ANNEX 3

NAMIBIA

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I. THE ECONOMIC ENVIRONMENT

(1) MAIN FEATURES

1. The Republic of Namibia, on the west coast of southern Africa, has an area of 824,418 km^2 and 1,572 km of coastline. It has land borders with Angola, Botswana, South Africa, Zambia, and Zimbabwe. The population of Namibia was estimated at 2.1 million in 2007 and grew at an annual rate of 1.3% between 2001 and 2007. About 36% of the population live in urban areas.[1] Some 60% of the population are between 15 and 64 years old, 37% are in the 0-14 age group and only 4% are 65 years or over. Windhoek, the capital, is the most densely populated area and the biggest city (over 250,000 people).

2. Namibia is a lower middle-income country, with a per capita income of about US$3,455 in 2007. In recent years, real GDP growth has been quite strong, averaging 6.0% between 2003 and 2008. In addition, several human development indicators show that Namibia has made considerable progress since independence in 1990. Life expectancy, infant mortality, access to improved water sources, literacy and school enrolment are all significantly better than the averages for sub-Saharan Africa (Table I.1). However, despite being among the top twenty countries worldwide in public expenditure on education as a percentage of GDP (6.9%), and third in Africa in per capita expenditure on health (US$407), Namibia ranks 129 (out of 179 countries) in the UNDP's Human Development Indices rankings.[2] Unemployment (estimated at 36.7% of the labour force in 2004)[3], poverty (56% of the population live on less than US$2 a day), the HIV/AIDS pandemic[4], and household food insecurity are among the main problems facing Namibia.[5]

3. Namibia has large reserves of minerals, particularly diamonds and uranium but also including zinc, copper, and gold.[6] The mining and quarrying sector contributed 9% to real GDP in 2008 (Table I.2) and 45% of the total value of merchandise exports. But, given the capital-intensive nature of mining, the sector employs only 2% of the total labour force. The services sector is the most important in terms of contribution to real GDP (58% in 2008) and Namibia is a net exporter of services. Manufacturing accounted for 12% of real GDP in 2008 (14.0% in 2003), and 48.5% of the total value of merchandise exports. Agriculture's relatively small contribution to GDP (5% in 2008) belies its important role in Namibia's social, political, and economic condition, as it employs about 30% of the labour force.

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[1] World Bank (2008).

[2] UNDP online information, "Human Development Indices: A statistical update 2008: HDI rankings ". Viewed at: http://hdr.undp.org/en/statistics/. Namibia's living standards are, on average, higher than those of other sub-Saharan countries. It has a relatively well developed basic infrastructure, such as transportation and telecommunication networks.

[3] National Planning Commission (2008).

[4] HIV prevalence in the adult population was reduced from 22% in 2003 to 19.9% in 2006 largely due to the National Awareness Campaign jointly run by the government, private sector and international agencies. The programme of public provision of antiretroviral (ART) drugs, launched in 2003, currently covers about 40,000 patients, i.e. 70% of those who could benefit from ART treatment. In addition, the tuberculosis and malaria prevalence in Namibia are among the highest rates in the world.

[5] According to the World Food Programme, Namibia is expected to lose about 26% of its agricultural labour force through AIDS during 1985-20 (WFP online information. Viewed at: http://www.wfp.org/food_aid/doc/HIV_Food_Security.pdf).

[6] Namibia has the sixth largest diamond industry in the world, and is the fourth largest producer of uranium.

Table I.1
Main economic and social indicators, 2008

Land area	824,418 km^2	Nominal GDP at current market prices (2007)	US$6.7 billion
Population (2007)	2.1 million	GDP per capita (2007)	US$3,455
Population growth (2005)	1.3%	GDP per capita annual growth rate (1997-07)	4.5%
UN human development index (2008)		GDP shares (2007):	
Overall ranking	129 out of 179	Primary	23.0%
Category	Medium human development	Secondary	14.3%
Ranking within category	53 out of 77	Tertiary (including electricity, water, and construction)	54.6%
Life expectancy at birth (2006)	51.9 years	Enrolment ratio (net) in education (2005):	
Infant mortality rate °/oo (2005)	45	Primary	72
Adult literacy (2006)	87.6%	Secondary	39
Urban share of population (2007)	36%		

Source: UNDP (2008), *Human Development Report*; Bank of Namibia (2008), *Quarterly Bulletin*; Central Bureau of Statistics/National Planning Commission (2008), *National Accounts 2000-2007*, October; and World Bank (2008), *Namibia at a glance*.

Table I.2
Sectoral breakdown of GDP, 2003-08
(N$ million and per cent)

	2003	2004	2005	2006	2007	2008
GDP at constant 2004 prices (N$ million)	38,028	42,679	43,758	46,853	49,421	50,867
			(per cent)			
Primary, of which:	17	19	18	19	17	16
Agriculture	6	5	6	6	5	5
Fishing	4	4	3	3	2	2
Mining and quarrying	8	10	8	10	10	9
Secondary, of which:	19	17	18	19	19	19
Manufacturing	14	13	13	13	13	12
Construction	3	3	3	3	4	4
Electricity and water	2	2	3	3	2	3
Tertiary, of which:	58	57	57	56	57	58
Wholesale and retail trade	11	11	12	12	12	12
Hotels and restaurants	2	2	2	2	2	2
Transport and communication	5	6	6	6	6	7
Financial intermediation	3	3	3	3	3	4
Real estate and business services	10	9	10	9	10	10
Public administration and defence	10	9	8	8	8	9
Education	7	8	7	7	7	7
Health	5	4	3	3	3	3
Private households with employed persons	1	1	1	1	1	1
Taxes, less subsidies	7	8	8	8	8	8

Source: WTO estimates, based on Bank of Namibia (2009), *Quarterly Bulletin*, June.

4. Over the last few years, Namibia has embarked on an ambitious development programme that aims to: reduce poverty, create employment, promote economic empowerment, stimulate sustained economic growth, reduce inequalities in income distribution, reduce regional development inequalities, promote gender equality and equity, enhance environmental and ecological sustainability, and combat the further spread of HIV/AIDS.[7] To do so, the third National Development Plan (NDP3)

[7] These were the objectives in Namibia's second National Development Plan 2001/02-2005/06 (NDP2) (National Planning Commission online information. Viewed at: http://www.npc.gov.na/docs/ndp2info.htm).

2007/08-2011/12 and the long-term Vision 2030 are being implemented with the support of international institutions such as the IMF and the World Bank.[8]

(2) RECENT ECONOMIC DEVELOPMENTS

5. Namibia's development strategy has resulted in a positive economic performance in the past few years, with recent high GDP growth, relatively low inflation, and surpluses in both its overall fiscal position and external current account. Real GDP grew at an annual average of 6.0% during 2003-08 (compared with 3.8% during 1990-99), led by buoyant diamond production and sustained strengthening of the non-mining sectors such as manufacturing and services.[9] However, real GDP growth declined to 2.9% in 2008 and is expected to fall further to 1.0% in 2009. The decline in diamond prices and the global economic crisis has also reduced expectations for growth.

6. The annual inflation rate in Namibia, as measured by the consumer price index (CPI), averaged 6.9% during 2000-07 (down from 10.2% over 1990-99). In the period under review, inflation fell from 7.2% in 2003 to 2.2% in 2005 before rising again to 10.3% in 2008 (Table I.3), due to high world commodity prices, particularly oil and cereals.[10] The Bank of Namibia's core monetary policy objective is the maintenance of price stability through targeting and supporting the fixed exchange rate parity of the Namibian dollar with the South African rand.[11] The parity link means that monetary policy is largely set by the South African Reserve Bank (SARB), and Namibian interest rates closely track South African levels. However, in practice, because of capital controls, the Bank of Namibia does have some monetary policy autonomy to deviate its repo rate from the SARB rate.

7. Fiscal policy, aimed primarily at stimulating employment and investment, plays a crucial role in stabilizing the macro-economy. Namibia's fiscal position has changed dramatically over the past few years. The public sector balance (including grants) improved from a deficit of 7.2% of GDP in 2003 to a surplus of 2.1% in 2006 and 5.2% in 2007. However, a deficit of 0.7% of GDP is estimated for 2008 (Table I.3).

8. The shift from deficit to surplus was a direct result of tight spending policies and an increase in Namibia's receipts from the SACU customs revenue pool from 9.4% of GDP in 2005/06 to 13.9% of GDP in 2006/07.[12] Total revenue and grants, as a percentage of GDP, rose from 28.3% in 2003/04 to 32.8% in 2007/08 while total expenditures declined slightly from 35.4% to 33.6% of GDP. Namibia is taking steps to address a possible decline in SACU import duty revenue, which currently accounts for about 40% of budget revenue: the broadening of the tax base and improved tax administration are envisaged. In addition, steps to improve oversight of the public sector, such as the State-owned Governance Act (No. 2 of 2006) and the creation of the State-owned Enterprises Governance Council will reduce risks to the budget from over-spending and poor financial reporting.

9. Part of the SACU revenue windfall has been used to reduce public debt and increase international reserves. As a result, and coupled with strong economic growth, public debt fell from a five-year peak of 33.8% of GDP in 2004 to 20.5% in 2008, although external debt rose from 5.6% to

[8] The main theme of the NDP3 is "accelerated economic growth and deepening rural development", while under Vision 2030 Namibia aims to become an industrialized/knowledge-based economy (National Planning Commission, 2007).

[9] Bank of Namibia (2008b).

[10] IMF (2008c).

[11] The rand can circulate freely in Namibia but this is not the case for the Namibian dollar in South Africa. The Bank of Namibia was established under Article 128 of the Namibian Constitution (Bank of Namibia online information, "About us". Viewed at: http://www.bon.com.na/content/aboutus).

[12] IMF (2008b).

6.6% of GDP during the same period. Namibia's gross official reserves reached over US$1 billion at end 2008 (4.0 months of imports of goods and services) from US$313.2 million in 2003 (1.5 months of imports) (Table I.3).

Table I.3
Main economic indicators, 2003-08

	2003	2004	2005	2006	2007[a]	2008[a]
Miscellaneous						
GDP at current prices (N$ million)	34,506	37,300	41,526	48,228	53,564	59,516
GDP per capita (US$)	2,253	2,816	3,073	3,389	3,562	..
Real GDP growth (% change)	3.5	6.6	4.7	3.9	3.6	3.9
Consumer price inflation (period average; % change)	7.2	4.1	2.2	5.1	6.7	10.3
Consumer price inflation (end of period; % change)	2.6	4.3	3.5	6.0	6.7	..
Monetary sector						
Broad money (% change)	3.3	22.8	8.3	32.0	10.1	17.9
Deposit rate (end of period; %)	6.9	6.4	6.0	6.9	8.3	8.6
Lending rate (end of period; %)	12.9	10.7	10.8	12.4	13.6	13.7
Government finance (% of GDP)[b]						
Overall balance (including grants)	-7.2	-3.6	-0.2	2.1	5.2	-0.7
Revenue and grants	28.3	30.6	33.1	36.8	32.7	32.8
Expenditure and net lending	35.4	34.2	33.4	34.7	27.5	33.6
Public debt outstanding	29.5	33.8	30.1	31.4	18.9	20.5
External sector						
Real effective exchange rate	96.0	103.3	94.0	93.4	90.1	86.5
Current account (% of GDP)	6.7	8.2	5.5	13.8	9.2	-0.3
Gross official reserves (US$ million)	313.2	322.2	292.7	417.5	937.6	1,277.8
Gross official reserves (months of imports)	1.5	1.5	2.7	1.7	3.0	4.0
External debt (% of GDP)[b]	4.6	5.6	4.7	4.8	4.8	6.6

.. Not available.

a Estimates.
b Fiscal year.

Source: IMF (2008), *Namibia: Staff Report for the 2007 Article IV Consultation*; and information provided by the Namibian authorities.

(3) TRADE PERFORMANCE AND INVESTMENT

(i) Trade in goods and services

10. Until 2008, when a deficit of 0.3% is expected, Namibia had recorded uninterrupted external current account surpluses since independence in 1990[13], although, in general, they were not enough to offset the financial account deficits (Table I.3). The growth in the surplus up to 2007 was led by a surge in SACU receipts, from US$448.4 million in 2003 to an estimated US$957.1 million in 2007. Trade in goods also improved from a deficit of about US$282.8 million in 2003 to a surplus of US$95 million in 2006, although a deficit of US$172 million was again recorded in 2007.[14]

11. Namibia's economy is highly dependent on international trade with an average ratio of exports plus imports of goods and services to GDP of over 88% between 2000-07. In 2007, Namibia ranked 89th among world merchandise exporters (considering the EC member states together and excluding

[13] Namibia's current account surplus as a percentage of GDP went from annual averages of 3% during 1990-02, to 7% over 2003-05, and then to an estimated 17% in 2006-07 (IMF, 2008a).

[14] Central Bureau of Statistics/National Planning Commission (2008).

intra-EC trade), and 93rd among importers. In services trade, Namibia ranked 96th among exporters and 117th among importers.[15]

12. Mining, especially diamonds, dominates exports. Exports of diamonds alone made up 19.9% of total exports in 2007, up from 10.8% in 2003.[16] Other exports include metal ores and metals and animal products, food and beverages (Table AI.1). Exports are heavily concentrated geographically towards South Africa and Europe, the destinations for most diamonds. Exports to the European Communities have increased considerably since 2003, both in nominal terms and in proportion to total exports, particularly to the United Kingdom (predominantly diamonds) and Italy (predominantly zinc). At the same time, exports to other African countries have declined in relative terms (Table AI.2).

13. Namibia's main imports are food, fuel, and passenger vehicles. Chemicals, beverages, and metals are also important (Table AI.3). Imports are mainly from South Africa (around 78% by value) (Table AI.4): a large portion of Namibia's imports enter from South Africa although they may have arrived, via South Africa, from another country of origin.

14. Balance-of-payments data indicate that Namibia is usually a net exporter of services with an average surplus of US$83.8 million per year during 2003-07 (Table I.4). Relatively large surpluses for travel and communications services offset deficits for transport, financial, and computer/information services (Table I.4).

Table I.4
Balance of payments, 2001-07
(US$ million)

	2001	2002	2003	2004	2005	2006	2007
Current account	**20.8**	**90.8**	**265.7**	**446.3**	**344.8**	**1,106.22**	**803.91**
A. Goods	-202	-210.9	-464	-282.8	-256.5	95	-172
Credit	1,147.00	1,071.60	1,262.00	1,827.50	2,066.70	2,652	2,915.50
Debit	-1,349.00	-1,282.50	-1,726.00	-2,110.30	-2,332.20	-2,557	-3,087.50
B. Services	18.3	38.8	138.2	55.2	43.5	97.3	84.91
Total credit	293.9	272.5	414.5	475.4	412.6	529.2	597.8
Transportation services, credit	37	35.9	54.1	25.5	22.5	102.1	120
Travel, credit	236.3	218.1	332.5	404.8	349	384.4	433.5
Other services, credit	20.6	18.5	27.9	45	41.1	3.3	2.1
Communications	4.8	4	8.5	15.5	16.8	15.7	15
Construction	1.1	1.5	..	..	..	..	..
Insurance	-0.3	0.1	0	0	0.1	2	5.1
Financial	1.2	1.3	0	..	0.1	0	0
Computer and information	..	..	0	0.1	0	1.2	1.2
Royalties and licence fees	4.7	3.8	..	..	..	..	..
Other business services (admin and prof)	0.4	0.4	3.4	9.7	2.4	1	1.9
Personal, cultural, and recreational	..	..	..	..	..	..	..
Government, n.i.e.	8.8	7.3	16	19.8	21.7	20.2	19.2
Total debit	-275.6	-233.7	-276.3	-420.2	-368.8	-432	-512.8
Transportation services, debit	-82.4	-73.1	-61.1	-135.5	-130.7	-151	-240.3
Travel, debit	-70.5	-64.8	-101	-122.8	-108.2	-119	-132

Table I.4 (cont'd)

[15] WTO Statistics database, "Trade Profiles: Namibia". Viewed at: http://stat.wto.org/CountryProfile/WSDBCountryPFView.aspx?Language=E&Country=NA

[16] Exports of diamonds were unusually low in 2003 and 2007. During the 2003-07 period, they averaged 22% of total exports.

	2001	2002	2003	2004	2005	2006	2007
Other services, debit (admin + prof)	-122.7	-95.8	-114.2	-161.9	-129.9	-73	-61
Communications	-0.2	-0.2	-0.2	-0.3	-0.3	-0.3	-0.3
Construction	-22.6	-18.4	-2.7	-4.4	-3.9	-24.6	-9
Insurance	-13.8	-11.8	-17.5	-17.7	-9.4	-19	-27
Financial	-2.1	-1.3	-5.4	-3.1	-9.5	-4.4	-4.9
Computer and information	-13.4	-8.8	-12.3	-14.6	-13.1	-21	-15.6
Royalties and licence fees	0	-1.7	-3.6	-3.2	-1.8	-3	-1.9
Other business services	-60.2	-44.4	-65.1	-109.5	-82.7	-7	-11.7
Personal, cultural, and recreational	..	..	..	..	..	..	..
Government, n.i.e.	-10.5	-9.3	-7.5	-9.2	-9.3	-9	-8.4
C. Income	-147.8	-11.9	131.3	4.9	-127.2	-31	-106.7
Total credit	120.9	110.2	184.8	217	225.4	270	313.6
Total debit	-268.7	-122.1	-53.6	-212.1	-352.6	-301	-420.3
D. Current transfers	352.3	274.8	460.3	669.1	669.88.0	949.8	1,000.40
Credit	388	304.4	487.5	703.9	717.7	995	1,052.00
General government	371.2	289.9	462.1	676.8	692	968	1,029.70
Other sectors	16.8	14.6	25.4	27.1	25.8	27.2	22.9
Debit	-35.6	-29.7	-27.2	-34.9	-44.7	-45.4	-52.3
General government	-32	-26	-23.1	-30	-39.9	-40.8	-47.9
Other sectors	-3.7	-3.7	-4.2	-4.8	-4.9	-4.6	-4.4
Capital and financial account	**7.4**	**-106.9**	**-176.9**	**-561.6**	**-590.15**	**-945.8**	**-401.4**
Capital account	**95.8**	**40.7**	**68.3**	**77.2**	**79.6**	**85**	**83.9**
Total credit	96	40.9	68.6	77.6	80.2	85	83.9
Total debit	-0.2	-0.2	-0.4	-0.5	-0.5	-1	0
Financial account	**-88.4**	**-147.7**	**-245.1**	**-638.7**	**-669.5**	**-1,030.50**	**-484.5**
A. Direct investment	381.7	179.4	157.6	246.1	397.6	398.5	729.2
Direct investment abroad	12.5	5.1	11.5	22.7	12.5	11.6	-2.8
Equity capital	-0.1	0.9	1.2	1.2	1.5	5.4	-2.8
Reinvested earnings	2.1	1	1.8	2.3	-2.1	1.3	0
Other capital	10.5	3.2	8.6	19.2	12.8	5	0
Direct investment in Namibia	369.1	174.4	146.1	223.4	385	387	732
Equity capital	344.6	132.3	111.3	133.4	222.9	436	560
Reinvested earnings	111	11	-69.8	70	206.3	151.2	187
Other capital	-86.4	31.1	104.7	20	-38.3	-199	-15
B. Portfolio investment	-439.8	-431.8	-635.2	-845.4	-1043.65	-1,112.40	-1470.31
Assets	-451.7	-419.1	-612.3	-825.5	-1,052.80	-1,119.50	-1,476.50
Liabilities	11.9	-12.7	-22.9	-19.9	7.3	7.1	6.3
C. Financial derivatives	..	..	..	..	..	..	..
D. Other investment	39.9	113.4	125.3	-53.6	-23.5	-316.7	256.6
Assets	-42.4	8.6	23.3	44.6	45.4	-362.2	127.6
Liabilities	82.3	104.8	102	-98.2	69	-45.5	-28.9
E. Reserve assets	-70.2	-8.7	107.2	14.2	-292.6	-417.4	-937.5
Monetary gold	..	..	..	..	..	..	..
Special drawing rights	0	0	0	0	0	0	0
Reserve position in the Fund	0	0	0	0	0	0	..
Foreign exchange	-70.2	-8.7	107.2	14.2	-292.6	-417.4	-937.5
Other claims	..	..	..	..	..	..	..
Net errors and omissions	**-28.2**	**16.1**	**-88.8**	**115.3**	**109.4**	**337.2**	**252.9**

.. Not available.

Source: IMF (2008) International Financial Statistics (IFS) CD-Rom version 1.1.0.105; and data provided by the Namibian authorities.

(ii) Investment

15. Investment, as measured by gross fixed capital formation, grew on average 12% per year during 2001-06, with the private sector accounting for 72.6% of the total in 2006 (up from 60.2% in 2001), followed by the government (15.1%), and state-owned enterprises (12.3%). The mining and manufacturing sectors absorbed the bulk of private investment. Total investment, as a proportion of GDP, averaged 24.9% per year over 2001-06; private investment averaged 17.5%, state-owned enterprises 3.7%, and government 3.6%.[17]

16. Namibia's average annual inflow of foreign direct investment (FDI) more than tripled from US$97 million during 1990-00 to US$375.8 million over 2003-07, reaching US$732 million in 2007 (Table I.5). The main factors facilitating Namibia's inward FDI have been political stability, favourable macroeconomic environment, independent judicial system, protection of property and contractual rights, good quality of infrastructure, and easy access to South Africa.

Table I.5
Foreign direct investment, 2000-07

	2000	2001	2002	2003	2004	2005	2006	2007
				(US$ million)				
Flow								
Direct investment in Namibia	186	365	181	149	226	385.1	387	732
Direct investment abroad	3	-13	-5	-10	-22	-13	-12	-3
Stock								
Direct investment in Namibia	1,276	715	1,822	2,952	4,120	2,440	2,757	3,859
Direct investment abroad	45	14	27	82	101	25	7	16
				(as percentage of GDP)				
Flow								
Direct investment in Namibia	5.5	11.4	5.8	3.3	3.9	0.8	0.7	1.2
Direct investment abroad	0.1	-0.4	-0.2	-0.2	-0.4	0	0.2	0
Stock								
Direct investment in Namibia	37.4	22.2	58.4	66	71.7	5.3	5.1	6.3
Direct investment abroad	1.3	0.4	0.9	1.8	1.8	0.1	0	0

Source: UNCTAD, foreign direct investment database. Viewed at: http://stats.unctad.org/FDI/TableViewer/tableView.aspx and Namibian authorities.

17. Namibia has substantially improved its FDI performance over the past decade, progressing from an "under-performer with low FDI potential" to a "front-runner FDI performer with high FDI potential". On the basis of UNCTAD's Inward FDI Performance Index, Namibia ranked 28th out of 141 economies in 2007 (46th in 2006), reflecting general openness to foreign investors in all activities (Chapter II(3)).[18] In UNCTAD's Inward FDI Potential Index, it was 95th in 2006 (88th in 2005). Namibia ranks 51st (out of 178 economies) in the World Bank's Ease of Doing Business 2009 Index.[19]

[17] National Planning Commission (2007).

[18] UNCTAD's Inward FDI Performance Index measures the extent to which host countries receive inward FDI, and ranks countries by the amount of FDI they receive relative to their economic size. It is calculated as the ratio of a country's share in global FDI inflows to its share in global GDP (UNCTAD, 2008).

[19] The index is based on ten topics (Namibia's ranking), i.e. starting a business (112); dealing with construction permits (38); employing workers (34); registering property (129); getting credit (12); protecting investors (70); paying taxes (96); trading across borders (150); enforcing contracts (36); and closing a business (52) (World Bank Group online information, "Doing Business: Namibia". Viewed at: http://www.doingbusiness.org/ExploreEconomies/?economyid=135) [June 2009].

