

Sub-Saharan Report

These reports are by Mr. Ryota Kikkawa, an expatriate employee working in Johannesburg with a view across the region.

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In order for the Marubeni Research Institute to acquire first hand information from the field and contribute to the Company's strategy, young Marubeni staff well-versed in economic and industry analysis have been posted to the region.

Continuing with the last Sub-Saharan Report I would like to introduce 9 countries in West Africa (sub-Saharan) of which are said, "there seems to possible business opportunities, but they are difficult places to visit" or "we should keep an eye on them because there might be business opportunities in the long-run".

Table 1: Country Information

Basic Data (2016)	Mali	Guinea	Liberia	Sierra Leone	Cape Verde
Population	16.82 million	12.65 million	4.40 million	6.44 million	540 thousand
Land Area	1.24 million km ²	246 thousand km ²	110 thousand km ²	72 thousand km ²	4 thousand km ²
Nominal GDP	\$14 billion	\$6.51 billion	\$2.11 billion	\$3.98 billion	\$1.64 billion
Per Capita GDP	\$830	\$515	\$480	\$618	\$3,078
GDP Growth Rate	5.4%	5.2%	-1.2%	4.9%	4.0%
Main Languages	French, Bambara	French, etc.	English, etc.	English, Creole	Portuguese, Creole
Main Ethnic Groups	Bambara, Fula, Tuareg, etc.	Fula, Malinke, Susu	Kpelle, Bassa Grebo, etc.	Temne, Mende, Creole, etc.	Portuguese-African mullato
*Travel Watch Information	2, 3, 4	2, 3	1	1	no information
Business Climate (ranking -190 countries)	141	163	174	148	129
Corruption Perception Index (ranking -176 countries)	116	142	90	123	59

Sources: IMF, World Bank CIA, Japan's Foreign Ministry, Transparency International

* Note: Japan's Ministry of Foreign Affairs' country travel watch guide is as follows: 1. Please use caution 2. Please avoid travel unless absolutely urgent 3. Please avoid travel 4. Please evacuate the country

Information on Each Country

Mali



The Mali national flag

Mali is a landlocked inland country located in West Africa. The northern part of the country is part of the Sahara Desert, so most of the country's population is concentrated along the Niger River which flows from the southwest of the country to the east. Mali was once a grand empire famous for its gold, but is now one of the world's poorest countries. Security in the northern part of the country is untenable, with Muslim militants having infiltrated and the Tuareg tribe advocating for independence. As such, currently the government is, for all

practical purposes, only in control of the southern region of the country. Also, it has recently been pointed out that Mali is a hotbed for drug trafficking. In the “Air Cocaine” incident (note 1), it became clear that large amounts of narcotics were being shipped to Europe from Mali, which became big news in Europe.

Note 1: In 2009, an airplane that had originated in South America disappeared from radar in Mali soon after take-off. It was later discovered ditched in the desert in northern Mali. It turned out it had been carrying 10 tons of cocaine from South America (likely in route to Europe).

Mali’s major industries are agriculture and mining. In particular, cotton and gold make up 80% of all Mali’s exports. Most of Mali’s gold is mined by South African and Canadian conglomerates near the border with Guinea. In agriculture, besides cotton, the government is focusing on grain production to stabilize food prices. And, as there is almost no manufacturing in Mali, cotton is exported to Europe where it is processed into cloth and then imported back to Mali, mostly from the Netherlands and Germany.

Table 2: West Africa Mineral/Metal Production (Gold, Diamonds Iron Ore)

	Gold (kg)	Diamonds (carats natural)	Iron Ore (million tons)
Guinea	16,955	162	-
Liberia	598	32	5.74
Mali	39,724	-	-
Mauritania	9,600	-	14.00
Niger	732	-	-
Sierra Leone	43	457	12.00

