

Namibia

May 2021

Executive Summary

This country fact sheet provides key trade and investment related statistics for Namibia. Specifically, it shows Namibia's trade and investment flows including an analysis of top markets and products with both South Africa and the Western Cape, while highlighting the largest and fastest growing products and sub-sectors. It also analyses consumer-related insights for Namibia and tourism trends between Namibia and South Africa. Key findings and trends are provided below:

Economy

The Namibian economy has entered a recession phase after years of robust growth, as the temporary stimulus from large constructions in the mining sector dissipated, raw material prices dropped, and the agriculture sector was hit by drought. In 2019, the president declared a state of emergency due to the severity of the drought and its consequences. In 2020, due to the outbreak of the COVID-19 pandemic, the country entered its second year of recession. After contracting by 1.6% in 2019, Namibia's GDP shrunk by 7.2% in 2020. Growth is expected to pick up to 2.6% in 2021 and 3.3% in 2022.

Trade

In 2020, Namibia's global export receipts totalled a value of USD5.42bn, a decline of 15.84% from the 2019 value of USD6.44bn. Associated import costs also fell by 14.21% from the value of USD7.72bn in 2019 to USD6.62bn in 2020.

South Africa's export receipts with Namibia totalled USD2,680.5m in 2020, a 25.43% decrease from the 2019 value of USD3594.72m. Associated import costs declined by 18.11% to a value of USD741.51m in 2020, down from USD905.52m incurred in 2019. South Africa's leading export product to Namibia in 2020 was electrical energy at a value of USD119.02m. South Africa was Namibia's 2nd largest export destination market in 2020, at a value of USD834.72m.

Western Cape export receipts from its trade with Namibia stood at USD593.59m in 2020, a decrease of 31.77% from the 2019 value of USD869.95m. Import costs stood at USD108.88m in 2020, decreasing by 54.02% from the 2019 value of USD236.78m. The Western Cape's leading export product to Namibia in 2020 was petroleum oils, at a value of at USD59.67m.

Investment

A total of 52 inward foreign direct investment (FDI) projects were recorded into Namibia from global sources over the period 2013 to 2019. These projects represented a total capital investment of USD3,469.94m. In turn, Namibia recorded six outward FDI projects into the world over the said period.

Two FDI projects were recorded from Namibia into South Africa during the period 2013 to 2019; and 22 FDI projects with a total capex value of USD483.38m were recorded from South Africa into Namibia over the same period.

Tourism

South Africa received 184 431 Namibian tourist arrivals of which 74 734 visited the Western Cape in 2019.

Table of Contents

| | | |
|------------|---|-----------|
| 1. | General Information | 3 |
| 2. | Economic Overview | 4 |
| 2.1 | Doing Business in Namibia | 6 |
| 2.2 | Namibia's Sovereign Credit Ratings | 6 |
| 3. | Trade | 8 |
| 3.1 | Trade in Services | 8 |
| 3.2 | Trade in Products..... | 9 |
| 3.3 | South African Trade with Namibia..... | 12 |
| 3.4 | Western Cape Trade with Namibia | 13 |
| 3.5 | Customs, Regulations and Standards..... | 15 |
| 3.6 | Tariffs | 16 |
| 3.7 | Port-to-Port Rates | 18 |
| 4. | Consumer Insights | 19 |
| 5. | Investment..... | 21 |
| 5.1 | Global Investment into Namibia..... | 21 |
| 5.2 | Global Investment from Namibia | 23 |
| 5.3 | Investment Relations between South Africa and Namibia..... | 24 |
| 5.4 | Investment Relations between the Western Cape and Namibia..... | 26 |
| 6. | Tourism..... | 26 |
| 6.1 | Namibia Tourist Arrivals into South Africa | 26 |
| 7. | AfCFTA status and timeline..... | 27 |

1. General Information



Various ethnic groups occupied south western Africa prior to Germany establishing a colony over most of the territory in 1884. South Africa occupied the colony, then known as German South West Africa, in 1915 during World War I and administered it as a mandate until after World War II, when it annexed the territory. In 1966, the Marxist South-West Africa People's Organisation (SWAPO) guerrilla group launched a war of independence for the area that became Namibia, but it was not until 1988 that South Africa agreed to end its administration in accordance with a UN peace plan for the entire region.

Namibia gained independence in 1990 and has been governed by SWAPO since, though the party has dropped much of its Marxist ideology. President Hage Geingob was elected in 2014 in a landslide victory, replacing Hifikepunye Pohamba who stepped down after serving two terms. SWAPO retained its parliamentary super majority in the 2014 elections. In the 2019 elections, Geingob was re-elected but by a substantially reduced majority and SWAPO narrowly lost its super majority in parliament.

The majority of Namibians are rural dwellers (about 55%) and live in the better-watered north and northeast parts of the country. Migration, historically male-dominated, generally flows from northern communal areas – non-agricultural lands where blacks were sequestered under the apartheid system – to agricultural, mining, and manufacturing centres in the centre and south. After independence from South Africa, restrictions on internal movement eased, and rural-urban migration increased, bolstering urban growth.

Source: (CIA World Factbook, 2020).

| GENERAL INFORMATION | |
|---------------------|---|
| Capital city | Windhoek |
| Government type | Presidential Republic |
| Head of government | President Hage Geingob |
| Population | 2 678 191 (July 2021 est.) |
| Life expectancy | 65.87 years |
| Literacy | 91.6% |
| Ethnic groups | Ovambo 50%, Kavangos 9%, Herero 7%, Damara 7%, mixed European and African ancestry 6.5%, European 6%, Nama 5%, Caprivian 4%, San 3%, Baster 2%, Tswana .5% |
| Religions | Christian 80% to 90% (at least 50% Lutheran), indigenous beliefs 10% to 20% |
| Languages | Oshiwambo languages 49.7%, Nama/Damara 11%, Kavango languages 10.4%, Afrikaans 9.4% (also a common language), Herero languages 9.2%, Zambezi languages 4.9%, English (official) 2.3%, other African languages 1.5%, other European languages .7%, other 1% (2016 est.) note: Namibia has 13 recognized national languages, including 10 indigenous African languages and 3 European language |
| HDI (2020) | 0.646 (Ranked 130 th) |

Sources: CIA World Factbook, 2021; Human Development Indicators, 2020

2. Economic Overview

Namibia's economy is heavily dependent on the extraction and processing of minerals for export. Mining accounts for about 12.5% of GDP but provides more than 50% of foreign exchange earnings. Rich alluvial diamond deposits make Namibia a primary source for gem-quality diamonds. Marine diamond mining is increasingly important as the terrestrial diamond supply has dwindled. However, the rising cost of mining diamonds, especially from the sea, combined with increased diamond production in Russia and China, has reduced profit margins. Namibian authorities have emphasized the need to add value to raw materials, do more in-country manufacturing, and exploit the services market, especially in the logistics and transportation sectors.

The country is one of the world's largest producers of uranium. The Chinese-owned Husab uranium mine began producing uranium ore in 2017 and produces 15 million pounds of uranium a year. Namibia also produces large quantities of zinc and is a smaller producer of gold and copper. Namibia's economy remains vulnerable to world commodity price fluctuations and drought.

A high per capita GDP, relative to the region, obscures one of the world's most unequal income distribution, and the current government has prioritised exploring wealth redistribution schemes while trying to maintain a pro-business environment.

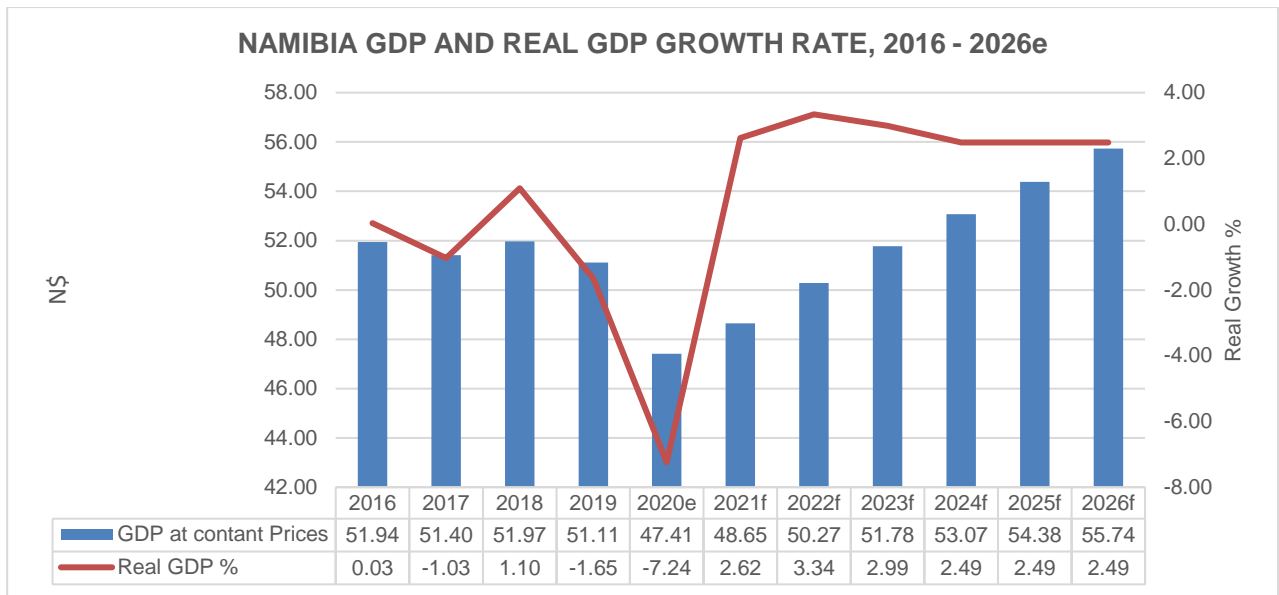
A five-year Millennium Challenge Corporation compact ended in September 2014. As an upper middle-income country, Namibia is ineligible for a second compact. The Namibian economy is closely linked to South Africa with the Namibian dollar pegged one-to-one to the South African rand. Namibia receives 30%-40% of its revenues from the Southern African Customs Union (SACU); and accordingly, volatility in the size of Namibia's annual SACU allotment and global mineral prices complicates budget planning.

Namibia is one of the countries with the highest inequalities. Further, around 15% of the adult population is infected with the AIDS virus. Unemployment is high and affected 20.4% of the population in 2020 (World Bank), with a notable disparity between rural (39%) and urban areas (30%), among women (38%) and young people (43%) (Santader, 2021).

| ECONOMIC INFORMATION | |
|---|------------|
| GDP, constant prices (national currency) (2019) | N\$47.41bn |
| Real GDP growth (2020e) | -7.24% |
| GDP per capita, constant prices (PPP; 2017 international dollar); 2020 est. | USD8907.58 |
| Inflation, consumer average prices (2020) | 2.57% |
| Central Bank's Repo Rate - (Feb 2021) | 3.75% |
| Unemployment rate (2020) | 20.59% |
| Doing Business, 2020 Report (ranking out of 190) | 104 |
| Total Exports (2020) | USD5.42bn |
| Total Imports (2020) | USD6.62bn |

Sources: IMF 2020; Statista, 2021; Doing Business 2020; Trade Map 2020.