(4) OUTLOOK

18. Under the NDP3 (2007-12) and the long-term Vision 2030, Namibia's economic policy is aimed at achieving economic diversification and rapid growth in order to reduce widespread poverty, unemployment, urban-rural disparities, and the incidence of HIV/AIDS, while accelerating productivity increases in agriculture, particularly in subsistence agriculture. To this end, Namibia is to accelerate the pace of its structural reforms, with a focus on encouraging domestic and foreign investment through, *inter alia*, a more flexible labour market and further improving the business climate.[20]

19. Both the Bank of Namibia and the National Planning Commission estimate that the Namibian economy will contract in 2009. This contraction reflects the effects of the pronounced developments in the external and internal economic environment. The internal economic slowdown is mainly reflected in the decline of diamond production. This is mainly due to the effects of the global financial crisis, which has dampened demand, coupled with the continued decline in onshore diamond recoveries. Nevertheless, the driving force for growth would remain the mining sector, particularly increased production in uranium.

20. As a small open economy with trade as a large proportion of GDP, Namibia is vulnerable to external shocks. Thus, the slump in the global economy remains the greatest threat to economic growth as it limits exports and, therefore, adversely affects domestic employment, incomes, and expenditure. The country is facing major challenges emanating from the economic crisis; these include maintaining and ensuring employment creating growth. Furthermore, the uncertainty of SACU revenue poses a challenge to fiscal management, as these receipts account for the bulk of government revenue[21]; hence, the authorities recognize the need to strengthen fiscal policy.

21. Despite the difficulties facing the Namibian economy, growth is expected to resume in 2010, based on higher commodity prices, especially for uranium, increased demand for commodities, and the Government's fiscal stimulus policies.

[20] National Planning Commission (2007).

[21] South Africa has called for a review of SACU's revenue-sharing arrangement that may result in lower shares for member countries. In addition, SACU revenues could be affected by a slowdown in South Africa and the reduction in SACU's CET rates due to trade liberalization. Developments under COMESA, SADC, and the European Partnership Agreements would also have revenue implications for Namibia.

II. TRADE AND INVESTMENT REGIMES

(1) GENERAL

22. Namibia's trade policy instruments are mostly set at the regional level within the context of the Southern African Customs Union (SACU) (Main Report, Chapter II(2)). On the domestic front, in areas not covered by the SACU Agreement, the Ministry of Trade and Industry has primary responsibility for formulating and implementing trade policies. Within the Ministry, foreign trade policy, including multilateral, regional, and bilateral trade relations, is the responsibility of the Directorate of International Trade.[22]

23. Other institutions that have important input into Namibia's trade-related policies include the Ministries of Finance (budget, expenditure/revenue measures, including tariff and macroeconomic policies); Mines and Energy; Fisheries and Marine Resources; Agriculture, Water, and Forestry; Environment and Tourism; Works and Transport; Foreign Affairs; and Information and Communication Technology; as well as the National Planning Commission in the Office of the President (development plans); Namibia Financial Institutions Supervisory Authority (NAMFISA); and the Bank of Namibia (the Central Bank). The respective roles of these institutions *vis-à-vis* trade policy have not changed since the last TPR of SACU.

24. The 2002 SACU Agreement provides for a national body to be established in each member country; the body will be in charge of SACU issues (including tariff changes) at the national level and will make recommendations to the Customs Union Commission via the SACU Tariff Board (Main Report, Chapter II(2)(ii)). Enactment of the requisite legislation to establish the Namibia Board of Trade is at an advanced stage; the Board will operate as the designated SACU national body, and is expected to become operational in the course of 2010.

25. All proposed trade-related measures are formulated by the sponsoring Ministry, which undertakes detailed policy work, including research, national consultations, and considers submissions from interested stakeholders. Trade-related submissions are reviewed and considered by the Cabinet Committee on Trade and Economic Development, chaired by the Minister of Trade and Industry, before being submitted to Cabinet. Policy proposals are submitted to Cabinet as memorandums and become government policy on approval.

26. Other important entities include the Presidential Economic Advisory Council, coordinated by the Office of the President[23], and the Namibia Trade Forum, which serves as a platform for public-private dialogue on trade and investment related matters. There is also a WTO National Committee, comprising senior officials from various ministries and agencies and chaired by the Ministry of Trade and Industry. Sector-specific technical sub-committees, such as on agriculture, intellectual property, and services, report to the Committee.

27. The independent Namibian Economic Policy Research Unit (NEPRU) conducts economic research and advises on economic policies, including trade policies.[24] In addition, the independent Institute for Public Policy Research (IPPR) provides analytical research into social, political, and economic (including trade) issues. Furthermore, an Industrial Development Committee, comprising officials from the Ministries of Trade and Industry, and Finance, as well as the Bank of Namibia, was established to fast-track the development of key industrial projects and to stimulate manufacturing.

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[22] See WTO (2003), Annex 3, p. 162, for details on the Directorate.
[23] See WTO (2003), Annex 3, p. 162, for details on the Office.
[24] See WTO (2003), Annex 3, p. 163, for details on the Unit.

28. From the foregoing, it is apparent that there is significant consultation or interaction between the public and private sectors on trade policy formulation and implementation. Private-sector representatives are also usually members of committees for coordinating government activities. In this regard, the main bodies representing the private sector's views to Government are the Namibia Trade Forum and its committees, the Non-Agricultural Market Access Committee (NAMA), the Agriculture Committee, the Trade in Services Committee, the Aid-For-Trade Committee, and the Fisheries and Aquaculture Committee. The NAMA group membership include the Namibia Chamber Commerce and Industry (NCCI), the Namibia Manufacturing Association (NMA), and the Indigenous People Business Forum (IPBF); the Agriculture Trade Committee is anchored on the Agriculture Trade Forum (AFT); and the Fisheries and Aquaculture Committee covers various fishery companies and associations, as well as INFOSO.

29. Trade and investment promotion remain key elements of Namibia's trade policy and development strategy.[25] The Government's main objectives are further trade liberalization and export expansion, including diversification of products, export markets, and import sources. Export promotion, through such measures as tax-based incentives and export-processing zones, remains a high priority for the Government in order to attract investment, increase value added, and encourage production of non-traditional goods. This also encompasses a broadening of Namibia's industrial base and promoting growth in small and medium-sized enterprises (SMEs).

30. Overall, the Government aims to create an appropriate enabling business environment to facilitate meaningful private-sector development. To this end, Namibia has been gradually removing entry barriers, and regulatory and administrative requirements (e.g. licences, permits, and registration procedures) have been gradually simplified. Several programmes administered by the Ministry of Trade and Industry provide financial and institutional support (Chapter III(3)(iii)). Furthermore, various trade-related laws have been enacted, revised or amended since 2000 (Table II.1).

31. Namibia's Vision 2030, which was conceptualized in January 2000, is being managed by the National Planning Commission. The Vision has the overall target of alleviating poverty in Namibia by achieving an average annual growth rate of not less than 6% until the year 2030. Vision 2030 provides the long-term development framework for the country to become a prosperous and industrialized nation, developed by its human resources, and enjoying peace, harmony and political stability.

Table II.1
Main trade-related legislation, 2009

Subject	Legislation
Agriculture	Agronomic Industry Act, 1992; Meat Industry Amendment Act, 1992; Karakul Pelts and Wool Act, 1982; Agricultural (Commercial) Land Reform Amendment Act, 2003; Stock Brands Act, 1995; Meat Corporation Act, 2001
Competition	Trade Practices Act, 1976; Merchandise Act, 1941; Competition Act (No 2), 2003; Companies Act (No 61), 1973
Economic zones	Export Processing Zones Act, 1995
Exports and imports	Customs and Excise Act, 1998; Value-Added Tax Amendment Act, 2002; Imports and Exports Control Act, 1994
Fisheries	Marine Resources Act, 2000; Regulations Relating to the Exploitation of Marine Resources, 2001
Foreign investment	Foreign Investment Act, 1990 and 1993 amendments
Government procurement	Tender Board of Namibia Act, 1996

Table II.1 (cont'd)

[25] WTO (2003), Annex 3, p. 163. A research report by NEPRU found that trade liberalization would contribute to economic growth and poverty alleviation (Hansohm et al., 1999).

Subject	Legislation
Intellectual property rights	Copyright and Neighbouring Rights Protection Act, 1994; Patents and Design Act, 1952; Patents Act, 1978; Proclamation No. 17, 1923; Trade Marks in South West Africa Act, 1973
Mining	Minerals (Process and Mining) Act, 1990; Diamond Act, 1999; Petroleum Products and Energy Act, 1990; Petroleum Exploration and Production Act, 1991
Price control	Petroleum Products and Energy Act, 1999
Services	
General	Electricity Act (No. 2), 2000; Electricity Regulations: Administrative Electricity Act, 2000; Air Services Act, 1949 and 1998 amendments; Aviation Act, 1962 and 1998 amendments; Telecommunications Policy and Regulatory Framework for Namibia, 1999; Namibian Communications Commission Act (No. 4), 1992, as amended; Post and telecommunications Act (No. 19) 1992, as amended; Namibia Broadcasting Act, 1991; Road Traffic and Transport Act,1999; Road Traffic and Transport Regulations, 2001; Road Fund Administration Act, 1999; Namibia Ports Authority Act, 1994, as amended; Airports Company Act, 1998; National Transport Services Holding Company Act, 1998; Supervisory Authority Act (No.3), 2001; Building Societies Act, 1986 (No. 2), 1986; Accommodation Establishments and Tourism Ordinance Act (No. 20), 1973; Casinos and Gambling Houses Act, 1994; Liquor Act (No.6), 1998 (as far as it apply to accommodation establishments); National Housing Enterprise Act (No. 5), 1993; Pension Funds Act (No. 24), 1956; Electricity Act (No. 2), 2000
Financial	Currency and Exchanges Act, 1933; Prevention of Counterfeiting and Currency Act, 1965; Bank of Namibia Act, 1997; Agriculture Bank of Namibia Act (No.13), 1994; Banking Institutions Act, 1998; Payment Systems Management Act, 2003; Financial Intelligence Act, 2007; Long-Term Insurance Act (No. 5), 1998; Public Accountants and Auditors Act (No. 51), 1951; Stock Exchanges Control Amendment Act (No. 26), 1992
Standardization	Standards Act (No 18), 2005

Source: WTO Secretariat; information provided by the Namibian authorities.

32. The National Development Plans (NDP) are the main vehicles for translating the Vision into action. NDP3 is the first plan geared systematically towards this objective; it runs from 2007-12, and was prepared in close consultation with all relevant stakeholders. The Plan places great emphasis on rural development, including infrastructure and provision of public services, employment, agricultural development, land tenure reform, and private-sector development, as essential ingredients for poverty alleviation.

33. NDP3 differs from NDP2 and NDP1 in that it is based directly on the broad objectives of Vision 2030; it is formulated with a central focus on development results, building on other on-going initiatives; and it sets out the implementation arrangements and puts in place monitoring, reporting, and evaluation arrangements for achieving the targeted results.

34. Trade is expected to play a central role in at least two of the ten key result areas under the plan, i.e. competitive economy (macro-economy), through increased smart partnerships and private-sector development; and regional and international stability and integration, by promoting integration in the regional and global economies.

(2) TRADE AGREEMENTS

35. Namibia has been a WTO Member from its inception, hence its trade policy is heavily influenced by this membership, to which Namibia attaches great importance. Namibia is committed to a liberal trade regime[26]; however, it is encountering certain difficulties in meeting its notification obligations (Table II.2).

36. Namibia is a member of the Southern African Development Community (SADC), and the African Union/African Economic Community, of which all SACU countries are also members

[26] WTO document G/AG/NG/W/143, 23 March 2001.

(Main Report, Chapter II).[27] Namibia was previously a member of the Common Market for Eastern and Southern Africa (COMESA), from which it withdrew on 31 May 2004 (Main Report, Chapter II(1)).

Table II.2
Selected notifications to WTO, 2003-09

WTO Agreement	Description of requirement	Periodicity	Most recent notification	Comment
Agreement on Agriculture				
Articles 10 and 18.2	Export subsidies	Once	G/AG/N/NAM/15 27 February 2004	No export subsidies maintained during 2000 and 2001
General Agreement on Tariffs and Trade 1994				
Article XXIV: 7(a)	Territorial Application – Customs Unions	Once	WT/REG231/N/1 28 June 2007	SACU notified to WTO
Article XXIV: 7(a)	Territorial Application – Free Trade Areas	Once	WT/REG256/N/1 3 November 2008	SACU-EFTA Agreement notified to WTO
Agreement on Technical Barriers to Trade				
Annex 3C	Code of good practice for the preparation, adoption, and application of standards	Once	G/TBT/CS/N/121/Corr.1 20 February 2009	Notification under para. C of WTO Code of Good Practice – NSIQO
Annex 3C	Code of good practice for the preparation, adoption, and application of standards	Once	G/TBT/CS/N/176 20 February 2009	Notification under para. C of WTO Code of Good Practice – NSI

Source: WTO documents.

37. Namibia believes that the negotiation of an economic partnership agreement (EPA) with the EC provide an opportunity for SACU countries to harmonize their trade relations with the EC, which would facilitate and support the SACU integration agenda.

38. Namibia has extensive bilateral trade agreements, almost all of which are on general cooperation matters, and reiterate the MFN principle in its trade relations. These non-preferential or MFN-type agreements are maintained with Angola, China, Cuba, and the People's Democratic Republic of Korea. All these were signed during the first decade of independence, with the exception of the agreement with Angola, which was signed in March 2004.

39. Namibia's only preferential bilateral trade agreement was signed with Zimbabwe in 1992.[28] In general, the Namibia-Zimbabwe Trade Agreement provides for reciprocal duty-free market access, subject to rules of origin requiring at least 25% local content for manufactured goods, and Namibia or Zimbabwe (as exporter) should be the last place of this substantial manufacturing. Negotiations for a bilateral agreement with Zambia, which were elevated to SACU-Zambia negotiations, were unsuccessful, as they became obsolete by the establishment of the SADC free-trade area as from September 2000, under the SADC Protocol on Trade.

40. As a developing country, Namibia is eligible for GSP treatment from most developed countries. These schemes provide preferential access at zero or reduced tariffs on eligible products, subject to rules of origin. Product coverage and rules of origin vary between countries, but generally require the goods to be wholly obtained or sufficiently processed in Namibia, as evidenced by certificates of origin from the Ministry of Finance. Namibia receives GSP treatment from Australia, Canada, the EC, Japan, New Zealand, Norway, Russia, Switzerland, and the United States. The schemes have been of limited importance to Namibia and have benefited only a few industries, mainly

[27] Namibia adopted the SADC Protocol on Trade on 7 August 2000 (ratified on 22 December 1998) and ratified the SADC Amendment Protocol on 4 July 2001 (signed 4 April 2001).
[28] WTO (2003), Annex 3, p. 168.

because most of the schemes are either dormant or unused by the business community or have been made obsolete by other preferential schemes, such as the African Growth and Opportunity Act (AGOA) with the United States, and the preferential arrangements with the EC under the successive Lomé Conventions and then Cotonou Agreement, in the form of the interim Economic Partnership Agreements (EPAs).

41. Namibia has been a beneficiary under the AGOA since it was enacted (Main Report, Chapter II(3)(v)). On 6 August 2002, the United States extended "lesser developed country" status to Namibia, thereby allowing producers to use third-country fabric in qualifying clothing exports (AGOA II). According to the authorities, the AGOA has generated substantial investment in Namibian textiles and clothing industries, and exports to the United States have increased steadily. Other industries potentially benefiting from the AGOA are ostrich meat, grapes, dates, fish, and handicrafts.

(3) INVESTMENT FRAMEWORK

42. Namibia's investment framework remains largely the same as at the time of the last TPR of SACU in 2003. The 1990 Foreign Investment Act and its 1993 amendments represent the main thrust of its foreign investment policy.[29] Tax incentives are available to investors, including in export-oriented activities, with the possibility of negotiation of special tax packages through the Ministry of Trade and Industry. Namibia has benefited from its political and macroeconomic stability; independent judicial system and protection of property and contractual rights; good quality infrastructure; and easy trade access to South Africa, the region's and continent's economic powerhouse.[30]

43. The Namibian Investment Centre under the Ministry of Trade and Industry provides investors with information and assists them with customs matters, information on use of incentives, and other approval procedures. Foreign investors generally receive full national treatment in Namibia, where almost all economic activities are open to foreign investors.[31] Local-participation requirements apply to fishing under "Namibianization" policies and mining.

44. Foreign investment approval is only required where the investor is applying for a Certificate of Status Investment (CSI). This requires minimum investment of N$2 million (or acquisition of not less than 10% of the share capital of a Namibian company), and the project to be assessed as contributing to Namibia's development, employment, or workforce training. A CSI is free of fees and provides additional benefits to foreign investors, like exemption from any future decisions to reserve activities to Namibians, and the right to international arbitration in case of governmental disputes. However, foreign ownership restrictions apply to agricultural land, and in recent years Namibia has expressed a desire to redress the very inequitable distribution of fertile land; in this regard, Government has the first option to buy agricultural land that becomes available for sale.

45. Namibia is a member of the Multilateral Investment Guarantee Agency (MIGA). At the time of the previous review of SACU, it had bilateral reciprocal investment promotion and protection treaties with Germany, Malaysia, and Switzerland; since then, it has ratified bilateral treaties with Austria, Cuba, Finland, France, Italy, the Netherlands, Spain, Angola, China, and the United Kingdom; negotiations with Belgium, Luxembourg, and Romania are under way. Namibia has double taxation agreements with France, Germany, India, Malaysia, Mali, Mauritius, Russia,

[29] See WTO (2003) for details on the broad parameters of the Act.

[30] Basu and Srinivasan (2002).

[31] Although the legislation enables the Minister of Trade and Industry to reserve certain activities for Namibians, this has not been used.

Portugal, South Africa, Sweden, and the United Kingdom. It has now ratified its accession to the Convention on the Settlement of Investment Disputes Between States and Nationals of Other States.

(4) TRADE-RELATED TECHNICAL ASSISTANCE

(i) General

46. Namibia faces several constraints in developing its trade policy, including the implementation of WTO Agreements; human and institutional capacity limitations; and supply-side issues.

47. Namibia opened its WTO diplomatic representation in Geneva in April 2004. Although the mission has only one diplomat, it has helped Namibia to be well informed on issues in the multilateral trading system, including the DDA negotiations. Namibia has extensive national coordination on trade matters; its National WTO Committee is an inter-ministerial committee to deal with WTO matters, but due to capacity constraints, it has not been active. However, the Ministry of Trade and Industry has been restructured and is in the process of filling relevant positions with the appropriate personnel, which should help resurrect the Committee. Nevertheless, effective liaison needs to be maintained between Geneva and the capital to ensure that Namibia's aspirations in the MTS are being properly channelled.

48. Since 2003, ten national activities have been organized in Namibia by the WTO. In addition, Namibia has participated in numerous regional activities. Further, from 2003 to the present, Namibian officials have been admitted to three of the three-month trade policy courses held at the WTO Secretariat. Namibia has also sent officials to each of the regional trade policy courses held in Africa since their inception. Namibia hosted the three-month regional trade policy course for English-speaking Africa, for 2006 and 2007; this enabled Namibia to enrol more participants on this course than other participating countries.

49. Most of Namibia's human and institutional shortcomings can be addressed through a focused, targeted programme of technical assistance and capacity building, as well as through greater coordination amongst the providers of such assistance. In the last few years, both factors have begun to occur. The WTO has moved to a two-year Technical Assistance (TA) Plan, which allows for incremental capacity building; and there has been much more coordination of TA programmes, both within the WTO Secretariat and with other agencies providing TRTA.

50. In its needs for the 2008-09 TA cycle, Namibia has requested national activities on trade facilitation, non-agricultural market access (NAMA), and trade remedies. In addition, due to the complex negotiating agenda under the DDA, training on trade negotiating skills would enhance Namibia's participation in these negotiations.

(ii) Specific TA and training needs as assessed by Namibia in the context of the WTO

51. Namibia has conducted its needs assessment in light of its engagement in the multilateral trading system. The following were the key observations:

(a) Supply side constraints: Namibia is a small economy and thus constrained by the size of its domestic market, its capacity to produce on a large scale, the inability to meet the standards and technical regulations in export markets, as well as high production costs. Although the Government has taken a number of initiatives to address the supply-side constraints, Namibia would like to improve its export performance by addressing these constraints at the multilateral level in a manner that results in improved market access for Namibian products. The Aid for Trade Initiative could be used to complement national initiatives.

(b) Institutional capacity building: institutional capacity needs to be strengthened to make better use of available instruments/tools. Namibia faces some difficulties in implementing WTO Agreements; a dedicated mechanism is required in the capital to deal with WTO issues. Capacity-building programmes also need to be targeted at specific areas such as rules of origin or SPS measures, to promote expertise within the country in those areas.

(c) Trade in services: there is a need to enhance the technical capacity of Namibia's experts, not only to negotiate but also to propose and draft high quality offers and to make requests on trade in services. Namibia needs assistance to set up a trade in services negotiating strategy.

(d) Information and policy analysis: Namibia needs assistance in analysing information and documentation in order to effectively participate in the negotiation process. Hence, it requires a long-term TA programme with resources targeted at enhancing capacity to understand and implement the WTO Agreements. More training and follow-up is needed for all the actors who require expertise on multilateral trade agreements so that they can advise decision makers on implementing various policy instruments. Trade policy courses and workshops have been very helpful, but not sufficient, and there is a need to develop analytical capacity.

(e) Product and market diversification: Namibia's major export markets are South Africa and the European Communities. It will need to diversify its export markets in order to reduce its dependency on traditional markets and its reliance on primary commodities and products. Technical assistance targeted at export promotion activities and geared towards market and product research would complement existing national efforts. Furthermore, assistance is needed to improve the quality of Namibian products.

(f) Product and market development: Namibia is reliant on a relatively limited number of markets and products. With the current global economic meltdown, all efforts to broaden the contributors to the Namibian economy will help mitigate the effects of the economic crises. In this regard, Namibia requires technical assistance for the development of new quality products and markets for these products.

(g) Product labelling and branding: Namibia has to comply with a number of requirements in export markets that affect its access to those markets. Therefore, Namibia will need to be assisted in developing a labelling and branding programme for products for export. In addition, assistance will be required to develop labelling requirements for imports.

(h) Processing/value addition: Namibia has taken an initiative of promoting domestic value addition and processing of raw materials, as value addition has the potential to create employment opportunities. To facilitate the achievement of this objective, food/product quality and production standards are needed in order to ensure that the finished products comply with consumer requirements in the destination markets.

(i) Compliance with international standards: new international trade regulations are developed and implemented continuously. Compliance with these standards and regulations is a prerequisite for market access. For example, compliance with the HACCP will be critical to the success of Namibia's agri-processing objectives. Therefore, an HACCP Management System is of utmost importance to Namibia.

(j) Enhancing customs enforcement capacity: Namibia needs to enforce/strengthen its customs procedures, in particular in the field of customs valuation, rules of origin, and inspection/investigation. Intensive training for Customs and Police officers would help to identify and impound counterfeit goods. The World Customs Organization (WCO) comprehensive diagnostic study on Namibian Customs authority identified some of the above constraints. Namibia needs assistance with an action plan to implement the findings and recommendations of this diagnostic study, including through the WTO's trade facilitation initiatives.

(k) Standardization: the Namibia Standards Institute now conducts export certification in Namibia, and it would be useful to assist Namibia in strengthening its own process of certification. Regarding sanitary and phytosanitary measures (SPS), there is a need for infrastructure development and training of officials to comply with international requirements. In addition, assistance is needed in enforcement of national measures and standards: reliable product inspection services are vital at the point of entry for all products entering the country.

(iii) The way forward

52. Namibia's technical assistance needs encompass a broad range of trade-related issues. Many of these issues have been addressed by the WTO and/or other organizations, but these efforts seem to have been insufficient to solve all the issues. The requests received focus on some priority areas, in particular training.

53. The technical assistance that could be offered by the WTO Secretariat would be insufficient to cover these needs; a more durable and fundamental approach would have to be envisaged.