Source: USGS, other

Guinea

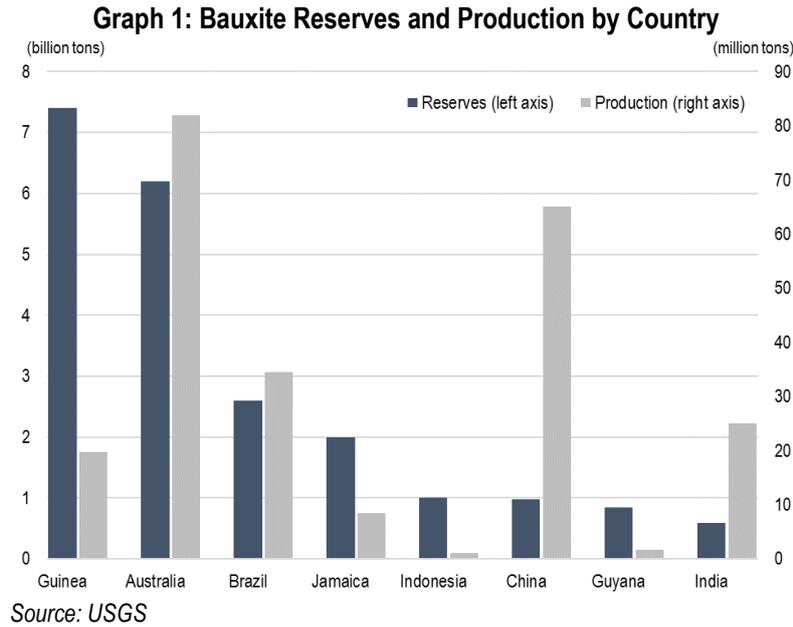


The Guinea national flag

Guinea has a hot and humid climate, and as it has abundant rainfall and is the source of the Niger River it is called the “water tower (tank)” of West Africa. Following the death of Guinea’s former long-time president (from 1994) in 2008 a temporary military regime was established through a coup d’etat. A presidential election was held in 2010 with Mr. Alpha Conde being elected. In 2013, National Assembly elections were held under the auspices of the African Union (AU) and the Economic Community of West African States (ECOWAS).

These elections marked a return to political democracy in Guinea.

Guinea is blessed with abundant mineral and metal resources. In particular, the country has the largest proven reserves of bauxite in the world (graph 1), its gold and iron ore are of high quality, and it is said to have large deposits of diamonds as well. With very fertile soil and sufficient amounts of precipitation agriculture in the country has a great deal of potential. In fact, Guinea was once an agricultural exporting country of such items as nuts and fruits, however, the agricultural industry has declined as a result of the government giving top priority to the mining sector.



Liberia



The Liberia national flag

Liberia faces the Atlantic Ocean and has a tropical climate. Liberia has a unique history in that it was formed by liberated former black slaves from the U.S. who settled there. The country’s name comes from the word liberty and the capital, Monrovia, is named after James Monroe, the 5th president of the United States. It is also the only country in Africa that was never colonized.

Civil war, which began in the country in 1990, ended in 2003 and a presidential election was held in 2005 with Helen Sirleaf emerging as the winner and first female president in Africa (she took office in 2006). Under her economic restructuring policies Liberia has achieved high economic growth. However, in 2014 Liberia was hit hard by an outbreak of the Ebola (hemorrhagic fever) virus (5,000 deaths, the largest in Africa), and is just now starting to recover from the aftereffects.

Liberia’s main export items are iron ore, rubber, diamonds and gold. ArcelorMittal, which is already mining iron ore in the country, is planning to start production at its new Gangra mine at the end of October. Needless to say, mining is expected to be at the forefront of the economy in the future. Besides mineral and metal resource development, Liberia is focusing on the production of palm oil, cacao and wood. Also, with the rehabilitation of a dam-type hydropower plant, the electric power situation in Liberia is expected to improve.

Sierra Leone



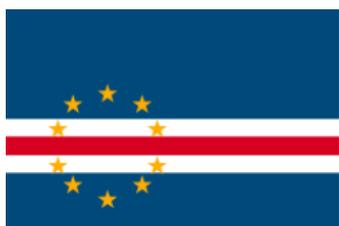
The Sierra Leone national flag

In the 15th century after Portuguese ships landed in Sierra Leone the explorers gave the surrounding mountains the name Serra de Lyoa, or Lioness Mountains in Portuguese. Sierra Leone’s climate is tropical, hot and humid. In 1961 the country gained its independence from the UK. However, coup d’etats and attempted coup d’etats ensued and continued in the country over the control of diamond mining. This situation was

depicted in the famous movie “Blood Diamond”.

