

NCCI

Economic Review 2006

(FINAL DRAFT)

1. Macroeconomic review

Table: Sectoral growth estimates

	2005 ¹	2006 ²	Q1 ³	Q2 ⁴	Q3 ⁴	Q4
Agriculture	10.7%	2.8%	-8.2%	-3.2%	-13.5%	n/a
Mining	-1.8%	3.9%	1.2%	20.6%	28.1%	n/a
Electricity and water	11.3%	7.6%	6.8%	10.7%	-1.4%	n/a
Construction	3.2%	7.1%	-15.1%	-10.4%	-22.4%	n/a
Trade	7.8%	3.0%	5.9%	10.5%	1.7%	n/a
Hotels and restaurants	0.3%	3.0%	-27.2%	19.7%	23.6%	n/a
Transport and communication	8.7%	8.6%	6.1%	1.7%	7.5%	n/a
GDP	4.2%	3.8%	n/a	n/a	n/a	n/a

Sources: CBS, BoN, MoF

It is still too early to know with precision how the economy performed during 2006. Every year the Minister of Finance publishes a macroeconomic framework to accompany the budget documentation released with the budget speech. This framework includes sectoral and national growth estimates for the year that has just ended as well as projections for the following four years. The Central Bureau of Statistics releases revised growth estimates for the previous year during the end of the third quarter while the Bank of Namibia publishes quarterly estimates of growth for selected sectors in its quarterly bulletins.

At the time of the 2006/07 budget in March 2006, the Minister of Finance estimated that the economy would grow by an average of 3.7 percent a year for the period 2006-2008 and that growth during 2006 would be 3.8 percent. This represented a slight fall from 2005 during which the CBS estimated growth reached 4.2 percent. Later in the year, however, the IMF estimated that growth could reach 4.5 percent in 2006⁵.

However, as can be seen from the table, sectoral growth in the first three quarters of 2006 turned out to be quite different from the estimates presented in the budget. Agriculture has recorded negative growth in the first three quarters. Mining has recorded substantially higher growth in the second and third quarters than originally expected. Growth in construction has been negative during the first three quarters of 2006 while growth in trade has been significantly higher than expected. Hotels and restaurants, a proxy for tourism, is typically highly seasonal while growth in transport and communication has been almost as high as expected. Estimates for the fourth quarter of 2006 will be published by the Bank of Namibia

¹ National Accounts 1995-2005 CBS

² Macroeconomic Framework 2006-07, MoF

³ Bank of Namibia Quarterly Bulletin September 2006

⁴ Bank of Namibia Quarterly Bulletin December 2006

⁵ See www.imf.org

in March 2007 and more accurate sectoral and aggregate figures will be released by the CBS in the third quarter of this year.

The past year saw a steady rise in the rate of inflation as measured by the newly introduced Namibian Consumer Price Index which measures national price changes rather than just price changes in the capital city. Interest rates started to rise in 2006 and ended up experiencing four 50 basis point increases in the course of the year. As inflation rose, the value of the Namibia dollar to the US dollar steadily declined easing pressure on exporters but adding to the costs of imports, including fuel. The price of a barrel of oil in US dollars peaked during the year at over US\$78/barrel which led to six successive rises in the price of petrol and diesel at the pump before prices finally started heading down towards the end of the year. A transfer of N\$205 million had to be made in the budget to plug the deficit that had arisen during the previous period when local prices did not rise in line with international price of oil.

Table: Key indicators

	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06
NCPI	3.7%	4.8%	4.4%	4.5%	5.4%	5.6%	5.2%	5.1%	5.6%	5.8%	6.1%	6.1%
Bank rate	7.00%	7.00%	7.00%	7.00%	7.00%	7.50%	7.50%	8.00%	8.00%	8.50%	8.50%	8.70%
Prime interest rate*	11.75%	11.75%	11.75%	11.75%	11.75%	12.25%	12.25%	12.75%	12.75%	13.25%	13.25%	13.25%
Exchange rate (N\$:US\$)	6.093	6.156	6.127	6.010	6.700	7.151	6.910	7.1932	7.74	7.3791	7.1617	n/a
Oil spot price (US\$/barrel)	66.15	61.58	66.22	71.40	71.50	72.44	74.24	70.03	60.76	56.82	64.26	n/a

*month end

Dec Prime Rate 13.75% Exchange rate 6.9738 Oil price 59.61

NCCI position – the NCCI wholeheartedly supports the government’s objectives of accelerating growth and job creation. While Namibia’s growth performance has improved during the past few years, it remains insufficient to seriously reduce unemployment and poverty and highly dependent on the mining sector. The NCCI believes growth can be increased by making Namibia more attractive to genuine entrepreneurs and investors through a variety of measures that help raise productivity and make Namibia a more attractive investment destination.

A key ingredient to raising growth and employment must involve improving education and training. The NCCI calls on government to improve the quality of public education at all levels to ensure that those leaving the country’s educational institutions are equipped with the basic skills and attitudes to become productive workers in the modern economy. NCCI members accept that they also have an important role to play in upgrading the skills of Namibia’s workforce and are already putting significant resources into doing this at all levels.

Simultaneously, however, the NCCI believes it is vital that government supports the private sector by actively trying to attract foreign skills and facilitating the granting of work permits required by the business sector within a month. Private sector participation on the immigration board would help achieve this. The NCCI believes that a proactive strategy aimed at attracting the most skilled people in the global labour market will promote growth in the Namibian economy and the NCCI commits itself to communicating this need to its labour union stakeholders.

Furthermore, the NCCI believes that management of the economy should be driven by key ministries in government, including the Ministry of Finance and the Ministry of Trade and Industry, and that these need to be staffed with competent and motivated people. Government as a whole needs to become far more efficient through better management so that it is more responsive to the needs of investors and the economy.

