



PAPER PRESENTED AT AN INTERNATIONAL SEMINAR ORGANIZED BY "THE  
AMERICAN COMMITTEE ON AFRICA" HELD IN WASHINGTON D.C. FROM  
NOVEMBER 29 THROUGH THURSDAY DECEMBER 2, 1982

TOPIC: TRANSNATIONAL CORPORATIONS (TNCs) AND THE REPUBLIC OF SOUTH AFRICA  
(RSA) AS PARTNERS IN THE EXPLOITATION OF THE PEOPLE AND THE  
ECONOMY OF NAMIBIA.

BY

Wilfred W. Asombang  
United Nations Institute for Namibia,  
LUSAKA, Zambia.

INTRODUCTION

This paper does not intend to deal with the conceptual issues concerning what is and what is not a Transnational Corporation. In the context of Namibia, Transnational Corporations may be regarded simply as foreign firms and investors that dominate all investment, production, trade, finance and technology in the country with the focus of effective control outside the territorial boundaries of Namibia. The economic, organizational and motivational<sup>1/</sup> traits of Transnational Corporations are subsumed to be present in the contextual definition. The uniqueness of the Transnational Corporations in Namibia emanates from their collusive and insensitive partnership with the Republic of South Africa for thwarting the Namibian independence process. In this respect the activities of both the Transnational Corporations and South Africa in Namibia can be considered vicious and pernicious to the inalienable right of the Namibian people.

Insofar as Namibia has yet to be independent it would appear that the debate on the role of Transnational Corporations in the independence process would continue. The relevance of this pre-independence debate to a post-independent Namibia is, however, a moot question. Nonetheless, the objectives of this contribution are:

- (i) to demonstrate that collusion between South Africa, the illegal colonial ruler in Namibia, and the home countries of the Transnational Corporations is deep-rooted in the political economic history of

---

<sup>1/</sup> Sanjaya Lall and Paul Streeten, Foreign Investment, Transnational and Developing Countries, MacMillan Press Ltd., London, 1980 ed. p. 10.

Namibia. This collusion has been resilient because it has continued to be profitable to the partners.

- (ii) to highlight the fact that South Africa is not alone in its intransigence and prevarication over the Namibian independence issue - its actions have been encouraged by the major western countries which have subsidiaries of their national companies or direct investments in Namibia. This partnership for profits irrespective of the repercussions on society can be considered as a major obstacle to Namibian people's inalienable right to freedom. Examples of the interlocking relationships amongst Transnational Corporations in Namibia will be shown. The political economy of decolonisation<sup>2/</sup> tends to suggest that the interest of the various Transnational Corporations in the decolonisation process in Namibia tends to be influenced partly and more importantly by how the various Transnational Corporations perceive their own capacity to adapt to the policies of independent Namibia and the peculiarities of their investments and products. This has implications for the post-independence partnership relationship between South Africa and the non-South African based Transnational Corporations.
- (iii) to focus attention on the fact that the government of a future independent Namibia would inherit an economy that has been run as an enclave of Transnational Corporations with parent companies and remote control in South Africa, America, Britain, France, Canada, West Germany and Japan. The extent and magnitude to which the South Africa-Transnational Corporations partnership might have devastated the Namibian economy at independence would indicate the tasks that will confront the government in its efforts to reconstruct and stabilize an otherwise ravaged political economy.
- (iv) to explore the possibility of rapprochement between the government of a future independent Namibia and the Transnational Corporations. Given the characteristics of the natural resource endowments, the presence

---

<sup>2/</sup> To Be Born a Nation: The Liberation Struggle for Namibia, Issued by the Department of Information and Publicity, South West Africa People's Organisation (SWAPO) of Namibia. Published by Zeid Press London 1981 p. 140

of Transnational Corporations in Namibia will be a reality at independence and may continue to be so for many years after independence: possibilities for mutual accommodation may therefore be explored.

- (v) to attempt to update a synopsis of some significant pre-independence studies on Transnational Corporations in Namibia with a view to proposing a re-orientation of research directions in the Namibian context. An attempt will be made to look at some of the work that has already been done on Transnational Corporations in Namibia with a view to getting the feel as to whether or not the allocation of financial and human resources for further pre-independence studies on Transnational Corporations in Namibia will unfold new evidence that could contribute to the manifestation and consolidation of the country's independence.

#### COUNTRY BACKGROUND

(a) Geography:

Namibia is a vast country in the South Western corner of Southern Africa. It has a land area of 318,261 sq. miles or 824,295 sq. Kms and the Islands off the Atlantic coastline. The land area can be demarcated into three broad topographical regions, namely the Namib, the Central Plateau and the Kalahari Desert. About 50% of the country can be classified as naturally conducive for human settlements, 30% as reclaimable desert and about 20% as unsuitable for settlements. The Namib coastline<sup>3/</sup> stretches for 1,300 Km and its northern border for 1,450 Kms. It lies astride the western rim of the vast subcontinental Kalahari Basin to which it rises in a sharp coastal escarpment 8 - 130 Km inland and from which it then slopes gradually to the east and north into the sandy fastnesses of the Kalahari Desert. The terrain and topography are diverse: the interior of the country lies at altitudes varying from 1,000 m to 2,000 m. The central plateau often reaches 1,500 m with mountain ranges of more than 2,000 m around Windhoek and Grootfontein. The Tropic of Capricorn lies South of Windhoek and Walvis Bay. Even so the altitude of the country gives cool summer nights and winters can be quite frosty.

---

<sup>3/</sup> To Be Born a Nation op. cit. p. 2

Although Namibia is a vast country, its population of a little more than one-and one-half million makes it one of the sparsely populated countries in Africa. The rainfall in Namibia is erratic, perennial rivers are located only at the international borders with Angola and Zambia to the north and the Republic of South Africa (RSA) to the south. There are no inland rivers, natural springs are few and water has to be extracted from seasonal pans, sandy river beds, wells, boreholes and small dams. The rainfall varies from about 12.5 mm in the Namib to a mean annual rainfall of about 550 mm in Ovamboland which may be described as a potential breadbasket of independent Namibia in terms of rainfed crop production. The Namib Desert which is sandwiched between the escarpment and cold offshore Benguela current is completely barren. On the whole the natural water resources of the country are meagre and the erratic nature of the rainfall have tended to make the ecology harsh and fragile. However it must be emphasized that Namibia's physical characteristics are not unique in the world nor in Africa. In fact as the precolonial<sup>4/</sup> occupation of the country has proved, with careful management, the vegetation of the central plateau makes excellent grazing for cattle in the north, and sheep and goats in the south while the Okavango Valley and the flood plain of Ovamboland, where year-round water supplies are sufficiently reliable, can support food crop production to feed the whole country. In addition, the unusual degree of the availability of multifarious mineral resources in almost all the regions of the country can make Namibia one of the most prosperous countries in the world. It is therefore evident that environmental constraints due to scanty rainfall may not be as inhibitive as has often been inferred. It is, however, also evident that few other colonies in the modern era of capitalist imperialism have as extreme a record of economic plunder as Namibia under German and South African rule: South African settlers and foreign companies have, down the years, been busy stripping the land, the mines and the fishing grounds bare to the bone and exporting the output for the development of the economies of other countries including the Republic of South Africa and contributing to the underdevelopment of Namibia.

(b) A Brief Political Economic History: Genesis of Transnational Corporations in Namibia

Namibia has a chequered political economic history. Colonial repressive

---

<sup>4/</sup> To Be Born a Nation. Ibid

violence and indigenous countervailing resistance have been pervasive and ubiquitous: the struggle is far from over. From about 1892 - 1919 when it was then known as German South West Africa, German ruthless repressive measures in the territory exceeded all proportions. The inequitable seeds of apartheid were thus sown during the German notorious colonial era. From 1920 - 1946 the territory was placed under the administration of South Africa as a League of Nations Mandated Territory. When the United Nations succeeded the League of Nations, South West Africa came under U.N. Trusteeship and should have reverted to the U.N. in preparation for independence in 1966 when the U.N. General Assembly voted to end South Africa's mandate over the territory. But South Africa, as is well known, has continued to occupy South West Africa illegally, in defiance of U.N. Resolutions and International opinion. In 1968 the U.N. voted to refer to the territory as NAMIBIA.

Foreign economic scramble for the invasion of Namibia began about 1484 with the advent of a Portuguese navigator, Diego Cao or Jacobus Canus, and gathered momentum when a white settlement, the Cape Colony, was established in about 1652. However, it was not until the beginning of the 18th century when treasure hunters, farmers and explorers and missionaries began to cross the Orange River into Namibia through northwest of the Cape Colony.

While the sorties from the Cape Colony were in progress, French, British and American whalers were busy catching whales and seals off the Namibian coast. Thus the plunder of the sea resources of Namibia began in earnest about 1792. It is therefore no coincidence that the French, Americans and the British who were the forerunners of resource plunder in Namibia have, together with South Africa, become the champions of the plunder of Namibia's resources as of 1982. Transnationals have in effect been engaged in the plunder of Namibia's resources for nearly two hundred years. The Dutch and the Germans have also had their finger in the pie: while the Dutch had limited success in expropriating resources from Namibia, except for the temporary export of meat from Namibia to St. Helena when Napoleon was in power, the Germans were notorious for land and cattle expropriation, conducting a war of extermination in Namibia and the introduction of the seeds of the contract labour system which the Republic of South Africa inherited and has been perpetuating very righteously.

The political economic history of contemporary Namibia in the context of Transnational Corporations began in about 1850 following the discovery of copper on the South African side of the Orange River. This raised speculations in Europe that there may be prospects for copper mining in the region: several companies were formed and investors scrambled to buy shares in companies.

The rush with which all the companies were formed as well as the speed in which a considerable part of the country's farming and mining areas fell into the hands of land speculators demonstrated, with sufficient clarity, the greed and acquisition essence of transnationals.

