GLOBAL *dialogue*

AN INTERNATIONAL AFFAIRS REVIEW PUBLISHED BY THE INSTITUTE FOR GLOBAL DIALOGUE VOLUME 13.1 • MARCH 2008

The two faces of globalisation

Page 2 ›

China's energy security

Page 11 ›

Sarkozy in Africa

Page 22 ›

CONTENTS

The two faces of globalisation

Garth le Pere

GLOBALISATION HAS irrevocably changed the world system and current trends suggest that its pace will continue and even accelerate in the future. These trends include greater flows of goods and services, money, capital, people, technology, information and ideas.

Competition across the globe has also increased, with many beneficial aspects that increase production and efficiency, and provide a strong impetus for economic growth. This is qualified, however, when considering problems of equity and distribution, and who actually benefits from globalisation. It is often said that poor people, especially those in developing countries, bear the burden of exclusion and marginalisation in sharing the benefits of globalisation, and hence the pressing need to increase their asset base in areas of education, health, literacy, access to land and so on. There are also the normative imperatives of making markets work more in favour of the poor, reducing social barriers, and helping poor countries and people to cope with systemic risks and shocks.

Income gaps

The costs of globalisation can lead to conflicts at various levels, especially since many of the beneficiaries of globalisation have been the richer countries of the OECD. The net result has not been convergence but rather divergence of incomes worldwide, with rapid-growth economies, mainly Asian, joining richer nations, but with poor nations of Africa, Latin America, and even some in East and Central Europe, falling further behind. The issue of distribution becomes a major normative challenge and source of disaffection.

There are also regional and global instabilities that are rooted in the interdependencies of economies. These are manifested in local economic fluctuations and crises in one country having regional and even global impacts. The most dramatic instance of this was the exchange rate and financial crisis in Asia, which started in Thailand in 1998 and spread to other South-East Asian economies but which also sent ripples throughout the international financial system. These linkages that bind and interconnect economies have implications across borders and suggest a greater mutual vulnerability. The spectre of a worldwide recession or depression always looms large; witness the recent sub-prime mortgage crisis that originated in the US. There have been calls to break the interdependencies as a consequence of globalisation, with Great-Depression style competitive devaluations, beggar-thy-neighbour policies, increased tariffs, and other protectionist interventions. But this could lead to economic warfare, and possible military confrontation.

Another consideration is that sovereign countries have lost control of their economies and that such control has shifted to more powerful countries, multinational firms, and international financial institutions. The logic of this concern suggests that national sovereignty has progressively and systematically been undermined by globalisation, leading to growing cynicism among political elites and their citizenries, especially among poor developing countries. The result has been extreme nationalism, populism, xenophobia, with calls for protectionism and the emergence of fundamentalist and millenarian political movements. But globalisation can easily become a useful scapegoat in failures of national policy, such as causing high unemployment and undermining social welfare across countries with different levels of development. Domestic fiscal policy and demographic and technological trends tend to be much more consequential explanatory factors.

Globalisation does have non-economic effects that involve greater risk and costs. The globalisation of insecurity, for example, has become a great source of regional conflict, sectarian violence and ethnic irredentism. There has been a proliferation of conventional weapons and weapons of mass destruction. Political crises continue unabated, escalating from local to large-scale challenges as with the wars in Iraq and Afghanistan, and other regional conflicts such as those on the Horn of Africa. Greater interconnectedness is also raising new security threats stemming from and compounded by, for example, deficient energy and water supplies, illegitimate and autocratic regimes, terrorism, environmental impacts such as global warming and pandemics such as HIV/Aids.

Structural global vulnerability is equally manifested by intractable inequalities in global wealth

Structural global vulnerability is equally manifested by intractable inequalities in global wealth. In GDP terms, some 54 countries were poorer in 2003 than in 1990 (and 20 of these were in sub-Saharan Africa). Other illuminating figures include: between 1988 and 2000, the world's poorest 5% lost almost a quarter of their real income and, for the same period, the top 5% gained 12% of theirs; for every $100 in world exports, $97 goes to high- and middle-income countries and only $3 to low-income countries; if Africa, East Asia and Latin America were to increase their world exports by just 1%, it could lift 130m people out of poverty; and a 1% increase of Africa's share of world trade would generate $70bn or five times what the continent has received in aid and debt relief over the last five years.

Allied to these considerations is a need to assess the

Previous page: A child sits in front of a garbage dump in Hyderabad, India, on World Poverty Day, 2007. AP Photo/Mahesh Kumar

A widow with her children in Hyderabad, India, on World Poverty Day, 2007. According to the World Bank, roughly 40% of India's population of 1,1bn live on less than $1 a day. AP Photo/Mahesh Kumar

Washington economic consensus that underpins and is connected to specific forms of globalisation. The thrust of this consensus is that a positive role for government is to be fundamentally distrusted in the core areas of socio-economic life. It seeks to enhance economic liberalisation and to adapt the public domain at all levels to market-leading institutions and processes. The Washington consensus and its variants thus bear a heavy burden of responsibility in significant areas of market failure, including the problem of externalities such as environmental degradation and financial crises, as well as the inadequate development of non-market social factors which are essential in providing public goods such as education, health, and infrastructure.

Financial crises

Financial crises have highlighted the extent to which volatility associated with global capital markets can compound the problem of inequality among developing countries. For example, high inflows of capital generate inflationary pressures and damage labour-intensive agriculture and manufactured exports, especially but not only under fixed exchange rates. In Asia and Latin America, Gini coefficients of inequality increased during the good years of high capital inflows in the mid-1990s, as portfolio inflows and bank lending fuelled demand for short-term inelastic assets such as land and stocks, favouring the rich. In both regions, the poor gained less and were the first-line victims when things went badly with the cyclical downturn. This is when capital fled, and high interest rates were imposed as countries sought to protect their currencies, thereby hurting small businesses and their low-wage employees the most, and reducing employment in general. There is also the problem of the additional regressive impact of the fiscal cost of bank bail-outs in developing countries because the redistributive impact of public debt tends to be negative.

The new security doctrines after September 11 further amplify the political weaknesses of the Washington Consensus. The rush to war in Iraq in 2003 gave priority to a narrow security agenda, defined by unilateralism and pre-emptive war. This agenda contradicts and in many ways is hostile to the core tenets, norms, values and institutions that have been developed in international relations since 1945. It casts aside respect for open political negotiations among states and heralds a return to the adversarial, realist understandings in inter-state relations. The systemic machinery of the multilateral order has become dysfunctional, with serious deficits. In particular, the value of the UN system has been called into question and there has been a clamour for reform of the Security Council. The future of the EU is also highly uncertain and, in the midst of its expansion in membership, there is a deep sense of unease in Brussels about what will happen over the next decade, especially in view of an ageing population, changing demography and indeed whether the European social model can survive in its present form.

The WTO faces its own existential crisis because of the de facto collapse of the Doha Development Round. The G-8 seems less capable of delivering on its pledges in trade, aid, and debt relief to African countries. And in trying to craft a new financial architecture, the roles of the World Bank and IMF are increasingly coming under scrutiny, amid pressures for their reform and restructuring, including more participatory and prudential management of global imbalances, capital flows, development finance, and poverty reduction. At this juncture of globalisation, emerging powers such as China, India and Brazil are having a marked effect on global markets and traditional balances of power.

Multilateral initiatives

Overall, the challenges of globalisation in all its different forms and manifestations will require greater co-operative efforts

Continued on page 49

Paul Boateng

Strong historical and economic ties between the UK and Southern Africa make the British High Commissioner to SA an important diplomatic posting. Current incumbent Paul Boateng provides some insights into the British government's thinking on, and approach to, some key issues facing the region and Africa as a whole. Garth le Pere and Che Ajulu spoke to him in Pretoria

The Rt Hon Paul Boateng is the British High Commissioner to South Africa. Prior to this appointment, he was a Member of the UK Parliament, representing the constituency of Brent South in London from 1987 until 2005. He was the first person of African descent to be elected to the British Parliament. His career in Opposition included stints as spokesman for the Treasury and Economic Affairs (1989-92) and the Lord Chancellors Department (1992-97). He also served on the Select Committee for the Environment (1987-89), taking a special interest in housing policy and homelessness.

After the 1997 general election, he was appointed as Parliamentary Undersecretary of State at the Department of Health with responsibility for Social Services and Mental Health. In October 1998 he was made Minister of State at the Home Office and subsequently Deputy Home Secretary, with responsibilities for the Probation Service, coroners, family policy, and Active Community. From the autumn of 2000 until June 2001, he was also Minister for Young People, overseeing the Children's Fund and the work of the Government's Children and Young People's Unit.

Following the 2001 General Election, he was appointed to the post of Financial Secretary at the Treasury, with responsibilities that included Customs & Excise, the productivity agenda, charities and the voluntary sector.

What is the thrust of British aid and development policy and what does Britain hope to achieve through it?

The most important thing to emphasise in understanding UK development policy in Africa is the Commission for Africa (CfA) because it sets the context and continues to do so. The Africa Commission did not simply have an impact on the Gleneagles meeting of the G-8 – which it was designed to do – but it also set the goals and objectives for the relationship between Britain and Africa thereafter; and it continues to do so.

This is the intellectual and philosophical underpinning of UK development policy towards Africa that is rooted in a commitment to achievement of the Millennium Development Goals (MDGs) that predates the Africa Commission. It is largely based on the understanding that, without refocusing and rethinking the nature of development aid to Africa, we might fail to achieve the MDGs in Africa. The CfA and the MDGs are at the core of British development policies towards Africa.

The importance of the CfA was that most of its membership was African and, as a result, the analysis and findings reflected views from within the continent and set goals for an effective and ongoing delivery that has followed the CfA. A number of African leaders, such as SA Finance Minister Trevor Manuel and many others, have had an impact on the thinking on the commission's work. Also, processes that led to publication of the commission's report were deeply rooted in consultations with civil society and business in Africa.

Importantly, the commission's emphasis on growth has been a prerequisite for getting people out of poverty through the recognition of the importance of science and technology and higher education. One of the failures of initiatives predating the commission was the neglect of higher education. The World Bank, and for that matter the UK's Department for International Development (DFID), had previously not recognised the importance of higher education and science and technology. The CfA, with the help of various African leaders, managed to change this mindset.

This is broadly the context that informs and guides Britain's delivery and implementation of its development policy.

How is Britain engaging with the fast-changing political terrain in Africa as far as its aid policy is concerned and what are the main challenges?

Britain has contributed to the EU–Africa partnership. But while we welcome the work of the EU and are willing to work in partnership in a number of areas, our development policy remains ours and our partnerships on the continent also remain ours – and are rooted in British legislation and British developmental foreign policy.

Prime Minister Gordon Brown's emphasis since he came into office has been on continuing work that he has been championing for years, whilst Chancellor of the Exchequer, then in the course of his membership of the CfA, with health and education as two important focuses in pursuit of the MDGs. This commitment is based on the understanding that, without renewed efforts, mothers and children will continue to die bearing the brunt of the HIV/AIDS pandemic and high rates of infant mortality.

Similarly, without an emphasis on higher education, growth will not be achieved and the potential of the continent will be lost. In this sense, there has been continuity, especially in activities that we need to focus our partnerships on and that promote our engagement on the continent. Most recently, at the Commonwealth heads of government meeting in Kampala, the Prime Minister repeated his commitment to the MDGs to eradicate illiteracy, underdevelopment, disease, poverty and environmental degradation. Similarly, at the New York summit on the UN secretary general's launch of the MDG progress report, the Prime Minister called for renewed emphasis on MDGs in partnership with civil society and business.

Most importantly, Gordon Brown has also put an emphasis on the vital necessity to recognise climate change as an obstacle to growth and meeting the MDGs. This has been a priority for us and stems from Britain's leadership on the climate change agenda and the legacy of Tony Blair. The International Finance Facility for Immunisation championed by Gordon Brown will see 500m children vaccinated by 2015 and is a good example of our commitment to the MDGs. SA has supported this initiative and its partnership with Britain has been critical in raising funds for this immunisation initiative.

What do you make of the prospects for democracy, good governance and conflict management resolution in Africa?

One of the things that we have to consistently guard against in foreign policy, development policy and trade policy is Afro-pessimism and the tendency to see Africa in ways that perpetuate stereotypes rather than challenge them. It is important for analysts to critically assess the number of countries that have submitted themselves to democratic elections, the number of dictatorships that have fallen, and the successes of democracy rather than the challenges.

The road to democracy has not been easy, but the DRC did manage to hold elections that produced results and created an environment for post-conflict reconstruction; the war in Burundi has come to and end; and even though Côte d'Ivoire continues to wrestle with issues there has been no return to violent conflict. These three examples, and Sierra Leone, South Sudan and Liberia, are clear indications of progress and a resurgence of democracy. This is not to suggest that we underestimate the challenges of Darfur (with the deployment of the AU/UN hybrid force) and Somalia. All these examples highlight the commitment of the people at the grassroots level to change and end conflict.

What is also important is the role of SA with multilateral institutions such as the EU, UN, AU and donor countries. For example, the UK is involved in projects with SA in Burundi and the DRC.

There was a time when Britain's policy towards Africa was perceived to be aligned to the Commonwealth countries and what was part of its colonial empire. This is not necessarily true: we are up there at the top of the bilateral donor tree in the DRC and are working in partnership with countries like SA. This partnership with SA is a cause for optimism rather than pessimism. There are still challenges in Kenya and Zimbabwe to confront, and the best hope for these countries lies in African solutions to African problems.

In general, what I see working is partnerships and a continent that is embracing democracy rather than slipping into decline. What I also see is a continent that needs democracy, accountability and transparency if it is to maximise the opportunities for growth and development that arise from the new race for energy and raw materials globally. Africa can benefit from this process, provided it organises itself and is supported to organise itself to maximise these benefits. The Extractive Industry Transparency Initiative – a British initiative started in the course of Tony Blair's premiership – continues to produce positive dividends in the continent and elsewhere in the world.

The EU's Economic Partnership Agreements (EPAs) remain controversial and the recent EU–Africa summit was rather anticlimactic. In what ways can this relationship be improved and strengthened?

Britain has argued consistently that EPAs must provide genuine and better trading arrangements for the African, Caribbean and Pacific countries and there must be a phasing in of reform on issues around market access in relation to services, for instance, at a pace that aligns with the development plans of these sovereign countries. It is no secret that Britain has argued this case with our EU partners and it is also no secret that a number of our partners in the world continue to have problems with EPAs – SA being among the voices against them. We seek with our partners to overcome these problems and obstacles.

We understand the concerns the developing world and emerging markets have with EPAs and have sought, through our EU partners, to broker agreements wherever we can. However, we celebrate the fact that 17 of our development partners have secured improved market access, which has opened up prospects of regional integration through the EPA framework.

We now have a joint strategy for taking forward the relationship between

Africa and the EU. This strategy contains an action plan with eight partnerships covering proposed priority actions for the three-year period leading up to the next summit in 2010. We are glad that these partnerships cover the MDGs, good governance, human rights, peace and security, climate change, trade and integration, migration and science.

What needs to happen is to ensure that these initiatives are implemented. At the moment, discussions are taking place in Brussels on how to co-ordinate the work on the EU side and the UK will continue to work closely with EU and African partners to ensure concrete progress. In April 2007, the EU–Africa Ministerial Troika will review progress. The challenge for the EU is to turn rhetoric into reality. Our commitment to the AU is very clear and goes back a long way and our credentials in this matter are not to be challenged. Lord Malloch-Brown, The Minister in the Foreign Office responsible for Africa, attended the recent AU Summit as an active observer. And our commitment to the Pan-African Parliament continues.

One of the most exciting developments is the DFID regional plan for Southern Africa that reflects the new philosophy the DFID has embraced in recent times. This initiative was not around during Claire Short's tenure but, at the moment, it is integrated into our developmental policy. It recognises the importance of a regional approach that reflects a developmental partnership, with SA promoting economic growth and poverty reduction in the region.

This development is a shift from work with SA as a bilateral aid partner to a developmental partnership and recognises the importance of SA to the development of the continent as a whole. It also respects and salutes SA's growing role as a developmental donor as well as a major and positive force and lead actor in peace, security and governance in the region.

The initiative is backed by £100m over five years to tackle regional solutions to development. Most importantly, it is a very practical initiative that has managed to secure agreements with, for example, SA supermarkets to source 30% more imports from other Southern African countries rather than the international market, plus a 5% increase in fruit and vegetables from Southern Africa. SA retailers are now sourcing 30% of their textiles from Lesotho. And more effective border posts in Zimbabwe and Zambia have led to a 30% reduction in waiting time. This has had a positive impact on the lives of informal traders, boosted trade within the region and acted as an impetus for trade, especially from small farmers' perspective. Our regional support has also set realistic targets to reduce transport cost for landlocked countries by 25% by 2010, through improved ports, road and rail infrastructure, and for a 50% decrease in malaria-related deaths, a 50% increase in TB detection and a reduction in HIV infection rates. This is the context and it is closely linked to SA's own priorities in terms of increasing economic growth to 6% and, importantly, improving basic services for the poor and promoting good governance.

How do you see SA's role in Africa?

I celebrate and welcome steps taken by the ANC over the past two years in giving more focus to its role on the African continent. Additionally, SA has done excellent work on peace support including in partnership with Britain. We have helped fund a Peace Mission Training Centre in Pretoria through resources from the Africa Conflict Prevention Pool – a UK government fund. This experience has been an important vehicle for building partnerships and in enabling SA to fulfil its commitment to the rest of the continent.

In what ways is Britain supporting democratic consolidation in SA?

Britain has made substantial contributions to consolidating democracy by assisting in the fields of health, higher education and science and technology through the Global Opportunities Fund. The focus will increasingly be on developing partnerships, especially with regard to the regional developmental agenda.

This is not to underplay some of the work that we are currently engaged with in the fields of sports and sports development in the run-up to the 2010 soccer World Cup. This partnership is based on using sports development as a way of building and developing strong, cohesive communities. The British High Commission developed a programme in partnership with South African Police Services (SAPS), British Airways and local partners which was about using football as a way of promoting community safety, getting messages out on HIV/AIDS and support for police in Alexandra Township in Johannesburg. This programme has been extended to Khayelitsha and Mitchell's Plain in Cape Town, where again we are using football to bring together members of the two different communities that have not always worked particularly well together.

We have also established an exchange programme that has had great impact on peoples' lives, especially among the youth. This will always be an important part of the relationship between SA and the UK, which is not necessarily dependant on the role of the government. Personally I believe it is inspirational to see projects people from trade unions, chambers of commerce, churches and other civil society groupings reaching out to develop like-minded independent initiatives with people in SA and putting together projects that reflect a shared humanity. This is really *ubuntu* in action.

The work that we have done together at a national, provincial and municipal level on climate change and sustainability has been assisted enormously by the forward-thinking approach of the SA government, and especially President Thabo Mbeki's role as an interlocutor at Gleneagles on issues of climate change and Africa development has been important in developing dialogue on these matters. This engagement is beginning to deliver at grassroots level in terms of policy and approach. This creates hope for SA to take the lead on the continent in this respect, together with President John Kufuor's initiative in Ghana. This work has created a heightened awareness of climate change issues in Britain and SA.

How do you think the situation in Zimbabwe can be resolved?

Zimbabwe is a monumental and continental tragedy with implications far beyond its borders. There are more than

A malaria patient on a drip in a rural clinic in central Mozambique ... the DFID regional plan for Southern Africa aims at reducing malaria-related deaths in the region by 50% over the next five years.
Henner Frankenfeld / PictureNET Africa

2m Zimbabweans in SA and hundreds of thousands in the UK and therefore the notion that this is not a hugely significant issue is a false one. That said, its solution lies in the continent and, above all, with Zimbabweans. As we speak, the people of Zimbabwe are suffering and all Britain wants is for this suffering to come to an end. Britain has no interest whatsoever in promoting regime change in Zimbabwe. Who the people in Zimbabwe choose to lead them is entirely a matter for the people of Zimbabwe and is no business of Britain or the UK and we don't want it to be our business.

We believe that the SADC has laid down very clear electoral principles that should benefit the people of Zimbabwe. The SADC principles are spelt out in black and white and are simply about democratic rules: transparency, accountability, good governance, free and fair elections, press freedom, the right to organise and assemble and an end to violence and intimidation. These are rights that are enjoyed in SA and in the UK. Why should these rights not be enjoyed in Zimbabwe? But, at the end of the day, these matters can only be addressed by the people of Zimbabwe and the continent. We have, however, supported targeted measures to ensure, for example, that the few that enjoy power in Zimbabwe cannot be allowed to abuse that power and hide their money away or, for that matter, spend it in our country. We cannot be seen to be encouraging that kind of behaviour.

The facts speak for themselves. Inflation is just under 15 000%, the economy and agricultural production have shrunk by 50% since 1996, the situation economically is dire and for Zimbabwe to get out of its economic predicament there clearly has to be a change in policy. The policy failure has not come as a result of sanctions, but rather as a direct result of economic mismanagement. The notion that Britain has it in for Zimbabwe is absolute nonsense. In fact, since 2000 we have spent £143m through multilateral and non-political organisations on aid to Zimbabwe. We are the second largest bilateral donor to Zimbabwe. In 2007, the British taxpayer spent £40m on humanitarian aid in Zimbabwe. The notion that the strictly targeted measures such as the travel ban, asset-freeze and ban on arms sales have brought Zimbabwe to its knees is just not true.

We respect the sovereignty of Zimbabwe and I am of a generation that has great respect for what President Robert Mugabe stood for during the liberation struggle. He was a hero of the liberation struggle and we applauded what he did in promoting educational excellence in Zimbabwe, which is still a model for the rest of the continent. Because one has admired and respected the role of Mugabe in the course of the liberation struggle, one is saddened by Zimbabwe's predicament today. To this end, we welcome and support any initiative that is designed to promote the SADC principles and bring about change in policy.

We want to contribute our share to support economic recovery in Zimbabwe, we recognise our responsibility historically and are prepared to support land reform that is pro-poor and based upon principles of genuine agrarian reform. We have made it clear that we are prepared to join others and underwrite the process in the future as long as it is based on transparency, accountability and good governance, as stipulated in the SADC principles.

This is why we wholeheartedly support President Mbeki in his very difficult task to take forward the current mediation and await its outcome with interest. Whatever the nature of his report-back

Continued on page 49

Reforming the IMF

The Bretton Woods institutions must be reformed to better reflect their membership demographics. **Michele Ruiters** argues that this would be a good time for the IMF to introduce changes that give developing countries more say in decision-making processes

THE WORLD faces a possible economic recession in the coming months. The US economy is struggling with the fallout of the sub-prime mortgage crisis, gold has surpassed $900 an ounce, and oil could reach a record high of $100 a barrel later this year. These economic indicators show how vulnerable the global market is to external shocks. 'Emerging markets will not be spared the doom,' reports *Emerging Markets*, an International Monetary Fund (IMF) online magazine.

