



Macro-economics of Zambia, May 2015

Monthly News (Economics)

Main Economic Statistical Indexes	2014	2015
1. Population (millions)	15.0 (est)	15.5 (proj)
2. Population growth rate (%)	2.8 (est)	3.3 (est)
3. Unemployment rate (%)	7.8 (2012)	7.8 (2012)
4. Life Expectancy (age) [M= male, F= female]	49.2(M)/53.4(F)	49.2(M)/53.4(F)
5. Real GDP (million USD)	-	-
6. Nominal GDP (million USD)	26,758(est)	28,567(proj)
7. GDP growth rate (%)	6.0	5.5 (proj)
8. GNI per capita (USD)	1,358*1 (2012)	1,358*1 (2012)
9. Inflation rate (%)	7.9	6.9
10. Consumer Price Index (year 2009 =100)	141.51	150.62
11. Balance of trade (million USD)	145.19 *2	-97.05 (Apr)*2
12. Balance of trade against Japan (million USD)	-64.65 *5	-3.37 (Apr)*3
13. Export (million USD)*3	9,696.20	519.30(Apr)*2
14. Export against Japan (million USD)	36.84 *5	2.01 (Apr)*3
15. Import (million USD)*3	9,551.01	616.35(Apr)*2
16. Import against Japan (million USD)	101.49 *5	5.38 (Apr)*3
17. Balance of current account (million USD)	-1,250 (2013)	-
18. Outward direct investment (million USD)	181 (2013)	-
19. Inward direct investment (million USD)	1,811 (2013)	-
20. Gold, Foreign currency reserve (million USD)	3,040(Sept)	3,040(Sep 2014)
21. External Debt (million USD)	4,700 (Dec)	4,700 (Dec 2014)
22. Exchange rate (Kwacha/ USD, average)	6.15ZMW *4	7.26ZMW*4
23. Main policy interest rate (annual rate %)	11.56	12.50

*Figures are rounded off to two decimal places. *est = estimated, proj = projected

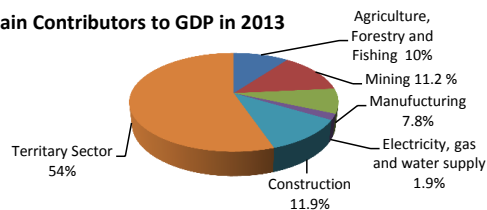
*1	GNI per capita based on purchasing power parity (PPP).
*2	1USD = 7.39 ZMW (Bank of Zambia rate, April 2015 average)
*3	1USD = 119YEN (Bank of Japan rate, April 2015 average)
*4	The Zambia Kwacha has been re-denominated since 1st January, 2013. 1,000 ZMK (pre-rebasing Kwacha) = 1 ZMW (rebased).
*5	Based on 1USD = 106 YEN (Bank of Japan rate, 2014 average)
	Main export products [April 2015]: Copper blister, Cathodes & Sections of Cathodes of refined Copper, Sulphuric acid, oleum in bulk, Electrical Energy, Cotton
	Five (5) Main trade partners(export) [April 2015]: Switzerland 34.1%, China 22.7%, Singapore 11.1%, South Africa 8.7%, Democratic Republic of the Congo 7.2%, and Other destinations 16.1%.
	Main import products [April 2015]: Mineral or chemical fertilizers, nitrogenous, nes, Generating sets, Gas oils, Prefabricated buildings, Towers and lattice masts of iron or steel.
	Five (5) Main trade partners(import) [April 2015]: South Africa 38.2%, Democratic Republic of the Congo 9.1%, Kenya 9.1%, China 8.3%, India 5.5%, and Other sources 29.7%.
<Source>	
1.-2., 5.-7.: Country Report May 2015 (EIU), May 2015 Monthly Bulletin (CSO), The World Factbook(CIA) / 3.: Zambia Labour Force Survey Report, 2012 (CSO&Ministry of Labour and Social Security) / 4.: Census 2010 / 8.: UNDP Human Development Report / 9.-11., 13., 15.: Monthly Bulletin (CSO) / 12., 14., 16.: Trade Statistics of Japan (Ministry of Finance) / 17., 20.-21.: Bank of Zambia, Ministry of Finance, The World Factbook (CIA) / 18.-19.: UNCTAD / 22.-23.: Bank of Zambia	

Mining Sector Taxes (Source: ZRA, ZEITI)

- Value Added Tax (VAT): 16%
- Corporate Income Tax : 30 %
- Mineral Royalty tax:
 - Underground mining 8%
 - Open Cast mining 20%
- Customs & Excise Duty: The rate of duty varies per commodity from 0% to 25%.
 - Mining capital equipment are taxed at 0% duty (duty free)
 - Export levy on concentrates is charged at 15%
- Withholding Tax: 15%.

