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COMPETITION FOR AFRICAN RESOURCES AND THE ROLE OF EXTERNAL ACTORS

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INTRODUCTION

The purpose of this document is to highlight why some resources in Africa are to be considered critical from the point of view of certain external actors and how this criticality may increase competition, thereby having a significant effect on the continent as a whole.

Both global and regional actors are involved in numerous areas of competition, especially since emerging powers are becoming increasingly assertive. The economic war between the US and China, the technological competition between China, the US, the EU, Japan, etc.[1]and the geopolitical rivalry in the Arab Gulf are all examples of competitive arenas where resources play a principal role.

The continent of Africa has a multitude of resources and competition for them is extremely complicated. Many external actors are often very interested in one or more resource. In some cases the need is critical, made even more intense when several external actors each have critical needs. Often the resources are strategic for several external actors and are at the same time limited. Although competition may exist for any resource subject to commercialization, the intensity will greatly increase if several actors are involved in the competition over a critical, strategic and scarce resource.

Raw material exports are the main source of income for most African countries. In certain cases, these countries depend heavily on the exporting of their resources to more powerful external actors. This dependency makes them economically vulnerable; for instance, oil revenues constitute more than 98% of the government of South Sudan's budget.

On the other hand, the power ratio between some of the external actors and the African countries is heavily unbalanced, and this unbalance permeates every dimension of their relationships. As a matter of fact, while a competition for scarce resources should prove advantageous for providers, the overall unbalance in political, economic and military terms dictates the dominance of wealthy consumers over poor producers where the latter risk to be dragged into the great-power competition without being able to influence the outcome.

Another aspect which cannot be ignored is that Africa is an immense and largely unexplored continent. Therefore, current reserves may significantly vary, thereby increasing the relevance of Africa as a resource provider[2].

In short, the type of resource, the actors involved and the presence of pre-existing competition are the key to establishing criticality.

[1] https://www.ispionline.it/it/pubblicazione/us-china-competition-trade-wars-technological-supremacy-21114
[2] https://www.africa-eu-partnership.org/en/stay-informed/news/raw-materials-diplomacy

RESOURCES AND ACTORS

There is a wide range of resources which exporting countries are interested in. Timber is an example, while others are not only relevant but also limited to a specific area, like vanilla in Madagascar[3]. However, these and others like them cannot be considered strategic for external actors.

Many other resources, on the other hand, have become ever more strategic over the last few decades or are currently increasing rapidly in strategic importance.

These raw materials are related to the following sectors: Energy (hydrocarbon and nuclear sources), Industrial Minerals (especially those related to the advanced technology industry) and Land and Food (especially arable land which is scarce in neighboring regions).

It must be noted however, that of the numerous actors competing for African resources, from global powers to private companies, not all are equally relevant and not all are involved in the same competition over the same raw materials. Picture 1 provides an initial idea of the primary importing states in 2017.

TOP IMPORTING COUNTRIES FROM AFRICA 2017		
Ranking	Country	Amount (Billion USD)
1	CHINA	62.8
2	INDIA	37.5
3	US	31.5
4	FRANCE	26.2
5	SPAIN	25.2
6	ITALY	20.7
7	GERMANY	20.6
8	UK	17.1
9	NETHERLANDS	12.4
10	BELGIUM-LUXEMBOURG	10.9

Picture 1

Thus it may be inferred that China, India, the US and some European countries are the main importers of African products, mainly resources/ raw materials. These actors are contemporaneously involved in geopolitical, economic or technological struggles among themselves. Connecting these rivalries with the criticality of some raw materials, it may also be concluded that competition over certain resources transcend a purely economic domain and has a component in the more complex geopolitical system.

Picture 2 information source ISS

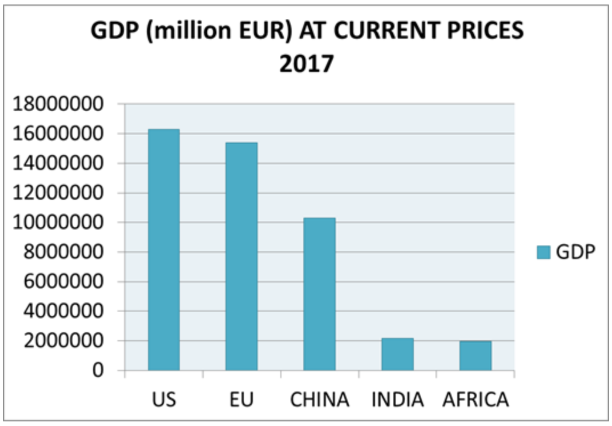
Not all actors have the same interests or capacities and therefore they follow different strategies. China, for instance, is very interested in the economic domain but less so with security, since the issue of African stability is too far away geographically to affect Chinese territory. European countries, on the other hand, are clearly more interested in both the economic and security domains since a narrow sea is all that separates the two.

