



Macro-economics of Zambia, August 2013

Main Economic Statistical Indexes	2012	2013
1. Population (millions)	13.82	13.9 (2013 est)
2. Population growth rate (%)	2.8	2.8 (2000-2010)
3. Unemployment rate (%)	13.0 (2010)	-
4. Life Expectancy (age)	-	49.2(male)/53.4(female)
5. Real GDP (million USD)	20,680	-
6. Nominal GDP (million USD)	23,680	21,360 (2013 est)
7. GDP growth rate (%)	6.1 ~ 6.5	6.9 (2013 est)
8. GNI per capita (USD)	1,358*1	-
9. Inflation rate (%)	6.57	7.1 (August)
10. Consumer Price Index (year 2009 = 100)	126.1 (Dec)	132.87 (August)
11. Balance of trade (million USD)	1,067	17.15 (July)*2
12. Balance of trade against Japan (million USD)	-97.48*4	-6.67 (July)*3
13. Export (million USD)*5	8,346	836.13 (July)*2
14. Export against Japan (million USD)	50.45*4	5.45 (July)*3
15. Import (million USD)*5	7,279	818.98 (July)*2
16. Import against Japan (million USD)	147.94*4	12.12 (July)*3
17. Balance of current account (million USD)	-1,048	-
18. Outward direct investment (million USD)	3,448 (2011)	-
19. Inward direct investment (million USD)	12,932 (2011)	-
20. Gold, Foreign currency reserve (million USD)	2,616 (2012 year-end)	-
21. External Debt (million USD)	5,445 (2012 year-end)	-
22. Exchange rate (Kwacha/ USD, average)	5100 ZMK	5.42 ZMW(August)*5
23. Main policy interest rate (annual rate %)	9.09	9.75 (August)

*Figures are rounded off to two decimal places.

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

*2 Based on 1USD = 5.48 ZMW (Bank of Zambia rate, July 2013)

*3 Based on 1USD = 101 YEN (Bank of Japan rate, July 2013)

*2' <July, 2013>

/3 Main export products: copper/cobalt/manganese, cotton, semi-manufactured gold, cement, sulphur, tobacco, precious or semi-precious stones.

Main trade partners(export): Switzerland 38.0%, China 16.7%, South Africa 15.3%, Democratic Republic of the Congo 10.3%, Singapore 4.2%.

Main import products: copper/cobalt related goods, gas, machinery, structures & parts of structures, petroleum products.

Main trade partners(import): South Africa 30.0%, Democratic Republic of the Congo 17.5%, China 10.6%, Kuwait 6.6%, Kenya 5.0%.

*4 Based on 1USD = 79 YEN (Bank of Japan rate, 2012 average)

*5 The Zambia Kwacha has been re-denominated since 1st January, 2013. 1,000 ZMK (pre-rebasing Kwacha) = 1 ZMW (rebased).

<Source>

1.-2., 5.-7.: Country Report 2013 (EIU), The World Factbook(CIA)/3.-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.: The World Factbook (CIA)/

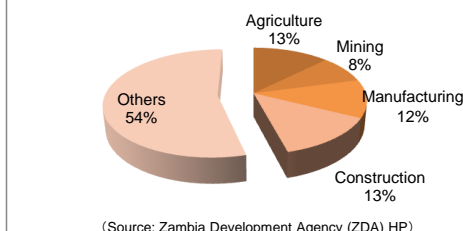
18.-19.: UNCTAD/22.-23.: Bank of Zambia

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 2012



Monthly News (Economics)

1. "2013 economic outlook bright" (Times, 2nd)

Zambia's economic outlook will remain favourable in the second half of 2013 due to continued strong domestic investments in key productive sectors. Bank of Zambia (BoZ) Governor Michael Gondwe said Zambia's economic prospect for the second half of 2013 had remained favourable, driven by continued investments in mining, manufacturing, tourism, communication and infrastructure. Dr. Gondwe said this in a statement released in Lusaka on Zambia's Recent Economic Developments.

2. "Toyota Zambia unveils electric-powered motor vehicle" (Times, 6th)

Toyota Zambia is in the process of unveiling a new motor vehicle product called hybrite technology on the market, powered by both electricity and fuel. Marketing manager Ruth Ibrahim said the company would soon avail the new vehicle to Zambian customers and that the samples were already in the country. She said the hybrite technology was expected to bring transport revolution. Speaking at the just-ended 87th Zambia Agricultural and Commercial Show, Ms Ibrahim said the firm would this month open a showroom in Solwezi as well as a service station.

