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President Hage Geingob (2015-present) completes a pre-election township tour. The high-level economic growth summit at the end of July sees clarification of the New Equitable Empowerment Framework (NEEEF), with substantial pledges of new investment by foreign donors. The Bank of Namibia (central bank) cuts Namibia's repo rate by 25 basis points to 6.50%, keeping interest rates aligned with South Africa's. Diamond and gold output drops in the second quarter, but uranium output increases while the first tin concentrate is due to be processed at Uis in August. The Namibia Statistics Agency (NSA) reports that year-on-year inflation fell again in July.

Mixed reactions to Geingob's pre-election town hall tour

President **Hage Geingob** (2015-present) spoke at a series of town hall meetings in all 14 of the country's regions in the six weeks to mid-August. Officially the purpose of the events was to outline government actions to mitigate the current severe drought and government delivery with respect to other issues of national importance. In May, Geingob had declared a state of emergency – the second in three years – and instructed all national agencies to prioritise drought relief actions. The lack of rain throughout most of **Namibia** has left 500,000 Namibians, one in five of the population, without access to sufficient food, according to the government, which is delivering water, mending broken boreholes, supplying free food parcels to rural households and free livestock fodder to affected farmers, along with livestock marketing incentives.

From the outset of his nationwide tour, Geingob dismissed claims by some critics that it was in reality the start of his re-election campaign. Geingob said he would soon launch his campaign and will be dressed in “*different [Swapo party] colours*”.¹ He thanked his audiences for their politeness at the events, noting that Namibians are often “*too critical and negative about their country*”.²

The one sour note was struck during the president's meeting in **Khorixas**, in the south of the sparsely populated northwestern **Kunene** region. Representatives of some traditional authorities – including the **#Aodaman** and **Swartbooi** authorities – proposed the region should be split into two, as **Kavango** region had been in 2013, based on the distance for many inhabitants from the regional capital in **Opuwo** to the north. **Gaob Justus//Garoëb** said it was a 740 km round trip from Khorixas and in consequence,

*“The majority of the people do not enjoy most centralised regional government services and project spin-offs, as well as the implementation of some **Harambee Prosperity Plan** programmes.”³*

Gaob Justus//Garoëb added that dividing the region, which covers 115,300 sq km and is Namibia's second largest, could result in better economic opportunities for the inhabitants. The south is mainly inhabited by **Damara**, Geingob's own community, and the north by the **Himba**, a sub-group of the **Ovaherero**, although the proponents of splitting the region in two said this was not a motivating factor. Nevertheless, Geingob said the move would not be in the interest of a united Namibia. He also maintained that dividing Kavango into east and west had not resulted in more development.

¹ Namibia Press Agency, 16 Aug 2019.

² Namibia Press Agency, 16 Aug 2019.

³ The Namibian, 20 May 2019.

An alleged remark of Geingob in Khorixas that Kavango had not been developed because it had voted for the **South Africa-backed Democratic Turnhalle Alliance (DTA)** – now renamed the **Popular Democratic Movement (PDM)** – in the October 1989 independence election has led PDM leader **McHenry Venaani** to propose Geingob’s impeachment. In fact, Kavango subsequently voted mainly for the ruling **SWAPO Party of Namibia (SWAPO)**. Venaani announced the move at an impromptu press conference at the party’s **Windhoek** head office in mid-August. He described Geingob’s alleged comments as a major setback for democracy and freedom of political affiliation:

“Nothing allows the president to tell people that if they vote for us, they will not receive development.”⁴

Any effort to muster votes for Geingob’s impeachment is unlikely to gain traction, given the ruling party’s two-thirds parliamentary majority, and the move seems more a pre-election stunt.⁵ As predicted in *ARC Briefing Namibia July 2019*, Geingob is on track to win another overwhelming victory in the presidential election at the end of November, while SWAPO is likely to retain its current two-thirds majority in the **National Assembly (NA)**.

