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)

	2000	2001	2002	2003
U.S. Exports	*5,933.9*	*6,941.8*	*6,026.1*	*6,893.6*
U.S. Imports	*23,487.5*	*21,286.8*	*17,891.4*	*25,644.3*

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

Two-way trade between the United States and Sub-Saharan Africa rose in 2003, as both exports and imports increased. Two-way trade increased 36 percent from a year earlier to just under $33 billion. U.S. exports rose 14.4 percent to almost $7 billion, due to increased sales of aircraft, vehicles, and computer and telecommunications equipment. U.S. imports rose 43.3 percent from 2002 to $25.6 billion, due to increased demand for crude oil, platinum, and diamonds. Trade between the United States and Sub-Saharan Africa is highly concentrated, with a small number of African countries accounting for an overwhelming share of the total for both imports and exports.

- U.S. exports to Ethiopia, Equatorial Guinea, and Eritrea increased significantly in 2003. These increases more than offset continued declines in exports to Namibia, Chad, Guinea, Cameroon, and Kenya.

- U.S. imports from a majority of Sub-Saharan African countries increased in 2003, including large increases in imports from Nigeria, Angola, and South Africa. These increases more than offset any country-specific declines such as those from Botswana, Seychelles, and Zimbabwe.

- Most of the 2003 gains in U.S. imports from the region were from AGOA-eligible countries. African Growth and Opportunity Act (AGOA) imports increased by 54 percent, to just over $14 billion. This figure includes duty-free imports from AGOA-eligible countries under both the pre-existing U.S. Generalized System of Preferences (GSP) and the expanded AGOA GSP, plus textile and apparel imported duty-free and quota-free under AGOA provisions.

- AGOA accounted for 55 percent of total imports from the region in 2003. Eighty percent of AGOA imports were petroleum products. With these fuel products excluded, AGOA imports were slightly less than $3 billion. AGOA textile and

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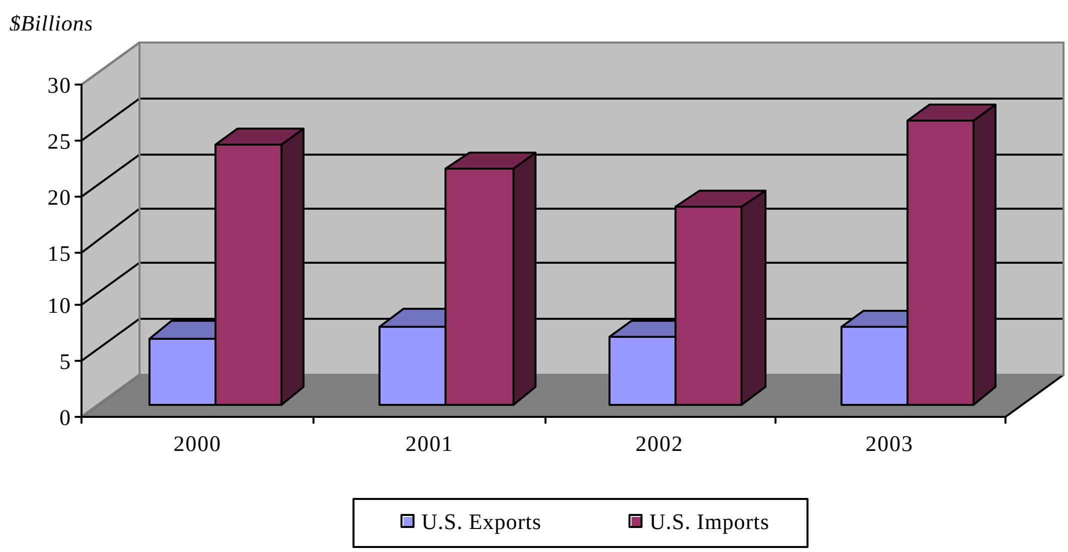
apparel imports increased by almost 50 percent, to $1.2 billion. Transportation equipment accounted for $732 million, 34 percent more than in 2002, and agricultural products grew 13 percent, to $241 million.

- The U.S. merchandise trade deficit with Sub-Saharan Africa widened in 2003 to $18.8 billion, from $11.9 billion in 2002. Nigeria, Angola, Gabon, and South Africa accounted for 90 percent of the U.S. trade deficit with Sub-Saharan Africa in 2003. The first three were major oil suppliers, while South Africa provided diamonds, platinum, and motor vehicles.

