



REPUBLIC OF NAMIBIA

MINISTRY OF TRADE AND INDUSTRY

BUDGET SPEECH
VOTE 19: MINISTRY OF TRADE & INDUSTRY
BY
HONOURABLE TJEKERO TWEYA, MP
DEPUTY MINISTER OF TRADE AND INDUSTRY

APRIL 2012

The Honourable Chairperson of the Whole House Committee
Honourable Members of this august House

It is with great honour that I present to this august House, Vote 19 for the Ministry of Trade & Industry for the 2012/2013 Financial Year.

Hon. Chairperson
Hon. Members

Let me take this opportunity to congratulate the Minister, Deputy Minister and Director General of National Planning Commission and their staff for a well thought and pro-development budget.

The Honourable Minister of Finance during her presentation of the national budget, indicated among others, the need to enhance economic development and accelerated job creation.

Needless to say, as this august House is well aware, the mandate of the Ministry of Trade & Industry is to create a conducive environment for the flourishing of the private sector which is the primary engine for economic growth and job creation. It is in pursuit of these objectives that I am presenting to this august House for its consideration, the budget of the Ministry of Trade and Industry.

BUDGETARY ALLOCATION

The Ministry has been allocated a total of seven hundred and twenty seven million, eight hundred and sixty thousand Namibia Dollars (N\$ 727,860,000). This total allocation consists of:

- An amount of two hundred and sixty five million, three hundred and seventy four thousand Namibia Dollars (N\$265,374,000) for the Operational Budget, and
- An amount of four hundred and sixty two million, four hundred and eighty six thousand Namibia Dollars (N\$462,486,000) for the Development Budget.

This allocation reflects a total increase of one hundred and sixty nine million eight hundred and eight thousand Namibia Dollars (N\$169,808,000) or 30.43 per cent on the 2011/2012 allocation.

The Development budget has taken the bulk of this allocation which has increased by one hundred and fifty eight million, seven hundred and forty three thousand Namibia Dollars (N\$158,743,000) or 52.27 percent.

On the other hand, the Operational Budget has increased by eleven million and sixty five thousand Namibia Dollars (N\$11,065,000) or 4.4 percent.

In order to fulfill its mandate of promoting trade, industrialization and investment, the ministry has six programmes, which are the following:

- Trade promotion and facilitation
- SME and Entrepreneurship Development
- Domestic and Foreign Direct Investment Promotion
- Domestic Market Competitiveness
- Industrial Planning and Infrastructure Development
- Administration

I now proceed to discuss the respective programmes in detail.

1. Trade Promotion and Facilitation

An amount of one hundred and fifty five million, one hundred and twenty four thousand Namibia Dollars (N\$155,124,000) has been allocated to this programme. This allocation represents a 0.29 percent increase from the previous year.

Under this programme, the Ministry continued to coordinate and support activities geared towards trade promotion and facilitating access of Namibian products to regional and international markets, to bolster market diversification in terms of export destinations and

import sources. Specifically, the Ministry has been engaged with the ongoing negotiations for the conclusion of an Economic Partnership Agreement (EPA) with the European Commission and the Preferential Trade Agreement with India, the finalization of the trade liberalization schedule under the SADC Trade Protocol, the establishment of a SADC Customs Union, the establishment of the COMESA – EAC – SADC Tripartite Free Trade Area, as well as the WTO Doha trade negotiations. The concluded SACU – Mercosur Preferential Trade Agreement has now been ratified by almost all the Parties including Namibia, paving the way for its entry into force; while efforts are being made for improved tonnage of Namibian meat exports to the Norwegian market under the SACU – EFTA Free Trade Agreement.

Another part of this programme has been the promotion of Namibian export products in foreign markets, through participation in regional and international trade fairs and undertaking trade missions to targeted strategic countries or regions.

At home, the Ministry in partnership with Namibia Chamber of Commerce and Industry and the Namibia Manufacturers Association, successfully hosted the first ever “Made in Namibia Expo” in which over one hundred and thirty entrepreneurs from all the thirteen regions of Namibia participated.

In addition, the Ministry also financially supported the participation of SMEs in trade fairs organized locally across the country.