The foreign actors' concern about protecting their interests in African soil is revealed in their military presence in the continent. Most of the military bases belong to Western countries, especially the US and France, but the emerging powers as China or

[3] https://www.economist.com/the-economist-explains/2018/03/28/why-there-is-a-worldwide-shortage-of-vanilla

India have started to build military bases in the African continent[4]. This military presence cannot be directly related to competition over resources but rather with wider geopolitical dynamic. Nevertheless, as we have already seen, certain resources are becoming more strategic by the day.

The final element to consider is the power relationship between African countries and external actors. The following picture shows the GDP of the top global economies compared with that of Africa as a whole.



Picture 3

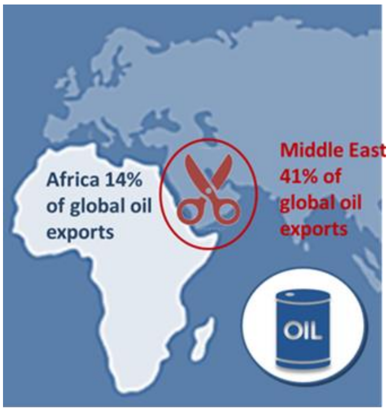
Noticeably, the US GDP was more than eight times, and China's GDP more than five times that of Africa as a whole, despite there being over 50 Nations on the African continent. This data demonstrates how unbalanced the power ratio is between African nations and external actors.

COMPETITION FOR RAW MATERIALS

For the purposes of this document competition for raw materials is divided into the above mentioned categories: I Energy, II Industrial Minerals and III Land and Food.

(I) ENERGY: In relation to energy resources, there has been a further subdivision into three strategic resources:

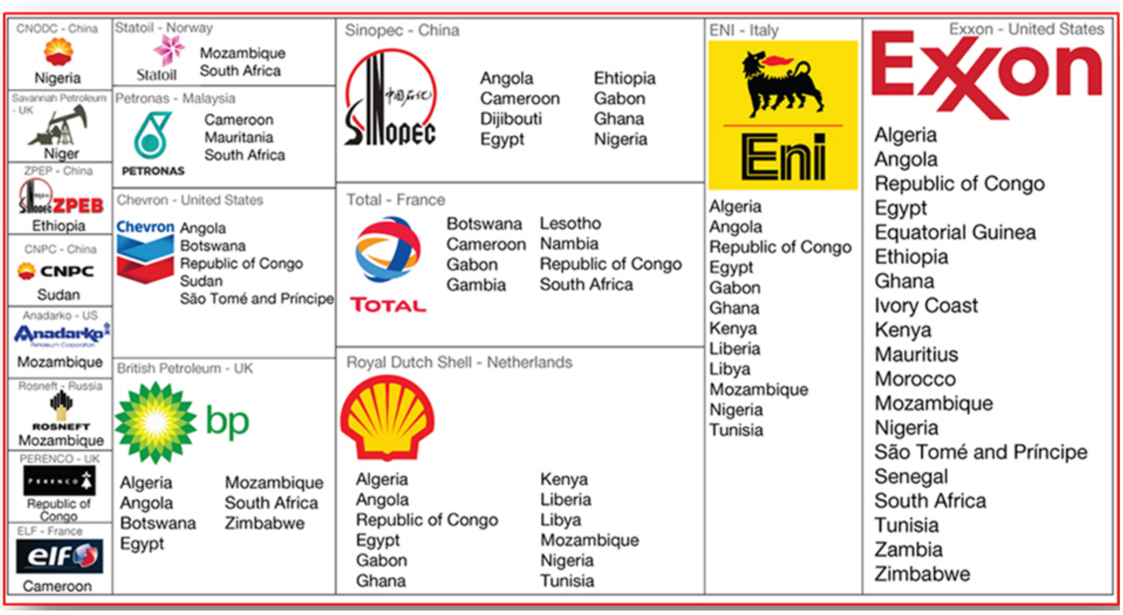
A) Oil: The oil market is changing: shale oil and new proved reserves together with a decreasing demand from Western countries and an increasing demand from Asian emerging powers are making the oil market increasingly uncertain. However oil demand will not peak soon and some African countries are among the world's top producers and therefore very relevant as oil suppliers. The main oil producing region, the Persian Gulf, is subject to geopolitical tensions which may affect the oil supply. Africa represents a good share in global oil exports and African producers present a sound alternative to the Persian Gulf to assure an affordable, reliable and



