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Mr. Thabo Mbeki

Professor Sally Blount, Dean of the Kellogg School of Management, staff and students of the School;
Co-Presidents of the Africa Business Club and Co-Chairs of the 2011 Africa Business Conference;
Distinguished speakers, panellists and participants:

First of all I would like to congratulate the students and the Kellogg School of Management for taking the initiative to organise this important series of Africa Business Conferences.

I also thank you for the valuable opportunity you have given me to participate in this 2nd Conference.

Fourteen years ago, in April 1997, I participated in a Conference convened in Chantilly, Virginia, by the US Corporate Council on Africa which met under the theme, "Attracting Capital to Africa", which was, of course, related to our theme here today – "Africa's Golden Age: Seizing Opportunities in an Exciting New Era".

On that occasion, so many years ago, I made bold to say:

"It is not given to every generation that it should be present during and participate in the act of creation. I believe that ours is privileged to occupy such historic space...

"As Africans, we are moved that the world concedes that miracles of (the order of ending apartheid in South Africa) can come out of Africa, an Africa which in the eyes of the same world is home to an unending spiral of anarchy and chaos, at whose unknown end is a dark pit of an utter, a complete and unfathomable human disaster...

"But still, outside of our continent, the perception persist that Africa remains as of old, torn by interminable conflict, unable to solve its problems, condemned to the netherworld.

"Those who have eyes to see, let them see. The African Renaissance is upon us. As we peer through the looking glass darkly, this may not be obvious. But it is upon us."

As I have recalled these words over the years, I have often wondered whether I did not speak too soon, wrongly believing that the swallows we saw then did indeed portend the making of an African summer.

In this context we must bear in mind that Africa still had the task to end many deadly conflicts, some of which had not even started when we spoke in Virginia in 1997.

The Burundi Transitional Government was installed only on November 1, 2001, even as the task remained to conclude peace agreements with the rebel groups.

In Algeria the Armed Islamic Group was finally defeated in 2002.

President Kabbah declared the war in Sierra Leone over only on January 18, 2002.

Despite what we said in Virginia in 1997, the Angolan civil war only ended in 2002.

Charles Taylor resigned as President of Liberia on August 11, 2003, which effectively marked the end of Liberia's Second Civil War.

The second war in the Democratic Republic of Congo ended with the assumption of power by the Transitional Government on July 18, 2003 as provided for in that country's Global and All-inclusive Agreement.

The Sudan Comprehensive Peace Agreement was signed on January 9, 2005, which ended the decades-long violent conflict between northern and southern Sudan.

The rebellion of Sudan's Darfur, which broke out in 2003, and is still unresolved, was still ahead of us. The Somali civil war had started and continues to rage to this day.

The 2002 civil war in Côte d'Ivoire, which threatens to resume with deadly consequences, had still to come.

This short account of the conflicts which afflicted our Continent some years after I spoke in Virginia in 1997 explains why, on occasion, one could not but ask the question whether we were not too hopeful when we said – "The African Renaissance is upon us."

In that same Address I said:

"There exists within our continent a generation which has been victim to all the things which created (a negative African past). This generation remains African and carries with it an historic pride which compels it to seek a place for Africans equal to all the other peoples of our common universe.

"It knows and is resolved that, to attain that objective, it must resist all tyranny, oppose all attempts to deny liberty by resort to demagoguery, repulse the temptation to describe African life as the ability to live on charity, engage the fight to secure the emancipation of the African woman, and reassert the fundamental concept that we are our own liberators from oppression, from underdevelopment and poverty, from the perpetuation of an experience from slavery, to colonisation, to apartheid, to dependence on alms.

"It is this generation whose sense of rage guarantees Africa's advance towards its renaissance."

As I stand here today I would repeat this message and again reaffirm what I said fourteen years ago that indeed the African renaissance is upon us.

Three-and-a-half months ago, last December 17, what appeared to be a small but horrendous event took place in the town of Sidi Bouzid in Tunisia, 300km south of the capital city of Tunis.

The vegetable street vendor, Mohamed Bouazizi, set himself alight and later died from his burns. On January 14, four weeks after Bouazizi had torched himself, Tunisian President Zine El Abidine Ben Ali resigned and fled to Saudi Arabia.

