

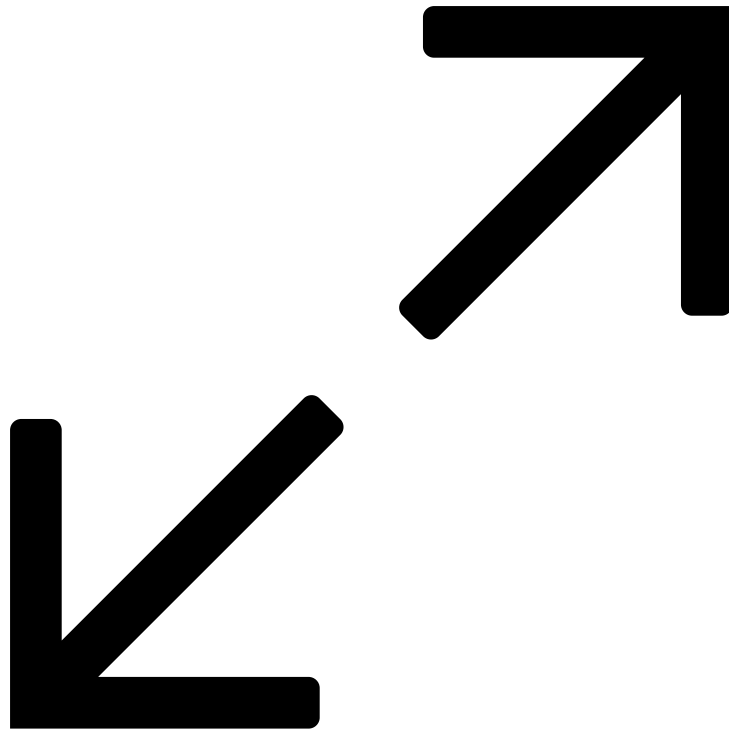
Zambia to finally get 35% local content regulation

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Minister of Finance Margerate Mwanakatwe announced that Zambia will join other frontier African countries by enacting the local content laws during the 2019 budget implementation period.

Speaking during the Budget presentation on Friday 28 September, Finance Minister Margerate Mwanakatwe stated that “to promote local content, Government is implementing the National Local Content Strategy aimed at fostering business linkages between micro, small, medium and large enterprises”.





A Rainbow Africa truck transporting copper cathodes through Kazungula border on its way to South Africa.

She further stated that “the strategy also aims to promote use of at least 35% locally available inputs in industrial processes”.

Local content laws or regulation are aimed at promoting of local value-addition and job creation through the use of local expertise, local goods and services business, local financing in an economy and their retention within an economy.

A review of Zambia’s major corporates and high value companies reveal that most of them are foreign owned with little to no control and ownership of local and indigenous Zambians. Moreover, Mine Contractors and Suppliers Association led by Augustine Mubanga have bemoaned the situation were top suppliers lists of the major copper mines which account for over 70% OF Zambia’s export earnings have limited local Zambian owned companies winning major contracts.

Efforts to get local participation in the Zambian economy via moral suasion through encouraging major companies to list on the Lusaka Securities Exchange – LuSE hit a snag as most major economic players and companies have shied away from listing, opting to remain in private hands.

Local content is considered a key regulation in that it facilitates locals and indigenes economic participation to safeguard local interests. Other frontier African countries that have local content regulations include Nigeria, South Africa, Kenya and Ghana.

In Nigeria, Nigerian Oil and Gas Industry Content Development Act 2010 was enacted to increase indigenous participation in the Oil and gas industry by prescribing minimum thresholds for the use of local services and materials and to promote transfer of ownership, technology and skills to Nigerian staff and labour in the industry. This was followed up by establishing a local content monitoring board.

In South African government in 2003 introduced the Broad-Based Black Economic Empowerment Act to increase the participation of local black people in the management, ownership and control of South Africa's economy

For Kenya, in March 2018, the Local Content Bill was was gazetted by the Kenyan Senate to provide for a framework to facilitate the local ownership, control and financing of activities connected with the exploitation of gas, oil and other mineral resources; to provide a framework to increase the local value capture along the value chain in the exploration of gas, oil, other mineral resources and manufacturing.

Local economic ownership is a more strategic goal for any economy that wants to have some level of control over its future and destiny. It also facilitate local employment creation as well as wealth creation for local entrepreneurship.

LINK : <https://zambiabusinessstimes.com/2018/09/29/zambia-to-finally-get-35-local-content-regulation/>

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