2. Fiscal review

Government ended the year 2005 by achieving an investment grade rating of BBB- by international rating agency Fitch, a rating which was reaffirmed again at the end of 2006. During 2006 Namibia scored 51 percent in the first ever Open Budget Index, an international comparison of the openness of 59 countries' budgeting processes placing Namibia 18th behind South Africa and Botswana in Africa. The Minister of Finance tabled the budget on 16 March 2006 and, for the first time since independence, forecast a budget surplus for the financial year 2006/07. However, this surplus was to be achieved by raising revenue rather than reducing expenditure. Overall the budget takes government further away from its spending target even as it more than meets its deficit target of 3 percent. The table below shows how government measures up to the fiscal targets it set itself during 2001 and includes the latest available actual outturns and estimates for each target. The stock of public debt excludes government loan guarantees which, according to the Minister, has already declined to 8.9 percent of GDP in 2005/06 from a high of 11.8 percent of GDP in 2001/02. In the course of the year government received a revenue windfall of N\$648 million from the sale of 34 percent of MTC to Portugal Telecom and N\$322 million in adjustments from the Southern African Customs Union (SACU). Without these once-off payments, the budget would have been in deficit by N\$49 million. It is also likely to receive far more than the N\$30 million from the mining royalty tax forecast for 2006/07.

Table: Government's fiscal targets as percent of GDP

	Target	Latest actual (2005/06)	Estimate (2006/07)	Estimate (2007/08)
Public expenditure	30%	33.3	34.8%	35.2%
Budget deficit	3%	0.2%	-2.1%	1.1%
Stock of public debt	25%	33.2%	31.4%	24.8%
Loan guarantees	none	8.9%	7.9%	n/a

NCCI position – the NCCI welcomes government's achievement of balancing the budget and congratulates the government for having sought, achieved and sustained an international credit rating.

The NCCI believes that Namibia can achieve a better credit rating by pursuing a sustainable fiscal policy which does not rely on revenue windfalls. The NCCI strongly believes such a sustainable fiscal policy involves lowering public spending to government's target level of 30 percent of GDP by reducing the size and increasing the efficiency of the public service.

Key elements of achieving fiscal sustainability and growth would be the creation of an efficient and professionally staffed Revenue Authority, the lowering of corporate profits tax to more internationally competitive levels, and the provision of better incentives and assistance to the small business sector.

The NCCI further believes that revenue windfalls should be used either to pay off debt or invest in productive infrastructure with defined rates of return rather than just being used to finance recurrent spending. Government must increase capital spending on productive infrastructure rather than prestige products and improve the implementation of capital projects.

3. Agriculture

The horticulture levy continued to be imposed on all importers of fresh fruit and vegetable and the proportion of local purchases by value rose from 10 percent to 15 percent in the course of the year. By the end of the fourth quarter of 2006 the amount of fruit and vegetable produced and sold locally as a proportion of fresh fruit and vegetable sold had risen from 21 percent to 26 percent. The Agronomic Board of Namibia (ABN) believes this has been achieved without raising costs to consumers and that, in many cases, costs have actually fallen while quality has not generally been negatively affected. Two importers have started to specialise in selling to local buyers. Although there is presently no defined end point to this process, the ABN believes as much as 50 percent of fresh fruit and vegetable consumed in Namibia could be produced locally. The scheme is part of the Team Namibia campaign and helps producers pay for the cost of labelling.

In theory this initiative should go hand in hand with the Green Scheme, government's attempt to encourage greater crop and horticulture production from designated parts of the country, including communal areas. The Scheme has witnessed substantial progress but is presently being held back due to the lack of lease agreements acceptable to commercial banks. The Ministry of Lands remains concerned about the impact of possible auctions of land in cases where farmers default on commercial debt. In some cases Agribank has had to step in to guarantee loans.

In October it was announced that table grapes from Namibia had received the approval of the US authorities for export to the US under the Africa Growth and Opportunity Act (AGOA). The karakul pelt industry experienced something of a resurgence during 2006. Namibia's Swakara pelts sold for record prices at the Copenhagen Fur Auction in April. For the first time ever, 72 Swakara Black D selected super pelts sold for N\$643 per pelt, the highest price ever achieved.

The two pronged process of land reform continues. The Ministry of Lands and Resettlement officially launched the Report of the Permanent Technical Team on Land Reform endorsing the target of redistributing 15 million hectares of commercial farmland by 2020. The National Resettlement Policy (NRP) underwent a first test case when the first case of expropriation involving the Okorusu and Marburg farms was finally settled in court when government paid N\$8 million to the Lacheiner-Kuhn family⁶. Government allocated N\$50 million to the Land Acquisition and Development Fund (LADF) in the budget and announced it had raised N\$27.9 million in the first year of land tax which would accrue to the LADF.

Since 1 April 2004 government has been trying to discourage the livestock sector from exporting live animals on the hoof to other countries, mainly South Africa and Angola, through the imposition of an export levy on cattle, sheep and goats. Originally the export levy

⁶ See *The Namibian* 27 September 2006

was to be 30 percent for slaughter-ready mature cattle, cattle hides and goat and sheep skins. The introduction of the 15 percent levy on live goats was introduced in 2006 while the 15 percent levy on live sheep was dropped in favour of an export ratio which, since September 2006, has been 6:1, six sheep having to be slaughtered locally for every one sheep exported. Local abattoirs are expected to reach full capacity by November of this year. The policy has resulted in an increase in locally slaughtered animals but there is disagreement over whether farmers are receiving the best prices for their animals.

NCCI position – the NCCI congratulates the Agronomic Board and Team Namibia on the success achieved to date in encouraging more Namibian produced fresh fruit and vegetable to be sold in Namibian retail outlets.

The NCCI believes that the key to improving rural productivity and incomes lies in changing the system of land tenure to private ownership. The NCCI urges the government to overcome the present obstacle on lease agreements so that farmers that do not own the land they farm can start taking out loans from commercial banks to invest in the land they farm and raise output. The NCCI further encourages government's efforts to more clearly define property rights in communal areas and move towards a situation where communal farmers can borrow from commercial banks on the basis of leases or ownership rights over land.

The NCCI believes that it is vital that land reform continues to be implemented in line with the Constitution and the laws of Namibia and in a way that does not compromise agricultural production. The NCCI further believes that the land reform programme would benefit from clearly defined criteria for purchase or expropriation and that government should first target unproductive land owned by absentee or foreign land owners where this does not conflict with existing investment protection agreements.

The NCCI welcomes the government's approach to increasing local value added in the livestock sector but believes this should not be done in a way that reduces the long-term viability of livestock farming in Namibia.

