



Submission No 113

Review of Australia's Relationship with the Countries of Africa

Organisation: Department of Foreign Affairs and Trade -
Response to Questions on Notice



Australian Government

Department of Foreign Affairs and Trade

**Joint Standing Committee on
Foreign Affairs, Defence and Trade**

**Inquiry into Australia's Relationship with the
Countries of Africa**

**Supplementary Submission Responding to Additional
Questions**

April 2011

The following information has been submitted in response to additional questions provided to the Department of Foreign Affairs and Trade on 3 March 2011.

AUSTRALIAN COMPANIES IN AFRICA

1. Update on the numbers of Australian resource companies active in Africa as well as an estimation of the value of their investment.

DFAT is aware of 227 Australian resources companies with projects on the ground in Africa, as of early April 2011. Of these, 203 are in the mining sector (includes mine operations/minerals exploration/mining services), 24 in oil or gas production/exploration, and one in geo-thermal exploration. These companies have interests in over 620 projects across 42 countries and one territory (projects encompass mines operating or under construction; oil and gas production facilities; smelters, exploration licences; and service companies' branch offices).

The rapid growth in Australian activity in Africa's resources sector has accelerated over the past year. At least 53 companies and 172 new projects commenced operation for the first time in Africa since the beginning of 2010.

DFAT is working with the private sector to reach an updated estimate of the value of current investment by Australian companies in Africa's resources sector. These figures are not readily available from statistical sources. On the basis of anecdotal evidence to hand, we estimate that the total value of this investment is now over A\$20 billion. It is uncertain that it will be possible to provide a more accurate assessment in time to assist the inquiry in the completion of its report.

An estimate of prospective future investment by Australian resources companies in Africa is more readily obtainable. The total projected capital investment of projects at the feasibility study stage is more than A\$27 billion, based on publicly released feasibility studies and other estimates released by companies.

MINISTERIAL VISITS TO AFRICA

2. Update on ministerial visits to Africa.

The following visits to Africa have been undertaken by Australian Ministers since March 2010.

Hon Kevin Rudd MP, Minister for Foreign Affairs:

- Ethiopia bilateral visit, 25-26 January 2011
- African Union (Ethiopia) 27-28 January 2011 – attendance at Executive Council (Foreign Ministers') meeting of African Union Summit, and bilateral meetings with 27 African Foreign Ministers and three other heads of delegation.

- Egypt bilateral visits 10-12 December 2010, 26-27 February 2011, 9 March 2011.
- Tunisia bilateral visit –10-11 March 2011.
- South Africa – 25 February 2011 – attendance at UN Secretary-General's High Level Panel on Global Sustainability.

Hon Kate Ellis MP, Minister for Early Childhood Education, Childcare, Youth and Sport

- South Africa – bilateral visit and attendance at football World Cup, 9-18 June 2010.

Hon Peter Garrett MP, Minister for the Environment, Heritage and the Arts

- Morocco - International Whaling Commission Conference– 21-25 June 2010

HONORARY CONSULS IN AFRICA

3. Update on the filling of Honorary Consul positions in African countries.

Australia operates an Honorary Consul Network of 69 positions across 55 countries, nine of which are located in Africa. Five are new positions approved by the (former) Minister for Foreign Affairs, Mr Stephen Smith, in August 2009.

Of the established positions:

- one is operational in Maputo (**Mozambique**) – Ms Michelle Smith
- Luanda (**Angola**) and Lagos (**Nigeria**) are temporarily vacant, however, new candidates have been identified for both and we are proceeding with their appointments
- Cape Town (**South Africa**) is temporarily vacant.

Of the new positions:

- DFAT is in the final stages of appointing a candidate in Kampala (**Uganda**). A formal letter of appointment has been sent to the candidate and host government approval for the appointment has been sought.
- Candidates have been identified and nominated for appointment in Gaborone (**Botswana**) and Dar es Salaam (**Tanzania**). DFAT is finalising internal clearance processes for these candidates, after which Ministerial agreement will be sought for their appointments
- Suitable candidates have not yet been identified in Windhoek (**Namibia**) and Yaounde (**Cameroon**).

The process for appointing an Honorary Consul involves a number of inputs from key stakeholders, including host governments, which can cause delays in the finalisation

of appointments.

COSTS OF OPENING AN EMBASSY IN AFRICA

4. What are the approximate costs of opening an embassy in an African country (capital costs and staffing costs)?

Costs would vary from country to country but based on most recent experience, the cost of setting up and running a typical embassy in Africa could be in the order of \$36 million over four years (\$12 million staff costs, \$8 million operating costs, and \$16 million capital costs).

