



**GOLDEN AFRICA: AFRICA'S NATURAL RESOURCES AND CONTINENT'S
FUTURE INVESTMENTS POTENTIAL**

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ABSTRACT

Golden Africa is a paper, as it appears in the heading, the paper addresses the richness of Africa; its natural resource including oil, gas, gold and other minerals are part of the continent; questions such as are these natural resources harnessed correctly, or the extent of its exploitation, or political instability in some parts of the continent, are not part of the objectives of this paper. Instead, it draws the attention of the cognizant investors to the fact that this continent is the future of trade, besides, the continent constitutes a huge opportunity for business and investment, as well as other economic developments; in fact, by 2050 the continent will become the warehouse to the world, as it was in the case of United States and Australia in the 19th Century; the opportunity for the multinational corporations in the extractive industries is enormous; it is important to note that, Africa's resources are mainly of higher grades compared to similar world's minerals; which means, even when demands are down the Africa's resources remain resilient for its superior quality. The days where African governments were influenced by insincere foreign firms who paid minimum royalties and taxes to few corrupt leaders has come to an end; the internet era has exposed such practices; the internet also exposes the inabilities of governments to employ these resources into the economic growth and fiscal revenue. The paper lists and identifies Africa's natural resources to attract investors to the continent's renewable, nonrenewable, discovered, undiscovered and depletable minerals including agriculture, fishery, oil, manganese, gold and cobalt, as well as other intrinsic wealth of the continent; in other words, Africa sits on more than half of the world's resources such as uranium and platinum.

KEYWORDS: Africa, natural resources, investment.

1. INTRODUCTION

The second main and prime continent, in terms of natural resources, in the world, Africa, which is surrounded by the Indian Ocean, the Red Sea, the Atlantic Ocean and the Mediterranean Sea, is one of the richest regions in the world. The name Africa has emanated from the old African word *Afru-ika*, which could be translated into the modern English as Motherland; also, it was said that it came from the Greek word *aphrike* which would mean without cold; a word that corresponds to the Latin word *aprica*, which is understood to mean sunny. So, I should say that Africa means life; it has sun, water; the longest seas and the best environment for human life; no wonder its historically understood that humans have originated from this continent and it remains to be the provider for human civilizations and modern developments; no smart handphone or aircraft, or computer or a car engine could be manufactured in the world without having, in one way or the other, its origin in the mineral resources of Africa. The original lines of the paper were a note that I have written for a politician friend in Southeast Asia who wanted to brief his colleagues in the cabinet on Africa's natural resources, so as to encourage his country to invest in Africa. After giving him a two-page executive summary on the subject I decided to extend and publish it for wider consumption and benefit. As I mentioned in another works Africa has 90% of the world's platinum, 90% of the world's cobalt, 2/3 of the world's manganese, 35% of the world's uranium, 75% on the world's coltan, and 1/2 of the world's gold. The problem that this paper intends to address is the long overdue predicament on the part of the constructive investors who seem not to grasp Africa's natural wealth; the continent has numerous adverse or uninvited investors who are there for exploitation of these resources without benefitting the local communities; I must say however, that various countries including China and Turkey are dutifully doing outstanding job in their business adventures in the continent; these countries mainly engage with the community, the local business and environment; nonetheless, the main bulk of investors are still at the periphery. The objective of the paper is to highlight the natural resources of Africa in simple language of which any investor could comprehend and subsequently digest the potential.

2. AFRICA'S NATURAL RESOURCES

It is a profound fact that Africa has massive natural resources and immense future potential for business and investment. Countries like China and Turkey are on the front line in benefiting from this potential. In the past, exploitation, corruption and political instability have created absurdity and sometimes inconsistency between the continent's natural wealth and its imperfect level of economic progress. With the emergence of young entrepreneurs, educated youth and nationalist population, the future economic outlook of the continent will never be the same.

One of the resources that Africa has in abundance is mineral; it constitutes almost indispensable elements to produce a wide range of goods including agricultural materials, military equipment, infrastructure and applications used in transport, as well as, communication and energy. In other words, or rather to be specific, the continent is endowed with mineral reserves and ranks first in quantity of world reserves of bauxite, cobalt, industrial diamond, phosphate rock, platinum, vermiculite, and zirconium. West Africa, for instance, is known for its richness in mineral resources, compared to other parts of the continent.

It is imperatively significant to note that, minerals are economically and politically of strategic worth; although in recent years the economic ranking of minerals in the world trade has modestly subsided, nonetheless, it represented 14% of world trade and 5% of world GDP. That figure is only when we lump all types of minerals together; on the contrary, specific categorization of minerals finds energy minerals constitute much higher than that figure in the world trade, investment and economic productivity. In fact, oil and gas category of minerals are worth fifteen times the value of the other minerals such as metallic minerals (Mabikke, 2012). Africa is therefore, positioned among the world's top producers in minerals; including cobalt and diamonds, as it has over a 70% share of the world production; having, at the same time, a leading role in the percentage of gold, phosphate and manganese.

