



## Macro-economics of Zambia, October 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	6.9 (Oct)
10. Consumer Price Index (year 2009 =100)	126.1 (Dec)	133.40 (Oct)
11. Balance of trade (million USD)	1,067	9.94 (Sept)*2
12. Balance of trade against Japan (million USD)	-97.48*4	-7.16 (Sept)*3
13. Export (million USD)*5	8,346	925.33 (Sept)*2
14. Export against Japan (million USD)	50.45*4	3.98 (Sept)*3
15. Import (million USD)*5	7,279	915.38 (Sept)*2
16. Import against Japan (million USD)	147.94*4	11.15 (Sept)*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	5.32 ZMW(Oct)*5
23. Main policy interest rate (annual rate %)	9.09	9.75 (Oct)

\*Figures are rounded off to two decimal places.

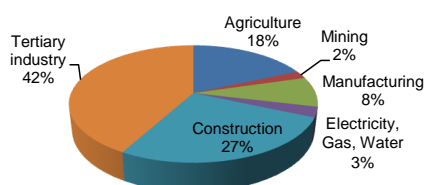
*1	GNI per capita based on purchasing power parity (PPP).
*2	Based on 1USD = 5.33 ZMW (Bank of Zambia rate, September 2013)
*3	Based on 1USD = 100 YEN (Bank of Japan rate, September 2013)
*2	<September, 2013>
/3	Main export products: copper/cobalt/manganese, alcoholic beverage, sulphuric acid, semi-manufactured gold, machinery (bulldozers etc.), cement. Main trade partners(export): Switzerland 34.5%, China 22.4%, South Africa 15.4%, Democratic Republic of the Congo 13.1%, United Arab Emirates 2.9%. Main import products: copper/cobalt related goods, gas oil, machinery, structures & parts of structures, motor spirit. Main trade partners(import): South Africa 29.3%, Democratic Republic of the Congo 16.6%, China 10.5%, Kenya 7.8%, India 4.6%.
*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



(Source: Data extracted from Central Statistical Office website)

### Monthly News (Economics)

#### 1. "Zambia's economic growth to slow" (Daily Mail, 3<sup>rd</sup>)

Zambia's economic growth is projected to be sluggish this year largely due to contraction in agricultural outputs, says the world Bank. World Bank leading economist Praveen Kumar said the real gross domestic product (GDP) for 2013 is projected to grow 6 percent, much lower than government's forecasted 7.8 percent.

#### 2. "Zambia's debt growing" (Daily Mail, 7<sup>th</sup>)

Zambia's external debt has been growing rapidly since 2006, despite the multilateral debt relief initiative having substantially reduced the country's debt, says the World Bank. According to the bank, the stock of external debt for Zambia rose from US\$ 1.1 billion in 2007 to US\$3.4 billion in 2012, recording a 192 percent nominal rise. The composition of Zambia's external debt is also changing, says the report.

#### 3. "Sichinga sees rise in maize prices" (Post, 11<sup>th</sup>)

The government has no immediate plans of lifting the ban on export of maize and its products, says agriculture minister Robert Sichinga. Sichinga said maize prices were expected to go up in the country towards the end of the year and parts of 2014 as deteriorating grain deficit in the region affects Zambia. Zambia is the only country in the region with surplus maize and.. it was difficult for the government to control illegal maize export from Zambia to the grain-deficit neighbouring countries due to the country's vast and porous borders. "I signed the Statutory Instrument to ban the export with clenched teeth."

#### 4. Chikwanda unveils K42bn budget" (Times, Daily 12<sup>th</sup>)

Finance Minister Alexander Chikwanda unveiled the 2014 National Budget of K42.68 billion with economic growth targeted above seven per cent. Presenting the Budget to Parliament under the theme 'Moving Forward to Consolidate Growth and Social Justice in Peace and Unity', Mr Chikwanda said the Budget, representing 30.7 per cent of the Gross Domestic Product (GDP) would be finance through domestic revenues of K29.54 billion.

