

promoters form a mix of Namibian and overseas business interests. EPZ establishments are not affected by the SACU regime provisions, as they are legally outside the SACU zone within Namibia.

(4) Measures Affecting Production and Trade

(i) Subsidies and other assistance

57. The Government extends production subsidies to the agricultural sector only, mainly to counteract to some extent the adverse impact of drought. The Lomé IV SYSMIN facility provides for subsidies to level out fluctuations in world market prices and foreign exchange fluctuations for certain mining products (Chapter IV).

58. Budgetary allocations to the agricultural sector by the Government since fiscal year 1992/93 are shown in Table III.4.

Table III.4
Budgetary allocations to the agricultural sector, 1992-97
(N\$ million and per cent)

Year	Total (in N\$ million)	Of which: development expenditure	Plus: emergency relief	% of government expenditure (current & capital)	% of total agriculture output
1992/93	102.7	-	80.51	3.1	19.6
1993/94	114.3	33.3	62.00	3.4	19.7
1994/95	141.1	49.1	40.28	3.7	14.0
1995/96	170.3	58.0	10.00	4.5	14.9
1996/97	236.1	65.0	116.95	5.5	..

.. Not available.

Source: Ministry of Agriculture.

59. Financial support to the agricultural sector, including emergency relief provided in drought-affected years, has accounted for a significant proportion of total government expenditure, rising to 5.5% of total current and capital expenditure in 1996/97. Compared to total output of agriculture, financial support by the Government has been even more substantial, 19.7% in 1993/94 and 14.9% in 1995/96.

60. In addition, significant funding is provided to the sector by Namibia's development partners, in particular, Germany, the EU, France, UNDP, the United Kingdom and the International Fund for Agricultural Development (IFAD). Almost all of the funds thus supplied have been in the form of grants. Recently, loan agreements have been concluded with IFAD and China. Accurate data on financial assistance to the sector from abroad have not been recorded in any detail. Only projections for the 1997/98 financial year are available. It is estimated that in 1997/98, aid agencies will provide approximately N\$74 million (subject to foreign exchange fluctuations). This is more than the sector's development budget of N\$63 million for 1997/98.

Research and development

61. The Government assists farmers in Namibia, and in particular those farming in the communal areas, with research and agricultural extension services.

Concessional financing

62. Concessional financing is available from a number of sources in Namibia. Regional and international financial institutions can also be approached for soft loans. Business advisory services are also provided by most of the Namibian financial institutions.

Box III.1: Concessional financing available in Namibia**Commercial banks**

Private Sector Global Loan Scheme (First National Bank, Commercial Bank and Standard Bank)

Development Fund of Namibia

- feasibility studies
- conditional loans (N\$5,000-100,000)
- technical assistance
- loan guarantees

Namibia Development Corporation**SME Start-up Assistance Programme**

- up to N\$80,000 (no minimum)
- prime interest rate
- no security required
- no obligatory own contribution
- no sector exclusions
- legal costs charged
- grace period 3-12 months
- optional participation in business training course
- business advisory services back-up

Small Enterprise Development Assistance

- up to N\$200,000
- own contribution of 20% of total capital requirements (60% for non-Namibians)
- security required
- investigation fee of 1.25% of loan amount and legal costs

Corporate Business Development Assistance Programme

- no limit
- own contribution:

new enterprises: majority/wholly Namibian-owned	20%
initial application for expansion	20%
subsequent application for expansion	50%
new enterprises: majority/wholly foreign owned	60%
equity participation	51%
- investigation fee of 1.25% of loan amount and legal costs
- security required

Agricultural Assistance Programme

- loans for livestock, agronomy and agro-industry
- no limit; rate of interest prime rate; grace period
- own contribution of 20% for Namibians, 60% for non-Namibians
- security required: legal costs charged
- Agency projects for solar power systems and Chinese tractors
- Farmer Support Programme of seasonal loans for dry land cropping for communal farmers; limit = N\$200,000; priority given to food production; rate of interest prime rate
- Vegetable Irrigation Scheme extending seasonal production loans to farmers

AgriBank

- concessional loans for both commercial and communal farmers

Sysmin (Lomé Convention) facilities

- Small Miner Assistance Centre
- Small Scale Miner's Association of Namibia
- Minerals Development Fund administered by the Minerals Development Fund Control Board

Various micro- and small business financial assistance schemes

Ministry of Regional and Local Government and Housing: Employment Creation Promotion Fund

Ministry of Agriculture/Agribank: National Agricultural Credit Scheme

Ministry of Youth and Sports/Namibia Development Corporation/Institute for Management and Leadership Training/Private Sector Foundation: Youth Enterprise Promotion Initiative (YEPI) and credit guarantee facility

Department of Women's Affairs: Gender and Development Fund

Ministry of Trade and Industry/Private Sector Foundation/Institute for Management and Leadership Training: Revolving Credit Scheme

Source: Trend Line Consultants, Windhoek, Namibia, 1997; Pavla Jezkova (1995), "The Ministry of Trade and Industry's Evaluation of the Status of the Informal and Small and Medium Scale (SME) Enterprises Sector".