Note: A holder of a mining right is exempt from customs, excise and VAT duties in respect of the all machinery and equipment required for exploration or mining activities.

The Main Contributors to GDP in 2013



(Source: Data extracted from Central Statistical Office)

1. "Debt report urges prudent policies" (Times, 7th)

The latest Zambia Debt Sustainability Analysis report for 2014 has called for continued improvement of policies and public institutions to enhance Zambia's fiscal credibility. The report recommended that the borrowed resources should continue to be utilised in sectors that are critical to the growth of the economy to ensure increased capacity to carry debt.

2. "State reviews mining growth projections" (Daily Mail, 7th)

Minister of Mines, Energy and Water Development Christopher Yaluma said the mining industry is highly competitive as evidenced by the recent growth levels of copper production in the Democratic Republic of Congo, hence the need to review the industry every five to 10 years. He was speaking to journalists at the just ended mining expo in Kitwe yesterday.

3. "Foreign firm to inject US\$71m in mining" (Daily Mail, 12th)

Intrepid Mines Limited, an Australian-based company is this year expected to inject over US\$70 million in an underground copper mine at Kitumba in Mumbwa. Association of Zambian Exploration Companies (AZEC) president, Mr. Geoffrey Mulenga said that following a merger with Blackthorn Resources last year (2014), the firm brought to the table US\$71 million which will be used for feasibility studies and further drilling around the mine resource. The mine's lifespan is estimated at 11 years and anticipates to produce 58,000 metric tonnes of copper annually.

4. "Fuel prices go up" (Times, 13th)

The Energy Regulation Board (ERB) has adjusted fuel prices upwards by an average of K1 owing to the depreciation of the local currency against the United States (US) Dollar. Effective last midnight, petrol is now costing K8.74 per litre from K7.60 per litre representing an increase of K1.14 while diesel is now fetching K7.59 per litre from K6.59 per liter which is an upward adjustment of K1.

5. "Maize output forecast to reduce" (Times, 15th)

Maize production is forecast to reduce this season compared to last year, but the national food balance for the 2015-2016 marketing season shows that the country has sufficient stocks for human consumption and industrial use. The country project to record a decline in maize production in the 2014-2015 marketing season by 21.86 percent from 3,350,671 in the 2013-2014 to 2,618,221 tonnes this year.

6. "3 foreign mining firms eye Zambia" (Daily Mail, 20th)

Three mining firms based in South Africa and United States of America have expressed interest to set up base in Zambia following the recent Copper-belt mining expo in Kitwe. Flanders, a privately-owned US-based company, with innovative design and automation systems, South African Jet Demolition Private Limited, which specializes in controlled explosives and mechanics and Saacosh, leaders in safety strategy and innovation have all indicated plans to invest in Zambia.

7. "Invest in renewable energy" (Daily Mail, 20th)

Deputy minister of Mines, Energy and Water Development Charles Zulu has called for more investment in renewable energy to cushion the power deficit that the country is experiencing. He said Government wants to promote renewable energy in view of the unpredictable rainfall pattern that has reduced water levels at Kariba North Bank.

8. "Zambia's economy thriving-experts" (Daily Mail, 27th)

The 2015 African Economic Outlook (AEO) report, which is an international collaboration between the African Development Bank (AfDB), the Organization for Economic Co-operation and Development (OECD) and the United Nations Development Programme (UNDP), says the economy remains strong with growth expected to increase above six per cent in 2015/16 after a decline in gross domestic product growth from 6.7 per cent in 2013 to 5.7 per cent, mainly due to waning copper production.

9. "IMF advises Zambia" (Times, 27th)

Zambia needs to address infrastructure gaps, strengthen project selection procedure and prioritise capital spending to cushion debt shocks, the International Monetary Fund (IMF) advised. The IMF additionally implored the Government to develop a comprehensive debt management strategy that will help address public debt vulnerabilities. IMF executive directors said this in a statement, when they concluded the 2015 Article IV consultations with Zambia.

10. "Inflation rate drops to 6.9%" (Times, 29th)

Zambia's inflation rate for this month drastically dropped to 6.9 per cent from last month's pegging of 7.2 per cent showing a reduction of 0.3 per cent, the Central Statistical Office (CSO) has said. This is the first time the monthly rate of inflation has slowed to levels less than seven per cent in the last one year. The decrease in the inflation rate was due to a reduction in prices of mainly motor vehicles and airfares.