



THE NATURAL RESOURCE SECTOR POST COVID 19 GLOBALLY

The world as it stands is in tatters, every sector is working tirelessly to survive the impacts of the pandemic but there is no doubt that the COVID 19 pandemic has severely affected some sectors more than others. At the center of this catastrophe is the Natural Resources industry, the industry is to cope with volatility brought about by the Corona Virus.

The natural resource sector has been affected by a range of problems ranging from supply chain disruption, excessive debt which has led to less liquidity in companies. Companies are not working to create profit but to survive.

With retail equity markets are taking the back seat now amid the pandemic, it has become increasingly difficult for natural resource companies to sustain liquidity. In Africa, the supply chain has been disrupted, natural resource companies are under distress. However, make no mistake, like any other time of ruin and chaos, the industry has always reinvented itself and risen again. For that to happen, it is important that companies in the industry focus on short-term survival by evaluating their liquidity and devising plans to ensure that the companies remain relevant in the face of adversity.

Further while focusing on short term survival, it is important that companies time reconsider their medium and long-term strategy while seeking new ways of attaining revenue to ensure business continuity in the long run.

In a nutshell, it is important that companies in the sector consider consolidating and merging to form stronger institutions to undertake larger projects and have a bigger asset base and take advantage of other sectors that have been forced to offer services at low cost to score deals that will save the companies huge sums of funds in the long term. It is time for companies with huge cash reserves to take advantage of market instability and acquire property.

The sector has not been affected much in Tanzania as the country was not in lockdown, industries were and are still operating as well as mining activities.