Namibia - economy

NAMIBIA - ECONOMY

1994

Namibian economy to 'revive this year'

CT 29/1/94 (221A)

By AUDREY D'ANGELO

THE Namibian economy, which shrank last year, "should revive thanks to a sustained good performance by the fishing industry and better prospects for the diamond industry and the industrial sector," Sanlam chief economist Johan Louw says.

Louw, who went on a fact-finding visit to Namibia, includes a section on the country in his Economic Survey (see previous page).

He lists favourable factors including early rains which will help agriculture, and an expected rise in demand for Namibia's mineral exports.

But he warns that a sharp rise in Namibia's public debt as a percentage of gross domestic product (GDP) is cause for concern.

Although Namibia's public debt is relatively low compared with SA, "it rose by 24% in the 1992/93 fiscal year as against the 14% of the preceding two years.

"This disturbing trend is reflected in the sharp rise in the deficit before borrowing as well as in wages and salaries. Wages and salaries have increased from 36% to 46% of total current expenditure since 1989.

"The government's share in the economy is also growing.

"If this trend continues there is a danger that Namibia could fall into the unacceptable practice of borrowing in order to pay the interest on government debt. It is therefore of the utmost importance that strict financial discipline be applied, otherwise the situation could get out of hand — with serious implications for the growth potential of the economy."

Discussing the Namibian fishing industry, Louw says exports of fish to other parts of Africa — Zimbabwe in particular — are growing. "The fish processing industry is expanding and it is estimated that employment opportunities in the fishing industry could even exceed those in the mining industry — the provider of 10 000 jobs — in the next few years."

Pointing out that 68% of tourists to Namibia are not from SA, Louw says its tourism industry was hit last year by the recession in Europe. "A better performance by European economies, particularly that of Germany, could benefit this industry."

He says that, since Namibia is part of the SA Common Monetary Area, its economy will be stimulated if, as expected, SA interest rates are cut this year.

"Personal disposable income is under pressure owing to high debt levels, and these will have to be reduced before consumption will increase.

"However there does appear to be a slight improvement in credit granted to companies."

Louw says the construction industry in Windhoek is experiencing "an unexpected upswing."

Economist warns Namibia against debt trap

CAPE TOWN — The Namibian economy is likely to recover this year but fiscal discipline will be needed to stop the country falling into a debt trap, Sanlam chief economist Johan Louw says. B/Day 1/2/94

In his latest economic survey, Louw says recovery is expected to be based on the continued good performance of the fishing industry and better prospects for the diamond and agricultural sectors.

The reincorporation of Walvis Bay should also buoy the economy.

But it is "clear that the country will have to strive to achieve a consistently high growth rate and a more balanced economic pattern, which includes a smaller role for the government".

He says a rapidly rising deficit before borrowing, quickening pay increases and the government's increasing share of the economy are reason for concern. (221A)

"If this trend continues, there is a danger that Namibia could fall into the unacceptable practice of borrowing to pay the interest on government debt," Louw says. — Reuter.

Namco seeks listing on Namibia Stock Exchange

B/Day 9/2/98

EDWARD WEST

CAPE TOWN — A new offshore diamond minimg company operating off SA's coast and further north, Namibian Mineral Exploration Corporation (Namco), is planning a listing on the Namibian Stock Exchange in the next three months. (221A)

At a briefing to potential investors yesterday, CEO Alastair Holberton said Namco was listed in Vancouver, Canada. He said the joint listing in Namibia would enable investors in that country and SA to participate in the venture.

Holberton said the amount to be raised was not expected to be less than R50m.

Over $17m had been raised from overseas investors.

Namco had three marine diamond concession areas totalling 1 035km². Its concession of the SA west coast was immediately north of the Olifants River mouth covering 115km².

The concession off Luderitz Bay totalled 520km² and the concession off Hottentots Bay covered 400km².

The total resource for the three concessions was estimated at 37-million carats, valued at $6,1bn.

Namco's development programme anticipated increasing production over a five-year period to output levels of 500 000 carats a year.

Simpson McKie analyst Rodney Yalwyn said the initial prognosis of Namco's operations was good.

Namco's mining activities would coincide with an expected improvement in world economies. CSO diamond sales could show a slight decline this year, but were expected to grow by between 3%-6% in the two years thereafter, he added.

Mineral and Energy Affairs Minister George Bartlett said marine diamonds represented one of SA's greatest untapped resources and Namco had assembled one of the largest concession holdings off the coast.

De Beers controls about 80% of the West Coast's marine diamond concessions.

New Namibian gem firm attracts $31m

CT 9/2/94 (221A)

By ARI JACOBSON

NAMIBIAN Minerals Corporation (Namco) was formally launched at a function in the Cape yesterday and is backed by $17m from foreign investors for capital spending and a further R50m ($14,5m) from local and Namibian shareholders to boost its capital base.

The Namco prospectus asserts that by 1998 Namco "confidently" expects to be producing 3% of the world's annual output of gem diamonds, with annual after tax profits, at that time, of $30m.

Officiating at the launch was Minister of Mineral and Energy affairs George Bartlett and in attendance were some 30 powerful fund managers from Europe, the US and Canada.

Namco, which already enjoys a public listing on the Canadian stock exchange, will be looking for a dual listing on the Namibian exchange in the next three months, according to sponsoring brokers Simpson McKie.

The group has acquired three diamond mining concessions, two in Namibian waters and the other in South African territory.

Bartlett pointed out after the function that foreign investment coming into SA would be used to create jobs and would also bring in revenue via diamond sales.

He added that a stronger Namibian economy, from diamond exploration, would benefit SA by bolstering the Southern African region.

Namco chairman Alaister Holberton said in an interview that a chance meeting with Namibian president Sam Nujoma prior to the elections "at a London social function" had led to an invitation to visit the country a week after independence.

Having taken mineral resource company Europa to the London Stock Exchange, he promised Nujoma he would do the same with a diamond mining group in Namibia.

"Thinking of Namibia, I see diamonds," he said yesterday.

He said that a "fast track approach" would be adopted so that diamond production would begin as soon as 1995.

Holberton added that "he had no doubts" about the good quantity and quality of diamonds in the designated concessions.

He pointed out that the foreign visitors taken on a tour of the concessions this week had been "shocked at the (large) sizes being mined there".

The west coast has proved to be a successful diamond deposit, with in excess of 100-million carats having been mined in the region since 1908.

At present De Beers is the largest operator in the region, with competition from the Australian minerals group BHP in a joint venture with Benguela cncessions.

Cheap fuel costing Namibia a fortune

(221A)

ARG 12/2/94

WINDHOEK. — Namibia's government is moving to seal off a lucrative market in cut-rate petrol smuggled from Angola and costing it millions annually in lost revenue.

Sources on the Angolan border estimate that the smuggling operations peak at about 50 000 litres of illicit fuel crossing the border into Namibia every day. Oil is among the few commodities war-battered Angola has in abundance, and its Luanda refineries sell petrol cheaply, without taxes or levies.

Diesel, too, is a lucrative commodity. Using black market exchange rates, one rand buys up to 170 litres of diesel, which can be resold across the border with a huge mark-up.

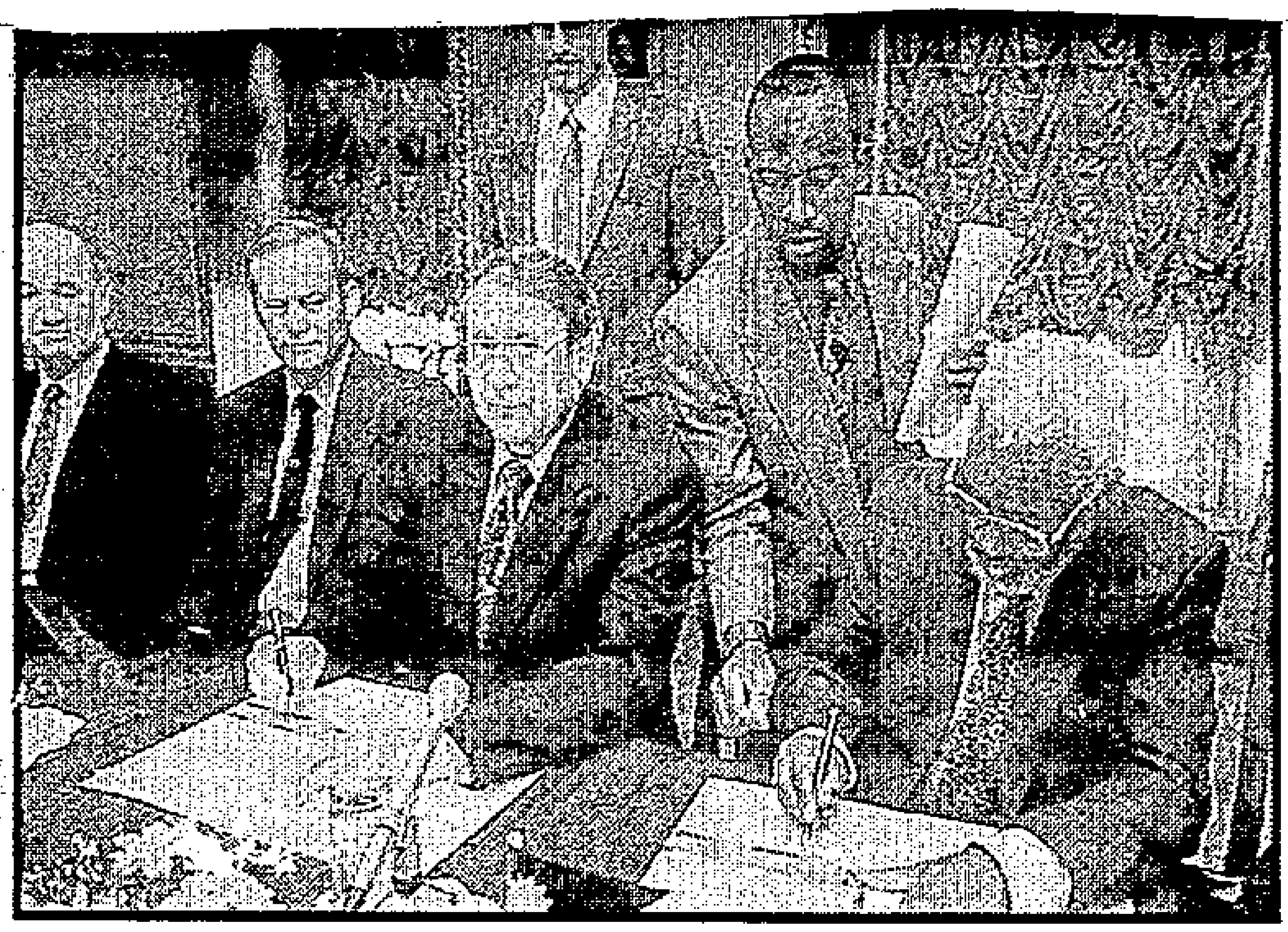
Namibians dealers have found rich pickings in selling smuggled Angolan fuel at a healthy profit, but still about 70c cheaper than the domestic price. And Angolan dealers wait on their side of the border for Namibian customers looking for reduced fuel rates.

"Cross-border deals are going on all the time," said a fuel distribution official.

He said government warnings to businesses had eliminated the mass smuggling of fuel in tankers, but police were powerless to stop people crossing the border to fill up.

Businesses and fuel outlets had been warned against importing fuel in contravention of customs regulations.

The government said it planned to encourage Angola to raise its fuel price and introduce stricter controls, but nothing was likely to happen until the bloody civil war there ended. — Sapa.



SIGNING OFF: South African Minister of Defence Kobie Coetsee signs off control of the Walvis Bay military base and airport to his Namibian counterpart, Peter Mweshihange, at the Castle. Picture: DOUG PITHEY, The Argus.

Defence ministries in Walvis Bay accord

(22/A) ARG 18/2/94

Staff Reporter

ALL functions, duties and equipment at the Walvis Bay military base and airport, including military software worth about R6,5 million, will be handed by the South African Defence Force to its Namibian counterpart on February 28.

In return, the South African Air Force has been granted overflight and landing rights at Rooikop Airport.

In terms of the agreement signed by the countries' defence ministries yesterday:

- Members of the Namibian Defence Force and Directorate of Civil Aviation will be stationed "forthwith" at the military base and Rooikop Airport;
- The SADF will brief and train members of the Namibian Combat Support Brigade and Directorate of Civil Aviation on the management and maintenance of the installation;
- The SADF will maintain responsibilty for the installation until February 28;
- The SADF will give all furniture, kitchen equipment, garden tools, camping equipment, linen and "labour-saving utensils" in use at the base to Namibia (value R440 000);
- Telecommunication equipment valued at R510 000 will also be transferred;
- The SADF will transfer "all flying-related equipment and existing aids rendering the airport operational" to the Namibian Defence Force (value R5,5 million);
- South Africa will continue to assist Namibia with search and rescue services; and
- South Africa has been granted overflight and landing rights subject to normal control measures.

(News by R Friedman, 122 St George's Mall, Cape Town).

Namibia will inherit assets

27/9/2/94

WINDHOEK. — Namibia will inherit assets in Walvis Bay, it was decided yesterday. (221A)

In a breakthrough agreement, South Africa and Namibia also partially resolved the issue of compensation for assets when the port becomes Namibian at the end of the month.

It was agreed Namibia could inherit assets in the port on condition it take over liabilities of SA parastatals, Minister of Regional and Land Affairs Mr André Fourie said. — Sapa

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Theft 'thrives' in Namibia

WINDHOEK. — Namibia lost up to 40% of its Gross National Product through crime, a local monthly business newspaper reported. CT 22/2/94

Crime related losses for 1993 came close to R100 million, compared with R60 million for 1991 and R78 million for 1992, the Namibia Economist said. 221A

The short-term insurance industry paid out almost R40 million in claims last year, with personal theft, housebreaking, and vehicle and commercial theft the main contributors to what the newspaper called a "flourishing industry". — Sapa

Walvis EPZ 'unlikely to dent Cape Town'

(221A) CT 7/3/94

By AUDREY D'ANGELO
Business Editor

A PROPOSED export processing zone (EPZ) in Walvis Bay could draw some manufacturing business away from Cape Town — but not projects depending on a sophisticated infrastructure, says Wesgro director David Bridgman.

Bridgman said Wesgro was "in favour of export-support legislation of which EPZs could be one component" for the Western Cape.

"But the big prize would be helping our existing export businesses, which have spent millions of rands, by setting up export processing units (EPUs) in their present factories.

"That has been done successfully in many other countries. But to do it in SA we shall have to invest more in our Customs service."

Commenting on news yesterday that it was intended to set up an EPZ in Walvis Bay, Bridgman said that was "obviously the right way for Walvis Bay to go."

"It will obviously draw off some of our export industry which would benefit from an EPZ — but by no means all.

"For instance the Capricorn high-tech park, near Muizenberg, would be ideal for an EPZ but it will certainly not locate in Walvis Bay."

Meanwhile Mike Millard, national marketing manager of Grindrod Seafreight, suggests that setting up EPZs in this country would make SA manufacturers less likely to set up operations in Mauritius.

Millard pointed out that members of the Mauritian government have recently visited SA "doing a hard sell" to attract SA manufacturers.

In addition to the advantages of a free port, Millard said, "the chairman of the Mauritius free port authority, Edouard Lim Fat, points to Mauritius being a member of the East African trade bloc of Preferential Trade Agreement (PTA) countries.

"This means goods re-exported through Port Louis will have low import duty access to the PTA countries."

But SA was likely soon to become a member of the PTA itself.

"As for the financial incentives being offered through the port, it is highly likely we will have our own version of the free port concept in the form of EPZs fairly soon."

Namibia's big plans for port

(221A)

CT 2/3/94

WALVIS BAY. — Namibian President Sam Nujoma opened a free trade zone here yesterday, calling the newly-incorporated port a strategic gate to African and Latin American markets.

The reintegration of Walvis Bay offered Namibia "a very welcome opportunity" to establish a free trade zone "on this newly-liberated piece of our national territory", Mr Nujoma said in a speech at the opening ceremony.

The ceremony followed the lowering of the South African flag over what has become Namibia's only deep-water harbour at midnight on Monday.

"We have decided to turn this place into an important international business centre. There will be bonded warehouses, exhibition halls, telecommunications, accommodation . . . as well as transport and forwarding services," Mr Nujoma said. Construction of facilities would begin by next month.

"From today on, Walvis Bay becomes a strategic gate to the emerging markets of Southern and West Africa as well as those of Latin America," Mr Nujoma said, adding that the port was rated as the ninth most efficient in the world. — Sapa-Reuter

Walvis Bay five win application

Staff Reporter

THE five Walvis Bay doctors who took the CPA to the Industrial Court for an alleged unfair labour practice on Monday were yesterday granted an urgent application to have their dismissals temporarily suspended.

Final determination of the order has been set aside for April 12.

Better prospects in store for Namibian mines

WINDHOEK — Namibia can expect a better year for mining this year, outgoing Namibian Chamber of Mines president Keith Whitelock said yesterday. B/Day

Last year had been a difficult year for the industry, but it had led to on-mine costs being trimmed and improvements in productivity, he told the chamber's annual meeting. 221(A)

"Consequently, the industry as a whole is in a healthy state and is well placed to take advantage of the anticipated world economic recovery," he said. 8/3/94

The industry's confidence was demonstrated by substantially increased prospecting activity. Prospecting expenditure last year had nearly doubled to N$38,3m.

This did not include spending on prospecting at existing mines. — Reuter.

Processing operation gets Namfish flying

B/Day 11/3/94

EDWARD WEST

CAPE TOWN — Namibian Fishing Industries' (Namfish) R4,05m attributable profit in the year to December resulted from the increased profit contribution of its fish processing operation, United Fishing Enterprises (UFE).

Today's published results showed Namfish's turnover 26,1% higher at R36,86m (R29,22m). Improved profitability was reflected in the R2,45m operating profit, compared with a R1,2m loss the previous year.

Income from investments fell to R938 000 (R4,18m) from lower interest and dividend income. Tax rose to R867 000 (R51 000). A R2,5m extraordinary item was a surplus on disposal of the investment in Seaflower Lobster Corporation.

Attributable income amounted to R4,05m compared with a loss of R1,26m the year before. Earnings before extraordinary items amounted to 49,3c a share compared with a loss equivalent to 40,3c a share in 1992.

If extraordinary items were taken into account, earnings amounted to 128,7c a share compared with a loss of 39,9c in 1992. A final dividend of 65c was declared, bringing the total for the year to 115c (20c).

Directors said the improved earnings were due to increased profits from fish processing operation United Fishing Enterprises. These were offset by losses in Northern Fishing Industries' white fish operation.

Income from investments was lower, mainly because of the special dividend received from UFE, which also affected the tax charge. Namfish's share of the 125 000 ton (115 000 ton) pilchard industry quota was unchanged at 4 154 tons. The company had a 3 025 ton horse mackerel quota from the industry's total allowable catch of 90 000 tons. (221A)

The poor performance of the white fish operations was due to poor export markets and start-up costs relating to the rebuilding of the Northern plant and jetty, directors reported.

Earlier this week, Namibian Sea Products, which owns 27% of Namfish, declared a final dividend of 105c, increasing the total payout for the year fivefold to 150c (30c) in the year to December 1993.

Tourism booms in Namibia

22/A

NAMIBIA's tourist industry has grown 30% a year since independence.

AT 19/3/94

Mr Hanno Rumpf, of the Namibian Ministry of Wildlife, Conservation and Tourism, said in Cape Town yesterday there should be joint marketing of the Southern African region.

Tourism boom for Namibia

2214

By AUDREY D'ANGELO

TOURISM in Namibia has grown by more than 30% a year since independence, after an initial slump, Western Cape travel agents heard yesterday.

Hanno Rumpf, permanent secretary at the Namibian Ministry of Wildlife, Conservation and Tourism, said at a presentation at the Arthur's Seat Hotel, Sea Point: "We have more than quadrupled receipts from tourism and we believe we shall still see double digit growth in 1994.

"We think that tourism can be a major vehicle for development in Southern Africa."

But, Rumpf cautioned, this would happen only if there were peace and stability in SA. This was an absolute prerequisite for tourism growth in the region.

International travellers were increasingly going on multi-destination holidays, not only to one country.

CT 19/3/94

There was a need for more co-operation between the authorities in the region. There must be standardisation of entry requirements to each country, and of accommodation ratings.

"It is not conducive to international tourism if there are varying degrees of comfort when the grading is the same."

Rumpf said a White Paper on tourism in Namibia had been prepared and would be considered by Parliament.

Recommendations included commercialisation of tourism resorts controlled by the State.

Road improvements were already being undertaken to improve the accessibility of tourist attractions. The Trans-Caprivi highway was due for completion this year and the Trans-Kalahari highway in 1996.

This would shorten the time taken to travel to Namibia from Natal and the Transvaal and link up more tourist attractions without the need for a four-wheel drive.

Discussing incentives for investment in facilities for tourism, Rumpf said the industry should become more articulate in impressing its importance to the economy on governments in the region.

Local communities should be actively involved "not just as people to be viewed by the tourist.

"They must decide what the tourism industry should be doing for them, and take part actively in it."

Namibian listing for FNB

CP 28/3/94 (22/A)

JOHANNESBURG. — First National Bank Holdings has, through the sponsorship of its wholly owned subsidiary First National Bank of Namibia, obtained a listing for its shares on the Namibian Stock Exchange (NSE) with effect from 30 March.

The listing on the NSE will facilitate trade in FNB Holdings' 87,1-million ordinary shares of 100c each.

"As the leading financial institution operating in Namibia, we believe the listing creates the opportunity for citizens of that country to participate in the success of FNB Holdings' operations worldwide," says Barry Swart, MD of FNB Holdings.

FNB Holdings' balance sheet footings for the financial year ended September 1993 were R53,6bn, with an earned income of R669,6m after tax compared to R465,2m the previous year.

First listed on the JSE in 1971, FNB Holdings' operations in South Africa currently rank first in terms of returns on capital and assets and third in asset size.

FNB's presence in Namibia goes back more than 75 years, with its Namibian subsidiary being incorporated on 12 February 1988. FNB Namibia currently operates 26 branches, 12 agencies, four mobile agencies and 25 automatic teller machines. Its banking network spans all four corners of the region, from Rundu to Oranjemund and from Swakopmund to Gobabis.

FNB Namibia has performed well in a highly competitive market, continuing to expand its activities during a year in which the Namibian economy has experienced little growth," says Swart.

FNB Namibia has balance sheet footings of R1,2bn and an earned income of R32,2m after tax for the last financial year 1993, compared to R27,6m the previous year.

Windhoek commercial property at a premium

CT 6/4/94 (221A)

By MAGGIE ROWLEY
Property Editor

ALL five buildings in Old Mutual's Windhoek portfolio are fully let, reflecting the property shortage in Namibia's capital, according to the company's latest Property Profile.

Old Mutual says that since the United Nation's Peace Force moved into Windhoek before independence in 1990 all property categories had been in short supply.

Peace force members seeking accommodation saw residential property soar to record levels. Commercial property followed suit once the embassies moved in after independence.

Since then prices have maintained their high levels although the market has stabilised, says Old Mutual's Windhoek property manager, Conrad van der Westhuizen.

Rentals for office accommodation vary from R38 a square metre for A-grade space to R26 a square metre for B-grade.

Van der Westhuizen says that the business climate in the city remains buoyant with several retail chains reporting their Windhoek operations fall within the top five best performers throughout Southern Africa.

"What's more, several new businesses have sprung up since independence."

Old Mutual has a full letting book for its properties, the largest of which is Mutual Platz with anchor tenants Edgars, Truworths and Standard Bank.

"While retail rentals in Windhoek are averaging R55 a square metre we are achieving R70 a square metre for renewals."

Old Mutual's other buildings in the city are Capital Building, Mutual and Federal Centre, City Centre Building and Schuster Building which houses Shoprite, Jet Stores and Pep Stores and which is located just 100m from the CBD core.

● In Malawi, Old Mutual Malawi's Unit House in Victoria Avenue, Blantyre is currently being expanded and refurbished in a multi million rand deal while in Harare Old Mutual is building a shopping and office complex called Eastgate at a cost of Z$350m.

Cotton plant for Namibia

RUNDU. — Cotton farmers in northern Namibia will no longer have to sell their crop to South Africa because a factory for cotton gin and an oil extraction plant will be built at Rundu later this year.

(221A) CT 7/4/94

Iscor in legal row over joint venture

BlDay 20/5/94

MUNGO SOGGOT

ISCOR is embroiled in a legal dispute with Namibian mining company Moly Copper over their joint venture, Rosh Pinah zinc mine near Luderitz.

The mine is owned by a company called Imcor Zinc. Iscor has a 51% stake in it, and Moly Copper has the remaining 49%.

The dispute has been fought in two court cases in the Namibian High Court. In the first case — in which judgement is expected on Tuesday — the court will decide whether to liquidate the mine. Iscor alleges the mine is unprofitable, and has called for it to be liquidated.

(221A)

In the second case, Moly Copper, the plaintiff, argues that Iscor's attempts to pull out of its long-term investments in the mine are in breach of contract.

Moly Copper claims that the way in which Imcor Zinc's accounts were framed had the effect of distorting the truth about the mine's viability. Iscor denies this. This case will be heard on appeal on June 24.

Iscor has told Imcor Zinc's creditors that its loan account for the mine has exceeded R46m and that Iscor will stop funding Imcor Zinc.

One of these creditors was Namibian railways company Transnamib — which was owed N$3m for transport services. A provisional liquidation order was issued last December.

Moly Copper denied that the mine was not viable, and said it had been profitable in the provisional period of liquidation — effective from December 1993 — up to March this year. It said Imcor Zinc's operating profit had been more than R2m during this period.

Moly Copper, which held the prospecting rights to the mine, granted Industrial Minerals Exploration — a wholly owned subsidiary of Iscor — the sole and exclusive right to prospect in the area.

The companies agreed that the zinc mined at Rosh Pinah would go to an Iscor subsidiary. The agreement stipulated that 9% of monthly sales would go to Moly Copper.

Mining company claims hostile intent by Iscor

MUNGO SOGGOT

NAMIBIAN mining company Moly-Copper has alleged that Iscor has distorted calculations on the viability of a joint venture — Rosh Pinah zinc mine — possibly as part of a strategy to buy back the mine at a discount price.

In affidavits presented to the Namibian High Court, Moly-Copper chairman Diane Lidchi said Iscor wanted to bring about the winding up of the company "with a view to Iscor evading its obligations to Moly-Copper under the shareholders' agreements, and possibly with a view to itself acquiring, at small cost, the assets of Imcor Zinc".

Imcor Zinc is the company which operates the Rosh Pinah mine, in which Moly-Copper has a 49% stake and Iscor a 51% stake.

Iscor denied the allegations and argued the mine had no future, and was operating at a loss.

Iscor said: "Despite the challenge by Iscor that Moly-Copper produce evidence that a third party will be prepared to fund further mining operations by Imcor Zinc, no such evidence has been produced."

Moly-Copper said the income statement for the period to January 1994 presented by Iscor as evidence of the mine's losses was "a deliberate attempt to show that Imcor was operating the mine at a huge loss".

Moly-Copper said Iscor attributed capital expenditure to ordinary operational costs, thereby exaggerating running costs. Moly-Copper said by delaying sales figures for the "very limited" period of production in February and March, Iscor "grossly" understated the company's income.

Iscor said it was normal procedure to register sales the month after they occurred. It said its calculations were made according to proper, if conservative, accounting procedure.

Iscor claimed that it tried to save Imcor by applying to First National Bank for a loan, before the court brought an application for provisional liquidation. Moly-Copper said Iscor was simply "going through the motions of attempting to save the company". Iscor allegedly told the bank that Imcor was insolvent and was generating a negative cash flow. "Totally unsurprisingly, the bank declined to provide more funding," said Moly-Copper. "The hypocrisy of this so-called effort to obtain funds is a clear and unambiguous illustration of Iscor's intent." (22A)

Iscor said that at the end of last year Imcor's liabilities exceeded its assets. Moly-Copper said this was contradicted in a circular dated January 4 from Imcor's creditors which said the company had R910 000 cash and debtors of R125 700.

Moly-Copper argued that Iscor would not have spent about R46m during the past three years in capex if it did not think it was a viable mine. Moly-Copper said last year Iscor was prepared to continue funding the mine, if, inter alia, Moly-Copper reduced its 9% cut on monthly sales. The case will go on appeal on June 24.

The dispute has also been fought in another case in which the court will decide whether to liquidate the mine.

Namibian unit trusts claim raises eyebrows

BDay 25/5/94

(221F)

REPORTS that the Namibian regulatory authorities had singled out Sanlam and Old Mutual as unregistered companies illegally conducting unit trust business in Namibia were greeted with surprise by both companies.

According to a report from the Namibian Broadcasting Corporation, Namibia's director of financial institutions supervision Frans van Rensburg said Sanlam and Old Mutual were among unregistered unit trust companies operating in Namibia.

Negotiations regarding their registration were still continuing, he added.

Both Sanlam and Old Mutual confirmed they had been negotiating with the Namibian authorities for several months on setting up local unit trusts.

Sanlam unit trust manager Otto Jaekel said negotiation had centred on the question of Sanlam continuing in Namibia and setting up a unit trust industry there.

During negotiations the Namibian authorities had given no indication whatever that they would regard this as trading illegally.

"We are still in negotiations with them and I am sure we will come to an amicable conclusion," Jaekel added.

CHARLOTTE MATHEWS

Old Mutual unit trust manager Selwyn Feldman said Old Mutual had been selling unit trusts in Namibia and so had other management companies.

"The complicating factor is that Namibia is part of the common rand monetary area, so Namibian citizens can legally access our funds by paying us rands.

"We have had discussions with the authorities about regularising this and have given them an undertaking to set up a local management company and Namibian unit trusts."

Part of the difficulty involved investment opportunities for a Namibian unit trust, since the Namibian stock exchange had only about five or six counters.

This would make it impossible to build up a portfolio if the unit trust was limited to holding only 5% in individual counters.

Feldman said Old Mutual had never been told to stop selling its unit trusts in Namibia.

Since in terms of Namibian laws it was aware that selling unit trusts to Namibians was technically illegal, it had ceased actively promoting its products there.

Benco-BHP to explore Luderitz concession

B/Day 26/5/94

EDWARD WEST

CAPE TOWN — The joint venture between Benguela Concessions (Benco) and international resource group BHP would bring new expertise and capital to explore the diamond-bearing potential of the Luderitz concession off the Namibian coast, Benco chairman John Gurney said yesterday. (221A)

Meanwhile, the court judgment in favour of Benco in a R250m action brought against it by Namibian Minerals Corporation sent its share price higher to close at 340c on Monday after opening at 300c. Yesterday the share slipped 25c to 270c.

The R70m joint venture with BHP was to take samples in the Luderitz concession and to establish viable ore reserves. A decision to establish a mine and invest more money would depend on the results.

Gurney said Benco-BHP had a major advantage over other — including De Beers' large mining vessels — in that the boat could sample in both deep and shallow waters 20m to 200m deep.

Namibia opens Orange River to diamond bids

WINDHOEK. — Namibia said it was inviting diamond exploration bids for the Orange River area. (221A)

Deputy Minister of Mines and Energy Jesaya Nyamu told a news briefing the Namibian side or north bank of the river that borders SA had been divided into 46 blocks of 3km by 10km.

Applications for individual blocks close August 31. CT 3/6/94

"Although not a prerequisite, it is our wish to see Namibians participate in these kind of ventures," he said. "This can be in the form of shareholdings, joint ventures, management control, employment or training." — Sapa-Reuter

Seal cull runs into rough seas

ARG 18/6/94 (221A) (84)

■ The mass slaughter of seals in Namibia continues to cater for the Far East demand for seal penises as aphrodisiacs. There is still a moratorium on seal culling in South Africa. Environment Reporter **JOHN YELD** investigates...

EXPERTS have slated the Namibian government for refusing to call off its controversial seal culling programme, in spite of the mass starvation of at least 120 000 Cape fur seals along its coastline in recent months.

The die-off, apparently caused by a sharp reduction in fish stocks, is continuing and biologists say it will probably take another two years before they are able to estimate accurately the full extent of the mortality.

But, South Africa's seal colonies have been unaffected, although these animals are part of the same overall seal population.

Last year, Namibia authorised a harvest of 48 000 seal pups and 2 800 bulls, with the killing taking place between August and November 15.

In 1992, the approved quota was 40 000 pups and 2 200 bulls — an increase of 62 percent over 1991.

But, sealers did not reach their full quotas in either of those seasons.

Responding to media reports that it would call off this season's seal harvest pending further research into the mass starvation, Namibia's Ministry of Fisheries and Marine Resources issued a statement saying "categorically" it had never considered stopping sealing operations.

"The ministry wishes to emphasise ... that it has not made any such decision.

"On the contrary, it is worried about the phenomenon that starvation of seals, noticed in 1988/89, has now repeated itself after five years.

"This may be an indication that the seal numbers outgrow the carrying capacity of the environment and that, to prevent mass starvation in future, the management strategy will have to be adapted accordingly.

"The ministry wishes to confirm that, in spite of the starvation tragedy, the sealing industry, as an industry, needs stability and continuity in providing products to their markets and to employ their workers.

"It will therefore not be in their interest, nor in the national interest, to pursue a policy whereby sealing is allowed on an on-off basis.

"It is therefore the intention to allocate quotas for sealing as usual."

The International Fund for Animal Welfare, which has attempted unsuccessfully for several years to persuade the Namibian government that it can earn significantly more from seal-based tourism than from seal harvesting, hit out strongly in response.

"This is the most devastating die-off in Namibian history, and because a large number of females have died, the die-off will continue to affect the seal population for years," the fund's southern African representative David Barritt said.

"Now that there's this unprecendented die-off, the Namibian Ministry of Fisheries says that shows more seals need to be killed. It makes no sense.

"The fact that so many seals have died is surely a very good reason not to kill seals this year."

The Namibian government's attitude merely emphasised its cynicism, Mr Barritt said.

"We have no doubt that the Namibians will continue the cruel slaughter because they want the lucrative trade in seal penises to continue.

"Last year, when we proved beyond doubt that the Namibian government's own rules were being flouted and seals were being killed with horrific cruelty, they simply ignored the video evidence."

David Lavigne, executive director of the Canadian-based International Marine Mammal Association, said the seal colony size had nothing to do with the die-off.

"The seals died because of an oceanographic event which they neither created nor affected. The seals are innocent victims.

"The Namibian government has never produced any scientific evidence to justify a seal cull," Dr Lavigne said.

This view is supported by veteran South African conservationist Nan Rice of the Dolphin Action Group, who also said she was opposed to any seal culling/harvesting programme at present.

"There is no scientific evidence at all to substantiate any seal cull — certainly not to protect fisheries, at any rate.

"The marine food web is terribly complex and it's possible that some fish species are the biggest enemies of other fish stocks.

"A lot of these allegations against seals are anecdotal and people are maligning these animals simply because they don't like them.

"I'm against this (the killing)," she said.

NAMIBIA Fm 24/6/94

Public wealth warning

Namibians are not known for savings. But they invested N$4,1bn in pension funds, N$2,8bn in life assurance and N$136m in unit trusts last year, say Bank of Namibia researchers. (221A)

From June 30, a greater proportion of these funds will be forced into Namibian investment. The 1956 Pensions Act has been amended to ensure pension funds invest at least 10% of the market value of total assets in Nambia. This will rise to 15% in December and 25% in March next year.

The phased approach comes after consultation with the industry and many have already built up local property, money market and even company and small capital holdings. Also qualifying as Namibian are shares sold through the Namibian Stock Echange even if the company is incorporated outside of the country. Fm 24/6/94

Pressure on the unit trust industry is more oblique as there are no rules preventing Namibians investing wherever exchange control permits, effectively only in SA. In late May, the Finance Ministry issued a public wealth warning that companies such as Sanlam and Old Mutual are selling unit trust shares without being registered. "The public is warned to be careful when doing business with such unregistered companies and is advised to contact the Directorate for Financial Institutions Supervision before entering into such business."

Sanlam responded by announcing the formation of the Sanlam Namibia growth fund and the income fund, each with a start-up capital of N$1m. These will probably be marketed from July 1 and are likely to invest 20%-25% of the fund in Namibia, depending on regulations not yet issued.

A local management company is being set up and Standard Bank Namibia will be trustee. Namibian holders of units in other Sanlam funds will be offered the option of changing to the Namibian funds. Sanlam's Otto Jaekel says portfolio management would still be in SA and if the Namibian portion is small, performance could match that of SA-based funds.

Pressure on the industry began last year when the Ministry started telling insurance companies they should no longer work under SA supervision but should register locally. Some life assurers already have floating reserves and local desposits to cover liabilities.

The small, computerised Namibian Stock Exchange is about to enjoy a listings boom. All shares are also listed on the JSE, including the ninth listing, printing and publishing group Penrose, which joined on June 25. Other companies are preparing to list in Windhoek so that Namibian pension funds can buy shares using the Namibian portion of portfolios. (221A)

Action has been hotting up on the stock exchange. The biggest deal was in February, when Old Mutual spent N$18m on shares in fishing company Namibian Sea Products. Inquiries from international southern African invesment funds, keen to direct some business to Windhoek, could raise trading volume.

The first listing solely in Namibia, of Pep Stores Namibia, is set for August 3 and the government-owned Agricultural Bank is also preparing to list bonds. The target of 12 listings by year-end is likely to be surpassed. Dealing costs are cheaper than in SA. ■

Business Report

Fedsure takes over IGI Life Namibia

(24A)

WINDHOEK. — Fedlife Assurance said it had taken over the business of IGI Life Namibia to create a new assurance company called Fedlife Namibia.

CT 8/7/94

The move follows IGI's provisional liquidation in late 1993.

Fedlife MD Morris Bernstein said although the Namibian market was small there was good potential for growth.

"New business potential is N$100m a year in business income and there are only a few players so there is meaningful money for each."

On the future of Fedlife Assurance, Bernstein forecast a move into health assurance "in the next 12 months", while Andrew McGinn, head of the company's individual life division, said it was looking at international expansion.

New oil round from Namibia

WINDHOEK. — The Namibian government said it would invite oil exploration companies to apply for the country's second petroleum licencing round, which opens on October 1, 1994 and closes on July 31, 1995. (221A)

The areas open for bidding cover all available onshore blocks, 10 000km² in size, and a wide strip of offshore Namibia, divided into 5 000km² blocks, but exclude five blocks allocated to international oil company consortiums in the first licencing round in 1991/92. — Reuter CT 23/7/94

Pep Namibia listing 'to raise N$19,6m'

EDWARD WEST

CAPE TOWN — Pep Namibia aimed to raise N$19,6m with its listing on the Namibian Stock Exchange as part of a long-term aim to open new branches and to explore opportunities for clothing manufacture in that country. BiDay

A public offer of shares at 275c each in Pep Namibia, the 45-store chain owned by Pep Limited, closed yesterday. The company would be the first retailer to list on the stock exchange, spokesman Hennes Schreuder said. 26/7/94

Turnover for the year to February 1995 was expected to be close to N$88m (1994:N$75m) with a projected earnings yield of 7% and a dividend yield of 3,1%. The company hoped to stimulate cross-border trade with Angola, he said.

The listing was another step in the internationalisation programme of the Pepkor group which had seven listed companies in SA and also controlled listed Pep Botswana Holdings. (221A)

Schreuder said indications were that the public offer was well subscribed and details would be released later this week.

Pep Namibia Holdings offer oversubscribed

CT 29/7/94 (221A)

Business Staff

THE offer of 6,95m shares in Pep Namibia Holdings Ltd, ahead of the company's listing on the Namibian Stock Exchange on August 3, has been oversubscribed, the company announced yesterday.

A company spokesman said an announcement on allocations would be made shortly. He said selected institutions had taken up all 5m shares on offer to them and the early indications were that the offer of 1,95m shares to the public had been well oversubscribed.

The offer of 6,95m shares at N$2,75 each was aimed at raising N$19,6m as part of a long-term expansion plan.

Employees of Pep Namibia have also taken up all 200 000 shares on offer to them at N$2,50 each.

Pep Namibia, which will be the first retailing company to be listed on the NSE, has seen turnover grow N$48m in 1990 to N$75m in 1994 with after-tax profit rising to N$5,7m from N$2,6m.

NAMIBIA - GENERAL ECONOMICS

1994 - 1995

Pep Namibia shares grow

B/Day 4/8/94

WINDHOEK — Pep Namibia, which owns 45 stores, listed 32,5-million shares on the Namibian Stock Exchange yesterday, with the issue price of N$3,10 a share rising to N$3,35 within the first hour.

SA-based Pep chairman Christo Wiese said the company planned to expand in the region and would open its first store in Lusaka in the next two months. 22A

Talks were also underway in Zimbabwe and Mozambique, he said.

The Namibian chain could become the platform for expansion into Angola once the situation there normalised. Wiese said the company was considering setting up a Namibian manufacturing base. — Reuter.

Sparkling debut for Pep Namibia

(22 IF)

CT 4/8/94

Business Staff

PEP Namibia Holdings Ltd made a successful debut on the Namibian Stock Exchange yesterday with shares trading at a 21% premium to the public offer price.

Shares fetched N$3,35 against the public offer price of N$2,75.

The company, which owns 45 stores, offered five million shares to selected institutions and 1,95m shares to the public to raise N$19,6m as part of a long-term aim to accelerate expansion.

The institutions took all five million shares on offer. All Namibian applicants were allocated 100 shares plus 71% of the balance of their applications. Non-resident applicants were allocated 100 shares plus 20% of the balance.

Pep Namibia employees took up all 200 000 shares on offer at N$2,50.

Reuter reports that Pep Ltd chairman Christo Wiese said the company would open its first store in Lusaka in the next two months. Talks were also underway in Zimbabwe and Mozambique.

Wiese said the company was considering setting up a Namibian manufacturing base.

SA is set to write off Namibia's debt

ARG 10/8/94 (221A)

CHEEK TO CHEEK: Nelson Mandela kisses a girl who gave him flowers in Windhoek during his state visit.

WINDHOEK. — South Africa is set to write off Namibia's R800 million debt after talks between President Mandela and President Sam Nujoma during the South African leader's state visit to Namibia.

The debt, run up during South African rule of Namibia, was rescheduled after 1990 independence. Repayment was set to begin in 17 installments from April 30 next year.

"I will make a report to my organisation and to the government and we are likely to make a very important announcement in due course," Mr Mandela said after yesterday's talks.

Mr Mandela received a red-carpet welcome when he arrived yesterday. Mr Nujoma greeted the 76-year-old president at Windhoek airport and stood by his side for songs, dances and a 21-gun salute.

Mr Mandela's staff said much of his visit would be taken up with talks at State House with Mr Nujoma and Theo-Ben Gurirab, Namibia's foreign minister.

One of the first events of the visit was to change the name of Klein Windhoek Road, a main street which runs past the South African high commission, to Nelson Mandela Avenue on the invitation of the Windhoek City Council.

Talks on regional issues focused on the civil war in Angola, the coming elections in Mozambique and the political crisis in Lesotho.

Mr Mandela described being in Windhoek as "one of the most unforgettable moments of my life" that had taken 25 years off his age.

"We share a common heritage. The people of South Africa and Namibia were under the apartheid regime and both fought to bring that brutal regime to its knees."

Regarding the new street name, the president said he was hesitant about naming anything after living people who could still betray their cause. However, he regarded it as a "singular honour" for him and all South Africans. — Sapa.

Namco dual listing sets a precedent

BEATRIX PAYNE

DIAMOND exploration group Namibian Minerals Corporation (Namco) would list on the Namibian Stock Exchange in late September, in the exchange's first dual listing outside the southern African common monetary area, sponsoring broker Simpson McKie said yesterday.

The company, listed in Vancouver late last year, planned to raise N$30m through a public issue of 1-million shares and a placing of 2,25-million shares to institutions at N$9,25 per share. B/Day

The capital would be used to fund bulk sampling and trial mining for a 1 035km² lease area off the west coast. But Namco's prospectus warned that the venture was speculative and subject to "numerous and substantial risk factors". The share offer was not underwritten.

The technical report indicated that the lease area was calculated to contain diamond resources of roughly 84-million carats, with an average diamond size of 0,5 to 0,10 carats per stone. 26/8/94

The listing was likely to set a precedent in the region as the SA Reserve Bank had frowned on dual listings, claiming they perpetuated capital outflows, the brokers said.

But this was unlikely in Namco's case as the company's assets and operations were based in Namibia and SA. (221A)

Southern Life set for Namibian listing

CT 29/9/94 (221A)

Business Staff

SOUTHERN Life will be listed on the Namibian Stock Exchange in Windhoek on Wednesday, (October 5) MD Jan Calitz announced yesterday.

He said Southern Life's direct investments in Namibia were worth more than R120m and it was intended to increase these in the near future.

Southern Life was committed to Namibia and wanted to make its shares readily available to Namibians. "By listing in Namibia we are committing ourselves to the longterm future of the country.

"Namibia offers us an additional market in which to trade our shares and this will, in time, give us a broader shareholder base."

Southern Life will be the 12th company to be listed on the NSE, which opened in October 1992.

Southern Life was listed on the JSE in August 1985 in a listing which was more than 12 times over-subscribed.

● Meanwhile the NSE will today celebrate raising more than Nam$100m of new investors' funds this year when Namibian Minerals Corporation shares are traded.

Namco would be the 11th company to trade on the NSE. It attracted wide interest for its shares when they were offered earlier in September at Nam$9,25 a share. The offer raised more than Nam$22m.

Namco is exploring off the coasts of Namibia and South Africa.

Mineral diamonds from the west coast of Southern Africa are the most preferred diamonds in international production, said Namibian Minerals Corporation (Namco) chairman Alastair Holberton at an Investment Analysts presentation yesterday.

Holberton was speaking prior to the listing of the group.

He said that diamond cutters in the so-called world diamond centre situated in Antwerp, Belgium — preferred mineral diamonds because there was minimal wastage and was "easily shaped" in the production process.

Holberton was confident that Namco's diamond concessions of the west coast of Southern Africa could contribute 3% to 5% of world gem diamond output by 1995.

He said that Namco was hoping to list on the JSE once the SA Reserve Bank provided the necessary permission and so complement its other listing in Vancouver, Canada.

Namco lists today on Namibian exchange

ARG 29/9/94

(2.21A)

□ Strong opposition from Reserve Bank overcome

BRUCE CAMERON
Business Editor

THE Namibian Minerals Corporation (Namco) lists on the fledgling Namibian Stock Exchange today, in spite of strong opposition by the South African Reserve Bank to dual listings.

Chief Executive of Namco, London-based Alastair Holberton, told a meeting of the Cape Town branch of the Investment Analysts Society that contacts built up in London with the Nambian government in pre-independence days had enabled the company to overcome the Reserve Bank resistance.

Namco, which is also listed on the Vancouver stock exchanage, is to seek a listing in Toronto sometime next year and still hopes to get a listing on the Johannesburg Stock Exchange.

Director of the Canadian corporate finance company Yorkton Securities, Peter Miller, who has been advising Namco, said the Reserve Bank had opposed the dual listing because it claimed that exchange control measures could be overcome through rights issues — among other things.

Spokesmen for Namco presented a glittering picure, not only for the company, but also for the diamond market and off-shore diamond mining in particular.

Mr Miller predicted that the Russians, who had been putting excessive supplies on the market in recent years, would see a rapid fall-back in production in the next two to three years.

Mr Holberton predicted that within the next five to six years off-shore production levels would equal on-shore production and would then rapidly surpass the onshore levels.

On top of this the quality of the gems stones being taken from the seabed was considered by cutters to be of a far higher quality than those coming from the land.

The quality and size was particularly good in South African waters north of the Olifants River, where Namco had one of its concessions.

Namco acquired two Namibian and one South African concession last year and had recenlty been given an extended concession in Namibia.

He told the meeting that Namco should be in production by late next year.

Further capital would have to be raised before then.

The analysts were told of sophisticated mining equipment, which had been developed in the offshore oil drilling industry, that would be used to exploit the diamonds.

By 1988 Namco hoped to be producing up to five percent of the world's gem diamond output, more than 500 000 carats a year.

With the listing on the Nambian stock exchange Namco had raised R22,5 million.

The objective had been to secure local institutional support and to provide Namibians with the opporutnity of buying shares.

NAMIBIA

Fm 30/9/94

Small but determined

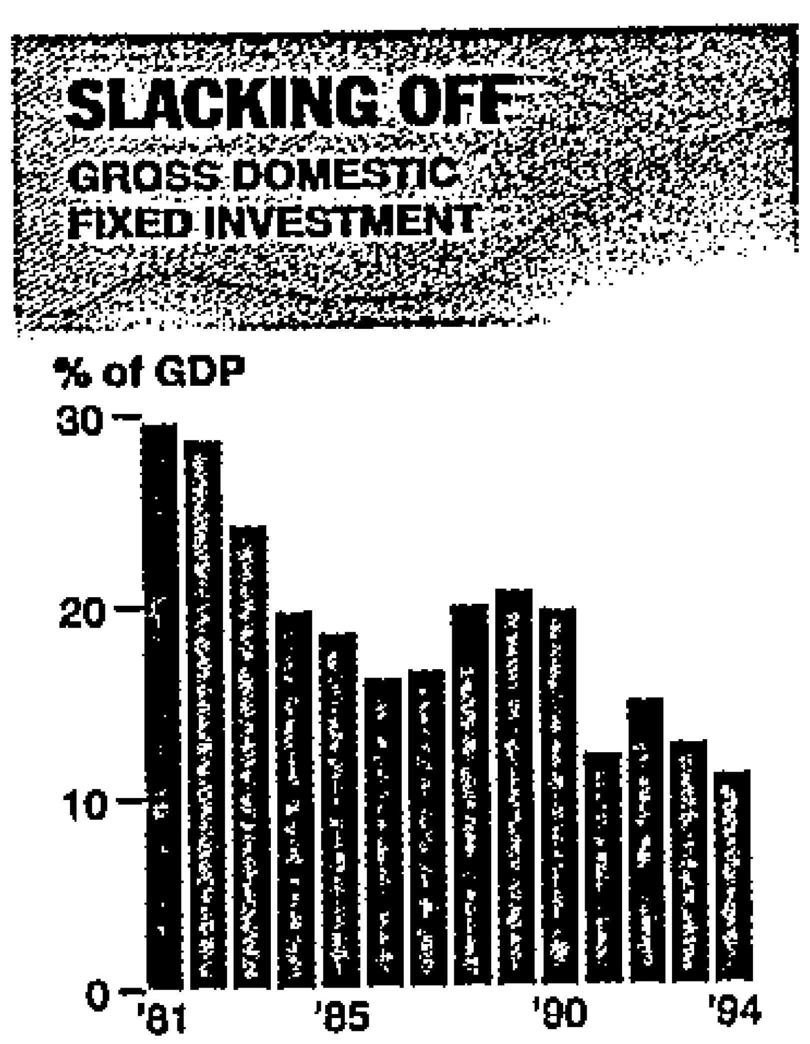
Our dependent neighbour may have a few lessons for us

On March 21 1990 Namibia gained independence from SA, which had acted as controversial guardian for 75 years. It had a new government, with Swapo winning 41 of the 72 seats, and a streetwise, though relatively uneducated President, Sam Nujoma. The elections due to take place in early December this year, nearly five years later, are expected to give Swapo an even greater majority.

However, expectations of large foreign investments came to naught as Namibia failed to provide sufficient incentives for investors fast enough. As with SA after our general election in April, sensible commitments to fiscal discipline and economic growth were possibly overwhelmed by a perception among investors that Swapo, after years of adherence to socialist theories, could not be trusted.

Prophecies about "just another African state" were bandied around. The need to deliver some kind of democracy dividend meant that government grew bigger. Even worse, corruption involving travel allowances and government vehicles was exposed by Auditor-General Fanuel Tjingaete — but the occurrence of the exposure was heartening.

Commonsense soon crowded in and Namibia is surviving. Its economy is in reasonable shape, though signs of stress are showing. Its inextricable links with SA, dependence on minerals and some climatic and geographical factors have ensured that it has not gained economic independence.



After three years of positive real growth in gross domestic product — 0,8% in 1990, 5,6% in 1991 and 5,6% in 1992 — the country experienced a negative growth rate of -3,3% in 1993 while the population increased by 3%. The Finance Ministry, however, predicts a growth rate of 5,3% for 1994 — though there is talk that it could be as high as 7%.

Last year's poor growth came mostly as a result of low commodity prices and a worldwide economic recession, with SA particularly hard hit.

In 1993, GDP growth came from the non-productive government sector (26,9%) and mining (17,6%). Diamonds on their own contributed 11,4%, though their contribution was 28% down from the previous year.

Diamonds are fast being depleted and the country is looking for other sources of revenue. Like SA, Namibia does not have a manufacturing culture, skills are generally poor, wages are too high and productivity is too low.

Unemployment has risen — Swabou economist Rainer Ritter estimates it is as much as 35%-40% — resulting in an increase in crime and poverty. And employment opportunities are limited by declines in fixed investment. In 1993, gross domestic fixed investment declined by 9% to R323m with the largest contribution (41,5%) coming from government.

The increase in government's size is of concern. The number of civil servants has jumped from around 43 000 at independence to almost 70 000 while the wage bill has soared by 84% to R1,7bn.

The World Bank warned in its country study on Namibia that "streamlining the public administration must be at the centre of efforts to bring Namibia's public finances to a sustainable position." It suggests a reduction in the wage bill to 11% of GDP — less than half of the present level. "We're not in favour of mass rationalisation of the civil service," says Finance Minister Gert Hanekom. "If we can maintain a 5% growth rate, we will be able to support the civil service."

And economic growth has been hampered by skewed government expenditure. Most State spending has concentrated on social development rather than areas which could lead to a more growth-orientated economy. Most 1994/1995 Budget expenditure went into social spending, with 29% of current expediture going to education and 17% to health and social services. "We've neglected economic services," says Hanekom. "But we needed to restructure and were adamant we wouldn't borrow." Namibia's deficit before borrowing, at 4,4%, has risen from 1,3% in 1990/1991 but fallen from 4,9% in 1993/1994. Hanekom says this will be down at 4% by next year.

Namib ... *unhelpful geography*

221A

Another negative factor for the Namibian economy is that it relies on SA for 90% of imports. The new Namibian dollar is linked to the rand. Along with imports comes inflation and any fluctuations of the rand also affect Namibia.

Membership of the SA Customs Union will remain — Namibia earns 28% of its revenue from this source, though an increase in this contribution is being negotiated. Hanekom says Namibia will be quite happy with just 1% of the foreign investment which might go into SA. "We have no expectations of competing with SA head on."

Advantages

Though Namibia has been struggling to stay economically sound, it has a number of advantages. Government says it has been setting up structures needed for a new country and in the process has shown that its political and fiscal policies are remarkably moderate.

Namibia has only 1,5m people who need to be fed, housed, schooled, and given medical care. The country is served by a sophisticated infrastructure. Roads are well maintained, the telecommunications system works and there is a sophisticated financial sector.

A five-year plan, called National Development Plan 1, is to be introduced from next year.

"Its aim," says National Planning DG Zed Ngavirue, "is to tackle Namibia's main economic problems." It will attack unemployment, low per capita income growth, the lack of diversity and concentration of ownership, the high degree of dependence on the mining sector, dependence on imports from SA and the low levels of domestic investment and the export of savings for investment abroad.

Fm 30/9/94

Part of the plan is to increase growth in sectors which have not traditionally been the most important sources of income. One of these is fishing. Growth in fishing's contribution to real GDP grew by 37,3% in 1993, though its total contribution is just under 2%. Fish processing's contribution grew by 20% and its share of GDP rose from 3% to 4,2%.

Growth has taken place mostly as a result of the increase of the Namibian fishing zone from 12 nautical miles to 200 — "and we have the most efficient surveillance system in Africa," says resource management director Jan Jurgens. Foreign boats are now only allowed to fish within the zone if they hold fishing rights; quotas are conservative.

Fishing rights, given for four, seven or 10 years depending on whether there is Namibian shareholding, were sold to people who would invest in the country and create employment. One of these is Spanish fishing company Pescanova, which invested R141m in Namibia and created more than 800 jobs on land. In the past two years, Jurgens estimates, around R150m has been invested in factories with another R250m invested in boats and around 3 500 jobs created. Quotas are reviewed annually.

The economic plan will also aim to increase growth in manufacturing and tourism as well as try to revitalise the mining sector. Mining has been based mostly on diamonds, uranium and base metals. Low diamond and uranium prices affected the industry badly last year — "uranium production had to be cut by almost half while diamond production was cut by a quarter," estimates director of mines Kombadayedu Kapwanga.

To compensate for the drop in diamond production at existing mines, Namibia is encouraging exploration: 125 applications were received for 18 exploration blocks along the Orange River. Offshore diamond exploration could give the industry a new lease of life. In 1993, CDM, Namibia's version of De Beers, realised a third of its production offshore.

New legislation, the Minerals Prospecting and Mining Act of 1992, which was introduced in April this year, gives investors assurance of tenure and doesn't force government participation in a mine. All profits can be repatriated. "We've spent the last three years putting our mining policy in place; now we're hoping to see results," says Kapwanga.

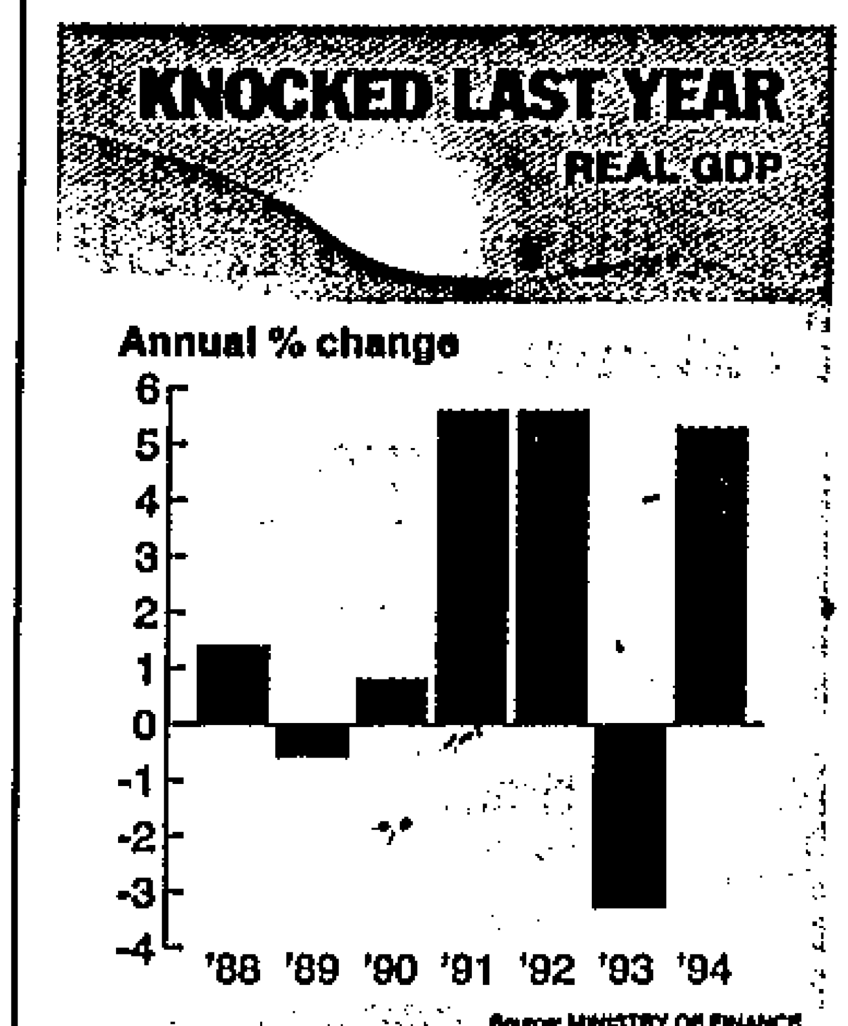
Manufacturing, however, is a problem. The largest manufacturer (with R170m turnover a year) and private sector employer (with 600 employees) is Namibian Breweries, brewers of brands such as Windhoek Lager and Holsten. MD Bernd Masche says problems arise ~~from the difficulty of competing with SA~~.

221A

Future growth ~~will depend heavily~~ on investment, foreign and local. The country has embarked on a project to promote Namibia to foreigners. "The basic framework for the economy is in place and we are now able to do more targeted promotions," says acting director of the Investment Centre Steve Galloway. "We know what would interest the different markets. Investment incentives, mostly tax-related, have been put in place, fiscal legislation is clear and institutional capacity to handle investment is being developed. We have to create an investment culture in a previously protected environment."

The problem of domestic savings being exported to SA has been addressed by the Finance Ministry. It amended the Pension Fund and Insurance Acts, forcing pension funds and insurance companies to invest a percentage of funds in Namibia.

By June 30 this year, fund managers had to invest 10% of their assets in the country. By end-December, this will be increased to 15% and by March next year to 25%. "This will probably allow government to borrow at cheaper rates, which might even have effects such as lower taxes," says Hanekom.



To enhance the investment climate, the Namibian Stock Exchange was opened in October 1992 on the initiative of the private sector and under the leadership of the Commercial Bank of Namibia, the country's third largest banking institution. The exchange is still small, with only 10 shares listed and a market capitalisation in August of R25bn. Tradeability of shares is improving— in September,so far, 104 000 shares with a value of R2,5m traded, up from August's R1m (220 000). Nine government bonds are listed and a Treasury bill tender takes place weekly.

Namibia created its own central bank in July 1990 and the Namibian dollar was introduced in September 1993. Governor Jaafar Ahmad expresses his frustration at not being able to perform any of the normal duties of a central banker. "We can't conduct monetary policy through the money market because of the coupling of the rand and the Namibian dollar and the transferability of money between SA and Namibia," he says. "What happens in SA will neutralise anything which a central banker can do here."

But Ahmad, who spent 20 years as a central banker in his native Malaysia, says the unusual situation is also a source of pleasure for him. "Other things can be done," he says. "We need to channel credit and savings to the lesser developed sectors. The central bank can play a role to encourage financial institutions to develop these areas." A new Banks Act will be introduced "probably late next year."

Ahmad's appointment possibly had something to do with his experience of Malaysia's economic structural readjustment. There, nearly all financial institutions were foreign-owned and most of their business was trade-related or conducted in urban areas. Ahmad says in Malaysia institutions were forced to mobilise savings, especially in rural areas, by encouraging banks to have outlets there.

Commercial Bank of Namibia MD Hans-Jurgen Steuber says there are certain credit lines planned to encourage smaller companies and entrepreneurs. "But these people don't have security, so it is a risky business," he says. Steuber believes development aid should be used for the small business sector. "We are already trying to form joint ventures between commercial banks and development agencies to distribute these funds."

Now that Namiba has its government structures in place and seems to know what its problems are, the question is whether the country will battle for mere survival, grow sufficiently to maintain its population or even follow the examples of the Far East and become an African Tiger.

Growth of government must be watched. Corruption must be rooted out. The country will have to develop an entrepreneurial culture and a positive environment for foreign investors.

Incentives must be favourable, wages must be flexible and job reservation for locals should be abolished.

Namibia will have to build reserves, strengthen its balance of payments and try to move away from the SA comfort zone. But, unless it makes itself heard above the clamour of other countries looking for investment, it could end up struggling for survival.

Most of that applies to SA. Namibia may just have the flexibility and courage to show us the way. ■

Namibia is sealing its fate

WM 30/9-6/10/94 (221A)

Scientists are unanimous that culling Namibia's seals this year makes no sense. But the government is persisting. Fiona Macleod reports

AN urgent appeal has been made to the Namibian ombudsman to intervene in the government's plan to cull thousands of seals this year, which scientists have warned threatens to wipe out the country's entire seal population.

International experts say that if the culling is not stopped immediately, the government may have to defend its actions in a court of law because it is contravening its own constitution.

The constitution commits the government to the "... maintenance of ecosystems, essential ecological processes and biological diversity of Namibia and utilisation of living natural resources on a sustainable basis for the benefit of all Namibians, both present and future ..."

It's the clause government officials and the Namibian Ministry of Fisheries use to justify the annual culling of seals: seals are a natural resource, they say, and culling falls within the ambit of sustainable utilisation.

But the experts say that culling this year — and perhaps for many years to come — cannot be qualified as sustainable utilisation. The government's present culling programme, they add, could prove extremely damaging to Namibia's fragile economy and its international relations.

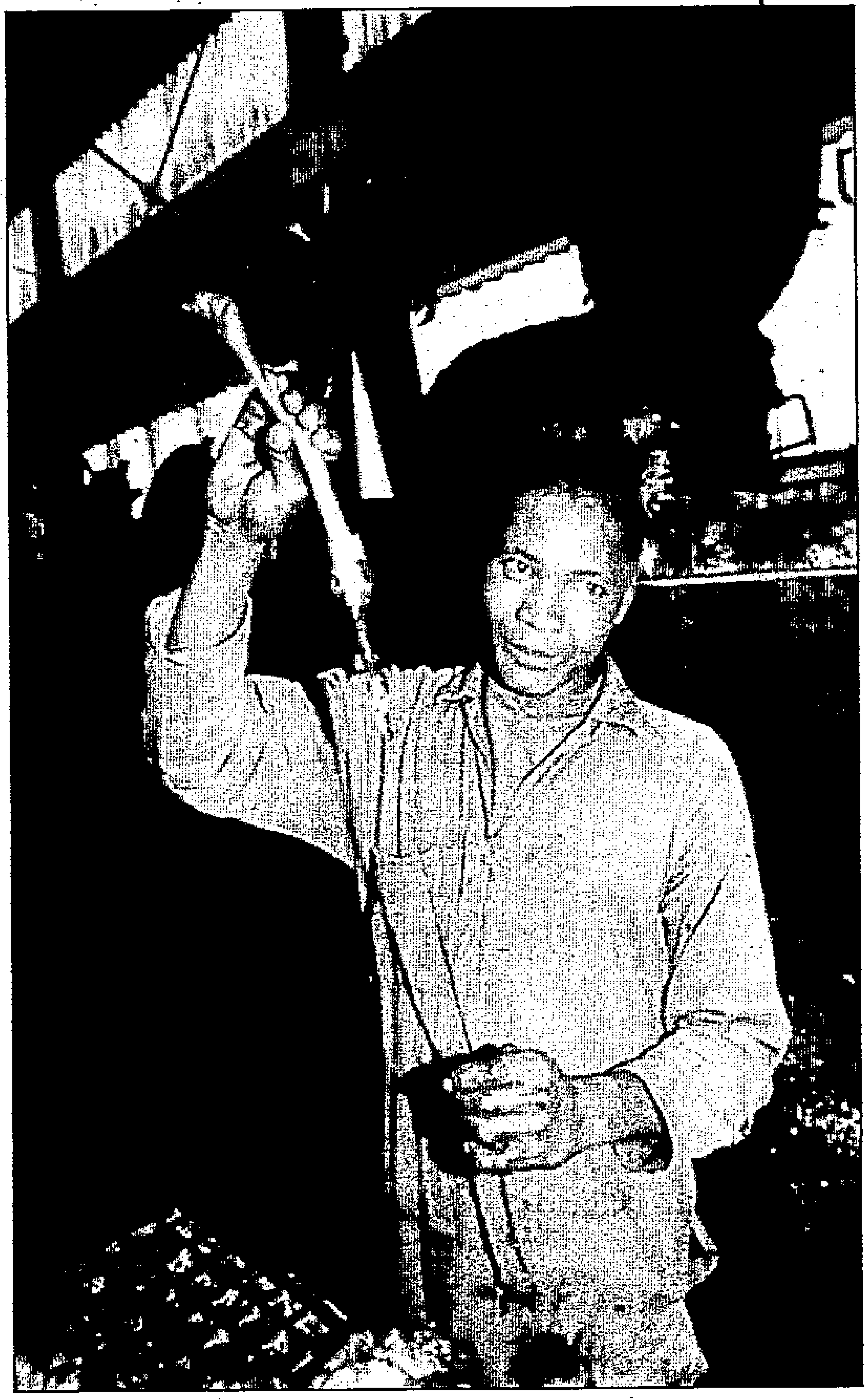
An estimated 70 percent of the world's Cape fur seals live and breed on Namibia's west coast. Early this year, when the new pups were merely weeks old, an unprecedented natural event — possibly a warm current — caused fish stocks to move beyond the feeding range of the breeding colonies.

The result — kilometres of deserted beach littered with the carcasses of some 200 000 pups and an unknown number of adults which had starved to death — was widely documented in the media. Not so a report by Namibian scientists advising the government that in the wake of the natural disaster, culling seals this year — and perhaps for the next four to five years — would be inconsistent with sustainable utilisation.

The government's response was to attempt to suppress the report and ignore its recommendations. It announced not only that it would press ahead with the annual cull but that the quota would be higher than any previous year: 55 000 seals, including 12 000 bulls, will be culled between August and mid-November — that's if the sealers are able to find that many left on the shoreline.

International experts agree with Namibia's scientists that this decision gives the lie to the government's commitment to sustainable utilisation. "With more than 95 percent of the seals born last year certain to die, clubbing the remaining pups to death is not sustainable utilisation," says International Fund for Animal Welfare (Ifaw) official Paul Seigel. "Nor is killing 12 000 bulls in a year when no one knows how many bulls have already died."

Dr David Lavigne, executive director of the International Marine Mammal Association and one of the world's most respected seal scientists, adds: "To kill that many bulls,



Rough trade: A worker at a Namibian seal factory holds up a seal's penis
PHOTOGRAPH: IFAW

they are breeding bulls, makes no sense at all. The prudent thing would be to stop killing seals until the impact of this mass mortality can be scientifically assessed."

And one of South Africa's leading marine biologists, Dr Jeremy David, points out that "nobody knows if this year's die-off is a short-lived phenomenon. Nambia could be facing a whole run of bad years and, without being clairvoyant, there is no way of knowing."

Neither scientific reasoning nor public opinion — at least 70 000 letters of protest have been forwarded to President Sam Nujoma by Ifaw since April — has swayed the government's course. On the contrary, the Ministry of Fisheries recently announced that it intends eventually to reduce Namibia's seal population to 500 000, for "management purposes".

In the absence of independent research the ministry will work off its own figures, which claim that the present population stands at about 800 000 and that between 250 000 and 300 000 seals will have to be culled. But the scientists say these figures are arbitrary and that there is no scientific justification for reducing the population to 500 000. Besides, this year's disaster may already have reduced the population below this figure.

The investigation by the ombudsman, whose report is expected some time in October, is cause for some optimism, say the experts. Even if he is unable to intervene in the culling, it is hoped that the investigation will shed some light on an issue which for years has been shrouded by ignorance, misinformation, emotionalism and which, when viewed objectively, simply doesn't make much sense.

The most common misconception to protect the fishing industry, ranked as one of Namibia's three major revenue earners but which has been steadily declining for several decades.

Fishermen blame the seals because they are such highly visible predators, particularly in large groups. The main culprits behind the myth, however, are the large commercial fishing companies and certain politicians who have an obvious vested interest in finding a scapegoat for the decades of overfishing along Namibia's coastline, particularly by Spanish, Russian and Taiwanese trawlers prior to independence.

The Ministry of Fisheries has conceded that the seals are not competing with the fishing industry's yields, but the myth continues to be perpetuated — primarily as a convenient sop to powerful fishing lobbies.

Lavigne says it's a scam used throughout the world. In Canada, for instance, thousands of whitecoat harp seals are killed each year because they are blamed for depleting cod stocks — despite conclusive studies showing that on average cod comprises less than one percent of their diet. "It is quite plausible that culling a seal population could in fact be detrimental to a fishery," he adds.

Marine biologists attached to the University of Cape Town have found that goby make up an average 50 percent of the diet of Namibia's Cape fur seals. Goby are small, spine-finned fish that are unpalatable to humans.

"Far from competing with the fisheries, the seals are in fact becoming the victims of the industry," says one of UCT's researchers. "Their role in the balance of nature has not been fully defined, and may never be, because it has already been affected

seal's natural predators such as sharks and killer whales."

But there is a far more sinister economic drive behind the culling programme — one which makes little sense in the light of Nujoma's stated policy of encouraging foreign investment and developing his country's enormous tourist potential.

This is the fact that the major source of revenue from the culling comes from the sale of the dead seals' penises to countries in the Far East. The penises are dried, shaved, sprinkled with herbs and sold as aphrodisiacs, fetching more than US$1 200 for a pound. It's the kind of trade that has virtually wiped out the rhino population, and not one to attract international goodwill.

The irony is that, as far as can be ascertained, the government does not benefit directly from this sex-potion trade. If anyone in Namibia is making a profit out of the aphrodisiacs, it's the two Afrikaans businessmen who own the sole culling concessions.

Other economic benefits are negligible. The government receives only 50c for each seal killed, totalling just over R26 500 this year; no more than 60 people are employed by the industry, most of them for three months a year or on a part-time basis; by-products such as marine oil and cattle fodder are manufactured from the carcasses, but the demand for these products has dwindled and the revenue is minimal. Consumer pressure put an end to the market for fur coats and other fashion items made out of seal pelts more than a decade ago, and there's little chance of it being revived.

In 1991 Ifaw approached the government with evidence that seals are worth far more alive than dead: a seal-watching tourism industry initiated in Canada had generated about $1,4-million in a single year. An undertaking was given that a moratorium on sealing would be considered if similar tourist revenue could be raised in Namibia, and if Ifaw agreed to finance scientific research of Namibia's seals.

