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CONTRIBUTION TO THE DISCUSSION ON THE POLICY DOCUMENNT GROWTH AT HOME, NAMIBIA'S EXECUTION STRATEGY FOR INDUSTRIALISATION

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Windhoek
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Honourable Speaker
I would like to commend the Minister of Trade and Industry for tabling the policy document, *Growth at Home, Namibia's Execution Strategy for Industrialisation*, for discussion by this august House. This provides an opportunity for lawmakers to take stock of the state of industrialisation in Namibia.

The key features of the policy document, *Growth at Home, Namibia's Execution Strategy for Industrialisation*, include the issue of value addition. Developing countries, and small states in particular, are generally known to be exporters of raw materials with low or no value addition at all. The Industrialisation Strategy tabled by the Honourable Minister of Trade and Industry correctly states that the export of raw materials equals to exporting job opportunities. Sadly, this is what we have been doing as a country. I would like to back up my assertion with some empirical evidence.

Presenting a paper titled *Market access to the EU for the Namibian fisheries sector*, at the European Commission Regional Seminar on the EU-SADC Economic Partnership Agreement, in Botswana, November 2012, the Chairman of the Confederation of Namibian Fishing Associations, Matti Amukwa revealed that of the more than 70 000 metric tons of fish exported to the EU, a high percentage of these exports is in a form of raw materials. This leaves only a small portion to be processed in Namibia, resulting in more jobs created by Namibian resources in European countries. In his publication *Guide to the Namibian economy 2013/14*, distributed to members of this august House, Robin Sherbourne put forth that 70% of the Namibian fish export goes to Spain. That's where we are creating industries.

The problem of exporting ~~raw materials~~ unprocessed products in the fisheries sector lies in the ownership of the fish resources. Last month, in his contribution to the debate on this policy document, *Growth at Home, Namibia's Execution Strategy for Industrialisation*, Honourable Kazenambo Kazenambo spoke about the issue of owning quotas, without knowing the chain from catching, processing and exporting. Peter Manning who has made extensive research on the Namibian fisheries sector avers in a study commissioned by the now defunct Namibia economic Policy Research Unity (NEPRU), titled *Review of the distributive aspects of Namibia's fishing policy*, ~~which~~ that ownership of the Namibian fisheries by Namibians is just on a face value basis. For example, while Namibians may own quotas, this does not translate into ownership of the vessels that catch the fish. In the end, the benefits accruing to quota holders are distributed and shared taking into account ownership of the vessels. Manning reveals that the mid-trawl fleet of the vessels are mostly foreign-owned. The same investors, according to the publication by Sherbourne that I referred to earlier are involved in the packaging and branding. This means that even the value-addition here, the least of the industrialisation that we have is not Namibian owned.

The issue of value addition in the mining industry, too, is disappointing. The mining publication, *Namibian Mining,* puts forth that local diamond cutting companies receive short supplies from the Namibia Diamond Trading Company (NDTC). The NDP 4 reveals that only 10% of Namibian diamonds from Namibian mines are cut and polished in the Namibian industries. The result is that with this short supply, local diamonds cut companies imports rough diamonds from outside, at a higher cost. We need to change this state of affairs.

Honourable Speaker
The Export Processing Zone (EPZ) is a vehicle for developing the manufacturing industry in our country. In a research on EPZ carried out by Hebert Jauch, published in the journal, *Environment and Urbanisation*, the EPZ effectiveness on job creation comes under a microscope's scrutiny. The study contends that the EPZ has not done much on job creation. While it was expected to create 25 000~~0~~ jobs by 1999, only 400 jobs were created by then. The publication by Sherbourne, cited earlier, reveals that many of the companies that were given EPZ status, ended up deregistering as they failed to become operational.

The saddest story of the EPZ is the Ramatex Textile factory. The University of Namibia's academic Volker Winterfeldt in his discourse, titled *Liberated economy? The case of Ramatex textile in Namibia*, writes about the lucrative incentives received by Ramatex from the Namibian government, including the provision of water and energy infrastructure for free. This company repatriated a lot of profits under the incentives extended to Namibia by the United States Africa Growth and Opportunity Act (AGOA). Later, ~~it and~~ the company dumped thousands of Namibians in the streets without jobs, when it closed its business, after having exploited our economy and deriving advantages from our EPZ regime.

Meanwhile, the *White Paper on Namibia's Foreign Policy and Diplomacy Management* states that the EPZ regime was brought about to create large-scale employment and sufficient industrial base for Namibia. Further, the targets set in the NDP 2 underscore the growth of the EPZ. The Strategy for Industrialisation should look into a vibrant growth of the EPZ, which will ensure that our industrial base is sound. Margareth Lee puts forth in her publication, *The political Economy of regionalism in southern Africa*, that in southern Africa, only South Africa, Mauritius and Zimbabwe have industrial-based economies, and, therefore, able to export both primary and industrial products. Like Namibia, Mauritius and Zimbabwe are small states and if we implement a Strategy on Industrialisation to the letter, we will be able to produce results.

Honourable Speaker
I am pleased to note that among the features of the Strategy for Industrialisation is the issue of infant industry protection.

In 2007, the then President of NCCI, Akapandi Endjala, called for infant industry protection, when he was addressing the launching of the Small and Medium Enterprise (SME) Compete.[1] He was bemoaning the case of foreign investors who

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1 See *Informante*, 7 June 2007.

are selling commodities that are, otherwise, sold by Namibian entrepreneurs in the SME sector.

Charles Kegley and Shannon Blanton assert in their publication of 2014, *World politics, trends and transformation*, that the call for infant industry protection is meant to allow domestic industries to grow and become competitive. We must forget about industrialisation and growth at home, if we do not protect our local industries, especially from foreign investors who enjoy subsidisation benefits from their respective governments. Even large states, like the US, in 2002, imposed tariffs on steel, in order to protect their steel industry that was facing competition.

Infant industry protection is particularly needed in the construction industry. It is totally unacceptable that about two thirds of the construction industry share goes to foreign investors. Other small countries like Mozambique, the ratio of one third share for foreign investors and two thirds share for local entrepreneurs. This is revealed by Gregor Dobler in his discourse, *Old ties or new shackles*?, which is part of a publication, *Transition in Namibia, which changes for whom*, edited by Henning Melber. We need to protect our industries from being pushed out of the business by large foreign companies. After all, our companies find themselves in an unequal competition with investors who enjoy subsidisation from their respective states. Foreign investors in the construction industry should be conditioned to enter into joint ventures with Namibians. This should not just be window dressing exercise, but real joint venture partnership.

Honourable Speaker
Industrialisation goes hand-in-hand with enough power generation capacity. How will we sustain the power supply to our industries if we do not have sufficient generation to meet our demands? I was pleased to read in the media that the Government will make a decision soon regarding the financing of the Kudu-Gas-to-Power Project. It is high time that the long standing Cabinet decision to support this project comes to realisation. NamPower must be called to order for all the *shenanigans* that we read about, sending double messages regarding this national project. We cannot talk of industrialisation when at the same time we attempt to suffocate projects like the Kudu-Gas-to-Power Project that can potentially boost our industrial development.

With these words, I support the document *Growth at Home, Namibia's Execution Strategy for Industrialisation.*