

Namibia

Nov 2017

Executive Summary

Economy

Namibia is heavily dependent on the extraction and processing of minerals for export. Taxes and royalties from mining account for 25% of its revenue. Namibia's real growth in 2017 is expected to be 0.2% and 3.5% in 2018. A positive outlook is still maintained in 2018, as mining and other sectors will see greater output, bolstering fiscal revenues and supporting demand in the wider economy. The Namibian economy is closely linked to South Africa with the Namibian dollar pegged one-to-one to the South African rand.

Trade

South Africa was the leading import market in 2016, valued at USD3.8bn. South Africa exported goods to Namibia valued at USD3.6bn in 2016, while imported goods were valued at USD415m. The leading export product to Namibia from South Africa in 2016, was motor vehicles for the transport of goods valued at USD241m,

The Western Cape exported goods to Namibia valued at USD834m in 2016 while imported goods were valued at USD171m. The leading export product to Namibia from the Western Cape was refined petroleum oil valued at USD127m, followed by wine (USD30m). The fastest growing export products were refined petroleum oils (19%) followed by beauty or make-up preparations (8.5%).

Investment

Between January 2003 and June 2017 a total of 42 FDI projects were recorded from South Africa to Namibia. Namibia's financial service sector (33.3%) received the largest FDI from South Africa by projects between 2003 and June 2017, followed by chemicals accounting for 11.9%.

Between January 2003 and June 2017 a total of 4 FDI projects were recorded from Namibia to South Africa. These projects represent a total capital investment of USD465.3m. During the period, a total of 277 jobs were created. Two of the projects were in Cape Town.

Between January 2003 and June 2017 a total of 6 FDI projects were recorded from Western Cape to Namibia. These projects represent a total capital investment of USD266.5m. During the period, a total of 751 jobs were created. The main sectors receiving FDI were financial services; business services; machines & equipment; consumer products; metals and beverages.

Tourism

The number of Namibian arrivals into South Africa increased by 1% in 2016 to reach 214,664 arrivals, the number of arrivals to the Western Cape increased by 16% to reach 114,723.

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1. General Information

Namibia is a country in southern Africa whose western border is the Atlantic Ocean. It shares land borders with Zambia and Angola to the north, Botswana to the east and South Africa to the south and east. Its capital and largest city is Windhoek, and it is a member state of the United Nations (UN), the Southern African Development Community (SADC), the African Union (AU), and the Commonwealth of Nations.

Namibia has a population of 2.1 million people and a stable multi-party parliamentary democracy. Agriculture, herding, tourism and the mining industry – including mining for gem diamonds, uranium, gold, silver, and base metals – form the basis of its economy.

GENERAL INFORMATION	
Capital City	Windhoek
Government Type	Presidential republic
Chief of State	President Hage Geingob (since 21 March 2015)
Population	2,484,780
Life Expectancy	64 years
Literacy	81.9%
Ethnic Groups	black 87.5%, white 6%, mixed 6.5%
Religions	Christian 80% to 90% (at least 50% Lutheran), indigenous beliefs 10% to 20%
Languages	Oshivambo languages 48.9%, Nama/Damara 11.3%, Afrikaans 10.4%, Otjiherero languages 8.6%, Kavango languages 8.5%, Caprivi languages 4.8%, English (official) 3.4%, other African languages 2.3%, other 1.7%
HDI Value (2016 Report)	0.640 (Rank 125)
Exchange Rate	1 South African Rand is equal to 1 Namibian Dollar

Sources: CIA World Factbook, 2017; World Bank Data, 2017; United Nations Data 2017

2. Economic Overview

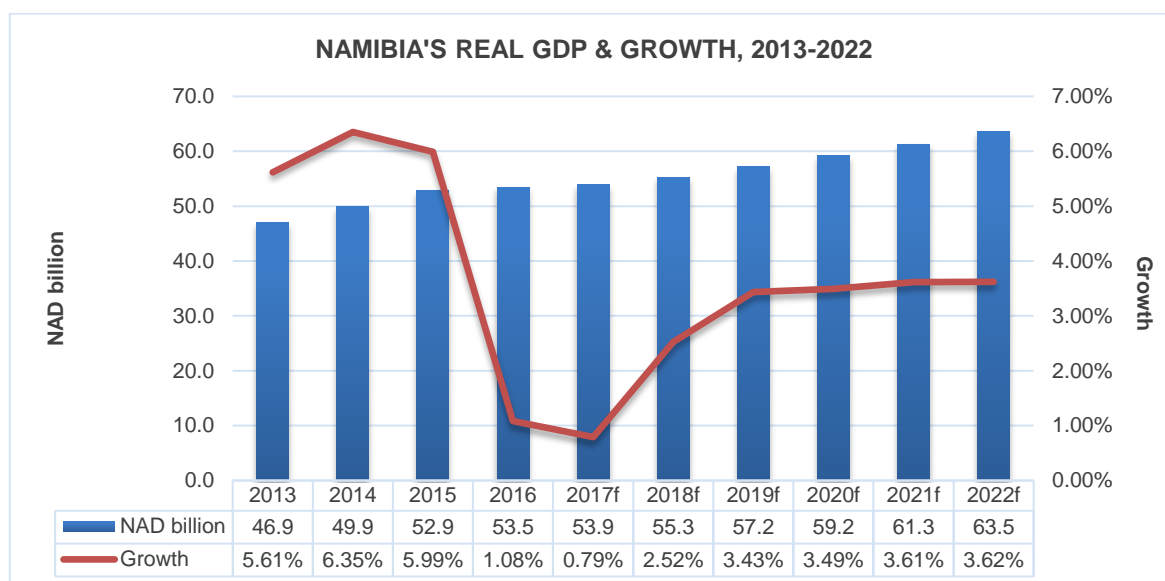
Namibia is a higher middle income country with an estimated annual GDP per capita of USD11,300 but has extreme inequalities in income distribution and standard of living. Namibia's economy is heavily dependent on the extraction and processing of minerals for export. Mining accounts for 11.5% of GDP, but provides more than 50% of foreign exchange earnings.

The Namibian economy is closely linked to South Africa with the Namibian dollar pegged one-to-one to the South African rand. Namibia receives 30%-40% of its revenues from the Southern African Customs Union (SACU); volatility in the size of Namibia's annual SACU allotment and global mineral prices complicates budget planning.

ECONOMIC INFORMATION	
GDP (PPP) (2016 est.)	USD26.35 billion
GDP growth (2016 est.)	1.1%
GDP per capita (PPP) (2016 est.)	USD11,300
Inflation (Avg. 2016)	6.7%
Commercial Bank Prime Lending Rate (31 October 2016 est.)	9.87%
Unemployment rate (2016 est.)	28.1%
Doing Business, 2017 Report (ranking out of 190)	106
Total Exports (2016)	USD4.003 billion
Total Imports (2016)	USD6.441 billion

Sources: CIA World Factbook 2017; Doing Business Report 2017; World Bank International Labour Organisation, 2017

According to BMI (2017), economic activity will accelerate over the coming quarters in Namibia, having struggled with significant fiscal constraints and limited investment in 2017. Major increases in mining output and growth in the agriculture sector will help drive a recovery in 2018. Namibia's real growth in 2017 is expected to be 0.2% and 3.5% in 2018. In 2018 BMI still maintains a positive outlook as mining and other sectors will see greater output, bolstering fiscal revenues and supporting demand in the wider economy.



Source: IMF, 2017

Economic Structure

Namibia is heavily dependent on the extraction and processing of minerals for export. Taxes and royalties from mining account for 25% of its revenue. Rich alluvial diamond deposits make Namibia a primary source for gem-quality diamonds. Namibia is a large exporter of uranium and over the years the mining industry has seen a decline in the international commodity prices such as uranium, which has led to the reason behind several uranium projects being abandoned.

Mining and energy

Diamond production totalled 1.5 million carats (300 kg) in 2000, generating nearly \$500 million in export earnings. Other important mineral resources are uranium, copper, lead, and zinc. The country also extracts gold, silver, tin, vanadium, semiprecious gemstones, tantalite, phosphate, sulphur, and mines salt. The mining industry in Namibia is supposedly going to reach US1.79bn by the year 2018.

Namibia is the fourth-largest exporter of nonfuel minerals in Africa, the world's fifth-largest producer of uranium, and the producer of large quantities of lead, zinc, tin, silver, and tungsten. Namibia has two uranium mines that are capable of providing 10% of the world mining output.

Agriculture

About half of the population depends on agriculture (largely subsistence agriculture) for its livelihood, but Namibia must still import some of its food.

Fishing

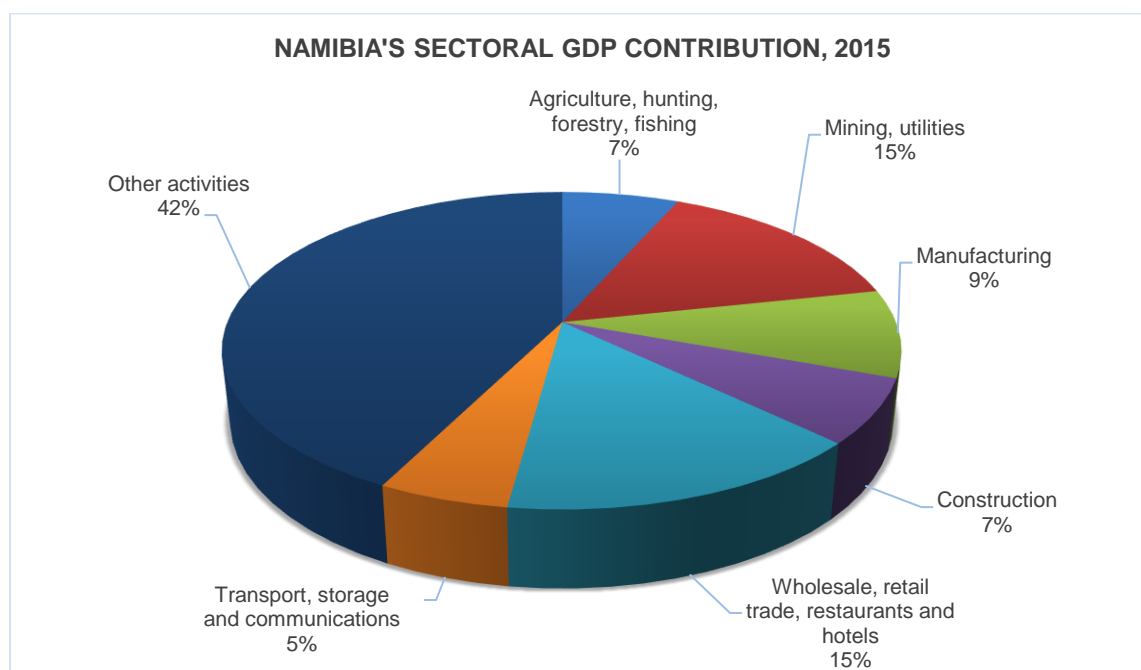
The clean, cold South Atlantic waters off the coast of Namibia are home to some of the richest fishing grounds in the world, with the potential for sustainable yields of 1.5 million metric tonnes per year. The main species found in abundance off Namibia are pilchards (sardines), anchovy, hake, and horse mackerel. There also are smaller but significant quantities of sole, squid, deep-sea crab, rock lobster, and tuna.

