



Report on the Metal and Engineering Sector in Namibia

**Prepared by
Cons Karamata,
Labour Resource and Research Institute (LaRRI)**

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Introduction

This report aims to outline the structure and size of the metal and engineering sector in Namibia. However, since this sub-sector is relatively undeveloped very little data is available. The report therefore provides an overview of the manufacturing sector, followed by an analysis of the metal and engineering sector based on data available.

The report is divided into four sections: Section one provides a background to the methodologies used in data collection, and an overview of the manufacturing sector with reference to the metal and engineering sub-sector. Section two looks at the structure and size of manufacturing sector with particular emphasis on the metal and engineering sub-sector. A similar analysis is provided on the employment conditions in these sectors in section three. Section four concludes with a brief analysis of government programs aimed at promoting the development of these sectors.

1. Methodology and Overview of Manufacturing Sector

1.1 Methodology

This report is based primarily on secondary data collected from publications and websites of various state and non-state agencies. The data on the structure of the manufacturing industry, sectoral contribution to the GDP and trade data were mainly sourced from the Bank of Namibia (BoN), the Ministry of Trade and Industry (MTI) and the National Planning Commission(NPC). The Survey of Manufacturing Industries conducted by the Ministry of Trade and Industry in 1994 and updated in 2003 has been the main source of the report.

Data on the employment conditions of workers was mainly derived from various research reports by the Labour Resource and Research Institute (LaRRI). These includes the study on the Namibian Labour Market 2004, Export Processing Zones in Namibia (2000), and the on Trade Unions in Namibia (2004). Data on the wages was sourced from the Actual Wage Rate Database (AWARD) which contains an analysis of actual wage developments across various sectors, carried out by LaRRI.

1.2 Overview of the Manufacturing Sector

At independence in 1990, Namibia inherited a highly dualistic economy, with a sharp division between its formal and informal sectors. Namibia's formal GDP depends mainly on mining, particularly diamonds and uranium and agriculture. Having been historically a captive market for South African industrial products, Namibia has a trade-dependent economy with a small industrial base.

Faced with these development challenges, the country, like many developing countries, set out to attract FDI to boost the manufacturing sector. Most prominently, government invested huge amounts of resources in the promotion of Export Processing Zones (EPZs). The aim was to diversify the economy away from the traditional exports of unprocessed mining and agricultural goods.

However, available data for the first fifteen years after independence show that efforts to achieve this goal have not been able to alter the structure of country's economy in any significant way. Despite an increase in the number of manufacturing companies, the

manufacturing sector continues to be small, contributing only about 11% on average to the country's GDP. Following the same trend, the metal and engineering sector is relatively undeveloped with a few key players dominating the industry. In 2004 the sub-sector contributed about 16% to the manufacturing sector in the country. Most companies in this sub-sector were set up to produce metal and steel products needed in the booming construction industry (e.g. Silko Engineering, Robran Steel Construction etc.). Other key players such as Okahandja Stahl supply the mining industry with iron and steel products. A handful of companies, such as Namibia Press and Tools and Windhoek Maschinen Fabriek, produce tools and car parts for both the domestic market and for exports.

Table 1: Share of Manufacturing Sector in Namibia (in %)

	1994	2004
Meat processing	8.1	4.3
Fish processing on shore	28.4	13.4
Manufacturing of other food products and beverages	33.5	43.2
Manufacturing of textiles , wearing apparels and leather	1.1	7.0
Manufacturing of wood and wood products	2.4	2.5
Manufacturing of paper , paper product publishing and Printing	2.7	2.7
Manufacturing of Chemicals, rubber plastic and product thereof	6.5	7.1
Manufacturing of Non-metallic and mineral product	3.6	3.5
Manufacturing of Basic Metals	6.0	8.5
Manufacturing of fabricated metals product excl machinery & equip	7.0	7.2
Manufacturing of Machinery & equipment n.e.c	0.6	0.6
Total Manufacturing	100.0	100.0

Source: National Accounts 2004

2. Size and structure of the manufacturing sector

2.1 Distribution of the Manufacturing Sector

The Survey of Manufacturing Industries 2003 conducted by the Ministry of Trade and Industry covered large and medium-sized manufacturing companies operating in the formal economy and employing ten or more workers.

The findings of the survey reveal that there has been a significant increase in the number of manufacturing establishments from 1995 to 2003. During the year 1994/95, when the first census was conducted, the number of manufacturing companies in operation was 278. By 2003, the number of manufacturing companies had increased by 38% to 384.

The food products and beverage sector remains the major manufacturing sector in Namibia. A total of 125 companies (32.6%) operated in the food products and beverage sector, followed by fabricated metal and engineering products (18.3%) and furniture manufacturing (10.7%). Only a few companies were engaged in the production of coke, refined petroleum & nuclear fuel, and other transport equipment.

The largest companies in the metal and engineering sub-sector are Windhoek Maschinen Fabriek, Wispeco, Paco Engineering, Reinforcing & Allied Industries and W. Dresselmann Engineering. Below follows a list of the key players in the metal and engineering industry.

Table 2: Major Companies in Metal and Engineering Industry

Name of company	Products	Location
Allers Aluminium (Pty) Ltd	Aluminum + Glass products	WINDHOEK
Aluminium Bau Manufacturing Cc	Aluminium Windows, Doors, Shopfronts	OKAHANDJA
Aluminium City CC	Aluminum Products, Glass Decoration, Steel Decoration	WINDHOEK
Buffalo Sign CO (Namibia) (Pty) Ltd	Car plates	WINDHOEK
Central Welding Works	Construction Steel	WINDHOEK
Coastal Steel Works	Steel welding	LÜDERITZ
Edelstahlbau CC	Steel	WINDHOEK
Henco Engineering cc	Steel Products	GOBABIS
Horn Paneelkloppers	Steel Elements	WINDHOEK
Hot Iron Kunstschmiede und Bauschlosserei	Gates, Iron Goods	WALVIS BAY
Invo Stahlbau	Construction Elements	WINDHOEK
Khomas Window frames cc	Window frames, door frames and other metallic structures	WINDHOEK
Kwico Namibia cc	Steel products	WINDHOEK
Nirosta (Pty) Ltd	Steel Construction Elements	WINDHOEK
Okahandja Steel	Steel elements	Okahandja
Paco Engineering (Pty) Ltd	Steel Works	WINDHOEK
Pro Steel (Pty) Ltd	Steel Structures, Plastic water tanks	GROOTFONTEIN
Profile Windows CC	Fabricated of PVC and Aluminum Windows and Doors	SWAKOPMUND
Reinforcing & Allied Industries (Namibia) (Pty) Ltd	Steel Reinforcing	WINDHOEK
Retief (Pty) Ltd	Ladders, Castors, Trolleys	WINDHOEK
Road Signs CC	Road Signs	WINDHOEK
Robran Steel Construction CC	Steel Elements	OUTJO
Silko Engineering CC	Steel Fencing, Gates, Steel Welding	WINDHOEK
Sign Shop	Plates and Signs	Windhoek
Spark Steel Works	Steel work	WINDHOEK
Target Signs (Pty) Ltd	Publicity Plates	WINDHOEK
Voorslag Steel Works	Steel Works	OKAHANDJA
W. Dresselmann Engineering (Pty) Ltd	Steel Construction	WINDHOEK
Windhoek Maschinen Fabriek	Vehicles, Car parts	Windhoek
WISPECO	Aluminium Products	WINDHOEK

Source: Survey of Manufacturing Industries, 2003

2.2 The geographic spread of the sector

From a regional perspective, the spatial distribution of manufacturing industries in Namibia's regions improved significantly. However, there continues to be a high regional bias and disparity in the industrial development of Namibia, especially in manufacturing. The two central regions, namely, Khomas and Erongo continue to be the dominant bases for manufacturing industries. About 60% of establishments were located in Khomas and Erongo regions. All other regions account for less than 50% manufacturing industries.

