NAMIBIA

Moving up to become a key international player

Sparkling Gem of Southern Africa

Reinforced ties with Japan will go a long way to help Namibia realize its goal of becoming a modern, industrialized country and a logistical hub serving global markets by 2030.

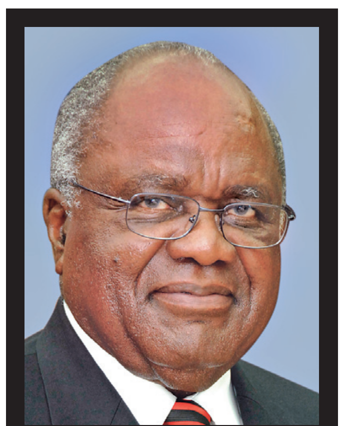
Beautiful, peaceful and politically stable, with a wealth of natural resources and an educated population, Namibia is easily one of the most inviting of Africa's hot investment destinations.

A prominent economy within the Southern Africa Development Community, the country that shares borders with Angola, Botswana, Zambia and South Africa is growing exponentially on the back of a relatively sophisticated infrastructure and an abundance of world-class minerals and gems, such as diamonds, uranium, copper, as well as fish, tourism attractions and agricultural products.

Its open and business-friendly government, led by President Hifikepunye Pohamba since 2005, has been working toward its Vision 2030 manifesto, a blueprint that focuses on reducing poverty, job creation, human development and sustainable economic growth in order to see Namibia as a prosperous and industrialized nation by 2030. It is calling on Japan to help it achieve it.

In June 2013, the heads of both countries met during the Fifth Tokyo International Conference on African Development (TICAD V) to discuss further bilateral opportunities. President Pohamba expressed thanks to Prime Minister Shinzo Abe for Japan's support in Namibia's national development plan, and inviting more Japanese companies to explore the wealth of possibilities in the tourism, agro-manufacturing, logistics and mining sectors in this resource-rich African country.

Prime Minister Abe pledged Japanese support for Namibia's desire to become a logistics hub for the SADC region, adding that Japan would also support agricultural development in the northern region of the country.



H.E. Hifikepunye Pohamba
President, Republic of Namibia

Calle Schlettwein
Ministry of Trade & Industry

Those pledges will follow on from Japan's involvement in the Walvis Bay Port expansion feasibility study in 2009-11, the upgrade of the Rundu-Elundu Road in 2007, and Japan's 15% stake in the Kudu Gas Project, as well as an ongoing interest in uranium.

Now nearing the end of a second-term in office, President Pohamba is delighted at the strengthening relationship with Japan. As a mark of important developments, the diplomatic mission with Japan have been upgraded and a new embassy is being inaugurated in Japan, with Sophia Nangombe as the designated ambassador.

"Namibia had already started engagements with the government of Japan on three projects which are the transport and logistics master plans, the Master Plan of the Northern Crops and Livestock Development Project and the capacity building project. It was approved at the TICAD summit for Japan to provide support to Namibia as requested.

"A feasibility team is already in Namibia for the logistics master plan, while another team of experts began conducting surveys in late 2013 for the agricultural project. An offer was also made by the government of Japan to benefit government officials in Namibia for capacity building in the areas of education, agriculture, tourism, justice and fisheries during the last financial year."

Growth at Home

For Minister of Trade and Industry Calle Schlettwein, the country's "growth at home" strategy will be driven by industrialization.

"If we want to grow our economy at levels that will enable us to improve living standards and equalize income disparities and opportunities for a better lifestyle, then we must grow our economy by at least 6% per year…We must leverage off our raw material endowment and put in place value chains that convert raw materials into finished goods to become an export-driven economy. Because of globalization, the policy space to trade and make use of opportunities that free trade is offering is very clear. You need high-quality finished goods with which you can compete in the global market."

According to August 2013 figures, Namibia's total exports amounted to N$2.9 billion, with N$5.4 billion recorded in imports. Its principal commodities — minerals, fish and fish products, live animals, meat and meat products — head to South Africa, the U.K., Angola, Canada, the U.S., Spain, Switzerland, Japan, Germany, Italy and France.

