

Sub-Saharan Report

Sub-Saharan Africa is one of the focal regions of Global Challenge 2015.

These reports are by Mr. Kenshi Tsunemine, an expatriate employee working in Johannesburg with a view across the region.

Vol. 2: Namibia

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“You’re everything, you’re everything...”

Hello, everyone. The second country I would like to introduce as part of my Sub-Saharan Report series is Namibia. What do you imagine when you hear the name of the country “Namibia”?

What you imagine may depend on your area of work or interest and may be different from each other. There are many words which describe Namibia. For those working in the food field it might be “beef and oysters”; for those in our electric power business it could be “natural gas-fueled IPP (independent power producer) projects”; our energy people might think about the “uranium mine in Husab”; for those who like Hollywood movies “Brad Pitt and Angelina Jolie” (note 1) might come to mind; and for our people in precious metals certainly “diamonds” would be the first image they would conjure up. And so on and so forth.

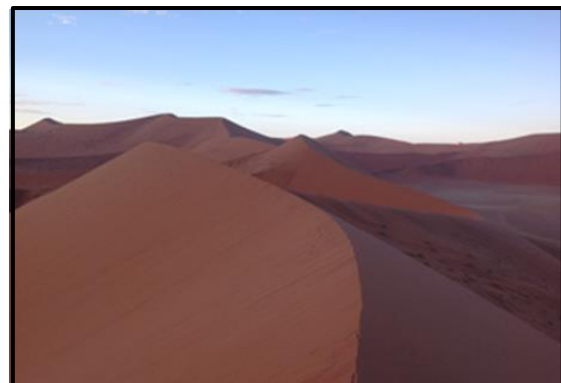
Most people may imagine the “Namib Desert”. The Namib Desert is famous for its beautiful scenery, notably its red sand and wavy shapes [pictures 1 and 2]. The Namib Desert runs for 1,300 km from north to south, from Angola to the Republic of South Africa, and it was declared a World Heritage site in 2013. On New Year’s Eve 2012, the famous Japanese singer MISIA sang her hit songs, including the mega-hit “Everything” (“You’re everything, you’re everything...”) for the Japanese national telecast, “KOHAKU UTAGASSEN” (Red versus White Celebrity Song Contest) from the Namib Desert and so many Japanese may have come to know Namibia through her performance.

In the local language, “Namib” means “an area where there is nothing” and the country’s name “Namibia” comes from this word.



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In order for the Marubeni Research Institute to acquire live information from the field and contribute to the Company’s strategy, young Marubeni staff well-versed in economic and industry analysis have been posted to the region.



Pictures 1 and 2: Namib Desert

With a population of about 2.2 million and a nominal GDP of US\$12 billion, Namibia is a country of middle economic size in sub-Saharan Africa. In terms of nominal per capita GDP, at over US\$5,000 it is ranked 7th next to South Africa (table 1) (note 2).

Table 1: Namibia Country Information

Basic Data (2013)	
Population	2.17million
Land Area	825 thousand km ²
Nominal GDP	\$12.3 billion
Per Capital GDP	\$5,666
Official Language	English

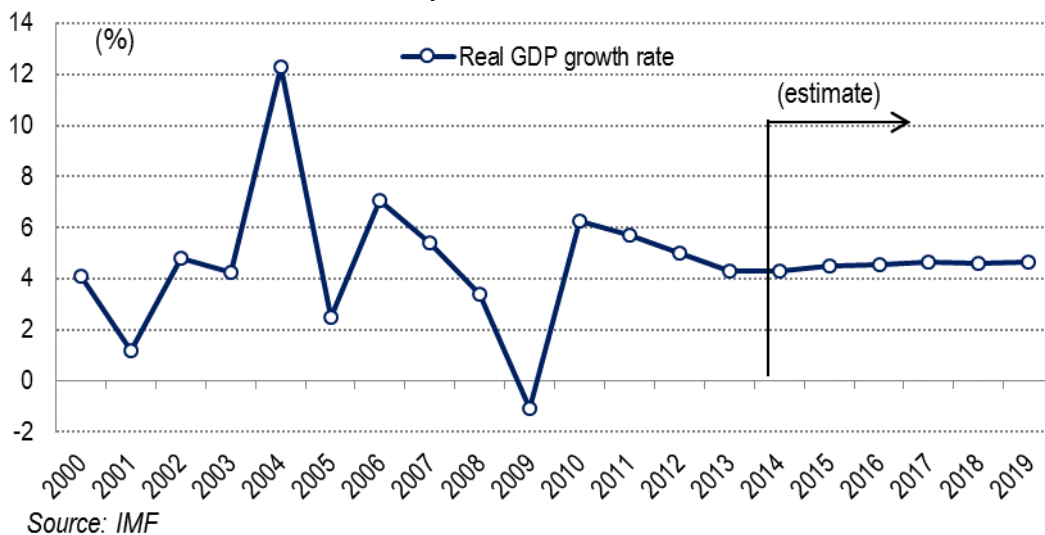
Source: IMF

Looking back at the history of Namibia, Namibia became a protectorate (colony) of the German Empire in 1884 known as (German) South-West Africa. Namibia was governed by the German Empire until 1915, at which time the Union of South Africa (South Africa) occupied it.

