

# **CHINA–AFRICA ECONOMIC RELATIONS: THE CASE OF NAMIBIA**

by

J. E. Odada and Omu Kakujaha-Matundu  
Department of Economics,  
University of Namibia

A scoping study on China's economic relations with sub-Saharan Africa, prepared for the African Economic Research Consortium (AERC).

March 2008

## Table of Contents

Introduction: Namibia's Economy .....	1
1. Cooperation Arrangement between China and Namibia .....	3
2. Investment .....	6
3. Trade .....	7
3.1 Namibia's Exports to China .....	8
3.2 Namibia's Imports from China .....	11
4. Aid .....	19
5. Sino-Namibia Relations: Losers and Gainers .....	21
5.1 Government of the Republic of Namibia .....	22
5.2 Construction Industry .....	23
5.3 Local Manufacturers and Retailers .....	24
5.4 Labour: Labour relations and competition .....	25
5.5 Consumers .....	26
5.6 Conclusions .....	27
List of Figures:	
Figure 1: Trade between China and Namibia, 1998 – 2006 .....	8
Figure 2: Top 5 Commodity Exports from Namibia to China .....	10
Figure 3: Top 5 Commodity Imports from China to Namibia .....	12
List of Tables:	
Table 2.1: Investment by Chinese in Namibia, 2006 .....	7
Table 3.1: Namibia's Major Trading Partners - Exports, 1998 - 2006 .....	11
Table 3.2: Namibia's Major Trading Partners - Imports, 1998 - 2006 .....	13
Table 4.1: Chinese Financial Assistance to Namibia (Loans and Grants) as at 18 April 2007 .....	20
References .....	28
Appendices .....	29

## **Introduction: Namibia's Economy**

Namibia is a resource-based economy with an average current-price GDP of US \$ 3.4 billion, an average GNP of US \$ 3.5 billion and an average per capita income of US \$ 1,744<sup>1</sup>. Because of its relatively higher per capita income (compared to per capita incomes of many developing countries), Namibia is classified as a middle-income developing country by the World Bank and the IMF.

While tertiary industries contribute an average of 54.9% of current-price GDP, followed by primary industries (20.5%) and secondary industries (15.6%), Namibia is considered a resource-based economy because primary industries contribute more to GDP than secondary industries. Furthermore, exports of processed and unprocessed minerals and ores as well as processed and unprocessed fish and fish products together account for an average of 76% of the total value of exports of goods and 62% of the total value of exports of goods and services (annual average figures for the period 1995-2004), compared to the contributions of manufactured product exports (15% and 12% of goods exports and of exports of goods and services, respectively)<sup>2</sup> (see Appendix 1 and Appendix 2).

The contributions of agriculture to GDP and to export earnings are even more limited than those of manufacturing. Agriculture contributes an average of only 5.8% of the value of exports of goods and 4.8% of the value of exports of goods and services. These contributions of agriculture do not include processed meat, which is counted in the category of manufactured products. Treating meat as an agricultural output would reduce the contributions of manufacturing by 5.8 and 4.7 percentage points, respectively.

Namibia is well-endowed with mineral resources. It produces and exports diamonds, uranium, base metals (copper, lead and zinc), precious metals (gold and silver), dimension stones, industrial minerals and semi-precious stones, among others. Diamonds,

---

<sup>1</sup> These are average figures over the decade, 1995-2004, calculated using data from Government of the Republic of Namibia (2005): *National Accounts 1995-2004*, and the exchange rate of N\$ 7 for US \$ 1.

<sup>2</sup> These percentage contributions of manufactured products exclude processed fish and processed minerals, which are included in the contributions of natural resources (minerals and fish).

uranium, zinc and copper are the main mineral exports, with diamond exports continuing to dominate mineral export earnings. However, value addition in the mining industry is still happening on a rather limited scale, and is still confined to only copper smelting and a bit of diamond cutting and polishing. Substantial scope for value addition still exists in zinc refining and more intensified copper smelting, as well as in diamond cutting and polishing. A major zinc site has recently been identified in the southern region of the country, which promises to boost value addition because its development has included a zinc refinery (GRN, 2002).

The significant contributions of the fishing sector to GDP and to foreign exchange earnings can be attributed to the management of fisheries resources. In the immediate pre-independence decade (1980-1989), illegal fishing and over-fishing were rampant in what later became Namibia's zone of the Atlantic Ocean, and the independent government of the Republic of Namibia (GRN, which came to power in 1990) had to inherit a fishing industry with almost totally depleted fish stocks (GRN, 2002). The framework of the industry had to be drastically changed to avoid its total collapse. A Ministry of Fisheries and Marine Resources was established in the independent government structure, to manage fisheries resources and marine environment with the view to restoring the almost totally depleted fish stocks. A 200-mile exclusive economic zone was declared off-shore along the Namibian coast of the Atlantic Ocean, to eliminate illegal fishing in the Namibian waters by fishermen from other countries. A quota system was also introduced, to allocate fish catch quotas to Namibian fishing companies to minimize the problem of over-fishing. These improvements in the framework of the industry have led to the recovery of the fish stocks which were almost depleted.

The improvements in the management of Namibia's fisheries resources have led also to significant increases in the contribution of the fishing industry to foreign exchange earnings. Exports of processed and unprocessed fish products account for an average of 18.2% of the country's annual foreign exchange earnings, thus establishing the industry as the third most important source of foreign exchange earnings, after the mining industry (37.6%) and the services sector (19.8%). Furthermore, the Ministry of Fisheries and

Marine Resources has made significant progress with the promotion of aqua-culture (fish farming) for domestic consumption.

As expected, Namibia has been exporting copper and copper alloys to China with a Chinese market share of 20.41%. The rest of the market is shared by Zambia (48.36%), South Africa (29.24%) and DRC Congo (1.27%) (Goode, 2006). Though Goode does not explicitly capture any direct exports of diamonds to China by Namibia, it is most likely that the diamond exports from South Africa to China include diamonds from Namibia, Botswana, DRC Congo and other diamond producing countries in sub-Saharan Africa. Diamonds from these countries are handled by a UK company, De Beers, with a main branch in South Africa and smaller branches in the diamond producing countries. This is to say that Namibia's exports of mineral products to China are much more than indicated by the UN COMTRADE data used by Goode (2006).

The published external trade data in the Government of the Republic of Namibia's *National Accounts* do not indicate destinations of Namibia's exports or countries of origin of its imports. Such disaggregated data are found in *Foreign Trade Statistics*, whose publication started only in 2001 with the 1999 data. An attempt has, however, been made by the Central Bureau of Statistics (CBS) to compile trade statistics from 1998 to 2006. This study has used the data even though they have not been published.

### **1. Cooperation Arrangements between China and Namibia**

Namibia and China have had a long-standing partnership. China is one of the countries which supported Namibia's liberation struggle and, in the post-independence period, it was one of the first countries to establish diplomatic relations with Namibia, just one day after Namibia attained independence on the 21<sup>st</sup> March, 1990. Since then, the two countries have continued to enjoy excellent relations in many fields, notably in construction and development. In December 2005, the Chinese government granted Namibia a tourism destination status during the state visit to China by the President of the Republic of Namibia, an arrangement which was formalized in February 2007, during the state visit to Namibia by the President of the People's Republic of China. Diplomatic

relations between the two countries has involved also the sharing of ideas on political and economic management issues, with Ministers from the two countries coming together to discuss issues of common interest. Bilateral ties have been established between the two countries in political, economic, trade, cultural, educational, public health and media fields, among others.

China is supplying reliable but competitively priced agricultural equipment and technology for Namibia's *Green Scheme Project* and other agricultural projects. Plans are also underway to start the manufacturing and assembling of agricultural equipment in Namibia to supply the domestic market and neighbouring countries like Botswana, Angola, Zambia, Zimbabwe and the Democratic Republic of Congo (DRC). The *Green Scheme Project* aims to enhance irrigation agriculture and horticultural infrastructure development. The main focus of the project is on the improvement of the socio-economic well-being of Namibia's rural communities. Other agricultural projects receiving Chinese support include, the upgrading of abattoirs to improve the quality of Namibia's meat exports and the construction of feedlots to combat desertification by preserving natural grazing through improved cattle ranching methods.

China is supporting the Namibian government's efforts to bring about rural development by organizing visits to China for Namibia's rural entrepreneurs as a way of upgrading their skills through interaction with their Chinese counterparts, and by providing materials, tools and equipment to rural communities through two on-going national projects, namely: the food/cash for work programme; and the empowerment of the San community for household food security programme. Activities supported under these projects are: the laying of water pipelines; digging of earth dams; establishment of feeder roads; rehabilitation of auction kraals; fencing of water points; establishment of vegetable gardens; construction of sports fields, classrooms, teachers' houses, community halls and kindergartens; and the digging of wells to supply safe drinking water to the rural communities.

In the field of education, China is supporting Namibia's efforts to improve its education system through: improvement in the quality and relevance of the education system; vocational education and training; improvements in management accountability and systems efficiency; improvement in the quality of tertiary education; introduction of ICT in the country's education system; and improvement of the innovation system. The following specific areas have been identified for Chinese support: the establishment of a Faculty of Engineering at the University of Namibia; training and exchange of expertise in the field of human resource development in aqua-culture, agriculture, manufacturing, processing of agricultural products, movie and video production technology and laboratory equipment for the testing of aqua-culture products.

China is supporting Namibia's capacity building in mining and energy production through training opportunities for Namibians at the undergraduate and post-graduate levels in the fields of Geology, Mining Engineering, Mineral Economics, Environmental Science, Nuclear Engineering, Electrical and Electronic Engineering, Petroleum Engineering and Nuclear Physics. Joint venture partnerships between Chinese companies and Namibian companies are to be formed for commercial projects in the following specific areas: small scale mining activities; cement production; reprocessing of riling dumps; cutting and polishing of dimension stones; processing of copper for the production of wires, cables, robs, tubes and plates for industrial use; oil and gas exploration; manufacturing of power system components; manufacturing and assembling of solar photovoltaic and solar thermal devices; and micro-hydro power projects.

