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GOVERNOR ADDRESSES PUBLIC ENTERPRISES CEO'S IN //KARAS REGION ON THE STATE OF THE ECONOMY

1. Mr. Johannes !Gawaxab, Governor of the Bank of Namibia, has stated that the war in Ukraine is a watershed moment in history that is reshaping geopolitical developments, and that as a result, many countries, including Namibia, are facing serious headwinds and downside risks through various channels. He emphasised this in his presentation on the state of the economy to Public Enterprise CEOs at the 7th Public Enterprise Chief Executive Officers Forum's Annual General Meeting, which is currently taking place in Oranjemund, //Karas Region.
2. The Governor explained that four major developments are dominating the global and domestic economies: the Russia-Ukraine war, a global increase in interest rates, re-emergence of Covid-19, and the threat of another global economic recession. In this regard, the IMF revised global growth for 2022 downward from 4.3 percent to 3.6 percent in April of this year, owing largely to the war and supply chain disruptions.
3. In terms of the domestic economy, rising food and energy prices will dampen prospects for a stronger recovery in growth, likely exacerbating unemployment, poverty, and inequality in the country. Increasing inflationary pressures are putting strain on the Namibian economy, as the cost of living has become a major concern for society's most vulnerable members, who are disproportionately affected by increases in commodity prices.

4. Through its monetary policy stance, one of the Bank of Namibia's primary mandates is to contain inflation and ensure sustainable development. To protect the exchange rate's peg to the Rand and to begin normalising interest rates, the Monetary Policy Committee raised the Repo rate by 25 basis points in February 2022 and another 25 basis points in April 2022. The Governor indicated that this is likely to continue in order to protect the peg and prevent capital flight to other member states of the Common Monetary Area (CMA).
5. Despite the escalating risks to the domestic economy, the Governor stated that the Bank continues to forecast positive growth in 2022, fuelled by mineral exploration, diamond production, and the agriculture, forestry, and fishing industries. "Despite challenges such as water supply constraints and higher input costs, the uranium mining sector is expected to grow at a healthy rate in 2023. Finally, growth in metal ores will be supported by increased output from the gold sub-sector, which accounts for the majority of metal ores," he added.
6. The presentation also covered financial stability in the country, exemplified by the banking sector's performance, citing an adequate capital position in 2021 and early 2022 despite a challenging economic environment. In this regard, the amendment of the Determination on Policy Changes of Relief measures extended to SMEs were extended to April 2023. The extension was brought about by the challenges that continue to be experienced arising from Covid-19.
7. The Governor stated that in order to accelerate economic recovery, Namibia must increase the momentum of Covid-19 vaccine uptake in order to achieve herd resistance in the midst of the winter season. In terms of the country's economic recovery strategy, Mr. !Gawaxab stated that the recent emphasis on attracting much-needed Foreign Direct Investment should be accompanied by appropriate policies to create a business friendly environment. He also urged the implementation of the Diversification Plan developed by Harvard Growth Lab, the Ministry of Finance, and the National Planning Commission in key economic sectors.
8. Finally, the Governor stated that, despite significant global and domestic challenges, Namibians should remain optimistic and capitalise on opportunities brought about by Namibia's abundant natural resource endowment (Green Hydrogen, oil, gold, uranium, etc.), which will ultimately grow the country's wealth.



Issued by:

A handwritten signature in black ink, appearing to read 'K. Zemburuka', with a small horizontal line at the end.

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