Namibia's economy is being severely affected by the COVID-19 pandemic, with the economy having contracted by a significant 7.2% in 2020. However, it is projected that the economy should gather momentum as public spending rises and domestic demand broadens. Production from a large new uranium mine will provide further support for the economy. Real GDP growth is forecast to bounce back to 2.1% in 2021, before moderating to average about 2% per year by 2026 (IMF, 2021).



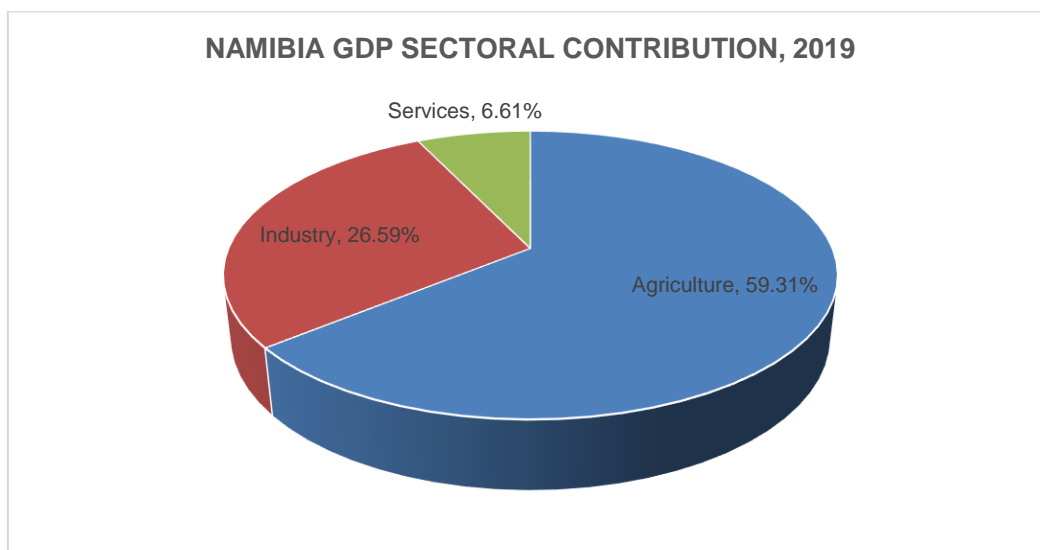
Source: IMF, 2021.

The diagram below depicts Namibia's sectoral contribution to GDP in 2019. Agriculture accounts for around 6% of the Namibian economy and employs more than a fifth of the workforce. The country's major crops include maize, millet, and sorghum. The livestock sector is productive and export oriented. Beef accounts for the largest share of livestock exports. Fishing is another important component of the primary sector (accounting for almost 25% of all activities in the primary sector), as Namibian waters are rich in fish.

The secondary sector contributes more than 26.6% of GDP and employs about 16% of the active population, with major predominance of the mining industry. Major mining products include diamonds, uranium, lead, copper, and arsenic. Diamonds account for almost 70% of all mining exports. Namibia also has the largest marine mine in the world. Offshore diamond production is increasing, with this providing 75% of total production while onshore extraction is decreasing due to the exhaustion of terrestrial deposits. Food processing (beef and fish) is the largest non-mining component of the secondary sector.

Services account for around 59.3% of GDP and employ 62% of the working population. Namibia's diverse landscapes and extensive wildlife offers significant tourism assets and as such, tourism is a major source of income. Its direct contribution to GDP is nearly 14%. The construction sector is the activity that suffered most during the recession and is struggling to regain a positive momentum.

Sources: Santander, 2021



Sources: Santander, 2021

2.1 Doing Business in Namibia

The World Bank Group in its annual *Doing Business 2020* report ranked Namibia 104th out of 190 countries monitored in terms of the ease of doing business. Namibia's strengths are in terms of enforcing contracts, with the country ranking 64th globally in this category, getting electricity (76th) and dealing with construction permits (84th). Conversely, according to the report, the country fared less favourably in terms of registering property with a ranking of (173rd) starting a business (165th), and trading across borders (138th). Indicators ranked by the report are tabled below

| NAMIBIAS RANKINGS - DOING BUSINESS, 2020 REPORT | |
|---|--|
| INDICATORS | 2020 RANKING (OUT OF 190 COUNTRIES) |
| Starting a Business | 165 |
| Dealing with Construction Permits | 84 |
| Getting Electricity | 76 |
| Registering Property | 173 |
| Getting Credit | 80 |
| Protecting Investors | 88 |
| Paying Taxes | 88 |
| Trading Across Borders | 138 |
| Enforcing Contracts | 64 |
| Resolving Insolvency | 127 |
| Doing Business 2019 | 104 |

Source: World Bank Group's *Doing Business, 2020 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 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" (Investopedia, 2020).

While a number of credit agencies exist, the three most recognised credit ratings agencies globally are Fitch Ratings, Moody's Investors Services (Moody's) 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.

On 7 December 2020, Fitch affirmed Namibia's BB negative outlook rating. The negative outlook reflects increased downward pressures on creditworthiness due to a continued rise in general government (GG) debt driven by persistent wide fiscal deficits and a protracted recession aggravated by the coronavirus pandemic shock. It also reflects challenges to fiscal consolidation from a difficult social context marked by a particularly high level of inequality. The rising debt trajectory reflects that given the weak macroeconomic conditions since the end of the mining and credit boom in 2016, the results of consolidation efforts have been partly offset by its negative impact on growth and revenues.

On the other side, Moody's downgraded Namibia's long-term issuer and senior unsecured ratings to Ba3, with a negative outlook, based on the country's weakening fiscal strength and dismal growth prospects amid the coronavirus pandemic. The rating agency forecasts a budget deficit for the southwest African country of 9.6% of GDP in fiscal 2020, which would push its debt burden to 72% of GDP by the end of the year from 56% in the year-ago period. Namibia's rising debt is driven by a primary deficit and interest costs, factors that will continue to negatively affect debt dynamics over the next five years.

However, the strength of the country's institutions coupled with reduced imports and a large public pension fund suggests that Namibia may be able fund government operations despite weak debt dynamics. Moody's negative outlook reflects the challenge of implementing new revenue generation and tax collection reforms and the country's high gross borrowing requirements, which are expected to climb to about 38% of GDP in 2021.

| NAMIBIA'S SOVEREIGN CREDIT RATINGS, 2021 | | | |
|--|------------------|---------------------------|---------------|
| CREDIT RATING AGENCY | STANDARD & POORS | MOODY'S INVESTOR SERVICES | FITCH RATINGS |
| CREDIT RATING | - | Ba3 | BB |
| OUTLOOK | - | Negative | Negative |
| DATE OF LAST CHANGE | - | 2020-12-04 | 2020-06-22 |

Sources: Trading Economics, 2021

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 that offers these services is Belgium's Delcrederecroire's, 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 risks associated with exports transactions in Namibia, these are deemed to be low in the short-term, high in the medium to long-term.
- Commercial risk in turn is high.
- Regarding direct investment, all other categories are considered low risk except for currency inconvertibility and transfer as indicated by scores awarded below.

| NAMIBIA RISK ASSESSMENT - Delcrederecroire | | |
|---|----------------------|---|
| EXPORT TRANSACTIONS (Scale 1 – 7)* | | |
| Political Risks | Short Term | 3 |
| | Medium-Long term | 6 |
| | Special Transactions | 4 |
| Commercial Risk | C ** | |
| DIRECT INVESTMENTS | | |
| Political Violence Risk | 2 | |
| Risk of expropriation and government action | 3 | |
| Currency Inconvertibility and Transfer | 6 | |
| * Where 1 is associated with the least risk and 7 the most. | | |
| ** Where B is associated with mid risk; A is low risk and C is high risk. | | |

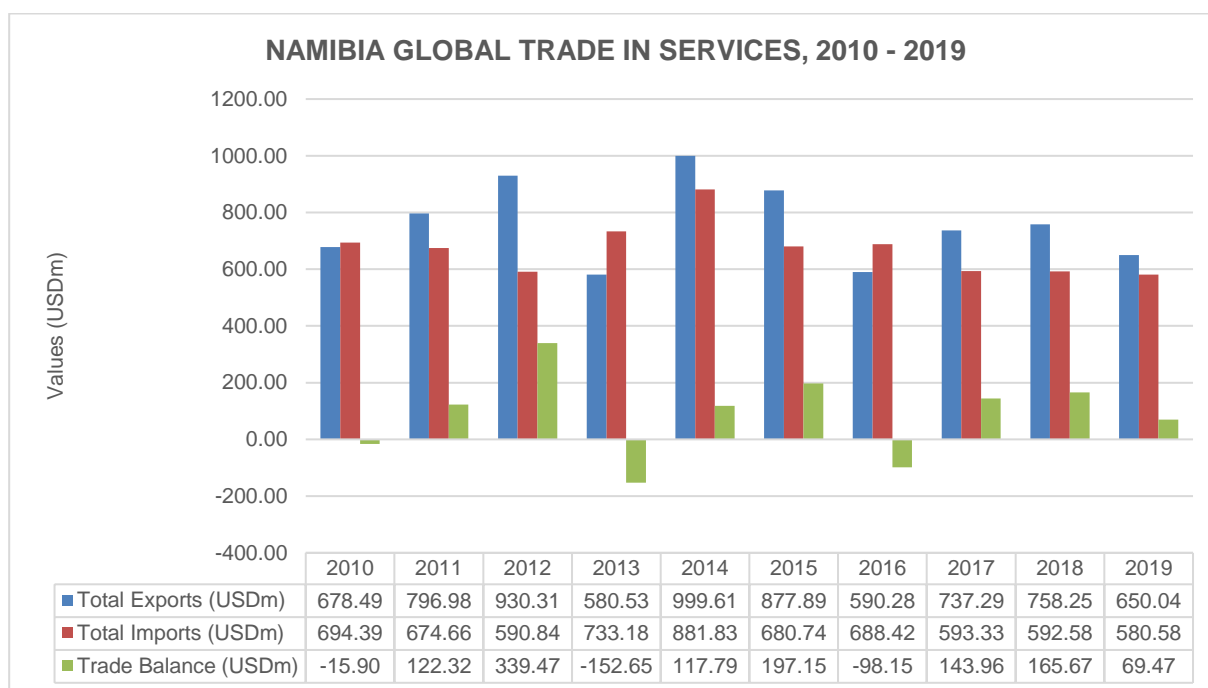
Source: ONDD, 2021.

3. Trade

3.1 Trade in Services

Namibia's global trade in services for the period 2010 to 2019 is shown below. Services export receipts consistently outpaced import costs during the period under review except for the years, 2011, 2013 and 2016.

In 2019, service export receipts totalled USD650m.04, decreasing by 14.27% from the 2018 figure of USD758.25m. In a similar manner, the associated import costs also decreased, falling by 2.03% in 2019 (at a value of USD580.58m) from the 2018 value of USD592.85m.