China is cooperating with Namibia in the rehabilitation, upgrading and development of the country's road network and in the rehabilitation and upgrading of the country's railway lines. In addition, the Walvis Bay port is to be upgraded.

Telecom Namibia has been cooperating with Chinese equipment supplier, Haui, in the roll-out of CDMA and ADSL technology to facilitate communication throughout Namibia. CDMA technology provides facility to customers to enable them to have mobility of their communication services, including voice and internet communication.

ADSL is a high bandwidth technology system that can be deployed using the existing copper wires to homes and offices.

China and Namibia are considering the establishment of a regular and well-focused exchange programme to promote greater understanding among the youth of the two countries and help them to learn from one another ways of dealing with the challenges facing them.

## **2. Investment**

According to information obtained from the Chinese Embassy in Windhoek, China had established a Foreign Direct Investment (FDI) statistics system only for monitoring FDI flows into China. FDI outflows were not captured until last year (2006) when they started to register the outflows. Namibia has not established an FDI statistics system even for monitoring FDI inflows. It was, therefore, not possible to obtain accurate data on FDIs either from the Chinese Embassy or from the Directorate of Development Cooperation of Namibia's National Planning Commission. Furthermore, the latest published *National Accounts* covers statistics for the period 1995 – 2004. The data for 2005 and 2006 have not been published, and it was not possible to obtain them even in unpublished form. This means that we could not get data on total investment in Namibia for 2005 and 2006. The Chinese Embassy was, however, able to provide us with only rough estimates of Chinese investments in Namibia for the year 2006 (see Table 2.1).

The Chinese government has been encouraging Chinese to invest in other countries by offering them incentives such as preferential loans, bonuses and duty-free exportation of machinery needed for investment abroad. Chinese investment in Namibia is being promoted by the Economic and Commercial Counsellor's Office of the Embassy of China in Namibia in collaboration with Namibia Investment Centre, Namibia Chamber of Commerce and Industry, National Planning Commission and the Ministry of Finance. Some of the Chinese investments in Namibia are owned by individual Chinese or purely Chinese companies, while others are joint ventures between Chinese companies and



Namibian companies. Table 2.1 presents rough estimates of Chinese investments in Namibia by the products / services they provide.

**Table 2.1: Investments by Chinese in Namibia, 2006**

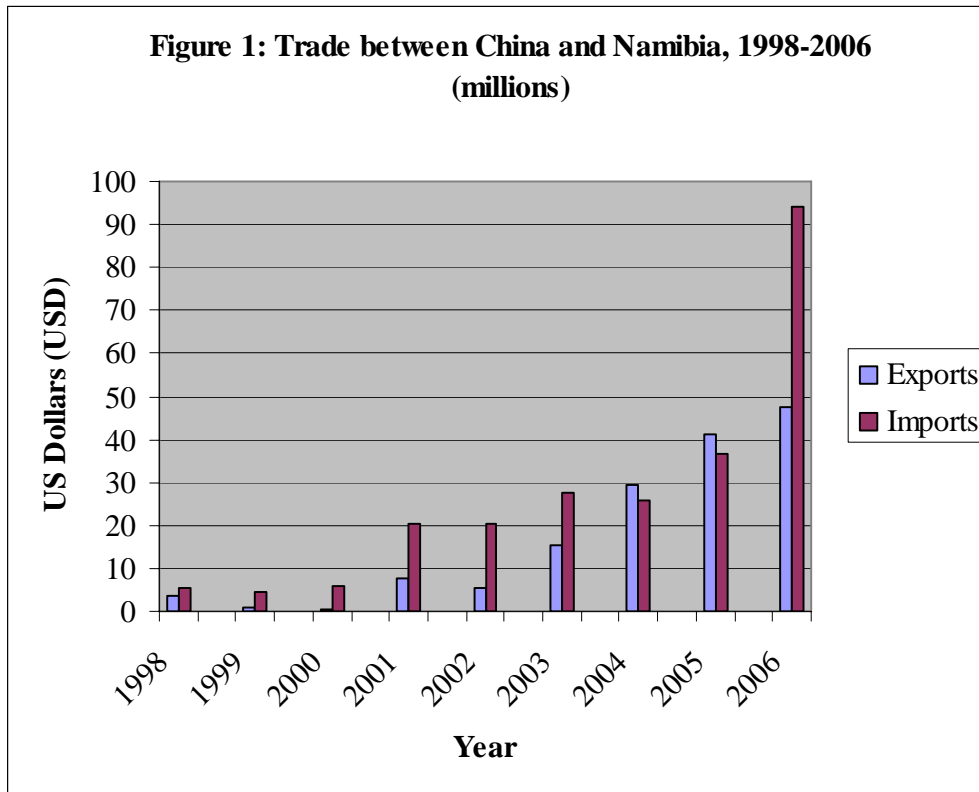
Nature of Investment	Amount Invested by Chinese (USD)
1. Building materials	3,000,000
2. Detergents, mattresses, food stuffs and water purification	20,000,000
3. Restaurants	2,000,000
4. Clinics	3,000,000
5. Wholesale and Retail shops	30,000,000
6. Farming Enterprises	1,000,000
7. Mineral Exploration	3,000,000
8. Construction	1,000,000
<b>TOTAL</b>	<b>61,000,000</b>

Source: Chinese Embassy, Windhoek

### 3. Trade

The trade statistics available capture trade between China and Namibia from 1998 to 2006. The statistics show that trade between the two countries has been unbalanced, with

Namibia realizing an increasing trade deficit from 1998 to 2003. It is only in 2004 and 2005 that Namibia realized trade surpluses, but these were short-lived because in 2006 trade deficit shot up again, as shown in Figure 1 (see also appendix 3.1).



Trade between these two countries is still limited. Namibia’s exports to China accounted for between 0% and 1.8% of its total exports over the period 1998 – 2006, while its imports from China accounted for between 0.3% and 3.5% of total imports over the same period (see Appendix 3.2 and Appendix 3.3)

### **Namibia’s Exports to China**

The top ten commodity exports from Namibia to China are: copper and copper products; ores, slag and ash; residues and waste from food industries; fish and fish products; paper, paperboard and articles of paper; live animals; salt, sulphur, earth, stoneline and cement; raw hides, skins and leather; animal fats, vegetable fats and oils; and lead and lead products, in that order. Together these products accounted for an average of 98% of

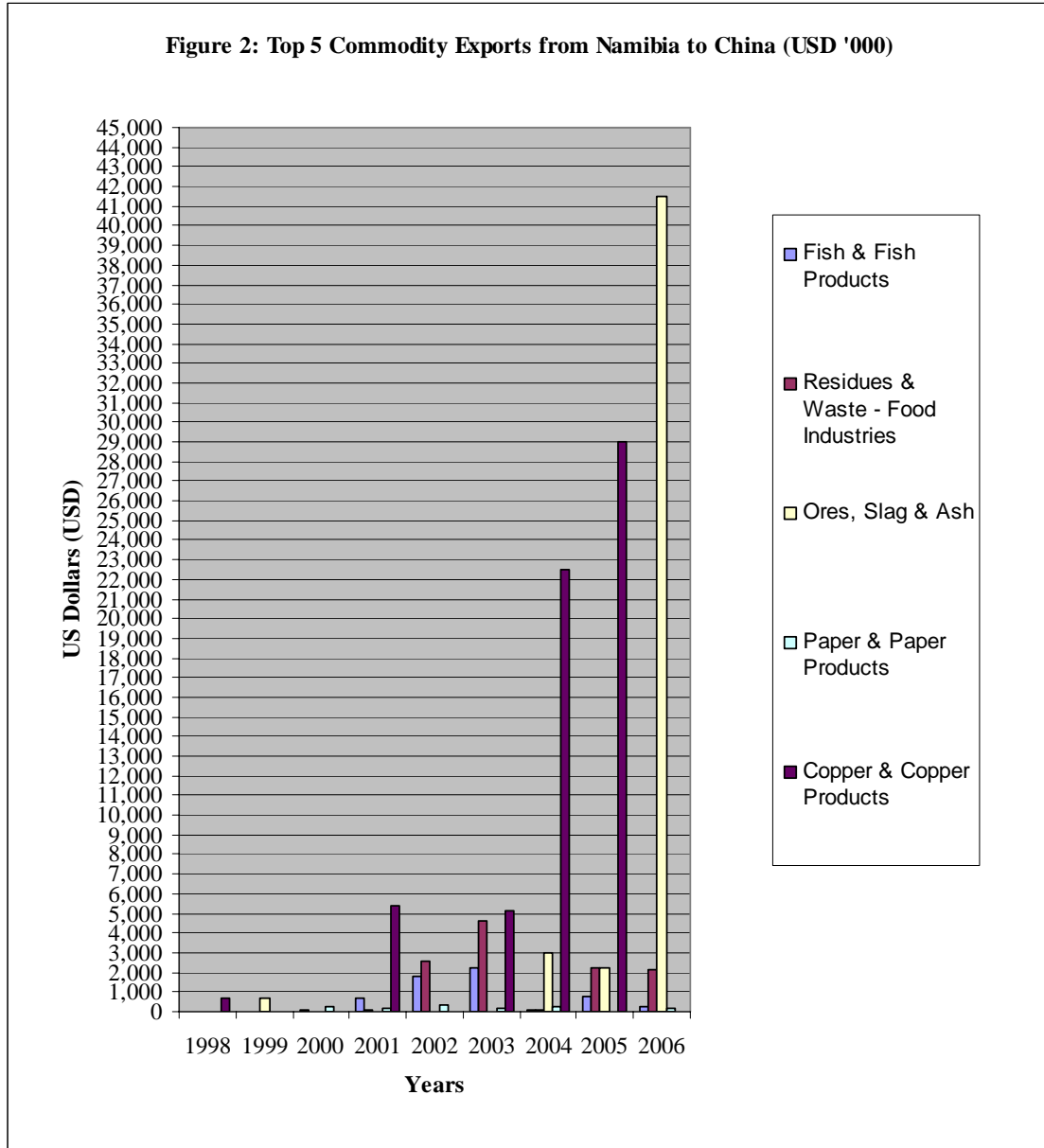
Namibia's exports to China each year over the period 1998 – 2006. The most important among these major exports to China are: copper and copper products; ores, slag and ash; residues and waste from food industries; fish and fish products; and paper, paperboard and articles of paper, which together accounted for an average of 81.5% per year over the same period (see Figure 2 and Appendix 3.2).

