UNITED STATES DEPARTMENT OF COMMERCE
International Trade Administration
Washington, D.C. 20230

U.S.-AFRICAN TRADE PROFILE

U.S. Trade with Sub-Saharan Africa
($ Millions)

	1997	1998	1999	2000
U.S. Exports	***6,174.9***	***6,694.0***	***5,568.5***	***5,925.8***
U.S. Imports	***16,418.7***	***13,139.6***	***14,042.9***	***23,480.4***

Two-way trade between the United States and Sub-Saharan Africa recovered strongly in 2000 from a lackluster performance in 1999, propelled by surging prices for imported crude oil and modest increases in U.S. exports to South Africa and Nigeria. Total trade *(imports plus exports)* soared ***50%,*** to ***$29.4 billion.***

- ***U.S. exports to Africa*** grew ***6.4%*** to ***$5.9 billion,*** although sales did not recover all the ground lost in 1999 from the record 1998 total. The increase was led by sales of aircraft to South Africa and Kenya, and oil field equipment to Nigeria.

- ***U.S. imports from Africa*** surged by ***two-thirds*** to nearly ***$23.5 billion,*** due to soaring prices for crude oil.

Total trade had decreased narrowly in 1999, as a dramatic fall in U.S. exports was offset by higher U.S. imports caused by rising oil prices. Average crude prices began to climb in March 1999, and escalated nearly ***150%*** by year-end 2000.

The U.S. merchandise trade deficit with Sub-Saharan Africa doubled in 2000, to ***$17.6 billion***. The cumulative imbalance over the last five years is nearly ***$52 billion*** in Africa's favor, but the associated transfer of financial resources benefits only a handful of African countries which supply substantial amounts of crude oil or strategic minerals to the United States.

- Nigeria, Angola, Gabon, and South Africa accounted for nearly ***94%*** of the U.S. trade deficit with Sub-Saharan Africa in 2000. The first three were major oil suppliers, while South Africa provided platinum and diamonds.

- As trade increases between Africa and the United States it also grows more concentrated, with a small number of African countries accounting for a greater share of the total for both imports and exports.

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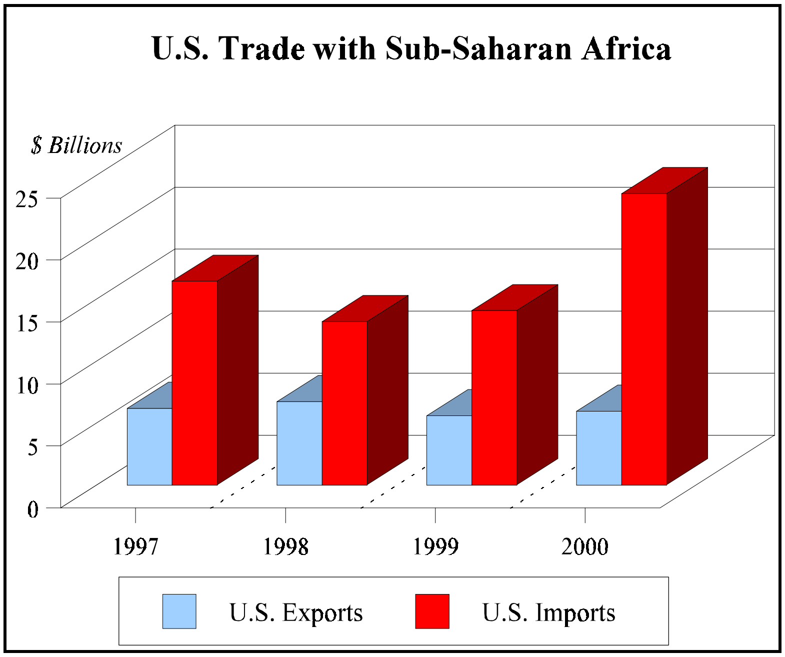