Source: TradeMap, 2021

Key Trade Services

In terms of key trade **service exports**, the travel category dominated service export earnings in 2019, at a value of USD337.62m, equivalent to 51.94% of total services export receipts earned in 2019. Manufacturing services on physical inputs owned by others came second at a value of USD120.51m equivalent to 18.54% of total services export receipts earned in 2019. This was followed by transport in third place at a value of USD106.03m and equivalent to 16.31% of total services export receipts earned in 2019. Combined, these three categories accounted for 73.45% of total service export receipts earned in 2019.

Namibia's fastest growing **service export categories** over the five-year period leading up to and including 2019 were personal, cultural, and recreational services (7.15%), manufacturing services on physical inputs owned by others (3.55%), and transport services (1.52%).

Turning to key trade **service imports**, import costs associated with other business services dominated in 2019 at a value of USD212.22m, equivalent to 36.55% of total service import costs in the year. Transport services followed in second position with related service import costs totalling USD134.04m, equivalent to 23.09% of total service import costs in 2019. Travel services came third at a value of USD80.19m and equivalent to 13.81% of total service import costs in the year. Combined, these three categories accounted for 72.92% of total service import costs incurred in 2019.

Namibia's fastest growing **service import categories** over the five-year period leading up to and including 2019 were financial services (122.75%) and travel services (12.30%).

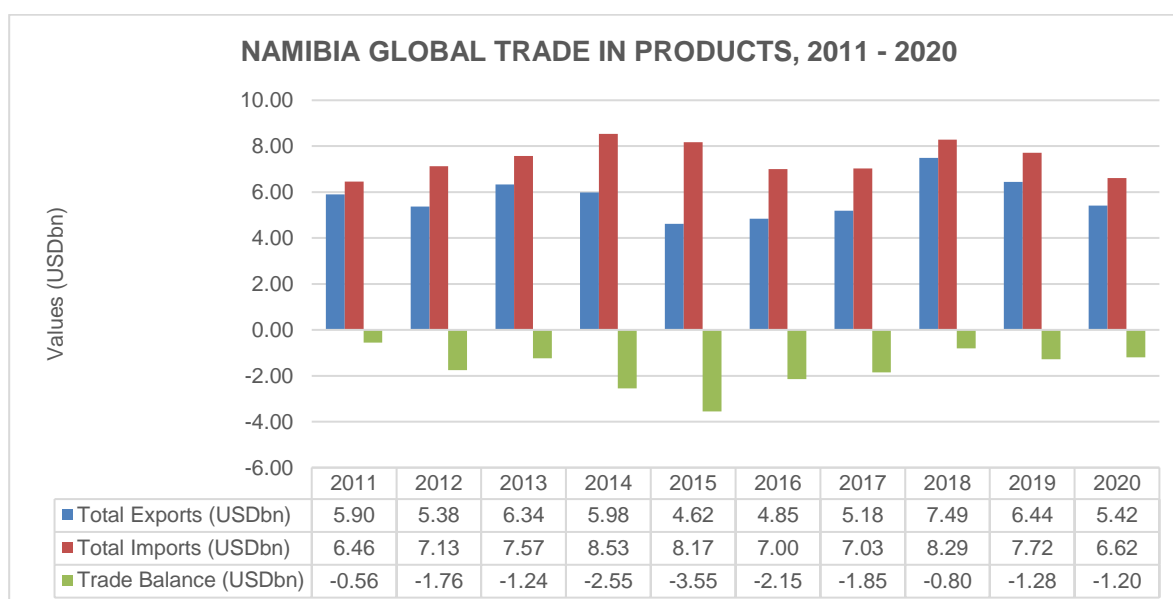
| TOP 10 SERVICES EXPORTED BY NAMIBIA, 2019 | | | | TOP 10 SERVICES IMPORTED BY NAMIBIA, 2019 | | | |
|---|---|---------------|---------------|---|--|---------------|---------------|
| CODE | SERVICES | VALUE 2019 | % Growth, | RANK | SERVICES | VALUE 2019 | % Growth, |
| | | (USDm) | 2015-19 | | | (USDm) | 2015-19 |
| 1 | Travel | 337.62 | -2.92% | 1 | Other business services | 212.22 | -6.10% |
| 2 | Manufacturing services on physical inputs owned by others | 120.51 | 3.55% | 2 | Transport | 134.03 | -6.29% |
| 3 | Transport | 106.03 | 1.52% | 3 | Travel | 80.19 | 12.30% |
| 4 | Government goods and services | 26.62 | -29.46% | 4 | Government goods and services | 46.94 | -6.66% |
| 5 | Financial services | 23.86 | 1.30% | 5 | Telecommunications, computer, and information services | 31.33 | -9.16% |
| 6 | Maintenance and repair services | 13.64 | -18.34% | 6 | Maintenance and repair services | 26.67 | -0.85% |
| 7 | Telecommunications, computer, and information services | 8.70 | -2.17% | 7 | Insurance and pension services | 20.39 | -0.15% |
| 8 | Construction | 5.95 | -3.26% | 8 | Construction | 18.69 | -7.72% |
| 9 | Other business services | 4.76 | -28.97% | 9 | Financial services | 6.82 | 122.75% |
| | Personal, cultural, and recreational services | 1.77 | 7.15% | | Charges for the use of intellectual property | 2.54 | -8.79% |
| TOTAL | | 650.04 | -6.29% | TOTAL | | 580.58 | -7.53% |

Source: TradeMap, 2021.

3.2 Trade in Products

The figure below shows the trend in Namibia's global trade from 2011 to 2020. Import costs consistently outpaced export receipts throughout the period under review, firmly establishing Namibia's position as a net importer of goods.

In 2020, Namibia's export receipts fell by 15.84% to a value of USD5.42bn, down from USD6.44bn recorded in 2019. In a similar manner, associated import costs fell by 14.21% from the cost of USD7.72bn incurred in 2019 to USD6.62bn in 2020.



Source: TradeMap, 2021

Key Trade Markets

In terms of key **trade export markets**, China was the leading destination market for Namibia's exports at a value of USD1,942.06m in 2020. South Africa and Botswana were the second and third largest consumers of Namibian products in 2020, importing products to the value of USD834.72m and USD453.58m, respectively. Of the top 10 export markets, the **fastest growing markets** for Namibia's exports over the five-year period leading up to and including 2019 were China (101.08%), United Arab Emirates (61.85%) and Belgium (60.29%).

| TOP 10 DESTINATION COUNTRIES FOR NAMIBIA'S EXPORTS, 2020 | | | |
|--|-----------------------------------|-------------------|--------------------------------------|
| RANK | COUNTRY | VALUE 2020 (USDm) | % GROWTH (avg.; USD terms) 2016-2020 |
| 1 | China | 1942.06 | 101.08% |
| 2 | South Africa | 834.72 | 0.94% |
| 3 | Botswana | 453.58 | -13.57% |
| 4 | Belgium | 301.07 | 60.29% |
| 5 | Spain | 264.31 | 5.83% |
| 6 | Zambia | 240.68 | 10.81% |
| 7 | Congo, Democratic Republic of the | 150.99 | 8.23% |
| 8 | Germany | 133.37 | 33.71% |
| 9 | United Arab Emirates | 116.91 | 61.85% |
| 10 | Netherlands | 102.77 | 27.78% |
| TOTAL EXPORTS | | 5419.34 | 5.30% |

Source: TradeMap, 2021

In terms of the **leading source markets** for Namibia's imports, South Africa dominated in 2020, with imports from this country valued at USD2,540.61m. Zambia and the Democratic Republic of Congo (DRC) were the second and third largest source markets for Namibia in 2020, with values totalling USD1,320.19 and USD376.36m, respectively. Of the top 10 imports markets, the **fastest growing markets** for Namibian imports over the five-year period leading up to and including 2019 were Chile (622.72%), the DRC (280.82%), and Bulgaria (156.67%).

| TOP 10 SOURCE MARKETS FOR NAMIBIA'S IMPORTS, 2020 | | | |
|---|--------------------------|-------------------|--------------------------------------|
| RANK | COUNTRY | VALUE 2020 (USDm) | % GROWTH (avg.; USD terms) 2016-2020 |
| 1 | South Africa | 2540.61 | -12.84% |
| 2 | Zambia | 1320.19 | 70.69% |
| 3 | DRC | 376.36 | 280.82% |
| 4 | China | 311.08 | 1.55% |
| 5 | Bulgaria | 257.62 | 156.67% |
| 6 | India | 176.89 | 6.31% |
| 7 | United States of America | 168.44 | 17.54% |
| 8 | Peru | 140.09 | 9.50% |
| 9 | Area Nes | 112.89 | 55.97% |
| 10 | Chile | 78.56 | 622.72% |
| TOTAL IMPORTS | | 6618.72 | -3.42% |

Source: TradeMap, 2021

Interesting Trade Facts



Source: TradeMap, 2021

Namibia is the number one **global exporter** of uranium.

Key Trade Products

In terms of key trade products, unrefined copper was Namibia's **dominant export category** in 2020 at a value of USD1346.74m, equivalent to 24.85% of export receipts earned in the said year. Diamonds were the second largest export category at a value of USD761.05m (14.04% of total export earnings), while uranium or thorium ores and concentrates was third at a value of USD633.41 (11.69%). Combined, these three categories accounted for 50.58% of total product export receipts earned in 2020.

Namibia's **fastest growing export products** over the five-year period leading up to and including 2020 were unrefined copper (98.58%), refined copper (76.85%), and uranium (25.53%).

In turn, unrefined copper was also the **leading import category** into Namibia in 2020 at a value of USD1,202.05m, equivalent to 18.16% of import costs in 2020. Copper ores and concentrates category was the second largest import category at a cost of USD580.89 (8.78% of total import costs), while the petroleum oils (excluding crude oil) category was third at a value of USD533.29m (8.36%). Combined, these three categories accounted for 35.30% of total product import costs incurred in 2020.

