

REPORT BRIEF

BALANCING THE SCALES OF TRADE

ZAMBIA–CHINA RELATIONS IN A DYNAMIC GLOBAL ECONOMY



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Overview

Since China’s accession to the World Trade Organization in 2001, Zambia’s economic relationship with China has deepened, driven by trade, investment, and diplomacy. This policy brief reviews the evolution of this bilateral partnership from the early 2000s through the COVID-19 pandemic and explores the implications of China's shifting economic trajectory and the global green transition for Zambia’s economy.

Key Insights

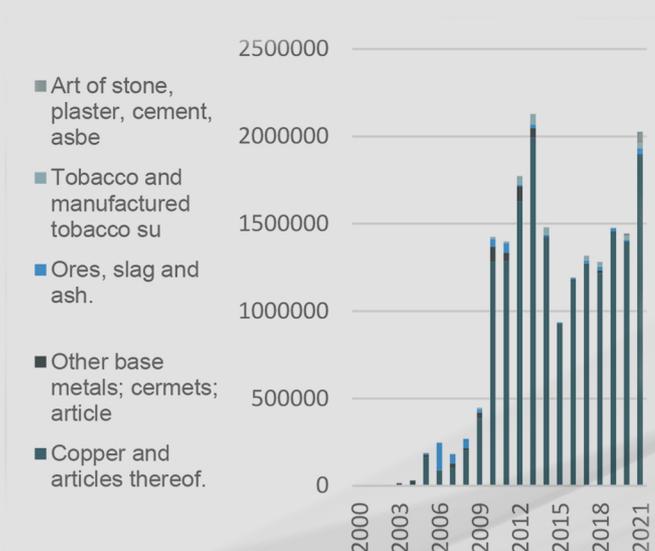
Enduring Ties: Zambia’s diplomatic and economic relations with China, established in 1964, have expanded significantly and are expected to grow further.

- **Trade & Investment Imbalance:** Zambia primarily exports raw minerals to China, with Chinese FDI heavily concentrated in the mining sector. Other sectors like manufacturing, agriculture, and tourism remain underdeveloped.
- **Economic vulnerability:** This overreliance exposes Zambia to external shocks, especially from potential slowdowns in China’s economy.
- **Green & Digital Shift:** China’s pivot to clean energy and digital infrastructure offers new avenues for Zambia’s economic diversification.

Zambia: Composition of trade with China, at 6-digit HS code level of classification, 2000-21

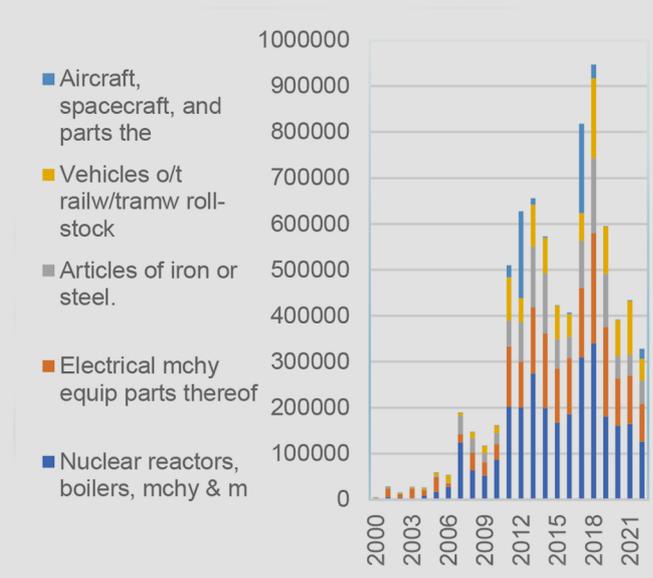
1. Exports of Goods

(Thousands of US dollars)



2. Imports of Goods

(Thousands of US dollars)



Policy Recommendations

Promote Downstream Value Addition

Enhance local processing and production efficiency in the mining and resource sectors by addressing gaps in technology, market access, and cost structures.

Leverage Regional Trade Agreements

Reduce dependence on the Chinese market by expanding exports through regional frameworks such as the African Continental Free Trade Area (AfCFTA).

Foster Economic Diversification

Attract Chinese investment into labor-intensive sectors (e.g. agriculture, manufacturing, tourism) via targeted incentives in Special Economic Zones (SEZs) to create jobs and drive sustainable growth.

Conclusion

Zambia must pursue a more diversified, resilient economic path while deepening its strategic partnership with China. This approach will better safeguard the economy against external shocks and capitalize on emerging global trends.