

WHITHER AFRICA?

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Voices of the South on Globalization is a monthly newsletter intended to inspire a meaningful North-South Dialogue by raising awareness for global interdependences and by offering a forum for voices from the South in the globalization debate. Each edition presents short analyses or commentaries from a Southern perspective on one particular issue of the globalization process.

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The Vision of a United States of Africa

Muammar Gaddafi, the President of Libya, on July 28 said the continent was on its way to the definite establishment of the United States of Africa. African countries were getting closer by the day and the continent should unite and integrate because "our destiny as Africans after all is said and done, is unity and the United States of Africa".

Speaking in the Ugandan capital, Kampala, at the closing session of the 15th African Union (AU) summit, Gaddafi said that despite the situation which retarded its progress, Africa would one day be like the United States of America and Europe -- possessing transcontinental missiles, air plane carriers, fleets and a unique currency following the example of the U.S. dollar or the euro, the Pan-African News Agency (PANA) reported from Kampala on July 28.

He said Africans had expressed the will, generation after generation, to attain the objectives set to make the dreams of populations become reality. He referred to the Arab-African summit scheduled for October 2010 in Libya: "We expect you in your country, Libya, to meet your Arab brothers during Arab-African summit."

Gaddafi said two-thirds of Arabs were Africans, and urged people to work for that remaining one-third of Arabs to join the rest in a bid to set up the Arab-African Union and to profit from Arab capital, oil and gas. He also announced that Africa, represented by AU, would meet the Europe, represented by the European Union (EU), in Libya in November 2010.

Though the statements of the self-styled Libyan revolutionary leader would at best raise eyebrows, the fact is that the drive to make something of Africa has been there at least since the 1920s and the early efforts by such leaders as the Jamaican Marcus Garvey. He asked Africans and descendants of Africa dispersed worldwide to reclaim their roots and return to their mother continent, as Timothy Kalyegira, a columnist with Uganda's *Daily Mirror* points out.

"Africa for the Africans!" was the rallying call. Thousands of Africans were deafted to fight on behalf of the European colonial nations during the Second World War. They fought in trenches and the open battlefield with European soldiers. They witnessed Europeans fear, fight, win, lose, get injured, and die, writes Kalyegira that appeared on July 25 as the summit of African heads of state and government opened in Kampala. It is the latest among many summits by African leaders that go back to the founding of the Organisation of African Unity (OAU) on May 25, 1963.

Many Africans, used to Whites in a dominant position at home in the colonies, were shocked to discover that these men too were human after all. The African fighters also felt that since they had risked their lives and shed their blood for this essentially European war, they should be rewarded with self-rule, if not outright independence. Most independence movements in Africa, then, started or at least gained momentum after the end of the Second World War. Many African students had also been to Europe and the United States for their university education. The racism they encountered and the aloofness of western society caused them to engage in soul-searching. ☑

AU Moves Aggressively to Shield Bashir

The heads of states who attended the African Union summit in Kampala decided to take a more radical approach towards the International Criminal Court (ICC) indictment of Sudanese president Omer Hassan Al-Bashir and adopted a final resolution that stresses non-cooperation with the Hague tribunal and also condemned the conduct of its prosecutor.

Delegates from the AU countries reportedly fought a fierce battle that led to removing language that reiterates previous positions on granting immunity to Bashir in Africa and criticizing the ICC prosecutor Luis Moreno-Ocampo, writes the Sudan Tribune, a newspaper based in France, in its July 29 edition.

Bashir was indicted by the ICC for war crimes in Darfur last year. In July the court added genocide to the charges, accusing him of orchestrating murders, rapes, and torture in the troubled western region.

The Sudanese leader himself has skipped this summit in retaliation to Museveni's absence from his inauguration, according to Sudanese government sources who spoke to Reuters.

Some ICC states including South Africa along with Botswana and Uganda fought for the watered down resolution on ICC, while non-ICC countries such as Libya, Eritrea and Egypt wanted to maintain the hard-line approach.

