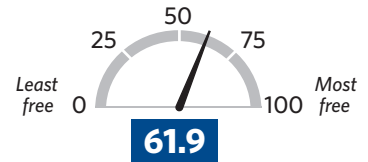


NAMIBIA

Economic Freedom Score



World Rank: **76**

Regional Rank: **7**

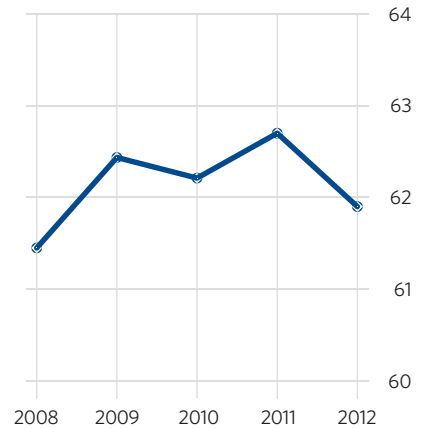
Namibia's economic freedom score is 61.9, making its economy the 76th freest in the 2012 *Index*. Its score is 0.8 point worse than last year, with declines in five of the 10 categories of economic freedom. Namibia is ranked 7th out of 46 countries in the Sub-Saharan Africa region, and its overall score is above the world and regional averages.

The Namibian economy continues to be categorized as “moderately free.” Earlier reforms have enabled the economy to continue modest economic growth. Aided by a stable regulatory environment and a relatively high degree of openness to global trade, annual economic growth has averaged about 4 percent over the past five years.

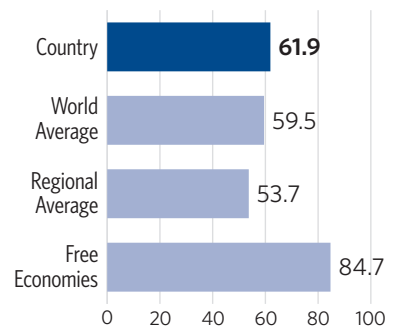
Nonetheless, Namibia's economic expansion is not strongly sustained by government policies or institutions. As reflected in low scores for property rights and freedom from corruption, overall economic freedom is constrained by deficiencies in the judicial framework. Protection of property rights is weak, and the government has not been effective in eliminating corruption. The legal system is inconsistent in contract enforcement and vulnerable to political influence. Mistrust of government continues, particularly due to pervasive corruption in the executive and judicial branches.

BACKGROUND: South West Africa People's Organization candidate Hifikepunye Pohamba succeeded President Sam Nujoma in 2005 and won a second five-year term in 2009. Namibia is rich in minerals, including uranium, diamonds, copper, gold, lead, and zinc, but weak infrastructure, high unemployment, and problems in the utility and electricity sectors have impeded growth. About a third of Namibians depend on subsistence agriculture and herding for their livelihood. Official pressure on white and foreign landowners to sell their property to the government so that “historically disadvantaged” and landless Namibians can be resettled has included expropriations. HIV/AIDS is a serious problem. State-owned enterprises operate in many key sectors. Namibia's economy is closely linked with that of South Africa, its major trading partner and former administering power.

Freedom Trend



Country Comparisons



Quick Facts

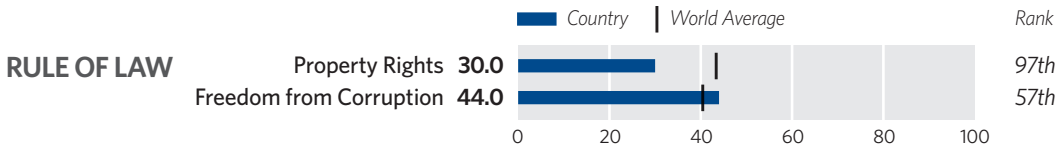
Population: 2.1 million
GDP (PPP): \$14.6 billion
 4.4% growth in 2010
 5-year compound annual growth 4.0%
 \$6,953 per capita
Unemployment: n/a
Inflation (CPI): 4.5%
FDI Inflow: \$857.6 million
Public Debt: 18.8% of GDP

How Do We Measure Economic Freedom?

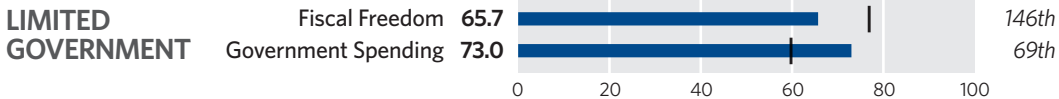
See page 455 for an explanation of the methodology or visit the *Index* Web site at heritage.org/index.

2010 data unless otherwise noted.
 Data compiled as of September 2011.

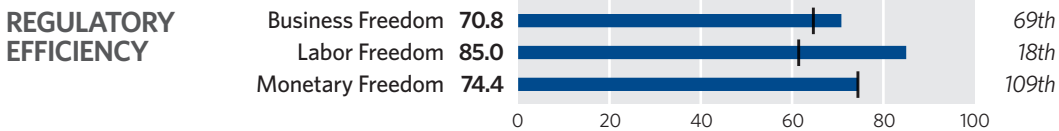
THE TEN ECONOMIC FREEDOMS



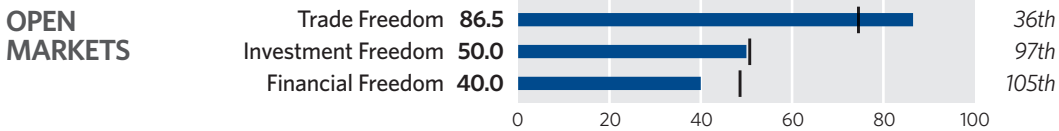
The rule of law remains weak and uneven across the country. Failing to provide effective protection of property rights, the legal framework remains inefficient and susceptible to political interference. The court system lacks the capacity to provide effective protection of property rights. Infringements of intellectual property rights are rife, and corruption remains endemic, eroding the rule of law.



The top individual income tax rate is 37 percent, and the top corporate tax rate is 35 percent. Other taxes include a value-added tax (VAT), with the overall tax burden amounting to 28.9 percent of total domestic income. Government spending is at a level equivalent to 30 percent of GDP. The budget has been in deficit in recent years, and public debt stands at close to 19 percent of total domestic output.



The overall regulatory framework is relatively efficient and streamlined, but the pace of reform has slowed. Although there is no minimum capital requirement, launching a business takes more than the world averages of seven procedures and 30 days. Labor regulations are not rigid, but the labor market lacks dynamism. After years of volatility, inflation has moderated over the past three years.



The trade weighted average tariff rate is low at 1.8 percent. However, extensive non-tariff barriers raise the cost of trade considerably. Although foreign investment is formally encouraged, the necessary regulatory infrastructure for spurring dynamic growth in new investment is not in place. The financial sector remains underdeveloped, and access to credit and other financial services is limited.

Score Changes

| RULE OF LAW | | LIMITED GOVERNMENT | | REGULATORY EFFICIENCY | | OPEN MARKETS | |
|-------------------------|------|---------------------|------|-----------------------|------|--------------------|------|
| Property Rights | 0 | Fiscal Freedom | -2.2 | Business Freedom | -2.1 | Trade Freedom | +0.1 |
| Freedom from Corruption | -1.0 | Government Spending | -1.8 | Labor Freedom | +0.4 | Investment Freedom | -5.0 |
| | | | | Monetary Freedom | +3.5 | Financial Freedom | 0 |