An independent report commissioned from an American company showed that if the present number of tourists who visit Namibia extended their stay by half a day to visit seal colonies, the country would earn an extra R1,3-million a year. But the government ignored the report and refused Ifaw's offer of financial assistance.

David Barritt, Ifaw's Southern African representative, is at a loss to explain this: "Perhaps it was because they were forced to take sides and decided to choose the side of the sealers ... And now, despite the negative effects sealing is having on the country's international image and tourism industry — it has lost at least 9 200 potential tourists this year and travel agencies are advising their clients not to go there — the officials fear that changing course will entail loss of face and might be interpreted as caving in to outside pressure."

But there is evidence that those officials are beginning to feel the heat of outside pressure: informal overtures have apparently been made to South African officials to lift the indefinite moratorium on seal culling here, in an effort to deflect the pressure from Namibia. So far the South African government, which introduced its moratorium in 1991 precisely because of sealing's negative image, have responded

Namibia secures 50% cut in CDM

(221A) CT 25/11/94

From MICHAEL URQUHART

JOHANNESBURG. — The government of Namibia would gain a 50% stake in De Beers' Namibian operations with the formation of Namdeb, a jointly owned company containing all of CDM's diamond assets, De Beers announced yesterday.

CDM — De Beers' wholly owned Namibian diamond mining company — would be reconstituted as Namdeb and would be equally owned by De Beers and the Namibian government.

In return De Beers has secured a number of key strategic objectives, including securing mineral and mining rights for 25 years and keeping Namibia's diamond production within the CSO.

Each party would have equal representation on the board and the new management committee.

CDM is vital to the economy of Namibia, contributing 11% of its GDP, 34% of its export earnings and more than 90% of state taxes from the mining industry.

It is also the largest private sector employer in Namibia.

The 25-year agreement was signed by De Beers chairman Julian Ogilvie Thompson and Namibia's President Sam Nujoma yesterday. Namdeb committed itself to increasing where possible the procurement of Namibian goods, and to the training, employment and promotion of Namibian nationals. Namdeb would progress over time towards a fully autonomous Namibian management structure.

De Beers and the government will also be investigating the commercial viability of Namdeb establishing a diamond-cutting and polishing factory in Namibia. The factory would be supplied with rough diamonds by the Central Selling Organisation.

De Beers Marine was kept out of the arrangement, and will continue to mine CDM's offshore diamond prospects on a contract basis. De Beers' part interest in the Navachab gold mine also falls outside the accord. Certain of the offshore and onshore areas not suitable for diamond prospecting and mining will be relinquished immediately, while the remainder will be held by Namdeb under 25-year mining licences or renewable three-year prospecting licences.

The text of the accord was kept confidential, but it is understood the Namibian government, which currently gets about *two-thirds* of CDM's profit, will increase this slightly.

The government's revenues from Namdeb will be established as a percentage of pretax profit.

Namibian debt scrapped

(221A) CT 7/12/94

WINDHOEK. — South Africa had agreed in principle to scrap Namibia's R700-million colonial debt, Namibian President Sam Nujoma said yesterday after talks with President Nelson Mandela at Upington in the Northern Cape.

"President Mandela made it clear it would be immoral for a democratic South African government to allow Namibia as a developing country to pay the debt of a former colonial administration," Mr Nujoma said.

He said South African and Namibian finance ministers would meet before the end of the year to work out details.

South Africa had also agreed to transfer its assests in Walvis Bay and the rest of Namibia to Windhoek, excluding the South African high commission's property, Mr Nujoma added.

President Mandela and President Nujoma also agreed that trade and co-operation between South Africa and Namibia be encouraged and expanded.

Mr Mandela said he was concerned that elements of Koevoet and the former SWATF, who were in South Africa, posed a threat to Namibia.

This was a matter that would be considered in the context of the Bill of Human Rights.

'Inexplicable'

● The Freedom Front (FF) on Monday night criticised the writing off of the R700m.

FF foreign affairs spokesman Mr Pieter Mulder said South Africa could not afford to play Father Christmas to other countries.

The rule of international politics was that a country saw to its own interests first and South Africa had more important projects it could have undertaken with the money.

He could see no advantage in writing off the Namibian debt and wanted to know if all members of the government of national unity had agreed with the decision.

National Party spokesman Mr Marthinus van Schalkwyk said yesterday the writing off of Namibia's huge debt was inexplicable while millions were needed for South Africa's Reconstruction and Development Programme.

The money could also have been used to write off shortfalls, to build houses and infrastructure and create opportunities for all South Africans.

"One cannot help but wonder that this bonus comes at a very strategic time for Swapo in the Namibian elections," he said.

The Namibian elections start today. — Sapa

Waiving R700m debt 'a moral issue'

PRETORIA — It would be morally wrong to insist that Namibia pay its debt to SA, President Nelson Mandela said yesterday. (221A)

Accepting the credentials of Namibian high commissioner Josia Hoebeb at the Presidensie, Mandela said he would soon write to Namibian President Sam Nujoma to confirm the scrapping of the R700m his country owed SA. BD 14/12/94

"This is a debt which was incurred by the oppressors to strengthen their oppression and deny the Namibian people their aspirations. It would not be morally correct to insist that a developing country pay a debt we don't approve of," Mandela said.

"We are not doing this because we are a rich country. SA does not have enough resources to meet the basic needs of its own people."

Mandela said Namibia was an ally of long standing. The ANC and Swapo fought for decades together against apartheid.

He congratulated Hoebeb on last week's Namibian elections.

Earlier, Mandela accepted the credentials of Iranian ambassador Mohammed Sharif Mahdavi.

Mahdavi assured Mandela his country would support reconstruction and development in SA.

Mandela said Iran had given the ANC material support, enabling it to fight and win the April elections. He was watching developments in the Middle East and he hoped that all leaders would become "soldiers for peace". — Sapa.

Angola-SA deal clinched

(221A) ST(BT) 3/12/95

By JEREMY WOODS

SOUTH African businessman Steve Phelps has negotiated a 50% interest in Angolan diamond, fishing, and farming rights. Leading Angolan businessmen and politicians will own the other half of the new group.

The deal was negotiated in Cape Town this week by Mr Phelps and a top-level trade commission of Angolan politicians and their business advisers.

Mr Phelps, a Western Cape deal-maker with interests in marine diamonds, hotels and property, said on Friday: "Angola is a rich country with enormous potential in diamonds and fishing. South Africa has the expertise to help the Angolans develop some of these resources, which is what this deal is all about."

Private business interests represented by Mr Phelps have taken a 50% stake in Gema Dourada SA, which houses the Angolan diamond, fishing and farming interests and is half-owned by the Angolan syndicate.

Justino José Fernandes, governor of Luanda Province, said: "It is time Angola and South Africa forgot their past differences. Angola has great wealth and we need South African expertise to help us develop it."

Mr Phelps said the deal was concluded after several recent trips to Angola, and negotiations this week in Cape Town.

"I believe Angola offers SA companies great potential for joint venture deals like this one."

Mr Phelps, a former partner with accountants BDO Spencer Steward, has put a string of deals together in recent years. These include the formation of JSE-quoted companies like electronics group ABS, stationery group Waltons and Ocean Diamond Mining.

STEVE PHELPS

Iscor drops court fight with Namibia

BD 5/12/95 (221A) (18??)

Michael Urquhart

ISCOR has dropped its court action against the Namibian government over the Rosh Pinah mine, allowing negotiations to take place on forming a joint venture to operate the zinc mine, the corporation said yesterday.

Iscor, which owns the mine, P&E Minerals, owner of the mining rights and P&E's associate, the Malaysian Mining Corporation, are discussing the possibility of forming a joint venture to operate Rosh Pinah.

The basis of an agreement would be that P&E Minerals allowed a new company to be formed by Iscor, the Malaysian Mining Corporation and a Namibian consortium to operate the mine in exchange for a royalty payable to P&E Minerals.

Iscor spokesman Neels Howatt said he hoped the royalty would not be in line with that paid to previous partners Moly-Copper. The high royalty, about 9%, had been the main cause of the eventual liquidation of Rosh Pinah holding company Imcor Zinc. Iscor had bought all the assets of the liquidated company for R35m and put them into subsidiary Imcor Tin.

At the time of the liquidation Namibian Mines and Energy Minister Andimba Toivo Ya Toivo had terminated the minerals rights and sold them to P&E Minerals, a group believed to have links with the Namibian government. Namibian president Sam Nujoma's brother-in-law Aaron Mushimba is one of the directors.

Meanwhile, Iscor said in its annual report it had boosted the management share scheme through additional shares and changing the option exercise dates, which the directors said should "increase the incentive value" of the scheme.

To achieve this, an extra 27,5-million shares had been added to the share trust, bringing the total number to 100-million, or 4,4% of the total equity.

The exercise periods had also been made more frequent. Previously participants could exercise a third of the options granted every two years. This had been changed to one-fifth of the shares every year, with a modification allowing participants to exercise their options at any time, provided the options were paid for and released after the expiry of the set exercise periods.

Options were issued at an average price of 413c in financial 1995; the share price closed at 328c yesterday.

From shack to modest home thanks to 'standing together'

(221A) Star 24/2/95

GRASSROOTS efforts held solve a problem as huge in Namibia as here

Home ownership in any of Namibia's towns, particularly Windhoek, is considered a wishful dream for many people in the low-income brackets.

This is true for 42-year-old Edith Mbanga, a domestic worker who has to feed, clothe and send to school seven children, single-handedly. Her husband is unemployed.

But Mbanga, and several others, can now look into the future with hope. Their dream of owning homes will come true thanks to the Saamstaan Building Co-operative.

Saamstaan — Afrikaans for "standing together" — was started in 1987 through the initiative of the Roman Catholic church's Social Unit, during the International Year of the Homeless People.

Before independence there was an agency which helped people earning above R450 a month, to acquire houses. After independence, Saamstaan moved in to assist those who earned less than R450.

Official figures at the time showed that about 60 percent of the population qualified.

Forty-five families, including Mbanga's, got a loan to purchase some land. So far, some 21 houses have been built.

Temporary

Mbanga does not own a house yet, but she owns the plot on which a corrugated iron sheet shack has been temporarily erected, and where the brick house would stand one day. The group has moulded the bricks and bought cement. Construction will start soon.

Between 1987 and 1991, 33 families became house owners under the Saamstaan programme.

Mbanga says she never thought she could own a house. However, when she heard of Saamstaan some hope was kindled.

Initially she thought Saamstaan "would build me a house". She was disappointed but soon bounced back. Today, she proudly says: "We do it ourselves, through team work and co-operation."

Mbanga readily discusses her life before Saamstaan was introduced to her by a friend.

"I used to live in other people's houses, paying between R100 and R150 every month for a tiny room, which I shared with the children.

"It is very difficult you know. When you get home after work there are endless complaints that your children are naughty in your absence. And you are required to pay the rent promptly."

Mbanga came from South Africa in 1981 to Windhoek which was less troubled than townships at home.

She works for two employers, dividing the working days between them for R500 a month.

Working hard

With the money she feeds and keeps six children in school. The seventh, an aspiring teacher, has completed secondary school.

Says Mbanga: "I am working hard to save every cent so that I can send my eldest child to a teacher training college next year."

Mbanga emphasises that co-operation is the driving force and key to achieve what may seem impossible to one person. — Africa Information Afrique.

(221A) CT(BR) 15/3/95

Namibian cash boost

FROM SAPA

Windhoek — Namibia could expect a cash input of around a quarter of its R10-billion gross domestic product by June this year as new legislation forces insurers and pension fund asset managers to invest at least 35 percent of Namibian funds inside the country, a pension fund consultant said.

"This will have a dramatic effect on the economy as around R2,5 billion is poured back into the country," said Derek Wright, general manager of Malan and Carsons Actuaries International.

Namibian retirement fund assets total R4 billion, with individual policies accounting for R3 billion. Considerably less than 10 percent is invested in Namibia.

Increased activity and listings could be expected on the fledgling Namibian stock exchange, Mr Wright said.

as chief executive of Gold Fields — though he remains chairman — some changes have been made in executive responsibilities in the group, it was announced yesterday. Alan Munro is executive director and Michael Fuller-Good is general manager of gold operations. Peter Janisch is executive director and Helgo Kahle is general manager of coal, base metals and platinum. John Hopwood is executive director and Mike Tagg is general manager of corporate finance and non-technical services. Richard Robinson is executive director of new business and Clive Wolfe-Coote is general manager of international operations.

Maskew Miller in venture with Sached: Book publishing company Maskew Miller Longman (MML) has entered into a joint venture with Sached Trust, one of the oldest educational NGOs, to form Sached Books, with 52,5 percent owned by MML and 47,5 percent by Sached Trust. The chief executive of MML, Mike Peacock, said: "The focus of the education division is on pre-school, school and teacher training, and that of the development division on consumers, students, neighbouring countries and learners through adult education and distance learning."

Namibians scoop coal transport deal: A Namibian company has won a lucrative contract with the Cape Town city council because it can transport South African coal more cheaply than its South African rivals. MacPhail Namibia Coal will deliver about 10 000 tons of coal a month for the city's Athlone power station beginning at the end of April, a senior company source said yesterday. The company, a subsidiary of MacPhail Namibia Holdings, will rail coal from an Eastern Transvaal supplier to Richards Bay and ship it to Cape Town. The contract is said to be worth about R20 million.

CT(BR) CT 11/4/95 (221A)

PRESSURE *A trader on the Tokyo foreign exchange market flashing a signal during hectic trading yesterday, when the dollar dived to a record low of 80,15 yen.* ☐ *See inside*

PHOTO: AP

Nigeria lifts SA oil restrictions: Nigeria has removed restrictions on the sale of its crude oil to South Africa and Israel, a senior official of state-owned Nigerian National Petroleum Corporation said yesterday. Despite the lifting of the UN oil embargo against South Africa in 1993 and the restoration of diplomatic links between Nigeria and Israel in 1992, the African country did not allow its crude to be sold to the two nations.

'Sold out' signs go up at Alusaf

CT(BR) 11/4/95

By Chris Jenkins

Staff Writer

Aluminium producer Alusaf has signed a number of medium-term supply contracts and is "essentially sold out".

This is in addition to long-term contracts to supply half of the new Hillside smelter's 466 000 ton capacity.

Alusaf's general manager (commercial), Johannes Diemont, said: "We are committed to the extent that we want to be. Although there are plenty of potential customers knocking at our door, we do not wish to get involved in a additional discussions at this stage."

He said the rapid rise in the aluminium world price, spurred by an apparent shortage of the metal, had stimulated considerable interest in the availability of aluminium from the new smelter, which was due to begin the long start up process in June.

The sale of half of the Hillside smelter's output is linked to the purchase of alumina. According to Alusaf, the company has negotiated long-term competitive contracts with Alcoa, Billiton and Alusuisse.

Alcoa has agreed to a 20-year supply of 500 000 tons of alumina a year, Billiton to a 15-year supply of 400 000 tons a year and Alusuisse to sell 300 000 tons a year on a short-term basis to Alusaf's existing Bayside smelter at Richards Bay. Alusaf will sell about 50 percent of the Hillside smelter's output back to the suppliers through a tolling arrangement.

Namibians scoop coal transport deal: A Namibian company has won a lucrative contract with the Cape Town city council because it can transport South African coal more cheaply than its South African rivals. MacPhail Namibia Coal will deliver about 10 000 tons of coal a month for the city's Athlone power station beginning at the end of April, a senior company source said yesterday. The company, a subsidiary of MacPhail Namibia Holdings, will rail coal from an Eastern Transvaal supplier to Richards Bay and ship it to Cape Town. The contract is said to be worth about R20 million.

CT(BR) CT 11/4/95 (221A)

AFRICA

(221A)

Power project 'vital' for Namibia

CT 2/5/95

WINDHOEK: A proposed one-billion Namibian dollar hydro-electric power station was vital if Namibia was to overcome worsening power and water shortages, President Sam Nujoma said here.

The dam and generator would be on Namibia's Cunene River border with Angola.

EMPLOYEES of Rossing Uranium are to have greater say in safety measures after an agreement between management and the Mineworkers' Union of Namibia. Management and the union said the settlement was a first for the Namibian mining industry, but "not perfect".

(221 A)

Desert port to blossom with trade

(221A)

ST(BT)21/5/95

By KEVIN DAVIE

AN export processing zone (EPZ) is about to open in neighbouring Namibia at Walvis Bay.

Namibian Industry Minister Hidipo Hamutenya says about 20 companies want to establish factories in the Walvis Bay EPZ. The aim is to create 50 000 jobs in five years.

Investors are offered zero tax, no exchange control, a relaxed labour code, access to Europe through the Lomé convention, 75% of training costs are paid and no import duties will be charged.

Mr Hamutenga concedes the package is generous but says Namibia will be competing with about 150 other EPZs which offer similar incentives.

He says companies wanting to set up in the EPZ include a US textile and garment company, a US assembler of oil rigs, a UK chemicals plant and a Swiss company specialising in marble and tiles.

There are also Namibian, South African, Malaysian, South Korean and Taiwanese companies which intend setting up in the EPZ. The first factories are expected to be established by mid-year.

Mr Hamutenya expects workers to earn a minimum of R900 to R1 000 for unskilled and semi-skilled work. The relaxed labour code will mean the Labour Court will not have jurisdiction but workers will still have the right to collectively bargain.

Advisors to Mr Hamutenya, GinsGlobe Communications, say South Africa could create 1-million direct jobs in 15 years plus 1-million or more indirect jobs through EPZs.

An SA government spokesman indicated this week that the establishment of EPZs here are "not a high priority".

GinsGlobe's president, Anthony Ginsberg, who specialises in advising companies on worldwide EPZ opportunities, bases this estimate on the job creation record of countries which have used EPZs to create jobs.

There are many examples from many parts of the world such as South Korea, Taiwan, Brazil, Singapore and Chile, where EPZs, which typically offer low or no taxes, no import duties and a minimum of red tape, have been used to create vast numbers of labour-intensive jobs.

The Walvis Bay EPZ will offer the same incentive package to companies which establish infrastructure. A major multinational, which will put in a water desalination and power plant, will benefit from the zero tax rates and free currency convertibility.

Mr Ginsberg says EPZs offer the prospect of establishing new export industries which will not compete with domestic producers. Should EPZ producers sell to the local market, all domestic duties and taxes will apply.

He says Mauritius, which used EPZs to bring full employment to the Indian Ocean island, is already discouraging more labour-intensive development after creating 100 000 jobs in five to six years.

"Based on South Africa's domestic market capacity, its six million unemployed cannot expect to be employed for the sole purpose of meeting the needs of the local market."

EPZs foster the growth of local input suppliers, especially if backward integration is encouraged through appropriate incentives by government.

"The long-term result has often been the transformation of entire industries into the equivalent of a giant export-driven EPZ.

"As the efficiency of the export sector increases, the balance of payments constraints become less rigid which creates room for liberalising tariff protection."

Mr Ginsberg says an EPZ Bill has been circulating in South Africa as a discussion document for a few years now, but "while there is strong interest in the EPZs at the regional level, central government action on this issue is not likely to occur until such issues as the RDP have been dealt with".

He adds that the choice will be between gradually opening the economy through Gatt-mandated reforms or more immediate exposure through an industrial segment made up of EPZs.

HIDIPO HAMUTENYA ... Namibian Industry Minister

COMPANIES

Gas sales key to Kudu development

WINDHOEK — Namibia's offshore Kudu gas field may be sizeable, but its viability would depend on long-term contracts with southern African companies, Shell Exploration and Production Namibia MD Ger Kegge said on Friday.

The company had held exploratory talks with Eskom and Iscor in this regard, he said, after he announced that the results of a three-dimensional seismic survey had been positive.

"The extensive technical and economic evaluation undertaken by Shell has given further encouragement to the view that the Kudu gas discovery is sizeable and that development of the gas could be economically viable.

"Although no firm agreements on the sale of the gas have yet been reached, the inital indications are sufficiently encouraging to warrant further drilling and production testing."

Shell Exploration would also be interested in selling the gas to many small contractors in southern Africa.

Kegge said the dry methane gas would be too expensive to transport overseas if current prices and circumstances remained constant.

The Kudu gas discovery is located about 150km off Namibia's southern coast in water 170m deep and is more than 4km below sea level.

Mines and Energy permanent secretary Handuupula Shimutwikeni said the government would be interested in helping Shell to market the gas, possibly to private companies interested in power generation.

President Sam Nujoma said recently some companies had been unable to establish factories in Namibia because of a lack of power. Viable base metal mining in the arid northeastern region, furthermore, was currently not possible because of insufficient electricity.

Kegge said Shell Exploration would not be able to begin production before 2000. — Sapa.

(221A) BD 22/5/95

Namibian 'borehole' scandal

WM 19-25/5/95 (221A)

Mail & Guardian reporter

SEVERAL top figures in Namibian politics, including two cabinet ministers and the Southern African Development Community (SADC) executive secretary, have been accused of misusing drought relief aid.

The Namibian Cabinet in early May refused to release the report of an investigation into the abuse of funds while 'clearing' all top officials involved.

At the centre of the storm are SADC Executive Secretary Kaire Mbuende, Minister of Justice Ngarikutuke Tjiriange, Minister of Prisons Marco Hausiku, Deputy Minister of the Environment Nangolo Ithete, Deputy Minister of Finance Rick Kukuri, and Governor of the Okavango region, Ambrosius Haingura. All are accused of using drought aid money to drill boreholes on their private farms.

The 'borehole scandal' is being seen by observers as a test of the Namibian government's real commitment to transparency and accountability following Swapo's landslide majority in last December's elections.

The allegations go back to the severe drought of 1992 in Namibia. In early 1993 the Namibian media revealed that Tjiriange and then Deputy Minister of Home Affairs Ithete, had arranged for two boreholes to be drilled on their jointly owned farm at a cost of almost N$200 000 during the 1992 drought.

Namibian Prime Minister Hage Geingob subsequently appointed a commission to be chaired by the head of Namibia's public service body, Willie Brits, to investigate the media claims.

It soon became clear to the officials involved in the Brits investigation that other top figures, besides Tjiriange and Ithete, were involved in the aid abuse.

The Brits Commission finished its work in mid-1994, but the Cabinet decided to appoint a new ad hoc committee of three ministers to hear the explanations of those political figures and officials named in the Brits report.

Three weeks ago Minister of Information Ben Amathila announced that all those implicated in the 'borehole scandal' had been cleared by the Cabinet.

At the same time Amathila released limited information about the investigation which made it clear that at least six top figures in Swapo had gained boreholes as individuals for their personal farms, expressly defying the directive that drought aid was for needy rural communities only.

Amathila said the Cabinet had decided to clear the officials because at the time they applied for aid there were no proper administration procedures in place and because the boreholes in question were now, three years later, accessible to rural communities.

Despite the Cabinet decision to exonerate the officials, it has since emerged that the Brits report found them guilty and recommended that they at least pay back the cost of the boreholes.

The opposition DTA have called the government's actions "a total cover up" and joined calls for the release of the Brits report and the subsequent findings of the ad hoc cabinet committee.

Questions are now being asked about the private farms occupied by the top officials. All the properties where boreholes were drilled are on communal land, where ministers and top party officials have been using their influence with tribal chiefs to gain land.

Namibia has yet to institute a land reform programme for communal areas leaving loopholes to be exploited by wily politicians.

What was once a battlefield now goes into business

After years as a battleground, southern Angola's border with Namibia's Oshivambo-speaking region is now humming with informal trade which DUNCAN GUY of the Argus Foreign Service saw in action at Ombalantu.

(221A)

Ombalantu — Most people who know Ombalantu, in the far north of Namibia, associate it with baobab trees. Others will remember it as a South African Defence Force border base during Namibia's war of independence. Star 27/5/95

Sheltered

A well-known landmark is the huge, hollowed baobab which, according to Ovambo legend, once sheltered people during pre-colonial wars.

Now Ombalantu is gaining fame as a sale yard for livestock which Angolans herd in their hundreds from the border about 10km away.

The Angolans are after Namibian dollars, or rands, currencies still of equal value. They sell stock for about half the price normally paid in what was Ovambo.

Angolan Paulo Jorge, camping beside a cart, says he had been walking with his cattle and goats for three days from "the other side of Xangongo", at least 100km away on the Cunene River inside Angola.

"I do this all the time," he says. "With my Namibian dollars and rands I go shopping.

"I buy apples, sugar, flour, mattresses, bicycles. In Angola there is nothing."

The border once divided Portuguese and German territory and divides the Ovambo people, particularly the Kwanyama clan. Further east, Namibia has restricted free travel for Angolans from Unita-held areas across the Kavango River.

Citizens of both countries may move freely within 10km of each side elsewhere on the common border. However, Angolan cattle may enter Namibia only three weeks after they have been vaccinated — a regulation that is often broken.

"People are breaking down fences and moving cattle over," says a ministry of agriculture veterinary services spokesman in Windhoek.

"We and the police try to control it but we haven't the manpower." He estimates half the cattle sold at "bush markets" in this area are from Angola.

The influx of Angolan cattle also makes meat more available in these regions, home to about half of Namibia's more than 1,5-million people.

"But now people can get meat without liquidating their herds," says the spokesman.

Although the old Ovambo demarcation of the SA era no longer exists on paper, its integrity as a single region is still dictated by the controversial "red line". During the period of SA rule, this line was established as a veterinary cordon to divide non-vaccinated and vaccinated cattle regions in the control of foot-and-mouth disease for export requirements.

Historically, the line was controversial because it denied the most populated areas of Namibia access to export markets and effectively divided most of Namibia's black communal farmers from white commercial farmers south of the line.

Little has changed in this regard since independence except that beef slaughtered beyond the cordon now qualifies for export to South Africa. However, beef farmers there may not sell their produce to the European Union, from which Namibia last year earned the greater half of its R430-million beef export earnings.

Back at the border, the area around the official Oshikango-Santa Clara border post is a hive of activity.

Metres from the gate, on the Namibian side, chunks of meat, *okakuki* dough balls and second-hand clothing from Danish aid organisations give colour to a typical African market.

A "dude" in sunglasses introduces himself as "not from here but Herero-speaking from Okakarara", and boasts about the merchandise available. "There's so much coming over the border. Ivory, diamonds."

He calls an old Angolan to show what is inside his bag — two small hedgehogs.

"You can even get chimpanzees through this border. There's somebody in the area who has one as a pet."

Namibian police spokesman General Martin Pool said most illegal goods did not pass through the border post but elsewhere over the fence, known to South Africans who served there as soldiers as the *yati*.

On the Angolan side, in shot-up Santa Clara, people arrive from Namibia with wheelbarrows and bicycles loaded with merchandise.

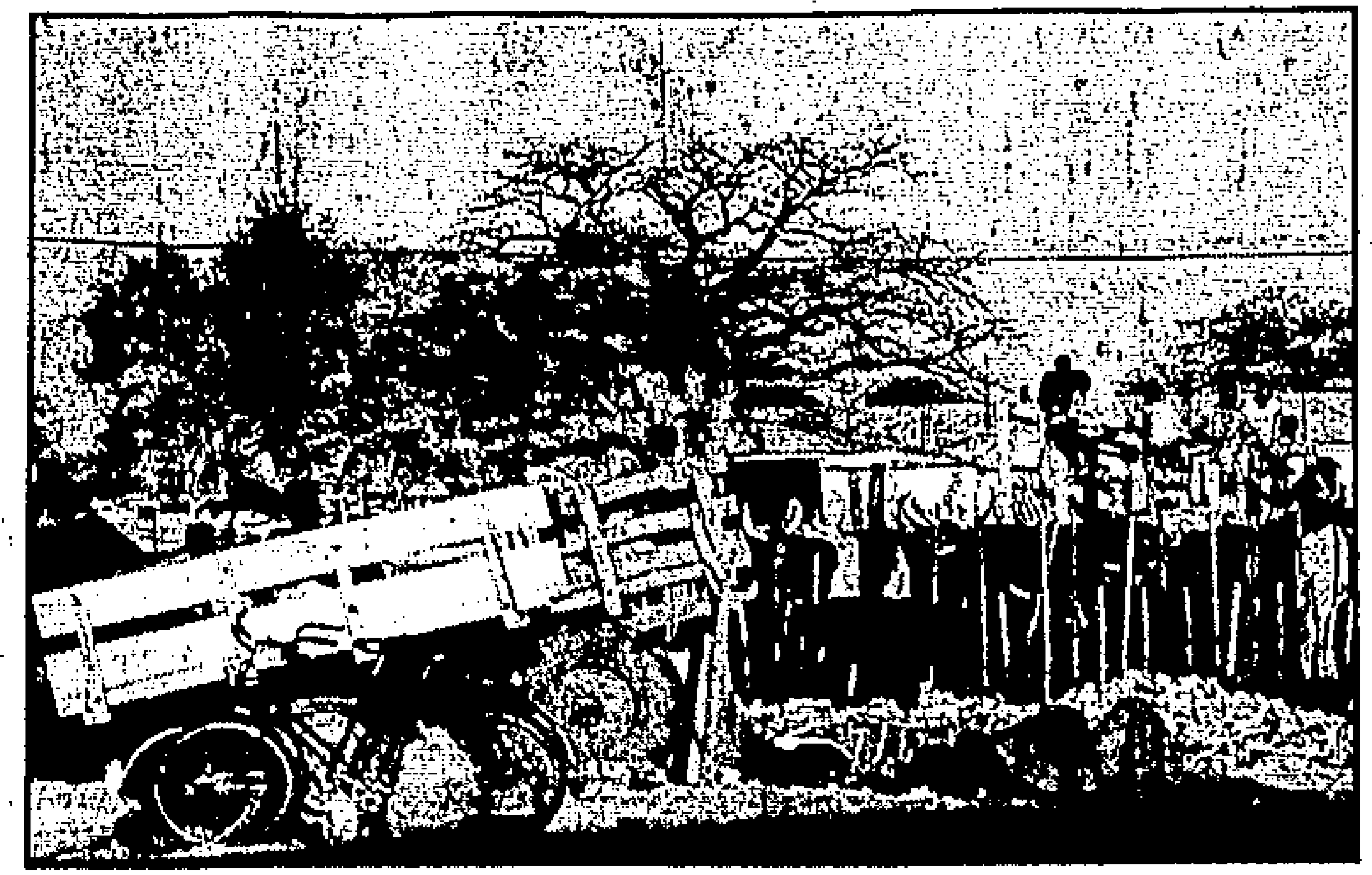
A senior Angolan border official says while banditry is common, Cunene Province has been peaceful "ever since the South Africans left Namibia".

Sizeable

Outside his office, traders load a bus for the journey to the first sizeable town, Ongiva, about 35km away.

"You must see how badly the South Africans shot the place up," he says, adding that SA engineers from a Namibian road construction company are now involved in road construction to Lubango, southern Angola's principle city.

STOCKED UP: R50 for an Angolan "oshigombo" (goat) is half the price people pay normally in northern Namibia PHOTOGRAPHS: DUNCAN GUY



ON THE MOVE: Angolan stockmen "sleep in" beside their carts before selling their cattle at Ombalantu, well known for its baobab trees

(22|A)

Gas found off Namibian coast: Shell Exploration Namibia and Engen have discovered a big natural gas field off the Namibian coast. There are now hopes the Western Cape may become one of the country's major industrial growth areas. See next page

CT (BR) 30/5/95

Export zone firms opened

ED 30/5/95

Edward West

(221A)

CAPE TOWN — The Namibian Offshore Development Company and the Walvis Bay EPZ Management Company were launched by Namibian President Sam Nujoma yesterday, Namibian deputy high commissioner Pius Dunaiski said.

Dunaiski said that the Offshore Development Company would be responsible for the management of export processing zones throughout Namibia.

Government planned to hold a 10% stake in the company, while the remaining shareholding would be available for private investors.

Several SA companies had shown interest in Walvis Bay EPZ. Investors were attracted by the zone's zero tax and also the exemption from the provisions of labour legislation.

Namibia gas find may give W Cape big boost

([redacted]) (22IA) ([redacted])

Business Staff

JOHANNESBURG. — Within the next six or seven years the Western Cape is likely to become one of the country's major industrial growth areas with South African and overseas firms flocking to the area to take advantage of its newest resource — cheap electricity.

This is the outcome that is expected to flow from the discovery of a major natural gas field, the Kudu field, about 150 km off the coast of Namibia by Shell Exploration Namibia and Engen.

ARGT 30/5/95

If everything goes according to the discoverers' expectations, they will start piping gas to the Namibian coast then to Saldanha Bay to fuel a new Eskom power station and Iscor's new steel plant just after the turn of the century.

Subsequently, a further pipeline will be laid to Cape Town to supply local industry and possibly the household market as well. But the Western Cape will not have to wait until the pipeline reaches Cape Town to benefit from cheap gas. Shell Exploration Namibia MD Ger Kegge says his calculations show that a gas-fired Eskom power station at Saldanha could produce electric power at a lower cost than Eskom is able to supply to Cape Town from its Highveld stations.

He said Eskom did not fully agree with these figures. However, Eskom had held preliminary discussions with Shell and Engen on the supply of gas to a future power station.

Mike Deats, senior general manager, fuel and technical services at Eskom, said it was likely that Eskom could come to some arrangement for the purchase of gas from the Kudu field.

He said it made sense to have additional generating capacity in the Western Cape as this could help improve the reliability of supply to the area.

Cape Town gets most of its power over long-distance transmission lines from the Eastern Transvaal and the balance from the Koeberg nuclear station.

Killing for cigarette: Judgment postponed

The Argus Correspondent

JOHANNESBURG. — Judgment in the trial of two Krugersdorp youths accused of murdering and robbing a 38-year-old man after he had refused to give them a cigarette has been postponed in the Rand Supreme Court until June 12.

The accused are a 16-year-old youth and Frikkie Theron, 18.

They have both pleaded not guilty to murdering Sam Khoza, 38, and stealing his watch and shoes in September 1994.

Kudu gas could fuel Cape power station

221A

CT (BR) 30/5/95

By Derek Tommey
Mining Editor

Within the next six or seven years the Western Cape is likely to become one of the country's major industrial growth areas, with South African and international firms flocking to the area to take advantage of its newest resource — gas powered electricity.

This is the outcome that is expected to flow from the development of a potentially major natural gas field, the Kudu field, situated 150km off the coast of Namibia by Shell Exploration and Production Namibia and Engen.

If everything goes according to the developers' expectations, they will start piping this gas to the Namibian coast and then to Saldanha Bay to fuel a new Eskom power station and possibly Iscor's new steel plant, just after the turn of the century.

A further pipeline may be laid to Cape Town to supply local industry.

But the Western Cape will not have to wait until the pipeline reaches Cape Town to benefit from natural gas. Ger Kegge, Shell Exploration and Production Namibia's managing director, says his calculations show that a gas-fired Eskom power station at Saldanha could produce electricity at a lower cost than Eskom would be able to supply to Cape Town in the future from its Highveld power stations.

Eskom does not fully agree with these figures, but has held preliminary discussions with Shell and Engen on the supply of gas to a future power station, he says.

Mike Deats, senior general manager of fuel and technical services at Eskom, says it is likely that Eskom may come to some kind of arrangement for the purchase of gas.

He says it makes sense to have additional generating capacity in the Western Cape as this will help improve the reliability of supply to the area.

Cape Town gets most of its power over long-distance transmission lines from the Eastern Transvaal and the balance from the Koeberg nuclear power station.

Kegge says Shell Exploration and Production Namibia is confident that the field contains a minimum of 3 trillion cubic feet of gas and may well hold much more. Drilling to determine the size of the field will begin soon.

An important requirement in the development of the field is large long-term commercial customers. Eskom and Iscor can meet this requirement.

Kegge says that in ballpark figures, it will probably cost about $1 billion to develop the field and pipe the gas to the Western Cape.

Top yield on sugar

CT (BR) 30/5/95

By John Spira
Gauteng Business Editor

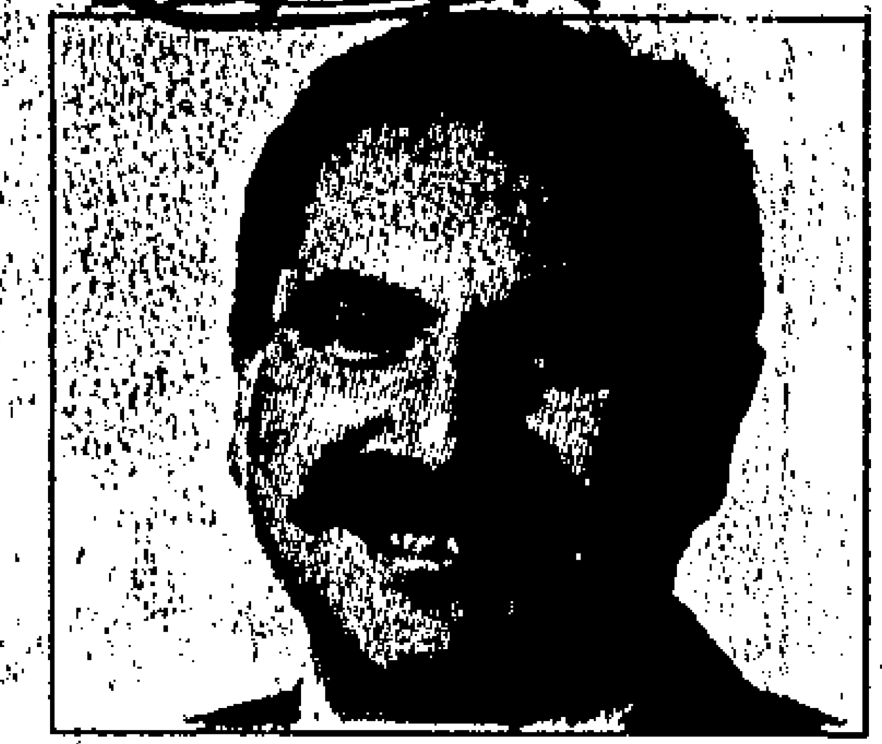
Investors in the JSE-listed Sugar Stock SU01 will receive the maximum yield due on their 1995 Harvest Warrants.

In March last year Theta Securities, the Rosebank-based firm of financial securities specialists, designed and placed R42 million SU01 stock. Investors included Old Mutual, Fedsure, Metlife and African Life.

The stock was issued by the South African Sugar Association to fund 9 500 small sugar cane farmers from disadvantaged communities. The sugar industry, via the association, wished to limit the negative effect of continuing drought on production and loan default by small cane growers.

The returns on the stock at the date of issue were capped at about 16,88 percent and had a floor return of about 8,9 percent.

Returns were based on expectations of a basket of factors that affect the small cane growers' earnings. The return is determined by:



Mr Leon Kirkinis, managing director of Theta Securities

- ☐ The South African sugar crop;
- ☐ The world spot price of sugar on March 31;
- ☐ The closing rand/dollar exchange rate on March 31.

Although the sugar crop and the rand/dollar spot were marginally below base projections, the world spot price of sugar, which increased from $231 a ton at the date of issue to $324 a ton on March 31 1995, exceeded expectations. World consumption exceeded world production for the third consecutive year.

Jobs at a premium in Namibia's far north

(221A) Star 7/6/95

LIGHTS are on in "cuca" bars ~~in Namibia's~~ far north where a new civilian infrastructure now complements the remains of South African military development. But unemployment is a problem, reports Duncan Guy of The Star Foreign Service, after "cuca-crawling"

The Uukumwe Centre Bar is typical of watering holes in northern Namibia, called "cucas" after a brand of beer from across the border in Angola.

Hundreds sprang up during the South African military occupation of the region when military salaries supplemented the staple mahangu (millet) of many Oshivambo-speaking locals who make up half of Namibia's 1,5-million population.

Shortly after Namibian independence in 1990, business tailed off dramatically but today, the "Uukumwe Centre Bar" and other "cucas" have not only electricity, but direct-dial phones.

Along the ribbon development of road between the two main centres, Ondangwa and Oshakati, other "cucas" have installed coloured lights in their gardens, creating a year-round Christmas mood.

Imker Hoogenhout, general manager (technical services) for the Namibia electricity company, Swawek, said a major electrification programme had taken place in the region, using R21-million donated by Norway as well as supplementary funds provided by the Namibian government.

"The main centres were electrified 15 years ago, but not other areas either because of the war or because they were uneconomical. That's why we used donor funds."

A further R8-million in donor funds from Germany has supplemented Telecom Namibia's investments in the area's telephone network.

Since last year, 550 people in 22 villages have acquired phones along with 300 subscribers in Oshakati, Ongwediva and Ondangwa.

The next step in the development of the area — expected to be announced soon — is the proclamation of these three centres as municipalities, and the subsequent evaluation of properties. Present lease-holders will then be able to acquire title deeds.

Up to now, they have been communal areas, having been part of the Ovambo homeland before independence.

"After the proclamation, people will be able to buy their own properties," says a spokesman for Namibia's Ministry of Local Government and Housing.

In a chaotic arrangement of development and a clear absence of cleaning-up services, "cucas" and other liquor outlets still dominate local business.

Their peak earning time is at weekends when migrant workers make the taxi-ride home from Windhoek, Walvis Bay and Swakopmund.

"Friday is for drinking, Saturday for babalaases (hangovers) and Sunday for church," jokes a Friday "cuca" patron.

Other new investments include wholesalers, 24-hour garages and workshops, with a growing clientele coming from Angola.

In spite of the large consumer market, there are few formal jobs in the far north, where many people are subsistence farmers.

Officially, unemployment averages around 18% in the four regions, and 19,1% nation-wide — figures considered extremely conservative, given that 250 job-seekers flock to Windhoek every week from rural areas.

Opening parliament last week, President Sam Nujoma described unemployment in Namibia as "startling", saying that out of 420 000 economically active people, approximately 92 000 Namibians had neither skills nor jobs.

Sam Shivute, the third highest government official at Oshakati, stresses: "We need more manufacturing businesses here in the north."

Such job creation would help curb the influx problem in the capital, particularly during this year's drought.

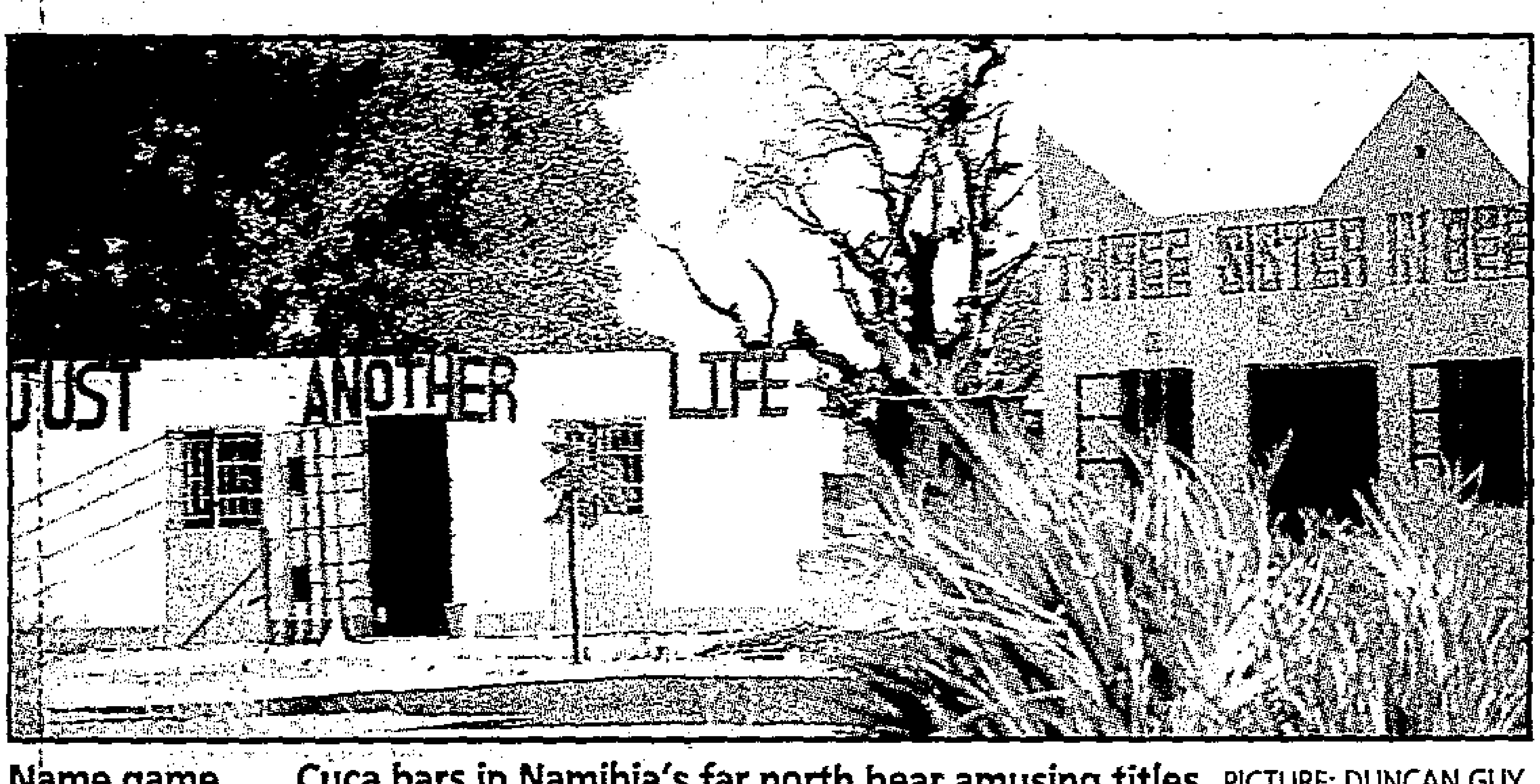
The far north, meanwhile, is still enjoying the effect of late rains and the natural flow of water from Angola into the "oshanas" (pans) which, from the air, dot the landscape in perfect circles.

Improvements are underway to upgrade Oshakati's water supply by transforming a section of the feeder canal from the Cunene River into a pipeline.

"It will stop diarrhoea," hopes local unemployed youth Martin Angope.

"So many animals use the water and by the time it gets to Oshakati it's dirty."

He was watching the construction work, hoping that the bulldozer operators might need an extra pair of hands so he could get what so many Namibians are after: a job.



Name game . . . Cuca bars in Namibia's far north bear amusing titles. PICTURE: DUNCAN GUY

COMPANIES CAPE **NEWS** GOVERNMENT ECONOMICS

221A

Investors pin hopes on Walvis Bay

CT(BR) 8/6/95 221A

Walvis Bay boasts that the Trans-Kalahari and Trans-Caprivi highways will position exporters a week closer to Europe's markets than going through Durban

BY DUNCAN GUY
ARGUS FOREIGN SERVICE

Walvis Bay, the enclave that South Africa clung to in a tangled dispute for the first four years of Namibia's independence, has been earmarked as a salve for Namibia's biggest headache: unemployment.

Hopes are pinned on jobs being created in the town's Economic Processing Zone (EPZ), for which legislation has already been promulgated in parliament in Windhoek.

A handful of investors who will manufacture goods for export have already pledged to establish themselves in the desert port, attracted by the processing zone's tax and labour incentives.

"Investors will pay zero corporate tax and be exempt from import duties on capital goods," says Ken Kwaku, advisor to the Namibian ministry of trade and industry.

There will also be certain exemptions from Namibia's Labour Act, which the National Union of Namibian Workers is contesting in the Windhoek High Court.

"But we support the idea in principle," says acting secretary-general Ranga Haikali.

Urban unemployment in Namibia is estimated at 45 percent, with Windhoek receiving 250 new job-seekers from rural areas every week.

Kwaku insists the processing zone will have labour controls and codes. "We have deeply heeled labour regulations. It won't be an 'anything goes' situation."

He adds that in several countries, processing zones offer workers better conditions than local factories bound by national labour legislation.

The next step for the ministry of trade and industry is to request around R4 million from the government to "jump-start" the EPZ initiative. The management company will be 70 percent privately owned, with the remaining share going to the Walvis Bay Municipality.

Another company, the Offshore Development Corporation (ODC), which will implement the processing zone, will be responsible for promoting, marketing and co-ordinating all approved activities, such as export processing.

The ODC will be 15 percent government-owned, with the private sector owning the remaining 85 percent.

Kwaku stresses that the concept will not, ultimately, be confined to Walvis Bay: "Any company manufacturing for export may apply for EPZ status."

Oshakati, in the far north of the country, is the largest labour pool, with little in the way of manufacturing industries, but close proximity to an increasing market in neighbouring Angola.

"We have had a lot of interest from there," says Kwaku.

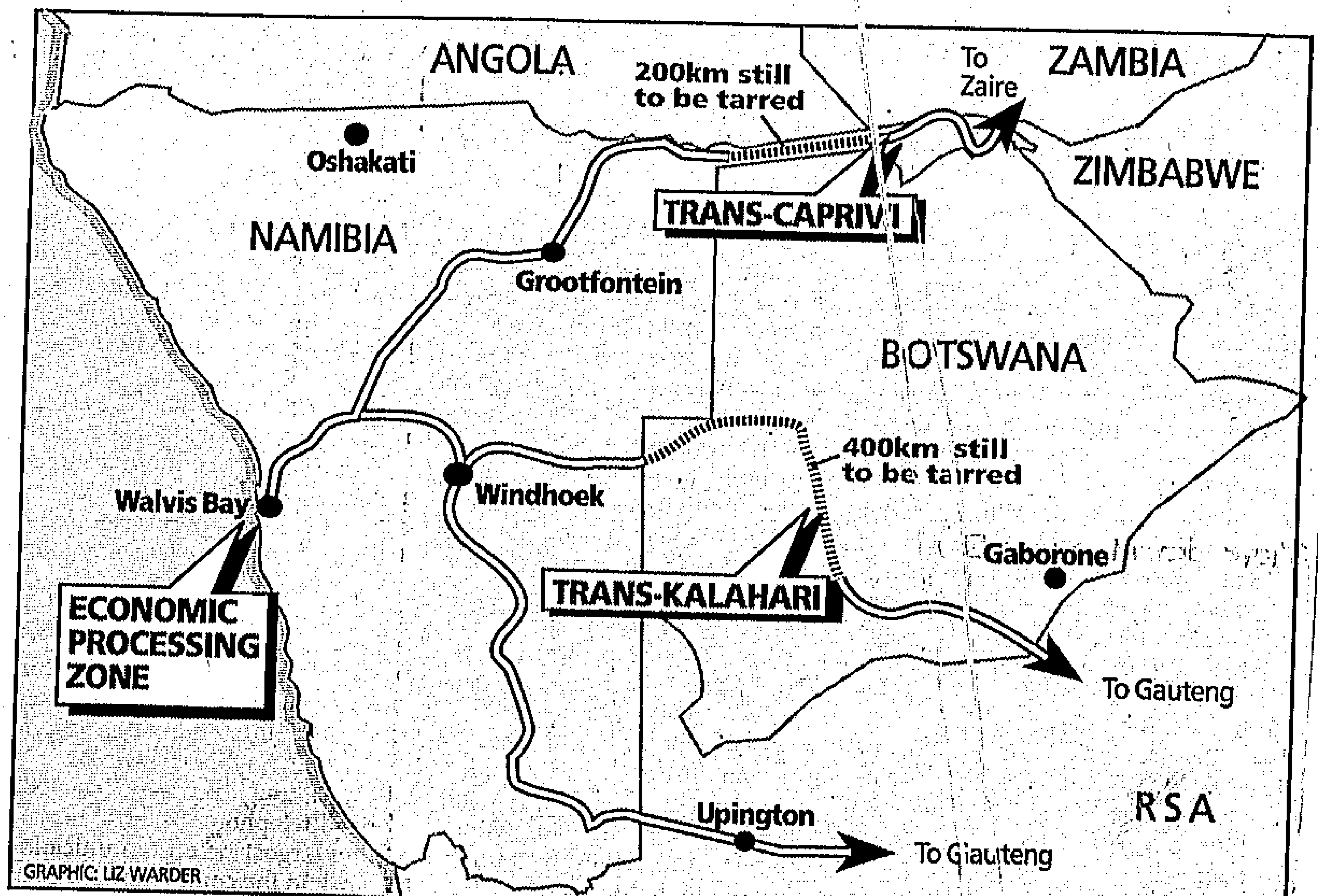
Walvis Bay, meanwhile, will also be the end-point of a tar route across Botswana from Gauteng once the tarring of the Trans-Kalahari highway is complete in 1998.

This will cut off more than 400km from the present dog-leg route via Upington.

Along with the almost-completed Trans-Caprivi highway, along which Zambian copper already comes to Walvis Bay, the Trans-Kalahari is expected to open up a hinterland as far as southern Zaire and Zimbabwe.

Increased traffic, along with the establishment of the EPZ, will add to the port's hopes of balancing its exports against its imports. In the 1993/4 financial year, 1003 million tons of imports were handled at the harbour, compared with only 613 million tons of exports.

"Once these highways are complete, exporters presently using Durban will save a week in transport time for goods going to Europe," says Johannes Gaomab, marketing-manager for Namport, Namibia's port parastatal.



GRAPHIC: LIZ WARDER

Secondly, in terms of training, I do not think for one minute that anyone in this Government or in the department wants to see the standards of training deteriorating. But what we would like to see is change in the intake of students to reflect the population of this country, because at the moment the intake is such that very few Africans are being trained in this country as doctors and that has to be corrected.

The second thing we are saying is that the training should reflect the national needs of the country. We should not train and pretend that we are training for the UK or America. We must be realistic and train people to take care of the needs of this country, South Africa. There is no question of neglect.

I agree that the media is misrepresenting the whole situation. But unfortunately we do not own the media and sometimes the media is owned by people who are against transformation. They want to reflect that there is a collapse of everything, because they do not necessarily want to support the present Government. That is why they are prophets of doom and gloom.

What I want to say is that we are looking at everything, including looking at government-to-government recruitment of doctors if we cannot get enough doctors in this country to take care of the people of this country. [Interjections.]

Senator J A JOOSTE: She has sent them away and now she brings them back!

The MINISTER: We have had discussions, even with the United Nations which has a scheme for recruiting. We are looking at other governments, because if we do not have enough doctors nationally, we have to supplement them. Every developing country, one may go to . . . I beg the senator's pardon. [Interjections.]

An HON SENATOR: The Minister can go to Cuba!

The MINISTER: Now that the senator is so interested in Cuba, I will recruit from Cuba. [Laughter.]

The PRESIDENT OF THE SENATE: Order! The hon the Minister has definitely transferred some of her time from the previous interpellation to this one, but I cannot retract that now.

The MINISTER: I beg your pardon, Mr President.

The PRESIDENT OF THE SENATE: Order! I said that the hon the Minister had transferred some of her time which was available to the second interpellation, but that I could not retract that now.

The MINISTER: I am sorry about that.

Debate concluded.

QUESTIONS

†Indicates translated version.

For oral reply:

The PRESIDENT OF THE SENATE: Order! We now come to the questions on the Question Paper. We shall aim to deal with all the questions printed on the Question Paper. To this end, may I therefore please suggest to the hon the Ministers to invoke their right to table those parts of the reply which may be of a statistical nature, or whatever part of the reply they may think fit to table. They have that right.

Question standing over from Thursday, 8 June 1995:

Establishment of export processing zone in Walvis Bay

*4. Sen Dr G MARAIS asked the Minister of Trade and Industry: 221A

Whether the proposed establishment of an export processing zone (EPZ) in Walvis Bay in Namibia is expected to (a) have a negative impact on the establishment of export-orientated industries in South Africa and (b) discourage overseas investment in South Africa; if not, what is the position in this regard; if so, what are the relevant details?

S235E

The MINISTER OF TRADE AND INDUSTRY:

(a) No. Countries use a range of measures to stimulate industrial growth. The establishment of an EPZ in Namibia would stimulate investment in that country and, by focusing additional attention on the countries of the Southern African Customs Union (SACU), could enhance the SACU as a whole as an investment destination. A duty rebate/refund permit system is already operational in South Africa, in terms of which manufacturers can import inputs duty and tax free for the production of goods destined for export. In effect, the facility therefore exists for any manufacturer anywhere in South Africa to operate largely as if the firm was in an EPZ. There are in addition other wide-ranging initiatives in place in South Africa to stimulate industrial development and to encourage exports.

Hansard 17/8/95

(b) No. The establishment of investor-friendly policies in the Southern African Customs Union and other neighbouring countries by means of EPZs, or other measures, enhance the attractiveness of the region as a whole as an investment destination. South Africa has a wide range of investment incentives to stimulate local and foreign investment. Given the changed circumstances following South Africa's readmission to the international community, the current measures are being reviewed with a view to creating a more investor-friendly environment. The recent abolition of the financial rand, the negotiation of bilateral agreements for the promotion and protection of investments and the scrapping (from 1 October 1995) of non-residents' tax on dividends are a few examples of measures already introduced. The Government will shortly submit to the NEDLAC Trade and Industry Chamber, a set of proposals on further measures to stimulate industrial investment, and to increase the internal and external competitiveness of industry in South Africa.

Questions standing over from Thursday, 22 June 1995:

Competitiveness in SA textile industry: import protection policy

*3. Sen Dr G MARAIS asked the Minister of Trade and Industry:†

Whether his Department has instituted any investigation into the effect of the import protection policy on production costs and competitiveness in the South African textile industry; if not, why not; if so, what was the result of the investigation?

S265E

The MINISTER OF TRADE AND INDUSTRY:

Yes. The effect of the import protection policy on production costs and competitiveness in the South African textile industry was covered in the course of a comprehensive investigation into a strategic plan for the restructuring of the textile and clothing industries by a Panel representative of the private sector, organised labour and government. Indeed, the Southern African Clothing Union was also represented on that panel.

In a subsequent investigation the Board on Tariffs and Trade (BTT) focused in particular on an appropriate tariff protection dispensation for the industries. It was found that both industries have the potential to become internationally competitive but that a fundamental restructuring and a conscious move out of the lower end of the market into higher value added products was required with particular attention to improving productivity through human resource development, work organisation and the upgrading of technology.

Government's response on the recommendations put forward by the Panel and the BTT was announced on 12 June 1995. In deciding on a suitable strategy for achieving international competitiveness in a reasonable timeframe, account had to be taken of the fact that textiles and clothing are internationally sensitive industries. A balanced approach had to be followed in order to minimise the loss of job opportunities in the textile sector as restructuring and upgrading of technology occur, whilst at the same time fostering a net creation of jobs in the clothing sector. Government therefore opted for a phased approach to the reduction of tariffs, linked to moderate supply side assistance to help the restructuring process.

In summary; the *ad valorem* tariff protection levels will be phased down over an eight-year period from their current levels to rates of 40%, 30%, 22%, 15% and 7,5%, respectively, for clothing, household textiles, fabric, yarn and polyester fibre. The minimum and maximum specific duties will be phased out over a much shorter period of four years with a possible extension of one year, provided the industries demonstrate sufficient progress in the restructuring process.

Senator Dr G MARAIS: Mr President, arising out of the hon the Minister's reply, was employment in cotton farming considered in the investigation?

The MINISTER OF TRADE AND INDUSTRY: Mr President, on the panel we had both cotton farmers and wool farmers. The situation in respect of cotton farming was duly analysed. Clearly, it is a highly competitive global market. At this point

Hansard 17/8/95

CITY PRESS, August 27, 1995

Post-liberation Blues

~~SOW~~ CP 27/8/95

(221 A)

'Namibian train running out of gravy'

Five years down the road the euphoria of independence is wearing thin in Namibia, says former Namibian cabinet minister Anton von Wietersheim. He accuses President Sam Nujoma's government of turning a blind eye not only to politicians who do wrong – but also to those who do nothing. ZB MOLEFE reports.

FIVE years after independence, the wheels are coming off the Namibian wagon, says the former Namibian minister of agriculture, Anton von Wietersheim.

Gradually, he says, the euphoria that greeted the independence of Africa's last colonial outpost in 1990 is wearing thin.

"It is my hope more party (Swapo) members will outgrow the legacy of the liberation movement history with all its fear, discipline and blind obedience – and start practising and living a democratic culture, filling our democratic structures with life," Von Wietersheim told a breakfast meeting in Johannesburg this week.

Von Wietersheim, agriculture minister from 1989 to 1993, delivered a talk entitled "An experience of democracy in Africa – Namibia between model constitution and absolute majority rule" to journalists, lawyers, academics and the Human rights Institute of South Africa at a lively meeting hosted by the liberal German foundation Friedrich-Naumann.

Von Wietersheim said he had first raised his concerns in parliament during the President's debate two years ago. The debate was about Namibian political, economic and human rights progress since independence.

The questions he raised included: To what extent did Namibia depart from public expectations after independence? Did the government keep to the spirit of its Frank Commission – appointed by President Sam Nujoma to combat possible corruption right from the start?

Von Wietersheim said while he pushed to see action against corrupt public servants, "I'm denounced in Cabinet and dismissed".

Von Wietersheim said he had reminded parliament of some of his colleagues' discomfort when parliamentarians had to determine their salaries – and how they had pledged to contribute part of it to the War Victims Fund.

But five years after independence "we have reached a situation where those with most get more and those with least have little," he said.

"I find it immoral how salary increases across the board have been weighed in favour of us – the political office bearers – at the cost of not only the middle-class public servants but specifically the pensioners and social benefit dependants," Von Wietersheim said.

"Since independence a dangerous pattern has been developing in Namibia. We have an executive president, an executive prime minister and an executive cabinet.

"But still too much influence has been heaped on President Nujoma. We want to see him in all the things we do to remember our achievements.

"We want to see him at our school ceremonies, our congresses, when we get electricity in our neighbourhoods and at children's baptisms. We forget he is part of the democratic and collective leadership."

All this could mean that Nujoma was the kind of person who allowed himself to be advised and misadvised by those he trusts – "even though some want to use his authority in a way that is hurtful to the nation in the long run", said Von Wietersheim.

On the other hand, Von Wietersheim said, the first three years of Namibian independence had run smoothly. But a distinct lack of government action on many issues had become a stumbling block to progress.

Some issues which needed urgent government attention included labour codes, land reform and investment protection, But these matters saw the government drag its feet indefinitely "with the executive seemingly unable to come to definite proposals", charged Von Wietersheim.

The government was probably fearing negative reaction from one or other wing of the ruling party (Swapo), said Von Wietersheim.

He said there had been another discouraging development when a number of companies who wanted to set up businesses in Namibia were enticed to appoint hand-picked local directors – including President Nujoma's brother-in-law.

"The problem of corruption started to rear its ugly head."

Von Wietersheim said this was one area the Frank Commission had pointed out when it uncovered a number of government iregularities.

However, President Nujoma had decided not to publish the Commission's reports – but to disband the Commission, said Von Wietersheim.

The Namibian parliament also had to share some blame for indecisiveness, lack of direction and lack of intervention by legislators, he said.

"Unfortunately the corruption problem too is increasing – and not one of the senior officials or politicians have been called to account for their deeds."

The Cabinet committee system urgently required for decision making in Namibia was not in place up to this day, said Von Wietersheim – though the public service accounts for 36 percent of the workforce.

There had been calls in the past for the rationalisation of the public service which involved consultations with a variety of experts. But after months of hard work Nujoma at a weeklong workshop dismissed the experts' findings as "a pure academic exercise", said Von Wietersheim.

The recent presidential and parliamentary elections which resulted a Cabinet reshuffle in March this year had turned into a "reshuffle puzzle" according to *The Namibian*, a progressive and widely-read newspaper, Von Wietersheim said.

The reshuffle was marked by "some spectacular and seemingly irrational appointments, dismissals and transfers", he said.

For instance, he said, a minister and a deputy minister implicated in the misappropriation of R200 000 drought relief funds for the rural poor and in illegally capturing wild ostriches for private farming activities, had been reinstated in their jobs.

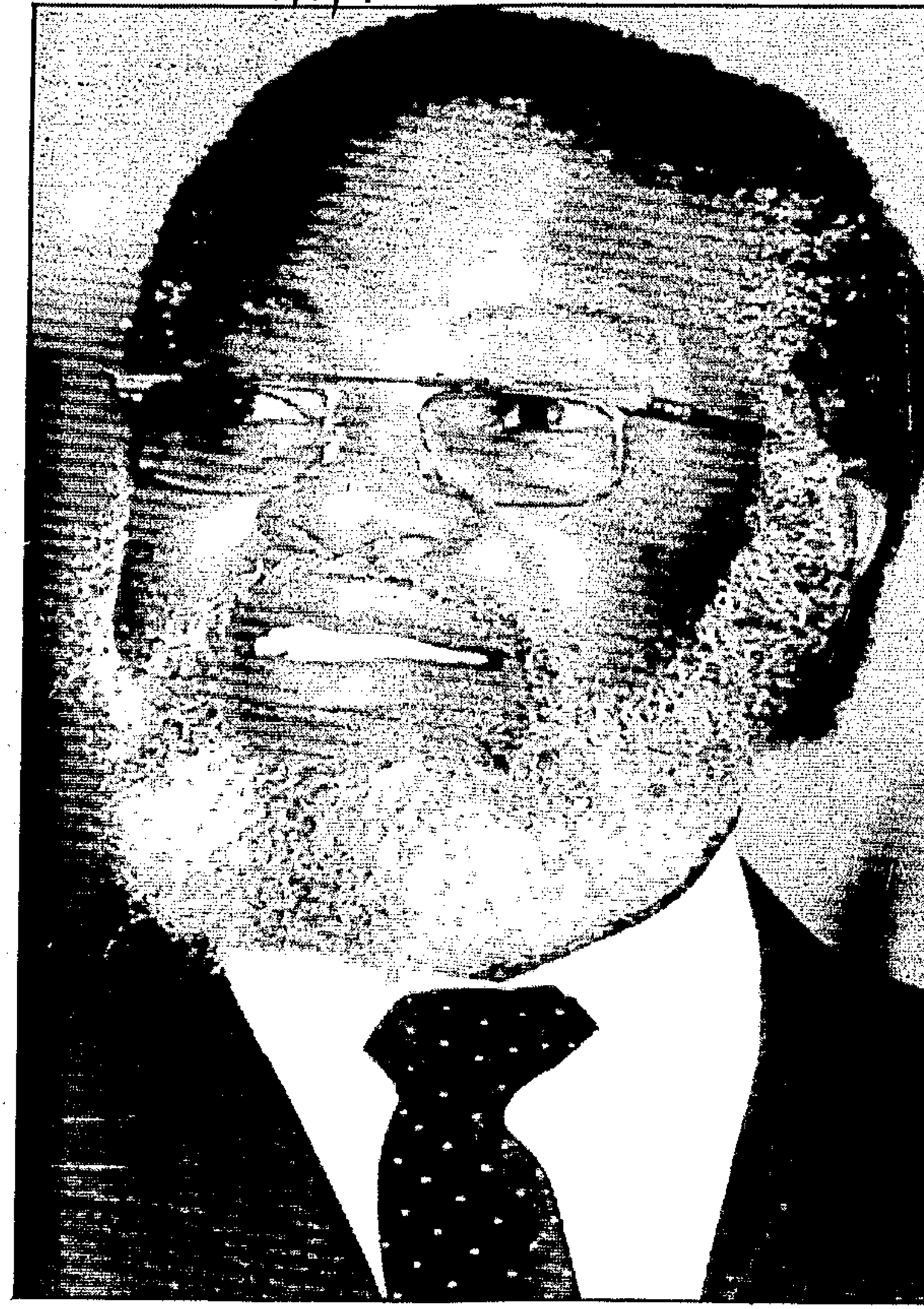
"Is this kind of behaviour in the letter and spirit of the (Namibian) constitution? – No, never," said Von Wietersheim.

The Namibian economy was in an ill state, he said. For instance, the manufacturing sector remained underdeveloped. Income distribution remained highly skewed, with the whites – about 5 percent of the population – remaining at the top of the ladder.

The emerging black elite – one percent of the population – earned an estimated per capita income of about R60 000 per year, said Von Wietersheim. The other blacks – about 39 percent of the population in the modern sector – earned about R2 800 per year.

"The remaining 55 percent – blacks – depend on subsistence agriculture and income. They eke out an estimated R300 per year.

"And the problem with unemployment is serious with the extremely high population growth," said Von Wietersheim.



TOO POPULAR TO LEAD? . . . President Sam Nujoma may spreading himself too thin among the people.

R103-m boost for Namibia

ARG 26/9/95

WINDHOEK. — Germany will give Namibia R103 million for local development projects this year, the German embassy said here.

(221A)

The announcement came after negotiations between German and Namibian delegations in Bonn.

About R61,3 million will be earmarked for financial co-operation development projects and R41,7 million for technical co-operation projects.

German Chancellor Helmut Kohl, who visited Namibia earlier this month, said Germany would continue its co-operation with Namibia.

The embassy said the delegations agreed to meet in Windhoek early next year to discuss the 1996 development co-operation programme.

Germany is Namibia's largest foreign donor. — Sapa.

Hedge Fund Namibia hopes to play a major role in development

(221A) BD 28/9/95

WINDHOEK — Hedge Fund Namibia, an investment company with the backing of Britain-based Titan Capital Management, issued a pre-listing share offer at 10 Namibian dollars apiece. Listing is scheduled for November 1.

Titan CEO and Namibian Hedge Fund director Graham May said the company hoped to raise 800-million Namibian dollars, half of it locally and the rest from foreign investors.

"This would ... constitute a fund sufficiently large to assert in the establishment of projects of national importance," director Andrew Theunissen said.

He said the Namibian Hedge Fund would invest a maximum of 25% into local capital development projects — concentrating especially on tourism, energy and the fishing industries.

The remainder would be invested locally, regionally and possibly internationally in "more" stable concerns.

At least 51% of the Fund would, however, be invested in Namibia at all times. — Sapa.

Namibia slashes seal cull quota

(221A) ARG 2/10/95

Dateline: WINDHOEK

NAMIBIA has severely slashed its seal cull quota for the coming season, but denies the move is as a result of pressure by animal welfare groups.

The Ministry of Fisheries and Marine Resources announced the cull for 1995-96 had been cut because last year some 250 000 seals starved to death due to a shortage of fish, leaving a population of about 550 000.

According to marine scientists, unfavourably warm conditions drove the fish out to sea beyond the reach of the seals.

During 1993-94, the ministry authorised a cull of 55 000 pups and 12 000 bulls. This had now been reduced to 13 200 pups and 4 250 bulls.

"The government has decided to take a more cautious approach to the level of seal harvesting," said Jan Jurgens, the ministry's top official.

Citing last year's population crash, during which the government had to clear large stretches of coastline of rotting seal carcasses, Dr Jurgens maintained the seal population was now at a more sustainable level.

"Although environmental conditions appear to have largely returned to a more typical state, the previous conditions are still affecting the seal population, resulting in lower numbers being born on the Namibian coast and surviving at this point in the year," Dr Jurgens said.

He was satisfied new quotas were at levels in line with sustainable utilisation.

But anti-culling lobbyists, such as the International Fund for Animal Welfare (IFAW) and the Beauty without Cruelty League, are still outraged, maintaining seals should not be harvested at all.

"The hunt is recklessly foolish from a scientific point of view because last year up to half-a-million seals died in an unexplained natural disaster.

"To kill more seals now is playing Russian roulette with the survival of their entire population," IFAW's Africa representative David Barritt said.

His organisation said it would try to discourage donor nations from giving aid to the Namibian government unless the cull was abolished. — Independent Foreign News Service.

Namibian pension complaints handed on

(221A) Star 17/10/95

■ BY DUNCAN GUY
STAR FOREIGN SERVICE

South Africa's High Commissioner in Namibia, Stanley Mabizela, will not go and address demonstrating former South West African Territorial Force and former Koevoet counter-insurgency unit members demanding to see him over pension payments.

The demonstrators claim that R36-million which South Africa granted the Namibian government for their pensions was also given to their former enemies demobilised from Swapo's army, the People's Liberation Army

Speaking from Windhoek, he said there had been demands for him to travel to Katima Mulilo, on Namibia's border with Zambia, to address them.

"I do not think I am the right person to talk to these people," he said, adding that on Monday last week, 19 former SWATF and Koevoet veterans had staged a demonstration at the South African high commission.

"They gave us a memorandum but it was addressed to Deputy President) De Klerk, not the present government. So we posted it to him, but there has been no response."

Mabizela went on: "The previous government made a big donation when it left. South Africa, under De Klerk, was working with the present government in Namibia on the matter."

He added that after Liberation Army ex-combatants had demonstrated last week, when they held Deputy Minister for Lands Hadino Hishongwa hostage, there had been a definite move on the part of the Namibian government to address the problems of former fighters from both sides.

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Namibia cancels Iscor's right to mine Rosh Pinah

(221A)

Mungo Soggot

BD 7/11/95

ISCOR is sitting on a zinc mine in Namibia with no mining rights after losing out to a company reportedly linked to the ruling South West African People's Organisation party.

The SA steel producer bought the assets of Imcor Zinc — its joint venture company which ran the Rosh Pinah zinc mine — after putting it up for liquidation last year. Although Iscor has held the assets since then, it is now unable to proceed with its mining plans following the Namibian government's decision to give the rights to P&E Minerals.

Iscor dubbed the decision disappointing and unexpected at the weekend, alleging that P&E had no mining experience. The move represents a change in fortune for Iscor, which managed last year to push the liquidation through in the face of stiff resistance — including tacit disapproval from the judge, who saw no reason to award Iscor costs.

Iscor's application had been opposed by Imcor partner Moly Copper, which disputed Iscor's line that the operation was unprofitable.

Moly Copper chairman Diane Lidchi said yesterday that the mine had been running since 1967. Iscor had bought 51% of the equity for a "virtual gift" at R510 in 1965. "The Namibian state has no good reason to give it to the now privatised Iscor, which has such an unpredictable attitude to profitability." Mines and Energy Minister Andimba Toivo Ya Toivo could not be reached for comment.

