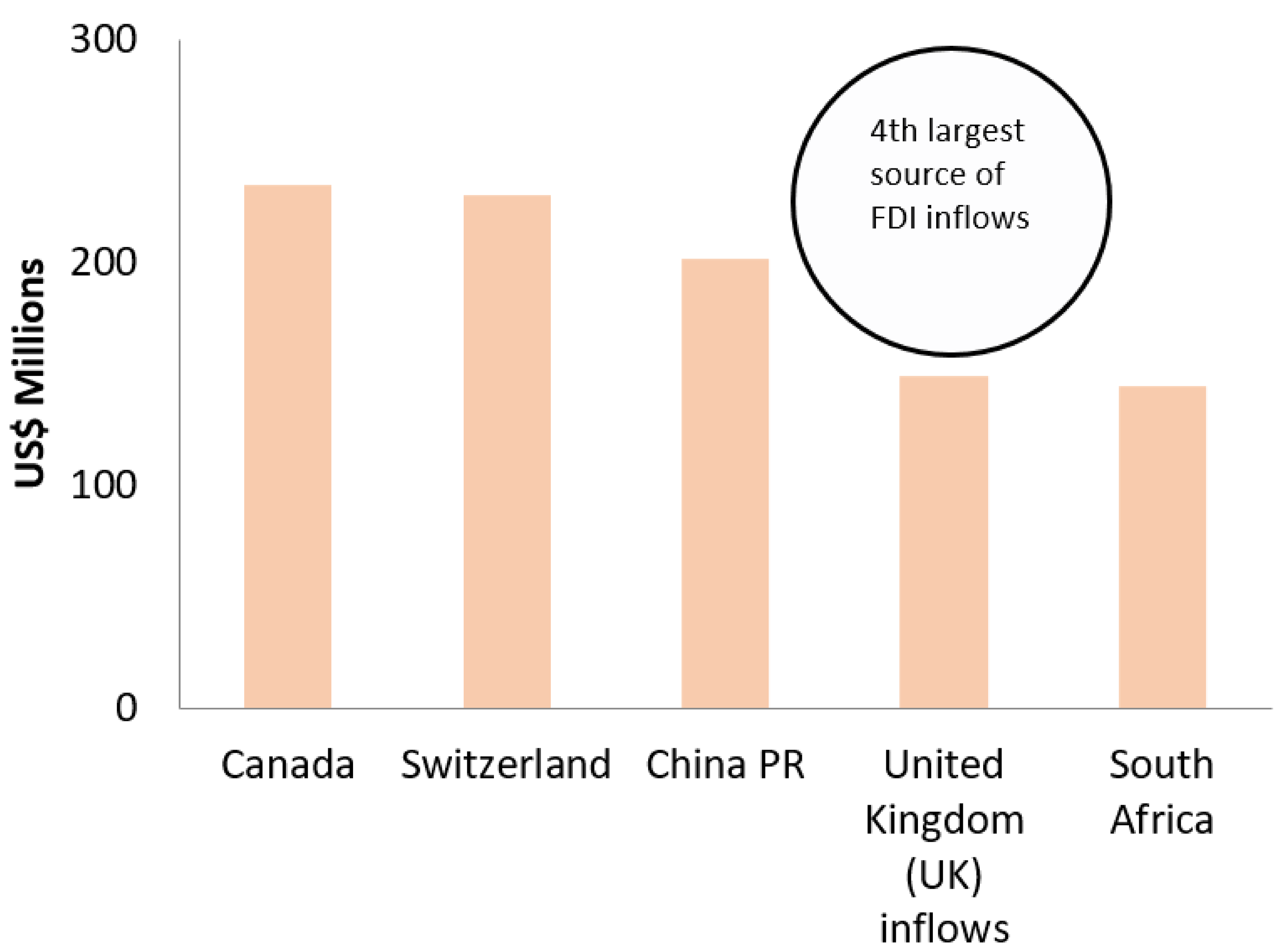
HS Code	Product Label	% of Zambia's Exports to UK	Value US$
490700	Unused postage, revenue or similar stamps of current or new issue in the country in which they have, or will have, a recognised face value; stamp-impressed paper; banknotes; cheque forms; stock, share or bond certificates and similar documents of…	52.2	184, 088
740200	Copper, unrefined; copper anodes for electrolytic refining	24.4	86, 088
740311	Copper, refined, in the form of cathodes and sections of cathodes	21.6	76, 607
070999	Fresh or chilled vegetables n.e.s.	0.7	2, 388
060311	Fresh-cut roses and buds, of a kind suitable for bouquets or for ornamental purposes	0.4	1, 286
200540	Peas "Pisum Sativum", prepared or preserved otherwise than by vinegar or acetic acid	0.2	650
040900	Natural honey	0.4	616

