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global witness

'Resource Curse' should be key focus of Clinton's Africa visit

US Secretary of State Hillary Clinton should put a strong emphasis on how best to manage natural resource wealth and avoid conflict and corruption on her official tour of Africa this week, said campaign group Global Witness today.

Among the seven countries she will visit, Angola, Liberia, the Democratic Republic of Congo, and Nigeria are key examples of how abundant natural resource wealth – such as oil, minerals, and timber – can be more of a curse than a blessing, causing or exacerbating conflict and corruption.

Angola, where several major US oil companies have big investments, has an appalling record for corruption and mismanagement of its oil wealth. Seven years after the end of the civil war, most of the country's people continue to live in deep poverty, despite the vast earnings from oil. The death rate of Angolan children is one of the highest in the world and the country ranked 157 out of 179 on the UN Human Development Index in 2008.

A recent Global Witness briefing on Angola revealed that the State oil company, Sonangol, which still does not publish audited accounts, had given permission to bid for oil and gas licences to a private company whose shareholders had the same names as top government officials. In its 2008 human rights report, the US State Department described official corruption in Angola as a 'severe' problem.

"We hope Secretary Clinton will not downplay the very serious corruption issues in Angola because of US energy interests there," said Patrick Alley, Director of Global Witness. "Energy supplies matter, but not at the expense of some of Africa's poorest people. The Angolan oil sector needs to open up to full public scrutiny to ensure that the money is used for the public good. This is in America's long term interests."

Nigeria, where Clinton will go on the second half of her tour, has also suffered grievously from corruption surrounding oil revenues - a direct cause of the violent conflict in the Niger Delta region. Global Witness believes the US should urge the Nigerian government to reinvigorate the Nigerian Extractive Industries Transparency Initiative and should support the transparency reforms included in the new Petroleum Industry Bill.

The fourth stop on Clinton's 11-day tour is the **Democratic Republic of Congo**. Global Witness recently published a comprehensive report showing how the fight for control of mineral wealth remains a key underlying driver of the 12-year conflict, which has killed millions and displaced many more. The report names international companies trading in minerals that come from armed groups.

"For too long, international governments, including the US, have not paid enough attention to the economic drivers of this war. The vast mineral wealth in the DRC provides both an incentive to fight and the money to buy weapons. The US is a major donor to the DRC and a key player in peace negotiations, but by failing to address the issue of warring parties' access to the mines or the role of companies in fuelling the trade, it is undermining its own aid and diplomatic efforts," said Alley.

The penultimate stop on the Secretary of State's visit is **Liberia**. Global Witness is concerned that post-conflict reform of the forest sector, in which the US has invested heavily, both financially and politically, is at risk as the Liberian government's own regulations are being undermined. Global Witness recently warned that Malaysian timber giant Samling, a company with a long history of illegal logging, environmental destruction and conflicts with local communities, is behind three front companies who have won or are being considered for major logging contracts.

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Notes: Global Witness was fundamental in bringing about the imposition of timber sanctions on Charles Taylor's Liberia in 2003 and helped to establish the Kimberley Process and Extractive Industries Transparency Initiative. Exports of oil and minerals from Africa in 2006 were worth roughly $249 billion, nearly eight times the value of exported farm products ($32 billion) and six times the value of international aid ($43 billion).