

Namibia

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Africa’s beacon of stability

Namibia offers Chinese investors a safe, stable and profitable business climate

Offering enviable economic, social and political stability, the Republic of Namibia is a shining star in southern Africa and a fast-growing destination for foreign investors seeking lucrative returns in areas such as mining, energy, infrastructure development, transport and fisheries.

With a strategic geographical position in the continent’s south-western corner, the ambitious country of 2.3 million people is targeting foreign direct investment (FDI) from long-established trade and political partner China as it strives to achieve its many challenging “Vision 2030” goals.

In the shorter term, the comprehensive fourth National Development Plan (NDP4) is the latest stage of the country’s strategic socioeconomic blueprint and comprises three key aims: faster and sustainable economic growth, job creation and enhanced income equality.

President Hifikepunye Pohamba explained: “Part of the NDP4 involves international partners who are encouraged to work with us to develop our economy. China is a great friend that has helped Namibia ever since independence 23 years ago and assisted our economic and social infrastructure development.

Lucrative opportunities

Highlighting the importance of the rule of law in Namibia, President Pohamba said foreign investors know they can form joint ventures with Namibian companies as the country seeks to develop its fledgling oil and gas industry.

“We would like to invite more Chinese companies, especially in mining, agriculture and tourism because if these industries are developed, we’ll be able to create employment for our citizens,” the President continued.

“Namibia has the ideal climate for grape growing, so could become a wine producing country. Fish and beef currently go to Europe, however there is huge potential in China. Once we have opened up the market in China, we will intensify the production of these items.

From China, we need textiles and machineries so we can come and use them for agriculture. We need tractors to produce more food. There are many things that we can use from China.”

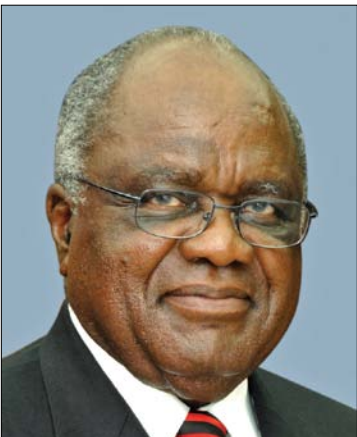
Mining is currently the largest revenue earner for Namibia’s economy. The country is blessed with vast mineral resources like diamonds and huge deposits of precious metals such as gold, copper, and zinc. In the meantime, Chinese investment is about to put Namibia on the world uranium mining map.

As part of its drive towards economic diversification, Namibia is developing its energy industry in the upstream and downstream sectors. Mines and Energy Minister Isak Katali was quick to highlight the importance of the Kudu gas field that will be used to generate electricity and will be run by national power utility NamPower.

“We have various projects to make sure our people have electricity and the Kudu gas project is the main one,” said Minister Katali. “We think it will be ready for the second part of 2017. It will give us enough electricity locally and we’ll even be able to export. Namibia has many natural resources and minerals that have not been explored, found, quantified or qualified. We are eager for people to partner with us, but they have to work with us and not only remove the minerals and export them.”

NamPower managing director, Paulinus Shilamba, added: “The Kudu gas project is one of the most important in the country. We are responsible for the construction of the \$1.2 billion power station and require an upstream partner to realize this.”

With the prospect of oil on the horizon, the National Petroleum Corporation of Namibia (NAMCOR) is gearing up to find international partners with the know-how and capital that will help this become a firm reality. It is an exciting time for the country and Obeth Mbui Kandjoze, NAMCOR’s



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HIFIKEPUNYE POHAMBA
PRESIDENT

dynamic managing director since November 2012, is seizing the new possibilities.

“From a geophysical point of view, we have every confidence that NAMCOR has got what it takes,” he said. “We may not have struck oil yet, but we know we have the right geology. Although we started out as a state-regulated industry, we have moved on considerably. Today we have a situation whereby the investor takes the lion’s share of the equity. In accordance with that, we take a minority stake. We are present within every phase, from pre-production, right up to the production phase. It is a high-risk and high-investment business.

“Our approach has had to be an innovative one if we are going to compete with the big guys. This means we have to set up joint ventures and take a 10 percent stake in different projects, and then agree at a later date the payback terms if we strike oil. Of course, if we do manage to make that discovery, we would be in a position where we could manage that 10 percent on an operational level.

“We make sure our partners take responsibility for training our professionals, as they have the expertise, finances and technology and can easily enable the transfer of



PHOTO PROVIDED TO CHINA DAILY

Namibia boasts a wealth of natural resources and mineral deposits, including gold, diamonds and many precious metals.

skills and technology. This allows us to support the state as we can monitor the petroleum agreement that the government signs with these companies.