Iscor threat to Namibian govt

[redacted] 221A [redacted]

Mungo Soggot

BD 16/11/95

ISCOR has threatened to take the Nambian government to court over its decision to deprive it of mining rights to the Rosh Pinah zinc mine.

Iscor Industrial Minerals GM Chris Wessels said Iscor had told the Namibian government yesterday that unless Iscor reached an agreement with P & E Minerals by November 24, it would take it to court.

P & E Minerals, linked to Namibia's government and some Malaysian interests, was awarded mining rights to Rosh Pinah, although Iscor owns the mine.

There has been speculation in Namibia that Moly-Copper, Iscor's joint venture partner in liquidated Imcor Zinc which used to run Rosh Pinah, is behind P & E Minerals. Moly Copper chairman Diane Lidchi last week refused to comment.

EU standards threaten Namibian fisheries

CT (BR) 20/11/95 (221A)

By Tabby Moyo

Walvis Bay — Namibia could lose one of its most lucrative fish markets, the European Union, if it fails to adhere to the union's stringent new quality standards by December 31.

The fishing industry is Namibia's second largest after diamond mining.

As the December deadline looms, all the country's fish exporting companies are making frantic efforts to upgrade their facilities — or face a total European ban.

The EU requires that treated sea water used to clean the fish must measure up to fresh drinking water standards. Although most of the fishing companies conform with local and African standards, the EU expressed dissatisfaction with the companies' bacterial treatment.

The South African Bureau of Standards (SABS) has been asked to carry out the final examination of the fish processing plants on behalf of the EU.

A list of the companies complying with the new requirements will be made available to all EU countries. The SABS has undertaken detailed assessments of production facilities and factory fishing vessels to determine what needs to be done to meet the requirements as far as physical structures are concerned.

One of the major local fishing companies, United Fishing Enterprises, has already reached an advanced stage with its upgrading programme, estimated to have cost about $550 000.

Ban

International experts who addressed a seminar at the African Maritime and Fisheries Expo in Windhoek, said that if quality standards were not faultlessly upheld by all Namibian fish processors, one bad apple could result in a complete ban on Namibia's exports to Europe — triggering an unprecedented crisis for the country's leading economic growth sectors.

Fisheries and Marine Resources Minister Hifikepunye Pohamba said that Namibia had an obligation to conform to the EU's import requirements. If Namibia was to have a competitive advantage in world seafood markets, it had no choice other than to meet the standards demanded by the EU.

The Hazard Analysis Critical Control Point being introduced by the United States Food and Drug Authority, and adopted by the EU, is expected to become the standard for sea-food process control.

Fisheries' adviser Wolfgang Scharm, however, considered it unlikely that most of the Namibian fishing companies would meet the December 31 deadline. He said that although a lot had been done to refurbish factory vessels, the same had not been the case with fishing vessels at sea. "Fishing vessels are the backbone of production. They have to stay out at sea in order to catch the quota allocation.

To take the vessel off the fishing grounds and put it into dock for upgrading is certainly a very difficult and economically crucial decision to make," he said. — Independent Foreign Service

Iscor threatens to close Namibian mine

Mungo Soggot (221A)

ISCOR has signalled its intention to get tough over the Namibian government's efforts to push it into a joint venture with a Namibian mining company, by stopping operations at its Rosh Pinah zinc mine in Namibia.

It said yesterday it would take Namibia's government to court over its decision to deprive it of the mining rights to Rosh Pinah. Iscor lost the rights to P&E Minerals, a newly formed company with Malaysian and Namibian backers, and Namibian President Sam Nujoma's brother-in-law Aaron Mushimba, among its directors.

Iscor mining division MD Ben Alberts said yesterday P&E Minerals had not yet responded to Iscor's request for a specific commercial proposal on a joint venture. Iscor had no op-

Continued on Page 2

BD 28/11/95

Iscor

(221A)

Continued from Page 1

BD 28/11/95

tion but to stop mining until there was a commercially acceptable solution.

"I am distressed about having to take this step, but we have to protect our interests. We will do everything within our power to act in the best interests of the employees," he said.

Namibia's government had given Iscor permission to continue mining so that it could strike a deal with P&E.

Iscor Industrial Minerals GM Chris Wessels said the latest deadline given to P&E Minerals was tomorrow. The mine would be closed permanently if no deal was struck and if Iscor lost its case against the government.

The mine, which produced about 60 000 tons of zinc concentrate and 20 000 tons of lead concentrate a year, employed 330 people. About 430 families depended on it, he said.

Iscor bought the assets of liquidated Rosh Pinah holding company Imcor Zinc—in which it was a shareholder—for R35m earlier this year, then applied for the mining rights, which were given to P&E.

Iscor's acquisition of Imcor Zinc's liquidated assets followed a protracted court battle between Iscor and Moly Copper, its joint venture partner in Imcor Zinc.

Moly Copper chairman Diane Lidchi maintained Iscor deliberately precipitated the liquidation so it could become the sole owner.

Iscor denied this. "These allegations have been dismissed by the High Court of Namibia," Wessels said recently.

Lidchi, who could not be reached for comment yesterday, has refused to comment on speculation that she is behind P&E Minerals.

NAMIBIA — GENERAL — ECOMICS

1996 — 1997

Pick 'n Pay put out in Namibia

MTG(Bm) 5-11/1/96 (221A)

Denford Magora

PICK 'N PAY wants to get into Namibia but a nervous local businessman is using every trick in the book to keep Raymond Ackerman out.

This is a drama South African businessmen would do well to watch closely because it does not end here. As sophisticated and market-wise South African businessmen *trek* into Africa, quasi-monopolies that have not known any real competition to date are getting nervous.

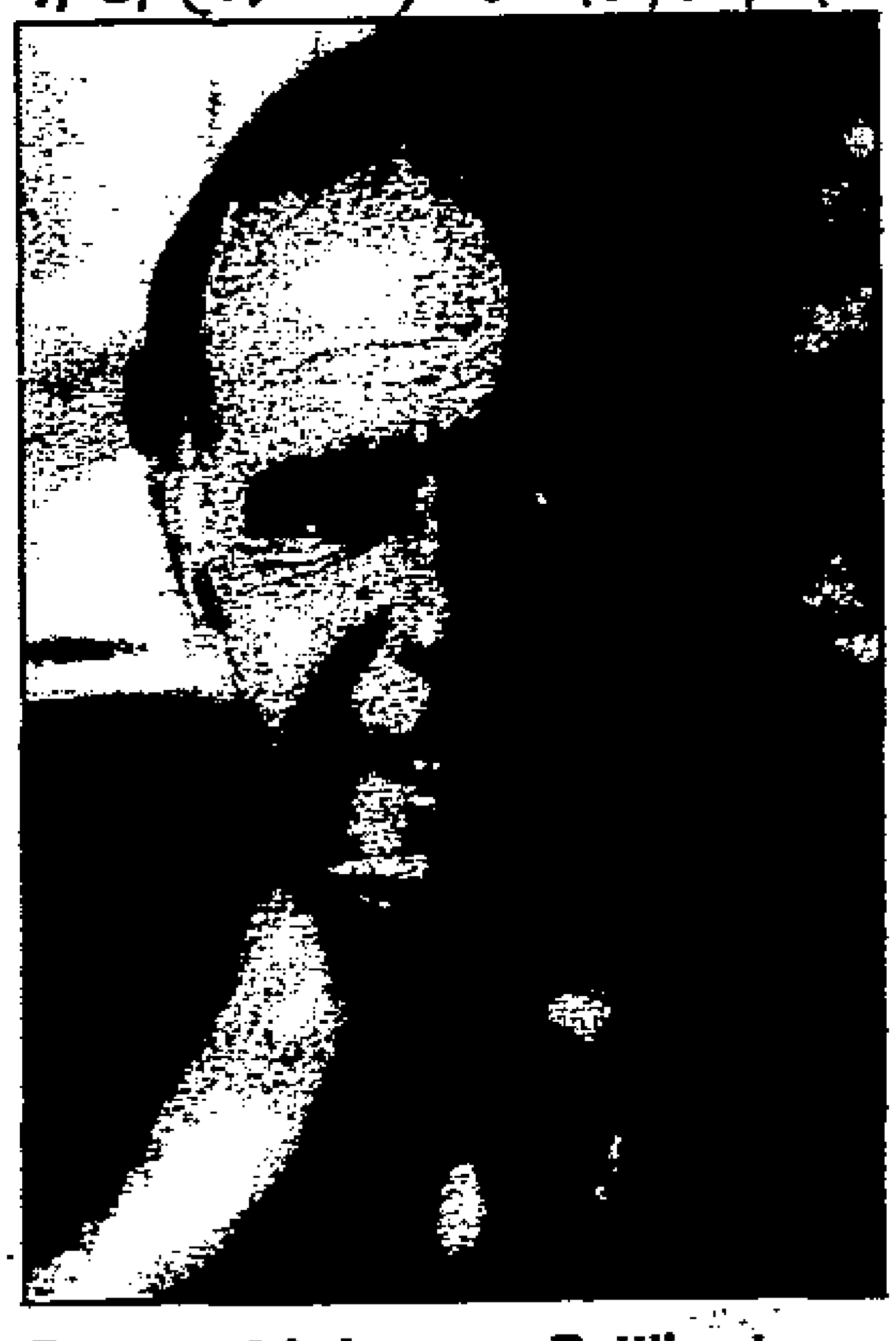
In fact, Ackerman is not alone in his battle to enter Namibia. Southern Sun has also been taken to court over its proposal to open a casino at Kalahari Sands Hotel, in the centre of Windhoek.

The basis for the objection is that, among other things, Southern Sun is not Namibian. Ironically, this objection is being lodged by Stocks and Stocks.

But back to Pick 'n Pay. The supermarket chain acquired land in Windhoek in 1993 and expected that they would be open for business by 1995. They had not counted on Carl List — one of Namibia's premier businessmen — with interests in hotels, real estate and shopping malls.

The land that Pick 'n Pay wants to build its store on is directly across the road from List's Wernhill Park, Windhoek's main shopping mall.

When the decision to give the land to Pick 'n Pay was announced, List went to the Minister of Regional and Local Government, who is the executive head of all city councils in Namibia.



Raymond Ackerman: Battling to enter Namibia

According to List, the Windhoek City Council had reneged on a commitment to allow only the building of an office park on the land it was now offering to Pick 'n Pay.

The minister refused to intervene. The Prime Minister Hage Geingbob publicly said at the time that big business in Namibia was now getting nervous about the competition.

List took the matter to the High Court of Namibia where a full bench dismissed his application with costs. The high court judges pointed out that the city council was well within its rights to make the land available for "any purpose within the definition of business".

But List is undaunted. He has now taken his case to the supreme court and is asking the supreme court to rule that the decision by the Windhoek city council was "unconstitutional, alternatively null and void and in any event of no force and effect." The supreme court is expected to pass judgment on the issue early in 1996.

List has his supporters in this crusade, as well as detractors. One of those who support him is Harold Pupkewitz, Namibia's most prominent businessman. Pupkewitz says local businessmen do not fear competition.

According to him, if South African companies want to invest in Namibia, they should invest only in primary and secondary industries which create jobs. "It is a fact that the newcomers in the retail field will not be entering a booming market waiting for their services, so their turnover will be produced to the extent of 95 percent or more at the expense of established traders in the same sector."

Pupkewitz admits that traders are "filled with trepidation", but says that this had nothing to do with fear of competition. Instead, he says, the reason is that traders "believe the consumer had had a fill of those forces during the past few years already".

A local economist says this is typical of Namibian business, which has a paternalistic belief that they know what's best for the consumer.

List himself admits to fear of competition in his papers filed before the supreme court, saying the presence of Pick 'n Pay across the road from his R50-million investment would "destroy the viability of (my) own development."

Namibian copper cathode project to come on stream in 1998

CT (PR) 2/2/96 (221A)

FROM REUTER

London — Copper cathode production at the Haib Copper Project in Namibia could start as early as July 1998, Peter Prentice, the managing director of Great Fitzroy Mines (GFM), said this week.

Collection of the 900 tons of ore samples needed for metallurgical testing would be completed by the end of next week, with test results due in some six to eight weeks, Prentice said at a news briefing.

The Haib copper development is a joint venture between GFM, which has a 20 percent share, and Namibian Copper Mines, which holds 80 percent of the project.

A bankable feasibility study is now being carried out on the project, which has a mineable resource of 303 million tons of 0,41 percent copper and 978 million tons of heap-leachable ore at 0,19 percent copper.

Prentice said planned annual production would be 85 000 tons of copper cathode, which would make Haib one of the top five cathode producers in the world.

The mine would have a life of 25 years, and the capital cost of the project was $600 million with cash costs at 59c a pound.

Funding alternatives were being considered, with interest being expressed by British and US banks and financial institutions, as well as the World Bank.

"We believe that project funding will be achieved unless there is a dramatic collapse in the equity and copper markets ... The capital cost, based on a (copper) price of $1 a pound, will be repaid in seven years," Prentice said.

He said the financing could be raised on a 75 percent debt/25 percent equity basis, or by a synthetic copper loan which would carry a low interest rate of around 3 percent.

Haib copper will be Namibia's largest single project, generating close to $200 million a year in revenue from copper and by-product gold and molybdenum.

Both the high-grade and low-grade ore can be treated at low cost using both flotation and roasting and solvent extraction-electrowinning processes.

"Without that technology the project was marginal — with it, it turns Haib right around," he said.

Namibian fish catch down 15%

(221A) MtG 19-25/4/96

Christof Maletsky

NAMIBIA'S fish catch fell by nearly 15% last year, according to Minister of Fisheries and Marine Resources Hifikepunye Pohamba.

His statement, during the motivation speech for the Fisheries budget in the National Assembly this week, was based on provisional data which showed that landings fell from 648 000 tons in 1994 to around 560 000 tons last year.

The catch dropped by 18% in 1994 from the 789 000 tonnes of the previous year.

The economic impact of the adverse environmental conditions had been substantially compensated for by the success of the Namibian fishing industry in earning more for its products, according to Pohamba.

Although there was a 30% decline in the landings between 1993 and 1995, the value of fish exports had increased by the same percentage over the same period and fish exports for 1995 were still expected to exceed N$1,3-billion.

— *The Namibian*

Namibian beef imports increase

BD 24/4/96 (221A)

Louise Cook

(BEEF)

PRETORIA — SA is to step up beef imports from Namibia by 30% following the ban on UK beef.

Meat Board marketing manager Wilby Venter said Namibia was the obvious country to import beef from because of prolonged drought, which had forced it to push up slaughterings before winter to enable farmers to survive.

Local prices were expected to fall to about R7,95/kg with more meat coming onto the market in winter, a seasonal pattern.

Namibian meat board manager Jaco van der Merwe confirmed the drought had forced a pre-winter export drive. SA was expected to import more than 90 000 carcasses, compared to 77 0000 last year.

Namibia would also supply the EU. Namibian prices of R6,80/kg were not expected to change much before the end of winter.

Other industry sources said beef prices and consumption had remained steady, despite last month's mad cow disease scare, when British beef imports were banned.

Meat board GM Pieter Kempen has called for the destruction or return of remaining supplies of UK beef in SA. The UK had supplied 7,5% of SA's beef, mainly for processed products. The extra Namibian beef would supply about half that hit by the ban.

HERE'S TO THE POOR

Sam Nujoma, the president of Namibia

PHOTO: JOHN WOODROOF

Looking for an oasis

(221A)

CT(BR) 5/6/96

James Lamont

Namibia last captured international limelight with its democratic elections in 1990 and the presence of United Nations observers. Six years on come the export processing zones (EPZs), an ambitious bid to become the number one investment centre in southern Africa.

After independence, the West consigned Namibia to the obscurity of a marginal Third World economy. Government excesses and dwindling domestic and foreign investment were seen as the price of peace. Namibians were left to wonder why the National Planning Commission forecast gross domestic product per capita would have fallen by the turn of the century, in spite of independence. It also predicted that a greater proportion of the population would be left without formal jobs even though economic growth is at 3,6 percent — just above population growth.

The peaceful transition, compared with South Africa's and Angola's difficult processes, and an infrastructure left by the South African military, led commentators to trumpet Namibia as a success story. Only President Sam Nujoma's purchase of an executive jet caught the headlines.

Meanwhile, salaries for 70 000 public servants catering for 1,6 million people ate up 48 percent of the national budget, while the government courted phony Middle Eastern investors who left substantial hotel bills and customs duties on Romanian tractors for it to foot. The dividend of democracy was hard to find.

New business complained of the need for majority party Swapo's patronage, and of established monopolies local and South African that would not give ground to foreign entrants to the market. Economic growth was stifled by a budget targeted at social development and an inflexible primary economy, constrained by the international mineral market, heavy dependence on South Africa, water shortages and ravaged fish stocks.

Some 70 percent of the Namibian population is dependent on subsistence farming — a reality not indicated by a $1 400 per capita income. Diamonds represent 54 percent of exports, and 80 percent of imports come from South Africa.

Even Namibia's senior officials, daunted by the lack of local skills and a tiny market, deferred to the opinion that South Africa was the economic springboard into the region and that it would snap up new investments.

But now the Namibian government is challenging its long-time economic master. The idea is to lead where South Africa dare not follow by offering knock-down incentives to investors — indefinite tax-free status and relaxed labour legislation — and to bury the Marxist-Leninist hallmark. Nujoma is now pinning the country's future on the Kudu gas field, manufacturing, tourism and trans-shipment to succeed beef, fish and minerals.

The country is seeking direct foreign investment, not least from South Africa. To foster a "value-adding" manufacturing sector, the government has placed its full support behind an export processing zone initiative and claims to have convinced the labour movement that job creation is an urgent national priority. "Our primary concern is the continuity of production," says Hanno Rumpf, the permanent secretary at the trade and industry ministry.

He views the EPZs as Namibia's fast track to industrialisation and a means of "levelling the playing field" in the Southern African Customs Union (Sacu) and the Southern African Development Community.

Companies moving to the zones will enjoy indefinite tax-free status and no strikes or lock-outs will be tolerated for five years. The incentives will also apply to single factories. Companies will be exempt from corporate income taxes, customs duties, sales taxes, transfer taxes and stamp duties. Manufacturers seeking to produce primarily for the Sacu market will qualify for additional incentives.

The EPZ initiative depends on the deep-water port of Walvis Bay, declared the country's first EPZ, and Namibia's preferential access to American and European markets.

Manuel de Castro, the mayor of Walvis Bay, boasts that the port is eight days closer to Europe than Durban and will enjoy unparalleled links with the hinterland when the trans-Kalahari and Caprivi highways are completed in 1998.

It is hard to imagine Namibia as the Singapore of Africa. The government is wisely taking a modest approach. Hidipo Hamutenya, the trade and industry minister, understands EPZ-based industries to be of the same ilk as "essential services like hospitals". But curing the 35 percent unemployment rate will be done without the aid of anaesthetic.

Job fears as pilchard quota falls

(221A) BD 25/6/96

WINDHOEK — Fears of massive retrenchments are rippling through the $325m-a-year Namibian fishing industry, the second-largest income-earner in the country.

Still reeling from its poor performance in 1994, the industry has been dealt a blow by the government's decision to halve the pilchard quota for the May-August season to 20 000 tons.

"The decision was taken with the industry at heart," says fisheries deputy minister Abraham Iyambo. "Our overriding objective is conservation, proper management and sustainable utilisation of the fish stock."

The fisheries and marine resources ministry, advised by the fisheries advisory council, recommended the reduction after research into the stock.

In a survey last May, scientists commissioned by the fishing industry estimated a pilchard stock of 200 000 tons, while government marine biologists put it at 100 000 tons. Faced with the discrepancy, the council recommended a lower temporary quota while more research is conducted.

Fishing companies have expressed severe disappointment and described the allocation as a blow to the industry. But fisheries permanent secretary Jan Jurgens says the pilchard stock found was too young to justify a higher catch.

The pilchard quota has been sharply reduced over the past three years, from 125 000 tons in 1994 to 40 000 tons last year. Pilchards are the mainstay of the industry, and revenues have consequently fallen, with $22,5m generated last year compared to $27,5m in 1994. Last year, state revenue from fishing fell by $7,5m, despite a 100% hike in fish levies.

The industry has just spent millions upgrading its fish processing plants to meet new hygienic standards set by the EU. In addition, Pelagic Factories Association chairman Willem Pronk says Namibia would lose its lucrative overseas fish markets if it fails to deliver a large quantity of pilchards. — AIA.

AFRICA

Drought relief takes up budget

(221A) BD 26/6/96

WINDHOEK — Namibia would not have an additional budget this year as the money had been diverted for drought relief, Finance Minister Helmut Angula said in Windhoek.

He said during a comprehensive drought aid scheme meeting on Monday the government had been forced to allocate N$100m usually reserved for the additional budget for the relief programme, The Namibian daily reported.

"I informed cabinet, and was given their support, that there will be no resources for the additional budget in December," Angula said. Namibia, he said, had to learn to live within the means available.

It was important that all drought relief projects be carried out in six months starting from June 1.

Angula warned he would be forced to transfer allocated funds back to the additional budget if projects had not started by December.

"We must, however, still be prudent in our expenditure," he said.

He said the fact that he had waived tender board regulations for drought relief to save time did not imply he condoned corruption. The regulations were waived as they often delayed projects by up to six months.—Sapa.

Hopes rise over potential of offshore Namibian gas field

BD 5/8/96 (221A)

Reinie Booysen

ONE of the most eagerly awaited gas exploration wells in Africa will finally break ground 150km off the southern Namibian coast this week.

Many explorationists suspect Namibia's Kudu gas field, which has only been drilled three times before, could be among the world's bigger gas fields.

Field operator Shell, with a 75% interest, is expecting to prove reserves of "towards 3 tcf" (3-trillion cubic feet). That alone would make Kudu a substantial field — Shell Exploration and Production Namibia MD Ger Kegge says a 3 tcf field would be sufficient to drive a 1 750 MW power station for roughly 30 years.

But many suspect the actual number could be as high as 10 tcf (285-billion cubic metres), ranking it among the world's bigger gas fields.

Seismic pictures show considerable gas potential, but they also reveal that the deposit could be split between several reservoirs, complicating recovery. The gas-bearing reservoir sands are more than 4 000m below sea level, and the ocean floor is 170m deep.

So far three wells have been drilled: the first in 1973-74 was operated by Chevron, but the company was forced to abandon South West Africa, as it was then known, by a UN resolution forbidding new investment in the territory. In 1987-1988 another two wells were drilled by Swakor, Soekor's local counterpart. The second of these included flow tests, which, according to Kegge, were "very encouraging".

Having already spent more than $10m, Shell and its partners Texaco and the JSE-listed Energy Africa will spend another $12m on the well and flow tests, plus another $5m completing a modern 3D seismic study.

Their best, but not only, hope for a customer is Eskom. It could become the key baseload customer, using the gas to generate 1 750MW of electricity for the Cape. But Eskom's response has been lukewarm, due to the current abundance of electricity capacity in SA, and the extremely low cost of its coal-driven power. At only about 3c a kilowatt, Eskom claims its "coal" electricity is substantially cheaper than the projected cost of electricity generated from Kudu gas — though price negotiations have yet to start in earnest.

Both sides believe a compromise is possible, and talks are scheduled to restart once there is greater certainty about the size and nature of the deposit in about three months' time.

Foreign fleets want stake in Namibian hake

(221A) ~~221~~ CT (Bz) 26/9/96

TABBY MOYO

Windhoek — Namibia's long-running controversy over the presence and rights of foreign fishing companies threatens to come to the boil again after the very low quotas allocated by the government this year.

Raphael Gabeiros, the managing director of Spain's Cadilu Fishing, said the government was discriminating against foreign companies, a trend which could discourage foreign investment in Namibia.

"It is time to identify who is going to play a significant role in the country's fishing industry and who is not, irrespective of colour or the origins of the company not being Namibian," Gabeiros said.

Animosity between local and foreign companies had simmered for years and at one stage had led to a Spanish trawler being impounded and a ban on foreign trawlers in Namibian waters. Locals complain about overfishing, which foreigners deny.

A total catch of 150 000 tons of hake allowed by the government this year was used up in two months. An extra 5 000 tons was exhausted in six weeks.

Gabeiros claims that even this low quota was biased.

While local trawler owners will probably dispute this assertion, the two sides agree in the main that this year's quota, coupled with the disappearance of pilchards from fishing grounds, is disastrous for business.

Seaflower, in which the Namibian government has an 80 percent stake, says it will close at the end of this month. Reopening of the factory will depend on the quota for next year.

Cadilu says it is trying to avoid retrenchments through joint ventures.

Tunacor, another local company, describes the hake quota as "ridiculous". But the ministry of fisheries and marine resources claims that investigations have found that it would be unjustifiable to increase the quota.

The Food and Allied Workers trade union claims that companies are using the low quota as an excuse to fire workers.

The union was negotiating with a number of fishing companies to try and save the jobs of its members. Most companies have asked workers to take unpaid leave until the end of the year, but this has been rejected by the union as there was no guarantee that the employees would be rehired next year. — Independent Foreign Service/AIA

Namibian coastal gems beat targets

(221A) CT (BR) 11/10/96

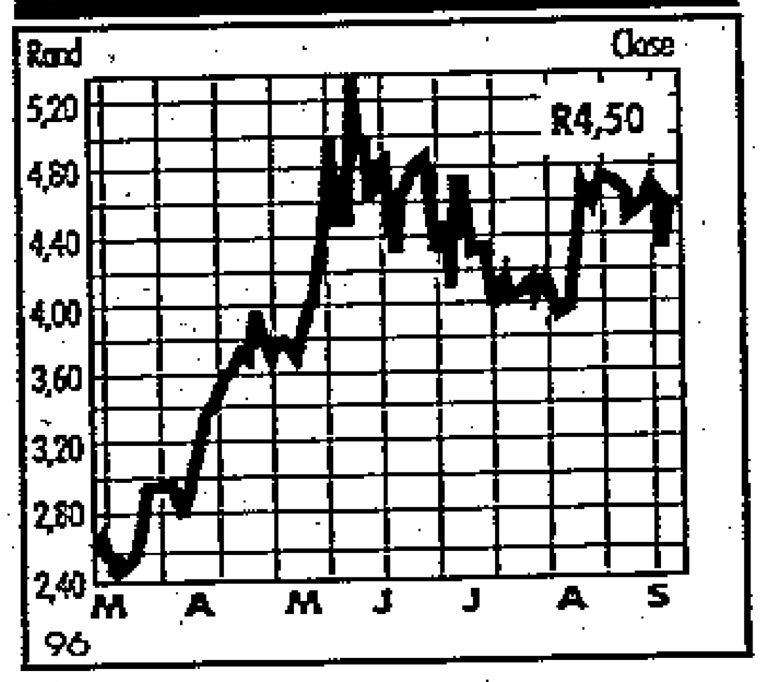
Marc Hasenfuss
Cape Editor

Ocean Diamond Mining Holdings, which operates concessions off the Namibian coast, is set for a stronger-than-expected interim showing, with production well ahead of stated targets.

A spokesman said yesterday that the company had produced 32 255 carats in the six months to September 30, 17 percent ahead of the initial half-year target.

Earlier this year the company forecast production of 55 000 carats for the year to March next year. The strong production levels support predictions that the company could show attributable profits of R10 million in the year to March.

ODM



The spokesman said most of the gem production was achieved by the Namibian Gem, one of the company's vessels, from smaller isolated deposits at the Halifax Islands, in spite of the vessel being dry docked in Cape Town for a fortnight in June.

The evaluation of the Halifax basin deposit was completed during the interim period. "Diamond mining of this deposit commenced towards the end of the period, and it is anticipated that most of the Namibian Gems' production for the next few years will come from this relatively large and exciting diamond deposit," said the spokesman.

"Diamonds sold to date from this area have fetched prices between $185 and $190 per carat. With the absence of larger stones it will be difficult to obtain prices of more than $200 per carat under present market conditions," the spokesman said.

☐ See Business Watch

TOURISM *Windhoek hotel groups charge lower rates than SA counterparts*

(221A)

CT(BR) 11/10/96

Namibians compete for SA conferences

AUDREY D'ANGELO

Windhoek — Windhoek hoteliers, who charge lower rates than South African hoteliers, have been pulling out all the stops to secure South African conference business.

Competing hotels such as the independent Safari group, Sun International's Kalahari Sands and Stocks & Stocks's Windhoek Country Club have been co-operating to provide cut-price accommodation for conferences with more than 2 000 delegates. They have asked Air Namibia and SAA to fly in conference delegates from Johannesburg and Cape Town at reduced fares for large groups.

The safari group complex, which includes a two hotels, has a new R15 million conference centre that can provide seating for 2 400 delegates. That facility is larger than any Cape Town hotel can offer

Johnnie Hamman, the general manager of the Safari group, said that it had made the investment because South African hotel groups, targeting overseas conferences, had priced themselves out of their own domestic market.

However, Windhoek was struggling to fill hotel rooms. "We need conferences to fill beds," Hamman said. He said that only 40 percent of his guests were tourists.

Marc Vlieghe, the general manager of the Kalahari Sands, said Windhoek hotels had an average occupancy rate of between 40 and 45 percent. He said that 80 percent of his guests were on business.

Hamman said he expected South Africa to attract a huge influx of foreign visitors over the next five years and hotel prices would continue to rise. That would make Namibia more attractive to South African holiday makers as well as conference organisers, he said.

He said the Safari hotel group had formed an alliance with Avis, Air Namibia, Springbok Atlas and Oryx Tours.

Visitors pour in, but rooms stand empty

AUDREY D'ANGELO

Windhoek — Tourism in Namibia is growing at the rate of 15 percent a year, Gert Hanekom, the Namibian tourism and environment minister, said yesterday.

But, Hanekom said, so much investment had been made in new hotels, some by South African companies, that there was over-capacity. Hotels were struggling with occupancy rates of less than 50 percent.

Hanekom said he was confident tourism would grow at a faster rate if southern Africa were marketed on a regional basis.

Hein Geingob, the Namibian prime minister, emphasised the need for regional marketing when he opened the annual congress of the Association of Southern African Travel Agents in Windhoek yesterday.

Geingob said that, although southern Africa had so much to offer, regional marketing was the only way to overcome the handicap of being a long-haul destination. At present, southern Africa had only 1 percent of the world tourism market.

***JOIN FORCES** Hage Geingob, Namibia's prime minister, told conference delegates of the need to market southern Africa as a whole*

Geingob said Namibia had a record of uninterrupted peace and stability for the past six years.

The country had excellent airline connections to the main tourism markets.

Namibia's national carrier, Air Namibia, hoped to introduce a direct service from Windhoek to the US next year, which could be an additional benefit, he said.

Interest revived in large Namibian copper resource

(221A) BD 18/10/96

David McKay

A JOINT venture involving an Australian base metals company has resurrected a project to explore a large copper resource in Namibia, which would cost about R1,2bn to develop.

But analysts responded coolly to the new exploration plans, believing the 800-million-ton resource is low grade and therefore financially unviable.

The "Haib Resource" has a 0,4% to 0,15% copper yield and is not well supported by infrastructure — a combination of obstacles making the project a risk in the context of lacklustre demand for copper in the long term, they said.

The resource, situated close to the SA border, had been the subject of drilling by UK-based RTZ during the 1970s. It was ditched in preference to an exploration which resulted in Palabora Mining, an operation mining at grades of about 0,5% copper, and producing a basket of by-products. Gold Fields of SA has more recently examined the project, but it also believed a project was commercially unviable. The group has since said it was more interested in scouting for precious metal resources.

Fresh drilling on the resource is being carried out by the Namibian Copper Mines — the joint venture in which the Sydney-based company Great Fitzroy which has a 20% stake.

A source close to Great Fitzroy said the resource could be profitably mined using modern low-cost technology such as heat leaching, solvent extraction and electro-winning.

This technology was unavailable to RTZ when it was considering the viability of the project, the source said.

About R40m has been spent so far on additional drilling which should be completed by January. This would pave the way for a financing deal which the joint venture would scout for from February or March next year. The joint venture had received letters of intent from interested but as yet unnamed parties currently listed on the Namibian Stock Exchange.

Great Fitzroy MD Peter Prentice was unavailable for comment, but it is understood the joint venture has been listed on Nasdaq.

If the feasibility study is successful and funding for the project could be raised, the joint venture intends to build a plant with an 80 000 ton a year capacity of finished metal.

Other criticisms levelled at the resource was that it was not well supported by infrastructure, but the joint venture said the resource is situated 10km from the Orange River, and was close to an arterial road. The source said "there were many projects which run profitable mining copper resources with grades less than 1%. The Haib resource would be no exception, he said.

World Bank export boost at Walvis Bay

(221A)

BD 30/10/96

NAMIBIA is mulling a World Bank development loan to help construct a new export processing zone at Walvis Bay, the bank said yesterday.

Pamela Cox, World Bank country director for Namibia, SA, Botswana, Lesotho and Swaziland, said the loan was still at pre-appraisal stage.

"The pre-appraisal mission for that should be going (to Namibia) in a couple of weeks," she told a news conference in Johannesburg.

Cox said the size of any possible loan had not yet been finalised, but that it was likely to come in at somewhere around the $35-40m mark.

"Government is still thinking about it," she said.

The Walvis Bay zone initiative was put in place last year to attract overseas investors to the area and boost the competitiveness of local manufacturers with the aim of boosting the exports of finished goods.

Incentives include providing exporters with a range of incentives such as exemptions from corporate tax, import duties, training grants and preferential access to major foreign markets.

The loan will be used to help fund infrastructure projects around Walvis Bay, the main port of the vast but sparsely populated country. — Reuter.

German-owned manufacturing plant opens in Namibia

Export zone plan powers ahead

(221A) ST (WK) 26/11/96

JOHANNES DELL

Walvis Bay — Namibia's ambitious export processing zone programme took a step forward at the weekend with the opening of a N$13 million (R13 million) German-owned manufacturing plant.

German politicans mixed with Namibian politicans to celebrate the most significant investment yet in Namibia's export processing zone programme.

Though the Namibia Press and Tools plant may be small in size and investment compared with other parts of the world, it is seen as a shining example of the programme.

The plant employs about 20 people and hopes to expand operations if results next year fulfil expectations.

Namibia relies on fishing and mining for most of its export earnings. President Sam Nujoma's government is trying to diversify away from the primary sector into manufacturing, tourism, energy and transhipment.

The export processing zone policy is central to the country's 1996-2000 national development plan which aims to boost growth to 5 percent a year from 3,5 percent and cut unemployment.

Projects are exempt from corporate and sales tax as well as customs and import duties

Herman Rover, the chief executive of the plant's German parent company Weser-Metall-Umformtechnik, praised the co-operation the company received from its Namibian partners.

Rover said some people had warned him that setting up an operation in Africa might take a long time, but he said it had taken less than five months to sign the initial contracts, build the factory, install machinery and start working.

"In Germany, we would not have been granted planning permission in such a short period of time," he said.

Other incentives provided by the Namibian government also proved a strong lure.

Export processing zone projects receive exemption from corporate tax, sales tax, customs and import duties, as well as a five-year "no-strike" guarantee.

On top of that comes low labour costs and Walvis Bay's strategic location near South African markets and potential for exports to the whole of southern Africa.

The Walvis Bay Chamber of Commerce has said that companies set up under the programme also create spin-offs for smaller local businesses.

But the programme still has a long way to go if it is to boost the Namibian economy.

Fourteen companies have been granted export processing zone status, for projects ranging from manganese smelting to teddybear manufacture. Another five applications still have to be considered and 20 to 30 other firms have considered applying. — Reuter

German plant a major boost for Nambia's EPZ

JOHANNES DELL (22/A) ARG 28/11/96

Walvis Bay – Namibia's ambitious Export Processing Zone (EPZ) programme took a major step forward at the weekend with the opening of a N$13 million German-owned manufacturing plant.

Prominent politicans from former colonial master Germany mixed with Namibian politicans to celebrate the most significant investment yet in Namibia's EPZ programme.

Although the Namibia Press and Tools (NPT) plant may be small in size and investment compared to other parts of the world, it is seen as a shining example of the EPZ programme.

The plant employs about 20 people and hopes to expand operations if 1997 results fulfil expectations.

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Fourteen companies have so far been granted EPZ status, for projects ranging from manganese smelting to teddy bear manufacture.

A further five applications are still to be considered and 20 to 30 other firms are considering applying. – Reuter

Namibian Breweries in new campaign

BD 24/12/96 (182) (2217)

Reinie Booysen

JUST to ensure that holiday revellers do not forget the message which has annoyed rival SA Breweries all year, Namibian Breweries last week launched another advertising campaign extolling the purity of their beers.

This time the advertisement — which has already been carried in some weekly news magazines, and will shortly also be seen in daily and Sunday newspapers — is cautious in not making allusions to any competitors or their products.

Last month the Advertising Standards Authority (ASA) told Namibian Breweries to stop its campaign on the grounds that it denigrated other products.

The adverts suggested that other brewers — the accusation was clearly aimed at SA Breweries, which has about 98% of the SA beer market — had not made full disclosure of their ingredients or brewing methods.

The ASA said the advertisements "create a negative perception of other beers on the market" and the campaign "is disparaging and misleading".

Namibian Breweries is hoping that an appeal against the ASA decision will be heard next month.

In the meantime, its latest campaign — headlined "Pure beer. No additives." — focuses only on the purity and lack of additives in its own products.

"We don't have to go into elaborate explanations on what goes into our beer," says the ad. "Our label says it all. Rigorously following the Reinheitsgebot, we use absolutely no additives, because pure beer is brewed only from barley malt, hops and water."

Namibian Breweries spokesman Claudia Henrichsen said the latest campaign was "not a relaunch of the previous campaign. We just want to reinforce our message."

NAMIBIA

WINNING INDEPENDENCE WAS THE EASY BIT

(221A) FM 3/1/97

Now to sort out the economy

Walk down Windhoek's Independence Avenue and you are immediately struck by pedestrians' confidence and lack of apprehension. The police presence is evident but nonthreatening; violent crime is virtually nonexistent, though an unwary tourist may still have his wallet snatched.

Whites, a tiny minority of the country's 1,6m population, seem to have little fear of affirmative action. The business community is still largely white, with a strong surviving German influence. The public service is certainly blacker than it was 10 years ago, but as many Afrikaans-speaking whites returned to SA after independence in 1990, there has been no significant forced displacement of middle-aged grey-haired white males.

True, Namibia is even more of a one-party state than SA. Swapo is strong enough in the one-chamber parliament to amend the constitution if it wishes, and there are rumblings that it may do so, specifically to remove the two-term limit on the presidency. There are those who see this as potentially paving the way for Sam Nujoma to assume a Kenneth Kaunda or Robert Mugabe-like extended tenure, but the suggestion has created heated debate and much opposition, so is by no means a *fait accompli.*

True, too, the calibre of civil servant is mixed. Some are impressive by any standards; others distinctly less so. One legacy of apartheid and its multitiered structures is a top-heavy bureaucracy; and though government is committed to reducing this, so far it seems to be incurring the costs without reaping the benefits (a phenomenon familiar in SA).

If the public sector has a fault, it is sloth rather than corruption.

There is also a degree of extravagance. The (central) Bank of Namibia may need the fortress-like new building rising slowly near the Windhoek CBD, though its role in monetary policy is, at most, nascent. But does the Supreme Court need a home on ~~the~~ scale of its edifice over the road, flanked by a grandiose semicircle of columns? Is there a need for a presidential jet and helicopter? Does the country even need an army?

These may be questions faced by any new nation state, but they are particularly pertinent in one as poor — or, it may be more accurate to say, with as unbalanced an economy — as Namibia.

Still, there are no signs of public finances getting out of hand. Namibia inherited little public debt from SA. Its own borrowing is rising, but is modest as yet. The mid-1996 figure of N$2,8bn (the N$ is on par with the rand, as Namibia remains part of the rand monetary area — hence the Bank of Namibia's limited role) is only 24% of GDP. It could rise some way further without causing alarm.

General government consumption expenditure has risen from N$1,86bn in 1990 to N$2,26bn in 1995 (at constant 1990 prices), or from 28,4% of gross domestic expenditure to 31,7%. Again, the trend is apparent, but not excessive.

Government is committed to keeping the budget deficit around 4% of GDP. The main budget for 1996-1997 provided for total government spending of N$5,1bn and a 4,1% deficit, but a revised budget tabled in late November sought approval for extra expenditure of N$368m, pushing the deficit up to 4,9%.

Finance Minister Nangolo Mbumba attributed this to aid to counter the drought and a restructuring in the public service pay system in line with a report by the Wages & Salaries Commission. But critics attach more blame to the latter factor.

Interestingly, two-thirds of tax revenue comes from indirect taxes, only one-third from direct tax. Direct tax rates are modest: 35% on non-mining corporate profits, 50% on diamond mining, a sliding scale (minimum 25%) on other mining and a maximum individual marginal rate of 35%, hit at N$80 001.

There are generous capital spending allowances, and 80% of taxable income derived from the export or re-export of manufactured goods (other than meat or fish products) is tax-free.

This reflects government's concern to encourage the manufacturing sector, squeezed between the small domestic market and competition from SA.

Another prong of this policy is the Export Processing Zone (EPZ) programme. EPZ enterprises are exempt from virtually all taxes except personal income tax on employees. Incentives are of unlimited duration. Other attractions include training incentives (75% reimbursement of costs), investment services and (if desired) provision of premises. An alternative range of incentives is available for firms aiming to produce for the SA Customs Union market.

Closer to home, government set up in 1993 the Namibia Development Corp along the lines of the IDC to promote agricultural and industrial develop-

AGGREGATE ECONOMIC INDICATORS

	1990	1991	1992	1993	1994	1995 (P)
Current prices						
GDP (N$m)	5 873	6 593	7 866	8 353	10 391	11 470
% change	5,0	12,3	19,3	6,2	24,2	10,4
GDP per capita (N$)	4 297	4 676	5 413	5 572	6 721	7 195
% change	1,8	8,8	15,8	2,9	20,6	7,1
Constant 1990 prices						
GDP (N$m)	5 873	6 308	6 825	6 695	7 131	7 424
% change	0,3	7,4	8,2	-1,9	6,5	4,1
GDP per capita (N$)	4 297	4 474	4 697	4 466	4 612	4 657
% change	-2,7	4,1	5,0	-4,9	3,3	1,0

P=PROVISIONAL SOURCE: CENTRAL STATISTICS OFFICE

Diamond miners set up umbrella association

BUSINESS REPORTER

ARL7 28/11/97 (221A) (2??)

The holders of marine diamond mining concessions in Namibia have established an association to act as a single body in discussions of mutual interest with government authorities.

Members of the Namibian Marine Diamond Mining Association include Ocean Diamond Holdings (ODM), the Namibian Minerals Corporation (Namco), De Beers of Namibia (Namdeb) and the Canadian-based Diamond Fields International (DFI).

The aim of the association is to build a "mutually rewarding" relationship among members and between the association and the Namibian government.

Previously, these companies approached the Namibian government separately, and often with the same requests. With the formation of the association, matters such as environmental management, safety and diamond security can be discussed in one forum.

The association has already approached the Ministry of Mines in Namibia to nominate a government representative to the association in order for them to further enhance their relations with the local and government authorities.

"Marine diamond mining companies will no longer need to talk to the government on an individual basis on matters of mutual interest, but will now be able to talk with a united voice with regards to marine diamond mining," Andre Louw, chairman of the association and managing director of ODM said.

The association was not in opposition to the Namibian Chamber of Mines, but was a specialist group operating within the mining industry, he said.

GETTING ALL FIRED UP

221A

FM 31/1/97

The developer of the Kudu gas field off the Namibian coast, Shell Namibia, says three huge projects could be in the offing once reserves have been proven.

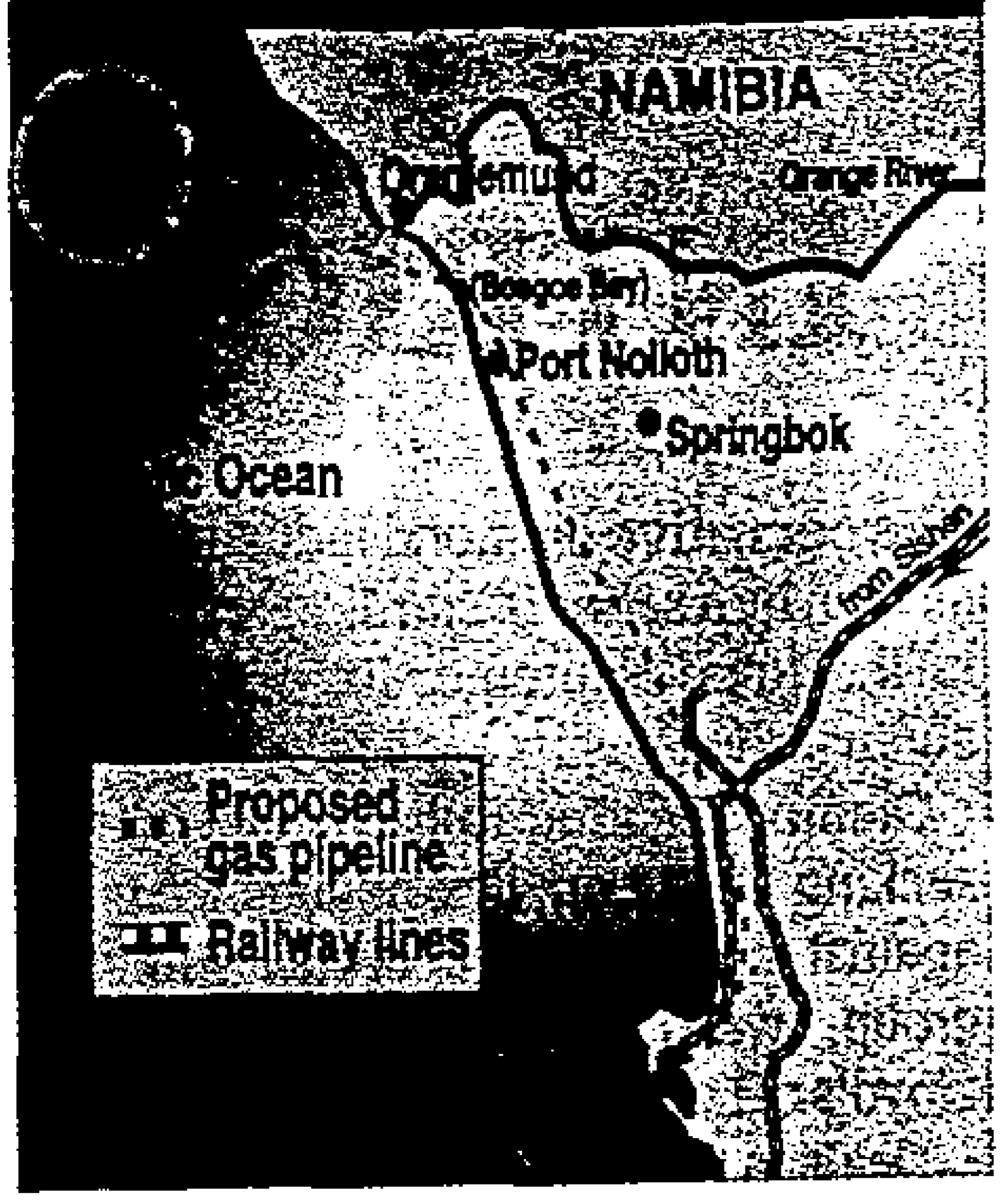
Shell Namibia GM Ger Kegge confirms talks have been held with the Industrial Development Corp (IDC) on the possibility of a gas-based iron plant either in the Northern or Western Cape.

Two other projects — a gas-fired power station in Namibia and a contract for the second phase of Saldanha Steel — have also been mooted.

Kegge says: "While the IDC has pointed us in the direction of a direct reduction iron plant as a possible option for Kudu gas, they indicated they might be interested if we develop the field. The possibility of IDC taking equity in any possible iron plant has not been discussed.

"Feasibility of the gas reserves must first be proven — it is early days yet and we are now determining volumes, cost and possible prices."

POWER SCENARIO



IDC GM Ted Droste confirms "exploratory discussions" with Kegge about the possibility of a gas-based iron plant, but adds that "there has been nothing firm or definite — everything will clearly depend on the economics of any possible project, especially in the light of keen competition from countries such as Venezuela and Australia, which both have vast gas and iron ore reserves.

"But anything is possible, once Shell crosses the first hurdle and proves sufficient gas at an economical price. The ball rests in Shell's court to prove volume and also offer economically priced gas to allow the IDC to consider any possible project discussions. No studies have been undertaken from our side yet and we want to hear from Shell what they can offer before the IDC will look at any options."

Saldanha Steel has also expressed an interest in using gas for the second phase of its coal-based Corex plant at Saldanha Bay.

The R6,8bn minimill — a joint project between Iscor and the IDC — will be completed by mid-1998 with a rolling mill capacity for 2,5 Mt/year. Depending on the success of the first phase, the Corex and steel plant facilities could also be doubled at a later stage.

Saldanha Steel CE Bernard Smith says: "If it can be proven that gas can be made available at Saldanha at an economical price, this could become a cheaper proposition for us to consider when we go into the second phase. The cost of shipping in coal would also fall away so we will look closely at this option — but no decision has been made yet."

But building a costly gas pipeline to Saldanha would only be considered once "serious talks" have taken place with Saldanha Steel," adds Kegge.

Smith says there is growing global demand for direct reduced iron product, as most new arc furnace steel minimills producing hot-rolled coil are designed to operate on scrap. And not only can scrap be difficult to obtain, but scrap prices closely follow international steel price movements. "The cost of direct reduced iron — once capex is accounted for — is more closely linked to actual production costs than to global steel market price trends. Direct reduction product is an excellent substitute feedstock for arc furnace steel minimills."

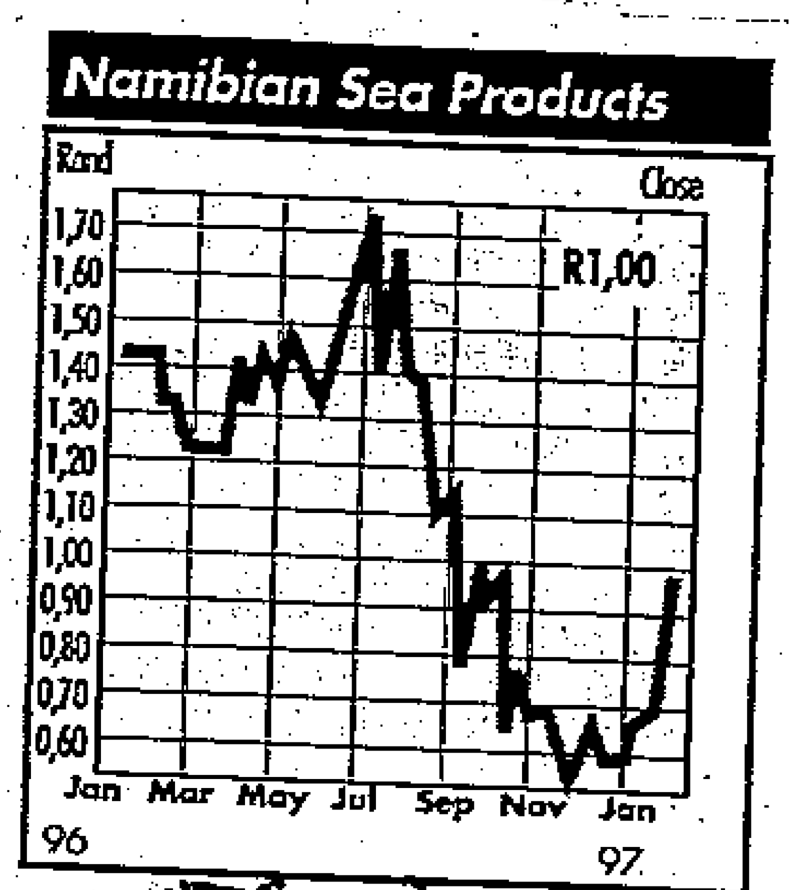
Unnamed Namibian parties are also looking at "the feasibility and viability of a possible gas-fired power station" in SA's north-western neighbour, says Kegge, adding that Shell is now in the process of finalising provisional tests to more clearly determine the extent and potential exploitable volume of its gas reserves.

"Hopefully, we should have a firmer view of our reserves by midyear."

Logistics will play a major role in any consideration of a possible iron plant. While Iscor's Sishen/Saldanha railway line supplies ore for export through Saldanha Bay and will also provide ore for beneficiation at the Saldanha plant, building a spur from that line to the northern coastline would be a costly operation. Similarly, laying a gas pipeline from near the mouth of the Orange River to Sishen would also entail huge costs.

Alternatively — and speculatively — the Boegoe Bay natural deep water harbour could be developed as a port facility to bring in iron ore from Brazil (or Saldanha Bay), for example, while also being used to ship out iron product to export markets

"Boegoe Bay," says Port Nolloth harbour master Don Bridge, "lies about 40 km south of the Orange River and has far better potential for deep water shipping than Port Nolloth, with little dredging required." *Arnold van Huyssteen*



CT (BR) 31/1/97

Namsea regrouping lifts price

MARC HASENFUSS

(221A)

Cape Town — Namibian Sea Products' (Namsea) share price scaled back up to R1 this week ahead of an expected rationalisation of its capital structure and better industrial fishing hauls.

The company was expected to announce a plan to reorganise Namsea and its 36 percent-held associate company, Namibian Fishing Industries (Namfish), into a single listing.

Saul Pick, a director at both companies, said yesterday that discussions about the restructuring were at an advanced stage.

Pick confirmed that industrial fishing catches in Namibia were good so far.

However, speculation concerning the imminent sale of Namfish's struggling Northern Fishing Industries and a second-half profit recovery from both companies seemed unfounded.

Pick warned shareholders not to look forward to a recovery in second-half profit. Poor catches saw Namsea and Namfish slump into the red in the half-year to June 30. He also discounted talk that a buyer had been found for Namfish's troubled subsidiary.

☐ Business Watch

NEWS

Namibia keen to end mining domination

(221A)

ARG 8/2/97

Namibia has revamped mining and financial legislation to encourage investment and open up to competition areas that previously were the exclusive domain of large multinationals.

"Most of the present licences are coming to the end of their first tenure. It is expected that many areas will be freed during the renewal stage," the Minister of Mines and Energy, Andimba Toiva ya Toiva, said in Cape Town this week.

Speaking at a conference on investment in African mining, he disclosed that some 300 exclusive prospecting licences and 20 reconnaissance licences had been granted, as well as three new mining licences for offshore diamond operations.

"The issue of the diamond licences marks an important change," he said.

The Namibian diamond industry has been dominated by only one company, Namdeb, which is a partnership between the Namibian government and De Beers.

Diamond exploration by other companies started recently along the Orange River east of the Namdeb concessions.

Other exploration targets ranged from gas, gold and base metals to industrial minerals and semi-precious stones. - Sapa

Namibian budget 'will focus on medium term'

(221A) BD 5/3/97

WINDHOEK — Namibian Finance Minister Nangolo Mbumba is expected to focus on the country's medium-term economic strategy when he unveils his 1997/98 budget today, local economists say.

While social and industrial development spending will be high on his agenda, economists believe Mbumba will keep the country on track to reach its 3% deficit target by 2000.

"I think the finance minister will appropriate more funds for the stimulation of industrial growth and urban development, such as infrastructure in the communal areas," said Rainer Ritter, economist at Ohlthaver & List.

Bank Windhoek economist Emile van Zyl said he expected Mbumba to direct most expenditure towards education, job creation and poverty alleviation — key goals in Namibia's first national development plan.

"From a national development point of view, I would like to see a larger portion of the budget going for capital projects and ... the deficit before borrowing to be as small as possible," Van Zyl said.

He expected the budget deficit to come in at 4,5% of gross domestic product, compared with an estimated 4,9% last year.

The country's public sector wage bill, one of the largest expenditure items in the past, was expected to remain the government's biggest headache despite recent recommendations for a leaner administration by the wages and salaries commission.

Van Zyl said the public sector wage bill presented the government with a difficult problem.

"There is already a very high unemployment rate and the ability of the private sector to accommodate people will be limited because of the current downswing in the economic cycle," he said.

That downswing is expected to be countered by recent good rains, raising hopes that the country will meet its five-year growth targets.

Namibian economic policy research unit senior researcher Dirk Hansohm said the rains made the development plan's 5% growth target feasible. "We have been revising our previous growth estimate for last year from 2,5% to more than 3% on the basis of new figures on agricultural output. If we had more than 3% even in a drought year, it should be quite possible to achieve 5% in a normal year," he said.

Revenues could be boosted by increased taxes to ward off the effects of lower receipts from the Southern African Customs Union, which groups SA, Lesotho, Swaziland, Botswana and Namibia. — Reuter.

CIC beats the blues in fishing industry

221A

FISHING

Nicola Jenvey

BD 13/3/97

DURBAN — Namibian Stock Exchange-listed packaging and food distribution company CIC Holdings lifted taxed profit 75% to R16,1m in the six months to December despite the adverse effects of the three-year drought and the collapse of the Namibian fishing industry from overfishing, MD Fanie Smith said yesterday.

Earnings a share rose 27% to 23,1c after a one-third rise in the average weighted number of shares in issue to 133-million. New shares were issued in part payment of acquisitions made last year, with the balance of the payment debt funded.

Turnover rose 186,4% to R882,1m following the R16m acquisition of Tongaat Food Distributors in September and the earlier purchase of packaging company Tristar Plastics.

The two new acquisitions had exceeded expectations and were turning into "the jewels in the CIC crown". Tristar Plastics was SA's largest manufacturer of plastic pallet wrap and a range of goods for the building, cement, mining and food industries.

Tongaat was a national distributor of dry foods and Smith said there was still vast potential for the business to grow throughout southern Africa.

CIC's two SA-based packaging subsidiaries had underperformed and the debt burden had risen during the review period, Smith said. A significant proportion of the group's packaging turnover is earned from the Namibian fishing sector.

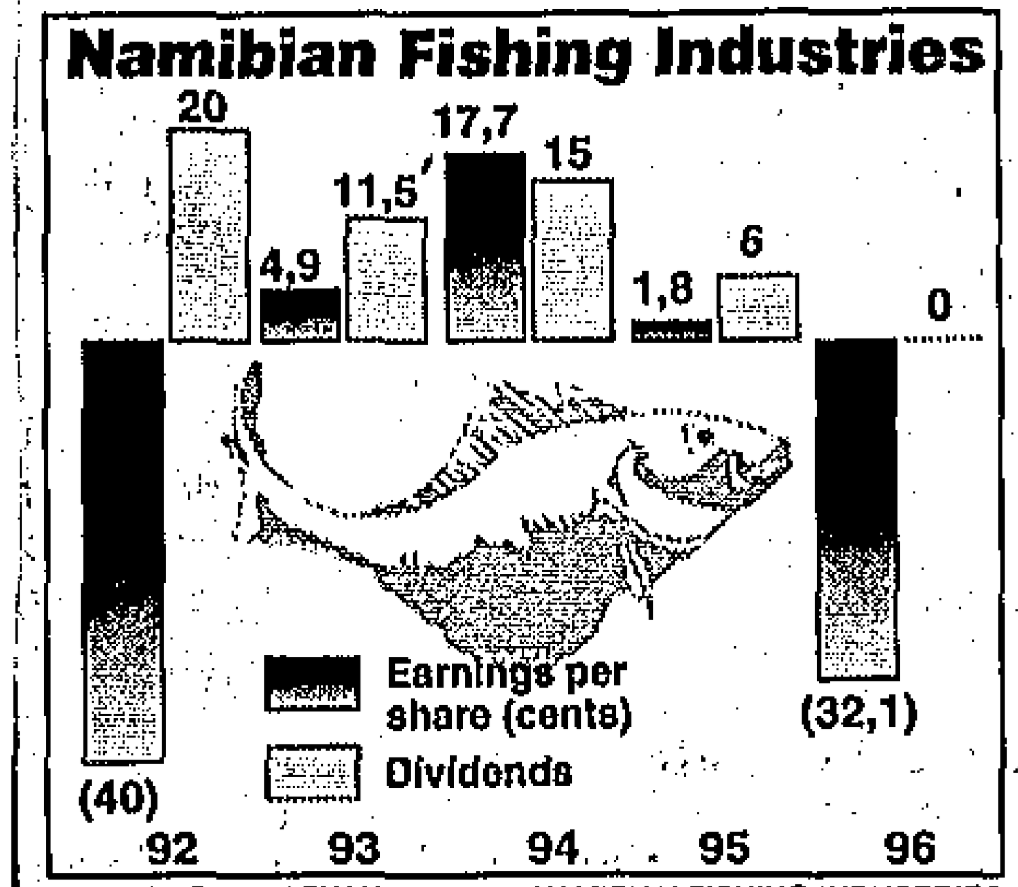
CIC's fish drying business in Atlantis was adversely affected by the cost and availability of local raw materials. This was remedied by a Peru-based joint venture to supply the factory with adequate quantities of raw materials at significantly lower costs.

Smith said two businesses had been sold and a third disposal was in negotiation. The sales would reduce debt and interest costs, and make it possible for CIC Holdings to continue its expansion programme.

COMPANIES

Poor environmental conditions hit fishing

(221A) BD 19/3/97



Graphic: SARAH EVANS Source: NAMIBIAN FISHING INDUSTRIES

Nicola Jenvey

DURBAN — Namibian Fishing Industries' attributable income crumbled to a N$10,5m loss (1995: N$559 000 profit) in the year to December, after poor environmental conditions since 1994 cut fishing resources, chairman Peter Kuttel said yesterday.

However, Namfish had already accounted for its N$15m share of the proceeds derived from the unbundling of industry marketing organisations and the reduced liability for deferred tax.

Current assets, consequently, dipped to N$27,9m (N$31m).

The Namibia-based company has a 23% stake in a pilchard cannery and fish meal plant owned by United Fishing Enterprises, and has catching and processing operations in the whitefish industry.

The loss was equivalent to 32,1c a share (1,8c profit) and no dividends were declared.

Turnover dropped to N$68,3m from N$121,9m. Although Namfish landed its full quota, oil yields were low. There was also a total absence of pilchards in Namibian and Angolan waters. Group operating loss was N$14,3m (N$1,3m profit).

Regarding the whitefish interests, Kuttel said the new management installed about the middle of last year had "settled down well". Expenditure was under control and despite poor landings in the second half, losses were reduced to 28% of those incurred to June.

Associate company Namibian Sea Products' attributable income also collapsed to a N$9,1m loss from N$19,8 profit due to overfishing. Quotas were fully landed, but with low oil yields.

However, Namsea had already accounted for its N$13,3m share in the proceeds derived from the unbundling of industry marketing organisations and the reduced liability for deferred tax. Current liabilities consequently were reduced to N$57,2m (N$106,1m).

Namsea owns and operates a pelagic fishing fleet and owns and operates a cannery and a fish meal plant in Walvis Bay. The company is also involved in the whitefish industry through Namfish.

Earnings loss a share was 8c (18,2c profit) and the dividend was waived.

Turnover fell 43% to N$92,7m and group operating loss was N$11,8m (N$20,9m profit).

WB fruit growers yield juicy results

CT(BR) 19/3/97

AUDREY D'ANGELO

Cape Town — Fruit-growing company WB Holdings, in the Saldanha group, achieved record earnings of 58c (23c) a share in the year to December 31, the directors reported yesterday.

The final dividend is 13c (8c), making a total of 18c (8c) for the year. Gross revenue rose to R19,9 million (R14 million) and operating profit to R5,9 million (R2,1 million). Net profit before tax was R5,8 million (R2,1 million), and after tax was R5,4 million (R2,1 million). Net asset value a share rose to 432c from 392c.

The directors said the improved profits were mainly because of a 55 percent rise in fruit volumes and the weaker rand, which boosted the value of export earnings.

They warned that the late season and unfavourable weather conditions would mean lower production this year "but it is anticipated that the weaker rand will compensate for some of the decline in fruit tonnage".

'It is expected the weaker rand will compensate for some of the decline in fruit tonnage'

They said plans for the expansion of farming operations should ensure future taxes remain below the standard rate of company tax.

Discussing the new Marketing of Agricultural Products Act, which had put a stop to statutory single-pool marketing schemes, they said the group had committed itself to selling its export and local fruit through the same channels as last year.

They said poor weather conditions meant a lot of fruit was too small for export to Europe, where Unifruco was well organised. Smaller fruit could be exported to southeast Asia where Unifruco's organisation was less strong. The share closed unchanged yesterday at 410c.

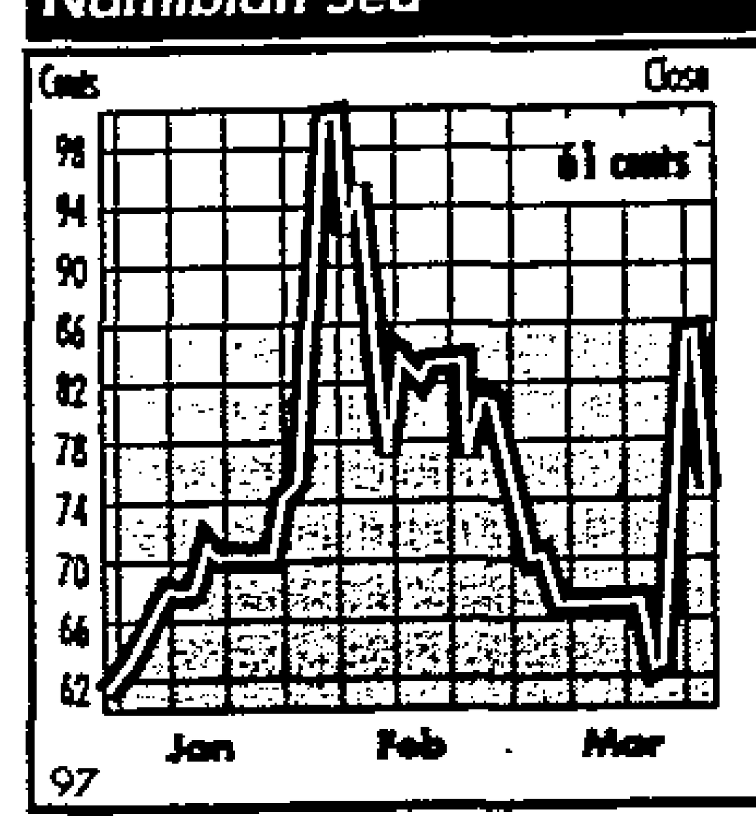
CT(BR) 19/3/97

Namsea nets a big loss and defers merger plan

(221A)

MAGGIE ROWLEY

Namibian Sea



Cape Town — Poor landings off the coast of Namibia saw Namibian Sea Products (Namsea) netting a loss for the year to December 31, the company reported yesterday.

The group had an attributable loss of N$9,1 million or 8c a share against a profit of N$19,8million, equal to 18,2c a share, the previous year. Hence, no dividend is to be paid.

The company said in view of the poor results and the continuing uncertainties in the fishing industry, the proposed merger of Namsea and Namibian Fishing Industries (Namfish), in which Namsea has a 38 percent stake, had been deferred.

Namfish reported an attributable loss of N$10,5million for the year to December 31, equal to a loss of 32,1c at the share level against a profit of N$559 000 for the year to December 31 1995.

The directors said during the past year the industrial quotas for the group's pelagic interests were landed in full but had had particularly low oil yields.

Losses in the group's white fish interests were substantially reduced in the second half of the year, owing to a tight control on expenditure.

Looking ahead, the directors said the pelagic catching season started earlier than usual in January, and the industry had landed the initial permissible catch of horse mackerel with extremely good oil yields having been achieved.

The hake initial total allowable catch (TAC) has been set at 110 000 metric tons. Northern Fishing has increased its share of the TAC and has been granted the right to convert 1 000 metric tons of its wet fish quota into the potentially more lucrative freezer quota. Catches to date had been reasonable, said the directors.

The share closed yesterday at 75c, down 10c.

CT(BR) 19/3/97

Namsea nets a big loss and defers merger plan

(221A)

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MAGGIE ROWLEY

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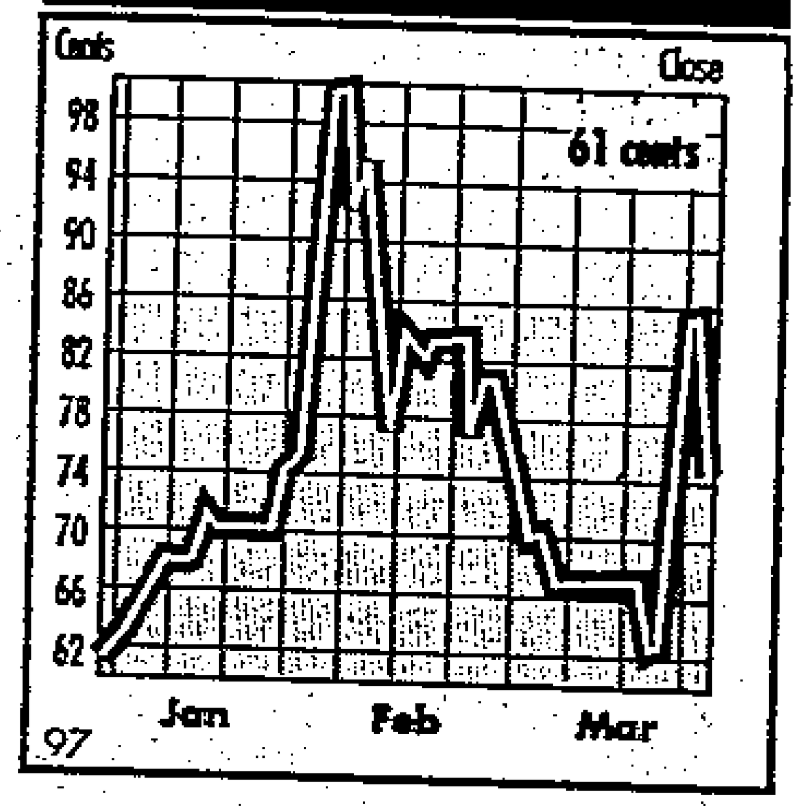
Namibian Sea



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Tuesday March 25 1997 SOWETAN

NEWS FEATURE

Namibia okays deep sea fishing

221A

Sowetan 25/3/97

WINDHOEK – Namibia's fishing industry is widening its nets and looks set to flourish following a government decision to allow fishing of deep sea species along the country's Economic Exclusive Zone (EEZ).

Fisheries and marine resources minister Hifikepunye Pohamba says the move will help keep afloat the country's fishing industry, still reeling from two disastrous seasons.

An unexplained increase in temperatures in Namibia's waters over the last two years resulted in the death of large amounts of marine life and seal and drove most of the fish to deeper waters.

This has affected the fishing industry to such an extent that in 1995 the revenue generated by the industry dropped to R700 million compared to the R1,3 billion the year before.

Another indicator has been that despite the fact that 20 000 metric tons of the total allowable catch (TAC) of pilchard was approved, last year no fishing company managed to land any.

Pohamba says scientific tests are continuing on the waters to try to determine the cause of the temperature increases. However, he says, recent results have shown that the water conditions are slowly reverting to normal but this could take at least a year before marine life normalises.

He adds that five companies have been granted licences for deep sea fishing. "A number of species occurring in waters ranging from about 500m to more than 1 200m deep will be targeted, such as orange roughy (Hopostetus atlanticus) and alfonsino (Beryx splendens), which tend to concentrate over hard rock and prefer temperatures ranging between 4 and 6 degrees."

Popular fish

Fisheries permanent secretary Jan Jurgens says research by marine biologists has to date concentrated mainly on the orange roughy which, he says, is the most valuable species found in Namibian waters. The fish is reported to be very popular in the United States, where it fetches up to R66,30 a kilogram. Orange roughy are said to mature at about 30 years of age and can live up to 100 years.

However, he says the government will keep a close watch on the situation to ensure that the risks of over-exploitation of the deep sea resources are minimised.

Fisheries deputy minister Abraham Iyambo says scientific information on the availability of the targeted deep water species is still inadequate. "As a result we cannot be sure of the total tonnage of the deep water resources available in Namibian waters and cannot provide a guarantee for quotas to any of the five companies granted exploitation rights this year," he says.

Meanwhile, the Namibian government has announced some relief measures for the country's fishing companies suffering the effects of the last two seasons. These include the reduction or waiving of various quota fees.

According to Iyambo, the move will cost the government over R50 million in revenue but will help re-establish the industry. Several companies have complained about government policy, which requires payment of levies for allocated quotas even if no fish are caught.

The relief measures follow a report submitted to government in October last year by a sub-committee established to look into ways and means of lessening the impact of the dwindling fish stocks. The newly-approved measures will be applied as fees on uncaught quotas for 1995. – *Africa Information Afrique.*

HAIB COPPER MINE

AUSSIES GO IN TO BAT

(221A) FM 18/4/97

Listed Australian group Great Fitzroy Mines plans to launch a US$550m project to exploit southern Namibia's Haib low-grade copper deposit before year-end.

Sydney-based spokesman for subsidiary Namibian Copper JV, Peter Prentice, says the mining rights were bought from previous owner George Swanson in March 1995.

The group, which also operates two Sydney-listed gold and zinc companies, intends buying capital equipment valued at about $250m-$280m (R1,2bn) in the local market. A planned on-site copper refining venture will require about 200 MW of electricity.