However, the resolution on the ICC was changed on Tuesday to a harsher version to the surprise of many observers who followed the summit closely and it remained unclear what happened behind the scenes at the final hours of the summit.

The text said that the summit "reiterates its decision that AU member states shall not cooperate with the ICC in the arrest and surrender of President al-Bashir of the Sudan.

Furthermore, it urged member states to balance their obligations to the ICC and those to the AU. Last year, South Africa and Botswana publicly dismissed the non-cooperation decision last year at the summit held in Libya and warned that they will arrest Bashir should he sets foot on their territories.

The summit also expressed "concern over the conduct" of the ICC prosecutor and accused him "making egregiously unacceptable, rude and condescending statements on the case of President Omar Hassan al-Bashir of the Sudan and other situations in Africa."

The ambiguous reference to "other situations in Africa" in the AU criticism of Ocampo would likely surprise observers given that out of the five cases handled by the ICC, three were referred by the African states themselves to the court for investigation.

The Kenya investigation which commenced this year was initiated by the ICC prosecutor after the government in Nairobi at its highest levels gave the court a green light to do so yet declining to refer it for political reasons. But during the AU summit, Ping expressed disapproval to the idea of opening the office in Addis Ababa. "The ICC has no office outside of its headquarters. The issue is why are they only interested in opening

opening an office in Africa, why not in Europe or Asia," Ping told journalists.

On July 24, the AU Commission Chairperson who is a long-time fierce critic of the court, slammed the ICC and said that its prosecutor "does not care" if his actions jeopardize peace in Sudan and reiterated assertions that the Hague tribunal is "bullying" Africa.

NO TRIAL FOR BASHIR OUTSIDE AFRICA

On July 27, the AU Chairman, Malawi's President Bingu wa Mutharika speaking to reporters questioned the legality of ICC jurisdiction over the Darfur case.

The UN Security Council issued resolution 1593 under chapter VII in March 2005 referring the situation in Darfur to the ICC. At the time Tanzania and Benin voted in support of the resolution while Algeria abstained.

"Let us look at the position of the ICC," said Mutharika. Do they really have a right to tell us what to do on this continent? It's a question. Do they have a right to try Sudan, who's not a member of ICC? I don't know." He stressed that Bashir will not be tried outside the continent under any circumstances. "As chairman, I would not sweep the issue of El Bashir under the table," Mutharika stated, but underscored that Bashir could not and would not be tried outside the African soil.

"We are not condoning impunity and we are not condoning any crimes that may have been committed by anybody, whether he's a head of state or not, against humanity. But these things need to be proved. So we are asking the United Nations General Assembly to postpone the execution of that arrest warrant for 12 months, during which we will look at the issue and see if the evidence they have corroborates with ours" he said.

Mutharika did not say whether a new commission was to be formed to investigate the charges against Bashir and determine if they merit trial.

The AU final resolution also slammed the "blatant abuse of the principle universal jurisdiction" and called for "immediate termination of all pending indictments". It called on the international community to respect "the immunity of state officials when applying the principle of Universal Jurisdiction".

The Panafrican News Agency (PANA) reported that AU leaders deliberated behind closed doors on whether Bashir could stand trial before an African court but said that the proposal was defeated. A source told PANA that the African leaders advised the Arusha-based African Court of Justice to explore its ability to undertake a war crimes trial or crimes against humanity in Africa. ☑

Can Democracy Survive the "Oil Curse" in Africa?

Patricia Handley interviews Dr KATHRYN STURMAN, expert on governance and resources

Africa's economic boom, driven by oil, has undermined the idea that democracy is a prerequisite for economic development on the continent. This is the opinion of Dr Kathryn Sturman, speaking on the topic of whether oil and democracy mix following burgeoning oil and mining development in Africa between 2002 and 2008.

Sturman is head of the programme on governance of Africa's resources at the South African Institute of International Affairs. The institute is a nongovernmental research organisation focussing on South African and African international relations.

An edited version of IPS's interview with her follows.

