20753

Distr.
LIMITED
CPD.5
12 July 1994
Original: ENGLISH

UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

INDUSTRIAL DEVELOPMENT REVIEW SERIES

NAMIBIA

New avenues of industrial development

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PREFACE

This Industrial Development Review of Namibia is part of a non-sales series aimed at strengthening the "country focus" of UNIDO activities. Within the framework of the work programme of the Industrial Development Review Unit of the Programme Support and Monitoring Branch of UNIDO, the Reviews present a survey and analysis of each country's industrial development achievements. The Reviews are intended to provide a service to those within UNIDO and other international agencies concerned with industrial policy, planning, project development and implementation, and to be a ready source of information for governments, investors, industrialists, entrepreneurs, policy-makers, international organizations, aid agencies, academies and research institutes.

The Reviews have two separate but interrelated objectives: they are designed to facilitate and promote the activities of UNIDO, as well as to serve as an informative and analytical document for the international industrial community. The analyses contained in the Reviews are intended to support the technical assistance programming for industry by providing industry specific analysis which may serve as an input to programming activities and as a basis for informed discussions. The Reviews are also designed to accommodate the needs of a wide readership in the international community associated with industry, finance, trade, business, research and government, laying the groundwork for undertaking in-depth analyses of specific aspects of industrial development trends, policies and strategies.

This Review comprises four Chapters. Chapter I presents an overview of the economy, analysing the macroeconomic context of the ongoing process of industrialization. Chapter II elucidates the industrial policy and investment environment. The structure and performance of the industrial sector are analysed in Chapter III, with particular reference to the country's resource endowment for industrial development, ownership, location, trade, market access under Lomé Convention, generalized system of preference and regional economic integration, the potential of Walvis Bay and the scope for industrial diversification. Chapter IV examines the constraints and prospects of key industry branches, focusing on the emerging subsectoral investment opportunities.

The Review was prepared in cooperation with Pavla Jezkova, UNIDO Consultant, on the basis of information available as at June 1994.

EXPLANATORY NOTES

Dates divided by a slash (1993/1994) indicate a fiscal year or a crop year. Dates divided by a hyphen (1993-1994) indicate the full period, including the beginning and the end years.

In Tables:

Totals may not add precisely because of rounding.
Two dots (..) indicate that data are not available or not separately reported.
A dash (-) indicates that data are not applicable.

The following *abbreviations* are used in this publication:

ABN	Agricultural Bank of Namibia
CCA	Common custom area
CDM	Consolidated Diamond Company
CMA	Common market area
COMESA	Common Market for Eastern and Southern Africa
ECU	European Currency Unit
EDF	European Development Fund
EPZ	Export processing zone
EU	European Union
FDI	Foreign direct investment
GDP	Gross domestic product
GEIS	General expert incentive scheme
GNP	Gross national product
GSP	Generalized system of preferences
GST	General sales tax
IASC	International Accounting Standard Committee
IMF	International Monetary Fund
MVA	Manufacturing value added
NDC	Namibian Development Cooperation
NHE	National Housing enterprise
NITA	Namibia International Technology Association
NNCCI	Namibian National Chamber of Commerce and Industry
PTA	Preferential trade area
SACU	Southern African Custom Union
SADC	Southern African Development Community
UNCTAD	United Nations Conference on Trade and Development

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BASIC INDICATORS

BASIC INDICATORS I: THE ECONOMY

Population (mid-1991) : 1.5 million

Labour force (1991) : 494,000 persons

GDP (1993) (In current prices at factor cost) : N$ 6,892.6 million

GNP per capita (1993) : N$2,201

Growth of GDP (Percentage) :

1986	1987	1988	1989	1990
3.7	2.7	1.4	-0.6	0.8

1991	1992	1993 a/	1994 b/	1995 b/
5.6	5.6	-3.3	5.3	3.2

Structure of GDP (Per cent) :

	Average 1986-1989	Average 1990-1993
Agriculture c/	10.3	9.8
Mining and quarrying	30.1	19.8
Manufacturing	6.4	8.2
Other	53.2	62.2

	1988	1989	1990	1991	1992	1993	1994 b/
Exports (N$ Million)	2,400.0	2,943.3	2,840.1	3,370.6	3,758.0	4,263.0	4,872.2
Imports (N$ Million)	1,936.6	2,446.6	2,896.6	3,094.3	3,551.4	3,694.3	3,797.9
Current account balance (N$ Million)	-35.4	279.9	29.5	485.3	361.6	524.7	556.3

	1988	1989	1990	1991	1992	1993
Change in consumer price index (Percentage)	12.9	15.1	12.0	11.9	17.7	8.5

	1988	1989	1990	1991	1992	1993 a/	1994 a/
Official exchange rate (N$ equivalents to US$1)	2.273	2.622	2.588	2.761	2.852	3.3	3.6

	1986/1987	1987/1988	1988/1989	1989/1990	1990/1991	1991/1992	1992/1993
Total outstanding debt (N$ Million)	795.0	800.4	891.5	714.1	859.5	928.8	1,326.1
Total outstanding debt as percentage of GDP	23.5	21.3	19.1	13.5	15.1	14.3	17.7

a/ Preliminary.
b/ Projections.
c/ Including fishing.

BASIC INDICATORS II: THE INDUSTRIAL SECTOR

Manufacturing value added: (In current prices at factor cost (1993)) : N$ 637.9 million

Growth of MVA (Percentage) :

1986	1987	1988	1989	1990
4.9	14.2	-8.9	1.0	16.0

1991	1992	1993	1994 a/
-1.4	13.1	10.1	5.1

Share of fish processing in MVA (Percentage) :

1986	1994
27.9	49.1

Value of manufactured exports (N$ Million) :

	1986	1993
Total	288.7	1,377.5
of which processed fish	150.7	769.5
Processed meat	73.9	323.0

Change in consumer price index for selected manufactures (Percentage) :

	1992	1993
Food products	19.7	6.5
Clothing and footwear	26.5	10.3
Household goods	24.9	4.4
Fuel and power	2.7	4.2

a/ Projection.

BASIC INDICATORS III: INTER-COUNTRY COMPARISON OF SELECTED INDICATORS

Indicator	Year	Unit	Namibia	Botswana	Lesotho	Mozambique	Zimbabwe
Population	Mid-1992	Million	1.5	1.4	1.9	16.5	10.4
Per capita GNP	1992	US$	1,610	2,790	590	60	570
Average annual growth of GDP	1980-1992	Per cent	1.0	10.1	5.4	0.4	2.8
Average annual growth of value added in industry	1980-1992	Per cent	-1.1	10.1	8.5	-0.4	1.9
Agriculture	1992	Per cent of GDP	12	5	11	64	22
Industry	1992	Per cent of GDP	26	52	45	15	35
Services	1992	Per cent of GDP	62	43	45	21	43
Gross domestic savings	1992	Per cent of GDP	2	..	-39	-19	10
Gross domestic investment	1992	Per cent of GDP	12	..	78	47	20
Average annual rate of inflation	1980-1992	Per cent	12.3	12.6	13.2	38.0	14.4
Current account balance after official transfer	1992	$ Million	142	47	38	-381	-617
Official development assistance[a/]	1991	$ Million	184	135	123	920	393

Source: World Bank, *World Development Report 1994* (July 1994).

Note: Data presented may not correspond to those cited in the text because of different sources.

a/ Net disbursement of ODA from all sources.

SUMMARY

Following independence in March 1990 the economy of Namibia experienced an uneven and volatile sectoral performance due to a severe drought in 1991/92 and the exposure of the economy to external shocks. The vulnerability of the economy to external shocks stems largely from the country's heavy dependence on mineral and livestock exports and on imports from South Africa. Despite unfavourable climatic conditions, which severely affected agricultural production, and the slow recovery of the world economy in general and South Africa in particular, the economy of Namibia rebounded well from the subdued growth rate 0.8 per cent in 1990, with GDP growing at 5.6 per cent in real terms in 1991 and 1992. The poor agricultural performance and a dramatic decline in mineral production, diamond and uranium in particular, were more than offset by a steady pace of expansion of other sectors. In the wake of a 28.3 per cent fall in diamond mining the economy plunged into a negative growth rate of over 3 per cent in 1993 despite a healthy pace of expansion experienced by other sectors, particularly fish and meat processing.

The macroeconomic environment remains stable in terms of trade and current account surplus, foreign investment earnings, price stability and corporate and private savings. A 5.3 per cent growth of real GDP forecast for 1994 hinges mainly on the recovery of the world economy and of South Africa, Namibia's principal trading partner. As independent Namibia endeavours to consolidate the gains hitherto achieved on the macroeconomic front with an easing of inflationary pressures, falling from 20.4 per cent in the second quarter of 1992 to 8.5 per cent in 1993, sectoral performance and macroeconomic stability seem to augur well for sustaining a healthy pace of export-led recovery. Significant improvements are expected in fishing, fish processing, uranium mining and tourism. The manufacturing and tertiary sectors are also poised for expansion.

Amidst positive developments the country's inherent problems continue to persist. Despite a relatively high GNP per capita, Namibia is treated by the United Nations as a least developed country, and ranked 135th out of 173 countries on the human development index scale. Rising unemployment, falling real disposable income and increasing tax burden seem to have created a negative impact on private consumption as well as private fixed investment. The contribution of gross domestic fixed investment to GDP fell from 20 per cent in 1990 to 13 per cent in 1993. This was largely due to lack of investment in mining, the principal products of which include diamond, uranium, copper, zinc and lead. By virtue of the natural resource endowments in terms of mining, fishing and agricultural resources, the potential for industrial development in Namibia is much more promising than in other Sub-Sahara African countries. But this potential remained unutilized in the pre-independence era.

At independence Namibia inherited an embryonic industrial structure, with fish and meat processing constituting the only manufacturing activities of some significance. The comparative advantage of Namibia lies in its natural resource endowments. These include fish, diamonds, uranium, gold, base metals and a whole range of still unexplored mineral reserves. Although land is abundant, there is a shortage of good arable land due to irregular rainfalls. The possibilities for enhancing domestic value added through further processing of natural resources have not been fully explored. There is also scope for establishing intermediate industries and supportive services to the existing export-oriented production as well as for replacing imports with domestic products. The country's rich potential for the development of the fisheries sector and the scope for expanding fish processing activities have been significantly enhanced by the hand over of Walvis Bay by South Africa to Namibia in early 1994.

The sales value of the combined fishing and fish processing industry for 1993 was estimated to exceed N$ 1 billion. Production at sea is estimated to have contributed almost N$ 700 million. It is estimated that this can easily be doubled by the year 2000. It is also estimated that employment in the fishery industry will rise to more than 21,000 by the turn of this century, compared to 11,000 in 1993. The brightest area of investment opportunity lies in catching and processing white fish species. Recently a N$ 120 million project was announced by the Consortium Group to invest in boats and on-shore facilities. In addition there is a planned Namibian and Icelandic joint venture with an estimated investment of N$ 85 million in fishing and processing activities. While the profitability of the pelagic fish industry is increasing significantly, there are also possibilities for processing crab, lobster, tuna, and extending the present mussel and oyster farming. Apart from fish, other marine resources are also being exploited.

Meat processing is an important manufacturing activity in Namibia. Before the country gained access to the EC markets in 1990, around 80 per cent of the beef output was destined for South Africa. Namibia's 12,000 tonnes of beef quota for the EU market applies for the period 1990-1995. In addition to a number of small meat processing enterprises, there are two large companies operating in Windhoek, Hartlief and Windhoek Schlachterei. They produce mainly for the domestic market although Hartlief exports about 25 per cent of its products to South Africa. There is only one enterprise processing meat exclusively for the European market.

Apart from the large potential in the development of the fish and meat processing industries there are other areas where private sector investment is planned or anticipated. These include an increase in the millet milling capacity in the Owambo region with an estimated investment of N$ 2 million. Another large-scale project is planned for a sugar mill with a capacity of 100,000 tonnes per annum to be built in Caprivi with Lornho joint venture sugar plantation. Vegetable and fruit processing may be a more viable proposition now. Due to the decrease in cattle track transport to South Africa which was used for transporting fruits and vegetables, local producers can capitalize on their transport cost advantage. A number of inquiries and project proposals in areas of fruit and vegetable cultivation have been registered by the Investment Centre. Investment enquiries and one proposal have also been received for establishing tomato paste factories to primarily supply the fish canning industry. The 1989 estimate of the industry's annual demand of 2,000 tonnes is probably much higher now and is expected to increase even more.

In the textile and clothing branch possibilities exist in processing karakul wool and to a lesser extent, cotton. One proposal for wool processing and two for cotton ginning and cotton processing have been submitted to the Investment Centre. Establishment of the Arandis Export Processing Zone has already attracted two foreign investments in garment production and there is a large-scale proposal for knitting and sewing factory. Establishment of a Free Trade Zone in Walvis Bay could attract more investment in this sector. The problems facing Namibia in competing with established garment producers in South East Asia are relatively high wages and low productivity. The lack of traditional skills calls for intensive training in order to be able to compete with competitors.

About 14 per cent of all manufacturing enterprises are found in wood and wood processing activities, employing about 10 per cent of the manufacturing labour force in 1993. The activities in the branch cover saw-milling, wood processing, and wood products including furniture. Most firms are small, only a few companies employ over 100 persons. The average capacity utilization for the branch as a whole was found to be just above 60 per cent in 1993. Hand tools and manually operated machines predominate in this branch.

The forestry resource capacity is estimated to sustain 22,000 cubic meters of wood harvesting a year. Almost half of the capacity consists of kiaat wood (dolf) alone. Most of this resource is government-owned and available for concession in regions of Kavango, Eastern Caprivi, Owambo, Bushman and Herero. Not much more than a quarter of the total forest capacity is harvested. Only 5 per cent of the teak resource annual capacity of 3,000 cubic meters is exploited at present. Between 60 and 80 per cent of what is harvested is exported to South Africa with very little value added in Namibia. On the other hand, Namibia probably imports wood and furniture at a value at least twenty times higher than the value of its exports.

The established small-scale wood working and furniture manufacturing provided the basis for training and development of related vocational skills. These skills together with traditional skills in wood carving could be used in specialized furniture production. The availability of hard wood is already a comparative advantage. The cost of packaging to prevent damage under transport was quoted as one of the reasons for lack of exports today. An investment of Namib Wood Industries into wooden door production has been under consideration for some time. The problem seems to be in breaking the traditional purchasing practices on the local market. A proposal for a coffin factory in Tsumeb will, if not replace, at least reduce the current total dependence on imports.

Other registered proposals and inquiries include wood and wood working factories in Tsumeb, and paper and paper pulp industries. Manufacturing of packaging material is confined only to one company in Walvis Bay supplying cardboard boxes to the fish processing industry. The demand is much higher than the company can meet even with the recent expansion it has undertaken. In addition, in the fish processing industry alone, 70 per cent of the required labels are imported. There seems to be scope for production for import substitution. Two proposals for charcoal briquetting plants, one in Arandis and another in Otjiwarongo, have been registered with the Investment Centre.

In the absence of paper and pulp production, which is inherently large-scale, the main activity centres around small scale printing and publishing. There is only one producer of cardboard cartons in the whole country which supplies primarily the fish processing industry. Two companies, one in Windhoek and one in Swakopmund, operate paper converting operations using imported paper from Japan and Europe. They supply the local market with different cuts of paper and paper rolls used mainly for business purposes.

The need for revising school textbooks in the light of the new situation in Namibia is expected to create a potentially lucrative market for printers and publishers. This may have been behind a foreign investor's proposal to purchase a modern large-scale printing press estimated to cost between N$ 70 million to N$ 100 million. The tentative proposal includes plans for a joint venture involving two existing printing businesses which produce Government Gazette and other official publications. The main activity will include printing of textbooks for Namibia and the neighbouring countries.

The development of chemical industries could benefit a great deal, if and when the present oil explorations warrant commercial extraction. Independently of these expectations, the establishment of an oil refinery at Usakos has been considered with technical assistance from the Republic of Korea. A modular facility with treatment rates of 12,500 to 20,000 barrels per day will produce gasoline, diesel, aviation fuel, lubricants and heavy byproducts. The investment cost is estimated at about $132 million. Although the potential for the organic chemical industry will be assessed, the problem of finding markets will have to be solved. Processing of byproducts from the meat industry is another area where the development of the chemical industry could benefit. Soap production from tallow is planned by a local company which also considers production of caustic soda/chlorine from salt at Swakopmund. In addition, several inquiries have been made at the Investment Centre about possibilities for establishing soap factories. Other possibilities in the chemical branch exist in utilizing the seabird guano potential and increasing the value added of this natural fertilizer before exporting it. In addition, sulphuric acid produced at Rössing could be used in manufacturing artificial fertilizers. Two proposals for establishing fertilizer plants have been submitted to the Investment Centre. The Centre has also received inquiries about establishing a waste disposal and waste treatment plant.

Given the small domestic market for fertilizers and lack of commercial deposits of phosphate or potash, the production of artificial fertilizers is completely absent. A potential however exists in exploiting natural deposits of seabird guano. The Namibian coast is said to be one of the best areas in the world for producing this natural fertilizer. At present, only one platform has been used for collecting guano. About 2,000 tonnes are milled and bagged annually and exported to Europe. The marketing is done by Salt Co.(PTY) in Swakopmund. Another coastal resource which has been only marginally exploited in the chemical industry is seaweed.

Non-metallic mineral products were produced by less than 6 per cent of all manufacturing enterprises in 1993, employing about 5 per cent of the manufacturing labour force. This is an important branch for supplies of building materials to the construction industry and one which is often established in the early stages of industrialization. Production of cement began only in 1991. The Cement Industries in Otjiwarongo invested over N$ 6 million in a plant equipped with an electronically controlled rotary kiln process. It uses gypsum from a coastal town near Swakopmund and limestone from the Otjiwarongo area. It employs 120 persons and produces about 80,000 tonnes a year. Production is 30-50 percent below capacity, which when fully utilized, will be sufficient to meet domestic demand, with exportable surplus. Production of a new building material is to be started by International Technique Industry (ITI) in Otjiwarongo. The company plans to invest US$ 3.6 million to produce a 5 centimetre thick wood-wool cement boards which will be 20 per cent cheeper than conventional building materials. The mineral bonded building boards are fire, water and fungi resistant and are well suited to conditions with extreme temperatures. They are economical and easy to handle and will represent a new concept for constructing houses in Namibia.

The scope for developing non-metallic mineral-based industries is primarily in the building materials manufacturing. There are already several proposals for establishing cement factories following the opening of the Otjiwarongo plant in 1991. In addition, investigations have been made into a potential investment in the production of bricks, ceramics, industrial insulators and concrete roof tiles and blocks. The investment Centre also received a proposal for establishing a glass factory for beer and soft drinks bottles and inquiries about an additional glass factory.

Most of the activities in metal working are confined to operations of metal workshops requiring only basic skills such as welding, cutting, bending and riveting. Only to a lesser extent, use was made of skills related to machining on standard lathes, drilling, milling and grinding. The absence of metal rolling or milling as well as large foundries meant that a number of important skills was missing. Only three small foundries were found on the Tsumeb mine, in Windhoek and Walvis Bay. None of these were capable of casting steel for the production of agricultural tools. There was only limited production of spare parts or components and very little precision machining.

There are no basic metal industries counted in this sector since smelting of copper and other base metals is included under the mining sector activities and almost all the output is exported. A proposal to establish a large-scale aluminum smelter was presented to the Investment Centre in 1993. Metal products include steel structures and fabrications, metal towers, window and door frames, reinforcing rods, steel sheds, drainage systems and water tanks. The majority of the work consists of cutting, welding and drilling of imported metal sheets and sections to specification of the domestic demand. The 1993 survey estimated that about 11 per cent of all manufacturing enterprises were in activities associated with metal working and metal products. These activities provided employment for 14 per cent of the manufacturing labour force, the second largest employer after food and beverages. The branch had an average capacity utilization of almost 70 per cent. The technology most commonly used were hand tools and manually operated machines. Semi-automated and fully automated machines were found only in a few of the larger companies.

Only a small number of enterprises with little impact on employment was found in machinery production by the 1993 manufacturing survey. There is effectively no manufacturing of machinery, only repairs and reconditioning of engines. A technically advanced firm, Swachrom, specializes in the supply of hydraulic cylinders to the mining industry. In Walvis Bay, a number of engineering companies provide service, repairs and some spare parts connected to the operations of the fishing industry. The largest of them, Gearing, owns a small white-metal and bronze foundry for the production of bearings and propellers. Other engineering companies in Swakopmund, Windhoek and Gobabis cover areas such as pump and engine reconditioning of trucks and cars, water pumps and also reconditioning of railway wagons and large fuel tanks.

Although a number of companies were classified by the 1993 survey as producing electrical machinery and equipment only few manufacture electrical components. Most of the companies were identified as performing electrical installations and contracting. Two companies in Windhoek, Elco and Swanib Cables, are producing electrical appliances. Elco makes electrical timers and panels, power supplies, inventors and generating set controls. The company employed nine persons and had a turnover of N$ 1.4 million in 1990. Swanib Cables started production of cables and electrical components in a new factory in 1991, employing 60 persons. Namibia Industries were involved in making air conditioning equipment and cool rooms. A small number of companies was also involved in electric motor and generators rewiring and in an assembly of switchboards and switchgeer.

The production of transport equipment consists primarily of small-scale assembling and repairs rather than product manufacturing. Products made locally include caravans, trailers, tankers and canopies. As for the category of machinery, the 1993 survey found only a few companies with a small number of employees involved in production and/or assembling.

A new truck assembly was established in 1992 by Namibia Vehicle Manufacturers in cooperation with Indian TATA company. By the end of 1992 four TATA 608 trucks were assembled and sold for a price of about 30 below the market value for an equivalent vehicle. In 1993, 38 truck kits were shipped. Most of them were assembled and sold by the end of that year. Only the load body is built by a local company Trail-a-Quip, the rest is imported. The assembly and local production is on contract from TATA which sells and service the vehicles. The total generated employment is about 80 semi-skilled workers trained by a TATA engineer. Future plans include assembly of large trucks, busses and exports to neighbouring countries.

A similar venture is planned in respect of BAJAJ scooters, motorcycles and three-wheelers. Japanese, Indian and other makes are to be imported in fully-assembled forms and final touches performed by a local firm in Windhoek. The prices of the new products should compare favourably with prices prevailing on the local market for equivalent second-hand products. Success of these ventures may attract European companies, some of which have already made inquiries.

An investment proposal of N$ 100 million in a car assembly plant was made by Citroen of France. The production would be in Gobabis, housed in a factory building originally constructed for meat processing. The output could be destined to the entire Southern African market. There will be no local content at the beginning of the project. To increase local value added, the example of TATA operations could be followed. Possibilities for manufacturing vehicle exhaust systems and radiators which exist in Walvis Bay could be also examined.

Jewellery making is a well established sector with a strong German origin. There are a few family businesses in Windhoek and Swakopmund. The owners are mostly trained goldsmiths in the german tradition employing a small number of skilled and semi-skilled workers. Gold and precious stones are imported, mainly from South Africa. Although Namibia mines both gold and diamonds, all the output is exported in an unprocessed form.

Integration of the mining sector, especially diamond and gold mining, with the jewellery sector would increase the value added of exported gemstones. In addition, replacing the imported inputs with local products would make the price of jewellery products more competitive. The new concession awarded to a Canadian diamond prospecting and mining company in Elizabeth Bay may break the marketing monopoly and practices of the Consolidated Diamond Mines, and benefit downstream industries. The present shortage of cutters and qualified goldsmiths will require investigation into manpower requirements and training cooperation with possible outside assistance.

With the opening of new markets and possibilities for foreign investment the manufacturing subsectors could benefit most were those utilizing locally available raw materials. With South Africa entering a new era of political and economic changes it may be easier for the Namibian government to capitalize on the new regional developments for fostering industrialization. The change in the political and economic environment in South Africa may also reduce the subsidy advantage the South African producers enjoyed under the export promotion and regional development policies. Problems facing the realization of most of these potential investments relate to market penetration, skilled manpower, input cost, management and high cost of local capital finance. Foreign investment could help overcome problems associated with marketing and sources of finance. International technical assistance could also be provided to alleviate problems related to the management and shortages of certain skills. Addressing these problems will be crucial for the promotion of foreign investment. In the last three years only few foreign investment proposals materialized into real projects. Nonetheless, some of them were effective enough to generate desirable spin-offs already.

I. THE ECONOMY OF NAMIBIA

A. RECENT ECONOMIC TRENDS[1/]

The macroeconomic context

The economy of Namibia rebounded well in 1991 and 1992 despite poor agricultural performance in the wake of a severe drought in 1991/92 and the exposure of the economy to external shocks. The vulnerability of the economy to external factors stems largely from the country's heavy dependence on exports of minerals, diamond in particular, and livestock, and on imports from South Africa. The slow recovery of the world economy in general and of South Africa, Namibia's principal trading partner, in particular meant severe hardship for the economy of Namibia in recent years. According to preliminary estimates the economy plunged into a negative growth rate in 1993 and the decline was more pronounced than originally indicated in the 1993/94 budget,[2/] as a result of an estimated 28.3 per cent downturn in diamond mining.[3/] A significant fall in diamond production could not be offset by a rather almost steady pace of expansion experienced by other sectors in 1993. Despite a sharp deterioration in diamond mining and the resultant decline in economic growth in 1993, the macroeconomic environment remained stable in terms of trade and current account surplus, foreign investment earnings, price stability, and corporate and private savings.

An uneven and volatile performance of different sectors of the economy over the years has on balance produced positive growth rates for three consecutive years, with real gross domestic product (GDP) growing at 0.8 per cent, 5.6 per cent and 5.6 per cent in 1989, 1990 and 1991 respectively (see Table I.1). The low rate of growth in 1990 and a remarkable recovery in 1991 and 1992 were mainly attributed to the fluctuations in diamond production and realization of the benefits accruing from the newly acquired sovereign fishing rights within the Exclusive Economic Zone. These positive developments outweighed the adverse effects of the 1991/92 drought leading to a fall in subsistence and commercial crop production and a reduction in the national cattle and small-stock holdings. Amidst positive developments the economy's inherent problems continued to persist.

The growth of domestic demand has been adversely affected by the deteriorating real terms of trade since 1990. Rising unemployment, falling real disposable income, and increases in tax burden seem to have created a negative impact on private consumption as well as private fixed investments. Namibia's monetary dependency on South Africa through the Common Monetary Area (CMA) as well as trade dependency through its membership in the Southern African Custom Union (SACU), has left the government with a few policy instruments for controlling domestic prices and stabilizing Namibia's external position. Fiscal policy was thus the only major instrument the government had at its disposal for macroeconomic management. Although significant progress towards macroeconomic stability has been achieved, the government faces the formidable task of solving fundamental problems.

In the face of a 3.1 per cent annual growth of population, surpassing the average annual rate of economic expansion during 1990-1993, GNP per capita in real terms fell from N$ 2,242 in 1990 to N$ 2,201 in 1993. In spite of the relatively high per capita income, Namibia is treated by the United Nations as a least developed country and ranked 135th out of 173 countries on the human development index scale.[4] A severely skewed income distribution and unequal access to public services inherited from the apartheid system still exist.

Table 1.1. Annual growth of gross domestic product by sector, 1986-1995
(Percentage)

Sector	1986	1987	1988	1989	1990	1991	1992 a/	1993 a/	1994 b/	1995 b/
Agriculture	-0.7	5.0	3.7	[illegible]	[illegible]	3.2	3.5	2.9	3.8	2.3
Commercial	-1.5	5.4	4.0	13.3	7.9	3.3	4.3	3.0	4.1	2.2
Subsistence	3.2	3.1	2.5	2.9	[illegible]	2.8	-1.0	2.5	1.9	2.6
Fishing	-3.2	5.7	-1.4	-29.4	4.9	-10.4	23.4	37.8	37.9	13.0
Mining and quarrying	8.0	0.4	1.6	-6.8	-5.3	8.3	1.7	-19.5	9.9	5.1
Diamond mining	16.3	6.9	-3.0	-1.9	-15.7	53.3	20.8	-28.8	10.1	4.0
Other mining and quarrying	2.9	-4.0	5.1	-10.3	2.7	-20.3	-21.6	-3.0	9.5	6.7
Manufacturing	4.9	14.2	-8.9	1.0	16.0	-1.4	18.1	10.1	5.1	0.8
Fish processing	21.5	52.9	-28.1	-19.5	56.6	-15.8	59.0	20.0	6.7	-4.0
Other manufacturing	-0.3	-0.6	2.3	9.4	3.7	5.2	3.1	4.5	4.0	4.0
Electricity and water	1.8	2.8	5.2	3.3	10.7	1.3	0.8	-0.9	4.9	3.0
Construction (Contractors)	-16.4	1.2	2.0	-6.0	-7.8	-11.1	17.3	2.0	2.5	2.9
Wholesale and retail trade, catering and accommodation	2.4	3.5	4.0	3.0	0.5	0.2	-3.0	1.5	1.0	1.2
Transport and communication	5.4	2.1	-0.4	10.4	4.0	3.0	3.0	3.0	2.5	2.5
Finance, insurance, real estate and business services	2.5	3.4	1.2	1.6	-0.1	0.5	1.5	2.0	2.4	2.5
Community, social and personal services	1.1	2.3	2.3	1.4	1.0	2.2	1.9	2.1	2.0	2.0
General government	2.0	2.0	2.0	2.4	3.7	14.2	14.5	3.6	2.4	2.3
Other producers	2.7	3.4	3.2	2.7	1.6	2.0	2.0	-3.1	2.5	2.5
GDP at constant factor cost	3.7	2.7	1.4	-0.6	0.8	5.6	5.6	-3.3	5.3	3.2

Source: Ministry of Finance, *Economic Review 1994*, 6 May 1994.

a Preliminary
b Projections

Sectoral trends

The mining sector, the principal products of which include diamond, uranium, copper, zinc and lead, still remains a major contributor to gross domestic product despite a fall in its contribution from 22.9 per cent in 1990 to 17.6 per cent in 1993. There has been a significant increase in diamond production, which increased its share in the total mining sector from about one half in 1990 to over two-thirds in 1992. In spite of a dramatic fall in diamond production in 1993, its contribution to total mining output remained at 64.4 per cent. Due to depressed world prices and the lack of world demand, uranium production at the Rossing mine was cut by 24 per cent in 1991 and reduced even further in 1992.

Agriculture (including commercial and subsistence agriculture) accounted for 8.0 per cent of GDP in 1993, compared to 7.5 per cent in 1986. Commercial agriculture, comprising mainly livestock, largely cattle, expanded rapidly in the late 1980s, growing at an average annual rate of about 11 per cent. Following a 7.9 per cent growth in 1990, its pace of expansion faltered to 3.3 per cent in 1991 in the wake of the severe drought. According to preliminary estimates commercial agriculture rebounded well with a 4.3 per cent increase in output in 1992. The recovery was attributed largely to a significant increase in fresh meat production, an inevitable consequence of the aftermath of the severe drought. It grew by 3 per cent in 1993.

The fisheries (catches) sector's contribution to GDP was just 1.8 per cent in 1993. Nonetheless, the sector has exhibited the largest potential for growth. The value added in fishing (semi-processed) increased dramatically and that of fish processing rose by over 34 per cent between 1992 and 1993. This was mainly the result of large catches of pelagic fish and hake which were caught and processed to a great extent by a domestic fleet and by the Walvis Bay based factories. The contribution of fish processing to GDP rose significantly from 2.4 per cent in 1991 to 4.2 in 1993 and is projected at 4.9 per cent for 1994.

The share of the manufacturing sector (excluding fish processing) in GDP was 5 per cent in 1993. This is about the same share as in 1990. The sector sustains a positive growth rate for several consecutive years due largely to a significant increase in meat processing boosted by the larger off-take in cattle and small-stock due to the drought. More moderate increases were recorded in other food processing and beverage industries.

Table 1.2. Structure of GDP by sector of origin, 1986-1995
(Percentage in current prices)

Sector	1986	1987	1988	1989	1990	1991	1992 a/	1993 a/	1994 b/	1995 b/
Agriculture	7.5	8.9	8.3	8.5	8.7	8.7	7.7	8.0	8.2	8.2
Commercial	6.2	7.4	7.0	7.1	7.1	7.1	6.3	6.6	6.9	6.9
Subsistence	1.3	1.4	1.4	1.4	1.6	1.6	1.4	1.4	1.3	1.3
Fishing	1.9	2.3	2.3	1.5	1.7	1.5	1.3	1.8	2.7	2.9
Mining and quarrying	35.6	24.9	29.3	30.6	22.9	20.5	19.4	17.6	17.2	16.8
Diamond mining	16.2	10.8	15.6	15.8	11.7	13.4	12.8	11.4	11.3	11.1
Other mining and quarrying	19.4	14.1	13.6	14.8	11.2	7.1	6.7	6.3	5.9	5.6
Manufacturing	5.5	7.0	6.6	6.4	8.1	7.5	8.0	9.3	10.0	9.9
Fish processing	1.5	2.7	2.4	1.9	3.2	2.4	3.0	4.2	4.9	4.6
Other manufacturing	3.9	4.3	4.2	4.5	4.9	5.0	4.0	5.0	5.1	5.3
Electricity and water	1.7	1.6	1.9	1.7	2.0	2.1	2.0			
Construction (Contractors)	2.2	2.5	2.5	2.4	2.4	2.1	2.3			
Wholesale and retail trade, catering and accommodation	10.7	11.8	11.5	11.8	12.8	12.6	11.8	11.8	11.8	12.0
Transport and communication	5.7	6.3	5.9	5.9	6.7	6.8	6.8	6.9	7.0	7.1
Finance, insurance, real estate and business services	6.0	6.7	6.8	6.9	7.7	7.9	8.0	8.0	8.0	8.2
Community, social and personal services	1.8	1.9	1.9	1.9	2.1	2.1	2.1	2.1	2.1	2.1
General government	18.7	22.8	20.2	19.5	21.7	25.1	27.4	26.9	25.7	25.1
Other producers	2.7	3.0	2.9	2.9	3.2	3.2	3.2	3.2	3.2	3.2
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Source: Ministry of Finance, *Economic Review 1994*, 6 May 1994

a/ Preliminary
b/ Projections

There has been no change in the contribution of the construction sector to GDP since 1990, remaining at around 2 per cent in 1993. A major increase was recorded in the construction of residential buildings at the expense of construction of non-residential buildings. The steady 3 per cent growth rate in transport and communications during 1991-1993 due to an increased road and international air traffic kept the sector's GDP share at about 7 per cent during the period. Commerce, including catering and accommodation, accounted for around 12 per cent of GDP in 1993, compared to 10.7 per cent in 1986. Although the adverse terms of trade severely affected domestic commercial activities this was compensated by the expanding tourism.[5] The high tax burden and inflationary pressures had a negative impact on the growth of finance, insurance, real estate and business services which accounted for 8 per cent of GDP in 1992 and 1993.

A major sector which increased its share of GDP over the years, surpassing that of the mining sector, was government services accounting for about 27 per cent of GDP in 1993. A significant increase in the share of government services by the mid-1980s was the result of a reorganization and expansion of government administration which was sustained in subsequent years.

Investment

The proportion of gross domestic fixed investment in GDP reached almost 15 per cent in 1992 compared to 13 per cent in 1991, and fell to around 13 per cent in 1993. In these years the shares were well below the 20 per cent level reached in 1990. In real terms there was a 32 per cent decline in fixed capital expenditure between 1990 and 1991. This was mainly due to the lack of new mining investments which played a dominant role in the investment pattern in the late 1980s. In 1990, investments in mining were still considerable accounting for 33 per cent of the total investment. In the following years the government accounted for the largest share of total investment with 42 per cent and 37 per cent in 1991 and 1992 respectively. In 1991, private business enterprises invested only half the amount they invested in 1990. Major investments went into acquisition and construction of new buildings, general construction works and purchases of machinery and equipment.

The value of real fixed capital stock has declined since 1990 despite the marginal increases in productive investment, with the exception of fisheries, could not compensate for the slackening of investment in the mining sector. On the whole there has been a general deterioration in the domestic business climate, with a 23 per cent and 19 per cent fall in the net number of companies registered in Namibia in 1991 and 1992, respectively. After this brief setback, the number of registered companies in 1993 seems to have increased considerably, but most of the new entrants have not yet started operations.

Financing of gross domestic investment was more than covered by gross savings generated in Namibia in 1991 and 1992. Gross domestic savings continued to rise in absolute terms in 1993, but its contribution to GDP fell rom 20 per cent in 1990 to 16 per cent in 1993 due to government's current expenditure exceeding its income. The decline in government savings in 1992 was not offset by the large increase in corporate savings and moderate increases in private savings. The remarkable rise in corporate savings in 1992 was a continuation of a trend since the late 1980s. This is a sign of cautiousness among the business community which seems to be reluctant to convert savings into investment. It also indicates a general tendency to prefer financial assets to fixed capital assets. This is not surprising given the high interest rates on borrowing and lack of skilled manpower.

Trade

Namibia's major trading partner is South Africa accounting for about 90 per cent of imports and about 25 per cent of exports. Exports of diamonds, uranium and other minerals are destined directly to Europe, Switzerland and Germany in particular. The country's accession to the Lomé Convention in December 1990 provides duty and quota-free access to European Community markets for most goods. This advantage has not as yet been fully exploited, neither that arising from Namibia's membership in the newly established Southern African Development Community (SADC).[6] Trade with EU and SADC countries is still negligible. Since independence 21 developed countries included Namibia in their list of countries qualifying for Generalized System of Preferences (GSP).

Merchandise exports grew by 19 per cent in 1991, against a 2.5 per cent decline in 1990. The rising trend in exports was sustained at 12.1 per cent and 13.7 per cent in 1992 and 1993, respectively. In 1993 exports of agricultural products, unprocessed fish and mineral products constituted 66.5 per cent of total exports, of which mineral products accounted for 81.6 per cent (see Table I.3). As a result of contraction in uranium production diamond exports became the single largest export commodity in 1991, accounting for 36 per cent of the total exports in 1992. Increases in the exports of livestock and processed meat products in recent years were largely facilitated by Namibia's accession to the Lomé Convention and partly due to the drought resulting in a significant increase in the number of heads slaughtered. The most remarkable increases, however, occurred in the exports of fish and fish products. The fast growing fisheries sector is increasingly replacing livestock industry as the second largest export after minerals. The manufacturing sector's share in total exports has increased from 25.7 per cent in 1990 to 32.3 per cent in 1993. Although this can be attributed mainly to the expansion in processed fish and meat exports, the growth of other manufactured exports has also been significant.

Table I.3. **Structure of merchandise exports, 1986-1994**
(Percentage)

Sector	1986	1987	1988	1989	1990	1991	1992[a/]	1993[a/]	1994[b/]
Agricultural products	6.9	10.1	8.4	8.3	8.6	7.6	7.8	7.0	7.8
Unprocessed fish	0.3	0.3	0.4	0.5	2.2	6.5	5.2	5.2	5.8
Metals and minerals	79.3	69.7	71.3	75.8	63.1	60.2	55.1	54.3	49.2
Manufactured products	13.2	19.6	19.5	15.1	25.7	25.6	29.9	32.3	36.1
All other exports	0.3	0.3	0.4	0.3	0.4	0.1	2.0	1.2	1.2
Total merchandise exports	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Source: Ministry of Finance, *Economic Review 1994*, 6 May 1994.

a/ Preliminary.
b/ Projections.

On the import profile food products accounted for 28 per cent of total imports in 1993, representing an 8.3 percentage point increase over 1990 (see Table I.4). Machinery and transport equipment accounted for around '3.5 per cent of total imports in 1993. As a result of the higher rate of growth in export proceeds than import payments in 1991 and 1992, the trade deficit in 1990 was converted to a surplus in the following two years. In real terms, the trade balance has been improving but the terms of trade have been continuously worsening since 1990. In the past three years the overall average export price for the main commodities has been much lower than the average import price level. In 1992 the average export price fell by 2.6 per cent whereas the average import price rose by 4.3 per cent. A steady increase in the value of exports in 1993 coupled with a modest increase in imports has boosted the country's trade balance, with trade surplus rising from N$ 207 million in 1992 to N$ 569 million in 1993.