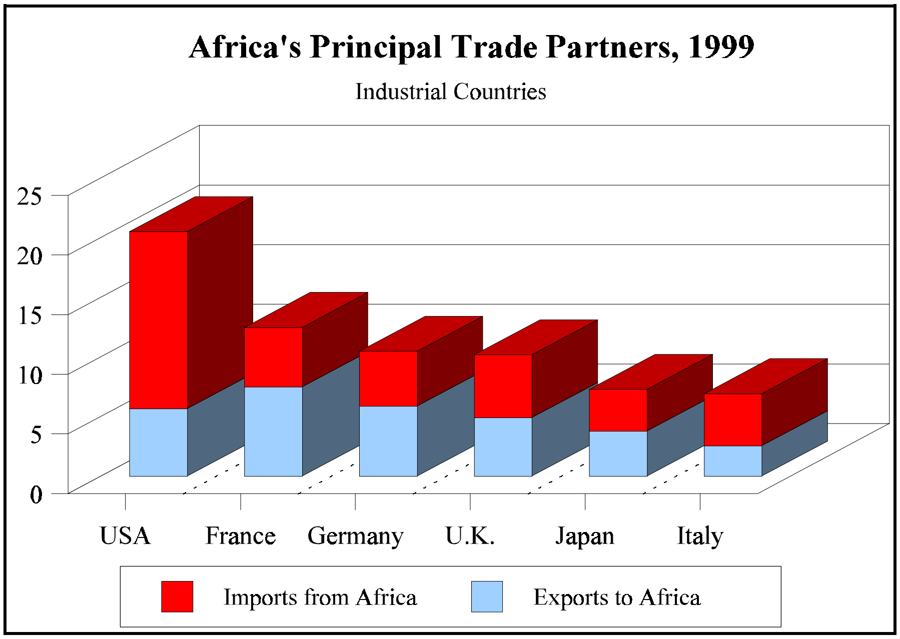
Source: U.S. Census data

Africa's Global Trade. Sub-Saharan Africa's ***total imports*** declined ***7.5%*** in 1999 (the latest year available), to ***$77.2 billion*** from ***$83.5 billion*** in 1998. The contraction was due in large measure to the delayed impact of the financial crisis which gripped Asia and other emerging markets in 1997-98. The crisis exerted downward pressure on Africa's terms of trade, as world prices fell for most of Africa's export commodities.

Sub-Saharan Africa's share of world trade continues to decline, increasing Africa's marginalization from the global economy and excluding the region from growing world prosperity. In the last two decades, the volume of world trade has tripled while Sub-Saharan Africa's trade has grown less than ***10%.*** As a result, Africa's share of global trade has fallen from just under ***4%*** to less than ***1.5%.***

The U.S. share of Africa's total import market was ***7.3%*** in 1999, down from ***8%*** in 1998 due to appreciation of the dollar on foreign exchange markets. The dollar appreciated nearly ***5%*** against the euro in 1999, while the United States slipped from second place to third among Africa's industrial country suppliers behind France with a ***9.7%*** share and Germany with ***7.6%.*** EU suppliers combined enjoyed a ***38.6%*** market share in 1999, virtually unchanged from ***39%*** in 1998. The dollar appreciated still faster in 2000, gaining a further ***20%*** in value against the euro. The trend could have negative implications for U.S.-African trade in years to come.

Sub-Saharan Africa accounts for less than ***1%*** of U.S. merchandise exports, and less than ***2%*** of U.S. merchandise imports. In comparison, the region accounts for ***3.6%*** of global exports and ***3.7%*** of total imports for the European Union (EU). However, the United States is Africa's largest single market, purchasing ***19%*** of the region's exports in 1999. The United Kingdom was second at ***6.8%,*** and France third at ***6.4%.*** The EU combined absorbed ***40%*** of Sub-Saharan Africa's exports.



Source: IMF data

Impact of Asia Crisis. The Asian financial crisis was slower to affect Africa than most other regions, due to the undeveloped state of most African financial markets. However, the crisis eventually took a major toll on Africa's terms of trade due to lower demand in Asia for Africa's principal exports. Crude oil, gold, and copper were particularly hard hit, and only oil has recovered.

- Average world crude oil prices fell from ***$23*** to under ***$10*** per barrel between 1997 and 1999, then climbed to nearly ***$34*** during late 2000 before a small decline.

- Meanwhile, gold prices which fell ***24%*** after the onset of the Asia crisis in 1997, have continued to slide. In 2000 they averaged ***27%*** below their pre-crisis levels, partly in response to large sales by the U.K. and Swiss national banks.

