INTERNATIONAL TRADE ADMINISTRATION

U.S.-Sub-Saharan Africa Trade Profile *2010*

*"In both 2011 and 2012, growth in emerging and developing economies is expected to remain buoyant… **growth in sub-Saharan Africa**—projected at 5½ percent in 2011 and 5¾ percent in 2012—is expected to exceed growth in all other regions except developing Asia."*- World Economic Outlook Update, January 2011, IMF.

Sub-Saharan Africa's Economic & Trade Development

- Global trade began to recover in the second quarter of 2009, with a continuous and rapid growth for four consecutive quarters, and an expansion of 11.9 percent during the first 10 months of 2010. The resumption in international and domestic financial flows with higher commodity prices has facilitated the recovery of most developing countries' economic activity. Indeed, for the past two years, trade recovery has been more advanced among developing countries than within high income countries. During the first 10 months of 2010, high-income country export volumes grew at a slower annualized pace (+10.4 percent) than those of the developing countries (+15.5 percent). The rapidly growing demand (mostly imports of capital goods) from developing countries resulted in a global trade increase.

- With continued global trade recovery, the future of economic development in Sub-Saharan Africa looks promising. The majority of Sub-Saharan African states have recovered rapidly from the global economic crisis.

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Sub-Saharan African Growth by Country Groups

Sub-Saharan Africa: Growth by Country Groups

(Percent change)

	2004–08	2009	2010	2011	2012
				Latest projection	
Sub-Saharan Africa	6.6	2.8	5.0	5.5	5.8
Oil exporters	8.7	5.2	6.5	6.3	6.7
Middle-income Countries	4.9	-1.6	3.1	3.5	4.0
Low-income Countries	6.3	4.8	5.3	6.5	6.7

Source: IMF, *World Economic Outlook database.*

- As shown in the above table, Sub-Saharan African growth continues to accelerate at high levels. Many African states, especially low-income ones, are reaching growth rate of pre-financial crisis levels. Middle-income states had the most difficult time during the 2009 economic downturn - perhaps signaling greater reliance and interdependency on the global marketplace.

- In 2010, GDP in Sub-Saharan Africa is estimated to have increased by 4.7 percent, up from 1.7 percent in 2009. Excluding South Africa (the region's largest economy), growth in the region is estimated at 5.8 percent in 2010, up from 3.8 percent in 2009. Tourism services - a critical industry for many developing countries - grew in the region. Hosting the FIFA World Cup helped Sub-Saharan Africa become the only world region to have experienced an increase in tourist arrivals in 2009. Tourism revenues were also up in the region's major tourist destinations such as Cape Verde, Kenya, Mauritius, Seychelles, and Tanzania.[1]

- The forecast for the next two years looks even brighter especially for the largest and the fastest growing economies of the region. According to the IMF, Sub-Saharan Africa's accelerating economic growth is expected to be broad-based in 2010 and 2011, with a strong domestic demand and resurgent exports boosting average growth rates in the region to 5-5 ½ percent "near the levels recorded before the global economic slowdown."[2]

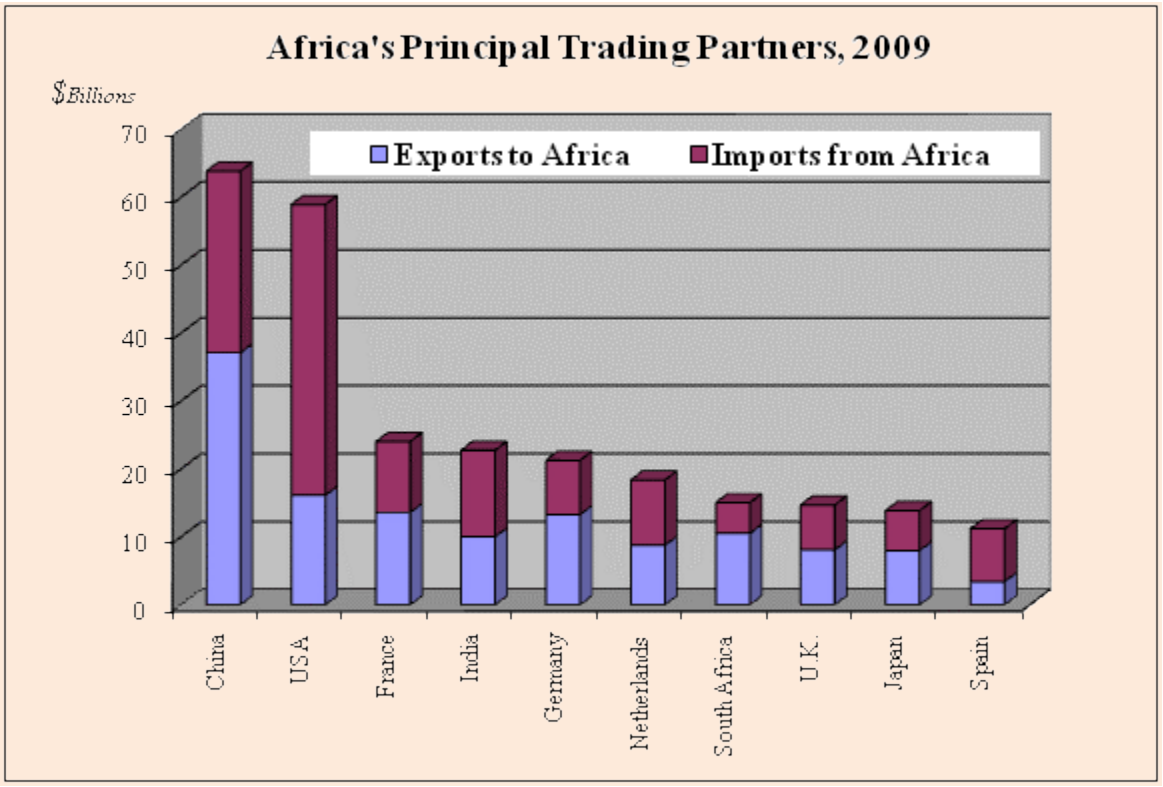
- Among the larger economies, the IMF predicts that South Africa's economy will expand by 3.5 percent and 4.1 percent in 2011 and 2012 respectively, benefitting from an improved global economy, ongoing public investments, and a firming up in consumer demand. IMF forecasts that Nigeria will continue its strong growth performance in 2011, with GDP expanding to 7.1 percent before leveling to 6.2 percent in 2012. Angola's GDP is also expected to expand, by 6.7 and 7.5 percent in 2011 and 2012 respectively, mostly due to the country's development in the oil sector and economic diversification policy. Finally, with the beginning of oil production,

[1] *Global Economic Prospects 2011: Navigating Strong Current*s, p. 51, 115.

