Economic Outlook Update

Bank of Namibia

-December 2015-

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1. Overview

GLOBAL ECONOMY

According to the IMF's World Economic Outlook for October 2015, the global economy is expected to grow at 3.1 and 3.6 percent during 2015 and 2016, respectively.

Growth is expected to strengthen amongst advanced economies relative to 2014, but to remain weaker in emerging markets, reflecting subdued prospects in some large emerging market economies and oil exporters.

Risks to global growth remain definite, with exchange rate volatility, low commodity prices and risks from the continuation of monetary policy normalization in the US. The Federal Open Market Committee of the United States decided to raise the target range for the federal funds rate by 25 basis points during its meeting in December 2015. The committee further hinted that further rates hikes are likely as inflation remained below its long-term target of 2.0 percent. The increases in interest rates in the United States and other major economies are expected to increase capital outflows and exchange rate volatilities, with ultimate consequential effects on inflation in the emerging markets and developing economies.

REGIONAL ECONOMY

GDP growth in the Sub-Saharan African region is expected to moderate to 3.8 percent in 2015, before picking up to 4.3 percent in 2016. This slowdown is attributed to falling commodity prices, weakening exports to China and other key emerging markets economies.

Growth for the South African economy is expected to slow down to 1.4 and 1.3 percent for 2015 and 2016, respectively. This weaker growth is attributed to low commodity prices, drought and low business and consumer confidence and uncertainty from electricity load shedding. These economic factors are expected to keep a lid on economic growth for the foreseeable future.

The economic growth for Angola is projected to remain flat at 3.5 percent in 2015 and 2016, respectively. With a low rate of economic diversification and the prevailing low oil prices, growth in Angola is expected to remain subdued.

DOMESTIC ECONOMY

Namibia's real GDP growth is projected to slow down to 4.5 percent and 4.3 percent for 2015 and 2016, respectively, before rising to 5.9 percent in 2017. Strong performance in the mining and quarrying sector is expected to drive growth in 2015. Contraction in the agricultural sector, slower growth in wholesale and retail trade, as well as construction, is expected to strain economic growth in 2015. Over the medium-term, growth will be supported by increased mining output from new mines, recovery in agriculture and sustained growth in wholesale & retail trade.

Risks to the domestic outlook include low commodity prices that may lead to deterioration in the country's external position and exert pressure on both the current account balance and the international reserves. Electricity supply constraints that started in South Africa could worsen further and spill over to the Namibian economy and restrain growth. Increasing uncertainties in the South African economy, mainly in the form of worsening drought conditions and low growth are likely to increase exchange rate volatility further, with consequential effects on inflation. Adverse weather conditions constitute a major risk to agricultural growth, with drought already being experienced during 2015. Finally, the negative impact of the decline in oil prices on the Angolan economy is likely to have a dent on Namibia's growth, mainly through wholesale and retail trade.

2. Global Outlook

Global growth for 2015 is projected to slow down, mainly in line with lower growth rates amongst emerging market economies. The latest statistics on global growth show that the overall growth rates remained divergent in 2015 and 2016 (Table 1). The IMF's World Economic Outlook published in October 2015 indicated that emerging market economies which were the main drivers of global growth in recent years, mainly China, are expected to slow down until 2016. In contrast, advanced economies are expected to register improved growth, primarily from sustained growth in the United States and recovery in the Euro Area [1]. The projected world growth during 2015 will be driven by stronger growth in the advanced economies, supported by low commodity prices, with the United States expected to play a leading role. Given the above background, global growth is expected to moderate to 3.1 percent in 2015 and henceforth improve to 3.6 percent in 2016.

Table 1: World Economic Output (annual percentage change)

Regions	Actual 2013	Actual 2014	Projections 2015	Projections 2016	Differences from July 2015 WEO 2015	Differences from July 2015 WEO 2016
World Output	**3.4**	**3.4**	**3.1**	**3.6**	**-0.2**	**-0.2**
Advanced economies	**1.4**	**1.8**	**2.0**	**2.2**	**-0.1**	**-0.2**
United States	2.2	2.4	2.6	2.8	0.1	-0.2
Euro Area	-0.4	0.8	1.5	1.6	0.0	-0.1
Germany	0.2	1.6	1.5	1.6	-0.1	-0.1
Spain	-1.2	1.4	3.1	1.0	-0.2	-0.2
United Kingdom	1.7	3.0	2.5	2.2	0.1	0.0
Japan	1.6	-0.1	0.6	1.0	-0.2	-0.2
Emerging and developing economies	**5.0**	**4.6**	**4.0**	**4.5**	**-0.2**	**-0.2**
China	7.7	7.3	6.8	6.3	0.0	0.0
India	6.9	7.3	7.3	7.5	-0.2	0.0
Russia	1.3	0.6	-3.8	-0.6	-0.4	-0.8
Brazil	2.7	0.1	-3.0	-0.1	-1.5	-1.7
Sub-Saharan Africa	**5.2**	**5.0**	**3.8**	**4.3**	**-0.6**	**-0.8**
South Africa	2.2	1.5	1.4	1.3	-0.6	-0.8
Angola	6.8	4.8	3.5	3.5	1.0	0.4
Nigeria	5.4	5.9	3.5	4.3	-1.3	-0.7
Middle East and North Africa	2.4	2.7	2.5	3.9	-0.1	0.1

Source: IMF World Economic Outlook Update, October 2015

2.1. Advanced Economies

The moderate recovery and accommodative monetary policies in some advanced economies are expected to boost growth in advanced economies. Growth rates are, however, expected to remain moderate because of slowing productivity and low aggregate demand.

