

Macro-economics of Zambia (August 2021)

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

1. Monthly News (Economics)

<p>1. "Lusaka South MFEZ gets \$76m investment" (Times of Zambia, Wednesday 4th) The Lusaka South Multi-Facility Economic Zone (LSMFEZ) has recorded a total investment of US\$76.7 million by the end of the second quarter, representing 76.7 percent of annual target. In quarter one, LSMFEZ actualized \$16.7 million, with \$60 million being actualized in quarter two, bringing the total investment to \$76.7 million.</p>
<p>2. "Ndola will fly again" (Times of Zambia, Friday 6th) President Edgar Lungu has said that the Government is committed to taking Ndola back to its glory days when it was an industrial hub of Zambia. The President said this yesterday when he commissioned the new Simon Mwansa Kapwepwe International Airport.</p>
<p>3. "Zambia Airways takes to the sky Sept. 30" (Times of Zambia, Tuesday 10th) Zambia Airways Limited will launch its first flight on September 30, servicing five routes. The airline will service Ndola, Livingstone and Solwezi on its domestic routes and Johannesburg and Harare in the region. The airline was initially supposed to be launched on October 24th 2018, but was delayed due to a number of issues.</p>
<p>4. "Billion IMF dollars to flow" (Daily Mail; Daily Nation; Times of Zambia, Wednesday 11th) The International Monetary Fund (IMF) has approved a special general allocation of drawing rights to Zambia equivalent to US\$1.3 billion from the global financial institution's US\$650 billion for eligible member countries. The decision will become effective on August 23 this year, doubles Zambia's foreign exchange reserves.</p>
<p>5. "Hakainde Hichilema wins on August 12 general election with landslide" (Daily Mail; Daily Nation, Monday 16th) Economist Hakainde Hichilema of the United Party for National Development (UPND) has come out victorious in the August 12th general election after beating the incumbent President Edgar Lungu of the Patriotic Front (PF). Mr. Hichilema has been elected as the 7th President of the Republic of Zambia.</p>
<p>6. "Kwacha conquers world" (Daily Mail, Saturday 21st) The Kwacha yesterday continued its positive run trading at K16 against the United States Dollar following increased inflows from various market players who are leaving their dollar positions in anticipation of a stronger local currency. The local unit is projected to appreciate further following the successful hosting of the August 12 general election that saw opposition leader Hakainde Hichilema become head of State.</p>
<p>7. "Japan pledges support to new administration" (Daily Mail, Saturday 21st) Japan has pledged continued support to Zambia's development agenda which will be spearheaded by President-elect Hakainde Hichilema. Mr. Hichilema is scheduled to take oath of office on Tuesday, 24th August, 2021. Japanese Ambassador to Zambia Mizuuchi Ryuta says Japan is hopeful of a fruitful working relationship with Mr. Hichilema's administration yesterday.</p>
<p>8. "HH pledges to stabilize shaky finances" (Times of Zambia, Wednesday 25th) Zambia's new President Hakainde Hichilema has pledged, in his presidential inauguration address yesterday, to rein in public debt and budget deficit, while restoring the nation's credibility, following a default on its foreign loans.</p>
<p>9. "Inflation rate in marginal drop" (Daily Mail; Daily Nation; Times of Zambia, Friday 27th) The inflation rate has dropped to 24.4 percent in August from 24.6 percent in the previous month. Zambia Statistics Agency Statistician General Mr. Mulenga Musepa said the annual non-food inflation rate reduced from 17 percent to 16 percent due to price decrease in buying of vehicles. However, he also said the annual food inflation rate increased from 31.2 percent to 31.6 percent due to the increase in price of meat, fruits, among others.</p>
<p>10. "New Government plans to double copper output" (Daily Nation, Monday 30th) New Government targets to increase Copper production from 800,000 metric tons to two million tons per annum to create jobs and increase revenue for the state to make Zambia the next Malaysia and Singapore, Finance Minister Situmbeko Musokotwane has said.</p>
<p>11. "Zambia records positives in COVID fight" (Daily Mail, Tuesday 31st) Ministry of Health Permanent Secretary for Technical services Dr. Kennedy Malama said that Zambia has recorded the lowest COVID-19 positivity rate at two percent after confirming 94 new cases out of 4,282 tests. He advised the people not to relent in adhering to set preventive measures to help eliminate the novel virus.</p>

2. Main Economic Statistical Indexes

Economic Index	2020	2021
1. Population (millions)	17.89	-
2. Population growth rate (%)	2.89	-
3. Unemployment rate (%)	12.2	-
4. Life expectancy (age, M/F)	60.8/66.9 (2019)	-
5. GDP (million USD)*1	18,529 (est)	18,955 (est)
6. GDP growth rate (%)	-4.2 (est)	1.8 (est)
7. GNI per capita (USD)	1,190	-
8. Inflation rate (%)	19.2 (Dec)	24.4 (Aug)
9. Consumer Price Index (year 2009 =100)	289.04 (Dec)	332.35 (Aug)
10. Balance of trade (million USD)	2629.53	2362.31 *2
11. Balance of trade against Japan (million USD)	-173.71	-200.02 *3
12. Export (million USD)	7920.20	6067.36 *2
13. Export against Japan (million USD)	186.45	125.14 *3
14. Import (million USD)	5290.67	3705.05 *2
15. Import against Japan (million USD)	360.16	325.16 *3
16. Balance of current account (million USD)	1,673 (est)	-
17. Outward direct investment (million USD)	133	-
18. Inward direct investment (million USD)	234	-
19. Gold, Foreign currency reserve (million USD)	2,900 (est)	-
20. External public debt (excl. publicly guaranteed debt, million USD)	12,740	-
21. Exchange rate (Kwacha/USD, average)	18.31ZMW	18.07ZMW (Aug)
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-July 2021. 1USD = 21.97ZMW (Bank of Zambia)

*3 Accumulated average rate: January-July 2021. 1USD = 106JPY (Bank of Japan)

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

3. Trade Statistics

• Export

1. Export destination (July 2021)

- 1st: Switzerland 37.9%
- 2nd: Singapore 18.8%
- 3rd: China 14.4%
- 4th: Congo DR 10.1%
- 5th: South Africa 2.7%
- Other destination 16.1%

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 (July 2021)

- 1st: South Africa 28.6%
- 2nd: China 10.7%
- 3rd: Japan 8.7%
- 4th: India 7.7%
- 5th: UAE 6.9%
- Other destination 37.4%

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.