

**PRESS STATEMENT ON THE IMPLEMENTATION OF RESERVATIONS SCHEMES BY  
HON MARGARET D. MWANAKATWE, MP, MINISTER OF COMMERCE, TRADE AND  
INDUSTRY**

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**LADIES AND GENTLEMEN,  
MEMBERS OF THE PRESS,**

I welcome you to this press briefing on the implementation of reservation schemes. You will recall that the Minister of Information and Broadcasting Services, Hon Chishimba Kambwili, MP, announced that Cabinet had approved the Reservation of specific areas of Commerce, Trade and Industry for Citizens.

Following this announcement, My Ministry now wishes to share with the nation additional information how the Reservations Schemes will be implemented. I have called this press briefing to clarify the Government Policy and directive on this important national matter.

During its meeting held on 19<sup>th</sup> October, 2015, Cabinet approved in principle, the introduction of Reservation Schemes under the provisions of Section 21 (1) and (2) of the Citizens Economic Empowerment Act No.9 of 2006 for the Poultry sector, Quarrying, Block Making and Domestic Haulage by reserving these sectors for Citizens, Citizen Influenced, Empowered and Owned Companies.

Under the Citizens Economic Empowerment Act, Citizen Influenced, Empowered and Owned Companies are defined as follows:

- Citizen Empowerment Company means a company where 25 to 50 percent of its equity is owned by citizens;
- Citizen influenced company means a company where 5 to 25 percent of its equity is owned by citizens; and
- Citizen owned company means a company where at least 50.1 percent of its equity is owned by citizens and in which citizens have significant control of the management of the company.

**Ladies and Gentlemen, members of the Press,**

Zambia experienced consistent Gross Domestic Product (GDP) growth of about 6% for over a decade. Despite this strong economic growth, the Zambian economy is still characterised by relatively low participation of Zambian citizens in the ownership of strategic industries, as well as in value addition. Economic growth is sustainable when it is anchored on citizen participation.

Recognising the challenge in citizen participation levels, Government has had to put in place deliberate measures to avail and secure citizens participation in the domestic economy, particularly through entrepreneurship and value chains.

**Ladies and Gentlemen, members of the Press,**

Government has selected Poultry, Block Making, Quarrying and Domestic Haulage sectors for the Reservation Schemes for the following reasons:

- (a) We have many Zambians already participating in these sectors and increasingly, Zambians have shown that they can run businesses competitively in these sectors;
- (b) The barriers to entry and exit into these sectors are low. The capital requirements are fairly low and the sectors have low levels of regulation thereby making it possible for many Citizens to participate;
- (c) Many of our Citizens have the necessary technical and managerial skills to be successful in these sectors.

For Micro, Small and Medium Enterprises wanting to enter these sectors or needing to expand, government will provide support in terms of finance, entrepreneurial skills and technology through the Value Chain Development Programme under the Citizens Economic Empowerment Fund.

**Ladies and Gentlemen, Members of the Press,**

The reservations will be implemented in the following manner:

- **Poultry Sector**

The Poultry sector is a large sector with various value chains. In this regard, I wish to make the following clarifications:

- (a) The selling of live birds in markets and other public places designated under the Markets and Bus Stations Act by foreign owned enterprises will cease once the Statutory Instrument comes into force. The issuance of retail licences and wholesale licences to sell live birds in markets so designated under the law, will be restricted to citizens, citizen influenced, empowered and owned companies;
- (b) Firms owned by non-citizens and currently operating in the country will continue to produce the birds but they will not be allowed to sell live birds in places designated under the Markets and Bus Stations Act. They will be able to sell their birds at wholesale from their places of production provided they are in compliance with the Trading Licences Act;
- (c) The Reservations measures will not apply to firms producing and selling Day Old Chicks, Grandparent Stock, Parent Stock and Layers. The sector has a key few players in these segments of the Poultry Value Chain. The country welcomes additional investment and technology in the Sector given the ever increasing demand for poultry products in the country; and
- (d) Firms processing chickens and other birds will continue to do so.

The Ministry will continue to actively encourage and support Zambians to invest in all stages of the Poultry Value Chain so that we have significant citizen participation.

- **Block Making and Quarrying Sector**

Firms already operating in the sector will not be affected by the reservation scheme. Therefore firms already established in the country will continue to operate.

All firms entering the sector anew once the Reservation Statutory Instrument is in force will be required to comply with the requirement to be Citizen Influenced, Empowered or Citizen Owned Companies unless the investment is above US\$5 million. Firms wholly owned by foreigners will

be expected to progressively migrate to this investment threshold. Government will work with them to determine how they can migrate over a given period.

- **Domestic Haulage Sector**

Domestic Haulage for all public procurements will be reserved for citizens, citizen influenced, empowered and owned companies. This measure will take effect with the issuance of the Statutory Instrument.

Firms wholly owned by non-citizens will continue to operate in this country. This measure is only with regard to haulage related to public procurement (i.e. government procurement) and not private haulage transactions or requirements. This measure will largely impact haulage of Maize, Agricultural inputs and other procurements by Government Agencies.

**Ladies and Gentlemen, members of the Press,**

My Ministry working with key implementing Agencies, will be developing detailed modalities that will further clarify and guide the implementation and monitoring of the Reservation Schemes. I expect that consultations on the modalities for the Reservation Schemes will be concluded in the shortest time possible and that an appropriate Statutory Instrument will be issued under the relevant legislation.

**Ladies and Gentlemen, Members of the Press,**

Government is seeking sustainable growth and diversification of economy. To achieve this, there needs to be participation by both Foreign Investors and Local Investors.

As such we welcome Foreign Investment and Government encourages the working together of foreign and local investors. In encouraging these partnerships, each party, both foreign and local, must bring value to the table – be it in kind or cash; and this must be between willing parties.

The Zambian Government will only implement reservations schemes after due consultation and an in-depth understanding of the sectors. At all stages of the design and implementation of reservation schemes, we will remain consultative with the Private Sector and Private Sector Associations.

**Ladies and Gentlemen, Members of the Press,**

In conclusion, let me reiterate that Government is working out modalities on how the Reservation Schemes will be implemented. We are an investor friendly, pro-private sector Government and we will remain so. The detailed modalities to be developed will ensure the growth and continuity of business activity in the selected sectors.

It is our expectation that as we receive the much needed FDI into these sectors, our citizens will have a fair chance of expanding their businesses in the reserved sectors. Reservation Schemes can only be effective when Citizens position themselves to take advantage of such interventions.

Finally, all Citizens will be treated equally irrespective of race, religion, ethnicity or tribe. If you are a citizen under the Zambian constitution, you are a beneficiary of these measures.

**I thank you all for your kind attention.**