



MINISTRY OF FINANCE AND NATIONAL PLANNING

**MINISTERIAL STATEMENT BY HON. DR SITUMBEKO
MUSOKOTWANE, MP, MINISTER OF FINANCE AND NATIONAL
PLANNING, ON THE POSITION OF ZAMTEL AND OTHER LIBYAN
INVESTMENTS IN LIGHT OF UNITED NATIONS RESOLUTIONS ON
LIBYA**

March 2011

MR. SPEAKER, SIR

1. I THANK YOU FOR THE OPPORTUNITY TO ISSUE A STATEMENT ON THE IMPLICATIONS OF THE UNITED NATIONS SECURITY COUNCIL RESOLUTIONS NUMBER 1970 (2011) OF FEBRUARY 26 2011 AND 1973 (2011) OF MARCH 18, 2011 AS THEY RELATE TO THE REPUBLIC OF ZAMBIA, AND THE ACTIVITIES OF ENTERPRISES, ITS CITIZENS AND IN PARTICULAR LIBYAN INVESTMENTS IN ZAMBIA.

ZAMBIA'S UNITED NATIONS MEMBERSHIP

MR. SPEAKER,

2. THE REPUBLIC OF ZAMBIA HAS BEEN A MEMBER OF UNITED NATIONS SINCE 1964 AND DURING THE ENTIRE PERIOD OF ITS MEMBERSHIP, IT HAS COMPLIED WITH ITS DUTIES AND OBLIGATIONS ARISING THEREFROM. MY GOVERNMENT THEREFORE WISHES TO EXPRESS ITS UNEQUIVOCAL COMMITMENT TO UN SECURITY COUNCIL RESOLUTIONS NUMBER 1970 AND 1973. WE WILL THEREFORE TAKE ANY AND ALL ACTION

REQUIRED TO ENSURE THE SUCCESSFUL IMPLEMENTATION OF THESE RESOLUTIONS.

3. THE GOVERNMENT OF THE REPUBLIC OF ZAMBIA FURTHER WISHES TO EXTEND ITS SUPPORT TO THE PEOPLE OF LIBYA IN THIS EXTREMELY DIFFICULT TIME, TO EXPRESS ITS HOPE FOR A PEACEFUL SOLUTION TO THE EXISTING SITUATION, AND FOR AN END TO THE VIOLENCE THAT HAS ROCKED THE PEOPLE OF LIBYA.

4. AS MY HONOURABLE COLLEAGUES MAY HAVE ALSO NOTED, THERE HAS BEEN A CONSIDERABLE DEGREE OF SPECULATION IN THE PAST FEW DAYS AS TO THE FUTURE OF ZAMBIA TELECOMMUNICATIONS COMPANY LIMITED ("ZAMTEL") IN CONNECTION WITH THE RECENT EVENTS IN LIBYA.

THE RESOLUTIONS AS THEY RELATE TO ZAMTEL

MR SPEAKER,

5. SEVENTY-FIVE PER CENT (75%) OF THE EQUITY IN ZAMTEL IS OWNED BY LAP GREEN N, A MAURITIAN COMPANY HEADQUARTERED IN UGANDA WHICH IS ONE HUNDRED PER CENT

(100%) OWNED BY THE LIBYA AFRICA INVESTMENT PORTFOLIO, KNOWN AS LAP. LAP IS IN TURN WHOLLY OWNED BY THE LIBYA INVESTMENT AUTHORITY, WHICH IS LIBYA'S SOVEREIGN WEALTH FUND. THE REMAINING TWENTY-FIVE PER CENT (25%) OF THE EQUITY IN ZAMTEL IS OWNED BY THE GOVERNMENT OF THE REPUBLIC OF ZAMBIA.

6. UNDER RESOLUTION 1973, THE UNITED NATIONS SECURITY COUNCIL RESOLVED, AMONGST OTHER THINGS, TO EXTEND ITS EARLIER RESOLUTION ON ASSET FREEZING APPLICABLE TO KEY INDIVIDUALS IN THE GOVERNMENT OF LIBYA AS STIPULATED IN RESOLUTION 1970 (2011) OF FEBRUARY 26, 2011, TO APPLY TO THE ASSETS UNDER THE CONTROL OF THE AUTHORITIES OF LIBYA.

