VOICES FROM THE INDUSTRY

Energy Potentials in Namibia

The recent increase in the number of working and official visits from dignitaries from other nations into Namibia can be seen as a means for Namibia to further reinvigorate its economy by bringing more people-to-people exchanges, eventually leading towards the trickling effects on the economy by the promotion of trade and investment links through such exchanges.

Promoting more people-to-people exchanges is crucial, given Namibia's recent economic challenges due to the global economic slowdown, severe drought, falling commodity prices, and the COVID-19 pandemic. In fact, through such exchanges, many technologies, know-how, and partnerships can be promoted, especially in new areas and sectors, including oil and gas.

The future of Namibia in the years to come can be said to look much brighter due to its recent offshore oil discoveries, which will enable Namibia to become an energy hub in the continent. This year alone, Namibia announced a fourth oil discovery in a deep-water exploration well in the Orange Basin located offshore of the south of Namibia—the southwest of Lüderitz.

Besides these oil discoveries, Namibia is also venturing into its ambitions in the green hydrogen space. The Namibian government had recently ventured into a partnership agreement with Hyphen Hydrogen Energy on a deal for the next phase of a USD10 billion green hydrogen project that will enable Namibia to export that potential to the European market. The plant to be built is expected to produce 2 million metric tonnes of green ammonia annually when it reaches its full-scale output in 2030.

Many countries like China, Finland, India, and other European nations have laid their interests in Namibia's ambition to become a global supplier of clean and green hydrogen energy that will enable Namibia to multiply the national production of electricity with renewables. As a result of the Ukraine crisis, many European nations have ceased their dependency on Russian oil and gas. They are finding alternative sources, including from Namibia, for their energy supply.
Due to the oil discoveries, many international oil companies, such as Shell, Total Energies, and Qatar Energy, are venturing into partnership agreements with Namibia to explore the oil rigs expected to harvest billions of barrels of oil.

Namibia hopes to use its oil and gas resources to boost its economy, which relies heavily on mining, agriculture, fishing, tourism, and the heavy imposition of the Value Added Tax on Goods and Services (15 per cent).

The fourth oil discovery would eventually lead Namibia to become the other upcoming oil producer on the African Atlantic coast, besides the current OPEC member Angola. It can also lead to many worldwide companies, including those that venture into Namibia.

Malaysia should venture into Namibian oil and gas exploration with the SWAPO political party dominance and leadership as one of the region's politically stable nations. Namibia's oil and gas industry is still in the early stages, with only 15 exploratory wells and seven appraisal wells have been drilled. To date, over 50 licenses have been awarded by the Government of Namibia, indicating that it is time for Malaysia to promote its oil companies to venture into Namibia.

Namibia is an African nation that stands out for its stable governance and small population of 3.1 million people. Interest in Namibia's developing offshore oil and gas frontier is strengthening, with companies such as Tullow Oil, Total, and others investing in recent years.

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