



TOGETHER
for a sustainable future

OCCASION

This publication has been made available to the public on the occasion of the 50th anniversary of the United Nations Industrial Development Organisation.



TOGETHER
for a sustainable future

DISCLAIMER

This document has been produced without formal United Nations editing. The designations employed and the presentation of the material in this document do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations Industrial Development Organization (UNIDO) concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries, or its economic system or degree of development. Designations such as “developed”, “industrialized” and “developing” are intended for statistical convenience and do not necessarily express a judgment about the stage reached by a particular country or area in the development process. Mention of firm names or commercial products does not constitute an endorsement by UNIDO.

FAIR USE POLICY

Any part of this publication may be quoted and referenced for educational and research purposes without additional permission from UNIDO. However, those who make use of quoting and referencing this publication are requested to follow the Fair Use Policy of giving due credit to UNIDO.

CONTACT

Please contact publications@unido.org for further information concerning UNIDO publications.

For more information about UNIDO, please visit us at www.unido.org



DO1571

United Nations Industrial Development Organization

Distr.
LIMITED

ID/WG.66/29
8 September 1970

ORIGINAL: ENGLISH

Meeting to promote specific Industrial
Projects in African Countries

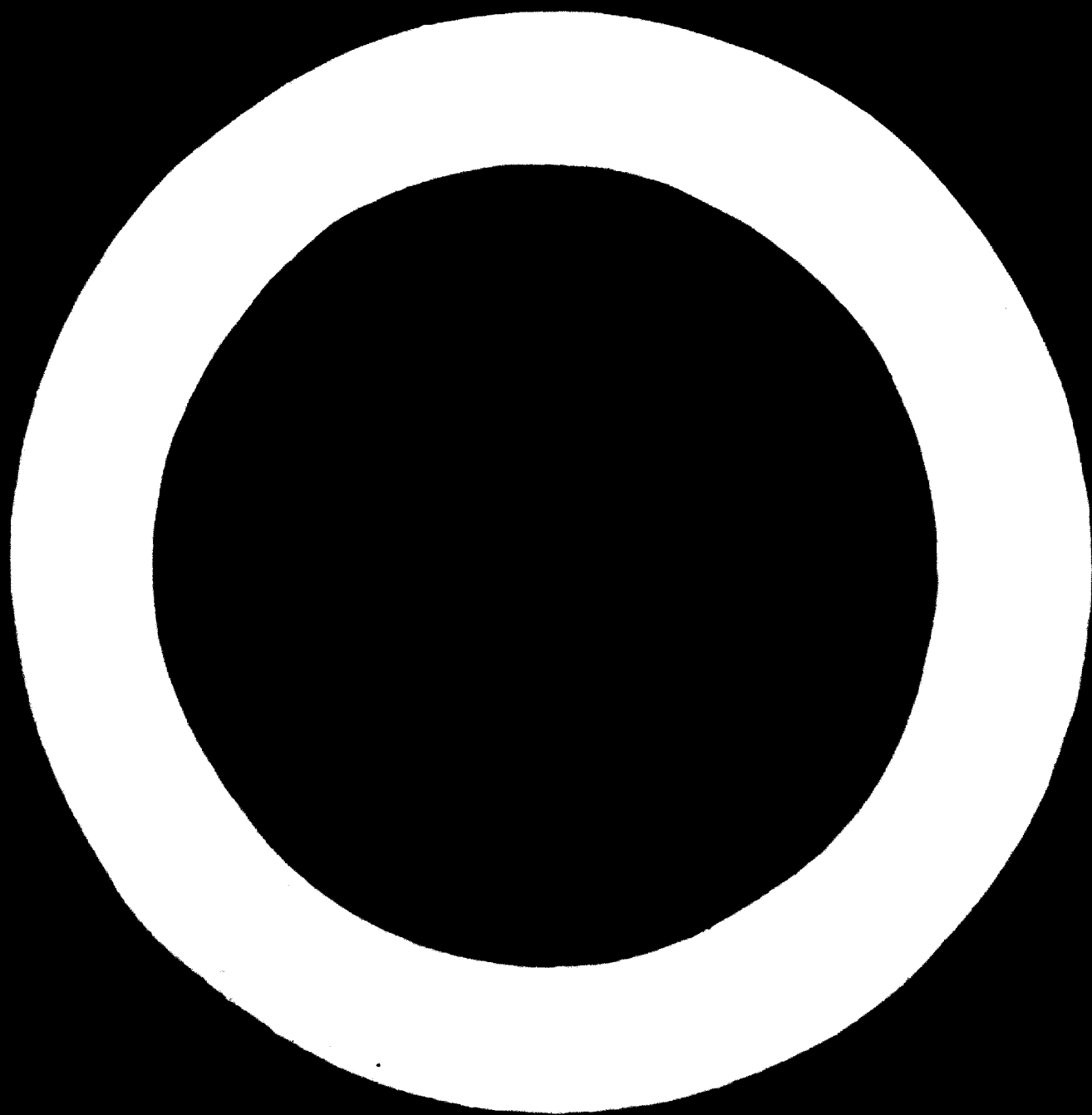
Nairobi, Kenya, 30 November - 4 December 1970

