



## Macro-economics of Zambia, December 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)	7.9(Dec)
9. Consumer Price Index (year 2009 =100)	201.18(Dec)	216.99(Dec)
10. Balance of trade (million USD)	-568.3	-1,529.83*2
11. Balance of trade against Japan (million USD)	128.58*4	98.2*3
12. Export (million USD)	8,150.1	8,338.79*2
13. Export against Japan (million USD)	179.54*4	150.45*3
14. Import (million USD)	8,718.4	9,868.61*2
15. Import against Japan (million USD)	50.96*4	52.25*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	11.91 ZMW (Dec)
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

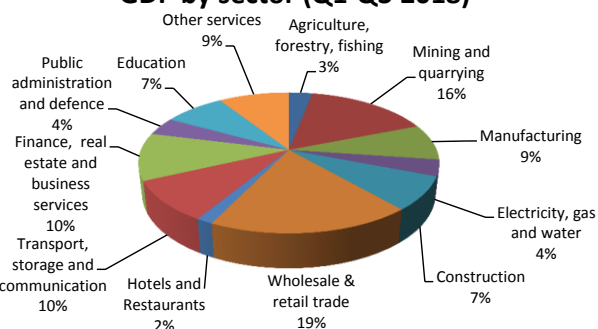
*1 GDP at market prices (Current USD)
*2 Accumulated average rate of January-November 2018. 1USD = 10.32ZMW (Bank of Zambia rate)
*3 Accumulated average rate of January-November 2018. 1USD =110YEN (Bank of Japan rate)
Main <b>export</b> products [November 2018]: Copper anodes for electrolytic refining, Cathodes of refined copper, Electro-won copper cathodes, Copper blister, Bullion semi-manufactured forms. Five (5) Main trade partners( <b>export</b> ) [November 2018]: Switzerland 42.7%, Singapore 12.1%, Congo DR 12.1%, China 11.7%, South Africa 4.5% and Other destinations 16.9%.
Main <b>import</b> products [November 2018]: Copper concentrates, Mineral or chemical fertilizers, Gas oil, Motor Spirit, medicaments, sulphur of all kinds. Five (5) Main trade partners( <b>import</b> ) [November 2018]: South Africa 33.3%, China 12.1%, Congo DR 11.6%, United Arab Emirates 8.7%, India 4.5%, and Other sources 29.7%.
*4 Based on 1USD = 112YEN (Bank of Japan rate, 2017 average)
<Source> 1, 2, 5-7, 20:World Bank/3: Zambia Labour Force Survey Report, 2017 (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)



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

### Monthly News (Economics)

#### 1. JICA to Help Zambia Maintain 400 Bridges (4<sup>th</sup> December, Daily Nation & 5<sup>th</sup> December, Times of Zambia)

The Zambian government and Japan International Cooperation Agency (JICA) have signed a building capacity phase two deal for the maintenance of over 400 bridges in Zambia. Infrastructure Development Permanent Secretary Charles Mushota said the two parties had decided to continue with the project after the successful implementation of phase one which ended last year. Mr. Mushota said the deal would cover already existing bridges and those under construction.

#### 2. Government Spent K4.8bn in November (11<sup>th</sup> December, Daily Mail)

The Ministry of Finance last month released K4.8 billion to finance public service operations including the Constituency Development Fund (CDF). Minister of Finance Margaret Mwanakatwe said of the K4.8 billion released, K943 million financed domestic and external debt. She said K940 million went towards grants to various institutions, K1 billion financed various government projects, programmes and general operations, and K1.9 billion went towards the public service wage bill. The Treasury also released K169.3 million as CDF to support various community-based projects in all constituencies.

#### 3. ZACCI Enhances Growth Strategy (17<sup>th</sup> December, Daily Nation)

The Zambia Chamber of Commerce and Industry (ZACCI) will continue to advocate for a better business environment by enhancing private sector dialogue in national development planning. ZACCI president Michael Nyirenda said the institution would continue engaging Government and other stake holders in ensuring that business remained conducive. He said the cost of doing business was still relatively high and that the institution had been engaging Government on numerous critical issues that were affecting the business community.

#### 4. Copper in Three-month Low Dip (20<sup>th</sup> December, Daily Mail)

The price of Zambia's main source of earnings, copper, dipped to a three-month low on Tuesday, as fears that the weak global growth would reduce demand. After hovering around US\$6,100, the price of the commodity on the London Metal Exchange (LME) slumped, trading at US\$5,970 per tonne because of subdued global growth and news that a large smelter in India could restart, lifting supply.

#### 5. Japan's Investment in Zambia Tops \$44.1m (21<sup>st</sup> December, Daily Mail)

Foreign direct investment in Zambia from Japan now stands at US\$44.1 million with 97 percent of Zambia's exports being copper and related products. Vehicles constitute 85 percent of Zambia's imports from Japan. During a Zambia-Japan 2018 Business Forum, President Edgar Lungu said the Zambian government has put in place a favorable investment climate, and is implementing policies and reforms to attract investments from Japan. He said to create a favourable business environment, Government has prioritised infrastructure development as a key strategy for attracting foreign direct investments and stimulating local investments.

#### 6. Asia Dominates Exports (26<sup>th</sup> December, Daily Mail)

Asia was Zambia's dominant export market for traditional exports during the first half of 2018, accounting over K12.8 billion. This is out of export earnings of about K30 billion, according to the Ministry of Commerce, Trade and Industry statistical bulletin first and second quarter 2018. Within Asia, China was the dominant export market, accounting for 45.9 percent while other notable markets were Singapore, United Arab Emirates, Hong Kong and Japan.

#### 7. Japan Allocates K7m (28<sup>th</sup> December, Daily Mail)

Japan has allocated over K7 million to support agriculture extension services in the country. The total K7,466,522, which has a KRII counter value fund, will enable the Ministry of Agriculture to implement the National Agriculture Extension Services Support Strategy through the procurement of six vehicles and 150 motorcycles. KRII is the project fund assistance by the government of Japan administered through the Ministry of Finance to support the food security project for underprivileged farmers.