“Although this type of relationship has its challenges, the strategy to take minority stakes has proved extremely successful. We are participating in 77 percent of all licenses issued.”

Downstream strategic plan

NAMCOR has expanded into the downstream sector in order to secure revenues and has been busy finalizing a strategic plan, the budget and the business plan. These are the key deliverables to the shareholder in compliance with the country’s State-Owned Enterprises Act, Kandjoze explained.

“The solidification of this strategy will be in place imminently. Trade with China is extremely important. I went there earlier this year. Our flagship project, the Kudu gas project, offers huge potential to Chinese investors. Gas is the underdog against oil, it is seen as a clean source of energy. We are in discussions with two Chinese



Isak Katali
Minister of Mines and Energy



Paulinus Shilamba
Managing Director, NamPower

companies at the moment. Interest is very high.”

The managing director, who worked at De Beers, the Ministry of Mines, and in an Australian exploration company before joining the junior ranks of NAMCOR, said:

“We are in competition with Angola, South Africa and even East African markets and some of them have mature supplies of the commodity that every investor is looking for. Namibia has, however, benefited from its ease

of doing business. The gas project has allowed us to strengthen our relations with China. Our ability to turnaround on projects facilitates doing business with new investors; this is how we came to have the likes of Petrobras and B.P.

“I would underline to any potential investors that the acreage is here, the potential is here, and the conducive business environment is here. The system works.”

InFocus provided the story

Energy, the driving force of every nation, needs to be reliable, efficient and meet demand. With this in mind, Namibia’s National Petroleum Corp (NAMCOR), together with its upstream partners, Tullow Kudu Ltd and CIECO E&P (Namibia) Co. Ltd, is developing the offshore portion of the Kudu Gas Field located 130 kilometers off the south-west coast of Namibia, in the Orange Basin. The gas will be used to generate electricity from the Kudu 800MW CCGT Power Station, to be built and run by NamPower (Pty) Ltd and its partners.



Kudu Gas to Power Project Exploring and Fuelling Namibia



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Aquaculture, worth cultivating

Namibia’s aquaculture industry is a goldmine just waiting to be discovered. The unpolluted rich Benguella current off the coast of Namibia holds untapped potential for marine culture. In fact, aquaculture has huge possibilities and we are looking for partners to let us grow while maintaining Nature’s precious ecological balance.



Ministry of Fisheries and Marine Resources
Windhoek, Namibia | www.mfmr.gov.na

Major investment in logistics drives success

Namibia is making impressive progress toward becoming an international logistics hub

Comprising an area that covers nearly 825,000 square kilometers, Namibia faces a challenge as it looks to achieve the key economic goal of establishing itself as an international logistics hub through the development of an extensive transport network.

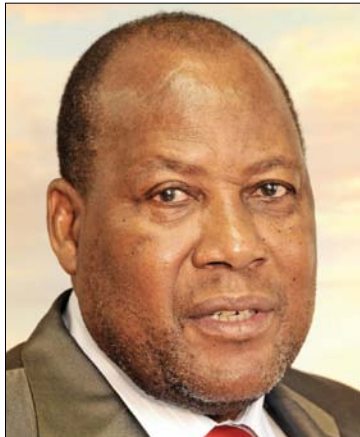
The country is working very hard to attract substantial foreign direct investment (FDI) in its road, rail, air and sea transport infrastructure and services, with the government eager for investors to transfer their skills and knowledge to Namibians. The works will go some way to realize Namibia's goal of becoming a major logistics hub for the Southern African Development Community (SADC).

"We need to build roads and construct efficient railways between Namibia and Botswana, Zambia and Angola," said President Hifikepunye Pohamba. "Work has already started on this network and will serve as an attraction to investors to the region."

A key goal of NDP4, the development blueprint, is that by 2017: "the volume in cargo handling and rail-transported cargo is double that of 2012, and the Port of Walvis Bay has become the preferred African west coast port and logistics corridor for southern and central African logistics operations."

The comprehensive document stated: "Rapid development in the realm of logistics is made possible only when both the public and the private sector share a common goal and framework for implementation."

"There are various building blocks for creating a logistics nation, including public investment in infrastructure, efficient operation by private sector companies, strong support and cooperation from local government, and international cooperation and facilitation at cross-border areas. To make Namibia a logistics nation, government will therefore continue to pursue various international and



There are a lot of opportunities to invest in the transportation and construction sector. We want to be a hub for the southern region."

