



## **MEMORANDUM N° 166/2011**

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## ONE) – GIVING CHINA A RUN FOR ITS MONEY

The jury is out whether a rapidly growing China will behave like a new colonial power or will serve as a model for fast-tracked African job-creating development. Concern has been growing since China edged ahead of Germany as the largest source of South Africa's imports.

The director of the Centre for Chinese Studies at Stellenbosch University, Sven Grimm, conducted his inaugural lecture in January entitled, "The Chinese Impact: Africa's Ambiguous Ally", in which he acknowledged that the rapidly expanding links with China – to be cemented with the then imminent accession of South Africa into the Brics, the loose association of Brazil, Russia, India China and South Africa, when President Jacob Zuma attended his first summit in April – "is a hotly debated topic".

There are doubts that the relationship will be a force for good if not managed properly. Garth le Pere, of Dajo Associates and the former Institute for Global Dialogue executive director at Midrand, acknowledged that although there were seemingly close comradely ties with the ANC, the SACP and the unions, actually Chinese government and business was a little concerned about the restricted labour law environment in South Africa.

Sanne Mars-van der Lugt, a research analyst at the centre, reported after a visit to Beijing that the commerce department was concerned about the possibility of the existing mines being nationalised.

She said it might be that Chinese companies – including those that were state-owned and were attempting to enter the local market – behaved just like any other businesses. They wanted to invest and wanted to make a profit. However, mining investors – were showing a measure of resistance because they were concerned about prospects for making profit in the long term.

Even though there is a measure of uncertainty about the future economic direction of South Africa under its new growth path – which sees an expanded role for the state in the economy including support for a state mining company and possibly another state bank other than the central bank – trade between the two countries has rocketed in recent years.

Trade is dominated by what the Department of Trade and Industry calls "a narrow range of mineral and resource-intensive products" from South Africa. "By contrast South Africa imports a widening range of higher value-added products from China, including clothing, data processing machines, printing machinery, bulldozers and motor vehicles."

In determining where this trade and investment had been a positive force, Grimm said that a greater diversification of investment and trade was required "if one wants more mature (trade) relations".

Grimm said that Mauritius had shown the way in the textile trade, finding goods which were competitive against Chinese goods in third markets – such as underwear production, in particular. African countries, like South Africa, needed to find areas where they were competitive against China. (Donwald Press)

## TWO) - IS SOUTH AFRICA'S FOREIGN POLICY UP FOR SALE?

China needed South Africa more than South Africa needed China, a senior research fellow at the SA Institute of International Affairs Peter Draper said. "I know this is an unconventional view," he said on Friday in the wake of the controversy about the Dalai Lama's cancelled visit to South Africa. "But we could call their bluff."

The Nobel Peace Laureate was unable to get a visa to attend Archbishop Emeritus Desmond Tutu's 80th birthday celebrations last week – a development that drew Tutu's wrath on the ruling ANC. The government's reluctance to provide a visa is believed to be part of a policy of ingratiating itself with the Chinese government which sees the legendary figure as subversive and a threat to China.

Since 1994, South Africa has been cementing relations with China. Martyn Davies, the chief executive of Frontier Advisory, said in 1998 South Africa recognised China as the official representative of the Chinese state, after previously accepting Taipei in that role.

Davies said this development was followed by “an initial rush of Chinese investment all emanating from the Shanghai municipal government that was designated by Beijing to manage the relationship”.

He said most of the investment was small scale and in light industries. They included “over a dozen manufacturing plants, making everything from light bulbs to refrigerators, mostly in KZN”.

But, according to Davies “a general lack of local market knowledge, inexperienced management and a vastly different business culture all contributed to the failure of these companies. The market entry failure is still talked about in Chinese business circles and acts to discourage potential Chinese investors.”

However, major investments continued. Hannah Edinger, the head of research at Frontier Advisory, said the stock of China’s foreign direct investment (FDI) in South Africa reached \$4.2 billion (R33.5bn) by the end of last year. FDI flows during the year were \$411.17m.

And among the deals announced this year were “the Jinchuan/CADFund investment into Wesizwe, concluded in May, the Metorex bid and the proposed car plant in Harrismith by the China Motor Corporation. Edinger said these three deals alone amounted to about \$3bn.

Over the years China’s role as a trade partner has ballooned. In 2009, it moved to number one on the list of South Africa’s export destinations from fifth place the previous year.

In a country that traditionally runs a large deficit on its current account, neither the exports nor the investments can be lightly dismissed.

The current account deficit – the gap between revenue from exports of goods and services and the import bill – was equal to 3.3 percent of gross domestic product in the second quarter. At its peak in 2008, it was at 7.1 percent. Three percent is generally accepted as a ceiling for a sustainable deficit.

Without strong export flows the current account deficit would be larger. And without investment it would be harder to finance the shortfall – which would seriously inhibit South Africa’s ability to grow.

However critics of China’s trade relations argue that the rising giant is replicating the behaviour of the original colonising powers in Africa, extracting resources in operations that do little to develop the countries involved. And, in a country where the manufacturing sector has been shrinking over the past two decades, cheaply produced Chinese imports are seen as a threat.

South Africa’s exports to China fall largely into two categories: mineral products (worth R36bn in the first seven months of the year) and base metals (worth R6.8bn). The mineral products are mostly “coal in its raw form”, according to Taku Fundira, a researcher at the Trade Law Centre for Southern Africa.