54. Specifically, the possibility of targeting resources at long-term training for Namibia's capital-based trade-policy personnel, with international institutions that have the capacity to do so could be explored. This would create the necessary enduring capacity and be more cost effective than numerous short-term courses.

55. Moreover, careful monitoring should done to support that has been provided or will be given under current programmes, as well as by other organizations and donors, so as to avoid duplication and overlap.

III. TRADE POLICIES AND PRACTICES BY MEASURE

(1) INTRODUCTION

56. As a member of SACU, Namibia applies the trade policy measures already harmonized at the regional level, including the common external tariff (CET) and contingency trade remedies. As over 78% of Namibia's imports are from South Africa and enter Namibia duty free, its purely MFN regime applies to a relatively small proportion of its imports, mostly transport and machinery equipment from China, France, Germany, and Spain. Nevertheless, a number of important non-tariff trade policy measures have not been harmonized within SACU, such as customs procedures, standards and technical regulations, sanitary and phytosanitary measures, public procurement, and internal incentives and taxes.

57. All imports into Namibia require licences which, in most cases, are automatic. Non-automatic licences are required for fish, meat, and second-hand goods, and usually require permits from the relevant ministries. Seasonal import prohibitions on "controlled" products (white maize, wheat and pearl millet, and products thereof) are applied each year until all domestic production has been sold. In addition, imports of horticultural products are contingent on local purchases, and higher duties are applied to all imports of UHT milk and pasta under the infant industry clause of the 2002 SACU Agreement.

58. The Namibian Standards Institution (NSI) was established in 2005 and is expected to reduce Namibia's reliance on the South African Bureau of Standards, although, in most cases, Namibian standards are based on South African and international norms. Namibia is not a member of, nor observer to, the WTO plurilateral Agreement on Government Procurement. The Tender Board lets all government procurement contracts above N$10,000 by public tender although Namibian suppliers receive price preferences based on local content.

59. Government policy is to diversify the economy and encourage export-led economic growth. Export licences are required for all products; in most cases, these are automatic. Exports of diamonds are subject to export taxes and, in addition, certain quantities of diamonds have to be made available to domestic polishers and cutters. Exports of some agriculture products are also contingent on providing certain quantities for domestic processing. A number of tax incentives are in place for manufacturing enterprises. More generous tax incentives apply to enterprises that export a large portion of production and to manufacturing enterprises that have Export Processing Zone status. EPZ status is not restricted to any specific locality. To qualify a manufacturer must export all production (with some exceptions), and the benefits include total exemption from corporation tax.

60. Namibia has recently introduced new legislation on competition policy; this will soon become operational. It is in the process of enacting legislation on industrial property, but this may take some time to become operational as it will require a range of administrative regulations as well as the creation of an Industrial Property Office and Industrial Property Tribunal and appointees to these two bodies.

61. Namibia has many parastatals some of which are monopolies or near-monopolies or have exclusive rights, e.g. over the supply of utilities. Some of these entities have performed poorly and/or do not meet their reporting obligations. The Government is taking steps to improve their performance: it has passed legislation and established a State-owned Enterprises Governance Council to oversee parastatals and to enforce financial and operational reporting. At present, privatization is not under active consideration although it has been discussed in the past.

(2) MEASURES DIRECTLY AFFECTING IMPORTS

(i) Registration, and import duties and related measures

62. Under the SACU Agreement, the BLNS countries (Botswana, Lesotho, Namibia, and Swaziland) apply import duties and related measures in line with South Africa. Applied customs tariffs, excise duties, valuation methods, rules of origin, and contingency trade remedies are harmonized throughout SACU (Main Report, Chapter III). However, other trade policy measures are the responsibility of each member.

63. Namibia uses a single administrative document (SAD 500) for customs declaration and the ASYCUDA++ customs management system.[32] Customs maintains a consolidated monthly import entry procedure to enable regular importers of SACU products to enter data on a monthly customs declaration. It also has a Direct Trader Input (DTI) system linked to the ASYCUDA++ system. The DTI is for use by cargo carriers and freight forwarders and enables entry documentation to be processed electronically. According to the authorities, it usually takes between two and four hours to clear commercial imports, provided that all documents are in order. Under a bond guarantee system, which operates on goods in transit through Namibia, importers lodge a security to cover all charges, including local taxes and VAT; the bond may be redeemed once the goods have left Namibia.

64. The 2002 SACU Agreement (Article 26) maintains the previous SACU provisions relating to protection for infant industries for the BLNS countries, along with the definition that these are industries that have been established for not more than eight years. Protection of infant industries can be provided for a period of up to eight years, unless otherwise determined by the SACU Council. Namibia invoked infant industry protection for UHT milk in 2001 and pasta in 2002. The additional tariffs for UHT milk were set at: 10% for the first three years; 7% for the next three years; and 4% for the last two years. However, this protection has been extended to 2012 with applicable tariffs decreasing gradually from 40% in 2009 to 0% in 2012 (Table III.1). The additional tariffs for pasta were set at: 40% for the first four years; 30% for the next two years; and 20% for the last two years. The SACU Council granted an extension of infant industry protection up to 2014 at a constant tariff of 40% (Table III.1). Although infant industry protection for the broiler industry was granted by the SACU Council and published in the *Government Gazette* in 2002 it has not yet been implemented because the industry has not been established.

Table III.1
Additional tariff for infant industries, 2001-14
(Per cent)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
UHT milk HS 0401	10	10	10	7	7	7	4	4	40	26.8	13.6	0	0	0
Pasta HS 1902	40	40	40	40	30	30	20	20	40	40	40	40	40	40

Source: Republic of Namibia, *Government Gazettes*.

65. SACU has no specific guidelines or procedures for determining whether to grant infant industry protection under Article 26 of the SACU Agreement or what level of protection should be applied. However, discussions are ongoing for the development of guidelines to assist the implementation of Article 26 of the SACU Agreement. In Namibia, upon request from and consultations with the relevant industry, the Government prepares and submits a request to the SACU

[32] UNCTAD ASYCUDA online information, "Country Status: Namibia". Viewed at: http://www.asycuda.org/dispcountry.asp?name=Namibia [February 2008].

Council for consideration. After the measures are approved by the Council, prices are monitored to ensure that they remain competitive, that is, that they do not change substantially after infant industry protection is applied.

66. In November 2000, the general sales tax (GST) and the additional sales duty (ASD) were replaced with a value-added tax (VAT) on goods and services at a standard rate of 15%. Exports are zero-rated.[33] Some basic household commodities and services, such as medical, education, and certain financial services, are exempt. In response to high food prices, the Value-Added Tax Amendment Act, 2008 (No.4 of 2008) reduced to zero the VAT applied to some staple foods, such as beans, sunflower cooking oil, animal fat, bread, and flour. VAT on domestically produced goods and services must be paid bimonthly, except for farming where an option is available to register on a 4, 6 or 12-months basis.

67. VAT is levied on all imports based on the f.o.b. price plus 10% or, if greater, the "open market value" of the product (Value-Added Tax Amendment Act, No. 6 of 2002). In practice, however, VAT is applied to the f.o.b. price plus 10%.

(ii) Import prohibitions and licensing

68. Few significant changes have occurred in Namibia's import licensing regime since 2003. All imports, including agricultural commodities, must be licensed by the Ministry of Trade and Industry. In general, the licences are for statistical purposes (automatic licences). However, non-automatic licensing applies to imports of medicines; chemicals; frozen or chilled fish and meat; live animals and genetic materials; controlled petroleum products; firearms and explosives; diamonds, gold, and other minerals; and all second-hand goods, such as clothing and motor vehicles. The issuance of a non-automatic licence is generally subject to a permit from the relevant ministry, for example, the Health Ministry for medicines, the Ministry of Mines and Energy for minerals, the Ministry of Agriculture, Water and Forestry for agriculture and related products, the Ministry of Fisheries for live marine organisms, the Ministry of Environment and Tourism for endangered species covered by the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), etc.

69. The Namibian Agronomic Board controls the trade (import and export) of controlled products (Agronomic Industry Act (No. 20 of 1992), and its regulations) through permits.[34] Whole-grain (white) maize, wheat, pearl millet (mahangu) and their milled products are controlled crops in Namibia and subject to seasonal import restrictions under which no import licences are issued until all domestic production has been sold. For example, in 2006 no imports of white maize were permitted between 1 May and 16 October.[35] Normally, the import of wheat flour into Namibia is prohibited although imports may be permitted depending on market conditions. The restriction is aimed at promoting the domestic processing industry. Yellow maize meal for animal feed may be imported into Namibia without restrictions. The export from the BLNS into the SACU market of wheat flour and products processed from rebated grain is prohibited.

70. Prices for controlled commodities are determined by the industry, through negotiations between producers and processors, based on the South African Futures Exchange (SAFEX) and adjusted to import parity prices, mainly from South Africa. The Agronomic Board monitors these prices for statistical purposes but is not involved in the process of setting them or their enforcement.

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[33] Suppliers of zero-rated products (e.g. exporters), can claim tax credits for VAT paid on inputs, while those of exempt products cannot.

[34] Namibian Agronomic Board online information, "Grain: Controlled Crops". Viewed at: http://www.nab.com.na/controlled_crops.htm [February 2009].

[35] Namibian Agronomic Board (2007a).

71. To meet EC food safety requirements for beef exports, including tracing of animals, re-exports of meat are banned. Imports of animals and animal products from outside Namibia must have veterinary import permits as required by the Animal Diseases and Parasites Act (No. 13 of 1956). Veterinary permits, usually for one importation only, are available from the Directorate of Veterinary Services in Windhoek on delivery of the completed application form and payment of a N$50 fee. The veterinary permit includes a health certificate, which must be completed and signed by an authorized veterinary official in the exporting country. Meat Board Permits are also required for the import of livestock and meat products. The permits are free of charge but an import levy is payable. Imports from South Africa and Botswana of pets (dogs and cats only) and animal products for personal use are subject to a special arrangement that allows the pets and limited quantities of some animal products to be imported without a Namibian veterinary import permit. In many cases, however, such an import would still require an authorized veterinary certificate from the country of origin.[36]

72. The Ministry of Agriculture, Water, and Forestry is also responsible for issuing import authorizations for fresh fruits and vegetables. An Import Authorization is usually valid for one year and lists the products that may be imported. It also lists the pests the imports must be certified as being free from. An import permit from the Namibian Agronomic Board is also required; this is valid for three months and is reissued for an import quantity based on the performance of the previous three months. Imports must be accompanied by a phytosanitary certificate from the public authorities of the country of origin, and a phytosanitary import permit from the Namibian authorities for N$200. Importers are also required to pay a levy of 1.2% in addition to the standard-rate VAT of 15% on the landed cost of the consignment.[37] In addition, under the Horticulture Development Initiative, importers are obliged to make monthly returns to the Agronomic Board showing that they satisfy the Market Share Promotion scheme, which requires them to purchase a specific percentage of their supply from the domestic market.[38] The domestic purchase requirement under the Market Share Promotion scheme was recently increased from 25% to 30%. There is some flexibility in implementing the scheme and lower proportions of domestically sourced products may be accepted if it can be demonstrated that not enough domestically sourced products are available.[39]

73. Non-automatic licences apply to imported second-hand goods, such as clothing, leather products, and motor vehicles. In practice, only registered welfare agencies can import used clothing and leather products. Import permits are required for commercial imports of used cars. Permits are limited to right-hand drive cars of five years or less, that meet road worthiness standards. According to the authorities, imports of used fishing vessels are also prohibited for safety and environmental reasons.

74. SACU tariff quotas apply to imports into the BLNS of wheat, cheese, butter, and skimmed and whole milk powder. Namibia's quotas are 50,000 tonnes for wheat, 300 tonnes for cheese, 400 tonnes for butter, 700 tonnes for skimmed milk powder, and 400 tonnes for whole milk powder. The in-quota tariff is 0% for all these products. The tariff quota administration method is first-come, first-served. Each August, the Ministry of Agriculture, Water, and Forestry invites applications from interested companies; applications, in writing, indicate the quantities the applicants wish to import. Tariff rebate permits for each consignment are issued by the MAWF to the companies for submission

[36] Ministry of Agriculture, Water, and Forestry (2004); and WTO document G/LIC/N/3/NAM/3, 6 April 2000.

[37] Namibian Agronomic Board (2007).

[38] Horticulture online information, "FAQ". Viewed at: http://www.horticulture.nab.com.na/faq.php#3 [February 2009].

[39] Namibian Agronomic Board online information, "Horticulture Import Permit". Viewed at: http://www.horticulture.nab.com.na/forms_documents.php [June 2009]; and information provided by the Namibian authorities.

to the customs authorities at the port of entry.[40] Re-export to other SACU members of goods imported under these tariff quotas are prohibited.

75. Import prohibitions also apply to obscene materials and environmentally hazardous products, including toxic or radio-active waste, to protect health, safety, and morality. Namibia is a signatory to the Montreal Convention on the Emission of Ozone Depleting Substances, and the Vienna Convention and the London Amendment; the International Atomic Energy Agency; the Basel Convention on Trade in Toxic or Hazardous Waste; the Convention on International Trade in Endangered Species of Wild Fauna and Flora; and the Cartagena Protocol on Biosafety.

(iii) Standards and other technical requirements

76. From 1991 to 2005, the South African Bureau of Standards undertook Namibia's standardization and quality assurance functions.[41] Under the Standards Act, 2005 (No. 18 of 2005), Namibia created the National Standards Institution (NSI) as the entity responsible for standardization and conformity assessment, as well as providing certification services for management systems, products, and persons. The NSI has been notified by the ISO/IEC Information Centre as a standardizing body that has accepted the Code of Good Practice for the Preparation, Adoption and Application of Standards contained in Annex 3 of the TBT Agreement with effect from 29 February 2008.[42] Imported and domestically produced goods are covered mainly by South African and ISO standards, on which Namibian standards are based. The NSI also participates in the SADC Standardisation, Quality Assurance, Accreditation, and Metrology (SQAM) Programme.

77. The NSI has put in place the procedures for setting and adopting standards. Technical committees are established to prepare, adopt, and publish standards. According to the NSI, it has established a TBT enquiry point for the WTO but this has not been notified to the TBT Committee, which still lists the enquiry point as the Namibia Standards Information and Quality Office.[43] The NSI is responsible for technical regulations, standards, and conformity assessment procedures, and represents Namibia in international and regional standards-development organizations.

78. The NSI is currently preparing for accreditation of is conformity assessment services to the relevant international standards: ISO/IEC 17020:2004: general criteria for the operation of various types of bodies performing inspections; ISO/IEC 17021:2006: conformity assessment requirement for bodies providing audit and certification of management systems; ISO/IEC 17024:2003: general requirements for bodies operating certification of persons; ISO/IEC Guide 65:1996: general requirements for bodies operating product certification systems; and ISO/IEC 17025:2005: general requirements for the competence of testing and calibration laboratories.

79. A memorandum of understanding was signed on technical cooperation between Namibia's NSI and South Africa's Regulator for Compulsory Specification (NRCS). The memorandum provides for the availability of qualified staff from NRCS, assistance on establishing a system regarding the fishing and canned meat sectors, in-house training, and related activities.

80. The NSI has established procedures for sampling and inspecting imported products, however, it is still in the process of co-ordinating implementation with the customs authorities to ensure that products regulated under the Standards Act are inspected before release.

[40] Ministry of Agriculture, Water, and Forestry (undated).
[41] WTO document G/TBT/2/Add.42, 9 December 1997.
[42] WTO document G/TBT/CS/N/176, 20 February 2009.
[43] WTO document G/TBT/ENQ/35/Rev.2, 13 May 2009.

81. The NSI has officially assumed responsibility as the technical inspection body for fish and fish products and is responsible for inspecting and certifying such products. The EC, as Namibia's main trading partner, has been informed and, since April 2009, all health certificates on consignments exported to the EC have been issued by the NSI. However, at present, the bulk of fish and shellfish samples are tested in South Africa by accredited laboratories. The NSI testing laboratories (biotoxins and microbiology) are in the process of preparing for accreditation; once they have been accredited by the EC (for exports to the EC), testing will be done in Namibia.

82. Sanitary and phytosanitary provisions apply to animal and plant imports, such as livestock, meat, and cereals. All imports of plants and plant products, including the controlled commodities (wheat, maize, and pearl millet), require an import permit (Agricultural Pest Act (No. 3 of 1973)). The permit is issued by the Ministry of Agriculture, Water and Forestry and requires the importer to submit a phytosanitary certificate and country of origin certificate from the exporting country. The Ministry also imposes strict veterinary controls: import permits are required for imports from any country. To obtain an import permit an importer of live animals and/or animal products must have a veterinary permit issued by the Ministry (Veterinary Services), or by the Livestock Improvement Board for stud animals (Animal Diseases and Parasites Act (No.13 of 1956)). For the veterinary permit to be valid the importer must have the original health certificate issued by the veterinary authority in the exporting country. The OIE Animal health Code is used as a guide for setting import requirements relating to SPS and quarantine.[44] As parts of Namibia are free of foot-and-mouth disease, without vaccination, Namibia only permits imports from countries and zones with FMD-free status, using the OIE official list as a guide. This measure is deemed essential to protect its exports to the European Communities.

83. The MAWF regularly reviews animal and plant legislation. As a result, it has prepared a new Animal Health Bill to replace the 1956 Animal Diseases and Parasites Act.

(iv) Government procurement

84. Namibia is not a member of, nor observer to, the WTO plurilateral Agreement on Government Procurement. Government procurement of goods and services must be made through the Tender Board, established by the Tender Board of Namibia Act (No. 16 of 1996); statutory bodies, local authorities, and regional councils approved by the Minister of Finance are not convered. State-owned enterprises have their own procurement rules and policies although the principles of the Tender Board Act apply to them.

85. The Minister of Finance appoints Board members from various ministries. Contracts above N$10,000 must be let by public tender.[45] Tenders are advertised widely in the press and are open to foreign suppliers. The Board operates a single-envelope tendering system. Technically complex tenders are subject to prequalification and a two-envelope system.

86. Namibian-registered domestic suppliers (including subsidiaries of foreign-owned enterprises) receive price preferences based on local content. For Namibian-made goods, price preferences range from 6% where local content (in production) is between 10% and 25%, up to 20% for local content exceeding 90%. For goods assembled in Namibia, price preferences range from 3% for local content of 10% to 25%, to 10% if local content exceeds 90%. In the case of services, domestic suppliers and CSI (Certificate of Status Investment) foreign investors receive price preferences of 5%, while preferences for small-scale domestic industries range from 2% to 5%, depending on employment

[44] WTO document G/LIC/N/3/NAM/3, 6 April 2000.
[45] Treasury instructions and public rules apply to tenders below N$10,000; for example, at least three quotations are required.

levels. Price preferences of 2% to 5% also apply for suppliers located in communal or underdeveloped areas, and of 2% for a fully domestically owned Namibian public company. Preferences are cumulative, and are applied to tender prices. In rare cases where tenders are equal after allowing for all adjustments, including price preferences and socio-economic factors, contracts are awarded based on local content levels.

87. The authorities state that, in comparing tenders, the Board is giving effect to the price preference policy of the Government to redress social, economic, and educational differences, to protect and promote Namibian companies, empowerment groups, vulnerable groups, and companies based in the regions (including rural and underdeveloped areas, local manufacturers and producers and SMEs). The objective is to use targeted assistance to help develop local industry and previously disadvantage groups. Such assistance includes subcontracting opportunities, allocation of preferences, and set-aside programmes for small entrepreneurs and youth groups and other groups mentioned above. The Tender Board has made it a priority to award tenders/bids to these groups.

88. Tender decisions may be appealed to the Board, the Office of the Ombudsman, the Office of the Prime Minister, Anti-Corruption Commission, and the courts. In 2003/04 N$712.3 million of government procurement was through tendering and N$624.4 million in 2007/08.

(v) Local-content requirements

89. Preferences granted to Namibian-registered suppliers, under the government procurement regime, are based on local content (section (iv)). "Namibianization" policies in fisheries also favour local content (Chapter IV(3)). The official policy of developing a horticulture sector includes a domestic purchase requirement for domestically produced horticulture products under the Market Share Promotion Scheme (section (ii)).

(vi) Other measures

90. Namibia has no official countertrade or import-offset arrangements, or agreements designed to influence the quantity or value of goods and services exported to Namibia.

91. In response to high prices for cereals in 2007 and into early 2008, the Ministry of Agriculture, Water, and Forestry started to develop a strategic food reserve by constructing silos for storage of pearl millet, maize, and wheat in the crop-producing regions of Namibia. Total storage capacity is set to reach 27,000 tonnes with procurement expected to prioritize domestic suppliers; storage capacity of approximately 12,000 tonnes had been constructed in June 2009. Operational policies for the strategic reserve are being developed which takes into account the market situation in Namibia.

(3) Measures Directly Affecting Exports

(i) Registration and taxes

92. The only registration requirement specific to exporters is that meat exporters must be registered with the Meat Board.

93. There is a 10% tax on unprocessed diamond exports. Export levies apply to live exports of slaughter-ready cattle at N$39.50 per head, and small stock (sheep and goats) at N$7.90 per head. All these export levies include a 15% VAT. Raw hides and skins (wet and dry salted), and pickled hides and skins are subjected to an export levy of 60% and 15% respectively. Furthermore, an export levy is payable on slaughter cattle (cattle > 450 kg = 30%).

(ii) Export prohibitions, controls, and licensing

94. Exports, except to SACU members, of nearly all products are subject to automatic licensing. The exceptions, which require a non-automatic permit, include: medicines; live animals and genetic materials; all ostrich-breeding materials; meat and game products; protected species under CITES; plants and plant products; firearms and explosives; minerals, including diamonds and gold; coins and bank notes; certain works of art and archaeological findings; and oysters.

95. Export permits from the Meat Board of Namibia are required for exports of livestock (slaughter cattle, non-slaughter cattle, breeding cattle, weaner cattle, sheep, and goats). Export permits for maize, wheat, and mahangu are required from the Namibian Agronomic Board at a cost of N$50.00. At the request of the exporter, and to meet the requirements of the importing country, the Directorate of Veterinary Services in the Ministry for Agriculture, Water, and Forestry can provide certification to show exports of meat, livestock or game are free of pests and diseases. Restrictions on the export of sheep require that six sheep must be slaughtered locally for each sheep exported live.

96. The Namibia Diamond Trading Company, a 50:50 joint venture between De Beers and the Government and operated by De Beers, markets all Namibia's diamonds. Through the Namdeb Diamond Corporation (also a 50:50 joint venture between Namibia and De Beers) some diamond production is made available for sorting and sale in Namibia and 15% of production of cuttable diamonds are sold for local processing (Chapter IV(4)). Namibia also applies the Kimberley Process Certification Scheme through the Diamond Board of the Ministry of Mines and Energy, to certify that Namibia's rough diamonds are from areas free of conflict.[46] Trade measures necessary to implement the Kimberley Process are covered by a WTO waiver.[47]

(iii) Export subsidies, assistance, and processing zones

97. The Ministry of Trade and Industry (Export Promotion Subdivision) funds limited export promotional activities, such as participation of companies in overseas trade fairs and exhibitions, including meeting costs of travel, accommodation, and production of promotional brochures.

98. Namibia operates a number of schemes providing tariff exemptions and concessions on imported inputs for exporters selling to non-SACU markets. These include duty drawback on capital equipment and manufactured inputs used in exports, and remissions on imported goods used in the manufacture, processing, equipping or packing of goods exclusively for export. A SACU-wide duty credit certificate scheme also provides full duty credits on imported inputs used in manufacturing (including of clothing and accessories) for export; at present, this is not being used in Namibia.

99. An 80% tax deduction scheme is in place for income derived from exports of manufactured goods, other than meat or fish. Eligible manufacturers must be registered with the Ministry of Trade and Industry and the Ministry of Finance. Additional income tax deductions of 25% to 75% of eligible export-promotion expenditure depend upon the firm's average export growth over the previous three-years.[48] Eligible expenditure includes: overseas market research; overseas advertising and promotional expenditure, such as attending exhibitions; bringing foreign buyers to Namibia;

[46] The Kimberley Process Certification Scheme was established in 2003 on the basis of United Nations Resolution 55/56 to certify that consignments of rough diamonds came from areas free of conflict. The 2009 chair of the KPCS is Namibia. For more information, see Kimberly Process online information. Viewed at: http://www.kimberleyprocess.com/.