U.S. Trade with Sub-Saharan Africa



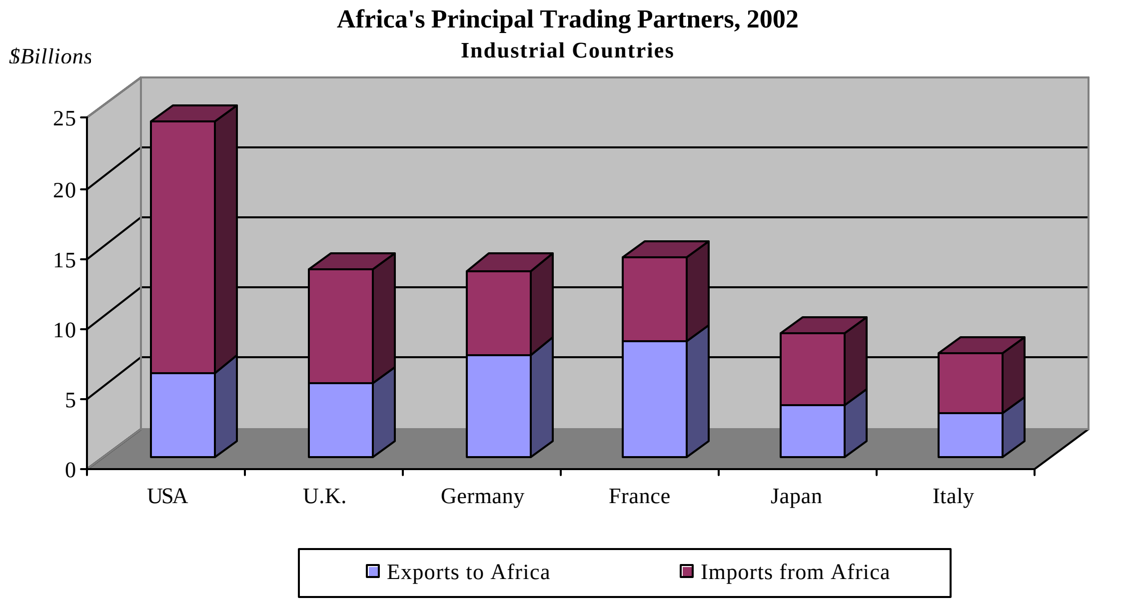
Source: U.S. Dept. of Commerce, Bureau of Census

Africa's Global Trade

Sub-Saharan Africa's total merchandise imports increased over 6 percent in 2002 (the latest year available), to $92.7 billion. South Africa and Nigeria accounted for more than 42 percent of Sub-Saharan Africa's total imports. In 2002, South African imports increased more than 3 percent to $26.7 billion, reversing a 2 percent decline in 2001. Nigeria's imports were $12.5 billion, an 8 percent increase from a year earlier, and a 40 percent increase in two years, spurred by higher revenues from crude oil exports.

Sub-Saharan Africa's total merchandise exports were $89.9 billion in 2002, a 3.6 percent increase from 2001. Increases in imports, however, outpaced increases in exports causing the region's trade deficit to increase.

Sub-Saharan Africa's 3.6 percent increase in exports was in line with a 4.6 percent increase in total world exports in 2002, although somewhat lower than the 7.8 percent increase in developing country exports. Sub-Saharan Africa, however, accounted for only 1.4 percent of world trade in 2002, virtually unchanged from 2001. Africa's share of world trade has declined steadily over time, increasing its isolation from the global economy and its inability to take advantage of growing world prosperity.



Source: Derived from IMF Directions of Trade Yearbook, 2003

Shares of Africa's Import and Export Markets

Sub-Saharan Africa accounts for less than 1 percent of U.S. merchandise exports, and less than 2 percent of U.S. merchandise imports. Proportions are only a fraction of a percent higher for Sub-Saharan African trade with the European Union. The United States is Africa's largest single country market, purchasing almost 21 percent of the region's exports in 2002. The United Kingdom came in a distant second at 9 percent, and France and Germany were third at 6.7 percent each. The EU purchased 43.3 percent of Sub-Saharan Africa's exports, down from 44.8 percent in 2001.