Of the top ten products, Namibia's **fastest growing import products** over the five-year period leading up to and including 2019 were unrefined copper (85.10%), refined copper (33.07%), and copper ores and concentrates (28.27%).

| TOP 10 PRODUCTS EXPORTED BY NAMIBIA, 2020 | | | | TOP 10 PRODUCTS IMPORTED BY NAMIBIA, 2020 | | | |
|---|--|-------------------|--------------------------------------|---|----------------------------------|-------------------|--------------------------------------|
| RANK | PRODUCT (HS 4) | VALUE 2020 (USDm) | % GROWTH (avg.; USD terms) 2016-2020 | RANK | PRODUCT (HS 4) | VALUE 2020 (USDm) | % GROWTH (avg.; USD terms) 2016-2020 |
| 1 | Copper, unrefined | 1346.74 | 98.58% | 1 | Copper, unrefined | 1202.05 | 85.10% |
| 2 | Diamonds | 761.05 | -7.59% | 2 | Copper ores and concentrates | 580.89 | 28.27% |
| 3 | Uranium or thorium ores and concentrates | 633.41 | 24.53% | 3 | Petroleum oils (excluding crude) | 553.29 | -10.39% |
| 4 | Gold | 398.37 | 13.63% | 4 | Copper, refined | 362.97 | 33.07% |

| | | | | | | | |
|----------------------|--------------------------------------|----------------|--------------|----------------------|---|----------------|---------------|
| 5 | Copper, refined | 335.55 | 76.85% | 5 | Motor vehicles for the transport of goods | 117.13 | -17.60% |
| 6 | Fish fillets | 293.82 | 13.19% | 6 | Motor cars | 105.25 | -19.38% |
| 7 | Frozen fish (excluding fish fillets) | 252.80 | -5.56% | 7 | Cobalt oxides and hydroxides | 93.91 | - |
| 8 | Cobalt oxides and hydroxides | 66.99 | - | 8 | Diamonds, | 79.06 | 8.55% |
| 9 | Live bovine animals | 65.80 | 23.95% | 9 | New pneumatic tyres, of rubber | 73.02 | 8.45% |
| 10 | Petroleum oils (excluding crude) | 64.57 | 9.81% | 10 | Telephone sets | 68.21 | -5.01% |
| TOTAL EXPORTS | | 5419.34 | 5.30% | TOTAL IMPORTS | | 6618.72 | -3.42% |

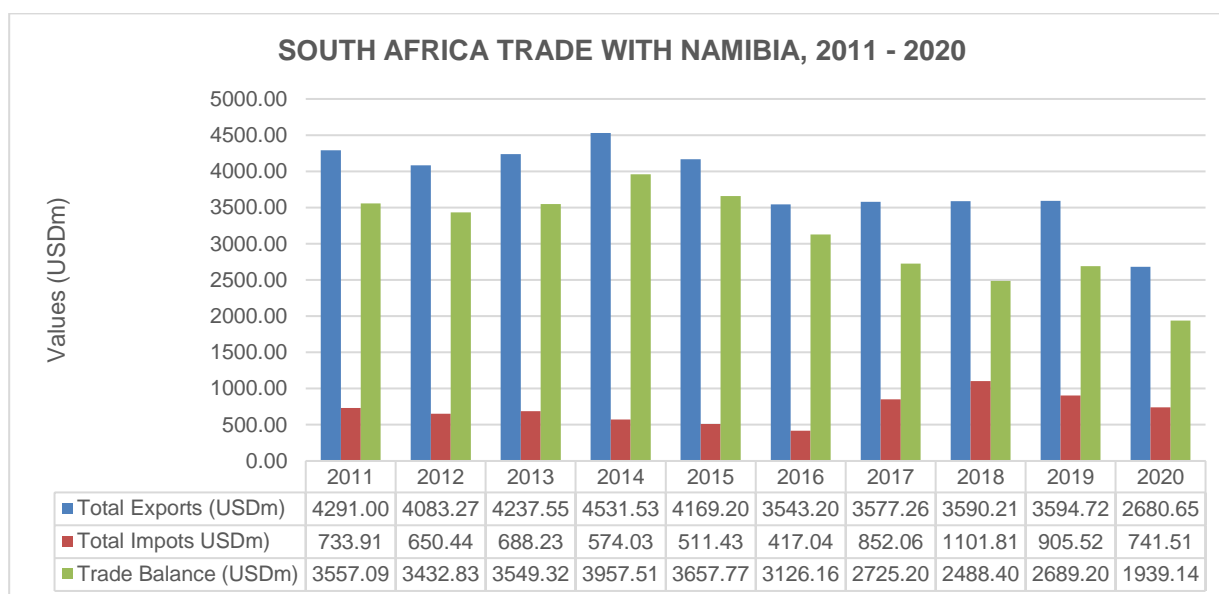
Source: Trade Map 2021.

3.3 South African Trade with Namibia

South Africa's trade with Namibia for the period 2011 - 2020 is presented in the figure below.

South African exports to Namibia consistently outpaced its imports from Namibia throughout the period under review, thus establishing its position as a net exporter of goods to Namibia.

In 2020, South Africa's export receipts with Namibia totalled USD2,680.65m, a sharp decline of 25.43% from the 2019 value of USD3,594.72m. In a similar manner, South Africa's imports from Namibia declined by 18.11% to a value of USD741.51m in 2020, down from a cost of USD905.52m incurred in 2019.



Source: Trade Map 2021

Key Trade Products

South Africa's **dominant export category** to Namibia in 2020 was electrical energy at a value of USD119.02m, equivalent to 4.44% of all export receipts earned with the said country in 2020. Motor vehicles for the transport of goods placed second at a value of USD102.53m (3.82%), followed by petroleum oils (excluding crude) at USD95.80m (3.57%). Combined, these three categories accounted for 11.84% of total product export receipts earned in 2020.

Of the top ten products, South Africa's **fastest growing export product categories** to Namibia over the five-year period leading up to and including 2020 were electrical energy (14.97%), maize (6.74%) and petroleum oils (excluding crude) (2.44%).

Gold **dominated South African imports** from Namibia in 2020 at a cost of USD398.43m. This was equivalent to 53.73% of all import costs incurred with Namibia in 2019. Live bovine animals placed second at a cost of USD64.70m (8.73%), while beer made from malt came third at a value of USD34.38m (4.64%). Combined, these three categories accounted for 67.09% of total product import costs incurred in 2020.

Of the top ten products, South Africa's **fastest growing import product categories** from Namibia over the five-year period leading up to and including 2020 were live bovine animals (25.42%), zinc bars (18.72%) and diamonds (12.19%).

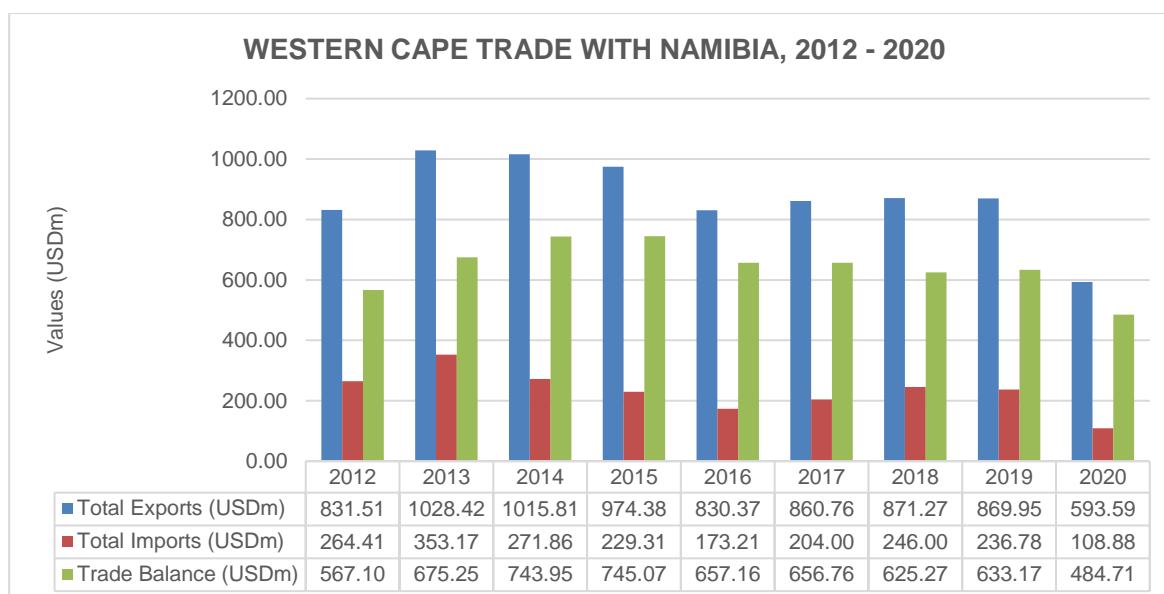
| TOP 10 SOUTH AFRICA PRODUCTS EXPORTED TO NAMIBIA, 2020 | | | | TOP 10 SOUTH AFRICA PRODUCTS IMPORTED FROM NAMIBIA, 2020 | | | |
|--|---|-------------------|--------------------|--|--------------------------------------|-------------------|--------------------|
| RANK | PRODUCT | VALUE 2020 (USDm) | % GROWTH 2016-2020 | RANK | PRODUCT | VALUE 2020 (USDm) | % GROWTH 2016-2020 |
| 1 | Electrical energy | 119.02 | 14.97% | 1 | Gold | 398.43 | - |
| 2 | Motor vehicles for the transport of goods | 102.53 | -18.50% | 2 | Live bovine animals | 64.70 | 25.42% |
| 3 | Petroleum oils (excluding crude) | 95.80 | 2.44% | 3 | Beer made from malt | 34.38 | -1.38% |
| 4 | Medicaments | 69.21 | -1.14% | 4 | Diamonds | 31.40 | 12.19% |
| 5 | Motor cars | 68.47 | -20.02% | 5 | Frozen fish (excluding fish fillets) | 29.94 | -9.55% |
| 6 | Parts and accessories for tractors | 51.29 | -9.09% | 6 | Fish fillets | 19.53 | 3.76% |
| 7 | Cane or beet sugar | 44.85 | -3.32% | 7 | Live sheep and goats | 16.44 | -3.90% |
| 8 | Telephone sets | 40.32 | -4.60% | 8 | Prepared or preserved fish | 15.16 | -1.66% |
| 9 | Parts suitable for use solely or principally with the machinery | 36.91 | -3.43% | 9 | Salts | 10.32 | -1.22% |
| 10 | Maize or corn | 36.36 | 6.47% | 10 | Zinc bars, rods | 10.19 | 18.72% |
| TOTAL EXPORTS | | 2680.65 | -7.80% | TOTAL IMPORTS | | 741.51 | 15.85% |

Source; Trade Map 2021

3.4 Western Cape Trade with Namibia

Turning to the Western Cape's trade with Namibia for the period 2011 – 2020, similarly to South Africa, the Western Cape's exports to Namibia consistently outpaced its imports from Namibia, thus establishing the Western Cape's position as a net exporter of products to Namibia.

In 2020, the Western Cape's export receipts from trade with Namibia stood at USD593.59m; a sharp decline of 31.77% from the 2019 value of USD869.59m. Likewise, import costs fell to a value of USD108.88m in 2020, down from a cost of USD236.78m incurred in 2019.



Source: Quantec, 2021

Key Trade Products

The Western Cape's **dominant export product** to Namibia in 2020 were petroleum oils valued at USD59.67m equivalent to 10.05% of all export receipts earned with Namibia in 2019. Wine placed second at a value of USD24.49m (4.97%), followed by cigars at USD23.69m (3.99%). Combined, these three categories accounted for 19.01% of total product export receipts earned in 2020.

Other footwear was the Western Cape's **fastest growing export product category** to Namibia over the five-year period leading up to and including 2020, growing by 34.11%.