Policy clarifications and investment pledges at growth summit

Clarification of the final shape of the government’s much-discussed and delayed proposed local empowerment law, the **New Equitable Empowerment Framework (NEEEF)**– now also accorded the acronym **NEEEB** (where ‘B’ stands for Bill) – was the highlight at the two-day Economic Growth Summit held in Windhoek from 31 July to 1 August (see *ARC Briefing Namibia July 2019*). The government also provided an update on other key policies, including the **Namibia Investment Promotion Act (NIPA)**, public-private partnerships (PPPs), ‘leveraging’ government-owned assets, streamlining public procurement, and helping local building firms compete with non-Namibian rivals, in practice mainly **Chinese** companies. By providing a clearer outline of how it intends to roll out its structural policy reforms, the government may have gone some way to meeting the recommendations in the recent **International Monetary Fund (IMF)** Chapter IV report on Namibia (see *ARC Briefing Namibia June 2019*).

Cabinet secretary **George Simataa** said these were based on prior recommendations by the recently established **High-Level Panel on the Namibian Economy (HLPNE)**, chaired by local businessman **Johannes Gawaxab**. According to the official version on the government online portal, the original NEEEF provision for mandatory transfers of 25% equity stakes in all firms, whether Namibian- or foreign-owned, to local empowerment entities and individuals, has been removed.⁶ The final version of the NEEEF bill is due to be tabled in the National Assembly within six months.

While foreign investors will welcome this overdue formal commitment to scrap the 25% provision, other “*empowerment pillars*” remain in place, and all firms doing business with the government “*will be expected to comply with them*”. Compliance evaluation, by yet another quasi-government organisation provided for in the NEEEF bill, will be “*guided by a weighted scorecard*”.⁷ Firms will also have to observe sector-wide empowerment targets (developed by business not the government). In the case of financial services and mining, these are already in place.

In a key concession to investor concerns, Simataa made it clear that “*NEEEF will only apply to enterprises doing business with government and applying for natural resource (i.e. oil and minerals) licensing*”.⁸ These would appear to exempt mining and exploration companies already holding valid licences from NEEEF’s requirements, although they would be bound by the provisions of the **Namibian Mining Charter** adopted by the **Chamber of Mines of Namibia (CMN)** in September

⁴ The Namibian, 16 Aug 2019.

⁵ The Namibian, The Namibian Sun, 16 Aug 2019.

⁶ Informante, 1 Aug 2019; Government Portal, Statement on the Government Position on the Policy Recommendations made by the HLPNE for the 2019 Economic Summit, 1 Aug 2019.

⁷ Government portal, as above

⁸ Government portal, as above

2014, which called for 5% equity stakes to be made available for sale to historically-disadvantaged Namibians (HDNs).

The Namibia Investment Promotion Act (NIPA) is to be revised and tabled by the end of the current fiscal year (i.e. by March 2020). Local businesses have criticised the legislation for being overly bureaucratic and providing for too much ministerial discretion. The existing **Public Procurement Act** is also to be amended to simplify bidding documents and reduce the tendering timescale. The government has also adopted HLPNE's recommendation that an entry point e-visa should be made available at a low nominal fee to facilitate investor and tourist visits to Namibia.

During the event, some foreign investors and donor agencies made substantial investment pledges amounting to a total of N\$20 billion (\$1.3 billion), exceeding the N\$14 billion (\$0.9 billion) target set by the HLPNE.⁹ The **Cairo-based African Export-Import Bank (Afreximbank)** pledged \$300m for housing, financial services and tourism, while the **Nigeria-based Africa Finance Corp.** is providing N\$150m (\$10m) for developing infrastructure project capacity and foreign currency trading operations. But the biggest pledge was by a **Russian** company, **Comsar Energy**, which is active in south-eastern **Europe**. The firm pledged to invest N\$1.5 billion (\$0.1 billion) in various sectors, including a second seawater desalination plant at **Walvis Bay**, a 600 MW power plant (presumably thermal, although this was not stated), and an oil refinery, something that has been mooted since Namibia's independence in 1990.¹⁰ This is not the first time Russia has promised to invest heavily in energy and water infrastructure; in a previous pledge over a decade ago, Russia proposed to invest large sums in uranium mining and development of coal-fired power stations, but nothing came of it.

