INTERNATIONAL TRADE ADMINISTRATION

U.S.-African Trade Profile

U.S. Trade with Sub-Saharan Africa ($ Millions)				
	2005	***2006***	***2007***	***2008***
U.S. Exports	***10,210.7***	***11,859.7***	***14,296.1***	***18,471.9***
U.S. Imports	***50,364.6***	***59,092.8***	***67,357.8***	***86,052.7***
Source: U.S. Dept. of Commerce, Bureau of Census				

U.S. total trade with Sub-Saharan Africa (exports plus imports) increased 28.0 percent in 2008, as both exports and imports grew. U.S. exports increased by 29.2 percent to $18.5 billion, driven by growth in several sectors including: machinery, vehicles and parts, wheat, non-crude oil, aircraft, and electrical machinery (including telecommunications equipment). U.S. imports in 2008 increased by 27.8 percent to $86.1 billion. As has been the case throughout 2008, this growth continues to be due to a significant increase of 31.9 percent in crude oil imports (accounting for 79.5 percent of total imports from Sub-Saharan Africa)**.**

- Of the top five African destinations for U.S. products, exports to South Africa rose by 17.6 percent, to Nigeria by 47.7 percent, to Angola by 62.6 percent, to Benin by 192.4 percent (due to a large increase in the export of non-crude oil and vehicles and parts), and to Ghana by 46.1 percent.

- U.S. imports from the oil producing countries grew in every case with imports from Nigeria growing by 16.2 percent, from Angola by 51.2 percent, from the Republic of Congo by 65.2 percent, from Equatorial Guinea by 89.5 percent, from Chad by 55.4 percent, and from Gabon by 4.4 percent. U.S. imports from South Africa grew by 9.9 percent. Declines in the import of platinum and diamonds from South Africa were more than balanced by strong growth in the import of ferroalloys and extremely high growth of over 350 percent in the import of passenger vehicles (caused by a surge in imports from South Africa as new car lines produced in South Africa came on the market at the end of 2007).

- In 2008, U.S. imports under the African Growth and Opportunity Act (AGOA) were $66.3 billion, 29.8 percent more than in 2007.[1] This figure includes duty-free imports

[1] Note that AGOA imports are imports for consumption, while all other import figures are general imports. Imports for consumption include only those goods as they enter the U.S. economy for consumption.

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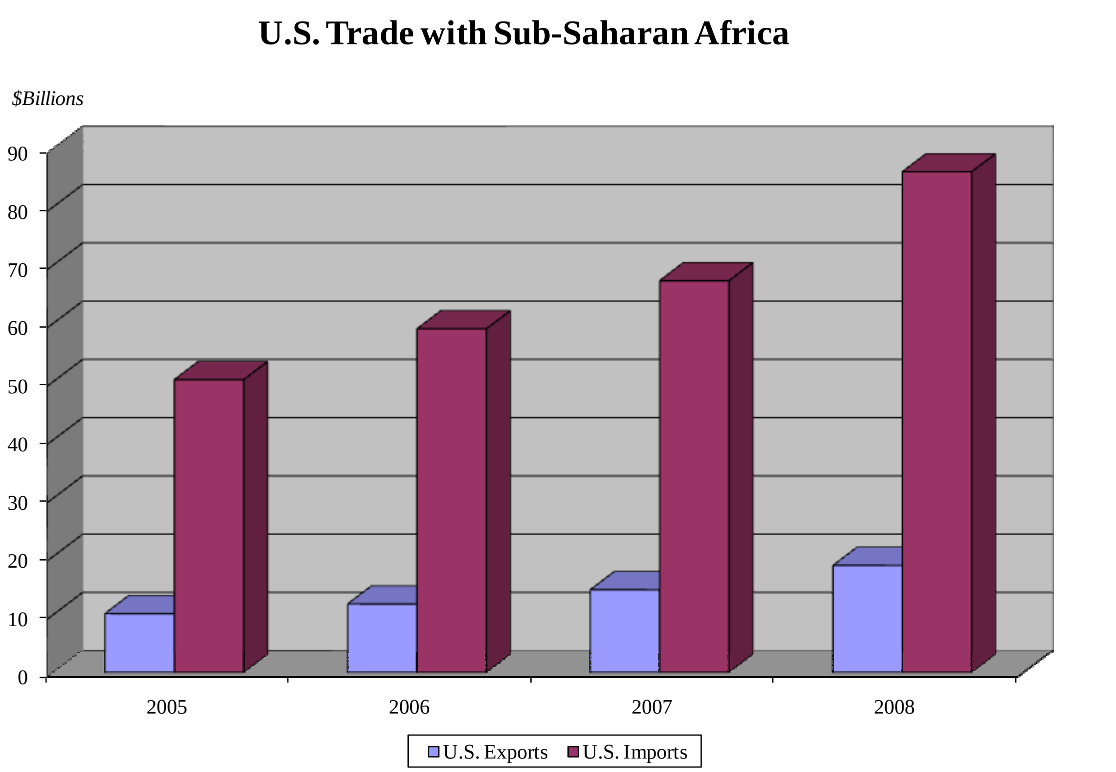
from AGOA-eligible countries under both the U.S. Generalized System of Preferences (GSP) and the expanded AGOA GSP, plus textile and apparel items imported duty-free and quota-free under AGOA provisions.



