



REMARKS

by

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**On occasion of the Consultative Meeting with the
Logistics Sector**

23rd May 2013, Walvis Bay

Esteemed Representatives of the Transport and Logistics Sector

Colleagues from Government and State-owned Enterprises

Members of the media

Ladies and gentlemen

I wish to thank you all for having made time to attend this important consultative meeting.

My starting point for this consultation with the logistics sector – and the same for every other sector - is that Namibia's economic growth needs to be accelerated to deliver jobs, equitable benefits to the whole of society and reduce income inequality, and I want to consult this sector how we could jointly achieve this.

Let me at this point recognise that the National Planning Commission (NPC) has been assigned the role of coordinating the development of a national logistics master-plan, and that this consultative meeting is not intended to duplicate or interfere with the role of the Commission. Instead, our intention is complementary and mainly focuses on optimising the critical link between logistics and our desire to develop and boost local manufacturing and supply-side capacity, trade and investment.

The Ministry of Trade and Industry has been assigned the leading role in mobilising national efforts towards the achievement of NDP4's goal of increased and sustainable manufacturing and value chain development. Further, our role is to create and improve a conducive business and investment environment. The coordination of policy initiatives relevant to the logistics and transport sector and their implementation therefore becomes an very important aspect of our activities. The priority sectors

identified in the NDP4 are Agriculture and Agro-processing, Mining and mineral beneficiation, Housing, Sanitation and construction, transport and logistics, and tourism. The Ministry also has a role to play under the Logistics cluster, and has been specifically tasked to facilitate the development of storage facilities.

As such, my team and I are here to engage stakeholders in the logistics sector for us to jointly take stock of current role of the sector and see how it can further contribute to:

- Unlocking investment and the supply-side capacity of the manufacturing sector in the country as well as cross border investments;
- Supporting and spurring the growth of trade in the country and across borders;
- The transformation of Namibia into a viable and competitive regional and global logistics hub; and
- Employment and economic growth (GDP) in the country;

In this regard, we need examine the current state, structure and capacity of the sector; the reasons for the such current state and any constraints that are inhibiting the sector to effectively play the catalytic role that is expected of it; and to exchange views on what the industry and the Government can do to address any such constraints and help the sector to grow and realise its full potential.

Ladies and gentlemen

Almost everything that we use in our daily lives, as firms or consumers, has been moved from its point of origin to its point of consumption by a

freight forwarder. As such, logistics and supply chains are important and integral parts of any economy.

As it is common knowledge, logistics or supply chain management refers to 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 and positive link between efficient logistics and trade and economic growth is widely and globally acknowledged. Indeed, an integrated and efficient logistics is 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 regard and generally, 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).

Distinguished participants

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 logistic hub for Southern Africa.

This potential has been recognised and therefore the designation of Logistics as one of the priority sectors for further development and expansion under NDP4, together with Manufacturing, Tourism and Agriculture.

It is my strong belief however that in order for Namibia to be reckoned 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.

In parallel to the development of an logistical hub in Walvis Bay we intend to establish industrial parks which supply the logistics sector with the value added and repackaged goods for distribution to the final consumption destination in Southern Africa or for transshipment purposes, be it by air, road, rail or sea.

In this connection, the Namibian logistics fraternity needs to position itself and develop the necessary capacity to serve industries, companies and consumers at home as well as in the global marketplace. This requires the logistics sector to develop and operate efficient and effective supply chains that provides quality service while keeping the cost of transport and transit time as low as possible. This is not often easy and possible, I recognise, but it is however the only way for the industry and our economy to become competitive and sustainable in the long run. Indeed in today's highly competitive world, the capacity to facilitate the flow of the right goods to the right place at the right time has become a necessity.

Ladies and gentlemen

Equally, the public entities responsible for the varying aspects in the logistic sector must make sure that their facilitating and regulatory functions are aimed at improving the business environment and competitiveness of Namibia.

An important indicator of the maturity and stability of a logistics system or supply chain is the degree of integration. Countries and locations that have successfully developed and transformed themselves into competitive economies and true logistics hubs have done so by among others investing in their future especially by developing infrastructure necessary to spark their future growth and further diversification of their economies. Common features in this regard are:

- Investment in integrated infrastructure development;
- Development of multimodal transport hubs and logistics centers to achieve an interconnected network;
- A regulatory framework and government's strategic role in transport and logistics investment; and
- The use of information and communications technology in logistics.

The aspects that I have just outlined highlight the need for joint action, co-ordination and partnerships not only within the sector but also between the sector, other sectors and role players in the economy and the Government. This aspect of co-ordination and partnerships is also a key element of our Growth at Home Strategy and the Industrial Policy, whereby we are working to create and optimize opportunities for increased value chains and manufacturing, investment, trade, industrial

and economic development, employment and wealth creation through enhanced co-ordination and public-private action.

I am well aware that the efficiency of the sector depends on the availability, reliability, suitability and quality of supporting hard infrastructure, and that the efficiency of our logistics infrastructure in turn requires and depends on the availability and quality of the soft infrastructure, namely human and technical skills and ICT. As such, our drive to improve our logistics capacity should encompass action in all these inter-linked areas of the chain, so as to ensure that there is no weak link.

In conclusion, in my view the current capacity and capability of our logistics sector does not appear to reflect the importance attached to the sector. So while I recognise that our transport infrastructure is also good by international standards, I also believe there is great room for further development and improvement. Our rail and air transport utilities must be reengendered to become competitive, cost effective entities. What can you, the industry, and us, Government do to build on the good things that are there and to change what needs to be changed for the better? Let us jointly examine this and the other issues that have been summarised in the Programme.

I thank you for your attention, and look forward to your active and valuable contributions to the discussions.