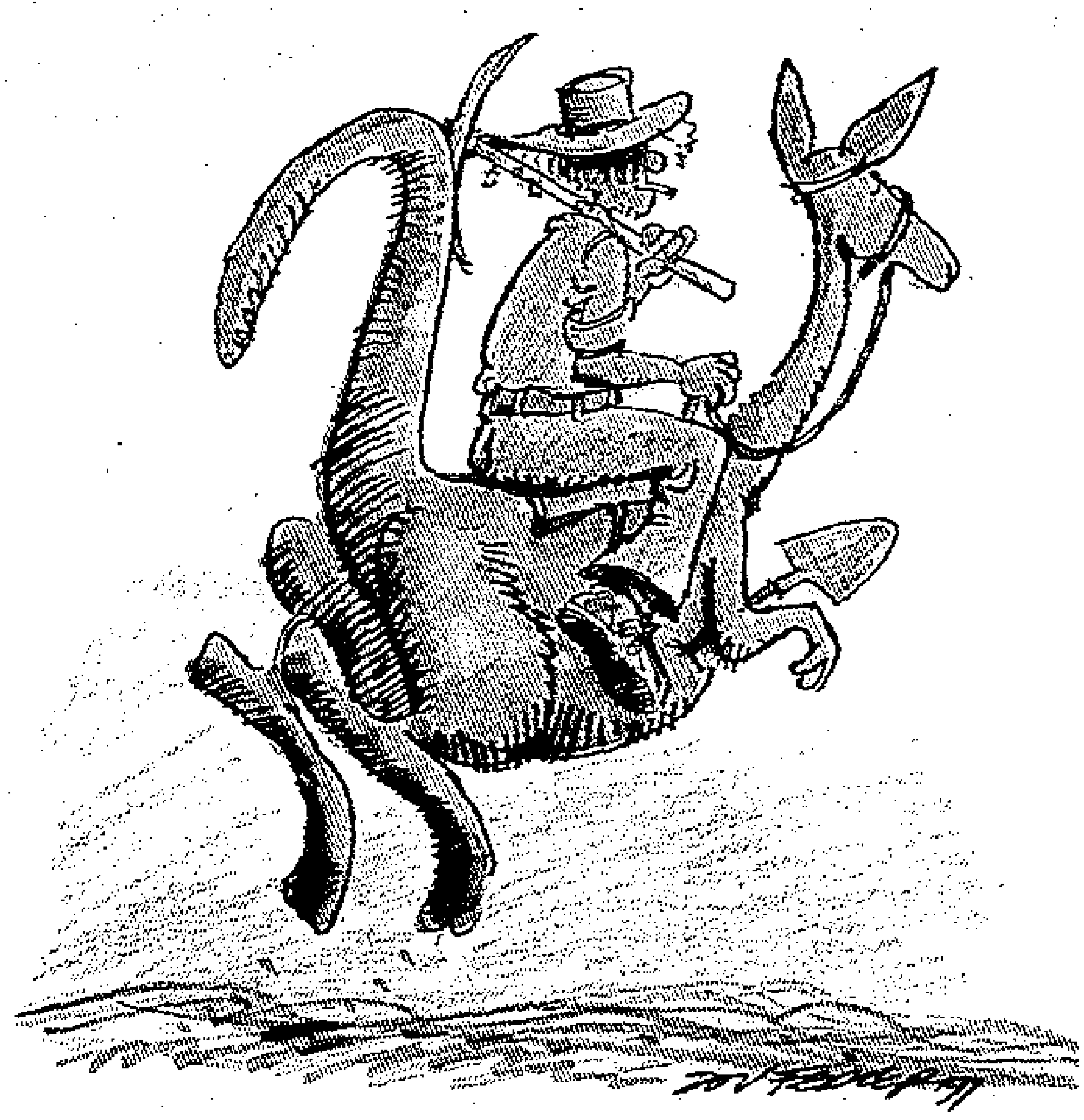
Equipment tenders will be sent out by the end of July/early August in SA, the US and Europe, while discussions have been ongoing to obtain power supplies.

"Namibian Copper has been talking to us for the past 18 months about buying 200 MW for its planned venture," confirms Windhoek-based Nampower senior GM, technical services, Imker Hoogenhout. "While Eskom will have to supply the initial stages of the project, we plan to increase our own generating potential — either through a hydropower project in the north or a gas-fired power station in the south — to meet growing demand," he adds.

Eskom is still sitting on an estimated generating surplus of at least 5 000 MW and could meet the demand "with a smile," adds an Eskom spokesman.

Great Fitzroy is now talking to banks, finance houses and brokers in Australia, SA and in the UK to get support for the project. "We foresee a roughly 65%/35% split between debt and equity," says Prentice. The company is looking at the possibility of a simultaneous listing on the London and Namibian stock exchanges, while a future JSE listing is not inconceivable — depending on the advice of SA brokers.

The 25-year plan includes mining about 34 Mt/year of low-grade ore — metal grade averages about 0,37%, which is the approximate equivalent of copper ore mined at Bougainville in the South Pacific — with a projected output of 115 000 t/year of cathode copper, after refining on-site. "This will yield export revenues of about $160m/year," Prentice says.



The planned output will make Great Fitzroy "the seventh largest copper cathode producer in the world, utilising technologies not yet seen in Africa," he adds.

But, with ore grades so poor, can the project be profitable?

"Our recently completed feasibility study shows this to be a brilliant project, with mining operating costs per ton estimated at only about US50c/lb, compared with current copper prices of just over $1/lb. The major reason for the low costs estimate — apart from the ready availability of water, power and transport infrastructure — is that the waste versus stripping ratio is a low 0,3:1. In other words, very little overburden has to be removed to access the ore," says Prentice.

From an infrastructural point of view, he adds, the Haib deposit lies about 120 km by road from the Karasburg rail siding in southern Namibia, for possible transport to Luderitz harbour — which is now in the process of upgrading to handle bigger carriers. Alternatively, the O'okiep rail siding in SA lies roughly the same distance south, while the proposed Buchu Bay deepwater port (*Business* April 4) could also come into the picture in future.

"We would also need an 80 km powerline to Haib from the main SA/Namibia transmission line, while water is freely available from the Orange River. All in all, the project is well-situated for cost-effective development."

Prentice says Great Fitzroy's two associated Australian companies last year posted a combined after tax profit of A$22m — or about R77m. Based on this track record and the feasibility of Haib, finding the $550m to launch the project should not be an insurmountable target, Prentice says. *Arnold van Huyssteen*

Plan to develop Namibia corridor

BD 15/5/97 (221A)

WINDHOEK — Namibia was planning to build a rail link with Angola that could make its Walvis Bay port a rival to Cape Town, Durban and Maputo, a government minister said yesterday.

Deputy Works, Transport and Communications Minister Klaus Dierks said the US Trade Development Agency agreed last week to fund a feasibility study at a cost of between $1m and $2m.

He said the proposal was to link Walvis Bay and the Angolan port of Namibe.

"The idea is to create a Walvis Bay-to-Namibe development corridor along the lines of the Maputo corridor," Dierks said.

"Walvis Bay has the potential to be the main harbour on the west coast of southern Africa, and could operate in direct competition with Maputo, Durban and Cape Town because of its closer proximity to the northwestern continents," he said.

Dierks said the project would be one of the main topics on the agenda for Namibian President Sam Nujoma's coming three-day state visit to Angola.

He said the first phase of the project would be to build a railway line from Tsumeb to Oshikango on the Angolan border at a cost of about N$300m.

The link would then be extended to the southern Angolan port of Namibe and to Chamutete near Cassinga in the southwest of the country, where some of the biggest iron ore mines in southern Africa were situated.

Dierks said he was confident of Angolan support for the development corridor, which would be supported by the southern African transport and communications committee of the Southern African Development Community.

"I am confident, and I think this initiative should be brought to fruition under a joint technical committee within the next five years," he said.

Apart from the construction of railway lines, the roads and telecommunications as well as the electricity supply network in the area would be upgraded under the project as well.

In line with the government's commitment to job creation, most of the construction work would be designed to be labour intensive.

Namibia has been promoting Walvis Bay as a viable export and import harbour for neighbouring countries and was spending N$60m on deepening and upgrading the port.

Namibia has also expanded its road network into neighbouring countries.—Reuter.

Power station deal gives Kudu a shot in the arm

ST (BT) 18/5/97 (221A)

NAMIBIAN power utility NamPower has reached agreement in principle with Shell's Namibian arm and South African electricity giant Eskom to build a $500-million gas-fired power station near Oranjemund in Namibia.

This is the second major step this week in the development of the Kudu gas field off Namibia and will provide the gas field with a much-needed anchor client to make production viable.

NamPower said on Friday that it had reached agreement in principle with Shell and Eskom to develop a 750MW combined cycle power plant making use of gas from Kudu if the technical, economic and commercial feasibilities prove favourable.

Shell Namibia announced on Wednesday that it had applied for the declaration of a petroleum field for all of the Kudu gas field licence because of encouraging initial finds.

"The recent Kudu 4 well drilled by Shell has confirmed that the volumes of the Kudu gas field are more than sufficient to supply gas to the power plant for at least 20 years," NamPower said.

The power plant would be constructed as an independent power producer with NamPower, Shell, Eskom and possibly others as equity partners. The total cost of the power station and links to the existing transmission network was estimated to be about $500-million. A detailed feasibility study into the plant would be commissioned soon and it could be in operation by 2001, making Namibia self-sufficient with respect to power for the foreseeable future.

The initial development of the Kudu gas field — in which Texaco and Engen's Energy Africa hold the remaining 25% — would supply the Namibian market and cost about $300 million, Shell Namibia said. — *Reuter*

Namibia corks SAB's plan for new brewery

CT (BR) 4/6/97 (221A)

MPHO MANTJIU

Johannesburg — Plans by South African Breweries (SAB) to introduce new products into Namibia have been thwarted by the Namibian government's refusal to grant a trading permit, Adriaan Botha, SAB's beer division spokesman, said yesterday.

Botha said the "saga had been dragging on for years" without reaching agreement. SAB had been turned down every time it had applied for a licence, he said.

The Namibian government has been accused of unfair business practices for repeatedly refusing to grant outside companies licences to set up operations.

SAB had set aside a sizeable sum to set up a new brewery in Namibia.

Industry sources said SAB had planned to launch an aggressive marketing campaign in Namibia in a bid to expand further into Africa. The group regarded this as its natural marketplace. Where appropriate, the licensing of SAB's own brands was planned to complement the development of popular, well-established local brands.

Namibian Breweries has in the past accused SAB of dumping its products in Namibia and has claimed they were sold more cheaply in Namibia than in South Africa. The Windhoek-based brewer has also said the Namibian market was not big enough to support two major brewers.

Industry sources said SAB had planned to take on Namibian Breweries on its own turf. The Namibian group has grabbed a small slice of SAB's South African market, prompting the South African company to relaunch its Castle Lite brand earlier this year.

It was speculated the brand lost sales over the previous six months to Namibian Breweries' Windhoek Light brand.

Castle Lite had performed so poorly in the second half of last year the company decided to repackage the product.

Namibia to create liquid secondary debt market

(221A)

BD 6/6/97

WINDHOEK — The Namibian government planned to restructure its stock issues as a way to create a liquid secondary debt market, Finance Minister Nangolo Mbumba said.

"The ministry of finance is considering (restructuring) the composition and maturities of existing government registered stock, so as to enhance the marketability and tradability of these instruments and to create more liquidity in the market," Mbumba said at Wednesday night's fifth anniversary dinner for the Namibian Stock Exchange.

"The time is right to start the process of establishing a secondary market for government debt."

He called on financial market players to come up with concrete proposals on how best Namibia could develop its capital markets and the economy as a whole.

"We will have to prepare our own capital market to be able to compete with all other international financial markets to get local investment money to stay in Namibia," he said.

The gradual easing of foreign exchange controls on the Namibian dollar — currently linked to the SA rand — and a privatisation programme would also boost the financial sector now that the NSE had bedded down.

NSE general manager Tom Minney said part of the exchange's success could be attributed to allowing dual listings and providing for a 35% Namibian asset requirement for insurance companies and pension funds. — Reuter.

Namib beer a healthy flea in SAB's ear

(221A)

ST(OT) 15/6/97

Tiny competitor finds a niche and proves an irritant to the giant local brewer, writes LUCIENNE FILD

NAMIBIAN beer — and the inevitable shout of "prost" — are no strangers in SA pubs. In fact, SA beer-drinkers increasingly support the Namibian brew with the distinctive German touch.

Namibian beer has picked up in popularity in South Africa over the past two years, says Ernst Ender, marketing director of Namibia Breweries Limited (NBL).

Ender is, however, not prepared to disclose volumes of beer sold here owing to "the very competitive situation we're facing".

The amounts of Namibian beer and the equally popular *Schnaps* consumed at a recent bazaar held at the German School in Johannesburg give a fair indication of the popularity of the two beverages. Visitors consumed 72 cases containing 12 bottles of Schnaps each and 355 barrels of Namibian draught beer, each *containing* 50 litres.

For the first time in the history of NBL, total beer sales exceeded 700 000 hectolitres during the last financial year, sales which Ender attributes to the increasing popularity of NBL's brands such as Windhoek Light and Windhoek Lager in South Africa.

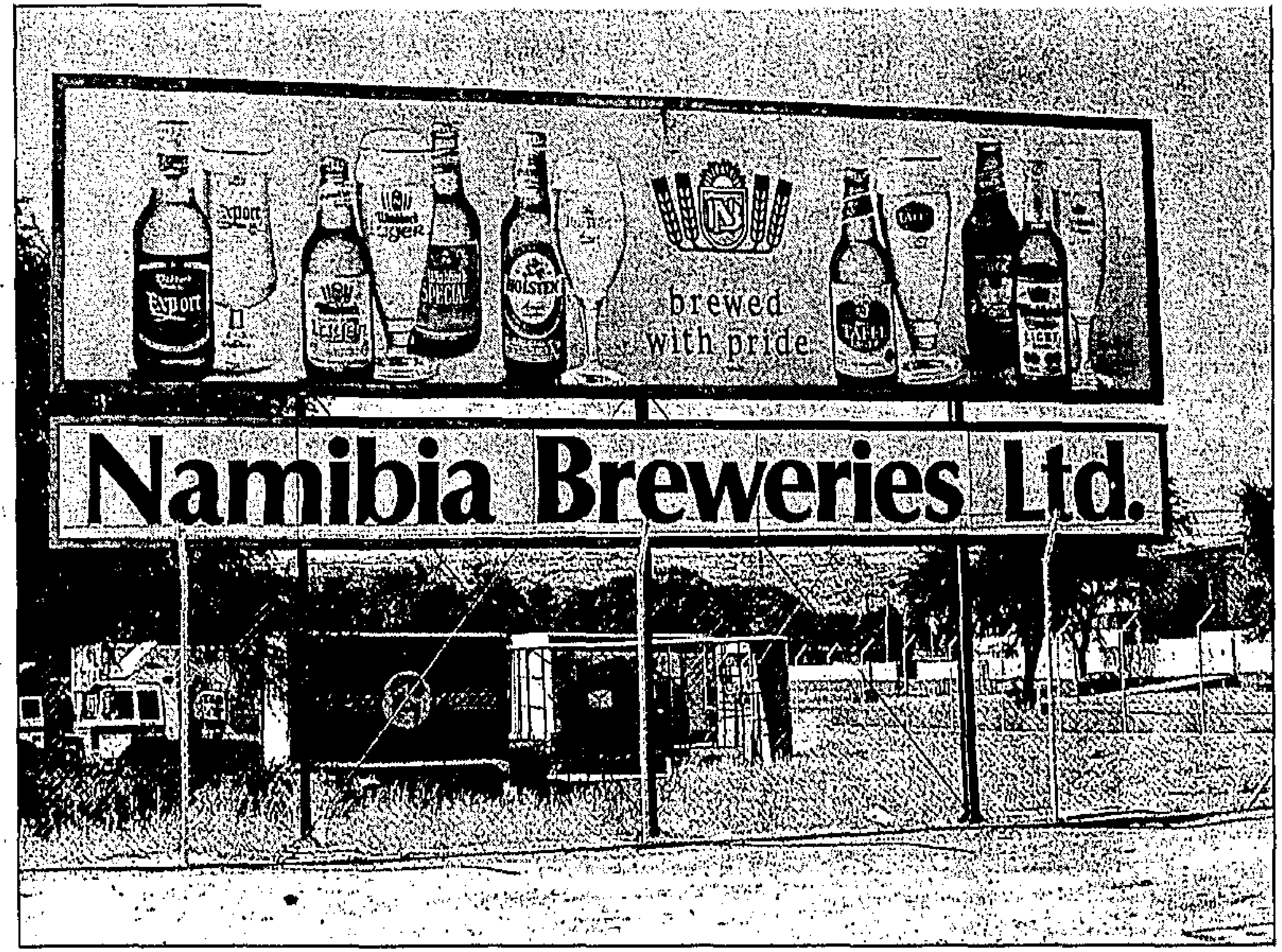
While NBL is dwarfed by SA Breweries, it has vowed to make an even *bigger slice of* the South African beer market its own. This promises a continuation of the brawl that has broken out between the two over the past months.

NBL infuriated SAB when it successfully blocked every attempt made by SAB to set up a brewery in Namibia. NBL even *managed* to convince the Namibian government to refuse SAB a trading permit.

'Visitors at a Jo'burg fair recently drank 72 cases of Schnaps and 355 barrels of Namibian draught beer'

NBL and SAB were also involved in a serious marketing squabble last year, when both appeared before the SA Advertising Standards Authority (ASA) to answer to complaints about their respective campaigns.

In the end SAB was ordered to withdraw its multi-million "Project Natural" advertising campaign. The ASA found the advertisement was likely to create the impression that only the ingredients mentioned in the advertisement were used in brewing SAB beer. The advertisement did not mention other ingredients used.



BREWING UP RIVALRY . . . Namibia Breweries in Windhoek, where an ancient decree disallows the use of impure additives

A similar ruling was made against NBL after SAB objected to the "No secrets, no additives, no hurry" campaign launched by NBL last year.

It was ruled that the depiction of a laboratory beaker in NBL advertisements created the impression that competing beers — namely SAB brands — contained harmful additives.

Windhoek Lager is by far *NBL's most popular beer*, "with its smooth taste and relatively low alcohol content".

Ender explains that there is a definite trend, not only in South Africa but world-wide, towards beverages with a lower alcohol content.

Apart from the four Windhoek brands, NBL also brews Holsten, under license from Holsten-Brauerei AG in Germany, and draught beers.

NBL's historic Hansa Brauerei in the coastal town of Swakopmund brews Tafel Lager and Urbock. Urbock is a traditional winter beer.

Ender believes the success of the Namibian beers lies in their purity. He points out that consumers increasingly demand purity and are increasingly demanding more "healthy" beer.

Namibian beer is brewed to a centuries-old German edict, the "Reinheitsgebot", which is a German purity law decreed in 1516 by Duke William IV of Bavaria. It prohibits the use of any ingredients besides malt, hops, water and yeast.

To this day no chemical additives, stabilisers, preservatives or other cereals are *added to Namibian beer.*

Ender says only the best quality malt and hops imported *from Germany are used in* the brewing process. Samples are regularly sent to Weihenstephan, a leading German brewing institute in Munich, where the product is evaluated against quality standards prevailing in Europe.

The beer division of NBL once again contributed the major portion towards operating income during the 1996 financial year. Income rose from R34.9-million in 1995 to R40-million. Turnover for the beer division increased by 27.3% to R207.6-million. Volumes rose by 17%.

The Schnaps division also showed significant growth with an increase in turnover of 111% to R5.5-million, compared with R2.6-million last year, mainly as a result of substantial volume increases in *the SA market by NBL's Pampelmuse* (grapefruit) and Apfel (apple) Schnaps.

NBL, which turns 77 in October, is a major subsidiary of one of Namibia's largest companies, *the Ohlthaver & List* Trust Company.

Werner List, chairman of Ohlthaver & List, is the son of Carl List, co-founder of South West Breweries, which changed its name to Namibia Breweries Limited when Namibia gained independence in March 1990.

NBL represents an investment of *R350-million and provides* employment for about 700 people.

On May 2 last year the company listed on the Namibian Stock Exchange.

New Namibian fishing joint venture established

ARG 18/6/97 (221A)

Cape Town – Uneconomic quota allocations and poor catch-rates off the Namibian coastline have led to Kuiseb Fish Products and Consortium Fisheries forming a joint venture to restore acceptable profitability levels.

Chairman of Kuiseb Fish Products Festus Naholo and chairman of the Ohlthaver and List Group, KWR List, of which Consortium Fisheries is a wholly-owned subsidiary, said they had joined forces to overcome the difficulties which had affected the Namibian off-shore fishing industry in recent years. The new company will be called Hangana Seafood.

Irvin & Johnson and Naras Investment are partners in Kuiseb Fish Products. I &J will have marketing, sales and distribution rights to the company's products in southern Africa and in certain other countries.

Ohlthaver and List, through Consortium Fisheries, will own 60% of Hangana Seafood, while the partners in Kuiseb Fish Products will hold 40%. – Sapa

Namibian fisheries to join forces

(221A)

MAGGIE ROWLEY

CT(BR) 18/6/97

Cape Town — Namibian fishing companies Kuiseb Fish Products and Consortium Fisheries are merging to form a new company, known as Hangana Seafood.

The move has been forced by the low hake quotas and poor catches in the region, which have made the separate operations of the companies uneconomical, Roy Gordon, the managing director of Irvin & Johnson (I&J), said yesterday.

I&J is a 51 percent partner in Kuiseb Fish Products with Naras Investments, a Namibian black empowerment group.

Kuiseb will hold 40 percent of the equity in the new company, with the Ohlthaver & List group, of which Consortium Fisheries is a wholly owned subsidiary, holding the majority stake. Gordon said the merged company would be the second-largest fishing company in Namibia, with combined assets, excluding working capital and quotas, of about R135 million.

He said the move would assist the companies' return to profitability. Kuiseb has reported increased losses for four consecutive years, and for the last financial year losses from Kuiseb cost I&J about R24 million.

Gordon said the shore operations of the companies would be rationalised to reduce overheads. Unfortunately, this would result in the loss of about 30 to 40 jobs.

NAMIBIAN FISHING INDUSTRIES

(224fl) FM 20/6/97

Slipping through the net

After a disastrous fishing year, catch rates and quotas are improving

Calendar 1996 was the worst in many years for the Namibian fishing industry. Namfish lost heavily from both pelagic and hake fishing.

Namfish is essentially a holding company. Though it has its own quota, it, with other concessionaires, conducts its pelagic fishing through 23%-held United Fishing Enterprises (UFE). It also owns 100% of Northern Fishing Industries, a dedicated hake fisher.

- **ACTIVITIES:** *Fish catching and processing.*
- **CONTROL:** *Namibian Sea Products 36%.*
- **CHAIRMAN:** *P C Kuttel. MD: F P Kuttel.*
- **CAPITAL STRUCTURE:** *32,9m ords. Market capitalisation: R23m.*
- **SHARE MARKET:** *Price: 70c. 12-month high, 156c; low, 55c. Trading volume last quarter, 138 000 shares.*

Year to December 31	'93	†'94	'95	'96
ST debt (Rm)	6,6	7,0	6,2	9,7
LT debt (Rm)	7,1	12,7	25,9	29,2
Debt:equity ratio	0,33	0,68	0,96	1,9
Shareholders' interest	0,55	0,48	0,32	0,26
Int & leasing cover	—	—	2,0	neg
Return on cap (%)	4,7	10,0	6,4	nil
Turnover (Rm)	36,8	78,8	121,9	68,3
Pre-int profit (Rm)	2,4	6,2	5,7	(6,9)
Pre-int margin (%)	6,7	7,9	4,6	n/a
Earnings (c)	48,7	17,7	1,8	(32,1)
Dividends (c)	*129	15,0	6,0	—
Tangible NAV (c)	913	94,3	89,2	62,1

* Includes 80c extraordinary dividend. † Share split 10:1.

Deep sea fishing . . . Namibian quotas were cut severely

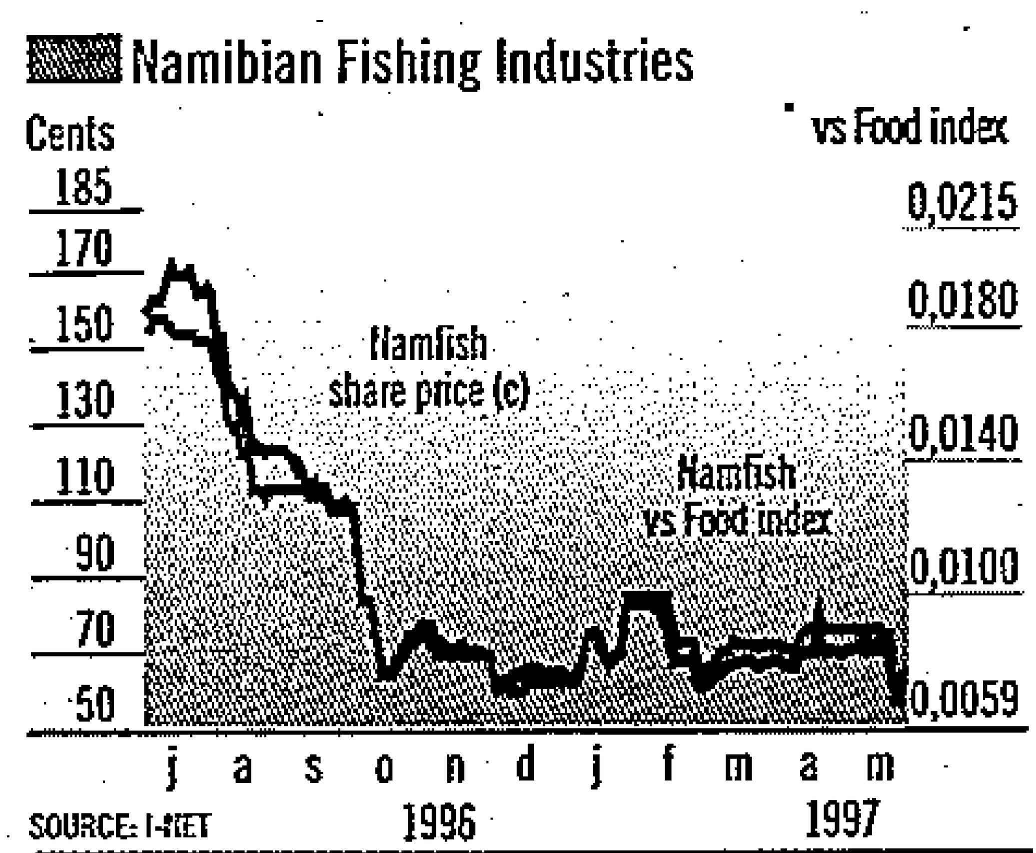
The pilchard total allowable catch (TAC) — a quota imposed by government — in 1996 was cut to 20 000 t from 40 000 t and UFE received a pro rata 4 516 t for its member companies.

Whereas the season for industrial fish started on February 15, the pilchard season began only at the end of May instead of the usual March 1. By then, the pilchards had disappeared. Like the rest of the industry, UFE failed to catch any of its quota. (In 1995 it caught and processed 24 197 t of quota fish.)

The quota for industrial fish was landed in full, but oil yields were low. Plant and vessels were underused. High costs negated all contributions from fish meal and oil operations. Hefty losses resulted. The white fish market fared little better and the company lost R10,5m.

The 1997 season is more encouraging.

The industry landed the initial TAC of 80 000 t of industrial species catches, but the season has been halted temporarily because of the high incidence of pilchard mixed with horse mackerel.



The pilchard season opened with a TAC of 25 000 t (20 000 t) and Namfish MD Francoise Kuttel says both catch rate and fish size are good. He says UFE will land and process its full quota.

TAC for the white fish industry has been set 35% lower at 110 000 t, but Northern Fishing Industries' initial quota rose slightly.

Kuttel says it will still be a difficult year, but adds the industry is recovering. He expresses cautious optimism that a material turnaround is possible.

Because of last year's losses, the company's gearing is dangerously high. Cash flow was dented and shareholders' funds depleted. However, a good year will go a long way to repair the damage.

Speculators may do well to look for recovery at the current share price but it is not a share for the low-risk investor.

Gerald Hirshon

BREWING INDUSTRY

FM 4/7/97 78(22/A)

Namibians try tilting at windmills

A confidential report concludes that the only way premium beer operators can mount effective opposition to SA Breweries is to start producing from a single brewery.

The report says that if Namibian Breweries, Bavaria Brau Brewery and importers of the Dutch beer Grolsch got together to manufacture beer in SA, they would have to exceed the critical mass of 100 000 hectolitres/year, at which point the price per litre becomes economically viable. The premium brands involved would be: Windhoek; Grolsch; Holsten and Bavaria Edel Lager.

The report, compiled by Johannesburg consultants Business Research & Information Group, was commissioned by an undisclosed investor who approached the Mpumalanga Development Corp about investing in the SA beer market. Its suggestions have now caught the attention of key players.

Several determined attempts to dislodge SAB's monopoly have failed. "Even the world's largest brewers (Budweiser Busch) calculated it would cost R1bn-plus to take only 5% of market share away from SAB," says the report.

The premium beer market, which accounts for between 2%-2,2% of the R7,6bn/year market, is the only area where independents have made significant inroads. SAB controls about 98% of SA's beer market.

Namibian Breweries would be a key player in the establishment of such an operation. It has charged into SA, growing volumes by 130% in its last financial year and claiming about 18%-20% of the premium beer market.

Namibian Breweries MD Bernd Masche says he cannot rule out an arrangement to make brands under licence but says the critical mass must come from Namibian brands. "Right now, exporting beer to SA is the cheaper option."

Stuart Rutherford

Namdeb digs in for better cut from 'forbidden territory'

The Namibian economy will depend heavily on the outcome of Namdeb's high-tonnage, low-cost mining strategy, writes KENNETH GOODING

(221 ft) ST(BT) 6/7/97

FUNDAMENTAL changes are taking place at Namdeb, the diamond mining company on which Namibia's economy depends heavily — it accounts for 10% of the country's gross domestic product, 30% of exports, is the biggest taxpayer and, apart from the government, the biggest employer.

For 70 years a rich haul of gem diamonds has been recovered from a 150km stretch of beach near the mouth of the Orange River on the Atlantic coast called Sperrgebiet, or "forbidden territory".

But the rich ore deposits have gradually been mined away and only low-grade deposits remain. Namdeb has had to reappraise its mining methods. The company, jointly owned by the Namibian government and De Beers of SA, is switching to high-tonnage, low-cost mining.

The effect is already being felt.

Mike Wittet, Namdeb's general manager, says an essential component of the drive to cut costs is the need to reduce the number of employees.

He aims to reduce the numbers from 4 781 in 1995 by nearly 40% to 2 900 in 2002. Last year 487 jobs were lost. In 1997 another 580 will go. This is in a country where the total population is only about 1.6-million.

Namdeb is also making plans to hand over to local people Oranjemund, the company town it built from its own resources. Oranjemund has a population of about 10 000 and at present Namdeb runs and finances services which elsewhere in Namibia would be the responsibility of the state: a hospital, school, technical college, water and sewerage provision as well as providing houses, streets, parks and sports fields.

A start has been made and maintenance of parks is now in the hands of another company.

It will not be easy. The best restaurant in town was taken back by Namdeb because when "outsourced" it did not meet an acceptable standard.

The high-volume, low-cost mining approach is epitomised by Namdeb's R180-million dredge project. This huge complex consists of an 840-ton dredge, floating on an inland pond, an associated floating treatment plant, 400 metres of floating walkway pontoons and a well field of 70 boreholes.

The dredge is capable of stripping 2 500 tons an hour of beach sand and will move so quickly it will enable the sea to be pushed back so that 300 metres more of the beach can be mined. Its task is to shift 46-million tons of waste material so that the low-grade diamond bearing ore can be mined from largely waterlogged areas.

The logistics of the mining process are mind-boggling. Last year Namdeb, which owns the biggest fleet of earth-moving equipment in the southern hemisphere, shifted 53.8-million tons of sand and rock. This will increase to about 72.5-million tons in 1997 so that the company's total rough (or uncut) diamond output remains about 1.3-million carats for the next 10 years (each carat weighs only one-fifth of one gram). The effort is worthwhile because 95% of the diamonds in the Sperrgebiet are of gem quality, and usually quite big. Last year Namdeb produced 1.36-million carats.

Achievement of the annual 1.3-million carat target will depend on an increase in diamonds mined from the sea bed off the Namibian shore. Dep-marine, a wholly-owned De Beers subsidiary, hired as a contractor to Namdeb and operating in deep sea, produced 470 892 carats out of the 1.3-million total last year. Five other contractors, operating in shallow water, produced 118 226 carats.

Namdeb keeps its financial statistics secret but analysts estimate it receives an average of $315 a carat for its diamonds to give it annual revenue of $428-million. — *Financial Times*.

Namibian EPZ targets Cape garment makers

'Operating in EPZ could give SA firms chance to be more competitive'

ARGT 8/7/97

(221A

LLEWELLYN JONES
BUSINESS REPORTER

Cape garment companies are among the sectors being targeted by the Namibian government to take advantage of its export processing zone.

Steve Galloway, the executive director of the Namibia Investment Centre, said Namibian Export Processing Zone (EPZ) which was established at the end of 1995, was beginning to come into its own.

Mr Galloway was in Cape Town yesterday to market the EPZ to local companies.

"So far we have 29 companies from around the world which have been given EPZ status, and are getting applications at a rate of about four or five a month."

The main criterion for being granted EPZ status is that at least 70% of the company's production should be export oriented (out of the Southern African Customs Union), but Mr Galloway said it should also be incremental business (not something which would take away another company's business).

"At the moment the South African clothing and textile industry exports only about 10% of its production."

"We believe there is a huge opportunity for South Africa firms to grow that and to increase their global competitiveness.

"To do this, the industry needs a major revamp and we believe operating in an EPZ is one way of doing this."

Mr Galloway said Namibia would also encourage the South Africa footwear and general leather manufacturing business to expand their operations into the EPZ.

"But we're not trying to convince them to relocate their entire operations to Namibia, but rather just that part which is very labour intensive. They will still need the high tech back up they would receive from South Africa."

Mr Galloway believed that moving to Namibia would be viable as wage rates in the ~~country~~ were half, ~~and~~ in some cases a third, of those in South Africa.

He said that taking advantage of the EPZ would help "stabilise" some of the industries as they restructured to become globally competitive.

He was quick to point out, however, that Namibian labour was not "sweat shop" labour as was the case in most other EPZs, and that the normal regulations regarding labour still applied.

The advantage of the EPZ was rather the total absence of import duties, taxes and other "hassle" factors, he said.

"Also, unlike other EPZs throughout the world, the development of the Namibian EPZ has also encouraged the processing of Namibian raw materials."

He said the Namibian Government was negotiating a Namibian $2 million (N$1=R1) investment in a copper smelter.

"This would make it the second largest investment in Namibia after De Beers mining operations."

General Motors' light presence in Namibia

CT(BR) 1/8/97 (221A)

From Reuter

Windhoek — Namibia's General Motors (GM) assembly plant is expected to be operational by November this year, Audley Smith, the managing director of Barden International, said this week.

The corporate headquarters would be under construction for another eight weeks, and production was expected to start "full force" by next January, said Smith.

The Namibian government and Barden, a Detroit-based company, signed a deal on the setting up of a General Motors assembly and conversion plant in December last year.

About $19 million has been invested in building the plant and training staff.

Barden hopes to have 40 GM vehicles a month rolling out of the plant, which will initially provide only for the Namibian market.

GM already has operational passenger and light-duty truck assembly plants in Nigeria, Kenya, Tunisia and Egypt.

GM's fleet sales manager for Africa operations, Joe Parker, said there would be no conflict of interest between operations in Botswana and Namibia.

"In Botswana they assemble medium-duty trucks (over five tons), and in Namibia they will be assembling light-duty trucks (under five tons)," Parker said.

"There is no conflict on sales and distribution, since they are two different product lines, two different processes," Parker said.

"Both the Botswana and the Namibian operations are part of GM's plans to harmonise product lines," he said, adding that so far the Botswana operation was meeting GM standards.

Export zone incentives lure SA investors to Walvis Bay

BD 5/8/97 (221A)

Christof Maletsky

WINDHOEK — Walvis Bay has been attracting SA investors frightened by high crime rates and labour unrest at home and wishing to take advantage of tax concessions offered by the Namibian port, says Walvis Bay town council spokesman Kevin Adams.

"There has been a tremendous increase in interest from SA businesses, especially from Gauteng, and one of the reasons given is the high crime rate in SA," Adams said.

Deon Visser of the Export Processing Zone Management Company said the town council had reported that N$80m in foreign and SA business investment had been attracted since a portion was declared a processing zone three years ago. About nine SA and foreign companies had relocated there during that period.

The former SA enclave was reintegrated into Namibia in February 1994.

Visser said Walvis Bay's zone offered a range of internationally competitive advantages. For instance 35% of corporate income was exempt from tax, along with a 35% rebate on custom duties, sales tax, transfer taxes and stamp duties. Only income tax on employees' income was paid in full, and all incentives were of unlimited duration.

To accommodate the influx of investors, the council was investigating the establishment of a second phase for the zone. Financing for this phase, to cover a 70ha area, was being sought from the World Bank, under whose programme it was being developed.

SA lawyer Phillip Roux, who now runs a business calls Transvecho which refurbishes motor vehicles in Walvis Bay, said the zone offered an excellent opportunity.

"I believe that in the near future Walvis Bay will develop extensively and open up roads for us."

Motor assembler NF Importer and Exporter is another firm that relocated from SA to Walvis Bay citing concerns about crime and labour unrest. Strikes are banned in the zone.

"Prospects for Namibia are bright and the (Namibian) government also assists us with wages for employees and training," said NF Importer and Exporter director Ian Cussons, referring to government's practice of reimbursing investors 75% of costs of building and labour training in the zone.

Namibia seeks energy links with Indonesia

CT (FOR) 5/8/97 (221A)

IAN MACKENZIE

Jakarta — Namibia would like to co-operate with Indonesia in the energy field, and more specifically in the exploitation of gas reserves, Namibian President Sam Nujoma said at the weekend.

"We are keen to co-operate with Indonesia, particularly in the field of energy," he said in an interview at the end of a state visit to Indonesia.

"This country produces and exports oil and gas. Namibia also has large deposits of gas offshore in the southern part of our country, and we would like to gain from Indonesian experience in exploitation of gas," Nujoma said.

Nujoma, who was flying directly home after visits to Malaysia and Indonesia, said he had come to southeast Asia to promote his country and drum up trade and investment.

"This is part of the ongoing promotion of trade and co-operation ... to put Namibia on the world map," he said.

Nujoma said the African continent was lagging behind other parts of the world in developing trade and harmonising tariff regimes.

"We have to move fast to ensure we build a strong foundation upon which the future generations of Africa build and compete with the North or with the South," he said.

Referring to renewed US interest in Africa and Washington's linking of trade and investment with economic liberalisation and democracy, Nujoma said "trade and co-operation must be based on mutual respect and (be) mutually beneficial to all.

"To us, trade is a question of give and take. We cannot accept any dictation, dictatorship or command by other countries because we have different interests." But Nujoma also said he believed there was good will on both sides.

"Certainly, we welcome US investment in our countries (of southern Africa), and in Namibia in particular," he said.

Asked about the situation in Angola, bordering Namibia to the north, Nujoma said southern African nations hoped peace would be maintained there.

Referring to a recent flare-up in fighting in the diamond areas of northern Angola, Nujoma said: "We are hopeful this is not going to be serious fighting ... and I hope both parties in Angola who speak of a desire for peace will ensure there is no resumption of hostilities on a large scale," he said. — Reuter

Company News

DIAMONDS *Kovambo dredger expected to start operations in the fourth quarter*

Namco a step nearer to seabed mining

(221A) CT(BR) 13/8/97

Marc Hasenfuss
Cape Editor

Cape Town. — Namibian Minerals Corporation (Namco), the marine diamond miner, is on track to start mining operations in the fourth quarter.

Alastair Holberton, the chief executive of Namco, said yesterday that the fitting of a 50-ton-an-hour diamond processing plant on the mining vessel Kovambo was well under way.

He said 15m had already been added to the vessel, which initially served as Namco's exploration vessel.

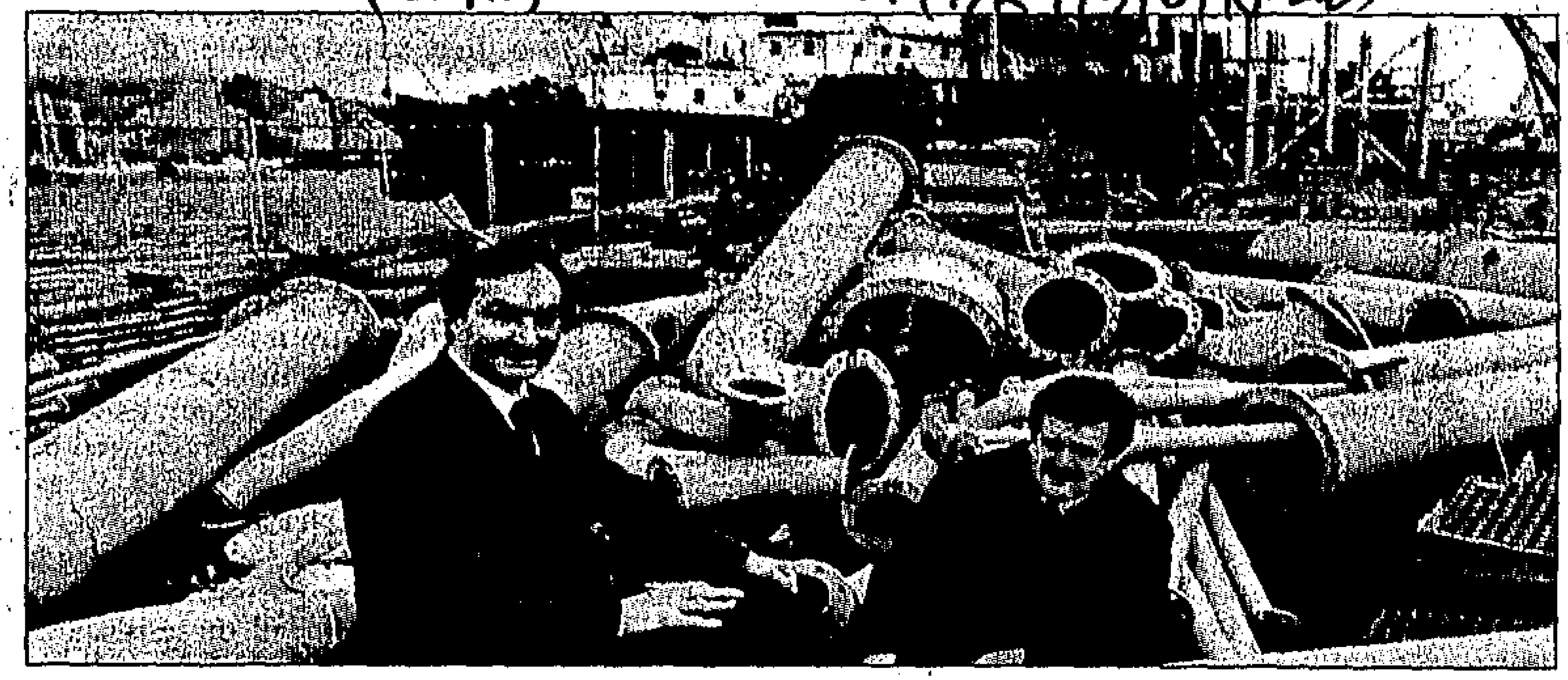
After the installation of the plant, the vessel would sail for Aberdeen in the UK for a mining system and handling equipment to be fitted at a capital cost of $15 million.

He said mining trials and testing would take place in the North Sea. "We are confident that our mining system will be one of the most sophisticated systems deployed off the coast of Africa."

Namco is scheduled to start mining in the fourth quarter of this year with a target output of 150 000 carats a year.

Holberton said Namco recently raised $15 million in new equity, which reflected the market's increased recognition of the marine diamond industry's growth prospects.

Namco is listed on the Namibian stock exchange and in Canada. It has also indicated a willingness to seek a JSE listing in the near future.



NO PIPE DREAM *Alastair Holberton, the chief executive of Namibian Minerals Corporation, and Roger Daniel, the project director, in Cape Town harbour to oversee the fitting of a 50-ton-an-hour diamond processing plant on the marine gem mining company's vessel Kovambo, which had earlier been used for exploration*

PHOTO: ANDREW BROWN

Namibia undecided on SAB plant

(221F) BD 14/8/97

WINDHOEK — The Namibian cabinet did not reach a decision yesterday on an application by SA Breweries (SAB) to set up a $21m brewery at Oshakati in northern Namibia.

The ministers did not say when a decision was likely to be made. But, despite the offer of 51% of the shares to local businessmen, a step towards black economic empowerment in Namibia, a thumbs-up for the venture seems unlikely.

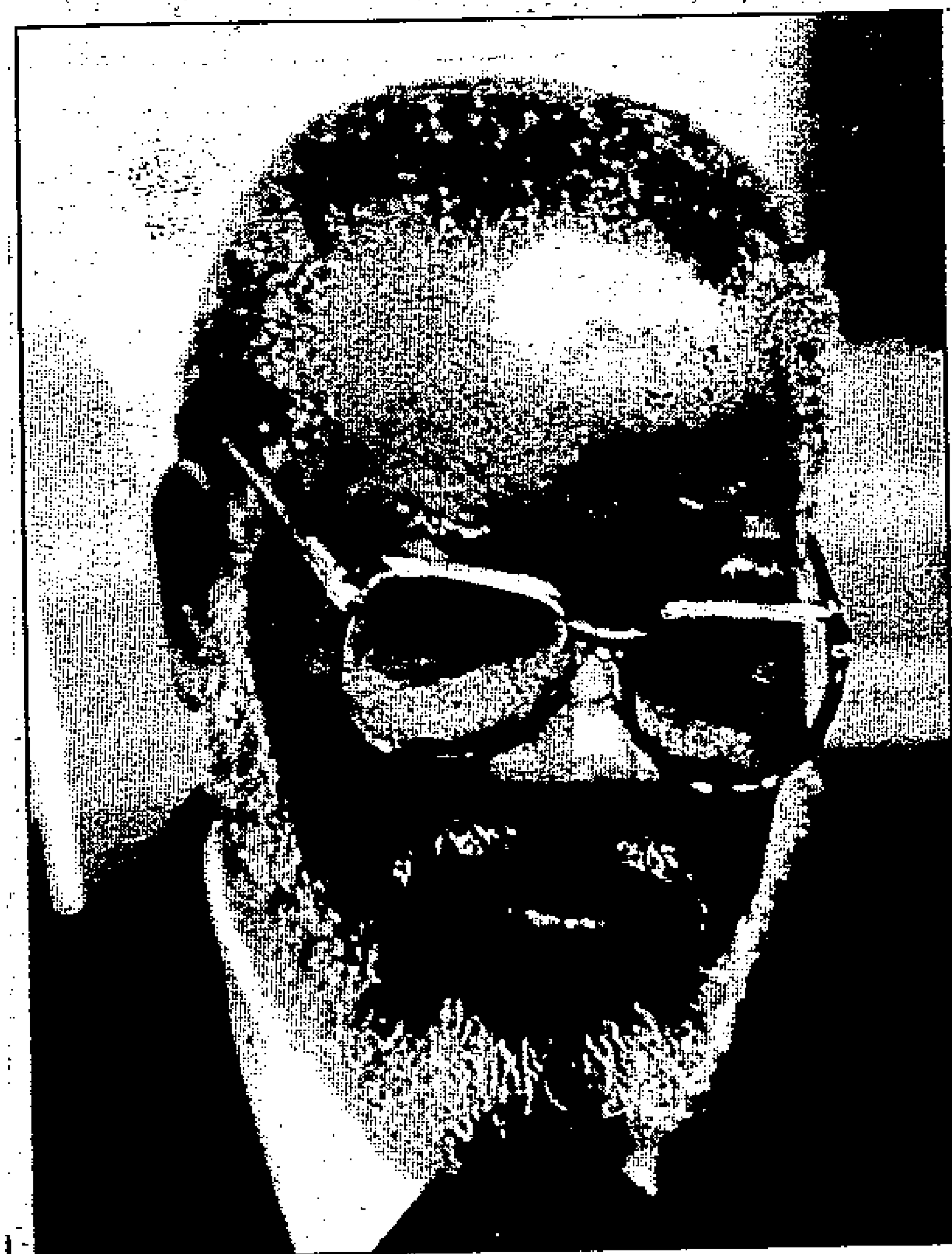
Trade and Industry Minister Hidipo Hamutenya said earlier in the week that as far as he was concerned the government's position on the matter had not changed.

A first proposal by SAB in 1995 to establish a bottling plant at Tsumeb was turned down after Namibia Breweries (Nambrew) objected on the grounds that the country was too small to entertain more breweries.

Hamutenya told a local newspaper the government would not support any foreign monopoly at the expense of a local competitor. "We have a company that is Namibian, that pays tax, and is the largest manufacturing plant, employing over 700 Namibians," he said. "We cannot let it be overrun by SAB."

SAB dominates the southern African market, with Nambrew its only competitor. If its application succeeds, the brewery will supply the northern Namibian and southern Angolan market with up to 300 000hl of beer a year.

Nambrew's beers are sold in SA, Botswana, Zimbabwe, Zambia and Angola at premium market prices. — Reuter.



Namibian President Sam Nujoma.

'SA, Namibia must join hands'

(221A)

Sowetan 15/8/97

By Maxwell Pirikisi

SOUTHERN African governments must pool their resources in order for them to be successfully re-integrated into the global economy, Namibian president Sam Nujoma said yesterday.

Nujoma was addressing Namibian and South African government officials who were discussing Namibia's involvement in the Maputo Development Corridor (MDC) in Windhoek. Mpumalanga Premier Mathews Phosa led the South African delegation.

The MDC vision, Nujoma said, as presented and championed by Phosa was impressive and promised to link Southern African states with the rest of the world through improved transport and communication systems.

He said economic and political cooperation among member states was the key to the success of the vision.

He said no individual country divorced from the concerns and interests of the entire region could successfully penetrate the global economy alone.

"What we need is a joint effort and the MDC is a typical venture in which we can exercise unity," he said.

He also said the development of Southern Africa was the responsibility of all the states in the region.

Inseparable link

Earlier, Phosa said SA and Namibia were linked to each other by an umbilical cord of trade, rendering their growth and development inseparable.

He said the two shared the same goal of expanding their manufacturing and tourism trades as they had seen the necessity to get away from an economic structure which in the past depended on mining and commercial agriculture.

Nambrew promoting 'clean beer'

(DD1A) BD 18/8/97

Stefano Gulmanelli

NAMIBIAN Breweries is touting its "clean beer" in what could be the next round of its contest with SA Breweries.

After a marketing squabble about which company could claim the most "natural" product, it seems Nambrew is developing an environmentally friendly image for its beer, which will be produced in terms of a development project, leaving no waste product while retaining quality.

Nambrew's newest plant, in Tsumeb, is producing "omalovu", a popular sorghum beer which is linked to a "zero emission" farming plant, set up by the University of Namibia and the Zero Emission Research Initiative of the UN University. The basic concept of "zero emission" is that at the end of an integrated production process no wastes are left because the waste from each phase is used in the succeeding phase.

Breweries do not generate heavy pollution, but produce waste in massive quantities.

University of Namibia vice-chancellor Prof Keto Mshgeni, who is involved in the project, says that for each litre of beer, brewers normally discharge seven litres of water which contain spent yeast and barley, "both highly rich in proteins". It is understood that an average brewery in Japan spends about $140/ton to landfill its solid waste. But in Tsumeb these wastes are to be used by a farm next to the brewery. "The solid wastes are going to be used as a base to grow mushrooms, as well as to farm earthworms, the best animal feed imaginable," says Ian van Harmelen, who is linked to the project on behalf of the University of Namibia.

"All the water discharged during production will go to a fish pond, where five different species of fish are to be farmed. The same water, rich in compost, is then used for irrigation."

Tsumeb plant director Jerry Thorpe admits that the project, which will cost the company about $20m, may be "a good card to play in our marketing row with SAB", while Van Harmelen points out that in addition to boosting its image, Nambrew could even make money out of the process.

Nujoma vows to continue with project

(22.1A) (22.1A) BD/9/8/97

WINDHOEK — Namibian President Sam Nujoma said yesterday his government would not bow to opposition over the planned Epupa hydroelectric scheme in the north of the country.

"The government will not be deterred by the misguided activities of those who want to impede economic development and upliftment of the standards of living of our people," he said.

Outlining the mines and energy ministry's efforts to increase Namibia's power supply capacity, he said the findings of a pre-feasibility study on the Epupa project indicated the project was technically and financially viable.

A $4,9m in-depth feasibility study on the project is set for release in October.

The nomadic Himba who live in the area have opposed the planned project near the Epupa Falls on the Kunene River since it was mooted in 1991, saying it would deprive them of much-needed emergency grazing for their 60 000-odd head of cattle and flood their ancestral graves.

Environmentalists have also voiced concern it would destroy the flood plains of the upper Kunene and natural habitat of a multitude of fauna and flora sustaining the Himba and others living in the area. — Reuter.

Namibia shoots down SAB plan

(221A) ST(BT) 31/8/97

BREWERY BATTLE

By LUCIENNE FILD

THE Namibian government said this week it was "tired of bogus attempts by SA Breweries to take over the Namibian beer market". SAB was also warned that any application for setting up a brewery or other operation which did not guarantee that all beverages brewed in Namibia would be exported outside the Southern African Customs Union would not be considered.

Trade and Industry Minister Hidipo Hamutenya said SAB's most recent proposal to set up a R100-million brewery in the north of Namibia would be turned down.

SAB has claimed that the Namibian government is trying to protect Namibian Breweries (NBL) and accused it of using unfair business practices. SAB on Friday accused NBL of blackmail by threatening to close its Swakopmund brewery if the government gives SAB the go-ahead.

SAB said it could not comment on the latest decision since it had not received official notification from Namibia.

Hamutenya said SAB's aim was to squeeze NBL out of existence. "We are not going to allow this. NBL plays a significant role in our economy in which it is one of the largest taxpayers and employers. We are interested in black empowerment, but not to the extent that it will increase unemployment in our country, which is already high."

SAB proposed a joint venture with six well-known black Namibian businessmen, who would hold 51% of shares.

Hamutenya also accused SAB of monopolistic practices by pointing to recent claims of its dominance by liquidated Pepsi bottler New Age Beverages and National Sorghum Breweries and the Competition Board investigation into the brewer's dominance.

"They want to create the impression that they are interested in black empowerment," Hamutenya said. "Their track record, however, speaks for itself."

In terms of SAB's proposal, it will hold its 49% through Indol, a subsidiary. Hamutenya says the proposal makes clear that while Namibians would hold the majority of shares, SAB would have full management control of the brewing.

Picture: LUCIENNE FILD

ANGRY ... Namibia's Hidipo Hamutenya accuses SAB of using unfair practices

He said the proposal was full of contradictions. The most obvious was the request for Export Processing Zone (EPZ) status, while promising the government huge tax benefits. Namibia grants companies with EPZ status a zero-taxation incentive.

According to the proposal, SAB would want to market 70% of the brewery's output in Namibia and export the remaining 30%. Companies granted EPZ status, however, must export 100% of goods outside the Southern African Customs Union, which comprises Namibia, SA, Lesotho, Swaziland and Botswana.

Hamutenya said SAB's agenda was to squeeze small competitors out of the region, either through takeovers, mergers or by taking control of management.

SAB had established itself in Botswana, Swaziland, Lesotho, Tanzania, Mozambique, Zambia, Zimbabwe and the Seychelles. Its proposal mentioned only Angola as an export destination, but failed to inform that SAB had signed a management agreement with a brewery in Lubango, Angola.

Werner List, chairman of Ohlthaver & List, which controls NBL, accused SAB of wanting to liquidate NBL with the aim of entrenching its monopoly in southern Africa. O&L had invested about R1-billion in the past six years. He pointed out that the Namibian market was simply too small to accommodate another brewery and that a successful SAB application would force NBL to close one brewery with a loss of 200 jobs.

List claimed SAB was trying to get back at NBL "for snapping up a good chunk of the premium beer market in SA". NBL exports 25% of its total annual 750 000 hectolitre output, mostly to SA.

Namibia in reinsurance trade row

BD 3/9/97 (221A)

Belinda Beresford

THE Namibian government has refused to grant an operating licence to a private sector reinsurance company in what observers say could be a sign of increasing tension between it and SA business.

In terms of the Short-Term Insurance Bill, every life assurer and short-term insurer would have to provide a capital requirement of R10m to operate as a reinsurer in Namibia. Composite insurers would have to pay R20m in what business regards as an excessively high requirement.

The government's decision follows the Namibian Special Risks Insurance Association's (Nasria's) application for a licence for its subsidiary, NamRe, to operate as a reinsurer. Most Nasria directors are directors of local subsidiaries of SA insurance companies.

Christof Maletsky reports from Windhoek that finance ministry sources say most local insurance companies reinsure with SA companies, resulting in Namibia losing about R150m a year in short-term reinsurance. Last year the Namibian government proposed the formation of its own national teinsurance corporation to minimise the flow of money out of Namibia. The sources said the ministry consequently refused to grant a licence for NamRe.

The decision follows Namibian Trade and Industry Minister Hidipo Hamutenya's announcement that the Namibian government would turn down a fresh application by SA Breweries and its black Namibian partners to set up a brewery in northern Namibia. He claimed SAB's agenda was to squeeze small competitors, such as Namibian Breweries, out of the region.

Tensions between Namibia and SA also surfaced last week when Hamutenya accused SA of having designed measures to hamper industrial development in the Southern African Customs Union area to protect SA industries. He said the SA government — responding to its industrial lobby — had been responsible over recent years for the "sabotage" of proposed factories in Namibia, Swaziland and Lesotho, and had "exerted enormous pressure on Botswana" to close its Hyundai vehicle assembly plant.

Estimates of the reinsurance business in Namibia vary — government sources have said the country loses about N$150m a year in short-term reinsurance done outside the country, but private sector experts disagree.

SA Reinsurance Officers' Association member Mark Haken estimated the reinsurance market was worth between N$80m and N$100m a year. A small percentage of that would actually leave the country, he said.

Although details of the powers of the proposed national reinsurance corporation have not yet been given, it is understood insurance companies would face a "mandatory session". Frans van Rensburg, Namibian director of financial institutions supervision in the finance ministry, said the mandatory session could be between 10% and 30% of reinsurance business.

Nasria vice-chairman Jim Steele said "a mandatory session is a legal re-

Continued on Page 2

Namibia (221A)

BD 3/9/97

Continued from Page 1

quirement that all insurance companies will have to cede a portion of their premium to the state reinsurer". Effectively, companies would have to reinsure a percentage — rumoured to be 25% — of portfolios whereas presently only huge risks were reinsured.

He said the implementation of a state reinsurer could lead to more money leaving the country as the reinsurance corporation would have to go abroad to spread its risks.

"The industry here is accused of transporting huge volumes of premiums out of the country, but that is patently nonsense. Of every R100 of premium, probably 5% or at most 10% is left over after paying tax, salaries etc in Namibia," Steele said.

Haken said Namibians had access to an oversubscribed and therefore cheap worldwide market to get reinsurance. Restricting activities to a local state reinsurer would increase costs. The deduction of this money from premium income would also diminish investment income and lead to an increase in premiums.

Steele said there had been "ominous rumblings" from the private sector about the Namibian government's actions. "The banks and international operations are following with keen interest what appears to be a move towards nationalisation," he said.

Nasria members stood to gain nothing from the creation of NamRe, which was a registered company and wholly owned by the association. "The licence to operate has been refused on a technicality; it is now subjudice because we are involved in a legal discussion with them," Steele said.

Namibian government sources argue, on the other hand, that the SA companies had sought to derail a government bid to prevent the flow of millions in insurance money out of the country. "The SA companies, through their Namibian branches, wanted to establish a company that would effectively block the Namibian government's plans to form a national reinsurance company," a source said.

In so doing, the SA companies had hoped to retain a monopoly on the industry in the country, he said.

Trade unions call for end to jobs for expatriates

(22.1A)

30/4/1997

Christof Maletsky

WINDHOEK — Namibian trade unions, wary of the country's high unemployment, have called for an amendment to the constitution to rule out the granting of permanent residence permits to expatriates.

The first vice-president of the National Union of Namibian Workers, Israel Kalenga, charged that most expatriates were from SA.

He called for the sacking of current Immigration Selection Board members, saying they had failed to do a proper job in selecting foreign nationals for permits in the country.

The union is the umbrella body of the Mineworkers' Union of Namibia, Namibia Farm Workers' Union, Namibia Transport and Allied Workers' Union, Namibia Food and Allied Workers' Union and the Domestic Workers' Union.

Kalenga said permanent residence permit holders were in Namibia for "economic reasons".

"They do not acquire fixed assets, because they are here to make money and deposit their money into their accounts in SA, or invest them outside Namibia."

He said the government was losing a lot of revenue as, in some companies, expatriates received "enormous" incentives and allowances on top of monthly salaries.

He accused the immigration board of dishing out permits without properly investigating whether the jobs could be filled by a Namibian. In this the board was exacerbating the country's high jobless rate.

Namibia's unemployment rate stands at around 20% of the population, according to a recently released document titled National Employment Policies.

The document, compiled by the labour ministry, says 21% of the unemployed have no schooling, 39% have only junior schooling and another 39% junior secondary schooling. Only 1% have senior secondary or higher education, it says.

On the other hand, expatriates in the country accounted for 4%-5% of formal sector employment with most occupying the upper end of the occupational hierarchy.

Kalenga called for the disbandment of the board and for its role to be taken over by the home affairs ministry and the labour ministry.

The ministerial document said the current "overdependence" on an expatriate labour force would be reduced by an insistance that job opportunities be offered first and foremost to Namibian citizens.

AFRICA

Namibian growth of 5% 'likely'

BD 23/9/97 (221A)

Christof Maletsky

WINDHOEK — Namibian economists have predicted an average 5% growth rate in the country's gross domestic product (GDP) next year.

The predictions seem conservative against those of the London-based Economist Intelligence Unit which, in its latest quarterly report, said a 6% growth rate was possible next year. The unit said as long as there was no drought, Namibia's GDP growth could reach 6% — the highest rate since 1994.

Namibian-based economist Dirk Hansohm said it was quite risky to make GDP predictions while such uncertainty prevailed in agriculture because of the drought threat caused by the El Niño phenomenon.

Agriculture is the most important sector after mining and between them make up about 33% of the contribution to GDP.

The unit's report took into account the boost to diamond output to be provided by the start of offshore mining by Namibian Minerals Corporation (Namco), which recently completed fundraising to start operations by year-end.

Namco reportedly expects to produce 150 000 carats in a full year, and with De Beers Marine likely to substantially raise its offshore recoveries, total diamond output could increase by about 250 000 carats to about 1,8-million carats next year.

The unit said the fishing industry was set for improvement, thus allowing for higher catch quotas for pilchards and possibly hake. This would produce a substantial rise in fish-processing and overall manufacturing output.

It said other reasons for optimism were development of the Kudu gas field, as well as building of a large gas-fired power plant to provide a significant boost to the construction and services sector in the latter part of next year; building of the Haib copper mine and refinery; and the advent of proposed offshore banking.

However, Hansohm, a senior researcher at the Namibia Economic Policy Research Unit, said the proposed legislation for offshore banking was still a long way off and it could be as much as five years before these activities affected GDP.

Hansohm said he preferred to stick to his 5% prediction even if the drought did not occur, and offshore diamond mining, good fishing and the boost from an existing export processing zone made their marks.

Simpson McKie economist Kobie Loftie-Eaton also agreed that the GDP forecast depended on the rain, and that a 6% forecast was a gamble.

Namco would, he agreed, boost the economy by diamond mining but questioned whether improved fish quotas and offshore banking developments could help to meet this target. Yet El Niño could cause havoc, bringing drought and warmer waters, thus killing fish food.

Namibian brewery forges ahead

CT (PR) 25/9/97

SAB relies on the Nujoma connection

(201A)

Tabby Moyo

Windhoek — South African Breweries (SAB) is forging ahead with plans to erect a R100 million brewery in Namibia's northern town of Oshakati, despite opposition from Hidipo Hamutenya, Namibia's trade and industry minister.

SAB, which has entered into a partnership with local entrepreneurs led by Aaron Mushimba, the brother-in-law of Namibian President Sam Nujoma, maintained it would continue to seek an audience with relevant authorities, possibly including the president, over the proposed venture.

Hidipo Hamutenya

Callie Bonthuys, SAB's Namibian chief, said yesterday "negotiations were continuing", despite the lack of official feedback from the government regarding the proposal.

"We've got a solid base, and we are not discouraged by statements that have been made," Bonthuys said. "We are making appointments to see the right people."

Sam Nujoma

Sources close to the project said an appointment had been fixed to meet Nujoma to discuss the matter, and both Bonthuys and Mushimba were confident the proposed brewery would become a reality.

Last week SAB and its local partners met to discuss their next strategy. No details of the meeting were forthcoming.

The consortium of local businessmen led by Mushimba would be the majority shareholders in the brewery, with the 49 percent shareholding going to SAB. SAB would, however, be responsible for the necessary expertise and machinery.

Last month Hamutenya hinted that SAB's chances of setting up a brewery in Namibia were close to nil, as it was viewed as a foreign monopoly which would spell doom for the local Namibia Breweries Limited (NBL), owned by the Ohlthaver & List group.

Hamutenya said this fate had been evidenced in other countries where the South African beer colossus had been allowed to set up a brewery. He viewed SAB's decision to allow Namibian business people a majority shareholding in the proposed Oshakati brewery as a ploy to enter the Namibian market.

SAB had originally planned to set up a brewery at Tsumeb, where it would be the majority shareholder. The proposal was rejected by Namibia after NBL objected. SAB is the world's fifth largest brewer, controlling over 95 percent of the South African beer market. — Independent Foreign Service

Namibian government criticised over SAB battle

BD 2/10/97 (221A)

Christof Maletsky

WINDHOEK — An economic research unit has lashed out at the Namibian government for "overprotectiveness of the local industry", particularly evident in the battle between SA Breweries (SAB) and Namibia Breweries.

The Namibian Economic Policy Research Unit says in its latest quarterly economic review that Windhoek should do more to promote regional trade instead of protecting local industries which are failing to penetrate other markets in the region.

The unit's senior researcher, Dirk Hansohm, said Windhoek should not see competition as a threat but as a necessary condition for economic growth and employment creation.

Namibia Breweries was also criticised for arguing that the local market was too small to sustain three breweries.

Hansohm said it was up to SAB to decide whether the market was large enough to invest in.

The unit said: "Namibia's industries have to look beyond Namibia's borders for its market."

The unit also condemned the fact that Windhoek seemed to have overlooked the fact that the proposed venture between SAB and its Namibian partners to set up a N$100m brewery would include a 51% local shareholding.

The problem, it said, was the lack of legislation that would promote regional competition.

Recently SAB and the its local partners said they were still hopeful of getting a green light from the government to establish the plant, despite Trade and Industry Minister Hidipo Hamutenya's advice to Namibians to ditch SAB.

Lack of prospects forces Namibians to invest in SA

BD 7/10/97 (221A)

Christof Maletsky

WINDHOEK — About R8bn generated in Namibia has been sent to SA because Namibians are hesitant to invest in their own economy, says Finance Minister Nangolo Mbumba.

"Unfortunately, the colonial legacy has profoundly adverse implications for the accumulated experience of Namibia's entrepreneurial capacity and private sector development," he said at the weekend.

Namibia's current account on the balance of payments had remained positive although marginally so because of substantial income on foreign investments and the strong inflow of development assistance. Also, he said, Namibia's domestic savings exceeded its domestic investment.

Mbumba's remarks were partly in response to a finding by Simpson McKie economist Kobie Lofty-Eaton that millions were flowing out to SA, mostly in the form of pension funds and life assurance assets, because of inadequate local investment opportunities.

Lofty-Eaton said it was important to create more investment opportunities in Windhoek to repatriate some of the funds being exported to SA.

"If invested locally, money presently being invested abroad would have a substantial influence on the deficit of Namibia's capital account," he said.

Yet, lack of investment opportunities in Namibia are forcing large institutions to invest abroad. Even the Government Institutions Pension Fund, the country's largest pension fund, is investing in SA.

Loftie-Eaton warned that if both the current and capital accounts were in deficit Windhoek would be forced to borrow foreign currency to pay for its imports since its level of reserves would be unable to sustain import payments. "This underscores the importance of attracting foreign investment capital to boost the surplus on the capital account," he said.

For the first time since independence, the country's foreign trade balance moved into deficit last year due to much higher growth in imports as compared to exports. It was the result of the fall in the value of the rand, to which the Namibian dollar is linked.

According to Mbumba, one of the key structural weaknesses of the Namibian economy was demonstrated by the ratio of domestic investment to the gross domestic product, which stands at 20%. "The only way the country's economy could be strengthened is through entrepreneurial and market development," the former agricultural minister said.

Hence, future efforts at building entrepreneurship capacities in Namibia would focus on the creation of an enabling environment through the provision of policies supportive of entrepreneurship, the establishment of appropriate institutional frameworks, the development of adequate and functional infrastructure and ensuring required human resources were in place.

Financial institutions say a lack of constructive measures to attract investment is a problem which translates into local entrepreneurship not being adequately developed.

Namibia's budget deficit boosted to 4,4% of GDP

BD 7/11/97

(221A)

WINDHOEK — The Namibian government will spend an extra N$333m in the financial year ending March 31, next year, increasing its planned budget deficit to 4,4% of gross domestic product (GDP) from the earlier forecast of 3,5% and compared with 6,2% in 1996/1997.

Finance Minister Nangolo Mbumba told parliament that the extra money was needed for increased public service salaries recommended by the wages and salary commission — and to fund increased spending on education and job creation.

Mbumba said that the revised budget provided for total revenue and grants of approximately N$5 390m — an increase of 3,7% above original estimates.

The overall deficit would be N$697m, representing a 25% increase from the original estimate of N$555m.

Mbumba said the revised budget deficit of 4,4% of GDP compared with the medium-term target of 3% in the national development plan.

"However, compared with the actual budget deficit of the previous fiscal year of 6,2% of GDP, the proposed revised deficit for 1997/98 is a movement toward our medium-term target.

"What has become apparent during the course of the past few fiscal years is that the expansion of certain votes, especially those of the social ministries, has been exceptionally fast due to the tremendous demand for their services," he said. "This expansion by far outstrips the growth in resources, which our economy can generate."

The main budget for 1997/98 provided for a total expenditure of N$5 754m, consisting of N$4 546m for current expenditure, N$998m for capital expenditure and N$210m for statutory expenditure.

In his revised budget, Mbumba is seeking approval for total expenditure of N$6 087m, a net increase of N$333m or 5,8% after suspensions and savings of N$194m.

Of this, N$124m is required to cover additional statutory expenditure, N$171m for current expenditure and N$38m for capital expenditure.

Apart from the additional personnel expenditure, the highest additional allocations are to go towards education (N$60,5m) and the police force (N$54,4m).

An additional N$40m has been earmarked for the finance ministry to cover additional medical bills and another N$33m to replenish the contingency provision.

The foreign affairs and information and broadcasting ministries are to get an additional N$5m each.

Mbumba urged ministries and public servants to exercise restraint in spending and wage demands to help him formulate a less expansionary budget for 1998/99. — Reuter.

Namibia fears for its beef industry

(221A)

WINDHOEK — With negotiations on a free trade agreement between SA and the European Union expected to be finalised by the middle of next year, concern is mounting in Namibia over the regional effect of the pact.

Experts have claimed that Namibia's beef industry will be crippled if the proposed free trade agreement between SA and the EU materialises in its current form. They argue that Namibian exporters would not be able to compete with highly subsidised European beef coming into SA.

Members of the SA-led Southern African Customs Union (Namibia, Lesotho, Swaziland and Botswana) also fear they would lose income from customs duties.

At a recent round of discussions in Pretoria, SA and EU negotiators agreed to set a timetable with a view to reach a final pact by the middle of next year. — Sapa

BD 13/11/97

TAX-FREE ZONE CREATED

R85m invested in Walvis Bay EPZ

(221A)

CT 19/11/97

FOREIGN COMPANIES have invested about R85m in Walvis Bay and in the process created almost 1 500 jobs since the town established a tax-free haven to lure investment. **DAN SIMON** reports.

FROM a military establishment liberated from South African rule, Walvis Bay has become a tax-free zone soliciting international business.

The *laatlammetjie* of the Namibian independence process had little to offer except guano, salt and fish, but has set itself the ambitious goal of creating an export processing zone (EPZ) in a country that has no real manufacturing base.

Foreign companies have ploughed more than R85 million into the free port initiative over the past year — in the process creating more than 1 500 jobs.

Tourism is an important industry in this desert port with nine passenger liners having docked there since 1995. The town is planning to expand and upgrade its harbour to encourage more ships to visit.

For the 84 years the deep-sea port was controlled by South Africa, it was out of bounds to tourists.

South Africa relented to political pressure in March 1994 and relinquished control of the enclave to President Sam Nujoma's Swapo government — four years after Swapo won the elections in Namibia.

Mayor and leader of the Swapo-led town council Mr Manuel de Castro said the outlook for Walvis Bay was far from rosy at reincorporation: "It was just a little feeder port servicing Cape Town."

"Until March 1994 this was a military establishment," De Castro said.

"No tourists were welcome and we only had the fishing industry.

