



*Republic of Namibia*

STATEMENT

BY

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MINISTER OF TRADE AND INDUSTRY

*At the NMA Manufacturer of the year Gala event “the implementation and purpose of the industrial policy, retail charter and new incentives”*

23 October 2014

Director of Ceremonies

Mr Brian Black, Chairman of the NMA,

Mr Ronnie Varkevisser, CEO of the NMA,

Mr Neil Jacobsohn, Keynote Speaker

Distinguished captains of industry and manufacturers,

Esteemed Invited Guests

Representatives of other Government Offices and Ministries  
present

Members of the media,

Ladies and gentlemen

I am very happy to be able to attend this 2<sup>nd</sup> Manufacturer of the Year Gala Event. This event is an important milestone at which we are honouring and recognizing the efforts of local manufacturers. Thank you very much for inviting me.

Director of Ceremonies, ladies and gentlemen

Let me start my address with a quote from Debbie Stabenow, US Senator for Michigan.

*"At a time when we are losing manufacturing jobs in this*

*country, we should be doing everything we can to help our manufacturers stay competitive. They are the backbone of our economy."*

This is the premises that we are anticipating for Namibia as well, i.e. that manufacturing will become one of the carrying pillars of the Namibian economy.

It is widely recognized that the manufacturing sector plays a strategic role in economic development and is the component of industry that presents significant opportunities for sustained growth. Such growth must further translate into sustainable employment and equalized wealth distribution. To illustrate, in NDP4, the manufacturing sector is identified as a priority which in the year 2012 generated exports to the value of N\$21 billion, the equivalent of 53 per cent of total exports of goods of that year. Of the N\$21 billion, 49 per cent consisted of food products and beverages, 13 per cent of refined zinc and blister copper, and the remainder other manufactured goods.

The constant growth in the sector (1.2 per cent in both 2011 and 2012) can mainly be attributed to the sub-sector 'other

food products and beverages' that recorded an increase of 6.5 percent in real value added, following a decline of 5.4 per cent a year earlier. This sub-sector alone contributed 40.4 per cent of the total manufacturing in 2012 (NSA, National Account 2012).

According to the NSA, Labour Force Survey 2013, there are 32,769 employed workers in the manufacturing sector compared to 28,409 employed in 2012 and related industries which effectively comprises 4.8% of the total labour force. This figure clearly shows that the sector is still relatively small in employment terms but expanding (despite the trend towards automation in manufacturing). This for me is very significant and calls for more concerted efforts to even further increase GDP contribution from manufacturing through the multiplier effects and linkages.

Overall our objectives are similar to what is contained in the following quote from Walt Whitman, an American poet puts it well.

*“The greatest country, the richest country, is not that which has the most capitalists, monopolists, immense grabbings, vast fortunes, with its sad, sad soil of extreme, degrading, damning poverty, but the land in which there are the most homesteads,*

*freeholds — where wealth does not show such contrasts high and low, where all men have enough — a modest living— and no man is made possessor beyond the sane and beautiful necessities.”*

Director of Ceremonies, ladies and gentlemen

Having said that, we are aware that manufacturers in our country are facing various challenges that constrain their ability to produce and compete effectively at home and in export markets elsewhere. We are also aware of the high cost of technology, utilities, production input, finance, transport and logistics, as well as the shortage of skills, to mention some of the more important cost factors. In addition, the industry sector is under constant pressure to cut costs, to improve quality, to meet environmental and international standards and to penetrate markets saturated with competitive products.

Governments the world over have played a pivotal role in the industrialization. Countries such as Singapore, Republic of Korea (South Korea), China and other fast-growing dynamic economies such as Malaysia. Equally, governments have been vital catalysts in the development process of mature, developed economies like those of Germany, Japan, the UK and USA, although their role is downplayed. The ongoing global economic downturn has again brought to the fore how important governments are in

shaping economic development through industrialization. A number of advanced economies and large developing economies are now in the process of developing new strategies to enhance manufacturing capacity and expand trade as the basis for their economic recovery.

The Namibian Government equally has a role to play in the country's industrialization. Therefore, we developed the Industrial Policy and its Implementation Strategy Framework to guide and support the manufacturing sector to overcome the constraints mentioned earlier.

Government interventions will be based on the principle of sustainable and prudent economic management, and protecting the public interest. No country, especially those with open economies or those that are part of a regional integration programme can take for granted that her manufacturing capacity is secure. De-industrialization is a constant risk, and policies need to be maintained and strengthened to prevent the reversal of gains since Independence.

Ultimately, industrial development is recognized as a shared responsibility between the private sector and public sector (Government). The Namibian Industrial Policy therefore

advocates for smart partnerships in Namibia's quest to industrialize, including the promotion of public-private partnerships (PPPs) and other forms of cooperation between the public and private sectors.

Director of Ceremonies, ladies and gentlemen

The Ministry is currently busy developing the first set of Sector Growth strategies as part of the Industrial Policy implementation strategy to accelerate manufacturing activities, value addition and develop local value chains within the country as well as beyond the Namibian borders. We are pursuing industrial cooperation at bilateral and regional level through SACU and SADC. Just a few days ago I had the privilege to launch the negotiations towards a Retail Charter for Namibia that would amongst others provide for local sourcing and supplier development, aimed at enhancing access for local manufactures to retail shelf space. In addition, we are also reviewing the SME policy, which is largely aimed at assisting SMES with entering formal business and the manufacturing sector in particular, to enhance linkages and coordination.

I am pleased to inform you that in the current financial year a total of 1006 companies have benefited through the Ministry Business Support Service Programmes. Most of these were SMEs.

Director of Ceremonies, ladies and gentlemen

In our quest to industrialize, Namibia can expect tough competition from a number of sources. In order to remain competitive and relevant, Namibia will have to frequently review and analyze her incentive regime that includes tax and non-tax incentives. I'm glad to inform you that the manufacturing incentives are being reviewed at the moment. The main aim of the incentive regime is to develop our industrial competencies and capacities with the ultimate view to explore the frontiers of our production possibilities. In this regard, Government will deliberately strive to implement measures that will make it easier for businesses to set up and operate in Namibia.

Director of Ceremonies, ladies and gentlemen

I want to congratulate the Namibia Manufacturing Association for continuous advocacy and facilitation of sustainable, competitive and prosperous manufacturing/processing industry



for the benefit of all stakeholders in the country, also through its recognition of outstanding performers in manufacturing. The awards we are about to give out today provide a platform for Namibia's manufacturing industry to showcase its capabilities, products and services. We therefore want to encourage all players in the industry (manufacturers, processors and suppliers) to participate in this event in the future.

*"Winners make a habit of manufacturing their own positive expectations in advance of the event."* Brian Tracy, Canadian Entrepreneur and Public Speaker

Ladies and gentlemen, it is now my pleasure to officially launch the Namibian Manufacturer of the year 2014 Gala event.

I thank you