

Zambia



Zambia officially the **Republic of Zambia** is a landlocked country at the crossroads of Central, Southern and East Africa.^[10] Its neighbors are the Democratic Republic of the Congo to the north, Tanzania to the north-east, Malawi to the east, Mozambique to the southeast, Zimbabwe and Botswana to the south, Namibia to the southwest, and Angola to the west. The capital city of Zambia is Lusaka, located in the south-central part of Zambia. The population is concentrated mainly around Lusaka in the south and the Copperbelt Province to the north, the core economic hubs of the country.

On 24 October 1964, Zambia became independent of the United Kingdom and prime minister Kenneth Kaunda became the inaugural president. Kaunda's socialist United National Independence Party (UNIP) maintained power from 1964 until 1991. Kaunda played a key role in regional diplomacy, cooperating closely with the United States in search of solutions to conflicts in Southern Rhodesia (Zimbabwe), Angola, and Namibia.^[12] From 1972 to 1991 Zambia was a one-party state with UNIP as the sole legal political party under the motto "One Zambia, One Nation" coined by Kaunda. Kaunda was succeeded by Frederick Chiluba of the social-democratic Movement for Multi-Party Democracy in 1991, beginning a period of social-economic growth and government decentralisation. Zambia has since become a multi-party state and has experienced several peaceful transitions of power.

In the 2021 general elections, characterised by a 70% voter turnout, Hakainde Hichilema won 59% of the vote, with his closest rival, incumbent president Edgar Chagwa Lungu, receiving 39% of the vote. On 16 August Edgar Lungu conceded in a TV statement, sending a letter and congratulating president-elect Hakainde Hichilema.

Zambia contains abundant natural resources, including minerals, wildlife, forestry, freshwater and arable land.^[13] In 2010, the World Bank named Zambia one of the world's fastest economically reformed countries.^[14] The Common Market for Eastern and Southern Africa (COMESA) is headquartered in Lusaka.

Recent macroeconomic and financial developments

The economy of Zambia fell into a deep recession due the adverse impact of the COVID-19 pandemic. Real GDP contracted by an estimated 4.9% in 2020, after

growing by 4.0% in 2018 and 1.9% in 2019. The output contraction is the result of an unprecedented deterioration in all the key sectors of the economy. Manufacturing output fell sharply as supply chains were disrupted, while the service and tourism sectors were hurt as private consumption and investment weakened due to measures taken to contain the spread of COVID-19. Mining output, which declined initially due to falling global demand for copper, is recovering amidst production disruptions in South America. Sustained commodity price increases beyond the current forecast could lead to lower economic contraction. Even before the pandemic, the economy was experiencing serious macroeconomic challenges, such as high inflation, widening fiscal deficits, unsustainable debt levels, low international reserves, and tight liquidity conditions. Price levels and the financial sector have not stabilized, despite government efforts to deploy monetary easing in 2019 and 2020. Inflation has been rising, mainly driven by the pass-through effects of the depreciation of the kwacha and elevated food and transport prices. Following the outbreak of COVID-19, inflation rose to 17.4% in 2020 and is projected to remain above the target range of 6%–8% in 2021. The external position also worsened in 2020, with dwindling reserves (averaging 1.6 months import cover), and will remain depressed in 2021 due to copper price and output fluctuations, rising public debt payments, and elevated nonoil imports. The government's pursuit of expansionary fiscal policy for public investments, despite falling revenues, has resulted in widening fiscal deficits (8.3% of GDP in 2019 and 11% of GDP in 2020). The expansionary fiscal policy, mainly financed by external and local borrowing, caused Zambia's public and publicly guaranteed debt to hit 91.6% of GDP in 2019 and 104% in 2020. It will remain elevated in the medium term.

Outlook and risks

The economy is projected to grow by 1.0% in 2021 and 2.0% in 2022, underpinned by recovery in the mining, tourism, and manufacturing sectors. The recovery in international demand and copper prices are positive developments, while a reduction in COVID-19 cases will boost activity both in manufacturing and tourism. However, the economy faces substantial risks that a second wave of the pandemic will impede global economic recovery and stifle demand for copper. A second wave could also undermine the revival of such critical sectors as tourism and manufacturing. Failure to effectively implement the Economic Recovery Programme, which is intended to resolve most of the critical economic constraints—such as debt sustainability and stabilization of the macroeconomic environment—could also pose a high risk to Zambia's economy. In the banking sector, the ratio of non-performing loans is expected to increase and contribute to a drying up of bank liquidity, dampening private sector activity. Against this backdrop, poverty is expected to increase due to significant job losses in the service sector (on average, 30.6%), manufacturing (39%), personal services (39%), and tourism (70%).

Bilateral trade between Greece and Zambia

Product: TOTAL All products

Unit : Euro thousand

Product label	Greece's exports to Zambia		
	Value in 2018	Value in 2019	Value in 2020
All products	3605	1685	1163
Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	176	750	597
Articles of iron or steel	21	220	181
Miscellaneous chemical products	31	155	103
Aluminium and articles thereof	1195	380	60
Miscellaneous articles of base metal	64	7	49
Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ...	124	73	43
Plastics and articles thereof	119	2	38
Preparations of meat, of fish or of crustaceans, molluscs or other aquatic invertebrates	0	4	16
Rubber and articles thereof	1784	12	15
Pharmaceutical products	21	28	14
Other made-up textile articles; sets; worn clothing and worn textile articles; rags	14	1	11

- Sources: African Economic Outlook (AEO) 2021
- African Development Bank
- Trade map; Trade statistics for international business development