As the saying goes – the rest is history!

This is contemporary history of popular uprisings in the North African countries of Tunisia, Egypt and Libya, through which the African peoples of North Africa demand:

- the establishment of democratic societies and therefore an end to tyranny;
- the institution of accountable governments;
- respect for the right of the people to determine their destiny;
- an end to corruption and self-enrichment by privileged elites; and,

- socio-economic development focused on the eradication of poverty, underdevelopment and unemployment and equitable access to wealth, income and opportunity.

All these demands constitute the very core of the agenda of the African Renaissance.

Thus, breaking out fourteen years after we spoke in Chantilly, Virginia, the popular uprisings in North Africa have indeed confirmed that there does exist a generation on our Continent whose sense of rage about what has gone wrong guarantees Africa's advance towards its renaissance.

It therefore seems self-evident that the process of democratisation which engulfed Africa during the 1990s is set to continue, which will continuously limit the possibility for a return to autocratic rule and the abuse of power.

I believe that this confirms the correctness of the view expressed in the theme of this Conference that Africa is indeed immersed "in an exciting New Era".

It remains for us as Africans to take all necessary action, in our interest, to ensure that the process of democratisation which began in the 1990s, and has now been given an extraordinary fillip by the popular uprisings in North Africa, continues, thus to ensure that all Africa becomes a democratic Continent.

As Africans we have long recognised the fact we would not achieve our cherished goal of the eradication of poverty and underdevelopment if we did not transform ours into a Continent of democracy and people's rule.

As an expression of its seriousness in this regard, at its January 2007 meeting of Heads of State and Government the African Union adopted the important "African Charter on Democracy, Elections and Governance".

The African parliaments are still engaged in the process of the ratification of the Charter, after which it will come into force, hopefully later this year.

In my view this is a remarkable document to the extent that Africa's political leadership took the decision to impose on itself and all African countries a detailed set of norms relating to democracy, elections and governance.

These norms cover a whole range of detailed matters which, if implemented, would indeed represent a giant step forward in terms of further entrenching democratic rule and good governance on our Continent.

I would like to believe that the momentous events in North Africa over the last three months will have communicated the message to Africa's leadership that the sooner the Charter on Democracy, Elections and Governance is implemented, the better.

To give this important Conference an idea of what the Charter seeks to achieve, please allow me to cite some of its stated objectives:

1. Promote adherence, by each State Party, to the universal values and principles of democracy and respect for human rights;
2. Promote and enhance adherence to the principle of the rule of law premised upon the respect for, and the supremacy of, the Constitution and constitutional order in the political arrangements of the State Parties;
3. Promote the holding of regular free and fair elections to institutionalise legitimate authority of representative government as well as democratic change of governments;

4. Prohibit, reject and condemn unconstitutional change of government in any Member State as a serious threat to stability, peace, security and development;
5. Promote and protect the independence of the judiciary;
6. Nurture, support and consolidate good governance by promoting democratic culture and practice, building and strengthening governance institutions and inculcating political pluralism and tolerance;
7. Promote State Parties' sustainable development and human security;
8. Promote the fight against corruption in conformity with the provisions of the AU Convention on Preventing and Combating Corruption adopted in Maputo, Mozambique in July 2003;
9. Promote the establishment of the necessary conditions to foster citizen participation, transparency, access to information, freedom of the press and accountability in the management of public affairs; and,
10. Promote gender balance and equality in the governance and development processes.

It is also important that we draw attention to the important fact that the Charter also prescribes the institutions which will take responsibility to ensure that its provisions are implemented.

As we would expect, the Charter also states that:

“State Parties shall promote and deepen democratic governance by implementing the principles and core values of the NEPAD Declaration on Democracy, Political, Economic and Corporate Governance and, where applicable, the African Peer Review Mechanism (APRM).”

I am certain that the distinguished delegates are familiar with the African Peer Review Mechanism (APRM), which was established to enable Africa's leaders with the possibility to assist one another to improve their countries' performance in the areas of Democracy, Political, Economic and Corporate Governance.