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

- Petroleum products continued to account for the largest portion of AGOA imports with a 92.3 percent share of overall AGOA imports. With these fuel products excluded, AGOA imports were $5.1 billion, increasing by 51.2 percent. Much of this non-energy product increase was due to a 224.8 percent increase in imports of AGOA transportation equipment, virtually all from South Africa as mentioned above. AGOA minerals and metals also increased by 58.8 percent and AGOA chemical and related products by 38.7 percent. AGOA textiles and apparel imports declined by 10.4 percent and AGOA agricultural products by 7.9 percent.

- U.S. imports under AGOA are becoming increasingly 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.

General imports include all goods as they cross the U.S. border, including those destined for bonded warehouses or foreign trade zones.

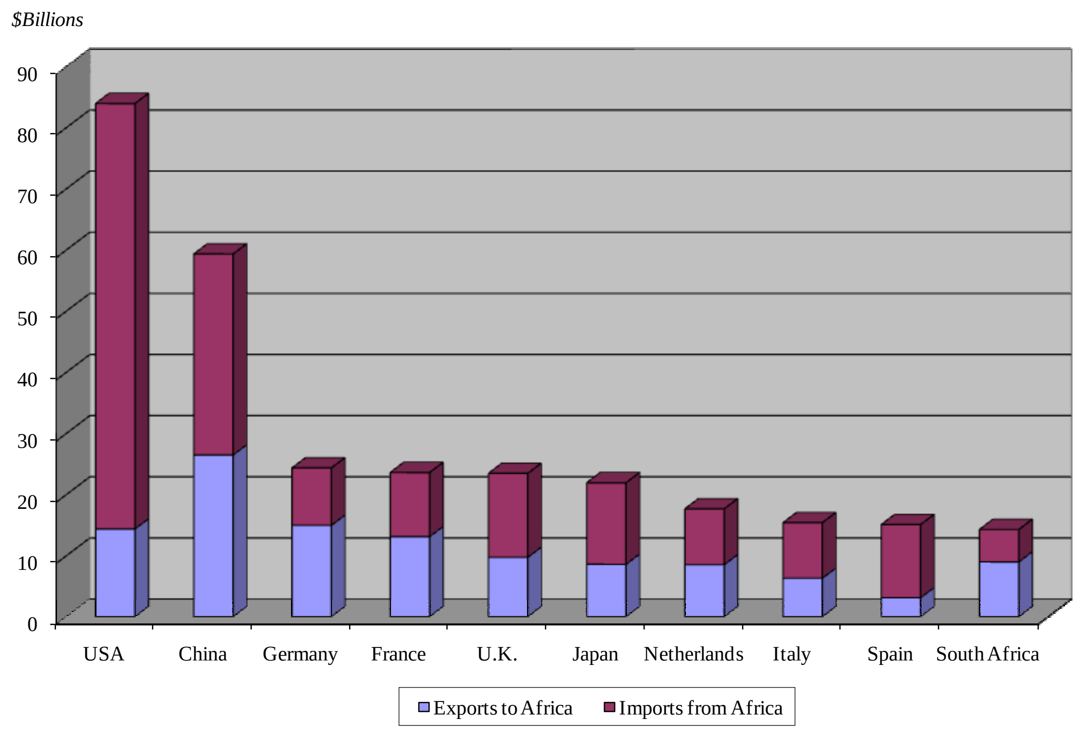
- The top five AGOA beneficiary countries included Nigeria, Angola, South Africa, Chad, and the Republic of Congo. Other leading AGOA beneficiaries included Gabon, Cameroon, Lesotho, Madagascar, Kenya, Swaziland, and Mauritius.

- The U.S. merchandise trade deficit with Sub-Saharan Africa continued to widen in 2008 to $67.5 billion, from $53.0 billion in 2007. Nigeria, Angola, the Republic of Congo, South Africa, Chad, and Equatorial Guinea accounted for 97.2 percent of the U.S. trade deficit with Sub-Saharan Africa in 2008.