Table 1.4. Composition of merchandise imports, 1990-1994
(Percentage)

Sector	1990	1991	1992[a]	1993[a]	1994[b]
Food, live animals, beverages and tobacco	19.7	24.2	27.7	28.0	27.0
Mineral fuels and lubricants	11.0	9.5	7.8	7.5	7.0
Chemical, plastic, medical, pharmaceutical and rubber products and plastics	8.0	7.8	8.0	8.0	8.5
Wood and wood products, paper and paper products	4.2	5.8	5.6	5.5	6.0
Textiles, clothing and footwear	5.6	6.8	5.9	6.0	6.0
Machinery, office and communication equipment, and other electrical goods	16.5	13.7	13.1	13.5	14.5
Vehicles and transport equipment	15.4	15.2	16.9	17.5	18.0
Metal and metal products, not included above	7.3	6.0	5.3	5.0	5.5
All other imports	12.4	11.1	9.7	9.0	7.5
Total merchandise imports	**100**	**100**	**100**	**100**	**100**

Source: Ministry of Finance, *Economic Review 1994*, 6 May 1994.

a/ Preliminary.
b/ Projections.

Balance of payments

In the face of a significant improvement in trade surplus, Namibia has recorded substantial surpluses on the current account of the balance of payments, rising from 0.5 per cent in 1990 to 6.4 per cent of GDP in 1993. However, there has been a growing deficit on the payment of non-factor services. Large increases were recorded especially in payments for transportation including charter fees to foreign owners of fishing boats, and for business, administration and technical services. The balance of factor services has been positive and growing substantially as a result of a larger increase in income on pension, life insurance and Union Trust investments outside Namibia (mainly in South Africa), and lower growth in income paid to foreigners on investment inside Namibia.

The withdrawal of South African budget aid was luckily counterbalanced by increases in other transfers and thus caused only a slight decline in the net transfer receipts in 1990. This situation improved considerably in 1991 as a result of an increase in foreign development assistance and a transfer from Southern African Custom Union (SACU).[7/] The sharp fall in SACU revenue in 1992 was to some extent cushioned by the foreign aid assistance which increased from $109.1 million in 1990 to $131.9 million in 1991 and $147.6 million in 1992.

Monetary system

Namibia is a member of the Common Monetary Area (CMA) and until September 1993 the South African Rand was the only currency in circulation. South Africa has determined the money supply, interest rates and foreign exchange rates. In line with the CMA agreement all foreign exchange has to turn over to the South African Reserve Bank. Namibians have access to their foreign exchange reserves but they do not have control over their management. To fulfil the constitutional requirement, the Bank of Namibia was established in July 1990. However, its role as a central bank remained limited until the arrival of the Namibian own currency in September 1993.

The situation on the domestic financial market over the past three years reflected to a large degree the situation in South Africa. There has been an expansion of credits, increasing public sector borrowing and drawing down foreign reserves. The largest credit expansion occurred in hire-purchase credits growing by 12 per cent between 1990 and 1992, and by 36 per cent between 1991 and 1992. Growth in leasing finance accelerated by 45 per cent between December 1991 and December 1992, compared with only 1 per cent during the proceeding twelve month period. Increases in other loans were not as high, 12 and 21 per cent in 1991 and 1992 respectively. As a result of credit expansion, the domestic private sector borrowing increased from 17 per cent between 1990 and 1991 to 30 per cent between 1991 and 1992. The Government became a net debtor in 1992.

The net foreign assets declined from a positive balance in 1990 and 1991 to a negative figure of R 91 million by the end of 1992. This was mainly on account of the rescheduling of Namibia's pre-independence debt with South Africa. In addition, to finance the expanding domestic credit demand and to compensate for the transfer of government deposits to the central bank, the commercial banks withdrew their deposits in South African banks.

On 15 September 1993 Namibian dollar was introduced and became legal tender alongside the South African Rand.[8/] According to a bilateral agreement with CMA, the value of the two currencies will be identical for some time. This does not mean that the real exchange rate of the Namibian dollar vis-a vis the South African will not change. The real value of the new currency will be determined by the domestic stability of the balance of payments, the rate of inflation and the level of foreign reserves. Prudent fiscal and monetary policies will play equally important roles in keeping domestic demand and money supply under control.

The budget

The annual budgets and economic reviews together with national accounts statistics serve the function of introducing policy measures and setting sectoral expenditure allocations as well as monitoring their impact on the performance of the economy as Namibia does not as yet have a long term development plan. The Transitional National Development Plan for the period 1991/92-1993/94 sets out four development objectives derived from the principles embedded in the constitution. These include: reviving and sustaining economic growth; creating employment opportunities; alleviating poverty; and reducing inequalities in incomes. The areas selected as development priorities since independence include: agriculture and rural development; education and training; health; and housing. The first three budgets concentrated on revitalizing economic growth, addressing the equity issue and exercising fiscal discipline and restraint.

Sectoral allocations in the last three budgets reflect the re-directing of expenditure to the priority areas. The most noticeable increases in the budget shares are recorded for education and health and to a much lesser degree in housing and rural development. In the 1993/94 budget education accounted for 27 per cent of the current and 9 per cent of the capital expenditure and increased its share in the total budget to 24 per cent. The health sector has increased its share in the total expenditure marginally to 10 per cent. The housing and agriculture sectors maintained their shares in total expenditure at 8 per cent each in the last two budgets. Allocations to the social security sector also remained stable at 6 per cent. Although a significant amount of projects' capital expenditure is funded by external donors outside the budget, the difference between current and capital expenditure is striking.

The budgetary deficit for 1992/93 amounted to about 5.8 per cent of GDP. Whereas the deficit in 1991/92 was financed by drawing down the government cash reserves, over a half of the 1992/93 deficit was covered by domestic borrowing and the rest through drawing down accumulated cash balances. The slow increase of expenditure on current and capital account in the first year after independence accelerated in the following two years. In 1992/93 the shares of current and capital expenditure was almost 39 per cent and 9 per cent of GDP respectively. Over 50 per cent of the recurrent and over 40 per cent of the total expenditure consists of wage and salary payments to government employees. The main reason for the large growth in the remuneration bill has been the increase in the number of government employees which reached 62,000 in 1992.[9/]

The government is under a constitutional obligation not to dismiss pre-independence civil servants while at the same time new civil servants from the previously excluded sections of the population will have to be recruited. On the capital account, acquisition of new buildings and equipment as well as a purchase of land constitute the largest component. Transfers to public enterprises and corporations reached 19 per cent of the capital expenditure in 1992/93 compared to 10 per cent in 1990/91.

Government revenue has not grown as fast as expenditure. Fluctuations in tax revenues from the mining sector were to a large extent balanced by steady increases in revenue from personal taxation and from the general sales tax (GST), which in 1992/93 accounted for equally 30 per cent of the tax revenue and about 18 per cent of the total revenue. Compensation from SACU has been the most important single source of government revenue, accounting for 27 per cent of total government revenue in 1990/91 and 1992/93, and for 37 per cent in 1991/92. The budgetary deficit as percentage of GDP was reduced to 4.9 per cent in 1993/94. The 1994/95 budget is aimed at reducing the budget deficit both in absolute terms and in relation to GDP, to 4.4 per cent.

External debt

In the fiscal year 1992/1993 Namibia's total outstanding debt stood at N$ 1,326.1 million, representing 17.7 per cent of GDP. In 1990 most of the debt consisted of loans raised by South Africa on Namibia's behalf to finance infrastructure projects, mainly roads and telecommunications. The bulk of the debt has been subsequently rescheduled and according to the agreement reached in 1992 the debt will be redeemed in full by the Bank of Namibia to the South African Reserve Bank by 30 April 2012. Repayment in seventeen equal instalments of R 78.5 million each will start in April 1995. The main component of the debt represents the pre-independence borrowing plus interest capitalized under the rescheduling agreement. Government Treasury Bills and Internal Registered Stock (capital stock) taken up by non-residents amounted to R 57 million in 1992. The total debt (interest and capital) represented only 2.4 per cent of total merchandise exports over the three year period 1990-1992. All non-Rand denominated debt existing at independence was repaid by 1992. All remaining loans were denominated in Rands which meant that Namibia did not have any debt in foreign currency. This was changed when Namibia issued its own currency in September 1993.

The policy of the government is to rely as much as possible on its own revenue and cash balances, domestic financial market borrowing and foreign grants to finance public deficit.[10/] According to the policy, external borrowing should be limited to loans on concessional terms. This policy has been successful due to sizeable positive cash balances at independence and in the year after. In addition, foreign development grants to Namibia have been growing from R 282 million ($109 million) in 1990 to R 421 million (almost $148 million) in 1992. However, the flow of a total $390 million for the three year period after independence is considerably less than expected.[11/]

Prices and wages

Although the 11.9 per cent annual average rate of inflation in 1991 was almost the same as in 1990, prices started to rise in the last quarter of 1991.[12/] By the second quarter of 1992 the inflation rate reached an alarming level of 20.4 per cent, the highest recorded since 1970. The subsequent decline during the later part of 1992 brought the annual average for 1992 down to 17.7 per cent. High inflation was mainly caused by the increases in food prices in the wake of the severe drought which also affected South Africa. The rate declined with improved agricultural conditions and more stable price levels in South Africa in 1993. As a result, the rate of inflation fell to 8.5 per cent in 1993.

Wages and salaries rose by 16 per cent and 15 per cent in 1990 and 1991 respectively, with a modest increase in real terms in the face of the almost unchanged rate of inflation during this period. This situation changed in 1992. A 13.7 per cent increase in wages and salaries fell short to compensate for the 18 per cent rate of inflation in that year. Although there was an increase in general government employment and remunerations there were redundancies in the mining sector and to a lesser degree in other sectors as well, with the exception of fish processing and some tertiary sectors. The slow growth of nominal wages and salaries, coupled with a general escalation of interest rates and taxation contributed to the decline in real disposable income and standard of living. However, wage and salary levels in Namibia compare favourably with other Southern African countries both in the public and private sector.

Employment

According to the 1991 Population and Housing Census the country's total labour force of 494,000 persons, aged 10 years and above, comprised 395,000 employed and 99,000 unemployed persons.[13/] Women constituted 44 per cent of the employed and 42 per cent of the unemployed labour force. The census also revealed that about 30 per cent of the labour force was illiterate. The government provided about 18 per cent of the total employment, accounting for 33 per cent of the wage employment.

From the employed labour force, 22,900 (5.8 percent) were engaged in manufacturing of whom 53 per cent were women. Less than half of the manufacturing labour force was working in urban areas. This could be expected given that over 70 per cent of the population live in rural areas where income from subsistent agriculture is often supplemented by income from other economic activities. Predominance of women in agriculture and the need to supplement their income is reflected in the relatively high importance of manufacturing as a source of employment for women than men. Seven per cent of female labour force, compared to 5 per cent of male labour force, was engaged in manufacturing activities. However, the representation of women in the urban manufacturing labour force was much lower than their representation in the rural manufacturing labour force, 28 per cent and 73 per cent respectively. Less than one third of women in manufacturing had a status as employees, the rest were self- employed and/or unpaid family labour. This means that over seventy per cent of female manufacturing labour force is in the informal sector. Using the same criteria, the corresponding figure for male manufacturing labour force in the informal sector would be about 20 per cent.

With an improved access to education it is expected that about 16,500 new entrants will come on the labour market per year. The wage sector absorbed about 46 per cent of the economically active population in 1991. Paid employment was estimated at around 200,000 in 1993, projected to grow at 1.5 per cent per annum.[14/] This means that it could provide only between 3,000 and 4,000 new jobs per year. Thus a major part of the labour force will have to find employment in the informal sector.

B. CHALLENGES AHEAD

As independent Namibia inherited macroeconomic imbalances and microeconomic inefficiencies the new government was faced with the formidable task of generating economic growth with stability and social justice. This called for the revitalization of the economy, with a view to achieving stability, addressing the country's equity problem, creating employment opportunities for the currently unemployed and new entrants into the labour market including returnees, and reforming the structure of public expenditure in line with development objectives. The performance of the economy since independence gives some indication of the crucial areas that warrant immediate attention.

Economic growth and stability

Given the small size of the domestic market, with 1.5 million people in mid-1991, growth has to stem primarily from export orientation. Traditionally, minerals and agriculture have been the two most important pillars of the Namibian economy. Production in both sectors is highly vulnerable to changes in external conditions and natural phenomena beyond the control of the government. However, the potential for expansion in the two sectors has not yet been fully exploited. Namibia's rich mineral deposits have been under-explored so have the possibilities in subsistence agriculture and commercial crops production.[15/] The fisheries sector, although previously in the third place

of importance, has been fast expanding and emerging as a promising segment of the country's manufacturing sector. Depletion of stocks of some high value demersal fish and unauthorized fishing of foreign-owned vessels call for prudent fish resource management and protection of Namibian fishing rights. The fish potential beyond the edge of the continental shelf as well as the rich non-fish marine resources are still to be explored. Also, high charter fees for foreign vessels prompt the need for the expansion of the local fleet. The handing over of Walvis Bay territory to Namibia implies a new challenge to the government in terms of the harbour management and full utilization of the potential for fish processing.
Namibian membership in SACU and CMA have imposed limitations on the scope of effective policy instruments available to the authorities. Due to its trade and monetary dependence it has been difficult for Namibia to combat destabilizing factors originating in the economy of South Africa.

Though the taxation levels and base expanded considerably, it has been partially responsible for the depressed domestic demand. Effects of the adjustments in the tax system introduced during the second half of 1993 are yet to create their spinoff.[16/] It is also expected that the new tax incentives to manufacturing enterprises and removal of tax exemptions of parastatals which became effective in the same period will have a desirable effect. The introduction of general tax incentives to the manufacturing sector was intended to offset the disappointing response to the incentives provided under the Foreign Investments Act, 1990.

After the introduction of the Namibian Dollar (N$) in September 1993 the authorities resumed full responsibility for controlling the money supply, fixing the exchange rate level and managing foreign reserves. These additional monetary policy instruments together with fiscal measures give Namibia better command over its macroeconomic environment. It will become even more important to keep the budget deficit within acceptable limits to encourage business confidence.

Poverty alleviation and employment creation

It is recognized that expansion of productive employment is the most effective way of combatting poverty and bringing about more equitable distribution of income. Although positive economic growth rates have been achieved since independence they were derived from a narrow economic base heavily dependent on the traditional primary products. Given the low employment potential in the mining and livestock sectors as well as the absence of any significant changes in the structures and/or methods of production, economic growth had very little impact on the level of employment.

The means at the disposal of the government have not been sufficient to address the issues related to poverty alleviation, employment generation and equity. The levels of private investment have been disappointingly low in spite of considerable efforts on the part of the government to create an enabling environment for domestic and foreign investors. There are convincing explanations for this such as insufficient time for realization of the policy effects and general uncertainty in the world business environment in general and the Southern African region in particular. On the other hand, there is still scope for making investment conditions more competitive. A proposed investigation into the causes of the disappointing performance of the private sector will help to determine what remedial measures are necessary to improve the situation.[17/]

A combination of fiscal, monetary, trade and sectoral policies will be required to increase investment opportunities and competitiveness, as well as to enhance greater participation of the presently disadvantaged sections of the population in the process. To employ the means of the government in the most efficient way to achieve the overall development objectives, development strategies and priorities for supportive policy measures have to be adopted. Choices of the possible future development path are outlined in a Keynote Issues Paper[18/] presented for discussion in connection with the preparation of the First Five Year National Development Plan (1995-2000). The paper puts forward three scenarios,[19/] with targeted support to agriculture and manufacturing sector.

Public sector management

The task of the government to direct expenditure towards the new priority areas and to restrain its overall spending has not been easy. The new government inherited an oversized public administration, a budget structure with low and skewed investment patterns favouring a minority of the population, as well as regulatory and pricing framework inconsistent with the aspirations for creating a productive and competitive business environment. Despite economic constraints the government has managed to increase allocations to the educational sector and health but not as much as expected to rural development and housing.

The budget deficit in the last two years, although manageable, is a source of discomfort, so is the depletion of foreign reserves. There seems to be little scope for increasing revenues from additional sales tax, individuals tax and corporate taxes without jeopardizing the aim of creating an enabling environment and encouraging private investment. Given the fluctuations in the levels of the traditional sources of revenue, namely the mining sector and SACU, and uncertainty about the levels of possible new sources of revenue and expenditure resulting from the Walvis Bay take-over and oil explorations, the government is forced to restrain and prioritize its expenditure.

The cost effectiveness of public spending is of concern as is the disproportionately high level of current expenditure for which remunerations to government employees carry the main responsibility. The government is well aware of the problem and has approached the World Bank for assistance in planning and implementation of a Public Expenditure Review.[20/]

Development of human resources

Namibia's biggest untapped resource is its people. This asset is the key to Namibia's future development. To rectify the past neglect in developing the largest part of the country's human resources will require substantial investments and time to realize the benefits. The status, needs and appropriate measures in the field of health, nutrition, education, training, and employment were put forward in the World Bank Report prepared in 1991.[21/] It is up to the government to take the lead in formulating a comprehensive and coherent medium and long-term strategy capitalizing on the inter-dependence and potential complementarity of policy measures within the overall macroeconomic framework. Once the strategy is in place, it will help mobilizing the necessary funds from public, private and foreign donors sources. Participation of different economic and social institutions, non-governmental organizations, and groups drawn from all sections of the population will not only help to direct the resources where most needed but also stimulate the responsibility for their management.

Government expenditure on health, education and social security benefits is relatively large compared to other developing countries. The problem is the cost effectiveness of the expenditure and building the structures for its distribution in rural areas where 70 per cent of the population live. The lack of professionals and skilled labour impedes implementation capacity of the government and presents the major constraint to the development of the private sector. A recent training needs assessment[22/] of the industrial sector reveals that wage costs are higher than in most other countries in the region especially for skilled and semi-skilled workers.

In order to attract prospective industrialists into Namibia the labour cost disadvantage has to be compensated by a stable and more productive labour force. Introduction of the Labour Code in 1992 contributed to the creation of a more stable labour market which puts Namibia ahead of other Southern African countries. After a year of being in force, however, there is a mixed feeling about its benefits amongst the different economic groups. Although one year is too short a period to realize the full effect of the new legislation, the Code provides an important framework for the promotion of the principle of social contract between the government, employers and trade unions. For the future it will be crucial that the contract is interpreted by all partners as a joint responsibility for developing a motivated and productive labour force.

C. THE ECONOMIC OUTLOOK[23]

A 5.3 per cent increase in real GDP forecast for 1994 hinges mainly on a mild recovery of the world economy and the economy of South Africa. As the government endeavours to consolidate the gains of macroeconomic stability, significant improvements from the previous year are expected in fishing and fish processing, uranium mining, construction and tourism. Increases to a smaller degree are also envisaged in manufacturing and some tertiary sector activities. The easing of inflationary pressure augurs well for a healthy pace of economic recovery.[24]

Favourable climatic conditions have already yielded good crops in the beginning of 1994, and further improvement in agricultural output is in the offing. Improved market access and better outlook for the world economy augur well for the currently depressed diamond production. The country's uranium output has already shown signs of improvement in the face of an improvement in export prices. Namibia's fishing industry continues to sustain a rapid pace of expansion, which being significantly enhanced by the expansion of the country's fishing fleet. The performance of these key primary sectors draw the secondary and tertiary sectors into a broader-based recovery. The improved sectoral performance coupled with rising commodity prices could significantly boost the country's exports and the recovery would mainly be export-led.

Economic prospects in the near future will depend on a combination of external and internal factors. The situation in the world economy is of utmost relevance for a country such as Namibia where exports account for about 60 per cent of GDP. Because of its membership in SACU and CMA, changes in the political and economic environment in South Africa after the first multi-racial elections held in April 1994 are of great concern. There is a high degree of uncertainty about the future compensations from SACU and SACU future as such.[25] South Africa's accession to GATT requirements would affect the size of the common pool and the individual member's share in it.[26] Handing over the Walvis Bay territory to Namibia in February 1994 still leaves a number of unsettled issues including taxation and levies charged on fuel sales to fishing vessels operating in Namibian waters.[27]

Maintenance of domestic political and economic stability will be crucial for Namibia to attract much needed foreign investment. Strict fiscal and monetary discipline will be required from the government to create an enabling environment for the promotion of free enterprise within the framework of a mixed economy. Prospects for increasing the revenue from additional domestic sources is uncertain. The possibilities for finding oil and/or natural gas, although encouraging, are unlikely to yield much revenue before the beginning of the next century.[28] Much of the revenue in the near future will be dependent on the expansion of fishing and fish processing industry and on increasing output from the mining activities. The unpredictability of the weather conditions attaches a high degree of uncertainty to any projections for increases in the agricultural sector. Any deeper economic restructuring which may result from adopting a different development path in the First Plan period, 1995-2000, will, at the beginning, have rather revenue taxing than revenue raising effect on the budget.

The medium-term projections of the Ministry of Finance about the likely performance of the Namibian economy under three different scenarios are on the whole encouraging.[29] Between 1994 and 1996 the economy is expected to have a positive real growth rate regardless of the combinations of external and internal circumstances defined as "worse case, base-line and optimistic scenario". The major difference between the three sets of projections is the timing and extent of economic growth in other sectors, not just the fisheries. The fishing and fish processing sectors are expected to perform equally well under all three scenarios.[30]

Despite an expected downturn in mining output other than diamond and uranium, the economic recovery that commenced in 1994 is expected to be sustained at a reduced pace in 1995. During this period, the government endeavours to consolidate the gains achieved since independence.

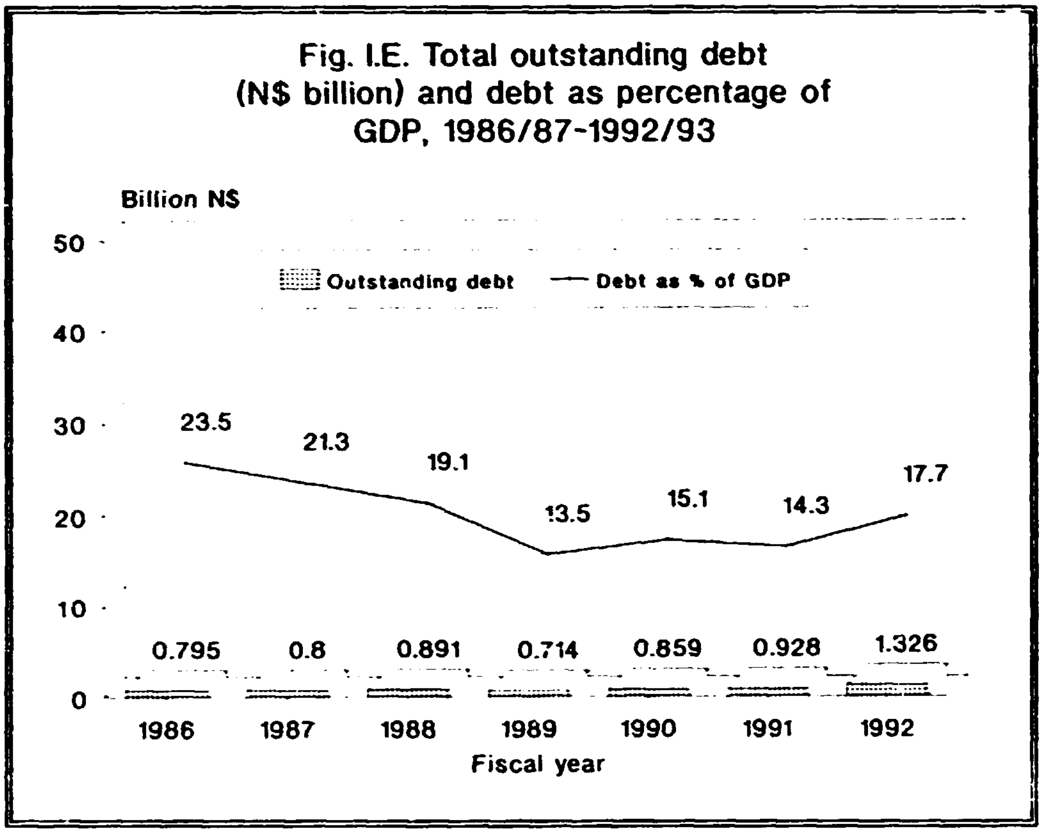


Fig. I.E. Total outstanding debt
(N$ billion) and debt as percentage of
GDP, 1986/87-1992/93
Billion N$
50
40
30
20
10
0
Outstanding debt
Debt as % of GDP
23.5
21.3
19.1
13.5
15.1
14.3
17.7
0.795
0.8
0.891
0.714
0.859
0.928
1.326
1986
1987
1988
1989
1990
1991
1992
Fiscal year

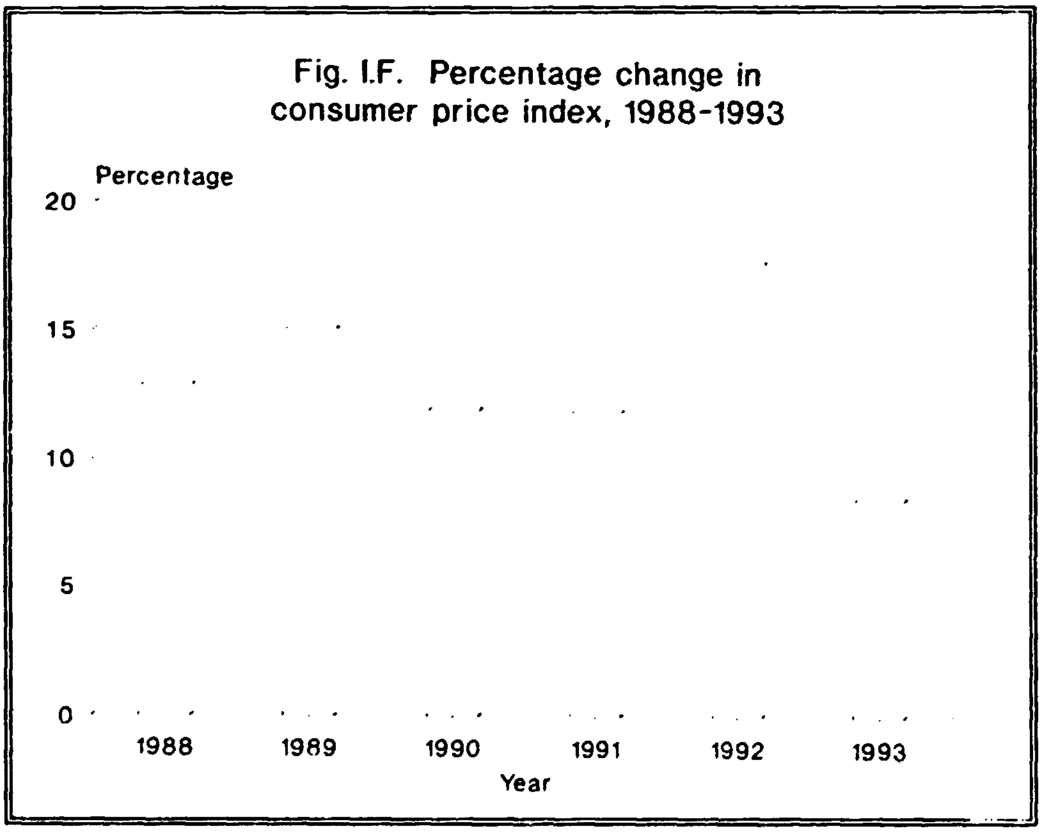
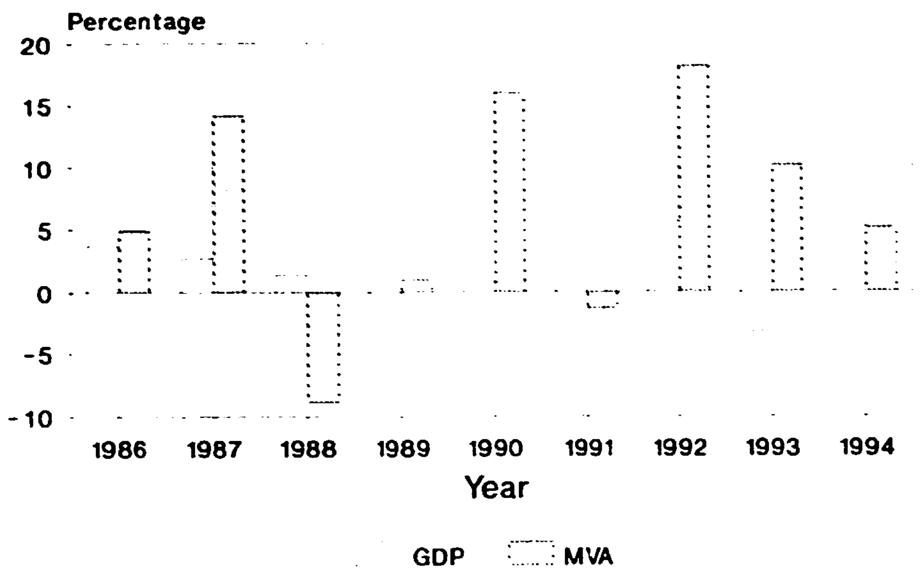


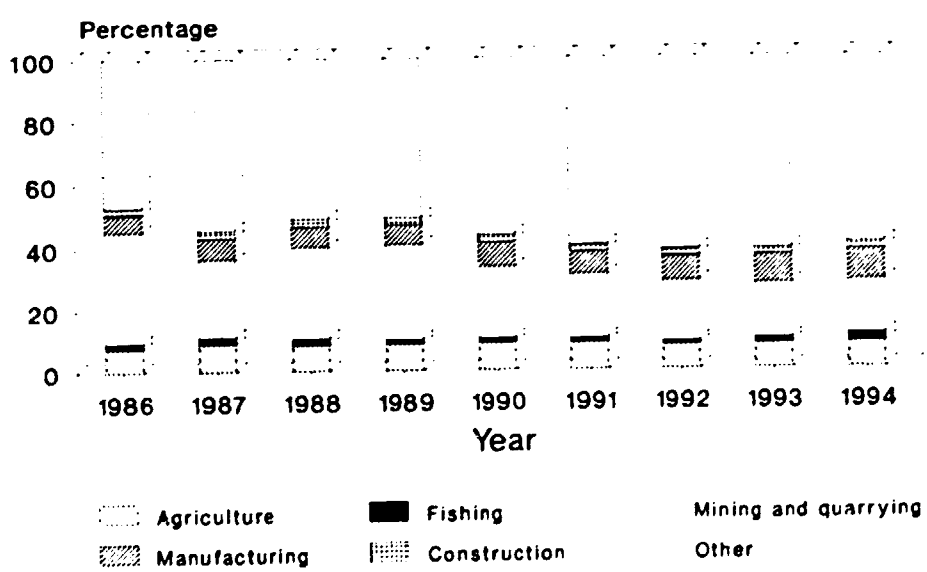
Fig. I.F. Percentage change in
consumer price index, 1988-1993
Percentage
20
15
10
5
0
1988
1989
1990
1991
1992
1993
Year

Fig. I.A. Growth of gross domestic product (GDP) and manufacturing value added (MVA), 1986-1994*



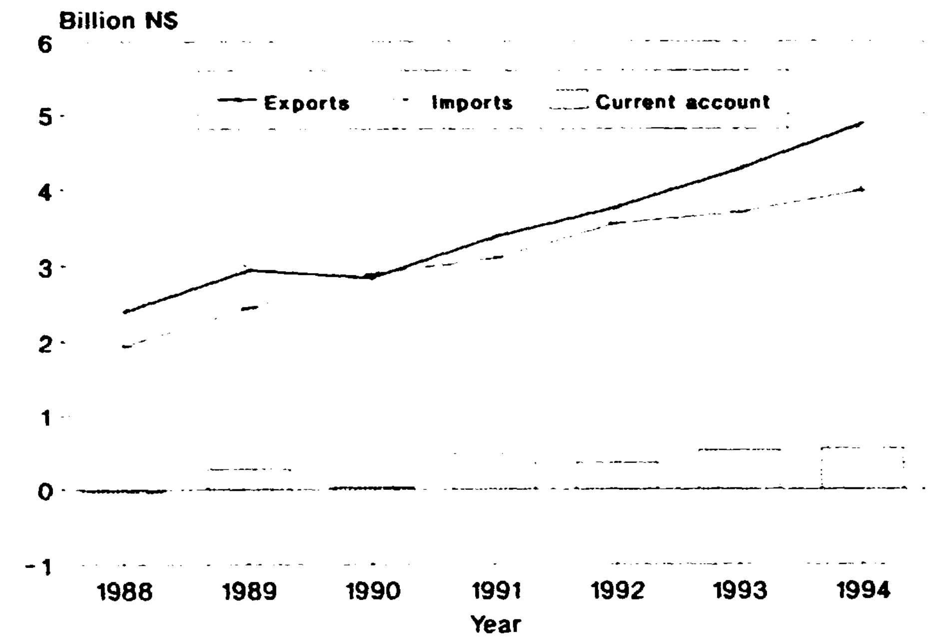
* Projection.

Fig. I.B. Structure of gross domestic product by sector of origin, 1986-1994* (Percentage)



* Projection.

Fig. I.C. Exports, imports and current account balance, 1988-1994*



* Projection.

Fig. I.D. Gross domestic fixed investment, 1986-1993 (Million N$ in 1985 prices)

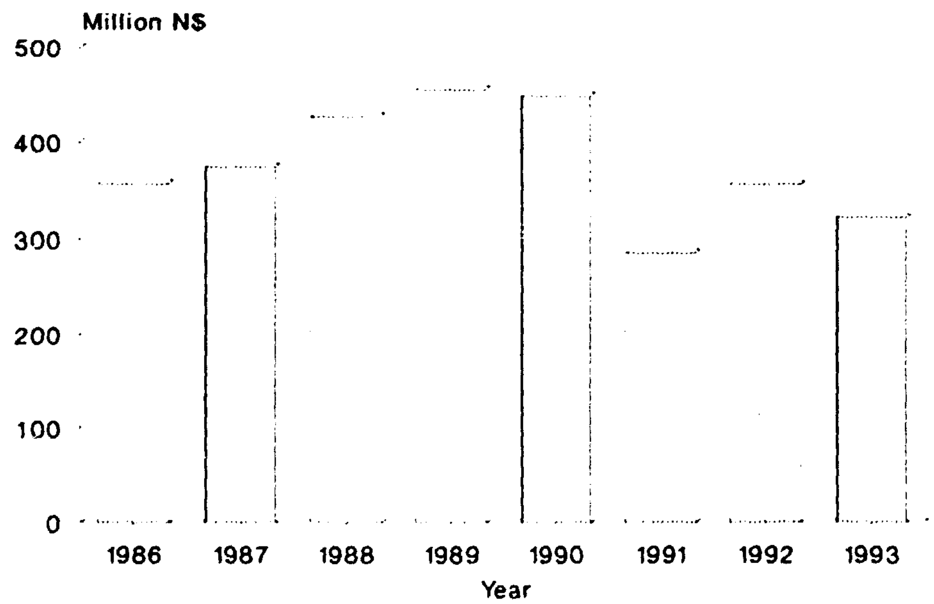
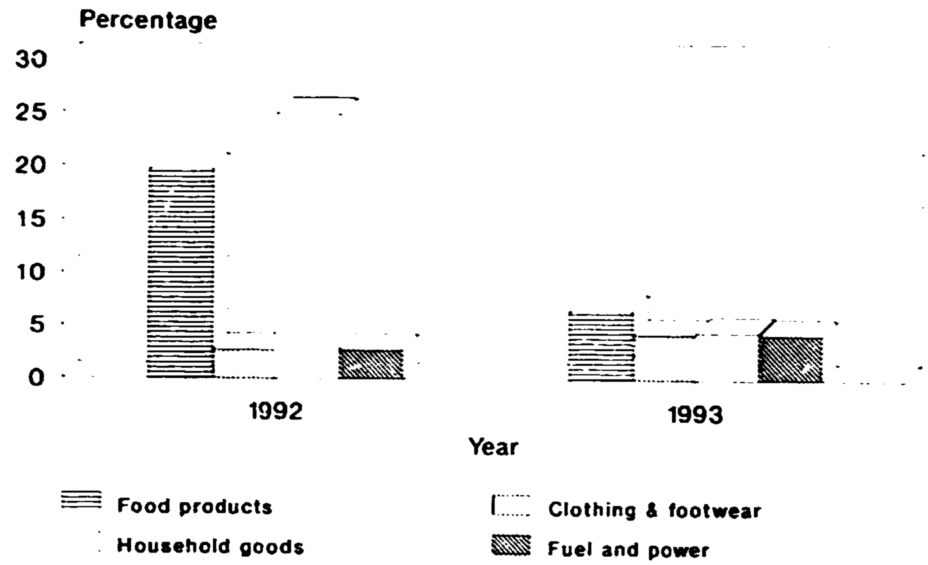


Fig. I.G. Percentage change in consumer price index, selected products, 1992 and 1993



NOTES TO CHAPTER I

1/ This section draws extensively on the latest available *Economic Review 1993 and 1994*, published by the Ministry of Finance, the Republic of Namibia.

2/ Parliamentary debates during November 1993 session.

3/ The Consolidated Diamond Mines Company (CDM) has suffered additional setback by a two-week strike over the wage increase in November 1993. All five CDM's mi... were paralized by the stayaway action of 3,500 workers. The strike was estimated ... ...st the company N$ 2-3 million in production and the government N$ 900,000 in taxes per day. *Namibian*, 29 November 1993.

4/ The United Nations Development Programme (UNDP). *Human Development Report 1993*. The human development index (HDI) is a composite of three variables: life expectancy, education and income.

5/ The bed occupancy increased by 11 per cent from 1991 to 1992.

6/ The Southern African Development Community (SADC) is a new name for the Southern African Development Coordination Conference (SADCC) which was established in 1972 with a view to coordinating development efforts of nine Southern African states. SADC new objective is to promote regional economic integration. The Treaty provides for cross border investment and trade as well as for free movement of the factors of production, goods and services. The members of the new Community include: Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, Swaziland, Tanzania, Zambia and Zimbabwe.

7/ Namibia is a member of the Southern Africa Custom Union together with Botswana, Lesotho, Swaziland and South Africa. Customs and import duties on imports from outside the Custom Union are collected by South Africa. The revenue is later shared among the member countries according to an agreed formula based on 17 per cent ratio of the sum composed of the c.i.f. and duty value imports into Namibia; the value of excise duties levied on goods within Namibia; and the value of such excisable goods in the proceeding two years. The calculated amounts for the last three financial years 1990/91, 1991/92 and 1992/93 were in R 657.6 million, R 735.5 million and R 751.6 million respectively. The calculations differ from the actual payments due to the on-going negotiations about the formula between Namibia and South Africa.

8/ A company in Sweden was contracted to mint 103 million units of coins and print 78 million units of notes. The combined total value of notes and coins is R 1.8 billion. Initially, only one third was received. The printing cost, estimated at R 13 million, is shared between Sweden (R 9 million) and Namibia (R 4 million). "New Currency: A penny for your thought", *Information bulletin*, The Commercial Bank of Namibia Ltd., April 1993.

9/ The number of established posts increased to 75,461 in 1993. In the 1993/94 Budget, provision was made for 63,228 posts of which only 62,121 were filled at the end of 1992. Estimate of revenue and expenditure for the financial year ending March 1994.

10/ The ban on external borrowing was lifted in November 1993.

11/ At the donor conference organized by the UNDP in New York in July 1990 38 bilateral and 6 multilateral External Financing Agencies pledged a total amount of US$ 700 million for the period 1990 to 1993.

12/ The inflation rate is calculated on the basis of the price index of a basket of consumer goods measured in Windhoek.

13/ The definition of economically active population (labour force) includes persons aged 10 years and above who were working for pay, profit or family gain or were actively seeking work (unemployed).

14/ ILO *Programme for Small Scale and Informal Enterprises in Namibia*, Windhoek, TSS-1 Draft Report, January 1993.

15/ If the exploration cost/production value ratio is used as a guideline for judging the sufficiency of exploration budget needed to effectively assess the country's mineral potential. Namibia's ratio of 3 per cent is still below the optimum mark of 5-10 per cent estimated by the World Bank. Namibia possesses a whole range mineral deposits ranging from precious and semi-precious stone to base metals and industrial minerals as well as rocks. See *The Investor*, October 1992, published by the Investment Centre of the Ministry of Trade and Industry.

