CHAPTER 1
U.S. Trade and Investment With Sub-Saharan Africa

This chapter discusses the pattern of U.S.-SSA merchandise trade from 1999-2003,[1] and services trade from 1999-2002 (the most recent years for which services trade data are available). The pattern of merchandise trade is presented for the SSA region as a whole, by major trading partners, and by commodity sectors. This chapter also discusses the pattern of foreign investment flows to sub-Saharan Africa (SSA) from 1999-2003 (or most recent data available). Foreign investment flows are presented for the SSA region, by source, country, and sector, where available. An overview of bilateral investment agreements and international investment initiatives is also provided. Trade statistics beginning with 1990 are available in prior Commission reports.[2] For additional information regarding specific sectors or countries, see sector or country profiles in chapter 5 or 6, respectively.

U.S. Merchandise Trade[3]

Figure 1-1 shows the trend in U.S.-SSA merchandise trade from 1999-2003. Total merchandise trade between the United States and SSA increased by 33.3 percent in 2003 to $32.1 billion, from $24.1 billion in 2002.[4] This increase was the result of a 39.9-percent increase in imports, from $18.2 billion in 2002 to $25.5 billion in 2003; and a 13.1-percent increase in exports, from $5.9 billion in 2002 to $6.7 billion in 2003. The increase in U.S. imports from SSA was primarily the result of a $5.9-billion, or 50.9-percent, increase in the energy-related products sector. Nigeria accounted for most of the increase in U.S. imports from the region. U.S. imports from Nigeria increased by $4.3 billion, or 73.8 percent, with most of the increase concentrated in the energy sector (up by $4.3 billion or by 73.7 percent).

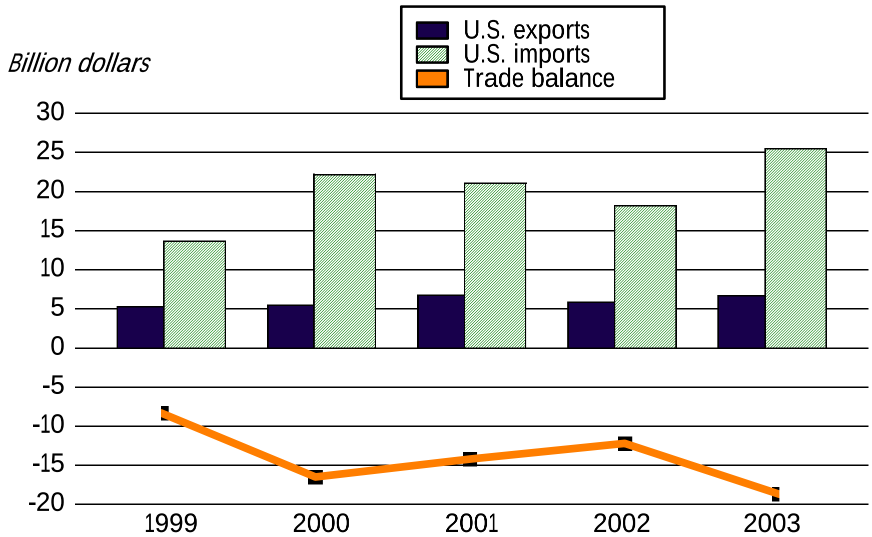
[1] Merchandise trade data were compiled from official statistics of the U.S. Department of Commerce.

[2] For data series beginning in 1990, see USITC, *U.S.-Africa Trade Flows and Effects, First Report,* USITC pub. 2938, Jan. 1996, table 2-1, p. 2-2.

[3] See app. B, table B-2 for complete data listing by country and sector.

[4] This report analyzes changes in U.S. merchandise trade on a value basis because aggregate trade data by quantity are generally not available or meaningful. Consequently, it is possible (if prices change significantly) for the value of trade to change considerably, but the quantity of trade to remain the same.

Figure 1-1
U.S. trade with sub-Saharan Africa, 1999-2003



Source: Compiled from official statistics of the U.S. Department of Commerce.

The overall increase in U.S. imports from SSA was partly offset by decreased imports from Ghana and Zimbabwe. U.S. imports from Ghana decreased by $32.0 million, or by 27.7 percent, mostly in agricultural products (down by $17.0 million or 58.5 percent) and minerals and metals (down by $17.3 million or 86.1 percent) sectors; lack of infrastructure (such as cold-storage facilities) and regional instability have contributed to the decline. U.S. imports from Zimbabwe decreased by $32.5 million, or by 32.7 percent, primarily in the miscellaneous manufactures (down by $15.0 million or 53.1 percent) and agricultural products (down by $11.2 million or 33.3 percent) sectors; this decline was primarily because of continued social and political instability, which has resulted in the expropriation of numerous firms and closure of many factories.

U.S. exports increased primarily because of increases in transportation equipment (up by $407.9 million or by 21.7 percent), agricultural products (up by $166.6 million or by 17.9 percent), and electronic products (up by $140.8 million or by 22.1 percent). Ethiopia, South Africa, and Equatorial Guinea accounted for most of the increase in U.S. exports to SSA. The increase in U.S. exports to Ethiopia (up by $347.2 million or by 577.5 percent) was primarily because of an increase in the transportation equipment sector (up by $196.6 million or by more than 3,000 percent). U.S. exports to South Africa increased by $252.0 million, or by 10.3 percent, also largely because of increased exports of transportation equipment (up by $106.6 million or by 14.3 percent). U.S. exports to Equatorial Guinea increased by $228.3 million, or by 212.1 percent, also primarily because of increased exports of transportation equipment (up by $115.3 million or by 158.8 percent).

The increase in total U.S. exports to the region was partly offset by decreased exports to Kenya, Cameroon, and Chad. U.S. exports to Kenya decreased by $75.0 million, or by 28.0 percent, primarily because of decreased exports of transportation equipment (down by $59.6 million or by 48.1 percent). U.S. exports to Cameroon decreased by $65.9 million, or by 42.5 percent, also primarily because of a decrease in transportation equipment (down by $67.1 million or by 70.7 percent). U.S. exports to Chad decreased by $63.4 million, or by 50.0 percent, primarily because of decreased exports of machinery (down by $33.2 million or by 78.4 percent) and minerals and metals (down by $22.4 million or by 77.6 percent).

In 2003, the U.S. trade deficit with SSA reached $18.8 billion, 19.8-percent larger than in 2002. Following a decline of 4.3 percent to $6.5 billion in 2002, U.S. nonpetroleum imports increased by 20.0 percent to $7.8 billion in 2003. U.S. nonenergy-related trade with SSA is presented in figure 1-2.

U.S. Merchandise Exports[5]

Figure 1-3 presents U.S. exports to SSA by major trading partners. In 2003, South Africa remained the largest SSA market for U.S. products, accounting for 40.5 percent of U.S. merchandise exports to the region, down slightly from 41.5 percent in 2002. Other leading SSA markets were Nigeria (15.0 percent), Angola (7.2 percent), Ethiopia (6.1 percent), Equatorial Guinea (5.0 percent), Ghana (3.1 percent), and Kenya (2.9 percent).

In 2003, 26 countries in the region increased purchases of U.S. merchandise exports, whereas the other 22 recorded a decrease. The largest increases in 2003 were recorded by Ethiopia (up by $347.2 million or by 577.5 percent), South Africa (up by $252.0 million or by 10.3 percent), and Equatorial Guinea (up by $228.3 million or by 212.1 percent). The largest decreases in U.S. exports to the region in 2003 were recorded by Kenya (down by $75.0 million or by 28.0 percent), Cameroon (down by $65.9 million or by 42.5 percent), and Chad (down by $63.4 million or by 50.0 percent).

Transportation equipment accounted for the largest share of U.S. merchandise exports to SSA, accounting for 34.3 percent of the total in 2003, compared with 31.9 percent of the total in 2002 (figure 1-4). U.S. exports of agricultural products accounted for 16.5 percent of the total in 2003, up from 15.8 percent in 2002; electronic products accounted for 11.7 percent of the total in 2003, compared to 10.8 percent in 2002; chemicals and related products accounted for 10.8 percent in 2003, down from 11.9 percent in 2002; and machinery products decreased to 10.7 percent of the total in 2003, down from 11.4 percent in 2002.

