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Growth opportunities through modern policies – Klaus Schade

The mid-year budget review and the necessary budget cuts have indicated that Namibia is going through challenging times. Economic growth will be subdued most likely not only this year, but also next year, because of the substantial drop in demand by government. However, there are a number of opportunities Namibia can exploit to position herself as a preferred investment destination in the region.

Namibia can learn from the policy experience of neighbouring countries and develop modern, forward-looking policies that not only attract domestic and foreign investment, but address social challenges such as poverty, inequality and unemployment as well. A case in point is a policy for the economic empowerment of the disadvantaged irrespective of race, faith, gender, ability and other characteristics. Such a policy should incentivise among others investment in productive assets and in a skilled and motivated workforce, as well as the creation of decent jobs rather than punish businesses for not meeting set benchmarks regarding ownership structures and management composition.

Furthermore, Namibia should accelerate the development of a modern trade policy that covers not only trade in goods, but also trade in services such as financial and transport services. Services are a vital input into the production of goods and therefore, the provision of reliable and competitive services will ensure that goods are produced at competitive prices. In particular, cost-effective transport services are required in a country with long distances between domestic markets as well as long distances to regional markets.

In addition, while regional integration is high on the political agenda, progress on the ground is rather slow. Namibia could become the champion for pushing SACU's and SADC's integration agenda ahead in the absence of serious efforts by any other member state. This will require some resources and diplomatic efforts, but will be in our own interest. Namibia aims to become the logistic hub in the region, to get involved in regional and global value chains and to attract investment not only in natural resources, but also manufacturing activities. These ambitions will be achieved if among others trade across borders is eased and standards within the region are harmonised.

Designing forward-looking policies that distinguish Namibia from other countries in the region, their speedy implementation combined with initiatives for deeper regional integration and backed by political stability will provide Namibia with a competitive edge. This will result in much needed domestic and foreign direct investment that can turn the current low-growth period into a period of prolonged, strong and inclusive growth.