



ZAMBIA'S MINING SECTOR-KEEPING THE LIGHTS ON IN THE "NEW NORMAL".

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PRESS STATEMENT

FOR IMMEDIATE RELEASE

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The COVID-19 pandemic has disrupted industrial and economic output in countries and regions around the globe with each industry facing unique characteristics that present novel challenges in the context of the pandemic. Zambia's mining industry which is considered an ancient and global industry with origins that date back to the foundations of civilization and has had positive impact on economic development throughout history has not been spared.

Zambia's mining industry in the context of COVID-19 is now faced with many significant challenges, many of which we've never seen. The prevailing conditions have made it difficult for mining companies to dial up capacity while managing the risks of pandemic in the wake of declining commodity prices triggered by sudden economic stoppages in several regions around the world. This drop in prices has affected operational margins for players in the industry with some being pushed into negative cash flows. While it can be argued that price volatility is familiar to the mining industry, the steps taken in managing it in each context pose a challenge for industry players that must be tackled by building consensus from all stakeholders.

PMRC therefore welcomes Government's decision to constitute a team of cabinet ministers, technical experts and trade unionists to look at the sustainability of the mining sector during and beyond COVID-19. While protection and sustainability of mining sector jobs is vital the team needs to ensure that the following measures are strongly considered;

- Immediate focus must be placed on the protection of health and safety of employees while striving to keep mines functioning as effectively as possible. This can be achieved through the deployment of crisis response units for critical decision making and to monitor financial health of the mines to maintain cash flows in efforts to ensure continuity in operations and supply chains. **Government is urged to mitigate risks to disruption by instituting early warning mechanisms and implementing measures to protect industry cash flows by deferring tax obligations, considering extension of deadlines and suspension of tax measures that have potential to stall mining and supply chain operations.**
- As easing of restrictions around the world is rolled out, Government is urged to prioritize and maintain safety and well-being of employees in the face of possible COVID-19 risks. Timing of the sector's recovery period is likely to vary across the globe and there's need plan how this will affect operations and business processes with the possibility of restricted travel. **Government**

is urged to institute a fiscal regime that will respond to the prevailing times and attract greater investment to spur a quick rebound. Government is further urged to ensure minimal disruptions to the supply chain especially critical supplies and consumables that keep the mining sector functional.

- The effects of the pandemic may inflict changes that in some cases maybe permanent (“The New Normal”). It is therefore important for industry players to re-think strategies around commodity demand and pricing, work space layout, social distancing and response to future crises. Given the economic impacts of the crisis mining sector players are urged to prioritise local suppliers while establishing a fair balance with international suppliers.

Like many industries with big challenges to future growth, **change is being driven in mining by technology, innovations, better processes, social demands and even new opportunities.** The unprecedented impact and scale of the COVID-19 pandemic has negatively affected many world over and disrupted livelihoods. The situation continues to be dynamic and calls for rapid solutions and effective monitoring. **Government is urged to consider the immediate priorities and forecast the future of the mining industry and its evolution. This is one sure way to designing smart strategies to gain competitive advantage and staying ahead.**

As we dust off our challenges with masks on and examine what the future holds for the mining industry we need to embrace the “new normal” and accelerate efforts to make operational employment in the mining sector safer and sustainable to support Zambia’s Economic Development Agenda.

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