(ii) Competition policy

63. Namibia does not have a Competition Act. The regulation of competition and fair trading practices is governed by the Trade Practices Act (No. 76) of 1976 and the Merchandise Marks Act (No. 17) of 1941, inherited from South Africa at independence. The Government is considering the introduction of Namibian legislation on competition policy and fair trading practices. In the context of the current SACU renegotiations, it has been agreed that the competition policy framework should include monopolies, restrictive practices, mergers, acquisitions and amalgamations. Two sets of laws would be established; national laws and competition laws governing such issues as dumping and predatory pricing in intra-SACU trade.

(iii) Intellectual property protection

64. Intellectual property rights in Namibia are protected under three different laws, all of which are rather outdated. They are: (a) the Patent and Designs Act (No. 9) of 1916 - this Act is administered by the Industrial Property Division of MTI and takes care of the registration of various patents and designs; (b) the Trade Mark in Namibia Act (No. 48) of 1973 - this Act is also administered by the Industrial Property Division of MTI and deals with the registration of trade marks; and (c) the Copyright and Neighbouring Rights Protection Act (No. 6) of 1994 - this Act, originating from the 1965 South African legislation, was amended in 1994 to bring it in line with other countries. The Act needs further amendment to bring it into line with the TRIPS requirements and the World Intellectual Property Organization (WIPO) model law. The Act falls under the administration of the Directorate of Copyright Services under the Directorate of Audio-visual Media and NCC within the Ministry of Information and Broadcasting (MIB).

65. Namibia joined WIPO in 1991, and acceded to the Berne Convention in 1993. According to the Government, Namibia intends to accede to the Paris Convention on the Protection of Patent Rights, in the near future.

66. Namibia is currently considering an efficient way to administer the obligations of the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), including how best to equip customs officials at the various borders to ensure enforcement. Officials from several law enforcement bodies and departments have been attending WIPO sponsored symposia on the subject in order to familiarize themselves with the basic provisions. This exercise is coordinated by the Office of the Attorney General.

67. A new consolidated Industrial Property Act, which has been drafted and is being reviewed internally, will rationalize the various Acts governing industrial property and bring the legislation into line with other relevant legislation in Namibia and international agreements and conventions, such as trade agreements, and intellectual property treaties and conventions.

Copyright

68. Intellectual works such as literary, artistic, and musical works as well as cinematographic films, sound recordings, broadcasts, programme carrying signals, published editions and computer programs are all protected under the Copyright Act of 1994. The legal means available to producers or importers to deal with copyright infringements are through Article 33 (3) (a) and (b) where a person convicted of an offence of copyright infringement is liable to a fine not exceeding N\$12,000 (US\$2,600) or three years imprisonment or both in the case of first conviction. A second or subsequent offence is liable to a fine not exceeding N\$20,000 (US\$5,000) or five years imprisonment or both. Copyright in Namibia covers the lifetime of the author or composer and up to 50 years after their death.

69. The Namibian Sole Copyright Owners Collecting Society of Composers and Authors of Music, NASCAM, was established and officially registered in July 1993 under the Companies Act No. 61 of 1973 as an "Association not for gain". NASCAM started its full-time activities, such as the licensing of music users and registration of exclusive right owners, towards the end of 1994, and up to May 1997 had dealt with the protection of music copyright, by registering over 160 composers and/or authors of music and licensing over 150 music users country-wide, including all four radio and TV broadcasting stations. NASCAM has also signed reciprocal representation agreements with three societies in Europe, six in Africa, one in Asia and two in Latin America, all members of CISAC (the Confederation of International Societies of Authors and Composers). NASCAM was elected as an associate member of CISAC in December 1996.

Patents and trade marks

70. Patents in Namibia are currently registered under the provisions of the Patents, Designs, Trade Marks and Copyrights Act, No. 9 of 1916. The registration of trade marks in Namibia is governed by the Trade Marks Act, No. 48 of 1973. Trade mark rights in Namibia arise either from using the particular trade mark in the course of trade for a period of time, or by registration.

71. The system of patent protection in Namibia pertains only to formal registration of patents. There is no substantive examination of patent applications. Applications for patent are received with either provisional specifications or complete specifications, and the application form. The patent is registered if the application and the specifications meet the formal requirements of a patent. Protection accorded is confined to the territory of Namibia and multilateral or reciprocal protection is not given.

72. Design applications must be accompanied by the description of the design and a drawing or pictorial representation. Once such an application meets all design application requirements, a

certificate of registration is issued by the Registrar. Namibia uses the WIPO definition of a design. Five design applications were received and registered in 1996.

73. Applications for the registration of a trade mark, for which a nominal fee is payable, are made on one of the following prescribed forms: form SM1 for ordinary application in part A or Part B; form SM5 for application for a certified mark; and form SM31 for a defensive registration of a trade mark.

74. On receipt of application, all particulars are entered in the register, whereafter the trade mark is examined to ascertain whether it complies with the provisions of the Act and its regulations, in particular that it is distinctive, not deceptive and does not conflict with other marks already registered or currently applied for in respect of the same type of goods or services. If the mark is considered to be acceptable for registration in these and all other respects, details are published. Two months are allowed to elapse, during which period any person may give notice of opposition to the registration of the mark. If there is no opposition, the mark is granted for a period of ten years calculated from the filing date. After ten years it may be renewed for another period of ten years. In 1996, 1,501 trade marks were registered and 1,288 were renewed.