Volatile markets and vulnerable economies bring to mind the recent debate on the need to reform the IMF and the World Bank – the Bretton Woods institutions (BWIs) – to better reflect the realities of a 21st-century world. What should be the new focus of the IMF and the World Bank in an era in which countries have opted for regional funds such as the Asian Chiang Mai Initiative or the Latin American Banco del Sur?

What should be done to make the IMF's top management structures and decision-making processes more representative of its membership demographics? Which policies should the IMF adopt to assist its most vulnerable constituency, the highly indebted poor countries (HIPCs)? These are questions this article attempts to answer, within a broader debate on global governance.

When the IMF and World Bank were established in 1944, the US played an instrumental role in determining how the fund would operate. The US wanted an institution in Washington that was selective and conservative in its loan disbursements, with the US dollar as the reserve currency. John Maynard Keynes, who led the British delegation, wanted a new international currency and ease of access to resources to maximise sovereignty in the choice of policies, with the fund located in New York or in Europe in order to remove it from the politics of the US Congress.

The US effectively vetoed Keynes's proposal and the IMF was established in accordance with American priorities, a situation that prevails today, with the US holding sway over both the fund and the World Bank.

Search for a new role

Increasing poverty in the developing world in the 1960s and the oil crises of the 1970s provided the IMF with its raison d'être as the world's central monetary institution. In addition, the monetary crises of the Asian emerging economies in the 1980s and 1990s further strengthened its role as the world's 'lender of last resort' and crisis manager. The fund also reinforced its surveillance role during the Asian market crisis in the late 1990s.

These three decades highlighted the interconnectedness of the world economy and forced the fund to redirect its attention to the needs of emerging market economies, away from its initial primary constituency in the developing world. Cross-border private capital flows, the sensitivity of exchange rates to cyclical developments, and the general reduction of inflation also sounded alarm bells at the fund, which aimed to reduce the volatility and vulnerability of the emerging markets to external shocks.

The IMF reform debate began as emerging markets demanded more protection from the fund, but in a milieu in which they did not have sufficient voice or representation (examined more closely in the next section). The direction of the reform was grounded in the '3S formula': strengthening transparency, strengthening support and strengthening regulation.

What should be done to make the IMF's top management structures and decision-making processes more representative of its membership demographics?

Since the 1990s, the fund has faced a number of challenges. Emerging markets began amassing surplus funds in an effort to reduce their dependence on the BWIs and the US. China holds about $1trn in reserves while Venezuela and Argentina have repaid their loans earlier than expected. It has been argued that the fund could become a powerful financial stabiliser in relation to the surplus funds generated by emerging markets' phenomenal growth patterns. In return, the fund would have to give these emerging markets greater say in its governance to reassure them that they would not be subject to political manipulation.

In this regard, the fund has begun to evaluate its structures and governance

Delegates at the plenary session of the IMF and World Bank in Washington, October 2007. REUTERS/Jason Reed

and to consider developing nations' proposals to strengthen the voice and representation of emerging markets and low-income countries.

Governance

The fund has always been managed and guided by the industrialised G7 countries, which were its founding members and global leaders of the world economy. As mentioned above, the US has played a leading role in the fund's decision-making and direction since 1944. But developing countries have in recent times challenged the BWIs to re-examine the selection process for the managing director of the fund, as well as the allocation of votes and quota shares to member countries.

The IMF's membership has grown from 39 countries in 1946 to 184 in 2006, but the governance of the fund has been slow to respond to these new demographics. Wealthier and more developed member countries hold most of the power in the fund, and poorer countries, which make up most of the membership, are concerned about their lack of 'voice' and limited voting powers. Considering that the fund's primary responsibilities are to administer loans and advise the HIPCs on macroeconomic policy options, that group is grossly under-represented in the institution's decision-making bodies.

Developing countries have pressured the IMF into addressing the need for governance reform: in September 2006 the fund's board of governors adopted a Resolution on Quota and Voice Reform that aims for better representation of all member states' positions on the world economy. As a first step, the two-year reform programme included ad hoc quota increases for the fast-developing 'Singapore Four', namely, China, Korea, Mexico and Turkey. A second step requires a new quota formula be presented to the board of governors by no later than the end of the annual meetings of 2008.

A changed quota system would mean developing countries gaining a greater voice in the day-to-day running of the IMF.

The selection of the IMF's managing director by the European members is not stipulated in the IMF Articles of Agreement but is accepted as IMF 'tradition' by many of its members. In an attempt to change the 'tradition', developing nations nominated Mohammed El Erian of Egypt for the position in 2006; however, the French economist and pro-reformist Dominique Strauss-Kahn was elected. Nonetheless, the selection process for the deputy managing directors has changed, and reflects the diversity of the IMF.

Developing nations will continue to push for a more transparent and accountable voting process in which nominations are publicised, and short-listed candidates present their proposed programme of action to member countries. The successful candidate would be appointed on merit, and limited to two terms. This process would allow member states to choose suitable candidates and would also promote a collaborative process through consensus building, which constitutionally forms the basis of IMF decision-making.

The power of emerging economies

A change in the selection process at the fund could lead to a more representative institution. However, the reforms proposed thus far are limited to superficial levels. What is needed is a more radical approach that expands the 'double majority' principle, as suggested by emerging economies. Decisions would require the requisite majorities of both the number of IMF members and their voting weight. By relying on a weighted majority, this system would improve the leverage of the two sub-Saharan constituencies, which make up 24% of the IMF's membership.

China, India, Brazil and SA have the capacity to push for significant reforms in the BWIs because the former three have the power of burgeoning markets and the coalition behind them and SA has the weight of being a founding member in 1944. SA's membership of the IMF's G20 of finance ministers and its position as an invited guest to the G8 meetings also gives it access to the decision-making forums of the developed few.

Coalitions within the South–South groupings could play an integral role in changing the direction of the fund and influencing its decision making. One success story in this regard is the emerging economies' influence in changing the formula for quotas to include purchasing power parity (PPP) as a measure of GDP.

African perspectives on IMF reform

At a September 2007 meeting hosted by the IGD and the Friedrich Ebert Stiftung, entitled 'African Regional Experts Meeting on the Future Role and Reform of the IMF', it was determined that a short-term reform priority was to strengthen capacity and staffing requirements of the two sub-Saharan African executive directors' offices. Forty-five of the 185 IMF members – nearly a quarter of total IMF membership – are from sub-Saharan Africa, but Africa as a whole only has two executive directors. They handle the Francophone and Anglophone blocs separately.

It would stand middle-income developing countries in good stead to lobby among themselves in the G20 for a common position on IMF reform and on particular issues. The IMF itself has the responsibility to provide the space for these member states to voice their concerns in order to inform the decisions made by the management structures of the fund. The medium-term priority is to address governance at the fund; and the long-term priority is equitable quota and voice reform.

Regarding governance, Africa would like a third of IMF board voting power distributed equally to all members and the rest distributed on the basis of member quotas. African countries have largely supported the proposal for a double-majority decision-making process as it would strengthen the developing countries' position at the fund by allowing them to influence decisions of the board of governors and the executive board towards a consensus. African countries have to find a common position on and overcome existing disagreements if they are to push the US, Europe and Japan on governance reform. The existing situation of a divided Africa at the fund practically limits significant consensus-building on the continent. Consensus-building would need to occur at other forums, such as the African Union or South–South platforms.

Conclusion

The voices of all member states need to be heard in decision-making processes at the fund. The voting and quota systems need to be reformed to truly reflect the members' market size, population, PPP GDP, and foreign exchange reserves. A compromise position could be attained if the EU and US maintain their dominant positions but also increase the representation and voting power of the developing and low-income members.

Overall, the reform process at the IMF and the World Bank needs to take place on two levels: firstly, technical reform of the institutions' structures and modus operandi to accommodate less powerful members in terms of voice and representation. Secondly, and more importantly, reform at the political level to cover good governance, representation, transparency and accountability. Good governance would have to take into account the global inequalities and power differentials among BWI members and make adjustments accordingly. It would also have to consider the nature of the economy of each member and determine whether each member's needs are being met. This could be achieved through closer surveillance and support to all member states and regular reports and meetings with the members.

A change to the vote and quota formulae would require an amendment to the Articles of Agreement, and this is an opportune moment in the IMF's history for such reform of its governance structures. A changing mandate and financing system demands a new, evolving process through which the leadership is elected. The G8, especially the Europeans and the US, could play a role in effecting that change by surrendering some of their powers. This could be started by more concerted lobbying from the emerging markets as well as the global South. ■

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African finance ministers Cristina Duarte of Cape Verde, Abou-Bakar Traore of Mali, Shamsuddeen Usman of Nigeria, and Zakia Meghji of Tanzania address a news conference at the IMF headquarters in Washington, October 2007. REUTERS/Yuri Gripas

China's long march toward energy security

Despite a range of commendable efforts, including attempts to reduce environmental degradation, the Chinese government will not achieve sustainable energy security unless it reforms its fragmented governance system, writes **Bo Kong**

Above: Beijing residents in front of a coal-fired power plant. REUTERS/Jason Lee

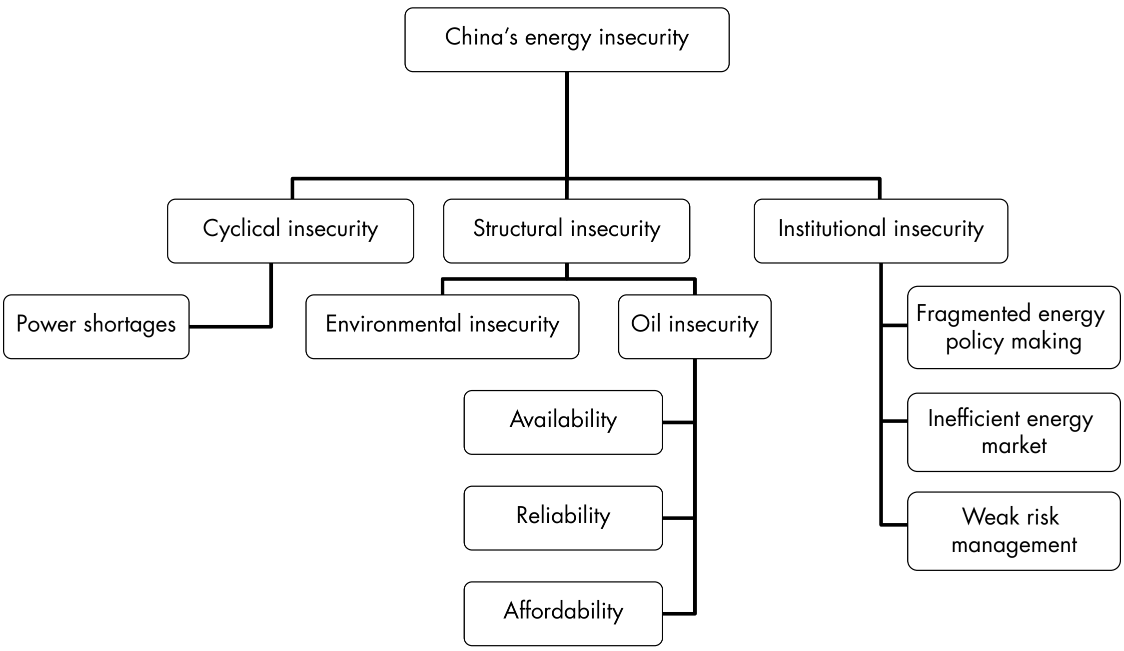
CHALLENGES TO China's energy security abound, but fundamentally fall into four categories. First, continued economic growth, on which Beijing's legitimacy is based, requires a sufficient supply of stable energy at reasonable costs. The power shortages that swept the country between late 2002 and 2006 vividly illustrated the extent to which supply interruptions could damage its economy. Power shortages were commonplace between 1969 and 1998, and the likelihood that they will reoccur frames the country's cyclical energy insecurity.

Second, given that China's proven per capita reserves of oil, gas, and coal are only 11%, 4%, and 70% respectively of the global average, the Chinese economy (which has grown at more than 9% a year since 1978) is increasingly dependent on foreign energy. Indeed, since it became a net oil importer in 1993, China's oil imports have grown at 18% a year on average, and imports accounted for 47% of its total oil consumption in 2006. In January 2007 the country also became a net coal importer. However, the rising resource nationalism and high prices on the international energy markets, together with various perceived vulnerabilities to the sea lines of communications (SLOCs) along which China's oil imports travel, present formidable challenges to the country's ability to access and afford foreign energy, and guarantee their safe shipment back home. These challenges contribute to China's oil insecurity in particular.

Predominance of coal

Third, the predominance of coal in China's energy consumption mix, and the inadequate deployment of clean coal technology, are the primary causes of the country's worsening environmental degradation. Coal accounts for almost 70% of China's total energy consumption. Chinese coal has a very high ash content, and burning untreated coal causes a great deal of pollution. However, only 30% is washed before use; consequently, 70% of smoke emissions, 90% of sulphur dioxides, and 67% of the oxynitrides discharged in China derive from the burning of coal. According to the World Bank, these emissions not only claim about 400 000 lives a year, but reduce China's GDP by about

Figure 1: China's oil balance



Source: International Energy Agency, *World Energy Outlook 2004*. Paris: OECD/IEA, 2005

Table 1: Increases in China's installed power generation capacity, 2002–2006

	Total installed generation capacity (gW)	Added installed capacity (gW)	Growth rate of total installed capacity (%)
2002	356.6	18.08	5.34
2003	391.4	34.84	9.77
2004	442.4	50.98	13.02
2005	517.2	74.80	16.91
2006	622.0	104.82	20.27

Source: *China Electrical News*, 17 October 2007.

Cars on a ring road in Beijing … air pollution in the city is threatening this year's Olympic Games. REUTERS/Reinhard Krause

8% a year. Hence, the country's pattern of energy consumption also contributes to its environmental insecurity. Unlike power shortages, which can be remedied relatively rapidly, the causes of China's oil and environmental insecurity are structural. While, as such, they cannot be eliminated, mitigating them is not only possible, but also essential for the country's sustainable development.

Finally, adequately addressing any of the first three dimensions of China's energy insecurity requires well-functioning energy governance that can identify problems, align interests, set priorities, craft sound policies, and mobilise the necessary resources to implement them. However, such a system has yet to be established. Notably, China lacks a central and unified energy policy-making body; consequently, the kitchen of China's energy policy-making is overcrowded by too many cooks, each bargaining with the other to shape the menu of China's energy policy. Thus the bargaining process is often marred by departmentalism and parochialism, and the outcome often characterised by compromise or inaction. Moreover, given that different forms of energy – such as oil and natural gas, coal, electricity, nuclear power, and renewable energy – are separately governed, energy policy in China lacks coherence, consistency, and co-ordination, both at home and abroad.

On the other hand, the energy market in China is circumscribed not only by monopolies enjoyed by the state-owned energy companies but also by government interventions in prices. Consequently, the energy market is unable to reward energy efficiency and promote energy conservation. Furthermore, the country lacks an energy risk management system able to protect it against sudden disruptions. Hence, at a time when different dimensions of China's energy insecurity are increasingly interlinked with other challenges confronting the government, the lack of effective energy governance constitutes the main element of China's energy insecurity.

In recent years the Chinese government has introduced a range of measures to address different aspects of energy insecurity. Many of these were adopted separately in order to address one particular dimension of energy insecurity, but the government has increasingly embarked on more comprehensive medium- or long-term national energy strategies, against the background of a restructuring of the country's energy policy-making system. These strategies are explored and evaluated in this article.

To alleviate the country's cyclical energy insecurity, as manifested in power shortages, the Chinese government has adopted both supply-side and demand-side measures. On the supply side, as shown in table 1, it has aggressively created more installed power generation capacity, at a much greater rate than the country's economic growth. To put these numbers in context: in 2002 China added the total installed power generation capacity of Switzerland; between 2003 and 2004, more than that of Britain; in 2005, almost as much again; and in 2006, one and a half times as much. Between 2002 and 2006 added installed capacity in China exceeded the entire power generation capacity of Japan, ranked third in the world.

Market incentives

On the demand side, the central government has made it a priority to reduce energy intensity by 20% by 2010. To accomplish this target, it has implemented a series of administrative measures as well as market incentives that induce energy conservation and discourage overinvestment in high-polluting and energy-intensive sectors. Efforts have been concentrated on six industrial sectors – electricity, steel, non-ferrous metals, construction materials, petroleum processing, and petrochemicals – because they account for more than 70% of national industrial energy consumption and total SO_2 emissions. Among other things, the central government has raised the bar for both domestic and foreign investment in these six sectors, and reduced tax incentives for exports from those sectors; revoked local governments' authority to approve projects in these six sectors; forced enterprises to eliminate their outmoded production capacity; closed down small coal-fired power plants; instituted energy-saving standards in the construction industry; piloted energy recycling projects; and launched a nation-wide energy conservation campaign.

Alternative energy

While some steps taken to decrease energy intensity also benefit the environment, Beijing has also launched a separate set of measures to mitigate the country's environmental insecurity. Alarmed by the magnitude of environmental pollution, and its implications for sustainable development, Beijing has announced its intention to reduce major pollutant discharges by 10% by 2020. To this end, it has embarked on various strategies to promote energy sources other than coal. For example, it wants to double the country's nuclear generation capacity to 40gW, thus increasing its contribution to power supply from less than 2% to 4%. Currently, total installed nuclear power capacity in China is 17gW. This means the country will build at least 23 1gW nuclear power plants between now and 2020.

Additionally, on 1 January 2006 Beijing enacted the Renewable Energy Law, which provides tax incentives and subsidies for promoting the development of renewable energy. In the same year, the State Council adopted a State Renewable Energy Medium- and Long-term Programme, aimed at boosting the contribution of renewable energy to total energy supply from 7% in 2005 to 16% by 2020. Some of these measures are already taking effect; for example, China has become the world's leading investor in renewable energy, contributing $6bn of the total global total investment of $38bn in 2005.

Punitive measures

The central government has also accelerated efforts to clamp down on violators of the country's environmental protection standards, and change the way in which GDP is calculated. For example, the State Environmental Protection Agency (SEPA) has launched nationwide campaigns to investigate and penalise high-profile polluters by fining them or forcing them to close down. In 2006 it outlawed and shut down 3 178 enterprises that did not abide by the country's environmental protection standards. Additionally, SEPA and the State Statistical Bureau (SSB) have jointly worked on the criteria for and indexes of a 'green GDP', in terms of which the costs of environmental damage and resources consumption will be deducted from GDP when governments at all levels calculate economic development.

To reduce its oil insecurity, the Chinese government has been tackling all three major contributing factors, namely its own lack of oil, and the poor reliability and high costs of oil imports.

Map 1: China's major oil fields

Source: China OGP, 1999, Vol. 2.

A heavily polluting cement plant is demolished in China's Sichuan Province. REUTERS/China Daily

First, it has adopted a multifaceted strategy to increase domestic supplies. Two thirds of the country's oil fields are located in eastern China, but most are characterised by high water cut (88%) and high production : reserve ratios (75%). Thus their development costs are rising, and their production decreasing. As a result, the country has intensified explorations in western China as well as offshore, where substantial proven reserves remain to be unlocked. The government is also promoting substitutes such as natural oil, synthetic oil, ethanol, hydrogen, and fuel cells. For example, it is expanding coal gasification, and China is already the third largest ethanol producer in the world, behind Brazil and the US.

Fuel efficiency standards

China has also launched two demand-side initiatives. As the country will surpass the US to become the world's top motor vehicle market within the next decade, Beijing needs to ensure that cars are fuel-efficient. Therefore, in late 2003 it imposed some of the world's toughest fuel efficiency standards on both domestic and foreign car makers. It is also boosting alternative fuel vehicles (AFVs), such as compressed natural gas (CNG), electrical, hybrid, ethanol, fuel-cell, and hydrogen vehicles, with CNG vehicles already exceeding 300 000. Meanwhile, the government is also expanding mass transit systems. For example, the five cities with subways – Beijing, Shanghai, Tianjin, Nanjing, and Shenzheng – are expanding their throughput capacity, and ten more cities are planning to build subways soon.

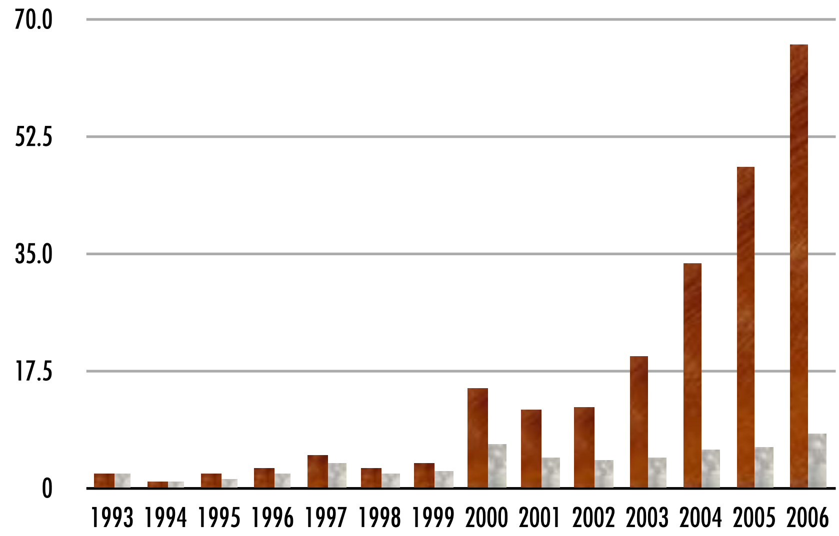
Second, to improve its oil imports, Beijing has adopted a two-pronged strategy: the government actively conducts 'energy diplomacy' on the one hand, while the Chinese national oil companies (NOCs) scavenge the globe for resources on the other. Beijing's energy diplomacy takes several forms. One is to build good relationships with energy-rich countries, either via 'strategic partnerships' such as those with Saudi Arabia and Venezuela, or via free trade agreements (FTAs) such as those with the Association of Southeast Asian (ASEAN) countries and those under exploration with Australia and the Gulf Cooperation Countries (GCC), which include major oil exporters in the Persian Gulf. Another is to offer debt relief to or aid infrastructure development in resource-rich countries in Africa.

Since the early 1990s Chinese NOCs have implemented a 'go out' strategy by investing in and acquiring oil and gas assets overseas. Thus far they have invested in more than 180 blocks in 47 countries, and their service arms are active in more than 50 countries.

