

Namibia:  
The New Manufacturing, Testing and Export Platform for  
Automotive Companies Serving the Dynamic Southern  
African and International Markets



Namibia Investment Centre  
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## Introduction:

### **Namibia - The New Automotive Manufacturing, Testing and Export Platform**

In recent years, Namibia has caught the eye of investors from the automotive industry and continues to attract attention. The advantageous geographical location on the south-western African coast and in Africa's leading automotive region, is matched by an excellent infrastructure and an outstanding track-record of political and economic stability.

Automotive companies find optimal and cost-effective conditions to set up their operations, establishing Namibia not only as a top location for automotive testing, but also as a promising new manufacturing and export platform to serve the dynamic international and southern African markets.



## Introduction:

### Namibia - The New Automotive Manufacturing, Testing and Export Platform

**Namibia offers a unique set of strategic benefits for the automotive industry, yielding attractive investment opportunities across the board:**



#### Manufacturing

The combination of proximity to a regional network of OEMs and suppliers, the productive workforce in a cost-competitive environment with a broad set of incentives and state-of-the-art industrial parks make Namibia an ideal place for automotive manufacturing.

#### Testing

Ideal climatic conditions combine with low visibility in remote but accessible and well-serviced areas and an outstanding transport network to form the perfect environment for automotive heat testing.

#### Exporting

Export oriented companies will find Namibia the perfect logistics hub with world class facilities at the Port of Walvis Bay, preferential access to strategic markets and fast transit times to and from Europe and the Americas as well as into the southern African market.

## **Top reasons to invest in Namibia: Dynamic regional eco-system of OEMs, suppliers and specialized service providers**

**Namibia is integrated into Africa's leading automotive region. The vast eco-system of OEMs and automotive suppliers in southern Africa has developed over decades and is an integral part of the global automotive production network.**

- A large supplier network is serving seven OEMs producing passenger and light commercial vehicles as well as 13 producers of heavy and medium commercial vehicles.
- Namibia has developed a growing supplier base in the area of metal components and off-road equipment parts, exporting, for example, parts to OEMs in Germany and meeting the strong demand in the regional after-market for off-road equipment and accessories.
- The region boasts several automotive clusters in close proximity to Namibia, amongst others, Gauteng – the largest cluster of passenger and light commercial vehicle producers within southern Africa.

### **Selected OEMs in the region:**

BMW  
Mercedes Benz  
Ford  
General Motors  
Nissan  
Toyota  
Volkswagen

### **Number of automotive component manufacturers within the region:**

**360**

**About 600,000  
vehicles have been  
produced in the region in  
2014.**

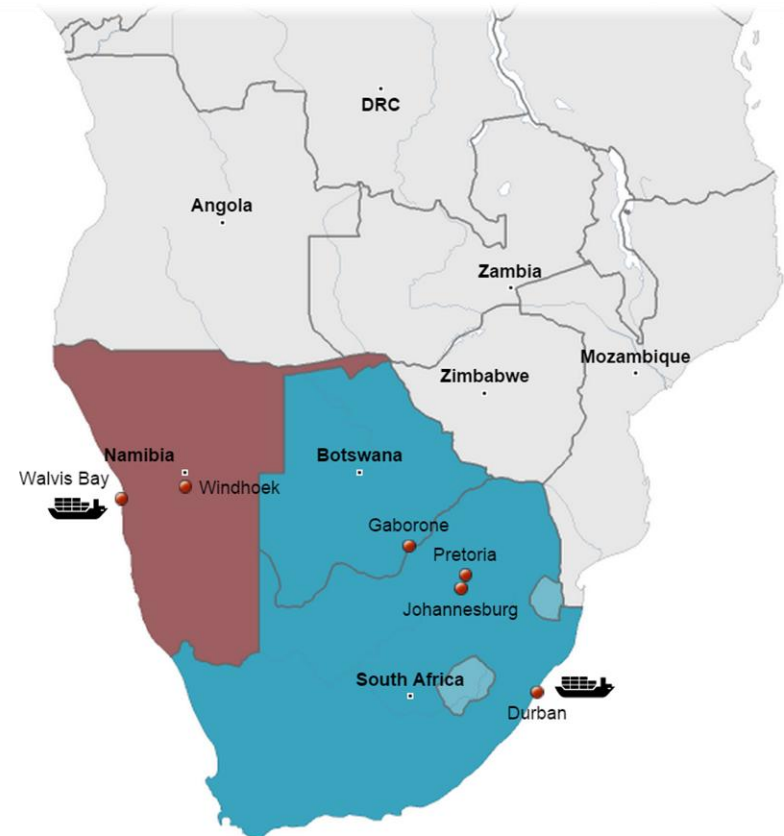
## Top reasons to invest in Namibia: Winning combination of strategic location, first class infrastructure, and preferential access to key markets

