



**STATEMENT**

**BY**

**CHG SCHLETTWEIN**

**MINISTER OF TRADE AND INDUSTRY**

**ON OCCASION OF THE**

**BUSINESS SUMMIT**

**OF THE**

**NAMIBIA CHAMBER OF COMMERCE AND INDUSTRY (NCCI)**

**28 JUNE 2013**

**NAMPOWER CONVENTION CENTRE**

Director of Ceremonies

The President of the NCCI, Ms Martha Namundjebo-Tilahun

The Vice-President, Mr Sven Thieme

The Chief Executive Officer, Mr Tarah Shaanika

Mr Oswell Binha, President of the Association of SADC Chambers of Commerce and Industry (ASCCI)

Ms Brigitte Schweeberg Director Hamburg Chamber of Commerce

Distinguished Members of the Board and Management of the NCCI

Captains of the various industries in our economy

Invited guests

Members of the media

Ladies and Gentlemen

I am very grateful to the NCCI leadership for the invitation and opportunity to continue the dialogue we have started to implement our *Growth at Home* strategy so that we can meaningfully contribute to the realization of our broad national socio-economic development agenda.

Henry Ford said: “*Coming together is a beginning; keeping together is progress; working together is success*”. I have gladly agreed to the invitation to attend and address this auspicious gathering because I firmly believe that only if we, the Government and the private sector, together face and address the challenges our economy is facing.

Ladies and gentlemen

It is inconceivable that we are one of the richest countries, measured in terms mineral resource endowments per capita, yet the majority of our people continue to languish in poverty and various social hardships. This needs to change. To maintain the harmony and political stability that we enjoy since our independence, we must ensure that the benefits of the wealth created from available economic opportunities are more equitably shared among the populace to the extent possible.

In its present form, the Namibian economy is a *de facto* colonial economy. Our reliance on the primary sector and exports of raw

materials does not only make us vulnerable to external shocks, but creates jobs and wealth in those economies to which we export our raw materials, at our peril of course. It is a known fact that no economy will reach sophisticated and developed levels without industrialization and a narrow and weak productive capacity. This means that we cannot expect to achieve the required levels of sustained economic growth and employment and bring about prosperity for our people by continuing business as usual - that is remaining as an exporter of raw materials and importer of consumer goods and price-takers in both cases. We need a paradigm shift and transformation from being an economy that largely produces what it does not consume, and consumes what it do not produce.

Director of ceremonies, ladies and gentlemen

In order to achieve our Vision 2030 objectives, we designed our fourth National Development Plan (NDP4) with 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: 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, namely manufacturing, agriculture, logistics and tourism.

In line with broad objectives of Vision 2030 and NDP4, the main focus of our ***Growth at Home*** strategy is;

- Higher and sustained economic growth and wealth creation, through diversification of our economy to achieve a higher

percentage share contribution of manufacturing and value addition to our natural resources to our GDP as well as increased capacity of our local firms to produce and supply goods and services to the domestic and export markets; and

- For Namibians to benefit from the growth and wealth created, especially from the exploitation of our resources, through partnerships and employment opportunities.

Esteemed Captains of industry, Ladies and Gentlemen

The persistent high levels of inequalities, poverty and unemployment that continue to besiege our society require focused and co-ordinated action from the Government, the business sector and other stakeholders. The Right Hon. Prime Minister Dr. Hage Geingob often reminds us of the importance of a common purpose by referring us to the concept of “*Harambee*”, a KiSwahili word for “*pulling together in the same direction*”.

1. Firstly, we will work to strengthen dialogue and co-ordination with the private sector. Beyond the dialogue, we have committed and will continue to provide direct **financial support** to and work closely with formal business organizations such as the NCCI, the Namibia Manufacturers Association and the Namibia Trade Forum.
2. Secondly, we will re-double our efforts to improving the ease of doing business by reducing the cost and time it takes to start a business in our country. This requires streamlining of policies and procedures governing the admission of investment and registration of businesses and intellectual property rights.

One of the measures that we have taken in the area of business registration is to establish the Namibia Business and Intellectual Property Authority (BIPA). The Authority will serve as the one-stop-center for all business and IPR registration and related matters, on behalf of the Government. In terms of services, we will among others introduce mobile and online registration. The institution has already been established as a Section 21 Company

and an interim Board also appointed to oversee its formation. The drafting of the enabling legislation (a draft Bill) is in its final stage and we expect it to be tabled in Parliament before the end of this financial year.