- World copper prices were approximately ***38%*** lower in 2000 than in 1995, although declining stockpiles caused a mild uptrend in prices near the end of the year.

- According to IMF data, in late 2000 the metals commodity index was nearly ***17%*** below the1995 level, and the index for agricultural raw materials was down ***28%***.

- The World Bank anticipates a decline in crude oil prices in 2000-2001, and modest increases in prices for metals and agricultural raw materials. However, African exporters of coffee, tea, and cocoa would still face prices well below the levels of the pre-Asia crisis.

Sub-Saharan Africa's Principal Industrial Country Suppliers
($ Billions and Market Share)

	1998	*% Share*	*1999*	*% Share*
France	*7.8*	*9.4*	*7.5*	*9.7*
Germany	*5.8*	*7.0*	*5.9*	*7.6*
United States	*6.7*	*8.0*	*5.7*	*7.3*
United Kingdom	*5.6*	*6.7*	*4.9*	*6.4*
Japan	*4.1*	*4.9*	*2.5*	*3.3*
Italy	*4.1*	*4.9*	*3.8*	*4.9*
Total EU	*32.8*	*39.0*	*29.8*	*38.6*

Source: Derived from IMF Directions of Trade Yearbook, 2000

Africa's Economic Growth

GDP growth in Sub-Saharan Africa declined to ***2.2%*** in 1999 from ***3.1%*** in 1998, according to IMF estimates. Growth had reached ***5.7%*** as recently as 1996, but Africa's growth rate has consistently lagged behind that of developing countries as a group.

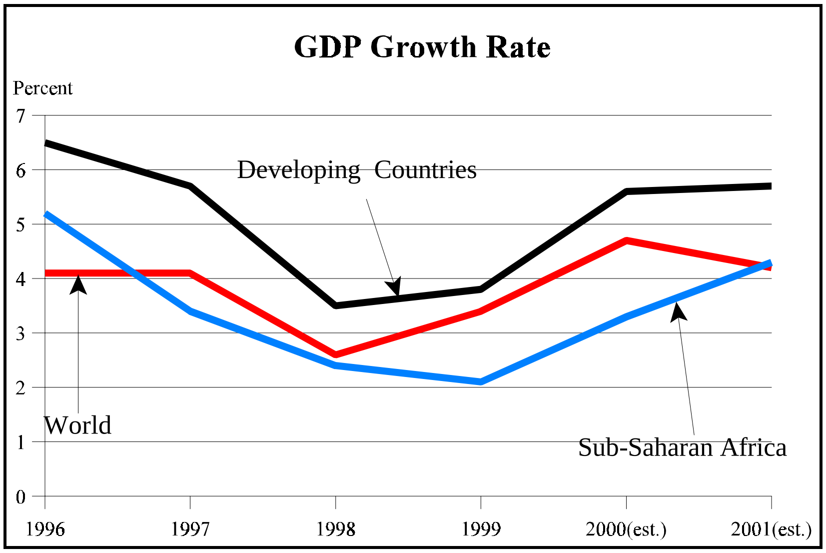
The IMF anticipates improved performance in Africa's GDP growth in 2000 and 2001, with rates of ***3.3%*** and ***4.3%,*** respectively. However, this would still trail the expected rates of GDP growth in Asia ***(6.7%*** and ***6.6%)*** and the Western Hemisphere ***(4.3%*** and ***4.5%)***.

Poor performance by Africa's two largest economies--South Africa and Nigeria--has slowed growth in the Sub-Saharan region for several years. However, the downward pull from these two countries has lessened significantly.

- Nigeria's fiscal position has benefitted from higher oil prices and modest government efforts to restore macroeconomic stability. GDP growth, only ***1.1%*** in 1999, could approach ***3.7%*** in 2000 and ***3.5%*** in 2001.

- South Africa's recovery is still fragile but gaining strength. Following a low of ***0.7%*** growth in 1998, GDP expanded ***1.9%*** in 1999. The rand has come under downward pressure from turbulence in neighboring Zimbabwe, but South Africa achieved ***3.1%*** growth in 2000, and the IMF believes South Africa's output is on track to register somewhat faster expansion in 2001 due to growing global demand for South African exports and productivity improvements.

