



## Macro-economics of Zambia, May 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	6.5(May)
9. Consumer Price Index (year 2009 =100)	183.66	194.62(May)
10. Balance of trade (million USD)	325.0(est)	-89.36*2
11. Balance of trade against Japan (million USD)	-22.90*4	19.51*3
12. Export (million USD)	7,036.0	2,542.99*2
13. Export against Japan (million USD)	24.13*4	35.13*3
14. Import (million USD)	6,710.0	2,632.35*2
15. Import against Japan (million USD)	47.03*4	15.62*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)	9.26ZMW(May)
22. Main policy interest rate (annual rate %)	13.0	12.5

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

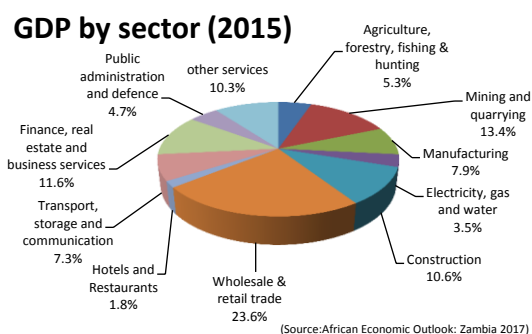
*1 GDP at market prices (Current USD)
*2 Accumulated average rate from January to April, 2017. 1USD = 9.68ZMW (Bank of Zambia rate, average from January to April, 2017)
*3 Accumulated average rate from January to April, 2017. 1USD = 113YEN (Bank of Japan rate, average from January to April, 2017)
Main <b>export</b> products [April 2017]: Copper, Bullion semi-manufactured forms, Sulphuric acid, Maize, Natural magnesium carbonate.
Five (5) Main trade partners( <b>export</b> ) [April 2017]: Switzerland 45.1%, China 22.2%, Singapore 6.4%, Congo DR 6.0%, South Africa 5.3%, and Other destinations 14.9% .
Main <b>import</b> products [April 2017]: Coper, Parts and accessories for machines, Mineral or chemical fertilizers with nitrogen, Petrol, Parts of aeroplanes or helicopters.
Five (5) Main trade partners( <b>import</b> ) [April 2017]: South Africa 23.9%, China 22.4%, Congo DR 18.0%, Mozambique 7.5%, Kuwait 7.1%, and Other sources 21.2%.
*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 (2015)



### Monthly News (Economics)

#### 1. "FQM posts 132,000 tonnes copper output" (Daily Nation, 1st)

First Quantum Minerals (FQM) states that copper production hit a total of 132,356 tonnes, an 11 percent increase from the corresponding period in 2016, announcing its 2017 first quarter results for the period ending March 31, 2017. The mine attributed the increase to its Solwezi-based Kansanshi Mine and continued ramping up of production at Sentinel Copper Mine. However, "Copper production unit cost rose, reflecting mainly a full quarter of commercial operations at Sentinel and the effects of the rainy season in Zambia," said FQM president Clive Newall.

#### 2. "2016 GDP soars to K216,826.3m"(Daily Nation, 2nd)

The Gross Domestic Product (GDP) in 2016 was estimated at K216, 826.3 million compared to K183, 381.1 million in 2015, Central Statistical Office director of census and statistics John Kalumbi has said. Mr. Kalumbi said the results showed that out of the K216,826.3 million the wholesale and retail trade industry had the highest share, accounting for 22 percent. Mr Kalumbi said the wholesale and retail trade industry was followed by the mining and quarrying industry which was at 12 percent while construction stood at 10.9 percent with education having 7.7 percent.

#### 3. "KCM recalls over 900 workers"(Daily Mail, 4th)

Konkola Copper Mines (KCM) has re-engaged 411 workers of various contractors at its Nchanga Underground Mine (NUG) following the resumption of operations in September last year. KCM chief executive officer Steven Din said KCM has additionally recalled 581 of its own employees who were placed in various operations with the mine following the managed care and maintenance. Mr Din said a technical evaluation of NUG was completed to determine the viability of the mine in the current scenario of depressed global commodity prices which led to the decision to re-open the mine.

#### 4. "Electricity tariffs hiked"(Daily Mail, 11th)

The Energy Regulation Board (ERB) has approved Zesco's 75 percent proposed hike in electricity tariffs. ERB acting chairman Francis Yamba said the latest tariff changes which will apply across all customer categories, excluding the mines, will start with a 50 percent upward adjustment on Monday, while 25 percent will be effected on September 1 this year. For the mines, Prof Yamba said Zesco is in the process of negotiating with them and that resolutions will be presented to ERB when the two parties reach an agreement.

#### 5. "BoZ reduces lending rates"(Times, 18th)

The Bank of Zambia (BoZ) has reduced its benchmark lending rate by 150 basis points to 12.5 per cent from 14 per cent. The Central Bank has also reduced the statutory reserve ratio by 300 basis points to 12.5 from 15.5 per cent. BoZ Governor Denny Kalyalya said the continued decline in inflation, prevailing high lending rates and subdued economic growth were the underlying reasons considered by the Monetary Policy Committee (MPC). Dr Kalyalya said the recent measures taken by the Government to address the issues of subsidies in the energy sector, combined with revenue enhancing measure, are critical to reducing the overall budget deficit and are broadly in line with the fiscal consolidation efforts.

#### 6. "Govt implementing reforms to better business environment" (Times, 18th)

The Government has embarked on the implementation of multifaceted economic reforms to better the regulatory and business environment for industrialization to take root, Vice-President Inonge Wina has said. Ms Wina, who is currently Acting President, said in Livingstone yesterday that many government efforts are bearing fruit by easing doing business in Zambia. She said this in a speech read for her by Commerce, Trade and Industry Minister, Margaret Mwanakatwe, during the official opening of the on-going eighth Ease of Doing Business Initiative conference.

#### 7. "Bailout plan on course – Mutati" (Daily Mail, 18th)

Minister of Finance Felix Mutati says Government will seal a deal with the International Monetary Fund (IMF) for its economic stabilisation and growth programme in July this year. And Mr Mutati says mining companies are not exempted from the upward adjustment of electricity tariffs by the Energy Regulation Board (ERB) as they are major consumers of power. He said negotiations between the two parties are progressing well and assured the nation that the package will not come with any undesirable conditions such as compelling Government to effect employment and wage freeze.

#### 8. "World Bank gives Zambia \$600m" (Times, 20th)

The World Bank has made available US\$600 million to the Zambia Government for the next three years to assist with development programmes. This was revealed yesterday when World Bank vice-president for Africa Makhlar Diop paid a courtesy call on President Edgar Lungu at State House. Special Assistant to the President for Press and Public Relations Amos Chanda said \$200m million would go towards the rural connectivity programme to maintain feeder roads while US\$150 million was set aside for direct Budget support. Mr Diop said the World Bank was happy with Finance Minister Felix Mutati's economic plan presented to the International Monetary Fund and the World Bank.