ERKKI NGHIMTINA
MINISTER OF WORKS AND TRANSPORT



NAMCOR entered the logistics, marketing and distribution sectors of the business through participation in fuel tenders."

OBETH MBUI KANDJOZE
MANAGING DIRECTOR, NAMCOR

bilateral agreements in setting one-stop border posts to ensure the flow of cross-border trade is as efficient as possible. Aggressive investment will characterize efforts to develop our internal human resources capacity in order to manage all the components of the regional logistics hub and attract foreign skills."

Tasked with implementing this wide-ranging strategy and providing Namibia with a safe and reliable transport system is the Ministry of Works and Transport.

"We have to make sure that we have facilities that allow investors and tourists to come to Namibia," said Erkki Nghimtina, Works and Transport Minister. "The major challenge is infrastructure development. We want to be a hub for the

southern region. Those facilities are not only for us but also to assist our neighbors. We've developed corridors to other countries so we can trade freely between our countries and also for the transportation of the goods from the Port of Walvis Bay."

He added: "If you construct a road today, tomorrow a lot of development will come along. When there are roads, people will come, establish themselves and make the market. There are a lot of opportunities to invest in the transportation and construction sector. We want them to come, bring money and develop the country and work together with us."

The Walvis Bay Corridor Group is a Public-Private Partnership (PPP) which joins the forces, capabilities and common objectives of the key



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Namibia's government has given the green light to investment in transport infrastructure, such as the railways.

institutions in the transport sector in order to streamline the costs of transporting goods and services within Namibia.

The group takes a holistic view of logistics and works with the relevant government agencies and ministries and parastatals, as well as private sector companies. One additional aim is to promote the benefits of using the Port of Walvis Bay to traders wanting to sell their goods within the Southern Africa Development Community region. To achieve this, they must convince traders that the Port of Walvis Bay is more competitive in terms of cost and efficiency than the competing ports of Durban, in South Africa, and Luanda, in Angola.

Roads drive GDP growth

Driving such transport infrastructure development is the Roads Contractor Company Ltd. (RCC). The firm is Namibia's largest civil engineering company and works in the construction and maintenance of roads throughout the country.

RCC competes for road construction and rehabilitation projects with other private contractors and wel-

comes Chinese investors in the sector, as they can compete strongly on price, which ultimately drives the costs of infrastructure projects down, which is a plus for the economy.

As RCC CEO, Engelhard Haihambo, explained: "Road infrastructure can be viewed as the conveyor-belt of economic development. We produce and maintain that belt. When the country is embarking on any economic development program, we play the role of being a valuable choice in terms of creating that conveyor belt."

Having worked with Chinese companies for many years, Haihambo highlighted some of the China's competitive advantages.

"Chinese people are not only hardworking but smart, they finish up projects on time. If you are a contractor and you get the opportunity to finish a construction project earlier, then you would be a sustainable profitable contractor. We have picked up a lot of tricks and techniques on how they are doing that. One of the things we have observed from the Chinese is that they have a very good supply chain."

"When we talk about Chinese value added role in infrastructure development, we must not focus only on the physical construction part, we need to start from the design. We have a tendency in our country of designing infrastructure based on the past designs. There is an urgent need to look at new way of designing, we need to be innovative and move on a par with the developments as they happen worldwide."

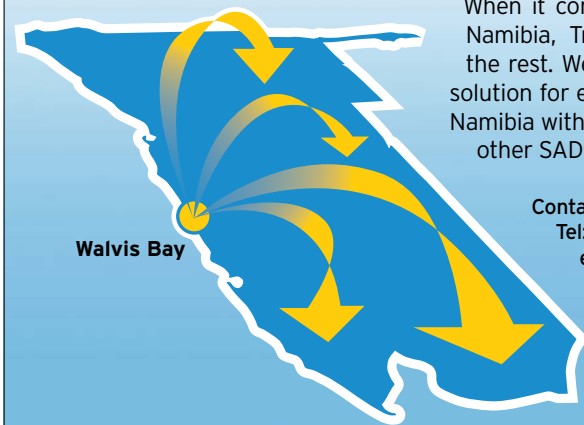
"A country such as China, with its strong innovation approach towards things and continuous renewal of projects, we need to give such countries space during the design stage of the infrastructure projects."

One firm heavily reliant on road and rail networks for its distribution activities is oil giant NAMCOR.

"We entered the logistics, marketing and distribution sectors through participation in fuel tenders in line with its new strategy of building an integrated oil company that would compete on an equal footing with other industry players," said NAMCOR managing director, Obeth M. Kandjoze.

