



Macro-economics of Zambia, February 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)	7.8 (Feb)
9. Consumer Price Index (year 2009=100)	216.99 (Dec)	220.87(Feb)
10. Balance of trade (million USD)	-438.39	78.63*2
11. Balance of trade against Japan (million USD)	109.86*4	-0.63
12. Export (million USD)	9,059.36	701.89*2
13. Export against Japan (million USD)	168.30*4	2.93*3
14. Import (million USD)	9,497.75	623.27*2
15. Import against Japan (million USD)	58.44*4	3.14*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	11.92 ZMW (Feb)
22. Main policy interest rate (annual rate %)	9.75 (Nov)	9.75 (Feb)

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

*1	GDP at market prices (Current USD)
*2	January 2019 average. 1USD = 11.93ZMW (Bank of Zambia rate)
*3	January 2019 average. 1USD = 113YEN (Bank of Japan rate)
	Main export products [January 2019]: 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(export) [January 2019]: Switzerland 41.6%, China 21.6%, Singapore 10.5%, Congo DR 9.2%, United Kingdom 3.7% and Other destinations 13.4%.
	Main import products [January 2019]: Petroleum oil, Self-propelled boring or sinking machinery, Sulphur of all kinds, Medicaments of mixed or unmixed products and Gas oil. Five (5) Main trade partners(import) [January 2019]: South Africa 24.0%, China 16.8%, India 10.5%, United Arab Emirates 8.9%, Kuwait 8.0%, and Other sources 31.9%.
*4	Based on 1USD = 110YEN (Bank of Japan rate, 2018 average)

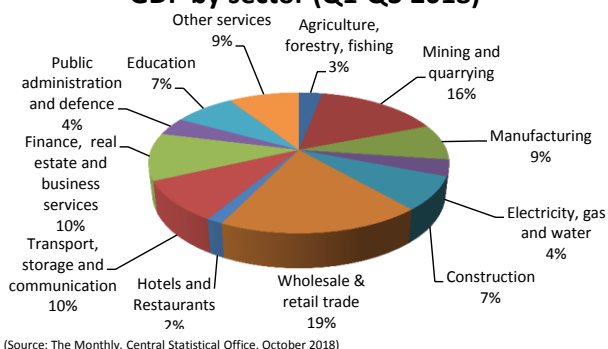
<Source>
1, 2, 5-7, 20: World Bank / 3: Zambia Labour Force Survey Report (CSO & Ministry of Labour and Social Security) / 4, 16: The World Factbook (CIA) / 8, 9, 10, 12, 14: Monthly Bulletin (CSO) & EIU Country Report / 19, 21: Country Report (EIU) & Bank of Zambia / 11, 13, 15: Trade Statistics of 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. Salaries Eating Half of National Cake (4th February, Daily Mail)

More than 50 percent of the national budget expenditure is payroll-related affecting economic expansion, Accountant General Dick Sichembe says. Dr. Sichembe said there is need for capital formation to support infrastructure development to grow the economy as opposed to consumption. He said his office has started a payroll verification exercise to ensure right people are on payrolls, and they receive the right amounts and allowances.

2. Zambia Looks Up to Japan (5th February, Daily Mail)

Government has requested Japan to set up a cobalt-processing plant and associated technologies in Zambia as part of efforts to promote value addition to the metal, which is a key ingredient in electric car batteries. Minister of Mines and Minerals Development Richard Musukwa made the request at the ongoing African mining indaba in South Africa, where he led a delegation to meet Japanese State Minister for Economy, Trade and Industry, Yoshihiro Seki. Zambia and Japan discussed mine exploration opportunities especially for copper and cobalt metals and the prospects of exploiting and adding value to the resources.

3. Mwanakatwe Targtes IMF Financial Package by Year-End (7th February, Daily Nation)

We are in talks with the International Monetary Fund (IMF) about securing a financial package for Zambia, Finance Minister Margaret Mwanakatwe has disclosed. Ms. Mwanakatwe said her Ministry had taken the necessary steps to ensure Zambia qualifies for support. "I would love to see something in place by the end of the year. That is why we put in place various measures to ensure that we have a way forward that is sustainable debt-wise," Ms. Mwanakatwe said. Zambia's efforts since 2016 to secure a \$1.3 billion loan from the IMF have been stalled by concerns over its borrowing plans. IMF officials visited Zambia in November and are due to return in March for three weeks, where the package will be on the agenda, according to Mwanakatwe.

4. Goods, Services Tax to Raise K3.5bn (7th February, Daily Mail)

The implementation of the goods and services tax (GST) will enable Government to collect a minimum of about K3.5 billion from the mining sector annually. Zambia Revenue Authority (ZRA) acting commissioner general Moses Shuko said the introduction of a non-refundable sales tax to be known as the GST is a hybrid of value added tax (VAT) and a typical sales tax that accommodates the advantages of VTA and minimizes the disadvantages of sales tax. Mr. Shuko said GST will help in creating the necessary fiscal space to pay the outstanding refund, stop acceleration of repayment debt and resolve all the historical disputes, especially with mining companies.

5. Government Seeks K57.2bn to Drive Economy (17th February, Daily Mail)

Government is targeting to mobilise K57.2 billion from Zambia's cooperating partners to effectively implement programmes outlined in the Seventh National Development Plan (7NDP) for the benefit of citizens. Minister of National Development Planning Alexander Chiteme said Government is working with various cooperating partners to effectively implement all development programmes. "Government will continue to appreciate the valuable contribution of our cooperating partners. Government will also continue mobilizing more resources to finance programmes in the 7NDP", Mr. Chiteme said. He also said "The tax policy changes, if well implemented, could significantly enhance domestic revenue mobilization and help the country reduce its dependence on external financing."

6. Only \$1.57bn in Foreign Reserves (21st February, Times of Zambia)

Zambia's foreign reserves have declined to US\$1.57 billion, or one-month-and-24 days import cover, the lowest in 10 years. The gross international reserves declined to S\$1.57 billion from US\$1.63 billion recorded at end of September 2018, Bank of Zambia (BoZ) governor Denny Kalyalya said. Dr. Kalyalya said external debt service payments were the primary drivers of the draw-down in foreign reserves which stood at 1.8 months of import cover.