Source: ITC Trademap/COMTRADE

3.2. Investment Relations

The UK emerges as an integral source country of foreign direct investment (FDI) for Zambia. FDI data from the Bank of Zambia (BOZ) spanning 2010-2017 reveals that the UK is the fourth-largest source country for FDI inflows with an average inflow of US$149 million per year after Canada (US$235 million), Switzerland (US$231 million) and China (US$202 million) (figure 4 below). Year-on-year FDI inflows, however, suggest, albeit not exhaustively, that UK businesses have either been divesting their interests since 2015 or paying off loans resulting in the net negative inflows observed in years 2015-2017 (see figure 5 further below).

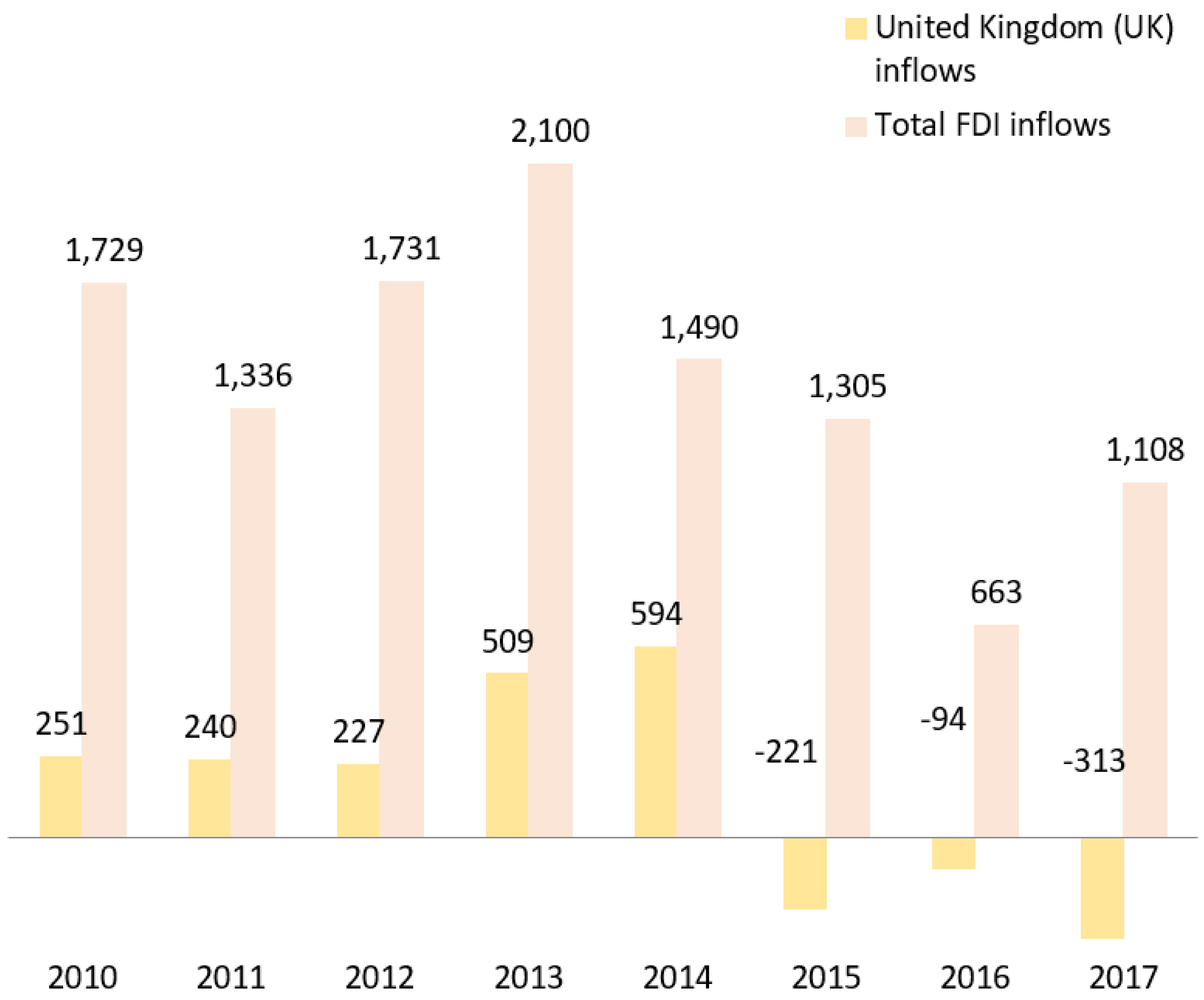
Figure 3: Top 5 Source Countries of FDI Inflows (Average inflows 2010-2017)



