Country Profile for NAMIBIA

CROSS·BORDER
ROAD TRANSPORT AGENCY

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COUNTRY FACT SHEET

COUNTRY	NAMIBIA
Capital	Windhoek
Language	English
Location	Bordered by Angola and Zambia to the north, Botswana to the east and South Africa to the south and east.
Area	823,290 Km2 (317,874 sq. miles)
Currency	Namibian Dollar
Population	2,598,070
President	Hage Geingob
Regions	Kunene, Omusati, Oshana, Ohangwena, Oshikoto, Kavango West, Kavango East, Zambezi, Erongo, Otjozondjupa, Omaheke, Khomas, Hardap and Karas
GDP (N$m)	176 445
GDP annual growth rate	-0.9
Gini coefficient	0.56
Inflation	6.2
Government Bond Ratings	Moody’s = Ba1 Fitch = BB+
Main Exports	Vessels, Diamonds, Jewellery and precious metals, Copper cathodes, fish, Ores and concentrates, Live animal stock, Zinc and particles, Vehicle, Meat, and Beverages
Main export partners	South Africa, Zambia, United Kingdom, China, Belgium, and Botswana
Total exports	N$63,545 million (2017)
Main Imports	Copper cathodes, Vessels, Vehicles, Mineral Fuels and Oils, and Boilers
Main Imports partners	South Africa, Zambia, United Kingdom, Botswana and China

Total Imports	N$87,994 million (2017)
Ease of Doing Business	106
Global competitiveness	90
Road network	48,875.27km
Speed Limit	60 km/h – 80km/h urban area 120 km/h on every tarmac freeway 100 km/h on non-tarmac freeway

LIST OF ACRONYMS

AEC	African Economic Community
AfDB	African Development Bank
AGOA	African Growth and Opportunity Act
AIDS	Acquired Immunodeficiency Syndrome
ALF	Abnormal Load Fees
AVLRF	Annual Vehicle Licence and Registration Fees
BoN	Bank of Namibia
BRIC	Brazil, Russia, India and China
CBC	Cross Border Charges
C-BRTA	Cross-Border Road Transport Agency
COMESA	Common Market for Eastern and Southern Africa
CMA	Common Monetary Area
EAC	East African Community
EFTA	European Free Trade Association
FDI	Foreign Direct Investment
FL	Fuel Levy
FTA	Free Trade Agreement
FY	Financial Year
GCI	Global Competitiveness Index
GCR	Global Competitive Report
GDP	Gross Domestic Product
GVM	Gross Vehicle Mass

HIV	Human Immunodeficiency Virus
HPCI	Harmonised Consumer Price Indices
ICT	Information and Communications Technology
IGAD	Intergovernmental Authority on Development
IMF	International Monetary Fund
MDC	Mass Distance Charges
MoU	Memorandum of Understanding
MTC	Mobile Telecommunication
MTEF	Medium Term Expenditure Framework
NaTIS	National Traffic Information System
ND/ NAD	Namibian Dollar
NDP	National Development Plan
NTBs	Non- Tariff Barriers
OEMs	Original Equipment Manufacturers
OSBP	One Stop Border Post
PAYE	Pay-As-You-Earn
PTA	Preferential Trade Agreement
PTCM	Protocol on Transport, Communication and Meteorology
RFA	Road Fund Administration
RISDP	Regional Infrastructure Development Master Plan
RUCS	Road User Charging Systems
SACU	Southern African Customs Union
SADC	Southern African Development Community
SARB	South Africa Revenue Bank

SARS	South Africa Revenue Services
SMEs	Small-to-Medium Enterprises
USD	United States dollar
VAT	Value Added Tax
WTO	World Trade Organisation
ZAR	South African Rand

EXECUTIVE SUMMARY

The Country Profile Report provides information on Namibia that is relevant to cross-border road transport operators, regulatory authorities and other stakeholders with an interest in cross-border business between Namibia and South Africa. The Report further provides an update of recent developments in Namibia with regard to the performance of the economy, the road transport environment including traffic legislation and policies that affect cross-border operations. It also covers the business environment in Namibia and identifies business opportunities for transport and business operators.

The aim of the Cross-Border Road Transport Agency (C-BRTA) is to profile all Southern African Development Community (SADC) member states, in which South Africa has multi-lateral and/ or bilateral cross-border road transport agreements or memorandums of understanding (MoUs). The long-term objective is to broaden the scope and profile of all the SADC member states with a view to provide cross-border road transport operators with information that is both informative and useful for decision making in the course of doing business. The information is also useful to aspiring cross-border operators, the trading community and regulatory authorities.

Namibia is a country in Southern Africa whose western border is the Atlantic Ocean. It shares borders with Angola and Zambia to the north, Botswana to the east and South Africa to the south and east. The country covers an area of 823 290 km2 (317,874 sq. mi) with a population of 2,598,070 people.

The country is a middle income country, although the growth has slowed down since 2015, while it previously enjoyed years of robust average annual growth of above 55 between 2010 and 2015, this being due to strong investments in the mining sector and expansive fiscal policies. The tertiary sector has maintained its share of 61% of GDP since 2011, while the primary sectors' contribution increased to 20.6% due to large investments in the new mining operation. Namibia's economy is split between the modern industrial economy that is heavily dependent on the extraction and processing of minerals and the other economy that is dominated by subsistence farming.

Namibia's top five destinations are; United Kingdom, South Africa, China, Botswana and Belgium. The leading commodities exported are vessels, diamonds, concentrates, copper cathodes, fish and ores, jewellery and precious metals. The country relied on South Africa, Zambia, UK, Botswana and China for its imports, where the leading commodities were copper cathodes, vessels, vehicles, mineral fuels and boilers.

Namibia is ranked the 90^{th} on the Global Competitiveness rankings which makes it the seventh most competitive economy in Africa, and according to the World Bank it is ranked at 106 for ease of doing business out of a total of 190 economies.

The country has some of the best quality roads infrastructure globally, and is the best in Africa. It is ranked 23 out of 123 countries ahead of South Africa, Rwanda and Mauritius. The majority of commodities imported into Namibia and tourists from Africa use roads as a means of transportation.

Namibia has an advantageous legislative and fiscal environment. It is a boutique investment destination and offers opportunities in manufacturing, mining, agriculture, fisheries, ICT, energy, logistics and infrastructure and tourism. Namibia has a wealth of attractions and advantages for foreign-owned companies looking for business opportunities.

The following are the opportunities that exist in Namibia for cross-border transport operators and the trading community:

- **Passenger Transport:** There is a steady increase in passenger traffic flows between Namibia and South Africa as demonstrated by increase in the permits issued, especially to taxi operators. Opportunities exist for cross-border road transport operators to conduct passenger transport operations, and operators should tap into this market.
- **Tourism sector:** The tourism sector is the fastest growing sector in Namibia and one of the most competitive in the world. Namibia is a unique destination that offers vast open spaces, abundant and diverse biodiversity and wildlife, rich cultural diversities and valuable traditional knowledge amongst others. The Namibian tourism sector offers numerous opportunities for investment through direct investments or joint ventures in areas such as business tourism, recuperation tourism, also known as health or medical tourism and cultural tourism.
- **Logistics and Transport**: The country has vast open space, and due to its leading advocacy for regional economic integration, its membership to SACU and SADC ensures access to a market of over 300 million people. The port of Walvis Bay is ideally located for shipments to and from Europe and America. There is significantly high volume of freight destined to and from SADC coming through the port. Namibia has a well-established road infrastructure, regarded as one of the best on the continent.

- **Infrastructure Investment:** Investment opportunities may take the form of public-private partnerships (PPPs) either on a basis of per project or with equity holdings. Current focal areas are the development of water infrastructure, power generation, transmission infrastructure, as well as the transport and logistics infrastructure; notably road, rail and port. Other opportunities include port related activities, railway development and linkage, cargo handling facility, warehousing and distributing, corridor projects and truck stops facilities.
- **Mining sector**: Opportunities exist in the minerals environment. Namibia has sizeable deposits of uranium, gold, diamond, copper, coal and rare earth elements which are considered strategic minerals by the Namibian Government. The mining sector is incredibly lucrative and hugely an important sector for Namibia. Opportunities include; mineral exploration, beneficiation of minerals, processing of precious and semi-precious stones, provision of services and joint ventures with state companies and jewellery manufacturing.
- **Fisheries:** Namibia has one of the most productive fishing grounds in the world and its territorial water contains around 20 different species such as pilchard, anchovy and mackerel, as well as lobster, hake and monkfish. To a large extent, Namibia's fishing industry has been, and remains a raw material producer. Opportunities exist in fish processing, shellfish production downstream activities, ship and marine exploration maintenance and components and mari-culture.
- **Manufacturing:** Namibia's manufacturing sector has considerable investment potential as the country is relatively well endowed with resource factors such as raw materials, required labour force, abundant land, and rich minerals. Opportunities exist in steel manufacturing and metal fabrication, automotive industry, fodder and pet food production, jewellery industry and production of chemicals and manufacturing of leather, wool and textiles.
- **Agriculture sector:** About 70% of the Namibian population depends on agricultural activities for livelihood, mostly in the subsistence sector. Opportunities in this sector include processing of meat and meat products, manufacturing of milk products (fresh, pasteurized, sterilized, homogenised and/or ultra-heat treated) as well as milk-based drinks, cream, butter, yoghurt, cheese and ice-cream, processing of vegetables and fruits, irrigation technologies, establishment of feed lots and management, leather training and production of sodium stearate.

1. INTRODUCTION AND BACKGROUND

1.1 Introduction

The aim of this Country Profile Report (or Report) is to provide a consolidated platform for the dissemination of information that is useful to key stakeholders in the cross-border environment, particularly cross-border road transport operators, regulatory authorities and trading parties. The information recorded in this Report can be used to support informed decision making and identification of opportunities by operators and traders in respect of the Namibia segment of the cross border industry.

The Report also provides up to date information about Namibia focusing on the road transport environment, requirements for undertaking cross-border road transportation, corridor developments, road transport projects currently taking place in Namibia and the business environment specifically focusing on the ease of doing business. The objectives of the Report are to:

- Provide relevant information that can be used by traders and cross-border road transport operators in conducting their business;
- Assist transport operators to understand better the regulatory requirements and operational conditions that exist in Namibia which may have an impact on cross-border operations; assist relevant stakeholders to know and understand the requirements for doing business in Namibia;
- Proactively provide up to date information on cross-border trade and road transport to current and aspirant cross-border traders and transport operators; and
- Provide information with respect to possible opportunities for South African cross-border road transport operators and prospective investors.

A qualitative approach was adopted through secondary research that relied on relevant publications, internet based resources and references. Planned semi-structured interviews and engagements with relevant departments in Namibia could not materialise due to time constraints.

The Report is structured as follows:

- Chapter 1: Introduction and background outlining the objectives of the project and the importance of C-BRTA conducting the Report;

- Chapter 2: The overview of Namibia with regard to its location, population and regions;
- Chapter 3: The economic outlook looking at recent economic developments - summarises the data of imports and exports between South Africa and Namibia, documents required for trade and an assessment of the ease and cost of doing business;
- Chapter 4: The road transport environment;
- Chapter 5: Passenger transport outlining how it is regulated; and
- Chapter 6: Opportunities identified in Namibia for operators and investors, and challenges encountered by operators when doing business in Namibia.

1.2 Background

The C-BRTA is a regulatory authority founded in terms of the Cross-Border Road Transport Act No. 4 of 1998 (C-BRT Act), as amended, for the purpose of facilitating unimpeded movement of persons and goods between South Africa and neighbouring countries in the region. The core mandate of the Agency is to:

- Improve the unimpeded flow of freight and passengers in the region;
- Introduce regulated competition in respect of cross-border passenger road transport;
- Reduce operational constraints for the cross-border road transport industry as a whole;
- Liberalise market access progressively in respect of cross-border freight road transport;
- Enhance and strengthen the capacity of the public sector in support of its strategic planning, enabling and monitoring functions; and
- Empower the cross-border road transport industry to maximise business opportunities and to incrementally regulate themselves to improve safety, security, reliability, quality and efficiency of services.

The four core functions of the C-BRTA are: Regulatory, Facilitation, Advisory and Law Enforcement.

Additionally, there are other instruments that also provide the broader context of the mandate and functions of the Agency and they include the following:

- SADC Protocol on Transport, Communications and Meteorology (PTCM);

- Memorandum of Understanding on Road Transportation in the Common Customs Area pursuant to the Customs Union Agreement between the Governments of Botswana, Lesotho, South Africa and Swaziland (SACU MoU);
- Memorandum of Understanding on the development and management of the Trans-Kalahari Corridor; and
- Bilateral Road Transport Agreements between South Africa, Malawi, Mozambique, Zambia and Zimbabwe.

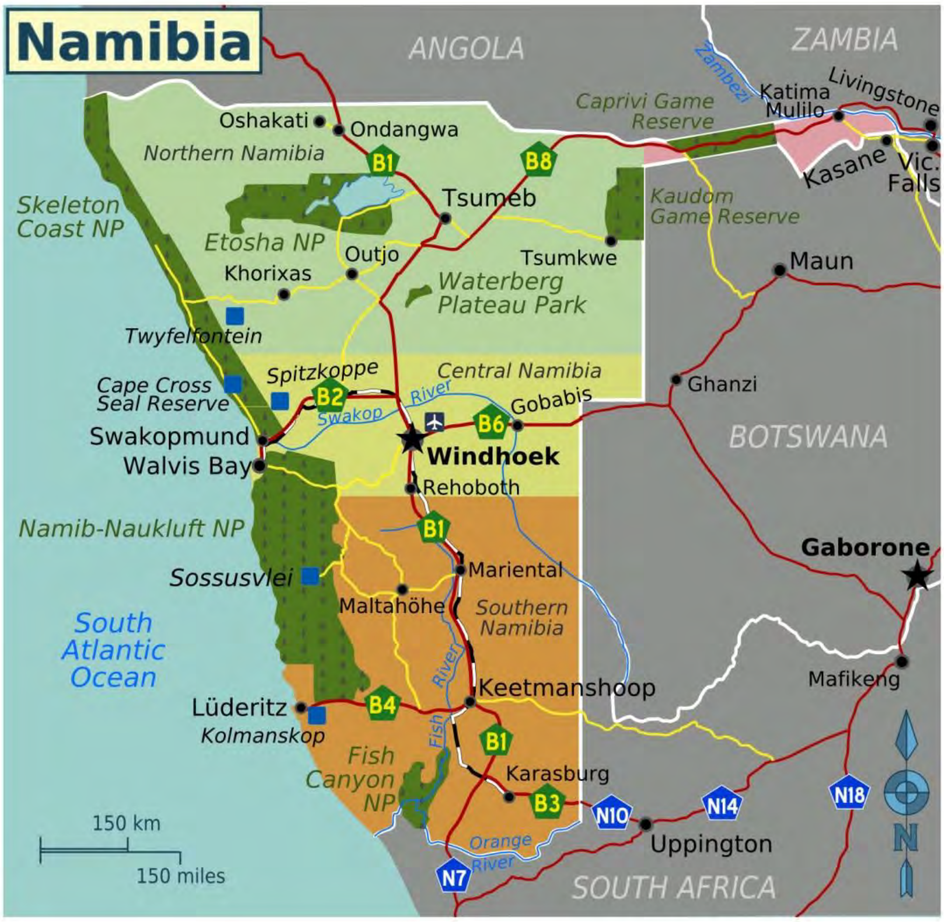
The Agency compiled this Report in pursuit of its mandate i.e. to provide advice and up to date information to the Minister of Transport, road transport industry, traders and other stakeholders in the cross-border value chain. The development of this Report is therefore aligned to the mandate of the Agency and the overall goals of enhancing opportunities for cross-border road transport operators and ensuring that cross-border road transportation between Namibia and South Africa is conducted in a seamless way through providing relevant information.

As a building block, it is envisaged that through all information in this report, the C-BRTA contributes to the overall objectives of enhancing cross-border road transport system efficiency, intra-Africa trade, and business opportunities to cross-border road transport operators and business community in general.

2. OVERVIEW OF NAMIBIA

Namibia is a country in Southern Africa whose western border is the Atlantic Ocean. It shares land borders with Angola and Zambia to the north, Botswana to the east and South Africa to the south and east as shown in Figure 1 below. At 823,290 Km2 (317,874 sq. miles) Namibia is the world's 48th largest country, and one of the most sparsely populated nations in the world. Its capital city is Windhoek.

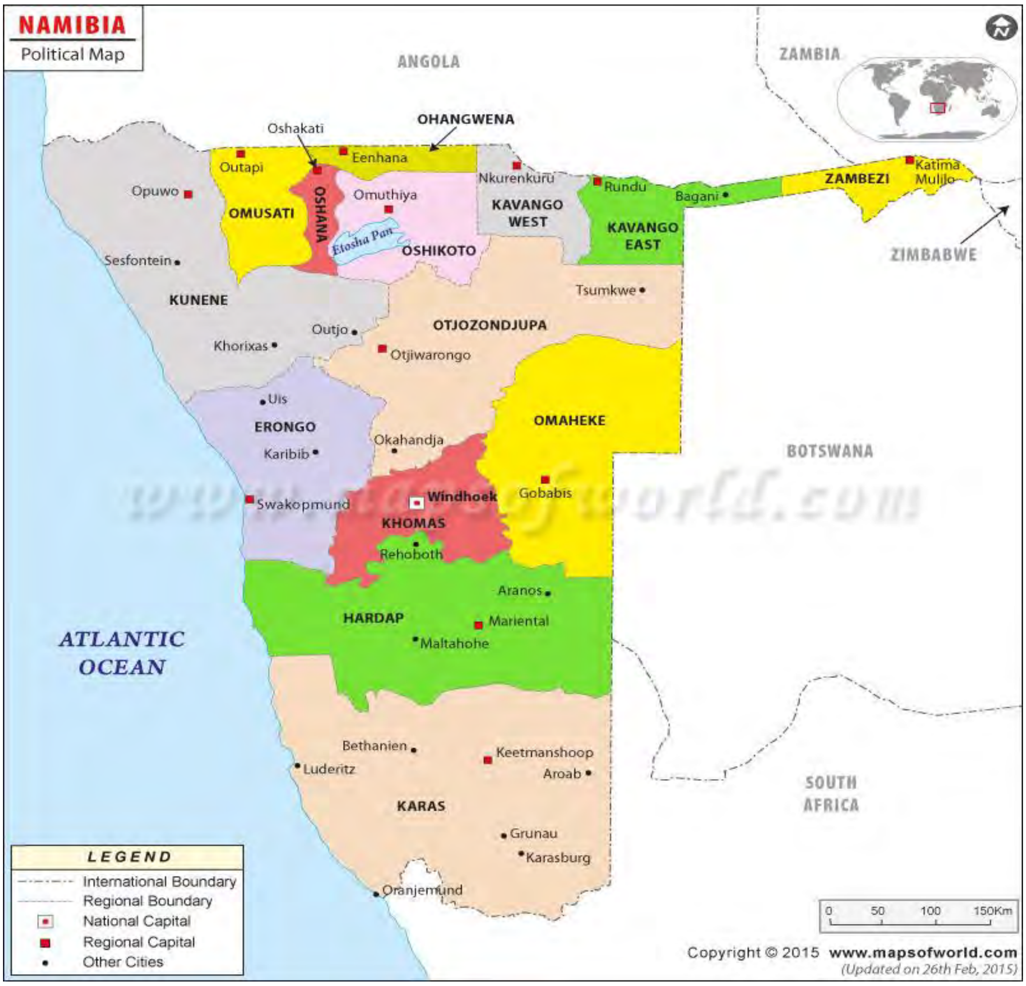
Figure 1: Map of Namibia



Source: www.mapsland.com. Accessed on 19/09/2018

The current population of Namibia is 2,598,070 based on the latest United Nations estimates with a population density of 3 per Km2 (8 people per mi2). Meanwhile 48.2% of the population is urban (1,248,506 people in 2018). Namibia has fourteen regions which are: Kunene, Omusati, Oshana, Ohangwena, Oshikoto, Kavango West, Kavango East, Zambezi, Erongo, Otjozondjupa, Omaheke, Khomas, Hardap and Karas as depicted in Figure 2 below.

Figure 2: Districts of Namibia



Source: www.ontheworldmap.com. Accessed on 19/09/2018

The currency of Namibia is the Namibian Dollar (N$ or NAD). The Namibia Dollar is fixed and equals to the South African Rand (ZAR). The official language is English, with more than 11 languages which are indigenous to Namibia.

2.1 Namibia Transport

The most popular form of transport between towns is the minibus taxi and mostly the mode is designed to carry a total of 15 seated people. The public taxi transport is unscheduled and does not run according to a timetable and will therefore leave when the minibus taxi is full. The minibuses links anywhere there is a tarred road. There are few buses in towns but the local minibus taxis dominate the public transport movement. These are generally sedan cars which operate along designated routes and operate on a shared basis in that the driver suddenly stops to pick up extra fares. There are also traditional metered taxis operating in the towns for exclusive journey from one point to another. TransNamib runs the train service to several parts of the country and the InterCape Mainliner runs luxury buses across the country.

The Namibian Ports Authority or Namport manages the ports of Walvis Bay and Lüderitz, as well as the Syncrolift dry dock facility in Walvis Bay. The harbour consists of two sections which are commercial harbours and they are managed by Namport. The other part is the fishing harbour, which is owned by the fishing industry. The commercial harbour offers a range of terminal facilities that can handle bulk, containerised, frozen and dry cargo.

The Namibia Airports Company owns and manages eight (8) airports in Namibia, namely; Luderitz Airport, Rundu Airport, Ondangwa Airport, Hosea Kutako International Airport, Keetmanshoop Airport, Walvis Bay International Airport, Eros Airport, and Katima Mulilo Airport. Table 1 below summarises the Namibian transport.

Table 1: Summary of Namibian Transport

Roadways	total: 44,138 km paved: 6,387 km unpaved: 37,751 km (2010)
Railways	total: 2,628 km narrow gauge: 2,628 km 1.067-m gauge (2014)
Ports and terminals	major seaport(s): Luderitz, Walvis Bay
Merchant marine	total: 9 by type: general cargo 1, other 8 (2017)
Airports	112 (2013)
Airports - with paved runways	total: 19 over 3,047 m: 4 Airports 2,438 to 3,047 m: 2 Airports 1,524 to 2,437 m: 12 Airports 914 to 1,523 m: 1 Airports (2017)
Airports - with unpaved runways	total: 93 1,524 to 2,437 m: 25 Airports 914 to 1,523 m: 52 Airports

	under 914 m: 16 Airports (2013)
National air transport system	number of registered air carriers: 2 inventory of registered aircraft operated by air carriers: 12 annual passenger traffic on registered air carriers: 553,322 annual freight traffic on registered air carriers: 30,302,405 mt-km (2015)

3. ECONOMIC OUTLOOK

3.1 Economy

Economic growth in the Sub-Saharan African region amounted to 2.8% in 2017 and is projected to rise gradually during 2018 and 2019 to 3.4% and 3.7% respectively, as the outlook for commodity exporting economies improves.

