



STATEMENT

BY

CARL-HERMANN GUSTAV SCHLETTWEIN, MP
MINISTER OF TRADE AND INDUSTRY
REPUBLIC OF NAMIBIA

ON OCCASION OF THE

ANNUAL GENERAL MEETING OF THE NAMIBIAN MANUFACTURERS
ASSOCIATION

THURSDAY, 20 JUNE 2013, WINDHOEK

Mr Brain Black, President of the Namibian Manufacturers Association

Mr. Ronnie Varkevisser, Chief Executive Officer of the Namibian Manufacturers Association

Esteemed Directors and members of the Association

Ladies and gentlemen

I am delighted and grateful for the invitation extended to me to attend this important annual meeting and gala dinner of the Namibian Manufacturers Association.

Ladies and Gentlemen

I have agreed to attend your Meeting to continue the dialogue with members of this Association as to how we together can develop and improve Namibia's production capacity.

Namibia has agreed to become an industrialized economy by the year 2030. In order to achieve this target we must improve our delivery rates in terms of policy implementation rather significantly.

Ladies and Gentlemen,

Allow me to share a quick snapshot of the economic indicators for Namibia for the year 2012. It will give us a good indication of where we are and what needs to be done to propel the economy to where we want to be in 2030.

Population 2.3 million

GDP N\$ 104.58 billion (2012/13)

GDP/capita	N\$ 26,445 (2012/13 –NDP4)
GDP growth	-1.1 (2009), 6.0 (2010), 4.9 (2011), 5.0 (2012),
Share of GDP as per the National Accounts for 2012:	
Primary sector	18.6 %
Secondary sector	17.6 %
Tertiary sector	56.9%
Taxes less subsidies on products	8.4 %
Gini coefficient 0.58, down from 0.70 in 1994	
Unemployment rate	27 %
Balance of payment small surplus,	N\$ 156 million
Current account balance	- 0.3 %, -N\$316 million
Inflation	6.5 (2012)
Budget 2013/14	N\$ 45 332 233
Total Public expenditure	38.3% of GDP (2012/13)
Total revenue	35.5 % of GDP (2012/13)
Budget balance	-2.8 % (2012/13)
Total public debt	31 % of GDP

These macro-economic indicators show that Namibia is not doing bad at all. We weathered the economic crisis well and rebounded strongly with economic growth of 6% the year after the crisis. This solid growth was maintained at around 5% in the following years. However, comparing this good performance with what is required to reach the 2030 targets show that we have to do more, we must raise the ambition bar significantly.

Namibia has agreed on its fourth National Development Plan 4 as the over-all economic development agenda which will be required to be implemented to reach our 2030 targets. It has the following broad objectives and targets:

a) High and sustained economic growth

- 4.6 % in 2012/13
- 6.1 % in 2013/14
- 6.4 % in 2014/15
- 6.3 % in 2015/16; and
- 6.5 % in 2016/17

b) Employment creation: 499 968 additional jobs

c) Increased income equality: Gini coefficient of 0.47 by 2017

To reach these goals, we have, under this NDP 4, identified key areas of focus that will create the necessary momentum for our desired higher economic growth. While other sectors will not be neglected, attention will be shifted to priority sectors in order to ensure that the impact and results of our efforts collected in this regard are optimal. We have realized that spreading our efforts and resources to most sectors results in mediocre impact. The identified priority economic sectors are of course: Manufacturing, Logistics, Tourism and Agriculture.

Secondly, the NDP 4 focuses on foundation issues without which other efforts are not likely to succeed. These are:

- The maintenance of macro-economic stability;

- The development and retention of superior skills needed by both the private and public sectors;
- Developing research and development capacities;
- Environmentally sustainable development;

Narrowing the focus on our drive towards accelerated economic growth through industrialization and manufacturing, one realises that Namibia's competitiveness is constrained mainly by:

- A very narrow industrial base, with heavy reliance on the primary sector;
- Where local industries do exist, they face a number of supply-side constraints, including a lack of proper production technology and technical know-how that are required for cost effective and competitive productivity;
- Our exports, which are principally primary commodities like metals and minerals, agricultural and fish products, are prone to price volatility. The reasons for such fluctuations are many fold and include fluctuations in demand as well as market access constraints; and
- Lack of a pool of skilled labor
- Bureaucratic bottlenecks

Rankings on the Ease of Doing Business (World Bank Report 2013) place Namibia on the 87th position out of 185 countries ranked.