#### 5. "External debt rises to \$3.13bn" (Daily Mail, 14<sup>th</sup>)

Zambia's external debt is estimated to have increased marginally to US\$3.13 billion as at the end of September 2013, from US\$3.08 billion as at end of 2012. This increase was on account of net disbursements on the existing loan portfolio, Finance Minister Alexander Chikwanda said. The interest paid on the current external debt portfolio as at September 30, 2013 was US\$90.78 million. As at September 2013, the stock of domestic debt, including arrears, stood at K18.52 billion representing an increase of 22.5 percent from K15.12 billion at the end of 2012.

#### 6. "State to tackle fiscal policy challenges" (Daily Mail, 15<sup>th</sup>)

Zambia's fiscal policy in 2014 is anticipated to be affected by structural imbalances, Minister of Finance Alexander Chikwanda notes. Mr Chikwanda said 2013 has been a challenging year for fiscal policy but, important steps have been taken to address policies that have created structural imbalances. He said this when he presented the 2014 national budget last Friday (11th October, 2013).

#### 7. "Fish to become forex - earner" (Daily Mail, 15<sup>th</sup>)

Government plans to reposition the fisheries sub-sector so that the country can become a net exporter of fish. Ministry of Finance Alexander Chikwanda said Government will promote aqua-cultural development, improve infrastructure for fisheries research and marketing in the country to become a net exporter of fish.

#### 8. "Cost of financial services to reduce in 2014" (Daily Mail, 16<sup>th</sup>)

Government plans to implement the national switch next year (2014) to reduce the cost of financial services through integrating different payment channels. The switch will incorporate different payment channels such as automated teller machine, point of sale terminals, mobile and internet banking platforms and other various e-commerce and e-governance stage, Minister of Finance Alexander Chikwanda said.

#### 9. "Interest rates reduce by 12 per cent" (Post, 18<sup>th</sup>)

Interest rates in the country have reduced by an average of 12 per cent since BoZ rolled out a monetary policy framework last year, says Citibank Zambia head of treasury Munalula Mate. Mr Mate said further that reduction of interest rates was dependent on strong economic growth of the country.

#### 10. "Toyota (Z) donates aluminium scrap" (Times, 21<sup>st</sup>)

Toyota Zambia has given aluminium scraps to Chazanga Aluminium Recycling Entrepreneurs (CRE) through the National Technology Business Council (NTBC). The firm at the weekend handed over the aluminium scrap worth K375, 000, which will go towards the project that was formed out of the International Design Development Summit (IDDS) which was held in Lusaka recently. Some residents of Chazanga have been recycling aluminium scrap and then manufacture pots and other metal products, which they sale to earn income.

#### 11. "Government raises K50m to revive 400 emerald firms" (Times, 25<sup>th</sup>)

Government has, through the Zambia Consolidated Copper Mines - Investment Holdings (ZCCM-IH); secured a K50 million grants for revival of the 400 small-scale emerald firms whose mineral exploration licences have been dormant. Mines, Energy and Water Development Minister Christopher Yaluma said the funds which had been availed through ZCCM-IH would go towards addressing the various challenges that limit small-scale emerald miners from undertaking full-time gemstone production.

#### 12. "Zambia records \$3.6 billion investment inflows" (Daily Mail, 23<sup>rd</sup>)

Zambia has recorded positive investment inflows worth US\$3.6 billion as of June 2013, Minister of Commerce, Trade and Industry Emmanuel Chenda has said. Meanwhile, Government says it is on track to sustain the growth of between 7.7 percent and 7.9 percent for 2013 and 2014. Mr Chenda said the country has continued to register positive investment inflows in all sectors of the economy including mining, tourism, manufacturing and agriculture.

#### 13. "State issue instrument levelling capital market registration" (Daily Mail, 25<sup>th</sup>)

Government has issued a Statutory Instrument (SI) No. 82 of 2013 To bring a levelling effect on the capital market registration costs and allow entities to come to the market based on the strength of their balance sheets.

#### 14. "New SI revoked" (Times, 29<sup>th</sup>)

Government has with immediate effect revoked Statutory Instrument (SI) number 89 of 2013 which suspended export duty on unprocessed copper and other minerals. President Michael Sata said there were irregularities in the manner the SI was issued and reprimanded Zambia Revenue Authority (ZRA) Commissioner General Berlin Msiska for misleading Finance Minister, Alexander Chikwanda into signing the law. This was before the President proceeded with the Cabinet meeting at State House yesterday (28<sup>th</sup> October, 2013).