(iv) Price controls and regulations

75. Since 1992, there has been no administered pricing or price controls exercised for basic foodstuffs and other agricultural commodities, with the exception of producer prices for wheat and maize up to 1994-95. Prices of petroleum products are set by the Government in terms of the Petroleum Products and Energy Act of 1990; controlled products are petrol, diesel and paraffin. The basis of calculation is the weighted average for international postings at the refineries of BP, Mobil and Shell in Singapore and Caltex in Britain. The calculation method provides an incentive to the distributors to source petroleum products at the lowest price on the international market.

Environmental policies

76. Cabinet has approved an extensive environment assessment policy, requiring that an environmental impact assessment be carried out for all developments which have a potentially significant impact on the environment. Namibia's EAP is stated to be based on the "integrated environmental management" approach, is user-friendly and advocates cost and time efficiency. The costs of EIAs are borne by project promoters and are viewed as part of the costs of carrying out good, integrated planning. Copies of the EIA policy, advice on planning the EIA, obtaining appropriate consultants and other components can be obtained from the Directorate of Environmental Affairs (DEA).

77. Namibia has acceded to a number of treaties to protect the ozone layer (1993): the Vienna Convention, Montreal Protocol and London Amendment. The implications are that ozone-depleting substances such as chlorofluoro carbons (CFCs) and halons are being phased out and alternative substances used. In 1995, Namibia acceded to the Basel Convention, which aims to prevent the dumping of toxic and hazardous substances in developing countries through control of their transboundary movements, and to ultimately reduce waste generation to a minimum in terms of both quantity and toxicity. Under the Convention, hazardous waste substances are reviewed and listed for prevention of movement between certain blocks of countries.

78. The Ministry of Environment and Tourism, as previously noted, is the implementing agency for CITES, the Convention on International Trade in Endangered Species of Wild Fauna and Flora, and is bound to the regulatory policies of CITES concerning import, export, transit and re-export of certain types of wildlife and wildlife products. Trade should not be detrimental to the conservation of

such species in the wild. The onus is on MET to determine that imports, exports etc. are not detrimental to the conservation of CITES-identified species. This is done on a case by case basis and in consultation with the relevant country of origin or destination.

IV. TRADE POLICIES AND PRACTICES BY SECTOR

(1) Introduction

1. Agriculture, fisheries and processing of their products contributed 15.8% of Namibia's GDP (at current prices) in 1996, compared to 17.6% in 1990. Mining contributed a further 15.9% (up from 9.3%); other manufacturing, 9.2% (9.7%) and services, including Government, 54.5% (49.1%). The share of Government services rose from 22.8 to 28.7% between independence in 1990 and 1993, falling to 26.1% in 1996 (Table IV.1).

(2) Agriculture

(i) Recent trends

2. Agriculture in Namibia is strongly influenced by climatic conditions. Severe droughts in 1992-93 and 1995-96, with only a slight recovery in between, damaged both the crop-growing and beef industries. However, with good rains in the 1996-97 harvest season, this sector was able to recover.

3. The agriculture sector is divided into a commercial subsector, with land held on freehold, and a communal subsector based on communal land tenure. An estimated 70% of the population derives at least part of its livelihood from agriculture and forestry. Farmers in the communal subsector are mainly engaged in subsistence rain-fed crop and extensive livestock production, characterized by extremely low levels of productivity, high variability of output from one year to the next and a high degree of poverty, household food insecurity and malnutrition. The commercial subsector, by contrast, has long been integrated into the regional and international marketing system, with large-scale beef exports to the European Union under preferential quota and beef and small stock exports to South Africa. Recent policy initiatives in the meat industry now also allow for meat exports from the communal areas north of the Veterinary Cordon Fence, mainly to South Africa, provided that strict quarantine conditions are observed.

4. Since 1990, the share of agriculture (including forestry) in GDP has fluctuated between 12.3% and 6.8% (Table IV.1). Agricultural commodities rank third behind minerals, fish and fish products in terms of their contribution to export earnings, with beef exports to South Africa and the European Union contributing the bulk of agricultural exports. A growing contribution to the diversification of agriculture is made by "non-traditional" agricultural exports: grapes, melons, ostrich products and charcoal. A growing number of farmers are showing interest in alternative production for exports, for example, of tree fruit (oranges, bananas, mangoes, etc.); some companies are already producing oranges and mangoes on a relatively large scale.

(ii) Broad sectoral development objectives

5. The National Agricultural Policy (NAP) aims to achieve, *inter alia*, the following objectives: high and stable growth rates in farm incomes, agricultural productivity and production levels exceeding population growth rates; improved profitability and increased investment in agriculture; greater vertical integration and domestic value added for agricultural products; product diversification and expansion of non-traditional agricultural activities; and integration of communal farmers into the mainstream of economic activity.