"At reintegration, once the war stopped, we took a hard look at the short-, medium- and long-term prospects for the town's survival.

"We inherited a country with no manufacturing base and this was unhealthy. We realised the economy of Walvis Bay could not be based on fishing alone.

"We needed to grow otherwise we would never get disentangled from the South African economy.

"To survive, we had to look at alternative sustainable economic bases such as tourism and manufacturing."

To reduce Namibia's dependence on South Africa, legislation was passed to permit the creation of export processing zones. The legislation, which came into effect in 1996, allows for Walvis Bay to import raw materials and export finished products duty free.

The Namibian government's foresight is paying dividends — with the Cape Chamber of Commerce and Industry taking note and saying that the Namibian example "could work" in South Africa.

Over the past 11 months, nine international companies have taken advantage of the free port concept and related tax free environment.

Walvis Bay aims to increase the number of companies to 50 in the next financial year. In all 500 companies, including South African enterprises, have been identified by the Walvis Bay EPZ.

"Eventually the spinoffs will create a Namibia which is strong in manufacturing (currently six percent of the gross domestic product) and which will create jobs and build up people's skills."

Mr Deon Visser, chief executive officer of the Walvis Bay EPZ, said two of the companies were labour intensive vehicle assembly lines from Korea and the US.

Other companies included a joint South African/German pressed car parts manufacturer, a Hong Kong textile company and a Malaysian plastics company.

Walvis Bay tourism officer, Mr Gert Kruger, said both Walvis Bay's airport and harbour were being upgraded to expand tourism.

"We are going to deepen the harbour to take big tankers and cargo ships. We are also looking at expanding the harbour to increase the number of passenger liners.

"Linked to this is the upgrading of Walvis Bay Airport (formerly the SA Air Force's Rooikop air force base) to an international airport.

SUN AIR

First privatisation finally takes off

At last something's bubbling on the tarmac at Johannesburg International airport. After bumbling about for a while — it's on; it's off, there's no cash, the partners don't want to wed — the privatisation of Sun Air became a reality this week — much to industry surprise.

Rethabile-Comair consortium was given the nod with its offer of R50m, and acceptance of Sun Air's R47m interest-bearing debt.

Earlier the signing was in danger of unravelling due to a quarrel between Comair and Sun over the more lucrative domestic routes.

There were several delays before the nuptials were complete. The November 10 signing was delayed because rumour had it that Rethabile couldn't raise the cash. This proved untrue.

Another rumour, which Comair MD Piet van Hoven shot down, was that Sun Air MD Johan Borstlap didn't want Comair as a partner, and had suggested that Swissair replace it.

(232)

But the real delays emanated from the squabble over the Durban/Johannesburg route, the Harare/Johannesburg route and the Cape Town/Johannesburg link. There was no quarrel over the rats and mice which include Bloemfontein, Port Elizabeth, East London, Upington, Nelspruit and Pietersburg.

Public Enterprises Minister Stella Sigcau must have thought she was having a nightmare after the dispute between members of the Rethabile/Comair consortium threatened to derail her department's only successful privatisation to date.

However, Rethabile and Co-ordinated Network Investments — the black partners holding a 55% stake in the consortium — eventually patched up their differences and signed the shareholders agreement with Comair this week.

Nevertheless, the agreement makes for some strange bedfellows. One is an airline which has made a profit every year since its inception 51 years ago; the other has made a loss every year since its formation as Bophuthatswana Airways a decade back. Renamed Sun Air four years ago, the fledgling carrier undoubtedly outshines every airline in SA as far as catering and service aloft is concerned. But obviously at a cost to itself.

As one industry pundit puts it: "You can't supply five-star service at two-star rates."

Van Hoven says Sun Air will retain its identity and its management. Comair will provide only technical and management assistance.

That's an amicable arrangement, but old habits, such as showing consistent profits — or losses — die hard.

No-one expected the privatisation to be smooth sailing. After all it is the first full privatisation of a State-owned asset, and as such there were no guidelines.

Everyone hoped to learn from the experience. The State's first lesson was: don't distract the diners from the main course by offering the pudding halfway through the meal.

FM 21/11/97

This is what happened when several parties interested in acquiring Sun Air lost interest. They decided to keep their options open when government announced, while it was calling for bids for Sun Air, that it was toying with the idea of selling a stake in SA Airways (SAA). Those who pulled out included Virgin Atlantic and the Malaysian Airline Consortium.

SAA may have been deeply in the red at the time, but it had more potential than Sun Air. SAA recorded a loss of more than R300m in its past financial year, to March 31 1997, but it had posted a R324m profit the year before. The national carrier could be turned around with more aircraft, and a change in management style.

In the end two offers were made in early August for SunAir by Phoenix Venture Partners and the Rethabile-Comair consortium.

Rethabile and Co-ordinated Investments hold a controlling 55% of the consortium, Comair 25%, employees 5%, and the rest is held by the National Empowerment Fund.

The State may have got more had it not mentioned SAA before the final binding offers were in. Call it an expensive learning experience.

David Pincus & Duma Gqubule

Namibia Breweries one up in beer battle

BD 26/11/97 (301A) (1582)

Kevin O'Grady

NAMIBIA Breweries has won the latest round in its battle with SA Breweries (SAB) over the use of the Hofbrau name on beer sold in SA.

The Pretoria High Court overturned on Monday an interim interdict obtained against Nambrew by SAB and German brewer Staatliches Hofbrauhaus. SAB produces Hofbrau under licence from the German group.

SAB and Staatliches Hofbrauhaus were also ordered to pay costs covering from the initial hearing until the hearing at which the interim order was discharged.

SAB obtained the temporary interdict last month after arguing that the use of the Hofbrau name by Nambrew was likely to cause confusion. It had planned to launch Hofbrau beer in SA last month at a cost of more than R2,8m, but said it had spotted the Nambrew product on sale in SA at the end of August.

However, the court found that Nambrew had not infringed the statutory protection of well-known marks nor passed off its product as that of SAB. Neither SAB nor Staatliches Hofbrauhaus had proved the requisite reputation or established goodwill in SA.

The court also rejected a claim of unlawful competition by SAB and Staatliches Hofbrauhaus. They argued Nambrew learned of SAB's planned launch of Hofbrau and went ahead with its own launch to steal SAB's thunder. In the absence of further evidence, the court said it could equally have inferred that SAB had prior knowledge of Nambrew's intention to launch its Hofbrau beer.

Nambrew attorney Charles Webster said the judgment was welcome, especially since "SAB managed to obtain the original interdict before Namibia Breweries had an opportunity to give its version of events".

Nambrew was working on a damages claim against SAB arising from the granting of the earlier interdict.

An SAB spokesman said it regretted the court's decision: "However ... we will be redoubling our efforts to ensure the momentum is maintained."

OFFSHORE GAS *Namibia has plans to delve into the gas reserves of the Kudu gas field*

Boost for the economy is in the pipeline

(ZAIA) ET(DR) 27/11/97

Namibia is about to exploit a huge offshore gas field that is expected to generate all kinds of ancillary activity in the south of the country and kickstart the economy generally.

Next month an agreement will be signed between government, Nampower (the national energy parastatal), Eskom and Shell for exploitation of the Kudu gas field, off Luderitz, which is estimated to have reserves of between 2 and 4 trillion cubic feet.

Installation of equipment will begin next year. Kudu has the potential to develop into the largest gas exporter in the region. Gas will be piped ashore to power a new electricity generating station, as well as to the Northern Cape and the Western Cape.

> ***The development of Kudu is expected to lead to a proliferation of secondary petro-chemical and other industries in the Luderitz and Walvis Bay region***

Kudu gas is also the key to a multi billion-rand desalinisation plant planned for Walvis Bay, to supply fresh water to industry in the area and possibly to Windhoek, the capital, as well.

Development of Kudu is expected to lead to a proliferation of secondary petro-chemical and other industries in the Luderitz/Walvis Bay region.

Meanwhile, Namibia is engaged in an aggressive and highly innovative industrial and financial service marketing programme, designed to attract manufacturing as well as funds for tax-free investment.

At the same time, two strategic highways are nearing completion. The Trans-Kalahari and Trans-Caprivi routes will bring Namibia into closerproximity with the rest of southern Africa. The ports of Durban and Maputo will become realistic import/export routes for Namibia; Walvis Bay will become a realistic import/export route for Gauteng Province.

And the markets of Gauteng, southern Angola, Zambia and Zimbabwe we will come within realistic export range of goods produced in Namibia. The marketing programme features:

- ☐ An EPZ regime, applicable at localities countrywide, with highly attractive incentives.
- ☐ Almost as attractive incentives for manufacturing investment outside of the EPZ regime.
- ☐ Plans to establish an offshore financial service for tax-free investments on the lines of the Isle of Man, the Channel Islands and other tax havens. (Enabling legislation is expected next year).

Namibia's encouraging economic growth rate (at one point 7%) has slumped this year to around 3%, mainly under the onslaught of drought, to which the country is particularly prone.

Unemployment is considered a serious problem in this geographically vast country of only 1,6 million people, 62% of whom live in the far north. But the Namibians — private sector as much as government — are determined to turn things around.

A WORLD APART *Namibia is beginning to attract a more cosmopolitan tourist market, according to Anne Fleming, regional head of publicity and tourism in Swakopmund. The Windhoek Country Club (above) is just one of many pleasant venues to enjoy the serenity of Namibia*

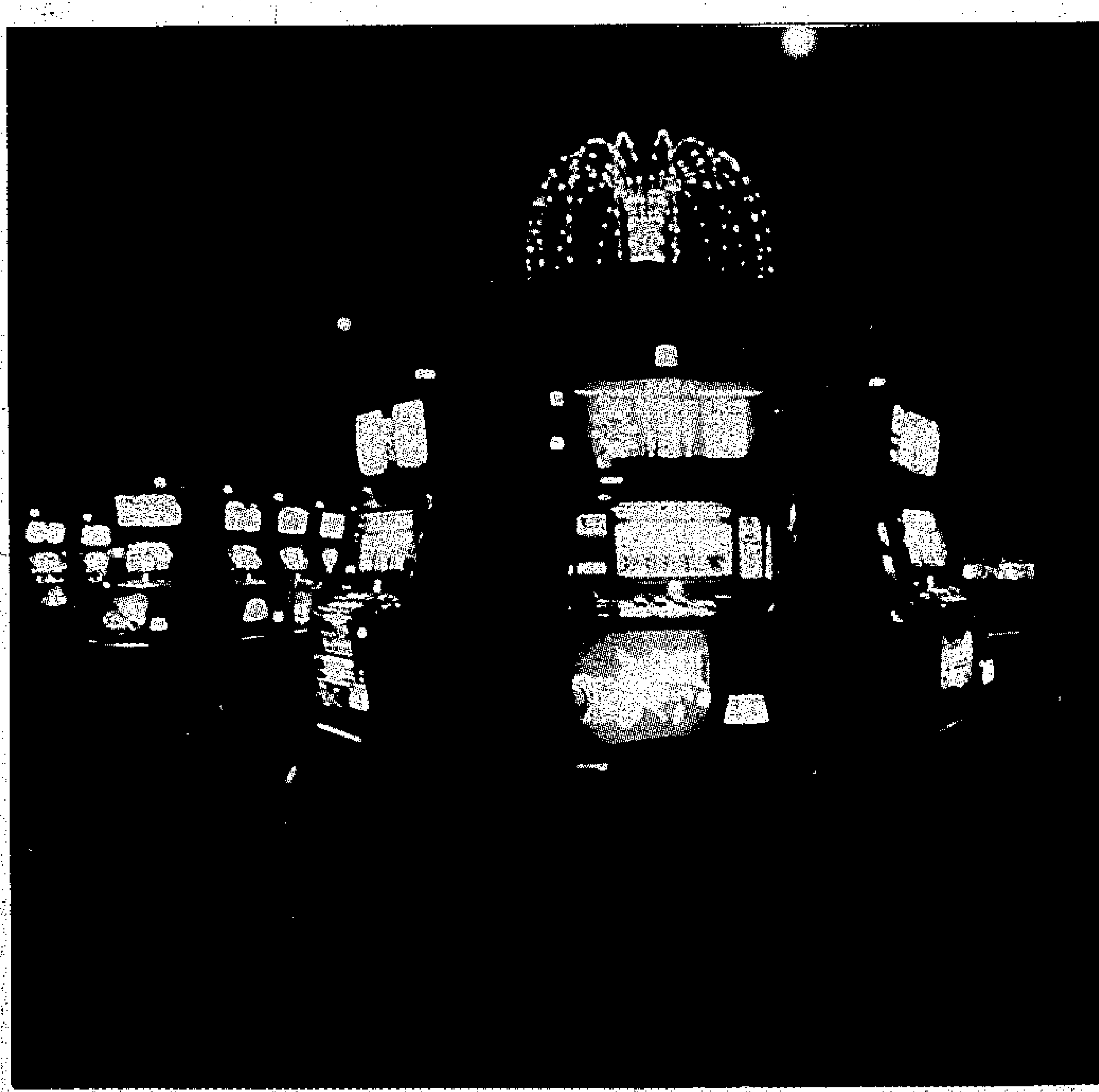
Tourism hots up in Namibia

ET (BR) 27/11/97 (2011A)

Tourism is one of Namibia's fastest growing economic activities, offering various investment opportunities as government privatises this sector.

The number of visitors has grown steadily from 100 000 in 1989 to an estimated 400 000 this year. This is projected to increase to 635 000 by the year 2002, the attractions being uniqueness, peace and political stability and high quality hotel and other facilities.

"Things are absolutely booming right now," says Anne Fleming, regional head of publicity and tourism in Swakopmund, headquarters of the busy Namib region. "We have so much to offer — the oldest desert in the world, the only truly nomadic people living in that desert, the world's only desert elephants — you can go on and on. Plus such things as the Etosha pan and the highest dunes in the world. We've never been busier. We've always had a lot of German visitors. Now we are getting Italians, French and Spanish visitors as well."



TAKING A GAMBLE *With top class entertainment, an efficient yet warm sense of hospitality, visitors have nothing to lose in the unusual combination of old and new in the Namib*

Time in the salt mines pays for Namibian firm

ST(BT)30/11/97 (221A)

LISTING

By MARCIA KLEIN

IN WHAT must surely rate as one of the more unusual new listings, a small Namibian salt mine comes to the market early next year.

The mine plans to list on the JSE in February and on the Namibian Stock Exchange soon thereafter.

Namsalt is part of a private company which has a number of diverse interests. The listing is aimed at developing the mine, increasing production levels and placing it in a favourable position for expansion.

Namsalt, which has an in situ and naturally renewable salt resource of about 350-million tons, produces about 60 000 tons a year. The mine is situated less than 1.5km from the ocean at Cape Cross, about 130km north of Walvis Bay in Namibia. Its salt pans are unusual in that they produce salt naturally from underground brine and do not need the special evaporation pans which most other producers need.

A feasibility study is under way to establish a R120-million offshore loading system which could transform Namsalt into a major exporter of salt to untapped destinations, including the US and South America.

According to MD Paulo dos Santos, the Cape Cross section of the Namib desert is the second driest place on earth, so there is no chance of rainfall interfering with the evaporation process. This, together with the fact that it does not rely on the flooding of saltwater into pans for evaporation, placed it in a strong position.

Namsalt was formed in 1987 and was placed in liquidation in 1990. Fernando Paulo dos Santos, the chairman, bought it from the liquidators in 1992.

Its biggest buyer of table salt is Zambia, followed by SA, Namibia and Malawi. Its coarse salt sales are mainly to the Congo Republic and Ivory Coast.

Annual global salt production is about 190-million tons. Only 6% of annual salt production is for human consumption, but it is one of the big five basic ingredients of the chemical industry.

Namsalt sells mainly to Africa as bagged iodised salt for human consumption. The listing could enable it to soon increase production to 100 000 tons.

There will be no public offer prior to the listing, but there are plans to increase the percentage of shares held by the public from the current proposed level of 10%. Namsalt will list initially on the venture capital market and hopes to move into mining over time.

The biggest spur to growth would be the offshore facility, still in the feasibility study stage. Namsalt has been in touch with various World Bank agencies, so shareholders would not finance the project. Dos Santos says the listed company would be quite capable of independence, irrespective of whether the facility went ahead.

CAPABLE... Paulo dos Santos expects great things for Namsalt

AFRICA

World Bank weighs $9,3bn loan to Namibia

BD 4/12/97

(221A)

Simon Barber

WASHINGTON — The World Bank is weighing a $9,3m foreign currency loan in support of Namibia's export processing zone at Walvis Bay, which it sees as a promising approach to creating jobs, reducing income inequality and attracting foreign investment and skills transfer.

Under legislation adopted in 1995, investors are being offered generous import duty and tax incentives for establishing light, export-oriented, manufacturing facilities in the zone.

According to a newly released bank project document justifying the loan — which is set to go before the bank's board next February — investor interest appears to be strong in what is one of the few such initiatives which have actually got off the ground in southern Africa.

Four companies have acquired 85% of the 17ha allocated to the zone in the first phase of its development, which the US embassy in Windhoek has been promoting to US investors as a crime and labour unrest-free alternative to direct investment in SA.

The bank document argues that, based on international experience, the Namibian government made the right choice in siting the zone in an area where infrastructure was already well-developed, rather than opting to lure investors to relatively backward regions selected to serve concentrations of unemployed political supporters. The bait has seldom been taken.

The expectation is that the zone will attract large numbers of job-seeking migrants, especially from Ovamboland in the north.

In addition to funding an expansion of the existing industrial park, with all that entails in the provision of roads, water supply, sewerage and electricity, loan proceeds would be used to prepare Walvis Bay to accommodate a growing population by laying in services for low-income residential lots.

The funds would be channelled to the Walvis Bay municipality through the central government, the official borrower. The bank expects that the municipality will seek to recover the full cost of infrastructure improvements in the zone from companies who locate there. This is said to be "key to project sustainability".

The document notes that since independence, "Namibia's per capita income has been stagnant because of persistent drought, a slowdown in investment, international recession affecting major exports (for example uranium, diamonds) and high unemployment.

"Although macroeconomic management has been prudent, with a relatively conducive incentives structure, investment response, with the exception of the fishing industry, has been minimal."

NEWS

Salt trader decides on Namibia

CT (BE) 4/12/97 (221A)

***ALL SYSTEMS GO** Namsalt's Paul dos Santos plans to expand operations at the Cape Cross saltpan*

PHOTO: ANDREW BROWN

LYNDA LOXTON

Cape Town — Namsalt, the Namibian saltpan which is soon to be listed, could become one of the world's largest and most price competitive salt producers, Paul dos Santos, the company's chairman, said yesterday.

He estimated that once a planned offshore loading facility was in place by the turn of the century Namsalt could export salt worth R58 million a year and bring in profits of about R22 million.

An experienced salt trader, mainly between producers in Brazil and Australia and markets in Africa and Europe, Dos Santos bought the saltpan at Cape Cross, 150 km north of Walvis Bay, four years ago and kept it ticking over while he examined possibilities for large-scale salt mining in Cape Verde, India and Brazil.

After two years Dos Santos concluded that the Namibian pan, which has virtually infinite reserves because of its proximity to the sea, was his best bet. But it took him another year before he was satisfied that the African market was stabilising and that there were no potential rival producers to meet its huge salt needs.

Nigeria, for example, imported about 1 million tons of salt a year, said Dos Santos.

He said the aim of the listing, tentatively scheduled for February, would be to raise capital to expand production and refining capacity at the pan.

"We reckon that next year we will produce about 120 000 tons and once our (offshore loading) project is finalised, we will be able to produce between 800 000 and 1 million tons," he said

Namibia's 'meagre' fish quotas

ET (PR) 5/12/97 (22 A)

Tabby Moyo

Windhoek — The Namibian fishing industry has expressed its dissatisfaction with provisional fish quotas for next year, which were approved by cabinet on Tuesday.

Describing them as "meagre", the industry said the quotas for the next fishing season could exacerbate difficulties faced by the industry at present.

After government's announcement on Wednesday of the provisional total allowable catch for the coming season, the Namibian Hake Fishing Association, the Walvis Bay Pelagic Fishing Factories and the Tuna-Longline Industry promptly held an emergency meeting.

The fish outfits unanimously decided to urgently seek an audience with Hifikepunye Pohamba, the fisheries and marine resources minister, and Abraham Lyambo, his deputy, to address the issue.

Recommendation

The fishing industry warned that a "serious situation" would evolve as a result of the small provisional total allowable catch for the hake and pilchard industry for 1998.

On the recommendation of the Fisheries Advisory Council, cabinet decided the following quotas: pilchard for the next fishing season should be set at 20 000 metric tons, hake at 50 000 tons (to be reviewed in March), horse mackerel 250 000 tons and crab at 2 000 tons.

"The total allowable catch for hake, horse mackerel and pilchard would be subject to adjustment by the minister of fisheries and marine resources on review of further survey information during 1998," cabinet said.

The country's fishing industry has been battling since 1994 with reduced fish quotas, and this has resulted in retrenchments of over 2 000 employees at Walvis Bay factories.

In its review of the country's economy, the Namibian Economic Policy Research Unit predicted a bleak future for the country's fishing industry as a result of a deficient government policy.

Last year alone losses of up to R130 million resulted from low quotas and the late announcement of these quotas, the research unit said.

It also said employment in the fishing sector had reached its lowest levels. With about 6 000 people employed in the industry, government's aim of having 22 000 people employed in the sector — as spelt out in the Namibian Development Plan — had become "unrealistic".

But the research unit said the number of people employed in the fishing sector could be doubled to 12 000 by 2000, provided the government adopted "a correct policy".

Fishing is Namibia's second largest industry after diamond mining, earning the country an average of about R1 billion annually. — Independent Foreign Service

SA retailers tainted by import scam

(221A)

CT (POR) 9/12/97

Shirley Jones

KWAZULU NATAL EDITOR

Durban — Major irregularities within Namibian customs could have repercussions for top South African clothing retailers, according to a report issued last week by a five-member investigation committee appointed by the Namibian government.

The report from the committee had requested a full-scale investigation by the Namibian ministries of finance and trade and industry into Duty Credit Certificates (DCCs) issued to clothing manufacturers in Walvis Bay and Swakopmund, the Independent Foreign Service reported last week. DCCs allow manufacturers rebates on imports equivalent to 30 percent of the value of their exports outside the Southern African Customs Union (Sacu).

The committee revealed that the DCCs had been used to import clothing for South African retail groups. In addition, it alleged that Walvis Bay Apparil's valuation of the exports to South Africa was questionable and may have cost the Sacu at least R50 million in lost revenue.

Earlier this year South African investigators linked Walvis Bay Apparil, a small Namibian clothing manufacturer, with sales of clothing brought in on DCCs to at least four South African retail groups, including Woolworths and Meltz Success, part of the Edgars group.

South African customs officials said late last week that the Namibian committee had confirmed what they had suspected for more than a year.

A highly placed textile industry source said a document on investigations into Namibian import irregularities had been prepared for Alec Erwin, the South African trade and industry minister, who would meet with Namibian government officials to discuss bilateral trade between the two countries this week.

The Namibian inquiry revealed that Walvis Bay Apparil, headed by a cousin of Samuel Kaulinge, the chairman of the Namibian inter-ministerial committee set up to vet DCC applications and issue certificates, had been issued with two certificates worth R24 million, despite the fact that the company had not exported anything outside the Sacu.

South African investigators also confirmed that Walvis Bay Apparil was a single-room operation incapable of producing the volumes which would have qualified it for the R24 million worth of DCC permits.

The Namibian committee recommended that Kaulinge be charged with misconduct and that a disciplinary committee be appointed to further investigate his role in the DCC deals.

South African retailers denied involvement in any customs scam. A spokesman for Edgars denied that the company was party to any alleged customs irregularities. He said all imports had taken place under a legal and valid permit and that all the invoicing was at proper valuations.

He said that in October 1996, Edgars had obtained confirmation from three senior Namibian government officials in Windhoek that the permit was valid and authentic. He said Edgars was willing to assist the DTI with any inquiries.

NAMIBIA - GENERAL (Economics)

1998

Plans under way for new Namibian fishing harbour

(2a 1A) BD 7/1/98

Christof Maletsky

WINDHOEK — The Namibian government is steaming ahead with plans to develop a multimillion-rand fishing harbour at Mowe Bay, about 400km north of Walvis Bay in the Skeleton Coast area.

Works, Transport and Communication Deputy Minister Klaus Dierks said the government commissioned a firm of consultants to undertake a feasibility and viability study on the construction and operation of a fishing port, after a cabinet committee accepted initial findings on the potential for the project.

A technical report is due by the third half of the year.

Funds for the R7,2m study are coming from the Kuwait Fund for Arab Economic Development and the Namibian government. The final project cost will be determined by the study, but it is estimated that it will cost billions.

The study will attempt to measure the effects of a "self-contained" fishing port at Mowe Bay, as well as look at technical, operational, economic, financial, environmental and strategic issues that will be considered for the establishment and operation of the fishing port.

The development has raised concerns among some environmentalists who feel that the Skeleton Coast's pristine environment may be ruined by such a major project.

Others argue that Namibia needs a northern fishing harbour and that Mowe Bay is the best available site.

There is virtually no development in the area, so transport infrastructure, an entire settlement as well as the harbour would have to be built from scratch. There is also a serious lack of water in the area.

Dierks said due to the limited funds available, the study's main objective would be to determine the economic and financial viability of the proposed fishing harbour.

A thorough analysis of the fish resources with respect to their utilisation and landing at Mowe Bay and detailed investigations into the processing of fish onshore and the marketing and distribution of fish products were key elements of the study.

He said the study would also determine the port and land-based infrastructural requirements including breakwaters, quays, bulk water supply, power, communication, roads and township infrastructures.

"Regarding the environmental (marine and terrestrial) effects of the project, the study will determine these and the possible mitigating measures, and qualify the effect in economic terms. The strategies available to government for the implementation of the project and the financing thereof will be addressed by the consultants," Dierks said.

R480m plan to extract products from sea

(221A) BD 8/11/98

Christof Maletsky

WINDHOEK — A local environmental expert has outlined plans for a R480m operation at Walvis Bay to extract minerals from seawater.

International Project Development (IPD) MD Reinhardt Zaire plans to extract products such as magnesium, aluminium, bromine, sodium chloride, sulphur, calcium and hydrogen gas.

Foundations for two standard seawater plants would be built in April with initial mining operations to begin by the end of this year and full production scheduled for April 1999.

Zaire said IPD was an arm of the Berlin Engineering Group backed by banks in Germany and the US.

He refused to identify the banks.

The company recently qualified for inclusion in the Walvis Bay export processing zone. As such, 70% of its products must be exported and, according to Zaire, overseas markets have already been identified.

He said the mining process — advanced electrodialysis — would leave an annual residue of 4-million cubic metres of high-quality desalinated drinking water as a "waste product" for which no specific plans had yet been made.

Zaire said a 50ha "seawater industrial chemical plant" would be built either just north of the breakwater system or about 12km north of Walvis Bay, close to Rand Rifle.

"Engineers will arrive this month to determine the final location. Sea water is taken from 80 feet below sea level so it depends on the concentration of minerals at that level," he said.

Aluminium and magnesium products would be used for the manufacturing of car components; sodium chloride would be exported as table salt, bromine was in demand for halogen lamps; sulphur would be sold to the mining industry; carbon dioxide would be packed as fire extinguishers; anti-oxidants produced during the electrodialysis process would be used to control fishing factory odours and partially processed drinking water would be bottled as mineral water.

So far there have been no discussions with Namibia's main water supplier, Namwater, about the 4-million cubic meters of desalinated water going begging as a result of the mining process.

Zaire said there had not been sufficient time to meet Namwater, which is in the final planning stages of a desalination plant to provide the coast with high-cost drinking water as a supplement to steadily decreasing borehole supplies.

IPD would not be allowed to sell its "waste" drinking water and was considering "dumping" it into boreholes, Zaire said.

Namsalt aims to head world's salt market

BD 27/1/98 (221A)

Christof Maletsky

WINDHOEK — Namibia is to become one of the largest salt producers in the world when local salt company Namsalt completes its plans for a multimillion-rand bulk-loading facility at its Cape Cross operation over the next two years.

Namsalt will also be dual listing 30% of its shares on the Namibian and Johannesburg stock exchanges during the first half of this year. It will offer Namibians a 20% stake and 10% will be reserved for South Africans.

Namsalt Holdings head Paulo dos Santos says the Namibian Stock Exchange listing should be in March and the Johannesburg Stock Exchange listing will follow shortly thereafter.

The money raised through the listing will be used to expand production and refining capacity at the salt pan, situated near Cape Cross about 150km north of Walvis Bay. He says they are negotiating with a number of sponsoring brokers for the listing.

Namsalt is also investigating various technologies for floating bulk-loading facilities designed for salt. Similar equipment is in use in Brazil.

The loading terminal will be between 500m and 600m out at sea and will probably consist of a floating barge connected to land with collapsible tubes. Depending on the technology, the investment in the loading facility will be between R70m and R120m.

Dos Santos says the company will expand to cater for West African and European markets.

The expansion of Namsalt is also aimed at offshore operations, Dos Santos said. Their plans are motivated by the closeness of Namibia to markets in Africa and Europe.

LKC Investment Holdings, Namsalt's parent company, exports salt from Australia, Brazil and India to European and African countries, pushing transportation costs up.

"At the moment it's impossible to compete, but in future (when the Namibian operations take off) it will be cheaper," Dos Santos says. He points out that the transportation costs would be cut by half. Namsalt, which has an office in Walvis Bay, has been operating on a small scale at Cape Cross. The expansion will include the salt mine, a packaging plant and a refinery.

Dos Santos says the company will reach 50% production this year and will be fully operational by the turn of the century.

Once the planned offshore bulk-loading facility is operational, the company estimates that it will export salt worth almost R60m a year, which will bring in about R22m profit.

They also plan to increase their handling of bagged salt through Walvis Bay harbour from about 120 000 tons to between 180 000 and 200 000 tons.

At Cape Cross they will handle another 800 000 to a million tons.

Dos Santos says the Nigerian market alone constitutes more than a million tons a year, of which they already supply a significant portion. He estimated that 400 000 tons of Cape Cross salt will go to Nigeria.

Namsalt also have a contract with chemical plants in Europe, and Dos Santos is confident the remainder of their annual production will go to this market.

Namsalt has substantial existing contracts with European chemical factories.

Beer dispute could delay Namibia payout

BD 28/1/98 (SA1A)

John Dludlu

NAMIBIA's payout from the Southern African Customs Union revenue pool could be delayed due to a dispute with its union partners — SA, Botswana, Lesotho and Swaziland — over the new excise duty structure on beer.

Officials meet in Pretoria today in an effort to solve the problem stemming from rebates granted by Namibia to smaller brewers, which resulted in a revenue shortfall of about R11m.

Under the system implemented in March 1996, the duty is determined by alcohol content and not quantity, as was the case previously. It is understood that SA, which administers the customs union payouts, has managed to secure an agreement with other members that the total Namibian payout for 1997/98 — estimated at R1,8bn — will be released only once Windhoek has made up the shortfall.

Namibia wants to retain the rebate as it supports employment in the brewing industry. SA opposition to it stems from a fear that it will open a floodgate of such requests by other industries.

A Namibian finance ministry official said today's meeting was called by SA and inquiries should be directed to Pretoria. The SA Revenue Service declined to comment, and the trade and industry department did not respond to questions.

Other customs union officials said the Namibian government would table a compromise proposal today, but none would elaborate on its contents.

An SA government official said fellow customs union members were consulted on import tariffs but not on excise duties. This effectively diminished fiscal discretion for SA's partners.

One customs union official said every effort would be made to resolve the issue before SA's Budget in March.

Income from the common customs duty revenue pool plays a crucial role in the budgets of SA's partners. A recent study showed that Namibia had received about 30% of its revenue from the pool in 1995/96, while Lesotho and Swaziland received about 50%.

Customs union talks: Page 11

Namibia told to pay R11,3m shortfall in beer excise

BD 3/2/98 ([redacted]) (021A)

John Dludlu

NAMIBIA will have to pay a shortfall of R11,3m in beer excise resulting from the collection of incorrect excise duties for its revenue share in the Southern African Customs Union, the SA trade and industry department says.

If Namibia fails to pay the shortfall, then the matter will have to be discussed by the two countries' finance ministers.

According to the department, which is administering the customs union on behalf of signatory countries — SA, Botswana, Lesotho, Namibia and Swaziland — Namibia has been collecting incorrect excise duties on beer brewed and sold in Namibia.

The shortfall was R11,3m between March 1996 and last September. Officials from the customs union governments said that the shortfall was caused by the rebate given to small brewers by the Namibian government.

The SA trade department says if the proposed ministerial meeting does not take place before April, then the matter will have to be considered by the SA cabinet.

Namibia's first quarterly payment is due for payment on April 1. But the figure remains confidential until it has been approved by the respective governments.

The beer problem is one containing "irritants", as one government official put it, and tends to cause tension within the subregion as officials strive to revamp the longstanding customs union.

Hydroelectric scheme study 'flawed'

BD 4/2/98

(221A)

Christof Maletsky

WINDHOEK — The feasibility study on the controversial Epupa hydropower scheme on the Kunene river is so riddled with incorrect conclusions, false assumptions and missing data that it cannot be used as a basis for a well-informed decision on the project by Namibia and Angola, a panel of international experts has told the Namibian government.

The seven experts said the report failed to justify the project on economic, social, environmental or power supply grounds.

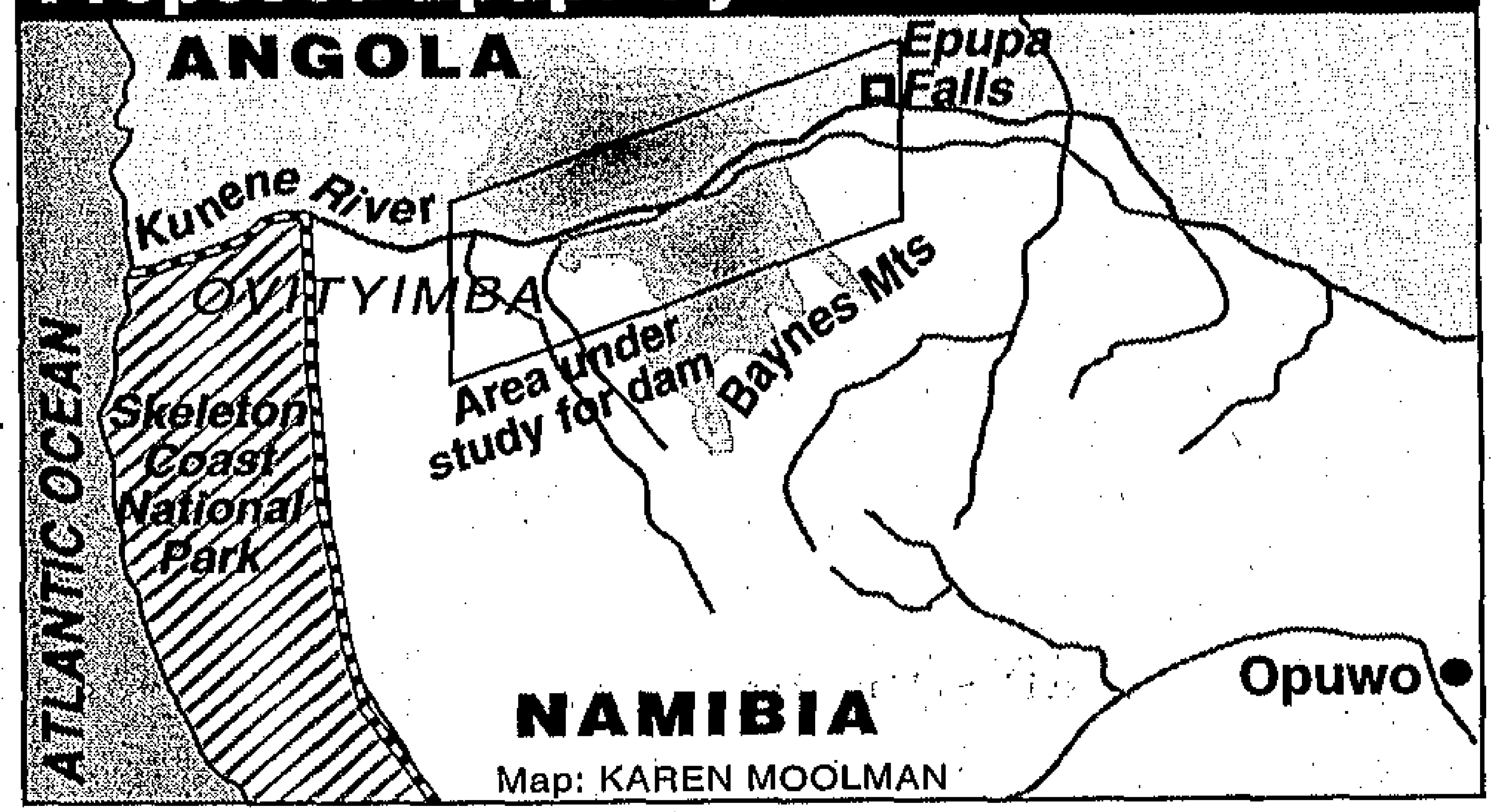
"There should be no public hearings at all on this woefully incomplete report," said reviewer Sidney Harring, a law professor at City University, New York. "Large scale dams are no longer simply engineering matters. The human and environmental effects are fundamental and must be given full weight. Since this information was not included in the study, the study should not be used further, in any context, until it is complete."

The experts looked at sections of the report relevant to their field of expertise and filed their opinions with the Namibian government last week.

The experts' review was co-ordinated by international nongovernmental organisations, including the International Rivers' Network, that is concerned about the environmental and social impacts of large dams.

The dam is expected to have a capacity of between 200MW to 360MW and its reservoir could inundate as much as 350km² of land, forcibly displacing about 1 000 people and affecting several thousand more, according to the experts.

Proposed Epupa hydroelectric scheme



Map: KAREN MOOLMAN

They found inadequacies in the study's sections on economics, the environment, hydrological assumptions and alternative energy analysis.

The most serious problem highlighted by the team of experts was that the study left out an accounting of the project's social effects on the Epupa area's inhabitants.

The feasibility study described the controversial project as the "least-cost" option for Namibia's growing energy needs — an assertion that reviewers found to be based on false assumptions of cost estimates for both Epupa and alternatives to the dam.

According to Steven Rivkin, a professor of economics at Amherst College in the US, the project will be an economic loser, contrary to the report's assertions. "I do not believe that this dam project passes the narrow test of economic viability using only the quantifiable costs and benefits, much less so when all costs and benefits are considered. I strongly recommend that this project not be undertaken."

An official in the mines and energy ministry said the review by the experts would be discussed and responded to at the February 7 public meeting in Windhoek and, therefore, did not want to comment on it.

The experts said the dam offered Namibia the least flexibility and the most risk compared to other energy options. They claimed that both the electricity demand and future power costs were overestimated in the study, raising serious questions about the project's feasibility.

They further argued that nonquantifiable effects of the dam were downplayed, saying the project would permanently eliminate land for the Himba people and the precious natural resource of the Epupa Falls — reducing the likelihood that it would benefit the people of Namibia.

The experts argued that none of the project's social effects could be adequately addressed in public hearings until a full social mitigation study was completed.

The experts also said the alternative energy costs had been misrepresented by the study.

"Contrary to claims in the feasibility study, the dam is not the least cost energy alternative for Namibia. The cost of energy from a combined cycle gas power plant would be 40% cheaper than electricity from Epupa. The study also misrepresented the costs of energy from the Kudu gas fields, now under development," the experts said.

They then went for the consultants, saying they had inappropriately used assumptions in the analysis that underestimated the viability of alternative energy sources.

"The study's assumption that wind power would require 20 years to develop is greatly exaggerated. Wind power could make a substantial contribution to Namibia's energy portfolio by the year 2005."

Namibia accuses SA of double standards

(221A)

John Dludlu

THE Namibian government is accusing SA of "double standards" for insisting that Namibia pays the R11m shortfall resulting from under-collection of beer excise duties, which Windhoek considers unfair.

The problem arose in 1996 when Namibia refused to apply a new excise duty structure on beer, causing an R11,3m shortfall between March 1996 and September last year in its payment to the revenue pool of the Southern African Customs Union.

SA, which administers the customs union, is insisting that Namibia should settle the shortfall or else the matter should be discussed by the two governments' finance ministers.

However, a senior Namibian government official said yesterday: "This is not the first time this has happened."

Although there had been similar violations in the five-nation customs union — it brings SA, Botswana, Lesotho, Namibia and Swaziland together — none of the countries had ever been asked to make up the shortfall resulting from insufficient collection of duties.

One customs-union government official said Windhoek would argue that Botswana was not asked to pay the shortfall which was caused by the provision of a rebate on vehicle imports.

The 1996 duty structure, now being reviewed, saw a rebate for smaller brewers being scrapped. But Namibia continued providing it as it felt the new system was "inequitable".

Bad precedent

An SA government official said yesterday that letting Namibia get away with this would set a bad precedent within the customs union area.

Another official said Namibia had voiced reservations on a proposed system that would lead to a single excise duty calculated on the basis of absolute alcohol content in beer.

SA's suggested alternative system amounted to an admission by Pretoria that the 1996 system was unfair, the Namibian government official said.

He further accused SA of having contradicted a 1993 understanding among the customs union countries that no breweries in the subregion should be prejudiced by a duty structure.

Although SA is obliged to consult customs union partners on import duties, Pretoria is not under any obligation to consult them on excise duties.

SA has said that if the two finance ministers do not meet, and Namibia does not pay by April 1, the matter will have to be considered by the cabinet.

Namibia's first quarterly instalment from the customs union's revenue pool is due for payment in April.

The Namibian official said the problem was causing tensions in the customs union. But he did not say whether the Namibian finance minister would meet his SA counterpart on the issue.

BD 4/2/98

NAMIBIA CT(BR) 6/2/98 (221A)

Privatisation is 'key to economic growth'

Namibia must speed up the privatisation of state institutions and revamp its tax system to achieve economic growth, create jobs and eradicate poverty, an economic policy unit said this week.

The Namibian Economic Policy Research Unit, a non-governmental organisation based in Windhoek, stressed the need for reform of state-owned companies in an overview of the country's economy. Namibia has enjoyed average economic growth of 4,8 percent a year since independence from South Africa in 1990, but growth per head is lower at 1,6 percent because of the country's high population growth rate. — *AFP, Windhoek*

Cunene power scheme on the skids

CT (BR) 10/2/98 (221A)

JONATHAN ROSENTHAL
INDUSTRIAL EDITOR

Johannesburg—Namibian plans to build the R2,5 billion Epupa dam and hydropower scheme on the Cunene river could be shelved in the wake of weekend protests by Himba tribespeople and a damning review of the feasibility study for the dam.

An international panel of experts which reviewed the study claimed the dam would not be economically viable and would have wide-ranging environmental and social costs.

The $7 million feasibility study, funded by Swedish and Norwegian aid organisations and conducted by Swedish, Norwegian, Namibian and Angolan consultants, had found the dam would be the "least-cost" option to meet Namibia's energy needs.

Hans Eggers, a spokesman for the Institute for High Energy Physics in Vienna, said the feasibility study was "weighted for a dam on the Cunene and against all other scenarios.... Namibia has a report that is useless ... to determine the best path toward sustainable development of its energy and resources".

Steve Rivkin of the department of economics at Amherst College in the US said it was unlikely that both energy demand and the price of imported power would grow at the rate needed to make the project economically viable. "The Epupa hydropower project offers Namibia the least flexibility and the most risk compared to other energy options. I do not believe that it passes the narrow test of economic viability using only the quantifiable costs and benefits."

Gustav Klem, a councillor at the Norwegian consulate in Windhoek, said he was unable to comment on the technical merits of the feasibility study or the reviews. But he said a protest by about 300 Himba people, whose lands would be flooded by the dam, had put the brakes on the Epupa project for the time being.

Namibian housing plan ends in fraud trial

MtG 13-19/2/98 (221A)

Werner Menges

An ambitious attempt to clean up an apartheid eyesore has landed Namibia's former housing minister — the winner of a United Nations housing award — and top officials in the Ministry of Housing in the largest corruption trial since independence.

The Windhoek High Court heard evidence about confused responsibilities, denials and disregard for national housing policy in a project that was supposed to turn a decayed former hostel for migrant workers into a complex of low-cost family housing units.

Five years later, the project that was supposed to be completed within a year at a cost of R5,1-million remains unfinished. Of the R12-million spent on the renovation, more than R6,678-million was misappropriated, the state charges.

Former housing minister Dr Libertina Amathila is not among the eight persons accused in the fraud or theft and bribery case, but over the past two weeks she has been accused of highhandedness. During her tenure she had gained a reputation as being a tough, straight-talking minister, and in 1993 she won the UN Committee for Human Settlements' Habitat Award for a different low-cost housing project.

Part of the money spent on the project allegedly ended up as kickbacks to the parastatal chief, Axaro Tsowaseb, the now-dismissed director of housing, Karl Gowaseb, and a suspended senior National Housing Enterprise manager, Alpheus Gaweseb

The bribes were allegedly paid out by building contractor Ignatius Bampton, and businessman Madawa Nouiseb, whose company was appointed as managing consultant on the project.

Nouiseb appointed another of his companies as main contractor, while Bampton was appointed sub-contractor. Nouiseb was not only a director of the two companies that worked on the project — he is also a director of Kalahari Holdings, the holding company in control of the ruling South West African People's Organisation's business empire.

TBWA HUNT LAS

Namibia backs beer excise duty

BD 3/3/98 (221A)

John Dludlu

NAMIBIA, embroiled in a running dispute with SA over excise duties on beer, has given its backing to a new excise duty structure on beer, easing tensions in the Southern African Customs Union for the moment.

However, Namibia has yet to pay an R11m shortfall it owes to the common customs union pool which resulted from its refusal to implement a 1996 excise duty system Windhoek felt was unfair.

According to customs union government officials who attended last week's meeting in Lesotho, Namibia climbed down from its earlier position by agreeing to a proposal by Pretoria on a single duty structure on beer.

In terms of the proposal — known to have the support of other members of the five-nation union, including Swaziland, Botswana and Lesotho — an excise duty will be determined by the amount of absolute alcohol content leaving the factory.

Since the system was proposed, only Namibia has reserved its support in what was seen as a protest against SA's demand for Windhoek to pay the shortfall created by the provision of a rebate to small brewers to sustain employment in the sector.

Between March 1996 and last September, the shortfall amounted to R11,3m.

SA, which administers the customs union, is calling on Namibia to pay the shortfall into the pool. If this is paid, Namibia's share would be recalculated, raising its 1998/99 payout.

Although the 1998/99 figures on each government are confidential, it is understood that Namibia's share from the customs pool could be in the region of R1,8bn. In fiscal 1997, its share was R1,6bn.

Pretoria's view is that if Namibia, which also relies on income from the pool for revenue, fails to pay the amount, then a ministerial meeting between Namibia and SA should take place. If such a meeting does not take place before April 1 — the date when the first quarterly payment is due for payment — then the SA government will have to consider the matter.

One official said although the issue of a rebate for small brewers was not discussed at last week's meeting, "we kept the door open" on it. "There's a possibility to try to refine it now (that there's agreement on a new system)," the other official said.

While SA has to consult its partners on custom duty changes, no similar obligation exists on excise duties.

Officials said although it was too late for the single excise duty system to be included in SA's budget, which is due out next Wednesday, Pretoria might be willing to apply the system retrospectively.

There was no comment from the SA Revenue Service yesterday.

NEWS DIGEST

☐ ENERGY

Self-sufficient Namibia suspends power imports from Eskom

(221A)

Namibia's power utility authority, NamPower, has announced that it will not import any power from Eskom this year as its Ruacana power station is generating enough power to cater for nearly all of Namibia's domestic energy needs. During the period July 1996 to June last year, the power utility had to pay Eskom R60 million to meet the local power deficit.

NamPower managing director, Leake Hangala, said the water flow at the Ruacana power station, situated close to the border with Angola, had now risen to 281 cubic metres a second compared to less than 100 cubic metres a second in the same period last year.

The current flow at the hydroelectric plant indicated that southern Angola had been blessed with good rainfall, he observed. "We don't know how long this can be maintained, but we hope this (level) is going to be sustained," Hangala said. — *Independent Foreign Service, Windhoek*

ET (MR) 18/3/98

Walvis Bay the key to rapidly expanding trade

BD 20/3/98 (2&1A)

WALVIS Bay has been transformed into a modern regional port to serve the entire sub-Saharan region and is set to play a key role as a west coast hub for import and export traffic to Europe and the US.

The Namibian Ports Authority (Namport) aims to facilitate economic growth in Namibia by promoting foreign trade and making the ports of Walvis Bay and Luderitz the preferred links for seaborne trade with Namibia and countries reached via the Walvis Bay corridor.

Namport has a N$120m investment programme in place, of which N$60m is earmarked to develop Walvis Bay and N$75m for Luderitz.

The Walvis Bay corridor provides a transport conduit from Walvis Bay to landlocked countries and other potential trading partners for Namibia in the subcontinent. Its primary purpose is to foster reciprocal trade, using Walvis Bay as an import/export point.

The corridor — joining the Maputo corridor and providing a link between the east and west coasts of Africa — is the continent's first trans-Africa trade route.

Walvis Bay has a twice-monthly call by the Danish container shipping line Maersk, with interest being shown by other lines.

Namport marketing manager Jerome Mouton says Maersk is investigating the possibility of calling on a weekly basis. This would create advantages for Gauteng importers and exporters.

"If they import and export from Europe, it becomes a logical choice to use the port of Walvis Bay, especially in light of the delays caused by port congestion elsewhere. Walvis Bay has excess capacity, with the potential to increase capacity threefold without experiencing congestion."

Mouton says construction at Walvis Bay is ideally timed for the official opening of the Trans-Kalahari highway. "The construction of our new container terminal is 65% complete and will be opened in May. This will give us capacity to handle an additional 100 000 containers a year." He says there has been a 25% increase in container traffic during the 1997/98 financial year.

Banks and services are growing

THE Bank of Namibia — a fully operational central bank — tops a sophisticated structure of top-of-the range financial institutions and services in the country.

A number of commercial banks provide comprehensive domestic and international services. Ancillary services provided by the banking sector include short-term insurance, life insurance brokering, estate planning and factoring.

The Namibian stock exchange, established in 1992, has seen steady growth and now has more than 30 listed companies. With a capitalisation of more than N$160bn, it is rated second in Africa.

The Namibian government and financial institutions are jointly pursuing programmes aimed at establishing financial markets and instruments.

The government is also planning to introduce offshore banking and business activities to enhance the range of financial services.

EPZ regime provides Africa's only tax haven

(221A) BD 20/3/98

NAMIBIA'S export processing zone (EPZ) regime, which was established in 1996, has attracted local and international interest.

The Offshore Development Company (ODC) is the flagship of the EPZ regime. Established as a private-sector company with minority government shareholding, the ODC monitors, regulates and promotes the EPZs as a vehicle for export-led industrialisation of the economy.

The ODC runs the EPZ secretariat, which handles investors' applications for EPZ status. Working jointly with its sister organisation, the investment centre, it gives foreign investors access to immigration facilitation and service.

Sattar Aboobakar, CEO of the ODC, says: "The EPZ regime is the only true tax haven on the African continent. The incentives package it provides is wide-ranging, indefinite and unequalled. The regime may be relatively new, but in this lies its added attraction. It is not yet crowded. It represents virgin territory for the discerning investor to exploit."

To date, 42 companies have been granted EPZ status certificates and 12 of these are already operational.

These companies have already invested well over N$100m and have created hundreds of jobs. It is estimated that by the time all the EPZ enterprises are fully operational they will have invested more than N$350m and created thousands of jobs.

Aboobakar says the current state of the EPZ regime is a sign of better things to come. "Growing international interest suggests that the EPZ regime should come to full bloom over the next two years."

The three government institutions central to the growing EPZ regime are the Namibian ministry of trade and industry, the ministry of finance and the Bank of Namibia. The trio oversee the work of the EPZ secretariat, whose brief is to ensure that investors entering the regime do so smoothly.

The investment centre has been upgraded to the level of a department and expanded to include the offices of commercial counsellors stationed abroad to give greater effect to the government's promotion drive to secure increased levels of private-sector investment in the economy.

Namibia offers several advantages to companies wishing to relocate. The country enjoys duty and quota-free entry into the European Union. Namibian goods also enjoy preferential treatment in the 23 Common Market for Eastern and Southern Africa (Comesa) countries. The country has also entered into a bilateral trade agreement with Zimbabwe, where goods are traded under zero tariff rate. Moreover, Namibia can sell to all markets of the Southern African Customs Union — including SA — without restriction.

Incentives for manufacturers operating in Namibia and selling to the customs union markets include: duty-free access to a market of more than 45-million people; corporate tax of 17,5%; a further tax allowance of 80% on income from goods sold outside Namibia; a 25% tax deduction on wage bills and a 25% additional tax deduction on training expenses.

Namibia offers fiscal incentives to companies operating under the EPZ regime. They are exempted from corporate and dividend tax, customs and stamp duties, sales tax and an additional sales levy.

Companies in the EPZ are allowed to sell up to 30% of their production on customs union markets after payment of appropriate customs duties. They can hold foreign currency accounts in local commercial banks and freely repatriate their capital profits dividends. They can hold foreign currency accounts in local banks and can set up base anywhere in the country.

There is legal prohibition against strikes or lock-outs in EPZ enterprises.

Investec aims for bigger market slice

NAMIBIA'S burgeoning potential is attracting the attention of SA's financial services sector as the country takes steps to attract local and foreign investors.

Preceding the financial and resource commitment to Namibia, careful understanding of the macro and micro-economic dynamics of the country is required says Doug Thomson, a member of Investec's Namibian team, which is responsible for business development in Namibia.

One of Investec's six main strategic business units, Investec Asset Management, has already established offices in Namibia and Botswana. Investec is listed on the Botswanan and Namibian stock exchanges. Thomson says there are inherent hurdles to be overcome in order to make maximum use of the opportunities that countries such as Namibia offer. These include the lack of liquidity across all asset classes. Less than 2% of all shares listed on the Namibian Stock Exchange are Namibian companies, with the rest SA dual-listed companies.

"Furthermore, one needs to be sensitive to the macro issues such as the open economies these countries have. Namibia's manufacturing sector represents less than 10% of GDP, while fishing and agriculture make up a significant portion of GDP and exports."

Investec Asset Management Namibia recently successfully launched its first Namibian unit trust, the Investec Managed Fund Namibia.

Maritjie Van Zyl, Investec's asset manager in Namibia, says the country's political climate is stable. She says this is boosted by the fact that investors are not being scared off by threats of nationalisation as has been the case in some other African countries.

World Bank turns down Walvis Bay

(221A) BD 20/3/98

Christof Maletsky

WINDHOEK — Walvis Bay town council's hopes of boosting the expansion of its fast-growing export processing zone has been dealt a severe blow by the World Bank's refusal to dispatch a "grossly excessive" loan of R45m to the harbour town.

The loan was to be given to the town council through the finance ministry, as facilitator, after the council got the green light from cabinet in 1995 to raise the loan.

A municipal source said the bank argued that the amount was "exorbitant" while senior officials from both the council and the ministry refused to comment.

Negotiations between the council and the World Bank started more than two years ago. It emerged late last year that the World Bank was seriously considering lending R45m for the municipality because it saw the export processing zone as a promising approach to creating jobs, reducing income inequality, and attracting foreign investment and skills transfer.

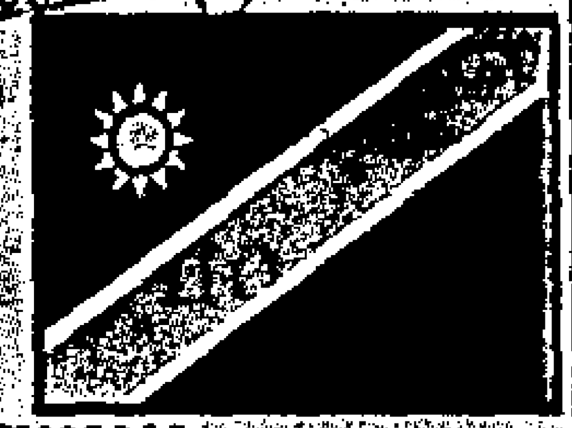
A bank project document said loan investor interest appeared to be strong in what is one of the few such initiatives in southern Africa to get off the ground.

It argued that, based on international experience, the Namibian government made the right choice in siting the zone in an area where infrastructure was already well-developed rather than opting to lure investors to relatively backward regions selected to serve concentrations of unemployed political supporters.

The municipality would have sought to recover the full cost of infrastructure improvements in the zone from companies which located there.

The zone offers investors generous import duty and tax incentives for establishing light, export-orientated, manufacturing facilities in the zone.

NAMIBIA AT A GLANCE



Capital: Windhoek
Land area: 824 269 sq km
Population: 1,6-million
Official language: English
Independence: March 21 1990
Currency: Namibian dollar
Climate: Semi-arid to sub-tropical
Measures: Metric system
Religion: 90% Christian (est.)

Economic growth rate: 3,8% (1991), 3,5% (1992)
Economic system: Free enterprise within the framework of a mixed economy
Main economic activity: Agriculture, fishing, mining and quarrying, tourism
GDP (at market prices) 1995: N$11,47bn
Political system: Multiparty democracy
Neighbouring countries: Angola, Zambia, Zimbabwe, Botswana, SA
International dialing: Country code (264) + area code + subscriber number

Graphic: KAREN MOOLMAN

BD 20/3/98

Trans-Kalahari highway will benefit Gauteng exporters

THE opportunities for investment in Namibia are vast. The country is blessed with an abundance of raw materials with potential for the expansion of existing industries.

Among these are the diamond, gold mining, copper and semiprecious stone industries.

True to its tradition as a beef producing country, Namibia has also been performing well in beef exports to the EU as well as to SA.

Since independence, Namibia has been developing the latent potential of its fishing industry, which, with the agricultural sector, tourism and mining, has shown consistent growth. This despite droughts in the region over the past five years.

The country's economic growth rate was projected at around 5% to 6% last year, largely due to diamond deposits discovered off-shore, recovery in the fishing sector and significant growth in industry.

Neville Gertze, commercial counsellor at the Namibian High Commission in Pretoria, says there are a number of reasons why South African companies should be looking to Namibia.

"We boast a healthy infrastructure that is comparable to that of SA. Road and telecommunications infrastructure, financial services and facilities such as Internet connectivity are all in place and working in Namibia. There is no reason for South Africans to feel like foreigners in Namibia."

He says the completion of the Trans-Kalahari highway — operational since last December — will have a dramatic impact on alleviating logistical problems for SA exporters and the high cost involved in transporting goods.

Gertze says that the Namibian Port Authority (Namport) and Namibian transport companies are considering the possibility of a trans-shipment point from the railhead at Gobabis, about 90km from the SA-Namibian border. Gauteng exporters would then be able to export their goods to Gobabis by road and rail them overnight to Walvis Bay.

Gertze says this is particularly attractive since the nearest port for Gauteng exporters is Durban, and in some cases they experience up to eight days delay in getting cargo out of there. It then takes five to eight days' sailing from Durban to Walvis Bay. The new road and rail link to Walvis Bay will bring the ultimate export destinations in Europe and the US several days closer.

Gertze says that if SA manufacturers assemble goods in Namibia while maintaining their major market at home, they will also reap the benefits of cheaper transport rates in bringing goods from Namibia to SA.

BUSINESS DAY survey

Namibia

Celebrating its eighth anniversary of independence, the country is going all out to lure SA companies through competitive packages. ***David Jackson*** *reports.*

Namibia beefs up incentives for SA manufacturers

(22/A)

BD 20/3/98

MAJOR, far-reaching opportunities are opening up for SA manufacturers and investors in Namibia.

Namibia celebrates the eighth anniversary of its independence tomorrow, and competitive incentive packages allied to dynamic new transport links and planned expansions to the ports of Walvis Bay and Luderitz are putting it on the road to becoming a leading manufacturing and investment centre in sub-Saharan Africa.

It also holds enormous potential as an export base to European and US markets.

Highway

One of the key recent developments is the opening of the Trans-Kalahari highway that links Walvis Bay and Windhoek to Pretoria via Botswana, and will eventually link with the Maputo corridor.

The highway, which has been operating since December and will be officially opened today, will dramatically cut shipment times for Gauteng exporters using the route to transport goods to Walvis Bay for export, as an alternative to Durban.

The highway has cut the distance from Pretoria to Windhoek by more than 500km.

Among other spin-offs from the reduction in road travel time to Namibia will be the expected development of new game parks, lodges and holiday resorts.

This will provide opportunities for SA companies to invest in tourism and the related infrastructure.

With many SA companies facing severe competition and high production costs at home, Namibia wants to persuade them to expand their operations to Namibia.

This includes the entire spectrum of manufacturing activities, from shoe manufacturing and clothing through to electronics.

More than 80% of all products and commodities sold and distributed in Namibia are sourced from SA, which is Namibia's largest trading partner by far.

Namibia put a Foreign Investment Act in place in 1990, which set out the environment for doing business in the country and also set the stage for attracting foreign investors.

In essence, the Act puts the foreign investor on a par with local investors and does not differentiate between investors in terms of investment criteria.

Flowing from this came a new Labour Act protecting workers' rights and providing a sound industrial relations climate for investment and business.

The role of Namibia's investment centre — which falls under the umbrella of the ministry of trade and industry — was broadened and the centre was given a greater degree of autonomy in the drive to attract investors.

A major plank in the drive was the introduction of the Export Processing Zones (EPZ) Act in 1995, promoting Namibia as a true tax haven with a range of tax and other incentives for potential investors.

Benefits

The EPZ regime enables companies exporting more than 70% or more of their goods outside of the SA Customs Union to apply for EPZ status with all the concomitant benefits.

SA companies using warehousing facilities at Walvis Bay to export from Namibia also qualify for EPZ certificates.

Manufacturing still contributes less than 5% to Namibia's GDP.

As a result, the Namibian government has placed emphasis on attracting manufacturing concerns.

In terms of the special incentives offered in the manufacturing sector, SA companies that relocate or expand into Namibia are operating in an environment where their corporate tax is brought down to 17,5%, as opposed to 42% and higher in SA.

In addition, Namibia allows such companies to write off 80% of profits accrued from exports for tax purposes, so some companies effectively pay about 7% corporate tax.

Labour in Namibia is stable and flexible.

In terms of an agreement under the EPZ scheme, labour unions will not strike for the first five years in any company that has registered as an EPZ.

No lockouts

There will not be management lockouts for the same period. There is also provision for intervention and mediation by third parties in the event of a dispute.

The investment focus has intensified in the past six years.

Commercial counsellors have been appointed in six countries — including SA — to promote the country.

There are also tourism offices in Germany and SA to promote Namibia's burgeoning tourism industry.

Namibian bourse market capitalisation hits new high

(22JA)

WINDHOEK — The Namibian Stock Exchange (NSE) last week boosted its market capitalisation to record levels of more than N$200bn with Wooltru becoming the 35th company to list on the NSE.

Wooltru dominated volumes with Wooltru "N" trading 467 400 shares worth N$7,43m, to close the week at N$ 16,30, up from a listing price of N$15,60. Ellerines traded nearly N$7m worth of shares.

Namibian Bank parent, FNB Holdings, traded N$1,9m worth of shares.

BD 23/3/98

FNB of Namibia set a new high of N$5,15 with a total of 144 200 shares traded during the week.

Namibia Breweries was the most active stock with 448 100 shares traded. It closed the week at N$3.

Officials said 1,32-million shares worth N$19,74m were traded in the week. Local buyers accounted for 629 100 shares worth N$2,18m.

The NSE overall index ended the week at 275,78, up slightly from last week's 274,36. The NSE local index finished lower at 136,69 compared with previous week's 138,75. — Reuter.

Minister expected to urge cut in spending

221(A)

WINDHOEK — Namibian Finance Minister Nangolo Mbumba will urge government to run a tighter ship in his budget today but economists fear continuing overspending by ministries.

They expect him to raise indirect rather than direct taxes and to give no major stimulus to the depressed economy. "Mbumba will once again call for a strengthening of an economic management culture in government, for financial accountability and curbing the excessively large public wage bill," said Ohlthaver & List's Rainer Ritter.

Analysts expect the deficit for the year ending March 31 to be between 4,4% and 5% of gross domestic product, compared with 6,2% in 1996/97.

Henning Melber of the independent Namibia Economic Policy Research Unit said strict fiscal discipline was needed if the budget deficit was to be reduced to a planned 3% by 2000.

"I am worried that as in previous years, cabinet may show a degree of disrespect and indiscipline in this regard, making a mockery of parliament." He said that this had been evident in overexpenditure by many of the ministries.

BD 25/3/98

Mbumba may curb expenditure by commercialising transport and state-run tourist camps.

Economists said revenue would be boosted by raising indirect taxes such as sales tax. — Reuter.

R120m investment in Walvis Bay

WINDHOEK — A French-American company, Rockwood-Heinz, is to invest R120m in the Walvis Bay export processing zone (EPZ) after successful talks with the EPZ Management Company.

Operating under Rockwood Namibie Distillery, the company will invest R65m as the first stage of their operations and plan to add another R55m at a later stage.

The investment represents the biggest to date in Walvis Bay's development zone, according to EPZ MD Deon Visser, who confirmed the signing of the agreement after six months of negotiations and three visits from Rockwood-Heinz representatives.

(22/17)

The company has 16 joint ventures worldwide.

BD 25/3/98

REPORTS: Sapa-AP, Own Correspondent.

Namibia's harsh budget comes in for some praise

BD 27/3/98

(22/A)

WINDHOEK — Namibia's budget was criticised by economists yesterday for being too harsh on taxpayers, although there was praise for a government commitment to controlling spending.

The budget was presented by Finance Minister Nangolo Mbumba on Wednesday and contained a range of tax hikes coupled with a stern warning to overspending government departments.

Economists said the increase in general sales tax to 10% from 8% and hikes in company tax and personal tax for wealthier individuals had in effect made the man in the street responsible for government overspending.

"Hitting the sector of society which is already carrying the brunt of the tax burden with further increases has come as a big surprise," said Bank Windhoek economist Emile van Zyl.

He said the 1998/99 budget was merely treating the symptoms instead of focusing on the cause, namely continued overspending.

"I believe the minister is sincere in his condemnation of overspending and his calls for a crackdown on violators of the budget limits, but we will have to see how serious the ministries are."

Henning Melber of the Economic Policy Research Unit said the budget showed a continuing commitment to poverty eradication, social development and equity.

"I have no problem with an increase in personal tax for higher income brackets, because this is part of an effort to ... address the gross income inequalities," he said. But he, too, objected to making the man in the street pay for government inefficiency.

Melber was worried about the reduction in capital expenditure, which at N$883m was 11,6% lower than the allocation for 1997/98, while current expenditure had gone up by 20% to N$5,459bn.

"We need to invest if we are going to fuel economic activity," he said.

Van Zyl said the assumption of a 4,3% growth rate was unrealistic in the light of increased taxes and the pressure on commodity prices worldwide. — Reuter.

Economists slam tax increases to pay for government overspending

Namibian budget 'hard on taxpayer'

CT(BR) 27/3/98 (3a1A)

FROM REUTERS

Windhoek — Namibia's budget was criticised by economists yesterday for being too harsh on taxpayers, although there was praise for a government commitment to control spending.

Nangolo Mbumba, the finance minister, presented the N$6,78 billion budget on Wednesday. It contained a range of tax increases to pay for government overspending.

The South African rand has parity with the Namibian dollar.

Economists said the increase in general sales tax to 10 percent from 8 percent and rises in company tax and personal tax for wealthier individuals effectively made the man in the street responsible for government overspending.

"Hitting the sector of society which is already carrying the brunt of the tax burden with further increases has come as a big surprise," said Emile van Zyl, a Bank Windhoek economist.

He said the 1998-99 budget was merely treating the symptoms instead of focusing on the cause, namely continued overspending.

Henning Melber of the Economic Policy Research Unit said the budget showed a continuing commitment to poverty eradication, social development and equity. But he too objected to making the man in the street pay for government inefficiency.

"The citizens cannot be held responsible for the mess that the government has created."

He was also worried about the reduction in capital expenditure, which at N$883 million is 11,6 percent lower than the allocation for 1997-98, while current expenditure has gone up by 20 percent to N$5,459 billion.

Van Zyl said the assumption of a 4,3 percent growth rate was unrealistic in the light of increased taxes and the current pressure on commodity prices worldwide.

Mbumba told parliament that tax increases were necessary "for the sake of continuity and stability in the delivery of public services and for the sake of bringing down the borrowing requirement to an affordable and sustainable level".

Although Mbumba raised general sales tax from May 1, he reduced sales tax on services by 1 percent from 11 percent. He also increased the sales levy on spirits and tobacco to 25 percent from 15 percent and on beer to 15 percent from 10 percent.

Income tax for companies other than mining companies is to rise to 40 percent from 35 percent, while the rate for mining companies other than diamond mining will go up by 5 percent.

The minister increased personal taxes to 40 percent from 35 percent for those earning over N$100 000 a year.

The budget aims to reduce the deficit, while maintaining emphasis on social development.

As expected, the minister made fiscal discipline a prerequisite and slammed the government's lack of fiscal discipline.

"I believe that the accumulation of public debt to fund unauthorised expenditure is an inexcusable, immoral and unpatriotic act," he said in his budget speech to parliament.

"I therefore urge members of the select committee on public accounts to come down hard on these violations."

Mbumba suggested rewarding ministries that keep within approved budgetary limits, while penalising those that overspent.

Education (25,5 percent) and health (13,5 percent) received the lion's share of the budget, which includes N$442 million in statutory expenditure to service foreign debt.

Total government debt in relation to GDP is expected to increase to 23,4 percent, a marginal increase on the 21 percent in 1997-98.

Mbumba also announced further measures to ease the country's exchange controls.

He said Namibians could now invest up to N$350 000 abroad and retain any form of income except export proceeds overseas.

The government, fearing capital flights, has until now barred individuals from investing abroad.

GOING DUTCH *Sam Nujoma, the Namibian president, visited a dairy farm in Schipluiden yesterday as part of his five-day visit to the Netherlands. Afterwards he met Queen Beatrix, foreign ministry officials, MPs and officials from the country's biggest banks. Today Nujoma will tour Rotterdam harbour and meet members of the Dutch business community* PHOTO: AFP

Namibian brewers agree to put the customs union shortfall on the bar

(221A) BD 31/3/98

John Dludlu

NAMIBIA has agreed to pay a shortfall it owes to the Southern African Customs Union, backing off from an earlier hardline position which threatened to cause a bitter stand off with SA.

A senior SA government official said at the weekend the Namibian government had written to Finance Minister Trevor Manuel advising Pretoria that the R11m Windhoek owed to the customs union revenue pool would be paid.

The shortfall amounting to R11,3m between March 1996 to September 1997 resulted from the application of different excise duties on beer.

The official said that Namibia would now have to recalculate the exact shortfall, including that of subsequent months, before issuing the first quarterly payment of revenue shares to the members of the customs union tomorrow.

The customs union — including SA, Botswana, Lesotho, Namibia and Swaziland — is managed by SA.

Joseph Roberts, the acting permanent secretary for the Namibian finance department, said on Friday a letter had been written to Manuel on March 16 which contained a proposal Windhoek thought would be acceptable to SA.

"If he (Manuel) was not satisfied, he would have come back to us," Roberts said but declined to outline the proposal. However, he said: "We feel there should be no further problem."

SA has been demanding the payment of the shortfall as a solution to the matter. If the payment was withheld, then a binational meeting would have been held.

Since March 1996, Namibia has been collecting a different excise duty as it felt the customs union-wide structure was inequitable.

Namibia was giving a rebate to smaller brewers as part of a plan to maintain employment levels in the brewing sector.

Namibian gem deal with Russia shocks secretive industry

(2aIA)

ARG 3/4/98

Windhoek – A Russian diamond mining company has been given permission to operate in Namibia in a deal that has sent shock waves through the country's highly secretive diamond industry.

Namibian President Sam Nujoma signed the agreement with his Russian counterpart, Boris Yeltsin, in Moscow this week.

The diamond industry in Namibia, the world's fifth largest producer of the gems, is dominated by Namdeb, a joint venture between South African mining cartel De Beers Centenary AG and the Namibian government.

Now, under the pact signed during Mr Nujoma's first official visit to Russia, the Almazy Rossii-Sakha mining giant will be able to prospect for and mine diamonds in Namibia.

Mr Nujoma, asked if the deal with Moscow would not sour relations with De Beers, responded: "We will sell our diamonds where we get a good price."

Further details of the Russian deal have yet to be spelt out.

Officially, Namdeb is playing down the significance of the Moscow agreement. Namdeb corporate affairs manager Hilifa Mbako, said: "Namdeb respects the right of the president to negotiate with other producers."

However, a diamond industry insider said the move was bound to have a negative effect on the relationship between the government and De Beers.

The well-placed source said the Russian agreement appeared to be an attempt "to squeeze De Beers Marine out of the scene."

De Beers Marine, owned by De Beers, is contracted by Namdeb to carry out all its seabed mining.

The Moscow pact raises the possibility that Almazy Rossii-Sakha will take over a large portion of Namibia's offshore diamond mining.

Namdeb was set up in 1994 to mine the country's diamond fields in the southwest of the country, and on the seabed near Namibia's border with South Africa.

Details of the agreement between Namdeb and the government have never been made public, but it brings millions into state coffers through high mining taxes and royalties.