3. "BoZ nets US\$247m in forex sales" (Daily Mail, 7th)

The Bank of Zambia (BoZ) recorded net sales of foreign exchange to commercial banks worth US\$247 million in 2012, with mining firms having supplied the bulk of it. Foreign exchange sales were aimed at market support to boost liquidity and moderate volatility, according to the BoZ 2012 annual report availed at the 87th Agricultural and Commercial Show held recently. The report says mining companies were the main suppliers of foreign exchange with a placement of US\$2,736.9 million, representing 42.8 percent of the total market funding.

4. "Economy on track says Chikwanda" (Daily Mail, 12th)

Finance Minister Alexander Chikwanda says Zambia's economy is performing well although it has experienced some externally-induced shocks. Mr Chikwanda says just like many other economies globally, the local economy has also experienced some stagnation. He highlighted this when giving an update on Zambia's economic performance at a media briefing in Lusaka.

5. "\$10m venture fund to create more jobs" (Daily Mail, 12th)

The first ever private sector venture capital fund has been set up in Zambia, with an initial investment of US\$10 million (K54 million) which is expected to create hundreds of jobs and help to reduce poverty in Zambia. The ambitious project, intended especially for small-scale businesses, is the brain child of Meanwood Properties Limited and will be called Meanwood Venture Capital after being incorporated on May 30, 2013. It will provide private equity, which is often hard to access from commercial banks because of high interest rates.

6. "Zambia in growth drive" (Daily Mail, 12th)

Zambia's economy is poised for further growth due to the conducive investment platform created by Government, the Organisation for Economic Co-operation and Development (OECD) says. Visiting OECD chairman for competition policy committee Professor Frederic Jenny said Zambia's level of development over the years has been tremendous resulting in the country being ranked among the best investment destinations in Africa. Professor Jenny, who is also a lecturer of economics at ESSEC Business School in Paris and a judge of the French Supreme Court, said the country has initiated and implemented a number of legal instruments aimed at creating a competitive market economy.

7. "ZAM asks for reduction in corporate income tax" (Times, 15th)

The Zambia Association of Manufacturers (ZAM) has urged Government to reduce corporate income tax by 20 per cent in next year's Budget for the manufacturing sector. ZAM said this would propel the sector's position as the engine of the country's economic growth. According to a submission on tax and non-tax measures for the 2014 national Budget, made to the Ministry of Finance, ZAM said a reduction in corporate tax would provide incentives for the manufacturing sector, to enhance productivity. Manufacturing has been identified as one of the key sectors and driving force of the Zambian economy.

8. "Adhere to local laws foreign investors told" (Times, 15th)

Foreign investors should adhere to local investment regulations and policies of the host countries, Prime Media Africa executive chairperson Steve Ratlou said. There is a tendency by foreign investors to always expect to be subjected to laws of their country of origin that is the reason why they complain, Mr Ratlou said. He said Zambia has one of the best investment policies in the region but that the country needed more investment in technology to spur economic growth.

9. "Japan pledges increased rice production in Zambia" (Daily Mail, 17th)

The Japanese government has pledged to increase rice production in Zambia and other African countries to 28 million tonnes by 2018 due to increased demand for the crop. Meanwhile, Japan has launched a new rice variety developed specifically for cultivation in Africa, called New Rice for Africa (NERICA). Japanese ambassador to Zambia Akio Egawa said though Government is making efforts to promote rice production through the formulation of the national rice development strategy, Zambia's rice production is still low.

10. "Govt revises SNDP" (Times, 23rd)

Government has revised the Sixth National Development Plan (SNDP) to focus on inclusive growth, rural development and job creation. Finance Minister Alexander Chikwanda said the Patriotic Front (PF) Government development agenda on the revised SNDP policy was to align the national development planning process to the political cycle. This will allow the ruling party translate its manifesto into national development programmes.

11. "Zambia credible investment destination" (Times, 28th)

Zambia will strengthen external relations and safeguard its image as a credible investment destination as it pushes for zero external subventions, Finance Minister Alexander Chikwanda has said. Mr Chikwanda said the country's dependence on external aid had reduced considerably now at less than five per cent of national budget and insignificant as a percentage of the Gross Domestic product (GDP).