

Macro-economics of Zambia (March 2020)

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

1. Monthly News (Economics)

1. "AfDB puts \$1.5m in Zambia's renewable power" (Daily Mail, Thursday 5th)

Government and the African Development Bank (AfDB) have signed a three-year US\$1.5 million agreement to build capacity in local renewable energy projects. The agreement is also meant to support off-grid investments. This is part of the US\$44 million Zambia renewable energy financing framework and will be implemented by the National Designated Authority at the Ministry of National Development Planning, Zanaco and the National Pension Scheme Authority (NAPSA).

2. "Govt, FAO ink deal for 16,000 farmers" (Daily Mail, Friday 6th)

To mitigate effects of climate change, Government and the Food and Agriculture Organization (FAO) have started a small-holder farming system project which will benefit 16,000 people in 27 districts. The project has a special focus on research in agricultural development, farm mechanization, conservation farming and agricultural marketing system.

3. "LS-MFEZ nets \$287m" (Daily Nation; Daily Mail Tuesday 10th)

About US\$287 million worth of investment has been actualized at the Lusaka South Multi- Facility Economic Zone (LS-MFEZ) by both local and international investors. Mr. Kunda further said that the LS-MFEZ had attracted several investors out of which 18 had materialized. From the 18 companies, 10 companies were already operating and producing products which were on the Zambian and regional markets while 8 companies were currently constructing their manufacturing facilities.

4. "Coronavirus affecting Kwacha" (Daily Mail, Saturday 14th)

The Coronavirus is one of the factors that have caused the depreciation of the Kwacha against the dollar and other major currencies, but the Bank of Zambia is taking measures to stabilize it. Vice-President Inonge Wina said to reduce the stress on the Kwacha, central bank has increased statutory reserve ratio and shifted compliance from weekly to daily.

5. "COVID – 19 casts gloomy picture on tax collection" (Daily Nation, Wednesday 18th)

Zambia's tax collection in border posts could decline by as much as US\$7 million on a daily basis should the Coronavirus spike in South Africa. This has potential to spiral inflation from a food and commodity shortage perspective, The Business Telegraph has said.

6. "Coronavirus here" (Daily Mail, Thursday 19th)

Zambia has confirmed the country's first two Coronavirus cases. The two, a Zambian couple, were detected on arrival at Kenneth Kaunda International Airport from France where they had gone for a holiday.

7. "Ensure funding for COVID – 19 contingency plan, Inonge orders" (Times of Zambia, Saturday 21th)

Vice-President Inonge Wina last Friday chaired the emergency National Disaster Management Council Meeting at which she directed the Ministry of Finance to ensure funding for Coronavirus (COVID-19) contingency plan. Ms. Wina said that should include resources required for the completion of isolation facilities.

8. "WB, IMF plead for debtors nations" (Times of Zambia, Thursday 26th)

The World Bank Group and IMF have with immediate effect called on all official bilateral creditors to suspend debt payments from the International Development Association (IDA) countries that request leniency. This has been done to help IDA countries' immediate liquidity needs to tackle challenges posed by the Coronavirus outbreak.

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	25,246 (est)	24,865 (est)
6. GDP growth rate (%)	1.52	-3.51 (est)
7. GNI per capita (USD)	1,430	-
8. Inflation rate (%)	7.9 (Dec)	14.0 (Mar)
9. Consumer Price Index (year 2009 =100)	216.99 (Dec)	254.62 (Mar)
10. Balance of trade (million USD)	-438.39	153.53 *2
11. Balance of trade against Japan (million USD)	109.86	-16.12 *3
12. Export (million USD)	9,059.36	1,114.46*2
13. Export against Japan (million USD)	168.3	36.66 *3
14. Import (million USD)	9,497.75	960.93*2
15. Import against Japan (million USD)	58.44	52.78 *3
16. Balance of current account (million USD)	169 (est)	-1,108 (est)
17. Outward direct investment (million USD)	5,048	-
18. Inward direct investment (million USD)	25,777	-
19. Gold, Foreign currency reserve (million USD)	1,449 (est)	1,413 (est)
20. External debt (million USD)	11,300	11,300 (2019)
21. Exchange rate (Kwacha/USD, average)	10.45ZMW	16.74ZMW(Mar)
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-February 2020. 1USD = 14.54ZMW (Bank of Zambia)

*3 Accumulated average rate: January-February 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 (February 2020)

- 1st: Switzerland 40.0%
- 2nd: China 23.5%
- 3rd: Congo DR 14.6%,
- 4th: Singapore 10.9%
- 5th: South Africa 2.7%
- Other destination 8.4%

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 (February 2020)

- 1st: China 28.4%
- 2nd: South Africa 25.2%
- 3rd: UAE 13.6%
- 4th: India 5.1%,
- 5th: Tanzania 2.9%
- Other destination 24.7%

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.