



Submission No 6

**Review of Australia's Relationship with the
Countries of Africa**

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Dr David Dorward

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11th Dec 2009

The Secretary to the Committee
Joint Parliamentary Committee on Foreign Affairs, Defence and Trade
Inquiry into Australia's Relations with the Countries of Africa.

Dear Mr. Secretary,

Attached to this email is my submission to the "Inquiry into Australia's Relations with the Countries of Africa" by the Joint Parliamentary Committee on Foreign Affairs, Defence and Trade.

Attached is a brief cv relating to my interests and areas of expertise.

I would be available for a public hearing if that were deemed desirable.

Yours sincerely,

Dr David Craig Dorward

Dr David Craig Dorward,
Abbreviated Curriculum Vitae

Dr David Dorward, Australian citizen.

I am a retired academic, formerly Associate Professor and Director of the African Research Institute, LaTrobe University, Bundoora, Victoria. While I was a member of the History Department at LaTrobe University, I would describe myself as a political economist. I have been twice Past President of the African Studies Association of Australasia and the Pacific. I've been a member of the Royal African Society, the Royal Commonwealth Society, the African Studies Association of the United Kingdom, the African Studies Association (USA), the British Institute in Eastern Africa and other learned bodies. I formerly sat on the executive of the Australia-Southern African Business Council (Vic), the precursor of the Australia African Business Council. I am currently director of African Consultancy Service, Pty, Ltd.

I first went to Africa in 1962, as a U.S. Peace Corps Volunteer to teach Islamic history to Muslim students in what was then Katsina Emirate in Northern Nigeria. I hold a doctorate from the School of Oriental and African Studies, University of London. I've been to most parts of Africa and have known many of its luminaries and villains.

Australia ignores Africa at its peril

By Dr David Craig Dorward (retired),
formerly Director of the African Research Institute, LaTrobe University

Executive Summary:

- ✓ The importance of China to Australia's export economy
- ✓ The rise of China's trade and investment in Africa
- ✓ The implied potential medium and longer term consequence for Australia of Africa as an alternative supplier to China
- ✓ The erosion of expertise on Africa in Australia
- ✓ Suggestions for strengthening expertise on Africa in the educational sector

Specifically, the submission relates to the following Terms of Reference:

- ❖ economic issues, including trade and investment
- ❖ educational relations and exchange
- ❖ development assistance co-operation and capacity building
- ❖ migration

Australia ignores Africa at its peril

The export economy of Australia, the strength of the dollar and our capacity to borrow overseas are all linked to the strength of the mining sector. Our leading customer is China. Yet the significance of Africa for our mining and export economy is not widely appreciated.

Australian mining companies, such as BHP-Billiton, Rio Tinto and Western Mining and others have long been active in Africa. Successive Australian governments and AUSTRADE have periodically talked up Australian mining and resource investment opportunities in Africa. To a large extent, mining underpins Australia's relations with Africa. Yet these Australian corporate and government initiatives pale by comparison with the surge of Chinese investment in the African mining sector and the medium/longer term potential to undermine Australia's economic position as a leading supplier to China.

Despite political instability and poor infrastructure, Africa offers a clear alternative source of supply for mainland China's mineral requirements. Some of the world's poorest countries have huge reserves of oil, copper, cobalt, bauxite, iron ore, to say nothing of rare minerals such as coltan and rutile. The scale and variety of known mineral reserves in Africa far outstrip those of Australia: 30% of the world's mineral reserves, including 60% of the world's known cobalt and 90% of the platinum reserves, the latter crucial in the refinement of oil. That is why so many Australian mining companies have holdings in Africa. But China is already a major player in the African mining sector.

Chinese investment in the African mining and resource sectors is growing rapidly and enjoys the economic and political support of the Chinese government at the highest levels, leading to cries of Chinese neo-imperialism, albeit mainly from Western critics. Australian politicians need to cease assuming the on-going mineral boom and start monitoring the competition more systematically. And, if you cannot beat them, join them; the Australian government needs to cultivate a higher profile in Africa, facilitate but also inform its corporate sector. It is a long overdue learning curve!

