JAPAN-AFRICA BUSINESS FORUM

HOW TO SUCCEED IN AFRICA:
UNLOCKING GROWTH AND OPPORTUNITIES IN AFRICA

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Risk Factors

- Risk of losing investment constitutes one of the biggest concerns for investors;
- African countries are seen as risky because they are distant, remote and unknown to those with capital;
- Uncertainty of political stability due to frequent wars and changes in political leadership;
- Uncertainty due to inconsistency in policy framework
Lack of legislation to protect investment;
Foreign exchange restrictions and uncertainty due to exchange rate deterioration/fluctuation;
Lack of or low technology and poor work culture;
Poor or inadequate infrastructure including roads, rail, telecoms, storage facilities;
Land tenure due to uncertainty of land management legislation;
Slow public service or poor responsiveness.
Risk Mitigation

- Overall change;
  - Most African countries have changed considerably over the last 20 years and faster in the last decade;
  - All African countries are members of AU which enforces a code of behave;
  - African countries belong to one of the six (6) Economic Communities which have code of practice, e.g. SADC and COMESA;
  - African countries have established constitutional provisions and investment based on specific legislation
Securing Investment: The case of Zambia

- Encouraging private sector-led investment, Private-Sector;
- Joint Ventures between local people and Japanese Investors, as well as Public–Private Partnership, where these can best serve private sector investment needs;
- Promoting **Value-Addition** to its several natural resources/raw materials in areas with advantageous endowment;
- Having specific Laws which have been established through the regulatory and supportive institutions:
  - Zambia Development Agency (ZDA)- ACT 2006 (**for Foreign Direct Investment and Private Sector**)
Safety of Foreign Direct Investment (FDI)

- Constitutional guarantees and protection;
- Supportive Subsidiary Legislation. Protecting specific investment though “Investment Promotion and Protection Agreement (IPPA), which is later issued as Statutory Instrument(s) by Government.
- Open Forex exchange Policy – without restriction if forex was brought in.
- Incentives, including Duty – Exempt Capital Equipment Importation
  *Corporate Tax Exemption
    - 100% up to 5 years
    - 50% up to 8 years
    - 75% up to 10 years
- Zero – Tolerance for Corruption and Fraud.
- Well-proven / and Observance of all Human Rights, Inclusive growth and constitutional provisions for peaceful change of democratic Government, which respects previous Government’s decisions, except where fraudulent transactions were involved.
- Has had no civil violence or disorder, let alone civil war.
- Always honoured all International Obligations
- Youthful population
  - 84% up to 35 years
  - 68% up to 25 years;
- Millions youth seeking productive work
- Some readily available Industrial Infra-structure;
Benefits

- Land and water availability;
- High payback and Internal Rate of Return (IRR);
- Free foreign exchange management
YOU HAVE AN OPPORTUNITY TO COME AND INVEST SAFELY IN AFRICA AND ZAMBIA

THE INVESTMENT OPPORTUNITY WINDOW DOES NOT LAST FOREVER.
SO COME NOW.
THANK YOU