Picture 4

[4] https://issafrica.org/iss-today/proceed-with-caution-africas-growing-foreign-military-presence

accessible oil reserve[5]. Evidence of this relevance is the high number of foreign oil companies involved in Africa, mainly from the US, Europe and China. Nevertheless, this relevance may rise exponentially in the event of supply cuts from the Arab Gulf.



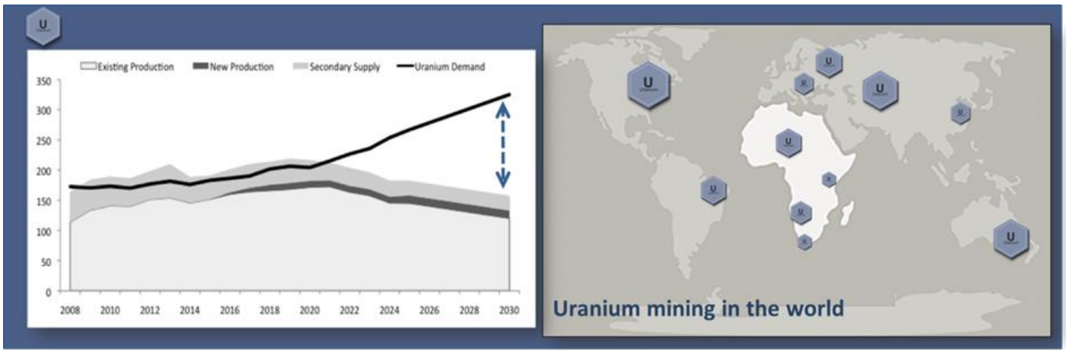
Picture 5 source Al Jazeera

As we can see, African oil is relevant and may become even more so should certain circumstances occur.

B) Gas: in the case of African gas, especially North African gas, the situation is different. It is already very relevant, becoming much more so on the major geopolitical scene. The EU depends heavily on Russian gas and Russia uses this fact as a strong leverage to negotiate with the EU across the board. North African gas represents an alternative to a portion of the Russian gas as is identified in the report "Energy as a tool of foreign policy of authoritarian states, in particular Russia" (Policy Department for External Relations). In this report, one of the recommendations to the EU is: "Support the exploitation of new gas discoveries in the Eastern Mediterranean. This region could become a vibrant center for transporting gas into Europe"6. This makes North African gas a subject of geopolitical struggle involving actors not necessarily interested due to a need for it, but only for the control of the resource itself.

Picture 6

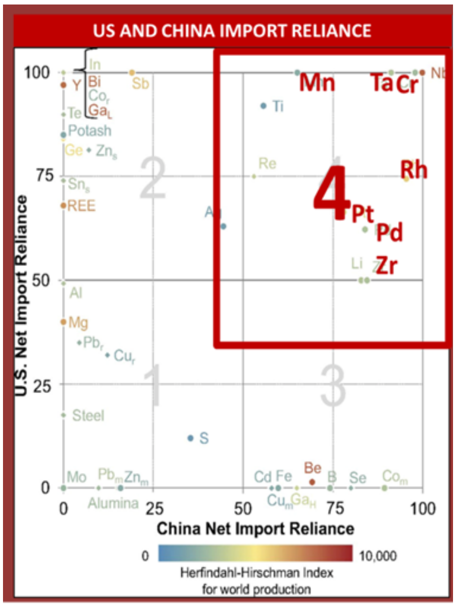
[5] https://www.csis.org/analysis/oil-markets-oil-attacks-and-strategic-straits



Picture 7

C) Uranium: Used in nuclear plants, uranium is only located in certain areas. Its demand is increasing and it is estimated than in a few years demand will exceed production (see graphic). Mined in Africa, Kazakhstan, Australia and Canada, uranium statistics show that uranium reserves across Africa make up approximately 888,000 tones. Presently, some 18% of the global supply of uranium comes from three African countries; South Africa, Niger and Namibia. Niger is 4th in the world in terms of Uranium production[7]. These countries may become more relevant as the demand and the production diverge. Those countries with a greater deficit in consumption and production are more interested in the African reserves.