In contrast, South Africa imports largely manufactured goods from China.

On balance, it’s fair to say that South Africa derives great benefits from its relations with China, particularly at a time when its traditional export market – Europe – is shrinking. What isn’t clear is how the trade relations would have been harmed if the Dalai Lama had paid a visit.

Draper argued that China was unlikely to sanction South Africa’s exports because of its need for the commodities concerned.

And he questions the government’s motivations.

“Since we don’t have transparent party funding laws this question has to be asked: Does the Chinese communist party fund the ANC or the SACP? “If yes, then is our foreign policy for sale?”

### THREE) - ANC CONTINUES ITS CHINESE LOVE AFFAIR

South Africa’s flirtation with China went into overdrive this week when a high-powered ANC delegation, led by Secretary-general Gwede Mantashe, quietly flew to Beijing to cement ties with the Asian economic giant and its ruling Chinese Communist Party.

The trip, which the party has not made public, comes in the same week that the government failed to issue a visa to the Dalai Lama, the exiled Tibetan leader, who was to attend Archbishop Desmond Tutu’s 80th birthday in Cape Town in Friday, and while the world scorns the state’s mishandling of the visa saga.

Deputy President Kgalema Motlanthe also spent a few days in Beijing recently, cutting business deals with the Chinese. China is South Africa's biggest trading partner and the delay in issuing the Dalai Lama a visa is seen as Pretoria's dancing to the tune of the Chinese, who are investing billions into the country.

The Sunday Independent has established that Mantashe's ANC delegation includes Gauteng Premier Nomvula Mokonyane and some provincial secretaries.

They flew out of the country on Tuesday, the same day that the Dalai Lama withdrew his visa application. They are scheduled to return to South Africa on October 20.

A number of ANC leaders confirmed that Mantashe – who could not be reached for comment on Friday – led a 16-member ANC delegation to China for what some called “political education”, but others said this was a move to “strengthen party to party political ties”.

“This is the last group of the National Executive Committee (NEC) that is supposed to go there. They will meet everybody in China. It is a powerful team,” one ANC leader said.

The leader said the issue of the Dalai Lama was a government matter, not an ANC matter.

The delegation is expected to meet Hu Jintao, the head of the People's Republic of China and the general secretary of the Chinese Communist Party.

Hu is credited for turning China into the world's major power as a result of a decade of consistent economic growth.

The Dalai Lama's withdrawal of his visa application prompted Tutu to condemn the ANC, saying on Wednesday that the ANC government was “disgraceful” and “worse than the apartheid government”.

Speaking to Tutu via a video link yesterday, the Dalai Lama accused China's leaders of creating a climate of fear, lies and censorship.

“You and me are trying to make clear what is the reality. The Chinese people should have the right to know reality... Censorship is immoral... Transparency is very essential.”

He said the Chinese judicial system was “still a very, very low instrument” that must be raised up to international standards.

The Dalai Lama cancelled his planned trip to the birthday party after South Africa failed to provide him with a visa on time.

The government is widely believed to have frustrated the visit for fear of straining trade ties with China, which has branded the Dalai Lama a separatist and discourages foreign nations from hosting him.

The often light-hearted conversation with Tutu replaced an inaugural peace lecture the Dalai Lama would have delivered at the University of the Western Cape on compassion as catalyst for change.

Gauteng ANC secretary David Makhura and Sihle Zikalala, his KwaZulu-Natal counterpart, are set to join Mantashe later this week.

Northern Cape secretary Zamani Saul will join the delegation on October 17 as he is busy with his studies, while Songezo Mjongile, the Western Cape secretary, will not join them as he is getting married at the end of the month.

Free State secretary Sibongile Besani and ANC spokesman Jackson Mthembu could not be reached for comment.

#### **FOUR) - 23 DEAD IN CAIRO CLASHES OF COPTIC DEMONSTRATORS WITH POLICE**

Vingt-trois personnes ont été tuées et 174 blessées dimanche lors des affrontements qui ont accompagné une manifestation de chrétiens coptes dans le centre du Caire, selon un bilan du ministère de la Santé cité par la télévision d'Etat. Un précédent bilan faisait état de 19 morts -16 manifestants et trois soldats- et 156 blessés. Le nouveau bilan ne donne pas la répartition entre les manifestants et les militaires. (AFP)

