

# Sustained future growth

## INTERVIEW WITH HON DR HAGE GEINGOB

MINISTER OF TRADE AND INDUSTRY OF THE REPUBLIC OF NAMIBIA



HAGE GEINGOB

was educated in the United States receiving a BA degree from Fordham University in New York and an MA degree in International Relations from the Graduate Faculty of The New School, New York. He also holds a Ph.D. from the University of Leeds. In the United States he served as SWAPO Representative at the United Nations and to the Americas. At Independence after 27 years of exile he returned to Namibia and served as SWAPO's Director of Elections. He became the first Prime Minister of Independent Namibia in 1990.

### What are the principle objectives of the Ministry of Trade and Industry?

The Ministry of Trade and Industry is responsible for the development and management of Namibia's economic regulatory regime on the basis of which the country's domestic and external economic relations are conducted. It is also responsible for promoting growth and development through the formulation and implementation of appropriate policies to attract investment, increase trade, develop and expand the country's industrial base.

### What measures are you taking to maximise the productive efficiency of the business sector? Which sectors are you making a priority?

The Ministry of Trade and Industry strives to facilitate development of the business sector through the creation of a business-friendly environment and the stimulation of private sector investment. Its work in this regard includes the formulation of appropriate legislative instruments and institutions for effective provision of industrial infrastructure, enterprise development, export and investment promotion, export services and facilities.

The Ministry has established complementary programmes to address quality assurance and standards, competition and fair trade, and consumer protection. A

priority for the Ministry is the development of the Small and Medium Enterprise component of the business sector. In this regard, we provide a comprehensive support programme for SMEs including access to production equipment as well as financing through the establishment of an SME Bank.

The Ministry is prioritizing sectors in which Namibia has a comparative advantage as well as those sectors which can help create jobs and improve the welfare conditions of Namibians while safeguarding macroeconomic sustainability. These sectors are the Tourism, Agriculture, Mining, Fishing, Manufacturing and Energy sectors.

### Namibia has successfully attracted foreign direct investment. What further incentive schemes will you adopt to capitalise on this success?

It is a priority for us to maintain our good business climate. Namibia's existing incentives primarily include our Export Processing Zone regime and tax reduction for approved manufacturing and infant industry protection can be provided to qualifying enterprises in terms of our membership of the Southern African Customs Union. At the same time we are planning to undertake various sector studies to ascertain the full potential of these sectors especially with regard to value addition. The studies will then help us pin point key areas for growth and identify sector specific incentives.

### The Namibian economy is dependent on the extraction and processing of minerals for export. What measures are you taking to enhance economic diversification?

Mineral processing is a strategic area for Namibia, given our natural resource endowment. For several years now the Government of Namibia has emphasized the importance of value addition and economic diversification. From the perspective of the Ministry of Trade and Industry, the attraction of Foreign Investors and the



Tourism is a priority sector

development of local entrepreneurs are two of the key mechanisms which will help stimulate economic diversification. FDI helps bring in new technology and innovations which can then be absorbed by local business people, leading to a broader economic spectrum and reducing dependency on mineral extraction as the key source of GDP.

**Strong commodity prices and a recovery in tourism are expected to help Namibia's economic development prospects in the coming year. What are your predictions for trade and investment growth in the coming year?**

Economic output for Namibia is expected to expand by 4.1 per cent in 2011 from an estimated 4.6 per cent during 2010. The recovery in 2010 was mainly attributed to the resurgence in the mining sector, most notably diamond mining. However, the growth in the diamond mining sub-sector is expected to moderate in 2011 in terms of value addition. The sustained improvement in global demand for mineral products is expected to maintain gross domestic product (GDP) growth in 2011. The agriculture and forestry sector is forecast to expand by 2.7 per cent during 2011, after it is estimated to have grown by 1.7 per cent during 2010. An anticipated increase in activity in the livestock farming and horticulture produces are expected to drive growth in 2011. The secondary industries are projected to expand by 5.8 per cent during 2011 from an estimated 4.7 per cent in 2010. Although, the growth will be broad-based, the manufacturing and water and electricity sectors are expected to take the lead. Going forward, the growth is expected to be broad based, with all industries expected to contribute positively to the overall economy in 2011. Namibia is expecting to see an increase in FDI mainly in the mining sector.

**The Foreign Investment Act is due to be replaced by new legislation. What will be the parameters and objectives of this new legislation and what will be the impact on foreign investors?**

The new investment law is intended to be an all encompassing law with a scope covering foreign direct investment and domestic investment. The new law would, amongst others, clarify conditions pertaining to the admission of investment and the registration of investors, sectors open to investment, requirements where applicable concerning partnerships with Namibian companies, and dispute resolution.

**To what extent do you see the private sector as the engine for economic growth in Namibia?**

The private sector has a vital role to play when it comes to economic growth and development. The private sector has a tremendous potential to create

value for both business and society by expanding economic opportunity. This sector can create jobs and entrepreneurial opportunities, cultivate inter firm linkages, enable technology transfer, build human capital and physical infrastructure, generate public revenue for government and offer a variety of goods and services to the local and international markets. The impacts of the private sector have a multiplier effect on social and economic development. The Ministry's aim is to support this sector through policy innovations in order to enhance the sector's potential to make major contributions to poverty reduction and serve core business interests at the same time.

**What is your vision for the trade and investment landscape of Namibia in the medium term?**

An important dimension is our participation in regional integration programmes, such as the Southern African Customs Union (5 member states) and the Southern African Development Community (15 member states) Free Trade Area. Namibia is a strategic gateway to southern Africa and integrated markets due to our geographical location and efficient port and transport infrastructure. To further enhance intra-regional trade we will participate in establishment of an even larger market, namely the COMESA-EAC-SADC Free Trade Area which will encompass 26 African states. Our new industrial policy will give new impetus to expanding our industrial base and enhance productive capacity and as the result, I am confident in anticipating further sustained growth in trade and investment and the expansion of cross-border and intra-regional supply and value chains through our multi-level regional economic integration programmes.

**Economic output for Namibia is expected to expand by 4.1 per cent in 2011**

The agriculture sector is forecast to expand