Q: Describe the African "wave of democratisation".

A: In the early 1990s, reforms that are seen as those of classical liberal democracy were introduced in a remarkable number of countries across Africa. Most significantly, many countries undertook to place limits on presidential terms of office.

Q: What has been the effect of the oil boom on democratisation?

A: Although there are certainly more limited, procedural democracies now in Africa than there were in 1990, we have seen reversals to the wave of democratisation. Firstly, military coup attempts have continued in Africa, and the places where coups have taken place recently are places with natural resource wealth.

Secondly, 12 countries in the last 10 years have succeeded in amending their constitutions to do away with those limits on presidential terms of office. Not all of them are resource-rich countries but Cameroon is a very significant oil producer, Gabon is one of the old oil-producers, and Chad is a new oil producer. In Uganda -- although this was before they discovered their oil wealth -- President Yoweri Museveni succeeded in getting an extension of his term of office.

Thirdly, conflicts around resources have taken place in the two biggest countries, Sudan and the DR Congo. That has certainly undermined the peace process in Sudan.

Q: What does this mean for the theory that democratisation is needed for development?

A: There are exceptions, and one can't say emphatically that the oil boom is the only factor undermining democracy. But what the (oil) boom has done is to undermine that idea that democracy is a prerequisite for economic development in Africa. That liberal argument simply has been proven untrue, if you look at which countries since 2002 have grown most rapidly.

One of the worst human rights records before and after oil was discovered has been in Equatorial Guinea. But it has been the fastest-growing economy not only in Africa, but in the world. Since 2002 it has grown at an average (rate) of over 20 percent per year.

Kathryn Sturman: Empowered citizens are needed for substantial democracy where questions can be asked of powerful multinational companies.



If anything, since the end of the war in 2002, Angola's ruling party, the MPLA, and President Eduardo Dos Santos have consolidated and strengthened their grip on power, and they have done so primarily through tremendous oil wealth.

Q: How does the situation differ in Uganda?

A: When you compare it to Cameroon, Gabon, Republic of the Congo and Angola, Uganda has been relatively open. It differs in the sense that the oil was discovered after governance improvements had been made, in the 1980s and 1990s, and that the strength of democratic institutions -- a free press, a strong civil society -- is what would allow the citizens of that country to really benefit from their oil revenues.

Q: In what way does Ghana also have "a chance to get it right"?

A: Ghana is in a better position in terms of democracy than Uganda is. Ghana has recently had a second free and fair election in which there was a change of political parties in power. It has a very robust civil society and a robust media, (although) its parliament is a bit weak. They haven't managed to pass a national oil policy or legislation to govern the contracts, and oil production is starting this year.

Q: Can democracy co-exist with oil production?

A: I think so. Simply because these countries are in Africa, doesn't doom them to a certain fate. I think poverty is a problem; you have to have empowered citizens to really have a substantial democracy where you can ask questions of very powerful multinational oil companies. When people are living in extreme poverty, they are not empowered, even if they have a vote.

It's not just democracy that will help countries to avoid the oil "curse" (that resource wealth undermines democracy), but certainly transparency is the place to start. Our economic growth figures are very impressive. But if you look at human development indicators, there is still tremendous poverty. The key is to be able to put pressure on the governments to spend those revenues in the right way for development for everybody.

- IPS

China: Outsmarting the West in Africa

Davison Makanga interviews DEBORAH BRAUTIGAM, professor International Development at American University

China's interest in Africa is frequently portrayed simply as that of a rising economic power seeking natural resources. Deborah Brautigam argues that this portrayal misses the full complexity of business relations between China and the continent.

Deborah Brautigam, author of 'The Dragon's Gift: the Real Story of China in Africa', argues that in contrast to Europe and the United States, China also sees Africa as an important market. As well as dominating exports of consumer goods to Africa, Chinese companies are exploring manufacturing and infrastructure construction across the continent, and coming up with innovative ways to profit from and pay for it.