Manufacturing and infrastructure

Main Industries include meatpacking, fish processing, dairy products, pasta, beverages; mining (diamonds, lead, zinc, tin, silver, tungsten, uranium, copper).

Namibia also boasts world-class civil aviation facilities and an extensive, well-maintained land transportation network. Construction is underway on two new arteries—the Trans-Caprivi Highway and Trans-Kalahari Highway—which will open up the region's access to Walvis Bay.

The figure below shows that mining and utilities is the largest contributor to Namibia's economy accounting for 15%, followed by manufacturing at 9%.



Source: UNCTAD, 2017

The table below shows the companies listed on Namibia's stock exchange (NSX).

COMPANIES LISTED ON THE NAMIBIAN STOCK EXCHANGE (NSX)					
COMPANY	SYMBOL	SECTOR	COMPANY	SYMBOL	SECTOR
African Oxygen	AOX	Chemicals	Namibia Asset Management	NAM	Financial Services
Agra Limited	AGR	Food Producers	Namibia Breweries	NBS	Beverages
Anglo American Plc	ANM	Mining	Nedbank Group	NBKNA	Banks
Astoria Investments	ARO	Financial Services	Nictus Holdings	NHL	General Retailers
B2Gold Corporation	B2G	Mining	Oceana Group	OCS	Food Producers
Bannerman Resources	BMN	Mining	Old Mutual Plc	OLM	Insurance
Barloworld	BWL	Support Services	Oryx Properties	ORY	Real Estate Investment Trusts
Bidvest Namibia	BVN	General Industrials	Paladin Energy	PDN	Mining
Bravura Holdings	CMB	Financial Services	PSG Konsult	KFS	Financial Services
Capricorn Investment Group	CGP	Banks	Sanlam	SLA	Insurance
Clover Industries	CLN	Food Producers	Santam	SNM	Insurance
Deep Yellow	DYL	Mining	Shoprite Holdings	SRH	Food & Drug Retailers
Eco (Atlantic) Oil & Gas	EOG	Oil & Gas Producers	Standard Bank Group	SNB	Banks
Firststrand	FST	Financial Services	Stimulus Investments	SILP	Financial Services
FNB Namibia Holdings	FNB	Banks	Tadvest	TAD	Real Estate Investment & Services

COMPANIES LISTED ON THE NAMIBIAN STOCK EXCHANGE (NSX)					
COMPANY	SYMBOL	SECTOR	COMPANY	SYMBOL	SECTOR
Forsys Metals Corporation	FSY	Industrial Metals & Mining	Trevo Capital	TRVP	Financial Services
Investec	IVD	Financial Services	Trustco Group Holdings	TUC	Financial Services
Marenica Energy	WAM	Mining	Truworths International	TRW	General Retailers
Mediclinic International	MEP	Health Care Equipment & Services	Vukile Property Fund	VKN	Real Estate Investment Trusts
MMI Holdings	MIM	Insurance			

Source: African Markets, 2017

2.1 Doing Business in Namibia

The World Bank Group in its annual *Doing Business 2017* report ranked Namibia 106th out of 190 countries monitored in terms of its ease of doing business.

Namibia's relative strengths in terms of ease of doing business include enforcing contracts, with the country ranking 59th globally in this category, getting credit (68th), getting credit (68th) and paying taxes (79th).

NAMIBIA'S RANKINGS - DOING BUSINESS, 2017 REPORT	
INDICATORS	2017 RANKING (OUT OF 190 COUNTRIES)
Starting a Business	172
Dealing with Construction Permits	107
Getting Electricity	68
Registering Property	175
Getting Credit	68
Protecting Investors	89
Paying Taxes	79
Trading Across Borders	132
Enforcing Contracts	59
Resolving Insolvency	123
Doing Business 2017	106

Source: World Bank Group's *Doing Business, 2017 Report*

2.2 Namibia's Sovereign Credit Ratings

"A sovereign credit rating is the credit rating of a country or sovereign entity. Sovereign credit ratings give investors insight into the level of risk associated with investing in a particular country and also include political risks. At the request of the country, a credit rating agency will evaluate the country's economic and political environment to determine a representative credit rating". Source: Investopedia

While a number of credit agencies exist, the three most recognised credit ratings agencies globally are Fitch Ratings, Moody's Investors Services and Standard & Poor's (S&P). Reasons for a country/sovereign to seek a credit rating from one of these three agencies include not only to access funding in international bond markets via the issuance of bonds in external debt markets, but it is a means to attract foreign direct investment. Obtaining a good sovereign credit rating instils confidence in investors seeking to invest in that country, with the credit rating a means for the country to demonstrate financial transparency and credit standing.

Two key rating 'standards' exist, with the highest possible rating category being "AAA" according to S&P, which indicates that the rated country has extremely strong capacity to meet its financial commitments. A wide range of rating categories exists below this, with the categories ranging all the way down to SD (i.e. defaulted), which means the rated country has failed to pay one or more of its financial obligations when it came due.

Moody's Investors Service ("Moody's") has downgraded Namibia's long-term senior unsecured bond and issuer ratings to Ba1 from Baa3 and maintained the negative outlook. The key factors for downgrading the rating are: Erosion of Namibia's fiscal strength due to sizeable fiscal imbalances and an increasing debt burden; limited institutional capacity to manage shocks and address long-term structural fiscal rigidities; and risk of renewed government liquidity pressures in the coming years

Despite the weakening of its creditworthiness, the country's key credit metrics in the economic, fiscal and external spheres are currently well aligned with those of Ba1-rated peers. The rating is also supported by the country's strong growth prospects in the coming years. However, the maintenance of the negative outlook following the downgrade of the rating to Ba1 reflects the risk that the erosion in key fiscal and debt metrics could be more pronounced than currently anticipated, giving rise to significant funding challenges.

Namibia's long-term local currency bond and bank deposit ceilings were lowered to A2 from A1. The long-term foreign currency bank deposit ceiling to Ba2 from Baa3, and the long-term foreign-currency bond ceiling to Baa2 from A3.

Fitch Ratings has affirmed Namibia's Long-Term Foreign- and Local-Currency Issuer Default Ratings (IDRs) at 'BBB-' with a Negative Outlook. Key rating drivers of the 'BBB-' rating reflects Namibia's strong growth potential and record of political stability, balanced by high fiscal and external deficits.

NAMIBIA'S SOVEREIGN CREDIT RATINGS, 2016			
CREDIT RATING AGENCY	STANDARD & POORS	MOODY'S INVESTOR SERVICES	FITCH RATINGS
CREDIT RATING	-	Ba1	BBB-
OUTLOOK	-	Negative	Negative

Sources: Standard & Poor's; Moody's Investors Services; & Fitch Ratings

A number of alternative measures and rating scales exist to assess risks posed to companies and banks, particularly those pertaining to political and commercial risks when undertaking international commercial transactions. One such company which offers these services is Belgium's Delcrederecroire, the country's official export credit agency and public credit insurer.

The table below shows Delcrederecroire's current risk assessment of Namibia in terms of export transactions and direct investments. Ratings are between 1 and 7, and between A and C, with 7 and C being the maximum risk indicators.

- In terms of political risk associated with exports transactions in Namibia, these are deemed to be medium both in the short- and long-term.
- Commercial risk in turn is considered to be high risk.
- Regarding direct investment, with the exception of risk associated with war, all other categories are considered to be relatively medium as indicated by scores awarded below.

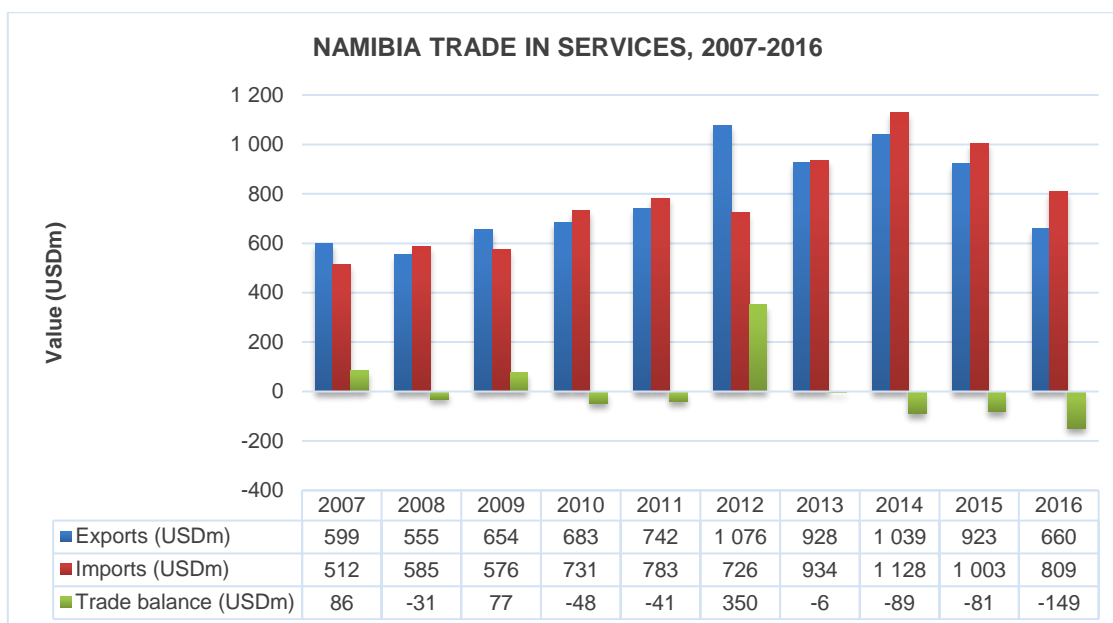
NAMIBIA'S RISK ASSESSMENT - DELCREDEREDUCROIRE		
EXPORT TRANSACTIONS (Scale 1 – 7)*		
Political Risks	Short Term	3
	Medium-Long term	4
	Special Transactions	3
Commercial Risk	C	
DIRECT INVESTMENTS		
War risk	2	
Risk of expropriation and government action	3	
Transfer risk	4	
* Where 1 is associated with the least risk and 7 the most.		
** Where C is associated with high risk; A is low risk and B is mid risk.		

