

MINISTERIAL STATEMENT
ON THE
COUNTRY'S ECONOMIC STATUS REPORT
BY THE
HON. MINISTER OF FINANCE AND NATIONAL PLANNING (DR
MUSOKOTWANE), MP

Madam Speaker, I thank you for according me this opportunity to provide a status report on the economy. In a sense, I am providing an inception report upon which a baseline is being established. The United Party for National Development (UPND) Administration will build on it and push forward.

Madam Speaker, going forward, as part of the reforms that the country needs to undertake, I think we should institutionalise the practice of an outgoing administration stating the status of the economy as they leave and an incoming administration also indicating what they have found. It is a practice found in many countries. A practice of that nature requires that the data set for making the report be comprehensive and accurate. This needs to be built up with time because currently the data sets are not adequate in some critical areas. A good example of that is employment data.

Madam Speaker, my presentation this afternoon will highlight the macroeconomic economic situation as we found it, subject of course to data availability. I will also give some broad indications of the drive forward on the economy by the UPND administration.

Madam Speaker, here is a summary of what I am going to state. Our economy is faced with a number of challenges. Growth has been sluggish, fiscal deficits have been persistently high and debt is unsustainable. Inflation is in double digits, the exchange rate has been volatile and interest rates have remained high. The combination of these challenges has brought about sufferings among the people, hence the decision they took to change the Government.

Madam Speaker, this administration stands by its campaign promises to reverse the sufferings and improve the lives of the people. It is impossible to move away from the promises because then it would have been purposeless to seek to govern this great republic.

Madam Speaker, I start my remarks by saying something about the growth of the economy, as measured by the changes in the Gross Domestic Product (GDP) from year to year. This is one of the critical measures of the economy and it provides a quick view of the tempo of the economy. It is one of those measurements of the economy which is akin to that of a farmer measuring the yield in his farm in a particular year.

Madam, it is desirable that an economy must grow at all times. In simple terms, this means that the production of goods and services must increase from one period to the next. In practical terms, farming produce must be higher than it was in the previous period.

Madam Speaker, the same must happen in other goods and services such as mining output, manufacturing, tourism and so on and so forth. It is this expansion in the production that increases the number of jobs, creates other business opportunities, generates money in the economy and increases the taxes paid so that our Government can spend more to support education and other social services.

Madam Speaker, over the decade up to 2021, the average growth in the national economy has been significantly lower than the growth in the decade before. It is for this reason that on average most citizens are poorer than they were ten years ago. Of course, some may be richer due to different explanations, but these are in the minority.

Madam Speaker, in 2020, the economy contracted by 2.8 per cent, meaning the production of goods and services became smaller than the levels attained in 2019. The contraction was on account of negative growth in manufacturing, wholesale and retail trade, construction and tourism sectors, largely due to supply chain disruptions and a fall in demand.

Madam Speaker, regarding the significant economic decline of 2020, two major factors were at play. The first was the Coronavirus Disease-2019 (COVID-19) pandemic. The second factor, and perhaps most serious, was the blowing up of the debt crisis. Huge payments of external debt drained money out of the economy, leading to closure of many businesses due to absence of demand. You see it when you visit our shopping malls.

Madam Speaker, thirty to forty years ago, these countries were poorer than Zambia, but today they have advanced so much. It is hard to believe that the iPad we use in this Parliament are manufactured in the same Vietnam, which thirty or forty years was bombed to dust. Colleagues, we can do that same and deliberate our nation from poverty and shame.

Madam, towards the month-end, I shall be coming to this august House on the instruction of His Excellency the President and the Government to present the 2022 Budget. In that budget, the first steps in this ambitious transformation journey will start. Those will be the first steps, but they will be defining steps of a journey of no return to poverty, but one to prosperity for all.

Madam Speaker, I thank you.