As the Trade Minister continues: "Value chains for both fresh and processed goods are possible and we aim to do both; export fresh produce, but also add value to all the different grades available, including the by-products, such as gelatine.

"We know Japanese companies have a great knowledge base in these processes. They have state-of-the-art technologies for the production of finished goods. They also have access to the whole world for these products. We think we can enter into a partnership where we can leverage off expertise that Japanese companies have with the availability of our raw materials. We can set up business here as partnerships; to create jobs and to create value here to produce those finished good with which we can compete globally."

The challenge, the Minister says, is that the Namibian economy is undiversified and has not translated economic growth into job opportunities or growth in wealth. Just over half the 2.2 million population lives below the poverty line, although the literacy rate is around 90%.

"We need to convert economic growth into growth at home. Prime Minister Shinzo Abe put this to us as well. Japan wants to move away from the traditional buying of raw material from us and then selling the finished goods. They want to settle their businesses in our economy and grow together, build global value chains. That would suit us.

"Walvis Bay Port could potentially become the logistics hub for the SADC region. It is cheaper, for example, to bring a container from Yokohama to Walvis Bay than to take it from Walvis Bay to Luanda due to logistic impediments. Japan's innovative way of doing things, her industrial strength, her ability to overcome crisis and her preparedness to cooperate with the developing world makes us optimistic. We can learn from each other and do business together."

"We must leverage off our raw material endowment and put in place value chains that convert raw materials into finished goods to become an export-driven economy."

Minister of Trade and Industry Calle Schlettwein

A team of road-builders help pave the way to Namibia's future success.

The long road to greatness

Works and Transport Minister outlines the steps being taken, and the challenges ahead, in Namibia's national development plan.

Hon. Erkki Nghimtina
Minister of Works & Transport

"A modern, reliable transport infrastructure and network is critical for high and sustained economic growth. Inadequate transport leads to inefficient value and production chains and thus contributes to economic inefficiency. That is why transport and logistics are the two key focus areas in the NDP4. They have significant multiplier effects on the economy."

So says Erkki Nghimtina, Namibia's Minister of Works and Transport, who among other things, is aiming to expand the Walvis Bay port; upgrade the railway line network; construct and maintain the national road network; and ensure air traffic safety and airport development and maintenance.

"Namibia's network of the national physical infrastructure mainly road, maritime, railway and aviation is relatively good," he says. "Nonetheless, there are emerging weaknesses which, if not addressed, could become a serious obstacle to the country's economic growth.

"Through the Port of Walvis Bay, Namibia serves as a Preferred Access to the neighbouring countries including Zambia, Zimbabwe, Botswana, Angola and DRC.

"Efficient, reliable and secure road infrastructure enables fast access to and from these markets with a combined population exceeding 250 million people. However, Namibia seeks to improve and extend its rail infrastructure as this will drive down the cost of transport. Our neighboring countries are enjoying strong GDP growth rates that means their economies are demanding more consumer goods, much of which can go through the Port of Walvis Bay.

"For the logistics plan to come to fruition, there will need to be: Sufficient capacity including infrastructure, serviced land, energy, water and industrial parks; competitive multi-modal offerings i.e. the ability to move goods from one form of transport to another (rail to road etc.); safe, secure and reliable corridor operations; regionally harmonized standards and procedures for cross-border trade; an enabling policy framework (trade agreements and regional economic incentives); completion of the new Container Terminal at Walvis Bay; 1 million TEU's (containers) per annum; new SADC Gateway Port (North Port), which will cater for the next generation of bulk and container volume for the entire SADC region north of South Africa," he says.

Better airports will see Namibia thrive, says airports chief.

Established in 1999 and responsible for managing eight airports, the Namibia Airports Company is undertaking several strategic infrastructure and commercial development projects with the aim of improving its overall service delivery, ready to help Namibia take off.