## **FIVE) – EUROPEANS ‘VERY WORRIED’ BY FATE OF EGYPT’S COPTS**

Plusieurs ministres européens ont exprimé leur inquiétude lundi au lendemain des affrontements entre chrétiens coptes et forces de l'ordre qui ont fait 24 morts dans la capitale égyptienne. "Je suis très préoccupé par les informations que nous recevons du Caire", a dit le ministre allemand des Affaires étrangères, Guido Westerwelle, à son arrivée à Luxembourg pour une réunion avec ses homologues européens. "Il s'agit d'une situation que nous ne pouvons pas du tout accepter", a-t-il dit. Le chef de la diplomatie britannique, William Hague, s'est déclaré "très préoccupé et alarmé" tandis que la chef de la diplomatie de l'UE, Catherine Ashton a rappelé que la liberté religieuse "est absolument fondamentale". Le ministre italien des Affaires étrangères, Franco Frattini, a dénoncé de son côté des "violences très graves" contre la communauté chrétienne d'Égypte et souhaité "une condamnation unanime" de l'UE. La liberté de religion est primordiale, a dit en substance Frattini en appelant les autorités égyptiennes à poursuivre et châtier les responsables des violences à l'encontre de la communauté chrétienne. "Ce serait un bon signal avant les élections" prévues en novembre en Égypte, les premières depuis la chute de Hosni Moubarak. Le chef de la diplomatie italienne a déploré "l'exode" des chrétiens d'Égypte. "Je ne sais pas si le chiffre de 10.000 est vrai mais il s'agit d'un nombre énorme", a-t-il dit. La ministre espagnole des Affaires étrangères, Trinidad Jimenez, a évoqué "une situation inquiétante". Vingt-quatre personnes ont été tuées et 200 blessées, dimanche, lorsqu'une manifestation initialement pacifique a dégénéré au Caire, pour une raison inconnue. Des milliers de Coptes, une église chrétienne représentant 6 à 10% de la population égyptienne et qui s'estime discriminée par la majorité musulmane, s'étaient rassemblés pour protester contre l'incendie d'une église dans le gouvernorat d'Assouan (sud). Les Coptes ont été visés par plusieurs attentats ces derniers mois, en particulier celui du Nouvel an contre une église à Alexandrie (23 morts). Le 7 mai, 15 personnes avaient été tuées et plus de 200 blessées au Caire lorsque des musulmans avaient attaqué deux églises, affirmant qu'une chrétienne convertie à l'islam était détenue dans l'un des lieux de culte. L'Égypte connaît depuis plusieurs mois une montée des tensions confessionnelles, alimentées notamment par des querelles de voisinage et des différends sur la construction d'églises. (AFP)

## **SIX) – EGYPTIAN ARMY RULERS CALL FOR SWIFT PROBE OF CLASHES**

Egypt's ruling military council called on its government on Monday to carry out a swift investigation into clashes that erupted between Christian protesters and military police, leaving at least 25 people dead. State television showed Field Marshall Mohamed Hussein Tantawi, who leads the council, and other generals meeting a day after the late night violence that was the worst since the army took control following Hosni Mubarak's ouster. The army also said they would take all necessary measures to maintain security and repeated their commitment to plan for handing power to civilians, after activists accused them of using heavy-handed tactics to disperse Christians who were protesting about an attack on a church in southern Egypt. (Reuters)

## **SEVEN) – LIBERIA: MIXED REVIEWS FOR JOHNSON-SIRLEAF'S NOBEL PEACE PRIZE**

As the Norwegian Nobel Committee named Liberian President Ellen Johnson- Sirleaf a joint winner of the 2011 Nobel Peace Prize, opposition party supporters were flooding the streets of Monrovia to demand that she be voted out of office in the upcoming election.

Friday's announcement immediately became political fodder in a highly charged presidential campaign, highlighting the wide gap between the glowing reception Johnson-Sirleaf receives abroad and the mixed one she receives at home.

The Nobel committee announced that the prize would be divided into three equal parts. Leymah Gbowee, a Liberian peace activist who organised a women's movement calling for an end to civil war in the West African nation, was also named a winner, as was Tawakkul Karman, a Yemeni journalist and activist who has played a prominent role in that country's Arab Spring protests.

But in Monrovia, the focus Friday was squarely on Johnson-Sirleaf, Africa's first elected female head of state who is running for a second term in a vote scheduled for Oct. 11. The prize was awarded on the same day that supporters of the Congress for Democratic Change (CDC), the leading opposition party, marched in support of political change.

In a statement, the Nobel committee said Johnson-Sirleaf had "contributed to securing peace in Liberia, to

promoting economic and social development, and to strengthening the position of women."

On the contrary, the CDC has consistently accused Johnson-Sirleaf of bringing war to the country, citing her early financial support of former President Charles Taylor, now on trial for war crimes and crimes against humanity at The Hague.

Taylor launched a coup in 1989 that plunged Liberia into 14 years of civil conflict that claimed more than 250,000 lives. In 2009, Liberia's South Africa-style Truth and Reconciliation Commission report included Johnson-Sirleaf on a list of 49 politicians who should be barred from politics for 30 years owing to their ties to warring factions. Johnson-Sirleaf issued an apology to the nation shortly thereafter, saying she only supported Taylor in the hope that he would overthrow dictator Samuel Doe.

In an interview late last month, however, CDC presidential candidate Winston Tubman highlighted the president's ties to Taylor, saying: "The government that we are seeking to replace is a government that oppressed the people. It is a government that brought war."

Johnson-Sirleaf, a Harvard-educated economist who has previously worked for the United Nations Development Programme and the World Bank, has been accused by her opponents of courting international favour at the expense of voters back home.

Speaking to IPS by phone on Friday, Tubman said the prize was further evidence that the views of the international community did not match those of Liberians. "If the international community feels that she deserves such a prize, they should watch out for today's march, because the CDC is prepared to vote her out of power peacefully," he said.

TQ Harris, a former independent presidential candidate, struck a similar note in an SMS text message sent to supporters and journalists. "This explains why Liberians have yet to get a war crimes court... the international community has an agenda that is not in line with ours," he said.

Thousands of CDC supporters turned out for Friday's rally marking the end of the party's campaign, dancing and drinking in the streets, shouting slogans and brandishing banners. While waiting inside Antoinette Tubman Stadium for the arrival of Tubman and his running mate, international football star George Weah, 36-year-old voter David Mzor described why he thought the decision to award the Nobel Peace Prize to Johnson-Sirleaf was inappropriate.