The other minor exports include: mineral fuels, oils and bituminous products; tanning and dyeing extracts; plastics and plastic products; rubber, cement and asbestos; iron and steel; nuclear reactors, boilers and mechanical appliances; and electrical machinery and equipment.

The major destinations for Namibia's exports are South Africa and United Kingdom, which have together accounted for about 50% of Namibia's exports. The other destinations include: Spain; United States of America; and Angola. Namibia's main exports to South Africa are precious stones, live animals and fish, while major exports to the United Kingdom are precious stones, ores and meat products. China is still an insignificant destination for Namibia's exports (see Table 3.1).

On the export side, a number of non-trade barriers have been cited, which may hinder Namibian exports to China. Chief among these is transport cost. China is a distant market with potentially high unit costs in view of limited volumes that Namibian exporters are likely to produce. Also, China is said to be the most difficult market as compared to Namibia's traditional markets such as South Africa, Europe and USA. The Chinese market can be challenging both from cultural and business points of view. Unlike existing markets, language and business culture may take a Namibian exporter a long time to adapt to. By far the most often cited concern in doing business in China is the recourse to justice and enforcement of intellectual property rights. Although China's commercial laws have been changing rapidly to conform to multilateral rules following its accession to the World Trade Organisation (WTO), there remain many uncertainties. It has been observed that recourse to China's court system is often not effective. Hence business

transactions should be designed with understanding of the risk of disputes with Chinese partners and suppliers.



**Table 3.1: Namibia's Major Trading Partners - Exports, 1998 - 2006 (in US Dollars)**

Country	1998	1999	2000	2001	2002	2003	2004	2005	2006
ZA	272,670,935 (29.8%)	321,095,887 (28.4%)	323,432,849 (24.9%)	336,790,463 (22.8%)	472,085,772 (24.7%)	457,545,860 (22.4%)	579,353,394 (25.8%)	694,906,590 (30.5%)	809,792,519 (24.7%)
GB	168,785,668 (18.4%)	325,805,497 (28.8%)	427,952,012 (33.0%)	585,845,438 (39.7%)	468,617,550 (24.5%)	377,421,087 (18.5%)	486,752,352 (21.7%)	467,757,052 (20.5%)	839,670,400 (25.6%)
ES	135,596,928 (14.8%)	147,882,709 (13.1%)	131,153,521 (10.1%)	219,701,513 (14.9%)	231,865,596 (12.1%)	290,827,468 (14.2%)	151,637,866 (6.8%)	164,316,007 (7.2%)	196,085,684 (6.0%)
US	39,367,297 (4.3%)	32,679,770 (2.9%)	39,140,629 (3.0%)	49,227,695 (3.3%)	60,165,255 (3.1%)	93,706,123 (4.6%)	179,832,598 (8.0%)	207,781,832 (9.1%)	79,319,630 (2.4%)
AO	37,227,178 (4.1%)	42,270,898 (3.7%)	90,493,259 (7.0%)	85,985,462 (5.8%)	285,481,103 (14.9%)	450,317,314 (22.0%)	217,622,002 (9.7%)	163,608,418 (7.2%)	187,132,112 (5.7%)
CN	3,458,618 (0.4%)	965,982 (0.1%)	525,220 (0.0%)	7,810,632 (0.5%)	5,537,149 (0.3%)	15,308,454 (0.7%)	29,304,118 (1.3%)	41,212,019 (1.8%)	47,497,907 (1.4%)

Source: Unpublished Trade Statistics, National Planning Commission, Central Bureau of Statistics.

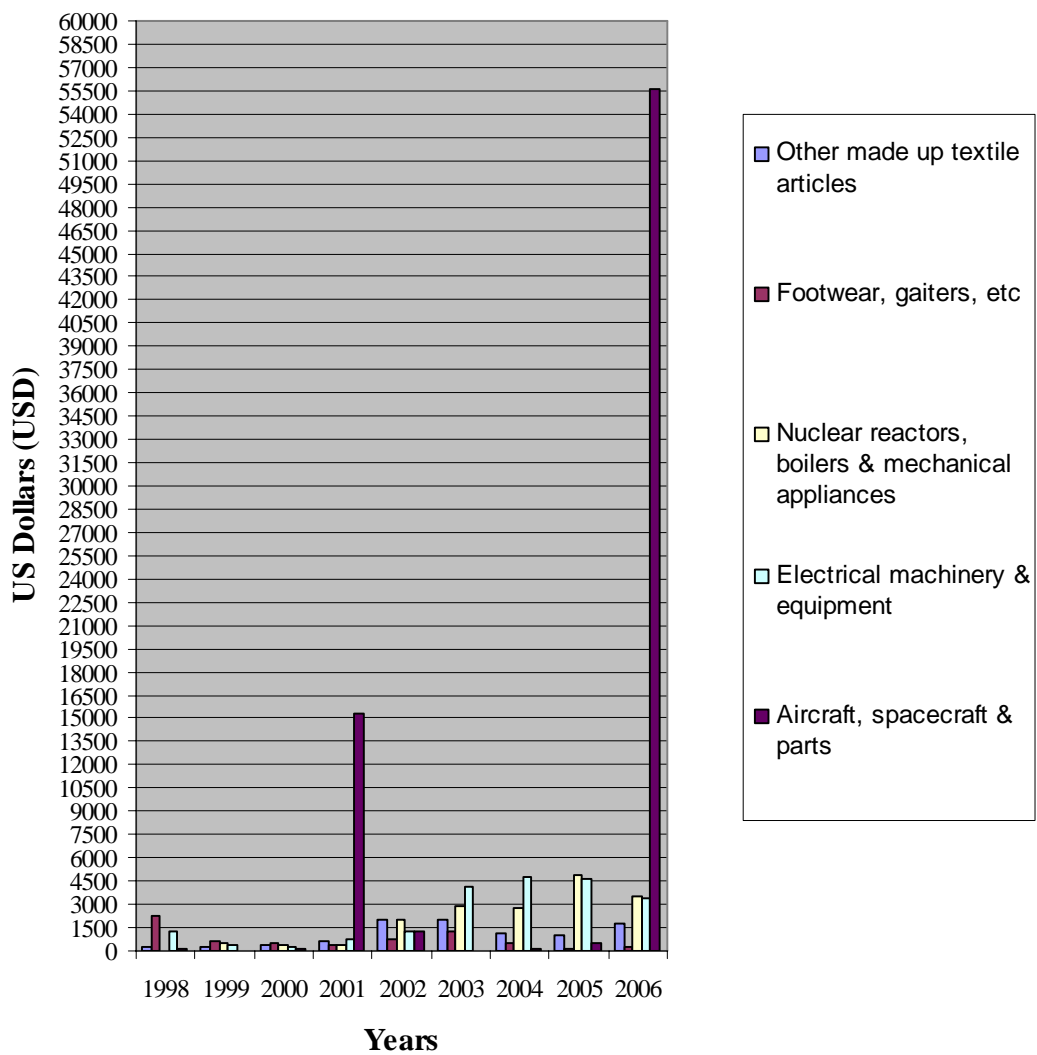
Percentages in brackets represent the shares of the respective countries in total exports of Namibia

KEY: ZA: South Africa; GB: United Kingdom; ES: Spain; US: United States of America; AO: Angola; and CN: China

### Namibia's Imports from China

The top 10 commodity imports from China to Namibia are: aircraft, space craft and parts; electrical machinery and equipment; footwear; nuclear reactors, boilers and mechanical appliances; made up textile articles; arms and ammunition; furniture, mattresses and cushions; vehicles other than railway or tramway parts; apparel and clothing; iron and steel; and railway or tramway locomotives. Together these products accounted for an average of 69.2% of Namibia's imports from China each year over the period 1998 – 2006. The most important among these major imports from China are: aircraft, space craft and parts; electrical machinery and equipment; footwear; nuclear reactors, boilers and mechanical appliances; and made up textile articles, which together accounted for an average of 48.1% of imports from China per year over the same period (see Figure 3 and Appendix 3.3).

**Figure 3: Top 5 Commodity Imports from China to Namibia  
(USD '000)**



The other minor imports include: fish and fish products; ores, slag and ash; plastics and plastic products; rubber, cement and asbestos; articles of leather, saddlery and harness; cotton; man made staple fibres; and articles of clothing accessories (see Appendix 3.3).

China has consistently increased its significance as a source of Namibia's imports, and established itself as Namibia's second most significant source of imports, after South Africa, by 2006. South Africa accounts for about 80% of Namibia's imports. The most important imports from South Africa include: vehicles; nuclear reactors; electrical machinery; and iron and steel. The other sources of Namibia's imports include: United States of America; United Kingdom; Germany; and Spain (see Table 3.2).