Africa's Global Trade[2]

Sub-Saharan Africa's total merchandise imports continued to increase in 2007 (the latest year available), growing 25.6 percent to $269.2 billion, compared to slightly lower growth of 24.1 percent in 2006. South Africa and Nigeria accounted for almost half of Sub-Saharan Africa's total imports with a 46.4 percent share. In 2007, South Africa's imports increased by 25.9 percent to $85.6 billion, about the same growth as in 2006. Nigeria's imports increased by 33.7 percent to $39.4 billion, which was higher than the 20.3 percent growth in 2006. Based on a review of some of the major suppliers to Sub-Saharan Africa, no single sector appears to account for the majority of the growth 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.[3]

Africa's Principal Trading Partners, 2007



Source: Derived from IMF Direction of Trade Statistics Yearbook, 2008

Sub-Saharan Africa's total merchandise exports were $244.6 billion in 2007, a 17.2 percent increase, approximately the same increase as in 2006. In 2007, South Africa and Nigeria accounted for 50.2 percent of Sub-Saharan Africa's total exports. South Africa's

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[2] Unless otherwise noted, the data in this section is derived from the *Direction of Trade Statistics Yearbook* (Washington, DC: International Monetary Fund, September 2008).
[3] Based on a review of European Union, United States, China, Japan, and South Africa trade data in the World Trade Atlas.

exports grew by 21.1 percent to $63.5 billion, a positive shift from the virtually zero growth in exports in 2006. Nigeria's exports grew by 12.2 percent to $59.4 billion, somewhat lower than the 21.6 percent growth in exports in 2006.

Sub-Saharan Africa's 17.2 percent increase in exports outpaced total world exports, which grew at 15.6 percent, and grew on par with developing country exports, which grew at 17.3 percent. Sub-Saharan Africa, however, accounted for only 1.83 percent of world trade in 2007, slightly higher than its 1.74 percent share in 2006.

Shares of Africa's Import and Export Markets[4]

Sub-Saharan Africa accounts for slightly more than one percent of U.S. merchandise exports, and slightly more than three percent of U.S. merchandise imports, of which about 81 percent are petroleum products. Similarly, Sub-Saharan Africa accounts for a little more than one percent of both EU merchandise exports and imports. The United States is Africa's largest single country market, purchasing 28.4 percent of the region's exports in 2007. China came in second at 13.4 percent, and the United Kingdom was third at 5.6 percent. The EU purchased 31.4 percent of Sub-Saharan Africa's exports, down from 32.1 percent in 2006. China, however, increased its share of African exports by almost one percentage point to a 13.4 percent share.

- The U.S. market share in Sub-Saharan Africa fell slightly in 2007 to 5.3 percent, with $14.4 billion in exports to the region.

- In 2007, China continued to be the largest individual country exporter to Sub-Saharan Africa with a growing market share of 9.8 percent and $26.5 billion in exports to the region. China's exports to the region continued to grow rapidly by 39.4 percent from 2006. Increased shipments of electrical and other machinery, vehicles (mainly motorcycles and trucks), woven fabrics, iron and steel products, woven and knit apparel, and low-end footwear comprised the largest share of China's growth in shipments to Sub-Saharan Africa.

- With the exception of the Netherlands which posted an increase in market share in Sub-Saharan Africa in 2007, the market share of Africa's other major trading partners declined from 2006 to 2007.

- The market share in Sub-Saharan Africa of the EU as a whole also decreased to 27.8 percent.

- South Africa's share of the African market declined slightly to a 3.3 percent share from a 3.4 percent share in 2006. South Africa exported more than Japan, Netherlands, Italy, and Spain to Sub-Saharan Africa, with exports to the region of $9.0 billion in 2007, growing by 23.2 percent from 2006.

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[4] The data in this section is derived from the *Direction of Trade Statistics Yearbook* (Washington, DC: International Monetary Fund, September 2008).

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

	2006	% Share	2007	% Share
Sub-Saharan Africa's Imports				
China	***19.0***	***8.9%***	***26.5***	***9.8%***
Germany	***13.0***	***6.1%***	***15.0***	***5.6%***
United States	***12.1***	***5.6%***	***14.4***	***5.3%***
France	***11.3***	***5.3%***	***13.1***	***4.9%***
United Kingdom	***8.9***	***4.1%***	***9.8***	***3.6%***
South Africa	***7.3***	***3.4%***	***9.0***	***3.3%***
Japan	***7.2***	***3.3%***	***8.6***	***3.2%***
Netherlands	***6.0***	***2.8%***	***8.6***	***3.2%***
Italy	***5.5***	***2.6%***	***6.3***	***2.4%***
Spain	***2.8***	***1.3%***	***3.1***	***1.2%***
Total EU	***62.0***	***28.9%***	***74.9***	***27.8%***
Sub-Saharan Africa's Exports				
United States	***61.5***	***29.5%***	***69.6***	***28.4%***
China	***26.3***	***12.6%***	***32.9***	***13.4%***
United Kingdom	***13.0***	***6.2%***	***13.7***	***5.6%***
Japan	***12.5***	***6.0%***	***13.3***	***5.4%***
Spain	***10.9***	***5.2%***	***12.0***	***4.9%***
France	***9.2***	***4.4%***	***10.5***	***4.3%***
Germany	***8.9***	***4.3%***	***9.4***	***3.8%***
Netherlands	***6.8***	***3.2%***	***9.1***	***3.7%***
Italy	***7.4***	***3.6%***	***9.1***	***3.7%***
South Africa	***3.3***	***1.6%***	***5.3***	***2.2%***
Total EU	***67.0***	***32.1%***	***76.9***	***31.4%***

