



Casa África – Business Opportunities

Republic of Namibia

Estimated GDP contracted by 1.0% in 2019, after a 0.5% contraction in 2018. A GDP recovery of 1.9% and 2.4% is expected for 2020 and 2021 respectively, thanks to construction and manufacturing. The fiscal deficit was reduced by 5.4% in 2018 and is projected to average around 5% in the medium term. Public debt rose to 46% in 2018 because of foreign borrowing to finance the deficit. Monetary policy was accommodative to support growth under favorable inflation conditions, estimated at 4.5% in 2019. The current account deficit, estimated at 3% of GDP in 2019, began to improve in 2017 as exports recovered and import growth weakened due to moderate economic activity.

In recent years, mining construction projects ended and government capital spending was reduced, drastically contracting construction and, through spillover effects on the rest of the economy, eliminating jobs and reducing disposable income. The government is implementing reforms to improve the business environment, attract investment and boost industrialization. Key reforms support intellectual property protection, an industrial development agency and public-private partnerships. Another policy approved was the removal of regulatory impediments to SMEs and improving their access to finance. To address skills mismatches and boost human capital, the government is expanding higher education and technical and vocational training facilities.

The country's trade deficit has been narrowing in recent years due to lower oil prices and reduced imports of consumer goods as a result of tighter domestic credit. With 2017 data, the main countries of destination of Namibian exports were South Africa, Botswana, Switzerland, China and Spain. On the other hand, South Africa, Bulgaria, Botswana, China and Zambia were the main suppliers. The main exports consisted of diamonds, gold and precious metals, fish and crustaceans. The most important imports were fuel, vehicles and ore.

Namibia enjoys political stability, well-developed transport infrastructure and abundant and diverse natural resources. Its potential as a regional transport and logistics hub and participant in regional and global value chains benefits from a growing and dynamic regional market with well-developed transport corridors. Despite good projections, the coming years may change the trend. With the COVID-19 pandemic, the country's precarious economic conditions are expected to be amplified through declining commodity prices and trade, lower tourism revenues and reduced foreign direct investment. In the baseline scenario the economy could sink deeply into a recession, with an expected GDP contraction of more than 2.8%. However, a modest recovery is projected for 2021.

AEO: <https://www.afdb.org/en/documents/african-economic-outlook-2020>
<https://www.afdb.org/en/documents/african-economic-outlook-2020-supplement>

ICEX: http://www.exteriores.gob.es/Documents/FichasPais/NAMIBIA_FICHA%20PAIS.pdf