Source: ONDD, 2017

3. Trade

3.1 Namibia Trade in Services

Namibia's exports in services reached USD660m in 2016, while imports reached USD809m. Except for 2007, 2009 and 2012, Namibia has consistently maintained a negative trade balance with imports outperforming export of services.



Source: TradeMap, 2016

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The table below shows Namibia's trade in services for 2016. Other business services (includes merchant activity and other trade-related services, operational leasing (rental), miscellaneous business, professional, and technical services and other services) was the largest services export valued at USD284m.

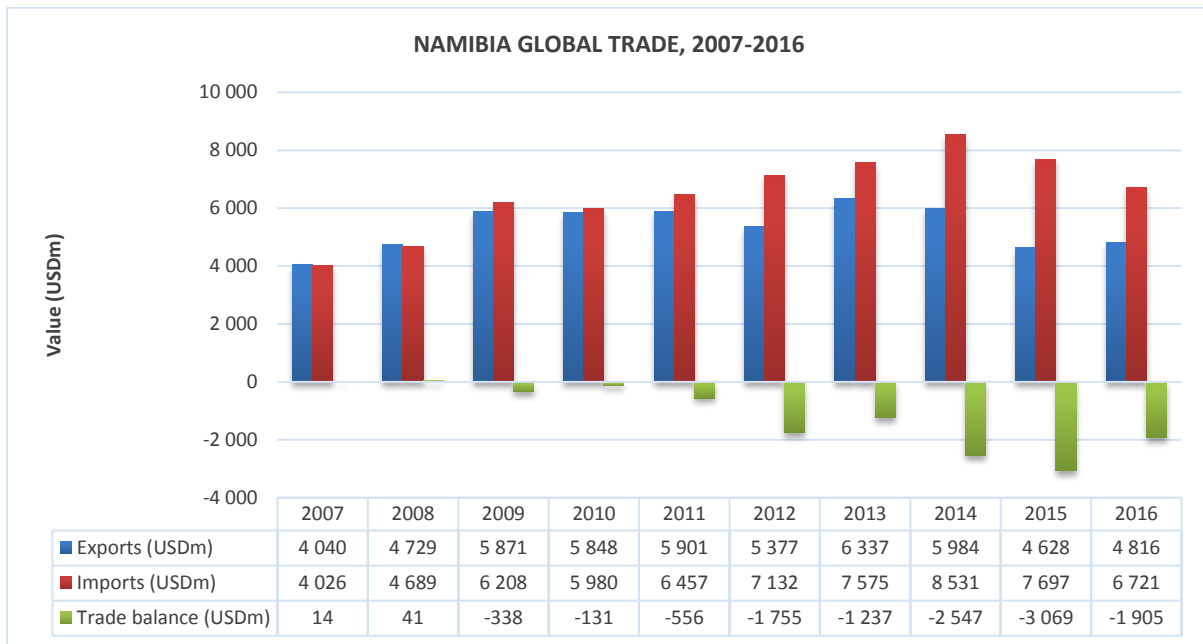
Transport was the largest import service into Namibia's valued at USD386m followed by other business services valued at USD150m.

SERVICES EXPORTED BY NAMIBIA, 2016				SERVICES IMPORTED BY NAMIBIA, 2016			
CODE	SERVICE	VALUE 2016 (USD '000)	% GROWTH 2012-2016	CODE	SERVICE	VALUE 2016 (USD'000)	% GROWTH 2012-2016
10	Other business services	283 801	219.31%	3	Transport	386 220	11.14%
4	Travel	278 639	-11.18%	10	Other business services	149 693	-2.77%
3	Transport	75 768	-11.40%	4	Travel	111 073	-10.30%
12	Government goods and services n.i.e.	8 785	-14.08%	5	Construction	74 233	180.86%
7	Financial services	7 530	27.49%	6	Insurance and pension services	55 894	19.45%
9	Telecommunications, computer, and information services	4 704	-11.95%	9	Telecommunications, computer, and information services	19 838	-7.76%
6	Insurance and pension services	437	-28.97%	8	Charges for the use of intellectual property n.i.e.	5 354	5.62%
8	Charges for the use of intellectual property n.i.e.	-54	172.94%	12	Government goods and services n.i.e.	3 826	-14.08%
-	-	-	-	7	Financial services	2 528	5.45%
TOTAL EXPORTS		659 610	0.70%	TOTAL IMPORTS		808 660	2.34%

Source: TradeMap, 2017

3.2 Namibia Global Trade

Exports from Namibia in 2016 were valued at USD4.8bn while global imports to Namibia were valued at USD6.7bn in 2016. Except for 2007 and 2008, Namibia's trade balance over the period has been consistently positive.



Source: TradeMap, 2017

Switzerland was the leading export market for Namibia with a value of USD905m. South Africa and Botswana rank second and third valued at USD772m and USD677m respectively.

TOP 10 DESTINATION COUNTRIES FOR NAMIBIA'S EXPORTS, 2016			
RANK	COUNTRY	VALUE 2016 (USDm)	% GROWTH 2012-2016
1	Switzerland	905	78.93%
2	South Africa	772	-3.37%
3	Botswana	677	187.86%
4	Zambia	303	58.20%
5	Spain	208	-2.90%
6	Italy	188	8.78%
7	China	164	6.00%
8	Belgium	152	5.30%
9	Norway	150	836.75%
10	United States of America	126	-11.92%
TOTAL EXPORTS		4 816	-3.04%

Source: TradeMap, 2017

South Africa was the leading import market in 2016, valued at USD3.8bn. Botswana and Zambia were ranked second and third valued at USD456m and USD278m respectively.

TOP 10 SOURCE MARKETS FOR NAMIBIA'S IMPORTS, 2016			
RANK	COUNTRY	VALUE 2016 (USDm)	% GROWTH 2012-2016
1	South Africa	3 843	-4.23%
2	Botswana	456	96.51%
3	Zambia	278	52.32%
4	China	197	3.82%
5	Norway	169	1298.86%
6	Bahamas	161	-
7	India	155	35.92%
8	United States of America	126	50.12%
9	Italy	115	46.94%
10	Germany	91	4.51%
TOTAL EXPORTS		6 721	1.37%

Source: TradeMap, 2017

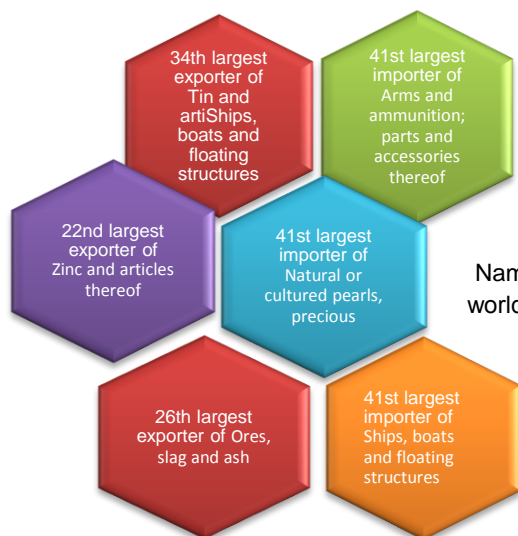
Diamonds were the leading export product from Namibia valued at USD1.3bn. Copper ores and concentrates and frozen fish ranked second and third valued at USD544m and USD344m respectively. The fastest growing export products between 2012 and 2016 were articles of iron or steel, cast and vessels, incl. warships and lifeboats.

Refined petroleum oils were also the leading imported product in Namibia, valued at USD802m, followed by diamonds and motor vehicles were ranked second and third at USD530m and USD251m respectively.

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TOP 10 PRODUCTS EXPORTED BY NAMIBIA 2016				TOP 10 PRODUCTS IMPORTED BY NAMIBIA, 2016			
RANK	PRODUCT	VALUE 2016 (USDm)	% GROWTH 2012-2016	RANK	PRODUCT	VALUE 2016 (USDm)	% GROWTH 2012-2016
1	Diamonds	1 297	0.10%	1	Refined petroleum oils	802	19.63%
2	Copper ores and concentrates	544	212.07%	2	Diamonds	530	48.18%
3	Frozen fish	344	-1.86%	3	Motor vehicles for the transport of goods	251	11.10%
4	Gold, incl. gold plated with platinum	299	35.87%	4	Motor cars	230	-10.73%
5	Uranium or thorium ores and concentrates	241	-15.69%	5	Copper; copper anodes for electrolytic refining	219	2169.17%
6	Copper, copper anodes for electrolytic refining	220	1830.92%	6	Copper ores and concentrates	207	6967577.54 %
7	Fish fillets and other fish meat	206	-3.07%	7	Vessels and other floating structures for breaking up	166	828490.24 %
8	Unwrought zinc :	167	-9.36%	8	Vessels, incl. warships and lifeboats	150	58231.76%
9	Vessels, incl. warships and lifeboats	154	22529.01%	9	Medicaments (products for therapeutic or prophylactic uses)	127	-0.36%
10	Articles of iron or steel, cast, n.e.s.	148	44201.96%	10	Parts and accessories for tractors, motor vehicles for the transport of ten or more persons, ...	84	-4.80%
TOTAL EXPORTS		4 816	-3.04%	TOTAL IMPORTS		6 721	1.37%

