



## Macro-economics of Zambia, August 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)	4.5(proj)
7. GNI per capita (USD)	1,360(2016)	-
8. Inflation rate (%)	6.1(Dec)	8.1(Aug)
9. Consumer Price Index (year 2009 =100)	201.18(Dec)	211.52(Aug)
10. Balance of trade (million USD)	-568.3	-824.04*2
11. Balance of trade against Japan (million USD)	128.58*4	93.65*3
12. Export (million USD)	8,150.1	5450.82*2
13. Export against Japan (million USD)	179.54*4	127.27*3
14. Import (million USD)	8,718.4	6274.87*2
15. Import against Japan (million USD)	50.96*4	33.62*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	10.09.ZMW (Aug)
22. Main policy interest rate (annual rate %)	10.25 (Dec)	9.75 (Aug)

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

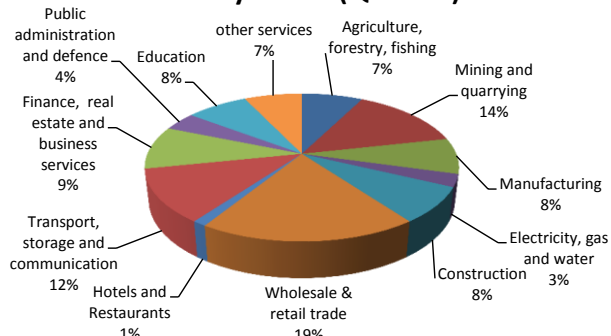
*1	GDP at market prices (Current USD)
*2	Accumulated average rate of January-July 2018. 1USD = 9.82ZMW (Bank of Zambia rate)
*3	Accumulated average rate of January-July 2018. 1USD =110YEN (Bank of Japan rate)
	<p>Main <b>export</b> products [July 2018]: Copper anodes for electrolytic refining, Cathodes and sections of cathodes of refined copper, Sulphuric acid; Oleum in bulk and Electro-won copper cathodes.</p> <p>Five (5) Main trade partners(<b>export</b>) [July 2018]: Switzerland 36.1%, China 19.6%, Congo DR 9.3%, United Kingdom 7.8%, Singapore 7.5%, and Other destinations 19.7%.</p> <p>Main <b>import</b> products [July 2018]: Cobalt oxides and hydroxides; commercial cobalt oxides in bulk, Sulphur of all kinds (excl. sublimed, precipitated and colloidal sulphur), Photosensitive semiconductor devices, light-emitting diodes, Petroleum oils and Gas oils.</p> <p>Five (5) Main trade partners(<b>import</b>) [July 2018]: Congo DR 28.4%, South Africa 24.4%, China 11.0%, Kuwait 5.9%, United Arab Emirates 4.6% and Other sources 25.7%.</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, 2014 (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 2018)



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

### Monthly News (Economics)

#### 1. Economic Review Reveals Positive Economic Growth and Risks (1<sup>st</sup> August, Daily Mail)

Zambia's economic activity has continued to pick up although both internal and external risks may reverse the growth projections, Zanaco has said. Speaking during a Zanaco mid-year economic review meeting yesterday, Zanaco head of economic research Patrick Chileshe said the economic outlook for the rest of this year remains positive. Zambia's economic growth is forecast at 4.1 percent in the second quarter and 4.6 percent in the third quarter of 2018. But the rising debt, United States-China trade wars, rising crude oil prices and tight global financial conditions are likely to pose a challenge to the economy.

#### 2. Government Consulting on Continental Trade Area (3<sup>rd</sup> August, Daily Mail)

Government says it is still consulting with various stakeholders on the possibility of signing the African Continental Free Trade Area (AfCFTA) agreement, which will result in the creating of a single market. Ministry of Commerce, Trade and Industry Permanent Secretary Kayula Siame said the consultations are aimed at preparing all stakeholders to take advantage of the opportunities that will come with the agreement, which will be key in the industrialization and economic transformation of Africa.

#### 3. Government, EIC sign K1.2bn Concessional Loan (8<sup>th</sup> August, Times of Zambia)

The Government and the European Investment Bank (EIB) have signed a €110 million (about K1.2 billion) concessional loan agreement for upgrading of the 162-kilometre Mpika-Chinsali Road.

#### 4. Copper Slips on Market (14<sup>th</sup> August, Daily Mail)

Zambia's major source of foreign exchange, copper slipped yesterday after the United States Dollar rose to a 13-month high against the euro as investors shunned risky assets and sought safe havens amid the Turkish lira's drop to a record low. The commodity dropped trading at US\$6,142 a tonne from Friday's session US\$6,212 per tonne.

#### 5. Economy Attractive for FDI – Yamba (22<sup>nd</sup> August, Daily Mail)

Secretary to the Treasury Fredson Yamba says Zambia's economy will remain attractive for foreign direct investment because of the projected low inflation and stable exchange rate in the last two quarters of this year. He said Government will continue with initiatives that are responsive to Zambia's current socio-economic challenges to ensure that the country attains higher growth.

#### 6. Inflation Goes Up 1.7% (31<sup>st</sup> August, Daily Mail & Daily Nation)

Zambia's annual inflation rate has increased by 1.7 percent in August to 8.1 percent due to the rise in prices of both food and non-food items. Central Statistical Office acting director Goodson Sinyenga said major contributors to the increase in the annual inflation are the increase in the price of mealie meal, cassava meal, vehicles and charcoal.

#### 7. Public Debt below Par (31<sup>st</sup> August, Times of Zambia)

Head of media and public relations Chileshe Kandeta said as at the end of June 2018, total public debt stood at approximately US\$14.56 billion, representing 53.1 percent of the GDP and against a 56 percent threshold. Mr. Kandeta said in the statement in Lusaka on Wednesday that public external debt stood at \$9.37 billion, representing 34.2 percent of GDP and against a 40 percent threshold. He said domestic debt was at K51.87 billion or \$5.87 billion, representing 18.9 percent of GDP.