



Macro-economics of Zambia, June 2016

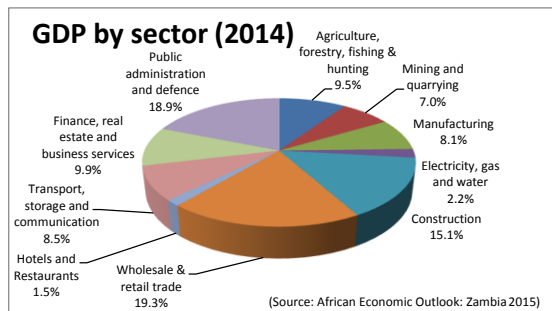
Main Economic Statistical Indexes	2015	2016
1. Population (millions)	15.72(2014)	-
2. Population growth rate (%)	3.15 (2014)	-
3. Unemployment rate (%)	7.4(2014)	-
4. Life Expectancy (age) [M= male, F= female]	50.5(M)/53.8(F)	-
5. GDP (million USD)*1	27,070(2014)	-
6. GDP growth rate (%)	3.5(proj)	3.8(proj)
7. GNI per capita (USD)	1,680(2014)	-
8. Inflation rate (%)	10.1	21.0(June)
9. Consumer Price Index (year 2009 =100)	155.82	183.31(June)
10. Balance of trade (million USD)	-540.00	-237.37*2
11. Balance of trade against Japan (million USD)	-26.90*4	-8.52*3
12. Export (million USD)	7,097.00	2612.85*2
13. Export against Japan (million USD)	46.34*4	9.24*3
14. Import (million USD)	7,637.00	2850.21*2
15. Import against Japan (million USD)	73.24*4	17.76*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	2,372(proj)
20. External Debt (million USD)	7,373(2014)	-
21. Exchange rate (Kwacha/ USD, average)	10.98ZMW (end-period)	10.70ZMW(June)
22. Main policy interest rate (annual rate %)	13.0	15.50 (May)

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

*1	GDP at market prices (Current USD)
*2	Accumulated average rate from January to May, 2016. 1USD = 10.72 ZMW (Bank of Zambia rate, average from January to May, 2016)
*3	Accumulated average rate from January to May, 2016. 1USD = 118YEN (Bank of Japan rate, average from January to May, 2016)
	Main export products [May 2016]: Copper, Telephones for cellular or other wireless networks, other mineral substances, vegetable fats and oils, cane and beet sugar. Five (5) Main trade partners(export) [May 2016]: Switzerland 44.5%, China 21.6%, United Arab Emirates 7.6%, Congo DR 5.9%, India 4.9% and Other destinations 15.5% . Main import products [May 2016]: Petroleum oils and oils obtained from bituminous minerals, Copper, Telephones for cellular or for other wireless networks, Gas oils, Prefabricated buildings. Five (5) Main trade partners(import) [May 2016]: South Africa 33.3%, Kuwait 11.2% Congo DR 10.2%, China 7.5%, United Arab Emirates 4.2%, and Other sources 33.5%.
*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) & EU Country Report 2016 / 19, 21(2015): Country Report 2016 (EU) & 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:
From 4% to 6% (depends on the London Mealt Exchange (LME) price of copper)
 - 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. "Vodafone, Afrimax to partner in Zambia" (Times, 7th etc)

Vodafone and Afrimax Group, a fourth 4G telecommunications operator in sub-Saharan Africa have jointly announced a new partnership for the Zambian market. Vodafone has spent about US\$40 million in Zambia to deploy its fourth generation (4G) data services. Vodafone Zambia chief executive officer Lars Stork said the company has rolled out high speed data services in Lusaka, Ndola, Kitwe and Chingola, with plans to expand the its footprint across the country.

2. "Zesco cuts load-shedding" (Daily Mail, 9th)

Zesco has further reduced load shedding times from eight to four hours per day following an improvement of water inflows at Itezhi-Tezhi Dam. Zesco says improved water inflow has enabled the power utility to generate at full capacity of 120 megawatts (MW).

