

How Africa's corrupt rulers cheaply dispose of her natural resources



■ **Book title:**
The Scramble for African Oil

■ **Author:**
Douglas A. Yates

■ **Reviewed by:**
Prof. A.B.K. Kasozi

■ **The book is available in bookshops in Kampala**

Book Review

The struggle to access and use Africa's resources by external forces supported by internal African collaborators is the subject of a penetrating book by Douglas A. Yates. Published about two years ago, the book entitled *The Scramble for African Oil: Oppression, Corruption, and War for Control of Africa's Natural Resources*, explains the paradox of the abundance of oil wealth in certain African countries with the poverty of the ordinary people who inhabit those countries.

Yates begins his arguments by showing that Africa has had, and still has, the resources to lift its people out of poverty if the continent could build strong state mechanisms to defend and equitably exchange its resources with foreign buyers. Instead, African states are weak, kept by corrupt gatekeepers who collaborate with external interests in disposing of African natural resources at prices far below their international market values and have no interest in altering the adverse trade relations with external traders that Africa has suffered from since the days of the slave trade.

These rulers are corrupt, oppress their citizens and benefit from the unequal trade relationship Africa has endured for the last four hundred years. He writes that Africa has some fifty to sixty billion barrels (or 5%) of world oil reserves, most of which is well placed on offshore locations that makes it very attractive to external dealers.

The scramble for African oil, according to Yates, has three major dimensions that readers should grasp.

1The first and major scramble, he says, is amongst external actors located in countries that are technologically more developed that African societies, have strong states to back their companies in the exploitation of African resources. But the weaknesses of African sellers undermine this apparent advantage.

Increased numbers of companies searching for African oil has not altered African trade patterns. About 80% of African exports are sold in their primary form, i.e. before value addition.

The oil industry in Africa remains extractive, and most of African oil is exported without value addition. Pipelines rather than refineries are the

most visible structures in African oil exporting countries. Exported in raw form, oil does not create the multiplier industries in Africa that the importing countries get. As a result, oil creates more jobs where it is exported in Europe, America and Asia than in Africa. As it is a finite resource, pipelines remain as relics in destroyed environment when oil is exhausted from the mines.

2The second dimension of the scramble, which is fed and exacerbated by the first, is the struggle to control African oil by controlling the African oil producing states. Various African groups including political, military and other elites, often backed by oil interests scramble for the right to sell African oil in order to pocket what crumbs they can get after the external actors have had their share of oil surplus.

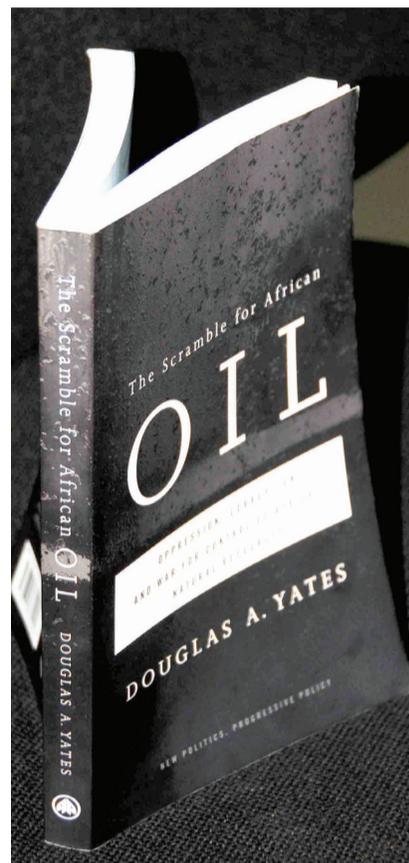
Yates points out that leaders who share in the unequal exchange of African oil cannot be defenders of African resources. Due to the absence of strong respected political institutions that guarantee fair recruitment of rulers, many African oil states have been captured by vested interests, groups or families who have collaborated with external actors to rob Africa of the necessary use of the oil surplus to fund domestic and human development.

Most of the oil surplus goes in escrow accounts of leaders and rarely goes through the central banks or tax agencies of governments. He quotes Nigeria, where only 1% of the population receives 80% of oil revenues and most of the oil money goes "missing" as the former Central Bank chief of the country, Sanussi, claimed recently. High levels of corruption exist in Nigeria, Equatorial Guinea, Gabon, Angola, Congo Brazzaville, the Sudan and other African oil-producing countries.

As freedom of expression is muzzled in many oil producing countries, it is hard to talk about corruption in these countries.

3The third dimension of the struggle is the fierce competition of local populations, especially those people who live in areas or enclaves, where oil is mined, to access oil wealth.

These people, and appropriately the rest of the citizens of an oil-producing country, have great expectations of the wealth oil can bring to their commonwealth. Although oil wealth



has not improved the lives of African peoples in Gabon, the Sudan, Equatorial Guinea, Nigeria, and Congo Brazzaville, discoveries of oil raise expectations of plenty in the minds of citizens of subject underdeveloped oil rich countries. This is a natural reaction. But in most of African oil-exporting countries, rulers do not see their populations as participants in the oil extraction industry. Unlike in agriculture, industry or trade, very few locals are involved in the extraction of oil.

Even amongst the domestically created jobs, foreigners hold the most lucrative ones. Secondly, the populations of oil-producing countries remain very poor, though GDP figures per capita may be high due to the increased cash inflow that goes to a few people. No wonder that the human development indices of most African oil exporting coun-

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tries as given by UNDP are not any better, and in fact most of them are worse than non-oil producing African states. Thus between 1960 and 2010, Nigerians living on one dollar a day or below increased from 38% to 60% of the population. The Sudanese, Congo Brazzaville, Gabon, Angola and Equatorial Guinea cases are not different from the Nigerian experience.

RECOMMENDATIONS

The ultimate success of the struggle for African oil should be the sale of this commodity at equitable prices that reflect the true market value of the commodity and revenues from it used for human development of Africans.

To do so, Yates argues, Africans must add value before export so that multiplier industries emerge from the processing of oil. In that way, more jobs will be generated in Africa rather than importing countries as is currently the case.

Democracy and transparency are the twin sides of the coin needed to defend African resources from foreign and local exploiters. As the management of resources cannot be better than the management of a given society, Africa must struggle, conceptually and physically, to establish good governments if it is to defend its resources. In doing so, Africans must depend on themselves, as foreigners are more interested in African resources than African peoples.

The writer is a historian and former executive director of the National Council for Higher Education

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Executive Director