Among the advanced economies, the **United States** is expected to significantly drive global growth during 2015 and 2016. The US economy is projected to grow by 2.6 and 2.8 percent

[1] According to IMF Economic Outlook October 2015 other advanced economies (i.e. exclude G7 and Euro area) are projected to grow by 2.3 and 2.7 percent in 2015 and 2016 respectively.

in 2015 and 2016 respectively, compared to 2.4 percent in the previous year. Key factors that are expected to drive the US growth in 2015 include low energy prices, low inflation and stable housing markets. Furthermore, the normalization of interest rates in the US is expected to draw capital from emerging markets and developing economies thereby putting further pressure on currencies for these economies.

Robust growth in the Eurozone remains elusive. The **Euro area** is projected to grow by 1.5 percent in 2015 and to 1.6 percent in 2016, a moderate improvement from 0.8 percent growth in 2014. As the Euro area continues to struggle, the region's growth is held back by high unemployment, in some member countries and refugees' inflow during 2015. These low projections on the Euro area might change to robust growth if the European Central Bank acts decisively to support economic growth and reduce the chances of deflation in the Euro area.

The **United Kingdom** economic growth rate is projected to slow to 2.5 and 2.2 percent in 2015 and 2016 respectively. This growth will be supported by low energy prices and improved financial market conditions. However, the stagnation of the Euro area and declining outlook of EMEs will risk the UK growth rate.

In **Japan**, growth is expected to recover to 0.6 percent and 1.0 percent in 2015 and 2016, respectively. This slight growth is expected after the economy was thrown back into recession by an increase in consumption tax from 5.0 percent to 8.0 percent in April 2015.

2.2. Emerging Market and Developing Economies

Emerging markets and developing economies are projected to slow down global growth during 2015. China and India's growth rates are projected to remain above 6.0 percent over the next two years. With an exception to India, the projected growth rates for China are somehow lower than the average growth rate of 7.0 percent observed in the past decade. Meanwhile Brazil and Russia's economies are expected to remain in recession during 2015 and 2016.

The **Chinese** economy is expected to slow down to 6.8 percent and 6.3 percent in 2015 and 2016, respectively. China's slowdown reflects the on-going structural reforms aimed at rebalancing the economy from heavy reliance on manufacturing and export derived growth to domestic consumption driven growth.

Meanwhile, growth in **India** is projected to strengthen to 7.3 and 7.5 percent in 2015 and 2016, respectively. Growth in India will be supported by low global oil prices and strong aggregate demand from some advanced economies.

In **Russia**, growth is projected to contract by 3.8 and 0.6 percent in 2015 and 2016, respectively. Growth in Russian is constrained by the Ukraine-Russia conflict, the suspended demand of goods and services from the EU and lower crude oil prices. In addition, with a lack of diversification and at the mercy of oil markets, growth in Russia is expected to remain low until oil prices start picking up.

Similarly, the **Brazilian** economy is projected to remain in recession in 2015 and 2016. The bleaker outlook in commodities and deteriorating domestic conditions are expected to contribute to stagnant growth in Brazil.

Risks to the global economic outlook remain definite particularly for those countries in the emerging markets and developing economies. These risks range from low commodity prices, political turmoil, strong US Dollar and negative impact from increasing interest rate in the US. In the advanced economies, risks are diverse, ranging from low inflation, negative output gap and low aggregate demand**.** Furthermore, the start of contractionary monetary policies in the advanced economies is expected to increase exchange rate volatility and capital outflows from emerging markets. In addition, the continuing conflict in Syria and other countries in the Middle East remain a risk to global growth.

3. Regional Outlook

Economic growth in Sub-Saharan Africa is projected to remain moderate in the medium term, with the notable exception of South Africa. Economic growth in this region is projected to slow to 3.8 percent in 2015, before recovering to 4.3 percent in 2016. Low commodity prices will continue to have a drag on growth in Sub-Saharan Africa and thereby reduce export revenues in the next two years. It is expected that export revenues will be restrained by low demand for commodities from China and declining oil prices. Further, the continuing incidences of Ebola in West Africa, the poor rainfall in some of the countries are expected to constrain the growth in Sub-Saharan Africa.

Growth in **South Africa** is expected to remain subdued, marred by electricity load-shedding; to low commodity prices, drought and low confidence among both businesses and consumers. The economy is projected to grow at 1.4 percent and 1.3 percent in 2015 and 2016, respectively, which is a continuation of economic decline from 1.5 percent in 2014. The projection by the South African Reserve Bank during November 2015 also expected the South African economy to slow to 1.4 percent in 2015, but to improve to 1.5 percent and 2.1 percent in 2016 and 2017, respectively.

Growth in Angola is expected to soften because of the weakened external position from the low oil price and currency depreciation. According to the IMF's World Economic Outlook for October 2015, growth in Angola is projected to remain flat at 3.5 percent both in 2015 and 2016. The impact of the decline in oil prices has already affected the economy a year ago as growth slowed from 6.8 percent in 2013 to 4.2 percent in 2014.

Overall, growth in the Sub-Saharan Africa remains low due to a slowdown in large economies such as South Africa and Angola. Ordinary risks to the regional outlook persist from the expected impact of the reversal in monetary policy stances of major economies, low commodity prices, strong US Dollar and the erratic rainfall in Southern Africa. This rise in interest rates in the United States and other major economies are expected to exacerbate the increase of capital outflows from emerging markets and exchange rate volatilities, with ultimate consequential effects on inflation. Actions toward resolving the problem of electricity supply will continue to be a source of concern and binding constraint to foreign direct investment into the region.

