



Macro-economics of Zambia, April 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)	24,746 (est)	25,981 (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	7.8(Apr)
10. Consumer Price Index (year 2009=100)	131.26	139.61 (Apr)
11. Balance of trade (million USD)	423	13.80(Mar)*2
12. Balance of trade against Japan (million USD)	-80.31*5	-11.24(Mar)*3
13. Export (million USD)*3	10,608	730.38 (Mar)*2
14. Export against Japan (million USD)	53.02*5	2.36(Mar)*3
15. Import (million USD)*3	10,185	716.58(Mar)*2
16. Import against Japan (million USD)	133.33*5	13.60 (Mar)*3
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)
21. External Debt (million USD)	3,200 (2013 year-end)	3,160 (Mar)
22. Exchange rate (Kwacha/ USD, average)	5.39 ZMW*4	6.19 ZMW(Apr)*4
23. Main policy interest rate (annual rate %)	9.52	12.00 (Apr)

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

*1	GNI per capita based on purchasing power parity (PPP).
*2	1USD = 6.09 ZMW (Bank of Zambia rate, March 2014 average)
*3	1USD = 104 YEN (Bank of Japan rate, March 2014 average)
*4	The Zambia Kwacha has been re-denominated since 1st January, 2013. 1,000 ZMK (pre-rebasing Kwacha) = 1 ZMW (rebased).
*5	Based on 1USD = 94YEN (Bank of Japan rate, 2013 average)

Main **export** products [March 2014]: Copper Cathodes & Sections of Cathodes of refined Copper, Copper Bliester, Sulphuric acid, oleum in bulk, precious or semi-precious stones, semi-manufactured gold (including Gold plated with platinum).
 Five (5) Main trade partners (**export**) [March 2014]: Switzerland 45.9%, China 18.2%, Democratic Republic of the Congo 8.1%, United Arab Emirates 6.2%, South Africa 5.6%, and Other destinations 15.9%.
 Main **import** products [March 2014]: Structures & parts of structures, nes, of iron or steel - other, copper ores and concentrates, Towers and lattice masts of iron or steel, Gas oils.
 Five (5) Main trade partners (**import**) [March 2014]: South Africa 32.7%, Democratic Republic of the Congo 19.4%, China 10.1%, Kenya 8.5%, India 5.8% and Other sources 23.43%.

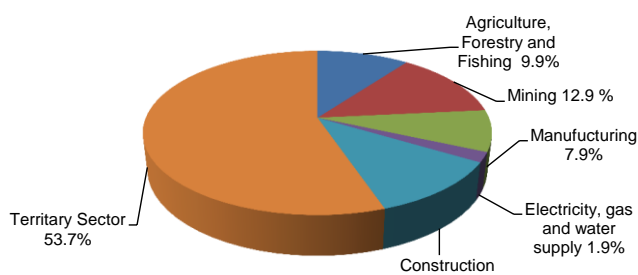
<Source>
 1.-2., 5.-7.: Country Report March 2014 (EIU), Monthly Bulletin (CSO), The World Factbook (CIA) /
 3.: Zambia Labour Force Survey Report, 2012 (CSO&Ministry of Labour and Social Security) / 4.: Census 2010 /
 8.: UNDP Human Development Report / 9.-11., 13., 15.: Monthly Bulletin (CSO) / 12.,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

1. "Govt to resolve EPA issues" (Times, 1st)
 Zambia's Ambassador to the European Union (EU) Grace Kabwe says Zambia and other Eastern and Southern African countries (ESA) are committed to ensuring that contentious issues surrounding the Economic Partnership Agreements (EPAs) are resolved. Ms Kabwe who is also Zambia's Ambassador to Belgium, Netherlands, and the Grand Duchy of Luxembourg said that Zambia and other countries were targeting value addition to products which would be exported to the EU countries under the EPAs arrangement.

2. "Volatile exchange rate impedes bio-fuel plans" (Times, 2nd)
 Volatility in the exchange rate has impeded plans by the private sector to mobilise funds for the establishment of bio-fuel processing facilities in Zambia. Biofuels Association of Zambia chairperson Thomson Sinkala said the depreciation of the Kwacha against other convertible currencies has made it difficult for entrepreneurs to borrow money from local and foreign lenders. Mr Sinkala said one requires US\$1 million capital to establish an ethanol refinery, while it has been estimated that K12.3 million would be required to construct biofuel blending facilities.

3. "East in K714m roads fund" (Daily Mail, 4th)
 Eastern province has received about K714 million from the National Roads Funds Agency (NRFA) to help rehabilitate roads in the province. Government has this year released about K4.9 billion through NRFA for road development projects and road transport services across the country. NRFA public relation manager Alphonsius Hamachila said the estimates of expenditure for road projects and road transport services will largely be tied to the upgrading, rehabilitation, periodic and routine maintenance and road safety structures on roads.

