

Friday@Noon on Political Issues in Africa: 2018

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The NTU-SBF Centre for African Studies publishes a weekly newsletter on issues relevant to Africa. This paper is based on issues addressed in the newsletter.

Africa has seen a number of developments on the political front in various countries. Below are a few examples, which are by no means an exhaustive list.

Angola

The Angolan President Joao Lourenco dismissed his predecessor's son as head of Angola's US\$5 billion sovereign wealth fund. Lourenco fired Jose Eduardo dos Santos' son, Jose Filomeno dos Santos and the entire board of the Fundo Soberano de Angola. Since replacing Dos Santos, Lourenco has removed the former president's daughter, Isabel, as chairwoman of the state-owned oil company Sonangol, and fired the central bank governor and the head of diamond company Endiama. He's also terminated management contracts for state TV channels with two of Dos Santos' younger children. Lourenco said he'd continue shaking up the business environment inherited from Dos Santos, whose family and allies still control huge sectors of the economy. Under Lourenco's leadership, all public building projects will have to go through tender processes instead of being directly granted.¹

Under the presidency of former Angolan president Jose Eduardo dos Santos, his children were placed in very prominent positions from which they were able to enrich themselves, to put it mildly. When Joao Lourenco was indicated as the successor to dos Santos, it was generally assumed that Angola could expect more of the same. It now seems that this expectation is fading, with Lourenco removing dos Santos' children and allies from prominent positions. Lourenco has been vocal about his intention to rid Angola of corruption. He seems to be quite serious to fulfil his promise. Getting rid of dos Santos family members and allies, allows Lourenco to establish his position of power. His intention to increase the level of governance by changing tender procedures, will also create a higher degree of trust with external investors. In turn, this will broaden the base of external investors and thereby provide a boost to local business. Getting the country on the straight and narrow will boost the overall Angolan economy and hopefully benefit the broader population, many of whom live in poverty.

South Africa

President Jacob Zuma, South Africa's president until 14 February 2018, resigned on Valentine's Day. It can be seen as the best Valentine's gift ever! This ended nine years of his scandal-marred administration. Cyril Ramaphosa was sworn in as president on 15 February 2018. Markets cheered the transition of power. Ramaphosa is widely expected to adopt business-friendly policies, prompting the rand to rise more than any other currency against the dollar since his election as ANC leader on 18 December 2017. For the ANC, Zuma's departure gives Ramaphosa more time to convince voters before elections in 2019 that he's committed to meeting his pledges to rebuild a battered economy and clamp down on graft. Growth has averaged just 1.6% a year

¹ <https://www.bloomberg.com/news/articles/2018-01-11/angolan-leader-fires-predecessor-s-son-as-fund-head-angop-says>

since Zuma took office in 2009, undermined partly by a series of policy missteps and inappropriate appointments that rocked investor and business confidence.

Ramaphosa subsequently reshuffled his cabinet and got rid of various controversial figures. He also initiated commissions of inquiry to investigate issues such as state capture, the problems with SARS, etc. Ramaphosa will, however, need to balance his clean-up act and the needs of his party with great caution. At this stage he does not enjoy overwhelming support in the ANC. We will probably see a Fabian strategy and blitzkrieg tactics – decisive actions spread over a long period of time. He will need to ensure that the global investment community are convinced by his actions that he has South Africa's best interests at heart. Generally speaking, Ramaphosa enjoys a lot of support amongst South Africans from all walks of life. Business confidence in South Africa is increasing daily. Foreigners are also much more bullish about investing in South Africa.

Ethiopia

In Ethiopia, we saw its prime minister, Hailemariam Desalegn resigning in a surprise move amid protracted anti-government protests. His resignation follows a nationwide state of emergency in 2017. His stepping down is unprecedented in Ethiopia. According to Desalegn, unrest and a political crisis have led to the loss of lives and displacement of many. He saw his resignation as vital in the bid to carry out reforms that would lead to sustainable peace and democracy. In an attempt to ease tensions, the government last month began issuing a string of pardons and releasing prisoners.²

Dr Abiy Ahmed was subsequently elected as prime minister of Ethiopia. Since becoming prime minister, Abiy Ahmed has overseen drastic changes that have reshaped Ethiopia's socio-economic and political trajectory. He ended an internet blackout, dismissed charges against diaspora-based media outlets, released prisoners and government critics, engaged exiled opposition groups, and mended relations with Eritrea. His visible engagement with journalists heralded a departure from how previous administrations dealt with the media. Ahmed also promised that the elections of 2020 won't be delayed. He purged military favouritism and government control over key sectors and cancelled the state-run Metals and Engineering Corporation's (METEC) contract to supply hydraulic pipes for the multi-billion-dollar Grand Renaissance Dam. He also addressed tensions with Egypt due to the dam's impact on the Nile's water supply to Egypt. Ahmed also recently met with the community and religious leaders from the Somali Regional State to discuss the chaos and violence in the region.³

Prime Minister Abiy is seemingly a breath of fresh air in a region that has until recently been characterised by conflict and violence. His energy and drive have been remarkable. He has visited various of his neighbours to open up avenues for his country. One of the major coups is the restoration of peaceful relations with Eritrea. Internally, he has reduced the influence of the military and is seemingly creating a business-enabling policy framework for the private sector. Discussions with Djibouti regarding the exchange of shareholding between Ethiopian Airlines and the port of Djibouti are ongoing. He has also opened up the telecommunications sector for private sector and foreign involvement. A recent attempt on his life does indicate that not everyone in Ethiopia is comfortable with his initiatives.

