



PO Box 6148
Windhoek, Namibia
M +264 81 155 9775
F: +264 88 622 267
E: info@ean.org.na
W: www.ean.org.na

Namibia in the next Base-metals Boom – Lauren Davidson

Much hope is pinned on the mining sector to help Namibia recover from recessionary conditions, with poor growth performance recorded in 2016 while GDP forecasts for 2017 remain bleak. A strong rebound in the mining sector recorded this year definitely lends itself as an area of focus to help leverage the economy out of murky waters, however, some vital aspects are often overlooked.

In particular, the promising outlook for the prices of base metals; copper, zinc, lead and gold have some important implications on the development and growth of Namibia's mining sector. With the right actions and decisions taken by Government, such opportunities can be effectively harnessed to propel such growth and expand on current linkages already being created by the sector. Furthermore, exploration activities underpin the sustainability of mining activities and with the promising trend in the prices of base metals, investments into exploration are almost certainly set to increase.

Unlike many other African countries, Namibia's mining sector generally has a proven track record of ethical conduct towards the state, but most importantly to the country's citizenry. Apart from export earnings and revenue through taxes and royalties, Namibian mining companies make significant contributions to the local economy through strong commitments to Corporate Social Responsibility programmes and to development areas of national priority, such as housing, to name a few.

In spite of significant opportunities for growth, the international community's perception of Namibia as a favourable destination for investment in mining has unfortunately deteriorated over the last two years. The recent 2016 Fraser Institute Survey of Mining Companies revealed that Namibia slid to 9th place after being rated as the most sought after African jurisdiction in 2014. Uncertainty relating to the proposed empowerment policy and legislation (NEEEF/B) as well as Additional Conditions to licences was cited as the primary cause for concern. The recent downgrading of Namibia's investment status to 'Junk' by ratings agencies Fitch and Moody's will undoubtedly further erode investor confidence in the mining sector.

Drawing attention to these issues among central policy makers, members of parliament and the line ministry necessitates action in addressing policy uncertainty and some of the administrative challenges in the issuing of mining licences. Prioritising these issues is key in ensuring that Namibia is competitively positioned to optimally benefit from the next base metals boom.

Published in Business 7 – 29 November 2017