➢ As one of the world's leading sources of platinum, South Africa has benefitted from an upsurge of demand for platinum group metals used in automobiles, jewelry, glass for liquid crystal displays, and computer disk drives. Platinum prices have climbed ***60%*** since October 1999.



Source: IMF *World Economic Outlook*, Oct. 2000

Impediments to Growth. Africa's vulnerability to swings in commodity prices has long been a drag on growth, demonstrating the need for economic reforms to promote economic diversification in the region.

➢ While increased oil prices have boosted growth in a handful of African countries, most have faced substantial deterioration in their terms of trade due to persistent weakness in non-fuel commodity prices and sharply higher oil import bills.

➢ Despite commodity price pressures, growth has rebounded in a small number of countries due to macroeconomic policy reforms. Mozambique enjoyed double-digit growth rates until devastating floods slowed the expansion. GDP growth for 2000 fell below ***4%,*** but is expected to rebound to near ***10%*** in 2001. Botswana, Cape Verde, Mauritius, Senegal, and Uganda have experienced steady if less dynamic progress. Progressive policies have allowed these countries to benefit from export-led growth, while others have stagnated.

Armed conflict, political instability, drought, and foreign debt continue to threaten Africa's economic recovery.

➢ According to the World Bank, Sub-Saharan Africa's total debt stock exceeded ***$231 billion*** at year-end 1999, more than ***75%*** of the region's aggregate GNP. In comparison, Latin America and the Caribbean region had the next highest debt-to-GNP ratio at ***46.2%.*** For all developing countries debt was ***41.5%*** of GNP.

- By the end of 2000, the World Bank and IMF had extended debt service relief of more than ***$25 billion*** to 18 countries in Sub-Saharan Africa[1] among 22 countries worldwide receiving relief under the *Enhanced Heavily Indebted Poor Countries (HIPC) Debt Initiative*. As these countries qualify for full assistance under the Initiative, their foreign debt will be reduced by nearly half on average. Combined with Paris Club and other debt relief programs, debt should decline by about ***two-thirds.***

The HIV/AIDS pandemic poses another enormous growth challenge.

- Nearly ***75%*** of the world's HIV positive population live in Sub-Saharan Africa. While the estimated worldwide rate of infection is ***1.1%,*** in Sub-Saharan Africa the rate is ***8.6%,*** and in several Southern African countries the rate is between ***20%*** and ***36%*** of the adult population.

- AIDS could cause a decline in life expectancy from 60 years to 30 years during the next decade in the worst affected countries, with a huge impact on labor turnover, productivity, and human capital. Some studies suggest that GDP growth could drop by ***1-2%*** annually in the worst affected African countries for the next decade.

U.S. Merchandise Exports in 2000

U.S. merchandise exports to Sub-Saharan Africa were ***$5.9 billion*** in 2000, a ***6.4%*** increase from the 1999 total. The expansion was led by sales of oil and gas field equipment to Nigeria, and aircraft to South Africa and Kenya. Exports had contracted sharply in 1999, due to dramatic declines in sales to the three largest U.S. markets in the region: South Africa, Nigeria, and Angola.

- Sales of aircraft and oil field equipment tend to be volatile, suggesting that export growth may not be sustainable in the longer term.

- In 1998, exports of aircraft and parts to South Africa and oil field equipment to Angola pushed U.S. exports to their highest total ever. A dramatic decline in these items in 1999 caused a large fall in total U.S. sales.