Africa recognises the fact that all these areas represent work-in-progress. I am certain that the Charter to which I have referred will contribute enormously to expedite our Continent's advance towards achieving the objectives it has set itself, in its own interest, to entrench democracy and good governance in all our countries.

Whereas during the years following our hopeful Address in 1997 Africa still faced the challenge to resolve many serious armed conflicts, today Africa is confronted by only four of such confrontations.

I refer here to those in Somalia, Libya, Côte d'Ivoire and the eastern provinces of the Democratic Republic of Congo.

This makes the statement that Africa has indeed made extraordinary progress towards achieving the objective of transforming itself into a Continent at peace with itself.

Continuing progress in this regard is currently being demonstrated by the sterling work which the leaders and people of Sudan are doing to end a long period during which the country has fallen victim to costly violent conflicts.

As a consequence of this, just over three months from now, South Sudan will separate from the rest of Sudan and become the latest independent Africa state with the support and full blessings of the North.

We continue to work for the resolution of the conflict in Sudan's Darfur, hoping to achieve this sooner rather than later.

At this moment, the future of both Côte d'Ivoire and Libya is uncertain.

With regard to the former, it remains patently clear that the only viable solution to the Ivorian crisis is a negotiated agreement between the two opposing forces in this country. The impending tragedy is that if this is not achieved, Côte d'Ivoire will soon be embroiled in a deadly civil war.

Unfortunately, in this regard, there seems to be no international consensus around the proposal for a negotiated resolution of the Ivorian crisis, with some countries sharing the mistaken view that this crisis can be solved by the use of force.

The fact of the matter is that any such force would not only spark a civil war but would also make the solution of the Ivorian crisis more intractable.

The military intervention in Libya, authorised by the United Nations Security Council, blocked the efforts of the African Union to engage the belligerents in this country of North Africa to end the civil war and facilitate progress towards its democratic transformation.

It seems clear that the consequence of the current military conflict in Libya will be that this country will be exposed to protracted instability, with the democratic project put into question.

The additional danger is that instability in Libya might in all likelihood spread to the neighbouring countries, including those in the Sahel, such as Chad, Niger and Mali.

The continuing conflicts in Côte d'Ivoire and Libya therefore make the statement that our Continent has still not attained its objective of a permanent peace throughout its length and breadth.

Of course, this is emphasised by the continuing and long-standing civil war in Somalia. It is difficult to see how and when this conflict will be brought to an end.

So far all efforts have failed to achieve this result. Instead, over the years the conflict has assumed even more dangerous dimensions through the involvement of determined jihadist elements which are ready to take the terrorist war beyond the borders of Somalia, as happened last year when they killed at least 74 innocent civilians in Uganda as they watched a Soccer World Cup match.

In addition we still face the challenge to end the complex conflict in the Kivu provinces of the eastern Democratic Republic of Congo.

During an extended period of the half-century when the greater part of Africa enjoyed independence, it would be correct to say that the Continent experienced a high incidence of the absence of democratic rule and violent conflicts.

This encouraged some in the rest of the world to characterise Africa as – the hopeless Continent!

However I believe that the organisers of this important Conference were absolutely correct to convene all of us on the basis of the proposition that the time had come to 'seize opportunities in an exciting new era' in Africa.

In this regard, and relating to what I have said already, I would make bold to say that this new era is characterised by the reality that Africa has made decisive advances in its protracted struggle to transform itself into a Continent of democracy, and a Continent at peace with itself.

As confirmed by the popular uprisings in North Africa, democratic rule is becoming the norm rather than the exception on our Continent.

And as confirmed by the historic processes in Sudan, peace has come to characterise the greater part of Africa, even as we still face the challenge to end specific individual conflicts in north, west, central and east Africa.

Those who decided to characterise Africa as 'the hopeless Continent' did so not only because of our democracy and peace deficits.

They also did so amongst others because over many decades of independence, Africa had not come anywhere near to experiencing the rates of economic growth and development which have done much to uplift the peoples of such areas as South East Asia and the Far East.

I am certain that all of us present here are familiar with the important and instructive June 2010 Report published by the McKinsey Global Institute entitled – "Lions on the move: The progress and potential of the African economies."