After many of these companies ceded their land concessions to the colonial state, there was no question of giving that land back to its original Herero, Damara and Nama owners. Instead, all of the ceded land was turned into Crown land, that is, state land reserved for distribution among prospective German colonial settlers in Namibia. Just as the time spanning from the 1890's to the 1910's can be described as an epoch of speculation in land property by German, British and South Africa finance capital in Namibia, the period between the 1940's and 1970's can be regarded as an era of the growth and expansion of corporate transnational capital in the country. These stages were punctuated by a series of interruptions in the development of capitalism in Namibia. For example, the mining industrial activity, through which transnational capital came to dominate the Namibian economy, had been very sporadic in the period between 1914 and 1945. As a result of World I (1914 - 1918), mining closed down in Namibia between 1914 and 1921, and again during the world-wide economic depression between 1929 - 1937. After the depression World War II (1939 - 1945) broke out. Because of these three world crises, there was a slakening in the export of capital from the major capitalist countries. Thus, until the year 1945, the only substantial new investment of private capital in Namibia was the £8.5 million in diamond mining by the Anglo-American Corporation of South Africa, following its purchase in 1919 of the diamond fields previously owned by the Deutsche Colonial Gesellschaft.

However, from 1945 onwards, there was acceleration of technological change in the economies of the major capitalist countries, which change created conditions for new demands for raw materials. This was particularly true with regard to the USA whose industrial establishment was physically untouched by the

devastation of the Second World War. Thus, in 1945, a consortium of American, British, and South African mining companies, that is, (Newmont Mining Corporation of USA, American Metal Climax of USA, Select Trust of South Africa, South West Africa Company) purchased the German-built Tsumeb mine for a sum of £1 million from the South African government. Then, the company re-opened its operations in 1947. The take-over of the Tsumeb mine by that consortium marked the single most important development in the expansion of transnational partnership in Namibia in the immediate post World War II period. The consortium, whose copper company came to be called the Tsumeb Corporation, started mining without any delay; and within the first year of its operation, it recovered its purchase price. By 1960, the value of minerals from the Corporation's mines rose to £10 million a year. Owing to this high profitability, that transnational consortium expanded its investment to the tune of £53 million at the end of 1963. By 1970 this figure rose to £70 million mainly from American sources of private capital. The expansion in the corporation's capital investment was occasioned by the establishment of a smelting and refining complex at Tsumeb where copper is crushed, concentrated and dried before it is loaded and shipped for overseas markets.

Furthermore, the 1960's saw also expansion in the mining operations of the South West Africa Company. This company acquired new mining interests at Berg Aukas and Brandberg West where it has been producing lead, vanadium, tin and tungsten. A much more significant development in this expansion of Transnational partnership in Namibia in the 1960's has been the investment of £150 million in the Rossing Uranium mine which is controlled by the British based Rio-Tinto-Zinc Company. This investment has since been increased to about £400 million to bring the mine on stream. The 1960's and 1970's have seen a steady flow of South African capital into Namibia. The South African private capital flow into Namibia has not only been through the traditional channels of the Anglo-American Corporations which owns CDM, but also through new Afrikaner-owned private companies like General Mining/Federale Mynbou (which controls the Klein Aub Copper Company) and the Federale Volksbeleggings Beperk which has extensive capital investment in Namibia's fishing industry, via Marine Products Ltd.

South African state capital has also been making significant involvement in the Namibian economy in the course of the last two decades. This state capital has been channelled through South African parastatals, such as, the Iron

Steel Corporation (ISCOR) which owns a tin mine at Uis and a zinc mine at Rosh Pinah, and the South African Industrial Development Corporation (IDC) which owns shares in the Rossing and Oamites mining companies. IDC also owns R65 million worth of shares in the Kunene Hydro-Electric scheme which has been shelved for the time being.

This state capital investment forms part of the problem why South Africa is refusing to give up its illegal and oppressive occupation of Namibia. The pouring into Namibia of both South African private and state capital over the last two decades was intended to bring about a consolidation of common interests between South Africa and the capitalist countries whose transnational corporate monopolies are engaged in the exploitation of Namibia's resources. Pretoria calculated that through a steady process of interlocking of ownership, South Africa would be able to continue to rely on the major western capitalist countries for political and diplomatic support in respect of the continued illegal occupation of Namibia. South Africa and its allies have therefore continued to speak the same language.

Resistance to colonial intrusion in Namibia stretches as far back as 1677 when Namibians repulsed a ship's landing party from the Cape Colony at the mouth of the Kuiseb River<sup>5/</sup> and has continued, down the years, against all odds. South African, like German colonialism has always been as repressive and brutal. Nationalist resistance in Namibia has been on all fronts: diplomatic, political, economic and military. As soon as South Africa revealed its real teeth of colonial repression, the transient lull in nationalist resistance due to the First World War was shattered and the spirit of nationalist resistance once again emerged with accelerated vigour. The history of nationalism and resistance against all colonial interference in the socio-economic and socio-political development has been incisively examined in the book "To Be Born a Nation: The Liberation Struggle for Namibia"<sup>6/</sup> and suffice to say that the years of South African occupation of Namibia have been years of turmoil throughout the length and breadth of the land.

The policies that South Africa and its allies have been pursuing in Namibia,

---

5/ To Be Born a Nation op. cit. p. 149 and p. 301

6/ Ibid

have been significantly similar: the composition of resources and commodities has changed but the philosophy of plunder has remained unchanged while the methods have become more sophisticated. The Transnational Corporations are in essence colonialist agents in Namibia. It is against this background that one must examine the concept and pragmatism of Transnational Corporations in Namibia.

#### A PROFILE OF THE NAMIBIAN ECONOMY

The structure of the Namibian economy in terms of commodities and areas of economic activity and the contribution to the gross domestic product (GDP) is shown in Table 1. The existing socio-economic structure has been shaped by colonialism and the apartheid policy of South Africa. There are essentially two basic objectives of this policy, namely, the exploitation of the resources of Namibia and Namibians for the improvement of the economies and standard of living of Europeans at the expense of Namibians; and ensuring economic captivity and external subjugation of the economy for the benefit of South Africa and its allies. These allies have for so long channelled their investments in Namibia through Pretoria and syphoned the raw materials and foreign exchange of the territory either directly or through Pretoria. The major and obvious traits of the existing structure are:<sup>7/</sup>

1. the dualistic and underdeveloped nature of the economy with the indigenous population unemployed, underemployed, impoverished, humiliated, and oppressed;
2. the strong market tradition and capitalist background of the dominant white group which enjoys the highest standard of living at the expense of Namibians; and
3. the minority white population which thrives on sadistic separationist policies and acts as the dominant group under the umbrella of the apartheid government in Pretoria and would like the status quo ante to continue after independence.

Various estimates of GDP have been made. It may be argued that GDP of

---

<sup>7/</sup> W. H. Thomas et al - Foreign Investment in South Africa 'The Conditions of the Black Worker', Africa Publications Trust London. 1975 p. 37.

R1700 million or R1133 per capita as of 1980 reflects the strength of the productive resources of the territory. South Africa boasts that Namibia has the highest per capita income in Africa, second only to the Republic itself. These are, no doubt fallacious and irrelevant pronouncements. What is important and relevant is to compare per capita income of Africans and Europeans inside Namibia itself. In Namibia, black-white ratios of per capita income vary from 1:25 in rural areas to 1:12 in urban areas. Besides the fact that blacks are, by South African imposed laws, excluded from high level jobs, sparsely presented and poorly paid at middle level and similarly excluded from virtually all but the smallest of individual enterprises, it is common knowledge that virtually all mining, large scale ranching and fishing are in the hands of Transnational Corporations from the Republic of South Africa, Britain, France, America, West Germany and other foreign investors that have invested either directly or covertly through South Africa. This means that the proportion of GDP that accrues to these foreigners represents how much Namibia's labour and resources contribute to the development of the economies of foreign nations to the detriment of its own development.

It has also been shown that the gap between GDP and GNP in Namibia is apparently one of the highest in the world.<sup>8/</sup> Considering the tremendous reliance of the Namibian economy on mineral exports and the consequential amount of foreign exchange earnings which should be substantial, there is little doubt that between 1950 and 1980 Namibia has been deprived of between 20% - 60% of foreign currency reserves that would have been reinvested in the territory but were spirited away by Transnational Corporations and foreigners including South Africa.<sup>9/</sup> The structure also demonstrates the leading role of minerals in the development of the backbone of the territory. In other words, mineral production and exports constitute the backbone of the economy. They contribute more than 60% of GDP, 60 - 85% of foreign exchange earnings and more than 70% of revenue from taxation.<sup>10/</sup> In fact the expansion of other sectors of the

---

8/ Ronald Segal & Ruth First (eds) South West Africa: Traversity of Trust. Andre Deutsch, London, Feb. 1967 p. 144. Odendaal Report (1964) and Table 14 H.R. Green op. cit cite GDP/GNP estimates from 1946 - 1977.

9/ Wilfred Asombang Export Marketing Strategies for Economic Development in Namibia. SADEX, Vol 2, No. 6 Nov/Dec. 1980 p. 3.

10/ Trevor B. Jepson, Rio-Tinto-Zinc in Namibia, Paper by Christian Concern for Southern Africa (undated), London p. 13.

