FDI AS THE PANACEA FOR ECONOMIC UNDER-DEVELOPMENT? THE CASE OF NAMIBIA'S EXPORT PROCESSING ZONES

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1. INTRODUCTION

Most developing countries seem to regard Foreign Direct Investment (FDI) as a key component to achieve development and to solve the burning problem of unemployment, which has reached enormous proportions in Southern Africa, affecting between 20 - 60% of the economically active population. Accordingly, SADC countries have liberalised their policy framework (either "voluntarily" or as conditions for further IMF and World Bank loans) in the hope of attracting more foreign investment. They negotiated a host of bilateral, regional and multilateral investment agreements, hoping that they would pave the way for increased manufacturing activities, which in turn would lead to job creation and poverty reduction. The often uncritical "open door" policies to FDI ignore historic lessons that FDI in Africa has often "crowded-out" domestic investments and thus did not contribute to economic growth and national capital formation. Also, the impact of FDI does not only depend on the volume of investments but also on the nature and quality of FDI. Investments in the highly capital-intensive mining sector, for example, do not have the same effects as those in manufacturing industries, which have a greater potential for backward and forward linkages [Ikhide, 2006].

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A clear indication of Southern Africa's desperate attempts to attract FDI into the manufacturing sector has been the introduction of Export Processing Zones (EPZs) in several SADC countries (such as Zimbabwe, Malawi, Mozambique and Namibia) during the 1990s [Jauch, 2002]. They offered increasing incentives to foreign investors ranging from tax holidays, to exemptions on import and export duties, subsidised infrastructure and limits on workers' rights. The Namibian case is particularly instructive as it shows how expensive such policies can be and how little alleviation of the burning unemployment problem they may provide.

This paper sketches Namibia’s attempts to attract FDI with particular emphasis on the country’s Export Processing Zones, which are meant to increase export-oriented manufacturing and alleviate unemployment. Special emphasis will be placed on the impact of Namibia’s largest EPZ investment undertaken by the Malaysian textile company Ramatex. A critical analysis of Namibia's EPZ experiences will be provided and the prospects for sustainable development will be explored.

This chapter consists of three main sections: Section 1 examines the patterns regarding FDI in Africa; section 2 outlines Namibia’s experiences with its EPZ programme while section 3 draws some of the lessons learned.

2. FDI IN AFRICA

According to the definition of the United Nations Conference on Trade and Development (UNCTAD), FDI does not include portfolio investment (buying shares, which can be resold immediately) or other capital flows. It only includes ownership of companies abroad with a minimum capital share (10%) as well as influence on the management of the company [Odenthal, 2001]. In 2004, Africa received about 8% of FDI in developing countries, compared to 61% in Asia [Ikhide, 2006]. In 2005, Africa accounted for 3.3% of global FDI inflows [UNCTAD 2006] which were highly uneven between and within Africa’s regions. In Southern Africa, Angola and South Africa were by far the most important destination of FDI [SADC Today, 4 December 2006]. Foreign capital in the SADC region mostly aims to exploit a local or regional market or the region’s natural resources, such as oil, gold, uranium and diamonds. Transnational

Corporations (TNCs), mostly from the US, investing in Angola's offshore petroleum (which accounts for the bulk of Angola's FDI) have shown little regard for a "conducive investment climate" that business claims to be critical for investment decisions. The Angolan case shows that it is insufficient to base an analysis of FDI trends solely on what business determines as attractive for FDI. Also, FDI figures, for example in South Africa, hide the fact that the country is also a massive net exporter of capital. Large amounts of capital (accumulated in the form of personal savings through banks and insurance companies) are invested overseas. The same trend occurs in Namibia, which continues to be a net exporter of capital with capital outflows amounting to more than twice the capital inflows in 2005 [Hartmann, 2006].

Another important aspect is the increase of mergers and acquisitions (M&A) as part of FDI over the last few years. M&A have a serious impact on competition and markets all over the world. In Sub-Saharan Africa, most mergers and acquisitions take place in South Africa, particularly following the privatisation of state-owned enterprises (SOEs) [Odenthal, 2001; SADC Today, 4 December 2006].

