



## Macro-economics of Zambia, May 2018

Main Economic Statistical Indexes	2017	2018
1. Population (millions)	16.59(2016)	-
2. Population growth rate (%)	3.00 (2016)	-
3. Unemployment rate (%)	41.2	41.2(2017)
4. Life Expectancy (age) [M= male, F= female]	51.1(M)/54.4(F)	-
5. GDP (million USD)*1	21,064(2016)	-
6. GDP growth rate (%)	4.2(proj)	4.5(proj)
7. GNI per capita (USD)	1,360(2016)	-
8. Inflation rate (%)	6.1(Dec)	7.8(May)
9. Consumer Price Index (year 2009 =100)	201.18(Dec)	209.08(May)
10. Balance of trade (million USD)	-568.3	-135.04*2
11. Balance of trade against Japan (million USD)	128.58*4	44.4*3
12. Export (million USD)	8,150.1	3328.06*2
13. Export against Japan (million USD)	179.54*4	63.13*3
14. Import (million USD)	8,718.4	3463.10*2
15. Import against Japan (million USD)	50.96*4	18.73*3
16. Balance of current account (million USD)	-932 (2016)	-
17. Outward direct investment (million USD)	37(2016)	-
18. Inward direct investment (million USD)	469(2016)	-
19. Gold, Foreign currency reserve (million USD)	2,430(Dec)	2,430(Dec 2017)
20. External Debt (million USD)	7,900 (Dec)	9,300 (March)
21. Exchange rate (Kwacha/ USD, average)	9.53ZMW	10.09ZMW (May)
22. Main policy interest rate (annual rate %)	10.25 (Dec)	9.75 (May)

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

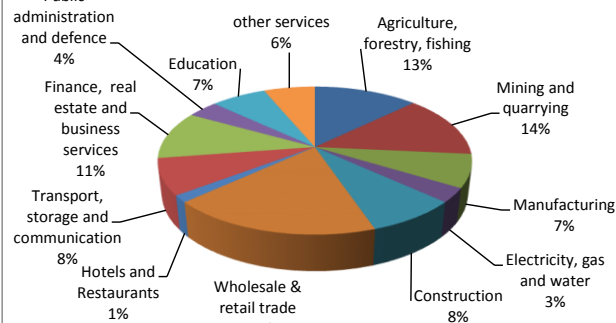
*1	GDP at market prices (Current USD)
*2	Accumulated average rate of January-April 2018. 1USD = 9.68ZMW (Bank of Zambia rate)
*3	Accumulated average rate of January- April 2018. 1USD =111YEN (Bank of Japan rate)
Main <b>export</b> products [April 2018]: Copper anodes for electrolytic refining, Wire of refined copper, Cathodes of refined copper, Copper blister, Sulphuric acid, Oleum in bulk	
Five (5) Main trade partners( <b>export</b> ) [April 2018]: Switzerland 43.2%, Congo DR 9.6%, China 9.5%, South Africa 5.5%, Singapore 4.8%, and Other destinations 27.4%.	
Main <b>import</b> products [April 2018]: Cobalt oxides and hydroxides, Copper concentrates, Cobalt concentrates, Petroleum oils and oils obtained from bituminous minerals, Towers and lattice masts of iron or steel, Sulphur of all kinds	
Five (5) Main trade partners( <b>import</b> ) [April 2018]: Congo DR 26.6%, South Africa 24.5%, China 11.4%, Kuwait 4.6%, Israel 3.6% and Other sources 29.2%.	
*4	Based on 1USD = 112YEN (Bank of Japan rate, 2017 average)
<Source> 1, 2, 5-7, 20:World Bank/3: Zambia Labour Force Survey Report, 2014 (CSO & Ministry of Labour and Social Security)/4, 16:The World Factbook (CIA) /8, 9, 10, 12, 14: Monthly Bulletin (CSO) & EIU Country Report/ 19, 21: Country Report (EIU) & Bank of Zambia/11, 13, 15:Trade Statistics of Japan (Ministry of Finance Japan)/17, 18:UNCTAD/21, 22:Bank of Zambia	

### 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 (Q1 2016 to Q3 2017)



(Source: Central Statistical Office, National Account. Zambia CSO Jan 2018, The Monthly Vol.177)

### Monthly News (Economics)

#### 1. "Zambia, Japan trade ties strengthened" (5<sup>th</sup> May, Daily Nation & 6<sup>th</sup> May, Daily Mail)

Japanese Minister of Economy, Trade and Industry Hiroshige Seko says his Government is happy to partner with the Zambian government to foster development. Mr. Seko said this partnership will bring about development and enhance trade volumes both in trade and the mining sector. He said this when Zambia held a bilateral meeting with Japan at the Africa-Japan Investment Forum in Johannesburg yesterday. Minister of Mines and Minerals Development Richard Musukwa expressed gratitude to the Japanese government for collaborating with Zambia to help generate geological information through a Japanese firm called JOGMEC, noting that this move will enhance Zambia's vast mineral potential.

#### 2. "MFEZ gets K45m" (9<sup>th</sup> May, Daily Mail)

Government has released K45 million to the Lusaka South Multi-Facility Economic Zone (LS-MFEZ) to accelerate infrastructure development in the area. LS-MFEZ managing director Mukela Lubasi said LS-MFEZ is committed to supporting Government to develop a private sector-led economy which could effectively contribute to wealth creation and poverty reduction in the country.

#### 3. "Govt spends \$500m on external debt" (10<sup>th</sup> May, Daily Mail)

Government has spent over US\$500 million to service external debt which currently stands at US\$8.7 billion. Secretary to the Treasury Fredson Yamba said Government is equal to the task of meeting all its financial obligations in accordance with the medium-term debt management strategy.

#### 4. "Govt securities increase by 17 percent" (22<sup>nd</sup> May, Daily Mail)

The demand for government securities increased in the first quarter of this year to K50.9 billion from K48.4 billion as at December 31, 2017 because of higher participation of non-resident investors. Bank of Zambia (BoZ) governor Denny Kalyalya said the participation of non-resident investors increased on account of attractive yield rates and stable exchange rate.

#### 5. "Zambia records increase in cobalt earnings" (22<sup>nd</sup> May, Daily Mail)

Zambia has recorded a remarkable increase in cobalt export earnings amounting to over US\$130 million because of favourable prices on the international market. According to the Ministry of Mines and Mineral Development, cobalt export earnings increased to US\$138.4 million, translating into 22.6 percent rise, while gold earnings declined by 19.4 percent to US\$154.1 million. The increase in cobalt export earnings was on account of 130.3 percent increase in the average realized price to US\$52,192.5 per tonne.

#### 6. "Copper price records marginal increase" (30<sup>th</sup> May, Daily Mail)

The price of copper on the international market yesterday recorded a marginal increase on the anticipated short supply after the closure of a copper smelter in India. The price of Zambia's major source of foreign exchange recorded a 0.6 percentage point increase to US\$6,927.

#### 7. "Coal production increases" (31<sup>st</sup> May, Daily Mail)

Zambia has recorded over 20,000 metric tonnes increase in coal production in the last one year due to high demand for the commodity for electricity generation and industrial use. According to the latest report released by the Ministry of Mines and Minerals Development, coal production in 2017 increased to 77,500 metric tonnes from 57,353 metric tonnes in 2016.