"I don't think President Sirleaf deserves it because she has not been able to reconcile the Liberian people. She's not a reconciler," he said. "She helped to put our future way back. That was not the right way to remove (dictator Samuel) Doe. There were other alternatives."

Thomas Queayahn, 19, who was also among the CDC supporters in the stadium, agreed. "She was a fighter before she was a leader," he said of the president. "She brought war to the country."

The president's many supporters take the opposite view, praising her for restoring peace and stability against significant obstacles.

As he watched the CDC marchers go by Friday from his stall on Benson Street, petty trader Prince Worzie hailed the president as a peacemaker. "She has brought peace to Liberia," he said, adding that he also commended her efforts to promote women within her government. "That alone justifies that indeed she should deserve the award."

John Ballout, a senator with Johnson-Sirleaf's ruling Unity Party and a member of her campaign team, said the attempt to paint her as an instigator of the war was a political tactic on the part of opposition leaders "who want to shift the discussion."

"Yes, she has been very supportive of all of the struggles to resist dictatorship in this country," he said. "It's not that she's been supporting conflict or war – she's been supporting resistance."

## **EIGHT) – WESTERN SAHARA: AFRICA SHOULD SLAP SANCTIONS ON MOROCCO**

A firm call for African Union member states to impose sanctions against Morocco until it abides by the United Nations mandate that affirms the people of Western Sahara's right to self-determination was made at the Pan African Parliament proceedings. The Pan African Parliament (PAP), the legislative organ of the African Union (AU), is meeting from Oct. 3 to 14 for the Fifth Ordinary Session of the Second Parliament in Midrand, South Africa. The call comes as PAP reviewed recommendations of a fact-finding mission to the region on Wednesday.

The Western Sahara is a disputed territory, with the Saharawi Arab Democratic Republic (SADR) claiming sovereignty over the entire region while Morocco continues to occupy about 75 percent of Western Sahara after Spain withdrew in 1976.

"What Morocco calls its southern provinces in the Western Sahara region, SADR deems occupied territory and over 100,000 Saharawis have been displaced from the area over the last 35 years, the bulk of whom now reside in refugee camps in Western Algeria," said PAP member Juliana Kantengwa of Rwanda who

headed the fact-finding mission.

In line with PAP's objective to promote peace and security on the continent, the parliament sent the delegation in July to look into SADR's state of decolonisation.

Kantengwa referred to SADR as a government in exile, as their seat of governance lies in refugee camps next to the city of Tindouf, in Western Algeria.

According to the United Nations Refugee Agency (UNHCR), the Algerian government has said that there are an estimated 165,000 Saharawi refugees in the Tindouf camps.

In her team's report before PAP, Kantengwa recommended the parliament strengthen its advocacy of the plight of Western Sahara and that it should urge the AU, through its Peace and Security Council, to push member states to impose sanctions or use other forms of leverage to force Morocco to abide by the U.N. mandate that affirms the people of Western Sahara's right to self-determination.

While PAP does not currently have the legislative power to put the reports' recommendations to action, Kantengwa said that PAP's advisory and advocacy clout could go a long way to educating the members of the international community. "It's been a silent conflict but for as long as we keep it on our agenda, the international powers will be made aware of what is happening in Saharawi," she said.

Morocco has proposed a plan with which to end the conflict. Dubbed the Autonomy Plan, it outlines that Western Sahara will be granted some measure of autonomy by way of their national governance, while still under the sovereignty of Morocco. However, it does not allow for the Saharawi to hold a referendum to decide between independence or integration into Morocco.

Ouaddadi Cheikh Ahmed El-Haiba, PAP member from SADR, referred to the Autonomy Plan, as a "death plan". "The Saharawi want to be able to determine their own fate. We want nothing more than independence," El-Haiba said.

Morocco exited the AU (the then Organisation of African Unity) in 1984 when the union recognised SADR as a member state. However, AU member states still maintain diplomatic ties with Morocco. "I think the AU should take its own resolutions and recommendations into practice. Despite the resolutions that have come through from the U.N., security councils and human rights bodies etc, each affirming the rights of the Saharawi, Morocco is still not willing to accept any of them. "If they are not sanctioned they will [continue to act as they are](#) doing in Western Sahara, because they feel they are supported by international powers," El-Haiba said.

Salah El Abd Mohamed, the Saharawi Ambassador in South Africa, said that the embassy was very satisfied with the report that was presented before PAP.

"The team saw what was really happening on the ground and how the Saharawi people are struggling for their [self-determination](#). We thank PAP for the delegation that was sent to the Saharawi and welcome their recommendations," El Abd Mohamed said.

Kantengwa said that despite the challenges they face living in the camps and the uncertainty of their futures while Western Sahara remains under occupation by Morocco, the women of Saharawi were hopeful that their right to self-determination will one day come to fruition. Kantengwa noted that Saharawi women played active roles in the community and that many held positions in governance.

Women were especially active in the camps and have totally taken over the organisation and provision of social services such as health and education, told Kantengwa.

The youth, however, seemed less hopeful she said. "The society is dominated by women. The few youth that were there told us that they were becoming impatient with the laboured negotiation processes between SADR and Morocco over the contested territory, and that armed conflict may break out if it is too slow."