China is a member of the World Trade Organisation, having joined the body in December 2001. In anticipation, and following its accession, of the organization, China has made major strides to reduce custom duties and other trade barriers. From 1996, the Chinese government has reduced the rate of import duties on close to 5000 tax items from 35% to 17% on average.

**Table 3.2: Namibia's Major Trading Partners - Imports, 1998 - 2006 (in US Dollars)**

Country	1998	1999	2000	2001	2002	2003	2004	2005	2006
ZA	1,059,363,638 (77.1%)	1,085,065,651 (82.2%)	1,208,633,730 (86.7%)	1,492,214,420 (85.4%)	1,616,375,055 (77.0%)	2,081,911,165 (82.5%)	1,891,329,844 (85.2%)	1,909,188,056 (83.2%)	2,242,642,624 (82.4%)
US	46,239,649 (3.4%)	52,389,935 (4.0%)	16,973,305 (1.2%)	16,609,965 (9.5%)	39,865,427 (1.9%)	21,328,656 (0.8%)	16,541,101 (0.7%)	17,888,951 (0.8%)	40,436,081 (1.5%)
GB	41,775,135 (3.0%)	51,471,216 (3.9%)	27,908,015 (2.0%)	21,631,666 (1.2%)	54,008,603 (2.6%)	30,274,744 (1.2%)	57,153,788 (2.6%)	24,581,048 (1.1%)	22,958,581 (0.8%)
DE	37,834,843 (2.8%)	23,275,795 (1.8%)	26,472,295 (1.9%)	34,911,453 (2.0%)	61,775,428 (2.9%)	53,659,364 (2.1%)	40,688,103 (1.8%)	43,953,674 (1.9%)	60,729,094 (2.2%)
ES	8,726,520 (0.6%)	12,298,193 (0.9%)	6,478,021 (0.5%)	14,662,210 (0.8%)	24,614,333 (0.0%)	36,935,081 (1.5%)	14,591,092 (0.7%)	32,509,669 (1.4%)	19,301,551 (0.7%)
CN	5,282,338 (0.4%)	4,565,670 (0.3%)	6,113,523 (0.4%)	20,200,126 (1.2%)	20,194,571 (1.0%)	27,799,122 (1.1%)	26,015,799 (1.2%)	36,506,578 (1.6%)	94,180,404 (3.5%)

Source: Unpublished Trade Statistics, National Planning Commission, Central Bureau of Statistics.

Percentages in brackets represent the shares of the respective countries in total imports of Namibia

KEY: ZA: South Africa; US: United States of America; GB: United Kingdom; ES: Spain; and CN: China

Just before acceding to the WTO in 2001, China further voluntarily reduced customs duties on 3462 items to an overall level of 15.3%. This has been a dramatic reduction if it is considered that the average customs duty was 43.2% in 1992 compared to 12% duties by 2002. Furthermore, this decrease involved a total of 4315 tax items constituting 59% of China's total taxable items. As of January 2004, China's overall customs duty stood at 10.4%, decreasing from 11% the previous year. In keeping with WTO commitments, further reductions of duty on industrial products brought it to an average of 9.3% in early 2005.

In keeping with WTO agreement, China is in the process of aligning its rules of origin according to the international harmonization of non-preferential rules. Currently the criteria used by China is based on (a) change in tariff classification of a 4-digit tariff line in the Customs Tariff; or (b) the value added component of 30% or more in the total value of a new product. When an import undergoes processing and manufacturing in several countries, the country of origin of the product is determined to be the last country in which the product underwent substantial transformation.

China currently maintains preferential trade agreements with Hong Kong, Macao, Pakistan and ASEAN. The country has also concluded what is called the "Bangkok Agreement" involving India, Korea, Bangladesh and Thailand, which provides for preferential and special tariff treatment for certain products originating from these countries. The country has further accorded least developed country status to several African countries, whose products enjoy special tariff treatment into China as well. Negotiations are currently underway for possible bilateral and preferential trade agreements with several countries and regions including the Southern African Customs Union (SACU) countries namely; South Africa, Botswana, Lesotho, Swaziland and Namibia.

China's entry into the WTO has further accelerated its integration into the World economy and encouraged the standardization of its trade laws. As a result, China has gradually been decentralizing and deregulating its control over foreign trade. China uses both tariff and non-tariff measures to regulate imports. Tariff measures imposed include:



import duty (applied to the import CIF value and a few specific and compound duties on the volume imported); value added tax (VAT); and consumption tax. Non-tariff measures include: import licenses; quota control; restricted import list; and mandatory inspection of certain commodities. Only enterprises authorized by China's Ministry of Commerce (MOFCOM) can engage in import and export trade. Companies intending to deal in these activities are, therefore, required to apply to MOFCOM in advance for import and export rights.

According to the Chinese Embassy in Namibia, the average tariff on imports of industrial products was lowered to 10% by 2005, from an average of 15%. In general, tariff rates on raw materials and industrial supplies are relatively low, less than 15% (in most cases), but higher on consumer goods (mostly 20-50%) and can reach 100% in a few selected luxury items. Value added tax (VAT) is imposed on all commodities in addition to import tariffs. The basic rate is 17% or 13% on the following commodities: food and edible vegetable oils; drinking water, heating, natural gas, coal gas and liquefied petroleum gas; books, newspapers and magazines; feedstuffs, chemical fertilizers, pesticides, agricultural machinery and agricultural plastic sheeting. In addition, 11 categories of goods are also subject to consumption tax when entering China. These include: cigarettes, liquor, cosmetics, skin- and hair- care products, jewellery, firecrackers and fireworks, petroleum, diesel, motor vehicle tyres, motorcycles and smaller motor vehicles. The tax rates range between 3% and 45%.

As noted above, since its accession to the WTO, China has been reducing its import tariff on the majority of products drastically. This fast pace in the country's reduction of import duty has seen some tariff lines reduced by 100% between 2001 and 2004. This includes reduction of duty on some industrial products, primary commodities required in China's industrialization drive and consumer goods such as beer. Although China has committed itself to further trade liberalization and ultimately to tariff reduction within the WTO trade liberalization framework, some products entering the Chinese market are still subject to high tariffs of up to 65%. Products that attract high tariffs rates are related mostly to agricultural produce such as bovine meat, wheat, cereals, fruits, and vegetables,

which Namibia is not exporting to China presently, but that could potentially be exported. In the case of frozen boneless bovine meat, the Chinese Most Favoured Nation (MFN) rate is 32%, with the standard rate at 70%.

As for non-tariff measures, China has been using licensing and the quota system to control imports. At present, imports of 35 product categories (374 items) are subject to import licensing control and most of these are being eliminated in keeping with the country's WTO commitments. According to the regulations of China on the administration of the imports and exports of goods promulgated by the State Council on 10 December 2001, import commodities are divided into four categories: prohibited imports, restricted imports, free imports and goods under tariff-rate quota management.

Restricted imports include those items under quantitative restrictions set by government authorities and other restricted items. The former are subject to import quota management, while the latter are under import licensing control. Freely traded imports are not subject to any restrictions in principle, but because of the need to monitor imports the government has implemented a voluntary licensing system. This literally means that all imports are required to obtain prior approval and license from the different government departments, namely the State Development Planning Commission, the Ministry of Commerce (MOFCOM) and the Mechanical and Electronic Products Import and Export Department.

In addition, certain imports into China are subject to both licensing and quota control. These are classified into two major categories: (a) 15 machinery and electronic products; and (b) 13 general commodities. Furthermore, twenty categories of import commodities are subject to mandatory inspection by the China Commodity Inspection Bureau (CCIB) and 47 categories to safety control. Applicable standards for inspection are normally specified in the contract of sale, including standards for quality, weight, quantity, packaging and inspection methods. Such standards may not be lower than the corresponding Chinese national standards. Products without the CCIB safety marking are not allowed into the country. The quota management system is enforced by the State

Development Planning Commission, which is responsible for import quotas of general commodities, while MOFCOM is responsible for import quotas on machinery and electronic products.

China also imposes quantitative and other forms of restrictions on the exports of certain commodities. These include domestic resources that might be depleted and are in short supply or that need conservation in China, and goods destined to countries or regions with limited market capacity. Items under quantitative restrictions are subject to quota management. Those under other forms of restriction are subject to import licensing control. For commodities subject to export quota control in general trade, it is necessary to apply for an export license by presenting the export contract.

The General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) is responsible for entry-exit inspections. *A Catalogue of Import-Export Commodities subject to Mandatory Inspection and Quarantine* lists the types of commodities requiring entry-exit inspection and quarantine. This *Catalogue* sets the contents, basis, methods and procedures of inspection and quarantine and is available at China's Commercial Counselor's Offices worldwide, including Namibia. All imported food (including beverages, liquor and sugar), food additives, food containers, packaging materials, and food utensils and equipment must be declared to the inspection and quarantine authorities for health supervision and inspection. Prospective Namibian exporters of food products including processed food that can be consumed directly, such as canned food, beverages, liquor and condiments, as well as semi-finished products and raw materials, such as meat, aquatic products and vegetables need to apply for registration using China's local Commercial Counselor's office in Windhoek for guidance. Enterprises that meet the required national standards are issued with special quarantine and health registration certificates.

China requires inspection and quarantine of imported mechanical and electronic products for safety, quality, health and environmental protection. *A catalogue of Import Commodities subject to Safety and Quality Licensing System* can be consulted for a list of

the various products requiring relevant licenses in order to enter China's market. The Commercial Counselor's office in Windhoek once again facilitates this process with the relevant authorities in Namibia.