16/ New tax proposals were introduced in the Budget Speech of the Minister of Finance on 27 May 1993. They include: raising the taxable value of fringe benefits; introduction of additional sales duty of 11 per cent on selected items classified as non-necessities; lowering the general sales tax on goods from 11 to 8 per cent but retaining the 11 per cent rate on services; introducing 11 per cent sales tax on services rendered by the banks; lowering the top marginal rate for individual incomes above R 100,000 by 2 per cent to 38 per cent; lowering the minimum rate of tax on incomes not exceeding R 15,000 from 14 to 12 per cent; and lowering the company tax from 40 to 38 per cent. The most controversial tax proposals were related to the income tax on farmers. These include: raising the taxable value of livestock; abolition of averaging (5 years period) provisions for farmers; and raising the tax deductible provision for housing of farm labourers from R 4,000 to R 15,000.

17/ There is at present a proposal to carry out a Private Sector Development (PSD) study, with a view to assessing the current situation in the private sector, constraints to its development and its future potential. It is envisaged that the study will be a joint effort between the government, business sector and the World Bank.

18/ The Keynote Issues Paper was prepared by the National Planning Commission which is constitutionally responsible for planning the priorities and directions of national development.

19/ The paper presents three possible development paths. The first is based on the continuation of the present economic trends which will favour further developments in fisheries, mining, agriculture and tourism. The second development paths puts emphasis on the development and commercialization of small-scale agriculture. The third option concentrates on the development and promotion of small and medium-scale labour intensive manufacturing. The last option is put forward as the most viable development strategy within the medium-term horizon but should not necessarily exclude implementation of the other two, availability of resources permitting.

20/ Preparations for the Public Sector Review are well under way and it is hoped that the study could be implemented during 1994.

21/ World Bank, *Namibia: Poverty Alleviation with Sustainable Growth*, Report No. 9510-Nam, October 29, 1991.

22/ UNIDO study August-October 1993.

23/ This section draws largely upon *Economic and Financial Issues for the 1994/95 Budget* and *Economic Review 1994*, Ministry of Finance, Economic Policy Advisory Services, 13 August 1993.

24/ The extra low inflation rate is explained by the Central Statistics Office as the effect of the tax changes introduced 1 September 1993. While the reduction in the General Sales Tax (GST) from 11 to 8 per cent had an immediate effect, the Additional Sales Duty applies only to new stocks and will take time to show its effects. "Namibian prices edge up", *Namibian*, 5 November 1993.

25/ The World Bank is presently preparing a study on the impact of possible future developments of SACU and economic implications of Namibia's terminating its membership. The study will be completed in 1994.

26/ South Africa is under increasing pressure to comply with GATT regulations demanding a reduction of external tariffs on 45 per cent of listed tariff items before the end of 1994, on 75 per cent by the end of 1996 and on all tariff book's items by the end of 1998. The South African offer of 10 per cent tariff cut has been so far rejected. After the independence Namibia became a member of GATT through the existing accession of South Africa under the Article XXVI: 5(c).

27/ Apart from the question of citizenship the present negotiations aim at harmonizing the wage and taxation practices in Walvis Bay with those established in the rest of Namibia. Under the present system individuals and companies are taxed more leniently in Walvis Bay.

28/ Four licences for offshore oil and natural gas explorations have been awarded to Norwegian, Canadian-British and South African and a Namibian joint venture between 1991 and 1992.

29/ *Economic and Financial Issues for the 1994/95 Budget*, Economic Policy Advisory Services, Ministry of Finance, August 13,1993.

30/ Since the decision about the handing over Walvis Bay to Namibia was not yet known at the time of making the projections, it is most likely that production as well as the revenue figures pertaining to the fisheries sector may be underestimated.

II. INDUSTRIAL POLICY AND INVESTMENT ENVIRONMENT

A. INDUSTRIAL POLICY FRAMEWORK

Industrial development in Namibia was not of any great concern to South Africa in the past. Namibia was considered as a source of cheep raw material and a market access for South Africa's manufactured products. This pattern was reinforced by the membership of both countries in the Southern African Custom Union (SACU), with South Africa playing a dominant role.[1/] The denial of access to education and training skills, management, technology and capital to the majority of the population hindered the country's potential for industrial development.

Potential for industrial development

The potential for industrial development in Namibia is much more promising than in other Sub-Saharan African countries. Namibia has a high level of natural resources per capita, modern transport and communications system, a relatively advanced financial sector, and a well developed energy supply network with a considerable hydroelectrical potential. Prospects for finding oil, natural gas and coal in commercially viable quantities are also encouraging. Personnel with technical and managerial skills is present, albeit in small numbers. The private sector plays a dominant role in the economy and is supported by the government's commitment to further enhancement of domestic and foreign private initiative. This is supported by Namibia's stable political system based on democratic principles of individual rights laid down in the constitution.

The comparative advantage of Namibia lies in its natural resource endowments. These include fish, diamonds, uranium oxide, gold, base metals and a whole range of still unexplored mineral reserves. Although land is abundant there is a shortage of good arable land due to irregular rainfalls. The possibilities for maximizing the domestic value added of the natural resources through further processing have not been fully exploited. There is also scope for establishing intermediate industries and supportive services to the existing export-oriented production as well as for replacing imports with domestic products. The country's rich potential for the development of the fisheries sector and the scope for expanding fish processing activities have been further enhanced by the transfer of Walvis Bay to Namibia in early 1994.

Constraints to industrial development

One of the major constrains to the realization of Namibia's potential for industrial development is the shortage of skilled manpower. The denial of education and training opportunities as well as business experience to the majority of the population in the past limits the present scope for productivity increases and the expansion of the local entrepreneurial and business class. Other major constraints are the size of the domestic market and the limited purchasing power which is further weakened by the highly skewed distribution of income. The effective size of the domestic market is restricted by the heavy concentration of industrial and commercial activities in major towns, mainly in the capital Windhoek which accounts for 70-80 per cent of business activities in Namibia. These activities are far from the relatively large labour and consumer markets in rural communal areas. There are few linkages within the industrial sector and even fewer between industry and other economic sectors. Possibilities for the development of a dynamic informal sector and small-scale industries are restricted by the competition of relatively cheap industrial goods produced in South Africa which are easily available to consumers through well established distribution chains in Namibia.

Membership in the Southern African Custom Union has a great influence on the Namibian economy in general and industrial development in particular. The advantage of a duty free access to the SACU market has hitherto been mostly exploited by South Africa. Though all SACU producers have been protected from external competition by high common tariff barriers, these were set to suit South African producers rather than to enhance industrialization in the other member countries. Additionally, South African producers have been favoured by the Regional Industrial Development Programme (RIDP) introduced to attract investment into Homelands by offering special rates for industrial services. An abuse of the General Export Incentive Scheme (GEIS) intended only for exporters outside SACU provides another form of subsidy to South African producers.[2/] This, together with repeated occurrences of dumping onto the Namibian market, weakens the competitiveness of local products.

Industrial development strategy

After independence industrial development has become central to the achievement of overall economic and social objectives. The newly established Ministry of Trade and Industry has a key role to play in facilitating the realization of the country's industrial potential by providing broad policy guidelines and support to the business community. A White Paper on Industrial Development, published by the Ministry in August 1992, outlines the medium-term policy framework for the implementation of the following industrial development objectives:

- To increase manufacturing value added by stimulating productivity, increased exports and, where efficient, import substitution.

- To diversify and integrate the economy through the accelerated growth of the industrial sector and the creation of better links between sub-sectors.

- To generate productive employment opportunities and increased income opportunities for Namibians, especially disadvantaged groups such as women.

- To improve the geographical distribution of industries in relation to the location of raw materials, markets, population and employment demand.

The private sector is expected to play the major part in the industrial development. The principal areas designated as government responsibility include:

- To ensure that macroeconomic and sectoral policies are consistent with industrial development objectives.

- To provide and maintain economic infrastructure and provide public goods and services.

- To set industrial development incentives.

- To participate in the share capital of industries if this serves to accelerate development.

BOX.II.A. White paper on industrial development: Major highlights

Summary of proposed policy measures

In the field of macroeconomic policies the government should ensure that:

- setting of exchange rates and interest rate is supportive to industrial development,
- banking and credit policies take into consideration the needs of small-scale enterprises;
- prices of Namibian industrial goods are determined by market forces (import-parity pricing) and Government interference limited only to protection of domestic producers against unfair outside competition;
- government employs financial incentives and technical support rather than protection to pursue infant industry policies; and
- aggregate demand in the economy is enhanced by government greater spending efficiency.

The policy also calls for a review of the legal framework to be more attuned to industrial development objectives. Special attention should be given to laws and regulations which would:

- support establishment of small-scale enterprises and operations of the informal sector;
- increase the participation of Namibian citizens previously excluded from industrial activities by giving preferential access to lines of business favouring small-scale activities;
- support stability on the labour market and make procedures for recruitment of essential external personnel more efficient by processing their work permits within 30 days;
- clarify freehold tenure in communal areas so land can be used as collateral especially by women;
- make environmental protection and conservation an integral part of legal provisions governing the exploitation of Namibia's natural resources and industrial activities;
- allow for fair trade practices with government interference only as a last resort; and
- support implementation of the Foreign Investments Act

Planning and maintenance of the infrastructure (including roads, water supplies, electricity, health and education) should be coordinated among the relevant ministries. Provision of serviced industrial land should be extended to locations outside the capital, especially in the communal areas. The prices of industrial plots should reflect the market price of land and development costs. Pricing of utilities and other services should be based on economic cost.

The contours of industrial policy are thus aimed at creating an enabling environment, with a view to facilitating the rapid expansion of a productive and competitive private sector. An incentive package was first introduced in April 1993. As mentioned earlier, the proposal for integration of industrial development objectives into macroeconomic and sectoral policies was taken up in the Keynote Issues Paper approved by the Cabinet in September 1993. The Keynote Issues Paper was drafted by the National Planning Commission in cooperation with the Ministry of Finance and represents the first step towards the preparation of the country's First National Development Plan covering the period 1995-2000. The development strategy outlined in the Paper puts strong emphases on the development of the manufacturing sector and the role of small-scale industries as a source of employment creation.[3/]

B. FINANCIAL SECTOR

The financial sector is heavily influenced by the monetary policies of South Africa due to Namibia's membership in the Common Monetary Area (CMA). The CMA sets the legal framework for a system where the South African rand is allowed to circulate free alongside local currencies in the member countries (Lesotho, Swaziland and Namibia) and is the legal means of pay and transactions. It also provides for the harmonization of exchange control regulations among its members. Within the CMA umbrella agreement there are separate bilateral agreements between South Africa and the member countries. Thus the membership has its advantages and disadvantages. It facilitates trade and investment flows between Namibia and its most important trade partner, South Africa. It also provides Namibia with an access to the rand which is a relatively widely traded and to some extent freely convertible currency. One of the most significant advantages is the possibility of using the financial rand which has a more favourable exchange rate than the commercial rand as an incentive for foreign investment. The major disadvantage of CMA membership is the limited control of Namibia over its own monetary policy and foreign exchange regulations. As long as the bilateral agreement between Namibia and South Africa is in force and the Namibian currency is tied to the rand the strength of the currency and monetary policies will be to a large extent affected by the events in South Africa. However, the effective scope for independent monetary policies is determined by the economic dependence of Namibia on South Africa.

Banking and investment finance

The Bank of Namibia was established in July 1990 and became operational in August the same year. Prior to that, the Windhoek branch of the South African Reserve Bank acted as a note and coin insurance agent for the Reserve Bank, with limited cheque clearing facilities. These functions were taken over by the Bank of Namibia which also became the banker of the government and a lender of last resort to the financial institutions. In addition, the bank acts as financial advisor to, and fiscal agent of the government responsible for issuing treasury bills which became a regular feature of the financial market since May 1991. To give an impetus to the development of a capital market in Namibia, Government Stock was first introduced in October 1992 raising a sum of R 50 million with a repayment period in two years. After introducing its own currency in September 1993, the functions of the Bank of Namibia as a central bank have been increased.

There are five commercial banks operating in Namibia: Bank Windhoek, First National Bank of Namibia, Standard Bank of Namibia, Commercial Bank of Namibia and the Namibian Banking Corporation. The latter two have recently merged. Three out of the five banks are owned by South African banks.[4/] Bank Windhoek is the only Namibian-controlled bank but also has South African shareholders. There is also a new bank on the horizon, City Savings and Investment Bank, scheduled to open in 1994. The new bank will be Namibian-controlled with other shareholdings mainly from South Africa and Nigeria and will concentrate on raising finances for the commercial sector mainly for fishing companies. It also promises to favour the small-scale sector.[5/] In addition to the commercial banks two building societies and five major insurance companies administer short and term investment (life insurance and pension funds) and in the case of the building societies also provide mortgage finance in the domestic capital market.[6/]

Banking is profitable in Namibia due to high interest rates on loans (currently between 18-23 per cent), high service charges and cautious lending policy. The two largest banks, Standard Bank of Namibia and First National Bank of Namibia, earn twice the return on assets compared to their South African parent. The assets and liabilities of the banks stood at R 2,921 million at the end of 1992. Total assets grew by 42 per cent between independence and December 1992. This was largely attributed to banks moving money from abroad to invest in government stock and to enlarge their credit facilities. The expansion in government civil service and "money coming home" also contributed to the increase in the number of depositors. In spite of the high liquidity on the financial market investment loans are difficult to obtain. This is particularly difficult for small entrepreneurs from the previously disadvantaged sections of the population who find it difficult to satisfy the high collateral requirement as well as the demand for established banking history.

The government owned Agricultural Bank of Namibia (ABN) and two parastatals, Namibian Development Corporation (NDC) and National Housing Enterprise (NHE) are the major providers of high risk investment capital. The ABN caters for the needs of the previously disadvantaged small-scale farmers and since 1991 advanced R 22.1 million to black farmers for land and farm equipment purchases. The NDC provides finance to the informal sector and pioneer enterprises whereas the NHE concentrates on the low-cost housing market by providing mortgages and advice on all aspects of housing development in close cooperation with the private sector.

The Directorate of Financial Institutions' Supervision was established in the Bank of Namibia in June 1991 to protect the public by ensuring financial soundness of institutions applying for registration. The Directorate was also instrumental in developing rules and listing requirements for the Namibian Stock Market which was established in 1992 and became fully operational in 1993 with R 230,000 raised from the private sector for its infrastructure.[7/] Namibia thus became the fifth country in the region having its own stock exchange with five listed companies.[8/] At the end of 1993 the Namibian Stock Exchange had seven listed companies including fishing and trading companies as well as a bank and an insurance company. The rules of NSE allow for a company listing on both NSE and the Johannesburg Stock Exchange (JSE). The latter two companies are the example of South African parent companies being listed on both NSE and JSE. Given that costs and taxes are lower in Namibia a South African company with a branch in Namibia may find it advantageous to invest via Windhoek rather than via Johannesburg. It is expected that several such companies will apply for listing on NSE in 1994.[9/] As from 1993 dividends declared by Namibian companies to Namibian citizens are not taxable but those payable to non-residents are subject to a withholding tax of 10 per cent prior to their repatriation. This shareholders tax is only 5 per cent for United Kingdom companies or residents due to a bilateral taxation agreement between the two countries.

Exchange control regulations

In terms of the bilateral agreement between Namibia and South Africa the exchange control policy of Namibia has to be consistent with that of the Common Monetary Area (CMA). The exchange control applies to all Namibian residents including foreign owned undertakings operating in Namibia. The exchange control regulations in force within the CMA were introduced by South Africa in 1985 in order to prevent further deterioration in foreign exchange reserves by restricting residents in moving capital out of the CMA. In addition a dual exchange rate system was introduced to attract direct foreign investment. The financial rand is an investment currency available to non-residents investing in the CMA.[10/] The value of the financial rand has consistently been lower than that of the commercial rand, as much as 30-50 per cent at times. Foreign investors in Namibia can thus benefit by investing in a currency purchased at a discount rate provided that investment is in the form of new equities and/or fixed assets for industrial and commercial use. The financial rand cannot be used in buying or improving farms and residential property. Repatriation of after tax profits and dividends is at the commercial rand rate but disinvestment must be done via the financial rand unless a permission to use commercial rand is specially granted. There are no restrictions on the inward and outward transfer of funds where non-residents are the sole beneficial owners of the funds. Distribution of dividends and profits to foreign investors does not require approval except by concerns owned 25 per cent or more by non-residents who made use of local borrowing facilities.

BOX.II.B. Commercial banks as authorized dealers: Type of transactions

- outward payments for merchandise imports;
- outward payments for services (within certain limits);
- all receipts from abroad in payment of exports and services;
- transfers between residents and non-residents based on the sale of Namibian assets owned by non-residents;
- inter-bank transactions in Commercial and Financial Rands;
- outward transaction of up to R 200,000 via Financial Rands;
- inward transfer by immigrants through Financial Rands for amounts of up to R 500,000 in total; and
- domestic financing of foreign controlled companies within certain limits.

C. PHYSICAL INFRASTRUCTURE AND INDUSTRY RELATED SERVICES[11/]

Transport

Namibia has more kilometres of road per capita than any other country in Africa. There are 48,000 kilometres of road of which about 4,500 kilometres are surfaced. The road system is well developed and maintained especially in the southern and central parts of the country. The network is characterized by the north-south axis between South Africa and Angola and the routes to the west coast (Luderitz, Walvis Bay and Swakopmund). Namibia is also linked with Botswana by road in the east. This link will assume far greater importance once the Trans-Kalahari Highway project is completed. It will reduce the distance between Windhoek and South Africa's industrial heartland of the Witwatersrand by over 400 kilometres. Another important road project is in the north-east, the Trans-Caprivi Highway, which will link Namibia with south-east Angola, Zambia, Zimbabwe and northern Botswana. The existing route has been partially surfaced and upgrading of the road has started.

The railway network comprises 2,382 kilometres which indicates a railway density of 2.9 kilometres per 1,000 square kilometres. This compares favourably with the SADC region's railway density (excluding South Africa) of 2.6.[12/] The fleet of the national carrier consists of 88 diesel-electric locomotives and 2,400 wagons. A full range of services is offered including special transport facilities for livestock, fuel, refrigeration etc. The rail network stretches from the South African border and provides all but two towns with a daily service. There is one international airport at Windhoek which provides direct connections to Frankfurt and London as well as to Johannesburg and Cape Town. Apart from scheduled flights to Botswana, Angola, Zambia and Harare there are good domestic flight connections over the whole country which has 28 licensed and 300 unlicensed aerodromes and airstrips. Namibia has its own airline which is a joint venture with Lufthansa.

As from March 1994 Namibia will possess two ports, Walvis Bay and Luderitz. The take over of Walvis Bay is of great significance since it has an excellent berth and wharf facilities, handles the bulk of overseas imports and exports, is an important centre of the fishing industry, and has direct transport links to Windhoek and other major towns. Luderitz is a shallow harbour that mainly serves the fishing industry and coastal shipping traffic. Recently it has become a land base for the off-shore oil and gas exploration activities.

The largest share of transport services within Namibia is provided by a government owned corporation, TransNamib Limited. The corporation is responsible for the rail transport which represents the largest share of the corporation's operations, provides domestic and international road and air transport services as well as sea transport. TransNamib also administers and operates

Luderitz Harbour and is involved in the present negotiations of the takeover of the port administration in Walvis Bay. Involvement of the private sector in transport services is regulated by the Road Transport Act of 1977 and Air Service Act of 1949. Apart from transport and road haulage the private sector provides auxiliary services such as freight forwarding and freight consolidation.

Telecommunications

Namibia has one of the best developed telecommunication infrastructures in Africa. Approximately 25 per cent of the inhabitants are telephonically connected, which is four times higher than the African average.[13/] There are 21 automatic telephone exchanges with direct international connections to some 200 countries and almost 600 subscribers are supplied with electronic data transmission services. The full network consists of about 60,000 lines of which 75 per cent are served from automatic exchanges. Communication with rural areas where there are no telephone cables takes place via 124 permanent and 738 mobile radio stations. In 1993 Telecom, a recently established state owned corporation (incorporated from a previous government department), has acquired a full Intelsat membership and subsequently awarded a contract for Namibia's own satellite earth station.[14/] The project will be completed by the middle of 1994 and the new international exchange will be fully operational by 1995. The cost of the project is estimated at R 40 million. The installation of its own international gateway will not only improve Namibia's access to the international business community via modern means of digital and telephone traffic but will also enable Telecom to determine more flexible tariffs based on international bargaining.[15/] The demand for Telecom services is expected to increase from the present 6 per cent to 10 per cent annually.

Electricity

Namibia's electricity consumption increased by 50 per cent between 1980 and 1990. The present peak demand of about 246 MW with a projected annual increase of 3-5 per cent. The electricity supply system is under the control of the national power utility SWAWEK and includes one thermal one hydro-electric power plant and a double circuit interconnector to the South African ESKOM power grids.[16/] The total peak capacity of the present system is about 600 MW. From the available sources the Ruacana hydro-electric power station is the cheapest as the annual generation cost escalation is insignificant compared to 13 per cent annual cost escalation of the other thermally driven sources. Since the maximum demand on the present system approached the Ruacana's maximum generating potential more use has to be made of the more expensive sources. It is estimated that if no alternative sources of cheap electricity are available the unit cost will rise by 13 per cent a year, reaching 20 cents per kWh by the end of 1990s. This will be 2.3 times higher than the present cost. To minimize and limit the escalation in costs as well as to be more self sufficient in power supply, a pre-feasibility study has been completed for a construction of a new hydro-electrical scheme at Epupa, some 60 km downstream from the Ruacana station. The expected capacity of the completed scheme will include a 450 MW power station and a 400 kW interconnector to ESKOM system in South Africa which has expressed interest to purchase extra power. The cost of the project is estimated at well over R 1 billion. The unit cost of electricity supply is expected to drop considerably bellow the present rate after the completion of the scheme.

Industry related services[17/]

Namibia has a good structure of supportive services although not as yet well integrated with the operations of the manufacturing sector. There are 12 firms of chartered accountants registered with the Public Accountants' and Auditors' Board and members of the Institute of Chartered Accountants in Namibia. Many of these firms represent the biggest multinational corporations in this field and follow the approach of International Accounting Standards Committee (IASC). Apart from the services normally provided by accountants and auditors, the large firms also cover areas of management consultancy services, advice on taxation and computer systems, investigations and feasibility studies. The Association of Consulting Engineers of Namibia as well as the Engineering Professions Association of Namibia are voluntary organizations which promote services of its members and ensure high professional standard of engineers and technicians. The local companies, although faced with a strong competition and preference for international consulting firms, are increasingly being used for large projects funded by government and international aid agencies. The new approach of "demand engineering" as opposed to "supply engineering" adopted by the Council of the Association of Consulting Engineers of Namibia aims to provide services suited to local conditions and requirements. The local knowledge can thus be of a competitive advantage. In addition, members of various business and professional associations provide services of expertise in areas of quantity surveying, architecture, geological survey, real estate, law etc. There is also a large number of small and large accredited advertising companies and the demand for this type of services is developing fast. A large advertising campaign in connection with the introduction of Namibian own currency was conducted by one of the local private companies with a big success. The local news media provide five dailies and a range of weekly and monthly magazines as well as supply domestic market with a good selection of international newspapers and magazines.

The Namibia Information Technology Association (NITA) formed to represent Namibia at the "Computers in Africa" conference in 1992 tries to promote local computer services rended by over 60 computer organizations. Though this sector also faces strong competition from abroad, contracts worth several million rands have been signed for development of software and systems for specialized use within the private and public sector. However, demand for this kind of services from the manufacturing sector is still lacking behind. On the other hand, demand from industry for management consultancy and training services is raising. These services are provided by a number of small private firms as well as those linked to big multinational and South African companies operating in Namibia. The Institute for Management and Leadership Training has a unique role to play in this market since it covers the needs of small-, intermediate- and large-scale enterprises.[18/] The Institute is an autonomous non-profit making organization supported by German Hans Ziegler Foundation. It provides development training to potential as well as established small-scale entrepreneurs, courses and consultancies in all aspects of business operations. It also conducts market surveys and feasibility studies, computer courses and adapts software and computer based information systems to clients needs. Because of its established professional reputation and cost pricing of its services the Institute attracts clients from large companies from all sectors. The major co-operation partner is the Windhoek Chamber of Commerce and Industry. The Institute has also entered into a partnership with the Government to assist in the implementation of a small-scale enterprise development programme involving training, financial support and follow-up services. The International Labour Office has also expressed interest in using the Institute for carrying out the next manpower survey.

D. INVESTMENT: LEGAL FRAMEWORK AND INCENTIVES

The following are the major legislations and incentives introduced since independence to improve the investment climate:

- The Territorial Sea and Exclusive Economic Zone of Namibia Act (No.3 of 1990)
- The Bank of Namibia Act (No.8 of 1990)
- The Sea Fisheries Amendment Act (No.10 of 1990) and a subsequently new Sea Fisheries Act passed in December 1992 (No.29 of 1992)
- The Foreign Investments Act (No.27 of 1990)
- The Petroleum Exploration and Production Act (No.2 of 1991)
- The Banking Institutions Amendment Act (No.22 of 1991)
- The Minerals Prospecting and Mining Act (No.33 of 1992)
- Special Package of Industrial Development Incentives for Arandis Export Processing Zone, February 1992
- The Labour Act (No. 6 of 1992)
- Special Incentives for Manufacturing Enterprises, April 1993

The most relevant legislations and incentives to industrial development are summarized below.

Foreign Investments Act

The Foreign Investments Act passed in December 1990 was the first major legislation regulating investment in Namibia. It was drafted with the assistance of the United Nations Commission on Transnational Corporations and aims to provide a stable investment environment conducive to foreign investment. It also interprets the government's view of the free market system within a mixed economy. The Act provides for non-discrimination between local and foreign investors with regard to the type of business activity chosen for investment and the application of legal and fiscal regulations. There are no requirements for local participation in foreign investments except when rights over natural resources are involved the government is entitled to or may acquire an interest in the relevant enterprise. However, the Minister of Trade and Industry has the right to specify any business or category of business reserved for Namibians.[19]

Any foreign investor whose investment qualifies as an eligible investment, minimum of $200,000, can apply for a Certificate of Status of Investment. The following considerations are given to such an application:

- the contribution of the investment towards Namibia's development objectives;
- the utilization of Namibian resources including labour and natural resources so as to contribute to the economy by: increasing employment opportunities, providing training, earning or saving foreign exchange, and generating development in remote areas;
- the contribution of the investment to the implementation of an affirmative action programme;
- the extent to which the investment will provide equal opportunities for women; and
- considerations given to the impact of the investment on environment.

The applications are made to the Minister of Trade and Industry. Granting of the Certificate entitles the holder

- to purchase foreign currency to service foreign loans and other business related commitments (licence fees, royalties,etc.);
- transfer after-tax profits, dividends, remittances by branch companies and the proceeds of sale; and
- retain foreign currency attained from exports.

However, the Act makes a provision for modification of these rights to take into account the government's present obligations under the bilateral agreement between Namibia and South Africa. This means that foreign investors are subjected to exchange control regulations of the CMA and cannot take the full advantage of the rights granted by the Act. Obligations of the holder relate mainly to adherence to his investment commitment. The Act protects the foreign investor against expropriation and guarantees a settlement of disputes by international arbitration.

The impact of the Act in terms of stimulating the inward flow of direct foreign investment has so far not reached the expectations which, however, may have been too high in the first place. The balance of payments for the last three years indicates much larger outflow than inflow of investment capital in terms of dividends and equities respectively. The total direct investment (equities, reinvestment and net borrowing) varied from R 96 million in 1990 to R 291 million in 1991 and R 159 million in 1992. The low capital inflow in 1990 is attributed to the negative retained earnings of R 105 million. This net reduction in accumulated retained earnings was also partially responsible for the high dividends paid out in the same year compared to the following two years. Although the total direct investment figures appear encouraging there has been a marked steady decline in the new equity capital coming to Namibia, from R 108 million in 1990 to R 29 million in 1992. In 1992 the reinvested earnings were almost twice as high as the new equity indicating a shortage of new investment opportunities and/or reluctance to bring in new investment. This is also reflected in the steady increases in the income paid to foreign investors of which dividends are the main component. The total income on direct investment (dividends, retained earnings and interest) grew from R 184 million in 1990 to R 238 million in 1992.

Box II.C. Foreign Investments Act 1990: Investments eligible for Certificate of Status of Investment

(1) An investment is an eligible investment:

- if it is an investment, or proposed investment, in Namibia by a foreign national of foreign assets of a value of not less than the amount which the Government may determine from time to time by notice in the *Gazette* for this purpose;

- if it is a reinvestment, or proposed reinvestment, by a foreign national of the profit or proceeds of sale of an enterprise specified in a Certificate, irrespective of the amount of such reinvestment;

(2) Where the investment is for the acquisition of shares in a company incorporated in Namibia, the investment shall, notwithstanding that the value thereof is equal to or exceeds the amount determined under subsection (1) of the Foreign Investments Act, 1990, qualify as an eligible investment only if:

- not less than ten per cent of the share capital of the company is held or will, following the investment, be held by he foreign national making the investment;

- the government is satisfied that the foreign national making the investment is or will be actively involved in the management of the company;

(3) Where the investment is for the acquisition of a participating share in an unicorporated joint venture, the investment shall, notwithstanding that the value thereof is equal to or exceeds the amount determined under subsection (1) of the Foreign Investments Act, 1990, qualify as an eligible investment only if:

- not less than ten per cent of the participating share of the joint venture is held or will, following the investment, be held by the foreign national making the investment; or

- the government is satisfied that the foreign national making the investment is or will be actively involved in the management of the joint venture.

The market value of liabilities to foreign investors rose by 27 per cent between the end of 1989 and the end of 1992, from R 4,965 million to R 6,293 million. This increase is partially attributed to the rate of inflation and relatively high cost of investment capital. These factors plus the short write off period for capital stocks account for the over 30 per cent discrepancy between the market and book value of the total amount of foreign investment in the country. This difference in market and book value is also reflected in the rate of return on foreign investment which was between 3 and 4 per cent at market value and between 10 and 11 per cent at book value during the three year period. This means that profitability of foreign investment remained relatively stable with a slight increase in 1992. The mining industry accounts for the largest proportion of total direct investment in Namibia, 72 per cent in 1992. However, the most rapid growth of 178 per cent over the three year period occurred in direct property holdings in Namibia by South African life insurance agencies. Although this was only a temporary relocation from a then politically unstable environment in South Africa, it could be a reflection on better investment conditions in Namibia.

The Arandis Export Processing Zone

The government granted Arandis an Export Processing Zone (EPZ) status in the hope of attracting investment and fend off raising unemployment caused by the reduction of mining operations of Rössing Uranium Ltd.. A Special Package of Industrial Development Incentives for Arandis, approved in February 1992, introduced even more favourable conditions for new investment than those already provided in the tax regime and the Foreign Investments Act. The special incentives include:

- Exemption from corporate tax for a number of years, and thereafter a substantially reduced standard rate;
- reduction of withholding tax on dividends paid after tax profits;
- exemption from General Sales Tax on imported capital goods
- exemption from all import duties if the operations are geared for 100 per cent export; and
- training grants in the form of reimbursement of 75 per cent of the total training costs incurred in training of Namibian citizens.

The incentive package was intended to provide the government with a test case which would expose possible bottlenecks before more EPZs could be contemplated.[20] Until now three companies have taken advantage of the incentives. Two foreign owned companies are engaged in garment production and one Namibian owned company in fish drying. It is too early to judge the success or failure of this pilot project but the indications are that the incentive package alone is not sufficient to create an attractive investment environment. The lack of logistical support as well as the absence of necessary physical infrastructure at the site has discouraged a number of potential investors. Although Arandis offers potentially low production cost investors are not prepared to put up capital for factory buildings. In addition, economic incentives and political stability in Namibia do not seam to outweigh the present business cautiousness influenced by the perceived unstable political environment in the region as a whole, and in South Africa in particular.

Special Incentives for Manufacturing Enterprises

A special tax and incentive package for the promotion of manufacturing development was approved in April 1993 and is largely based on proposals made in the White Paper on Industrial Development adopted in 1992. The amendments in the existing tax regime and the special incentives apply to existing and new manufacturing enterprises, both local and foreign.

The changes in the general taxation system and the incentives to manufacturing enterprises became effective from the taxation year 1993, commencing 1 January for companies and 1 March for individuals. Applications for incentives are administered by the Investment Centre of the Ministry of Trade and Industry. The preliminary indications are of a positive response to the incentive package from both local and foreign companies. By the end of 1993, about 70 applications were received from the established companies in Namibia. The comprehensive assessment of budgetary implications, especially the non-tax incentives, will be included in the 1994/95 Budget. Completion of the NDC restructuring making it operational in accordance with the Namibian Development Corporation Act (No.8 of 1993) by the beginning of 1994 is of great importance to the implementation of the incentive package.

Box II.D. Principal incentives: destined for manufacturing enterprises

a) Changes in the general tax regime:
- corporate tax is reduced to 38 per cent
- non-resident shareholders' tax is reduced to 10 per cent
- tax exemption is granted on dividends paid to local shareholders
- write-off period for plants, machinery and equipment is set to 3 years
- write-off period for infrastructure is spread over 21 years at a rate of 20 percent in the first year and 4 per cent for the rest period
- the Sales Tax Act was amended to provide for the tax-free importation or acquisition of manufacturing machinery and equipment

b) Taxation incentives for manufacturing enterprises
- tax abatement on taxable income of 50 per cent (effective rate of 19 per cent) for 5 years phased out on a straight line basis over a subsequent period of 10 years for established manufacturers
- special tax conditions for new enterprises to be negotiated with the Ministry of Trade and Industry and approved by the Ministry of Finance
- write-off provision for manufacturing buildings erected by manufacturers at the rate of 20 per cent in the first year and 8 per cent in the following 10 years
- additional deduction from taxable income of 25 per cent, 50 per cent or 75 per cent of expenditure incurred in connection with export promotion (market research, advertising, sales promotion, tendering and contract finalization) depending on the percentage increases (0-10 per cent, 10-25 per cent and over 25 per cent) in current export turnover compared to the average export turn over of the past three years.
- additional deduction of 25 per cent in respect of production wages and training costs

c) Non-taxation incentives for manufacturing enterprises:
- availability of confessional loans from the Namibian Development Corporation (NDC) for investment and working capital as well as for financing of feasibility studies
- interest free loans provided by NDC for export promotion activities with a maximum of 50 per cent translated into fully taxable cash grants
- studies commissioned by Government on own initiative or on request from the private sector may be purchased at 50 per cent of the real cost by companies wishing to develop investment opportunities

The Labour Act

The Labour Act, approved in March 1992, provides regulations for the terms and conditions of employment, as well as for the registration of trade unions and employers' organizations and settlement of disputes between them. It also covers the administration and execution aspects of the Act. The Act was drafted in such a way as to adhere and give effect to international labour conventions and recommendations of the International Labour Office. It aims: to promote sound labour relations, to ensure equality of opportunities for women in respect of renumeration and employment security with the provision for maternity leave, to lay down minimum basic conditions of service for all employees, to ensure the protection of health, safety and welfare of men and women at work and to prevent abuse of child labour and guards against unfair discrimination or harassment in employment or occupation.[21/] Appointment of a Labour Commissioner, and establishment of a Labour Advisory Council, a Labour Court with district branches, and Wages Commission provide the logistical support for the implementation of the Act. This legal infrastructure also facilitates tripartite negotiations between the government, trade unions and employers organizations. The Act does not provide for minimum wage regulations, although minimum wages may be instituted selectively by the tripartite Wage Commission.[22]

After one year of the Act coming into force, there is a mixed feeling among workers, employers and the Government about its effect on improving labour relations.[23] Most of the differences still stem from an insufficient public knowledge about all the provisions made in the Act and not yet enough legal force behind its implementation. The major problem area seams to be in the application of the Act to farm and domestic workers. It also became evident that there is a need for more emphasis to be placed on workers' education and strengthening of the negotiation capacity of trade unions. In spite of the present shortcomings, the Act provides an important contribution to creating a stable labour market which is one of the crucial investment considerations.

E. INSTITUTIONAL FRAMEWORK

The Ministry of Trade and Industry has the major responsibility for formulating strategies and policies in support of industrial development as well as providing extension services and training. The Ministry is also responsible for registration of companies, issuing trade licences and quality control of imported and locally produced products applying rules of the South African Bureau of Standards. The structure of the Ministry comprises of four Directorates dealing with Industrial Development, Investment Promotion, International Trade, and Internal Trade and Registration of Companies. To assist the Namibian business community in promoting exports, the Ministry publishes the Namibian Manufacturing Guide and has established trade offices in London, Hamburg and Brussels. The most important functions in promoting domestic and foreign investment are performed by the Investment Centre which is discussed below.

Investment Centre

The Investment Centre was established in 1991 as a division of the Ministry of Trade and Industry with a mandate to assist the Minister in administering the Foreign Investments Act of 1990. It has subsequently also become the focal point for administering the 1993 incentive package to manufacturing enterprises. The responsibilities of the Centre include:

- to initiate and coordinate investment promotion activities of the Government;
- to identify and promote development of investment opportunities;
- to compile and disseminate information on economic and investment conditions in Namibia for promotional purposes;
- to serve as a focal point for inquiries by prospective investors;
- to undertake economic analysis of investment proposals; and
- to serve as a "one-stop coordinating agency" for investors to eliminate delays caused by bureaucracy and red-tape in obtaining resident/work permits, processing applications for relevant incentives, and giving advice on alternative sources of financing.

In order to perform the latter function more effectively, the Centre has a permanent representative on the Immigration Section Board of the Ministry of Home Affairs responsible for issuing resident/work permits. A special Investment Advisory Committee was constituted to assist the Centre in the assessment of investment proposals and applications for the available incentive packages. The Committee meets every two weeks and consist of inter-ministerial representation relevant to the project portfolio at hand. The Centre produces a quarterly investment promotion magazine, The Investor, which has a wide appeal locally and internationally. The Centre has received well over one hundred enquiries and almost 200 visitors from abroad since its establishment. One of the problems of the Centre is the follow up on the initial interest of an investor. This is due to the Centre's manpower capacity constraints given the present large area of responsibilities.[24]

Board of Trade and Industry

The establishment of a Board of Trade and Industry was approved by the Cabinet on the recommendation of the Ministry to promote partnership between the private sector and the government. The Board acts as a forum for discussions and information exchange between the two partners and also has an advisory function on issues concerning legislation, rules and regulations affecting the operations of the private sector.

Namibian National Chambers of Commerce and Industry

The Namibian National Chamber of Commerce and Industry (NNCCI) was established in 1992 as an umbrella organization for business associations all over the country. The major purpose of the NNCCI is to serve interests of the business community and provide a forum for discussions with the government on issues that are of concern to the private sector. The NNCCI puts strong emphasis on the implementation of the affirmative action programme by targeting the previously excluded potential entrepreneurs for its support. Up till now the NNCCI has eight regional affiliates. The recently adopted Strategic Plan provides guidelines for the development of the NNCCI organizational structure and service capacity in the five year period. It includes establishment and development of several departments dealing with training, economic issues, regional development, trade, marketing, women's issues, communication and information. The Ford Foundation provides technical and financial assistance for the implementation of certain parts of the Plan.

F. INVESTMENT TRENDS AND PROSPECTS

The economic and political situation in Namibia is well disposed to domestic and foreign investment. According to a recent survey Namibia scores highest on most of the indicators comparing investment climate in the region (see Box II.E). The difficulties experienced in stimulating domestic investment and attracting foreign direct investment (FDI) in the past three years lay in the structural constraints of the industry as well as the perceived political instability in the region. The uncertainty surrounding the future of post-apartheid South Africa and fundamental political changes taking place in Angola and Mozambique could have a profound effect on regional trade. Since access to regional markets is an important investment consideration, given the size of the Namibian market, investors seem to have been cautious.