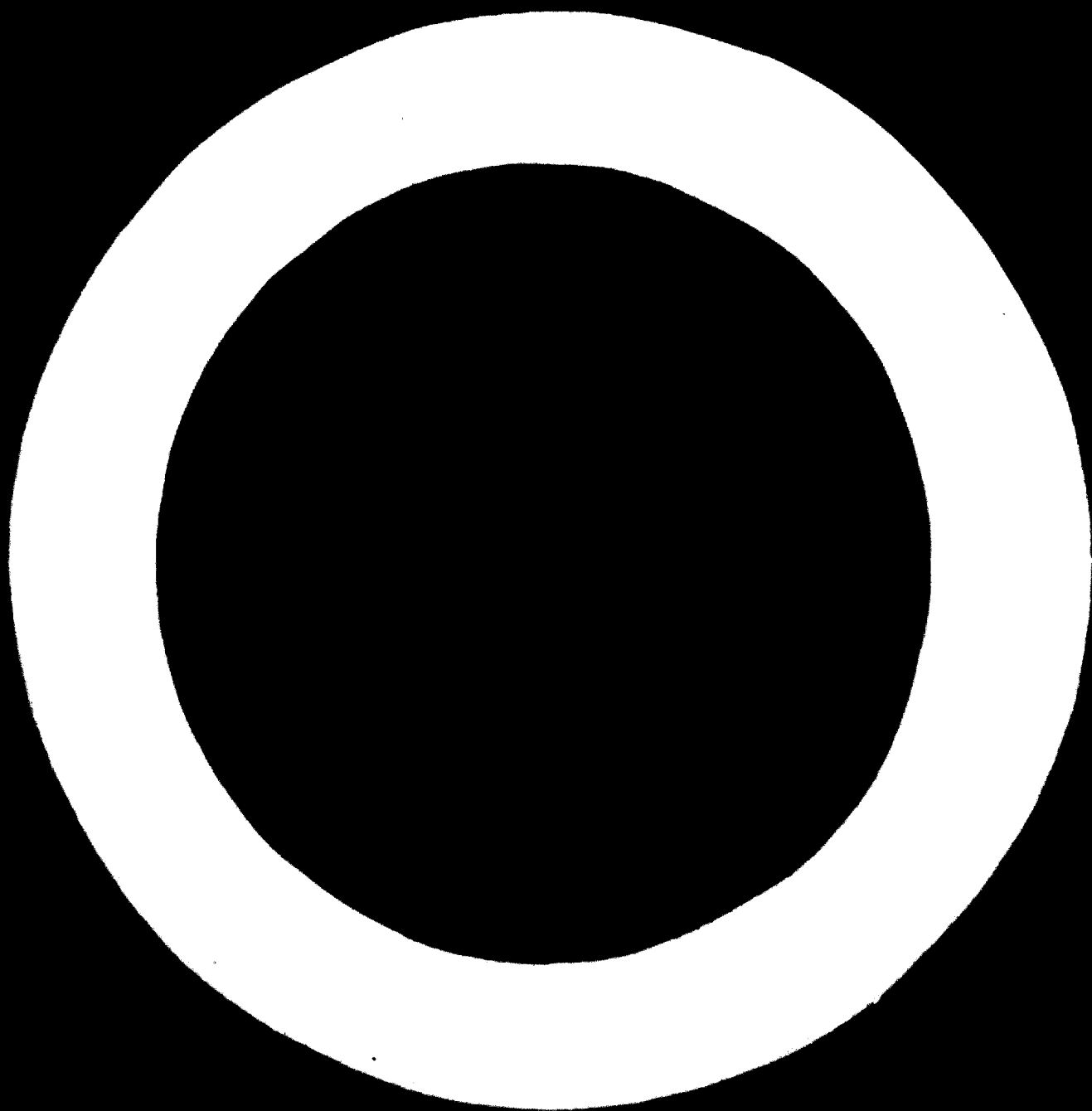
INVESTMENT INCENTIVE 1/

SAMBIA

1/ This information sheet has been drafted by UNIDO and cleared by a Government Institution in the country. It has been reproduced by UNIDO without formal editing.

id.70-4895





ZAMBIA

I. Incentives granted to industrial investments

- Tariff protection:

Tariff protection is granted to new and developing industries on a selective basis. All cases are dealt with on their individual merits after submission of a detailed application to the Tariff Advisory Board in the Ministry of Trade and Industry.