Fish **dominated products imported** from Namibia by the Western Cape in 2020 at a cost of USD23.72m, equivalent to 21.79% of all import costs incurred with Namibia in 2020. Fish fillets came second at a cost of USD17.79m (16.34%), while live bovine animals placed third at USD9.70m (8.33%). Combined, these three categories accounted for 47.03% of total product import costs incurred in 2020.

Of the top ten products, the Western Cape's **fastest growing import product categories** with Namibia over the five-year period leading up to and including 2020 were parts suitable for use solely or principally with the machinery (3,040.42%), leather (1,038.72%) and unwrought zinc (257.17%).

| THE TOP 10 WESTERN CAPE EXPORTS TO NAMIBIA, 2020 | | | | THE TOP 10 WESTERN CAPE IMPORTS FROM NAMIBIA, 2020 | | | |
|--|------------------------------|-------------------|----------------------|--|----------------------------|-------------------|----------------------|
| RANK | PRODUCT (HS4) | VALUE 2020 (USDm) | % GROWTH 2016 - 2020 | RANK | PRODUCT (HS4) | VALUE 2020 (USDm) | % GROWTH 2016 - 2020 |
| 1 | Petroleum oils | 59.67 | 0.32% | 1 | Fish | 23.72 | -10.97% |
| 2 | Wine | 29.49 | -0.22% | 2 | Fish fillets | 17.79 | 2.71% |
| 3 | Cigars, cheroots, cigarillos | 23.69 | -6.95% | 3 | Live bovine animals | 9.70 | 15.99% |
| 4 | Undenatured ethyl alcohol | 11.37 | -16.37% | 4 | Prepared or preserved fish | 9.07 | 44.92% |
| 5 | Articles for the conveyance | 10.70 | -2.46% | 5 | Crustaceans | 3.59 | 52.45% |
| 6 | Fruit juices | 10.42 | -11.50% | 6 | Leather | 3.30 | 1038.72% |
| 7 | Medicaments | 9.37 | -1.93% | 7 | Copper waste and scrap | 3.26 | 6.43% |
| 8 | Other footwear | 8.23 | 34.11% | 8 | Unwrought zinc | 3.06 | 257.17% |

| | | | | | | | |
|----------------------|--|---------------|---------------|----------------------|---|---------------|---------------|
| 9 | Beauty or make-up preparations | 7.96 | -2.84% | 9 | Fuel wood | 3.05 | 14.97% |
| 10 | Petroleum gases and other gaseous hydrocarbons | 7.66 | 7.01% | 10 | Parts suitable for use solely or principally with the machinery | 2.71 | 3040.42% |
| TOTAL EXPORTS | | 593.59 | -8.36% | TOTAL IMPORTS | | 108.88 | -8.77% |

Source: Quantec, 2021

3.5 Customs, Regulations and Standards

Trade Barriers

No-Tariff Barriers

- Nine documents are required to export a product from Namibia, and seven documents to import a product into the country.
- The average time to export is 25 days, while 20 days on average are required for imports.
- Beyond customs delays, the government has imposed a number of import and export restrictions, mostly on agricultural products. White maize, wheat, mahangu (pearl millet), and products derived from these three grains are controlled. Controlled grain crops can only be imported or exported with permits issued by the Agronomic Board and the Ministry of Agriculture, Water and Land Reform (MAWLR). For each controlled grain there are specific restrictions, but restrictions do not include price controls.
- The government has also instituted an import substitution program for horticultural products requiring importers to source a designated percentage of produce from within Namibia before acquiring horticultural products from foreign markets.
- Farmers of livestock must demonstrate that they have complied with export restrictions before they are entitled to export. For example, for every live sheep exported, a farmer must have six sheep slaughtered within Namibia.
- As a member of SACU, Namibia is bound by certain tariff quotas that affect the import of food products, namely butter, cheese, milk powder, and wheat.

15

Prohibited and Restricted Imports

These are some of the goods that are listed in the Consolidated List of Prohibited and Restricted Imports/Exports:

| DESCRIPTION | PROHIBITIO/RESTRICTION | AUTHORITY/BODY | ACTION REQUIRED |
|-----------------------|------------------------|------------------|-----------------|
| Firearms & Ammunition | Restricted | Namibian Police | Imp/Exp Permit |
| Explosive/Fireworks | Restricted | Namibian Police | Imp/Exp Permit |
| Honey | Restricted | MAWF | Imp/Exp Permit |
| Live Plants/products | Restricted | State Veterinary | Imp/Exp Permit |
| All live animals | Restricted | State Veterinary | Imp/Exp Permit |
| Meat/Meat offal | Restricted | Meatco | Imp/Exp Permit |
| Wheat, maize, cereal | Restricted | Agronomic Board | Imp/Exp Permit |
| Used Pneumatic tires | Restricted | MIT | Imp/Exp Permit |
| Raw hide & skins | Restricted | MAWLF/State Vet. | Imp/Exp Permit |
| Diamonds/Gold | Restricted | Mines & Energy | License |

Source: Adapted from International Trade Administration, 2021

Trade Agreements

Namibia is a member of:

- Namibia is one of the 31 African Union member states which have ratified the African Continental Free Trade Area (AfCFTA). The agreement aims to accelerate intra-African trade, and to boost Africa's trading position in the global market. The agreement initially requires members to remove tariffs from 90 percent of goods, allowing free access to commodities, goods, and services across the continent.
- SACU - Namibia is a member of the Southern African Customs Union (SACU). SACU ensures the free movement of goods among member states, Namibia, Botswana, Lesotho, ESwatini and South Africa. SACU website: www.sacu.int. SACU-EFTA Free Trade Agreement – This agreement was concluded in 2004.
- SADC Protocol on Trade – Namibia is a member of the Southern African Development Community (SADC). This agreement was concluded in 1999.
- SACU-Mercosur Preferential Trade Agreement - This agreement was signed in December 2004. Namibia ratified the agreement in 2012 and the agreement entered into force in 2016. 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 U.S. market for more than 6,400 products. For more information on AGOA, visit: www.agoa.gov.
- 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, ESwatini, 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.
- SADC EPA Group – In June 2016, six SADC member countries – Botswana, Lesotho, Mozambique, Namibia, South Africa, and ESwatini – signed an Economic Partnership Agreement (EPA) with the European Union. <http://ec.europa.eu/trade/policy/countries-and-regions/sadc/>.

Namibia also has bilateral agreements with Angola, Tunisia, Zimbabwe, Cuba, Ghana, India, Malaysia, and Russia.

Source: *International Trade Administration, 2021*.

3.6 Tariffs

The table below shows tariffs imposed by Namibia on South Africa's exports in 2021.

| TARIFFS IMPOSED ON SOUTH AFRICAN EXPORTS BY NAMIBIA, 2021 | | | | | |
|---|-----------|---|-----------|--|-----------|
| 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: Albs.uminoids, 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 fur skins) 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: Fur skins 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 |
| 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, cermet's, 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 |
| HS28: Inorganic chemicals | 0 | | 0 | H94: Furniture, lighting, signs, prefabricated buildings | 0 |
| H29: Organic chemicals | 0 | H61: Articles of apparel, accessories, knit or crochet | 0 | H95: Toys, games, sports requisites | 0 |
| H30: Pharmaceutical products | 0 | H62: Articles of apparel, accessories, not knit or crochet | 0 | H96: Miscellaneous manufactured articles | 0 |
| H31: Fertilizers | 0 | H63: Other made textile articles, sets, worn clothing | 0 | H97: Works of art, collectors' pieces, and antiques | 0 |
| H32: Tanning, dyeing extracts, tannins, derivatives, pigments | 0 | H64: Footwear, gaiters and the like, parts thereof | 0 | H99: Commodities not elsewhere specified | 0 |

Source: TradeMap, 2021.

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.

3.7 Port-to-Port Rates



Source: World Port Source

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. There is a Syncrolift dry dock facility at Walvis Bay harbour, for lifting ships out of the water for repair, separate from the port facilities proper. 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.

The table below shows the most important ports in Namibia. It also shows the **distance** and **time** it takes goods to travel from Cape Town Port terminal to these ports.

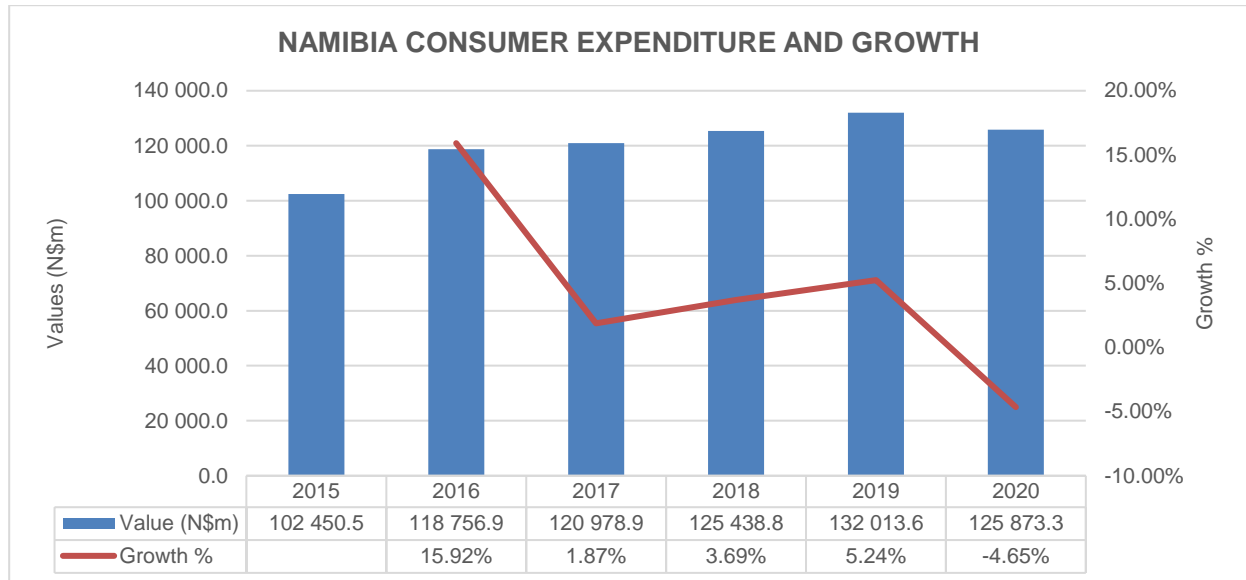
| TRANSIT TIME FROM CAPE TOWN TERMINAL TO VARIOUS PORTS IN NAMIBIA, 2021 | | |
|--|------------|----------------|
| TERMINAL | DISTANCE | TRANSIT TIME |
| Port of Lüderitz | 895.49 km | 1 day 13 hours |
| Port of Walvis Bay | 1304.23 km | 2 days 6 hours |

Source: Sea-Rates, 2021.

4. Consumer Insights

The figure below presents the Namibian consumer expenditure and growth for the period 2015 – 2020.

In 2020, due to the outbreak of the COVID-19 pandemic, the country's GDP contracted by 7.2% in 2020. Consequently, the consumer expenditure decreased by 4.65% in the same year, as a result of consumer spending being limited because of lockdown measures. That said, the expectation is that the economy should gather momentum as public spending rises and domestic demand broadens.