Table IV.1
Gross domestic product by activity, current prices, selected years
(Percentage share)

Sector	1990	1993	1994	1995	1996
Agriculture and forestry products	12.3	6.8	10.0	9.5	9.4
Fishery products	1.9	3.4	3.4	3.5	3.9
Mining and quarrying	19.3	11.2	14.4	11.7	15.1
Primary industries	33.5	21.5	27.9	24.7	28.3
Manufacturing	13.0	15.4	14.4	14.4	11.7
Meat processing	0.8	0.9	0.8	0.8	0.7
Fish processing	2.6	4.2	4.3	4.2	1.8
Other manufacturing	9.7	10.3	9.3	9.4	9.2
Electricity and water	1.9	1.5	2.0	2.7	2.6
Construction	2.5	3.3	3.2	3.3	2.9
Secondary industries	17.4	20.2	19.6	20.4	17.2
Wholesale and retail trade, repairs	7.5	8.4	7.6	7.9	8.0
Hotels and restaurants	1.4	1.7	1.9	2.1	1.9
Transport and communication	5.0	5.2	5.0	5.2	5.3
Finance, real estate, business services	8.8	10.2	9.1	9.3	9.6
Community, social and personal services	1.1	1.3	1.2	1.3	1.3
Producers of government services	22.8	28.7	25.3	26.7	26.1
Other producers	2.5	2.8	2.5	2.5	2.4
Tertiary industries	49.1	58.4	52.5	55.0	54.5
All industries at basic prices	100.0	100.0	100.0	100.0	100.0
Per cent of GDP at market prices:					
All industries at basic prices	87.5	85.8	86.6	86.2	86.5
Import duties	4.2	4.1	3.5	3.7	3.5
Other taxes on products	8.3	10.1	9.9	10.1	10.0
GDP at market prices	100.0	100.0	100.0	100.0	100.0
Memorandum:					
GDP at basic prices (N\$ million)	5,610	7,604	9,518	10,570	12,015
Import duties	270	362	380	453	488
Other taxes on products	529	894	1,087	1,238	1,383
GDP at market prices (N\$ million)	6,409	8,860	10,986	12,262	13,886

Source: Government of Namibia.

6. Sectoral objectives with an international dimension are the adoption of a policy of national food security¹; limitation of government involvement to cases of market failure and the alignment of producer and import prices; and the rationalization of existing Marketing Boards.

¹"Food security" in Namibia is interpreted as encouraging maximum local production of staple foods, while actively securing reliable sources of imports to allow for continuous access to such foods.

7. Agricultural activities in Namibia will always be subject to unpredictable climatic conditions. Efforts to reduce reliance on good rains are being undertaken through diversification of products and sources of income. Drought awareness and anticipatory measures have been integrated into the Government's budgetary allocations. Additional sources of income have been identified by rangeland farmers in the production of charcoal from invader bushes. Product diversification is being effected, *inter alia*, by the development of integrated ostrich industries in various parts of the country. Thus, an EU-approved ostrich abattoir came into operation in 1996 in Mariental, south Namibia with another large-scale integrated operation (including hatchery, feed plant and abattoir) planned for Keetmanshoop (also in the south) and a third abattoir being constructed in Omaruru, in the central-west region. The ostrich industry shows good growth potential for Namibia because of its exclusive product features (i.e. cholesterol-free red meat), excellent marketing opportunities, and suitable climatic conditions for ostrich rearing. The commercial exploitation of new fruit and horticultural products is being explored, including mangoes, oranges, bananas, various medicinal plants (including devil's claw), algae (e.g. beta-carotene), dates, flowers, etc. Commercial exports of melons and grapes to the European market, where they enjoy a seasonal competitive advantage and preferential access conditions under Lomé IV, were successfully launched in 1991.

8. The traditional livestock, smallstock and crop-growing industries will face important challenges with the continued opening of the economy. Beef exports are dependent on preferential access into two highly subsidized and competitive markets: Europe and South Africa. The status of Lomé IV after 2000 is uncertain; moreover, Namibia, as a net exporter of beef, would have different interests in SACU-level negotiations from that of South Africa, a net importer.

9. The crop-growing and milling industries are still heavily protected. Although most prices have been deregulated, seasonal import prohibitions imposed by the Namibian Agronomic Board effectively seal off the market during the period that local maize and wheat are available. As noted in Chapter III, the Board is currently examining ways of tariffing these restrictions. Far-reaching structural adjustments for these subsectors of the economy would have to be made in a free-trade scenario; for example, under complete free trade, the maize production area (which includes marginal land) might have to be reduced by up to 65%. Namibia does not export locally produced maize, wheat or sunflower seeds.

(iii) Market intervention: supply side measures

10. Table IV.2 lists the market intervention measures currently maintained by Namibia.

Table IV.2

Supply-side measures in agricultural sector

Prohibitions and other restrictions on imports	
Controlled crops	Prohibition until all locally produced maize is marketed
- Maize (unmilled)	Prohibition until all locally produced wheat is marketed
- Wheat (unmilled)	Prohibition
- Maize flour	50% QR
- Wheat flour	
Import duty exemptions and rebates	
Controlled crops	
- Maize (unmilled)	100%
- Wheat (unmilled)	100%
Live animals for restocking	100%
Seeds for sowing, fodder, lick and feed for livestock	100%
Certain dairy products	SACU rebate facility
Selected meat & fish processing inputs	SACU rebate facility
Production subsidies	
Communal farmers (subsistence level)	(1) Interest subsidy on loans for the purchase of commercial farms (Affirmative Action Programme).
	(2) Interest subsidy on seasonal loans for crop production, and on longer term loans for the purchase of draught and breeding stock as well as for other essential farm development undertakings.
	(3) Price subsidy on fertilizers.
	(4) Price subsidy on improved varieties of pearl millet and maize seed.
	(5) Price subsidy on ploughing services.
Income tax benefits	
Commercial and communal farmers registered for income tax purposes Tax expenditure:	
	(1) Expenditure incurred during the year of assessment in respect of the acquisition of motor vehicles, machinery, implements, utensils and articles used by the farmer is deductible in equal amounts over a period of three years including the year of assessment.
	(2) Other expenditure which qualifies for immediate write-off against income in the year of acquisition include:
	- dipping tanks;
	- dams, wells, drinking troughs, irrigation schemes, boreholes and pumping plants;
	- the prevention of soil erosion;
	- wire and stone, brick or concrete kraals;
	- fences;
	- fire breaks;
	- the eradication of bush and noxious plants;

