



STATEMENT

BY

HON. CALLE SCHLETTWEIN, MP

MINISTER OF TRADE AND INDUSTRY,

ON THE OCCASION OF THE

2ND ANNUAL GENERAL MEETING OF THE NAMIBIA TRADE FORUM

AND LAUNCH OF THE NAMIBIAN RETAIL CHARTER

NEGOTIATIONS

AT THE

NAMPOWER CONVENTION CENTRE WINDHOEK

ON

MONDAY, OCTOBER, 20, 2014

Director of Ceremonies;

Distinguished Members of the NTF Board;

Captains of Industry;

Members of the Namibian Retail Charter Task Teams;

Staff Members of the Namibia Trade Forum;

Members of the media;

Ladies and Gentlemen;

Thank you for your kind introduction. I also thank the Namibia Trade Forum (NTF) for the opportunity accorded to me to speak during this auspicious occasion, which marks the 2nd Annual General Meeting of the Namibia Trade Forum (NTF) and also most importantly the launching of the Namibian Retail Charter negotiation phase.

Director of Ceremonies;

Fifteen months have passed since a meeting was held where we consulted with stakeholders in the Retail and Distribution sector, on how we will work together to achieve our collective developmental objectives. You may also recall that for the past 20-months there has been a consistent and unmistakable theme in all my consultations and engagements with various

stakeholders. That theme is GROWTH AT HOME, which emphasizes that we must promote industrialization based on the commodities that we can produce and the value chains that can be developed around them.

To this effect I am pleased to inform you that the Implementation Strategy of the Industrialization Policy is at a very advanced stage. The problem that we must address is that our economy needs structural reform. A weak productive capacity and poor links between manufacturers and distributors and retailers is one of the striking constraints to growing productive capacity and the consumption of locally manufactured goods. High margins in the retail sector often to the disadvantage of both consumers and local producers further constrain the development of domestic value chains.

I am getting increasingly concerned about the rising costs of food and other consumables and thus the cost of living in Namibia. Together with rising costs of utilities and industrial and domestic properties it will be difficult to achieve competitive gains for industrialization and also to improve living standards for the majority of Namibians.

As to the Retail Sector, it is clear that the NDP4 has aspirations for growth in that sector and it targets a 20% increase in the shelving of Namibian products on our retail shelves.

Namibia as a net food importing country of most consumer and industrial goods, with a sparsely distributed population that has access to a diverse array of goods and services, efficient distribution networks with vertically integrated operations, and convenient shopping malls in most of our urban towns.

Retail activities make it possible for producers of goods to connect them to the consumers. An efficient distribution system allows for various economic activities to take place especially the linkages created down and up-stream, as well as the consolidation of value chains. A very efficient distribution network does exist, but the problem is that domestic goods are mostly not part of supply chains.

Namibia remains an attractive destination for retailers, especially foreign owned, due to advances in economic integration within SACU and SADC, and a resulting very open economy.

Most of the investments in the sector are foreign owned and these investment flows are the positive outcomes of our macro-economic stability, a conducive investment climate and our high rankings in the ease of doing business and competitiveness in Africa.

Having said all this, there is a down-side to and a cost associated with the growth in this sector. In order to reap the benefits from growth in this sector we must ensure that we balance the risks in this sector so that win-win situations for economic growth and returns on investment are both achieved. One of the aspects that has emerged is the displacement of the small artisanal bakeries, florists, butcheries and small family owned mini markets. This is replacing domestic productive capacity by imports from elsewhere by foreign retail chains and even foreign owned corner shops and smaller retail outlets. This has resulted in reduced participation of Namibians in the retail sector and its supply chains and the crowding out of local products.

The need for transformation of this sector so that it meaningfully contributes to economic growth, job creation and closing the gap in income disparities culminated into the need to develop a

public private dialogue through which the needs of government and the ambitions of the private sector are accommodated. A Retail Charter which at the end of it would contain binding obligations for both is viewed by me as the most suitable outcome.

Ladies and Gentlemen;

It is very encouraging to observe the work that has gone into the realization of this important initiative. The Namibia Trade Forum has facilitated the process by holding several stakeholder consultations where your participation and inputs have enriched the process and development of the retail charter.

It brings great delight to know that the Pillars such as local sourcing, supplier development, linkages with the SME sector and capacity building and greater local ownership, which this Charter will rest on, have been identified. Further, three working groups namely the FMCG (fast moving consumable goods), Clothing & Apparel, and Building & Harding Task Teams have been established and their work has commenced.

I have been told that the Task Teams have met, elected their chairpersons, and are looking at the modalities of the

negotiations of the charter. You are aspiring to conclude the negotiations and to have a Charter in place by the third quarter of 2015, which is next year.

Ladies and Gentlemen;

I am encouraged to note that there are some retail companies who have committed themselves to this process and this is a true reflection of our public private partnership.

In the same vein, I have equally noted with concern that there are also many retailers who have not joined the process. The fact that these companies de facto refuse to dialogue is a lost opportunity. If one does not dialogue one is excluding oneself from influencing the outcome and one therefore must at the end of the day live with what others have decided. It is important to realize that the outcome of this charter will not be binding only on those who are participating but on everybody. I therefore urge all retail operators and distributors to come on board.

In conclusion, I thank the relevant stakeholders who are part of this process. Thank you for the cooperation you have shown and continue to show into the negotiation phase. I encourage you the negotiating team to put the bar of ambition as high as

possible so that we have meaningful targets that would not require any additional unilateral intervention to achieve the aspirations of Vision 230 and NDP4.

Ladies and Gentlemen;

At this juncture, it is now my honour and privilege, to officially launch the negotiation phase of the Namibian Retail Charter. I look forward to the successful conclusion of this phase as scheduled and subsequently the implementation of the Retail Charter in earnest.

Thank you for your attention.