Source: Derived from IMF Direction of Trade Statistics Yearbook, 2008

Africa's Economic Growth

According to the World Bank, the world economy decelerated in 2008 with an estimated 2.5 percent growth, compared to 3.7 percent growth in 2007. Global growth slowed with the onset of the global economic crisis which has intensified since fall 2008.[5] Developing country economies slowed to 6.3 percent growth in 2008, compared to 7.9 percent in 2007. Several factors contributed to a slowdown in growth for developing countries including: slowing growth in developed countries, declining equity markets and capital flows, and a sharp rise in inflation due to an increase in commodity prices which helped lower consumer spending. Leading this decline were China with a sharp falloff in industrial production growth and India with a reduction in output growth.[6] The increasingly severe global recession will push developing country growth down even more in 2009.

In 2008, Sub-Saharan African economies followed the global trend with growth slowing to an estimated growth of 5.4 percent, compared to 6.3 percent in 2007. Economic growth in Sub-Saharan Africa in 2008 was lower than average developing country growth, but above average world growth. With South Africa being a notable exception, the effect of the global crisis will likely be transmitted to African economies more indirectly through a decline in external demand and lower commodity prices.[7] The global crisis could also cause "a decline in resource flows to Africa in the form of private capital, remittances, and even aid."[8]

Even with the worsening of the global economic crisis, Sub-Saharan Africa's growth in 2008 represents the first time in more than 45 years that Africa's growth exceeded five percent for five years straight. The World Bank notes that economic growth in 2008 has been broad-based and less volatile than in past years across regions and includes both oil-importing and oil-exporting countries.[9] The IMF emphasizes that many of the Sub-Saharan African countries that have sustained economic growth have followed consistently strong macroeconomic policies with a proactive role by the government.[10]

Growth in oil-exporting countries remained strong, growing by more than 7.5 percent for a second year in a row.[11] Of note, is the strong growth in the non-oil sectors in some of the major oil exporting countries. Despite continued unrest in the Niger Delta causing a drop in Nigeria's oil output, Nigeria experienced strong growth in agriculture, trade, and telecommunications helping Nigeria to maintain a positive growth of 6.3 percent in 2008.

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[5] *Global Economic Prospects 2009: Commodities at the Crossroads*, 15 (Washington, DC: World Bank, November 2008).
[6] *Global Economic Prospects 2009: Commodities at the Crossroads*, 27.
[7] *Global Economic Prospects 2009: Commodities at the Crossroads*, 174.
[8] *Regional Economic Outlook: Sub-Saharan Africa*, 1 (Washington, DC: International Monetary Fund, October 2008).
[9] *Global Economic Prospects 2009: Commodities at the Crossroads*, 171-172.
[10] *Regional Economic Outlook: Sub-Saharan Africa*, October 2008, 2; 42.
[11] *Global Economic Prospects 2009: Commodities at the Crossroads*, 172.

Non-oil sector growth in Angola was even higher at nearly 20 percent in 2008 driven by growth in construction, agriculture and communication sectors.[12]

As Sub-Saharan Africa's largest economy, South Africa drives much of the growth among the oil-importing countries. As the most integrated African economy into the global financial system, South Africa has felt the effects of the global economic crisis more severely than other African countries. In the fall of 2008, economic growth forecasts for South Africa predicted growth of as high as three percent in 2009. As the global crisis worsened and the effects on South Africa became more apparent with a weakening Rand, falling demand for South Africa's exports, slowing domestic demand, and a steep drop in commodity prices, forecasts by January 2009 predicted a growth of one percent or less for South Africa in 2009.[13] By April 2009, the IMF was predicting a 0.3 percent contraction in South Africa for 2009.[14] A steeper decline in South Africa will likely have negative repercussions for overall growth in Sub-Saharan Africa.