El-Haiba said that Saharawi women have always been in the vanguard of the struggle and they occupy high levels in the structures of the Polisario Front, a liberation movement initially established to fight Spanish colonialism in Western Sahara, which now struggles against Morocco's occupation. "At the level of village governance you will find that out of 10 members per committee, only one or two will be men. If you got to the level of the districts, all the leaders are [women](#). They make up 34 percent of our national assembly and we have three female ministers in the portfolios of education, culture and women affairs," El-Haiba said.

## NINE) – AFRICA RAVAGED BY CONTINUED DENIAL OF MARKET ACCESS

The poorest countries in Africa are not merely the victims of natural calamities. They are also ravaged by the continued denial of market access as promised in the Doha trade negotiations, say African trade diplomats.

Almost six years ago at the [World Trade Organization's \(WTO\)](#) Hong Kong ministerial meeting, the least-

developed countries (LDCs) in the global trading regime, drawn largely from Africa, were assured that their industrial products will be given duty-free and quota-free market access in rich countries.

Further, the four poorest cotton producers in West Africa - Benin, Mali, Chad and Burkina Faso - were promised that all trade-distorting cotton subsidies provided largely by the United States would be expeditiously slashed. The LDCs were also told they will be provided with a "waiver" on trade in services, implying that they would not have to undertake any fresh commitments.

All these promises are clearly spelt out in great detail in the Doha mandate, particularly the Hong Kong Ministerial Declaration of 2005. The [Doha trade negotiations](#) began in 2001 with the objective to lower trade barriers around the world and thereby enable the increase in global trade.

The "daridra narayans" - a term coined by Mohandas 'Mahatma' Gandhi, the father of an independent India, to describe the conditions of the wretched of the earth - of the global trading regime were assured time and time again that their demands would be treated as part of the "early harvest" at every ministerial meeting. Sadly, there are grave doubts now that these promises will be addressed at the WTO's eighth ministerial meeting in December. "African countries will be left high and dry at the ministerial meeting in December as their core LDC issues - duty-free and quota-free market access, cotton, services waiver - will not be addressed," says an African trade diplomat, preferring anonymity.

Bangladesh, the coordinator for the LDCs at the WTO, remains confident that things can be turned around at the ministerial meeting. "We are still hoping that our priorities will be adequately reflected at the outcome from the eighth ministerial meeting," says Ambassador Abdul Hannan of Bangladesh.

Leading developing countries - South Africa, India, Brazil and China - among others have repeatedly underscored the need for addressing the duty-free and quota-free market access to enhance the "credibility" of the WTO. "Any attempt to deliver on any issue will not be credible in the WTO if it doesn't begin with the poorest members of the global trading system," says Ambassador Faizel Ismail, South Africa's trade envoy to the WTO. "The developing country members of the WTO agree that the MC8 (eighth ministerial conference) should at the least send out a strong signal that the weakest members (LDCs) should have something to gain from the trade system, even if the Doha talks are deadlocked," says Martin Khor, the executive director of the Geneva-based South Centre, an intergovernmental organisation of developing countries, which was established by former Tanzanian President Julius Nyerere.

The Doha trade negotiations are grid-locked because of the differences between the U.S. and other industrialised countries on the one side, and emerging powers such as China, India, Brazil, and South Africa on the other.

The U.S. wants the leading developing countries to make onerous commitments given their current economic performance and status in the global trading system.

The developing countries refused to accept unilateral demands saying they will provide market access and make other commitments as per the Doha Development Agenda.

In the run-up to the ministerial meeting, the U.S. and some industrialised countries made it clear that they are not going to address the issues of duty-free and quota-free market access for the LDCs. They also will not address the reduction of cotton subsidies, which brought misery to African countries, unless China and other emerging nations like India, Brazil and South Africa also agree to the same commitments.

"The LDC package, particularly the duty-free and quota-free market access and cotton, are stalled," says Ambassador Luis Manuel Piantini Munnigh of the Dominican Republic, the chair for the informal group of developing countries. "It is unfortunate that some developed countries are insisting that unless their market access issues are addressed first, they will not address the LDC package," he said.

Under the Doha mandate, which was further clarified by the July 2004 framework agreement and the [2005 Hong Kong Ministerial Declaration](#), market-opening and subsidy-reduction commitments are clearly spelt out for developed and developing countries.

The Hong Kong ministerial declaration of 2005 says "developed-country members, and developing-country members declaring themselves in a position to do so, agree to implement duty-free and quota-free market access for products originating from LDCs" by 2008.

It further says that the "members (industrialised countries) facing difficulties at this time to provide market access as set out above shall provide duty-free and quota-free market access for at least 97 percent of products originating from LDCs, defined at the tariff line level, by 2008."

Except for the U.S., all other industrialised countries more or less adhered to this commitment. Even developing countries like China, India, and Brazil continue to provide market access to LDCs for over 90 percent of their industrial products. Effectively, the eighth ministerial meeting, which begins on Dec. 15, is going to cause a "trade drought" for the LDCs in Africa and elsewhere without addressing their bread-and-butter demands in the global trading regime.

"However, it is becoming more and more clear that even such a minimal outcome is becoming difficult, due

to the position of a very few, or even one (the United States) developed country," says Khor.