4. Domestic Economic Outlook

Developments since the last Economic Outlook:

The Namibian economy is expected to continue on a healthy growth trajectory in 2015 and 2016, supported by good growth prospects mainly across all industries. The economy is projected to grow by 4.5 percent and 4.3 percent during 2015 and 2016, respectively, which is a slowdown from the 6.4 percent recorded in 2014. It is also a lower growth estimate when compared to the Bank's July 2015 Economic Outlook which estimated growth to be 5.0 percent for 2015. The prevailing drought and Foot and Mouth Disease (FMD) are estimated to restrain growth in the agricultural sector, which is only expected to recover in 2016 on the prospects of better rainfall.

Looking ahead to 2017, growth is expected to be robust, supported by production from the mining industry and stronger performance from the service industries. The full scale commencement of production from the two recently completed mines is expected to boost production over the medium term and significantly increase the primary industry's contribution to domestic growth.

Since our last release of the Economic Outlook in July, the National Statistic Agency published final National Accounts for 2014, which increased the reference base. As a result, the growth rate for 2014 was revised upwards from the preliminary 4.5 percent to 6.4 percent. Consequently, some of the changes in growth forecasts are merely due to the change in the base.

4.1 Primary Industries

The primary industries are expected to recover from a contraction in 2014, owing to positive developments in the gold and copper mining. Primary industries are projected to grow by 0.5 percent in 2015 and 7.0 percent in 2016, following a contraction of 2.2 percent in 2014 (Figure 1). The recovery in primary industries is expected to emanate from improved growth in mining and quarrying, in spite of an expected slump in agriculture. The mining and quarrying sector is projected to expand by 6.3 percent and 9.7 percent during 2015 and 2016, respectively, following a 6.3 percent contraction in the previous year. Mining growth is expected to be derived from metal ores as new mines in gold and copper commenced with production in 2015. Furthermore, the projected recovery in other mining & quarrying in 2015 and in uranium mining in 2016 are anticipated to sustain robust growth in the mining industry.

Agriculture and forestry is expected to contract in 2015 due to the prevailing drought, before recovering in 2016. The low and delayed rainfall experienced in the 2014/15 season led to a drought that is estimated to lead to a contraction in both livestock farming and crop production. As a result, agriculture and forestry is projected to record a contraction of 14.0 percent during 2015, after a robust growth of 9.6 percent in the previous year. The total harvest of white maize stood at 38,900 tonnes in 2015, down from 69,433 tonnes in the previous year. Similarly, the livestock farming is projected to contract by 16.2 percent in 2015, from a positive growth of 13.0 percent in the previous year. The livestock farming will be negatively affected by the drought, as well as, the outbreak of the foot and mouth disease in the northern regions of the country.

Diamond mining is projected to contract in both 2015 and 2016, but to expand during the remainder of the forecast period. Diamond mining is expected to contract by 2.8 percent and 2.1 percent in 2015 and 2016, respectively, mainly due to production challenges experienced during the two years. Over the medium term, diamond mining output is expected to remain close to capacity throughout the forecast period. Depleting on-shore diamond deposits are continually cushioned by increasing offshore deposits. Diamond mining is one of the major contributors to economic growth, with its GDP contribution estimated to average 10.0 percent between 2015 and 2017, up from 8.6 percent achieved in 2014.

Uranium mining is expected to contract in 2015, before rebounding in 2016. The growth in uranium mining is projected to contract by 8.5 percent in 2015, before expanding by 62.9 percent in 2016. The contraction in 2015 would be an improvement following a more severe contraction of 9.9 percent in 2014. The contraction during 2015 is reflected in reduced production by one of the mines. During 2016, the Husab mine is expected to start production, which should substantially increase uranium output in subsequent years once the mine reaches full capacity. The uranium price has improved slightly during the first 9 months of 2015, as it increased by 2.3 percent. The Husab mine is expected to produce 6,810 tonnes of uranium oxide per annum at full capacity and Namibia's total uranium production is projected to increase from 3,695 tonnes in 2015 to 13,340 tonnes in 2018. This is expected to move Namibia from the fifth position as at 2014, to the second biggest uranium producer in the world, after Kazakhstan.

Growth in the metal ores sector is expected to accelerate, boosted by the entry of new mines in gold and copper sub-sectors. The metal ores are projected to grow by 81.7 percent in 2015, as a result of the commencement of B2Gold's Otjikoto mine and Weatherly's Tschudi copper mine. Tschudi mine has started production in February 2015 and is expected to reach its capacity of 17,000 tonnes of refined copper per year during 2016. At the same time, Weatherly International has suspended production at Otjihase and Matchless mines as of September 2015, due to low copper prices. Copper prices fell by 10.5 percent year-to-date and by 22.6 percent between October 2015 and October 2015. The metal ores sub-sector, which is made up of gold, copper, zinc and manganese may, however, be negatively affected at the end of the forecast period if Skorpion zinc's current mine life is not extended beyond 2017.

4.2 Secondary Industries

Growth in the secondary industries is projected to decrease in both 2015 and 2016, mainly on account of slower growth rates for construction. Secondary industries are projected to grow by 5.5 percent in 2015, but to contract by 0.8 percent in in 2016, following a stronger growth of 9.4 percent in 2014 (Figure 1). Construction activities linked to private investments in the mining sector and public infrastructure projects have driven growth amongst secondary industries in recent years. Growth in construction is, however, expected to slowdown and to eventually contract as some major construction projects comes to an end.

Manufacturing activities are expected to pick up from a dismal performance in 2014. Performance in manufacturing is linked to the primary activities such as mining, fishing and agriculture. The drought tends to force farmers to market their livestock and thereby increasing activities in the meat processing sub-sector. However, the quality of meat processed is usually lower during drought. With the commencement of mines such as Tschudi, which is to produce pure refined copper and construction of the Skorpion zinc refinery, mineral processing activities are expected to increase. Diamond processing is, however, estimated to decline due to a number of challenges in the industry, including the slowdown in the Chinese economy, high inventories of polished diamonds on international markets. As a result, local factories did not buy much diamonds for processing, while some had production breaks.