7. THERE HAS BEEN CONCERNS EXPRESSED BY THE ZAMBIAN PUBLIC AS TO THE EXTENT TO WHICH THAT FREEZE ON ASSETS COULD IMPACT ON ZAMTEL. AS GOVERNMENT, WE HAVE BEEN AS USUAL DILIGENT, AND HAVE AT ALL TIMES CLOSELY FOLLOWED AND CONTINUOUSLY ASSESSED THE EVOLVING

SITUATION, AND WE HAVE MADE SIGNIFICANT PROGRESS IN ASSESSING THE SITUATION IN THIS VERY SHORT TIME FRAME.

IMPLICATIONS ON ZAMTEL

MR SPEAKER SIR,

8. THE GOVERNMENT WISHES TO REASSURE THE PEOPLE OF ZAMBIA, THOROUGH THIS AUGUST HOUSE, THAT THERE IS NO REASON FOR CONCERN RELATING OF THESE DEVELOPMENTS AS THEY RELATE TO ZAMTEL. THE PURPOSE OF THE RESOLUTIONS OF THE UNITED NATIONS SECURITY COUNCIL IS TO PREVENT FUNDS, FINANCIAL ASSETS OR OTHER ECONOMIC RESOURCES BEING USED TO SUPPORT VIOLENCE OR USE OF FORCE. THE PURPOSE OF THE RESOLUTIONS IS **NOT** TO PREVENT OR IMPEDE THE OPERATIONS OF COMPANIES IN WHICH LIBYAN ENTITIES HOLD EQUITY.

9. ZAMTEL IS NOT IN A UNIQUE POSITION. THE LIBYAN INVESTMENT AUTHORITY HAS ASSETS UNDER MANAGEMENT OF APPROXIMATELY USD 70 BILLION. A SIGNIFICANT PROPORTION OF

THESE ASSETS ARE LOCATED OUTSIDE OF LIBYA. THE LIBYA INVESTMENT AUTHORITY IS A SOVEREIGN WEALTH FUND MANAGING THESE ASSETS FOR THE BENEFIT OF PEOPLE OF LIBYA, THE VERY SAME PEOPLE FOR WHOSE BENEFIT PROTECTION IS BEING AFFORDED BY THE UNITED NATIONS SECURITY COUNCIL RESOLUTIONS. IT IS THEREFORE IN THE BEST INTEREST OF THE PEOPLE OF ZAMBIA AND LIBYA THAT NORMAL OPERATIONS AT ZAMTEL CONTINUE.

STRUCTURE OF TRANSACTION AT PRIVATISATION

MR SPEAKER SIR,

10. I WISH TO FURTHER ASSURE THIS HOUSE THAT WHEN THE PRIVATISATION OF ZAMTEL WAS COMPLETED IN JULY 2010, A NUMBER OF TRANSACTION DOCUMENTS WERE AGREED AND SIGNED, BETWEEN THE GOVERNMENT OF THE REPUBLIC OF ZAMBIA, ZAMTEL AND LAP GREEN N – THE NEW SHAREHOLDER AND INVESTOR. THE KEY AGREEMENTS WERE THE SALE AND PURCHASE AGREEMENT, THE SHAREHOLDERS AGREEMENT AND THE ESCROW OF FUNDS AGREEMENT.

11. THESE DOCUMENTS WERE NEGOTIATED WITH GREAT CARE AND GIVE THE GOVERNMENT OF THE REPUBLIC OF ZAMBIA ALL OF THE NECESSARY PROCEDURAL CONTROLS WITH RESPECT TO THE MEASURES WHICH ARE THE SUBJECT MATTER OF THE ASSET FREEZE PROVISIONS OF THE UNITED NATIONS RESOLUTIONS. THIS WOULD ALSO BE THE CASE FOR ANY OTHER SIMILAR TRANSACTION NEGOTIATED AND ENTERED INTO BY THE GOVERNMENT OF THE REPUBLIC OF ZAMBIA IN RESPECT OF ITS ASSETS.