[47] WTO document WT/L/676, 19 December 2006.

[48] The additional tax deduction is 25% of eligible expenditure if export growth is 10% or less; 50% if it is between 11% and 24%; and 75% for growth of more than 24%.

submitting quotes for foreign orders; finalizing contracts; and appointing overseas agents under a programme approved by the Ministry of Trade and Industry.[49] Advance grants of up to 50% of eligible expenditure on the direct costs of securing new export markets are also available for activities approved by the Namibian Investment Centre.

100. The majority state-owned Offshore Development Company (ODC) was entrusted to manage a IRs 200 million (US$4.4 million equivalent) line of credit from the Export-Import Bank of India. The credit facility was made available from 1999 and was initially valid until October 2004. It was made possible with a guarantee from the Government of Namibia, given on condition that the facility would be used by existing and aspiring Namibian manufacturers who wished to import capital goods, i.e. machinery and equipment, from India. Only one project, a modern printing press plant, met the lending conditions and was thus successfully financed to the tune of Rs 28,928,750 (US$640,000). The ODC was assigned the responsibility of administering this credit facility pending the establishment of an appropriate financing institution. Subsequently, when the Government established the Development Bank of Namibia (DBN) in 2004, consultations took place between the Ministry of Finance (Guarantor), the ODC, and DBN on the possible continuation of the facility under the management of the new Bank, but no definite position has been reached.

101. The Government of Namibia provided a loan of N$50.0 million for the Northern Tannery project; the promoters contributed N$1.0 million as part of their equity contribution to the project. The government loan was mainly to finance procurement of machinery/equipment imported from China and Italy, and the cost of the factory building. The project was commissioned into production in April 2001, but was not successful. The problems were identified as: lack of working capital; lack of managerial skills; and constraints on marketing and market development. As a result the company operated at a loss, failed to repay the Government loan and closed its operations entirely in May 2006. The Government has converted the loan into equity and plans to lease out the facility to interested investors.

102. The ODC (in collaboration with the Namibian Investment Centre) is also responsible for the administration of export processing zones (EPZ). The objective of the EPZ scheme is to encourage export-led industrialization and the transfer of skills and technology. EPZ investment is subject to the Export Processing Zones Act (No. 9 of 1995) and the Export Processing Zones Amendment Act (No. 6 of 1996). Initially, zones were located at Walvis Bay and Oshikango but EPZ status is no longer confined to any specific location and can be granted to an enterprise located anywhere in Namibia provided it exports all of its production outside the SACU area.[50] Any manufacturing industry that meets the export criteria can qualify for EPZ status, except for mining, agriculture, and fishing. However, enterprises that add value to the extracted product, such as mineral processing, can be considered for EPZ status, provided there is a clear distinction between any extraction of the commodity and its processing. Similarly, agriculture processors can also be considered for EPZ status but not general farming activities.

103. As of June 2009, 21 enterprises have EPZ status; production value in 2008 was N$4.2 billion, and exports N$5 billion (Table III.2). The Customs and Excise Department of the Ministry of Finance monitors the movements of inputs and outputs from EPZ-status enterprises to ensure export obligations are met.

[49] The Ministry of Trade and Industry also runs the Trade Information Centre to promote exports. It helps Namibian companies to research existing and potential export markets by providing a range of information, such as on products and markets, companies, business news, business opportunities, and foreign trade regulations and barriers. The Centre maintains a trade information database that is provided free of charge.

[50] Re-export operations, such as re-packaging and break-bulk activities, are allowed.

Table III.2
Investment, employment, and exports in EPZs, 2009

Sector	No. of enterprises	Investment value (N$ million)	Employment	Export value (N$ million)	Expenditure on local goods and services (N$ million)
General manufacturing	5	51.4	168	62	15.0
Mineral processing	15	4,290.0	1,903	4,807	2,840.0
Assembly operations	1	2.8	38	26	1.1
Total	**21**	**4,344**	**2,109**	**4,895**	**2,856**

Source: Offshore Development Company (2008), *Report on the Performance of the Export Processing Zones (EPZ), Programme: 1997-2008*.

104. While EPZ status normally requires an enterprise to export all production, in some cases domestic sales are permitted. In such cases, the EPZ company must have been in operation for at least 12 months and has to apply to the Minister of Trade and Industry for approval. Nine EPZ enterprises have been granted permission to sell up to 30% of production to the local market; these sales are treated as imports into the SACU.

105. EPZ status confers a number of tax, grant, and legal privileges, such as exemption from corporation tax, import duties, and VAT on machinery, equipment, and raw materials imported into Namibia for manufacturing. In addition, the enterprises can hold foreign currency accounts and repatriate capital and profits. Strikes and lockouts were not permitted in enterprises with EPZ status but the Labour Act (No. 11 of 2007) now applies and strikes and lockouts are permitted, subject to the provisions of the Act.

(4) MEASURES AFFECTING PRODUCTION AND TRADE

(i) Incentives

106. The Small Business Credit Guarantee Trust (SBCGT) was established in 1999 with a contribution of just over €1 million from the German Government and capitalization of N$10 million secured by the Government of Namibia. In July 2000, the EC contributed an additional €735,300 to the credit guarantee fund and in April 2002 the Italian Government contributed N$500,000. Six financial institutions[51] participate in the scheme by providing loans; these are guaranteed by the SBCGT for up to 80% of their value, to a maximum of N$250,000. The loans can be used to finance fixed assets and/or working capital and the repayment terms are normally 36 months with the possibility of extension up to 60 months if required.

107. The Ministry of Trade and Industry also funds the Feasibility Studies and Business Plan Support Programme for SMEs. Funding is capped at N$150,000 per study, and any Namibian business is eligible, including joint ventures, provided the majority ownership is Namibian.

108. The Development Bank of Namibia Act (No. 8 of 2002) created the Development Bank of Namibia which was launched in April 2004. The Bank provides start-up capital and finance for the public and private sectors through a number of financial facilities delivered to borrowers by the commercial banks: the Public Sector Facility, which includes finance for infrastructure projects by local authorities and state-owned enterprises; the Private Sector Facility, for new ventures or expansion to enterprises in all economic sectors; the Enterprise Development Facility, which provides: (i) bridging finance to majority Namibian-owned enterprises that have secured contracts with the public sector or well established private-sector companies; (ii) financing to disadvantaged

[51] Bank Windhoek, Commercial Bank, First National Bank, Standard Bank, Swabou Bank, and the Namibia Development Corporation.

groups to start up or expand businesses; and (iii) trade finance to provide pre- and post-shipment working capital to majority Namibian-owned enterprises for the export of goods and services, including tourism, and imports of capital goods; and the Special Development Fund, which provides breeding finance and medium-term finance for SMEs for Namibian citizens and permanent residents, particularly previously disadvantaged persons.[52]

109. Between 14 July 2005, when DBN's first loans were announced, and 31 December 2007, loans to the value of N$481 million were approved.[53]

110. Exporting and manufacturing enterprises that do not qualify for EPZ status can still avail themselves of a number of incentives. Apart from those listed above, these incentives are mostly tax allowances (see Chapter IV(5) for details); in addition, the Ministry for Trade and Industry can provide funding, up to the value of 50% of direct costs associated with export promotion.

111. In the past, farmers benefited from emergency drought relief schemes administered by the Meat Board of Namibia. The relief schemes took the form of payments to farmers for each animal brought to an abattoir for slaughter or export; the objective was to reduce stocking levels. Namibia has not made any notifications to the Committee on Agriculture on domestic support since June 2001, so official figures are hard to find.[54]

112. The state-owned Agribank of Namibia was established in December 1991, under the Agricultural Act (No. 27 of 1991) and the Agricultural Bank of Namibia Act (No. 5 of 2003), to provide finance to disadvantaged farmers for agriculture development. The Agribank operates a number of schemes: the Affirmative Action Loan Scheme, which supports the resettlement of communal farmers to the commercial area. From its creation in 1992, to October 2004, 3.47 million hectares were distributed to 625 families at a cost to the Government of N$160.6 million; the National Agricultural Credit Programme, which provides finance to communal farmers; and the North-South Incentive Scheme to allow farmers north of the Veterinary Cordon Fence to sell their livestock, move south of the Fence and start farming in their new location.

113. In 2007, the Agribank went through a substantial restructuring of personnel and services. As a result, it now offers communal farmers the option of consolidating existing loans and extending the repayment period from 10 to 25 years.[55]

114. Direct support to agriculture production is provided through a number of schemes, such as those operated by the Karakul Board in conjunction with the Ministry of Agriculture, Water and Forestry, which provided N$800 per ram or N$200 per ewe. In May 2009, the scheme was put on hold until further notice. In addition, the Kunene South Project sought to reintroduce Karakul sheep to the Kunene region by providing a subsidy of 33% of the total cost of sheep purchased as well as training in farming and processing. In April 2008, this scheme was suspended until further notice. The Meat Board of Namibia also operated a bull and ram scheme for three years whereby bulls and rams were provided at a subsidized rate to beneficiary emerging producers. In total, approximately 180 bulls and rams were provided. This scheme is now being implemented by the Ministry of Agriculture, Water, and Forestry.

[52] Development Bank of Namibia online information. Viewed at: http://www.dbn.com.na/index.php [March 2009].

[53] Development Bank of Namibia (2007).

[54] WTO document G/AG/N/NAM/14, 27 June 2001.

[55] Namibia Trade Directory online information, " Agricultural Bank of Namibia: Promoting pro-poor growth in agriculture and related activities". Viewed at: http://www.tradedirectory.com.na/full_entry_pg.php?company=AGRICULTURAL%20BANK%20OF%20NAMIBIA [March 2009].

115. Ministry of Agriculture, Water and Forestry implements a Dry-Land Crop Production Project. The project is divided into agricultural input supply and service delivery to farmers, and is concerned with optimizing soil management and increasing yields in Namibia through the provision of improved seed and fertilizers as well as tractor and weeding services. Furthermore, the Ministry is also implementing the Green Scheme Project with various benefits accruing to farmers and investors according to the different models under the Project.

(ii) State trading and state-owned enterprises

116. There are 52 parastatals operating in Namibia covering a wide variety of sectors (Table III.3). They include monopolies in key utilities, for example, electricity and telecommunications, and in air transport. However, they employed only about 2% of the workforce in 1997. As noted in the 2003 TPR, parastatals potentially undermine the private sector and can lead to inefficiency, especially where competition is weakened as a result of, for example, *de facto* or statutory monopolies.

Table III.3
State-owned enterprises, 2009

Enterprise	Establishment Act
Accreditation Board of Namibia	Accreditation Board of Namibia Act, 2006 (Act No. 8 of 2006)
Agricultural Bank of Namibia	Agricultural Bank of Namibia Act, 2003 (Act No. 5 of 2003)
Air Namibia (Proprietary) Ltd.	..
August 26 Holdings Company (Proprietary) Ltd.	..
Development Bank of Namibia	Development Bank of Namibia Act, 2002 (Act No. 8 of 2002)
Diamond Board of Namibia	Diamond Act, 1999 (Act No. 13 of 1999)
Electricity Control Board	Electricity Act, 2000 (Act No. 2 of 2000)
Environmental Investment Fund of Namibia	Environmental Investment Fund of Namibia Act, 2001 (Act No. 13 of 2001)
Fisheries Observer Agency	Marine Resources Act, 2000 (Act No. 27 of 2000)
Games Products Trust Fund	Games Products Trust Fund Act, 1997 (Act No. 7 of 1997)
Karakul Board of South West Africa	Karakul Pelts and Wool Act, 1982 (Act No. 14 of 1982)
Meat Board of Namibia	Meat Industry Act, 1981 (Act No. 12 of 1981)
Meat Corporation of Namibia	Meat Corporation of Namibia Act, 2001 (Act No. 1 of 2001)
Minerals Development Fund of Namibia	Minerals Development Fund of Namibia Act, 1996 (Act No. 19 of 1996)
Motor Vehicle Accident Fund	Motor Vehicle Accident Fund Act, 2001 (Act No.4 of 2001)
Namibia Airports Company	Airports Company Act, 1998 (Act No. 25 of 1998)
Namibia Bricks Enterprise (Proprietary) Ltd.	..
Namibia Financial Institutions Supervisory Authority	Namibia Financial Institutions Supervisory Authority Act, 2001 (Act No. 3 of 2001)
Namibia Institute of Pathology	Namibia Institute of Pathology Act, 1999 (Act No. 15 of 1999)
Namibia National Reinsurance Corporation	Namibia National Reinsurance Corporation Act, 1998 (Act No. 22 of 1998)
Namibia Post and Telecom Holdings Ltd.	Posts and Telecommunications Companies Establishment Act, 1992 (Act No. 17 of 1992)
Namibia Power Corporation (Proprietary) Ltd.	..
Namibia Press Agency	Namibia Press Agency Act, 1992 (Act No. 3 of 1992)
Namibia Qualifications Authority	Namibia Qualifications Authority Act, 1996 (Act No. 29 of 1996)
Namibia Tourism Board	Namibia Tourism Board Act, 2000 (Act No. 21 of 2000)
Namibia Water Corporation Ltd.	Namibia Water Corporation Act, 1997 (Act No. 12 of 1997)
Namibia Wildlife Resorts Company	Namibia Wildlife Resorts Company Act, 1998 (Act No. 3 of 1998)
Namibian Agronomic Board	Agronomic Industry Act, 1992 (Act No. 20 of 1992)
Namibian Broadcasting Corporation	Namibian Broadcasting Act, 1991 (Act No. 9 of 1991)
Namibian College of Open Learning	Namibian College of Open Learning Act, 1997 (Act No. 1 of 1997)
Namibian Competition Commission	Competition Act, 2003 (Act No. 2 of 2003)

Table III.4 (cont'd)

Enterprise	Establishment Act
Namibian Ports Authority	Namibian Ports Authority Act, 1994 (Act No. 2 of 1994)
National Art Gallery of Namibia	National Art Gallery of Namibia Act, 2000 (Act No. 14 of 2000)
National Commission on Research, Science, and Technology	Research Science and Technology Act, 2004 (Act No. 23 of 2004)
National Disability Council	National Disability Council Act, 2004 (Act No. 26 of 2004)
National Fishing Corporation of Namibia Ltd.	National Fishing Corporation of Namibia Limited Act, 1991 (Act No. 28 of 1991)
National Heritage Council	National Heritage Council Act, 2004 (Act No. 27 of 2004)
National Housing Enterprise	National Housing Enterprise Act, 1993 (Act No. 5 of 1993)
National Petroleum Corporation of Namibia (Proprietary) Ltd.	..
National Special Risks Association (Nasria)	Second Finance Act, 1987 (Act No. 27 of 1987)
National Theatre of Namibia (Association not for gain)	..
New Era Publication Corporation	New Era Publication Corporation Act, 1992 (Act No.1 of 1992)
Road Fund Administration	Road Fund Administration Act, 1999 (Act No. 18 of 1999)
Roads Authority	Roads Authority Act, 1999 (Act No. 17 of 1999)
Roads Contractor Company	Roads Contractor Company Act, 1999 (Act No. 14 of 1999)
Security Enterprises and Security Officers Regulation Board	Security Enterprises and Security Officers Act, 1998 (Act No. 19 of 1998)
Social Security Commission	Social Security Commission Act, 1994 (Act No. 34 of 1994)
Star Protection Services (Proprietary) Ltd.	..
Transnamib Holdings Limited	National Transport Services Holding Company Act, 1998 (Act No. 28 of 1998)
Trust Fund for Regional Development and Equity Provisions	Trust Fund for Regional Development and Equity Provisions Act, 2000 (Act No. 22 of 2000)
War Veterans Trust Fund	War Veterans Subvention Act, 1999 (Act No. 16 of 1999)
Windhoek Machinen Fabrik (1998) (Proprietary) Ltd.	..

.. Not available.

Source: State-Owned Enterprises Act, 2006 (Act No. 2 of 2006).

117. As of June 2009, Namibia's most recent notification concerning state-trading enterprises was made in July 2000.[56] That notification listed the Karakul Board, the Meat Board of Namibia, and the Namibian Agronomic Board as state-trading enterprises within the meaning of Article XVII:4(a) of the GATT 1994. The Karakul Board oversees, but is not directly involved in marketing karakul pelts. The Namibian Agronomic Board, is involved in marketing (but is no longer involved in purchasing) wheat, maize, flour, meal, and fresh horticulture products. The Agronomic Board also issues import permits for some cereals (wheat, maize, flour, and meal) while the Meat Board of Namibia issues import permits for meat (of cattle, sheep, goats, and pigs) and live animals. These Boards are not involved in trading but do provide marketing promotion services for the products under their control.

118. The Cabinet Committee on Economic Development and Parastatals (CCEDP) reviewed government policies in October 2001, and adopted a governance policy framework for state-owned enterprises.[57] In 2006, this policy resulted in the promulgation of the State-owned Enterprises Governance Act (No. 2 of 2006), which created the State-owned Enterprises Governance Council to oversee parastatals and to enforce financial and operational reporting. The Council is chaired by the Prime Minister. The Minister for Finance, the Minister for Trade and Industry, the Attorney-General and the Director-General of Planning are permanent members. The relevant Minister for any parastatal being considered at a meeting is a member for that meeting. The creation of the Council is

[56] WTO document G/STR/N/6/NAM, 24 July 2000.
[57] Deloitte and Touche (2001).

meant to address concerns about the financial situation of some state-owned enterprises and about the poor compliance with reporting requirements in some of them.[58]

(iii) Competition policy and price controls

119. The 2002 SACU Agreement states that each member state of SACU shall have a competition policy and requires that they cooperate with each other with respect to enforcement of laws and regulations.[59] To comply with the requirement, Namibia passed the Competition Act (No. 2 of 2003), under which an independent Competition Commission was established. Under the responsibility of the Minister for Trade and Industry, the Commission is to undertake research, oversee enforcement of the Act, and set up procedures and rules for investigations. The Government has appointed the members of the Commission and staff have been recruited; it is expected to commence operations very shortly.

120. In principle, the Competition Act applies to all economic sectors and entities except: collective bargaining in terms of the Labour Act 1992 (No. 6 of 1992); and activities related to non-commercial socio-economic objectives, and goods or services activities by the Minister for Trade and Industry, with the concurrence of the Competition Commission. The Commission may also provide for additional exemptions in some cases, such as for professional associations insofar as the exemption is needed to maintain professional standards, and in respect of agreements relating to the exercise of intellectual property rights.

121. The Competition Act is comprehensive and prohibits restrictive business practices, including agreements between undertakings to fix prices, engage in collusive tendering, set minimum resale prices or limit production. It covers both horizontal agreements between businesses that would normally compete for trade, and vertical agreements between businesses suppliers and their customers. The Act also prohibits abuse of dominant position by an entity or group of entities. However, the Minister of Trade and Industry has yet to set the threshold for turnover or asset value below which the provisions on abuse of dominant position would not apply, and the Competition Commission has yet to establish the criteria to determine dominant position of an undertaking or group of undertakings.

122. Under the Act, the Competition Commission may conduct an investigation, on its own initiative or on receipt of a complaint. The investigation may include searches of business premises, without a court warrant in certain cases. The Commission is obliged to publish the results of its investigation and, if it has found an infringement of the Act, apply to the courts to restrain the business undertaking from engaging in the prohibited activity and apply a penalty.

123. The Competition Act also covers mergers between business undertakings. The Minister for Trade and Industry may exclude some mergers from the provisions of the Act based on criteria such as the value of assets, value of turnover, specific industries or categories of undertakings or the number of parties involved. In considering whether to permit a merger between business undertakings, the Competition Commission may consider any relevant criteria including the extent to which the merger: would reduce competition or endanger the continuity of supply; could result in an undertaking acquiring a dominant position; could result in a benefit to the public that would outweigh negative effects; might affect the ability of small undertakings to gain access to, or be competitive in the market; and would be likely to affect the ability of national industries to compete in international markets.

[58] Institute for Public Policy Research (2004).
[59] 2002 Southern African Customs Union (SACU) Agreement, Part 8, Article 40.

124. The Government sets prices of petrol, diesel, and paraffin (Petroleum Products and Energy Act, 1999). The Namibian Agronomic Board has legislative authority to set producer prices for wheat and maize but it has not done so since 2001 (section (2)(ii)). The Electricity Control Board is responsible for electricity tariff structures, which must be approved by the Minister for Mines and Energy.

(iv) Protection of intellectual property rights

125. For some years now, Namibia has been preparing new legislation on intellectual property. The final version of the Industrial Property Bill has been approved by the Government and should go to Parliament in the near future – some eight years after its intended entry into force.[60] The legislation, when passed, will provide for the establishment of an Industrial Property Office and an Industrial Property Tribunal, and the appointment of a Registrar of Industrial Property.

126. Until now, industrial property in Namibia has been regulated and protected under various pieces of legislation, some of which are obsolete. Patents and designs are currently protected under the Patents and Designs Act (No. 37 of 1952), Patents and Designs Act (No. 9 of 1916), and the Patents, Designs, Trade Marks, and Copyright Proclamation (No. 17 of 1923). The system of protection is currently based on registration on account of formalities as opposed to substantive examinations. Trade marks are protected under the Trademarks in South West Africa Act (No. 48 of 1973). The provisions of these laws cover a substantial amount of protection, but in some respects fall short of compliance with certain provisions of the TRIPS Agreement. Copyrights are protected under the Copyright and Neighbouring Rights Protection Act (No. 6 1994 and subsequent amendments).

127. Namibia is a member of the WIPO Convention, the Paris Convention on industrial property the Berne Convention on literary and artistic works (since 1990), the Patent Cooperation Treaty (since 2004), the Madrid Agreement and Protocol on international registrations of marks (since 2004), and the Hague Agreement and Protocol on international deposits of industrial designs (since 2004). It is also a member of the African Regional Intellectual Property Organization (ARIPO) and its Banjul Protocol governing trade marks and the Harare Protocol on patents. Namibia has notified to the WTO its contact points under the TRIPS Agreement: the Ministry of Trade and Industry for trade marks and industrial designs; the Ministry of Foreign Affairs, Information and Broadcasting for copyright and related rights; and the Ministry of Agriculture, Water, and Forestry for plant and animal varieties.[61]

(a) Copyright and neighbouring rights

128. The Copyright and Neighbouring Rights Protection Act (No. 6, 1994, as amended) is administered by the Directorate of Copyright Services of the Ministry of Information and Broadcasting. It protects intellectual property of literary, artistic, and musical works embodied in such mediums as films, sound recordings, broadcasts, and published editions, by providing owners exclusive rights as required by the Berne Convention. Computer programs are protected as literary works, but databases and compilations of data are not; the authorities are considering whether to extend protection to cover these. Performers also have exclusive rights to broadcast or communicate to the public, and to make fixations and reproductions. Copyright protection is for the life of the author plus 50 years. Performers receive the same protection, in principle. Rental rights are recognized, but are not specified by the type of work, e.g. phonograms, computer programs or cinematographic works. Rental rights applied in Namibia are mostly for audiovisual works, musical

[60] WTO document IP/Q/NAM/1, 1 May 2003.
[61] WTO document IP/N/3/Rev.6, 1 March 2002.

works, and books. General exemptions or limitations to exclusive rights are restricted to cinematographic films, sound recordings, and broadcastings.