Increased construction activities are expected to boost domestic demand for cement and hence, increase cement production. In this regard, cement production increased by 12.7 percent year-on-year during the first nine months of 2015. Furthermore, Dundee Precious Metals' smelter at Tsumeb has started production of the sulphuric acid in second half of 2015. The acid is used as input by other local mines, with any residual to be exported. The latest data on beverages production (including SAB Miller) shows that beer production increased by 7.4 percent year-on-year during the first nine months of 2015, while soft drink production rose by 21.1 percent during the same period. In this regard, growth in manufacturing is projected to rise to 2.1 and 3.2 percent in 2015 and 2016, respectively, from a contraction of 2.2 percent in 2014.

The electricity and water sector is expected to contract during 2015 before picking up in the medium term. Electricity and water sector is projected to decline by 2.2 percent in 2015, which is a slowdown from 4.9 percent in 2014, before rising slightly to 3.7 percent in

2016. The contraction in 2015 is linked to the low rainfall experienced, as the country's electricity production is mainly from hydro power. During the first nine months of 2015, local electricity generation declined by 22.3 percent when compared to the corresponding period of 2014. Going forward, electricity production is, however, expected to increase in the medium term. The increase in electricity production is anticipated to be from the refurbished van Eck power station and short-term supply projects. The refurbishment of the Van Eck power station was necessary to increase reliability and efficiency of the station to generate its original design maximum output of 120 megawatts. Van Eck is, however, used during emergency or as a standby power station.

Growth in construction is expected to slow in 2015 and to contract in 2016. The construction sector is projected to grow at 14.0 percent in 2015 and to contract by 8.1 percent in 2016. This represents a slowdown from 40.5 percent in 2014. Building plans approved and buildings completed declined year-on-year by 10.0 and 4.0 percent, respectively, during the first nine months of 2015. From 2015 onwards, new construction projects include road construction (mostly conversion to dual carriages) and expansions by private companies such as Ohorongo cement, Rio Tinto, Skorpion Zinc refinery, airports upgrades, phase 1 of SADC Gateway project and Neckartal dam. Furthermore, the government construction projects linked to roads and land acquisition and servicing are expected to keep construction activities strong, but the sector is expected to contract due to the high base created in recent years.

4.3 Tertiary Industries

Tertiary industries are expected to slow in 2015 and 2016, before expanding at robust growth rate in 2017. Tertiary industries are projected to grow by 4.7 percent in 2015 and 4.4 percent in 2016, after expanding by 7.4 percent in 2014 (Figure 1). Buoyant activities in wholesale and retail trade; transport & communication and financial intermediation are expected to drive this growth. Expansionary fiscal policy has supported growth in recent years, but this may no longer be the case going forward, as Government embark on fiscal consolidation.

Growth in wholesale and retail trade is expected to slow in 2015 and 2016, after a robust growth in 2014. The wholesale and retail trade is projected to expand by 4.8 and 4.6 percent in 2015 and 2016, respectively, which is a slow down from 15.2 percent in 2014. Demand for new vehicles increased by 2.4 percent year-on-year during the first 9 months of 2015, when compared to 35.3 percent for the corresponding period of 2014. The projected growth rates for 2015 and 2016 are, thus, slower than corresponding growth rates in the preceding two years.

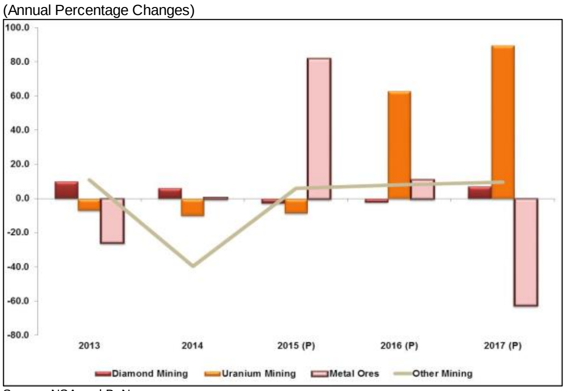
The hotels & restaurants sub-sector is expected to contract in 2015, before recovering in 2016. The hotels and restaurants sub-sector is projected to contract by 4.6 percent in 2015 and to expand by 5.6 percent in 2016, following a growth rate of 5.3 percent in 2014. The contraction in 2015 is informed by slower activities in the hospitality sector, where rooms sold declined by 23.4 during the first 9 months of 2015, when compared to the corresponding period of the previous year. Going forward, positive economic developments in the Euro area where the most tourists visiting Namibia come from and the depreciation of the exchange rate are expected to boost growth in the sector.

Financial intermediation activities are expected to maintain some momentum, supported by strong consumer demand. Strong growth in financial intermediation experienced over the last few years is expected to continue in 2015 and 2016, in line with a general high demand, which requires increased financial transactions. Credit extended to the private sector stood at 15.6 percent during the first ten months of 2015, the same growth rate achieved during the corresponding period of 2014.

Risks to domestic growth include slow recovery in the country's trading partner economies, low international commodity prices and uncertainty about weather conditions. The slow economic growth in the emerging markets, coupled with the low prices for commodities continue to be a risk to the economy. Similarly, recovery in agriculture may be delayed if no sufficient rain is received during the 2015/16 season.