- The U.S. market share in Sub-Saharan Africa decreased in 2002 to 6.5 percent, from 8 percent in 2001, as markets for aircraft, motor vehicle parts, and computer and telecommunications equipment tightened.

- Germany and Japan represented the only major industrial countries to gain market share in Sub-Saharan Africa in 2002. Italy's share held steady, while France's, the United States', and the United Kingdom's declined.

- The EU market share declined only marginally from 2001 to 36.3 percent.
- Non-traditional trading partners also maintained their share of the African market. South Africa continued to export more than Italy or Japan to Sub-Saharan Africa, with exports to the region of $4.1 billion.
- China also continued to be a major supplier to Sub-Saharan Africa, with exports of $5.1 billion in 2002. China experienced a 14 percent increase in shipments from 2001, spurred by increases in electrical machinery, woven fabrics, low-end footwear, and motorcycles.

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

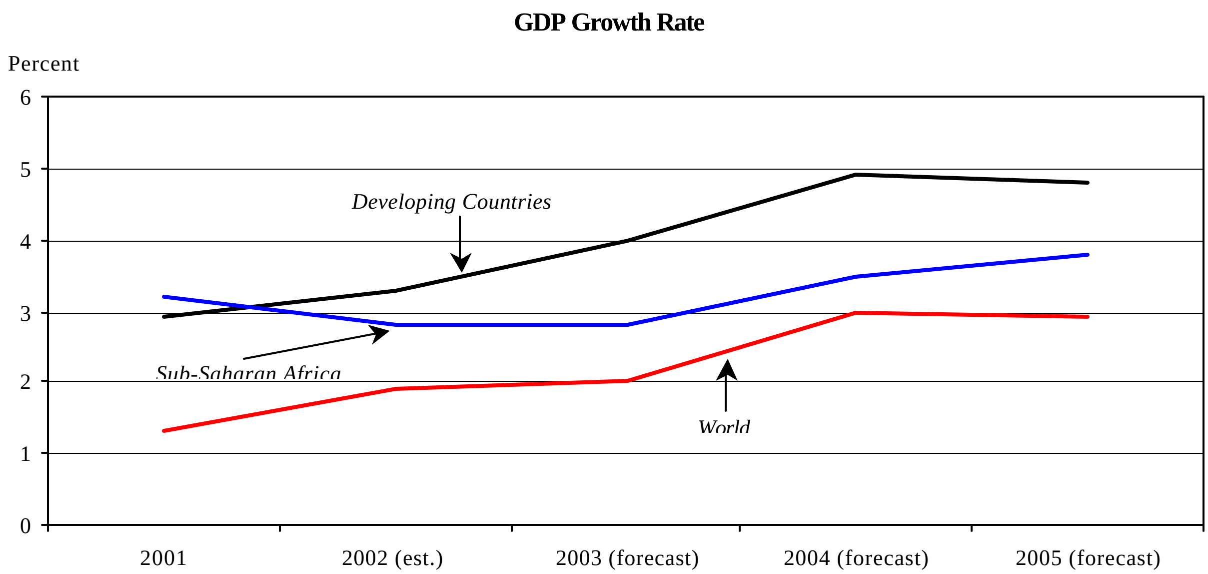
	2001	% Share	2002	% Share
Sub-Saharan Africa's Imports				
France	8.3	9.6%	8.2	8.8%
Germany	6.6	7.5%	7.3	7.9%
United States	6.9	8.0%	6.0	6.5%
United Kingdom	5.1	5.8%	5.3	5.7%
Japan	3.3	3.8%	3.6	3.9%
Italy	2.9	3.3%	3.1	3.3%
Total EU	32.2	36.9%	33.6	36.3%
Sub-Saharan Africa's Exports				
United States	22.3	25.7%	18.8	20.9%
United Kingdom	8.2	9.4%	8.1	9.0%
Germany	5.6	6.5%	6.0	6.7%
France	6.3	7.3%	6.0	6.7%
Japan	4.1	4.7%	5.2	5.8%
Italy	4.0	4.6%	4.3	4.7%
Total EU	38.9	44.8%	39.0	43.3%

