



## Macro-economics of Zambia, April 2016

Main Economic Statistical Indexes		2015	2016
1.	Population (millions)	15.72(2014)	-
2.	Population growth rate (%)	3.15 (2014)	-
3.	Unemployment rate (%)	7.4(2014)	-
4.	Life Expectancy (age) [M= male, F= female]	50.5(M)/53.8(F)	-
5.	GDP (million USD)*1	27,070(2014)	-
6.	GDP growth rate (%)	3.5(proj)	3.8(proj)
7.	GNI per capita (USD)	1,680(2014)	-
8.	Inflation rate (%)	10.1	21.8(Apr)
9.	Consumer Price Index (year 2009 =100)	155.82	182.24(Apr)
10.	Balance of trade (million USD)	-540	-152.98*2
11.	Balance of trade against Japan (million USD)	-26.90*4	-5.19*3
12.	Export (million USD)	7,097.00	1543.86*2
13.	Export against Japan (million USD)	46.34*4	5.10*3
14.	Import (million USD)	7,637.00	1696.84*2
15.	Import against Japan (million USD)	73.24*4	10.29*3
16.	Balance of current account (million USD)	-360 (2014)	-
17.	Outward direct investment (million USD)	-213 (2014)	-
18.	Inward direct investment (million USD)	2,484(2014)	-
19.	Gold, Foreign currency reserve (million USD)	2,968(est)	2,372(proj)
20.	External Debt (million USD)	7,373(2014)	-
21.	Exchange rate (Kwacha/ USD, average)	10.98ZMW (end-period)	9.74ZMW(Apr)
22.	Main policy interest rate (annual rate %)	13.0	15.50 (Apr, 2016)

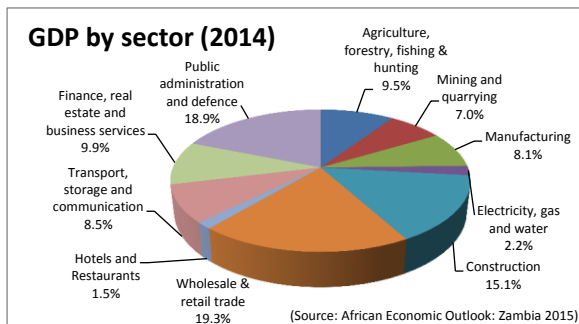
\*Figures are rounded off to two decimal places. \*\*est = estimated, proj = projected

*1	GDP at market prices (Current USD)
*2	Accumulated Amount from January to March, 2016. 1USD = 11.27 ZMW (Bank of Zambia rate, average from January to March, 2016)
*3	Accumulated Amount from January to March, 2016. 1USD = 121YEN (Bank of Japan rate, average from January to March, 2016)
Main export products [March 2016]: Cathodes & Sections of Cathodes of refined Copper, Copper Blisters, Auxiliary plant for use with boilers of 84.02 or 84.03, Telephones for cellular networks or other wireless networks Five (5) Main trade partners(export) [March 2016]: Switzerland 32.0%, China 18.9%, Tanzania 8.1%, United Kingdom 7.2%, United Arab Emirates 6.4%, and Other destinations 27.4%	
Main import products [March 2016]: Cobalt oxides and hydroxides, Gas oils, Telephones for cellular networks or for other wireless, Motor Spirit Five (5) Main trade partners(import) [March 2016]: South Africa 34.9%, Congo DR 14.6%, China 8.8%, Mauritius 7.2%, India 4.1% and Other sources 30.5%.	
*4	Based on 1USD = 121 YEN (Bank of Japan rate, 2015 average)
<Source> 1, 2, 5-7, 20: World Bank / 3: Zambia Labour Force Survey Report, 2014 (CSO & Ministry of Labour and Social Security) / 4, 16: The World Factbook (CIA) / 8, 9, 10, 12, 14: Monthly Bulletin (CSO 2016) & EIU Country Report 2016 / 19, 21(2015): Country Report 2016 (EIU) & Bank of Zambia / 11, 13, 15: Trade Statistics of Japan (Ministry of Finance Japan) / 17, 18: UNCTAD / 21(2016), 22: Bank of Zambia	

### Mining Sector Taxes Source: ZRA, ZEITI

- Value Added Tax (VAT): 16%
- Corporate Income Tax : 30%
- Mineral Royalty tax:
  - Underground mining 6%
  - Open Cast mining 9%
- 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.