Tamer El-Kallawi
Acting CEO, Namibia Airports Co.

In line with a corporate focus to better enable it to serve its clients and improve its financial sustainability, the NAC is focusing on the following key areas: infrastructure development, maintenance, technology and modernization; aeronautical revenue growth — i.e. passengers, cargo and aircraft movements; non-aeronautical (commercial) revenue growth — i.e. vehicle parking, advertising, car rentals, retail and property; cost efficiencies and internal processes; and human capital development.

Although the southern Africa hub is logistically advanced compared to many on the continent, the NAC seeks foreign partners to help it rehabilitate and upgrade the regional airports, and invest in improvements and a second runway for Hosea Kutako, Windhoek's International Airport.

As well as costing money, the airport make-overs will also require a transfer of skills. The government plans to integrate air transport with the expansion of Walvis Bay Port, while an upgrade of roads and railway will provide excellent opportunities for the NAC. "There will be high demand for our services and, looking at our current capacity, there is a gap that must be filled," Tamer El-Kallawi, acting CEO of the NAC, says. "We have to start now with the bigger runway and better facilities at Windhoek. We are repairing the runway at Walvis Bay so it can accommodate bigger airplanes. We plan to make it a cargo hub that will cater to the fishing and mining sectors."

Namibia recently played host to the Adventure Travel Trade Association's 10th Adventure Travel World Summit, a three-day conference that was held in Africa for the first time and partly sponsored by the NAC. "It was an honor, as well as a big responsibility, to be the face of Africa and to show off Nambia's breathtaking beauty and scenery," El-Kallawi says.

Namibia is served by Air Namibia, South African Airlines, British Airways and Angola Airlines, and has a code-sharing agreement with Kenya Airways.

"We are currently in talks with China and Europe about further connections, but again, the infrastructure needs to be ready!" El-Kallawi says. "The airports will be booming once they are completed, so we are ready to engage with any serious partner looking to enter the Southern African market."

Namibia Airports Company
www.airports.com.na

NAC
NAMIBIA AIRPORTS COMPANY

A strategic point for the SADC region

Roads, railways, airports and ports are all being given an overhaul as Namibia strikes out to become the investment place of choice.

Bisey Uirab
CEO, Namport

Conrad Lutombi
CEO, Roads Authority

Engelhard Haihambo, CEO
Roads Contractor Company Ltd.

New road projects will allow safe and reliable connections across the SADC region.

With a well-connected, modern country as the dream, Namibia's leading infrastructure companies are lining up to fulfill the mandate of the fourth national development plan (NDP4), which states that: "By 2017, the volume in cargo-handling and rail-transported cargo is double that of 2012 and Walvis Bay Port has become the preferred African West Coast port and logistics corridor for southern and central African logistics operations."

For the National Port Authority (Namport), which manages both the Walvis Bay Port on the west coast, and the Port of Luderitz, on the south coast, the NDP4 has huge implications, with Walvis Port, in particular, poised to be a strategic point for the region and for Africa.

Having received the prestigious Port Excellence Award for 2013, for Walvis Bay Port from the African Ports Evolution Forum in Cape Town, Namport is now geared up to start work on a new terminal that will add 600 meters of quay length to the existing 1,500 meters and 650,000 twenty-foot equivalent units (TEUs) to the existing 350,000. Construction has already begun.

"The JICA financed the feasibility study at a cost of N$20 million," Bisey Uirab, Namport's CEO told *Global Insight*. "At the moment we do all the services that can be offered by a port authority or port operator: container business, which has grown significantly in the last years; until 10-12 years ago Namport was not related to the handling container business. We currently have a capacity of 350,000 TEUs and we have almost reached our full capacity. We also handle quite a lot of bulk commodities in the forms of salt, copper, coal, fuel, vehicles, grain and sugar.

"The current port infrastructure was not built to cater what we are currently doing in term of quantity. It was initially built by the South African Regime to be a small port to handle fish or small commodities, but since we became independent and Walvis Bay was reintegrated in the Greater Namibia, our government took a consistent decision to develop this port into a national port that would handle commodities and benefit Namibia and our neighbors.

