



VOTE 19: MINISTRY OF TRADE & INDUSTRY

BUDGET SPEECH

BY

**CHG SCHLETTWEIN, MP
MINISTER OF TRADE AND INDUSTRY**

NATIONAL ASSEMBLY, 17 APRIL 2013

The Honourable Chairperson of the Whole House Committee
Honourable Members of this August House

It is with great honour for me to present to this August House, Vote 19 for the Ministry of Trade & Industry for the 2013/2014 Financial Year.

Before I address the budget allocation for Vote 19, permit me to firstly to express my gratitude to His Excellency the President for the trust that he has bestowed on me to takeover and lead the Ministry of Trade and Industry.

Secondly, I wish to congratulate the Minister of Finance and the Director General of National Planning Commission and their teams for a well thought and pro-development budget. I also wish to thank them for the budgetary allocations to this Ministry, for which I am seeking the support of this August House today.

Thirdly and as a prelude to our Budget presentation, I am proud to inform this August House that a Report by the NPC on the implementation of capital projects under TIPEEG has ranked the Ministry of Trade and Industry as the *Star Performer* in terms of timely implementation of our capital projects, work quality and especially jobs created. Well done to TEAM MTI under the leadership of the now Right Hon Prime Minister.

Hon Chairperson, Hon Members

In my view, the Namibian economy, in its present form, 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 where we are exporting our raw materials to, at our peril of course. As such, 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.

From the above, it is logical that we need to redouble our efforts and investments towards diversifying and transforming the content and structure of our economy. We particularly need to increase our support to the productive or economic sectors of our economy in order to boost their industrial base, capacity, output and competitiveness. Our rich resource endowment provides a good basis for us to attract investments and to develop industries that will process and add the highest possible value to such resources before they are exported. This will also create greater employment and economic opportunities for our people. 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.

Beside the potential benefits at home, if we develop a robust productive capacity we will be in a position to not only produce consumer and

manufactured goods for own use but also to export such to other countries at competitive prices and quality. This will in turn enable us to maximize and take full advantage of the opportunities and benefits that free trade and trade arrangements to which Namibia is member offer.

Hon Chairperson, Hon Members

In line with the above and as amplified by His Excellency the President in his recent State of the Nation Address, the Ministry of Trade and Industry is championing the “**Growth at Home**” Strategy whose emphasis is on the diversification of our economy towards a higher level and contribution of local 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. In line with Vision 2030 and NDP4 goals, 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.

On the basis of our *Growth at Home* strategy and in performing the leading role that has been assigned to it to lead the national drive on expanding *Manufacturing* under NDP 4, the Ministry of Trade and Industry will use the budget allocation for the 2013/14 financial year to foster a climate and conditions that are conducive for the accelerated development and expansion of the Trade and Industry sectors in the country.

In all this, we recognize the role of the private sector as an indispensable partner to the Government.

The role of the Government to design and implement effective policies and industrial development strategies will be strengthened if the Government maintains ongoing contacts and communications with the private sector. Indeed I agree with Dani Rodrik (2004), who in his Paper entitled “*Industrial Policy for the Twenty-first Century*” maintaining communication with the private sector “allow public officials to have the good information base on business activities, without which sound decision-making would be impossible.”

In this connection, we have established formal channels of communications with and even provide direct financial support to industry bodies such as NCCI, the Namibia Trade Forum, the Namibia Manufacturers Association, Team Namibia and the Namibia Estate Agents Board, and we have also started consultations with the various sectors in the economy.

Hon Chairperson and Hon Members

Let me now reflect on the details of the budgetary allocations to Vote 19 for the 2013/2014 fiscal year.

OVERALL ALLOCATION

The total budget allocation to the Ministry of Trade and Industry for the financial year 2013/2014 amounts to **Seven Hundred and Forty Nine Million, Four Hundred and Thirty Seven Thousand Namibia Dollars (N\$749,437,000)**. This represents an increase of Twenty One Million Five Hundred and Seventy Seven Thousand Namibia Dollars (N\$21,577,000) or 2.97% from the 2012/2013 allocation.