We expect that our improved business registration services will result in the private sector establishing more businesses and not only register shelf or dormant companies, but real operational businesses, which will contribute to employment and wealth creation and economic growth.

3. Thirdly, we recognize that in order to effectively address the numerous constraints that have been identified in starting a business beyond business registration, we need a coordinated national strategy involving all regulatory institutions and providers of basic services to investors including land availability, water and electricity supply and transport, but also those that are provided by private entities.

In this regard, we have committed ourselves to lead national consultations and a common strategy aimed at ensuring enhanced coordination and improvement in the competitiveness ranking of our country. We have also enlisted technical assistance from the World Bank in this process.

4. In order to further improve Namibia's investment climate, **a new law that will govern all investments** in the country, domestic and foreign direct investments, replacing the existing Foreign Investment Act, 1990 has been developed. Among others the new law will clearly define who is an investor; give due recognition to both domestic and foreign direct investments; design sectors or categories of businesses that will be open for investments by Namibians, foreign investment and the State; outline the rights and obligations of investors and the host country; and provide for the establishment of an integrated (one-stop-shop) investor services center.

5. The other key focal area of our interventions is boost local industrial and supply-side capacity through a more active role of the State, namely a complementary role in identifying, establishing and incubating new viable and strategic industries.

Some of interventions that we are pursuing in this regard are:

- a. Implementation of measures such as infant industry protection, tax and non-tax based incentives. Our infant industry protection measures are necessitated by that fact that most of the local industries are still at infancy. Infant industry protection would provide the needed policy space in which our industrial capacity can be developed. Without such policy space our infant industries have very slim chances of survival.

On incentives, we have commissioned a review of existing incentives in order to determine which of these instruments are serving their purpose and which ones are not and therefore need to be replaced with more relevant ones.

- b. We are also rolling out the implementation of the Industrial Upgrading and Modernisation Programme (IUMP) targeting existing and new value chains and manufacturing operations and opportunities;
- c. We shall focus our support on small and medium sized industries. We are in the process of reviewing the existing SME Policy and the NCCI will be part of the team to guide and provide inputs into the review.

The private sector, especially financial institutions are urged to make use of this significant business potential of servicing the SME sector with innovative business credit and lending solutions.

- d. In order to identify new areas of investment and value chain development, we want henceforth to focus our feasibility studies at profiling opportunities for new resource-based industries and

value addition. The services sector especially tourism as well as the transport and logistics sector also offer great investment opportunities and prospects for further development and employment creation.

- e. In order to reduce the cost and time it takes to secure serviced industrial land and factory space in most parties of the country, we have resolved to embark on a **pro-active procurement and development of land for business purposes** as well as the construction of multi-purpose and customer built industrial factory shells and premises that will be leased to investors at economic rates (beyond what we are already catering for under our existing Sites and Premises Programme);
- f. Another important area of Government support to local producers and suppliers is public procurement, whereby the Government through the Ministry of Finance has introduced amendments to the Tender Board Act to ensure that public funds are used to procure goods and services from Namibian producers and suppliers as a matter of preference.

In order for this measure to achieve its intended outcomes however, the local companies need to invest in developing the capacity to produce goods and services that will result in value for money for the Government and the consumers or beneficiaries. It is also important that companies that are registered and submitting bids are not front or ghost companies, but truly Namibian entities and the financial and employment benefits are accruing to Namibians.

On a related note, I want to see more and more wholesalers and retailers in Namibia buying, stocking and distributing Namibian made goods. The same call goes to all of us, consumers, be it Central Government, Regional and Local Authorities, Parastatals and the general public, to make Growth at Home a reality by consuming more of the goods and services that are produced by companies that are investing in our economy and providing jobs to

our people. If our goods are good enough for consumers in other markets, so should they be for us. Charity begins at home.

6. The other area of our focus, which will directly help in supporting local industries, production and job creation, is to create a larger market space beyond the domestic market by continuing to **negotiate preferential market access for Namibian products** in regional and global markets through trade agreements and other mutually beneficial arrangements. We will however at all times ensure that such processes and the outcomes of any market access negotiations do not compromise or take away the policy space that we need to put in place regulatory instruments that will help us to achieve our goals to industrialise and create jobs for our people.