"With the expansion plan, Walvis Bay Port will be able to accommodate heavy equipment and ensure that our efficiency level increases and services are fully provided. Although we know that many modern ports are using ship to shore cranes that are quite heavy, we cannot deploy these cranes with our current infrastructure because it will collapse. The new expansion will allow us to bring in state-of-the-art equipment, which will ensure that we will provide the best services and turn around the vessels in the shortest time possible.

"At the same time, we can use the latest ICT technologies to ensure we will have an efficient record of all the activities we will be doing here and everybody will immediately know our numbers.

"Once completed, we will be capable of serving our clients with the best services on the continent; we will be in the position to handle bigger vessels, bring in modern equipment and have larger storage capacity. Through that, we will be able to collect more revenues for our stakeholders so we strongly believe that all cargos in the region be redirected to Walvis Bay Port. We want to position ourselves as the port of choice within this region.

"Once completed, we will be capable of serving our clients with the best services on the continent; we will be in the position to handle bigger vessels, bring in modern equipment and have larger storage capacity."

Bisey Uirab, CEO, Namport

"If you are in a competitive environment, you must look at where your strengths and abilities lie. As a country we are blessed with the Atlantic Ocean and our geographic position: we are at the center of three trade routes, from Europe to Asia & Southern Africa and from South America to Southern Africa. We are also blessed with the infrastructures that we have in the country: roads and railways work greatly as well as our administrative and political system. These are naturally the advantages we have. Therefore for us to realize the Government wish to becoming the Gateway for the region, we see ourselves as the mouth of this project, the mouth where everything comes in and goes out. Namport is positioned to support regional and interregional trade. Through the Walvis Bay Corridor Group we are encouraging our stakeholders to make sure we provide the services needed to meet the demand of our customers. Through all these factors we are sure to be on the cutting-edge for Namibia to become the Logistic Hub for Southern Africa. We have partnered up UNCTAD to ensure we provide logistic training for the industry.

"We are also collaborating with the Polytechnic of Namibia to ensure we raise the bar of skills of our people in the industry. We are putting a significant amount on yearly basis to train our internal people, but also proving scholarships in logistic fields for Namibians, to ensure that logistics will be the main economic driver of our country."

Road-Running

Namibia boasts a number of high-quality roads, known as corridors, that link the Walvis Bay Port with developing countries in the region. To capitalize on the immense business and logistics potential however, various new roads are being built, rural roads are being improved with the use of bitumen, while aging trunk and main roads are being rehabilitated countrywide. At the heart of this work are the Roads Authority, and the Roads Contractor Company Ltd., and both are calling on Japanese assistance.

"Our business relations with Japan stems from the Rundu-Elundu project, which was cofinanced by JICA and our government," says Conrad Lutombi, CEO of the Roads Authority. "It was one of our biggest projects since Independence and the outcome was excellent: it created jobs, and it shortened the distance between the two towns by 500 kilometers, saving people time, fuel and transport costs. We now have other projects that we wish to market to the Japanese in terms of funding: There is the Swakopmund to Henties Bay road, and the Walvis Bay Port to Maltahohe road. We would also like to see the Japanese involved with road rehabilitation. We are not just thinking about the people of Namibia here, of course: but the entire region. A safe and reliable road network is crucial if we are to become a logistics hub."

For Engelhard Haihambo, CEO of the Roads Contractor Company Ltd., human capital, machinery and technology are the pressing concerns. "We were established in the year 2000 to rehabilitate, maintain and reconstruct roads. There are 7,000 paved roads, but I speak of 44,000 unpaved roads. Out of that number, 80% were being maintained by RCC. We have recently dropped that to a figure of 52% because of the Government's call to allow space for small Namibian contractors to participate in road construction maintenance. In the last three years, we're built 600 kilometers of roads.