Table IV.2 (cont'd)

- the establishment of orchards and vineyards;
- the buildings of roads and bridges used for farming operations;
- farm buildings erected for the use of staff (not exceeding N\$15,000 per employee).

(3) Restocking:

The cost of livestock purchased within four years to replace losses caused by drought, stock disease or damage to grazing by fire or plague, can be deducted as an expense in the year during which the emergency sales took place. Assessments will be revised accordingly. The claim for such deduction must be made within five years after the close of the year of sale.

Carrying over of losses

Any expenditure incurred in excess of current farming income is carried forward for deduction in the following year. When farming ceases for an entire year, the balance cannot be carried forward into the next year but the expenditure (and any balance carried forward) for one farm can be set off against the farming income from another farm of the same farmer.

Stock evaluation concessions

- (1) Livestock on hand at the end of the tax year is valued at standard values. Standard values are presumed values of livestock set lower than actual market prices or values. Where the cost of production is lower than standard value, an even lower value may be adopted. The net effect of standard values is that it can create an artificial loss for tax purposes in the year of acquisition. Net losses due to standard value losses, may be set off against non-farming income.
- (2) Farming consumables such as seed, feed, fertiliser and spare parts can be excluded from "stock" for tax purposes even though their cost has been deducted as a current year expense.

General Sales Tax (GST) and Additional Sales Duty (ASD) relief

All farmers registered for sales tax purposes

100% GST exemption on:

- (1) Fertilizers, insecticides, fungicides, herbicides, rodenticides, livestock medicines and vaccines.
- (2) Seed, shrubs, plants, bulbs, trees and other plant material for the production of crops or produce.
- (3) Packing or wrapping materials (including labels and binding or tying materials) and containers including pallets used for the marketing of farming or forestry products.
- (4) Livestock, other animals, poultry, bees, birds, fish or reptiles purchased for the purposes of farming operations.

Table IV (cont'd)

	(5)	Animal feeds and licks.
	(6)	Fuel purchased in bulk and intended to be used directly in the production of farming or forestry products.
	(7)	Any fumigation or pest-control service utilized.
	(8)	Aviation fuel, aviation kerosene and illuminating paraffin used for aerial operations.
	100% ASD exemption on imports exceeding N\$50,000 (no exemption on local inputs).	

Source: Information supplied by the Ministry of Agriculture, Water and Rural Development; Ministry of Finance; Namibian Agronomic Board; and Meat Board of Namibia.

(iv) Market intervention: role of marketing boards

(a) Namibian Agronomic Board

11. The Namibian Agronomic Board, operating under the Agronomy Industry Act (No. 20 of 1992) regulates the domestic market and imports of maize, wheat, maize flour and wheat flour. The import of sunflower seeds and products was deregulated in 1996 (Government Gazette No. 293 of November 1996). The principal objective of the Board is "to promote the agronomic (crop-growing) industry and to facilitate the production, processing, storage and marketing of controlled products in Namibia". The Board is self-funding and directed by a Board of 14 members, appointed by the Minister of Agriculture, Water and Rural Development (MAWRD).

12. The Board's key functions are direct market intervention: "buyer of last resort" at MAWRD approved floor prices; import regulation through quantitative restrictions and import permit allocations; licensing of milling companies; and allocation of unmilled grains to the maize and wheat mills.

13. The powers invested in the Board allow for direct purchasing of crops from local producers at a price level set by the Ministry of Agriculture. However, for the past two seasons (1995/96 and 1996/97) producer prices have been left to be determined by the market.

14. A recent study on behalf of the Ministry of Agriculture strongly recommended the deregulation of the local milling industry, but was less explicit on the future of the existing import regulations for wheat, maize and their products. Preference was given to the transformation of quantitative restrictions into a more transparent system of producer subsidies to farmers and millers, in conjunction with the continued application of import tariff rebates for maize and wheat (and products).²

15. Another report on the competitiveness of cereal production in Namibia (Namibia Resource Consultants, 1996) concluded that the longer term result of competitive maize pricing in a free market would be a major rationalization of the industry, meaning that some farmers would stop growing maize altogether. A drastic improvement in the level of technical skills and efficiency would be required for those farmers who wish to remain in business. The study also noted that Namibian

²Maxwell Stamp plc (1996).

wheat, grown under irrigation, could not compete with rain-fed production in other countries, especially if real-cost prices for water were to be introduced.³

16. A third contribution to the debate, by the Namibian Agronomic Board, identified four strategies for survival of the industry in a free-trade environment: the introduction of effective anti-dumping and competition legislation before the process of phasing out of NTBs were to begin; direct financial intervention by Government during "disasters" (crop failures due to drought) to offset Namibia's unfavourable climatic conditions; product diversification and implementation of improved production techniques; and government intervention to reduce production costs, *inter alia*, tax relief measures for farmers; sale of donated fertilizers and subsidization of interest rates on production loans. These strategies did not include the continued use of quantitative restrictions nor the imposition of high customs tariffs.⁴

17. The debate on the future role of the Namibian Agronomic Board and the industry is on-going, but seems to point towards market deregulation and rationalization of the industry.

