



SECTOR PROFILE

CHEMICAL
INDUSTRY

Introducing **Namibia**

Namibia is ranked amongst the world's most politically stable countries. The Namibian Government is committed to stimulating economic growth and employment through the attraction and retention of investments.

Namibia's primary infrastructure is well-developed and modern, with a good transport system whose road infrastructure quality is ranked the best in Africa, an efficient communication system with global cellular networks and globally competitive broadband, as well as a sophisticated financial sector.

A land of contrasting beauty, Namibia is strategically located on the south-western coast of Africa and serves as a quintessential trade conduit with the rest of the world for landlocked countries including Botswana, Zambia, Zimbabwe and the Democratic Republic of Congo through the port of Walvis Bay. Compared to other ports in the region, the congestion-free port of Walvis Bay offers shipping line time savings of up to five days to Europe and the Americas, and is a springboard into the Southern African Development Community (SADC) trade block, with a market access of 330 million people.

The country is endowed with natural wind and sun resources, and is considered to be amongst the most competitive destinations in the world with potential to become a producer and exporter of green hydrogen, reckoned to catalyse the decarbonisation of the planet.

Namibia is a middle-income country whose considerable successes rest on a stable multiparty parliamentary democracy that delivers sound economic management, good governance, fundamental civic freedoms and respect for human rights.

Namibia values long-term relationships with foreign investors, and provides numerous opportunities for international investors seeking a foothold and growth on the African continent. The Government has put in place an enabling environment to assist with identification of opportunities, syndicate financing, operating and tax incentives in certain sectors, particularly manufacturing, and one-stop bureau services for establishment of local operations of international companies.

The Namibia Investment Promotion and Development Board (NIPDB) serves as a one-stop shop for all companies aspiring to do business in Namibia. As a public entity in the Office of the President, the NIPDB exists to facilitate investments into Namibia.

This brochure presents the Namibian sectors which are abundantly filled with development opportunities awaiting investment. The areas of green hydrogen, renewable energy, oil and gas, chemical industry, sustainable tourism, transport and logistics and value addition opportunities in the mining sector.



Sector Profile

Oil and Gas

Overview of sector and its significance in Namibian economy

The Chemical Industry is ranked amongst the top 10 sectors by capital investment according to the Global fDi Report of 2022 for Green Field Investments, with a value of US\$12.02 billion. However, this industry is relatively small in Namibia, with great untapped potential for growth, thanks to the country's globally competitive deposits of sea-salt, sun and sand that stretches along 1500km of the Atlantic Ocean bordered by the Namib desert on the western coastline.

Namibia is the largest solar sea-salt producer and exporter in Sub-Saharan Africa, producing in excess of 1 million tons of salt per annum. In 2022, export earnings from sea salt and pure sodium chloride amounted to N\$ 149 million and N\$ 59 million refined table salt for human consumption (Namibia Statistics Agency 2022). These products are mainly destined for Europe, Cameroon, Nigeria, South Africa and the United States of America for industrial and human consumption. Triple grade refined salt is also exported to neighbouring countries including Botswana, Democratic Republic of Congo and Zambia. The bulk of low value industrial sea salt is exported in raw form to South Africa and is used to produce various kinds of chemical products for water purification, mining and chemical-based fertilisers imported back into the country as high value industrial products.

Investments with smart technologies and water purification solutions that support ESGs and SDGs are critical for industrial, human and animal consumption. To a lesser extent, the country is home to a small variety of well-established manufacturers of industrial paints, superior coating, cleaning detergents and chemicals, cosmetics, biodegradable plastics and adhesives amongst other chemical-based products. The list of companies may be accessed in the Manufacturing and Processing directory published by the Namibia Manufacturers Association for local supplier value chain development and Joint Ventures (JVs) for economies of scale and linkage opportunities with foreign investors, suppliers and buyers.

