

ADDRESS TO PARLIAMENT
IMPLEMENTATION OF THE CLAUSE ON RESERVED BUSINESSES FOR
BASOTHO UNDER THE BUSINESS LICENSING AND REGISTRATION ACT,
2019

INFORMATION PAPER BY THE HONOURABLE MINISTER OF TRADE,
INDUSTRY, BUSINESS DEVELOPMENT & TOURISM

Rt Honourable Speaker

1. I rise to inform this Honourable House that-
 - i. The Ministry is administering the Business Licensing and Registration Act, 2019 read with Business Licensing and Registration Regulations 2020;
 - ii. Regulation 34 of the said Law read with Schedule 16 of the Regulations reserves some businesses for indigenous Basotho and a list of forty-seven (47) sectors is drawn for this purpose; and that
 - iii. a strategy is under development to implement the regulations in full.
2. The house is invited to note that the list of reserved businesses is not exhaustive as it may be reviewed from time to time, by the Minister, depending on the circumstances of each business activity to be added or removed.
3. The Business Associations representing the locals and the public at large has raised a serious concern that about seventy-five percent (75%) of the retail sector is in the hands of foreign investors. In response to this the Government took a policy decision to reserve some sectors to indigenous Basotho through the above law.
4. The policy to restrict foreign investment in certain specified sectors is not exclusive to Lesotho; various countries have this policy but what varies is the business activity reserved. For instance, Botswana has this policy.
5. Governments take elaborate steps to encourage entrepreneurship in business enterprises that are easy to operate and can be operated by indigenous citizens. Governments would reserve such activities to ensure that locals are not phased out by strong foreign competitors sometimes denying them of their source of livelihood. In this Country, with this policy, the Government aims to encourage Basotho to

engage in business and the reservation policy is used to entice them with local market opportunities and protection from competition with large foreign enterprises.

6. Mr Speaker am happy to announce that The Ministry is already implementing the stated law and the requisite regulations.
7. Mr Speaker, as a Ministry we are cautious that this good policy should not be a recipe for creating a vacuum in the economy and also cognizant of our international relations as a country. The Ministry found it prudent to approach this implementation in the following phases:
 - (i) **Phase one:** New applications for business licenses in the reserved sectors are no longer allowed for foreign investors unless where they are in partnership with enterprises wholly owned by indigenous Basotho; and
 - (ii) **Phase two:** Foreign Businesses that are already in operation but fall under the reserved list.
5. Mr Speaker I wish to state clearly to this honourable house on this day that we have been careful to conform with the laws of Lesotho including the constitution and international conversions in particular the WTO.
6. Mr Speaker, the house is invited to further note that the Ministry has given itself a transition period of 12 months to fully implement this law from 1st August, 2022. I wish to emphasis to the House that the period is renewable or can be extended.
7. The period is being used by the Ministry to develop a strategy on how to implement phase two including consultations with Business Associations and other stakeholders affected by the regulations.
8. Mr Speaker, the house is finally invited to note that an exit strategy is being developed for those that are in the hands of none indigenous basotho and the house will be appraised of the developments.

M. S.

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