Source: Euromonitor International, 2021

NOTE: Consumer expenditure comprises personal expenditure on goods - durable, semi-durable and non-durable - and on services in the domestic market, including the imputed rent of owner-occupied dwellings, the administrative costs of general insurance and of life assurance and superannuation schemes. Consumption expenditure in the domestic market is equal to consumer expenditure by resident households plus direct purchases in the domestic market by non-resident households and minus direct purchases abroad by resident households.

Type of consumers

The figure below presents the type of consumers in Namibia and their buying patterns.

- The majority of food and consumer goods purchased in the country are imported from South Africa.
- Organized trade is well developed in Namibia with nine out of ten consumers stating that supermarkets are their most important channel for grocery purchases.
- Packaged Goods categories account for 28% of total monthly household expenditure. Driven by high income segments such as Progressive Affluents and Trendy.
- Aspirants, penetration of value-added products such as deodorants, butter and margarine, hair care products, air fresheners, and packaged fruit juices are higher in Namibia compared to other Sub-Saharan countries surveyed.
- Across all segments, brand loyalty, affordability, and availability are key purchase drivers. Beverages, such as iced tea and sports/energy drinks, are areas of opportunity where consumers expressed high interest to try.

| | | | |
|-------------------------|-----|---|--|
| Trendy Aspirants | 42% | 15-29 years, single, largely male, middle SEC, urban | Educated up to secondary school and above. Modern in terms of fashion, technology, and willingness to try new products. |
| Balanced Seniors | 16% | 20-45 years, married with children, across all SEC | Studied secondary school and above. Traditional, family-oriented and religious. Buy based on affordability and recommendation. |
| Evolving Juniors | 15% | 15-19 years, middle to lower SEC, peri-urban | Mostly students. Social and want to enjoy time with friends. Traditional and family-oriented. Value affordability. Average consumption of TV, radio and mobiles. |
| Wannabe Bachelors | 11% | 20-34 years, male, middle to low SEC, single, peri-urban | Educated up to secondary school. Mix of blue collar and supervisor level jobs. Influenced by good packaging and advertising. |
| Progressive Affluents | 8% | 30-45 years, married with children, higher SEC, urban | Well educated, and employed in managerial jobs. Willing to try new things and pay for quality. Family is important but also tends to be very individualistic. High on media use. |
| Female Conservatives | 4% | 15-29 years, married, lower SEC, peri-urban | Studied up to secondary level. Traditions and family values are important. Not brand conscious. Keen to keep up with fashion and try new products. |
| Struggling Traditionals | 4% | 30-45 years, married with children, lower SEC, peri-urban | Low levels of education - secondary school and below. Rooted in family, traditions and religion. Prime concerns are affordability and availability. Not brand conscious. |

Source: Nielsen, 2019

Challenges faced by consumers in accessing the South African market:

- The majority of Namibians are rural dwellers (about 55%) and live in the better-watered north and northeast parts of the country. Migration, historically male-dominated, generally flows from northern communal areas non-agricultural lands where blacks were sequestered under the apartheid system to agricultural, mining, and manufacturing centres in the centre and south.
- A 2017 report by FinScope showed that 78% of adult Namibians are financially included and have access to financial services, 72.6% are formally served; (67.7% of them are served by commercial banks, while 52.8% are served by non-bank formal institutions). At least 23.9% make use of informal financial mechanisms.

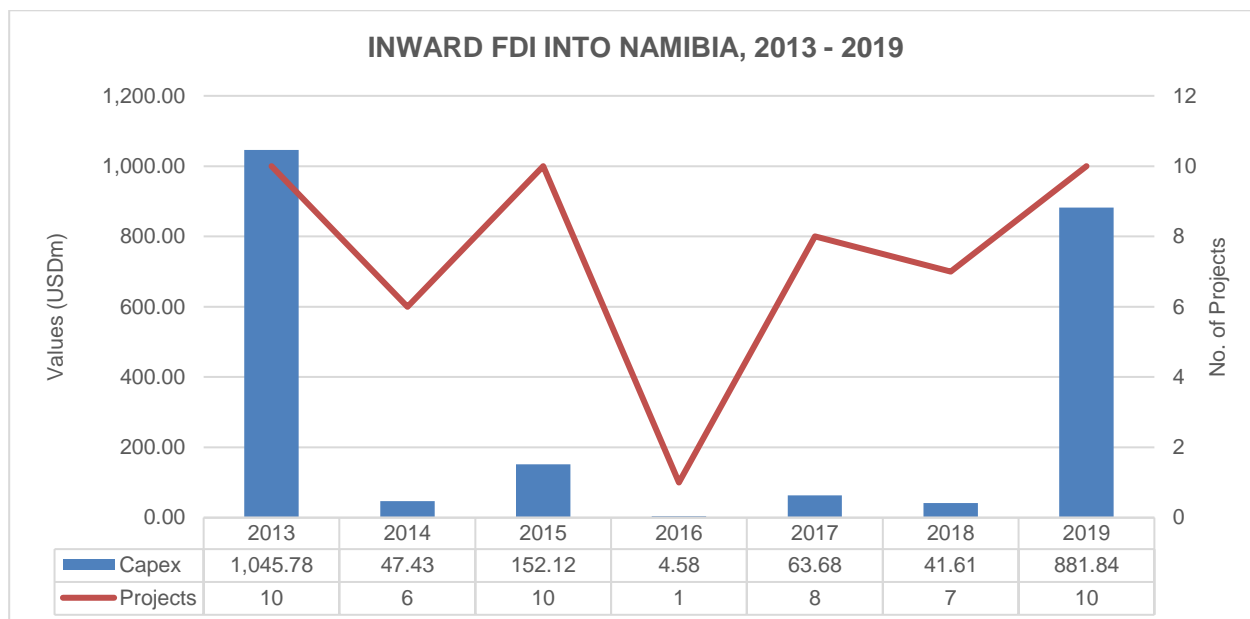
Sources: CIA World FactBook; FinScope, 2017

5. Investment

5.1 Global Investment into Namibia

The figure below shows the number of inward FDI projects into Namibia and their associated capex values for the period of 2003 to 2019.

The total number of FDI projects into Namibia over the period was 52. These projects represented a total capital investment of USD3,469.94m, which equated to an average investment of USD66.73m per project. During the period, 5,125 were jobs created.



Source: BvD, 2021

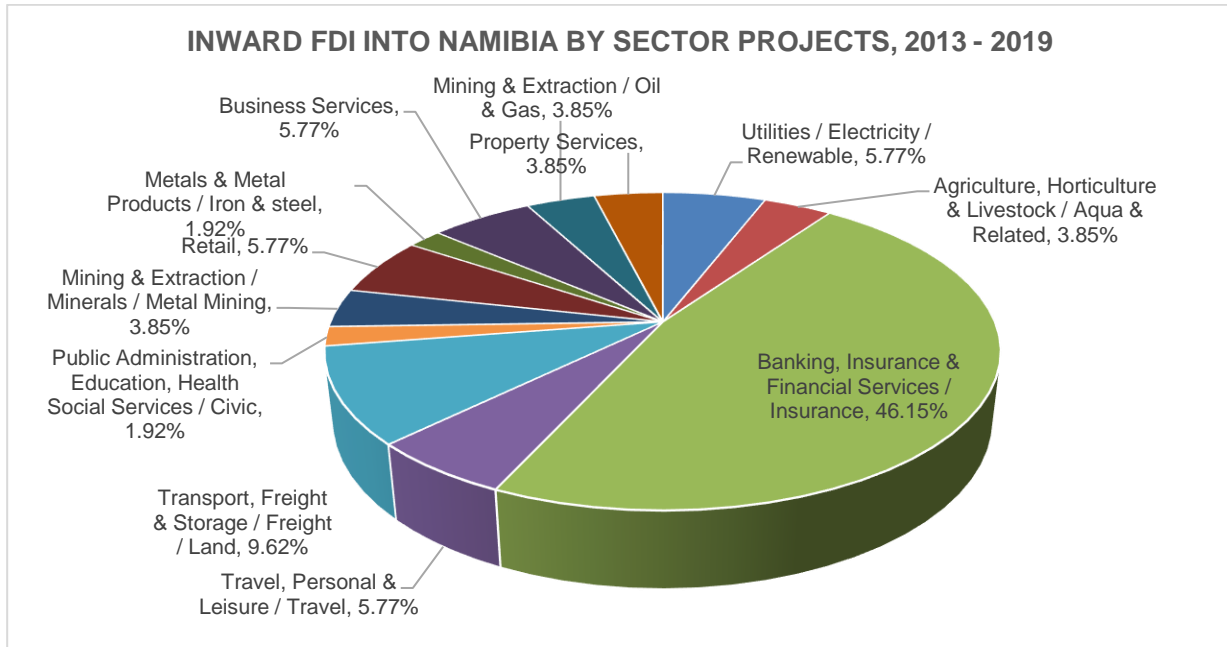
For the period 2013 to 2019 South Africa was the largest source market for inward FDI into Namibia with 20 investment projects and accounting for 38.46% of total projects. The United Kingdom and the Netherlands ranked second and third respectively, with the United Kingdom the source market for six FDI projects (equivalent to 11.54% of all projects) and the Netherlands with four FDI projects (7.69%), as tabled below.

| TOP 10 SOURCE MARKETS FOR FDI INTO NAMIBIA, 2003 – 2019 | | | | | |
|---|--------------------------|-----------|----------------|-----------------|----------------|
| RANK | COUNTRY | PROJECTS | %PROJECTS | CAPEX (USDm) | % CAPEX |
| 1 | South Africa | 20 | 38.46% | 468.66 | 13.51% |
| 2 | United Kingdom | 6 | 11.54% | 866.97 | 24.99% |
| 3 | Netherlands | 4 | 7.69% | 89.01 | 2.57% |
| 4 | Angola | 4 | 7.69% | 49.78 | 1.43% |
| 5 | Spain | 2 | 3.85% | 606.23 | 17.47% |
| 6 | United States of America | 2 | 3.85% | 9.87 | 0.28% |
| 7 | Mauritius | 2 | 3.85% | 16.03 | 0.46% |
| 8 | France | 1 | 1.92% | 7.96 | 0.23% |
| 9 | Canada | 1 | 1.92% | 8.50 | 0.24% |
| 10 | India | 1 | 1.92% | 1 232.90 | 35.53% |
| Total | | 52 | 100.00% | 3 469.94 | 100.00% |