Another explanation for the slow up-take of private investment, especially FDI,is the time factor. It has taken until now to put all the necessary legislation and incentives in place and provide the investor with clear indications of the government interpretation of a free market system within a mixed economy. Building up Namibia's reputation for its political and economic stability to inspire investors' confidence as well as establishing public relations abroad takes time. In addition, the time lag between an investment idea and its realization can take up to three years depending on the size of a project. Taking all these factors into consideration the investment record for the past three years is on the whole rather modest. It is estimated that about 23 new investments have taken place since independence with an estimated total value of R 300 million and employment potential of almost 2,000 new jobs (see Table II.1). This excludes investments made by the government in improving physical infrastructure. About 96 per cent of the investment came from abroad. The major investment of R 123 million was made by the Consolidated Diamond Mines in a new diamond mine in Elizabeth Bay, followed by R 84 million investment in fish processing by a spanish company Pescanova at Luderitz. Tourism was the third most attractive area for large investments.

Box II.E. Namibia's Comparative investment climate in the SADCC region, 1991

	Angola	Botswana	Lesotho	Malawi	Mozambique	**Namibia**	Swaziland	Tanzania	Zambia	Zimbabwe
Rules of licensing	***	****	****	***	***	****	****	***	***	****
Bureaucracy	**	***	***	**	**	****	***	**	**	***
Economic risk	**	****	****	****	***	****	****	**	*	****
Forex constraints	***	*****	***	***	**	****	****	**	*	***
Skilled labour	*	**	**	***	*	***	**	***	***	****
Availability of local partners	**	**	**	**	**	***	**	***	**	*****
Infrastructure	*	****	*****	***	*	*****	****	**	***	****
Investment code	****	****	****	n.a.	**	****	****	****	**	****
Availability of finance	*	****	***	***	**	****	****	**	***	****
Promotion of investment opportunities	**	***	***	**	***	****	***	***	**	***

Note: * Very unfavourable.
** Unfavourable.
*** Average.
**** Favourable.
***** Very favourable.

Source: SADCC Report on Investment Climate 1991.

There are signs of a positive trend in investors interest in Namibia. Since its establishment in 1991 the Investment Centre received 145 inquiries from potential investors, 70 of which were recorded in 1993. [25] Out of these 16 per cent materialized into investment projects. The total number of foreign delegations including individual potential investors rose from 26 in 1992 to 165 in 1993. According to the potential size of investment the most important delegations were from the USA, Malaysia, Saudi Arabia, Egypt, India, Japan and South Africa. Although mining and fisheries attracted most of the foreign investment in the past, new opportunities in tourism and industry are drawing more and more investor's attention. From the number of recorded inquiries, manufacturing represented the largest proportion, 70 per cent. Areas of interest covered a whole range of manufacturing activities such as cement manufacturing, cotton spinning, car assembly, fish and other food processing, leather tanning, garment manufacturing, plastic products, mineral processing, paper and soap production, pharmaceutical, fertilizer, etc. From the 140 project ideas, proposals and profiles submitted up to date, 15 per cent are expected to be launched in 1994, representing investment of a total value over N$ 700 million.[26]

The above record indicates that investment climate has improved and the prospects for increasing domestic and foreign investment are encouraging. The situation can be further enhanced by accelerating the effort in dissemination of information about Namibia's economic and political climate abroad to promote investors' interest and to ensure the positive publicity it deserves. The general lack of international knowledge about Namibia should not be interpreted as a lack of investment interest. The investment risks in Namibia are very low and compare very favourably with those in Mauritius. A recently organized trade and investment conference by the Namibian High Commission, the Confederation of British Industries and Rio Tinto Zinc, entitled "Namibia: Business Prospects in Africa's Newest Country", attracted 150 representatives of British industry interested to learn more about the investment climate and potential in Namibia. Similar response was made to a seminar on Namibia's business opportunities held in Frankfurt in September 1992. Investment promotion missions to Hong Kong and Taiwan Province in November 1992 and to an information day staged at the Paris Chamber of Commerce and Industry in December 1992 were also effective.

Follow up on potential investors' enquiries as well as organizing conferences targeting selective sectors and regions are another areas which will enhance investment promotion. Many investment enquiries came before the legal framework was in place and the special incentive packages introduced. Follow up on the successful examples of the first local Investors Conference in February 1991, The Tsumeb conference in October 1992 and the Conference on Mining Investment in March 1993 could pay off. The former served as a platform for exchange of views between the government and the private sector as well as for building awareness about government policies and intentions affecting the domestic investment environment. Over 1,000 representatives from the private sector attended the conference. The efforts of the Tsumeb town council to attract investment to the most densely populated region in Namibia (70 per cent of total population) were rewarded by an attendance of 200 local and foreign representatives from financial and industrial sectors. The Conference on Mining Investment attracted 350 delegates from 25 countries and provided a forum to relaunch the Namibian mineral industry and acquaint the potential investors with the new legislation and institutional framework.[27]

Table II.1. Post-independence private sector investment in Namibia, March 1990-July 1993 (Million rands)

Sector		Company	Activity	Site	Investment R millions	Number of Jobs	Status as of July 1993
Manufacturing		Namib Candles	Candles, soap manufacture	Windoek	2.2	14	
		Spilo Namibia	Polypropylene woven bags	Swakopmund	1.0	35	
		Namibia Uniforms	Protective clothing	Windhoek	3	70	
		Nike's Industries	Toilet paper	Windhoek	0.875	7	Commissioned 1991 closed 1992
		Tokal Namibia	Detergents, soap	Witvlei Area	0.140	18-20	
	(F)	Pacific Best	Clothing	Arandis	0.3	20 (20-100)	Current Proposed
	(F)	Tata Namibia	Vehicle assembly	Windhoek			
		Napcon	Paper	Windhoek	0.140	20	
		Motzer Footwear Manufacturer	Shoe manufacture	Omaruru	..	31	1993
		Oltaver & List	Dairy	Rietfontein	1.2	65	1993
	(F)	Pescanova	Fish processing	Luderitz	84	430 (800)	Stage 1 1992 (Proposed)
		Arachanab	Fish drying plant	Arandis	0.75	16	
	(F)	International Technique Industry	Wood-wool building panels	Otjiwarongo	10	40 Direct	
Agriculture	(F)	Aussenkjer Farms	Fruit, vegetable cultivation	Orange River	9	400	
		Nossob Nova	Flowers for export	Omitara	4.2	70	
Tourism	(F)	Olympia Reisen	Tourist lodge	Oropoka Farm	9	30	Construction
		Olympia Reisen	Hotel Europa Hoff	Swakopmund	3.3	0	Purchased 1992
	(F)	Olympia Reisen	Tourist lodge	Gross Barmen Farm	1.8	8	Construction
	(F)	RPV	Tourist lodge	Ongava	6.5	30	Completed 1992
	(F)	-	Tourist lodge	Huab	1.5	12	Completed 1993
	(F)	RPV	Tourist lodge	Mopane	12.0	60	Construction
Mining	(F)	CDM	Diamond mine	Elizabeth Bay	135	312	Commissioned 1991
	(F)	Namib Sodalite	Sodalite mine	Swartbooisdrif	8	98	
	(F)	Diamond Fields Resources Inc. of Canada	Diamond mining joint venture with Angra Pequena Diamond Company Pty. Ltd.	Luderitz	6.4		Joint venture planned expenditure)

Source: Investment.

Note: (F) denotes foreign investment.

NOTES TO CHAPTER II

1/ The Southern African Custom Union (SACU) was established in the late 1920s but was reconstituted into the present form in 1969. Namibia's de facto membership was formalized in April 1990. The major components of the 1969 treaty are:

1. No internal customs duties on the movement of goods and services between the member states.
2. A common external tariff on all goods and services entering the common custom area from outside.
3. Division between the member states, of all the custom and excise duties earned in the common custom area.
4. The right of a member state to prohibit or restrict imports for economic, socio-cultural or other reasons, but not to prohibit the importation of goods produced in the common custom area (CCA) for protecting its own industry.
5. The marketing of agricultural products is covered by Article 12, making provision for established arrangements for agricultural marketing in any member country shall be applied equally for products of another member country.

The SACU agreement makes provision for extra protection during the establishment period of smaller member's new industries. The period is limited to 8 years and consultation with SACU members has to take place before protective import duties are imposed. The agreement also allows lowering duties in accordance with member countries' trade agreements outside SACU.

2/ Botswana is the only SACU country which has been successful in introducing counteracting policy measures to combat the advantages of South African producers. Financial Assistance Policy was introduced in 1982 with a view to promoting import substitution and production for export as well as encouraging employment creation. The scheme has been on the whole successful, especial in creating employment. See UNIDO *Economic Diversification and Export Promotion in Botswana*, PPD.248(SPEC.), 15 July 1993.

3/ The Keynote Issues Paper has been widely circulated and discussed with sectoral ministries, the donor community and the private sector to solicit views and comments on the proposed development strategy. One of the criticisms voiced questions the emphases put on the development of small-scale enterprises as an engine of manufacturing sector's growth and not enough attention paid to the role of large-scale industry and foreign direct investment. Other comments point out that the Keynote Issues Paper concentrates on a development strategy oriented towards solving the employment problem at the expense of loosing sight of the overall economic growth consideration.

4/ Before the merger, Commercial Bank of Namibia was 76 per cent owned by the Geneva-based Societé Financiere pour les Pays d'Outre Mer. The merger with the Namibian Banking Corporation (owned by South Africa's Nedcor) provides for equal shareholdings between the two banks.

5/ "Banks, banks and more banks", *Southern African Economist*, Volume 6 No. 10, November 1993.

6/ The two building societies operating in Namibia are The South West African Building Society (SWABOU) and the Namib Building Society. The existing major insurance companies include: IGI, Metropolitan Life, Old Mutual, Sanlam and Southern Life.

7/ The Stock Exchange Control Act in Namibia is, with a few modifications, the same as the South African Act that rules the Johannesburg Stock Exchange (JSE). Control of the Namibian Stock Exchange (NSE) is vested in the Association of the NSE consisting of at least thirty trustees who represent private individuals and corporations at large. It was this body which raised the infrastructure capital. It is envisaged that the NSE will be managed by a qualified stockbroker hired from the JSE. Namibia Trade Directory 1992/1993.

8/ Other stock exchanges existing in the region include: the oldest and largest Johannesburg Stock Exchange is comparable in size and turnover to stock markets in developed countries; the Zimbabwe Stock Exchange is the second largest with 60 industrial and 7 mining counters as well as 81 government and 35 municipal stocks; the Botswana Share Market has six listed companies; and the Swaziland Stock Exchange which is the smallest with only five listed companies. Zambia and Malawi are planning to open their stock exchanges soon. "Opening up the SADC stock markets", *Southern African Economist*, Volume 6 No. 10, November 1993.

9/ "New company joins NSE", *The Namibian*, 15 November 1993.

10/ Permission to utilize financial rand is granted only if non residents are taking up shares in new or existing non-quoted companies. More favourable treatment is given to applications for use of the financial rand for capital investment in a new factory, mining development and other types of investment which will result in an increase in economic activity.

11/ This section draws largely on the quarterly investment promotion magazine *The Investor*. Four editions have been issued by the Investment Centre under the Ministry of Trade and Industry since July 1992.

12/ "Transport blues", *Southern African Economist*, Volume 6 No. 10, November 1993.

13/ "Own satellite station will give direct international link", *Namibia Economist*, Vol.6 No.11, December 1993.

14/ The contract for the standard F3 earth station was awarded to Simco Projects of the Atco Group in South Africa. System engineering, technical project planning, installation, control and integration will be implemented by other companies in the Atco Group which is sourced from Radiation Systems Company in Atlanta, Georgia with satellite communication systems. The satellite station will work to the Intelsal IBS/IDR system. "Own satellite station will give direct international link", *Namibia Economist*, Vol.6 No.11, December 1993.

15/ The present international gateway through South Africa allows for use of only 3 sets of tariffs with little discrimination between bigger and smaller uses.

16/ The Van Eck power station near Windhoek is thermal, coal-fired plant with a maximum capacity of 120 MW. Second power station is a hydro-electric plant at Ruacana Falls with a peak capacity of 240 MW, but due to seasonal flow variation of the Kunene river has an annual average capacity of 130 MW. Swanek can also make use of Paratus Power Station at Walvis Bay which is diesel-driven with a capacity of approximately 100 MW. The 220 kV double circuit interconnector links Namibia to the South African ESKOM grids with an economic continuous rating of about 150 MW. *The Investor*, "Investing in Namibia", published by the Investment Centre of the Ministry of Trade and Industry, first edition.

17/ This section draws on information provided in Namibia Trade Directory 1992/93.

18/ Information about the Institute for Management and Leadership Training is based on an interview with the managing director of the Institute .

19/ This right has so far not been enforced mainly on the advice of the private sector voiced at the Private Sector Investment Conference in February 1991.

20/ The very case in point now is Walvis Bay.

21/ The basic conditions of employment include provisions for:

- every employer shall keep proper and detailed records of employees as determined by the Ministry of Labour and Manpower Development;
- the maximum statutory weekly working hours for employees other than security guards is 45 hours;
- overtime should not exceed ten hours per week and compensations calculated on the basis of 1.5 or 2 times of normal hour renumerations;
- employees are entitled to 24 consecutive days' annual leave after a completion of 12 month service; and2
- sick leave of 30 or 36 days is allowed on full renumeration for employees working 5 and 6 days a week respectively;
- maternity leave is granted for four weeks before and eight weeks after confinement after completion of at least 12 months continuous service;
- to terminate contracts of employment, at least one month's notice must be given if the employee worked for an uninterrupted 12 months period and should be for a valid reason according to correct procedures.

Regulations are also set for dealing with unfair disciplinary actions, as well as for registration of trade unions, employers organizations and collective agreements.

22/ The presently prevailing minimum wage is R 3.50 per hour and applies to unskilled labour.

23/ "The Labour Act, one year on the good, the bad & the ugly", *The Namibian*, 2 November 1993.

24/ According to the view of the Centre's deputy director, it would be desirable to streamline the Centre's functions and concentrate on its coordinating role, administrative and logistical support services to investors, overseas investment promotion through overseas trading missions, and on building up research capacity.

25/ Investment Centre.

26/ Adaptation of an economic review by the Minister of Trade and Industry published in *The Namibian*, 5 and 6 January 1994.

27/ *The Investor*, Vol.1 No.2 and 4.

III. STRUCTURE AND PERFORMANCE OF INDUSTRY

A. AN OVERVIEW OF INDUSTRY[1/]

At independence Namibia inherited an embryonic industrial structure with fish and meat processing constituting the main manufacturing activities of some significance. Excluding fish processing, the manufacturing sector accounted for 5 per cent of GDP in 1990. Given Namibia's higher level of economic development and infrastructure compared to other developing countries in the region, this contribution is very small. It was less than half of the respective share in Malawi and about one forth of that in Zimbabwe. Between 1990 and 1992 the contribution of the manufacturing sector remained small with slight fluctuations caused almost entirely by erratic trends in fish processing. The importance of the manufacturing sector is expected to rise with projected annual growth rates higher than in other sectors of the economy in the future. A major increase is forecast in fish processing, significantly increasing its contribution to MVA from 11 per cent in 1991 to 17 per cent in 1994.

Information from two industrial establishment censuses was used to determine any change that occurred in the size and structure of the manufacturing sector since independence, although it is too short a period to make meaningful analysis of structural change in industry. The 1989 Manufacturing Industry Survey identified 271 enterprises of which 12 did not respond.[2/] Preliminary results from the Manufacturing Enterprises Survey in 1993 indicate that 350 manufacturing enterprises were originally identified from various information sources but only 274 proved operational.[3/] Taking into consideration that 1989 survey did not include enterprises in Walvis Bay, the size of the manufacturing sector has not changed between 1989 and 1993. Both surveys also identified a high concentration of enterprises in the Windhoek area, 46 and 39 per cent, respectively (see Table III.1).

In both surveys, the largest number of enterprises was found in the food and beverage industry. The 1993 survey indicates even greater concentration in this branch, 35 per cent of all enterprises compared to 30 per cent in 1989 (see Table III.2). This could be a result of not including fish processing factories at Walvis Bay in the 1989 survey. A comparison across other branches reveals an increase in a number of enterprises in the textile and leather branch as well as in the chemical products branch since 1989. According to the 1993 survey, these branches together with the food processing industries also accounted for the largest number of enterprises established since 1990.

Table III.1. Industrial enterprises by location, 1993

Location	Number of enterprises	Percentage
Windhoek City area	106	39
Rehoboth	10	4
Okahandja	19	7
Rundu	8	3
Walvis Bay	6	2
Keetmanshoop	7	3
Katima Mulilo	5	2
Oshakati	6	2
Ondangwa	3	1
Tsumeb	6	2
Otavi	6	2
Otjiwarongo	12	4
Grootfontein	9	3
Karasburg	2	1
Gobabis	12	4
Usakos/Karibib	6	2
Swakopmund	25	9
Mariental	4	1
Gibeon	1	0
Luderitz	6	2
Khorixas	3	1
Outjo	3	1
Omaruru	5	2
Henties Bay	4	1
Total	274	100

Source: Ministry of Trade and Industry, *Manufacturing Enterprise Survey*, 1993.

The ownership pattern remained unchanged between 1989 and 1993. Over 90 per cent of the manufacturing enterprises were found in the private sector in 1993. Sole ownership continued to dominate the business landscape followed by limited private companies, accounting for 50 and 30 per cent of all enterprises respectively. There are no results from the 1993 survey indicating employment distribution by the size of establishments. However, since the ownership structure does not appear to have changed between 1989 and 1993, it can be assumed that also employment distribution remained about the same during this period. The figures from 1989 survey indicate that almost 40 per cent of enterprises employed less than 10 people, and 30 per cent employed between 10 and 20 persons.[4/] These two categories of enterprises provided employment to 6 per cent and 11 per cent of the total manufacturing labour force respectively. Over half of the manufacturing labour force was employed by 8 per cent of enterprises, employing 100-499 persons each.

According to the 1989 survey industrial enterprises employed 9,200 persons. At the time of writing this Review employment data from the 1993 survey have not yet been fully analyzed. According to rough estimates, about 11,500 persons were employed in the formal manufacturing sector in 1993.[5/] In 1989, the manufacturing labour force comprised 85 per cent men and 15 per cent women. Corresponding percentages in the 1993 survey indicate an increase of 4 per cent in the female share of total manufacturing employment. In the category of direct labour women comprised 14 per cent in 1993, compared with 11 per cent in 1989. Food and beverage industry employed over half of the total manufacturing labour force in 1989 and also in 1993. This is accounted for by the concentration of large firms in this branch. The percentage of unskilled workers in the total manufacturing labour force was about 40 per cent in 1989. The 1993 survey indicates a lower share, about 28 per cent. The difference could be partially explained by different definitions used in the two surveys.

Table III.2. Industrial enterprises by location and subsector, 1993

	Food Beverage		Textile Leather		Wood Products Furniture		Paper Printing		Chemical		Non-metal Mineral		Metal		Machinery Electric		Transport		Jewellery	
	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
Windhoek City Area	25	21	25	52	17	36	13	87	17	53	4	21	19	51	4	50	3	75	5	45
Rehoboth	7	6	1	2	2	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Okahandja	6	5	1	2	5	11	0	0	3	9	3	16	11	30	1	13	0	0	0	0
Rundu	6	5	0	0	3	6	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Walvis Bay	7	6	0	0	0	0	0	0	0	0	0	0	2	5	1	13	1	25	0	0
Keetmanshoop	5	4	0	0	0	0	0	0	1	3	1	5	0	0	0	0	0	0	0	0
Katima Mulilc	5	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Oshakati	3	3	1	2	4	9	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ondangwa	1	1	1	2	0	0	1	7	0	0	0	0	0	0	0	0	0	0	0	0
Tsumeb	4	3	0	0	0	0	0	0	2	6	1	5	0	0	0	0	0	0	0	0
Otavi	4	3	1	2	0	0	0	0	0	0	1	5	0	0	0	0	0	0	0	0
Otjiwarongo	5	4	1	2	1	2	0	0	4	13	2	11	1	3	0	0	0	0	0	0
Grootfontein	6	5	2	4	2	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Karasburg	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Gobabis	8	7	0	0	4	9	0	0	1	3	0	0	2	5	1	13	0	0	0	0
Usakos/Karibib	2	2	0	0	1	2	0	0	0	0	3	16	0	0	0	0	0	0	2	18
Swakopmund	4	3	13	27	5	11	1	7	4	13	1	5	1	3	1	13	0	0	4	36
Mariental	3	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Gibeon	0	0	1	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Luderitz	6	5	0	0	1	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Khorixas	2	2	1	2	0	0	0	0	0	0	0	0	1	3	0	0	0	0	0	0
Outjo	2	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Omaruru	4	3	0	0	1	2	0	0	0	0	2	11	0	0	0	0	0	0	0	0
Henties Bay	3	3	0	0	1	2	0	0	0	0	1	5	0	0	0	0	0	0	0	0
Total	**119**	**100**	**48**	**100**	**47**	**100**	**15**	**100**	**12**	**100**	**19**	**100**	**37**	**100**	**8**	**100**	**4**	**100**	**11**	**100**

Source: Ministry of Trade and Industry, *Manufacturing Enterprise Survey*, 1993.

The 1989 survey did not present precise statistical data on production across manufacturing subsectors and data collected during the 1993 survey have not yet been refined.[6] Thus only some tentative conclusions about production characteristics can be drawn at this stage. In 1993, as in 1989, the major part of manufacturing production was based on locally available raw material obtained from agriculture, fisheries and mining. Estimated 30 per cent of all inputs came from South Africa, mainly intermediate and capital good but also raw materials. About 10 per cent of inputs came from SADC countries. Manufacturing production was primarily domestic market oriented. Countries of SACU, mainly South Africa, provided second most important outlet for manufactured goods in 1989. In 1993, it appears that slightly more of the output was destined for export than in 1989. This could be accounted for by an increased export of beef, fish, leather goods and handicrafts to EC markets after Namibia's accession to the Lomé Convention.

Additional data from the 1993 survey indicate that enterprises on an average operate at 65 per cent capacity utilization. Findings from another recent study indicate that capital employed per employee was similar to ratios of countries that are industrially more developed than Namibia.[7/] However, the level of technology found in the manufacturing sector by the 1993 survey suggests predominance of hand-tools, manually operated and, to some extent, semi-automated machines. This seems to point more toward labour rather than capital intensity. Possible explanations for this discrepancy could be high cost of capital and/or inefficient use of capital and human resources. The former explanation is very plausible given that Namibia's main source of capital goods is South Africa. The inefficient resource utilization is a principal cause of low productivity in manufacturing.[8/]

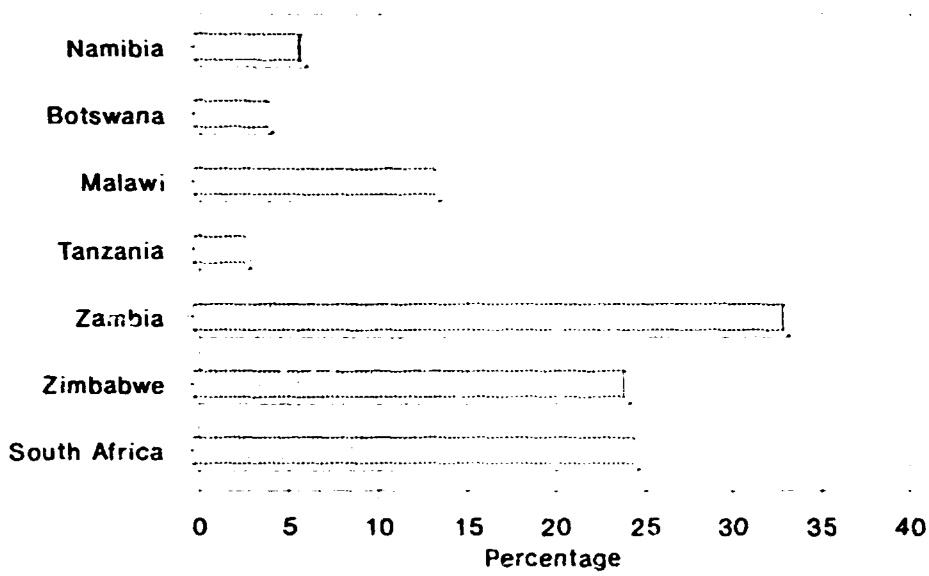
The manufacturing sector is still small in size and in terms of its contribution to GDP and employment. There are only a few firms that could be considered large, but only in the Namibian context. The majority of these firms is concentrated in the food processing and beverages. The manufacturing sector is closely linked to the South African markets. The relationship is based on historical and institutional linkages which have been maintained through Namibia's membership of SACU.

Namibia has an underdeveloped small-scale and informal sector that could potentially provide some of the inter-sectoral linkages presently missing. The primary reason for this missing link is the competition from South Africa. The well developed transport and distribution network makes goods produced by the large-scale formal sector in South Africa easily accessible and cheaper than small-scale and informal sector could offer in Namibia.

Finding niches where local production costs could compete with prices of South African products on the Namibian market has not been easy. Since wage levels in Namibia are compatible with those prevailing in South Africa transport cost could be of a potential advantage to local producers. This advantage, however, has been eroded by South African producers making use of trucks, importing cattle and meat from Namibia for their exports. Opening up of new markets since independence seems to have had a positive, albeit small, effect on product and market diversification.

The political and economic environment has changed considerably. Before independence, one could hardly talk of an industrial strategy. The tendency was to exploit whatever possibilities there were for import substitution within the limits determined by often unfair competition from South Africa. Since independence, the government has accorded high priority to the development of the industrial sector as an engine of future economic growth. The first three years since independence were primarily used for setting up the institutional and legal framework and collecting information about the sector.[9/] The political relationship with new South Africa is expected to create more leverage in negotiations about Namibia capitalizing on the potential benefits of its membership in SACU.

Fig. III. A. Contribution of MVA to GDP, selected African countries, 1990 (Percentage)



B. INDUSTRIAL EXPORTS AND IMPORTS[10/]

Manufactured exports, in current prices, have increased from R 570 million (about US$ 220 million) in 1990 to almost R 816 million (about US$ 286 million) in 1992. This somewhat high increase has to be adjusted for the high rate of inflation, especially in 1992. Nonetheless, the growth of manufactured exports was higher than that of total exports between 1990 and 1992 (see Table III.3). The major increases in manufactured exports were recorded in meat and fish products accounting for 35 per cent and 37 per cent of total manufactured exports respectively in 1992. Given the small contribution of the manufacturing sector to GDP, the share of manufactured exports in total exports is relatively high, almost 23 per cent in 1992. However, it is small when compared to the importance of the primary sector exports, especially minerals.

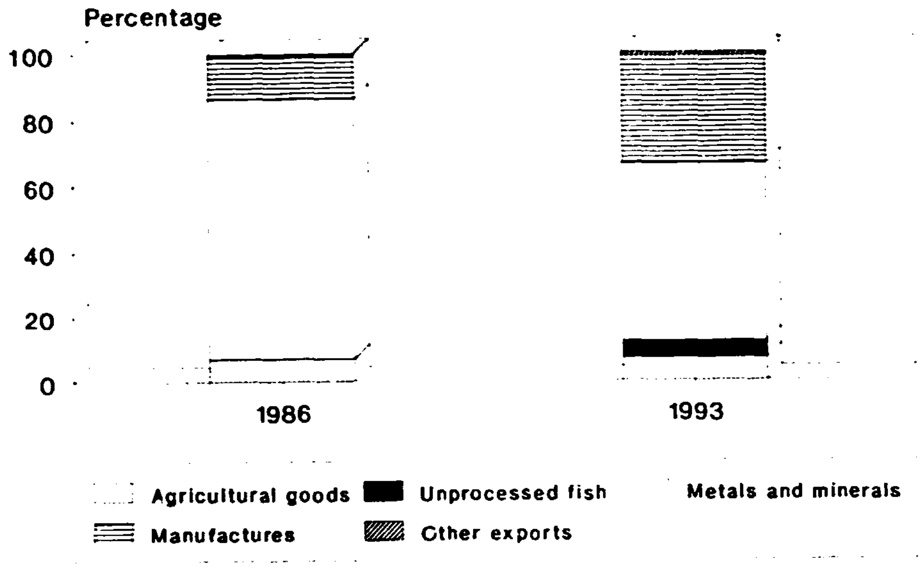
In volume and value terms fish and meat exports, in unprocessed and processed form, increased significantly between 1990 and 1992. This can be explained by a combination of factors such as the need to sell a large livestock off-take due to the drought, inadequate processing capacity for all types of fish that recorded high catches, and possibly better prices offered for unprocessed than processed products during that period. There is little known about export of other manufactured products, but it could be assumed that leather and leather products as well as handicrafts may have benefited from access to new markets since independence.

Table III.3. **Merchandise exports, 1980-1992**
(R Million at current prices)

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
Agricultural products													
Cattle	73.2	119.0	74.3	48.0	51.6	64.7	83.2	138.9	148.9	154.9	115.0	116.0	107.0
Karakul pelts	42.8	20.1	13.3	10.2	16.2	19.7	18.4	34.6	34.6	24.9	13.8	15.0	12.1
Small stock	9.1	25.8	22.2	10.7	15.4	30.5	40.7	53.0	57.6	95.4	109.0	117.0	144.4
Other	7.4	9.2	10.7	8.8	11.8	12.6	14.6	15.4	17.3	18.4	29.0	33.0	40.0
Total	**131.6**	**174.1**	**120.5**	**77.7**	**95.0**	**127.5**	**156.9**	**241.9**	**258.4**	**293.6**	**266.8**	**281.0**	**303.5**
Unprocessed fish													
Hake	3.3	7.2	14.3	12.0	16.1	40.0	28.7	33.6	67.6	34.3	141.2	156.3	167.2
Horse-mackerel	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	1.0	0.9	52.2	207.3	164.4
Other	4.0	7.4	10.5	7.2	5.8	5.8	10.2	10.9	14.9	15.2	17.3	34.4	34.5
Total	**7.3**	**14.6**	**24.9**	**19.3**	**22.0**	**45.9**	**39.0**	**44.6**	**83.5**	**50.4**	**210.7**	**398.0**	**366.1**
Mineral products													
Diamonds	483.9	251.6	238.4	260.0	259.1	464.5	703.5	522.2	809.8	1,018.7	846.7	1,219.5	1,292.8
Other minerals	461.6	426.0	537.2	480.3	619.5	875.8	1,029.8	875.7	901.2	1,212.8	942.6	807.8	818.0
Total	**945.5**	**677.6**	**775.6**	**740.3**	**878.6**	**1,340.3**	**1,733.3**	**1,397.9**	**1,711.0**	**2,231.5**	**1,789.3**	**2,027.3**	**2,110.8**
Manufactured products													
Fish products													
Canning and reduction	25.3	30.8	42.2	59.2	42.9	48.7	69.5	142.3	149.7	91.6	140.6	196.6	259.4
Other	11.7	9.8	26.7	39.2	38.8	38.0	45.5	41.4	44.4	45.6	108.1	49.4	26.2
Meat products	41.3	40.8	45.3	50.9	57.8	61.9	73.9	101.7	127.2	147.8	175.0	278.0	299.2
Other	41.2	54.9	59.3	61.0	62.8	62.8	64.1	64.8	71.1	101.7	146.5	193.7	230.8
Total	**119.5**	**136.3**	**173.5**	**210.3**	**202.3**	**211.4**	**253.0**	**350.2**	**392.4**	**386.7**	**570.2**	**719.7**	**815.6**
Electricity	-	-	0.0	1.3	4.2	3.9	6.1	6.6	9.1	9.3	10.0	4.0	6.0
Total merchandise exports	**1,203.9**	**1,002.6**	**1,094.5**	**1,048.9**	**1,202.1**	**1,729.0**	**2,188.3**	**2,041.2**	**2,454.4**	**2,971.5**	**2,847.0**	**3,430.0**	**3,602.0**

Source: Central Statistics Office.

Fig. III. B. Composition of merchandise exports, 1986 and 1993 (Percentage)



There are good prospects for substantial growth in exports of fish and fish products, especially after reintegration of Walvis Bay. Better resource management resulted in raising the level of previously depleted fish stock allowing the government to increase the fishing quota. Future exports of meat products will depend mainly on the weather conditions, continuation of beef quota allocated under the Lomé Convention, and the South African market. An estimated 25 per cent of all exports are destined for South Africa and beef constitutes the largest share. It is expected, that results from the 1993 Manufacturing Enterprise Survey and a study financed by the African Development Bank on trade policy in 1994 will shed some light on the present and potential export of other manufactured commodities.

The latest detailed data on merchandise imports indicate that a majority of imports in 1990 and 1991 were manufactured products. Increases in private and government expenditure in 1990 and 1991 led to a high proportion of consumption related goods in total imports (see Table III.4). Food items constituted the largest single category of imports. Because of drought, the share of food products increased from 20 per cent in 1990 to 24 per cent in 1991. Imports of investment related commodities represented much smaller and even declining proportion of total imports, reflecting the depressed investment climate after independence. Almost 90 per cent of Namibia's imports came from South Africa and less than a half per cent from other SACU members (see Table III.5).

Fig. III. C. Share of fish products in total exports, 1986 and 1993 (Percentage)

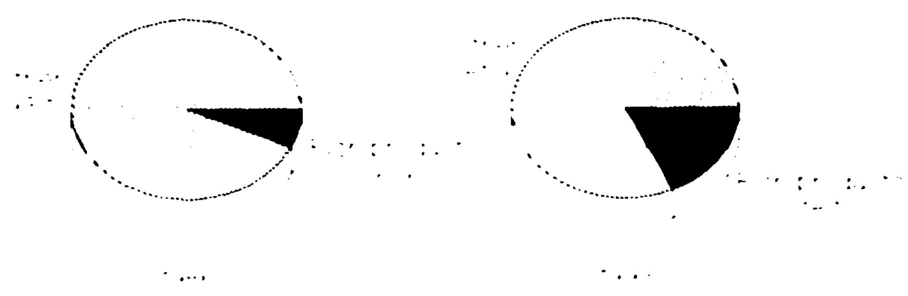


Fig. III. D. Share of mineral exports in total exports, 1986 and 1993 (Percentage)

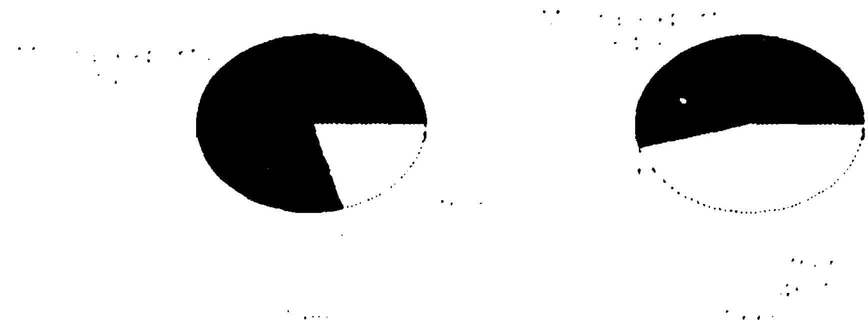


Table III.4. Merchandise imports, 1990 and 1991

	1990		1991	
	R Million	Percentage	R Million	Percentage
Food, live animals, beverages and tobacco	590	19.7	775	24.1
Mineral fuels and lubricants	330	11.0	299	9.3
Chemical, plastic, medical, pharmaceutical and rubber products and plastics	238	7.9	254	7.9
Wood, paper and paper products (including furniture)	120	4.0	187	5.8
Textiles, clothing and footwear	170	5.7	212	6.6
Machinery, office and communications equipment, and other electrical goods	494	16.5	415	12.9
Vehicles and transport equipment	465	15.5	502	15.6
Metal and metal products not included above	220	7.3	193	6.0
All other goods	373	12.4	380	11.8
Total	**3,000**	**100.0**	**3,217**	**100.0**

Source: Bank of Namibia.

Table III.5. Origin of imports, 1990 and 1991

	1990		1991	
Country	R Million	Percentage	R Million	Percentage
South Africa	2,698	89.9	2,885	89.7
Botswana, Lesotho, Swaziland	11	0.4	10	0.3
Other countries	291	9.7	322	10.0
Total	**3,000**	**100.0**	**3,217**	**100.0**

Source: Bank of Namibia.

Namibian membership in SACU and the economic dominance of South Africa seems to be more of an obstacle to trade expansion and diversification than the licensing system. Licensing serves the purpose of monitoring rather than restricting trade and the possibility of abolishing export licensing altogether is under review.[11/] The management system which should record imports for the purpose of revenue sharing between SACU members, and impose common duty on goods from other countries is not yet fully developed. The Ministry of Finance in cooperation with the IMF and UNCTAD is currently developing an Automated System for Custom Data (ASYCUDA). The new system will be based on simplified and modernized customs procedures and centralized accounting. Introduction of a single custom form, the Namibian Single Administration Document, will conform to the customs procedures being implemented within the Preferential Trade Area (PTA). Standardization and simplification of custom procedures and administration of trade within and outside SACU area will not only make the system more efficient but also reduce the need for trained manpower in the customs department.

C. ACCESS TO MARKETS[12/]

Lomé Convention

In December 1990 Namibia signed an accession agreement to the Lomé Convention. This includes Namibia amongst the African, Caribbean and Pacific (ACP) countries eligible for technical, financial and trade cooperation with countries of the European Common Market.[13] Under the National Indicative Programme Namibia was allocated 45 million ECU and 6 million ECU of risk capital for projects approved by the European Development Fund (EDF). This is for the duration of the present Lomé Convention IV. Namibia also benefits from the financial assistance provided to ACP countries under the STABEX and SYSMIN arrangements for export earnings stabilization of agricultural and mineral commodities. Since Namibia's accession, karakul pelts and uranium have been included in the STABEX and SYSMIN schemes respectively. The most important aspect of the Lomé Convention is the duty and quota free access to the European Union markets which now also applies to most of Namibian exports (see Table III.6). Under separate arrangements for products covered by the Common Agricultural Policy, Namibia was allocated a beef quota that significantly boosted exports of this important commodity.[14/]

Table III.6. European Union market access, selected Namibian products

Namibian exports	Market access conditions
Fresh, chilled, frozen beef	Levy rebated quota
Canned beef	Free access subject to health regulations
Game meat	Open import licence subject to health regulations
Wool	Free access
Hides and skins	Free access
Fresh fish	Free access
Canned fish	Free access (depending on origin of fish)
Karakul fashion garments	Free access, subject to the rules of origin
Woven rugs and hangings	Free access, subject to the rules of origin
Basketry	Free access
Hand carvings	Free access
Leather goods	Free access
Timber	Free access
Cut flowers	Free access
Fresh fruit	Dependent on regulations applying to different types of fruit (see Annex to Lomé IV Convention)
Off-season fresh vegetables	Dependent on regulations applying to different types of fruit and vegetables (see Annex to Lomé IV Convention)

Source: The Investment Centre, *The Investor*, July 1992.

Generalized System of Preferences (GSP)

A number of developed countries have included Namibia among the beneficiaries of their preferential tariff treatment.[15/] Under the GSP a range of specified products from developing countries is granted access to developed country market on the basis of reduced or eliminated tariffs. Products eligible for GSP also enjoy preferential margin that gives them additional advantage over imports from non-beneficiary countries. Since the Rules of Origin are essential part of the GSP system most of the exports receiving preferential treatment are primary products (see Table III.7).[16/] Most of Namibia's manufactured products cannot comply with the Rules of Origin. This is because they have a high input content from South Africa which is not included among countries receiving GSP. Thus Namibia and other SACU members could potentially benefit from adding South Africa to countries receiving GSP. For now, GSP provides additional security of market access which is an important guarantee for new investors.