Current export incentives and support packages offered by Namibia's Ministry of Trade and Industry, which include the Export Processing Zone (EPZ) regime incentives, 50% training abatements, support with market and feasibility studies, tax abatements on new manufacturing equipment secured externally, should be fully utilized. Other support measures that the Ministry can offer to identified export industries to ensure export sustainability should be based on the country's overall export promotion strategy. Here, however, we have identified export support measures that can be considered specifically for the Chinese market. These could particularly be helpful in taking advantage of the duty-free and quota-free market access of Namibian products into China. Accordingly, we recommend that the Ministry consider the following support measures:

- Setting up an Economic/Commercial Consulate in Shanghai, China's largest port and the country's "commercial capital". Shanghai is an important commercial centre offering not only modern infrastructure and an ideal location for international trade, but its port serves an entry-exit point for most imports and exports from and to international destinations.
- Acquiring a facility in Shanghai that can be used for office, warehousing and storage space for import/export purposes by Namibian companies. It is envisaged that such a facility will be obtained under a long-term leasing arrangement from the city of Shanghai and should have all adequate facilities that meet China's quarantine and customs requirements. For cost recovery, Namibian exporters/importers wishing to make use of the facility could pay a small fee.
- Establish a central database that will carry relevant market information such as trade fairs, exhibitions, updates on latest import/export procedures, major importers/exporters of commodities of interest to Namibian companies, etc.

It has been observed that some of the most serious barriers to trade for Namibian companies are likely to be non-tariff in nature. These include language, China's laws and

regulations, finding reputable suppliers/buyers, import/export requirements and a number of other issues.

Establishing a Commercial Consulate in Shanghai or appointing an honorary consulate to streamline and trouble-shoot problems relating to the imports and exports involving Namibian companies could prove to be extremely helpful in boosting trade. The function of such a person/office could further include gathering relevant market information, interpreting laws and regulations and maintaining updates on key issues of interest to Namibian exporters and importers.

Given China's enormous market size, finding niche markets for both supplying and sourcing can be difficult. Access to market information, therefore, becomes crucial. Exhibitions, trade fairs and individual product shows are good platforms to obtain such information and having an established central database can go a long way towards assisting Namibian traders. These are some of the measures that could be considered in the short-medium term in order to facilitate the entry of Namibian products and companies wishing to do business in China.

#### **4. Aid**

From 1990, China has provided assistance of various forms to Namibia, including grants, soft and interest-free loans, and helped Namibia with the construction of a number of projects, which have included: a day care centre in the capital city of Windhoek; low-cost housing projects in the capital city and in two regional towns (Gobabis and Katima Mulilo); a pump station for an irrigation project; drilling and equipping of boreholes in two of the country's 13 regions; and a tannery project in the northern region of the country. In addition, China has donated batches of laboratory and teaching facilities to the University of Namibia. Currently, China is constructing Namibia's new State House and regional offices in two regions of the country. Furthermore, China has donated tractors, precision machine tools, carpentry machinery, sewing machines, broadcasting equipment, criminal investigation equipment, sports facilities, electrical appliances and computers, among others, to various sectors of the Namibian economy.

From 1990, China has provided various forms of financial assistance to Namibia, which have included grants, interest-free loans, and interest-subsidized loans, as presented in Table 4.1.

**Table 4.1: Chinese Financial Assistance to Namibia (Loans and Grants) as at 18 April 2007**

<b>1. Funds Committed and Balances remaining (loans and grants)</b>	
	<b>US Dollars (US \$)</b>
<b>Interest Free Loans</b>	<b>23,842,659</b>
Committed:	
- Berg Aukas Feasibility Study	32,928
- Berg Aukas Youth Training Centre	14,967,143
- Military Academy	8,531,271
<b>Total Committed:</b>	<b>23,531,342</b>
<b>Balance Available:</b>	<b>311,317</b>
<b>Grants</b>	<b>196,818</b>
Training in aqua-culture for MFMR staff in China (committed)	119,737
<b>Balance Available:</b>	<b>77,081</b>
<b>Preferential Loans</b>	<b>44,901,429</b>
Committed: Rail Equipment (TransNamib)	44,901,429
<b>Balance Available:</b>	<b>0</b>
<b>2. New Agreements signed during the Chinese President's Visit to Namibia, February 2007</b>	
Interest Free Loan	4,490,143
Grant	4,490,143
Primary Schools (grant)	1,496,714
<b>Total:</b>	<b>10,477,000</b>
<b>3. Total Available Uncommitted Funds (old and new agreements)</b>	
<b>Interest Free Loans</b>	<b>4,801,459</b>

<b>Grants</b>	6,063,938
<b>Total Available:</b>	<b>10,865,397</b>
<b>4. Project Proposals to be financed under old and new agreements</b>	
<b>Interest Free Loans</b>	<b>4,787,174</b>
Eiseb Bock (small scale farm development)	4,801,459
<b>Grants</b>	<b>6,063,938</b>
Rural Schools	1,492,429
Aqua-culture	2,283,612
Green Scheme	2,283,612
<b>Total Balance Available:</b>	<b>-</b>
<b>5. New Announcement by Chinese President</b>	
<b>Credit Facility:</b>	
<b>Preferential Loan Facility</b>	<b>149,671,429</b>
Railway (Ondangwa-Oshikango)	14,967,143
Road construction in Eiseb Block Phase I	16,463,857
Electronic Documents and Records Management System (EDRMS)	5,986,857
Hospital renovations	13,470,429
NIP laboratories	748,357
<b>Balance yet to be committed / allocated:</b>	<b>98,034,786</b>
<b>Export Buyers' Credit Facility</b>	<b>100,000,000</b>
Walvis Bay Port Expansion project	<b>100,000,000</b>
Balance Available:	<b>-</b>

Source: Directorate of Development Cooperation, National Planning Commission, Unpublished Statistics

#### 5. Sino-Namibia Relations: Losers and Gainers

New trade partnerships always create gainers and losers. A similar situation arises in the new trade relationship between Namibia and China. A full picture of losers and gainers as well as the macroeconomic impact on the economy will emerge once a detailed analysis of the different stakeholders affected both positively and negatively by Namibia's increased trade with China is conducted. In this scoping study we only look at the direct

impacts by highlighting gainers and losers based on a limited analysis of interviews with the different stakeholders. In other words, we only consider the direct impacts; the impact on third parties such as Namibia's traditional partners is not analyzed.

There are two main categories of stakeholders viz. the Namibian government and the private sector, under which we have identified the following:

1. Namibian government
2. Local construction industry
3. Local manufacturing and the retail sector
4. Labour
5. Consumers

### **Government of the Republic of Namibia**

The Namibian government and its people seem to be the biggest beneficiaries from this renewed partnership. Due to its classification as a low middle-income country, Namibia has since its independence struggled to obtain concessionary loans from its traditional lenders, a situation contested by Namibia, where huge income disparities are experienced with a Gini coefficient of close to 0.7. Some traditional donors (such as Sweden) have started to scale down their assistance to Namibia. The Chinese loans and aid, therefore, offer the government a good chance to pursue its development goals as well as the UN Millennium Development Goals. The Sino-Namibia relations do not raise serious governance concerns since the Namibian people stand to gain from the government's relations with China.

There is also relative prominence given to the sub-state level—that is, the provincial/municipal level. Namibian municipalities have twinning agreements with several Chinese cities. These include: Windhoek and Shanghai; Tsumeb and Lanzhou; Mariental and Zhenzhou; and Helao Nafidi and Nantong City. These twinning agreements between relatively small Namibian cities and towns with large Chinese “City Governments” could bring in Chinese investment into areas of tourism, construction and manufacturing. However, some local economists bemoan the absence of a coherent



strategy by the Namibian government to engage local industry in the Sino-Namibia trade and believe that this relationship would not go beyond the exports of minerals and agricultural products, unless deliberate efforts are made by the Namibian government to involve Namibia's industrial sector in the Sino-Namibia trade.

### **Construction Industry**

Five major Chinese construction companies present in Namibia are: China State Construction; China Nanjing International (Namibia) Pty Ltd; New Era Investment; China Zhengtai and China Jiangxe (Namibia Tender Board, pers comm. 2008). The presence of these companies has caused consternation within the local construction industry, which is openly dissatisfied with what is alleged to be preferential treatment accorded to Chinese construction companies.

The construction industry in Namibia is organized under the Construction Industries Federation of Namibia (CIF). The industry is subjected to a number of regulations. These include providing proof of registration as a Namibian tax payer, a certificate of good standing from the Social Security Commission, a valid affirmative action certificate issued by the Employment Equity Commission, and proof of compliance with the Labour Act, which requires that a company should be a party to the collective agreement concluded between CIF and the Metal and Allied Namibian Workers Union (MANWU). In an ensuing court battle between two local companies, Namibia Construction and Murray and Roberts (Namibia), on the one hand, and China Nanjing International (Namibia) Pty Ltd, on the other hand, Co-Chief Executive Officer of Namibia Construction was quoted in the local media as having said:

*"Notwithstanding the fact that the Government has threatened and criminally charged various Namibian entities for not complying with the provisions of the Affirmative Action (Employment) Act, it is apparent that (China Nanjing) has been enjoying preferential and*

*unequal treatment vis-à-vis its Namibian counterparts which has now been endorsed by the award of (the Lands Ministry head office tender)."*<sup>3</sup>

These accusations are, however, contested by Government which claims that the tenders submitted by Namibia Construction and Murray & Roberts (Namibia) both did not comply with Tender Board requirements. However, this court battle is indicative of the dissatisfaction of the local construction industry, which regards itself as the victim of the Chinese entry into the Namibian construction industry. On the positive side, small builders' businesses have been boosted by cheap bricks made by small Chinese brick makers, which effectively make renovation, expansion and fencing cheaper.