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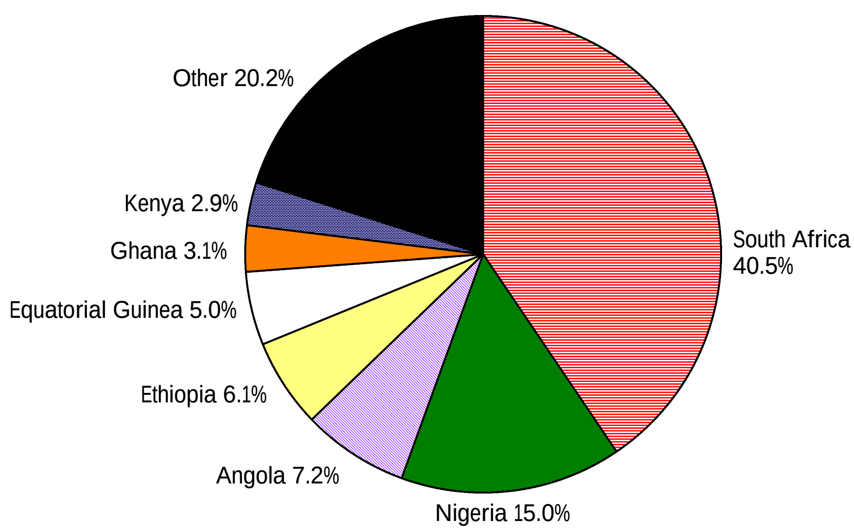
[5] See app. B, table B-2 for complete data listing by country and sector.

Figure 1-2
U.S. nonenergy-related[1] trade with sub-Saharan Africa, 1999-2003

[1] Nonenergy-related trade excludes trade classified under "Energy-related products" as defined by the USITC Office of Industries.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Figure 1-3
U.S. exports to sub-Saharan Africa trading partners, by shares, 2003



Source: Compiled from official statistics of the U.S. Department of Commerce.

In absolute terms, U.S. merchandise sectors with large export increases to SSA in 2003 included transportation equipment (up by $407.9 million or by 21.7 percent), agricultural products (up by $166.6 million or by 17.9 percent), and electronic products (up by $140.8 million or by 22.1 percent). Only U.S. exports of energy-related products (down by $27.0 million or by 14.0 percent) and special provisions[6] (down by $21.9 million or by 7.6 percent) decreased. Figure 1-5 presents U.S. export growth rates by commodity sector for 2002-03; table 1-1 provides data on U.S.-SSA exports, imports, and merchandise trade balance by major commodity sectors for 1999-2003; and table 1-2 shows the major U.S. commodity exports to SSA at the 6-digit level of the Harmonized Tariff Schedule (HTS) for the same period.

U.S. Merchandise Imports[7]

Figure 1-6 shows U.S. imports from SSA by major trading partner. In 2003, Nigeria remained the largest supplier of U.S. imports from SSA, with $10.1 billion in sales (primarily crude petroleum) to the United States, representing 39.7 percent of U.S. imports from the region. South Africa ranked second, with $4.9 billion in sales and a 19.2-percent share. Third was Angola, with $4.2 billion in sales, representing a 16.4-percent share. U.S. imports from Gabon totaled $1.9 billion, and imports from Equatorial Guinea were approximately $918.5 million. For additional data, see appendix B, table B-3.

A total of 30 countries in SSA increased their sales to the United States in 2003, whereas the other 18 decreased their sales. The largest increases in U.S. imports in 2003 were from Nigeria (up by $4.3 billion or by 73.8 percent), Angola (up by $945.2 million or by 29.3 percent), and South Africa (up by $652.0 million or by 15.4 percent). The largest decreases in 2003 were from Ghana (down by $32.0 million or by 27.7 percent), and Zimbabwe (down by $32.5 million or by 32.7 percent).

U.S. imports of SSA energy-related products totaled $17.7 billion in 2003, and accounted for 69.4 percent of all U.S. imports from the region (figure 1-7), up from $11.7 billion (64.3 percent) in 2002 primarily because of increased imports of crude petroleum from Nigeria. The second-largest import commodity sector was minerals and metals ($2.9 billion), which accounted for an 11.8-percent share in 2003, compared with a 14.9-percent share in 2002. Textiles and apparel ($1.6 billion) represented 6.1 percent of the total in 2003.

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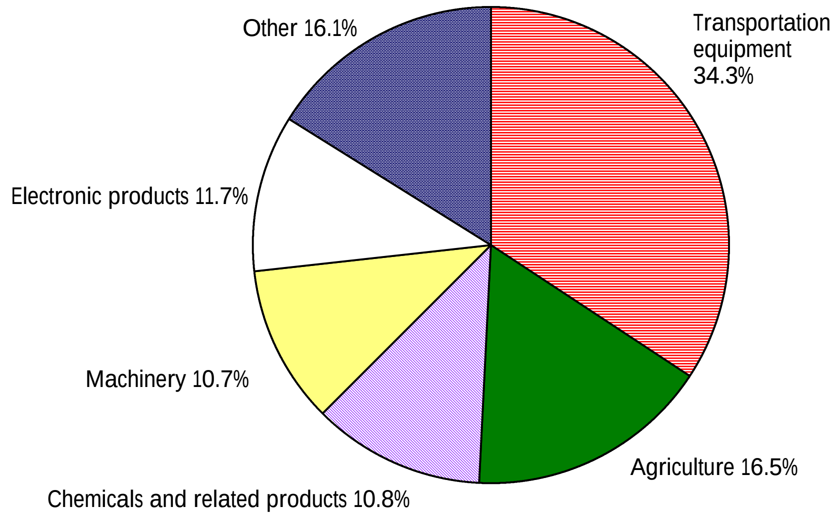
[6] The "special provisions" sector represents a number of ad hoc categories of goods whose treatment is set forth in HTS chapters 98 and 99. For SSA, the two largest categories are "U.S. goods returned without having been advanced in value or improved in condition while abroad" (HTS 9801.00.10) and "estimated imports of low valued transactions" (HTS 9999.95.00).

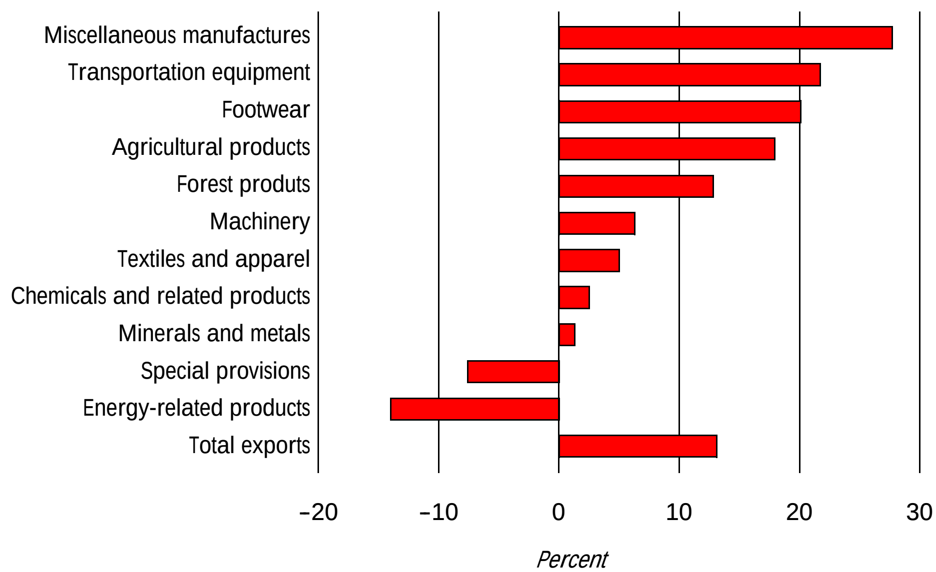
[7] See app. B, table B-2 for complete data listing by country and sector.

Figure 1-4
U.S. exports to sub-Saharan Africa by commodity sectors, by shares, 2003



Source: Compiled from official statistics of the U.S. Department of Commerce.

Figure 1-5
U.S. exports to sub-Saharan Africa: Annual growth rate, by commodity sectors, 2002-03



Source: Compiled from official statistics of the U.S.Department of Commerce.