The Ministry's allocation consists of Two Hundred and Eight Seven Million One Hundred and Seven Thousand Namibia Dollars (N\$287,107,000.) for the Operational Budget and Four Hundred and Sixty Two Million Three Hundred and Thirty Thousand Namibia dollars (N\$462,330,000) for the Development Budget.

In line with the Programme budgeting approach that has been adopted, The Trade and Industry Ministry has grouped its activities under four (4) main Programmes, namely:

- ❖ Investment Promotion
- ❖ Trade Promotion
- ❖ Industrial and Business Development, and
- ❖ Supervision and Support Services

The focus of our programmes indicated above and the specific allocations thereto are as follows:

1. INVESTMENT PROMOTION PROGRAMME

An amount of **fifty one million six hundred and eighty thousand Namibia Dollars** (N\$51,680,000) has been allocated to this programme.

Industrial and economic development is driven by investment, and the purpose of this Programme is therefore to create and foster appropriate conditions for new and expansion of existing domestic and foreign direct investment in Namibia.

The activities under this Programme, and which will be pursued in the current fiscal year include:

- The finalisation of the new Investment Law, which will replace the existing Foreign Investment Act, 1990, whose provisions have been found to be outdated and is thus no longer serving as an effective tool for attracting investments. Among others, the new law provides for the role of the State, the reservation of certain categories of business and sectors for domestic investors, and the establishment of an integrated investor service (one-stop-shop) centre;
- The revision of current incentives to ensure their continued relevance as an effective tool for attracting the required quantity and quality of investments especially into the priority sectors of manufacturing, agro-processing, transport and logistics and tourism;

- Marketing and ensuring Namibia's competitiveness as a stable and profitable investment and business location;
- Organisation and facilitation of inward and outward investment missions as well as business linkages and partnerships;
- Investigations and promotion of new investment opportunities especially through initiatives (Spatial Development Initiatives) that seek to create a link between transport infrastructure (such as ports, highways and railways) and business opportunities along such routes for optimal investment benefits for the economy;
- Development of closer exchanges and partnerships between the Ministry and the business sector through formal business associations such as the NCCI.

2. TRADE PROMOTION PROGRAMME

An amount of **one hundred and ninety six million seven hundred and forty nine thousand Namibia Dollars** (N\$ 196,749, 000) has been allocated to this Programme, which relates to the Ministry's mandate of promoting Commerce (Internal or Domestic Trade) and International Trade.

2.1 International Trade

The main focus of the International Trade Promotion function of the Ministry is to create conditions that will boost exports of Namibian goods and services as well as the capacity of Namibian firms to supply and export goods at a competitive level.

The main focus of our activities in this financial year is:

- To put in place measures to counter or minimise the negative effects of dumping and related unfair trade practices on local producers, industries and consumers, by among others establishing the Namibia International Trade Management Commission (Namibia Board of Trade), which will be responsible for investigating cases of dumping and administering trade remedies and infant industry protection measures.
- Support to regional, continental and multilateral economic integration, trade development and facilitation processes and arrangements through SACU, SADC, the AU and the WTO, while ensuring that our policy space to implement measures aimed at growing our industrial base and to safeguard our industries is not eroded through such regional and multilateral arrangements;
- Support to local firms especially exporters, to secure markets for their products and to improve the branding and quality of their products to adequately meet international market standards;
- Consolidation of existing markets, while at the same time vigorously pursuing new market opportunities for Namibian products through, among others, negotiating preferential market access arrangements (EPA and Tripartite Free Trade Areas) and construction of warehousing and trade centres in selected countries in the region (Angola, DRC and Republic of Congo) with the aim of facilitating entry and sale of Namibian products in those regional markets.

- Pursue measures, in collaboration with the Ministry of Finance, to ease trade across borders, such as the introduction and implementation of the One-Stop-Border-Post and Single Window Facility.

2.2 Domestic Trade (Commerce)

The role of the Ministry in the area of Domestic Trade or Commerce is to develop and put in place an appropriate legal, regulatory and institutional framework for the registration of businesses and intellectual property rights (IPR); enforcement of IPR protection, quality assurance standards; consumer protection; and enhancement of market competition.