129. The right holder (including licensees and the author or performer) can take civil proceedings against infringements through Namibia's standard courts. Relief may be in the form of damages, interdicts restraining the illegal activity, or destruction of illegal works. The right holder may request Customs to prohibit imported copies of works but must give a security to cover Customs for any liability or expenses incurred. Imports of unlawful reproductions of any works relating to copyright are also prohibited under the customs legislation (Section 123 of the Customs and Excise Act). Copyright legislation also makes infringement a criminal offence carrying imprisonment and/or a fine, of three years and N$12,000 for first offence, and five years and N$20,000 for a second conviction. With effect from 2001, copyright protection was extended to foreign works by a Government Notice.[62]

(b) Industrial property rights

130. The new Industrial Property Act will cover all forms of industrial property protection and replace current legislation. The Registration of Companies, Patents, Trademarks, and Designs Division, of the Ministry of Trade and Industry, administers industrial property legislation.

Patents

131. The proposed legislation will broaden the scope of patented works to specifically cover inventions, whether products or processes, provided they are new, involve an inventive step, and have an industrial application. Unlike the current legislation, which allows for no patent exclusions, the proposed legislation excludes scientific discoveries; artistic works; computer programs; presentations; diagnostic, therapeutic, and surgical methods for treatment of humans or animals; plants and animals (other than micro-organisms) and essentially biological processes for their production; whole or part of natural living beings and biological materials; and inventions contrary to public order or morality. The legislation does not provide for specific limited exceptions to exclusive rights. Patent holders will be protected under the new legislation through the extension of exclusive rights against selling and importing illegal products, which are enforceable in the courts. Remedies to the right holder include damages, injunctions restraining the illegal activity, and destruction of illegal works. Infringement of a licence holder's rights can lead the Tribunal to applying an interdict, delivery of any infringing product or process to the licence holder or damages (or royalty in lieu). Patent protection remains at 20 years.

132. Under the new legislation, the Tribunal may grant a request for a compulsory licence to use a patent if, four years after filing of the patent application, it can be shown that the patent had not been exploited in Namibia by the licensee. In addition, the Government may authorize compulsory non-exclusive licences, predominantly for domestic supply, without the holder's consent, with "adequate remuneration therefore".[63] Public interest covers national security, nutrition, health or the development of other vital sectors.

[62] Government Notice, Minister of Foreign Affairs, Information and Broadcasting, 13 June 2000. This notice, applied retrospectively from 15 March 1996, extended the provisions of the Copyright Act to all member countries of the Berne Convention.

[63] Under existing legislation, compulsory licensing is possible for patents relating to food, medicine, and plants, and dependent patents; and abuse or insufficient use of patent rights.

Industrial designs and utility models

133. The proposed legislation will extend protection by broadening the definition of industrial designs in line with the Locarno Agreement Establishing an International Classification for Industrial Designs. Textile designs will be covered. The registered owner of the design will have exclusive right of use, including importation, and may take court proceedings against illegal use. Neither existing nor the proposed legislation allows for compulsory licensing. The protection period for industrial designs will remain at 15 years (five years initially, renewable twice). Where a claim of infringement of a registered industrial design is upheld by a court, the court may grant the registered owner an interdict, an order for any infringing product to be delivered to the owner, and damages or a reasonable royalty in lieu of damages.

Trade marks and other distinctive signs

134. Although legislation currently protects trade marks for goods and services, the new Act will expand the coverage, in particular, of service marks and include protection of trade names and sound marks, in line with TRIPS and the Paris Convention. A mark will cover any visible sign capable of distinguishing goods and services of an enterprise. Proposed legislation retains the registration period of trade marks at ten years, renewable indefinitely every ten years, and a period of non-continuous use of five years. The registered trade mark owner may take court proceedings against illegal use, penalties comprise fines and imprisonment of up to one year. The new Act will protect well-known marks by preventing registration of identical or confusingly similar marks. In 2000, 2,100 trade mark applications were lodged.

Geographical indications

135. While current law does not cover geographical indications, the new legislation will protect wines and spirits consistent with WTO requirements. The legislation is being drafted separately and, if ready in time, will be added to the proposed industrial law when approved by Cabinet; otherwise the industrial legislation will be amended to incorporate geographical indications.

Layout designs (topographies) of integrated circuits

136. Current legislation protects layout designs as copyright. The proposed law will provide protection against unlawful importation, sale or distribution (for commercial purposes) of topographies, including integrated circuits, and the industrial articles that incorporate them. However, neither law provides for derogations where a purchaser of an integrated circuit had no knowledge that it contained an unlawful topography. The term of protection for topographies will remain at 15 years (five years initially, renewable twice). Penalties for infringement are the same as for industrial designs.

Undisclosed information

137. Existing and proposed legislation makes no specific provision for undisclosed information.

Protection of intellectual rights in biodiversity

138. Namibia is developing a *sui generis* system to protect new plant varieties, micro-organisms and non-biological and microbiological processes, as part of the National Bio-diversity Programme run by the Ministry of Environment and Tourism.

(c) Enforcement of intellectual property rights

139. Imports of pirated products are prohibited under the copyright and customs legislation, while those infringing trade marks or patents may be suspended pending legal action. Such action occurs in Namibia's ordinary civil courts, and may involve criminal prosecution and damages, injunctions, and destruction of illegal works. Courts may order interlocutory or temporary injunctions pending final judgement. In order to obtain evidence, the High Court may instruct legal officers to enter the premises of the alleged infringer to seize offending material and equipment (the Anton Piller Order). Only the police have ex officio powers under the copyright and proposed industrial property legislation.

IV. TRADE POLICIES BY SECTOR

(1) INTRODUCTION

140. Namibia has a stable economy, good infrastructure, plentiful mineral resources, and several well developed economic sectors, but, for the majority of its people, it remains a largely agrarian economy as nearly two thirds of the population depend on farming. The Government continues to put strong emphasis on agriculture policy but is also encouraging diversification through the manufacturing and services (particularly tourism) sectors.

141. The agriculture sector is divided between a small number of large commercial farms on freehold land and a large number of subsistence farms on communal lands. While land reform is a major objective it is not a simple matter as many related issues need to be addressed. While pursuing the objective of land reform, government policy is based on the principle of "willing-buyer, willing-seller". Expansion of the fishing industry is restricted by the need to conserve stocks to ensure a sustainable industry. The Total Allowable Catch system, which applies to seven species of fish, is seen as having allowed stocks to recover from severe depletion in the early nineties. Allocation of fishing rights and quota fees continues to favour Namibian involvement.

142. Mining of diamonds and minerals remains the backbone of the Namibian economy. Although it may contribute only 2% to employment, its contribution to the economy, exports, and foreign exchange earnings is much higher. In addition, a higher company tax rate of 55% applies to profits from diamond mining, which must also pay a 10% export tax. Declining prices for minerals, particularly copper and zinc, are already affecting the industry. On the other hand, uranium mining looks likely to expand in the future.

143. Manufacturing mainly comprises food processing, including fish and meat. The main policy measure to expand manufacturing exports is the Export Processing Zone Development programme and other tax advantages for other exporters of manufactured goods.

144. Namibia has a services trade surplus. Tourism is an important source of employment and foreign exchange earnings and is based on Namibia's spectacular deserts, landscape, and wildlife, supported by efficient and well maintained infrastructures. Namibia has a good and extensive telephone coverage with most of the country covered by mobile networks. The state-owned Telecom Namibia has a monopoly on land-line communications while two operators, one of which is majority-owned by the state, provide mobile communications. Public policy is now the responsibility of the Ministry for Information, Communication and Technology, which has prepared legislation to create a regulatory authority for the communications subsector. NamPost, a state-owned company, has a monopoly over postal services although, under the Communications Bill, the communications regulatory authority would be able to issue licences to other entities.

145. There are four commercial banks operating in Namibia as well as another four state-owned financial institutions. The commercial banks offer a wide range of banking services while each of the state-owned institutions offers a narrow range of services, usually targeting at specific sectors or policy objectives, such as the Agribank or the Development Bank of Namibia. Banks in the private sector are regulated by the Central Bank (the Bank of Namibia), and non-bank financial institutions are regulated by the Namibia Financial Institutions Supervisory Authority. The four banking institutions in the public sector are audited by external auditors appointed by their Boards of Directors or by the Ministry of Finance. All insurance companies are required to reinsure with the state-owned NamibRe. Namibia is an important link to the sea for the landlocked southern African countries. The road infrastructure is generally good and is being steadily upgraded, particularly along transport

corridors such as the Trans-Caprivi Highway or the Trans-Kalahari Highway. The state-owned TransNamib Carriers is the largest transport company in Namibia and has a monopoly over rail passenger and freight services. Another state-owned company, NamPort, administers the major ports of Walvis Bay and Lüderitz, both of which have seen increasing traffic and corresponding investment to meet demand. GATS scheduled commitments are minimal, and Namibia did not participate in the WTO basic telecommunications and financial services negotiations.

(2) AGRICULTURE AND RELATED ACTIVITIES

(i) Main features

146. In constant terms, the agriculture sector (without fishing) grew at an average annual rate of 5% between 2004 and 2008 (up from 0.02% between 1999 and 2003).[64] Agriculture in Namibia is divided between commercial farming on freehold land and subsistence farming on communal land. There are about 8,600 commercial farms, which contribute almost 70% of agricultural GDP and occupy 34 million ha of freehold title deed land, i.e. 41% of Namibia's total land area.[65] The number of commercial farms can be misleading, because it does not take account of the numbers working on the farms or those in the transport, processing, and agriculture inputs sectors that depend on commercial farms. However, even allowing for these factors, many more people depend on subsistence farming than on the commercial sector. About 65% of Namibia's population live in subsistence farming areas, which is responsible for about 30% of agriculture's total GDP. Most households practice subsistence agripastoralism on communal land, which is state-owned and constitutes approximately 41% of the total land area.[66] In general, scarce productive land and fragile soils, coupled with limited water resources and an erratic rainfall are the principal challenge for Namibia's agriculture.[67]

147. Namibia is a net exporter of red meat but it imports about half of its cereal requirements, especially maize and wheat. Cereals provide about 50% of the total calorie intake of Namibians. Pearl millet (mahangu), the staple food, is the major cereal grown in the communal areas. Small quantities of sorghum are also grown by subsistence farmers in these areas. Only some 10% to 15% of millet production is traded in the formal sector; also, a certain quantity is informally traded between Namibia and Angola for household consumption of communities living along the border. South Africa is an important trading partner in terms of the import and export of foodstuffs

148. Crop production has increased in importance over the past decade. In 1995 it accounted for 8% of the agriculture sector's total output; by 2006 it had increased to 17% of total output. Communal farming produces 30% of grain consumption requirements, and consists of rain-fed crops, notably millet, sorghum, and maize. Commercial crop farming focuses mainly on maize and wheat. Horticulture crops are mainly grapes, followed by tomatoes, cabbages, onions, and potatoes.

149. Livestock production accounted for 59% of total agriculture output in 2006 (down from 70% in 1995). Communal farming produces some 60% of Namibia's cattle population. More than 50% of Namibia's cattle are found in the Northern Communal Areas. In addition, about 40% of small

[64] WTO estimates, based on Bank of Namibia (2004), (2008a), and (2009).

[65] During 2001-06, the annual average growth rate of commercial agriculture was 2.6% (4.4% over 1995-00) (Ministry of Agriculture, Water, and Forestry, 2007).

[66] During 2001-06, the annual average growth rate of subsistence agriculture was 0.7% (7.7% over 1995-00) (Namibia Chamber of Commerce and Industry, 2008). The Communal Land Reform Act, passed in August 2002 (Act No. 5), provides for the allocation of communal land rights by Chiefs and Traditional Authorities, under the control of Communal Land Boards.

[67] Namibia's arable land accounts for only 1% of total land.

livestock are kept in communal areas. Commercial livestock farming focuses on meat and meat products for international markets.

150. Namibia had a forest area of around 7.7 million ha in 2005 (down from 8 million ha in 2000), i.e. 9.3% of its total land area; it has about 8.5 million ha of other wooded land (8.7 million ha in 2000). Namibia is home to at least 3,174 species of vascular plants, of which 21.6% are endemic.[68] The two main problems in the subsector are forest fires and uncontrolled cutting of trees (a common source of energy).[69] In addition, lower and more erratic rainfall, conversion of forest land to other uses, and overgrazing by livestock, particularly in the communal farming areas, have contributed to the decline in forests and wooded land. Namibia imports almost all sawn wood and other industrial forest products and there are no significant exports of forest products.

(ii) Policy developments

151. The Ministry of Agriculture, Water, and Forestry (MAWF) is responsible for policy formulation, extension and advisory services, research, credit, and facilitating private marketing of commodities. The Ministry does not supply any farm inputs itself, these are provided by the private sector; but it does implement a programme for the provision of improved seed and fertilizers.

152. Agriculture policy has been evolving since the last White Paper on agriculture policy was presented to Parliament in October 1995.[70] The evolution is evident in the first National Development Plan (NDP1 – which covered the period 1995-00) through NDP2, then Vision 2030, and NDP3 as well as the draft National Agricultural Policy paper, which should be finalized soon and presented to the Government once it has been approved by the Minister for Agriculture, Water, and Forestry. Under the draft National Agricultural Policy, the main goals for the sector are to: raise productivity and improve livelihood opportunities from communal farming, mainly through regional extension services[71]; provide an enabling environment for commercial farming on the basis of free market policies[72]; expand production through intensification, innovation, and marketing; and sustain the natural resource base.[73] Agricultural development and diversification into higher-value-added crops (e.g. cotton, grapes, and indigenous fruits) are also high government priorities.

153. All farmers in the communal areas are eligible to receive loans through the National Agricultural Credit Programme (NACP) implemented by Agribank of Namibia. The NACP interest rates are 1-2 percentage points lower than commercial bank rates. During 2004-08, the NACP granted small farmers loans of approximately N$45.6 million for annual crop and livestock

[68] Mongabay online information, "Namibia". Viewed at: http://rainforests.mongabay.com/deforestation/2000/Namibia.htm#8-protected.

[69] Some 4 million ha of forests are burned each year, mostly due to fires started deliberately to improve grazing and to clean hunting grounds (Namibia Nature Foundation, 2004).

[70] Minister for Agriculture, Water, and Rural Development (1995).

[71] Farmers would be able to select the extension expertise they need and pay for it through vouchers provided by regional extension services on a selective basis. To tackle household food insecurity, the extension service will aim to assist as many households engaged in agriculture as possible. The MAWF is also aimed at improving the food security position of the majority of communal farmers by increasing the efficiency of food supply and commodity markets. It will assist local communities and private enterprises to develop rural infrastructure and marketing support services by creating a favourable investment environment.

[72] The authorities do not fix or guarantee prices or apply price controls. However, import restrictions on controlled crops (e.g. wheat and maize) result in higher staple food prices. The prices for controlled products are set by agreement between millers and producers without government intervention.

[73] Agriculture could develop further through, *inter alia*, expansion of livestock production on 5 million ha of unused communal land, intensified crop production via irrigation, and exploitation of indigenous plants (Ministry of Agriculture, Water, and Forestry, 2007).

production, infrastructure, and procurement equipment. The number of loans disbursed increased from 522 during 2002-03 to 875 over 2004-08; a total of 4,515 loans have been granted since the inception of the programme in 1999. As a result of high default rates on NACP loans, Agribank now requires collateral to secure its loans to small farmers[74]; it has also restructured its services (in 2007), consolidated loans, and extended the repayment period (Chapter III(4)(i)).

154. Land reform is a high government priority.[75] Under the land redistribution programme, implemented by the Ministry of Lands, Resettlement, and Rehabilitation, a land tax was introduced in April 2003 to finance resettlement programmes and release undeveloped or under-utilized land. The tax rate is 0.75% of the value of undeveloped Namibian-owned land, rising to 1% on all developed land or land held by absentee owners. The tax raises about N$18 million annually. Under the Communal Land Reform Act, by the end of 2009, all farm-households in communal areas occupying residential plots and having access to cropping land must apply for registration of that land up to a maximum of 20 ha.[76] Farmers requiring more than 20 ha of crop land will be able to apply for a leasehold tenure of up to 50 ha.[77] In addition, to encourage the use of under-utilized land, allocation of leasehold tenure up to 2,500 ha may be granted for agricultural purposes.

155. The Government has approved the Green Scheme programme for the enhancement of agricultural production under irrigation, and the Horticulture Infrastructure Development programme to ensure marketability of agronomic products. Implementation of the Green Scheme Programme is to be in the form of joint public-private partnership to encourage private-sector investment in remote and underdeveloped areas. The Programme is designed to attract commercial irrigation-farming enterprises to establish entities in communal farming areas suited for intensive agricultural development. The Green Scheme Programme provides for various public-private partnership models, with different obligations to the investor, including a model that imposes two social development obligations on the participating commercial farms: (i) to facilitate the capacity building and skills transfer to small-scale irrigation farmers occupying an adjacent area of land equal in size to the arable land of the commercial enterprise; and (ii) to provide certain agricultural support services to those farmers on a cost-recovery basis.

156. The Green Scheme is expected to increase the contribution of agriculture to GDP to nearly 15%, and to meet 33% of domestic consumption of horticultural products by 2022.

157. To improve efficiency of water use across users, the Government is working on new legislation to replace the Water Act (No. 54 of 1956). The new legislation will provide for the formation and periodic review of a National Water Master Plan. The Namibia Water Corporation Act (No. 12 of 1997) created the parastatal company NamWater to handle bulk water supplies. NamWater has legislative authority to set tariffs on a full cost-recovery basis. As a result, usage tariffs are being raised to phase out water subsidies. Water shortages have limited irrigation to about 8,600 ha of land. Considering water accessibility and soil suitability, it is estimated that a maximum of 43,500 ha hold potential for future irrigation.

[74] The Communal Land Reform Act, which will result in all crop land being registered, and in land for commercial purposes being held on long-term leases, is expected to overcome the collateral problem. It would also enable more communal farmers to access credit from the bank of their choice on normal commercial terms.

[75] Since independence, the Government has purchased around 4 million ha of land in the freehold subsector for nearly 1,000 communal farmers.

[76] A certificate of registration, allocated by the Tribal Authority and ratified by the Land Board, will provide exclusive tenure rights to all natural resources on the land. Land not allocated for exclusive tenure will be available for communal use by households living within the area determined by the Tribal Authority.

[77] Leasehold tenure will be allocated by the Land Board and ratified by the Tribal Authority.

158. The Namibian Agronomic Board is the official marketing board of the "controlled" agricultural products (white maize, wheat and pearl millet and their milled products, as well as fresh horticultural products). The Board is funded through producer/processor levies implemented for the controlled products. Its objectives are to promote agriculture by facilitating production, processing, and marketing of the controlled products.[78] Prices for controlled products are determined through negotiations between millers and producers without Government intervention. The prices are based on the SAFEX adjusted to import parity prices mainly from South Africa. The Board has not set prices since 1996 and now only monitors annual prices for cereals as information to farmers and millers. All producers and processors of controlled products (over 5 tonnes annually) must register with the Board.

159. The Mahangu Marketing Intelligence Unit (MMIU), established in 1999, was dissolved in 2006 (in anticipation of mahangu becoming a controlled product). The unit disseminated pearl millet prices and other key information to growers and processors. The aim of the MMIU was to commercialize small-scale mahangu farming in the North Central and Kavango regions, as well as to regulate and promote the marketing of this commodity. The Government declared mahangu as a controlled product on the 15 May 2008 in order to encourage domestic production. The floor price for mahangu is now negotiated between producers and processors in a similar manner to that for maize and wheat.

160. The Government provides support to commercial grain producers by imposing a seasonal import prohibition on imports of wheat, maize, and mahangu grains from all sources (including other SACU members). The prohibition applies from harvest time until all domestic production is sold to millers. According to the authorities, domestically produced grains are generally sold quickly because domestic demand for these commodities exceeds domestic supply.

161. Under the Meat Industry Act (No. 12 of 1981), as amended, the Meat Board of Namibia regulates livestock and related products, issues operating licences to abattoirs, and import and export permits for livestock and livestock products. The Board is funded by various levies on the import and export of livestock and livestock products. A small share of its income is from investments. The Board also collects an animal health levy on cattle, sheep, and goats, for provision of veterinary services in case of a national epidemic, as well as classification, inspection, and administration fees. Slaughter prices are market-determined based on returns on export to, for example, the EC and South Africa. Livestock producers must register with the Board.[79] Under the Stock Brands Act (No. 24 of 1995), which is administered by the Meat Board, all cattle must be branded, and movement permits are issued by the Directorate of Veterinary Services (cattle exports to South Africa must be branded). The Board also assisted the Ministry in paying drought relief subsidies.[80]

162. Until 2005, the Meat Board provided short-term (less than one year) commercial loans to meat processors to promote and develop the industry. Meatco, a parastatal corporation established as

[78] According to the Agronomic Industry Act (No. 20 of 1992), any person who wishes to sell, import or export a controlled product must be registered with the Namibian Agronomic Board. Imports require a fumigation certificate, a phytosanitary certificate, and an additional declaration by the country of origin that the import does not contain genetically modified organisms (GMOs).

[79] A traceability and quality assurance scheme, required by the EC for export, was launched in 1999 (the Farm Assured Namibian Meat Scheme). It helps in certifying that beef complies with health and hygiene standards by enabling stock to be traced back to the farm.

[80] The Board runs a Government Drought Relief Fund, to which the Government contributes financially.

the Swameat Corporation in 1986 (Ordnance 2 of 1986)[81], remains the main exporter of beef (about 95% of exports) but it is no longer the sole exporter to the EC. Since 2002, abattoirs owned by private enterprises have received export licences for meat and meat products. There are no restrictions on establishing an abattoir in Namibia, as long as to it meets municipal requirements and health regulations.

163. Since 1 January 2008, under the provisional application of the interim Economic Partnership Agreement between the EC and the SADC countries, Namibia may export unlimited quantities of meat duty-free (and other products, except for rice and sugar).[82] However, under the previous quota limits, Namibia's quota-utilization rates fell from 90% in 2002 to 73% in 2007. Among the reasons for not being able to fill the beef quotas to the EC, the authorities cited the strict SPS measures that have to be met and the narrow product definition used in the EC's quota.

164. The Karakul Board of Namibia, formed in 1982 under the Karakul Pelts and Wool Act (No. 14 of 1982), oversees the processing and marketing of karakul pelts internationally, under a joint venture with a producer co-operative that does the trading. Namibia used to produce about 4.5 million karakul pelts each year but, following the world-wide collapse of the karakul industry between 1982 and 1999, production fell to less than 100,000 pelts, and farmers shifted to sheep, cattle, and goat farming. Since then, annual production has recovered somewhat to about 250,000 pelts per year. Production is unlikely to regain the levels of the 1970s but it has been noted that, in some cases, the industry can be more viable for communal farmers than sheep meat.[83]

165. The SACU Common External Tariff on agricultural and hunting (ISIC Rev.2 category) average 4.3%, and are predominantly *ad valorem*, ranging from zero to 44%). Tariffs on forestry and logging average 3%, and are all *ad valorem*, ranging from zero to 25%. (Main Report, Table AIII.2).

(3) FISHERIES

166. Fisheries remains an important, though declining, contributor to Namibia's economy. Its contribution to real GDP fell from 7.2% in 2003 to 5.1% in 2007 mainly due to poor catches and higher fuel and labour costs during the period. However, despite the decline in landings from 631,119 tonnes in 2003 to about 304,591 tonnes in 2008, Namibia still exports almost all the annual catch (Table IV.1).[84] Exports of fish and fish products are worth about US$410 million, making revenue from fisheries the second most important earner of foreign exchange in Namibia, after mining.

167. Namibia's main export markets for fish are the EC and South Africa for hake, monk, and tuna, and D.R. Congo, Mozambique, Zambia, and Zimbabwe for horse mackerel. About 87% of hake, 97% of monk, and 90% of tuna are exported to the EC, while 13% of hake is exported to South Africa. According to the Namibian authorities, a combination of tariff escalation in regional markets and high processing costs means that there is little processing of horse mackerel in Namibia for export to regional markets. Only a small portion of horse mackerel is dried and smoked while some is processed into powdered fish soup for local market. In terms of crustaceans (crab and lobster), 95% are exported to Japan. Pilchards are exported to South Africa and the United Kingdom in canned form, while fish meal, and fish oil are exported to South Africa.