[2] *Regional Economic Outlook*, Sub-Saharan Africa's Economies Set for Broad-based Growth, *IMF Survey online*, October 25, 2010

Ghana is projected to be the fastest growing economy in Sub-Saharan Africa, with a growth rate of 13.4 percent in 2011 and 10 percent in 2012.[3]

Sub-Saharan Africa's Global Trade Partners



Source: Derived from IMF Direction of Trade Statistics Yearbook, 2010

- As illustrated on the above graph, Sub-Saharan Africa's 2009 top 10 trade partners are China, the United States, France, India, Germany, the Netherlands, South Africa, the U.K., Japan, and Spain. Since 2008, China rose to overtake the United States as the largest Sub-Saharan African trade partner. In 2009, China makes up 14.6 percent of the region's 2009 imports and 12.6 percent of its exports. South-South trade is growing fast. China's voracious appetite for commodities has led to a significant increase in trade with Sub-Saharan Africa. China's trade with the region is not only in merchandise trade, but also trade in services. According to the World Bank, trade between China and Sub-Saharan Africa has been growing by an average of 30 percent a year over the past decade, and most likely exceeded $100 billion in 2010 through facilitated access to loans from Asian countries. The Forum on Chinese and Sub-Saharan Africa Co-operation estimates that since year 2000 Chinese companies have built 60,000 km of road and 3.5 million kilowatts in generating capacity of power plants in Sub-Saharan Africa.[4]

[3] *Regional Economic Outlook*, Sub-Saharan Africa's Economies Set for Broad-based Growth, *IMF Survey online*, October 25, 2010, p. 112, 123.

[4] *Global Economic Prospects 2011: Navigating Strong Current*s, p. 54, 117.

- The United States continue to be the largest importer of African goods. In 2009, the United States received 20.2 percent of the region's total exports to the world. However, total U.S. exports to Sub-Saharan Africa have fallen substantially, reaching a low 6.4 percent of Sub-Saharan's total imports from the world. From 2008 to 2009 (right after the financial crisis), U.S. exports to the region dropped 45 percent from $78.3 billion to $42.8 billion.

- From 2008 to 2009, all Sub-Saharan African trade partners have seen their total imports from the region and total exports to the region decline due to the general slowdown in global economic activity. The United States' total exports to the region fell by 20 percent, China's by 1 percent, Europe's by 17 percent, India's by 19 percent, South Africa's by 16 percent, and Japan's by 29 percent. The United States' total imports from the region decreased by 45 percent, China's by 25 percent, Europe's by 34 percent, India's by 18 percent, South Africa's by 30 percent, and Japan's by 51 percent.

- Although, in 2008-2009, South Africa's total trade with the region declined from $19.1 billion to $15 billion, the country climbed from the 10th largest Sub-Saharan African trading partner to the 7th largest, signaling a shift in the regional and global economic power of South Africa and Sub-Saharan Africa at large.

Shares of Sub-Saharan Africa's Import and Export Markets[5]

- In 2009, Sub-Saharan Africa trade accounted for only 1.85 percent of world trade, slightly lower than its share of 1.95 percent in 2008. The same year, Sub-Saharan Africa accounted for slightly more than 1.4 percent of U.S. merchandise exports, and three percent of U.S. merchandise imports - of which nearly 81 percent were petroleum products. Similarly, Sub-Saharan Africa accounted for a little more than one percent of both European Union (EU) merchandise exports and imports. Sub-Saharan Africa's share in world trade remains low and continues to be heavily concentrated in natural resources. Intra-African trade remains particularly limited.

[5] The data in this section is derived from the *Direction of Trade Statistics Yearbook* (Washington, DC: International Monetary Fund, September 2010). Please note: 2010 data has not been released.

Sub-Saharan Africa's Principal Trading Partners
($ Billions and Market Share)

	2008	% Share	2009	% Share	2008-09 % Share Change
Sub-Saharan Africa's Imports					
China	37.50	*12.1%*	37.13	*14.6%*	*21%*
USA	20.14	*6.5%*	16.14	*6.4%*	*-2%*
France	15.40	*5.0%*	13.62	*5.4%*	*8%*
India	12.46	*4%*	10.04	*4.0%*	*-2%*
Germany	17.40	*5.6%*	13.30	*5.2%*	*-7%*
Netherlands	10.85	*3.5%*	8.79	*3.5%*	*-1%*
South Africa	12.62	*4.1%*	10.54	*4.2%*	*2%*
U.K.	10.26	*3.3%*	8.11	*3.2%*	*-4%*
Japan	11.22	*3.6%*	8.01	*3.2%*	*-13%*
Spain	4.31	*1.4%*	3.44	*1.4%*	*-3%*
Total EU	71.50	*23.1%*	59.40	*23.4%*	*1%*
Sub-Saharan Africa's Exports					
China	35.58	*11.4%*	26.71	*12.6%*	*11%*
USA	78.25	*25.0%*	42.78	*20.2%*	*-19%*
France	15.24	*4.9%*	10.43	*4.9%*	*1%*
India	15.49	*4.9%*	12.71	*6.0%*	*21%*
Germany	11.19	*3.6%*	7.97	*3.8%*	*5%*
Netherlands	13.56	*4.3%*	9.59	*4.5%*	*4%*
South Africa	6.47	*2.1%*	4.50	*2.1%*	*3%*
U.K.	9.85	*3.1%*	6.59	*3.1%*	*-1%*
Japan	12.04	*3.8%*	5.86	*2.8%*	*-28%*
Spain	14.86	*4.7%*	7.76	*3.7%*	*-23%*
Total EU	72.00	*23.0%*	47.20	*22.2%*	*-3%*

