



## Macro-economics of Zambia, November 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 (%)	7.8	-
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	7.0 (Nov)
10. Consumer Price Index (year 2009 = 100)	126.1 (Dec)	133.82 (Nov)
11. Balance of trade (million USD)	1,067	8.08 (Oct)*2
12. Balance of trade against Japan (million USD)	-97.48*4	-5.91 (Oct)*3
13. Export (million USD)*5	8,346	972.37 (Oct)*2
14. Export against Japan (million USD)	50.45*4	2.75 (Oct)*3
15. Import (million USD)*5	7,279	964.29 (Oct)*2
16. Import against Japan (million USD)	147.94*4	8.65 (Oct)*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	5.52 ZMW(Nov)*5
23. Main policy interest rate (annual rate %)	9.09	9.75 (Nov)

\*Figures are rounded off to two decimal places.

*1	GNI per capita based on purchasing power parity (PPP).
*2	Based on 1USD = 5.32 ZMW (Bank of Zambia rate, October 2013)
*3	Based on 1USD = 98 YEN (Bank of Japan rate, October 2013)
*2	<October, 2013>
/3	Main export products: copper/cobalt/manganese, sulphuric acid, sulphur, semi-manufactured gold, tobacco, cement, cotton. Main trade partners(export): Switzerland 39.1%, China 27.0%, Democratic Republic of the Congo 9.9%, South Africa 8.7%, United Arab Emirates 3.4%. Main import products: copper/cobalt related goods, gas oil, machinery, structures & parts of structures, motor spirit. Main trade partners(import): South Africa 29.4%, Democratic Republic of the Congo 17.4%, China 10.3%, Kenya 7.9%, India 4.2%.
*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).

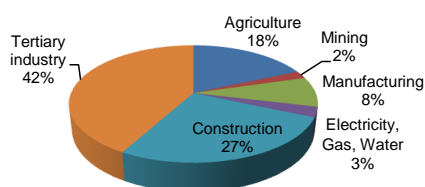
<Source>  
1.-2., 5.-7.: Country Report 2013 (EIU), The World Factbook(CIA)/3.: Zambia Labour Force Survey Report, 2012 (CSO&Ministry of Labour and Social Security)/4.: Census 2010/8.: UNDP Human Development Report./9.-11., 13., 15.: Monthly Bulletin (CSO)/12., 14., 16.: Trade Statistics of Japan (Ministry of Finance)/17., 20.-21.: The World Factbook (CIA)/18.-19.: UNCTAD/22.-23.: Bank of Zambia

### 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. "Revocation of SI 89 may delay revenue to treasury – Chikwanda"** (Post, 2<sup>nd</sup>)  
Mr Chikwanda said since mining companies had been producing and stockpiling, the Government had not been able to receive revenues as projected. He, however, said the revocation of SI 89 would not occasion any revenue losses but may only result in further delays of revenue flow to the treasury.

**2. "Zambian govt to issue Eurobonds of \$2.55bn"** (Post, 2<sup>nd</sup>)  
Zambia plans to issue Eurobonds of US\$2.55 billion between 2014 and 2018 as the government is expected to borrow \$5 billion extremely in the next five years, according to IMF document. Proceeds from the Eurobonds are expected to help plug a budget deficit which was projected to widen to almost 8.5 per cent of the GDP, almost double what was initially projected.

**3. "Sata warns Konkola Copper Mines"** (Times, 5<sup>th</sup>)  
President Michael Sata has threatened to revoke the mining licence for Konkola Copper Mines (KCM) if it proceeds to lay off more than 1,500 workers. Mr Sata said Government would not succumb to any kind of threat and blackmail as it stood ready to save the interests of Zambian workers. The Head of State was speaking shortly before a Cabinet meeting at State House in Lusaka yesterday.

