



*Republic of Namibia*

**STATEMENT**

**BY**

**HONOURABLE CALLE SCHLETTWEIN  
MINISTER OF TRADE AND INDUSTRY**

**ON THE OCCASION OF THE CONSULTATION WITH THE GENERAL  
MANUFACTURING SECTOR**

**26 JULY 2013**

Director of Ceremonies

Esteemed captains of industry and role players in the manufacturing sector

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

Representatives of the various 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 manufacturing sector and other institutions with a mandate to support the sector to grow.

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

We had a few opportunities where we introduced our *Growth at Home* strategy 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 a commodity based industrialization.

My Ministry already held consultative meetings with the red meat and fishing industries, which included manufacturers. I however found it necessary to still meet with the broader manufacturing fraternity. 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

The importance of manufacturing to our development and the growth of our economy had 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.

Our resource-based industrialization strategy is supported by Carlos Lopes, who in the “Economic Report on Africa” states that:

*“On top of offering short- to medium term comparative advantages, commodity based industrialization can, with the right industrial policies, serve as a launching pad for long term diversification and competitiveness in new and non-commodity sectors in Africa’s commodity rich countries.”*

Namibia is endowed with significant human and natural resources that can be used to advance industrialization and structural economic transformation through increased value addition strategies in all sectors, but particularly in agriculture and agro processing, and in mining and

mineral beneficiation. We need to intensify our efforts to add the most possible value to our resources in the mining, agriculture and fisheries sectors at home, thereby creating more opportunities for employment and growth of our economy. This is premises of our Visions 2030 and NDP4, supported by our Industrial Policy and Growth at Home strategies.

In addition to developing value chains at home, we also need to pursue and optimize on the benefits cross-border investments and regional value chains development that regional economic integration presents under SADC and other economic co-operation arrangements to which Namibia is a party. This could help provide additional raw materials for our industries at home and benefits for our economy.

Director of ceremonies, Ladies and Gentlemen

While the NDP4 roadmap document has more clearly outlined the role of the Government as the lead, there is no question that the attainment of Vision 2030 and NDP4 goals requires dialogue and joint contribution partnership between and by the private and public sectors as partners.

As a Government, 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 aware of the high cost of technology, energy, water, finance, transport and logistics, as well as shortage of skills, to mention a few. On the other hand, the sector is under constant pressure to cut costs, improve quality, meet environmental and international standards and penetrate the market with more competitive products.

Equally important, the performance and growth in the manufacturing sector requires and is highly dependent on improved access to the country's raw materials, such minerals, agricultural production, fisheries and others that the sector needs for processing into semi- and finished goods as well as markets both at home and abroad.

Prerequisites to accelerated growth in the manufacturing sector are a business friendly environment, coherence in legal and policy frameworks and enhanced constant public-private dialogue and consultations, such as this one. This collaborative process will enable us to jointly identify bottlenecks, inefficiencies and other constraints, and more importantly untapped potentials that we can capitalize to expand our manufacturing and industrial base.

Some of the strategies that have been outlined in the NDP4 to achieve the above development al goals are:

- **Improving the business environment for manufacturing** through various support to manufacturers such as incentives, preferential public procurement, negotiation of preferential export market access, product quality improvement, and development of industrial skills; and
- **The development and implementation of specific industry development strategies** focusing on mineral beneficiation, agro- and fish processing, and development of value chains.

Ladies and gentlemen

It is important to be aware that the policy space that developing countries like Namibia need to support the development of their productive capacity is threatened. The survival of their domestic industries and the development of a dynamic and competitive production and export base through increased local value addition and export of manufactured products is increasingly under pressure through globalization.

Equally important is the fact that Government resources to support any one sector are also limited and need to be used at maximum efficiency within an effective monitoring framework, and need to be matched by private sector investment. We also need to recognize that there is a high risk that Government intervention such as infant industry protection or quantitative restriction measures may in some cases have unintended consequences.. To counter this, it is important to ensure that any such support mechanisms or interventions are put in place for a defined period, are reversible and performance based, and their implementation and impacts are closely monitored. Ultimately we also want to see economic gain as a result of any such interventions, and we expect industries so supported to pass on these benefits of efficiency gains to consumers.