Table III.7. Namibian exports and market access conditions to specific GSP donor countries (Percentage)

	Non-MFN rate	MFN rate	GSP rate	Preferential margin
Canada				
Live poultry, duck, geese and turkey	-	12.5	Free	12.5
Meat of bovine animals	-	2.21	Free	2.21
Fish: frozen or chilled, excluding fish fillets	-	5.0	3.0	2.0
Fish meat fit for human consumption	-	5.0	Free	5.0
Oysters in shells	-	5.0	Free	5.0
Oysters dried, salted or in brine	-	6.0	4.0	2.0
Ivory, iron powder and wool	-	Free	Free	0
Lobsters: prepared or preserved	-	6.8	4.0	2.8
Oysters	-	3.4	Free	3.4
Japan				
Seaweeds	-	15	8	7
Seaweed and algae for human consumption	-	5	Free	5
Hides and skins	-	Free	Free	0
USA				
Bovine skin leather	15	5	Free	15 (non-MFN)
5 MFN				
Whole bovine skin leather without hair	15	3.1	Free	15 (non-MFN)
5 MFN				
Austria				
Live fish: Ornamental and fresh water	-	12	Free	12
Fish: dried, salted or in brine	-	11	Free	11
Rock lobsters and other sea crawfish	-	20	Free	20
Shrimps and prawns without shells	-	13	Free	13
Crabs	-	20	Free	20
Truffles	-	12	Free	12
Finland				
Smoked fish including fillets: herrings	-	10	Free	10
Dried fish: Cod	-	3	Free	3
Anchovies	-	10	Free	10

Source: The Investment Centre, *The Investor*, July 1992.

Regional economic integration

Access to regional markets is of a great significance to Namibia. Namibian membership of the Southern African Custom Union (SACU) provides a duty free access to a market of 40 million people. As mentioned earlier, until now this potential has been exploited primarily by South Africa.[17/] Namibian trade with Botswana, Lesotho and Swaziland (BLS) accounts for less than 1 per cent of Namibia's total trade. Besides the advantage of free trade, Article 6 of the SACU agreement also allows infant industry protection. Duties on competing imports have to be agreed upon by all members and can be imposed for a maximum period of 8 years. Namibia has not yet made use of this provision.

All SACU members, except South Africa, are also members of the Southern African Development Community (SADC).[18/] A treaty among ten member states of the previously known Southern African Development Coordination Conference (SADCC) was signed in Windhoek in August 1992.[19/] It is expected that South Africa will also seek membership after the elections in April 1994. The emphasis of the new organization is on economic integration on the basis of balance, equity and mutual benefits. The umbrella treaty provides for negotiations of protocols in areas of cross-border investment and free movement of the factors of production, goods and services. No protocol negotiations have been concluded yet. The treaty also aims at harmonizing economic, political and social goals including promotion of private sector competitiveness, democracy, protection of human rights and alleviation of poverty. Namibia has a responsibility for coordination of regional policies and development in the sea fisheries sector.[20] Given the large disparity among the member states and experience of similar economic blocks in Africa, the challenge of implementing the treaty is considerable.

As from January 1993 Namibia became a member of the Eastern and Southern Africa Preferential Trade Area (PTA) which also includes all SADC countries except Botswana.[21] Since SACU members adhere to common external tariffs determined by South Africa, their membership in PTA required granting a derogation of tariff reduction commitments implied in the PTA accession. The trade benefits to Namibia from joining the PTA are at present less real than those resulting from more concrete bilateral agreements such as those with Zambia and Zimbabwe. Changes in Namibia's position as a result of the establishment of Common Market for Eastern and Southern Africa (COMESA), proposed to replace PTA, will need to be examined.

The membership of PTA and SADC is an acknowledgement of Namibia's support for wider regional integration and cooperation. The more immediate benefits from the SADC and PTA membership could result from improving the flow of information about regional trade and making it accessible to the local business community. Additionally, the institutional and technical support offered to member states under these regional agreements could be tapped. Linking up with the PTA Trade Information Network and establishing trade missions in countries will be crucial for expanding trade in the region.

D. HUMAN RESOURCES FOR INDUSTRY

Manufacturing labour profile

Until the results from the 1993 survey are finalized, only tentative conclusions about the characteristics of the manufacturing labour force can be drawn. Indirect labour together with administration and management accounted for over one third of total manufacturing employment, 17 per cent and 15 per cent respectively, implying high imbalance in relation to the scale of production and level of technology in use. This imbalance may also account for the 10 per cent difference between the proportion of skilled employees in the total and direct employment, 32 per cent and 22 per cent respectively.

Women constituted less than 20 per cent of the total labour force but only a half was found in the category of direct employment. Almost one third of women employees was found in administration and slightly below 10 per cent in the management category. This distribution may also have influenced the high concentration of female labour force in skilled rather than unskilled jobs, 50 per cent and 16 per cent respectively.[22] Distribution of the male labour force in manufacturing showed about 70 per cent in direct and [illegible] per cent in indirect categories of employment. The distribution between skilled, semi-skilled and unskilled workers was more even than that for female labour force.

Concerning the recruitment of different categories of labour force 35 per cent of the employers interviewed expressed difficulties with the recruitment of skilled labour. The problem was most serious in the paper and printing as well as machinery and equipment manufacturing branches where over three quarter of enterprises reported difficulties. These were also branches that use a more advanced technology. A branch which had the least difficulties in recruiting skilled labour was food and beverages. This could be explained by a significant number of large companies having access to labour and training in South Africa, as well as the means to offer better wages and working conditions. Some problems with recruitment of semi-skilled labour were experienced in wood products and furniture, and non-metal manufacturing branches. In general, recruitment into administrative and management positions was not considered a problem.[23]

Education and training

The pre-independence apartheid system excluded most the population from the benefits of education and training. The 1991 Population and Housing Census established that 23 per cent of the population over 10 years of age were illiterate. The census also revealed that almost 30 per cent of the employed population over 10 years of age had no schooling. After independence, government accorded high priority to education and training, almost one quarter of its budget in 1993. However, the impact of this investment on the labour market will be felt only after some time. Meanwhile, solutions to the present shortages of skilled manpower have to be found.

A number of surveys and studies has been carried out to determine what changes in the present system of education and training are required to meet the present and future demands of the labour market.[24/] It was estimated that the ratio of students at ertiary level receiving academic tuition to those undergoing vocational training is 2.5:1 in Namibia, compared to the world ratio of around 0.25:1.[25/] Since less than half of the available labour force can find employment in the formal wage sector, the education and training system has to be geared more towards employment in the small-scale and informal sector.

The present system of vocational training and technical education is offered by 23 institutions. Technicom, which is a tertiary academic institution, offers certificates and national diplomas in subjects related to business administration and management.[26/] Technicon is presently placed under the University. A new Polytechnic Act is expected to be passed in 1994 and will upgrade Technicom into a full fledged polytechnic institution independent from the University. Engineering training will receive high priority under the new Act. It was found that the technical education and vocational training systems in the present form do not satisfy the needs of industry.[27/] The 1993 survey of manufacturing enterprises revealed that only about one third of manufacturing enterprises surveyed thought that previous vocational training of their employees was important for their work performance. A similar proportion thought that Technicon courses were relevant to their needs.

Another study found that the institutional capacity to enhance development of professional qualifications needs to be substantially strengthened in areas of company administration, industrial relations, marketing, market research and sales management.[28/] An assessment of the manufacturing industry's manpower profile and its training needs for the category of professional and technical staff points towards shortages of the following occupational categories: accountants; production, operational and marketing managers; bookkeepers; small business managers; and technical and commercial sales representatives.

The 1993 survey attempted to analyze views expressed by the manufacturers themselves about educational and training criteria they use for hiring different categories of employees. Primary school education was most common requirement for recruitment of unskilled labour. Necessary additional training was done by the enterprises themselves. Only a small proportion of enterprises required secondary school education and/or previous job experience. For the category of semiskilled worker, secondary school was required by over one third of enterprises. Although previous experience counted more than for unskilled workers, more emphasis was placed on in-house training provided by the enterprises themselves. A majority of enterprises required primary and secondary school education and previous job experience for recruitment of skilled workers. Vocational training alone was not considered as important as previous job experience and in-house training. In the administration and management category applicants were expected to have a matriculation certificate, and one quarter of establishments required university degree for their management posts. For both, administrative and management staff, previous experience was considered more important than in-house training.

It appears that primary and secondary school education supplemented by in-house training was viewed by the manufacturing sector as the most important considerations in their hiring practices. The somewhat low importance attached to vocational training could be a result of the lack of relevance of courses offered by the training institutions at present. It also appears that this shortcoming is compensated by the employer's own in-plant training. Very little is however known about the effectiveness and efficiency of this training. There are also a few, if any, linkages between this type of training and the institutional training system.

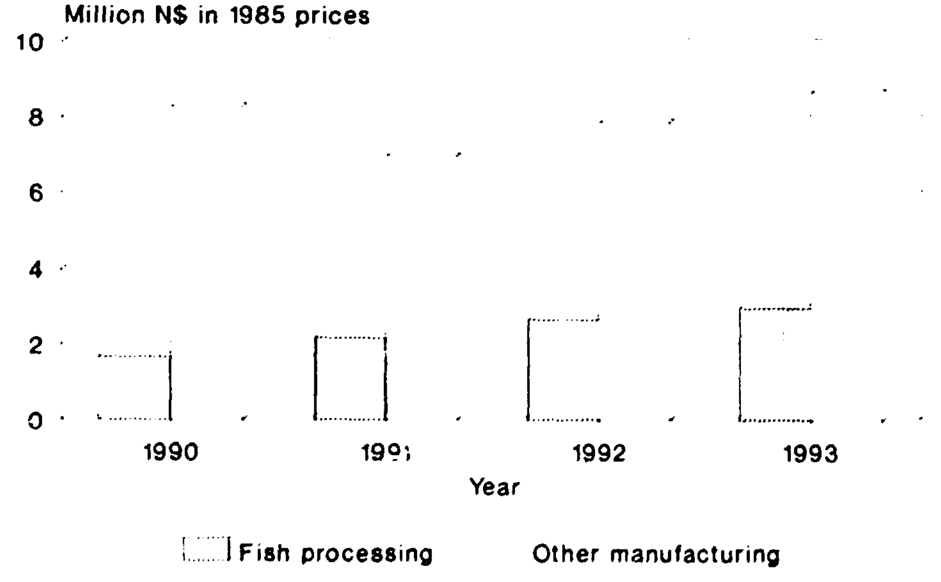
Many surveys have been conducted on manpower requirements of industry in the last two years. Although most of them are not yet finalized, the preliminary findings show some differences in the perception of the educational and training requirements of the manufacturing sector. The explanation could be that data was collected by different agencies for different purposes. Nonetheless, a considerable amount of data has been collected and it is important that their analysis are consolidated into a comprehensive overview of manpower needs. In view of the importance attached to industry in Namibia's future development, aligning education and training systems with the demand of the industrial sector will play a crucial role.

E. CHALLENGES AND OPPORTUNITIES

Investment

The impact of incentives introduced in 1993 still have to demonstrate the desired effect on the manufacturing sector. Increasing the level of domestic and foreign investment is a major challenge ahead. In spite of the highly rated investment climate, fixed manufacturing investment and fixed capital stock declined in real terms between 1990 and 1991. In the same period, the proportion of manufacturing investment has also remained below 3 per cent of total fixed investment in spite of the fact that 16 per cent of surveyed manufacturing enterprises reported their establishment in the period between 1990 and 1993. If the reporting were correct this would mean that a large number of enterprises were closed down in this period. This is corroborated by the records from the Registrar of Companies.

Fig. III. E. Gross fixed investment in fish processing and other manufacturing, 1986-1993



It is expected that most of these obstacles and uncertainties are related to political instability in the region, the institutional and legal framework, lack of knowledge about Namibia and its investment climate, and shortage of viable investment opportunities. These obstacles are expected to be cleared during 1994. The 1993 survey showed that the majority of enterprises was optimistic about the future; 35 per cent of enterprises had plans for expansion, 28 per cent for modernization and 18 per cent for diversification of their enterprises. Manufacturers were also positive about most aspects of the political, economic and social environment in Namibia.

The 1993 survey also revealed that 96 per cent of investment finance in manufacturing came either from the establishments' own resources or was raised on the local financial market. The respective shares were 73 per cent and 23 per cent, the balance came from foreign sources. The proportion of foreign capital, mainly from South Africa, constituted 11 per cent of total equities. This is not surprising given that a large number of establishments has a direct or indirect relationship with companies in South Africa. This relationship is likely to continue. There are signs of an increasing number of South African parent companies being quoted on the Windhoek Stock Exchange and some even relocating to Namibia.

One reason why the manufacturing sector has not grown much since independence was the lack of foreign investment. Local capital could sustain only the present level of production and finance only a few new enterprises. For the projected expansion of the sector foreign investment will be crucial. Attracting overseas investment may be a formidable task in view of increased competition within the region, especially from the new South Africa. Competition from the former East European countries and Asia, especially China, is also likely to increase. This calls for the provision of a highly competitive and attractive investment climate in Namibia. Experience with the Arandis Export Processing Zone, for example, revealed that provision of serviced industrial land and factory premises for lease is one area that Namibia needs to improve.

The most important investment consideration is political stability. Namibia has earned its reputation for having the most democratic constitution in Africa. It also deserves all credit for successfully handling the transition from a minority to a majority government. Above all policy of reconciliation under the present government has worked well.

Product and export diversification

Given the small size of the Namibian market, export orientation is essential to the growth of the sector. The challenge is to broaden the manufacturing base into products that could not only compete with South African imports but also have export possibilities. The 1993 survey revealed some aspects relevant to competitiveness such as quality of the labour force, technology and capacity utilization. However, it did not shed any light on the cost structure and pricing practises. All these aspects need to be examined in a comparative perspective with a view to providing the basis for policy initiatives in support of an export oriented development strategy.

At the beginning of 1994, the Ministry of Trade and Industry commissioned a study funded by the African Development Bank to provide the basis for trade policy formulation. The study is expected to include a more detailed analysis of the manufacturing sector that will supplement the 1993 survey. This will help to clarify where the strength and weaknesses of the manufacturing sector lay and determine the competitiveness of and potential markets for Namibian products. In addition, more detailed feasibility studies at the industrial branch level will be needed to assess the viability of new production lines. Financial support to the private sector for this activity is included in the new package of incentives to the manufacturing sector introduced in 1993. Connection to trade and commodity information network not only within the region but also internationally would also enhance efforts in this area.

The potential of Walvis Bay

The reintegration of Walvis Bay into Namibia as of 1 March 1994 provides a great challenge and opportunity for the Namibian economy in general and the manufacturing sector in particular. Potential areas for the manufacturing sector include: expansion of fish processing capacity at

Potential areas for the manufacturing sector include: expansion of fish processing capacity at Walvis Bay, establishment of new industries if a free trade zone at Walvis Bay, and development of linkages with other manufacturing branches and sectors of the economy. There are great expectations attached to the growth of the fish processing industry. However, to attract new investment to Walvis Bay an enabling environment has to be created. Infrastructure and services will need to be expanded. The fishing harbour, for example, will have to be extended to give access to boats of new companies which do not have a claim to the present key facilities operated by the established enterprises. In addition, the present sources for supply of fresh water will not be sufficient to meet an increased demand from the industry. Investment will be needed for a water recycling plant or other identified solutions to this problem.

Although legislation on free trade zones has not yet been prepared, a decision has been taken on the establishment of 20 square kilometre free trade zone next to Walvis Bay. A proposal from a private foreign investor (Projects, Industrial Development Investment Company, Pidico) for the development of the free trade zone was approved in principle by the Cabinet. Details are still to be agreed upon. Walvis Bay is well situated in terms of distance to the European and US markets. In addition, Namibia's accession to the Lomé Convention and benefits derived from the GSP should make investments in the free trade zone of Walvis Bay an attractive proposition.

The reintegration of Walvis Bay could also provide a stimulus to the establishment of inter- and intra-sectoral linkages. Some preliminary investigations have already been made on the possibilities of linking up the fish processing industry in Walvis Bay with other sectors of the economy. One example, is a possibility of establishing a tomato paste factory connected to agricultural regions that are endowed with tomato growing potential. Other examples include possibilities of increasing value added of local supplies of inputs such as tin cans and packaging material, as well as establishing local supplies of other inputs. Additional potential linkages between the fisheries industry exist with the transport and commercial sector of the economy to improve distribution of fish and fish products on the local market. Maintenance and repairs of fishing fleet and commercial vessels are another area where reintegration of Walvis Bay could stimulate the development of intermediate and capital goods industries and related services.

Walvis Bay reintegration is also expected from providing services to the landlocked countries in the region. Completion of the Trans-Caprivi and Trans-Kalahari Highways will enhance the chances of Walvis Bay becoming a trade centre providing financial, insurance, forwarding and other services to the region. Another area envisaged to benefit is tourism and tourist related industry. The challenge is to maintain the high reputation of Walvis Bay as being one of the best administered and efficiently run ports on the western shores of Africa. The economic and social investments, as well as the administrative and operating costs necessary to uphold this reputation, are considerable. It will depend on the extent to which the Namibian economy will be able to integrate the private sector.

South Africa and regional integration

Realization of the potential benefits from Namibia's memberships in the various regional organizations will largely depend upon the policies of new South Africa. Continuation of SACU and CMA agreements in the present form is uncertain. South Africa's accession to GATT rules will, no doubt, have implications not only for South African producers, but also SACU members. Opening up to world competition will challenge price and quality competitiveness of producers in these countries, but it will also open possibilities for cheaper sourcing of manufacturing inputs.

As a member of CMA Namibia has to monitor changes in financial and monetary policies of South Africa and adjust its own accordingly. Namibia's new currency is still vulnerable and needs the support of the South African Rand. Stability and strength of the Namibian dollar will be as important for foreign investment as for averting inflation.

South Africa may also apply for membership in SADC and PTA. Member countries could benefit from cooperation with South Africa in areas such as technology development, research and manpower training. Possibilities also exist in coordinating developments in the energy and transport sectors.

Small-scale industry and informal manufacturing activities

The manufacturing sector has been identified as a leading sector of economic growth and employment opportunities. The development of small-scale and informal industries is emphasised as the solution to the growing problem of unemployment. However, it is doubtful that small-scale sector will be able to contribute to economic growth for some time to come. The small-scale and informal sector was estimated to provide employment to one third of the country's labour force but contributing only 2-3 per cent to gross domestic product in 1993.[29/] Only between 5-10 per cent of the total employment in this sector was engaged in industrial activities. The present size and structure of the formal manufacturing sector, and the underdeveloped small-scale and informal sector require different sets of measures to promote growth. To use resources most efficiently, the choice of measures that will strengthen the complementarity and linkages between the two sectors should be given priority.

There has been a number of studies and surveys on the small-scale and informal sector.[30/] Consolidated findings from these reports could be compared with findings from studies and surveys on the formal sector. This could help formulate an integrated industrial development policy in support of the manufacturing sector as a whole. Coordination of programmes and supportive measures implemented by different government and donor agencies will also increase the effectiveness and efficiency of this support.

Human resource development

One area that is a crucial importance for both formal and informal sector is development of education and training system. More students enrol into university than vocation training institutions, and most employers are unaware of Technicon existence, the only tertiary level institution providing courses of direct relevance to business. There are at present no engineering courses offered in Namibia. The shortage of locally trained manpower has to some extent been compensated by South Africa through provision of management and skilled labour.

The low labour productivity is a cause for concern and needs to be addressed if Namibia wants to compete with other developing countries, especially those in South East Asia. Although no detailed study has been made on the prevailing level of productivity in Namibia to compare with other countries, findings from the 1993 survey indicate possible inefficiency in the allocation of resources, both human and capital. Productivity is effected by a number of factors, including technology and management. Improvement in management techniques and practices, as well as widening knowledge about technology other than that used in South Africa may play an important role in increasing the productivity level in Namibia. Interestingly enough, only 20 per cent of the respondents in the 1993 survey considered workers motivation as a problem.

F. THE ROLE OF REGIONAL AND INTERNATIONAL COOPERATION

Between 1990 and 1992 Namibia received a total of R 1,068 million in foreign development assistance.[31/] Germany, Scandinavian countries, and the USA have the largest bilateral programmes in Namibia.[32/] According to the Bank of Namibia, about 78 per cent of international assistance was channelled through the government as grants in cash or kind. Since there is no development budget that would legally oblige ministries to incorporate donor financed projects, the proportion of donor aid which is channelled outside government budget is believed to be much higher.

This lack of control impedes coordination between government and donor agencies and can lead to inefficient allocation of resources. In addition, this situation makes it difficult to establish the total size of actual sectoral allocations reflecting government and donor priorities. It is hoped that a Round Table Meeting with donors planned to take place in the first half of 1995 under the auspices of the United Nations, will clarify this situation. The meeting is envisaged to discuss aid policy guidelines within the framework of the first National Development Plan rather than being a forum for support pledging.

Projections by the National Planning Commission of sectoral allocation of aid commitment to government in 1993 show that almost one quarter was earmarked for education and one fifth to water resource development (see Table III.8). Trade/industry and labour/manpower sectors were expected to receive the smallest proportion, 0.6 per cent and 0.1 per cent respectively. The low priority attached to the industrial sector development by the Official Development Assistance (ODA) is somewhat surprising. Historically, this could be explained by the lack of priority attached to the development of industry and the absence of policy and institutional framework to direct and channel aid. The situation has now changed and the need for technical and financial assistance to enhance industrial development in line with government objectives has become more important and urgent.

Table III.8. Sector allocation of aid commitments to the Government of Namibia, 1993 (Percentage)

Sector	Percentage
Education	23.5
Water	18.2
Fisheries	10.2
Central Administration (Ministry of Finance, BoN, NPC, etc.)	10.0
Health	8.3
Transport	7.2
Local government/housing	7.0
Agriculture	6.3
Energy	5.2
Communication	1.7
Forestry	1.7
Trade/Industry	0.6
Labour/Manpower	0.1
Total	**100.0**

Source: National Planning Commission. Figures exclude SYSMIN and aid outside government to government agreements to specific areas such as human rights, gender, etc.

Small-scale sector development

ILO and the Commonwealth Secretariat have assisted the Ministry of Trade and Industry in assessing the present situation and identifying obstacles to the growth of small-scale and informal sector manufacturing.[33/] The recommendations for overcoming these obstacles cover the following broad categories: development of a supportive and enabling legal, regulatory and administrative environment; development of sustainable credit and financing schemes; development and expansion of integrated skills programme; technology transfer; and strengthening of institutional capacity to promote and support development of manufacturing small-scale enterprises. Substantial technical cooperation inputs and external financial assistance are needed for the implementation of these recommendations.

Export promotion

To increase the manufacturing sector's contribution to the economy, growth of the formal sector also has to be encouraged. Promotion of foreign investment will be of crucial importance in this respect. Although some assistance in this field has been provided by external donors, extension of this support is still needed in areas of information dissemination, trade fairs, and establishment of investment promotion offices and staff training. Assistance in creating an enabling environment that competes favourably with incentives provided by other countries in the region and elsewhere is an important element in investment promotion efforts. Establishing information network which would give the private and public sector access to information on technology and trade within and outside the region could widen the basis for decision making.

Regional trade

One of the reasons for the lack of regional trade is the underdeveloped transport network in Southern Africa. The Trans-Caprivi and Trans-Kalahari highways will provide a considerable improvement in the system. However, there still remain a number of missing links. According to a recent report[34/], completing the missing links in the Southern African transport network would cost about US$ 6.7 billion. The funding secured for the proposed projects was just over half in 1993. For Namibian trade to benefit from membership of SADC and PTA development of the transport system in other member countries will be of great importance.

Manufacturing base diversification

To increase the contribution of the existing manufacturing enterprises to the economy product and market diversification will be important. Experience and expertise from specialized UN agencies and donor organizations could contribute to an assessment of individual manufacturing branches with regard to their competitiveness and future development potential. On this basis existing bottlenecks and areas in need of supportive measures could be identified as well as potential export products and markets. An example of a study of this kind was carried out by UNIDO in the fisheries sector. The African Development Bank is providing assistance to the Ministry of Trade and Industry in the formulation of a trade policy. It is expected that this study will supplement information from the Manufacturing Enterprises Survey carried out by the Ministry in 1993 and enhance the knowledge about the manufacturing sector. Local producer's knowledge about potential export markets could be improved by gaining access to regional and international trade information networks. Namibia's membership in SADC and PTA as well as accession to the Lomé Convention could facilitate this access.

Economic integration of Walvis Bay

An assessment of the potential for inter- and intra-sectoral linkages arising from the reintegration of Walvis Bay into the Namibian economy is another area where external assistance will be required. An ILO study on the labour market implications planned in the second half of 1994 and the on-going African Bank funded study on trade policy will cover only some of these aspects. The implications for the industrial development and regional trade will need to be covered in more detail.

Human resource development

Human resource development in general, and for industry in particular, is a priority area in great need of technical and financial support. The expected growth of the manufacturing labour force will increase the demand for technical and vocational skills that are already in short supply.

Efficient use of resources will require development of an integrated education and training system responsive to the needs of large-scale, small-scale, and informal manufacturing sector. The involvement of the private sector in this system will be essential both from the financial and efficiency point of view. The German Development Agency is providing support for the development of vocational training institutions. Equally important will be the provision of support for in-service training. Assistance will be needed to assess the quality and appropriateness of the present in-service training and provide support for setting up in-service training courses locally, regionally and internationally. Regional cooperation could play an important role in this respect, especially in using technical training institutions in the neighbouring South Africa.

Institutional capacity building

The institutional capacity of the public and private sectors promoting industrial development needs to be improved and coordination efforts by the different agents strengthened. An example of four different establishment surveys being launched by different government and private agencies during the period of the last two years demonstrates the duplication of efforts in the use of scarce resources. An establishment of an integrated information network supported and coordinated by the Statistical Office may improve the quality of data collection and set standards for publications. Support already provided by a number of external aid agencies, notably UNDP, UNIDO, ILO, IMF, CFTC and SIDA, in the field of statistical data gathering needs to be followed up. The capacity of government agencies to maintain, update and analyze data from the various surveys for policy and planning purposes needs to be strengthened.

There is also need for assistance to institutions representing the private sector. The Ford Foundation is involved in institutional support to build up the capacity of the Namibian Chambers of Commerce and Industry in delivering services to their members, including training. However, this assistance is only limited. In view of the problems encountered in the formal education and training system, in-service training carries a large responsibility for developing industrial skills. Support for making the contribution of the private sector more effective will be a worthwhile investment for the future.

NOTES TO CHAPTER III

1/ A detailed review of the industrial sector prior to independence can be found in a UNIDO's publication, *Namibia: Industrial Development at Independence*, Industrial Development Review Series, PPD.166, June 1990.

2/ *Manufacturing Industry Survey 1989*, Department of Economic Affairs, Namibia. The survey employed Standard Industrial Classification (SIC) of all economic activities as published by the Department of Statistics of the Republic of South Africa which is consistent with International Standard Industrial Classification (ISIC). The survey covers 95.6 per cent of all known enterprises.

3/ The Manufacturing Enterprises Survey was carried out by the Ministry of Trade and Industry in July-August 1993. The information used in this section is based on an unpublished preliminary report and a print out of data which was made available by the Ministry of Trade and Industry. The data from the survey have not yet been fully screened for reasons of statistical consistency, reliability and validity and caution should be exercised in interpreting the preliminary findings.

4/ Results from another survey revealed that 35 per cent of the manufacturing sector is composed of small scale enterprises employing 10 or less employees contributing about 2 per cent to the total turnover and less than 6 per cent to the manufacturing employment. See Export and Development Division, the Commonwealth Secretariat; *Development of Small-Scale and Informal Industries*, Draft Report, January 1994.

5/ The data entry from the 1993 survey indicates a very high figure on total manufacturing employment compared to the 1989 survey and estimates of the ILO based on the 1991 Population and Household Census. The ILO estimate put the wage employment in the formal manufacturing sector at about 11,000 in 1991 with a projected annual growth rate at 2 per cent. This means that in 1993 the manufacturing sector employed approximately 11,500 persons. Thus the figure of 16,660 employees emerging from the preliminary findings of the 1993 survey appears too high. In addition, it is unlikely that the 1993 survey covered the formal manufacturing sector 100 per cent. Caution has been exercised in interpreting the 1993 survey's preliminary findings about the labour force.

6/ The reason given for the lack of production input output data in the 1989 survey is that many of the respondents did not answer the relevant questions. This is explained by the fact that most enterprises in the industrial sector were small-scale units and did not use a detailed bookkeeping system. The 1993 survey contained questions about a book value of assets, turnover in 1992/93 financial year, sources of inputs and destination of output. It also included questions on the level and efficiency of technology, and capacity utilization.

7/ It was estimated that capital per employee was US$ 36,000 in 1993. Export and Industrial Development Division, Commonwealth Secretariat; see Draft Report: *Development of Small Scale and Informal Industries*, January 1994.

8/ Although no exact data on productivity levels exist, the preliminary findings from the 1993 survey indicate an average level of around $20,000 of gross output per employee. This is about one half of South Africa's and Malaysia's levels, and less than one fifth of comparative figures for industrialized countries. See UNIDO Industry and Development, *Global Report 1993/1994*, comparative data on productivity, Table I.3.

9/ A number of surveys and studies directly and indirectly related to the manufacturing sector have been commissioned by government and donor agencies since independence. These include: *Indicative Industrial Plan*, Industrial Development Unit, Commonwealth Fund for Technical Co-operation, Commonwealth Secretariat, November 1991; *Survey of Manufacturing Establishments* conducted by the Ministry of Trade and Industry in 1993 (a preliminary report); *Development of Small-Scale and Informal Industries*, a report prepared by the Export and Development Division of the Commonwealth Secretariat (draft, January 1994); *Programme for Small-Scale and Informal Enterprises in Namibia*, a sectoral review and needs assessment of the micro-small enterprises carried out as a TSS-1 exercise by ILO and the Ministry of Trade and Industry (draft, January 1994); and *Establishment Survey* and *Informal Sector Survey* commissioned by the Ministry of Labour and Human Resources Development and carried out by the ILO in 1992 and 1993 as a part of a technical assistance programme to establish Labour Market Information System (reports are expected in 1994).

10/ The capacity to collect trade statistics is only now being developed. Thus this section may lack analysis on a disaggregated basis.

11/ Exports and imports licences are issued primarily by the Ministry of Trade and Industry, although other ministries may be involved when the nature of traded goods comes under their portfolio.

12/ Information for this section is based largely on the first issue of *The Investor* published in July 1992 by the Investment Centre of the Ministry of Trade and Industry.

13/ As from January 1994 the name has changed to European Union.

14/ For the period 1991-1992, Namibia was allocated a quota of 10,500 tonnes which was increased to 13,000 tonnes for the following three years.

15/ The following countries added Namibia to the list of beneficiaries of the GSP: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Greece, Ireland, Italy, Japan, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Spain, Switzerland, the United Kingdom, and the United States of America.

16/ Products exported from a preference-receiving country are classified either as wholly-obtained from the exporting country or with an import content. Products with imported content have to satisfy process or percentage criteria (value added) before they can qualify for GSP benefits. Import content originating from a preference-giving or other preference-receiving country can be added to the content originating from the export country.

17/ Details about the origin and operations of SACU are given in endnotes 1 and 2 to Chapter II.

18/ For historical details of SADC see endnote 6 to Chapter I.

19/ SADC membership includes Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, Swaziland, Tanzania, Zambia and Zimbabwe.

20/ Division of sectoral responsibilities among SADC members is as follows: Angola is responsible for the energy sector; Botswana for animal disease control and agricultural research; Lesotho for land utilization and soil conservation; Malawi for wildlife, forestry and in-land fisheries; Mozambique for information and culture; Swaziland for manpower development; Tanzania for industry and trade; Zambia for mining; and Zimbabwe for agriculture and food security.

21/ The issue of SADC/PTA relationship has been centre of debate, since the PTA proposed a merger of the two organizations in 1991. So far, only Zimbabwe and Zambia have been strong advocates of the merger, primarily for their own reasons. Zimbabwe hosts the PTA Clearing House and Lusaka serves as the PTA headquarters. "Thinking of SADC", *Africa, Political & Economic Monthly*, Vol.6 No.12, September 1993.

22/ High percentage of skilled female employees was found in the category of administrative staff. The reason for this could be that a large number of female trained employees left the government for private sector since independence.

23/ Preliminary results of an establishment survey commissioned to ILO by the Ministry of Labour and Human Resources Development in 1992 indicated that in the manufacturing sector, plant and machine operators together with craft and related trades workers constituted 50 per cent of all vacancies. For an in-depth analytical exposition of the present generation of industrial managers and management training requirements in Namibia, see UNIDO, *Manufacturing Management in Namibia: Prospects and Innovation*, 15 June 1994 (forthcoming).

24/ This section draws on information from studies and surveys related to manpower planning and training carried out since independence. These include: *Survey Report on Vocational Training in Namibia*, prepared by GTZ for the Ministry of Labour and Manpower Development, April 1993; *Manpower Survey*, a component of an ILO project for setting up Labour Market Information System in Namibia (draft report); *Assessment and Analysis of Human Resources Development in Industry for the Republic of Namibia*, a technical report prepared for UNIDO by R. Clanton (draft, November 1993); and *The Technicon and the Manufacturing Industry: Supply and Demand of Human Resources. A Namibian Perspective*, a research report by G. Gordon for the Master's Degree in Business Leadership, University of South Africa, December 1993.

25/ J.J.Fourie: *Planning Guidelines for the Polytechnic of Namibia*, University of Namibia Press, Windhoek 1993.

26/ A survey on vocational training in Namibia identified 11 training centres/colleges which cater for specific needs of the government and private sector; 4 general vocational training centres under the Ministry of Labour and Manpower Development; and 8 training centres managed by the Rossing Foundation. In addition, 9 secondary schools and 4 technical training institutes which include pre-vocational training in their curricula were identified. See German Development Agency, *Survey of Vocational Training in Namibia*, 1992.

27/ A recent survey of vocational training institutions proposed a number of changes to make the present system more internally and externally efficient. The major recommendations included: streamlining and standardization of pre-vocational training; upgrading and streamlining vocational training to be more in line with labour market demands; greater cooperation between vocational training and potential employers; development of local testing and accreditation system; and better institutional support.

29/ *The Technicon and the Manufacturing Industry: Supply and Demand of Human Resources: A Namibian Perspective*, a research report by G. Gordon for the Master's Degree in Business Leadership, University of South Africa, December 1993.

29/ Commonwealth Secretariat: *Development of Small-Scale and Informal Industries*, Draft Report, January 1994.

30/ An informal sector survey carried out by the Ministry of Labour and Human Resources Development with the assistance of ILO was completed in December 1993 and a report is expected to be available in mid-1994. The Ministry of Trade and Industry with the assistance of the Commonwealth Secretariat is finalizing a report on *Development of Small-Scale and Informal Industries*; and TSS-1 exercise carried out by ILO presented a draft report on *Programme for Small-Scale and Informal Enterprises in Namibia* at the beginning of 1994. Earlier surveys include the First National Development Corporation (renamed after independence to Namibia Development Corporation) survey of the informal sector in Windhoek and the Northern Namibia Regional Chamber of Commerce and Industry survey of informal sector in the Owamboland region.

31/ The Bank of Namibia.

32/ Economic Intelligence Unit, *Botswana, Namibia, Lesotho, Swaziland*, Country Report, 4th quarter 1993.

33/ *Development of Small Scale and Informal Industries*, a report prepared by the Export and Development Division of the Commonwealth Secretariat (draft, January 1994); *Programme for Small-Scale and Informal Enterprises in Namibia*, a sectoral review and needs assessment of the micro-small enterprises carried out as a TSS-1 exercise by ILO and the Ministry of Trade and Industry (draft, January 1994).

34/ "Transport blues", *Southern African Economist*, November 1993.

IV. INDUSTRY BRANCH PROFILES[1]

There are no recent official statistics on output and value added of individual manufacturing branches, except for meat and fish processing. The latest figures date back to the 1970s. It is hoped that the 1993 Manufacturing Enterprise Survey will lay the foundation for systematic data collection on the manufacturing sector. The first post independence study of the manufacturing sector conducted by the Commonwealth Fund for Technical Cooperation in 1991 is the most comprehensive account of the sector available today.[2] The 1993 UNIDO study of the fisheries sector contains a detailed assessment and analysis of the fishing and fish processing industries.[3] There is a definite need for more sectoral studies of this kind to gain insight into the inter-dependence of the various components within and across different manufacturing branches in order to identify the means of strengthening the inter-industry linkages that are currently missing.

A. FOOD PROCESSING AND BEVERAGES

This manufacturing branch accounted for about 35 per cent of all manufacturing establishments and for almost 50 per cent of total manufacturing employment in 1993. Meat and fish processing are the two most important sub-branches, accounting for a lion's share of manufacturing value added and around 70 per cent of manufactured exports in 1992 (section B and C describe these sub-branches in detail). Fresh and processed food constitute the single largest import category. In 1990 it represented 20 per cent of total imports rising to 28 per cent in 1993.

Food processing

With the exceptions of meat and fish products, food processing industries are almost entirely domestic market oriented. The most important of these manufacture dairy products, maize, wheat and sorghum flour, animal feeds, bakery products, and margarine. Except for dairy products, most of the raw materials for these products are supplied by South Africa. Production of the staple food, maize meal, can have up to 80 per cent of maize input from South Africa, depending on the local harvest.

There is no industrial canning and preserving of fruit and vegetables. The cost of irrigation is the major obstacle for commercial fruit and vegetable growing. Small-scale producers find it hard to compete with South African farmers with access to much larger markets. Not only processed fruit and vegetables from South Africa dominate the Namibian market, but also 95 per cent of fresh fruit and vegetables comes from South Africa.

Although over one hundred companies were recorded in food manufacturing, a number of them do only packaging and distribution, for example, sugar, spices and rice. There are only one or two large companies producing a limited variety of products in each of the sub-branches of food manufacturing.[4] They have a dominant position on the local market. In terms of product variety meat and bakery products are most numerous. In both these industries there has traditionally been a large influence of the German settlers in the choice of products and also training of skilled labour. The 1993 survey estimated capacity utilization in the food processing branch at about 65 per cent. The level of technology ranges from hand tools to fully automated machines.

It is important to examine the main enterprises engaged in the production of selected food products.

Dairy products:

Bonmilk is the largest company with over 200 employees and an estimated turnover in 1991 of N$ 30 million, excluding operations of its dairy farm. The company satisfies about 65 per cent of local demand for dairy products. The rest of the local demand is met by another large company, Rietfontain Dairy, employing 65 persons. Recently the company invested N$ 1.2 million for expanding its operations.

Grain mill products and animal feeds

There are four operational mills. Namib Mills in Windhoek is the largest producer with a turnover estimated at N$ 60 million and a labour force of 250 working in shifts. Its annual production is estimated at 40,000 tonnes of maize meal, 20 tonnes of wheat flour, and 48 tonnes of animal feed. This production covers 75 per cent of national demand for maize meal and about 55 per cent of the demand for wheat flour. Another relatively large mill employing 160 workers is the Agra Coop Group in Otavi. It produces most of the remaining demand for maize meal and sorghum. The production of two other mills, in Katima Mulilo and Otjiwarongo, is relatively small. Producers obtain their inputs locally as well as from South Africa which supplies mainly corn and maize. A small proportion of the maize meal is exported to Britain.

Bakery products

There are about 30 registered bakeries of which the largest encompass one is located in Windhoek (Oryx Bakery) and three in Swakopmund (Hansa, Przbylski and Putensen Bakeries). The local market is well supplied by a large variety of breads and cakes often made to German recipes. Biscuits are manufactured by Baumann's factories in Windhoek and Walvis Bay. Baking inputs are obtained locally or from South Africa.

Chocolate and sugar confectionery

Springer Chocolate Factory, is the only sizable enterprise in this category. It employs 80 workers and has an estimated turnover of N$ 8 million. It covers about 50 per cent of the domestic demand, the rest is imported. Seventy-five per cent of production is destined for exports, mainly South Africa which supplies most of the production inputs. Smaller amounts are also exported to Switzerland and Germany.

Vegetable and animal oils and fats

Margarine is made from imported edible oil by Taeuber and Corssen subsidiary of Wiesana Food Products. The company's annual production of 3,500 tonnes fully meets all the domestic demand for this product. Fish oil is produced by five plants in Walvis Bay (see section C).