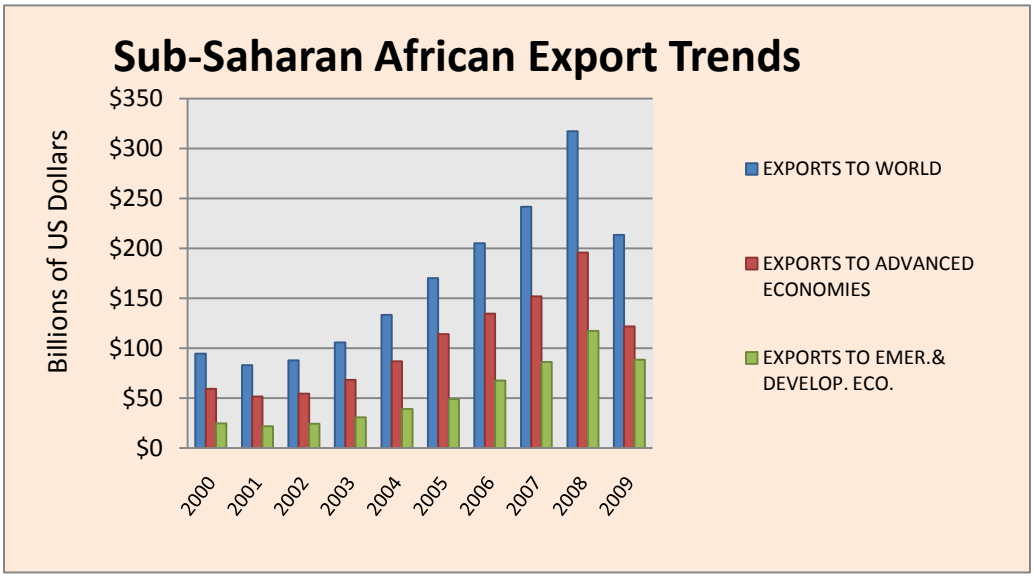
Source: Derived from IMF Direction of Trade Statistics Yearbook , 2010

- As the above table shows, the United States is Sub-Saharan Africa's largest single market, purchasing 20.2 percent of the region's exports in 2009 (against 25 percent in 2008, resulting in a 19 percent decrease of its market share). China was second largest at 12.6 percent (increasing its market share by 11 percent), and India was third at 6 percent. In 2009, the EU purchased 22.2 percent of Sub-Saharan Africa's total exports, down from 23 percent in 2008.

- In 2009, the U.S. market share in Sub-Saharan Africa fell slightly to 6.4 percent (a 2 percent decrease of market share), with $16.14 billion in exports to the region. The same year, China, France, and South Africa are the only Sub-Saharan Africa global trading (imports + exports) partners with increased their market share in the region. China increased its market share by 21 percent, South Africa by 8 percent, and France by 2 percent. Although China's exports to the region fell by 1 percent in 2009, the country continues to be the largest individual exporter to Sub-Saharan Africa with a growing market share of 14.6 percent (a 21 percent market share increase) and $37.13 billion in exports to the region. Shipments of electrical and other machinery, vehicles (cars, motorcycles, and trucks), woven fabrics, iron and steel products, woven and knit apparel, and low-end footwear comprised the largest share of China's shipments to Sub-Saharan Africa. It is primarily the Chinese auto industry that is playing an increasingly significant role in reshaping the market share landscape of the region.

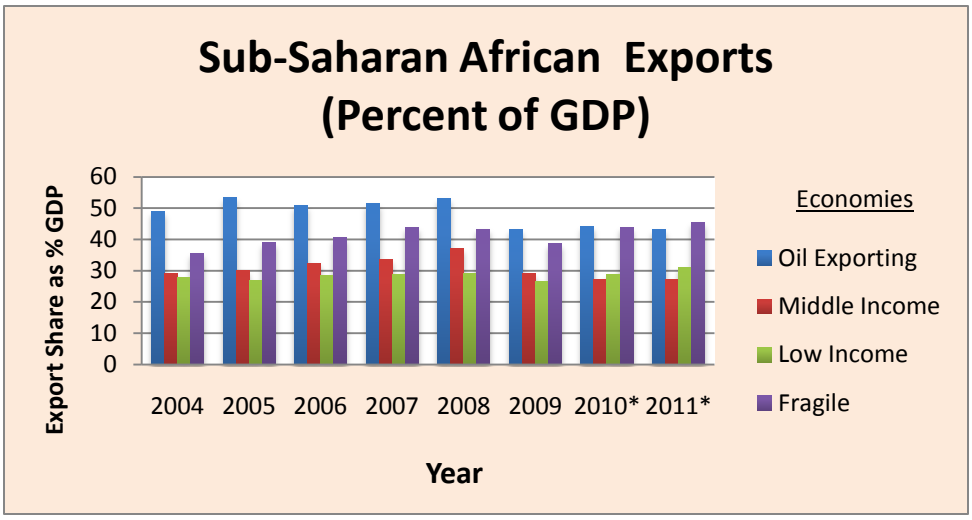
- In 2009, among all of Sub-Saharan Africa's trade partners, Japan faced the highest drop in market share (a 13 percent market share decrease), possibly due to China`s automakers market share expansion.

<u>Sub-Saharan Africa's Export Trends</u>



- Between 2000 and 2009, Sub-Saharan Africa's exports have grown rapidly. As demonstrated in the above chart, total global exports from the region have more than doubled since 2000.[6] Further, before the global recession, export totals had more than tripled. Recent estimates put Sub-Saharan African recovery in full swing, with both oil and non-oil exporters approaching or exceeding pre-crisis growth rates.

[6] IMF *Direction of Trade Statistics 2010*, compiled in February, 2010.



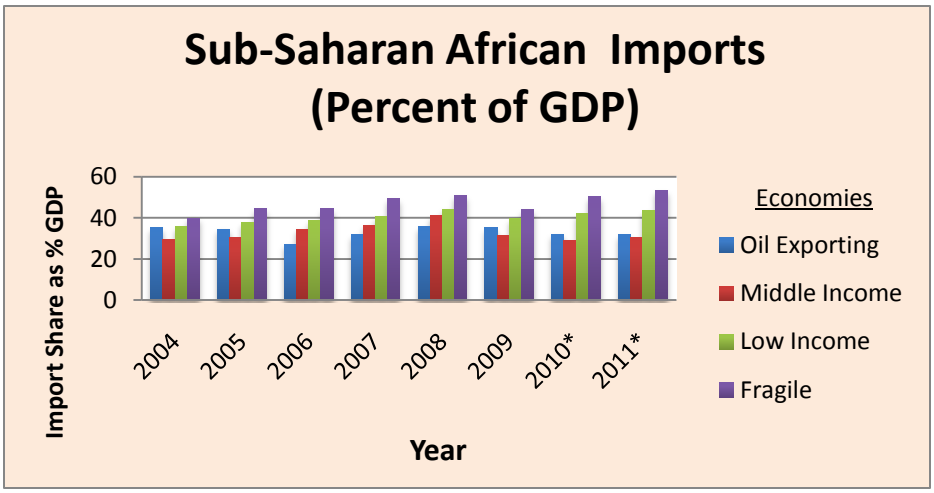
- Sub-Saharan African exports have moderately recovered from the global financial crisis. As shown in the above chart, export growth has been slow since 2008.[7] Export levels of oil-producing African states has hovered around 43 percent of GDP since the crisis. Middle-income[8] economies have experienced a stagnant recovery, with projected estimates yet to exceed 2009 levels. Low-income economies have performed similarly. The strongest recovery has been from fragile economies, with 2010 and 2011 estimates surpassing pre-crisis levels.

