

Macro-economics of Zambia (February 2021)

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

1. Monthly News (Economics)

<p>“Minister explains Kwacha depreciation” (Daily Mail, Wednesday 3rd) Minister of Finance Dr. Bwalya Ng’andu said that depreciation of the Kwacha against major convertible currencies like the United States (US) dollar is due to narrow differences between supply and demand on the money market. Dr. Ng’andu also mentioned that from 2011 to 2020, the slowdown in the international economy led to a drop in commodity prices including those for copper, and domestically-induced climate change factors resulted in drought. He said these factors in turn prompted importation of power and food, therefore affecting demand for forex.</p>
<p>“Zambia requests for debt treatment” (Daily Mail, Saturday 6th) Zambia has officially requested for debt treatment under the common framework endorsed by the Group of 20 major economies (G20) and the Paris Club in November last year. The newly adopted common framework for debt treatment beyond the G20 Debt Service Suspension Initiative (DSSI) is designed to facilitate timely and orderly treatment with broad creditor participation for eligible countries.</p>
<p>“Government to domesticate AfCFTA agreement” (Times of Zambia, Tuesday 9th) Minister of Commerce, Trade and Industry Mr. Christopher Yaluma has said that the Government will take steps to facilitate domestication of the African Continental Free Trade Area Agreement (AfCFTA) agreement which Zambia has ratified. Mr. Yaluma said to support the implementation of the agreement, his ministry has put in place a three-year strategy on implementation of the AfCFTA agreement and rolled out a plan of activities to be undertaken in the first year of implementation.</p>
<p>“Lusaka MFEZ targets \$1bn industries” (Times of Zambia, Friday 12th) The Lusaka South Multi-Facility Economic Zone (LS-MFEZ) projects to host over United States (US) \$1billion of operating industries which will result in the creation of 3,000 additional permanent jobs in the next five years. LS-MFEZ acting Managing Director, Mr. Kennedy Mwila said the project shows the ambition to hasten the development of the economic Zone urgently needed to place the country on the manufactured goods export market.</p>
<p>“Clinical trials to start for use of Ivermectin to treat COVID-19” (Daily Nation, Friday 12th) Zambia is to commence clinical trials of ivermectin, an anti-parasitic drug for the treatment and prevention of COVID-19. Ivermectin will only be used in approved clinical trials where participants will be closely monitored and generated evidence shall inform policy on the prevention or treatment of COVID-19; after which members of the public will be informed of the outcomes.</p>
<p>“Japan hails Zambia” (Daily Mail, Friday 19th) Japanese Ambassador to Zambia Ryuta Mizuuchi mentioned that Zambia’s efforts to achieve debt sustainability are commendable and should be supported. Mr. Mizuuchi said this yesterday when he officiated at the reception to mark the 61st birthday anniversary of the Emperor of Japan. And, Minister of Information and Broadcasting Services Ms. Dora Siliya who has attended this occasion said cooperation between Zambia and Japan has potential for expansion to include other sectors such as manufacturing and technological development.</p>
<p>“Zambia, IMF talks reach ‘numerical’ stage” (Daily Nation, Monday 22nd) Government is now exchanging numbers with the International Monetary Fund (IMF) in the on-going virtual meeting for an Extended Credit Facility (ECF). Minister of Finance Dr. Bwalya Ng’andu said that once this stage is done, Government and the IMF would then move to discuss policy issues during the meeting. The on-going virtual meeting will end on March 3, this year.</p>

2. Main Economic Statistical Indexes

Economic Index	2019	2020
1. Population (millions)	17.9 (2019)	-
2. Population growth rate (%)	2.89 (2019)	-
3. Unemployment rate (%)	11.4 (est)	11.4 (est)
4. Life expectancy (age, M/F)	60.5/66.4 (est)	-
5. GDP (million USD)*1	18,909 (est)	19,564 (est)
6. GDP growth rate (%)	-4.2 (est)	1.8 (est)
7. GNI per capita (USD)	1,430 (2019)	-
8. Inflation rate (%)	19.2 (Dec)	22.2 (Feb)
9. Consumer Price Index (year 2009 =100)	289.04 (Dec)	307.32 (Feb)
10. Balance of trade (million USD)	437.54 *2	-
11. Balance of trade against Japan (million USD)	-19.14 *3	-
12. Export (million USD)	822.85 *2	-
13. Export against Japan (million USD)	7.31 *3	-
14. Import (million USD)	385.31 *2	-
15. Import against Japan (million USD)	26.45 *3	-
16. Balance of current account (million USD)	1,673 (est)	-
17. Outward direct investment (million USD)	294 (2019, est)	-
18. Inward direct investment (million USD)	753 (2019, est)	-
19. Gold, Foreign currency reserve (million USD)	1,311 (est)	-
20. External debt (million USD)	13,800 (2019)	-
21. Exchange rate (Kwacha/USD, average)	18.31ZMW	21.59ZMW (Feb)
22. Main policy interest rate (annual rate, %)	8.0 (Nov)	8.5 (Feb)

*1 GDP at market prices (Current USD)

*2 Accumulated average rate: January-January 2021. 1USD = 21.30ZMW (Bank of Zambia)

*3 Accumulated average rate: January-January 2021. 1USD = 104JPY (Bank of Japan)

<Source> 1, 2, 4, 7: World Bank/ 3: ILO/ 5: IMF/ 6, 16, 19, 20: Ministry of Finance/ 8, 9, 10, 12, 14: Central Statistics Office/ 11, 13, 15: Trade Statistics of Japan (Ministry of Finance Japan)/ 17, 18: UNCTAD/ 21, 22: Bank of Zambia

3. Trade Statistics

• Export

1. Export destination (January 2021)

- 1st: Switzerland 42.5%
- 2nd: China 20.5%
- 3rd: Singapore 12.7%
- 4th: Congo DR 8.2%
- 5th: Luxembourg 4.9%
- Other destination 11.2%

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 (January 2021)

- 1st: South Africa 28.1%
- 2nd: China 14.9%
- 3rd: India 8.6%
- 4th: UAE 6.9%
- 5th: Netherlands 3.2%
- Other destination 38.3%

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.