TABLE 1  
CONTRIBUTION OF ECONOMIC SECTORS TO GDP OF NAMIBIA IN R'000  
FOR SELECTED YEARS AT CURRENT PRICES

SECTOR	1960 <sup>1/</sup>		1965 <sup>3/</sup>		1970 <sup>2/</sup>		1975 <sup>1/</sup>		1980 <sup>4/</sup>	
	R'000	%	R'0000	%	R'000	%	R'000	%	R'000	%
<b>A. PRIMARY SECTOR</b>	68,054	48.3	154,600	54.5	175,800	40.5	261,071	40.1	1,105,000	65
<u>Agriculture</u>	20,430	14.5	43,700	15.4	60,700	16.1	118,254	17.6	204,000	12.0
Livestock	14,780	11.2	35,117	12.4	51,826	13.8	97,425	14.5	171,700	10.0
Arable Products	1,409	1.0	1,165	0.4	927	0.2	672	0.1	1,700	0.1
Forestry	564	0.4	700	0.2	900	0.2	1,344	0.2	1,700	0.1
Fishing	2,677	1.9	6,718	2.4	7,047	1.9	18,813	2.8	30,600	1.8
<u>Mining</u>	47,624	33.8	110,900	39.1	115,100	30.4	151,178	22.5	901,000	53.0
<b>B. SECONDARY SECTOR</b>	18,317	13.0	33,700	13.3	54,500	14.3	117,582	17.5	136,000	8.0
Manufacturing	12,681	9.0	25,800	9.1	35,800	9.4	71,893	10.7	110,500	6.5
Construction	4,227	3.0	9,400	3.3	14,800	3.9	38,970	5.8	17,000	1.0
Electricity, water supply and Gas, etc.	1,409	1.0	2,500	0.9	3,900	1.0	6,719	1.0	8,500	0.5
<b>C. TERTIARY SECTOR SERVICES</b>	54,528	38.7	91,600	32.2	149,100	39.2	284,886	42.4	459,000	27.0
<b>TOTALS</b>	140,900	100%	283,900	100%	379,400	100%	671,900	100%	1,700,000	100%

SOURCES: Interpolation/adaptation from

1. Leister, E. Esterhusen, P., Mala, T., "Namibia/Süda Prospektus" Africa Institute of South Africa, 1980, p. 54.
2. H. R. Green, "Namibia: A Political Economic Survey", DP No. 144 IDS, Sussex, Sept. 1979.
3. Wolfgang Schneider Barthold, "Namibia's Economic Potential and Existing Economic Ties with the Republic of South Africa", GDI, Berlin, Aug. 1977.
4. Author's estimates.

TABLE 1

NOTE: As reported in "The Windhoek Advertiser" May 22, 1981 p. 22 col. 4 - 6 speakers at the Namibian Chamber of Commerce annual congress reported the following figures for the GDP of Namibia.

GDP in 1979 - R1,21b

GDP by Sectors in 1980 - Mining R596m (about half)

- Agriculture R150m

- Industrial R109m

On the basis of these data it may be imputed that the 1980 GDP was identical with that of 1979. This is, no doubt, questionable.

---

economy owe their survival to externalities or spillovers from the mining sector.

The narrowness of the economic base of the country is also discernable from the sectoral contribution of GDP: the economy is disproportionately dependent on mining. Whereas the latter accounts for about half of the GDP it employs less than 8% of the labour force. On the other hand, agriculture which accounts for only 12 - 15% of the GDP employs more than 50% of the labour force.

The distribution of natural resources over the territorial land and sea areas of Namibia as well as the physical infrastructure of roads, railways and airports are shown on Map 1. A preponderant feature of natural resource endowment in Namibia is the geophysical distribution: virtually all regions of the country are endowed with some natural resource.

The colonial and apartheid policies of South Africa and its allies have been designed to make it easy for South Africa and other foreign investors to:

- (a) Specialize in the extraction of raw materials for the development of their own economies and the underdevelopment of Namibia's economy;
- (b) Determine the composition and extent to which the physical and institutional infrastructure of the economy and trade should be developed;
- (c) Determine trading methods, channels and partners;

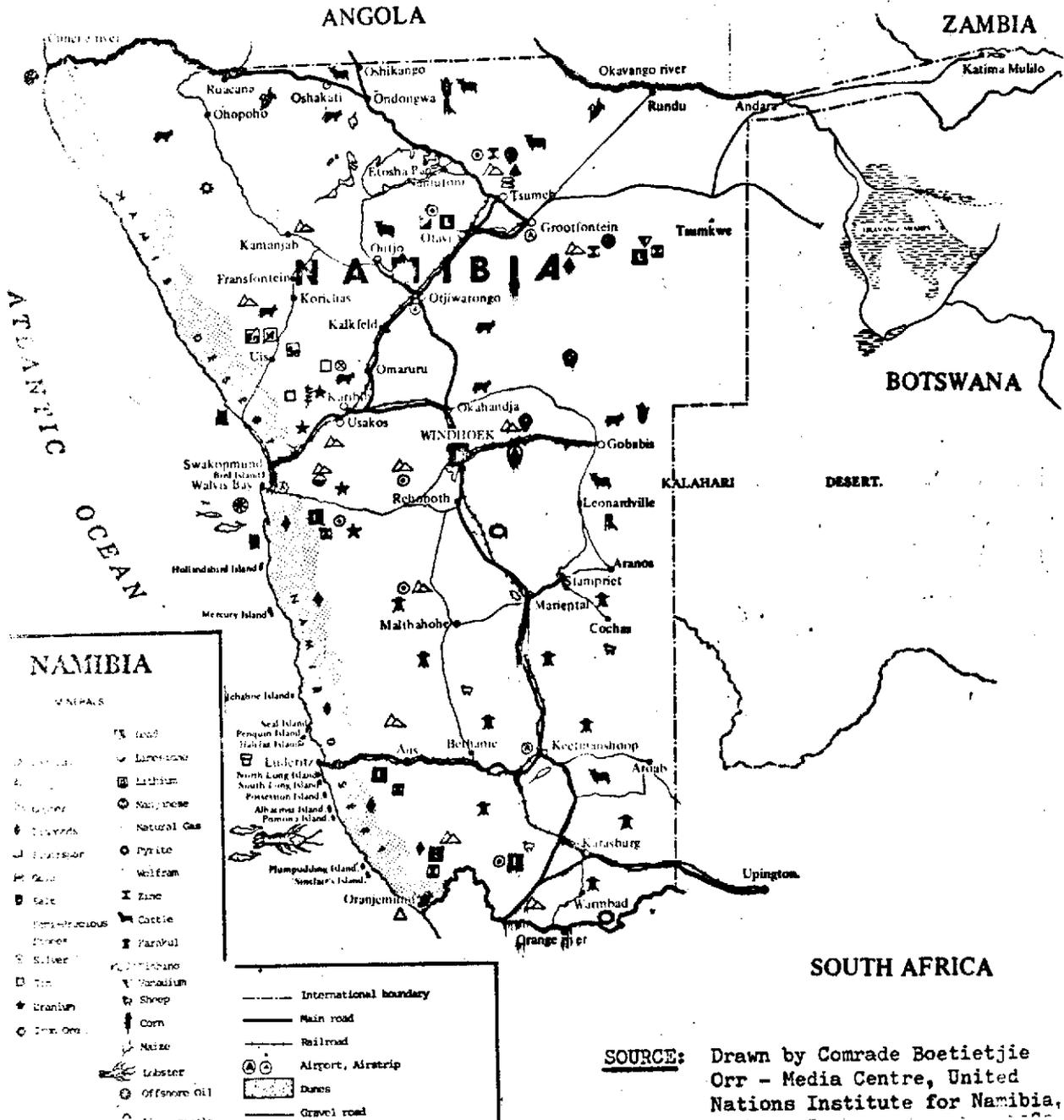
- (d) Negotiate export prices for Namibian exports, imports and determine prices that can be paid to Africans in the home market;
- (e) Make Namibia a captive market for products from South Africa and in the process stifle agricultural and industrial development as well as dampen the diversification of the economy.

Given these obnoxious policies, there is little wonder that the proportion of Namibia's GDP that accrues to the ubiquitous transnational corporations from South Africa, Britain, France, North America and other covert foreign investors in Namibia is about one of the highest in the world. This situation mirrors the extent to which Namibian labour and other resources contribute to the development of other foreign nations, to the detriment and at the expense of its own development.

The following selected indicators on Namibia under South Africa domination are expected to give a bird's-eye-view of the social and economic setting of this paper.

LAND AREAS:	318,261 sq. miles or 824,295 sq. Km
POPULATION:(1980 estimates)	1.5 million
GDP (1980 estimates):	R1.7 billion or R850 million if 50% of GDP was syphoned by Transnational Corporations on remittance basis.
GDP per capita: (1980 estimates)	R1,133 or R567 on remittance basis.
INCOME DISTRIBUTION:	Black-White income ratios are in the neighbourhood of 1:25 in rural areas and 1:12 in urban Namibia.
ECONOMIC SECTORS (AND 1980 GDP CONTRIBUTION)	Mining - 53%, contribution to GDP and about 80 - 90% of exports; agriculture including fisheries - 12%; manufacturing, construction and utilities - 8%; tertiary and government service - 27%.
PRESENT SOCIAL SYSTEM:	Apartheid or separate development and legalized racism which dehumanizes Africans. Africans are discriminated in all spheres of

# MAP 1: PROFILE OF THE NAMIBIAN ECONOMY



human endeavour including deprivation from good education, health and housing and do not share in the benefits of the returns from Namibia's resources.

PRESENT ECONOMIC PHILOSOPHY: Capitalism or free enterprise system, the success of which is guaranteed by apartheid.

This socio-economic structure could hardly be expected to make any meaningful contribution to the development of Namibia. A thorough-going transformation of the socio-economic structure and relations may therefore be expected in post-independent Namibia. The question is: how will TNCs fair in this transformation?

#### SYNOPSIS OF SOME SIGNIFICANT PRE-INDEPENDENCE TNC-RELATED STUDIES IN NAMIBIA

Namibia as the last colony in Africa has attracted the attention of researchers, in particular, and of all freedom-loving people everywhere. There is hardly any socio-economic research on Namibia that does not overtly or covertly refer to the presence of foreign economic interests in the country. In the torrent of published and unpublished works on Namibia one can therefore find revealing facts and perceptive generalizations on the nature and consequences of transnational enterprises. The subject of the Transnational Corporation therefore tends to engage the values, fortunes and the psyches of businessmen, politicians, intellectuals, researchers, students and poets.<sup>11/</sup> The outcome is an admixture of polemics, propaganda and pragmatism - all of which are essential and convergent.

It must by now be obvious that mining is the leading economic activity in Namibia and that a resolution of the issues of Transnational Corporations in the mining sector is a prerequisite for the tackling of issues relating to foreign economic interests in all the sectors of the economy. The earliest studies on Transnational Corporations in Namibia therefore concentrated on the Mining sector. Some of these TNC-related studies may be summarised as follows:

- (a) The Mineral Industry of Namibia, Perspectives for Independence by Roger Murray (consultant) which was commissioned by the Commonwealth Fund for

---

<sup>11/</sup> Raymond Vernon, Storm Over the Multinationals, The Real Issues, The MacMillan Press Ltd., London 1979, p. v - vi.

