



Macro-economics of Zambia, May 2014

| 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 | 7.0 (proj) |
| 8. | GNI per capita (USD) | 1,358*1 (2012) | 1,358*1 (2012) |
| 9. | Inflation rate (%) | 7.1 | 7.8(May) |
| 10. | Consumer Price Index (year 2009=100) | 131.26 | 140.85 (May) |
| 11. | Balance of trade (million USD) | 423 | 6.95 (Apr)*2 |
| 12. | Balance of trade against Japan (million USD) | -80.31*5 | -4.38(Apr)*3 |
| 13. | Export (million USD)*3 | 10,608 | 864.18 (Apr)*2 |
| 14. | Export against Japan (million USD) | 53.02*5 | 2.94 (Apr)*3 |
| 15. | Import (million USD)*3 | 10,185 | 857.24 (Apr)*2 |
| 16. | Import against Japan (million USD) | 133.33*5 | 7.32 (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 | 6.62 ZMW(May)*4 |
| 23. | Main policy interest rate (annual rate %) | 9.52 | 12.00 (May) |

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

*1 GNI per capita based on purchasing power parity (PPP).

*2 1USD = 6.19 ZMW (Bank of Zambia rate, April 2014 average)

*3 1USD = 102 YEN (Bank of Japan rate, April 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 [April 2014]: Copper Cathodes & Sections of Cathodes of refined Copper, Copper Blisters, Sulphuric acid, oleum in bulk, semi-manufactured gold (including Gold plated with platinum).

Five (5) Main trade partners(export) [April 2014]: Switzerland 38.8%, China 23.3%, Democratic Republic of the Congo 14.5%, South Africa 5.5%, Australia 3.5% and Other destinations 14.4%.

Main import products [April 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) [April 2014]: South Africa 27.8%, Democratic Republic of the Congo 24.6%, China 8.3 %,Kenya 5.9%,Kuwait 4.5% and Other sources28.9%.

<Source>

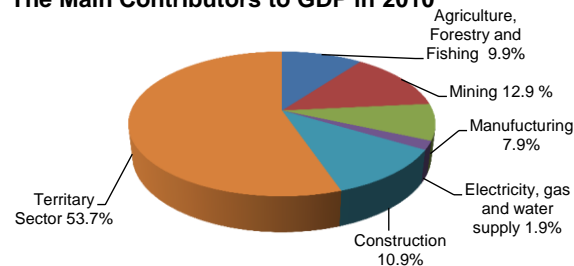
1.-2., 5.-7.: Country Report March 2014 (EIU), Monthly Bulletin (CSO), The World Factbook(CIA) / 3.: Zambia Labour Force Survey Report, 2012 (CSO&Ministry of Labour and Social Security) / 4.: Census 2010 / 8.: UNDP Human Development Report / 9.-11., 13., 15.: Monthly Bulletin (CSO) / 12., 14., 16.: Trade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

Monthly News (Economics)

1. "Rise in imports, low copper prices caused Kwacha fall" (Post, 3rd)

The Central Bank attributes the depreciation of the Kwacha against other international convertible currencies during the first quarter this year to a high growth in imports relative to exports coupled with falling copper prices on the global market. Bank of Zambia (BoZ) Government Minister Michael Gondwe said this has also been as a result of the investor sentiments associated with the strengthening of the United States (US) Dollar.

2. "Treasury releases over K500m to spur growth" (Times, 5th)

The Ministry of Finance released K569.7 million to stir development, create jobs and ultimately reduce poverty. From the K569.7, the Treasury has given K122.3 million to the Ministry of Agriculture and Livestock. Out of this money, K102.3 million is for various facets of the Farmer Input Support Programme and K20 million for crop purchases.

3. "Maize export ban lifted" (Daily Mail, 5th)

Government lifted the ban on exports of maize, according to the Minister of Agriculture and Livestock Mr. Wylbur Simuusa. Mr Simuusa said that government has started issuing maize export permits to interested exporters following the issuance of statutory instrument (SI) No. 35 of 2014 which revokes the ban on maize exports. Mr Simuusa called on maize exporters interested to ensure they get a permit or risk being arrested if they are found exporting without the permit.

4. "Zambia, Japan must enhance ties - Kalaba" (Post, 6th)

Zambia and Japan have agreed to effectively use the Tokyo International Conference on African Development mechanism to eradicate poverty in the two countries. Foreign affairs minister Harry Kalaba said Zambia and Japan should work towards enhancing their bilateral ties to eradicate poverty through the TICAD mechanism and other interventions. Mr. Kalaba had held bilateral talks with his Japanese counterpart, Fumio Kishinda, in Cameroon recently.