Speaking to IPS during a recent visit to South Africa, Brautigam said African governments, large and small business owners, and civil society will have to remain alert to take advantage. Excerpts of the interview below.

Q: Let's talk about the recent deal to build refineries in Nigeria: how does it illustrate what you've called "resource-backed infrastructure loans" by China in Africa?

A: First of all, it was only a memorandum of understanding. The key thing to look at is where the financing is. There is no financing mentioned in this [May] deal. [In July, some details of funding for a first refinery were reached.]

I think it will be very brave Chinese bank that takes on a 20-something billion dollar project in Nigeria because, yes, Nigeria is much more stable than Democratic Republic of Congo, but the DRC projects are much smaller.

I think they would be much smarter to start with one oil refinery and see how it goes. Right now 85 percent of the petroleum products consumed in Nigeria are imported and they export raw oil, so it's really a bad situation.

But the reason the situation is like that is political. A few people at the top benefit from having some control over the imported oil products, and they don't want that situation to change. So it's a challenge for this deal to be consummated.

Q: What are the strengths and weaknesses of China's involvement in Nigeria?

A: Nigeria is a country in which there have been a lot of discussions of doing these resource backed infrastructure loans. My understanding is that the Nigerian government came up with this idea. Perhaps they looked at Angola and some of the things the Chinese were doing there.

They proposed this to the Chinese, Indians, Koreans: so a number of different Asian companies and government got a proposal that they do oil-backed trades, getting access to concessions out in the Niger Delta and in return they could do the infrastructure projects. It is a different kind of deal than the DRC and Angola. Because in Angola the oil is being pumped so you can secure loans with oil that is already being exported. In Nigeria, you can get a concession but there is no guarantee that

you will actually get oil there and of course there are expenses. In DRC, the Chinese made very sure that they put in the contract that the copper concession had to be evaluated so they could be sure there was enough copper in there, and copper that could be mined at a cost-effective price.

Q: What is in it for China in the end? Why get involved in complex, risky deals?

A: I think it is useful to look at China's relationship with Africa as part of its strategy of going global. It's about China being part of globalisation. You can call this neo-colonialism, imperialism but what globalisation is all about is moving up the ladder, it's about becoming a world economic power and so China looks at Africa as a partner in this.

So what do the various parts Africa provide for their partnership? What they are largely providing is raw materials; but the other side of it is, [Africa is] a huge market. The West has by and large been competed out or they have given up on African markets but these markets are huge. China is the single largest exporter to Africa all across the board.

The Chinese look at Africa in a different way. The West looks at Africa as a place of war, disease, chaos and terrible things and a place to be pitied. The Chinese look at Africa as a place for consumers and business partners and it's a very different picture.

Q: Chinese products and retailers are highly visible in African markets. What is their role in Africa's economies?

A: Chinese traders are playing two roles. On the negative side, they are competing with other traders. In Tanzania for example, Chinese traders are sitting on the pavement next to the Tanzanian traders and laying out their groundnuts, speaking Swahili, calling customers to come buy their groundnuts.

And this has happened in a lot of countries. To see a Chinese person there... people are not comfortable and the same applies in small shops. That provides a lot of competition for local traders who may not want someone coming in speaking their language selling right next to them.

On the other hand the Chinese traders are creating more opportunities for consumers. They bring in cheaper things. Sometimes the quality is not good, but often the quality is good and consumers learn which traders to trust.

There has been very interesting research into how Africans are reacting to these kinds of products. There has been a problem of copying - this is not so much on the level of traders but Chinese coming from China and taking African fabrics back to China, having them duplicated there at a cheaper price and bringing them back to sell in Africa. – IPS ☑

'Africa's Free Trade in Natural Resources Harms Development'

Isolda Agazzi in Geneva

While some believe that restrictions on natural resource exports should be done away with, this could cause an increase in such exports that would be detrimental to the environment and bad for development.

Many African countries follow the strategy of exporting as much as they can and, since they are uncompetitive in manufactures and services, they export raw materials, Mark Halle, director of the International Institute for Sustainable Development, said in an interview with IPS about the World Trade Report 2010 on trade in natural resources.