After the First World War, the League of Nations mandated that South-West Africa be administered by the Union of South Africa. After the Second World War, South Africa continued to rule Namibia, albeit illegally, until Namibia attained independence in 1990.

The South-West Africa People's Organization (SWAPO), which had led the fight to achieve independence since 1966, took over the reins of government and has achieved more than 4% real annual GDP growth on average from 1990 to now (graph 1)

Graph 1: Real GDP Growth Rate



The cityscapes in Namibia look a lot like Europe and we can find many beautiful buildings including the Lutheran Christ Church (Christus Kirche) in the center of Windhoek, the capital of Namibia (picture 3). Also influenced by Germany's culture,

Namibian beer is famous and has become popular in South Africa. The most popular brand is named “Windhoek”, after the capital city (picture 4).



Picture 3: Christus Kirche



Picture 4: Windhoek lager beer

The main industry in Namibia is agriculture, including livestock breeding (grazing/herding) and fisheries. As mentioned previously, the country is famous for beef and oysters. At restaurants, we can eat not only beef steak, but also the meat of Oryx, which can be hunted in Namibia [picture 5].



Picture 5: Oryx steak (similar to beef)

Mining, led by diamonds, uranium, zinc, copper and gold, is also a major industry in Namibia. In particular, diamond mining is the major pillar of the Namibian economy as it makes up 30% of total exports and 9% of Namibia's GDP. Uranium mining began in the 1950s and its production volume was the 5th largest in the world in 2012. Husab, which started operation on May 2014, is the second largest uranium mine in the world and will make Namibia an even larger uranium producing country [table 2].

Table 2: Uranium Production

Country	tU
Kazakhstan	21,317
Canada	8,999
Australia	6,991
Niger	4,667
Namibia	4,495
Uzbekistan	3,000
Russia	2,872
United States	1,596
China	1,500
Malawi	1,101

Source: World Nuclear Association

On the other hand, an economic structure deeply reliant on mining is a weak point for Namibia. To correct that, the Namibian government introduced the 4th National Development Plan (NDP4) in 2012. In NDP4, they are focusing on developing four priority fields; logistics, tourism, manufacturing, and agriculture, to try and diversify industry. In regards to logistics, they already have a good trading port at Walvis Bay. From there they are trying to develop four transport corridors inland into

such neighboring countries as Zambia, Botswana and Zimbabwe to capitalize on demand and become a distribution hub as part of their economic development strategy.

In addition to that, electric power is a sector that is expected to grow. During periods of peak electricity usage, Namibia has to import up to 60% of its electric power from South Africa and Zambia. To improve this situation they are planning to newly construct natural gas-fired power plants which will make use of Namibia's own natural gas resources produced offshore in the southwest of the country.

In politics, presidential and national congress elections are scheduled this November. In the national congress election SWAPO will likely maintain their majority. In the presidential election the current prime minister, Hage Geingob, is projected to succeed the current president, Hifikepunye Pohamba. If so, there may be some change in direction in government policy due to an aging cabinet that will need to be replaced and the fact that Mr. Geingob is more pro-American than the current president. As such, we should watch the results of this election carefully.

In closing, as I have pointed out, Namibia has had strong historical and geographical ties with South Africa. Currently, Namibia depends on South Africa for about 20% of their exports and about 70% of their imports. The Namibian dollar and South African rand are pegged equally and the South African rand can often be used in Namibia. The Namibian people speak English and for Japanese passport holders a visa is not required to visit. Namibia is an easy country to visit from South Africa and I recommend that you take a little side trip there when you visit South Africa, especially to try the beef and oysters in Namibia.

Note 1: Brad Pitt and Angelina Jolie adopted a child born in Namibia. They donated USD\$2 million to a national Namibian wildlife sanctuary for this reason.

Note 2: There is a gap between much of the Caucasian population whose incomes are of the same standard of developed countries and the population from traditional tribes who live in farming areas and are much poorer. Looking at the GINI coefficient, which shows the wealth gap, we find that Namibia is one of highest wealth gaps in the world [table 3].

Table 3: Gini Coefficient

Country	GINI
Seychelles	66
Comoros	64
Namibia	64
South Africa	63
Botswana	61
Micronesia	61
Haiti	59
Honduras	57
Zambia	57
Bolivia	56

Source: World Bank

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