Source: BOZ, CSO and ZDA Foreign Private Investment and Investor Perceptions surveys 2010-2017

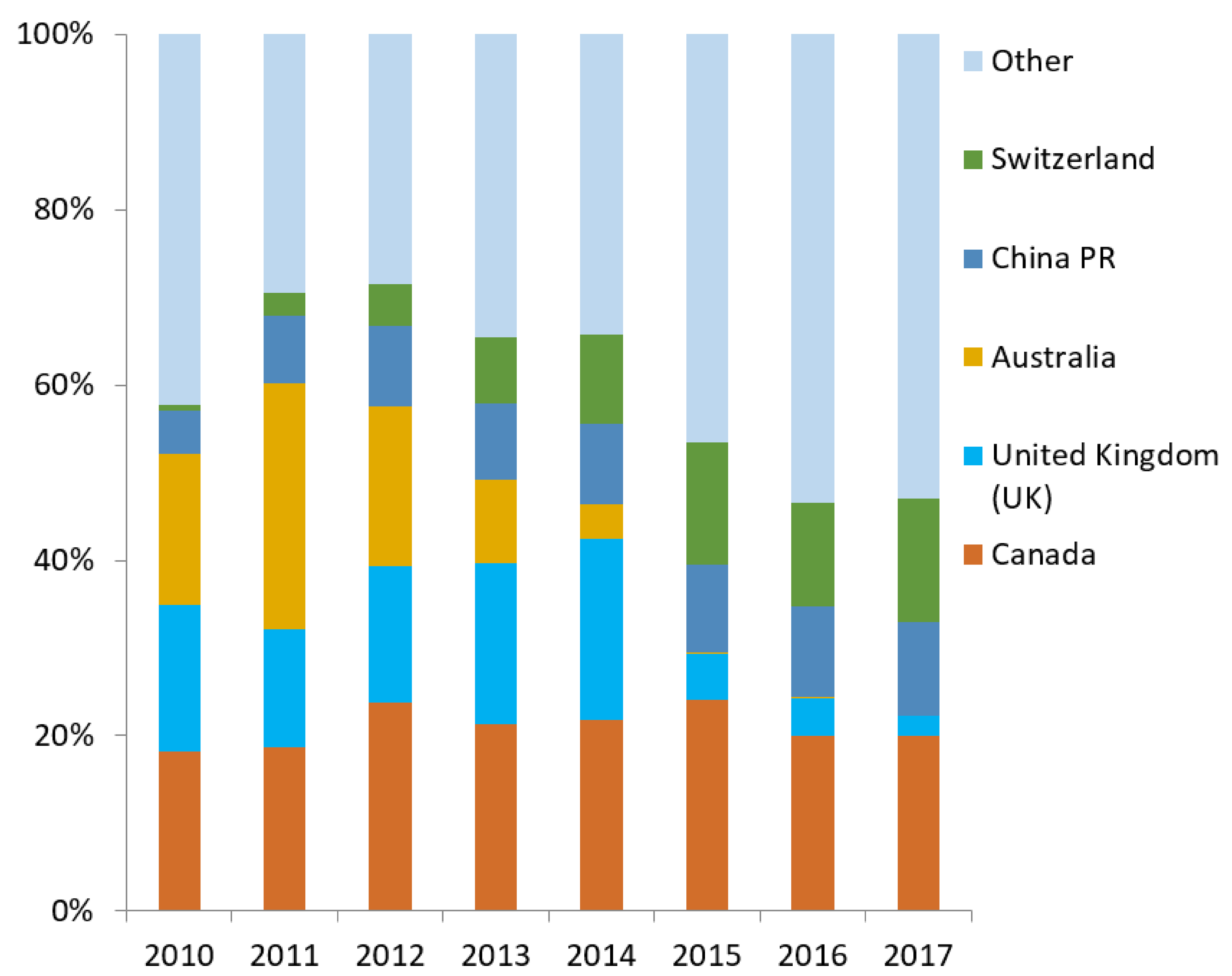
In tandem, the stock of FDI from the UK has been shrinking since 2015 contracting by 86% from an impressive US$3.4 billion in 2014 to just under US$500 million in 2017 (Figure 6 below). Nonetheless, on average, the UK remains the second-largest source of FDI stock in Zambia at 11% after Canada (21%) over the period 2010-2017 despite UK FDI tapering off. These investments have largely been in the mining industry (Vedanta that is listed on the London Stock Exchange), agro-processing, mineral processing and agriculture.

