CHAPTER 6
Country Profiles

This chapter presents economic data on the 48 countries of sub-Saharan Africa. It consists of four sections. The first section briefly discusses the region, broadly comparing countries and identifying common factors. The second section discusses the tariff structure of SSA countries. The third section consists of technical notes regarding data and information sources. The last section consists of the 48 country profiles.

Regional Overview

Sub-Saharan Africa continued to face a number of obstacles to economic growth and improvement in social indicators. In 2002, Africa's average GDP growth rate was 3.2 percent, down from 2001's average of 4.3 percent.[1] This declining average growth rate was attributed primarily to a weaker global economy, slower than expected rebound in world trade, drought in some parts of sub-Saharan Africa, increasing impact of HIV/AIDS, and the eruption and persistence of social and political conflict in a number of countries across the continent. While social and political conflict continued in some countries, such as Republic of the Congo, Sierra Leone, Sudan, and Zimbabwe, countries, such as Côte d'Ivoire and Madagascar, also experienced economically detrimental political and social upheavals. There were, however, signs of increased stability in Angola, following the end of its civil war in early 2002; Sudan, following an agreement in mid-2002; and the Democratic Republic of the Congo, as the regional conflict began to subside. Average GDP growth, however, belies the substantial variation in economic performance within sub-Saharan Africa. For example, in 2002 Equatorial Guinea experienced exceptional, petroleum-driven, GDP growth (24.4 percent), while Zimbabwe's continuing political and social crisis resulted in negative GDP growth (-8.9 percent).[2] Although sub-Saharan Africa's average GDP growth rate continued to fall short of the estimated 7 percent required to reduce poverty significantly,[3] five countries achieved a 7 percent or higher growth rate in 2002. These divergences reflect the highly distributed GDP growth rates in SSA (table 6-1). Despite the decrease in average GDP growth, many countries continued their commitment to poverty reduction. The number of countries preparing full or interim poverty reduction strategies increased from four in 2001 to nine in 2002.[4] Total GDP for SSA was $325.6 billion in 2001, a 2.9 percent decrease from 2000.[5]

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[1] United Nations Economic Commission on Africa, *Economic Report on Africa 2003* (Addis Ababa, Ethiopia: 2003), p. 1.
[2] Ibid., p. 33.
[3] Ibid., p. 31.
[4] Ibid., p. 3.
[5] World Bank, *African Development Indicators 2003*, (Washington, DC: 2003), p. 19.

Total GDP amounted to $172.6 billion excluding Nigeria and South Africa.[6] Average Gross National Income (GNI) per capita in 2001 was $461.[7] The top ranking countries were Seychelles, Mauritius, Gabon, Botswana, and South Africa. Countries with the lowest per capita GNI were the Democratic Republic of the Congo, Ethiopia, Burundi, Sierra Leone, and Liberia (figure 6-1); all of which have experienced sustained social and political conflicts. Although the economic profile of SSA countries have historically changed little from year to year, activities in the petroleum and gas sector has altered, or is expected to alter, the economic profile of many SSA countries. In addition to the historic petroleum-exporting countries (Angola, Gabon, Nigeria, and the Republic of the Congo), many of which are also expanding operations, many SSA countries are entering the petroleum-producing arena with increased exploration activity (Cameroon, the Democratic Republic of the Congo, Guinea-Bissau, Malawi, Namibia, São Tomé and Principe, Sierra Leone, Somalia, Tanzania, Togo, and Uganda) or newly discovered and developing sectors (Chad, Equatorial Guinea, Mauritania, and Sudan).

Table 6-1
Distribution of GDP growth rates in Africa, number of countries, 1998-2002

Range	1998	1999	2000	2001	2002
Negative growth	2	0	1	5	5
Low (0-3.9%)	23	26	37	19	27
Medium (4.0-7.0%)	26	23	14	24	16
High (>7.0%)	2	4	1	5	5