4. Fishing

The sector has been struggling with a combination of higher fuel prices and lower catches for a number of years now. Although there is reason to hope that the long-term maximum sustainable yield has not yet been reached for the high value species of hake, crab and rock lobster as well as horse mackerel, there is concern about the future prospects of pilchard which is perplexing fisheries scientists all over the world. Uncertainty also surrounds the behaviour of Namibia's deep sea species orange roughy and alfonsino and this has limited the ability to raise the TAC for these species as originally intended. The Ministry of Fisheries and Marine Resources is examining the potential for the exploitation of other species found in Namibian waters such as tuna, shark and swordfish and has also taken the lead during the past year to encourage the creation of a thriving aquaculture and mariculture industry. The example of Chile should serve as a model for what can be achieved in Namibia.

Table: TACs since 2000

	2000	2001	2002	2003	2004	2005	2006
Pilchard	25,000	10,000	0	20,000	25,000	25,000	25,000
Hake	194,000	200,000	195,000	180,000	195,000	180,000	130,000
Horse Mackerel	410,000	410,000	350,000	350,000	350,000	350,000	360,000
Crab	2,000	2,100	2,200	2,000	2,200	2,300	2,400
Rock Lobster	35	400	400	400	420	420	420
Alfonsino	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Orange Roughy	2,400	1,875	2,400	2,650	2,600	2,050	1,100
Monk	N/A	13,000	12,000	12,500	12,000	11,500	9,500

Source: Ministry of Fisheries and Marine Resources

NCCI position – the NCCI believes that government’s precautionary approach towards fisheries management and the setting of TACs and the allocation of quotas is the right one. It fully supports the Minister’s assertion that the process of reallocating the rights that expire in 2007 or the beginning of 2008 should be a transparent process that depends on how existing rights holders have performed and delivered on their promises.

The NCCI agrees that aquaculture holds considerable potential for the country and recommends the government to examine the experience of Chile in developing its aquaculture industry while avoiding the same damaging environmental consequences.

5. Mining

The year 2006 saw a number of highly significant events take place in the mining sector which has traditionally formed the backbone of the economy. For the first time ever, Namdeb produced more than 2 million carats of diamonds, half of which were mined from under the sea by De Beers Marine Namibia (DBMN). Negotiations between the government and De Beers on the marketing agreement which governs the 50:50 Namdeb partnership were finalized and the results announced to the public in early 2007. The agreement resulted in the formation of a new company, the Namibian Diamond Trading Company, which will market Namdeb diamonds both abroad and more significantly, directly to local cutting and polishing factories of which there are presently four operational: NamGem, Namcot, LLD, and Hard Stone Processors. It is understood that 16 percent of Namdeb’s cuttable diamonds (those larger than 1.25 carats) excluding special stones (those larger than 10.8 carats) will be sold to local cutting and polishing factories. Furthermore, government will now own 50 percent of DBMN rather than the previous 15 percent through the 30 percent shareholding held by Namdeb.

Ongopolo Mining and Processing Limited (OMPL) was saved from liquidation after it was bought by Weatherly International plc, a new company led by Australian nationals Rod Webster and Dr Wolf Martinick listed on the Alternative Investment Market (AIM) in London. Under the terms of the deal, two key creditors to Ongopolo, the Government Institutions Pension Fund and Bank Windhoek, became shareholders in Weatherly while the Minerals Development Fund received partial payment for its loans to OMPL. Weatherly’s strategy to turn round OMPL is in two phases. The first involves increasing local production of copper concentrate at Otjihase, Kombat, Matchless and Tchudi so that its recently refurbished EPZ smelter at Tsumeb relies less on imports from Zambia and elsewhere. The

second involves exploiting a range of other assets held by the mine including tailings dams and mining licences. As part of the first phase, the Asis Far West shaft, which at one stage promised to be the answer to declining reserves, was decommissioned at the end of the year.

Namibia saw the opening of its second major uranium mine, and only the first all new uranium mine in the world for almost 20 years, at the end of the year. Langer Heinrich Uranium, owned by Paladin Resources listed on the Australian Stock Exchange, commenced production at the end of the year on time and to budget. The first shipment of uranium oxide is expected in the first quarter of 2007. Uranium prices have skyrocketed above US\$75/lb since the company announced its intention to go ahead with the mine sending Paladin's share price soaring. Rössing announced that, after years of operating in survival mode, it was to return to full-scale production of 4,000 tonnes of uranium oxide a year creating 150 new jobs following the approval of a US\$112 million mine expansion project.

After two years of consultation with the mining industry, government announced new rates for the royalty tax on gross sales introduced unexpectedly in November 2004. However, these new rates were immediately revised a month after they had been announced. At least one company has decided to challenge the introduction of the tax arguing that under the existing Minerals Act⁷ such a tax can only be introduced in cases where a company has been found to be guilty of underpricing, transfer pricing or failing to further process its product where it is economically viable to do so. A new Minerals Act has been drafted and is currently the subject of consultation and negotiation between the government and the industry.

Table: Mining royalty tax rates

Mineral Class	Notice 248, 15 Nov 2004	Notice 192, 1 Nov 2006
Precious Metals	5 %	3 %
Base and Rare Metals	5 %	3 %
Semi Precious stones	4 %	2 %
Industrial Minerals	4 %	2 %
Nuclear Fuel Minerals ⁸	5 %	3 %
Non Nuclear Fuel Minerals ⁶	4 %	2 %

NCCI position – the NCCI welcomes the initiative by government to improve and update mining legislation in Namibia in consultation with the mining industry. The NCCI accepts the imposition by government of the royalty tax on turnover as a payment for a sovereign resource provided the tax is sufficiently flexible to accommodate the position of loss-making operations in times when mineral prices are less favourable than they are now. However, with the imposition of this new tax, the NCCI believes there is no longer justification for the higher rate of corporate tax imposed on non-diamond mining companies of 37.5 percent and that this should be lowered to 35 percent.