The strategic location and outstanding transport infrastructure make Namibia the ideal choice for automotive companies seeking to integrate into the dynamic regional eco-system as well as those looking for an export platform to serve the overseas markets. Your new operations in Namibia benefit from:

- fast and easy overseas transit via the Port of Walvis Bay
- the Walvis Bay Corridors, an integrated regional network of well-tarred roads, which is one-of-a-kind on the continent
- daily direct flight connections to and from Europe via Hosea Kutako International Airport, Windhoek

### Distances and delivery times via the Walvis Bay Corridors

Botswana	Gaborone	1,366 km	2 days
South Africa	Johannesburg	1,900 km	2 days
Angola	Lubango	1,551 km	4 days
Zambia	Livingstone	1,565 km	3 days
Zimbabwe	Harare	2,515 km	4 days
DRC	Lubumbashi	2,690 km	4–5 days



## **Top reasons to invest in Namibia: Winning combination of strategic location, first class infrastructure, and preferential access to key markets**

**The Port of Walvis Bay is a natural gateway for international trade to and from the southern African region. The strategic location on the African west coast provides direct access to principal shipping routes and fast transit between southern Africa, Europe and the Americas.**

Strategic benefits for automotive companies exporting via the Port of Walvis Bay include:

- closer proximity to Europe providing a time advantage of 6 days compared to the Port of Durban in South Africa
- no delays or congestion as opposed to South African ports which are operating at maximum capacity and are suffering from delays in bad weather conditions
- fast and internationally competitive turnaround times for off-loading vessels carrying any type of cargo

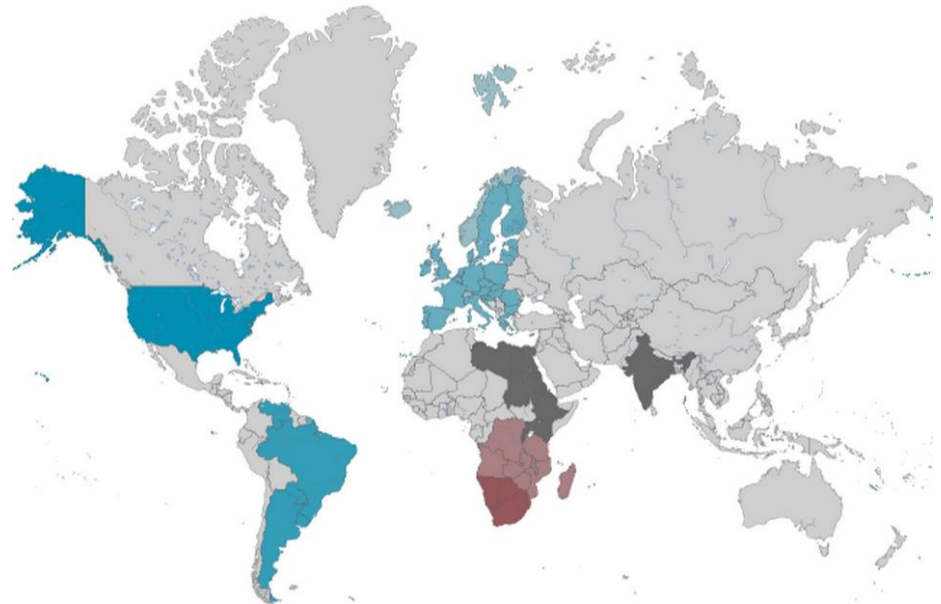




## **Top reasons to invest in Namibia: Winning combination of strategic location, first class infrastructure, and preferential access to key markets**