Improving the reliability of oil transport is also high on the central leadership's agenda. About 93% of China's oil imports are shipped, and more than 80% of this passes through the Malacca Strait, which is prone to piracy. However, China does not have a blue-water navy capable of protecting these SLOCs. Therefore, it is forced to maintain good relations with countries that do patrol the SLOCs running from the Persian Gulf or Africa to the Malacca Strait, and countries bordering on the Strait. Specifically, it has focused on maintaining good relationships with the US as well as ASEAN countries in order to guarantee the safe passage of its oil imports. However, Beijing is worried that, should it clash with the US over Taiwan, the latter country would cut off its oil imports through the Malacca Strait. Hence, in order to diminish its reliance on the Malacca Strait, it has built the Sino-Kazakhstan oil pipeline and is considering building a Sino-Myanmar oil pipeline and Sino-Turkmenistan gas pipeline as well. The Chinese government has also ramped up efforts to expand the domestic crude tanker fleet as well as its navy.

Third, while volatile oil prices and the ever-increasing volume of oil imports have made Chinese leaders aware of how

Figure 2: China's expenditure on crude oil imports



Source: The General Administration of Customs Bureau of the People's Republic of China.

the price of its oil imports could jeopardise the country's oil security, the war in Iraq has made dealing with this an even more urgent issue.

In May 2003 the government established the State Strategic Petroleum Reserves (SPR) Office, charged with setting up a national SPR system. SPRs with a total capacity of 50m tons of oil are being built at Zhenhai (Zhejiang Province), Daishan (Zhejiang Province), Huangdao (Shandong Province) and Dalian (Liaoning Province). Furthermore, in August 2004 China reopened the fuel oil futures market in Shanghai in the hope that this will help stabilise oil prices and help the world's second largest oil consumer and Asia's largest fuel oil consumer to hedge itself against major price fluctuations.

Institutional capacity

While the government has taken various steps to address the cyclical and structural aspects of its energy insecurity, it has also begun to augment its institutional capacity to address the country's energy security in a systematic and comprehensive way. At the policy level, the central government has created three top-level leading small groups (LSGs) to co-ordinate different dimensions of its energy policy: these are the National Energy LSG, the National LSG on Climate Change, and the National LSG on Reducing Energy Intensity and Pollutant Discharges. All three are cross-ministry bodies headed by premier Wen Jiabao, and include ministers from various relevant ministries. They are designed to formulate the country's long-term energy strategies, climate change polices, and measures for reducing energy intensity and pollution, and facilitate and co-ordinate their implementation.

At the market level, Beijing has not only streamlined procedures for approving overseas energy investment but also relaxed import quotas for oil and oil products imposed on non-state owned oil companies. It has also opened both the retail and wholesale markets for oil products, allowing foreign oil companies to open fuel stations in China and engage in wholesales as required by its WTO commitments.

In sum, responding to the cyclical, structural and institutional dimensions of its energy insecurity, the Chinese government has adopted multi-pronged strategies focusing on both the supply side and the demand side of the energy equation, both at home and abroad. It deserves credit for its efforts to bridge power shortages; reduce pollution; enhance the availability, reliability and affordability of its oil imports; and improve its institutional capacity to formulate sound energy policies. Nonetheless, all these strategies carry a hefty price tag, which dictates that it still has a long way to go towards achieving energy security.

First, while its aggressive investment in power generation has eliminated the power shortages that have paralysed many sectors of the Chinese economy in recent years, it has also resulted in a rising dependence on and consumption of coal. Between 2002 and 2005 China created 37% of new global power generation capacity. However, 75% of these new plants are coal-fired, and to fire them and older plants, China is burning more coal than ever. In 2006 it burned 38,6% of the world's produced coal, which is more than the total consumption of the US, India, Japan, Russia, and SA combined. Meeting this massive demand has not only clogged up the country's transport network, but also jacked up coal prices. It has also pushed the country's coal supply system to the limit, and in January 2007 it became a net coal importer for the first time. Indeed, given these developments, it is clear that the country is increasingly dependent on foreign coal.

Second, impediments to improving China's environmental security are not only pervasive but also deeply rooted. These include the ominous implications of its chosen strategy for generating more electricity. The growing fleet of coal-fired power plants will undoubtedly lock in the country's high dependence on coal for an extended period, and offset many other measures to curb pollution.

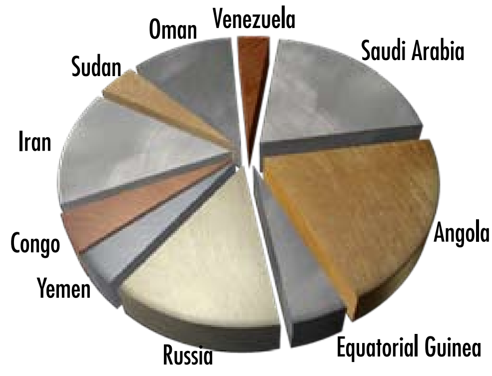
Lack of capacity

The central government also lacks the ability to implement environmental protection standards, and crack down on violators at the local level. While SEPA has been highly vocal, it lacks the bureaucratic clout and resources to enforce environmental rules and regulations. While it fines and closes down some prominent polluters, other violators spring up like mushrooms. Moreover, the polluter-pays principle has yet to be enforced. In many parts of China, polluting is actually cheaper than correcting it. The main problem is the lack of environmental standards in evaluating and promoting local officials. Until the central government changes the fact that GDP trumps everything else in selecting, assessing, and promoting officials in China, enhancing the country's environmental security will remain a mirage.

Third, China's strategies for addressing oil insecurity have also run into difficulties. Domestically, accelerated exploration in western China and offshore areas has not satisfied rising demand; while, between 1993 and 2006, production grew at 1,9% a year, consumption galloped along at 7,5% a year. Coal gasification and ethanol have also created more challenges than solutions. While coal gasification is economically viable when oil prices are higher than $30 a barrel, it actually results in a net loss of energy, and also causes heavy pollution. Moreover, it is highly water-intensive. Producing one ton of synthetic oil from coal requires 10t of water, but most of the coal-bearing areas in China are short of water. In a country where water is scarce, with per capita supply only a quarter of the global average, expanding coal gasification threatens the country's water security. Similarly, while ethanol offers a 'green' alternative to oil, its production intensifies competition for food grains and feedstock for livestock. At a time when the country is increasingly dependent upon imported agricultural products such as soybeans and corn, producing ethanol from food grains poses threats to the country's food security.

Externally, neither the country's energy diplomacy nor the overseas investments by its NOCs has significantly enhanced its oil security. Although China has doubled the number of its oil suppliers from 15 to 30-plus countries, its top 10 suppliers provide more than 80% of its oil imports. Its energy diplomacy and 'go out' strategy have secured some assets abroad, but these are minimal by domestic and global standards. Equity oil accounts for less than 14% of China's total oil imports. By 2020, even after prolonged global investment, the import of equity oil will quadruple to 70m tons but the country will control less

Figure 3: China's top oil suppliers in 2006



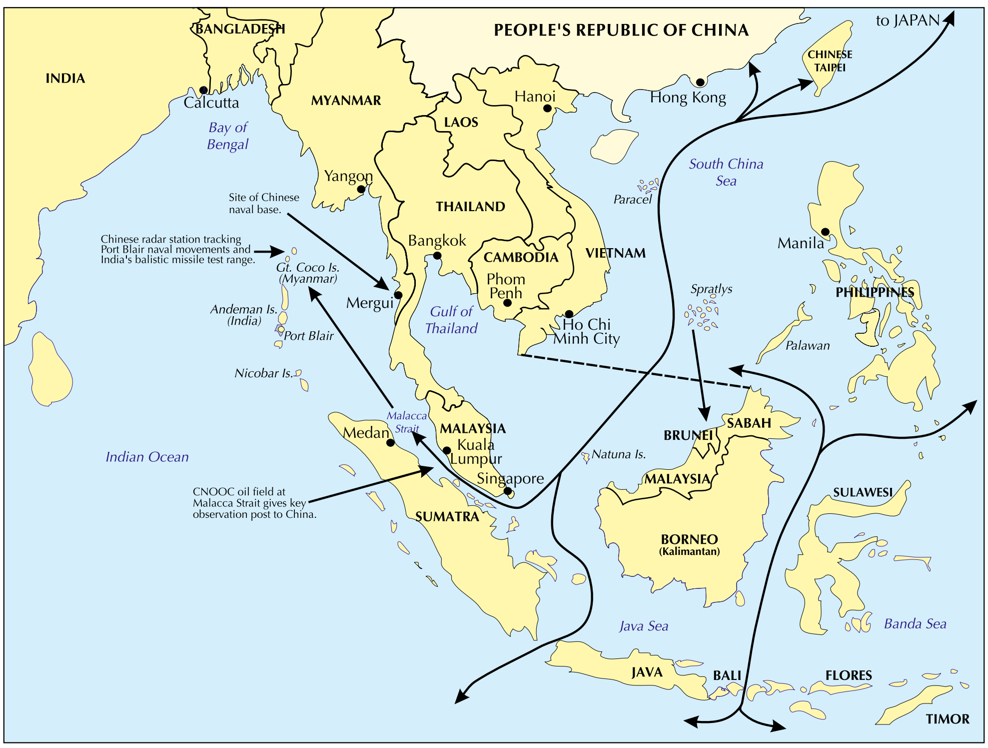
Source: The General Administration of Customs Bureau of the People's Republic of China.

than 2% of global oil production. Moreover, as shown by the setbacks suffered by China's NOCs in acquiring assets in the Caspian Sea area as well as Unocal, the expansion of China's NOCs and their global acquisitions will not be plain sailing. While the Sino-Kazakhstan pipeline is in operation, most of China's oil imports still travel via SLOCs which the country has no capability to patrol.

Finally, at the institutional level, although the central government has restructured both the energy policy-making system and the energy market, neither move has removed the real hurdles. Instead of streamlining the country's energy policy-

Continued on page 51

Map 2: Security of oil shipping routes



Source: International Energy Agency, China's World Quest for Energy Security. Paris: OECD/IEA, 2000.

SA and the Arab world in the same tent

Policy-makers a continent apart are facing common challenges: to create jobs for burgeoning young populations and to stimulate economies in a globalising world, write **Marcus Noland** and **Howard Pack**

TODAY THE Arab countries of the Middle East face a challenge familiar to all South Africans: to create jobs for the large cohort of young people reaching working age. Over the next decade or so, the Middle East may experience population growth of 150m people – the equivalent of adding two Egypts (table 1). In demographic terms, the task is similar to that facing SA – only larger. Rising labour force participation by women only increases the pressure. The task is immense and the stakes are high.

Employment

The picture is not entirely bleak, however. On the back of rising oil prices, economic performance has improved in recent years. But this windfall is felt unevenly across the Arab world, as some of the most populous states are not well endowed in oil, and whether these prices will be sustained is an open question. In some Arab states – and not merely the oil exporters of the Persian Gulf – foreigners, not locals, account for most of the new hirings over the last five years; again a phenomenon that finds its echo, albeit on a smaller scale, in SA. This development is even more acute if one looks only at private sector employment, since nationals disproportionately enter the public sector. With a few exceptions, employment has not been growing in industries where productivity is increasing – that is, it does not appear to reflect an expansion of activity in rising dynamic sectors. Simply maintaining past performance, even the relatively good performance of the last several years, will be insufficient to generate the necessary jobs.

One method of rapidly creating a sustainable increase in employment is through an expansion of labour-intensive manufacturing or services exports. But, outside the petroleum sector, the region's track record is inauspicious. Manufacturing exports are modest and, like those from SA, face increasing competition from China and India. Foreign investment flows have surged in recent years, but they are largely the product of intra-regional petro-dollar recycling. Commodity prices rise and fall – as South Africans know – and unlike foreign investment undertaken by industrial firms, it is doubtful these financial flows convey new technology that could accelerate productivity growth.

The Arab countries score relatively poorly on a nexus of indicators relating to cross-border economic integration and the transfer, dissemination, and application of technological knowledge and innovation. Partly this would appear to reflect weak inputs: Arab students have generally not performed well in a variety of international comparisons of educational achievement, including the most recent Trends in International Mathematics and Science Study, a quadrennial survey of achievement among eighth graders (SA was not a participant). In the most recent Shanghai Jiao Tong University ranking, Cairo University was the only university in the Arab world to make the top 500. By comparison, SA had four in the top 500 (Cape Town, Witwatersrand, KwaZulu-Natal, and Pretoria), though the South African system faces a distinct challenge with respect to inclusion.

Arab students have generally not performed well in a variety of international comparisons of educational achievement

Concerns about human capital formation are compounded by policy: relatively weak intellectual property rights protection and state domination of the oil industry have retarded technology transfer and absorption, and local technical capacity, on which a dynamic export-oriented, employment-generating industrial sector could be built, appears weak (table 2). Again, comparative data for SA is presented to get a sense of scale – the Arab economies generally do not score as highly as SA, with the notable exception of the 'brain drain' indicator, where it is fair to say that both the Arab countries and South Africa have experienced difficulties retaining homegrown talent.

It is possible that, under a different set of economic policies or with institutional reforms, such as reducing barriers to business formation or making finance more easily available to small and medium enterprises, latent capabilities would manifest themselves. But, at least under current conditions, evidence of industrial competence is muted.

This situation may partly reflect the relative absence of outside catalysts. With the exception of the extractive industries and tourism, where geology or special attractions like the Pyramids confer unique and irreproducible advantages, as a group, the Arab countries appear to have weak linkages to the outside world, whether measured in terms of merchandise trade, import of capital goods (which embody technological advances from abroad), cross-border investment, integration into trans-border supply networks, technology licensing, or internationally recognised intellectual achievements (figure 1). In short, the neural synapses that would link the latent productive possibilities of the Arab people

Palestinian youths prepare to throw stones at Israeli army vehicles during clashes in the West Bank city of Bethlehem, October 2007. REUTERS/Ammar Awad

with the goods and services demanded in the global market appear to be weak or non-existent. Their relative isolation from international technology inflows, whether in the form of foreign direct investment (FDI) or technology licences or the use of foreign consultants, has stunted productivity growth and inhibited the ability of mostly locally owned firms to enter international markets in non-oil products despite membership in the WTO and preferential market access through special trade agreements.

Building such links presents a formidable challenge. Unlike issues of macro economic policy management – where policy change can be implemented by a relatively small number of centrally placed technocrats and is subject to relatively straightforward feedback mechanisms to facilitate benchmarking progress – addressing the institutional weaknesses requires a much more prolonged and uncertain slog.

To take a simple illustrative example, the returns to a country training software engineers may not be very high in the absence of computers; conversely, building or importing computers may not have a high pay-off if no one knows how to operate them, or if local conditions prevent their efficient usage. Properly measured, the social returns to education in the Arab countries may not be particularly high in the absence of complementary technology and an enabling business environment, again echoing similar multifaceted challenges faced by SA.

Under such circumstances, the issues of prioritisation and linkage are non-trivial. Today's success stories in East Asia, for example, did not get everything right from the start, and certainly have not achieved Nordic levels of probity today, much less at the start of their periods of rapid growth. It may be that strong performance in some areas compensates for weakness in others.

Risky business environment

Successful reform is inhibited by the region's reputation as a risky business environment, due in part to deep uncertainty about the future of many of the region's political regimes. While the region's contemporary economic performance may not be distinctive, its enduring political authoritarianism is. This characteristic is linked to the reliance of some of these governments on relatively narrow ethnic, religious, or tribal constituencies, and fundamental uncertainty about political transition and the nature of successor regimes – a situation that is reminiscent of SA's a generation ago. The region's lack of political dynamism in the face of underlying social change, together with the increasingly religious orientation of the political opposition, paradoxically raises the possibility of abrupt transitions or regime changes. Intermittent terrorist incidents further elevate the risk premium. Such deep political uncertainty discourages behaviour that involves irreversibility – from investment to a reversal of the brain drain – and creates the possibility of a self-reinforcing downward spiral.

That said, one is struck by the degree of intra-regional variation in the indicators reported in table 2 as well as others reported in our book *Arab Economies in a Changing World*. This intra-group variation is important for two reasons.

First, it suggests that whatever is determining outcomes on these measures, it is not deeply culturally or religiously determined. The influence of Islam or the anthropology of Arab culture may have many effects on local institutions and practices, but it cannot explain why it takes 15 times as long to enforce a contract in Egypt as it does in Tunisia. Second, for some countries, there could be considerable gains associated with achieving 'best practices' as defined by their regional comparators. For countries like Egypt or Syria, just meeting the Tunisian

Table 1: Population projections

	Total population (millions)					
	Scenario 1			**Scenario 2**		
	2000	2010	2020	2000	2010	2020
South Africa	45	50	53	45	49	51
Arab Region*	238	305	388	238	294	346
	Dependency ratio (%, based on scenario 2)			**Median age** (years, based on scenario 2)		
South Africa	0.59	0.57	.054	23	24	26
Arab Region*	0.76	0.64	0.50	20	23	27

Note: Scenario 1 projections are based on constant population growth; scenario 2 projections are based on UNDP estimates.

* Arab Region includes Algeria, Bahrain, Djibouti, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Qatar, Saudi Arabia, Syria, Tunisia, UAE, and Yemen. Dependency ratio and median age figures are population-weighted averages.

Sources: UNDP (2002, 144). Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat.

Table 2: Institutional capacity

	Local supplier quality	Local availability of process machinery	Local availability of specialised research and training services	Intellectual property protection	Brain drain	Technology innovation and diffusion: firm-level technology absorption
South Africa	79	68	81	81	43	75
Middle East						
Algeria	20	24	17	17	9	54
Bahrain	51	11	15	68	72	74
Egypt	28	56	46	54	22	58
Jordan	46	51	52	77	26	62
Kuwait	58	55	51	55	97	74
Morocco	33	54	44	39	12	39
Qatar	44	17	15	73	99	64
Tunisia	62	62	68	76	67	72
UAE	73	40	27	74	98	88

Note: Data are in percentiles (higher number is better); sample n=117; cost of importing foreign equipment sample n=104.

Source: World Economic Forum, Global Competitiveness Report 2005–2006; cost of importing foreign equipment: Global Competitiveness Report 2004–2005.

Table 3: Popular attitudes

	South Africa		Arab countries	
	Support/ Good (%)	Not support/ Bad (%)	Support/ Good (%)	Not support/ Bad (%)
Most people are better off in a free-market economy, even though some people are rich and some are poor.	73	19	58	29
Large companies from other countries have a very good/somewhat good/neutral/somewhat bad/very bad influence on the ways things are going in our country.	78	16	50	46
International organisations such as the World Bank, International Monetary Fund, and World Trade Organisation have a very good … very bad influence on the way things are going in our country.	68	13	38	49
Do you think that globalisation is a very good … very bad thing?	70	9	52	31
All in all, how do you feel about the world becoming more connected through greater economic trade and faster communications?	88	9	67	26

Source: Pew Global Attitudes Project (2003). Arab countries in the survey included Egypt, Jordan, Lebanon, Morocco, and Kuwait.

standard could mark a real advance. They do not have to turn into Iceland.

To be clear, these issues are anything but value-free. Professional economists often implicitly focus solely on efficiency. But there are other values that matter as well. For example, in a poll recently conducted by Zogby International in Egypt, Jordan, Lebanon, Morocco, Saudi Arabia, and the UAE, majorities in four of the six countries supported governing business by sharia law, with pluralities in all six countries agreeing that sharia required further interpretation to enable businesses in the Muslim world to integrate into the global economy. Another poll conducted by the Pew organisation found that while popular attitudes in the Middle East do not appear to be 'anti-market', as some have alleged, they are not particularly supportive of the process of globalisation, at least on existing terms. South African attitudes – as elicited in this survey – appear consistently more supportive of free markets and integration into the global economy (table 3).

Such considerations are not of mere theoretical interest: perceived inconsistencies between WTO rules and local interpretation of sharia played an important role in delaying Saudi Arabia's accession to that organisation. The issue is how to square efficiency with the values and aspirations of local communities. The views elicited in the Zogby poll could be interpreted as forming a coherent basis for adapting the demands of globalisation to local values. But the Washington Consensus it is not.

There is more than one way to skin a cat: one could imagine an alternative set of institutions and practices that would deliver the benefits, yielding – to paraphrase the Chinese experience – reform with Arab characteristics. Islamic finance might represent an example. Of course, the signal extraction problem is complicated by the region's pervasive political authoritarianism: it is not clear how the policies and practices embodied in the status quo map to the true underlying preferences of the citizenry. Yet it is important to keep in mind that, ultimately, it is not enough to get the policies and institutions right: what matters is accelerating the growth rates of income and employment.

Unemployed youths in Nomzamo Park squatter camp in Soweto, South Africa.
Naashon Zalk/PictureNET Africa

The Middle East has long been a politically contested region of global significance. The demographic pressures the region faces to productively employ its young people entering the labour force raise the stakes even higher. It is not difficult to envision the region caught in a downward spiral where impoverishment, discontent, militancy, and repression feed upon one another, deterring reform and impeding growth.

Future paths

Yet this is not the only possible future path. If the region's daunting employment challenge can be successfully addressed, the region's demographics could turn from a potential liability into a valuable asset. The Arab world could reap a demographic dividend as the new generation enters its most productive working years – a phenomenon that contributed to the outstanding performance of East Asia over the past four decades or so. Growing prosperity, confidence, and optimism about the future could underpin movement toward greater political openness and social tolerance. The region's young demographic could then turn from a potential burden to a bonus.

SA faces a similar set of possibilities. To generate large numbers of jobs for its large pool of relatively unskilled labour, SA will have to rely on low costs relative to international competitors. In turn, this requires either continued low real wages or increased productivity to generate sufficiently low costs for either local or foreign-owned firms to compete on world markets. Obviously, improving productivity is the more economically and politically attractive alternative. Yet generating such productivity gains is not a simple matter.

The data in table 2 and figure 1 suggests that SA is better positioned than the Arab world to take advantage of global technology flows. The ability to tap into international knowledge was a crucial component of the success over the past two generations of many Asian exporters such as Korea, as noted in our book *Industrial Policy in an Era of Globalisation*. Although there are understandable historical reasons for a distrust of globalisation in both commodity and knowledge, with sufficient prudence these risks can be transformed into widely beneficial increases in both employment and productivity growth. While it may be tempting to say, as do many policy-makers throughout the world, that 'we are not Korea', the Korea of 1960 was not the Korea of 1980, and it is also not the Korea of 2008 – with its high wages and low unemployment, exporting automobiles, flat-panel televisions, and cell phones. ■

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The French connection

A rupture with the past in the *chasse gardée*? **Douglas A Yates** investigates trends in French African policy under Nicolas Sarkozy

On 15 February 2007, the 24th Franco-African Summit opened in Cannes. Its themes: 'Primary Raw Materials in Africa' and 'Africa's Role in the World'. Among the heads of state present at this giant gathering were Abdelaziz Bouteflika of Algeria, then negotiating a Franco-Algerian Friendship Treaty, Olusegun Obasanjo of Nigeria, whose country supplied TotalFina with a major portion of its African oil, and, of course, the personal friends of President Jacques Chirac – Omar Bongo of Gabon, Denis Sassou-Nguesso of Congo, and Blaise Compaoré of Burkina Faso – all three invited for their last intimate private dinner with Chirac before his retirement.