MR SPEAKER SIR,

12. IT SHOULD FURTHER BE NOTED THAT WHEN THE TRANSACTION WAS COMPLETED ON 10TH JULY 2010, THE FULL US\$257 MILLION CONSIDERATION WAS PAID. THE FUNDS WERE DISPERSED IN ACCORDANCE WITH THE TRANSACTION DOCUMENTS, WITH US\$64 MILLION GOING STRAIGHT INTO ZAMTEL'S BANK ACCOUNT TO RECAPITALISE THE COMPANY. A FURTHER US\$ 70 MILLION WAS SECURED BY ZAMTEL IN THE FORM OF VENDOR FINANCING BY ITS SUPPLIERS. THE BUSINESS PLAN FOR ZAMTEL AS AGREED WITH GOVERNMENT IS THEREFORE

FULLY FUNDED AND ARE NOT AT ALL AFFECTED BY THE RESOLUTIONS.

13. FURTHER MORE ALL FUNDS THAT WERE ESCROWED TO SETTLE ZAMTEL'S PENSION ISSUES, EMPLOYEES AND OTHER LIABILITIES HAVE ALSO BEEN FULLY DISBURSED AND THE ESCROWING CONCLUDED.

FREEZING OF DO NOT APPLY TO ZAMTEL BUT SHAREHOLDER

MR SPEAKER SIR

14. IT IS IMPORTANT TO NOTE THAT THE FREEZING OF ASSETS, AS IT PERTAINS TO ZAMTEL RELATES TO THE SHAREHOLDER LAP GREEN N AND ITS HOLDING OF SHARES IN ZAMTEL. IT DOES NOT INVOLVE ANY INTERRUPTION OF OR IMPEDIMENT TO NORMAL OPERATIONS AT ZAMTEL. ZAMTEL WILL THEREFORE CONTINUE TO OPERATE AS NORMAL, AND IS UNDER NO RESTRICTION OR RESTRAINT DERIVING FROM THE ABOVEMENTIONED RESOLUTION.

15. AS GOVERNMENT WE UNDERSTAND THAT THERE IS A HIGH LIKELIHOOD THAT THE SHARES IN ZAMTEL WHICH ARE HELD

BY LAP GREEN N ARE COVERED BY UNITED NATIONS SECURITY COUNCIL RESOLUTION 1973 AND THEREFORE THOSE SHARES SHALL BE FROZEN. AS A CONSEQUENCE, CERTAIN ACTIONS - SUCH AS PAYMENT OF DIVIDENDS OR REGISTRATION OF TRANSFER OF SUCH SHARES, FOR WHICH AS GOVERNMENT WE ALREADY HAVE PROTECTION IN THE TRANSACTION DOCUMENTS, SHALL BE TEMPORARILY SUSPENDED, PENDING RESOLUTION OF THE CURRENT ISSUES IN LIBYA.

MR SPEAKER SIR,

16. AS A FURTHER CAUTIONARY MESURE, AS GOVERNMENT, WE WILL SEEK FINAL CLARIFICATION FROM THE SANCTIONS COMMITTEE ESTABLISHED UNDER CLAUSE 24 OF THE UNITED NATIONS SECURITY COUNCIL RESOLUTIONS NUMBER 1970 WHETHER THE LAP GREEN N HOLDING IN ZAMTEL AND ANY OTHER RELEVANT ASSETS FALL WITHIN THE DEFINITION OF ASSETS TO BE FROZEN UNDER THE FOREGOING RESOLUTIONS.

17. PENDING SUCH CLARIFICATION, GOVERNMENT WILL EXERCISE ITS RIGHTS UNDER THE TRANSACTION DOCUMENTS ENTERED INTO WITHIN PRIVATIZATION OF ZAMTEL IN A MANNER

THAT IS SUPPORTIVE OF THE IMPLEMENTATION OF THE FOREGOING UNITED NATIONS SECURITY COUNCIL RESOLUTIONS.

18. AT THE SAME TIME, AS GOVERNMENT, WE PLAN TO ADOPT FORMAL GENERAL ADMINISTRATIVE MEASURES THAT SHOULD, UNDER THE FRAMEWORK PROVIDED BY ZAMBIAN LAW, PREVENT ANY BREACH OF THE FOREGOING UNITED NATIONS SECURITY COUNCIL RESOLUTIONS 1970 AND 1973, INCLUDING IN RELATION TO THE FREEZING OF ASSETS. THESE ADMINISTRATIVE MEASURES WOULD IMPACT LAP GREEN N AS A SHAREHOLDER IN ZAMTEL, **BUT NOT** THE OPERATIONS OF ZAMTEL.

