

**COUNTRY PROFILE:****REPUBLIC OF NAMIBIA****DATED:****FEBRUARY 2011****CREDIT GUARANTEE:**

IES/02: ATTACHMENT A

*Export Department  
Comment/Opinion***Rating: 2B. Open cover is offered. We have a high amount of exposure. This has been a claims free market.*****Recent Political Highlights***

- President Hifikepunye Pohamba was re-elected as chief of state in November 2009 since his inception in March 2005 with Nahas Angula as prime minister. The president is selected by a popular vote for a five-year term and is eligible to run for a second term.
- The next election is scheduled for 2014.
- The EIU forecast the ruling party SWAPO to remain in power but expect the government to be pressured by extremists in the party to adopt radical policies, particularly over transferring the ownership of land and businesses to black Namibians.

***Recent Economic Highlights***

- Namibia's population is estimated at 2.1m and has one of the world's most unequal income distributions.
- Mineral exports account for a more than 50% of foreign exchange earnings. Namibia is the fourth largest exporter of nonfuel minerals in Africa and produces large quantities of lead, zinc, tin, silver and tungsten.
- A large part of the country's budget revenues are dependent on SACU allocations. This allocation may be reduced in 2011 as a result of the amended revenue-sharing agreement and the lowering of trade tariffs globally. This is expected to negatively affect the government's budget deficit but will be offset by an expected increase in mining income.
- Real GDP growth increased from -0.8% in 2009 to 4.1% in 2010. GDP composition by sector: services sector 58%, industrial sector 33% and the agricultural sector 9%.
- Tenders for Namibia's Nampower power-plant, the development of a \$1bn offshore gas field, is expected to go out in April. The Russian gas exporter Gazprom is expected to be among the bidders for the project.
- Namibia is the fourth largest uranium producer in the world. The country's total uranium output reduced by 2.8% from 5.42 tons in 2009 to 5.27 tons in 2010. Reports indicate growing interest in Namibia's uranium from France, Russia and other countries as more interest is shown in nuclear power. Two more uranium mines are reported to be under construction including one being developed by French energy giant Areva with production scheduled for 2011.
- Fitch Ratings upgraded Namibia's sovereign foreign currency credit outlook from stable to positive based on strong growth expected in the uranium mining sector. Fitch estimates uranium production to quadruple by 2015.
- Diamond production increased 57% in 2010 to 1.48m carats with total sales reaching \$770m.
- The construction of the 1500 km Trans-Kalahari Railway line connecting Botswana's Mmamabula coal field with the Namibian port of Walvis Bay, is expected to start in 18 months. The project will cost approximately \$9bn with a possibility of connecting the railway line to the South African Waterberg coal field which is expected to become SA's next big coal mining area. Namibia is also expected to construct a coal terminal at Walvis Bay and is investigating the possibility of extending its rail network to Katima Mulilo on the Zambian border at an estimated cost of \$958m. The Namibian-Zambian railway could possibly replace the congested trade routes through Durban.
- Standard Bank expects Namibia's recovery to be aided by improvements in the export sector with the IMF forecasting a 4.8% real GDP growth rate for 2011.
- According to the EIU the Namibian government has adopted an expansionary fiscal strategy for the next three years so that the economy can be put on a path of higher and more sustainable growth. Real GDP growth of 4.9% is expected for 2012 as global demand for Namibia's minerals and uranium output increases.

***Latest Trade Developments***

- Total exports increased from \$3.5bn in 2009 to \$4.2bn in 2010. Export commodities include: diamonds, copper, gold, zinc, lead and uranium, cattle, processed fish.
- Total imports increased from \$4.5bn in 2009 to \$5.1bn in 2010. Import commodities include: foodstuffs, petroleum products and fuels, machinery and equipment and chemicals.
- SA's imports from Namibia equalled R678m in 2008, R396m in 2009 and R482m up to November 2010.

*Researched and compiled by Monique Daseman, economic services – Credit Guarantee Insurance*