Mainland China has strong links with many African nations, stretching back to the independence movements in the 1960s and subsequent liberation struggles. Bonds have been forged by repeated visits to Africa by top Chinese leaders; Li Xiannian in 1979, Zhao Ziyang, 1982-83, Li Peng, 1984, 1997, 1999, 2001, Yang Shangkun, 1992, Jiang Zemin, 1996, 2000, 2002, Zhu-Rongji, 2002. Vice-Premier Qian Qichen visited more than thirty-six African countries between 1990 and 1998. When was the last time a senior Australian politician visited Africa, other than to attend a Commonwealth Heads of Government Meeting?

Until recently, communist China enjoyed a welcome reputation with most ordinary Africans- viewed as a benign, non-imperialist, non-exploitative. However the highly publicised Chinese investment program in Africa, often with less than popularly elected African regimes, such as Zimbabwe and the Sudan, has drawn criticism. China's investment in the Sudanese oil industry has clearly coloured its response to United Nations Security Council proposals for sanctions on the Sudan. As the U.S. Council on Foreign Relations notes: 'Many African countries view Chinese investment as an opportunity and welcome Beijing's "strictly business" policy of non-interference in domestic affairs.' Since the 1955 Asian-African Bandung Conference, China had maintained a policy of 'mutual non-interference in domestic policies', when it suits its interests.

Many Western businessmen complain of being undercut by Chinese willingness to pay bribes, but Western governments and corporations have a less than pristine record. While China is widely praised by the ruling elite for bringing investment, the man-in-the-street is not always as enthusiastic.

There have been problems, such as the clashes between Chinese mine managers and African workers in Zambia copper mining, but the Chinese government was swift to denounce the labour practices of Chinese management in Zambia. There have been numerous incidents of violation of labour relations and health and safety legislation on officially funded Chinese development projects and businesses, but have gone largely unnoticed in the mainstream media.

Chinese government often insists upon bring in Chinese workers to undertake infrastructure projects, such as the Sudanese oil pipeline. This often raises the ire of locals, anxious for employment. However, in bypassing host governments and paying Chinese firms directly to build roads and hospitals, China has lessened the opportunity for graft and corruption and ensured that the projects are completed before being handed over to the host nation, not always the case with aid projects.

There have been 'culture clashes' between Australian mine managers and African labour, as in Mauritania, but they are little reported in the Australian press or commented upon by Australian officials. If Australia is to forge stronger commercial ties in Africa and realize upon investment opportunities, more effort needs to be expended on cultural and political familiarization. Africa is a complex continent with many countries and cultures. Far greater use could be made of Australia's human resources in the form of African migrants and refugees.

While the stereotype of the African refugee is that of an illiterate woman and her children, the screening process gives weight to those who speak English and have qualifications, in other words the educated class. I have known many African migrants with Ph.D.s from leading universities driving taxicabs in Melbourne because they can't find other employment.

Australia has a somewhat chequered history of relations with African countries, but is largely regarded as irrelevant following the erosion of foreign aid to Africa under the Hawke-Keating governments, accelerated under the Howard government. The push into Asia and the perceived need to pull back federal government expenditure was done at the expense of Africa, among others. To the extent that Australia has a profile outside the countries of diplomatic residence, it is probably as a member of the Commonwealth and then frequently as a somewhat strident White colonial state. Compared to Canada, which has long maintained extensive diplomatic and foreign aid programs in Africa, Australia is invisible. The Canadian volunteer organization CUSO-VSO has remained active in Africa for decades, while the African program of Australian Volunteers International ended over a decade ago with the withdrawal of Federal Government support.

Chinese foreign aid tends to focus on infrastructure development- roads, port facilities, and hospitals. Chinese commercial investments may be a direct beneficiary of such aid, but it also helps the recipient country. While Australia can never mirror the level and significance of Chinese (or American, or even Canadian) aid, to do nothing outside South Africa (southern Africa) sends all the wrong signals.