Figure 1: Namibia Macroeconomic Performance and Outlook

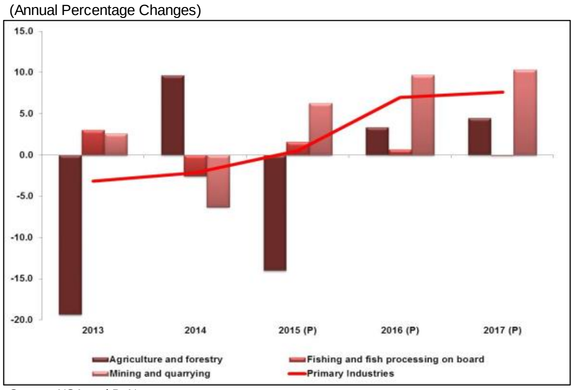
Mining Industry
(Annual Percentage Changes)



Source: NSA and BoN

Mining contracted in 2014 due to declines in uranium and other mining activities

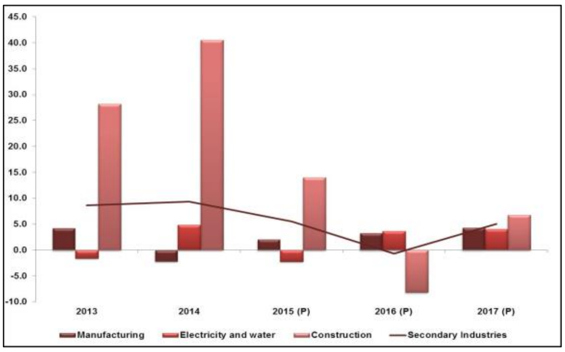
Primary Industries
(Annual Percentage Changes)



Source: NSA and BoN

Growth for primary industries improved during 2014 but remained negative

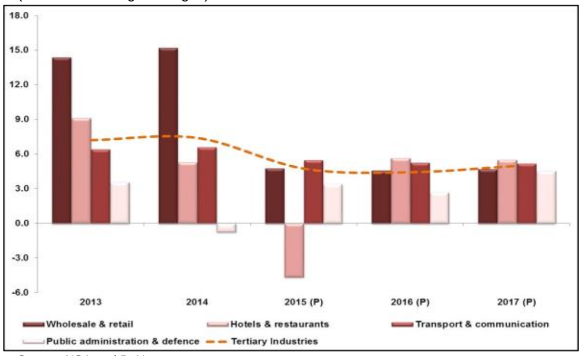
Secondary Industries
(Annual Percentage Changes)



Source: NSA and BoN

Growth is expected to remain subdued amongst Seconady industries

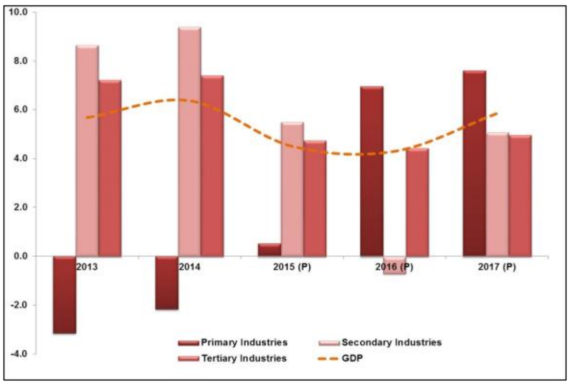
Tertiary Industries
(Annual Percentage Changes)



Source: NSA and BoN

Growth among tertiary industries to moderate, but remain strong

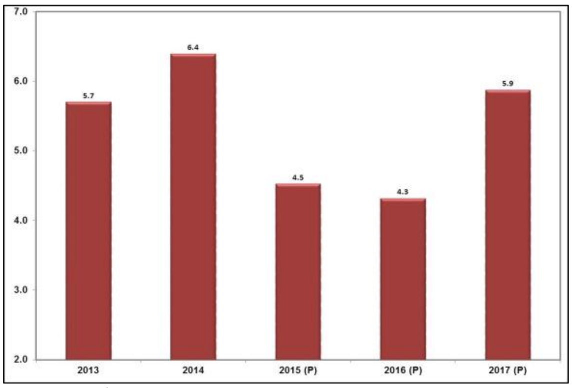
GDP growth by Industries
(Annual Percentage Changes)



Source: NSA and BoN

Primary industries expected to lead growth from 2016 onwards

GDP growth, 2013-2017
(Annual Percentage Changes)



Source: NSA and BoN

Overall growth expected to slow in 2015 before accelerating

5. Conclusions

The moderate recovery in advanced economies and accommodative monetary policies are expected to boost growth. Improved growth in the United States and in the Euro area and economic recovery in Japan are expected to be the main developments driving global growth during 2015 and 2016. Growth in the United Kingdom is expected to slow but remain strong. Growth within advanced economies is largely supported by low energy prices, low inflation and improved financial market conditions.

In contrast, emerging markets and developing economies are projected to slow down global growth during 2015. China and India's growth rates are projected to remain above 6.0 percent over the next two years. With an exception to India, the projected growth rates for China are somehow lower than the average growth rate of 7.0 percent observed in the past decade. Meanwhile Brazil and Russia's economies are expected to remain in recession during 2015 and 2016.

Growth prospects in the Sub-Saharan region remain moderate in the medium term, but with a notable exception of South Africa. Growth prospects in the region are negatively affected by the decline in global commodity prices given that most of the regional economies are predominantly commodity exporters. South Africa in particular, faces risks from both global developments as well as from internal factors. Internal growth constraining factors in South Africa include electricity supply crisis and worsening draught conditions. As a result, the short term potential growth has a ceiling of 1.8 percent.