Table 1-1
Sub-Saharan Africa: U.S. exports of domestic merchandise, imports for consumption, and merchandise trade balance, by major commodity sectors, 1999-2003[1]

(Thousand dollars)

Sector	1999	2000	2001	2002	2003
U.S. exports of domestic merchandise:					
Agricultural products	727,753	768,773	657,105	932,923	1,099,524
Forest products	154,984	158,992	147,568	119,775	135,137
Chemicals and related products	610,074	709,665	779,700	699,251	716,527
Energy-related products	150,167	157,501	149,189	193,098	166,078
Textiles and apparel	146,319	136,098	130,527	124,419	130,687
Footwear	16,736	14,183	10,114	12,630	15,167
Minerals and metals	221,514	218,889	250,059	265,172	268,525
Machinery	527,463	560,731	669,414	671,827	714,357
Transportation equipment	1,695,035	1,795,702	2,856,218	1,876,597	2,284,489
Electronic products	767,724	703,141	700,353	636,918	777,683
Miscellaneous manufactures	69,141	73,292	99,214	69,486	88,762
Special provisions	244,786	266,317	300,703	289,663	267,777
Total	5,331,697	5,563,285	6,750,164	5,891,760	6,664,711
U.S. imports for consumption:					
Agricultural products	832,665	874,843	835,736	911,645	1,137,866
Forest products	109,640	140,706	119,394	120,745	139,309
Chemicals and related products	849,130	1,453,521	659,999	448,054	598,217
Energy-related products	8,000,648	15,016,274	14,271,302	11,712,706	17,674,388
Textiles and apparel	621,955	789,240	997,995	1,136,316	1,552,021
Footwear	3,423	686	1,497	1,378	1,476
Minerals and metals	2,637,108	3,200,500	3,081,792	2,705,009	2,995,478
Machinery	127,736	178,434	263,718	231,298	182,289
Transportation equipment	200,773	185,206	399,384	621,041	823,193
Electronic products	56,393	58,339	52,706	49,697	66,302
Miscellaneous manufactures	99,488	97,422	108,558	117,551	123,429
Special provisions	210,755	217,477	268,417	152,605	176,374
Total	13,749,714	22,212,649	21,060,499	18,208,044	25,470,342
U.S. merchandise trade balance:					
Agricultural products	(104,912)	(106,070)	(178,631)	21,278	(38,342)
Forest products	45,344	18,286	28,174	(971)	(4,172)
Chemicals and related products	(239,056)	(743,856)	119,701	251,198	118,310
Energy-related products	(7,850,481)	(14,858,773)	(14,122,113)	(11,519,608)	(17,508,310)
Textiles and apparel	(475,636)	(653,142)	(867,468)	(1,011,897)	(1,421,334)
Footwear	13,314	13,497	8,617	11,252	13,690
Minerals and metals	(2,415,594)	(2,981,612)	(2,831,734)	(2,439,837)	(2,726,953)
Machinery	399,727	382,297	405,695	440,530	532,068
Transportation equipment	1,494,262	1,610,496	2,456,834	1,255,556	1,461,295
Electronic products	711,331	644,802	647,646	587,221	711,381
Miscellaneous manufactures	(30,348)	(24,129)	(9,343)	(48,065)	(34,667)
Special provisions	34,031	48,840	32,285	137,058	91,403
Total	(8,418,018)	(16,649,364)	(14,310,335)	(12,316,284)	(18,805,632)

[1] Import values based on customs value; export values based on f.a.s. value, U.S. port of export.

Note.-Because of rounding, figures may not add to totals shown.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 1-2
Sub-Saharan Africa: U.S. exports by major commodity items, 1999-2003

(Dollars)

Schedule B No.	Description	1999	2000	2001	2002	2003
8431.43	Parts for boring or sinking machinery, nesoi	275,529,016	302,866,705	454,715,848	587,386,603	609,743,585
1001.90	Wheat (other than durum wheat), and meslin	250,978,937	300,270,976	287,165,536	360,313,981	493,963,920
8802.40	Airplanes and other aircraft nesoi, of an unladen weight exceeding 15,000 kg	422,581,019	539,629,241	1,147,073,529	360,253,329	480,935,316
9880.00	Estimate of non-Canadian low value export shipments; compiled low value shipments to Canada; and shipments not identified by kind to Canada	170,295,762	182,989,298	229,079,132	188,334,269	193,725,092
8703.23	Passenger motor vehicles with spark-ignition internal combustion reciprocating piston engine, cylinder capacity over 1,500 cc but not over 3,000 cc	32,432,411	38,974,540	120,942,312	99,837,024	134,040,274
8802.30	Airplanes and other aircraft nesoi, of an unladen weight exceeding 2,000 kg but not exceeding 15,000 kg	126,941,978	79,701,250	72,176,955	96,561,979	123,704,004
8803.30	Parts of airplanes or helicopters, nesoi	133,636,982	127,299,144	94,188,886	94,134,214	109,396,035
8473.30	Parts and accessories for automatic data processing machines and units thereof, magnetic or optical readers, transcribing machines, etc., nesoi	83,915,736	70,864,522	61,677,829	60,062,716	79,892,655
8479.89	Machines and mechanical appliances having individual functions, nesoi	24,121,242	36,741,319	36,425,071	33,449,889	71,179,548
2713.12	Petroleum coke, calcined	58,529,148	58,276,265	65,273,651	80,256,428	69,622,584
1006.30	Rice, semi-milled or wholly milled, whether or not polished or glazed	66,826,292	53,468,799	47,107,455	54,017,473	68,068,668
8525.20	Transmission apparatus incorporating reception apparatus for radiotelephony, radiotelegraphy, radio broadcasting or television	51,256,427	49,111,582	57,064,271	35,857,461	61,610,005
8704.10	Dumpers (dump trucks) designed for off-highway use	34,551,607	33,802,382	58,235,525	47,991,522	60,490,291
6309.00	Worn clothing and other worn textile articles	67,197,046	60,404,283	61,652,761	58,550,750	59,303,817
0207.14	Chicken cuts and edible offal (including livers) frozen	18,047,189	30,226,265	30,480,808	39,557,285	56,288,054
8431.49	Parts and attachments, nesoi, for derricks, cranes, self-propelled bulldozers, graders etc. and other grading, scraping, etc. machinery	42,965,382	41,368,008	50,541,811	44,433,259	52,556,856

Table 1-2—*Continued*
Sub-Saharan Africa: U.S. exports by major commodity items, 1999-2003

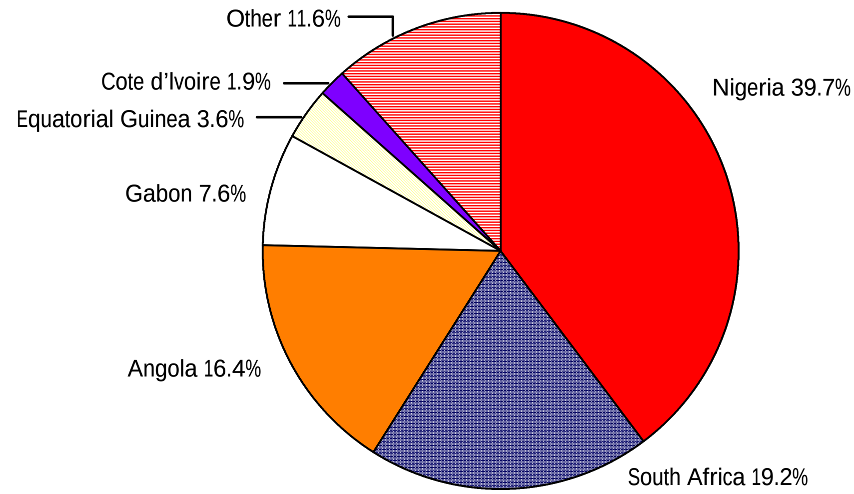
(Dollars)

Schedule B No.	Description	1999	2000	2001	2002	2003
8701.20	Road tractors for semi-trailers	22,563,549	30,751,285	30,591,017	14,933,330	46,397,542
8708.99	Parts and accessories for motor vehicles, nesoi	39,465,301	89,422,963	206,131,715	35,138,481	45,928,303
1901.90	Malt extract; food products of flour, meal, etc. with cocoa (if any) under 40% and milk or cream products with cocoa (if any) under 50%, nesoi	10,510,181	21,151,923	17,078,629	13,920,915	45,897,269
8802.12	Helicopters of an unladen weight exceeding 2,000 kg	4,180,000	0	11,863,690	150,000	43,031,889
8704.22	Motor vehicles for goods transport nesoi, with compression-ignition internal combustion piston engine (diesel), gvw over 5 but not over 20 metric tons	21,898,625	18,383,732	17,532,064	18,250,473	41,844,734
8401.30	Fuel elements (cartridges), non-irradiated, for nuclear reactors, and parts thereof	8,702	0	23,496,871	34,765,794	40,760,650
8701.90	Tractors, nesoi	15,052,864	18,557,284	15,788,873	25,765,741	39,424,633
8703.33	Passenger motor vehicles with compression-ignition internal combustion piston engine (diesel), cylinder capacity over 2,500 cc	1,221,793	362,738	9,654,378	23,173,427	38,418,280
3100.00	Fertilizers (exports only; includes crude fertilizers from other areas)	47,245,848	42,599,378	49,930,451	35,550,193	38,023,699
	Subtotal	2,021,953,037	2,227,223,882	3,255,869,068	2,442,646,536	3,104,247,703
	All other	3,309,743,670	3,336,060,651	3,494,295,167	3,449,113,335	3,560,463,091
	Total	5,331,696,707	5,563,284,533	6,750,164,235	5,891,759,871	6,664,710,794

Note.—Because of rounding, figures may not add to totals shown. The abbreviation “nesoi” stands for “not elsewhere specified or included.”