Chinese trade with Africa grew to over \$106 billion in 2008, a ten-fold increase over 2000. China had already overtaken Britain and France in its volume of trade with Sub-Saharan Africa, and is in second place behind the United States. China is likely to supplant the United States as Africa's largest trading partner in less than a decade, despite increasing American dependence on West African oil imports. Africa now supplies more oil to America than Saudi Arabia, so the global scale and significance are important. China's top African trading partners are also oil-producing nations.

China is increasingly turning to Africa for oil and other investments are following. According to the *China Daily*, approximately 1,000 Chinese enterprises have been approved or registered to do business in Africa. While the global recession had a toll on Chinese investments in Africa, becoming increasingly less generous to African recipients, direct investments in Africa rose 81% in the first half of 2009. According to David Pilling of the *Financial Times* (London) Chinese direct investment in Africa is now in excess of \$120 billion.

Moreover, Chinese investment in Africa is not restricted to mining and resources. Agriculture is another major Chinese new investment initiate, e.g.; "The Chinese Agricultural Technology Research and Transfer Centre is being built on a 52-hectare plot near the Umbeluzi Agricultural Station, close to the capital Maputo [Mozambique]. It will open in early 2010... The centre, funded with US\$55 million, is the first of ten Africa-based agricultural technology centres promised in 2007 by Chinese president Hu Jintao. China has pledged to help modernise the Mozambican agricultural sector and aims to increase rice production five-fold, from 100,000 to 500,000 tonnes a year." Increased rice production in Mozambique will help China meet its food demands, while providing a market and foreign exchange for impoverished Mozambique. Burkina Faso, Benin and Mali already supply China with 20 percent of its raw cotton imports.

In 2007, the Industrial and Commercial Bank of China paid \$5.6 billion for a one-fifth stake in South Africa's Standard Bank, which operates in 18 African countries, thereby gaining access to its expertise. South Africa is fourth largest supplier of iron ore and China is helping to develop the iron ore reserves of Gabon. China has also been active in supporting manufacturing and mutually-beneficial business opportunities in Africa. According to Professor Jing Gu of the Institute of Development Studies, Sussex University, private Chinese investment is increasingly in manufacturing.

Many Australian firms associated with bodies such as the Australia Africa Business Council and AusTrade would do well to look more closely at Chinese initiatives as models for potential joint ventures.

All these activities have a direct bearing on Australia and must be closely monitored. The Australian mining and resource sectors are involved in an array of countries across the continent. The Australia Africa Business Council represents a far more diverse cross-section of the Australian corporate sector, with an even wider range of activities and interests. Those within DFAT and their African Desk will be more than aware of what I have stated, however it is important that the significance of Africa to Australia be brought before the attention of the Joint Standing Committee on Foreign Affairs, Defence and Trade.

While Australia can ill-afford to maintain missions in more than a handful of African countries, High Commissioners are accredited to a wide range of countries, with complex social / political divisions and institutions. The Australian High Commissioner to Kenya is responsible for not only the countries of East Africa, but the Horn of Africa- the homelands of many African migrants to Australia.

At present, Australia makes far too little use of these human resources. Many African refugees/ migrants have tertiary qualifications, as well as significant family and informal contacts in their country of origin. Except for a limited range of institutions- the police, welfare services and the Refugee Review Tribunal, few government

organizations or the corporate sector have made an effort to recruit individuals from these communities.

DFAT has some very knowledgeable individuals on Africa, though it would be invidious in a public document to single out individuals. On the other hand, not all DFAT High Commissioners come to the continent with African expertise or background. Whether it is possible or advantageous to stream DFAT personnel into regional streams is contentious, given the scale of the Department, but it has meant that over the years many have been appointed with little prior knowledge of Africa, much less the political and social complexities of the various countries to which they are accredited.

