



# Macro-economics of Zambia, February 2014

## Monthly News (Economics)

Main Economic Statistical Indexes	2013	2014
1. Population (millions)	14.5 (est)	14.9 (proj)
2. Population growth rate (%)	2.8 (2000-2010)	2.8 (est)
3. Unemployment rate (%)	7.8 (2012)	7.8 (2012)
4. Life Expectancy (age) [M= male, F= female]	49.2(M)/53.4(F)	49.2(M)/53.4(F)
5. Real GDP (million USD)	-	-
6. Nominal GDP (million USD)	21,907 (est)	24,161 (proj)
7. GDP growth rate (%)	6.4	7.2 (proj)
8. GNI per capita (USD)	1,358*1 (2012)	1,358*1 (2012)
9. Inflation rate (%)	7.1 (Dec)	7.6(Feb)
10. Consumer Price Index (year 2009 =100)	135.08 (Dec)	136.96 (Feb)
11. Balance of trade (million USD)	423	51.27 (Jan 2014)
12. Balance of trade against Japan (million USD)	-75.56*2	-6.84 (Jan 2014)
13. Export (million USD)*3	10,608	875 (Jan 2014)
14. Export against Japan (million USD)	49.82*2	3.33 (Jan 2014)
15. Import (million USD)*3	10,185	823.73 (Jan 2014)
16. Import against Japan (million USD)	125.38*2	10.17 (Jan 2014)
17. Balance of current account (million USD)	-1,007	-
18. Outward direct investment (million USD)	3,448 (2011)	-
19. Inward direct investment (million USD)	12,932 (2011)	-
20. Gold, Foreign currency reserve (million USD)	2,852 (2013 year-end)	-
21. External Debt (million USD)	5,445 (2012 year-end)	-
22. Exchange rate (Kwacha/ USD, average)	5.39 ZMW*3	5.69 ZMW (Feb)*3
23. Main policy interest rate (annual rate %)	9.75 (Dec)	9.75 (Feb)

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

*1	GNI per capita based on purchasing power parity (PPP).
*2	Based on 1USD = 100 YEN (Bank of Japan rate, January 2014 average)
*3	The Zambia Kwacha has been re-denominated since 1st January, 2013. 1,000 ZMK (pre-rebasing Kwacha) = 1 ZMW (rebased).

Main **export** products: Cathodes & Sections of Cathodes of refined Copper, Copper Blister, Sulphuric acid, oleum in bulk, semi-manufactured gold (including Gold plated with  
Five (5) Main trade partners(**export**) [Jan 2014]: Switzerland 40.5%, China 20%, South Africa 10.9%, Democratic Republic of the Congo 8.6%, United Arab Emirates 5.8% and  
Main **import** products: copper ores and concentrates, gas oil, machinery, structures & parts of structures, motor spirit, medicaments of mixed or unmixed products - for retail sale.  
Five (5) Main trade partners(**import**) [Jan 2014]: South Africa 27.3%, Democratic Republic of the Congo 18.0%, Kenya 12.1%, China 9.0%, India 3.6% and Other sources 48.0%.

<Source>

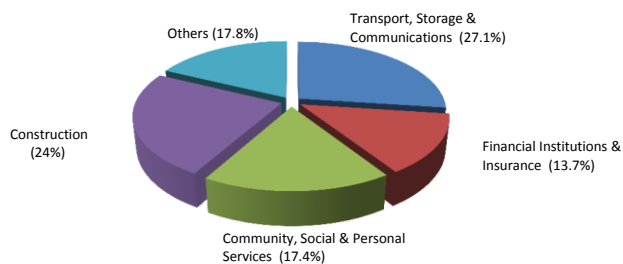
1.-2., 5.-7.: Country Report 2014 (EIU), Monthly Bulletin (CSO), The World Factbook (CIA) /  
3.: Zambia Labour Force Survey Report, 2012 (CSO & Ministry of Labour and Social Security) / 4.: Census 2010 /  
8.: UNDP Human Development Report / 9.-11., 13., 15.: Monthly Bulletin (CSO) / 12., 14., 16.: Trade Statistics of Japan (Ministry of Finance) / 17., 20.-21.: The World Factbook (CIA) / 18.-19.: UNCTAD / 22.-23.: Bank of Zambia

## Mining Sector Taxes (Source: ZRA, ZEITI)

- Corporate/company Tax at 35%. companies listed on the Lusaka Stock Exchange are levied 30%.
- Value Added Tax (VAT): 16%.
- Mineral Royalty tax: 6 %
- 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.

## The main contributors to GDP in 2013



(Source: Central Statistical Office website)

## 1. "Lusaka South MFEZ to intensify construction" (Times, 3rd)

The Lusaka South Multi-Facility Economic Zone (MFEZ) will this year intensify infrastructure development at the facility to attract further investors. And NRB Pharma Zambia Limited has started the construction of the two plants at the Lusaka South MFEZ. Lusaka South MFEZ managing director Fortune Kamusaki said this when a Japanese trade and business delegation which included Japanese Ambassador to Zambia Kiyoshi Koinuma and Japanese chamber of Commerce and Industries in South Africa vice chairperson Hiroshi Okado toured the MFEZ.

## 2. "Japan team to explore mining opportunities in Zambia" (Post, 5th)

Japanese parliamentary vice-minister of economy, trade and industry, Yashihiko Isozaki said Japan will this year send a high-level delegation to Zambia to explore mining opportunities in the country. He spoke during a meeting with Mines, Energy and Water Development minister, Christopher Yaluma, on the sidelines of the 20th annual Investing in Africa Mining Indaba in Cape Town, South Africa. Mr. Isozaki indicated that Japanese companies were showing interest in investing in Zambia's mineral resources.