Nonetheless, governments in Sub-Saharan Africa still place emphasis on attracting FDI, often at great costs to the host country. They changed their role from being generators of employment to becoming governors of states that promote competition and search for foreign capital to fill the resource gap. This happened partly as a result of structural adjustment programmes and partly due to the "internalisation" of the neo-liberal ideology promoted by the World Bank and the IMF. The New Partnership for Africa's Development (NEPAD), which was meant to be the developmental blueprint for the continent, is shaped along similar lines and primarily aims to make Africa more attractive to foreign capital [Karuuombe, 2003].

The five main reasons for governments to attract FDI in Southern Africa can be summarised as follows:

1. FDI is seen as an important source for capital formation when the capital base is low. However, this assumption does not take into account what the real "spill-overs" are, e.g. what is the significance of this capital formation for local economic development? Does FDI

create forward and backward linkages with the host economy or does it operate within an "enclave"?

2. It is assumed that FDI will automatically lead to a transfer of technology. However, this only happens if there are "spill-overs" into the local production processes and if new technologies are adopted and adapted by local enterprises. There is little evidence that FDI had this diffusion-effect in Southern Africa. Rather, foreign investment tends to result in competition that stifles local technology development and diverts resources from investing in technology development to attracting FDI.
3. It is assumed that FDI will result in employment creation although international experiences have shown that foreign direct investment is not always accompanied by substantial employment creation and may even lead to job losses in privatised companies as has happened during the privatisation of smelters in the Mozal project in Mozambique. In Namibia, most FDI is attracted by the mining sector and financial services, which do not create a significant number of jobs and have few linkages with the host economy.
4. FDI is expected to lead to a transfer of management skills, which tends to occur when investors set up new plants ("greenfield investment"), acquire companies or outsource to local subcontractors and want to transfer know-how to local managers.
5. FDI is expected to increase export competitiveness and host countries use incentives to attract the desired FDI even if these incentives have little effect on the investors' decisions. This usually takes the form of Export Processing Zones where special incentives are offered for manufacturing companies [LaRRI & SOMO, 2001a].

3. Namibia's Export Processing Zone (EPZ) Programme

In 1995, the Namibian Government introduced the Export Processing Zones (EPZ) Act, which was justified on the basis that despite the creation of conducive investment conditions, economic growth and investments had remained far below government's expectations. The incentives offered to EPZ companies are:

- Corporate tax holiday;

- Exemption from import duties on imported intermediate and capital goods;
- Exemption from sales tax, stamp and transfer duties on goods and services required for EPZ activities;
- Reduction in foreign exchange controls;
- Guarantee of free repatriation of capital and profits;
- Permission for EPZ investors to hold foreign currency accounts locally;
- Access to streamlined regulatory service (‘one stop shop’);
- Refund of up to 75% of costs of pre-approved training of Namibian citizens;
- Provision of factory facilities for rent at economical rates (Endresen & Jauch 2000)

When the EPZ Act was passed, it stated that the Labour Act of 1992 would not apply in EPZs. The government argued that both local and foreign investment in the first five years of independence had been disappointing and that EPZs were the only solution to high unemployment. At the time, President Sam Nujoma described the exclusion of the Labour Act as necessary to allay investors “fear of possible industrial unrest”. He promised that regulations on conditions of employment would be put in place to address the fears of workers. He further described the non-application of Namibia's Labour Act in EPZs as “a delicate compromise, which is necessary to achieve the larger goal of job creation” [The Namibian, 30 October 1995].

Trade unions opposed the exclusion of the Labour Act as a violation of both ILO conventions and Namibia's constitution. The country’s largest union federation, the National Union of Namibian Workers (NUNW) instructed its lawyers to challenge the constitutionality of the EPZ Act in court. However, during a high level meeting between the government, SWAPO and the NUNW, in August 1995, a “compromise” was reached which stipulated that the Labour Act will apply in the EPZs, but that strikes and lock-outs would be outlawed for a period of 5 years [Jauch & Keet, 1996]. Since 2001, the Labour Act fully applies in EPZs.

In 1999, Namibia’s Labour Resource and Research Institute (LaRRI) carried out a comprehensive study of Namibia's EPZ programme. The study found that EPZs had fallen far short of the government's expectations of creating 25 000 jobs and facilitating skills and technology transfer needed to kick-start manufacturing industries in the country. At the end of 1999, the EPZs had created less than 400 jobs although millions of dollars had been spent on promoting the policy and on developing infrastructure with public funds [Endresen & Jauch, 2000]. However, the Namibian government argued that it was too early to measure the success and failures of the programme as EPZs would only show results in the long term. Citing Mauritius as an example to follow, government argued that the island had to wait 20 years for their EPZ programme to yield positive results [Namibian, 26 April 2000].

