



**REPUBLIC OF NAMIBIA**

**Ministry of Finance**

**MEDIA STATEMENT**

**ON THE**

**OUTCOME OF THE GOVERNMENTAL OBJECTIVES FISHING QUOTA FOR  
HAKE, HORSE MACKEREL AND MONK**

**BY**

**HON. IPUMBU SHIIMI, MP**

**MINISTER OF FINANCE**

**30 SEPTEMBER 2020**

*Hon. Albert Kawana, Minister of Fisheries and Marine Resources  
Executive Directors,  
Senior Officials from both Ministries,  
Members of the media,  
Ladies and gentlemen,*

*Good afternoon,*

### ***Background***

1. I wish to thank you most sincerely for responding to our invitation today. As you would recall, the Government of the Republic of Namibia decided to sell the fish quota for Governmental objectives through a competitive auction to the highest bidder. The aim was to determine the correct value of Namibia's fishery resources with the view to ensuring that the country fully benefits from her natural resources. This was the first time that the quota for Government objectives was sold through a public auction since in the past Fishcor facilitated the disposal of this quota. The auction was also implemented in response to the recommendations of the Presidential High Level Panel on the Namibian Economy (HLPNE).

### **Establishment of the technical committee**

2. The auction process was managed by a Technical Committee. This committee comprises of senior officials from the Ministry of Finance, Ministry of Fisheries and Marine and Resources, National Planning Commission, Central Procurement Board, Ministry of Works and Transport and Office of the Attorney General.

## Outcome

3. The auction process (from invitation to bidders to the finalisation of auction results) was implemented between 17<sup>th</sup> August 2020 and 09<sup>th</sup> September 2020. The fish species that were auctioned were 11 000 MT of Hake; 72 000 MT of Horse Mackerel and 392 MT of Monk. In the spirit of transparency and to keep the Namibian public informed on the developments of this important intervention, we announced the results of the first round of the Auction to the public on the 27<sup>th</sup> of August 2020. Information shared included the highest successful bidders for each of the species (Hake, Horse Mackerel and Monk). We further informed the public that a total number of 52 companies participated in the auction, out of which thirteen (13) emerged as the highest successful bidders. The successful bidders from the first round of the auction were awarded bids valued at a collective amount of N\$627.9million and they were expected to settle their allocations by 2<sup>nd</sup> September 2020. The names of these bidders are attached to this statement.
4. As the deadline for payments by the highest successful bidders in the first round of the auction was coming close, most of them requested for an extension of the deadline for payment and/or harvesting season. Even though the deadline could be extended for payment, bidders were informed that extending the harvesting period was not legally possible. Unfortunately, many did not keep their payment commitments.
5. In line with regular auction practices, when the highest successful bidder is unable to take up the offer, an award is offered to the next highest successful bidder, a situation that calls for a second round of auction. In this case, the second round evaluation took place on the 9<sup>th</sup> September 2020. A total number of 18 highest successful bidders were awarded the bids valued at N\$464.9million. Award letters were sent to the bidders, and they were given up to the 15<sup>th</sup> of September 2020 to make payments for their respective allotments. Out of these, only three (3) bidders accepted and settled their payments while others requested for the extension of payment deadline and/or

fishing season. The names of these bidders are also attached to this press statement.

## **Observations**

6. Some of the prices offered by the bidders were on the high side compared to the reserve prices of Government. While others were not too far off from the reserve prices, which was set at 20-30 percent higher than the prevailing market price. Therefore, we believe that the *auction is still the best option for our Government Objective Fish Quota*.
7. I wish to point out that most of the players who participated in the auction are not necessarily existing players in the fishing industry. Most, if not all, do not own vessels. It also appears as if many fishing industry existing players that own vessels stayed away from the auction while those that participated, their bid prices were far lower than the reserved price. New players that participated in the auction claimed that they faced a number of challenges such as non-availability of Namibian registered fishing vessels which was a condition of the auction. The position of the industry, through the Confederation of Namibian Fishing Associations, is that it is not in support of auctioning of the governmental objectives quota.
8. We further observed that the allocated timelines for payment and for harvesting the quota were too short to enable international companies to participate in the auction. For example, the Metric Ton (MT) offered to international entities only resulted in 23% participation, while local participation accounted for 77%.
9. I should also point out that we as a Government, did not have enough time to ensure that all necessary measures were put in place before the auction took place. This was mainly due to the fishing season for some species, such as Hake, which is ending today and we wished to have the quota exploited before the end of the season. It was therefore difficult to provide a longer payment period for bidders.