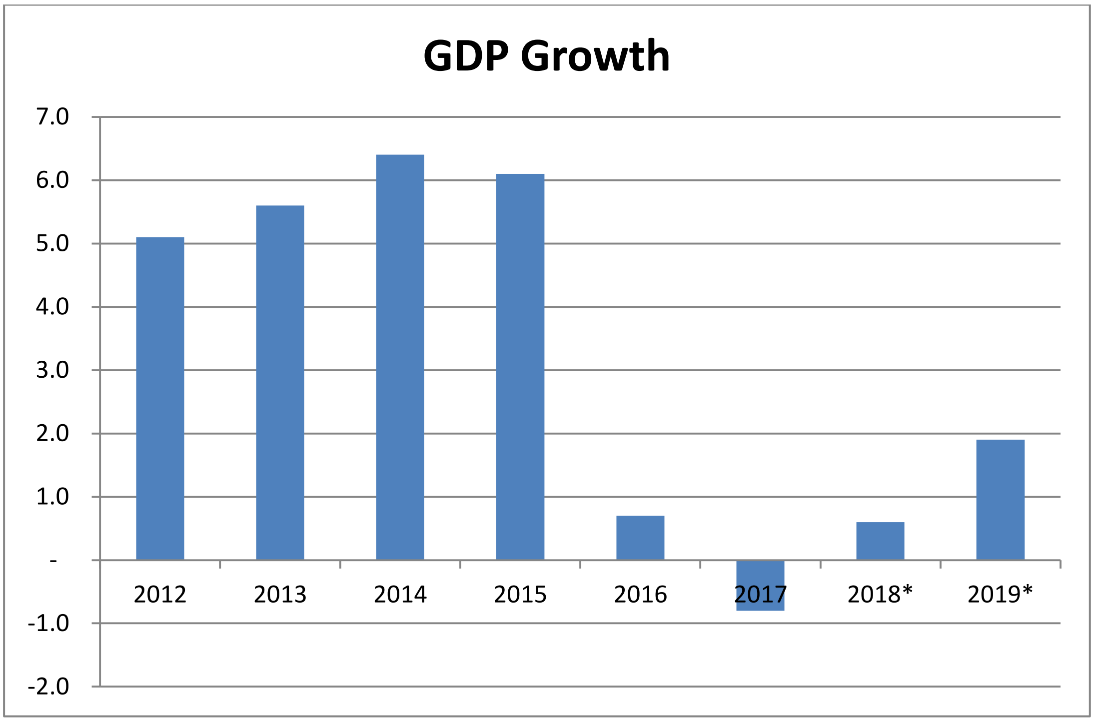
Namibia is a middle income country with a Gross Domestic Product (GDP) of USD 10 948 million (2016). The country's economic performance has cooled since 2015; GDP growth dropped from 6% to 0.7% in 2016 and contracted by 0.8% in 2017. The contribution of net exports of goods and services to GDP growth recovered in 2016 and 2017 as new mines commenced production, but foreign direct investment (FDI) and consumption-related imports declined significantly. The slowdown followed several years of robust average annual growth (above 5%) between 2010 and 2015, on the back of strong investments in the mining sector and expansive fiscal policies.

Namibia posted an average growth rate of more than 5% between 2010 and 2015. However, this expansion reached its limits in 2016 following a surge in debt levels and falls in external demand and investment. The decline affected the construction sector and related industries with a spill over to other sectors, especially in the wholesale and retail trade sector. The agriculture and mining sectors bounced back, but not strongly enough to offset declines in other sectors.

Namibia's real GDP growth was projected to improve from -0.8% in 2017 to 0.6% and 1.9% in 2018 and 2019 respectively, as seen in Figure 3 below. These growth projections are weaker than 1.4% and 2.1% forecasted during February 2018 due to the revised growth in the uranium sub-sector, given the sustained weakness in the international uranium prices.

Risks to domestic growth include a meagre recovery in the country's trading partners, slow recovery in international commodity prices particularly for uranium, undue exchange rate volatility and uncertainty about weather conditions. Furthermore, a slowdown in demand for minerals from China will also increase the risk to projected growth for primary industries. International trade wars may also inhibit Namibia's exports, while uncertainty regarding property rights in South Africa may weigh on the country's economic prospects.

Figure 3: GDP Growth



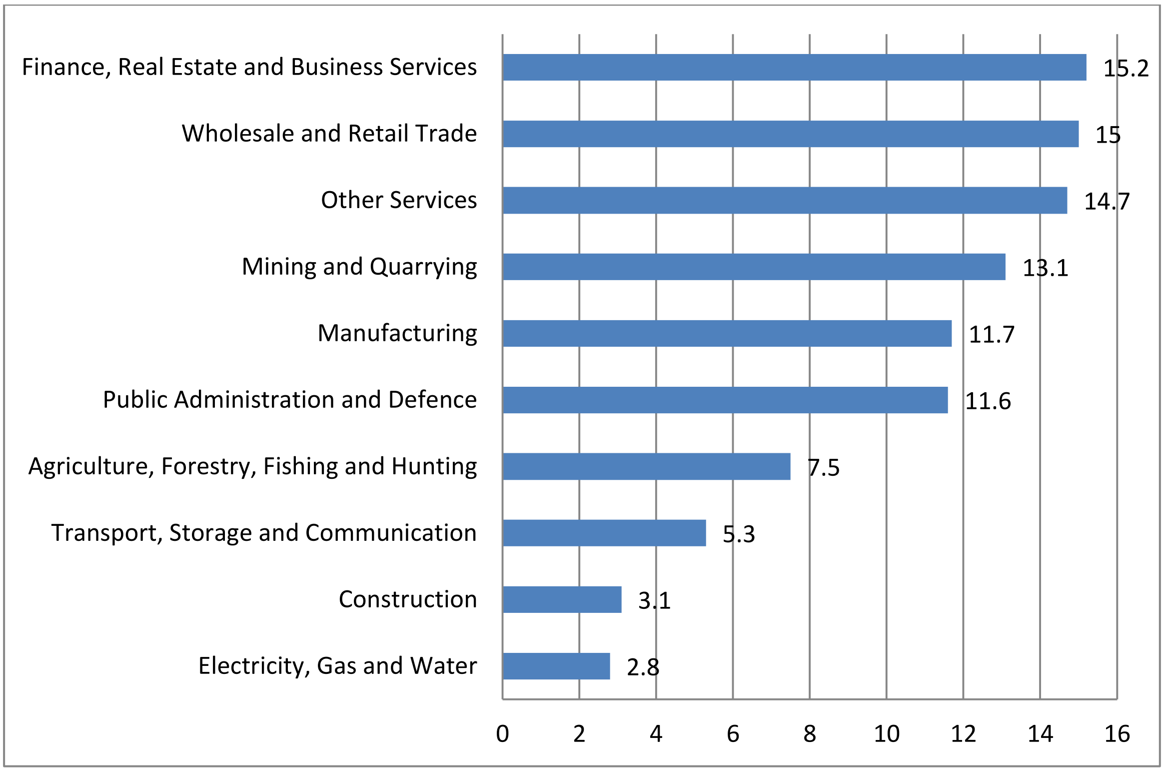
Source: Bank of Namibia, Accessed on 26/09/2018

The expected recovery in 2018 is largely supported by improved performances for transport and telecommunications, electricity, water and manufacturing. The projected growth still remains far below potential growth, which is estimated at 4.0%.

3.2 Economic Structure

Namibia's economic structure is increasingly influenced by the extractive sector. From 2011 to 2017, the primary sector's contribution to GDP increased from 18.3% to 20.6%, on the back of large investments in new mining operations. The principal products extracted are diamonds, copper, gold and increasingly uranium. On the other hand, the contributions to GDP of agriculture and fisheries declined (by 0.6 and 0.8 respectively) to an aggregate of 7.5% as shown in Figure 4 below.

Figure 4: GDP by Sector (Percentage of GDP)



Source: Bank of Namibia, Accessed on 08/10/2018

3.2.1 Primary Sector

Growth for primary industries was projected to slow down during 2018, due to the expected lower growth rates across all major primary sectors. After a robust performance in 2017, growth for primary industries is projected to slow down to 6.3% in 2018, from 10.7% in 2017, before declining further to 1.8% in 2019. The expected slowdown during 2018 is reflected in reduced growth rates for most primary sectors. Growth for the agricultural sector is projected to normalise in 2018 following high growth in the previous year. The agriculture and forestry sector is projected to grow by 3.1% and 4.1% in 2018 and 2019, respectively, representing a marked slowdown from a 12.7% growth rate in 2017 as shown in Figure 5 below.

Figure 5: Primary Industries

Source: Bank of Namibia, Accessed on 09/10/2018

Diamond mining is projected to maintain a high growth level during 2018 before contracting in 2019 due to depletion of onshore diamond deposits. Diamond mining is projected to grow by 10.9% in 2018, which is a reasonably high growth rate, albeit a slowdown from 12.0% in 2017. This sector is then expected to contract by 5.3 % in 2019 due to lower production from onshore mines during that year. The Elizabeth Bay mine near Lüderitz is expected to close down because it has not generated any profits in recent years. DebMarine Namibia is expected to increase output significantly in the medium term, keeping the growth outlook for diamond mining positive from 2021 going forward.

Growth in uranium mining is projected to moderate during 2018 before accelerating in 2019 as output from Husab mine increases. Uranium mining is projected to grow by 7.5% and by 15.6% in 2018 and 2019, respectively, down from 23.4% in 2017. The estimated slowdown during 2018 is attributed to the halting of production at Langer Heinrich uranium mine, which has been put under care and maintenance. Going forward, the uranium sector is expected to yield robust growth, largely as Husab mine increases production to reach its production capacity in the medium term.

Growth for the metal ores sector is projected at 7.6% and 5.2% in 2018 and 2019, respectively, which is a slowdown from 9.9% recorded in 2017. Slower growth rates are based on the fact that various subsectors such as gold and copper are currently operating around their design capacities, leaving the zinc and lead subsector to drive this growth during 2018 and 2019.

3.2.2 Secondary Sector

The share of the secondary sector steadily dwindled from 20.8% in 2011 to 17.6% in 2017. The sector contracted as major construction projects ended and persistent drought affected the electricity and water sectors, while manufacturing was impacted by lower domestic and external demand. Manufacturing as a share of GDP fell from 14.8% in 2011 to 11.7% in 2017 as shown in Table 2 below.

Table 2: Secondary Industries Percentage of GDP

	2011	**2017**
Manufacturing	14.8	11.7
Electricity, gas and water	2.2	2.8
Construction	3.8	3.1

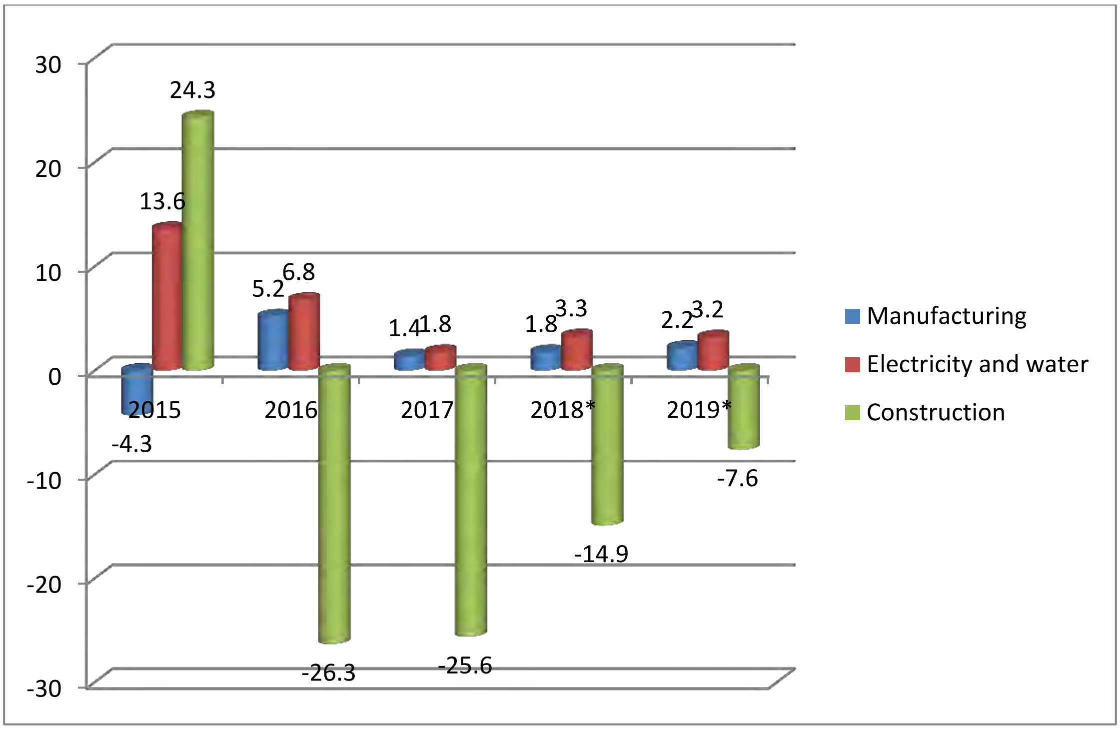
Source: African Economic Outlook, 2018; Accessed on 09/10/2018

The rate of contraction for the secondary industries is expected to improve in 2018 compared to the previous year. Secondary industries are expected to contract by 2.0% in 2018 before recovering to a positive growth rate of 0.3% in 2019. The growth projections represent an improvement from the sharp contraction of 6.7% recorded in 2017. Growth for the secondary industries is weighed down by continued contraction in the construction sector as well as slow growth rates in manufacturing subsectors such as diamond processing, beverages and other food products. The construction sector is expected to decline by 14.9% in 2018, which is a slower pace of contraction compared to the previous two years.

The manufacturing sector is projected to improve slightly in both 2018 and 2019, partly supported by a slower contraction in construction and reversal to positive growth in overall economic activity. Growth in the manufacturing sector is expected to increase to 1.8% and 3.6% in 2018 and 2019, respectively, from 1.4% in 2017. Growth in the diamond processing subsector is expected to slow down during 2018 given the high base set in the last two years. This subsector is projected to grow by 4.6% and 3.2% in 2018 and 2019, respectively. Other major subsectors of manufacturing such as beverages, meat processing and other food products are expected to maintain low growth rates during the forecast period.

Growth in the electricity and water sector is expected to improve slightly, but to remain weak during 2018 and 2019. The electricity and water sector is projected to grow by 3.3% and 3.2% in 2018 and 2019, respectively as shown in Figure 6 below. The projected growth for 2018 represents an improvement from 1.8% in 2017, although still being low when compared to the recent growth trends for the sector. The slower growth for 2018 is largely from reduced local generation of electricity, which is substituted with more continuously available imports. Meanwhile, growth for the water sector is expected to remain flat during 2018.

Figure 6: Secondary Industries



Source: Bank of Namibia, Accessed on 09/10/2018

Growth in construction is expected to remain negative during 2018 and 2019, which is projected to contract by 14.9% and 7.6% in 2018 and 2019, respectively. The past growth rates in the construction sector were largely driven by high volumes of construction activities at various mines, most of which had been completed in 2016.

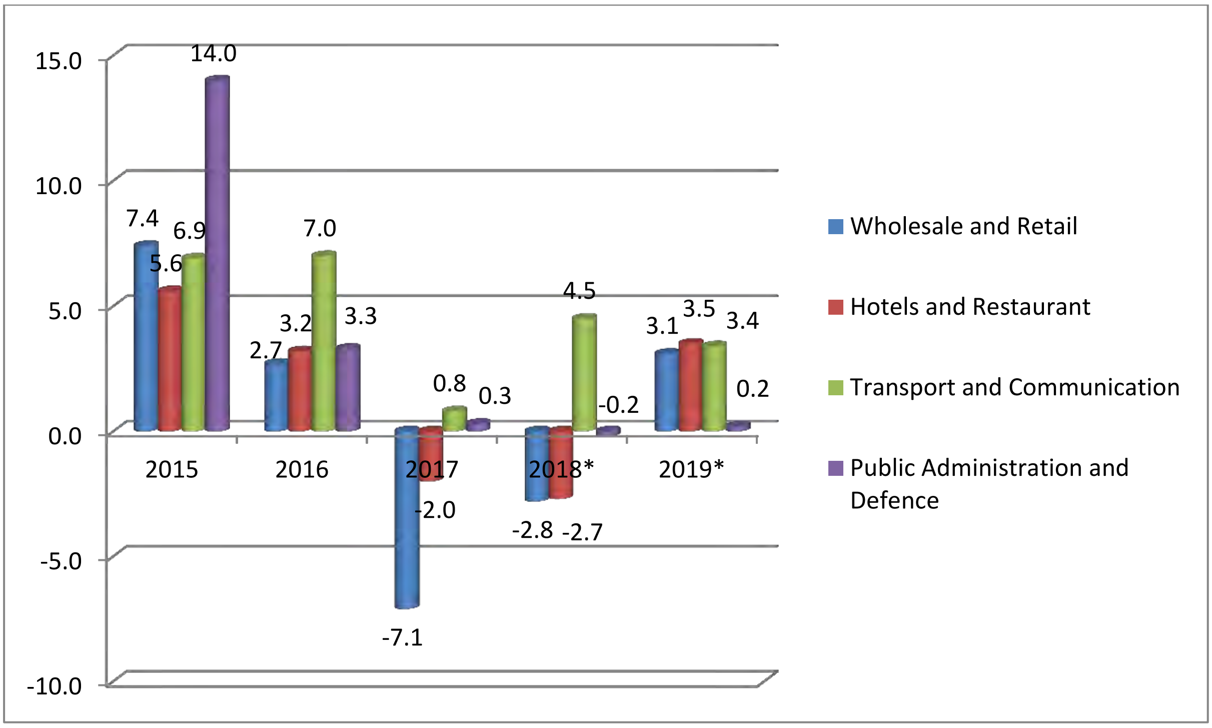
3.2.3 Tertiary Sector

Accounting for 61.8% of GDP in 2017, the tertiary sector continues to make the largest contribution to GDP, and broadly maintained its share since 2011 (61%). High corporate debt levels and constrained public investment are likely to curtail necessary investment in the economy and hinder long-term growth prospects.

During 2018, growth in the tertiary industries is expected to resume from a mild contraction in 2017. The tertiary industries are projected to grow by 1.0% in 2018 and by 1.9% in 2019, following a contraction of 1.1% in 2017. The expected recovery during 2018 will come from an improved performance in the transport and communication sector, coupled with a slower contraction in the wholesale and retail trade sector.

The rate of contraction in the wholesale and retail trade sector is expected to improve in 2018. The wholesale and retail trade sector, having contracted by 7.1% in 2017, is projected to decline by a further 2.8% during 2018 before recovering to positive growth of 3.1% in 2019 as shown in Figure 7 below. The low growth in this sector reflects the general weakness in the economy that is associated with job losses in sectors such as construction and mining and hence, low spending power amongst the households.

Figure 7: Tertiary Industries



Source: Bank of Namibia, Accessed on 09/10/2018

The transport and communication sector is projected to grow faster during 2018, supported by an improvement in the post and telecommunication subsector. Growth in transport and communication is projected to increase to 4.5% in 2018 from 0.8% in 2017. Growth in this sector is expected to emanate from the post and telecommunication subsector, which is projected to expand by 6.3% during 2018. Going forward, growth for transport and communication is projected to moderate to 3.4% in 2019.

The hotels and restaurants sector is projected to remain in contraction during 2018 before recovering in 2019. The hotels and restaurants sub-sector is projected to contract by 2.7% in 2018, which is deterioration from a similar contraction of 2.0% in the previous year. The 2018 projection is informed by weak tourist activities during the first quarter of the year, since both the number of rooms sold and room occupancy rates have declined, when compared to the corresponding quarter of 2017.

Growth in the financial intermediation sector is expected to decline during 2018 and to remain moderate over the medium term. Financial intermediation is projected to grow by 2.0% in 2018 and by 2.6% in 2019. The 2018 growth forecast represents a slight deterioration from a 2.8% growth rate for 2017.

3.3 Credit Rating

Both Moody's and Fitch downgraded Namibia's credit rating in 2017 to below investment grade (Ba1 and BB+ respectively) on the basis of low growth perspectives, fiscal slippages, and rising debt (relative to GDP) as shown below in Table 3. In August 2018, Moody's affirmed Namibia's rating status of Ba1 (with a negative outlook) and highlighted the following key findings:

The credit profile of Namibia reflects its small and relatively diversified economy which is gradually improving. Namibia's profile also reflects moderate institutional strength, which balances favourable governance indicators against limited policy effectiveness in addressing fiscal challenges. In addition, the country's stable political landscape and tradition of political and institutional consensus-building are conducive to supportive macroeconomic policies and structural reforms.

Credit challenges include a rapid rise in public debt, which stood at slightly above 40% of GDP in FY2017-18 compared with 16.7% in 2010, and external vulnerabilities stemming from persistent current account deficits and relatively low international reserves. The sovereign is also susceptible to a further tightening of domestic funding conditions should fiscal slippages persist, which could cause debt servicing costs to rise.

The outlook could return to stable if the government demonstrates commitment to fiscal consolidation that results in a deceleration of debt accumulation and an eventual decline in debt levels. A structural improvement in the twin balances, a sustained easing of funding conditions in the domestic market and a permanent increase in foreign-exchange reserves would also be credit positive.

Table 3: Sovereign Risk Ratings

SOVEREIGN RISK RATINGS		
SandP Global Ratings	**Moody's Investors Service**	**Fitch Ratings**
No rating	Ba1	BB+

Source: Ministry of Finance, Accessed on 09/10/2018

Fitch based their rating on structural issues in fiscal expenditure, namely a bloated civil service wage bill and related consumptive expenditure therefore placing pressure on development spend, dragging the economy. This increase in debt decreased the policy space required to deal with the shock of a downturn in the commodity super-cycle. These factors make Namibian debt relatively riskier.

