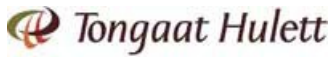


Zimbabwe threatens to close Tongaat Hulett

By [Tawanda Karombo](#)

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Zimbabwe government officials are gearing up to tackle SA agro-processing company Tongaat Hulett head on for its alleged reluctance to comply with the contentious indigenisation law.



Economists say the controversial indigenisation policy, which insists foreign companies give away 51% of their shares in their local units to black Zimbabweans, scares away much needed foreign investment, considered key in efforts to turn Zimbabwe's economy around.

However, President Robert Mugabe's Zanu (PF) party has vowed to push forward with the policy despite an insistence by Prime Minister Morgan Tsvangirai that his MDC party will reverse the policy if voted into power in elections later this year.

Tongaat Hulett has come under increased pressure from Zimbabwe government officials to give away majority shares to black Zimbabwean groups.

"Very soon Tongaat Hulett will have to face it. If we don't get anything acceptable from Tongaat Hulett, the next step will be for government to shut down their operations and take them," Advocate Zweli Lunga told *I-Net Bridge/BDlive* in an interview at the weekend. Lunga is chairman of Zimbabwe's National Indigenisation and Economic Empowerment Board (NIEEB).

Empowerment Minister Saviour Kasukuwere said last week that "Tongaat Hulett is a major cause for concern" and accused foreign companies of being reluctant to comply with the controversial empowerment policy. They also accuse companies of dabbling in Zimbabwe's internal politics and pushing a regime change agenda.

"Come July, Tongaat Hulett won't be planting cane in Zimbabwe. Any company defying us is saying that Zanu (PF) must go to hell. Some companies are doing it for political purposes," Kasukuwere claimed.

Tongaat is one of the companies that Zimbabwe officials say have been black-listed under Section 5 of the indigenisation laws.

The section deals with companies deemed to be unwilling to comply with the policy. It spells out measures that can be taken against such companies including banning them from dealing with any government departments, individuals or companies.

"This is a far-reaching stage. When that begins to happen all other considerations will fall away," said Lunga.

Tongaat controls Triangle and more than 50% of Zimbabwe Stock Exchange-listed Hippo Valley Estates. The Zimbabwe units contributed 19% to Tongaat's total interim revenue and 32% to operating profit in the six months to September.

Company spokesperson Michelle Jean Louis was not available for comment.

Sources in Zimbabwe said on Monday (15 April) that the government could move in to cancel Tongaat's land leases in the country.

"Unlike the foreign banks which have support from some government officials, the Lands Minister and the Agriculture Minister are Zanu (PF) Ministers and it will be easy for the government to enforce any measures against the company's divisions," said one official.

Kasukuwere last year wrote to Zimbabwe Lands, Land Reform and Resettlement Minister, Hebert Murerwa urging him to cancel Tongaat's land leases as it had not complied with the indigenisation policy.

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