

The ebola virus – a catalyst for a hotbed of change in Africa

☒ There is yet no licensed vaccine to confront the Ebola virus outbreak. Several vaccines are being tested, but none have yet reached the clinical use stage. The World Health Organization (WHO) has tracked Ebola contagion cases in Guinea, Liberia, Nigeria, Senegal and Sierra Leone from 30 December 2013 to 21 September 2014, noting that there have been at least related 6,263 and 2,917 suspected deaths attributed to the Ebola virus. The WHO and various international organizations have encouraged the African Union with regard to adopt a comprehensive action plan, as the African situation continues to deteriorate rapidly and has already had significant negative effects on the economy and public order in a large area of the continent. The Ebola crisis has already become very complex, having implications ranging from political security to economic and social conditions that will continue to affect the region well beyond the current emergency care.

The Ebola outbreak that has affected the countries of West Africa has hurt the population and the regional economy. The iron mining and production industry is the sector that has suffered the most from the health emergency. The price of iron itself has dropped from an average USD\$ 190/ton in 2013 to about USD\$ 100/ton today. This price is too low to make iron mining economically sustainable in Africa, which has generated considerable difficulties for such mining giants as Vale.SA, Rio Tinto and BHP Billiton. The Ebola virus, however, has even more subtle effects. It seems that the very fear of contagion is playing an important part in the economic crisis in the area as several contracts have been interrupted or canceled outright, including one that involved ArcelorMittal, one of

the world's largest steel and iron ore suppliers.

The latest news coming from the African continent says that the contagion could cause another social/civil war in Liberia, the country most affected by the epidemic. Liberia suffered an internal conflict (1989-2003) that claimed the lives of about 250 thousand people. Should the Ebola epidemic continue to spread in the three most affected countries, Guinea, Liberia and Sierra Leone, the economic impact will be felt throughout the region, which had been experiencing unprecedented resource driven growth in the past few years. From an operational point of view, the Ebola epidemic has put the pharmaceutical sector in the spotlight. Whereas, resources and mining might suffer from the epidemic in West Africa, in the long run the pharmaceutical sector can expect significant growth in the region, given the increased household wealth that many African states have witnessed recently. The pharmaceutical and rising family income correlation will affect all types of medicines and ailments – not just Ebola – as the recent epidemic and its widespread media coverage (combined with higher internet and TV penetration rates in Africa than ever before) crisis has served to alert the more affluent population of the importance of preventative healthcare.

The 'big Pharma' players with a firm presence in emerging markets such as Bayer – which generates some 30% of its earnings in developing countries – will benefit most. Sanofi also has a good track record, having set up a massive presence in China and in Russia. Smaller pharma companies, heretofore involved in research, have a chance to make their mark through Ebola. Zmapp – the experimental anti-Ebola drug, for which there is no more availability – could be produced in large quantities quickly and cheaply, using genetically modified (GM) tobacco plants. Zmapp's producer, Mapp Biopharmaceutical in San Diego, has partnered with several pharmaceutical companies specializing in the production of drugs from GM tobacco plants such and Caliber Biotherapeutics which holds

the largest GM facility in the world (acres and acres of greenhouses for seedlings of tobacco) to produce medicines from this plant. It is a very short stretch to suggest that the legalization of marijuana might itself lead to the development of specialized GM varieties that could be used to target various ailments and perhaps generate a few vaccines of its own.

This means that Africa will become a hot market for established and emerging pharmaceutical and infrastructure improvement companies, especially those working around hygiene issues. Ebola does not spread through water but its effects and dangers have also instigated interest and concern over all kinds of diseases and illnesses that continue to spread in Africa from basic dysentery to cholera. This is because the Ebola epidemic has uncovered the many years of neglected health services that have plagued Sub-Saharan African countries for decades and the fact that increased personal mobility, mobility and even economic growth – as well as refugee and migration crises – have made epidemics more frequent and faster spreading in the 21st century. Indeed, not all economic news from Africa is bad and renowned international financial institutions are on the hunt for African opportunities even as Ebola reports keep increasing.

No less than the London Stock Exchange (LSE) has been trying to woo African companies to list in London to take advantage of the recent period of strong economic growth in the Continent, which has attracted the interest of many institutional investors. There's a strong push toward Africa and especially a strong interest in creating alliances with local stock exchanges. The London Stock Exchange, which has already successfully launched IPOs in conjunction with the Exchanges in Casablanca (Morocco), Lagos (Nigeria), Nairobi (Kenya) and Cairo (Egypt), intends to continue this strategy making additional agreements in the aforementioned countries as well as others. More importantly, the LSE intends to go

beyond the field of energy, raw materials and mines, which account for the majority of African companies listed in London, in an attempt to add companies involved in finance, technology and manufacturing.