3.4 Macroeconomic Policy

3.4.1 Fiscal Policy

After 2016, fiscal policy steadily tightened after a period of expansionary fiscal policy. The policy environment increased the Government's financing needs and worsened the fiscal deficit and public sector debt. The fiscal deficit as a share of GDP widened from 6.6% in FY 2014/15 to 8.5% at the end of FY 2015/16 as revenue inflows failed to keep pace with growth in public spending. Total expenditure rose from 41.9% of GDP to 42.3%, driven by growth in capital spending, subsidies and transfers, and public sector wages and salaries. Total revenues dropped from 35.3% of GDP in FY 2014/15 to 33.9% in FY 2015/16 due to a sharp reduction in Southern African Customs Union (SACU) and domestic tax receipts. (SACU receipts represent about 35% of total Government revenues).

To bring the deficit below the domestic fiscal target of 5% of GDP and preserve macroeconomic stability, the 2016/17 midyear budget review proposed expenditure cuts of up to 2.8% of GDP. The aim was to rein in current non-productive spending but preserve growth-enhancing capital investments and strengthen domestic revenue mobilisation.

The underlying objectives of fiscal policy are to bring the medium- term expenditure outlook into line with significantly reduced public revenue, support rebuilding of macro-fiscal accounts, and achieve a pro-poor and growth-friendly consolidation programme. The Government expects total expenditure as a percentage of GDP to be contained in the Medium Term Expenditure Framework (MTEF), assisting the budget deficit to narrow gradually in accordance with fiscal benchmarks.

3.4.2 Monetary policy

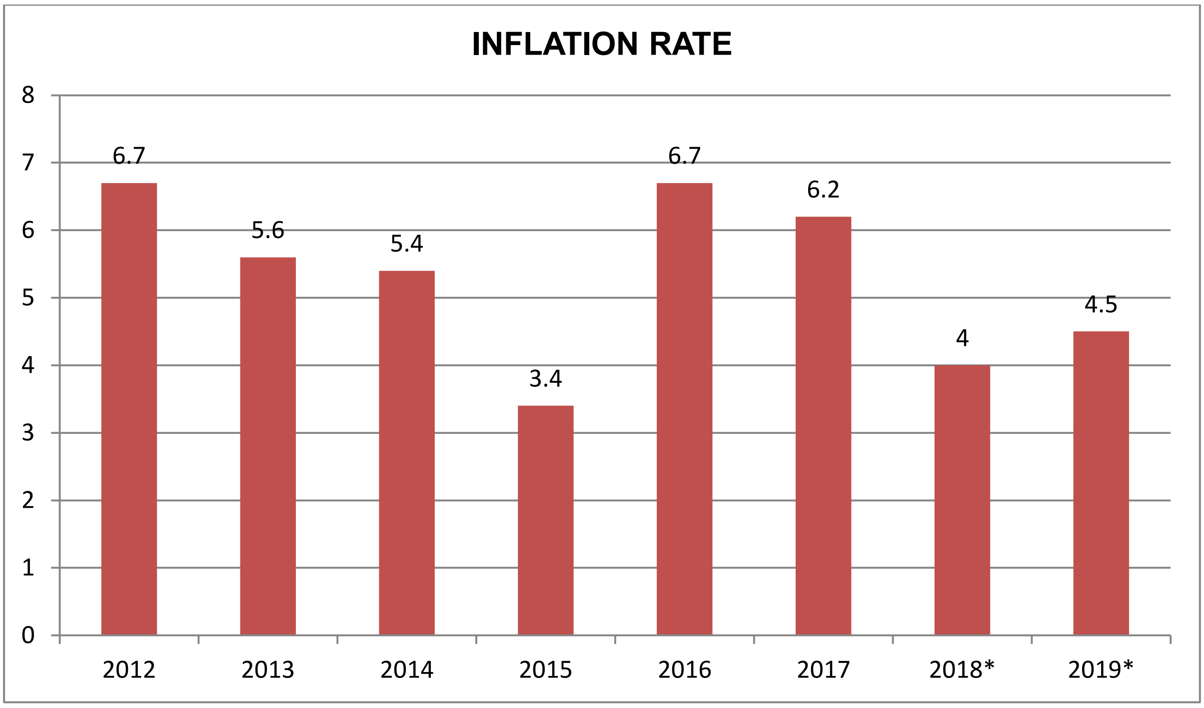
The ultimate aim of monetary policy in Namibia is to ensure price stability in the interest of sustainable economic growth. Namibia's monetary policy framework is underpinned by the exchange rate system linked to the South African Rand. This link, which requires that Namibia's currency in circulation is backed by international reserves, ensures that Namibia imports price stability from the anchor country. Under a fixed exchange rate regime, monetary policy remains submissive to the fixed peg. Maintenance of the fixed peg ensures that the goal of price stability is achieved by importing stable inflation from the anchor country. As a member of the Common Monetary Area, Namibia has opted to surrender its right of having a completely independent monetary system. Nevertheless, the country has some level of monetary policy discretion because of capital controls and other prudential requirements. These discretionary powers confer liberty upon the Bank of Namibia to maintain its Repo rate at a different level from the Repo rate of the South African Reserve Bank, when required.

Aligning itself with the South Africa Reserve Bank (SARB), in 2017 the Bank of Namibia (BoN) reverted to the tight monetary policy initiated in 2016 and reduced its policy rate to 6.75% from 7%. In 2016, driven up by higher food and administrative prices, the inflation rate averaged 6.7%. The BoN was forced to raise the repo rate in April 2016 to align with SARB's policy rate in the context of the Common Monetary Area. The tightening helped to contain rising private sector credit linked to luxury imports, reducing pressure on international reserves and the currency peg.

In line with monetary tightening and declining business sentiment, credit growth dropped sharply from 15% in 2015 to 4.5% in 2017. Mortgages remained fairly flat and accounted for 68% of credit to individuals. In December 2017, the overall liquidity of the banking sector stood at 3.1 billion NAD.

Inflation was a source of some relief in 2017, largely driven by a moderation in food price increases. Average inflation for 2017 was 6.2%, with annual inflation falling to 5.2% in December. Food and non-alcoholic beverage prices increased by only 2.4% y/y in December, providing much relief to lower income households who spend a greater proportion of their incomes on this basket. Some of this relief would have been offset by higher transport and utilities costs but the overall moderation in price increases remained skewed to the positive. Figure 8 below show the annual average inflation rate from 2012.

Figure 8: Inflation Rate



Source: Bank of Namibia, Accessed on 09/10/2018

Namibia's consumer price inflation rate that averaged 6.2% in 2017 is projected to moderate to around 4.0% and 4.5% in 2018 and 2019, respectively.

3.5 Trade Environment

Namibia, like other countries with high income inequality is often described as having two economies. The first is a modern industrial economy, heavily dependent on the extraction and processing of minerals (diamonds and/ uranium) for export and to a lesser extent commercial agricultural and fisheries sectors. The second economy is dominated by subsistence farming, where livelihoods are highly vulnerable to environmental changes and social shocks caused by HIV/AIDS.

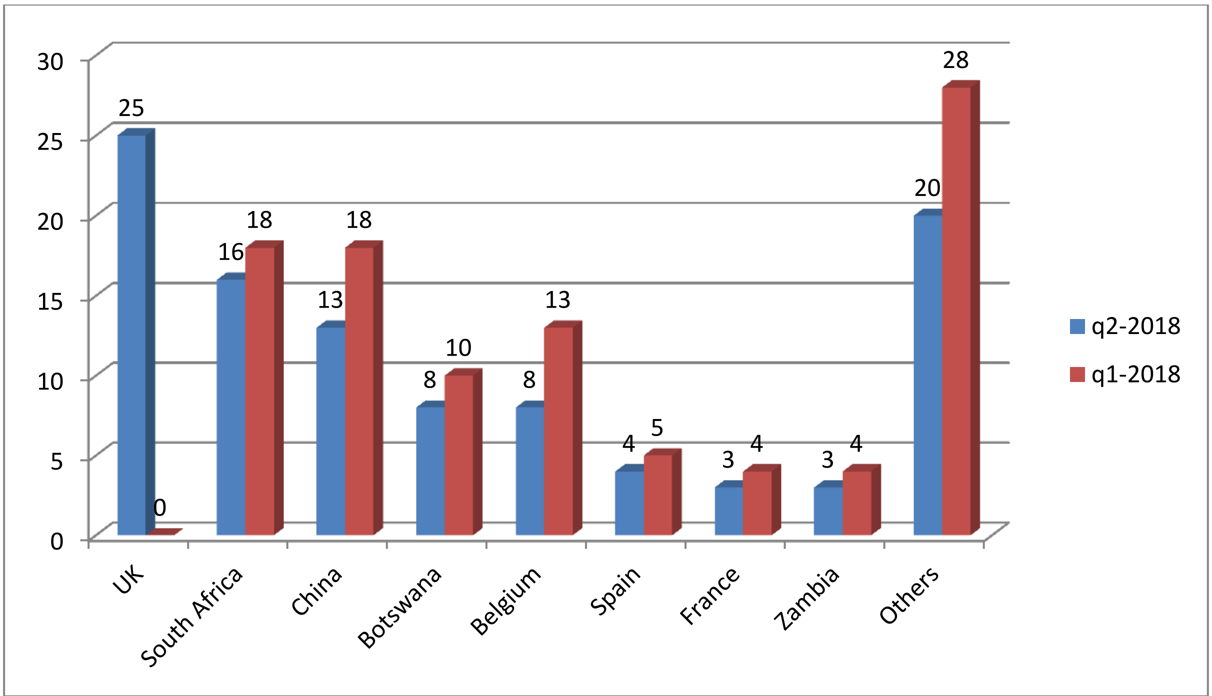
Namibia's total exports in 2017 amounted to N$63,545 million whereas imports totalled N$87,994 million. The majority of Namibia's trade with the rest of the world were clustered around a few specific commodity categories which make up the bulk of the value of Namibia's exports and imports. Large exports for Namibia were reflected in the category of live animals, fish and crustaceans; ores (including uranium, copper, zinc, lead) was also exported in large amounts. Furthermore, large amounts of commodities under the category of diamond, gold and precious metals; copper blisters, zinc and articles thereof; as well as the category of ships, boats and floating structures left the shores of the Namibia. Namibia imported large amount of items under the category of ores (mostly copper). Mineral fuels and oils is another large import category for Namibia in 2017. Additionally, large quantities of commodities under the category of diamond, gold and precious metals; articles of iron or steel; copper blisters, boilers; electrical machinery and equipment were imported into the country.

In 2018, the overall export and import values for q2-2018 were estimated at N$22.792 billion and N$24.025 billion respectively. The overall trade (export plus imports) stood at N$46.817 billion compared to N$34.842 billion recorded in q2-2017, while in q1-2018 total trade was estimated at N$47.411 billion.

3.5.1 Exports to key markets

During q2-2018, Namibia's top five export destinations were United Kingdom, South Africa, China, Botswana and Belgium. Among the largest export partners, the highest growth rates were recorded with United Kingdom (4,839%), China (727%), Belgium (144 %), and Botswana (13%). Exports to South Africa, Namibia's largest trading partner, grew by 11%. Together, these countries made up 70% of the value of all exported goods, with United Kingdom lodging on top of the list as the largest export destination, accounting for 25% of the total exports. South Africa ranked second with 16 %, followed by China with 13% of total exports. Botswana and Belgium absorbed 8% of the Namibia's total exports each as shown in Figure 9 below.

Figure 9: Main export destinations



Source: Quarterly Trade Statistics Bulletin; 2018, Accessed on 10/10/2018

Overall exports improved, rising by 61% to register N$22.792 billion when compared to N$14.191 billion in q2-2017. The improvement was mainly attributed to a once off shipment of vessels to United Kingdom and an increase in export of mineral products, mostly to China, Belgium, and Botswana. The vessels which were exported to the UK at the value of N$5.427 billion comprises of three exploration vessels valued at N$3.591 billion which were re-exported and reported as import from the Bahamas in the previous quarter(q1-2018) and two are research ships valued at N$ 1.835 billion which came in for natural environmental research.

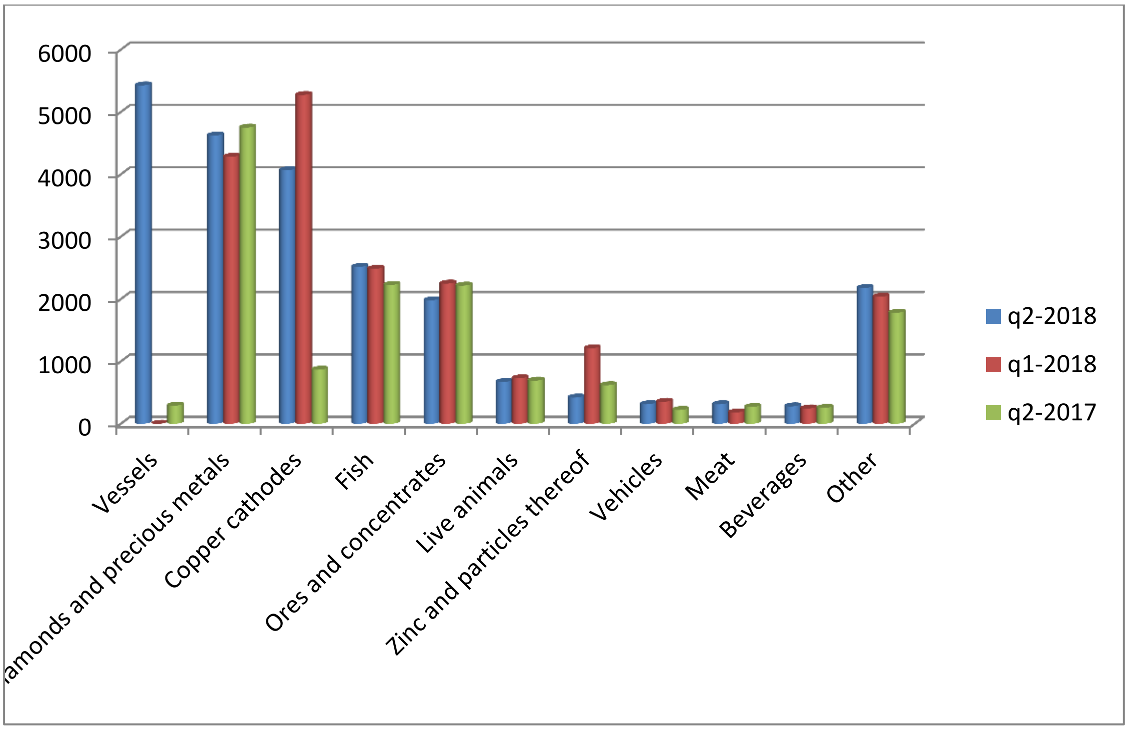
3.5.2. Top export products

Vessels (5.427 billion), Diamonds, Jewellery and precious metals (N$4.623 billion), Copper cathodes (N$4.066 billion), fish (N$2.517 billion) and Ores and concentrates1 (N$1.981 billion) were the leading commodities exported by the local economy in q2-2018 as shown below in Figure 10 below. Together, these commodities made up 82% of the total exports. The combined revenue generated from these commodities improved, rising by N$8.262 billion (80%) to N$18.614 billion after registering N$10.351 billion in q2-2017. The annual increase in Namibia's exports was largely driven by increases in vessels, copper cathodes as well as fish exports. The value of exported vessels grew by N$5.136 billion over the year to register N$5.427 billion after recording N$0.291 billion in q2-2017.

The country also recorded a significant increase of N$3.199 billion (369%) in value of copper cathodes exported over the same period, registering N$4.066 billion after recording N$0.868 billion in q2-2017. This has been driven by significant increases in copper cathodes exported to China and Belgium. Fish continued to be an important export earner for Namibia, with q2-2018 registering N$2.517 billion, representing N$0.290 billion (13%) increase when compared to N$2.227 billion registered in q2-2017, mainly on account of an upsurge in exports to Spain and Democratic Republic of Congo. Exports of ores and concentrates fell by 11% to register N$1.981 billion in q2-2018, N$0.235 billion less from N$2.216 billion recorded in q2-2017.

The recent decline was mainly due to a contraction in foreign demand, mostly by Switzerland which was among the largest export market of ores and concentrates in the corresponding quarter of 2017. The value of Namibia's diamonds and precious metals exports has also slightly declined in q2-2018.

Figure 10: Top export products



Source: Quarterly Trade Statistics Bulletin; 2018, Accessed on 11/10/2018

Diamonds and precious metal exports fell by N$0.127 billion (3%) from N$4.750 billion in q2-2017 to N$4.623 billion in q2-2018. The decline was primarily driven by the decrease in diamonds and precious metals exports to South Africa. The quarter-on-quarter export data have also shown some improvements, recording 20% growth in revenue generated from the top five export products. The growth was mainly due to increases in vessels, diamonds and precious metals as well as fish exports.

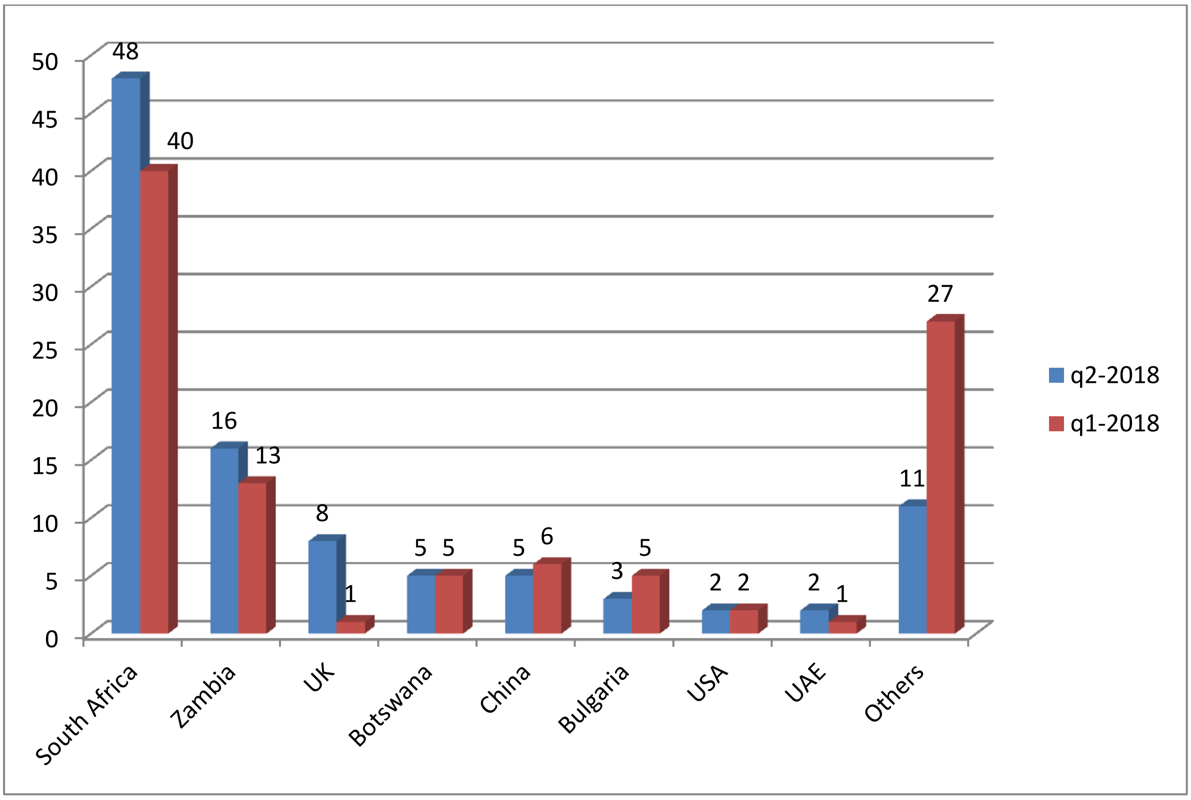
3.5.3 Imports from key markets

The domestic economy mostly relied on South Africa, Zambia, United Kingdom, Botswana and China for its import requirements. The aforementioned countries accounted for the largest share of Namibia's total imports, with 83% of the value of all imports of goods into Namibia coming from these countries as shown in Figure 11 below. Imports from these markets grew by 27% to register N$19.845 billion compared to N$15.630 billion observed in q2-2017. Whereas, overall imports increased by N$3.373 billion (16%) from N$20.652 billion to N$24.025 billion.

The recent increase in imports from these markets was largely due to high domestic demand of goods from United Kingdom, Zambia and China. Imports from United Kingdom rose by

N$1.925 (2,357%) billion to register N$2.006 billion, after recording N$0.082 billion in q2-2017.

Figure 11: Main source of imports



Source: Quarterly Trade Statistics Bulletin; 2018, Accessed on 10/10/2018

Imports from Zambia grew by N$2.944 billion (328%) to N$3.842 billion compared to N$0.898 billion in q2-2017; this increase was attributed to high imports of copper cathodes. Furthermore, imports from China increased significantly to register N$1,258 billion, which was attributed mostly by electrical machinery and boilers.

On the other hand, imports from Botswana fell by N$0.119 billion (9%) to N$1,276 billion when compared to N$1.395 billion in same quarter a year ago. Imports from South Africa, Namibia's largest trading partner also weakened, falling by N$0.995 billion (8%) to N$11.462 billion after recording N$12.457 billion in the corresponding period last year. South Africa accounted for over 48% of the value of all imports into Namibia in q2-2018 and the largest import market for the domestic economy.

