



## Macro-economics of Zambia, March 2013

Main Economic Statistical Indexes	2012	2013
• Population (millions)	13.82	13.9 (2013)*1
• Population growth rate (%)	2.8	2.8 (2000-2010)
• Unemployment rate (%)	13.0 (2010)	-
• Real GDP (million USD)	20,680	-
• Nominal GDP (million USD)	23,680	21,360 (2013)*1
• GDP growth rate (%)	6.1 ~ 6.5	6.9 (2013)*1
• GNI per capita (USD)	1,358*2	-
• Inflation rate (%)	6.57	6.6 (Mar)
• Consumer Price Index (year 2009 =100)	126.1 (Dec)	127.3 (Feb)
• Balance of trade (million USD)	1,067	25.00 (Feb)*3
• Balance of trade against Japan (million US	-97.48*5	-7.56 (Feb)*4
• Export (Gross, million USD)*6	8,346	833.68 (Feb)*3
• Export against Japan (million USD)	50.45*5	2.89 (Feb)*4
• Import (million USD)*6	7,279	808.49 (Feb)*3
• Import against Japan (million USD)	147.94*5	10.45 (Feb)*4
• Balance of current account (million USD)	-1.048	-
• Outward direct investment (million USD)	3,448 (2011)	-
• Inward direct investment (million USD)	12,932 (2011)	-
• Gold, Foreign currency reserve (million US	2,616 (2012 year-end)	-
• External Debt (million USD)	5,445 (2012 year-end)	-
• Exchange rate (Kwacha/ USD, average)	5100 ZMK	5.369 ZMW(Mar)*6
• Main policy interest rate (annual rate %)	9.09	9.25
• Rural electrification rate (%)	3.1 (2004 est)	4.5 (2010 est)

※ Figures are rounded off to two decimal places.

*1	Economist Intelligence Unit Forecast.
*2	GNI per capita based on purchasing power parity (PPP).
*3	Source: CSO. Based on 1USD = 5.321 ZMW (Bank of Zambia rate, February 2013)
*4	Source: Trade Statistics of Japan, Ministry of Finance. Based on 1USD = 84 YEN (Bank of Japan rate, February 2013)
*3'	<February, 2013>
/4'	Main <b>export</b> products: copper/cobalt, alcoholic beverage, tobacco, cotton. Main trade partners( <b>export</b> ): Switzerland 35.0%, China 21.5%, South Africa 14.5%, Democratic Republic of the Congo 9.6%, Malawi 5.2%. Main <b>import</b> products: copper/cobalt related goods, machinery, transportation equipments, petroleum products, fabric. Main trade partners( <b>import</b> ): South Africa 29.6%, Democratic Republic of the Congo 14.2%, China 7.9%, Kenya 6.5%, United Kingdom 5.4%.
*5	Source: Trade Statistics of Japan, Ministry of Finance. Based on 1USD = 79 YEN (Bank of Japan rate, 2012 average)
*6	The Zambia Kwacha has been re-denominated since 1st January, 2013. 1,000 ZMK (pre-rebasing Kwacha) = 1 ZMW (rebased).

**Corporate Tax:** The Zambia Revenue Authority levies corporate tax at the rate of **35%**. However, income from the agricultural sector and non-traditional exports (all exports except copper and cobalt) is levied at **15%**, while companies listed on the Lusaka Stock Exchange are taxed at the rate of **33%**. Banks with income in excess of K250 million are levied corporate tax at the rate of **40%**

**Value Added Tax (VAT):** VAT is levied at **16%**. Some specified goods and services are zero-rated or exempt. Registration for VAT purposes is mandatory for every dealer in or supplier of standard rated and zero-rated goods and services, as defined in the VAT Act No. 4 of 1995 (which replaced sales tax), whose taxable turnover exceeds K200 million per annum. Voluntary registration is acceptable for dealers whose turnover falls below the stipulated minimum turnover.

**Customs Duty:** There are three categories for import duties:

- 25%** for finished products
- 15%** intermediate goods
- 0 – 5%** raw materials and capital goods.

