

## **Preliminary National Accounts 2017**

**Windhoek – 29 March 2018**

1. It is our pleasure to present the economic developments for 2017 according to the Preliminary National Accounts.
2. Allow me to emphasize on the issue of revision practices as per the compilation of the National Accounts. National Accounts revisions are informed by updated information received from data sources as time passes. This includes all series that appear in the Quarterly GDP, the Revised Annual National Accounts and the Preliminary National Accounts.
3. Under normal circumstances, that is all things being equal, revisions in the National Accounts affect the last three years, due to financial reporting years that overlap calendar period. These revisions are vital and part of international best practices.
4. In 2017, the domestic economy contracted by 0.8 percent, indicating a downturn in economic activities compared to a growth of 0.7 percent recorded in 2016. The main drivers behind the decline in GDP growth were the Secondary and Tertiary industries.
5. The Secondary industries in 2017 continue to decline by recording a contraction of 6.7 percent in real value added compared to a decline of 6.6 percent in 2016.
6. The contraction in the secondary industries is due to the Construction sector that recorded a decline in real value added of 25.6 percent compared to a previous contraction of 26.3 percent in 2016.
7. The weak performance in the construction sector is attributed to the drop in investment of the Mining sector, as well as Government construction that registered huge reductions in real values of 64.4 percent and 29.0 percent, respectively.
8. Contractions observed in the Tertiary industries emanates from the Wholesale and retail sector, Hotels and restaurants, Education and Health sectors whose value added declined relative to the same period last year.
9. The Wholesale and retail and Hotels and Restaurants sector registered a declines of 7.1 percent and 2.0 percent in real value added for 2017. This is attributed to poor consumer confidence resulting in weak demand for goods and services.

10. Also poor performance were observed in the Health and Education sector that recorded contractions of 1.3 percent and 1.2 percent, respectively. This is due to the government fiscal consolidation policy and subdued demand for private health and education services.
11. However, the contraction could have been worse, had it not been for the robust performance of the Primary industries that recorded double digit growth of 10.7 percent in real value added in 2017 from a decline of 1.5 percent in 2016.
12. The strong performance in the Primary industries is attributed to Agriculture and forestry sector that recorded a growth of 12.7 percent in real value added for 2017. This performance comes on the backdrop of good rainfall resulting in a bumper harvest and recovering livestock prices following years of drought.
13. In terms of Mining and quarrying sector, increase in production of major export commodities such as diamonds, uranium, zinc and gold resulted in a strong performance of 12.8 percent in real value added in 2017.
14. This strong performance shielded the economy from deeper contractions.
15. Finally, let me thank our data providers and stakeholders, without whose collaboration this publication would not have been possible. It is my hope, that information contained in the Preliminary National Accounts 2017 would go a long way to guide in policy advice and interventions as well for investors to look for business/economic opportunities.



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