Source: TradeMap, 2017



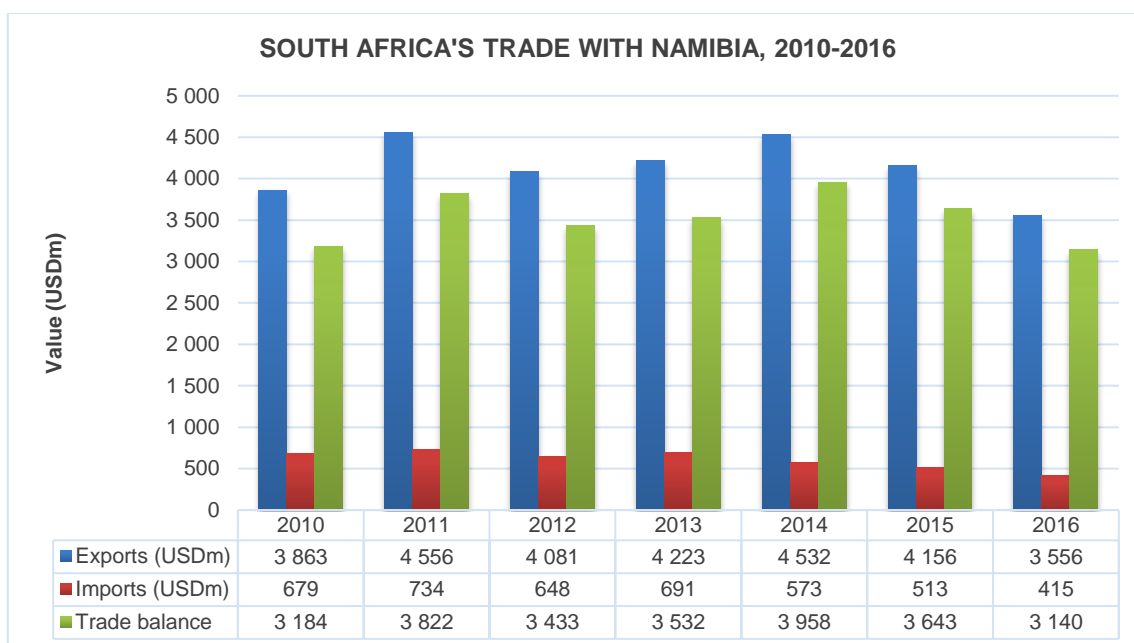
Namibia's imports represent 0.8% of world imports and is the world 112th largest importer.

Namibia's exports represent 0% of world exports and is the world's 104th largest exporter.

Source: TradeMap, 2017

3.3 Trade with South Africa

South Africa exported goods to Namibia valued at USD3.6bn in 2016, while imported goods were valued at USD415m. South Africa has maintained a trade surplus with Namibia, with imports exceeding exports over the period 2010 to 2016.



Source: Quantec, 2017

The leading export product to Namibia from South Africa in 2016, was motor vehicles for the transport of goods valued at USD241m, followed by motor vehicles for persons (USD169m). The leading import product into South Africa from Namibia was beer valued at USD49.4m, followed by live bovine animals (USD43.3m).

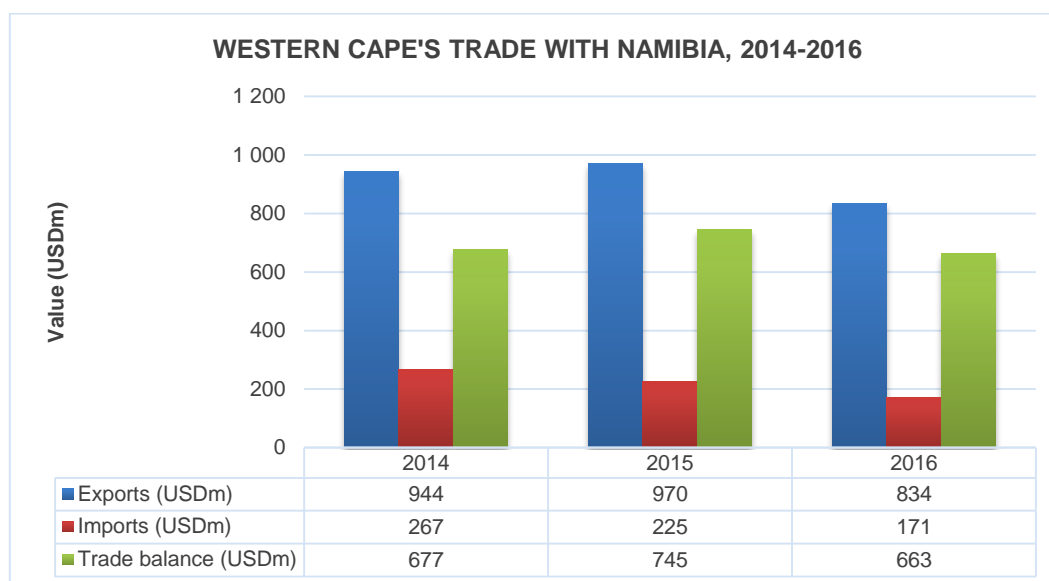
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SOUTH AFRICA'S EXPORTS TO NAMIBIA, 2016				SOUTH AFRICA'S IMPORTS FROM NAMIBIA, 2016			
RANK	PRODUCT	VALUE 2016 (USDm)	% GROWTH 2012-2016 (USD)	RANK	PRODUCT	VALUE 2016 (USDm)	% GROWTH 2012-2016 (USD)
1	Motor vehicles for the transport of goods	241.1	1.27%	1	Beer made from malt	49.4	-18.40%
2	Motor cars for the transport of persons	168.6	-7.59%	2	Live bovine animals	43.3	5.58%
3	Refined petroleum oils	158.7	39.79%	3	Fish, frozen	36.2	-9.29%
4	Electrical energy	105.1	16.69%	4	Diamonds	29.3	152104.27%
5	Medicaments (therapeutic or prophylactic uses)	89.0	-5.83%	5	Fish fillets and other fish meat	24.8	13.00%
6	Parts and accessories of the motor vehicles of headings 87.01 to 87.05	71.5	-10.40%	6	Live sheep and goats	22.3	8.19%
7	Cane or beet sugar and chemically pure sucrose	57.0	0.26%	7	Prepared or preserved fish; caviar	22.0	0.51%
8	Parts suitable for use solely or principally with the machinery of headings 84.25 to 84.30	50.8	3.57%	8	Unwrought zinc	20.6	-
9	Telephone sets, including telephones for cellular networks	46.4	12.76%	9	Meat of sheep or goats, fresh, chilled or frozen	13.7	-25.36%
10	New pneumatic tyres, of rubber	39.9	-4.23%	10	Meat of bovine animals, frozen	11.5	-21.13%
TOTAL EXPORTS		3 555.6	-4.47%	TOTAL IMPORTS		415.2	-10.33%

Source: Quantec, 2017

3.4 Western Cape Trade with Namibia

The Western Cape exported goods to Namibia valued at USD834m in 2016 while imported goods were valued at USD171m. The Western Cape has maintained a trade surplus with Namibia, with imports exceeding exports from 2014 to 2016.



Source: Quantec, 2017

The leading export product to Namibia from the Western Cape was refined petroleum oils valued at USD127m in 2016, followed by wine (USD30m). The fastest growing export products were refined petroleum oils (19%) followed by beauty or make-up preparations (8.5%).

The leading import product into the Western Cape from Namibia was beer made from malt valued at USD48m, followed by frozen fish (USD30m).

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WESTERN CAPE'S EXPORTS TO NAMIBIA, 2016				WESTERN CAPE'S IMPORTS FROM NAMIBIA, 2016			
RANK	PRODUCT	VALUE 2016 (USDm)	% GROWTH 2014-2016	RANK	PRODUCT	VALUE 2016 (USD)	% GmROWTH 2014-2016
1	Refined petroleum oils	127.0	19.29%	1	Beer made from malt.	48.2	-21.27%
2	Wine	29.9	-2.29%	2	Fish, frozen	30.3	-17.54%
3	Undenatured ethyl alcohol less than 80 % vol.; spirits, liqueurs	26.2	0.33%	3	Fish fillets and other fish meat	22.1	6.00%
4	Cigars, cheroots, cigarillos and cigarettes	22.1	-13.71%	4	Meat of bovine animals, frozen.	11.2	-18.56%
5	Fruit juices (including grape must) and vegetable juices	20.2	-5.84%	5	Unwrought zinc.	4.8	-
6	Other fermented beverages (for example, cider, perry, mead)	15.1	-18.73%	6	Other prepared or preserved meat, meat offal or blood.	3.7	-18.76%
7	Articles for the conveyance or packing of goods, of plastics; stoppers	11.7	-7.67%	7	Prepared or preserved fish; caviar	3.6	-33.07%
8	Medicaments consisting of mixed or unmixed products for therapeutic uses	11.0	2.18%	8	Live bovine animals.	3.4	86.33%
9	Beauty or make-up preparations and preparations for the care of the skin	9.9	8.47%	9	Pasta, such as spaghetti, macaroni, noodles, lasagne, gnocchi, ravioli	3.2	32.73%
10	Other footwear with outer soles and uppers of rubber or plastics.	9.7	-1.60%	10	Flours, meals and pellets, of meat or meat offal, of fish or of crustaceans, unfit for human consumption; greaves.	2.8	-21.35%
TOTAL EXPORTS		834.2	-5.63%	TOTAL IMPORTS		171.3	-19.81%

Source: Quantec, 2017

3.5 Tariffs

Namibia is a member of Southern African Customs Union (SACU) which includes South Africa, Botswana, Lesotho, Namibia and Swaziland with duty free movement of goods within and a common external tariff on goods entering any of the countries from outside SACU.

SADC - The Southern African Development Community (SADC) aspires to create an integrated regional economic bloc among member states Namibia, Angola, Botswana, the Democratic Republic of Congo, Lesotho, Malawi, Mauritius, Mozambique, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe. SADC has a population of over 190 million people. The SADC FTA was launched by 12 countries out of 14 SADC members (excluding Angola and DRC) in 2008. For more information about SADC, visit: www.sadc.int. This is a FTA, with 85% duty-free trade achieved in 2008.

SACU-EFTA Free Trade Agreement – This agreement was concluded in 2004.

SACU-Mercosur Preferential Trade Agreement - This agreement was signed in December 2004 and renewed/revised in 2008 but has not yet been ratified by all the member states. Botswana has ratified, and the PTA was introduced in Namibian Parliament in late 2011. The Mercosur members are Argentina, Brazil, Paraguay and Uruguay. (SACU website: www.sacu.int.)