In this regard, there is thus a great need for both Government and the manufacturing sector to have a common understanding of the constraints,

the required corrective actions and to agree on a collective approach to realize the desired outcomes. This is the purpose of this consultation.

From my perspective I would like to raise seven specific issues with you, but you could of course add others:

- 1) The need for market diversification with focus in Africa and other emerging economies,
- 2) The need for increased local value addition and value chains development and expansion,
- 3) Co-operation to access regional and global markets to harness growth of our industrial sector,
- 4) Investments targeting import substitutions considering gaps in certain sectors,
- 5) Reforming the retail sector to accommodate domestic products, and
- 6) Importing of raw material from elsewhere to enhance growth of the manufacturing sector in our country.
- 7) To develop required technical and vocational skills.

Concerning the need for market diversification, I firmly believe that we cannot be as dependent in future on one or two export markets as we have been in the past. This makes our economy highly vulnerable and put us at a high risk that we could be greatly impacted by the removal or erosion of the preferential access into other markets. We have also noted with concern that even where there are trade agreements, a number of our exports face “behind-the-border” measures (technical barriers to trade = TBTs) that are put in place to protect domestic industries or

consumer interests in some of the countries that are of export interest to us.

Furthermore, although progress is being made in the EPA negotiations we are facing a unilaterally imposed deadline of 1 October 2014 on current market access arrangements with the EU and we need to be prepared for all eventualities. I look forward to the views of our manufacturing fraternity on market diversification. I am aware of new market diversification opportunities for red meat and other products, and I would like this meeting to also consider similar opportunities for other products such as fish.

On the need for value chains development and expansion, I must highlight my concern that most of our resources continue to leave the country in their raw form for value addition and to create manufacturing and employment opportunities in other countries. We are exporting jobs and wealth creation and forgo significant potential for economic growth. A related problem is that of transfer pricing as opposed to earnings through supply chain management of production, distribution and consumption.

I want us to also interrogate these issues, and build a common understanding of what can be done for us to maximize the benefits from our natural and mineral resources, and what support is needed from Government and its Agencies to develop and expand local value chains as opposed to opening our markets for international multi-national value chains.



We also want to see continuous dialogue and co-operation in identifying markets for our products and services in the region and globally. A large market space is crucial for us to develop and expand our industrial and manufacturing base. Harmonization and coherence of capacities between the manufacturing sector and other sectors such as resource-extractive sector of mining, agriculture, fisheries as well as transport and logistics is of paramount importance, and will ensure the desired levels of economic activity and growth.

Historically, investments targeting certain strategic sectors and import substitution opportunities and utilizing the Government procurement system have served as important instruments to develop manufacturing sectors across the globe. I would particularly like the meeting to interrogate these issues and recommend ways and approaches towards import substitution investments around sectors such as mining and mineral processing, agriculture and agro-processing, fisheries and fish processing, among others), emphasis and recommendations can also be made on sourcing of products and services from local companies to government.

Regarding reforming the retail sector to accommodate domestic products, I would say that we all know that 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, and I am 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.

Namibia can potentially gain from the regional integration processes that are currently taking place in our region; where cross border trade (exchange and sourcing of raw materials), cooperation on industrial and trade development Agreements are being negotiated. I would like to encourage the meeting to discuss and identify opportunities and approaches to importing of raw materials from the region and elsewhere in the world, to expand our manufacturing sector and to fully exploit the export markets opportunities provided under these regional integration processes.

Lastly I believe that the Manufacturing fraternity can significantly contribute to skills development by embracing our apprenticeship policy. Young Students must be afforded the opportunity to gain experience for being attached to a going concern. This on the job experience, in my opinion, is as valuable as the formal training itself. Let us therefore include this important aspect in our Industrialization Strategy.

I hope we could consider as a way forward how we could maintain dialogue and consultation, build common understanding and common objectives, and jointly develop solutions towards industrialization and trade.

I THANK YOU and look forward to a constructive dialogue.