

Australia's trade and investment relationships with the countries of Africa

A PERSONAL SUBMISSION TO THE INQUIRY

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Prior to joining the ANU in 1976 I worked in Africa for over 12 years, as an Economist/Statistician for the Governments of Lesotho and Kenya and as Demographic Adviser to the University of Lagos. My current research focusses on Africans In Australia.

In this submission I am assuming that 'investment' includes investment in human capital. Many of the 17 Sustainable Development Goals are related to human capital issues. I have already expressed some ideas in my personal submission to the DFAT White Paper on Foreign Policy (Lucas 2017a).

Mine was one of the few submissions to mention Africa. Indeed, some submissions gave the impression that Australia's foreign policy was only about 'our region', that is the Asian-Pacific region. These included Oaktree which has a project in South Africa and the Overseas Development Institute which received \$773,030 from AusAID for an African research project beginning in 2013/4 (DFAT 2017a).

In preparing this submission I have re-visited the excellent 2011 report of the Inquiry into Australia's Relationship with the Countries of Africa by the Joint Standing Committee on Foreign Affairs, Defence and Trade (JSCFDT). This certainly answers the question, 'Why should Australia be interested in Africa?'

The Foreword of the Joint Standing Committee on Foreign Affairs, Defence and Trade (JSCFADT 2011: ix) Inquiry read as follows:

'Africa is a diverse continent of increasing importance to the world. In geopolitical terms, African countries have increasing influence on international organisations; in resources terms, Africa has vast reserves; in trading terms, the African population represents a huge potential market; and in agricultural terms, Africa's underutilised arable lands represent great opportunities to feed the world. Africa also continues to face significant challenges, particularly in health, governance and economic development.'

'This is the first comprehensive report of Australia's relationship with the countries of Africa by the or by any other Parliamentary committee. It is therefore timely as Australia increasingly looks

towards Africa for trade and investment opportunities. Australians, however, have for a long time been interested in Africa—the Australian public donates far more to aid organisations than Australia's official development assistance. Academics too have been interested in Africa, although recently expertise has been fragmented across the universities in Australia. '

A CENTRE FOR AFRICAN STUDIES

Joint Standing Committee on Foreign Affairs, Defence and Trade (JSCFDT) noted there was, within Australia, 'a substantial body of expertise on African issues.' The Committee believed that it is important to promote its coordination and further development. Therefore the Committee recommended that a Centre for African Studies should be established, preferably, within a university in Australia (JSCFADT 2011: xiv).

Recommendation 10 of the Inquiry was that a Centre for African Studies be established with sufficient funding, inter alia, to undertake research and to engage with industry (JSCFADT 2011:xxxiv)

This recommendation was rejected by Education who did not even put up a cheaper alternative, e.g. one academic at one institution or creating a virtual centre /and or a website with hyperlinks covering Africa.

As stated above Australia has a substantial body of expertise but this is fragmented and uncoordinated. This is true within Universities. For example, the ANU has hubs for Europe, the Middle East, Latin America, and for individual countries in Asia and the Pacific, but not for Africa. Yet the current areas of interest of ANU staff include water, energy, climate change, wildlife conservation, food security, health, education, mining, demography, measures of inequality, and francophone Africa.

DISSEMINATION OF KNOWLEDGE

Knowledge of Africa is not high, with some Australians believing that Africa is one country whose inhabitants speak African. Recent examples in the media included the assumptions that Martinique was in Africa and that Djibouti was a part of Somalia.

Without a Centre for African Studies, there is still need for improved dissemination of information of use to both researchers and business. One possible alternative would be a Virtual Centre with its own website.

Looking at the publications and other outputs of the ANU's Development Policy Centre shown at <https://devpolicy.crawford.anu.edu.au/> might be helpful even although its emphasis is on the Pacific. More modest but focused on Africa is the ANU's Africa Network Weblog (<http://africanetwork.weblogs.anu.edu.au/>).

Statistical information could also be added. For example at the African Day reception in Canberra every year our Minister states the number of Australian companies operating in Africa and the number of projects

'Australian investment in Africa is thriving, particularly in the resources sector. There are over 200 ASX-listed companies operating more than 600 projects in Africa. Australia's two-way goods and merchandise trade with Africa was valued at \$7.3 billion in 2015-16' (DFAT 2017b)

These statistics are unhelpful without the detail upon which they are based being in the public domain. In particular, they do not show change over time. Which projects have ended or are on maintenance only or sold to non-Australia companies?

Another inclusion could be an updated version of the AFSAAP (The African Studies Association of Australasia and the Pacific) inventory of African Studies in Australia and New Zealand (Saaba 2014).

The website should also be monitoring research on Asian countries that is relevant to Australia; for example Beyongo Mukete Dynamic at the ANU has considered whether the actions of Chinese companies operating in Zambia have influenced Zambia's regulatory change (Australian Centre on China in the World 2015).

