



## Macro-economics of Zambia, March 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	6.7(Mar)
9. Consumer Price Index (year 2009=100)	183.66	193.78(Mar)
10. Balance of trade (million USD)	325.0(est)	-138.89*2
11. Balance of trade against Japan (million USD)	-22.90*4	11.11*3
12. Export (million USD)	7,036.0	1,462.56*2
13. Export against Japan (million USD)	24.13*4	20.09*3
14. Import (million USD)	6,710.0	1,601.45*2
15. Import against Japan (million USD)	47.03*4	8.99*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)	9.60ZMW(Mar)
22. Main policy interest rate (annual rate %)	13.0	14.0

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

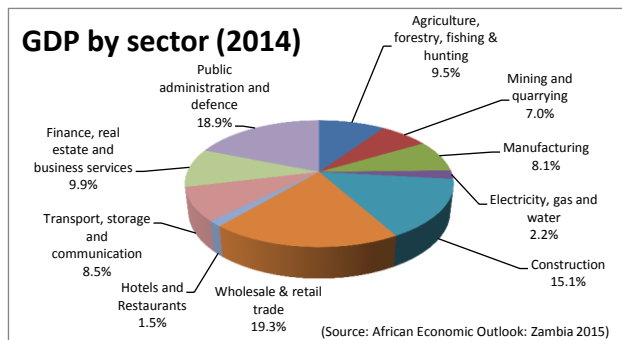
*1 GDP at market prices (Current USD)
*2 Accumulated average rate from January to February, 2017. 1USD = 9.85ZMW (Bank of Zambia rate, average from January to February, 2017)
*3 Accumulated average rate from January to February, 2017. 1USD = 112YEN (Bank of Japan rate, average from January to February, 2017)
Main <b>export</b> products [February 2017]: Copper, Other mineral substances, Tobacco, Sulphuric acid, Raw cane sugar specified in Subheading Note 2 to this Chapter.
Five (5) Main trade partners( <b>export</b> ) [February 2017]: Switzerland 48.8%, China 22.3%, Singapore 5.6%, India 5.4%, Congo DR 4.5%, and Other destinations 13.4% .
Main <b>import</b> products [February 2017]: Coper, Mineral or chemical fertilizers with nitrogen, phosphorus and potassium, Petrol, Cobalt oxides and hydroxides, Gas oils.
Five (5) Main trade partners( <b>import</b> ) [February 2017]: Congo DR 33.3%, South Africa 26.3%, China 15.1%, Kuwait 3.9%, United Arab Emirates 3.5%, and Other sources 17.9%.
*4 Based on 1USD = 111 YEN (Bank of Japan rate, 2016 average)
<Source> 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

### 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. "2 Israeli firms eye tech investment" (Times, 3rd)

Transport and Communications Minister Brian Mushimba disclosed in an interview from Jerusalem, Israel that the Government had a successful meeting with two entities from that country that were willing to invest in Zambia's broadband, undersea marine cabling and cyber security. Mr. Mushimba said they also discussed plans on how to set up a computer assembling plant in Zambia.

#### 2. "Zambia ready to access \$1.3 billion funds" (Daily Mail, 19th)

Minister of Finance Felix Mutati has disclosed that Zambia is ready to access the US\$1.3 billion from the International Monetary Fund (IMF) on Friday. He said Zambia needs half a billion dollars of external borrowing this year to meet the budget requirement. Mr Mutati said the economic recovery programme which Zambia has come up with is purely home-grown and IMF will not dictate anything. He explained that the role of IMF in the economic recovery programme will be to monitor the implementation of the plan.

#### 3. "Govt. sets date for quitting fuel procurement" (Daily Mail, 22nd)

Government will from July 1 2017 stop the procurement of petroleum products and leave the exercise in the hands of the private sector, says Finance Minister Felix Mutati. Mr. Mutati said the decision was likely to increase the price of fuel but "will definitely relieve a lot of pressure on the Treasury."

#### 4. "K1 billion tractor plant deal sealed" (Daily Mail, 24th)

URSUS SA and Industrial Development Corporation (IDC) have signed an agreement to construct a tractor and agriculture equipment assembly plant at cost of K1 billion (US\$100 million) in Lusaka South Multi-Facility Economic Zone (LS-MFEZ).The venture will be financed by an export credit facility between the governments of Zambia and Poland and is expected to help reduce the price of tractors and agricultural equipment by 20 percent.

#### 5. "Growth plan rolled out" (Daily Mail, 24th)

Minister of Development Planning Lucky Mulusa says the Seventh National Development Plan (7NDP) has been approved and will be ready for implementation by the end of May this year. Cabinet during its sitting on March 20th 2017 unanimously approved the 7NDP. The minister said five developmental pillars have been carefully identified to actualise the goals of the plan. These are economic diversification and job creation, reduced poverty and vulnerability, enhanced human development, reduced developmental inequalities and creating a conducive governance environment for a diversified economy.

#### 6. "IMF projects economic growth for Zambia" (Daily Mail, 25th)

The International Monetary Fund (IMF) has projected that Zambia's real gross domestic product (GDP) growth will improve slightly from about three percent last year to 3.5 percent this year. The fund says the positive outlook is based on the good rainfall which is expected to boost agriculture output and electricity generation. IMF mission leader Tsidi Tsikata said that IMF has had fruitful discussions with the Zambian authorities and made progress towards reaching understandings on an economic programme. Mr Tsikata said, however, that in the first two months of 2017, expenditures outpaced revenues substantially with the deficit financed mostly by domestic borrowings.

#### 7. "Zesco proposes 75% tariff increase" (Daily Mail, 28th)

ZESCO has proposed a 75 percent increase in tariffs this year. The proposal is to increase the tariffs in two phases – first on May 1 by 50 percent and secondly on September 1 by 25 percent. Zesco spokesperson Henry Kapata said under residential tariffs the public will be buying electricity at 15 ngwee per unit "which we have not changed but simply increased the band from 100 units to 300 units to cushion low-income customers what we call the life line tariff".

#### 8. "Zambia workforce shrinks 6.5 p.c" (Times, 29th)

Zambia lost about 6.5 per cent work force during the economic slowdown experienced since 2015. This is according to the recent report by the Zambia institute for Policy Analysis Research (ZIPAR). ZIPAR Senior Research Fellow Caesar Cheelo said the economic slowdown experienced since 2015, characterised by load shedding, currency depreciation and high government deficits, had adversely affected the Zambia labour market.

#### 9. "JPC should set Zambia, Ethiopia on strong path" (Times, 31st)

President Edgar Lungu said that the just ended inaugural session of the Zambia, Ethiopia Joint Permanent Commission of cooperation should set out two countries on a strong path to enhanced cooperation in various sectors of our economies such as energy, agriculture and livestock, aviation, trade and industry, finance and health. President said this in Lusaka on Wednesday evening when he hosted a State banquet in honour of visiting Ethiopian Prime Minister Hailemariam Desalegn. Mr Lungu expressed confidence that the recently signed Memorandum of Understanding (MoU) between the Zambia Chamber of Commerce and Industry (ZACCI) and the Addis Ababa Chamber of Commerce and Sectoral Association, would serve to boost trade and investment activities between both countries.