### Monthly News (Economics)

#### 1. "Mauritius-based firm buys Inters" (Daily Mail, 13th)

Quantum Global (QG) group has acquired Intercontinental Hotel Lusaka at a cost of US\$35.9 million. The hotel was bought by QG from Kingdom Hotel Investments. Quantum Global founder Jean-Claude Bastos de Morais said "I am very pleased with this first acquisition of QG Africa Hotel LP. The Inter-Continental Hotel Lusaka is strongly established locally and will benefit from the planned refurbishment."

#### 2. "Zambia's World-Beating Kwacha Shows Copper Can Outshine Gold" (Bloomberg, 15th)

Zambia's kwacha has gone from the world's third-worst performance in 2015 to the best this year, outshining gold, silver and 150 other currencies and precious metals tracked by Bloomberg. The currency of Africa's second-biggest copper producer has advanced 19.9 percent against the dollar in 2016, surpassing gold's 16.3 percent gain, after slumping 42 percent in 2015. "We continue to see the kwacha relocating with the copper price," Gareth Brickman, an Africa analyst at ETM Analytics, said in a report on April 12. "There is still room for several percent's worth of gains." Neville Mandimika, Africa strategist at Rand Merchant Bank in Johannesburg, said, "In the short term, we see the currency strengthening, but the economic fundamentals of electricity shortages and drought still pose notable threats."

#### 3. "Zambia ponders further reduction in copper royalties" (Daily Nation, 18th)

Parliament is to debate the amended mines Bill (The Mines and Minerals Development (Amendment) Bill). According to a Reuters report, the royalty would be 4 per cent when the price of copper was below \$4,500 a tonne, 5 per cent when it was between \$4,500 and \$6,000 and 6 per cent when above \$6,000.

#### 4. "Moody's downgrades Zambia's economy" (Post, 21st)

Moody's Investors Service has yet again downgraded Zambia's credit rating and simultaneously lowered the country's outlook from stable to negative on heightened uncertainty about spending in the run-up to the August elections. Moody's expected that without measures to rein in expenditures, the fiscal deficit will remain elevated and reach seven per cent or more of GDP this year.

#### 5. "Govt, IMF agree on fund's prog" (Times etc, 23rd)

Secretary to the Treasury Fredson Yamba said at the just ended 2016 Spring Meetings in Washington, USA, the Zambian Government and the IMF agreed to have some milestones that will eventually lead to the country getting on a programme by the fourth quarter of 2016. Mr. Yamba said in the statement that the Fund will field a mission in September 2016 to finalize budget numbers with Zambia taking into full account the adjustments that will be required for a programme. Mr. Yamba also said that this will be followed by programme discussions in October/ November 2016 with a view to have Board discussions around mid-December 2016.

#### 6. "Investors target energy opportunities" (Daily Nation, 24th)

Zambia Development Agency (ZDA) director general Patrick Chishanga said at the Zambia International Investment Forum (ZIIF) that most prospecting investors are interested in renewable and clean energy opportunities which the country can take advantage of to meet increased demand for power.

#### 7. "Govt. in K1.25bn deficit" (Post, 25th)

Government last month recorded a deficit of over K1 billion, money meant for financing developmental projects, among other commitments. Ministry of Finance public relations officer Chileshe Kandeta revealed yesterday in a press statement that in March, the Treasury released K8.1 billion to facilitate government operations, debt servicing and also to finance development projects. He, however, stated that in the period under review, the Treasury only raised K6.87 billion in revenue and grants. "K1.2 billion was released towards fuel subsidy payments and K285.3 million for electricity subsidy payments. Although these payments have a huge bearing on availability of resources for other developmental programmes, they are critical in ensuring that our economy remains functional and productive," Kandeta stated.

#### 8. "Presidents tackle food security" (Daily Mail, 26th)

President Lungu met his Malawian and Mozambican counterparts Peter Mutharika and Filipe Nyusi, respectively, here yesterday in a five-hour meeting to discuss various matters, including food security, which has adversely affected most of Zambia's neighbours. President Lungu has also said the tripartite meeting demonstrates the countries' collective resilience in creating trade avenues and co-operation to accelerate economic development in the Southern Africa Development Community (SADC) region. Malawian President Peter Mutharika said his country is ready to import 1.2 million metric tonnes of maize grain. Mozambique President Filipe Nyusi said his country remains committed to working with Zambia and other countries on matters of common interest.

#### 9. "Zambia hosts global agro-conference" (Daily Mail, 27th)

Over 100 countries are expected to attend the 6th World Farmers' Organisation (WFO) general assembly to be hosted by Zambia on May 4th in Livingstone. The assembly is expected to serve as a platform for discussion and promotion of the role of partnerships among different stakeholders to achieve sustainable development in agriculture.