## TEN) – DISCONTENT GROWS IN BOTSWANA

Discontent with political leaders is mounting in Botswana, which has long been held up as a model of democratic governance in Africa. Botswana's rich mineral resources have allowed the South African country to invest in its future, but many citizens now criticise President Ian Khama, 58. The former military pilot has ruled the country of 2 million since 2008. "We revere his father, our first president, Seretse Khama," said fruit seller Monkagedi Dithlokwa, who plies his trade at the central market in Gaborone. "Ian Khama is authoritarian and doesn't listen," the 52-year-old added.

The ruling Botswana Democratic Party's (BDP) secretary-general Kentse Rammidi plunged his party into a crisis by his resignation recently, bemoaning a lack of internal democracy and the "one-man-show" style of Khama.

Rammidi's decision followed a move by Labour and Home Affairs Minister Peter Siele to declare teaching, veterinary services and diamond sorting to be essential services. That barred workers in those sectors from striking in the future.

Some also attribute Khama's unpopularity to his British mother and to the fact that he is not married, which is unusual for a top-level politician.

However, the president has also had successes in recent months. Above all, the diamond trading company De Beers announced that it would relocate its sorting and trading division to Botswana by the end of 2013, increasing the country's chances of becoming a global diamond centre.

Botswana is already known as the "Switzerland of Africa" and can rely on the support of Western countries, whose diplomats have given positive assessments of its democracy, legal system and economy.

In June, US First Lady Michelle Obama visited Botswana with her two daughters, in a further signal of Western support.

Botswana's pro-Western stance has also sparked negative reactions in the region. Julius Malema, leader of the African National Congress (ANC) Youth League in South Africa, slammed the BDP as "a footstool of imperialism" and as a "security threat" to Africa.

Views like Malema's have had little effect on Khama's pro-Western policies, but diplomats in Gaborone are concerned about rising political and social tensions in the country.

Botswana had to deal with social unrest last spring for the first time in many years. Demonstrations and strikes by tens of thousands of public sector employees began with demands for a 16-per-cent pay rise, but soon other issues also came to the fore.

Khama crushed the protests with the help of mass layoffs and heavy-handed police intervention.

The situation calmed down after Khama conceded civil servants a 3-per-cent pay rise, but there is a sense that he may only have secured a pyrrhic victory as discontent remains.

"How is anyone supposed to live on 2,500 pulas (about 330 dollars) a month?" elementary schoolteacher Emma Mmerike asked. A litre of milk, for instance, costs around 1,60 dollars.

The official unemployment rate is running at 25 per cent, but trade unions and opposition parties believe the real rate to be higher.

Botswana has been able to offer its citizens social benefits unusual in Africa, such as free health care and education, but schools and hospitals often lack quality personnel.

Unions meanwhile see Khama as increasingly curbing workers' rights, and have taken legal action against new measures such as the state's right to end deductions of union fees from state workers' pay.

Such moves act as a curb on opposition activity, undermining democracy in Botswana, unions complain. (Dpa)

## **ELEVEN) – TUNISIA ISLAMISTS TRY TO SET TV STATION ON FIRE**

Quelque 300 salafistes ont tenté d'incendier dimanche le siège de la télévision privée Nessma à Tunis après la diffusion vendredi soir du film franco-iranien Persepolis et d'un débat sur l'intégrisme religieux, a-t-on appris auprès de la chaîne et du ministère de l'Intérieur. "Trois cents personnes ont attaqué notre siège et tenté de l'incendier", a déclaré à l'AFP le président de Nessma Nebil Karoui, ajoutant que sa chaîne avait reçu des menaces de mort après la diffusion vendredi soir du film d'animation de Marjane Satrapi "Persepolis", qui décrit le régime iranien de Khomeiny à travers les yeux d'une petite fille. (AFP)

## **TWELVE) – CLOSE THE GAP OPENS FIRST RECYCLING CENTRE FOR HAZARDOUS WASTE IN AFRICA**

On 27 September 2011 European Vice-president Neelie Kroes opened Close the Gap's first recycling centre for hazardous electronic waste in Africa. "This centre in Nairobi represents an important step towards reducing health and environmental consequences of dumping hazardous electronic trash in the region," said Neelie Kroes.

Close the Gap already finances a network of regional manual recycling centres for electronic waste in the East African Community, operated by its local partner Digital Pipeline Africa (Kenya). The Nairobi centre now takes e-waste treatment to a much more environmental friendly level.

"In addition to damaging public health and the environment, untreated e-waste hinders the development of ICT projects which are so vital for developing countries," said Mr. Olivier Vanden Eynde, Founder and Managing Director of Close the Gap, at the opening ceremony.

