



REPUBLIC OF NAMIBIA

OFFICE OF THE PRIME MINISTER

**KEYNOTE ADDRESS AND OFFICIAL OPENING
OF THE *GROWTH AT HOME* CONFERENCE**

BY

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PRIME MINISTER OF THE REPUBLIC OF NAMIBIA
NAMPOWER CONVENTION CENTRE**

WINDHOEK

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Check against delivery

Hon Carl Schlettwein, Minister of Trade and Industry;
Speaker of the National Assembly;
Chairperson of the National Council;
Hon Ministers and Deputy Ministers;
Hon Members of Parliament;
Hon Regional Governors;
Your Worship the Mayor of the City of Windhoek and other
Mayors present;
Captains of Industry;
Distinguished Invited guests;
Members of the Media;
Ladies and Gentlemen;

I am delighted and grateful for the invitation extended to me by the Minister of Trade and Industry to deliver a Keynote Address at this important Conference, which is being hosted by the Ministry of Trade and Industry under the befitting theme of *Growth at Home*.

When I became the Minister of Trade and Industry, I realized that for many years, while the Ministry is titled Trade and Industry, the Industry part was absent, but the Trade leg was fully in operation. This was for understandable reasons, because after independence we wanted to attract foreign investors to come and invest in Namibia, so that we could have a win-win situation, we hoped. Therefore, we passed the Namibia Foreign Investment Act of 1990, and the Export Processing Zone Act of 1995, through which we provided a myriad of incentives and protections to foreign investors, in the process, forgetting that we also have local investors.

It is a generally accepted notion that sixty (60%) percent of Greenfield investments are derived from re-investments by

those who have already invested in a country. In our case Namibians.

Meaning that existing investors whether SMES or big companies, will re-invest more from their profits, if they are happy with the investment environment, our policies and regulations.

Based on this recognition, we embarked on the drafting of the industrial policy framework which was presented to Parliament last year, culminating in the adoption of the Namibian Industrial Policy. The Policy gave us the grounding to seriously think of and plan for industrialization, since no country has developed without an industrial base e.g. be it the natural resources or services.

Director of ceremonies,
Ladies and gentlemen

It is my understanding that as we embark on value addition, we hope for the translation of the concept of “Growth at Home,” which this conference is dealing with, into a tangible outcome based reality.

The rhetoric, advancing that Namibia consumes what it does not produce, and produce what it does not consume will only be laid to rest through deliberate national policies and interventions which this conference through stakeholder consultations is timeously, attempting to design to encourage value addition to our natural resources.

In this regard, we have gone some way in trying to liberate the fishing industry through Namibianization and value addition. Prior to independence, all our fish used to be owned by foreigners and exported unprocessed to Spain and the rest of Europe. At least today following Government interventions in this sector a lot of onshore fish processing is taking place, and Namibians have become co-owners of the fishing resources. It is a good start on which we should continue to build in the other sectors too.

However, the picture is different when it comes to our mineral resources. Even-though mineral beneficiation contributes 14% of the manufacturing output, the sector can play a much larger and pivotal role in the industrialization process. Instead, it continues to export seemingly ad infinitum resources such as dimension stones, manganese, fluorspar uranium, gold, zinc, lead, copper, diamonds, and others in either the most basic forms of processing or none at all.

Therefore, it is not by accident that according to the National Statistics Agency in 2012, we suffered a trade deficit of N\$14 billion given our exports of N\$44 billion versus imports of N\$59 billion. In the same year mineral exports accounted for 44% of our total exports. Most worrisome is our heaviest trade deficit with South Africa to whom we exported in the same year, goods valued at N\$7 billion against imports of N\$ 41.6 billion, and a trade deficit of N\$34.6 billion.

For Namibia to register positive trade balances with other countries, exports of raw materials such as diamonds, copper, zinc, gold, semi-precious stones and others, must come to an end. It is a matter of sensible development

economics, for us to increase value addition in the mining sector, and thereby stop exporting the jobs and the capital which are directly needed for an employment generating economy. Also, with a variety of locally produce products for the export market, our global trade balance will become positive, as we start exporting truly Namibian made products. Hence the topic is this meeting which is aptly called “Growth at Home.”

Director of ceremonies,
Ladies and gentlemen

It is for these very important reasons that the government has identified specific sectors for promotion and development during the NDP 4 period to achieve higher economic growth at home. These are logistics, tourism, manufacturing and agriculture; in addition to the Cabinet approved the strategic mineral resources including copper, uranium, gold, zinc, and coal.

Our resource rich neighbors for example Angola, have extensively used their natural resources to create infrastructure such as highways, bridges and even residential areas as a way of ensuring that the proceeds from minerals are invested in the country and its people.

In Namibia, the situation is dissimilar, our minerals are in foreign hands, and even-though Government tries to correct this by allocating EPLs to Namibians to foster economic empowerment, our people perhaps due to ignorance have been selling these EPLs cheaply to foreigners.