IISD is a Geneva-based research institute that works, among others, on trade and global subsidies.

The report, released by the World Trade Organisation (WTO) on Jul 23, showed that fish, forestry, fuels and mining products represented 24 percent of world trade in 2008. Fuels account for three-quarters of this trade and have experienced a rapid growth since 2000.

Intra-regional trade among African states remains at exceedingly low levels – an average five percent – while most of Africa's exports continue to consist of commodities and particularly energy commodities.

Regions that are rich in natural resources mainly ship these to industrialised countries. In 2008, the natural resources exports of Africa amounted to 406 billion dollars, of which 86 percent was for fuels, which represents 73 percent of the total commodities export of the continent.

The natural resource sector is affected by export rather than import measures, according to Michele Ruta, an economist at the economic research division of the WTO.

Import tariffs in more advanced economies are low -- even though they tend to increase with the stage of processing -- but large exporters usually impose quantitative restrictions and export taxes, Ruga argued.

"The core focus of the WTO system has been the reduction of import tariffs but in the case of natural resources it is not the big issue. Few countries impose import duties on oil, for example," said Joost Pauwelyn, professor of international law at the Graduate Institute for International and Development Studies in Geneva.

"Production restriction, export duties and consumption taxes are not all violating WTO law but some are harmful and inefficient. A trade body like the WTO should do something about it. Free trade is more important in natural resources than in other sectors," he concluded.

This statement is correct but incomplete, Halle told IPS. "Developing countries have been forced to lower import tariffs through different trade rounds and they have lost sources of government revenue. They have to try and make up some-

where and export taxes are what they do. Do these taxes lead to economic inefficiency? Yes, probably, but the answer is not to export more natural resources to compensate for the loss of revenue – which they may be tempted to do -- because this will lead to environmental problems.

"What are you looking for? Better development in Africa or maximum trade efficiency?" he asked. According to the WTO report, domestic policies such as consumption taxes, technical regulations and subsidies are widely used by exporting countries.

For Halle, subsidies are a different story. Most of them do not affect trade and are a domestic policy issue. "But is that the best use of public money?" he asked. For example, fossil fuels are subsidised in a number of African countries. Governments set a price for petrol and if the market price is higher, they pay the difference.

"The issue is: what is the government trying to do? And most of the time, the answer is: trying to get re-elected. But if your purpose is to improve transport, then that money should be invested in public transport to help the poorest. They don't drive vehicles, so subsidies profit the middle class in most of the cases."

Therefore, the money that a country needs for health and education goes to subsidise the middle class in a way that promotes carbon-based energy. "It is a very poor strategy. But it is not an African problem. The EU and the U.S. do the same thing. Subsidies are almost always dominated by political considerations," he concluded.

The WTO report also noted that natural resources experience high price volatility. "There is much talk about price volatility but income volatility is also important," Claudine Sigam, UNCTAD project officer on the optimisation of natural resources in Africa, told IPS in an interview.

One of the dangers of over-dependence on natural resources is the so-called Dutch disease, she explained. In the 1970s, a sudden discovery of gas in the Netherlands brought in an influx of money that pushed up the value of the Dutch currency, making exports more expensive and the manufacturing sector less competitive.

An important point of Dutch disease is the time lapse between the discovery of the mineral and the moment when the money comes in, Sigam continued. By the time contracts are signed and foreign companies start to pay taxes, five to seven years have lapsed. "If oil earnings are used as income, they become highly volatile, among others because of fluctuation in the price of natural resources," Sigam explained. – IPS ☑

OECD Praises and Criticises South Africa

Satish Bhaskaran in Pretoria

A new report has commended South Africa for its growth performance which has improved over the past two decades, but pointed out that this was not sufficient either to offer enough employment opportunities for the young and growing population or to close the aggregate income gap with OECD countries.