In the past, many have found it useful to consult with those in the Australian universities and NGO-sector with expertise on and first-hand experience in individual African countries. Sadly, this once significant pool of localised expertise on Africa within academia and the NGO-sector has all but disappeared.

With the collapse of government funding of program/project aid to Africa, African specialist have left the NGOs or refocused their efforts elsewhere. CSIRO and ACIAR once had significant joint-research programs with various bodies in Africa, focusing on arid and semi-arid regions where Australia has considerable expertise. Today, ACIAR has only a few small-scale research projects in South Africa. CSIRO involvement with Africa is also almost exclusively in South Africa.

Within the universities, the pool of African expertise has collapsed dramatically in the past decade with retirements and as university administrations shift toward fee-paying courses. While African subjects always drew large numbers of undergraduates where they was offered, postgraduate numbers were small as the career opportunities in Australia were limited. Nevertheless this pool of academic expertise is crucial in a small country such as Australia. While periodic inquiries, such as the present Joint Parliamentary Committee “Inquiry into Australia’s Relationship with the Countries of Africa”, what is needed is an on-going body of expertise that government, the corporate sector and the media can turn to for specialist advice.

Whereas once the African Studies Association of Australasia and the Pacific attracted hundreds to its annual conferences, the numbers have shrunk to a few dozen, including postgraduates. African Studies have all but disappeared from Australian universities, despite the valiant efforts of the handful that remain. Within less than a decades the number of academic disciplines with African specialists has shrunk spectacularly.

As African specialist have retired or shifted their focus elsewhere in response to research funding opportunities, university libraries that once supported their teaching and research activities, have cancelled their journal subscriptions and ceased building their monograph collections. Even if new appointments were to be made, the gaps in collections are becoming increasingly difficult to bridge. The resources on Africa in the National Library and Parliamentary Library in Canberra are patchy, at best. LaTrobe University, Monash University and the University of Western Australia once held the best collections on Africa in Australia but they are become increasingly dated.

While the decline in African expertise in NGOs and universities can be reverse with new appointments and relatively minor funding allocations, the loss of access to research resources is far more fundamental.

Australia, as a relatively small but prosperous nation, needs to allocate resources carefully and with clear focus. However if the government is to rebuild Australia's relations with Africa, after decades of neglect, it needs to consider how it can build a long-term foundation for that relationship. It ought to consider modest funding of African Studies in tertiary institutions in Australia through offering a competitive grant to support library acquisitions at one of the universities in return for that institution making a relatively senior academic appointment in the field. The government would be at arms-length in the appointment, merely requiring such expertise as the basis for insuring the relevance of library acquisitions under the grant.

Universities are public institutions and their library collections are accessible to all. At relatively minor costs, the government could support the type of resources that are

essential if Australia's relations with the countries of Africa are to be rebuilt and a pool of African expertise maintained.

Another area of educational relations that might be considered is the resumption of educational aid to Africa. While undergraduate overseas scholarship, as operated in the past, often exacerbates the 'brain-drain' from Africa, support for African academics to upgrade their qualifications would be a modest but fruitful form of aid-- it doesn't merely assist an individuals, it enables them to pass on skills and information to their students, thus having a multiplier effect.

Many once-sound African universities have fallen on hard times as a result of civil unrest, lack of access to foreign-exchange to maintain library resources- the so-called 'book famine', and adverse foreign exchange rates that inhibit African academics from taken overseas sabbatical leave to maintain or upgrade their qualifications. Many junior staff find it especially difficult to upgrade their qualifications. AUSAID ought to consider reinstituting a form of educational assistance.

If the Australian government is serious in improving its relations with the nations of Sub-Saharan Africa and protecting its own position in the global economy, it needs to take a more pro-active position. Gone are the days when it was sufficient for us to focus on our own back door, Asia and the Pacific. Australia had a growing African population, representing a wide range of countries and cultures of Sub-Saharan Africa. More ought to be done to utilize these human resources.

Africa cannot be ignored, or simply reduced to South Africa. The global economy required a global perspective. Australia ignores Africa at its peril.