6. Manufacturing

The Bank of Namibia has not published estimates of manufacturing value added in the quarterly bulletins published in 2006. The IJG Business Climate Monitor suggests manufacturers have struggled in the past year, and this is undoubtedly true in the dairy industry. One of Namibia's largest manufacturers, NSX-listed Namibia Breweries, increased profits from N\$20.1 million in 2005 to N\$83.3 million in 2006 as a result of modest volume

⁷ Minerals (Prospecting and Mining) Act 1992 (Act 33 of 1992)

⁸ Government Gazette 1 December 2006

growth in the home market, reduced costs and investment in branding. Copper smelting and zinc refining are classified as manufacturing activities in Namibia's national accounts. Ongopolo's EPZ smelter was refurbished in September by new owners Weatherly but by the end of the year local concentrate only accounted for some 20 percent of total smelting input the rest having to be imported from Zambia and elsewhere. Namzinc EPZ, fed by Skorpion mine, experienced two interruptions in production during the year but was expected to deliver design plate output of 150,000 tonnes of Special High Grade zinc in 2006. One of Namibia's flagship EPZ companies, Malaysian-owned Ramatex, has threatened to close down after a sister company Rhino Garments shut up shop in 2005. The fate of the company is in the balance awaiting the outcome of changes to AGOA due in 2007. There is a danger that, if changes are made to the current liberal rules of origin clause which allows a significant proportion of value to be added outside AGOA countries, then companies like Ramatex have little incentive to stay in Namibia. Infant industry protection has been extended for pasta and UHT long-life milk until 2012 and 2014 respectively within the framework of Section 26 of the Southern Africa Customs Union (SACU). Competition from South Africa, perceived as unfair by many local manufacturers, has meant that the industry has been awaiting the formation of the Namibia Competition Commission (CC) following the passing of the Competition Act in 2003⁹. The board of the CC has been approved and budgetary provision made but the chair unexpectedly tendered his resignation at the end of the year. The power situation and the rising cost of fuel have also been factors of concern to the sector.

NCCI position – the NCCI believes the Ministry of Trade and Industry is not playing the prominent role it should be playing in fostering the growth of an industrial sector in Namibia. The MTI needs to be adequately resourced and staffed with high calibre people able to deliver the assistance that industrial and other investors require.

The NCCI urges government to establish the Competition Commission as soon as possible so that cases of possible dumping and unfair practices can be investigated.

The NCCI believes that the present way tax incentives are granted does not contribute towards the development of the manufacturing sector.

The NCCI further recommends that government should encourage greater use of infant industry protection within SACU and make far greater use of its own procurement policies to assist local manufacturers.

7. Construction

Table: Building plans passed

	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06
Building plans passed (N\$m)	179.7	119.3	257.6	115.7	116.1	199.9	190.8	130.3	150.1	n/a	n/a	n/a

Source: CBS

Preliminary estimates from the Bank of Namibia show that the construction industry experienced a difficult 2006, a year of steadily rising interest rates. However, anecdotal evidence from the Construction Industry Federation (CIF) and knowledge of what is

⁹ Competition Act (Act of 2003)

happening in other sectors of the economy such as mining suggest this is far too negative a view. The industry will be significantly affected by the new Labour Act¹⁰, which has not yet come into force, as well as the lowering of the threshold of the Affirmative Action Act from 50 to 25 introduced with immediate effect in July 2006. New minimum wage rates for the industry, one of only three subject to a minimum wage¹¹, were gazetted on 1 October but have not yet been promulgated. A legal framework for a new National Construction Industry Council to oversee and regulate the construction industry which has been the subject of negotiations between the Department of Works and the construction industry is currently with the legal drafters. Competition within the industry has been greatly increased through the entry of a significant number of Chinese companies, a process which accelerated further in the past year. By the Chinese Ambassador's own admission, Chinese companies account for perhaps one third of Windhoek's construction market. There are strong suspicions that many Chinese companies do not adhere to the minimum wage or AA law, contribute to the builders' pension fund, or pay taxes although little hard evidence exists.

NCCI position – the NCCI welcomes free and fair competition between businesses in any sector of the economy provided all play by the same rules. The NCCI believes there is ample evidence that this is not the case with many Chinese contractors. Government must not hesitate to ensure that all companies, including Chinese ones, adhere to Namibia's labour laws and regulations without fear or favour. The new National Construction Industry Council must ensure all construction companies adhere to the laws of Namibia. The NCCI believes good labour legislation forms the cornerstone of sound industrial relations but must not be allowed to price labour out of the market and contribute to the country's rising unemployment rate.

8. Energy and water

Namibia has traditionally relied on South Africa for much of its electricity supply. Overcapacity created during the apartheid years meant that South Africa could export electricity far more cheaply from Eskom's predominantly coal-fired power stations than it would cost Namibia to produce itself. However, in recent years higher than expected economic growth combined with poor planning and an unclear policy framework in South Africa means that this is no longer the case. The past year saw the termination of NamPower's Power Purchasing Agreement with Eskom heralding in the start of a period of considerable uncertainty for power consumers in Namibia which does not look like being resolved until 2010 at the earliest. NamPower announced that it would be forced to resort to load shedding and other measures and has held consultative meetings with critical power users such as the mining industry to discuss what measures can be taken. Twice in 2006 Namibia suffered power cuts due to problems with the Koeberg nuclear station in the Western Cape.

NamPower is addressing the shortage of domestic generating capacity by investigating a number of new projects including the N\$7 billion Kudu gas-to-power project in partnership with Energy Africa and the N\$1.5 billion Caprivi Link Interconnector linking the Namibian and Zambian electricity grids. Progress on these projects is critical to ensure cost-effective diversification away from dependence on South Africa to enhance the security of supply, especially if Namibia is to maximize the benefits to be derived from the mining boom currently underway and pursue its energy intensive goal of greater processing of mineral products. Paulinus Shilamba was appointed CEO of NamPower from 1 April to succeed Dr

¹⁰ Labour Act 2004 (Act of 2004)

¹¹ The other being security guards and farm workers

Leake Hangala who had been ten years at the helm. The Electricity Control Board (ECB) approved a 10.2 percent increase in NamPower's tariffs from 1 July and warned that prices would increase significantly over the next five years.

NCCI position – the NCCI welcomes NamPower's efforts to address the electricity situation in Namibia and its open communication of the problems that exist with Namibian industry. NamPower must do all it can to speed up the resolution of the current shortage of generating capacity. However, because electricity is such an important requirement across all sectors of the economy, NamPower must ensure the options it chooses help Namibian industry remain competitive and do not drive away investment. At the same time the NCCI believes significant effort must be put into demand management and energy saving measures.

The boom in uranium production and exploration is already giving rise to concerns that Namibia could struggle to meet the water requirements of a reinvigorated Rössing mine, the new Langer Heinrich mine plus the possibility that UraMin's Trekkopje project, Forsys Metal's Valencia project and Kalahari Minerals' Husab project get off the ground. There is a clear limit to what can sustainably be taken from existing groundwater sources. The only solution appears to be a modular desalination plant located at the coast with the capacity to eventually deliver some 10 million cubic metres of water. Namwater is currently in discussions with all mining operations on major new investments and how they should be financed.