Growth in Angola is expected to soften because of the weakened external position from the low oil price and currency depreciation. According to the IMF's World Economic Outlook for October 2015, growth in Angola is projected to remain flat at 3.5 percent both in 2015 and 2016. The impact of the decline in oil prices has already affected the economy a year ago as growth slowed from 6.8 percent in 2013 to 4.2 percent in 2014.

The Namibian economy is expected to continue on a healthy growth trajectory in 2015 and 2016, supported by good growth prospects mainly across all industries. The economy is projected to grow by 4.5 and 4.3 percent during 2015 and 2016, respectively, which is a slowdown from a 6.4 percent recorded in 2014. Furthermore, a number of mines have commenced with production and exports in 2015 and some of the major mines that scaled down their activities are now expected to produce close to their potential in the medium term. The prevailing drought is, however, expected to restrain growth in the agricultural sector, which is only expected to recover in 2016 on the prospects of good rainfall.

Appendices

Appendix I: Forecasting Assumptions

Real Sector

- Following a recovery in 2014, the agricultural industry is expected to contract in 2015, due to insufficient and untimely rainfall experienced during the 2014/2015 season, coupled with an outbreak of the foot and mouth disease in some regions. The contraction in 2015 is anticipated from both livestock farming and crop farming sub-sectors. Both sub-sectors of Agriculture are, however, expected to recover during 2016.

- Diamond production is expected to continue at near capacity, as on-shore output diminishes and offshore production remains the main source of total production.

- Uranium production is expected to decline in 2015, but to make progress towards full recovery as existing mines have started to increase production (Rossing), new mines (Husab) are on schedule to commence production and international prices for uranium are on a recovery path.

- Metal ores performance is expected to be driven by B2Gold's Otjikoto gold mine, Tschudi copper mine and processing of zinc from Skorpion in the medium term.

- Ecosystem factors for main fish species remain favourable and biomasses remain sufficient enough to maintain total allowable catches (TACs). Growth in the industry is to be supported by reduced costs (low diesel prices) and increased export earnings due to depreciation of the Namibia Dollar.

- Electricity generation is expected to increase in the medium term, boosted by the refurbished Van Eck power station, the implementation of the Short Term Critical Supply (STCS) projects and an additional power plant is expected to emerge over the medium term to fill the current electricity supply gap.

- Construction is expected to slow in 2015 and to contract from 2016 onwards. Ongoing construction of mines is expected to end and new projects will not be big enough to sustain growth in this sector.

- The expansion of Namport's Walvis Bay container terminal, coupled with expected increases in exports by mines, is anticipated to increase growth for transport and storage from 2017 onwards.

Appendix II: Real GDP Growth (%)

Industry	2011	2012	2013	2014	2015	2016	2017
Agriculture and forestry	1.0%	8.1%	-19.3%	9.6%	-14.0%	3.4%	4.5%
Livestock farming	6.1%	6.0%	-25.5%	13.0%	-16.2%	3.5%	4.5%
Crop farming and forestry	-6.3%	11.6%	-9.6%	5.3%	-11.0%	3.2%	4.5%
Fishing and fish processing on board	-4.8%	-7.6%	3.0%	-2.5%	1.6%	0.7%	-0.1%
Mining and quarrying	-5.4%	25.1%	2.6%	-6.3%	6.3%	9.7%	10.3%
Diamond mining	-3.4%	13.0%	10.0%	6.2%	-2.8%	-2.1%	7.1%
Uranium	-24.9%	27.1%	-6.9%	-9.9%	-8.5%	62.9%	89.5%
Metal Ores	-10.7%	32.4%	-25.8%	0.6%	81.7%	11.2%	-62.4%
Other mining and quarrying	28.0%	62.6%	11.0%	-39.7%	6.0%	8.0%	9.6%
Primary industries	**-3.6%**	**14.4%**	**-3.2%**	**-2.2%**	**0.5%**	**7.0%**	**7.6%**
Manufacturing	5.7%	-6.8%	4.2%	-2.2%	2.0%	3.0%	4.4%
Meat processing	-2.7%	-1.1%	30.4%	-17.4%	5.0%	6.0%	5.0%
Grain Mill products	6.5%	-1.6%	8.1%	2.7%	3.0%	2.4%	3.5%
Other food products	-10.3%	-16.8%	3.4%	11.4%	1.0%	2.8%	5.4%
Beverages	0.4%	15.0%	13.5%	-18.1%	3.5%	3.9%	4.2%
Textile and wearing apparel	4.7%	6.1%	4.7%	-30.3%	-2.2%	1.6%	4.0%
Leather and related products	12.7%	11.3%	-7.3%	1.5%	4.5%	4.5%	3.4%
Wood and wood products	-1.0%	-4.5%	3.1%	1.8%	-2.1%	-0.5%	3.6%
Publishing and Printing	10.9%	-12.6%	6.8%	9.5%	1.4%	3.2%	4.1%
Chemical and related products	12.0%	4.1%	4.3%	6.6%	5.0%	5.3%	5.6%
Rubber and Plastics products	4.6%	-7.6%	5.6%	7.0%	3.5%	2.6%	5.2%
Non-metallic minerals products	72.3%	0.6%	3.8%	5.5%	3.3%	4.2%	4.3%
Basic non-ferrous metals	15.5%	-23.0%	-4.0%	-3.2%	-0.3%	2.0%	3.3%
Fabricated Metals	-7.1%	7.0%	5.6%	4.0%	3.7%	2.6%	4.6%
Diamond processing	5.5%	-6.8%	-7.3%	8.2%	-0.1%	-0.1%	2.8%
Other manufacturing	-8.1%	3.8%	8.4%	14.1%	4.6%	5.1%	7.2%
Electricity and water	1.7%	15.6%	-1.6%	4.9%	-2.2%	3.7%	4.1%
Construction	15.9%	7.5%	28.2%	40.5%	14.0%	-8.1%	6.8%
Secondary industries	**7.1%**	**-1.8%**	**8.6%**	**9.4%**	**5.5%**	**-0.8%**	**5.1%**
Wholesale and retail trade, repairs	5.8%	4.3%	14.4%	15.2%	4.8%	4.6%	4.7%
Hotels and restaurants	9.5%	8.1%	9.1%	5.3%	-4.6%	5.6%	5.5%
Transport, and communication	4.9%	8.0%	6.4%	6.6%	5.5%	5.3%	5.2%
Transport	10.0%	10.0%	12.8%	4.9%	5.5%	5.0%	5.1%
Staorage	8.3%	7.7%	3.8%	6.8%	5.3%	6.0%	5.6%
Post and telecommunications	-1.1%	6.2%	0.8%	8.6%	5.5%	5.3%	5.0%
Financial intermediation	5.7%	6.8%	17.9%	9.9%	8.0%	7.6%	7.8%
Real estate and business services	5.7%	4.7%	4.6%	3.2%	3.9%	3.9%	3.7%
Real estate activities	2.6%	6.7%	4.9%	3.1%	4.0%	4.0%	3.7%
Other business services	15.0%	-0.7%	4.0%	3.5%	3.7%	3.6%	3.7%
Community, social and personal service activities	11.2%	-16.6%	-9.9%	2.8%	4.0%	-1.0%	0.7%
Public administration and defence	5.3%	2.7%	3.6%	-0.7%	3.4%	2.7%	4.5%
Education	17.4%	4.4%	3.3%	11.1%	6.4%	4.5%	5.9%
Health	5.7%	5.7%	9.0%	7.9%	4.9%	4.4%	4.2%
Private household with employed persons	8.6%	8.6%	-6.7%	5.5%	4.1%	4.8%	4.8%
Tertiary industries	**7.4%**	**3.9%**	**7.2%**	**7.4%**	**4.7%**	**4.4%**	**5.0%**
Less: Financial intermediation services indirectly n	10.6%	4.5%	18.8%	7.0%	10.1%	12.0%	9.7%
All industries at basic prices	**5.1%**	**4.8%**	**5.2%**	**6.0%**	**4.1%**	**3.7%**	**5.4%**
Taxes less subsidies on products	5.3%	8.9%	11.6%	10.9%	9.2%	10.1%	10.5%
GDP at market prices	**5.1%**	**5.1%**	**5.7%**	**6.4%**	**4.5%**	**4.3%**	**5.9%**