**Automotive exports produced in Namibia enjoy duty free or preferential access to the southern African region, Europe, as well as the US and some of the largest economies in South America:**

- duty free access from Namibia to the member countries of the Southern African Customs Union including South Africa, Botswana, Lesotho, and Swaziland
- free trade agreements with the member states of the Southern African Development Community, the EU as well as Iceland, Lichtenstein, Norway and Switzerland
- preferential access to the United States as well as the Mercosur common market





## Top reasons to invest in Namibia:

### Dedicated automotive park in Walvis Bay to start operations immediately

**Automotive companies can start their operations in Namibia without delay by leasing modern production facilities, for instance, at the !Nara Namib Industrial Estate. Conveniently located near the Port of Walvis Bay, the brand new estate has been designed to suit the specific needs of the industry.**

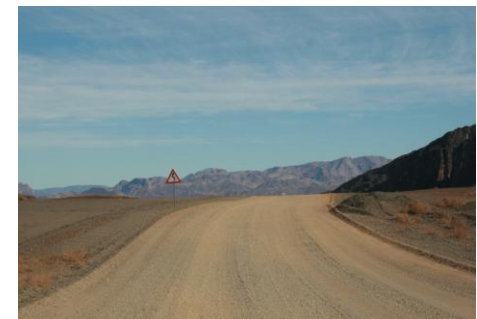
- The state-of-the-art production facilities are adjustable and customisable offering optimised layouts and process flows.
- Rental space is flexible in size, with the smallest available units ranging from 800 – 2,400m<sup>2</sup>, allowing companies to develop their business and expand within the 18ha estate over time.
- A dedicated logistics hub with warehousing, a container yard and a truck staging area as well as a service and training centre are part of the development plan for the estate.
- Namibia has a broad portfolio of production sites suitable for the automotive industry and we will be happy assist you in choosing the perfect location for you operations.



## Top reasons to invest in Namibia: Optimal conditions for automotive testing

**Namibia is becoming a preferred location for automotive testing in hot, dry and sunny conditions. Low population and traffic density combined with excellent infrastructure are allowing OEMs to accumulate mileage quickly and safely at low visibility:**

- There are very few places in the world where a dry desert climate is accompanied by thousands of kilometers of roads and the necessary service facilities.
- Namibia is one of Africa's three most sparsely populated countries – with a population of only 2.5 persons per square kilometer.
- At the same time, Namibia's road network – with 7,000 km of tarred and 37,000 km of high quality gravel roads – is regarded as one of the best on the continent.
- Sea level and high altitude road systems are within easy reach of each other.
- Further benefits are derived from competitive costs and a public administration knowing the needs of the test teams very well.