The metal and engineering industry follows a similar trend. Khomas has the highest concentration of companies (43), followed by Erongo with nine companies and Otjozondjupa with six companies.

Based on the 1995 census results, there were no manufacturing establishments found in Omusati and Ohangwena regions. In 2003, five and four establishments were recorded in these regions respectively. The Oshana region recorded 27 manufacturing establishments compared to four establishments recorded in 1995. The number of establishments in Kunene region declined slightly from 14 to 12 between 1995 and 2003. Oshikoto increased from seven to 10 establishments, while Omaheke showed an increase from four to 12.

Regarding the two North-Eastern regions, namely, Kavango and Caprivi, the number of manufacturing establishments increased from three in 1995 to 12 in 2003; and from four in 1995 to 10 in 2003 respectively. For the Southern regions of Hardap and Karas, the number of establishments increased from 4 to 6 and from 15 to 19 respectively.

Table 3: Regional Spread of Manufacturing Companies

Region	No of companies	% share
Caprivi	10	2.6
Erongo	71	18
Hardap	6	1.6
Karas	19	4.9
Kavango	12	3.1
Khomas	163	42
Kunene	12	3.1
Ohangwena	4	1
Omaheke	12	3.1
Omusati	5	1.3
Oshana	27	7
Oshikoto	10	2.6
Otjozondjupa	33	8.6
Total	384	100

Source: Survey of Manufacturing Industries, 2003

Table 4: Manufacturing Establishments by Region and Sector.

Number of Establishments																				
REGION	by ISIC Sector																			
	15	17	18	19	20	21	22	23	24	25	26	27	28	29	31	34	35	36	Total	%
Caprivi	7										1							2	10	2.6
Erongo	30	2	5	1	1	2	1		1	3	8		5	1	1	2		8	71	18
Hardap	3		1								2								6	1.6
Karas	11			1						1	2	1	1					2	19	4.9
Kavango	5	1									2		2					2	12	3.1
Khomas	34	10	12	4	2	1	13		8	8	9		34	3	3	2	1	19	163	42
Kunene	3		1		3						3		1					1	12	3.1
Ohangwena	1										1	1						1	4	1
Omaheke	5			1		1					1		2			1		1	12	3.1
Omusati	2	1			1						1								5	1.3
Oshana	5	1	2	2	3		2		1	1	4		2					4	27	7
Oshikoto	4				1		1				3	1							10	2.6
Otjondjupa	15	1			2			1	2	2	3		4	1		1		1	33	8.6
Total	125	16	21	9	13	4	17	1	12	15	40	3	51	5	4	6	1	41	384	100

Source: Survey of Manufacturing Industries, 2003

Table 5: International Standard of Industrial Classification (ISIC)

ISIC	SECTOR
15	Food Products & Beverages
17	Textiles
18	Wearing Apparel, Dressing & Dyeing of Fur
19	Luggage, Handbags, Saddlery & Footwear, Tanning & Dressing of Leather
20	Wood & Products of Wood & Cork, Straw & Plaiting Materials
21	Paper & Paper Products
22	Publishing, Printing & Reproduction of Recorded Media
23	Coke, Refined Petroleum Products & Nuclear Fuel
24	Chemicals & Chemical Products
25	Rubber & Plastic Products
26	Other non-Metallic Products
27	Basic Metals
28	Fabricated Metal Products, Except Machinery & Equipment
29	Machinery & Equipment n.e.c
31	Electrical Machinery & Apparatus n.e.c
34	Motor Vehicles, Trailers & Semi-Trailers
35	Other Transport Equipment
36	Furniture, Manufacturing n.e.c

Source: Survey of Manufacturing Industries, 2003

2.3 Contribution to the GDP

As mentioned earlier on Namibia has a very small industrial base due to historical developments. The manufacturing sector contributed on average 11% to the country's GDP from 1994 to 2004. Similarly, the share of the metal and engineering sub-sector to the GDP is insignificantly small. On average, the sub-sector contributed a tiny 1.6% the overall GDP. However, the sub-sector steadily increased its share to the GDP from 0.8% in 1999 to 1.8% in the year 2004. In monetary terms, the metal and engineering sub-

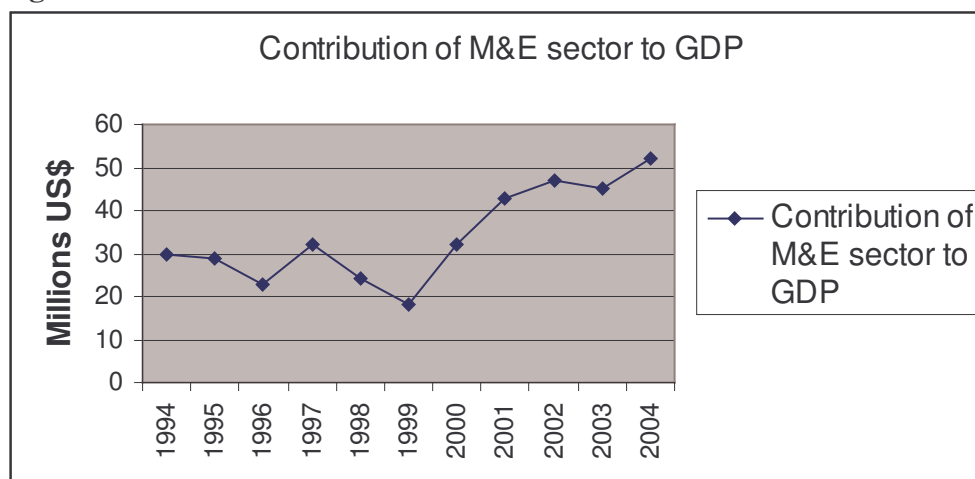
sector increased its contribution to the GDP from US\$ 30 million in 1994 to US\$ 52 million in 2004.

Table 6: Share of M&E sector

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Metal and Engineering industry (Million US\$)	30	29	23	32	24	18	32	43	47	45	52
% share of GDP	1.5	1.4	1.1	1.5	1.1	0.8	1.3	1.8	1.8	1.7	1.8
% share of Manufacturing to GDP	12.2	11.5	9.3	10.6	11.2	10.4	10.4	10.7	11.0	11.2	11.2

