
Zimbabwe contemplating local ownership of foreign firms

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Reuters reported that Zimbabwe's government has proposed that Zimbabweans take 51% ownership of all foreign companies in the country, including mines and banks.

The draft regulations said indigenous Zimbabweans should hold a controlling interest in each foreign owned business in Zimbabwe with an asset value above USD 500,000 and could further unsettle those investors with an interest in the ruined economy.

The draft law was prepared by the Ministry of Youth Development, Indigenization and Empowerment. Zimbabwe passed an Indigenization & Economic Empowerment law in 2007, which seeks to transfer control of all firms, including mines and banks to black Zimbabweans.

Analysts believe that would unsettle investors and could further damage an economy already ravaged by the collapse of commercial agriculture following President Mr Robert Mugabe's seizure of white owned farms since 2000.

A new unity government formed by Mugabe and bitter rival, Prime Minister Morgan Tsvangirai in February, has promised to be flexible in applying the empowerment law, but the proposed regulations show no change of tack.

The latest move also casts doubt on current consultations between the government and the key, foreign dominated mining industry over proposed changes to the country's mining law.

Mr Mugabe has said amendments to the mining legislation, to be pushed through parliament soon, will seek to improve ties with the mining industry. The unity government has been torn by disagreements between Mr Mugabe and Mr Tsvangirai, who agreed to end a boycott of the coalition. He gave Mugabe a month to fully implement their power sharing agreement.

(Sourced from www.reuters.com)

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