



Macro-economics of Zambia, March 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 (est)	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	7.7 (Mar)
10. Consumer Price Index (year 2009 =100)	131.26	138.67 (Mar)
11. Balance of trade (million USD)	423	10.37 (Feb 2014)
12. Balance of trade against Japan (million USD)	-80.31*4	-4.92 (Feb 2014)*2
13. Export (million USD)*3	10,608	741.12 (Feb 2014)
14. Export against Japan (million USD)	53.02*4	3.48 (Feb 2014)*2
15. Import (million USD)*3	10,185	730.93 (Feb 2014)
16. Import against Japan (million USD)	133.33*4	8.40 (Feb 2014)*2
17. Balance of current account (million USD)	-1,007	-
18. Outward direct investment (million USD)	177 (2012)	-
19. Inward direct investment (million USD)	1,066 (2012)	-
20. Gold, Foreign currency reserve (million USD)	2,852 (2013 year-end)	2,673 (Feb 2014)
21. External Debt (million USD)	3,200 (2013 year-end)	-
22. Exchange rate (Kwacha/ USD, average)	5.39 ZMW*3	6.09 ZMW (Mar)*3
23. Main policy interest rate (annual rate %)	9.52	10.25 (Mar)

*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 = 103 YEN (Bank of Japan rate, February 2014 average)
*3	The Zambia Kwacha has been re-denominated since 1st January, 2013. 1,000 ZMK (pre-rebasing Kwacha) = 1 ZMW (rebased).
*4	Based on 1USD = 94YEN (Bank of Japan rate, 2013 average)
	Main export products [Feb 2014]: Cathodes & Sections of Cathodes of refined Copper, Copper Blister, Sulphuric acid, oleum in bulk, precious or semi-precious stones, semi-manufactured gold (including Gold plated with platinum).
	Five (5) Main trade partners(export) [Feb 2014]: Switzerland 35.2%, China 25.4%, Democratic Republic of the Congo 9.3%, Singapore 6.2%, South Africa 6.0%, and Other destinations 17.9%.
	Main import products [Feb 2014]: Structures & parts of structures, nes, of iron or steel - other, copper ores and concentrates, Towers and lattice masts of iron or steel.
	Five (5) Main trade partners(import) [Feb 2014]: South Africa 31.9%, Democratic Republic of the Congo 16.0%, China 10.0, % Kenya 8.5%, India 5.0% and Other sources 28.7%.

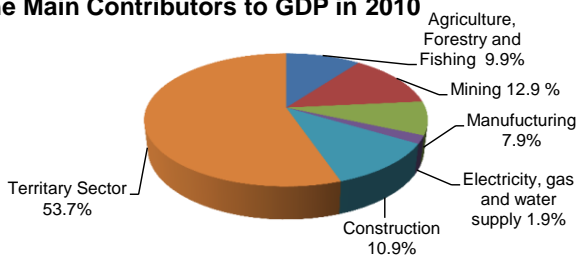
<Source>
 1.-2., 5.-7.: Country Report 2014 (EIU), Monthly Bulletin (CSO), The World Factbook (CIA) /
 3.: Zambia Labour Force Survey Report, 2012 (CSO & Ministry of Labour and Social Security) / 4.: Census 2010 /
 8.: UNDP Human Development Report / 9.-11., 13., 15.: Monthly Bulletin (CSO) / 12., 14.,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



(Source: Data extracted from Central Statistical Office website)

