

Nestle Zimbabwe must cede 51% of Zimbabwe

GENEVA, SWITZERLAND: Swiss food giant will have to cede 51% of the ownership of its Zimbabwe subsidiary to local black people, Swiss economic weekly l'Hebdo reported on Tuesday, 27 September 2011.

The move is to comply with a Zimbabwe law whereby black Zimbabweans are to hold a stake of at least 51% in foreign-owned companies.

Foreign firms had until Sunday to submit plans on how they will comply with the law, introduced in March 2010.

"Nestle Zimbabwe presented an indigenization plan in November 2010," a Nestle spokeswoman told AFP.

"We also answered a letter from the ministry of indigenization on 18 August 2011, and have been in contact with relevant authorities since then," she added.

The new law has caused alarm among investors, who are uncertain how the rules will work.

A dozen other companies subsidiaries in Zimbabwe, including British and American Tobacco and Barclay's Bank will be affected by the new regulations, the weekly Hebdo said.

The government's order for the transfer of 51% ownership has been called the final phase of "economic emancipation", after controversial land reforms targeting white-owned farms a decade ago.

Nestle has been present in Zimbabwe for 50 years. The food giant operates a factory in Harare, which produces cereals and powdered milk for the local market.

Source: AFP