- In 2009, Sub-Saharan Africa's total merchandise exports to the world were $212.3 billion (a 32 percent decrease from 2008). South Africa and Nigeria accounted for 50 percent of Sub-Saharan Africa's total exports. South Africa's exports decreased by 25 percent to $54.4 billion. Nigeria's exports decreased by 39 percent to $52.7 billion.

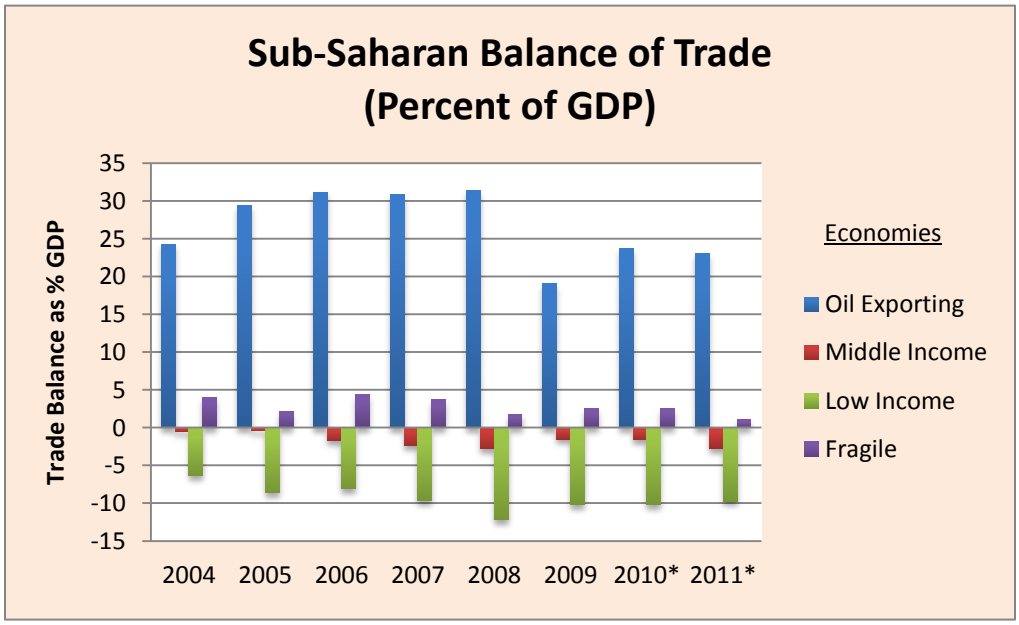
[7] Data retrieved from IMF *Regional Economic Outlook, Sub-Saharan Africa: Resilience and Risks*. October 2010. Note- * indicates IMF estimates and projected figures. Nigeria was excluded from Oil-exporting, South Africa was excluded from Middle-Income, and Zimbabwe was excluded from fragile countries. Zimbabwe was excluded because the Zimbabwean dollar stopped circulating in 2009, skewing data.

[8] IMF grouping: **Oil-exporting countries**: Angola, Cameroon, Chad, Congo, Rep. of Congo, Equatorial Guinea, Gabon, And Nigeria. **Middle-income countries**: Botswana, Cape Verde, Lesotho, Mauritius, Namibia, Seychelles, South Africa, Swaziland. **Low-income countries**: Benin, Burkina Faso, Ethiopia, Ghana, Kenya, Madagascar, Malawi, Mali, Mozambique, Niger, Rwanda, Senegal, Tanzania, Uganda, Zambia. **Fragile countries**: Burundi, Central African Republic, Comoros, Congo, Dem. Rep. of Congo, Côte d'Ivoire, Eritrea, Gambia, Guinea, Guinea-Bissau, Liberia, São Tomé & Príncipe, Sierra Leone, Togo, Zimbabwe.

Sub-Saharan Africa's Imports Trend



- In 2009, Sub-Saharan African imports and exports represented a comparable share of the region's GDP due to a slow or stagnant recovery in African oil-exporting states, middle incomes, and low income African states. However, fragile states led a strong rebound in imports, with estimated exports reaching and exceeding pre-crisis levels by early 2011.



- As illustrated in the above graph, the trade balance of Sub-Saharan Africa has remained fairly consistent. However, oil-exporting states have seen promising increases in exports, driving up the positive trade balance from 19.1 percent to 23.7 percent from 2009 to 2010 (estimate).[9] The economic collapse from 2008 to 2009 and subsequent 2010 recovery were caused by the two-

[9] IMF *Direction of Trade Statistics Online 2000-2010*, compiled in February, 2010.

fold crude oil price spike and the succeeding crisis, further driving down demand. For the past several years, "fragile" countries have had a positive trade balance. This is potentially caused by a reduced reliance on international markets in fragile economies.

- In 2009, Sub-Saharan Africa's total merchandise imports from the world decreased by 18 percent to $253.7 billion. South Africa and Nigeria accounted for almost half of Sub-Saharan Africa's total imports with a 43 percent share, a slight decrease from 2008 (47 percent). South Africa's imports decreased by 25 percent to reach $54.4 billion and Nigeria's imports decreased by 20 percent to reach $43.2 billion.[10]

- Based on a review of the major suppliers to Sub-Saharan Africa, no single sector appears to account for the majority of the decrease in Sub-Saharan African imports. Instead, the imports appear to be spread over a range of sectors, including: a variety of electrical and other machinery, refined oil, telecommunications equipment, vehicles, aircraft, iron and steel products, pharmaceutical products, medical equipment, apparel, footwear, ocean vessels, and wheat.[11]

Foreign Direct Investment in Sub-Saharan Africa

- According to the 2011 World Bank Global Economic Prospects report, the investment climate in most Sub-Saharan African countries is improving, mostly due to enhanced macroeconomic policies and debt sustainability. The World Bank indicates that, outside of South Africa, foreign private capital flows into Sub-Saharan Africa are for the most part composed of foreign direct investment (FDI). After declining by 12.3 percent in 2009, FDI recovered by 6 percent to $32 billion in 2010.

- FDI to the region - which is almost exclusively focused on the extractive sector (supported by the rise in metal and energy prices in recent years) - has risen in six of the past eight years, reflecting increased investment interests in the region, with about 40 percent of the total investment going to the three largest economies: South Africa, Angola, and Nigeria. Nearly 60 percent of FDI went to the region's smaller economies.[12] FDI directed to the extractive industries sector benefited middle income Congo and Ghana; low income Mozambique, Zambia, and Niger; post-conflict Liberia and Sierra Leone; and conflict country Guinea.

- Intra-regional FDI from developing economies in Sub-Saharan Africa is increasing. The share of Sub-Saharan African host countries in the outward stock of South African FDI has increased from less than 5 percent before 2000 to 22 percent in 2008, reaching almost $11 billion, according to the World Bank.

