Gulf war will bring cataclysm to Africa

by Linda de Hoyos

A U.S. war against Iraq will not only cost thousands of lives on the battlefield in the Middle East. The oil crisis that will result from the destruction of the Mideast oil fields and/or embargo will cost the lives of millions of people, especially those human beings living on the continent of Africa. The extreme fragility of the economies of the sub-Saharan African nations makes these nations completely unable to withstand the hammerblow of a 300-500% increase in oil prices.

Already, the African countries' economies are undergoing severe contraction due to the pre-war hike in oil prices. Kenyan Vice President George Saitoti reported in November that the oil price increases registered so far would cause a 10-20% decline in Kenya's Gross Domestic Product for 1990. "It is very serious for us," he stated, "far worse than in 1973," when the underdeveloped countries bore the brunt of the Arab oil embargo.

What will happen when the oil price leaps up to $65 or $100 per barrel—as is expected under conditions of war, in which the Mideast oil fields are either destroyed as military targets, or the Arab world is forced to shut down the supply in protest of U.S. obliteration of Iraq?

No oil, no food

The oil price crisis will quickly turn into a food crisis, as the 1973-74 oil crisis showed. The 500% rise in oil prices then sent the economies of the Third World reeling, contributing to the horrible famines which afflicted India in 1974 and the Sahel in 1975.

Those countries projected by the World Bank to suffer most under conditions of another leap in oil prices are Angola, Mozambique, Malawi, Ethiopia, Somalia, and Sudan. Four of these countries—Angola, Mozambique, Ethiopia, and Sudan—are *already* suffering famine, with millions in danger of starvation.

In 1990, the Anglo-American war party and its international banks already stated that they will not lift a finger to blunt the effects of the crisis this time. In the 1973-74 oil crisis, for example, the International Monetary Fund and World Bank established a recycling facility to attempt to reimburse developing countries for some of their losses. In September 1990, IMF Managing Director Michel Camdessus promised that the IMF Administrative Council would "examine what help the IMF can give to developing countries which are affected by the oil price increases, and what form it can take." But the IMF Interim Committee then rejected out of hand any new pool of resources to aid those countries worst affected by the jump in oil prices to $30 a barrel that was caused by Bush's embargo against Iraq.

Similarly, in November, Edward Jaycox, vice president of the World Bank, announced that only countries which have signed up for the World Bank's "structural program" are eligible for oil price relief. And, he underlined, this money will be *deducted* from the $8 billion already pledged to Africa's poorest 21 countries! In short, there will be no new money at all!

Export earnings wiped out

The problem is exacerbated by the fact that the sub-Saharan African countries are extremely dependent upon imported oil. As Charles Constantinou, chief of the energy branch of UNESCO, stated, "Many of these countries in Africa may have a comparatively small consumption of oil, but they depend on oil much more than the industrial economies. Many of them have no gas or coal or hydroelectric power. . . . Oil supplies, to them, are absolutely essential."

Even if there is no war, the countries of sub-Saharan Africa will face a significant contraction in their economies. According to the British daily *Independent,* these countries will pay twice as much for their energy as they paid before the crisis started. If the oil price hovers around only $30 per barrel, the United Nations estimates that African importers will face a near doubling of their 1989 costs.

This will wipe out the African countries' export earnings, whose productive use has already been crushed by a rise, over the last decade, in the proportion of export earnings dedicated to debt service, from 7% to 25%.

Without any further rise in oil prices, consumption of oil in this area of the world is expected to fall by 30% in 1991. This will have a devastating impact on the region's productive output, which is 70% dependent on oil. The fall in oil imports will lead to the closing of power stations, factories, and mines, and will bring transport to a grinding halt.

Take the case of Mauritius. The oil price increase has already destroyed the country's sugar industry—its only export crop. The *Baltimore Sun* reported Dec. 5 that there is an average of 6 million metric tons of sugar cane to be moved from the fields to the sugar mills, and 650,000 tons of sugar to be transported from the mills to Port Louis, where it is loaded for export. The prices for gasoline and diesel fuel have already risen 50%, forcing sugar producers to shut down operations.

The projected cut in energy consumption will also have a devastating impact on agriculture. The Sudanese government has pointed out that oil price increases destroy farmers' ability to pump water into elevated irrigated areas, since the pumps run on electricity. In times of drought, which Sudan is now experiencing, irrigated agriculture accounts for 30% of total food consumption.