Absent from the summit were Mahommed VI of Morocco, whose wife was in labour, Zine Ben Ali of Tunisia, who avoids human rights-obsessed Europe, and Abdoulaye Wade of Senegal, who was running his presidential re-election campaign. Also absent, for more political reasons, were Laurent Gbagbo of Côte d'Ivoire, whose bad relations with France had only worsened after the French military intervention, Mohammar Khaddafi of Libya, who was still being vilified for his role in the Bulgarian nurses affair, Eduardo dos Santos, still reeling from the French accusations in the 'Angolagate' affair, Paul Kagame of Rwanda, who had broken relations with France after charges were made against him for the 1994 genocide, and Lansana Conte of Guinea, who faced riots and civil disorder in his country.

No, not all was peaceful in the *chasse gardée*. But when we ask how French African policy has been changing under Nicolas Sarkozy, we should consider this initial state of things, about a year ago.

The most visible change, of course, has been the appointment of Bernard Kouchner as France's new minister of foreign affairs. A founder of Médecins Sans Frontières, he has bestowed on the nation's top diplomatic post an aura of international prestige that, frankly, had been missing under Chirac's last appointment to the office. Although the leadership of the socialist party groaned and complained that Sarkozy's co-optation had turned their fellow partisan into a traitor, almost everybody agrees that Kouchner, a former socialist minister, was a brilliant choice for the job.

New faces

In another surprising move that reached out across partisan lines, Sarkozy named Jean-Marie Bockel as the new Secretary of State for Cooperation and Francophonie. A former socialist deputy, senator from the Upper Rhine, and Mayor of Mulhouse, Bockel is a man with no experience in African affairs. But this may be exactly the qualification Sarkozy is looking for, in his policy of rupture with the past. The politics of non-partisan appointment succeeded in confusing the opposition and freeing Sarkozy from obvious lines of attack like those Chirac faced when he named Jacques Foccart as his African advisor in 1995. Another new face is Rama Yade, named as the newly created Secretary of State for Human Rights. She is a woman, from a 'visible minority', born in Senegal, to a good family: her mother was a professor and her father a diplomat, personal secretary to Senghor. The politics of tokenism are not to everybody's taste, but Yada's appointment was a clever way to deal with sensitive issues of African immigration and integration.

In the conflicts of Chad and CAR, France is perceived as being pro-government and anti-rebel

One of the first dossiers tackled by the new team was Darfur, which has disrupted the French sphere of influence in Eastern Chad and northern Central African Republic (CAR). On 28 May, Kouchner announced his idea for a 'humanitarian corridor' to provide relief to refugees in Darfur. On 10 June, at Ndjamena, he got the approval of Idriss Deby for French forces to base themselves in Eastern Chad. By 17 June the French army had put in place a humanitarian airlift and was providing food and medical supplies to refugees to the Fur. On 25 June, he held a Paris summit on Darfur. This account is meant to illustrate something about the frenetic, can-do approach of the Sarkozy team. 'Got a problem? What can I do for you? Done!' But it also says something about the discomfort that many feel at seeing French troops play too active a role in their former colonies. At the Paris summit, for example, it was stipulated that French soldiers would not exceed 50% of any intervention force, because humanitarian NGOs present in the region were afraid that any military operation containing too many French soldiers would unravel into combats against Chadian and Central African rebels. In the conflicts of Chad and CAR, France is perceived as being pro-government, and anti-rebel. Today the international forces in Darfur are nominally under the control of an Irish general, who is stationed at Mount Valerian outside of Paris, while the real commanding officer on the ground is French.

Since coming into office, Nicolas Sarkozy has played a personal role in the conduct of foreign affairs, inviting interested parties to the Elysée and attempting to solve their problems himself. Sending his wife to negotiate with Mohammar Khaddafi for the release of the Bulgarian nurses has received the

Senegalese president Abdoulaye Wade welcomes French president Nicolas Sarkozy during the latter's Africa tour. AP Photo/Michel Euler

most press coverage, but his announcement of an official homicide investigation into the mysterious death in 1995 of Judge Bernard Borrel (suspected of being killed by men of Djibouti's president Omar Guelleh), then the arrest of two suspected Hutu war criminals (who had been living comfortably in France beyond the reach of justice) for their participation in the Rwandan genocide, and the announcement of the withdrawal of French troops from Côte d'Ivoire, all indicate that African policy under Sarkozy is not going to be business as usual.

Rite of passage

Still, it should be noted that on 27 July, when the time came for the president to make his first trip to Africa south of the Sahara, a rite of passage since the days of Charles de Gaulle, Nicolas Sarkozy played the tradition card, and visited Senegal and Gabon. He had met with Abdoulaye Wade when he was interior minister to negotiate an agreement about sending back illegal immigrants to Senegal. Control of immigration is still his number one African policy. Besides, why break tradition? 'There is no reason to offend the historical friends of France,' Sarkozy said upon his return. 'Gabon has been a privileged partner since 1967, whoever had a majority in France.' Sarkozy also reminded reporters of the presence of 850 French troops on Gabonese soil. But what was most remarkable was his justification for paying his respects to the 40-year dictator of Gabon: 'Omar Bongo is the doyen of African heads of state. And the doyen … that counts!'

It has been argued that Sarkozy is changing France's focus away from sub-Saharan Africa and towards North Africa, where its national interests lie. The French have historically used the vast Mediterranean as a natural space for national projection. Yet it was rarely approached as an intrinsically coherent space. France's new Mediterranean policy only emerged with the shaping of the Euro-Mediterranean Partnership (EMP), in which Chirac participated strongly from the beginning, and for which France is now recognised as a chief protagonist of the Barcelona Process. But this regional approach is regularly contradicted by strong bilateral ties. France tries to complement (and counterbalance) the EMP by remaining busy in the channel of bilateral relations, especially with former colonies. This has facilitated diplomatic flexibility. Each channel is used to consolidate French influence and test new concepts for possible incorporation into the EMP itself.

Close connections

Several Mediterranean countries are still seen as part of the French *chasse gardée*. Morocco and Algeria, in particular, are clearly engaged in a very close political, economic and cultural partnership with France. France's economic relations with these two countries are a key tool to maintaining close political connections. Both states' external trade flows are strongly oriented towards France and both benefit from a high level of French public aid. France is Algeria's main trading partner; its exports rose by 50% from 2001 to 2004. Algeria benefits from the whole range of French aid instruments, including the funds normally devoted to developing countries, plus sophisticated systems of debt-investment swaps up to €287,8m (the upper limit allowed by the Paris Club). Morocco's external trade and financial receipts are also French-dominated: France is Morocco's biggest trading partner, biggest foreign investor (accounting for 49% of total foreign direct investment), biggest external creditor and biggest bilateral aid donor (accounting for 37% of Morocco's total external aid receipts.)

Bilateral French influence has directly inspired many European common positions, such as the recent reaction to the assassination of Rafik Hariri, and the

Continued on page 50

Africa's restless youth

People interested in Africa's future ought to concern themselves not just with potential conflict, but also potential political change, writes **Michelle Gavin**. Youth populations are at the heart of these possibilities

SCANNING THE horizon for insight as to what will influence the future of sub-Saharan Africa, one can immediately point to several broad baskets of important indicators. Obviously contributing to the picture are economic growth (or the lack thereof), insecure borders, increasing resource scarcity, the HIV/AIDS pandemic, and the balance of power within nations among ethnic and regional groups. However, a close look at the political engagement and political agendas of youth should also be included in the mix. Young Africans' quest for empowerment will make them significant catalysts for change.

Africa is currently in the midst of what demographers call a youth bulge. A youth bulge typically occurs when less-developed countries, with both high fertility and high mortality rates, begin to bring infant and child mortality rates down. Eventually, development gains tend to bring fertility rates down as well. But in the lag time before this occurs, a population boom of children who survive to adulthood reshapes the demographic landscape.

Startling figures

In Africa today, this dynamic translates into some startling figures. More than 70% of all Zimbabweans, for example, are now under 30; the same is true in Kenya, Uganda, Ethiopia, Liberia, and Nigeria, among other countries. Over one third of the entire population of Zimbabwe, and over 56% of the adult (over-15) population, is between 15 and 29 years old. In fact, young adults (aged 15 to 29) make up 40% or more of the total adult population in the vast majority of sub-Saharan countries; in roughly 30 African countries, they constitute more than half of the adult population. In contrast, approximately 40% of the population in the United States is under 30, and young adults constitute less than 30% of the adult population as a whole.

Any discussion of the youth bulge in Africa risks veering into the land of breathless alarmism – *young men and street gangs and guns, oh my!* – or overcorrecting and wandering into the territory of commencement-speech clichés about how the children are indeed the future. But there is room for a closer examination of African youth that emphasises their political role, and this should be a priority in future research. The young are more inclined to take risks, but vast youthful populations are not going to engage in violence simply for its own sake. On the other hand, violence may be a symptom of clashing political agendas.

In a region where the state has been the source of most power and economic opportunity, but governing institutions are often weak, the desires and grievances of youth are very likely to have political implications. Governments and international actors probably cannot control the degree to which youth

School children watch a public AIDS awareness march in Abidjan.
AP Photo/Clement N'taye

bulges shape societies for good or for ill, but they can at least influence outcomes. Focusing too narrowly on violence and conflict rather than on underlying political tensions tends to yield a fairly sickly crop of policy prescriptions, all variations on the theme of 'brace yourself'. By seeking to understand youth political engagement more clearly, policy-makers may be able to create conditions conducive to youth movements that do not leave a legacy of trauma and dysfunction in their wake.

For the purposes of this article, I am defining youth as anyone from 15 to 29 years old. However, definitions of youth are tricky and often culturally specific. They are also subject to revision and even manipulation. Sierra Leone's National Youth Policy, for instance, targets citizens aged 15 to 35, and Sierra Leoneans sometimes use the term 'youth' to describe people in their 40s – this in a country where average life expectancy for males is about 38. Last November, Zimbabwe's *Financial Gazette* questioned the youth credentials of Absolom Sikhosana, the ruling party's Youth League Secretary, suggesting that he was masquerading as a member of the 35-and-under set and that he might in fact be 'past his sell-by date'. In 2002, South Africa's National Youth Development Policy Framework included a youth definition of 15 to 28, but the National Youth Policy adopted in 1997 had targeted the 14-to-35 range. In any case, according to the International Council on National Youth Policy, various South African government departments use different definitions, which rarely correspond to either of the official policies.

Difficult transition

These variable and amorphous definitions point to an interesting phenomenon: in some African countries it is getting increasingly difficult to make the transition from youth to adulthood. Inadequate education systems combine with stratospheric unemployment rates to foreclose the possibility of securing a job that could provide financial security. This in turn makes it unfeasible to marry and start one's own family. Meanwhile, population growth has contributed to a land squeeze, and as desirable land has been divided many times over to accommodate heirs, younger siblings in particular are cut off from the prospect of inheriting workable plots.

Youths are pushed into the continent's urban centres seeking a pathway to a viable future, only to find themselves among the unemployed and alienated masses of young people already looking for the same thing. Here, they are increasingly exposed to many of the same media images of material success that bombard young people in the most developed countries – messages often crafted by marketers to explicitly target the youth demographic. The contrast between these images and their own circumstances and prospects is hard to ignore, amplifying a sense of relative deprivation. Some young people continue their quest for opportunity by leaving their country and even the continent altogether, risking their lives by placing themselves in the hands of sophisticated and dangerous human smuggling networks that profit from the vast divide between the prospects for African and European youth. But practical and legal constraints ensure that this pathway, like the others,

Child soldiers – some not even in their teens – roam the streets in a town in Somalia. Giacomo Pirozzi/PictureNET Africa

is often blocked. In these situations, many of Africa's youth are caught in a Peter Pan scenario gone terribly wrong. Try as they might, they cannot seem to become adults.

Many African cultures place an extremely high premium on respect for elders. Young people are expected to know their place and to abide by the wisdom of those rich in life experience. Yet, if youth are trapped – indefinitely – in some sort of preparatory state, awaiting the time when they are accorded the respect, responsibility, and opportunity associated with being full-fledged adults in their society, it seems unreasonable to assume that they will wait patiently for a day that is nowhere in sight.

Youth aspirations

Youths have something to prove, and given opportunity, they will assert themselves. Just how violently or constructively that might happen depends on a range of factors, including the existence and nature of manipulation from older elites, the amount of political space available for civic action, and the capacity of the state and the private sector to hear and understand youth aspirations and to deliver opportunities in a relatively timely fashion.

Of course, no country's youth is monolithic. Ethnic, religious, and regional schisms can split demographic cohorts just as they can split a population at large. Also, it is often hard to discern where young women fit into the picture. This is so in part because many become mothers during this period of life, culturally moving into adulthood and a lifetime of domestic responsibility. In addition, young women's leadership and civic engagement opportunities, even within the context of youth movements, often are limited on the basis of gender alone. Even among young men, agitation for power and respect – be it peaceful or violent – will not be the preoccupation of all youth in any setting. Nevertheless, a vocal, visible, organised segment of the youth population, particularly if it is concentrated in Africa's urban centres, can make for a movement with profound political consequences, and these political actors will be on the stage for many years to come.

In Africa's independence movements and struggles against colonial powers, young people played an important role in case after case. The party that governed Somalia on independence was even called the Somali Youth League. More recently, youth were pivotal in the anti-apartheid struggle in South Africa. Nelson Mandela was 26 when he and other young leaders came together to form the African National Congress Youth League in 1944; their work transformed the ANC. Later, in 1968, 22-year-old Steve Biko led the newly formed and highly influential South African Students Organisation. The Soweto uprising of 1976 was grounded in secondary school students' resistance to apartheid policies, and students mobilised en masse to demand change throughout the rest of the struggle.

But today, when their demographic weight is much greater relative to older Africans' than it has been in the past, young people are most often cast in the role of a diffusely destabilising threat, rather than as potential agents of political and social transformation. The strain of analysis that sees the youth bulge as a fundamentally threatening phenomenon often points to research that suggests a strong relationship between the likelihood of civil conflict and the existence of an urbanised youth bulge. In 2001, the US Central Intelligence Agency released a report on global demographic trends, saying of the projected youth bulges in Africa and parts of the Middle East that: 'The failure to adequately integrate youth populations is likely to perpetuate the cycle of political instability, ethnic wars, revolutions, and anti-regime activities. … Increases in youth populations will aggravate problems with trade, terrorism, anti-regime activities, warfare, and crime and add to the many existing factors that already are making the region's problems increasingly difficult to surmount.'

Sense of grievance

In an influential 2003 report titled *The Security Demographic,* researchers with the nongovernmental organisation Population Action International found that countries experiencing a youth bulge were more than twice as likely as other countries to experience civil strife. The numbers are compelling, and so are the recent histories of devastating conflict in states like Liberia and Sierra Leone, where youth were both perpetrators and victims of appalling violence on a massive scale. It is easy to develop a generalised sense that 'youth bulge' is code for marauding, angry young men. Certainly it is not hard to understand why many African youths might have a highly developed sense of grievance. In addition to the frustrating struggle for adult status, shocking numbers of young Africans have at some point in their short lives fallen into one or more of the following unhappy categories: combatants, victims of atrocities, refugees, internally displaced persons, forced labourers, or street children. AIDS orphans are expected to number 18 million in sub-Saharan Africa in 2010. In the worst-affected areas, their numbers are already overwhelming the capacity of extended family networks to care for them, and alternative support structures are weak or non-existent. According to UNAIDS, 6,2 million Africans 15 to 24 years old are already HIV-positive, and half of all new infections in the region occur in this age group.

It is not hard to understand why many African youths might have a highly developed sense of grievance

The vast majority of Africa's young people have an intimate knowledge of poverty. Even elite youths are faced with a shortage of jobs in which to apply the skills they may have acquired at tremendously overcrowded, under-funded universities. Overall, according to the ILO, there are more than 17,4 million unemployed 15- to 24-year-olds in Africa, leading to a regional youth unemployment rate of 18%. And even the young people who do have jobs are hardly financially secure: the ILO notes that over 57% of African youth are working at the $1-per-day level. One can easily imagine that this cohort as a whole would be quick to blame someone or something – a governing regime or an ethnic group – for a rough past and an uncertain future.

The relationship between youth bulges and violence is important, but it speaks to just one manifestation of youth frustrations and desires. Other avenues for affecting the future include partisan political action, participation in civil society organisations, student activism, and engagement in transnational religious movements. Regardless of whether these manifold forms of expression are accompanied by violent tactics, in light of youths' demographic dominance, all of them will affect the region's future. In one way or another, young Africans are in the market for alternatives to the status quo. This could mean significant change. In many African countries, the actors dominating the political scene have been on stage (if not in power) for quite some time. President Mwai Kibaki of Kenya is over 75 years old. President Abdoulaye Wade of Senegal is over 80. President Robert Mugabe of Zimbabwe is 84. Most existing state structures, such as party youth wings, do not actually function as entry points to party leadership. The nearly ubiquitous ministries of 'youth and sports' are marginal and marginalising institutions. They are ill-equipped to function as sustainable mechanisms for accommodating and responding to the size and potential strength of youth political activism. When voters under 29 constitute 40% of all registered voters, as they did in the last Liberian election, their issues and demands cry out to be mainstream priorities, not sideshows.

Building a capacity to respond to youth demands for empowerment, rather than simply trying to keep a lid on unrest, starts with understanding the dynamics of contemporary youth's political engagement. African youth in the market for alternatives to their current situation will either generate their own vision, or adopt ones supplied by others. Instances in which youth are manipulated and mobilised to serve an elite agenda are all too easy to come by. Military movements throughout the continent have recruited children and youth on a massive scale. Vast numbers of young Rwandans complied with the most hideous instructions during the 1994 genocide. In Zimbabwe, the ruling party established brutal camps to indoctrinate young people in the party's ideology and to train the party's youth militia. The camps were organised in 2001 under the auspices of the National Youth Service Training Programme, an initiative ostensibly aimed at improving job skills and awareness of civic responsibility. In fact, young Zimbabweans were coerced into attending training camps that taught torture techniques and exposed them to beatings and rapes in the course of moulding them into new party loyalists. As the main opposition force in the country, the Movement for Democratic Change, has faltered and split, factions of it, too, have deployed young thugs to intimidate rivals. Meanwhile, the outlook for young Zimbabweans grows increasingly dim, as the national unemployment rate soars to an estimated 80% and the economy continues to shrink.

In 2004, disturbing reports emerged from the city of Mbuji-Mayi in the DRC. Street children and youths eager for any kind of employment had been mobilised by political elites to demonstrate in rallies and protests and to intimidate opposition figures and supporters in exchange for payment. But these young people went from being political militants for hire to becoming the victims of a massacre. Angry mobs, fed up with the crimes being committed by young people who felt empowered by their political patrons, rampaged through the city, beating and in many instances killing street children and youths.

Proximity to power

These horrifying incidents speak to the time-honoured tradition of rounding up young people and, by offering short-term opportunity (payment, licence to loot, and so forth) and some proximity to power, convincing them to act as violent, visible backers of a given political power. Youths are often enlisted to support political repression and to occupy political space so as to deny it to others.

From Kenya to Cameroon, the recruitment of young people to reinforce ethnic divisions, intimidate voices of dissent, and send signals about who possesses strength and power – whatever is most useful for the elites doing the recruiting – has been a regular feature of Africa's political landscape. In some cases, the formation of militant party youth wings is explicit. In other cases, direct ties to the party are less formal, perhaps protecting the party from being held accountable for disruptive youth action.

But instances in which youths pursue their own agendas can be found as well, and the nature of these efforts ranges from non-threatening to extremely confrontational. The sub-Saharan region is rich in dynamic, creative youth groups with a public service focus, from theatre troupes dramatising HIV/AIDS prevention techniques in Uganda to peace-building programmes sustained by Tutsi and Hutu youth in Burundi. Some student groups are clearly co-opted by elites. But others, like the Kenyan University Students Organisation that existed in the mid-1990s to demand democratic change, challenge the ruling class and operate as independent civil society actors.

The recruitment of young people to reinforce ethnic divisions, intimidate voices of dissent, and send signals about who possesses strength and power has been a regular feature of Africa's political landscape

Consider the action of some Sierra Leonean youths, including ex-combatants, in the wake of that country's devastating civil war. These youths wanted power, but rather than focusing exclusively on personal enrichment, the Movement of Concerned Kono Youth, or MOCKY, tried to stand in for what its members perceived to be an absent or ineffective law enforcement presence. As the country's civil war wound down, MOCKY tried to fill roles one would normally associate with government – conducting patrols, monitoring mining activity, and attempting to negotiate with a multinational mining company operating in the region in an effort to secure community development commitments. Dissatisfied by what the state had to offer and longing to assert themselves in positions of leadership and authority, these youths tried to organise an alternative.

Some youth-dominated armed groups in the Niger Delta claim to have a similar agenda. Interestingly, former Nigerian dictator Sani Abacha's 'two million man march' in 1998 was a turning point for youth activism. A group calling itself Youths Earnestly Ask for Abacha ostensibly organised this display of support for the regime, although the government clearly directed the entire affair. Young people from around the country were bussed to the gleaming capital city of Abuja to participate, where they saw state-of-the-art infrastructure and facilities presumably financed with Nigeria's oil wealth. The contrast between the wealth on display in Abuja and the desperately poor oil-producing communities in the Niger Delta helped to radicalise a generation. Being used as Abacha's instruments drove the young people to develop and pursue their own agenda. No longer content to let local chiefs negotiate with the government or oil companies on behalf of communities, youths formed pressure groups and, in many cases, armed militias. Some groups remain available for hire to politicians around election time, but it is clear that these armed youth movements cannot be controlled by the state. Today, media-savvy, youth-dominated militant groups like the Movement for the Emancipation of the Niger Delta (MEND) engage in operations ranging from kidnapping foreign oil workers to hosting CNN correspondents. Their actions have consequences not only for local security, but also for international oil markets.