According Namibia's 1998-99 budget, the government received diamond royalties of Nam$204-million in the previous financial year, while diamond mining tax raised Nam$90-million.

The joint agreement between the government and De Beers is set to last for 25 years, but its terms are to be reviewed in 1999.

The Moscow pact could strengthen Namibia's hand in next year's negotiations with De Beers, in which De Beers Marine's contract is also expected to feature.

Neither Namdeb nor its co-owners De Beers were consulted about the deal with Russia, Namdeb chairman Leake Hangala, said. – Sapa-AFP

Namibia, Finland sign agreements

MD 8/4/98

WINDHOEK — Namibia and Finland signed two co-operation agreements on Monday worth N$20,5m for the next three years. (22/A)

The bulk of the grant — N$9,3m — is to supplement the Namibian government's community water supply management-support programme. Under the second agreement, Finland will make available N$1,2m towards capacity-building in the finance ministry.

Row erupts over Namibian trade deal

22IA

Christof Maletsky

08/12/98

WINDHOEK — A row has erupted after Namibia's government reluctantly acknowledged a R25m trade deal with the Democratic Republic of Congo.

The opposition, and certain quarters within the South West African People's Organisation (Swapo), are questioning why the deal was apparently kept secret. They fear that Namibia will not be repaid, and say tenders were not publicised for Namibian suppliers, who would benefit from the deal.

Finance Minister Nangolo Mbumba said President Laurent Kabila had approached the Namibian government for a loan equivalent to R25m during one of his two recent visits, saying his country had serious cash flow problems.

He needed the money to provide food for his compatriots, who were dying of hunger.

Mbumba said the Namibian government said it could facilitate only trade to the tune of R25m and was not in a position to lend money. The trade would be in the form of meat, fish and salt.

The two governments had set up a formal trade agreement, involving the Bank of Namibia, selected Namibian companies, the Congolese government and certain companies selected to sell Namibian goods in that country. Under the agreement, Mbumba explained, Namibian companies would export goods to Congo, where their counterparts would sell the items while being given up to a year to pay for the imports.

Mbumba says the agreement was approved by government but did not say at what level.

(221A)

NAMIBIA

Trade agreement signed with Kabila

The Namibian government had signed a trade agreement worth N$25 million (R25 million) a year with the Democratic Republic of Congo's President Laurent Kabila during one of his visits last year, the parliament has heard. CT (PR) 15/4/98

News reports yesterday said Finance Minister Nangolo Mbumba, responding to a question last week on whether the Namibian government had loaned Kabila money, said Kabila had approached the government about borrowing the equivalent of $25 million.

Kabila said his treasury was empty after being plundered by the late former president, Mobuto Sese Seko, Mbumba said. The government offered to facilitate trade worth N$25 million, telling Kabila it was not in a position to lend him money, Mbumba said. He did not give details of the arrangement. — *Sapa, Windhoek*

A booming trade with Angola

CT(DA) 15/4/98 (221A)

Ross Herbert
Africa Correspondent

Oshikango, Namibia — Two years ago little stood around this isolated Namibian border post except weeds and the occasional traveller hoping for a lift into the Angolan interior.

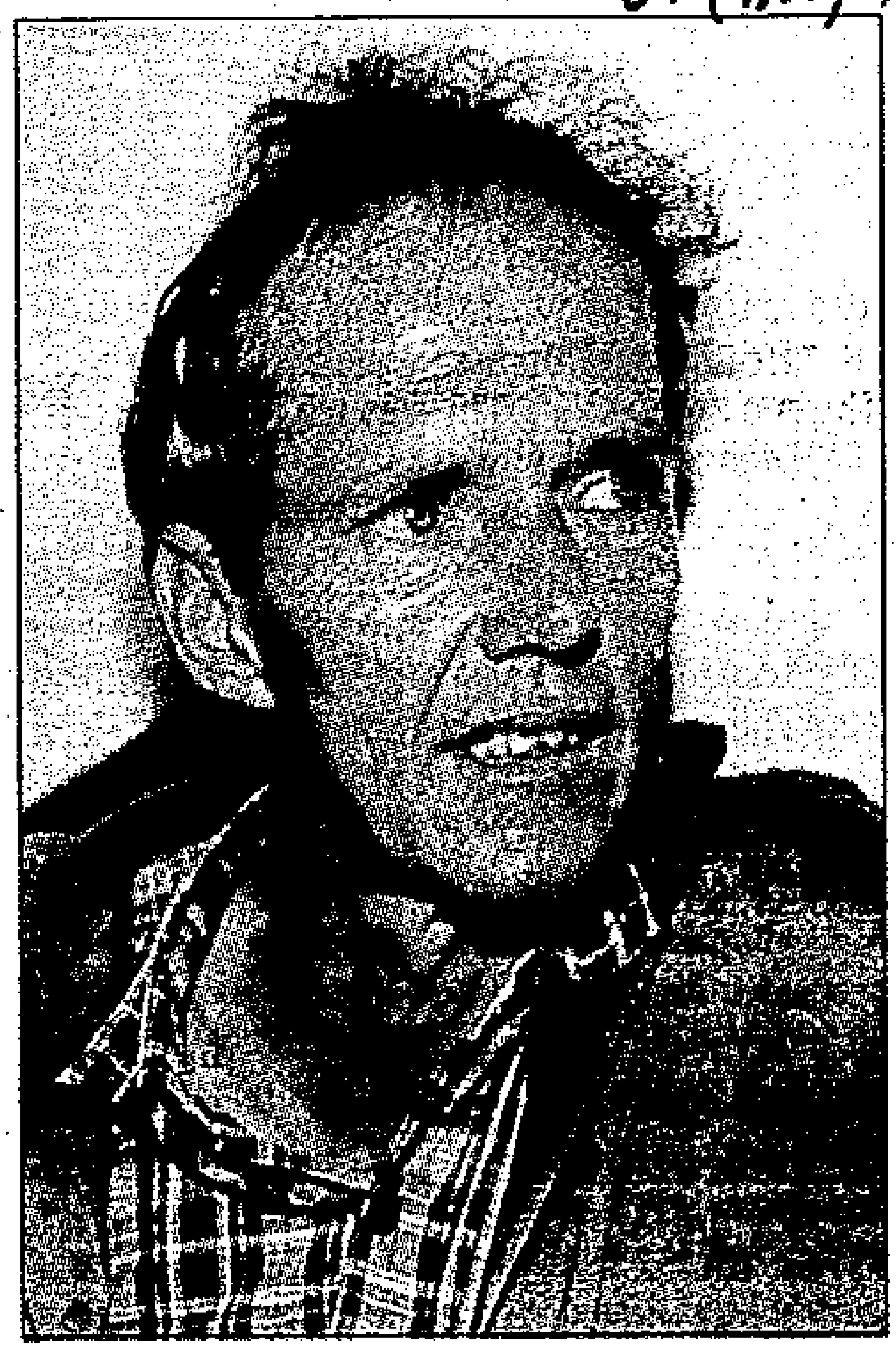
Today the rural silence has been replaced by the sounds of booming business — almost all of it South African. Work crews shout in a mix of Portuguese and Afrikaans as they load and unload tons of onions, oranges, soap and beer. Lorries stand in line to pass the length of scraggy wire that serves as the Namibian exit.

Dozens of other vehicles wait nearby, hoping for loads from the half-dozen bonded warehouses that have been built to handle South African cargo destined for Angola. Several other warehouses are under construction.

"Business in this place just exploded in the last two years. Then there was not one building or warehouse here," said Terry Grobbelaar, an independent South African truck driver who is taking a load of South African onions to Luanda.

It is the most tangible sign of a dividend from the Angolan peace process, and Angola hopes to encourage it by hosting a South African trade delegation on April 27.

Of the seven countries in the Southern African Development Community not part of the Southern African Customs Union, Angola represented the smallest market for South African exports as recently as 1995. But by 1996, according to the department of trade and industry, rapid economic growth and hunger for food and manufactured goods propelled Angola to third place, behind Zimbabwe and Mozambique.



SALES TALK *Terry Grobbelaar, an independent truck driver from Cape Town, says business in Angola has 'exploded'* PHOTO: TJ LEMON

One man waiting at the border post with two second-hand 4x4 bakkies said he regularly drove vehicles up from Cape Town and waited at the border for buyers, often cash-flush from Angola's still-booming illicit diamond mining.

"I can sell the vehicles for 50 percent more than in Cape Town, and they pay cash," he said.

Machinery and electrical equipment was the largest category of South African exports in 1996, the latest year for which complete figures are available. In 1996 Angola also bought some R680 million of South African vegetable products and prepared foodstuffs. Furniture and alcohol are also booming sectors.

One of the biggest factors benefiting South African firms is theft from Angola's sea ports. Overland transport, which favours South African suppliers, costs more but allows traders to personally escort their goods, which is vital.

Just after I spoke to Grobbelaar at the border post, a youth tried to steal his jack and toolbox from the lorry undercarriage. Another driver recovered the items after a short chase and a beating.

Cape Town-based Fysal Fresh Produce has built a booming business moving about 40 tons a week of South African vegetables to Angola. "A year ago we only had four or five trucks ... now we have 11," said Ismail Davids, a manager at Fysal.

Like many firms, Fysal will not risk its trucks inside Angola, so everything is moved to the northern town of Ondongwa, where it is loaded onto Angolan vehicles hired by Angolan distributors. — Independent Foreign Service

'Crunch time' forecast for Namibia

ND 17/4/98 (221A)

Christof Maletsky

WINDHOEK — Namibia's gross domestic product (GDP) needed to increase by at least 6% annually over the next two years to enable government to address unemployment effectively, Standard Bank of SA senior economist Philip Clayton said yesterday.

However, this growth rate seemed unlikely, and government's own GDP growth estimate of 4,3% this year remained to be seen. Unemployment was high because few measures were being taken to stimulate the economy.

He forecast a "crunch time" for the local economy following government's failure to cut expenditure, and the growth of debt servicing to an alarming 6,5% of GDP. The budget deficit was escalating and had become a "problem of national concern".

Clayton also expressed concern about the sluggish GDP growth of 1,4% last year — way below the National Development Plan's target of 4% for the year — following an expansion of 2,5% in 1996.

A "disturbing" aspect of the 1998/99 budget was that the total tax hike of R265m would be used to fund public servants' salaries.

He called on government to stimulate the economy by reducing the swollen public service and allocating more funds to capital expenditure in future budgets.

Government should improve infrastructure and provide more incentives for potential investors, while "public-private partnerships should also be looked at with a view to decreasing the size of the civil service".

He said international trade liberalisation and the pending free trade agreement between SA and the European Union would have a negative effect on Namibia as revenue it received from the SA Customs Union would decrease.

□ The price of petrol and diesel dropped for the third consecutive quarter in Namibia yesterday.

Mines and energy secretary Simasiku Siseho attributed the decrease to a favourable import parity situation brought about by the recent fall in the prices of international crude oil and related products.

He said the purpose of the pump price decrease was to bring domestic prices back in line with import prices.

Diesel prices were set to drop yesterday by 5c/*l*, leaded petrol by 1c/*l* and unleaded by 2c/*l*.

Siseho explained that the lower international prices had more than offset the continued decline in the value of the rand against the US dollar.

The Namibian dollar is still pegged to the rand.

Namfish is on track in selloff of its fishing unit

ET (MR) 20/4/98 (221A)

VERA VON LIERES

Cape Town — Namibian Sea Products (Namsea), the fishing operation, said at the weekend that plans to take over the entire pelagic fishing interests of Namibian Fishing Industries (Namfish) from January this year were on track.

The disposal is subject to the approval of shareholders.

There was talk early last year that Namsea and Namfish, its 36,5 percent-held associate company, would be reorganised into a single listing. But the plan was shelved in favour of restructuring and refocusing at Namfish.

Namsea also said in its 1997 annual report that it was confident of a return to profitability this year after it had netted substantial losses in the previous two financial years. Net attributable loss in the year to December 31 was N$1,37 million (R1,37 million) from N$9,12 million in 1996.

Directors said said there were signs of recovery in the pilchard resource. "Provided landings in pelagic and white fish sectors come up to budgeted expectations, a return to profitability can be achieved in the current year."

The disposal of the Namfish pelagic interests to Namsea will increase Namsea's direct interest in United Fishing Enterprises, the company through which Namsea conducts its pelagic operations, from 67 percent to 90 percent.

"In turn, Namfish would then be left with its interests in the white fish sector and with its borrowings substantially reduced and potentially a more viable operation," Namsea directors said.

The provisional pilchard total allowable catch had been set at 40 000 tons. Namsea planned to start fishing as soon as "meaningful quantities of pilchards are available and the size of the fish is suitable for canning".

Namibian union, govt oppose decision to liquidate Tsumeb

BD 21/4/98

3 (221A)

Christof Maletsky

WINDHOEK — Gold Fields Namibia's decision to sequestrate Tsumeb Corporation has unleashed a storm of protest from the government and the Namibian Mineworkers' Union.

The corporation has said nearly 2 000 workers must stay at home until the company's liquidator decides their future. The corporation has been hurt by a slump in copper prices and a lengthy strike in 1996. Losses for last year were N$55,03m.

Both the union and Mines and Energy Minister Andimba Toivo ya Toivo claim the company failed to inform them of the pending closure.

Ya Toivo said the company's workforce represented 24,5% of the total labour force of the Namibian mining industry.

"I must express my disappointment at the failure of Gold Fields Namibia's management to promptly inform my ministry about the abrupt closure of the mines," Ya Toivo said. "I learned of this development only on Thursday night, although I had met the top management on several occasions and there was no hint of what was to come."

He alleged this was "in violation of the Minerals Act, which requires six months' prior notification for permanent cessation of mining operations".

The union said it was "unbelievable" that the company, which it accused of exploiting Namibia's human and mineral resources for years, could seek liquidation without timeously informing other stakeholders.

However, union general secretary Peter Naholo also said the move to close three mines — Kombat, Khusib Springs and Otjihase — gave the government the chance to nationalise them and establish viable operations. He called on creditors to join the union in opposing Tsumeb's liquidation.

Mines and Energy Permanent Secretary Siseho Simasiku said even though the falling price of copper had compounded Tsumeb's financial difficulties, the company should have approached government to discuss its problems.

Ya Toivo said the company's mineral rights would revert back to the state. The three mines possessed "sufficient proven ore reserves that would enable other investors to continue mining operations and further development", and government would ensure new owners absorbed the present workforce.

Gold Fields Namibia MD Hugh Robinson said the fate of employees would be in the hands of the person appointed as liquidator of the company. Tsumeb did not want to see operations stopped permanently. It wanted a new owner to take over the company because it had run out of the money needed to develop and run the mines.

GFSA gives lifeline to Tsumeb workers

(221A)

Christof Maletsky

TN 28/4/98

WINDHOEK — Gold Fields SA has thrown a temporary lifeline to the workers laid off by the closure of three Tsumeb Corporation Limited mines, pledging to pay their April salaries.

Tsumeb Corporation manager Julian Ayres has posted a notice to all 1 930 Tsumeb employees informing them that they were guaranteed April's salaries. He said this was made possible by a gift of about R7,5m from Gold Fields SA to Gold Fields Namibia, which owns 60% of Gold Fields Namibia.

This follows the disclosure of the dire state of Tsumeb's finances in a sworn affidavit by Hugh Robinson, MD of Tsumeb's owners, Gold Fields Namibia. The affidavit was submitted to support the application by Gold Fields Namibia to have Tsumeb liquidated. Tsumeb found itself unable to pay workers' salaries at the end of April, Robinson attested, because the company's bankers had informed it that they would no longer honour any cheques issued by Tsumeb as the R30m overdraft facility Tsumeb had with its bank had been exceeded.

The company had existing and contingent liabilities of R138,4m, while at the most optimistic assessment it would be able to sell its assets for R107m. Robinson said the Tsumeb wage bill ran to more than R7m a month. Gold Fields Namibia had also taken over Tsumeb's commitments for the upkeep of its hostel-dwelling workers whose food was previously paid for by Tsumeb.

The high court will tomorrow hear the application to wind up Tsumeb, which is being opposed by the Mineworkers' Union of Namibia and the government. Tsumeb Corporation workers have also been assured that the company's provident fund, into which workers' and the company's pension contributions had been paid, would not be affected by the intended liquidation of Tsumeb. Workers would receive their contributions which were paid into the fund, as well as the company's contributions.

Tsumeb mining faces liquidation

(221A) CT(BR) 30/4/98

From Reuters

Windhoek — The Namibian High Court yesterday placed mining company Tsumeb, a unit of Gold Fields Namibia, under provisional liquidation.

Judge Nic Hannah also ordered that Tsumeb indicate by May 29 why it should not be placed under final liquidation.

Analysts have warned that the closure of Tsumeb's copper mines would seriously affect the country's 1998-99 budget presently under discussion in parliament.

They said if Tsumeb were to shut down there would be a marked decline in the export of copper ore and other by-products as well as additional costs for other mining companies. Gold Fields Namibia, a subsidiary of Gold Fields of South Africa, halted production at Tsumeb's operations on April 16 and sent 2 000 employees home. Tsumeb had not been able to recover from heavy losses incurred due to a strike last year combined with the collapse in world copper prices.

Since production was halted, the Mineworkers' Union of Namibia (MUN), the Namibian government and Gold Fields have been negotiating to try and avoid a complete shutdown of the Tsumeb, Kombat, Otjihase and Khusib mines and the Tsumeb smelter.

Industry observers believe a solution is in sight. "Either they have found someone prepared to inject finances into Tsumeb or it has been agreed to continue operations on a smaller scale," said one analyst.

The MUN has said it would oppose the liquidation of Tsumeb. "I think Gold Fields is trying to hide behind the courts," said MUN secretary general Peter Naholo. "They have to clear the mess before they run away."

High court signals end of Tsumeb

(221A)

TABBY MOYO

CT (BR) 1/5/98

Windhoek — A high court has signalled the end of Tsumeb Corporation Limited (TCL) after the Namibian government and the Mineworkers' Union of Namibia (MUN) did not oppose the liquidation of the company yesterday.

Negotiations between Gold Fields Namibia, TCL's owners, and the MUN on the fate of the 1 930 TCL employees continue today.

Nic Hannah, the acting judge-president, ordered in court that the copper, lead, silver, sulphur, arsenic and cadmium mining company be provisionally wound up.

No lawyers for the MUN or the government were present in court. However, if they decide to continue with their opposition to TCL's liquidation, they will be able to file a notice of their opposition in the next month. They will have to argue their case when the liquidation application returns to the high court on May 29.

Vekuii Rukoro, the attorney general, earlier informed Miles Carter, Gold Fields Namibia's Johannesburg attorney, in a letter that the government would not oppose the granting of a provisional liquidation order, but also reserved its rights to oppose the granting of a final order.

Six provisional liquidators, who will have the task of managing and safeguarding TCL's assets over the next month, were appointed by the master of the high court yesterday.

The MUN said the union and Gold Fields Namibia management had been unable to agree on retrenchment packages. With TCL unable to pay its R7 million April wage bill, an advance from Gold Fields South Africa would enable the company to pay at least April salaries. — Independent Foreign Service

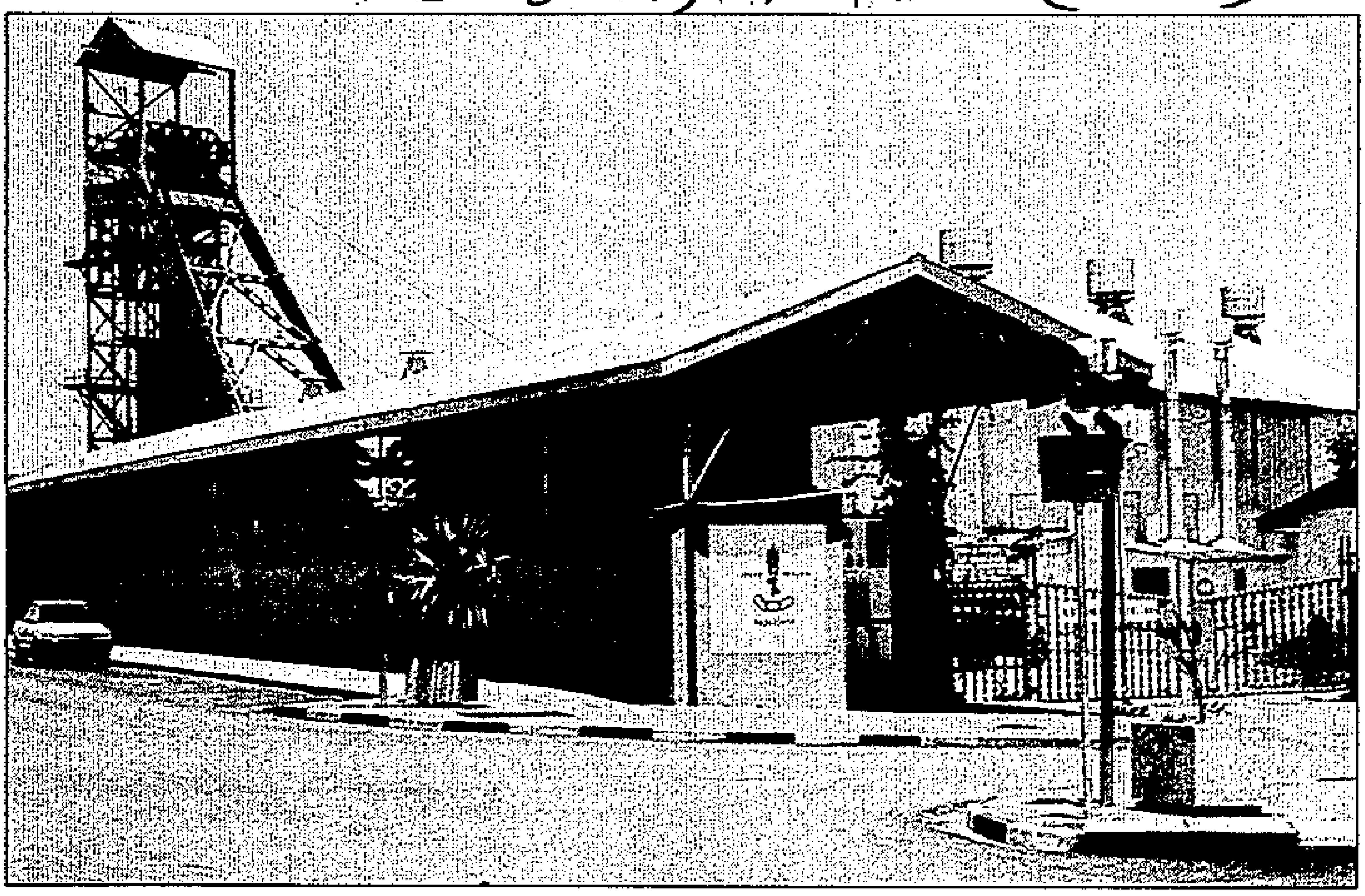
FEATURE

MINING *The liquidation of a single company is a blow to the entire national budget*

Namibia grieves over Tsumeb

CT(Bsr) 5/5/98 (221A)

ANDI SPICER
MINING AND RESOURCES EDITOR



GHOST OF TSUMEB PAST *This Tsumeb mining facility stands silent after the 55-year-old company went into liquidation last week, retrenching about 2 000 workers — one quarter of Namibia's miners — and affecting other businesses which relied on Tsumeb for their livelihood* PHOTO: JAMES LAMONT

Johannesburg — The closure of the Tsumeb copper and lead smelter and mines owned by Gold Fields Namibia is a blow not just to the company but to the Namibian economy, as many other businesses depend on the mines for their livelihood.

The Tsumeb mining operations were the biggest industrial concern in northern Namibia, which suffers from a high unemployment rate.

The tense discussions between Gold Fields, the Namibian government and unions came to nothing as the 55-year-old former mining company went into liquidation last week.

The company was not able to pay the April wage bill of N$7 million (about R7 million), but a contribution from Gold Fields of South Africa is expected to cover these costs.

Nearly 2 000 workers — about a quarter of the total mining workforce in Namibia — will be offered retrenchment packages, with little opportunity for employment elsewhere.

Tsumeb was the centre of a prolonged strike and unrest last year. It was recently closed for maintenance related to the industrial action.

Add to this the slumping copper price because of poor demand from Asia and a looming supply surplus on world markets, and the company was doomed to close, said analysts.

The company has gained a reputation for militancy. Observers said the Namibian government allowed the violence and unrest to escalate without upholding the rule of law during the dispute.

But local sentiment is different. Tsumeb was between a rock and a hard place, resulting in the clash between old-style South African management and old-style trade unionism in an industry which may be in permanent decline in Namibia, said The Namibian newspaper last month.

"The resulting mess seems to have to arisen from a sad combination of blinkered and uncommitted management, ideological trade unionism and detached government, all of whom were not willing or able to rise to the challenge of reinvigorating an industry in difficulties," said the newspaper's editorial.

It added: "Before independence labour issues inevitably got tied up with the wider struggle for independence. But little has changed since 1990, probably because independence made no appreciable difference to working life at the mine."

The closure will hit Namibia's 1998-99 budget, as Tsumeb provided materials to many other facilities in the country.

"If the mines are closed down completely this will affect the budget, because there will be a less favourable balance of trade," said Henning Melber, the director of the Economic Policy Research Unit recently. He argued that there would be a marked decline in copper ore exports and by-products, and additional costs for other mining operations.

In 1997, income from copper, lead pyrites, sulphur and cadmium at the Tsumeb, Kombat and Otjihase was $45,5 million. This is probably now lost unless a buyer can be found. Glencore, the Swiss international commodities group, is said to be interested, as is local group Haib. But the industrial problems at the mine and smelter have provided to be unattractive to most investors.

The Rossing uranium mine, which receives all of its pyrite from Tsumeb, will now need to import its materials at higher cost. This will impact on the balance of payments. The Transnamib railroad, which carried ore from Rosh Pinash to Tsumeb, is also to retrench workers because of the liquidation.

(221A)
CTI
(WM) 14/5/98

MINING

Namibia awaits new dawn after closures

Andi Spicer

The closure of Gold Fields Namibia was a major blow to the country's mining industry. However, since independence in 1990, Namibia has seen a growth in the industry, and its attempts to diversify away from the traditional reliance on uranium and diamonds have yielded results.

The Scorpion and Haib base metals mines, which are due to come online at the beginning of the new millennium, could open a new era in base metals exploitation, analysts believe.

Namibia has a wide range of minerals production and boasts diamonds, gold, silver, uranium, copper, lead, zinc, manganese, germanium and cadmium as well as pyrite, lithium ores and arsenic. There are also small deposits of iron, tin, tantalite, tungsten and vanadium.

Earnings from minerals exports are about $700 million a year, giving tax revenues of $72 million during 1996-97.

The most important thrust is Namibia's policy of diversifying away from its traditional reliance on diamonds and into base metals. There are more than 60 companies in Namibia exploring for minerals, and the shift from before independence, when South African companies dominated the scene, has spread to a wide swathe of international interest.

The largest exploration players are Anglovaal Minerals (Avmin), MIM, BHP, Caledonia, Great Fitzroy Mines, Kalahari Gold and Copper. Local companies are Erongo Mining and Exploration, Namdeb and Namco.

Diamonds are still the mainstay of the industry. In 1996, diamond production was 1 486 million carats, much of this gem quality. The biggest producer is the Namdeb Diamond Corporation, a joint venture between Consolidated Diamond Mines (CDM), a De Beers' company, and the Namibian government. There are considerable reserves offshore, and marine mining accounts for about a third of current production.

Recently Namibia has been building links with Russia on the marketing side, and there are plans for Russia to invest directly in the exploration and production of the gems.

In April Almazy Rossii-Sakha, the Russia diamond company, and the Namibian government signed a co-operation deal. They would help each other not only in marketing, exploration and production but also cutting and polishing. This was done without the agreement of De Beers, which is already in partnership with the Namibian government through Namdeb.

The most high profile of Namibia's base metals projects was the Tsumeb operation by Gold Fields Namibia, a subsidiary of Gold Fields of South Africa, the mining house.

The recent closure of Tsumeb has been a setback not just to the company but to the Namibian economy, because many businesses depend on the mines for their livelihood.

Tsumeb was the centre of a prolonged strike and unrest the year before last and was recently closed for maintenance related to the industrial action. Add to that the slumping copper price and the company was doomed to close, said analysts.

The closure will hit Namibia's 1998-99 budget because Tsumeb provided materials to many other facilities in the country. "If the mines are closed down completely, this will affect the budget, because there will be a less favourable balance of trade," said Henning Melber, the director of Namibia's Economic Policy Research Unit.

He said there would be a decline in copper ore exports and by-products, and extra costs for other mining operations.

Last year income from copper, lead pyrites, sulphur and cadmium at Tsumeb, Kombat and Otjihase was $45,5 million. This will probably be lost unless a buyer can be found.

The Swiss international commodities group Glencore is said to be interested, as is local group Haib, but the industrial problems at the mine and smelter have proved to be unattractive to most investors.

The Rossing uranium mine, which receives its pyrite from Tsumeb, will now need to import its materials at higher cost, which will affect the balance of payments. Pyrite is used in the production of uranium.

Namibia has numerous mining projects either on stream or coming to fruition in the near future. The Haib and Scorpion projects in the south are two of the most promising ventures.

Haib was exploited earlier this century as a high-grade copper resource and now has reserves of 650 million tons. Among its advantages are location and existing infrastructure.

The Namibian government is actively fostering the Haib project, which will have great significance in developing infrastructure, creating jobs and earning foreign exchange.

Planned production is to be 100 000 to 115 000 tons a year of copper, 17 000 ounces of gold and 880 tons of molybdenum concentrate. The mine life is envisaged at 25 years, and capital costs are projected to be $600 million, which will be recovered in the first seven years.

Construction is scheduled to begin next year, and cathode production for mid-2000.

The partners in the project are Namibian Copper and Copper Mines and Metals. Namibian Copper is to be listed on the Namibian Stock Exchange, and Copper Mines and Metals is already listed on the Australian Stock Exchange.

The Scorpion zinc oxide facility and mine lies 20km north of Rosh Pinah and is a shallow deposit just 10 metres below surface. The deposit is about 100 metres thick at places and is highly prospective.

Reserves are estimated to be 8,3 million tons. Reunion Mining, the London-based company, is evaluating the project.

Namibia also has its gold mines, but production is minimal at about 2 000kg a year.

Despite its low gold profile, Namibia is one of the world's largest uranium producers. Most comes from the Rossing mine, which earns about $115 million a year in exports.

Though Tsumeb's closure was a body-blow, there are other possibilities for the development of Namibia's minerals industry. The problem is to fill the deficit of the next few years.

Investors take Namibian bait after slow start

BM 28/5/98 (221A)

Namibia's programme to boost industrial development through export processing zones has begun to gather steam, writes Claire Pickard-Cambridge

THE Namibian government likes to tout its policy of creating tax havens for export-orientated companies as an important vehicle for industrialising the country's Lilliputian-sized economy.

While it is still too early to evaluate the achievements of its export processing zones (EPZs), there are signs that investors are taking the bait after a slow start nearly three years ago.

Trade and industry minister and cabinet heavyweight, Hidipo Hamutenya, said the first zone at Walvis Bay was growing, while a second complex had been built for investors at Oshikango on the Namibian border with Angola.

There are also single-factory zones dotted around the country and 45 manufacturers have been licensed so far to operate in these zones. Sixteen are already operational, employing about 1 500 people and up to N$1bn is expected to have been invested once the others come on stream.

Hamutenya said these companies were all newcomers to Namibia and he expected the number employed to rise sharply.

Few remain neutral about the zones. Government believes an early start is one way to attract industry to a country with a limited domestic market and a reliance on primary production. Economists largely attribute rapid growth in Mauritius to an EPZ policy. The International Labour Organisation (ILO) warns of the potential for sweatshops, disapproving in particular of curbs on strike action.

Companies in Namibia's zones obtain generous training incentives from the government and are exempt from paying corporate income, sales and transfer taxes and stamp and customs duties.

Most so far are medium to small-sized foreign companies and their activities range from producing toys, charcoal and car parts, to data processing.

De Beers-linked subsidiary NamGem is one of the latest to get EPZ status. It will open Namibia's first diamond cutting factory at Okahandja, near Windhoek and said concessions would contribute substantially to viability.

Hamutenya predicted that the EPZ complex at Oshikango, on the northern border, would play a significant role.

So much trade is already taking place in the area — over the past three years it was worth about N$100m annually — that companies asked government to grant it special status and to organise the building of warehousing facilities for exporters. About 16 companies have applied for licences there.

The site appeals to Namibian traders because it gives access to southern Angola — a wedge with a about 4-million people against Namibia's total of 1,5-million — and many expect trade to boom once Angola stabilises.

While mining activities do not get EPZ status, related processing facilities or any form of value-adding activity to minerals like smelting or refining will qualify. Local examples are expected to include Reunion Mining, which plans to produce zinc at Skorpion Mine in southern Namibia.

Hamutenya presents the zones as a springboard for Namibia into the global market, creating more jobs and bringing about a manufacturing culture in the country.

The government also notes that Harvard economics professor Jeffrey Sachs, who masterminded the world competitiveness reports, has recommended the zones as a route to growth.

However the zones are unpopular with unions because strikes are barred for the first five years. The Namibian government responds to these charges by saying that basic rights are upheld in the Namibian constitution which covers most ILO conventions.

Steve Galloway, the MD of Nedcor Investment Bank Namibia and former head of the Namibian Investment Centre, said "enclave EPZs", which are typically clustered around ports, have drawbacks because they can become pockets of excellence for foreigners and fail to spread investment benefits around the country.

"However, Namibia has gone for the most modern type of EPZ ... the whole country is eligible but EPZ licences are granted on a case by case basis depending on what is being produced."

He said enclave EPZs had a bad name around the world and were often associated with sweatshops. However Namibia had always wanted the labour environment to be uniform countrywide. "The one difference here is that strikes and lockouts are not allowed for the first five years after an EPZ has been declared to give investors more stability."

He believes the curbs on strikes will disappear and said surveys showed that employers in Namibia's zones were paying better wages on average than those outside. He attributed this to their exemption from tax and the fact that they produced goods for a more sophisticated foreign market.

An institutional framework underpins EPZ policy, with the Offshore Development Company promoting ventures. It also evaluates applications and develops infrastructure for a factory if the company cannot afford to do so.

The government has a 15% share in the company and the rest is privately owned.

Namibia is also in the final stages of drafting offshore services legislation which is expected to complement the process.

John Dammert, the secretary-general of the Namibian Chamber of Commerce and Industry, is upbeat about the policy, but said more marketing could be done to inform investors of benefits.

He said EPZ incentives were encouraging business and the pending passage of the Offshore Banking Bill would make the zones even more attractive.

Windhoek-based economic consultant Eline van der Linden said the zones were attracting interest and were benefiting from the introduction of EPZ customs foreign-currency accounts. Normally companies in Namibia have only seven days in which to convert forex into Namibian dollars, but permission for foreign currency accounts has helped business.

Although nobody expected EPZs to be a panacea, they were providing intensive training for workers in a country where unemployment was estimated at 50%, she said. "Namibia cannot afford to be choosey about investors, any type of job creation helps."

Namibia gets first gem cutting works

BD 27/5/98 (221A)

Claire Pickard-Cambridge

THE first diamond cutting and polishing factory in Namibia will begin production at Okahandja next month at a site which has been declared an export processing zone (EPZ), says John Murphy, chairman of De Beers Services.

About 100 people will be employed by subsidiary, NamGem, as part of phase one, and expansion will be considered if the venture is successful. An initial $2,7m will be spent setting up the factory.

Namgem is a wholly owned subsidiary of diamond producer Namdeb, which is equally owned by De Beers and the Namibian government.

Murphy says Okahandja, 60km from Windhoek, was chosen as the factory site for reasons which include its proximity to the national airport and the capital; and because it is an economically depressed area. "The municipality of Okahandja was proactive in attracting De Beers and putting in the necessary roads, and government granted our application for EPZ status which will make the project more viable." The major EPZ concessions will take the form of government training grants and the waiving of income tax, general sales tax and export duties on the company.

De Beers is represented in Namibia through sorting and valuing company CSO Valuations; diamond producer Namdeb, De Beers Services; NamGem; and some property holdings companies. De Beers Marine manages the exploration and recovery of marine diamonds off the Nambian coastline, for concession holder Namdeb, and off the SA west coast for several separate concessions. It has developed techniques to exploit marine diamond deposits at water depths greater than 100m and about one-third of the diamonds extracted by the company in Namibia come from offshore operations.

Namdeb has entered into a co-operative initiative with the trade and industry ministry which aims to encourage the fledgling manufacturing industry in Namibia, and to boost micro, small and medium-sized businesses.

The initiative could result in local manufacturers producing overalls, safety equipment and protective clothing for Namdeb's mines in the country. "We try to encourage local entrepreneurs to supply Namdeb's requirements for mining. Several enterprises could be involved in this, from five-man businesses to those staffed by as many as 50 people," Murphy says.

Namdeb's role in the economy is significant — it is the biggest taxpayer (diamond mining companies pay the top corporate tax rate of 55%), the biggest exporter, and the biggest employer after government with 4 000 employees. De Beers and Namdeb jointly employ about 4 500 people.

To accommodate its employees and their families, Namdeb built the town of Oranjemund from it own resources. Namdeb runs and finances services there which would normally be government's responsibility — a hospital, school, technical college, a public library and an airport. It handles also municipal services such as power reticulation, water supply and sewage disposal, and provides houses, streets, parks and sports fields.

Namdeb has commissioned a feasibility study for the establishment of Oranjemund, which has about 10 000 residents, as a local authority.

Small diamond mining operators at work along the Namibian coast.

TAX

In Windhoek you can do it yourself

(22 IA)

Namibia opts for self-assessment

FM 1/5/98

Surprise, surprise. Remote Namibia is a jump or two ahead of SA in introducing self-assessment.

Critics of SA's tax collection system have argued for years that its efficiency would be greatly enhanced by requiring taxpayers effectively to do their own assessment when they file their tax return. This would require Revenue to make spot checks on self-assessed returns, with heavy penalties for under-assessment.

This procedure has worked well in the US. The advantage of the system is that it economises on skilled personnel — a pertinent argument in SA where the taxman's offices have been under-staffed for years.

The most recent Namibian Income Tax Amendment Act imposed self-assessment with effect from September 15 last year. Under the new law self-assessment applies to companies for years of assessment starting on January 1 1997 and individual taxpayers for years of assessment starting on March 1 1997. The system requires a final top-up payment within 120 days of the end of the year of assessment. A top-up payment is due — by April 30 1998 — by firms with December 1997 tax year-ends.

And companies with tax years ending on or before November 30 1997 are also required to make a top-up payment by April 30 1998 irrespective of whether an extension to file the tax return was obtained to a date after April 30 1998.

A tax return must be furnished within 120 days after the end of the year of assessment, including a computation of the taxable income and the amount of tax payable — which must be paid simultaneously with filing the return.

Employers must ensure that the correct tax has been withheld for all employees who have been employed for the full tax year. This category of taxpayer will not have to file a return unless specifically required to do so by Revenue. Taxpayers may apply for an extension of time for paying the tax as calculated. Interest at 20% per year will be levied on overdue tax.

The self-assessment system will not affect individuals employed by the same employer throughout the tax year; whose income for the year of assessment consists solely of remuneration (as defined) plus interest not exceeding N$500; and who are not entitled to any deduction excepting pension and retirement contributions.

Another provision in the amending Act deals with overpayments of tax. If an overpayment is proved to the satisfaction of the Minister of Finance, he — at his discretion — may set off the amount against amounts of tax, interest or penalty due under any other fiscal law, including Sales Tax.

The question now arises: if Namibia can cut through all the alleged difficulties obstructing the introduction of self-assessment, then why has the issue been allowed to become dormant in SA? Robin Friedland

WORLD TRADE OPPORTUNITIES

Namibia punts key investment areas

(22/A) BD 8/6/98

Claire Pickard-Cambridge

THE upgrading of Walvis Bay's port and airport is one of the priorities of the Namibian government, which hopes to turn the area into a gateway for the region.

The Namibia Investment Centre has therefore earmarked it as one of three key areas where it believes private investors could get good returns on their capital and help to uplift the economy. The other two are the development of the energy sector and extension of the northern railway for 330km to link Tsumeb with Oshikango on the Angolan border.

David Nuyoma, the executive director of the Namibia Investment Centre, said the upgrading of Walvis Bay had been made urgent by the construction of two regional highways — the Trans-Caprivi, which runs from the port to Katima Mulilo and provides a link to Zambia, Zimbabwe, Malawi and Zaire, and the Trans-Kalahari, which links Walvis with Botswana and Gauteng.

He said the Trans-Kalahari, which cut the distance to Gauteng by nearly 600km, would contribute to regional integration and boost business.

Walvis Bay's port needed to be deepened, terminal facilities expanded and cold storage facilities and grain silos erected. Its airport had to be upgraded to accommodate larger aircraft for the export of fresh fish and manufactured goods from the export processing zone established around the port. Feasibility studies had already been done.

He said further investment was also sought in developing the Kudu gas-fired power plant near Oranjemund. It is to be jointly owned by NamPower, Eskom, Shell and National Power of the UK, and will provide power for southern Namibia and parts of SA.

Development of the controversial Epupa hydropower scheme in north-western Namibia is also envisaged with the governments of Namibia and Angola playing a key role.

On the northern railway, stations needed to be built at Etosha, Oshivelo and other sites, with full terminal facilities erected at Oshikango.

The centre is also promoting the upgrading of many hotels and game lodges and the establishment of a tomato paste processing plant close to farmers at Tsumeb, 400km east of Windhoek. Tomato paste is needed largely for the pelagic fish cannery in Walvis Bay. About $1,5m is required to establish the plant, which could be run privately or in a joint venture with the Namibia Development Corporation.

The centre said Namibia's Foreign Investment Act gave investors guarantees on investment security, repatriation of capital, access to foreign currency and international arbitration in cases of dispute. Several export processing zones offer manufacturers a tax and duty-free environment; there are incentives for manufacturers and exporters such as tax abatements of up to 90%; and legislation is being drafted to establish an offshore financial services industry.

Shippers to

Namibia Breweries shines on SA sales

MD 10/6/98 (7210A)

Christof Maletsky

WINDHOEK — Namibia Breweries, which has resisted SA Breweries' infiltration of the local market, has recorded a 36,6% rise in pre-tax income partly as a result of good sales in SA.

NamBrew's chairman, Werner List, said Nambrew's naturally brewed beers were receiving growing support from SA consumers. Sales growth in SA helped the rise in income from R34,678m to R47,391m for the year ending January 31 1998.

He attributed success in the SA market largely to new products such as the Flesenkeller Hofbrau brand and innovative packaging promotions.

The recent launch of the Holsten Premium beer in draught appeared to be successful, he said.

Nambrew would continue to widen its distribution network in the SA market areas where its products had obtained a firm foothold. "The new depot at Midrand will enhance customer service in Gauteng, thus creating opportunities to increase our share of the targeted niche market," he said.

The development of viable export markets elsewhere also remained a strategic priority.

Since independence, NamBrew's exports have risen from R4,2m to R142,3m, an average annual growth of more than 400%. Its good performance comes as SAB has been barred from setting up a brewery in northern Nambia.

Russia and Namibia ready to seal diamond deal

CT (BR) 12/6/98 (221A)

TABBY MOYO

Windhoek — A high-powered Russian government delegation was due in Namibia yesterday to seal co-operation agreements, including a high-stake partnership in the diamond mining sector, signed in Moscow by Presidents Sam Nujoma and Boris Yeltsin at the end of March.

Sergei Yastrzhembski, Yeltsin's deputy head of administration, heads the 14-member Russian delegation while Andimba Toivo ya Toivo, the mines and energy minister, will lead Namibia's team.

Other areas to be dealt with during the four-day discussions include defence, trade, higher education and technology.

But it is the diamond deal which is likely to attract the most interest.

While De Beers and Moscow insist the deal with the Yeltsin government is no snub for the South African company, industry analysts say there is little doubt the Big Bear is treading on territory that was once exclusively South African.

The Namibian-Russian diamond agreement entered into in Russia in March has not been well received by De Beers. It allows the entry into Namibia of one of the biggest diamond companies in the world, Almazy Rossii-Sakha (Alrosa).

Alrosa is Russia's biggest producer and exporter of rough diamonds.

De Beers entered into a 25-year 50-50 partnership with the Namibian government in 1994. That partnership is subject to review at the end of next year.

De Beers has not commented on the diamond alliance between Russia and Namibia, which threatens its grip on the region's most lucrative industry.

Namibia ranks as one of the world's leading diamond-mining countries alongside Botswana, Russia, South Africa, Angola, Australia and Zaire.

The Russian diamond conglomerate is expected to form a joint venture with local diamond companies which would allow it to explore alluvial deposits along the Orange river, develop offshore diamond fields and prospect for other minerals in Namibia.

Alrosa also plans to build factories to cut and polish Namibian diamonds. It hopes it will eventually establish jewellery manufacturing facilities.

The agreement between Russia and Namibia gives the Russian businesses new and direct access to the huge diamond deposits of southern Africa, and builds on Russian joint venture operations in post-war Angola.

Russian's movement into Angola and Namibia has prompted De Beers to return the compliment by focusing its attention on Russia, among other countries.

Sergei Ulin, the president of Alrosa, has maintained that Russia does not pose any threat to De Beers.

He was recently quoted as saying that co-operation with Namibia would enable Russia to develop its diamond mining and also help with the restructuring of its own diamond industry.

However, analysts say there is little doubt that Russia is encroaching on the De Beers diamond monopoly. — Independent Foreign Service

Namibia plans to lift food fish quotas

(321A) CT (BR) 30/6/98

From Reuters

Windhoek — Namibia announced yesterday it had increased its quotas for hake and horse mackerel, injecting new hope into the country's flagging fishing industry.

The fisheries and marine resources ministry said recent studies had shown "the environmental conditions in the Benguela ecosystem off the Namibian coast have improved substantially".

The ministry said because of this, the total allowable catch for pilchard had been revised from 40 000 tons, set at the beginning of 1998, to 65 000 tons. The total allowable catch for horse mackerel had been revised from 300 000 tons up to 375 000 tons.

The ministry said the total allowable catch that had been set previously was conservative because of low-level oxygen waters moving into Namibia's exclusive economic zone and the continuing El Niño conditions in the Pacific.

But the past three surveys had shown that the volume of low-level oxygen water had diminished and that fish growth and reproduction were secure in the medium term.

The ministry also announced a total allowable catch of 4 000 metric tons of albacore tuna for 1998 and 1999.

The Namibian fishing industry, regarded as one of the mainstays of the country's economy, has suffered heavily over the past few years from a reduction in quotas because of unfavourable environmental conditions.

Namibia spending itself into a hole, says Investec

(2221A) BD 21/7/98

WINDHOEK — Namibia is on a path to widening budget deficits and higher taxes because of the government's inability to curb public spending as it promised, Investec Securities says in its latest economic analysis.

"With debt requirements continuing to grow and the government seemingly lacking the ability to tighten its belt, Namibia's future looks set for increased budgetary deficits — and an increased tax burden on the population," it said.

The SA-based financial services firm said Finance Minister Nangolo Mbumba's calls in the past two years for controls on public spending had not been matched by his actions.

"Rather than resorting to a determined effort to control government spending, (he) has sought the tax route to contain the shortfall," Investec said.

In his 1998/99 budget statement on March 25, he raised income tax for individuals earning more than N$100 000 a year and company tax — except for mining firms — to 40% from 35%. General sales tax was increased to 10% from 8%.

He boosted spending by 17,9% to N$6,8bn, well above an inflation rate of 8,8% and a 1,4% rise in gross domestic product (GDP) in 1997/98.

Mbumba has set a budget deficit of N$676m, or 3,8% of estimated GDP for the year ending February 28 1999.

Spending on government employees has been hiked by 18%, increasing the share of personnel expenditure as part of the budget to 46,3% from 45,9% the previous year.

"This ratio is to the detriment of the economy as the government lacks the ability to divert the necessary funds into the development of the economy," Investec said.

Henning Melber, director of the independent Namibia Economic Policy Research Unit, said the tax increases were not necessarily detrimental because they would help close the gap between rich and poor. Still, he also expressed concern about increases in government spending.

"I have no problem with a tax increase for the higher income brackets, because this is part of an exercise of redistribution of wealth without which there cannot be real economic growth," he said.

"However, I do not agree with the notion that we are responsible for the mess ministers and their deputies have created by overspending," Melber said.

A drop in government capital spending to help compensate for higher current spending was a concern. "We need to invest, if we are going to fuel economic activity," he said.

In the current budget, allocation for capital expenditure of N$883m is 11,6% lower than the previous year, and current spending has gone up 20% to N$5,459bn. — Reuter.

Namibia appeals for aid

(221A) ANG 3/7/98

Windhoek – The Namibian government this week launched an appeal for foreign aid to help finance its 1998/99 drought aid scheme.

The appeal was initiated by Agriculture, Water and Rural Development Minister Helmut Angula following cabinet approval last week of a drought aid scheme.

The appeal is being conveyed to the heads of foreign missions in Namibia.

It is estimated that about 160 000 Namibians will need food aid this year. – Sapa

'Drastic' changes planned for medical scheme

BD 10/7/98 (221A)

Christof Maletsky

WINDHOEK — Namibian public servants face the possibility of drastic changes to their medical aid scheme, one of the most significant being a proposed veto on compensation for HIV/AIDS medication.

This follows disclosure that top government officials are considering sweeping changes to the scheme.

The planned amendments are seen as a major blow for public service employees who see their medical aid scheme (MAG) as one of their main perks.

Ordinary members of the scheme are not the only ones who would be affected. Even nurses or doctors who contract the AIDS virus in the course of their work would have to pay all their own health bills, according to the document.

A recent survey of SA medical aids has shown that about 46% of schemes provide cover for the disease.

While the medical aid scheme pays for 95% of the costs of services in most cases, the proposed amendment reduces government's contribution to 85%, thereby increasing the patient's contribution.

The document being studied by all permanent ministries explains that "due to various reasons and especially the high expenditure and misuse of the Public Service Employees' Medical Aid Scheme it has become of the utmost importance to reconsider some of the rules".

Given recent reports of a 20% HIV/AIDS infection rate in Namibia, these changes to the scheme have serious implications for health workers and their families.

In recognition of this, the document says public service employees should be allowed to terminate their membership of the medical aid scheme if they wish to opt for a private scheme.

Since changes to the medical aid scheme would significantly alter government employees' conditions of employment, the proposals will presumably be submitted to employees and their union representatives. At this stage, however, the proposals are being kept closely under wraps.

AFRICA

Kalahari highway snags anger Namibian business

BD 15/7/98 (221A)

Christof Maletsky

WINDHOEK — Members of the Namibian business community, especially those from eastern parts of the country, are angry about long delays and bad treatment they say they are experiencing at the hands of Botswana customs officials when using the new Trans-Kalahari Highway.

A spokesman from the Namibian works, transport and communication ministry said yesterday there had been so many complaints that President Sam Nujoma would be taking up the matter with Botswana President Festus Mogae shortly.

The transport corridor, which runs from Walvis Bay on the west coast via Windhoek and Gaborone to Gauteng, opened four months ago and is seen as a prestigious regional project. Besides reducing the distance from Walvis Bay to Gauteng by about 500km, it is intended to facilitate the use of Walvis as an alternative port for the region's trade. It also provides a coast-to-coast corridor given that it ends in Gauteng where the route to Maputo begins.

However, Gobabis Chamber of Commerce and Industry chairman George Friedrich, who has been liaising with other Namibian chambers of commerce, alleges that exporters, truckers, and even SA and Namibian tourists are complaining about bad treatment and heavy road-user charges being meted out by the Botswana customs officials at Mamuno border post, and at road blocks in Botswana. Checks on goods, roadworthiness of vehicles, permits and drivers' licences are being carried out at roadblocks, many of which are not legally sanctioned.

Friedrich said Botswana officials were imposing conditions on Namibian and SA travellers which Namibia and SA did not impose on Botswana nationals.

For instance, truckers from SA and Namibia had to obtain work permits in Gaborone which were valid for three months, and were being "harassed" by time-consuming searches of vehicles on Botswana's part of the highway.

Friedrich said even transporter TransNamib had found every parcel it transported was being opened and scrutinised, and drivers were questioned exhaustively. Their buses were sometimes held up for more than 24 hours and this upset schedules and resulted in losses. General accidents caused by animals on the highway had also been reported.

He said transport companies, hunters and visitors from Gauteng were using alternative longer routes to avoid problems.

He warned of roadblocks erected by bogus traffic officers who demanded road-user fees on the spot but would not issue receipts.

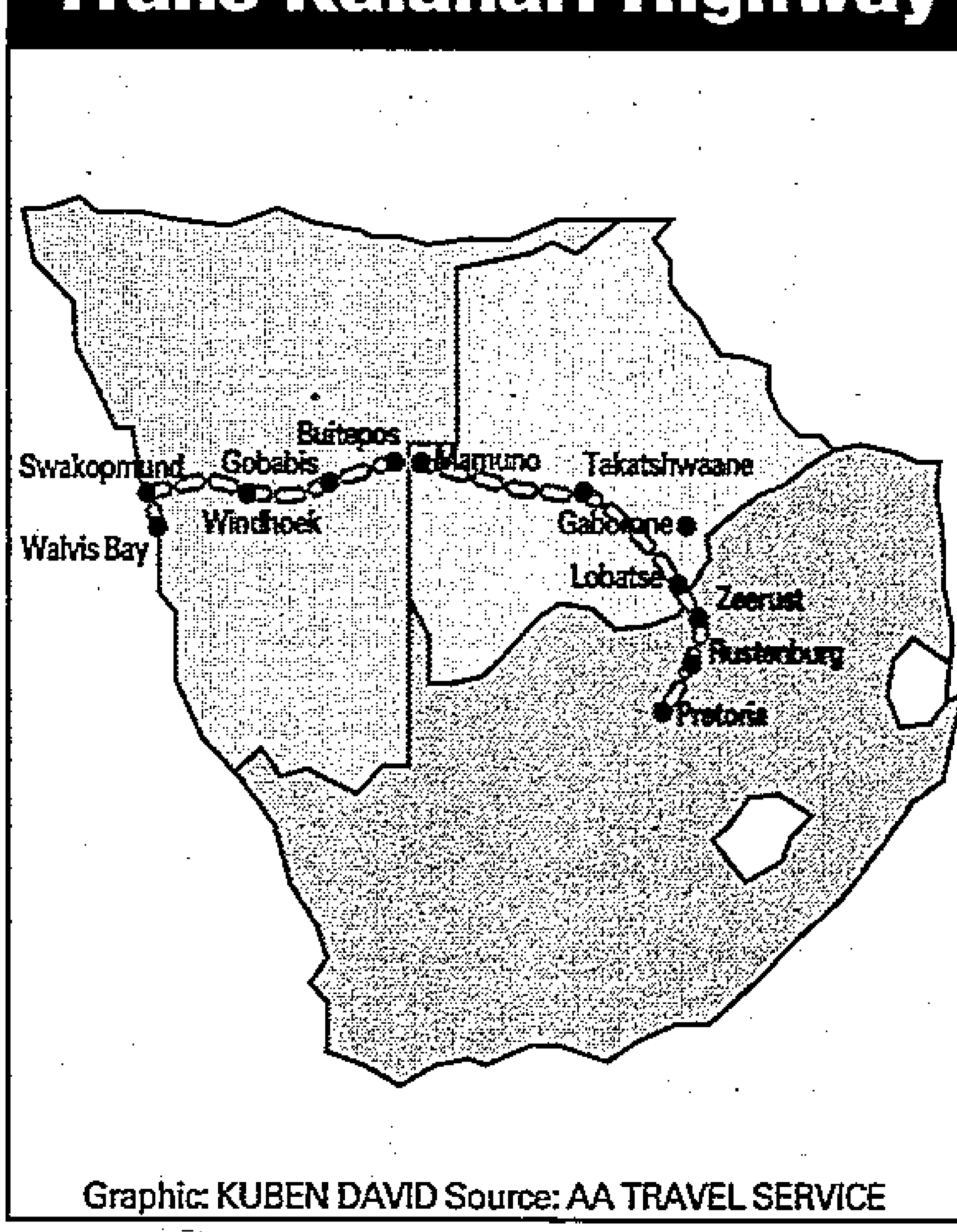
"High hopes were vested in the Trans-Kalahari Highway in the expectation that it would improve our ailing economy and alleviate unemployment ... but to date this had been put in jeopardy by one selfish neighbour," Friedrich said. The chamber felt it was unfair that Botswana's trucks were not charged when they used Namibia's roads. In addition, SA and Namibia did not require work permits for Botswana's drivers.

Botswana's high commissioner to Namibia, Edwin Matenge, described the row as unfortunate, but confirmed road-user charges were being levied under its Road Transport Permit Act which also required that journey permits be issued at the border. He said officials had to check everything at the borders to instill the ethics of good road use.

He admitted highway construction costs had been heavy and said Botswana wanted to recover them through road-user charges.

On reports that animals were causing accidents on the highway in the western cattle-ranching part, Matenge said it had been decided during an environmental assessment that the road would not be fenced off because Botswana was cattle country with a lot of wildlife.

Trans-Kalahari Highway



Graphic: KUBEN DAVID Source: AA TRAVEL SERVICE

Bourse's expansion mirrors confidence

(221A)

Moses Mlangeni

BD 21/7/98

THE Namibian Stock Exchange has been expanding rapidly this year and further planned listings are a sign of increasing confidence in the economy, says the Namibian Economic Policy Research Unit in its economic review.

Namibian Harvest, a partnership between Johannesburg-listed empowerment group African Harvest, Namibian businesses and unions, will list on the exchange this week with capitalisation of N$200m. The exchange's market capitalisation shot to N$220bn when Truworths International and FirstRand listed earlier this year.

Exchange GM Tom Minney said the exchange had 35 listed companies with more dual listings in the pipeline which would strengthen the local bourse. The demutualisation of Sanlam and Old Mutual could see many Namibians using markets for savings and would unleash further momentum for the exchange.

The research unit's quarterly review said Firstrand, the result of a merger between FNB Holdings, Southern Life, Momentum and Rand Merchant Bank Holdings, had overtaken mining group De Beers as the biggest company listed on the exchange in terms of market capitalisation.

The two major tourism projects finalised in April, a Desert Express luxury train and a new hotel in Lüderitz, signalled strengthening business confidence, the review said.

Namibia's exchange controls were further relaxed in the 1998/99 budget, the review said, noting the move as a significant factor for investment decisions . They allow for a maximum amount of N$350 000 to be invested abroad, for foreign currency accounts with local authorised dealers and for income to be kept abroad.

However, the review said that the marginal tax rate for income groups above N$100 000 had been increased to 40% as well as the corporate tax rate for certain companies. Consequently, the tax burden — the ratio of tax revenues to gross domestic product — had risen from 28,9% to 30,5%, twice as high as the average for developing countries.

(114)

'We will find mine bosses'

(22-1A)

Sowetan 22/7/98

THE directors of the NamLithium Mine at Karibib, who allegedly left Namibia and the mine's 40 workers stranded, will be traced and brought to book, the Mineworkers Union of Namibia (MUN) said this week.

MUN deputy general secretary Mr Sackey Aipinge said the union was hunting for the owners of the mine, believed to have gone to South Africa, and was surprised that the ministry of mines and energy had not uttered a word over the NamLithium Mine debacle.

Mine management allegedly disappeared after paying employees R100 each for last month.

Aipinge said the MUN, which took over the responsibility of providing food and other basic commodities to about 40 employees and their families, would take the matter to the Labour Court.

Aipinge described as nonsense media reports that the union had taken over the mine, saying union officials had confined themselves to the mine compound where they were assisting the abandoned workers.

One of the former local directors of the mine, Donald Neumann, confirmed that he had resigned as a director on June 10 and said the South African investors had lost a lot of money in the mine venture. – *Sapa.*

Namibia seeks partners for rail link with Angola

(221A)

Christof Maletsky BD 29/7/98

WINDHOEK — Namibia is on track to establish a rail link with neighbour Angola, but must find partners first from the international private sector to cofund the project.

A senior official in transport parastatal TransNamib Rail said the more than 300km stretch would take years to complete, so the fighting in Angola was not expected to disrupt its development.

He said the Namibian government was scheduled to hold talks with Angola and the Southern African Development Community to ensure the rail link received support from all parties, including opposition party Unita.

Namibia's rail line goes only as far as Tsumeb in the north and does not extend to the densely populated north-western parts of the country and neighbouring Angola.

It is believed that apart from benefiting Namibia and Angola, the rail link would also assist companies from SA and Botswana wanting to do business with Angolan counterparts.

Namibian Works, Transport and Communication Deputy Minister Klaus Dierks said the scale of the project — it will cost about R500m — meant strong participation from foreign companies was a prerequisite.

He said there had been considerable interest from companies in Europe, the Far East, India, China and the US.

The first step would be to extend the line from Tsumeb to the Oshikango border and eventually into Angola.

It was envisaged that the opening of the Trans-Kalahari highway and later the Trans-Caprivi highway would result in a big increase in cargo volumes being handled at Namibia's Walvis Bay and Luderitz harbours — hence the need for a rail link to both ports.

The rail link would boost beer exports by local Namibia Breweries Limited — owned by Werner List — which has a bottling plant in Oshakati and recently opened a R5,4m sorghum brewery and malting plant in Tsumeb.

The sorghum project was set up in a controversial fashion after the Namibian cabinet rejected an application by the Namibia National Beverage Company, a subsidiary of SA Breweries, to build an SAB bottling plant at Tsumeb.

AFRICA

Falling investment knocks Namibia

BD 30/7/98 (221A) ~~226A~~

Christof Maletsky

WINDHOEK—Dwindling investment in Namibia is causing problems for the economy, says the director-general of the national planning commission, Saara Kuugongelwa.

Presenting a publication on the national accounts for 1982 to 1997, Kuugongelwa said private sector investment in the country had dropped from 66% in 1996 to 62,2% in 1997, while total investment in the country had decreased from 8,3% in 1996 to 6,4% last year. During the same period public investment increased from 34% to 37,8%.

"Growth in the economy is dependent on investments and the government has acknowledged this with its emphasis on the private sector as the engine of growth," she said.

Factors which affected investment by the private sector included a lack of investment opportunities and high interest rates, she said. "The government, however, believes there are opportunities for investment in Namibia, especially in the manufacturing sector. We also believe there are huge opportunities for exports to foreign markets and in this regard we are actively marketing the Southern African Development Community region. Our macroeconomic conditions are sound and this should warrant more investments," she said.

Kuugongelwa said the ratio of investment to dross domestic product (GDP) was about 21%, considered low by international standards.

The national accounts indicated "very moderate" economic growth for 1997, with an increase in gross domestic product of only 1,8%, compared with a revised growth rate of 2,9% in 1996.

Kuugongelwa warned that this expansion was insignificant since it was still much lower than the population growth rate of more than 3%.

According to the national accounts, the tertiary sector was the engine behind GDP growth in 1997. The industry grew 4,1% last year, mostly due to government services which expanded by 3%.

Financial services, post and telecommunications and wholesale and retail trading agencies also contributed to positive growth in the sector, while tourism grew 10,2% in 1997. With regard to sectoral contributions to GDP in 1997, the share of the primary industry — agriculture, fishing and mining — contributed 24,4% of GDP, down from 26% in 1996.

The secondary industry — manufacturing and processing — increased 0,5% to 20,3% in 1997, but the tertiary sector, which included general government, real estate and business services and wholesale and retail trade, still contributed most to GDP.

The industry's overall contribution to GDP was 55,3% in 1997 against 54,2% in 1996.

Total government expenditure as a percentage of GDP was 32% in 1997, an increase of 0,7% on 1996.

Benefits from Walvis Bay, highway yet to materialise

Regional integration will be enhanced once problems with Walvis Bay's port and the Trans-Kalahari Highway have been ironed out, writes **Christof Maletsky** in Windhoek

TENSION between Namibia and Botswana was forgotten briefly four months ago when President Sam Nujoma and now-retired president Ketumile Masire joined about 3 000 people to inaugurate the Trans-Kalahari Highway.

The route — running from Walvis Bay in the west via Windhoek and Gaborone to Gauteng, and forming part of a coast-to-coast corridor because it ends in Gauteng where the Maputo route begins — was hailed as a landmark for east-west economic integration in southern Africa.

The new lifeline was also seen as an important area of co-operation for Namibia and Botswana which are in dispute over claims to an island in Caprivi which forms their mutual border. The dispute over an island called Sedudu by Botswana and Kasikili by Namibia is being considered by the International Court of Justice.

The highway, better known as Trans-Kgalagadi in Botswana, was expected to provide a more economical route for imports to and exports from the Gauteng area through Walvis Bay's port. Increased use of the port was touted as a way to generate more revenue and create new jobs.

However, the Namibians are already unhappy with the way the Botswana customs and traffic authorities are handling Botswana's section of the highway. The Namibian business community also feels it has yet to reap the fruits of the highway which reduces the distance to Gauteng by about 500km.

At the highway's inauguration, Nujoma said the reduction in transport costs — owing to a shorter route to Gauteng — was likely to boost the marketability of the region's resources and products, cutting the cost of imports such as foodstuffs, building materials and agricultural products.

However, the expected trade volumes through Walvis Bay have not materialised, even though other SA ports are considered slow and congested.

Namibians complain that vehicles passing through Botswana face costly delays at the customs posts, time-consuming searches of cargo, high road-user fees, and road blocks manned by bogus traffic officers. They warn that transport companies, hunters and visitors from Gauteng are starting to use alternative longer routes through Ariamsvlei in southern Namibia to avoid problems.

Stefan Hrywniak, chairman of the Walvis Bay Chamber of Commerce and Industry, warns that it is still early days for the scheme. "Perhaps we are expecting too much too soon," he says.

He says the highway will cut the turnaround time of vessels going to Durban from Europe or the American east coast by four to five days, and will allow Walvis to compete with others in SA.

Although the port had received inquiries from SA transport businesses, the latter were still examining this alternative. "We are still underutilised, but hope that it is just a matter of time," he says.

Nevertheless, much work still needs to be done at the port before the highway is better used. The Namibian Ports Authority (Namport) has already spent millions upgrading Walvis. New container-handling equipment worth R25m, including a crane and 25 fork-lift trucks, and a container terminal information system have been bought with a soft loan from a German development organisation, Kreditanstalt fur Wiederaufbau.

Namport CEO Jens-Dieter von der Fecht said investment had already shown good returns. "Container traffic statistics indicate a 25% increase this year (and) we anticipate further increases when use of the new highway is in full swing."

Namport chairman Jan Jurgens said other big developments were envisaged such as extra reach stackers, the deepening of part of the harbour to 12,8m, the upgrading of the synchrolift and tanker jetty and the creation of additional grain storage facilities. He said the town was missing out on important business because the harbour was too shallow to accommodate most cargo ships carrying containers.

Unless the harbour was deepened it would remain unable to "develop its full potential to attract cargo", and would continue to see valuable business disappear en route to Durban and Cape Town. "If all ships passing Walvis Bay on the way to and from Cape Town could also call here, a number of arrivals from and departures to Europe could be offered every week," he said.

That could mean a potential doubling of containers handled by the harbour.

Port captain Mike van der Meer said the port could expect to handle "at least 50 000 containers a year" if it could compete properly in the cargo market. "We are aiming for 2,5% of the containers that come to southern Africa. At the moment we get about 0,8%," said Van der Meer.

A study, financed by Namport, to establish the economic value of deepening the port, both for Namibia and for the rest of the region is due shortly.

Meanwhile, a study by the Namibian Economic Policy Research Unit has disclosed that cargo destined for Asia continues to be shipped through eastern or SA ports. It says that although the highway is supposed to boost the Southern African Development Community's vision of a free trade area, there is still little to show for a development that cost the two governments millions over five years.

The study is, however, confident that in the long-term Walvis Bay will enjoy most benefits from the highway and that its big upgrading projects will attract more traffic. The town has created an export processing zone which offers investors exemption from corporate income tax, custom duties, sales and transfer taxes and stamp duties.

Further investment opportunities have been created for the development of warehousing and free port and distribution-centre facilities to complement the corridor development. On the other hand, economists believe Botswana can expect fewer benefits from the highway because its small towns serve mainly as transit points and the main route bypasses Gaborone.

(221A) BD 3/8/98

Neighbours to co-operate

(22/A)

Christof Maletsky

WINDHOEK — Namibia and Botswana plan to increase economic co-operation, especially in the fields of ostrich and fish farming, following Botswana President Festus Mogae's first state visit to Namibia, which ended at the weekend.

The two countries also intend to exchange ideas on growing seaweed to fight malnutrition in the region and on changing semi-desert areas into "green gardens" with better water utilisation.

Mogae and President Sam Nujoma agreed to maximise the use of infrastructure, including the Trans-Kalahari Highway and the Trans-Caprivi Highway and the port of Walvis Bay.

Mogae said that, apart from sharing the border, the two countries had much in common and could not afford to concentrate on problems existing between them. The presidents had been expected to discuss their dispute over control of two small islands on their mutual border, but Mogae said only that both parties would accept the ruling of the International Court of Justice.

Mogae's visiting team included government ministers and businessmen.

Botswana, like Namibia, is trying to make inroads into ostrich farming and is at an advanced stage of developing the country's ostrich industry. It is believed that Botswana has one of the largest wild ostrich populations in the world with an estimated 60 000 birds. However, Botswana has a shortage of slaughter facilities, forcing farmers to export live birds.

Mogae said the Pescanova fishing factory at Luderitz had impressed his delegation as well as the fish farm and research station at southern town Mariental and that they would like to learn from Namibia's experiences.

The port of Walvis Bay, he said, would be promoted among the Botswana business community.

The two presidents also expressed deep concern over the renewed fighting in Angola and called on the international community to exert more pressure on Unita to implement fully the Lusaka Protocol.

Namibia opens diamond polishing plant

BD 14/8/98 (62 1A)

Christof Maletsky

WINDHOEK — President Sam Nujoma officially opened Namibia's first diamond cutting and polishing factory on Wednesday.

The R17m NamGem factory, 60km west of Windhoek at Okahandja, is a wholly owned subsidiary of diamond producer Namdeb, in which the Namibian government and De Beers have equal shares.

The cutting and polishing factory was set up following a joint study by the two partners which led to the approval of the cutting factory's business plan in 1996.

It is projected that the plant will produce diamonds to the value of R110m a year when fully operational.

NamGem, which operates in an export processing zone site, possesses manufacturing equipment designed and constructed by De Beers, which is also guaranteeing an adequate supply of rough diamonds for cutting and polishing at the factory.

Since production began in June, 28 Namibians, mostly women, have been employed as trainees after vigorous recruitment, screening and testing of more than 4 500 applicants with 100 new jobs expected to be created at the plant over the next two-and-a-half years of the first phase.

NamGem's staff is projected to rise to 500 when it starts operating at full strength and the factory's viability at such levels is demonstrated.

De Beers chairman Nicky Oppenheimer said the factory was an indication that the partnership between the Namibian government and his company had borne fruit for the local economy as a whole.

"Diamonds continue to contribute 12% to the country's gross domestic product and 40% of her foreign exchange reserves. Increased investment in our offshore operations and onshore, through the commissioning last year of the impressive R187m dredge and treatment plant, has ensured the maintenance of Namibia's production and Namdeb's position as one of the world's major diamond mining companies."

Namdeb is the biggest taxpayer, with diamond mining companies paying a top corporate tax rate of 55%, the biggest exporter, and the biggest employer after government with 4 000 employees.

"The diamond industry is experiencing a difficult time because of the financial turmoil in the Far East and the recession in Japan. The opening of the NamGem diamond cutting and polishing factory is therefore not only a gesture of hope … but a symbol of faith in the industry's future and our commitment to Namibia and its people," Oppenheimer said.

MAIL & GUARDIAN
August 28 to September 3 1998

Insurance giants threaten Namibian pull-out

M+G 28/8 – 3/9/98 (221A)

John Grobler

Insurance companies operating in Namibia are threatening to pull out before the implementation of controversial legislation analysts say will spell the beginning of the end of Namibia's market economy.

The Long-Term Re-Insurance Act will require the companies to pay increasing amounts of their income on premiums to the government.

Sanlam (Namibia) managing director Bob Meiring this week called for calm and consultation, expressing hope that sense would prevail over opinions based on bad advice. "This is legislation based on perceptions which cannot stand logical scrutiny," Meiring said. "These are perceptions held by non-financial people in government who are not well-advised."

The Act and its implications were initially dismissed as illogical and unworkable by the insurance industry. It allows the government to force insurance companies to place unspecified amounts of their long-term insurance income with a local government-owned company that only exists on paper.

The brainchild of London-based insurer Alexander Howden who has, according to top industry sources, several consultants working for free for the local Ministry of Finance, the Act has the backing of a few powerful South West African Peoples' Organisation politicians who pushed it through Parliament four weeks ago.

With a 72% majority in the National Assembly and many backbenchers keen on lucrative appointments, mustering support for the controversial Act was not difficult.

Some insurance companies, including Southern Life, have already signalled their intention to withdraw from the Namibian economy.

Eddie Engelhage, MD of the new Southern Life-Metropolitan Life merger, said its Namibian affiliate would definitely be closing its books and retrenching all 170 staff members at the end of September.

Engelhage acknowledged that the decision to stop doing business in Namibia was motivated by equal measures of a new, post-merger business focus and the Act. "The Namibian market is overtraded," he said of the R10-billion per annum local long-term insurance industry, "but the new Act makes it virtually impossible to even make a living."

