



## Macro-economics of Zambia, October 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)	11.9(Q1)
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	6.4(Oct)
9.	Consumer Price Index (year 2009 =100)	183.66	197.10(Oct)
10.	Balance of trade (million USD)	325.0(est)	-429.87*2
11.	Balance of trade against Japan (million USD)	-22.90*4	97.68*3
12.	Export (million USD)	7,036.0	5,844.53*2
13.	Export against Japan (million USD)	24.13*4	136.62*3
14.	Import (million USD)	6,710.0	6,274.40*2
15.	Import against Japan (million USD)	47.03*4	38.94*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)	2,195(est)	2,430(Jun)
20.	External Debt (million USD)	6,900 (Dec)	7,560 (August)
21.	Exchange rate (Kwacha/ USD, average)	9.81ZMW (end-period)	9.76ZMW(Oct)
22.	Main policy interest rate (annual rate %)	13.0	11.0

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

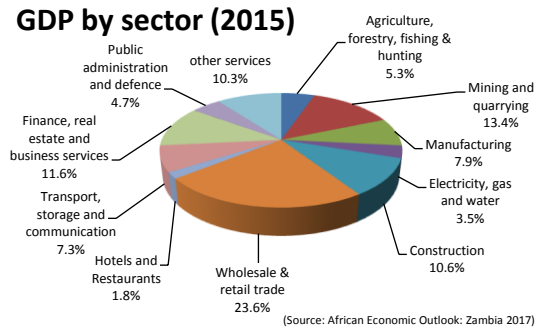
*1	GDP at market prices (Current USD)
*2	Accumulated average rate from January to September, 2017. 1USD = 9.40ZMW (Bank of Zambia rate, average from January to September, 2017)
*3	Accumulated average rate from January to September, 2017. 1USD =111.67YEN (Bank of Japan rate, average from January to September, 2017)
Main export products [September 2017]: Cathodes of refined copper, Copper blister, Copper anodes for electrolytic refining, Cobalt oxides and hydroxides, vegetable fats and oils.	
Five (5) Main trade partners(export) [September 2017]: Switzerland 35.3%, China 18.4%, South Africa 8.6%, Congo DR 7.7%, Singapore 6.9%, and Other destinations 23.1% .	
Main import products [September 2017]: Cobalt oxides and hydroxides, Copper concentrates, Petroleum oils and oils obtained from bituminous minerals, Gas oils, Parts of machinery of 84.74.	
Five (5) Main trade partners(import)[September 2017]: Congo DR 28.3%, South Africa 26.4%, China 10.6%, Kuwait 4.5%, United Arab Emirates 4.0%, Other sources 26.2%.	
*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. "Mutati defends taxes" (3<sup>rd</sup> October, Times)

Finance Minister, Mr. Felix Mutati stated that the various tax measures that are outlined in the 2018 National Budget are aimed at reducing the Zambian Government's dependency on donor funds to finance future national budgets.

### 2. "WB concerned on Zambia's rising debt" (4<sup>th</sup> October, Times)

The World Bank through its country director, Ina Rutherberg is concerned with Zambia's rising debt as it is a constraint to the country's economic growth. Finance Minister Felix Mutati announced during the presentation of the 2018 national budget to Parliament that the total public debt both external and domestic as at August 2017 stood at K114.9 billion, equivalent to US\$12.45 billion and representing 47 per cent of Gross Domestic Product (GDP). The external debt accounted for US\$7.56 billion (29 percent of GDP) while the stock of domestic debt was at K44.6 billion (18 percent of GDP).

### 3. "Zambia's economy showing strength and stability" (11<sup>th</sup> October, Times)

The African Development Bank (AfDB) has said Zambia's economy has shown strength and stability over the last two years, proving that it is a key economy in Africa. AfDB outgoing resident representative Daimoni Kitabire said the local economy had not only grown, but had also exhibited strength and stability.

### 4. "IMF welcomes Zambia's economic outlook" (12<sup>th</sup> October, Times)

The International Monetary Fund (IMF) has welcomed the recent improvement in Zambia's economic outlook driven by good rains and rising world copper prices. IMF notes that the Zambian economy was in near-crisis from the fourth quarter of 2015 through most of 2016, reflecting the impacts of exogenous shocks and lax fiscal policy in the lead up to the general elections.

### 5. "Power generation deficit reduces" (16<sup>th</sup> October, Times)

The deficit in power generation in Zambia has narrowed down from 50 per cent in 2015 to about 10 per cent this year, Finance Minister Felix Mutati had disclosed. Mr. Mutati said that the government was addressing the issue of power deficit and from 2018 it may break even and start recording surplus in power generation.

### 6. "IMF, Zambia discuss bailout plan" (19<sup>th</sup> October, Times)

The Zambian Government has held talks with the International Monetary Fund (IMF) over the financial support that the Southern African country seeks from the fund. During the meeting, the fund acknowledged the successes scored on various benchmarks, but raised issues on the country's debt stock and the sustainability on repayment.

### 7. "Zambia fish production on the rise – Lungu" (22<sup>nd</sup> October, Daily Nation)

Zambia's fish production has increased from 12,988 metric tonnes in 2012 to 30,285 metric tonnes in 2016, President Edgar Lungu disclosed. President Lungu said this was because of Government's resolve to proactively promote aquaculture. He said there was need to reduce importation of fish by supporting local production.

### 8. "State to review electricity Act" (23<sup>rd</sup> October, Daily Mail)

Government is reviewing the electricity Act to allow independent power producers (IPPs) to sell the commodity to any consumer rather than Zesco Limited. Minister of Energy David Mabumba said various reforms are being undertaken to ensure increased production and competitiveness in the petroleum and electricity sub-sectors.

### 9. "More Japanese investors eye Zambia market" (28<sup>th</sup> October, Times)

The Japanese government has said it is dedicated to ensuring that more Japanese investors invest in Zambia as a way to boost trade and cooperation. Japanese Minister of State for Foreign Affairs, Kazuyuki Nakane said his government was eager to see more Japanese businesses in Zambia and many African countries to contribute to economic development of the continent. Mr. Nakane said this in Tokyo when he officiated at the reception to celebrate Zambia's 53<sup>rd</sup> Independence anniversary. He said Japan and Zambia were already in talks over an investment pact which would result in enhanced economic activities in Zambia by Japanese private companies.