(b) Meat Board of Namibia

18. The beef industry is regulated by the Meat Board of Namibia, under the Meat Industry Act, No. 12 of 1981.

19. The main functions of the Meat Board are to control livestock movements within Namibia and live trade to other countries; to issue operating licences for abattoirs; to set producer prices; and to control imports and exports through the permit system related to public health standards, including those specified in export markets. No restrictions apply to exports or imports by approved facilities. The Board does not engage in the procurement of livestock from farmers, nor in slaughter, processing and trading activities, even though the 1981 Act provides for such involvement. Daily recommended slaughter prices are calculated by the Meat Board, based on auction prices in South Africa, with the aim of ensuring that farmers are not further marginalized by distance from their principal market, lack of infrastructure and the disease status of northern communal areas. In practice, however, according to the authorities, the prices received by farmers are governed by the market. Meatco pays a premium to attract certain classes of animals for slaughter for export. Currently, 60% of cattle raised in Namibia are exported live for slaughter, either directly or by auction, to South Africa.

20. Sales of meat for export are handled by Meatco, a parastatal corporation established under the pre-independence Swameat Corporation Ordinance No. 2 of 1986. Currently, Meatco has the only EU-approved slaughtering facility in Namibia and is thus the sole operator under the Lomé Beef and Veal Protocol. The Meat Board has the sole right to issue abattoir and meat processing licences; according to the authorities, since 1995 seven applications for construction of export abattoirs (implying the right to participate in the Lomé Protocol) have been approved, but none has yet been built.

(v) Recent significant changes in the regulatory framework

21. Table IV.3 summarizes recent changes in the regulatory framework for the crop and beef sectors.

³Namibia Resource Consultants (1996).

⁴Namibian Agronomic Board (1996).

Table IV.3
Recent policy changes in cropping and beef industries

Cropping Industry		Beef Industry	
1991	Partial relaxation of entry conditions for small scale maize millers: 10% allocation of local produce and import permits to these newcomers to the market	1992	No direct market intervention by the Meat Board of Namibia in terms of a restrictive import permit system
1995-97	NAB buyer of "last" instead of "first" resort Locally produced wheat and maize marketed on basis of willing-seller-willing-buyer basis	1995	Access to South Africa for meat from north of the Veterinary Cordon Fence (subject to strict quarantine conditions)
1996	Deregulation of sunflower seed and its products		

Source: Government of Namibia.

(vi) Research and development

22. The Namibian Government, supported by donor governments, in particular France, Germany and the United Kingdom, together with NGOs, provides substantial support both to agricultural research and to agricultural extension services. Private sector involvement is negligible. Of the approximately N\$65 million earmarked for Ministry of Agriculture, Water and Rural Development projects in 1996/97, some N\$14.3 million, or 22%, was for expenditure on projects by the Directorate of Research and Extension.

(3) Fisheries

(i) Recent trends

23. The fisheries sector experienced a maritime "drought" in 1995 and 1996, when climatic conditions reduced the level of oxygen at sea, resulting in a dramatic drop in fish stock levels. All major fisheries (horse mackerel, white fish and pilchards) were affected; the pilchard industry came to a virtual standstill, seeing its total allowable catch (TAC) drop from 125,000 tonnes in 1994 to a mere 20,000 tonnes in 1996. According to the authorities, present indications are that environmental conditions (water temperature, upwelling and plankton conditions) have returned to near normal, and there are grounds for expectations of improved stocks in the near future.

24. From a relatively small base in 1990, the fishing industry has grown to become the second largest contributor to export earnings. Export earnings, as estimated by the Ministry of Fisheries and Marine Resources, stood at N\$1,259.5 million in 1994, increasing to N\$1,372.9 million in 1995 and down to N\$1,348.8 million in 1996. Sound management of fish resources, including the curbing of illegal fishing, the creation of research capacity, improved fisheries infrastructure, a policy-induced shift to onshore processing and the promotion of Namibianization in the industry, has resulted in a remarkable recovery of the offshore fishing grounds, which were severely depleted at Independence. The industry was expected to continue to grow rapidly but the 1995/96 "drought" resulted in a break in the trend. However, with higher international prices, the value of fish exports from the Exclusive Economic Zone (EEZ) in fact increased. Recent developments in the search for product diversification in the sector include the piloting of deep-water fish species such as the orangeroughy, oreo dory and alfonsino and the development of inland fisheries.

(ii) Broad sectoral development objectives

25. Principal policy objectives in the fisheries sector, as formulated by the Ministry of Fisheries and Marine Resources, are to ensure the sustainable utilization of marine resources; that the development of industries based on Namibian marine resources contributes to the nation's overall economic and social development goals; growing productive and employment potential, based on long-run sustainable growth; effectiveness, efficiency and economy of the services delivered by the Ministry; and fair returns from the fishing industry in terms of government revenues.