### Monthly News (Economics)

#### • “National airline on cards - Yaluma” (Daily Mail, 1<sup>st</sup>)

Plans to set up a national airline are advancing smoothly with five foreign airlines expressing interest in partnering with Government, says Transport, Works, Supply and Communications Minister Christopher Yaluma.

#### • “Support key economic sectors” (Daily Mail, 1<sup>st</sup>)

The Bank of Zambia (BoZ) has urged commercial banks to play a key role in supporting critical economic sectors instead of focusing on salary-backed and personal loans.

• “State lauds cordial Japan bilateral relations” (Times, 3<sup>rd</sup>) Local Government and Housing deputy minister Nicolas Banda has said the Patriotic Front (PF) Government appreciates the cordial bilateral relationship existing between Zambia and Japan.

• “2 more mobile service providers feasible” (Daily Mail, 4<sup>th</sup>) Zambia Information and communication Technology Authority (ZICTA) says there is room for the country to introduce a fourth or fifth mobile service provider in the country.

#### • “Parley gets 300,000 euros German grant” (Post, 5<sup>th</sup>)

The German government has this year pledged to assist the Zambian national Assembly with 300,000 Euros for public awareness programmes.

#### • “JICA trains 40 farmers” (Times, 5<sup>th</sup>)

Japanese International Cooperation Agency (JICA) has trained more than 40 small-holder farmers in rice production in Chikupi Camp aimed at boosting production on the cereal in the country.

#### • “ZCF states \$100m for rural economic zones” (Times, 7<sup>th</sup>)

The Zambia Cooperative Federation (ZCF) will soon embark on an industrialisation process as part of its five-year strategic plan aimed at transforming rural areas into economic zones.

#### • “New law to tackle tax evasion” (Daily Mail, 7<sup>th</sup>)

Government has drafted a new radical law that will curb foreign currency revenue losses as reports of tax avoidance and tax evasion escalate in local and foreign media. (Emb. Comment: This is according to an ambitions bill seeking to amend the Bank of Zambia (BoZ) Act in 2013. Once enacted, it will help the government capture billions of dollars annually in taxes and fees that have previously been lost.)

#### • “Firm exports bamboo-framed bikes” (Times, 7<sup>th</sup>)

A local manufacturing company Zambikes, that produces bamboo-framed bicycles, last year exported about 360 bicycles to more than five countries in the world. Some of the countries exported to are Japan, Germany, South Africa, Canada and Australia among them.

#### • “ZDA urged SMES to expand on business” (Daily Mail, 11<sup>th</sup>)

The Zambia Development Agency (ZDA) says there is need for Small and Medium entrepreneurs (SMES) to venture into potential businesses that will expand and foster job creation in the country.

#### • “Expect more growth, inflation drop” (Times, 13<sup>th</sup>)

Zambia’s economic prospects for the first half of this year are expected to remain favourable, underpinned by good domestic performance, driven by the strong monetary policies recently introduced by the Bank of Zambia (BoZ).

#### • “Canada, Zambia sign investment agreement” (Daily Mail, 14<sup>th</sup>)

Canada and Zambia have signed a new Foreign Investment Promotion and Protection Agreement (FIPA) in mining.

#### • “Zambia’s stance on accountability cheers World Bank” (Post, 18<sup>th</sup>)

The World Bank says the Zambian government’s acknowledgement that accountability, transparency and good governance are key for prudent management of public affairs gives it the drive to augment its support for strengthened economic administration.

#### • “World Bank Group approves Zambia’s strategy 2013-16” (Daily Mail, 18<sup>th</sup>)

The World Bank Group (WBG) has approved the country partnership strategy (CPS) for Zambia for the period 2013-2016, which focuses on promoting diversification and private sector development.

#### • “Africa, Asia trade corridors to boost Zambia’s economy - Melu”

(Post, 21<sup>st</sup>) Mizinga Melu (Managing Director-Standard Chartered Bank Zambia) says the growing trade corridors between Africa and Asia will further boost Zambia’s economy.