10. In respect to the request from bidders to extend the fishing season, it should be noted that in terms of section 38(1) of the Marine Resources Act, Act 27 of 2000, the Minister of Fisheries and Marine Resources limits the Total Allowable Catch (TAC) for a given period. After the fishing season period, there is a time period for spawning (reproduce). Therefore, the quota cannot be harvested outside the fishing season.
11. It is against this background that today I hereby announce to the public, through you the media, the final results of the auction process after two rounds of negotiations with successful bidders. Out of the highest successful bidders, only 5 bidders managed to take up their offers and settled their payment obligations, which amounted to N\$8,446,000. The corresponding quantities offered by these bidders, with exception of monk, are small and are as follows: 100 MT out of 11 000 MT for hake and horse mackerel 1517 MT out of 72 000 MT. An additional N\$76,000 was generated from application fees. The bidders that have fulfilled their payment obligations have started harvesting their respective quotas allocated to them.

### **Unallocated Quotas**

12. Given the outcome of the auction reported above, there are still unallocated quotas for different species. These are as follows:  
Hake 10 900 MT, Horse Mackerel 70 483 MT and Monk 92 MT.

### **Way Forward**

13. The Technical Committee has been directed to plan future Government Objective Fish Quota Auction(s) for the next season for Hake and Horse Mackerel, starting in November 2020 and January 2021, respectively, taking into account lessons learnt from this auction.
14. There might be a chance that one of the players may settle their payment obligations in due course, once that happened the public will be informed.

15. We have learned good lessons from this auction and that will be valuable going forward. In the future, punitive measures will be introduced including requirements for payment guarantees or bid securities before participation in the auction. This will ensure that bidders meet their financial commitments and mitigate the risk of speculative bids. In addition, more time will be given to bidders to arrange their finances. Further, bidders will be required to prove that they have access to fishing vessels.

## **Conclusion**

16. I wish to conclude by emphasising that the main reason for auctioning the quota for Governmental objectives was to find better ways for Namibia to fully benefit from her natural resources, as well as to promote transparency. Although the first auction did not yield the desired outcome, we gained significant insight from the process. This knowledge will be used to ensure that future auctions will reach the set objectives.
17. In this regard, we appeal to fellow Namibians, the fishing sector, local and international players, to work closely with, not against, Government for the country to realize her noble objectives. Funds generated from natural resources are needed to support the socio-economic objectives of the country such as the provision of serviced land, housing, health, education, among others.

We look forward to effective cooperation and patriotism on this important national objective.

Thank you

## Annexure 1: Successful Bidders-1<sup>st</sup> Round of Auction of Successful Bidders

	Hake 11,000 MT	Horse Mackerel 72,000 MT	Monk 392 MT	Total Bid Amount N\$	Award accepte d Yes/No	Payment Received Yes/No	Remarks
PDN FISHING (PTY) LTD	900	4,600		66,000,000	Yes	No	Limited Catching Time  Limited time to arrange payment with partners and financier
EKONDJO FISHING (PTY) LTD	48	96		2,160,000	No	No	Declined (Price not economically and re-offer a new price)
EXPRESSIVE PELICAN INTERNATIONAL		25,000		212,537,500	Yes	No	Limited time to arrange payment
MCN MEAT MARKET CC		6,000		39,600,000	Yes	No	Propose progress payment over the catching period till November 202
REMANA FISHING CC		6,000		33,000,000	Yes	No	Propose progress payment over the catching period till November 202
TIDLEWAVE ONEHUNDRED AND SIXTY (PTY) LTD	10,049	15,445	392	216,239,417	Yes	No	No Fishing Fleet  Could not secure a JV. Lack of willingness from the industry.  International partner has problem with the single month for harvesting Hake.