Technical Cooperation, was conceived in 1975, researched and published presumably in 1978. The focus was on Transnational Corporations and the scope included survey of existing mineral developments with a descriptive analysis of their economic, legal and fiscal implications. The objective was to meet requirements of the independent Namibia for comprehensive information for future policy action.

- (b) The Mineral Sector in Namibia and Strategic Options for an Independent Government by Stephen Zorn (consultant), was commissioned under contract No. RP-INT-4-ROI-1118 by the United Nations Office of Technical Co-operation. The mimeographed report was available in April 1978. The study covers the then current structure of the Namibian mining industry, role of the mining industry, legislative and fiscal arrangements and basic strategy options for an independent Namibian government. Focus was again on Transnational Corporations: the additional coverage was on basic strategy options which were also briefly introduced in the Roger Murray Study.
- (c) Role of Transnational Corporations in Namibia (United Nations Centre on Transnational Corporations, New York), is a comprehensive study on Transnational Corporations in Namibia: it benefited greatly from inputs generated at a workshop on this study held at the United Nations Institute for Namibia in August 1981 even though neither the United Nations Institute for Namibia workshop nor the fact of the 1978 Studies on Transnational Corporations in the mining sector have been acknowledged. The contents include overview of the global role of Namibia's natural resources, legal framework, fiscal matters and examination of particular companies involved in the different sectors, **Corporate Profiles of Transnational Corporations in Namibia**; forms of foreign investments; and lessons for the future government of independent Namibia. The objectives have, in essence, been similar to those of the two preceding studies. The difference lies in the fact that, as a result of the workshop at the United Nations Institute for Namibia, the coverage was extended to cover Transnational Corporations in all the sectors of the Namibian economy.
- (d) Draft report on: Legal Aspects of Namibia's Mining Industry (United Nations Institute for Namibia, Lusaka), examines the general legal system in Namibia including mining statute law regulating prospecting, exploration,

mining, mineral processing, fiscal aspects, enterprises engaged in mining, marketing and employment, constitutional structure and contractual agreements governing the operations of corporate enterprises engaged in the exploration and exploitation of minerals and legal instruments and recommendations for further action. Suggestions have been made in respect of how to transform the existing system to meet the needs of a future independent Namibia. The recently published study (c) above by the UNCTC also envisages a study on the Legal Status of Transnational Corporations in Namibia: the overlap with the United Nations Institute for Namibia study can be expected even though prospective consultants may want to argue to the contrary.

- (e) Draft report on: Mineral Development Strategy Options for Independent Namibia (United Nations Institute for Namibia, Lusaka). It surveys the mineral sector with respect to ownership pattern, production levels, employment, marketing and fiscal aspects; case studies on mineral development strategies in selected countries and lessons for independent Namibia; mineral development strategy options open to independent Namibia and government structures required for the management of the mineral sector. The principal objective was to assemble relevant qualitative and quantitative data on the different aspects of the mineral sector of Namibia with a view to contributing to economic policy decision making by the future government of independent Namibia.
- (f) Draft report on: Towards Economic Development Strategy Options for Independent Namibia (United Nations Institute for Namibia, Lusaka) This report covers a survey of the Namibian economy; an examination of development strategy options open to a future independent Namibia - all economic sectors have been covered and Transnational Corporations surveyed and treated in the context of development strategy options and resource mobilisation. The main objectives were to examine the existing situation, its implications for transition and transformation from a colonial economy to that of a sovereign state; and the options available to policy makers in a future independent Namibia. It was also intended to serve as a basis for work on the planning and management of the national economy of Namibia.

The following picture would tend to emerge from the foregoing brief overview of significant Transnational Corporations-related studies on Namibia.

- (a) Overlap and hence duplication appears obvious especially in studies on the Transnational Corporations in the mining sector. Duplication per se may be rewarding in that it generates employment for researchers but wasteful in terms of funds, expertise and the objectives envisaged.
- (b) Reasonable quantitative and qualitative data on Transnational Corporations in Namibia should now be available for use by concerned groups like the American Committee on Africa and others in their efforts to contribute to the liberation struggle of the Namibian people. For example, the names, nationalities, type of activity and profitability of Transnational Corporations in Namibia under South African rule are well-known. The interlocking structure of the Transnational Corporations and their international ramifications are an open book. Nonetheless, practically all the studies listed have included data inadequacy as a constraint on the completeness of the research. This is, no doubt, true and understandable: the de facto regime that rules Namibia at the moment has placed legal and punitive restrictions, in respect of information, on all Transnational Corporations and all persons that are or have been connected with Transnational Corporations in Namibia. However, for the purpose of decisions and actions aimed at encouraging the Transnational Corporations to dissolve their partnership and collusion with the Republic of South Africa one does not require data that must be accurate to the last dime.
- (c) The role of the United Nations Institute for Namibia in respect of the non-United Nations Institute for Namibia studies has been peripheral. It is understandable if individuals or other organisations undertake research on Namibia without the collaboration of the United Nations Institute for Namibia. The German Development Institute, for example, has done some good work in the field of research on the Namibian economy but some of this work was undertaken at the request of the German Federal Ministry of Economic Cooperation<sup>12/</sup> for the purpose of determining the

---

<sup>12/</sup> Hartmut Brandt, et al. Perspectives of Independent Development in Southern Africa: The Cases of Zimbabwe and Namibia, GDI, Berlin, 1980 p. 1.

possible post-independence involvement of West Germany in the economy of Namibia. In effect the objective of the research may be different. In the case of the West German government example cited here, it might even be argued that the unpublished confidential aspects of the study could be inimical to the Namibian independence process. This underscores the need to involve the United Nations Institute for Namibia if the research work is intended to contribute positively to Namibia's speedy attainment and consolidation of independence. Needless to reiterate that one of the mandates of the work of United Nations Institute for Namibia as enshrined in the U.N. General Assembly Document No. A/AC.131/34 of 7 October 1974 was that the Institute would prepare and where appropriate publish memoranda, studies, draft legislation, reports on various aspects of the research work undertaken and such other material which will be useful to the liberation movement and the Government of independent Namibia; undertake and carry out research into matters dealing with historical, political, cultural, economic, agricultural, land, educational, social, constitutional, legal and judicial affairs of Namibia, and, on the basis of the research carried out, prepare the basic documentation, statistics, memoranda, briefs and blueprints that may be required by the government departments of an independent Namibia.<sup>13/</sup> Thus the United Nations Institute for Namibia can be used as a clearing house for any research intended to benefit the Namibian people.

- (d) the literature review also reveals that there has been a tendency to detract from the objectives and direction of the pre-independence project proposals by proposing more and more research projects on Transnational Corporations rather than utilizing the completed studies for the purpose of training Namibians and also formulating action to confront the home countries of the Transnational Corporations. This is illustrated by the UNCTC report just published (August 1982) in which proposals have been made for a study on the Legal Status of Transnational Corporations in Namibia, a study which the United Nations Institute for Namibia has already initiated.

---

<sup>13/</sup> U.N. General Assembly Document No. A/AC.131/34 of 7 October, 1974 on the Establishment of the United Nations Institute for Namibia.

This brief updating of some significant studies on Transnational Corporations in Namibia has not been exhaustive but is indicative of what is happening. The crucial question to ask at this juncture is whether any researcher is in a position to collect primary data in Namibia that will reveal earthshaking information that would speed up the independence process? It is against this background that the reorientation of research directions on Transnational Corporations in Namibia can be viewed.

- (a) the idea of using the United Nations Institute for Namibia as a clearing centre for all research on Namibia may be pursued.
- (b) a review of recent organizing efforts opposing collaboration of Transnational Corporations with South Africa's illegal occupation of Namibia appears to be a step in the right direction. It should be possible to use the available studies as a backdrop for the campaign to end South Africa's partnership with Transnational Corporations insofar as this partnership impedes the Namibian independence process.
- (c) there should be a movement away from academic to empirical research on Namibia especially in the context of Transnational Corporations. Empiricism may only be possible after independence. The implication of this suggestion is therefore that financial resources intended for other pre-independence research on Transnational Corporations could be allocated to the training of Namibians in corporate management. Such training will expedite the rate at which Namibians can become actively involved in the management of the Transnational Corporations and the economy as a whole.
- (d) the Economic and Social Council of the United Nations on the recommendations of the U.N. Commission on Transnational Corporations called in resolutions 1981/86 of 2 November 1981 for the organisation of public hearings on the activities of Transnational Corporations in South Africa and Namibia. These hearings are scheduled for August or early September 1983.<sup>14/</sup> The utility of this approach to research on Transnational Corporations practices in occupied Namibia may be gauged from the implementation and impact of programs that may have emanated from the Namibian Uranium Hearings.

---

<sup>14/</sup> Document E/1982/18, E/C.10/1982/19, Commission on Transnational Corporations, Report on the Eighth Session, Supplement No. 8. Econ. and Social Council, 30 August - 10 September 1982 United Nations.

A final word on reorientation of research directions. In the final analysis, because of the nature of the occupation regime in Namibia, pre-independence research on the country has had to rely on proxy methods and extrapolation. In the given circumstances researchers have no doubt done a commendable job and may be anxious to do more. However, in the interest of the Namibian people it would be necessary to determine, well in advance, the concrete returns that would emerge from research in any area and the positive contribution that the research results will make to the liberation struggle. In the meantime the sky is the limit for meaningful training programs for Namibians. Where research proposals do not meet the suggested criterion, the funds may be reallocated to training and to active campaign to mobilize global support for Namibia's right to freedom. Researchers on Transnational Corporational will have another opportunity: a future independent Namibia may need their expertise more than ever before.

#### OVERVIEW OF TRANSNATIONAL CORPORATIONS IN NAMIBIA

Exploiters in Namibia under the illegal rule of South Africa range from those that have hugely profitable and powerful economic interests on a world-wide scale to those that are individual proprietors who nevertheless reap relatively reasonable profits from their interests in Namibia because of the protection derived from the colonial and apartheid system of exploitation. Transnational Corporations may therefore be conveniently classified into:

- (a) Transnational Corporations domiciled in South Africa, Britain, North America, France and West Germany;
- (b) South African-based Transnational Corporations that operate only within the African continent, especially in Namibia; and
- (c) South Africans or investors who operate in Namibia and regard the country as a source of funds that are for the most part spent in South Africa or in other overseas countries.