Central bank shaves repo rate to 6.50%

At its **Monetary Policy Committee (MPC)** meeting of 13 August, the **Bank of Namibia (BoN)** (central bank) cut its benchmark repurchase (repo) rate, by 25 basis points to 6.50%¹¹ The MPC took the decision to "*support domestic economic activity and to maintain the one-to-one link between the Namibia Dollar and the South African Rand*".¹² ARC had forecast that the BoN would cut its repo rate in August in an effort to boost the stalled economy (see *ARC Briefing Namibia July 2019*) and the BoN's Monetary Policy Statement (MPS) noted that "*domestic economic activity continued to slow during the first six months of 2019, compared to the corresponding period of 2018*".¹³ However, the main (unstated) reason for the BoN's action, in line with ARC's expectations, was the 25 basis points rate reduction in South Africa's repo rate to 6.5% that the **South African Reserve Bank (SARB)** made at its 18 July rate-setting meeting, the first interest rate reduction since March 2018.¹⁴ Keeping the direction of monetary policy aligned with that of South Africa is a key BoN policy aim.

SARB governor **Lesetja Kganyago** said the 25 basis points cut had been decided in the context of a further weakening in South Africa's growth prospects this year and "*largely balanced*" overall risks to the inflation outlook.¹⁵ The SARB has cut its 2019 GDP growth forecast for South Africa to 0.6% from 1.0% in May although it has held its 2020 growth projection at 1.8% for the time being. It "*remains concerned*" about longer term risks to South Africa's economy, with new investment prospects seen as continuing to be limited in the absence of structural reforms, an assessment that applies equally well to Namibia. The SARB further noted that in the absence of shocks "*relative exchange rate stability is*

⁹ New Era, 2 Aug 2019, Namibia News Digest, 1 Aug 2019.

¹⁰ New Era, 1 Aug 2019.

¹¹ Bank of Namibia, Monetary Policy Statement, 14 Aug 2019.

¹² Bank of Namibia, Monetary Policy Statement, 14 Aug 2019.

¹³ Bank of Namibia, Monetary Policy Statement, 14 Aug 2019.

¹⁴ South African Reserve Bank, Statement of the Monetary Policy Committee, 18 Jul 2019; Trading Economics- online, <http://tradingeconomics.com/south-africa/interest-rate>.

¹⁵ South African Reserve Bank, Statement of the Monetary Policy committee, 18 Jul 2019.

expected to continue”, although it deemed that the impact of upside risks to the inflation outlook could be significant, related to uncertain global financial and trading conditions.¹⁶

Domestically, the financing needs of state-owned enterprises (SOEs) are viewed as another upside risk; again, this applies also to Namibia where the state-owned airline **Air Namibia** faces bankruptcy in the absence of a further substantial bail-out from the government. In early August it was reported that public enterprises minister **Leon Jooste** and government officials were in the **United States (US)** to negotiate the airline’s exit from all existing aircraft lease agreements, interpreted as a clear signal that Air Namibia will be shut down at an estimated N\$2.5 billion (\$164 billion) cost to the state.¹⁷

The BoN predicted that domestic economic growth would remain weak for the rest of this year. On the upside, annual average growth in private sector credit extension (PSCE) increased to 6.9% in the first half of this year, up from 5.9% in the same period of 2018.¹⁸ This was mainly due to an uptake in borrowing by businesses – mainly in the financial, mining, real estate and retail sectors – while credit growth to individuals slowed. As at end-June, annual PSCE growth was 7.8%, up from 7.0% at end-April. The level of Namibia’s foreign reserves has also increased, to N\$35.2 billion (\$2.3 billion) at end-July, from N\$34.1 billion (\$2.2 billion) at end-May, sufficient in the BoN’s view to protect the peg of the Namibia dollar to the rand. Somewhat puzzlingly, coverage of imports of goods and services is estimated to have decreased to 4.8 months, compared to 5.6 months previously.