Following the end to the country’s civil war in 2002, promotion of the reconstruction of the economy has been supported by the international community. Sierra Leone’s main industry is mining with iron ore, diamonds, rutile and other metals and minerals being its main export items. During the Ebola virus outbreak of 2014, the number of patients in Sierra Leone’s capital of Freetown, where population overcrowding and poverty are prevalent, exploded. This is where much of the world witnessed the Ebola scourge from the media reporting on this calamity.

Cape Verde



The Cape Verde national flag

Cape Verde is an island country found in the Atlantic Ocean off the coast of West Africa. Many Portuguese adventures and explorers, including Vasco da Gama, have been to Cape Verde (discovered and colonized by the Portuguese) and the port town of Cidade Velha (about 15 kilometers from the capital of Praia), where many of these explorers left their footprints, is a World Heritage Site.

Tourism is the country’s major industry with many tourists from Europe and Sierra Leon’s economic structure is easily affected by the EU’s economic situation. Moreover, as it suffers from a shortage of water the country is not suitable for agriculture and therefore is dependent on imports for much of its food. The fishery industry, including such seafood as tuna (maguro) and lobster, has potential but to date has not flourished. Many of Sierra Leone’s citizens work overseas and their remittances help support the economy by providing capital to import much needed goods. Some business opportunities may present themselves in the infrastructure sector though, as ODA loans are being provided for water supply and treatment and other infrastructure projects.

Table 2: Country Information

Basic Data (2016)	Mauritania	Gambia	Niger	Guinea-Bissau
Population	3.79 million	2.05million	18.19 million	1.66 million
Land Area	1.03 million km ²	11 thousan km ²	1.27 million km ²	36 thousand km ²
Nominal GDP	\$4.71 billion	\$970 million	\$7.48 billion	\$1.16 billion
Per Capita GDP	\$1,248	\$469	\$411	\$694
GDP Growth Rate	1.5%	2.5%	4.6%	5.2%
Main Languages	Arabic, French, others	English, others	French, Hausa, others	Portuguese, others
Main Ethnic Groups	Moors, others	Mandinka, Wolof, Fula	Hausa, Zarma-Songhai	Balanta, Fula, Mandinka
*Travel Watch Guide	2, 3, 4	2	2, 3, 4	1, 3
Business Climate (ranking -190 countries)	160	145	150	172
Corruption Perception Index (ranking -176 countries)	142	145	101	168

Sources: IMF, World Bank CIA, Japoan’s Foreign Ministry, Transparency International

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Mauritania (Islamic Republic of Mauritania)



The Mauritania national flag

Mauritania is located in West Africa facing the Atlantic Ocean. The country is 90% desert and therefore most of the country has a desert climate. Almost all of Mauritania's citizens are Muslim. Camel caravans moving between North Africa and sub-Saharan Africa flowed freely through Mauritania in the past. A number of the trans-Saharan caravan trading towns in Mauritania, where Islamic cultural remnants and artifacts remain remarkably intact, are registered as World Heritage Sites.

Mauritania's main industries are mining, and agriculture, forestry and fisheries. Such metals and minerals as iron ore account for 70% of the country's exports. The waters off the coastal areas of Mauritania have become one of the world's leading fishing grounds, with annual catches of 1.8 million tons. Particularly, programs sponsored through Japanese economic cooperation have helped Mauritania octopus-related fisheries thrive, with Japan being the largest export destination for Mauritania's octopus. However, in recent years there has been concern over the sustainability of the fishing industry due to overfishing.

(The) Gambia



The Gambia national flag

Gambia is also located on the Atlantic Ocean with most of the rest of the country surrounded by Senegal. Muslims make up 90% of the population, and in 2015 the country's name was changed to the Islamic Republic of The Gambia for a short period of time by the then president, Mr. Yahya Jammeh. Mr. Jammeh whose presidency, for the most part, was a dictatorship for more than 22 years, lost the presidential election in December of last year to Mr. Adama Barrow, after having conducted literal witch hunts (witchcraft purges) in the country for years and rumored to have embezzled hundreds of millions of dollars in government funds. (President Barrow returned the country's name back to the Republic of The Gambia.)