Transnational Corporations are overwhelmingly the dominant force in the Namibian economy.<sup>15/</sup> Most of the companies are concentrated in one or more enclave economic activities such as mining, fishing or financial services. This is especially true of those in category (a) above while those in categories (b) and (c) are largely tied to the consumption needs of the whites, the mines, and the

---

<sup>15/</sup> To Be Born a Nation op. cit. p. 140

colonial administration and include local manufacturing companies, ranches, small businessmen, professionals, management, white-collar employees and artisans. The capital intensity and its productive yield as depicted in Fig. 1 give the Transnational Corporations in category (a) a vastly higher rate of profits than is available to other capitalists in Namibia. For example, in 1978 CDM made a cool R30,000 per black worker and this was 15 times the average wage, in cash and in kind, paid to a black worker!

Fig. 2 shows the foreign ownership of Namibia's resources; fig. 3 shows the sharing of remittances from Namibia while fig. 4 depicts the expropriation and appropriation of Namibia's GDP from 1920 - 1977.

The economic interests of the five major western countries, Britain, France, USA, Canada and West Germany, consist essentially of equity shareholding, loan finance, banking services and the import of raw materials especially strategic minerals from Namibia. South Africa, as a colonial partner acts as a relay centre for monopoly capital and exploitation in Southern Africa as a whole and in Namibia, in particular. Similarly, the Republic of South Africa is a conduit for the exploitation of Namibia's mineral, farming, fishing, livestock and human resources. The status of Transnational Corporations in the various sectors of the Namibian economy has been adequately documented in greater detail in the most recent UNCTC study on the Role of Transnational Corporations<sup>16/</sup> in Namibia. The interlocking structure of some of the Transnational Corporations involved in the Namibian economy are shown in fig. 5 and 6 and reflect the sophistication of the organisational, motivational and economic traits of Transnational Corporations as a whole. With this brief introduction on Transnational Corporations, and considering the coverage of the most recent work on the subject, the sectoral approach to be attempted in the ensuing paragraphs of this paper will similarly be brief.

---

16/ This is one of the studies that have been referred to in this paper in the section on a synopsis of significant studies on Transnational Corporations in Namibia, published in August, 1982.

South African Colonialism and Imperialist Strategy

Figure 1 - The profitability of colonialism: investment, output and profits per black worker in mining, fishing and farming, 1977.

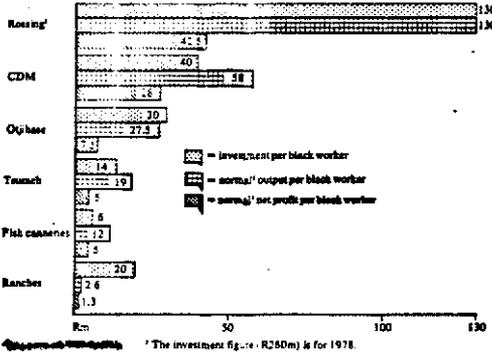


Figure 2 - The foreign stranglehold on Namibia's productive resources: nationality of ownership of means of production in the three main extractive industries, 1978.

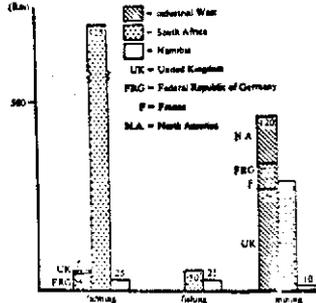


Figure 3 - Who profits from imperialism: breakdown of foreign remittances, 1977.

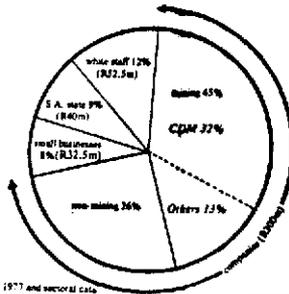
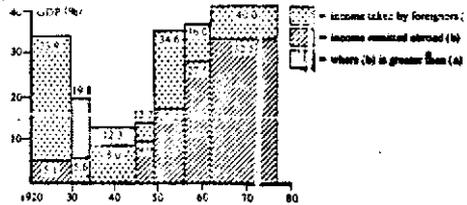


Figure 4 - The imperialist levy on Namibian workers: the foreign appropriation of GDP, 1920-77.



Sources: Krogh 1960, table 2; Odendaal 1964; Thomas 1978, table 6; Ruvimwe 1977; UNIN 1977.

SOURCES: To Be Born a Nation, Department of Information and Publicity, SWAPO of Namibia, p. 44, 46 and 48, p. 129.

Fig. 5

Interlocking interests of South African mining companies

<u>Anglo American Corporation:</u>	Held 51 per cent by group interests, including 8 per cent held by Oppenheimer family. Has a 4 per cent direct interest in <u>De Beers Consolidated Mines</u> , and a further 26 per cent indirect interest via its 52 per cent holding in the <u>Anglo-American Investment Trust</u> , which also has an 11 per cent holding in <u>Gold Fields of South Africa Ltd.</u> Anglo has a 41 per cent direct interest in <u>Johannesburg Consolidated Investments Ltd.</u> Produces 40 per cent of gold, 33 per cent of uranium in South Africa.
<u>De Beers Consolidated Mines:</u>	Has a direct interest of 38 per cent in Anglo-American, and in February 1980, in a spectacular share-buying operation, purchased a 25 per cent interest in <u>Consolidated Gold Fields Ltd.</u> , half of which it sold to Anglo-American. CGFL holds 46 per cent of the equity of <u>Gold Fields of South Africa Ltd.</u>
<u>Gold Fields of South Africa Ltd.:</u>	Has a 38 per cent holding in the <u>Zinc Corporation of South Africa</u> and 55 per cent of <u>Kiln Products Ltd.</u> holding company of the <u>South West Africa Company Ltd.</u> in association with Anglo American. Second largest gold producer in South Africa (21 per cent).
<u>General Mining and Finance Corporation Ltd.:</u>	In 1980 increased its holding <u>Union Corporation</u> from 52 per cent. Produces 8 per cent of South Africa's gold and 36 per cent of its uranium. <u>Federal Mynbou Beperk</u> has a 62.5 per cent interest in General Mining.
<u>Johannesburg Consolidated Investments:</u>	Has a 1 per cent holding in De Beers, and 16 per cent holdings in the <u>Diamond Purchasing and Trading</u> and <u>Diamond Trading Companies</u> , the marketing companies of De Beers CSO.

SOURCE: Role of Transnational Corporations in Namibia, United Nations Centre on Transnational Corporations, New York, Aug. 1982 p. 12.

Fig. 6

Examples of TNC interlocking relationships outside Namibia

Botswana

Anglo-American and Amax are closely associated in the Selebi-Phikwe copper mine. Amax has a 29.8 per cent holding, and Anglo-American and Charter Consolidated, a 29.8 per cent holding each in Botswana RST, which holds 85 per cent of the equity in Bamangwato Concessions Ltd., the operating company. There is an indirect relationship between Anglo and Amax via intermediary companies. Charter Consolidated, Anglo's overseas arm and in which Anglo has a 30 per cent interest, in turn has a 33 per cent equity interest in Selection Trust Ltd., which holds an 8.3 per cent equity interest in Amax.

South Africa

Four Transnational Corporations active in Namibia have interests in the Palabora copper mine. Rio Tinto-Zinc holds a 57.7 per cent interest in Palabora Holdings Ltd. which holds 61.4 per cent of the equity of Palabora Mining Co. Ltd. the operating company. Newmont Mining has a 42.3 per cent interest in Palabora Holdings; and a further 2.7 per cent direct interest in Palabora Mining Co.\* Amax has a 7.7 per cent interest, and Selection Trust a 2.4 per cent interest, in Palabora Mining Co.

Amax has a 30 per cent interest in the O'okiep Copper Co. Ltd., in which Newmont has a controlling interest of 57.5 per cent.

\* Providing a 28.6 per cent beneficial equity interest overall.

TRANSNATIONAL CORPORATIONS IN THE MINING SECTOR

The preponderance of Transnational Corporations in the mining sector is reflected in the fact that 100% of the investment capital and assets of the sector belong to Transnational Corporations domiciled either in South Africa, North America, Britain, France or West Germany. Each year these Transnational Corporations value of the output of the mines far exceed the value of the investments. Namibian mines vary in size and methods of extraction. Mines are technically capital intensive and so, in terms of employment as of 1978 the three largest mines, Tsumeb, CDM and Rossing, employed about 4,000; 5,000 and 2,000 black workers respectively and about 3,500 white workers. Besides the fact that the black workers are deliberately kept out of skilled jobs, they are also crowded together in isolated workers camps in a highly totalitarian environment both in and outside working hours.<sup>17/</sup>

The capital requirements of mining operations in Namibia, and anywhere else, for that matter, tend to indicate that only the mining Transnational Corporations may have the resources for heavy investments required in the mining sector. The prospects for vast profits on these investments can be quite attractive. In the case of Namibia, a benevolent colonial government allows the Transnational Corporations to remit most of the huge profits abroad to their gloating shareholders. The big three in the mining sector of Namibia are Rossing, CDM and Tsumeb. By 1978 share of investments in the sector stood at R740 million, excluding those on mines that were either closed down or not yet opened. This investment figure was divided as follows:

Rossing Uranium:	R260m (35%)
CDM :	R210m (28%)
Tsumeb :	R55m (8%)
Otjihase :	R61m (8%)
Other mines :	R154m (21%)

Rossing Uranium Ltd, despite its huge capital outlay, which is reported to have reached about R400 million, and its teething problems, has been assured of high profitability by the West's hunger for nuclear energy and weapons. By 1978, after only two years of limited production, Rossing was returning a profit of R7.5 million, which has since risen to about R98 million as of 1980, and CDM

---

<sup>17/</sup> To Be Born a Nation op. cit. pp 37 - 38.

netted profits of R80.6 million in 1974 and R148 million in 1978. This does not even give the total picture of the profitability of the mining companies. For example, no account has been taken of the reserves - CDM's shares and reserves were valued at a massive R373 million in 1973, the last year before separate accounting was stopped in order to conceal the rate of return on investments in Namibia. Similarly, Rossing has been assured that its profits will be tax-free until it has recouped its entire initial investment. Thus in the early 1970s Tsumeb was taking a mere three years to recover its total investment to-date, while CDM consistently returned more than three-quarters of its entire capital each year.<sup>18/</sup> There are at present 26 mines in Namibia as shown on Map 2.