Australian Development Research Awards Scheme

ADRAS grants were for quality primary research on development themes that informed policy. Under this scheme in 2013 AusAID allocated a total of \$7.5 million for 12 development research projects in Africa (DFAT 2017a) Several of these projects were relevant to terms of this Senate Inquiry and to the Sustainable Development Goals but I have failed to find their results. Are these available on the DFAT website or elsewhere? Are any still in progress?

COOPERATION AND CONNECTIONS

I suspect that cooperation between organisations has slipped and needs to be revived, a past example being the AusAid -funded The Australia Africa Conference 2014;

According to the Australia Africa Universities Network (2014:16)

'The Australia Africa Conference 2014 was held at the Crawford School of Public Policy,

Australian National University, with the theme “Promoting Strategic Engagement and Partnership between Government, Academic and Business.” It was jointly hosted by the African Diplomatic Corps in Canberra, the Australia Africa Universities Network (AAUN), the Australia Africa Business Council (NSW and ACT chapters) and the Crawford School at the Australian National University. More than 150 participants attended, including representatives from government and business in both Australia and Africa.’

An overview of a Chatham House event featuring Dr Rob Davies, Minister of Trade and Industry, Republic of South Africa, reads as follows:

“African countries are internationally interconnected and linked into global supply chains. Exposure to the risks of global economic uncertainty and changes in international trade relationships has highlighted the importance of diversification and industrialization policies, as well as the need to consolidate regional markets and strengthen international trade relationships, including through the development of new south-south partnerships.” (Chatham House 2017). In the case of minerals changes in commodity prices can have differential impact on different African countries and Australia. Miners may be multi-national, producing the same mineral in Africa and Australia.

The CEO of Austrade, Dr Stephanie Fahey, is quoted as saying that her priority was to continue to support export of goods but also ‘to play to Australia’s strengths in tourism and international education as well as health and professional services’ (Hare and Kelly 2017). In the case of tourism Australia competes with Africa. In the case of health and professional services Australia may rely to some extent on skilled immigrants from African nations where such skills are in short supply.

DEMOGRAPHICS

The Trade and Investment section of the 2011 Inquiry Report (JSCFDT: xv) gives the population of all of Africa as ‘in excess of one billion’ and that of Sub-Saharan Africa as ‘in excess of 870 million.’ This was seen to be ‘a potential huge market.’

The United Nations estimate for Africa for 2017 is 1,256 million, rising to 1,704 in 2030. By 2050 Africa will have more people than Europe, the Americas and Oceania combined United Nations 2017:1). Of the global growth of 2.2 billion between 2017 and 2050 more than half (1.3 billion) will be in Africa (United Nations 2017:3). In 2017, 41% OF Africa’s population was aged 0-14 years and 5% aged 60 and over compared with the world figures of 26% and 13% respectively (United Nations 2017:17).

However, when assessing the size of potential market emphasis should be on the demographics, which are normally based on the age-sex distribution and other indicators such as income. Australian company reports reasonably seem to be more concerned with the growing African middle class since poor people presumably have little disposal income. Because of rapid population growth the numbers living in poverty in Africa can be expected to rise even if the rates of poverty fall.

The 2011 report refers to 'Africa's underutilized arable lands 'representing 'great opportunities to feed the world.' (JSCFDT: xv). Population growth is one factor which will prevent some African countries from feeding themselves, other factors including drought, civil conflict, low productivity, poor transport and the sale of land to non-Africans. Population growth will also make Sustainable Development Goal 4, Quality Education, impossible to obtain.

However, Australia has had success in niche areas, which should be encouraged sustained. For example, the work of Associate Professor Robyn Alders on chicken vaccination has both commercial and humanitarian impacts (Howes 2016). The Australian National Centre for the Public Awareness of Science at ANU, has run a skills development program for science educators (DFAT 2017)

African Australians

The Inquiry Report (JSCFDT 2011:206) gave the number of Africa-born In Australia as 248,699 in 2006. By 2016, the total for all Africa-born had risen to 388,683. This number also excludes people born outside of Africa who have been raised or employed in countries such as South Africa and Zimbabwe and have subsequently migrated to Australia when conditions in Africa changed

An important distinction can be made between countries or regions which largely send skilled migrants (most come from Southern Africa) and 'refugee source countries' which largely supply humanitarian entrants, mainly Sudan, including South Sudan, and the Horn of Africa (Lucas 2017).

It is important to recognize the contribution of migrants to their countries of origin. For example Evans Lagundah, Chief Scientific Officer, CSIRO, is a graduate of the University of Ghana and keeps in touch with the West Africa Centre for Crop Improvement (Lucas 2017). Also, there are remittances, part of which might involve investment in the home country.

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