By the end of 2004, the total number of EPZ jobs had increased to about 10 000, largely due to the investments in textiles and garments by the Malaysian company Ramatex which contributed to an increase of about 40% in manufacturing jobs between 2002 and 2004. However, in terms of overall employment, the EPZ jobs (including Ramatex) accounted for only about 3.6% of all job and thus did not contribute significantly to reduce Namibia's high rates of unemployment.

According to the figures provided by the Ministry of Trade and Industry in 2004, Namibia's EPZ investment and employment levels were as follows:

Table 1. Employment and investments in Namibia's EPZs

Sector	Investments (N$ million)	Employ-ment	Imports into EPZs (N$ million)	Exports from EPZs (N$ million)
Manufacturing (overall) Of which: Textiles and garments alone	1641,49 563,81	8391 8148	1621,49 1610,25	2129,54 2112,66
Mineral processing	3737,99	1417	160,51	325,84
Tannery and meat processing	167,5	215	8,66	12,49
Assembly operations	10,9	34	5,26	8,88
Total	5557,88	10 057	1790,66	2476,75

Source: Ministry of Trade and Industry 2004.

3.1. Clothing and Textile Investments

In 2001, the Ministry of Trade and Industry announced that it had succeeded to snatch up a N$ 1 billion (US$ 125 million)[2] project ahead of South Africa and Madagascar which had also been considered as possible investment locations by the Malaysian clothing and textile company Ramatex. This was achieved by offering even greater concessions than those offered to other EPZ companies, such as corporate tax holidays, free repatriation of profits, exemption from sales tax etc. Drawing in the parastatals providing water and electricity (Namwater and Nampower) as well as the Windhoek municipality, the Ministry put together an incentive package which included subsidised water and electricity, a 99-year tax exemption on land use as well as over N$ 100 million to prepare the site including the setting up of electricity, water and sewage infrastructure. This was justified on the grounds that the company would create 3000 - 5000 jobs during the first two years and another 2000 jobs in the following two years. The plant (which represented the first clothing and textile company in Namibia) turned cotton (imported duty free from West Africa) into garments for the US market. Ramatex' decision to locate production in Southern Africa was motivated by the objective to benefit from the Africa Growth and Opportunity Act (AGOA) which allows for duty free exports to the US from selected African countries who meet certain conditions set by the US government[3] [Namibia Economist 29 June-5 July 2001, 5-11 April 2002; The Namibian 2 August 2001, 28 September 2001].

3.2. Economic Significance of Ramatex

With a turnover of about US$ 300 million in 2004, Ramatex is the largest integrated textile and garment manufacturer in Malaysia. The company has manufacturing facilities in Malaysia, Cambodia, China, Singapore, Mauritius and Namibia. The Malaysian facility mainly caters for the export quota markets, whereas products manufactured in China are mainly aimed at the Chinese domestic market and non-quota customers. The

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[2] The Namibia Dollar (N$) is linked to the South African Rand. In April 2008 the exchange rate stood at around US$ 1 – N$ 8.

[3] These conditions include commitment to a "free market economy" (including privatisation), the elimination of barriers to US trade and investment, protection of intellectual property rights, the elimination of subsidies and price controls etc.

production in Namibia services the US market under AGOA [Mollet, 2001; Ramatex website].

The company has similar operations in all countries consisting of spinning mills, knitting plants, dye and print houses and also operates (under the subsidiary names Gimmill Industrial and Fulong) several sewing plants. Its operations in Namibia were envisaged to reach 16 million kg of yarn, 12 million kg of fabric and 3.6 million garments by 2006 [Mollet, 2001].

Ramatex set up an integrated production chain in Namibia, importing raw cotton from West Africa and machinery from Asia. The cotton is turned into fabric which in turn is processed into final garments that are shipped with US$ price tags into the USA. The factory compound consists of spinning, knitting, dying, cutting and sewing departments. Ramatex and its four subsidiaries in Namibia employed about 7000 workers in 2004, including about 2000 Asian migrant workers. Following retrenchments in 2005 and 2006, the company employed about 3400 workers in 2007 before closing down its operations in March 2008. Ramatex cited loses of up to N$ 500 million (US$ 62,5 million) as the reason for the closure in Namibia. However, a comparison between the company's earnings from US sales and the labour costs in Namibia casts doubts over the validity of this claim (see table 2).