Figure 4: Year-on-year Total and UK FDI inflows to Zambia, 2010-2017 US$ 'millions



Source: BOZ, CSO and ZDA Foreign Private Investment and Investor Perceptions surveys 2010-2017

Figure 5: FDI Stock Total and UK FDI inflows to Zambia, 2010-2017 US$ 'millions



Source: BOZ, CSO and ZDA Foreign Private Investment and Investor Perceptions surveys 2010-2017
***Individual country Data for Australia is not available in 2017. Australia's FDI stock is thus captured in the category for other**

4. Post Brexit UK Trade and Investment Relations with Zambia

In this section, we deduce what the likely effect on Zambia's trade relations with the UK as a result of the UK exiting the EU Customs Union and absolving its claim to the EU trade treaties with other countries including Zambia. This deduction is largely informed by a review of the UK's post-Brexit trade and investment plans for Africa and by extension, Zambia

4.1. Trade Relations Implications: Much Ado About Nothing

The UK's legislative framework for its exit from the EU is anchored on the UK withdrawal act of 2018. Some significant developments have taken place with the enactment of legislation that gives us an indication of the sort of direction that the UK will take regarding trading arrangements with third parties.

The UK Government has stated its desire to roll-over existing trade agreements[5] such as the EBA and EPA (for signatory countries). The UK has replicated existing trade arrangements under the EU and intends to effect them by the end of the transitional period in the case of a 'deal'. The UK, therefore, will continue to enjoy the benefits and obligations of trade deals with third parties during the transitional period. The EU has also indicated under the withdrawal agreement that third party countries will be notified to continue treating the UK as a member of the EU during the transitional phase.

In the event of a 'no-deal', the same replicated preferential market access schemes are expected to kick in. Should there be a lag in getting these schemes approved, the UK Government has put up no-deal tariff rates which should apply for 12 months after exit to facilitate trade whilst new arrangements are negotiated and signed. This entails that trade between Zambia and the UK should continue effortlessly regardless of the outcome of Brexit.