SACU-USA Trade, Investment and Development Cooperation Agreement - This agreement was concluded in 2008. (SACU website: www.sacu.int.)

AGOA - Namibia qualifies for benefits under the African Growth and Opportunity Act (AGOA), a unilateral and non-reciprocal program that provides African countries with duty-free access to the US market for more than 6,400 products. For more information on AGOA, visit: www.agoa.gov.

SADC EPA Group – In June 2016, six SADC member countries – Botswana, Lesotho, Mozambique, Namibia, South Africa and Swaziland – signed an Economic Partnership Agreement (EPA) with the European Union.

Tariffs imposed on Namibia imports from South Africa for 2016 are listed below.

TARIFFS IMPOSED ON SOUTH AFRICAN IMPORTS BY NAMIBIA, 2016					
HS CODE AND PRODUCT DESCRIPTION	TARIFF (%)	HS CODE AND PRODUCT DESCRIPTION	TARIFF (%)	HS CODE AND PRODUCT DESCRIPTION	TARIFF (%)
H01: Live animals	0	H33: Essential oils, perfumes, cosmetics, toiletries	0	H65: Headgear and parts thereof	0
H02: Meat and edible meat offal	0	H34: Soaps, lubricants, waxes, candles, modelling pastes	0	H66: Umbrellas, walking-sticks, seat-sticks, whips	0
H03: Fish, crustaceans, molluscs, aquatic invertebrates	0	H35: Albuminoids, modified starches, glues, enzymes	0	H67: Bird skin, feathers, artificial flowers, human hair	0
H04: Dairy products, eggs, honey, edible animal product	0	H36: Explosives, pyrotechnics, matches, pyrophorics	0	H68: Stone, plaster, cement, asbestos, mica, articles	0
H05: Products of animal origin	0	H37: Photographic or cinematographic goods	0	H69: Ceramic products	0
H06: Live trees, plants, bulbs, roots, cut flowers	0	H38: Miscellaneous chemical products	0	H70: Glass and glassware	0
H07: Edible vegetables and certain roots and tubers	0	H39: Plastics and articles thereof	0	H71: Pearls, precious stones, metals, coin	0
H08: Edible fruit, nuts, peel of citrus fruit, melons	0	H40: Rubber and articles thereof	0	H72: Iron and steel	0
H09: Coffee, tea, mate and spices	0	H41: Raw hides and skins (other than furskins) and leather	0	H73: Articles of iron or steel	0
H10: Cereals	0	H42: Articles of leather, animal gut, harness, travel goods	0	H74: Copper and articles thereof	0
H11: Milling products, malt, starches, inulin, wheat gluten	0	H43: Furskins and artificial fur, manufactures thereof	0	H75: Nickel and articles thereof	0
H12: Oil seed, oleagious fruits, grain, seed, fruit,	0	H44: Wood and articles of wood, wood charcoal	0	H76: Aluminium and articles thereof	0
H13: Lac, gums, resins, vegetable saps and extracts	0	H45: Cork and articles of cork	0	H78: Lead and articles thereof	0
H14: Vegetable plaiting materials, vegetable products	0	H46: Manufactures of plaiting material, basketwork, etc.	0	H79: Zinc and articles thereof	0

TARIFFS IMPOSED ON SOUTH AFRICAN IMPORTS BY NAMIBIA, 2016					
HS CODE AND PRODUCT DESCRIPTION	TARIFF (%)	HS CODE AND PRODUCT DESCRIPTION	TARIFF (%)	HS CODE AND PRODUCT DESCRIPTION	TARIFF (%)
H15: Animal, vegetable fats and oils, cleavage products	0	H47: Pulp of wood, fibrous cellulosic material, waste	0	H80: Tin and articles thereof	0
H16: Meat, fish and seafood food preparations	0	H48: Paper & paperboard, articles of pulp, paper and board	0	H81: Other base metals, cermets, articles thereof	0
H17: Sugars and sugar confectionery	0	H49: Printed books, newspapers, pictures	0	H82: Tools, implements, cutlery, of base metal	0
H18: Cocoa and cocoa preparations	0	H50: Silk	0	H83: Miscellaneous articles of base metal	0
H19: Cereal, flour, starch, milk preparations and products	0	H51: Wool, animal hair, horsehair yarn and fabric thereof	0	H84: Nuclear reactors, boilers, machinery	0
H20: Vegetable, fruit, nut food preparations	0	H52: Cotton	0	H85: Electrical, electronic equipment	0
H21: Miscellaneous edible preparations	0	H53: Vegetable textile fibres paper yarn, woven fabric	0	H86: Railway, tramway locomotives, rolling stock, equipment	0
H22: Beverages, spirits and vinegar	0	H54: Manmade filaments	0	H87: Vehicles other than railway, tramway	0
H23: Residues, wastes of food industry, animal fodder	0	H55: Manmade staple fibres	0	H88: Aircraft, spacecraft, and parts thereof	0
H24: Tobacco and manufactured tobacco substitutes	0	H56: Wadding, felt, nonwovens, yarns, twine, cordage	0	H89: Ships, boats and other floating structures	0
H25: Salt, sulphur, earth, stone, plaster, lime and cement	0	H57: Carpets and other textile floor coverings	0	H90: Optical, photo, technical, medical apparatus	0
H26: Ores, slag and ash	0	H58: Special woven or tufted fabric, lace, tapestry	0	H91: Clocks and watches and parts thereof	0
H27: Mineral fuels, oils, distillation products,	0	H59: Impregnated, coated or laminated textile fabric	0	H92: Musical instruments, parts and accessories	0
H28: Inorganic chemicals, precious metal compound, isotopes	0	H60: Knitted or crocheted fabric	0	H93: Arms and ammunition, parts and accessories thereof	0
H29: Organic chemicals	0	H61: Articles of apparel, accessories, knit or crochet	0	H94: Furniture, lighting, signs, prefabricated buildings	0
H30: Pharmaceutical products	0	H62: Articles of apparel, accessories, not knit or crochet	0	H95: Toys, games, sports requisites	0
H31: Fertilizers	0	H63: Other made textile articles, sets, worn clothing	0	H96: Miscellaneous manufactured articles	0
H32: Tanning, dyeing extracts, tannins, derivatives, pigments	0	H64: Footwear, gaiters and the like, parts thereof	0	H97: Works of art, collectors pieces and antiques	0

Source: Market Access Map, 2017

NOTE: Exporters should not take the HS2 tariff as conclusive and as the actual tariff that will be applied to the exported product. The tariffs indicated above are average tariffs and for products within the category it may be higher or lower than indicated. Where the tariff is zero it can be assumed that there is zero tariff applicable to all products within that HS code. Tariffs are determined according to the importing country's national tariff line from the HS6 level and upwards. Exporters are advised to visit www.macmap.org to determine the exact tariff applicable to the product at HS6.

3.6 Trade Regulations Markings and Standards

Namibia - Import Requirements and Documentation

The Directorate of International Trade of the Ministry of Industrialization, Trade and SME Development (MITSMED) is responsible for coordinating the country's trade policies and overseeing Namibia's participation in international trade bodies. The Directorate is responsible for managing import/export procedures. Namibia is a party to the WTO Agreement on Import Licensing.

All imports are subject to licensing, but most licenses are automatically granted. A limited number of products are subject to non-automatic licenses, including: medicines; chemicals; frozen and chilled fish and meat; live animals and genetic materials; controlled petroleum products; firearms and explosives; diamonds, gold and other minerals; and seemingly all second-hand goods such as clothing and motor vehicles. In practice, however, MITSMED does not issue licenses for imported used clothing.

Most agricultural imports require a permit issued by MITSMED. The Namibian Agronomic Board issues permits for the import, export, and transit of controlled agronomic crops such as wheat and wheat products as well as corn and corn products. Imports of agronomic crops and derivatives, as well as all plants and plant products, also require the issuance of phytosanitary certificates by the MAAF. The Namibian Meat Board regulates the import

and export of live animals (cattle, sheep, goats and pigs) and derivative meat products. Importers of live animals and meat products must demonstrate compliance with the country's animal health standards by obtaining a veterinary import permit from the Directorate of Veterinary Services.

Namibia - Trade Standards

Overview

The Namibia Standards Institution (NSI) administers standards in Namibia. The NSI is responsible for promoting standardization of products for the safety of consumers and protection of the environment for improved access to global markets. Namibia has acceded to the World Trade Organization (WTO) Code of Good Practice for the Preparation, Adoption and Publication of Standards. For more information on the services of NSI use the following link: <http://www.nsi.com.na/index.php>.

Conformity Assessment

The Namibia Standards Institution (NSI) conducts testing, inspection and certification services in respect of Namibian products and services. For more details about the NSI, click on: <http://www.nsi.com.na/index.php>.

Product Certification

Agricultural products are certified by the Ministry of Agriculture, Water and Forestry.

Accreditation

There is no accreditation body in Namibia. The South African National Accreditation body (SANAS: <http://www.sanas.co.za>) currently provides for Namibia's accreditation needs. Laboratories need to get formal recognition that they are competent to perform specific tasks.

Publication of technical regulations

The Namibian Standards Institution (NSI) is a Correspondent Member of the International Organization for Standardization (ISO) and subscribes to the World Trade Organization /Technical Barriers to Trade (WTO)/TBT Annex 3 Code of Good Practice for the Preparation, Adoption and Application of Standards. The NSI has developed standards and regulations, in accordance with the provisions of the Code, based on the WTO principle of transparency. These standards and regulations are pending until implementation of the Standards Act No. 18 of 2005.

Source: *The International Trade Administration (ITA), U.S. Department of Commerce*

3.7 Port-to-Port Rates

Walvis Bay is Namibia's largest commercial port, handling on average 3,000 vessel calls per year and over 5.3 million tons of cargo. Facilities at the port include a container terminal, privately operated bulk cargo terminal and six tugboats. The expansion of the port will commence in 2012 to increase container storage capacity to 900 000 TEU's . There is a Syncrolift dry dock facility at Walvis Bay harbor, for lifting ships out of the water for repair, separate from the usual port facilities. Walvis bay is linked to landlocked SADC countries via road corridors mainly the Trans Caprivi, Trans Kalahari, Trans Kunene and Trans Oranje.

Lüderitz Port is historically Namibia's second largest port, functioning mainly as a fishing port; it has expanded in recent years to ship cargo from the mining industry and to support and service offshore petroleum exploration and diamond mining activities.