Looking at the economy, agriculture makes up one-third of the country's GDP and 75% of Gambia's work force is employed in the agricultural industry. Gambia produces rice, corn and peanuts among other crops. Currently, less than half of the cultivatable land area is being tilled and due to a lack of irrigation infrastructure yields (productivity) are low. However, rain is sufficient in the country and the government has been aggressively investing in trying to grow the country's agriculture sector. Gambia is also close to Europe and is becoming popular as a destination for eco-tourism which the government has been promoting.

Niger



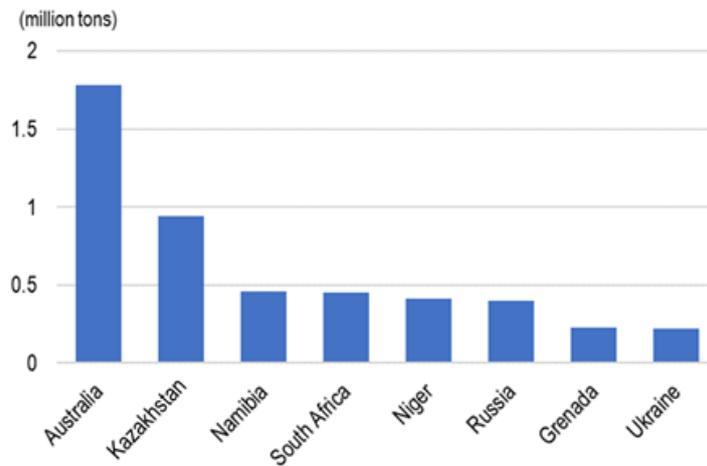
The Niger national flag

Niger is found along the southern edge of the Sahara Desert, with 70% of the country having a desert climate. The southern part of Niger has a savannah-type climate though. Niger's name was derived from the Niger River which runs through the region. Although Nigeria and Niger are closely related, Nigeria was a British colony with Nigeria being the English reading, while Niger was a French colony with Niger being the French reading.

Both gained their independence in 1960.

In terms of the economy, 87% of the working population is engaged in agriculture. In addition to such grains as millet, the country also produces such commodity crops as cotton and peanuts. However, agricultural production is very low, and against a background of desertification Niger is plagued by food shortages. Uranium in the country is abundant as it has the 5th largest reserves of uranium in the world (graph 2). The partially state-owned companies COMINAK and SOMAIR are participating in uranium mining development under the approval of the Niger government. However, security in the area has deteriorated due to influence from neighboring Mali with a number of kidnappings having occurred near the mining developments.

Graph 2: Uranium Reserves and by Country



Source: OECD

Guinea-Bissau



The Guinea-Bissau national flag

Guinea-Bissau is a small country also facing the Atlantic Ocean. Guinea-Bissau’s climate is tropical with a rainy season marked by monsoons, but also a dry season due to Harmattan, a dusty and dry wind blowing across and from the Sahara Desert. At one time, just before independence, there was a plan to federate and consolidate Cape Verde and Guinea-Bissau. Guinea-Bissau gained its independence (from Portugal) as a single country in 1973. However, political instability has afflicted the country ever since independence. Even today, two-thirds of the population lives in absolute poverty (a level that does not satisfy basic human needs pegged, the standard being less than \$1.90 a day, previously \$1) making the country one of the world’s poorest.

Guinea-Bissau’s main industry is also agriculture. The land and weather are suitable for agriculture, so grain, vegetable and fruit production all have potential, however, cashews currently make up 80% of Guinea-Bissau’s exports. The country is also rich in natural resources. There are large reserves of bauxite and other metals and minerals, though development of them has been limited. Also, the UK company GeoPartners, along with others, is looking to explore Guinea-Bissau’s offshore oil fields.

Given that security and safety is a strong concern in these countries and infrastructure is sorely lacking, it certainly would

not be easy to cultivate business right away. However, many of these countries have an abundance of natural resources and strong agricultural potential. Moreover, regional integration, represented by ECOWAS, is making headway. Depending on these future developments, there is the possibility of large business opportunities emerging, so I think it is essential to keep a strong eye on the region.

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