The LSE aims to compete with Dubai, Singapore and Johannesburg, which have been trying to attract the many African companies seeking capital to finance their expansion. Over the past five years, 55 African companies have launched IPO's in London – about 40% more than the previous five years. Meanwhile, Nigeria has surpassed South Africa to become the continent's largest economy.

Ebola virus to take centre stage in US-Chinese competition for African mineral resources

Today, 50 African Heads of State and Government will be  gathering at the White House for an unprecedented US-Africa summit, the first of its kind ever held on U.S. soil. President Obama urged the summit after his 2013 African trip. The crises in Ukraine and Gaza may overshadow the event coverage but the Ebola epidemic will likely occupy centre stage at the summit. President Obama has stated that his government is observing the epidemic with great concern. The summit may well result in the formation of an international coordination effort to confront the Ebola virus, which will trump such other African issues like Boko Haram attacks and kidnappings in northern Nigeria, the civil war in southern

Sudan, al-Shebaab attacks in Kenya. The original agenda of the August 4-6th summit was an economic one, aimed at strengthening the relations of the U.S. with a region heavily courted by China and where growth prospects are higher than those the rest of the world (5.4% in 2014 and 5.8% in 2015, according to IMF estimates). Now, a microscopic creature has taken precedence, because it must be addressed in order to facilitate any economic initiative. The White House intends to promote initiatives such as 'Power Africa' to link 20 million households across sub-Saharan Africa to the power grid. It's not a secret that the United States is competing with China for influence and access to resources. China has invested generously in the continent especially where mineral resources are concerned.

The Ebola epidemic in West Africa poses has threatened the economy of the region and foreign mining companies with sound sustainability policies are the best equipped to continue operations and survive. West Africa has grown tremendously in the past decade thanks to oil and mineral resources. Nevertheless, many Africans diseases, whose proliferation and effects have been managed elsewhere – such as, AIDS, malaria, tuberculosis, and of course Ebola – continue to re-appear like a weed. Ebola is causing a veritable crisis: there is no vaccine, there is no test for diagnosis, there is no therapy, and there is a mortality rate of 90 percent. The valley of Ebola crossed by the river which flows into the Congo has given its name to the deadly virus identified here for the first time in 1976. And so far in Africa, the Ebola virus is akin to a biblical plague that resurfaces cyclically. The current manifestation is the worst epidemic in history. It started last January in Guinea from where it spread to Liberia, Sierra Leone and is now threatening Ivory Coast, Burkina Faso, Ghana and Nigeria to mention a few. Cultural attitudes contribute to its intractability. In Guinea, the population is terrified, suspicious, to the point that it prevents doctors from entering villages.

The discovery of valuable mineral deposits in Africa has driven mining firms into increasingly far-flung geographic regions. This expansion has been accompanied by new and often unanticipated environmental and social and health risks that have substantial implications for corporate competitiveness and profitability. The management of sustainability is especially important in Africa given that it is fast becoming a region whose primary exports consist of its non-renewable resources. In many, if not most, countries of the region, exports of fuels and raw materials are one of the primary sources of foreign exchange. A healthier community and one that is well equipped to deal with the inherent risks of any mining operations ensures a more favorable working environment, fewer lost hours due to health concerns and a greater sense of legitimacy and acceptance from the local population. In many 'rich' countries, governments establish a framework of rules and benefits that help businesses thrive thanks to widely available preventive and direct medical and safety rules and practices. In Africa, health and safety regulations are difficult to implement due to financial and sometimes cultural constraints. It is essential for private sector firms to invest in these areas in order to ensure the sustainability of their venture.

Africa is the global epicenter of at least three other pandemics: AIDS, malaria and tuberculosis, which have acted as a powerful obstacle to development. Mining companies have gradually equipped themselves to manage the spread AIDS through special programs. For the past two decades the main 'sustainability' focus of mining majors has been AIDS prevention. Poverty, scarce human and financial resources and the endemic problems of the continent have made the situation more alarming. Even malaria, practically extinct in the West, remains a major problem: every year there are about 300 million cases and 90% occur in sub-Saharan Africa, with an estimated cost of a few years ago at \$ 12 billion. Tuberculosis offers an equally sad set of statistics. As for

AIDS, one of the leading causes of death, it has prompted a massive reduction in the workforce – in some areas of southern Africa up to 30%. Resource companies operating in Africa cannot remain indifferent to these problems – not to mention instability, insecurity, economic marginalization.

