



## Macro-economics of Zambia, June 2015

### Monthly News (Economics)

Main Economic Statistical Indexes		2014	2015
1.	Population (millions)	15.0 (est)	15.5 (proj)
2.	Population growth rate (%)	2.88 (est)	3.3 (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)	26,758(est)	28,567 (proj)
7.	GDP growth rate (%)	6.0	5.5 (proj)
8.	GNI per capita (USD)	1,358*1 (2012)	1,358*1 (2012)
9.	Inflation rate (%)	7.9	7.1
10.	Consumer Price Index (year 2009 =100)	141.51	151.59
11.	Balance of trade (million USD)	145.19 *2	-164.37 (May)*2
12.	Balance of trade against Japan (million USD)	-64.65 *5	-1.24 (May)*3
13.	Export (million USD)*3	9,696.20	535.73(May)*3
14.	Export against Japan (million USD)	36.84 *5	5.20 (May)*3
15.	Import (million USD)*3	9,551.01	700.10(May)*2
16.	Import against Japan (million USD)	101.49 *5	6.44 (May)*3
17.	Balance of current account (million USD)	-1,250 (2013)	-
18.	Outward direct investment (million USD)	181 (2013)	-
19.	Inward direct investment (million USD)	1,811 (2013)	-
20.	Gold, Foreign currency reserve (million USD)	3,040(Sept)	3,040(Sept 2014)
21.	External Debt (million USD)	4,700 (Dec)	4,700 (Dec 2014)
22.	Exchange rate (Kwacha/ USD, average)	6.15ZMW *4	7.33ZMW*4
23.	Main policy interest rate (annual rate %)	11.56	12.50

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

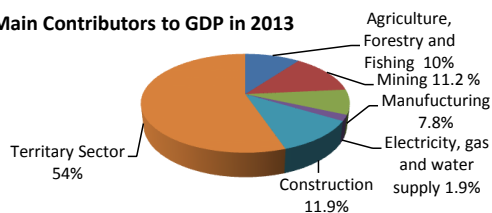
*1	GNI per capita based on purchasing power parity (PPP).
*2	1USD = 7.26 ZMW (Bank of Zambia rate, May 2015 average)
*3	1USD = 120YEN (Bank of Japan rate, May 2015 average)
*4	The Zambia Kwacha has been re-denominated since 1st January, 2013. 1,000 ZMK (pre-rebasing Kwacha) = 1 ZMW (rebased).
*5	Based on 1USD = 106 YEN (Bank of Japan rate, 2014 average)
Main <b>export</b> products [May 2015]: Cathodes & Sections of Cathodes of refined Copper, Copper Blisters, Electrical Energy, Sulphuric acid, Raw Cane sugar.	
Five (5) Main trade partners( <b>export</b> ) [May 2015]: Switzerland 46.2%, China 14.1%, Democratic Republic of the Congo 8.2%, Singapore 7.1%, South Africa 6.3%, and Other destinations 18.1%.	
Main <b>import</b> products [May 2015]: Gas oils, Motor Spirits, petroleum oils and oils obtained from bituminous minerals, Live cattle: Bulls - pure bred breeding animals, Wire of aluminium.	
Five (5) Main trade partners( <b>import</b> ) [May 2015]: South Africa 32.0%, Kuwait 8.9%, Kenya 8.6%, China 7.1%, Democratic Republic of the Congo 7.0%, and Other sources 36.3%.	
< Source >	
1.-2., 5.-7.: Country Report May 2015 (EIU), May 2015 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.: Bank of Zambia, Ministry of Finance, The World Factbook (CIA) / 18.-19.: UNCTAD / 22.-23.: Bank of Zambia	

### Mining Sector Taxes Source: ZRA, ZEITI

- Value Added Tax (VAT): 16%
- Corporate Income Tax : 30%
- Mineral Royalty tax:
  - Underground mining 6%
  - Open Cast mining 9%
- 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



(Source: Data extracted from Central Statistical Office)

#### 1. "Zambia ranks 96 on GCI" (Post, 8th)

Zambia ranks 96 out of 144 on the Global Competitiveness Index according to The Africa Competitiveness Report 2015. According to the report, access to finance, corruption, tax rates, inadequate infrastructure, and a poor work ethic in the labour force have depressed Zambia's competitiveness in the region. Since last report published in 2013 when it was ranked 102 out of 144, Zambia has jumped six points higher.

#### 2. "Further reduction in mine taxes costly-Yamba" (Post, 10th)

Secretary to the Treasury, Fredson Yamba says the proposed further reduction in mineral royalties to six per cent for underground mines will force government to increase other taxes to narrow the K2.3 billion budget deficit.

#### 3. "Gov't ready for Eurobond repayment" (Times, 12th)

The recent report by the Zambia Institute for Policy Analysis and Research (ZIPAR) reviewed that the country risks defaulting if measures are not put in place before the two debts mature in 2022 and 2024 respectively. Ministry of Finance chief economist William Kabwe, however said the ministry had made reforms to the debt management system which would help Government prepare for the future.

#### 4. "Copper output to drop" (Daily Mail, 15th)

Zambia will this year not exceed the 2014 copper production figure of 750,000 tonnes due to uncertainties in the mining tax regime that forced some companies to suspend or reduce production, says Minister of Mines, Energy and Water Development Christopher Yaluma.

#### 5. "State sets up fund for repaying Eurobond" (Daily Mail, 17th)

Minister of Finance Alexander Chikwanda told parliament that Government has set up a sinking fund for repaying the two 10 year sovereign Eurobonds amounting to US\$750 million and US\$1 billion issued on the international capital market in 2012 and 2014, respectively.

#### 6. "Zambia's budget deficit poses risk - World Bank" (Daily Mail, 19th)

Zambia's current levels of budget deficit of K20 billion poses a risk to macroeconomic stability and growth, World Bank senior country economist Philip Schuler has said. He said at the launch of the World Bank brief titled: "Making Mining Work for Zambia: The economic environmental and health nexus of Zambia's copper Mining," on Wednesday.

#### 7. "Jobs rise by 3.4%, says ZIPAR" (Times, 25th)

Zambia's formal sector jobs increased by 3.4 per cent between 2007 and 2013, the Zambia Institute of Policy Analysis and Research (ZIPAR) has said. The institute says despite the economic growth averaging 7.9 per cent during that period, Zambia faces a job challenge.

#### 8. "Parliament approves increase in external loans" (Daily Mail, 26th)

Parliament yesterday voted to adopt a motion by Minister of Finance Alexander Chikwanda to increase the amount of external debt loans outstanding at any one time from K35 billion to K60 billion. The motion was adopted with a vote of 74 for and 41 against. Earlier, Mr Chikwanda asked members to consider the motion for Government to continue with its development programme for the benefit of Zambians.

#### 9. "ZESCO scales up load shedding" (ZNBC, 25th)

ZESCO Limited says it has scaled up country-wide load shedding because it has a national deficit of 5-hundred and 60 Megawatts. The Power utility company says this is as a result of low water levels in its reservoirs that has been caused by poor rainfall experienced during the 2014/2015 rain season. ZESCO says load shedding will be carried out on a rotational basis throughout the day, every day, in different areas and that the exercise will affect ALL its customers.