We have noted with concern that even where there are trade agreements, most of our producers and exporters continue to face difficulties in accessing foreign markets mainly due to stringent and sometimes unilaterally imposed non-tariff barriers to trade.

In this regard, we will continue to pursue favourable trade arrangements, and provide financial and logistical support to local companies, especially SMEs to take part in **trade fairs** and related events for them to showcase their products and explore supply and sourcing opportunities. The other intervention that we have adopted to boost export and trade across borders is the **construction of warehousing and trade centres in selected foreign markets in the region** (Angola, DRC and Republic of Congo) with the aim of facilitating entry and sale of Namibian products in those markets.

7. Undoubtedly, our ability to effectively execute our assigned mandate will require an **alignment of our organisational structure, functions and delivery capacity**. In this regard, we have identified **the urgent need to re-organize ourselves as a Ministry and its agencies**. The aim is to remove any duplication in



functions and to improve service delivery and performance through capacity-building, better planning and co-ordination.

One of the changes that we are working on is to establish a single and appropriately capacitated national industrial development and promotion agency, combining the mandates currently assigned to the Namibia Development Corporation and the Offshore Development Company.

8. In order to safeguard both local industries and consumers against unfair competition and risks from predatory priced and low quality imports, we are boosting the capacity of the Namibia Standards Institution (NSI) to establish surveillance centers and to conduct tests on products (imports) entering our market in order to ensure they comply with set national and international quality standards. We are also introducing amendments to the Legal metrology Act in order to ensure strict adherence and enforcement of requirements on proper labeling and packaging of all products produced, imported and sold in the local market. This is particularly crucial in light of reports about deceptive labeling of meat products in Europe, the region, and even in our country. We will also look into the usage of brine in poultry, which we feel amounts to cheating of consumers.
9. The Ministry, in partnership with the Law Reform and Development Commission, is also working on a single **legal framework on consumer protection**
10. In order to ensure a fair and levelled playing field in the **domestic marketplace**, we will continue to support the work of the Namibian Competition Commission in rooting out any anti-competitive practices, collusion and abuse of market dominance.
11. We are also finalizing arrangements for the establishment of the Namibia Board of Trade, which body will directly deal with issues of dumping, and import-export administration as provided for

under the 2002 SACU Agreement and the Import-Export Act, 1984.

12. In order to reduce transactional costs and difficulties being experienced in trading across borders, we are looking into other tested system of **easing trade across borders** such as the introduction of a Single Window Facility, which entails simplified customs clearance and trade facilitation procedures by the various authorities and agencies involved in handling trade transactions (clearing agents, freight forwards and customs authorities). We are also exploring cross-border value chains with some of the neighbouring countries for shared economic benefits.

Esteemed captains of industry, ladies and gentlemen

A glance at the macro-economic indicators of our economy reveals that Namibia is not doing badly at all. We weathered the storm of the global economic crisis and rebounded strongly with a GDP growth of 6% 2010, which growth was maintained at around 5% in 2011 and 2012. This remarkable outcome was due to a combination of prudent fiscal policies by the Government and the resilience of the private sector.

I wish to take this opportunity to renew to you, captains of industry gathered here and all investors, the Government's appreciation of your confidence and investments that have created jobs for our people and contributed to create Growth at Home and to our ability to produce quality and competitive goods for our people and for exports. I salute you!

As a realist, I recognise that we will always have challenges both on the national front and as a member of the global economy. But in every challenge or problem lies a solution. Our Vision 2030 roadmap, NDP and our Growth at Home strategy recognise that we need to work and find that solution together.

Let me end my talk with the following quotation from Winston Churchill:

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

I firmly believe together, the Government and private sector, we will successfully confront any challenges. The Government through the Ministry of Trade and Industry renews its invitation to the private sector and investors 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 bring about a sustained and shared *“Growth at Home”*.

I re-affirm the commitment of the Government in general and the Ministry of Trade and Industry in particular in strengthening co-operation with and supporting the work of the NCCI, and to continue to promote increased private investment, business activity and the growth of the business sector through a business friendly legal and policy framework and direct support.

I wish you fruitful deliberations, and I thank you all for your attention.