



Meeting Summary

Seeking Opportunity: Australia's Engagements with Africa

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Introduction

This is a summary of a meeting in which the speakers discussed the evolving relationship between Australia and Africa. Australia has significantly increased its footprint in sub-Saharan Africa in recent years. Led by the mining sector, Australian companies now have \$50 billion in current and prospective investments in the continent. Australia is seeking a non-permanent seat on the United Nations Security Council and strengthening relations with African member states has been an important part of its bid. As African countries rise, Australia is embracing new opportunities for engagement in diplomatic relations, economic growth, security, and development.

Alex Vines

Over the past couple of decades Australia has increased its footprint in Africa - opening new embassies, etc. It is an important moment to hear to Australians about what they think the future will look like on the continent.

HE John Dauth

Australia's engagement has deepened over the past decades, as both Africa and Australia have changed considerably. Australian foreign policy in the 1960s was very much of its time. Australia has probably changed even more than Africa in a desirable way. In Australia over the past decades there was a strong push towards economic change. The same sort of economic change, dramatic and desirable, in Africa is a much more recent development, especially since the continent has experienced the post-colonial period rather dramatically. In the 1990s there was a period when Africa was written off as an unsolvable problem. Over the past decade Africa has pulled itself up and built up its economic future. Much of this story is in mining, which are especially interesting for Australia.

As Australia grows economically it has also become a more respectable member of international community and a bigger player. You cannot grow your international position without being present in Africa - that is how the world today works. The story of Australia and Africa is a satisfying story of engagement. Over the past years more than 500 Australians have moved to Africa, for example to Accra to run 25 mining companies. The future looks bright.

Hon. Bob McMullan

The underlying drive for the very significant engagement between Australia and Africa started in 2007. There were a number of variables that led to this. One thing was that even Australians forget that Australia is also part of the Indian Ocean. For a long time Australians felt between Europe and the USA. Now they are happy that they were wrong and that they have rather strong commitment to the Indian Ocean.

In the 2006-2007 period the Labor Party, then in opposition, made two commitments - one public and one internal. The public one was to commit 0.3% GDP to aid therefore leading to a doubling of the Australian aid budget. That constituted a rapid increase. The internal commitment was that the government will transform the character of the aid program to go more into Africa and Caribbean. That was a considerable change in Australian policy, and that is the origin of the substantial change that we are currently seeing. One of the reasons for this refocusing of Australian attention was a massive increase in Australian mineral investments. Small companies, private engineers and entrepreneurial people have created a significant Australian engagement in the field of mining. Another one was clear public support for this move. What was underestimated in 2007 was that almost 2/3 of private donations by Australians to aid NGOs already went to Africa. There has been public support, so commitment was received well. From a wider perspective, as members of the G20 we feel engaged globally. As large aid donors - rising in the ranks of the OECD donors, Australia is growing in importance also globally which necessitates engagement with Africa. This is encouraged by the existing and considerable African community in Australia. Refugee intakes from Somalia and Sudan, students – also those on scholarships, have resulted in hundreds of thousands of Africans in Australia.

Australia is very optimistic about Africa - in 20 years the world will be looking for those who can increase their production – in food sector, etc. It is clear that global demand for minerals and food is rising quicker than production and the next production source is sub Saharan Africa. It seems to be a very good moment to become more engaged with Africa.

The commitments that Australia has taken upon itself are bearable. It is in the process of joining the African Development Bank to which it wants to contribute USD100m. The process is on the way. Global interests give the government a reason to do it. It also engages with the African Union. It has massively increased scholarships from Africa to Australia. The government felt that there is a capacity for it to contribute with an enduring commitment and it was successful beyond the expectations of most optimistic observers.

Some of the small countries like Malawi send more than 50 people a year which can result in great benefits for such a small country – and which is clearly visible on the ground. The diversity that this creates in our Australian universities, etc. is the kind of environment that is very important as it helps to educate the globally minded kind of people that the students need to become.

When it was decided to massively increase the Australian aid program, the government looked where Australia has the capacity to deliver - it did not want to be another small donor which simply covers the costs of its own administration. It thought that to achieve this it needs to specialise and therefore it chose a region that also makes sense from an MDGs perspective. These are the few areas that it has decided to focus upon: agriculture, as Australia has experience and it has achieved great results while working in similar climate environment as the one in Africa; water, because Australia has a similar dry climate and some good know-how on water management, and mining, as it has a mining industry which means know-how on taxation, legislation, etc. This is part of a wider industry, not only mining *per se*. and Australia has over 190 years of experience in it.

These positive changes and the results that they have brought led to the embedding of this new approach into Australian diplomatic practice. And this change has now become irreversible.