NCCI position – the NCCI recognises the need to go ahead with a desalination plant if the new uranium mines are to be supplied with sufficient quantities of water. This represents an important opportunity for Namwater and Namibia to move into a new technology which is likely to become more important over time.

9. Retail and wholesale trade

Despite the unfavourable interest rate environment during 2006, Namibia's trade sector appears to have fared better than expected. Vehicle sales, one measure of consumer and investment spending, remained buoyant despite higher interest rates. The one policy issue that remains controversial, however, is that Namibian producers continue to struggle to find shelf space with many of the large foreign-owned retail outlets despite the advent of initiatives such as Team Namibia and the horticulture levy. In addition local traders are facing severe competition from larger South African retailers as well as smaller Chinese retailers.

Table: Monthly vehicle sales in 2006

	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06
Passenger vehicles	310	326	400	412	363	396	343	388	357	362	371	n/a
Commercial vehicles	325	385	413	351	393	455	454	450	432	452	479	n/a

Source: IJG

Dec sales: 310, 447

NCCI position – specified retailers in Namibia should be encouraged to provide shelf space for Namibian products unless this proves unviable after an agreed trial period.

10. Tourism

Tourism is undoubtedly a sector of far greater importance to the national economy than previously thought and one which still has enormous growth potential, especially in boosting rural employment and incomes. This was confirmed by a major study conducted in 2006 for the Ministry of Environment and Tourism by the World Tourism and Trade Council and Oxford Economic Consultancy which estimated that in 2006 the broader tourism and travel economy was expected to contribute 16 percent of the country's GDP and account for nearly 72,000 jobs. The study went on to forecast that the industry would grow by 7.9 percent a year over the next ten years. However, tourism continues to receive only a very small allocation in the national budget¹² and the Namibia Tourism Board (NTB) remains under-funded despite the N\$10 million or so in revenues that are now accruing to it from the newly-introduced tourism levy. During 2006 two important changes in leadership took place. Tobie Aupindi was appointed CEO of Namibia Wildlife Resorts (NWR) in April. The industry is hoping this will herald in a new period of dynamic growth for the company after years of underfunding and neglect. The CEO of the NTB Gideon Shilongo resigned unexpectedly in November leaving a gap at the top of what is one of the most important institutions in the tourism sector. Although Air Namibia continued to make losses during the year and required a transfer of N\$153.4 million from the budget in 2006/07, the national airline plays a vital role in Namibia's tourism strategy by providing direct access to Namibia from Europe.

NCCI position – the NCCI believes the tourism sector holds enormous potential for growth and job creation, especially in the rural areas. However, it is not convinced that a government-owned company is best placed to exploit some of Namibia's most precious tourism assets. The NCCI believes that NWR must begin a process of entering into joint ventures with municipalities, communities and private companies to encourage the investment that these assets require if they are to reach their full potential while at the same time ensuring that access to these assets can be enjoyed by Namibians. The NTB needs to be adequately funded so that it can better compete with other countries in marketing Namibia abroad as a tourist destination. The NCCI believes it is important for government to minimise losses generated by Air Namibia but that any changes to the national airline's business strategy must take into account its impact on the tourism industry.

11. Transport and communication

Namibia's telecoms sector has exhibited extremely high rates of growth during the past decade. The past year saw four major changes take place in Namibia's telecoms sector despite the fact that the Communications Bill has still not been ratified by Parliament.

The first major change was the granting of the second cellular licence. The draft Communications Bill produced in 2002 envisaged the introduction of competition in cellular telephony by 2003 through the granting of a second cellular licence. However, it was not until August 2006 that a second licence was awarded to CellOne (PowerCom) after a run-off between just two competing bids (the other being from ZDE of China). PowerCom is a company with four major shareholders: Telecom Management Partner (39%), NamPower

¹² The Directorate of Tourism Vote 18 Main Division 05 received N\$ 29.965 million in the 2006/07 budget of which N\$24.8 million was earmarked for the NTB

(37%), Nam-mic (12%), and Old Mutual Namibia (10%) as well as an educational trust established by the shareholders (2%). PowerCom's licence, for which they have agreed to pay N\$65 million prior to their launch, lays out a detailed timetable for the roll-out of its network across Namibia. The company estimates it will invest N\$2 billion over the next five years.

The second major change was that, two years after the sale of 49% by Telia and Swedfund, 34% of MTC was sold to Portugal Telecom for N\$1.02 billion in July 2006 following a competitive bidding process between 15 companies. Portugal Telecom has interests in South America and China and also seven African countries where it has more than five million subscribers. Its operations in Angola (it owns 25% of Unitel) were undoubtedly a factor which helped it win the bid.

The third major change has been the introduction of a fixed-wireless service "Switch" into the market by Telecom Namibia on 23 November 2006 using Code Division Multiple Access (CDMA) technology which has the potential to become a fully-fledged cellular network. At this stage Telecom is only offering pre-paid options called Switch Easy and Switch Time in a clear bid to lure away lower income customers that form the bulk of MTC's customer base as well as those who cannot afford Tango. Switch is being offered in key areas of Namibia but Telecom is promising greater mobility in future¹³. Telecom's entry into mobile telephony has caused friction with the NCC which claims it is not licensed to offer mobile services despite having allocated Telecom the 800MHz frequency in February 2005. It is not clear at this stage how this is going to be resolved although the NCC has already made its opinion known that Switch is illegal¹⁴. In December Cabinet decided to create a new ad hoc committee under the chairmanship of the Prime Minister to look into the matter¹⁵. *The committee has subsequently resolved that Telecom's "Switch" can continue, but no roaming or call forwarding will be allowed thus limiting Telecom to a restricted wireless service. A final round of consultations on the draft Telecommunications Bill will be held with stakeholders. A term of three months was given for this exercise with a further month for tabling to Parliament. The bill may therefore be passed by Parliament within 4 months.*

The fourth major change was the launch of a 3G service using HSDPA (High Speed Downlink Packet Access) technology by MTC on 15 December 2006. Since it started operating in 1995, MTC has used GSM900 system ("2G") later upgrading to GPRS (General Packet Radio Switching) in 2005 ("2.5G"). 3G refers to the third generation technologies. MTC now appears convinced that there is a market for 3G although 2G GSM is likely to remain the most popular option for most of MTC's customers for some time to come.