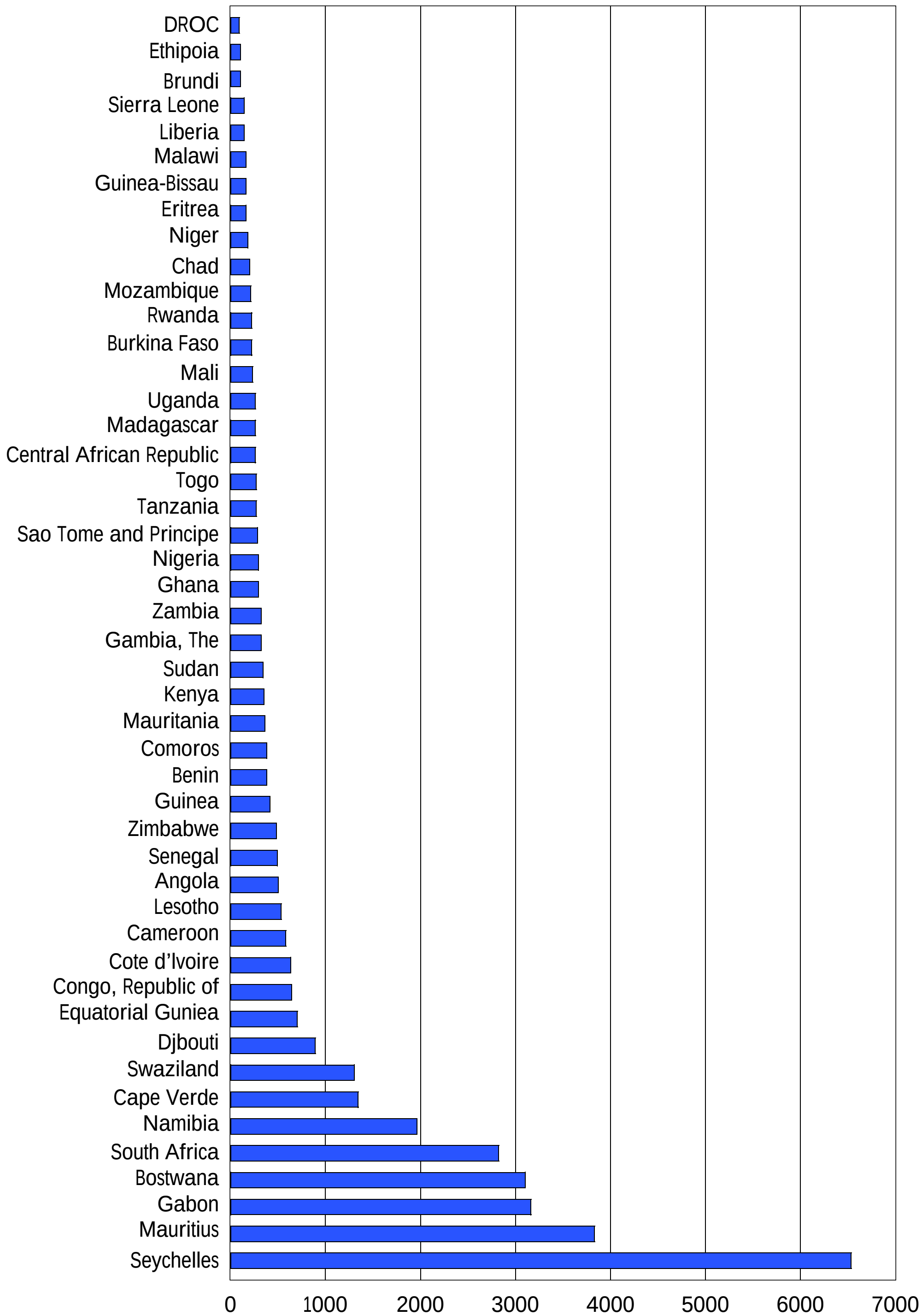
Source: United Nations Economic Commission for Africa, *Economic Report on Africa 2003*, (Addis Ababa, Ethiopia: 2003), p. 31.

SSA countries' efforts to increase integration into the global trading economy continued to be hampered by numerous obstacles. In addition to social and political conflict, inadequate infrastructure, such as dilapidated road networks, congested ports, inefficient customs services, and prohibitively expensive air transport, hampered the national and international transport of merchandise. Many SSA countries continued to depend heavily on primary commodity products, such as petroleum, minerals, and agricultural products (for example, cocoa, coffee, cotton, and tea). These primary products tended to experience erratic and declining international prices. Trade between SSA countries has increased in recent years, primarily driven by regional trading blocs characterized by political stability and

[6] Ibid.

[7] Ibid., p. 33. GNI per capita is the gross national income (GNI) in current U.S. dollars as divided by the mid-year population. GNI measures the total domestic and foreign income claimed by the residents of the economy. It comprises GDP plus net factor income from abroad, which is the income residents receive from abroad for factor services (labor and capital) less similar payments made to nonresidents who contributed to the domestic production. GNI in U.S. dollars is calculated according to the World Bank Atlas method of conversion from national currency to U.S. dollar terms. Found at Internet address *http://www.worldbank.org/data/countrydata/aag.htm*, retrieved on August 19, 2003.