The Transnational Corporations in the mining sector have been stepping up production so as to strip Namibia of proven mineral deposits before handing over the country to Namibians. CDM, for example, has in the late 1970s maintained production at 25% above average levels earlier in the decade and instituted a round-the-clock three shift system inspite of the apparent slump in diamond prices. Tsumeb Corporation has similarly redoubled the rate of copper ore exploitation and brought mines which hitherto were considered uneconomic on stream again. Rossing too is in the feverish race to deplete the proven uranium reserves of Namibia. Various countries have negotiated long term purchase contracts with RTZ for Rossing uranium. Details of these contracts are only known to the parties concerned but indications are that the following contracts for Rossing Uranium are being executed:

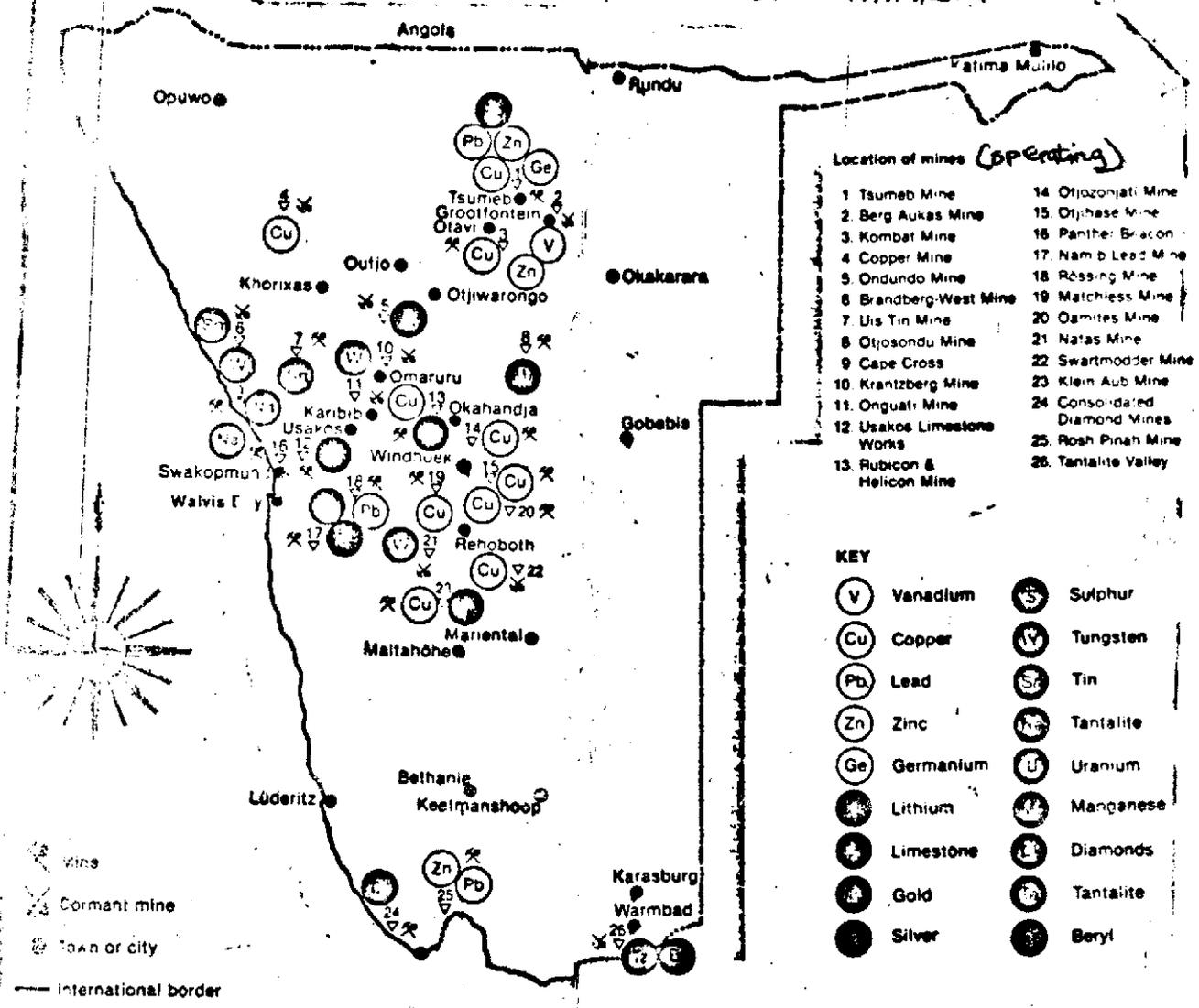
- (a) 7,500 metric tons to the U.K. Atomic Energy Agency (Gt. Britain) for delivery during 1977 - 1982. Apparently this contract has been re-negotiated and extended to 1984 - additional quantities for stock-pile may be involved;
- (b) 15,000 metric tons to be delivered to the French CFP Total Group (FRANCE) during 1978 - 1990. At the time of writing this paper France was reported to have just delivered a third nuclear reactor to South Africa.

---

<sup>18/</sup> To Be Born a Nation Ibid pp 38 - 39.

map 2.

# Geological map OF NAMIBIA



Source : South West Africa/Namibia TODAY 1981

- (c) 8,200 metric tons to be delivered to Japanese Electric Utilities during 1977 - 86. Mitsubishi Corporation holds this contract on behalf of the Kansai Electric Power Company. Because Japan has no nuclear processing facilities of its own, it uses USA enrichment facilities. All sales are routed through RTZ Services Ltd, which operates in Switzerland. It should therefore not be that difficult for Japan to purchase all its uranium from RTZ in bulk. This block tonnage of uranium from RTZ includes production from Australia, Canada and Namibia. Japan could therefore state that the original contract for Rossing Uranium was repudiated but should add that it was substituted by purchases from RTZ Services Ltd, Switzerland.<sup>19/</sup>
- (d) 1,704 metric tons to Iran. The contract was signed in 1975/76 in exchange for an agreement to take 15% of equity in Rossing uranium. Iran claims to have repudiated this arrangement but with its war with Iraq underway collusion with South Africa cannot be ruled out.
- (e) West Germany agreed to take 10% of Rossing production because they were partners with RTZ and South Africa in the earlier stages of Rossing's establishment in Namibia. Despite official denials of West Germany's continued involvement in Rossing, revelations in the Nuclear Axis seem to confirm that Federal Republic of Germany's collaboration with South Africa in the nuclear field is very much alive.
- (f) South Africa, through the Government's Nuclear Fuel Corporation can obtain unlimited quantities of Namibian uranium. Under South African Atomic Energy Legislation, the South African government has the right to acquire all the uranium produced not only in South Africa but also in Namibia.

Between January 1978 and December 1979 France served as a central distribution point for Rossing uranium to European customers by clandestine air-cargo flights.<sup>20/</sup> It was recently reported that the latter by UTA have

---

<sup>19/</sup> H.S. Aulakh & Wilfred W. Asombang, Draft Working Paper on Mineral Development Strategy Options for Independent Namibia, (Mimeo) Lusaka, March 1982 p. 59.

<sup>20/</sup> Report of the Panel for Hearing on Namibian Uranium, UNCN, N.Y. 30 Sept. 1980.

ceased and the service replaced by French Maritime transport. All the Rossing uranium is marketed along with South African-produced uranium by the Nuclear Fuel Corporation (NUFCOR), a joint government-industry agency. Rossing oxide is processed into uranium hexafluoride at plants in France and the U.K, and in the Netherlands for three European energy concerns - British Nuclear Fuels, Comurhex of France and Veba of West Germany.

Thus when it comes to the roll call for Transnational Corporations in the mining sector the following countries will stand up to be counted: as examples:

- (a) United States: Amax, Newmont and Superior Oil;
- (b) The United Kingdom (U.K.): Consolidated Gold Fields, Rio Tinto-Zinc (RTZ); British Petroleum, and Selection;
- (c) Canada: Falconbridge Nichel Mines of Canada;
- (d) France: Elf-Aquitaine, Total and Pechiney - Ugine of France; and
- (e) West Germany: Metallgesellschaft and Urangesellschaft of West Germany;
- (f) South Africa: South Africa has legal, equity and financing interests in all these Transnational Corporations: for example, five of South Africa's six mining finance houses have extensive and frequently overlapping interests in diamonds, base minerals, uranium production and exploration.<sup>21/</sup>

Given the status quo of Transnational Corporations partners in the mining sector of Namibia it is only to be expected that all the countries concerned should speak the same language with South Africa. Thus the economic and political priorities of Western countries and South Africa have largely been responsible for the prolonged and bitter struggle for the liberation of Namibia.

#### TRANSNATIONAL CORPORATIONS IN AGRICULTURE

The expropriation of land from the people of Namibia was started by the Germans in the 19th century and completed by the Republic of South Africa in the early part of the 20th century. Land is, of course, the anchor-sheet of agriculture. The South African appointed Commission of Enquiry into the Affairs

---

<sup>21/</sup> UNCTC Report on the Role of Transnational Corporations in Namibia op. cit. p. 23.

of South West Africa<sup>22/</sup> recommended and the Republic of South Africa government expropriated 60% of the land and shared it in the proportion of 43% for the whites in Namibia and 17% reserved for the direct control of Pretoria. The expropriated land is of course composed of the most fertile agricultural and mineral lands. Whites who constitute less than 10% of the population are by definition foreigners to Namibia but today blacks who are the original owners of all the land in Namibia have been allocated the barren 40% of the land which constitutes the so-called Bantustans or "Reserves". The fertile land which is all owned by the whites has been categorised into:<sup>23/</sup>

1. the individually owned farms which form the bulk of the land owned by whites excluding land leased from the government;
2. mission-owned farms, many of them belong to the Catholic Church and some to the Rhenish Mission;
3. Company farms which do not number more than fifty - some of this land is leased to individuals by companies; and
4. the government land which may be leased to individual farmers, set aside for urban areas, game parks, natural reserves, leased for mining, leased as emergency grazing zones, or as government-owned farms which serve as experiment stations and/or agricultural demonstration farms.