Excluding South Africa, growth among oil-importers in Sub-Saharan Africa remained positive at 5.2 percent in 2008, down slightly from 5.8 percent in 2007. Political instability, however, caused a sharp decline in Kenya's growth in 2008 with growth falling from 7.1 percent in 2007 to an estimated 3.3 percent in 2008. Renewed conflict in the Democratic Republic of Congo could also dampen growth prospects into 2009.[15] Even with many African countries experiencing continued economic growth, the World Bank notes that many African countries are coming up against "capacity constraints stemming from inadequate investment in energy, roads, railways, and ports over the past decades." This capacity constraint coupled with high global food and fuel prices (at least in the first half of 2008) contributed to a rise in inflation in Sub-Saharan Africa in 2008.[16] In fact, almost half of Sub-Saharan African countries experienced double-digit consumer price inflation with median inflation rising to 13 percent through September 2008.[17] The IMF predicts that inflation will begin to fall in 2009 as commodity prices and global demand both decline.[18]

Both the World Bank's and IMF's outlook for the medium-term for Sub-Saharan Africa is uncertain. The World Bank and IMF see very large downside risks for Sub-Saharan Africa to the deteriorating global economic situation, all of which could cause a larger downturn in economic growth in Sub-Saharan Africa for 2009 and into 2010.[19] The IMF lists multiple risks to a more severe global recession: a further reduction in the demand

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[12] *Global Economic Prospects 2009: Commodities at the Crossroads*, 172-173.
[13] *Research Economics Macroeconomic forecasts – South Africa,* Standard Bank, January 29, 2009, 1-2; and *Research Economics Insight – South Africa,* Standard Bank, February 5, 2009, 1.
[14] *World Economic Outlook: Crisis and Recovery*, 93-94 (International Monetary Fund, Washington, DC, April 2009).
[15] *Global Economic Prospects 2009: Commodities at the Crossroads*, 172; 174.
[16] *Global Economic Prospects 2009: Commodities at the Crossroads*, 172.
[17] *Global Economic Prospects 2009: Commodities at the Crossroads*, 173.
[18] *Regional Economic Outlook: Sub-Saharan Africa*, 13 (International Monetary Fund, Washington, DC, April 2009).
[19] *Global Economic Prospects 2009: Commodities at the Crossroads*, 175; *Regional Economic Outlook: Sub-Saharan Africa*, April 2009, 15-16.

for Africa's exports, a lowering of Africa's terms of trade, and a lowering of foreign direct investment and remittance inflows to Africa.[20]

The IMF has continued to revise downward its predictions for global growth in 2009. In a *World Economic Outlook Update* in late January 2009, the IMF predicted a global growth of 0.5 percent for 2009.[21] By April 2009, the IMF had an even more dire prediction of a global economic contraction of 1.5 percent in 2009.[22] The IMF predicted that Sub-Saharan Africa would be more negatively affected than originally predicted, though not as severely as in other regions with the IMF still predicting low positive growth for Sub-Saharan Africa.[23] The IMF expressed concern that Africa's economic gains described above could "slip away" as a result of the global economic crisis. The IMF research showed that a one percent slowdown in global growth will translate into a ½ percent slowdown in Sub-Saharan Africa. The IMF indicated that external financing for corporations and banks in larger African economies, such as South Africa and Nigeria, is becoming scarce.[24] The IMF also emphasized that the global economic downturn has reduced demand for Africa's exports, caused a decline in commodity prices, and in turn caused a reduction in export earnings across Africa. The tightening of global credit has also reduced the accessibility of trade finance.[25] All of these factors will likely cause a reduction in Africa's trade not just with the United States but with its other major trading partners as well. Whether Africa's trade will be as severely affected as other regions of the world remains to be seen.

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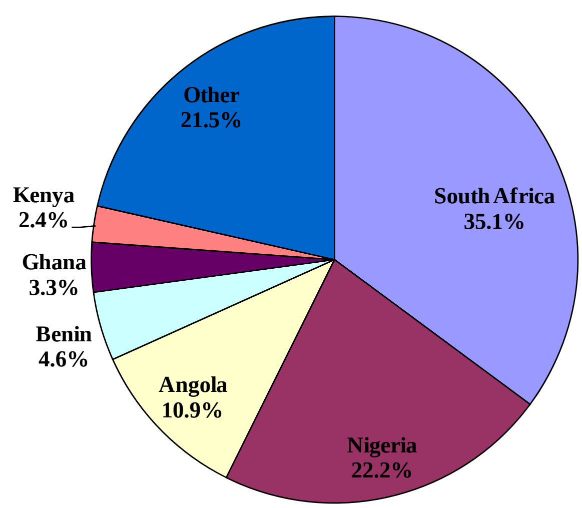
[20] *Regional Economic Outlook: Sub-Saharan Africa*, October 2008, 22; *Regional Economic Outlook: Sub-Saharan Africa*, April 2009, 15-16.
[21] *World Economic Outlook Update*, International Monetary Fund website release, January 28, 2009.
[22] "Global Economy Contracts, with Slow Recovery Next Year", *IMF Survey Magazine: IMF Research, World Economic Outlook*, April 22, 2009.
[23] "IMF to Assist Africa Hit Hard by Global Downturn," *IMF Survey Magazine: Countries and Regions, World Economic Crisis*, February 3, 2009; "Battered by Crisis, African Growth to Fall Sharply," *IMF Survey Magazine: Countries and Regions, World Economic Outlook*, April 24, 2009.
[24] "IMF Pushes on Aid for Africa, Revival of World Trade Talks", *IMF Survey Magazine: Countries and Regions*, *Impact of Crisis on Africa*, March 9, 2009.
[25] "IMF Pushes on Aid for Africa, Revival of World Trade Talks"; "IMF to Assist Africa Hit Hard by Global Downturn."

