



Republic of Namibia

Statement of Hon. Calle Schlettwein

Minister of Trade and Industry,

At

the Official Opening of DORMAC's New Workshop

Director of Ceremonies

Directors of the DORMAC Board

Management and Staff of DORMAC Marine and Engineering

Members of the Media,

Ladies and Gentlemen,

Thank you for inviting me to be here with you today in order to officiate the opening of your splendid workshop in this beautiful harbour town of Walvis Bay. Let me also take this opportunity to apologise for the delay and thank you the organisers most sincerely for your patience.

Namibia is strategically located and positioned to serve as an important logistics hub serving its landlocked neighbours and offering cost-effective logistics and transshipment services for goods destined for other parts of the world. To optimally develop this significant potential all modes of transportation need to be synchronised and coordinated. The port of Walvis Bay, Walvis Bay Airport and the road and rail links must be connected to form this logistics hub for Southern Africa.

To be of world class and competitive such a logistical hub needs to have access to a full set of services delivered speedily and punctually and at high quality standards. I am pleased that

DORMAC Marine & Engineering NAMIBIA contributes such essential capacity to a growing set of required service industries.

It is common knowledge that logistics or supply chain management refers the activities of transporting, storing, handling, warehousing and channelling of products as they move along the chain from the raw materials source, through the production system up to their final sale and consumption. In addition to the activities described above, supply chains include linkages, information exchanges and relationships that are formed by all those who part to or involved the chain.

The importance of a positive link between efficient logistics and trade and economic growth is widely and globally acknowledged. Indeed, integrated and efficient logistics are strongly associated with a country's ability to harness domestic investment and to attract foreign direct investments, trade expansion, export diversification and economic growth. In this specific regard, but also in general, the overriding goal of any supply chain is *“to transport, distribute and move products and services ever closer to final consumption in a more cost-effective way, adding value in the process”* (Wittmann, H).

It is my strong belief, however, that in order for Namibia to be reckoned with as a competitive logistics centre and player in the regional and global marketplace, there is a need for the local logistics and supply chain management environment to continuously improve in terms of quality of service and efficiency as well as to innovate and stay abreast of new developments. I am confident that this new DORMAC facility will enable us to achieve this objective.

Namibia is among the top five most competitive economies on the African continent and we compare well with other Middle Income Countries elsewhere. However, efforts to improve our ranking and most importantly, to improve the ease with which one can do business in Namibia, must continue.

Germany	20
South Africa	39
Botswana	59
Italy	73
Namibia	87
China	91

Zambia	94
Indonesia	128
Nigeria	131
India	132
Mozambique	146
Angola	172
Central African Republic	185

Namibia remains an economy where we produce what we do not consume, and we consume what we do not produce. Namibia has another paradox within its economy. We are one of the richest countries, measured by mineral resource endowment, yet we have persistent poverty in all parts of the country and serious disparities in income levels.

The specific challenge with respect to Namibia's supply-side weakness is that we need improved private sector investment flows, both foreign and domestic, to boost our capacity to produce more efficiently and competitively. These investments must be accompanied by the introduction of appropriate production technologies and technical know-how.

Ladies and Gentlemen, again I am very pleased to observe that Namibia's attractiveness as an investment home inspired the DORMAC Group to set up business here and that the Namibian economy has thus gained. To explain, let me borrow ecological terms.

Symbiosis is the close and often long-term interaction between two or more different biological species. In 1877 Albert Bernhard Frank used the word symbiosis to describe the mutualistic relationship in lichens. In 1879, the German mycologist Heinrich Anton de Bary defined it as the "*living together of unlike organisms.*"

Parasitism "*is a non-mutual relationship between organisms of different species where one organism, the parasite, benefits at the expense of the other, the host.*"

I want to believe that DORMAC's activities can be best compared to a symbiotic relation, a win-win situation where all of us are gaining by achieving our objectives.

We are convinced that African economies must industrialise to improve and sustain economic growth and living standards of our people. So must the Namibian economy. In order to diversify the economy my ministry is championing the "*Growth at Home*"

strategy the emphasis of which is on industrialisation, manufacturing and value addition. We aim to develop value chains that are based on raw materials available in Namibia.

We have also included the concept of regional value chains through which we could accelerate regional economic integration. This is important because establishing marketing links and staying in regional value chains is essential.

As a fellow Member State of the SACU customs union and the SADC economic region Namibia is part of a larger market, which offers greater opportunities on the one hand, but on the other reduces policy space for the development of domestic service industries, production and exports.

While Namibia only has a total population of 2, 3 million, through the SADC Trade Protocol we are part of a large regional market of the SADC Free Trade Area with a population of over 300 million. An even larger tripartite free trade area comprising SADC, the East African Community (ECA) and the Common Market for East and Southern Africa (COMESA) with a combined population of over 600 million people is currently being negotiated. Namibia also has preferential market access among others to the MERCOSUR group of countries, The EFTA group of

countries, Europe through the Cotonou arrangement and the United States of America through the AGOA arrangement.

Searching for buyers is a costly exercise for any firm, but a firm must be inserted in regional value chains. Building these linkages requires appropriate domestic strategic government support for firms to be regionally competitive in critical success factors such as price, quality, lead times, dynamic capacities and compliance with technical private, health and environmental standards. Linkage development is thus a progressive and cumulative process, and requires continuous investment in technologies, research and development and skills, among other elements.

Such opportunities are more apparent when a firm enters global value chains. Regional markets may be initially less demanding and allow local firms to build the necessary production capabilities required to graduate into more demanding global chains. The regional approach opens up space to ensure that regional integration within Southern Africa is fast-tracked and streamlined to provide local competitive advantage.

DOMARC WALVIS BAY is in exactly that position. It can leverage from the linkages it has within SACU, i.e. its other links in the chain, which are situated in Durban, Cape Town and Saldana Bay.

The Government recognizes that the national challenges that we face can only be effectively addressed through effective public-private partnerships, and private direct investments are a key requirement. Let us together develop value chains within our economy and within our economic region. Let us engage in mutually beneficial public private partnerships to unlock the hitherto evasive potentials of beneficiation.

In our drive to create an investor-friendly environment, we also recognize that physical infrastructure is the wheel of economic activity. Accordingly, the Government directly and through public institutions has made and continues to make huge investments into the expansion and modernization of our road, rail, harbour, air and telecommunication infrastructure. Our capital budget has grown to 7% of GDP or N\$. 8,1 billion (2013/14 fiscal year).

The bouquet of services that DORMAC NAMIBIA on its own, but also as member of a larger global value chain will bring to our capacity is significant.

Director of Ceremonies, Ladies and Gentlemen, having said all this it is now my privilege and honour to welcome the DORMAC Group in Namibia and declare the DORMAC Marine Engineering's Workshop officially opened.

I thank you.