- 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

Despite numerous challenges on both national and international fronts, Namibia remains among the top five most competitive economies on the African continent and we compare well with other Middle Income Countries elsewhere as well. However, we recognize the need for consistent and joint efforts to improve our ranking and most importantly, the ease with which our manufacturers and investors can do business in our Country.

Namibia remains an economy, which largely produces 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.

In order to effectively address the specific challenge with respect to our supply-side weaknesses, we need increased private sector

investment flows, both foreign and domestic, to boost our capacity to produce more efficiently and competitively and for both our own consumption and export. Such investments must be accompanied by the introduction and transfer of appropriate production technologies and technical know-how.

Ladies and Gentlemen

We are convinced that African economies must industrialise to improve and sustain economic growth and living standards of our peoples. So must the Namibian economy. As shown earlier our economy is heavily relying on the primary sector and specifically on mining and extraction industries. Also, the perception that African economies and their productive capacities are not able to progress any further than the proverbial basket weaving and the like resulted in, and was indeed aimed at perpetuating the situation where Africa continued to deliver the much needed raw materials to the developed world. We cannot be satisfied with that and must improve our ability to transform our raw materials into finished goods.

In order to diversify the economy my Ministry is championing the “*Growth at Home*” strategy whose emphasis 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 and intra-Africa trade.

Our economy must be geared towards a higher level of value addition and manufacturing and enhanced local supply-side capacity as well as better co-ordination and collaboration between all role players in the economy, including public-private dialogue. Our ultimate focus is to ensure that the impact of our work is visible through tangible improvements in terms of the capacity of our local industries to produce efficiently and competitively as well as in the socio-economic welfare of the citizens of our country through employment and business opportunities.

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.

Esteemed Manufacturers, the members of your Association are key to our industrialisation efforts. Let us together develop value chains based on raw materials that are available within our economy. Let us engage in mutually beneficial public private partnerships to unlock the hitherto evasive potentials of beneficiation.

In recognition of the important role of the private sector as the engine of growth and an important partner in national economic development, the Government has since independence pursued and put in place a policy and regulatory framework and invested in public infrastructure that create and ensure a favourable environment for business to operate in and flourish.

We have put measures in place to make it easier, faster and more efficient for investors to conduct business in our country. One of the initiatives is the establishment of the *Business and Intellectual Property Authority* (BIPA). Its mandate is to improve service delivery as the One-Stop Centre for the central point for the registration of companies, as well as the protection of business, commercial and industrial property rights. Furthermore, it is tasked with the provision of general advisory services on business registration and intellectual property rights to investors and the general public.

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 main thrust of our infrastructure development programmes is to turn Namibia into a major gateway to and from Southern Africa so that investors in Namibia and elsewhere in the region can conduct their business and access their markets easily, speedily and cost-effectively through Namibia. Our efficient deep-water harbour of Walvis Bay and the Trans-Caprivi and Trans-Kalahari Highways linking Namibia to its land-locked neighbouring countries of

Botswana, Zambia and Zimbabwe, rounds off Namibia's appeal as a gateway location for imports 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.

Ladies and Gentlemen

It is also my fervent hope that you will continue as a credible association in furthering the establishment, implementation and the maintenance of effective communication mechanisms between yourself and the NCCI on the one hand and not only with the ministry of Trade & Industry, but all Government economic ministries.

Your continued input in the finalisation of Namibia's Industrial Policy Implementation Strategy, which would facilitate accelerated manufacturing development for Namibia, and accordingly serves as source of inputs into a common Industrial Policy for SACU to

promote enhanced industrial development amongst member states, is most welcome.

In conclusion, I therefore look forward to NMA predominantly facilitating a level playing field for locally manufactured products. What a tall order indeed! Nevertheless, at this juncture allow me to congratulate each from three individual coveted winners for scooping the first ever Namibian Manufacturer of the Year Award, from the six respective categories. I hope next year's event will be much better and bigger.

Esteemed Captains of the Industry, Ladies and Gentlemen.

Let me end my talk with two quotations:

Winston Churchill said: *“Success is not final, failure is not fatal: it is the courage to continue that counts.”*

Henry Ford said: *“Coming together is a beginning; keeping together is progress; working together is success.”*

I agree with both and invite you to continue to be part of Namibia's progress in translating our natural raw material endowment into wealth for our people. Let us work together to achieve the goals of NDP4 and Vision 2030, and to achieve *“Growth at Home”*.

Thank you once again for having invited me and for listening to me.