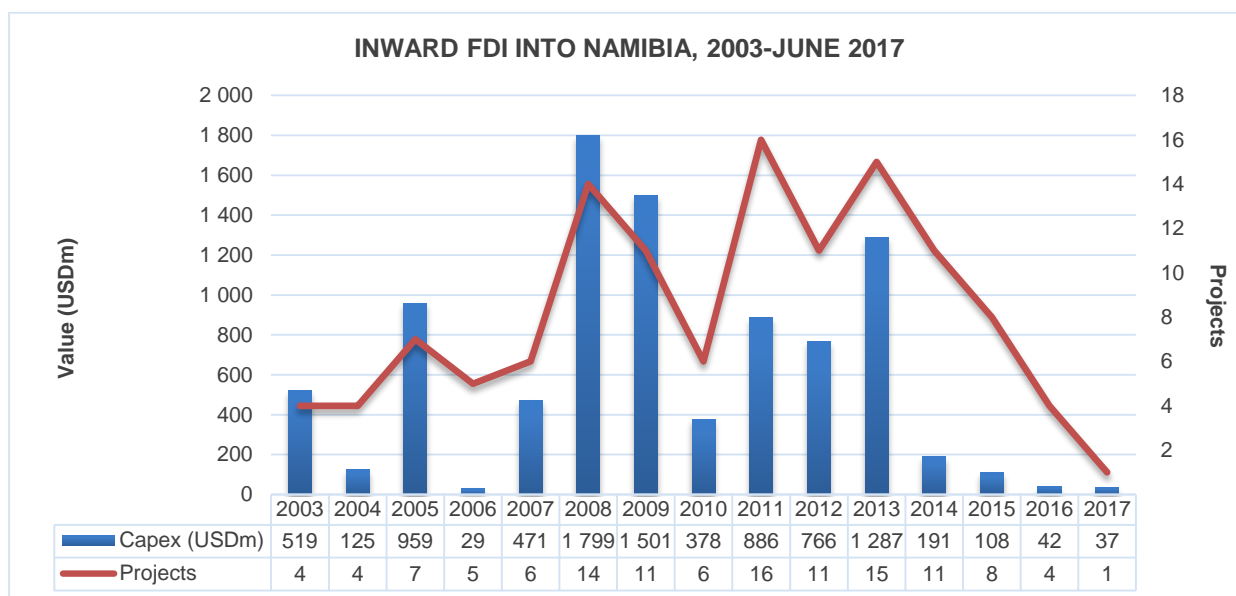
TRANSIT TIME FROM CAPE TOWN TERMINAL TO THE FOUR LARGEST PORTS IN NAMIBIA, 2017		
TERMINAL	DISTANCE	TRANSIT TIME
Luderitz	508.36 mi (941.48 km)	3 days
Walvis Bay	746.26 mi (1382.07 km)	3 days

Source: *SeaRates, 2017*

4. Investment

4.1 Global Investment into Namibia

Between January 2003 and June 2017 a total of 123 FDI projects were recorded into Namibia. These projects represent a total capital investment of USD9.10bn which is an average investment of USD74.00m per project. During the period, a total of 24,454 jobs were created.



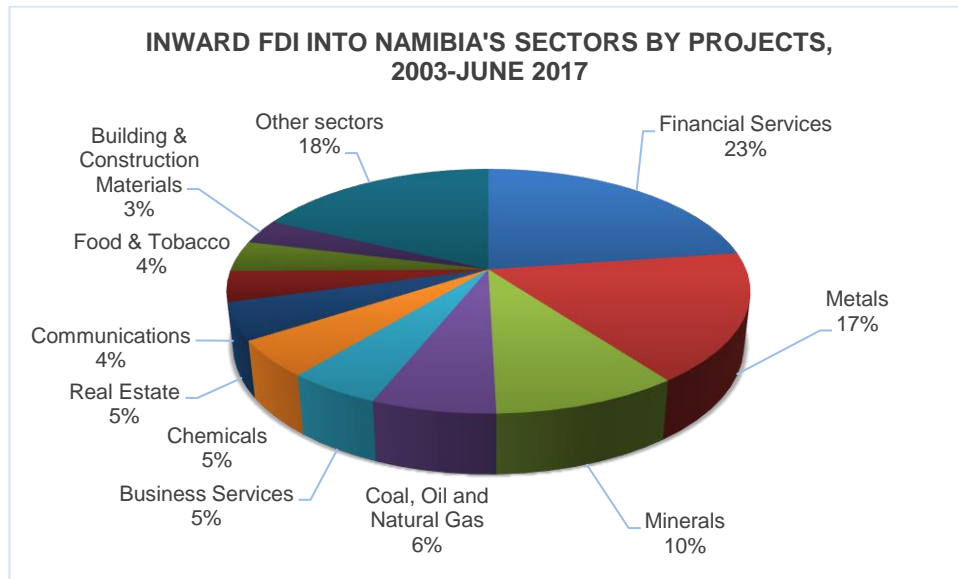
Source: FDI Intelligence, 2017

South Africa was the largest source market for inward FDI into Namibia in terms of projects, with 42 investment projects, accounting for 34% of projects. The United Kingdom and Canada are ranked second and third accounting for 13% and 7% respectively.

TOP SOURCE MARKETS FOR FDI INTO NAMIBIA, 2003 – JUNE 2017							
RANK	COUNTRY	PROJECTS	% PROJECTS	CAPEX (USDm)	% CAPEX	COMPANIES	% COMPANIES
1	South Africa	42	34%	1 016	11.16%	35	33.65%
2	UK	16	13%	1 685	18.53%	10	9.62%
3	Canada	9	7%	1 383	15.21%	9	8.65%
4	Australia	7	6%	1 198	13.17%	5	4.81%
5	Angola	6	5%	66	0.73%	4	3.85%
6	United States	6	5%	45	0.49%	6	5.77%
7	Russia	5	4%	1 040	11.43%	5	4.81%
8	Belgium	3	2%	179	1.97%	3	2.88%
9	France	3	2%	983	10.81%	3	2.88%
10	Israel	3	2%	111	1.22%	2	1.92%
Total		123	100%	9 096	100%	104	100%

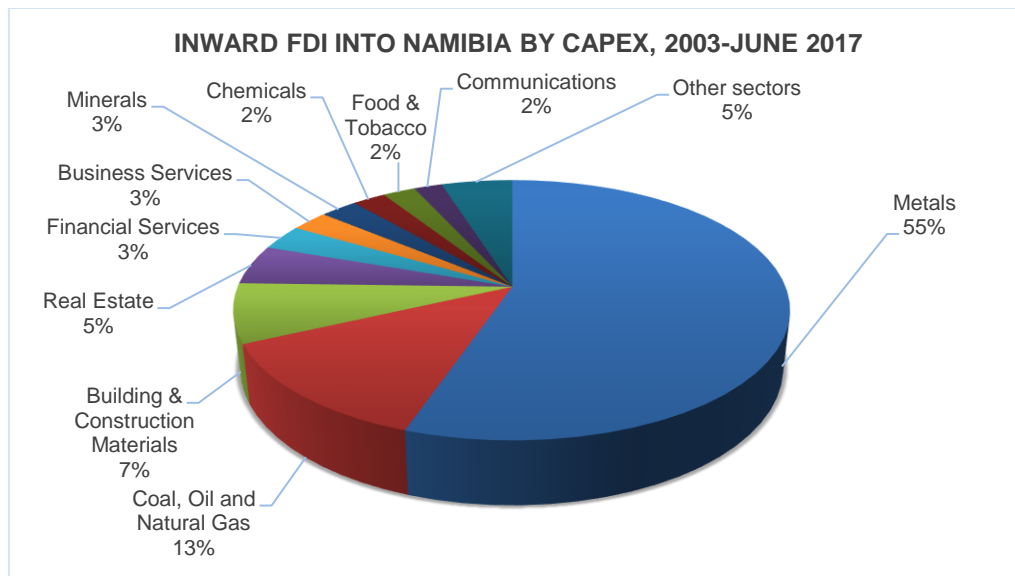
Source: FDI Intelligence, 2017

The figures below show global inward FDI into Namibia by sector, for the period January 2003 to June 2017 by number of projects. The financial services sector received the largest FDI by accounting for 23% followed by the metals sector at 17%.



Source: FDI Intelligence, 2017

The figures below show global inward FDI into Namibia by sector, for the period January 2003 to June 2017 by capex. The metals sector received the largest FDI by accounting for 55% followed by the coal, oil and natural gas sector at 13%.



Source: FDI Intelligence, 2017

The top 10 companies for inward FDI into Namibia for the period 2003 to June 2017 are shown below.

TOP 10 INWARD FDI COMPANIES INTO NAMIBIA, 2003 – JUNE 2017				
COMPANY	SECTOR	COUNTRY	PROJECTS	CAPEX (USDm)
Nedbank	Financial services	United Kingdom	4	39.7
Weatherly International	Metals	United Kingdom	4	1 080.0
Banco Sol (Sol bank)	Financial services	Angola	3	33.0
Efficient Group (Namibia)	Financial services	South Africa	3	33.0
Standard Bank Namibia	Financial services	South Africa	3	33.0
First National Bank (FNB)	Financial services	South Africa	2	15.7
Gensec Property Services	Real Estate	South Africa	2	71.8
Leviev Group of Companies (LGC)	Consumer Products	Israel	2	61.4
Namdeb	Minerals	South Africa	2	99.8
Paladin Energy (Paladin Resources)	Metals	Australia	2	305.6
Total			123	9 096.1

Source: FDI Intelligence, 2017

4.2 Global Investment from Namibia

Between January 2003 and June 2017 a total of 10 FDI projects were recorded from Namibia. These projects represent a total capital investment of USD781.50m which is an average investment of USD78.20m per project. During the period, a total of 573 jobs were created.