Côte d'Ivoire

The distinction between youth acting as instruments and youth acting as agents is not always clear, and power between elites and youth leaders can ebb and flow. Perhaps nowhere are the lines as blurry today as they are in Côte d'Ivoire. Once a proud island of stability and economic growth, over the past decade the country has descended into a toxic mix of civil conflict, violent xenophobia, and political stalemate – with youth as major actors throughout. When long-time President Felix Houphouet-Boigny died in 1993, he was replaced by Henri Konan Bedie, who sought to consolidate his power by marginalising his primary political rival, Alassane Ouattara. Bedie's method was to promote *ivoirité* – an ultranationalist vision of the country's identity that excluded many of the migrant workers from Burkina Faso, Mali, and Guinea who had long laboured in Côte d'Ivoire's northern agricultural fields. Not coincidentally, it also excluded Ouattara, whose main base of support was in the north, because of complicated questions about where his parents were born. Bedie was soon overthrown in a coup, but his formula for neutralising any political threat from Ouattara was later embraced by the current president, Laurent Gbagbo,

A child stands outside a makeshift school in a camp for internally displaced children outside Monrovia, Liberia. Christine Nesbitt/PictureNET Africa

who came to power in 2000 in a dubious election in which the two major parties' candidates were prevented from participating. A rebellion broke out in 2002, eventually splitting the country into two parts – the north and west controlled by rebels known as the *Forces Nouvelles,* and the south and east under the control of the Gbagbo government, state security forces, and their militia allies. Notably, both sides' ranks were strengthened by former combatants hardened by youth-dominated conflict in Liberia and Sierra Leone. These roving soldiers-for-hire are a new part of the regional youth landscape.

While these political machinations and the resulting conflict unfolded, global economic conditions that had been squeezing the Ivorian economy throughout the 1980s and 1990s – particularly falling prices for coffee and cocoa – began to bite ferociously. *Ivoirité* fed many elite youths' hunger for someone to blame for the scarcity of jobs, land, and opportunities. Meanwhile, northern youth became increasingly agitated about the prospect of being systematically excluded from the few opportunities available within the country. Both youth groups acted on their anxieties, led by young men who had risen to prominence as students in Côte d'Ivoire's highly political university setting.

In fact, Guillaume Soro, the leader of the *Forces Nouvelles,* and Charles Ble Goude, leader of the pro-Gbagbo Young Patriots militia, were consecutive secretaries general of the Student Federation of Ivory Coast (FESCI) in the period from 1995 to 2001. Other militia leaders also have backgrounds as FESCI officers. FESCI was founded in the early 1990s to advocate for improved conditions at increasingly overcrowded and under-resourced university campuses; it was a movement of youth resisting the shrinking opportunities presented to them and protesting favouritism in the distribution of scholarship funds. In those early days, FESCI's dissatisfaction with government policies aligned it with the movement that advocated for multiparty politics – a movement in which the political party founded by Gbagbo (a former university lecturer himself) played an important part.

Today, the Young Patriots and allied youth militias are among the primary enforcement arms of Gbagbo's state. They can mobilise masses of youth with astonishing speed, and their activities range from the conventionally political (collecting signatures on petitions calling for the *Forces Nouvelles* to be disarmed) to the clearly repressive (prohibiting the distribution of newspapers deemed insufficiently loyal to the ruling party) to the extremely violent (brutally beating opposition supporters or simply those who appear to be of Burkinabe or Malian descent).

Barricades

The International Crisis Group has documented how rural youths, some of whom had left the city after finding no employment despite having attained university degrees, have been inspired by intense state-controlled media coverage of the Young Patriots' activities to take actions that give them their own social and economic power. They set up barricades to monitor movement in and out of villages, enabling them to collect fees and attempt to reform the land tenure system according to the dictates of *ivoirité.* For their part, the *Forces Nouvelles* act as a de facto government in the territory they control, and profit from trade in cotton and arms, maintaining their own trans-boundary economic networks.

Meanwhile, FESCI lives on, allied to the Young Patriots and the Gbagbo regime. It dominates campus life by controlling access to housing, extorting money and goods, and intimidating students and professors who do not toe the ruling party line.

Continued on page 48

Going nowhere slowly

Unless member states start to demonstrate a far higher level of commitment, SADC's regional integration goals – including the creation of a free trade area in 2008 – will remain a pipe dream, writes **Christopher Mulaudzi**

IN SOUTHERN Africa, as elsewhere in the world, regional integration has become very fashionable. Since the 1970s, regional economic communities (RECs) have proliferated in Africa, their main goal being to improve the continent's integration with the world economy. Given its potential to create better trading opportunities, regional integration is also seen as a way of rapidly industrialising and modernising African economies. The World Bank estimates that 40%–60% of world trade occurs within regional trading blocs. Seen from this perspective, regional integration is the most effective response to Africa's economic marginalisation.

Ambitious policies

SADC, one of the most prominent RECs in Africa, is moving rapidly towards greater economic integration. In recent years it has adopted a number of ambitious policies and protocols aimed at deepening regional integration, and helping the region to participate more actively in the global economy.

According to SADC's blueprint for economic development, the Regional Indicative Strategic Development Plan (RISDP), trade is the main catalyst for deeper regional co-operation and integration. This, according to the RISDP, will stimulate economic development, and drastically reduce poverty in the region. Inspired by the desire to integrate the region with the world economy, SADC has adopted a protocol on trade, which came into force in 2000. The overall goal of the protocol, now incorporated into the RISDP, is to create a free trade area (FTA) in the region by 2008, a customs union by 2010, and a common market by 2015. These goals, it is argued, will only be achieved through a deliberate effort to remove all obstacles to the free movement of goods, capital, labour, and services. The speedy creation of an FTA is seen as beneficial for the region, as it negotiates economic partnership agreements (EPAs) with the EU.

However, several factors threaten to derail the achievement of these goals, and thus greater economic integration. These are found mainly within SADC itself. The trade protocol has been implemented despite an extreme lack of commitment by some member states. Unless the challenges discussed in this article are addressed urgently and decisively, the SADC trade protocol and RISDP will be very difficult to implement. The main obstacles include complex rules of origin; a lack of enthusiasm for trade liberalisation; low levels of intra-regional trade; tariff and non-tariff barriers; and overlapping memberships of various regional integration institutions in eastern and southern Africa.

The lack of implementation capacity is worsened by the inability of the SADC secretariat to drive and monitor the integration process. During the August 2004 heads of state summit, SADC unveiled a new institutional structure, and promised to 'cut the talk and walk the walk'. Although much was made of a new 'business' approach to the implementation of SADC's programmes, there is very little evidence of this. Surprisingly, the powers and authority of the secretariat were not increased; therefore, this body remains hobbled by bureaucratic inefficiencies, staff shortages, and an inability to formulate significant policy proposals. Unless SADC takes strong action to address these problems, the organisation will continue its failure to translate its grand plans into action, and will fail to meet the deadline for the creation of an FTA in 2008.

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Rules of origin

Rules of origin are used to authenticate certain products that are the result of economic activity within a particular trading bloc. Although they were initially simple and straightforward, the current SADC rules represent a significant departure from the earlier ones; they have become an instrument for protection, and are thus undermining the main goals of the trade protocol. This came about when some negotiators and interest groups from certain member states demanded that the rules be tightened, amid concerns that that weak customs administration in some SADC states would result in non-SADC goods being granted preferential status. Others argued that the rules should be used to actively promote regional industrial development, by encouraging the use of intermediate inputs and raw materials available in the region. As a result, the rules have become complex, restrictive, and cumbersome.

Given this, it now appears as if the rules were designed to protect rather than liberalise regional industries. For example, in order for garments to receive preferential tariff treatment in intra-SADC trade under the protocol, they not only have to be cut and sewn in a member state, but also have to be made from cloth woven in the region. These requirements raise the cost of producing garments, and reduce the international competitiveness of SADC garment production. Apart from

Joe Chilashe pushes a cart laden with loaves of bread bought in Livingstone, Zambia, across the border into Zimbabwe. AP Photo

a reluctance to embrace trade liberalisation in practice, some key players in trade negotiations do not understand the impact that restrictive rules of origin, especially in respect of the sourcing of raw materials, have on the international competitiveness of regional economies. Indeed, evidence suggests that they impose limitations on the benefits of preferential market access, and deny SADC producers access to internationally competitive inputs and raw materials, which would enable them to become globally competitive.

Unless they are reformed and simplified, the protectionist nature of SADC's rules of origin will undermine the potential benefits of the trade protocol – such as higher levels of intra-regional trade – and frustrate SADC's integration with the world economy. The region will also become less attractive to investors.

The trade protocol seeks to liberalise at least 85% of all intra-regional trade by 2008, through an asymmetrical tariff phase-down formula among member states. Members of the Southern African Customs Union (SACU) are expected to eliminate their tariffs completely by 2008, while other SADC member states have until 2012 to reduce theirs. However, some member states are reluctant to create an enabling environment for the free movement of goods in the region. This is fuelled by fears that trade liberalisation will significantly reduce revenue from trade taxes. This fear is understandable, given that most SADC states depend on trade taxes for their revenue. All SADC countries except SA derive more than 10% of their total revenue from trade taxes, and Lesotho and Swaziland more than 55%.

Huge disparities

Indeed, the other problem that needs to be resolved is the huge disparity in tariff structures among SADC member states. Some countries have lower tariffs, as a result of either unilateral reforms or reforms implemented under IMF and World Bank structural adjustment programmes. Thus the harmonisation of tariff structures will entail significant adjustments, with some tariff lines being raised while others are lowered, as members agree to set common external tariff (CET) rates.

While it might be noble for SADC countries to harmonise their tariff structures, the main deterrent is the persistence of uncompetitive production structures and high levels of underdevelopment among regional economies. This makes it difficult for some member states to reduce their tariffs, since doing so would result in significant losses in revenue. Although SADC has noted these problems and the need for reform, neither it nor its more powerful members, such as SA, have shown a willingness to play a leading role in bringing about these reforms. This inability or unwillingness to translate the many bold SADC declarations into action is constraining regional development through integration.

Despite significant improvements in transport and communication, levels of intra-regional trade are still unusually low for a region seeking to become more integrated. This is worsened by the fact that the region's economies are not very diverse, and tend to produce similar kinds of raw materials for foreign markets. Apart from the key challenge of harmonising intra-regional trade policies, SADC members have very diverse external trade policies. As a 2003 study by the European Centre for Development Policy Management (ECDPM) shows, SADC's main challenge is to harmonise the plans and activities of member states and to ensure that there is a centrally co-ordinated, internally consistent set of principles and policies. Despite its trade protocol, SADC has yet to formulate a common external trade policy or a coherent trade policy framework. Indeed, the external trade policies of member states differ to such an extent that SADC is unlikely to achieve even a modest degree of external tariff convergence in the near future.

Convergence

In terms of conventional integration theory, macroeconomic convergence is one of the preconditions for greater economic integration. Yet there is no evidence of either SADC or member states making a serious effort to move towards macroeconomic convergence – which obviously works against greater regional integration. Indeed, an analysis of macroeconomic variables shows that some member states are still burdened by high levels of external debt and rates of inflation. For example, Zimbabwe's inflation rate remains extremely high, and its economic outlook is worsening constantly.

Intra-regional trade in SADC is undermined by the existence of extensive non-tariff barriers (NTBs) across the region. Although member states have agreed to eliminate NTBs, such as cumbersome customs procedures, complex import and export licensing and quotas, and unnecessary import bans, they have been slow to implement this in practice. Instead, contrary to article 6 of the protocol on trade, which stipulates that 'members shall refrain from imposing any new non-tariff barriers', some countries have continued to do so, unilaterally and with impunity, examples being periodic import bans or restrictions on certain goods, temporary surcharges, and additional levies. Agricultural products have been especially vulnerable to these restrictions.

Incidents of these violations since the protocol came into effect include Botswana imposing a 25% import duty on flour in response to alleged 'dumping' from SA during the first three years of the protocol being in force. Namibia, too, replaced its local purchase requirement with a ban on flour imports. Swaziland requires a permit to be granted by its National Agricultural Marketing Board, which restricts the number of permits being granted. Mauritius controls all flour imports through its State Trading Corporation. SA stipulated that all domestically sold wheat flour be enriched with vitamins. And Zambia imposed substantial cash deposit requirements on wheat flour in transit from SA to the DRC. All these factors continue to hamper intra-regional trade, and have the capacity to derail the creation of an FTA in the region, meant to happen in 2008.

The 2004 mid-term review of the protocol on trade revealed that, if left unattended, the problem of NTBs will have a negative impact on the benefits of the FTA. The report states that NTBs in the SADC region have extensive scope, as they impede intra-regional trade, and act as the new instruments of protectionism. Significant progress in the elimination of NTBs in specific areas of concern has been called for. Yet, despite this, some policy-makers have attempted to substitute NTBs for reduced tariff barriers. An extraordinary feature of SADC's approach to these problems is how little has been done to remove these obstacles. This reluctance does not augur well for the creation and implementation of an FTA in 2008.

The number of regional institutions pursuing similar integration agendas in eastern and southern Africa amounts to what has been described as a 'spaghetti' phenomenon. These institutions overlap geographically, structurally, and through shared membership. They have a common desire to create customs unions. These include the recently revived East African Community (EAC), the Common Market for Eastern and Southern Africa (COMESA), SACU, and SADC. The literature on regional integration in Africa is replete with examples of how overlapping membership has impeded greater integration. Although institutions such as the AU have identified this as an impediment to continental integration, the problem continues unabated. Most states belong to more than one regional organisation, and some are still seeking memberships of yet other RECs. Affiliation to more than one organisation is not only difficult to sustain in economic and geographic terms, but also threatens the development plans of the RECs in question.

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Five SADC members belong to SACU, while Mozambique remains the only SADC member that does not belong to any other organisation. Eight SADC members – Angola, the DRC, Malawi, Madagascar, Mauritius, Swaziland, Zambia, and Zimbabwe – are also affiliated to COMESA. This gives rise to the following contradictions: Zambia is a member of both SADC and COMESA. Under the SADC protocol on trade, Zambia has to remove tariff barriers to SA, a fellow SADC member, by 2012. However, Zambia, due to its membership of COMESA, has to create a CET by 2008, which excludes and discriminates against SA. Thus Zambia has to promote free trade with SA and yet maintain tariff barriers against that country. Madagascar, Malawi, Mauritius, and Zimbabwe find themselves in the same predicament.

Swaziland, being both a member of SADC and the only SACU member affiliated to COMESA, has to implement three FTAs and three customs unions. The SACU CET obliges Swaziland to maintain tariff barriers against non-SADC COMESA states (despite it being a member of the COMESA FTA), while at the same time agreeing to implement a COMESA CET against SACU members. Swaziland relies on COMESA derogations, allowing it to access the COMESA FTA while simultaneously applying the SACU tariff regime against COMESA imports.

Difficulties

As Richard Gibb recently argued in a Brenthurst Discussion Paper, overlapping memberships of regional institutions create many operational and legal difficulties, including:

- overstretched national negotiating capacities, a serious problem in a region whose member states are not endowed with excellent human capital;
- the fact that states involved have to pay their membership fees in foreign currency;

Zimbabweans buy food and other supplies in Mutare, Zimbabwe. Since Mozambique has scrapped visas for Zimbabweans, this sleepy border town has become a busy trading hub. AP Photo

- a reluctance to implement policies and commit to agreements that are contrary to a country's national interest, which retards efforts at greater integration, and makes a mockery of the entire integration exercise;
- additional costs for governments and the private sector, as a result of having to comply with different rules of origin; and
- complications arising from negotiating bilateral trade agreements with third parties, for example, economic partnership agreements.

Overlaps not only create rivalry and tension between trading blocs, but also result in the duplication of projects among them. One example is the implementation of two identical power projects by COMESA and SADC. COMESA is implementing the North-South Power Grid, which will link three SADC members – the DRC, Zambia, and Tanzania – with Kenya. SADC, on the other hand, is trying to connect Zambia, the DRC, and Tanzania to the Southern African Power Pool. This failure to co-ordinate and rationalise projects only serves to prolong the integration agenda. A disturbing feature of this scenario is that while SADC's RISDP identifies the need to eliminate multiple memberships, it sets no targets and time frames for achieving this.

National interests

Despite these challenges, member states steadfastly defend their multiple memberships in the belief that they are minimising potential losses by spreading their risks. In the pursuit of their national interests, countries desist from signing and/or implementing certain protocols that are perceived to be inimical to such self-interests.

One of the major problems preventing greater integration is that SADC members who are also affiliated to the African, Caribbean, and Pacific (ACP) group of countries lack a common position on negotiating EPAs with the EU. Members such as the DRC, Madagascar, Malawi, Mauritius, Zambia, and Zimbabwe are using their dual membership of both COMESA and SADC to negotiate these agreements. Other SADC members have opted to negotiate their agreements within the ambit of SADC. This weakens the region's negotiating power, and will make it difficult for some members to benefit from the European Development Fund (EDF).

Unless regional governments show a far more serious commitment to a common integration agenda by eliminating some of the key obstacles to greater regional integration, the region will miss the deadline for the creation of an FTA in 2008 and a customs union by 2010. This will further undermine the region's role in the global economy and its poverty eradication goals, and perpetuate its many internal problems. In the process, it will become difficult for SADC to shed the 'talk shop' appellation at a time when it needs to improve its image.

This discussion has shown that there are several factors preventing SADC from deepening regional integration and

Continued on page 52

Chinese interest could spur African economies

Does China's heightened interest in Africa present the continent with a threat or an opportunity? **Rok Ajulu** reviews the latest book, published by the IGD, on the implications of China's growing thirst for Africa's resources.

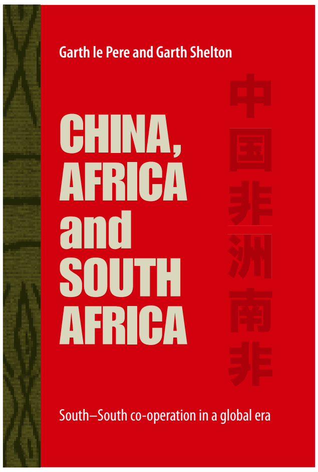
The rapid economic modernisation of the Chinese economy in the 1979 post-reform period and its subsequent global expansion, particularly its growing presence on the African continent, has provoked interesting commentary and sparked controversy among a number of scholars. Some of these developments have unfortunately been an expression of ideological prejudice and cultural stereotyping reminiscent of the Cold War period.

Growing pressure

A new book by Garth le Pere and Garth Shelton entitled *China, Africa and South Africa: South–South co-operation in a global era* (IGD 2007) provides a basis for broadening the debate. It aims to develop a more nuanced understanding of China's growing presence in Africa and its implications for the revival of Africa's economic fortunes within a globalising world economy.

A convenient starting point is China's emergence as a global power. This is already a fait accompli; it is an economic and political development which is bound to have profound implications for many regions at this juncture of international relations. The challenge for Africa is to think critically how to engage with China's rising profile in the continent.

Against this background, therefore, a robust assessment of China–Africa relations is perhaps long overdue, particularly one focusing on prospects for South–South co-operation in a globalising world economy. This contribution is thus timely. A more nuanced understanding of the China–Africa discourse that departs from ideological prejudice and crude stereotypes is sorely needed. In a real sense, this is what this book seeks to accomplish.



China, Africa and South Africa: South–South co-operation in a global era
Garth le Pere and Garth Shelton
IGD (2007)

Certain facts must be acknowledged: as the authors point out in chapter 1, there is nothing profoundly new about China's presence in Africa. The first of three distinct stages of Sino-African engagement was the 15th-century mercantile expansion associated with the Ming dynasty, which saw China 'discover' much of the eastern coast of Africa as far south as Mozambique some 70 years before the arrival of the Portuguese. Secondly, in the immediate post-colonial period, China forged a series of relationships with the newly independent states, and supported liberation movements in Angola, Mozambique, Zimbabwe, and SA. This stage remains distinctly political, underpinned by the Cold War rivalry of the period. And finally, the contemporary period has witnessed China's strong engagement with Africa, driven by its post-reform economic imperatives and the demands for growth and modernisation.

A more nuanced understanding of the China–Africa discourse that departs from ideological prejudice and crude stereotypes is sorely needed

In order to understand the challenges of China's growing presence in Africa during this contemporary period, we need to consider the changing dynamics in China itself over the last three decades. We need to explain, for example, why Beijing's contemporary foray into Africa has been shaped by a singular focus on resource acquisition and commercial opportunism.

Over the last 20 years, China has experienced phenomenal growth rates, which have made it the fastest growing economy in the world. Between 2002 and 2003, growth was 8–10%, in an economic region which was just recovering from the Asian financial contagion. China's GDP has grown from $106bn in 1976 to just over $1,3trn currently. Its share of world trade has also grown exponentially over the last 15 years, thereby drastically changing its role as a global economic player. At the same time, it has continued to attract a major share of international investment. For example, from 1996 to date, it has maintained high investment levels of over $40bn per year compared to only $10bn for the same period for the entire African continent in 1999.

China's share of world exports is now equivalent to 60% of UK exports, 50% of Japanese exports or three times Brazilian exports. The value of its imports is half that of France and UK, two and half times that of Brazil, and more than that of the Middle East and North Africa combined. Thus, in just over two decades, China has emerged as a major global economic player. Its dramatic presence in the global market promises to be on a par with the rise of the US as a global economic power at the end of the 19th century. All this would seem to confirm the often-made assertion that China is destined to become the next economic superpower.

Entrepreneurial potential

These developments have unleashed the entrepreneurial potential of the Chinese population, engendered the development of productive forces, and fostered massive improvements in standards of living. Real per capita income has grown ninefold to $1 700 in 2005, and the number of people living in poverty has been reduced from 250m in 1978 to to 26m in 2001. Estimates show that over 80% of urban households have access to colour televisions, refrigerators and washing machines, DVD players and air conditioners; in 50% of the households, there are microwave ovens, and computers in another 20%. It is further estimated that more than 200m households now have cable TVs, making China the biggest cable TV market in the world. More significantly, the famed tricycles and bicycles are gradually being replaced by modern motor vehicles, whose sales have grown steadily by as much as 45% annually. Privately owned cars have now become a common feature of the big cities, and in Beijing and Shanghai, locally-assembled German luxury sedans have long replaced the aging Russian *chaikas*.

It is not surprising, therefore, that over the last two decades China has become a great consumer and importer of energy and has developed a great appetite for raw materials. Like Britain in the 19th century and the US in the immediate post-war period, China will continue its march all over the world in search of markets and resources, and more so in relatively untapped markets like the African continent

This is already very evident in the nature and volume of China–Africa trade. Chinese trade with the continent increased by 700% during the 1990s. By 2005, it was Africa's third most important trading partner, behind the US and France. Its largest trading partners in the continent are Angola, Egypt, Nigeria, SA, and Sudan. In 2004 trade between China and Africa was worth $16bn. By 2006, it had increased to $50bn, and it is expected to reach $100bn by 2010. Africa's current trade surplus with China reflects a huge oil bill. China imports more than 25% of its oil from Africa. Although Chinese trade with Africa represents only 3% of its global trade, this is bound to increase, particularly given its huge investments on the continent over the past decade.