## 3. "Zesco to spend K220m on Lusaka MFEZ power" (Times, 6th)

Construction of a 330 Kilovolt (KV) power station that will connect power to the Lusaka Multi-Facility Economic Zone (MFEZ) is expected to start soon with an investment of K220 million. ZESCO spokesperson Henry Kapata said it will cost the company K150 million to put up a substation that will break into the 330 KV line while K50 million will be spent on another facility to link Lusaka South and the rest of the province.

## 4. "BoZ to review microfinance regulations" (Times, 7th)

The Bank of Zambia (BoZ) will soon review microfinance regulations to bring them up to date with the changing dynamics in the financial sector with the view of narrowing the access gap in the delivery of financial services. BoZ Governor Michael Gondwe said.

## 5. "Zambia attains blend status" (Times, 12th)

Zambia has graduated into a blend status country joining the power house economies such as Nigeria and Cape Verde, making it eligible to access both African Development Funds (ADF) and the African Development Bank (ADB) financing windows of the African Development Bank (AfDB). AfDB country representative Freddie Kwesiga said.

## 6. "Govt releases \$25m for KK Airport expansion" (Daily Mail, 13th)

Government has released about US\$25 million towards the construction of the new Kenneth Kaunda International Airport. Minister of Transport, Works, Supply and Communication Yamfya Mukanga said the development will enable KKIA become a hub of international traffic, a major transit and regional centre of excellence for the distribution of cargo and passengers.

## 7. "BoZ calls for strict regulation in capital market" (Daily Mail, 13th)

Bank of Zambia (BoZ) has urged the capital market regulators to effectively supervise and regulate players in the sector to minimise risks from collapsing the entire financial market. BoZ governor Michael Gondwe urged the International Organisation for Securities Commission (IOSCO) to play a critical role in developing the market in member countries as the challenges are immense.

## 8. "EAZ calls for strict expenditure measure" (Daily Mail, 14th)

The Economics Association of Zambia (EAZ) had said the country risks widening the expenditure deficit if inadequate control measures on borrowing are not put in place. EAZ executive director Ferdinand Chikambwe indicated that if the government will not control the borrowing, risks will continue to increase with rising fiscal imbalances.

## 9. "Business Bill to reduce bureaucracy - Chenda" (Times, 20th)

The Government had said that the enactment of the Business Regulatory Bill Number 22 of 2013 will reduce bureaucracy and result in the establishment of the Business Regulatory Authority (BRA) which will act as a single licensing system. This will in addition, help reduce the cost of doing business in Zambia and result in the creation of more jobs. Commerce, Trade and Industry Minister Emmanuel Chenda told Parliament.

## 10. "Invest in aviation industry, private sector told" (Times, 24th)

Government has prodded the private sector to take advantage of infrastructure development currently going on in the aviation industry and establish a local airline. The Government said that there was need for the private sector to invest in air transport business to ensure the reduction of airfares. Transport, Works, Supply and Communications, Minister Yamfwa Mukanga said.

## 11. "Zambia a model in management of mercury - Japanese envoy" (Post, 25th)

Zambia serves as a role model for other African countries in the management of mercury levels, said Japanese Deputy Chief of Mission Hideki Yamaji. Following the launch of the project ratification and early implementation of the Minamata Convention on mercury in Lusaka, Mr. Yamaji said that he felt 'immense pride' as Zambia was the first African country as a signatory (signed on October 10, 2013) to the convention, helping to lead the way for other African countries on curbing the dangers of mercury exposure.

## 12. "BoZ to increase statutory reserve ratio" (Daily Mail, 26th)

The Bank of Zambia (BoZ) has decided to raise the statutory reserve ratio to 14 percent (14%) from eight percent (8%) effective March 10, 2014 to strengthen the Kwacha in the long run. According to Citibank's market commentary, the planned increase of the reserve ratio is expected to ease the Kwacha that has been trading on a downward trend in the past months.

## 13. "Zambia refuses to sign EPA on trade" (Post, 28th)

Zambia has declined to sign the Economic Partnership Agreement (EPA) with the European Union, SADC and COMESA because it proscribes duty on exports. Commerce minister Emmanuel Chenda disclosed that a meeting with EPA and COMESA delegates was not resolved amicably as Zambia took up a strong position against the proposed clause restricting duty on exports in the Free Trade Area Agreement.

## 14. "Gov't will review NGO Act" (Times, 28th)

Government will undertake a review process of the Non Governmental Organisation (NGO) Act of 2009 while it is being implemented, Government spokesperson Mwansa Kapeya has said. Mr Kapeya, who is also Information and Broadcasting Services Minister, said that Government was aware of the concerns that have been raised by some NGOs regarding some legal impediments within the new NGO Act that needed to be addressed. He said since the NGO Act was already a law which needed to be adhered to in its current form.

## 15. "Rise in reserve ratio to increase cost of borrowing" (Daily Mail, 28th)

The Private Sector Development Association (PSDA) says the intervention by the Bank of Zambia (BoZ) to raise the statutory reserve ratio to 14 percent (14%) from eight percent (8%) is likely to increase the cost of borrowing. PSDA chairperson Yusuf Dodia said the upward adjustment is expected to increase the liquidity of the banking