Source: Derived from IMF Directions of Trade Yearbook , 2003

Africa's Economic Growth

Many Sub-Saharan African economies are continuing to make impressive economic gains after decades of sluggish growth. World Bank economists expected 12 countries to have attained growth of 4 percent or better in 2003. Average per capita income rose for a fourth successive year – the longest sustained increase in more than 20 years. Despite civil strife in some countries, drought in the horn of Africa, stagnating or declining movements in some commodity prices, and the negative effects of the HIV/AIDS pandemic, the region's performance remained strong under the adversities and ultimately held steady. West Africa has become an energy hot spot, with numerous offshore exploration and development projects underway from traditional locations spanning from Angola to the Gulf of Guinea, and extending to nontraditional energy producers such as São Tomé and Príncipe and Mauritania.

Sub-Saharan Africa's economic growth remained steady in 2003 at 2.8 percent, with no change from 2002.[1] The growth rate fell between the 2 percent experienced by the world in 2003 and the 4 percent registered by developing countries. In addition, 2003 marked the third consecutive year that Sub-Saharan Africa surpassed average global growth rates and the second consecutive year that it lagged behind the pace of developing countries as a group.



Source: Global Economic Prospects 2004, World Bank

The marginal increase in world economic activity has been insufficient to encourage growth in Sub-Saharan Africa. The Euro Area experienced a slow down in 2003 with the economy contracting to 0.7 percent, from only 0.8 percent in 2002. Africa's stagnant

[1] *Global Economic Prospects 2004, World Bank.*

growth rate in 2003 is a direct reflection of the region's dependence on European markets. Tourism also affected the region's growth with security concerns from a terrorist attack in Kenya in November 2002, the Iraq war and weak income growth in Europe. On the bright side, however, South Africa's tourist industry grew faster than any other in the world in 2002, with the momentum continuing in 2003, though at a slightly slower pace due to the stronger rand.

Other factors that affected Africa's stagnant growth rates include the severe drought in Ethiopia, Eritrea and parts of Sudan and the conflict and civil strife in Zimbabwe, Côte d'Ivoire, the Gambia, and the Democratic Republic of Congo. In spite of the high price of cocoa, and the upsurge in global production, Côte d'Ivoire has not been able to take full advantage of this upswing because of the continuing political unrest in the country. Furthermore, the HIV/AIDS crisis continues to take its toll on Sub-Saharan Africa with unfortunate macroeconomic consequences on these economies.

Nigeria and South Africa continue to have a major effect on Sub-Saharan Africa's performance due to their dominant economies. These countries account for half of the region's total trade of goods and services and more than half of its GDP. South Africa's economic performance slowed from 2002 into 2003, reflecting earlier monetary tightening, while Nigeria's picked up due to rising oil production.

Impediment to Growth – The HIV/AIDS Pandemic

Sub-Saharan Africa faces an enormous challenge due to the HIV/AIDS pandemic, with the devastating potential to wreak havoc on the region's development and socioeconomic structure. More than 20 million Africans have died from the disease, leaving behind a heart wrenching 12 million orphans.

- In Sub-Saharan Africa, there are 25 to 28.2 million adults and children living with HIV/AIDS, and Southern Africa is the hardest hit with infection rates reaching almost as high as 40 percent in Botswana and Swaziland.

- Approximately 71 percent of the world's HIV positive population lives in Sub-Saharan Africa.

- HIV/AIDS has decreased average life expectancy in Sub-Saharan Africa from 50 years in 1990 to 46 years in 2001.

- While AIDS killed approximately 2.3 million Sub-Saharan Africans in 2003, 3.2 million people in this region became infected during that same year. If looking at numbers alone, the overall prevalence appears to have remained steady; however, the reality is that the figures disguise the fact that the high number of annual, new HIV infections match the equally high number of deaths from AIDS.

- The HIV/AIDS pandemic is equally devastating on the region's economy with studies estimating a 1.7 percent a year decline in income from 1990 to 2000 – a figure more telling than trends in GDP.[2]

HIV prevalence rates vary widely across the continent. They range from less than 1 percent in Mauritania to almost 40 percent in countries in southern Africa. Most startling are the rates among pregnant women at close to 16 percent in Malawi, 18 percent in Mozambique, 20 percent in Zambia, and exceeding 30 percent in South Africa's Gauteng province in 2002. African women are 1.2 times more likely of being infected with HIV than men, and among women between the ages of 15 and 24 they are 2.5 times as likely to be infected with HIV as compared to their male counterparts.