ESINZI INVESTMENT CC	3	6		165,767	No	No	Declined the award
ZURIEL INVESTMENT CC		10,338		39,875,143	No	No	Accepted the award on condition that the fishing season will be extended
SL AQUATIC MARINE TRADING GROUP (PTY) LTD		3,000		11,250,000			
CAMBIO SEGRIO FOREIGN EXCHANGE (PTY) LTD		800		3,120,000	Yes	Yes	Local operator are of the opinion that the prices are too higher and not competitive. Limited time to catch.
ESHISHA DEVELOPMENT AND REC ORG		5		75,000	Yes	Yes	
FILANE AFRI INVESTMENTS CC		500		3,000,000	Yes	No	Insufficient time to arrange the funding. Fishing fleet arrangement will require 30 days to conclude
RED SAND FISHING (PTY) LTD		210		840,000	Yes	No	
<b>TOTAL</b>	<b>11,000</b>	<b>72,000</b>	<b>392</b>	<b>627,936,827</b>			

## Annexure 2: Successful Bidders-2nd Round of Auction and their Responses

	Hake MT	Horse Mackerel MT	Monk 392 MT	Total Bid Amount N\$	Award accepted Yes/No	Payment Received Yes/No	Responses from the Bidders
Deepsea Consolidates Investments Pty Ltd	400			2,810,000	No	No	The bidder has declined the award citing the time limits of the fishing season
Bafix Baviro Trading Enterprises	100			700,000	Yes	Yes	Accepted the award on condition that the fishing season will be extended
Pescatores Fishing Company Pty Ltd	400	1450		7,127,500	No	No	No response
Piscator Fishing Pty Ltd	4000			44,000,000	Yes	No	Accepted the award on condition that the fishing season will be extended
Frankfort Investment Cc	1880	8000		40,771,200	Yes	No	Accepted the award on condition that the both fishing seasons will be extended
SL Aquatic Marine Trading Group Pty Ltd	620	4550		21,524,100	Yes	No	Accepted the award on condition that the both fishing seasons will be extended

Overburg Fishing Company Pty Ltd			300	2,400,000	Yes	Yes	The bidder has accepted and paid
Red Sand Fishing Pty Ltd		90		315,000	No	No	The bidder has declined the offer
Cambio Segrio Foreign Exchange (Pty) Ltd		1600		5,760,000	Yes	No	Accepted the award on condition that the fishing season will be extended
EXPRESSIVE PELICAN INTERNATIONAL /Swakop Traders CC		25000		212,537,500	Yes	No	The bidder verbally committed to settle its obligation by the 06 <sup>th</sup> October.
Zuriel Investment Cc		12464		48,075,428	Yes	No	The bidder indicated that they are arranging for payment and verbally committed to send proof of payment by today the 15 <sup>th</sup> September. No payment received.
Samaki Fishing Pty Ltd		12000.00		39,420,000	No	No	The bidder requested for additional 21 days to arrange their affairs that will be beyond September 2020.
LH Media Productions Cc		55		150,000	No	No	The bidder has declined the offer
Cereal Investment CC		313		1,001,600	No	No	No response

NH Twafika Investments CC			19	146,300	No	No	The bidder is yet to formally respond but verbally indicated that they will decline the award
Ekutwi Lanamibia Investments Group CC		1500		4,920,000	Yes	No	Even though the bidder committed to make payment by the due date, we have now received a letter dated 15 September, whereby seeking for extension to settle until the 22 <sup>nd</sup> September 2020
Tunacor Fisheries		717		2,151,000	Yes	Yes	The bidder submitted proof of payment
Filane Afri Investments CC		456		1,768,000	Yes	No	The bidder accepted the offer, but wrote to the Minister of Fisheries seeking for fishing season extension.
<b>TOTAL</b>	<b>11,0000</b>	<b>40 200</b>	<b>319</b>	<b>464,900,000</b>			