#### **Local Manufacturers and Retailers**

One of the general fears is that African producers will be displaced by cheap Chinese goods. How true is this fear for Namibia? The manufacturing sector in Namibia is still characterized by its small contribution to GDP (Gross Domestic Product), geographic concentration and limited backward and forward linkages. Manufacturing contributes 17.4% to GDP (2005)<sup>4</sup>. The largest contributor is the fishing industry (1.2%), followed by meat processing (0.3%). Other manufacturing contributes 9.1% to GDP. Activities in the manufacturing sector are to a large extent concentrated in the food and beverages sub-sector. Input for this sub-sector is mainly agro-based: meat, fish, dairy and fruits.

Since there are no significant food imports from China, one could argue that Chinese imports do not impact heavily on Namibian manufacturers, a picture that could change because Namibian government is hard at work to boost Namibian manufacturing sector. However, if manufacturing is geared toward satisfying the growing Chinese hunger for agricultural products, Chinese trade with Namibia could benefit the Namibian manufacturing sector.

---

<sup>3</sup> The Namibian newspaper (December 3, 2007) Tender to Chinese Builder under Attack by Werner Menges.

<sup>4</sup> Bank of Namibia, 2007 Quarterly Bulletin March 2007.

A general picture that emerged from the limited interviews with Namibian manufacturers is that although the cheap Chinese goods could affect the industry negatively in terms of lowering prices and market share, but it has not affected local business negatively. Chinese imports cater for the low end of the market where quality is not a major concern, while the Namibian manufacturers producing high quality products have contracts with government institutions and other up market retailers. For example, sponge mattresses sold by the Chinese are of density 8 (low quality), while Namibian manufacturers offer density 12 (high quality).

Turning to the retail business, there are about 100 Chinese small retailers in Namibia, according to Sherbourne (2005)<sup>5</sup>. The same argument which we applied to the manufacturing sector can be advanced in the case of retailing. The big chain stores are catering for a different market and are exploiting the advantage of offering credit and lay-byes and are as such not affected. For some small local traders, the interaction with Chinese traders/retailers with knowledge of the Chinese market has enabled some Namibian small retailers to source directly from China.

### **Labour: Labour relations and competition**

Chinese companies importing Chinese labour impact negatively on employment creation for Namibian workers. Chinese companies are often accused of not adhering to the country's labour laws, which leads to exploitation of workers. For example, a Trade Union leader complained that Chinese companies often submitted the lowest bid on construction tenders, and wondered what value this could be to Namibia in the long-term if it leads to the abuse of Namibian workers. He referred also to Chinese companies' alleged hostility to trade unions. In their defense, Chinese companies complain of low level skills of Namibians and refer to the multi-tasking/skills of Chinese labourers. A representative of a Chinese company quoted in the same New Era newspaper article<sup>6</sup> complains: "*We cannot afford to waste money by employing people who are not*

---

<sup>5</sup> Sherbourne R (2005) Comrades and capitalists: The Growing Presence of China in the Namibian economy and its Possible Economics and Political Implications. FES. Windhoek.

<sup>6</sup> The New Era (2006-08-23) *Chinese Confronted on Labour Abuse* by Mbatjiua Ngavire

*qualified to do the job. We often have to send them back to the Vocational Training Centre to upgrade their qualifications.”*

Another case of weak labour relations at a brick-making factory was reported in the local media in 2006: *“A row over pay and alleged poor conditions of service almost led to the death of two Chinese nationals on Tuesday afternoon after they were attacked by an angry mob of workers at one of Mariental’s brick-making factories.”*<sup>7</sup> Thus, the question becomes one of jobs versus the quality of jobs. Without taking sides in this debacle, the skills issue remains a serious problem on the Namibia government’s and organized labour’s side. Namibia needs to address the skills issue seriously if it is to attract meaningful investment that will benefit its people.

### **Consumers**

Consumers from all walks of life are beneficiaries of cheap Chinese goods ranging from T-shirts to motor vehicles. The poor can now afford a T-shirt for as little as US\$1 while the GWM motor vehicle is just a fraction of the costs of other makes. However, a worrying trend is the monopoly in the vehicle-selling business which puts the cheaper Chinese vehicles in the hands of the old dealers. Such a monopoly could compromise competition and increased consumer welfare. In telecommunication, the contract between Telecom Namibia and Huawei enabled the installation of sophisticated telecommunication systems in Namibia, which have allowed faster and wireless internet access. Furthermore, Telecom Namibia is now able to sell Huawei made cellular handsets at about US\$14 per set which has made telecommunication accessible for the poor.

However, poor quality, counterfeiting and safety of Chinese goods remain a cause for concern. An official of the Chinese Business Chamber in Windhoek argued that they have no intention to sell poor quality goods. The quality of goods sold is determined by the market segment they are serving. Good quality goes with higher prices and could be unaffordable for the poor. It could not be determined in this study whether cheap Chinese

---

<sup>7</sup> The New Era (2006-09-14) *Angry Mob Attacks Chinese* by Hoandi !Gaeb

goods have impacted negatively on the prices charged by the South African chain stores. Such an analysis can follow in a more detailed study.

Another area of interest, where consumers could benefit, is the Chinese medical services which include acupuncture, massage and traditional medicine. Not only is Chinese traditional medicine believed to have fewer or no side effects compared to mainstream western drugs, but they are also relatively less costly. However, a number of concerns are raised by the presence of Chinese clinics/medicines which relate to the following: (1) Contraindications, dosage and instructions on packets are in Chinese – leaving the consumer at the mercy of the practitioner; (2) the efficacy of these drugs is not known and; (3) interactions with other “western” drugs are similarly not known. Thus, in the case of poor quality Chinese goods and counterfeits, strict control by the Ministry of Health and Social Welfare, under which they resort, is of immense importance for the protection of the consumer. Consumers need to be made aware of what the Chinese clinics can offer and what they cannot. Such awareness is important for consumer protection against less effective treatments at the Chinese clinics.

### **Conclusions**

Although an in-depth analysis is needed to determine both direct and indirect impacts of the Chinese presence in Namibia, a cursory look at the direct costs shows that there are benefits to be realized from this interaction. It is, therefore, important to carry out a more detailed analysis to establish ways in which Namibian businesses can benefit more meaningfully from increased Chinese involvement/operations in Namibia.

## References

Geda, A. (2006): *The impact of China and India On Africa: Trade, FDI and the African Manufacturing Sector, Issues and Challenges*. Unpublished Report, Addis Ababa University

Gode, R. (2006): *Impact of China and India on sub-Saharan African Metals, Ores and Minerals – Issues and Challenges*. Unpublished Report.

Government of the Republic of Namibia (1999): *Foreign Trade Statistics*, National Planning Commission, Central Bureau of Statistics.

Government of the Republic of Namibia (2001): *Foreign Trade Statistics*, National Planning Commission, Central Bureau of Statistics.

Government of the Republic of Namibia (2002): *Vision 2030: Macroeconomic Framework*. National Planning Commission.

Government of the Republic of Namibia (2005): *National Accounts 1995-2004*, Central Bureau of Statistics, National Planning Commission.

Government of the Republic of Namibia (2005): *China Market Study*, Ministry of Trade and Industry. Unpublished Report.

Kaplinsky, R. (2007): *The Impact of China and India on the SSA: Methodological Framework*. Unpublished Report, The Open University, Department of Policy and Practice.

## Appendix 1: Gross Domestic Product by Activity, Percentage Contributions

### Current Prices – Per Cent

Industry	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Agriculture and Forestry	6.9	6.5	5.8	4.8	5.3	5.5	4.1	5.1	5.4	5.0
- Commercial	4.1	3.9	3.2	2.4	2.6	3.3	2.6	4.0	4.0	3.4
- Subsistence	2.8	2.6	2.6	2.4	2.7	2.1	1.5	1.1	1.4	1.6
Fishing and Fish Processing on board	3.9	4.2	3.9	5.0	4.7	4.4	5.2	4.9	5.2	4.0
Mining and Quarrying	8.3	10.3	10.3	9.8	9.4	11.0	13.2	13.9	8.8	10.4
- Diamond mining	6.0	7.8	7.5	7.2	8.2	8.9	10.3	10.4	7.8	9.3
- Other mining and quarrying	2.3	2.5	2.9	2.5	1.2	2.9	2.9	3.5	1.0	1.1
<b>Primary Industries</b>	<b>19.1</b>	<b>20.9</b>	<b>20.0</b>	<b>19.6</b>	<b>19.4</b>	<b>20.9</b>	<b>22.6</b>	<b>23.9</b>	<b>19.3</b>	<b>19.4</b>
Manufacturing	11.5	8.9	9.9	10.9	10.0	10.0	9.4	10.0	11.4	12.2
- Meat processing	1.0	1.0	0.7	0.7	0.7	0.5	0.5	0.4	0.4	0.3
- Fish processing on shore	3.1	1.0	1.7	2.9	2.2	2.3	1.8	2.1	2.6	2.5
- Manufacture of other food products and beverages	4.2	4.3	4.6	4.9	4.9	4.6	4.4	4.6	4.9	4.5
- Other manufacturing	3.2	2.6	2.9	2.4	2.3	2.6	2.7	2.9	3.6	4.9
Electricity and water	2.0	2.1	2.1	2.4	2.6	2.6	2.2	2.6	3.0	3.2
Construction	2.8	3.0	2.6	2.8	2.3	2.0	2.8	2.2	3.0	3.0
<b>Secondary Industries</b>	<b>16.4</b>	<b>14.0</b>	<b>14.6</b>	<b>16.1</b>	<b>15.0</b>	<b>14.6</b>	<b>14.5</b>	<b>14.8</b>	<b>17.4</b>	<b>18.4</b>
Wholesale and retail trade, repairs	8.5	8.7	9.0	9.2	9.0	11.3	10.8	10.4	11.8	11.2
Hotels and restaurants	1.7	1.5	1.8	1.9	1.7	1.7	1.7	1.7	1.9	1.8
Transport, and communication	6.7	6.5	6.5	5.9	5.9	5.8	5.5	6.3	7.0	6.8
- Transport and storage	5.0	4.7	4.5	3.7	3.8	3.7	3.5	3.9	4.2	3.8
- Post and telecommunications	1.7	1.8	1.9	2.2	2.1	2.1	2.0	2.4	2.9	3.0
Financial intermediation	2.6	3.2	3.6	3.4	3.6	3.5	3.5	3.3	3.7	3.3
Real estate and business services	9.7	10.2	9.7	9.6	9.8	9.4	9.0	8.6	9.3	9.2
- Owner-occupied dwellings	4.8	5.1	5.1	5.1	5.2	5.0	4.8	4.4	4.7	4.7
- Other real estate and business services	4.9	5.1	4.6	4.5	4.6	4.4	4.3	4.2	4.6	4.5
Community, social and personal service activities	0.9	0.9	0.9	0.8	0.8	0.8	0.8	0.7	0.8	0.8

