



Macro-economics of Zambia, February 2017

Main Economic Statistical Indexes		2016	2017
1.	Population (millions)	16.21(2015)	-
2.	Population growth rate (%)	3.11 (2015)	-
3.	Unemployment rate (%)	7.4(2014)	-
4.	Life Expectancy (age) [M= male, F= female]	50.5(M)/53.8(F)	-
5.	GDP (million USD)*1	21,154(2015)	-
6.	GDP growth rate (%)	2.9(est)	4.0(proj)
7.	GNI per capita (USD)	1,490(2015)	-
8.	Inflation rate (%)	18.2	6.8(Feb)
9.	Consumer Price Index (year 2009 =100)	183.66	193.12(Feb)
10.	Balance of trade (million USD)	325.0(est)	-27.75(Jan)*2
11.	Balance of trade against Japan (million USD)	-22.90*4	8.06(Jan)*3
12.	Export (million USD)	7,036.0	681.44(Jan)*2
13.	Export against Japan (million USD)	24.13*4	11.50(Jan)*3
14.	Import (million USD)	6,710.0	709.19(Jan)*2
15.	Import against Japan (million USD)	47.03*4	3.44(Jan)*3
16.	Balance of current account (million USD)	-932	-
17.	Outward direct investment (million USD)	-283 (2015)	-
18.	Inward direct investment (million USD)	1,653(2015)	-
19.	Gold, Foreign currency reserve (million USD)	2195(est)	2,430(proj)
20.	External Debt (million USD)	8,785 (2015)	-
21.	Exchange rate (Kwacha/ USD, average)	9.81ZMW (end-period)	9.76ZMW(Feb)
22.	Main policy interest rate (annual rate %)	13.0	14.0

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

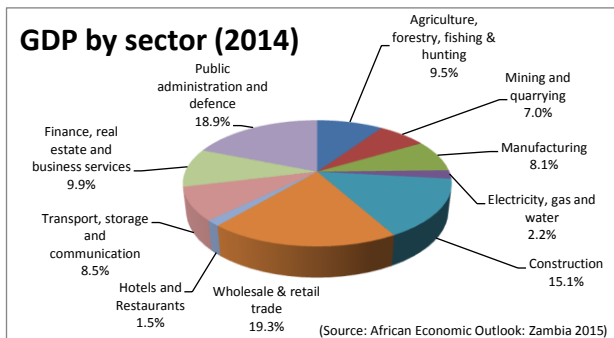
*1	GDP at market prices (Current USD)
*2	Accumulated average rate of January, 2017. 1USD = 9.93ZMW (Bank of Zambia rate)
*3	Accumulated average rate of January, 2017. 1USD = 108YEN (Bank of Japan rate)
*4	Based on 1USD = 111 YEN (Bank of Japan rate, 2016 average)
<p><Source></p> <p>1, 2, 5-7, 20:World Bank./3: Zambia Labour Force Survey Report, 2014 (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(2016): Country Report (EIU) & Bank of Zambia / 11, 13, 15:Trade Statistics of Japan (Ministry of Finance Japan) / 17, 18:UNCTAD / 21(2017), 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 (2014)



Monthly News (Economics)

1. "ERB proposes review of ZESCO, mines Power Purchasing Agreements" (Daily Nation, 4th)

Government has embarked on an exercise which will give the Energy Regulation Board (ERB) power to review the electricity tariffs for the 25-year Power Purchasing Agreement (PPA) signed between the mines and Zesco, says Ministry of Energy director Oscar Kalumiana. Mr. Kalumiana said the exercise one completed would be taken to Parliament for ratification and then enacted into the law. He explained that signing these PPA was one of the conditions the private sector had to buy the mines from the Government.

2. "Europe's confidence in Zambia's economy grows" (Times, 8th)

The European Investment Bank (EIB) announced that it decided to set up a country office in Zambia by the third quarter of 2017. Zambia will become the sixth country in Africa to host an EIB office after South Africa, Kenya, Ethiopia, Ivory Coast, and Cameroon. And the EIB is in the process of arranging blend finance comprising loans and grants to Zambia totalling €320 million this year.

