



Construction sites are beginning to change the skyline of Windhoek

Toronto Stock Exchange, and in the U.S.

Namibia has a very favourable regime for foreign investors. There is neither capital gains tax nor marketable securities tax; the only special tax for foreigners is Non-Resident Shareholders Tax of 10% on dividends. There are also no restrictions on foreign investment (although foreigners need special permission if they wish to take control of a bank). The exchange has been fully computerized since its inception in 1992 and operates under internationally recognized trading rules. A partnership initiative between the government and private sector called EMERGE 2001 wants to further develop Namibia's capital markets as an engine to drive the country into the global "Top Ten" of emerging economies.

Challenges & Opportunity

The biggest challenge Namibia faces is water, or rather, a lack of it. Periodic drought undercuts economic growth while even in normal years water availability remains a concern. This problem, however, presents its own opportunities: technology transfer, technical assistance, engineering, consulting, irrigation, desalination, and pipeline projects are areas of relevant Canadian expertise. Alternative energy sources, like solar, are also of interest throughout the country, especially for wells in remote places.

The second biggest challenge is one of northern development. The bulk of the population lives along the border with Angola, and unemployment and poverty are at their worst here. OXFAM Canada has

successfully assisted local people tackle problems of sustainable development and food security in the Kavango region for a number of years. Increasingly, private sector or community-based efforts, like those aimed at attracting eco-tourism revenue, are beginning to flourish. Often these groups are looking for international links to increase awareness and bookings. In fact, the current trend is to privatize the entire tourism industry, which could benefit from increased capacity and hence investment.

The government is targeting the north and other high unemployment areas with regional development incentives to attract EPZ or new manufacturing investment. As manufacturing and mineral processing

expands throughout the country, the market for capital equipment (new and used) and industrial inputs will only grow.

In the energy, oil, and gas sectors, there are many opportunities. Electricity is currently generated by one coal-fired plant at Windhoek and one hydro-electric installation in the north, with connections to the South African and Zambian power grids for import purposes. There is hope that natural gas will be harnessed to supplant imports in the future. With oil and gas exploration setting a record pace, and a new round of licensing to begin next year, Namibia may become a net energy and oil exporter within a decade or two. (Mining's importance and potential, previously discussed, needs no further introduction.)

In the agri-food and fisheries sectors, many local companies need international investment, technical, or marketing assistance to succeed. Fish and agricultural production and processing are growth industries with vast export potential, and Namibia itself may offer a limited market for Canadian packaged food exporters.

Telecommunications, construction (including suitable low-cost housing), education and training, EPZ-approved service industries like warehousing, and even franchising are some of the other sectors that should be considered as an export market, joint venture or direct investment possibility. While mining and agriculture still dominate the economy, diversification combined with efficient infrastructure could make Namibia the Atlantic gateway to and from the entire region.