While southern Africa suffers the heaviest from HIV prevalence, East Africa's rate is declining. In 2002, the rate decreased to 8 percent in the capital of Uganda. The rate among HIV-positive pregnant women fell to 13 percent in Kigali, Rwanda in 2003 compared to a high of 35 percent in 1993. Moreover, the HIV rate among pregnant women from 15 to 24 years old fell to 11 percent in 2003 from a high of 24 percent in 1995. The picture in West Africa is equally encouraging with infection rates in Senegal holding steady at 1 percent among pregnant women in 2002. Adult HIV prevalence levels are also low in Mali, the Gambia, Mauritania and Niger with rates at 2 percent or lower. Côte d'Ivoire suffers from the highest rates in West Africa, with HIV-infected pregnant women at 7 percent in Abidjan.[3]

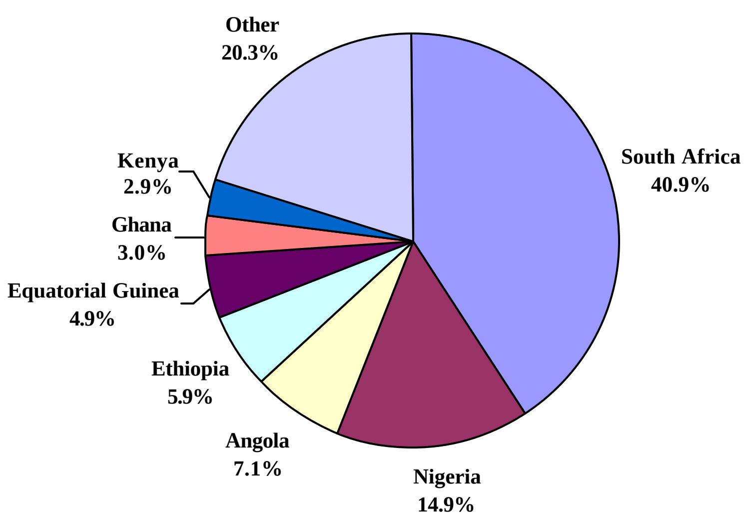
On a positive note, awareness of the pandemic is increasing in the region through both African government and international support. Botswana, Cameroon, Eritrea, Nigeria and Uganda have made concerted efforts to augment access to antiretroviral drugs through both the public and private sectors. Many countries are adopting stronger policy initiatives and allocating increased budgetary funding to fight the crisis. These are all necessary steps towards fighting and eradicating this epidemic.

[2] *IMF Finance and Development - March 2004*
[3] *UNAIDS/WHO AIDS Epidemic Update: December 2003*

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

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 62.9 percent of U.S. sales in 2003, with South Africa claiming 40.9 percent, Nigeria 14.9 percent, and Angola 7.1 percent. Ethiopia and Equatorial Guinea increased their shares of U.S. export sales in 2003 with 5.9 percent and 4.9 percent respectively. This increase was due to an increase in aircraft sales and food relief to Ethiopia and an increase in the sale of oil field machinery and parts and aircraft to Equatorial Guinea.

Leading U.S. Export Markets in Sub-Saharan Africa in 2003



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

Leading U.S. Exports to Sub-Saharan Africa

U.S. exports to Sub-Saharan Africa in 2003 remained concentrated in aircraft, infrastructure related machinery, motor vehicles, and agricultural commodities. The top three U.S. exports in 2003 were aircraft and parts accounting for 12.1 percent of exports, oil and gas field machinery and equipment 10.4 percent, and oil seeds and grains 8.9 percent. Other leading export categories included: motor vehicles; construction, farm, and general purpose machinery; industrial chemicals; grain and oilseed milling products; communications equipment; and computer and peripheral equipment.