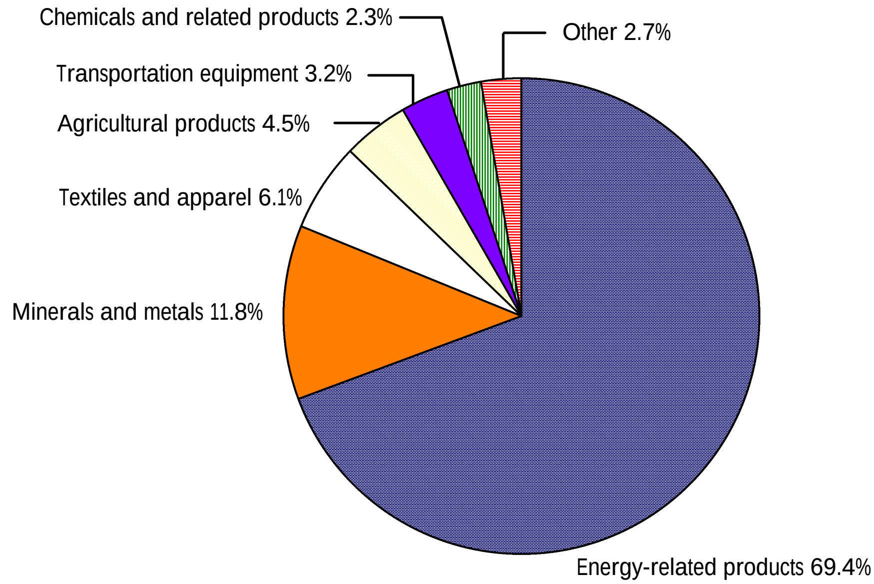
Source: Compiled from official statistics of the U.S. Department of Commerce.

Figure 1-6
U.S. imports from sub-Saharan Africa by trading partners, by shares, 2003



Source: Compiled from official statistics of the U.S. Department of Commerce.

Figure 1-7
U.S. imports from sub-Saharan Africa by commodity sectors, by shares, 2003



Source: Compiled from official statistics of the U.S. Department of Commerce.

In absolute terms, significant increases in U.S. imports from the region were recorded for energy-related products (up by $6.0 billion or by 50.9 percent), textiles and apparel (up by $415.7 million or by 36.6 percent), agricultural products (up by $226.2 million or by 24.8 percent), and transportation equipment (up by $202.2 million or by 32.6 percent). The only decrease in U.S. imports from SSA in 2003 was in the machinery sector (down by $49.0 million or by 21.2 percent). Table 1-3 shows major U.S. commodity imports from SSA at the HTS six-digit level for 1999-2003. Growth rates by commodity sectors are shown in figure 1-8.

Merchandise Trade Balance[8]

In 2003, the U.S. merchandise trade deficit with SSA increased by $6.5 billion to $18.8 billion, compared with deficits of $12.3 billion in 2002 and $14.3 billion in 2001. Excluding energy-related products, the U.S. trade deficit with the region increased by $500.7 million, from $796.7 million in 2002 to $1.3 billion in 2003.

The SSA country with which the United States had the largest trade deficit in 2003 remained Nigeria, at $9.1 billion, up from $4.8 billion in 2002; followed by Angola ($3.7 billion, up from $2.9 billion in 2002); South Africa ($2.2 billion, up from $1.8 billion in 2002); and Gabon ($1.8 billion, up from $1.6 billion in 2002). The United States had trade surpluses with many SSA countries, including Ethiopia ($376.9 million), Ghana ($120.8 million), Senegal ($94.6 million), and Mozambique ($53.6 million).

On a sectoral basis, the largest U.S. trade deficit with SSA occurred in energy-related products, with a deficit of $17.5 billion, up from $11.5 billion in 2002. Second was minerals and metals, with a deficit of $2.7 billion, compared to $2.4 billion in 2002. The U.S. trade deficit in textiles and apparel increased to $1.4 billion in 2003, from $1.0 billion in 2002. Several sectors exhibited a U.S. trade surplus with the region. The U.S. surplus in transportation equipment was $1.5 billion, up from $1.3 billion in 2002. Electronic products registered a $711.4-million surplus, up from $587.2 million in 2002. Other significant U.S. trade surpluses were in machinery products ($532.1 million) and chemicals and related products ($118.3 million).

[8] See app. B, table B-2 for complete data listing by country and sector.

Table 1-3
Sub-Saharan Africa: U.S. imports by major commodity items, 1999-2003

(Dollars)

HTS	Description	1999	2000	2001	2002	2003
2709.00	Petroleum oils and oils from bituminous minerals, crude	5,001,603,197	8,723,257,287	11,763,116,582	10,770,214,844	16,387,595,863
7110.11	Platinum, unwrought or in powder form	548,919,598	744,737,163	802,297,889	716,695,235	954,806,667
2710.19	Petroleum oils & oils (not light) from bituminous minerals or preps nesoi 70%+ by wt. from petroleum oils or bitum.	28,862,683	83,101,215	79,507,811	589,777,993	619,408,368
7102.31	Diamonds, nonindustrial, unworked or simply sawn, cleaved or bruted	284,056,284	272,590,846	339,710,363	433,827,817	542,088,412
1801.00	Cocoa beans, whole or broken, raw or roasted	296,213,426	270,307,532	246,750,210	265,683,220	383,057,809
6204.62	Women's or girls' trousers, bib and brace overalls, breeches and shorts of cotton, not knitted or crocheted	111,721,076	116,430,404	195,983,989	205,269,218	340,233,125
8703.23	Passenger motor vehicles with spark-ignition internal combustion reciprocating piston engine, cylinder capacity over 1,500 cc but not over 3,000 cc	11,545	22,245,447	54,427	339,059,452	320,893,588
8703.24	Passenger motor vehicles with spark-ignition internal combustion reciprocating piston engine, cylinder capacity over 3,000 cc	82,066	1,022,134	255,636,991	132,831,189	303,861,811
6110.20	Sweaters, pullovers, sweatshirts, vests and similar articles of cotton, knitted or crocheted	90,608,399	139,655,644	214,516,754	241,858,340	299,756,819
6203.42	Men's or boys' trousers, bib and brace overalls, breeches and shorts of cotton, not knitted or crocheted	153,515,459	192,883,121	202,121,753	209,241,787	260,068,660
2711.11	Natural gas, liquefied	6,809	41,071,084	176,129,032	21,466,849	228,227,798
0905.00	Vanilla beans	19,950,548	32,746,566	90,245,008	125,531,900	202,210,098
2710.11	Light oils and preparations from petroleum oils & oils from bituminous min. or preps 70%+ by wt. from petro. oils or bitum	27,540,036	91,499,457	85,131,841	75,276,354	201,514,874
7110.21	Palladium, unwrought or in powder form	277,486,130	409,020,685	403,801,756	261,567,623	168,655,777
7102.39	Diamonds, nonindustrial, worked, including polished or drilled	83,240,870	150,116,206	169,989,767	140,229,977	165,429,620
9801.00	Imports of articles exported and returned, not advanced in value or condition; imports of animals exported and returned within 8 months	194,089,224	194,542,730	238,519,496	129,938,954	149,656,011
2620.99	Ash and residues (other than from the manufacture of iron or steel), containing metals or their compounds, nesoi	0	0	0	159,398,071	141,577,044
7110.31	Rhodium, unwrought or in powder form	116,393,462	252,476,583	217,579,069	125,506,256	102,645,256
2905.11	Methanol (methyl alcohol)	0	0	25,255,933	51,906,186	93,573,979
7202.41	Ferrochromium, containing more than 4% (wt.) carbon	104,030,754	121,185,776	57,821,989	45,103,258	84,433,307
7606.12	Aluminum alloy rectangular (including square) plates, sheets and strip, over 0.2 mm thick	9,997,112	44,760,229	56,293,882	70,723,927	79,888,894
2901.29	Acyclic hydrocarbons, unsaturated, nesoi	39,106,809	75,367,179	77,156,835	55,999,622	70,597,793
6110.30	Sweaters, pullovers, sweatshirts, vests and similar articles of manmade fibers, knitted or crocheted	10,961,052	14,410,254	23,574,038	41,885,287	64,506,669
2401.20	Tobacco, partly or wholly stemmed/stripped	63,060,117	58,641,003	53,627,470	59,490,677	59,392,084

Table 1-3—*Continued*
Sub-Saharan Africa: U.S. imports by major commodity items, 1999-2003