19. WE WISH TO AGAIN STRESS THAT THE OBJECTIVE OF THE FOREGOING RESOLUTIONS IS TO ENSURE THAT NO MONIES ARE REMITTED TO SUPPORT OR OTHERWISE FACILITATE THE PERPETUATION OF VIOLENCE AGAINST PEOPLE IN LIBYA. IT IS NOT, HOWEVER, THE PURPOSE OF THE RESOLUTIONS TO MATERIALLY DAMAGE THE INTERESTS OF OTHER, NON-SANCTIONED SHAREHOLDERS, OR TO DAMAGE THE UNDERLYING ASSETS OR DAMAGE THE INTERESTS OF THE LIBYAN PEOPLE.

MR SPEAKER, SIR

20. I MUST REITERATE THAT COMPLIANCE WITH UN RESOLUTIONS ALSO RELATES TO ANY AND ALL OTHER INVESTMENTS IN ZAMBIA BY LISTED REPRESENTATIVES OF THE EXISTING LIBYAN REGIME, OR CONTROLLED BY LIBYAN AUTHORITIES, AND ALSO TO OTHER ACTIVITIES AS LISTED IN THE FOREGOING RESOLUTIONS. MY GOVERNMENT WILL ENSURE COMPLIANCE IN THE MANAGEMENT OF THESE ASSETS TO COMPLY WITH THE UNITED NATIONS RESOLUTIONS, IN THE SAME MANNER AS SET OUT IN CONNECTION WITH THE SHAREHOLDING IN ZAMTEL.

CONCLUSION

MR SPEAKER, SIR

21. IT IS IMPORTANT TO POINT OUT THAT THERE IS NO SUGGESTION THAT LAP GREEN N HAS ANY INTENTION TO SELL ITS SHARES IN ZAMTEL TO RAISE CASH. RATHER, THE COMPANY CONTINUES TO BE COMMITTED TO ZAMTEL, AND THE ZAMBIAN MARKET, AND HAS INVESTED HEAVILY IN TURNING ZAMTEL INTO A SUCCESSFUL, SUSTAINABLE AND PROFITABLE OPERATOR. AS GOVERNMENT, ARE VERY HAPPY TO CONTINUE WORKING OPENLY AND IN A COOPERATIVE MANNER WITH LAP GREEN N, WHILST

SIMULTANEOUSLY RESPECTING AND ADHERING TO THE TERMS OF THE UN SECURITY COUNCIL RESOLUTIONS.

22. THE GOVERNMENT AS SIGNIFICANT MINORITY SHAREHOLDER IN ZAMTEL IS CONFIDENT THAT THE COMPANY REMAINS ON COURSE WITH ITS TURNAROUND. THE GOVERNMENT REMAINS CONFIDENT THAT WHEN THE TURN AROUND IS COMPLETE, WE WILL EXERCISE OUR RIGHT TO LIST SOME OR ALL OF ITS HOLDING IN ZAMTEL ON THE LUSAKA STOCK EXCHANGE, SO THAT ZAMBIAN CITIZENS CAN PARTICIPATE IN THE OWNERSHIP OF THE COMPANY.

MR SPEAKER, SIR

23. I WISH TO URGE THAT WE EXRECISE CAUTION AND AVOID ISSUING UNNCESSARY STATEMENTS THAT ARE AIMED AT CREATING PANIC AMONGST OUR CITIZENS. AS GOVERNMENT WE HAVE STATED THAT WE SHOULD BE JUDGED BY THE RESULTS AND ON WHAT WE DELIVER. IN THE CASE OF ZAMTEL, I REMAIN TRUE TO MY EARLIER COMMITMENT THAT WE SHOULD BE JUDGED BY HOW THE COMPANY PERFORMS. AND TODATE THE COMPANY

REMAINS ON COURSE TO RECORDING A SUCCESSFUL TRANSITION
TO BECOMING A COMPLETE TELECOM SOLUTION PROVIDER.

24. IN CONCLUSION MR SPEAKER, IT IS GOVERNMENT'S
SINCERE HOPE THAT THE DEEPLY UNOPLEASANT SITUATION IN
LIBYA IS BROUGHT TO A RAPID CLOSE, TO THE SATISFACTION OF
THE PEOPLE OF LIBYA.

MR SPEAKER, SIR

I THANK YOU