[81] A study has recently been completed on the ownership and structure of Meatco; this will define the ownership and provide for a new structure.

[82] European Commission (2009).

[83] FAO (2004).

[84] With a population of 2.1 million, per capita fish consumption of 10 kg per year and a total catch of 412,671 tonnes in 2007, clearly Namibia only consumes a small portion of the total catch. The rest is exported.

Table IV.1
Fish landings (main commercial species), 2001-08
(Tonnes)

Fish species	2001	2002	2003	2004	2005	2006	2007	2008[a]
Crab	2,343	2,471	2,092	2,400	2,480	2,228	2,854	953
Hake	173,277	154,588	189,305	173,902	158,060	135,771	129,542	109,229
Horse mackerel	315,245	359,183	360,447	310,405	327,700	309,980	198,694	151,482
Kingklip	6,607	7,210	6,603	7,067	5,567	4,193	3,928	3,127
Monk	12,390	15,174	13,135	8,961	10,466	9,816	8,656	6,415
Pilchards	10,763	4,160	22,255	28,605	25,128	2,314	23,522	17,550
Rock lobster	365	361	269	214	248	285	117	1,715
Tuna	3,198	2,837	3,371	3,581	3,654	2,903	6,818	3,498
Other fish species	30,810	77,407	33,644	31,997	18,934	36,891	38,540	10,622
Total	**554,998**	**623,391**	**631,119**	**567,133**	**552,164**	**504,382**	**412,671**	**304,591**

a Provisional data.

Source: Ministry of Fisheries and Marine Resources.

168. The decline in the annual catch is a result of the reduction in the total allowable catch (TAC). The reductions in the TAC are deemed essential for rebuilding stocks through sustainable management. Rebuilding of stocks was necessary because of over-fishing in the late 1980s, particularly of pilchards. Low world prices for fish meal, oil, and canned fish have added to the industry's problems. Since independence, the Ministry of Fisheries and Marine Resources has sought to allow fish stocks to recover from over-exploitation, mainly through the TAC. The TAC is set each year for the main species (Table IV.2). Fisheries scientists in the Ministry make suggestions for the TAC to a working group composed of economists and scientists. The working group then makes recommendations to an advisory council that includes the various stakeholders. The proposal is then passed to the Minister for approval and to the Cabinet for authorization.

Table IV.2
Total allowable catch, 2001-08
(Tonnes)

Fish species	2001	2002	2003	2004	2005	2006	2007	2008
Hake	200,000	195,000	180,000	195,000	180,000	130,000	130,000	130,000
Horse mackerel	410,000	350,000	350,000	350,000	350,000	360,000	360,000	230,00
Monk	13,000	12,000	12,500	12,000	11,500	9,500	9,500	9,500
Orange Roughy	1,875	2,400	2,650	2,600	2,050	1,100	900	900
Pilchards	10,000	0	20,000	25,000	25,000	25,000	15,000	15,000
Red crab	2,100	2,200	2,000	2,200	2,300	2,400	2,500	2,500
Rock lobster	400	400	400	420	420	420	350	350

Source: Ministry of Fisheries and Marine Resources.

169. The Ministry of Fisheries and Marine Resources is also concerned with the Namibianization policy. The right to fish must be acquired, and a quota allocation from the TAC must be obtained. Quota fees are structured to encourage Namibian registration and ownership of fishing vessels, and to promote onshore processing. Apart from higher fees and shorter duration of fishing rights, no other restrictions are placed on non-Namibians entering the fishing industry. Income and corporation tax rates are the same and no subsidies are used to pursue the Namibianization policy.

170. In addition to the extent of Namibian involvement, the duration of a fishing right also depends on the extent to which catches are processed domestically. An enterprise with less than 50% Namibian ownership of a vessel or of an onshore processing plant is entitled to four-year rights.

Where vessel or plant ownership is 50% to 90% Namibian, seven-year rights are granted. An enterprise that is at least 90% Namibian-owned is entitled to ten-year rights. Majority foreign-owned enterprises are granted rights depending on their onshore processing activities: four years if they have no onshore processing plant; seven years with investment in processing facilities; and ten years if they make a major contribution to Namibia's development, such as employing over 500 Namibians in processing facilities. To encourage investment, the Government extended the duration of fishing rights from four to seven years; seven to ten years; and from ten to fifteen years. An additional fishing right of twenty years was introduced for companies permanently employing at least 5,000 Namibians in processing facilities. Between 1993 and 2007, 158 fishing rights were granted, of which 3 expired automatically; about 90% of fishing rights are in the hands of Namibians.

171. As a result of these policies, 60% of the fishing fleet and 80% of processing plants are Namibian owned. Fisheries employ about 13,500 workers (60% in the factories).

172. Quota fees are also structured to encourage Namibian involvement and are lowest for Namibian vessels, i.e. registered in Namibia with at least 51% beneficial ownership and at least 90% Namibian crew (recently been increased from 80%).[85] The fees are higher for Namibian-based vessels[86], and highest for foreign-based vessels. For example, on "wet hake fish", the quota fees for foreign vessels are triple those for Namibian vessels and double the level for Namibian-based vessels. Quota fees amounted to N$74.437 million in 2003 and increased to N$107.218 million in 2007. The rebates are fixed amounts; therefore, as a percentage of the quota fee, they vary for Namibian, Namibian-based, and foreign vessels.

173. By-catch fees are calculated to discourage excessive by-catch in fishing operations, while at the same time avoiding dumping of by-catch at sea. It is acknowledged that by-catch is unavoidable in several types of fishing operations; by-catch fees are payable on non-targeted species, and range from N$1,200 to N$6,500 per tonne.

174. Fund levies are collected from the fishery commensurate with actual landings of particular species, and their processing into tradeable forms. The levies are about ten times lower than quota fees. The purpose of the fund is to defray research activities and training for ministries staff members. Fund levies range from N$2.50 to N$375 per tonne.

175. Under the Marine Resource Act (No. 27 of 2000), right holders must submit licence applications together with applicable fees before vessel are allowed to conduct fishing activities. License fees apply to all fishing vessels; the fees range from N$20 to N$500, depending on gross tonnage. Fees and levies increased from N$100 million in 2003 to N$129 million in 2007 (Table IV.3).

176. The fishery observer levy, payable by right holders engaging in fishing activities, benefits the Fisheries Observer Agency, which is responsible for monitoring fishing activities while fleets are at sea. According to the Marine Fisheries Act, fisheries observers must accompany fishing vessels, to observe fishing operations, record biological data on fishery, collect samples of harvested species, and report to the agency. From 2003 to 2006, the agency charged all fishing vessels (with or without an observer) N$23.87 per hour. The current levy differentiates categories of observer and charges are as follows: N$34.14 per hour for FDA/trainee/without observer onboard; N$34.14 per hour for

[85] Quota fees, by-catch, fund levies, licence and conversion factors for landed processed fish to live fish equivalents are on the website for the Ministry of Fisheries and Marine Resources (http://www.mfmr.ogv.na/ [July 2009])

[86] Namibian-based vessels are Namibian registered but are not domestically majority-owned and have a crew of less than 90% Namibians.

Grade One observer; N$35.69 per hour for Grade Two observer; and N$37.24 per hour for Grade Three observer.

Table IV.3
Revenue from the marine fishing industry, 2001-08
(N$ million)

Fee	2001	2002	2003	2004	2005	2006	2007	2008
Quota fees	69,900	100,011	74,437	84,629	81,363	68,299	107,218	59,255
Marine Resources Fund levy	9,211	15,794	12,042	17,663	17,358	12,446	12,561	12,075
By-catch fees	12,800	15,788	13,561	16,294	7,699	11,199	9,639	10,360
Licence fees	172	286	187	110	111	93	91	86
Total revenue	**82,083**	**131,879**	**100,227**	**120,292**	**106,531**	**92,037**	**129,509**	**81,776**

Note: The fisheries sector contributes far more to the economy and to revenue than fees alone. Corporation and income taxes of those directly employed in the fishing fleet and fisheries industry and those providing goods and services to the industry are not included nor are the economic and social development contributions of these activities.

Source: Ministry of Fisheries and Marine Resources.

177. Fisheries legislation includes: Territorial Sea and Exclusive Economic Zone of Namibia Act (No. 3 of 1990); Marine Resources Act (No. 27) of 2000 and the Regulations Relating to the Exploitation of Marine Resources (No. 241) of 2001; Inland Fisheries Resources Act (No. 1) of 2003; Aquaculture Act (No. 18) of 2002; and the Aquaculture Licensing Regulations. The Ministry is in the process of reviewing and updating the Marine Resources Act and its Regulations.

178. Namibia is a member of various regional fisheries management organizations (RFMOs) such as the South East Atlantic Fisheries Organisation (SEAFO), the International Commission For the Conservation and Atlantic Tunas (ICCAT), and the Commission for the Conservation of Antarctic Marine Living Resources (CCAMLR) as well as the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).

(4) MINING AND ENERGY

(i) Mining

179. Namibia is endowed with abundant mineral resources, and the full potential of the sector is largely untapped in a landmass that requires more extensive exploration. Mining accounts for around 45% of foreign-exchange earnings, between 30% and 50% of government revenue, and about one third of fixed capital formation. The sector is also the largest provider of regular private-sector employment, although it provides jobs to less than 2% of the total labour force. Historically, diamonds have been Namibia's main export earner, contributing more than half of the total value of mineral exports. However, base and precious metals and uranium have made important contributions recently. Namibia produces significant quantities of uranium, gold, silver, copper, lead, and zinc (Table IV.4). Tariffs on imports of mining and quarrying (ISIC Rev.2 definition) average 0.8%, and are all *ad valorem*, ranging from zero to 10% (Main Report, Chapter III(3)(i)).

180. The Ministry of Mines and Energy (MME), as the custodian of Namibia's mineral and energy resources, is responsible for the overall running of the sector. Namibia's minerals policy, launched in 2003, aims, *inter alia*, to attract investment and enable the private sector to take the lead in exploration, mining, mineral beneficiation, and marketing, while ensuring the responsible development and sustainable utilization of mineral resources.[87] All mineral rights are vested in the State and are regulated under the Minerals (Prospecting and Mining) Act (No. 33 of 1992), which

[87] Ministry of Mines and Energy (undated).

provides for the reconnaissance, prospecting, mining, disposal, and exercise of control over minerals in Namibia. Licences and permits are authorized by the Minister. Namibia's mining industry is also regulated by the Minerals Development Fund of Namibia Act (No. 19 of 1996); and the Diamond Act (No. 13 of 1999). In addition, Mine Health and Safety Regulations are in draft form to be finalized in the near future.

Table IV.4
Output of selected minerals, 2003-07

Mineral	2003	2004	2005	2006	2007
Copper blister (tonnes)	26,306	24,704	21,699	21,918	20,389
Copper concentrate (tonnes)	64,882	58,792	40,542	27,626	32,450
Diamonds ('000 carats)	1,455	2,004	1,903	2,356	2,349
Gold blister (kg)	210	137	142	99	672
Gold bullion (kg)	2,298	2,068	2,507	2,691	2,496
Lead concentrate (tonnes)	30,770	27,738	24,689	21,402	21,875
Lead metal content (tonnes)	16,112	14,338	14,320	11,830	10,543
Silver blister (kg)	29,367	27,153	34,102	31,307	7,902
Uranium (tonnes)	3,582	2,401	3,711	3,617	3,680
Zinc concentrate (tonnes)	107,175	123,373	126,123	100,845	94,323
Zinc metal content (tonnes)	58,052	66,028	69,368	55,455	46,335

Source: Ministry of Mines and Energy.

181. Under the Constitution and the Minerals Act, 1992, mineral rights are vested in the State, and the Minister of Mines and Energy has the mandate to allocate the different rights to companies or individuals. All applicants must be Namibian citizens or companies registered in Namibia. The Minister may grant (or refuse) an application for mineral rights after assessment and on the recommendation of the Mining Commissioner. Although not currently required by law the participation of Namibians is encouraged prior to a licence being granted.

182. The Mineral Rights and Resources Development Division in the Directorate of Mines of the MME handles applications for, and allocation of mineral rights in Namibia. Several types of mining and prospecting licences are required depending on the activity being undertaken: (i) Non-Exclusive Prospecting License (NEPL), valid for 12 months, permits non-exclusive prospecting in open ground not restricted by other mineral rights. Prospectors must furnish details to the Mining Commissioner on all samples removed from the NEPL area; (ii) Reconnaissance License (RL) allows regional remote sensing techniques, is valid for six months (renewable under special circumstances), and may be made exclusive in some instances. A geological evaluation and work plan must be submitted to the Mining Commissioner; (iii) Exclusive Prospecting License (EPL) can cover an area not exceeding 1,000 km^2, and is valid for three years, with two renewals of two years each. Two or more EPLs can be issued for more than one mineral in the same area. A geological evaluation and work plan (including estimated expenditure commitments) are required prior to issuing of the licence; (iv) Mineral Deposit Retention License (MDRL) allows prospectors to retain rights to mineral deposits that are uneconomical to exploit immediately. An MDRL is valid for up to five years and can be renewed subject to limited work and expenditure obligations; and (v) Mining License (ML) may be granted to a Namibian citizen or a company registered in Namibia. An ML is valid for the life of mine or an initial 25 years, renewable for up to 15 years at a time. Applicants must have the financial and technical resources to mine effectively and safely.[88]

[88] Before licences are issued (except the NEPL and RL), all applicants must complete an environmental contract with the Ministry of Environment and Tourism. Environmental impact assessments must be made with respect to air pollution, dust generation, water supply, drainage/waste water disposal, land disturbance, and

183. Unlike the global financial and economic crises in 2008, mining operations in Namibia achieved high levels of exploration, production, and export earnings. Total mineral exports were nearly N$16.5 billion in 2008, the subsector's contribution to GDP was nearly 16% and its contribution to export earnings 58%.

184. Diamonds remain the largest mining activity. The main producer is the Namibia Diamond Corporation (Pty) (Namdeb), which produces about 85% of Namibia's diamonds; it is an equal joint venture between the Government and De Beers. An agreement signed in January 2007 between the Government and De Beers led to the formation of the Namibia Diamond Trading Company (NDTC), also a 50:50 joint venture. To promote value added processing within Namibia, the NDTC also runs the Beneficiation Programme which ensures a supply of diamonds in Namibia for sorting, valuing, cutting, and polishing.[89] Through the NDTC, up to N$2 billion worth of diamonds will be made available by 2009 for sorting valuing and sale in Namibia.[90] In addition, 16% of Namdeb's production of cuttable diamonds are to be sold to local diamond-cutting and polishing factories.

185. Other diamond producers include Samicor, Diamond Fields Namibia, Forth Mining, and other smaller operators and contractors. In November 2001, De Beers imposed export quotas on diamond purchases from its Namibian affiliates (Namded and DBM Namibia) to control over-supply of diamonds at a time of weak international demand. These export quotas ended in 2002. In 2001, diamonds accounted for over 80% of exploration and prospecting expenditure but interest has been switching to base and energy minerals, particularly uranium. Diamonds are increasingly found offshore: DBM Namibia is contracted by Namdeb to provide prospecting, sampling, and mining services for its offshore leases. Against the backdrop of the global financial crises, total diamond production dropped by 5% to 2.2 million carats during 2008.

186. Exploration of uranium in Namibia has increased significantly over the last few years, and accounts for a major share of FDI inflows into the mining sector. Currently, uranium output comes mainly from the Rössing mine, 69% owned by Rio Tinto and 3% by the State.[91] The Langer Heinrich uranium mine opened in 2007, and others are expected to be in operation in the next few years. An expansion programme to increase annual production at the Langer Heinrich mine to 2.6 million pounds of uranium oxide (U_3O_8) was completed in 2008. Uranium mining licences for Trekoppje (Uramin Namibia)[92], and Valencia Uranium (Forsys Metals) were approved for the development of the two deposits. At full capacity, these two deposits will make Namibia the third-largest uranium producer in the world after Australia and Canada.

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protection of fauna and flora. See also MBendi Information Services, "Mining in Namibia: Overview". Viewed at: http://www.mbendi.com/indy/ming/af/na/p0005.htm [June 2009].

[89] Before the Beneficiation Programme, most Namibian diamonds were sent to London to be mixed with stones produced at De Beers mines worldwide (Ministry of Mines and Energy, 2008).

[90] De Beers online information, "Namibia Diamond Trading Company (NDTC)". Viewed at: http://www.debeersgroup.com/en/Sales-and-distribution/Diamond-Trading-Company/Namibia-Diamond-Trading-Company-NDTC/ [March 2009].

[91] Rio Tinto owns the majority of shares (69%) in Rössing Uranium Limited. The Namibian Government has a 3% shareholding, but it has the majority (51%) of voting rights. The Iranian Foreign Investment Company owns 15%, acquired during the set-up of the company in the early 1970s. The Industrial Development Corporation (IDC) of South Africa owns 10%, and local individual shareholders own a combined 3%. The shareholders have no uranium product off-take rights (Rössing Uranium Ltd. online information, "Rössing's business at a glance 2008". Viewed at: http://www.rossing.com/rossingmine.htm [July 2009]).

[92] The Trekkopje project, 100% owned by UraMin, is on track to become Namibia's third uranium mine by the end of 2008. It is expected to become one of the world's ten largest uranium mines when it achieves full production (Namibia Chamber of Commerce and Industry, 2008).

187. Before the financial crises emerged in 2008, the mining and smelting of copper were expected to increase. However, in December 2008, in response to falling copper prices, Weatherly International plc placed its four copper mines on care and maintenance. The Tsumeb copper smelter, however, continues to operate using concentrate from Bulgaria, Peru, Greece, Zambia, and South Africa and Weatherly intends to upgrade the smelter.[93]

188. In 2008, the Skorpion zinc mine and refinery, owned by Anglo Base Metals (a division of Anglo American), produced 145,396 tonnes (3% down on 2007) – but its export earnings declined by 38% as a result of the fall in zinc prices from US$3,236 in 2007 to US$1,900 in 2008.

189. Following the 2008 amendment of the Minerals Act, royalties levied on gross sales were set at 3% on precious metals; 3% on base and rare metals; 3% on nuclear fuel minerals (Rössing Uranium at 6%); 2% on industrial minerals; 2% on non-nuclear fuel minerals; and 2% on semi-precious stones.[94] Royalties on diamond production are 10% on rough and uncut stones and 5% on unprocessed "dimension" stones. There is no mandatory requirement for the Government to take equity participation in mining ventures; apart from Namdeb, the only government equity in mining is the 3% stake in the Rössing uranium mine.

190. The Diamond Act (No. 13 of 1999), which became effective in April 2000, covers rough and polished diamonds. It controls the possession, purchase and sale, processing and import and export of diamonds. The Diamond Board advises the Minister on matters relating to the diamond industry; the Board is funded by percentage levies paid by producers on annual gross sales. The legislation specifies four types of diamond licence: a dealer's licence to buy, sell, and export unpolished diamonds; a cutting licence to polish diamonds; a tool-making licence to set unpolished stones in tools; and a research licence. Under the Diamond Act, holders of unpolished diamonds must be licensed or have a permit, while producers/contractors of diamonds are permitted to hold unpolished diamonds under the Minerals (Prospecting and Mining) Act (No. 33 of 1992). Licence holders are to give preference to employing Namibians, with "due regard to efficiency, economy and practicability", unless the qualifications, expertise, and experience are not obtainable locally. They are also to extend preferences to procurement of local products and services and to train Namibian citizens. Imports and exports of unpolished diamonds require permits in accordance with the Kimberly Process Certification Scheme (see Chapter III(3)(ii)).

191. The Diamond Act (section 62) imposed an export tax of 10% on all unpolished diamonds not subject to the 10% royalty. Exports of polished diamonds must be inspected by the Minister to ensure that they are actually cut and polished. A higher company tax rate of 55% also applies to diamond mining.[95]

(ii) Energy

192. Namibia has reserves of natural gas but no oil has been discovered. About three quarters of Namibia's total energy consumption in 2005 was from imports (electricity and oil).[96] In rural areas, the main energy source is fuel wood used for cooking. The 1998 White Paper on Energy Policy by the Ministry of Mines and Energy, tabled in Parliament in 2002, remains the main statement outlining energy policy. The Ministry of Mines and Energy's Directorate of Energy has a broad range of

[93] Weatherly International Plc (2009).
[94] EIU (2009).
[95] The tax rate for non-diamond mining companies is 35%.
[96] U.S. Energy Information Administration, "Namibia Energy Profile". Viewed at: http://tonto.eia.doe.gov/country/country_energy_data.cfm?fips=WA.

responsibilities, including issuing licences for exploration, safety in the energy sector, setting maximum fuel prices, rural electrification, etc. Electricity, coal, and oil imports are duty free.

(a) Petroleum and gas

193. In Namibia, all oil and gas exploration is done by the private sector, with licences from the Ministry of Mines and Energy. Exploration licences may be applied for at any time. Namcor, the state-owned oil and gas firm, normally restricts its activities to promotion, gathering data, and providing technical management.

194. Tullow Oil, with its minority partner Namcor, continues to explore possibilities for developing the offshore Kudu gas field. The Kudu Power Project includes piping natural gas to a power plant to be constructed at Oranjemund. However, results in 2007 from the first of two test wells were disappointing, and no date has been set for on the second test well; the wells were designed to assess the potential for additional reserves within the Greater Kudu field area.[97]

195. Government policy is to develop a downstream gas subsector. A Gas Bill released in June 2001 has not yet been enacted.[98] The Bill would require licences for the sale, transportation, storage, and distribution of gas, which would be granted by the Minister on the recommendation of the Gas Regulatory Authority to be established by the Act. The Authority would also be responsible for recommending tariffs and charges for purchase, sale, and distribution of gas. The future of the policy depends on bringing the Kudu gas field into production.

196. Namibia does not have an oil refinery and all oil products are imported, mostly from South Africa, through Walvis Bay where the national strategic oil stock of 165,000 tonnes is kept. In February 2008 it was announced that Namcor had completed market and site feasibility studies for Namibia's first bulk storage facility to be constructed in Walvis Bay.

197. Under the Petroleum Laws Amendment Act (No. 24 of 1998), royalties on new operations are 5% of the oil's f.o.b. market value, and the income tax rate on income from petroleum exploration, development or production operations is 35%. These royalty and tax rates, along with other rules related to petroleum and gas exploration and production, have not been changed since the 2003 Trade Policy Review.

198. Under the Petroleum Products and Energy Act (No. 13 of 1990) and subsequent amendments, the Minister of Mines and Energy fixes the price of petrol and diesel based on a basket of international posted refinery prices. Price fixing is justified because the large size of the country and the small size of local markets represent significant barriers to entry and a lack of alternative suppliers in many rural areas. The formulae used to fix prices for petrol and diesel are based on posted and spot prices, which change regularly to follow movements in the international market. For example, in 2007 they were changed six times for petrol and seven times for diesel. Each change is notified in the *Government Gazette*.

199. Although imports of petrol and diesel are duty free, various taxes are applied to these and other petroleum products, including: a fuel tax of N$0.12 per litre of petrol and N$0.10 per litre of diesel; and an excise duty of N$0.04 per litre. Road user charges (the RFA levy) of N$0.73 per litre of diesel also apply; and to ensure that fixed prices can apply throughout the country, a price

[97] Ministry of Mines and Energy (2008); and Oil and Gas online information, "Tullow provides Kudu-8 appraisal well update". Viewed at: http://www.gulfoilandgas.com/webpro1/MAIN/Mainnews.asp?id=4759.

[98] The Draft Gas Bill, Draft No.2 b, 29 June 2001.

equalization scheme is financed by the National Energy Fund levy of N$0.10 per litre of petrol and diesel. The proceeds of the levy are used to subsidize freight costs from Walvis Bay to ensure that retail prices in remote areas are not higher than elsewhere. Subsidies normally cover about one quarter of sales.