Overall imports decreased by N$4.334 billion (15%) compared to N$28.359 billion recorded in q1-2018. The increase was mainly pronounced in the value of imports from United

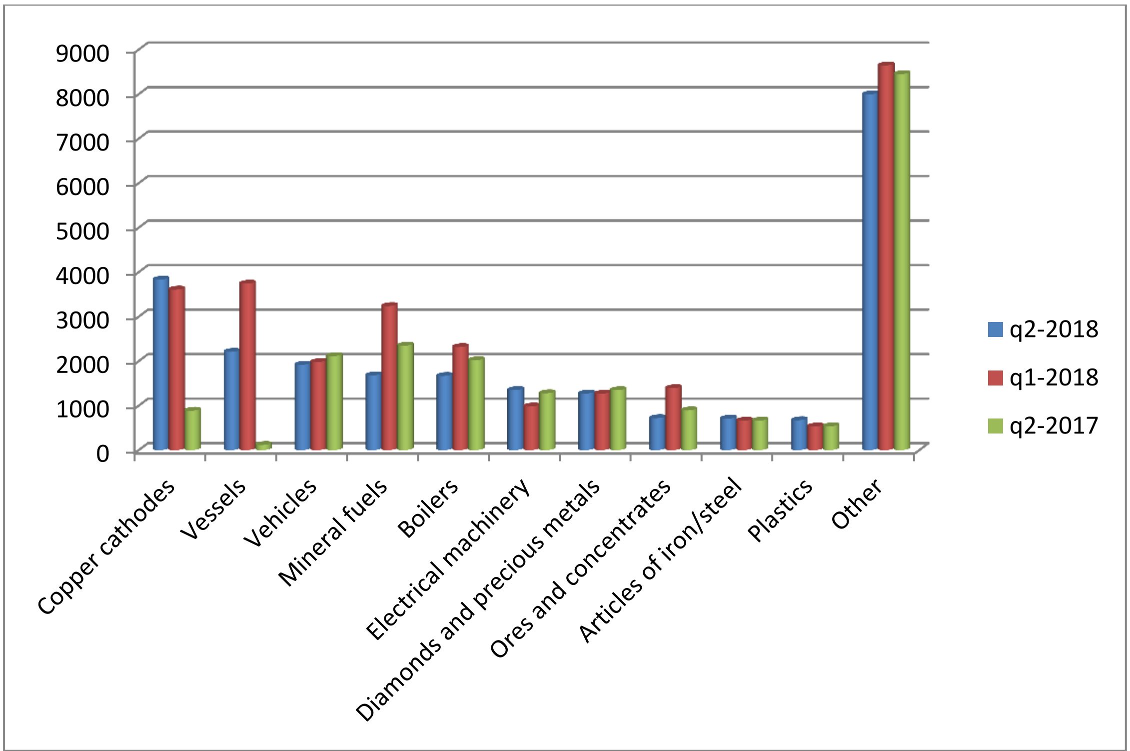
Kingdom, Zambia and South Africa. However, domestic imports from China and Botswana declined when compared to the preceding quarter.

3.5.4 Top import products

Copper cathodes, Vessels, Vehicles, Mineral fuels and oils and boilers emerged as the leading import commodities into Namibia. Overall imports of the above commodities increased by N$3.826 billion (51%), to register N$11.308 billion compared to N$7.482 billion recorded in q2-2017. An opposite trend was observed when compared to the previous quarter, where imports of the aforementioned commodities declined by 24% after registering N$14.881 billion. Furthermore, these commodities accounted for a combined 47% of total imports, up from 36% and down from 34% recorded in q2-2017 and q1-2018, respectively.

The recent increase in imports was mainly attributed to high domestic demand of copper cathodes and vessels. Copper cathodes rose significantly, from N$0.886 billion registered in q2-2017 to N$3.831 billion, representing a 333% growth, as domestic demand of copper cathodes from Zambia strengthened. The import value for vessels rose sharply to N$2. 209 billion compared to N$0.116 billion recorded in q2-2017 following a once off shipment of vessels from the United Kingdom and South Africa. Despite the increase observed in two of the top five import products, import of vehicles, mineral fuels and oils as well as boilers decelerated during the second quarter of 2018. Vehicles dropped by N$0.194 billion (9%) to register N$1.919 billion compared to N$2.113 billion recorded in q2-2017 as shown in Figure 12 below. This follows a weak demand of vehicles mostly imported from South Africa and Japan.

Figure 12: Top imports products



Source: Quarterly Trade Statistics Bulletin; 2018, Accessed on 11/10/2018

Similarly, imports of mineral fuels and oils weakened, falling by N$0.667 billion (28%) to N$1.681 billion when compared to N$2.348 billion recorded in the corresponding quarter of 2017. This deterioration was primarily driven by decreases in oil imports from South Africa and India. Additionally, boilers fell by N$0.353 billion (17%) to N$1.667 billion after registering N$2.019 billion in q2-2017, as domestic demand for boilers from South Africa took a dive. On a quarterly basis, imports of the above mentioned commodities declined with an exception of copper cathodes, with the highest decline reflected in the value of mineral fuels and oils.

3.5.5 Trade with South Africa

Namibia's export market was dominated by South Africa, Botswana, Switzerland, China and Belgium in 2017. During q2-2018 the trend continued but United Kingdom overtook South Africa, Switzerland dropped its position and China, Botswana and Belgium remained in the top 5 export destinations. The main export products to South Africa are diamonds and precious metals, live animals, fish, beverages and boilers which make up 69% of the total export bill in q2-2018 as shown in Table 4 below.

Table 4: Export products to South Africa

Export products to South Africa	q2-2018		q1-2018		q2-2017	
	Value(N$m)	% share	Value (N$m)	% share	Value(N$m)	% share
Diamonds	1,012	28	931	28	1,040	32
Live Animals	652	18	720	21	675	21
Fish	343	10	438	13	348	11
Beverages	235	7	192	6	199	6
Boilers	210	6	111	3	152	5
Vehicles	172	5	161	5	136	4
Zinc and Articles thereof	150	4	232	7	78	2
Preparation of Meat and Fish	128	4	75	2	42	1
Railway Locomotives	118	3	1	0	2	0
Meat and Edible Meat Offal	118	3	85	3	142	4
Other	420	12	433	13	405	13
Total	**3,558**	**100**	**3,379**	**100**	**3,219**	**100**

Source: Quarterly Trade Statistics Bulletin; 2018, Accessed on 11/10/2018

Namibia mostly imported from South Africa with 56% of Namibia's total imports, Belgium with 7% and Botswana with 6 % in 2017. Namibia continued to rely on South Africa, Zambia, United Kingdom, Botswana and China for its import requirements in q2-2018 where their share was 83% of the total imports. South Africa accounted for over 48 % of the value of all imports into Namibia in q2-2018 and the largest import market for the domestic economy.

The top four products imported from South Africa are vehicles and parts thereof (14%), boilers (9%), electrical machinery and mineral fuels and oils at 6% and articles of iron or steel, beverages and pharmaceutical products at 4% as shown in Table 5 below.

Table 5: Import Products from South Africa

Import products from South Africa	q2-2018		q1-2018		q2-2017	
	Value(N$m)	% share	Value (N$m)	% share	Value(N$m)	% share
Vehicles and parts thereof	1,658	14	1,648	15	1,857	15
Boilers	1,062	9	1,131	10	1,379	11
Electrical machinery	653	6	613	5	806	6
Mineral fuels and oils	647	6	800	7	776	6
Articles of iron/steel	470	4	470	4	507	4
Beverages	439	4	383	3	471	4
Pharmaceutical products	404	4	356	3	401	3
Plastics and articles thereof	371	3	358	3	382	3
Vessels	358	3	3	0	7	0
Essential oils	279	2	276	2	286	2
Other	5,121	45	5,202	46	5,585	45
Total	**11,462**	**100**	**11,240**	**100**	**12,457**	**100**

Source: Quarterly Trade Statistics Bulletin; 2018, Accessed on 11/10/2018

3.5.6 Trade by Economic Regions

3.5.6.1 Exports

The European Union (EU) dominated Namibia's export market compared to other economic regions in q2-2018 as shown in Table 6 below. Export revenue from the EU increased by 213% to register N$10.517 billion, after recording N$3,359 billion in q2-2017. This amounts to 47% of Namibia's total exports, the largest share compared to all other economic regions.

Table 6: Exports by economic regions

Economic Region	Q2-2018		Q1-2018		Q2-2017	
	Value(N$ m)	% share	Value(N$ m)	% share	Value(N$ m)	% share
EU	10,517	47	6,354	35	3,359	26
SACU	5,494	24	5,306	29	4,941	38
BRIC	3,152	14	3,597	20	551	4

SADC NON SACU	1,583	7	1,435	8	1,193	9
COMESA	1,349	6	1,280	7	976	7
EFTA	416	2	111	1	2,062	16
Total	**22,512**	**100**	**10,083**	**100**	**13,081**	**100**

Source: Quarterly Trade Statistics Bulletin; 2018, Accessed on 11/10/2018

SACU was Namibia's second largest export market, with exports destined to SACU registering N$5.494 billion, which translates to an increase of 11% after recording N$4.941 billion in q2-2017. In terms of export share, SACU accounted for 24% of the total exports, down from 38% in q2-2017 and also down from 29% in q1-2018.

Brazil, Russia, India and China (BRIC) ranked third as the largest export market for the domestic economy. Domestic exports absorbed by BRIC rose significantly, registering N$3.152 billion compared to only N$0.551 billion recorded in q2-2017, indicating an increase of 472%.

The SADC-Non-SACU region ranked fourth as an important export market for the local economy. Exports to that market rose, registering N$1.583 billion compared to N$1.193 billion recorded in q2-2017, translating to a 33% increase. SADC-Non-SACU's contribution to Namibia's total export revenue stood at 7%, down from 9% in q2-2017 and from 8% from its q1- 2018 contribution.

Another important export destination for the domestic economy was the Common Market for Eastern and Southern Africa (COMESA), which absorbed N$1.349 billion worth of domestic exports compared to N$0.976 billion recorded in q2-2017, which translates to a 38% growth. COMESA accounted for 6% of Namibia's total export revenue in q2-2018, down from 8% of q2-2017.

3.5.6.2 Imports

SACU emerged as Namibia's largest supplier of imported goods after recording N$12.797 billion worth of imports in q2- 2018. Despite being the largest import market for the local economy, overall imports from SACU dropped by 8% when compared to N$13.926 billion recorded in q2-2017. However, imports from that region rose by 2% after registering N$12.578 billion in q1-2018. In addition, 49% of Namibia's total import requirements in q2-2018 were absorbed by SACU, down from 71% in q2-2017.

COMESA was the second largest source of imports for the domestic economy. The import bill from that market was estimated at N$3.984 billion in the quarter under review as shown in Table 7 below. This represents a 286% increase when compared to N$1.033 billion recorded in the same quarter of last year. Likewise, a 6% increase was also realized when compared to N$3.777 billion recorded in the previous quarter. Subsequently, COMESA accounted for 15% of Namibia's overall import bill in q2-2018, up from 5% and 15% accounted for in q2-2017 and q1-2018 respectively.

Table 7: Imports by Economic Regions

Economic Region	Q2-2018		Q1-2018		Q2-2017	
	Value(N$ m)	% share	Value(N$m)	% share	Value(N$m)	% share
SACU	12,797	49	12,578	49	13,926	71
COMESA	3,984	15	3,777	15	1,033	5
SADC NON SACU	3,967	15	4,030	16	1,002	5
EU	3,584	14	2,882	11	2,254	11
BRIC	1,746	7	2,563	10	1,473	8
EFTA	137	1	43	0	28	0
Total	**26,215**	**100**	**25,872**	**100**	**19,716**	**100**

Source: Quarterly Trade Statistics Bulletin; 2018, Accessed on 11/10/2018

SADC-Non-SACU occupied the third position as a crucial source of imports for the domestic market. Imports from that market rose by 296%, registering N$3.967 billion in q2-2018 after recording N$1.002 billion in q2-2017. When compared to the previous quarter, imports from that market declined from N$4.030 billion representing a 1.6% decrease. SADC-Non-SACU accounted for a share of 15% of Namibia's overall import bill in q2-2018, up from 5% for the same quarter last year and down from 16% in the preceding quarter.

EU ranked fourth as a major source of imports for Namibia. Imports from the EU picked up, registering N$3.584 billion compared to N$2.254 billion recorded in q2-2017, which translates to a 59% increase. When compared to the previous quarter, imports from that region also rose from N$2.882 billion in q1-2018, representing a 24% increase. The EU accounted for 14% of the overall import bill in q2-2018, up from 11% and 11 % in q2-2017 and q1-2018 respectively.

BRIC also played a vital role in supporting the domestic economy's demand for imports. Overall imports from that region amounted to N$1.746 billion in q2-2018 after recording N$1.473 billion in q2-2017, indicating an increase of 19%. On the other hand, a 31.9% decline was registered when compared to N$2.563 billion recorded in q1-2018. BRIC accounted for 7% of total imports, down from 8% registered in q2-2017 and from 10% witnessed in the previous quarter.

3.5.6 Trade by Mode of Transport

3.5.7.1 Exports

In q2-2018, N$14.221 billion worth of goods left Namibia's borders via sea; this is equivalent to 62% of the value of all commodities exported by the domestic economy to the rest of the world. The N$14.221 billion export value represents an increase of N$8.111 billion (31%) compared to N$6.110 billion recorded in q2-2017 as shown in Table 8 below. A similar trend was observed quarter-on-quarter as exports rose by 31% after recording N$10.826 billion in q1-2018. Exports via sea accounted for 62% to Namibia's total exports, up from 43% in q2-2017 and 57% when compared to the previous quarter.

Table 8: Export by mode of transport

Mode of Transport	Q2-2018		Q1-2018		Q2-2017	
	Value(N$m)	% share	Value(N$m)	% share	Value(N$m)	% share
Water	14,221	62	10,826	57	6,110	43
Air	4,723	21	4,428	23	4,830	34
Road	3,729	16	3,794	20	3,242	23
Rail	118	1	3	0	3	0
Total	**22,791**	**100**	**19,051**	**100**	**14,185**	**100**

Source: Quarterly Trade Statistics Bulletin; 2018, Accessed on 11/10/2018

Air ranked second in terms of the most used means of transporting domestic exports to the rest of the world. Nevertheless, exports declined by N$0.107 billion (2%) to N$4.723 billion after recording N$4.830 billion in q2- 2017. On the contrary, exports grew by N$0.295 billion (7%) from N$4.428 billion registered in q1-2018. Air transport's contribution to overall exports stood at 21%, down from 34% a year ago and 23% in the previous quarter.

Road was the third most used means of transporting exports, with the recent figure amounting to N$3.729 billion, translating to a 15% increase after registering N$3.242 billion in q2-2017. When compared to the previous quarter, exports declined by N$ 0.065 billion (2%) compared to N$3.794 billion recorded in q1-2018. Road's contribution accounted to 16

% of the value of all goods exported from the domestic economy, down from 23 % registered in q2-2017 and 20% recorded in q1-2018.

3.5.7.2 Imports

The majority of commodities imported into Namibia were transported by means of road as shown in Table 9 below. This was reflected in the value of imports by road which advanced by N$1.916 billion (14%) to N$15.517 billion compared to N$13.601 billion registered in q2-2017. When compared to the previous quarter, imports advanced by N$0.267 billion (2%) after recording N$15.250 billion in q1-2018. The contribution of road to the value of all imported goods remained high compared to other mode of transports, with 65% contribution in q2-2018, down from 66% in q2-2017 and up from 54% in q1-2018.

Table 9: Import by mode of transport

Mode of Transport	Q2-2018		Q1-2018		Q2-2017	
	Value(N$m)	% share	Value(N$m)	% share	Value(N$m)	% share
Road	15,517	65	15,250	54	13,601	66
Water	7,084	29	11,701	41	5,680	28
Air	1,396	6	1,380	5	1,337	6
Rail	24	0	24	0	29	0
Total	**24,021**	**100**	**28,355**	**100**	**20,647**	**100**

Source: Quarterly Trade Statistics Bulletin; 2018, Accessed on 12/10/2018

Maritime/ Sea transport continued to play a vital role in shipping imports to Namibia, therefore ranked second as the most used means of shipping goods into the local economy. Subsequently, imports rose by N$1.404 billion (25%) to register N$7.084 billion in q2-2018 compared to N$5.680 billion registered in the corresponding quarter of 2017. In comparison to the preceding quarter, imports fell by N$4.617 billion (81%), after recording N$11.701 billion in q1-2018. Imports accounted for 30% of the value of all goods imported into Namibia, up from 28% in q2-2017 and down from 41% in q1-2018.

Air transportation was the third major used mode of transport for imports into the domestic economy. However, the value of goods imports via air is by far less compared to the value of imports by road and sea. Furthermore, imports rose by N$0.059 billion (4%) to register N$1.396 billion compared to N$1.337 billion recorded in the corresponding quarter of 2017. In comparison to the previous quarter, imports rose by 1% after recording N$1.380 billion in q1-2018. In terms of contributions, air accounted for 6% of the total import bill, down from 7% but up from 5% accounted for in q2-2017 and q1-2018 respectively.

3.5.8 Trade by border post/office

Table 10 below shows the trade volumes exports and imports through different border posts and offices. Majority of exports left Namibia's borders via sea whilst imports were via roads.

Table 10: Trade by border post/office

	Quarter 2 of 2018			
Office/Flow type	Exports		Imports	
	Value (N$ m)	% share	Value(N$m)	% share
Ariemvlei	923	4	3,978	16.6
Eros Airport	1,824	8	836	3.5
F. P du Toit	-	0	719	3
Gobabis	-	0	-	0
Grootfontein	-	0	-	0
Hosea Kutako	2,893	12.7	542	2.3
Impalila Island	-	0	4	0
Katima Mulilo	-	0	-	0
Katwitwi	2	0	-	0
Keetmanshoop	-	0	-	0
Luderitz	907	4	555	2.3
Klein Manase	-	0	-	0
Mohembo	8	0	25	0.1
Ngoma	44	0.2	72	0.3
Noordoewer	526	2.3	2,174	9.1
Omahenene	9	0	-	0
Ondangwa	-	0	-	0
Oranjemund	28	0.1	239	1
Oshakati	-	0	-	0
Oshikango	128	0.6	3	0
Otjiwarongo	-	0	-	0
Ruacana	-	0	-	0
Rundu	1	0	-	0

Trans Kalahari	1,114	4.9	3,803	15.8
Tsumeb	-	0	-	0
International Airport Windhoek	-	0	3	0
Walvis Bay	13,317	58.4	6,617	27.5
Wenela	953	4.2	3,884	16.2
Windhoek Warehouse Office	-	0	533	2.2
Windhoek Regional Office	115	0.5	30	0.1
Windhoek Regional Excise Office	-	0	7	0
Total	**22,791**	**100**	**24,021**	**100**

Source: Quarterly Trade Statistics Bulletin; 2018, Accessed on 12/10/2018

3.5.9 Document Requirements for Importation and Exportation

3.5.9.1 Importation

Importations between SACU countries are free of Customs and Excise duty with all importations to the Union being at a Common Customs external tariff. The revenue collected from those duties is pooled and shared under an agreed mechanism. All imported goods are subject to Value Added Tax of 15%. The documents required for importation of goods are:

- Inland bill of lading;
- Commercial invoice;
- Customs Import Declaration (SAD 500);
- Packing list;
- Customs transit document; and
- VAT Deferral form.

3.5.9.2 Exportation

An export permit is required for certain goods. The export documents are filed with Namibia customs electronically. For customs clearance purposes, the exporter should submit the following documents:

- Bill of lading;
- Cargo Release Order;
- Commercial invoice;
- Packing List;
- Customs Export Declaration;
- Terminal handling receipt Booking confirmation (by shipping line);
- EUR 1 - Certificate of origin;
- Health certificate;
- Form F178 (Foreign Exchange Control Form); and
- SOLAS certificate.

3.6 Trade Agreements

Namibia has bilateral and multilateral trade agreements with its neighbours as well as other developed and developing countries. The main Trade Agreements are outlined in Table 11 below:

Table 11: Namibia's main trade agreements

Type of Agreement	Countries
SACU	Botswana, Lesotho, Namibia, South Africa and Swaziland
SACU-EFTA Free Trade Agreement	SACU and the European Free Trade Association (EFTA) Iceland, Liechtenstein, Norway and Switzerland
SACU-Mercosur Preferential Trade Agreement	The Mercosur members are Argentina, Brazil, Paraguay and Uruguay
SADC Protocols (Trade and Transport)	SADC Member States
Free Trade Agreement (SADC FTA)	Between 12 SADC Member States Angola, DRC and Seychelles not members
SADC EPA Group	Six SADC member countries – Botswana, Lesotho, Mozambique, Namibia, South Africa and Swaziland – signed an Economic Partnership Agreement (EPA) with the European Union

AGOA	It is a unilateral and non-reciprocal program that provides African countries with duty-free access to the US market for more than 6,400 products.

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

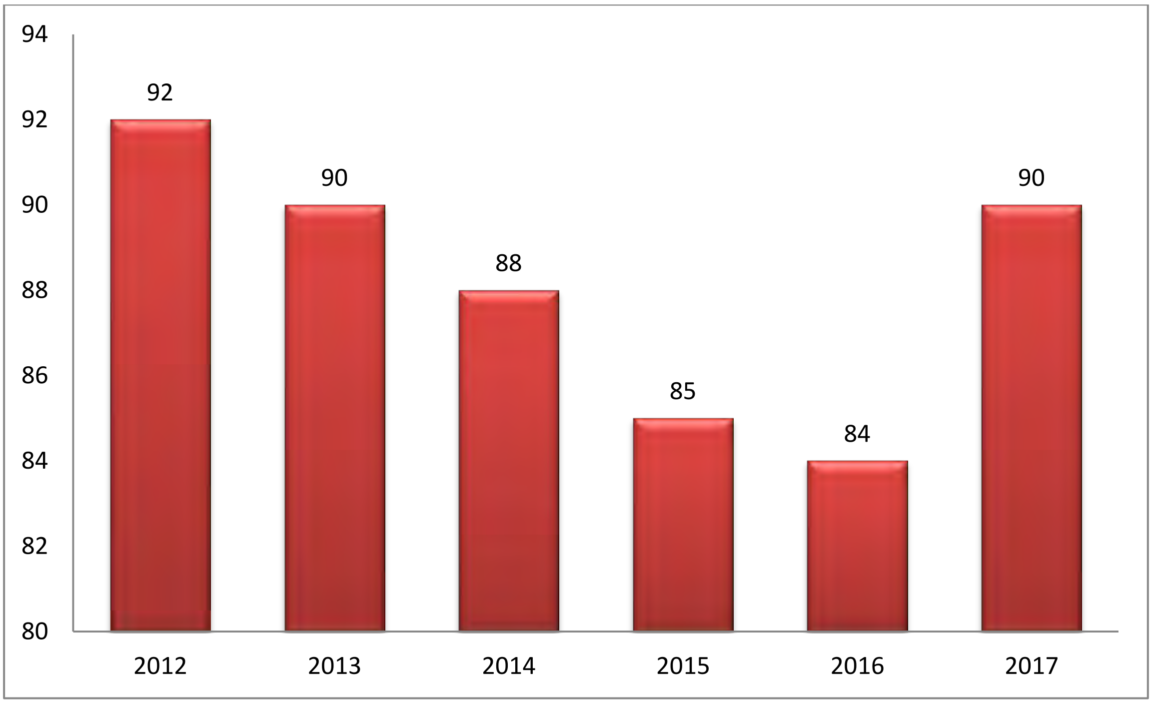
3.7 Business Environment

Namibia's business environment is based on the Global Competitiveness Index (GCI) of the World Economic Forum, the Legatum Prosperity index and the Ease of Doing Business Report by the World Bank.

