

Chapter 1

Africa

ABSTRACT

This book is divided into eleven chapters that explain business opportunities in Africa and strategies to exploit them for the benefit of humanity. This chapter is the foundation of the book and it defines Africa and its place in human history. It describes Africa as a continent endowed with abundant natural resources, people, and economies poised and ready to advance to the next level of economic development. The continent is made up of 54 countries of different geographic and demographic sizes and at different levels of economic development. This chapter presents these countries, their market sizes, and a model on how to enter and do business in them. The chapter also describes Africa as a rich and vibrant continent, with rapidly expanding regional markets at different levels of the regional integration process. It explains clearly the source of the continent's business potential and how to enhance it. Generally, the whole book is meant to persuade global companies to invest more in Africa. It is also a source book for policy makers, corporate managers, students of global business, and a basis for further research on "doing business in Africa."

1. AFRICA DEFINED

Africa is a blessed and attractive continent with abundant natural resources; friendly people; a beautiful landscape, inhabited by exotic wildlife; and a complex ecosystem. Africa is the second largest of the five continents. The continent's natural resources include plenty of underground water in shallow aquifers, oil and gas, various metals,

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exotic wildlife, and exciting and friendly people. African has emerging economies poised and ready to advance to the next level of economic development, as their GDP grows at an average of 5 percent pa (Wang et al., 2008).

Africa's western most borders are about five thousand miles away from the continental United States and a mere eight miles separate Europe from North Africa through the Straits of Gibraltar. The shores of South East Asia are connected to Africa by the Indian Ocean, and the Southern Atlantic links Africa with Latin America. The Mediterranean and the Red Seas, and the Gulf of Eden separate Africa from southern Europe and the Middle East respectively (The Africa Guide, 2005).

With South Sudan becoming a new nation in July 2011, the Africa continent is made up of fifty four countries. The fifty four countries constitute the African Union (AU); originally the Organization of African Unity (OAU) whose foundations were pioneered and developed by Ghana, Morocco, Algeria, and Ethiopia in 1963 (OAU Charter, 1963). The other key original members of OAU are Liberia, Guinea, and Egypt.

The OAU became the African Union in 2001, currently buttressed with seven economic regions and trading blocs at the various stages of regional integration levels. These economic regions are the East African Community (EAC); Common Market of Eastern and Southern Africa States (COMESA); Economic Community of West African States (ECOWAS); the Arab Maghreb Union (AMU), in North Africa; Western African Economic and Monetary Union (WAEMU); Southern Africa Development Community (SADC); and the Community of Central African States (ECCAS). These trading blocs are discussed in more details in chapter five below. They are anticipated to be pillars and building blocks for the envisaged "the African Economic Union" in the coming years (Mbaku, 1998; Juma, 2011).

The African population is currently estimated to be over 1 billion people, which is about 15 percent of the world population. The African population is also currently estimated to grow at an average rate of 2.5 percent annually (EIU, 2009; ERA, 2010). Africa is the only region of the world today where birthrates are above the population replacement rates. African population is also the fastest growing of all the continents and it has the youngest, reasonably well-educated, work force in the world today. What these people need is more education, good healthcare, and employment to provide a large market for goods and services (Straziuso, 2012).

Today, Nigeria has the largest population in Africa-162.5 million people-followed by Ethiopia 85 million, and Egypt with 82.5 million people (ERA 2010). Several of the island nations have the smallest populations of about 1 million people each. A majority of the other larger African nations have population numbers averaging 30 million people, with the continental life expectancy averaging 52 years (Mahajan, 2009).

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