Whereas whites can buy or sell land freely, blacks do not enjoy the right of tenure even on the barren land on which they subsist.

Agriculture in Namibia centres on the rearing of cattle, karakul and small livestock. The livestock industry accounts for about 90% of the agricultural contribution to the GDP. The whites own about 75% of all the livestock while blacks subsist on 25% in the so-called "bantustans" or "homelands". Commercial farming in Namibia has therefore been, from the beginning of German invasion, an artificial plant, the creation of the colonial state.<sup>24/</sup> Today 6,500 white households own all the commercial ranches in Namibia. Some of the owners are individual Afrikaners resident in the Republic of South Africa.

---

22/ The Odendaal Report, 1963 - 64.

23/ Bruwer, cited in "Towards Economic Development Strategy Options for Independent Namibia" UNIN (Working Paper) Lusaka, Feb. 1982 pp. 57 - 59.

24/ To Be Born a Nation p. 26.

Compared with the mining sector, Transnational Corporations involvement in the agricultural sector of Namibia is relatively low. At the production level white settlers dominate commercial agriculture especially ranching in which there are about 6,500 white households, some of which have other homes in South Africa. The involvement of non-South Africa Transnational Corporations in agricultural production has been hesitant. However inside Namibia there are three meat-processing plants owned by private Afrikaner business interests, notably the multi-millionaire, Jan Pickard, which, in addition to supplying the local market, also export chilled and frozen beef-sides to South Africa, and also compete in the corned beef market to other African states.<sup>25/</sup> African-based Transnational Corporations however dominate the marketing structure for karakul, cattle and fisheries. As in beef-ranching, there is greater degree of vertical integration with international fur-trading Transnational Corporations, of which the prime example is the company SWA Karakul Centrale (1928) (Pty) Ltd., controlling the major ranches, Duwisib and Neue Haribes Company Ltd.<sup>26/</sup> The specialized processes of fur-dressing, tanning and dyeing are largely undertaken in Germany.

The fishing sector is controlled mainly by South African companies and groups of companies. The South African government-owned Fisheries Development Corporation has shareholdings in South African Transnational Corporations operating in Namibia. Ovenstone, one of the South African Transnational Corporations in Namibia, completed full transfer of its cannery plant from Walvis Bay to Chile in 1980 and the Premier Milling Co. Ltd. of South Africa acquired 50% of Ovenstone equity shareholding. Instructions to the Namibian Fisheries Industry in Namibia emanate from the South African central fisheries authorities. John Ovenstone Ltd. known until 1972 as Ovenstone SW. Investments Ltd. is the holding company for all fishing interests of the Ovenstone group in Namibia and South Africa. There are Namibian subsidiaries that are engaged in both fishing and fish processing.

One other feature of the Namibian fishing scenario is the free-for-all

---

24/ To Be Born a Nation p. 26

25/ UNCTC Report on Role of Transnational Corporations in Namibia p. 103

26/ Ibid p. 105

activities of signatories of ICSEAF (International Conference on South East Atlantic Fisheries). In 1968 South Africa became a signatory on behalf of both South Africa and Namibia. South Africa appears to have adopted a low profile in respect of the free-for-all fishing within Namibia's 12-mile territorial limit. Under Proclamation AG32 of 1979, a 200-mile exclusive fisheries zone for Namibia was established for Namibia. It was not until April 1, 1981 that the 200-mile fishing zone became effective: this was a unilateral move as ICSEAF signatories would have disapproved of it in order to completely ruin the Namibian fishing industry.

#### TRANSNATIONAL CORPORATIONS IN THE TERTIARY SECTOR

Banking and Insurance enterprises in Namibia are controlled by Transnational Corporations based in South Africa, the U.K., France and West Germany. These companies provide financial services needed by all the sectors of the Namibian economy.

Five largest South African Commercial banks operate in Namibia. They include Barclays National Bank, Standard Bank of South Africa, Nedbank, Trust Bank of Africa, Volkskas. The first two named are subsidiaries of two of the largest U.K.-based international banking groups, Barclays Bank and Standard and Chartered Bank. There are also French and West German banks in Namibia. The Dresdner Bank of West Germany acquired the controlling interests of the S.W.A. Bank in 1980.

Barclays Bank alone has 25 branches and 90 agencies in Namibia. Transnational banking corporations (TNBCs) in Namibia have diversified their activities to include merchant banking, discounting and leasing, insurance and mutual funds management. The most significant activities of TNBCs in Namibia concern the provision of public and private credit, the channelling of funds from Namibia to accounts in South Africa and overseas and trade financing. The TNBCs also provide foreign credits to the South African government and to the puppet SWA Administration.<sup>27/</sup> This constituted direct financial assistance that may be used for military operations against the Namibian freedom fighters. Bank agencies operate alongside South African military forces in Namibia.

Most insurance companies in Namibia are branches of South Africa-based

---

<sup>27/</sup> Ibid UNCTC Study pp. 140 - 141.

companies. Many of these companies are subsidiaries of U.K.-based Transnational Corporations or of other South Africa-based Transnational Corporations. For example, South African Life Assurance Society, the oldest and largest South African Life insurance company holds shares in mining companies such as Gold Fields of South Africa, Johannesburg Consolidated Investments, etc.

Other South African Transnational Corporations in the tertiary sector of Namibia include South African Railway and Harbours Administration and a variety of private and state-owned road transport enterprises and electricity supply concerns such as Electricity Supply Commission of South Africa (ESCOM).

#### SOUTH AFRICA'S DIRECT ECONOMIC INTERESTS IN NAMIBIA

A SWAPO study<sup>28/</sup> indicates that South Africa's direct economic interests in Namibia as of 1977 - 78 stood as follows:

INVESTMENTS	- Farming R925m
	- Fishing R50m
	- Mining R280m
NET REMITTANCES	R240m
PROTECTED EXPORTS	R290m
FOREIGN EXCHANGE SURPLUS	R335m

These economic interests give South Africa a powerful motive for the desperate struggle to perpetuate its colonial grip on Namibia. The South African Reserve Bank benefits from a net inflow of currency to the tune of R380m a year while several state corporations and Afrikaner-owned companies have invested in mines, either to supply raw materials to South African industry or for export. Other economic activities which are a fiefdom to South African capital include the fishing industry; the protected market for South African food and manufactures, which market is worth about R300, per year; and the artificially cheap food which Namibia supplies South Africa annually at a saving of about R40m for the South African consumer. South Africa is thus aware that its direct economic interest in Namibia is considerable. On trade alone Pretoria stands to suffer a reduction of about R250m on its exports and its import bill will increase by about R150m. Pretoria will also have to provide for most of the settler population, especially

---

<sup>28/</sup> Ibid p. 131.

thousands of displaced ranchers. Although these losses to the South African economy would add only about 2% extra to the South African import bill, a decline of 4.5% in foreign currency earnings while South Africa's profuse base minerals and its uranium which is obtained as a by-product from gold mines may cushion the losses from Namibian strategic minerals, there is no doubt that the impact of the loss of economic interests in Namibia will be serious both for the individual economic interests in particular and for the whole South African economy which is generally fragile. In addition, economic and military strategic factors are closely intertwined in the South African overall assessment of its colonial occupation of Namibia.

The other aspect of Transnational Corporations relates to the colonial population structure. Of the less than 10% population of Namibia which is white, about 60% of the whites are Afrikaners and nationals of South Africa; about another 25% are German speaking, half of whom hold German passport and the other half are veteran colonials; some 10% are English-speaking South Africans; and the remaining 5% are expatriates of other Western countries. When Namibia becomes independent the South African nationals in Namibia will most likely return and be absorbed in employment in South Africa. Most of the ranchers, especially the three quarters of whom are Afrikaners, may find it difficult to tolerate even a neo-colonial settlement in Namibia and will therefore migrate with their stock, vehicles and machinery to South Africa. Many of the Afrikaners and Germans in commerce will similarly transfer and follow their bank accounts back to their homeland in South Africa. The artisans and technicians, supervisors and managers, administrators and scientists, largely employed in the factories and mines may perhaps stay on<sup>29/</sup> if they are acceptable to the new government and they can accept new policies that will emerge after independence.

#### TRANSNATIONAL CORPORATIONS AND THE LABOUR SYSTEM IN NAMIBIA

The labour system in Namibia as developed by South Africa with the connivance of Transnational Corporations for whose benefit it was evolved is essentially monopsonic: employers are organised and behave like a single buyer of labour throughout the country. On the other hand, under the apartheid and racial laws of South Africa, black workers are not allowed to organise themselves into unions

---

29/ Ibid. To Be Born a Nation pp. 144 - 145.

nor to have a say in the employment contract. This type of labour market in Namibia guarantees that:

- (a) employers pay only discretionary wages to black workers. Super profits therefore accrue to employers at the expense of workers who are in effect denied the fruits of their labour;
- (b) fewer jobs are available and the suppliers of labour services or black workers must therefore either accept whatever jobs and wages that may be offered to them or starve. Employers can in the circumstances offer morbid conditions of service but will still obtain any amount of labour they may require.
- (c) black workers are legally required to be voiceless and if they protest against poor conditions of service, they are brutally repressed.