InFocus provided the story

Intermodal system of rail and road transport solution in Namibia



When it comes to transporting of cargo by rail or road in Namibia, TransNamib is the company that shines above the rest. We provide a reliable and cost effective transport solution for every sector of our economy. TransNamib covers Namibia with rail and road transport and facilitates trade with other SADC member states and the rest of the world.

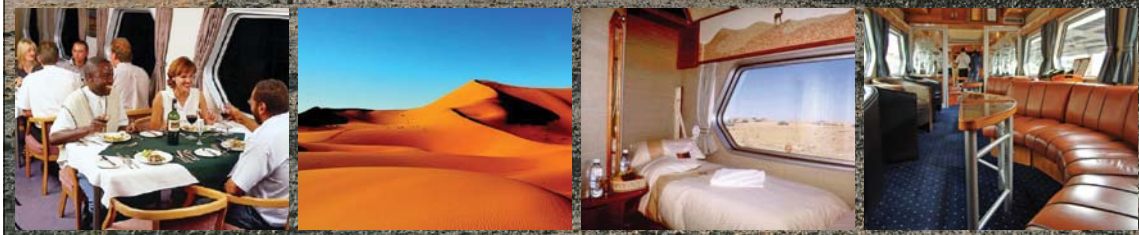
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Namibia's unique rail experience

Undertake a luxury journey of discovery and experiencing Namibia's beautiful scenery and hospitable culture on board the Desert Express. Desert Express is TransNamib's luxurious unique rail experience that offers overnight weekend excursions from Windhoek to the coastal town of Swakopmund. This luxury service also provides 7-day adventure tours to Etosha national park in north-western Namibia on selected days.

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Logistics firm steams ahead

TransNamib powers economic growth

Specializing in the transportation of bulk and containerized freight throughout Namibian and beyond, TransNamib Holdings Ltd. is the national transport logistic provider and utilizes a combination of rail and road transport.

The Windhoek-based company serves both the Namibian and regional markets and has a vast range of commercial depots in key centers in Namibia and South Africa, where the state-owned firm has a strong presence in cities like Johannesburg, Durban and Cape Town.

TransNamib facilitates the reliable and cost-effective movement of valuable cargoes in the SADC region and is looking to attract major investment from China, particularly in the Walvis Bay Development Corridor.

The firm has worked with Chinese suppliers for many years and earlier this year received an injection of \$200 million from the government in order to modernize its fleet and upgrade infrastructure. China's Exim Bank has played an important role in providing credit lines to the railway operator for day-to-day operations.

TransNamib CEO, Sara N. M. Naanda, is determined to grow the company's operations and enhance its reputation as the leader in the



Sara N. M. Naanda
CEO, TransNamib Holdings Ltd.

provision of rail and road transport solutions within and across the borders of the country.

"We recently strengthened our partnership with China Railway Materials Company Limited," she said. "We signed a cooperation agreement in Beijing on how to work together going forward. This trip was very important for us and demonstrates how important China is for us as a company. We have had excellent experiences with China and the amount of engineers they have with expert skills is impressive. We have asked them to come and train our people on the ground and they have agreed."

The senior executive explained that under the country's NDP4 blueprint, the government has given logistics priority status and TransNamib is well positioned to lead the most important changes of the Namibian economy.

"As a new CEO, I want to transform this company. To make it the rail company of choice, especially when it comes to bulk freight," she said. "Even though the country has an open market, with the government inviting companies to invest in various aspects of the road infrastructure, it is my goal to get the freight back on the railways. It is much more environmentally friendly than transporting good via roads. In Namibia there is a high accident rate on the roads and so rail is safer. Additionally, transporting goods via rail is financially more viable than roads."

TransNamib is also planning to develop its non-freight services by taking advantage of Namibia's booming tourism industry.

Struggle Ihuhua, general manager of TransNamib Properties, said: "We can cater for Chinese tourists as we provide a five-star rail service, called the Desert Express, which runs from Windhoek to Swakopmund."

InFocus provided the story



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your future starts with us

Vast aquaculture sector offers huge potential

Namibia boasts rich fishing waters and the Port of Walvis Bay is a first-class logistics hub

Spanning 1,500 kilometers in total, the last part of Namibia's breath-taking coastline was made a protected area in 2010, with the Skeleton Coast National Park now covering an area of 16,000 square kilometers.

Off the coast, the country's strategic location on the Benguela current - whose mixture of warm and cold currents provides ideal conditions for fish, seabirds and marine mammals to thrive - means it is home to some of the most abundant supplies of fish in the world.