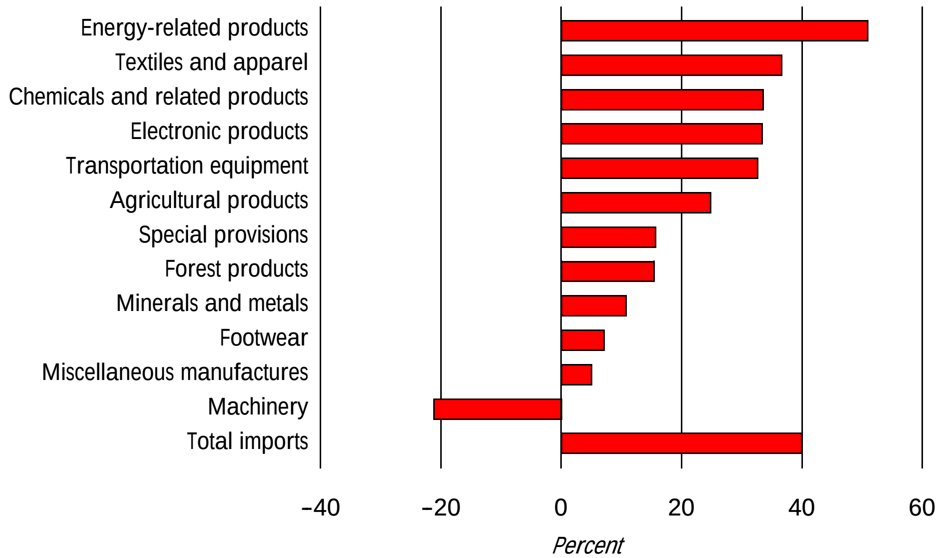
(Dollars)

HTS	Description	1999	2000	2001	2002	2003
2614.00	Titanium ores and concentrates	51,959,802	58,468,622	61,110,160	57,450,989	58,045,706
	Subtotal	7,513,416,458	12,110,537,167	15,835,933,045	15,325,935,025	22,282,126,032
	All other	6,236,297,961	10,102,111,716	5,224,566,127	2,882,108,712	3,188,216,356
	Total	13,749,714,419	22,212,648,883	21,060,499,172	18,208,043,737	25,470,342,388

Note.—Because of rounding, figures may not add to totals shown. The abbreviation “nesoi” stands for “not elsewhere specified or included.”

Source: Compiled from official statistics of the U.S. Department of Commerce.

Figure 1-8
U.S. imports from sub-Saharan Africa: Annual growth rate, by commodity, 2002-03



Source: Compiled from official statistics of the U.S.Department of Commerce.

U.S.-Africa Services Trade[9]

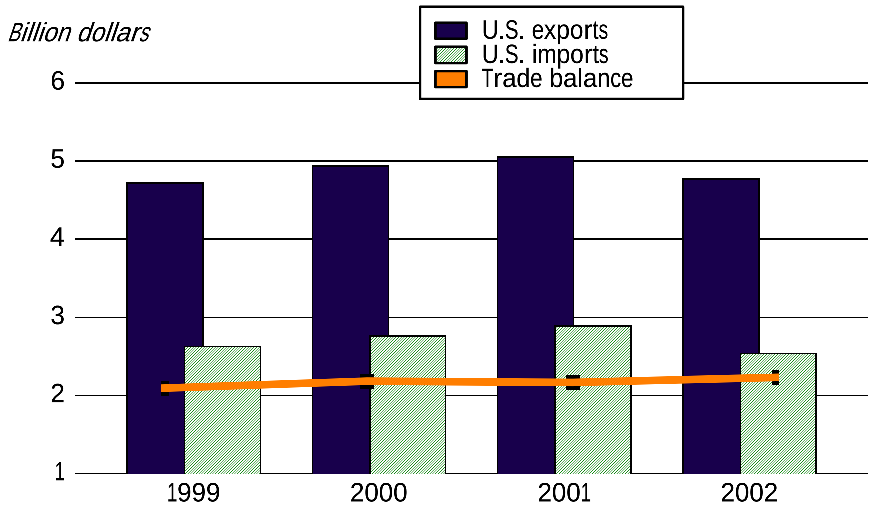
The United States recorded a cross-border services trade surplus with Africa of $2.2 billion in 2002 (figure 1-9),[10] reflecting U.S. cross-border services exports of $4.8 billion, and cross-border imports of $2.5 billion. Following steady growth in U.S.-Africa services trade during 1997-2001, U.S. services imports and exports to Africa fell by 12.1 percent and 5.7 percent, respectively, in 2002. Declines largely reflected sharply reduced tourism and passenger transport trade. Despite the decline in tourism, the industry continued to account for the largest share of U.S. cross-border service exports to Africa in 2002, followed by business services, education, and freight transport and port services (table 1-4).[11] Tourism generated $1.1 billion in U.S. exports in 2002, or 23.3 percent of all U.S. exports of services to Africa.

[9] Services are provided to foreign consumers through cross-border trade and affiliate transactions. Cross-border sales of services occur when a service, or the providers or purchasers of a service, cross national borders. When a service provider establishes a commercial presence (an affiliate) in a foreign market, sales are recorded as affiliate transactions.

[10] Data regarding cross-border services trade with the African continent are available through 2002. There are no data specific to the SSA region, or to individual countries other than South Africa.

[11] USDOC, BEA, *Survey of Current Business*, Oct. 2003, pp. 80-101, and Nov. 2001, pp. 66-77.

Figure 1-9
U.S. cross-border trade in services with Africa: Exports, imports, and trade balance, 1999-2002



Source: U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, Oct. 2003, pp. 80-81.

Table 1-4
Total Africa and South Africa: U.S. cross-border services exports, 1997 and 2002

Service	Africa 1997	Africa 2002	Africa Average annual growth	South Africa 1997	South Africa 2002	South Africa Average annual growth
	(Million dollars)		*(Percent)*	*(Million dollars)*		*(Percent)*
Business[1]	825	991	3.7	117	178	8.8
Education	400	826	15.6	36	55	8.8
Financial services	128	143	2.2	27	58	16.5
Freight transport and port services	389	562	7.6	132	121	-1.7
Insurance[2]	7	14	14.9	4	3	-5.6
Passenger transport	65	19	-21.8	0	9	([3])
Royalties and license fees	232	305	5.6	160	196	4.1
Telecommunications	143	158	2.0	60	57	-1.0
Tourism	1,054	1,114	1.1	370	248	-7.7
Other[4]	238	639	21.8	88	205	18.4
Total[5]	3,481	4,771	6.5	994	1,130	2.4

[1] Data also reflect professional and technical services.

[2] Insurance exports are defined as the difference between premiums received from foreign policy-holders and claims collected by foreign policy-holders.

[3] Not a meaningful number.

[4] Includes intracorporate transactions, i.e., U.S. parent firms' receipts from foreign-based affiliates, and U.S.-based affiliates' receipts from foreign parent firms. Large shares of these receipts are in exchange for financial, computer and information, and transportation services. Also includes expenditures of foreign governments and international organizations in the United States, and expenditures of foreign residents employed temporarily in the United States.

[5] Due to rounding or suppression of individual company data, figures may not add to totals shown.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, Oct. 2003, pp. 80-101, and Nov. 2001, pp. 66-77.

Tourism also figured prominently among imports, accounting for $1.0 billion or 41.2 percent of U.S. service imports from Africa (table 1-5). Passenger fares, business services, and freight transport and port services accounted for significant shares of U.S. imports from Africa as well, representing 17.9 percent, 14.5 percent, and 8.5 percent, respectively, of total services imports from Africa in 2002.

South Africa remained the largest U.S. services trading partner in Africa in 2002, accounting for 23.7 percent of U.S. exports to and 30.7 percent of U.S. imports from the continent. Tourism accounted for the largest share of U.S. cross-border exports to South Africa (21.9 percent), followed by royalties and license fees (17.3 percent), and business services (15.8 percent). Financial services registered the most rapid growth rate of U.S. cross-border services exports to South Africa during 1997-2002, increasing 16.5 percent on an average annual basis, compared to 2.4 percent for all service exports. The largest component of U.S. cross-border service imports from South Africa was tourism services (32.0 percent), followed by passenger transport (29.0 percent). Business services registered the fastest growth, with average annual growth of 39.4 percent during 1997-2002, compared to 1.5-percent average annual growth for all services imports.[12]

In 2001, majority-owned affiliates of U.S. firms in Africa recorded sales of services totaling $3.3 billion. In South Africa, such firms recorded sales of $1.1 billion, or 34.6 percent of total sales of services. Data on purchases from African-owned affiliates operating in the United States, as well as South African-owned affiliates, are not publicly available for 2001, the data having been suppressed or withheld to avoid disclosure of individual company information.[13]

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[12] USDOC, BEA, *Survey of Current Business*, Oct. 2003, pp. 80-101, and Nov. 2001, pp. 66-77.
[13] Ibid., p. 114.