It is against this background that the labour system in Namibia may be viewed. Basically it is akin to the enslavement of black workers and laws such as the notorious influx control laws give the South African police wide powers to arrest and detain blacks. The modus operandi of the labour system is institutionalized and operationalized through two subsystems, specifically for blacks, namely:

(a) the Migrant Labour System and (b) the Contract Labour System. The ignominy of the contract labour system which had been smearing throughout Namibia since the early 1920s came to a breaking point when about 16,000 workers throughout Namibia went on strike in December 1971. As a result of this strike cosmetic changes and refinements were introduced into the system but in essence nothing has changed. The appalling conditions of workers have been fairly well-documented by the ILO study on Labour and Discrimination in Namibia and by the more recent book on "The Workers of Namibia"<sup>30/</sup> published by the International Defence and Aid Fund for Southern Africa, London. On the whole the labour system in Namibia has continued to be inhumane and exploitative. The per capita income ratios indicated under profile of the economy reflect the income differentials between whites and blacks. Wages are paid in kind and in cash and if wages were to be paid entirely in cash then the farmers, Transnational Corporations in fishing and marginal base minerals firms may have their profits reduced considerably. Most black workers in Namibia receive wages below the Poverty Datum Line (PDL) which is

---

<sup>30/</sup> Gillian & Susanne Cronje "The Workers of Namibia" published in 1979.

the bare minimum wage at which a working-class family could hope to survive without suffering. The Windhoek PDL has been conservatively calculated to be R81.25 per month but inflation in Namibia has been running at 12% per annum while food prices have been increasing at an alarming rate of 17%. It is difficult to establish the average wage paid in mining but there is no doubt that the wages paid to whites are more than 10 times the wages paid to black workers. In some cases the one week's salary for a white school boy is equivalent to what a contract worker, who may be the father of a big family, may earn in a whole month or even two. The Transnational Corporations exploit workers not only through low salaries, but also through other conditions of service. For example, there is lack of safety precautions and other industrial safeguards against contamination in the uranium mines. Thus Namibia's Africans provide the unskilled labour<sup>31/</sup> for the Transnational Corporations but do not share equitably in the fruits of their labour.

POSSIBILITIES OF RAPPROCHEMENT BETWEEN THE TRANSNATIONAL CORPORATIONS AND THE GOVERNMENT OF INDEPENDENT NAMIBIA

The crucial question is whether or not the Transnational Corporations that have been collaborating with South Africa in the exploitation of the Namibian people and economy can, overnight, change partners and begin to collaborate with the government of independent Namibia as partners in national reconstruction and development. Whereas it may be argued that in answering this question an independent Namibia may benefit from the experience of other independent nations, nonetheless, an independent Namibia would adopt the lessons of the experiences of other countries only if such experiences are amenable to the uniqueness of Namibia's own history and the bitter experiences of colonial repression.

It is obvious that the pattern, structure of ownership and control of the totality of mineral, fishing and livestock undertakings in Namibia under the illegal occupation of South Africa reflect the dominant role of Transnational Corporations in the economy. The colonial relations that have existed between South Africa and Namibia since 1920 and South Africa imposed apartheid policies in Namibia have made it much easier for the Transnational Corporations to plunder

---

31/ H.S. Aulakh and Wilfred W. Asombang op. cit. pp 27 - 28.

the natural and human resources of the country without a sense of remorse. Under South African laws and apartheid practices, Transnational Corporations in Namibia enjoy the following economic rights:

- (a) unfettered control of the prospecting, and control of the production of minerals, fish and livestock and all related matters such as determination of the rate of exploitation, volume of production, pricing, expansion and development;
- (b) exclusive responsibility for marketing, distribution, processing and other down stream operations;
- (c) exclusive management of mineral undertakings at board, management and operational levels;
- (d) exclusive responsibility for the appropriation of the returns of the undertakings, subject to only modest fiscal imposition; and
- (e) financial contribution for the execution of Pretoria's war of genocide in Namibia.

It is most unlikely that the government of an independent Namibia would want to retain the status quo it would inherit at independence. In fact to urge for the maintenance of the status quo ante would be tantamount to advocating the continuance of oppression by an order that has proved notoriously unjust: structures which deprive human beings of their human rights or of their human dignity prevent justice from being realised.<sup>32/</sup> The wealth of the Transnational Corporations operating in the various sectors of the Namibian economy has been built upon racial discrimination and colonial exploitation and as such a thorough-going transformation of the economy would become imperative. This does not mean that Transnational Corporations will become irrelevant: if anything, they may want to adapt their activities to the policies of a sovereign Namibia. There has to be a completely new approach to the economic development of independent Namibia: development which will be geared to benefit all the people irrespective of their colour of skin, race, place of origin or status in society. The question is: how will the Transnational Corporations react to the trans-

---

<sup>32/</sup> Sean Macbride, The Imperative of Survival, the Nobel Foundation, Sweden, 1975 p. 210.

formation policies of the government of independent Namibia? What will become of the Transnational Corporations-South African partnership?

Up till now the Transnational Corporations have failed to lend support to Namibia's struggle for independence partly because South Africa has hoodwinked them into believing that they can wreck any havoc to the Namibian people and economy and get away with it and also because they have continued to benefit from the colonial regime which enables them to redouble the rate of exploitation and stockpiling of minerals from Namibia. Thus when it comes to the question of rapprochement the position of the Transnational Corporations is quite obvious: they are in no hurry to support the decolonisation process in Namibia but will be willing to come to terms with the government of independent Namibia so long as there will be an opportunity to earn a reasonable rate of return on their investments in an independent Namibia. The dissolution of the Transnational Corporations-South Africa partnership may therefore be expected to depend partly on how the different Transnational Corporations perceive the peculiarities of their own investments and also on how they perceive their own capacity to adapt to the policies of the government of independent Namibia.

This dubious attitude of Transnational Corporations to the decolonisation process in Namibia has also been reinforced by the fact that they have had considerable experience in the manipulation of governments, especially in the LDCs. The manoeuvres of the Transnational Corporations are strengthened by their global ownership of large financial resources, managerial expertise and a monopoly of mining and industrial technology: if nationalised, they can use their global network to compel the negotiation and conclusion of more lucrative marketing, management and technical services contracts with the host government.

On the positive side, Transnational Corporations can contribute to the development of a country in several ways. First and foremost they must learn to accept the fact that the heydays of exploitation of the human and natural resources of Namibia are over. This will enhance their ability to adapt to the policies of a genuinely independent Namibia. The Transnational Corporations must be prepared to serve not only their own selfish interests but also the public interest of an independent Namibia. It is realised that this is easier said than done: the overall objective of a typical Transnational Corporation is to maximize profits, and also to maximize the rate of retention out of the

enterprise.<sup>33/</sup> Namibians are under no illusion that the Transnational Corporations and South Africa will prove graceful in defeat where their partnership has been ruthlessly exploitative at the height of its power. It is to be expected that the retreating settlers and colonial state from Namibia will leave considerable chaos and destruction in their wake, particularly in the farming sector, urban commerce, the administration, and public services. Beyond the immediate aftermath of independence, the people's government of Namibia will face a formidable task of national reconstruction and social transformation. Colonialism has left Namibians without the skilled manpower and technical resources to run the mines, the fisheries and a number of state organs, and it is precisely here, as the experience of many newly independent nations has shown, that imperialism is at its most subtle. SWAPO is also aware that nationalisation alone has not always broken the stranglehold of foreign economic domination, because the Transnational Corporations may still control MANAGEMENT, MARKETING, TECHNICAL EXPERTISE and KNOW-HOW on big local operations such as mines, and capitalist interests still dominate the INTERNATIONAL SOURCES OF FINANCE and CREDIT.

Studies also reveal that to mobilise the resources which will be required to meet the basic needs of Namibia's people and transform the structure of the economy, the mines must be run, the fishing grounds fished, the Kunene electricity scheme transformed and completed. Most of the minerals and fish will necessarily be exported. Certainly expatriate personnel will be needed until Namibians can gain the experience previously denied them.<sup>34/</sup> All this implies that Transnational Corporations have a positive role to play in the reconstruction and development of post independent Namibia. The prerequisite for this role is that only the people of Namibia have the prerogative to decide on the rejection or toleration of the Transnational Corporations. The best weapon in the hands of the Namibian people is their own mobilisation and aspirations to control all aspects of their own lives themselves and to enjoy to the full the fruits of their own labour. This means that independent Namibia will not negotiate with the Transnational Corporations from a position of

---

33/ Hans W. Singer and Javed A. Ansari, Rich and Poor Countries, London: George Allen & Unwin Ltd., 1977, p. 198.

34/ To Be Born a Nation op. cit. pp. 295 - 296.

indisposition. On balance the Transnational Corporations need Namibia's mineral resources much more than Namibia needs the Transnational Corporations.

The government of a future independent Namibia is also aware that the Transnational Corporations have developed an organisational structure that allows them to confront and challenge the decisions of the strongest and most powerful governments in the West: they will be able to circumvert the monetary and fiscal measures undertaken by the government through such practices as transfer pricing, converting of profits into management salaries and by a hundred and one other corporate malpractices. All this, of course, will create serious problems of domestic resource allocation as well as balance-of-payments disequilibrium. The government of future independent Namibia will be determined to be development oriented. The Transnational Corporations may promise to adapt their practices to this reorientation of development strategy in Namibia but the government will have to increase its ability to negotiate with them in order to be able to use a greater proportion of the gains of the Transnational Corporations for the purpose of offsetting the imbalances created by the Transnational Corporations within the Namibian economy<sup>35/</sup> and for the establishment of a socialist democratic society in which there will be no exploitation of man by man.

One consoling thought is that there is still room for both the Transnational Corporations and the government of a future independent Namibia to work out compromises. Initially the government and the Transnational Corporations may start their relationship on the basis of mutual distrust, suspicion and intolerance but may slowly but surely grasp the fact that they do not really want to wish each other out of existence, nor can they afford to either ignore or to launch a full-scale war against each other. Transnational Corporations have had considerable experience in adapting to the policies of various independent governments. They can be prepared to work towards compromises in which their basic profit-making objective and the socialist-development-oriented goals of the government of a future independent Namibia can be promoted. The government of a future independent Namibia would, however, be prepared for real hard bargaining because profit-maximization through exploitation of man by man is one of the most resilient features of Transnational Corporations.

---

35/ Hans Singer & Javed Ansari op. cit. pp. 211 - 212.

Given this basic understanding, it is possible for Transnational Corporations to become partners in the national reconstruction and development of a future independent Namibia under a new political order.