Box IV.A. **Promising areas for investment in food processing**
(excluding meat and fish processing)

Poultry and eggs
- hatchery
- poultry farm
- poultry feed

Fruit and vegetables
- canning
- blanching and freezing
- juices, concentrates, jams
- green pepper production

Sunflower
- farming
- cooking oil

Dairy products
- cheese, butter, etc.
- baby foods
- ice cream factory

Millet milling
- mahangu
- sorghum

Rice production

Grain production

Beverages

The Namibian market is well supplied by a local production of beer and soft drinks. The largest company, employing 500 people, is Namibia Breweries in Windhoek. It produces a range of good quality German type beers and lagers which are also exported to South Africa, Angola, Zambia, Germany and the U.K. Total brewing capacity is approximately 750,000 hectolitres but sales volumes are only around 400,000 hectolitres. Another brewery, a subsidiary of the Hansa Brewery, is situated in Swakopmund, and a third brewery is in Luderitz. All inputs for the beer industry are imported, although possibilities for growing barley locally may exist. Traditional beer made of sorghum or mahango (millet) is produced by the informal sector. A variety of soft drinks, including tonic water, is produced from imported concentrates under licence by Namibia Beverages in Windhoek. In addition, there are three smaller plants in the north, one plant in Grootfontein and two in Oshakati. There is no production of spirits or wine, only limited quantities are bottled in Namibia, the rest is imported from South Africa.

Planned private sector investments include an increase in the millet milling capacity in the Owambo region with an estimated investment of N$ 2 million. Another large-scale project is planned for a sugar mill with a capacity of 100,000 tonnes per annum to be built in Caprivi with

Lornho joint venture sugar plantation. Vegetable and fruit processing may be a more viable proposition now. Due to the decrease in cattle track transport to South Africa which was used for transporting fruits and vegetables, local producers can capitalize on their transport cost advantage. A number of inquiries and project proposals in areas of fruit and vegetable cultivation have been registered by the Investment Centre. Investment enquiries and one proposal have been also received for establishing tomato paste factories to primarily supply the fish canning industry. The 1989 estimate of the industry's annual demand of 2,000 tonnes is probably much higher now and is expected to increase even more.

B. MEAT PROCESSING

The number of cattle in the country varies between 1.8 and 3 million, depending on the rainfall.[5] Commercial cattle raising contributes over 80 per cent to gross commercial agricultural income. The veterinary control fence divides the marketing of cattle into two distinct areas. Cattle raising north of the fence is predominantly in communal areas and marketing is exclusively for that region. The commercial cattle ranching is in the area south of the fence which has been kept free of foot and mouth disease and lung sickness. It is from this area livestock and game is used for exports to South Africa and, since independence, to EC markets.

Before Namibia gained access to EC markets, about 80 per cent of the beef produced in Namibia went to South Africa, mainly as live cattle. Namibian production accounted for 13 per cent of the South African meat market in 1991. The importance of this market declined when Namibia was awarded an annual average of 12,000 tonnes of beef quota for export to EC countries under the Lomé Convention. This quota applies for the period 1990-1995. From the 20 abbatoirs in the country only two, one in Windhoek and one in Okahandja, operate to EC standards. Most of the export is fresh chilled meat. Production from the rest of the abbatoirs covers the domestic demand. It has been estimated that 50 per cent of the meat supply to the Windhoek area in 1991 came from the informal sector marketing.[6] The percentage is likely to be higher in towns in northern districts where cattle raising is done in the communal areas. In the formal sector, the largest non-export abbatoirs are located at Oshakati, Rundu and Katima Mulilo and are operated by a parastatal, the Namibia Development Corporation.

The meat processing industry has a number of small firms situated in major towns. There are two large companies operating in Windhoek, Hartlief and Windhoek Schlachterei. They produce mainly for the domestic market, although Hartlief exports about 25 per cent of its products to South Africa. There is only one company which concentrates on processing of game meat, almost exclusively for the European market.

Meat Corporation of Namibia Ltd. (Meatco): Meatco is a cooperative formed by the commercial farmers and supported by state loans. It operates two factories, one in Windhoek and one in Okahandja. The company represents a major force in the meat processing industry although its major activity is in slaughtering rather than meat processing. Processing and canning of corned beef is only a small proportion of Meatco's activities. The slaughtering capacity of the two factories is 130,000 cattle and 100,000 sheep per annum. All the livestock is supplied locally by commercial farmers south of the veterinary control fence. Meatco has the exclusive right to export beef to EC markets under the Lome Convention. Exports constitute 90-95 per cent of total production. The rest of the output is supplied to meat processing plants in Windhoek.

Hartlief Continental Meat Products (PTY) Ltd.: Hartlief started in 1946 as a family business in Windhoek and became a company in 1966. The production includes a variety of meat cuts, ready spiced grill (braai) meat, dried, cured and cooked meats, and a variety of sausages and salamis. Raw material is obtained from local abbatoirs, mainly from Meatco. The company employs 400 people and had a turnover of N$ 40 million in 1991. It supplies most of the retail shops in Windhoek. About 25 per cent of the production is destined for South African markets.

C. FISH PROCESSING

Before Namibia declared an Exclusive Economic Zone in 1990, most of the marine resources were exploited by foreign fleets. Four fish stocks: pilchard, anchovy, hake, and horse mackerel constituted 85-90 per cent of the total catch in Namibian waters since the start of industrial fishing in the late 1940s. Other species of commercial value, but less abundant, included rock lobster, oysters, kingklip/monk and deep sea crab. By the late 1970s most of the principal commercial species were depleted leaving only the low-value horse mackerel in abundance. Even in its depleted state in the 1980s, the average catches would put Namibia among the top ten fishery nations in the world and the highest in Africa in terms of production and exports. In the UNIDO study of the fisheries industrial system it is pointed out that with a strict adherence to a conservation programme including application of ten year quota for total allowable catches (TAC), a significant increase could be achieved in the fishable biomass and in the restructuring of the species composition in favour of the commercially valuable stocks (see Table IV.1).

Table IV.1. Projections of total allowable catches (TAC) of fish, 1995 and 2000
(Thousand tonnes)

	Nominal catches in the Namibian exclusive economic zone		Total allowed catches, projections		Total allowed catches, extremes	
Species	ICSEAF	Namibia	Year 1995	Year 2000	Minimum	Maximum
Hake	279	150	140	300	150	350
Kingklip and monk	10.5	6	6	15	8	20
Sole	0.7	0.3	0.5	1	0.5	2
Horse mackerel	572	300	450	400	200	600
Chub mackerel	30	10	20	40	20	60
Pilchard	76	88	140	400	100	600
Anchovy	376	51	100	100	30	400
Snoek	12	3	8	20	5	40
Other	65	50	50	124	50	200
Finfish	1,412	658	915	1,400		
Rock lobster	1.4	0.6	0.1	1	0.5	3
Deep water crab	6.1	6	6	6	3	8
Shrimp	1	0.3	3	5	3	10
Squid	14.3	8	10	15	10	25
Other	0.2	0.4	0.7	2	0.5	3
Invertebrates	23	15	20	29		
Total	**1,435**	**673**	**935**	**1,429**		
Guano	2.4	2	2.3	3	2	4
Seals culled (Thousands)	16	20	30	30	0	75

Source: UNIDO, *An Integrated Development Programme for the Fisheries Industrial System in Namibia*, Vol. I-III, March 1993.

Note: Sea area: All data are calculated for the Namibian EEZ. They also include areas occupied or claimed by south Africa and quota shares allocated on that basis.

TAC: Assumed here to be fully caught and thus identical with nominal catches. The estimated TACs include extra restrictions on certain species (eg. anchovy, horse mackerel) in order to limit bycatches of recovering stocks (pilchard, hake). The 'extremes' are approximate maximum and minimum TACs for each species after full recovery, ie. the possible range of short-term variations.

Before independence, less than a quarter of the total catches used to be landed in Namibia. In 1991 the pelagic fishing industry included five companies in Walvis Bay which owned 38 purse seiners. They landed all the catch of the pilchard and anchovy and varying quantities of horse mackerel. Three of the companies operated canning and oil/meal factories and two companies operated only oil/meal factories (see Table IV.2). Small quantities of landed horse mackerel were also dried to a high protein, low cost product, and sold to central and west Africa. Much higher quantities horse mackerel were caught by foreign fleets and processed at sea into oil/meal or sold frozen. The total processing capacity for the canning operations was estimated 120,000 tonnes (9 million cartons) of fish over a six month season or 160,000 tonnes (12 million cartons) over eight months, the maximum length likely to be allowed by the fisheries authorities. The meal/oil reduction plants could process 2 million tonnes whole fish over 12 months. The low catches during the 1980s and the low quotas in 1990 and 1991 left most of the processing capacity for both canning and reduction of pelagic fish idle. The plants were estimated to operate at less than 10 per cent of their capacity.

Table IV.2. Fish catches and production, 1990

Species and fishery	Catch (Thousand tonnes)	Product	Output (Thousand tonnes)
Pelagic			
Purse-seine		Canned pilchard (Thousand carton)	4,418
Pilchard	92	Meal	49
Anchovy	51	Oil	6
Horse mackerel	85		
Other	19		
Sub-total	**247**		
Demersal			
Offshore trawl		White fish (fillet equivalent)	27
Hake	53		
Kingklip, monk	2	Frozen blocks	89
Horse mackerel	4	Dried/salted fish	1
Other	5		
Inshore trawl	0		
Long-line	2		
Midwater trawl	89		
Hand-line	1		
Sub-total	**156**		
Other			
Rock lobster (tonnes)	516	Whole cooked lobster (tonnes)	516
Deep-sea crab (tonnes)	6,000	Prepared crab (tonnes)	2,562
Seals (Thousand)	19	Seal genitalia	..
Guano (Tonnes)	2,500	Guano	2,500
Seaweed	..	Dried seaweed	..

Source: Mainly MFMR catch statistics and industry production statistics.

Note: Units are thousand tonnes unless otherwise stated. Midwater trawl recorded as horse mackerel only, thus bycatch unknown; entire catch assumed to be frozen whole (frozen blocks). White fish catch converted to skinless fillet equivalents (factor = 2.3). Salted/dried fish a very rough estimate. Guano is approximate average for recent years, including South African scrapings.

The white fish industry consisted of a large foreign freezer trawler fleet. The fleet, numbering up to 200 vessels, landed almost the entire catch of hake abroad. After the introduction of Namibia's EPZ, 24 trawlers, charted mainly from Spanish owners, obtained licences and quotas. The requirement of landing all the catch in Namibia was mostly for transshipment and registration purposes. In 1991 the hake was still exported unprocessed as before. Lesser catches of hake and other white fish caught by smaller boats or as trawl bycatch were processed in three small plants in Walvis Bay. In addition, two factories in Luderitz processed rock lobster. The highly lucrative deep-sea red crab was exploited by Japanese distant water catchers.

The processing capacity of the three white fish processing plants in Walvis Bay was estimated at 10,000 tonnes per annum on single shift and possibilities for up to 25,000 tonnes on double shift in 1991. Although the capacity is low in relation to total hake catches, the capacity utilization due to irregular supplies was less than 50 per cent. Two lobster factories which catered mainly to the Japanese market, have been severely hit by the depletion of the lobster stock. In 1991 only 300 tonnes were caught of the allowed quota of 1,100 tonnes.

All pelagic fish products were marketed through the industry marketing pool, Atlantic Canned Fish Sales, a Namibian company. Most of the production was exported (see Table IV.3). Nearly all exports of meal and oil, as well as 60 per cent of the canned pilchard went to South Africa in 1991. It was estimated that Namibia covered two thirds of the SACU demand for canned pilchards, while South Africa covered the rest. White fish was marketed by the concessionaires directly or through South Africa with the major export route trough Cape Town. Most of the white fish was destined for Europe, mainly Spain. Nearly all the crab and rock lobster went to Japan. Figures from the UNIDO study indicate marked increases in production and exports of the commercially high valued white fish between 1988 and 1990. The value of total fisheries exports was estimated close to N$ 500 million in 1990. The local consumption was low, less than 5,000 tonnes a year, which is about 4kg per capita. A main reason for this was economic rather than taste preference. Most of the fish was marketed through retail supermarkets at prices which could not be afforded by the majority of the population.

Table IV.3. Namibian marine resources, production and exports, 1988-1990

Commodity	Production (tonnes) 1988	1989	1990	Exports (tonnes) 1988	1989	1990	Value (million rand) 1988	1989	1990
Fish meal	78,531	38,591	49,246	73,531	33,591	44,246	92.65	45.21	64.16
Fish oil	9,150	7,463	6,461	8,650	6,963	5,961	6.05	4.96	4.39
Canned fish	2,586	3,230	4,418	2,300	2,500	2,300	89.70	92.50	98.90
White fish	14,169	9,023	27,290	13,968	8,823	27,290	76.27	52.76	177.39
Other fish	500	600	700	450	550	650	0.45	0.63	0.85
Deep sea crab	6,000	6,000	6,000	6,000	6,000	6,000	90.00	99.00	108.00
Rock lobster	1,825	830	516	1,800	800	485	54.00	26.40	17.46
Seals culled	20,000	20,000	19,400	..	..	..	1.01	1.01	1.01
Guano	462	450	630	400	400	600	0.80	0.88	1.44
Seaweed	..	..	..	..	..	..	..	..	..
Total							**410.9**	**323.5**	**473.6**

Source: UNIDO, *An Integrated Development Programme for the Fisheries Industrial System in Namibia*, Vol. I-III, March 1993.

Note: Other fish: dried horse mackerel, frozen pilchard bait, etc. Nominal estimates.

Calculation. Pelagic production figures from Fishing Industry Handbook 1991. White fish production is calculated as the total Namibian landings of such fish (Table II.3) converted to skinned fillets (conversion coefficient 2.3). Seal culling quota for 1990, guesses for 89 and 88. Crab guesses for 89 and 88. Assumed 5-10 per cent local consumption for all exports except deep sea crab and lobsters. Only for pilchard canning is local production not an informed guess. Prices for oil and meal from FIH 1991. Pilchard total export values from Windhoek Advertiser 29/10/90. Hake/white fish values from overseas market research. Other price guesses informed by South African data from FIH.

Realizing the high potential of the fisheries industry, but also the vulnerability of the fish resources to depletion, a number of important legal and policy measures have been taken by the Government. The White Paper "Towards Responsible Development of the Fisheries Sector" introduced in 1991 contains three main principles of the new fisheries policy: promoting stock recovery; ensuring increased Namibian participation and benefits, especially through increased onshore processing; and securing a productive industry based on a vessel quota system. The position was also made clear, that Namibian waters are not to become a pool of fishing for other countries in the same regional or international organization. Based on the policy guidelines of the White Paper, a new Sea Fisheries Act was passed in December 1992. The Act provides a legal framework for government management of the marine resources. The government is vested with powers to allocate rights of exploitation, annual fishing quotas and vessel licences. These three parts of the management system are to ensure resource conservation and exploitation to the maximum benefit of Namibia. The Fisheries Advisory Council, composed of members from government and the private sector, was also established to provide guidance and advise to the government on matters related to the development of this economically important sector.

The allocation of long-term fishing rights for 9 categories of fish was first introduced in 1994. Two thirds of the granted rights went to existing concessionaries and the rest to new applicants. The largest number of applicants was for rights to fish hake where 9 out of 38 successful applicants were new concessionaires. New Namibian companies were granted the majority of rights for tuna and line fishing. A vessel capacity based quota, mainly for white fish, was also introduced as from 1994.[7] The total allowed catch of 771,000 tonnes in 1994 was more than three times the catch in 1990. Pescanova which owns a fishing feet and the hake processing factory in Luderitz, received the largest quota in hake TAC.[8] The biggest pelagic quota went to the Gendev company which operates a fishing fleet and a fish canning an reduction plants in Walvis Bay. The expectations are that by the end of the century the total fish catches will reach 1 million tonnes. The pessimist scenario for maximum sustainable yields is 800,000 tonnes.

The sales value of the combined fishing and fish processing industry for 1993 is estimated to exceed N$ 1 billion.[9] Production at sea is estimated to contribute almost N$ 700 million. It is projected that through an increase in production, mainly in land fishing, the total figure can be doubled by the year 2000. The Ministry of Fisheries also estimated that in 1993 the fisheries industry employed a total of 11,000 people of whom 7,000 were Namibians. It is expected that the employment will rise to more than 21,000 by the end of the century. This is much higher than the optimistic estimates suggested in the UNIDO study. Surprisingly few women were employed in the fisheries sector in 1991. The UNIDO study estimated that women comprised less than 13 per cent of the total labour force in the fish processing industry in Walvis Bay and Luderitz.[10] The labour force consisted of migrant workers, recruited from the northern parts only for the duration of the fishing season. Changes in employment conditions expected to follow the reintegration of Walvis Bay into Namibia are likely to increase the chances of higher women's employment in the processing industry.

The fisheries sector has proved to offer the brightest of all investment opportunities since independence. The greatest area of opportunity is in catching and processing white fish species, mainly the hake. The prospects for an increase in allowed hake catches and government policy geared to process 60 per cent of white fish catches, has lead to substantial investments in the processing and handling operations.[11] In terms of actual investment and commitment, Pescanova Fishing Industries, represents the largest investor in the white fish industry since independence (see the company profile below). Other investments were made by the existing companies in Walvis Bay to revitalize and modernize their production and infrastructure including purchases of new vessels.[12] A large new project of N$ 120 million was announced by the Consortium Group to invest in boats and onshore facilities (see company profile below). In addition, Namibian and Icelandic joint venture with an estimated investment in fishing and processing of N$ 85 million is planned at Luderitz.[13] The cold storage and handling facilities for the landed hake have been also expanded.[14] A new company making polystyrene boxes and containers for exporting white fish was started in Walvis Bay recently.

Box IV.B. Promising product areas for investment in the fishery sector

- Deep sea fishing vessels (trawling, long-lining, purse seining)
- White fish processing
- Meat and oil from pelagic species
- Frozen hake

Profitability of the pelagic fish industry is increasing along with higher TAC for pilchards and higher capacity utilization in the processing plants.[15] The expected increases in production will exert pressure on the industry to penetrate other markets, such as Europe and West Africa. This will require more efficient production and new product form. According to the UNIDO study, the existing canning plants' technology is designed for high volume, low value added and an uncomplicated process. There is a considerable scope for automation of the machinery designed from the 1950-1960 period. Too little emphasis was put on plant hygiene, water and energy conservation, and environment. The increased quotas for horse mackerel in the midwater trawl sector creates another opportunity for onshore investment in processing. The markets for dried, smoked and canned products have improved. One horse mackerel processing plant has been already established in the Arandis Free Trade Zone and there is a number of proposals for other small-scale enterprises.[16] The anticipated increase in production of the canning plants has led to and expansion of can production in Walvis Bay.[17]

There are also possibilities for processing crab, lobster, tuna and extending the present mussel and oyster farming. Apart from fish, other marine resources could be exploited. For example, two companies in Luderitz have a seaweed production capacity of 3 000 tonnes per annum. They concentrate on exporting cleaned and bleached seaweed for the production of agar-agar. The UNIDO study identified a large number of viable investment opportunities in the fisheries sector as a whole, including related infrastructure. These opportunities will become even more attractive with the reintegration of Walvis Bay into Namibian economy.

Pescanova Fishing Industries of Namibia: The single largest foreign investment in fish processing since independence came from a Spanish company. Pescanova is a fishing and food distribution conglomerate which raised the finance for a white fish processing plant, Pescanova Fishing Industries of Namibia, in Luderitz. The first phase of the project was completed in May 1991 at an estimated cost of N$ 30 million. The processing capacity at that stage was 21,000 tonnes of processed fish per year and providing employment for 430 persons, mainly women. The total project, including expansion of the production capacity by 50 per cent and additional landing infrastructure, will bring the total investment close to N$ 170 million by 1995. 60 per cent of the investment will be in onshore facilities and provide direct employment for up to 1,000 people, and indirect employment for 200-300 people in various related services. Pescanova is the only fish processing company in Namibia which satisfies EC production and product requirements. The annual export sales increased from N$ 26 million in 1991, to N$ 78 million in 1992, and are estimated at N$ 120 million in 1993. Projections for 1994 are in excess of N$ 200 million. Pescanova's other company, Skeleton Coast Trawling, operates six fishing vessels on the Namibian coast and is planning to purchase additional three wet-fish vessels. The issued and fully paid up share capital of the two companies together was N$ 66 million in 1993. There are plans to establish a holding company to house the two enterprises and float a large proportion of its shares on the Namibian Stock Exchange.

Consortium Group: The Group is owned by Ohlthaver and List Trust company. The company announced plans to invest N$ 120,000 in September 1993. The project includes a new white fish processing plant employing 600 persons and a cannery employing 500 persons, both in Walvis Bay. Additional 90 people will be employed on 6 vessels belonging to the group. The fishing fleet includes four wet-fish trawlers, one purse seiner, and a freezer trawler. It is estimated that the cannery will have a capacity to process 50-60 tonnes of raw fish a day. More than 90 per cent of processed pilchards will be exported to Europe and the USA. In order to make the project viable, a fish quota of 15,000 to 20,000 tonnes a year will be required. The project will be financed by German banks through the German Development Cooperation. N$ 72 million has been already secured.[18]

D. TEXTILES, CLOTHING AND LEATHER PRODUCTS

The 1993 survey indicated that after food processing and beverages, the textile and leather branch had the highest number of identified enterprises. the majority of enterprises, 80 per cent, was concentrated in Windhoek and Swakopmund. The textile and leather branch also had a high percentage of new entrants since independence. The branch employs less than 10 per cent of the total manufacturing labour force in mostly small production units. Ownership by a single proprietor is most common in the production of garments. The average capacity utilization found in the branch was almost 70 per cent in 1993. The technology applied in the branch as a whole was characterized as labour intensive using predominantly hand tools and manual operating machines.

Because of the small market and unshielded competition from South Africa, development of textile and clothing industry has not taken place in Namibia on the same scale as in other developing countries. There was a limited production of cotton before independence but the quantity did not justify commercial development of the spinning and weaving industry. The First National Development Corporation (now renamed Namibia Development Corporation) set up a small ginnery, spinning and weaving facility close to the Angolan border in the North. Although this experiment has proved successful as a small-scale local industry, it is unlikely to grow into anything bigger given the present level of cotton production. Namibia could capitalize on the high quality of its cotton and export it either as a high value primary commodity or in a processed form.[19]

Traditional weaving is based upon karakul wool. Products such as carpets, wall hangings and small handicrafts are produced for the local tourist markets. The present level of wool production is estimated at 1,700 tonnes, mainly as a byproduct of the karakul pelt industry. Only less than 3 per cent is being utilized in the local production of hand woven carpets.[20] The rest is exported to South Africa and marketed through the South African Wool Board at auctions held in Port Elizabeth. There are some 14 commercial weaving enterprises and one weaving school. In addition, a number of small weaving workshops has been started with NGO's support. It is estimated that 50 per cent of all craft manufactured from karakul wool is exported.

Textile products such as curtains, table-cloths and bed linen are made from imported materials by small-scale enterprises concentrated in Windhoek and Swakopmund.[21] With the increasing level of tourism, small workshops specializing in traditional dying and screen printing of textiles have been established since independence. The clothing industry consists of eight small-scale enterprises and two medium-scale firms producing a limited range of clothes, mainly for the tourist market, and uniforms under contract.[22] Only after independence, large contracts for the government and school uniforms have been awarded to local manufacturers in a drive to support local industry. Local production of garments finds it difficult to compete with vertically integrated textile and garment industry in South Africa. Retail shops in Namibia are supplied on contract from South African producers and show little interest in marketing local products.

Luxury fur coats made from karakul pelts have been produced by a private concern Nakara (former name was Swakara) since 1980. The company marketed its products internationally under the brand name of Swakara garments. The major export markets were Germany, Italy, Japan, Canada, the USA, and Spain. After independence a joint venture was established between Nakara and Grunstein in Finland. As a result of this venture Nakara now exports also suede and leather products made to the Grunstein design as well as ostrich leather handbags. The leather comes from its own tannery which, apart from specializing in processing karakul lamb skin, tans ostrich skins and all types of souvenir game skins on contract. The tannery exports mainly to Germany, Japan and South Africa.

In the 1970s Namibia was one of the main karakul pelt suppliers on the world market, producing 3 million pelts annually. The slump in the world prices in the 1980s due to a high demand for mink lead many karakul sheep farmers to switch to meat production. After Namibia acceded to the Lome Convention, leather products and karakul pelts were granted free access to EC markets. In addition, marketing of karakul pelts receives assistance under the STABEX system. This may create the necessary stimulus for revitalizing the karakul indu[illegible], to benefit the wool and weaving production as well as high value added products in the leather goods and apparel industries.

Apart from the Nakara company, six other enterprises were involved in tanning and leather products manufacturing in 1993:

Namibian Tannery (PTY) Ltd. in Windhoek has a capacity to process 200,000 hides into wet blue stage per year, but the present production is only a half of that. Almost the entire production is for export markets, 75 per cent to Italy and 25 per cent to South Africa. The company is a sole exporter of wet-blue skins produced by the recently established Okapuka Tannery of Meatco.

Swakopmund Tannery (PTY) Ltd. tans kudu skins for the production of leather shoes, harnesses, jackets and tans game skin for souvenirs. It has a capacity to produce 800 vegetable tanned kudu hides and 200 chrome kudu hides per month, as well as 32,500 pairs of "Veldskoenen" shoes. It employs about 35 workers and the turnover in 1991 approached N$ 2 million. The products are sold to the public on premises or supplied to wholesalers and shops locally and in South Africa.

Motzer Footwear manufacturer is a new locally owned enterprise set up in Omaruru in 1993. The investment was estimated at N$ 1.5 million with a potential for employing 31 persons.

Leaderwaren Namibia in Windhoek is a small private company producing novelty leather goods as well as half boots from kudu leather. The capacity is about 4,000 items per annum which are marketed on the Namibian and South African curio markets.

Peltzhouse Huber Furs in Windhoek produces Swakara as well as other leather coats and jackets, ostrich and other leather garments, bags, belts, purses and travel luggage. It exports to the USA, South Africa, France and Spain.

Box IV.C. Promising product areas for investment in textiles, clothing and footwear products

- Cotton ginning, spinning, weaving
- Garment manufacturing
- Uniforms
- Printing of textiles
- Shoes and shoe uppers
- Handicraft
- Surgical cotton
- Garments, linen, embroidery

Okapuka Tannery[23]: Namibia's accession to the Lomé Convention benefited the Meat Corporation of Namibia (Meatco) not only in the export of beef but also provided stimulus for skin processing. The new tannery came on stream in Windhoek in 1993. The production adds 50 per cent more to the value of skins previously exported only as dried and salted products. Most of Meatco's N$ 10 million investment was financed by a million loan from the European Investment Bank at 3 per cent interest rate. The repayment is in nine instalments starting September 1996. The tannery is the most modern in Africa and among the most advanced in the world. The factory has a functional sloping design to maximize the efficiency of production flow and was designed by the company's own staff. The production is centrally controlled by computers purchased from Switzerland. The machinery imported from Italy also takes care of the environmental concerns. The skins are supplied in a "green flesh" state by Meatco's two abbatoirs in Windhoek and Okahandja and processed into "wet-blue" state. The present capacity can handle 700 cattle skins a day. Future plans are to boost production to 1,000 hides a day and to add processing of sheep skins. The long term plans also include provision for final leather finishing. The entire output is bought by Namibia Tannery and sold in Italy. At the opening of the Okapuka Tannery in April 1993, hopes were expressed for the tannery to create additional jobs in the downstream leather goods industry.

Otjiwarongo Crocodile Ranch is the only producer of crocodile skins in Namibia. The skins are presently exported unprocessed to Europe, mainly Spain. The demand for crocodile skins is high in Europe and the high prices offered have not encouraged additional processing.

In the textile and clothing branch possibilities exist in processing karakul wool and to a lesser extent, cotton. One proposal for wool processing and two for cotton ginning and cotton processing have been submitted to the Investment Centre. Establishment of the Arandis Export Processing Zone has already attracted two foreign investments in garment production and there is a large-scale proposal for knitting and sewing factory. Establishment of a Free Trade Zone in Walvis Bay could attract more investment in this sector. The problems facing Namibia in the competition with established garment producers in South East Asia are relatively high wages and low productivity. The lack of traditional skills calls for intensive training in order to be able to compete with competitors.

E. WOOD AND WOOD PROCESSING

About 14 per cent of all manufacturing enterprises are found in this branch, employing about 10 per cent of the manufacturing labour force in 1993. The activities in the branch cover saw-milling, wood processing, and wood products including furniture. Most firms are small, only a few companies employ over 100 persons. The average capacity utilization for the branch as a whole was found to be just above 60 per cent in 1993. Hand tools and manually operated machines predominate in this branch.

The forestry resource capacity is estimated to sustain 22,000 cubic meters of wood harvesting a year. Almost half of the capacity consists of kiaat wood (dolf) alone. Most of this resource is government-owned and available for concession in regions of Kavango, Eastern Caprivi, Ovambo, Bushman and Herero. Not much more than a quarter of the forest total capacity is harvested. Only 5 per cent of the teak resource annual capacity of 3,000 cubic meters is exploited at present. Between 60 and 80 per cent of what is harvested is exported to South Africa with very little value added in Namibia. On the other hand, Namibia probably imports wood and furniture at a value at least twenty times higher than the value of its exports.

There are three sawmills, two in the north and one in Bushman region. Two in the north are owned by the M.K.U. Enterprise, and the third mill belongs to Namib Wood Industries. Both companies are also involved in wood furniture manufacturing. Together, they cover only 5 per cent of the domestic demand.

M.K.U.Enterprises (PTY) Ltd. is the largest of the two, employing a total of 400 people in its two furniture factories in Okahandja and Windhoek. It has the monopoly in school furniture supply in the country. Other products cover a whole range of house, office and garden furniture. The output of chairs and beds satisfies 40 per cent of the domestic demand. The processing capacity is 40 cubic meters of wood per day, operating on two shifts. The company is also engaged in manufacturing of mattresses and steel locks and its total turnover in 1991 was about N$ 20 million. Namib Wood Industries employ 80-100 workers and had a turnover of about N$ 1 million in 1991. The production concentrates on high quality hard wood furniture which has export potential. The main reason why cheap furniture is not produced is the high cost of imported chipboards.

There is a number of smaller firms in towns all around the country specializing in different lines of furniture production including office and built-in kitchen units. Woodcarvings and curios are produced mainly by a cottage handicraft industry. An exception is Kavango Curios factory which runs a larger commercial production of woodcarvings. Most of the handicraft products are sold on the domestic market. Namibia Craft Centre was established in Windhoek after independence to act as a central agency for small handicraft producers providing technical and marketing assistance to the micro-enterprises. It is supported by aid agencies and NGOs with the goal of establishing a cooperative capable of marketing its products internationally.

The established small-scale wood working and furniture manufacturing, provided the basis for training and development of related vocational skills. These skills together with traditional skills in wood carving could be used in a specialized furniture production. The availability of hard wood is already a comparative advantage. The cost of packaging to prevent damage under transport was quoted as one of the reasons for lack of exports today. An investment of Namib Wood Industries into wooden door production has been under consideration for some time. The problem seems to be in breaking the traditional purchasing practices on the local market. A proposal for a coffin factory in Tsumeb will, if not replace, at least reduce the current total dependence on imports. Other registered proposals and inquiries include wood and wood working factories in Tsumeb, and paper and paper pulp industries. Manufacturing of packaging material is confined only to one company in Walvis Bay supplying cardboard boxes to the fish processing industry. The demand is much higher than the company can meet even with the recent expansion it has undertaken. In addition, in the fish processing industry alone, 70 per cent of the required labels are imported. There seems to be scope for production for import substitution. Two proposals for charcoal briquetting plants, one in Arandis and another in Otjiwarongo, have been registered with the Investment Centre.

F. PAPER PRODUCTS, PRINTING AND PUBLISHING

This branch is very small in terms of number of enterprises and employment. In 1993 only about 4 per cent of all manufacturing enterprises and 2 per cent of manufacturing employment was found in this branch. In the absence of paper and pulp production which is inherently large-scale, the main activity centres around small-scale printing and publishing. There is only one producer of cardboard cartons in the whole country which supplies primarily the fish processing industry. Two companies, one in Windhoek and one in Swakopmund, run paper converting operations using imported paper from Japan and Europe. They supply the local market with different cuts of paper and paper rolls used mainly for business purposes.

Box IV.D. Promising product areas for investment in paper products

- Paper board
- Waste paper recycling
- Printing paper for text and note books

At least 14 companies are engaged in graphic design, printing and publishing. Almost 90 per cent of these activities are concentrated in Windhoek. Five daily newspapers are published in Windhoek, one in Swakopmund and another in Walvis Bay. The use of relatively advanced technology in this branch is more common than in other manufacturing branches. The average capacity utilization for the branch as a whole was one of the highest, 78 per cent, in 1993.

The need for revising school textbooks in the light of the new situation in Namibia is expected to create a potentially lucrative market for printers and publishers. This may have been behind a foreign investor's proposal to purchase a modern large-scale printing press estimated to cost between N$ 70 million to N$ 100 million.[21] The tentative proposal includes plans for a joint venture involving two existing printing businesses which produce Government Gazette and other official publications. The main activity will include printing of textbooks for Namibia and the neighbouring countries.

G. CHEMICAL PRODUCTS

The chemical branch constituted about 9 per cent of the total manufacturing enterprises and accounted for 4 per cent manufacturing employment in 1993. The activities in this branch include mainly mixing of imported substances rather than processing based upon chemical transformations. The average capacity utilization in 1993 was estimated at about 50 per cent. This was more than 10 per cent below the average for the manufacturing sector as a whole.

There are three companies in Windhoek and one in Walvis Bay involved in paint production supplying the local market for paints. The largest of them, AECI/BARLOWS (RSA) is a subsidiary of Sonnex Delux and covers 60 per cent of the domestic demand. Only Peralin company, makes paints from local materials, mainly crashed marble. The meat processing company Meatco supplies about 10 per cent of its by-product tallow to a local producer of soap, the rest being exported. The potential for using by-products from the meat processing industry in the production of glues and candles has been only marginally exploited. There are four sizable companies engaged in the production and/or distribution of washing powder, domestic and industrial detergents and cleaners. There is no production of rubber and tyre manufacturing in Namibia. Three companies specialize in retreading and vulcanization. Two manufacturers make rubber stamps from imported rubber. The plastic product industry is represented by two middle sized companies which satisfy the domestic demand for plastic bottles and cover 80 per cent of the demand for plastic sheeting.

The experience of producing charcoal from camel thorn trees has been encouraging. The production started at the end of the 1980s and there are now a few producers exporting charcoal mainly on contract from companies in Europe. Encroachment of thorn trees on grazing land is a common problem and removal of thorn wood improves the pastures. Sulphuric acid is produced at the Rössing mine from locally mined pyrites. Production of two other important industrial chemicals, caustic soda and chlorine, is absent although their precursor, common salt, is produced on a large scale. The Salt Company in Swakopmund produces 120,000 tonnes a year of salt from sea water with a purity up to 99.6 per cent. Even larger quantities, 500,000 tonnes per year, are produced by the Walvis Bay refineries. Almost all of the marine salt is exported. The marine salt has naturally a high content of iodin and if marketed locally could combat iodin deficiency in the diet of the large population in the north.

A new pharmaceutical factory, Fabupharm Products (PTY) Ltd., was officially opened in Otjiwarongo in March 1993. The plant will manufacture a wide range of medicine mainly under licence from Simpexco company in Denmark which also supplied the machinery. Fabupharm won its first orders under competitive bidding to supply the Ministry of Health and Social Services with large quantities of basic drugs for use in clinics all over Namibia. The production will initially include only repacking of imported drugs but the company is registered to manufacture between 40-50 different products. The factory employs 15 persons at present but an increase of up to 30 is envisaged. Registrars of medicine in South Africa, Zimbabwe and Botswana were invited to inspect the plant when operation is in progress to establish possibilities for export to those countries.

A new investment of N$ 350,000 was made by Spilo Namibia in manufacturing polypropylene woven bags in Swakopmund. In 1991, the factory employed 35 workers and had a capacity to manufacture about 3 million bags. This production could be doubled in two-three years. Although the domestic market is the main target, a potential for export to Botswana, Angola and Malawi has been investigated. PVC and polyethylene pipes are produced from recycled material by Namibia Plastic Converters company in Windhoek.

Box IV.E. Promising product areas for investment in chemical industry

- Zinc oxides for plant and pharmaceuticals
- Copper acetoarcenate for insecticide
- Chalks and crayons
- Glue (from bones)
- Gelatine (from tallow waste)
- Woven polypropylene bags
- Plastic containers for fisheries

Given the small local market for fertilizers and lack of commercial deposits of phosphate or potash, the production of artificial fertilizers is completely absent. Potential however exists in exploiting natural deposits of seabird guano. The Namibian coast is said to be one of the best areas in the world for producing this natural fertilizer. At present, only one platform has been used for collecting guano. About 2,000 tonnes are milled and bagged annually and exported to Europe. The marketing is done by Salt Co.(PTY) in Swakopmund. Another coastal resource which has been only marginally exploited in the chemical industry is seaweed.

The development of chemical industries could benefit a great deal, if and when the present oil explorations warrant commercial extraction. Independently of these expectations, the establishment of an oil refinery at Usakos has been considered with technical assistance from the Republic of Korea. A modular facility with treatment rates of 12,500 to 20,000 barrels per day will produce gasoline, diesel, aviation fuel, lubricants and heavy byproducts. The investment cost is estimated at about $132 million. Although the potential for organic chemical industry will be established, the problem of finding markets will have to be solved. Processing of byproducts from the meat industry is another area where the development of the chemical industry could benefit. Soap production from tallow is planned by a local company which also considers production of caustic soda/chlorine from salt at Swakopmund. In addition, several inquiries have been made at the Investment Centre about possibilities for establishing soap factories. Other possibilities in the chemical branch exist in utilizing the seabird guano potential and increasing the value added of this natural fertilizer before exporting it. In addition, sulphuric acid produced at Rössing could be used in manufacturing artificial fertilizers. Two proposals for establishing fertilizer plants have been submitted to the Investment Centre. The Centre has also received inquiries about establishing waste disposal and waste treatment plant.

H. NON-METALLIC MINERAL PRODUCTS

Namibia is well endowed with mineral resources. Non-metallic mineral products were produced by less than 6 per cent of all manufacturing enterprises in 1993, employing about 5 per cent of the manufacturing labour force. This is an important branch for supplies of building materials to the construction industry and one which is often established in the early stages of industrialization.

There are three companies which employ more than 100 persons, the rest are small-scale enterprises. The local production includes clay and cement bricks, concrete wall sections and structural beams, window sills, kerbstones and a number of other concrete products. A modern technology is used by Sprengel Bricks company in the manufacturing of calcium silicate bricks based on local river sand and imported quick lime. The company has a capacity to produce 500,000 bricks a month. Two companies specialize in terrazzo products (a mixture of cement and marble chips) and terracotta tiles.

Production of cement began only in 1991. The Cement Industries in Otjiwarongo invested over N$ 6 million in a plant equipped with an electronically controlled rotary kiln process. It uses gypsum from a coastal town near Swakopmund and limestone from the Otjiwarongo area. It employs 120 persons and produces about 80,000 tonnes a year. Production is 30-50 percent below capacity, which when fully utilized, will be sufficient to meet domestic demand and leave a small margin for export.

Production of a new building material is to be started by International Technique Industry (ITI) in Otjiwarongo. The company plans to invest US$ 3.6 million to produce a 5 centimetre thick wood-wool cement boards which will be 20 per cent cheeper than conventional building materials. The mineral bonded building boards are fire, water and fungi resistant and are well suited to conditions with extreme temperatures. They are economical and easy to handle and will represent a new concept for constructing houses in Namibia. The production plant will have a capacity to manufacture enough material for two houses a day. The equipment was imported from the Netherlands. Otjiwarongo location, 250 north of Windhoek was chosen for the easy access to local supplies of hard wood (Acacia Tortellis) and cement as well as close proximity to markets. The company's plans include expansion into regional and other markets in Africa.

Box IV.F. Promising product areas for investment in non-metallic mineral products

- Cement
- Compacted earth brick technology for low cost housing
- Terrazo products
- Particle and chip board
- Marble and granite production (tiles)
- Gemstone mining
- Potter/ceramic

There is no glass production of plate glass or bottles. The present demand of a total of 500-550 tonnes per annum is too small to justify investment unless export could be guaranteed. Investment inquiries made by a Czech glasswork factory concluded that shortage of necessary skills and tradition in this sector outweighed the advantages of locally available raw material. In spite of suitable commercial deposits of clay in the Kavango and Caprivi region, production of ceramics is also absent. Only small-scale handicrafts are produced, mainly for the tourist market.