Opportunities in the Chemical sector and presence in Namibia

Although the country is the largest producer of solar sea-salt in Sub-Saharan Africa, it is one of the few destinations in the world without a sizable chemical plant at the point of primary input source. This presents an immense opportunity for a large-scale investment in a chemical plant by investors with a regional and global value chain, with access into the AfCFTA, EU, UK, USA, SADC and SACU markets supported by Free Trade Agreements (FTAs). Companies in the sea-salt based industry are mainly located in and around the coastal industrial city of Walvis Bay.



Investment opportunities:

-  **Production of Caustic Soda for domestic market and exports**

Caustic Soda is the main product produced from solar sea-salt and can be used to produce chemicals for the Namibian mining industry. The uranium mines in Namibia use a significant amount of caustic soda, currently supplied through imports. Caustic soda is additionally used for manufacturing glass in combination with desert sand or limestone.
-  **Production of Chlor Alkali and processing for domestic and international markets**

Namibia has a long history of purifying water from domestic waste to drinkable water. The Goreangab Water Reclamation plant is 100% owned by the City of Windhoek and managed by foreign investors under a build, operate and transfer model. Water purification chemicals used for this reclamation plant are imported from South Africa, produced from the bulk salt exported from Walvis Bay. This presents an opportunity for investors that are producers of caustic soda and off-takers of Chlorine to produce chemical products for the domestic, regional, continental and global markets. Chlor Alkali is the by-product in the process of sea-salt processing and production of Caustic Soda, which is the main product used for the production of chemical products.
-  **Fertilisers and other agricultural chemicals**

Ammonia nitrate is another by-product from salt beneficiation. If mixed with phosphate and potassium, it can be used as fertiliser in crop production. There is no significant fertiliser production in Namibia and in 2021, Namibia imported N\$ 623 344 582 worth of fertiliser, mainly from South Africa. This presents an investment opportunity to supply the domestic market and to export surplus fertiliser to neighbouring countries such as Zimbabwe, Zambia and Angola.
-  **Paints, coatings and adhesives**

There are few players both large and small in the cluster of paints, coatings and adhesives of which Peralin Paints, Neo Paints, Kansai Plascon and Hygiene Solutions are some of the key players. There is therefore an opportunity for companies with well established foot-prints in the SADC region, to maximise Namibia's strategic location as a production base for exports.

How to invest in the Chemical and Basic Material Industry

Investing in the Chemical industry of Namibia is a relatively straightforward process. Investors are required to obtain the relevant permits and licences from relevant authorities prior to setting up a chemical plant in Namibia. As an example, in the case of sea-salt based chemical products, the process includes:

- 🎯 Registering a local company with the Business and Intellectual Property Authority (BIPA)
- 🎯 In the case of a Salt mining and processing plant, applications for an Exclusive Prospecting Licence (EPL) which takes approximately 1-3 months and a Mining Licence (ML) that may take up to 6 months should be submitted to the Ministry of Mines & Energy, Mining Department. The EPL precedes the Mineral Licence.
- 🎯 An Environmental Impact Assessment submitted for approval to the Ministry of Environment, Tourism and Forestry (Department of Environmental Affairs).

Shared experiences of Domestic and Foreign Investments in Namibia

The Walvis Bay Salt Holdings Group established in 1964, a subsidiary of NCP based in Johannesburg, South Africa is the largest producer and exporter of industrial grade bulk salt, chemical grade bulk salt, general purpose bulk salt and triple refined table salt. There is however a need to beneficiate this natural resource beyond the current low value products and this is why the establishment of a Chemical plant in Namibia after almost 60 years of sea-salt exports have now become quintessential for the development of the country.

To start this journey, a start-up called Namibia Chemicals was born in 2015 and is currently producing Chlorine for water purification for the local market, with huge potential for growth and up-scaling of production capacity.




We have developed a home grown solution from salt, sand and the sun that Namibia has in abundance, to produce chlorine used for the purification of drinking and swimming pool water. The chlorine is additionally used in medicine, paper products and many more solutions.


*~ Immanuel Hango - Director & Founder,
Namibia Chemicals, 2022*





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