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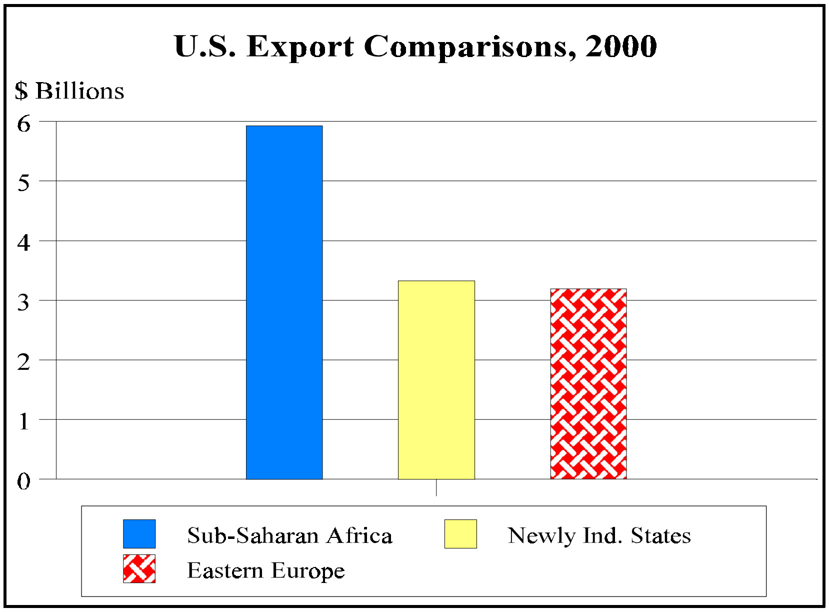
1 *African countries have received the following debt relief commitments under the Enhanced HIPC Initiative ($ Billions): Benin (0.3); Burkina Faso (0.4); Cameroon (1.3); The Gambia (0.1); Guinea (0.5); Guinea-Bissau (0.4); Madagascar (0.8); Malawi (0.6); Mali (0.5); Mauritania (0.6); Mozambique (2.0); Niger (0.5); Rwanda (0.5); Sao Tomé and Principe (0.1); Senegal (0.5); Tanzania (2.0); Uganda (1.0); and Zambia (2.5).*

The ***6.4%*** increase in 2000 shipments to Sub-Saharan Africa lagged behind gains in most other regions, with the exception of Eastern Europe where exports were flat and the Middle East which fell ***9%.*** U.S. exports increased ***21%*** in East Asia, ***9.7%*** in the former Soviet republics, ***7.4%*** in Central and South America, and ***12.6%*** worldwide.



Source: U.S. Census data

Despite the relatively slow growth, U.S. exports to Sub-Saharan Africa were ***78%*** greater than those to the Newly Independent States of the former Soviet Union, and ***86%*** greater than to Eastern Europe. U.S. exports to South Africa alone were ***a third*** greater than our sales to Russia, whose population is more than 3.5 times as large.

As U.S. exports to Sub-Saharan Africa grow, they become increasingly concentrated among a small number of countries. The top four markets--South Africa, Nigeria, Kenya, and Angola--accounted for ***72%*** of U.S. sales in 2000, with South Africa accounting for ***52%***, Nigeria for ***12%,*** Kenya for ***4%,*** and Angola for ***3.8%.*** In 1999, the top four markets represented less than ***two-thirds*** of total exports.

EU exports to Africa are also highly concentrated among a small number of countries, although less so than those of the United States. Based on nine-month data, seven countries--South Africa, Nigeria, Liberia, Cote d'Ivoire, Ghana, Senegal, and Gabon--accounted for more than ***two-thirds*** of EU exports to Sub-Saharan Africa in 2000.

Leading U.S. Export Markets in Sub-Saharan Africa

Country	***2000 Export Value ($ Millions)***
South Africa	***3,084.7***
Nigeria	***718.5***
Kenya	***238.0***
Angola	***226.0***
Ghana	***190.8***
Ethiopia	***165.2***
Equatorial Guinea	***94.9***
Cote d'Ivoire	***94.9***

U.S. *manufactured exports* were ***$4.9 billion,*** or ***83%*** of sales, *non-manufactures* ***$998.2 million,*** or ***17%.*** These proportions are virtually unchanged from 1999.

- In 2000, *manufactured exports* showed increased concentration among a small number of countries. South Africa, Nigeria, Kenya, and Angola accounted for more than ***three quarters*** of U.S. shipments. South Africa alone represented ***58%*** of the total. In 1999, four countries comprised ***69%*** of manufactured exports.

- *Non-manufactured exports* were also highly concentrated, although no more so than in 1999. Four countries--South Africa, Nigeria, Angola, and Ethiopia--totaled ***61%*** of the market, led by South Africa with ***26%.*** Non-manufactures include agricultural and non-agricultural commodities, fats and oils, crude materials, and mineral fuels.

Agricultural exports accounted for ***$720.8 million,*** or ***12%*** of total shipments, *non-agricultural* items for ***$5.2 billion,*** or ***88%.*** These proportions are also virtually unchanged from 1999.