Source: National Accounts 2004

Figure 1: Contribution of M&E sector to GDP



Source: National Accounts 2004

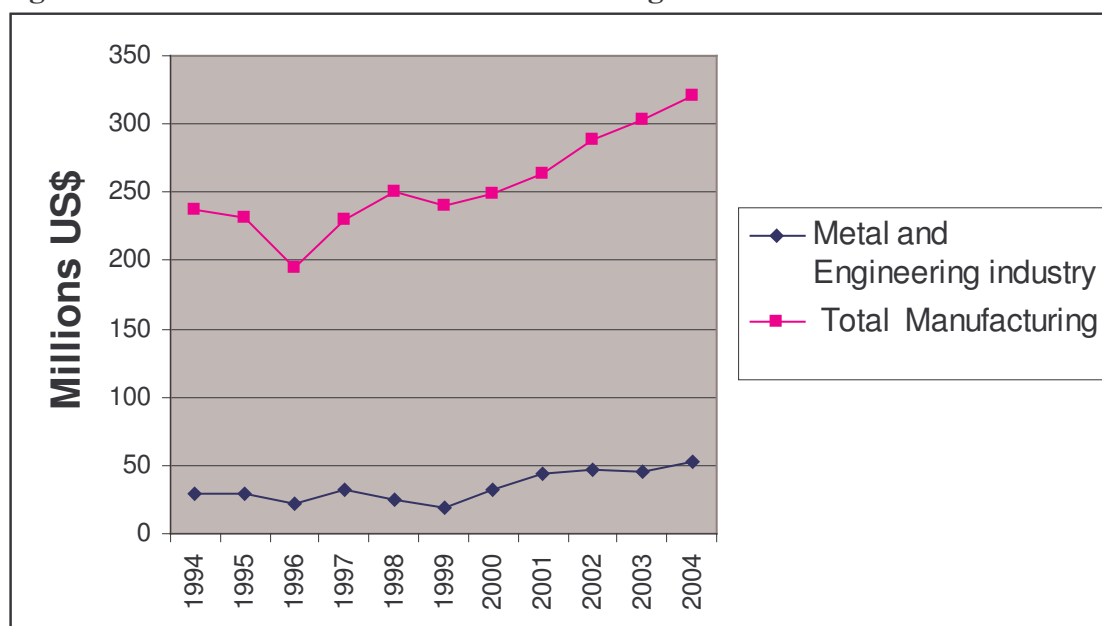
2.4 Contribution of the Metal and Engineering Industry to the Manufacturing Sector

The manufacturing industry in Namibia is dominated by food production and fish processing. The metal and engineering sector contributes on average only 12.3% from 1994 to 2004. This percentage share has however increased significantly from 7.7% in 1999 to 16.4% in 2004 to mainly to the entry of new operators in the sector.

Table 7: Contribution of M&E sector to GDP

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Metal and Engineering industry (Million US\$)	30	29	23	32	24	18	32	43	47	45	52
Total Manufacturing (Million US\$)	237	232	194	229	250	240	249	263	288	303	321
GDP (Million US\$)	1937	2017	2081	2169	2240	2316	2397	2454	2618	2709	2870
% share of M&E to Industry	12.7	12.5	11.6	14.1	9.7	7.7	12.8	16.4	16.3	14.8	16.3

Source: National Accounts 2004

Fig 2: Contribution of M&E and Manufacturing sectors to GDP


Source: National Accounts 2004

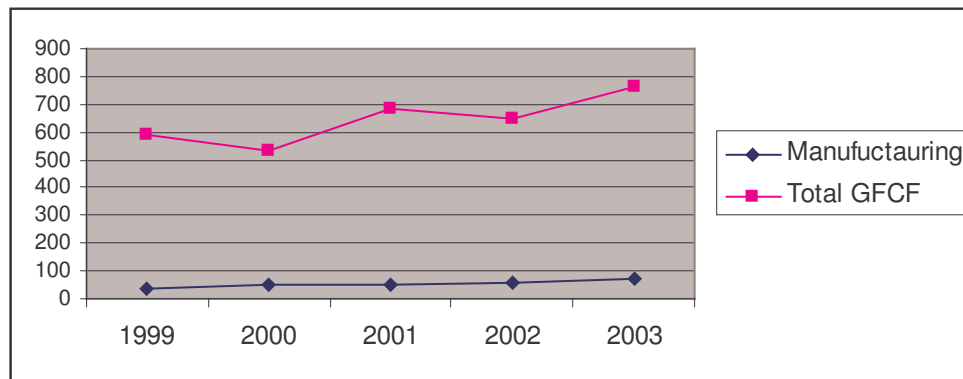
2.5 Investment Trends

Data on investment in the metal and engineering sub-sector is not available. The data presented below contains gross capital formation in the whole manufacturing sector. Also, the data contains both domestic investment as well as foreign direct investment. According to Table 8 there has been a steady increase of investment flows in to the manufacturing sector. The Gross Fixed Capital Formation (GFCF) has increased from US\$ 39 million in 1999 to US\$ 73 million in 2003. However, investment flows in the manufacturing sector are relatively small compared to the total gross capital formation of the country. In 2003, for instance, GFCF in the manufacturing industry made only about 9.5% of the country total GFCG. This is in line with the average percentage share of the manufacturing industry to the GDP of 11%.

Table 8: Gross Fixed Capital Formation (in million US\$)

	1999	2000	2001	2002	2003
GFCF in Manufacturing	39	47	53	61	73
Total GFCF	589	536	682	647	764

Source: Bank of Namibia Annual Report 2004

Fig 3: Gross Fixed Capital Formation (in million US\$)

Source: Bank of Namibia Annual Report 2004

2.6 Trade Trends

Having a small trade-dependent economy, the Namibia government embraced trade liberalization and export promotion as the policies that should solve the country's development challenges and lead to industrialization. Since independence, therefore, the country has embarked on efforts to promote trade at regional level and to attract foreign investment in export oriented industries. These outward-looking trade strategies are exemplified by the country's involvement in regional trade agreements in SACU and SADC, as well as the investment of enormous resources in the promotion of the Export Processing Zone regime.

These efforts had been dominated by the desire of the country to diversify her trade patterns in terms of products and trading partners. Namibia's major trading partners include the EU, SADC countries and the United States. Of all the trading partners, South Africa is the most important, accounting for at least 80% of Namibian imports. The United Kingdom, Germany and the United States follow with less than 5% each. In terms of exports, 50% is consumed mainly by the United Kingdom and South Africa on an equal basis, with Spain accounting for about 18%.

As far as exports are concerned, the Namibian economy has been and remained dominated by the export of agricultural products and minerals. This group of exports accounted for 60-70% both before and after independence. Merchandise exports have grown substantially since 1990 from N\$3.2 billion to N\$5.0 billion posting a percentage increase of about 59.4%. Broadly, the growth trends in exports can be examined by looking at the two main components of merchandise exports – mineral and non-mineral exports. Mineral exports dominate the nation's exports. From a percentage contribution of 52.9 in 1990, the contribution of mineral exports has fallen to 48.9% in 1999. Diamonds and uranium remain the main mineral exports. In 1990, the contribution of diamonds to total mineral exports was 50.7% and this rose to 72.9% in 1999. During the same period, other minerals, principally gold, copper, silver, lead and zinc declined in their total contribution from 49.3% to barely 27.1%.

Non-mineral exports consist mainly of agricultural exports. Exports of manufactured products and unprocessed fish have improved slightly after independence. Their

contribution to total exports rose from 47.1% in 1990 to 51.1% in 1999, having overtaken mineral exports in 1994, 1995 and 1998.

Table 9 Sectoral contribution to Total Exports

Sector	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Mining	53.0	54.4	49.9	44.8	38.0	38.2	42.1	43.0	36.3	42.1	48.1	46.2
Agriculture	7.7	6.7	6.3	5.0	7.8	7.2	7.4	3.9	4.5	4.0	2.9	3.3
Fishing (unprocessed)	0.1	0.1	0.4	0.3	0.1	0.3	0.3	0.2	0.3	0.3	0.3	0.7
Manufacturing ¹	28.3	27.8	32.2	34.2	37.2	35.8	30.8	30.6	37.5	32.4	34.9	34.1
Other	11.0	11.1	11.6	16.0	17.0	18.8	19.7	22.5	21.7	21.5	14.1	16.4

Source: CBS, 2001

3. Employment

3.1 Employment Trends

In 2000, 888 009 Namibians were 15 years or older and the Labour Force Survey classified 541 447 people as economically active and 346 157 people as economically inactive. The agricultural sector was the largest sector in terms of employment in Namibia, accounting for 123 297 (or 28,6%) jobs. Other important sectors in terms of employment were community, social and personal services with 47 517 jobs (11,0%); 'real estate, renting and business activities' with 42 128 jobs (9,8%), wholesale and retail and motor vehicle repairs with 39 850 jobs (9,2%); and education with 30 523 jobs (7,1%). On the other hand manufacturing accounted for only 22 921 jobs (5,3 %) which is an indication that this sector was still severely under-developed in Namibia.

