Ivory Coast conflict deepens as sanctions choke economy

By Ann Talbot

Fighting is intensifying in the Ivory Coast between supporters of President Laurent Gbagbo and Alassane Ouattara, the two rival candidates who both claimed victory in last November’s presidential election.

Forty thousand refugees reportedly have fled to neighbouring Liberia, and many have been taken in by residents of 26 villages near the border. The United Nations has lodged its concern about the violence elsewhere.

General Ban Ki-moon met with President Barack Obama this week. US ambassador to the UN Susan Rice reported that the two men discussed the situation in Ivory Coast. “They expressed their concern about the violence there and the need to enable the legitimately elected president to be able to govern.”

Ban said that UN personnel were fired on by forces loyal to Gbagbo. The UN alleges that the Gbagbo regime has imported attack helicopters from Belarus. A team of inspectors sent to search for the helicopters was attacked and briefly detained by Gbagbo supporters.

The import of helicopters is banned under the weapons embargo the UN imposed on Ivory Coast. Gbagbo denies that he has received any helicopters and Ban deniers sending them. Whether the allegation is true or not, it is being used as a pretext to escalate action against Gbagbo.

Gbagbo is in an increasingly beleaguered position as the major imperialist powers seek to force him from power by strangling the country’s economy. United Nations and European Union sanctions have brought the export of the country’s main export crop, cocoa, to a standstill. Foreign banks have closed. Cash machines have been emptied. Nearly half a million metric tons of cocoa beans are rotting in warehouses.

The overall purpose of the sanctions is to force Gbagbo of funds and force him to accept that Ouattara won last year’s presidential election. There is a standoff between the two factions. Gbagbo continues to occupy the presidential palace and has the support of the army, while Ouattara has established his base at the Golf Hotel, where he is protected by UN forces. The UN, the EU, the African Union and the United States have all recognised Ouattara as president.

Sanctions have done nothing to resolve the impasse. Their most pronounced effect has been to make huge profits for commodity speculators in New York and London at the expense of the Ivorians masses.

The world price of cocoa has risen to a 32-year high. Hedge funds are taking positions in the market on the assumption that Ivory Coast will descend into civil war and the price will still further.

New York commodity analyst Gary Mead told Bloomberg, “I think the price could go higher.”

This windfall is shared by other speculators, who see vast profits to be made from the economic meltdown in what was one of the most developed economies in West Africa.

The UN and EU have extended the embargo on Ivory Coast cocoa until mid-October, meaning that prices will keep rising.

The livelihoods of millions of small farmers have been ruined. With the cocoa waiting at the dockside, plantation owners and the exporters at the lower price. State officials are currently tabulating the stocks of cocoa waiting at the dockside, and exporters fear that Gbagbo will impose the usual levels of taxation whether or not they have been able to sell their beans on the world market.

The banking system also faces collapse. DEAC, the regional bank (Banque Centrale des États de l’Afrique de l’Ouest, the Central Bank of the West African States) has frozen Ivory Coast’s accounts. The result has been to halt the clearing system for banks in Ivory Coast, which has been to halt the clearing system for banks in Ivory Coast, which uses a common currency with other former French colonies in the region—the CFA franc.

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It is considered unlikely that he will succeed in gaining control of the banks’ funds, however, as the system is controlled electronically from abroad.

French business risk analyst Lydie Boka commented, “Money is dying out. We live in a globalised world, and Gbagbo is trapped.”

Gbagbo’s resort to nationalisation is not an attempt to expropriate financial institutions that have profited from the Ivory Coast for decades, but an attempt to maintain a semblance of order while Gbagbo tries to hold the line.

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