

Address by Tom Alweendo
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Ladies and gentlemen,

I would like to thank the organisers of the Namibia Agricultural Union for inviting me to address this year's annual congress. This evening I would like to focus my address on some of the challenges facing us as a nation and how we may respond to such challenges.

Let me start by reminding ourselves that seven years ago, in 1998 under the leadership of President Nujoma we decided that in 32 years' time, and to be specific in the year 2030, we would like to be an economy that is comparable to a typical OECD country – in other words we said we want to be an industrialised economy. In today's terms the average per capita income in the OECD countries is U\$34 000; the average unemployment rate is 8.2% and the inequality, as measured by the Gini coefficient is 0.31.

I believe that it is always a good thing when you have set yourself a target to be accomplished to regularly review your progress. Not only in terms of the target itself but also in terms of the strategies you have decided to use in achieving your targets. In our particular case we know for example that the economic growth that we have enjoyed over the last twenty years has not delivered sufficient wealth for the average Namibian; we also now know that our labour force has been growing faster than the employment opportunities that are available such that our unemployment rate is among the highest on the continent; the national income is still distributed in a manner where 20% of richest Namibians receive 80% of the total income. In other words, despite the many achievements we have scored so far, we are falling short of our V2030 targets. The challenge therefore is what additional must we do to make the Republic an even better place for all Namibians, including the future generations.

What could be some of the possible reasons why we are not on track towards meeting key objectives of Vision 2030 and what must we do to catch up? We are only going to achieve our targets if, and only if, we find the solution to achieve higher economic growth that is accompanied by new employment opportunities. We need to have an economic growth of between 7-9% over the next fifteen years and I am confident that it is possible. However, for this to happen we need to change the way we think about ourselves. I have reason to suspect that there is a view among us, albeit subtle, that suggests that as a developing African country the unemployment we have today is somehow 'natural' and nothing can be done about it; that the glaring inequality is 'inevitable' and any effort to correct it will not work. Some will even go as far as using our history to justify that view. For example that given our recent past of apartheid and colonialism, somehow it will be too difficult to be the best performing economy on the continent.

The first thing we therefore need to do is to convince ourselves that there is nothing 'natural' or 'inevitable' about the current economic development. There is nothing 'natural' about us having an unemployment rate as high as it is. There is nothing 'inevitable' having an education system that is

not delivering the quality education we need. What happens or not happens is still depended on what we decide to do or not do - our destiny is certainly still in our own hands.

One other view we need to dispel is the one that suggest that it is better for a country, especially a developing one such as Namibia, to specialise only in things with which it is naturally endowed with. For example, in our case it is suggested that we should only specialise in mining and fisheries given that these are the natural resources we have. It is probably true that, in the short run, you are better off specialising in products for which you have comparative advantage. However, in the long run, this is not how countries develop. The rich countries we know of today became rich only because they decided to become good at producing certain products that are technologically dynamic and have growing market potentials.

There is nothing natural about the Japanese being the leading car manufacturers or the Finns being prominent mobile phones manufacturers. Equally there is nothing preordained for the Koreans to be leading steel manufacturers or the Singaporeans to be the leading manufacturers of high technology goods. These countries at some point decided to become good at what they have become today. They also decided that in order to become good at something, they needed to invest sufficient effort and money. They also recognised earlier on that in order to develop a successful industry, you need to provide it with all the necessary support. In many of the successful countries, including today's most ardent cheerleaders of a free market system, their governments provided their industries with a number of support measures such as tariff protection, restrictions on foreign direct investment and preferences in government procurement. They were also patient, recognizing that it takes time to succeed at something extraordinary. We are told that it took Nokia 17 years to become a successful mobile phones manufacturer.

I am in no way suggesting that we should neglect what is 'natural' to us. Of course we need to continue to promote and develop our mining and fisheries sectors. However, it is time we start thinking about how to use our 'natural' resources as a launching pad onto other high technology industries. The point I am making is that in order for us to become a successful economy, in order for us to achieve our V2030 goals, we need to decide to become good at some things.

As a Government we took a decision that the time has come to redouble our economic development efforts. On numerous occasions President Pohamba has said that it is no longer going to be business as usual. We decided to have a more targeted approach towards economic development. Resources will be targeted to economic sectors with high growth and job creation potential. In the process, there will be a strong back and forward linkages between the identified sectors and other economic sectors so that over time even sectors with less potential will be lifted up. The sectors so far agreed to have the highest potential for growth and job creation are transport, tourism and agriculture.

In addition to a targeted approach and more government intervention, there will be other complementary reforms to ensure a break through to a higher level of sustained growth. There are two essential reforms that are so important and must continue to enjoy our collective attention. These are our competitiveness issues and the skills deficit that we continue to experience.

