



## Macro-economics of Zambia, November 2019

Main Economic Statistical Indexes	2018	2019
1. Population (millions)	17.6	18.1 (proj)
2. Population growth rate (%)	2.9	2.84 (proj)
3. Unemployment rate (%)	41.8 (Q3)	41.8 (Q3:2018)
4. Life Expectancy (age) [M= male, F= female]	51.4(M)/54.7(F)(est)	-
5. GDP (million USD)*1	26,720	23,636 (proj)
6. GDP growth rate (%)	3.8	2.2 (proj)
7. GNI per capita (USD)	1,430	-
8. Inflation rate (%)	7.9 (Dec)	10.8 (Nov)
9. Consumer Price Index (year 2009 =100)	216.99 (Dec)	238.64 (Nov)
10. Balance of trade (million USD)	-438.39	33.52*2
11. Balance of trade against Japan (million USD)	109.86	85.65 *3
12. Export (million USD)	9,059.36	6,084.01*2
13. Export against Japan (million USD)	168.3	119.88 *3
14. Import (million USD)	9,497.75	6,050.50*2
15. Import against Japan (million USD)	58.44	38.91 *3
16. Balance of current account (million USD)	-342	-1,106 (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)	1,405(Jul)
20. External Debt (million USD)	10,050 (Dec)	10,560 (Sep)
21. Exchange rate (Kwacha/ USD, average)	10.45ZMW	13.98ZMW (Nov)
22. Main policy interest rate (annual rate %)	9.75 (Nov)	11.50 (Nov)

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

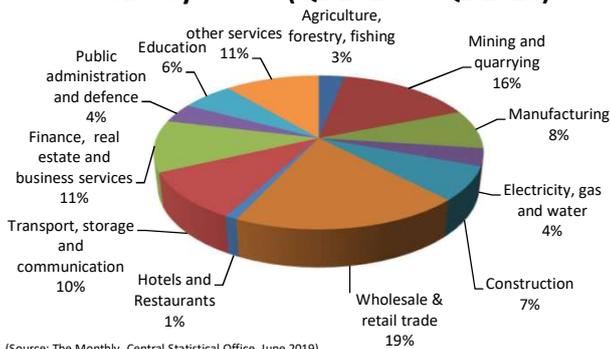
*1 GDP at market prices (Current USD)
*2 Accumulated average rate of January-September 2019. 1USD = 12.66ZMW (Bank of Zambia rate)
*3 Accumulated average rate of January-September 2019. 1USD =109.9YEN (Bank of Japan rate)
Main <b>export</b> products [October 2019]: Copper anodes for electrolytic refining; Copper blister; Electro-won copper cathodes(High Purity); Sulphuric acid; oleum in bulk; Other non-alcoholic beverages, nes.; Other raw cane sugar; and Bullion semi-manufactured forms. Five (5) Main trade partners( <b>export</b> ) [October 2019]: Switzerland 36.9%, China 22.6%, Congo DR 12.9%, Singapore 9.2%, South Africa 4.1%, and Other destinations 14.3%.
Main <b>import</b> products [October 2019]: Petroleum oils and oils obtained from bituminous minerals, Crude; Sulphur of all kinds (excl. sublimed, precipitated and colloidal sulphur); Dumpers for off-highway use; Gas Oils; and Tanker Trailers and Tanker semi-trailers. Five (5) Main trade partners( <b>import</b> ) [October 2019]: South Africa 33.5%, China 14.1%, United Arab Emirates 12.0%, India 3.9%, Tanzania 3.5%, and Other sources 33.1%.

< Source >  
1, 2, 5, 7, 19:EIU Country Report/4, 16:The World Factbook (CIA) /3, 8, 9, 10, 12, 14: Monthly Bulletin (CSO)/ 6, 20: Ministry of Finance/ 11, 13, 15:Trade Statistics of Japan (Ministry of Finance Japan)/17, 18:UNCTAD/21, 22:Bank of Zambia

### Mining Sector Taxes Source : ZRA,ZETI)

- Value Added Tax (VAT): 16%
  - Corporate Income Tax : 30%
  - Mineral Royalty tax:
    - 5-10% (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 to Q1 2019)



### Monthly News (Economics)

#### 1. "ZESCO projects 22p.c. cut on hydro-power dependence" (7th November, Times of Zambia)

"ZESCO projects 22p.c. cut on hydro-power dependence"  
ZESCO limited projects to reduce the country's hydro-power dependence from the current 84 per cent to about 62 per cent by 2020, to stabilize power supply in view of the bad climate conditions.

#### 2. "AfDB offers \$700m for diversification" (11th November, Daily Nation)

The African Development Bank (AfDB) has set \$700 million for the diversification of the economy through the private sector. The money is meant to empower three sectors namely agriculture, energy and mining.

#### 3. "State pays US\$27m for power imports" (15th November, Daily Mail)

Government yesterday added an additional US\$15.4 million for the importation of power from Eskom of South Africa, bringing the total payment so far to US\$27 million. The other US\$11.6 million was paid two weeks ago. Minister of Finance Dr. Bwalya Ng'andu told journalists yesterday that the money paid so far is sufficient to import 300 megawatts for a month.

#### 4. "Enhance local product quality" (17th November, Daily Mail)

President Edgar Lungu has urged the private sector to enhance quality of locally manufactured goods and invest in value addition to overcome challenges that will come with the Africa continental Free Trade Area (AfCTA). The President said both private and public manufacturing firms should enhance product quality, strengthen infrastructure and investment frameworks to increase market access of locally produced goods.

#### 5. "\$200m going down the drain – WB" (20th November, Times of Zambia)

World Bank Group senior water resources management specialist Anna Cesteri has said nearly \$200 million of production cost in Zambia is being lost as a result of people getting sick due to lack of sanitation facilities. Ms. Cesteri said the \$200 million which was being lost in Zambia every year was a loss to economic opportunities, hence the need to invest in sanitation to ensure that sustainable development goals were met.

#### 6. "BoZ revises Monetary Policy Rate to tackle inflation" (21st November, Times of Zambia)

The Bank of Zambia (BoZ) has raised the Monetary Policy Rate (MPR) to 11.5 percent to help get inflation back into the single-digit target range and achieve macro-economic stability. Meanwhile, BoZ Governor Denny Kalyalya has said the power deficit has caused a spike in the use of generators and increased demand for fuel, thereby exerting pressure on the Kwacha due to increased fuel imports.

#### 7. "Energy deficit to shrink economy by over \$1bn" (25th November, Times of Zambia)

Load-shedding is likely to shrink the Zambian economy by US\$1 billion due to production constraints and power imports. Zambia Atomic Energy Agency director Roland Msiska said an inter-generational thinking was required to provide a lasting solution to the energy challenge the country was facing.

#### 8. "EY observes mine hitches" (29th November, Daily Mail)

High regulatory uncertainty is posing a major threat to the growth of Zambia's mining industry. Ernst and Young (EY) has observed. Speaking during a mining interface recently, EY country manager Patrick Mwire said the inconsistency in mining policies and the tax regime affected investor confidence, thereby stifling growth in the sector and increasing costs.