



## Macro-economics of Zambia, September 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)	4.0(proj)
7. GNI per capita (USD)	1,360(2016)	-
8. Inflation rate (%)	6.1(Dec)	7.9(Sept)
9. Consumer Price Index (year 2009=100)	201.18(Dec)	211.93(Sept)
10. Balance of trade (million USD)	-568.3	-998*2
11. Balance of trade against Japan (million USD)	128.58*4	97.89*3
12. Export (million USD)	8,150.1	6,284.94*2
13. Export against Japan (million USD)	179.54*4	136.37*3
14. Import (million USD)	8,718.4	7,282.94*2
15. Import against Japan (million USD)	50.96*4	38.48*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)	1,816(June)
20. External Debt (million USD)	7,900 (Dec)	9,370 (June)
21. Exchange rate (Kwacha/ USD, average)	9.53ZMW	10.95.ZMW (Sept)
22. Main policy interest rate (annual rate %)	10.25 (Dec)	9.75 (Sept)

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

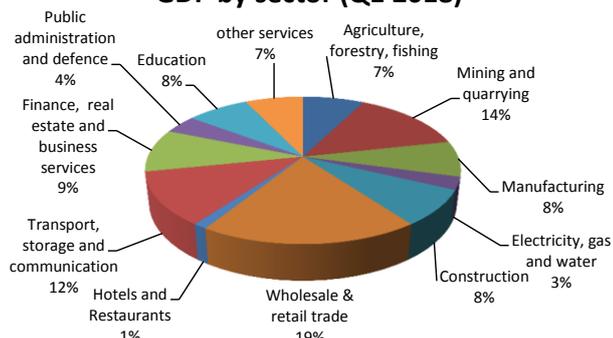
*1	GDP at market prices (Current USD)
*2	Accumulated average rate of January-August 2018. 1USD = 9.85ZMW (Bank of Zambia rate)
*3	Accumulated average rate of January-August 2018. 1USD =110YEN (Bank of Japan rate)
	Main <b>export</b> products [August 2018]: Copper anodes for electrolytic refining, Cathodes and sections of cathodes of refined copper, Sulphuric acid; Oleum in bulk and Electro-won copper cathodes (High Purity). Five (5) Main trade partners( <b>export</b> ) [August 2018]: Switzerland 39.0%, China 18.6%, Congo DR 9.3%, Singapore 7.5%, South Africa 4.5% and Other destinations 21.1%.
	Main <b>import</b> products [August 2018]: Cobalt oxides and hydroxides; commercial cobalt oxides in bulk, Copper concentrates, Petroleum oils and oils obtained from bituminous minerals, and Gas oils. Five (5) Main trade partners( <b>import</b> ) [August 2018]: Congo DR 26.5%, South Africa 25.8%, China 10.3%, Kuwait 5.1%, United Arab Emirates 4.5% and Other sources 27.7%.
*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 2018)



(Source: Central Statistical Office, National Account. Zambia CSO June 2018, The Monthly Vol.1)

### Monthly News (Economics)

#### 1. Investments in Zambia Safe, Assures Lungu (3<sup>rd</sup> September, Daily Mail)

President Edgar Lungu has assured global business houses that their investments are safe in Zambia because the country's property rights are fully protected by the supreme law of the land. Addressing the Zambia-China Business and Investment Forum yesterday, President Lungu said when foreign business organisations decide to operate in Zambia, the safety of their investments and access to local and international markets are fully guaranteed.

#### 2. Sinking Fund Gets \$10m (3<sup>rd</sup> September, Daily Mail)

Government has injected US\$10 million into the sinking fund, which was created to help in the refinancing of the Eurobonds. Ministry of Finance PS in charge of economic management and finance Mukuli Chikuba told journalists in an interview that of the total US\$20 million planned for the establishment of the sinking fund, US\$10 million has been injected.

#### 3. We Borrow for Development (10<sup>th</sup> September, Daily Mail)

Government is not borrowing for consumption but to foster development in all sectors of economy, Minister of Foreign Affairs Joseph Malanji has said. Zambia's public external debt as at the end of June stood at US\$9.37 billion, representing 34.2 percent of gross domestic product (GDP). Mr. Malanji said development is not cheap and, therefore, Government has to borrow to meet its expenditure on development projects.

#### 4. K4.4bn Marked for Debt Servicing (13<sup>th</sup> September, Daily Mail)

Government plans to spend K4.4 billion on debt servicing in the next three years through the newly-established Sinking Fund. Secretary to the Treasury Fredson Yamba said K31 billion will be required over the medium term to pay back external and domestic loans as they mature.

#### 5. Partner to Grow ZCGS (14<sup>th</sup> September, Daily Mail)

The Zambia Credit Guarantee Scheme (ZCGS) has finally been launched with Minister of Finance Margaret Mwanakatwe calling on the private sector to partner through equity to grow the scheme. The scheme is aimed at enhancing micro, small and medium-scale enterprises (MSMEs) to access affordable financing by providing guarantee to mitigate risks.

#### 6. Mwanakatwe Presents K86.8 Billion Budget (29<sup>th</sup> September, Daily Mail)

Minister of Finance Margaret Mwanakatwe yesterday unveiled the K86.8 billion national budget for 2019, an increase from this year's K71.6 billion financial plan. The budget represents 28.9 percent of the gross domestic product (GDP). Of the total budget, 64.6 percent will be domestically financed while only 2.2 percent support of grant will come from cooperating partners. The balance of 33.2 percent will come from bills and bonds which are sometimes sourced locally or internationally.