Box 1-1
Services Trade in Sub-Saharan Africa, Selected Investments

In 2002, trade in services accounted for more than 20 percent of total merchandise and services trade with SSA. As a net exporter of energy, the petroleum sector remains one of the largest in SSA, resulting in investment opportunities for foreign service providers, particularly in the areas of construction services and pipeline transport services. Firms may construct oil or natural gas pipelines, or facilities where gas is treated and compressed for transport. In addition, they may manage the pipeline transport of petroleum products. For example, an international consortium consisting of ExxonMobil (U.S.), Petronas (Malaysia), and Chevron Texaco (U.S.) invested approximately $3.5 billion in the Chad-Cameroon Development Project. In cooperation with the Governments of Chad and Cameroon, and the World Bank, the consortium developed oil fields in the Doba region of Chad, and constructed a pipeline to the coast of Cameroon.[14] The project came online in October 2003, and is expected to produce approximately 1 billion barrels of oil during its 25-30 year expected life span. ExxonMobil has the largest equity stake in the project with 40 percent, and Petronas and Chevron Texaco have 35 percent and 25 percent, respectively. ExxonMobil (EssoChad) is the operator.[15] Since coming online, the project has exported 50 million barrels of oil, resulting in royalties of $109 million for Chad.[16]

Similar investments include Sasol Limite Group's (South Africa) $80-million investment in Mozambique's petroleum industry in 2003, which created two wholly South African-owned firms: Sasol Petroleum Temane Limitada and Mozambique Pipeline Investment Company Ltd. These firms will develop the Temane and Pande gas fields, and build a treatment plant and pipeline to South Africa.[17]

Trade liberalization and privatization have also resulted in various investment opportunities. Privatization of state-owned service providers, such as telecommunications firms, utilities, and banks, has increased as countries are becoming unable or unwilling to manage debt-ridden firms in light of declining foreign aid and new economic policies.[18] For example, in 2001, Tanzania sold Tanzania

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[14] The World Bank Group, "The Chad-Cameroon Petroleum Development and Pipeline Project: Project Overview," Apr. 10, 2003, found at Internet address *http://www.worldbank.org/afr/ccproj/project/pro_overview.htm/*, retrieved July 20, 2004.

[15] EssoChad, "ExxonMobile Announces Change of Consortium," Apr. 3, 2000, found at Internet address *http://www.essochad.com/Chad/Library/News./Chad_NW_030400.asp/*, retrieved Aug. 9, 2004; and EssoChad, "Chad/Cameroon Development Project - News Media Fact Sheet," Oct. 2003, found at Internet address *http://www.essochad.com/*, retrieved Aug. 9, 2004.

[16] EssoChad, "Chad/Cameroon Development Project, Report No. 16, Third Quarter 2004," found at Internet address *http://www.essochad.com/Chad/Files/Chad/16_allchapters.pdf/*, retrieved Nov. 21, 2004.

[17] MIGA, *2003 Annual Report*, "Guarantee Activities: Sub-Saharan Africa," found at Internet address *http://www.miga.org/screens/pubs/annrep03/regions.htm#5/*, retrieved July 20, 2004.

Box 1-1
Services Trade in Sub-Saharan Africa, Selected Investments—Continued

Telecommunications Corporation Ltd. to Detecom (Germany) and MSI (Netherlands).[19] By 2000, Cameroon had privatized all of its banks and insurance companies.[20] In 2000, the International Finance Corporation, Enterprise Insurance Company (Ghana), and African Life Assurance Company (South Africa) established a joint venture creating Enterprise Life Assurance Company in Ghana.[21] In addition, Telenor Management Partners (Norway) contracted to manage Ghana Telecom in 2003,[22] and the Uganda Communications Commission stated its intention to open the country's fixed line market duopoly to full competition by the end of 2005.[23]

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[18] The World Bank Group, "Privatization in Sub-Saharan Africa: Regional Fact Sheet," found at Internet address *http://www.ipanet.net/documents/worldbank/databases/plink/factshe.../*, retrieved July 20, 2004.

[19] Privatization Link, "Privatization in Tanzania, Country Fact Sheet," found at Internet address *http://www.ipanet.net/documents/WorldBank/databases/plink/factsheets/tanzania.htm/*, retrieved Aug. 10, 2004.

[20] Ibid.

[21] Ghana Homepage, "Enterprise Insurance in Joint Venture," Nov. 1, 2000, found at Internet address *http://www.ghanaweb.com/GhanaHomePage/economy/artikel.php?ID=11798/*, retrieved Aug. 10, 2004; and The World Bank Group, *World Bank Brief*, "Africa: A Regional Perspective," Apr. 2002, found at Internet address *http://www.worldbank.org/afr/africabrief.pdf/*, retrieved July 20, 2004.

[22] "GT Announces Major Network Expansion to Compete on International Stage," *Communications Update*, June 25, 2004, found at Internet address *http://www.primetrica.com*, retrieved July 28, 2004.

[23] "Wireline Duopoly to End Next Year," *Communications Update*, July 20, 2004, found at Internet address *http://www.primetrica.com*, retrieved July 20, 2004.

Table 1-5
Total Africa and South Africa: U.S. cross-border services imports, 1997 and 2002

Service	Africa			South Africa		
	1997	2002	Average annual growth	1997	2002	Average annual growth
	(Million dollars)		*(Percent)*	*(Million dollars)*		*(Percent)*
Business[1]	171	368	16.6	21	111	39.4
Education	33	62	13.4	4	15	30.3
Financial services	37	29	-4.8	9	19	16.1
Freight transport and port services	147	217	8.1	29	51	12.0
Insurance[2]	5	0	([3])	-1	0	([3])
Passenger transport	435	455	0.9	239	227	-1.0
Royalties and license fees	18	9	-12.9	12	4	-19.7
Telecommunications	345	161	-14.1	54	16	-21.6
Tourism	1,269	1,048	-3.8	272	250	-1.7
Other[4]	90	197	17.0	87	89	0.5
Total[5]	2,550	2,546	0.0	726	782	1.5

[1] Data also reflect professional and technical services.

[2] Insurance imports are defined as the difference between premiums paid to foreign insurers and claims received by U.S. policy-holders. Imports are entered as credits on the balance of payments when claims received by U.S. policy-holders exceed premiums paid to foreign insurers.

[3] Not a meaningful number.

[4] Includes intracorporate transactions, i.e., U.S. parent firms' payments to foreign-based affiliates, and U.S.-based affiliates' payments to foreign parent firms. Also includes earnings of foreign residents who are employed temporarily in the United States.

[5] Due to rounding or suppression of individual company data, figures may not add to totals shown.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, Oct. 2003, pp. 80-101, and Nov. 2001, pp. 66-77.

Global Investment in Sub-Saharan Africa

In 2003, SSA attracted an estimated $8.5 billion in new foreign direct investment (FDI) from all sources, an increase of 9.0 percent over the previous year (table 1-6). FDI as a percentage of GDP, however, declined slightly to 2.2 percent from 2.5 percent. Angola, Nigeria, and Sudan together accounted for approximately one-half of all inbound FDI to SSA, which was destined for new investment in the petroleum sector.[24] Although the region attracted just 6.3 percent of total FDI to the world's developing countries in 2003, its share of FDI directed toward developing countries represents an increase of 18.9 percent over the 2002 level.[25] According to the World Bank, returns from FDI in the SSA region were higher than anywhere else in the world in 2002, with U.S. investors in the region reporting average annual investment returns of 25 percent, compared with 12 percent worldwide.[26]

Foreign portfolio investment flows to SSA measured $500 million in 2003, reversing a $400-million net outflow of portfolio investment flows in 2002,[27] but fell well below the 1999 and 2000 levels of $9.0 billion and $4.1 billion, respectively. South Africa is the only SSA country among the top 20 recipients of portfolio equity flows worldwide, and accounts for virtually all portfolio equity flows to the region.[28] In 2003, the privatization of Telecom SA Ltd. attracted $502 million in portfolio equity flows to South Africa, and a stock offering by Steinhoff International Holdings Ltd., a retail and consumer products firm, attracted $156 million.[29]

The low level of FDI in SSA, compared with FDI in other developing country regions, reportedly reflects investor perceptions of the African investment climate, affected by concerns regarding political crises and the HIV/AIDS pandemic.[30] Investors have also cited taxation, labor laws, and excessive regulation as factors that discourage investment in the region.[31] South Africa, Angola, and Tanzania were cited by investors in one survey as the three most favorable destinations for FDI in SSA, with FDI prospects for Africa expected to improve between 2004 and 2007.[32]

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[24] World Bank, *Global Development Finance 2004*, vol. 1, p. 81.