The NCCI believes that affordable voice communication and Internet access are no longer privileges but basic rights for every citizen. Government must accept that ICT is a very important economic driver for entrepreneurs, SMEs and all business. Namibia's economy will stagnate unless Namibians actively and fully embrace new technologies. The current high costs and limited options have a very restrictive effect on the economy. Several Internet driven organisations have already moved their main operations to South Africa

ICT resources in Namibia are very limited. There are two main reasons. ICT education from junior school onwards and secondly that most ICT projects in Namibia are done by South African and other foreign organization. This mostly excludes cross training for Namibians in

¹³ See www.telecom.na

¹⁴ See "Telecom, NCC at loggerheads" *The Namibian* 24 November 2006

¹⁵ See "Recent Cabinet Resolutions" *The Namibian* 21 December 2006

spite of promises at the time of contract negotiations. Differentiation should be made on the percentage of Namibian shareholding in ICT Companies and not purely local registration. The Namibian Government must support local business as much as possible. (Refer New Era article on Government purchasing survey, where 80% of all purchases were done outside the country. Strategic ICT usage in Government is at a low level, particularly re e-Governance.

By international standards, Namibia has relatively good road and rail infrastructure. However, the road network needs to be extended and maintained while most of the rail network only allows for the slow movement of locomotives. Maintaining the road network is currently funded by levies through the Road Fund Administration and the Roads Authority but there is concern that the current levy is insufficient to maintain the roads to a high enough standard. Road maintenance becomes more expensive the longer it is left. Accident levels on Namibia's roads are also increasing, partly due to overloading and driver attitude.

NCCI position – the NCCI believes free and fair competition between a variety of players is the best way to enhance Namibia's telecommunications infrastructure and raise penetration but this competition needs to be properly managed by a single competent and independent regulator. Although there is an argument that Telecom's entry into mobile telephony will enhance competition, two major foreign investors have entered the market based on the clear understanding that there will only be two mobile operators in Namibia for at least the next five years. The NCCI agrees with government's approach that this commitment should be honoured and that Telecom's Switch service needs to be limited until such time that the market is ready for three full competitors. Furthermore, Namibia's ICT and telecoms legislation must be modernised to take account of the rapid changes in technology that have taken place during the past decade. The ultimate aim of policy should be to allow all telecoms players to compete in whichever field they choose on the basis of technology neutral licences.

Government's shareholding in telecoms companies should be reduced over time in order to ensure equal treatment between companies and unleash private sector competition which will reduce the high cost of telecoms and ICT, especially in the rural areas. The NCCI believes that one ministry should take overall charge of ICT and e-governance.

Government must ensure that Namibia's road network is maintained to a high standard and that sufficient funds are made available through the existing system of levies. The potential for the railways to play a greater role in transporting goods and people in Namibia should be examined.

12. Financial services

The NSX had a record year with an increase in trade from N\$3.4 billion in 2005 to N\$6.7 billion in 2006. Volumes more than doubled from 121 million to 235 million shares while the number of deals rose from 2,372 to 2,549. The NSX Overall Index climbed from 582 to 829 points, a bullish 42 percent rise compared to the JSE All Share's increase of 37 percent. Even the NSX Local Index, which measures the increase in value of local rather than dual-listed shares, rose from 71 to 91 points. Local financial services company Trustco listed at the end of September, the first local IPO in four years.

	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06
Overall Index	633	622	655	680	666	689	683	729	754	790	795	828
Local Index	74	77	79	81	81	83	83	82	86	86	89	91

The banks also had a good year although at the time of writing FNB and Bank Windhoek had only published their results to 30 June 2006 while Standard Bank and Nedbank had not published their year end results. Bank Windhoek is now Namibia's second largest bank by advances. Namibia's financial sector moved towards further Namibianisation when Absa Bank sold its 34 percent stake in Capricorn Investment Holdings, the holding company of Bank Windhoek and a range of other financial service providers, to CIH shareholders in November thus making CIH an exclusively Namibian-owned entity.

Table: Indicators of bank performance

	Advances	Net interest income	Service fees	Profit before tax	Tax	Cost-to-income	RoE	RoA	
FNB	7,963.3	484.4	216.7	359.0	102.0	46.7%	20.6%	2.9%	Year to 30 June 2006
Bank Windhoek	6,525.2	314.8	162.5	195.6	66.4	54.4%	24.1%	2.0%	Year to 30 June 2006
Standard Bank	5,874.9	334.4	253.1	225.8	56.4	58.4%	26.4%	2.7%	Year to 31 Dec 2005
Nedbank	3,623.3	192.3	84.8	29.0	38.9	56.0%	35.9%	2.6%	Year to 31 Dec 2005

The last year saw two important initiatives take place in the financial services sector. The first was the coming together of the major players in the sector to agree on a Namibian Financial Sector Charter. By the end of the year a draft document containing proposals on ownership, control, procurement, corporate social responsibility, human resources and skills, entrepreneurship, empowerment funding, access and affordability as well as consumer protection and education had been thoroughly discussed. The second major initiative was the ongoing debate on domestic asset requirements. By the third quarter of 2006 foreign portfolio investments stood at over N\$37 billion¹⁶, a continued source of concern to government. Although the Minister of Finance has insisted on introducing changes to the current 35 percent requirement which will include a 5 percent minimum in unlisted investments and a cap of 10 percent on dual-listed shares on the Namibian Stock Exchange, these changes have so far not been implemented. The process has reached something of a stalemate and there has been an agreement that the cap on dual-listed shares should be phased in over a period of years. The IMF has warned government against proceeding with its plans¹⁷ while there is also talk of replacing regulations with a tax on outflows.

NCCI position – the NCCI supports the creation of a Namibian Financial Sector Charter provided it encourages genuine productive transformation and does not stifle competition, raise costs unduly or create barriers to new businesses.

The NCCI is concerned about changes to domestic asset requirements which have the potential to damage returns to contractual savers and undermine the viability of the NSX. The NCCI believes the 5 percent minimum requirement on unlisted investments imposes a high risk on pension funds and is far too high to be productively absorbed by the economy, especially since the legislative and regulatory framework for these types of

¹⁶ See Bank of Namibia Quarterly Bulletin December 2006

¹⁷ See www.imf.org

investments is weak or non-existent. The NCCI is convinced that a more prudent approach would be to introduce a lower target of 1 percent and steadily increase it as experience is gained and absorptive capacity increased.