The report is the first Economic Survey of South Africa by the Organisation for Economic Cooperation and Development (OECD), a 31-nation group, the core of whose rich countries are providing more than one billion U.S. dollar a year as official development assistance (ODA).

The Survey launched by OECD Secretary-General Angel Gurría on July 19, 2010 in South Africa's capital city of Pretoria listed a large number of ToDo's for South Africa, which he summed up in an upbeat message: "South Africa should leverage the positive impact of the World Cup to improve living standards by boosting job creation and exports."

On the economic outlook for South Africa, he said that by 2011 "annual growth could move above trend, which we estimate to be around 4 percent". But the economy is still around 3 per cent below potential, and will probably take at least three years to reach potential. "The key short-term task is therefore to consolidate the emergence from recession," he added.

The Survey followed the 'OECD Economic Assessment of South Africa' in July 2008. Presenting that report Gurría lauded the country's economic performance since 1994, which he said, had been "impressive, especially considering the social and political challenges of the transition to democracy and the difficult economic legacy of the apartheid era". But those who might have been expected to benefit most from the transition to democracy have lagged in economic terms.

"The black population formerly confined to remote 'homelands' and sub-urban townships, disadvantaged by a segregated education system, and held back by discriminatory labour market rules, still suffers disproportionately from unemployment, poverty, and inadequate education," Gurría stated bluntly.

1994 marks a watershed in South Africa's history: the first multi-racial democratic elections, out of which the African National Congress under Nelson Mandela emerged victorious, brought to an end long and excruciating years of apartheid in operation since 1948.

The roots of the OECD's Economic Survey go back to the year 2007 when the OECD invited South Africa -- along with Brazil, China, India and Indonesia -- to enter into a relationship of 'Enhanced Engagement with a view to possible membership'. This initiative offers each partner country the opportunity to work more closely with the OECD with a view to possible membership in the future, in ways that are focused, comprehensive and mutually beneficial.

"Over the coming years, we will seek to have an increasingly active dialogue between the OECD and South Africa, a dialogue

through which you can both draw on international best practice in a range of policy areas and share your own valuable experience and insights with OECD Members," Gurría stated in presenting the Economic Assessment in July 2008.

The Economic Survey two years later points out that despite a strong macroeconomic policy framework, job creation and productivity growth remain too low to underpin sustained rapid GDP (Gross Domestic Product) per capita growth. Better performance on these fronts is needed to make sustainable the remarkable alleviation in poverty brought about by expanded social transfer programmes by gradually augmenting it by income from economic activity, it adds.

However, growth objectives should not be limited to a higher increase of GDP per capita. Because, the Survey argues, several aspects of welfare are not captured by GDP, and not all are necessarily even correlated with it. In addition, even to the extent that GDP is an adequate proxy for wellbeing in a given period, focusing only on output would ultimately be self-defeating if sustainability were compromised. In particular, environmental conditions affect both current well-being and whether prevailing levels of well-being can be sustained.

The Survey notes that South Africa tends to score relatively poorly on broad indices of environmental conditions, especially in the area of greenhouse gas (GHG) emissions. "Better incentives would make the economy more environmentally sustainable, including by reducing GHG emissions, and could also provide a boost for the development of industries which provide solutions in this respect," the Survey advises.

This Survey was prepared in the OECD Economics Department by Geoff Barnard and Tatiana Lysenko under the supervision of Andreas Wörgötter. Substantial contributions were made by Justine Burns, Lawrence Edwards, Evan Gilbert, Cecil Mlatsheni, Duncan Pieterse and Stan du Plessis.

The authors of the Survey says that the multi-faceted issues facing the South African economy pose policy challenges for the government on many fronts that need to be addressed simultaneously. For this reason, the focus of this first OECD Economic Survey of South Africa is on increasing the trend growth rate and thereby achieving higher employment, albeit through a broad range of policies, they say.

Measures which could help to achieve this goal include support through structural reforms of a shift of resources from either inactivity or serving domestic demand to the export sector, and refinements to South Africa's already strong macroeconomic framework to make policies more growth-friendly overall.

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