The continent contributes, in its own way, to the world economy through minerals; the United

States of America, one of the largest economies in the world imports 36% of its bauxite from Africa. Therefore, Africa's current and future role in world economy has been taken earnestly in many parts of the world including China, Turkey and some European countries but not by southeast Asian countries; there is indeed an urgent need between Africa and Southeast Asia in trade and investment. Unfortunately, it will be, I am afraid, too late for many nations to draw near with China, particularly, in its investment and trade relations with Africa. At the same time, Africa's copper production is speedily taking upward trend as the world came to realize the high-grade reserves of this mineral in the continent (Mwangi Kimenyi Zenia Lewis, 2016).

On the energy sector, the world has been debating, for decades, on the future of energy security; as the world population skyrocketing; although, there is a break from these debates among the business community because of the pandemic which has grounded every related sector; nonetheless, once the pandemic is over, the hunger for energy will be felt in the world energy market. For decades, before the Covid-19 Pandemic, the global energy markets remained highly volatile with fluctuating prices; a scenario which makes the world economy nervously anxious in most times; but the world found no tangible alternative and energy will remain among the topmost subjects in the global political and economic agenda for years to come, after the impact of Covid-19 pandemic is over.

Moreover, the oil producing Africa countries have doubled their oil production over two decades ago, although, one of the predicaments of Africa's oil production is the continents policies and regulatory mechanisms. In general context, it has been confirmed by the business communities that the consumption, production and reserves of energy minerals do not overlay in world. What this means is that some countries who produce less consume more and vice versa; in fact, developed countries consume over half of all oil and gas, and only produce, before the Covid-19, over 35% of the world output (Coleman, 2011).

Nonetheless, to avoid political and economic set back these nations have started, a decade ago, exploration of their own reserves to preempt the imbalance on coal and uranium as well as on oil and gas. Africa holds over 15% of the world oil reserves and 11% of the world reserves of natural

gas; that is impressively a huge portion in the industry and on the world stage; and its oil production is ever increasing, while the natural gas production stands over 10% of global production; understandably, however, the refining capacity remains low.

In Coal, Africa has sizable proven coal reserves; it is estimated that Africa possesses over 12% of the world's proven coal reserves; and at the same time, produces about 7% of the world's production; as it consumes more than 6% of the world consumption. Africa is also rich in base metals including, copper and cobalt.

The natural gas sector is also growing in Africa and the proven reserves have doubled for over two decades, while both the production and consumption have also increased; in fact, Africa could produce natural gas at a lower rate than what it owns in reserves. Europe, particularly, Spain and France, and the United States are the biggest natural gas importers from Africa.

Africa's uranium reserves are huge, it is believed to be over 7 million tons; besides, the continent is also the world's biggest producer of gold and platinum; its consumption of gold is however the lowest in the world. Although, some nations produce more than others; as in the case of South Africa which accounted for 95% of Africa's platinum; the country also produces 74% of the world's platinum production; at the same time, it produces one-third of the world's production of PGMs. In fact, South Africa leads world's biggest producers of palladium; it is only behind Russia thrashing Canada and United States as well as other European nations. European countries, including, Germany, Belgium, Canada and United Kingdom as well as, United States and main consumers of Africa's platinum.

Notably, out of the world's 198,6 million carats of diamonds with a total value of over 14 billion dollars, Africa produces almost half of the world's diamonds; that itself is remarkable. In fact, there are more than 15 African diamond producing countries; Botswana being on the top of the list only second to Russia in the world.

3. RESOURCES PER REGION AND COUNTRY IN AFRICA

This section breaks down the resources in Africa per country. The continent has the fastest growing for direct investment in the world but it does not reflect the amount of resources it sits on. To say the minimum, over 35% of Africa's soil is mineral; the continent holds huge oil and natural gas deposits, with most strategic resources namely gold, copper and coltan (Ploeg, F. van der, 2006). African countries therefore are rich in oil and gas and other natural resources; Congo, Nigeria, Libya, Angola, Gabon, Tunisia, Mozambique Ghana, South Sudan, Ethiopia, Algeria, Somalia, Cameroon, Chad, Republic of Egypt and Kenya; with Liberia are rich in **timber**, Gambia rich **titanium**, Madagascar sits on **graphite**, Malawi is rich in **tobacco**, **Mauritania** is full of **iron ore** and Morocco remains abundant with **phosphates**; **whereas** Guinea is rich **aluminium and gas**, **and both** Uganda and Zambia. are rich with **cooper**.

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