The NCCI believes that a far better way of reducing the dependence of the NSX on dual-listed shares is to commence listing the shares of selected State-Owned Enterprises.

The NCCI believes that the main constraint to bringing Namibian savings together with Namibian investments is the lack of specialised financial skills and institutions such as private equity and venture capital funds in Namibia. These will take time to develop but the process can be accelerated by attracting the right foreign skills to help manage the greater risks associated with these investments.

13. State-Owned Enterprises

The year in review finally saw the passing by Parliament of the State-Owned Enterprises Governance Act¹⁸ which was gazetted in September and came into force on 1 November. In place of the previously envisaged Central Governance Agency (CGA), the Act establishes a Cabinet committee called the SOE Governance Council which consists of the Prime Minister (who chairs the Council), the Minister of Finance, the Minister of Trade and Industry, the Attorney General, and the Director-General of the National Planning Commission. The Council must meet at least four times a year and is obliged to invite the relevant line ministers responsible for particular SOEs to attend meetings whenever matters relevant to those SOEs are to be considered. The Council's job is to establish common principles of corporate governance and good practice, develop a common policy framework, and determine criteria for performance measurement and evaluation and appropriate means for monitoring them. Council members must themselves disclose interests they may have in any matter being discussed and exclude themselves from discussion. The Act makes no mention of the CGA. Instead the Council has a secretariat and may appoint consultants to carry out the technical work it requires. For the 2006/07 financial year government budgeted N\$153.4 million in equity participation for Air Namibia, N\$91.5 million in equity participation for the Development Bank of Namibia and N\$250 million in equity participation for NamPower.

NCCI position – the NCCI does not believe government's approach to SOE governance contained in the SOE Governance Act will succeed. The NCCI believes government already has the power in terms of the companies act and other legislation to enforce good governance. Government should hold the directors of SOEs accountable for performance in the same way as in any public company so that over time a performance culture is created instead of a regulatory culture.

The NCCI believes governance can be further improved by the partial or full privatisation of commercial SOEs which could include listing a portion of shares on the NSX. This will generate significant revenues for government and improve the performance of the most important SOEs by making them more open and accountable to shareholders and the general public.

¹⁸ State-Owned Enterprises Governance Act 2006 (Act 2 of 2006)

14. Labour

The threshold for companies that are legally required to submit affirmative action reports was lowered from 50 to 25 with immediate effect in July. At the same time, the Employment Equity Commission confirmed it had laid criminal charges against 200 companies for not complying with the affirmative action law.

The Labour Act 2004 continued to be the subject of criticism by the Namibian Employers Federation (NEF) as well as by economists in the form of NEPRU and IPPR papers¹⁹ examining the costs of certain provisions, notably those concerning leave. By the end of 2006 the Minister of Labour announced in Parliament that so many changes would have to be made to the 2004 Act that a new act would be put before the National Assembly early in 2007²⁰.

NCCI position – the NCCI welcomes the government’s decision to revise sections of the Labour Act 2004. The NCCI believes that good labour legislation forms the basis of sound labour relations and must not be allowed to negatively affect the competitiveness of the economy and the national development objective of creating jobs. The NCCI believes that it is not enough to train workers to create employment if labour legislation acts as a hindrance to employers to take on and invest in people.

However, the NCCI believes government should not lower the threshold for Affirmative Action reports to 25 until it has achieved full compliance at the existing threshold of 50 employees.

15. Employment

Overall, the employment situation in Namibia is not encouraging. The latest 2004 Namibia Labour Force Survey estimates the population to be 1.7 million people. Of this population, some 493,448 are estimated to be “economically active” that is to say not students, homemakers, income recipients, disabled, or retired people. This means that the labour force appears to have dropped by some one hundred thousand since the census and by almost fifty thousand since the last labour force survey. In fact the latest labour force estimate is about the same as it was in 1997. Out of this labour force, about 385,000 people are “employed” while 108,000 are “unemployed”. The number of employed is lower than the estimate of 1997 and even of the 1991 census, which in those days excluded Walvis Bay. The drop in female employment appears to have been particularly steep since 1997.

	'91 PHC	'93/94 HIES	'97 NLFS	'00 NLFS	'01 PHC	'04 NLFS
Total population	1,409,920	1,389,017	1,560,419	1,669,640	1,830,330	1,727,697
15 years and over	821,533	795,471	931,384	888,009	1,100,425	1,024,110
Active	479,779	434,678	498,324	541,447	594,849	493,448
Inactive	340,965	353,802	421,824	346,157	432,883	393,880
Not stated	789	6,991	11,236	405	72,693	1,020
Employed	387,254	350,280	401,203	431,849	409,591	385,329
Unemployed	91,765	84,398	97,121	109,598	185,258	108,119

¹⁹ See IPPR Briefing Paper No. 37, May 2006

²⁰ See *The Namibian* 19 December 2006

	'91 PHC*	'97 NLFS	'00 NLFS	'01 PHC	'04 NLFS
Agriculture, hunting and forestry	181,426	107,362	115,764	60,690	102,636
Fishing	2,784	6,771	7,579	8,918	12,720
Mining and quarrying	14,682	6,592	3,868	4,867	7,563
Manufacturing	22,837	24,432	22,445	15,409	23,755
Electricity, gas and water supply	2,974	4,496	4,142	4,234	6,151
Construction	18,609	18,538	21,387	22,926	19,605
Wholesale and retail trade	33,705	32,985	38,168	17,434	53,895
Hotels and restaurants	4,023	2,988	7,677	5,163	13,132
Transport, storage and communications	9,322	13,480	14,154	13,026	15,861
Financial intermediation	3,935	7,817	4,888	5,626	7,582
Real estate, renting and business activities	4,612	19,637	38,485	48,661	9,374
Public administration	27,133	21,993	24,419	24,697	30,685
Education	22,384	24,023	30,538	22,906	31,168
Health and social work	10,743	10,872	13,135	9,895	14,010
Other community, social and personal	5,824	23,372	45,812	41,641	12,632
Households with employed persons	21,458	26,541	22,135	29,120	24,081
Extra-territorial organisations	608	229	327	404	72
Not stated	955	1,906	2,586	4,863	407
Total	388,014	354,032	417,508	340,480	385,329
Total excluding unpaid family workers	305,101	354,032	417,508	340,480	368,461
Total excluding agriculture	206,588	246,671	301,744	279,790	282,693

The Labour Force Survey counts anyone as employed if they have worked “for at least one hour for pay, profit or family gain during the reference period of seven days preceding the interview.” Those who did not work but had a job to return to are also regarded as employed. This puts the total of 385,000 employed people in perspective. The number includes, for example, some 16,000 unpaid family workers (the vast majority in agriculture) and 24,000 domestic workers, hardly the kind of employment government is aiming to create.

