



Macro-economics of Zambia, November 2016

Main Economic Statistical Indexes	2015	2016
1. Population (millions)	16.21(2015)	-
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	26,963(2014)	-
6. GDP growth rate (%)	3.6(estj)	3.8(proj)
7. GNI per capita (USD)	1,710(2014)	-
8. Inflation rate (%)	10.1	8.8(Nov)
9. Consumer Price Index (year 2009 =100)	155.82	188.00(Nov)
10. Balance of trade (million USD)	-717.00	-758.11*2
11. Balance of trade against Japan (million USD)	-26.90*4	-18.04*3
12. Export (million USD)	6,997.00	5,323.28*2
13. Export against Japan (million USD)	46.34*4	18.90*3
14. Import (million USD)	7,714.00	6,081.39*2
15. Import against Japan (million USD)	73.24*4	36.94*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)	9.82ZMW(Nov)
22. Main policy interest rate (annual rate %)	13.0	15.50 (July)

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

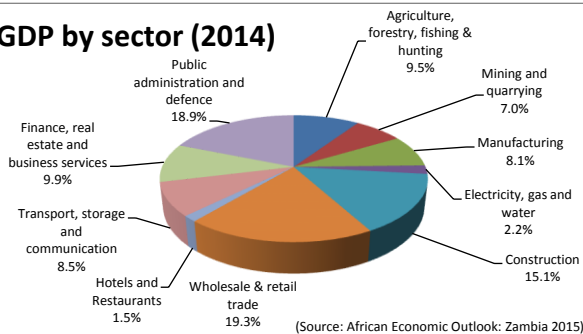
*1 GDP at market prices (Current USD)
*2 Accumulated average rate from January to October, 2016. 1USD = 10.41ZMW (Bank of Zambia rate)
*3 Accumulated average rate from January to October, 2016. 1USD = 112YEN (Bank of Japan rate)
Main export products [October 2016]: Copper, Telephones for cellular or other wireless networks, Cobalt, Bullion semi-manufactured forms, Other manufactured tabacco.
Five (5) Main trade partners(export) [October 2016]: Switzerland 41.5%, China 17.0%, United Arab Emirates 6.8%, South Africa 6.6%, Congo DR 6.2%, and Other destinations 22.0%.
Main import products [October 2016]: Coper, Petroleum oils and oils obtained from bituminous minerals, Cobalt, Gas Oils, Telephones for cellular or for other wireless networks, .
Five (5) Main trade partners(import) [October 2016]: South Africa 30.6%, Congo DR 13.6%, Kuwait 8.3%, China 6.1%, United Arab Emirates 3.7% and Other sources 37.6%.
*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 (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:
 - 4-6% (Variable depending on copper price at LME)
- 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.

GDP by sector (2014)



Monthly News (Economics)

1. "FQM pumps \$1.2bn into Kansanshi" (Times, 1st)

First Quantum Minerals (FQM) intends to put in another US \$1.2 billion investment for the upgrade of Kansanshi Mine provided the policy environment and the hurdles are resolved. Finance Minister Mr. Felix Mutati reassured FQM that their investments in Zambia were secured and the government would work towards resolving the bottlenecks hindering the mining giant to make further investment.

2. "Govt seals \$2.3 bn railway deal" (Times, 3rd)

Zambia has signed a contract with China Railway Construction Company (CRCC) for construction of a railway line which will run from Chipata through Petauke to Serenje District in Central Province at a cost of US\$2.3 billion yesterday. Transport and Communications Minister Brian Mushimba said the project, which would involve construction of 388.8 kilometres of railway line was significant to Government's desire to expand Zambia's transport network for improved regional trade. He said that this project will enhance regional trade and transport competitiveness by opening up an alternative trade route to the east coast of Africa via the Port of Nacala in Mozambique.

3. "State launches \$55m cashew project" (Daily Mail, 6th)

Minister of Agriculture Dora Siliya on Saturday launched the US\$55.4 million Cashew Infrastructure Development Project (CIDP) for Western Province with a call to the people involved to use the funds for the intended purpose yesterday. She said the programme which is supported by Africa Development Bank (AfDB), will be implemented in 10 districts with 60,000 households benefiting within three or four years. The AfDB has pumped US\$45 million into the project with the rest coming from government.

4. "Zambia gets debt relief" (Daily Nation, 8th)

Arrangements to sign the recently approved US\$ 90.7 million debt relief between Zambia and Brazil are underway. Brazilian Ambassador to Zambia Anna Maria Pinto Morales said that the Senate of Brazil has approved that the outstanding debt of US\$ 113.4 million which Zambia owed should be treated through a special bilateral arrangement whereby 80 percent will be cancelled while 20 percent should be repaid. Commenting on the development, Minister of Finance, Mr. Felix Mutati, said the US \$90.7 million off Zambia's external debt stock was a manifestation of a new beginning in the socio-economic relations. Mr. Mutati said the fund was also a huge contribution to Zambia's economic recovery programme.

5. "Mutati unveils K64.5bn budget" (Daily Mail, 12 th)

Minister of Finance Felix Mutati yesterday unveiled a K64.5 billion 2017 national budget aimed at achieving the objectives of the economic recovery programme. Next year's budget is K11 billion higher than the K53.1 billion, Government proposed to spend in 2016. The K64.5 billion, which is 27.7 percent of Zambia's gross domestic product (GDP), will be financed through domestic revenues amounting to K42.9 billion while K2.2 billion will come as grants from co-operating partners with K19.3 billion coming from debt financing from domestic and external sources.

6. "Zambia lands Euro 6m for aviation sector" (Times, 23rd)

A grant worth Euro 5.6 million to support the aviation sector in Zambia has been signed by Government and the European Union. This is under the Aviation Sector Support Programme II (ASSP II). The ASSP II aims at facilitating improvements to the institutional and regulatory framework to ensure conformity with the operational requirements of the International Civil Aviation Organization (ICAO).

7. "Govt. to inject \$600m into Zamtel ops" (Times, 24th)

The Government will inject nearly US\$600 million into ZAMTEL next year to modernize and expand its network coverage, Transport and Communications Minister Brian Mushimba has said. Mr. Mushimba said the project would commence in the first quarter of 2017 after the financing documents from the Export-Import Bank of China had been concluded. He said the project is in advanced procurement stages and would be completed within four years from the commencement date.

8. "Australian firm to start gold, copper mining" (Times, 24th)

An Australian company, Luiiri Hills Gold is expected to start mining gold and copper in Mumbwa District in Central Province in the first quarter of next year. Mines and Mineral Development Permanent Secretary Paul Chanda said the gold mining project delayed due to lack of power supply in the area and challenged to raise capital by the company. He said power lines were currently being erected to connect supply to the area where mining of gold and copper would take place in the district.