Given Namibia's small manufacturing sector that accounted for around 22 000 jobs in 2004 (latest figures available), Ramatex created a significant number of Namibia's manufacturing jobs.

Table 2: Ramatex wage bill for 2006 compared to export earnings (in US$)

Workers	No of workers	***Export earnings (Namibian products): US$ 33 259 000***	Annual wages (per worker)	Total
Namibian workers	3400		100 x 12 + 1200	4 080 000
Asian workers	400		300 x 12= 3600	1 440 000
Total	3800			5 520

				000
Wage as % of export earnings				**16,6 %**

Source: AGOA website; Jauch 2008

As an EPZ company, Ramatex did not pay any import and export duties nor any corporate tax. As a result, Ramtex did not contribute towards government revenue. However, the Namibian government claimed that the company created many indirect jobs, for example in the transport industry, which moves containers between Windhoek and the port of Walvis Bay. The number of indirect jobs is difficult to quantify although private transport companies like Maersk and the parastatal Trans Namib seem to have benefited from Ramatex' operations.

3.3. Ramatex and Labour Conditions

The criteria for AGOA eligibility include the protection of internationally recognised workers rights such as the rights to free association, to organise, to bargain collectively and the right to "acceptable conditions of work", including minimum wages, hours of work as well as occupational health and safety standards (Section 104 of AGOA I). In the case of Ramatex, however, several workers rights violations took place. These included the following:

- Ramatex workers earned very low wages. Workers who had completed training earned N$ 3-00 (US$ 0.42) per hour, for overtime they earned an extra N$1.50. Trainees receive N$ 1.50 (US$ 0.21) per hour plus 75 cents for overtime. Even when workers work long hours of overtime, they only reach about N$ 700.00 (US$ 100) per month.
- Most workers were forced to work overtime to supplement their basic salaries to be able to cover their basic expenses such as rent, water, food and transport. Most workers still had to share their limited income with their extended families and children.
- Both low salaries and long working hours had a severe impact on workers at Ramatex. Due to low salaries, most workers had to walk long distances to and from work. By the time they reached the

factory, they were exhausted. When leaving the factory in the evening, most workers still had to walk long distances to their homes. Since most workers were women, they risked being attacked while walking home.

- Workers also indicated that they were not provided with protective clothing, which they regarded as a basic necessity when working at Ramatex. Some workers developed chest problems whereas others had allergic reactions to the dust from the fabric. This has created another burden for the workers because they had to cover their medical expenses themselves.
- Work-related accidents were an everyday occurrence. One worker lost a finger while another suffered an injury to her eye caused by a needle. The workers reported that when they took sick leave after injuries, it was regarded as unpaid leave. As workers were denied paid sick leave, they worked even when they were sick or injured.
- Workers further complained about the humiliation they had to endure while being searched especially when they entered and left the factory or visited the bathroom. Women workers were particularly concerned about the body searches and indicated that it was uncomfortable for them, especially when they had their menstrual cycles.
- Workers reported inhumane treatment by their supervisors. They felt trapped because they could not take their grievances to their supervisors whom they felt did not have their well-being at heart. Some workers who had asked for compassionate leave were told to “go and never come back”. Disputes and disciplinary procedures were characterised by signing of warning letters without any explanation.
- Workers frequently reported that they were verbally abused by their supervisors and often told how “lazy and useless” they were [Jauch & Shindondola, 2003; Jauch, 2006].

In October 2006, the Ramatex workers went on a strike which brought about significant improvements in their conditions or employment. After having refused to increase salaries for 4 years (despite a collective recognition agreement with the trade union representing the majority of workers), the company was forced to concede to wage increases of 27–36% plus the introduction of transport and housing allowances as well as a pension and medical aid scheme [New Era, 16 October 2006].

3.4. Asian Migrant Workers

Namibian immigration laws and regulations are fairly strict and prescribe that work permits for foreign nationals may only be issued if the required skills cannot be found locally. It was thus astonishing that Ramatex was allowed to import about 2000 Asian migrant workers, mostly from China. The majority were employed as mere production workers with basic salaries of around U$ 250 - 400 per month plus payment for overtime work. Their salaries were thus higher than those of their Namibian counterparts and the company obviously believed that Asian workers were more productive. There were also indications that the import of Asian workers serveded the company's strategy of divide and rule. Workers were divided according to nationalities, they received different remuneration and benefits and they found it hard to communicate with each other. As a result there was hardly any joint action by the Ramatex workers. Protests over working conditions over the past few years by Namibian, Filipino and Bangladeshi workers were isolated from each other and workers found no support from their Chinese colleagues. Chinese workers were fairly content with their working conditions and merely tried to save as much money as possible through excessive overtime during their 2-3 year contracts [LaRRI, 2005].