In 2010, with the support of the Belgian Development Agency BTC, Close the Gap co-financed and coordinated a study on an integrated sustainable e-waste management solution for the East-African community. The study aimed to provide a framework and recurrent funding system for the collection, dismantling and recycling of e-waste. This study also produced a realistic business plan. (BTC)

## **THIRTEEN) – CAMEROUN'S BIYA SET FOR 6<sup>TH</sup> PRESIDENTIAL ELECTION WIN AMID VIOLENCE**

Les Camerounais ont voté dimanche à l'élection présidentielle à un tour qualifiée de "cacophonie" par l'opposition et dont le vainqueur désigné semble être le président sortant Paul Biya, au pouvoir depuis 1982, et qui brigue un sixième mandat. La journée a été endeuillée par la mort de deux gendarmes tués dans la péninsule de Bakassi, théâtre de nombreux assauts et enlèvement, ont annoncé en soirée les autorités. Infatigable à 78 ans, M. Biya, dont la campagne électorale a été à la fois discrète et présente, affrontait 22 candidats dont son opposant historique John Fru Ndi, son unique véritable challenger, leader du Social democratic Front (SDF). Mais d'ores et déjà, la participation au scrutin s'annonce faible à la présidentielle au Cameroun qui compte 20 millions d'habitants et des frontières avec le Nigeria, le Tchad, la Centrafrique, le Congo, le Gabon, et la Guinée Equatoriale. "La participation est franchement très faible (...) Mais, nous ne pourrons faire de vraies estimations qu'à partir des dépouillements" des bulletins de vote, a affirmé à l'AFP Narcisse Arido, un Centrafricain membre de la Société civile africaine, une plate-forme réunissant plusieurs ONG. Les Camerounais ne "sont pas intéressés (par l'élection) parce qu'ils ont l'impression que les autres candidats ne font pas le poids face à M. Biya", a affirmé le président d'un bureau de vote sous couvert d'anonymat. A Douala, aucune file d'attente ne s'est formée dans la journée devant plusieurs bureaux de vote, où un électeur, Joseph Effeuze, s'est dit persuadé que les autorités "vont bourrer les urnes" et que "quelque part on va faire voter ceux qui ne sont pas venus". Dans la soirée, faute d'équipements adéquats, les scrutateurs ont démarré le dépouillement des bulletins de vote à la lumière de la bougie ou sans lumière dans un bureau de vote du lycée technique Madoumbe de Bonapriso à Douala. La participation dans les 7 bureaux du lycée a été très faible comme en témoignent les chiffres relevés par l'AFP: 11 votants sur 163, 56 sur 203, 87 sur 300, 35 sur 141, 19 sur 106, 23 sur 121, 144 sur 316. Les tendances étaient les mêmes à Yaoundé dans les bureaux visités par l'AFP. Et trois heures après la fin du vote, le dépouillement était déjà terminé dans de nombreux bureaux de Yaoundé, la capitale camerounaise et à Douala (sud), la capitale économique. (AFP)

#### FOURTEEN) – UGANDAN PARLIAMENT TO DEBATE HERITAGE OIL TAX ROW

The speaker of Uganda's parliament will recall lawmakers for an emergency debate on Monday over the government's handling of a tax row with London-listed Heritage Oil that is clouding the outlook for the country's credit ratings.

The legislators who petitioned for the debate want to know why the government agreed to an arbitration process in London to resolve the dispute, rather than using Ugandan courts, and are calling for more transparency on deals struck with oil firms.

Fitch Ratings agency revised the outlook on Uganda's long-term issuer default ratings to stable from positive, saying the failure to resolve the dispute definitively was delaying commercial production of Uganda's oil reserves.

"The expected benefits to Uganda's creditworthiness from improved growth potential, public finances and the balance of payments have been pushed beyond the horizon of the rating Outlook," Fitch said.

It was not clear whether the debate would lead to policy changes, but it is a sign of the growing frustration among lawmakers from the opposition and ruling party over delays to the development of some 2 billion barrels of oil reserves.

More than 160 lawmakers signed a petition requesting the emergency parliamentary session to discuss the tax row.

The row centres on capital gains tax from the sale of Heritage assets to Tullow Oil last year. The government says Heritage must pay more than \$400 million in tax but the oil company says its earnings are not subject to tax in Uganda.

The speaker had earlier rejected the debate request. The notice to reconvene parliament for the debate did not say why the speaker had reversed the decision.

The east African country discovered hydrocarbon deposits in 2006. Tullow Oil has brought in French oil major Total and China's CNOOC to develop the fields but the deal has yet to be finalised.

"Uganda's creditworthiness would benefit from successful commercial development of its recently discovered 2 billion barrels of oil reserves. However, Fitch requires greater clarity on the timeline and path for such development," the ratings agency said.

#### FIFTEEN) – AFRICA DEBT-UGANDA LOOKING LIKE AFRICA'S "MONSTER TRADE"

Yields on Ugandan Treasury bills may not have reached their peak despite rising above 20 percent this week, while those in Kenya are expected to move higher at a Treasury bill auction next week after the central bank raised its benchmark lending rate.

#### **UGANDA**

Only a year ago, yields on Ugandan Treasury bills were 6 percent or lower but this week they jumped above 20 percent and are expected to continue their ascent in the coming days, making them highly attractive to foreign investors.

On Tuesday, the Bank of Uganda raised interest rates to 20 percent from 16 percent in August to curb runaway inflation.

At a Treasury bill auction the following day, yields on the 91- and 182-day bills rose to 21.4 percent and 22.5 percent, from 17.4 percent and 18.5 percent at the last auction a fortnight ago. The yield on the 364-day instrument increased to 24.1 percent from 19.8 percent.

"It was around 6 percent not more than one and a half years ago," said Ahmed Kalule, financial markets dealer at Bank of Africa Uganda. "To move from there to here is a big jump."

Yields are likely to rise further if inflation remains around the current level of 28.3 percent, Kalule said.

"I don't think they've reached their peak," he said. "We're still moving northwards... No investor would want to get a yield that's lower than the inflation rate. That wouldn't be value for money."