3.7.1 Global Competitiveness

Namibia fell by six places on the Global Competitiveness rankings for 2017-2018 and are now ranked 90th according to the World Economic Forum's Global Competitiveness Report as shown in Figure 13 below. Namibia is now the seventh most competitive economy in Africa, one place lower than last year. From the 2012-13 edition of the Global Competitiveness Report until last year, Namibia had improved by eight places – from 92nd to 84th. However, such gains have now been largely lost with this year's ranking of 90th.

Figure 13: Namibia's Competitive Ranking

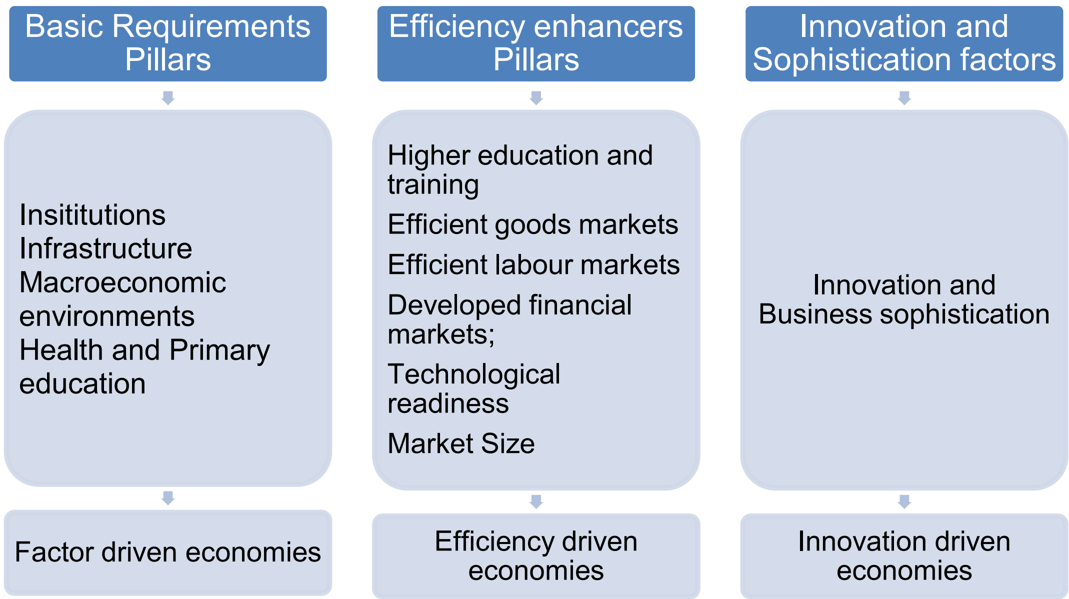


Source: Global Competitiveness Report, Accessed electronically on

Namibia ranks highly for its institutions (44^{th}), infrastructure (67^{th}), and financial market development (50^{th}), and labour market efficiency (33^{rd}) but is rated poorly for the quality of its higher education (111^{th}), health and primary education (110^{th}), business sophistication (87^{th}), technological readiness (89th), macroeconomic environment (107^{th}), and market size (111^{th}).

The GCR assesses the ability of countries to provide high levels of prosperity to their citizens depending on how productively a country uses available resources. The GCR is based on the pillars of competitiveness which are shown below in Figure 14:

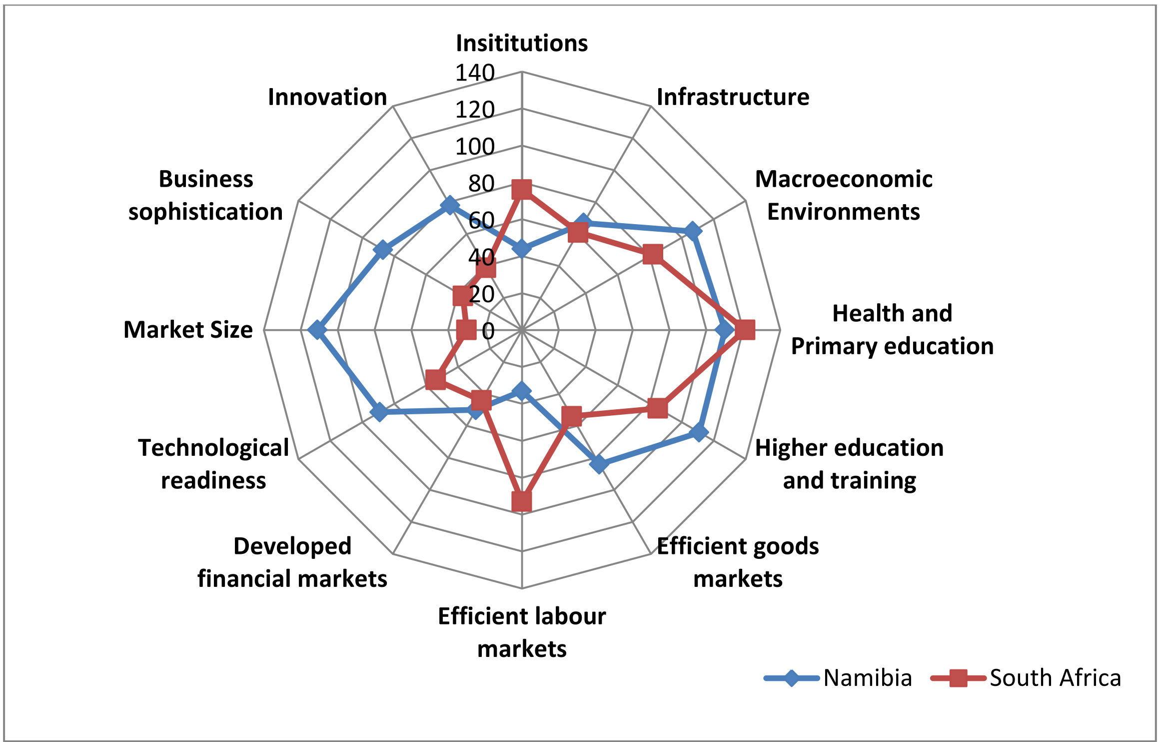
Figure 14: Global Competitiveness Index Framework



Source: Global Competitiveness Report, Accessed electronically on

When comparing Namibia to South Africa on the pillars, Botswana out-performed South Africa on three indicators which are; institutions, health and primary education and efficient labour markets as shown on Figure 15 below.

Figure 15: Namibia vs. South Africa Indicator Rankings



Source: Global Competitiveness Report, Accessed electronically

Namibia's competitiveness has only improved in the efficiency enhancer sub index which is made up of higher education; goods market efficiency; labour market efficiency; financial market development; technology readiness and market size moving from 94 in 2016/17 to 92 in 2017/18.

Access to financing followed by an inadequately educated workforce, inefficient government bureaucracy and corruption are listed in the report as the most problematic factors for doing business in Namibia.

The fall by six places in the overall ranking leaves Namibia a long way from Harambee Prosperity Plan target of being the most competitive economy in Africa by 2020. Harambee Prosperity Plan is the Namibian country's development programme from 2016 to 2020. It is an action plan towards prosperity for all and consists of five pillars, namely:

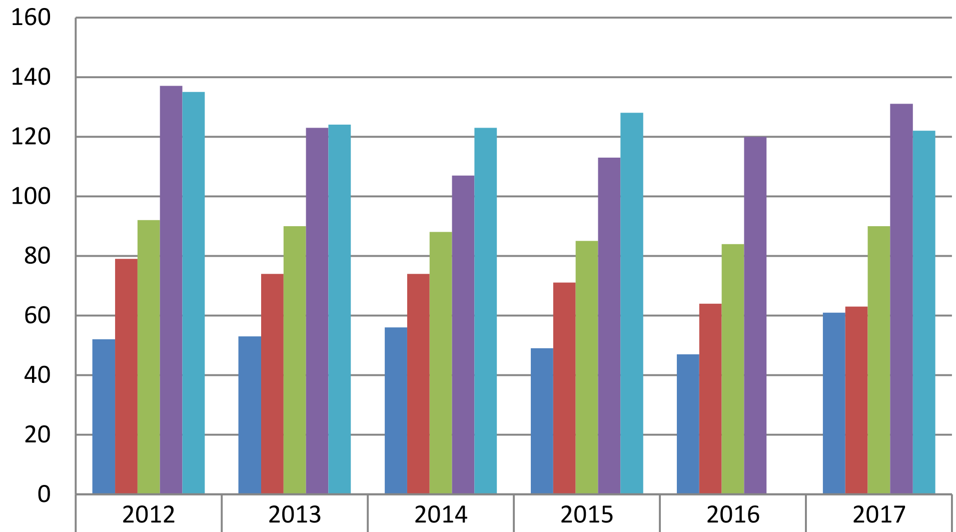
- Effective Governance;
- Economic Advancement;,
- Social Progression;,
- Infrastructure Development; and
- International Relations and Cooperation.

Harambee Plan proposes several actions to improve competitiveness which include:

- Establishment of the single window for services to investors (partially realised by the launch of the NamBizOne portal in May 2017);
- Simplifying business registration procedures;
- Support for practical training programmes;
- Making the import of skilled labour easier;
- Servicing more business and industrial plots;
- Reducing the number of days it takes to register a property;
- Increasing the percentage of Grade 10 and 12 learners achieving pass marks; and
- Improving dialogue with the private sector.

When comparing Namibia to other SACU Member states, Namibia is third as shown in Figure 16 below.

Figure 16: Namibia vs. SACU Member States Ranking



	2012	2013	2014	2015	2016	2017
South Africa	52	53	56	49	47	61
Botswana	79	74	74	71	64	63
Namibia	92	90	88	85	84	90
Lesotho	137	123	107	113	120	131
Swaziland	135	124	123	128	0	122

Source: Global Competitiveness Report, Accessed electronically on 10/10/2017

On average, SACU's competitiveness has not changed significantly over the past decade: while a little ground was gained between 2012 and 2016, it has been partially lost again over the past year. Only Botswana has Botswana has improved their performance for five consecutive years since 2012. This decline in overall competitiveness is reflected in subdued growth rates and continued deterioration in the macroeconomic environment.

3.7.2 The Legatum Prosperity Index

The Legatum Prosperity Index is a framework that assesses countries on the promotion of their citizens' flourishing, reflecting both wealth and wellbeing across nine pillars of prosperity and 104 variables. It captures the richness of a truly prosperous life and with it seeks to re-define the way national success is measured. The pillars are:

- The Economic Quality sub-index ranks countries on the openness of their economy, macroeconomic indicators, foundations for growth, economic opportunity and financial sector efficiency;
- The Business Environment sub-index measures a country's entrepreneurial environment, its business infrastructure, barriers to innovation and labour market flexibility;
- The Governance sub-index measures a country's performance in three areas: effective governance, democracy and political participation and rule of law;
- The Education sub-index ranks countries on access to education, quality of education and human capital;
- The Health sub-index measures a country's performance in three areas: basic physical and mental health, health infrastructure and preventative care;
- The Safety and Security sub-index ranks countries based on national security and personal safety;
- The Personal Freedom sub-index measures national progress towards basic legal rights, individual freedoms and social tolerance;
- The Social Capital sub-index measures the strength of personal relationships, social network support, social norms and civic participation in a country; and
- The Natural Environment sub-index measures a country's performance in three areas: the quality of the natural environment, environmental pressures and preservation efforts.

Africa's prosperity is growing yet still below world average and the gap between best and worst performing countries remains significant. Commodity-dependent economies struggle to convert wealth into prosperity. The majority of Sub-Saharan Africa has seen economic growth, though at a slower rate than in the past decade. However, many of the region's richest economies underperform significantly when prosperity delivery is measured against their wealth. Oil-rich Gabon and Angola, posting some of the largest prosperity deficits globally, are examples of such underperformance.

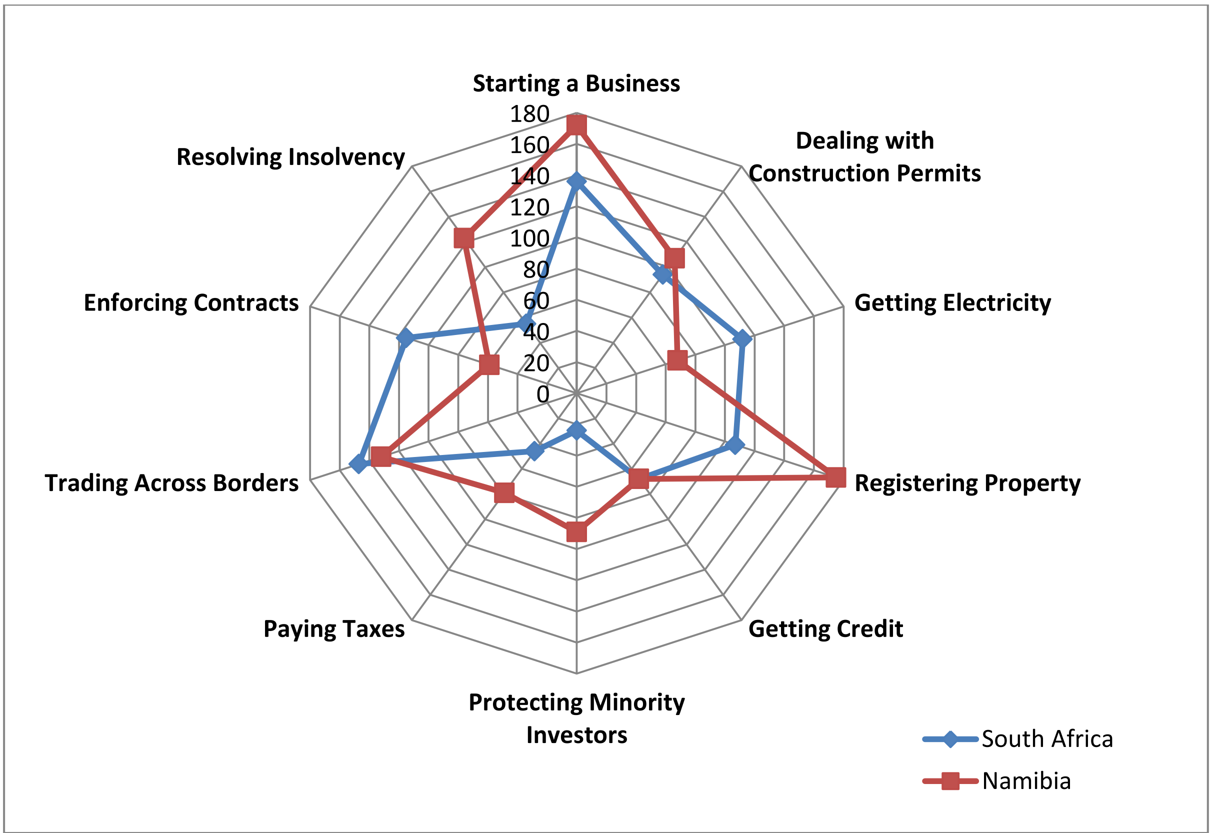
Similarly, Nigeria and the Republic of Congo struggle to deliver prosperity in spite of sizeable commodity endowments and are, in addition, afflicted by unstable political and security environments. Overall, economies across the continent remain in need of more diversification, in terms of quality of exports and revenue sources. Africa trails last in the field of health and education where the overall score of both sub-indices remains far below the average of other developing regions, crippling countries' chances of building a prosperous society.

In the overall Prosperity Index rankings, Namibia has fallen by two positions from 68 to 70 when compared to last year. Since the Prosperity Index began in 2006, Namibia has moved down the rankings table by 8 places. In the Prosperity Pillar rankings, Namibia performs best on Governance and Personal Freedom and scores lowest on the Economic Quality pillar. The biggest positive change, compared to last year, came in Safety and Security increasing by 7 places, whereas there was a drop of 8 places on Natural Environment.

3.7.3 Ease of Doing Business

According to the World Bank, Namibia was ranked at 108 in 2016, and improves to 106 in 2017 and 2018 for ease of doing business out of a total of 190 economies. The ease of doing business covers 10 themes and the ranking between Namibia and South Africa is depicted in Figure 17 below.

Figure 17: Namibia vs. South Africa Rankings



Source: World Bank, Doing Business 2019, Accessed electronically on

When comparing Namibia with South Africa using the 10 themes, it shows that Namibia is performing better than South Africa in three areas namely getting electricity, trading across borders and enforcing contracts. Namibia made enforcing contracts easier by introducing an electronic filing system and an electronic case management system for the use of judges and lawyers.

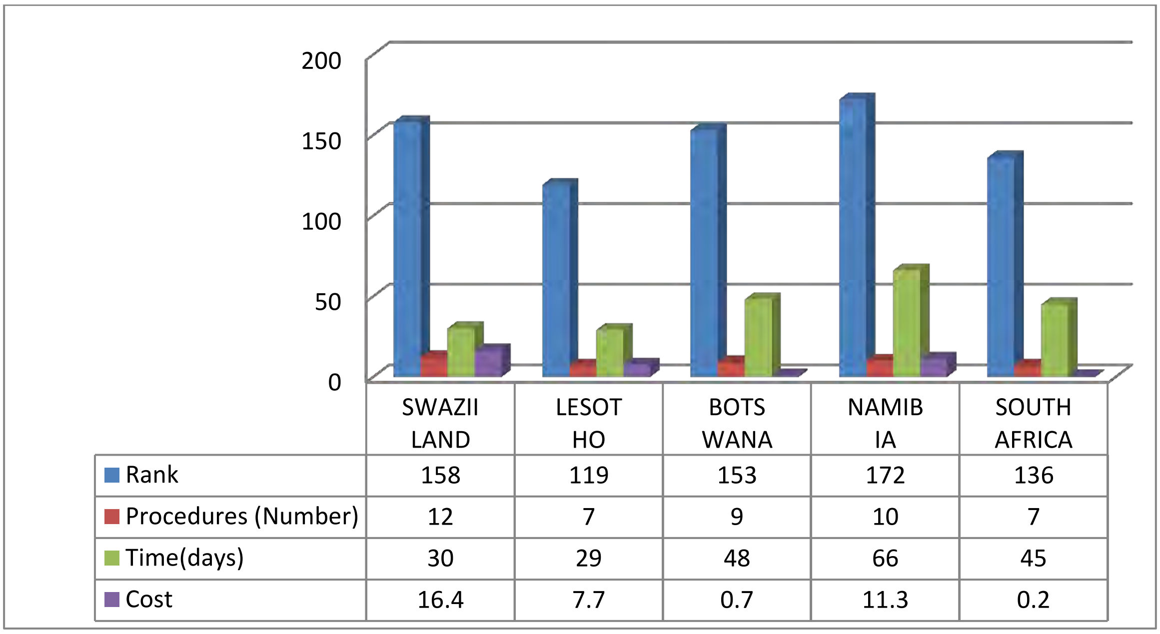
This report only focuses on two themes namely starting a business and trading across borders.

a) Starting a Business

This indicator looks at the ease of starting a business taking into considerations procedures officially required by an entrepreneur and the time and cost required to complete these procedures. It assumes that all information is readily available to the entrepreneur and that there has been no prior contact with officials and that the entrepreneur will pay no bribes.

Namibia's ranking on starting a business is 172 which are the worst amongst the SACU members. The ranking is made up of the number of procedures, time in days and cost to start a business. The time it takes to start a business for Namibia has a direct impact on the overall ranking. Figure 18 below shows the comparative ranking of starting a business for SACU countries.

Figure 18: Comparative Ranking for SACU



Source: World Bank, Doing Business 2019, Accessed electronically on

Namibia has 10 procedures that an entrepreneur must complete to incorporate and register a new company as outlined in Table 12 below.