Three particular pieces of legislation give us an indication of how the UK will handle existing trade arrangements going forward.

4.1.1. Taxation (Cross border trade) Act 2018

The **Taxation (Cross border trade) Act 2018**[6] received Royal Assent in September, 2018. The Act will replace the current EU customs code in readiness for Brexit. The Act provides for powers to impose and regulate a UK customs duty regime on the import and export of goods once the UK leaves the EU. The Act allows for sufficient flexibility giving effect to a range of potential outcomes from negotiations with European partners. To a large extent, the Act sets a framework for the implementation of a customs duty regime in accordance with World Trade Organisation (WTO) rules.

Notably, Section 10 of the Act provides for unilateral tariff preferences. It gives authority to the Secretary of State to establish a preferential scheme under which the rate of import duty applicable to a product originating from a developing country is lower than the applicable rate.[7] This is crucial in as far as preferential agreements are concerned. For a country like Zambia, it means that the UK has put in place legislation to continue with the preference schemes currently being implemented.

4.1.2. UK Trade Bill[8]

The **UK Trade Bill** is another important piece of legislation that gives us an indication of how the UK seeks to proceed with the conclusion and implementation of future trade arrangements. While the bill is yet to be finalised, its explanatory notes indicate that the UK seeks continuity of existing trade and investment arrangements as far as possible as it leaves the EU. Any trade agreement that the UK will enter into with another country will try to mirror as close as possible, current deals. The UK has concluded the process for its continuity agreements and these will be in place once the UK leaves the EU. Specific powers have been provided for in clause 2 of the bill to ensure that the UK's continuity agreements can be fully implemented.

5. https://ww.gov.uk/government/news/government-pledges-to-help-improve-access-to-uk-markets-for-worlds-poorest-countries-post-brexit
6. http://www.legislation.gov.uk/ukpga/2018/22/pdfs/ukpga_20180022_en.pdf
7. https://www.gov.uk/government/news/government-pledges -to-help-improve-access-to-uk-markets-for-worlds-poorest-countries-post-brexit
8. http://www.gov.uk/government/collections/trade-bill

4.1.3. No deal tariff regime

Further, the UK Government has published a **No-deal tariff regime**.[9] This sets out details of the UK's temporary regime for a no-deal agreement, designed to minimise costs to businesses and consumers while protecting vulnerable industries. The regime is temporary and would apply for up to 12 months while a full consultation and review for a permanent approach are undertaken. Under the temporary tariff regime, about 87% of the UK's imports would be eligible for tariff-free market access. This regime prepares the UK for the eventuality of a no-deal Brexit aimed at avoiding disruption to trade.

Based on these contingent measures the UK Government has put in place following Brexit, including a potential no-deal Brexit, it is clear that there is likely to be no direct impact on trade between Zambia and the UK.

Indirectly, however, various studies have projected that Brexit is likely to slow down the UK's economic growth. For instance, Tetlow Stojanovic (2018) and Begg and Mushövel, (2016); suggest that the UK economy will grow more slowly after Brexit than it would do as a member of the EU. Some of these studies have predictions ranging from a negligible cost to up to as high as an 18% reduction in output in 2030. This is in comparison to the UK remaining a member of the EU. This slowdown could consequently lead to a reduction in the UK's overall import demand for various goods and services whose demand is income elastic. Presumably then, Zambia's exports of vegetables which could be sourced from closer markets to the UK could face reduced demand. Niche products like honey, however, should be able to weather the Brexit storm.

4.2. Investment Relations Implications: Potential Positive Crowding-in effect

So far, indications by the UK Government are to prioritise investments in Africa. This ambition was announced alongside a range of measures aimed at boosting trade between the UK and Africa by the then Prime Minister- Theresa May during her visit to Africa in August 2017. The UK also committed to encouraging UK investments in the region, including the creation of a new Africa Investors Board. The Prime Minister's visit also set the stage for an Africa Investment Summit to be held in the UK aimed at attracting major international investors, growing awareness of the investment opportunities on the African continent and ensuring progress toward the 2022 ambition. From this sentiment and as the UK disentangles itself from the EU, the UK's ambition to increase its investment footprint on the African continent offers Zambia the opportunity to position itself to be a recipient of this investment.