- While some of the South-South FDI flows are intra-regional (mostly coming from Tanzania, South Africa, and Kenya), inter-regional South-South investment from China, Brazil, India, and Malaysia has surged in recent years. The largest number of identified investment projects

[10] IMF *Direction of Trade Statistics Online 2000-2010*, compiled in March, 2010.
[11] Based on a review of European Union, United States, China, Japan, and South Africa trade data in the World Trade Atlas.

[12] *Global Economic Prospects 2011: Navigating Strong Current*s, p. 8, 36, 116.

undertaken by Chinese and Indian investors have been mostly in manufacturing and infrastructure. What attracted these investing countries are not really the labor costs in Sub-Saharan Africa (which is more or less similar to their own labor costs) but in most cases, the duty-free, quota-free access of Sub-Saharan African countries to developed countries through the African Growth and Opportunity Act (AGOA) or the EU's Everything But Arms (EBA) initiative.[13]

- According to UNCTAD's 2010 World Investment Report, China has become one of the most significant foreign investors in some Sub-Saharan African countries, while India and Malaysia are also substantial sources of FDI to the region. Chinese FDI stock in Sub-Saharan Africa (with 40 percent of it in South Africa) reached $7.8 billion by the end of 2008. Chinese private investors are becoming very active players in the region.[14]

- India is another major source of FDI in Sub-Saharan Africa. Indian FDI has been concentrated in Mauritius ad Nigeria, to benefit from both countries' investment incentives. However, Indian investors have recently been attracted by Côte d'Ivoire, Senegal, and Sudan.

- Transnational Corporations (TNCs) from developing economies are also making a rapid entry into Africa's market. They are providing additional development opportunities and access to global markets. Favoring labor-intensive manufacturing, TNCs offer a large potential for employment to Sub-Saharan Africa. By using technologies suitable to various developing countries, TNCs contribute to technological upgrading in host Sub-Saharan African countries. TNCs from transitional economies are also expanding in the Sub-Saharan African market. TNCs from the Russian Federation are showing a clear interest in increasing their access to supplies of raw materials and exploring several strategic commodities.

- African governments determine access to their economies. While it is very important that trade policies and agreements are effectively implemented, another crucial element to increase FDI to the continent is the need to coordinate an integrated strategic response to offer access to regional resources according to each African country's needs. Regional forums such as the Common Market for Eastern and Southern Africa (COMESA), the Southern African Development Community (SADC), the Economic Community Of West African States (ECOWAS), the East African Community (EAC), as well as the African Union (AU) must be used more actively and strategically to strengthen intra-regional trade capacity.

<u>Uncertain Future</u>

- In its 2011 report, UNCTAD indicates that although the potential and promise of Sub-Saharan Africa's future is evident, there is no guarantee of continued success. Concerns regarding the region's political stability still exist. Sub-Saharan Africa's economic performance will depend on the continuation of active policy reforms and institutional development. Most prospects of growth in Sub-Saharan African countries are also tightly linked to the global economic recovery.

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[13] *World Investment Report 2010: Investing in a Low-Carbon Economy (New York and Geneva, Switzerland: UNCTAD 2010) p. 34.*

[14] *World Investment Report 2010: Investing in a Low-Carbon Economy p. 34, 35, 36.*

Fiscal austerity measures in the EU or significant slowdown in China could seriously reduce any hope for economic growth in Sub-Saharan Africa and severely harm Sub-Saharan African exporters of metal, mineral, and oil exporters.[15]

- Other important factors threatening Sub-Saharan Africa's economic growth are unfavorable weather conditions and monetary fluctuations. Variations in currencies' relative values have been associated with the rising inflows of speculative capital ("hot money") in emerging economies. The agriculture sector is the largest employer in the region and contributes to a large share of GDP in many Sub-Saharan African countries. The key drivers of Sub-Saharan African growth are likely to remain: continued political stability, attractive business climate, and good governance.

U.S.-Sub-Saharan African Trade Relations

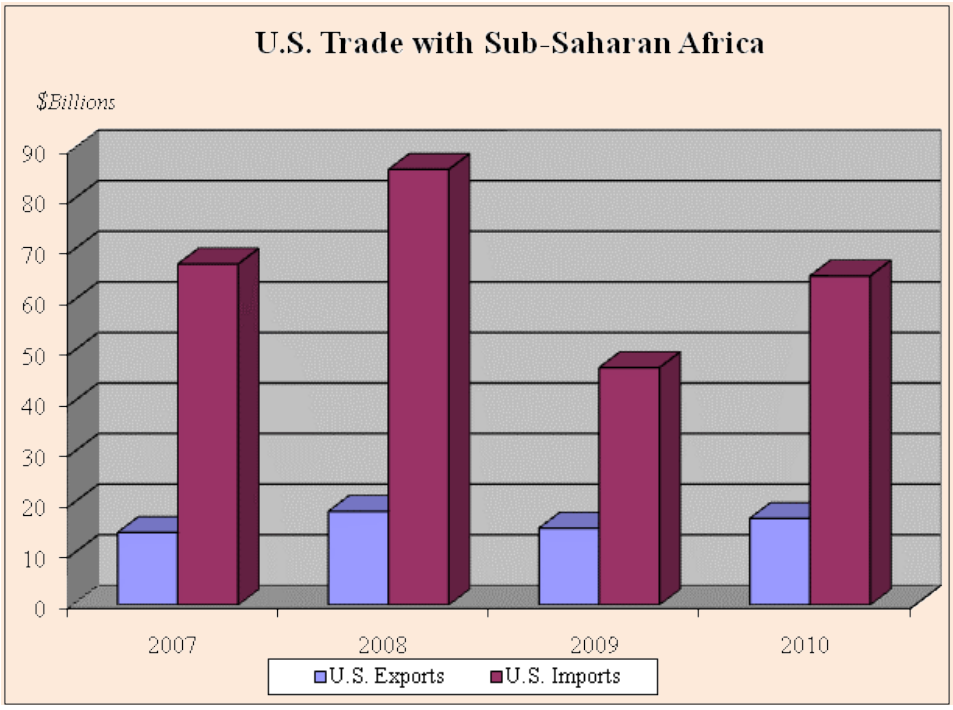
U.S. Trade with Sub-Saharan Africa
($ Millions)

	2007	***2008***	***2009***	***2010***
U.S. Exports	***14,296.1***	***18,471.9***	***15,155.1***	***17,067.3***
U.S. Imports	***67,357.8***	***86,052.7***	***46,900.6***	***65,019.0***

Source: U.S. Dept. of Commerce, Bureau of Census

- As the above table shows, U.S. total trade (exports + imports) with Sub-Saharan Africa increased by 32 percent from 2009 to 2010, as both exports and imports increased. The expansion of trade is consistent with the overall growth in U.S. trade with the world (a 22 percent increase in 2010). U.S. exports to Sub-Saharan Africa increased by 13 percent to $17 billion (mostly due to an increase in vehicles exports).

