

Macro-economics of Zambia (January 2021)

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

1. Monthly News (Economics)

<p>1. “Embrace hope in 2021” (Daily Mail; Daily Nation; Times of Zambia, Friday 1st) Addressing the nation on New Year’s Eve on Zambia National Broadcasting Corporation (ZNBC), President Edger Lungu stated that the Zambian economy was expected to recover in all sectors in 2021, as the government to restore economic growth and safeguards livelihoods, as well as achieving macroeconomic stabilization and economic diversification.</p>
<p>2. “Petroleum VAT dropped” (Daily Mail, Monday 4th) To help stabilize pump prices and supply of fuel in the country, Minister of Finance Bwalya Ng’andu has issued a statutory instrument (SI) zero-rating value added tax (VAT) on imported petrol and diesel. This means that the 16 percent VAT on fuel has been removed. Dr. Ng’andu issued SI number 125 of 2020 on December 31 and it became effective on January 1, 2021.</p>
<p>3. “Health minister fired” (Daily Mail; Daily Nation; Times of Zambia, Monday 11th) President Edger Lungu has terminated the appointment of Chitalu Chilufya as Minister of Health yesterday. The president has replaced Dr. Chilufya with Jonas Chanda who was Water Development, Sanitation and Environment Protection minister. In addition the president has appointed Raphael Nakachinda, the nominated Member of Parliament to take over from Dr. Chanda.</p>
<p>4. “Schools re-open Feb 1” (Daily Mail; Daily Nation; Times of Zambia, Saturday 16th) Re-opening of schools has been rescheduled from January 18 to February 1 to enable authorities to come up with measures to protect learners from contracting coronavirus. President Lungu is concerned that there is a surge in coronavirus cases at the time schools are supposed to re-open and has heard and considered submissions of various stakeholders on the matter.</p>
<p>5. “Mopani deal done” (Daily Mail, Wednesday 20th) Government through Zambia Consolidated Copper Mines (ZCCM-IH), yesterday completed the 100 percent acquisition of Mopani Copper Mines (MCM) from Carlisa under Glencore, which held 90% shares of MCM. ZCCM-IH is expected to safeguard jobs, boost production and stabilize the mine.</p>
<p>6. “Private hospitals should help” (Daily Mail, Thursday 21st) Minister of Health Jonas Chanda has directed experts in the ministry to rope in private hospitals capable of managing coronavirus cases in order to decongest isolation facilities. Dr. Chanda said yesterday that he knows that some private hospitals meet benchmarks like oxygen availability, enough bed spaces and trained personnel and are capable of managing patients.</p>
<p>7. “IMF rescue talks on” (Daily Mail; Times of Zambia, Saturday 23rd) Zambia has prioritized getting an Extended Credit Facility (ECF) from the International Monetary Fund (IMF) to stabilize the economy and will meet the fund virtually from February 11 to March 3 this year to start negotiations.</p>
<p>8. “Economist says IMF package good for Zambia” (Times of Zambia, Tuesday 26th) Maambo Hamaundu, an economist, said Zambia’s economy was not performing well and that the country needed to have an injection of finances to stir it into the right direction. Mr Hamaundu said IMF would want to put money in a country or economy where there was a realistic chance of recovery which called for commitment and controlled expenditure, maximisation of revenue collection. He added that in the absence of these, the country might not get into the IMF programme.</p>
<p>9. “Govt prioritizes ICT growth” (Times of Zambia, Thursday 28th) According to the Transport and Communications Minister Mr. Mutotwe Kafwaya, government has prioritized the growth of the Information, Communication and Technology (ICT) sector in order for business to thrive. He also mentioned that ICT sector will continue to play a critical role daily under health, Finance and Commerce.</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)	21.5 (Jan)
9. Consumer Price Index (year 2009 =100)	289.04 (Dec)	299.73 (Jan)
10. Balance of trade (million USD)	2629.53 *2	-
11. Balance of trade against Japan (million USD)	-173.71 *3	-
12. Export (million USD)	7920.20 *2	-
13. Export against Japan (million USD)	186.45 *3	-
14. Import (million USD)	5290.67 *2	-
15. Import against Japan (million USD)	360.16 *3	-
16. Balance of current account (million USD)	1,673 (est)	-
17. Outward direct investment (million USD)	294 (2019)	-
18. Inward direct investment (million USD)	753 (2019)	-
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	21.30ZMW (Jan)
22. Main policy interest rate (annual rate, %)	8.0 (Nov)	8.0 (Nov, 2020)

*1 GDP at market prices (Current USD)

*2 Accumulated average rate: January-December 2020. 1USD = 18.31ZMW (Bank of Zambia)

*3 Accumulated average rate: January-December 2020. 1USD = 107.58YEN (Bank of Japan)

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

3. Trade Statistics

• Export

1. Export destination (December 2020)

- 1st: Switzerland 51.4%
- 2nd: China 15.3%
- 3rd: Singapore 11.5%
- 4th: Congo DR 8.9%
- 5th: Luxembourg 3.0%
- Other destination 9.9%

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 (December 2020)

- 1st: South Africa 36.3%
- 2nd: China 11.9%
- 3rd: UAE 10.5%
- 4th: India 5.2%
- 5th: Japan 2.8%
- Other destination 33.3%

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.