In 2007 the World Economic Forum ranked our economic competitiveness 90th in the world. The latest ranking of 2011 put us in position number 83. This might look impressive but last year our ranking was 74 clearly showing that our competitiveness has thus fallen. We were doing fairly well moving up the ranks until this year when we lost some competitiveness. We therefore need to continue to improve our business climate, including reducing the costs of doing business. It is our resolve to start with the implementation of the recommendations of the investor roadmap that was agreed to in 2006 without any further delay. These recommendations have been well documented and were accepted by all of us.

We are well aware that we are experiencing a serious skills deficit such that it is impossible to think of producing high technology goods and services. Knowing that we can become an industrialised economy only if we are able to develop high technology industries, we have a daunting task to improve our education system. It is not an impossibility but it requires that we all support the Government's efforts to provide quality education. Our education and training system need to be innovative oriented. In the long run we can succeed in our development efforts only if we start to innovate. We also need to have a strong collaborative effort between the private and public sectors with regard to skills development. It should not only be the responsibility of the Government to educate and train our people; it should be a joint effort. After all, the private sector has a lot to gain from having a trained and productive workforce.

There is another worrying trend that if not addressed has the potential to derail our economic development efforts. We have noted the recent surge in labour unrest where employers and labour unions are unable to resolve their differences without resorting to strikes. There is a need for a genuine dialogue between the employers and the employees. The unfortunate thing is that at times as partners we have failed to engage each other with mutual respect where the goal is to find an agreeable and meaningful solution. Most of the time we resort to disobliging discussions that seek to demonise and characterise each other as villains that must be defeated at all cost. We need to recognise that at times what is good for those who are employed today is not necessarily in the best interest of our collective future development; and that profitability at all cost is not everything. It is thus important for us to strike the appropriate balance between divergent views and I believe it is possible provided that we engage each other meaningfully and with mutual trust and respect.

I am aware that this is an agricultural union congress and that you expect me, and rightly so, to say something about agriculture. There is no denying that agriculture has been the foundation for economic growth and development since civilization started. That is why agriculture is one of the three sectors that Government have decided to target for more economic growth and employment creation.

World demand for food is forever increasing and we are continuously being challenged to feed the world population. The question we thus need to ask ourselves is whether we are fully utilizing the potential of the agricultural sector to produce the food we need. Eradicating extreme poverty and hunger is the first Millennium Development Goal (MDG) for a reason. None of the other MDGs can be met without food security and economic development. Because 75 percent of the poor in developing countries live in rural areas, strengthening the agricultural sector can not only improve access to nutritious food, it does also reduce rural poverty than investment in any other sector.

Technological revolution in agriculture gave further impetus to development in agriculture. It is now well accepted that public investment in agriculture development is of vital importance in transforming the traditional agriculture through investment in physical and human capital and research and development. Public investment in agriculture will lead to new inputs, productivity increases, agriculture sector transformation towards export oriented industries, self-sufficiency in food production and food-security, employment creation and poverty reduction.

In the long-run it is necessary for us to transform our agriculture sector from only providing food security. There is no reason why we cannot have high technology agriculture sector with the ability to compete with other nations that are producing high quality agricultural products. For this to happen, public and private investment in agriculture needs to be increased.

There are, however, still a number of issues that we need to address in our agriculture sector. For example, studies have shown that our agricultural land carrying capacity is decreasing due to bush encroachment. If bush encroachment is effectively controlled, livestock production in commercial areas could increase by about 60 percent from current levels. Namibia has about 68 million hectares of arable land. However, of the 68 million about 38% is infested with bush encroachment. There was a time when the carrying capacity of land was about 1 cattle per 12 hectares. It has now decreased to 1 cattle per 20 hectares. It is therefore estimated that by addressing bush encroachment, cattle production could increase by 60 percent.

Another issue that should continue to occupy our focus is the control of livestock diseases in the northern communal area. This is not only an economic imperative, but equally a fairness issue. It is estimated that there are currently between 1 and 1.5 million cattle in the northern communal areas, with a take-off ratio of less than 3 percent compared to 25 percent south of the veterinary cordon fence (VCF). If the Veterinary Cordon Fence is removed, and assuming a conservative take-off ratio of 15 percent, the injection of additional income in the northern communal areas could be as high as N\$600 million.

Another important aspect is the promotion of agricultural research and development. Without research and development geared towards enhancing the yield from the agriculture sector, it will be difficult to exploit the huge potential for economic growth. Research and development will also lead to improved productivity and the introduction of new information and communication technologies which will allow farmers to be informed and understand the markets they are meant to supply.

Let me conclude by saying that I believe that we have a realistic chance of becoming a dynamic economy capable of generating the needed employment opportunities for our people; an economy that can effectively compete with all the other advanced economies on equal terms. However, that can only happen when we start believing in ourselves that we have what it takes to make it happen; when we vow not to allow anything to stand in our way to meet our objective of becoming an industrialised economy.

I thank you