

with, and controlled by, South Africa. On the one hand, due to economic integration and South African security considerations, Namibia's infrastructure was first rate in 1990 and has only improved since. On the other hand, Namibia's South African-controlled economy meant that very few benefited from the wealth produced by diamonds, uranium, and agriculture, and there was no incentive to develop domestic industry as South Africa provided nearly all consumer goods. Although strong links with the South African economy remain – the Namibian dollar is still pegged to the rand, Namibia remains in the Southern African Customs Union, and ownership in various sectors is still dominated by South African companies – these links are less a hindrance today as the government and the domestic private sector leverage these realities into new pathways to success.

For instance, right after independence, Namibia introduced the Foreign Investment Act to encourage foreign direct investment (FDI). While other countries needed to switch economic direction to embrace the policies behind liberalization and attracting investment, Namibia only had to make the decision to actualize what was a nominally market-oriented – but closed-off from the outside world – economy during South African rule. Once South Africa officially handed over the only major seaport, Walvis Bay, in 1994, Namibia began to seriously promote itself and become a major contender for FDI.

The Namibia Investment Centre is on the frontline of these promotion efforts. As a division of the Ministry of Trade and Industry, the Centre is designed as a "one-stop shop" for potential investors, acting as intermediary between investor and government as well as between foreign and domestic private sectors. It also publishes a series of helpful periodicals plus the comprehensive *Business Guide to Namibia*. (A private sector publication, the annual *Namibia Trade Directory*, is another excellent source of information and contacts.) The Centre has specific responsibility for Status Investment Certificates, incentive packages, and immigration status for investors. (The Centre also likes to point out that Namibian productivity is higher than South Africa's and increasing at a faster rate.)

Namibia's incentive schemes for investors, whether domestic or foreign, are extensive. For example, the Export Processing Act (1995) provides qualified exporters with benefits of unlimited duration including exemptions from corporate tax, import duties on inputs, sales taxes, and stamp and transfer duties. Generous training grants from government are

available for pre-approved training plans, and preferential labour regulations are applicable. Companies may locate just about anywhere though they may want to take advantage of the available industrial and SME parks or the services of the Walvis Bay EPZ Management Company. (Walvis Bay has already attracted a number of EPZ operations, including vehicle assembly.)

If a company does not qualify for nor desire EPZ status, there is a range of other incentives available for manufacturers and exporters. These incentives include tax holidays, training and building allowances, exemptions on inputs and capital equipment, and for exporters, additional tax deductions related to the costs of exporting. Regional development incentives may also be available.

In much of Africa, privatization is seen as a driving force in previously state-dominated economies. Namibia is divesting many of its state holdings, though this sector was never as dominant as elsewhere. Those entities that can "go it alone" – such as tourist facilities – are sold or leased. Other public sector enterprises operate on a commercial basis without funding from government and, when profitable, contribute dividends to the Central Revenue Fund. As commercialization and divestment proceeds, the Namibian Stock Exchange (NSE) should benefit as it provides an appropriate mechanism for attracting both local and foreign investors.

### Namibian Stock Exchange

Nestled discreetly on the ground floor of Kaiserkrone Centre, off Post Street Mall in Windhoek's Central Business District, the NSE reigns as the second largest stock market in Africa by capitalization. This is partly due to the many jointly listed companies that trade on the NSE as well as on one or more other stock exchanges. For example, Vancouver-based Namibian Minerals Corporation is listed on the NSE, the