<b>Industry</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
Producers of government services	21.9	22.7	22.4	22.0	22.3	21.4	21.0	19.9	20.3	19.3
Other producers	2.1	2.0	1.9	1.9	1.9	1.8	1.8	1.7	1.8	1.7
<b>Tertiary Industries</b>	<b>54.0</b>	<b>55.5</b>	<b>55.9</b>	<b>54.7</b>	<b>55.0</b>	<b>55.9</b>	<b>54.1</b>	<b>52.8</b>	<b>56.6</b>	<b>54.2</b>
Less: Financial intermediation services indirectly measured	0.9	1.1	1.2	1.2	1.3	1.2	1.2	1.1	1.3	1.1
<b>All industries at basic prices</b>	<b>88.5</b>	<b>89.3</b>	<b>89.3</b>	<b>89.2</b>	<b>88.1</b>	<b>90.2</b>	<b>90.0</b>	<b>90.4</b>	<b>92.2</b>	<b>90.9</b>
Taxes less subsidies on products	11.5	10.7	10.7	10.8	11.9	9.8	10.0	9.6	7.8	9.1
<b>GDP at market prices</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: GRN (2005): *National Accounts 1995 – 2004*, Table B2, National Planning Commission, Central Bureau of Statistics.



## Appendix 2: Exports of Goods and Services

### Current Prices – US\$ Million

Product Group	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
<b>Live animals, animal products and crops, etc</b>	<b>64.3</b>	<b>80.4</b>	<b>44.6</b>	<b>55.7</b>	<b>53.9</b>	<b>43.4</b>	<b>52.3</b>	<b>130.6</b>	<b>127.3</b>	<b>130.0</b>
- Live animals	62.0	78.0	42.1	52.4	50.1	38.3	45.7	92.3	79.9	69.3
- Animal products	2.3	2.4	2.4	3.3	3.9	5.1	6.6	6.3	5.9	7.1
- Crops, vegetables, fruits, forestry products	0	0	0	6.6	7.7	4.4	8.4	32.0	41.7	53.4
<b>Fish and other fishing products</b>	<b>2.1</b>	<b>2.3</b>	<b>1.9</b>	<b>2.1</b>	<b>2.3</b>	<b>3.1</b>	<b>1.1</b>	<b>1.6</b>	<b>15.7</b>	<b>15.6</b>
<b>Ores and minerals</b>	<b>343.4</b>	<b>456.1</b>	<b>488.9</b>	<b>447.7</b>	<b>573.7</b>	<b>742.3</b>	<b>796.9</b>	<b>1003.7</b>	<b>678.7</b>	<b>8614.9</b>
- Metal ores incl. uranium ore	85.9	119.7	129.3	135.0	157.7	170.0	191.7	244.1	156.4	180.1
- Other minerals	5.7	4.0	3.1	5.6	7.6	8.4	9.1	16.0	13.6	16.7
- Diamonds	251.9	332.6	356.4	307.1	408.6	563.9	596.0	743.6	508.7	703.7
<b>Electricity</b>	<b>0.6</b>	<b>0</b>	<b>0</b>	<b>0.3</b>	<b>0.4</b>	<b>0.6</b>	<b>0.6</b>	<b>0.7</b>	<b>1.0</b>	<b>1.1</b>
<b>Manufactured products</b>	<b>320.0</b>	<b>331.7</b>	<b>345.6</b>	<b>460.6</b>	<b>438.9</b>	<b>515.3</b>	<b>647.9</b>	<b>764.6</b>	<b>894.4</b>	<b>904.4</b>
- Meat, meat preparations	66.3	79.3	58.6	66.1	76.0	75.0	98.4	69.6	86.1	90.7
- Prepared and preserved fish	176.4	169.7	198.1	306.0	298.6	324.7	387.1	445.4	523.0	460.4
- Beverages, other food products	27.3	46.6	45.6	58.4	43.1	77.1	98.4	136.1	156.1	158.6
- Copper	35.7	22.0	27.7	7.4	0.0	8.3	28.7	37.4	26.6	30.4
- Zinc refined	0	0	0	0	0	0	0	0	22.3	93.0
- Other manufactured products	14.3	14.1	15.6	22.6	21.1	30.1	35.1	76.1	80.4	71.3
<b>Total exports of goods, fob</b>	<b>730.3</b>	<b>870.7</b>	<b>881.0</b>	<b>973.1</b>	<b>1077.0</b>	<b>1309.1</b>	<b>1507.1</b>	<b>1908.6</b>	<b>2034.1</b>	<b>1998.9</b>
Services (excl. direct purchases by non-residents)	14.9	24.1	26.1	22.4	24.9	18.6	20.4	84.1	74.7	48.4
Direct purchases in Namibia by non-residents	153.1	189.9	230.1	238.3	262.0	216.7	250.4	338.7	376.3	392.7
<b>Total exports of services</b>	<b>168.0</b>	<b>214.0</b>	<b>256.3</b>	<b>260.7</b>	<b>286.9</b>	<b>235.3</b>	<b>270.9</b>	<b>422.9</b>	<b>451.0</b>	<b>441.1</b>
<b>Total exports of goods and services</b>	<b>898.3</b>	<b>1084.7</b>	<b>1137.3</b>	<b>1233.9</b>	<b>1364.0</b>	<b>1544.4</b>	<b>1778.0</b>	<b>2331.4</b>	<b>2485.1</b>	<b>2440.0</b>
Per cent of GDP at market prices	7.1	7.2	6.8	6.6	6.6	6.5	6.5	7.1	7.3	6.6

Source: GRN (2005): *National Accounts 1995 – 2004*, Table G2, National Planning Commission, Central Bureau of Statistics.

**Appendix 3.1: China's Share of Namibia's Total Exports and Imports**

<b>EXPORTS</b>				<b>IMPORTS</b>			
<b>Year</b>	<b>Total Exports</b>	<b>China' share</b>	<b>% of total</b>	<b>Year</b>	<b>Total Imports</b>	<b>China's share</b>	<b>% of total</b>
<b>1998:</b>	915,331,487	3,458,618	0.400%	<b>1998:</b>	1,373,218,643	5,282,338	0.400%
<b>1999:</b>	1,131,718,509	965,982	0.100%	<b>1999:</b>	1,320,495,968	4,565,670	0.300%
<b>2000:</b>	1,297,293,506	525,220	0.000%	<b>2000:</b>	1,393,663,032	6,113,523	0.400%
<b>2001:</b>	1,474,663,127	7,810,632	0.500%	<b>2001:</b>	1,746,758,253	20,200,126	1.200%
<b>2002:</b>	1,910,136,039	5,537,149	0.300%	<b>2002:</b>	2,099,996,719	20,194,571	1.000%
<b>2003:</b>	2,043,126,406	15,308,454	0.700%	<b>2003:</b>	2,522,479,136	27,799,122	1.100%
<b>2004:</b>	2,245,354,123	29,304,118	1.300%	<b>2004:</b>	2,218,394,590	26,015,799	1.200%
<b>2005:</b>	2,278,051,218	41,212,019	1.800%	<b>2005:</b>	2,294,665,750	36,506,578	1.600%
<b>2006:</b>	3,279,985,336	47,497,907	1.400%	<b>2006:</b>	2,721,060,067	94,180,404	3.500%

Source: Unpublished Trade Statistics, National Planning Commission, Central Bureau of Statistics

