

Namibia: Brief Profile

March 2009

Domestic Economy

- Namibia's real GDP is estimated to grow by 3.3% in 2008 compared to 4.1% in the previous year, mainly on account of fall in mineral commodity prices.
- In absolute terms, GDP stood at an estimated US\$ 8.7 billion, while per capita income was US\$ 4143.
- Inflation picked up in 2008 to an estimated 10.3% from 6.7% in 2007, primarily due to rising food prices and higher fuel prices.
- Services are the major sector in Namibia, accounted for 58.8% of GDP in 2007 (*as per latest data available*). Industry sector accounted for 31.5%, and agriculture accounted for 9.7% of GDP in the same year.

Trade and External Sector

- Namibia's exports rose by 3.7% to an estimated US\$ 3,030 million in 2008, compared to US\$ 2,922 million registered in the previous year, owing to higher diamond exports.
- Namibia's imports also rose by 23.8% touching an estimated US\$ 3,840 million in 2008, compared to US\$ 3,102 million registered in previous year.
- Thus, trade deficit widened from US\$ 180 million in 2007 to US\$ 810 million in 2007.
- The main products exported from Namibia in 2007 (*as per latest data available*) were; diamonds (22.6% of total exports), metal ores, including uranium ore (20.9%), fish (16.2%), refined metal (15.7%), and live animals & animal products (7.3%).

- The main products imported to Namibia during 2007 (*as per latest data available*) were transport equipment (18.4% of total imports), food and beverages (15.8%), machinery and equipment incl. electrical (15.5%), chemical, rubber and plastic products (10.6%), and refined petroleum products (10.3%).
- The main destinations of Namibian exports during 2007 (*as per latest available data*) and their shares in total exports were the South Africa (33.4%) and the U.S. (4%). The main origins of imports in the same year were also South Africa (85.2%) and the U.S. (3%).
- Namibia recorded a current account surplus of an estimated US\$ 40 million in 2008, lower than US\$ 693 million in 2007, primarily because of higher deficit in trade balance.

Exchange rate, Foreign exchange reserves and External debt

- Namibian dollar is the local currency of Namibia. The average exchange rate for the year 2008 was estimated at N\$ 8.26: US\$ 1, depreciating from N\$ 7.05: US\$ 1 in the previous year.
- The country has accumulated its foreign exchange reserves since 1993, when the Namibian dollar was introduced. The reserves amounted to US\$ 1,150 million in 2008, compared to US\$ 896 million in 2007, representing an import cover of 3.6 months.
- The external debt of Namibia decreased from US\$ 1,003 million in 2007 to US\$ 993 million in 2008.

Country Risk Rating

- *Euromoney*, in its September 2008 risk rankings of 186 countries, placed Namibia at 137, which is a rise of 25 places over its previous ranking of March 2008. India was placed at 56 in the same ranking.

- According to the *Institutional Investors* ranking in September 2008, Namibia was placed at 76th position, representing a fall of four places from its previous ranking in March 2008. India position was at 54th place in the same ranking.
- The *Export Credit Guarantee Corporation of India Limited (ECGC)* ranks countries in seven groups, (A1, A2, B1, B2, C1, C2 and D), according to increasing order of risk. It placed Namibia in group B1 of countries in December 2008.

Bilateral Trade Relations with India

- India's exports to Namibia during 2007-08 increased by 122.3% over the previous year, to stand at US\$ 41.1 million. This was mainly due to the increase in exports of inorganic/organic/agro chemicals.
- India's imports from Namibia stood at US\$ 21 million in 2007-08 as compared to US\$ 15.1 million in 2006-07. This was due to rise in imports of metaliferrous ores and metal scrap.
- Thus, India's trade surplus with Namibia increased to US\$ 20.1 million in 2007-08 compared to US\$ 15.1 million recorded in previous year.
- The main items that India exported to Namibia in 2007-08 were inorganic/organic/agro chemicals (US\$ 17.7 million), transport equipment (US\$ 8.5 million), pharmaceutical products (US\$ 6.9 million), manufactures of metal (US\$ 1.3 million) and misc. processed items (US\$ 1.2 million).
- Almost India's entire imports from Namibia in 2007-08 constituted of metaliferrous ores & metal scraps (US\$ 20.9 million). Other major items of imports in the same year were electronic goods (US\$ 0.02 million) and electrical machinery (US\$ 0.01 million).

Macroeconomic Outlook

- Real GDP growth is expected to decline to 1.8% in 2009, as a result of the world economic downturn. In 2010, with the upturn in global demand, higher diamond and uranium output, GDP growth is expected to reach 3.7%.
- With the fall in world food and oil prices, average inflation is expected to decline from 10.3% in 2008 to 7% in 2009 and 5.6% in 2010.
- Rand is expected to decline from an average of R 8.26: US\$ 1 in 2008 to R 9.50: US\$ 1 in 2009 and R 10.1: US\$ 1 in 2010.
- The current-account surplus is expected to widen to 3.7% of GDP in 2009, compared with an estimated 0.5% of GDP in 2008, driven by a smaller trade deficit, as lower oil prices are expected to lead to a decline in imports. In 2010, the trade deficit is expected to widen as imports would grow faster than exports, owing to demand arising from the development of new uranium mines; as a result, the current-account surplus is expected to narrow to 1.9% of GDP.

Namibia: Economic Structure

Economic Indicators	2004	2005	2006	2007	2008^b
GDP (US \$ bn.)	6.6	7.3	8.0	8.7	8.7
GDP at market prices (N\$ bn.)	42.7	46.2	54.0	61.5	72.0
Real GDP growth (%)	12.3	2.5	7.1	4.1	3.3
Consumer price inflation (av; %)	4.1	2.3	5.1	6.7	10.3
Population (mn).	2.0	2.0	2.1	2.1	2.1
Exports f.o.b. (US\$ mn.)	1,828	2,070	2,647	2,922	3,030
Imports f.o.b. (US\$ mn.)	2,110	2,326	2,544	3,102	3,840
Current account balance (US\$ mn.)	385	268	1016	693	40
Total international reserves (US \$ mn.)	345	312	450	896	1150
Total external debt (US\$ mn.)	1,145	1,366	1,427	1,003	993
Average exchange rate N\$: US\$ <i>Local Currency is Namibian Dollar</i>	5.65	6.33	6.76	7.05	8.26

^b – Estimates; Source: EIU Country Report.