² <https://www.theguardian.com/world/2018/feb/15/ethiopia-prime-minister-hailemariam-desalegn-resigns-after-mass-protests>

³ <https://qz.com/africa/1371863/under-abiy-ahmed-the-world-bank-will-give-ethiopia-1-billion/>

East Africa

On a slightly different track, Kenyan officials announced the end of the long-running trade dispute with Tanzania following a bilateral meeting between the two states. Kenya-made goods such as textiles, which had been denied preferential access, will now get to the Tanzanian market with much ease. The two partner states have called for the effective and timely implementation of agreements made during bilateral meetings to ease the flow of goods and services. Kenya's textile products had been denied preferential access to the Tanzanian market with Dar arguing that the textiles are manufactured at the EPZs and are not subjected to duty, hence cannot compete favourably with local products. Tanzania also argued that Nairobi allowing manufacturers at the EPZs to offload their final textile products in the local market, had hindered similar goods from Tanzania from being competitive in the Kenyan market. According to the statement, immigration chiefs from the two sides will also meet to resolve border issues.⁴

The East African Community (EAC) has frequently been described as the most efficient of the major regional economic communities in Africa. The trade disputes between Tanzania and Kenya the past few years have undermined the efficiency of the EAC. We saw various actions that clearly showed the two countries were struggling to subordinate national interest to regional interest. In the process, we also saw Uganda becoming involved, frequently supporting Tanzania's position in the "trade wars" between Kenya and Tanzania. The above examples are just a small number of the incidents between these two countries. There was also a spillover into the region as, with the exception of Kenya, they all (with Tanzania seemingly taking the lead) refused to sign the EU's EPA. We also saw Tanzania moving its concerns beyond trade into tourism, when it decided not to participate in the regional visa scheme, which would allow tourists to obtain a single visa for touring the whole EAC region. The end of the trade dispute and the improvement of relations between these two countries will be great for East Africa as a whole.

We have also seen indications of a developing spat between Rwanda and Uganda. This development, in addition to the trade spat between Kenya and Tanzania, is not good news for the EAC and its levels of efficiency.

Russia in Africa

The former USSR's strong influence in Africa diminished after 1989. It now seems Russia has new aspirations for Africa, which is reflected in Foreign Minister Sergei Lavrov's visit to Africa in early March 2018, during which he visited Angola, Namibia, Mozambique, Zimbabwe and Ethiopia. Russia's main interests in Africa are the following:⁵

- Strengthening political cooperation and interaction with African countries to ensure support of Russia's position on international affairs.
- Developing trade and economic relations – strengthening trade in various product sectors.
- Exporting Russian services and technologies – e.g. constructing nuclear power plants, building other infrastructure, oil refining and pipeline construction, and launching satellites.

⁴ [https://www.theestafrican.co.ke/business/Free-trade-as-Kenya-Tanzania-trade-spat-ends/2560-4649198-v6m61v/index.html?utm_source=newzmate&utm_medium=email&utm_campaign=2318&tqid=nqXINXEHUoBuQILlq0.zyQfx667Epl8E1WHxSyWLA\\$\\$](https://www.theestafrican.co.ke/business/Free-trade-as-Kenya-Tanzania-trade-spat-ends/2560-4649198-v6m61v/index.html?utm_source=newzmate&utm_medium=email&utm_campaign=2318&tqid=nqXINXEHUoBuQILlq0.zyQfx667Epl8E1WHxSyWLA$$)

⁵ <http://valdaiclub.com/a/highlights/russia-interests-in-africa/>

Russia is involved with Zimbabwe in developing its huge platinum deposits. Russian involvement in Angola involves diamond mining, hydrocarbon production⁶, building Angola's second satellite,⁷ and cooperating in the field of military technology. In Mozambique, it is working to jointly develop and produce military equipment. In addition to exporting Russian agricultural products to Namibia,⁸ Namibia's uranium is also an attraction.