Leading U.S. Exports to Sub-Saharan Africa

Item	***2003 Export Value ($ Millions)***
Aircraft and Parts	***833.3***
Oil and Gas Field Machinery & Equipment	***717.3***
Oilseeds and Grains	***612.5***
Motor Vehicles	***354.0***
Construction Machinery	***239.2***
Industrial Chemicals	***237.0***
Grain & Oilseed Milling Products	***230.1***
Other General Purpose Machinery [1]	***217.3***
Communications Equipment	***216.1***
Computer & Peripheral Equipment	***202.3***
Farm Machinery & Equipment	***137.8***

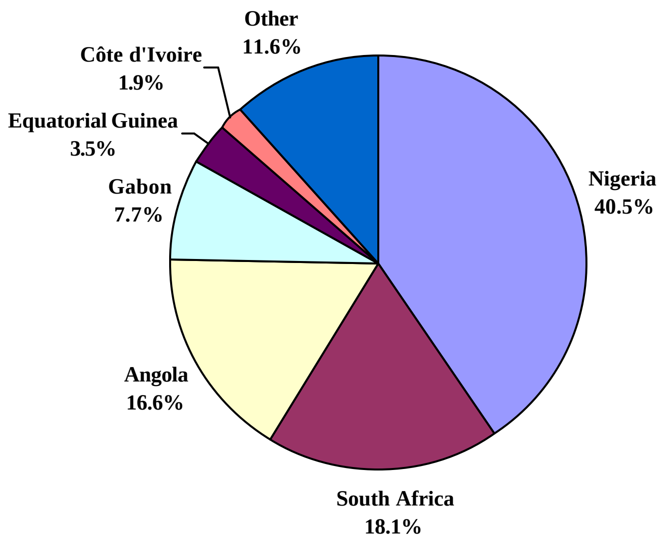
[1] Includes pumping equipment, air and gas compressors, and material handling equipment.

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

Leading Sub-Saharan African Suppliers to the United States

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 82.9 percent of U.S. purchases in 2003. Three were major crude oil suppliers, while South Africa supplied platinum, diamonds, and motor vehicles.

Leading Sub-Saharan African Suppliers to the United States in 2003



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

Leading U.S. Imports from Sub-Saharan Africa

Oil imports (crude and non-crude) continued to dominate imports from Sub-Saharan Africa with $17.9 billion in oil imports in 2003, accounting for 69.6 percent of all U.S. purchases. As a result of AGOA, imports of woven and knit apparel remained the second leading U.S. import, accounting for 5.9 percent of purchases. Platinum contributed 5 percent, diamonds 2.8 percent, cocoa 1.8 percent, and motor vehicles 1.5 percent.

Leading U.S. Imports from Sub-Saharan Africa

Item	***2003 Import Value ($ Millions)***
Oil (Crude and non-Crude)	***17,854.1***
Woven or Knit Apparel	***1,510.9***
Platinum	***1,272.4***
Diamonds	***724.7***
Cocoa	***469.7***
Motor Vehicles	***373.8***

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

U.S. Direct Investment in Africa

Sub-Saharan Africa continues to trail other regions in attracting foreign direct investment (FDI). According to the United Nations *World Investment Report of* 2003, inflows of FDI to Sub-Saharan Africa from all sources in 2002 were $8.1 billion which represented a 41 percent decline from 2001 inflows of $13.9 billion. Much of this decline was due to the absence of a stock swap involving two conglomerates with major holdings in South Africa which took place in 2001 and caused a surge in FDI inflows for that year. If FDI inflows to South Africa are excluded for 2001, FDI inflows in 2002 actually increased by 8 percent.