(II) INDUSTRIAL MINERALS: Some raw materials are crucial for industry and more specifically for technologically advanced industry. In the framework of an economic and technological competition between global powers, mainly but not limited to the US and China, the struggle for access to and control of certain raw materials has become increasingly strategic. There have been several key moments in this struggle, such as: in 2008, when China imposed a limit on the supply of rare earth minerals, of which it holds a large proportion of the global production, to foreign buyers, leading to panic in the markets and a very rapid increase in prices; the 'cobalt crisis' in 1978 which followed the outbreak of a conflict in the province of Katanga, the cobalt extraction, in what was then called Zaire. The crisis caused a global shortage of cobalt, driving the international price of the



Picture 8

[6] http://www.europarl.europa.eu/RegData/etudes/STUD/2018/603868/EXPO_STU(2018)603868_EN.pdf

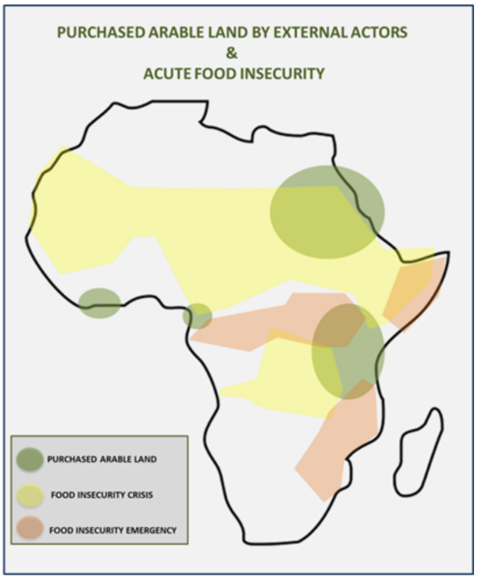
[7] https://www.miningafrica.net/natural-resources-africa/mining-uranium-in-africa/

mineral sky high. Some of these strategic elements are in Africa and are needed by US and China. The picture 8[8] shows the need for specific materials from the US and China, or both. Particularly relevant is quadrant 4 since it represents potential sources of resource competition between China and the United States. Unless reliance can be reduced through substitution, improved processing efficiencies, increased domestic production, or recycling, the United States and China will increasingly vie for access to overseas assets which produce minerals in quadrant 4.

For each of the minerals we identify for competition potential, one of the two largest producers is either African or South American (South Africa for Cr, Mn, Pt, Pd, Rh, Zr; DRC and Rwanda for Ta; Chile for Re, Li; and Brazil for Nb). This indicates that, geographically, resource rivalry may be most contentious in South and Central Africa, as well as in Brazil and Chile. Increasing demand for minerals which enable sustainable and defensive technologies may intensify international resource competition during the 21st century, especially for minerals which cannot be substituted and have highly concentrated production.

Picture 9

(III) LAND AND FOOD: Middle East countries import up to 90% of the food they consume and have limited arable land or water to grow crops. Consequently, arable land and food security is highly strategic for these countries. Most of them are buying arable land in African countries to produce their food and import "virtual water"[9] to ensure their food security. In some cases, land is being sold when the local population suffers from lack of food. In addition, water aquifers are being depleted. Sudan for instance,