In their Preface to this Report, the authors write:

"Africa's collective economy grew very little during the last two decades of the 20th century. But sometime in the late 1990s, the Continent began to stir. GDP growth picked up and then bounded ahead, rising faster and faster through 2008. Today, while Asia's tiger economies continue to expand rapidly, we foresee the potential rise of economic lions in Africa's future."

The Report goes further to say that Africa's 2008 collective GDP at \$1.6 trillion, was roughly equal to those of Brazil or Russia.

It also said that combined consumer spending during the same year was \$860 billion.

It predicts that by 2020 Africa's GDP will climb to \$2.6 trillion, while consumer spending will reach \$1.4 trillion.

All this tells the exciting story that Africa will continue to make the economic advances in the medium term which will communicate the message that Africa has indeed entered into a new era to which all perceptive investors should pay close attention.

It is also important to take serious note of other comments contained in the McKinsey Report, especially to make a determination as to whether Africa will be able to maintain its positive growth trajectory.

The Report says:

"The key reasons behind Africa's growth surge were improved political and macroeconomic stability and micro-economic reforms. To start, several African countries halted their deadly hostilities, creating the political stability necessary to foster economic growth. Next, Africa's economies grew healthier as governments lowered inflation, trimmed their foreign debt, and shrunk their budget deficits.

"... African governments increasingly adopted policies to energise markets. They privatised state-owned enterprises, reduced trade barriers, cut corporate taxes, and strengthened regulatory and legal systems. Although many governments still have a long way to go, these important first steps enabled a private business sector to emerge.

“Together, these structural changes helped fuel an African productivity revolution by helping companies to achieve greater economies of scale, increase investment, and become more competitive. After declining through the 1980s and 1990s, labour productivity started rising, and it has climbed by a robust 2.7 percent annually since 2000...

“Today, while individual African economies could suffer many setbacks, our analysis suggests that the continent’s long-term growth prospects are strong, propelled by both external trends in the global economy and internal changes in the continent’s societies and economies.”

What all of this says is that the economic growth and development which Africa has experienced since the 1990s was not accidental.

It was the outcome of purposeful actions by the governments and peoples of Africa to change their condition in a positive direction, relating to the issues of governance and peace we have discussed, as well as the important matters of economic policy and practice.

It also reflected Africa’s response to the global economy and the impact of the world economy on Africa.

All this has laid the basis for Africa’s future advances, towards the realisation of the perspectives projected in the McKinsey Report - of African lions on the move!

The question we must answer is – will Africa advance to translate this vision into reality?

My own answer to this question is that – yes indeed this will happen. This will confirm the correctness of the central message of this Conference that now is the time to ‘seize opportunities in an exciting new African era’.

In this regard I would like to take advantage of this occasion firmly to convey the message that I remain convinced that Africa is the Continent of the Future, a future of hope.

Quite correctly you will pose the question why I make bold to utter the unequivocal statements I have! I will try briefly to answer this question, dealing both with the objective and the subjective factors that must enter into this equation.

I believe that the answer to this question in the short term is provided by the 2010 African Economic Outlook prepared jointly by the African Development Bank, the OECD and the UN Economic Commission for Africa.

The Outlook reports that:

“Overall, the African continent has shown a remarkable resilience to the global crisis. While in many other regions output levels declined in 2009, growth in Africa remained positive and Africa has also emerged from the crisis faster and more robustly than in the past and than most other regions. Growth will reach 4.5 percent in 2010 and increase further to 5.2 percent in 2011...All African regions will achieve higher growth although the recession will leave its mark.”

It is clear that this positive African response to the recent global financial and economic crisis emanates to what had been happening to the collective African economy in the period preceding the crisis.

The World Bank published a paper in 2008 written by Jorge Arbache, Delfin S. Go and John Page interestingly entitled “Is Africa’s Economy at a Turning Point?”

The paper says:

“There is something decidedly different and new about the economic landscape of Sub-Saharan Africa. After stagnating for much of 45 years, economic performance in Africa is markedly improving. In recent years, for example, GDP growth in Sub-Saharan Africa is accelerating to its strongest point at about 6 per cent a year while inflation registered below the two-digit level, its lowest point...