Diamond production fell by 35% in Q2

Having contracted by 2% in the first quarter of 2019, the economy looks unlikely to have received any subsequent uplift from the mining sector, as both diamond and gold output decreased year-on-year in the second quarter, although the **Rössing** mine –which is now majority-owned by **China National Nuclear Corp. (CNNC)** – recorded higher production (see *ARC Briefing Namibia June 2019*). Mining value-added output is a crucial driver of Namibia’s overall GDP growth rate. Rough diamond output by the 50:50 government/**De Beers**-owned **Namdeb Holdings** fell to 335,000 carats, down 35% from the 515,000 carats produced in the 2018 second quarter and 31% below the 483,000 carats produced in the first quarter of this year.¹⁹ Deep-sea recoveries off the southern coastline by 100%-owned **Debmarine Namibia** accounted for 73% (245,000 carats) of second quarter production, up from a 68% share (349,000 carats) a year earlier, although this represented a 30% decrease in volume output. But onshore recoveries fell even more sharply, to 90,000 carats in the second quarter, down 46% on a year earlier. De Beers said the decrease was “driven by **Elizabeth Bay** transitioning onto care and maintenance in Q4 2018 and planned maintenance for the **Mafuta** crawler vessel.”²⁰ Elizabeth Bay, located in the north of **Diamond Area No. 1** (the **Sperrgebiet**, prohibited area) to the south of **Luderitz**, produced mainly smaller, high gem-content stones. There has been no update on Namdeb’s previously announced sale process for the mine. First half 2019 output was 818,000 carats, down 22% on the 1.0m carats recovered in the 2018 first half, with offshore recoveries 15% lower at 609,000 carats, and onshore production down by 37% at 209,000 carats.

Overall production from De Beers’ other **Southern African** diamond mines in **Botswana** and South Africa also fell in both the second quarter and first half of 2019, with a 14% overall output decline to 7.7m carats in the second quarter (including **Canadian** production) due to what De Beers termed “subdued” global demand for rough diamonds “as a result of challenges in the midstream with higher polished inventories, and caution due to macro-economic uncertainty, including the US-China trade tensions”.²¹ **Anglo-American** chief executive **Mark Cutifani** said that in view of prevailing market conditions, De Beers (owned 85% by Anglo and 15% by the Botswana government) “will continue to

¹⁶ South African Reserve Bank, Statement of the Monetary Policy Committee,, 18 Jul 2019..

¹⁷ The Namibian, 17 Aug 2019.

¹⁸ Bank of Namibia, Monetary Policy Statement, 14 Aug 2019.

¹⁹ Anglo American, Production Report for the second quarter ended 30 June 2019, 18 Jul 2019.

²⁰ Anglo American, Production Report for the second quarter ended 30 June 2019, 18 Jul 2019.

²¹ Anglo American, Production Report for the second quarter ended 30 June 2019, 18 Jul 2019.

produce to demand for the year".²² With the weakening global economy likely adversely impacting demand in the near term, this suggests the firm is unlikely to raise diamond production in Namibia and elsewhere in the second half of 2019. Anglo reported that the average realised rough diamond price decreased in the first half of this year by 7% to \$151 per carat, from \$162 per carat a year earlier, driven by a 4% reduction in the rough price index and "a change in the sales mix in response to weaker conditions".²³

Namibia mineral production Q2 2019 ²⁴					
		2019		2018	% change
	Unit	Q2	Q1	Q2	Q2/Q2
Diamonds	'000 carats	335	483	515	-35.0
<i>Onshore</i>	'000 carats	90	119	166	-45.8
<i>Offshore</i>	'000 carats	245	364	349	-29.8
Uranium	tonnes	755	530	613	23.2
Gold	ounces	37,421	32,712	40,678	-8.0

... although gold production should expand later this year ...