5. "62% Zambians lack access to financial services - BoZ calls for financial inclusion" (Post, 12th, Daily Mail, 13th)

The Bank of Zambia through Governor Dr Michael Gondwe has observed that financial inclusion continues to be a challenge regardless of the positive economic performance that the country has recorded in the recent past. Dr Gondwe said despite the entry of new banks and expansion of products and services by the market players, there were still several parts of the country and numerous segments of society where formal financial services were still unavailable.

6. "State to determine EPA stance" (Daily Mail, 12th)

Government is undertaking a study to ascertain the definite position on the economic partnership agreement (EPA), which has delayed to be signed due to negotiations being done by individual member states. Zambia is the current chair of the 18 Eastern and Southern Africa (ESA) member states under the European Union (EU) configuration. The Minister of Commerce, Trade and Industry Robert Sichinga indicated that the position will be known in July this year.

7. "Zambia to revive textile industry" (Daily Mail, 13th)

Government has appointed a committee of permanent secretaries to revive the growth of the textile industry, which will see over 4,000 jobs created this year. This is according to the Ministry of Commerce, Trade and Industry Permanent Secretary Siakazongo Siakalenge.

8. "Zambia urges more agro FDIs" (Times, 14th)

Zambia will focus on attracting foreign direct investments (FDIs) that are targeted towards building the country's agro industrial base, Commerce, Trade and Industry Minister Robert Sichinga said. Mr Sichinga highlighted that the Government would this year focus on wooing foreign investment that would help build the country's agro industrial base which is also important among others in stimulating economic growth in the country. Mr. Sichinga said the Citizen Economic Empowerment Commission (CEEC) would be responsible for attracting investment at district level and the Zambia Development Agency (ZDA) would deal with the promotion of foreign direct investment.

9. "Zambia's economic outlook bright" (Times, 15th)

Global rating agency, Moody's Investors Service has affirmed a B+ and stable economic outlook for Zambia buoyed by Foreign Direct Investments (FDIs) in mining and strong performance in services, manufacturing and construction. Moody's Investors Service vice president-analyst, Alexandra Mousavizadeh said strong growth averaging 6.5 per cent of Gross Domestic Product (GDP) over the past five years and low GDP per capita of US\$1,683 in 2012, have fortified Zambia's economic performance. Solid and sustained economic growth has also been driven by public investment and a relatively strong macroeconomic policy framework sustained by a legacy of political stability, Ms Mousavizadeh said.

10. "Zambia projects 7% real GDP" (Daily Mail, 16th)

Government anticipates positive growth in Zambia's economy with real gross domestic product (GDP) projected at seven percent in 2014 compared to 6.4 percent in 2013. Inflation is also expected to remain at the single digit level and drop to 6.5 percent compared to 7.1 percent recorded at end 2013. This was according to the Ministry of Finance public relations officer Chileshe Kandeta who also said that the growth in the country's GDP and drop in inflation will stem from global developments. The global growth is projected at 3.7 percent in 2014. Global developments will have a positive impact on the domestic economy with real GDP projected at seven percent. This will be driven by strong performance in the mining, transport, communication, and construction sectors.

11. "Zambia's metal exports soar" (Times, 28th)

Zambia's metal export earnings last year increased to US7 billion from \$6.5 billion in 2012 translating in 8.8-per cent rise while production increased by nearly six per cent. Following a rise in the copper export earnings, the metal export earnings increased by 8.8 per cent to \$7.086 billion from \$6.511 billion in 2012. According to the 2013 Annual Economic Report which was released by the Ministry of Finance recently, copper export earnings for 2013, at \$6.941 billion, were 10.3 per cent higher than the US\$6.294 billion for 2012. This was mainly driven by higher export volumes. The country exported 981,340 tonnes volumes of copper which were 11.3 per cent higher than the 882,095 tonnes exported in 2012.

12. "Reduced FDIs affecting Kwacha - State" (Daily Mail, 29th)

Government has attributed the reduction in foreign direct investment (FDI) flows in the country as the major factor affecting the performance of the Kwacha. According to the Minister of Commerce, Trade and Industry Robert Sichinga, the flow of FDIs in the country is low, and that there is need for the private sector to spearhead their participation to ensure that investment in the country's economy is enhanced. Mr. Sichinga highlighted that most business entities in the country are recycling their capitals instead of increasing investment that will help generate that and attract more investors in the country.

13. "BoZ boosts efforts to catch falling Kwacha" (Times, 30th)

The Bank of Zambia (BoZ) has continued implementing tight monetary statutory policies like increasing the bank reserve ratios to arrest the free falling Kwacha. With the Kwacha being weak against major currencies, the Central Bank has remained committed to implementing appropriate monetary policies that steer inflation outcomes to the year-end target of 6.5 per cent.