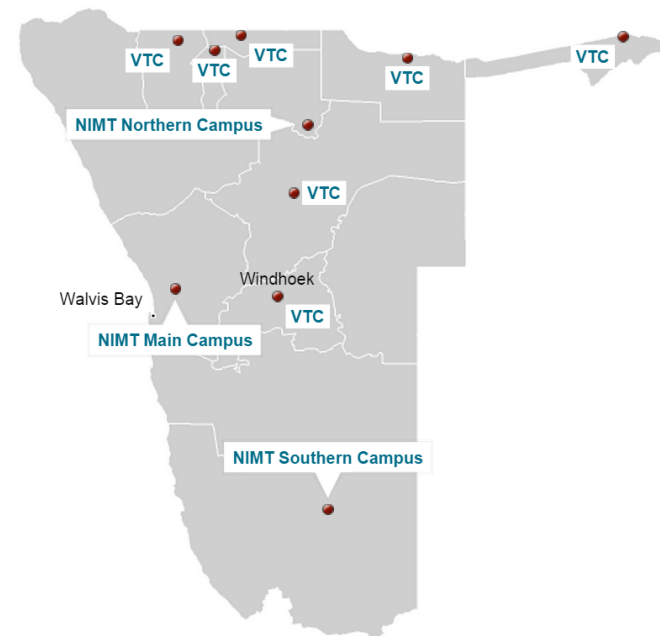


## Top reasons to invest in Namibia: Productive labour force and training support

The Namibia Institute of Mining and Technology (NIMT) as well as the Namibia Training Authority (NTA) offer vocational education and training courses tailored to the automotive industry. All institutions operate in close cooperation with the industry in order to meet the specific needs and standards of the future employers.

- NIMT specialises in engineering trades with a strong relevance for the automotive industry and is, thus, training a vast pool of workers ready to apply their skills in your company.
- The seven Vocational Training Centres (VTCs) operated by NTA offer a broader spectrum of courses that includes trades required in automotive manufacturing. NTA has a strong focus on direct engagement with the industries in order to develop and optimize training programmes together and according to your specifications.
- The Polytechnic of Namibia School of Engineering has close to 200 graduates annually in the four engineering programmes offered, including mechanical as well as process engineering.

Location of VET Institutions in Namibia



## **Top reasons to invest in Namibia: Competitive labour costs and stable labour relations**

**Labour costs in Namibia are competitive on a regional and international scale. While the manufacturing sector in southern African countries is often subject to intense and paralyzing labour disputes, the Namibian manufacturing industries enjoy peaceful labour relations void of prolonged and disruptive conflicts.**

- For workers in the Namibian automotive industry, labour costs range between 250 and 300 Euros per month, comparing favourably to cost structures in other automotive clusters within the region and on an international scale.
- The governments dedication to industrial development and the overall favourable and stable political and economic climate are indicative of Namibia's labour relations. Industrial relations are regulated by the Labour Act of 2007 including sound provisions for the prevention and effective mediation and settlement of labour disputes.



## Top reasons to invest in Namibia: Stable and cost-competitive power supply

In Namibia, investors can rely on efficient and cost-competitive utility supply. Namibian industries do not face any of the constraints or disruptions due to unstable power supply that are all too common in Sub-Saharan Africa.

- In the World Bank's most recent *Ease of Doing Business Report* Namibia ranked second in the southern African region for "Getting Electricity".
- Rising power demands that go hand-in-hand with the growth of the Namibian industrial sector, are being met by strategic planning for the future. A new combined cycle turbine gas power station with a capacity of 800MW will be in commission by the end of 2018.



### World Bank Ease of Doing Business: Getting Electricity in the SADC Region

1. Mauritius	9. Zimbabwe
2. Namibia	10. Angola
3. Tanzania	11. South Africa
4. Botswana	12. Mozambique
5. Lesotho	13. DRC
6. Zambia	14. Malawi
7. Seychelles	15. Madagascar
8. Swaziland	





## **Top reasons to invest in Namibia: Generous incentives in particular for export-oriented operations**

**Namibia offers an attractive set of incentives to investors from the automotive industry setting up manufacturing and assembly operations in the country. Especially export-oriented automotive manufacturers benefit from the generous incentives offered under the Export Processing Zone (EPZ) scheme.**

- Enterprises with EPZ status are exempt from corporate tax, import tax as well as value added tax for the duration of 10 years.
- EPZ status is independent of the specific factory location within the country.
- The EPZ scheme is suitable for investors mainly producing for export markets outside of the South African Customs Union comprising South Africa, Botswana, Lesotho and Swaziland. However, upon application to the Minister of Industrialization, Trade and SME Development, a maximum of 30% of the total production may be sold into the SACU market.
- Other incentive packages include the exporter of manufactured goods scheme, affording companies an 80% tax allowance on income derived from exports.
- All export and manufacturing incentives are neither restricted by minimum nor maximum production unit requirements.