- Nigeria ***($177.4 million)***, South Africa ***($119.8 million)***, and Ethiopia ***($114 million)*** were the top three markets for U.S. agricultural products in 2000, accounting for ***58%*** of total agricultural shipments. Ethiopia's total is nearly a ***three-fold*** increase from 1999, resulting from a surge in grains and edible oils.

- For non-agricultural items, South Africa, Nigeria, Kenya, and Angola accounted for ***75%*** of U.S. sales. Aircraft dominated shipments to South Africa and Kenya, while oil and gas field equipment were dominant in Nigeria and Angola. Non-agricultural exports include manufactures, semi-manufactures, and non-farm raw materials.

Leading U.S. Exports. U.S. exports contribute significantly to building and modernizing infrastructure in Sub-Saharan Africa. The principal U.S. exports included the following product categories: *aircraft and parts; oil and gas field equipment; motor vehicles and parts; industrial chemicals; computers and peripherals; construction machinery and parts; telecommunications equipment; and agricultural machinery.*

Leading U.S. Exports to Sub-Saharan Africa

Item	***2000 Export Value ($ Millions)***
Aircraft and parts	***780.5***
Oil and gas field equipment	***343.0***
Wheat	***309.8***
Motor vehicles and parts	***257.5***
Industrial chemicals	***231.9***
Computers, peripherals, and software	***219.3***
Construction machinery and parts	***189.3***
Telecommunications equipment	***139.5***
Agricultural machinery	***68.5***
Used clothing and textiles	***60.7***

U.S. Merchandise Imports in 2000

U.S. purchases from Sub-Saharan Africa totaled ***$23.5 billion*** in 2000, a ***67%*** increase from the1999 total, due to sharply higher prices for crude oil and a ***40%*** increase in imports of platinum group metals.

Crude oil accounted for ***$16.3 billion,*** or ***69%*** of U.S. imports from the region. In 1999, U.S. imports of crude oil from Sub-Saharan Africa were ***$8.1 billion***, or ***58%*** of total imports.

- Although crude oil imports from Sub-Saharan Africa doubled in value terms in 2000, the increase in total barrel volume was only ***16%.*** The average price per barrel escalated more than ***73%*** during the year, to ***$28.79.***

- Sub-Saharan Africa supplied ***18%*** of U.S. crude oil imports by value in 2000, up from ***16%*** in 1999. In comparison, Persian Gulf suppliers provided ***25%*** of U.S. imports, unchanged from 1999.

- Nigeria, the number five U.S. supplier, provided ***$10 billion*** of crude oil to the United States, ***11%*** of total imports. Angola was the eighth leading supplier, at ***$3.4 billion.*** Gabon ***($2.1 billion),*** Congo-Brazzaville ***($348 million),*** Congo-Kinshasa ***($168 million),*** and Equatorial Guinea ***($107 million)*** also ranked among the United States' top 25 suppliers of crude oil.

The second leading U.S. import, platinum group metals, constituted ***6.5%*** of purchases. This category also includes iridium, palladium, and rhodium, among others. Partially refined petroleum products represented ***4.1%*** of U.S. imports from the region.

Leading U.S. Imports from Sub-Saharan Africa

Item	***2000 Import Value ($ Millions)***
Crude oil	***16,289.8***
Platinum group metals	***1,528.8***
Partially refined petroleum products	***969.4***
Woven or knit apparel	***748.1***
Iron and steel products	***494.9***
Diamonds	***433.4***
Ferro- and nonferrous ores	***399.1***
Cocoa beans and products	***311.0***

