



Macro-economics of Zambia, January 2014

Main Economic Statistical Indexes		2013	2014
1.	Population (millions)	14.5 (est)	14.9 (proj)
2.	Population growth rate (%)	2.8 (2000-2010)	2.8 (est)
3.	Unemployment rate (%)	7.8 (2012)	7.8 (2012)
4.	Life Expectancy (age) [M= male, F= female]	49.2(M)/53.4(F)	49.2(M)/53.4(F)
5.	Real GDP (million USD)	-	-
6.	Nominal GDP (million USD)	21,907 (est)	24,161 (proj)
7.	GDP growth rate (%)	6.4	7.2 (proj)
8.	GNI per capita (USD)	1,358*1 (2012)	1,358*1 (2012)
9.	Inflation rate (%)	7.1 (Dec)	7.3 (Jan)
10.	Consumer Price Index (year 2009 =100)	135.08 (Dec)	136.32 (Jan)
11.	Balance of trade (million USD)	423	29.11 (Dec 2013)
12.	Balance of trade against Japan (million USD)	-77.1*2	-4.94*2 (Dec 2013)
13.	Export (million USD)*3	10,608	865.28 (Dec 2013)
14.	Export against Japan (million USD)	50.83*2	4.82 *2 (Dec 2013)
15.	Import (million USD)*3	10,185	836.17 (Dec 2013)
16.	Import against Japan (million USD)	127.93*2	9.76 *2 (Dec 2013)
17.	Balance of current account (million USD)	-1.007	-
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)	2,852 (2013 year-end)	-
21.	External Debt (million USD)	5,445 (2012 year-end)	-
22.	Exchange rate (Kwacha/ USD, average)	5.39 ZMW*3	5.52 ZMW(Jan)*3
23.	Main policy interest rate (annual rate %)	9.75 (Dec)	9.75 (Jan)

※Figures are rounded off to two decimal places.

*1	GNI per capita based on purchasing power parity (PPP).
*2	Based on 1USD = 98 YEN (Bank of Japan rate, December 2013 average)
*3	The Zambia Kwacha has been re-denominated since 1st January, 2013. 1,000 ZMK (pre-rebasing Kwacha) = 1 ZMW (rebased).
<December, 2013>	
Main export products: copper/cobalt/manganese, Electrical Energy, semi-manufactured gold (including Gold plated with platinum), and Non-monetary (services).	
Main trade partners(export): Switzerland 35.7%, China 21.9%, Democratic Republic of the Congo 15.4%, Zimbabwe 6.3% and South Africa 4.7%.	
Main import products: copper/cobalt related goods, gas oil, machinery, structures & parts of structures, motor spirit.	
Main trade partners(import): South Africa 38.1%, Democratic Republic of the Congo 20.9%, China 9.2%, India 4.1% and Kenya 2.7%.	
<Source>	
1.-2., 5.-7.: Country Report 2014 (EIU), Monthly Bulletin (CSO), The World Factbook(CIA) /	
3.: Zambia Labour Force Survey Report, 2012 (CSO/Ministry of Labour and Social Security) / 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	

Monthly News (Economics)

1. "Reinforce SI 55 - ZACCI" (Times, 6th)

Government should this year, reinforce Statutory Instrument (SI) 55 of 2013 to check rampant tax evasion by some local and multinational firms. Zambia Chamber of Commerce and Industry (ZACCI) vice president-north Raj Karamchand said the reinforced SI will also help to closely monitor foreign exchange transactions in the country. Mr Karamchand said the SI 55 which was introduced early last year, was a critical policy which if enhanced further, would greatly benefit the local manufacturing sector and other major industries in Zambia.

2. "Govt warns firms over 20% sub-contracting" (Post, 7th)

The government will not hesitate to terminate contracts awarded to big companies that are not giving 20 per cent of the works to indigenous small scale contractors, says works and supply deputy minister Mwimba Malama. He said the government has lined up massive infrastructural works involving huge sums of money that needed to be shared with local owned small-scale contractors.

3. "FRA to keep K85 maize price" (Times, 9th)

The Food Reserve Agency (FRA) will maintain the K85 it is charging for a 50 kilogramme bag of maize as the millers have not been passing the benefits of reduced maize prices to the consumers. The government will not reduce the price at which millers are currently buying the maize from FRA because it cannot continue subsidising millers who are making profits from setting high mealie meal prices.

