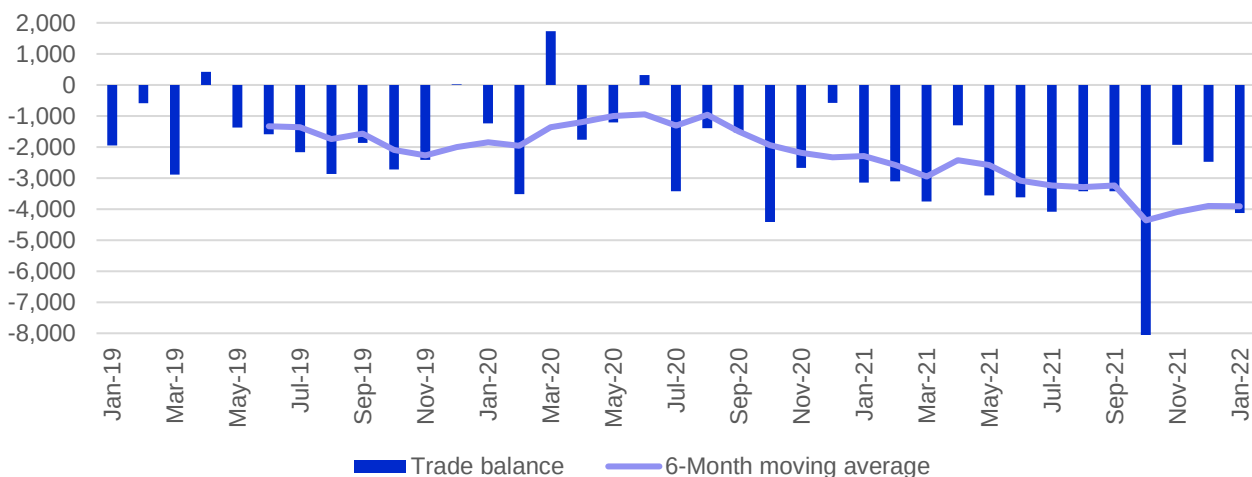


Namibia recorded a trade deficit of N\$4.1 billion in January 2022 (*Figure 1*), with exports recorded at N\$7.6 billion and imports at N\$11.7 billion. On an annual basis, exports and imports increased by 22% and 25% in January 2022 respectively. We expect the trade balance to improve mainly on the back of local mines being operational (compared to doing care and maintenance last year) and increased commodity production in 2022. Due to geopolitical risks, global metal prices remain elevated and will benefit mining export earnings.

The biggest contributors to exports by product category were manufacturing (alcoholic beverages, plastics, iron and steel bars), mining (copper, uranium, diamonds and gold) and agriculture (fruit, nuts, fish). Exports were mainly sold to China (32.3%), South Africa (18.3%), Zambia (6.1%), Spain (4.8%) and France (4.4%).

Namibia's main imports by product category were manufacturing (motor vehicles, machinery equipment, alcoholic beverages, petroleum oils and medicaments) and agriculture (fertilisers, inorganic chemicals, wheat and maize). Imports were mainly sourced from South Africa (29.9%), Zambia (24.9%), Democratic Republic of Congo (6.1%), United Arab Emirates (4.5%) and Bulgaria (4.4%).

Figure 1: Monthly trade balance with 6-month moving average (N\$ million) – Jan 2019 to Jan 2022



Source: NSA/SS

Trump's trade wars with China dominated headlines for the greater part of 2018, however, most of his tariff hikes (mainly on steel and aluminium) are now largely removed. The US and Japan signed agreements in early February 2022 that would allow most steel shipments from Japan to enter the US tariff free for the first time since 2018. This agreement takes effect 1 April 2022 and builds onto the deal signed with the EU in October 2021 which removed a 25% tariff on about US \$10 billion of the blocs' goods. The US and UK started negotiations on removing tit for tat tariff measures that were introduced in 2018, however no update on their talks is available at the time of writing.

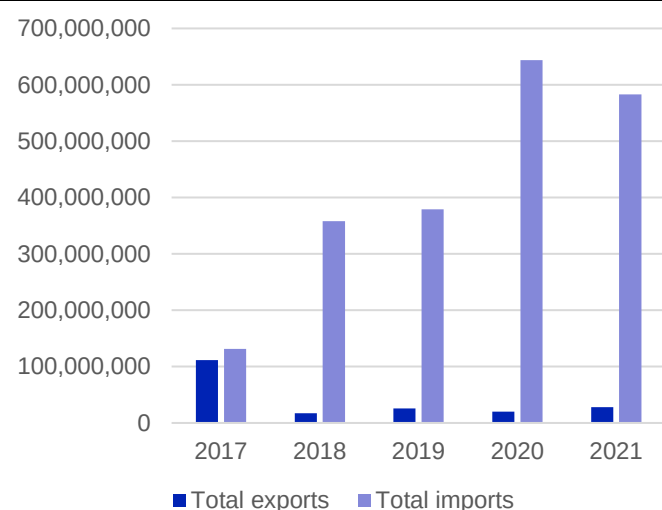
It has been estimated that Trump's tariffs imposed in 2018 increased global consumer costs by about US \$51 billion according to the American Action Forum. The removal of tariffs on steel, aluminium and other goods in recent weeks will lower costs incurred by global factories and manufacturing plants. Car, non-alcoholic beverage, industrial machinery, electric appliances, medical equipment manufacturers amongst other could see lower production costs as a result of lower tariffs. **Because tariffs are inflationary, this will provide some relief to prices incurred by consumers in Namibia, with local costs of construction raw materials likely to benefit most.** However, price relief will be constrained by ongoing commodity shortages that the market is pricing in futures contracts.