As the Chair of SADC until August 2011, Namibia’s commitment to the SADC agenda and Programme of Action remained a priority and a number of activities were coordinated and/or undertaken by the Chair. These include the hosting of SADC meetings at technical, Ministerial and Heads of State and Government level as well as coordinating and participating in dedicated SADC trade and investment missions to China and the United Kingdom and Australia.

Planned Activities

The Ministry will use the budget allocated for 2012/2013 to carry out the following activities:

1.1 Trade Negotiations

The management of Bilateral, Regional and Multilateral Trade relations, emanating from Namibia’s membership to bilateral trade and economic cooperation agreements such as SACU, SADC, ACP and WTO still receives more attention.

1.2 Supports to Industry Associations

The Ministry will continue to support industry associations whose programmes and activities

complement achievement of government objectives. These among others include the NCCI, Namibia Trade Forum (NTF) and Team Namibia (TN). The support is targeted to enhancing their operating capacity and advocacy roles.

1.3 Financial support to exhibitors

The Ministry will continue to support SMEs' participation in local, regional and international trade promotion events. This support includes among other things, buying exhibition space, transportation of exhibition product samples, subsidization of travel and subsistence during foreign missions, and development of promotional materials.

1.4 Market Research and Product Development

In an effort to diversify export products and markets, the Ministry will continue to search for trade opportunities in external markets for Namibian products and also provide or solicit technical support in the area of product development and adaptation

1.5 Establishment of the Namibia Board of Trade

Progress has been made in compliance with Article 14 of the 2002 SACU Agreement and Cabinet Decision No. 5th/14.03.06/008 to establish the Namibia Board of Trade (NBT). The Cabinet Committee on Legislation approved the draft NBT Bill and referred it to the Legal Drafters for final drafting. It is envisaged that the Bill will be enacted into Law before the end of this year.

I am pleased to announce that a new Trade Office in Dubai, United Arab Emirates will be opened soon.

1.7 National Branding

In an effort to create awareness and position Namibian products in the global market, the Ministry will work closely with Team Namibia to promote product branding and labeling so that Namibian products are easily identifiable and well marketed in external markets. The Ministry has finalized the registration process of "Naturally Namibian" under the Trade Marks Act and will now proceed to gazetting this national brand for utilization by national producers.

1.8 Export Promotion

The Ministry will continue to initiate and participate in trade promotion activities in selected strategic markets by technically and financially assisting companies to penetrate external markets. The Ministry is also in the process of setting up trade and industrial estates in Angola, the Republic of Congo and the Democratic Republic of Congo. Land has been

acquired in the Republic of Congo and tendering will start soon for a Trade and Industrial Estate Centre

2. SME and Entrepreneurship Development Programme

A total of one hundred and ten million, one hundred and thirty three thousand Namibia Dollars (N\$110,133,000) has been allocated for this programme. This represents a decrease of 11% from the previous year.

Hon Chairperson

Hon. Members

Some of the key projects under this programme are:

2.1 Entrepreneurship Development Programme

Following the Ministry's open days sessions in 2010, overwhelming requests for machinery were received by the Ministry to which we have responded positively.

This programme is aimed at increasing the participation of Small and Medium-sized Enterprises (SMEs) in the economy. The programme is set-up to provide targeted interventions to enhance production capacity, productivity, competitiveness and foster growth and development of the SME sector. A project of significant note under this programme is the Equipment Aid Scheme.

The overall aim of the Equipment Aid Scheme is to facilitate business development in the SME sector by providing production equipment to local SMEs.

During the last financial year a total of six hundred and twenty seven entrepreneurs across the country were assisted with acquisition of machinery-equipment resulting in the creation of approximately one thousand six hundred jobs across sectors in all thirteen regions. The requested funds therefore, will be used to reach out to more SMEs country-wide to stimulate increased economic activities thereby contributing to the development of rural industries including fostering rural-urban business linkages, economic growth as well as generating employment opportunities and income distribution.

2.2. Exposure Visits

This is aimed at exposing our entrepreneurs to best business practices as well as encouraging them to establish business links with the outside world. It also serves as a platform to identify different sources of production inputs in order to enhance production efficiency and competitiveness of the SMEs. In the past financial year, a number of entrepreneurs were sponsored to participate at different events of their respective interest in different countries. These SMEs are all in operation and have good prospect of future

expansion. The funds would be used to facilitate participation of more SMEs in manufacturing sector to participate and emulate good practices to diversify and increase outputs.