4. "IFC to continue supporting Zambia" (Daily Mail, 10th)

The International Finance Corporation (IFC) said it had earmarked slightly below (US\$100 million) to finance various projects in Zambia. IFC senior investment officer for Zambia Sylvian Kakou said the Corporation which is a member of the World Bank is committed to support the private sector. Kakou further said that the portfolio for Zambia is under US\$100 million spread across financial markets, government and micro finance institutions and that the IFC is aiming to grow the portfolio to US\$200 million.

5. "Kwacha vulnerable" (Daily Mail, 13th)

The Kwacha performance is expected to remain vulnerable as the United States Federal Reserve's (Fed) tapering of its monthly bond-buying reduced investment in emerging markets including Zambia, a financial analyst says. Barclays Bank says, like many currencies in emerging markets, the Kwacha remains exposed to the risk that the Fed's tapering of its monthly bond-buying programme may reduce liquidity for investment in emerging market assets, thereby adversely affecting the currency.

6. "BoZ under political pressure to lower lending rates - IMF" (Post, 14th)

The Bank of Zambia has been under political pressure to lower lending rates and strengthen the Kwacha, says IMF. And Kwacha is expected to maintain its current levels of K5,525 and K5,535 for bid with a slight slant towards strengthening. The International Monetary Fund (IMF) said BoZ needed to allow more exchange rate flexibility as it continues to build up reserves in line with their medium-term target of four months of imports cover.

7. "Mpulungu Harbour to unlock bigger market - AfDB" (Daily Mail, 15th)

The African Development Bank (AfDB) has allocated about US\$1.4 million under the Infrastructure Project Preparation Fund (IPPF) to complete studies on the Mpulungu Harbour Port to unlock Zambia to East Africa market. AfDB country representative Freddie Kweyiga said that the study is meant to complete all the designs for the construction of the port.

8. "Japanese PM pledges \$2bn" (Times, 16th)

Japan has set aside US\$2 billion for loans to the Enhanced Private Sector Assistance for Africa (EPSA) over the next five years, Japanese Prime Minister Shinzo Abe has said. Mr Abe said the loans were availed to EPSA because it was created in conjunction with the African Development Bank (AfDB) to foster the development of the private sector in Africa. He announced this development in a policy speech at a meeting in Addis Ababa, Ethiopia during his State visit. The visit was a follow up to last year's Fifth Tokyo International Conference for African Development (TICAD V) when Mr Abe pledged to provide \$3.2 billion support to Africa.

9. "Govt seeks partner for Nseluka-Mpulungu project" (Times, 17th)

The Government has said it is seeking an investor to partner with in the construction of Nseluka -Mpulungu railway line which has been in the pipeline for 22 years. Nseluka located in Mungwi District, 35 Kilometres north of Kasama District is one of the Tanzania-Zambia Railway Authority (TAZARA) stations. Transport, Works, Supply and Communication Minister Yamfwamukanga said in Lusaka that the Government was looking for an investor to partner with to develop the railway line.

10. "Economy grew 6.4 percent in 2013" (Daily Mail, 21st)

Government says the country's economic growth was positive with gross domestic product (GDP) growing by 6.4 percent to K125.9 billion in 2013. Minister of Finance Alexander Chikwanda said key contributors to real GDP growth were transport, storage and communications (27.1 percent), construction (24 percent) community, social and personal services (17.4 percent), financial institutions and insurance (13.7 percent).

11. "Zambia's FDI increases" (Times, 22nd)

Zambia's Foreign Direct Investment (FDI) hit slightly below US\$2 billion in 2013, up from the US\$1.6 billion recorded the previous year, Finance Minister Alexander Chikwanda has said. This is premised on the growing agriculture, mining, manufacturing, tourism, construction and energy sectors. Giving an overall economic performance to the media in Lusaka, Mr Chikwanda said Zambia posted slightly below US\$2 billion foreign direct investments inflows in 2013 compared to US\$1.6 billion the previous year.

12. "Japan pledges more investments to Africa" (Times, 30th)

Japan will continue supporting the growth of economies in Africa through trade and investments by the private sector to ensure positive contribution towards the peoples' lives. Japanese Ambassador to Zambia Kiyoshi Koinuma said that Japan will provide US\$32 billion to contribute towards the growth of the economies of African countries including Zambia. Mr Koinuma further said, during the Zambia-Japan Trade and Investment Promotion Forum held in Lusaka on 29th January 2014, that Japan will provide US\$700 million on the Nacora Corridor in the next five years to support the development of the corridor.

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 2013