“During 2000-06, about 26 countries had GDP growth exceeding 4 percent a year, while as many as 14 countries exceeded 5.5 percent. Countries with at least 4 percent GDP growth now constitute a sizeable portion of Sub-Saharan Africa – about 70 percent of the region’s total population and 80 percent of the regions GDP. As a group, these countries have been growing consistently at nearly 7 percent a year, whether considered in the more recent period or a longer period since the mid-1990s...

“Is the growth failure in Sub-Saharan Africa finally reversing? An upward shift in the recent growth rates suggests that a trend break may have taken place around the mid-1990s. Annual GDP growth was a sluggish 2.9 percent in the 1980s and 1.7 percent during 1990-94. Since 1994, however, the pace of economic expansion has approached a threshold of moderate growth of 5 percent a year...The current growth episode has...lasted 12 years altogether, a period that is neither trivial nor brief...

“There is...evidence that economic growth is accelerating and registering across several types of countries, not just oil-exporting and resource-rich countries, but also oil-importing, landlocked, and – to some extent – fragile countries.”

The paper - “Is Africa’s Economy at a Turning Point?” – contains more facts and figures which clearly confirm that the African economy had indeed reached a turning point after stagnating for over four decades according to the authors of the study.

It is therefore logical to conclude that the resilience shown by the African economy in the aftermath of the recent global economic crisis is itself a direct confirmation of the critical point made by Arbache, Go and Page that indeed Africa’s economy has turned in a positive direction.

Surely, even by itself, this important reality underlines the correctness of the view that Africa today offers the possibility to seize opportunities in an exciting new era!

But what about the future?

It is clear that one of the driving elements in Africa’s economic growth has been and will continue to be the demand for its raw materials.

China, and to some extent India, are particularly relevant in this regard. There is no doubt that both these economies will continue to grow at high rates, fuelling sustained demand for raw materials.

This therefore suggests that Africa’s own growth and development will continue to benefit from the further growth and development of these two Asian economies.

I am certain that it is common cause among us that China in particular has deliberately decided to focus on Africa to address its needs. In this regard, it pursues two objectives, these being (i) to meet its current needs, and (ii) to ensure that it has access to these resources over the longer term.

I am also certain that we are of one mind that Africa’s development must also mean that it changes its relationship with the rest of the world as merely a producer and exporter of raw materials.

Thus, as an obvious step in this regard, Africa must address the challenge of adding value to what it produces. Among other things, this will mean ending such absurd and exploitative practices as selling back to Africa the minerals it produces at London Metal Exchange prices.

To return to the matter of China, I am certain that the participants are familiar with the important fact of the existence of the Forum on China-Africa Cooperation (FOCAC).

I mention this because through this Forum, China has agreed that in return for its access to African raw materials, it will:

- (i) invest in African infrastructure;
- (ii) invest in the manufacturing sector;
- (iii) open its markets to African consumer goods; and,
- (iv) assist Africa to develop its human capital.

I know that many in the West share many fears about China's activities in Africa.

However it should be clear from what I have just said that Africa stands to gain from its cooperation with China. This means that the economic links between China and Africa will continue to grow, to the benefit of both.

In this regard I am certain that it can justifiably be argued that perhaps Africa needs to improve its capacity to negotiate with China to achieve the mutual benefit that has been negotiated through the Africa-China Forum.

In this context I should mention that there also exists an Africa-India Forum through which an agreement has been reached which is similar to the one between Africa and China.

It would therefore be rational to assume that over time, the cooperation between Africa and the two giant emerging Asian economies will continue to grow.

Rather than continue peeping over the fence to see what China and India are doing in Africa, I would imagine that the West should do exactly what is suggested by the theme of this Conference - to seize opportunities in an exciting new African era!

The McKinsey Report I cited says that Africa has 60 percent of the world's total of uncultivated but arable land.

I mention this because it is obvious and imperative that as Africans we focus on the challenge of the development of the rural economy and areas, which still serve as home to the majority of the people of Africa.

Because of the importance of this issue, some years ago we spent a considerable period of time reflecting in what needs to be done to achieve the all-round development of African agriculture.