Voracious appetite

It is against this broad background that China's growing presence in Africa has to be understood. As an emerging world power, with a voracious appetite for resources and markets, China will continue to target Africa. Africa's population of 870m is a huge potential market for low-end manufactures and finished goods. For China to continue its domestic economic expansion and to meet the rising economic expectations of its own population it must increasingly behave like an imperialist power in search of resources and markets, and Africa presents great untapped opportunities.

Cast in these terms, the China–Africa discourse probably makes more sense if posed in terms of an appropriate African response. In other words, how can Africa best engage China so as to avoid the pitfalls of an exploitative colonial and neo-colonial era? Is there room for new forms of partnership between China and Africa? Is South–South co-operation a realistic proposition between these two blocs? Chinese expansion will, of course, continue to be driven by its economic interest – that is, the search for markets and resources – but the challenge will be to balance this with its ostensible commitment to promote friendship, mutual benefit, co-operation and prosperity.

As the authors point out in the introduction, 'the book is inspired by possibilities which South–South co-operation holds in its different manifestations for deepening and strengthening Sino-Africa

Workers install the SA and Sudanese national flags in Beijing's Tiananmen Square in preparation for a China-Africa Summit. AP Photo/EyePress ties'. As indicated above, the China–Africa axis has a long historical tradition dating back to the Ming dynasty and culminating in the contemporary period, which is now increasingly underpinned by resource acquisition, trade and development cooperation. This book is not only about those historical narratives, but more importantly, it confronts the changing and challenging contours of China's engagement with Africa in this age of globalisation. It focuses our attention on South–South co-operation as an important approach in shaping China's increasingly complex and multi-faceted Africa engagement. It is basically an attempt to understand China's growing African presence from a South perspective.

Historical narrative

The book is organised thematically, which allows the authors to provide a detailed historical narrative and establish a foundation for exploration of the contemporary texture and challenges of China's engagement with the continent and the possibilities this brings for South–South co-operation. Chapter 1 explores conceptual and thematic issues and covers the multiple political, economic, and social dynamics which underpin the context of China–Africa relations. This is a broad overview which takes us from the advent of Mao's China in 1949 to the rise of the fourth generation of leadership in 2002. It provides an analytical context within which subsequent themes are pursued.

In chapter 2, the authors provide a historical overview of China–Africa relations. As indicated, China's contact with Africa predates European colonisation of the continent. The authors go back six centuries in an attempt to trace China's maritime record in Africa between 1405 and 1433. Why did China not proceed to colonise Africa? Without divulging the reasons here, the authors point out that perhaps we should look at this historical experience to understand the prospects for China–Africa relationships.

This thematic thread runs throughout the other chapters linking the narrative and culminating in chapter 8 which reflects on the challenges and opportunities that flow from the China–Africa experience. In brief, chapter 3 explores the axes of South–South co-operation, and provides rich theoretical and historical material in looking at dilemmas faced. Chapters 4, 5 and 6 are equally important in pursuing questions relating to the architectural infrastructure which has defined China–Africa relations. Chapter 7 on China and South Africa provides excellent fresh material on an evolving but strategic relationship.

Central to this volume is chapter 6, which deals with the Forum on China Africa Co-operation (FOCAC) as an institutional framework for Sino-Africa collaboration. The FOCAC and the White Paper on Africa of early 2006 do offer some signs that a viable partnership is possible. How can Africa take advantage of China's global drive? These issues are explored in chapter 9, where the authors attempt to provide an agenda for a South–South co-operation.

Against this background, this book demonstrates that what is required is a more nuanced understanding and reading of the China–Africa nexus. The African continent, particularly in the light of its own recent political and economic initiatives, ought to develop a more clearly articulated response to Chinese expansion rather than haphazard approaches informed by old and discredited traditional prejudices.

Africa ought to develop a more clearly articulated response to Chinese expansion rather than haphazard approaches informed by old and discredited traditional prejudices

In this regard, SA's experience in engaging China is perhaps a good example to the rest of sub-Saharan Africa. It has been suggested that what makes the SA–China engagement qualitatively different is the defined and predictable environment in which negotiations take place; SA is the only country in Africa that has a formal bi-national commission with China and this is the vehicle for protracted and detailed negotiations, framed in terms that conform to international legal norms and responsibilities, unlike some deals struck in the rest of the continent.

Bilateral trade between SA and China predates formal diplomatic ties established in 1998. During the dying days of apartheid, the two countries had informal relationships, since SA still recognised and had ties with Taiwan. China set up a Centre for South African Studies in Pretoria in 1992, and SA did the same with a Centre for Chinese Studies in Beijing the same year. These served as channels for unofficial diplomatic representation between the two countries, dealing mainly with trade issues. It was during this period that direct bilateral trade between the two countries was initiated.

Trade volumes

Trade in 1992 was worth only $14m. By 1997 this had increased to $1,5bn, representing an increase of 700% in six years. By 2002, trade levels had reached $2bn. Thus, in just under a decade, SA had emerged as China's largest trading partner on the continent. In addition to increasing trade, China made significant investments in SA, such as $180m in more than 80 projects in agriculture, textiles, electronics, mining, banking and transport.

Similarly, SA's corporate sector has also achieved a remarkable success in the Chinese market. For example, South African firms have invested over $330m in more than 200 projects. There are also smaller South African firms which are active in the corridor between Hong Kong and Shanghai, the capital of China's economic modernisation. In order to encourage greater participation by South African firms, SA opened a consulate in Shanghai.

The potential for trade expansion can probably be adduced from a recent proposal that both countries initiate discussions towards establishing a free trade area (FTA). However, there is a broad consensus that the idea of a China–South Africa FTA was rather premature. Free trade with China could have negative and far-reaching implications for South Africa and, of course, its partners in the Southern African Customs Union (SACU).

A Sudanese woman walks past a Chinese flag on a street in Khartoum. Some analysts claim that Chinese policies tend to support undemocratic African regimes – including that in Sudan. AP Photo/Alfred de Montesquiou

De-industrialisation among the smaller SACU members is certainly a possibility and SA could also face massive losses of employment. The textile sector is certainly a case in point. It has also been argued that China's accession to the World Trade Organisation, and its progressive lowering of tariffs over the last 10 years, suggest the advent of economic opening, and therefore greater possibilities of easier entry into the Chinese market. For this reason, it was argued that an FTA was not the appropriate way forward.

The main challenges facing the China–Africa partnership and more meaningful South–South co-operation are the terms of bilateral trade. Africa exports mainly raw materials to China, while China exports manufactured goods to Africa – which is a classic North–South model.

Obviously Africa's failure to add value to its China exports, and for that matter, its exports in general, is not a very well-informed strategy. The problem is how to move up the production and value chain. Africa needs to more vigorously discuss the export of raw materials with China so that the traditional structures of dependency on the West are not replicated. One option would be that instead of exporting raw materials, China's firms would invest in African countries with resource endowments with a view to adding value and hence assisting with exporting finished products. China's demand for raw materials provides a real opportunity for African countries to strategically reconfigure how to extract greater benefit from natural resources. A strategy which seeks to add value before export would certainly trigger off industrial processes with potential backward linkages to provide employment and develop productive forces within the continent.

Undemocratic regimes

Overall this is an excellent volume, which will find a ready readership among emerging scholars of China–Africa relations in the continent and beyond, as well as among African policy-makers. However, it is not without its weaknesses: its major fault lies in the fact that it has not squarely addressed the question of China's perceived misdemeanors on the continent. China's policies, it is alleged, have tendencies of supporting undemocratic regimes, and undermine the fight against corruption and good governance. Sudan, Angola and Zimbabwe are often cited as examples of China's unconditional support for undemocratic and oppressive regimes. For example, China's continued sale of arms in the midst of the unabated Darfur conflict cannot continue to be ignored. It is also in China's interest to understand that given recent targeting of Chinese oil workers in Ethiopia and Nigeria, its non-interference principles could ultimately work to its own detriment.

Finally, the authors ought to engage China on issues around improving its often ambiguous position at the UN Security Council. China's position has demonstrated firm rhetorical support but very little concrete action in support of Africa's causes and concerns. For example, it supported Sudan at the Security Council and threatened to use its veto power to block an oil embargo against Sudan. Similarly, SA needs more intense dialogue with China in two areas, namely, reform and restructuring of the UN with a view to bringing African representation to the Security Council, and reform of the global trading system with a view to improving access of developing countries to the markets of the developed world.

China's globalising thrust in the continent should be seen as a great opportunity. Its appetite for natural resources presents great potential for African countries to reap maximum advantages from their resource wealth, especially as far as nascent and undeveloped industrialisation processes are concerned. But this will, in the ultimate analysis, depend on African governments' own strategies, particularly how they propose to position themselves vis-à-vis China's demands. Africa's effective and efficient use of resources could quite easily provide the requisite platforms for industrial growth and development of productive forces, and the much-needed diversification of African economies.

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New style in Warsaw

Poland has acquired something of a reputation as Europe's foreign relations ruffian. But a newly elected government is intent on changing the country's image with an improved, polished diplomatic style, writes **Kerry Longhurst**

POLAND'S PARLIAMENTARY elections in October last year brought to power Donald Tusk and the liberal Civic Platform party (PO). A relatively high electoral turnout helped secure Tusk's victory, which signalled the departure of the conservative Law and Justice party (PiS) and the prime minister, Jaroslaw Kaczynski – identical twin brother of the Polish president, Lech Kaczynski.

International interest in the election was high, the principal questions being: what foreign and security policy priorities would the new government pursue, and would it radically depart from the previous government's overt Euroscepticism and strong Atlanticist credentials? In Europe the hope was that Polish foreign policy would become a little less abrasive, while for the US the question was whether Poland's seemingly unconditional support for Washington would endure under the new regime.

Previous policies

It is perhaps worth highlighting some of the main features of Polish foreign policy under the previous government. When Lech Kaczynski became president in December 2005, he was mandated to clean up Polish politics. Two months earlier, in Poland's parliamentary elections, the PiS had come to power with Kazimierz Marcinkiewicz as prime minister. However, not long after Lech Kaczynski's installation as head of state, Marcinkiewicz was ousted and the Kaczynski twin Jaroslaw became prime minister. Thus, by the end of the year, the stage was set for a concerted effort on the part of the twins to pursue a shared agenda.

On the domestic front, 'moral renewal' and the restoration of national pride became buzzwords. Ridding public life of corruption led the Kaczynskis to target ex-communists – and their other pet-hates: wishy-washy intellectuals and liberals. What might have appeared a positive campaign at the outset quickly went into meltdown as the twins sought to systematically get rid of their opponents by increasingly controversial means.

As the prime minister and president beat the nationalist drum at home they sought to promote the idea of a strong, nationally focused Poland in the EU – while at the same time striving to be best friends with the US. But, over time, Polish foreign and security policy became introverted and paranoid.

In the 1990s Polish–German relations hit a high point; traditional enmity was overcome and Germany was one of Poland's chief advocates for NATO and EU membership. But after October 2005 bilateral relations quickly crumbled. The German–Russian plan to build a pipeline (the Nord Stream) under the Baltic Sea, bypassing Poland and thus denying Warsaw transit fees, fuelled the twins' perceived 'Germanophobia'.

Polish–Russian bilateral relations also hit a post-Cold War low under the Kaczynskis after the Poles used their veto in the EU to halt discussions towards a new agreement between Russia and the EU – a direct response to a Russian ban on Polish food imports.

Both Poland's partners and the domestic audience are anticipating a change in both style and substance in Warsaw

In Europe, the Kaczyinskis made their mark in two ways. Firstly, they presented an image of a Poland that was out of step with prevailing European values. Their references to the Christian heritage of Europe, their staunch opposition to gay rights and their advocacy of the death penalty led officials in Brussels to warn of possible exclusion from the EU. Secondly, they presented Poland as a state unwilling to accept compromise and doggedly pursuing nationalist interests.

Attitude to US

Much of this Euroscepticism derived from a devotion to Atlanticism. Poland's awkwardness in Europe contrasted with its apparent slave-like attitude towards the US. Under the Kaczynskis, Poland backed the US on virtually every issue; it displayed unwavering support for the American efforts in Iraq and was a willing participant in its planned missile defence system.

It would be an exaggeration to describe the Polish government's record in foreign and security policy as disastrous, but it can accurately be described as 'patchy', prone to knee-jerk reaction and notably lacking in diplomacy. With the arrival of a more liberal and, by all accounts, more cosmopolitan and intellectual new government, it is not surprising that both Poland's partners and the domestic audience are anticipating a change in both style and substance in Warsaw.

Donald Tusk is a contrast to Jaroslaw Kaczynski in many ways. He has a cosmopolitan and quite atypical Polish biography. He is a member of the small Kashubian ethnic group, which has a strong individual identity and its own language; and he considers himself to be both Kashubian and Polish. Moreover, he grew up in Gdansk, a northern city with strong links to Germany, in a bilingual Polish–German household.

Tusk is very much a Europhile; he supports European integration and sees a positive role for Poland in it. Economically he is a liberal; he wants to join the eurozone and is set on boosting foreign direct investment into Poland by breaking down

Donald Tusk and supporters celebrate their election victory over Poland's ruling Law and Justice Party. REUTERS/Wolfgang Rattay

national economic protectionism. Tusk seems keen to improve relations between Poland and Germany and is likely to be less stubborn and emotional, though no less resolute, in dealing with Russia. Finally, when it comes to transatlantic relations, it seems Poland will remain Atlanticist, but rather less 'subservient' to Washington.

Tusk's foreign policy team has international experience and shares his pro-European outlook. The defence minister, Bogdan Klich, is a former member of the European Parliament. The Foreign minister, Radek Sikorski, was a controversial choice, mainly because he was previously the PiS defence minister under Jaroslaw Kaczynski. Sikorski is perhaps best known outside Poland for being a neo-conservative based in the American Enterprise Institute. So, although he is an instinctive Atlanticist, he was bruised by his dealings with the US over Iraq and is likely to be less yielding towards Washington. The third leg of the Tusk foreign policy team is Wladislaw Bartosczewski, a dissident during the Cold War who became one of Poland's first post-communist foreign ministers. Aside from bringing credibility to Tusk's foreign policies, he will play a central role in Polish–German relations.

Troops in Iraq

Early indicators are that Poland's new government will be generally less cosy with the US. Tusk has criticised the twins for 'kneeling in front of the US' and Sikorski's line has been that the US cannot expect as much from Warsaw as before. An article by Sikorski in *The Washington Post* on 21 March 2007, entitled 'Don't Take Poland for Granted', provides a good indication of what might be expected. Sikorski said the US's influence in East-Central Europe has changed because of EU enlargement. Furthermore, trust between Poland and the US was damaged by Iraq, an adventure, Sikorski said, Poland had entered into as an 'act of friendship' towards the US but for which there was little to show in return.

Tusk is firmly in favour of pulling Polish troops out of Iraq. This is an about-turn from the previous government's pledge to remain until the US leaves – a stance still maintained by President Lech Kaczynski, who will remain in power until 2010. Tusk's position reflects a general feeling among the population that it is no longer desirable to support the US in Iraq. Polish dissatisfaction over Iraq has also been fuelled by Washington's refusal to budge on the issue of visas for Poles travelling to the US, as well as a strong sense of disappointment over Polish firms failing to land significant contracts for the reconstruction of Iraq.

Afghanistan is a different matter. Tusk has declared that Poland's 1 200 troops will stay. However, criticism is increasing, especially as seven Polish soldiers stand accused of killing a number of Afghan civilians. Indeed, this incident has become a test of the Polish public's support for sending soldiers overseas.

It is on the issue of missile defence that changes in the Polish approach to the US will probably be most visible. Whether Poland decides to host part of the system, and on what terms, will become a litmus test for Tusk's take on transatlantic relations. Sikorski, in particular, will want a better balance between Poland's obligations and the US's commitments. The original plan, negotiated under the Kaczynskis, was for Poland to host 10 interceptor missiles in return for a supply of Patriot missiles. Tusk and the defence minister, Klich, are not certain that the deal as it stands is in Poland's interests, especially in light of how the missile shield will affect relations with Russia and how it might render Poland more vulnerable to attack. Consequently, Tusk and his team are said to be weighing up the costs and benefits. The new prime minister has pledged to discuss the issue further with NATO and with Poland's neighbours, including Russia, before going back to the negotiating table with the US.

On relations in the EU, Tusk has stated that there will be a change of 'form' and style rather than of substance. Speaking to the *Financial Times*, Tusk cautioned: 'I don't want to inflate anyone's expectations that Poland will suddenly become a problem-free member.' But at the same time he has insisted that Poland will no longer be a difficult partner in the EU. It is fortunate for Tusk that there are no major issues at the EU level in the foreseeable future that could cause tensions to reappear.

The priorities within the EU will be to pursue a liberal economic agenda, which will see Poland teaming up with like-minded states such as the UK and the Netherlands. But, because of Poland's large agricultural sector, and its relative economic weakness, Warsaw may well make friends with some smaller EU member states – as well as with France. Relations with Ukraine, the development of a common EU approach to Russia and energy security will remain key objectives of European policy.

Tusk has declared that better relations with Russia will be a key foreign policy priority. He has set up a Commission for Difficult Issues (*Komisja Spraw Trudnych)* as a forum for Polish and Russian parliamentarians to discuss bilateral relations. This overture signals a willingness on the part of both governments to start communicating on issues that have damaged bilateral relations. The commission may also prove instrumental to easing Russia's relations with the EU, which were frozen by Poland's veto in early 2007.

Nonetheless, there are a number of sizable blockages in the way of a normalisation of Polish–Russian relations. To a large degree, Polish society holds the view that Russia never willingly let go of Poland after the demise of the Soviet Union and still begrudges it its sovereignty. There is also a clash of agendas between Russia and Poland in Eastern Europe. Since gaining its own sovereignty in 1989, Poland has supported the democratisation and westernisation of Ukraine, Belarus and Moldova, but these endeavours have grated against Russia's own neighbourhood policies.

Energy policy

When it comes to energy, Poland will continue to promote diversification and the creation of a common EU energy policy, with the aim of reducing both Poland's and Europe's oil and gas dependence on Russia. This means the Russian–German Nord Stream pipeline will remain a thorn in both Polish–Russian and Polish–German relations.

Poland's bilateral relations with Germany will profit from having Bartosczewski at the helm, and words like 'mutual trust' and 'partnership' have reappeared in the vocabulary of Polish–German interactions. Problems do remain, however. One is the call by Germany for the creation of some kind of 'visible sign' to mark the suffering of Germans expelled after the Second World War. But there is now a willingness on the part of Poland to talk about this issue, which was not the case before.

The fact that Lech Kaczynski will be Poland's president until 2010 will shape and condition Tusk's room for manoeuvre in foreign and security policy.

According to the constitution, the president is Poland's commander-in-chief and its highest representative in external relations. Tusk interprets these constitutional provisions as meaning his government should run the country's foreign and defence policies, while the president's role is to travel and represent Poland overseas. However, Kaczynski believes that the president should be consulted on all major decisions. This conflict of interpretation was apparent before Tusk became prime minister and while he was assembling his government. The president's office claimed it should have been consulted on the foreign affairs and defence appointments, but Tusk went ahead and appointed Sikorski as foreign minister in defiance of Kaczynski's opposition to him. After apparently losing this battle, Kaczynski hired the outgoing foreign minister, Anna Fotyga, as his chief of staff on foreign affairs – a signal that he is preparing to do further battle with the prime minister.

Since coming to power, Tusk and his team have been on a charm offensive, which has already reaped benefits by lightening the mood in the foreign affairs arena. Warsaw's relations with Berlin and Moscow seem set to improve, its approach to the EU will be more predictable and there will be a less yielding attitude towards the US.

The policy shifts will probably relate more to *style* than *substance* – initially at least. But this change could nevertheless be of considerable consequence. Poland's post-1989 diplomacy has been feisty and often awkward – since well before the Kaczynskis came to power.

Relations with other EU members during the accession process were periodically strained due to high Polish expectations and unyielding EU rules. Similarly, it was not the PiS government that set Poland on an anti-Russian and pro-US course. The thing about the Kaczynski government was that its *style* and *manner* gave Poland such a bad name on foreign relations.

Tusk and his new team have a clear sense that style matters. If Polish interests are going to be met, a new approach is required, they believe. In stark contrast to the previous government, Tusk is well aware that the manner in which diplomacy is carried out is crucial for the way a country is perceived. In line with this, the new government is intent on removing the 'anti-German', 'anti-Russian' and 'Eurosceptic' labels that have been stuck on Poland. ■

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International observers praise SA achievements

The World Bank and IMF have given SA mostly good marks in their report cards on its performance since the dawn of democracy, writes **Prince Mashele**. However, here are a few 'must try harder' areas that need attention

ALTHOUGH SOUTH African commentators are generally prompt in picking up and dissecting issues of national importance, they were notably silent following the release on 11 July 2007 by the World Bank of a major report entitled *Worldwide Governance Indicators – 1996–2006*. While this report deals with many countries other than SA, it also reflects on matters of particular significance for our country.

How important is this report? It reveals the crucial findings of a study that focused on the performance of countries in respect of six critical governance indicators. These indicators are: voice and accountability, political stability, government effectiveness, regulatory quality, rule of law, and control of corruption. Combined, these internationally accepted indicators offer a useful tool to gauge whether countries are making progress in strengthening accountable governance or not.

In the context of SA's fledging democracy and its efforts towards the creation of a developmental state, it would be a missed opportunity not to give the findings of the World Bank study the analytical attention it deserves. More importantly, the study spanned a decade that is crucial in fathoming the reordering of society and the institutional reengineering in our country following the demise of apartheid in 1994.

Encouraging messages

Essentially, the report conveys encouraging messages and draws our collective attention to critical challenges that SA must address as it negotiates the second decade of democracy.

According to the report, the level of political stability in SA since 1996 has

risen from 13.5% to 44.2%, representing an improvement of more than 120%. The interpretation of this specific finding should be informed by the knowledge of the political upheavals that took place in the late 1980s and reached a climax in the early 1990s. That our country was able to make such a seismic break with the past and consolidate political stability with such unparalleled rapidity cannot be an ignorable social phenomenon. Rightly so, the democratic openness that has come to characterise post-apartheid SA's political culture should be a source of pride for all South Africans. However, this should not eclipse the enormity of the challenges that lie ahead in strengthening the institutions that safeguard our democracy.

Deepening political stability is a process inextricably linked to the capacity of a democratic government to protect political rights and freedoms. It is for this reason that a finding of the World Bank study – namely that, over the past 10 years, the degree of government effectiveness has risen from 69.7% to 76.8% – is encouraging. In the same context, it should be noted that the government is an important component of the institutional configuration tasked with the responsibility of giving effect to the rights enshrined in chapter two of our Constitution. Therefore, government's effectiveness is largely tied to the realisation of fundamental freedoms.