Production from Namibia's main gold producer, the open pit **Otjikoto** mine located 50km southwest of **Otavi** and 370 km north of Windhoek, rose by 14% to 37,421 ounces from 32,712 ounces in the first quarter of 2019, although it was down 8% on the 40,678 ounces produced in the second quarter of 2018.²⁵ Sales were 35,400 ounces at \$1,174 per ounce of gold sold, higher than that for the other mines operated by Canada's **B2Gold Corp**, the **Fekola** mine in **Mali** and **Masbate** mine in the **Philippines**, both bigger volume producers than Otjikoto. B2Gold holds a 90% equity interest in Otjikoto (via **B2Gold Namibia**) with empowerment group **EVI Mining** holding a 10% equity stake. Otjikoto's cash operating cost was around half the gold sold price, at \$554 per ounce produced and \$582 per ounce sold.

The mine is on track to expand output in the second half of this year. Half-year output for 2019 at 70,133 ounces was 13% less than in first half 2018 (80,177 ounces). In its second quarter operations, B2Gold said that Otjikoto production "is scheduled to be significantly weighted towards the second-half of the year" due to ore from a higher grade zone of the Otjikoto being processed in the third quarter, with high-grade ore recoveries from phase 2 of the adjoining **Wolfshag** pit due to start by the year-end.²⁶ Production guidance for 2019 remains unchanged at between 165,000 and 175,000 ounces. In its latest responsible mining report, B2Gold states that out of \$213m in total gold revenue from Otjikoto in 2018, \$100m went on cash operating costs and capital expenditure, with \$38m spent on wages and \$61m in retained earnings.²⁷ Mine greenhouse gas emissions have been cut due to a 7 MW solar plant completed in mid-2018, which has partly replaced electricity supply from the on-site heavy fuel oil (HFO) diesel generators and last year provided 13% of the power consumed by the mine.

²² Anglo American, Production Report for the second quarter ended 30 June 2019, 18 Jul 2019.

²³ Anglo American, Production Report for the second quarter ended 30 June 2019, 18 Jul 2019.

²⁴ Anglo American, Production report for the second quarter ended 30 June 2019, 18 Jul 2019; Rio Tinto, Second quarter operations review, 16 Jul 2019; B2Gold Report Strong Second Quarter 2019 Results, 6 Aug 2019.

²⁵ B2Gold Reports Strong Second Quarter 2019 Results, 6 Aug 2019.

²⁶ B2Gold Reports Strong Second Quarter 2019 Results, 6 Aug 2019.

²⁷ B2Gold, Responsible Mining Report 2018, Raising the Bar, June 2019.

... and China will need Namibia's uranium for years to come

Production by the Rössing mine was 23% higher in the second quarter at 755 tonnes of uranium oxide (U₃O₈) compared to a year earlier, due to higher grades and recoveries. First half 2019 output was up 9.5% at 1,285 tonnes.²⁸ This will be the last production report published by **Anglo-Australian** resources group **Rio Tinto**, which has completed the sale of its 68.6% majority equity interest to CNNC, after the **Namibian Competition Commission (NCC)** conditionally approved the transaction in June (see *ARC Briefing Namibia July 2019*). It is not certain if CNNC will continue to produce quarterly production reports for the mine. China's second state-owned nuclear power utility, **China General Nuclear (CGN)** – which owns 90% of the operating company **Swakop Uranium (SwakopU)** – has not published these for the **Husab** uranium mine since production began at the end of 2016. The change of ownership became immediately visible with the Rio Tinto sign at the mine's main entrance replaced by one for CNNC, which along with that for **Rössing Uranium Limited**, is now rendered in both English and Chinese.