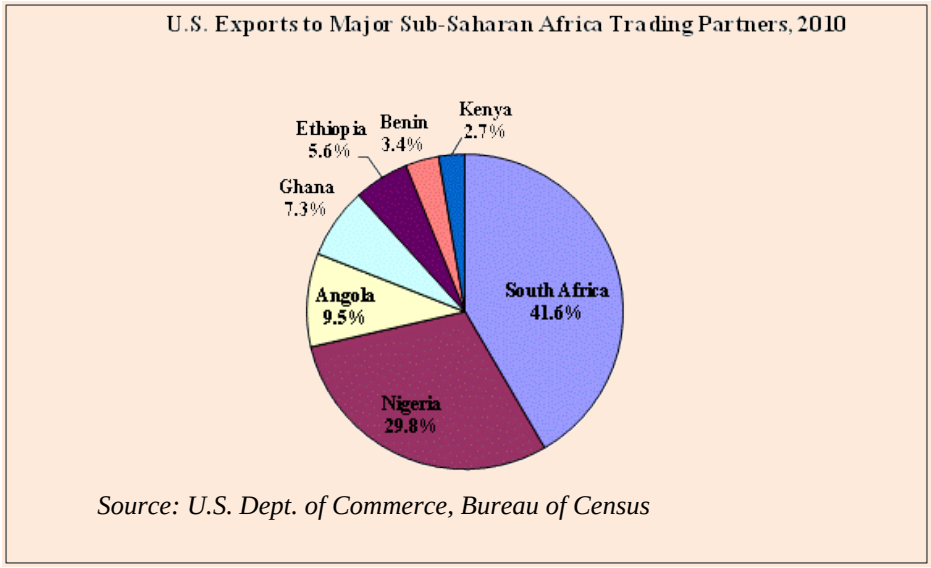
[15] *Global Economic Prospects 2011: Navigating Strong Current*s, p. 8, 123.



Source: U.S. Bureau of Census

- As the above table shows, the U.S. merchandise trade deficit with Sub-Saharan Africa increased in 2010 to $47.9 billion from $31.7 billion in 2009. Nigeria, Angola, the Republic of Congo, South Africa, Chad, and Equatorial Guinea accounted for 97 percent of the U.S. trade with Sub-Saharan Africa in 2009. This deficit paralleled the 2010 U.S. trade in goods deficit which reached $634 billion (against $501.1 billion in 2009).

- ***<u>Leading U.S. Export Markets in Sub-Saharan Africa</u>***



- The above graph shows that in 2010, U.S. exports to Sub-Saharan Africa remained highly concentrated among a small number of countries. The top three markets – South Africa, Nigeria, and Angola – accounted for 80.9 percent of U.S. exports to the region, with South Africa claiming 41.6 percent, Nigeria 29.8 percent, and Angola 9.5 percent. From 2008 to 2009, South Africa's share increased by 6 percent. Nigeria's and Angola's shares decreased by 8 and 24 percent respectively.

- Of the top five Sub-Saharan African destinations for U.S. products, exports to Nigeria rose by 10 percent, to South Africa by 26 percent, to Ghana by 37 percent, and to Gabon by 42 percent. Exports to Liberia increased by 101 percent. Exports to Angola decreased by 9 percent and to Kenya by 45 percent. Exports of electrical machinery (including telecommunications equipment) to Sub-Saharan Africa decreased by 8 percent.

Leading U.S. Exports to Sub-Saharan Africa

Leading U.S. Exports to Sub-Saharan Africa

	2010 Export Value ($ Millions)
Motor Vehicles	1,842.1
Petroleum & Coal Products	1,314.1
Oilseeds & Grains	1,277.5
Aircraft, Engines, & Parts	1,202.8
Oil & Gas Field Machinery & Equipment	824.5
Other General Purpose Machinery*	737.4
Construction Machinery	720.1
Navigational, Measuring, Electromedical & Control Instruments	524.6
Industrial Chemicals	510.8
Grain and Oilseed Milling Products	362.9
Communications Equipment	220.6

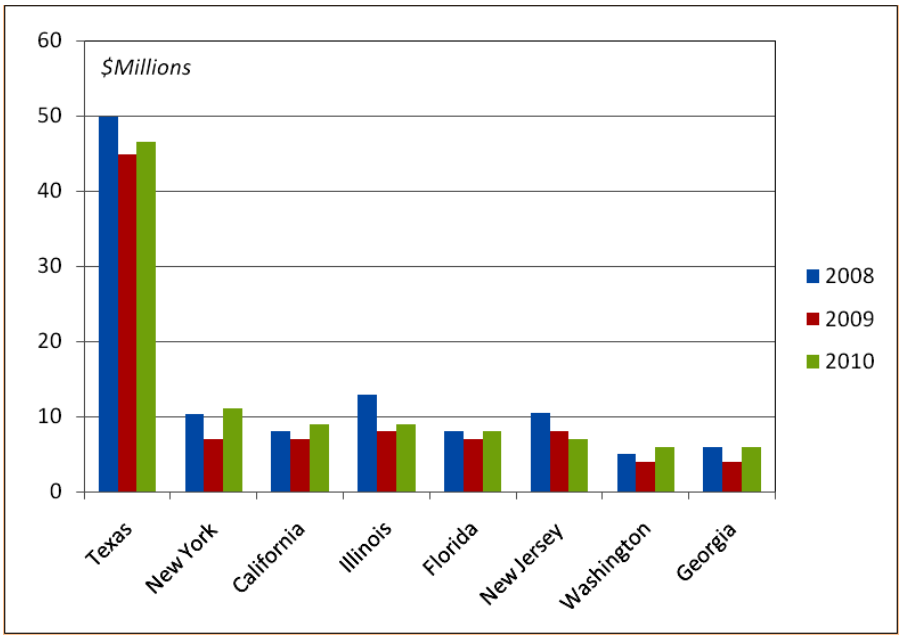
** Includes pumps and pumping equipment, air and gas compressors, and material handling equipment.*

Source: U.S. International Trade Commission DataWeb

- The above table shows that U.S. exports to Sub-Saharan Africa in 2010 were concentrated in motor vehicles, petroleum and coal products, agricultural commodities, and aircraft. Motor vehicles accounted for 10.8 percent of exports, petroleum and coal products 7.7 percent, and oilseeds and grains (mostly wheat) 7.5 percent. Other leading export categories included: aircraft; oil and gas field machinery and equipment; construction and general purpose machinery;

industrial chemicals; navigational, measuring, electro-medical and control instruments; grain and oilseed milling products; and communications equipment.