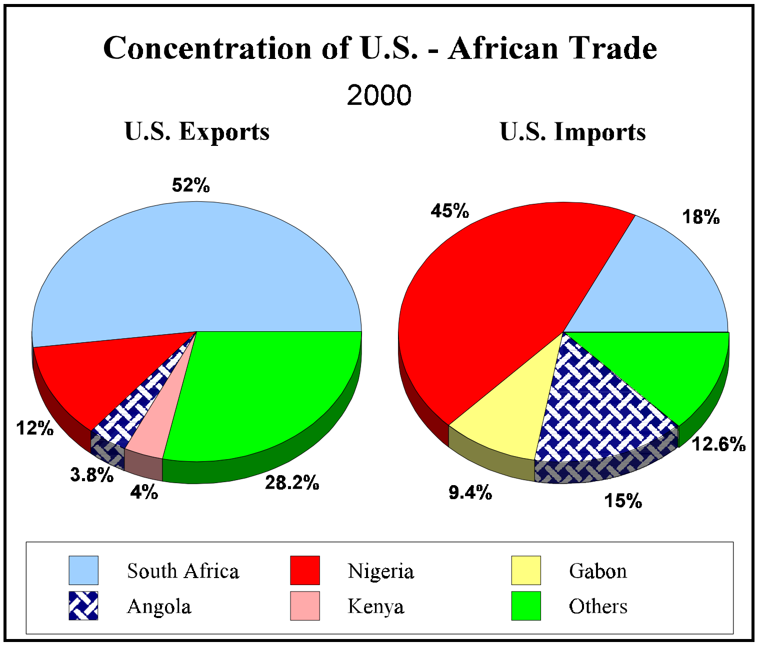
After crude oil, platinum, and diamonds, imports of woven and knit apparel experienced the strongest expansion in 2000, growing ***28%.*** The upsurge came before the apparel provisions of the *African Growth and Opportunity Act (AGOA)* were in force. Enacted in May 2000, AGOA provides for duty-free and quota-free importation to the United States of finished apparel from eligible African countries when they have met certain stipulated requirements. As more countries meet the requirements, the apparel sector could become an export growth engine in Africa.

U.S. imports from Africa remained highly concentrated among a small number of suppliers, even more so than U.S. exports. Four countries--Nigeria, South Africa, Angola, and Gabon--accounted for more than ***87 percent*** of U.S. purchases. Three were major crude oil suppliers, while South Africa was an important supplier of platinum, diamonds, and steel.

Principal Sub-Saharan African Suppliers to the United States

Country	***2000 Import Value ($ Millions)***
Nigeria	***10,548.5***
South Africa	***4,204.2***
Angola	***3,557.0***
Gabon	***2,208.9***

EU imports from Sub-Saharan Africa were only slightly more diversified. The six leading suppliers--South Africa, Nigeria, Cote d'Ivoire, Cameroon, Angola, and Ghana--accounted for ***70%*** of EU imports from the region, with crude oil constituting nearly ***19%*** of the total, diamonds ***11%,*** and gold ***6%.***



Source: U.S. Census data

Generalized System of Preferences. Duty-free importation of goods from Africa under the *U.S. Generalized System of Preferences (GSP)* jumped ***54%*** in 2000, to ***$2.4 billion.*** However, the increase does not represent wider GSP utilization by African countries. Instead, the increase was dominated by oil shipments from Angola, Congo-Kinshasa, and Equatorial Guinea.

- ➢ Angola moved to third place among GSP beneficiary countries worldwide from fifth place in 1999. South Africa was the eighth leading beneficiary due to a 30% jump in shipments of ferro-chromium. For the second straight year, these two countries accounted for ***80%*** of total GSP benefits in the Sub-Saharan region. Five countries accounted for more than ***94%*** of GSP utilization in Africa.

- ➢ Angola, Congo-Kinshasa, and Equatorial Guinea benefitted from a measure first implemented in 1997 that made imports of crude oil and partially refined oil products from *least developed beneficiary countries* GSP-eligible.

- ➢ Leading GSP items from Africa in 1998 were: *crude oil, partially refined petroleum products, ferro-chromium*, and *cane sugar*.

Leading Sub-Saharan African GSP Beneficiary Countries

Country	***2000 GSP Benefits ($ Millions)***
Angola	***1,378.8***
South Africa	***582.9***
Congo-Kinshasa	***146.2***
Equatorial Guinea	***136.3***
Zimbabwe	***61.3***

U.S. Direct Investment in Africa

Sub-Saharan Africa continues to trail other developing regions in attracting foreign direct investment (FDI). According to the United Nations *World Investment Report of 2000*, the region claimed FDI inflows of ***$7.3 billion*** in 1999**,** which was less than ***1%*** of worldwide flows and only ***3.5%*** of flows to developing countries.