However, we cannot really fault them. These are people who have been staying in segregated ghettos and villages with no electricity, or material possessions. Some have never driven a good car. To them, a paper called an EPL for which a foreigner is prepared to pay N\$2 million, is meaningless. But for N\$ 2 million most will jump at such an opportunity. Therefore, let's educate them.

We do not have an investment culture, since being deprived economically for centuries, we have been hungry for a long time, and therefore seek immediate gratification. Lets' stop this practice of giving our EPLs to foreigners for peanuts. We should realize that an EPL sold for N\$2 million today could be worth N\$2 billion tomorrow.

This is a democratic country and people can sell their EPLs, if they so wish, therefore we can only educate them so that they can wisely bargain and get the best sustainable deal out of it.

The abundant mineral wealth of our country should belong to the people of this country, but currently we are not the owners thereof. Not because we do not have the political power to control these resources but due to how as citizens we understand and have been handling Government empowerment initiatives. Also mineral ownership remains to be out of the hands of our people due to lack of information.

To illustrate this point, let me give you a small anecdote: I saw people coming to my farm with some maps, telling me that they want to identify those minerals that are at my farm. This made me think that although being the owner of the farm, I only own everything above the soil surface, and

that all minerals underneath the subsoil belongs to the State. So it is the State who owns those minerals but we give it to foreigners through EPL's and later we claim that we don't own these resources. We own them. Don't just give minerals away to foreigners through EPL's and later lament the fact that you have no ownership.

However, for the purpose of increasing our ownership of mineral resources, Government has established Epangelo as the appropriate vehicle to obtain EPLs and enter into joint venture partnerships with foreign companies. International foreign companies have the financial resources to undertake expensive mineral explorations, for which they are insured against any risk. By partnering with them through Epangelo, we can develop our country with our own resources like others are doing and line with Vision 2030.

We are now addressing all these things, and the growth at home strategy is a relevant approach to change the status quo.

During my tenure as a Minister of Trade we already started the process of changing the Namibia Foreign Investment Act to demarcate strategic areas in which the State would have a say, and those in which only Namibians could invest, and still another category for joint ventures between foreigners and Namibians.

I do not know what is causing the delay in enacting the new Investment law, which will fast-track the industrialization process and Namibian ownership of the economy. This law will form an integral part of our Growth At Home Strategy, and should be tabled soonest before parliament. It will

also for the first time in the history of our country define who an investor is, their obligations, rights, and compliance with local laws and corporate responsibility and so forth.

In today's ever-changing economic and political global environment, the importance of an effective domestic law to safeguard our ownership and management of strategic natural resources cannot be overstated.

For example a strategic commodity such as uranium cannot be left in the hands of foreigners. Uranium enrichment is a sensitive security area, since some countries who did not sign the Nuclear Non-Proliferation Treaty may use it for the development of nuclear weapons. For this, reason, there are countries that would take military action or impose economic sanctions, if we allow uranium ownership by countries they do not agree with.

Another good reason for an effective investment law is that sometimes, natural resources such as uranium and gold belonging to Namibia is sold at one or the other international stock exchange, without the consent of the Namibian Government. For example Paris based group Areva acquired Uranium shares on the stock exchange from URANIM without any involvement or consent of the Namibian Government. Consequently we do not even benefit in any way from such transactions. As Government, we should exercise oversight on the country's natural resources so that foreigners should not own it 100%, but rather through joint venture partnerships with Epangelo.

Additionally, Government is of the view that sectors such as retail, particularly activities which can be undertaken by Namibians, including shops, hair salons, taxis and others,

should be reserved for them, and that foreign investors should not be part of it.

However, foreign investors because of their expertise and ownership of capital and technology should enter into joint venture partnerships with Namibian companies, to produce home grown products for domestic and export markets. This would be the essence, the core of the Growth at Home strategy.

Director of ceremonies
Ladies and gentlemen

While focusing on the local economic challenges, it is equally important to take stock of the challenges on the international front. One of such is that countries like ours that are still at the beginning of their industrialization are threatened by a loss of policy space. This is an aspect described well by Joseph Stiglitz in his book "The Price of Inequality," which illustrates that developing countries are faced with international rules which are beyond their control.

These are some of the reasons which I have mentioned during the Economic Partnership Agreement negotiations, as stifling industrialization in developing countries.

Therefore, we should be steadfast in our quest to develop our local industries, regardless of such international impositions, through increased collaboration in organizations such as SADC, SACU and the AU.

Director of ceremonies,
Ladies and gentlemen

In conclusion, I wish to commend the Ministry of Trade and Industry for spear-heading this important consultative process.

Let us, as Government and the private sector, continue to harness and expand our manufacturing base through increased value adding activities, and in so doing bring about Growth at Home.

I wish you fruitful and constructive exchanges and a successful conference. It is now my pleasure to declare this conference under the theme “Growth at Home” officially open.

I thank you.