



## Macro-economics of Zambia, September 2017

Main Economic Statistical Indexes		2016	2017
1.	Population (millions)	16.21(2015)	-
2.	Population growth rate (%)	3.11 (2015)	-
3.	Unemployment rate (%)	7.4(2014)	11.9(Q1)
4.	Life Expectancy (age) [M= male, F= female]	50.5(M)/53.8(F)	-
5.	GDP (million USD)*1	21,154(2015)	-
6.	GDP growth rate (%)	2.9(est)	4.0(proj)
7.	GNI per capita (USD)	1,490(2015)	-
8.	Inflation rate (%)	18.2	6.6(Sept)
9.	Consumer Price Index (year 2009 =100)	183.66	196.33(Sept)
10.	Balance of trade (million USD)	325.0(est)	-211.19*2
11.	Balance of trade against Japan (million USD)	-22.90*4	97.70*3
12.	Export (million USD)	7,036.0	5,260.15*2
13.	Export against Japan (million USD)	24.13*4	132.86*3
14.	Import (million USD)	6,710.0	5,471.34*2
15.	Import against Japan (million USD)	47.03*4	35.16*3
16.	Balance of current account (million USD)	-932	-
17.	Outward direct investment (million USD)	-283 (2015)	-
18.	Inward direct investment (million USD)	1,653(2015)	-
19.	Gold, Foreign currency reserve (million USD)	2,195(est)	2,430(Jun)
20.	External Debt (million USD)	6,900 (Dec)	7,560 (August)
21.	Exchange rate (Kwacha/ USD, average)	9.81ZMW/ (end-period)	9.39ZMW(Sept)
22.	Main policy interest rate (annual rate %)	13.0	11.0

\*Figures are rounded off to two decimal places. \*est = estimated, proj = projected, Q1 = First Quarter

*1	GDP at market prices (Current USD)
*2	Accumulated average rate from January to August, 2017. 1USD = 9.40ZMW (Bank of Zambia rate, average from January to August, 2017)
*3	Accumulated average rate from January to August, 2017. 1USD =112YEN (Bank of Japan rate, average from January to August, 2017)
Main export products [August 2017]: Copper anodes for electrolytic refining, Copper blister, Cathodes of refined copper, Cobalt oxides and hydroxides, Cane sugar.	
Five (5) Main trade partners(export) [August 2017]: Switzerland 41.2%, China 16.5%, South Africa 10.8%, Congo DR 6.9%, Singapore 4.3%, and Other destinations 20.3% .	
Main import products [August 2017]: Cobalt oxides and hydroxides, Copper concentrates, Petroleum oils and oils obtained from bituminous minerals, Gas oils, Motor spirit, vehicles (diesel engines) for transport of goods GVW upto 5 tonnes.	
Five (5) Main trade partners(import)[August 2017]: South Africa 27.4%, Congo DR 24.6%, China 12.5%, Kuwait 5.0%, United Arab Emirates 3.9%, Other sources 26.7%.	
*4	Based on 1USD = 111 YEN (Bank of Japan rate, 2016 average)

<Source>

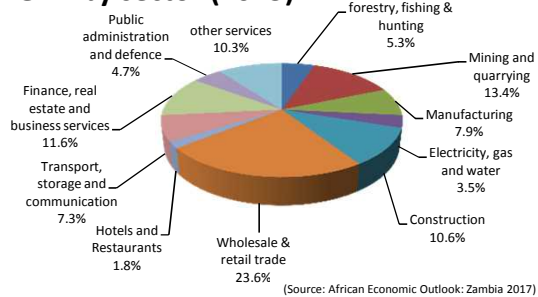
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### Mining Sector Taxes Source : ZRA,ZEITI

- Value Added Tax (VAT): 16%
- Corporate Income Tax : 30%
- Mineral Royalty tax:
  - 4-6% (Variable depending on copper price at LME)
- 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.

