

Namibian businesses – Quo vadis? - Klaus Schade

The economic slowdown does not only take its toll on the labour market, but also on the business landscape - businesses are closing down. However, it is not only the economic contraction that results in business closures. Other reasons might include retirement and lack of successors, policy uncertainty and bureaucracy, etc. why well-established small and medium-sized businesses in Windhoek's Central Business District call it a day. Elsewhere in the country, including the northern regions, Namibian SMEs ranging from stone-crushers to retail outlets have been sold to foreign investors.

No doubt, Namibia needs foreign direct investment, but FDI should contribute to green field investment – investment into new industries and production capacities, creating additional direct and indirect jobs, opening new export markets and networks, introducing innovation, and resulting in technology and skills transfers. Namibia has successfully attracted green field investment over the past couple of years, and in particular last year. Ohorongongo cement is a leading example of introducing new technology for instance in substituting imported heavy fuel oil with locally available biomass and waste and in extending value chains by sourcing even the cement bags locally; Peugeot in a Public Private partnership re-introduced car manufacturing into Namibia after Namibia's own car manufacturer Uri left some 15 years ago and moved to South Africa; Industrias Alimentarias de Navarra, the Spanish investor introducing asparagus farming to the north central regions with employment opportunities in both asparagus farming and processing; and Polycare introducing new building material that could accelerate the delivery of houses; and investment by Independent Power Producers into renewable energies. These are some examples of successful FDIs that among others contribute to the diversification of the economy and open additional business opportunities for Namibians to supply goods and services to these new industries.

The take-over of existing SMEs by foreign investors will hardly lead to similar benefits as green field investments. Even if the contribution to Namibia's Gross Domestic Product remains the same, the Gross National Income declines as well as the money in circulation in the economy since some of the profits are certainly re-patriated to the country of origin of the investor. However, it raises the question, why apparently no Namibian investors are taking up these opportunities and venture into business or expanding their existing businesses. Are we too risk averse, is the business and investment climate not conducive, is financing not available?

Since the public sector is reducing its footprint in the economy, the private sector needs to fill the void. It is therefore necessary to identify and address potential bottlenecks and create an environment that is conducive to empower Namibians to grasp existing economic opportunities.

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