Focus has now shifted to addressing the geopolitical concerns in Ukraine and Russia. Unprecedented sanctions have been imposed on Russia following their invasion on Ukraine. While Russia faces sanctions on numerous goods, we do not believe that the threats of sanctioning Russian oil are credible at this stage.

In our *Geopolitics Report* published 3rd March 2022, we discussed trade between Namibia and Ukraine, in this report we look at trade between Russia and Namibia. Namibia imports significantly more than what we export to Russia (*Figure 2*). Namibia's top import products from Russia in recent years included wheat, ammonium nitrate (used in high nitrogen fertiliser for farmers), frozen chicken and frozen sardines. Namibia's main exports to Russia in recent years included oysters, fresh grapes, collector's items, frozen crabs and dates.

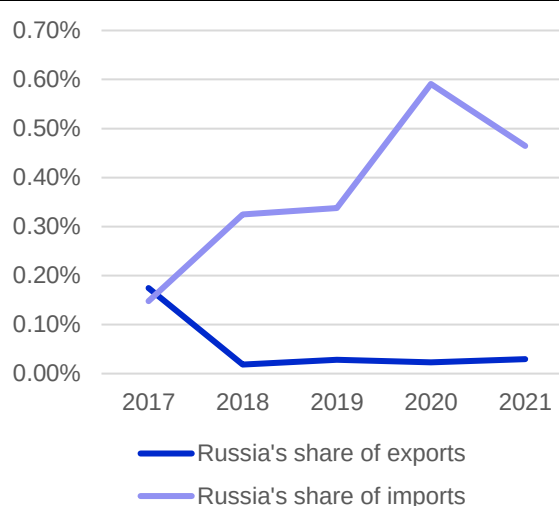
Because Russia's share of total trade in Namibia is miniscule – below 1% (*Figure 3*) – we do not believe there will be material effects on Namibia's trade and current account balances, as well as on SACU revenue. Trade between SACU and both Ukraine and Russia combined is less than 2% of total SACU trade. Only to the extent that higher global oil prices lead to recessions in Namibia's main trading partners (China, South Africa, Europe and the US) will we see a negative impact on our trade figures and SACU revenue. **Given that recessionary risks in developed markets have heightened, we do see this as a downside risk to Namibian trade in coming months.**

Figure 2: Total trade with Russia (N\$ millions) –2017 to 2021



Source: NSA/SS

Figure 3: Russia's share of total trade – 2017 to 2021



Source: NSA/SS

Company Details

Telephone	+264 (61) 254 194	
Fax	+264 (61) 254 193	
Address	4 Koch St. Klein Windhoek	
Website	www.sss.com.na	
Social Media		
Managing Director	Bruce Hansen	bh@sss.com.na
Corporate Finance	Heiko Prior	hp@sss.com.na
	Annegret Müseler	am@sss.com.na
Research and Dealing Institutional Research Economic Research Dealing & Sales	Heiko Prior	hp@sss.com.na
	Shaun-Lee Lahner	sl@sss.com.na
	Theo Klein	tk@sss.com.na
	Heimo Dieterle	hcd@sss.com.na
	Liaan de Kock	lk@sss.com.na
Wealth Management	Garth Petersen	gp@sss.com.na
	Venishia Rencs	vr@sss.com.na
	Fazley van den Heever	fh@sss.com.na
	Elrine Coetzee	ec@sss.com.na
	Aubrey Hardine	ah@sss.com.na
	Chantelle Hardine	ch@sss.com.na
	Shamelle Joseph	sjo@sss.com.na
Finance & Administration	Heiko Diehl	hd@sss.com.na
	Benita Kasch	bk@sss.com.na
	Rhonvin Claasen	reception@sss.com.na

Disclaimer

The Report is provided by Simonis Storm Securities (Pty) Limited ("SSS") solely for the recipient's information. The user assumes the entire risk of any use made of this information. Its contents are based on information obtained from sources believed to be reliable. SSS makes no representation and accepts no responsibility or liability as to its completeness or accuracy of any information, facts and/or opinions contained in the report.