**Appendix 3.2: Top 20 Namibia's Commodity Exports to China at the Two (2) Digit HS Level**

HS Code	Product Description	1998	1999	2000	2001	2002	2003	2004	2005	2006	Average
1	Live animals	1,826,765 (52.8%)	-	-	-	-	-	-	857 (0%)	71 (0%)	5.90%
3	Fish and fish products	35,317 (1.0%)	7 (0%)	109,543 (20.9%)	649,096 (8.3%)	1,815,799 (32.8%)	2,231,674 (14.6%)	115,219 (0.4%)	775,633 (1.9%)	222,179 (0.5%)	8.90%
15	Animal or vegetable fats and oils	-	-	-	-	369,561 (6.7%)	1,283,022 (8.4%)	1,421,577 (4.9%)	133,169 (0.3%)	361,235 (0.8%)	2.30%
23	Residues and waste from food industries	-	-	-	63,257 (0.8%)	2,544,311 (45.9%)	4,626,977 (30.2%)	61,974 (0.2%)	2,226,525 (5.4%)	2,110,156 (4.4%)	9.70%
25	Salt, sulphur; earths and stone lime and cement	46 (0%)	28,790 (3.0%)	127,705 (24.3%)	57,227 (0.7%)	39,055 (0.7%)	18,024 (0.1%)	4,547 (0%)	471,904 (1.1%)	718,271 (1.5%)	3.50%
26	Ores, slag and ash	-	722,502 (74.8%)	-	-	-	-	3,033,314 (10.4%)	2,201,450 (5.3%)	41,482,991 (87.3%)	19.80%
27	Mineral fuels, oils and bituminous substances	4 (0%)	-	20,639 (3.9%)	-	73,983 (1.3%)	92,697 (0.6%)	4,443 (0%)	35,439 (0.1%)	112,263 (0.2%)	0.70%
32	Tanning and dyeing extracts;	20 (0%)	-	-	243,237 (3.1%)	-	-	11,640 (0%)	71 (0%)	107 (0%)	0.30%
39	Plastics and articles thereof	6,910 (0.2%)	6,910 (0.2%)	3,932 (0.7%)	-	21,370 (0.4%)	16,089 (0.1%)	18,198 (0.1%)	132 (0%)	14,176 (0%)	0.40%
40	Rubber and artificial thereof	705 (0%)	705 (0%)	6,904 (1.3%)	-	-	11,301 (0.1%)	1,210 (0%)	-	-	0.20%
41	Raw hides, skins and leather	-	-	-	569,645 (7.3%)	311,708 (5.6%)	1,047,608 (6.8%)	247,309 (0.8%)	108,234 (0.3%)	175,452 (0.4%)	2.70%
48	Paper or paperboard; articles of paper,	-	-	245,029 (46.7%)	186,444 (2.4%)	307,200 (5.5%)	150,001 (1.0%)	280,168 (1.0%)	-	181,559 (0.4%)	6.70%

HS Code	Product Description	1998	1999	2000	2001	2002	2003	2004	2005	2006	Average
63	Other made up textile articles	75,635 (2.2%)	15,372 (1.6%)	238 (0%)	-	2,437 (0%)	4,392 (0.1%)	12,034 (0%)	8,120 (0%)	754,033 (1.6%)	0.60%
64	Footwear, gaiters and the like	354,524 (10.3%)	43,873 (4.5%)	1,653 (0.3%)	-	219 (0%)	488 (0%)	351 (0%)	-	24,841 (0.1%)	1.70%
68	Articles of stone, plaster, cement, asbestos	-	-	-	-	-	-	-	-	30 (0%)	0.20%
72	Iron and steel	-	-	-	-	-	-	-	-	946,423 (2.0%)	0.20%
74	Copper and articles thereof	661,067 (19.1%)	-	-	5,380,246 (68.9%)	-	5,110,700 (92.3%)	22,491,473 (76.8%)	29,032,071 (70.4%)	71 (0%)	36.40%
78	Lead and articles thereof	-	-	-	623,392 (8.0%)	-	623,392 (11.3%)	-	-	-	2.10%
84	Nuclear reactors, boilers, and mechanical appliances	22,617 (0.7%)	25,074 (2.6%)	372 (0.1%)	0 (0%)	3,530 (0.1%)	5,347 (0%)	-	1,096,871 (2.7%)	32,563 (0.1%)	0.70%
85	Electrical machinery and equipment	416,684 (12.0%)	6,872 (0.7%)	4,754 (0.9%)	2,911 (0%)	1,295 (0%)	1,360 (0%)	545 (0%)	9,200 (0%)	41,610 (0.1%)	1.50%

Source: Unpublished Trade Statistics, National Planning Commission, Central Bureau of Statistics.  
Percentages in brackets are representing the shares of the respective items in total exports to China.  
The last column has got average shares in total exports to China over the 9-year period, 1998 - 2006.

**Appendix 3.3: Top 20 Namibia's Commodity Imports from China at the Two (2) Digit HS Level**

HS Code	Product Description	1998	1999	2000	2001	2002	2003	2004	2005	2006	Average
3	Fish and fish products	-	652,221 (4.3%)	151,826 (2.5%)	27,337 (0.1%)	112,203 (0.6%)	100,000 (0.4%)	11,982 (0%)	115,219 (0.3%)	86,463 (0.1%)	2.00%
26	Ores, slag and ash	-	-	-	-	3,153,617 (15.6%)	-	-	-	-	1.70%
39	Plastics and articles thereof	122,862 (2.3%)	116,192 (2.5%)	73,242 (1.2%)	125,293 (0.6%)	296,534 (1.5%)	667,489 (2.4%)	486,137 (1.9%)	965,972 (2.6%)	449,238 (0.5%)	2.30%
40	Rubber and artificial thereof	36,132 (0.1%)	51,316 (1.1%)	4,664 (0.1%)	188,891 (0.9%)	589,970 (2.9%)	1,190,540 (4.3%)	849,317 (3.3%)	1,037,156 (2.8%)	1,521,522 2 (1.6%)	1.90%
42	Articles of leather; saddlery and harness	179,669 (3.4%)	426,843 (9.3%)	293,827 (4.8%)	270,693 (1.3%)	472,846 (0.2%)	877,606 (3.2%)	394,479 (1.5%)	314,853 (0.9%)	410,304 (0.4%)	2.80%
52	Cotton	76,114 (1.4%)	6,556 (0.1%)	237,581 (3.9%)	41,095 (0.2%)	499,301 (2.5%)	2,209,705 (7.9%)	93,631 (0.4%)	6,005 (0%)	9,412 (0%)	1.80%
54	Man-made filaments	-	15,722 (0.3%)	32,305 (0.5%)	45,552 (0.2%)	2,457,724 (12.2%)	786,688 (2.8%)	168,538 (0.6%)	27,779 (0.1%)	10,881 (0%)	1.90%
55	Man-made staple fibres	-	-	7,133 (0.1%)	-	29,368 (0.1%)	2,708,745 (9.7%)	70,266 (0.3%)	114,171 (0.3%)	130,973 (0.1%)	1.20%
61	Articles of apparel and clothing accessories	349,550 (6.6%)	400,775 (8.8%)	279,628 (4.6%)	236,058 (1.2%)	192,138 (1.0%)	325,561 (1.2%)	420,801 (1.6%)	313,586 (0.9%)	187,271 (0.2%)	3.10%
62	Articles of clothing accessories not knitted or crocheted	106,063 (2.0%)	106,941 (2.3%)	347,337 (5.7%)	119,668 (0.6%)	214,488 (1.1%)	392,828 (1.4%)	254,443 (1.0%)	175,009 (0.5%)	132,191 (0.1%)	1.60%
63	Other made up textile articles	257,139 (4.9%)	244,493 (5.4%)	334,983 (5.5%)	686,563 (3.4%)	1,990,398 (9.9%)	1,970,258 (7.1%)	1,138,457 (4.4%)	1,031,622 (2.8%)	1,702,108 (1.8%)	5%
64	Footwear, gaiters and the like	2,236,364 (42.3%)	613,425 (13.4%)	530,733 (8.7%)	341,320 (1.7%)	735,126 (3.6%)	1,219,378 (6.0%)	483,371 (1.9%)	185,025 (0.5%)	303,970 (0.3%)	8.70%

HS Code	Product Description	1998	1999	2000	2001	2002	2003	2004	2005	2006	Average
73	Articles of iron or steel	15,786 (0.3%)	40,165 (1.3%)	83,525 (1.4%)	83,622 (0.4%)	33,299 (0.2%)	265,186 (1.3%)	1,471,919 (5.7%)	3,493,917 (9.6%)	3,402,299 (3.6%)	2.60%
84	Nuclear reactors, boilers, and mechanical appliances	29,321 (0.6%)	493,458 (10.8%)	349,139 (5.7%)	393,841 (1.9%)	2,022,615 (10.0%)	2,878,259 (10.4%)	2,797,713 (10.8%)	4,866,042 (13.3%)	3,484,367 (3.7%)	7.50%
85	Electrical machinery and equipment	1,212,354 (23.0%)	336,712 (7.4%)	293,453 (4.8%)	748,583 (3.7%)	1,234,285 (6.1%)	4,163,030 (15.0%)	4,776,685 (18.4%)	4,697,075 (12.9%)	3,379,707 (3.6%)	10.50%
86	Railway or tramway locomotives,	-	-	-	-	8,024 (0%)	-	4,542,534 (17.5%)	2,042,619 (5.6%)	871 (0%)	2.60%
87	Vehicles other than railway or tramway parts	27,170 (0.5%)	66,587 (1.5%)	265,863 (4.3%)	244,427 (1.2%)	911,945 (4.5%)	1,629,956 (5.7%)	1,858,899 (7.1%)	1,093,452 (3.0%)	5,923,857 (6.3%)	3.80%
88	Aircraft, spacecraft and parts thereof	63,192 (1.2%)	33,559 (0.7%)	142,857 (2.3%)	15,301,820 (75.8%)	1,272,853 (6.3%)	53,252 (0.2%)	160,610 (0.6%)	490,813 (1.3%)	55,619,971 (59.1%)	16.40%
93	Arms and ammunition; parts and accessories thereof	29 (0%)	-	1,457,143 (23.8%)	2,690 (0%)	1,381,699 (6.8%)	21,429 (0.1%)	256,740 (1.0%)	82 (0%)	9,416,560 (10.0%)	4.60%
94	Furniture, mattresses, cushions and similar stuffed furnishing;	101,385 (1.9%)	219,326 (4.8%)	512,375 (8.4%)	463,669 (2.3%)	796,788 (3.9%)	844,444 (3.0%)	802,894 (3.1%)	3,697,387 (10.1%)	2,062,994 (2.2%)	4.40%

Source: Unpublished Trade Statistics, National Planning Commission, Central Bureau of Statistics.

Percentages in brackets are representing the shares of the respective items in total impor

The last column has got average shares in total imports from China over the 9-year period, 1998 - 2006.