26. Policies identified in support of these objectives are promotion of stock recovery to long-run sustainable yield levels; control of illegal fishing; encouragement of onshore processing; Namibianization of the fishing industry; training of qualified and competent personnel in the fishing industry and the Ministry; conservation and protection of freshwater fish; and promotion of market access through foreign trade agreements, *inter alia*, Lomé IV, SACU and the Zimbabwe-Namibia PTA.

27. Under Lomé IV, hake caught by Namibian vessels in the Namibian EEZ benefits from duty-free access to the EU market. The Namibian Government is discussing a fisheries agreement with the European Union. While negotiations are ongoing, it is not yet clear whether the proposed bilateral agreement will cover the period after the expiry of the Lomé Convention. The Namibia-Zimbabwe PTA allows for duty free access of Namibian horse mackerel into the Zimbabwean market.

Growth potential

28. Fish exporting is expected to become one of the main pillars of the Namibian economy. The share of fisheries in GDP has grown steadily through the 1990s, as has that of fish processing except in 1996. The exploration phase for deep water fishing is proving successful and there appear to be good prospects for the development of a long-term sustainable commercial exploitation of deep water species. The rock lobster industry is recovering, with the TAC for 1997 set at 260 tonnes from an all time low in 1992 of 100 tonnes. The large-scale infrastructural development of the sector should provide an excellent base for future expansion. A large number of white-fish processing plants have upgraded their facilities to EU standards, making their output an internationally acceptable commodity.

Table IV.4
TACs and landed catches for main fish species, 1990-97
(Tonnes)

Species		1990	1991	1992	1993	1994	1995	1996	1997
Pilchard	TAC	40,000	60,000	80,000	115,000	125,000	40,000	20,000	25,000
	Landed catch	92,400	68,800	80,784	114,812	116,429	42,797
Hake	TAC	60,000	60,000	90,000	120,000	150,000	150,000	170,000	110,000
	Landed catch	54,930	63,874	98,238	118,818	113,941	107,414	126,443	..
Horse Mackerel	TAC	150,000	450,000	450,000	450,000	500,000	400,000	400,000	350,000
	Landed catch	89,223	351,398	311,398	402,680	333,177	364,801	310,836	..
Crab	TAC	none	6,000	6,000	4,900	4,900	3,000	2,500	2,000
	Landed catch	5,629	4,434	2,676	2,790	3,190	3,598	2,008	..
Rock Lobster	TAC	1,800	1,200	100	200	130	230	250	260
	Landed catch	375	133	136	134	285	..

Not available.

Source: Ministry of Fisheries and Marine Resources.

29. The export value of Namibia's marine products, as estimated by the Ministry of Fisheries and Marine Resources, is reflected in Table IV.5.

Table IV.5
Estimated export value of marine export products, 1994-96

(N\$ million)	1994	1995 ^a	1996 ^a
Processed fish	512.6	492.8	160.0
Pelagic	457.6	438.0	91.2
Canned Pilchard	417.6	379.7	0.0
Fish meal	37.8	54.7	84.6
Fish oil	2.2	3.6	6.6
Mid-water	23.7	25.3	35.4
Fish meal	20.8	18.3	27.3
Dried Horse Mackerel	2.9	7.0	8.1
Other	31.3	29.5	33.5
Canned tuna	27.3	27.3	31.4
Seals	4.1	2.2	2.1
Seaweed	0.0	0.6	2.8
Unprocessed fish	746.8	880.1	1,188.8
Demersal	418.8	565.4	711.1
Sea Frozen Hake	161.9	251.6	353.0
Wetfish Hake	184.1	239.6	275.9
Monk	59.6	50.8	53.5
Horse Mackerel	0.6	0.9	1.3
Other	12.6	22.4	27.4
Mid-water	235.9	216.0	246.6
Frozen Horse Mackerel (ex Walvis Bay)	197.7	165.4	186.8
Frozen Horse Mackerel (by road)	34.4	44.8	53.0
Hake	0.8	0.5	1.1
Other	3.0	4.2	5.7
Deep sea	0.3	35.1	171.1
Orange Roughy	0.2	32.3	153.9
Other	0.1	2.8	17.2
Tuna	38.7	21.9	13.3
Crustaceans (rock lobster & crab)	45.3	33.8	37.9
Other	7.9	9.0	8.7
TOTAL FISH EXPORT VALUE	1,259.5	1,372.9	1,348.8

* Preliminary.

Source: Ministry of Fisheries and Marine Resources.

(iii) Market intervention: supply side measures

30. No subsidies, tax relief or direct market intervention measures are extended by the Namibian Government to the fishery sector. However, access to available resources is strictly regulated through the allocation of fishing rights and quotas and the imposition of quota fees, by-catch quota fees, licence fees and a Sea Fisheries Fund levy (Tables IV.6-IV.9). These measures are in line with the policy objectives of conservation, Namibianization of the sector and fair government returns on fish resources.

