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Coronavirus, do not forget Africa

The COVID-19 is quickly spreading throughout Africa. After Asia and Europe, it will wash over Africa in the next few weeks. While focusing on its own management of the crisis, Europe should not neglect the consequences that the spread of the virus could have South of the Mediterranean Sea.

African countries will have a hard time fighting the virus: whether with screening tests, confinement or respiratory assistance, African countries are poorly equipped to deploy these measures. Under-trained, and lacking equipment, they also have to deal with a highly dense population along with weak states, among which some are incapable of controlling their whole territory.

An Economic Crisis

Beyond the human catastrophe, this health crisis will also have economic consequences.

The impact of this economic crisis will be amplified by the fact that African countries do not have the same reserves or capacity as Europe. Some experts foresee economic growth on the continent divided by two, but it is safe to bet that it will be much worse than that and that growth will in fact be negative in 2020. Raw material prices, which are the main resource for African countries, are dramatically plummeting, platinum, cobalt, or copper for example. Entire economic sectors are already at a standstill, in particular air transportation, tourism and the hotel trade. The informal sector, which represent about 80% of jobs on the continent, will be severely affected by the drop-in activity. Those who work in this sector, eat at night what they make during the day. It is therefore a vital issue, there will be a food crisis.

All of this will first take the form of a liquidity crisis. There will be a shortage of currency, for example in the agricultural exportation sector where crops must be pre-financed in order for the agricultural sector to function (cocoa, coffee, cotton, tropical wood).

In countries where there is almost no social safety net, the advent of such barriers could lead to social tensions or even insecurity.

Africa is also faced with the collapse of oil prices. African countries which produce oil require an exchange rate of \$70 to ensure financial balance, with an exchange rate of \$20 they lack revenue as well as treasury. We believe that there will be a lack of \$100 billion in 2020 in the ten oil-producing African countries, with \$25 billion for Nigeria alone.

A Collective Response

Faced with these foreseen disruptions, the response can only be collective and multilateral. African countries must be provided with sufficient treasuries to face this crisis and keep their



economies afloat. This is a decision not only for the international donors but also for China and obviously for Europe.

The European Union must play its part in this collective action by:

- Establishing an immediate moratorium on the debts that African countries have toward it, for an initial period of 2 months which could be renewed. This measure must be adopted without any conditions and without delay, for all African countries.
- Releasing funds of several billion euros to the African states, with the threefold goal of:
 - Financing health and medical supplies, along with emergency food aid, which Africa is lacking.
 - Providing African states with the necessary funds to avoid a liquidity crisis.
 - Allowing African states to deploy local measures to support businesses and prevent their collapse.

This emergency fund will be fully effective if it is quickly and unconditionally put in place. It will have not to be hindered by bureaucratic barriers but start with emergency or exceptional procedures.

The European Union has the means to unblocking these exceptional funds, for example by using what is left of the EDF.

We need to recognize urgently the gravity of such a crisis in Africa. If we do not contribute to finding solutions, when Europe will start controlling and overcoming the virus, it will get it back for a second round from Africa. We are duty-bound to display solidarity, and, at the same time, it is in our interest to act for Africa.

European companies which invest in Africa will take part in this action, as they have demonstrated in the past.

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