¹ Fish processing accounts for the bulk of manufactured exports. During the period 1990 to 2001, it accounted on average 54.8 percent of all manufactured exports.

Table 10: Employment by sector (2000)

Sector	Percentage of employed people
Agriculture	28.6
Wholesale and retail trade, repair of motor vehicles	9.2
Domestic work in private households	5.2
Manufacturing	5.3
Community, social and personal services	11.0
Education	7.1
Public administration, defence, and social security	5.4
Real estate, renting, and business activities	9.8
Construction	5.0
Transport, storage and communication	3.3
Health and social work	3.1
Financial intermediation	0.8
Fishing	1.8
Mining and Quarrying	0.9
Electricity, gas and water supply	1.0
Hotels and restaurants	1.8
Other	0.8

Source: Labour Force Survey 2000.

Table 11: Sectoral trends (1997 - 2000)

Industry	1997	2000	Change
Agriculture	146 899	126 459	-13.9%
Fishing	6 771	7 800	15.2%
Mining & Quarrying	6 592	3 868	- 41.3%
Manufacturing	25 983	22 922	- 11.8%
Elect, gas & water supply	4 576	4 193	- 8.4%
Construction	19 801	21 788	10%
Wholesale & retail trade, repair of motor vehicle	33 815	38 902	15%
Hotels and restaurants	2 988	7 677	157%
Transport, storage & communication	134 80	14 308	6%
Financial intermediation	7 817	4 933	- 36.9%
Real estate, renting and business activities	20 244	39 318	94%
Public administration, Defence and social security	22 029	24 419	10.9%
Education	24 023	30 538	27%
Health & social work	10 922	13 135	20.3%
Other community, social & personal services	24 518	46 289	88.8%
Private households with employed persons	28 547	22 209	- 22%
Extra-territorial organisations & bodies	229	327	42.8%

Source: Labour Force Survey 1997 & 2000

Table 11 shows significant changes in employment patterns between 1997 and 2000. Some sectors like mining, financial intermediation and domestic work declined significantly in terms of employment. The mining sector, which receives about two-thirds of Namibia's foreign direct investment (FDI), reduced the number of workers by over 40% during the period under review! On the other hand, service sectors like hotels and restaurants, and social services experienced a large increase in terms of employment. Hotels and restaurants more than doubled their number of employees within 3 years. Overall, the employment patterns in the Namibian economy suggest a shift away from the primary sector (like agriculture and mining) towards the tertiary sector.

According to the Survey of Manufacturing Industries (2003), 21052 people were employed in manufacturing establishments in 1994, compared to 32895 people in 2003. This increase could partly be attributed to the establishment of the Ramatex textile factory in Windhoek in 2001, which employs about 6000 workers.

The highest concentration of persons employed remains in the food products and beverage sector which accounts for 40.3% of the total employment in the manufacturing industry. All other sub-sectors contribute less than 10% of jobs; with the exception of wearing apparel, dressing and dyeing of fur which contribute 31.9% (refer to table 12).

Table 12: Employment per sub-sector

ISIC	SECTOR	Number of Employees	
		Total	%
15	Food Products & Beverages	13262	40.3
17	Textiles	699	2.1
18	Wearing Apparel, Dressing & Dyeing of Fur	10483	31.9
19	Luggage, Handbags, Saddlery & Footwear. Tanning & Dressing of Leather	382	1.2
20	Wood & Products of Wood & Cork, Straw & Plaiting Materials	248	0.8
21	Paper & Paper Products	458	1.4
22	Publishing, Printing & Reproduction of Recorded Media	592	1.8
23	Coke, Refined Petroleum Products & Nuclear Fuel	19	0.1
24	Chemicals & Chemical Products	538	1.6
25	Rubber & Plastic Products	507	1.5
26	Other non-Metallic Products	1484	4.5
27	Basic Metals	1469	4.5
28	Fabricated Metal Products, Except Machinery & Equipment	1210	3.7
29	Machinery & Equipment n.e.c	127	0.4
31	Electrical Machinery & Apparatus n.e.c	90	0.3
34	Motor Vehicles, Trailers & Semi-Trailers	144	0.4
35	Other Transport Equipment	34	0.1
36	Furniture, Manufacturing n.e.c	1149	3.5
	Total	32895	100

Source: Survey of Manufacturing Industries, 2003

Table 13: Manufacturing Establishments by Employment Size.

ISIC	SECTOR	Number of Employees									
		10-20	%	21-50	%	51-100	%	>100	%	Total	%
15	Food Products & Beverages	44	26.3	32	27.1	16	44.4	25	59.5	125	32.6
17	Textiles	8	4.8	4	3.4	1	2.8	1	2.4	16	4.2
18	Wearing Apparel, Dressing & Dyeing of Fur	9	5.4	5	4.2			4	9.5	21	5.5
19	Luggage, Handbags, Saddlery & Footwear. Tanning & Dressing of Leather	4	2.4	3	2.5	1	2.8	1	2.4	9	2.3
20	Wood & Products of Wood & Cork, Straw & Plaiting Materials	8	4.8	5	4.2					13	3.4
21	Paper & Paper Products	1	0.6	1	0.8			2	4.8	4	1.0
22	Publishing, Printing & Reproduction of Recorded Media	4	2.4	11	9.3			1	2.4	17	4.4
23	Coke, Refined Petroleum Products & Nuclear Fuel	1	0.6							1	0.3
24	Chemicals & Chemical Products	5	3.0	3	2.5	2	5.6	1	2.4	12	3.1
25	Rubber & Plastic Products	7	4.2	4	3.4	1	2.8	1	2.4	15	3.9
26	Other non-Metallic Products	19	11.4	13	11.0	4	11.1	3	7.1	40	10.4
27	Basic Metals	1	0.6					2	4.8	3	0.8
28	Fabricated Metal Products, Except Machinery & Equipment	29	17.4	16	13.6	5	13.9			51	13.3
29	Machinery & Equipment n.e.c	3	1.8	1	0.8	1	2.8			5	1.3
31	Electrical Machinery & Apparatus n.e.c	2	1.2	2	1.7					4	1.0
34	Motor Vehicles, Trailers & Semi-Trailers	2	1.2	3	2.5					6	1.6
35	Other Transport Equipment			1	0.8					1	0.3
36	Furniture, Manufacturing n.e.c	20	12.0	14	11.9	5	13.9	1	2.4	41	10.7
	Total	167	100	118	100	36	100	42	100	384	100

Source: Survey of Manufacturing Industries, 2003

Table 13 above shows that the highest number of manufacturing establishments (167 or 43.4%) was recorded in the employment size group of 10 to 20 persons. The second largest group in the employment size of 21 to 50 recorded 118 (30.7%) manufacturing establishments. This is followed by 42 (10.9%) with 100 and more employees. The survey revealed that 25 of the 42 (59.5%) establishments with more than 100 persons operated in the food products and beverage sector.