3.5. Ill-Treatment of Bangladeshi Workers

A different case was that of Bangladeshi migrant workers who were brought into Namibia in 2003 and 2004. They were attracted by the salaries and benefits promised, including free food and accommodation. They had learned about the Ramatex jobs in Namibia through advertisements in local newspapers and were recruited through agents in Brunei and in Bangladesh whom they had to pay a "recruitment fee" of up to US$ 3 500.

The first group of workers was employed as sewers with a monthly salary of US$ 200. Quality controllers earned US$ 300 per month. The workers' contracts had been signed in Bangladesh and set out the monthly wages. They also contained a clause stating that: "The basic accommodation and food shall be provided by the employer, in accordance with the local situation in Namibia". The employer (Ramatex) was also responsible for the air ticket and for reimbursing the workers for "all approved medical expenses for in-house or designated clinic or hospital for medical treatment" (Work contract of a Bangladeshi worker employed at the Ramatex subsidiary Lichen Apparel)

The Bangladeshi workers received only 7 days of annual leave, while the Namibian Labour Act (1992) prescribed a minimum of 24 consecutive days annual leave. The workers had hoped that they would be able to recover their "agency fees" and save some money that they could send home to their families. However, after only 6 weeks in Namibia, Ramatex unilaterally changed their contracts by cancelling the provision of food and reducing the quality controllers' salary from US$ 300 to US$ 200 per month. This again was an open violation of the Namibian Labour Act [LaRRI, 2005].

When the Bangladeshis protested against their treatment, including being housed under atrocious conditions, they were deported at the end of September 2004 in a collaborative effort between Ramatex and the Namibian government [ibid].

4. Lessons to be Learned?

Ramatex represents a typical example of a global production chain in the area of globalisation. The experiences in Namibia are in line with international trends of Transnational Corporations (TNCs) spreading their operations globally in search for increased profits. The fact that Ramatex managed to play out three Southern African countries against each other shows how TNCs utilise their bargaining position to gain increasing concessions from host countries, which are desperate to attract investors. Ramatex' s employment practices are in line with other global textile companies who prefer young women workers who are seen to be "docile" with "nimble fingers" and less likely to join trade unions or resist company management [Jauch & Keet, 1996].

The Ramatex operations in Namibia have been characterised by many controversies. Many of the conflicts and tensions have remained unresolved and Ramatex has contributed to the establishment of a large number of "working poor" in full-time employment, unable to meet even their basic needs. This stands in sharp contradiction of the Namibian government's stated objective of promoting decent work in line with ILO standards.

The Ramatex investment did not come to Namibia free of charge. Based on the assumption that Ramatex and its subsidiaries employed about 5

000 Namibian workers with an average wage of N$ 600 per month, and given the expenses of about N$ 120 million in public funds to set up infrastructure for the company, the following calculation can be made: The financial support that Ramatex received from the Namibian government is equivalent to the salaries of all workers for 40 months – more than 3 years! A huge investment by any standard which could only be justified if Ramatex' operations in Namibia had led to long-term sustainable jobs of decent quality. It can thus be argued that the huge public investments could have been spent more efficiently on other programmes aimed at job creation.

Namibia’s experiences over the past 10 years suggest that the EPZ policy should be reviewed to ensure that the policy results in FDI that will promote socio-economic development in Namibia instead of draining national resources. Areas that warrant particular attention are the creation of backward and forward linkages, adherence to good labour standards, respect for Namibian laws and policies and environmental considerations. The dying processes at Ramatex, for example, resulted in severe water pollution whose costs are carried by the surrounding communities and the Windhoek municipality [The Namibian, 28 October 2005 and 26 May 2006; Republikein, 29 May 2006].