- Import duty concessions:

Raw materials and component parts for use in manufacturing industry are admitted duty free (or granted industrial rebate).

Export draw-backs are granted to the full extent of import duties paid on raw materials and component parts used in manufacture and subsequent export.

- Anti-dumping provisions:

Dumping duties may be imposed on goods which are or are likely to be dumped on the Zambian market.

- Tax benefits:

Exemption from income tax for periods of 2 to 5 years may be granted to new industries ('Pioneer Industries'). Government has announced its intention to withdraw this and replace it with a system of accelerated capital allowances.

- . Carry forward of loss incurred in the tax relief period.
- . Capital allowances on plant and machinery.

Plant and machinery may be completely amortized by means of three types of capital allowance:

- Initial allowance when the plant or machinery is first brought into use;
- Annual wear and tear allowance;
- Scrapping allowance.

In addition: 10 per cent investment allowance on new and unused plant and machinery.

- Capital allowances on industrial buildings:

- . Capital allowances on patents, copyrights, trade marks etc. Research expenditure.

Non-capital expenditure on research, etc. may be deducted in arriving at a taxable income in addition to costs incurred in providing scholarships for technical education relating to the business.

. Pre-commencement expenditure:

Expenditure incurred before commencement of a business may be set against income derived from that business if expenditure was incurred not more than 8 months before business began.

- Assistance with financing:

Indeco Ltd., the state industrial development corporation wholly-owned by the Government, promotes Zambian entrepreneurship in industry and commerce, issues loans to private enterprise on commercial terms, is the holding, financing and management institution for the Government's investments and interests in industry.

- Assistance with physical facilities:

Local authorities provide serviced sites for new and developing industries (with power, water and ancillary services).

- Assistance with manpower:

Where skilled personnel are not available locally, they may be brought into the country. Work permits are required.

- Other Incentives:

.....

II. Industries qualifying for incentive benefits

Benefits are granted to 'Pioneer Industries' certified as such according to the following criteria:

- The amount of capital to be invested;
- The number of persons to be employed;
- The degree to which locally manufactured raw materials or component parts, as well as local services, will be utilized, including an estimate of the Zambia country content;
- The competitive ability of the industry in relation to external competitors.
- The price of the product(s) to the consumer in relation to present prices;
- The training in new skills which will be afforded to workers in the industry;
- The prospects for development of an export trade in the product(s) to be produced;

- The net effect on foreign exchange earnings;
- The profitability of the industry.

Tariff protection is granted by the Tariff Advisory Board to industrial enterprises on the basis of the following criteria:

- The contribution which the industry would make to the increase of employment and national income.
- The extent of utilization of local materials and services and the degree of processing carried out locally.
- The size of the local market, the scale of the industry in relation to that market and its ability to supply a major portion of it.
- The efficiency of the industry, including the experience of its management, and the quality of the product.
- The long-term competitive ability of the industry, both in relation to internal and external competitors.
- The effect of the protection, if granted, on costs, both in relation to the price of the product concerned to the consumer and to the cost structure of the economy in general.
- The extent to which the industry may contribute to the growth of other industries as part of an industrial complex.
- The training in new skills which would be afforded to workers in the industry.
- The net effect on foreign earnings, both in respect of direct export earnings and of import substitution.
- The effect of any tariff charge upon possible revenue from the tariff.

III. Procedure

Enterprises wishing to avail themselves of incentive benefits either through Pioneer Industries or through tariff protection have to apply to the Ministry of Trade and Industry.

Applications for pioneer certificates are to be made to the Ministry of Trade and Industry. Any application shall contain:

- Particulars of the industry and its production;
 - Rate of production, estimated size, location etc.;
- Consideration is also given to the industries already existing in that field.

In granting such certificates, the Minister may attach certain conditions referring to the location of the factory, the employment of nationals, the price and quality of goods produced etc.

A notice is published in the official Gazette declaring the industry to be a Pioneer Industry.

IV. Special measures concerning foreign investments

The right to remit abroad due dividends and interest payments on foreign capital.

Capital brought in from abroad can be repatriated.

Bilateral agreements related to foreign investments and Double Taxation Conventions have been signed with a number of Commonwealth and other foreign countries.

Zambia is a signatory of the International Convention for Settlement of Investment Disputes, i.e. World Bank Arbitration Procedures.