3. "Tulow wins oil exploration licence" (Times, 10th)

The Government has awarded a petroleum licence to Tulow Oil Zambia over block 31 for explorations in Luapula and Northern Provinces following an open bidding process. Tulow Zambia is one of Africa's leading Independent oil and gas companies which was founded 30 years ago. Tulow Oil Plc vice president Ian Cloke said, over the course of the next two years, the company had committed to undertaking geological and geochemical studies, passive seismic as well as a Full Tensor Gravity survey(FTG).

4. "Govt. to reduce MFEZ entry fees – Mwanakatwe" (Daily Nation, 15th)

Government is revising fees for companies wishing to invest in the Multi-Economic Facility Zones (MFEZ) from the current US\$500,000. Commerce Minister Margaret Mwanakatwe said the revised fees would be announced by the end of this year.

5. "EU clears airspace for Zambian planes" (Daily Mail, 17th)

The European Union (EU) has lifted a ban on Zambian air carriers, a decision that is expected to boost tourism and increase traffic between Zambia and European countries. EU Commissioner for Transport Violeta Bulc said in a statement that she was happy to note that after seven years of work and extensive European technical assistance, they were able to clear all Zambia air carriers for the list.

6. "Zambia signs COMESA Tripartite Free Trade Area Agreement" (Daily Nation, 20th)

Zambia has become the 17th country to sign the COMESA-EAC-SADC Tripartite Free Trade Area Agreement. Minister of Commerce Margaret Mwanakatwe signed the TFTA Agreement on Friday 17 June 2016 in Lusaka. COMESA Assistant Secretary General Ambassador Nagla El Hussainy commended Zambia for signing the TFTA and urged the remaining countries to do so. "I would like to congratulate and thank the Government of Zambia for this bold move and a re-statement of its commitment to the tripartite goal". Ambassador El Hussainy said. One of the total projected aggregate net benefit for the TFTA of over US \$3.3 billion per annum, Zambia would get US \$149.9million annually, without counting the expected new investment opportunities into the priority areas set in the diversification, value addition and innovation programs.

7. "\$30m Chongwe industrial park construction starts" (Daily Mail, 20th)

The construction of an industrial park in Chongwe at a cost of US\$30 million has started. Jiangxi Federation of Industry and Commerce president Lei Yuan Jiang said the investment environment in Zambia is favourable for Chinese enterprises to grow. The multimillion dollar industrial park will have a filling station, a milling plant, beverage maker and construction material manufacturing plant, among others.

8. "Zambia ratifies WTO trade agreement" (Daily Mail, 21st)

Zambia has ratified the WORLD Trade Organisation agreement on trade facilitation, which will assist Government put in place reforms that will reduce the cost of doing business. "The ratification of the WTO agreement on trade facilitation by Zambia demonstrates my government's commitment and resolute aspiration to undertake the necessary reforms that will further reduce the cost of doing business and in particular, trade across borders," Deputy Minister of Commerce, Trade and Industry Raymond Mupundu said. He said trade facilitation reforms will improve trade logistics and facilitate for ease of doing business by embarking on modernising the manner in which trade is conducted.

9. "Private sector vital – Lungu" (Daily Mail, 24th)

President Lungu says his administration will continue engaging the private sector in identifying solutions that will insulate the country from external economic shocks. The President said this in a speech read for him by Minister of Mines and Minerals Development Christopher Yaluma during the sixth Zambia International Mining and Energy Conference (ZIMEC) exhibition in Lusaka yesterday. Mr Lungu also said Government is encouraging economic diversification within the mining sector and other sectors such as agriculture and manufacturing.

10. "Zambia's EU, UK trade ties intact" (Times, 29th)

Zambia's trade agreement with the United Kingdom (UK) and European Union (EU) remain unchanged despite UK's imminent pullout from the EU. Commerce, Trade and Industry Minister Margaret Mwanakatwe has said. Ms Mwanakatwe said Zambia's trade agreements between the UK and EU are intact, adding that the negotiation of the Economic Partnership Agreement with EU membership would continue. She said in an interview that the EU was at the forefront of global initiatives to help least developed countries like Zambia through the 'Everything but Arms' trade.