(b) Electricity

200. Nampower, the state-owned utility company, has a monopoly on generation, transmission, and imports and exports of electricity. Namibia relies on imports for much of its electricity needs as peak demand is about 350 MW while total domestic production capacity is only slightly more. Domestic production is highly seasonal because most of it comes from the Ruacana hydroelectric station on the river Cunene. Eskom of South Africa supplies most of the electricity imported into Namibia via two lines of a total capacity of 700 MW. In addition, in January 2008, the first 40 MW from the Hwange thermal plant in Zimbabwe were delivered as part of a US$40 million power-purchase arrangement in April 2007 between Nampower and the Zimbabwe Electricity Supply Authority.[99]

201. Demand for electricity among consumers is heavily weighted to a few large users. Households make up 91% of consumers and 45% of consumption while mines and industry make up 1% of consumers and 26% of consumption (the balance going to other commercial users). This pattern of consumption is likely to become further skewed in the future as electricity consumption is projected to triple to 1,400 MW by 2030 due to new mines and related developments.[100] At the same time, the Rural Electricity Distribution Master Plan of 2000 is seeking to increase the provision of electricity to rural areas so that 25% of rural households have access to electricity by 2012 (from 10% in 2000 and 17% in 2008).[101]

202. In addition to the Ruacana hydroelectric station[102], domestic production of electricity is provided through Van Eck coal-powered thermal station in Windhoek (120 MW), and Paratus, a diesel thermal station near Walvis Bay. Nampower is also a member of the Southern African Power Pool (SAPP). It is examining the feasibility of establishing additional inter-connections with Angola, Botswana, and Zambia to improve electricity trade under SAPP and bilaterally, including exports. The Government plans to source all peak demand and at least 75% of electricity domestically by 2010. There are plans for new capacity and construction could start in 2009; projects include the Caprivi Link Interconnector, a fourth unit to the Ruacana hydro plant; the Kudu Gas Project Power station; a coal thermal plant in Walvis Bay; and the Lüderitz Wind Farm project. The Ministry for Mines and Energy has also succeeded in reducing demand by distributing low energy light bulbs and through a new tariff structure for large power consumers, which makes electricity more expensive during periods of peak demand.

203. Until the reform of the electricity sector in 2002, electricity distribution in Namibia was through the Ministry of Regional and Local Government and Housing; the reform handed control to four regional electricity distributors (REDs), which became operational in 2004. Nampower also acts as a direct supplier to larger consumers such as the mines and some commercial farms. The reform envisaged private-sector participation in the distribution system but, since Northern Electricity's contract was not extended in 2002, this has only been achieved through outsourcing by the REDs

[99] EIU (2008).
[100] EIU (2008).
[101] Ministry of Mines and Energy (2008).
[102] Although power output varies depending upon water supply, the Cunene River may offer substantial hydro-power potential. Feasibility studies are looking at additional projects, in cooperation with the Angolan Government.

rather than by equity. Namibia operates a single-buyer market structure with Nampower as the sole buyer: it has the sole right to buy all electricity production and to sell it to the distributors for sale to final consumers. Nampower is also the only electricity producer in Namibia. The Electricity Control Board, established in July 2000, is responsible for regulations covering distribution, licences, tariff structures, etc., although its recommendations must be approved by the Minister for Mines and Energy.[103]

(5) MANUFACTURING

204. Manufacturing's contribution to GDP decreased from 14.0% in 2003 to 12.5% in 2008, reflecting the strong growth in mining and construction during the period. Meat and fish processing both continued to decline in relative terms. In constant 2004 prices, meat processing increased slightly from N$146 million to N$155 million while fish processing fell from N$852 to N$525 million. The manufacture of other food products and beverages changed little over the same period (Table IV.5). The "other" manufacturing category covers a large range of goods, including wood and wood products, metal fabrication, chemicals, paints, plastics, leather and textiles.[104] Strong growth in manufacturing in 2007 resulted primarily from high prices for, and increased processing of, zinc and copper.

Table IV.5
Contribution to GDP by manufacturing, 2003-08
(N$ million, constant 2004 prices)

	2003	2004	2005	2006	2007	2008
Meat processing	146	146	178	162	169	155
Fish processing on shore	852	763	723	494	640	525
Other food products and beverages	2,246	2,140	2,230	2,297	2,407	2,443
Other manufacturing	2,076	2,290	2,611	2,944	3,178	3,104
Total	**5,320**	**5,339**	**5,742**	**5,897**	**6,394**	**6,227**

Source: Bank of Namibia (2009), *Quarterly Bulletin*, June.

205. Namibian manufacturing faces a number of challenges due to the relatively small size of the local market, high transport costs, high energy prices, and limited access to skilled labour. On the other hand, Namibia has much to offer to manufacturing enterprises, such as access to the SACU market, good communications (air and road), good infrastructure, and modern and efficient financial services. The SADC Free-Trade Area should also create opportunities within the southern African region. Namibia also has preferential access to the European Communities under the interim EPA, which has been applied provisionally since December 2007, and to the United States under the African Growth and Opportunities Act (AGOA).

206. Government policy for manufacturing is focussed on exports. The Export Processing Zones Act (No. 9 of 1995) was designed for EPZs to "serve as a tax haven for export-oriented manufacturing enterprises".[105] Manufacturing, assembly, re-packaging or break-bulk enterprises that export all, or nearly all, their production are eligible for EPZ status, which entitles them to several tax incentives such as non-payment of corporation tax, import tax, and stamp duties. EPZ status is not confined to any specific area or region and can be conferred on any enterprise that meets the criteria, regardless of location.

[103] Clark et al. (2005).
[104] Bank of Namibia (2009).
[105] Ministry of Trade and Industry online information, "Industrial Development: Incentives". Viewed at: http://www.mti.gov.na/subpage.php?linkNo=22 [March 2009].

207. Namibia made a comprehensive notification to the WTO Committee on Subsidies and Countervailing Measures in July 1999, which set out the different types of incentives and to whom they apply.[106]

208. Manufacturing enterprises and exporters of manufactured goods that do not have EPZ status can still benefit from a package of tax incentives (Table IV.6), including tax exemption for dividend payments and accelerated capital allowances. Non-tax incentives also include grants that can cover up to 50% of the direct costs of training, and export promotion funding (Chapter III(3)(iii)).[107] Some of these incentives have been in place for some time and are set out in the Income Tax Act (No. 24 of 1981). The incentives currently include: an additional 25% allowance on manufacturing wages, training costs and, for ten years, for land-based transport of materials used in manufacturing; an additional deduction for export promotion activities of: (i) 25% if current export turnover has increased by 10% or less compared to the average turnover for the previous three years, (ii) 50% if the current export turnover has increased by more than 10% and less than 25% compared to the previous three years, or (iii) 75% if the current export turnover has increased by 25% or more compared to the previous three years; accelerated capital allowances: for machinery and equipment, which can be fully written off over three years; for buildings used for manufacturing purposes (20% in the first year and 8% per year for the next ten years), and for other buildings (20% in the first year and 4% per year for the next 20 years); and a rate of tax of 18% on taxable income for the first ten years and the standard rate of 35% for manufacturing enterprises thereafter.[108]

Table IV.6
Summary of special incentives for manufacturers and exporters, 2009

	Registered manufacturers	Exporters of manufactured goods	Export processing zone enterprises
Cash grants	50% of direct cost of approved export promotion activities	Not eligible	Not eligible
Corporate tax	Set at 18% for ten years whereafter it reverts to the general rate of 35%	80% allowance on income derived from exporting manufacturing goods	Exempt
Eligibility and registration	Enterprises engaged in manufacturing; application to the Ministry of Trade and Industry and approval by the Ministry of Finance	Enterprises that export manufactured goods whether produced in Namibia or not; application and approval by the Ministry of Finance	Enterprises engaged in manufacturing, assembly, packaging or break-bulk and exporting mainly outside of the SACU markets; application to the EPZ Committee through the ODC or EPZMC
Establishment tax package	Negotiable rates and terms by special tax package		
Export promotion allowance	Additional deduction from taxable income of 25%	Not eligible	Not eligible
Incentive for training	Additional deduction from taxable income of between 25% and 75%	Not eligible	Substantial, issued by government on implementation of approved training programme
Industrial studies	Available at 50% of cost	Not eligible	Not eligible

Table IV.6 (cont'd)

[106] WTO documents G/SCM/N/3/NAM, G/SCM/N/16/NAM, G/SCM/N/25/NAM, G/SCM/N/38/NAM, G/SCM/N/48/NAM, 6 July 1999.

[107] Ministry of Trade and Industry online information, "Industrial Development: Incentives". Viewed at: http://www.mti.gov.na/subpage.php?linkNo=22 [March 2009].

[108] The corporation tax rate is 37.5% for mining activities and 55% for diamond mining activities. See also Ministry of Trade and Industry online information, "Special Incentives for Manufacturers and Exporters". Viewed at: http://www.mti.gov.na/subpage.php?linkNo=22 [July 2009].

	Registered manufacturers	Exporters of manufactured goods	Export processing zone enterprises
Special building allowance	Factory buildings written off at 20% in the first year and 8% for ten years	Not eligible	Not eligible
Stamp and transfer duty	Normal treatment	Normal treatment	Exempt
Transportation allowance	Allowance for land-based transportation by road or rail of 25% deduction from total cost	Not eligible	Not eligible
VAT	Exemption on purchase and import of manufacturing machinery and equipment	Normal treatment	Exempt

Source: Ministry of Trade and Industry, *Special Incentives for Manufacturers and Exporters*.

209. The Special Industrialization Programme encourages certain manufacturing activities, such as food processing, leather products, textiles and clothing, wood products, paper products, and motor vehicle components. Assistance may be through equity participation, provision of industrial infrastructure, support for joint ventures or preferences for local manufacturers.

(6) SERVICES

210. Despite the strong growth in mining and manufacturing and their increased contribution to GDP, services remained almost constant in its relative importance as it increased marginally from 57.9% of GDP in 2003 to 58.1% in 2008. Wholesale and retail trade are the main services sub-sectors at 11.9% of GDP in 2008 (more or less unchanged from 2003), followed by real estate and business services (9.7%), administration and defence (8.7%), education (7.0%), and transport and communications (6.6%) (Table IV.7).

Table IV.7
Contribution to GDP by services, 2003-08
(N$ million, constant 2004 prices)

	2003	2004	2005	2006	2007	2008
Wholesale and retain trade, repairs	4,284	4,638	5,087	5,473	5,904	6,072
Hotels and restaurants	710	770	788	846	936	945
Transport and communication	1,910	2,403	2,627	2,999	3,157	3,341
Transport and storage	630	906	931	1,253	1,328	1,461
Posts and telecommunications	1,280	1,498	1,696	1,746	1,829	1,880
Financial intermediation	1,490	1,686	1,941	2,024	2,264	2,492
Real estate and business services	3,657	3,921	4,188	4,339	4,711	4,914
Real estate activities	2,815	2,902	3,060	3,221	3,449	3,612
Other business activities	842	1,019	1,128	1,118	1,262	1,302
Community, social, and personal service activities	1,382	1,549	1,656	1,703	1,721	1,705
Public administration and defence	3,710	3,857	3,673	3,816	4,108	4,431
Education	2,780	3,331	3,066	3,175	3,370	3,551
Health	1,778	1,806	1,446	1,461	1,545	1,718
Private households with employed persons	335	343	350	358	370	389
Total	**22,036**	**24,304**	**24,822**	**26,195**	**28,087**	**29,559**

Source: Bank of Namibia (2009), *Quarterly Bulletin*, June.

211. Namibia made minimal commitments on services under the WTO General Agreement on Trade in Services (GATS). The commitments cover tourism, more specifically hotels and restaurants, as well as travel agencies and tour operators, and scientific and consulting services relating to offshore oil and gas exploration. Namibia committed to having no limitations on market access and national

treatment for these services for all four modes of supply. It did not participate in the extended GATS negotiations on basic telecommunications (Fourth Protocol) or financial services (Fifth Protocol).

(i) Telecommunications and post

212. In 2007, there were some 138,100 landline phones in Namibia and 800,300 mobile phones; about 86% of Namibia's land area was covered by the mobile networks. All connections are now digital, with core fibre-optic links between most centres. In addition, there is a fibre-optic cable to all neighbouring countries. Namibia is connected to the South Africa Telecommunications Cable (SAT-3) submarine cable, through South Africa, and will be connected directly to the planned West Africa Cable System (WACS); Telecom Namibia and MTC of Namibia will participate.

213. At present, the state-owned Telecom Namibia, which was set up in 1992, has a monopoly on land-line communications. Telecom Namibia also provides mobile services using wireless CDMA. There are two dedicated mobile telecommunications companies in operation. Mobile Telecommunications Limited (MTC) was established in 1995 as a joint venture between the Government (51% holding) and two Swedish companies (Telia Overseas AB and Swedfund International AB). In May 2004, the Swedish companies disposed of their holdings and the Government became the sole owner. In September 2006 it sold 34% of MTC shares and ceded the management contract to Portugal Telecom.[109] In March 2007, the second mobile operator, Cell One, launched its operations. Cell One is wholly owned by Telecel Globe, which is wholly owned by Orascom Telecom, a telecommunications company based in Egypt.[110]

214. The Namibian Government's basic policy outline for the sector was set out in Namibia Vision 2030, and further elaborated in the draft Telecommunications Policy for Namibia and the Communications Bill.[111] In general terms the Government's policy is to increase competition and to change the direction of regulation. The Ministry of Information, Communication, and Technology will be responsible for public policy and establishing the legal framework for the sector, which will be developed in consultation with other stakeholders.[112] The proposed legislation would create a regulatory authority responsible for issuing operating licences, promoting competition between service providers and operators, and ensuring compliance with the legal framework. As the customer base is relatively small and population density is low, the national policy emphasises the need to: ensure competition; make investment sufficiently attractive; and encourage provision of services at reasonable cost in remote areas. The envisaged licensing regime would be technically neutral and move away from the former division between fixed versus mobile communications. It foresees licences for electronic commercial services (telecommunications and broadcasting) and electronic commercial network services (networks and facilities).

215. The state-owned NamPost has a monopoly over postal, but not courier, services. There are over 100 post offices in Namibia, and NamPost has about 700 employees. Under the current draft of the Information Communications Bill 2008, the communications Regulatory Authority would be able

[109] MTC online information, "About MTC". Viewed at: http://www.mtc.com.na/about_mtc.php.

[110] Cell One online information, "The Company Ownership Structure". Viewed at: http://www.cellone.com.na/corporate/structure.htm; and Orascom Telecom online information, "Welcome to Orascom Telecom". Viewed at: http://www.orascomtelecom.com/about/Contents/default.aspx?ID=765.

[111] Office of the President (2004), pp 77-82; Namibian Communications Commission (2008); and Information Communications Bill 2008. Viewed at: http://www.ncc.org.na/admin/data/Publications/ICT%20Communication%20Bill%202008.pdf [June 2009].

[112] The Ministry of Information, Communication, and Technology was created in April 2008 and took over responsibilities for telecommunications, broadcasting, and information technology from the former Ministry of Information and Broadcasting.

to issue new licences for postal services provided by other entities. Currently, courier services may be provided by any company registered with the Ministry for Trade and Industry.

(ii) Financial services

216. Namibia has a well developed financial system; the Bank of Namibia (the country's central bank) regulates the commercial banks, and the Namibia Financial Institutions Supervisory Authority (NamFISA) regulates the non-banking financial industry, including the Stock Exchange. There are four commercial banks; three are subsidiaries of South African banks[113] and 73% of the fourth[114] is held by Capricorn Investment Holdings of Namibia.[115] All four offer a broad range of financial services to both corporate and private clients although mortgages are the largest single part of the banks' loan portfolios.

217. There are four state-owned specialized financial institutions, which are not supervised by the Bank of Namibia and are audited by external auditors appointed by their Boards of Directors or by the Ministry of Finance: Postoffice Savings Bank, which offers deposit but not loan services, has 120 outlets around the country. It is entitled to exempt deposit interest income from tax, which gives it some advantage over the commercial banks; Agribank, which supports agriculture through short- and medium-term loans. Agribank does not take deposits from the general public; the Development Bank of Namibia (DBN), established by the Development Bank of Namibia Act (No. 8 of 2002), offers businesses start-up capital and finance for expansion; and the National Housing Enterprise (NHE), established by the National Housing Enterprise Act (No. 5 of 1993), works with the Ministry of Regional and Local Government and Housing and the local authorities to provide loans for purchase of housing and to build low-cost housing for sale.

218. The Bank of Namibia licenses all banks. Banking licence applications must meet statutory requirements, such as a minimum capital requirement of N$10 million or an equivalent amount in terms of risk-weighted assets determined by the Bank of Namibia; be from fit and proper persons; be financially viable; set out the structure and shareholding of the applicant; and have permission from the home country's prudential supervisor. There are no restrictions on the number of banking licences, nor state involvement in the licensing process. Under the banking law, foreign branches are not allowed; however, amendments currently under way would allow foreign branches to operate in Namibia. The Namibian banking sector has high gross margins and, while the banks still have largely unexploited economies of scale, it is more profitable than in neighbouring countries.

219. The Bank of Namibia Banking Supervision Division is responsible for prudential regulation of the banking system. The legislative bases for the Bank and its role and responsibilities are contained in, *inter alia*: Currency and Exchanges Act (No. 9 of 1933); Prevention of Counterfeiting and Currency Act (No. 16 of 1965); Banking Institutions Act (No. 2 of 1998); Payment Systems Management Act (No. 18 of 2003); and Financial Intelligence Act (No. 3 of 2007).

220. The legislation helps the Bank of Namibia to oversee its responsibilities in four key areas: financial stability; banking supervision; payment systems oversight; and the financial intelligence system. The stability of Namibia's financial system has not been as severely tested by the global financial crises as those of other, sometimes much wealthier, countries. Reports by the Bank of Namibia and the IMF, conducted in 2006 and 2007, concluded that the financial system did not

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[113] Standard Bank of Namibia, NedBank Namibia, and First National Bank of Namibia.

[114] Bank Windhoek.

[115] Capricorn Investment Holdings online information. Viewed at http://www.cih.com.na/index.php?id=14 [July 2009].

appear to be under any serious threats although more needed to be done in terms of assessing the non-banking financial sector.[116]

221. The Bank of Namibia intends to complete implementation of Basel II standardized approaches in 2009. As from 1 July 2009, the banks in Namibia begin with a transition period of parallel-run for six months intended to give the banks and the regulator the confidence that all banks will be able to use the Basel II capital adequacy calculations before going live on 1 January 2010.

222. The Bank of Namibia introduced its real-time gross settlement (RTGS) system, the Namibian Interbank Settlement System (NISS), in June 2002. On 10 November 2003, the Bankers Association of Namibia (BAN) in conjunction with the Bank of Namibia established an Automated Clearing House, Namclear Pty Ltd. Namclear went live with Electronic Funds Transfer (EFT) System in June 2004. During September 2005, the BAN together with the Bank of Namibia implemented a multi-bank electronic Cheque Processing System (CPS) enabling electronic code-line-clearing of cheques. The Cheque Processing System provide cheque processing, imaging, reporting and fine sorting of paper functionalities, replacing the manual cheque clearing system.

223. The Namibian banking industry implemented NAMSWITCH during 2008: implementation was phased because of the nature of payments, facilities, and the complexity of systems involved. The automated teller machine (ATM) system went live on 21 April 2008, and the point-of-sale (POS) system on 16 November 2008. Through the implementation of an EFT system in 2004 and NAMSWITCH in 2008, the Namibian banking industry achieved the objective of removing the Namibian inter-bank domestic EFT and card transactions from the South African payment system, so that they are cleared locally and settled in the Namibia Inter-bank Settlement System (NISS), in order to manage and control domestic exposures and risks.

224. On 28 March 2008, the Bank of Namibia issued a Directive requesting all banking institutions to implement the necessary operational and infrastructure changes to reduce the cheque-clearing cycle to five days nationally. Under the previous system the cycle could take more than ten days in some of the more remote areas.

225. Non-bank financial intermediaries are supervised by NamFISA, created in 2001. They includes pension funds, insurance companies, assets managers, capital markets, and microlenders. Although the IMF stated that current legislation is appropriate in the short-term, it also suggested that changes are needed, particularly in areas covering asset managers, money market unit trusts, and unit-linked insurance policies and products.[117]

226. There were about 500 pension funds in 2006, most run by external fund administrators. In 2004, the largest administrator was Alex Forbes, with 60% market share and the Government Institutions Pension Fund (GIPF) was the largest fund, with about 73% of total pension fund assets. There are a number of insurance companies operating in both the long- and short-term sectors but the top three insurers account for over 80% of total gross premiums in each sector. Reinsurance services are provided through the state-owned NamibRe.

227. Pension funds and insurance companies are obliged to invest at least 35% of the total value of their investments in Namibia, although this includes investment in companies that are dual listed on

[116] Bank of Namibia (2008b); and IMF (2007).
[117] IMF (2007).

the Namibian Stock Exchange (NSX). It has also been reported that they are obliged to invest 5% of the total value of investments in unlisted companies (starting at 2% in 2008 rising to 5% by 2010).[118]

228. Although increasing, there is little interbank trading in Namibia as this is done mostly in South Africa between the parent banks. However, with the development of the domestic payment and clearing systems, interbank transactions are increasing. On the other hand, there is a well developed market in government securities, which the Government and the Bank of Namibia encourage through issuing longer term bonds and consolidating small issues through switch auctions.

229. The Namibian Stock Exchange (NSX) started trading in late 1992. It lists about eleven local companies and several dual listed, mostly South African, companies with operations in Namibia. The NSX uses the same trading and information systems as the Johannesburg Stock Exchange. Most capitalization is for finance and mining companies. Given the relatively small size of the Exchange, it operates with minimum non-negotiable commissions, which are slightly higher than the commissions charged by brokers on the Johannesburg Securities Exchange.

(iii) Transport

230. The transport subsector is dominated by the state-owned TransNamib Ltd. It has a monopoly in rail transport services through its subsidiary, TransNamib Rail; it also operated the national airline, Air Namibia, until 1 April 1999. Transnamib is a major supplier of road transport freight and passenger services through TransNamib Carriers. Another state-owned enterprise, NamPort, operates the two main ports, Walvis Bay and Lüderitz. The Department of Transport of the Ministry of Works, Transport and Communication is responsible for formulating and implementing transport policies.

(a) Road

231. Namibia has an extensive and well maintained road network. Unpaved roads predominate while paved roads link all major towns. In 2009, out of a total of 44,425 km of road, 6,199 km are paved, 24,994 km are gravel road, and 10,637 are earth road; the remainder are proclaimed road, and salt road along the coast.[119]

232. Public policy and legislation relating to the road network and road charges are the responsibility of the Ministry of Works and Transport. The development of plans for the construction, improvement, and maintenance of roads is the responsibility of the Roads Authority, which contracts private-sector entities to carry out the work. While tenders are open to all applicants, local partnerships are encouraged. Funding for roads is provided through the Road Fund Administration, which is responsible for the collection and distribution of various road-user charges, including: the annual vehicle registration and licence fee on Namibian registered vehicles; fuel levies on petrol and diesel used for driving on public roads; cross-border charges on vehicles entering Namibia; mass-distance charges on heavy vehicles, based on the weight of the vehicle and the distance it is to travel; and fines for breaches of laws.

233. Namibia is an important outlet to the sea for the landlocked countries of the interior and, to some extent, this is reflected in road development. The Transcaprivi highway, which opened in 1999, runs from Rundu in north eastern Namibia, through the Caprivi Strip to the Zambezi River at Katima Mulilo. There, a major road bridge, completed in 2004, links the Transcaprivi Highway to Zambia's road network. The Highway is a section of the Walvis Bay-Ndola-Lubumbashi corridor linking

[118] Mwinga, M (2008).
[119] Roads Authority online information, "Road Length Statistics". Viewed at: http://www.ra.org.na/RoadNetwork.html [12 February 2009] and updated by the national authorities.