### GDP by sector (2015)



### Monthly News (Economics)

#### 1. "Zambia records trade surplus" (1<sup>st</sup> September, Times & Daily Mail)

Zambia recorded a trade surplus for the first time in nearly four (4) years. The Zambian economy last posted a trade surplus in October 2013. Buoyed by the sharp rise in copper exports, the country's trade balance posted a trade surplus valued at K410.6 million for July 2017 from the trade deficit of K335.7 million recorded in June 2017.

#### 2. "ZESCO effects 25% tariff hike" (1<sup>st</sup> September, Daily Mail)

ZESCO Limited effected an additional 25 percent electricity tariff to ensure consumers pay cost-reflective charges. Phase one of the electricity tariff hike of 50 percent was effected in May this year, after the Energy Regulation Board (ERB) approved a 75 percent tariff adjustment, which was split into two phases.

#### 3. "Govt. ponders 2,000 MW power" (5<sup>th</sup> September, Times)

The Government is by the end of this year expected to add 2,000 megawatts to the national grid. According to the Ministry of Energy, through the Permanent Secretary Emeldah Chola, the power will be generated from a combination of hydro and thermal energy sources. She indicated that the Government had commenced implementation of cost reflective tariffs to attract more private sector investment.

#### 4. "Zambia on growth highway" (9<sup>th</sup> September, Daily Mail)

President Edgar Lungu commissioned the US\$1.2 billion (about K10.8 billion) construction of the 321 kilometer Lusaka-Ndola dual carriageway, the biggest construction project expected to spur development beyond the country's two biggest cities. The project is expected to employ 3,000 people during the four-year construction period and will revolutionise the construction sub-sector, promote road safety, and most importantly, ease the movement of goods and other services.

#### 5. "Govt. ponders local content strategy" (14<sup>th</sup> September, Times)

The Government is in the process of developing the local content strategy to promote locally available products and services. Minister of Commerce, Trade and Industry Margaret Mwanakatwe said once the local content strategy is in place, a law would be passed to compel business houses to utilize a certain percentage of local inputs and products in the production and provision of goods and services.

#### 6. "Govt pledges investor-friendly policy framework" (19<sup>th</sup> September, Times)

Government through the Minister of Finance, Mr. Felix Mutati, has assured investors in the country that it will formulate policy that will not hinder the growth of the local manufacturing sector. According to Mr. Mutati, the Government will work on minimizing the bureaucracy and regulations to improve infrastructure so as to reduce the cost of doing business.

#### 7. "Govt. to launch \$40m Agro, trade project" (26<sup>th</sup> September, Times)

Government is next month expected to officially launch the US\$40 million Agri-Business and Trade project (ZATP) to contribute to increased market linkages in agribusiness. This will focus on emerging farmers and growth oriented agribusiness Small and Medium Enterprises (SMEs). The project which commenced in July this year and expected to run for five years is supported by the World Bank and implemented through the Ministry of Commerce, Trade and Industry.

#### 8. "National Budget grows to K71.6bn" (30<sup>th</sup> September, Daily Mail, Times)

Government has proposed to spend K71.6 billion in 2018, representing 11 percent increase from the 2017 budget. The proposed budget represents about 25.9 percent share of the country's Gross Domestic Product (GDP). From the total budget, about 68.5 percent (K49.1 billion) of the budget will be financed by domestic revenue, 28.1 percent (K20.1 billion) will be financed through domestic and external borrowing, while 3.4 percent (K2.4 billion) will be financed through grants from various cooperating partners.

#### 9. "It's a fast-track budget" (30<sup>th</sup> September, Daily Mail)

Government plans to grow the economy by five percent (5%) as it fast-tracks economic diversification and slows down contraction of new debt to ensure sustainability. According to the Minister of Finance, Mr. Felix Mutati, Government will strive to maintain single digit inflation in the range of six to eight percent and maintain international reserves of at least three months import cover.