The building material industry can also benefit from adding value to exports of sodalite. This valuable and rare stone known as "Africa-Blue" is in great demand internationally. Namibia is one of the few countries with commercial deposits of sodalite. It is presently mined and exported as unprocessed blocks to Germany.[25] Cutting, polishing and making tiles are under consideration by the Namibia Blue Sodalite company.

The scope for developing non-metallic mineral-based industries is primarily in the building materials manufacturing. There are already several proposals for establishing cement factories following the opening of the Otjiwarongo plant in 1991. In addition, investigations have been made about a potential investment in the production of bricks, ceramics and industrial insulators and concrete roof tiles and blocks. The investment Centre also received a proposal for establishing a glass factory for beer and soft drinks bottles and inquiries about an additional glass factory.

I. METAL PRODUCTS, MACHINERY AND TRANSPORT EQUIPMENT

The presence of these engineering industries is usually a sign of a more advanced stage in industrial development. These industries are regarded as technologically demanding and providing a basis for development of skills important for technological adaptation and progress. Namibia possess a relatively large engineering sector but there is only limited diversification. Production of structured metal products and metal-working workshop are most strongly represented.

The conclusion reached by the CFTC study in 1991 was that many basic engineering skills could be found in Namibia, albeit in small numbers. Most of the activities were confined to operations of metal workshops requiring only basic skills such as welding, cutting, bending and riveting. Only to a lesser extent, use was made of skills related to machining on standard lathes, drilling, milling and grinding. The absence of metal rolling or milling as well as large foundries meant that a number of important skills was missing. Only three small foundries were found on the Tsumeb mine, in Windhoek and Walvis Bay. None of these were capable of casting steel for agricultural tools production. There was only limited production of spare parts or components and very little precision machining.

Metal products

There are no basic metal industries counted in this sector since smelting of copper and other base metals is included under the mining sector activities and almost all the output is exported. A proposal to establish a large-scale aluminium smelter was presented to the Investment Centre in 1993. Metal products include steel structures and fabrications, metal towers, window and door frames, reinforcing rods, steel sheds, drainage systems and water tanks. The majority of the work consists of cutting, welding and drilling of imported metal sheets and sections to specification of the domestic demand. The 1993 survey estimated that about 11 per cent of all manufacturing enterprises were in activities associated with metal working and metal products. These activities provided employment for 14 per cent of the manufacturing labour force, the second largest employer after food and beverages. The branch had an average capacity utilization of almost 70 per cent. The technology most commonly used were hand tools and manually operated machines. Semi-automated and fully automated machines were found only in a few of the larger companies.

Box IV.G. Promising product areas for investment in metal and mechanical equipment

- Agricultural tools
- Tin can production
- Electric cable production
- A mini-mill based on scrap iron
- Handpumps
- Centrifugal pumps
- Sponge iron plant
- Portable air conditioners
- Copper refinery (electrolyte copper)
- Exhaust systems

The largest company among the metal working firms is Swaco Engineering Supplies (PTY) Ltd., SWE is a part of the SWACO Group established 35 years ago in Windhoek. It consists of four main divisions, SWE Swastahl, SWE Power and Pumps, SWE Armature Rewinders and SWE Diesel Services, specializing in a design engineering, steel fabrication, performing plate and chute work, making tanks, conveyors and mining products. SWE Swastahl is also involved in the production of corrugated steel in spite of repeated South African dumping. The company employs a total of 300 workers. It had a total turnover of about N$ 30 million in 1991. Its market share in the main lines of products was about 60 per cent. Wispeco and Allers Aluminium companies cover the demand for steel and aluminium windows and steel door frames. Wire Industries manufacture steel wire and wire products which are also exported to Angola, Botswana and South Africa.

Metal furniture and locks are produced by MKU in addition to its wood furniture production. Metal Box in Walvis Bay is the only local supplier of cans to the fish processing industry and has recently expanded its capacity of 137 million cans annually in the anticipation of increased demand. Other smaller companies cater mainly for the livestock sector providing fences, troughs, railings etc.

Machinery

Only a small number of enterprises with little impact on employment was found in this category by the 1993 survey. There is effectively no manufacturing of machinery, only repairs and reconditioning of engines. A technically advanced firm, Swachrom, specializes in the supply of hydraulic cylinders to the mining industry. In Walvis Bay, a number of engineering companies provide service, repairs and some spare parts connected to the operations of the fishing industry. The largest of them, Gearing, owns a small white-metal and bronze foundry for the production of bearings and propellers. Other engineering companies in Swakopmund, Windhoek and Gobabis cover areas such as pump and engine reconditioning of trucks and cars, water pumps and also reconditioning of railway wagons and large fuel tanks.

Although a number of companies were classified by the 1993 survey as producing electrical machinery and equipment only few manufacture electrical components. Most of the companies were identified by the CFTC study as performing electrical installations and contracting. Two companies in Windhoek, Elco and Swanib Cables, are producing electrical appliances. Elco makes electrical timers and panels, power supplies, inventors and generating set controls. The company employed nine persons and had a turnover of N$ 1.4 million in 1990. Swanib Cables started production of cables and electrical components in a new factory in 1991, employing 60 persons. Namibia Industries were involved in making air conditioning equipment and cool rooms. A small number of companies was also involved in electric motor and generators rewiring and in an assembly of switchboards and switchgeer.

Motor vehicles and transport equipment.

Production in this sector consists primarily of small-scale assembling and repairs rather than product manufacturing. Products made locally include caravans, trailers, tankers and canopies. As for the category of machinery, the 1993 survey found only a few companies with a small number of employees involved in production and/or assembling.

A new truck assembly started in 1992 by Namibia Vehicle Manufacturers in cooperation with Indian TATA company. By the end of 1992 four TATA 608 trucks were assembled and sold for a price of about 30 below the market value for an equivalent vehicle. In 1993, 38 truck kits were shipped. Most of them were assembled and sold by the end of that year. Only the load body is built by a local company Trail-a-Quip, the rest is imported. The assembly and local production is on contract from TATA which sells and service the vehicles. The total generated employment is about 80 semi-skilled workers trained by a stationed TATA engineer. Future plans include assembly of large trucks, busses and exports to neighbouring countries.

A similar venture is planned in respect of BAJAJ scooters, motorcycles and three-wheelers. Japanese, Indian and other makes are to be imported in a fully-assembled forms and final touches performed by a local firm in Windhoek. The prices of the new products should compare favourably with prices prevailing on the local market for equivalent second-hand products. Success of these ventures may attract European companies, some of which have already made inquiries.

The interest shown by foreign investors in the mining and prospecting sector could lead to the development of metal processing industries which are effectively absent from the manufacturing sector today. UNIDO has offered to conduct a feasibility study for the construction of a steel-casting plant based on a local company's foundry. The plant would produce castings for different products, including agricultural tools. The possible downstream linkages could lead to establishing small-scale blacksmiths operations. These operations would also benefit from a foundry proposal received by the Investment Centre for the production of ferrous and non-ferrous casting with an estimated investment of almost N$ 14 million. Since skills in tool making are very scarce, a training programme would have to be developed simultaneously. In addition, there is also a proposal for establishing an aluminium smelter involving investment of N$ 470 million. Realization of this project depends on the negotiations carried out in South Africa about establishing a large smelter plant there. The offer made to the potential investor of providing subsidized power supply may work against the project in Namibia.

An investment proposal of N$ 100 million in a car assembly plant was made by Citroen of France. The production would be in Gobabis, housed in a factory building originally constructed for meat processing. The output could be destined to the entire Southern African market. There will be no local content at the beginning of the project. To increase local value added, example of TATA operations could be followed. Possibilities for manufacturing vehicle exhaust systems and radiators which exist in Walvis Bay should be also examined.

J. JEWELLERY

This is a well established sector with a strong German origin. There are a few family businesses in Windhoek and Swakopmund. The owners are mostly trained goldsmiths in the German tradition employing a small number of skilled and semi-skilled workers. Gold and precious stones are imported, mainly from South Africa. Although Namibia mines both gold and diamonds, all the output is exported in an unprocessed form.

Box IV.H. Promising product areas for investment in jewellery

- Diamond (cutting and polishing)
- Gemstone

Diamond sorting began only recently. About ninety per cent of gemstones, worth nearly N$ 100 million is exported annually with little value added. Namibia also has a variety of semi precious stones which are used in the production of jewellery, and handicrafts. Most of the products are sold on the local tourist market but some are directly exported to Europe. Although the industry has a core of well trained skilled workers including designers, the basis is small and there is a shortage of trained cutters and goldsmiths. The high competition among the producers prevents cooperation in local training.

Integration of the mining sector, especially diamond and gold mining, with the jewellery sector would increase the value added of exported gemstones. In addition, replacing the imported inputs with local product would make the price of jewellery products more competitive. The new concession awarded to a Canadian diamond prospecting and mining company in Elizabeth Bay may break the marketing monopoly and practices of the Consolidated Diamond Mines, and benefit downstream industries. The present shortage of cutters and qualified goldsmiths will require investigation into manpower requirements and training cooperation with possible outside assistance.

K. CONSTRAINTS AND PROSPECTS

With the opening of new markets and possibilities for foreign investment the manufacturing subsectors which benefited most were those utilizing locally available raw materials. The meat and fish processing industries recorded a rapid pace of expansion and attracted the highest level of investment since independence. Both industries are heavily export oriented. Much smaller investments were in import substitution industries such as food, textiles and building materials. The competition from South African products was often fierce in the sense that South African companies used dumping as a means to prevent growth of local producers. The most serious cases led to the cessation of butter and cheese production and the closure of a chicken meat freezing and processing plant.[26] With South Africa entering a new era of political and economic changes it may be easier for the Namibian government to discuss unfair competition practices with the new government and make progress towards preventing such practices. The change in political and economic environment in South Africa may also reduce the subsidy advantage the South African producers enjoyed under the export promotion and regional development policies.

Problems facing the realization of most of these potential investments relate to market penetration, skilled manpower, input cost, management and high cost of local capital finance. Foreign investment could help to overcome problems associated with marketing and sources of finance. International technical assistance could also be provided to alleviate problems related to management and shortages of certain skills. Addressing these problems will be crucial for the promotion of foreign investment. In the last three years only few foreign investment proposals materialized into real projects. Nonetheless, some of them were effective enough to generate some spin-offs already. The most recent examples of large commitments made by foreign investors for the development of the Free Trade Zone in Walvis Bay and the tourist industry are encouraging.

NOTES TO CHAPTER IV

1. This chapter makes an extensive use of information provided in a study entitled *Indicative Industrial Plan*, Industrial Development Unit, Commonwealth Fund for Technical Cooperation, Commonwealth Secretariat, 1991. This Chapter also draws on the relevant findings from a study *An Integrated Development Programme for the Fisheries Industrial System in Namibia*, Volume I-III, UNIDO, March 1993. The four available issues of *The Investor*, published by the Investment Centre of the Ministry of Trade and Industry, are the sources of information on some of the most important investments which took place in the manufacturing sector since independence. This was supplemented by additional information provided by the Centre and newspaper articles.

2. The study was a part of the Enhanced Commonwealth Programme of Technical Assistance for Namibia to support the operations of the newly established Ministry of Trade and Industry.

3. A preliminary draft of the study provided input into the formulation of government policy on the fisheries sector development published as a *White Paper*.

4. A large company in the Namibian context can mean both size in terms of number of employees or in terms of its market share. There are no official definitions adopted as yet.

5. The national herd included about 2.2 million of cattle, 1.8 million of goats, and 2.9 million of sheep in 1992. *Investor*, July 1992. Source: Statistical Abstracts 1993, Central Statistics Office, Namibia.

6. An estimate of a Meatco company director reported in the CFTC study.

7. Companies applying for fishing rights had to provide detailed information about the technical capacity and infrastructure. Tying quota for fish catches to vessels and not individuals or companies as in the past, provides the government with a more transparent mechanism to control building of a Namibian fishing fleet in line with the sustainable levels of fishing. Performance of vessels will be monitored and taken into consideration in the next round of fishing rights allocation. Another aim of this policy is to reduce the cost of fish supplied to on shore processing plants and increase competitiveness of Namibian exports. Wholly owned large foreign vessels, mainly trawlers, are also required to contribute to the economic development in Namibia by employing 500 Namibians onshore in activities related to their fishing rights. "Quotas based on vessel specs", *Namibia Economist*, Vol. 6 No.9, October 1993.

8. The quota was divided as follows: 146,000 tonnes for hake, 500,000 tonnes for horse mackerel including trawlers, and 125,000 for pilchard. The largest hake quota went to Spanish-owned Pescanova, government-owned National Fishing Corporation and Consortium Fisheries which is a part of a local company. The largest horse mackerel quota went to Namsov, a joint venture between a local company and the Russian fishing fleet and two local companies TNP and Areshanab. The biggest pelagic quota, mainly pilchard, went to Gendev and Sararus companies.

9. "Industry to become major payer of Revenue over long term", *Namibia Economist*, Vol.6 No.9, October 1993.

10. The study estimated a total labour force in the processing industries to be 2 136 workers in 1990. Of these, 66 per cent were in the pelagic fish processing, almost 7 per cent in the white fish processing and 27 per cent in the lobster processing industry. About two thirds of the women employed worked in the Luderitz lobster factories. In the canning and reduction plants women constituted between 1.5 and 2 per cent of the labour force. Higher women's representation, almost 30 percent, was found in the lobster industry in Luderitz.

11. The requirement for landing 20 per cent of white fish as wet-fish in 1993 was increased to 40 per cent in 1994. 60 per cent will be required from 1995.

12. Kuiseb Fish Products has been investing R 39 million in the upgrading of its processing facilities. A partnership with a marketing and distribution company I&J and Naras Investment will secure funds for up to N$ 100,000 for further development of the fishing, processing, marketing and distribution operations. "Major supplier to foreign markets", *Namibia Economist*, October 1993. Consortium Fisheries has purchased a high technology production line for fish skinning and cutting and two multipurpose lines for production of other than hake species. Marketing will be done through Foodmark, European distributor of fish. New products such as fish polony are intended for the Italian and French market. "Hi-tech machinery in operation at Walvis Bay", *Namibia Economist*, October 1993. Northern Fishing Factory, owned by Namibian Fishing Industries and part of Namibia Sea Product Group has invested N$ 11.5 million in a closed down factory. An additional investment of N$ 20 million will increased processing capacity to 100 tonnes a day and bring the employment up to 400, mostly women. The company purchased two fishing boats for wet-fish and is negotiating a new wet fish trawler to be build in Norway to suit Namibian conditions. "Angula backs fish boom", *The Namibian*, 27 September 1993.

13. National Fishing Corporation of Namibia LTD (FISHCOR) and Seaflour Whitefish Corporation are planning a venture with an Icelandic company Seablom. The project is to provide employment for 136 up to 239 fishermen and jobs for 300-520 persons in the onshore hake processing plant bought by Fishcor from a closed down Seaflower Lobster company. Using 6 vessels including freezing and wet-fish trawlers, the first year processing capacity is estimated at handling 19,000 tonnes of demersal fish rising to 39,000 tonnes within 5 years. Marketing will be done by an Iceland marketing organization. "Icelandic CO. invests in Namibian fishing", *The Namibian*, 21 September 1993.

14. Walvis Bay Cold Storage (PTY) LTD. invested R 15 million to increase its storage facilities and modernized its machinery, including computerized stock system. It has also installed handling equipment, ship-to-shore conveyor belt offloading 30 tonnes per hour. Storage facilities, increased by 9,000 tonnes to 14,000 tonnes. See: "Geared for bigger quotas", *Namibia Economist*, October 1993.

15. The Etosha Fisheries group has registered a net profit after tax of over R 2.2 million in 1992. The group owns four vessels, the latest bought in December 1992. The quota for 1992 included 16,534 tonnes of pilchard and 6,243 tonnes of horse mackerel. Although its fishmeal plant was not fully utilized, the reduction figures were favourable for the season. Oil yields were however low, only 639 tonnes. Canning of pilchard on contract with existing canneries resulted in the production of 1,122 million cartons. The group has plans to establish its own canning plant and a cadet school. It provides bursary to post matric students for training in management, electrical and mechanical engineering with a guarantee of future employment. "Huge capital investment brings group closer to fishing autonomy", *Namibia Economist*, October 1993.

16. The company Arechanab commenced its production in August 1993 after securing exploration right of 8,000 tonnes horse mackerel. It is a locally owned company which had a starting capital of R 600,000. The factory employs about 70 persons for drying and smoking fish. Under the present phase the capacity is for 100 tonnes of dried and 20 tonnes of smoked fish per month. The planned second phase will double the capacity.

17. Foodcan Walvis Bay expanded its capacity for cans production into a three piece can line for pilchards and a two piece line for tuna. This will boost the production of 52mm, 65mm, and 73mm cans by 500 a minute. The expansion is aimed at meeting the industry needs up to 1996. New investment will be considered if the capacity proves not sufficient for the demand. "Factory geared for revived industry", *Namibia Economist*, October 1993.

18. "R 120 million project for Consortium group", *The Namibian*, 20 September 1993.

19. In 1993, Namibia received a proposal from an Indian textile producer to buy all the cotton that Namibia could produce.

20. Preliminary findings of a GTZ funded study on the wool industry in Namibia, quoted in the CFTC study

21. Swakop Textiles (PTY) LTD. is a new partnership company which started operations in Swakopmund in 1990. Its capacity include monthly production of 10,000 flat sheets, 6,000 fitted sheets, 7,000 pillow cases, 5,000 duvet covers, 5,000 ladies uniforms and 2,200 aprons. It has an estimated turnover of R 2.5 million per year. For details, see *Namibia Manufacturing Guide 1992/93*.

22. One of the largest local manufactures, Namibia Uniforms, established since independence, employs about 80 workers. Securing a large contract for government uniforms the company invested over N$ 2.7 million in new premises and machinery. This includes the latest purchase of most modern machines which will increase production of certain garments from 200 to 1,200 per eight hour shift. The Namibian, 3 March 1994. A new garment factory was also established in the free trade zone of Arandis in 1992. It employs about 20 workers but the proposed expansion will provide employment for between 100-200 persons. Source: Information provided by the Investment Centre.

23. The information is based on an article in the March 1993 issue of *The Investor*, published by the Investment Centre of the Ministry of Trade and Industry.

24. "Giant print press plan". *The Namibian*, 9 March 1994.

25. The venture is between a former East German company Kies und Natursteinwerke Leipzig (KNL) and a local company NASO (Pty) Ltd. which controls the mining rights of the Swartbooisdrif in the Kaokoveld. The investment in construction of mining and supporting facilities at Swartbooisdrif is estimated at DM 4 million.

26. The most recent examples include a closure of two companies. An attempt was made to set up a toilet paper company to replace imports from South Africa. An investment of R 875,000 was made by Nike's Industries Namibia in 1991. In 1993 the company had to close down because of marketing difficulties. Namib Candles, invested approximately R 2.2 million in a new production of candles and soap in Windhoek in 1992. The future of the company was in jeopardy already a year later.

ANNEX A
STATISTICAL TABLES

Table A-1. Gross domestic product at constant 1985 prices, 1986-1995
(N$ Millions)

Sector	1986	1987	1988	1989	1990	1991	1992[a/]	1993[a/]	1994[b/]	1995[b/]
Agriculture	195.1	204.8	212.4	236.8	253.7	261.9	271.0	278.9	289.4	296.0
Commercial	159.7	168.8	175.0	198.3	214.0	221.1	280.6	237.5	247.2	252.7
Subsistence	35.4	36.5	37.4	38.5	39.7	40.8	40.4	41.4	42.2	43.3
Fishing	52.0	55.5	54.7	38.6	40.5	36.3	44.8	61.5	84.8	95.8
Mining and quarrying	1,003.4	1,007.7	1,023.7	953.7	902.9	987.0	994.7	800.4	879.3	924.4
Diamond mining	409.2	437.4	424.3	416.3	351.1	538.1	650.0	466.1	513.3	533.8
Other mining and quarrying	594.2	570.3	599.4	537.4	551.8	439.9	344.7	334.3	366.0	390.6
Manufacturing	145.4	166.0	151.2	152.7	177.1	174.6	206.2	227.0	238.5	240.4
Fish processing	40.1	61.3	44.1	35.5	55.6	46.8	74.4	89.3	95.3	91.5
Other manufacturing	105.3	104.7	107.1	117.2	121.5	127.8	131.8	137.7	143.2	148.9
Electricity and water	50.4	51.8	54.5	56.3	62.3	63.1	63.6	63.0	66.1	68.1
Construction (Contractors)	59.6	60.3	61.5	57.8	53.3	47.4	55.6	56.7	58.1	59.8
Wholesale and retail trade, catering and accommodation	289.5	299.7	311.7	321.2	322.8	323.8	313.7	318.4	321.6	325.5
Transport and communication	147.0	150.1	149.5	165.1	171.7	176.9	182.2	187.7	192.4	197.2
Finance, insurance, real estate and business services	181.3	187.4	189.5	192.7	192.5	193.4	196.3	200.2	205.0	210.1
Community, social and personal services	47.4	48.5	49.6	50.3	50.8	51.9	52.9	54.0	55.1	56.2
General government	508.4	518.5	528.8	541.4	561.7	641.5	734.2	760.5	779.0	797.2
Other producers	76.4	79.0	81.5	83.7	85.0	86.7	88.4	91.1	93.4	95.7
GDP at constant factor cost	**2,755.9**	**2,829.3**	**2,868.7**	**2,850.3**	**2,874.3**	**3,035.1**	**3,203.6**	**3,099.4**	**3,262.7**	**3,366.4**

Source: Ministry of Finance, *Economic Review 1994*, 6 May 1994.

a/ Preliminary.
b/ Projections.

Table A-2. Gross domestic fixed investment at constant 1985 prices, 1986-1993 (N$ millions)

Sector	1986	1987	1988	1989	1990	1991	1992	1993
Agriculture	29.5	30.9	29.1	31.1	29.3	27.8	28.2	25.7
Fishing	0.4	0.3	0.3	0.3	0.6	0.9	1.6	1.8
Mining	60.0	67.7	109.9	133.5	148.7	43.9	46.8	37.5
Fish processing	1.8	1.8	1.6	1.6	1.7	2.2	2.7	3.0
Other manufacturing	7.1	6.2	5.7	8.8	8.3	7.0	7.9	8.7
Electricity and water	8.3	4.6	7.0	8.1	15.0	13.8	11.1	18.1
Construction (contractors)	4.3	5.0	6.1	7.0	7.3	6.8	6.8	7.0
Wholesale and retail trade, catering and accommodation	14.2	14.2	15.9	23.6	17.0	11.2	10.4	11.0
Transport and communication	25.6	26.5	20.7	16.3	35.7	14.1	37.1	16.3
Finance, insurance, real estate and business services	30.2	45.2	64.5	83.2	54.6	44.9	56.5	55.2
Community, social and personal services	7.2	4.9	7.6	6.7	5.1	4.2	3.6	3.3
General government	168.8	166.8	158.5	135.0	125.2	109.4	144.1	135.5
Gross domestic fixed investment	**357.4**	**374.1**	**426.9**	**455.2**	**448.5**	**286.2**	**356.8**	**323.1**

Source: Ministry of Finance, *Economic Review 1994*, 6 May 1994.

Table A-3. Fixed capital stock, 1986-1992 (N$ millions)

Sector	1986	1987	1988	1989	1990	1991	1992
Agriculture	1,186	1,179	1,170	1,162	1,152	1,140	1,128
Fishing	3	3	3	3	3	3	4
Mining	1,306	1,248	1,228	1,229	1,245	1,164	1,094
Manufacturing	243	232	222	216	211	205	200
Fish processing	36	36	35	35	34	33	33
Other manufacturing	206	196	186	181	177	171	167
Electricity and water	816	794	776	760	751	741	728
Construction (contractors)	72	62	53	46	42	40	39
Wholesale and retail trade, catering and accommodation	337	328	320	321	315	306	297
Transport and communication	970	954	931	906	898	870	862
Finance, insurance, real estate and business services	648	670	710	767	794	810	835
Community, social and personal services	70	69	70	71	70	69	68
General government	5,710	5,764	5,807	5,825	5,831	5,838	5,840
Gross domestic fixed investment	**11,362**	**11,301**	**11,289**	**11,305**	**11,313**	**11,184**	**11,093**

Source: Ministry of Finance, *Economic Review 1994*, 6 May 1994.

Table A-4. Current account balance,1986-1993
(N$ millions at current prices)

	1986	1987	1988	1989	1990	1991	1992	1993
Merchandise exports f.o.b.	2,184.7	2,005.1	2,400.0	2,943.3	2,840.1	3,370.6	3,758.0	4,263.0
Merchandise imports f.o.b.	-1,503.7	-1,926.0	-1,936.6	-2,446.6	-2,896.6	-3,094.3	-3,551.4	-3,694.3
Trade balance	681.0	79.1	463.4	496.7	-56.5	276.3	206.6	568.7
Receipt of non-factor services	183.6	189.2	235.8	301.0	324.0	396.0	465.0	540.0
Payment of non-factor services	-534.3	-639.7	-765.0	-839.4	-1,011.0	-1,292.0	-1,440.0	-1,592.0
Net receipts of non-factor services	-350.7	-450.5	-529.2	-538.4	-687.0	-896.0	-979.0	-1,052.0
Net exports of goods and non- factor services	330.3	-371.4	-65.8	-41.7	-743.5	-619.7	-772.4	-483.3
Receipt of factor services	193.2	172.5	300.8	495.5	494.8	687.2	614.8	718.5
Payment of factor services	-755.4	-390.4	-895.5	-837.1	-395.8	-409.2	-494.8	-540.5
Net factor receipts	-562.2	-217.9	-594.7	-341.6	99.0	278.0	120.0	178.0
Transfer receipts	882.2	760.5	781.8	847.9	1,009.8	1,180.0	1,403.8	1,234.9
Transfer payments	-103.7	-111.1	-156.7	-184.7	-335.8	-353.0	-389.8	-404.9
Net transfer receipts	778.5	649.4	625.1	663.2	674.0	827.0	1,014.0	830.0
Balance on current account	546.6	60.1	-35.4	279.9	29.5	485.3	361.6	524.7

Source: Ministry of Finance, *Economic Review 1994*, 6 May 1994.

Table A-5. Value of merchandise exports, 1986-1994
(N$ millions at current prices)

	1986	1987	1988	1989	1990	1991	1992[a/]	1993[a/]	1994[b/]
Agricultural products									
Live animals									
Cattle	76.4	99.0	92.7	105.5	102.9	106.0	107.1	132.4	158.5
Sheep and goats	40.7	53.0	57.6	95.4	96.5	100.5	135.9	116.7	140.6
Other	3.6	3.9	4.3	4.6	3.0	5.0	16.0	11.0	19.0
Hides, skins and wool									
Karakul pelts	18.4	34.6	34.6	25.0	13.8	15.0	12.1	6.7	9.4
Other hides, skins and wool	10.9	11.6	13.0	13.8	27.7	28.5	22.9	31.7	51.5
Total agricultural products	**150.1**	**202.0**	**202.2**	**244.2**	**244.0**	**255.0**	**294.0**	**298.0**	**379.0**
Unprocessed fish									
Horse mackerel (mid-water trawling)	0.1	0.1	1.0	0.9	52.2	207.3	175.8	212.4	272.8
Other	6.4	5.4	9.8	13.6	10.8	12.0	17.9	7.4	8.2
Total unprocessed fish	**6.5**	**5.5**	**10.8**	**14.4**	**63.1**	**219.3**	**193.6**	**219.8**	**281.0**
Minerals and metals									
Diamonds	703.5	522.1	809.9	1,018.7	849.0	1,222.4	1,284.8	1,478.6	1,626.8
Other minerals and metals									
Copper	143.6	123.6	228.6	244.7	208.0	192.0	221.9	187.9	180.0
Gold	4.7	5.6	7.0	7.0	50.0	60.0	66.0	67.9	72.0
Zinc	28.6	26.6	69.2	103.3	99.0	82.0	60.1	39.5	38.0
Lead	37.1	49.8	62.9	78.9	78.0	54.0	48.5	39.3	36.0
Silver	37.7	48.5	52.2	52.2	38.0	33.0	33.4	33.8	32.0
All other minerals	778.1	621.6	481.3	726.7	470.2	386.8	357.5	469.6	411.5
Sub-total: Other metals and minerals	**1,029.8**	**875.7**	**901.2**	**1,212.8**	**943.2**	**807.8**	**787.3**	**838.0**	**769.5**
Total metals and minerals	**1,733.3**	**1,397.8**	**1,711.0**	**2,231.5**	**1,792.2**	**2,030.2**	**2,072.1**	**2,316.6**	**2,396.3**

Table A-5. Continued.

Manufactured products									
Meat and meat products									
Meat	65.4	90.1	112.6	130.8	149.0	249.0	275.0	300.0	330.0
Meat products	8.5	11.6	14.6	16.9	26.0	28.0	33.0	23.0	26.0
Sub-total meat and meat products	**73.9**	**101.7**	**127.2**	**147.8**	**175.0**	**277.0**	**308.0**	**323.0**	**356.0**
Fish products									
Canned fish	34.9	40.5	55.8	59.1	96.0	127.0	201.9	271.6	327.6
Fish meal and oil	34.6	101.8	93.9	52.6	60.0	65.1	80.1	123.9	150.8
White fish									
Hake	28.8	33.7	67.8	34.4	141.2	156.3	181.1	288.7	487.1
Other	6.9	9.3	6.7	2.7	7.3	22.4	39.6	28.2	35.6
Rock lobster and crab	45.5	41.4	44.4	45.7	108.1	49.4	57.2	57.0	65.8
Sub-total fish products	**150.7**	**226.6**	**268.5**	**194.4**	**412.5**	**420.2**	**559.9**	**769.5**	**1,066.9**
Other manufactured products	64.0	64.8	71.1	101.7	143.0	165.1	254.2	285.0	335.0
Total manufactured products	**288.7**	**393.1**	**466.8**	**443.8**	**730.5**	**862.4**	**1,122.1**	**1,377.5**	**1,757.9**
Electricity	6.1	6.6	9.1	9.3	10.3	3.7	5.7	1.1	3.0
All other exports	0.0	0.0	0.0	0.0	0.0	0.0	70.5	50.0	55.0
Total merchandise exports	**2,184.7**	**2,005.1**	**2,943.3**	**2,943.3**	**2,840.1**	**3,370.6**	**3,758.0**	**4,263.0**	**4,872.2**

Source: Ministry of Finance, *Economic Review 1994*, 6 May 1994.

a/ Preliminary.
b/ Projection.
Note: Totals and sub-totals may not add up, due to rounding.

Table A-6. Annual change in the values and prices of exports and imports, 1986-1994
(Percentage)

	1986	1987	1988	1989	1990	1991	1992	1993	1994[a/]
Exports									
Value	25.8	-7.3	20.1	23.1	-2.5	19.0	12.1	13.7	14.8
Price	14.5	-0.4	25.6	24.6	-0.9	2.6	-1.4	19.3	9.1
Imports									
Value	33.4	25.9	5.3	21.6	18.9	12.3	13.9	5.8	11.7
Price	19.5	18.7	14.7	24.2	8.5	11.3	2.0	8.3	10.1
Terms of trade[b/]	-4.1	-16.2	9.5	0.3	-8.7	-7.8	-3.4	10.2	-0.9

Source: Ministry of Finance. *Economic Review 1994*, 6 May 1994.

a/ Projection.
b/ Percentage change in export price index divided by the import price index (1985 = 100).

Table A-7. Outstanding debt of central government, 1986/1987-1992/1993
(N$ Millions)

	1986/ 1987	1987/ 1988	1988/ 1989	1989/ 1990	1990/ 1991	1991/ 1992	1992/ 1993
Stock loans[a/]	604.5	569.7	549.5	549.5	497.5	466.5	439.6
Term bonds	-	-	113.2	19.0	9.6	-	-
RSA Government loans	-	52.0	45.5	39.0	32.5	26.0	19.5
Foreign loans	168.0	160.4	141.1	71.0	20.4	19.2	-
Credit facility from SA Reserve Bank[b/]	-	-	-	-	263.5	-	-
Credit facility from Bank of Namibia[c/]	-	-	-	-	-	372.3	524.3
Local loans	22.4	16.8	41.2	35.6	25.0	25.0	16.5
Treasury bills							
91 days	-	-	-	-	-	19.2	110.6
182 days	-	-	-	-	-	-	85.0
Internal registered stock							
2 years	-	-	-	-	-	-	130.6
3 years	-	-	-	-	-	-	-
5 years	-	-	-	-	-	-	-
Other loans	0.1	1.5	1.0	-	11.0	0.6	-
Total debt outstanding	**795.0**	**800.4**	**891.5**	**714.1**	**859.5**	**928.8**	**1,326.1**

Source: Ministry of Finance, *Economic Review 1994*, 6 May 1994.

Note: a/ Internal registered government stock is issued before independence, of which the majority was guaranteed by the South African Government.
b/ Pre-independence debt, which was temporarily serviced by a credit facility from the South African Reserve Bank until a formal agreement was reached.
c/ Pre-independence debt, which was rescheduled in 1992. The Bank of Namibia assumed the external liability and the government the counterpart liability to the Bank of Namibia.

Table A-8. Marketing of livestock from Namibia, 1986-1993 (Thousands of head)

	1986	1987	1988	1989	1990	1991	1992	1993
Cattle								
Marketing in South Africa	**142.2**	**184.2**	**160.1**	**163.1**	**144.6**	**135.4**	**157.1**	**179.6**
Open market	73.1	133.4	122.9	119.0	110.6	103.5	126.3	152.5
Controlled market	69.1	50.8	37.2	44.1	34.0	31.9	30.8	27.1
Local marketing	**161.9**	**164.0**	**166.9**	**183.3**	**178.9**	**198.5**	**208.5**	**221.1**
Local butchers	44.2	42.6	40.2	40.0	37.6	41.8	36.8	38.0
Local abattoirs and factories	117.1	121.5	126.7	143.3	141.3	156.7	171.7	183.1
Total cattle marketing	**304.1**	**348.2**	**327.0**	**346.4**	**323.5**	**333.8**	**365.6**	**400.7**
Small-stock								
Marketing in South Africa	**525.9**	**605.0**	**597.6**	**843.1**	**853.6**	**839.5**	**1,045.8**	**817.6**
Open market	383.5	360.8	350.8	529.0	520.8	500.1	605.3	440.3
Controlled market	142.4	244.2	246.9	314.1	332.8	339.4	439.5	377.3
Local marketing	**159.4**	**181.7**	**181.1**	**204.2**	**234.7**	**250.3**	**299.8**	**220.5**
Local butchers	118.2	137.6	132.1	117.0	132.7	141.5	152.5	118.2
Local abattoirs and factories	41.1	44.0	49.0	87.2	102.0	108.8	147.3	102.3
Total small-stock marketing	**685.2**	**786.6**	**778.7**	**1,047.3**	**1,088.2**	**1,089.9**	**1,345.6**	**1,038.1**

Source: Ministry of Finance, *Economic Review 1994*, 6 May 1994.

Table A-9. Physical volume of fish catches, 1986-1993 (Thousand tonnes)

	1986	1987	1988	1989	1990	1991	1992	1993[a/]
Purse-seine net fishing								
Pilchard	53.1	66.6	62.2	76.0	92.4	68.9	80.8	112.7
Anchovy	15.5	376.1	116.9	78.7	50.5	17.1	38.8	58.2
Horse Mackerel	83.0	33.5	168.9	30.8	85.2	83.2	115.9	82.0
Other	1.2	1.0	3.1	1.9	18.9	3.3	3.2	4.8
Total	**152.8**	**477.2**	**351.1**	**187.4**	**247.0**	**172.4**	**338.7**	**257.7**
Trawling and other coastal fishing								
Hake	20.0	19.6	30.3	13.9	53.3	53.2	88.0	111.6
Horse Mackerel	0.3	0.3	1.6	1.2	93.3	352.6	310.0	335.1
Other	7.5	6.2	8.1	8.8	6.7	6.1	9.6	7.5
Total	**27.7**	**26.1**	**40.1**	**23.9**	**153.4**	**411.9**	**407.6**	**454.2**
Line fishing	0.3	0.4	0.8	1.7	0.8	4.4	5.0	4.0
Ring and bow net fishing								
Rock	1.8	1.4	1.3	0.8	0.5	0.4	0.1	0.2
Crab	0.1	0.1	0.0	0.5	2.6	0.8	1.6	1.4

Source: Ministry of Finance, *Economic Review 1994*, 6 May 1994.

a/ Estimates.

Table A-10. Output of selected minerals, 1986-1993

Mineral	Unit	1986	1987	1988	1989	1990	1991	1992	1993
Diamonds	Thousands of carats	1,0[illegible]1.2	1,030.1	974.6	931.7	761.3	1,186.9	1,557.3	1,141.4
Uranium	Tonnes	4,093.0	3,992.0	4,140.0	3,629.0	[illegible],787.0	2,889.6	1,972.8	1,965.9
Copper	Thousand tonnes	50.1	37.7	42.4	38.0	33.2	31.9	37.7	35.8
Lead	Thousand tonnes	40.0	40.6	44.4	44.2	35.1	33.4	31.7	31.3
Zinc	Thousand tonnes	65.5	76.0	71.7	79.8	72.4	68.1	71.9	54.0
Gold	Kilogrammes	184.0	172.0	239.6	335.6	1,605.0	1,851.2	2,077.1	1,954.0
Silver	Tonnes	105.1	95.4	108.5	108.2	91.6	91.3	87.7	71.7
Tin	Tonnes	1,313.0	1,637.0	1,772.0	1,683.0	1,379.0	17.0	15.0	..

Source: Ministry of Finance, *Economic Review 1994*, 6 May 1994.

Table A-11. Company registrations and deregistrations, 1986-1993 (Numbers)

	1986	1987	1988	1989	1990	1991	1992	1993
New registrations								
Internal companies	173	248	276	570	645	540	534	721
External companies	14	24	17	14	11	11	17	15
Total new registrations	**187**	**272**	**293**	**584**	**656**	**551**	**551**	**736**
Deregistrations and liquidations								
Deregistrations	53	25	86	123	54	87	173	136
Liquidations	4	7	..	..	..	..	..	..
Total deregistrations and liquidations	**57**	**32**	..	..	..	..	..	..

Source: Ministry of Finance, *Economic Review 1994*, 6 May 1994.

Table A-12. Type of product manufactured, 1993

Product	Number of varieties
Dairy products	5
Canned, preserved fruit and vegetables	1
Canned, preserved and processed fish	10
Vegetable oil, animal oil, and fat	2
Grain mill products	5
Bakery products	39
Sugar facotries, refineries	1
Cocoa, chocolate and sugar confectionary	3
Other food products	43
Prepared animal feeds	3
Distilled, rec???, blended wine and spirits	4
Soft drinks, carbonated water	4
Spinning, weaving, finished textiles	3
Made-up textile goods	8
Carpets, rugs, rope and twine	5
Other textiles	9
Wearing apparel	10
Tanneries	4
Manufactured leather goods	6
Footwear	3
Sawmills, planing	2
Woven, cane containers	1
Other wood and cork products	12
Furniture, fixtures except metal	32
Manufacturing pulp, paper and paper boards	1
Manufacturing containers, boxes and paper	1
Other pulp and paper products	2
Printing, publishingindustry	11
Basic industrial chemistry	2
Fertilizers, pesticides	1
Toiletries	9
Other chemical products	16
Petroleum, coal products	4
Glass and glass products	1
Structural clay	16
Other non-metallic products	2
Iron and steel basic industry	7
Non-ferrous metal basic industry	3
Structural metal products	16
Fabricated metal products	12
Manufacturing, repair machinery	6
Manufacturing electrical apparatus, supplies	2
Manufacturing motor vehicle parts, accessories	3
Ship building, repairing	1
Jewellery and related	11
Total	342

Source: Preliminary Report on the Survey of Manufacturing Establishments 1993.