Source: NSA (2011-2014), BoN (2015-2017)

Appendix III: GDP at Constant 2010 Prices (N$ millions)

Industry	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
Agriculture and forestry	4,258	4,603	3,714	4,072	3,501	3,619	3,782
Livestock farming	2,648	2,806	2,090	2,362	1,980	2,049	2,141
Crop farming and forestry	1,610	1,797	1,624	1,710	1,522	1,570	1,641
Fishing and fish processing on board	2,733	2,525	2,602	2,536	2,577	2,595	2,593
Mining and quarrying	8,132	10,170	10,438	9,781	10,396	11,406	12,585
Diamond mining	4,580	5,176	5,695	6,047	5,880	5,756	6,166
Uranium	1,335	1,697	1,579	1,424	1,302	2,121	4,020
Metal Ores	1,021	1,352	1,004	1,010	1,835	2,039	766
Other mining and quarrying	1,196	1,945	2,159	1,301	1,379	1,490	1,632
Primary industries	**15,123**	**17,299**	**16,753**	**16,389**	**16,474**	**17,620**	**18,960**
Manufacturing	10,892	10,147	10,572	10,344	10,548	10,865	11,341
Meat processing	358	354	461	381	400	424	446
Grain Mill products	607	598	646	664	683	700	724
Other food products	1,371	1,141	1,180	1,314	1,328	1,364	1,437
Beverages	1,357	1,561	1,771	1,450	1,500	1,558	1,624
Textile and wearing apparel	473	502	526	367	359	364	379
Leather and related products	92	102	94	96	100	105	108
Wood and wood products	268	255	263	268	263	261	271
Publishing and Printing	180	158	168	184	187	193	201
Chemical and related products	860	896	935	996	1,046	1,101	1,163
Rubber and Plastics products	287	265	280	300	311	319	335
Non-metallic minerals products	397	399	414	437	452	471	491
Basic non-ferrous metals	3,156	2,431	2,333	2,258	2,251	2,296	2,371
Fabricated Metals	429	459	485	504	523	537	561
Diamond processing	668	623	577	624	624	623	640
Other manufacturing	389	404	438	500	523	549	588
Electricity and water	1,564	1,807	1,779	1,865	1,824	1,891	1,968
Construction	3,034	3,261	4,180	5,875	6,700	6,155	6,572
Secondary industries	**15,490**	**15,215**	**16,531**	**18,085**	**19,072**	**18,911**	**19,882**
Wholesale and retail trade, repairs	9,827	10,245	11,719	13,503	14,151	14,802	15,498
Hotels and restaurants	1,555	1,681	1,835	1,932	1,843	1,947	2,054
Transport, and communication	4,444	4,800	5,109	5,447	5,744	6,047	6,360
Transport	1,854	2,039	2,301	2,413	2,546	2,674	2,811
Staorage	765	823	854	912	960	1,018	1,075
Post and telecommunications	1,826	1,938	1,954	2,121	2,238	2,355	2,474
Financial intermediation	4,863	5,194	6,123	6,730	7,268	7,820	8,430
Real estate and business services	7,531	7,882	8,248	8,514	8,849	9,195	9,535
Real estate activities	5,487	5,852	6,138	6,329	6,582	6,846	7,099
Other business services	2,044	2,030	2,111	2,185	2,267	2,349	2,436
Community, social and personal service activities	2,488	2,076	1,870	1,922	1,998	1,977	1,991
Public administration and defence	9,579	9,838	10,188	10,112	10,456	10,739	11,224
Education	6,894	7,200	7,440	8,264	8,791	9,190	9,728
Health	2,674	2,825	3,080	3,324	3,488	3,641	3,796
Private household with employed persons	926	1,005	938	990	1,031	1,080	1,132
Tertiary industries	**50,781**	**52,748**	**56,551**	**60,737**	**63,619**	**66,438**	**69,749**
Less: Financial intermediation services indirectly r	1,119	1,169	1,389	1,487	1,638	1,834	2,012
All industries at basic prices	**80,276**	**84,093**	**88,446**	**93,723**	**97,527**	**101,135**	**106,578**
Taxes less subsidies on products	6,529	7,108	7,934	8,799	9,606	10,580	11,686
GDP at market prices	**86,804**	**91,200**	**96,381**	**102,522**	**107,132**	**111,715**	**118,264**

