



Macro-economics of Zambia, September 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 (%)	13.0 (2010)	-
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 (Sept)
10. Consumer Price Index (year 2009 = 100)	126.1 (Dec)	133.41 (Sept)
11. Balance of trade (million USD)	1,067	8.49 (August)*2
12. Balance of trade against Japan (million USD)	-97.48*4	-4.41 (August)*3
13. Export (million USD)*5	8,346	841.51 (August)*2
14. Export against Japan (million USD)	50.45*4	4.60 (August)*3
15. Import (million USD)*5	7,279	833.03 (August)*2
16. Import against Japan (million USD)	147.94*4	9.01 (August)*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	5.33 ZMW(Sept)*5
23. Main policy interest rate (annual rate %)	9.09	9.75 (Sept)

*Figures are rounded off to two decimal places.

*1	GNI per capita based on purchasing power parity (PPP).
*2	Based on 1USD = 5.42 ZMW (Bank of Zambia rate, August 2013)
*3	Based on 1USD = 97 YEN (Bank of Japan rate, August 2013)
*2	<August, 2013>
/3	Main export products: copper/cobalt/manganese, cotton, cement, sulphur, tobacco. Main trade partners(export): Switzerland 36.8%, China 19.9%, Democratic Republic of the Congo 10.9%, South Africa 10.4%, United Arab Emirates 7.7%. Main import products: copper/cobalt related goods, gas oil, machinery, structures & parts of structures, sulphur. Main trade partners(import): South Africa 30.1%, Democratic Republic of the Congo 16.8%, China 8.1%, Kenya 7.5%, India 3.0%.
*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).

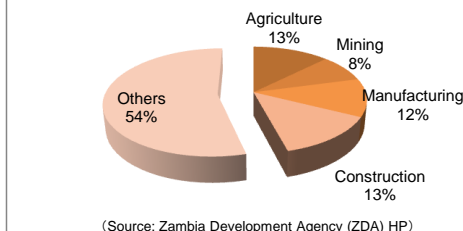
<Source>
1.-2., 5.-7.: Country Report 2013 (EIU), The World Factbook(CIA) / 3.-4.: Census 2010
8.: UNDP Human Development Report / 9.-11., 13., 15.: Monthly Bulletin (CSO) /
12., 14., 16.: Trade Statistics of Japan (Ministry of Finance) / 17., 20.-21.: The World Factbook (CIA) /
18.-19.: UNCTAD / 22.-23.: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



Monthly News (Economics)

1. "Zambia won't re-introduce exchange controls - Gondwe" (Post, 2nd)

Bank of Zambia governor Michael Gondwe says Zambia shall remain the most liberalised country in the Southern African region and shall not re-introduce exchange controls. Commerce permanent secretary Steven Mwansa says the hosting of the second Zambia International Investment Forum (ZIIF) in Livingstone on August 20 and 21 would help make Zambia an investment destination.

2. "ZAM wants manufacturing corporate tax reduced" (Post, 2nd)

The government should provide favourable tax incentives to the manufacturing sector for the country to attain meaningful economic growth that will result in job creation, says Zambia Associations of Manufacturers (ZAM). According to 2014 budget submissions, ZAM stated that a productive and competitive manufacturing sector would result in wealth creation and prosperity for people and would enhance foreign exchange earnings and widening of the tax base.

3. "BoZ implores researchers over economy" (Daily Mail, 2nd)

Bank of Zambia (BoZ) has called on researchers to come up with products that will address economic challenges faced by micro- small and medium enterprises (MSMEs) in Zambia. BoZ governor Michael Gondwe said MSMEs present a significant option for broadening the tax base and promoting competition in the business environment. Dr. Gondwe said the Government and BoZ welcome efforts by higher learning institutions to advise policy makers in ensuring the growth of MSMEs is achieved.