[25] Ibid., pp. 184 and 198.

[26] "Funding the Technology Dream," *African Investor Magazine*, Mar.-May 2002, p. 54.

[27] During 1999-2002, South Africa accounted for almost all portfolio equity inflows to SSA. It is likely that this is also the case in 2003, but country-specific data for 2003 are not yet available. World Bank, *Global Development Finance 2004*, vol. 2, p. 472.

[28] World Bank, *Global Development Finance 2004*, vol. 1, pp. 91 and 184.

[29] Ibid., p. 101.

[30] "Funding the Technology Dream," *African Investor Magazine*, Mar.-May 2002, p. 54.

[31] World Bank, *Global Development Finance 2004*, vol. 1, p. 30.

[32] UNCTAD, "New Take-Off Predicted for FDI," press release, UNCTAD/PRESS/PR/2004/005, Apr. 14, 2004, found at Internet address *http://www.unctad.org/Templates/*, retrieved July 2, 2004.

Table 1-6
Global investment flows to sub-Saharan Africa and developing countries, 1999-2003

Country/Region	1999	2000	2001	2002	2003 (est.)
	Value *(Billion dollars)*				
SSA:					
Net inward FDI	9.3	5.8	14.3	7.8	8.5
Net inward portfolio equity flows	9.0	4.1	-1.0	-0.4	0.5
Total	18.3	9.9	13.3	7.4	9.0
Developing countries:					
Net inward FDI	181.7	162.2	175.0	147.1	135.2
Net inward portfolio equity flows	12.6	12.6	4.4	4.9	14.3
Total	194.3	174.8	179.4	152.0	149.5
	Share of total *(Percent)*				
Share of SSA:					
Net inward FDI	5.1	3.6	8.2	5.3	6.3
Net inward portfolio equity flows	71.4	32.5	-22.7	-8.2	3.5
Total	9.4	5.7	7.4	4.9	6.0

Source: The World Bank, *Global Development Finance 2004, vol. 1: Analysis and Summary Tables,* Washington, D.C., 2004, pp. 184 and 198.

U.S. Investment in Sub-Saharan Africa

Net U.S. direct investment flows to SSA measured $1.4 billion in 2003, which was less than 1 percent of total U.S. direct investment abroad (table 1-7). Equatorial Guinea, Nigeria, and Gabon, all petroleum-exporting countries, together accounted for 94 percent of total U.S. direct investment flows into SSA. Investment flows into South Africa totaled $89 million in 2003.[33] The continuation of positive flows of U.S. direct investment into SSA yielded an increase of 37.2 percent in the U.S. direct investment position, which measured $11.4 billion in 2003 (table 1-8). South Africa accounted for $3.9 billion, or 34.4 percent of the overall U.S. direct investment position in SSA. The four largest petroleum-exporting countries, Angola, Equatorial Guinea, Gabon, and Nigeria, together accounted for $6.2 billion, or 54.9 percent of the overall U.S. direct investment position.[34]

Investment by Country and by Sector

According to one survey of existing investors in SSA, the largest number of investments in the region originate with European parent companies, although new investment from Europe has lagged behind new investment from African and Asian investors

[33] USDOC, BEA, "U.S. Direct Investment Abroad: Country Detail for Selected Items," found at Internet address *http://www.bea.gov,* retrieved July 26, 2004.
[34] USDOC, BEA, "U.S. Direct Investment Abroad: Country Detail for Selected Items."

Table 1-7
U.S. direct investment abroad: Capital flows,[1] 1999-2003

(Million dollars)

Country/Region	1999	2000	2001	2002	2003
All countries	209,392	142,627	124,873	115,340	151,884
All SSA[2]	1,766	249	37	788	1,379
Petroleum-exporting countries:					
Equatorial Guinea	261	-48	114	-462	823
Nigeria	-524	137	-192	1,440	340
Gabon	129	73	2	-42	139
Angola	443	79	342	120	39
Nonpetroleum-exporting countries:					
South Africa	1,155	346	-86	103	89
Cameroon	94	-68	-120	-6	73
Côte d'Ivoire	8	-8	-64	40	34
Kenya	27	-19	([3])	([3])	9
Mauritius	12	-9	29	-121	-34
ROC	97	-48	-8	5	-78
Other	64	-186	22	-287	-55

[1] Negative numbers indicate inflows of capital into the United States.
[2] Includes data for Libya, which could not be removed due to suppression of data.
[3] Suppressed to avoid disclosure of data for individual companies.
Source: USDOC, BEA, "U.S. Direct Investment Abroad: Country Detail for Selected Items," found at Internet address *http://www.bea.gov*, retrieved July 26, 2004.

Table 1-8
U.S. direct investment position on a historical cost basis, 1999-2003

(Million dollars)

Country/Region	1999	2000	2001	2002	2003
All countries	1,215,960	1,316,247	1,460,352	1,601,414	1,788,911
All SSA[1]	8,431	6,969	8,350	8,274	11,355
Petroleum-exporting countries:					
Nigeria	233	470	260	1,753	2,082
Equatorial Guinea	1,249	1,144	2,316	1,127	1,949
Angola	1,535	585	1,220	1,493	1,524
Gabon	469	546	555	528	680
Nonpetroleum-exporting countries:					
South Africa	3,474	3,562	3,070	3,366	3,902
Côte d'Ivoire	206	194	136	194	237
Cameroon	313	257	148	135	217
Kenya	89	66	([2])	73	92
ROC	222	133	126	152	74
Mauritius	119	97	124	([3])	-28
Other	522	-85	399	-544	626

[1] Includes data for Libya, which could not be removed due to suppression of data.
[2] Not available.
[3] Less than $500,000 (+/-).
Source: USDOC, BEA, "U.S. Direct Investment Abroad: Country Detail for Selected Items," found at Internet address *http://www.bea.gov*, retrieved July 26, 2004.

since 2000.[35] African companies, most notably South African, represent the second-largest source of investment in SSA. According to one estimate, since sanctions were lifted in 1994, South African firms have invested approximately $1 billion annually, on average, in other African countries.[36] In 2002, for example, South African Airways paid $20 million for a 49-percent stake in Air Tanzania, and is expected to invest an additional $410 million in the Tanzanian airline.[37] Nigeria's state-owned oil company, NNPC, has also announced plans to invest in oil exploration outside of the country, with Angola, Gabon, and Equatorial Guinea cited as likely destinations.[38]

In 2002, the primary sector[39] accounted for 53 percent of all African inbound foreign direct investment stock,[40] followed by services with 29 percent, and manufacturing with 19 percent.[41] Primary sector investment is concentrated in petroleum, followed by agriculture. Service sector investment in SSA is wide ranging. In telecommunications, for example, Econet Wireless announced plans to invest approximately $100 million in Kenya's third mobile phone company.[42] Nigerian government officials have estimated that investment in the country's telecommunications industry had reached $3 billion in December 2003.[43] In the tourism industry, IFA Hotels & Resorts announced plans in 2003 to build luxury hotel and beach resorts in South Africa and Zanzibar, Tanzania.[44] In the banking industry, Tanzania, Zambia, and Kenya all have plans to privatize their national banks, which are expected to draw millions of dollars in foreign investment. Standard Chartered and HSBC, two of the world's largest private commercial banks, have also recently opened new branches focused on commercial lending in South Africa, with a view to funding new investment throughout the SSA region.[45]

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[35] UNIDO, "Africa Foreign Investor Survey 2003," p. 17, found at Internet address *http://www.unido.org*, retrieved May 2004.

[36] "Opportunities, Mostly Missed," *The Economist*, Jan. 17, 2004, p. 11, found at Internet address *http://web5.epnet.com/*, retrieved July 16, 2004.

[37] Economist Intelligence Unite (EIU), "What's New in Your Industry," *Business Africa*, Oct. 16th-31st, 2002, p. 10.

[38] "Nigerian Oil Giant Plans to Buy Oil Blocs," *Business Day (Johannesburg)*, found at Internet address *http://www.bday.co/za/bday/content/direct/1,3523,1657513-6078-0,00.html*, retrieved July 14, 2004.

[39] Primary sector includes agriculture and extractive industries.

[40] Separate data for SSA were not available.

[41] World Bank, *Global Development Finance 2004*, vol. 1, p. 82.

[42] "Econet Increases Stake in Kenya," *Emerging Markets Economy*, Jan. 21, 2004, found at Internet address *http://web5.epnet.com/*, retrieved July 16, 2004.