The first wind that the industry got of the move was when insurance companies were called before the standing committee for finance to give their input on a potentially disastrous piece of legislation they had never before been consulted on.

But by then, it was to late to suspend the legislative process.

With officials already clamouring for cushy positions with the as yet unnamed company, expenses would kill off any profits, a top industry source pointed out. She also pointed out that the Act will allow for ever-increasing, creeping nationalisation of the insurance industry. Insurance companies are already obliged to invest 35% of all premium income in Namibian development — but investment opportunities are scarce and risks have to be spread ever wider in a globalising economy to ensure survival in this fiercely competitive industry.

And financial management is not the Namibian government's strong point — the Auditor-General, Dr Fanuel Tjingaete, recently reported that nearly all ministries have overspent up to 40% on their budgets.

'Promising' offers received for Tsumeb

(221A) BD 3/9/98

Christof Maletsky

WINDHOEK — The offers to buy the Gold Fields Namibia-owned mining company, Tsumeb Corporation, provided for a three-way ownership by private investors, government and labour, liquidators said yesterday.

Liquidators have been meeting in Windhoek since Monday to consider an undisclosed number of offers for Tsumeb's three mines and related rights.

About 2 000 employees were laid off earlier this year at Tsumeb mines, representing about 25% of Namibia's mining workforce.

The spokesman for the six appointed liquidators, Trust & Mining Company MD Des Mathews, said "most promising" offers had been received, but declined to disclose details.

However, he said an interesting feature of the offers was that they all provided for the mining company to be owned by a partnership of private buyers, government and Tsumeb employees in the future.

Friday was the deadline for potential buyers to submit their offers.

All offers now before the liquidators were for the company — primarily consisting of its three copper mines and mining rights at Kombat, Khusib and Otjihase, and its copper smelter at Tsumeb — as a whole. "We are entertaining offers only for the whole lot," Mathews said.

The liquidators were scrutinising the offers before they discussed them with Tsumeb's creditors and the mines and energy ministry, he said. Included in the offers were numerous queries from the potential buyers, which would also have to be cleared up first.

"We want to finalise the deal as quickly as possible — the sooner the better," the liquidator said, explaining that the transaction would not necessarily take until November 20, when the application from Tsumeb owners Gold Fields Namibia to have the company liquidated is heard again in the high court.

Namibian exchange, JSE clinch co-operation deal

Christof Maletsky (221A) (~~279A~~)

WINDHOEK — The Namibian Stock Exchange (NSX) has signed a co-operation agreement on the transfer of technology, skills and information with its more experienced counterpart, the Johannesburg Stock Exchange (JSE).

The agreement — signed on Friday within the framework of the Southern African Development Community (SADC) — will enable the NSX to replace its trading systems with an advanced US-designed automatic Jet trading system, which is being used on the JSE. BD 15/9/98

Namibian Stock Exchange member brokers will also have the JSE's Brokers' Deal-Accounting system, which offers improved client administration, security and regulation.

Other services available in Namibia will be the JSE's Master Data, Trickle-Feed, Equity Market Information Portfolio and Equity Information Database systems.

The agreement is a first step in taking these relationships into more formal links and is open to other SADC exchanges to join in future.

Steps adopted by all the exchanges include harmonising listing requirements and work on best practice models for trading, clearing and settling securities and on future strategies for the region.

The agreement also includes transfer of expertise and information on training, marketing and research. The two exchanges had earlier signed a memorandum of understanding on sharing surveillance information.

Both exchanges were "committed to interacting and co-operating with other SADC stock exchanges to help build the subregion's capital markets", NSX general manager Tom Minney said.

Namibia Breweries lashes out

BD 6/10/98 (221A)

Christof Maletsky

WINDHOEK — Namibia Breweries has attacked SA Breweries, saying African nations should guard against the SA's company's plans to monopolise the beer market.

Namibia Breweries MD Bernd Masche said Namibians should guard against opportunism, abnormal cash drainage and capitalistic expansion by countries in the African subcontinent that are not concerned about the well-being and economic upliftment of the country's residents.

He was speaking at the opening of Namibia Breweries' new Oshakati depot and distribution centre. The depot forms part of the company's expansion programme. It constitutes the first part of the company's two-phase projects — the warehouse and distribution centre, completed at a cost of R8m, and the bottling plant, which will cost between R15m and R20m.

"We have entered into a partnership arrangement with a local business partner, developing a warehouse depot at Oshikango in order to service the Angolan market. However, the promising Angolan market is destabilised by political uncertainty," he said.

Total export value last year exceeded R140m and he expected the value to exceed R150m this year. "This export earning contributes substantially to our country's foreign exchange earnings and helps create employment opportunities for many Namibians." This had resulted in a 10,9% increase in the company's permanent staff members.

The company was not maintaining a monopolistic status quo in the local beer market by objecting to another brewery. "Taking into consideration the small size of the population, we feel that allowing a new company in this field will completely crush the business and enable SA Breweries to have total beer market monopoly in the whole of sub-Saharan Africa."

President Sam Nujoma has said that opening the Oshakati centre is in line with the government's objective of developing services in previously disadvantaged areas.

BD 8/10/98

Unit predicts poor growth rate for Namibia

(22|A)

Christof Maletsky

WINDHOEK — The Namibian Economic Policy and Research Unit paints a pessimistic picture of the country's economy, pointing to poor economic growth following the downward revision of last year's growth rate, tax increases and the depreciation of the Namibian dollar.

In its latest quarterly economic review, the unit says local analysts have revised their expectations for this year's growth to between 0% and -1,5%.

There was uncertainty about growth projections in Namibia due to unpredictable factors such as weather and prices for Namibia's commodities. However, lack of determined government action, such as public sector reform, would make things only worse.

The national account figures show private investment declined more than 10%, while public investment increased marginally. The decrease was caused mainly by diminished investment in mining and quarrying, in wholesale and retail trade, and in the hotel and restaurant sector.

Accordingly, "continuing low commodity prices and declining per capita income make a reversal of this trend unlikely, despite some investment in manufacturing activities this year".

The National Accounts 1997 Report, released by the Central Bureau of Statistics earlier, showed that Namibia's economy grew much less than had been expected — a disappointing 1,8%. This was equal to a negative per capita growth (-1,3%). Private consumption fell almost 10%.

Last year was the third year since independence of negative per capita growth and the second in a row.

"This poor growth reflects not only adverse external events (such as decreasing commodity prices and climatic conditions) but also internal ones (such as declining productivity)." It said reforms were needed in the public sector to increase efficiency, in competition policy and in the resolution of labour conflicts.

NAMCO/OFFSHORE DIAMONDS

SHIP TURNS SOUTH TO SA

22(A)

More jobs and investment

FM 16/10/98

Namibian Minerals Corp (Namco) is heading for a JSE listing and the investment of R100m in a second marine mining system to double its forecast diamond production to more than 300 000 carats/year.

The centrepiece of this system — a mammoth seabed crawler dubbed *NamSSol Two*, weighing more than 120 t — will be built in Cape Town.

This will be an upgraded version of the *NamSSol One* crawler built in Aberdeen, Scotland and deployed off the Namibian coast in January.

After initial teething problems, requiring modifications to the ship handling system in April, the *NamSSol One* was redeployed and produced a total of 56 000 carats in the five months to end-August.

Namco chairman and CEO Alastair Holberton says *NamSSol One* is well on its way to achieving the stated target recovery rate of 150 000 carats/year.

Holberton says Namco has decided to focus its operations tightly on SA and Namibia and has shut down its exploration ventures in Angola and the Democratic Republic of Congo (DRC).

He says Namco has 6 600 km² of marine diamond concessions off Namibia and SA, sufficient to keep two mining vessels going for the next 15 years.

The bulk of that is off Namibia. Namco also controls 2 000 km² off SA's west coast through offshore diamond concessions 12B and 12D.

Holberton indicates he is looking at other potential developments in SA that could be opened up as a result of additional mineral rights becoming available. This hinges on proposed changes to the country's mineral legislation being debated by government and the mining industry.

A government White Paper due out shortly is expected to follow the line of the already published Green Paper, which proposes greater State ownership of mineral rights and a "use it or lose it" policy.

This appears one of the main reasons behind the appointment of former Gauteng premier Tokyo Sexwale as a director of Namco and chairman of subsidiary Namco SA.

His contacts and influence could be big assets, though the market could also perceive Sexwale as a liability — given his

[redacted]

poor track record in running Gauteng and perceived failure as a politician — should he get heavily involved in the running of the company.

Holberton says Sexwale will be the non-executive chairman of Namco SA while he, Holberton, remains CEO.

"Sexwale is a highly respected and influential person who will be able to guide Namco through the complexities of the new SA and promote black investor participation in our company," he says.

Holberton says Namco's strategy is to tackle one thing at a time in a focused manner. For the next five years, that will be to maximise revenues from the marine operations off SA and Namibia.

"This is where we can generate the greatest returns on investment, which is why we have ended our involvement in Angola and the DRC. Our forecasts are the *NamSSol Two* plant should run at production rates at least 20% better than *NamSSol One*.

"On that basis we forecast annual revenues of about US$30m from *NamSSol Two*, which will have operating costs of about $11m/year. In five years' time, when Namco is generating strong cash flows, we might reconsider involvement in Angola and other areas."

Namco is listed on the Nasdaq, Toronto and Namibian stock exchanges. Holberton says application to list on the Johannesburg Stock Exchange has been made to the SA Reserve Bank.

Cape Town has been designated Namco's technical headquarters and the development and deployment of *NamSSol Two* will generate about 100 new jobs.

Holberton says *NamSSol Two* should be completed by about the third quarter of 1999 and brought into operation during the first quarter of 2000.

The total cost of developing the new plant and bringing it into operation on a vessel adapted for its use is put at R100m, with the *NamSSol* itself costing R50m.

Holberton says plans at this stage are to fund it through retained earnings and project finance loans because of the depressed conditions in the equity markets.

All going to plan — and marine diamond mining is a notoriously high-risk business — this would make Namco the second-largest marine diamond producer after De Beers Marine, which recovered 480 000 carats in 1997.

It would also push Namco into overall second place in the SA diamond mining league, behind De Beers but ahead of Trans Hex, which produced 143 000 carats in the year to March. Brendan Ryan

AFRICAN BUSINESS

Government bonds and foreign loans will fund the rise, and spending cuts and savings will fund expenditure

Namibia's budget deficit could rise 10%

(221A) CT (MR) 30/10/98

TABBY MOYO

Windhoek — Namibia's national deficit during the present financial year is projected to increase by more than 10 percent over the figure initially estimated in the main budget for the 1998-99 year, statistics presented yesterday to the National Assembly showed.

Introducing the R344 million additional budget for the financial year to March 31 1999, Nangolo Mbumba, the finance minister, said the deficit would increase by R69 million to R745 million from the R676 million that was initially estimated.

The ratio of the deficit to the gross domestic product would rise from 3,9 percent to 4,3 percent — an increase Mbumba termed a slight rise.

Mbumba said about R80 million of the R745 million deficit would be funded from foreign loans, most of which were subject to onlending arrangements with government corporations.

The balance of the deficit would be financed through the issue of government bonds.

At the same time, Mbumba said that the government was contemplating a slight reduction in the amount of treasury bills issued to reduce the large exposure in the short maturity instruments.

However, he said the exact deficit funding proposal would be subject to discussion with the Central Bank and local participants in the money and capital markets.

Of the R344 million gross additional expenditure to be voted on for the current financial year, an amount of R203 million would be derived from expenditure suspensions and savings.

This meant that total expenditure for the 1998-99 financial year would go up by R141 million from the initial estimate of R6 784 million to R6 925 million.

Mbumba said that given the current sluggishness in the Namibian economy, he believed the additional spending proposals would have a reasonably stimulating effect on the economy.

Notably, he said the increased capital spending would provide a much-needed impetus to the ailing construction industry.

Of the R141 million extra to be financed by the government, R42 million was required to cover statutory expenditure already appropriated in accordance with provisions of the State Finance Act.

Mbumba attributed the rise in the provision for statutory expenditure to the recent sharp increase in interest rates on government bonds and treasury bills issued on the local finance market.

Of the additional gross allocation of R344 million, R144,5 million would be made available for increases in salaries to officials in the submanagement cadre as agreed during negotiations with trade unions.

That amount was derived from a suspension of a similar amount from the approved allocation to the office of the prime minister for the current year.

On a positive note, Mbumba said revenue collected during the financial year was now estimated at R72 million more than the initial estimate of R6 108 million.

The revenue collected by the state that exceeded the forecast amount was received from personal and non-mining company income taxes, general sales tax, fishing quota levies and stamp duties.

Mbumba said his ministry had taken due care of the prevailing economic environment and uncertainty regarding the outlook for the rest of the financial year when revising revenue collections for the year.

"Although under-collections and over-collections do occur in all financial years, we feel confident that we will be able to collect the stated amounts and not trigger the possible expansion of the deficit towards the end of the year because of major collections below these estimates," Mbumba said.

However, there was lower revenue from mining companies' income tax, non-resident shareholders tax, additional sales levies and diamond royalties, he disclosed. — Independent Foreign Service

AFRICAN BUSINESS

Fears of a vital industry threatened by SA-EU free trade pact

CT (BR) 18/11/98

Namibia acts to support meat exports

(22/A)

Tabby Moyo

Windhoek — Namibia, whose lucrative meat industry could be adversely affected by the free trade area agreement between South Africa and the European Union, has launched a marketing drive aimed at safeguarding the country's current export market as well as enabling penetration into new lucrative markets.

The industry contributes 90 percent of the country's agricultural gross domestic product. South Africa is Namibia's major market for livestock and meat products, accounting for over 70 percent of total exports. Namibia fears this market could be harmed as a result of competition with European producers.

The newly launched Farm Assured Namibian Meat Scheme (Fan Meat) is aimed at boosting foreign meat consumers' confidence in Namibian meat. Cleophas Mutjavikua, the Meat Board chairman, said consumers worldwide were demanding assurances from producers that their meat was healthy for consumption and naturally produced.

He said as a result of consumers' insistence on high-quality meat, some governments were passing legislation to ensure consumer protection on health aspects and for the consumer to be given clear information on the product label of the production process.

"The Fan Meat scheme has been designed to give consumers the assurance that any meat or meat product bearing the Fan Meat logo conforms to high standards and is both safe and healthy," Mutjavikua said.

The marketing scheme combined existing legislation with good management practices and thorough record keeping throughout the production process.

All stakeholders from the producer to the exporter formed a vital link in the scheme.

The Directorate of Veterinary Services would act as the inspector for the Fan Meat scheme through monitoring of the livestock throughout the production process.

Using a comprehensive data management system the Meat Board would ensure the traceability of the origin of meat and meat products.

Mutjavikua said the scheme was voluntary and all producers certified to export their meat products automatically qualified to participate.

Abattoirs interested in participating in the scheme would be required to comply with minimum standards and to keep comprehensive records of the animals they slaughtered.

Mutjavikua said he was confident the Fan Meat scheme would place Namibia at the forefront of animal welfare standards and in production of safe meat that was in harmony with the environment.

"Fan Meat will allow us to maintain our current export market and enable us to gain entrance to new markets," he maintained. — Independent Foreign Service

SA demand boosts Namibia Breweries' plant capacity

Nicola Jenvey (22IA) MD 19/11/98

DURBAN — SA demand for Namibia Breweries products encouraged the Windhoek-based brewery to boost plant capacity 40% to 1,4-million hectolitres last year, and further capacity growth is on the cards, Namibia Breweries MD Bernd Masche said yesterday.

Although Namibia Breweries products have been available locally for more than 20 years, concerted marketing of its various brands only began about five years ago. The products have about 1,5% of SA's market share in clear beer, but are concentrated in the premium price range in nonrefundable bottles and cans.

This focus excludes Namibia Breweries from the traditional black market which is dominated by returnable quarts bottles.

Masche said there were no plans to build a brewery in SA to accommodate quarts sales, as Namibia Breweries wanted to maximise expanded capacity at the Windhoek plant. Transport costs between SA and Namibia made entry to the quarts market prohibitive.

Masche said the use in SA of independent distributors for its products meant Namibia Breweries would not "fall foul of the law" when the new liquor bill was enacted.

The legislation aims to separate the wholesale, distribution and retail functions within the liquor industry, effectively removing monopolies and allowing opportunities for black empowerment.

Earlier this month the brewery opened its R10m distribution centre in Johannesburg — the only company-owned distribution centre in SA.

The brewery has also become the first Namibian company — and the first brewery in southern Africa — to receive the ISO 9002 international quality assurance certification.

Climbing budget deficit hits Namibian economy

(221A) BD 26/11/98

Christof Maletsky

WINDHOEK — Namibia's deficit was expected to continue climbing and per capita income would continue falling, Namibian economic policy research unit director Henning Melber said yesterday.

A projected growth rate of between 1,5% and 2%, coupled with more conservative assumptions that there could be no growth at all, would result in an even greater decline in per capita income given a population growth rate of more than 3% annually.

This led to an even higher deficit than the adjusted 4,3% of gross domestic product (GDP), thus leaving the 3% target set in Namibia's first national development plan further behind, Melber said at the release of First National Bank of Namibia's results to end-September 1998.

He said Namibia's revised budget for 1998/99, which was presented last month, was encouraging because it exceeded the original budget by only 2,1%, which indicated an improved planning and budgeting process.

The main budget presented in March, however, had received the harshest criticism since independence, said Melber.

Besides increases in sales levies, there were hikes in general sales tax, corporate tax and personal income tax.

"Commentators argued that an anticipated shortage of revenue income should not be compensated for by tax increases, but that a reduction of government expenditure should rather be considered."

Government expenditure, however, increased 17,9% to N$6,784bn while total government debts increased to 23,4% of GDP. Furthermore, interest payments on loans, which amounted to 6,5% of the total budget in March, increased to 9,5% by October, reflecting the increase in interest rates and payments.

Melber said the national accounts for 1997, which were released only in July, revealed a decline in per capita income of 1,3% for the third time since independence and the second year in a row and that similar results should be expected for 1998.

"To counteract the effects, government ought to tackle economic reform with a downsizing of the public sector, commercialisation of the parastatals, increased efficiency in its services, playing a proactive role as a mediator in resolving labour conflicts and by introducing a consistent competition policy."

Melber said closure of the Tsumeb Corporation mine had indicated how vulnerable Namibia's socioeconomic structures were to single events which had a far-reaching impact on a variety of sectors.

The mine's closure led to the retrenchment of almost 2 000 workers and a loss of government revenue, and was a blow to the wholesale and retail trade in Tsumeb and other places.

It also resulted in a marked loss for transport parastatal, TransNamib, and forced Rossing Uranium to purchase a metal for its production process at much higher costs abroad.

Despite this gloomy scenario, Melber predicted light at the end of the tunnel.

"Government seems to become aware of the constraints and challenges and one is tempted to concede that it should be better late than never," he said.

"Stricter fiscal discipline, more cautious handling of the debt and deficit issue, public sector reforms and increased efficiency in expenditure would improve the overall situation considerably," Melber said.

Namibia's stock exchange an oasis of calm

(22/A) BD 1/12/98

Market increasingly attracts foreign investment, especially from neighbouring SA

Victor Mallett

Financial Times

WINDHOEK — Namibia's stock exchange is one of the most tranquil markets despite the turmoil that has swept through emerging economies recently.

Staffed by six, its one-room office looks on to a pizza restaurant in a leafy courtyard in central Windhoek, the capital of a vast but sparsely populated desert country.

The exchange has grown rapidly since its establishment in 1992 — two years after Namibian independence — and is beginning to interest foreign investors as its market capitalisation and turnover increase.

On November 9, the exchange became the first of SA's neighbouring stock markets to link up with the Johannesburg stock exchange electronic trading system Johannesburg Equity Trading.

Namibian institutions, which must invest 35% of their funds in local assets, still dominate trading in the 40 stocks listed.

However, more than 98% of the N$150bn in capitalisation that makes the exchange the second-largest market in Africa is accounted for by secondary listings of big SA groups such as De Beers and financial services group FirstRand.

With turnover of about N$1bn annually, the exchange is Africa's fourth busiest.

Local companies involved in fishing, diamond-mining and financial services are starting to make their presence felt.

Namibia Breweries was the first local group to attract specialist foreign fund managers.

"It was quite a challenge the first time someone decided to sell $1m of shares," stock exchange GM Tom Minney, said.

The exchange is closely linked with the SA market, and the overall index rose sharply at the beginning of this year before starting a steep fall in April as international investors shunned emerging markets.

By this week, it had recovered to 189, compared with 226 at the end of last year.

The local index of 15 companies that are either Namibian-owned or have most of their interests in the country was less volatile.

However, the index took a knock after the link-up with Johannesburg because it is now calculated on the "ruling price" of stocks (based on what people are prepared to bid in the absence of a trade) rather than the "last-traded price".

The local index has fallen to 106, from 164 at the end of 1997.

The gloom is unlikely to last.

Next week Sanlam, the SA life assurer being demutualised, will list in Johannesburg and Windhoek.

The listing will add 56 000 Namibian shareholders to the 10 000 or so who hold stocks today.

"Half the working population gets free shares — it's quite an opportunity in terms of increasing the share-owning culture," Minney said.

"Initially people were full of doubts," he said. "However, the stock exchange is proving itself.

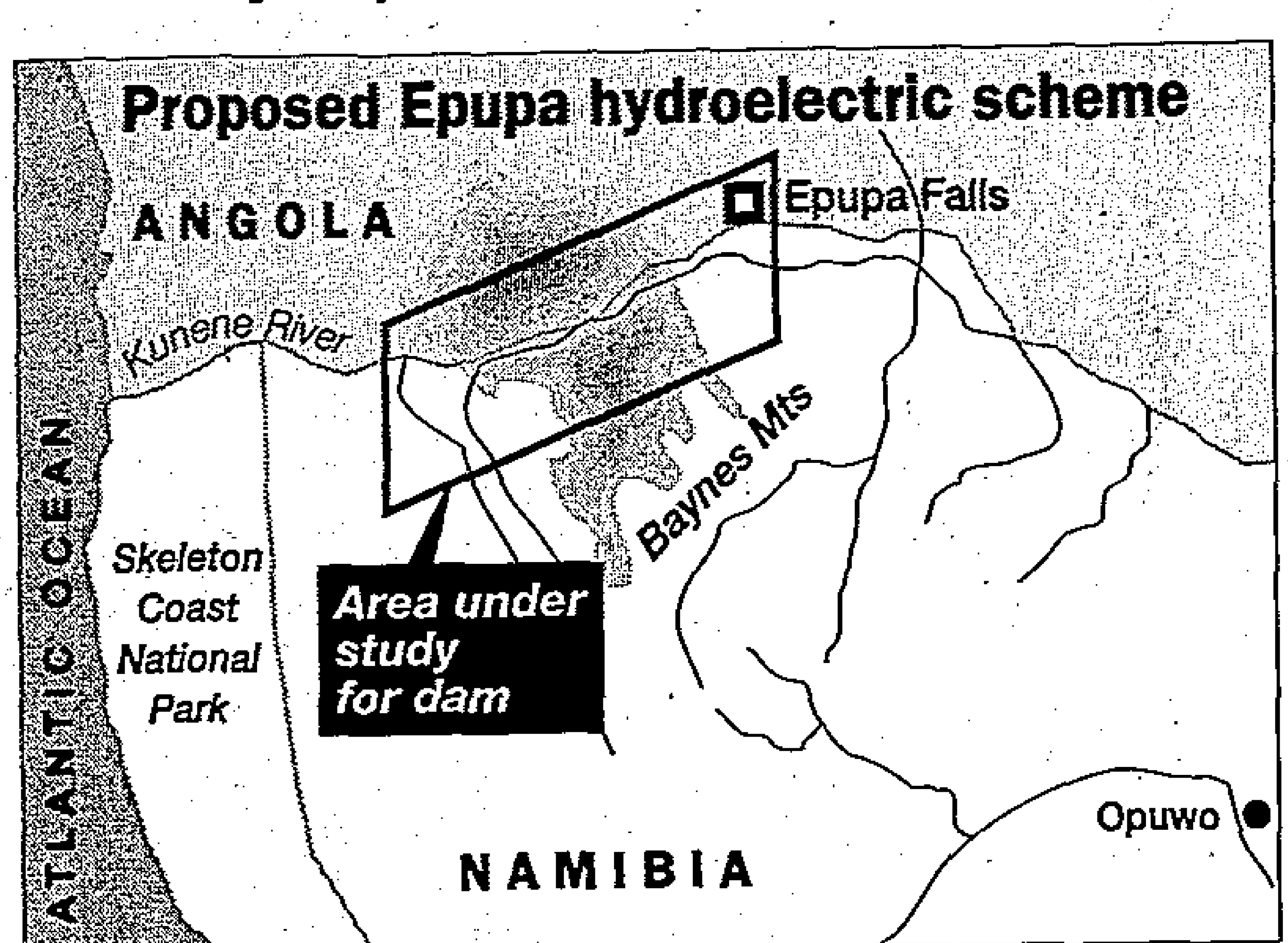
"The main aim is to raise capital for local companies, and local entrepreneurs are starting to sit up and take notice," he said.

Epupa dam found to be more financially viable

08/12/98 (22A)

Kudu gas project could render hydropower scheme unnecessary

Christof Maletsky



Graphic: KAREN MOOLMAN

WINDHOEK — The international consortium of consultants which conducted the feasibility study on the hydropower scheme at Epupa in the Kunene region of Namibia have concluded that the environmentally more damaging Epupa Falls dam site is the only economically viable option for the project.

The Namang consultants' final report on the scheme says the Baynes dam site, which has found more favour with environmentalists and is 40km downstream from Epupa Falls, is not economically viable.

Deputy Mines and Energy Minister Jesaya Nyamu said government would decide next year whether to go ahead with the Epupa project.

The Himba communities and their allies are fighting the Epupa plan because it will displace about 1 000 tribesman and flood 380km² of grazing land and burial sites.

The 21-volume final report said Baynes was not economically viable because a hydroelectric scheme there would depend on the regulated flow of the Kunene River from the Gove Dam near Huambo in Angola's highlands. Gove Dam would be affected by drought more easily than Epupa. Political instability around Gove Dam was also a consideration.

The final report does not address claims that the Kudu gas project near Oranjemund — which will also produce electricity soon — could render Epupa unnecessary. Critics say Epupa would be less viable and reliable, and would take longer to bring on stream than the Kudu project which involves players such as Shell, Nampower and Eskom.

The final report on Epupa includes input from the Namibian-Angolan Permanent Joint Technical Commission on the outcome of public hearings in Angola and Namibia.

Acknowledged shortcomings in the draft final report — which had to be addressed before completion of the final report — included inadequate consideration of measures to lessen the scheme's affect on the Himba. However, this was not addressed in the final report.

The total project price for the Epupa site has been put at $539,4m and the Baynes site at $551,2m.

NAMIBIA- LABOUR
1999

Health threat at Namibian mine

CT (MR) 18/3/99

(272)

TABBY MOYO

Windhoek — Employees of the metallurgical plant of Anglogold's Navachab Gold Mine in Namibia are up in arms over what they allege are unhealthy working conditions.

A meeting held last week between the mine's management and representatives of the Mineworkers' Union of Namibia (MUN) failed to resolve the dispute.

Some workers who, fearing victimisation, spoke on condition of anonymity, gave a long list of names of former Navachab employees who had died of unnatural causes they believed were related to the hazardous working conditions at the mine.

They threatened to down tools if the management did not tackle the health issue as a matter of urgency.

In a letter to Navachab plant superintendent G Holl on January 18, the employees complained that the absence of a dust collector in the crusher plant (mill), which resulted in dust piling up in the crusher cabin where they worked, was a cause for concern.

The workers alleged in the letter that, owing to the lack of extractor fans, they were inhaling hazardous gases which they feared would harm their health.

Concern was also expressed over the apparent lack of control of the dangerous nitric acid and the extreme heat in the recovery plant.

They asked the mine's management to make it mandatory to test workers' lungs every six months, take X-rays every six months and to undergo a lead test every four months.

The workers also accused management of refusing to release the results of a risk assessment of the mine in November last year by experts from Anglogold's head office in South Africa.

The mine suggested a new agreement to the workers in which it proposed the installation of an extraction fan in the mill, the draining of excess water before workers entered the mill and a requirement that workers enter the mill 30 minutes after it had been stopped to avoid excessive heating.

The agreement was subject to the plant's shift-workers agreeing to continue to work as normal while the changes were being made. — Independent Foreign Service

AFRICA

Rossing embarks on cost-cutting programme

Christof Maletsky (222)

BD 8/4/99

WINDHOEK — Rossing Uranium, which is being punished by low international prices and the general recession, has shed 50 employees as part of a co-ordinated strategy to cut costs.

Rossing, 60km east of Swakopmund, has more than 1 200 workers but wants to reduce its workforce to 1 000 and to cut operating costs by R100m by next year.

Senior external relations officer Hella Froese said the cuts were in response to deteriorating uranium prices over a lengthy period. Rossing aimed at reducing staff by 200 by the turn of the century. The first 50 affected employees opted to leave the company through voluntary and retirement package schemes introduced by the company last year.

Froese said the company had already implemented programmes to help reduce production costs, including the replacement of old haul-trucks with new ones which could carry more ore to the plant and were cheaper to maintain.

The replacement programme started in 1997 and would be finished by next year, by which time the company would have invested about R140m.

The implementation of computerised business information systems also formed part of the cost-cutting exercise.

Froese said the establishment of a procurement programme through which Rossing could buy equipment and material cheaply by taking advantage of Rio Tinto Group's buying power, would also be implemented.

A further step would be the introduction of a performance management system which ensured all employees were contracted to achieve results linked to business performance.

Froese said forced retrenchments were not envisaged, but the consistently depressed uranium market had made it necessary to bring production costs down. Rossing did not envisage a return to full production until 2002.

Rossing — one of the biggest open pit mines in the world — contributes about 8% to the world's uranium production. London-based Rio Tinto is the majority shareholder with 69%, while the Namibian government has a 3% stake.

Miners stop work over 'health risk'

BD 21/4/99 (222)

Christof Maletsky

WINDHOEK — Gold production at Anglogold's Navachab gold mine has ground to a halt after workers stopped the ore mill as a protest over health standards.

Employees at the mine, about 200km west of Windhoek, claim that working in the ore mill was a threat to their health because they had to work in "intense heat in an area lacking sufficient oxygen".

They say even though the mine has a grading which rates it among the safest mines in Namibia, some workers have collapsed at work and at home because they are doing hard work under difficult conditions.

The mine management has denied the health risk claims, saying conditions are within acceptable limits and that the disputed work has been routine practice since the mine started operations nine years ago.

No gold has been produced at the mine since workers downed tools on Friday. It was regarded as one of the few Namibian mining operations which still appeared healthy despite generally depressed gold prices.

An urgent labour court interim interdict ordering strikers to leave the mine's control room — regarded as the operational nerve centre — has not been enforced yet and the parties were locked in talks late yesterday.

Normal daily production is about 6kg of gold, valued at approximately R350 000, says Anglogold. "The mine can ill afford the loss," says the company. "Last year the company made just R10m in profit — before tax."

Namibian firms have no equity policy

Caroline Christierson (222)

AS MUCH as 75% of Namibian firms do not have formal affirmative action policies, a recently released survey says.

The survey, conducted by SA-based human resource consultants FSA-Contact, found that in comparison about 42% of SA's companies have affirmative action policies.

Instead, the majority of the Namibian companies have "informal" affirmative action policies that are not officially documented and therefore do not form a part of their organisational strategies.

According to the survey, most transformation in Namibian business is evident at top management level, with black, Asian and coloured men holding almost a quarter (23%) of positions. White men still hold the majority (63%). But FSA-Contact's sixth annual Affirmative Action Monitor, published last year, showed that 83,7% of senior management in SA are white men.

The Namibian Remuneration Survey has analysed and detailed trends across a wide spectrum of employment positions, as well as examining the fringe benefits and employment practices of Namibian companies.

Most transformation in SA has been at middle-management, where the proportion of blacks rose 11,6% and that of whites declined 18,2%, between 1995 and 1998. This in turn created a pool of black middle managers who could now be considered for promotion. However, in Namibia blacks hold only 7,9% of middle-management positions, while white women hold 20,1%.

In Namibia 31% of directors at board level are black and the rest white.

Half of the survey's respondents, however, have found it difficult to recruit affirmative action staff.

BD 24/6/99

Namibian trade unionists and bosses bid for mine

(221A) (222) BD 16/8/99

Christof Maletsky

WINDHOEK — Leading trade unionists have teamed up with former Tsumeb Corporation Limited management members in a bid to buy the assets of the once prominent copper mine through an undisclosed offer.

The National Union of Namibian Workers (NUNW) said on Friday that a joint venture, Ongopolo Mining and Processing Limited, was initiated after it became clear that a number of prospective buyers were unable to supply financial guarantees acceptable to the joint liquidators acting on behalf of Tsumeb's creditors. After spending more than 10 months in provisional liquidation, the insolvent copper mining company was liquidated in March this year.

The bid brings together union executives, the NUNW's Ranga Haikali, Jacob Nghifindaka and Peter Naholo of the Mineworkers' Union of Namibia, and four former Tsumeb management members, AF Neethling, HG Nolte, AMG Thomson and HJ Louw.

Haikali says the deadline for selling Tsumeb as a unit is approaching rapidly, and the lack of progress in this regard has prompted the initiative by Ongopolo Mining and Processing. The main objective is to buy the assets in liquidation and to restart operations before the end of the year.

Two companies — Metals & Mining Corporation of Namibia, which is held by Australian interests, and Namibian Mining & Processing which are offering R146,7m and R160m respectively, are in the bidding but cannot get financial guarantees.

The new company said Tsumeb had directly contributed 8% of the country's GDP and its closure had had an enormous effect on the national economy. About R250m to R300m a year in foreign exchange earnings was lost as well as revenue from sales tax, additional sales duties and employee tax — amounting to several million a month.

About 1 942 people, representing approximately 25% of the labour force in the formal mining sector, swelled the ranks of the unemployed. Also, a number of Tsumeb suppliers and service providers were forced to either close down or to downsize which resulted in further unemployment.

Parastatals such as transport company TransNamib were also severely affected, a substantial part of their annual turnover was derived from services supplied to Tsumeb.

Union denies playing a role in cancelled mine extension

(222) CT (BR) 8/9/99

Tabby Moyo

Windhoek – The Mineworkers Union of Namibia (MUN) said this week it was disturbed by recent statements by Anglogold, the proprietor of the Navachab gold mine, and the mine's management blaming plans not to extend the mine's life on poor labour relations and the lack of government co-operation.

Ian Cockerill, Anglogold's executive officer for Africa, said on August 25 that continuing unstable relations with the MUN had culminated in illegal strikes, lack of progress in securing work permits for skilled personnel, and finally the cancellation of plans for the extension of the Navachab mine's pit. The pit extension project was due to have been set into motion on April 30.

Cockerill also attributed the cancellation of extension plans to the labour ministry's failure to declare Navachab as a continuous operation and low world gold prices.

Insiders said Anglogold "was so fed up with happenings at Navachab that it was even contemplating shutting the bloody mine".

Eino Ntinda, the acting president of the MUN, yesterday blamed the deteriorating labour relations at Navachab on the mine's management.

He accused management of the continuous violation of the Namibian Labour Act by refusing to pay overtime for work done on public holidays and Sundays.

He said this violation was caused mainly by management's failure to interpret agreements it had entered into with the union.

The non-payment of overtime had resulted in mine employees refusing to work on public holidays until management agreed to pay them as stipulated in the Labour Act.

The act states that employees who work on Sundays and public holidays are entitled to an amount not less than double their rate of remuneration in respect of the period of time actually worked on such days.

Cockerill said the workers had refused to work on public holidays or to agree on a payment system the management was proposing for work done on Sundays and public holidays.

The MUN said the long work stoppage by Navachab employees in April, which the management had referred to as "illegal industrial action", was a result of disciplinary action taken by management against employees who had objected to working under unsafe and dangerous conditions. – Independent Foreign Service

Namibia may legalise sex workers

BD 19/10/99 (222)

Christof Maletsky

WINDHOEK — Namibia is mooting the idea of legalising the trade of sex workers in the country in a bid to stem the high prevalence of HIV/AIDS.

Health Minister Libertina Amathila told a workshop of the Common Press Union in Windhoek yesterday that the government was considering registering sex workers so that they could be counselled or tested regularly for HIV — the virus that causes AIDS.

So far there are no records on the number of prostitutes in the country, their ages or where they practise.

"We need to protect the nation. Let them (sex workers) be registered, counselled and protected and let us protect their clients," Amathila said during talks with health reporters from five African countries.

It is estimated that about 180 000 Namibians live with HIV, while health ministry statistics indicate that more than 2 100 died of AIDS last year.

Amathila says a further one in every 16 children or 6% of all new-born babies will be HIV-positive this year.

That is why the government, together with other Southern African Development Community states, is pushing for the introduction of a policy that will lift the veil of secrecy over HIV/AIDS by informing close relatives that their next of kin is carrying the deadly virus.

Amathila says the AIDS Trust of Namibia is putting its final touches to the proposed policy that will declare HIV/ AIDS a notifiable disease.

This means doctors will be required, after thoroughly counselling a patient, to inform those closest to the patient about his or her HIV/AIDS status.

HIV/AIDS will fall in the same category as tuberculosis, syphilis and gonorrhoea.

But United Nations Joint AIDS Programme country programme advisor, Mary Guinn Delaney, has expressed scepticism about making HIV a notifiable disease, saying there was concern that this could make people reluctant to go for testing. She asked whether Namibia has the resources to take on such a huge testing project.

Amathila said earlier that Namibia had virtually exhausted its HIV/AIDS testing budget in June this year.

"If we did not have HIV/AIDS, we would be a very healthy nation," she said.

'Windhoek to blame' for 200 job cuts

A (222)

TABBY MOYO

Windhoek – About 200 employees of MKU Enterprises, Namibia's largest furniture manufacturing company, were faced with unemployment after the company's directors applied to the High Court this week for liquidation.

The wholly Namibian-owned MKU Enterprises blamed its demise on the granting of furniture tenders by the state to South African-based companies.

Hedwig Lehnerdt, the managing director of MKU, said the company had inadequate funds to sustain its operations and insufficient work to generate adequate profit to service its loans.

MKU, which was equipped to specialise in the manufacture of school furniture, had tendered for government contracts but with no success despite its competitive prices.

"The company tried to diversify operations to gain a foothold in the retail furniture market, but that market is monopolised, directly or indirectly, by South African interests who supply furniture to local branches or subsidiaries from South Africa," Lehnerdt alleged.

Most of the firm's 200 employees had been with MKU for decades and had specialised in skills which were unlikely to be useful anywhere else. This would be exacerbated by the fact that the local job market was oversubscribed.

Namibia's main opposition party, the DTA, blamed the company's demise on the government's failure to support local enterprises. – Independent Foreign Service

CT (BR) 28/10/99

NAMIBIA - ECONOMY
1999

UN approves sale of African ivory

GENEVA — The United Nations conservation body Cites said yesterday it was approving a one-off sale of stocks of elephant ivory from Zimbabwe and Namibia to Japan.

The decision, taken by Cites's standing committee, will allow Zimbabwe to sell up to 20 tons and Namibia up to 13,8 tons under strict conditions laid down by the body. Botswana, which has declared stocks of 25,3 tons, will have to await the outcome of a further study.

The move has met strong opposition from some environmental groups but is in principle supported by the conservation group, World Wide Fund for Nature.

An international ban on the sale of elephant parts from Africa has been in place since 1989, but most wildlife experts agree with Cites that elephant populations in the three countries are no longer under threat.

In 1997 Cites proposed allowing a limited amount of ivory from Namibia, Zimbabwe and Botswana to be shipped to Japan in an experiment to support conservation and community development projects.

Members of Cites's standing committee are meeting in Geneva this week to discuss the ivory shipment and other matters, which include measures taken to control trafficking in parts and products from tigers. — Reuter, Sapa-AFP.

~~[illegible]~~ (221A) BD 11|2|99

Namibian economy tipped to grow 2-3%

(221A)

Christof Maletsky

WINDHOEK — The Namibian economy is projected to grow 2% to 3% this year on the strength of several factors, including an increase in the total allowable fish catch and the expectation of lower interest rates.

The growth prediction by Old Mutual economists would overturn a dismal 1% growth rate recorded last year.

Old Mutual Asset Managers Namibia's investment manager Floris Bergh attributes the optimism to an increase in the total allowable catches for most fish species; a weak but discernible recovery in the SA economy; lower interest rates which would benefit consumers; Finance Minister Nangolo Mbumba's promised tax reductions; and Old Mutual demutualisation, expected to be a windfall for its 95 000 policyholders.

Old Mutual also predicts a prime lending rate fall, from 22% to 18%, by year-end.

Bergh said Old Mutual believed inflation, which rose to 7,6% in November last year, could average at about 7% this year.

Yet the projected economic growth would still be outstripped by the country's population growth — currently at about 3,2% a year. This would mean gross domestic product per capita would keep declining with people getting poorer and poorer.

Meanwhile, the Bank of Namibia's research department chief, Meshack Tjirongo, said the global financial market had started to stabilise from October, boosting the Namibian economy as interest rates started to ease.

Tjirongo said although the trade deficit this year could deteriorate because of a modest export showing against unchanged imports, an increase in tourism, more revenue from the Southern African Customs Union and relatively stable foreign development aid receipts would support the current account performance.

BD 4/2/99

Substantial growth seen in Namibian fishing industry

BD 5/2/99 (22IA)

Country now earns more from processing than catching fish

Christof Maletsky

WINDHOEK — The value of production in Namibia's fishing sector has grown from less than R300m at independence in 1990 to about R2,2bn at the end of last year, and Namibia now earns more from processing its fish than from its raw catch.

Fisheries Minister Abraham Lyambo said Namibia was gradually taking charge of its fishing industry, with 85% of its fleet now made up of Namibian vessels. This showed a marked increase from 50% in 1991.

Lyambo expected to see a "substantial recovery in the contribution of fisheries to the gross domestic product" when full national data for last year became available.

Namibian crew numbers rose from 42% in 1994 to 60% in 1997. "Both results are ahead of the targets we set in the National Development Plan 1 to be achieved by 2001," he said. An analysis of shareholding rights also showed "the industry is becoming increasingly Namibian owned and controlled".

"We now earn more from processing fish than we do from catching it," he said. "There are more jobs onshore in our factories than there are at sea in our fleet."

He said Namibia was the only major fishing country in the world to earn more from processing than catching fish.

The review indicated that the fishing sector — which hit a low in 1996 when poor weather resulted in lower fish quotas — is now expected to retain its status as the country's second largest foreign currency earner.

Since 1990, more than N$600m has been invested in the fisheries sector. The industry's export value in 1997 was about N$1,5bn, up from the N$1,3bn recorded for 1996. The increase can be ascribed to the discovery and exploitation of deep sea species, as well as government policies aimed at conserving fish stocks.

SA firms accused of taking Namibia's best

(aaIA) ~~(aaIA)~~

Affirmative action legislation is being undermined, says minister

BD 24/12/99

Christof Maletsky

WINDHOEK — The Namibian government has accused Windhoek-based SA companies of undermining affirmative action legislation in the country, and using Namibia as a "dumping ground for second-rate personnel".

Acting Labour Minister John Shaetonhodi said recently that SA companies even went to the extent of identifying highly capable Namibian personnel who they sent to their head offices in SA.

"As a result second-rate or even third-rate managers whose knowledge of labour relations is either poor or nonexistent are sent to Namibia," the former unionist said.

The Affirmative Action Act, passed in September, gives employers 18 months to come up with an initial three-year plan to achieve the act's objectives in their establishments and to map out a detailed timetable for achieving these goals.

Every employer will also submit an "affirmative action report" every 12 months to the Employment Equity Commission. Failure to file a report will result in a fine of R4 000 for first offenders and R24 000 for second and subsequent offenders.

According to Shaetonhodi, SA companies used Namibia as a training ground for people who tended to develop authoritarian approaches by reinforcing the employers' indifference to affirmative action. These people also failed to implement progressive human resource policies.

"A tendency to de-emphasise the personnel function reinforces the anti-union posture of such employers. In some cases, under the guise of restructuring, companies have converted personnel managers to mere sales managers," Shaetonhodi said.

He urged employers and their organisations to rise to the challenges brought about by economic and political reforms in Namibia.

He said old apartheid policies, which were in many cases tacitly encouraged by SA laws, needed to be abandoned in favour of positive policies supportive of diversity in the workplace. "The dedicated implementation strategies for the affirmative action legislation will help them do that. If they do not want to do so they run a risk of being sanctioned through the application of punitive measures provided for in the act."

He said the success of the affirmative action legislation would give impetus to the country's economic growth and development.

Court orders final Tsumeb wind-up

Christof Maletsky (22(A) AD 16/3/99

WINDHOEK — The high court has ordered the final sequestration of Tsumeb Corporation, the once powerful copper mining company.

This follows 10 months in provisional liquidation while a buyer was sought. However, the mines and energy ministry is expected to make an announcement soon dealing with the transfer of its mineral rights. It is understood that decades of life remain in the Tsumeb mines, and two companies are still in the running to acquire aspects or the entire portion of the operations.

The bidders are Metals & Mining Corporation of Namibia, which is held by Australian interests, and Namibian Mining & Processing, which are offering R146,7m and R160m respectively. Yet both have so far been unable to provide acceptable financial guarantees.

Tsumeb's provisional liquidation has been extended four times since April 29 last year, because its mineral rights were being kept intact while a buyer was sought.

In a court affidavit last week, ministry of mines and energy permanent secretary Siseho Simasiku seemed to allay fears about the mineral rights, stating: "Whether a purchase takes place prior to or subsequent to the final liquidation of (Tsumeb), it is highly unlikely that such a purchaser will not be awarded the mineral rights."

It was apparent that major creditors had lost patience with the extended liquidation process. Norman Kades, acting for Standard Bank Namibia and Theo Frank, for the government, asked that the bank and government be joined as intervening creditors in Gold Fields Namibia's application to have Tsumeb finally liquidated. Standard Bank Namibia is claiming about R32m from Tsumeb, while the government has an environmental rehabilitation claim estimated at R61m.

However, Johan Swanepoel, acting for Gold Fields, removed the need for their applications when he said Gold Fields would seek to extend the provisional order.

The final order paves the way for one of the largest liquidations in Namibia's history — matched only by that of Rosh Pinah zinc mine's former owner, Imcor Zinc, in southern Namibia.

Standard Bank Namibia credit manager Kerstiaan Boer said creditors were being severely prejudiced by delays in the liquidation as costs of preserving Tsumeb's assets alone were R2m a month. So R24m had been spent since the provisional liquidation order was given.

Extra gas may lead to industrial spinoffs

Namibia hits paydirt with Kudu 5 well

ET (BR) 19/3/99 (221A)

JONATHAN ROSENTHAL
MINING EDITOR

Johannesburg — The Kudu gas field off the coast of Namibia could be one of Africa's largest with reserves up to 20 trillion cubic feet (Tcf) of gas, more than double the size of previous estimates, Leon Möller, the petroleum commissioner with the Namibian ministry of mines and energy, said yesterday.

Late last year Shell, which is developing the field along with Texaco and Energy Africa, said the field held as much as 7Tcf. That figure alone was seven times larger than the quantity of gas required to make a gas-fired power station viable.

If Kudu does indeed hold 20 Tcf of gas, it would open up a whole range of possible uses for the gas, including the construction of a fertiliser plant as well as industrial gas uses such as direct reduction of iron by the Saldanha Steel plant.

But the partners still need to find customers for the gas, a task hampered by Eskom's decision not to participate in the construction of a gas-fired power station.

By comparison, Mozambique has estimated gas reserves of about 7Tcf. It has attracted two feasibility studies into iron and steel plants as well as a Sasol investigation into the possibility of piping gas to Secunda for use in its synthetic fuel plants.

"The Kudu 5 well was completed in 1998 and it confirmed that the Kudu reserve is one of the largest in Africa with 20Tcf on the positive side," Möller said.

But a source close to the project said, the figure of 20Tcf needed to be treated with some caution as the actual proven reserve, as opposed to the expected reserve, remained close to 1Tcf, the amount needed to do a feasibility study on the gas-fired power station.

John Bentley, the chief executive of Energy Africa, said the significance of the Kudu 5 well was that it was drilled about 9km away from the other wells in the field.

"(This stepout) gave people confidence that the gas field extended for miles," he said.

He too said that drilling only five wells into a field was a long way away from proving its reserves.

"Clearly in the long term, if that amount of gas is there, you are looking beyond power plants to all the industrial spinoffs ... industries that use gas directly rather than just as power."

But he said the real issue now was proving the economics of the gas project and finding long-term customers before any value could be ascribed to the field.

Developing the gas field and pipeline would cost about $2,5 billion to $3 billion.

That view was echoed by a Johannesburg-based oil sector analyst.

He said: "The value to Namibia is determined by getting it into a pipeline and selling it, otherwise its worth zip ... You'll find that this extra gas actually means very little in terms of net present value."

Möller said potential markets included a 750MW power station at Oranjemund and a pipeline to Saldanha bay and Cape Town.

Shell has also offered to sell down some of its 75 percent share in the field to partners who can bring on board downstream customers.

Namibia's export zones lure investors

ZINTLE FILTANE CT (BR) 26/3/99 (221A)

Johannesburg — A corporate tax haven, comparatively cheaper labour, improved production output and extensive trade opportunities were the latest business attractions available in export processing zones (EPZs), David Nuyoma, the executive director of the Namibia Investment Centre, said yesterday.

Nuyoma, the head of a delegation to promote Namibian EPZs in South Africa, said new and export companies were likely to find EPZs more attractive. He said the initial response from local business was encouraging.

The EPZ scheme is primarily to create jobs. It offers international investors duty free imports, exemption from export levies, zero company tax and unrestricted transfer of dividends.

Nuyoma said 60 companies from 19 countries had received certificates to operate in the zones, 20 of these were fully operational. Investment from the 60 companies would be about R2,5 billion.

"The gratifying factor is that 84 percent of the investments have gone into the manufacturing sector, which helps to create jobs."

Sattar Aboobakar, the chief executive officer of the Namibian offshore development company, said there was no danger of exploiting workers. An exemption was made in the labour law to prevent lock-outs or strikes in the zone. He said the advantage was that there were no geographical boundaries for investors because of trade agreements Namibia had with other African countries.

Windhoek gets loan of R198m

(221A)

THE Development Bank of Southern Africa has announced it will sign a R198m loan agreement with Namibia today.

The loan aims to fund basic services and upgrading infrastructure in Windhoek, the Namibian capital, and is also expected to help create more jobs in the region.

The bank said the loan was part of its mandate to build foundations for upliftment in the Southern African Development Community. The agreement for on-lending to Windhoek's city council will be signed in Windhoek.

The funds will go to the Windhoek Urban Development Programme.

This programme includes a number of projects for the provision of electricity, water, sanitation, transport and storm water drainage. — Sapa.

BD 31/3/99

Namibian report shows declining growth

BD 6/4/99 (221A)

Christof Maletsky

WINDHOEK — Namibia's gross domestic product (GDP) growth followed a persistent declining pattern from 1994 to 1997, falling from 6,7% to 1,8%. Economic growth for last year is estimated to be about 1%.

These numbers were released by the director-general of the National Planning Commission, Saara Kuugongelwa, when the commission met a Finnish government delegation in Namibia for annual consultations.

Kuugongelwa said although the economy was expected to recover this year and next, such recovery would be marginal and insufficient to counter poverty in the country.

She said that in addition to the low growth rate, the economy had maintained its dependency on primary industries, capital bias and skill intensiveness. This resulted in high unemployment rates with statistics showing an increase in the rate to about 34% of the labour force in 1997 from 32% in 1991.

Kuugongelwa said the report highlighted significant successes in increasing the access of what formerly were the most neglected communities, most of them in rural areas, to education, health services and water supply.

She said a strategy for poverty reduction was adopted at the end of last year. An action plan was being worked out. The approach would be to focus on poverty reduction and long-term growth and requested continued support from Finland.

(291A) FM 9/4/99

FISHING INDUSTRY

BATTLE OF THE PILCHARDS

Namibian challenge to Oceana

Namibian Fishing Industries (Namfish) is about to challenge pilchard industry leader Oceana Fishing (Ocfish) by introducing its own brand of canned pilchards from the end of April.

The move follows a radical restructuring of the SA fishing industry by the Marine Living Resources Act passed last year.

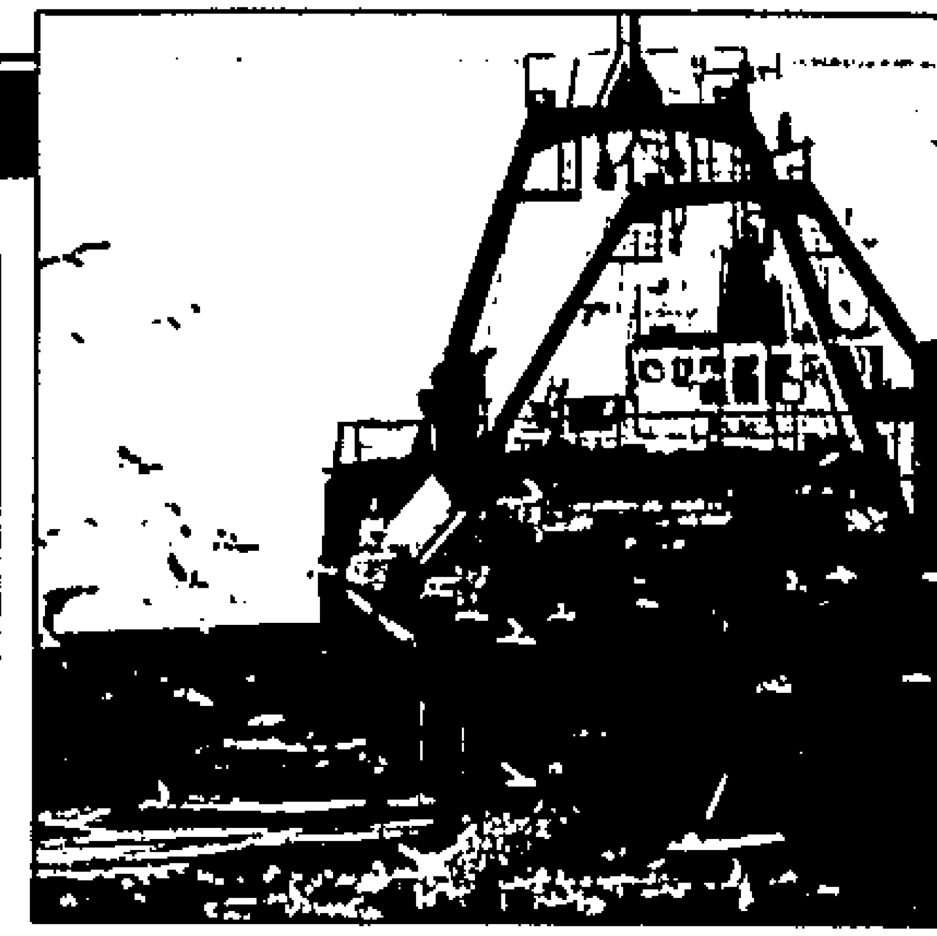
The market for canned pilchards in SA is the largest in the world, amounting to 7m cases worth about R600m annually. It's an important food source because pilchards provide cheap, high quality protein and are not subject to Vat.

Until now, pilchard production from the major fishing companies has been pooled and marketed by Federal Marine under the Lucky Star brand, which serves about 75% of the market.

Federal Marine was bought by Ocfish for R45,3m in January last year. Ocfish is controlled by Don Ncube's Real Africa group. Federal Marine also markets Lucky Pet, the second largest brand of canned cat food in SA.

Federal Marine continues to buy some of its requirements from Namibia but there was a huge build-up of unsold canned pilchard stocks in Walvis Bay last year. This caught the Namibian companies unawares because stock shortages caused by tight fishing quotas have been the norm, and they have tended to sell nearly all their production to SA.

Industry sources say that at the beginning of 1999 there was nearly a year's stock of canned pilchards sitting in warehouses in Walvis Bay, though the level has dropped in recent months. Increased fishing quotas for pilchards in SA and Namibian waters have led to oversupply and the stock glut. Namfish chairman Peter Kuttel says the total allowable catch for pilchards in Namibian waters has gone from 20 000 t in 1996 to 25 000 t in 1997 and 65 000 t last year.



Pilchard fishing . . . Namibians have decided to rock the boat

The Namibian companies were worst affected by the oversupply because they did not have their own retail brands, had not developed export markets other than SA, and were cut off from direct access to the retail market. That's about to change.

"We have shifted most of our carry-over stock and are about to start canning again," says Kuttel. "This year's Namibian pilchard quota has been provisionally set at 35 000 t but is expected to be finalised only by the end of April. It makes no sense to start up the canning factory only to shut it down and then restart it."

Namfish has a 23% stake in United Fishing Enterprises (UFE) which is Namibia's largest supplier of canned pilchards and processes the catch of several other concession holders. Kuttel says UFE will introduce its own brand of canned pilchards in competition with Lucky Star "within the next few weeks". He won't give specifics at this stage.

Events could yet play into the hands of the Namibian fishing companies because of the current confusion caused by delays in finalising this year's SA fishing quotas. A lower overall SA pilchard catch for whatever reason would greatly help to shift the remaining excess stock from Namibia.

Brendan Ryan

Eskom stays shy of Kudu gas plant

Cost of electricity production is too high, it says

BD 14/4/99

Christof Maletsky (221A)
and Robyn Chalmers

WINDHOEK — SA and Namibia's power utilities, Eskom and NamPower, met on March 12 to discuss a range of issues, including a possible joint venture on the Kudu gas power project near the SA border in southern Namibia.

NamPower executives said the two utilities had restarted negotiations on the joint venture.

Eskom indicated, however, that the meeting was a courtesy call by its executives, saying that it had never closed the door on talks regarding such an initiative.

Earlier this year Eskom effectively pulled out of Kudu, forcing NamPower, Shell Exploration and the UK's National Power to seek a new partner to ensure the scheme remained afloat.

NamPower MD Leake Hangala said Eskom had already started negotiations with NamPower for a stake in the R2,2bn 750MW gas power plant near Oranjemund. He said Eskom had pulled out because it regarded the power to be generated from the project as expensive.

Eskom also wanted the project to start in 2006 or 2007, while NamPower and other partners wanted it to get off the ground in 2002. Insiders said that more gas had been found at Kudu and there was no way Eskom would ignore the project.

An Eskom spokesman said the utility's participation in the project continued to hinge on the pricing structure, and that it would only buy power when the price was right. The spokesman said Eskom executives had made a number of suggestions on Shell's involvement in the scheme.

Initially, Eskom's withdrawal raised fears that the project would be delayed for one to two years as SA was potentially a major market for gas from the project.

As a result, sources said, the three remaining stakeholders were looking for a strong regional partner — preferably one with a black empowerment component — from a country other than Namibia.

Eskom said the feasibility study showed the project was viable as long as a certain price for power could be obtained. It regarded the cost of production as almost double that of its current electricity price and said it was not viable for it to be a purchaser.

Eskom said that it would continue with the project if the other parties could find a new buyer. Eskom had a 13% equity stake in the power plant.

A memorandum of understanding that bound the four companies originally involved in the venture expired at the end of last year. That effectively ended the deal and each company could pursue its own projects without the consent of the other parties.

The feasibility study is understood to indicate that the Kudu project would still offer a high rate of return, although establishment costs would contribute to making it more expensive than the power generated by Eskom.

The study made it clear that the Kudu project and the proposed hydropower scheme at Epupa on the Kunene River in northern Namibia would not exist at cross-purposes because Kudu could start producing power in about three years, whereas Epupa would take eight to 10 years to launch.

Gas marketing to the Western Cape forms part of Shell Exploration's second phase of the Kudu project, which also aims to supply gas for steel production in Saldanha Bay. The estimated investment in phase two includes R3bn for offshore infrastructure, R2,4bn for an overland pipeline to the Western Cape and R3,6bn for the power station in Cape Town.

The Kudu plant is aimed at making Namibia self-sufficient in power while allowing some export of electricity. In recent years Namibia has experienced a rise in demand for power of 6%-11%. More than half of the country's electricity needs are still met by Eskom.

Star 14/4/99

Attacks threaten Namibia tourism

(221A)

By Tabby Moyo
Independent Foreign Service

Windhoek – Namibia's tourism sector could lose millions of rands if the recent spate of criminal attacks on tourists continues, the Namib Publicity and Tourism Association (NPTA) warned this week.

Last Friday four tourists were attacked and robbed in broad daylight in the capital Windhoek.

That happened after extensive international publicity arising from the brutal killing of a German tourist at the Spitzkoppe in the former Damaraland.

Hansjorg Meboldt (61) was shot in the head at the popular tourist resort a fortnight ago.

NPTA chairperson Wolfgang Henckert said crime would discourage tourists from visiting Namibia, resulting in the country losing millions of dollars in revenue.

"In today's stringent economic times, nobody can turn a blind eye to such losses," he said in a statement.

"It is our duty to point out once more that our tourism industry in Namibia is extremely sensitive and volatile.

"Development plans and policies cannot be realised if crime continues to flourish and blemish the name of our proud country. For all of us, it is time to act."

NPTA said several incidents of brutality against tourists had been reported in most of Namibia's tourist destinations.

A government statement last week said the "robbing, harming and murdering of fellow countrymen and women and innocent tourists does not only inflict damage, pain and suffering, but is also sabotaging the country".

The murder of Meboldt has sparked a national outcry and a reward of R20 000 has been offered for information leading to the capture of the murder suspects.

Namibia plans to open diamond trade

John Grobler (221A) BD 15/4/99

WINDHOEK — Namibia plans to open up its diamond trade, ending the 50-year monopoly De Beers and its Central Selling Organisation (CSO) have enjoyed over the marketing of the country's rough diamond production.

A parliamentary report tabled this week recommended that the diamond trade be deregulated and decriminalised by the new Diamond Act.

The standing parliamentary committee on natural resources said the trade was overregulated and overprotected, and ran contrary to stated government policy of economic empowerment. It therefore recommended that Mines and Energy Minister Andima Toiva ya Toiva be allowed to license diamond dealers to trade in uncut and unpolished diamonds.

A spokesman for Namdeb Diamond Corporation, De Beers' onshore Namibian operation, said yesterday the company would have to study the committee's report carefully before making any detailed comment.

Namibia's diamond trade is regulated by the old SA Diamond Proclamation of 1939, which is still rigorously applied. Illegal diamond buying is treated as an economic crime against the state by the Namibian courts, which routinely impose stiff fines and up to 10 years' imprisonment upon conviction.

With the backing of the ruling party Swapo's 72% majority in parliament, analysts say most — if not all — of the recommendations are likely to be incorporated into the new Diamond Bill.

Barring a legal challenge from De Beers, the bill could to be passed into law before the end of the year.

Namdeb deputy MD John Murphy said the company's mining licences would not be affected until 2019.

Namdeb was formed in 1994 as an equal partnership between De Beers and the Namibian government to mine onshore diamond deposits at Oranjemund, with all production to be marketed by the London-based CSO. However, the partnership covers only onshore diamonds and specifically excludes all off-shore deposits.

The committee has recommended that the new law should apply to Namibia's 200km-wide exclusive economic zone, which would bring the country's lucrative offshore diamond deposits under direct state control.

It would also provide for the licensing of independent diamond traders, as well as for the setting up of independent cutting and polishing enterprises, a long-cherished goal of President Sam Nujoma's government.

Last year Namibia produced 1,3-million carats of diamonds, accounting for about 10% of CSO sales.

Namdeb estimates that this year's output will come to 1,2-million carats.

Namco's carats blow forecasts out the water

CT(MR)16/4/99 (22 IA)

Marc Hasenfuss

CAPE EDITOR

Cape Town – Namibian Minerals Corporation (Namco), the marine diamond miner that has applied for a JSE listing, smashed all expectations by producing 116 000 carats in the first quarter, Megan Williams, the company spokesman, said from London yesterday.

Williams attributed the better than expected recoveries to the NamSSol "sea bed crawler", an advanced mining system used aboard the Kovambo, the company's mining vessel.

She said that Namco's quarterly haul dwarfed the annual production figures of some well-known diamond mining companies that also operated off the Namibian coast.

"A total of 242 170 carats have been mined since the start of operations in April 1998. This firmly establishes Namco's expertise in marine diamond mining and the quality of its resource."

Williams said the NamSSol outperformed internal targets by a big margin. "Not only is our investment in technology paying off, but it's proving the economic viability of large-scale marine diamond mining," she said.

Namco also swung dramatically into profit after quarterly sales of 81 800 carats yielded revenue of $11,7 million.

This translated into bottom-line earnings of $5,2 million against a $3,1 million loss in the corresponding quarter last year.

Alastair Holberton, the chairman of Namco, said the results reinforced management's belief that the company had one of the richest diamond areas off the coast of Namibia.

"Our NamSSol mining technology is a major innovation and places us at the forefront of the industry," he said.

Holberton forecast production for the year ahead at 200 000 carats. "The production target takes account of further exploration and a planned two-month port call in the third quarter for vessel clarification, routine maintenance and operational enhancements."

He said the NamSSol II project was progressing satisfactorily and that the total value of the project was estimated at $25 million.

Namibia to free diamond trade

ARG 17/4/99 (221A)

From Sapa-AFP

Windhoek — Namibia planned to deregulate its diamond trade, ending a 50-year monopoly enjoyed by De Beers' and its trading arm, the Central Selling Organisation, a parliamentary committee chief said yesterday.

The move would make it possible to possess and sell rough diamonds inside the country for the first time in half a century and allow new, licenced, diamond dealers to trade in uncut and unpolished diamonds.

At present Namibia treats possession of or dealing in diamonds as a serious offence. The 1939 Diamond Proclamation effectively safeguards South African giant De Beers' control of the Namibian diamond trade.

In a report tabled this week, the parliamentary standing committee on natural resources recommended that the possession, purchase and sale, as well as the processing, import and export of diamonds should be deregulated and decriminalised.

Andries Mouton, the committee chairman, said yesterday the committee's findings were in keeping with the trend to deregulate the diamond trade in newer diamond-producing countries such as Australia and Canada.

Mouton said the diamond market should operate in the same way as the trade in gold.

"Why is it a criminal offence to possess a (rough) diamond, but it is not criminal to possess rough gold?" asked Mouton, a member of parliament for the Democratic Turnhalle Alliance.

Mouton said De Beers had expressed strong opposition to the deregulation plans in its submissions to the committee.

"De Beers will always be unhappy with everything that makes inroads into its monopoly," said Mouton.

Although Mouton is a member of the official opposition, his committee is dominated by members of the ruling South West Africa Peoples' Organisation (Swapo).

It is widely expected that Swapo will back the changes recommended by the committee to a draft diamond bill.

De Beers told the parliamentary committee that the economic consequences of deregulation would be "enormous", according to Mouton.

But he said the diamond mining giant had been unable to put any figures to their claims of economic damage, while the mines and energy ministry had maintained deregulation would not harm Namibia's economy.

De Beers has not commented directly on the committee's recommendation to deregulate, but on Thursday said it was committed to dialogue with the government.

Modest growth forecast for Namibia's economy

ND 20/4/99 (221A)

Good growth in tourism and fishing is not enough to boost incomes

Christof Maletsky

WINDHOEK — The Namibian economy is projected to grow below 3% this year, despite the expected good growth in tourism and fishing.

The Bank of Namibia said in its annual report released recently that this growth would be far below the average growth rate of 5% envisaged in the First National Development Plan, and would be insufficient to bring about an improvement in the per capita income of Namibians.

The bank's governor, Tom Alweendo, said positive growth prospects for this year were expected to come from the fishing and the tourism industries as mining could remain weak because of depressed international commodity markets.

Tourism is expected to benefit from the depreciation of the Namibian dollar last year.

Fishing also seemed to have recovered fully and expectations were that the sector's growth would surpass the robust rate of last year. The projected growth rate of below 3%, however, overturns a dismal 1% growth rate recorded last year.

Floris Bergh, an investment manager at Old Mutual Asset Managers in Namibia, attributed the optimism to an increase in the total allowable catches for most fish species; a weak but discernible recovery in the SA economy; lower interest rates which would benefit consumers; tax reductions in the budget; and Old Mutual's demutualisation.

Old Mutual also predicted a prime lending rate fall, from 22% to 18%, by year-end.

Bergh said Old Mutual believed inflation, which rose to 7,6% in November last year, could average about 7% this year.

Yet the projected economic growth would still be outstripped by the country's population growth — currently at about 3,2% a year. This would mean gross domestic product per capita would keep declining.

When he tabled his budget recently, Finance Minister Nangolo Mbumba projected a growth rate of 2,4% on the strength of several rather unsteady assumptions.

Mbumba also expects commercial farmers to reduce marketing because of better grazing, thus resulting in lower output in 1999. At the same time major investments in new base metal ventures, such as the Scorpion Zinc Mine and Haib Copper mine in southern Namibia, are not likely to materialise before 2000.

The new ventures, Skorpion zinc and Haib copper with a combined capital outlay of R4bn, will be able to boost mineral output only by 2001.

Nambrews launches its own pure beer fraternity

(221)

Nicola Jenvey

BD 28/4/99

WINDHOEK — Citing the need for a formalised organisation of beer lovers to obtain information and to uphold "the integrity of pure beer", Namibia Breweries (Nambrews) has launched a fraternity known as the Pure Beer Society.

The move comes as rival brewer SA Breweries' (SAB's) Charles Glass Society celebrates its fifth anniversary this year.

The two brewers have a long history of bitter rivalry, particularly on the issue of pure beer.

The Pure Beer Society was symbolically formed on April 22, one day short of the 483-year-old recognition of the German food and beverage purity law, the Reinheitsgebot, which prohibits the use of any ingredients other than barley malt, hops and water in the brewing of beer.

Nambrews MD Bernd Masche said educational tours to breweries in Namibia and overseas will be arranged and co-ordinated by the society offices in Gauteng and Windhoek.

Membership will be open to individuals "wanting to further their beer knowledge and uphold the integrity of pure beer", he says.

The rivalry between the two brewers was recently played out in their advertising campaigns.

In 1997 SAB lodged formal complaints about Nambrews' "No Additives, No Secrets, No Hurry" advertising campaign claiming that it had created the impression that other beers competing in the SA market contained harmful additives. SAB and Nambrews were also involved in a court battle over the use of the Hofbrau name on beer sold in SA.

SAB's Charles Glass Society was launched in Durban in 1994 by Independent Newspapers advertising director Andy Stanton and SAB KwaZulu-Natal marketing manager Derek Macaskill.

The society and its 150 members, who see themselves as "true beer drinkers", donate all the proceeds of its monthly meetings to various charities in the province.

SAB spokesman David Williams says the memory of Charles Glass — who really existed and was one of the founder brewers of SAB a century ago — is kept alive in such gatherings and in various advertising campaigns.

Namibia's war spend nearing R104m

UT(MK) 28/4/99 (2219)

TABBY MOYO

Windhoek – Namibia could spend up to R104 million financing its military involvement in the Democratic Republic of Congo (DRC) conflict during the existing financial year, a government official has hinted.

This was despite President Laurent Kabila's statements that his government was footing the military bills of the allied forces.

Nangolo Mbumba, the finance minister, told the national assembly that Namibia's DRC expenditure would be financed through funds set aside in a contingency budget.

This provision amounted to R104 million and could all be channelled towards the DRC war if the fighting dragged on.

Mbumba said the ministry of defence's spending, which rose by 26 percent, from last year;s original estimate of R442,6 million to R559 million during the 1999-2000 financial year, was not specifically earmarked to fund Namibia's presence in the DRC.

He said it was impossible to estimate what the total expenditure in the fighting would be, especially in view of the latest peace initiatives.

"This arrangement was not made to hide any commitments, but because of uncertainties about the size and timing of such commitments," he said.

In an additional budget announced earlier this year Namibia committed R30 million towards the DRC war. Namibia's defence ministry is now the third largest spender of all government's ministries.

Meanwhile the Public Service Union of Namibia (PSUN) described the way Namibia was funding the DRC as "surreptitious".

"The finance minister conveniently chose not to tell the nation what the real costs of the war were. We believe that given Namibia's own problems, the honourable thing to do is to look for a dignified way to pull out of this war," Steve Rukoro, the union's secretary general, said.

The PSUN said the decrease in foreign assistance to Namibia, R47 million to R7 million in one year, was an indication that "something was terribly wrong". – Independent Foreign Service

Struggling Air Namibia will be privatised, with state left holding a 30% stake

Tabby Moyo

Windhoek – Air Namibia, the struggling Namibian national carrier, has embarked on a restructuring process which aimed at privatising most of the airline within five years, Jaafar bin Ahmad, the managing director, said.

The government's 100 percent stake in the national airline was likely to be reduced to about 30 percent.

The first major step towards privatisation is recapitalisation of the airline by raising its long-term bond to give it a new start.

Air Namibia had been run as part of the parastatal TransNamib until the beginning of this month.

Ahmad said although the government would remain the sole shareholder, "for the time being", the airline's shareholding would be restructured, with major privatisation envisaged over five years.

Steering the airline to regain its stability would not be an easy process, as it was immersed in financial and operational problems, the chief executive officer of Air Namibia said.

Nangolo Mbumba, the finance minister, said last week "the airline was getting into difficult weather financially and operationally", and there was need to put it back on its feet.

