



## Macro-economics of Zambia, November 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)	7.8(Nov)
9. Consumer Price Index (year 2009 =100)	201.18(Dec)	215.37(Nov)
10. Balance of trade (million USD)	-568.3	-1,382.34*2
11. Balance of trade against Japan (million USD)	128.58*4	97.76*3
12. Export (million USD)	8,150.1	7,671.86*2
13. Export against Japan (million USD)	179.54*4	146.51*3
14. Import (million USD)	8,718.4	9,054.20*2
15. Import against Japan (million USD)	50.96*4	48.75*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)	1,629(Sept)
20. External Debt (million USD)	7,900 (Dec)	9,510 (Sept)
21. Exchange rate (Kwacha/ USD, average)	9.53ZMW	11.85 ZMW (Nov)
22. Main policy interest rate (annual rate %)	10.25 (Dec)	9.75 (Nov)

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

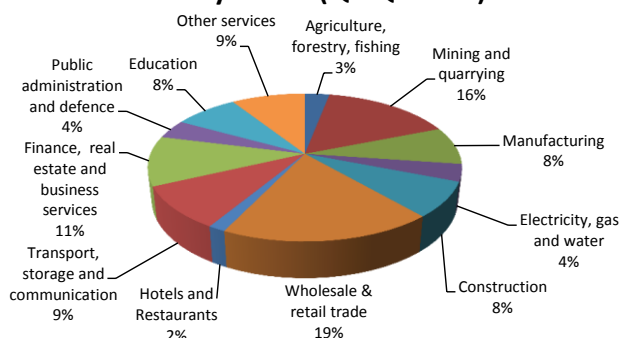
*1	GDP at market prices (Current USD)
*2	Accumulated average rate of January-October 2018. 1USD = 10.17ZMW (Bank of Zambia rate)
*3	Accumulated average rate of January-October 2018. 1USD =110YEN (Bank of Japan rate)
	<p>Main <b>export</b> products [October 2018]: Copper anodes for electrolytic refining, Cathodes of refined copper, Plates, Electro-won copper cathodes, Copper blister, Sulphuric acid, and Oleum in bulk, Bullion semi-manufactured forms.</p> <p>Five (5) Main trade partners(<b>export</b>) [October 2018]: Switzerland 41.0%, Singapore 12.5%, Congo DR 11.0%, China 10.7%, South Africa 5.4% and Other destinations 19.5%.</p> <p>Main <b>import</b> products [October 2018]: Cobalt oxides and hydroxides, Commercial cobalt oxides in bulk, Copper concentrates, Sulphur of all kinds, Parts of aeroplanes and helicopters, Gas oil.</p> <p>Five (5) Main trade partners(<b>import</b>) [October 2018]: Congo DR 26.2%, South Africa 24.6%, China 11.8%, United Arab Emirates 6.0%, Kuwait 4.4%, and Other sources 27.0%.</p>
*4	Based on 1USD = 112YEN (Bank of Japan rate, 2017 average)
<p>&lt;Source&gt;</p> <p>1, 2, 5-7, 20:World Bank/3: Zambia Labour Force Survey Report, 2017 (CSO &amp; Ministry of Labour and Social Security)/4, 16:The World Factbook (CIA) /8, 9, 10, 12, 14: Monthly Bulletin (CSO) &amp; EIU Country Report/ 19, 21: Country Report (EIU) &amp; Bank of Zambia/11, 13, 15:Trade Statistics of Japan (Ministry of Finance Japan)/17, 18:UNCTAD/21, 22:Bank of Zambia</p>	

### 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-Q2 2018)



(Source: The Monthly, Central Statistical Office, October 2018)

### Monthly News (Economics)

#### 1. Zambia Set on Economic Growth Overdrive (6<sup>th</sup> October, Daily Nation)

Government will sustain Zambia beyond mining by incorporating various kinds of investments into priority sectors of the economy, says Commerce, Trade and Industry Minister Christopher Yaluma. Mr. Yaluma said it was Government's desire to have a diversified economy by 2030. He said the government has thus accelerated the diversification programme to ensure the country derives more benefits from sectors other than mining.

#### 2. Copper Production to Hit 900,000 tonnes (9<sup>th</sup> November, Daily Mail)

Ministry of Mines and Minerals Development Permanent Secretary Paul Chanda said the continued favorable copper price on the global market and opening of new mines are likely to boost gross production to almost 900,000 tonnes this year. Currently Zambia produces an average of 870,000 tonnes per annum. He also said with all factors remaining constant without any major global changes, by 2020 Zambia will produce one million tonnes of copper.

#### 3. IDA injects \$1.2bn in Zambia Economy (13<sup>th</sup> November, Daily Mail)

Zambia has benefited from World Bank financial support in 19 projects across various sectors of the economy to the tune of about US\$1.2 billion. The projects are being financed through the International Development Association (IDA) and Trust Funds. According to the Zambia project profiles 2018 financed by World Bank, the net commitment amounts to about US\$1.15 billion towards agriculture, education, energy, environment, health, social protection, trade, transport, water and governance.

#### 4. IMF, Government Conclude Consultative Indabas (14<sup>th</sup> November, Times of Zambia)

The IMF staff team led by Dhaneshwar Ghura visited Lusaka during November 5-9, 2018 to discuss recent economic developments and prospects.

"Discussions also covered the main elements of the draft 2019 budget being currently debated in Parliament and the authorities' policies and strategies for restoring fiscal and debt sustainability while maintaining growth. These technical discussions were a key input in the preparations for the next Article IV consultation mission tentatively scheduled for early 2019", Mr. Ghura said this at the conclusion of the visit. He also said "The IMF Staff met with Minister of Finance Margaret Mwanakatwe, Bank of Zambia Governor Denny Kalyalya, other senior government and BoZ officials, members of Parliament, and representatives of the private sector, civil society organisations, and Zambia's development partners."

#### 5. Strong Macroeconomic Environment Vital (16<sup>th</sup> November, Daily Mail)

Government is working on strengthening the macroeconomic environment to easily refinance the eurobonds when they fall due, Ministry of Finance Permanent Secretary Mukuli Chikuba says. Zambia has issued three eurobonds worth US\$750 million, US\$1 billion, and US\$1.25 billion in 2012, 2014 and 2015, which are due to be paid in 2022, 2024 and 2027. "There is stability in the economy. The exchange rate has found its level and supply conditions are favourable, giving impetus for growth going forward.", Mr. Chikuba said. He also said the Government has so far injected US\$10 million into the sinking fund, which was created to help in the refinancing of the eurobonds.

#### 6. Government Spent K6.1bn in October (19<sup>th</sup> November, Times of Zambia)

Finance Minister Margaret Mwanakatwe has said Government last month spent a total K6.1 billion in expenditure in various areas. Ms. Mwanakatwe said K1.5 billion was spent on debt service mainly external and K2.4 billion was spent on personal emoluments while K1.1 billion was spent on grants. She said close to K100 million was spent on student loans and scholarships while K173 million was spent on the Farmer Input Support Programme (FISP) to liquidate arrears and implement the e-voucher of the funds allocated for grants.

#### 7. Private Sector Economic Driver – Wina (30<sup>th</sup> November, Daily Mail)

Vice President Inonge Wina says the private sector is an effective agent of economic growth. Mrs. Wina says one of the ways governments can accelerate industrialization and job creating is by engaging the private sector. She also said Government has created a conducive environment for private sector participation and growth, and that the private sector should take advantage of the public-private partnership arrangements.