Key to effectiveness is the capacity of the developmental state to enforce regulations. Regulations – especially in a democratic setting such as ours – are an important indicator of social order, stability and progress. The degree to which regulations are adhered to and enforced can thus be a motivation or de-motivation for those seeking to engage with a society. It is, therefore, reassuring that those surveyed by the World Bank hold the view that SA's capacity to provide quality regulation has improved from 51.2% in 1996 to 70.2% in 2006.

Significant progress

Against this background, it is not surprising that the IMF, in its 2007 Article IV consultation report, observes that: 'SA has made significant economic progress in the past decade.' The report further states: 'After sluggish growth in the early years of the political transformation, the country started to reap the benefit of sustained good macroeconomic management and structural reforms.' The report also makes important general observations about the economy: that GDP growth has been robust, employment has risen, the fiscal position has strengthened further, and the country has continued to bolster its international reserves, rendering the debt position sustainable.

Furthermore on the economy, the IMF reconfirms that the ratio of government debt to GDP fell from 48% in 1999 to 31.5% at the end of 2006. The IMF report also prognosticates that, under policies outlined by the government in the 2007 national budget and the Medium-Term Expenditure Framework, public debt should continue to decline to about 18% of GDP over the next five years. Again, it is reassuring that the IMF confirms the view that the current account will gradually decline to about 4% of GDP by 2012.

Importantly, this positive outlook should be contextualised against what the country has already achieved. Over the past three years, the economy has grown by an annual average of 5% and has created half-a-million jobs per year. Given the progress being made, the goal of halving poverty and unemployment by 2014 seems firmly within grasp. The identification of economic binding constraints and the development of the Accelerated and Shared Growth Initiative for South Africa (AsgiSA) as a response further strengthen the basis of SA's collective optimism as a nation.

Democratic framework sound

Geopolitically, the positive findings that both the World Bank and IMF have made should not be viewed in isolation from conclusions reached on the continent about SA's governance situation. It is worth recalling that, in June 2007, the African Peer Review Panel that reviewed the country – as part of the African Peer Review Mechanism (APRM) – underscored the centrality of governance and praised the soundness of the democratic frameworks that the country had put in place since the dawn of democracy.

Significantly, the APRM report identified 18 South African best practices worth emulating. They include:

- a sound co-operative governance regime;
- participatory governance practices;
- the application of *Batho Pele* values and principles;
- the innovative and efficacy of multi-purpose community centres;
- the thoroughness and consultative nature of the budget formulation processes;
- the achievements of the South African Revenue Services;
- the healthy state of the JSE Securities Exchange SA;
- the JSE and triple bottom line reporting;
- improvements occasioned by the Mzansi banking account to lives of the previously un-banked;
- the novelty and transformative value of the Financial Service Charter;
- the positive impact of the King Reports on strengthening corporate governance;
- self-reliance with regard to development funding;
- provision of basic needs and socio-economic rights; and
- the successful promotion of gender equality in the public sphere.

Indeed, these are achievements of which all South Africans should be proud.

However, celebrating achievements should not make us lose sight of the challenges and hurdles that lie before the country. The finding of the World Bank that adherence to the rule of law has declined from 61.9% in 1996 to 58.6% in 2006 is cause for serious introspection. In this regard, the question South Africans should be asking is: what is it – on the part of us as individuals, as a collective or as government – that serves to bolster the perception that we don't respect the rule of law?

Critically, the search for an answer to this important question should be informed by the cognisance that, through article 1(c) of the Constitution, we have collectively committed ourselves to respect the 'supremacy of the Constitution and the rule of law'. Therefore, the existence of the perception that adherence to the rule of law is somewhat ebbing should primarily worry us, before it concerns or unsettles non-South Africans.

Also, South Africans should seek to understand what informs the perception that our determination to combat corruption, as the World Bank report suggests, is perceived to be weakening. Such an inquiry must further interrogate the perception that the level of accountability of our institutions is not as high as it was in 1996.

South Africans should equally be earnest in tackling the challenges identified during the APRM process. These include issues related to inequality, poverty alleviation and eradication, unemployment, crime, accountability of elected officials, racism, HIV and AIDS, and corruption.

Programme of Action

It is, however, encouraging that the recommendations made by the APRM Heads of State and Government in July 2007 in Accra, Ghana, in relation to the above challenges had already been adequately addressed in the South African government's Programme of Action (PoA). It is against this background that the publication *Towards a Ten Year Review* (2003) says: 'Most of the institutions [in society] are operating effectively although the process of stabilising the inter-governmental system is still not complete.'

Undoubtedly, implementation of the PoA – in partnership with government's social partners in business, labour and civil society – will further consolidate the achievements that the World Bank and the IMF have noted. Importantly, the achievements should be located in the broader continental context. In this regard, it is worth recalling that in 2000 the World Bank released a report posing the question: *Can Africa Claim the 21st Century?* Accordingly, and as we welcome the good ranking our country has recently received, we ought to take note of the words of Daniel Kaufmann (co-author of the 2007 World Bank report referred to earlier):

'The hopeful news is that a considerable number of countries … in Africa, are showing that it is possible to make significant governance progress in a relatively short period of time.'

With regard to the challenges identified for SA, the government had already been dealing with some of them. For example, various government departments have internal anti-corruption units that are making steady progress in stemming corruption. Importantly, a majority of corruption cases in the public sector are discovered and exposed by the government.

Continued on page 50

Communiqué by SADC Heads of State following their summit in Lusaka, Zambia, in August 2007

A peacekeeping brigade – part of the planned African standby force – inaugurated at the end of the Lusaka summit. REUTERS/Mackson Wasamunu

THE SUMMIT of Heads of State and Government of the Southern African Development Community (SADC) was held in Lusaka, Republic of Zambia on 16-17 August 2007.

The Summit was officially opened by the Right Hon Prime Minister of the Kingdom of Lesotho and SADC Chairperson, Mr Pakalitha Mosisili.

Summit elected His Excellency Mr Levy Patrick Mwanawasa, President of the Republic of Zambia, and His Excellency Mr Thabo Mbeki, President of the Republic of South Africa, as Chairperson and Deputy Chairperson of SADC respectively.

Summit elected His Excellency Mr José Eduardo dos Santos, President of the Republic of Angola, and His Majesty King Mswati III of the Kingdom of Swaziland as Chairperson and Deputy Chairperson of the SADC Organ on Politics, Defence and Security Cooperation respectively.

Summit was attended by the following Heads of State and Government:

Angola: H E President José Eduardo dos Santos
Botswana: H E President Festus Mogae
DRC: H E President Joseph Kabila
Lesotho: The Rt Hon Prime Minister, Mr Pakalitha Mosisili
Madagascar: H E President Marc Ravalomanana
Malawi: HE President Bingu wa Mutharika
Mauritius: The Hon Prime Minister Dr Navinchandra Ramgoolam
Mozambique: H E President Armando Emílio Guebuza
Namibia: H E President Hifikepunye Pohamba
South Africa: H E President Thabo Mbeki
Swaziland: His Majesty King Mswati III
United Republic of Tanzania: H E President Jakaya Mrisho Kikwete
Zambia: H E President Levy P Mwanawasa (SC)
Zimbabwe: H E President Robert G Mugabe

The following organisations were also represented at the Summit: the African Union, the New Partnership for Africa's Development (NEPAD); the Economic Commission for Africa; the Common Market for East and Southern Africa (COMESA); and the United Nations High Commission for Refugees (UNHCR).

His Excellency President Mwanawasa, host of the 27th Summit, welcomed the SADC Heads of State and Government and other delegates to the Republic of Zambia.

In his address to the opening session of the Summit, the Outgoing Chairperson, the Rt Hon Prime Minister Pakalitha Mosisili of the Kingdom of Lesotho, thanked member states for the support rendered to him during his tenure of office since the 2006 Summit. He noted the progress made towards deeper regional integration and efforts to achieve the Free Trade Area in 2008. He also called for a review of the regional energy situation, the removal of all barriers to facilitate the movement of goods, including an effective operationalisation of corridors to alleviate the inhibiting costs of transport especially for landlocked SADC Member States. He handed over the SADC Chairpersonship to His Excellency President Mwanawasa, of the Republic of Zambia.

In accepting the SADC Chairpersonship, His Excellency President Mwanawasa thanked the Outgoing Chairperson for the progress achieved during his leadership of SADC. President Mwanawasa undertook to provide effective leadership towards the operationalisation of the FTA in 2008, consolidate and accelerate preparations towards the Customs Union.

Summit received the Report from the outgoing Chairperson of the Organ on Politics, Defence and Security Cooperation, the

President of the United Republic of Tanzania, His Excellency Mr Jakaya Mrisho Kikwete. Summit noted the report which highlighted the implementation of the Strategic Indicative Plan of the Organ (SIPO) and in particular human resources requirements for its implementation.

Summit noted the consolidation of democracy and political stability in the region. In this regard, Summit noted the peaceful and orderly manner in which the people of DRC, the Kingdom of Lesotho, the Republic of Madagascar and the Republic of Zambia exercised their democratic rights as they voted in the presidential and parliamentary elections held in their respective countries. Summit noted that SADC Observer Missions were present and pronounced the elections peaceful, credible, free and fair, transparent and professionally managed.

Summit congratulated the people of the DRC, the Kingdom of Lesotho, the Republic of Madagascar and the Republic of Zambia for these elections.

Summit was briefed that the negotiations between Zimbabwe African National Union-Patriotic Front (ZANU-PF) and both factions of the Movement for Democratic Change (MDC) were progressing smoothly. Summit commended President Thabo Mbeki. Summit welcomed the progress and encouraged the parties to expedite the process of negotiations and conclude work as soon as possible so that the next elections are held in an atmosphere of peace allowing the people of Zimbabwe to elect the leaders of their choice in an atmosphere of peace and tranquillity.

Summit took note of the Report of the Executive Secretary on the economic situation in Zimbabwe and mandated the SADC Ministers responsible for finance to use the Report of the Executive Secretary in consultations with the Government of Zimbabwe and draw up an economic plan to support Zimbabwe.

Summit launched the SADC Brigade consisting of military, police, and civilian components from all SADC Member States which was set up under the provisions of the African Union which recommends that each of its Five (5) Regional Economic Communities (RECs) should have a standby capacity for peace support operations on the Continent.

Summit received the Report of the Ministerial Task Force on Regional Economic Integration on the review of the implementation of the SADC Free Trade Area and noted that there is a basis to declare the SADC Free Trade Area in 2008.

Summit noted progress made in the preparation of the SADC Customs Union Road Map and urged the Ministerial Task Force to accelerate the completion of this work and reaffirmed its earlier decisions on the need to accelerate the implementation of related trade and economic programmes.

Summit reviewed the recent economic developments in the region and noted with satisfaction that the region registered positive economic growth. Summit urged Member States to continue implementing sound macroeconomic policies that enhance the increasing macroeconomic convergence.

Summit held a special session focusing on strategies to accelerate regional infrastructure development to support deeper regional integration and development. To this effect, Summit directed the Secretariat to work out the details of a regional Master Plan for Infrastructure Development in close cooperation with Member States.

Summit noted progress being made in the implementation of the Maseru Declaration on Combating HIV and AIDS. The achievements include the approval of the Framework for Operationalising the SADC HIV and AIDS Regional Fund, the training of 80 officials from Member States as Trainers of Trainers in HIV and AIDS mainstreaming, the development of core indicators for tracking progress in the implementation of the Maseru Declaration and other commitments and the development of a Framework for identifying and documenting Best Practices in the region.

Summit reviewed the food security situation in the region and noted that Malawi and Zambia have a cereal surplus.

In response to humanitarian assistance requirements in the region and within the SADC cooperation framework, Malawi pledged a donation of 5 000 metric tonnes to Swaziland and 5 000 metric tonnes to Lesotho. Zambia donated 10 000 tonnes to the Region through the World Food Programme.

Summit noted the progress made towards achieving the set target of 50% women representation in decision-making and reaffirmed its commitment to attain this target. It noted progress on the negotiations of the protocol on gender and development and agreed to defer its signature to allow some Member States to conclude their internal consultations

Summit also received a Declaration from the 2007 SADC First Spouses Summit that took place in Lusaka under the theme: 'Accelerating Progress in Achieving Gender Equality'.

Summit noted, with satisfaction, the progress being made towards the construction of the SADC Headquarters in Gaborone, Botswana, and approved a Memorandum of Understanding (MOU) underwriting the financing of the project.

Summit took note of the progress made in the preparations of the SADC International Conference on Poverty and Development that will be held in Mauritius in April 2008. The SADC Ministerial Consultative Conference with International Cooperating Partners (ICPs) will be held back to back with this Summit Conference.

Summit signed the following legal instruments:

i) Agreement to Amend Article 22 of the SADC Treaty

ii) Agreement to Amend the Protocol on the Tribunal

iii) Agreement to Amend Annex VI to the Protocol on Trade

iv) Memorandum of Understanding (MOU) amongst SADC Member States on the SADC Headquarters

v) Memorandum of Understanding (MOU) on the establishment of the SADC Standby Brigade.

Summit noted the retirement of President F Mogae of the Republic of Botswana and thanked President Mogae for the invaluable contribution he has made to deepening SADC economic integration and cooperation.

Summit expressed its appreciation to the Government and people of the Republic of Zambia for the warm hospitality extended to all delegates and facilities provided.

His Excellency President Levy Patrick Mwanawasa (SC) officially closed the Summit. The 2008 Ordinary Summit of Heads of State and Government will be held in the Republic of South Africa. ■

South Africa in Africa

Embracing Africa is easier said than done for SA. **Patricia Bassomo** reviews a new collection of essays which closely examines the vexed issues

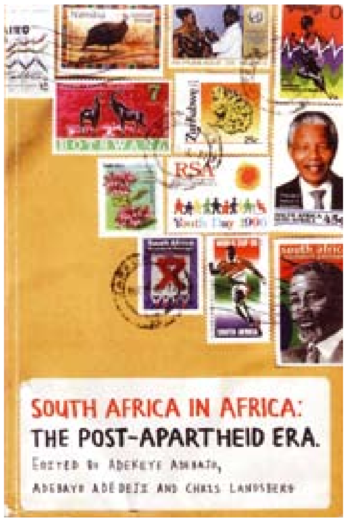
The highly symbolic year of 1994 saw the dawn of constitutional and participatory democracy in SA, and its advent meant new beginnings for SA, Southern Africa and Africa as a whole. The title of this book is thus both intriguing and suggestive. Following its democratic revolution, SA expressed the desire to integrate itself into the community of African states and demonstrate a political readiness to fully embrace the African self from which it had been divorced because of apartheid.

The book focuses on SA's foreign policy 13 years after having embarked upon the democratic process, with an emphasis on a range of foreign policy issues such as HIV/AIDS and the land question. It insightfully highlights the interface between SA's domestic and foreign policy, and critically shows the extent to which the country's Africa policy and diplomacy have been an extension of domestic policy, particularly in economic affairs, peace and security.

New self-image

The face of this foreign policy in Africa has changed substantively since the presidency of Nelson Mandela. SA has created a new self-image in order to change the perceptions of its African peers, to break from its tragic past and to pave the way for new and brighter relations with the rest of the continent.

SA, since 1994 and particularly since Thabo Mbeki's accession to the presidency in 1999, has adopted a consensus-based, multilateral approach to African affairs, with the intent of building stronger diplomatic and political capital within Africa. Mbeki has tactfully capitalised on this in order to nudge the continent towards an African Renaissance and an economic rejuvenation process embodied in NEPAD and the AU.



South Africa in Africa: The Post Apartheid Era
Adekeye Adebajo, Adebayo Adedeji and Chris Landsberg (eds)
University of KwaZulu-Natal Press (2007)

The thread running explicitly and implicitly through the book is the necessity for SA to embark on a multidimensional process of domestic transformation. A second important theme in some chapters is that of SA's role as a hegemon. A few authors, such as Adekeye Adebajo and Maxi Schoeman, seem to favour SA taking up that role. The negative and destructive legacy of the apartheid regime still haunts the new SA and will continue to do so for a very long time. In spite of efforts to restrain it from playing the role of Africa's 'big brother', SA has had a hard time persuading its African fellows of its good intentions and that it has the continent's best interests at heart. On one hand SA's active diplomatic and political involvement in Africa epitomises its willingness to placate the concerns of its peers. On the other hand its repeated attempts to export home-grown frameworks and approaches are indicative of a desire to achieve grand ambitions in the continental and global arenas – like any other rational actor within the international system.

The book is a compilation of 13 chapters divided into three thematic parts. Part 1 sets the tone for an intellectually and conceptually engaging account of SA's role in Africa. In his beautifully written chapter 1, entitled 'South Africa and Africa's political economy: looking inside from the outside', Adebayo Adedeji questions the theorisation of Africa's political economy and compellingly pinpoints its lacunae.

Colonial political economy

Furthermore, he constructively juxtaposes Africa's and SA's political economies to demonstrate the level to which they have come to terms with an inherited colonial political economy. He argues that they must address this issue of inherited colonial political economy for the sake of sustainable development and the realisation of an African Renaissance. SA 'has not chosen the path of fundamental socio-economic transformation'; however, he does not explain why African countries after five decades of political freedom have still not taken on what he calls 'a historic responsibility'.

Khehla Shubane's chapter, 'Black Economic Empowerment', aims at rehabilitating BEE in a broader socio-economic context by transcending the reductionist perspective through which the policy has been evaluated. He argues that BEE is a necessary corrective governmental measure 'to deracialise the ownership of significant economic assets'. In chapter 3, Yasmin Sooka, writing on race and reconciliation, asserts that national reconciliation will only be possible when South Africans across the racial divide genuinely confront their common past

Continued on page 47

Global Warming

We are constantly warned of the calamities that climate change is bringing. But what should we do about it? This guide helps to clarify the controversial issues and chart a way forward, writes **Michelle Pressend**

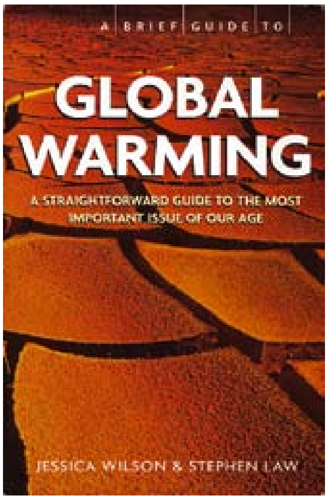
CLIMATE CHANGE is probably one of the biggest catastrophes facing humankind. Jessica Wilson and Stephen Law's book is a timely overview of the linkages and interconnectedness between ecosystems, natural cycles, human activities and global economics and politics. The book addresses some of the fundamental aspects of human-induced climate change due to an increase in global temperatures and is a straightforward look at the complexities of the science, economics and politics.

The book provides an insightful history of human-induced climate change, dating back to the industrial revolution and the release of emissions through industrial processes and the burning of fossil fuels. This historical context is an important contribution to current debates on burden-sharing and apportioning responsibility to mitigate climate change.

Greenhouse effect

For those sceptical about the science of climate change, the book makes a convincing argument that the average temperature of the earth is rising as a result of the 'greenhouse effect'. This is where greenhouse gases are trapped in the form of heat and are reflected back to the earth. The authors describe the history and behaviour of carbon in relation to its physical, biological role and the evolution of coal, oil and limestone as key ingredients for cement.

Scientific evidence of climate change is illustrated by the melting of the icecap in the northern hemisphere and climate change markers in the south, such as the disappearing snow on top of Mount Kilimanjaro. Also examined is the impact of climate change on food security, small



Global Warming: A straightforward guide to the most important issue of our age
Jessica Wilson and Stephen Law
London: Robinson (2007)

island states, health, biodiversity, and extreme weather events. A sea level rise, for example, will put 75m to 200m people at risk due to annual flooding. Countries that are 'food-stressed' are likely to become more stressed, even if global food productivity is maintained. Many countries in Africa will experience severe drought or extreme flooding.

The first section of the book emphasises that richer countries will be better able to adapt to food security threats, extreme weather patterns, and riskier health conditions than poorer countries, which will be hardest hit by climate change.

The second section is about how the world is responding to climate change. Current mechanisms to address global warming are through adaptation and mitigation.

The authors refer to adaptation as a 'catch-up game' – basically finding ways to deal with climate change as a result of the global warming effects of bygone decades. The authors assert that those most negatively affected by global warming have contributed least to it. Therefore, it is only fair that those who have caused the most global warming should pay for the poor to adapt. However, international efforts in this regard are dire. Although adaptation funds for least-developed countries have been established, the funds are inadequate.

Mitigation

Mitigation focuses on ways to reduce carbon emissions through technology advances and energy efficiency. Some practical examples explored are sensible urban planning and efficient public transport systems – long-distance transport having been highlighted as a major contributor to global warming. Other mitigation examples are more energy-efficient buildings and the use of alternative energy sources, such as solar and wind power.

A chapter entitled 'Why is it so hard to mitigate climate change?' goes to the heart of power, vested interests and inertia in addressing global warming realistically and justly. The book illustrates our dependence on a fossil fuel economy. On a household level we use electricity produced by coal-fired power stations and on an industrial level manufacturing, construction, and mining use vast amounts of energy. The authors explain that trade in goods and export-led growth is managed without reflecting on the true cost of transport. And international trade policy is largely driven by the powerful countries that make the rules. The way the global economy is shaped and its dependence on fossil fuels has ignored the cost of global warming, including the cost to human and environmental health, the authors argue.

The most important message of the book is the need for a *just* transition so that the cost of transforming societies and economies will not fall on the poor. In fact, emphasis is placed on addressing the problem of greenhouse gases by shaping our economies to meet people's needs.

A brief history and overview of international co-operation to address global warming is reflected upon – namely the UN Framework Convention on Climate Change and the Kyoto Protocol. The 'flexible mechanisms' and market-based approaches for countries to reach greenhouse gas emission targets are contested as it appears that these have done very little to reduce carbon emissions. In fact, many countries that have signed the Kyoto Protocol have increased their emissions. The following quote by George Monbiot is a good illustration of the weaknesses of these mechanisms: 'Buying and selling carbon offsets is like pushing the food around your plate to create the impression you have eaten it.'

The authors outline a range of measures to address climate change, focusing on effective policy and co-ordination at the international, national, local and individual levels.

The basic premise of mitigation measures mentioned in the book is that principles need to be based on equity and common and differentiated responsibilities, i.e. taking into account the difference of development between the North and South. For example, some compensatory measures to reduce the South's dependence on fossil fuels should write off the South's financial debt against the ecological debt owed by the North.