Source: BvD, 2021

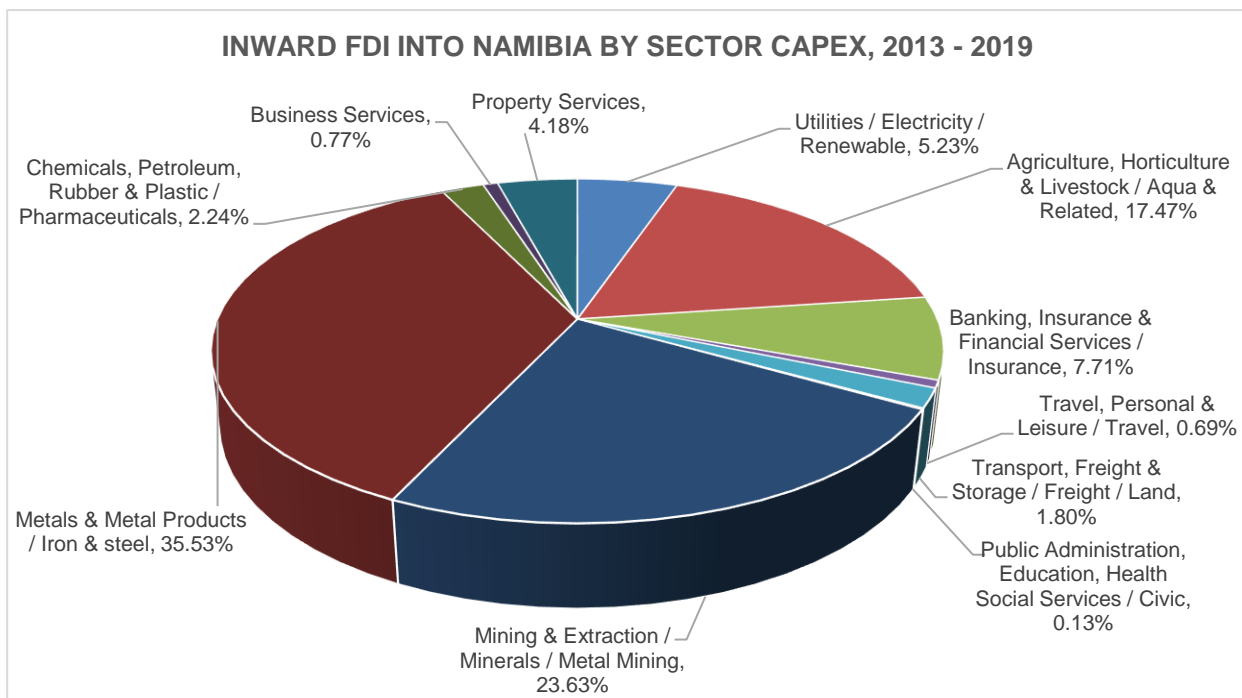
Classification of FDI

The figure below presents global FDI into Namibia's economic sectors by number of projects. The banking, insurance and financial services sector was the largest recipient of FDI in terms of number of projects, equivalent to 46.15% of the total number of inward projects received over the review period. This was followed by the transport, freight, and storage sector (9.62%) and retail, business services, utilities/electricity, travel (5.77%).



Source: BvD, 2021

In terms of sector classification of FDI by capex over the 2013 to 2019 period, these are the key sector recipients of inward FDI. The metals sector was the largest recipient of FDI in terms of capex, equivalent to 35.53% of total capex related investment received. The mining and extraction sector placed a joint second at 23.63%, followed by the agriculture, horticulture and livestock sector at 17.47%.



Source: BvD, 2021

The top 10 global companies investing into Namibia by projects from 2013 to 2019 are tabled below.

| TOP 10 COMPANIES INVESTING INTO NAMIBIA, 2013 - 2019 | | | | | |
|--|---|----------------|------------------------|-----------|----------------|
| RANK | INVESTING COMPANY | SOURCE COUNTRY | SECTOR | PROJECTS | CAPEX (USDm) |
| 1 | Standard Bank Group Limited | South Africa | Financial Services | 8 | 25 |
| 2 | OM Residua UK LTD | United Kingdom | Financial Services | 4 | 13.3 |
| 3 | Rengro Limited | South Africa | Food & Beverages | 3 | 2 839.80 |
| 4 | anlam LTD | South Africa | Food & Beverages | 3 | 337 |
| 5 | Zannier Hotels Holding LTD | Mauritius | Software & IT Services | 2 | 456.5 |
| 6 | Sansul-sociedade Angolana Consultoria S.A.R.L | Angola | Real Estate | 2 | 1 258.90 |
| 7 | Abanca Holding Financiero SA | Spain | Financial Services | 2 | 7 |
| 8 | Imperial Logistics Limited | South Africa | Chemicals | 2 | 688.8 |
| 9 | United African Group (PTY) LTD | South Africa | Food & Beverages | 1 | 11 |
| 10 | Nako Group (PTY) LTD | South Africa | Real Estate | 1 | 16.6 |
| TOTAL | | | | 52 | 3469.94 |

Source: BvD, 2021

5.2 Global Investment from Namibia

The following outward investments were made by Namibia into the global world during the 2013 to 2019 period.

23

| GLOBAL OUTWARD FDI FROM NAMIBIA, 2013 - 2019 | | | | |
|--|--|--------------------|---|--|
| DATE | INVESTING COMPANY | DESTINATION MARKET | INDUSTRY SECTOR | INDUSTRY ACTIVITY |
| Feb-13 | Telecom Namibia LTD | South Africa | Communications / Other Telecommunications | ICT infrastructure |
| Feb-13 | Telecom Namibia LTD | United Kingdom | Communications / Other Telecommunications | ICT infrastructure |
| Feb-13 | Telecom Namibia LTD | South Africa | Communications / Other Telecommunications | ICT infrastructure |
| Mar-13 | Mobile Telecommunications LTD | United Kingdom | Communications / Wireless Communications | ICT infrastructure |
| Jan-19 | Imperial Logistics Consolidation Solutions (PTY) LTD | Namibia | Transport, Freight & Storage / Freight / Land | Business Services |
| Jan-00 | Cerebos Namibia LTD | - | Transport, Freight & Storage / Warehousing | Jan-00 |
| Jan-19 | Imperial Logistics Consolidation Solutions (PTY) LTD | Namibia | Transport, Freight & Storage / Freight / Land | Logistics, Distribution & Transportation |

5.3 Investment Relations between South Africa and Namibia

5.3.1 Namibian FDI into South Africa

The following investments were made by Namibian companies into South Africa during the 2013 to 2019 period.

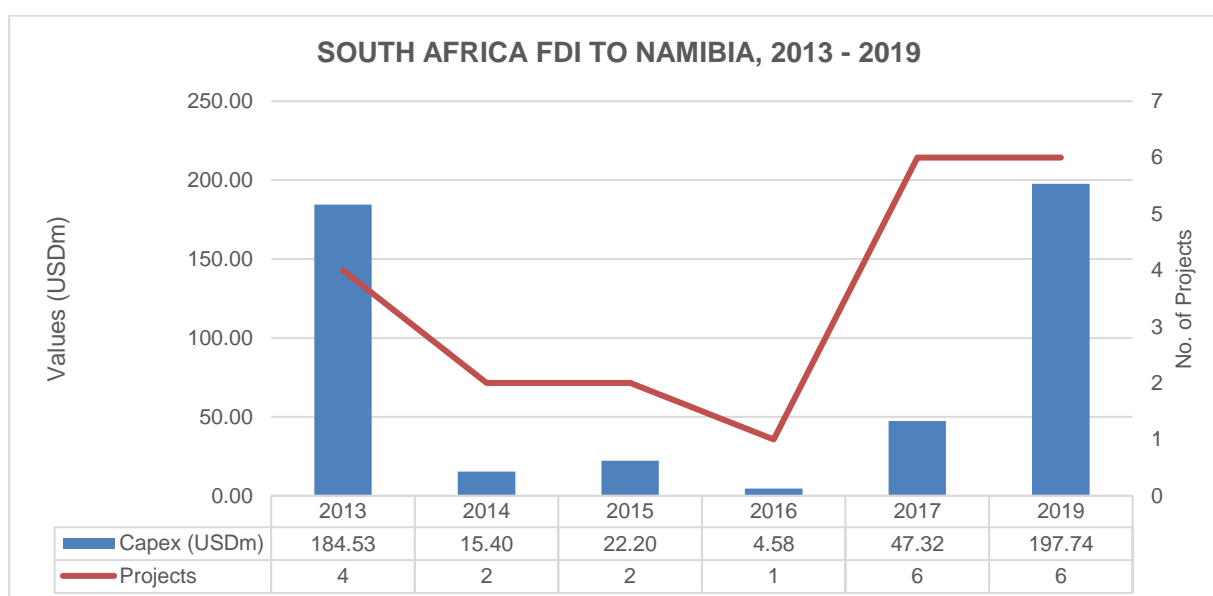
| NAMIBIA FDI INTO SOUTH AFRICA, 2013 - 2019 | | | | | | | |
|--|-------------------|----------------------|---|---------------------|--------------------|--------------|------------|
| DATE | INVESTING COMPANY | DESTINATION PROVINCE | INDUSTRY SECTOR | SUB-SECTOR | INDUSTRY ACTIVITY | CAPEX (USDm) | JOBS |
| 01/02/2013 | Telecom Namibia | Gauteng | Communications / Other Telecommunications | Retail Trade | ICT infrastructure | 6 | 437 |
| 01/02/2013 | Telecom Namibia | Western Cape | Communications / Other Telecommunications | Transport Equipment | ICT infrastructure | 3.2 | 27 |
| TOTAL | | | | | | 9.2 | 464 |

Source: BvD, 2021

5.3.2 South African FDI to Namibia

The figure below shows the number of FDI projects from South Africa into Namibia and their associated capex values for the period of 2013 to 2019.