2.3 Industrial/Technical Skills development and Technology Transfer

The Ministry has set up common facility and technology centres to facilitate technical skills and technology transfer to local entrepreneurs. These centres provide access to technology to enterprises involved in manufacturing and value addition activities. A total of twenty four young people were trained in gemstone cutting and polishing in both theory and practical applications. Of the twenty four graduates, fifteen (15) are now employed by diamond cutting and polishing companies in Windhoek. In addition two graduates started their own businesses and are fully operational. The requested fund will be utilised to expand this important skills development project in other parts of the country based on resource availability.

Plans are underway to resume operations at the Keetmanshoop Gemstone Centre in the coming financial year. This is a joint venture between the Government of Namibia represented by the Offshore Development Company, the Polytechnic of Namibia, and the Finnish experts who will manage the centre.

2.4 Feasibility studies and formulation of business plans, turn-around strategies and due diligence assessments

The Ministry facilitates the carrying out of feasibility studies, formulation of business plans, provision of mentorship and basic business skills training to SMEs. The documents are not only used as guiding tools in business operation but also to solicit financial capital as well as to attract potential investors both locally and externally. A total of twenty enterprises were assisted with business plans, six with feasibility studies, eighty five entrepreneurs were provided with mentorship services and three hundred and forty entrepreneurs underwent training in basic business management during the last financial year

2.5 Improvement of the Living Conditions in Katutura

In response to a Cabinet decision to improve the living conditions of inhabitants of Katutura, an investigative study is underway to identify business development potentials and inhibiting factors to realize such development opportunities. The outcome of this investigation will then inform us on the appropriate and targeted interventions needed.

2.6 Supporting Socio-Economic Development in Hardap and Karas Regions

Resource-based studies are under way to identify projects in Hardap and Karas Regions as a response to the socio-economic plight of the people in the South following Cabinet

deliberation and decision. Findings of the study will indicate possible areas that call for deliberate Government intervention to generate and attract investment interests in these regions.

2.7 SME Bank

Much progress has been made regarding the establishment of the SME bank. A building has been purchased and is currently under renovation. It is anticipated that the bank could be operational by the second half of this year.

3. Industrial Planning & Infrastructural Development

A total of two hundred and sixty seven million, three hundred and thirty one thousand Namibia Dollars (N\$267,331,000) has been allocated for this programme. This represents an increase of 70% from the previous year's allocation.

The following major industrial development support activities are planned to be undertaken:

3.1 Industrial Upgrading and Modernization Program

A National Industrial Upgrading and Modernization Programme (IUMP) has been developed within the framework of the SADC Regional mother programme to increase the supply capacity of local entrepreneurs. The overarching objective of the programme is to contribute to the strengthening of industrial capacities of Namibian SMEs. It will initially roll out in four priority strategic sectors of Agro-processing, Fisheries, Minerals and Pharmaceutical. In addition, the development of institutional technical capacity will be facilitated to institutions in both the public and private sectors in order for them to competently promote development in the country.

3.2 Industrial Policy Development and Planning

The development of an industrial policy for Namibia was finalised during the last financial year. It is due for tabling in this august House. The policy outlines the broad principles and parameters that will guide our industrialization agenda. It sets among others, guidelines for the role of the State in industrialization and that of other stakeholders such as the private sector, organized labour and civil society in our quest to become an industrialized nation by 2030. It reflects on principles regarding issues such as: incentives for industrialization; industrialization and small business development; financing for industrialization; regional integration and industrialization; innovation, research and development and industrialization; skills and industrialization; policy coordination; and monitoring and evaluation.

3.3 Kavango Mangetti Cattle Ranch Upgrading

Activities for the total upgrading of the Kavango/ Mangetti Cattle Ranch have been started. It includes the construction of new and upgrading of existing cattle handling facilities, upgrading of fences, upgrading of water supply infrastructure, renovations to buildings and construction of housing units and procurement of additional breeding stock.