Picture 10

[8] https://www.pnas.org/content/115/16/4111

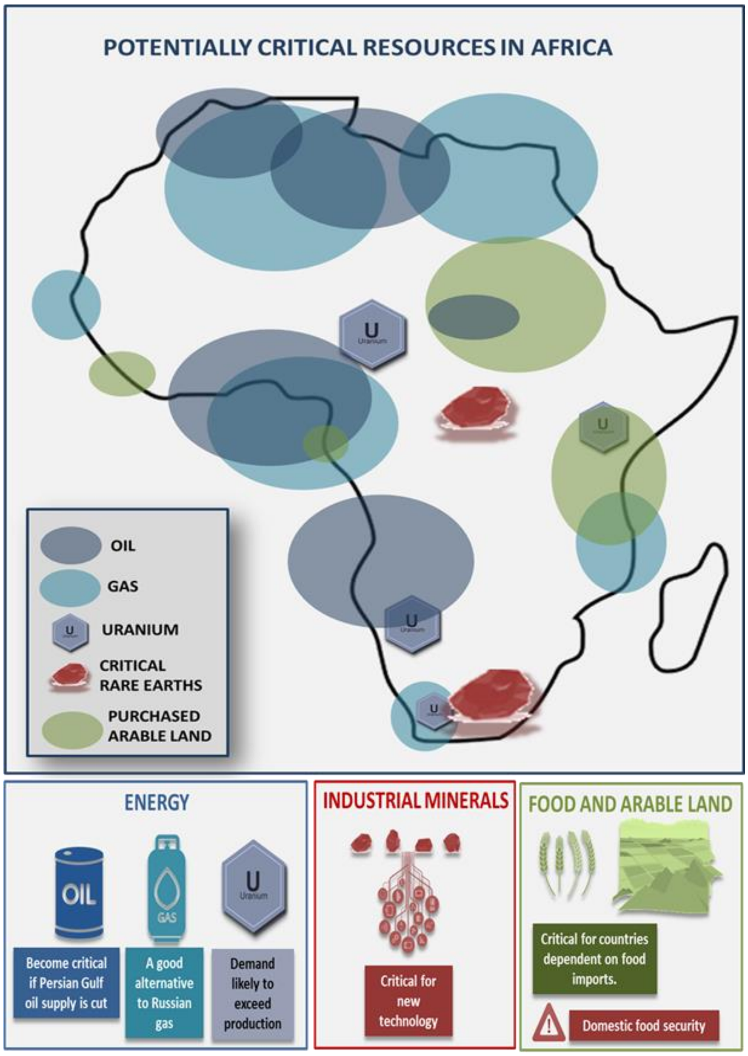
[9] "The volume of freshwater used to produce the product, measured at the place where the product was actually produced".

was selling its land while, at the same time, protests triggered by the shortage of bread caused the fall of the al-Bashir regime.

Picture 10[10] shows how a large proportion of African arable land is being purchased by foreign actors.

CONCLUSION

There is a considerable amount of literature about raw materials in Africa and it focusses primarily on the causal relationship between conflict and natural resources and also on the strategies being employed by emerging external actors. Studies about the competition between external actors over African resources and its effect on the continent are much more limited. As the Stockholm International Peace Research Institute (SIPRI)11 states "the impact of natural resource-related security and conflict challenges in an increasingly multipolar global economy—as demonstrated by the continued ascent of the BRICS12 countries and other emerging economies—remains under-researched."



Picture 11

[10] https://africacenter.org/spotlight/acute-food-insecurity-conflict-africa/

https://www.eea.europa.eu/data-and-maps/figures/transnational-land-deals-1

[11] https://www.sipri.org/sites/default/files/files/misc/SIPRIPB1206.pdf

[12] Brazil, Russia, India, China and South Africa (BRICS) is an acronym for the combined economies of Brazil, Russia, India, China and South Africa. Economists at Goldman Sachs originally coined the term BRIC (without South Africa) in 2003. Analysts speculated that, by 2050, these four economies would be the most dominant. South Africa was added to the list on April 13, 2011 creating "BRICS".

But understanding competition between external actors is crucial for two reasons:

- Relationships relating to natural resources also determine the pattern of political relations between African countries and the rest of the world[13].
- Some strategic and scarce resources may become a source of conflict among external actors on African soil.

These potential conflicts are not unavoidable and the risks of each of them vary depending on the criticality of the resource and the existing stability in each location. Two hotspots can already be pointed out: rare earth minerals in the turbulent Democratic Republic of Congo and uranium in fragile Niger. In both cases the resource is becoming more strategic and the stability is very delicate or inexistent.

Nevertheless, the current situation may change rapidly. On the one hand, some variation may reduce the risk of conflict: the use of new materials in advanced technology may make strategic rare earth minerals irrelevant, new resources may be discovered in the immense and relatively unexplored regions of Africa, thereby completely changing the existing landscape.

On the other hand, other alterations of the current situation may increase the likelihood of conflict: disruptions in the Middle East oil supply may cause African hydrocarbons to become the most strategic resource, worsening environmental conditions due to climate change might exponentially increase the relevance of the availability of arable land for both African countries and external actors.

In addition, the actions of African countries are far from insignificant. Thus, major cohesion among African countries may give them the necessary power to face raw material related challenges jointly.

[13] https://www.policycenter.ma/publications/africa%E2%80%99s-natural-resources-and-geopolitical-realities