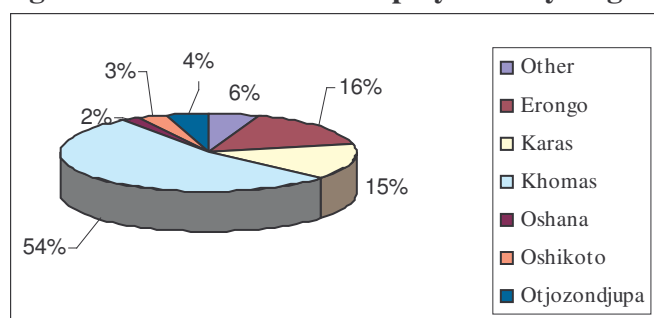
Table 14: Employment by Region and Sector.

REGION	ISIC Sector																	Total	%	
	15	17	18	19	20	21	22	23	24	25	26	27	28	29	31	34	35			
Caprivi	130										12							23	165	0.5
Erongo	3800	61	263	36	11	140	12		14	66	316		145	59	17	50		184	5174	15.7
Hardap	171		34								86								291	0.9
Karas	4039			171						13	33	579	11					48	4894	14.9
Kavango	96	19									124		23					28	290	0.9
Khomas	3720	191	10156	123	46	303	531		243	374	460		825	56	73	46	34	593	17774	54.0
Kunene	52		9		61						54		19					12	207	0.6
Ohangwena	11										10	12						18	51	0.2
Omaheke	152			19		15					57		40			37		10	330	1.0
Omusati	52	400			19						25								496	1.5
Oshana	274	9	21	33	55		40		11	0	71		26					121	661	2.0
Oshikoto	65				34		9				108	878							1094	3.3
Otjozondjupa	700	19			22			19	270	54	128		121	12		11		112	1468	4.5
Total	13262	699	10483	382	248	458	592	19	538	507	1484	1469	1210	127	90	144	34	1149	32895	100.0

Source: Survey of Manufacturing Industries, 2003

The 2003 survey result shows a very significant increase of 54.4% (from 21305 in 1995 to 32895) in 2003 in the number of persons engaged by the manufacturing sector. A comparison of 1995 figures with 2003 also reflects the structural change in the manufacturing sector. The number of employees in the food and beverage sector decreased absolutely and relatively by 10.3% from 14783 to 13262. However, the food and beverage sector remained the most important employer having 25 establishments with more than hundred employees.

The growing sectors of textiles, wearing apparel, dressing and dyeing of fur production and non-metallic mineral production increased their number of employees significantly.

Figure 4: Distribution of Employment by Region


Source: Survey of Manufacturing Industries, 2003

Figure 4 above illustrates that the highest rate of persons engaged by manufacturing sector were based in the Khomas region with 54%, followed by Erongo region with 16% and then Karas region with 15%. The lowest rate of people employed in manufacturing activities was recorded in the Ohangwena region with only 0.2%. Employment in the metal and engineering sector is likely to follow this pattern as most companies in this sector are situated in the Khomas and Erongo regions.

Table 15: Employment by Sex and Sector.

ISIC	SECTOR	Number of Employees					
		Male	%	Female	%	Total	%
15	Food Products & Beverages	9210	52.1	4052	26.6	13262	40.3
17	Textiles	224	1.3	475	3.1	699	2.1
18	Wearing Apparel, Dressing & Dyeing of Fur	1096	6.2	9387	61.7	10483	31.9
19	Luggage, Handbags, Saddlery & Footwear. Tanning & Dressing of Leather	259	1.5	123	0.8	382	1.2
20	Wood & Products of Wood & Cork, Straw & Plaiting Materials	156	0.9	92	0.6	248	0.8
21	Paper & Paper Products	438	2.5	20	0.1	458	1.4
22	Publishing, Printing & Reproduction of Recorded Media	449	2.5	143	0.9	592	1.8
23	Coke, Refined Petroleum Products & Nuclear Fuel	15	0.1	4	0.0	19	0.1
24	Chemicals & Chemical Products	468	2.6	70	0.5	538	1.6
25	Rubber & Plastic Products	422	2.4	85	0.6	507	1.5
26	Other non-Metallic Products	1312	7.4	172	1.1	1484	4.5
27	Basic Metals	1368	7.7	101	0.7	1469	4.5
28	Fabricated Metal Products, Except Machinery & Equipment	1102	6.2	108	0.7	1210	3.7
29	Machinery & Equipment n.e.c	110	0.6	17	0.1	127	0.4
31	Electrical Machinery & Apparatus n.e.c	75	0.4	15	0.1	90	0.3
34	Motor Vehicles, Trailers & Semi-Trailers	129	0.7	15	0.1	144	0.4
35	Other Transport Equipment	30	0.2	4	0.0	34	0.1
36	Furniture, Manufacturing n.e.c	819	4.6	330	2.2	1149	3.5
	Total	17682	100	15213	100	32895	100

Source: Survey of Manufacturing Industries, 2003

Table 15 above provides an analysis of gender distribution in the manufacturing sectors. The total number of male participation in manufacturing industries was found to be higher than female. However, since 1995 women strengthened their presence in all manufacturing sectors with the exception of sectors such as paper product, publishing, printing and reproduction of recorded media.

3.2 Skills level

The Global Competitiveness Report 1994 reveals that Namibia has a workforce with a very low skill level. The lack of skills is particularly severe in the area of technology. This problem is compounded further by the apparent mismatch between the skills that are developed by the Namibian educational institutions and what the labour market needs.

Education levels

In 2000, about 12% of the population had no formal education at all while 52% attained or completed some level of primary education. Only about 2% of the population reached higher education. Unemployment is related to the levels of education as the bulk of the

unemployed (74%) had primary or junior secondary education. Less than 1% of the unemployed had a post secondary education².

The above statistics shows a bleak picture despite the fact that about 20% of government budget goes towards education annually (BoN, 2004). About 10% of the total education budget went towards vocational training in 2004 (MHETE, 2004).

The Polytechnic of Namibia offer higher education courses in Engineering and Information technology with an annual intake of about 853 students in 2004. Government has established 6 vocational training centers in 6 regions country wide, where courses in metal and engineering field are offered. In 2004 a total of 2 825 students were enrolled at these centers countrywide (see table 16 below).

Table 16: Enrolment in Vocational Education & Training (2004)

ENROLMENT	MALE	FEMALE	TOTAL
Zambezi VTC: Caprivi Region	42	138	180
Rundu VTC: Kavango Region	224	99	323
Valombola VTC: Oshana Region	418	396	814
Okakarara VTC: Otjozondjupa Region	242	72	314
Windhoek VTC: Khomas Region	540	89	629
NIMT: Erongo Region	475	90	565
TOTAL	1 941	884	2 825

Source: Ministry of Higher Education, Training and Employment Creation (MHETE), Annual Report 2004

In addition government has established 6 Community Owned Skills Development Centers (COSDECs) which offer basic courses in welding, sheet metal work etc. A total of 1071 trainees enrolled at these centres in 2004.

3.3 Permanence of employment

The Namibian labour force is characterized by relatively high levels of permanent, full-time employment. Although there are indications that insecure form of employment are on the increase (especially with the emergence of labour hire companies), most workers (82%) are still employed on a permanent, full-time basis (Jauch and Karuumbe, 2004). This trend will apply to workers in the metal and engineering industry.

3.4 The informal sector

The emergence of an informal economy is a relatively a new phenomenon in Namibia. The latest informal economy survey (2001) estimates the total number of informal operators in the sector to be around 132 607 of which the majority (70 433 or 53.1%) are females. The bulk of informal sector operators are found in rural areas (81775) compared to only 50 831 found in urban areas. The informal economy in Namibia has more operators (85 302) than workers (47 305).