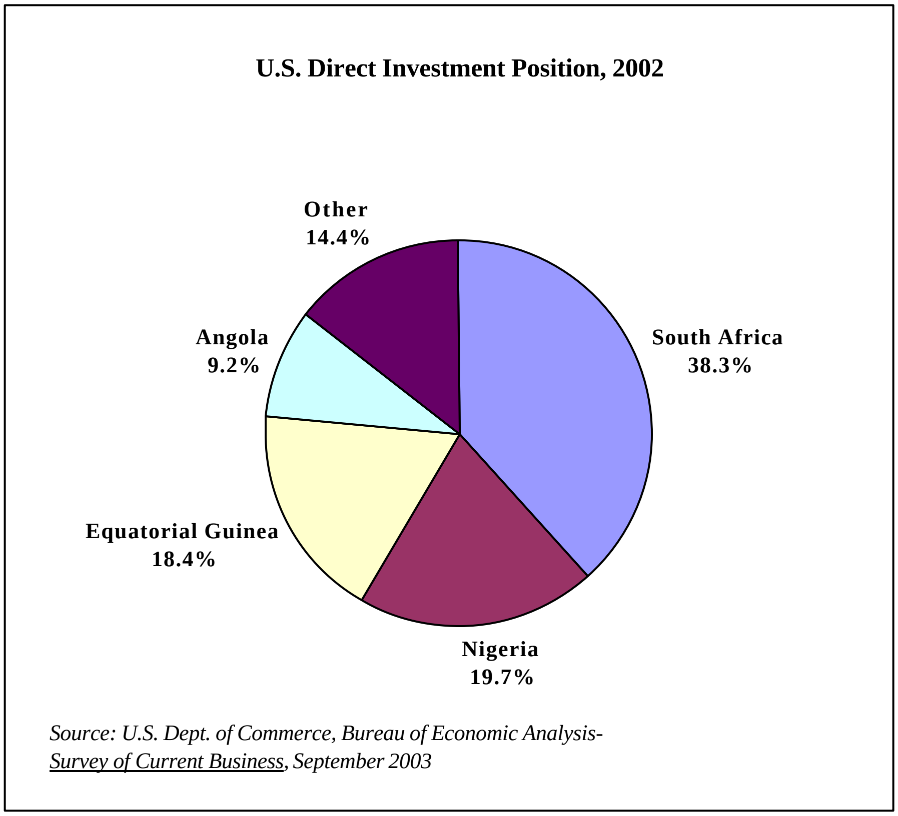
FDI inflows to the least developed countries (LDCs) of Africa declined by 3 percent in 2002, which was in line with a 7 percent decline in FDI inflows to LDCs worldwide. The overall regional decline in FDI inflows reflects the decrease in outflows to Sub-Saharan Africa from the three major providers of FDI to Sub-Saharan Africa, the United States, France, and the United Kingdom. FDI inflows to Sub-Saharan Africa represented 1.2 percent of worldwide FDI inflows in 2002 and 5 percent of inflows to developing countries.

The largest recipients of global FDI inflows included Angola and Nigeria each with $1.3 billion, Chad with $901 million, South Africa with $754 million, and Sudan with $681 million. The FDI inflows to these countries were concentrated in the petroleum sector, except for South Africa where the inflows were concentrated in the manufacturing sector. FDI inflows to almost all of these countries declined, reflecting the overall decline for the region. Only in Chad did FDI inflows increase, starting from virtually zero in 2001, due to investment in the Chad-Cameroon pipeline. According to the *World Investment Report of 2003* FDI flows to Africa will likely increase due to expanded exploration and extraction in the petroleum sector, continuation in privatization programs, and improved prospects under AGOA.

At year-end 2002, the U.S. direct investment position[4] in Sub-Saharan Africa was $8.9 billion, 12.3 percent above the position at year-end 2001. Increases in the investment position in Nigeria, South Africa and Angola more than offset a decrease in the investment position in Equatorial Guinea. (The direct investment position is a measure of the *stock* of FDI, as opposed to *flows*.)

- South Africa ($3.4 billion), Nigeria ($1.8 billion), Equatorial Guinea ($1.6 billion), and Angola ($822 million) combined to account for 86 percent of the U.S. direct investment position in Sub-Saharan Africa.
- Sub-Saharan Africa accounts for less than 1 percent of the U.S. direct investment position worldwide.

[4] *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. The source for the U.S. direct investment position abroad is the Survey of Current Business, September 2003 – U.S. Department of Commerce, Bureau of Economic Analysis.*



According to the November 2003 *Survey of Current Business* (U.S. Department of Commerce, Bureau of Economic Analysis), U.S. affiliated companies in Africa in 2001 reported estimated total assets of nearly $60.1 billion, including $14.8 billion in South Africa and $9.7 billion in Nigeria. U.S. affiliates in Africa attained worldwide sales of $36.6 billion, and net income of $2.8 billion.

U.S. direct investment in Africa supports U.S. trade with the region and fuels American industry. In 2001, $665 million of U.S. merchandise exports were shipped to U.S. affiliates in Africa, including those in North Africa. (2001 data for imports from U.S. affiliates were not available.)