For Zambia, FDI remains an important source of capital formation, modern technologies and machinery, technical and managerial know-how that can facilitate the creation of employment; productivity gains; and accelerated economic growth (Chaudhuri and Mukhopadhyay, 2014). Therefore, an increase in FDI inflows from the UK and other investors as a result of Brexit could be a positive development for the country. Nonetheless, the UK's divestiture from Zambia is an indication that Zambia is not a very attractive investment destination. It also serves as a reminder of the need to address the constraints to foreign investments such as infrastructure deficits, limited markets, high transportation costs and cumbersome regulatory processes.

5. Conclusion

As the UK leaves the EU, all indications are that Brexit will not significantly impact Zambia's trade relations with the UK. The UK's contingency planning which involves replicating existing trade agreements and rolling them over will ensure that there is no disruption to trade. Adjustment costs if any will be minimal and mainly as a result of information asymmetry and uncertainty on how trade will continue post-Brexit. The indirect effects that may materialise as a result of the UK economy slowing down are also likely to be very marginal and short-term during the transition period.

From an investment perspective, it has been shown that the UK is Zambia's fourth-largest source of FDI but investments have been waning. Brexit could potentially turn this around given the UK Government's declared ambition to will prioritise investments in Africa. This positive investment crowding in effect, however, will only be realised if Zambia deals with the factors constraining foreign investments in the country. In the next section, we make some recommendations on how to achieve this.

9. https://www.gov.uk/government/news/temporary-tariff-regime-for-no-deal-brexit-published

6. Recommendations

Negotiation of favourable Rules of Origin: As far as indications go, the UK is to continue providing duty-free and quota-free market access to developing countries such as Zambia under a replica agreement of the EU EBA trade agreement. This proposed new, albeit the same agreement provides a window of opportunity to address some of the challenges that have been identified in the EBAs. In particular, the EBAs are known for having stringent rules of origin which act as a trade barrier. To expand Zambia's exports to the UK, as the UK replicates this unilateral preferential market agreement with developing countries, Zambia and other developing countries should seize this opportunity to engage the UK for more favourable rules of origin that will make exports to the UK easier for businesses particularly, MSMEs post-Brexit.

Diversification of Zambia's export markets in the EU and also export products in the UK: The UK is currently Zambia's biggest trading partner in the EU. Beyond Brexit and its ramifications for Zambia, Zambia needs to work towards diversifying its export markets in the EU and reduce its export market concentration. This will insulate the country from any demand shocks in one economy. Further, within the UK itself, Zambia can nurture a niche market for products such as honey, cut flowers, peas, etc. which are relatively labour intensive. These products can aid Zambia's export diversification drive, employment creation and earn the country some much needed foreign exchange in the process.

Definitive policy direction aimed at creating a favourable environment for Investment: Policies aimed at improving the cost of doing business and general business climate are essential in positioning Zambia to reap any benefits from the UK's Investment strategy for Africa in light of Brexit. While investors from the UK will likely increase investments in Africa, they will make careful decisions on investment destinations based on the cost of doing business and other economic considerations. The observed disinvestments by the UK over the years already indicate the need to ensure that a favourable business environment is provided. As such, Zambia must work towards stabilisation of its macroeconomic indicators, eliminating the energy deficit, improving transport infrastructure and streamlining regulations among other measures to attract investors for the much needed FDI. The operation of multi-facility economic zones with more efficient business regulatory processes, favourable fiscal incentives and adequate infrastructure from the rest of the country could catalyse UK investments.

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See https://www.gov.uk/government/news/pm-announces-ambition-for-uk-to-be-largest-g7-investor-in-africa-by-2022. Accessed 28th August, 2019