## **Top reasons to invest in Namibia: Strong and industry-friendly investment climate**

**Prospective investors are reassured by Namibia's track-record of political stability and strong economic growth. The government is committed to the promotion and support of industrial development and has maintained a highly positive attitude towards foreign investment over the past 25 years since gaining independence.**

- The automotive industry is a dedicated target sector of Namibia's comprehensive Execution Strategy for Industrialization "Growth at Home".
- The 2014 Namibia Business and Investment Climate Survey (namBIC) measured an increase in the already strong business and investment confidence in the Namibian business community, which is in line with the favourable macroeconomic outlook including an estimated GDP growth of 6.1% in 2014 and a projected 5.9% increase for 2015.
- According to UNIDO research, Namibia occupies top ranks amongst African countries with respect to both the industrialization level and industrial growth performance.
- The Foreign Investment Act of 1990 provides liberal foreign investment conditions and enshrines the equal treatment of local and foreign investors. Foreign investors do not face any restrictive local participation requirements.





## Top reasons to invest in Namibia: High quality of life and social stability

**Growing prosperity and the perpetually high level of safety and stability make Namibia a great place to live. Enjoy the rich culture and beautiful nature, while resting assured that all necessities and comforts of modern day life are covered to the fullest extent.**

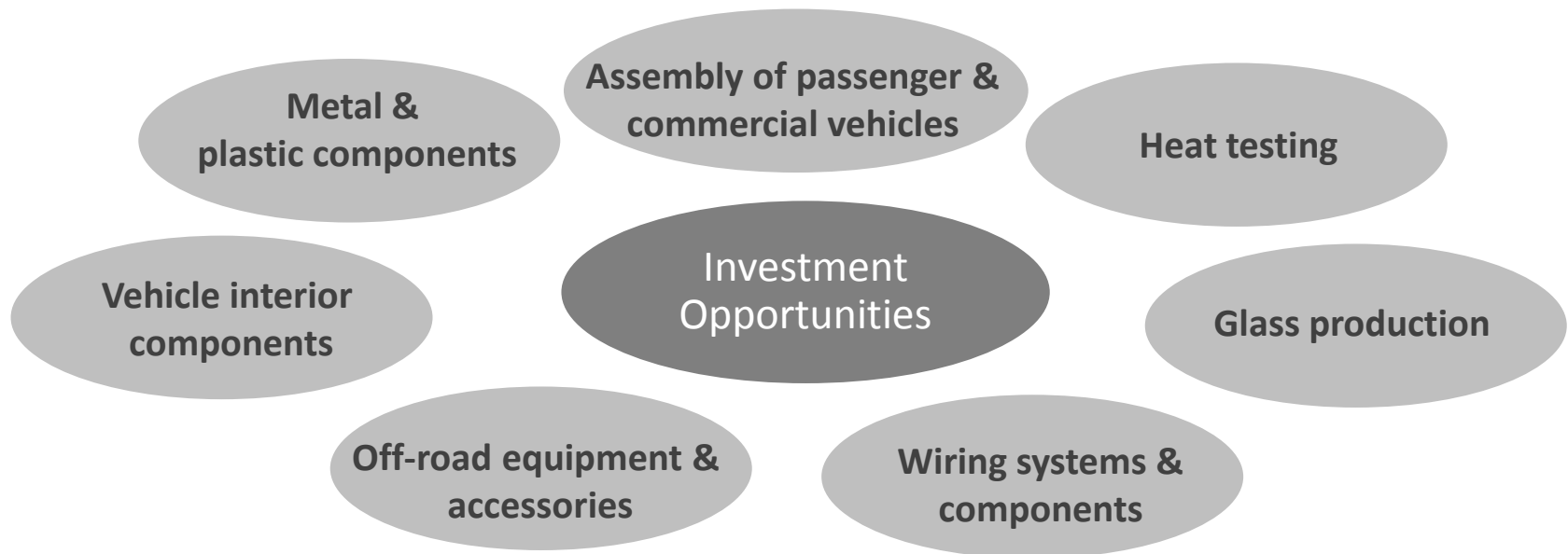
- From the highest dunes in the world to the largest game reserves in Africa, Namibia has something to offer for every taste ranging from nature enthusiast to avid sportsmen and women.
- High quality standards are met by the outstanding health care services, five international schools, the broad spectrum of retailers of all categories as well as first-class dining facilities.
- Placing at number 18 in the world, Namibia is the highest ranking African country on the *Press Freedom Index* compiled by Reporters without Borders.
- In 2014, former Namibian President Hifikepunye Pohamba was awarded the Ibrahim Prize for Achievement in African Leadership, recognizing the consolidation of democracy and social and economic development in Namibia.