Leading U.S. States Exporting to Sub-Saharan Africa



Source: U.S. Dept. of Commerce, Bureau of Census

- As the above graph illustrates, in 2010, the top eight U.S. states exporting to Sub-Saharan Africa were: Texas, New York, California, Illinois, Florida, New Jersey, Washington, and Georgia (followed by Louisiana and Pennsylvania). These states exported mainly to South Africa, Nigeria, and Angola.

- The top three states exporting to South Africa were New York, Texas, and Illinois. Texas's exports to Sub-Saharan Africa were mostly composed of non-crude oil, machinery and electronic parts, aircrafts & parts. New York's exports to the region were mostly composed of jewelry, gold, aircrafts & parts. California's exports to the region were composed of aircrafts & parts, diamonds, machinery, and electronics.

- Export-friendly policies in some states, location of production facilities, local area's industries and market development, abundance or lack of natural resources, as well as the African Diasporas' presence can explain the concentration of U.S. exports to Sub-Saharan Africa in the above-listed top eight U.S. States.

U.S. Imports from Sub-Saharan Africa

- As the figures on page 11-12 illustrate, in 2010, U.S. imports from Sub-Saharan Africa increased by 39 percent, reaching $65 billion. This increase was mostly due to a 40 percent jump in crude oil imports (accounting for 81.4 percent of total U.S. imports from Sub-Saharan Africa) with

both price and quantity increasing. This growth closely parallels the large increase in total crude oil imports from virtually all oil producing trading partners (to include non-African Growth and Opportunity Act (AGOA) eligible countries). U.S. imports from Nigeria increased by 60 percent, from Angola by 28 percent, from the Democratic Republic of Congo by 60 percent, and from Gabon by 80 percent. U.S. imports from South Africa also grew by 40 percent driven mainly by increases in diamonds imports. U.S. imports from Ghana rose by 103 percent due to an increase in cocoa imports (gained from Ivory Coast's political instability and consequently negatively affected cocoa industry).

- In 2010, U.S. imports under AGOA were $44 billion, 31 percent more than in 2009 mainly due to a 33 percent increase in AGOA petroleum product imports. (This figure includes duty-free imports from AGOA-eligible countries under both the U.S. Generalized System of Preferences (GSP) and the expanded AGOA GSP.)

Leading U.S. Imports from Sub-Saharan Africa

Leading U.S. Imports from Sub-Saharan Africa

Item	***2010 Import Value ($ Millions)***
Oil (Crude & non-Crude)	***52,573.7***
Platinum	***2,086.6***
Motor Vehicles and Parts	***1,613.7***
Diamonds	***1,540.4***
Cocoa	***1,037.3***
Woven & Knit Apparel	***790.4***
Iron and Steel	***759.8***
Ores, Slag, & Ash	***673.9***
Organic Chemicals	***424.0***
Petroleum Gases & Other Gases	***300.9***

Source: U.S. Dept. of Commerce, Bureau of Census

- As shown in the above table, oil imports (crude and non-crude) continued to dominate imports from Sub-Saharan Africa with $52.6 billion in oil imports in 2010, accounting for 80.9 percent of all U.S. purchases. Platinum remained the second leading U.S. import with a 3.2 percent share. Motor vehicles and parts replaced diamonds as the third leading U.S. import, accounting for 2.5 percent of U.S. purchases.[16]

- Precious stones and metals made up 6.1 percent of U.S.-Sub-Saharan African imports. Other important sectors (in order of decreasing trade share) were auto vehicles, cocoa, steel, ores,

[16] Data collected from World Trade Atlas, "United States Imports from Sub-Saharan Africa, January-December 2010."

organic chemicals, and textiles. Together, these seven industries made up 14.3 percent of total U.S. imports. Precious stones and metals experienced a strong 58.8 percent growth. The auto vehicle sector also showed slight gains, with 11.7 percent growth. Cocoa trade rose 31.5 percent - another promising advance. There were surprising gains in iron and steel trade, as well, growing some 115.3 percent from 2009-2010. [17]

- The steady recovery from the financial crisis left Sub-Saharan Africa in a comfortable position in regards to U.S. trade. Increase in oil imports brought capital to oil-exporting nations like Nigeria, Angola, Equatorial Guinea, Chad, the Republic of Congo, and Gabon.[18]

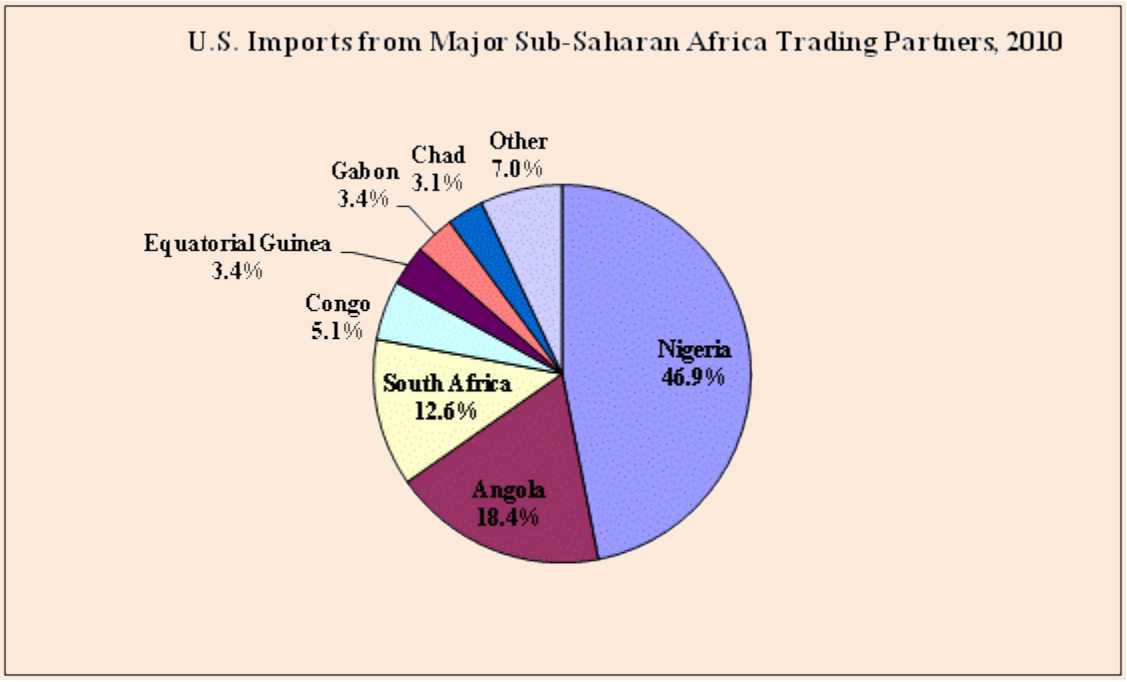
AGOA Imports

- In 2010, petroleum products continued to account for the largest portion of AGOA imports with a 91 percent share of overall AGOA imports. *With these fuel products excluded, AGOA imports were $4 billion, increasing by 18 percent.* U.S. imports of AGOA chemical and related products increased by 39 percent, AGOA minerals and metals by 94 percent, AGOA agricultural products by 44 percent, and AGOA transportation products by 15 percent. AGOA textiles and apparel imports decreased by 20 percent and AGOA machinery related products by 44 percent.

