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FOR IMMEDIATE RELEASE

NAMIBIA'S EXCHANGE CONTROL POLICIES CONDUCIVE FOR THE OIL AND GAS SECTOR

1. Namibia's Exchange Control Policies and Laws remain supportive of the nascent oil and gas sector and are designed to promote a favourable investment environment for foreign direct investments (FDIs) while ensuring the smooth operation of economic activities within this sector.

2. Namibia's exchange control legislative regime allows foreign investors to bring in and externalise their own funds through commercial banks. This flexibility ensures that foreign direct investments, particularly in exploration and other capital-intensive projects, can be introduced freely into Namibia via standard commercial banking channels. Moreover, foreign investors as per the Exchange Control Legislative Framework, can repatriate profits, dividends, and reimbursements to no-resident shareholders and/or owners, subject to compliance with minimum requirements e.g. laws administered by NAMRA. Both the Namibia's Exchange Policy and Law underscores Namibia's commitment to providing a secure and attractive environment for international investors.

3. A significant advantage for oil and gas companies operating in Namibia is the exemption from currency conversion requirements. Foreign currency introduced into Namibia can be maintained in Foreign Currency-Denominated Accounts (FCDA) within local commercial banks for an indefinite period. This allows companies the discretion to use these funds for foreign liabilities without the obligation to convert funds held in FCDAs, to local currency. In the event of disinvestment, foreign investors are free to repatriate the capital introduced into Namibia without restrictions, ensuring that investors retain full control over their investments and capital.

4. The exchange control policies also extend to payments made by foreign investors for goods and services which should be conducted through the commercial banks.

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Commercial banks generally require documentary proof to ensure regulatory compliance and transparency when processing these transactions. The law requires that these transactions may not be used to facilitate illegal capital outflows. It is important to note that while these exchange control arrangements are in place, they do not absolve industry players from their obligation to comply with applicable tax laws in Namibia.

5. Additionally, Namibia's exchange control law mandates that export proceeds from Namibian goods must be repatriated within 180 days from the date of shipment. These proceeds can be kept in Foreign Currency Accounts within local banks indefinitely and may be used to settle foreign liabilities.

6. Expatriates working in Namibia are permitted to externalise up to two-thirds of their earnings to their countries of origin, providing them with financial flexibility and security.

7. Offshore borrowing is allowed for productive economic activities within Namibia, providing businesses with essential capital, subject to approval and an interest rate cap. Furthermore, foreign-owned companies are allowed to borrow from local commercial banks to fund their operations, subject to the banks' credit rating and other applicable criteria, at prevailing interest rate.

8. The Bank of Namibia remains committed to fostering an enabling environment for the oil and gas sector while ensuring that all economic activities align with the country's financial regulations and other obligations. These policies are designed to attract and retain foreign investment, thereby contributing to the sustainable growth of Namibia's economy.

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