3. "Kansanshi Mine in K9.8 billion facelift" (Daily Mail, 10th)

During a meeting with Minister of Mines and Minerals Development Christopher Yaluma on the sidelines of the ongoing African Mining Indaba, FQM chairman and chief executive officer Philip Pascal said that the company is re-investing over K3.4 billion (US\$350 million) to modernise Kansanshi Mine in Solwezi and over K6.8 billion (US\$700 million) will be invested in a new smelter. And FQM director of operations, Matt Pascal said the company is Zambia's largest taxpayer and has since paid over K30.7 billion (US\$3.6 billion) in taxes over a 10-year period.

4. "7th National Development Plan draft endorsed" (Daily Mail, 10th)

The Committee of permanent secretaries has endorsed the first draft of the Seventh National Development Plan (7NDP) whose main focus is on building a diversified and resilient economy. The 7NDP, which will run from 2017-2021, will be focused on building energy, education, health and environmental protection capabilities. Secretary to the Cabinet Roland Msiska said the plan is now ready for submission to Cabinet for final approval. Dr Msiska urged the Ministry of National Development Planning to ensure that the formulation of the implementation plans commence as soon as Cabinet approves the draft 7NDP.

5. "EU, French Firm Take Kariba Dam Plunge" (Times, 15th)

A deal for the rehabilitation of the Kariba Dam Plunge Pool has been sealed following the signing of a K530 million contract between the European Union (EU) and the French contractor, Razel-BEC. The Zambian and Zimbabwean governments, through the Zambezi River Authority (ZRA), engaged Razel-BEC to reshape the Kariba Dam Plunge Pool over a three-year period as a measure to prevent the dam wall from collapsing. Meanwhile, Finance Minister Felix Mutati took advantage of the ceremony to implore cooperating partners to extend the gesture of funding the Kariba Dam rehabilitation at a cost of US\$294 million to assist with the US\$6 billion needed to implement the Batoka Gorge Power Project.

6. "Govt. approves Zim 10,000 MT maize deal" (Daily Nation, 15th)

Government has permitted the Zimbabwean government to procure 10,000 metric tonnes of maize from Zambian farmers on a government-to-government deal, says Minister of Agriculture Dora Siliya. She said the maize was not bought from Government nor the Food Reserve Agency but from farmers across the country.

7. "Load-shedding on way out" (Daily Mail, 22th)

Minister of Energy David Mabumba has said yesterday that the increase in water levels in reservoirs for power generation has seen increased generation of electricity, particularly at Kafue Gorge Power Station from 630 megawatts (MW) to 820MW. "This gives us the total national generation capacity of about 1,573 against the current peak demand of 1,900 MW," Mr Mabumba said. Mr Mabumba said the country has continued to experience a power deficit of 327 MW during peak hours from 17:00 hours to 18:00 hours due to increased use.

8. "BOZ reduces monetary policy rate to 14.0 pc" (Daily Nation, 23rd)

Bank of Zambia (BoZ) governor Denny Kalyalya said the central bank decided to reduce the Policy Rate by 150 basis to 14.0 percent owing to the reduction in inflation rate. Dr. Kalyalya also said the BoZ reduced the Statutory Reserve Ratio by 250 points to 15.5 percent from 18 percent. "Inflation in January 2017 fell to 7 percent and current forecasts indicate that it will remain within the target range of 6 to 8 percent over the medium-term. Economic activity in the fourth quarter of 2016 continued to face challenges, with electricity generation, and the production of copper and some selected manufactured products declining," Dr. Kalyalya said.

9. "Zambia, Morocco embrace" (Daily Mail, 21st)

Zambia has signed 19 Government and private sector memoranda of understanding (MoU) and agreements with Morocco in various sectors of the economies of the two countries. The signing of the array of agreements was witnessed by President Lungu and King Mohammed VI of Morocco at a ceremony at State House yesterday. These included eight MoUs between Zambia and Morocco and 11 agreements and MoUs between the private sectors of the two countries.