Notes:

- Staffing - assumes four Australia-based and nine locally engaged staff
- Other operating costs include rents, office costs, IT costs, etc
- Capital costs includes the costs associated with setting up an interim embassy and then a permanent embassy.

AUSTRALIAN-AFRICA FORUM

5. Would you comment on the suggestion by Mr Gebre-Selassie that an Australian-Africa Forum be established in Addis Ababa?

***Mr Gebre-Selassie**—Thank you, again, for this question because I have two other things to comment on. One is that while I was in Addis Ababa I held a meeting with the head of UNECA, Economic Commission for Africa, I met His Excellency Mr Abdoulaye Janneh, and also one of the directors of the Economic and NEPAD Section of UNECA, Professor Emmanuel Nnadozie. I asked them a question: how would you like to engage with Australia? I put it the other way around. Both of them said to me, 'Why doesn't Australia establish an Africa-Australia forum in Addis Ababa?' Many countries, including China, India, Pakistan and many European countries, have already established such forums to engage with all the African diplomats in Addis Ababa as well as all the other diplomatic missions and UN peak bodies to engage with business, primarily, to talk about trade, climate issues, international development, capacity building and leadership related issues. They are talking about these kind of forums which will help Australia to engage with all of these delegates. That is one important point I just want to make.*

DFAT is not aware of individual forums for specific countries of the kind described by Mr Gebre-Selassie held in Addis Ababa, with the objective of engaging diplomats, UN agencies and/or business. There are forums involving the African Union, the African Development Bank and UNECA in dialogue with the African Union's development partners and African countries. These are the African Development Forum and Strategic Partners Dialogue. Our Embassy in Addis Ababa is participating in both forums.

Some countries such as China and India, and regional groupings (European Union and Latin America) have organised forums or summits with Africa involving heads of government and/or ministers from across Africa (not usually held in Africa). While a summit on this scale may not be feasible or necessary in the Australian case, there would be value in considering a forum for more focused dialogue bringing together a range of senior African and Australian representatives to discuss perspectives for Africa and the direction of Australia-Africa relations.

WESTERN SAHARA

6. Would you comment on Submission No.104 from the Australia Western Sahara Association and the response from the Moroccan Ambassador?

Submission No.104 from the Australian Western Sahara Association and Submission No.108 from the Moroccan Ambassador raise issues regarding: the status of Western Sahara; the status of negotiations between Morocco and the Popular Front for the Liberation of Saguia el-Hamra and Rio de Oro (the Polisario) concerning the disputed sovereignty of Western Sahara; and the legality of importing phosphate from Western Sahara.

Status of Western Sahara

Western Sahara is classified by the United Nations (UN) as a Non-Self-Governing Territory. The Moroccan Government and the Polisario dispute sovereignty of Western Sahara.

Status of negotiations between Morocco and the Polisario

For many years the UN was focused on the terms of a referendum. The referendum did not take place because of disagreement between the parties as to who should be eligible to vote in a referendum. UN efforts are now focused on negotiations to discuss these two proposals 'in good faith' and 'without preconditions' (as recommended by the UN Secretary General's report of 6 April 2010).

Morocco and the Polisario have held four rounds of formal negotiations under UN auspices, with the most recent held from 16 to 18 March 2008. In January 2009, UN Secretary General Ban appointed a Personal Envoy for Western Sahara, Mr Christopher Ross. Mr Ross has hosted six rounds of informal talks (the latest round was held in early March 2011), with the aim of restarting a fifth round of formal UN-mediated negotiations.

The Australia Government strongly supports the efforts of the UN to find an enduring settlement in relation to Western Sahara.

Importation of phosphate from Western Sahara

The UN has not imposed any sanctions on the importation of phosphate from Western Sahara and the Department is not aware of any country which has autonomous sanctions against the trade.

The 2002 legal opinion of the former UN Under Secretary-General for Legal Affairs, Hans Correll, sets out in general terms the international law principles related to economic activities in non-self governing territories. Mr Correll's opinion is advisory and is not binding pronouncement of international law. It does not set out measures to be taken by states regarding imports from Western Sahara.

Given the status of Western Sahara as a Non-Self-Governing Territory, the Department draws companies' attention to the possible international law considerations involved in importing natural resources sourced from Western Sahara and recommends companies seek independent legal advice before importing such material. The Department's website contains information to this effect.