QUESTIONS AND ANSWERS

Question:

What has the Australian government done to incentivise companies to invest in Africa?

Hon. Bob McMullan:

Companies are way ahead of the government - they are asking: why so late? Why did the government wait so long? There were no special incentives. Private companies massively invested before the government entered. When the foreign office reopened an embassy in Accra, Australian companies were pleased because they needed to be able to ask and be informed about the local government representatives, local policies and generally what is going on.

Question:

Generally Africa prefers trade and investment to aid. When one deals with Africans as equals it is a more efficient approach. In the case of Sudan the instability and civil war created few opportunities, but now these obstacles have been removed. The Sudanese consider the Chinese and British approach to be most helpful. If there is a disagreement regarding certain aspects of a relationship it should be resolved without preventing both partners from doing business. The British began to act this way - there are only American sanctions in place now, which creates opportunities for British companies. Differences can be solved as investment goes on.

Hon. Bob McMullan:

If Australian companies think they can profit from investment in a country, they will do it. As governance becomes better, better companies begin to arrive and invest. When the regulatory and governance situation is poor you are more likely to experience interest from the so called 'cowboys' – companies that operate in ways that do not meet international standards – and these companies can actually create problems. So which companies one will have, and which Australians will come will depend on the situation.

Question:

Could you give us some examples of successful Australian aid programs?

Hon. Bob McMullan:

The Australian government is working with African governments to strengthen the mining sectors - they set up special think tanks and research centres. Scholarships help educate specialists. They are interested also in leveraging Australian companies in their CSR - e.g. improving schooling in areas around the mines.

Question:

What are your opinions on doing business in Africa? And what advice do you have for African countries on how to encourage more investment?

Hon. Bob McMullan:

There are various responses depending on two things. First, some countries are easier than others to conduct business with, and second, even in good countries sometimes projects succeed and sometimes they do not. Sometimes problems of governance are exaggerated because there are other problems. But overall, companies want stability. So if they find minerals, they want fair opportunity to develop those. A stable tax regime and work force are essential. Companies want to know what the rules are. If you can give them certainty and access to information on geological quality, that would be my advice - this needs to be done. Companies will come looking, but in good conditions, the best companies will come.

Question:

What are your thoughts on multilateral aspects of engagement with Africa? Is there a sense of broader Australian engagement with Africa that is beyond particular interests?

Hon. Bob McMullan:

Australian diplomatic colleagues do a good job during international meetings. However especially with francophone Africa there has been a gap that

requires a big change in the Australian government - it needs more substantial and enduring engagement.

From the Australian perspective, the Commonwealth is taken for granted, and there is little practical thinking surrounding it - it is considered rather like part of furniture. Australians are starting to see how they can engage more positively and use it as a tool for global engagement.

Question

How do you use your engagement with African states to foster the Extractive Industries Transparency Initiative (EITI)? And how will you work in this regard, or not, when you join the UN Security Council?

Hon. Bob McMullan:

Australia is a strong advocate of EITI. It believes that the adoption of EITI is of significant importance to African countries. This is something Australians need to care for more. Australia, The US, UK and Canada need not only lecture everyone - they need to qualify themselves as well. Transparency is in mutual interest of countries and companies. At the same time, even well intentioned countries find it difficult to implement EITI - implementation requires much investment and many reforms. Therefore everyone needs to proceed in a measured manner.

Question:

What is your view on the increase in the aid budget being postponed at the last moment?

Hon. Bob McMullan:

In an ideal world there would be no need to defer it for 12 months. But nevertheless there was still an increase - just not to the full extent. Still, the government is aware that because of that deferral it may have problems with NGOs. Over the longer term this increase will be sustained - as far as it is reasonable to do. The agency is doing terrific job but Australia needs time to better manage these resources.

Question:

In the context of global commodities, how do you see the dynamics in the relationship between China and Africa?

Hon. Bob McMullan:

It is a new version of economic history - not a new paradigm. China plays an important role that is beyond that of the other actors. However Africa needs to negotiate with much more countries than just the biggest ones - and from that perspective Australia's position is a good one.

Question:

What does Australia want to achieve once it enters the UNSC - what is the vision?

Hon. Bob McMullan:

There is a vast distinction between the P5 and E10 members in the UNSC. E10 are for the ride, they come along, and they have an ambiguous position. They get swept along by the P5 and can be expected to be passive. At the same time the idea of an "E10", invented by Singaporean ambassador to the UN, is based on the ability of the E10 together to influence the P5. And learning from this experience Australia plans to be an active member - to the extent possible on every committee, to participate in every debate, seeking on every issue to have its voice heard, to have its perspective taken into account. Australia will bring perspectives of those not on the Council, a Pacific perspective which is rarely heard in New York and a distinct focus on Africa.