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 – remained the same from 2007 and accounted for 68.3 percent of U.S. sales in 2008, with South Africa claiming 35.1 percent, Nigeria 22.2 percent, and Angola 10.9 percent. South Africa's share declined slightly and Nigeria's and Angola's shares increased from 2007. South Africa's share declined not because of a decline in a particular product area, but because of especially high growth in exports of vehicles, wheat, and non-crude oil to Nigeria and oil-field equipment and parts, aircraft, and vehicles to Angola. Also of note is that Benin's share more than doubled from 2007 due to extremely large increases in the export of vehicles and parts and non-crude oil.

U.S. Exports to Major Sub-Saharan Africa Trading Partners, 2008



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 2008 were concentrated in motor vehicles, agricultural commodities, petroleum and coal products, and aircraft. The top three U.S. exports in 2008 were motor vehicles accounting for 11.9 percent of exports, oilseeds and grains (mostly wheat) 8.7 percent, and petroleum and coal products 7.6 percent. Other leading export categories included: aircraft; oil and gas field machinery and equipment; construction and general purpose machinery; industrial chemicals; navigational, measuring, electromedical and control instruments; grain and oilseed milling products; and communications equipment.

Leading U.S. Exports to Sub-Saharan Africa

Item	*2008 Export Value ($ Millions)*
Motor Vehicles	*2,204.4*
Oilseeds & Grains	*1,617.4*
Petroleum & Coal Products	*1,403.8*
Aircraft, Engines, & Parts	*1,358.7*
Oil & Gas Field Machinery & Equipment	*1,344.2*
Construction Machinery	*1,142.4*
Other General Purpose Machinery [1]	*596.4*
Industrial Chemicals	*447.0*
Navigational, Measuring, Electromedical & Control Instruments	*427.7*
Grain and Oilseed Milling Products	*426.6*
Communications Equipment	*394.1*

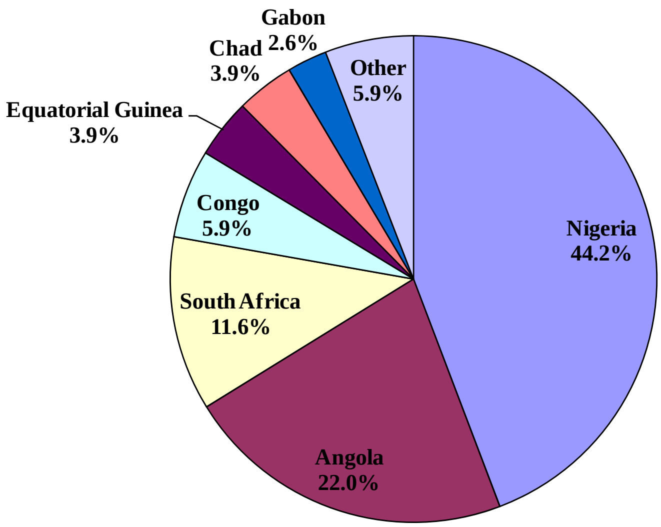
[1] *Includes pumps and pumping equipment, air and gas compressors, and material handling equipment.*

Source: U.S. International Trade Commission DataWeb

Leading Sub-Saharan African Suppliers to the United States

U.S. imports from Africa remained highly concentrated among a small number of suppliers. Four countries – Nigeria, Angola, South Africa, and Republic of Congo – accounted for 83.7 percent of U.S. purchases in 2008. The share of imports from Angola and the Republic of Congo increased, while Nigeria's and South Africa's shares decreased slightly. Oil imports from Angola and Republic of Congo outpaced oil imports from Nigeria. Imports of platinum and diamonds declined from South Africa and increases in imports of vehicles and iron and steel products were not enough to bring South Africa's import share up. Equatorial Guinea's and Chad's shares increased with a rise in oil imports from both countries, while Gabon's share declined as the small increase in oil imports from the country did not keep pace with the other oil producing countries.