- The 1999 total was a ***$1.5 billion*** increase from 1998 inflows, but the portion of global flows directed to Sub-Saharan Africa was unchanged.

- South Africa accounted for more than half the increase in Africa's FDI inflows in 1999. South Africa attracted nearly ***$1.4 billion,*** compared with ***$561 million*** in 1998. Among other large recipients in 1999 were: Angola ***($1.8 billion),*** Nigeria ***($1.4 billion),*** and Mozambique ***($384 million).***

The 1999 increase still did not compensate for the ***31%*** decline in FDI inflows to Sub-Saharan Africa in 1998. The dramatic 1998 fall was caused by a natural decline of flows to South Africa, where privatization of state enterprises had stimulated FDI in 1997.

The United States is the leading supplier of FDI to Africa, with total flows of ***$7.6 billion*** in the period 1994-98. France and the United Kingdom ranked second and third, each with flows of ***$2.5 billion.***

At year-end 1999, the *U.S. direct investment position*[2] in Sub-Saharan Africa was just under ***$9.6 billion,*** an ***11%*** increase from 1998. Capital outflows from U.S. parent companies to their South African affiliates fueled the expansion.

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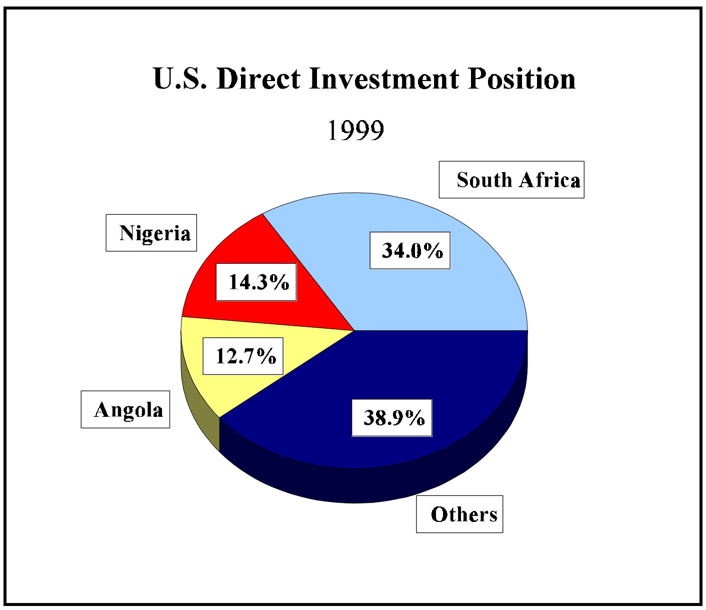
2 The U.S. direct investment position is the net book value (i.e., the historical value) of U.S. direct investors' equity in, and net outstanding loans to, their foreign affiliates. A foreign affiliate is a foreign business enterprise in which a single U.S. investor owns at least 10 percent of the voting securities, or the equivalent.

Sub-Saharan Africa accounted for less than ***1%*** of the U.S. direct investment position worldwide at year-end 1999. U.S. direct investment in the region is highly concentrated in a small number of countries.

- South Africa ***($3.3 billion)***, Nigeria ***($1.4 billion)***, and Angola ***($1.2 billion)*** combined to account for ***61%*** of the U.S. direct investment position in Sub-Saharan Africa in 1999.

- The U.S. position in Nigeria and Angola is heavily concentrated in the petroleum sector, while in South Africa it is largely in manufacturing.

According to preliminary estimates of U.S. direct investment abroad in 1998 by the Department of Commerce Bureau of Economic Analysis, U.S. non-bank affiliates in Africa reported *total assets* of ***$42.9 billion,*** of which ***$13.8 billion*** were in South Africa and ***$8.6 billion*** in Nigeria. U.S. non-bank affiliates in Africa had worldwide sales of ***$24.6 billion,*** and net income of ***$2.1 billion.***



Source: U.S. Dept. of Commerce

U.S. direct investment in Africa supports U.S. trade with the region and fuels American industry. ***$887 million*** of U.S. merchandise exports in 1998 were shipped to U.S. non-bank affiliates in Africa, including those in North Africa. The United States imported more than ***$1.5 billion*** of goods from U.S. affiliated companies in Africa, mostly crude oil.