Source: Roman Grynberg in *The Namibian*, 16 August 2019.

University of Namibia (UNAM) professor **Roman Grynberg** summarised the pluses and minuses of Chinese ownership in a recent opinion piece which noted that using Namibia's uranium as fuel for a nuclear power station, as recently proposed by **Erongo** region governor **Cleophas Mutjavikua**, made little economic sense. Grynberg noted that establishing an enrichment facility to beneficiate uranium oxide into low-enriched U₂₃₅, the first stage of producing nuclear fuel for power stations, "*would almost certainly send up red flags in developed country capitals*".²⁹ An enrichment programme, combined with the fact of the partial **Iranian** ownership of Rössing – the **Iranian Foreign Investment Corp. (IFIC)** has a 15% equity stake – "*would just spell trouble for Namibia.*" Grynberg noted:

*"The purchase of the uranium deposits at Husab and the sale of Rössing to the Chinese is a real blessing for Namibia. For Rio Tinto, they would only produce uranium if the price on the world market covered costs. But the Chinese miners are directly linked to the electricity utilities in China, and they will need the uranium for many years to come until China is willing to shift its energy mix away from nuclear in a profound way. They will buy, come what may. The Chinese will continue to buy our uranium for many years to come, and this is to Namibia's benefit."*³⁰

²⁸ Rio Tinto, Second quarter operations review, 16 Jul 2019.

²⁹ *The Namibian*, 16 Aug 2019.

³⁰ *The Namibian*, 16 Aug 2019.

However, Grynberg cautioned that the tax authorities should be cautious to ensure that the new owners of Namibia's uranium mines conduct their affairs in a manner that the owners of the uranium – the people of Namibia – get their fair share of economic benefits.³¹

... offsetting the impact of the continuing low uranium price

The continued stagnation at a low level of uranium prices has underscored the importance of the China trading connection for Namibia's yellowcake exports. If Rio Tinto had not sold Rössing to CNNC, it might well have been looking at early closure of the mine by now. Despite expectations by most analysts that the uranium spot market price would rise following the July decision by US President **Donald Trump** (2017-present) not to implement tariff restrictions on US yellowcake imports to protect domestic producers, the price has remained below \$30 per pound; the average price for the week ended 22 August was \$25.28 per pound.³² This is well below the +\$50 per pound incentive price for new mine developments, especially low-grade projects as in Namibia. This despite substantial production cutbacks and mining suspensions by the two major producers – Canada-based **Cameco** and **Kazakhstan's Kazatomprom** – along with continued growth in nuclear power plant construction by China.

US nuclear utilities will continue holding back on long-term contracting for the time being due to market uncertainty, according to **Australia's Deep Yellow** managing director, **John Borshoff**. Deep Yellow is a Namibia-focused uranium explorer, with a current uranium resource of 67,000 tonnes grading 0.03% yellowcake at several alaskite basement rock and calcrete palaeochannel deposits in Erongo, southwest of the mothballed **Langer Heinrich** mine (75% **Australia's Paladin Energy**, 25% CNNC). In Borshoff's view, with no prospect of new uranium production (although mothballed facilities will be re-opened if the price rises sufficiently), a supply shortage "*is inevitable*" after 2023 and "*likely*" in 2021/22, causing prices to overshoot the incentive price threshold.³³

Uis mine will start producing tin shortly

The first tin concentrate from the open pit **Uis** mine in northwestern Namibia, located inland from **Henties Bay** north of **Swakopmund**, is due to be produced in August.³⁴ The phase one tin concentrator was completed at the end of July and is now at the commissioning stage. **AfriTin Mining**, which is listed on **London's Alternative Investment Market (AIM)**, said that hot and cold commissioning of the plant is at the final stage ahead of a four-month production ramp-up, which began in early August.