U.S. Imports from Major Sub-Saharan Africa Trading Partners, 2008



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 $71.2 billion in oil imports in 2008, accounting for 82.8 percent of all U.S. purchases. Platinum remained the second leading U.S. import with a 3.5 percent share. Motor vehicles and parts replaced diamonds as the third leading U.S. import, accounting for 2.3 percent of purchases. Other leading imports included: diamonds; iron and steel; woven and knit apparel; ores, slag and ash; cocoa; organic chemicals; and petroleum gases and other gases.

Leading U.S. Imports from Sub-Saharan Africa

Item	*2008 Import Value ($ Millions)*
Oil (Crude & non-Crude)	*71,208.2*
Platinum	*2,966.9*
Motor Vehicles and Parts	*1,932.7*
Diamonds	*1,572.7*
Iron and Steel	*1,235.9*
Woven & Knit Apparel	*1,151.5*
Ores, Slag, & Ash	*896.8*
Cocoa	*695.0*
Organic Chemicals	*627.5*
Petroleum Gases & Other Gases	*513.4*

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

U.S. Direct Investment in Africa

The volume of foreign direct investment (FDI) into Sub-Saharan Africa in 2007 continued to trail other regions, but FDI inflows in 2007 showed strong growth. According to the United Nations *World Investment Report 2008*, inflows of FDI to Sub-Saharan Africa from all sources in 2007 were $33.0 billion, which represented a 26.3 percent growth from 2006 inflows of $26.1 billion. Much of this growth is attributed to the Chinese state-controlled Industrial and Commercial Bank of China's (ICBC) purchase of a 20 percent stake (worth about $6 billion) in South Africa's Standard Bank.[26] If FDI inflows for South Africa are excluded in 2007, however, inflows to Sub-Saharan Africa increased by only 2.4 percent.

According to the *World Investment Report 2008* (the Report), the majority of inflows continued to occur in the oil and gas sector, as well as in mining. There was also some investment in downstream activities such as in refineries in Côte d'Ivoire and Nigeria and diamond cutting and polishing in Botswana.[27] The services sector in African countries also showed strong growth, especially in financial services with the ICBC investment in Standard Bank mentioned above and purchases by Barclays Bank (United Kingdom) and ABSA (a South African bank) of banks in other African countries. Transnational Corporations (TNCs), especially those from South Africa, the European Union, and China, also continued to invest in infrastructure projects in electricity, telecommunications, and water management and hydroelectric stations. While FDI in manufacturing lagged behind oil and mining and services, some industries experienced growth such as chemicals and pharmaceuticals products as well as non-metallic mineral products. [28]

The Report emphasizes that the growth of FDI flows into Africa in 2007 was due to "a booming global commodities market, rising corporate profitability of investment and an increasingly FDI-friendly environment."[29] The Report states that African countries continued to implement policy measures in 2007 to improve the investment climate by aiming to reduce bureaucratic red tape, privatize state-owned enterprises, and increase FDI in public projects. The Report highlights specific measures in seven Sub-Saharan African countries. In addition, the Report discusses programs aimed at promoting FDI by African regional organizations, such as the Common Market for Eastern and Southern Africa (COMESA), the Economic Community of West African States (ECOWAS), and the Southern African Development Community (SADC).[30] The Report concludes, however, that for long-term growth in FDI African countries will need to implement policies focusing on enhancing the productive capacities of their respective industries.[31]

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[26] *World Investment Report 2008: Transnational Corporations and the Infrastructure Challenge* (New York and Geneva, Switzerland: UNCTAD 2008), p. 41.
[27] *World Investment Report 2008*, p. 42.
[28] *World Investment Report 2008*, pp. 42-43.
[29] *World Investment Report 2008*, p. 38.
[30] *World Investment Report 2008*, p. 38; pp. 43-44.
[31] *World Investment Report 2008*, p. 38.

FDI inflows to the least developed countries (LDCs) of Africa increased by 5.0 percent in 2007. The Report states that almost all African LDCs registered positive growth in FDI for the second consecutive year mostly in the expansion of projects exploring reserves of base metals and oil as well as investment in infrastructure development. Also of note was that several TNCs from developing countries (e.g. China, Algeria, Republic of Korea, India, and South Africa) were active investors in African LDCs.[32] The growth in FDI inflows to African LDCs was slightly higher than the 4.3 percent growth in FDI inflows to LDCs worldwide. FDI inflows to Sub-Saharan Africa represented 1.8 percent of worldwide FDI inflows in 2007 and 6.6 percent of inflows to developing countries, about the same share as in 2006.