## Track record and investment opportunities

At the last international Annual Investment Meeting (AIM) in Dubai, Namibia walked away with the award for the Best Investment Programme in Sub-Saharan Africa. The renowned award recognizes Namibia's track record of attracting foreign investment – with major projects lately realized in the manufacturing sector amongst others by Ohorongo Cement / Schwenk Group and SABMiller.

Recently, there has been an upsurge in investment enquiries from automotive companies seeking to benefit from Namibia's strategic advantages. For the automotive industry, Namibia offers a wide range of profitable investment opportunities in particular for export-oriented and labour-intensive operations in areas, such as:



## Investment facilitation and after-care services

The NIC Namibia Investment Centre is the prime source of information and assistance for investors, created through the Investment Act of 1990. We offer comprehensive service packages that range from the initial inquiry stage through to operational stages and after-care.

Throughout the entire process you will be supported by a dedicated project manager who will also coordinate the involvement of further institutions. We will provide you with industry and investment specific information and tailor made support comprising the following areas:

<b>Site preselection and visits</b>	<ul style="list-style-type: none"> <li>• We identify and preselect sites &amp; premises according to your specifications</li> <li>• We organize site selection tours for you and introduce you to the relevant real estate owners and managers</li> </ul>
<b>Finding suppliers and service providers</b>	<ul style="list-style-type: none"> <li>• We identify local suppliers, customers or service providers – such as consultants, training providers or recruiting agencies – in line with your needs</li> <li>• We facilitate the communication and meetings with potential business partners</li> </ul>
<b>Financing and incentives</b>	<ul style="list-style-type: none"> <li>• We assess the incentive schemes available for your investment plans and assist you with the application for the programmes</li> <li>• We organize meetings with development and private financial institutions to develop customized financing solutions</li> </ul>
<b>Fast-tracking administrative processes</b>	<ul style="list-style-type: none"> <li>• We coordinate consultations with ministries, agencies and local authorities and fast-track administrative processes, e.g. for permits</li> <li>• We facilitate applications for visas and work permits</li> </ul>
<b>After-care</b>	<ul style="list-style-type: none"> <li>• We will regularly follow-up with you to identify challenges you might face</li> <li>• We will jointly develop solutions to fast-track the implementation of your project</li> </ul>

## Namibia at a Glance

Capital City:	Windhoek
Population:	2,3 Million
Total Area:	824 292 km <sup>2</sup>
Independence:	21. March 1990
Official Language:	English
Currency:	Namibian Dollar (N\$); pegged with South African Rand at par
Exchange Rate (2013 average):	1 Euro = 12.953 N\$; 1 US\$ = 9.769 N\$
GDP (2013, current US\$):	13,1 Billion
GDP growth (2013):	5.1%
Unemployment Rate (2014):	28%
Time Zone:	GMT +1 (West Africa Time) / GMT +2 (West Africa Summer Time)

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