"We use joint ventures based on the capacity we have to perform on that road or not. Our first two JVs with South African countries were successful. The previous two we had a JV with China-based companies. The relationship isn't business-to-business.

"We get into a JV to build and expand our capacity. We also believe its good to work with companies from other parts of the world to learn and exchange methodologies of doing things and construction technologies come out of them. So we are open to work on JVs with other companies."

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Namibia gearing up as logistic hub for SADC

As the world continues to experience increased growth in trade and other new opportunities, the transport and logistics sector is compelled to come forth with innovative ways of providing complete solutions that are customer focused and responsive to the industry needs of 21st-century business models.

Transporting freight around Namibia and the region

Sara Naanda
TransNamib CEO

Over the past few decades, southern Africa has been among the global regions that has continued to experience positive growth, making transportation and logistics a competitive sector.

TransNamib Holdings Ltd., a Namibian company with a mandate to transport and deliver cargo through a combination of rail and road transport, makes it possible to facilitate the reliable, cost-effective and seamless movement of its clients' valuable cargoes.

With its headquarters in Windhoek, the national carrier of bulk and containerized freight is a preferred logistics provider, with the focus on customer satisfaction at the top of its list of priorities.

The company, one of the most important logistics providers in the Southern Africa Development Community (SADC), has a strong presence in major South African cities, such as Johannesburg, Durban, Cape Town and Upington, and is continuously aligning its business to achieve market demands.

Through medium and long-term developmental objectives, Namibia is preparing itself to become a logistics hub in the region. The infrastructure development sector has continued to offer unlimited potential in transport and logistics with a lot of scope yet to be tapped into.

The countless opportunities in Namibia have resulted in the country advocating for the study and implementation of the Master Plan for Transport and Logistics Hub, which is being conducted by Japan International Cooperation Agency (JICA.) These developments and the expected investment opportunities will continue to give TransNamib a critical and relevant role to play and to be among the leading and preferred logistics providers in the region.

TransNamib Holdings Ltd. chief executive officer, Sara Naanda, has given her insight with optimism of what lies ahead:

"We have held meetings with JICA and this is an exciting step forward, not only for TransNamib, but for the entire transport and logistics industry," she says. "The Japanese are at the forefront in efficiency and effectiveness, which convinces us they will deliver a modern system that will give transport and logistics operators the operational efficiency and increased output required.

"We commend the Japanese government for the support and effort that has been made available to ensure Namibia realizes its dream of putting out the Master Plan. This fits well with the Namibian government's resolution that one of the keys to fast-track economic development is to prioritize areas such as transport and logistics."

Naanda has expressed hope that skills will be transferred to local Namibians in order to make this logistics hub a success. With the continuous push to shift bulk cargo from the roads to the railways, TransNamib, as a railway operator, is ready to embrace change and deliver the best to end users.

"For Namibia to achieve its Vision 2030 goal of becoming an industrialized country, the government cannot do without railways," she says. "Namibia has a lot of untapped prospects and now we have the opportunity to become a gateway for the SADC region, especially the landlocked countries."

The engagement between TransNamib and the government is ongoing on a continuous basis so that parallel efforts and investments for development are coordinated to go hand-in-hand for the entire sector.

As an example, the port of Walvis Bay is undergoing a huge expansion with enormous investment to propel the growth of containers handled per year. With that in mind, Naanda believes that "government will need to understand that TransNamib is required to make sure the developments at the ports happen concurrently with the required railways and other related infrastructure on the ground to support the evacuation of the expected increase of cargo at the port.

"Adequate rail infrastructure should be available to make it work and for TransNamib to deliver as expected."

In the meantime, TransNamib is busy reviewing its overall requirements in terms of rail equipment, locomotives and rolling stock, and signaling systems so that it is in a position to handle the expected increase in volumes. The company may be required to source $200 million to embark on these investments to improve and modernize its operations.

TransNamib is one of Namibia's biggest employers, with 1,800 employees. "We are here to deliver to the economy, so we cannot fail," Naanda concludes.