The largest recipients of global FDI in flows included Nigeria with $12.5 billion, South Africa with $5.7 billion, Sudan with $2.4 billion, Equatorial Guinea with $1.7 billion, Madagascar with $997 million, and Zambia with $984 million. These countries shared some common characteristics: "large reserves of natural resources and/or active privatization programs, liberalized FDI policies and active investment promotion activities."[33]

The Report highlights that TNCs from developed countries (mainly Europe and the United States) followed by African investors, especially from South Africa, were the main sources of FDI in Africa. TNCs from Asia were also significant investors particularly in oil and gas extraction and infrastructure. [34] According to a recent *Wall Street Journal* article, investors from the Persian Gulf may be poised to increase investments in African countries in a wide range of sectors including ports, agriculture, and telecommunications as well as in mineral and oil exploration.[35]

Also of note were the continued high levels of FDI outflows from African countries in 2007 with South Africa accounting for the majority of outflows with $3.7 billion in FDI, followed by Liberia with $363 million, Angola with $331 million, and Nigeria with $261 million. South African TNCs invested in projects within Africa and outside of the region in a variety of sectors including banking, information and communications technology, infrastructure development and natural resource industries.[36]

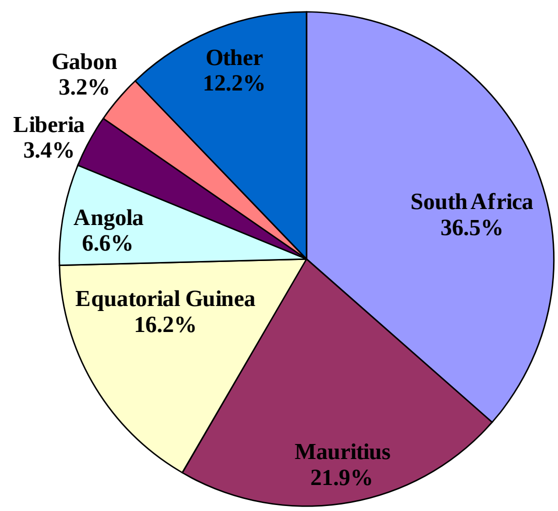
The Report concludes that the prospects for continued growth in FDI inflows into Sub-Saharan Africa are moderately positive in 2008, due to the expectation of continued high commodity prices in 2008. The Report also expects growth in investment in infrastructure by sovereign wealth funds from Asia, especially China. The Report emphasizes, however, that longer-term prospects for FDI in Sub-Saharan Africa will depend on how much African countries can attract FDI in manufacturing and services and not primarily infrastructure.[37] In the near-term, the decline in global commodity

[32] *World Investment Report 2008*, p. 41.
[33] *World Investment Report 2008*, p. 39.
[34] *World Investment Report 2008*, p. 9.
[35] Coker, Margaret, "Persian Gulf States Bet on Africa Despite Downturn", *The Wall Street Journal Online*, February 23, 2009.
[36] *World Investment Report 2008*, p. 42.
[37] *World Investment Report 2008*, p. 46.

prices in the second half of 2008 combined with the increasing severity of the global economic crisis will likely have a dampening effect on FDI inflows to Sub-Saharan Africa in 2009.

At year-end 2007, the U.S. direct investment position[38] in Sub-Saharan Africa was $13.3 billion, 4.9 percent above the position at year-end 2006. Increases in the investment position in South Africa, Mauritius, Liberia, and Gabon, more than offset the decrease in the investment position in Nigeria, Angola, and Equatorial Guinea. (The direct investment position is a measure of the *stock* of FDI, as opposed to *flows*.)

U.S. Direct Investment Position, 2007



Source: U.S. Dept. of Commerce, Bureau of Economic Analysis- Survey of Current Business, September 2008

- South Africa ($4.8 billion), Mauritius ($2.9 billion), Equatorial Guinea ($2.2 billion), Angola ($876 million), Liberia ($456 million), and Gabon ($421 million)

[38] 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 2008 – U.S. Department of Commerce, Bureau of Economic Analysis.

combined to account for 87.8 percent of the U.S. direct investment position in Sub-Saharan Africa.

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

According to the November 2008 *Survey of Current Business* (U.S. Department of Commerce, Bureau of Economic Analysis), U.S. affiliated companies in Africa in 2006 reported estimated total assets of $116.6 billion, including $28.3 billion in Nigeria and $13.3 billion in South Africa. U.S. affiliates in Africa attained worldwide sales of $70.9 billion, and net income of $14.6 billion.

U.S. direct investment in Africa supports U.S. trade with the region and fuels American industry. In 2006, $1.4 billion of U.S. merchandise exports were shipped to U.S. affiliates in Africa. The United States imported $3.7 billion of goods from U.S. affiliates in Africa.[39]

[39] Figures for foreign affiliates include data for Libya, Tunisia and Morocco. The *Survey of Current Business* lists Egypt, Nigeria and South Africa separately, but totals the rest of Africa (including North Africa) together.