

**Delegation from**

**Represented by**

**São Tomé and Príncipe**

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### **Position Paper for the African Union**

São Tomé and Príncipe would foster the relationship with China, taking into account the objectives pursued by the African Union (AU) such as peace, unity and strength of Africa. São Tomé and Príncipe would help the AU stop the blood diamond supply chain.

#### ***I. Chinese Investment in Africa's Development***

##### ***Introduction***

Trade between People's Republic of China (PRC) and Africa has been expanding since the mid-90s leading China to be Africa's single largest investor and trading partner. The goal to "intensify the cooperation and efforts to achieve a better life for the peoples of Africa" as stated by the declaration of the African Union (AU), adopted in 1999, cannot be achieved without a strong and solid economic partner as China. Since the first conference between Asian and African states (Indonesia, April 1955) focusing on an Afro-Asian economic cooperation, the total trade reached the USD 210 billion in 2013, from the USD three billion of the mid-90s. However the controversy regarding the relationship between PRC and Africa has increased. China's presence in Africa could cause international conflicts for the control of natural resources because it would be the main world power and all countries have to ask China for a stable supply of resources like oil and energy. Moreover within organizations such as the United Nations (UN) and the World Trade Organisation (WTO)

Sino-African alliance led to "vote-trading": China is funding the poorest countries; in return they vote in the directions indicated by Beijing. These are the major concerns of the International Community that lead to consider Chinese investment in Africa as a threat.

The same Africa must consider both positive and negative effects of this relationship: on the one hand China's external aid contributes predominantly to the economic growth of Africa, on the other hand Africa could lose gradually its economic and political independence. For the first time in history, China is struggling to maintain a Growth Domestic Product (GDP) growth rate over 7%. In these conditions if China suffered an economic crisis, the economy of Africa would be destined to collapse. Many African states, particularly the smallest countries, are highly dependent on China's continued investment in their products. Given that China might no longer meet the needs of African countries that require Chinese aid, some countries' economies are destined to suffer. Another important problem of Chinese investments is the local impact that remains largely ignored: many locals seem to be suffering with business failure, inadequate pay, and trade loss due to the increased Chinese influence. This situation has led to anti-China political sentiments in some African countries that can compromise the peace and could lead to a form of Chinese exploitation.

China's African policy is outlined in a seven-page policy paper issued in January 2006 by the Ministry of Foreign Affairs of the PRC. In essence, it states that China does not seek to intervene in the internal affairs of independent states, and is only interested in business. The most important points of the document are three: the recognition of the political equality of the partners; the "economic win-win cooperation"; the principle of "non-interference in the internal affairs" of another country.

There is no productive sector or African country that escapes the attention of PRC, except for those states, such as Gambia, São Tomé and Príncipe, Swaziland, Burkina Faso and Malawi, that do not recognize PRC and maintain bilateral relations only with the Republic of China (ROC). However São Tomé and Príncipe wants to benefit from the wave of Chinese investment in Africa. The

government needs China's aid to re-engage economically with São Tomé and Príncipe. Cocoa was once the mainstay of São Tomé and Príncipe, but severe drought and mismanagement has reduced income from cocoa exports. Today the GDP per capita of São Tomé and Príncipe is growing at nearly 5 per cent per year thanks to new tourist investments from South Africa and explorative preparations by petroleum companies. We believe that the Sino-African cooperation is a prosperous win-win for both parties; however, it seems that the beneficial effects of this economic bond do not reach all the involved countries. In some cases governments have also taken extraordinary regulations which are obviously controversial, as blocks or extremely promotes this cooperation. We find such behaviour totally counter-productive but believes that a fair solution is achievable. The main problem in finding a solution is the diversity of the relationships established between China and several African countries.

### ***Policy of São Tomé and Príncipe***

São Tomé and Príncipe started a relationship with China in the early 70s when the People's Republic of China (PRC) supported the country's movement for independence against the Portuguese Empire. Official diplomatic relation was established with the PRC upon independence on 12 July 1975. On 6 May 1997, São Tomé and Príncipe interrupted its diplomatic relationship with PRC and Beijing shut its embassy in São Tomé. A code, issued from São Tomé in 2007, opened foreign investments to every sector of the economy except few limited areas, reserved to the State. Another great step was a Threshold Country Program (TCP), started with the Millennium Challenge Corporation (MCC), which between 2007 and 2010, improved investment opportunity, its tax and customs administration and made it easier and cheaper to import and export goods. Despite São Tomé and Príncipe's ties since independence in 1975 to Taiwan, on 15 November 2013 an unofficial trade mission office was established to facilitate the non-political commercial ties with the PRC. China intends to build a USD 400 million sea- port that will make São Tomé and Príncipe a possible future producer of the oil- rich Gulf of Guinea. China would also build roads throughout the two islands,

markets, shopping centres and other commercial facilities. Another major project, that can be offered to China, is the damming and production of hydroelectric power from the River Yo, which runs through São Tomé island. Mr. Osvaldo Abreu, São Tomé and Príncipe's Minister of Public Works and Infrastructure, said at the signing of the trade agreement that the country welcomed the business focused manner of the Chinese delegation. "We don't want to be kept on the margin" of this productive movement, he also assured. Welcoming Chinese investors will be a major game-changer for our people.