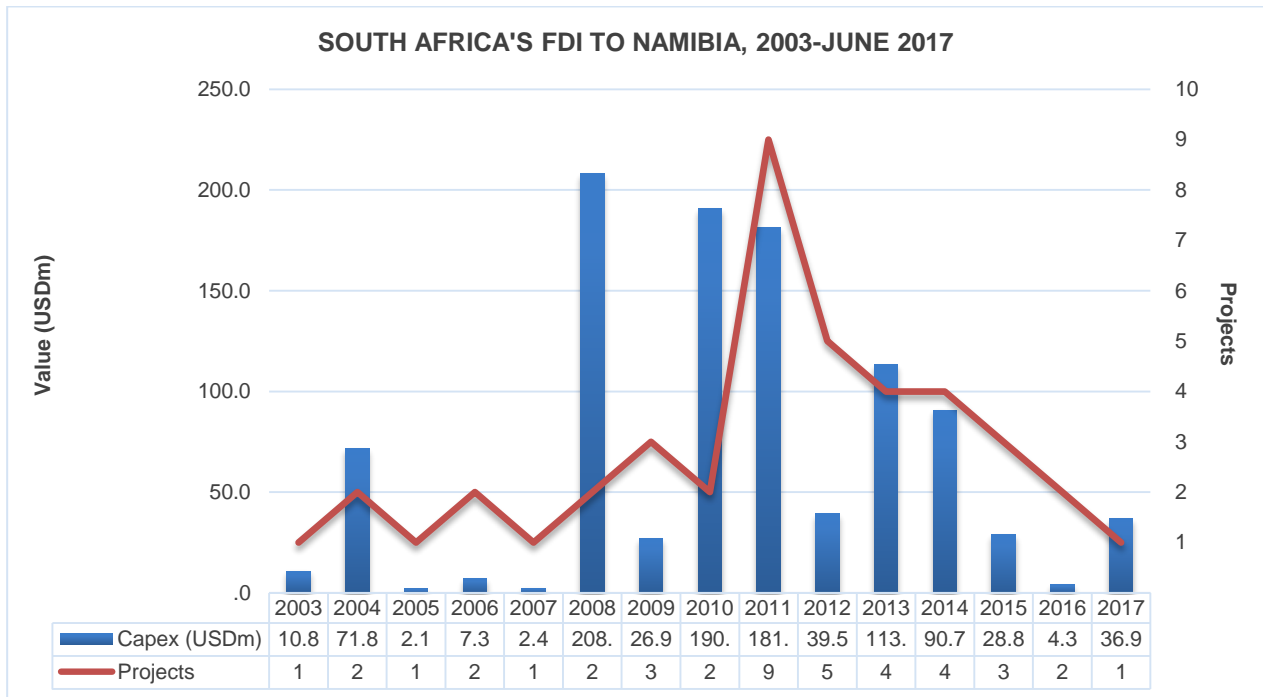
OUTWARD FDI FROM NAMIBIA, 2003-JUNE 2017							
Project Date	Investing Company	Source City	Destination Country	Industry Sector	Sub-Sector	Capital Investment (USDm)	Jobs Created
Mar 2013	Mobile Telecommunications (MTC)	Windhoek	UK	Communications	Wireless telecommunication carriers	64.3	57
Feb 2013	Telecom Namibia	Windhoek	South Africa	Communications	Wired telecommunication carriers	150	89
Feb 2013	Telecom Namibia	Windhoek	South Africa	Communications	Wired telecommunication carriers	150	89
Feb 2013	Telecom Namibia	Windhoek	Germany	Communications	Wired telecommunication carriers	33.2	109
Feb 2013	Telecom Namibia	Windhoek	UK	Communications	Wired telecommunication carriers	64.3	57
Nov 2012	Walvis Bay Corridor Group (WBCG)	Windhoek	Brazil	Transportation	Water transportation	15.3	6
Mar 2012	Mobile Telecommunications (MTC)	Windhoek	South Africa	Communications	Wireless telecommunication carriers	150	89
Mar 2012	Mobile Telecommunications (MTC)	Windhoek	Portugal	Communications	Wireless telecommunication carriers	123.8	57
Sep 2008	Walvis Bay Corridor Group (WBCG)	Windhoek	South Africa	Transportation	Freight/Distribution Services	15.3	10
Apr 2006	Walvis Bay Corridor Group (WBCG)	Windhoek	Zambia	Transportation	Freight/Distribution Services	15.3	10
Total						781.5	573

Source: FDI Intelligence, 2017

4.3 Investment Relations between South Africa / Western Cape and Namibia

4.3.1 South Africa's FDI to Namibia

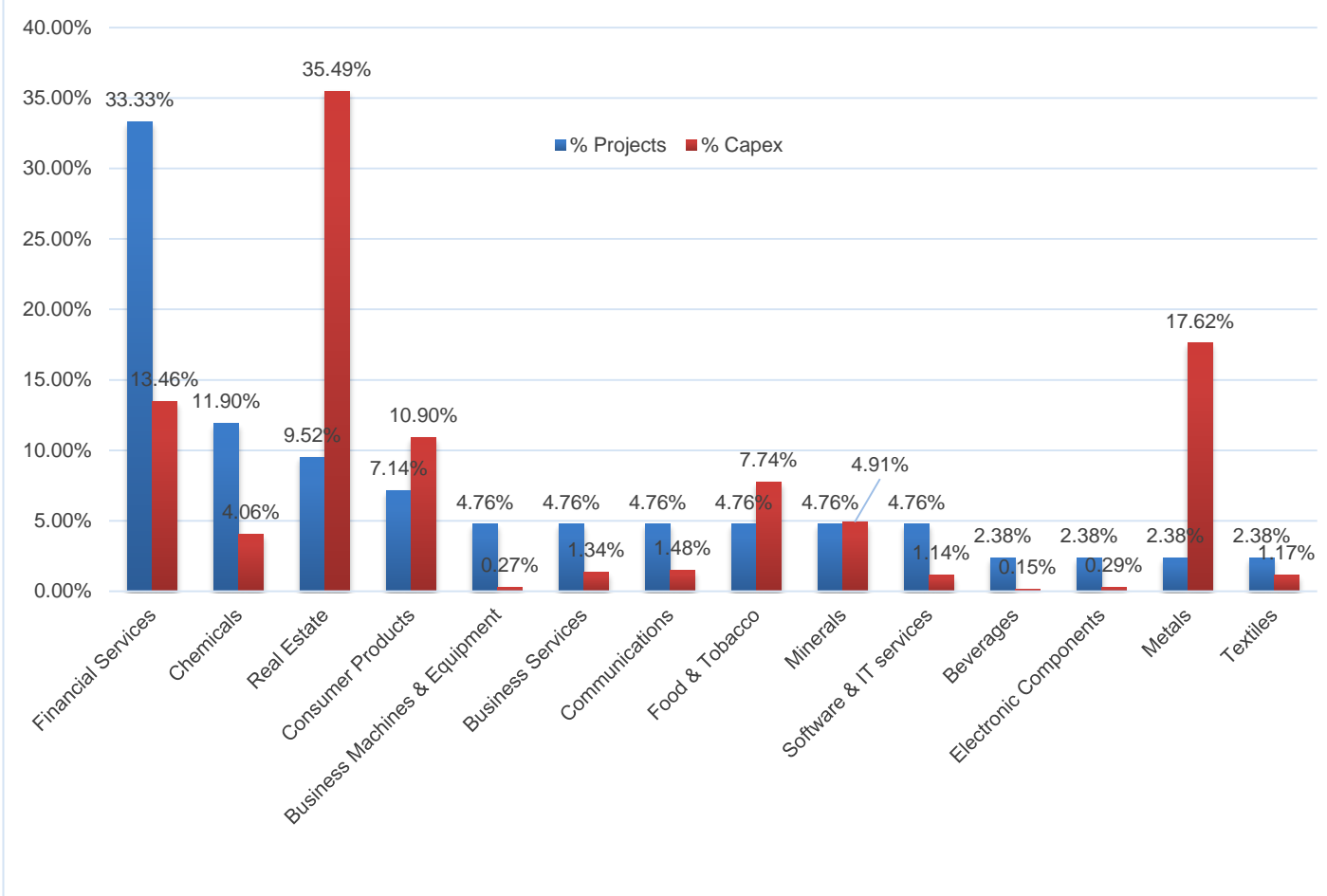
Between January 2003 and June 2017 a total of 42 FDI projects were recorded from South Africa to Namibia. These projects represent a total capital investment of USD1.02bn which is an average investment of USD24.20m per project. During the period, a total of 4,306 jobs were created.



Source: FDI Intelligence, 2017

Namibia's financial service sector (33.3%) received the largest FDI from South Africa by projects between 2003 and June 2017, followed by chemicals accounting for 11.9%.

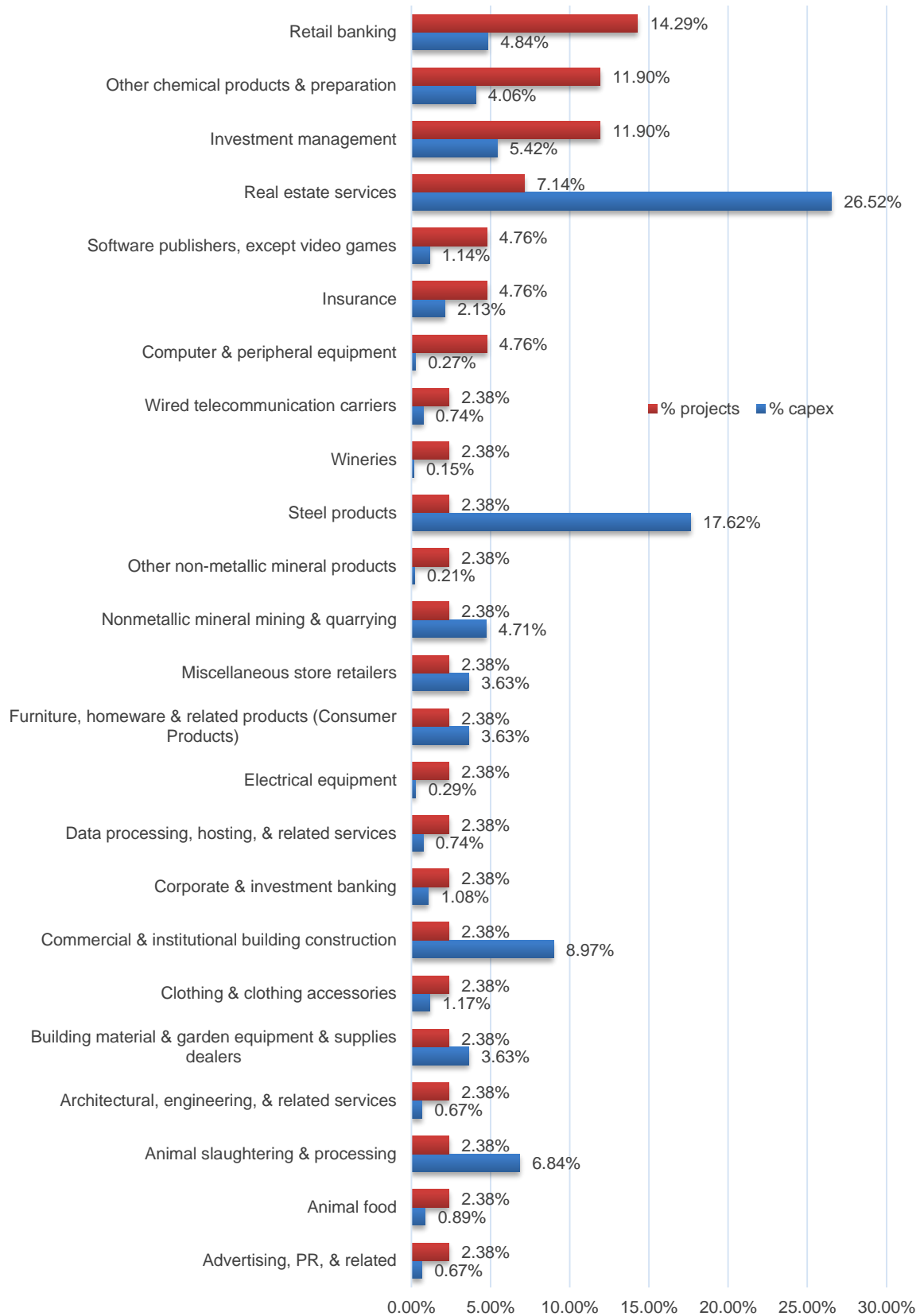
SOUTH AFRICA'S FDI TO NAMIBIA BY SECTORS, 2003-JUNE 2017