**4. "Zambia in \$3.2bn external debt"** (Times, 7<sup>th</sup>)  
Finance Deputy Minister Keith Mukata told Parliament that Zambia's external debt stood at about US\$3.2 billion as at September 1, 2013. Mr Mukata told the House that Zambia's external debt in September 2011 was at \$1.7 billion. He said the internal debt was K17.8 billion as at September 1, 2013, compared to K13.8 billion as at September 1, 2011. He said to avoid plunging the country into a more speculative debate, the ministry, according to the debt management strategy, conducts the Debt Sustainability Analysis on an annual basis to determine Zambia's debt carrying capacity and fiscal space for fresh borrowing.

**5. "Kumar declared prohibited immigrant"** (Times, 11<sup>th</sup>)  
Government has declared Konkola Copper Mines (KCM) chief executive officer Kishor Kumar a prohibited immigrant. Chief Government Spokesperson and Minister of Information and Broadcasting Services Mwansa Kapeya said in a statement issued in Lusaka yesterday that Mr Kumar will never be allowed to enter Zambia.

**6. "BoZ intervention halts further Kwacha fall"** (Post, 14<sup>th</sup>)  
The Kwacha's free-fall in the last two weeks was on Monday (11<sup>th</sup> November, 2013) halted by the Bank of Zambia's intervention amidst a weakened US dollar. The local currency has in the last few weeks come under severe pressure after the Fitch downgrade and current industrial unrest in the mining sector. On October 25<sup>th</sup>, before the Fitch downgrade, the Kwacha was trading in the K5.28 – K5.35 band for bid and offer against the US dollar on interbank market.

**7. "AfDB approves \$33.6m education loan"** (Times, 26<sup>th</sup>)  
The African Development Bank Group (AfDB) Board of Directors has approved a loan of US\$33.6 million to finance the support to Science and Technology Education Project (SSTPE) in Zambia. The funds provided under the African Development Fund (ADF) concessional resources are aimed at supporting Zambian Government's commitment to improve the quality and relevance of skills development in the country for job creation and employing of graduates.

**8. "The ayes have it... Parley approves borrowing..."** (Daily Mail, 28<sup>th</sup>)  
Parliament approved a proposal by Government to allow it to increase its external borrowing threshold from k20 billion to K35 billion. This was after a heated debate with some opposition members of Parliament opposing the motion. The motion, however, went through after a vote done electronically following the opposition MPs' call for a division. Mr Alexander Chikwanda said the current amount as provided in Statutory Instrument No 53 of the Loans and Guarantees Amendment Order of 1998 is insufficient for national development.

**9. "Banks register \$180m FDI"** (Daily Mail, 28<sup>th</sup>)  
The banking sector registered over US\$180 million in foreign direct investment (FDI) last year, third to the manufacturing and mining sectors, the Bank of Zambia (BoZ) has disclosed. BoZ governor Michael Gondwe said the banking sector, which registered a total of US\$184.4 million worth of FDI remains one of the key contributors of the country's total investments.

**10. "Take advantage of export market"** (Times, 28<sup>th</sup>)  
Only 163 companies out of 10,000 registered with the Zambia Development Agency (ZDA) have been actively taking part in ventures involved in Non-Traditional Exports (NTEs). ZDA director general Andrew Chipwende said only a few companies were utilising the export market in the country despite the creation of the conducive environment by the Government.

**11. "Cotton output falls by 48 p.c"** (Times, 28<sup>th</sup>)  
Zambia's cotton production has gone down by 48 per cent in 2013, due to the reduction in growing area because of the low prices experienced last year. The country produced 100,000 tonnes of cotton in 2013, 48 per cent less than the 275,000 tonnes harvested in 2012.

**12. "Govt wants investors for Mukuba Textiles"** (Times, 29<sup>th</sup>)  
The Government is scouting for local and foreign investors to revive the defunct Mukuba Textiles and Swarp Spinning Mills in Ndola. Commerce, Trade and Industry minister Emmanuel Chenda said that the Government was keen on revamping the two companies to add value to the cotton industry in Zambia. Mr Chenda said the Government was concerned that the cotton value chain had shrunk after the closure of Mukuba Textiles and Swarp Spinning Mills several years ago, and is looking for investors to revamp Mukuba Textiles and Swarp Spinning so that the cotton value chain from production to ginning is complete.