The metal and engineering sector is virtually non-existent in the informal economy. The majority of the informal economy operators (47%) are involved in the wholesale and

² Ministry of Labour 2002

retail sector, which basically involve the buying and selling of goods, manufacturing of food products and beverages industry (18.9%) and Agriculture (11%). Only about 7.4% of the operators are involved in 'other manufacturing' which includes the metal and engineering sector.

3.5 Collective Bargaining

The legal frame work

Before independence, there was no comprehensive labour legislation in Namibia. Namibia was treated as a fifth province of South Africa and this meant that almost all South African labour laws applied in Namibia. South Africa's Wage and Industrial Conciliation Ordinance of 1952, for example, excluded black workers from the definition of 'employees' and thus prevented them from legally forming or joining trade unions (Jauch, 2004). This Act was amended in 1978 and black workers were allowed for the first time to form and register trade unions. The Conditions of Employment Act of 1986 covered basic conditions of employment but excluded certain categories of workers such as farm and domestic workers.

Two years after independence, the new government introduced a new Labour Act in 1992 with the aim of consolidating labour-related legislation into a single Act. This law was the outcome of a lengthy process of consultations between government, trade unions and employers. The Act covers all workers in Namibia and provides for trade union registration, basic workers rights, organisational rights, collective agreement registration, settlement of disputes. The Act further provides for the establishment of labour courts, a tripartite Labour Advisory Council (LAC), and the setting up of wage commissions to determine minimum wages in particular sectors. However, the Act made no provision for paid maternity leave and for national minimum wages and instead left wage determination to collective bargaining. To date, minimum wages only exist in 3 sectors:

1. in the construction industry where annual negotiations take place between the Construction Industries Federation of Namibia (CIF) and the Metal and Allied Namibia Workers Union (MANWU)
2. in the agricultural sector where a minimum wage was implemented in April 2003 after an agreement had been reached between the Namibia Farmworkers Union (NAFWU), the Namibia Agricultural Union (NAU), which represents commercial (mostly white) farmers, and the Namibia National Farmers Union (NNFU), which represents communal (black) farmers.
3. The Namibia Transport and Allied Workers Union (NATAU) and the Security Association of Namibia (SAN) negotiated a national minimum wage for security guards in March 2005.

Compared with the colonial labour legislation, the Labour Act constitutes a significant improvement for workers and their unions, especially in sectors that are well organised. This includes the metal and engineering sector which organized by the Metal and Allied Namibian Workers Union (MANWU). Workers there enjoy all the fundamental labour and trade union rights and usually improve their conditions of employment through collective bargaining. The situation is different in sectors with low levels of unionisation where collective bargaining hardly takes place. This applies, for example, to domestic

workers, petrol attendants and security guards who still suffer under very poor employment conditions.

Collective Bargaining under the Labour Act³

An important component of the Labour Act is the formal collective bargaining framework, which it established. A prerequisite for trade unions and employers' organisations to take advantage of this framework is to register with the Labour Commissioner. It is important to note that the affiliation to any political party or movement of these organisations is not a ground on which they can be refused registration. Once trade unions have been registered, they are accorded certain rights. These include the right:

- to lodge complaints with the Labour Court or District Labour Court
- to seek recognition as an exclusive bargaining agent, to negotiate with an employer and enter into a collective agreement,
- to enter, during reasonable periods and reasonable conditions, employer premises for the purpose of conducting union business or recruiting union members,
- to have union membership fees collected by way of deductions from employees' wages,
- to report disputes to the Labour Commissioner,
- to form a federation of trade unions and to participate in the activities of such federation,
- to affiliate with or participate in the activities of any international workers' organisation, and
- to have workplace union representatives.

Despite these legal provisions, trade unions still experience various problems in their attempts to organise members and to have membership fees deducted. Some unions encounter intimidation of their members at workplaces and refusal by some employers to deduct union membership fees. Others experience delays in concluding recognition agreements and negotiations in bad faith.

The Labour Act sets out obligations that trade unions and employers have to comply with. For example, if an employer or employers' organisation refuses to recognise a trade union as an exclusive bargaining agent, the trade union may appeal to the Labour Court.. In essence, the Labour Court acts as the regulator of the collective bargaining process between trade unions and employers. Furthermore, the new Labour Act establishes conciliation and arbitration mechanisms in the event of disputes between employer and employees in an effort to have strikes and lockouts as mechanisms of last resort.

The new Labour Bill (2004)⁴

Trade unions, government and employers identified several shortcomings of the Labour Act and agreement was reached at the tripartite Labour Advisory Council that a new

³ See Jauch and Karuombe 2002

⁴ See Jauch and Karuombe 2002

Labour Bill should be prepared. The new Labour Act, No ... of 2004 became operational in 2004. The amendments focused on improving the dispute resolution system.

The old dispute resolution system had significant weaknesses and was regarded as being adversarial and leading to confrontation instead of conciliation. It was not equally accessible to employers and employees and it disadvantages the poor who do not have the means to afford lawyers. Due to its adversarial nature, the system was seen as undermining the process of collective bargaining in good faith and therefore as perpetuating distrust and the 'winner-loser' concept.

The new Labour Bill seeks to address these gaps and shortcomings. However, some trade unions expressed concern that the provisions for compulsory mediation and arbitration may be used to prevent workers from going on a legal strike – or at least to delay such action. Some of the smaller unions also fear that the Bill advantages large unions and may work against the smaller ones.⁵

Other Labour-Related Legislation

In addition to the Labour Act, Namibia has passed 2 more laws that are especially important for workers. **The Social Security Act of 1994** provides for maternity leave, sick leave and death benefit funds. Maternity leave benefits cover 80% of the woman's salary for 3 months but the maximum amount is currently set at R 2 400 per month. The establishment of a national pension fund is envisaged in the near future but does not exist at present.

The **Affirmative Action (Employment) Act of 1998** places an obligation on employers with 50 or more staff members to redress some of the colonial apartheid inequalities in the workplace. Employers have to develop plans how to increase the recruitment and promotion of people from previously disadvantaged groups ('designated groups') like blacks, women and people with disabilities. The government currently reviews the effectiveness of the Act, as some employers seem to be reluctant to implement its provisions. Trade unions in general support affirmative action and want to play a more active part in the implementation at workplace level. However, some unions regard the implementation of the policy as a failure due to 'sabotage' by employers.⁶

Despite improved legislation, Namibian unions are faced with the challenge of developing an effective strategy that would influence socio-economic policies in favour of their members. Although, Namibia has not yet taken out loans from the International Monetary Fund (IMF) and the World Bank, the government's economic policies resemble those of structural adjustment programmes. IMF and World Bank advisors have become regular visitors to Namibia and most local economists are trapped in the neo-liberal dogma. The introduction of the Export Processing Zones (EPZ) Act in 1995 as well as government's privatisation programmes since the late 1990s have shown that Namibia's development path follows the same lines as other African countries.

⁵ These views were expressed by Aloysius Yon from TUCNA and Francois Adonis of LAUN on 28 April 2004.

⁶Aloysius Yon op cit.

Unions were not consulted in the enactment of the **Export Processing Zones Act of 1995** which initially stated that the Labour Act of 1992 would not apply in EPZs. After the NUNW threatened to challenge this Act in court, a compromise was reached between government and the union federation which stated that the Labour Act would apply in EPZs but without the right to strike or lock-out for a period of 5 years. Since 2001, the Labour Act applies fully in EPZs but workers still experience poor working conditions at many EPZ companies.(see section on government programmes).

Wages and salaries

As mentioned earlier, the vast majority of Namibian workers fall into the category of unskilled and semi-skilled workers. With the exception of a few sectors where strong trade unions managed to negotiate reasonable working conditions (e.g. mining, fishing, and the civil service), these workers usually earn below N\$ 1000 per month⁷ (U.S. \$147) and enjoy very few benefits. The only benefits that are compulsory by law are social security payments for workers who work more than two days per week.