### ***Description of the issue***

Nowadays there are limits that still characterize the intervention of the International Community such as the inadequate pay. More generally in African countries there are limits that must be faced like the problem of remittance, forging of traders' licenses, the risk of investing in Africa that involves to get investments from a few countries, civil wars and terrorism. Established in 2000, the Forum on China-Africa Cooperation (FOCAC), whose summits take place every three years is currently trying to reach new goals for this cooperation. In addition, the New Partnership for Africa's Development (NEPAD) initiative was adopted in the 37th session of the Assembly of Heads of State and Government in July of 2001 with China as an overseeing member.

There are still lots of goals the AU can achieve to make the relationship between Africa and China constructive: eliminate the exploitation of African workers; limit the damage to African economy of the remittances; protect the business activities of Africans; avoid the collapse of the African economy due to a crisis in the Chinese market; reduce internal conflicts and combat terrorism.

### ***Solutions***

The interest of Africa is to foster relations with China as it is currently the only country willing to invest in our continent and above all able to do so. Invoking article 3 of the Constitutive Act of the AU, the objective of this organisation is "to achieve greater unity and solidarity between the African countries and the peoples of Africa". In order to have a constructive relationship with Africa is

important to work on these points: first of all governments should eliminate the exploitation of African workers. AU must ensure peace in Africa and must protect its citizens. Exploitation as well as causing suffering to the citizens also causes the discontent of the population and consequently possible riots and conflicts. Africa can remedy this problem thanks to a law common to all African countries on the minimum wage. Secondly they should limit the damage to African economy of the remittances. Africa cannot develop if its profits are not reinvested but brought elsewhere. It is necessary to find a deal to suit both Africa and China: Africa could impose taxes on profits in order to keep part of the profits of Chinese traders. Then they should control the release of business licenses and take stricter controls, such as Malawi, to protect African business. Next they should avoid the collapse of the African economy due to a crisis in the Chinese market. AU aimed at create a strong Africa and this means that it must not be completely dependent on China. To achieve this Africa should promote and differentiate foreign direct investment by taking regulations, such as codes that modernize and stabilize economies and the administration of the African countries, that open investment to other investors like U.S., EU and Russia. This also would avoid any international conflicts on the control of African resources. Furthermore they should reduce internal conflicts and combat terrorism. Africa cannot promote foreign investment if its territories are affected by wars. No one would invest in a country in this situation. Moreover AU aimed at peace, namely the cessation of any conflict. Africa should promote and increase investment on the AU Standby Force (AUSF). Finally we suggest to hold in our territory a conference between the parties of this international cooperation, especially PRC and the ROC to discuss the outlines of our economic bond.

## *II. Conflict Introduced By The Blood Diamond Supply Chain*

### *Introduction*

According to Mr. Manuel Africano, Angola's mining minister, Africa annually generates over USD 158 billion from the trade of 1.9 billion carats, making Africa the biggest producer of this richness. On the other hand, conforming with the latest data (13 January, 2015) the deaths attributed to conflict diamond mining would be three million. Blood diamonds is a term used for a diamond mined in a war zone and sold to finance an insurgency, an invading army's war efforts, or a warlord's activity. Only in 1988 non-profit organizations such as Global Witness and Amnesty International brought global attention to the issue of blood diamonds. In 2000 the major countries and companies that were representative of the diamond industry met in Kimberley, South Africa to develop a tangible plan to gradually cease the production of blood diamonds. In January 2003 the Kimberley Process Certification Scheme (KPCS) was launched as an international governmental cooperation initiative. Although it was unanimously approved by all 191 member states of the United Nations General Assembly (UNGA) and supported by the Security Council (SC) many criticisms have emerged on the efficacy of this measure. On 20 December 2005 the UNGA adopted A/RES/60/223, a resolution encouraging international support for the KP and with the primary aim of breaking the linkage between the blood diamond trade and armed conflict. A key pre-ambulatory clause of this resolution specifically states that the UN is "recognizing the positive benefits of the legitimate diamond trade to producing countries, and underlining the need for continued international action to prevent the problem of conflict diamonds from negatively affecting the legitimate diamonds, which makes a critical contribution to the economies of many of the producing, exporting, and importing States, especially developing states."