4. "Zambia in top 10" (Times, 5th)

The World Economic Forum (WEF) has ranked Zambia as one of the top 10 most competitive economies in Africa for 2013. The WEF's Global Competitiveness Report 2013-2014, which was released in Geneva, Switzerland ranked Zambia as the seventh most competitive economy in Africa ahead of Kenya, Gabon and Senegal. According to the report accessed in Lusaka, Zambia, Africa's largest copper producer trails Namibia, Seychelles, Botswana, Rwanda, South Africa and Mauritius, which were ranked as the most competitive economies in Africa. Out of the 148 countries surveyed globally, Zambia moves from last year's 102nd position to 93rd as one of the countries which recorded remarkable progress.

5. "Japan pledges support to water sector" (Times, 18th)

The Japanese Government has pledged to continue investing in Zambia's water sector by assisting in improving water supply and sanitation in the country. Japanese Ambassador to Zambia, Mr. Akio Egawa said the Japanese government would continue to support Zambia's water sector in all parts of the country. He was speaking during the commissioning of the US\$25 million Japanese funded project in Kaloko Township in Ndola. Mr Egawa said the project took over a year to be constructed and would benefit about 320,000 people, accounting for more than half of the population in Ndola.

6. "Venture capital fund to boost private sector growth" (Daily Mail, 19th)

The Private Sector Development Association (PSDA) says the proposal to establish a venture capital fund will boost the growth of the private sector as funds will be available. PSDA chairperson Yusuf Dodia said the creation of a fund could be a very interesting mechanism since instruments used to get money together for investment provides vast opportunities.

7. "Address cross border hurdles - World Bank" (Times, 20th)

The World Bank has said Zambia should address constraints affecting trade with its eight neighbouring countries, to promote economic growth, create employment and reduce poverty in the country. Speaking during a Conductive seminar on the selected chapter of the Cross Border Trade Facilitation in Zambia in Lusaka, World Bank senior trade economist Nora Dihel said a significant amount of cross border trade was constrained due to informal channels hence the need to address them.

8. "Zambia gets K120 million bond" (Daily Mail, 24th)

The International Finance Corporation (IFC), a member of the World Bank Group, has issued a K120 million bond (US\$28.4 million) to support domestic capital markets and increase access to local currency finance in Zambia. The issue, dubbed 'Zambezi bond', is IFC's first Kwacha-denominated bond. It is also the first placement by a non-resident issuer in Zambia's domestic capital markets, and the first issuance under the IFC pan-African domestic medium-term note programme.

9. "Govt to revise fees for MSMEs" (Times, 26th)

Government will soon revise registration fees for Micro Small and Medium Scale Enterprises (MSMEs) by at least 50 per cent, to allow the small-holder business community to register their companies as legal entities. The Government will also engage commercial banks to identify how best financial institutions could cut lending rates to boost funding for MSMEs. Commerce, Trade and Industry Deputy Minister Miles Sampa said that it was relevant to slash MSMEs registration fees by 50 per cent because some small-holder businesses in the country were operating without licences.

10. "IMF, State to extend credit facility" (Daily Mail, 26th)

Zambia is likely to request for a new extended credit facility (ECF) or any other type of borrowing arrangement from the International Monetary Fund (IMF) next year. An IMF mission was in the country from September 17-24 to conclude the 2013 Article four consultation discussions with Zambia. The mission and the authorities have tentatively agreed that IMF team will return to Lusaka in January 2014, to initiate programme discussions.

11. "New law to attract investment in roads" (Times, 27th)

The enactment of Statutory instrument (SI) 73 of 2013, will play an important role in attracting Foreign Direct Investments (FDIs) in the road sector, Transport Minister Yamfwa Mukanga said. This piece of legislation will, in addition, increase Small and Medium-sized Enterprises (SMEs) contribution to road sector development in Zambia. Mr Mukanga said the SI 73 of the tolling regulations Act of 2013, would subsequently reduce unemployment by creating direct and indirect jobs through contracted toll gates. The minister, who assented to the bill, said the SI 73 would pave way for income generation, after which the funds would be used for maintenance and improvement of the road network in the country.