The different sectors of the economy have fared very differently in terms of their performance in creating jobs. Agricultural employment is back up from the surprisingly low level of the last census. The greatest growth has been in “wholesale and retail trade” – which employs considerably more people than at the last labour force survey – and in “real estate, renting and business activities” which has seen an almost equally sharp drop. These are probably two sides of the same coin since so much “informal” employment might have been hard to categorise and have now been placed under trade instead of business activities. Looked at since 1991 the real employment generating sectors appear to have been fishing (although this must be exaggerated given the previous exclusion of Walvis Bay), the service sectors and government. A total of more than 86,000 people are estimated to be employed by government or parastatals compared to 195,000 people employed by private companies.

NCCI position – the NCCI believes that the economy has performed far below what is required to create jobs for Namibia’s school leavers. The government and the private sector together need to develop an employment creation strategy which will build on the advantages that Namibia enjoys (such as political stability, good infrastructure, and stable macroeconomic management) and address the weaknesses that hold the economy

back (such as lack of skills and commercial innovation) so that long-term growth in employment can be achieved.

16. Black Economic Empowerment

The Prime Minister announced in June that more time was needed to formulate a Black Economic Empowerment policy for Namibia which should instead be referred to as the Transformational Economic and Social Empowerment Framework (TESEF). A consultancy was to be let to work on a new draft policy after the existing draft was deemed to be inadequate. It is now five years since the Office of the Prime Minister first embarked on putting together a national policy on BEE. Several sectors of the economy, including the mining, tourism and financial services sectors, are already quite advanced in undertaking work on sectoral BEE policies and strategies. Furthermore, targets for Namibian equity ownership of companies appeared for the mining and energy sectors in the MTEF²¹ document published with the budget.

NCCI position – the NCCI believes government urgently needs to develop a BEE policy framework in consultation with all stakeholders including the private sector. The absence of such a framework is causing uncertainty in the minds of existing investors as well as potential local and foreign investors.

17. Trade

Namibia is a small country whose population forms a very small effective market for goods and services. Most FDI considering Namibia as an investment destination is likely to look to export markets as the ultimate destination for Namibian production. It is, therefore, important that Namibia makes sure it has access to larger markets. Policy-makers have long recognized this requirement and Namibia has gone to some lengths to ensure, not only that it is a member of the World Trade Organisation (WTO) but also that it is a full and active member of the Southern African Customs Union (SACU) and the Southern African Development Community (SADC). Namibia has supported moves by SACU, now headquartered in Windhoek, to establish special trading arrangements with the US, China, India and Mercosur although of these only a Preferential Trade Agreement with Mercosur has so far been signed. The Southern Africa Development Community (SADC) has stated its intention in 2003 to become a Customs Union by 2010, a Common Market by 2015 and a Monetary Union by 2016. Despite good intentions, regular meetings and endless resolutions, progress towards greater regional economic integration has been exceedingly slow. As a result, Namibia's patterns of trade have changed remarkably little since 1990 although China represents an important new export destination, mainly for minerals.

Looking ahead, the World Trade Organisation (WTO) waiver for preferential market access of African Caribbean and Pacific (ACP) countries to the European Union (EU) under the Cotonou Agreement is due to expire at the end of 2007. A new reciprocal trade agreement has to be in place that conforms to WTO rules if continued duty-free access of Namibian beef, lamb and table grapes is to continue.

²¹ See MTEF 2006/07-2008/09 page 237

NCCI position – the NCCI recognises the importance of market access in promoting foreign investment and regional prosperity. Namibia supports the government’s efforts to create a regional economic area but this must be achieved in a balanced way so that all countries of SADC benefit and not just the largest and most powerful. Where this is likely to lead to the growth of sustainable industries, Namibia should be prepared to make full use of infant industry protection in line with the provisions of the current SACU agreement. The government must ensure that duty free access of Namibian beef, lamb and table grapes to the EU continues beyond 2007.

18. Competitiveness and corruption

Namibia dropped from 79th to 84th in the World Economic Forum’s Global Competitiveness Report 2006²² and fell from 47th to 55th in Transparency International’s Corruption Perceptions Index 2006²³. Successive falls had already prompted government to investigate why this was happening resulting in a study by The Services Group funded by USAID’s Regional Center for Southern Africa in Gaborone²⁴. The conclusions of this study were debated at a workshop of permanent secretaries in November. Presumably much will depend on the future performance of the Anti-Corruption Commission which has yet to demonstrate it has teeth when it comes to corruption by high-ranking government politicians and officials. On a more positive note, Namibia was ranked 42 out of 175 countries in the World Bank’s Doing Business Survey 2006.

Table: Corruption and competitiveness scores 2001-2006

	2001	2002	2003	2004	2005	2006
TI CPI score	5.4	5.7	4.7	4.1	4.3	4.1
Range	3.8-6.7	3.6-8.9	3.6-6.6	3.5-4.6	3.8-4.9	3.6-4.9
Number of countries	91	102	133	146	159	163
Ranking	30	28	41	54	47	55
Ranking in SS Africa	2	2	2	5	3	4
WEF GCI score	n/a	n/a	n/a	4.11	3.72	3.74
Number of countries	n/a	80	101	104	117	125
Ranking	n/a	53	52	52	63	84

NCCI position – the NCCI believes Namibia’s fall in international competitiveness and corruption harms its prospects as an attractive investment destination and is therefore cause for concern. Government should address the issues raised by these international comparisons and put effort into publicising the positive changes it has made in response to this criticism.

[END]

²² See www.weforum.org

²³ See www.transparency.org

²⁴ See The Namibia Investor Roadmap, submitted by The Services Group, January 2006

