



Macro-economics of Zambia, February 2013

Main Economic Statistical Indexes	2012	2013
Population (millions)	13.82	13.9 (2013)*1
Population growth rate (%)	2.89	-
Real GDP (million USD)	20,680	-
Nominal GDP (million USD)	23,680	21,360 (2013)*1
GDP growth rate (%)	6.1 ~ 6.5	6.9 (2013)*1
GNI per capita (USD)	1,358*2	-
Inflation rate (%)	6.57	6.9 (Feb)
Consumer Price Index (year 2009 =100)	126.1 (Dec)	127.3 (Feb)
Balance of trade (million USD)	1,067	36.47 (Jan)*3
Balance of trade against Japan (million US	-97.48*5	-10.21 (Jan)*4
Export (Gross, million USD)*6	8,346	823.91 (Jan)*3
Export against Japan (million USD)	50.45*5	3.05 (Jan)*4
Import (million USD)*6	7,279	787.43 (Jan)*3
Import against Japan (million USD)	147.94*5	13.27 (Jan)*4
Balance of current account (million USD)	-1.048	-
Outward direct investment (million USD)	3,448 (2011)	-
Inward direct investment (million USD)	12,932 (2011)	-
Gold, Foreign currency reserve (million US	2,616 (2012 year-end)	-
External Debt (million USD)	5,445 (2012 year-end)	-
Exchange rate (Kwacha/ USD, average)	5100 ZMK	5.287 ZMW(Jan)*6
Main policy interest rate (annual rate %)	9.09	9.25
Rural electrification rate (%)	3.1 (2011)	-

* Figures are rounded off to two decimal places.

*1	Economist Intelligence Unit Forecast.
*2	GNI per capita based on purchasing power parity (PPP).
*3	Source: CSO. Based on 1USD = 5.287 ZMW (Bank of Zambia rate, January 2013)
*4	Source: Trade Statistics of Japan, Ministry of Finance. Based on 1USD = 81 YEN (Bank of Japan rate, January 2013)
*3 /4	<January, 2013> Main export products: copper/cobalt, alcoholic beverage, tobacco, cotton. Main trade partners(export): Switzerland 41.0%, China 20.6%, United Arab Emirates 11.9%, Democratic Republic of the Congo 8.2%, South Africa 6.4%. Main import products: copper/cobalt related goods, machinery, transportation equipments, petroleum products, fabric. Main trade partners(import): South Africa 26.1%, Democratic Republic of the Congo 22.1%, China 9.7%, United Kingdom 4.8%, Japan 4.7%.
*5	Source: Trade Statistics of Japan, Ministry of Finance. Based on 1USD = 79 YEN (Bank of Japan rate, 2012 average)
*6	The Zambia Kwacha has been re-denominated since 1st January, 2013. 1,000 ZMK (pre-rebasing Kwacha) = 1 ZMW (rebased).

Corporate Tax: The Zambia Revenue Authority levies corporate tax at the rate of **35%**. However, income from the agricultural sector and non-traditional exports (all exports except copper and cobalt) is levied at **15%**, while companies listed on the Lusaka Stock Exchange are taxed at the rate of **33%**. Banks with income in excess of K250 million are levied corporate tax at the rate of **40%**

Value Added Tax (VAT): VAT is levied at **16%**. Some specified goods and services are zero-rated or exempt. Registration for VAT purposes is mandatory for every dealer in or supplier of standard rated and zero-rated goods and services, as defined in the VAT Act No. 4 of 1995 (which replaced sales tax), whose taxable turnover exceeds K200 million per annum. Voluntary registration is acceptable for dealers whose turnover falls below the stipulated minimum turnover.

Customs Duty: There are three categories for import duties:

- 25%** for finished products
- 15%** intermediate goods
- 0 – 5%** raw materials and capital goods.

Monthly News (Economics)

• “NTE’s sector grows by 66 percent” (Daily, 7th)

The Zambia Development Agency (ZDA) says the non-traditional exports (NTEs) sector grew by 66 percent to US\$2.8 billion in 2012 from US\$1.7 billion recorded in 2011.

• “Zambia’s openness highest in region but needs improvement” (Daily, 7th)

The Common Market for Eastern and Southern Africa (COMESA) says Zambia’s trade openness is ranked among the highest in the region but the country needs to improve on service sector to increase earnings.

• “Zambia should embrace liberal trade policy” (Daily, 8th)

The Competition Consumer Protection Commission (CCPC) says Zambia should continue pursuing a liberal trade policy at regional and international levels to take advantage of the market access that it has so far negotiated.

• “BoZ urges micro-fins to merge” (Times, 12th)

The Bank of Zambia (BoZ) has urged non-bank financial institutions that are facing difficulties in reducing the interest rates, to merge with other micro-finance institutions to have a strong capital base.

• “Zambia’s investment climate best – US envoy” (Times, 14th)

Zambia has the best investment environment in Africa in addition to the tourism potential that is readily available for American investors, US Ambassador to Zambia Mark Storella has said.

• “State acts on business plan” (Times, 18th)

Government has started implementing the 2013 Doing Business Action Plan, which outlines specific measures that will be undertaken to improve the country’s business environment, which will see Zambia’s position on the World Bank ranking rise by 20 points.

• “Denmark gives Zambia \$89m” (Times, 18th)

The Danish government has given Zambia US\$89 million for improvement of water and sanitation services in Ndola, Luanshya and Masaiti on the Copperbelt.

• “World Bank commits \$1.5m to Zambia, 13 others” (Times, 20th)

The World Bank-administered Multi-Donor Trust Fund (MDTF) has committed at least US\$1.5 million to Zambia and 13 other countries for capacity building and technical support programmes.

• “BoZ chief predicts sound growth” (Daily, 22nd)

The Bank of Zambia (BoZ) says the economic prospects for the first half of 2013 is expected to remain favourable, driven by the impressive performance of the agriculture, manufacturing and construction sectors.

• “Govt slaps duty on Kenyan goods” (Times, 25th)

GRZ has slapped duty on all goods imported from Kenya, in an apparent response to the refusal of hundreds of tonnes of Zambian sugar which have been denied entry into that country by customs authorities.

• “Zambia, JICA sign MoU” (Daily, 25th)

Zambia and the Japan International Cooperation Agency (JICA) have signed an agreement which will provide a framework for implementing concepts and techniques of the Kaizen Institute of Zambia (KIZ).

• “Zambia’s trade grows by 4.9 percent” (Daily, 26th)

Zambia’s foreign trade increased to more than US\$4.1 billion from about US\$3.9 billion recorded during the second quarter of 2012.

• “Govt to halt Kwacha weakening” (Times, 27th)

Government is putting stringent measures in place to strengthen the Kwacha and maintain Zambia as a credible investment destination, Finance Minister Alexander Chikwanda told Parliament.

• “Zambia joins Islamic banking” (Daily, 28th)

Zambia has joined the Association of Islamic banking to become an associate member in a bid to introduce the banking model in the country.