



# Macro-economics of Zambia, July 2015

Main Economic Statistical Indexes		2014	2015
1.	Population (millions)	15.0 (est)	15.5 (proj)
2.	Population growth rate (%)	2.88 (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	7.1 (Jul)
10.	Consumer Price Index (year 2009 =100)	141.51	152.64(Jul)
11.	Balance of trade (million USD)	145.19 *2	-176.43 (Jun)*2
12.	Balance of trade against Japan (million USD)	-64.65 *5	-2.88 (Jun)*3
13.	Export (million USD)*3	9,696.20	552.91(Jun)*2
14.	Export against Japan (million USD)	36.84 *5	3.83 (Jun)*3
15.	Import (million USD)*3	9,551.01	729.33(Jun)*2
16.	Import against Japan (million USD)	101.49 *5	6.71 (Jun)*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	7.67ZMW*4
23.	Main policy interest rate (annual rate %)	11.56	12.50

## Monthly News (Economics)

### 1. "Govt. to import power" (Times, 3rd)

Government will import electricity and seek other sources of energy to mitigate the current power deficit in the country. The power import would range from 150 to 200 Megawatts (MW). Mines, Energy and Water Development Minister said this in a ministerial statement in Parliament yesterday.

### 2. "Emerald output rises" (Times, 6th)

Significant increase has been recorded in the production of emeralds over the past three years, Parliament has heard. Mines, Energy and Water Development Deputy Minister Richard Musukwa said the production of emeralds grew from 28.97 tonnes in 2012 to 34.34 tonnes in 2014 with the Government earning substantial profit through mineral tax.

### 3. "Copper output to drop" (Times, 13th)

Copper production will drastically decrease in the next four months due to the power deficit which has forced Zesco to reduce supply to the mines by 30 per cent. This is according to Energy and Water Development Deputy Minister Charles Zulu.

### 4. "Fuel prices go up" (Times, 14th)

The Energy Regulation Board (ERB) announced the increase in a statement released last evening. The new price of petrol is now K9.87 from K8.74, while that of diesel has gone up to K8.59 from K7.59, with the cost of kerosene going up by 72 ngwee to K6.12, effective midnight of 13<sup>th</sup> July 2015.

### 5. "Zambia, Mauritius ink trade deal" (Daily Mail, 15th)

Zambia has signed a 10-year investment promotion and protection agreement with Mauritius to boost trade between the two countries.

### 6. "CEC to reduce power supply to mines by 30%" (Post, 16th)

Copperbelt Energy Corporation says it will reduce electricity supply to Copper belt mines by 30 per cent in view of the current power challenges the country is facing. CEC Managing Director Owen Silawe said CEC would only make available to the mines between 360 to 400 megawatts per day, down from 500 megawatts it normally supplies.

### 7. "Indeni shuts down after processing wrong feed" (Post, 17th)

Indeni Oil Refinery has shut down as key installations got damaged due to faulty crude procured by the Government, according to sources at the Department of Energy. The sources said the fault on key installations at Indeni forced the Government to import finished petroleum products, causing a hike in pump prices of fuel.

### 8. "Kariba Dam rehab commences" (Daily Mail, 21st)

The Zambezi River Authority (ZRA) has started the rehabilitation of the Kariba Dam at a cost of US\$290 million for continued safe operations and electricity supply in the Southern African region.

### 9. "Develop solar power - Lungu" (Daily Mail, 22nd)

President Edgar Lungu has directed the Industrial Development Corporation (IDC) Zambia to quickly develop at least 600 megawatts of solar power to help mitigate the country's electricity shortage.

### 10. "Zambia successfully issues US\$1.25 billion Eurobond" (Post, 24th)

Zambia on Thursday successfully issued the targeted amount of US\$1.25 billion Eurobond for infrastructure development. The Eurobond, with a coupon rate of 8.97 per cent, has an eleven-year average life with repayments in 2025, 2026 and 2027.

### 11. "Indeni shuts again" (Post, 24th)

Indeni Petroleum Refinery shut down again on Petroleum on Tuesday evening, the third time in as many weeks, as key transmission pipes burst on corrosion from highly acidic crude imported by the Ministry Energy.

### 12. "ZDA to review Act" (Times, 28th)

The Zambia Development Agency (ZDA) says it is in the process of reviewing its Act to make Zambia a more attractive investment destination. ZDA director general Patrick Chisanga said the ZDA Act was being reviewed in consultation with all stakeholders particularly the private sector.

### 13. "Zambia's investment pledges drop" (Times, 29th)

Zambia's investment pledges have declined to US \$1.1 billion in the first half of this year from the \$3.6 billion recorded last year over the same period, the Zambia Development Agency (ZDA) has said. ZDA director general Patrick Chisanga said that the decline has been due to the January 20 presidential by-elections following the death of President Michael Sata during a press briefing in Lusaka yesterday.

### 14. "State creates Eurobond repayment fund" (Daily Mail, 29th)

Government has established a sinking fund for the repayment of two sovereign Eurobonds. Chief government spokesperson Chishimba Kambwili said that Cabinet on Monday approved in principle the establishment of a sinking fund for the repayment at maturity of the US\$750 million and the US\$ 1 billion bonds in 2022 and 2024, respectively. The fund is expected to run over nine years.

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

*1	GNI per capita based on purchasing power parity (PPP).
*2	1USD = 7.33 ZMW (Bank of Zambia rate, June 2015 average)
*3	1USD = 120YEN (Bank of Japan rate, June 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 [June 2015]: Cathodes & Sections of Cathodes of refined Copper, Copper Blisters, Tobacco, Sulphuric acid, Raw Cane sugar.	
Five (5) Main trade partners(export) [June 2015]: Switzerland 43.5%, China 13.2%, South Africa 8.9%, Singapore 7.3%, Democratic Republic of the Congo 6.8%, and Other destinations 20.2%	
Main import products [June 2015]: Gas oils, Dumpers for off-highway use, Motor Spirits, petroleum oils and oils obtained from bituminous minerals, Ammonium dihydrogen orthophosphate, copper oxide and hydroxides.	
Five (5) Main trade partners(import) [June 2015]: South Africa 31.4%, Democratic Republic of the Congo 10.1%, China 9.0%, Kuwait 8.8%, Kenya 6.7%, and Other sources 34.0%.	
<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 6%
    - Open Cast mining 9%
  - 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.