The main focus of our activities in this financial year in the area of Commerce is on:

- Improving and expanding Intellectual Property (IP) and Business Registration infrastructure and services to the public, through among others the establishment of the Namibia Business and Intellectual Property Authority (BIPA), which body will take over and perform all the business and IPR registration functions on behalf of the Ministry;
- The drafting and tabling of a Policy and Bill on Consumer Protection, which we are working on in partnership with the Law Reform and Development Commission;

- Financial support to strengthen the capacity of the Namibian Competition Commission (NaCC) in rooting out any anti-competitive practices, collusion and abuse of market dominance;
- Financial support to strengthen the capacity of the Namibia Standards Institution (NSI) to ensure compliance to national and international standards, proper labelling and packaging of products produced, imported and sold in the local market. This is particularly crucial in light of reports about deceptive labelling of meat products in Europe and the region.

3. INDUSTRIAL AND BUSINESS DEVELOPMENT PROGRAMME

An amount of **four hundred and thirty nine million, six hundred and forty nine thousand Namibia Dollars** (N\$439,649,000) has been allocated to this Programme.

This Programme consists of two main components, namely Industrial Planning & Development and Small Business Development

3.1 Industrial Planning and Development

The Industrial Development function engenders the Ministry to plan and spearhead the implementation of industrial development policy strategies and initiatives that are aimed at boosting local production, exports and employment creation capacity.

The focus of the Ministry in this regard is to **boost the local industrial base and supply-side capacity** through various interventions, such as:

- The development of the Strategy for the implementation of the Industrial Policy that was passed by Parliament in the last quarter of last year;
- The role of State in identifying, establishing and incubating new viable and strategic industries through State-owned enterprises in partnership with and weaning off such ventures to the private sector;
- Direct support to local industries and firms to upgrade their production capacity, efficiency, output and competitiveness, through the Industry Upgrading and Modernization Program (IUMP);
- Carrying out research into the resource potential and new opportunities for industrial development and expansion in the country, with a special focus on value chains and discovery of new product lines;
- Funding to the Namibia Development Corporation (NDC) to sustain its current operations and infrastructure most of which are in dire need of urgent upgrading and maintenance; and
- The establishment of 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.

2.1 Small Business Development

The Ministry plays a leading role in creating an enabling environment for the growth and expansion of small, micro and medium enterprises (SMME) sector.

The budgetary allocation to this Activity will enable the Ministry to increase its **support to the small and medium scale industry sector**, as a viable vehicle for sustainable economic development, employment and wealth creation, poverty reduction and empowerment.

Our support is in the form of:

- Acquisition and servicing of land and the construction and provision of affordable business premises to start – up businesses especially in the rural areas;
- The acquisition and provision of productive equipment and technology;
- Feasibility studies, business plans, and mentoring services;
- Capitalisation of the SME Bank to boost the capital base of the newly established SME Bank and thus enable the Bank to effectively perform its SME lending function and to expand its operations outside Windhoek;
- Create synergies between small scale local producers and large retailers in order to create and enhance opportunities for locally made goods to find trading space in the domestic market; and

- Support to industry associations and SME service providers, with a view to ensure co-ordinated interventions and impact on the sector as well as improved capacity of business service providers.

4. SUPERVISION AND SUPPORT SERVICES

This refers to the oversight roles of the Offices of the Minister and the Accounting Officer as well as the support functions of financial and personnel management, strategic planning and co-ordination, and general administration. Such oversight and support services are there to ensure the overall performance and accountability of the Ministry and that the Ministry and its agencies have the requisite resources to perform their core functions.

An amount of **sixty one million three hundred and fifty nine thousand Namibia Dollars** (N\$61,359,000) has been allocated to this programme.

Hon Chairperson

Hon Members

In conclusion, let me end my Address with a quote from Ramsay MacDonald, the Co-founder of the British Labour Party, which reads as follows:

“But I think it will be your happiness, as it is mine, to go on convinced that the great foundations are being well laid, that the ennobling plan is being conceived, and that by skilled craftsmen, confident in each other’s goodwill and sincerity, the temple will rise and rise and rise until at last it is complete, and the genius of humanity will find within it an appropriate resting place”.

With these words, I now hereby move and request the House to consider and approve the sum of **N\$749,437,000.00** for the current and development budgets of the Ministry of Trade and Industry, Vote 19.

I THANK YOU