Source: FDI Intelligence, 2017

Namibia's retail banking sub-sector received the largest FDI from South Africa by projects between 2003 and June 2017 accounting for 14%, followed by other chemical products, accounting for 11.9%.

SOUTH AFRICA'S FDI TO NAMIBIA BY SUBSECTORS, 2003-JUNE 2017



Source: FDI Intelligence, 2017

The top 10 companies for inward FDI into Namibia from South Africa for the period 2003 to June 2017 are shown below.

TOP 10 INWARD FDI COMPANIES INTO NAMIBIA, 2003 – JUNE 2017		
COMPANY	PROJECTS	CAPEX (USDm)
Efficient Group (Namibia)	3	33.0
Standard Bank Namibia	3	33.0
First National Bank (FNB)	2	15.7
Gensec Property Services	2	71.8
SASOL	2	19.4
4most	1	5.8
AEL Mining Services	1	6.2
AEL Namibia	1	13.2
Atterbury Property Developments	1	91.1
Bava Technologies	1	7.5
Total	42	1 015.5

Source: FDI Intelligence, 2017

4.3.2 Namibia FDI to South Africa

Between January 2003 and June 2017 a total of 4 FDI projects were recorded from Namibia to South Africa. These projects represent a total capital investment of USD465.3m. During the period, a total of 277 jobs were created.

In February 2013 - Telecom Namibia invested in the city of Cape Town in the Communications sector in an ICT & Internet Infrastructure project.

In March 2012 - Mobile Telecommunications (MTC) invested in the city of Cape Town in the communications sector in an ICT & internet infrastructure project. Namibia-based mobile operator, MTC has set up a point of presence (POP) in Cape Town, South Africa. It was established following the live activation of the West Africa Cable System. It is connected to two other undersea cables and is one of several international POP's planed by MTC.

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NAMIBIA FDI INTO SOUTH AFRICA, 2003 – JUNE 2017							
DATE	INVESTING COMPANY	SOURCE CITY	DESTINATION CITY	SECTOR	SUB -SECTOR	CAPEX (USDm)	JOBS
Feb 2013	Telecom Namibia	Windhoek	Johannesburg	Communications	Wired telecommunication carriers	150	89
Feb 2013	Telecom Namibia	Windhoek	Cape Town	Communications	Wired telecommunication carriers	150	89
Mar 2012	Mobile Telecommunications (MTC)	Windhoek	Cape Town	Communications	Wireless telecommunication carriers	150	89
Sep 2008	Walvis Bay Corridor Group (WBCG)	Windhoek	Johannesburg	Transportation	Freight/Distribution Services	15.3	10
Total						465.3	277

Source: FDI Intelligence, 2017

4.3.3 Western Cape FDI to Namibia

Between January 2003 and June 2017 a total of 6 FDI projects were recorded from the Western Cape to Namibia. These projects represent a total capital investment of USD266.5m. During the period, a total of 751 jobs were created.

WESTERN CAPE FDI INTO NAMIBIA, 2003 – JUNE 2017							
DATE	INVESTING COMPANY	SOURCE CITY	DESTINATION CITY	SECTOR	SUB -SECTOR	CAPEX (USDm)	JOBS
May 2015	PSG Konsult	Stellenbosch	Walvis Bay	Financial Services	Investment management	11	18
Sep 2014	Syntech SA	Cape Town	Not Specified	Business Machines & Equipment	Computer & peripheral equipment	1.3	29
Apr 2014	Woolworths (South Africa)	Cape Town	Not Specified	Consumer Products	Miscellaneous store retailers	36.9	179
Jan 2011	KAAP Agrimark	Not Specified	Not Specified	Consumer Products	Building material & garden equipment & supplies dealers	36.9	179
Apr 2010	Belmet Marine	Cape Town	Walvis Bay	Metals	Steel products	178.9	342
Mar 2006	Distell Group	Stellenbosch	Oshakati	Beverages	Wineries	1.5	4
Total						266.5	751

Source: FDI Intelligence, 2017

South Africa-based Woolworths (South Africa), a consumer goods and clothing retailer, plans to expand its retail footprint in Namibia. The expansion is part of a wider growth strategy which will see the company establish 15 new stores across Africa by 2017.

Belmet Marine, a South African diversified steel fabricator, has opened a fully fledged fabrication facility in Walvis Bay, Namibia. Belmet Marine Engineering Namibia has been established to cater for the increasing work capacity in Walvis Bay, created by offshore oil and gas customers operating in west Africa who are reluctant to have their vessels travel an extra five days from Walvis Bay to Cape Town. The factory will be equipped with two overhead cranes, cutting, drilling and welding equipment.

Distell Group opened a new distribution centre in Oshakati. The 1 900 m² facility was built at a cost of N\$9,5 million.

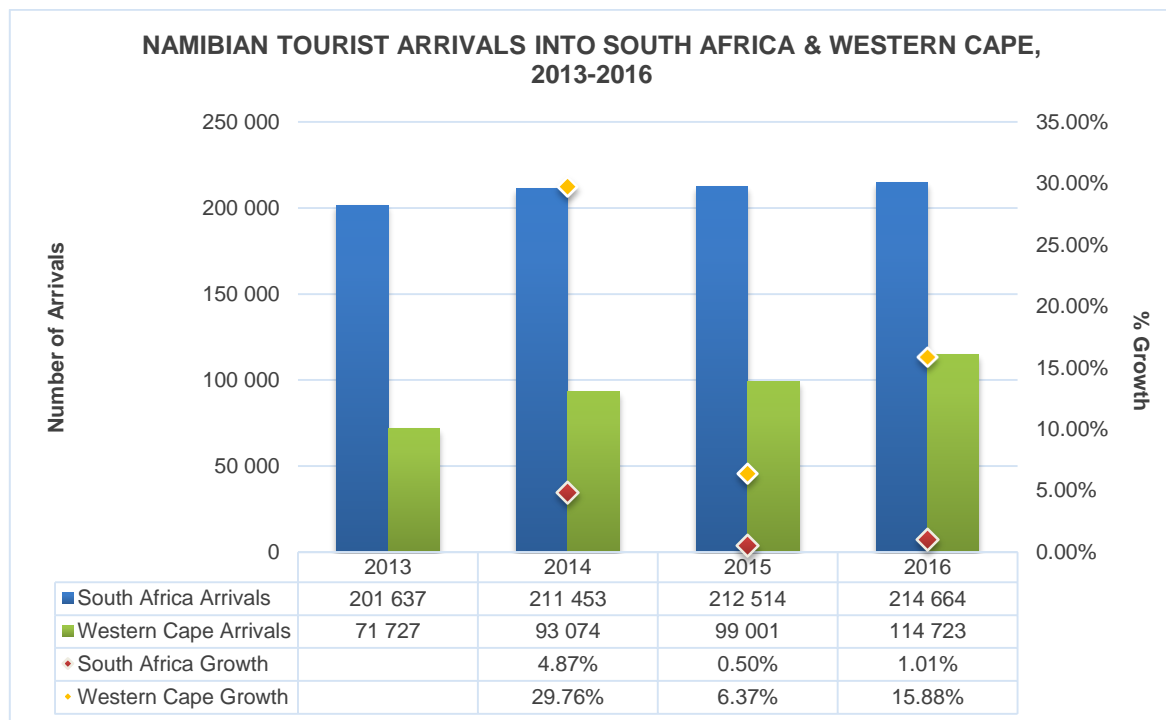
5. Tourism

5.1 Namibia Trends and Travel Patterns

According to Business Monitor International (2017), with the number of outbound tourist departures per 1,000 people in Namibia was at 168 in 2016, it is clear that the vast majority of Namibians do not take holidays outside their own country. Overall outbound departures have risen significantly over the last few years and are expected to increase further by the end of the current forecast period, but this will be largely due to population growth, with the proportional figure rising only incrementally to 184 per 1,000 in 2021. As GDP per capita remains low, few Namibians will be able to consider leisure trips abroad and those that do will favour trips to countries in the immediate southern Africa region. However, with government initiatives to reduce poverty, especially in rural areas, we foresee long-term potential for departures to rise strongly.

5.2 Namibia Tourist Arrivals into South Africa and the Western Cape

The graph below depicts total tourist arrivals from Namibia into South Africa and the Western Cape between 2013 and 2016. The number of Namibian arrivals into South Africa increased by 1% in 2016 to reach 214,664 arrivals, the number of arrivals to the Western Cape increased by 16% to reach 114,723.



Source: SATourism, 2017

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