Uis is the first new mine to come into operation since completion of the Husab uranium mine and will produce tin concentrate for export. Initial design capacity is 500,000 tonnes of ore per year, for recovery of 60 tonnes of concentrate per month. The firm expects to be producing at this level during the 2019 fourth quarter. It will then start phase two preparation for a 3m tonnes per year processing plant, capable of producing some 5,000 tonnes of concentrate annually. AfriTin chief executive officer **Anthony Viljoen** commented:

*"This marks a momentous milestone for the company and for the AfriTin team in particular, having delivered a pilot plant of this scale on a relatively modest budget, within two years of listing on AIM."*³⁵

Inflation decreases again in July

Inflation continued to slow in July, due mainly to weak global prices, notwithstanding a further decrease in crude production by the **Organisation of Petroleum Exporting Countries (OPEC)**, and despite the resumed depreciation of the South African rand (to which the Namibia dollar is linked at

³¹ The Namibian, 16 Aug 2019.

³² Nuclear Intelligence Weekly, Vol 13. No.33, 23 Aug 2019.

³³ Deep Yellow, Corporate Presentation, 1 Aug 2019.

³⁴ AfriTin Mining, Uis Tin Mine Operational update, 31 Jul 2019.

³⁵ AfriTin Mining, Uis Tin Mine Operational Update, 31 Jul 2019.

par) against the US dollar. The **Brent** crude benchmark price was \$59 per barrel as of 23 August, with **West Texas Intermediate (WTI)** even lower at \$54, with prices having languished during the previous four weeks due to weak global demand.³⁶ The US dollar/rand exchange rate on 23 August was \$1=R15.22, an 8% depreciation from \$1=R13.98 on 12 July, when the rand had appreciated to its highest value against the US currency this year.³⁷ If the rand further depreciates in coming months, this would result in imports becoming more expensive later this year, thereby increasing domestic inflationary pressures.

But according to the **National Consumer Price Index (NCPI)**, Namibia's year-on-year (y/y) inflation rate fell to 3.6% in July, from 3.9% in June, although prices rose month-on-month (m/m) by 0.2%. However, y/y inflation was almost one percentage point lower than in July 2018 (4.5%), while 12-month average inflation declined to 4.6%.³⁸ Goods inflation at 3.1% remained below that for services at 4.5%, with the differential widening from June. The main domestic inflation drivers in July were transport (NCPI basket weighting of 14.3%), food and non-alcoholic beverages (16.5% weighting) and alcoholic beverages and tobacco (12.6%), although y/y price increases for all three categories were below those of the month before. However, y/y inflation for housing and utilities, with the biggest weighting at 28.4%, notched up by 2.2% (2.0% in June), mainly because electricity, gas and other fuel prices rose by 1.6% (-0.5% in June). These four largest categories constitute over 70% of the total basket so relatively modest price changes can have a substantial impact on the overall inflation rate. In contrast, even if lower-weighted categories record relatively high price rises – as did education with a 12% increase in July but with only a 3.7% basket weighting – this will not significantly affect overall inflation.³⁹ Transport inflation, which mainly captures the impact of oil prices on the economy, reduced fractionally to 6.9% (7.0% in June), helped by the decision of mines and energy minister **Tom Alweendo** to freeze domestic fuel prices. Alweendo also announced that fuel prices would stay unchanged in August, as *“the cost recovery model on which the final pump prices are based remained in a relatively stable position”*.⁴⁰ Year-on-year inflation for food and non-alcoholic beverages slowed again to 3.4%, from 3.9% in June (that for food alone to 3.7% from 4.2%), with price increases for bread and cereals slowing to 6.1% from 8.2%. In June, transport (14.3% weighting in the NCPI basket of goods and services) was the major driver of the slower overall inflation rate, recording reduced price growth of 7.0%, down from 7.6% in May. This reflected smaller increases in the cost of buying vehicles at 3.6%, from 4.1% in May, while the cost of operating personal transport rose by 5.0%, compared to 5.7%.

