

Macro-economics of Zambia (April 2020)

Embassy of Japan in the Republic of Zambia
Economic Cooperation/Affairs Section

1. Monthly News (Economics)

<p>1. “Zambia seeks advisers for reorganization of foreign debt” (Daily Mail, Wednesday 1st) Zambia has asked banks for proposals on reorganizing as much as US\$11.2 billion foreign debt as its debt-service costs rise and metal prices plunge, hurting its economy, Bloomberg reports. In a request for proposals sent to lenders, the Ministry of Finance said the country intends to implement a liability management of its external debt portfolio to lengthen maturity and enhance its capacity to meet debt service obligations.</p>
<p>2. “COVID -19 stress worries Moody’s” (Daily Mail, Friday 3rd) International rating agency Moody’s says debt stressed countries will witness more pressure as the Coronavirus (COVID – 19) continues to ravage the world, thus affecting debt sustainability. Moody’s said the sharp fall in economic activity due to much lower trade and tourism, collapse in key commodity prices such as copper puts Zambia at risk.</p>
<p>3. “World Bank gives DMMU \$1.4m for national emergency centre” (Times of Zambia; Daily Mail, Tuesday 7th) The World Bank has given US\$1.4 million to the Disaster Management and Mitigation Unit (DMMU) for the construction of a world class national emergency centre. The facility will be used to manage natural disasters such as floods.</p>
<p>4. “Zambia, IMF talk” (Daily Nation, Thursday 16th) Formal teleconference meetings between Government and IMF were held for a week starting from 9th. According to an official from the Ministry of Finance, the meetings discussed among others the impact COVID – 19 will have on revenue collection and the Zambian economy.</p>
<p>5. “Businesses get state relief in wake of COVID-19” (Times of Zambia; Daily Mail; Daily Nation, Tuesday 21st) Government has thrown companies a lifeline, waiving tax penalties and interest on outstanding tax liabilities resulting from the impact of the pandemic, in order to mitigate the impact of the COVID-19 on the Zambian business. Minister of Finance Dr. Bwalya Ng’andu said the Zambia Revenue Authority (ZRA) will provide more details on the relief later.</p>
<p>6. “G20 offer COVID-19 debt relief” (Times of Zambia, Wednesday 22nd) G20 nations have agreed on a plan to relieve the world’s Least Developed Countries (LDCs) of debt payments effective May 1, this year, to aid their anti-coronavirus (COVID-19) campaigns and boost economies. Zambia is primed to be among the 70 LDCs to benefit from the debt relief initiative.</p>
<p>7. “Kwacha to get on SADC Funds Transfer System” (Daily Nation, Monday 27th) The Bank of Zambia (BoZ) is in the process of ensuring that the Kwacha is among the settlement currencies on an electronic cross border funds transfer system for the Southern African Development Community (SADC) region.</p>
<p>8. “ZCCM-Gold fences off Kasenseli” (Times of Zambia, Tuesday 28th) ZCCM Gold Company has injected K45 million for the initial phase of the Kasenseli gold mine project in Mwinilunga of North-Western Province. The capital injection will go towards fencing off the license area to keep away the hordes of illegal miners that have invaded the area since the discovery of the resources last year.</p>

2. Main Economic Statistical Indexes

Economic Index	2019	2020
1. Population (millions)	17.9 (est)	18.4 (est)
2. Population growth rate (%)	2.87 (est)	2.79 (est)
3. Unemployment rate (%)	11.4	11.4
4. Life expectancy (age, M/F)	51.4/54.7 (est)	-
5. GDP (million USD)*1	25,512 (est)	23,403 (est)
6. GDP growth rate (%)	1.52	-3.51 (est)
7. GNI per capita (USD)	1,430	-
8. Inflation rate (%)	7.9 (Dec)	15.7 (Apr)
9. Consumer Price Index (year 2009 =100)	216.99 (Dec)	260.25 (Apr)
10. Balance of trade (million USD)	-438.39	157.97 *2
11. Balance of trade against Japan (million USD)	109.86	-33.36 *3
12. Export (million USD)	9,059.36	1,606.71 *2
13. Export against Japan (million USD)	168.3	56.40 *3
14. Import (million USD)	9,497.75	1448.74 *2
15. Import against Japan (million USD)	58.44	89.76 *3
16. Balance of current account (million USD)	241	-1,170 (est)
17. Outward direct investment (million USD)	5,048	-
18. Inward direct investment (million USD)	25,777	-
19. Gold, Foreign currency reserve (million USD)	1,450	1,073 (Apr)
20. External debt (million USD)	11,300	11,300 (2019)
21. Exchange rate (Kwacha/USD, average)	10.45ZMW	18.59ZMW (Apr)
22. Main policy interest rate (annual rate, %)	9.75 (Nov)	11.50 (Nov, 2019)

*1 GDP at market prices (Current USD)

*2 Accumulated average rate: January-March 2020. 1USD = 15.28ZMW (Bank of Zambia)

*3 Accumulated average rate: January-March 2020. 1USD = 109YEN (Bank of Japan)

<Source> 1, 2, 5, 16, 19: EIU Country Report/3: ILO/4: The World Factbook (CIA) /8, 9, 10, 12, 14: Monthly Bulletin (CSO)/7: World Bank/11, 13, 15: Trade Statistics of Japan (Ministry of Finance Japan) /6, 17, 18: IMF/ 20: Ministry of Finance/21, 22: Bank of Zambia

3. Trade Statistics

• Export

1. Export destination (March 2020)

- 1st: Switzerland 39.9%
- 2nd: China 21.9%
- 3rd: Congo DR 15.0%
- 4th: Singapore 12.5%
- 5th: South Africa 2.6%
- Other destination 8.2%

2. Export products

Copper anodes for electrolytic refining; Copper blister; Rubbies, Sapphires and emeralds, worked but not set; Electro-won copper cathodes; Bullion semi-manufactured forms; and Sulphur of all kinds.

• Import

1. Import destination (March 2020)

- 1st: China 29.4%
- 2nd: South Africa 17.7%
- 3rd: UAE 13.5%
- 4th: India 5.5%
- 5th: Russia 3.6%
- Other destination 30.3%

2. Import products

Petroleum oils and oils obtained from bituminous minerals, Crude; Gas Oils; Sulphur of all kinds (excl. sublimed, precipitated and colloidal sulphur); Motor Spirit; and, Road Tractors for semi-trailers.