Zambia and eastern Democratic Republic of the Congo to the deep water port of Walvis Bay. The Trans-Kalahari highway from Walvis Bay, via Windhoek, to Francistown in Namibia provides an important route between Walvis Bay and Botswana. To accelerate customs formalities at the Botswana border, authorities have agreed to implement fast-track customs procedures for registered haulage operators on a trial basis. Following a successful pilot scheme in the Trans-Kalahari route, harmonized customs procedures and a Single Administrative Document (SAD 500) have been implemented between all SACU members and are being adopted by other countries in the region (Chapter III(2)(i)).[120]

234. Road transport consists of bus, taxi, and road haulage operators. About 200 road haulage operators use some 1,700 trucks and a freight capacity of around 31,000 tonnes. The state-owned TransNamib Carriers, the largest operator, operates without direct state support. All other operators are private; four are relatively large. Operators must be registered with the Namibian Traffic Information System and have an operator's card. Commercial road carriers no longer require permits to carry certain goods, although permits are needed for cross-border transport. Freight rates are set privately.

235. Bus operators service inter-urban and long-distance routes, including with South Africa. There are currently about 15 operators using some 100 buses. Four operators, including TransNamib Carriers, run scheduled bus services between Windhoek, Keetmanshoop, and Swakopmund. Fares are market determined, and there are no restrictions on new operators, apart from technical requirements. Private operators are not subsidized. Some bus operators provide tour services, including the state-owned Transnamib Tours. There are about 5,000 taxis in Namibia, mainly owner-driven; about half operate in Windhoek. There is no restriction on the number of taxis, provided they meet safety and other technical requirements.

236. The Namibia Traffic Information System (NaTIS) is responsible for licensing vehicles for road worthiness as well as driver testing while the Road Transport Board considers applications for licences for goods haulage and passenger transport.

(b) Rail

237. The bulky nature of much of Namibia's exports and the long distances between centres of population mean that rail remains the major mode of transport for bulk goods. There are 2,628 km of narrow gauge lines in Namibia. The state-owned holding company TransNamib is responsible for the rail network as well as for rail and road passenger and freight services. It is the only rail service provider in Namibia and owns the locomotives and carriages while the State owns the rail network. The Namibian railway network is linked only with South Africa, although there are plans to link with Angola, which has the same railway gauge. The Namibian authorities also state that there are plans for a rail link by the Transkalahari corridor, which would require about 800 km of rail to be built and could include a spur to Lüderitz. The World Bank has given approval for a feasibility study under the Public-Private Infrastructure Advisory Facility (PPIAF).

(c) Sea

238. Namibia has two major ports: the main one is at Walvis Bay and the other at Lüderitz. Both are administered by the parastatal Namibian Ports Authority (NamPort). Cargo levels have continued to increase substantially, with Lüderitz handling about 200,000 tonnes annually and Walvis Bay some 4.7 million tonnes. There are plans to upgrade Walvis Bay by deepening the harbour to increase its

[120] USAID Southern Africa Global Competitiveness Hub online information, "Speeding up Customs Clearances". Viewed at: http://www.satradehub.org/index.php?id=1448 [12 February 2009].

capacity to handle Panamax ships. Lüderitz was traditionally a fishing port but now also caters for the offshore diamond mining industry.

239. Walvis Bay handles imports and exports into Namibia and the land-locked countries of the interior. Imports of mining equipment and consumer goods and exports of minerals are the main activities. The Walvis Bay Corridor Group, a public-private partnership, was established to promote the the use of the different transport corridors linking Walvis Bay with inland centres and other ports in the region.

240. A number of private companies provide liner services. There are about five private freight forwarders. There are no controls on entry into shipping, or cabotage restrictions. Foreign vessels may operate domestic services between Walvis Bay and Lüderitz without a permit, provided they meet sea worthiness requirements; inspections are the responsibility of the Directorate of Maritime Affairs. According to the authorities, Namibia does not subsidize shipping services.

(d) Air

241. Air Namibia provides scheduled domestic and regional services and international flights to Germany, and South Africa. A number of international airlines provide regular services to Windhoek under various agreements. Most foreign carriers have third and fourth freedom rights. Namibia is a signatory of the Yamoussoukro Decision relating to the liberalization of access to air transport markets in Africa. In line with the Decision, it has signed reciprocal agreements with South Africa, Zambia, Republic of Congo, Zimbabwe, and the United Kingdom.

242. Namibia acceded to the Convention on International Civil Aviation with effect from 30 May 1991. The primary aviation legislation in Namibia is the Aviation Act (No. 74 of 1962), which has been amended several times. The Airports Company Act (No. 25 of 1998) amended the 1962 Act by providing for the commercialization of the eight major airports. These airports are owned and operated by the state-owned Namibia Airports Company. There are two international airports: Hosea Kutako near Windhoek; and Walvis Bay.

243. Plans to privatize Air Namibia, following substantial financial losses and Government recapitalization (of N$346 million in 2001/02 and N$250 million in 2002/03) fell through after the National Union of Namibian Workers withdrew its support. The airline continues to operate as a national entity and continues to lose money (N$200 million in 2004/05).

(iv) Tourism

244. Tourism makes a considerable contribution to Namibia's GDP and employment. In 2008, tourism and travel are thought to have directly contributed 3.1% to GDP and employed 18,995 people (4.5% of total employment). Including the indirect effects of travel and tourism brings the total contribution to 13.6% to GDP and 74,461 people (17.6% of total employment).[121]

245. In Namibia's Schedule of Specific Commitments under the GATS there were no restrictions on any mode of supply related to market access or national treatment for hotels and restaurants or travel agencies and tour operators' services.

[121] World Travel and Tourism Council online information, "Tourism Research: Tourism Impact Data Forecasting Tool: Database". Viewed at: http://www.wttc.org/eng/Tourism_Research/Tourism_Impact_Data_and_Forecast_Tool/index.php [July 2009].

246. Government policy is based on the White Paper on Tourism, approved in 1994, and the National Tourism Policy, approved by the Cabinet in December 2008. The Ministry of Environment and Tourism is responsible for tourism policies. In 1999, under the Wildlife Resorts Company Act (No. 3 of 1998), the parastatal Namibia Wildlife Resorts took over from the Ministry the management of the 22 tourist resorts in protected areas. Although these are fully owned by the Government, they are managed commercially. Other tourism facilities are privately owned. The Namibian Tourism Board was established in 2000 under the Namibia Tourism Board Act (No. 21 of 2000) to regulate the industry, promote Namibia as a tourist destination, and to assist in formulating tourism policies. The Board regulates the industry by setting and enforcing minimum standards.

247. The Government does not regulate prices; these are market determined. Taxation of tourist providers follows the normal provisions for taxation, i.e. companies or closed corporations pay 34% tax on profits while sole proprietors and partnerships pay income tax at the standard rates.

248. Tourist arrivals have increased over the years and reached 928,912 in 2007, up from 780,000 in 2004. Most visitors are from neighbouring African countries, particularly Angola (36%) and South Africa (30%). The rest are mainly from Europe, especially Germany (8%) (Table IV.8).

Table IV.8
Tourism indicators, 2003-07

	2003	**2004**	**2005**	**2006**	**2007**
Direct employment	16,940	18,094	18,475	18,840	18,851
Number of tourists by nationality					
South Africa	222,009	..	230,949	239,886	250,038
Angola	222,752	..	281,365	278,058	336,045
Germany	58,036	..	61,222	68,214	80,418
United Kingdom	19,291	..	20,978	24,736	28,214
United States	11,775	..	11,979	16,325	19,342
Total	695,221	..	777,890	833,345	928,912
Mode of travel					
Air	..	..	185,348	217,151	245,568
Road	..	..	586,846	608,404	677,057
Rail	..	..	2,009	2,170	64
Sea and river	..	..	3,446	3,116	6,190
Other	..	..	242	2,505	33

.. Not available.

Source: World Travel and Tourism Council online information, "Tourism Research: Tourism Impact Data Forecasting Tool: Database". Viewed at http://www.wttc.org/eng/Tourism_Research/Tourism_Impact_Data_and_Forecast_Tool/index.php [July 2009]; and Namibia Tourism Board online information, "Trade Statistics". Viewed at: http://www.namibiatourism.com.na/trade_cat_sub.php?sub_cat_id=32 [June 2009].

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APPENDIX TABLES

Table AI.1
Structure of exports, 2001-07
(US$ million and per cent)

	2001	2002	2003	2004	2005	2006	2007
Total (US$ million)	**1,404.5**	**1,282.9**	**1,303.7**	**2,441.7**	**2,503.6**	**3,374.6**	**4,040.3**
				(per cent)			
Total primary products	46.9	49.3	57.5	49.5	43.9	52.3	59.0
Agriculture	37.1	38.0	49.3	28.7	32.1	26.2	24.1
Food	36.1	37.0	48.0	28.0	31.4	25.6	23.6
0342 Fish, frozen (excluding fillets and minced fish)	15.3	13.5	16.4	5.2	7.4	9.7	7.9
1123 Beer made from malt (including ale, stout, and porter)	3.1	3.2	4.2	2.4	3.1	2.5	2.7
0011 Bovine animals, live	0.8	0.7	1.5	1.5	2.7	2.0	1.7
0344 Fish fillets, frozen	3.9	4.4	5.0	3.3	3.0	1.4	1.5
0121 Meat of sheep or goats	0.4	0.4	0.6	0.8	1.7	1.1	1.2
0112 Bovine meat, frozen	1.3	0.9	1.4	1.3	1.5	1.2	1.0
0111 Bovine meat, fresh, chilled	0.6	0.4	1.3	1.5	1.7	1.1	1.0
0575 Grapes, fresh or dried	0.3	0.5	0.6	0.8	1.0	0.9	0.9
Agricultural raw material	0.9	1.0	1.3	0.7	0.7	0.6	0.5
Mining	9.9	11.3	8.2	20.8	11.8	26.1	34.9
Ores and other minerals	8.5	10.4	5.1	12.9	4.0	9.3	15.5
2861 Uranium ores and concentrates	7.3	9.0	2.2	0.8	0.0	4.8	8.7
2771 Industrial diamonds, sorted, whether or not worked	0.0	0.0	0.0	0.4	1.8	2.3	2.5
Non-ferrous metals	0.7	0.2	2.1	7.3	7.4	16.4	19.0
6861 Zinc and zinc alloy, unwrought	0.0	0.0	0.0	0.0	2.1	11.8	15.3
6821 Copper anodes; alloys; unwrought	0.6	0.0	0.0	2.9	3.5	4.4	3.5
Fuels	0.7	0.7	1.0	0.5	0.4	0.5	0.4
Manufactures	50.8	48.1	40.0	48.5	54.0	45.9	39.1
Iron and steel	0.1	0.2	0.6	0.2	0.2	0.1	0.1
Chemicals	0.5	0.8	0.9	3.1	6.4	3.1	2.2
5251 Radio-active chemicals/compounds, etc.	0.0	0.0	0.0	2.2	5.8	2.6	1.7
Other semi-manufactures	33.6	36.0	14.4	30.4	30.3	28.2	19.2
6672 Diamonds (excl. industrial, sorted) not mounted/set	31.9	33.1	10.8	28.0	28.3	26.7	17.4
Machinery and transport equipment	3.9	5.8	8.6	5.5	5.4	3.6	6.9
Power generating machines	0.2	0.3	0.3	0.2	0.1	0.1	0.1
Other non-electrical machinery	0.8	1.5	1.5	1.0	1.4	0.9	0.8
Agricultural machinery and tractors	0.0	0.1	0.1	0.0	0.1	0.0	0.1
Office machines and telecommunication equipment	0.4	0.7	2.2	0.7	0.6	0.5	0.5
Other electrical machines	0.4	0.7	1.0	0.5	0.4	0.3	0.3
Automotive products	1.2	1.9	2.6	2.4	1.7	1.3	1.9
7812 Motor vehicles for the transport of persons, n.e.s.	0.6	1.0	1.4	1.2	0.8	0.8	1.2
Other transport equipment	0.8	0.6	1.0	0.6	1.2	0.6	3.4
7935 Special purpose vessels; floating docks	0.0	0.0	0.0	0.0	0.0	0.0	2.0
7937 Tugs and pusher craft	0.0	0.0	0.0	0.0	0.0	0.0	0.9
Textiles	0.2	0.3	0.5	0.3	0.3	0.3	0.2
Clothing	0.5	0.1	0.2	2.8	1.1	0.7	0.3
Other consumer goods	12.0	4.9	14.8	6.3	10.2	10.0	10.1
8928 Printed matter, n.e.s.	11.0	2.4	11.3	4.4	8.6	8.7	8.8
Other	2.3	2.6	2.4	2.0	2.1	1.8	1.9
Gold	1.8	2.0	1.9	1.1	1.4	1.4	1.4

Source: WTO Secretariat calculations, based on UNSD, Comtrade database (SITC Rev.3 data).

Table AI.2
Destination of exports, 2001-07
(US$ million and per cent)

	2001	2002	2003	2004	2005	2006	2007
Total (US$ million)	**1,404.5**	**1,282.9**	**1,303.7**	**2,441.7**	**2,503.6**	**3,374.6**	**4,040.3**
				(per cent)			
America	3.2	4.0	4.0	10.4	12.7	6.3	7.5
United States	3.0	3.2	2.7	8.0	9.2	2.4	2.5
Other America	0.2	0.8	1.3	2.4	3.5	3.9	5.0
Canada	0.0	0.3	1.0	2.2	3.2	3.8	4.9
Europe	55.7	50.2	31.1	43.8	37.1	46.3	45.6
EC(25)	55.5	48.5	29.9	43.3	36.7	45.5	44.7
United Kingdom	35.3	24.6	10.4	21.7	20.5	25.6	16.9
Italy	1.7	1.8	1.8	1.7	2.5	7.2	14.1
Spain	13.1	12.1	12.8	6.8	7.2	6.0	6.0
France	1.8	6.4	1.8	10.2	0.6	1.6	2.6
Germany	0.9	1.1	1.1	1.5	3.7	3.2	2.5
Netherlands	1.4	1.3	1.1	0.9	1.4	1.1	1.9
Belgium	0.5	0.6	0.5	0.3	0.4	0.4	0.3
Portugal	0.3	0.3	0.2	0.2	0.2	0.2	0.3
EFTA	0.2	1.7	1.2	0.4	0.4	0.7	0.8
Switzerland	0.0	0.3	0.5	0.2	0.3	0.7	0.7
Other Europe	0.0	0.1	0.0	0.0	0.0	0.1	0.1
Commonwealth of Independent States (CIS)	0.1	0.2	0.5	1.1	0.1	0.1	0.1
Africa	38.8	42.4	61.4	38.0	41.5	33.5	38.2
South Africa	30.9	25.4	31.5	25.8	30.5	24.6	29.0
Angola	5.8	14.5	24.9	9.7	7.2	5.7	6.5
D.R. Congo	0.3	0.0	0.0	0.4	0.5	1.3	1.1
Botswana	0.5	0.5	0.7	0.5	0.5	0.4	0.5
Mozambique	0.1	0.1	0.1	0.4	0.7	0.6	0.4
Zambia	0.1	0.0	0.0	0.4	0.5	0.2	0.3
Middle East	0.2	0.3	0.2	0.2	2.2	3.3	2.7
Israel	0.1	0.0	0.0	0.2	1.5	1.8	2.1
United Arab Emirates	0.0	0.0	0.0	0.0	0.6	1.2	0.6
Asia	1.7	2.6	2.0	3.7	6.4	10.4	5.7
China	0.5	0.3	0.4	1.3	1.8	1.5	3.0
Japan	0.7	1.3	0.6	0.7	1.1	1.2	0.4
Six East Asian traders	0.1	0.5	0.5	1.2	3.0	5.8	2.0
Korea, Rep. of	0.0	0.0	0.0	0.4	1.2	2.0	1.7
Other Asia	0.4	0.5	0.5	0.5	0.5	1.9	0.3
Australia	0.2	0.4	0.4	0.2	0.4	0.2	0.2
Other	0.3	0.3	0.7	0.0	0.1	0.1	0.1

Source: WTO Secretariat calculations, based on UNSD, Comtrade database (SITC Rev.3 data).

Table AI.3
Structure of imports, 2001-07
(US$ million and per cent)

	2001	2002	2003	2004	2005	2006	2007
Total (US$ million)	**1,552.9**	**1,310.1**	**1,427.9**	**2,424.9**	**2,515.7**	**2,797.0**	**4,026.0**
				(per cent)			
Total primary products	25.9	28.3	29.6	24.1	21.5	20.9	27.1
Agriculture	13.7	13.9	15.7	19.2	18.4	16.8	16.0
Food	13.1	12.6	15.0	18.6	17.7	16.2	15.4
0619 Other sugars	0.7	1.0	0.7	0.5	0.4	0.7	2.4
0819 Food waste, animal feeds n.e.s.	0.6	0.6	0.8	0.7	0.7	0.6	0.7
Agricultural raw material	0.6	1.3	0.7	0.6	0.7	0.6	0.6
Mining	12.1	14.4	13.9	4.9	3.0	4.0	11.1
Ores and other minerals	1.4	1.9	3.0	0.9	0.4	0.4	0.4
Non-ferrous metals	0.4	0.4	0.6	0.5	0.6	0.6	0.4
Fuels	10.3	12.1	10.3	3.6	2.0	3.1	10.3
Manufactures	73.8	71.3	69.4	75.1	77.9	78.2	72.3
Iron and steel	1.9	2.0	2.0	2.6	2.1	2.1	1.6
Chemicals	10.7	8.9	8.0	11.3	10.7	10.5	9.1
5429 Medicaments, n.e.s.	1.2	1.2	0.9	2.7	2.2	1.8	1.4
5223 Inorganic acid and oxides	0.0	0.0	0.1	0.3	0.6	0.4	0.7
Other semi-manufactures	13.5	12.8	12.8	12.2	13.1	12.6	13.3
6996 Articles iron or steel, n.e.s.	0.7	0.7	0.4	0.6	0.9	1.0	2.5
6612 Portland cement and similar hydraulic cements	0.9	0.8	0.9	0.9	1.2	0.9	0.9
6924 Reservoirs, tanks, vats of iron, steel or aluminium, <= 300 litres	1.1	0.9	1.1	0.8	0.8	0.8	0.7
Machinery and transport equipment	34.4	34.2	32.2	35.3	37.5	38.7	34.4
Power generating machines	0.3	0.6	0.4	0.6	0.8	0.5	0.5
Other non-electrical machinery	9.3	10.0	8.3	8.4	7.4	8.9	7.4
7232 Mechanical shovels, etc., self-propelled	0.9	0.3	0.4	0.4	0.3	0.9	0.9
7283 Other mineral working machines	0.7	1.1	1.0	1.1	0.9	1.0	0.8
Agricultural machinery and tractors	0.2	0.3	0.2	0.2	0.3	0.3	0.2
Office machines and telecommunication equipment	5.0	4.4	5.6	5.7	5.0	6.4	4.8
7643 Radio or television transmission apparatus	0.8	0.5	0.7	1.1	0.7	1.0	0.9
Other electrical machines	4.2	4.3	4.5	3.7	3.7	3.8	3.3
Automotive products	11.2	9.6	10.9	13.6	14.5	13.9	11.3
7812 Motor vehicles for the transport of persons, n.e.s.	7.7	6.4	7.2	7.7	8.6	8.7	7.1
7821 Goods vehicles	1.2	1.2	1.5	2.9	2.3	2.2	1.9
7843 Other motor vehicle parts and accessories of 722, 781 to 783	1.6	1.3	1.3	1.9	2.0	1.8	1.5
Other transport equipment	4.2	5.3	2.5	3.3	6.0	5.2	7.0
7935 Special purpose vessels; floating docks	0.0	0.0	0.0	0.0	1.6	0.2	1.9
7139 Parts, n.e.s., for piston engines of 713.2, 713.3, 713.8	0.5	0.5	0.5	0.6	1.3	0.6	1.7
Textiles	1.4	2.0	3.4	1.5	1.6	1.6	1.3
Clothing	3.0	2.8	2.5	3.4	3.5	3.1	3.2
Other consumer goods	8.9	8.7	8.6	8.9	9.4	9.6	9.3
8928 Printed matter, n.e.s.	1.0	1.7	1.2	0.6	0.8	0.9	1.2
8215 Furniture, n.e.s., of wood	0.6	0.6	0.8	0.9	0.8	0.8	0.9
8722 Instruments and appliances used in medical, surgical or veterinary sciences (including sight testing instruments, but excluding electro-diagnostic and radiological instruments and apparatus)	0.3	0.2	0.2	0.3	0.4	0.4	0.7
Other	0.4	0.4	1.0	0.7	0.6	1.0	0.6
9310 Special transactions and commodities not classified by type	0.2	0.2	0.2	0.6	0.5	0.5	10.9

Source: WTO Secretariat calculations, based on UNSD, Comtrade database (SITC Rev.3 data).

Table AI.4
Origin of imports, 2001-07
(US$ million and per cent)

	2001	2002	2003	2004	2005	2006	2007
Total (US$ million)	**1,552.9**	**1,310.1**	**1,427.9**	**2,424.9**	**2,515.7**	**2,797.0**	**4,026.0**
				(per cent)			
America	1.8	3.3	1.8	1.5	1.6	2.4	2.1
United States	0.9	2.0	1.0	0.7	0.8	1.5	1.4
Other America	0.9	1.3	0.8	0.8	0.8	0.9	0.7
Brazil	0.0	0.2	0.5	0.6	0.5	0.4	0.4
Europe	7.0	11.7	8.7	7.7	9.2	6.9	11.8
EC(25)	6.1	10.1	7.6	7.1	8.2	5.9	10.4
France	0.6	1.1	0.6	0.2	0.2	0.3	2.8
Spain	0.8	1.2	1.4	0.7	1.4	0.7	2.3
Germany	2.0	3.1	2.3	1.8	1.9	2.2	2.1
United Kingdom	1.2	2.6	1.2	2.6	1.1	0.8	1.1
Finland	0.1	0.1	0.1	0.1	0.0	0.1	0.5
Netherlands	0.4	0.3	0.2	0.2	0.5	0.3	0.3
Belgium	0.3	0.6	0.6	0.4	0.6	0.4	0.3
Italy	0.2	0.3	0.2	0.8	0.4	0.2	0.3
Sweden	0.0	0.0	0.1	0.1	0.1	0.2	0.3
EFTA	0.9	1.4	1.0	0.6	0.9	1.0	1.3
Switzerland	0.8	0.5	0.7	0.4	0.8	0.8	1.2
Other Europe	0.0	0.1	0.1	0.1	0.0	0.0	0.1
Commonwealth of Independent States (CIS)	0.2	0.2	0.1	0.1	0.1	0.2	0.1
Africa	86.8	80.3	82.4	87.0	84.6	83.8	79.5
South Africa	86.0	77.3	80.5	85.0	83.2	82.4	78.1
Zimbabwe	0.4	0.2	0.5	0.8	0.8	0.7	0.5
Botswana	0.1	0.1	0.1	0.2	0.2	0.2	0.2
Swaziland	0.0	0.0	0.0	0.3	0.1	0.2	0.2
Middle East	0.3	0.4	0.8	0.4	0.4	0.6	0.9
United Arab Emirates	0.1	0.1	0.3	0.3	0.3	0.5	0.8
Asia	2.8	3.3	4.2	3.2	3.9	6.1	5.4
China	1.1	0.9	1.3	1.2	1.6	3.5	2.5
Japan	0.2	0.3	0.6	0.4	0.2	0.2	0.2
Six East Asian traders	1.2	1.5	1.7	0.6	1.0	1.2	1.7
Singapore	0.0	1.0	0.6	0.3	0.2	0.3	1.2
Hong Kong, China	0.2	0.0	0.1	0.1	0.2	0.5	0.2
Other Asia	0.3	0.6	0.7	1.0	1.1	1.2	1.1
India	0.2	0.4	0.5	0.9	0.5	0.7	0.8
Other	1.0	0.8	2.1	0.1	0.2	0.1	0.2
Areas n.e.s	1.0	0.8	1.1	0.0	0.2	0.1	0.2

Source: WTO Secretariat calculations, based on UNSD, Comtrade database (SITC Rev.3 data).