Experiences elsewhere have shown that compromises on social, environmental and labour standards in the name of international competitiveness have led to a “race to the bottom”. The Namibian government as well as trade unions will have to demonstrate that they are serious in defending these rights that were only won through long and bitter struggles. It will be crucial to demonstrate to foreign investors that Namibian laws, regulations and rights are not negotiable. Otherwise, some achievements made by Namibian workers since independence will be lost.
A Southern African FDI seminar attended by various civil society organisations in 2001, pointed to elements of an alternative strategy of dealing with FDI and concluded that:

- The region should obtain technology that is not tied to FDI, such as South-South exchanges of technology, based on an assessment of developmental needs.
- Civil society organisations need to put pressure on Southern African governments to join forces in order not to succumb to “Northern” pressures during negotiations in the World Trade

Organisation (WTO). Trade unions and other organisations representing the interests of the poor will have to play a critical role in this process and strengthen the attempts of progressive African governments to resist pressures from the North to liberalise. This means putting an end to the liberalisation of capital movements and speculative capital flows.

- When dealing with foreign investment, the upward harmonisation to the best practice level in the region should be a systematic approach and support existing labour initiatives such as the social charter of fundamental workers rights in Southern Africa, which is propagated by the Southern African Trade Union Co-ordination Council (SATUCC).
- There is a need to develop regionalism in Southern Africa as defined by its people, and not by the European Union (EU) or the US administration (for example in the form of the Africa Growth and Opportunity Act - AGOA) who act in the interest of their corporations.
- The governments of the region should identify sectors as “no-go areas” for FDI and target other sectors where FDI might be helpful. Building local industries should be the starting point before looking at SADC and beyond.
- There is a need to define what kind of FDI will be acceptable and the records of prospective investors must be screened before any license is issued.
- Capital exports through loopholes like transfer pricing etc. must be stopped to ensure that national resources are used for development purposes.
- The current “enclave FDI” mentality and practice among many governments has to be reversed. There must not be social trade-offs to attract investments and trade unions as well as NGOs must hold their governments accountable [LaRRI & SOMO 2001b].

5. Conclusion

The current “open door” approach to FDI followed by most African governments holds little prospects for securing long-term, sustainable development. At best, the intense competition for FDI among African countries will lead to some jobs (usually of poor quality) for a limited period of time in some countries. The Ramatex investment in Namibia is a case in point.

The challenge for civil society organisations is to develop alternative policy proposals that can lift Africa out of the poverty and dependency trap. Alliances of civil society organisations have helped to stop the negotiations of the Multilateral Agreement on Investments (MAI) a few years ago and this has shown that well co-ordinated public campaigns are able to influence policies. The current trend of foreign investors dictating terms and even laws - as has happened in Angola where British Petroleum (BP) has written the privatisation law – needs to be reversed [LaRRI & SOMO, 2001a].

As Yash Tandon [2000] pointed out, governments tend to fall into the IMF/World Bank/WTO trap either because of ignorance or because of their own class interests and corruption. Governments will only change their position if there is sufficient pressure from below, when working people, trade unions, local small and medium enterprises, small farmers etc. become organised and make their voices heard. Without such pressure, the current trend will not change. Instead of offering increasing concessions to foreign investors, African states need to be selective and abolish their “open door policy” towards FDI, as exemplified in the region’s export processing zones. African countries need to determine their own policy and set the context for FDI. Social policies and the public sector cannot be handed over to international institutions or the private sector. African countries have to resist additional “conditionalities” that come with FDI and instead set their own conditions in the form of “performance requirements” such as job creation, skills transfer etc. Furthermore, as several African countries (including Namibia) are net exporters of capital, African states need to devise strategies to retain savings as the basis for domestic capital accumulation.

Similarly, Martin Khor pointed out that:

> “'FDI brings in capital but also leads to a stream of outflows of profit and other investment income. This outflow increases through time as the stock of foreign capital rises. Thus, FDI has a tendency to lead to "decapitalisation"…Experience shows that for foreign investment to play a positive role, government must have the rights

and powers to regulate its entry, terms of conditions and operation" [2000].

Individual countries on their own can hardly achieve this task. Transnational corporations like Ramatex are highly mobile and exploit the opportunities created by neo-liberal globalisation. There is thus a need to question the neo-liberal global order and to create mechanism of democratic control that will ensure an end to exploitative practices and the free reign of capital.

Instead of providing increasing incentives for foreign investors, including the relaxation of social and environmental standards, African governments need to remain regulators and providers of basic public services. They have to direct foreign direct investment in line with the national and regional development agendas. This will require courage, political will and sufficient pressure "from below" as it runs counter to the interests of transnational corporations and their international allies like the G8, IMF, World Bank and the World Trade Organisation.

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