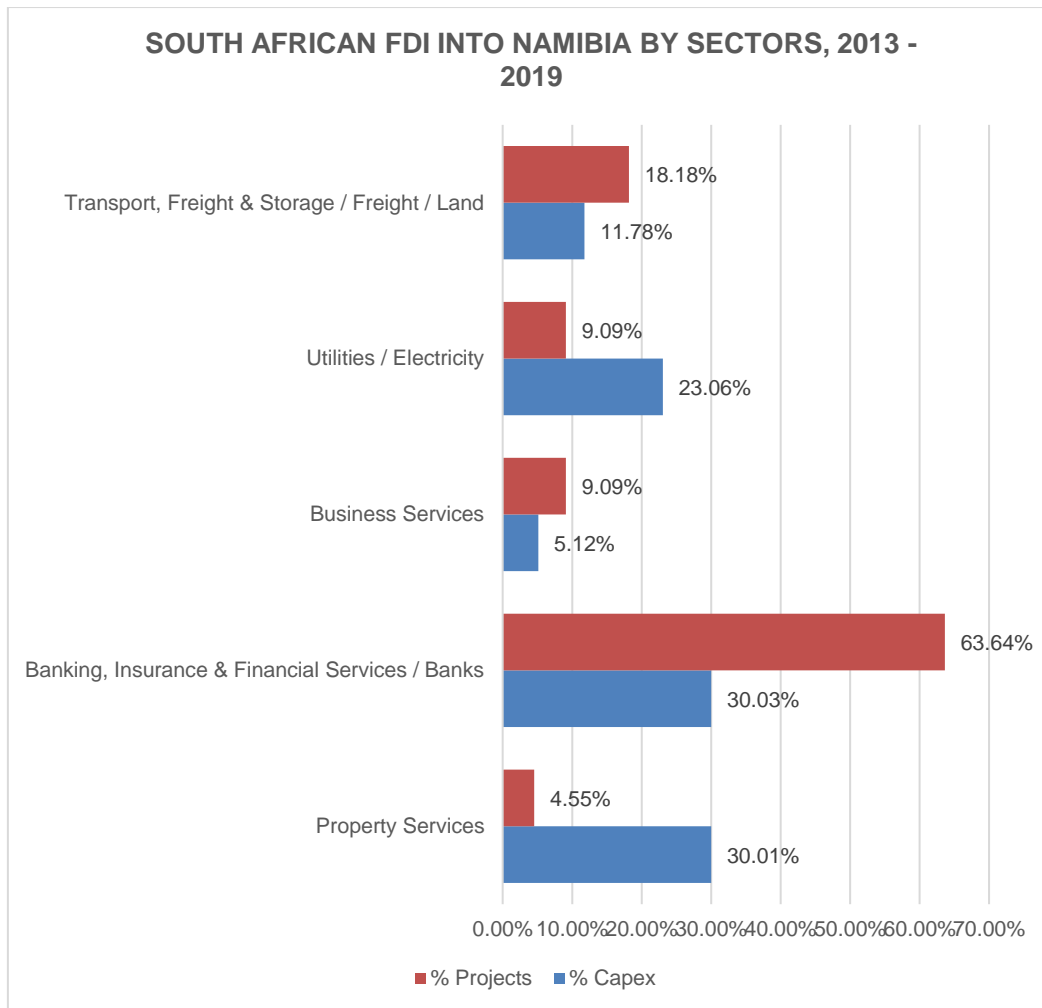
A total of 22 FDI projects were recorded from South Africa to Namibia over the period analysed. These projects represent a total capital investment of USD438.38bn which is an average investment of USD21.97m per project. During the period, a total of 977 jobs were created.



Source: BvD, 2020.

In terms of the sector classification of outward FDI by South Africa into Namibia as measured primarily by the number of projects (with the CAPEX value as the secondary value), the following Namibian sectors were the key recipients of South African FDI over the period 2013 to 2019:

- Banking, insurance, financial services with 14 projects accounted for 63.64% of total outward FDI projects by South Africa to Namibia. The relative capex % value stood at 30.03%;
- Transport, freight, and storage sector accounted for 18.18% of total outward FDI projects. The relative capex % stood at 11.78%.



Source: BvD, 2021

The table below presents the top 10 South African companies as measured by projects that invested into Namibia over the period 2013 to 2019.

| TOP 10 SOUTH AFRICAN COMPANIES INVESTING INTO NAMIBIA, 2013 - 2019 | | | | |
|--|--|---|----------|--------------|
| RANK | COMPANY | SECTORS | PROJECTS | CAPEX (USDm) |
| 1 | Standard Bank Group | Banking, Insurance & Financial Services / Banks | 8 | 96.56 |
| 2 | Sanlam LTD | Banking, Insurance & Financial Services / Banks | 3 | 33.91 |
| 3 | Firststrand Bank LTD | Banking, Insurance & Financial Services / Banks | 2 | 24.96 |
| 4 | Imperial Logistics Consolidation Solutions (PTY) LTD | Transport, Freight & Storage / Freight / Land | 2 | 56.94 |
| 5 | Cerebos Namibia LTD | Transport, Freight & Storage / Warehousing | 2 | - |
| 6 | Atterbury Property Developments (PTY) LTD | Pharmaceuticals | 1 | 145.07 |
| 7 | FNB Namibia Holding LTD | Banking, Insurance & Financial Services / Banks | 1 | 13.22 |
| 8 | Prescient LTD | Banking, Insurance & Financial Services / Banks | 1 | 1.65 |
| 9 | Iliso Consulting(PTY) LTD | Banking, Insurance & Financial Services / Banks | 1 | 10.98 |
| 10 | Master Power Technologies (PTY) LTD | Utilities / Electricity | 1 | 4.58 |

Source: BvD, 2021

5.4 Investment Relations between the Western Cape and Namibia

Investments from the Western Cape into Namibia are between 2014 to 2015 as data for recent years is not available.

| WESTERN CAPE FDI INTO NAMIBIA, 2014 - 2015 | | | | | | |
|--|--------------------------|-------------------|-------------------------------|---------------------------------|--------------|------|
| DATE | INVESTING COMPANY | DESTINATION STATE | INDUSTRY SECTOR | SUB-SECTOR | CAPEX (ZARm) | JOBS |
| 05/2015 | PSG Konsult | Walvis Bay | Financial Services | Investment Management | 11 | 18 |
| 09/2014 | Syntech SA | Not Specified | Business Machines & Equipment | Computer & peripheral equipment | 1.3 | 29 |
| 04/2014 | Woolworth (South Africa) | Note Specified | Consumer products | Miscellaneous store retailers | 36.9 | 179 |

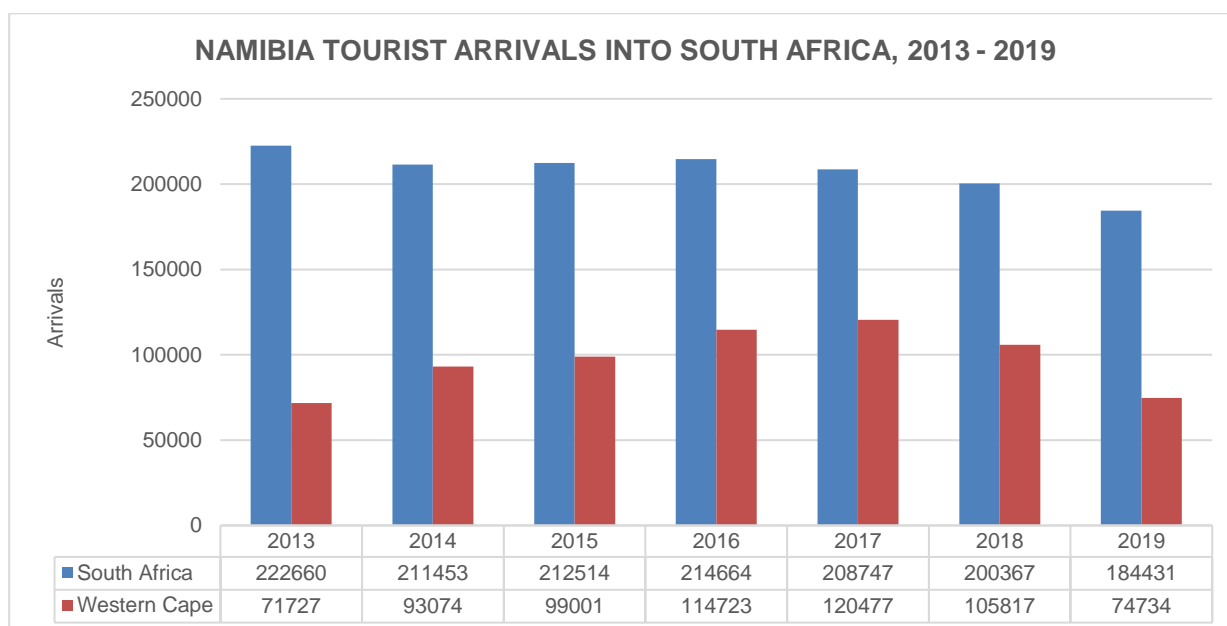
Belmet Marine, a South African diversified steel fabricator, has opened a fully-fledged fabrication facility in Walvis Bay, Namibia. Belmet Marine Engineering Namibia has been established to cater for the increasing work capacity in Walvis Bay, created by offshore oil and gas customers operating in west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

6. Tourism

6.1 Namibia Tourist Arrivals into South Africa

In 2019, South Africa received 184 431 Namibian tourist arrivals, of which 74 734 visited the Western Cape. At a national level this was a decline of 7.95%, down from 200 367 arrivals recorded for 2018. Similarly, Namibian tourist arrivals into the Western Cape declined by 29.37% in 2019 from 105 817 visitors in 2018 to 74 734 in 2019.



Source: SA Tourism, 2020

7. AfCFTA status and timeline

The Agreement to establish the AfCFTA was signed by 44 African Union (AU) member States in March 2018 during the 10th Extraordinary session of the African Union Summit held in Kigali, Rwanda. An extra 5 member States, including Namibia, signed the Agreement during the 31st Ordinary session of the AU Summit in July 2018 which took place in Nouakchott, Mauritania.

The Agreement was entered into force on 30 May 2019.

Status of AfCFTA Ratification

- According to Article 23 of the Agreement Establishing the African Continental Free Trade Agreement (AfCFTA), entry into force occurs 30 days after the 22nd instrument of ratification is deposited with the Chairperson of the African Union Commission (AUC) – the designated depositary for this purpose. The Agreement entered into force on 30 May 2019 for the 24 countries that had deposited their instruments of ratification by this date.
- The operational phase of the AfCFTA was launched during the 12th Extraordinary Session of the Assembly of the Union on the AfCFTA in Niamey, Niger on 7 July 2019.
- As at 5 February 2021, 36 countries have deposited their instruments of ratification: Ghana, Kenya, Rwanda, Niger, Chad, Eswatini, Guinea, Côte d'Ivoire, Mali, **Namibia**, South Africa, Congo, Rep., Djibouti, Mauritania, Uganda, Senegal, Togo, Egypt, Ethiopia, Gambia, Sahrawi Arab Democratic Rep., Sierra Leone, Zimbabwe, Burkina Faso, São Tomé & Príncipe, Equatorial Guinea, Gabon, Mauritius, Central African Rep., Angola, Lesotho, Tunisia, Cameroon, Nigeria, Malawi and Zambia.
- Start of trading under the AfCFTA Agreement began on 1 January 2021, in line with a Decision and Declaration adopted during the 13th Extraordinary Session of the Assembly of the Union on 5 December 2021.
- *Although South Africa and Namibia will continue to trade under the Southern African Customs Union (SACU) which allows for a free flow of trade between the countries.*

How can Namibia benefit from AfCFTA:

- Namibia is an open economy with exports ranging all over the world, however intra Africa trade is low. If Namibia wishes to reap the benefits offered by the AfCFTA, it will have to increase intra-Africa trade.
- Potential losses for Namibia are minimal, although the use of NTBs may be an obstacle for Namibia. It has been found that revenue losses from joining the AfCFTA is relatively low, around 0.1 percent, contributed mainly to the fact that Namibia does not trade much with non-SADC countries.
- Namibia needs to diversify its exports to fully utilise the AfCFTA. Namibia's exports are concentrated in a few goods, which are demanded in only a few markets. This means Namibia will need to diversify its exports to integrate into the African markets.
- The country will need to diversify its market and not depend solely on a single country for all its imports and exports. The COVID19 pandemic revealed vulnerabilities with the overreliance on a single market for all imports and exports. It revealed the need for countries, especially Namibia, to diversify value chains to include all countries and to not depend solely on a single market or a single country.

Sources: TRALAC, 2021; Bank of Namibia, 2021

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