The poorest working conditions are experienced by workers at labour brokers, known as labour hire companies. Workers there earn between N\$ 2 and N\$ 5 (U.S.\$ 0.29 - 0.74) per hour without benefits and job security.

The importance of wages and salaries

About half of all Namibian households (48%) relied on 'wages and salaries' as their main source of income. In urban areas, this figure was as high as 76%. These figures indicate the critical importance that wages and salaries have for the survival of Namibian households. This is further emphasized by the fact that 60 % of households in the country (73% in urban areas) lack a secondary source of income (Jauch, 2004). On the other hand, in some rural regions such as Ohangwena and Omusati, as much as 60-70% of households depend on subsistence farming as their main source of income.

Minimum wages and wage levels

Workers in the manufacturing industry are organized by the Metal and Allied workers Union (MANWU). While the union negotiated a national minimum wage for the workers in the construction industry, there is yet no such minimum wage in the metal and engineering industry. However, through the collective bargaining process MANWU attained minimum wages of N\$ 1264 (US\$ 200) in 2003 and N\$ 1381 (US\$ 219) in 2004 for the workers in the manufacturing sector.

The minimum wage across all sectors increased by 6.9% on average from 2003 to 2004 (see Table 1). If we take the annual inflation rate for 2004 into account, we find that the real increase in the minimum wage across all sectors was 3 % on average.

The minimum monthly wage rate across all sectors was N\$ 1472 (US\$ 233) on average in 2004. The wage was paid for an average working week of 43.8 hours. The highest average minimum wage of N\$1806 (US\$286) was attained in the mining and quarrying sector for a 43 hour working week. The lowest sector average minimum wage of N\$1087

⁷ The Namibia Dollar (N\$) is pegged to the South African Rand and the exchange rate stood at around US \$ 1 - N\$ 6,8 in May 2004.

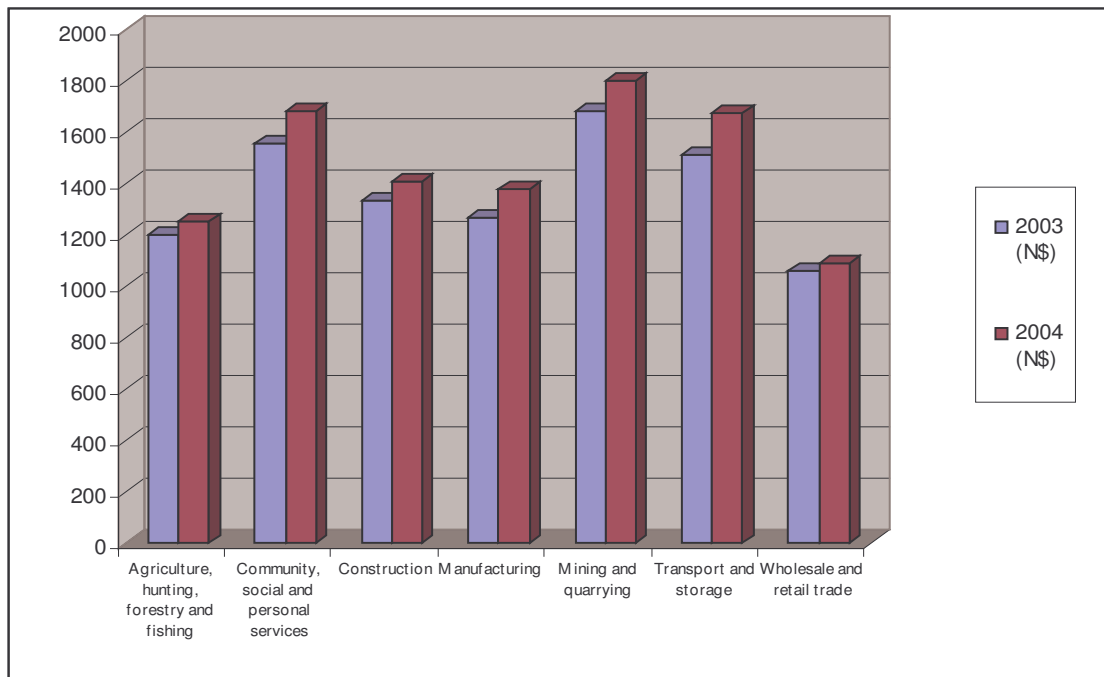
(US\$ 172) was paid to workers in the wholesale and retail trade. Workers in the transport and storage sector received the highest wage increase of 10.6%, while those in the wholesale and retail trade recorded the lowest increases of 2.4%. It is important to note that, concealed under the agriculture, hunting and fishing sector is a paltry minimum wage of N\$428 (US\$ 68) paid to farm workers. Also, while the minimum wage in this sector increased by an average 4.7%, farm workers received no wage increase during this same period.

Table 17: Minimum Wage by Sector (2004)

	2003 (N\$)	2004 (N\$)	Wage Increase (%)	Real Wage Increase (%)	Average Weekly Working Hours
Agriculture, hunting, forestry and fishing	1199	1256	4.7	0.8	44.7
Community, social and personal services ⁸	1559	1684	8.1	4.2	43.4
Construction	1334	1412	5.8	1.9	44.0
Manufacturing	1264	1381	9.2	5.3	44.3
Mining and quarrying	1684	1806	7.2	3.3	43.0
Transport and storage	1516	1676	10.6	6.7	43.7
Wholesale and retail trade	1061	1087	2.4	-1.5	43.3
Total	1374	1472	6.9	3.0	43.8

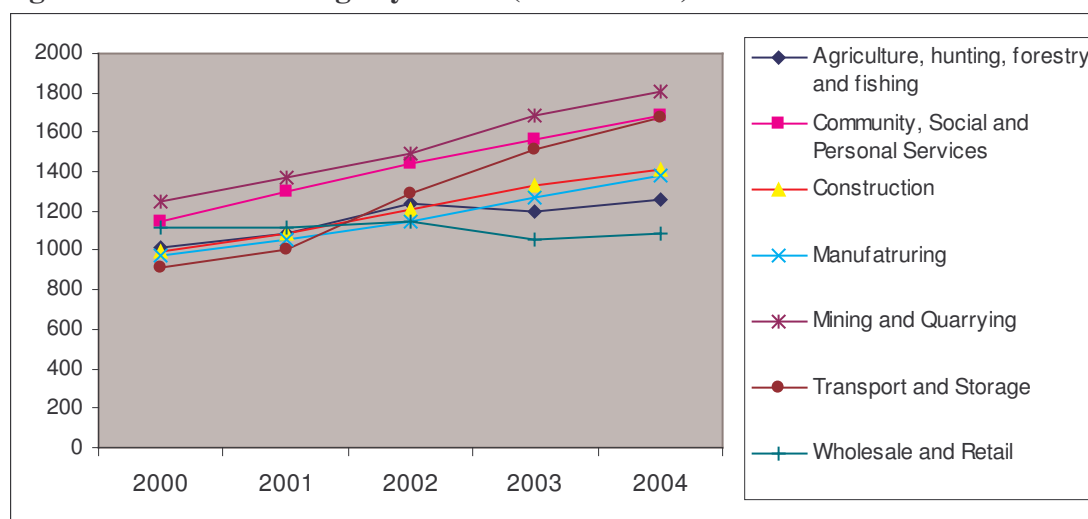
Source: Wage Bargaining Report 2004

Fig 5: Minimum Wage by Sector



Source: Wage Bargaining Report 2004

⁸ Includes public service, municipalities, parastatals and private services companies. For an analysis of disaggregated minimum wages in these sub-divisions refer to Table 2 on page 18.