V. Source of information for investors

Ministry of Trade and Industry,

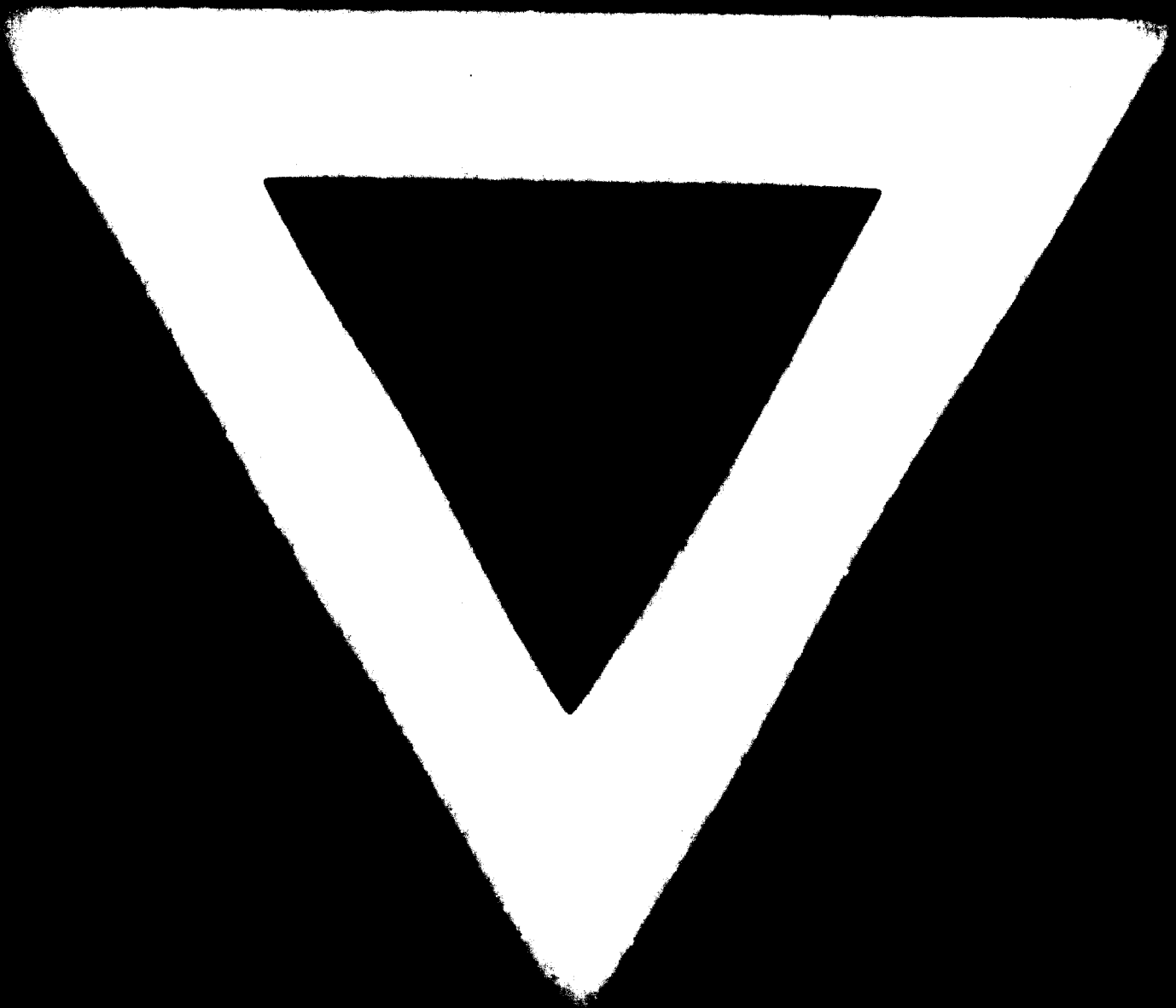
UNIP House,
Cairo Road,
P.O. Box 1968,
LUSAKA.

The state development corporation, which is primarily concerned with Government's investments in industry, will also provide information to potential investors:

Indeco Limited,
Mwaiseni House,
Cairo Road,
P.O. Box 1935,
LUSAKA.

References

- Pioneer Industries (relief from Income Tax) Act, 1965.
- Customs and Excise Act, 1965.
- Foreign Investments Protection Act.
- Outline of the Government's Industrial Policy (revised and re-issued 3rd January 1966. Publication of the Minister of Commerce and Industry).
- Annual Reports of the Industrial Development Corporation of Zambia (Indeco).
- ('Zambia towards Economic Independence': Address by the President of Zambia, 19 April 1968; published by the Cabinet Office, Lusaka)
- Towards Complete Independence, 1968.



74 . 10 . 10