Carbon rationing

Another idea mentioned is carbon rationing, where individuals are assigned a certain amount of carbon use. This works as an incentive for using less carbon-intensive products. However, the authors warn that mechanisms like carbon rationing should not become a perverse tax on the poor. For example, it would be easy and affordable for a wealthy family to replace its boiler with a solar heating system, yet a poor family could be penalised for using more carbon-intensive technology.

Government intervention is essential in designing policies, through regulation, incentives and taxes. For example, in transport, governments could improve public transport to reduce dependence on cars and develop policies that encourage simple energy efficiency.

The last section of the book provides practical ways for the reader – the individual or middle class, wealthy consumer – to make a difference. They include becoming more 'energy wise' in the home and office, for example by turning off a computer when it is not in use. Other actions involve using energy-saving light bulbs, walking, using bicycles, car pooling, and flying less.

The basic message to us is to consume less, become more energy efficient and change our behaviour and unsustainable consumption and production patterns. The authors suggest a fundamental shift in the way we live our lives and warn that 'global warming is like an alarm bell alerting us to some things that are very, very wrong with the world's economy and how we interact with each other'. ■

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South Africa in Africa – *continued from page 45*

and demons through a frank and open national dialogue. The limitations of SA's TRC process epitomise her argument.

Part 2 of the book deals with the obstacles SA faces. Maxi Schoeman devotes her chapter to the highly controversial image of SA in Africa and indicates a belief in the country's ability to go beyond the difference between its self-image and the role expected of it by others. In examining SA's role in Africa, she equates hegemony to soft power, the power of persuasion and leadership qualities, in contrast to the traditionally held militaristic notion of hegemony. She argues that SA cannot easily fulfil its 'hegemonic' aspirations 'given its domestic needs and demands', and unless transformation at home is under way.

Khabele Matlosa makes a twofold argument on Southern Africa regional security. Firstly he posits that the African Renaissance initiative has given Mbeki a comparative advantage in foreign policy, in contrast to Mandela. And secondly he maintains that multilateralism will continue to be SA's preferred approach to African affairs. Judi Hudson's chapter asserts that SA's 'rapid corporate expansion has led to new relations of dependency and exploitation' in Africa.

Sam Moyo and Ruth Hall examine whether the land issue in SA is an exceptional case and argue that it is not. Yet, 'the extent of land dispossession in SA may exceed that of other countries in the region and the continent'. Furthermore, they argue, the nature of SA's negotiation process has had a tremendous impact on the land issue in general and the land redistribution process in particular.

Angela Ndinga-Muvumba and Shauna Mottiar deal with HIV/AIDS. Taking stock of SA's national response on HIV/AIDS, they argue that its leadership's stance on the issue poses a threat to the realisation of the African Renaissance. Senegal and Uganda's success stories point to the fact that SA is in no position currently to lead the African Renaissance on the HIV/AIDS issue.

Part 3 stresses the political and economic significance of SA's strategic partnerships across the continent. Chris Landsberg delves into SA's role in Africa's emerging AU and NEPAD institutional architecture since Mbeki's accession to power. He states that 'particularly during the Mbeki presidency after 1999, SA has pursued a diplomacy that was activist in nature'.

Adekeye Adebajo's chapter on SA's strategic partnership with Nigeria and its impact on African affairs affirms that the two countries will indeed constitute an 'axis of virtue' if they can convince other

African countries that their actions are not an expression of hegemonic aspirations but are for the sake of Africa.

Augusta Conchiglia in her comparative analysis of SA's relations with Angola and Mozambique argues that SA has a warm and economically fruitful relationship with Mozambique whereas its relations with Angola are tense and fragile due to a history of suspicion and mistrust. Devon Curtis closely examines SA's peace and transition model and evaluates its success in the Great Lakes region. She argues that SA's one-size-fits-all approach to democratic transition faced several hurdles in Burundi and the DRC. Iqbal Jhazbhay, in the final chapter, examines how SA has successfully built strategic partnerships with a number of countries in North Africa and the Horn of Africa. He claims that these strategic partnerships are 'part of its larger strategic goal … to achieve Africa's renewal'.

This book is a valuable and timely contribution to the practice and study of SA's foreign policy. It will be of great intellectual benefit and utility to policymakers, practitioners and scholars in multidisciplinary fields of study. And it will be informative to lay readers with an interest in Africa's international relations and politics. ■

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Africa's restless youth – *continued from page 29*

A student organisation once devoted to holding government more accountable to youth has become a zealous pro-government force. Those who have tried to form an alternative student organisation have been attacked and even killed.

Thus, many youths in Côte d'Ivoire have manoeuvred through a complex political environment to establish leadership positions and sources of income for themselves in an arrangement that suits the needs and desires of the ruling political class. Others have abandoned the state structure entirely through rebellion. The country has a long history of student activism, but whereas student leaders used to graduate and move on to senior posts in government or the private sector, students more recently have constructed entirely new spaces to occupy – quite literally, in the case of the *Forces Nouvelles.*

While the ruling party and its youth enforcers are unquestionably linked, it is no longer plain that the power of the youth militias depends on patronage from the state. Political elites may be just as much hostage to the desires of the militia leaders as the other way around. Youth violence features in the case of Côte d'Ivoire primarily as a tool married to youth leaders' own political and economic agendas. The latest peace agreement, under which Soro will serve as prime minister, offers hope of reuniting the country. But until now the country has been in a stalemate in part because the impasse benefits old and young elites in both sectors of the country, despite the fact that Côte d'Ivoire as a whole is growing poorer.

Elsewhere in Africa, increasingly influential transnational religious movements, both Christian and Muslim, are largely fuelled by African youths' enthusiastic response to alternative paths to empowerment. Faith can provide surrogate social structures and supports for those who have been through traumatic experiences and have lost other moorings. In some cases, it can also provide a form of education, which may not be available from any other source. Religious movements offer prescriptions for how to improve one's life and transform society, and in Africa today, these prescriptions have explicit political significance.

Revivalist Christian movements are thriving in much of Africa. From Malawi to Ghana, Pentecostal churches are encouraging youths to reject the 'old ways' that led to poverty and despair and to embrace a faith that promises social networking opportunities, promotes links to fellow worshippers around the world, uses mass media to impressive effect, and embraces the quest for prosperity. The renewal inherent in being 'born again' also speaks to the desire for an alternative to the status quo. Prominent figures within these churches can be very young themselves, exemplifying how African youth can attain respect and prominence despite the limited opportunities they may be confronted with. Moreover, unlike university-based movements, religious youth movements are accessible to non-elites.

These religious networks are not divorced from politics. A recent survey by the Pew Forum on Religion and Public Life found that 83% of renewalists in Kenya and 75% in Nigeria believe that religious groups should express views on social and political questions. And they have put this belief into action – for example, when Christians organised to help defeat a referendum on a new constitution in Kenya in 2005. At the same time, Muslim youths may find in an Islamic revival movement a vehicle for their rejection of the status quo and desire for an alternative. In a 2005 article in the *Journal of the Royal Anthropological Institute,* Adeline Masquelier described how unemployed young men in Niger embrace a Muslim movement that condemns extravagant customs surrounding marriage (a helpful point that brings the prospect of marriage closer to their modest reach). Foreign Muslim clerics, often from Pakistan or the Middle East, have established a notable presence in the Sahel, drawing in young people to be educated in an ideology that advocates enforcing Islamic law and abandoning the secular state.

Long-standing local movements may move in new directions as young members try to effect radical change, sometimes taking cues from abroad, as with the Al Sunna Wal Jamma group of students in Nigeria that staged attacks in several northern towns in 2004. They claimed to be inspired by Afghanistan's Taliban, and apparently wished to create an Islamic state. In countries where both Christian and Muslim movements are operating, tension is inevitable. It comes as no surprise, for example, that youth have been primary players in the religiously charged communal conflicts that have plagued Nigeria in recent years.

People interested in Africa's future ought to concern themselves not just with potential conflict, but also potential political change. Youth populations are at the heart of these possibilities. There is a strong temptation to write off a 'lost generation' in the most battle-scarred, traumatised countries, but there is no avoiding the fact that those currently holding power will not be able to wield it for ever. Even those who aim to cope with vast, dissatisfied youth populations by pressing young people into the service of the ruling elite may find that, in time, their youthful foot soldiers cease to answer to their elders. Today's young people will, sooner or later, play a dominant role in society. For policy-makers, job creation clearly must be an urgent priority. A focus on educating and socialising children so that they are prepared to play a positive civic role should be another priority, particularly since so many African countries are still at an early phase of their demographic transition. In addition, by understanding youth as political actors rather than simply drivers of conflict, policy-makers can aim to manage the challenge to existing orders posed by youth rather than, unrealistically, try to avoid it entirely. A viable way forward involves a thorough understanding of the various youth dynamics on the ground, and also involves a serious effort to give youth the tools, opportunities, and political space in which to pursue their interests and aspirations.

More needs to be done to shed light on how specific variables affect the capacity of youth movements to engage, reshape, and even strengthen the state. What can be done to give Africa's young people reason to believe in governing institutions or to trust that peaceful civic action can effectively address their grievances? How might a closing of the digital divide empower African youth to form new networks for change? The answers will undoubtedly vary from country to country, but the significance of the questions, and the importance of youth political engagement, will remain constant for quite some time to come. ■

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Paul Boateng – *continued from page 7*

to SADC heads of government, the proof of the pudding will be in the eating. Will any election in March be conducted in full accordance with SADC principles and properly monitored by credible observers able to say with authority after the elections have taken place that they were truly free and fair? Nothing less holds out any hope of ushering in a new era in Zimbabwe when that beautiful country and its peoples can look forward to the future with hope for a sovereign and prosperous nation.

What have been the highlights of your tenure as High Commissioner in SA thus far?

A key highlight was my opening address to the Pan-African Parliament. Pan-Africanism is very dear to me as an individual. I was brought up in Kwame Nkrumah's Ghana and my roots are in pan-Africanism. I believe in pan-African institutions and the British government also believes in pan-African and regional institutions and supports them practically with resources to build capacity as we are now doing with both the AU Commission and the Pan-African Parliament.

I have also relished my involvement in peace support initiatives, including a trip to the eastern DRC with SA Defence Minister Mosiuoa Lekota. The opening of the Peace Mission Training Centre and the opportunities to work together with SA on promoting post-conflict reconstruction in the DRC have also been particularly rewarding.

Strategic partners and friends must be prepared to share their differences as well as their common positions. We have had our differences undoubtedly on some issues but have always managed to find ways of sharing them without acrimony. I was particularly delighted when SA acceded to the UN Security Council as a non-permanent member; but one of my frustrations has been the lack of progress on UN reform because of our belief that the SAs of this world should be members of the Security Council. The UK supports permanent representation for Africa. But it is up to the whole UN membership to determine the size and shape of an enlarged council. I hope personally that in my lifetime we will see SA recognised for its role in the world.

Most importantly, working in SA is itself a privilege and I make it my business to get out and about in this beautiful country. I have travelled to all the provinces and each has provided me with highlights of my tenure – seeing just how much has in fact been achieved and the fruits of a heroic and inspirational struggle. I get a lump in my throat, as do many of my compatriots, when I hear the SA anthem played on African soil. God bless Africa indeed! ■

The two faces of globalisation – *continued from page 3*

among major and emerging powers in full consultation and with the participation of poorer, developing countries. Joint multilateral initiatives are needed for crafting new political arrangements and restructuring existing institutions or creating new ones for better management of the global commons. This will not be an easy task since what is required are global perspectives, appropriate accountability, substantial resources, and enforcement mechanisms and, above all, vast reserves of political will. Key problems that will require joint problem-solving approaches include the distribution of income and specifically spreading the gains of globalisation; the fragility of the international economic system; and the perceived loss of sovereignty of national governments and political leaders.

The international community, and

particularly donors, can help to address these complex issues associated with economic globalisation. This has two sides: helping to improve the policy space and environment for domestic policy-making among developing countries; and becoming a normative champion for improving the systemic machinery and frameworks of international economic policy. As far as the domestic policy for developing countries, with their susceptibility to global capital volatility, is concerned, the obvious challenge is to reduce their reliance on foreign capital. Harvard economist Dani Rodrik has emphasised the centrality of locally financed investment for the success of small, open, developing economies, and hence there is a need for them to increase private and public savings. Public spending among developing countries can, therefore, play a socially and economically efficient counter-cyclical role during a downturn and also create the necessary fiscal space to finance safety net programmes.

Developing countries face further problems in raising revenue to finance social safety nets through taxes. In an era of globalisation, it is proving increasingly difficult to tax highly mobile capital and even a highly educated and internationally mobile labour force. If revenue is assured for effective safety nets, it minimises the welfare and human capital losses that poor countries typically suffer in times of economic hardship or crisis. The best antidote to inequality is, of course, investment and access to education and this needs aggressive and targeted interventions across developing countries.

At the international level, the World Bank and IMF must pay more attention to the cold political reality that globalisation has generated extremes of inequality of assets and income across the spectrum of developing countries. To the extent that they still make sense, the conditionalities that are associated with international lending and grants could be more explicitly focused on cutting subsidies that benefit the rich, on encouraging and financing market-related land reform, and most importantly providing investment and policy advice for effective public education. There is also a need for developed countries of the OECD to thoroughly review their neo-mercantilist trade policies. There is enough empirical evidence to show that the protection of agriculture and textiles discriminates against the poor of developing countries. The poor and vulnerable in developing countries could also benefit from international financing of countercyclical safety net programmes, subject to certain conditions. These would include a solid record of sound fiscal policy, the political capacity to undertake such programmes free of corruption, and a long-term fiscal capacity to service any debt that might be incurred.

In conclusion, globalisation comes with many challenges and has many different facets, but it is developing countries that have to confront many of the most difficult-to-manage risks relating to their integration into the global economy and global markets. A direct consequence of this is that globalisation exacerbates inequality, raising its political risks and widening already existing social cleavages. The challenge is to ensure an orderly transition to more competitive, less rent-seeking and rules-based economic systems, with more ready access to social assets, especially education and health. ■

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International observers praise SA achievements *– continued from page 42*

In 2006, the Department of Social Development saved the public R1.2 billion by removing 86 000 people who had fraudulently been placed on the national social grant list. Also, a 55% success rate in prosecution was achieved in the cases dealt with. This provides an example of the work done and the seriousness of government in addressing its challenges.

Finally, the governance and economic strides made by SA over the past decade, as the World Bank and other bodies have confirmed, should be interpreted in the context of a range of initiatives the country has implemented since 1994. Prospectively, further success in the implementation of similar initiatives such as AsgiSA will depend on a partnership between the government and its social partners. Indeed, the partnership is a critical ingredient of the social contract that exists in the country and is the *sine qua non* for enabling SA to create a better life for all its citizens. ■

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The French connection *– continued from page 23*

debates over the Israeli–Palestinian conflict. Franco-Moroccan co-operation has also helped channel Morocco's enthusiasm into a concrete action plan. But its privileged relationship with some Mediterranean countries obviously affects other states' attitudes towards the EMP. The general perception held by other European member states is that the French only raise issues at the European level once they have reached the limits of their influence at the bilateral level.

A current French preoccupation is to prevent resources being diverted away from the Mediterranean to poorer African states, as northern member states have urged; France's medium-term ambition is to extend the financial tools of the EU's own regional policies – in particular the structural funds – to the Mediterranean. This proposal has been supported by the Spanish, but northern European countries remain reluctant.

Sarkozy's main foreign policy dilemma in the Mediterranean is how he can represent France as a dominant power in the region, while contributing to constraints that actually weaken his capacity to influence events. The EMP is making the diplomatic game more regional. The Mediterranean is no longer a fragmented environment where France can play one government off another. The EMP was designed to confront new, trans-national challenges. As a collective framework it has developed a system of formal and informal rules. These limit Sarkozy's field of action, especially his personal diplomacy.

The French army, despite trying to Europeanise its presence, appears to be falling back into the same old role of gendarme. There are 3 500 French soldiers in Côte d'Ivoire, 2 900 in Djibouti, 1 200 in Chad, 1 100 in Senegal, 1 100 in DRC, 300 in CAR, and 800 in Gabon. The intervention of Mirage fighters continues to play a decisive role in countering rebellions, and favouring feeble and collapsing client regimes. Does this serve French interests?

France continues to run the monetary policy of 14 African countries through the CFA franc. While this may moderate inflation (particularly energy prices), provide support for government deficits through the treasury, and protect money from foreign speculators, it also reduces the competitiveness of these countries' exports (like cotton), encourages imports to the detriment of local production, and gives an illusion of stability in an unstable world.

Development aid to Africa has been made an instrument of foreign policy, but how are national interests served? While France lobbies for Africans to get top posts in international financial institutions, how many UN votes have had a real impact on France's destiny?

Based on a promise to its partners in security, stability and development, today France is no longer capable of mastering the forces at work on the African continent. (One could argue that the French spent €1bn in Côte d'Ivoire for nothing.) The question of African immigration, particularly the influx of francophone Africans, remains a legacy of colonialism that no policy can erase. France's old cultural policy of seeking grandeur on the African continent – the last bastion of *francophonie* – by maintaining privileged political relations, probably will not protect the use of the French language. Nor will its military presence keep other major powers like the US and China from entering formerly French preserves.

So it should not be surprising that Sarkozy is interested in changing French African policy in those places where he can. His emphasis has been on controlling immigration. If the key player in the days of Charles de Gaulle was the Minister of African Affairs, Jacques Foccart, then the key player in the Sarkozy era will surely be Brice Hortefeux, the Minister of Immigration, Integration, National Identity and Co-development. Note that last word, 'co-development', for it may soon replace the old discourses of 'co-operation' or 'development'. The idea of co-development is to generate growth in Africa in order to prevent a massive influx of French-speaking Africans from arriving, unwanted, in France. In this light it may be important to remember, when asking about changes in French African policy, that Nicolas Sarkozy's major achievement in French politics was his absorbing the voters and thereby his decisive defeat of the National Front. ■

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China's long march toward energy security *– continued from page 17*

making bureaucracies, and consolidating and merging the fragmented and widely dispersed energy policy-making powers into one unified energy regulatory body, the central government has added three more bodies to the existing bureaucracies germane to energy policy. Moreover, these three LSGs are not meant to make policy but to act as high-level research, advisory, or implementing agencies. The fact that these LSGs are headed by the premier and include various cabinet ministers will facilitate co-operation among different ministries on energy policies and their impact on climate change, but will also further complicate the country's already fragmented energy policy-making system. It remains to be seen whether these LSGs will be able to balance competing priorities embedded in the country's energy policy on an ad hoc and consensus basis.

At the market level, concerned about potential inflation and its impact on social stability in China, Beijing has demonstrated a deep reluctance to let market determine fuel prices. These price controls have generated a plethora of inefficiencies and perverse incentives that threaten the country's oil security. A case in point is the recent fuel shortages in southern China in 2005 and 2006. Because fuel prices in China are administratively determined and are much lower than those in international markets, most refineries operate at a loss; they pay higher prices for crude oil they import than they sell the refined products for at home. According to industry sources, refineries incur losses up to $7 for every barrel of crude they process in China. Thus, domestic refineries, particularly private ones, have little incentive to supply the fast growing domestic market when they can export their products for higher prices. Indeed, between January and October 2007, despite the buoyant demand for oil products at home, the country's imports of oil products actually dropped by 8,9%, while exports increased by 30,4%. This shows that domestic refineries are taking advantage of higher prices abroad at the expense of domestic consumption. Consequently, an artificial shortage has reoccurred.

Thus, despite all Beijing's efforts, China still has a long way to go towards achieving energy security. While its aggressive measures have reduced power shortages, they have not only locked the country into a high dependence on coal for the foreseeable future, but also undermined its attempts to improve environmental security. While 'green GDP' would have changed the country's approach to development, and helped to reduce environmental degradation, vehement opposition from local governments has led to it being abandoned. While coal gasification and ethanol seem like tempting alternatives to oil, they pose a threat to the country's water and food security. While energy diplomacy and Chinese NOCs' global scavenger hunt have secured some oil and natural assets, they have enormously complicated the country's diplomacy in places such as Iran, Myanmar, and Sudan, casting a shadow over China's drive to become a responsible stakeholder in the global system. While liberalising fuel prices would reduce subsidies to loss-making state-owned refineries, and eliminate artificial fuel shortages, they would induce higher inflation, which could spark off social instability in turn.

The search for energy security in China essentially boils down to balancing these intersecting and competing interests, which requires the country's leaders to make some tough choices rather than relying on consensus to untangle out the spaghetti of China's energy policy-making structures. In the absence of an energy policy-making system able to tackle the multiple dimensions of the country's energy insecurity in a holistic rather than sectoral way, the decisions Beijing makes are unlikely to be consistent, co-ordinated, and coherent. Therefore, China needs to start its quest for energy security at home, by building effective energy governance at both the policy-making and market level. ■

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Going nowhere slowly *– continued from page 33*

reaping the benefits of participating in the global market. In order to address these problems, the following recommendations are made:

SADC should seriously address the weaknesses in the trade protocol so as to enable producers to take advantage of attractive sourcing opportunities in the region and elsewhere. This includes simplifying the rules of origin, and ensuring speedy action on tariffs and NTBs.

To foster deeper integration, SADC has to seriously address obstacles to integration, such as the unskilled labour force, poor infrastructure, lack of foreign direct investment, etc.

Given the elitist nature of the SADC project, and challenges for SADC citizens, regional elites should demonstrate a greater commitment to a common regional agenda, and translate this into action, with strict time frames for achieving some of their many admirable goals and declarations.

Member states should use human development strategies to create civil services capable of effectively implementing SADC programmes, and making southern Africa an attractive work destination for citizens with rare skills.

SADC and other regional groupings need to collaborate more effectively, especially on infrastructure projects, to maximise gains from trade. Such secretariat and political-level co-operation should also eliminate unnecessary tensions among these groupings.

To address the issue of uneven development, SADC needs to replicate successful bilateral projects, such as the Maputo Development Corridor and the Lesotho Highlands Water Project, throughout the region as catalysts for meaningful social and industrial development.

Given the fact that it is not technically possible to belong to more than one regional grouping, the AU has to fast-track its Banjul summit decision to rationalise RECs.

The SADC secretariat is the main executive organ responsible for formulating SADC's trade policies, and overseeing their implementation. It needs to be given the professionally trained staff and authority it needs to monitor the regional integration process more effectively. ■

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Global Dialogue is published by the
Institute for Global Dialogue
IGD House, Block 12
Thornhill Office Park
Bekker Street
Vorna Valley, Midrand
South Africa

P O Box 32571, Braamfontein 2017

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ISSN: 1560-8743

Photographs supplied by The Bigger Picture and PictureNET Africa

Produced by
Acumen Publishing Solutions
(011) 482 2823

Printed by The Bureau,
Johannesburg