The airline, which last week concluded the purchase of a new Boeing-747-400 Combi through financing from the American Export and Import Bank, has embarked on a far-reaching cost-cutting exercise which includes retrenching up to 150 of its total staff of 550.

Ahmad said when he announced the organisational and staff restructuring that the airline's continued losses, currently around R77 million, were considered no longer sustainable.

There has been an overwhelming response to the voluntary retrenchment offer because of the attractive packages being offered.

However, most employees who have applied to be retrenched, such as pilots, have had their applications turned down as they are considered essential. – Independent Foreign Service

(221A) CT (BR) 28/4/99

Namco gets 'impressive' diamonds

(221A)

TABBY MOYO

CT (BR) 29/4/99

Windhoek – The Namibian Minerals Corporation (Namco) had achieved impressive results from extensive diamond exploration in Namibia's shallow waters, Daniel Johnson, the president and chief executive officer of Diamond Fields International (DFI), said on Monday.

Johnson said this when presenting the DFI's prospective in Windhoek. In its first 10 months of operation in 1998, Namco recovered 150 000 carats.

DFI, whose shallow water mining licence expires in February 2009, has also just completed an advanced sampling programme on its Luderitz Sea Diamond concession, which also revealed encouraging results.

Johnson said DFI's Namibian concession had the resource potential to possibly support a multifaceted operation producing hundreds of thousands of carats a year similar in scope and size to the operation of Namdeb, another diamond company.

Namibian marine output has already passed onshore output.

Johnson said diamond sales figures recorded during the first quarter of 1999 had shown that the lower global sales recorded in 1997 and 1998 were making a remarkable recovery. – Independent Foreign Service

Windhoek to revamp petroleum industry

CT(BR) 30/4/99 (22IA)

TABBY MOYO

Windhoek – Namibia had embarked on a "careful and flexible" deregulation of the country's oil industry with the aim of establishing a fully competitive market, in line with international trends, Jesaya Nyamu, Namibia's mines and energy minister, said this week.

Addressing the opening session of the Fourth African Oil & Gas Trade and Finance Conference on Monday, Nyamu said there was consensus in the country's oil industry of the need to deregulate certain aspects of the sector.

He said, however, that retail price controls for petroleum products would remain until competitive conditions were in place.

"It is hoped that a fully competitive market will be in place ... where prices will be determined by the market and customer choice will be unfettered," he said.

The experience of other African countries that had deregulated showed that the process had to be carried out in an orderly and phased way if it was to be successful.

"Namibia thus wants to avoid the disruption and upheaval commonly associated with deregulation to ensure the stable growth of the industry."

Without giving away details, Nyamu said Namibia would relax certain controls and encourage greater competition.

Deregulation, he said, was fully backed by local oil companies, trade unions, retailers and consumers.

At the same time, new regulations on health, safety and environmental standards would be promulgated.

Nyamu also expressed disappointment at the failure by Southern African Development Community (SADC) members to stimulate regional trade in petroleum products.

He said since 1990, despite a lot of discussion and effort to promote intra-regional trade, very few practical measures had been instituted.

"No common petroleum specifications have been agreed to, in spite of all of us knowing that product specifications are the largest non-tariff barriers to regional trade," he said.

"Furthermore, wide disparities in prices continue to distort the market and hinder regional trade.

"Subsidies are prevalent in many SADC countries and pose a real impediment to trade."

Nyamu called on SADC members to overcome these obstacles to expanded trade in regional petroleum products. – Independent Foreign Service

No takers at all for Namibia's oil

ANTONY SGUAZZIN

Windhoek – Namibia said its attempts to sell offshore oil exploration rights had failed, making the nation the latest victim of plunging oil company budgets and lower oil prices.

Namibia closed the offer for the rights to 95 percent of its offshore waters on March 31, after receiving no bids, said Roger Swart, technical manager of Namcor, a state-owned advisory agency.

Some of the world's biggest oil companies, including the Shell Group, Elf Aquitaine and Mobil cut their exploration budgets by about a fifth because of a 35 percent drop in the crude oil price last year.

The cuts have affected drilling around the world, including sites in the North Sea, Alaska and Angola.

"This has happened worldwide but particularly in Africa," Swart said.

Namibia would not invite new bids until oil companies had increased their exploration budgets.

The disappointment is acute as the country is yet to join the ranks of oil producers, even though its offshore waters are equivalent in size to the Congo basin.

The basin lies immediately to the north of Namibia and is thought to have 20 billion barrels of oil reserves. – Bloomberg

Zambezi to get $10m bridge (~~250~~) (221A)

LUSAKA — Zambia and Namibia have agreed to build a $10m bridge across the Zambezi River to facilitate fast movement of import and export goods between the two countries, a government spokesman said yesterday.

Zambian Works and Supply Minister Godlen Mandandi said the Katima Mulilo bridge would be built on the Zambian side of the river, but would be jointly owned and shared by both Namibia and Zambia.

The bridge would connect the Namibian railroad from Walvis Bay on the Atlantic Ocean to Zambia's Mulobezi railways system that links both eastern and southern African railroads. The bridge designs have been compiled by a Namibian firm and have been scrutinised by the German government and the European Union, also funding the Livingstone-Sesheke road network designed by German engineering company Gauffe. — Sapa-DPA.

BD 5/5/99

Namibia needs backers for rail link to Angola

Christof Maletsky

WINDHOEK — No significant progress had been made so far to establish a rail link between Namibia and Angola, despite a feasibility report that there is enough traffic to justify one.

A spokesman for TransNamib Transport, Usi Hoebeb, says the project will take time to get off the ground. One reason is that Namibia must find international private sector partners to help the project which will cost about R500m.

Hoebeb says the Namibian government is due to have talks with Angola and the Southern African Development Community (SADC) to ensure the rail link gets support from all parties, including Angolan rebel movement Unita.

Namibian rail goes only as far as Tsumeb in the north, and does not extend to the densely populated northwestern parts of the country and neighbouring Angola.

It is believed that apart from benefiting Namibia and Angola, the rail link could also assist SA and Botswana companies wanting to do business with Angola.

According to former works, transport and communication deputy minister Klaus Dierks says, the scale of the project makes strong participation from foreign companies a prerequisite.

Dierks says that there has been much interest from companies in Europe, the Far East, India, China and the US.

The first step is to extend the line from Tsumeb to the Oshikango border, and eventually into Angola. It is envisaged that the opening of the Trans-Kalahari highway and Trans-Caprivi highway will result in a big increase in cargo volumes being handled at Namibia's Walvis Bay and Luderitz harbours — hence the need for a rail link to both ports.

The rail link would also boost beer exports by the local Namibia Breweries which has a bottling plant in Oshakati and also opened a N$5,4m sorghum brewery and malting plant in Tsumeb last year.

The sorghum project was set up in a controversial fashion after the Namibian cabinet rejected an application by the Namibia National Beverage Company, a subsidiary of SA Breweries, to build an SAB bottling plant at Tsumeb.

(221A) BD 5/5/99

Minister will not decriminalise dealing

Namibia 'no' to diamond free for all

(22A)

7/5/99 (BR)

Tabby Moyo

Windhoek – The Namibian government would not allow a free-for-all trade in diamonds, as has been proposed by a parliamentary standing committee on natural resources, a senior official said yesterday.

Jesaya Nyamu, the mines and energy minister, said the suggestion that Namibia decriminalise dealing in diamonds was "far-fetched and unacceptable".

"We will not jeopardise our diamond industry or those of other countries. We value the industry and will not accept proposals by those who are misinformed and ignorant of it," the minister said.

He said it was unfortunate other diamond-producing countries, notably Botswana and South Africa, had taken as fact the recommendations made by the parliamentary committee.

The parliamentary standing committee is made up of parliamentarians from political parties represented in the national assembly, which includes members of the ruling Swapo.

"That the committee made this proposal does not mean we will accept it. We don't want to promote chaos in the industry," Nyamu said. "We are seeking to improve upon those archaic parts of the existing legislation. That does not mean we are against anybody or the Central Selling Organisation (CSO)."

Nyamu said proposals to deregulate the industry had also arisen during government consultations with foreign experts on the Diamond Bill. But he said it was clear the foreigners who proposed ending the monopoly of De Beers' CSO did so with their own interests, and not with Namibia's interests, at heart.

On Tuesday Festus Mogae, Botswana's president, expressed concern over possible consequences to its own industry should Namibia move to deregulate the diamond industry and the monopoly agreement under which the De Beers-controlled CSO markets Namibia's diamonds.

He told a press conference in Gaborone that Botswana was "not excited about what might happen" if Namibia allowed free-for-all trade.

A report by the Namibian parliamentary committee of natural resources, submitted to the national assembly for consideration, recommended the trade be deregulated and decriminalised through the new Diamond Bill, now before parliament.

Namibia's diamond trade is still regulated by the South Africa Diamond Proclamation of 1939 which makes unauthorised diamond buying a crime against the state. The new Diamond Bill has been before the assembly since November last year.

In its report the parliamentary committee said Namibian people were entitled to benefit from the natural resources of the republic.

"It is well known diamonds are smuggled out of or through Namibia and South Africa and certain European countries. It is the committee's opinion that the overprotection and overregulation of the industry will only increase smuggling and/or do little to reverse this trend," it said.

Mogae said such proposals held danger for major producers and that decriminalising trade in diamonds in Namibia would increase illicit trade in diamonds in Botswana. – Independent Foreign Service

Namibia values diamond (2231A) industry, drops deregulation

Christof Maletsky BD 10/5/99

WINDHOEK — The Namibian government will not allow proposed legislation that was expected to end De Beers' monopoly over local diamonds by allowing other traders to secure licences.

A parliamentary standing committee on natural resources proposed last month that diamonds be deregulated but Mines and Energy Minister Jesaya Nyamu said last week that the decriminalisation of diamond dealing would be "far fetched and unacceptable".

"We will not jeopardise our diamond industry or those of other countries. We value the diamond industry and will not accept proposals made by some citizens who are misinformed and ignorant of the diamond industry," Nyamu said.

Nyamu said it was unfortunate that other diamond-producing countries, such as Botswana and SA, reacted to the recommendation made by the parliamentary committee as if the proposal had already been approved.

"The fact that the parliamentary standing committee made this proposal does not mean that we will accept the proposal. We don't want to promote chaos in the diamond industry," Nyamu said.

He said the Diamond Bill sought to tighten up the Namibian diamond industry rather than deregulate it. "We are seeking to improve upon those archaic parts of the existing legislation and that does not mean we are against anybody or the Central Selling Organisation."

Nyamu said proposals to deregulate the country's diamond industry had come up during consultations with foreign experts on the Diamond Bill.

But, he said, it was clear that the foreigners who had proposed ending the monopoly of De Beer's Central Selling Organisation had done so for their own selfish interests and did not have the interests of Namibia at heart.

Presidents intervene in stand-off over site

BD 12/5/99 (221A)

Christof Maletsky

WINDHOEK — Namibian President Sam Nujoma and his Angolan counterpart Jose Eduardo Dos Santos are to intervene in the stand-off between officials of the two countries about the site for the controversial Epupa hydropower scheme.

Mines and Energy Minister Jesaya Nyamu said the Namibia-Angola permanent joint technical commission will meet next month to make the final recommendation on which Kunene River site the hydropower plant will be built — at the Baynes site in Angola or the Epupa site in Namibia.

It was most likely that no agreement would be reached, and Nyamu said the matter would be referred to the presidents for arbitration.

Since the completion of the feasibility study last year, Angola and Namibia have been at loggerheads over where to construct the power generator.

Angola wants the hydroelectricity project stationed at Baynes, 40km downstream from the Epupa falls, which is on the Namibian side.

The Angolans would use the construction of the project to canvas for funding to repair the Gove dam which has been damaged in the civil war between Unita rebels and Luanda, and has not been regulated since 1975.

Namibia is adamant that the plant should be built at the Epupa falls, arguing that Baynes is too small.

This is despite the fact that Baynes is seen as environmentally and socially more acceptable, and will have less impact on the nomadic Himba communities in the Kunene region.

Namibia says a dam at Baynes would be more prone to the effects of drought. Namibia is also wary of Baynes as it is reliant on the functioning of the Gove dam, which will take millions of dollars to repair.

Namibia has taken flak from the Himba communities living around Epupa who say the electricity project will displace them, destroy their lifestyle and flood ancestral graves.

The site at Epupa — 7km downstream from the falls — is expected to displace 700 Himba people.

The actual construction is not likely to kick off this year.

The final report of the feasibility study by a consortium of Namibian, Swedish, Norwegian and Angolan consultants said that the environmentally more damaging Epupa Falls site would be the more economically viable option for the project.

The final report includes comments from the Namibian-Angolan permanent joint technical commission, which oversaw the feasibility study process, on the outcome of public hearings held in Angola and Namibia on the scheme.

These inputs were also based on the comments of organisations such as the World Conservation Union (IUCN) and the Norwegian Water and Energy Administration directorate, which were specifically requested to review the draft final report released in October last year.

Acknowledged shortcomings in the draft final report — which had to be addressed before the completion of the final report — included the consideration of measures to lessen the impact on the Himba communities affected by the building of the scheme.

The draft final report put the total price for the Epupa site project at $539,4m and the cost of the Baynes site scheme at $551,2m.

Namibian plans for third fishing harbour frozen

Christof Maletsky

WINDHOEK — Namibia has frozen plans to develop a third harbour at Mowe Bay, about 400km north of Walvis Bay in the Skeleton Coast region.

Transport Minister Hampie Plichta said, following a feasibility study, that a "harbour facility at Mowe Bay seems not to be economically viable under normal circumstances".

He said government was already considering options for a third harbour further north to tap into possible business activities.

A 1993 pre-feasibility study on future port facilities in Namibia found that developing Mowe Bay would be only marginally viable, but said a financial and economic study on the development of a port should nevertheless be done.

Indications on how much the proposed port would have cost were hard to come by. The figures which were published in 1993 envisaged a total cost of about US$500m

The harbour has been opposed as not being economical and it was feared that it would harm the fragile features of the Skeleton Coast region, a prime tourist destination and one of the world's last wilderness areas.

The government has long insisted on a "fishing harbour" in the north and Plichta said Mowe Bay had not been discarded as a possibility.

Plichta saida harbour in the north of Namibia would complement a planned R400m railway line from Tsumeb to Oshikango and into Angola. (22|A)

Members of the public were suspicious that the proposed fishing harbour might be intended to allow toxic or nuclear waste to be dumped in Namibia.

BD 19/5/99

Refined diamond law for Namibia

Christof Maletsky (231A) BD 3\6\99

WINDHOEK — Namibia's parliament passed a new "refined" diamond law yesterday that effectively blocks deregulated trade in the gems as proposed by a parliamentary standing committee on natural resources.

After passage through the national assembly, the diamond bill will have to go through the national council before it is signed by the president.

Mines and Energy Minister Jesaya Nyamu told parliament the new law incorporated about 21 proposals from the standing committee's report but would still prevent the deregulation and decriminalisation of diamond trade in the country.

"We are going to have a law that every Namibian will be proud to be associated with. While we must continue to relax the diamond industry, we cannot afford to lose what we have," Nyamu said.

Now, he said, government would be able to tell specific players in the industry to sell diamond products in the country — if this was necessary — unlike in the past when Namibian diamonds had to be imported back into the country for use. Government will also have greater powers of intervention if it feels the industry is being manipulated disadvantageously.

Nyamu said the standing committee's suggestion that Namibia decriminalise dealing in diamonds was "unacceptable". Namibia would not jeopardise its diamond industry or those of other states.

The diamond bill, in fact, seeks to close loopholes in the Namibian diamond industry. He said it sought to improve upon those archaic parts of the existing legislation and to impose harsher penalties on those breaking the law. However, the bill did not seek to undermine the Central Selling Organisation (CSO).

He said, it was clear that the foreigners who had proposed ending the monopoly of De Beers' CSO did so for their own selfish interests and did not have the interests of Namibia at heart.

Namibia's diamond trade was regulated by the SA Diamond Proclamation of 1939 which makes unauthorised diamond buying a crime against the state.

Chaos has reigned in countries where a free-for-all trade in diamonds exists — Angola and the Democratic Republic of Congo being cases in point.

De Beers, which partners the Namibian and Botswana governments in Namdeb and Debswana, has said it backs the Namibian government's plan to tighten legislation pertaining to diamond security in the country through the new Diamond Act.

The chairman of De Beers Services, John Murphy, said his organisation supported tightening diamond security as diamonds were one of the country's most important mineral resources. "De Beers remains committed to a dialogue with its partner, the government of Namibia, and is optimistic that the security aspects of the proposed legislation, when enacted, will endeavour to strengthen the security of Namibia's diamond resources, thereby strengthening the diamond industry and the Namibian economy," Murphy said.

De Beers, through its wholly owned London-based CSO, has enjoyed a 50-year monopoly over the marketing of Namibia's diamonds.

FOCUS

Namibia's new diamond bill clears the first hurdle

(221A) BD 4/6/99

Protection is vital but some players remain anxious, writes **Claire Pickard-Cambridge**

NAMIBIA's new diamond bill, which has had a stormy passage through the national assembly, aims to expand and diversify the industry and to clamp down on theft and smuggling.

Most of the controversy has surrounded the parliamentary standing committee's recommendations that diamond sales be deregulated and decriminalised instead of being channelled only through the Central Selling Organisation owned by De Beers.

However, these recommendations have been rejected by parliament which maintains the industry has already been open to a variety players at other levels and that existing protective benefits should be retained.

Now a new bill incorporating other recommendations has been passed by the national assembly and awaits its next journey through the national council, the second chamber in Namibia's parliamentary system.

The mining ministry says the new bill is needed to replace a 1939 proclamation inherited from the SA regime which was tailor-made to protect the industry's sole player at the time — Consolidated Diamond Mines, a wholly owned subsidiary of De Beers.

The industry has changed dramatically since then. In 1994 the Namibian government forged a 50-50 joint venture with De Beers, transforming CDM into Namdeb. There are now influential players, including Namibia Minerals Corporation (Namco) and Ocean Diamond Mining (ODM), and alluvial diamond mining along the Orange River is expected to take off in the years ahead.

Namibia's director of mines, Kennedy Hamutenya, says the new bill is needed to protect a more diverse range of players and secondary branches of the industry, such as diamond cutting, dealing and possibly tool making and research.

Government will also have more power to intervene in cases where it believes the industry is being manipulated in a manner detrimental to the country.

Under the old bill the private sector policed itself via its Diamond Board made up of industry representatives. "We believe the regulation of the mining industry should be the domain of government.

With the new bill, the regulatory powers that were vested in the Diamond Board would be transferred to the mines and energy ministry. The Diamond Board will continue to play a vital role, but now in a facilitative and advisory role," says Hamutenya.

Self-regulation by those already established in the Namibian industry is seen as a disincentive to newcomers who would not want their competitors to oversee or decide the fate of their investments.

Finally, the bill seeks to close loopholes that would attract criminal elements to the diversifying local diamond industry, and there are stiffer maximum penalties.

The new legislation will be scrutinised once the bill has been finalised because diamond mining accounts for more than 30% of Namibia's exports. Namdeb's fortunes are important, given that it is the country's biggest taxpayer and the biggest employer outside government.

Namdeb's key mines are opencast: at Elizabeth Bay, about 350km north of Oranjemund, and Auchas mine about 30km from Oranjemund, and it has access to the Sperrgebiet, a 500km coastal stretch in the southern Namib desert. It also owns a diamond polishing and cutting factory in Okhandja, 70km from Windhoek, which opened in August last year.

De Beers has a CSO branch in Windhoek, CSO Valco, which sorts and values diamonds which are sent to London for marketing.

There are now many smaller operators in the industry. Although a lot of Namdeb's offshore mining is subcontracted to De Beers subsidiary, De Beers Marine, smaller subcontractors based in towns such as Lüderitz have acquired more work.

The spectre of the chaos which reigns in the diamond industry in Angola and the Democratic Republic of the Congo has been invoked by government to convince parliamentarians of the need for stiff controls.

Auchas mine, about 30km from Oranjemund

Protection is accepted as vital, but some industry players remain anxious about the bill's long-term implications. The mining ministry says the changes will have positive consequences for the industry, but players say that until the new act comes into effect it is hard to assess how vigorously government will exercise its powers of intervention.

Customs posts draw complaints

BD 6/7/99 (279A) (221A)

Christof Maletsky

WINDHOEK — Customs posts on the TransKalahari Highway are causing travellers problems.

As a result, most truckers, hunters and visitors from Gauteng are travelling to Windhoek and the Namibian coast on longer routes through Ariamsvlei in southern Namibia.

The TransKalahari — running from Walvis Bay in the west via Windhoek and Gaborone to Gauteng — was hailed as a landmark for economic integration in southern Africa when it was officially opened last March.

However, Namibians and South Africans are unhappy with the way the Botswana customs and traffic authorities handle Botswana's section of the highway.

They complain that vehicles face costly delays at the customs posts, time-consuming searches of cargo, high road-user fees and roadblocks manned by bogus traffic officers.

The highway was expected to provide a more economical route for imports to and exports from the Gauteng area through Walvis Bay's port.

It had already cut the turnaround time of vessels going to Durban from Europe or the US east coast by four to five days.

Increased use of the port was touted as a way to generate more revenue and create new jobs, but the expected trade volumes have not materialised, even though other SA ports are considered slow and congested.

The Namibian business community feels it has yet to reap the fruits of the highway, which reduces the distance to Gauteng by about 500km.

Namibian President Sam Nujoma said at the highway inauguration that the reduction in transport costs was likely to boost the marketability of the region's resources and products, cutting the cost of imports such as foodstuffs, building materials and agricultural products.

Walvis Bay Chamber of Commerce chairman George Friedrich said some problems have been minimised and a lot changed in terms of the attitude of the Botswana officials. Yet the damage had already been done and more needed to be done to get people back on the route.

Namibia closes APC factory

(221A)

Tabby Moyo

Windhoek – African Portland Industrial Holdings' cement factory in Namibia has been forced to stop production because of pollution concerns.

The multimillion-rand African Portland Cement (APC) factory is situated in the central town of Otjiwarongo, about 300km north of Windhoek. The production line has been shut down until December this year, when major shareholders will decide the fate of the factory.

Karin Burkhardt, the chief medical officer for occupational health in the Namibian health ministry, said the plant had been producing dust emissions at levels that did not conform to new legislation.

Previous safety standards set by South African authorities allowed total dust emissions of up to 450mg per cubic metre. Late last year an inter-ministerial committee awarded African Portland Industries an 18-month period of grace to reduce its dust emissions to 120mg.

Kalumbi Shangula, the permanent secretary for health, said APC had been forced to shut its main activity as a health precaution.

He said the plant discharged hazardous amounts of dust into the air, posing a potential health risk to the lives of workers and residents of Otjiwarongo. – Independent Foreign Service

ET(BR) 6/7/99

Something fishy in Namibia

(221A)

Allegations that fishing companies paid for minister's wedding

ST 11/7/99

PIERRE CHANGUION
Windhoek

NAMIBIA's young Minister of Fisheries, Abraham Iyambo, is keeping his job despite serious accusations that he abused his position to solicit R140 000 from at least 67 fishing companies to pay for his lavish wedding.

Although President Sam Nujoma has poured cold water on the outcry over the revelations, the controversy seems certain to become a major issue in the country's coming general and presidential elections.

Opposition parties, trade unions and the press continue to agitate over Iyambo's acceptance of cash gifts from local fishing companies. They are calling for his dismissal or resignation and maintain that Iyambo, who allocates annual fishing quotas and rights, created a conflict of interest by accepting the "donations".

On returning from his honeymoon, Iyambo launched a scathing attack on his critics, justifying his actions on the grounds that other officials had enriched themselves in a similar fashion.

Nujoma has, meanwhile, issued a statement defending Iyambo, calling him the victim of vicious public attacks in the media and shrugging off charges of corruption and conflict of interest.

In response, the official opposition Democratic Turnhalle Alliance said: "The President simply reaffirmed his record of protecting his lackeys at all costs. The question arises whether, in the face of so much public protest, President Nujoma is the only person in this country who can tell right from wrong."

The alliance predicted that nothing would come from the millions in donor funds spent on the government's anti-corruption campaign.

The Congress of Democrats, another opposition party, said: "The stink of fish will not easily leave minister Iyambo. What is becoming clear is that ministers can continue to abuse and misuse public office because, as minister Iyambo himself intimates, graft and corruption is pervasive and is the secret code keeping the club of senior officials and politicians in government together."

Donations for the wedding were stashed in a bank account which was opened and administered by the wife of Foreign Affairs Minister Theo-Ben Gurirab.

The Office of the Ombudsman has vowed to investigate regardless of Nujoma's exoneration of his minister.

HOOK, LINE AND SINKER: Abraham Iyambo and his new wife, Frieda   Picture: THE NAMIBIAN

Insurers likely to challenge Namibian law in court

Christof Maletsky (221A)

WINDHOEK — Namibia's insurance industry is heading for court following the establishment of a state-run reinsurance corporation.

The industry, under the umbrella of the Namibia Insurance Association, objects to a new law which forces it to hand over 25% of its reinsurance business to the state company, the Namibia Reinsurance Corporation (NamibRe). The association argues that this will threaten the industry's viability.

However, Deputy Finance Minister Rick Kukuri said the government was prepared to accommodate the industry's concerns despite the state reinsurance company being gazetted on July 1.

The state argues that the compulsory handing over of business to NamibRe will stem an outflow in short-term reinsurance — in excess of R100m annually — through companies purchasing reinsurance cover from SA and overseas.

Kukuri declined to say whether government would consider reversing the creation of NamibRe, saying it was a matter for parliament to decide.

The Reinsurance Act which created NamibRe was passed by parliament last year amid strong opposition from the insurance industry, which has also lobbied Prime Minister Haige Geingob, Trade and Industry Minister Hidipo Hamutenya and Finance Minister Nangolo Mbumba to reverse the act.

Attorney-general Vekuii Rukoro said the provisions of the act could be reversed if the industry successfully applied to court. "They are entitled to approach the court for remedy. If they can successfully persuade the court that provisions of the act are unconstitutional the court can declare them invalid."

This could result in an amendment bill being drafted to rectify the act.

The insurance industry has warned that the nationalisation of reinsurance in Namibia could lead to the demise of about half the country's insurance companies and send negative signals to potential investors.

Renier Taljaard, the MD of Harvest Reinsurance Company of Namibia, Namibia's first private reinsurance company, said his company would be adversely affected by NamibRe. "It will affect all of us whether the short-term insurers or the reinsurer."

BD 15/7/99

Namibian trade unionists and bosses bid for mine

(221A) (222) BD 16/8/99

Christof Maletsky

WINDHOEK — Leading trade unionists have teamed up with former Tsumeb Corporation Limited management members in a bid to buy the assets of the once prominent copper mine through an undisclosed offer.

The National Union of Namibian Workers (NUNW) said on Friday that a joint venture, Ongopolo Mining and Processing Limited, was initiated after it became clear that a number of prospective buyers were unable to supply financial guarantees acceptable to the joint liquidators acting on behalf of Tsumeb's creditors. After spending more than 10 months in provisional liquidation, the insolvent copper mining company was liquidated in March this year.

The bid brings together union executives, the NUNW's Ranga Haikali, Jacob Nghifindaka and Peter Naholo of the Mineworkers' Union of Namibia, and four former Tsumeb management members, AF Neethling, HG Nolte, AMG Thomson and HJ Louw.

Haikali says the deadline for selling Tsumeb as a unit is approaching rapidly, and the lack of progress in this regard has prompted the initiative by Ongopolo Mining and Processing. The main objective is to buy the assets in liquidation and to restart operations before the end of the year.

Two companies — Metals & Mining Corporation of Namibia, which is held by Australian interests, and Namibian Mining & Processing which are offering R146,7m and R160m respectively, are in the bidding but cannot get financial guarantees.

The new company said Tsumeb had directly contributed 8% of the country's GDP and its closure had had an enormous effect on the national economy. About R250m to R300m a year in foreign exchange earnings was lost as well as revenue from sales tax, additional sales duties and employee tax — amounting to several million a month.

About 1 942 people, representing approximately 25% of the labour force in the formal mining sector, swelled the ranks of the unemployed. Also, a number of Tsumeb suppliers and service providers were forced to either close down or to downsize which resulted in further unemployment.

Parastatals such as transport company TransNamib were also severely affected, a substantial part of their annual turnover was derived from services supplied to Tsumeb.

Kuwait to pick up R500m tab for Namibia

TABBY MOYO CT (MR) 17/8/99

Windhoek – Kuwait would finance Namibia's R500 million project to extend its railway network to the Angolan border, and probably into Angola, government officials said yesterday.

Kuwait made its commitment after President Sam Nujoma's official visit to the country this week. A feasibility study, funded by the US, is under way.

Hampie Plichta, the works, transport and communication minister, said the government was seeking partners from the international and local private sector. There had been tremendous interest from companies in Europe, the Far East, India, China and the US.

The first phase of the project is expected to extend the railway line from the northern mining town of Tsumeb to the Oshikango border with Angola and eventually into Angola. At present the railway line does not extend to the northwestern parts of the country. – Independent Foreign Service

(22IA)

Namibia Breweries signs R3m UK deal

Walvis Bay – Namibia Breweries would export 100 000 cases of its popular Windhoek Lager to the UK, the company said yesterday.

The order, valued at about R3 million, is the largest single order received by the brewer outside South Africa.

Namibia Breweries has also captured 35 percent of the South African premier beer market.

Ernst Ender, the marketing director of Namibia Breweries, described the UK as a breakthrough for the brewery, which started exporting its products to Europe two years ago. – *Independent Foreign Service*

CT (MR) 17/6/99 (22IA)

US remarks over abuse rile Namibia

BD 30/8/99 (~~22~~) (22 IA)

Diplomats accused of behaving unprofessionally and giving moral encouragement to terrorists

Christof Maletsky

WINDHOEK — A row has erupted between Namibia and the US after the US embassy expressed concern about reports security forces were abusing civilians in the Caprivi region after a secessionist attack on government targets.

"The embassy urges (Namibian) government forces to desist from these abuses and to respect the civil rights guaranteed to all citizens under the Namibian constitution," the US embassy said.

Namibia responded angrily, telling the US it was interfering in the country's internal affairs. Relations between the countries appeared tense with Namibia noting the US had not pronounced itself against the Caprivi rebellion two weeks ago, although many other African states had done so.

Namibia also called on the US to use established diplomatic channels to raise its concerns with government.

The US is the first country to break the silence among the diplomatic community in Namibia over reports of abuse in the region.

The Namibian foreign affairs department said Windhoek objected to foreign diplomats whose governments did not condemn the terrorist attacks but made public statements criticising the actions of the security forces.

"The government of Namibia is irrevocably committed to the rule of law, protection of human rights and above all the territorial integrity and unity of our country. While we have nothing to hide, we resent unprofessional behaviour by some diplomatic missions which have the effect of giving moral encouragement and comfort to the terrorists," the government said, obviously referring to the US.

The US commended Defence Minister Erkki Nghimtina for his "frank admission" on mistakes made by Namibian security forces in Caprivi and urged the government to honour its obligations under the Geneva Convention.

(221A) FM 20/8/99

NAMIBIAN STOCK EXCHANGE

DESERT DIAMONDS AND DOGS

No need for SA investors to rack their brains too hard when making their choices

When SA had an isolation economy, the JSE's neighbouring stock exchange in Windhoek was regarded as little more than a colonial branch office.

Stockbrokers would reputedly meet on a Friday morning at the exchange, look at the prices (updated daily on a chalkboard) and buy and sell a few shares, then adjourn for a long lunch.

The Namibian Stock Exchange (NSX) is still small and dominated by a number of SA-based dual listings. The most recent have been Old Mutual and Trans Hex. But what is called the local shares, those that are either majority-owned by Namibians or have the major part of their operations in Namibia, are interesting.

There are 14 local shares in total, and contrary to the opinion of one Windhoek stockbroker, who says there is little incentive for SA investors to look at Namibian shares, there seem to be some real opportunities, particularly for small private investors.

Five opportunities, to be precise. One of the good things about the NSX is that there is little ambiguity towards the shares — you know, the trite euphemisms that brokers often use as recommendations for JSE shares, "longer-term potential", "limited upside" (or downside), and the all-embracing "hold".

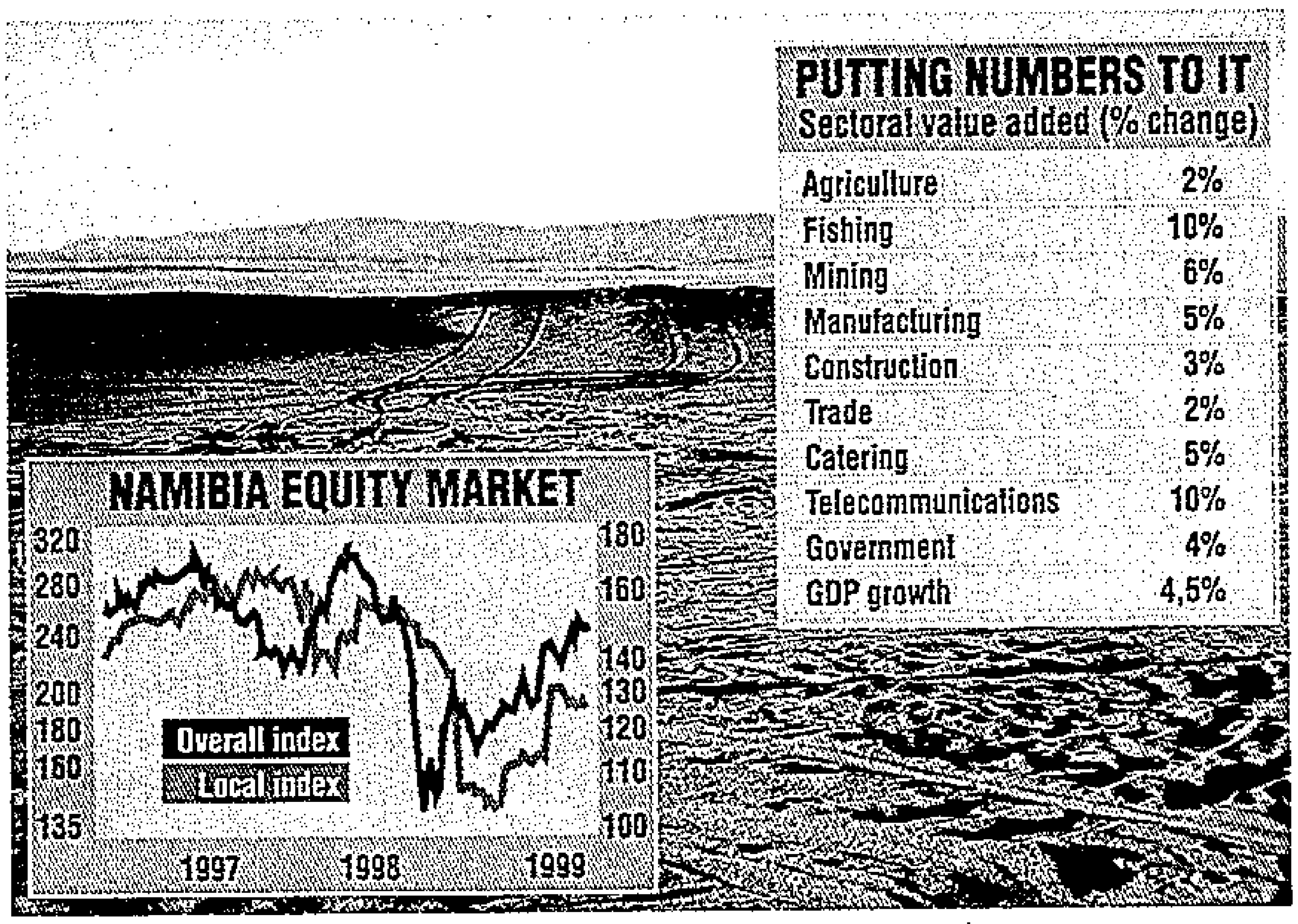
Shares on the NSX are either diamonds or dogs. The only qualification you will ever find is speculative buy.

Against the background of real GDP growth that's expected to come in at about 3% or higher this year, coupled with falling interest and inflation rates, the Namibian economy looks sturdy.

Alwyn van der Merwe of Old Mutual Asset Management (one of his unit trust funds is Namibian) says the recovery in world diamond sales and better prospects for fishing should provide two growth sectors for the Namibian economy. So should higher earnings from tourism (despite the recent conflict in the Caprivi Strip) and exports, the latter based on Namibia's export processing zones — areas that offer tax breaks and other incentives and have attracted about 30 new businesses and created several thousand jobs.

NSX GM Tom Minney says the outbreak of fighting in northern Namibia has not affected stock exchange prices.

About the only difference between investing on the NSX and on the JSE is a nonresident shareholder tax of 10% on dividends, partly offset because there is no such tax in Namibia. Otherwise, orders for shares can be placed directly with your local SA broker or through any of the major commercial banks, as SA and Namibia share a common monetary area and banking system.



PUTTING NUMBERS TO IT
Sectoral value added (% change)

Agriculture	2%
Fishing	10%
Mining	6%
Manufacturing	5%
Construction	3%
Trade	2%
Catering	5%
Telecommunications	10%
Government	4%
GDP growth	4,5%

The biggest problem on the NSX is lack of liquidity symptoms of a small exchange and regulations that require locally registered asset managers to hold 35% of their assets in the country. But smaller parcels of shares should not be too hard to come by, and Minney says the slightly different stockbroker cost structure tends to favour smaller investors.

So here are the five shares you cannot find on the JSE and which seem to offer fair prospects.

❑ Namibia Breweries (Nambrew), flavour of the year in Namibia, and also appealing to the taste buds of SA beer drinkers.

Minute compared to SA Breweries, Nambrew, a family-controlled business, has nonetheless made inroads into the SA market and appears to have captured a niche place among more health-conscious beer drinkers, by claiming it contains fewer chemicals and has lower alcohol content.

Boasting what must be one of the world's cleanest and shiniest breweries, the company has a solid earnings growth record and a strong balance sheet. Of most interest is a possible listing on the JSE. Windhoek analysts say if the share is rated in line with the Industrial index, the price could gain between 30% and 40%.

Risks are that SA Breweries has been trying, so far unsuccessfully, to get permission to build a brewery in Namibia, but it could still happen.

❑ Gendor, a far tastier prospect than its competitors NamFish and NamSea — currently trading under a cautionary — is expected to make possible acquisitions to diversify into the more lucrative hake industry, which looks good compared to the fished-out pelagic sector. The balance sheet is strong, returns on capital and equity are good, and exports offer rand hedge strength.

❑ First National Bank of Namibia is the local operation of the SA bank now merged into the FirstRand empire. It tends to outperform the unlisted Namibian banks, has a return on equity of nearly 30% and a remarkable cost-to-income ratio of 39%.

❑ Namco, the marine diamond mining company, trades roughly in line with De Beers, and is looking more upbeat since its latest results.

❑ Sentra, is a well-run retailer that benefits from its association with SA company Shoprite, but doesn't have the same stock loss problems. Sentra is the favoured small capitalisation company on the NSX.

Shaun Harris

Namibia in stagnation

(221A)

Country's growth depends on ability to compete regionally and globally

BD 23/8/99

Christof Maletsky

WINDHOEK — Namibia's economy has struggled over the past nine years since independence and the country remains an insignificant player on both regional and international markets, says a Namibian researcher.

Paul Kalenga, a University of Cape Town researcher on the country's policies, says the first nine-year period has seen stagnant if not declining per capita income with poverty and inequality worsening while low growth aggravates unemployment.

"The country is finding it difficult to reduce its dependence on primary export commodities. We are entering the new decade without meeting our development targets as set out in the first national development programme," he says.

Namibia's gross domestic product has fallen from 6,7% in 1994 to 1,8% in 1997/98.

Kalenga says that given the smallness of the country's economy, growth potential largely depends on its ability to transform itself into an economy that is able to compete regionally and globally.

As a small economy with a very limited domestic market, interaction with the world economy is decisive in determining the economy's competitive strength and capacity to grow.

"What is becoming more and more evident is that unless we develop an industrial capacity to compete on external markets through diversified production, we are unlikely to achieve sustained growth."

Foreign trade presents opportunities as well as constraints for steady growth while foreign exchange bottlenecks hurt both resource accumulation and utilisation. Avoiding these ought to be a primary aim of trade and macro policy, he says.

At the moment there seems to be no coherent strategy in place in the country to improve the country's competitive position beyond the creation of an enabling environment for foreign investment.

Other measures such as the need to support the development of small and medium-sized enterprises still remain at a theoretical level.

Kalenga says that the country's exports are heavily concentrated on primary products, mainly diamonds, fish and beef.

While manufactured exports have increased modestly, they have been mostly in food and leather processing, both of which unfortunately have not been sustainable due to natural and climatic conditions.

Primary commodity exports such as diamonds, uranium and others have also been fluctuating due to demand price movements in international markets, he says.

"Weak domestic demand as a result of decline in incomes and high interest rate costs, coupled with the depreciation of the national currency, has caused contraction in imports."

The Namibian Economic Policy and Research Unit says the country has become less integrated into the world economy since 1990 as far as international trade is concerned, meaning that less exporting and importing is done with world markets.

There has been an improvement in foreign direct investment flows since independence but this has remained relatively small, it says.

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AFP

Namibian Fishing's profit grows by 107%

(2219)

VERA VON LIERES

Cape Town – Namibian Fishing Industries (Namfish) experienced growth of 107 percent a share in headline earnings for the first half of 1999, according to its interim report published yesterday.

Francois Kuttel, the Namfish managing director, said the attributable profit figure, which fell 65 percent to N$7,3 million (R7,3 million), was skewed because of the disposal of one of the group's divisions involved in pelagic fishing.

Headline earnings were bolstered by 273 percent to N$9,9 million, while turnover grew 111 percent to N$58,6 million.

Kuttel said these satisfactory results were largely caused by the increased scope of operations as a result of the merger early this year with Namibian Fishing.

In May, Namfish restructured its shore-based wet fish hake activities by setting up Etale Fishing in partnership with three Namibian wet fish hake concession holders.

It also disposed of its 80 percent stake in Ehanga Holdings.

Kuttel said he expected demand for products to remain firm in the second half.

This, together with benefits from the setting up of Etale, should be reflected positively in the numbers for the full year, he said.

Namfish shares ended unchanged yesterday from their opening levels of R1,10.

CT(BR) 25/8/99

Three Namibian miners to form gems titan

Diamond merger 'will double production'

CT(BR) 1/9/99 (221A)

Tabby Moyo

Windhoek – Namibian Minerals Corporation (Namco) and its partners in the Namibian diamond mining sector planned to form a joint company that would double the country's diamond production in five years, according to Alastair Holberton, the chairman and chief executive officer of Namco.

Three of the four diamond companies listed on the Namibian stock exchange – Namco, Ocean Diamond Mining (ODM) and the Trans Hex Group – were poised to form a formidable merger. Namco and Trans Hex are the major shareholders in ODM with a shareholding of about 33,5 percent each.

At present Namibia ranks as the fifth-largest diamond producer in the world: the value of diamonds produced by the country over the past year exceeded N$2,79 billion (the same amount in rands).

Holberton said last week that for 1999 Namco alone projected a diamond output of 260 000 carats, which was more than double the output of Namdeb's marine diamond production of about 500 00 carats a year. Namdeb is a 50-50 joint venture between De Beers and the Namibian government.

Holberton said Namco also planned to increase Namibian and South African shareholding, thereby increasing local ownership in the diamond industry. Namibian shareholding in Namco is only 10 percent compared with Namdeb's 50 percent Namibian ownership.

Namco and the other companies were developing more efficient technologies for sub-sea mining, he said.

An alliance with German company Wirth has already resulted in the development of exploration technology that is five times faster than that previously used by Namco and 70 percent cheaper.

A seabed crawler used for mining, the NamSSol II, has reached an advanced stage of development overseas and should start operating in Namibia by the middle of next year. – Independent Foreign Service

Namibia's fish exports to Spain under threat

BD 27/9/99

(22IA)

Christof Maletsky

WINDHOEK — Namibia's white fish exports to Spain are under threat after undesirably high levels of bacteria were allegedly detected in a consignment of fish headed for Madrid.

Fish products constitute almost 99% of Namibia's exports to Spain, which were worth R790m in 1997, but Madrid has quarantined Namibian whitefish after the Spanish media claimed that it had high counts of harmful bacteria.

This comes in the wake of an undertaking by the two countries to diversify Spanish investment in Namibia away from its concentration on fisheries.

Production in Namibia's fishing sector has grown from less than R300m at independence to an estimated R2,2bn at the end of last year.

Namibia's fishing industry is expected to grow substantially and to increase its contribution to gross domestic product. The country is also gradually taking charge of the industry. About 85% of the fishing fleet is now made up of Namibian vessels.

Spanish media claim the contamination could ruin Namibia's fishing exports to Spain. However, Namibia's fishing industry insists that local fish is processed under very hygienic conditions and that there is strict quality control. The industry says there is no way that an isolated case could jeopardise the country's exports to Europe.

Angel Tordesillas, chairman and CEO of NovaNam, said he was disturbed by the reports.

NovaNam is the biggest exporter of fish, with more than R200m worth of hake going mainly to Spain, Italy, Portugal, Holland, France, the UK, the US, Australia and Singapore.

Europeans are sensitive to reports of food imports not meeting health standards and this could harm the Namibian fishing industry, according to some key players in the industry.

Namibia's fish processing plants have invested millions of dollars to meet the high hygiene standards required of exporters to Europe and are regularly inspected by the SA Bureau of Standards and the European Union.

Namibia's export zone in a 'war zone'

BD 30|9|99 (221A)

The Angolan civil war is keeping investors away from business region

OSHIKANGO — Disappointing results and inactivity in the highly touted Oshikango Export Processing Zone in northern Namibia are raising questions about whether the zone is serving its purpose.

The area, close to the border with war-torn Angola, was declared an export processing zone in October last year. This involves special incentives for investment and limited or no tax on goods designated for export.

Some business people are asking why such an expensive business centre — the zone cost 20-million Namibian dollars — with a comprehensive infrastructure was constructed so close to a volatile neighbour whose buying power, which was the zone's target, cannot be guaranteed without stability in Angola.

Once regarded as an important strategic commercial centre which could tap into the potential flow of trade between Namibia and Angola, business sources say the Oshikango zone is faltering due to a lack of investor confidence.

They say the all-out civil war between the Angolan government and Unita rebels has had a negative effect on business activities in the zone.

Fikameni Hiwanwavali, the zone's supervisor, says although investors have booked all 14 warehouses, only five are fully operational.

One of these recently suspended its activities for three months to readjust its strategy.

Both Hiwanwavali and senior immigration officer Matilde Simataa agree that the Oshikango zone is too close to the border. The war in Angola has had a negative effect on business in northern Namibia, they say.

However, some business people disagree. Bes Bester, of the Oshikango Foam & Mattress, says the location is "fantastic because we are so close to the border where everyone can reach us and where the customs officials can easily help us with any transaction we are conducting".

But he agrees that the Angolan war has hurt business badly, cutting revenues by as much as 50% and prompting some businesses to close — both inside and outside the zone.

"If peace in Angola could be guaranteed, the Oshikango zone could become a paradise for business," Bester says.

The zone was opened in October 1998 by President Sam Nujoma amid projections that it would be fully occupied by the end of last year.

Hiwanwavali says a car assembling company, Barden International, moved into the zone in November 1998, but has not started production and is assembling the cars to be sold in the zone in Windhoek.

A Tax FreeWarehouse employee says the company has managed to do good business in the zone since last year, despite the war in Angola.

"We have not experienced any problems of buying power since we started here a year ago. As a result, we have been able to meet our sale targets without any hindrance," he says.

Tax Free Warehouse is a joint venture of four companies which deal in liquor, tobacco, electrical appliances, audio-visual equipment, bedding, jewels and furniture.

These items are imported from countries such as Malaysia, Taiwan, Japan and South Korea.

Oshikango is situated about 60km north of Ondangwa, a stone's throw away from the Angolan border.

Recent incidents in Angola, such as the murder of a pro-government headman by suspected Unita rebels, resulted in scores of refugees streaming into Namibia.

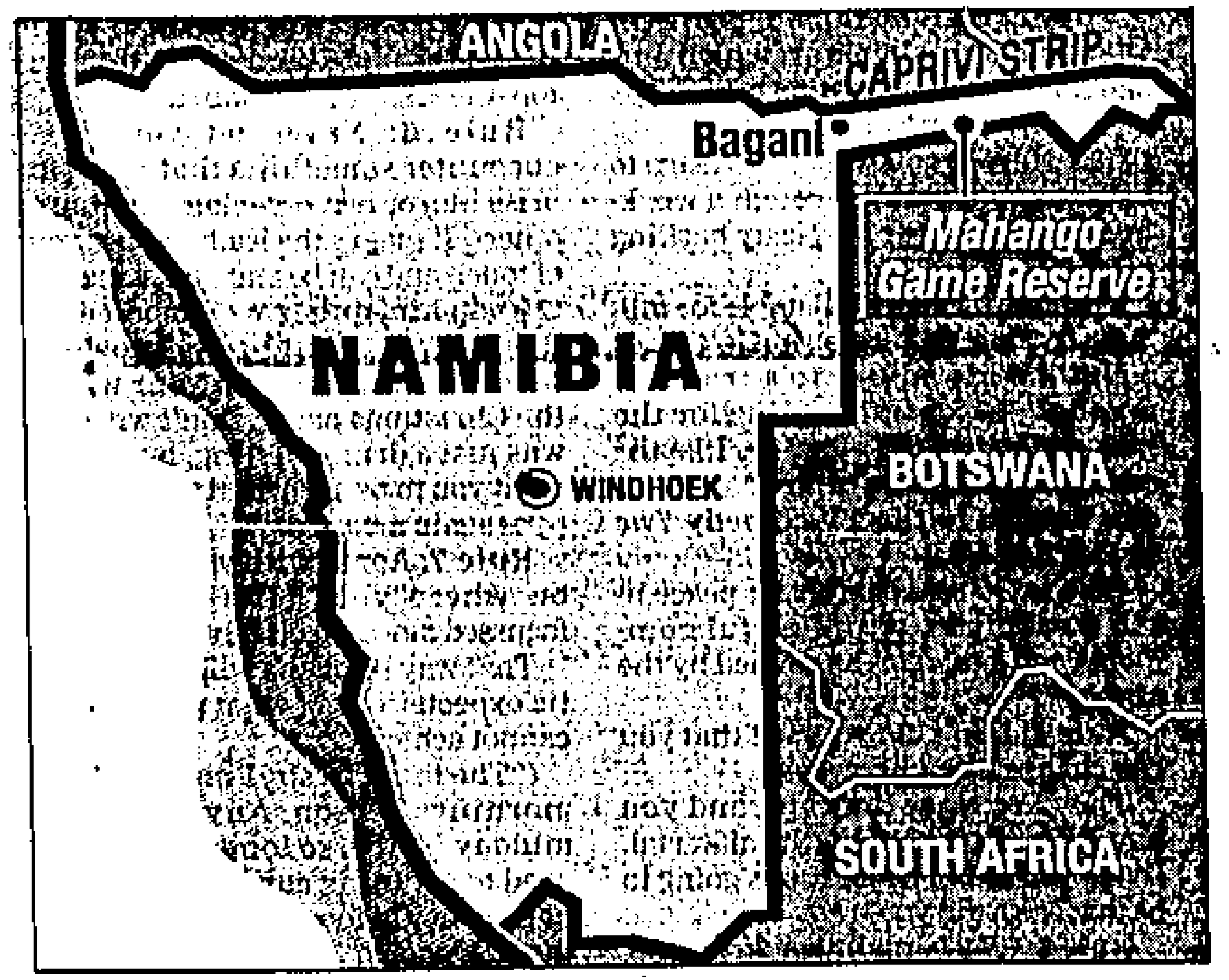
The burning of 20 goods trucks from Namibia destined for Luanda has also harmed business in the zone.

The Oshikango zone is one of 14 set up throughout Namibia by the government-owned Offshore Development Company.

About 57 companies are expected to invest in the zones, and this could generate jobs for about 3 300 Namibians. — AIA.

Caprivi project could set local residents on tourism path

ARG 4/10/99



CHRISPIN INAMBAO (221A)
FOREIGN SERVICE

An ambitious tourism plan that could unlock the Caprivi's tremendous potential and empower marginalised and impoverished villagers has been announced.

The plan entails upgrading game reserves in the north-east of Namibia to national parks.

The game-rich reserves that have been earmarked for upgrading by the ministry of environment and tourism include Khaudum and Mamili.

The ministry's report, funded by the German Development Bank (KFW) and called *Conservation in Caprivi and the Vision for the Future*, included consultations with communities in the area.

"The north-east offers a unique opportunity to conserve Namibia's only true tropical and wetland habitats and their rich bio-diversity," says the report.

All the reserves marked for upgrading are in Caprivi.

The $244km^2$ Mahango Game Reserve will be consolidated with the West Caprivi Game Reserve, measuring $5\,715km^2$ to form the Bwabwata National Park.

The Bwabwata National Park will consist of the Mahango core area (the Old Mahango Game Reserve), the Buffalo core area, the Central multiple-use area and the Kwando core area.

The Kwando Triangle, measuring 20 500ha, will be proclaimed as part of the park.

The Bagani and Omega area, measuring 60 000ha, "is to be deproclaimed from the park as agricultural development centres, while the multi-use area could become a tourism and hunting concession for the residents", says the report.

Communities neighbouring or living in the Bwabwata National Park will be given conditional tourism rights in the park.

This will enable them to establish their own, or enter into joint tourism ventures.

Head of the directorate of environmental affairs Peter Tarr has hailed the project as a first for southern Africa.

"We are going to give communities tourism concessions. This is a major shift (in policy).

"In fact, there has been nothing like this in southern Africa," he said.

"The Government is behind the idea. The project is fantastic for the community, which will get concessions in prime tourism areas," he said.

'We are going to give communities tourism concessions'

Mr Tarr said a detailed economic analysis on the project's benefits and spin-offs for the communities had not yet been done, but said communities such as the Kxoe in the West Caprivi "will also be part of the deal. They will get a part of the cake".

He believed the project would be successful as the game reserves were strategically situated close to major tourist attractions such as the Victoria Falls and the Okavango Swamps.

The Bwabwata National Park is to remain cattle-free for conservation and veterinary reasons and to facilitate international co-operation between Namibia and Botswana in wildlife and livestock management.

The ministries of environment and tourism and agriculture, water and rural development are working with the Botswana government "to reach agreement on its fencing requirement so that game can move freely between Botswana and Caprivi".

It is hoped that ultimately there will be a trans-frontier wildlife management programme between Botswana, Namibia, Zambia, Angola and Zimbabwe.

"By properly managing the Caprivi parks, Namibia will be a powerful and worthy partner in an effort that is sure to attract foreign investment and international tourism," said the ministry.

The department said that the core conservation areas included the Okavango and Kwando River systems, which were of major national and international importance, as they were viable habitats for many animal species, including endangered mammals and birds.

West Caprivi was proclaimed a nature park in 1963 because of the need to conserve the region's abundant wildlife, its wetland systems and other unique natural features.

In 1968, the area was given higher conservation status and became known as the Caprivi Game Park.

During a game count in October 1998, about 6 080 elephants, 650 buffalo, 1 350 hippo and scores of other species, including roan and sable antelope, tsessebe, reedbuck, lion, leopard, hyena and wild dog were counted in the area.

VITICULTURE *New venture may help revive stagnant economy*

Namibia to launch major grape company

CT (PTA) 5/10/99 (221A)

TABBY MOYO

Windhoek – The multimillion-rand Namibia Grape Company is gearing up for its launch in a fortnight.

The Namibia Grape Company is a joint venture between a consortium of 15 Namibian businessmen, who own 80 percent of the company, and the Government Institutions Pensions Fund (GIPF), which has a 20 percent stake.

Established with a R60 million GIPF interest-bearing loan to fund the initial capital requirements of the farming operations, the Aussenkehr-based company has already developed 360ha of vineyards on its 740ha farm, which borders the Orange river.

The Namibian Grape Company joins the lucrative, export-orientated table grape market being exploited by South African farmers in the Upington and Kakamas districts.

Namibia has been exporting grapes from the banks of the Orange river in the south of the country for the past five years.

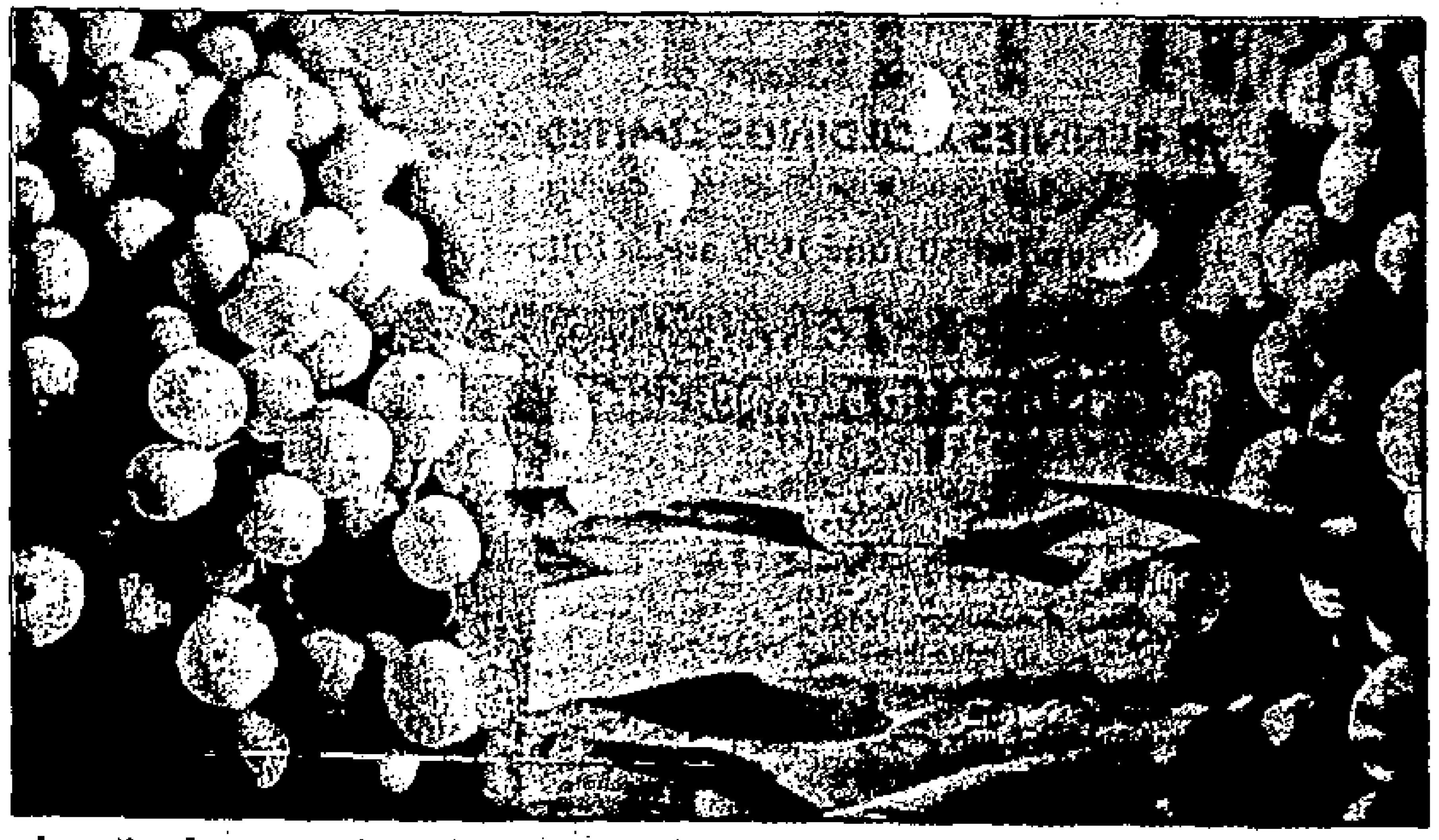
The Namibia Grape Company hopes to create up to 2 000 jobs *during the harvest season* and will employ and accommodate *300 permanent staff.*

The project is also expected to contribute significantly to the economy of the neglected southern region of the country.

According to Natalie Phillips of Investec Guinness Flight Namibia, which has been appointed as fund manager and advisor to the GIPF's Development Capital Portfolio, the location of the Namibia Grape Company's Aussenkehr project would enable table grapes to be harvested during the first two weeks of November, which is earlier than most grape producing areas.

"The ability to harvest earlier than most global competitors will give this project the advantage of being able to demand a premium price for its produce," Phillips said.

The developers hoped that



when the farm was in full production it would earn more than R40 million a year in foreign exchange for the Namibian economy.

As a signatory to the Lomé convention, Namibian exporters are entitled to a rebate of between 17,5 percent and 19 percent on goods, which makes the grape exports very competitive.

Primus Hango, the principal officer of the GIPF, said the grape project would not only stimulate the virtually stagnant agricultural industry in southern Namibia, but would also create jobs and allow a foreign stream of capital into Namibia.

The project is expected to produce its first crop next year and repay all borrowings over the next five years.

President Sam Nujoma is due to launch the company on October 16. – Independent Foreign Service

REST OF AFRICA

Namibians dreamt of 25 000 jobs and got 370

(221A) BD 15/10/99

Export processing zones' results are far short of what govt hoped for, survey says

Christof Maletsky

WINDHOEK — Namibia's export processing zone (EPZ) regime, intended to create around 25 000 jobs for unemployed Namibians, has so far created 370 low-paying jobs.

An independent study has revealed that while the government had envisaged an investment of more than R7bn in the zones, so far only R130m had been invested. Worse still, was the fact that R70m came from one company — Ostrich Production Namibia.

The Labour Resource and Research Institute study said the hoped-for exceptional prosperity of the export processing zones remains an evasive dream. "The amount of actual investments received and the number of jobs created are rather small and do not justify the view of the EPZ regime as a major success. Measured against the stated objectives of creating 25 000 jobs in export processing zones, of increasing the manufacture of export goods and expanding industrial development as well as encouraging technology and skills transfer, the EPZ regime has fallen far short of the government's expectations," said Herbert Jauch of the Institute

The one major aim of the EPZ programme was to promote manufacturing in Namibia, but the Oshikango zone does not have a single company involved in manufacturing.

The Institute found also that most of the export processing zone companies imported almost all their materials and as a result created no indirect jobs with existing local companies, apart from transport companies.

The low success rate of the zones was defended by the Offshore Development Company which is tasked by the EPZ Act to oversee development of the regime in Namibia.

Company GM Williams Nkuruh said it was still too early to measure the success and failure of the zones as most companies had been in existence for less than three years. "EPZ has never been a quick-fix solution. Its perspective is long term," he said.

Mauritius, which today has one of the most successful EPZ regimes in the world, waited for 20 years to see positive results, Nkuruh said.

Since the promulgation of the EPZ Act in 1995 about 80 companies have been granted EPZ status in Namibia, but more than a quarter have already dropped out. Research by the World Bank has shown that only 40% of export processing zone regimes worldwide are a success.

Jauch said the institute's study found that most EPZ companies paid salaries of between R600 to R1 200 a month without benefits. The worst case was one EPZ company where workers have a nine-hour working day with only 30 minutes for lunch and earn a dismal R280-R320 a month without any benefits.

"An EPZ strategy that is built on low wages and weakened labour rights — as is the case in Namibia — is unlikely to lead to sustainable economic development," Jauch said.

Some companies which have pulled out of the EPZ have cited failure to meet export requirements, declining demand for locally produced goods and interference from the labour movement as among factors which forced them to withdraw.

Study slams Namibian EPZs

CT (BR) 15/10/99 (221A)

FROM SAPA

Windhoek – The Namibian government had failed to make tangible progress in the development of export processing zones (EPZs), a researcher said yesterday.

The finding was contained in a recent study on the status of Namibia's EPZs by the Labour Resource and Research Institute, a private research company, the Namibian Press Association reported.

An EPZ is a government-designated area that is given concessions like tax breaks to stimulate industrial development.

Presenting the report in Windhoek yesterday, the Institute's Herbert Jauch said the 17 EPZ companies in Namibia only managed to employ 370 people, 150 of whom were temporary workers.

This was despite the fact the Namibian ministry of trade and industry's offshore development company had projected that about 25 000 people would be employed within the first five years of the programme, which was established in 1995.

Jauch said that in addition to this, all managerial and technical staff employed by EPZ companies were foreigners.

Most, if not all, of the companies involved in the manufacturing and processing sub-sectors imported their machinery and raw materials from South Africa.

Jauch said EPZs had failed to enhance industrial development and wages for most employees at these companies remained very low at between N$200 and N$320 (the same amount in rands) a month. Some companies, however, paid a monthly wage of between N$1 200 and N$2 000.

Workers were exposed to harmful chemicals because companies failed to provide them with protective clothing, the study found. Most EPZ companies failed to provide medical aid or pension and other employment benefits to their employees.

Jauch said Southern African Development Community (SADC) member states, including Namibia, should seriously consider whether to go ahead with the EPZ regime.

The programme was likely to destroy efforts to promote regional economic integration because SADC member countries, most of which had adopted EPZ regimes, were aggressively competing for foreign investors.

The EPZ regime was established in 1995 after Namibia's parliament passed the controversial EPZ Act.

Brewer benefits from marketing its beer in SA

(2218)

Christof Maletsky BD 19/10/99

WINDHOEK — Aggressive marketing of its beer in SA has resulted in Namibia Breweries recording a 25% growth in its volume in the first six months of the year.

In its results of the first six months ending July, Namibia Breweries, which is controlled by the Olthaver & List group, revealed an increase in income attributable to ordinary shareholders of 17,2% on the previous financial year's.

This, it said, was due mainly to a growth in sales volumes of the group's high quality premium products, "more specifically in the SA market", but also in the local market.

The results indicated that Namibia Breweries had made a net profit of more than R20,4m. Last year at the same time it was at R17,4m.

This was due to improved absorption of fixed overheads due to the increased volumes sold, strict cost control and reduced financing costs as a result of further improved cash flows.

"Operating cash flows for the group remained strong, of which the majority was reinvested to expand the brewery operations," the board of directors said in its results announcement.

NBL said performance would have been even better had it not been for the war in Angola.

"The growth was offset by reduced (30%) export sales to Angola .... However, prospects for Angola for the remainder of the year look positive," it said.

Also, a breakthrough was made recently with the first major export order of 100 000 cases of Windhoek Lager worth R3m to the United Kingdom.

According to NBL's sales and marketing director Ernst Ender, it was a major breakthrough considering it had been exporting the odd container of beer to the UK since 1997. "We are confident we will be able to build a sustainable market in the UK," Ender said.

Namibia's beers, brewed in strict accordance with the German Reinheitsgebot (purity law) tradition, are gaining popularity outside the borders.

The directors are confident that strong sales volumes and earnings growth will be achieved for the remainder of the year, given the consistent high quality of the group's products and continuous focus on total quality management.

In order to accommodate the increase in export volumes, the group is expanding its production plant in Windhoek and its distribution facilities.

The company also vowed to explore opportunities for expansion and growth throughout the sub-region. Last year NBL invested R7m in a distribution centre at Linbro Park in Sandton to keep up with demand.

BD 21/10/99

Amendment to act is a threat to microlenders

Christof Maletsky

WINDHOEK — Namibia's microlending industry is up in arms over government's amendments to the archaic Usury Act, which members claim will force more than 100 microlenders out of business and fuel unemployment.

Government recently announced that it planned to register and monitor all cash loan agencies in the country after amending the Usury Act of 1968.

The finance ministry said that following Cabinet's approval for the Usury Act's amendment to allow the registration and regulation of cash loan agencies by the registrar of financial institutions, the amendment had been forwarded to legal drafters for fine tuning.

However, Johan van Zyl of the Microlending Association of Namibia, said many cash loans companies will be driven out of business, underground cash loan offices will open, more than 500 permanent workers and 300 part-time workers will lose their jobs, and local capital of more than R2m will be withdrawn from Namibia.

It is estimated that the Namibian cash loans industry is worth more than R1bn.

He said the industry had helped more than 100 000 clients over the past three years who would, otherwise, have no place to lend from.

A study done by the microlending association indicates that about 80% of the 100 000 clients borrow money to pay school fees, clothes, rent, municipal accounts, funerals and medicine, while only about 20% is used to buy food.

The finance ministry has cautioned members of the public seeking cash loans from microlenders to first read the conditions of borrowing as stipulated in the loan agreement before signing it. They also warn people not to surrender their bank cards and pin numbers as such demands by microlenders violate the Namibian Banks Act.

The maximum interest charges allowed by the law are 34% a year for a borrowed amount not exceeding R6 000 and 31% a year for a sum exceeding R6 000.

The Namibian Economic Policy Review Unit has attributed the mushrooming of cash loan agencies to conservative and bureaucratic lending practices of local financial institutions. There was an increase in over-indebted households which resorted to cash lenders as the last financial resort.

Namibia's women 'not targeted for land reform'

BD 4/11/99 (221A)

WINDHOEK — Despite the fact that women constitute about 52% of Namibia's population, there is no indication that the Namibian government has targeted women as beneficiaries for land reform, save for political rhetoric, says a researcher.

According to Wolfgang Werner, a research co-ordinator at the Namibia Economic Policy Research Unit, women are not regarded as a sufficiently important political constituency in the redistribution of land. He said the politicians were using the distribution of land to create a political clientele. In doing so politicians would like to know who is more useful. "Likewise, the dispossessed are not part of the list of beneficiaries because politicians think they are not important," he said.

According to the white paper on national land policy of March 1997, "women will be accorded the same status as men with regard to all forms of land rights, either as individuals or as members of family land ownership trusts".

This was supposed to mean that women were going to be entitled to receive land allocations and to bequeath and inherit land, as the government at the time pledged to actively promote the reform of civil and customary laws which impeded women's ability to exercise their rights over land.

Access to and tenure of land were among the most important concerns of the Namibian people in their struggle for independence, the white paper said. "Namibians still have many concerns about land".

It also observed that in the rural areas, where most Namibians live, particularly women, many people are concerned about the lack of clear policy and administrative structures for land allocation and management.

As the most arid country in southern Africa, Namibia has highly variable climate and dry years are normal.

This hampers the productive potential of the land and must shape people's expectations.

Land use is typically unsustainable because of poor resource management, inequitable land distribution and increasing population pressure. — AIA.

Fisheries boosts Namibia's GDP

CT (DR) 23/11/99 (22IA)

Tabby Moyo

Walvis Bay – The contribution of Namibian fisheries to the country's gross domestic product (GDP) had tripled to over 10 percent in the last seven years, President Sam Nujoma said at the weekend.

Commissioning a new fisheries inspectorate building at Walvis Bay on Saturday, Nujoma said the sector, which in 1991 only contributed 3,7 percent towards the GDP, had now become one of the country's major economic contributors.

The industry's total value had risen from R664 million soon after independence to R2,2 billion.

Nujoma also noted an increase in the participation of Namibians in all levels of the fisheries sector as well as an increase in the proportion of Namibian fishing vessels from 50,5 percent in 1991 to 83,8 percent at the end of last year.

He said that after years of plunder by foreigners of Namibia's fishing resources, there was now clear evidence that local participation in the sector had grown.

During Namibia's colonial era the fisheries' resources were "mercilessly plundered by foreign vessels that travelled from far away countries to come and fill their vessels with our fish". Nujoma said the country gained absolutely nothing from its rich marine resources during that time.

"The free-for-all of the past decades had taken its toll and as a result we were no longer blessed with healthy stocks.

"Instead my government and the Namibian people inherited worn out and in some cases almost depleted fish stocks."

The declaration of a 200-mile exclusive economic zone soon after independence had paved the way for the government to put under control the plunder of the country's marine resources by illegal foreign vessels.

"You may well have heard the stories of how Namibia became world famous for its action against the vessels that refused to acknowledge our exclusive economic zone and continued to fish at their will," Nujoma said. – Independent Foreign Service

Uranium mine staff want clarification on future (222)

Christof Maletsky BD 2/11/99

WINDHOEK — Workers at Rossing Uranium, which has been dogged by recession, have been staging peaceful demonstrations to demand clarification on their future with the company.

About 800 workers petitioned Rossing late last week to disclose its full plans for new manpower arrangements.

Rossing, 60km east of Swakopmund, has more than 1 100 workers but wants to reduce its workforce to 1 000 and to cut operating costs by R100m by next year under a business improvement programme. The programme was launched in April, with an emphasis on reducing costs in all areas of the mine.

In their bid to achieve this, all employees had to propose ways of cutting costs in their respective departments.

So far the employees have identified innovative cost-cutting ideas which are estimated to save Rossing R42m by the year end, says general manager for operations Werner Haymann.

But the workers, mobilised by the Mineworkers' Union of Namibia, are demanding implementation of all technical processes related to the programme, and want processes that involve layoffs to be stopped until plans for the programme are implemented.

Union branch chairman, Eric Beukes, called on Rossing to present a five-year plan outlining the status of each department and each employee.

Rossing — one of the world's biggest open-pit mines — is being punished by low uranium prices and a recession.

Senior external relations officer Hella Froese says steps have already been taken to help reduce production costs — including the replacement of old haul trucks with ones that can carry more ore to the plant, and are cheaper to maintain; and new computerised business information systems.

Other cuts will include a procurement plan through which Rossing can buy equipment and material cheaply by taking advantage of majority shareholder Rio Tinto's buying power; and a performance management system.

Rossing does not envisage a return to full production until 2002.