



## Macro-economics of Zambia, January 2019

Main Economic Statistical Indexes	2018	2019
1. Population (millions)	17.09 (2017)	-
2. Population growth rate (%)	3.0 (2017)	-
3. Unemployment rate (%)	41.8 (Q3)	41.8 (2018, Q3)
4. Life Expectancy (age) [M= male, F= female]	51.4(M)/54.7(F) (est)	-
5. GDP (million USD)*1	25,868 (2017)	-
6. GDP growth rate (%)	3.4 (2017)	3.6 (proj)
7. GNI per capita (USD)	1,290 (2017)	-
8. Inflation rate (%)	7.9 (Dec)	7.9 (Jan)
9. Consumer Price Index (year 2009=100)	216.99 (Dec)	219.27 (Jan)
10. Balance of trade (million USD)	-438.39	-438.39*2
11. Balance of trade against Japan (million USD)	109.86*4	109.86*3
12. Export (million USD)	9,059.36	9,059.36*2
13. Export against Japan (million USD)	168.30*4	168.30*3
14. Import (million USD)	9,497.75	9,497.75*2
15. Import against Japan (million USD)	58.44*4	58.44*3
16. Balance of current account (million USD)	-1,006 (2017, est)	-
17. Outward direct investment (million USD)	-149 (2017)	-
18. Inward direct investment (million USD)	1,091 (2017)	-
19. Gold, Foreign currency reserve (million USD)	1,590 (est)	1,599 (Oct, 2018)
20. External Debt (million USD)	10,050 (Dec)	10,050 (Dec, 2018)
21. Exchange rate (Kwacha/ USD, average)	10.45ZMW	11.93 ZMW (Jan)
22. Main policy interest rate (annual rate %)	9.75 (Nov)	9.75 (Nov, 2018)

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

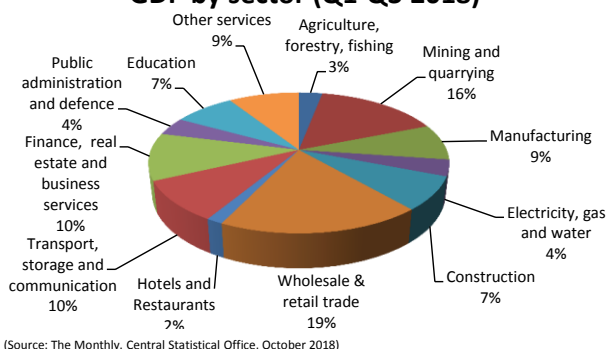
*1 GDP at market prices (Current USD)
*2 Accumulated average rate of January-December 2018. 1USD = 10.45ZMW (Bank of Zambia rate)
*3 Accumulated average rate of January-December 2018. 1USD = 110YEN (Bank of Japan rate)
Main <b>export</b> products [December 2018]: Copper anodes for electrolytic refining, Cathodes of refined copper, Electro-won copper cathodes, Copper blister, Sulphuric acid and Oleum in bulk Five (5) Main trade partners( <b>export</b> ) [December 2018]: Switzerland 42.0%, China 19.2%, Singapore 10.1%, Congo DR 8.2%, United Kingdom 4.5% and Other destinations 16.0%.
Main <b>import</b> products [December 2018]: Copper concentrates, Crushing or grinding machines for earth, stones, ores etc, Gas oil and Motor Spirit. Five (5) Main trade partners( <b>import</b> ) [December 2018]: South Africa 28.3%, China 20.2%, Congo DR 12.9%, United Arab Emirates 8.7%, India 3.7%, and Other sources 26.1%.
*4 Based on 1USD = 110YEN (Bank of Japan rate, 2018 average)
<Source> 1, 2, 5-7, 20: World Bank / 3: Zambia Labour Force Survey Report (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-Q3 2018)



### Monthly News (Economics)

#### 1. Copper Trades at Negative (3rd January, Daily Mail)

Zambia's major source of foreign exchange, copper, started this year trading on a negative note due to concerns over growth in top metal consumer, China, as the latest data showed slowing factory activity. In the past few months, copper has been under pressure trading below US\$6,000 per tonne. Reuters reports that copper slid for a second session yesterday to trade at US\$5,943 a tonne.

#### 2. Mine Tax to Match Upward Metal Prices (4th January, Daily Nation)

The proposed mine tax regime will enable Zambia benefit from the upward trending metal prices on the international market, says Finance Minister Margaret Mwanakatwe. Ms. Mwanakatwe said the measure was intended to increase the take for Government by adjusting the sliding scale for mineral royalty. The minister said this would see increasing mineral royalty rates by 1.5 percentage points at all levels of the sliding scale.

#### 3. Government Released K4.3bn Funding Last Month—Mwanakatwe (8th January, Times of Zambia)

Government released K4.3 billion last month for capital projects, agriculture, public welfare, debt service, and general public service delivery operations. Finance Minister Margaret Mwanakatwe said that K4.3 billion was released in December 2018, with K1.5 billion going towards servicing of both domestic and external debt and a further K81.4 million was released to liquidate outstanding liabilities related to the consumption of goods and services by various ministries, provinces and other bodies. K437 million was spent on financing grant-aided-operations and K1.1 billion went to various Government programmes, projects and public service delivery. K1.3 billion was channeled to the wage bill for civil servants while Government released K399.6 million for numerous capital projects across the country including road projects and the Rural Electrification Programme.

#### 4. Review of TFTA Begins (11th January, Daily Mail)

Zambia has started reviewing the Tripartite Free Trade Area (TFTA) for possible ratification of the programme. In 2015, the TFTA deal, which is a proposed African free trade agreement between the COMESA, SADC and EAC, was signed. The agreement will become operational once 14 member states ratify it. So far, there are 23 countries that have signed the agreement out of which four counties have ratified it. Ministry of Commerce, Trade and Industry is holding a high-level consultative meeting on TFTA to analyse the implications and provide recommendations on the possible ratification of the TFTA agreement.

#### 5. Draft Paper for Goods, Services Tax Coming—Mwanakatwe (23rd January, Times of Zambia)

The draft concept paper for the goods and services tax will be circulated for public analysis, Finance Minister Margaret Mwanakatwe has maintained. Ms. Mwanakatwe said the feedback of the final design of the proposed measure would be presented to parliament in form of legislation for debate and consideration. She directed the budget and economic affairs division to continue overseeing the policy engagement and consultation process with stakeholders in order to finalise the concept paper and draft legislation for the goods and services tax. Ms. Mwanakatwe said the concept paper and draft legislation for the goods and services tax would be ready for implementation in April this year.

#### 6. Prioritise Agriculture, JICA Tells Zambia (24th January, Daily Nation)

At a joint coordination committee (JCC) of the technical cooperation project on Expansion of Community Based Smallholder Irrigation Development (E-COBSI), Japan International Cooperation Agency (JICA) resident representative, Mr. Junichi Hanai, said Agriculture should be highly prioritised to help diversify Zambia's economy from mining and achieve the Seventh National Development Plan (7NDP). Mr. Hanai pledged continued targeting of irrigation schemes and agriculture projects to rural areas to help uplift people's livelihoods. He said Zambia had a huge potential for irrigation, having about 40 percent of water bodies in Southern Africa.