The central bank accepted bids worth 95 billion shillings (\$33 million) though its target was 107.5 billion shillings. The 364-day bill was oversubscribed but the bank fell short of its 30 billion shilling target for shorter-dated instruments.

"When liquidity is tight you want to lock your money at the highest levels you can get and the highest you can get is maybe in the 1-year," said Kalule. "That's why most people went for that."

Stephen Bailey-Smith, head of Africa research at Standard Bank in London, said Ugandan yields would be attractive to foreign investors at their current levels.

"Uganda is at a very critical point. I think it looks very interesting for investors," he said. "It looks very much like Mozambique looked this time last year. Since then, the metical has appreciated by about 28 percent against the dollar on a yield of around 17.5 percent.

"With Uganda's T-bill rates now well above 20 percent, a long shilling position looks like the monster trade for African local rates this year."

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## **KENYA**

Investors are seen bidding aggressively and testing the government's willingness to borrow at high cost next week in response to the central bank raising its benchmark lending rate by 400 basis points.

The Central Bank of Kenya will sell 3 billion shillings (\$29.51 million) of 182-day Treasury bills and 4 billion shillings of 91-day bills next week.

Kenya's central bank surprised the market by raising its lending rate to 11 percent from 7 percent to stem the steep fall of the shilling -- which has lost 26.5 percent this year -- and tackle inflation now at 17.3 percent.

"The yields are edging further up in the coming auction especially coming after the MPC raised the Central Bank Rate by 400 basis points," said Peter Njuguna, a fixed income trader at Kenya Commercial Bank.

Njuguna said he expected improved appetite on the fixed income market with the MPC decision out of the way, but added there was a preference for short-term paper including the 91-day Treasury bills.

The weighted average yield for Kenya's 91-day Treasury bill, which sold on Thursday, jumped to 14.84 percent from 13.74 percent, the highest rate this year.

The central bank also sold a 364-day Treasury bill, with yields climbing to 14.5 percent from 12.54 percent at its last sale, while that of the 182-day paper also rose to 14.28 percent from 13.49 percent.

James Mutuku, a fixed income trader at Standard Chartered Bank, said as interest rates were on an upward trend the bond market might suck in money from other asset classes, especially the lethargic Nairobi stock market.

The central bank has been rejecting some high bids in past auctions, a trend traders expect to continue, while good funding at the interbank level was expected to push more players into the fixed income market.

"The very high bids, outliers, I think we will see them (central Bank) reject them," said Mutuku.

"On the interbank level, that might start to tick upwards on the movement of the CBR but I expect the market to continue being well-funded. I don't expect a liquidity crunch in the interbank market."

## **NIGERIA**

Nigerian bond yields are expected to rise next week as the central bank continues to tighten liquidity to curb pressure on the local currency.

The central bank has been mopping up liquidity through the conduct of open market operations (OMO) after it raised its benchmark interest rate by 50 basis points to 9.25 percent two weeks ago to tackle inflationary pressures. Traders said the hike, coupled with an increase in yields across the curve, had raised confidence in local bonds. "Some banks are now buying bonds to cover their positions, especially those who sold down their holdings previously to get cash," one dealer said. "We see yields going up next week as the central bank may conduct fresh open market operations (OMO) to mop up liquidity in the system as about 100 billion Nigerian naira (\$620 million) worth of treasury bills are due to mature," another dealer said. The 3-year paper closed at 11.48 percent, higher than the 11.35 percent close last Friday, the 5-year traded at 12.35 percent against 12.39 percent previously, while the 20-year was 12.59 percent from 12.52 percent.

## **GHANA**

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A 3-year bond auction open to foreigners in Ghana next week is expected to be fully subscribed but global economic turbulence and the weakness of the local currency could crimp offshore interest.

The Bank of Ghana will offer a 300 million cedi (\$186 million) 3-year fixed-rate bond on Thursday, its fourth this year. The coupon will be determined at auction.

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Unusually, demand for the bond will likely be driven by domestic investors, one trader said.

"If it's going to be fully subscribed we expect it to be much more from the local market," he said. "We may not have a lot of offshore participation because of the economic environment outside Ghana, as well as the exchange rate depreciation that we've seen."

The cedi has fallen to a series of record lows in recent weeks. However, Nii Ampa-Sowa, an analyst at Databank Financial Services, said the weakness was seasonal rather than systemic and would not dampen demand.

"Trend data shows that the GHS tends to weaken sharply towards the end of the year as importers gear up for purchases to be made during the Christmas festive season," he said.

Other bond issues planned this year, as well as expected financing for cocoa purchases, would also lead to an influx of funds, Ampa-Sowa added.

"We therefore do not see the currency's recent weakness dampening interest in the bond issue," he said.

At the last auction on June 2, the yield on the 3-year bond rose 60 basis points to 13 percent, with the central bank receiving bids worth 232 million cedi, short of its 300 million target.

Ampa-Sowa said the yield at next week's auction was unlikely to reach 13 percent.

"We see the yield hovering within the band of 12.25 percent and 12.75 percent," he said. "The likelihood of it reaching 13 percent is minimal in our view, based on trend data as well as the current yields of shorter term securities." (\$1 = 101.650 Kenyan shillings) (\$1 = 2860 Ugandan shillings (\$1 = 161.5 naira)

(\$1 = 1.6 cedi)

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