Table A-13. Manufacturing ownership pattern, 1993

	Number of establishments	Percentage
Sole owner	137	51
Family business	17	6
Partnership	13	5
Private company	80	30
Public company	12	4
Cooperative	6	2
Other	6	2
Total	**271**	**100**

Source: *Preliminary Report on the Survey of Manufacturing Establishments 1993.*

Table A-14. Manufacturing ownership pattern by product, 1993

	Food Beverage		Textile Leather		Wood Products Furniture		Paper Printing		Chemical		Non-metal Mineral		Metal		Machinery Electric		Transport		Jewellery	
	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
Sole owner	53	46	25	53	30	64	5	33	8	25	7	37	22	58	4	50	1	25	7	64
Family business	6	5	3	6	7	15	0	0	1	3	2	11	4	11	0	0	1	25	1	9
Partnership	6	5	2	4	1	2	0	0	3	9	2	11	1	3	0	0	0	0	0	0
Private company	25	22	16	34	9	19	10	67	20	63	7	37	7	18	3	38	1	25	3	27
Public company	12	10	0	0	0	0	0	0	0	0	1	5	4	11	1	13	1	25	0	0
Cooperative	8	7	1	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	6	5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	**116**	**100**	**47**	**100**	**47**	**100**	**15**	**100**	**24**	**100**	**19**	**100**	**38**	**100**	**8**	**100**	**4**	**100**	**11**	**100**

Source: *Preliminary Report on the Survey of Manufacturing Establishments 1993*.

Table A-15. Livestock numbers, 1990-1992 (Thousands)

	1990	1991	1992
Cattle	**2,807.1**	**2,130.9**	**2,206.3**
Caprivi	93.6	97.5	95.7
Gobabis	369.8	378.9	434.5
Grootfontein	124.6	129.9	124.4
Okahandja	141.6	139.3	141.0
Otavi	98.0	98.2	100.2
Otjiwarongo	213.3	203.5	184.6
Outjo	132.9	138.7	134.2
Owambo	350.0	350.0	445.0
Windhoek	222.2	234.8	229.9
Other	341.1	360.1	316.8
Goats	**1,859.7**	**1,836.4**	**1,750.2**
Gobabis	195.2	182.4	177.5
Kaokoland	140.0	155.0	123.5
Keetmanshoop	339.6	317.1	344.6
Mariental	116.5	114.1	110.0
Omaruru	128.8	144.5	129.2
Outjo	174.5	168.0	163.3
Owambo	360.0	360.0	348.0
Windhoek	203.2	175.4	177.1
Other	201.9	219.9	177.0
Horses	**54.5**	**50.5**	**54.5**
Gobabis	13.2	11.8	15.0
Keetmanshoop	6.7	6.9	7.1
Mariental	6.1	3.3	5.3
Okahandja	2.4	2.4	2.3
Otjiwarongo	5.6	4.0	3.3
Outjo	2.3	4.3	5.5
Owambo	4.0	4.0	4.0
Windhoek	8.8	8.2	9.3
Other	5.4	5.6	2.7
Donkeys	**172.8**	**171.9**	**76.7**
Gobabis	8.3	8.4	28.2
Kaokoland	7.8	7.8	4.5
Keetmanshoop	6.8	8.1	7.3
Omaruru	4.7	5.0	4.6
Otjiwarongo	6.5	4.4	3.5
Outjo	5.5	5.7	5.6
Owambo	120.0	120.0	9.0
Windhoek	6.7	5.7	7.4
Other	6.5	6.8	6.6
Pigs	**18.8**	**16.9**	**14.7**
Gobabis	2.7	2.9	0.9
Grootfontein	2.7	1.5	1.1
Kavango	1.9	2.1	2.5
Omaruru	2.8	2.8	1.1
Otavi	1.2	1.1	2.1
Owambo	2.0	2.0	2.0
Windhoek	1.5	1.7	2.1
Other	4.0	2.8	2.9

Table A-15. Continued.

Poultry	**442.0**	**441.1**	**405.0**
Caprivi	30.4	27.2	23.7
Gobabis	27.0	2.4	27.4
Grootfontein	17.2	17.7	16.8
Kavango	45.7	40.3	40.4
Keetmanshoop	17.5	19.1	21.4
Okahandja	45.7	48.6	14.7
Omaruru	27.2	31.7	36.1
Otavi	25.7	9.9	29.2
Otjiwarongo	19.2	11.1	15.0
Outjo	12.7	17.7	12.9
Owambo	20.0	20.0	20.0
Windhoek	135.2	130.0	129.3
Other	18.5	35.4	18.1
Sheep	**3,384.8**	**3,152.5**	**2,863.4**
Gobabis	344.2	330.7	348.0
Keetmanshoop	1,252.5	1,158.8	1,039.5
Mariental	1,115.8	1,048.3	949.2
Omaruru	126.7	78.4	58.7
Windhoek	285.7	268.8	237.2
Other	259.9	267.5	230.8

Source: Ministry of Agriculture, Water and Rural Development.

Table A-16. Livestock slaughtered for home consumption, 1989-1992 (Number)

	1989	1990	1991	1992
Total	**250,324**	**259,663**	**277,786**	**294,354**
Abbatoir factories	39,406	43,422	68,744	70,996
Other	210,918	216,241	209,042	223,358
Calves	**301**	**1,050**	**902**	**476**
Abbatoir factories	-	-	-	-
Other	301	1,050	902	476
Cattle	**55,095**	**61,128**	**62,996**	**73,356**
Abbatoir factories	15,388	24,613	40,911	36,338
Other	39,707	36,515	22,085	37,018
Pigs	**53,899**	**46,000**	**44,498**	**33,372**
Abbatoir factories	-	-	-	-
Other	53,899	46,000	44,498	33,372
Small stock	**141,029**	**151,485**	**169,390**	**187,150**
Abbatoir factories	24,018	18,809	27,833	34,6[illegible]3
Other	117,011	132,676	141,557	152,492

Source: Meat Board of Namibia.

Table A-17. Cattle slaughtered at abbatoir factories, 1987-1992

	1987	1988	1989	1990	1991	1992
Total	**121.50**	**126.70**	**143.40**	**141.40**	**156.60**	**235.59**
Okahandja	62.00	63.90	82.20	92.50	86.20	89.20
Otavi	-	-	-	-	-	71.29
TVCF[a/]	5.60	5.90	5.10	5.10	4.80	17.10
Windhoek	53.90	56.90	56.10	43.80	65.60	58.00

Source: Meat Board of Namibia.

a/ TVCF = Trans Veterinary Cordon Fence comprising Katima Mulilo, Oshakati, Rundu.

Table A-18. Sale of livestock and livestock products, 1986-1992

	1986	1987	1988	1989	1990	1991	1992
Cattle (Thousands)	**304.0**	**348.3**	**327.0**	**346.4**	**323.6**	**333.8**	**365.5**
Meatco	112.4	115.9	120.8	138.2	136.3	151.8	154.6
Eloolo (Oshakati)	5.2	5.6	5.9	5.1	5.1	4.8	17.1
Butchers	44.2	42.6	40.2	40.0	37.6	41.8	36.8
RSA controlled	69.1	50.8	37.2	44.1	34.0	31.9	30.7
RSA open	73.1	133.4	122.9	119.0	110.6	103.5	126.3
Beef carcasses (Thousand metric tonnes)	**2.9**	**5.0**	**5.4**	**6.9**	**3.0**	**3.1**	..
RSA controlled	2.2	4.0	4.0	5.6	2.7	2.5	..
RSA open	0.6	1.0	1.4	1.2	0.3	0.7	..
Beef cuts (Thousand metric tonnes)	**12.8**	**12.0**	**12.5**	**17.5**	**16.5**	**19.8**	..
RSA controlled	10.8	10.8	11.5	14.6	14.8	11.1	..
RSA open	1.6	1.2	1.0	2.4	1.4	1.4	..
Other countries	0.5	0.0	0.0	0.4	0.2	7.3	..
Small stock (Thousands)	**685.2**	**786.6**	**778.8**	**1,047.3**	**1,088.4**	**1,089.9**	**1,345.9**
Meatco	41.1	44.0	49.0	87.2	102.1	108.8	147.6
Butchers	118.2	137.6	132.1	117.0	132.7	141.6	152.5
RSA controlled	142.4	244.2	246.9	314.1	332.8	339.4	439.5
RSA open	383.5	360.8	350.8	529.0	520.8	500.1	606.3
Pigs (Thousands)	**41.5**	**45.5**	**51.8**	**53.9**	**46.0**	**44.5**	**33.4**
Meatco	0.4	0.3	0.2	-	-	-	-
Butchers	41.1	45.2	51.6	53.9	46.0	44.5	33.4

Source: Meat Board of Namibia.

Table A-19. Production and sale of Karakul products, 1987-1992

	1987	1988	1989	1990	1991
Karakul skin exports					
Skins (Millions)	C.7	0.6	0.7	0.5	0.4
Value (R Millions)	34.6	34.6	25.0	10.0	15.0
Average price per skin (Rand)	49.8	55.5	38.1	37.5	35.5
Krakul wool					
Production (Thousand tonnes)	1.9	1.9	1.7	1.6	1.1
Gross income (R Millions)	3.5	3.2	3.3	3.0	1.7
Realization value (cents/Kg)	189.8	173.4	196.6	191.7	157.1

Source: Karakul Board of Namibia.

Table A-20. Supply of controlled agronomic products, 1986-1992 (Thousand tonnes)

Product	1986	1987	1988	1989	1990	1991	1992a/
White maize							
Domestic intake	18,289	6,779	14,415	22,777	26,938	35,000	27,700
Imports	29,169	59,425	46,506	39,693	25,932	25,000	58,284
Domestic consumption	47,458	66,204	60,921	62,470	52,870	60,000	60,000
Sunflower							
Domestic intake	1,162	524	833	707	614	160	58
Imports	7,828	8,853	8,847	8,516	9,840	10,340	..
Domestic consumption	8,990	9,377	9,680	9,223	10,454	10,500	..
Wheat							
Domestic intatke	5,922	4,960	4,609	4,380	4,293	5,750	3,116
Imports	19,686	28,812	29,985	26,081	27,963	27,000	..
Domestic consumption	24,646	33,421	34,197	30,461	32,256	32,750	..

Source: Agronomic Board of Namibia.

a/ Estimate.

Table A-21. Supply of controlled agronomic products, deliveries and prices, 1986-1992
(Rands per tonne)

Product	1986	1987	1988	1989	1990	1991	1992[a/]
White maize							
Producers prices	328.00	338.00	370.67	439.53	440.96	464.00	493.09
Selling prices	360.73	370.98	450.65	529.30	536.25	575.11	612.28
Yellow maize							
Producers prices	310.50	0.00	340.00	380.67	421.92	437.57	493.09
Selling prices	367.50	0.00	365.22	462.83	493.26	556.80	612.28
Sunflower seed							
Producters prices	586.18	633.00	671.98	769.18	790.76	847.42	970.30
Selling prices	609.00	680.98	724.61	850.22	908.37	875.68	1,002.65
Wheat							
Producers prices	391.27	447.89	443.02	484.66	563.86	587.45	643.92
Selling prices	424.13	493.32	499.84	557.47	590.77	673.53	-

Source: Agronomic Board of Namibia.

Note: All given prices inlcude the remunerationfor bags in which produce was delivered.

a/ Estimate.

Table A-22. Volume of fish catches by type of fishing, 1983-1992
(Thousand tonnes)

	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
Purse-seine net fishing	**338.6**	**161.5**	**135.8**	**152.8**	**477.2**	**351.1**	**187.4**	**247.0**	**172.4**	**238.6**
Pilchard	44.0	57.3	55.9	53.1	66.6	62.2	76.0	92.4	68.9	80.8
anchovy	183.7	13.7	50.7	15.5	376.1	116.9	78.7	50.5	17.1	38.8
Maasbanker	106.5	87.3	26.2	83.0	33.5	168.9	30.8	85.2	83.2	
Other	4.3	3.2	2.9	1.2	1.0	3.1	1.9	18.9	3.3	3.2
Trawler and other coastal fishing	**17.5**	**18.7**	**36.4**	**27.7**	**26.1**	**40.1**	**23.9**	**153.4**	**411.9**	**379.4**
Hake	10.5	13.7	31.6	20.0	19.6	30.3	13.9	53.3	53.2	84.4
Maasbanker	0.3	0.3	0.2	0.3	0.3	1.6	1.2	93.3	352.6	
Other	6.7	4.6	4.6	7.5	6.2	8.1	8.8	6.7	6.1	5.0
Line fishing	**1.6**	**0.6**	**1.3**	**0.9**	**0.4**	**0.8**	**1.7**	**0.8**	**4.4**	**5.0**
Ring and bow net fishing	**3.0**	**2.3**	**1.8**	**1.9**	**1.5**	**1.3**	**1.3**	**3.1**	**1.2**	**0.7**
Rock lobster	2.6	1.9	1.8	1.8	1.4	1.3	0.8	0.5	0.4	0.1
Crab	0.4	0.4	0.0	0.1	0.1	0.0	0.5	2.6	0.8	0.6

Source: Ministry of Fisheries and Marine Resources.

Table A-23. Operating mines and quarries, 1991

Mineral and district	Number of mines
Precious metals	
Gold	3
Karibib	1
Rehoboth	1
Windhoek	1
Silver	6
Grootfontein	1
Lüderitz	1
Rehoboth	1
Swakopmund	1
Tsumeb	1
Windhoek	1
Precious and semi-precious stones	
Agate	1
Darasburg	1
Amethyst	1
Grootfontein	1
Diamonds	5
Darasburg	1
Lüderitz	4
Rose quartz	4
Karasburg	2
Lüderitz	1
Swakopmund	1
Tourmaline	3
Karibib	3
Other	
Kaokoland	1
Karibib	2
Base metals	
Copper	4
Grootfontein	1
Tsumeb	1
Windhoek	2
Lead	4
Grootfontein	1
Lüderitz	1
Swakopmund	1
Tsumeb	1
Tin	3
Damaraland	1
Karibib	2
Zinc	2
Lüderitz	1
Swakopmund	1
Other	
Damaraland	1
Tsumeb	1
Windhoek	1

Table A-23. Continued.

Industrial minerals	
Granite	1
Swakopmund	1
Lithium	1
Karibib	1
Salt	3
Swakopmund	3
Other	
Karibib	3
Otjiwarongo	1
Swakopmund	1

Source: Ministry of Mines and Energy.

Table A-24. Mineral production, 1986-1992

Mineral	Unit of measure	1986	1987	1988	1989	1990	1991	1992
Precious metals								
Gold	Kilogrammes	184.0	172.0	239.5	335.9	1,605.0	1,850.0	2,025.0
Silver	Thousand kilogrammes	106.0	95.4	108.5	108.2	91.6	91.3	89.0
Precious and semi- precious stones								
Agate	Thousand kilogrammes	87.0	100.0	99.0	93.0	72.3	53.1	264.0
Amethyst	Thousand kilogrammes	37.0	189.2	116.2	161.3	107.3	110.0	..
Crysocolla	Thousand kilogrammes	1.0	8.3	6.0	8.0	0.9	5.4	..
Diamonds	Million ct	1.0	1.0	1.0	0.9	0.8	1.2	1.5
Quartz, crystal	Thousand kilogrammes	195.0	7.0	48.0	7.0	20.0	11.0	..
Quartz, rose	Thousand kilogrammes	172.0	365.0	908.8	302.3	604.7	314.0	140.0
Tourmaline	Thousand kilogrammes	2.9	1.7	0.0	1.0	1.1	1.2	0.6
Other	Thousand kilogrammes	0.5	1.0	0.1	0.2	0.1	0.0	0.0
Base metals								
Arsenic trioxide	Thousand tonnes	2.2	1.9	2.9	2.4	1.6	1.8	2.3
Copper, blister	Thousand tonnes	50.1	37.7	42.2	38.0	33.2	31.9	37.5
Copper, concentrate	Thousand tonnes	157.0	126.6	143.0	109.3	108.3	116.8	115.2
Lead, concentrate	Thousand tonnes	77.8	79.0	81.5	79.9	61.8	50.5	49.6
Lead, refined	Thousand tonnes	40.0	40.6	44.4	44.2	35.1	33.4	31.7
Pyrite, concentrate	Thousand tonnes	189.5	120.3	226.7	196.5	138.9	127.1	164.2
Pyrite, sulphur	Thousand tonnes	-	61.1	113.3	100.2	69.6	..	..
Tin, concentrate	Thousand tonnes	1.3	1.6	1.8	1.7	1.4	0.0	0.0
Zinc, concentrate	Thousand tonnes	65.5	76.0	71.7	79.8	72.5	68.1	68.6
Other	Thousand tonnes	0.0	0.1	0.3	0.2	0.1	0.0	0.0
Industrial minerals								
Fluorspar	Thousand tonnes	-	-	4.0	25.7	27.1	34.6	37.7
Granite	Thousand tonnes	0.1	0.7	3.3	9.2	5.4	7.5	7.3
Limestone	Thousand tonnes	31.1	-	-	-	-	-	-
Lithium	Thousand tonnes	-	0.9	1.6	1.4	1.3	-	-
Marble	Thousand tonnes	2.8	4.2	8.1	12.6	12.9	10.5	12.3
Petalite	Thousand tonnes	0.8	0.7	1.5	1.2	1.1	1.1	1.1
Salt	Thousand tonnes	134.6	130.0	149.3	142.1	157.2	140.6	120.8
Silica	Thousand tonnes	5.9	2.8	-	-	0.1	-	..
Other	Thousand tonnes	1.7	2.8	0.6	0.2	0.2	0.4	0.6

Source: Ministry of Mines and Energy.

Table A-25. Volume of mineral exports, 1986-1992

Mineral	Unit of quantity	1986	1987	1988	1989	1990	1991	1992
Precious metals								
Gold	Kilogrammes	180.0	179.0	204.6	311.6	1,572.8	1,873.0	2,049.0
Silver	Thousand kilogrammes	97.0	102.6	105.1	110.8	90.3	89.0	90.2
Precious and semi-precious stones								
Agate	Thousand kilogrammes	74.0	82.0	75.3	88.2	61.2	38.4	61.0
Amethyst	Thousand kilogrammes	26.0	95.2	70.6	250.5	28.0	247.9	247.7
Crysocolla	Thousand kilogrammes	270.0	6.1	0.7	2.4	0.9	5.4	5.9
Diamonds	Million ct	1.5	1.1	0.9	0.9	0.8	1.1	..
Quartz, crystal	Thousand kilogrammes	771.0	7.9	1.7	70.0	-	-	-
Quartz, rose	Thousand kilogrammes	224.0	389.4	809.0	271.0	468.0	253.0	7.0
Other	Thousand kilogrammes	150.3	5.7	5.2	11.2	1.3	0.0	6.0
Base metals								
Arsenic trioxide	Thousand tonnes	1.9	2.2	2.9	2.3	2.1	1.8	2.4
Copper, blister	Thousand tonnes	41.4	37.1	39.0	33.0	30.0	30.2	34.1
Lead, refined	Thousand tonnes	41.5	41.5	42.5	44.7	35.6	35.0	31.4
Pyrite, concentrate	Thousand tonnes	-	172.9	201.0	173.6	167.7	..	..
Pyrite, sulphur	Thousand tonnes	-	87.9	99.8	89.8	84.1	..	..
Tin, concentrate	Thousand tonnes	1.3	1.6	1.8	1.7	1.4	0.0	0.0
Zinc, concentrate	Thousand tonnes	68.6	66.6	79.6	86.9	74.7	35.0	66.7
Other	Thousand tonnes	0.1	0.1	0.3	0.1	0.1	0.0	0.0
Industrial minerals								
Fluorspar	Thousand tonnes	-	-	-	22.4	26.9	21.7	48.2
Granite	Thousand tonnes	-	0.7	2.0	7.5	6.5	5.7	..
Lithium	Thousand tonnes	-	0.3	2.2	1.5	1.2	1.0	1.0
Marble	Thousand tonnes	0.0	2.9	7.5	12.3	12.6	11.4	5.7
Salt	Thousand tonnes	113.2	146.6	165.4	185.3	153.4	103.3	73.2
Other	Thousand tonnes	0.6	2.3	0.4	0.2	0.1	1.2	4.9

Source: Ministry of Mines and Energy.

Table A-26. Value of mineral exports, 1986-1992 (R Millions)

Mineral	1986	1987	1988	1989	1990	1991	1992
Total	**1,654.30**	**1,306.90**	**1,554.58**	**2,026.61**	**1,609.99**	**1,835.23**	..
Precious metals	**42.40**	**54.08**	**59.22**	**60.84**	**87.64**	**94.15**	**99.35**
Gold	4.70	5.58	7.02	10.42	49.66	61.26	65.99
Silver	37.70	48.50	52.20	50.42	37.98	32.89	33.36
Precious and semi-precious stones	**616.61**	**432.82**	**655.33**	**817.41**	**670.45**	**1,068.88**	**953.35**
Agate	0.50	0.48	0.42	0.60	0.42	0.22	0.35
Amethyst	0.10	0.26	0.31	0.54	0.32	1.05	1.41
Diamonds	615.50	431.17	653.55	814.00	668.27	1,067.41	950.79
Quartz	0.46	0.27	0.51	0.30	0.34	0.17	0.07
Other	0.05	0.64	0.54	1.97	1.10	0.03	0.73
Base metals	**213.48**	**222.33**	**391.75**	**461.46**	**407.63**	**301.25**	**335.21**
Arsenic	2.46	2.66	3.09	2.80	2.51	2.66	4.22
Copper	128.56	123.56	228.64	244.69	207.62	191.69	221.88
Lead	37.13	49.83	62.88	78.86	77.97	54.28	48.49
Pyrite	-	5.77	7.19	7.02	6.98	..	..
Tin	11.32	13.53	17.02	22.55	12.29	0.12	0.12
Zinc	33.51	26.61	69.16	103.29	99.08	51.70	60.11
Other	0.50	0.37	3.77	2.25	1.18	0.80	0.39
Industrial minerals	**2.79**	**4.45**	**7.43**	**17.66**	**20.22**	**30.15**	**20.45**
Fluorspar	-	-	-	4.57	6.23	15.12	9.60
Granite	-	0.24	0.73	2.93	2.79	3.06	..
Lithium	0.33	0.18	0.91	0.76	0.70	0.66	0.60
Marble	0.22	0.32	1.36	2.91	3.34	4.13	4.56
Salt	2.23	3.37	4.42	6.48	7.08	6.38	4.95
Other	0.01	0.34	0.01	0.01	0.08	0.80	0.74
Other minerals and materials	**770.02**	**539.22**	**440.85**	**669.24**	**424.05**	**340.80**	..

Source: Ministry of Mines and Energy.

Table A-27. **GDP at factor cost: worst case scenario, 1990-1996**
(R Millions)

	At constant 1985 prices							At current prices						
	1990	1991 a/	1992 a/	1993 b/	1994 b/	1995 b/	1996 b/	1990	1991 a/	1992 a/	1993 b/	1994 b/	1995 b/	1996 b/
Agriculture (commercialized)	215.7	208.7	217.4	224.6	226.8	230.2	234.8	440.9	472.4	466.3	510.1	534.6	563.5	616.7
Agriculture (subsistence)	39.7	40.8	40.4	41.4	42.4	43.5	44.6	73.7	84.9	87.9	94.5	101.7	109.5	117.9
Fishing	48.0	50.4	69.6	95.5	130.2	174.7	227.2	105.0	122.8	137.5	183.5	246.1	358.3	506.2
Diamond mining	351.3	538.5	656.4	516.6	516.6	542.4	542.2	552.1	720.0	795.8	626.3	645.1	690.9	711.6
Uranium mining	432.2	329.8	225.2	227.8	227.8	227.8	227.8	330.1	192.6	201.8	204.1	191.3	183.6	187.8
Other mining and quarrying	119.7	109.8	112.5	112.5	106.9	104.8	102.7	198.6	186.3	210.0	212.1	203.6	203.5	209.4
Manufacturing (excluding fish processing)	121.5	127.8	131.8	137.7	143.2	146.2	152.6	230.4	269.8	305.9	345.2	387.7	433.3	481.9
Fish processing	28.1	17.2	18.9	22.8	35.6	53.0	75.2	62.4	33.5	59.7	71.5	82.3	104.9	140.7
Electricity and water	58.2	60.5	61.7	63.6	65.5	67.1	68.4	95.5	109.3	122.4	135.6	150.8	166.9	183.7
Construction (contractors)	53.1	54.2	53.1	55.8	57.5	59.2	61.0	113.2	127.0	137.0	158.4	177.9	197.8	220.1
Wholesale and retail trade, catering and accommodation	322.8	323.4	313.7	318.4	315.2	315.2	315.2	604.6	673.3	731.5	816.7	881.2	951.7	1,027.9
Transport and communication	171.7	176.9	182.2	187.7	192.4	200.1	200.1	318.3	363.7	419.5	475.4	531.2	585.0	644.4
Finance, insurance, real estate and business services	192.5	193.4	196.3	200.2	204.2	212.5	212.5	365.3	422.1	492.7	552.7	608.9	670.8	739.1
Community, social and personal services	50.8	51.9	52.9	54.0	55.1	57.3	57.3	98.3	112.5	128.4	142.2	156.8	172.7	189.3
General government	561.7	591.0	645.0	657.9	661.2	661.2	661.2	1,023.0	1,237.9	1,513.2	1,636.1	1,726.5	1,804.2	1,885.4
Other producers	85.0	86.7	88.4	91.1	93.4	95.7	97.6	151.0	172.5	197.2	220.5	244.1	270.1	296.1
Total	**2,852.0**	**2,961.0**	**3,065.5**	**3,007.6**	**3,074.0**	**3,280.6**	**3,280.6**	**4,762.3**	**5,300.0**	**6,006.8**	**6,384.9**	**6,869.8**	**7,466.7**	**8,158.2**

Source: Economic and financial issues from the 1994-1995 Budget.

a/ Preliminary.
b/ Projections.

Table A-28. GDP at current market prices: worst case scenario 1990/1991-1995/1996 (R Millions)

	1990/1991	1991/1992 a/	1992/1993 a/	1993/1994 b/	1994/1995 b/	1995/1996 b/
GDP at factor cost	4,896.9	5,477.2	6,101.3	6,506.1	7,019.0	7,639.6
Plus indirect taxes	846.8	1,999.9	1,125.0	1,173.9	1,266.5	1,378.4
Less subsidies	62.1	68.8	77.5	65.0	50.0	50.0
GDP at market prices	**5,681.6**	**6,409.3**	**7,148.8**	**7,615.0**	**8,235.5**	**8,968.0**

Source: Economic and Financial issues for the 1994-1995 Budget.

a/ Preliminary.
b/ Projections.

Table A-29. Percentage change in real GDP: worst case scenario, 1990-1996

	1990	1991	1992 a/	1993 a/	1994 b/	1995 b/	1996 b/
Agriculture (commercialized)	7.6	-3.2	4.2	3.3	1.0	1.5	2.0
Agriculture (subsistence)	3.1	2.8	-1.0	2.5	2.5	2.5	2.5
Fishing	9.3	5.0	38.1	37.2	36.3	34.2	30.1
Diamond mining	-15.6	53.3	21.9	-21.3	0.0	5.0	0.0
Uranium mining	4.3	-23.7	-31.7	1.2	0.0	0.0	0.0
Other mining and quarrying	-2.8	-8.3	2.5	0.0	-5.0	-2.0	-2.0
Manufacturing (excluding fish processing)	3.7	5.2	3.1	4.5	4.0	3.5	3.0
Fish processing	62.4	-38.8	9.9	20.6	56.1	48.9	41.9
Electricity and water	5.2	4.0	2.0	3.0	3.0	2.5	2.0
Construction (contractors)	-10.0	2.1	-2.0	5.0	3.0	3.0	3.0
Wholesale and retail trade, catering and accommodation	0.5	0.2	-3.0	1.5	-1.0	0.0	0.0
Transport and communication	4.0	3.0	3.0	3.0	2.5	2.0	2.0
Finance, insurance, real estate and business services	-0.1	0.5	1.5	2.0	2.0	2.0	2.0
Community, social and personal services	1.0	2.2	2.0	2.0	2.0	2.0	2.0
General government	3.7	5.2	9.1	2.0	0.5	0.0	0.0
Other producers	1.6	2.0	2.0	3.0	2.5	2.5	2.0
Total	**0.4**	**3.8**	**3.5**	**-1.9**	**2.2**	**3.6**	**3.0**

Source: Economic and Financial issues for the 1994-1995 Budget.

a/ Preliminary.
b/ Projections.

Table A-30. GDP at factor cost: base line scenario, 1990-1996
(R Millions)

	At constant 1985 prices							At current prices						
	1990	1991a/	1992a/	1993b/	1994b/	1995b/	1996b/	1990	1991a/	1992a/	1993b/	1994b/	1995b/	1996b/
Agriculture (commercialized)	215.7	208.7	217.4	224.6	229.1	234.1	240.0	440.9	472.4	466.3	510.1	540.0	573.1	630.4
Agriculture (subsistence)	39.7	40.8	40.4	41.4	42.2	43.3	44.4	73.7	84.9	87.9	94.5	101.2	109.0	117.4
Fishing	48.0	50.4	69.6	95.5	130.2	174.7	227.2	105.0	122.8	137.5	183.5	246.1	358.3	506.2
Diamond mining	351.3	538.5	656.4	516.6	536.2	589.8	589.8	532.1	720.0	795.8	626.3	669.6	751.2	773.8
Uranium mining	432.2	329.8	225.2	227.8	250.6	275.7	303.3	330.0	192.6	201.8	204.1	210.4	222.2	250.1
Other mining and quarrying	119.7	109.8	112.5	112.5	111.4	110.3	109.2	198.6	186.3	210.0	212.1	212.1	214.2	222.7
Manufacturing (excluding fish processing)	121.5	127.8	131.8	137.7	143.2	148.9	154.9	230.4	269.8	305.9	345.2	387.7	435.3	489.1
Fish processing	28.1	17.2	18.9	22.8	35.6	53.0	75.2	62.4	33.5	59.7	71.5	82.3	104.9	140.7
Electricity and water	58.2	60.5	61.7	63.6	65.5	67.5	69.5	95.5	109.3	122.4	135.6	150.8	167.9	186.7
Construction (contractors)	53.1	54.2	53.1	55.8	57.5	59.2	61.0	113.2	127.0	137.0	158.4	150.8	197.8	220.1
Wholesale and retail trade, catering and accommodation	322.8	323.4	313.7	318.4	318.4	321.6	324.8	604.6	673.3	731.5	816.7	177.9	971.1	1,059.2
Transport and communication	171.7	176.9	182.2	187.7	192.4	197.2	202.1	318.3	363.7	419.5	475.4	890.2	588.0	650.8
Finance, insurance, real estate and business services	192.5	193.4	196.3	200.2	205.2	210.3	215.6	365.3	422.1	492.7	552.7	611.9	677.2	749.8
Community, social and personal services	50.8	51.9	52.9	54.0	55.1	56.2	57.3	98.3	112.5	128.4	142.2	156.8	172.7	189.3
General government	561.7	591.0	645.0	657.9	664.5	664.5	664.5	1,023.0	1,237.9	1,513.2	1,636.1	1,735.1	1,813.2	1,894.8
Other producers	85.0	86.7	88.4	91.1	93.4	95.7	97.6	151.0	172.5	197.2	220.5	244.1	270.1	296.1
Total	**2,852.0**	**2,961.0**	**3,065.5**	**3,007.6**	**3,130.5**	**3,302.0**	**3,436.4**	**4,762.3**	**5,300.6**	**6,006.8**	**6,384.9**	**6,947.4**	**7,626.2**	**8,377.2**

Source: Economic and financial issues from the 1994-1995 Budget.

a/ Preliminary.
b/ Projections.

Table A-31. GDP at current market prices: base line scenario, 1990/1991-1995/1996 (R Millions)

	1990/ 1991	1991/ 1992 a/	1992/ 1993 a/	1993/ 1994 b/	1994/ 1995 b/	1995/ 1996 b/
GDP at factor cost	4,896.9	5,477.2	6,101.3	6,525.5	7,117.1	7,814.0
Plus indirect taxes	846.8	1,000.9	1,125.0	1,177.4	1,284.2	1,409.9
Less subsidies	62.1	68.8	77.5	65.0	50.0	50.0
GDP at market prices	**5,681.6**	**6,409.3**	**7,148.8**	**7,637.9**	**8,351.3**	**9,173.8**

Source: Economic and Financial issues for the 1994-1995 Budget.

a/ Preliminary.
b/ Projections.

Table A-32. Percentage change in real GDP: base line scenario, 1990-1996

	1990	1991	1992 a/	1993 a/	1994 b/	1995 b/	1996 b/
Agriculture (commercialized)	7.6	-3.2	4.2	3.3	2.0	2.2	2.5
Agriculture (subsistence)	3.1	2.8	-1.0	2.5	2.0	2.5	2.5
Fishing	9.3	5.0	38.1	37.2	36.3	34.2	30.1
Diamond mining	-15.6	53.3	21.9	-21.3	3.8	10.0	0.0
Uranium mining	4.3	-23.7	-31.7	1.2	10.0	10.0	10.0
Other mining and quarrying	-2.8	-8.3	2.5	0.0	-1.0	-1.0	-1.0
Manufacturing (excluding fish processing)	3.7	5.2	3.1	4.5	4.0	4.0	4.0
Fish processing	62.4	-38.8	9.9	20.6	56.1	48.9	41.9
Electricity and water	5.2	4.0	2.0	3.0	3.0	3.0	3.0
Construction (contractors)	-10.0	2.1	-2.0	5.0	3.0	3.0	3.0
Wholesale and retail trade, catering and accommodation	0.5	0.2	-3.0	1.5	0.0	1.0	1.0
Transport and communication	4.0	3.0	3.0	3.0	2.5	2.5	2.5
Finance, insurance, real estate and business services	-0.1	0.5	1.5	2.0	2.5	2.5	2.5
Community, social and personal services	1.0	2.2	2.0	2.0	2.0	2.0	2.0
General government	3.7	5.2	9.1	2.0	1.0	0.0	0.0
Other producers	1.6	2.0	2.0	3.0	2.5	2.5	2.0
Total	**0.4**	**3.8**	**3.5**	**-1.9**	**4.1**	**5.5**	**4.1**

Source: Economic and Financial issues for the 1994-1995 Budget.

a/ Preliminary.
b/ Projections.

Table A-33. GDP at factor cost: optimistic scenario, 1990-1996
(R Millions)

	At constant 1985 prices							At current prices						
	1990	1991 a/	1992 a/	1993 b/	1994 b/	1995 b/	1996 b/	1990	1991 a/	1992 a/	1993 b/	1994 b/	1995 b/	1996 b/
Agriculture (commercialized)	215.7	208.7	217.4	224.6	233.5	242.6	249.0	440.9	472.4	466.3	510.1	550.4	593.9	654.0
Agriculture (subsistence)	39.7	40.8	40.4	41.4	42.6	43.9	45.2	73.7	84.9	87.9	94.5	102.1	110.5	119.5
Fishing	48.0	50.4	69.6	95.5	130.2	174.7	227.2	105.0	122.8	137.5	183.5	246.1	358.3	506.2
Diamond mining	351.3	538.5	656.4	516.6	549.1	652.3	652.3	552.1	720.0	795.8	626.3	685.7	830.8	855.8
Uranium mining	432.2	329.8	225.2	227.8	329.2	362.1	463.5	330.0	192.6	201.8	204.1	276.4	291.9	382.2
Other mining and quarrying	119.7	109.8	112.5	112.5	112.5	110.3	112.5	198.6	186.3	210.0	212.1	214.2	218.5	229.4
Manufacturing (excluding fish processing)	121.5	127.8	131.8	137.7	151.8	148.9	154.9	230.4	269.8	305.9	345.2	391.5	443.8	503.3
Fish processing	28.1	17.2	18.9	22.8	35.6	53.0	75.2	62.4	33.5	59.7	71.5	82.3	104.9	140.7
Electricity and water	58.2	60.5	61.7	63.6	65.8	68.1	70.5	95.5	109.3	122.4	135.6	151.5	169.4	189.4
Construction (contractors)	53.1	54.2	53.1	55.8	57.5	59.2	61.0	113.2	127.0	137.0	158.4	177.9	197.8	220.1
Wholesale and retail trade, catering and accommodation	322.8	323.4	313.7	318.4	324.8	331.3	337.9	604.6	673.3	731.5	816.7	908.1	1,000.3	1,101.9
Transport and communication	171.7	176.9	182.2	187.7	193.3	199.1	205.1	318.3	363.7	419.5	475.4	533.7	593.7	660.5
Finance, insurance, real estate and business services	192.5	193.4	196.3	200.2	206.2	212.4	218.8	365.3	422.1	492.7	552.7	614.8	684.0	761.0
Community, social and personal services	50.8	51.9	52.9	54.0	55.4	55.8	58.2	98.3	112.5	128.4	142.2	157.6	174.5	192.2
General government	561.7	591.0	645.0	657.9	664.5	667.8	667.8	1,023.0	1,237.9	1,513.2	1,636.1	1,735.1	1,822.2	1,904.2
Other producers	85.0	86.7	88.4	91.1	93.8	96.6	99.5	151.0	172.5	197.2	220.5	245.2	272.7	301.9
Total	2,852.0	2,961.0	3,065.5	3,007.6	3,238.6	3,484.2	3,703.1	4,762.3	5,300.6	6,006.8	6,384.9	7,072.6	7,867.2	8,722.3

Source: Economic and financial issues from the 1994-1995 Budget.

a/ Preliminary.
b/ Projections.

Table A-34. GDP at current market prices: optimistic scenario, 1990/1991-1995/1996 (R Millions)

	1990/ 1991	1991/ 1992 a/	1992/ 1993 a/	1993/ 1994 b/	1994/ 1995 b/	1995/ 1996 b/
GDP at factor cost	4,896.9	5,477.2	6,101.3	6,526.8	7,271.3	8,081.0
Plus indirect taxes	846.8	1,000.9	1,125.0	1,183.1	1,312.0	1,458.1
Less subsidies	62.1	68.8	77.5	65.0	50.0	50.0
GDP at market prices	**5,681.6**	**6,409.3**	**7,148.8**	**7,674.9**	**8,533.2**	**9,489.0**

Source: Economic and Financial issues for the 1994-1995 Budget.

a/ Preliminary.
b/ Projections.

Table A-35. Percentage change in real GDP: optimistic scenario, 1990-1996

	1990	1991	1992 a/	1993 a/	1994 b/	1995 b/	1996 b/
Agriculture (commercialized)	7.6	-3.2	4.2	3.3	4.0	3.9	2.6
Agriculture (subsistence)	3.1	2.8	-1.0	2.5	3.0	3.0	3.0
Fishing	9.3	5.0	38.1	37.2	36.3	34.2	30.1
Diamond mining	-15.6	53.3	21.9	-21.3	6.3	18.8	0.0
Uranium mining	4.3	-23.7	-31.7	1.2	44.5	10.0	28.0
Other mining and quarrying	-2.8	-8.3	2.5	0.0	0.0	0.0	0.0
Manufacturing (excluding fish processing)	3.7	5.2	3.1	4.5	5.0	5.0	5.0
Fish processing	62.4	-38.8	9.9	20.6	56.1	48.9	41.9
Electricity and water	5.2	4.0	2.0	3.0	3.5	3.5	3.5
Construction (contractors)	-10.0	2.1	-2.0	5.0	3.0	3.0	3.0
Wholesale and retail trade, catering and accommodation	0.5	0.2	-3.0	1.5	2.0	2.0	2.0
Transport and communication	4.0	3.0	3.0	3.0	3.0	3.0	3.0
Finance, insurance, real estate and business services	-0.1	0.5	1.5	2.0	3.0	3.0	3.0
Community, social and personal services	1.0	2.2	2.0	2.0	2.5	2.5	2.5
General government	3.7	5.2	9.1	2.0	1.0	0.5	0.0
Other producers	1.6	2.0	2.0	3.0	3.0	3.0	3.0
Total	**0.4**	**3.8**	**3.5**	**-1.9**	**7.7**	**7.6**	**6.3**

Source: Economic and Financial issues for the 1994-1995 Budget.

a/ Preliminary.
b/ Projections.

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