Source: NSA (2011-2014), BoN (2015-2017)

Appendix IV: GDP at Current Prices (N$ millions)

Industry	2011	2012	2013	2014	2015	2016	2017
Agriculture and forestry	4,496	5,278	4,131	5,262	4,971	5,527	6,237
Livestock farming	2,846	3,227	2,350	3,127	3,006	3,389	3,868
Crop farming and forestry	1,650	2,051	1,781	2,135	1,965	2,138	2,369
Fishing and fish processing on board	2,921	3,329	3,659	3,831	4,236	4,720	5,253
Mining and quarrying	7,833	13,562	16,218	16,352	20,119	24,547	30,233
Diamond mining	4,255	8,148	10,683	12,063	14,396	17,211	23,593
Uranium	1,505	2,223	1,900	1,227	998	1,565	2,757
Metal Ores	909	1,066	1,387	1,545	3,088	3,938	1,773
Other mining and quarrying	1,164	2,124	2,247	1,516	1,637	1,833	2,110
Primary industries	**15,251**	**22,168**	**24,009**	**25,444**	**29,327**	**34,794**	**41,723**
Manufacturing	12,303	13,027	13,828	15,094	16,763	19,006	21,751
Meat processing	426	492	683	568	649	771	906
Grain Mill products	698	814	853	938	1,026	1,143	1,271
Other food products	1,635	1,552	2,172	2,436	2,756	3,194	3,778
Beverages	1,661	1,930	2,181	2,502	3,007	3,618	4,320
Textile and wearing apparel	451	511	721	467	492	547	615
Leather and related products	93	116	128	141	159	183	211
Wood and wood products	276	284	314	354	372	405	456
Publishing and Printing	208	188	219	250	266	295	325
Chemical and related products	916	1,027	1,131	1,306	1,443	1,596	1,781
Rubber and Plastics products	292	282	360	439	490	552	647
Non-metallic minerals products	408	445	472	604	647	695	770
Basic non-ferrous metals	3,555	3,613	2,725	2,914	3,055	3,358	3,704
Fabricated Metals	482	563	623	697	771	856	960
Diamond processing	770	722	699	778	826	873	933
Other manufacturing	431	488	548	700	804	921	1,073
Electricity and water	1,795	2,000	2,393	3,010	3,257	3,804	4,443
Construction	3,126	3,515	4,730	6,874	8,105	7,734	8,594
Secondary industries	**17,224**	**18,541**	**20,951**	**24,978**	**28,124**	**30,544**	**34,788**
Wholesale and retail trade, repairs	10,305	11,439	14,212	17,542	19,503	21,753	24,367
Hotels and restaurants	1,590	1,787	1,929	2,241	2,229	2,448	2,694
Transport, and communication	4,606	5,012	5,703	6,411	7,055	7,765	8,570
Transport	1,637	1,806	2,438	2,854	3,169	3,495	3,983
Storage	835	867	969	1,080	1,223	1,362	1,499
Post and telecommunications	2,133	2,339	2,296	2,477	2,663	2,908	3,089
Financial intermediation	4,692	5,463	7,607	7,948	9,118	10,300	11,845
Real estate and business services	8,040	8,767	9,469	10,054	10,964	11,892	12,815
Real estate activities	5,896	6,525	7,048	7,404	8,083	8,760	9,409
Other business services	2,144	2,242	2,422	2,649	2,880	3,131	3,406
Community, social and personal service activities	2,626	2,336	2,150	2,479	2,747	2,898	3,118
Public administration and defence	8,769	11,770	14,032	16,972	20,191	23,817	29,753
Education	7,403	8,827	10,526	12,620	14,793	17,169	20,308
Health	2,923	3,200	3,573	3,879	4,232	4,594	4,928
Private household with employed persons	972	1,126	1,110	1,234	1,356	1,501	1,663
Tertiary industries	**51,927**	**59,726**	**70,312**	**81,380**	**92,187**	**104,136**	**120,060**
Less: Financial intermediation services indirectly ı	1,100	1,315	1,525	1,803	2,081	2,450	2,862
All industries at basic prices	**83,303**	**99,120**	**113,747**	**129,999**	**147,557**	**167,024**	**193,709**
Taxes less subsidies on products	6,805	7,745	9,403	11,035	12,722	14,824	17,374
GDP at market prices	**90,108**	**106,865**	**123,150**	**141,033**	**160,279**	**181,848**	**211,084**

Source: NSA (2011-2014), BoN (2015-2017)