With official studies having found more than 500 species of fish in Namibia's unpolluted waters, Minister of Fisheries and Marine Resources, Bernhard Esau, is keen to see a prominent aquaculture industry develop with China on board. The current focus is on oysters, abalone, seaweed and sea cucumbers in marine waters, and tilapia, catfish and carp in the rivers, but prawns and other globally demanded species could also be cultivated with Chinese help.

Namibia already enjoys a reputation as a high-quality seafood supplier, with high primary productivity and a disease-free status, and the Minister wants to build on these advantages to reach greater markets.

"The fisheries sector can help us turn our country into a developed one," Minister Esau said. "We should look at how we can best process the fish we catch. China can help us with technology. We need vessels that can go into the deep oceans, and then look at how we can best exploit the resources in a sustainable fashion. Marketing is another area where we can benefit from Chinese expertise. We need to link up our business people with Chinese investors on a joint venture basis."

With the marine, transport, communications and social infrastructure already in place, China's input could easily propel the industry for-



I want the sector to grow; first in terms of its value-added potential so that we can produce market-ready goods, and secondly, with the creation of more jobs."

BERNHARD ESAU
MIN. OF FISHERIES & MARINE RESOURCES



This new container terminal [at the Port of Walvis Bay] is a critical imperative for Namibia and the logistics industry in sub-Saharan Africa."

BISEY UIRAB
CEO, NAMPORT

ward. Namibia boasts a National Investment Center, which serves as a clearing-house for interested parties, and a full range of incentives for successful investors.

A strategic plan has been in place since 2004 for the development of a marine aquaculture sector that uses intensive rearing methods to produce various types of high-value finfish and shellfish, destined mainly for export markets.

"I want the sector to grow; first in terms of its value-added potential so that we can produce market-ready goods, and secondly, with the creation of more jobs," Esau explained. "Government can then enjoy the revenues provided through the taxation of enterprise and labor, and businesses will get a high return on

investment."

The potential is definitely there for Namibia and China to engage in promising aquaculture and business relations, one where Namibia exports aquaculture products to the Chinese market and China, in turn, exports technology."

The Minister of Fisheries and Marine Resources also believes aquaculture intervention will increase fish production for the growing global population. "I am encouraged by the fact that the current up-to-date fish-processing infrastructure in Namibia can aid in the processing of aquaculture products as well. This opportunity and strength has to be utilized," he concluded.

As a member of the Southern African Development Community



Namibia's fisheries and marine sector, one of the country's most important industries, offers huge FDI potential.

(SADC), Namibia enjoys duty-free access of its goods and products to more than a dozen regional countries and more than 250 million consumers.

Gateway to global trade

Strategically located midway along Namibia's extensive and resource-rich coast, Port of Walvis Bay is a natural gateway for international trade and provides fast and direct access to principal shipping routes between Southern Africa, Europe and the Americas.

The Port of Lüderitz, meanwhile, caters for local and international shipments to and from southern Namibia and provides excellent access to markets in the northern cape of South Africa. Both ports are managed by the National Port Authority, known as NamPort.

The dynamic entity's key responsibilities include developing and preparing the ports for future demand, facilitating the country's economic growth by enabling cross-border trade and contributing to the competitiveness of the SADC region's trade through the efficient, reliable and cost-effective supply of port

services.

The successful and forward-thinking organization has been led by CEO Bisey Uirab since 2009, with the talented businessman focused on making Namport one of the country's most prized institutions and Namibia a leading logistics hub and destination for cruise ships. The company has an ambitious plan to create at least 5,000 new jobs over the next few years.

The Port of Walvis Bay handles up to 3,000 vessel arrivals and departures each year and around 5 million tonnes of cargo. Earlier this year, Namport closed a \$300 million tender for the construction of a major extension to the Port of Walvis Bay, with three offers received from Chinese companies.

"This new container terminal is a critical imperative for Namibia and the logistics industry in sub-Saharan Africa," explained Uirab. "Before reintegration, the Port of Walvis Bay was positioned as a feeder port, but through the new container terminal we will realize Namport's vision of this port not only being the best performing world-class port in Africa, but also a hub port. Namibia's NDP4

envision the Port of Walvis Bay as the preferred African west coast port and logistics corridor for southern and central African logistics operations."

Turning to the port's planned expansion, Uirab continued: "This project will allow us to increase our container throughput as well as competitiveness in the southern African region by increasing our capacity three-fold and accommodating deeper draft vessels."

"Once the new container terminal has been commissioned, it's envisaged that the current terminal area can be made available to handle other commodities as well as accommodate ship repair activities and oil rig repairs. However, to accommodate longer term growth, we are considering various additional port expansion scenarios."

InFocus provided the story

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Reliable gateway to Southern Africa

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