

# British companies pulling out of Africa

From a Correspondent  
LONDON.

ALMOST a third of British companies have pulled out of Africa during the past decade, and they are unlikely to return notwithstanding the new emphasis on foreign investment by African governments, the World Bank and other international agencies and donor

nations.

These were the main conclusions of a report prepared for the London-based Overseas Development Institute by Mr Paul Bennell, of the University of Zimbabwe. His findings will be closely exam-

ined in Western and African capitals.

In his study for the latest edition of the ODI's Development Policy Review, Mr Bennell said that 43 of the 139 British companies in Anglophone Africa withdrew their investments between 1979-89. A number of withdrawals involved more than one country. Some 37 UK companies left Zimbabwe, 10 left Kenya and 23 Nigeria.

Mr Bennell believes that the current exhortation by African governments and Western officials for more investment in Africa was likely to fall

on deaf ears. Paradoxically, business conditions in Africa have been made even harder by the World Bank and International Monetary Fund reform programmes.

The report states that these have led to large currency devaluations which reduce the sterling value of profit remittances and the value of the investments themselves. Moreover, prospects of large reductions in import tariffs and other trade barriers threaten the viability of key industries in Africa.

Effective rates of return have fallen sharply and the unwillingness of British companies to put further capital into their African subsidiaries has left them undercapitalised.