[43] Cletus Akwaya, "$3BN Invested in Telecoms, Says Adebayo," *This Day* (Lagos), May 18, 2004, found at Internet address *http://allafrica.com/stories/printable/200405180230.html*, retrieved July 22, 2004.

[44] "IFA Aims High with Major Growth Plan," *Hotels*, June 2004, p. 18, found at Internet address *http://web5.epnet.com/*, retrieved July 17, 2004.

[45] Philip Moore, "Setting Standards for Africa," *Euromoney*, May 2004, p. 140, found at Internet address *http://web5.epnet.com/*, retrieved July 16, 2004.

Most manufacturing sector investment in SSA is aimed at production for the local market, rather than for export. This situation is beginning to change, however, in large part because of the U.S. AGOA legislation passed in 2000,[46] which reduces barriers to U.S. imports from a number of African countries.[47] In the apparel sector, for example, investors from Mauritius, Germany, and Pakistan have invested in textile and footwear manufacturing for export from Mozambique.[48] In the agro-processing sector, export opportunities linked to foreign investment exist in seafood canning and freezing. Several agricultural crops also present investment opportunities linked to exports, including peanuts in Senegal, and cotton, citrus, and tea in Mozambique.[49] In Ghana, the government removed the state monopoly on cocoa production in 1999, a main export industry, which has drawn investment from at least one Swiss company.[50]

Investment Agreements Between Sub-Saharan African Countries and Foreign Investment Partners

Potential foreign investors cite trade agreements as an important consideration in their choice of investment destination.[51] A number of free trade agreements (FTAs), as well as trade initiatives such as AGOA, have helped to create investment opportunities for export-oriented industries.[52] Consistent with the high level of European direct investment in SSA, European countries have concluded the largest number of bilateral investment treaties (BITs) with SSA countries (table 1-9). For instance, Germany, Switzerland, and the Netherlands have concluded 33, 25, and 18 BITs, respectively, with SSA countries. By contrast, the United States has concluded BITs with only 4 SSA countries, and Japan has not concluded any such agreements. SSA countries have concluded 34 BITs with other SSA countries.[53] The lack of a BIT can act as a disincentive to foreign investment, as these treaties provide a framework of investment regulations and protections of investor rights. Establishment of a BIT is particularly important in developing countries, where the legislative framework surrounding foreign investment may not be highly developed, and the investment climate is perceived to be unstable. The closer investment relationship between SSA and Europe likely reflects both the historic political and trading relationships and the geographic proximity of the two regions.

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[46] UNIDO, "Africa Foreign Investor Survey 2003," p. xix.
[47] Ibid., pp. 14-15.
[48] MIGA, "Shedding New Light on Africa's Investment Opportunities," p. 14, found at Internet address *http://www.ipanet.net/*, retrieved July 12, 2004.
[49] Ibid., pp. 12-14.
[50] Ibid., p. 11.
[51] UNIDO, "Africa Foreign Investor Survey 2003," p. xix.
[52] MIGA, "Shedding New Light on Africa's Investment Opportunities," p. 6.
[53] Compiled by the Commission based on data obtained from UNCTAD, found at Internet address *http://www.unctadxi.org/templates/DocSearch.aspx?id=779*, retrieved Aug. 2, 2004.

Table 1-9
Bilateral investment treaties with sub-Saharan Africa, by selected investment partner country, 2004

	China	France	Germany	Netherlands	Switzerland	United Kingdom	United States
Angola						X	
Benin			X	X	X	X	
Botswana	X		X		X		
Burkina Faso			X	X	X		
Burundi			X			X	
Cameroon	X		X	X	X	X	X
Cape Verde			X	X	X		
Central African Republic . . .			X		X		
Chad			X		X		
Côte d'Ivoire	X		X	X			
Democratic Republic of the Congo		X	X		X	X	X
Djibouti	X				X		
Eritrea				X			
Ethiopia	X		X	X			
Equatorial Guinea		X					
Gabon			X				
The Gambia				X	X		
Ghana	X		X	X	X	X	
Guinea		X	X			X	
Kenya			X			X	
Lesotho			X			X	
Liberia		X	X		X		
Madagascar		X	X		X		
Mali			X		X		
Mauritania			X		X		
Mauritius					X	X	
Mozambique				X		X	
Namibia		X	X	X	X		
Niger			X		X		
Nigeria		X	X	X		X	
Republic of the Congo		na	na	na	na	na	X
Rwanda			X				
Senegal			X	X	X	X	X
Sierra Leone						X	
Somalia			X				
South Africa		X	X	X	X	X	
Sudan		X	X	X	X		
Swaziland	X		X			X	
Togo			X		X		
Uganda		X	X	X	X	X	
Zambia			X	X	X		
Zimbabwe		X	X	X	X		

Note.—"na" = information not available in UNCTAD database.

Source: Compiled by the Commission using information obtained from the UNCTAD database on bilateral investment treaties, found at Internet address *http://www.unctadXi.org/templates/DocSearch.aspX?id=779*, retrieved Aug. 2, 2004, and Export.gov, "Bilateral Investment Treaties," found at Internet address *http://www.tcc.mac.doc.gov*, retrieved Dec. 2004.

International Investment Initiatives Focused on Sub-Saharan Africa

Several investment-related initiatives by multilateral organizations[54] also act to facilitate private sector investment. Under the New Partnership for African Development (NEPAD), African leaders are endeavoring to improve civil and corporate governance and to enhance regulatory transparency and political stability, all important factors in attracting foreign investment and other types of assistance to the region.[55] A joint initiative between NEPAD and the International Chamber of Commerce to promote private investment in SSA has resulted in Business for Africa, a coalition of business organizations focused on boosting private sector investment in the region. Business for Africa has launched a website (www.africaplc.com) that supplies country information and promotes dialogue among private sector investors, and is working with NEPAD to stimulate investment flows to the region.[56]

The Multilateral Investment Guarantee Agency (MIGA), part of the World Bank Group,[57] provides investment guarantees and political risk insurance to facilitate private sector investment in developing countries. Such investment guarantees can act as essential catalysts to foreign investment, particularly in developing countries where the risk of war or civil disturbance is an important deterrent. MIGA has made concerted efforts to increase its operations in Africa. The African share of MIGA's trade portfolio of guarantees was 17 percent in 2002, with MIGA providing guarantees for $793 million in African investments by the end of its 2002 fiscal year. MIGA's highest exposure levels in the region are in Tanzania, Mozambique, Kenya, and Nigeria, which together account for 67 percent of its total African exposure.[58] Political risk insurance is also available on the private insurance market, but often at higher rates that may be prohibitive for smaller investors; therefore, MIGA's involvement fulfills a need that might otherwise not be met.

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[54] For further detail on the involvement of multilateral government organizations in Africa, see chapter 4 of this report.

[55] See OECD, "The First Advisory Board Meeting of the OECD-Africa Investment Initiative for Growth and Development," DAFFE/IME/RD(2003)19, Sept. 16, 2003; and *NEPAD Annual Report 2002*, found at Internet address *http://www.nepad.org/*, retrieved July 16, 2004. For additional information on NEPAD, see chapter 4 of this report.

[56] Maria Livanos Cattaui, "Africa Aims to Blend into Global Economy," *Business Day* (South Africa), Feb. 5, 2003, found at Internet address *http://www.uscib.org/index.asp?DocumentID=2482*, retrieved June 23, 2004; and International Chamber of Commerce, "Business Counterpart to Africa's NEPAD Development Initiative Launched," Mar. 19, 2002.

[57] See chapter 4 of this report for more information on the World Bank Group and MIGA.

[58] Separate data for SSA are not available. MIGA, "Shedding New Light on Africa's Investment Opportunities," p. 15.

Because the lack of available information on the investment environment in SSA countries is likely a deterrent to foreign investment, the UNDP is working with SSA countries and Standard & Poor's (S&P) to help the countries secure long-term sovereign ratings from the international ratings agency. As of June 2004, eight SSA countries had been rated by S&P, with additional ratings expected soon.[59] S&P ratings are widely used by investors to assess risk levels and to price bonds and other sovereign financial instruments. The existence of the ratings helps to integrate countries into the international financial markets, even if they do not immediately use them to issue bonds or other financial instruments.[60]

[59] Benin, Burkina Faso, Cameroon, Ghana, Madagascar, and Mali have been rated as a result of the joint UNDP/S&P initiative. Senegal and South Africa had previously received S&P ratings. Kenya is among the countries expected to be rated in the near future. "Sub-Saharan: Ratings Mark Progress," *Emerging Markets Monitor*, June 7, 2004, p. 17, found at Internet address *http://web5.epnet.com/*, retrieved July 16, 2004.

[60] Philip Moore, "Setting Standards for Africa."