

MINISTERIAL STATEMENT
ON THE
GOVERNMENT POSITION AND STRATEGY FOR THE MINING SECTOR
BY THE
HON. MINISTER OF MINES AND MINERALS DEVELOPMENT (MR KABUSWE),
MP

Madam Speaker, I thank you for giving me the opportunity to address the House and the nation at large on the position and strategy for the mining sector under the United Party For National Development (UPND) Government of President Hakainde Hichilema.

Madam Speaker, mining is Zambia's dominant industry and mainstay of the economy. It accounts for 10 per cent of the Gross Domestic Product (GDP), over 70 per cent of foreign exchange earnings, 30 per cent of Government revenue, and 8 per cent of formal employment. Therefore, the role of this sector as one of the key drivers to foster economic development cannot be overemphasised. The 'New Dawn' Government wants to bring sanity to the mining sector. You will, therefore, see changes that promote greater transparency because we believe that the mining sector if properly harnessed, can resolve problems in other sectors and act as a catalyst to grow the economy.

Madam Speaker, the confusion associated with gold where illegal mining was the order of the day will not be tolerated under the 'New Dawn' Government. In addition, the wanton illegal mining and destruction of the environment in other base metals, industrial and energy minerals will be a thing of the past under the UPND Government. The illegalities in manganese mining, the smuggling of emeralds, and the destruction of the environment by illegal miners is unacceptable. Let me sound a warning that the 'New Dawn' Government of President Hakainde Hichilema will not allow illegality in the sector.

Madam Speaker, with the regard to the position and strategy for the mining sector, the 'New Dawn' Government under my ministry is focusing on the following. The Government has been consulting with key stakeholders to review the mining tax policy framework in order to design

and develop a fiscal tax regime for the sector that will be stable, predictable and competitive to ensure sustained investment in the sector. This will also attract both local and foreign investment in mining and ultimately scale up mineral production in the country.

Madam Speaker, my ministry is enhancing monitoring and oversight mechanisms and technologies to reliably ascertain the volume and content of mining output for taxation purposes. In addition, the Government will capacitate officers managing the mineral output statistical evaluation system (MOSES) mining cadastre administration system and those deployed at border posts to enhance transparency and accountability of the mineral resource. The Government has started the process of consulting stakeholders on modalities to ensure the presence of officers in areas where mining is taking place to enhance monitoring and accountability of the various minerals being exploited.

Madam Speaker, as you may be aware, Zambia is endowed with abundant mineral resources that can help in the economic transformation of this country. One of the notable minerals which can accelerate the economic transformation agenda is gold. In this regard, my ministry is developing a legal framework to ensure that mining and trading of gold benefits the people of Zambia, especially the local communities where such mining is taking place.

Madam Speaker, the UPND Government has begun the process of diversification both within the copper subsector through the extension of the copper value chain and from traditional copper to other minerals by promoting exploration and processing of gemstones and industrial minerals. My ministry will collaborate with other key ministries and institutions to promote value addition to critical minerals such as copper, gold and manganese. Further, the Government is promoting skills development in the processing of gemstones and industrial minerals through centres such as the Gemstone Processing and Lapidary Training Centre in Ndola. My ministry is also collaborating with co-operating partners who promote the development of industrial minerals such as the Africa-Caribbean Pacific European Union (ACP-EU) project. Additionally, the ministry is encouraging exploration activities around the country in order to identify possible greenfield mines that can lead to increased production.

Madam Speaker, through the aforementioned initiatives, business linkages will be established with players in the mining value chain. This will be done in conjunction with the newly established Ministry of Small and Medium Enterprises to promote value addition to the minerals, especially for artisanal and small scale miners. The promotion of scale mining is key to improving the livelihood of the local communities as it has closer links with the local economy and generates more local jobs and supports the retention of earnings within the country.

Madam Speaker, the Government is putting in place a policy and a plan to facilitate local ownership and increased participation of Zambian players in the industry. The House may wish to note that the findings of a study conducted by the Africa Development Bank (AfDB) in 2019 revealed that the mining sector procures between US\$4 billion to US\$5 billion annually in goods and services. However, only about 10 per cent of this originates from Zambians. Therefore, localising a significant portion of mining procurement would promote participation of Zambians across the mining value chain.

Madam Speaker, the Government started the process of developing a national supply development policy for the mining industry to increase the local supply of goods and services to the industry. This will be achieved through the provision of technical assistance and mentorship, which include, among others, suppliers with detailed technical specifications in order to improve the production and servicing capacity of the local suppliers.

Madam Speaker, efforts will be channelled towards working with the communities and the investors to ensure that the development agreements entered into with the Government balance the provision of incentives with the concerns of the communities such as environmental impact and labour issues. We shall also collaborate with investors to scale up the cleaning up of legacy environmental damage built up over the years through the Environmental Protection Fund (EPF) and the Zambia Mining and Environmental Remediation Improvement Project (ZMERIP).

Madam Speaker, in conclusion, with regard to Konkola Copper Mines (KCM) Plc and Mopani Copper Mines (MCM) Plc, my ministry will revert to this august House with specific statements on each upon thorough consultations. The people of Zambia voted for change to protect and

better manage national strategic assets such as KCM and MCM, thus safeguard the livelihoods of
Zambians depending on mining.

Madam Speaker, the future of copper mining remains economically viable with the emerging
developments in the manufacturing industry of electric vehicles. Therefore, there is need that the
country strategically positions itself in order to benefit from the green energy transition.

I thank you, Madam.