Table 12: Procedures required in registering a firm in Namibia

No.	Procedure	Time to complete	Associated Costs
1	Reserve a unique company name Company name search and reservation is done at the Registrar of Companies within the Ministry of Trade and Industry. Once approved, the company is reserved for 60 days. The Registrar of companies is working on an online	18 days	included in the cost of registration

	service platform. **Agency: Business and Intellectual Property Authority**		
2	Pay the registration fees and buy revenue stamps Annual duty varies depending on number of shares per Companies Act. The fee is ND 4 per 10,000 share capital and ranges between a minimum fee of ND 80 and maximum fee of ND 100. There is also a stamp duty of ND 100 to buy the annual return form CM23. **Agency: Receiver of Revenue**	1 day	ND 230 - ND 250
3	Property Authority and obtain the certificate of incorporation and the certificate of business commencement The following documents must be filed for the registration and incorporation of a company: • The original and two notarized copies of the memorandum and articles of incorporation referred to in regulations 17 and 18, bound as prescribed in regulation 4 (1) • Form CM5: Application for reservation of name • Form CM22: Notice of Registered Office and postal address of company, containing a notice of the company's registered office and postal address within the geographical boundaries of Namibia (ND 10) • A power of attorney • Form CM29: Contents of register of Directors, Auditors, and Officers (ND 10) • Form CM31: Notice of, consent to appointment, change of name, or resignation by auditor or removal of auditor, containing the acceptance of appointment of an auditor (ND 10)	14 days	about ND 5,750+ ND 556 notary fees

	• Form CM46: Application and certificate to commence business (ND 60 plus annual duty) • Form CM1: Certificate of incorporation of a company having a share capital • Form CM2: Memorandum of association of a company having a share capital and proof of payment of the registration fee under Section 63 (2) of the Companies • Act must be affixed to the original Form CM2 (ND 100) • CM47: Statement by each Director regarding adequacy of capital of company (ND 25) **Agency: Business and Intellectual Property Authority**		
4	Deposit the initial capital in a bank account • Authorised share capital: 4,000 ordinary shares of ND 1 each. • Issued share capital: 100 ordinary shares of ND 1 each. No legal requirements are mandated for the minimum start up capital for a private company. **Agency: Bank**	1 day	No charge
5	Receive fire and health inspection **Agency: Municipality**	1 day	No charge
6	Obtain the certificate of fitness from the local municipality **Agency: Municipality**	1 day	ND 47.00 to ND 350 depending on the type of business
7	Register for VAT with the Receiver of Revenue at the Ministry of Finance Taxable turnover in any 12 month period that	9 days	No charge

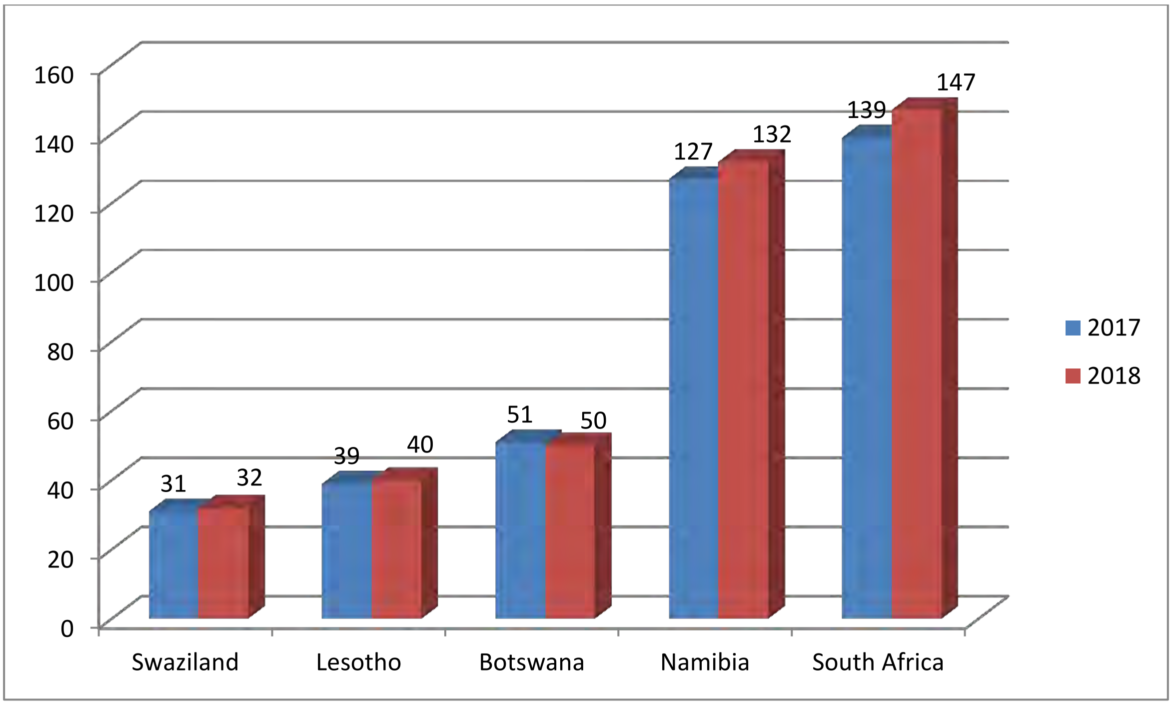
	exceeds ND 200,000 must register for VAT. The registration number will be received within 1–4 weeks. **Agency : Receiver of Revenue at the Ministry of Finance**		
8	Register for Pay-As-You-Earn (PAYE) tax with the Receiver of Revenue **Agency : Receiver of Revenue at the Ministry of Finance**	4 days (simultaneous with previous procedure)	No charge
9	Register employees with the Social Security Commission A percentage of 1.8% is deducted from the basic salary of all employees, shared on a 50/50 basis by the employee (0.9%) and employer (0.9%), with a maximum of ND 81 and a minimum of ND 2.70. The figures reflect the social security contribution of 0.9% on minimum payroll of ND 300 and maximum payroll of ND 9000. **Agency: Social Security Commission**	21 days	ND 10 per employee
10	Register employees with the Workmen's Compensation Commission The annual amount payable is based on a wage rate scale and on the company industry. **Agency: Workmen's Compensation Commission**	20 days (simultaneous with procedure 9)	No charge

Source: World Bank, Doing Business 2019, Accessed electronically on 26/09/2017

b) Trading across borders

Making trade between economies easier is increasingly important for business in today's globalised world. Excessive document requirements, burdensome customs procedures, inefficient port operations and inadequate infrastructure all lead to extra costs and delays for exporters and importers, stifling trade potential. Figure 19 below shows a ranking comparative between the SACU member states, Swaziland and Lesotho are out-performing the other member states on this indicator at 32 and 40 respectively.

Figure 19: SACU Rankings



Source: World Bank, Doing Business 2019, Accessed electronically on 26/09/2017

South Africa is the worst performing country amongst the SACU member states on the trading across borders theme. The trading across borders rating is based on a set of specific predefined procedures. It is based on the time and cost to import and export focusing on both border and documentary compliance (excluding tariffs and the time and cost for sea transport) as shown in Table 13 below.

Table 13: Namibia vs. South Africa on Trading across borders

	Namibia	South Africa
Time to export: Border compliance (hours)	120	100
Cost to export: Border compliance (USD)	745	428
Time to export: Documentary compliance (hours)	90	68

Cost to export: Documentary compliance (USD)	348	170
Time to import: Border compliance (hours)	6	144
Cost to import: Border compliance (USD)	145	657
Time to import: Documentary compliance (hours)	3	36
Cost to import: Documentary compliance (USD)	63	213

**24 hours = 1 day therefore 100 hours = 4 days*

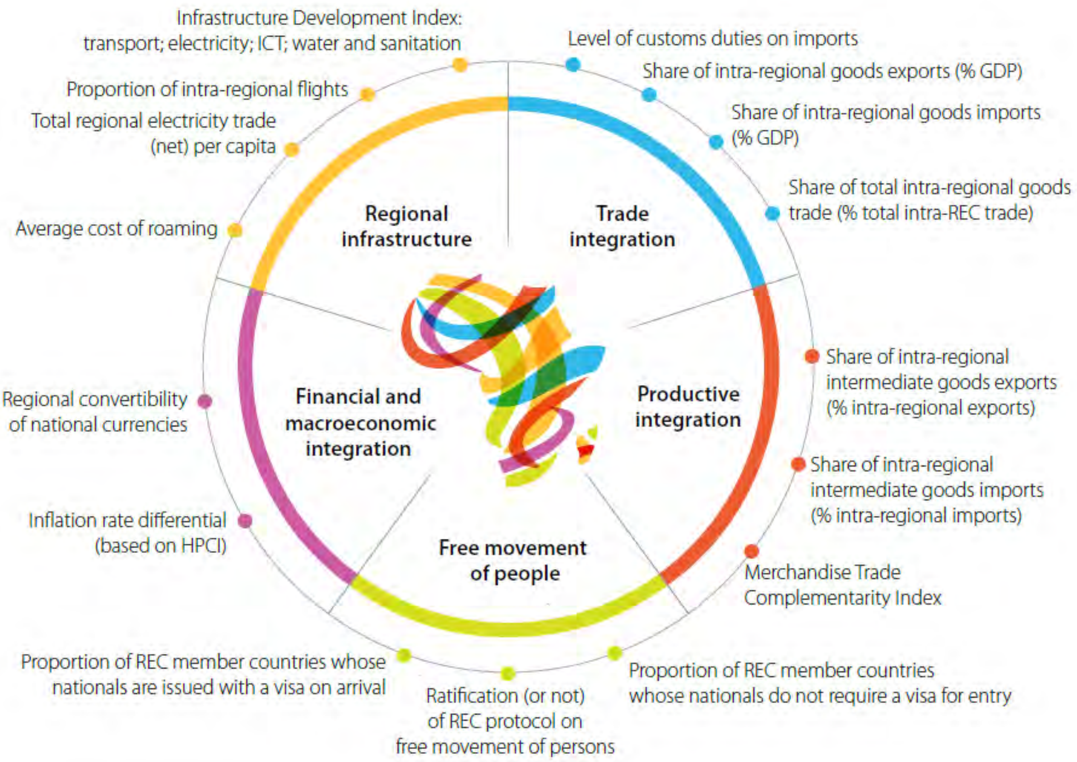
Source: World Bank, Doing Business 2019, Accessed electronically on 26/09/2017

Namibia is outperforming South Africa in the time and cost to import.

3.8 Regional Integration index

The Africa regional integration index is designed to measure the extent to which each country in Africa is meeting its commitments under the various pan-African integration frameworks, such as Agenda 2063 and the Abuja Treaty. The Index is made up of five Dimensions, which are the key socio-economic categories that are fundamental to Africa's integration. The index uses sixteen indicators which cut across the five dimensions which are based on the Abuja Treaty and its operational framework as set out in Figure 20 below.

Figure 20: Five dimensions and sixteen indicators



Source: Africa Regional Integration Index Report 2016; Accessed electronically on 23/10/2018

The five dimensions of the Index are explained in Table 14 below:

Table 14: Index Structure

Dimensions	Descriptor
Trade integration	• Customs duties on intra-regional imports • Intra-regional imports in GDP • Intra-regional exports in GDP • Share of country in total intra-regional trade
Regional infrastructure	• AfDB infrastructure development index • Proportion of flights that are intra-regional • Absolute value of net intra-regional electricity trade • Average cost of intra-African roaming
Productive integration	• Share of intermediates in intra-regional imports • Share of intermediates in intra-regional exports • UNCTAD merchandise trade complementarity index (intra-regional)
Free movement of people	• Ratification of REC free movement of persons protocol • Proportion of REC member states whose nationals enter visa-free • Proportion of REC member states whose nationals receive visa on arrival
Financial and macroeconomic integration	• Regional convertibility of national currencies • Convergence of inflation rate with regional average (harmonised HCPI)

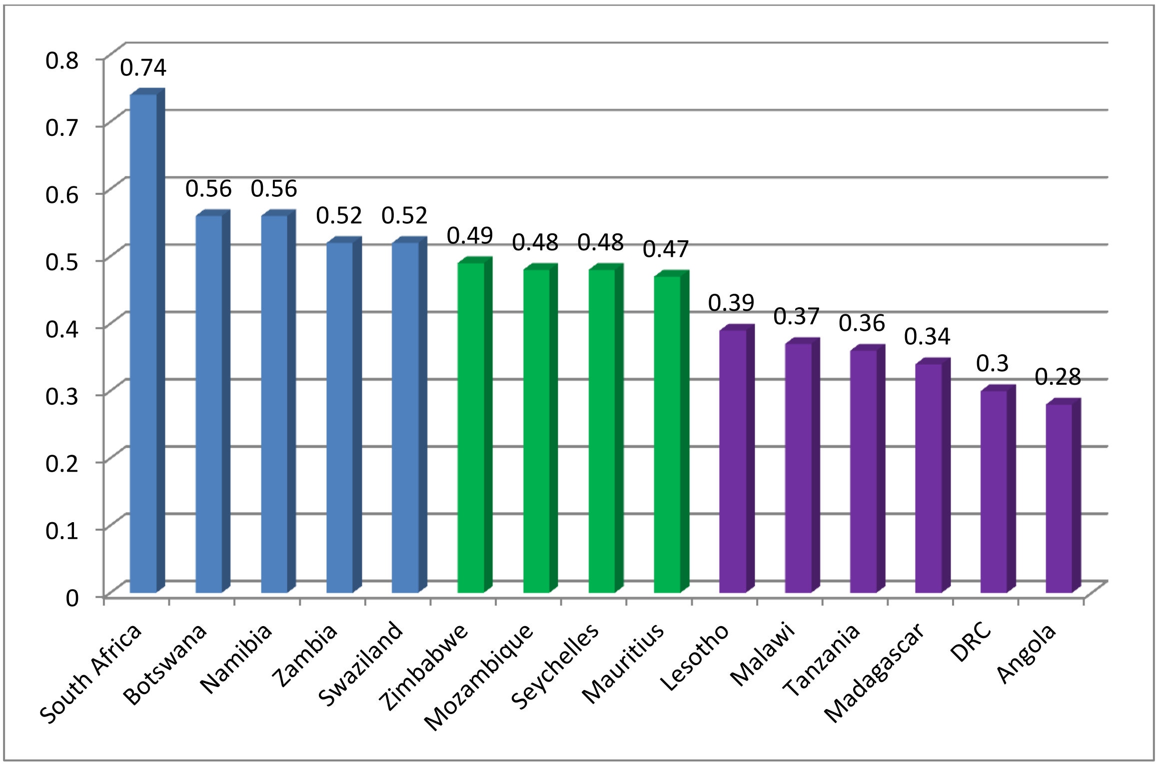
EAC is the top performing REC on Trade integration and productive integration, followed by SADC and ECOWAS. IGAD is the top performing on regional infrastructure and ECOWAS on Free movement of people. All ECOWAS implemented the free movement of person's protocol, which enables ECOWAS citizens to travel to all member countries without a visa.

In SADC, South Africa represents 61% of regional GDP and is first of the top performing countries. The other top performers are not strong wealth creators in the region (Botswana, 2% of regional GDP; Namibia, 1.8% of regional GDP and Zambia, 2.5% of regional GDP).

- No.1 - South Africa: scores highly across all five Dimensions, Trade integration; Regional infrastructure; Productive integration; Free movement of people and Financial and macroeconomic integration;
- No.2 - Botswana: scores highly on Trade integration; Regional infrastructure and Financial and macroeconomic integration;
- No.3 - Namibia: scores highly on Trade integration; Regional infrastructure; Free movement of people and Financial and macroeconomic integration; and
- No.4 – Zambia: scores highly on Trade integration; Productive integration and Free movement of people

Figure 21 below shows that all the countries in blue are high performers with scores higher than average of countries, green are average performers with scores within the average of countries and purple are low performers with scores below the average of countries.

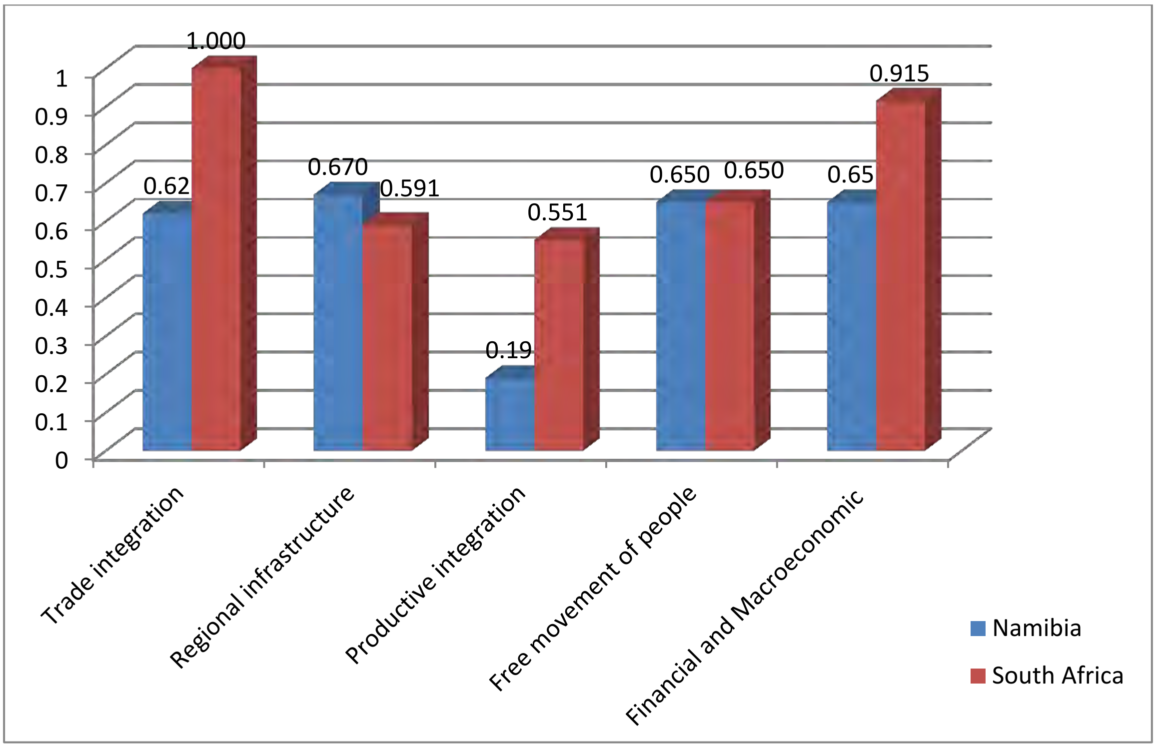
Figure 21: Country Rankings for SADC



Source: Africa Regional Integration Index Report; Accessed electronically on 23/10/2018

Namibia ranks as one of the four high performers in the region, coming third after South Africa and Botswana. It scores second in SADC for financial integration and macroeconomic policy convergence after South Africa (score: 0.915) as shown in Figure 22 below.

Figure 22: Namibia vs. South Africa scores



Source: Africa Regional Integration Index Report: Accessed electronically on 23/10/2018

Namibia scores moderately on the free movement of persons dimension. It allows 26 other African countries to enter visa-free or receive a visa on arrival. Namibia has ratified articles 14, 17 and 18 of the SADC treaty, which concern the free movement of persons, rights of establishment and free movement of workers (Economic Commission for Africa, African Development Bank and African Union Commission, 2012; Economic Commission for Africa, African Development Bank and African Union Commission, 2013; Economic Commission for Africa and African Union Commission, 2015).

Namibia is third on the Trade integration dimension with low tariffs on imports from SADC, with an average applied tariff of just 0.003 per cent. Namibia's trade with the rest of SADC is high as a share of its GDP. In 2013, the country's imports from SADC amounted to 41% of its GDP, putting it behind only Lesotho (at 61%) in the REC. Furthermore, its exports (excluding re-exports) to SADC countries amounted to 23% of GDP.

Namibia's infrastructural integration with the rest of the continent is strong, as it is ranked third out of all SADC member countries. Based on the latest available data (2013), Namibia's Internet bandwidth per capita of around 0.5 megabits per second per person is the twenty-sixth highest on the continent. Internet bandwidth is important for international communication, both within Africa and beyond. Around 94% of international flights to and from Namibia in June 2014 were intra-SADC.

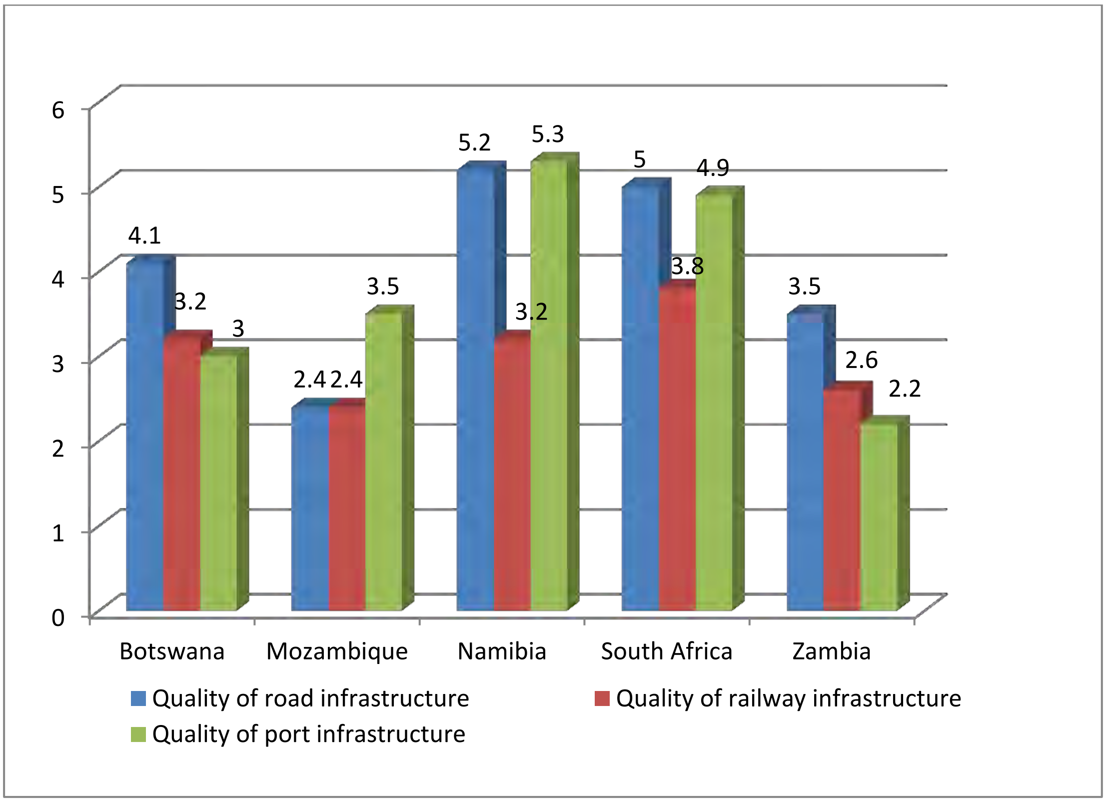
Overall, Namibia is performing strong in all dimensions except productive integration where it

4. ROAD TRANSPORT ENVIRONMENT

4.1 Overview

According to the Global Competitiveness Report, Namibia currently has some of the best quality roads infrastructure globally and the best in Africa. Namibia is ranked 23 out of 138 countries, beating economic giants like China at position 42, India at 55 and Italy at position 45. Namibia heads the list of African countries in the category of road infrastructure development with a score of 5,2 out of 7 as shown below in Figure 23. The only other African countries to break the top 50 of the 138 countries are South Africa and Rwanda, who tie at a score of 5 each, followed by Mauritius with a 4,7 score.

Figure 23: Quality of Infrastructure



Source: Global Competitiveness Report, Accessed on 23/10/2018

Namibia's road network is regarded as one of the best on the continent; road construction and maintenance adheres to international standards. The Roads Authority is responsible for managing the national road network in Namibia, which comprises roughly 48,875.27km made up of the following as shown in Table 15 below.

Table 15: Total Network Summary

Network		
Trunk Roads	Bitumen	5,007.2
Main Roads	Bitumen	2,514.9
	Gravel	8,480.8
	Salt	124.8
	Earth	236.4
	Total	**11,356.9**
District Roads	Bitumen	370.6
	Gravel	17,565.7
	Salt	175.1
	Earth	13,079.2
	Total	**31,190.6**
Proclaimed roads		1,320.6
Total		**48,875.3**

The major highways in Namibia are:

- B1 from Noordoewer (South African border) to Oshikango (Angolan border), 1694 km
- B2 from Walvis Bay to Okahandja, 285 km;
- B3 from Nakop (South African border) to Grünau, 324 km;
- B4 from Lüderitz to Keetmanshoop, 351 km;
- B6 from Windhoek to Buitepos (Botswana border), 314 km; and
- B8 from Otavi to Katima Mulilo (Zambian border), 837 km.

