



Republic of Namibia

STATEMENT

BY

**C.H.G. SCHLETTWEIN
MINISTER OF TRADE AND INDUSTRY**

**ON THE OCCASION OF THE CONSULTATION WITH THE RETAIL (AND
DISTRIBUTION) SECTOR**

29 JULY 2013

Director of Ceremonies

Esteemed captains of industry and role players in the retail and distribution sector

The Coordinator of the Namibia Trade Forum and co-organizer of this consultation meeting

Representatives of other Government Offices and Ministries present

Members of the media

Ladies and gentlemen

Thank you for accepting our invitation to this meeting, which is designed as a consultation with the key operators in the retail and distribution sector.

My starting point for this consultation with the retail and distribution sector - and the same for every other sector - is that Namibia's economic growth needs to be accelerated to deliver equitable benefits to the whole of society, specifically job opportunities and the reduction of income inequality, and I want to consult the retail sector on how we could jointly achieve this national objective.

Over the past few months I have engaged with the private sector on our *Growth at Home* strategy, for example at four previous consultations with red meat, fishing, logistics and manufacturing sectors as well as at the annual general gala dinner of the Manufacturers Association, the Business Summit of the NCCI, and then again at the Team Namibia Annual General Meeting. The principles for today's dialogue remain the same, namely to

consult on how the retail and distribution sector can better support local manufacturing and value chain-based industrialization through preferential procurement, stocking and distributing of goods produced locally.

The importance of manufacturing to our development and the growth of our economy have been recognized through the designation of this sector as one of the four priority sectors in our fourth National Development Plan (NDP4) together with the logistics, tourism, and agriculture sectors. Importantly, the need to get manufactured products made in Namibia on to retail shelves is also stressed in NDP4.

These consultations are very important. A jointly agreed plan of actions with outcomes that are aligned with targets set in NDP4 will form part of the Execution Plan for the Manufacturing Sector for which the Ministry of Trade and Industry has been designated as the lead institution. It is our hope that we can develop and implement this execution plan together.

Ladies and gentlemen

I trust that the interdependence of the agriculture, fisheries, logistics, manufacturing and distribution and retail sectors would be very clear to everyone. Without the sectors, which you represent, producers would not be able to get goods into the market place and consumers would not be able to source what they want. Without efficient distribution and a retail system linked to production, value chains would remain as fragmented as they are today and we would not be able to build the productive capacity that we need in order to add value to our raw

materials and achieve the economic growth targets in our fourth National Development Plan.

Regrettably, there are severe gaps amongst these sectors today. We produce what we do not consume and we export raw materials, which we do not add, value to, thus exporting jobs and wealth at the same time.

Throughout the consultations with the other sectors, the critical importance of retail and distribution in the industrialization process has been emphasized by producers. In this regard I think all of us are aware of two very important issues. First, our domestic market is completely dominated by imported goods, and secondly, our producers find it difficult to access the domestic market place.

Our retail shelves are full of imported products and local manufacturers are often denied access through established procurement practices - on the other hand securing supplies to the domestic market is made difficult as some manufacturers ignore the local market at the expense of export markets. I am thus very keen to understand what stands in the way of local value addition for the domestic market and what needs to be done to improve the situation.

I am also aware of the view that consumer interests are best served by importing lower cost products from wherever in the world and selling those here. In the Ministry of Trade and Industry we are however acutely aware of the trade-off between consumer interest and industrialization. Where an integrated value chain is at stake, where decent employment is at stake, and all that in a situation of such high levels of inequality in income and unemployment, to maintain and improve productive capacity

must rank high. This tradeoff is underpinned by our industrial policy approved by Parliament and NDP4.

It is important to state that policies for pricing and discounting can also erode consumer interests. Equally, the abuse of dominance, cartels and other forms of unfair trade practices may fuel price escalation to the detriment of the consumer. Sourcing, therefore, is only but one of many factors that influence prices for the consumer. It is nevertheless essential to achieve a balance of interest and to encourage competition in the market place, but without diminishing the domestic productive capacity.

Let me also say that I am very encouraged and deeply appreciative of efforts already made by some retailers to source from within Namibia, and to help with the promotion of Namibian products and value chains. I wish to thank you for that, and I hope that others will follow these exemplary leads. Clearly more work must be done to make this common practice. I believe there is a great opportunity to address these issues cooperatively, and I want to start with that today.

I would like to hear your perspectives and also your stance towards my objective of ensuring that Namibian produce and manufactured goods should be able to access our retail market on equal terms to any imported product if quality and cost standards are met.

I also ask you today to start a process of developing a retail charter, as other sectors have done, notable the financial sector.

Allow me to briefly explain what I mean by the “Namibian Retail Charter”. The Namibian Retail Charter should be a guide for policy review

and transformation of the Namibian Retail Sector within a given time frame and in the context of the goals and targets of Vision 2030 and our Fourth National Development Plan. The Charter should reflect Namibian reality and have the objective to facilitate the transformation of the Namibian Retail Sector and bring about tangible benefits for Namibians.

In my view this charter should include work streams such as, but not limited to:

- Local sourcing and assistance with the promotion, marketing and distribution of Namibian produce and manufactured goods
- Support for domestic value chain and supplier development
- Support for regional value chain development
- Transparency and fairness in procurement procedures, terms of credit and payment and rebate provisions to the extent that no discrimination or worse treatment may exist towards any Namibian supplier
- Local ownership and control including the empowerment of formerly disadvantaged Namibians
- Gender equity, human resource development, employee health and safety
- Consumer protection regarding the safety and standards of products, the supply chains of these products, and their environmental and social impacts

- Corporate and social investment
- The development of a system of monitoring and reporting against the goals and targets of the charter and encouraging public participation and consumer involvement in such processes

The Namibian Retail Charter should be a voluntarily adopted transformation charter, which constitutes a framework and establishes the principles upon which the transformation will be implemented in the Retail Sector. It should constitute a partnership programme that provides the basis the sector's engagement with other stakeholders and it should establish targets and quantified responsibilities with respect to all work streams.

How to organize this work I would leave to you, but we stand ready to offer whatever assistance we can give or even to participate. I would very much appreciate if you could buy into this idea.

Much of what I have already said referred to the role of retailers as such. However the distribution sector in general, I have learnt is very efficient in getting high quality and low cost imported products into our market, but this does not apply in reverse. Namibian produce is rarely, if at all distributed into markets elsewhere by those that distribute into our market. I hope that we could equally foster cooperation in helping Namibian manufacturers export their goods using the same efficiencies that have already been achieved for imports, and I look forward hearing your views in this regard.

Finally, it is my intention that we maintain dialogue and consultation, on these crucial issues and build common understanding and common objectives, and jointly develop solutions towards industrialization and trade.

I thank you and look forward to a constructive dialogue.