This resulted in the adoption in 2003, as part of the process of the further elaboration of the New Partnership for Africa's Development, NEPAD, of the Comprehensive African Agricultural Development Programme, CAADP, at a Summit Meeting of African Heads of State and Government.

CAADP remains relevant to this day. What is necessary is to ensure its implementation. Once again, it provides many opportunities for profitable engagement by those who appreciate the possibilities which Africa offers.

As aggregate income in Africa increases, the demand for food will increase. This also applies to the rest of the developing world, including the emerging markets.

The importance of this is shown, for instance, by recent trends indicating increasing intervention by the oil-rich Arab Gulf countries to acquire agricultural land in Africa.

African agriculture could therefore play an even more important part as a growth sector of the African economy.

In this regard we must mention the importance of completing the WTO Doha Development Round as the development round it was intended to be.

It is clear that the opening of the agricultural markets of the developed countries to the African agricultural products, would serve as an important incentive in terms of encouraging the development of African agriculture.

Similar progress in Non-Agricultural Market Access, as well as effective implementation of trade facilitation measures, would also encourage the addition of value to both mining and agricultural products, giving an important impetus to the development of the manufacturing sector.

With regard to all this, which emphasises the importance of international trade as an important driver of the African economic project, and therefore the ability of African products to access the markets of the developed countries, the Conference will of course be aware of the positive impact of the US AGOA on the economies of many African countries.

Our first Panel this morning will discuss the very important issue of financing Africa's growth.

Suffice it for me to say that in addition to encouraging foreign direct investment, overseas development assistance, concessional financing by the International Financial Institutions, remittances and the important issue of debt relief, it is vital that as Africans we do more to generate the required capital from within our Continent.

In 2007, under the auspices of NEPAD, we launched the Pan-African Infrastructure Investment Fund. It was intended to capitalise the fund at \$1 billion.

I do not know where this level of capitalisation stands today. But what was most encouraging is that within one year of its launch, this pioneer indigenous African fund was actually capitalised at \$600 million.

Apart from helping to provide the much needed funds for the critically important infrastructure development, the response by the African pension funds and other institutions in the financial sector demonstrated Africa's own confidence in its own future.

Let me now make my last observation, though, of course, there is much more that we can say to indicate our own view about the future of the African economy, including the need to accelerate African integration through the Regional Economic Communities as well as the imperative to ensure that the G20 adopts a focussed programme to support Africa's development efforts.

The last Summit Meeting of the Organisation of African Unity, held in 2001, approved the New Partnership for Africa's Development, NEPAD.

This remains Africa's comprehensive programme for its socio-economic development.

NEPAD set itself the objectives to effect policy reforms and encourage increased investment in the following priority sectors:

- agriculture;
- human development with a focus on health, education, science and technology and skills development;
- building and improving infrastructure, including Information and Communication Technology (ICT), Energy, Transport, Water and Sanitation;
- promoting diversification of production and exports, particularly with respect to agro-industries, manufacturing, mining, mineral beneficiation and tourism;
- accelerating intra-African trade and improving access to markets of developed countries;
- the environment;
- mobilising Resources through increasing domestic savings and investments;
- improving management of public revenue and expenditure;
- improving Africa's share in global trade;
- growing Africa's share in foreign direct investment; and
- increasing capital flows through further debt reduction and increased ODA flows.

As you can see, this is a comprehensive programme which indicates Africa's determination to avoid responding to its challenges in an ad-hoc manner.

In addition we must make the important point that NEPAD is not only a declaration of aims and objectives but, as a development programme, has dedicated institutions to pursue the realisation of those aims and objectives.

All this makes the statement that Africa remains determined to produce the African lions foreseen by the McKinsey Report and ensure the sustenance of the exciting new era identified by this important Conference.

Once more let me thank the Africa Business Club and the School of Management most sincerely for convening the Conference in the hope that it will indeed succeed in its objectives of encouraging investors in this country to engage a Continent whose collective consumer spending in 2008 was \$860 billion and is projected to reach \$1.4 trillion by 2010.

I do not believe that this is an opportunity that anybody should miss.

Thank you for your attention.