4.2 Road Traffic Legislation

4.2.1 Speed Limits

The general speed limits in Namibia are (according to Road Authority of Namibia): 60 km/h on a public road within an urban area (may be lifted to 80 km/h on some major urban roads) 120 km/h on every tarmac freeway. 100 km/h on non-tarmac freeway ("gravel" road)

4.2.2 Traffic Fines

Namibia's traffic flows on the left side on the road and the minimum driving age is categorised according to the following codes:

- Code 1: Motorcycles - Must be 16 years or older for Code A1 Driving Licence; and 17 years for Code A Driving Licence;
- Code 2: Motor vehicles of which the tare does not exceed 3 500kg and minibus, bus, or goods vehicle for which gross vehicle mass (GVM) does not exceed 3 500kg- Must be 17 years or older; and
- Code 3: Motor vehicle for which the tare exceed 3 500kg - Must be 18 years or older.

To rent a car, a driver must be in possession of a valid unendorsed driver's licence and be at least 21 years and driver's licence must have been valid for a minimum of 1 year. It is mandatory to use seat belts at all times while driving. Using cell phones while driving is prohibited; the exception is cell phones with hands-free systems. The offenses and official road traffic fines for Namibia are outlined in Table 16 below.

Table 16: Traffic Violations

TRAFFIC VIOLATION	AMOUNT (N$)
Driving under the influence	N$2 500
Speeding: **Driving at 71 to 75 km/h in 60 km/h zone** **96 to 100 km/h in 60 km/h zone** **126 to 130 km/h in 120 km/h zone** **141 to 145 km/h in 120 km/h zone**	 N$375 N$500 N$1 000 N$2 000
Defects in the car (hooter, tyre, worn out brakes)	N$1 500
Failure to obey traffic signs and signals **Failure to stop at red traffic light**	N$2 000 N$2 500
Obstructing other road	N$1 000

users	
Driving without license	N$1 000
Reckless driving	N$4 000
Talking on cell phone while driving	N$2 000
Failure to stop at stop sign	N$1 500
Not wearing seatbelt	N$1 000
Driving vehicle that is not roadworthy	N$2 000
Parking on disabled parking space	N$1 000

4.2.3 Vehicle Dimensions and Weights Restrictions

Legal load limitations are imposed in order to protect the roads from the excessive damage caused by heavy loads. The load limitations are based on:

- The engine power of the vehicle and limitations specified by the vehicle;
- Tyre manufacturers;
- The damage or wear caused by an axle load to the road; and
- The load concentration applied by a group of axles or axle units to bridge structures.

Namibia has a National Legislation regarding overloading of vehicles. In order to enforce axle weight limits, permanent weigh bridges have been set up on all the major border crossings.

Namibia’s axle load regulations compares favourably with the other SACU member states. Tables 17 and 18 below give an indication of the Axle, Gross Combination Mass and Dimensional limits for most cross-border partners:

Table 17 : Load Limits

LEGAL LOAD LIMITS ON GOODS VEHICLES

COUNTRY	STEERING AXLE	SINGLE AXLE	TANDEM AXLE	TRIDEM AXLE	COMBINATION AXLE
Botswana	7 700 kg	8 200 kg	16 000 kg	24 600 kg	50 200 kg
Lesotho		8 200 kg	16 400 kg	21 000 kg	49 000 kg
Namibia	7 700 kg	8 200 kg	16 400 kg	21 000 kg	48 400 kg
South Africa	7 700 kg	8 000 kg	16 000 kg	24 000 kg	56 000 kg
		(2 wheels)	(2 wheels)		
South Africa		9 000 kg	18 000 kg		
		(4 wheels)	(4 wheels)		
Swaziland	7 700 kg	8 200 kg	16 400 kg	21 000 kg	50 200 kg

The single axle for all the countries except for South Africa is harmonised. The tandem and tridem axle of three of the countries namely Lesotho, Namibia and Swaziland is also harmonised.

Table 18: Dimensional Limits

LEGAL DIMENSIONAL LIMITS ON GOODS VEHICLES

COUNTRY	OVERALL WIDTH	OVERALL HEIGHT	LENGTH OF RIGID	LENGTH OF ARTICULATED	LENGTH OF COMBINATION
Botswana	2,5 m	4,1 m	12,5 m	17,0 m	22,0 m
Lesotho	2,6 m	4,1 m	12,5 m	17,0 m	22,0 m
Namibia	2,5 m	4,1 m	12,5 m	17,0 m	22,0 m
South Africa	2,5 m	4,3 m	12,5 m	18,5 m	22,0 m
	(medium)				
South Africa	2,6 m				

	(heavy)				
Swaziland	2,5 m	4,1 m	12,5 m	17,0 m	20,0 m

The dimensional limits in SACU are harmonised, with exception to South Africa on the overall height and length of articulated.

4.2.4 Border posts

Namibia shares its borders with Angola in the north (1376 km), Zambia in the northeast (233 km), Botswana in the east (1360 km) and South Africa in the southeast and south (855 km) as shown in Figure 24 below.

Figure 24: Namibia border posts

Source: www.worldatlas.com. Accessed on 22/10/2018

The operating hours of the border posts are outlined in Table 19 below. Rates for crossing the borders are:

- R177 for motor cycles, motor tricycles, motor quadricycles, caravans and light trailers;

- R277 for motor cars, single and double-cab vehicles, 2x4 and 4x4 vehicles and minibuses (fewer than 25 passengers); and
- R579 for light goods vehicles and delivery vehicles (GVM < 3 500kg).

Table 19: Namibia Border Posts and operating times

Countries	Border Post	Operating Times	Contact Number
Namibia - Angola	Raucana	08:00 – 19:00	264 65 270290
	Omahenene	08:00 – 19:00	264 65 259504
	Oshikango	08:00 – 19:00	264 65 264616
	Katitwe	06:00 – 18:00	264 66 255356
	Rundu	06:00 – 18:00	264 66 255835
Namibia - Botswana	Ngoma Bridge	06:00 – 18:00	264 66 252856
	Muhembo/Shakawe	06:00 – 18:00	264 66 259900
	Dobe/Tsumkwe	06:00 – 18:00	264 67 243328
	Buitepos/Mamuno	07:00 – 24:00	264 62 560404
Namibia – South Africa	Velverdiend/ Mata Mata	08:00 – 16:30	264 63 222114
	Klein Manasse/ Rietfontein	08:00 – 16:30	264 63 280681
	Ariamsvlei/Nakop	24 hours	264 63 280057
	Velloorsdrift/Onseepkans	08:00 – 16:30	264 63 269134
	Noordoewer/Vioolsdrift	24 hours	264 63 297122
	Sendelingsdrif	07:00 – 24:00	264 63 222114
	Oranjemund	06:00 – 22:00	264 63 232756
Namibia - Zambia	Wanela (Katima Mulilo)	06:00 – 18:00	264 66 253430

Namibia has two border posts that operate 24 hours and they are Noordoewer and Ariamsvlei. Both borders are between Namibia and South Africa. Noordoewer is over 960 kilometres long and stretches from the West Coast of South Africa all the way up through Kalahari Desert. The Vioolsdrift Border Control is located on this border between Namibia (Noordoewer) and South Africa (Vioolsdrift). Ariamsvlei is a small border post located 70 km east of Karasburg on the national road B3. It lies at 804 metres (2641 ft) above sea level. Ariamsvlei is an important rest stop for long distance trucks, and a railway stop on the line between Windhoek and Upington. It belongs to the Karasburg electoral constituency.

4.2.5 Road User Charging System

The Road Fund Administration (RFA) was established to manage the Namibian Road User Charging System (RUCS) and the Road Fund. The RFA's main objective is to manage the RUCS in such a manner as to secure and allocate sufficient funding for the payment of road expenditure with the view to achieve a safe and economically efficient road network in Namibia. The Namibian RUC system was developed with the aim of economically recovering the full cost of roads expenditure from road users in an equitable manner. The system determines the amount and manner of funds to be raised from road users in accordance with the 'user pay' principle and consequently determines the road user charges to be imposed.

The following are the Road User Charges that are levied:

- **Annual Vehicle Licence and Registration Fees (AVLRF)**
  AVLRF are levied on every motor vehicle registered in Namibia, irrespective of the size of the vehicle and whether or not the vehicle is driven on a public road. These fees are collected on behalf of the RFA by NaTIS and Registering Authorities of which a number is managed by Local Authorities.

- **Fuel Levies (FL)**
  A fuel levy is a fee charged on every litre of petrol and diesel sold by any undertaking at any point in Namibia and which is to be included in any determination of the selling price of petrol or diesel, under any law relating to petroleum products. Currently fuel levies accruing to the RFA are set at N$1.22 per litre of petrol or diesel and is the main contributor to the Road Fund. Fuel levies are collected on behalf of the RFA by all fuel whole sellers (Puma, Total, Engen, Namcor and Vivo Energy) paid directly into the Road Fund.

- **Mass Distance Charges (MDC)**
  MDCs are aimed at recovering the excess variable costs which heavy vehicles with a V/DT rating of above 3,500kg, are responsible for that cannot be recovered by fuel

levies only, thus ensuring that owners of heavy vehicles pay their equitable share for the use of the Namibian road network. MDC applies to local and foreign-registered heavy vehicles.

- **Cross Border Charges (CBC)**
  The RFA is authorised to collect Cross Border Charges or Entry Fees from every foreign-registered vehicle (from motor cycles to heavy vehicles) as well as Mass Distance Charges on all vehicles above 3,500kg that enter and utilise Namibia's roads.

- **Abnormal Load Fees (ALF)**
  The abnormal load fees are derived from the 'user pay' principle. It therefore relates to the compensation by abnormal vehicles for the damage and/or obstruction caused to the road infrastructure. All the payments are processed at the Roads Authority. The eventual recipient of these payments is the RFA.

The RUC system was designed to achieve the following objectives:

- To ensure that revenue needed to provide and maintain roads is raised from road users (including foreign road users) rather than the general taxpayer;
- To price the use of roads so as to improve economic efficiency in road transport by removing price distortions and charging road users according to the 'consumption' of roads;
- To promote equity between different categories of road users;
- To establish a link between supply and demand for transport infrastructure;
- To increase the transparency in the road funding process; and
- To provide for equal competition between road and rail transport by letting road transport operators pay for their use of infrastructure.

4.2.6 Motor Vehicle Fund

The Motor Vehicle Accident (MVA) Fund was established in 1991, in terms of Act 30 of 1990, to compensate people injured in motor vehicle crashes or the dependents of people killed in such crashes. The Fund is mandated to design, promote and implement crash and injury prevention measures, provide assistance and benefits to all people injured and the dependents of people killed in road crashes in accordance with the MVA Fund Act No.10 of 2007. It operates on a hybrid system where all people injured in motor vehicle crashes, regardless of who caused the crash, receive fair and reasonable benefits (subject to some limitations and exclusions).

The Fund offers the following benefits:

- Injury Grant;
- Funeral Grant;
- Loss of Support;
- Loss of Income; and
- Medical Benefit.

The Fund is able to fulfil its mandate and meet obligations toward its customers through the fuel levy provided by the Ministry of Mines and Energy.

The MVA Fund Act No.10 of 2007 Section 34 states that all claims should be submitted to the Fund within one year of a road crash occurring, except for minors, persons under curatorship and mentally incapacitated individuals. A total number of 26 113 claims were submitted to the Fund for the 2016, in comparison to the 24 549 claims in 2015 as shown in Table 20 below.

Table 20: Service Provider Claims

Year	Number of Claims	Claimed amount
2013	15816	100 Million
2014	24937	135 Million
2015	24549	145 Million
2016	26113	170 Million
Total	**75599**	**550 Million**

Source: MVA Annual Report 2016: Accessed on 24/10/2018

As per Table 20, consistent increases in the number of claims have been recorded since 2013. Most types of claims received were for the Injury Grant benefit, followed by claims in respect of Funeral Grant.

The enactment of the MVA Fund Act 10 of 2007, which came into effect in 2008, extended the Fund’s cover to include emergency benefits for all persons in road crashes, regardless of who is at fault.

The fund’s major projects are Road Safety Awareness, Festive Season Road Safety Campaigns and Public Education.

5. PASSENGER ROAD TRANSPORT

The commercial conveyance of passengers by road between South Africa and Namibia is carried out by taxis, buses and tour operators. All commercial passenger operators, both in South Africa and Namibia need to have valid cross-border road transport permit in order to transport passengers across the South African and Namibia borders.

This section will look at cross border road transport permits for taxis, buses and freight, tourist statistical report and tourist attractions.

5.1 Cross Border Road Transport Permits

The commercial conveyance of passengers by road between South Africa and Namibia is carried out by taxi and bus operators according to C-BRTA statistics. The number of permits issued from South Africa to Namibia for freight in 2017/18 decreased by 8% from 6119 to 5630. The bus permits showed a higher increase of 106% from 31 in 2016/17 to 64 in 2017/18 as shown in Table 21 below.

Table 21: Operator permits issued in the period

FINANCIAL YEAR	FREIGHT PERMITS	BUS PERMITS	TAXI PERMITS
2016/2017	6119	31	124
2017/2018	5630	64	206

Source: C-BRTA Annual Report, Accessed on 23/10/2018

The number of permits issued for taxis also increased by 66% from 124 to 206 in 2017/18.

There are two taxi associations operating from South Africa to Namibia, one in Cape Town and the other in Upington. They are Central Unity Taxi Association (Cape Town) and Gordonia Good Hope Taxi Association (Upington). The route has only one bus operator that operates from Cape Town and Upington i.e. InterCape Ferreira Mainliner (Pty) Ltd.

5.2 Tourist Market

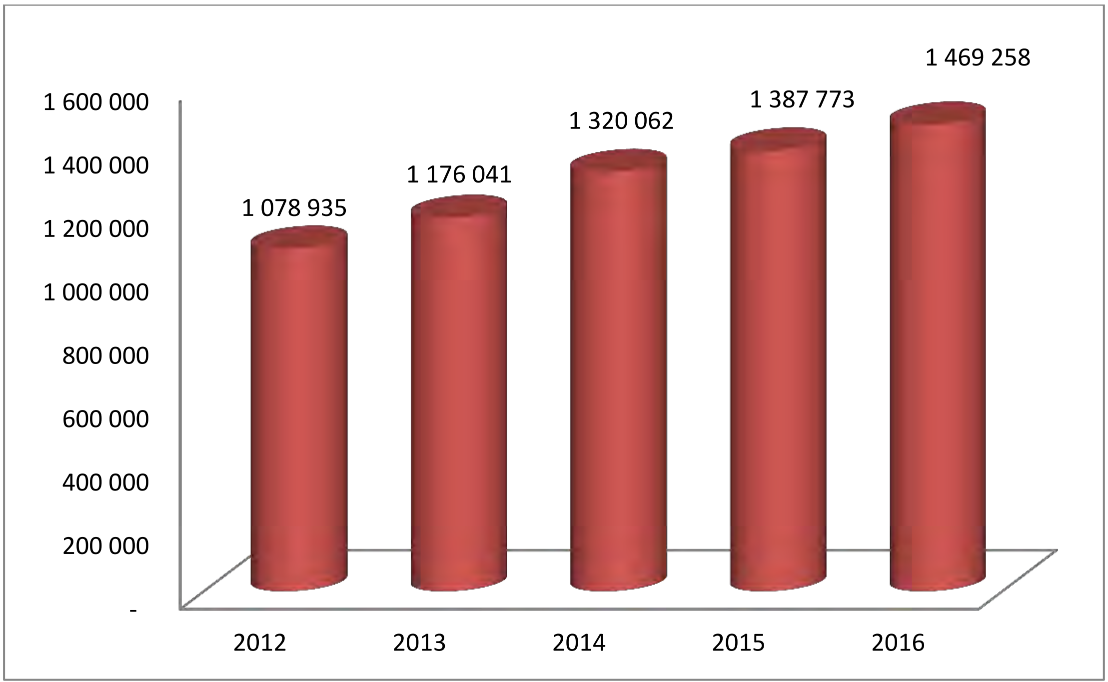
The tourism industry has been recognised by the Government of Namibia as an important economic activity contributor to the generation of foreign exchange earnings, investment, revenue, employment, rural development, poverty reduction and growth of the country's economy according to the Fifth National Development Plan (NDP5) and the ultimate success of Vision 2030.

The statistics used to analyse tourist arrivals is from the tourist statistical report collected by the Ministry of Environment and Tourism Namibia in 2016. The data used for analysis is comprised of mode of transport used, point of entry and arrivals by region

In 2016, the country received a total of 1,574,148 foreign arrivals, which is an increase of 3.6% (54,531) from the 2015 figure of 1,519,618. Tourist arrivals accounted for about 93% of the total foreign arrivals, followed by the same-day visitors with about 5% while returning residents and “others” categories contributed approximately 1% respectively.

Tourist arrivals revealed a 5.9% increase from 1,387,773 in 2015 to 1,469,258 tourists in 2016. As portrayed in Figure 25 below showing the number of tourist arrivals for the past five years 2012-2016, tourist arrivals have been experiencing a commendable growth.

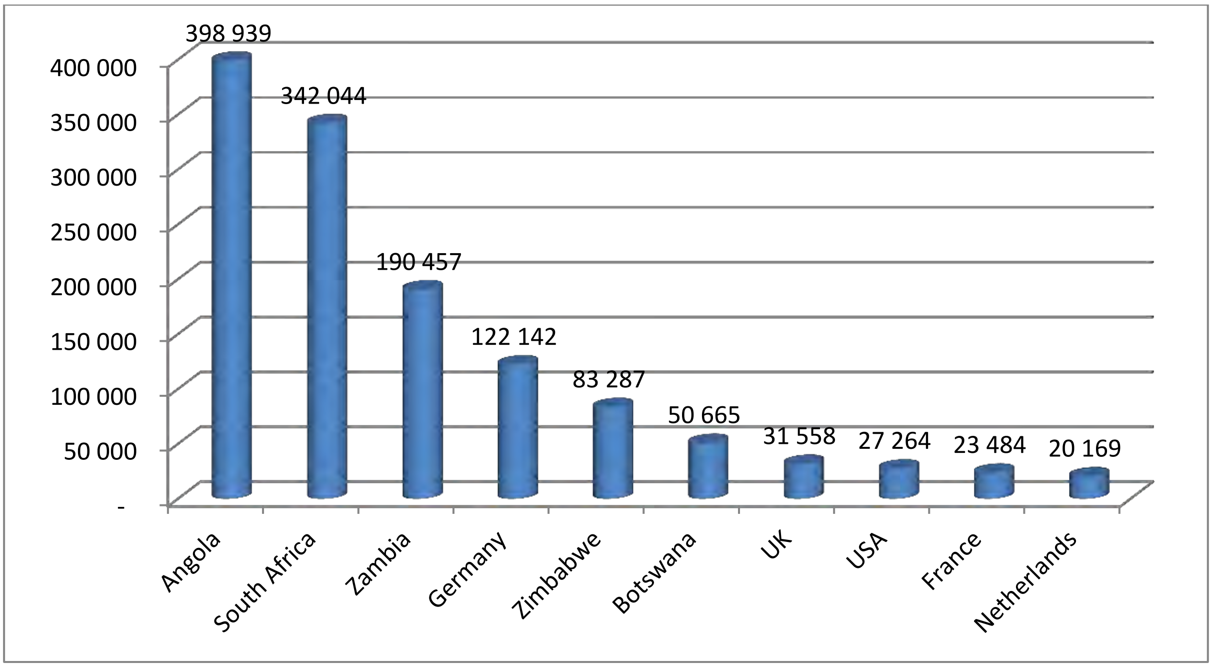
Figure 25: Tourist Arrivals



Source: Tourist Statistical Report, 2016: Accessed on 23/10/2018

The Angolan tourists market remains the major African market although there is a fall of about 11% as compared to 2015. The South African and Zambian tourist markets maintained their second and third positions since 2015. On the other hand, the Germans showed dominance in the overseas tourist markets with a 35% increase from 2015, while UK and USA took the second and third place respectively.

Figure 26: Top 10 Tourist Markets



Source: Tourist Statistical Report, 2016: Accessed on 23/10/2018

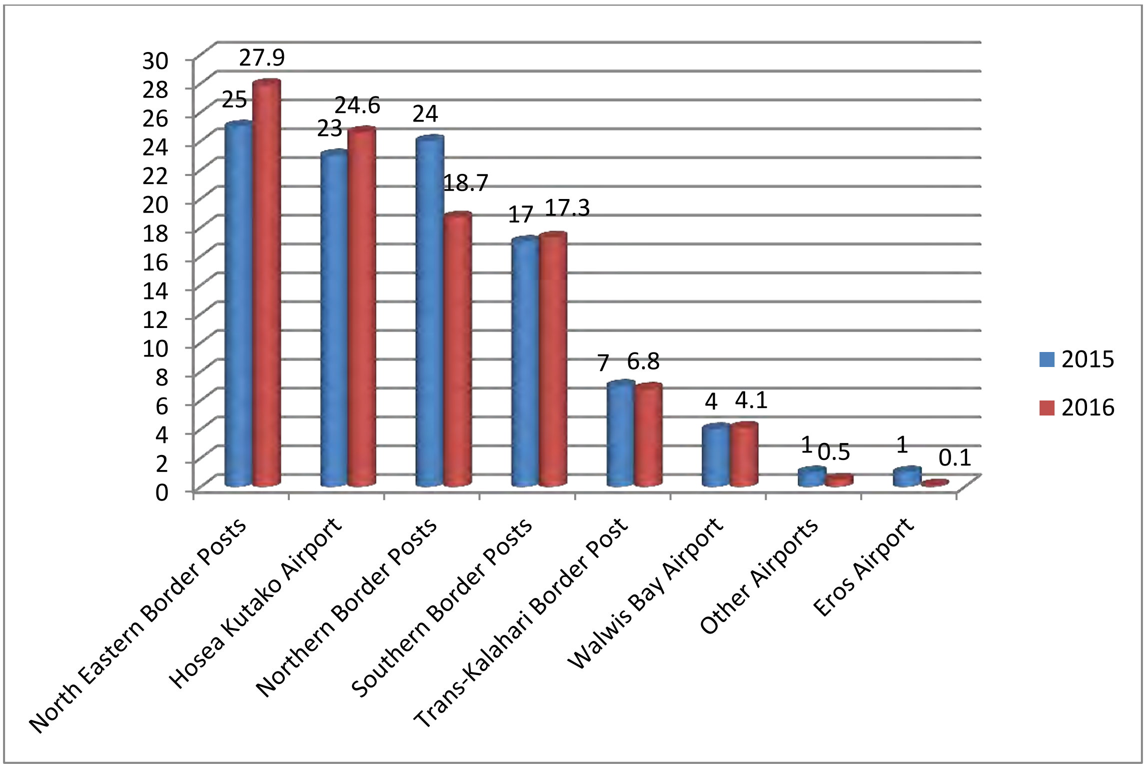
Other countries tourist markets making part of the top ten were Zimbabwe, Botswana, France and the Netherlands as shown in Figure 26 above.