4. "Zambia's debt sustainable" (Times, 7th)
 Zambia's current debt stock is sustainable but there is cause to worry because it may become unsustainable in the next two years, local economic experts have said. Speakers at Economics Association of Zambia (EAZ)-organised public discussion said that the current total debts of about US\$7.2 billion were still sustainable but were becoming a source of worry.

5. "ZR revival cheers Parley" (Daily Mail, 7th)
 The Parliamentary Committee on Transport, Works, Supply and Communications, through its chairman Kapembwa Simbao, says it is inspired by the manner in which the US\$120 million Eurobond is being utilised by the Zambia Railways (ZR) Limited. The committee has urged critics of the Eurobond to give ZR a chance to execute its tasks professionally.

6. "BoZ reviews financial laws" (Daily Mail, 7th)
 The Bank of Zambia (BoZ) is reviewing a number of legislations to further enhance access to financial services and products by service providers. BoZ director of non-bank financial institution supervision Visscher Bbuku said the central bank is revising the Banking and Financial Services Act to bring it in line with some of its subsidiary regulations and the Building Societies Act. Mr Bbuku said the bank is also enacting new legislations such as a leasing law, credit reporting bill, and the personal property security interests' bill to enhance the financial sector.

7. "Economic trend raises eyebrows" (Daily Mail, 8th)
 Zambia's economic performance during the first quarter of 2014 has had a mixed performance direction that has raised concerns as to which track the economy is taking, Jesuit Centre for Theological Reflection (JCTR) says. JCTR programme coordinator Geoffrey Chongo said the performance of the economy during the period in question has seen developments in the financial market that might derail the country's economic growth. The concern comes in the wake of two slowly emerging negative indicators namely the gradual and yet steadily increasing inflation rate and spiral freefall of the Kwacha, he said.

8. "Mines vexed over power tariff increase" (Daily Mail, 8th)
 The Chamber of Mines of Zambia (CMZ) has called on the Energy Regulation Board (ERB) to review its decision on the increase in electricity tariffs to the mining sector saying this will exert excessive pressure on the mining companies. ERB increased electricity tariffs for mining firms to about 28.8 percent effective April 2

9. "Government issues \$1bn sovereign bond" (Daily Mail, 9th)
 Government has issued a second sovereign bond on the international capital market amounting to US\$1 billion. Acting Minister of Finance Edgar Lungu said like the first sovereign bond issued in September 2012, the second has been a resounding success. The second bond, like the first one, was significantly oversubscribed, an expression and affirmation of the confidence the international investor community has in Zambia, he said. Mr Lungu said proceeds of the bond will be targeted at growth-prompting projects in the various critical sectors of the economy such as transport and energy.

10. "Zambia's trade finance to be boosted" (Daily Mail, 15th)
 Zambia is expected to benefit from the first risk participation agreement between African Development Bank (AfDB) and the Standard Chartered Bank to support trade finance over the next four years. Last May, AfDB and Standard Chartered Bank signed a US\$400 million agreement which will provide significant trade finance support for imports and exports across vital economic sectors, including agriculture and food to corporate and financial institution clients in Africa.

11. "\$1.5m solar battery plant launched" (Times, 24th)
 Zalco Limited, producers of assorted cooking utensils, has commissioned the first solar battery manufacturing plant in Zambia with an investment of US\$1.5 million. The manufacturing plant, which has been set up in Kabwe, has created more than 100 job opportunities for the locals. Company head of finance and administration Chrisain Tembo said that the company is currently producing between 3,000 and 4,000 solar batteries per month and that, it has the capacity to produce up to 10,000 solar batteries per month.

12. "State reviews policy to address small-scale farmer's needs" (Daily Mail, 25th)
 Government is reviewing the 2004-2015 national agriculture policy to address the needs of small-scale farmers countrywide, Minister of Agriculture and Livestock Wylbur Simuusa has said. The review of the Agriculture Policy 2004-2015 is being done in order to address the needs of the small-scale farmers, taking into account the emerging trends in the sector such as environment and climate change, decentralisation, globalisation and changes in the legal environment, Mr Simuusa said. He also said there is need for credible investment to operationalise the national agriculture policy and to reduce poverty in rural areas. And Mr Simuusa said Government has prioritised agriculture on its agenda despite the challenges that the sector is facing.

13. "Energy exports to rise next year" (Daily Mail, 30th)
 Zambia is expected to be self-sufficient in electricity by next year which will result in the export of surplus energy to Southern Africa. Electricity Supply Company Zesco acting chief operations officer Christopher Mubemba said the completion of the on-going hydro-electricity projects will enable the country to sell power to the region while load shedding will come to an end. Mr Mubemba said Zambia will export power to Southern Africa to meet the increasing electricity demand and earn the country foreign exchange.