



# Macro-economics of Zambia, June 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	7.0 (proj)
8. GNI per capita (USD)	1,358*1 (2012)	1,358*1 (2012)
9. Inflation rate (%)	7.1	7.9 (Jun)
10. Consumer Price Index (year 2009 =100)	131.26	141.48 (Jun)
11. Balance of trade (million USD)	423	6.50 (May)*2
12. Balance of trade against Japan (million USD)	-80.31*5	-3.12 (May)*3
13. Export (million USD)*3	10,608	752.86 (May)*2
14. Export against Japan (million USD)	53.02*5	4.57 (May)*3
15. Import (million USD)*3	10,185	746.36 (May)*2
16. Import against Japan (million USD)	133.33*5	7.69 (May)*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	6.31 ZMW (Jun)*4
23. Main policy interest rate (annual rate %)	9.52	12.00 (Jun)

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

*1	GNI per capita based on purchasing power parity (PPP).
*2	1USD = 6.62 ZMW (Bank of Zambia rate, May 2014 average)
*3	1USD = 102 YEN (Bank of Japan rate, May 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 [May 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**) [May 2014]: Switzerland 39.6%, China 20.4%, South Africa 20.0%, Democratic Republic of the Congo 6.2%, United Arab Emirates 4.8% and Other destinations 23.1%.  
 Main **import** products [May 2014]: Dumpers for off-highway use, Towers and lattice masts of iron or steel, Ammonium Sulphate, Gas oils, Motor spirit, petroleum oils and oils obtained.  
 Five (5) Main trade partners(**import**) [May 2014]: South Africa 32.3%, China 9.8%, Kuwait 8.3%, Democratic Republic of the Congo 8.0%, Kenya 6.4%, and Other sources 35.2%.

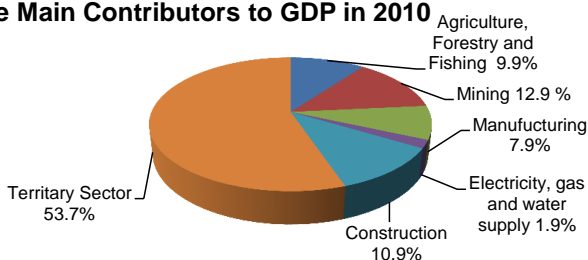
<Source>  
 1.-2., 5.-7.: Country Report March 2014 (EIU), Monthly Bulletin (CSO), The World Factbook (CIA) /  
 3.: Zambia Labour Force Survey Report, 2012 (CSO & Ministry of Labour and Social Security) / 4.: Census 2010 /  
 UNDP Human Development Report / 9.-11., 13., 15.: Monthly Bulletin (CSO) /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

- “Re-introduce SI-55, says private sector” (Times, 2nd)**  
 The Private Sector Development Association (PSDA) advised Government to re-introduce Statutory Instrument (SI) number 55 with immediate effect to compel foreign investors to put foreign exchange in the Zambian banks.
- “ERB allows ZESCO to increase tariffs” (Post, 2nd)**  
 The Energy Regulation Board (ERB) allowed ZESCO to increase electricity tariffs for domestic consumers by 24.63 per cent effective next month. The increment would also see tariffs for commercial consumers increase by 15.38 per cent while social services would pay 15.38 per cent. These increments were with effect from 1st July 2014.
- “Water utilities seek to increase tariffs” (Post, 3rd)**  
 Three water utilities in the country have sought permission to increase water tariffs for their consumers this year, according to the National Water Supply and Sanitation Council (NWASCO). The National Water Supply and Sanitation Council said increase in water tariffs was beckoning in Southern, Luapula and Western provinces.
- “Saasa urges diversification to save Kwacha” (Post, 5th)**  
 Professor Oliver Saasa says economic diversification is the sustainable solution to the kwacha's fall.
- “Kabanshi calls on NGOs to register under NGOS Act” (Post, 5th)**  
 Community development minister Emerine Kabanshi says the government has no hidden agenda on the NGO Act. Commenting on concerns by Transparency International Zambia following a notice of deregistration that was served on it by the Registrar of NGOs at the Ministry of Community Development Mother and Child Health Kabanshi said the government was only following the law that was enacted by the MMD regime.

- “IMF lauds Zambia on Budget” (Times, 7th)**  
 The International Monetary Fund (IMF) said Zambia's projected reduction of 0.4 in the 2014 Budget deficit will go a long way in restoring confidence in the foreign exchange market. Meanwhile, it has expressed happiness at the continued growth of the economy. The reduced Budget deficit would also help in removing fiscal funding pressures and allow for a normalization of monetary policy and reduction in interest rates.

- “IMF cautions on KCM” (Daily Mail, 7th)**  
 The International Monetary Fund (IMF) has advised Government against nationalising Konkola Copper Mines (KCM) but instead work on strengthening the taxation system to stem tax evasion.

- “2015 national budget preps start” (Daily Mail, 9th)**  
 Government has started preparations for the 2015 national budget and the 2015-2017 Medium Term Expenditure Framework (MTEF). Members of the public have been implored to make submissions on issues related to tax and non-tax revenue, which Government should consider in formulating the national budget and MTEF.

- “Zambia eyes IMF partnership” (Times, 11th)**  
 Zambia is on the verge of opening discussions with the International Monetary Fund (IMF) on the creation of a fund to support economic growth in Africa's second biggest copper producer. IMF senior economist for Africa Byung Jang said that the move would be aimed at allowing a normalisation of monetary policy and a reduction in interest rates.

- “Economy still strong, assures BoZ chief” (Daily Mail, 11th)**  
 Bank of Zambia (BoZ) Governor Michael Gondwe says the rate at which the Kwacha depreciated over the past few months is inconsistent with economic fundamentals. Dr Gondwe said Zambia's economic fundamentals have remained strong despite the depreciation of the kwacha. Early this year, the Central Statistical Office (CSO) revised the gross domestic product (GDP) numbers for the year 2010, to take into account the changes in the economy since 1994. Based on these numbers, in 2013 the economy registered growth of 6.7 percent. It is anticipated that growth will remain above six percent in 2014 and even higher over the medium term.

- “Sichinga woos Japanese investors” (Times, 13th)**  
 Commerce, Trade and Industry Minister Robert Sichinga has invited Japanese business executives and entrepreneurs to extend their investments to Zambia. Zambia was looking for mutually beneficial partnerships with foreign investors that could harness and add value to the country's vast natural resources. The minister said this when he addressed Japanese business executives and entrepreneurs at the Japan-Africa Business Forum in Tokyo, Japan.

- “Zambia on growth path” (Times, 18th)**  
 Zambia will continue recording higher economic growth rates which will largely be driven by massive copper investments and high domestic demand for goods, the World Bank has said. In its third Zambia Economic Brief (ZEB) launched in Lusaka, the World Bank stated that the country was on course for higher economic growth rates.

- “Zambia look to power sector for economic diversification” (Post, 26th)**  
 Zambia seeks to boost power generation as a way of diversifying its economy, Felix Nkulukusa, finance ministry permanent secretary said.