31. TACs, issued since 1990, are based on scientific advice. The key legislation relating to fisheries management is the Sea Fisheries Act of 1992 which provides for the allocation of quotas in respect of particular species. Quotas are allocated by the Minister of Fisheries and Marine Resources based on criteria as set out in the 1993 "Policy Statement on the Granting of Rights of Exploitation to Utilize Marine Resources and the Allocation of Fishing Quotas". These criteria strongly support the Namibianization of the industry and are, in summary: whether or not the applicant holds Namibian citizenship; whether or not the beneficial control of the company is vested in Namibian citizens; whether or not the beneficial ownership of any vessel will be used by the applicant; the ability of the applicant to exercise the right of exploitation in a satisfactory manner; whether or not the allocation will contribute to the advancement of persons in Namibia who have been socially or educationally disadvantaged by discriminatory laws or practices before Independence; the expected contribution of the allocation to regional development; the expected contribution of the allocation to cooperation with other countries, especially in SADC; and the impact of the allocation on the conservation and economic development of Namibia's marine resources. Priority will be given to Namibians and Namibian businesses in accordance with the factors set out above, though there will also be opportunities for joint ventures and wholly foreign owned ventures where the foreign investment can be shown to contribute to economic and overall development in Namibia. The weighting of any of these factors is not stipulated in the policy. Incentives for the Namibianization of the fisheries sector were introduced in 1992. According to the authorities, there are substantial joint ventures, especially in hake and orange roughy fishing; however, details are not available.

Table IV.6
Quota fee rates, 1997
(N\$ per metric tonne)

Species	Vessel category			Other rates and rebates
	Namibian ^a	Namibian based ^b	Foreign ^c	
Hake	400	600	800	N\$200 rebate for onshore processing
Pilchard	100	150	-	N\$25 when processed for fish meal
Horse mackerel	31.25	46.90	62.55	N\$15.65 rebate if landed in Namibia
Tuna (pole and line)	200	300	400	N\$100 if landed or processed in Namibia
Tuna (longline)	1,200	1,200	1,200	
Crab (red)	556	556	556	
Crab (spider)	225	225	225	

a Namibian flagged, majority Namibian ownership and more than 80% Namibian crew.

b Namibian flagged, majority non-Namibian ownership and/or less than 80% Namibian crew.

c Foreign flagged.

Source: Ministry of Fisheries and Marine Resources.

Table IV.7
By-catch^a fee rates, 1997
(N\$ per tonne)

Species	Payable by:	Rate
Hake	Midwater trawlers	1,200
Kingklip	All except linefish vessels	2,400
Kob	All except linefish vessels	2,400
Monkfish	All except monk/sole vessels	2,000

a Species caught other than those licensed for.

Source: Ministry of Fisheries and Marine Resources.

Table IV.8
Licence fees, 1997

	Licence/permit fee
Fishing vessels with a gross tonnage of:	
- less than 10 tonnes	N\$20
- 10-50 tonnes	N\$50
- 50-100 tonnes	N\$100
- 100 tonnes and over	N\$200
Premises, vehicles, vessels (excl. for fishing) liable for registration in terms of the Factories, Machinery and Building Work Ordinance, No. 34 of 1952	N\$500
Any vehicle or vessel (excl. for fishing)	N\$100
Each fishing vessel used as a factory with a gross tonnage of:	
- less than 4,499 tonnes	N\$500
- 4,500-8,999 tonnes	N\$1,000
- 9,000 tonnes and over	N\$1,500

Source: Annexure H, Sea Fisheries Regulations, No. 1 of 1993.

Table IV.9
Sea Fisheries Fund levies, 1997
(N\$ per tonne)

Species	Product type	Levy
Hake	Whole	18
	Headed & gutted	25
	Untrimmed fillet	45
	Broken/sour	25
	Trimmed skinless fillet	45
Sole	Gutted	25
Monkfish	All	25
Kingklip	All	25
Horse Mackerel	All	10
All other demersal	All	1
Pilchard	Canned	25
	All other forms	10
Tuna (pole & line)	All	25
Tuna	Sashimi	50
Rock Lobster	All	125
Linefish	All	10

Source: Ministry of Fisheries and Marine Resources.

(iv) Market intervention: incentives for downstream processing

32. In addition to manufacturing incentives, incentives to encourage downstream processing are available for the fish processing industries. In particular, rebates on quota levies are provided for onshore processing of fish (Table IV.7).

(v) Research and development

33. The Ministry of Fisheries' Directorate of Resource Management operates an extensive research programme, based at three centres: the National Marine Information and Research Centre at Swakopmund, the Luderitz Research Centre (mainly focusing on seals, rock lobster, seabirds and seaweeds) and the Freshwater Fish Institute at Hardap. The Directorate also conducts surveys at sea with its own vessels or via foreign research vessels which extend their research capacity to the Namibian authorities as part of development cooperation agreements. Namibia has thus benefited from Norwegian and Japanese expertise and experience in marine resources management. In acknowledgement of its innovative and determined approach in marine resource management, Namibia was in 1991 given the responsibility of coordinating the fisheries sector for the Southern African Development Community (SADC).

(4) Forestry

(i) Recent trends

34. The forestry industry plays a minor role in the economy. On a limited commercial scale, timber is harvested in the north-east of the country, the Okavango and Caprivi regions, mainly for exports to South Africa. However, when taking into account the full economic value of Namibia's forest resources, this subsector of the economy makes a substantial contribution to its economic development. Items of significance to Namibia's trade are highlighted in Table IV.10, with an estimated total economic value of N\$1,058.2 million. Construction poles are mainly exported to South Africa. Namibian produced charcoal is sold locally and exported mainly to South Africa and Germany. Tourists are the key customers for wood carvers and basket craftsmen.