Although the issue is not as large scale as it was twenty years ago due to increased control over the diamond trade and certification, approximately the 65% of rough diamonds produced today is mined

in Africa. Furthermore there are still a lot of violence, wars and children forced to become child soldiers and to fight. The illegal sale of blood diamonds has produced billions of dollars to fund civil wars and other conflicts in various African nations, including Sierra Leone, Angola, Liberia, Côte d'Ivoire and the Democratic Republic of the Congo (DRC). Most of the time, people involved in these civil wars and rebellions oppose legitimate governments and desire control over the area's lucrative diamond industry. For this reason even countries outside Africa should be aware of the danger that blood diamonds represent for world peace. Invoking Article 1 of the UN Charter, the "prevention and removal of threats to the peace, and for the suppression of acts of aggression or other breaches of the peace" is an irrevocable purpose of this Assembly. If the International Community does not take measures to limit this phenomenon, acts of violence and oppression will go out of control.

The blood diamonds cause serious damage to Africa. The issue here is not diamonds, but rather the way in which they are mined and sold. Conflict diamonds are seen to be one of the major obstacles preventing the continent from progressing towards economic, social and political success and moreover rebel groups, funded by this smuggling, deteriorate Africa.

Although São Tomé and Príncipe is not directly involved in the diamond trade, as an African country we would seek a solution for this issue. Africa and our country's economic, social and political progress are directly linked so solving this problem would be positive for both.

The main problem in finding a solution is that this issue is very rooted and influenced by a multiplicity of factors, including corruption, which is difficult to control and to eliminate.

### ***Policy of São Tomé and Príncipe***

"The Democratic Republic of São Tomé and Príncipe is determined to contribute to safeguarding world peace, for the establishment of equal rights and mutual relations respect for the sovereignty of all States and the social progress of humanity, based on the principles of international law and peaceful coexistence. The Democratic Republic of São Tomé and Príncipe proclaims its adherence

to the Universal Declaration of Human Rights and the principles and objectives of the African Union and the United Nations. " (Article 12 of the Constitution of São Tomé and Príncipe.) This article shows that São Tomé and Príncipe aims at peace, respect of human rights and the achievement of the objectives of AU. Given that the AU believes that addressing the problem of conflict diamonds is necessary in order to build a better Africa, São Tomé and Príncipe will work to achieve this goal. São Tomé and Príncipe is not directly connected to the diamond trade but has relations with some of Africa's largest diamond producing nations such as Angola and the Democratic Republic of the Congo (DRC). This could unknowingly make our country a lender of conflict diamonds.

Our country is not a member of KPCS, however it has taken part in African Peer Review Mechanism (APRM), that is a mutually agreed programme, voluntarily adopted by the member states of the African Union, to promote and re-enforce high standards of governance. Furthermore São Tomé and Príncipe is one of the Extractive Industries Transparency Initiative (EITI)'s candidate countries. EITI is a global Standard to promote openness and accountable management of natural resources. It seeks to strengthen government and company systems, inform public debate, and enhance trust. In each implementing country it is supported by a coalition of governments, companies and civil society working together.

### ***Description of the issue***

The measures taken to date have improved the situation in Africa. Some countries after their independence found themselves exposed to the risk of international conflicts for the control of mines and had an increase of illegal trade with over USD 3.7 billion sold by the rebel forces to fund conflicts. The KP and the international cooperation have proven effective, registering a decrease of this phenomenon in some countries such as Angola, where the illegal trade, which had reached 20%, dropped to 1%. However these measures, particularly the KP, have not been entirely effective in their mandate to eradicate blood diamonds. In fact, many NGOs, have withdrawn support from the KP after claiming that the process was outdated, losing efficacy and for the incontestable evidence



that illicit diamond trade was occurring under the KP. These organisations opposed the KP because it is unable to control blood diamonds which are easily being smuggled in KP-certified countries. As the KP does not cover this major factor in the diamond industry, the possibility that diamonds may be regularly and unknowingly smuggled into the KP-certified trade has received much concern.

There are still lots of goals the AU can achieve to reduce diamond smuggling and to create a better Africa: make improvements to the KP; eliminate civil wars; limit corruption; protect African children and solve the lack of proper governance.

### ***Solutions***

The interest of Africa is to eliminate the blood diamond supply chain as it is one of the major obstacles preventing the continent from progressing. Invoking article 3 of the Constitutive Act of the AU, the objective of this organisation is “to achieve greater unity and solidarity between the African countries and the peoples of Africa”. In order to end conflict diamonds working on these points is important: first of all International Community should make improvements to the KP. It should be accompanied by an organism which undertakes checks on revenue and outputs and on the suitability of diamond producers without interfering directly with companies. This would be a good measure to reduce smuggling. Secondly African governments should try to eliminate civil wars by dealing with the rebels. They should also help strengthen the AU Standby Force (AUSF) and use it if a deal with the rebels is not possible. Then they should limit corruption and solve the lack of proper governance by increasing controls within governments and state apparatuses. This is a very important goal in order to stop diamond conflict and governments should consider what is the best for our continent. Finally they should protect African children by reinforcing the security and passing laws that would protect children and impose heavy penalties to anyone who would not respect them.

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