- U.S. imports under AGOA are becoming more diversified. Some of the more significant products include: jewelry and jewelry parts; fruit and nut products; fruit juices; leather products; plastic products; and cocoa paste. In 2010, the top five AGOA beneficiary countries included Nigeria, Angola, South Africa, Republic of Congo, and Chad. Other leading AGOA beneficiaries included Gabon, Democratic Republic of Congo, Lesotho, Kenya, Cameroon, and Mauritius.

[17] Data collected from World Trade Atlas, "United States Imports from Sub-Saharan Africa, January-December 2010".
[18] Data retrieved from IMF *Regional Economic Outlook, Sub-Saharan Africa: Resilience and Risks*. October 2010.

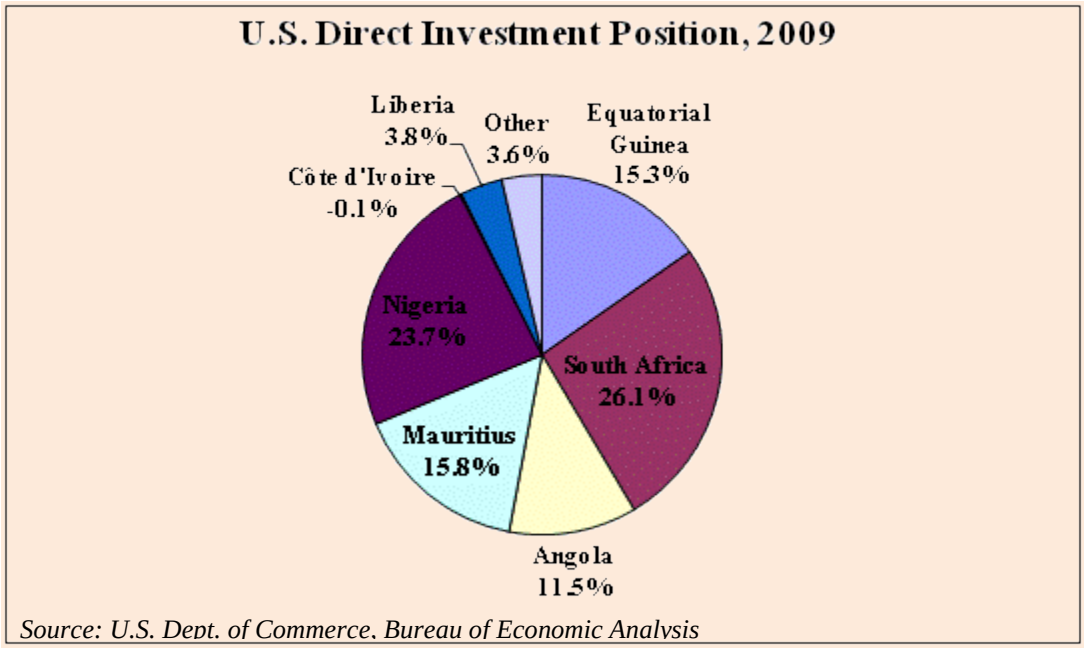
Leading Sub-Saharan African Suppliers to the United States



- The above chart shows that in 2010, U.S. imports from Sub-Saharan Africa remained highly concentrated among a small number of suppliers. Four countries - Nigeria, Angola, South Africa, and Republic of Congo - accounted for 83 percent of U.S. purchases. The share of imports from Nigeria's and South Africa's shares increased (Nigeria by 15 percent and South Africa by 1 percent), while Angola's and Congo's decreased (Angola by 8 percent and Congo by 23 percent).

- Oil imports from Nigeria outpaced oil imports from Angola. Imports of platinum and diamonds declined from South Africa and increases in imports of vehicles and iron and steel products slightly brought South Africa's import share up. Equatorial Guinea's, Gabon's, and Chad's shares decreased - the three countries did not keep pace with the other oil producing countries.

U.S. Direct Investment in Sub-Saharan Africa



- As the above graph shows, U.S. direct investment is concentrated in three countries: South Africa, Nigeria, and Mauritius. In 2009, U.S. investment in Mauritius surpassed U.S. investment in Angola, mostly due to the increasingly more inviting Mauritian investment climate.

- At year-end 2009, the U.S. direct investment position[19] in Sub-Saharan Africa was $22.6 billion, 17 percent above the position at year-end 2008. The U.S. investment position[20] has increased in Nigeria (+ 63 percent), Mauritius (+ 35), South Africa (+ 20 percent), Equatorial Guinea (+ 16 percent), and Angola (+13 percent). This increase offsets the decrease in the U.S. investment position in Côte d'Ivoire (- 43 percent).

- South Africa ($5.9 billion), Nigeria ($5.4 billion), Mauritius ($3.6 billion), Equatorial Guinea ($3.5 billion), Angola ($2.6 billion), and Liberia ($862 million) combined to account for 96.4 percent of the U.S. direct investment position in Sub-Saharan Africa.

- Finally, Sub-Saharan Africa accounts for less than one percent of the U.S. direct investment position worldwide.

[19] The U.S. direct investment position is on an historical cost (book value) basis and according to the *Survey of Current Business* is "the value of direct investors' equity in, and net outstanding loans to their affiliates." The values are "principally derived from the books of the foreign affiliate and generally reflect[s] the acquisition cost of the investment, cumulative reinvested earnings, and cumulative depreciation of fixed assets." *The Survey of Current Business* defines U.S. Direct Investment Abroad as "the ownership or control, directly or indirectly, by one U.S. resident (U.S. parent) of at least 10 percent of a foreign business enterprise, which is called a foreign affiliate. The source for the U.S. direct investment position abroad is the *Survey of Current Business*, September 2010 – U.S. Department of Commerce, Bureau of Economic Analysis.

[20] The direct investment position is a measure of the stock of FDI, as opposed to flows.