In Ethiopia, Lavrov pushed for the building of a nuclear reactor as part of Russia's policy of exporting nuclear power facilities. He also called for Russian membership in the AU's Mechanism for Police Cooperation.⁹

Russia and Sudan have long enjoyed economic, political and military relations. In addition to providing UN support, Russia has been a major arms supplier to Sudan.¹⁰ President al-Bashir recently announced that Russia would boost Sudan's military capabilities. Al-Bashir recently discussed with Putin the establishment of Russian military bases on the Red Sea coast,¹¹ and offered Sudan as a gateway into Africa for Russia.¹² Russia has agreed to supply Sudan with a small-capacity floating nuclear plant to produce electricity,¹³ while Sudan invited Russian companies to participate in developing its oil industry.¹⁴

Russia is reportedly negotiating with Somaliland for a naval base outside Zeila to support its naval forces operating in the region.¹⁵ Russia offered to recognise the breakaway republic of Somaliland and train its military in exchange for permission to establish the base.¹⁶ Russia's possible base in Somaliland can also be seen as part of Moscow's "Pivot to Africa."¹⁷

Ethiopia's joint development of a port in Berbera with the UAE, and Russia's increasing relations with both these countries, indicate economic-strategic motivations behind Russia's decision to build a base in Zeila. It could meet multiple objectives by strengthening its ties with all three parties.¹⁸

The Horn of Africa is strategically important for a number of reasons, such as allowing power projection into the Middle East, influence over the Suez Canal through the Gulf of Aden, and entry into the Indian Ocean.

FOCAC 2018

At the FOCAC 2018 Summit Meeting in Beijing, Chinese President Xi Jinping offered US\$60 billion in financing for Africa, while warning against funds going towards "vanity projects". He promised tangible development that would be green and sustainable. China has denied engaging in "debt trap" diplomacy, and his offer of more money comes after a pledge of another US\$60 billion at the summit in South Africa in 2015. The new US\$60 billion will include US\$15 billion of aid, interest-free loans and concessional loans, a credit line of US\$20 billion, a US\$10 billion

⁶ <http://valdaiclub.com/a/highlights/russia-interests-in-africa/>

⁷ <https://africabusinesscommunities.com/news/angola-accepts-russian-offer-to-build-angosat-2/>

⁸ <http://valdaiclub.com/a/highlights/russia-interests-in-africa/>

⁹ <https://jamestown.org/program/sergei-lavrovs-africa-trip-regional-promises-and-global-ambitions/>

¹⁰ <https://intpolicydigest.org/2018/03/26/russia-and-sudan-are-cozying-up/>

¹¹ <https://www.aljazeera.com/indepth/opinion/sudan-rapprochement-russia-171130124410870.html>

¹² <https://intpolicydigest.org/2018/03/26/russia-and-sudan-are-cozying-up/>

¹³ <http://sdeconews.com/story-z18766927>

¹⁴ <https://oilprice.com/Latest-Energy-News/World-News/Sudan-Extends-Invitation-To-Russian-Oil-Explorers.html>

¹⁵ <https://www.thesun.co.uk/news/6083147/vladimir-putin-russia-naval-base-somaliland-africa-suez-trade-route/>

¹⁶ <https://face2faceafrica.com/article/russia-to-pitch-first-camp-in-africa-with-military-base-in-somaliland>

¹⁷ <https://www.globalresearch.ca/the-strategic-implications-of-a-possible-russian-base-in-somaliland/5635083>

¹⁸ <https://www.globalresearch.ca/the-strategic-implications-of-a-possible-russian-base-in-somaliland/5635083>

special fund for China-Africa development, and a US\$5 billion special fund for imports from Africa. Chinese companies will be encouraged to invest no less than US\$10 billion in Africa in the next 3 years. Government debt from China's interest free loans due by the end of 2018 will be written off for indebted poor African countries, as well as for developing nations in Africa's interior and small island nations. China will carry out 50 projects on green development and environmental protection in Africa, focussing on fighting climate change, desertification and wildlife protection. China would also set up a peace and security fund and a related forum, while continuing to provide free military assistance to the AU.¹⁹

Given the composition of the fund allocation, and the context of the FOCAC 2015 promise of supporting Africa to create value at source, there can be no doubt that there is a need in Africa for boosting its manufacturing sector, and that the funds will contribute towards this objective. China is also known for its neutral stance – it is not prescriptive about how and for what funds made available by it, should be spent on. For China then to caution that Africa should refrain from becoming involved in “vanity projects”, is a sure indication of the severity of the issue. This cautionary must also be seen within the context of charges against China that it is saddling up Africa with unsustainable debt loads. Should this money be spent on vanity projects, it will lend credence to the charges against China. Some countries in Africa, such as Djibouti, are starting to develop dangerous debt levels.

However, not all US\$60 million will be for loans; some will be used to stimulate the respective African economies with investments, which would grow the manufacturing and other sectors, with the concomitant benefits. Some of the funds will be used to finance imports from Africa. China will also be writing off government debt of very poor indebted African countries. So, from this perspective, this round of financing seems to be aimed at bringing about positive changes. Does it have the potential to increase the debt levels? Obviously it does, but given Xi's warning, hopefully the financing will be used for productive projects that will have the potential of generating government revenues, leading to exports and import substitution, and the all-important job creation! One must also see the FOCAC 2018 spending within the context of the BRI, where all of Africa have been invited to participate. This initiative will, in its current phase of development, primarily focus on infrastructure development, which can only be to Africa's advantage. Ramping up manufacturing needs infrastructure to grow and develop.

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¹⁹ <https://af.reuters.com/article/worldNews/idAFKCN1LJ0EG>