Figure 6: Minimum Wage by Sector (2000 – 2004)

Source: Wage Bargaining Report 2004

These figures show that workers in the mining and quarrying sector received the highest minimum wage between 2000 and 2004. This second highest minimum wages were paid in the community, social and personal services sector during that period. The minimum wages in the transport and storage sector experienced the strongest increases. This sector had the lowest minimum wages in 2000 but matched the second highest sector in 2004. Between 2002 and 2004, workers in the wholesale and retail trade sector received the lowest minimum wages.

4. Government Programmes

As part of its strategy to become an internationally competitive investment location, the Namibian Government introduced the EPZ Act in 1995. The Government hoped that EPZs would attract foreign investment to Namibia and boost the country's manufacturing capacity. It also expected the creation of 25 000 jobs in the EPZs between 1997 and 1999.

Several special incentives are offered to EPZ companies including a corporate tax holiday, exemption from import duties, free repatriation of profits, factory facilities at economic rates and a guarantee of free repatriation of capital and profits. Initially, another incentive offered to foreign investors was the exclusion of the right to strike for an initial period of 5 years. However, since 2000, EPZ workers enjoy the same legal rights as other workers.

During 1999, the Labour Resource and Research Institute (LaRRI) carried out an in-depth study on EPZs in Namibia. It found nine EPZ companies being operational who had invested about N\$ 130 million. Ostrich Production Namibia – which is a rather atypical EPZ company - accounted for about 70 million while the rest is shared among the remaining companies. The average investment of an EPZ company stood at about N\$ 13 million. This figure dropped to N\$ 6,25 million if Ostrich Production Namibia were excluded.

The total employment stood at about 400 of which about 150 were employed by Ostrich Production Namibia alone. Namibian citizens held most EPZ jobs although about 16 technicians and managers were foreign nationals (British, Chinese, German and South African).

This picture changed with the arrival of Ramatex in 2001. In 2001, the Ministry of Trade and Industry announced that it has succeeded to snatch up a N\$ 1 billion (U.S.\$ 167 million) project ahead of South Africa and Madagascar which had also been considered as an investment location by the Malaysian textile company Ramatex. This was achieved by offering even greater concessions - above those granted to other EPZ companies. 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 (US\$ 16,7 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 over 10 000 jobs. The plant will turn cotton into fabrics and the Namibian government hopes that local cotton producers will be able to increasingly supply the required cotton. Initially all the cotton will be imported - duty free. Ramatex' decision to locate production in Southern Africa is believed to be motivated by the aim to benefit from the Africa Growth and Opportunity Act (AGOA) which allows for duty free exports to the US (Namibia Economist, 29.06. - 05.07. 2001; The Namibian, 02.08. 2001, 28.09. 2001).

The Ramatex case is a classical example of SADC countries competing with each other in the race to the bottom for foreign investment. In Namibia, it was however portrayed as a major success. The Trade and Industry Minister announced that negotiations and compromise was 'the name of the game in business' which had won Namibia a billion dollar manufacturing plant (New Era, 13-15. 07 2001).

However a study carried out by the Labour Resource and Research Institute (LaRRI) to determine working conditions at Ramatex was published in October 2003 and revealed widespread abuses and exploitation of workers. Despite working up to 12 hours a day and up to 7 days a week, Ramatex workers are unable to even meet their basic needs with the paltry wages (ranging between US\$ 47 and US\$ 95) paid by the this Malaysian company.

It is often claimed that EPZ companies create indirect jobs in the broader economy. This is difficult to quantify but it seems that very few employment opportunities were created through servicing of EPZ companies. Most EPZ companies either carry out their maintenance work 'in-house' or require services only occasionally. The most common services used by EPZ companies are transport services as EPZ companies tend to import almost all their machines, raw and input materials and export their final products.

Almost all EPZ workers were unskilled at the time when the EPZ companies employed them. Most of them received some basic on-the-job-training, which lasted a few hours, a few days or several weeks. One company claims to train workers over several years to become fully skilled machine operators while 3 EPZ companies sent some of their employees on 1-4 weeks training courses to South Africa. A basic feature of the training

usually given to EPZ workers is that the skills acquired are usually not transferable. They are limited to the specific task carried out at the company.

EPZ companies are not utilising the 75% training refund incentive for EPZ companies. This is the result of government's inability to make budgetary provisions for training but also as a result of some companies decision to invest as little as possible in training. As one company manager explained: 'training workers on the job is quicker and cheaper'.

Almost all EPZ companies import their machines, raw materials and input materials from outside Namibia. Most companies indicated that these items are not available on the local market and/or that other companies in Namibia do not use the machines and materials of EPZ companies. Some companies import materials and machines from South Africa but most EPZ companies utilise the duty free import scheme to import these items at a lower price from overseas countries in Europe and Asia. The purchase of packaging materials, the occasional servicing of machines and the utilisation of Namibian transport services are the only links between EPZ companies and the local economy.

The machinery used in EPZ companies is usually not highly sophisticated but serve the specific production process at the EPZ Company. There seems to be no technology transfer from EPZ companies to other firms in the local economy and it seems unlikely that such a transfer will take place in future.

The costs of the EPZ programme are substantial and include:

the costs for the development of EPZ infrastructure; the government loan to the Offshore Development Company; the staff and administrative costs at the ODC and EPZ Management Companies; the costs for municipal staff seconded to the EPZ programme; subsidised services to EPZ companies; the costs of promotional trips and promotional materials; foregone government revenue as a result of tax exemptions and economic distortions due to the special incentives for EPZ companies.

Labour relations continue to be one of the problem areas relating to EPZs. However, there seem to be significant differences between the individual EPZ companies. At some, labour relations seem to be fairly stable with few conflicts while at other companies labour relations are hostile.

Collective bargaining hardly takes place at EPZ companies and only one EPZ company has signed a recognition agreement with a trade union. Some companies hold regular meetings with workers to discuss problems and possible improvements, some try to discuss wages with workers directly, some companies decide on conditions of service unilaterally and few are in favour of negotiating with trade unions. There seems to be a widespread mistrust among EPZ companies against trade unions. They are widely seen as instigators of workers who expect too much and table unrealistic demands.

Most EPZ workers define themselves as «migrants», non-permanent residents in their town of employment. Only about half of them are permanently employed and they experience low salaries, poor benefits and dangers to their health and safety as the major problems.

At 2 EPZ companies there are very serious concerns about health and safety conditions. Workers are exposed to chemical fumes, heat or cold coupled with a lack of adequate protective equipment and the absence of independent monitoring. At the Ramatex textile

factory workers complained about work-related injuries due to the lack of proper protective clothing. No compensation was paid to workers who got injured at work at this Malaysian company.

Racial discrimination is the dominant form of discrimination experienced by EPZ workers. There are also indications of discrimination against workers who joined a trade union as non-union members receive more benefits than unionised EPZ workers do.

There is a need to safeguard fair labour practices as well as adherence to health and safety standards and to the provisions of the Labour Act. It seems advisable that government institutions should play a far more active part in this regard and respond promptly to the concerns raised by employees of EPZ companies and their trade unions.

The EPZ programme is underpinned by a low skill – low wages strategy which is unlikely to solve Namibia’s burning socio-economic problems. A systematic programme of skills development coupled with targeted support for specific local industries (such as the metal and engineering sector) and SMEs could be a more viable option. This should include support for industrial projects aimed at processing local materials.

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