Year-on-year zonal inflation rates for each of three geographic zones into which the **Namibia Statistics Agency (NSA)** groups Namibia's 14 administrative regions, showed some variation compared to June (see *ARC Briefing Namibia July 2019*). Y/y inflation for Zone 1 (northern Namibia, nine regions) eased back to 3.3% (from 3.5% in June and 4.6% a year earlier) although that for food and non-alcoholic beverages rose to 3.3%, from 2.8% a year earlier. Zone 2 (**Khomas region**, including Windhoek) inflation decreased quite sharply to 3.0% (3.7% in June and 3.9% a year earlier), as transport inflation decreased to 6.0% from 9.8% a year earlier, and that for food and non-alcoholic beverages to 1.4% from 3.4% a year earlier. Zone 3 inflation, covering four eastern/western/southern regions including Walvis Bay and Swakopmund, rose fractionally to 5.1% from 4.9% in June, having decreased by the same margin last month, but was down from 5.6% a year earlier; housing and utilities inflation was down from 6.9% in July 2018 to 3.2%, and transport from 8.9% to 8.1%.⁴¹

³⁶ OILPRICE.com (online), 23 Aug 2019.

³⁷ XE Corp, XE Currency Converter (online), 23 Aug 2019.

³⁸ Namibia Statistics Agency, National Consumer Price Index, July 2019.

³⁹ Namibia Statistics Agency, National Consumer Price Index, July 2019.

⁴⁰ Namibia Economist, 2 Aug 2019.

⁴¹ Namibia Statistics Agency, National Consumer Price Index, July 2019.

Planner

12 Sep 2019 **(Namibia) Namibia Statistics Agency**, National Consumer Price Index, August 2019

19 Sep 2019 **(Namibia) Namibia Statistics Agency**, Quarter 2 2019 GDP

23 Oct 2019 **(Namibia) Bank of Namibia**, Monetary Policy Committee rate setting meeting

Nov 2019 **(Namibia) National Assembly** and Presidential Elections

Chronology

25 Aug 2019 **Geneva (Switzerland) National Geographic**. Member countries of the **Convention on International Trade in Endangered Species** reject an **eSwatini** and **Namibia** proposal to loosen restrictions on trade in rhino parts;

16 Aug 2019 **Windhoek (Namibia) Sharecast**. **South Africa**-based tin miner **AfriTin Mining** agrees to a \$2.9m working capital facility with **Nedbank Namibia**, which will allow AfriTin to ramp up its pilot plant;

14 Aug 2019 **Windhoek (Namibia) AllAfrica**. **Bank of Namibia** (central bank) governor **Iipumbu Shiimi** cuts the interest rate 25 basis points to 6.50% to keep parity with the **South African** rand;

8 Aug 2019 **Windhoek (Namibia) The Namibian**. State-owned airline **Air Namibia** spokesperson **Paul Nakawa** denies that the airline will close soon;

6 Aug 2019 **Windhoek (Namibia) The Namibian**. Public enterprises minister **Leon Jooste** visits the **United States** to negotiate **Air Namibia's** exit from aircraft lease agreement, which means the airline may close;

4 Aug 2019 **Walvis Bay (Namibia) CGTN**. President **Hage Geingob** inaugurates the 40-acre **Chinese**-built port terminal which is expected to double **Namibia's** container capacity;

1 Aug 2019 **Windhoek (Namibia) PV Magazine**. State-owned electricity company **NamPower** plans to add 220 megawatts of power from renewables by 2023;

24 Jul 2019 **Windhoek (Namibia) Fin24**. State-run power company **Namibia Power** plans to invest \$333m in renewable energy to generate 220 megawatts of power by 2023;

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Please contact us by email info@africariskconsulting.com or call + 44 (0) 20 7078 4080

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