Tourist arrivals from African tourist markets recorded a 1% increase from 2015 to 2016; this is mainly attributed to the 11% decrease in the tourists from the Angolan market. Additionally, tourists from Europe grew by 26% while North America grew by 10% in 2016 and arrivals from China increased by 8%.

5.3 Points of Entry

North-Eastern border posts contributed the highest with about 28% in 2016 as compared to the 25% in 2015. Hosea Kutako International Airport revealed an increase from 23% in 2015 to 24.6% in 2016 as shown in Figure 27 below.

Figure 27: Arrivals by points of entry



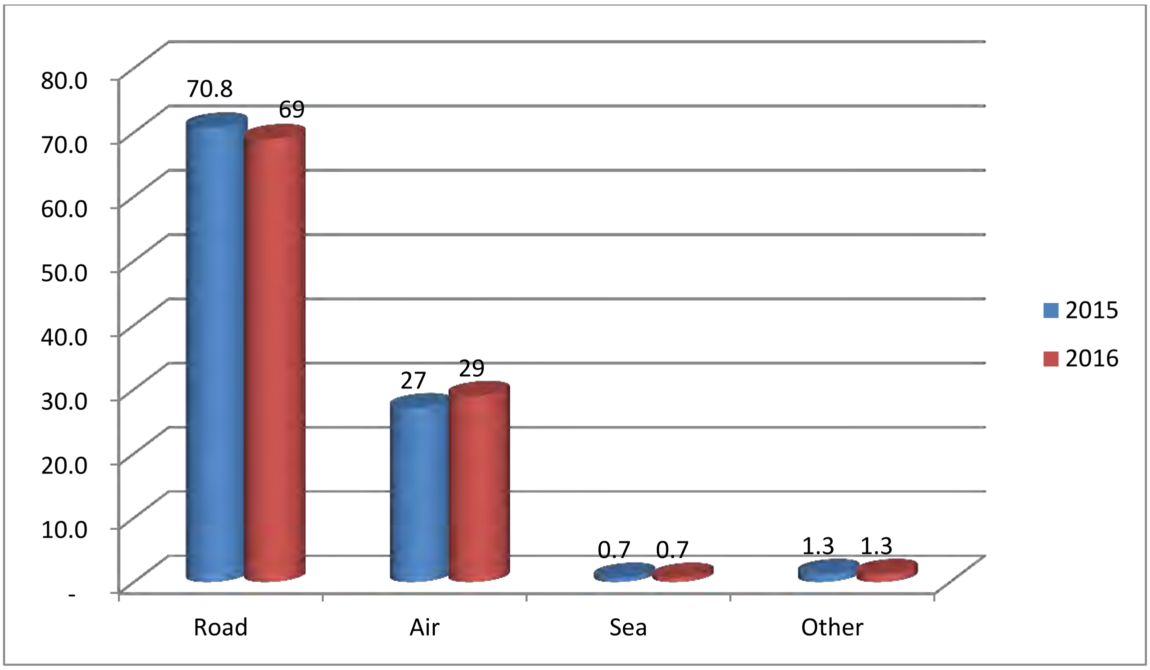
Source: Tourist Statistical Report, 2016: Accessed on 23/10/2018

The Northern border recorded a 5.3% fall in 2016 while other points of entry recorded a slight increase of not more than 2%.

5.4 Mode of Travel

Although roads continue to dominate as a mode of travel in 2016 making up 69% of total tourist arrivals, a more significant increase was observed in tourist arrivals by air which recorded a share of 29% of the total tourist arrivals in comparison to the 27% observed in 2015, a growth of about 2% as shown in Figure 28 below. This increase was triggered by the introduction of new airlines such as Qatar airways, Ethiopian airways and KLM airlines.

Figure 28: Tourists Mode of Travel



Source: Tourist Statistical Report, 2016: Accessed on 23/10/2018

Tourist arrivals by sea and other mode of travels remained unchanged. Tourists from Africa tend to arrive by roads, while the rest of the regions showed more significance in arriving by air.

6. OPPORTUNITIES

Namibia has an advantageous legislative and fiscal environment and a government keen to foster the engines of economic growth and prosperity. It is a boutique investment destination and seeks foreign direct investment in the value addition and beneficiation of natural resources, goods manufacturing and export of value-added products.

Namibia offers other significant opportunities for investment in sectors such as manufacturing, agriculture (agro-processing), transport and logistics and tourism. For those conducting or intending to conduct business in Namibia, the opportunities for investment are in the following sectors:

6.1 Mining sector

The mining sector has historically been the main driver of growth in the Namibia economy. Namibia is a world-class producer of rough diamonds, uranium, zinc, gold and semi-precious stones. The industry is the largest foreign exchange earner in the economy and contributes the greatest amount to GDP.

Namibia is one of the largest producers of minerals in the world with sizeable deposits of copper, coal, zinc, diamonds, uranium, iron ore, gold, fluoride, lead, manganese and salt found in various areas of the country. Uranium, gold, diamonds, copper, coal and rare earth elements are considered strategic minerals by the Namibian Government of which has various policies and regulations in place to ensure effective exploration and mining, security of tenure and environmental protection.

The mining sector is incredibly lucrative and a hugely important sector for Namibia and opportunities include:

- Mineral exploration;
- Beneficiation of minerals;
- Processing of precious and semi-precious stones;
- Provision of services and joint ventures with state companies; and
- Jewellery manufacturing.

6.2 Fisheries

Namibia has one of the most productive fishing grounds in the world and its territorial water contains around 20 different species such as pilchard, anchovy and mackerel, as well as lobster, hake and monkfish. This sector has grown to become the country’s second biggest export earner after mining. It is also the third largest contributor to GDP.

Namibia's fishing industry is based mainly on its 1,500 km coastline which has exceptionally high biological productivity, thanks to the upwelling of the nutrient-rich Benguela Current. To a large extent, Namibia's fishing industry has been and remains a raw materials producer. Most of the production is exported as fresh, chilled or frozen products, with only limited value addition being done in Namibia.

Namibia has a small but vibrant aquaculture sector producing oysters, mussels and seaweed in Luderitz sea lagoons and salt ponds in Walvis Bay and Swakopmund. Breeding technologies are well developed with hatcheries in place producing oysters and abalone spat.

Shellfish is the best suited product for Namibian waters and there is a high demand in the eastern part of the world for shellfish and investment in especially downstream activities. This sector is still in its infancy stage but as a capital intensive activity, aquaculture requires investment. The following are identified as opportunities:

- Fish processing;
- Shellfish production downstream activities;
- Ship and Marine Exploration Maintenance and Components; and
- Mari-Culture.

6.3 Manufacturing

Namibia's long term development goal is to be "a prosperous and industrialised country, developed by her human resources, enjoying peace, harmony and political stability" by 2030. The manufacturing sector plays a strategic role in economic development and is a component of industry that presents greater opportunities for sustained growth, employment, and income inequality and poverty reduction. Manufacturing activities in the country are concentrated in the subsectors of meat processing, fish processing, other food and beverages, and mineral beneficiation. The latter largely represents the smelting of copper and zinc ore, and the cutting and polishing of rough diamonds.

The government of Namibia encourages new investments and supports the existing companies in the manufacturing sector as follows;

- Provision of both fiscal and non-fiscal incentives to the sector including Export Processing Zone (EPZ) status which allows zero corporate tax to manufacturing investors meeting the EPZ criteria;
- Direct subsidies to local SMEs to acquire machinery, to tax-related subsidies in the form of exemptions;

- Government also promotes small and medium enterprises in rural and urban areas so as to enhance labour intensive light manufacturing activities in these areas;
- Facilitate in gaining export market for locally produced products through various export development programs to promote the export of manufactured products in the region and to the rest of the world; and
- Provide Investor aftercare through technical advisory and policy advocacy activities to continuously improve the business environment.

Namibia's manufacturing sector has considerable investment potential as the domestic economy because it is relatively well endowed with natural resource factors such as raw materials, required labour force, abundant land, and rich minerals. The following were identified as opportunities in the sector:

- **Steel manufacturing and metal fabrication**

  Currently, Namibia does not have its own steel production facilities, being fully dependent on imports, which mainly come from South Africa. Opportunities have been identified to develop a Namibian steel manufacturing industry to meet the needs of the domestic market, foster the metal products manufacturing sector, develop linkages into other sectors such as the construction industry, as well as establish steel exports to neighbouring countries.

- **Automotive parts**

  The Namibian automotive sector is still at a rather early stage of development. The value chains are relatively short and not very deep. With Namibia Press and Tools, an established automotive supplier is based at Walvis Bay manufacturing engine parts for various European car manufacturers, such as Volkswagen, Audi, BMW, Renault, and Opel. The majority of other enterprises are active in the automotive after-market (e.g. repair services, engines refurbishing, panel beaters, tooling, outdoor accessories, and tire services).

- **Fodder and Pet Food Production**

  There is potential for upgrading different value chains within the agro-processing industry. There is potential for small and large scale fodder production and further commercialisation of food supplement production in Namibia. In addition, options to expand feedlots and establish a pet food production.

- **Jewellery Industry**

Namibia is regarded as one of the world largest producers of high value diamond. Namibia has already successfully set up a nascent cutting and polishing industry. However, currently only 10% of domestically produced diamonds kept for cutting and polishing purposes to about 19 cutting and polishing factories. There is potential to increase the value chain in Namibia’s diamond industry through further beneficiation of cut and polished diamonds into jewellery.

- **Production of Chemicals**

Domestic chemical industry remains in its infancy, largely restricted to manufacturing of cleaning and painting products, while a large share of Namibia’s raw materials are exported to neighbouring countries for further value addition. Chemicals and chemical products constitute approximately 8% of total value added from the manufacturing sector. There is potential in expanding Namibia’s chemical industry, in particular on the salt value chain. Namibia is a significant producer of salt in Sub-Saharan Africa. The local arid coastal climate with evaporation significantly exceeding precipitation creates a favourable environment for the production of cheap solar salt.

- **Manufacturing of leather, wool and textiles**

Potential exists in value addition projects of the leather, wool, pelts, silk and textiles industry through enhanced collection, processing, grading and cleaning of raw hides, skins, wool and natural silk.

6.4 The Automotive sector

The advantageous geographical location on the south-western African coast and in Africa’s leading automotive region is matched by an excellent infrastructure and an outstanding track-record of political and economic stability. Namibia offers a unique set of strategic benefits for the automotive industry, yielding attractive investment opportunities across the board:

- **Manufacturing**

Namibia provides proximity to a regional network of seven Original Equipment Manufacturers (OEMs) producing passenger cars, 13 producers of medium and heavy commercial vehicles as well as more than 360 suppliers. This combined with the productive workforce in a cost-competitive environment, a broad set of incentives and industrial parks make Namibia an ideal place for automotive manufacturing.

- **Testing**

Ideal climatic conditions combine with low visibility in remote but accessible and well-serviced areas and an outstanding transport network to form the perfect environment for automotive heat testing. An added benefit for European test teams is the lack of time difference, which ensures the ease of timely data transmission.

- **Exporting**

Export oriented companies will find Namibia the perfect logistics hub with world class facilities at the Port of Walvis Bay, preferential access to strategic markets for the automotive sector and fast transit times to and from Europe and the Americas as well as into the southern African market.

The opportunities in this sector are:

- Metal and plastic components;
- Wiring systems and components;
- Off-road equipment and accessories;
- Assembly of passenger and commercial vehicles;
- Vehicle interior components;
- Heat testing; and
- Glass production.

6.5 Agriculture sector

About 70% of the Namibian population depends on agricultural activities for livelihood, mostly in the subsistence sector. Over the years, the sector's performance has been minimal as a result of among others, low and delayed rainfall which led to a drought. Despite the declining or small share contribution to GDP, the sector remains the backbone of the economy and prosperity for many Namibians.

The following opportunities are available:

- Processing of meat and meat products;
- Manufacturing of milk products (fresh, pasteurized, sterilized, homogenised and/or ultra-heat treated) as well as milk-based drinks, cream, butter, yoghurt, cheese and ice-cream;
- Processing of Vegetables and Fruits;
- Irrigation Technologies;
- Establishment of feed lots and management;
- Leather training;

- Production of Sodium stearate; and
- Development of fodder capacity.

6.6 Tourism sector

The tourism sector is the fastest growing sector in Namibia and most competitive in the world. It is also one of the prioritised sectors in NDP4 and Harambee Prosperity Plan. Namibia is a unique destination that offers vast open spaces, abundant and diverse biodiversity and wildlife, rich cultural diversities and valuable traditional knowledge. The oldest desert, highest dunes, largest cheetah population and the oldest plant in the world as well as the second largest canyon count among Namibia's tourist gems.

Namibia's commitment to conservation remains the backbone of the tourism industry, its vast swatches of untouched savannah, rolling deserts alongside hundreds of kilometres of coastline, exotic wildlife and some of the oldest civilizations on earth, is what Namibia is known for. The Namibian tourism sector offers numerous opportunities for investment through direct investments or joint ventures and includes:

- Business tourism investment in the form of Business Tourism Centres, modern IT-smart and multipurpose hotels with first-class service;
- Recuperation tourism or also known as health or medical tourism;
- Cultural tourism which offers significant potential throughout Namibia;
- Cruise ships;
- Conference facilities; and
- Sport or adventure tourism.

6.7 Logistics and Infrastructure

An effective transport infrastructure is the backbone of a vibrant economy and Namibia's favourable geographical position on the south western coast of the African continent bordering with Angola, Botswana, South Africa, Zambia and Zimbabwe, puts it in good stead to be the transport and logistics hub in southern Africa. The country has vast open space, and due to its leading advocate of regional economic integration, its membership to SACU and SADC ensures access to a market of over 55 million and 300 million people, respectively. The port of Walvis Bay is ideally located for shipments to and from Europe and the Americas.

SADC region currently relies heavily on South African ports or underdeveloped and congested ports in other countries in the region. Namibia with its well-developed ports, well maintained road infrastructure and other favourable conditions stands to benefit from the continued growth and prosperity of Africa in general.

- **Port**

Despite being smaller than regional ports, the harbour benefits from higher efficiency, shorter waiting times and additional facilities such as a dry dock for oil and gas rig repairs. The Port of Walvis Bay has become the preferred African West coast port and logistics corridor for southern and central African logistics operations. The Walvis Bay Port is being expanded (from 350,000 TEUs to 750,000 TEUs per year) and expectations about this are quite high among major shipping lines.

Plans are also underway to expand the Lüderitz Port and strengthen its connectivity with the Northern Cape Province of South Africa in terms of economic activity. Potential transport cargos for Lüderitz are manganese ore, zinc products (zinc ore and ingot of zinc) and fruit (table grapes and dates).

- **Road**

Namibia has a well-established road infrastructure, regarded as one of the best on the continent. The country is linked by road to Angola, Zambia, Zimbabwe, Botswana, South Africa and Democratic Republic of Congo. Namibia has 4 corridors Trans-Kalahari via Botswana, Trans-Caprivi, Trans-Cunene via Angola to DRC and Trans-Oranje via South Africa that links to SADC countries. The Trans-Kalahari and the Trans-Caprivi highways provide a fast road link between the Namibian port of Walvis Bay on the Atlantic coast and her landlocked neighbouring countries.

The highways provide a regional transport corridor intended to reduce shipping times for imports and exports from the neighbouring countries to the markets of Western Europe and the Americas by at least five days compared to traditional routes in southern Africa. Namibia has also committed to upgrading 1,480 km of roads over the next five years which will improve accessibility across the country. Despite such extensive road network, most of the country's road infrastructure has been in existence prior to independence and are in urgent need of rehabilitation and maintenance

- **Rail**

The Trans-Kalahari Corridor comprises a tarred road linking the Port of Walvis Bay with Botswana and the industrial powerhouse of South Africa, Gauteng. The Corridor stretches over 1,900 km along Walvis Bay – Windhoek – Gaborone -Johannesburg/Pretoria. It is supported by a railway line from the Port of Walvis Bay to Gobabis (via Windhoek), where transhipment facilities are available, and continues from Lobatse in Botswana. The Corridor is complemented by the Maputo (Mozambique) Corridor on the east coast of Africa, thus forming a transport corridor over the entire breadth of southern Africa. The corridor aims to simplify cross-border transactions and customs operations along the Corridor. Government is therefore upgrading of railway network to double the volume of cargo transported between Walvis Bay and Kranzberg, Kranzberg and Oshikango, and Kranzberg and Windhoek. At present, government is rehabilitating the track between Kranzberg and Tsumeb.

- **Aviation**

Namibia is strategically placed to take advantage of the air transport industry. Plans are underway to expand its international airport at Windhoek while the Walvis Bay airport has recently been extended to allow larger planes to land there.

- **Infrastructure**

Namibia has embarked on a large-scale programme of renewing and developing its infrastructure. Investment opportunities may take the form of public-private partnerships (PPPs) either on a per project basis or with equity holdings. Current focal areas are the development of water infrastructure, power generation and transmission infrastructure, as well as the transport and logistics infrastructure, notably road, rail and port. Other opportunities include:

- Port related activities;
- Railway development and linkage;
- Cargo handling facility;
- Warehousing and Distributing;
- Corridor projects;
- Truck Stops Facilities;
- Value addition projects;
- Flood and rainwater harvesting;
- Seawater desalination plants;
- Groundwater (Borehole Drilling); and
- Constructed pipelines to transport water over large distances.

6.8 Information Communication Technology

Namibia has invested heavily in the modernisation and expansion of its telecommunications infrastructure and service networks. As Information Communication and Technology (ITC) continues to add significantly to the economic development of the Namibian economy. An international satellite service links Namibia to worldwide telecommunication services. Two licensed telecommunications operators, Telecom Namibia and MTC provide fixed line and mobile (including GSM) services in Namibia. Telecommunications operators have installed fibre optic cable technology across the country.

Domestic satellite communication links connect extremely remote sites to the rest of the network, while an international satellite link connects Namibia directly to the seven international destinations with the highest traffic patterns to and from Namibia. These destinations are South Africa, the UK, the USA, Germany, Sweden, Switzerland and Angola.

The Government is fully geared to support potential investors in establishing their businesses anywhere in the country and the following opportunities are available:

- Development of Business Parks or Cyber Cities
- Establish call centres and cloud computing data hosting

7. CONCLUSION

The Republic of Namibia is located in the south-western part of Africa. Namibia is an independent country since 1990, a presidential republic with a democratic constitution following democratic principle including freedom of speech, press and religion. It is the world's 48th-largest country and one of the most sparsely populated nations in the world.

The World Bank governance indicators are higher than “rating category medians”, reflecting low levels of corruption, strong rule of law and accountability, and a track-record of political stability. Namibia has a wealth of natural resources, including uranium, diamonds, gold, copper and other industrial metals, as well as large fish stocks. This helps to attract steady inflows of foreign investment. GDP per capita is well below the historical rating category medians and UN development indicators are low. Income inequality is among the highest in the world and the unemployment rate is very high, at 37% in 2017.

Namibia’s dependence on the mining sector (13.2 % of GDP in 2012-2016) leaves the economy vulnerable to fluctuations in commodity prices. The wage bill is very high and absorbed 51% of revenues, equivalent to 16.3% of GDP in FY14- FY17, causing fiscal rigidity. Dependence on SACU receipts (33% of the total) increases the volatility of budget revenues. Current account deficits are wider than “rating category medians” reflecting a narrow domestic manufacturing base and sustained investment to bridge the country’s significant infrastructure gap. Household debt of 83% of disposable income is high given Namibia’s level of development.

Namibia’s infrastructural integration with the rest of the continent is strong, as it is ranked third out of all SADC member countries. The country currently has some of the best quality roads infrastructure globally and the best in Africa. There are legal load limitations which are imposed in order to protect the roads from the excessive damage caused by heavy loads.

Namibia shares its borders with Angola in the north (1376 km), Zambia in the northeast (233 km), Botswana in the east (1360 km) and South Africa in the southeast and south (855 km). There are two border posts that operate 24 hours namely the Noordoewer and Ariamsvlei.

The RFA manages RUCS in a manner as to secure and allocate sufficient funding for the payment of road expenditure with the view to achieve a safe and economically efficient road network in Namibia. The MVA Fund compensate people injured in motor vehicle crashes or the dependents of people killed in such crashes. The Fund is mandated to design, promote and implement crash and injury prevention measures, provide assistance and benefits to all people injured and the dependents of people killed in road crashes.

Tourism is an important sector in Namibia. It is the third largest contributor to the country's Gross Domestic Product (GDP) and it generates a significant amount of jobs. The sector is a valuable foreign exchange earner for the economy and it is centred on transformational economic and social empowerment.

Namibia offers other significant opportunities for investment in sectors such as manufacturing, agriculture (agro-processing), transport and logistics and tourism. It is a boutique investment destination and seeks foreign direct investment in the value addition and beneficiation of natural resources, goods manufacturing and export of value-added products.

8. CONTACT DETAILS OF RELEVANT AUTHORITIES

Table 22 below lists information of key stakeholders in the cross-border road transport environment for both South Africa and Namibia. Should a cross-border transport operator or any other stakeholder face any challenge or need assistance in the course of conducting cross-border business, it is recommended that they contact the following stakeholders.

Table 22: Contact Details

South Africa	Cross-border Road Transport Agency	+27 (0)12 471 2000
	SARS Customs	0800 00 7277
	DHA	+27 (0)13 793 7311
	SAPS	+27 (0)12 393 1000
	Agriculture	+27 (0)12 319 6000
	SANRAL	+27 (0)12 844 8000
Namibia	Trans-Kalahari Corridor Secretariat	+264 61 250 071
	Ministry of Works, Transport and Communications	+264 61 2088111
	Road Fund Administration	+264 61 433 3000
	Road Authority	+264 61 284 7000
	Ministry of Environment and Tourism	+264 61 284 2111
	Namibia Tourism Board	+264 61 2906000
	Museums Association of Namibia	+264 61 302230
	Ministry of Trade and Industry	+264 61 283 7258
	Ministry of Industrialisation, Trade and SME Development	+264 65 251 087
	Namibia Revenue Agency	+264-61-2099111/ +264 61 411 800

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