- “External factors to affect copper price” (Daily Mail, 3rd)**
Global market for copper which is Zambia's export earner, is expected to slow down, hence affecting the price of the commodity, an economic affairs report indicates. The week data has been attributed to external influences in strategic sectors in 'super power economies' key factors for close observation, according to the Ministry of Finance.
- “State committed to MSMEs growth” (Times, 5th)**
Government is implementing various strategies to ensure Micro Small and Medium Enterprises (MSMEs) progressively migrate to large-scale enterprises, President Michael Sata has said. Mr Sata said some of the initiatives to help the migration of MSMEs were fully operationalisation of referential procurement as provided under the Citizens' Economic Empowerment Act, linking the MSMEs to the export market. Other measures included simplifying the listing requirements for MSMEs on the Lusaka Stock Exchange (LUSE) and promoting the establishment of a private sector managed venture capital fund.
- “Toyota Zambia, CFAO to merge” (Daily Mail, 5th)**
Competition and Consumer Protection Commission (CCPC) has approved the merge of Toyota Zambia and CFAO, the distributor of Nissan vehicles. However, under this partnership, CFAO will no longer distribute Nissan vehicles, but the merge will entail distribution of Toyota and Ford brands.
- “Govt to review yellow fever agreement with S/Africa” (Post, 14th)**
The government is urgently pushing for a revision of the Yellow Fever bilateral agreement with South Africa owing to concerns of reduced tourist numbers. Currently, foreign tourists wishing to visit the country require a Yellow Fever certificate under a bilateral agreement signed between Zambia and South Africa, but this is affecting tourism numbers with tourists choosing alternative neighbouring African countries that do not have that agreement with the former. Foreign affairs minister Wylbur Simuusa said that the government was currently in the process of trying to revise the bilateral agreement with South Africa through a meeting to be held soon.
- “State to introduce border management law” (Daily Mail, 14th)**
Government is in the process of introducing a border Management bill aimed at providing legal framework to stakeholders involved in cross border business. The bill will seek to provide a coordinated network between all stakeholders involved in cross border trade. Permanent Secretary in the Ministry of Commerce, Trade and Industry Siazongo Siakalenge said unlike the present situation where operations are mostly done in isolated way, the bill will help in the smooth running of work between government agencies.
- “Volatile Kwacha threat to economic growth” (Daily Mail, 14th)**
The Zambia Association of Manufactures (ZAM) has expressed concerns at the volatile kwacha, saying if unchecked the impact on various sectors will be detrimental to the economic growth. ZAM president Bright Chunga said that the current Kwacha trend needs Government interventions and hoped the Bank of Zambia's rescue plan will see the local currency strengthen against the United States dollar.
- “Tobacco plant on cards in Lusaka MFEZ” (Times, 14th)**
Roland Imperial Tobacco Company (RITCO) Limited is set to invest in the Lusaka South Multi Facility Economic Zone (L S-MFEZ), where it plans to set up a US\$20 million primary tobacco processing plant. This follows the recent signing of a lease agreement with the LS-MFEZ management in which the company will set up the plant to process locally grown tobacco.
- “State calls for more Japanese investments” (Daily Mail, 16th)**
Government has called on Japan to increase its investment in order to help create employment and foster development in Zambia. Deputy Minister of Local Government and Housing Nicholas Banda said when officiating at the Zambia JICA Fellowship Association annual general meeting in Lusaka that a lot needs to be done to promote Japanese investments because very few Japanese companies have effectively taken the opportunity to establish businesses in Zambia. There is room to accommodate Japanese investments; he urged the Japanese government to consider investing in key areas such as agro-processing, energy, tourism and finance.
- “EAZ spells out Kwacha slide remedy” (Times, 18th)**
The current depreciation of the Kwacha can only be addressed by increasing productivity, cutting down on the excessive dependence on imports and increasing the country's non-traditional exports (NTEs). According to Economics Association of Zambia (EAZ), there is need for increased productivity to cushion the demand for foreign exchange which is causing the depreciation of the Kwacha.
- “ZDA amends lists of priority sectors” (Daily Mail, 21st)**
The Zambia Development Agency (ZDA) has amended the 2006 Act on the list of priority sectors to operate in multi-facility economic zones and industrial parks. ZDA manager of communications and public relations manager Margaret Chimansa said the sectors will include manufacturing activities, energy, water development construction and the establishment of infrastructure. Ms Chimansa said the amendment of the priority sectors under the ZDA Act No. 11 aligns the sectors to the Sixth national Development Plan and is expected to create new jobs.
- “State works out kwacha maths” (Daily Mail, 22nd)**
Government revoked Statutory Instrument (SI) No. 33 of 2012 and 55 of 2013, which supported the implementation of the monetary policy on foreign currency. And in a swift financial market reaction, the kwacha reportedly appreciated a few minutes after Minister of Finance Alexander Chikwanda announced the revocation of the two instruments.
- “State keen to maintain sustainable debt levels” (Daily Mail, 24th)**
Government has reiterated the need to sustain debt levels within international threshold to safeguard macroeconomic stability, Finance Minister Alexander Chikwanda has said. The country's external debt was at US\$3.2 billion in 2013 or 15 percent of gross domestic product (GDP), whilst domestic debt stood at K19.7 billion or 16.3 percent of GDP. Mr Chikwanda said Government is mindful of the need to maintain debt sustainability.
- “Sis reversal to mitigate fiscal deficit - EAZ” (Times, 25th)**
Government's decision to revoke Statutory Instruments (SIs) numbers 33 of 2012 and 55 of 2013 will help to mitigate high risks of the widening fiscal deficit in the country's economy, the Economics Association of Zambia (EAZ) President Isaac Ngoma said. The EAZ President further said that the revocation of the two instruments was a step in the right direction as it would help restore investor confidence in the economy and would greatly enhance the prospects of attaining the set macroeconomic and medium term targets for this year.
- “BoZ acts to tame inflation” (Times, 31st)**
The Bank of Zambia (BoZ) projects that the pass-through effects from the depreciation of the Kwacha exchange rate will impact negatively on local inflation. BoZ head of public relations Kanguya Mayondi said this was why the Monetary Policy Committee (MPC) of the Central Bank raised the Policy Rate by 175 basis points for April 2014.