

Cable manufacture to benefit from budget proposal

East African Cable, a regional cabling solutions provider and manufacturer has lauded budget proposals outlined by Kenya Finance minister Amos Kimunya.

By Carole Kimutai 20 Jun 2007

Nairobi - The firm, which is a principal player in the local building and construction industry, said the Finance Minister's proposals would spur housing development in the region.

Following the budget speech, East African Cables will benefit from an expanded rural electrification program that targets to make power accessible to all Kenyans, 460 market centres, 110 secondary schools, 38 health centres and 17 water projects by May 2008.

Speaking from the World Economic Forum in Cape Town after studying the speech, Mugo Kibati, East African Cables Group chief executive officer said the finance minister's decision to zero rate taxable goods and services supplied to specific projects for the constructions of a minimum of 20 units of houses situated in planned development schemes would increase demand for electrical cables.

"East African Cables welcomes the finance minister's proposals particularly the zero rating of building inputs for projects targeting the low income earners as this will encourage use of standard cables," Kibati said.

Kibati also noted that the minister's proposals are likely to push up demand for electrical cables and related cabling solutions manufactured at the firm's new Nairobi factory.

The firm, which recently put up a new ultra-modern manufacturing plant as part of its KSh one billion expansion budget, is poised to increase its manufacturing capacity to meet anticipated demand.

In his budget proposals presented to parliament on Thursday, Kimunya, in a radical move aimed at encouraging property development for low-income earners, outlined a proposal to zero-rate taxable goods and services supplied to specific projects for the construction of a minimum of 20 units of houses situated in planned development schemes for the benefit of low-income earners.

Counterfeits

The Finance minister also confirmed that the government is set to introduce stringent administrative and legislative measures against unscrupulous traders in counterfeit and substandard goods.

The company is currently running an awareness campaign against substandard cables and has repeatedly expressed concern on the prevalence of substandard, low-quality cable imports from Far East countries, which continue to pose a serious challenge that borders on safety risks.

Still as part of its corporate growth strategy, the company is strategically evaluating the possibility of extending its range of high voltage cables, developing into a one-stop shop for electrical contractors and introducing telecommunications and data networking cable products.

The firm's new manufacturing plant in Nairobi's industrial area, Kibati confirms, has actually been optimised to meet such forecasts and has the potential capacity to manufacture fibre-optic cables. The new factory

premises will also house the firm's regional corporate headquarters.

“This new facility comes in handy in our overall corporate goals to consolidate and entrench our domestic position as the top manufacturers and suppliers of power cables and conductors in the region,” Kibati says.

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