3.4 Naute Dates/Grapes Development project

Results of the development initiatives at the Naute project are very promising and initiatives are underway to increase the area under production and to develop the required supportive infrastructure. We intend to expand the dates, table grapes, cactus pear and pomegranate production units, investigate and introduce new crops such as Pecan nuts, Olive, Citrus, etc; construction of additional post harvesting facilities and additional housing units and explore the establishment of possible processing facilities that can add value to the produce.

3.5 Strategic Sector Wide Promotion and Development

The development and promotion of strategic sectors remains at the core of the Ministry's priorities. One of the projects within the programme is to research the resource potentials in Namibia. The project aims at uncovering the diverse resource endowments of the regions through purposeful and intensive investigation which are to be the source of project ideas for initiating Industrial Economic Enterprises and Allied Services.

3.6 Industrial Infrastructure Development

The purpose of this programme is to promote and facilitate industrialization in the country by providing industrial parks and common facility centres. It aims at transforming the economy to reduce dependence on retail and export of primary commodities by constructing multi-purpose SME Modules, Industrial Parks, and special built-export oriented industrial infrastructure (EPZ facilities). These facilities are then made available to business operators especially SMEs at affordable rental charges.

During the last financial year, construction took place in the following places; Keetmanshoop, Tsumeb, Oshifo-Ruacana, Onethinge, Okahandja, Oshakati and Omuthiya.

The requested funds are budgeted for projects in the following regions: Karas, Otjozondjupa, Kavango, Caprivi, Ohangwena, Omusati, Oshikoto, Oshana, Erongo and Kunene.

3.7 Industry Sector Analysis and Planning

The Ministry continues to identify and support critical economic sectors in an attempt to

nurture them in order to bring about the necessary economic diversification and ensure competitiveness of our exports in niche markets. However, accurate predictions of the economic trend should be augmented by industrial and economic studies to produce reliable statistics so as to shape our industrialization drive.

3.8 Apprenticeship Programme

The Ministry recognises that skills development and vocational skills in particular, have been proven to be critical in enhancing economic growth, improve competitiveness, stimulate entrepreneurial spirit and investment, broaden the industrial base and further create employment. The industrial skills shortage problem is further compounded by the widening gap between theoretical knowledge and practical skills required by industries, causing a serious mismatch between the demand and supply of the requisite industrial skills.

In view of the above, the Ministry in partnership with Vocational Training Centres and private companies initiated an Apprenticeship Program aimed at facilitating vocational learners to acquire work-integrated learning to gain practical work experience that would also help them embark upon self-employment.

4. Promotion of Commerce and Domestic Market Competitiveness

The budgetary allocation to this programme amounts to ninety nine million and thirty two thousand Namibia Dollars (N\$99,032,000). This represents an increase of 41% from last year's allocation.

This programme is intended to enhance Namibia's competitiveness in the areas of business establishment and expansion. During the past financial years, the Ministry dedicated itself to setting up appropriate institutions to foster a vibrant and competitive domestic market environment as well as to reduce the cost of doing business.

Our interventions in this regard have been focused on improving systems on business registration as well as setting up legal and institutional frameworks to enhance the administration of; business and intellectual property, competition and the quality of our products in the local and foreign markets.

In this regard, the Namibia Competition Commission (NaCC) and the Namibia Standards Institution (NSI) have been established and are fully operational.

We intend to review the Competition Act and Regulations in order to allow for proper and streamlined enforcement of the legal framework.

On the Wal-Mart case, the Ministry and the Namibia Competition Commission successfully

defended its decision to impose conditions on the merger which will in turn safeguard the economy and ensure free and fair competition in the Namibian economy.

There is need to strengthen the research capacity of the Commission so that it can conduct economic research into specific sectors. The research projects will enable the Commission to uncover and investigate cartel activities and process mergers more efficiently and effectively.

In the area of the promotion, regulation and maintenance of standardisation relating to the quality of commodities, the Namibian Standards Institution (NSI) has performed exceedingly well as demonstrated by the accreditation of the Fishery Inspection, and the maintenance of the already acquired accreditation status by the NSI laboratories in Walvis Bay during the 2011/2012 Financial Year. Furthermore, the NSI Metrology unit which is responsible for the maintenance and traceability of measurement standards and legal metrology has applied for accreditation and is expected to calibrate standards during the 2012/2013 Financial Year. A new test centre in Lüderitz is due for commissioning by His Excellency President Pohamba later this year.