Nor is it expected that Africa's oil producers—Nigeria, Gabon, Angola, Zaire, and Cameroon—will reap any benefit from the oil price rise. These countries are already producing at near capacity and, unlike Saudi Arabia and Kuwait, African oil reserves are primarily offshore and costly to develop.

More to the point, the IMF and World Bank are working to ensure that any increased profit from the oil price hike goes directly to paying the debt. Losing no time, in October, the IMF demanded that oil-producer Nigeria cough up more than $1 billion in arrears, in anticipation of increased revenue.

On the margin of death

What then will Bush's war against Iraq mean for the 456 million people of sub-Saharan Africa? Given the fragility of the African economies, for many millions, it will mean the difference between barely scraping out a living and death by starvation, as the means of existence begin to evaporate. In this region today, only two countries out of 36—Mauritius and South Africa—register average life expectancies over 60 years of age. In Sierra Leone, people live an average of only 41 years.

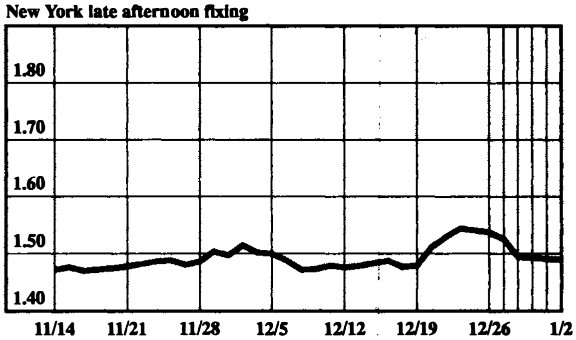
In the United States, per capita energy consumption is 7,193 kilograms of oil equivalent. For two-thirds of the sub-Saharan countries, per capita energy consumption is below 100 kilograms, according to the World Bank. Only South Africa, with an energy consumption of 1,744 kilograms per capita, registers above 1,000. Even for Nigeria, one of the world's leading oil producers, per capita energy consumption is no more than 134 kilograms of oil equivalent.

In the cases of Malawi, Togo, Kenya, Zambia, Sierra Leone, Ghana, Mauritania, Senegal, and Liberia, energy consumption has already fallen in the 1980s, with Liberia cutting consumption by as much as 12%. In the cases of many countries, oil imports have also risen as a percentage of total merchandise exports over the last 25 years—by as much as four times for Ethiopia, Tanzania, and Benin.

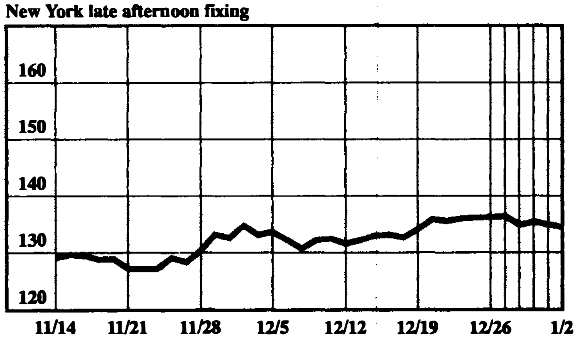
Furthermore, in the last decade, many sub-Saharan countries—Ethiopia, Mozambique, Somalia, Sudan, Liberia, Nigeria, Ivory Coast, and the People's Republic of Congo—have become increasingly dependent on imported food. Ethiopia's dependency upon imported grains has increased nearly tenfold in the last decade, and sixfold for Mozambique and Somalia. Nigeria has been forced to trade its oil for food, with food imports rising 400% over the last decade. With their export earnings wiped out by the oil price rise, governments will simply be without the means to feed their people.

Currency Rates

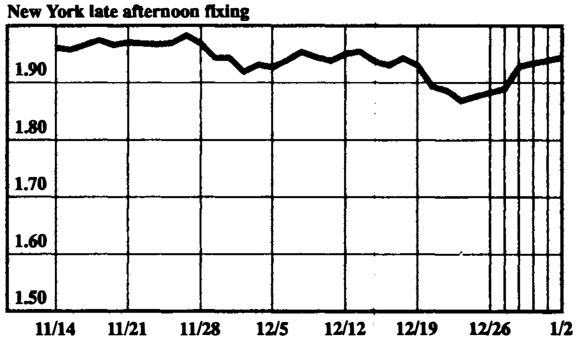
The dollar in deutschemarks
New York late afternoon fixing



The dollar in yen
New York late afternoon fixing



The British pound in dollars
New York late afternoon fixing



The dollar in Swiss francs
New York late afternoon fixing