On registration of businesses and intellectual property, (trademarks, patents, industrial designs and utility models) we have re-engineered our processes leading to the automation and streamlining of the registration processes. This process re-engineering initiative has led to the development of integrated mobile messaging platform for the Office of the Registrar of Companies in the form of Short Messaging Services (SMS) at this number: 37111. This makes it possible for applicants to receive acknowledgement and to directly query the status of their application and notification of possible date of collection without physically having to queue at the ministry.

When fully implemented, this integrated business registry system will offer online internet application features and capabilities that will enable applicants to apply electronically from wherever they are. Currently the regional offices are being equipped and networked to the main server at Head Office to process applications from the regions electronically.

Additionally, the Ministry has engaged a consultant to develop a consumer protection policy, which will spell out the rights and obligations of consumers and service/product providers.

5. Domestic & Foreign Direct Investment Promotion

The budgetary allocation to the investment programme amounts to thirty four million, nine hundred and eighteen thousand Namibia Dollars (N\$34,918,000). This represents a decrease of 32% from last year's allocation.

Activities under this programme include the following:

5.1 Investment promotion and marketing of Namibia

During this financial year, we will focus on specific identified sectors for targeted investment promotion. These sectors are mining, agriculture, renewable energy and tourism. The choice for these sectors is motivated by their potential to address prevailing economic and social problems. Last year we received one hundred and four projects from project promoters in sectors such as manufacturing, aquaculture, agri-business and services valued at N\$3.1 billion for promotion purposes.

5.2 Spatial Development Initiative

Spatial Development Initiative is a regional development programme aimed at generating sustainable economic growth through mobilization of private investment. It involves fostering growth and development of specific geographic locations in Namibia by identifying, packaging and marketing of investment projects across various sectors. The ministry has entered into an agreement with the Walvis Bay Corridor Group to spearhead the Spatial Development Initiative.

Under this activity we plan to develop previously disadvantaged areas alongside the corridors linking Namibia with Botswana, Angola, Zambia and South Africa, via investment, to increase economic growth.

5.3 Reform of the Investment institutional and legal framework

We expect that the new investment bill which has taken long to be finalized due to the involvement of multiple stakeholders will be tabled before this august House in the second quarter once Cabinet has approved it. The new Investment bill will address amongst others, the following:

1. A clear definition of what an investor is.
2. Complaints by Namibian entrepreneurs of being crowded out in the SME sector by foreign investors.
3. Ensure that admission procedures for foreign investors are transparent.
4. Make foreign investor registration compulsory, and hence introduce a crucial aspect of investor tracking and management.
5. Balance the rights of investors with the economic developmental needs of Namibia.

5.4 Investment Research and Improvement of the domestic investment environment

We have taken note of the need to further improve the domestic investment environment to ensure business prosperity. In an effort to attract investments in manufacturing and value addition, there is a need to understand the business requirements for effective support

services or incentives to industries in Namibia. Research will be conducted to determine appropriate business support services which will enhance increased investment. This will be done based on the industrial policy which the Ministry has formulated, so that we are able to provide incentives to those investing sectors with high growth and employment creation potential.

6. Administration

This is a new programme introduced as from the 2012/2013 financial year. It renders support services to the rest of the Ministry.

It is allocated an amount of sixty one million three hundred and twenty two thousand Namibia Dollars (N\$ 61,322,000.00).

Some of the activities to be undertaken under this programme are such as:

Financial Management, Internal Audit, Human Resources Management and Development, Information, Communications Technology and Corporate Communications, Acquisition of Regional Offices, the purchase or rental of residences and Commercial Offices in Namibia and abroad.

Comrade Chairperson
Honourable Members

Allow me to thank the staff of the Ministry for the commitment and dedication to serve the Namibian nation. In the same vein, let me also thank the Hon. Minister for his visionary leadership.

In conclusion therefore, I now wish to request the support and approval of this august House for Vote 19, Ministry of Trade and Industry for a total allocation of **SEVEN HUNDRED AND TWENTY SEVEN MILLION, EIGHT HUNDRED AND SIXTY THOUSAND NAMIBIA DOLLARS (N\$ 727,860,000.00)** for the 2012/2013 financial year.

I thank you for your attention and support.