Figure 6-1
Gross national income per capita, 2001



Note.—Because of lack of data, Somalia has not been included.
Source: World Bank, *African Development Indicators, 2003,* (Washington, DC: 2003), p. 33.

broadly similar economic policies.[8] Intra-SSA trade increased from 8 percent in 1989 to 12 percent in 2002.[9] Generally, countries experiencing social upheaval have few domestic revenue sources and, consequently, rely more heavily on trade taxes. These same countries, however, are more likely to lack the capacity to enforce efficient tax collection, resulting in very sporadic collection and further intervention in international trade. Exchange rate distortions also drive unrecorded trade across many of SSA's porous borders.

A significant inhibitor to economic development in SSA remained, for most countries, the low levels of savings and investment. Factors inhibiting savings and investment into SSA included high poverty levels, small domestic markets, inadequate infrastructure, social and political turmoil and instability, limited skilled labor supplies, concerns regarding corruption, and the expected social and business impact of HIV/AIDS. In 2002, foreign direct investment into Africa declined by $6 billion,[10] and the majority of investment remained concentrated in petroleum and minerals and mining sectors. An important source for foreign direct investment for many SSA countries is privatization (table 6-2). During 2002, privatization efforts continued, though at a subdued rate. Part of the slowdown was attributed to the weak global economy, difficulty locating interested buyers, overvalued assets and the large investment required for many state-owned enterprises, political resistance, and a slump in key sectors, such as telecommunications. Further compounding the negative impact of the low savings and investment rates is the high level of capital flight. According to a study covering 30 African countries, capital flight over the past 27 years was estimated to be $187 billion; if interest earnings were included, total capital flight would be estimated to be $274 billion.[11]

Tariff Structure

Most of the governments in SSA are WTO members or are involved as WTO observers.[12] Thirty-eight governments in SSA are WTO members, four have established accession working parties and two others have requested accession working parties.[13] In addition, three governments have typically been granted observer status during ministerial conferences.[14]

[8] EIU Viewswire, "Regional agreements are helping to expand trade," Oct. 31, 2002, found at Internet address *http://www.viewswire.com*, retrieved June, 2003.

[9] United Nations Economic Commission on Africa, *Economic Report on Africa 2003*, p. 38.

[10] Ibid., p. 1.

[11] Ibid., p. 2.

[12] The following 10 SSA governments are not WTO members: Cape Verde, Comoros, Eritrea, Ethiopia, Equatorial Guinea, Liberia, São Tomé and Principe, Seychelles, Somalia, and Sudan.

[13] WTO accession working parties have been established for the following SSA countries: Cape Verde (July 2000), Ethiopia (Feb. 2003), Seychelles (May 1995), and Sudan (Oct. 1994). Equatorial Guinea (Apr. 2002) and São Tomé and Principe (Jan. 2001) have requested that accession working parties be established for their countries.

[14] The Comoros, Eritrea, and Liberia.

Table 6-2
Privatization in Africa, 1991-2001

Country	Number of transactions	Sale value *(million dollars)*
Angola	57	6.0
Benin	28	49.0
Burkina Faso	23	9.0
Burundi	38	4.0
Cameroon	48	244.0
Cape Verde	42	53.0
Central African Republic	18	([1])
Chad	35	12.0
Côte d'Ivoire	82	622.0
Democratic Republic of the Congo	5	([1])
Ethiopia	10	410.0
Gabon	1	([1])
Gambia	17	2.4
Ghana	181	936.5
Guinea	31	45.0
Guinea-Bissau	25	0.5
Kenya	189	381.0
Lesotho	10	6.5
Madagascar	61	16.9
Malawi	11	53.2
Mali	59	67.4
Mauritania	19	1.2
Mozambique	474	135.0
Niger	10	1.8
Nigeria	30	893.5
Republic of the Congo	65	50.0
Rwanda	1	([1])
São Tomé and Principe	4	0.4
Senegal	39	415.0
Sierra Leone	8	1.6
South Africa	8	3,151.0
Sudan	32	([1])
Tanzania	199	287.0
Togo	49	38.0
Uganda	102	174.0
Zambia	253	828.0
Zimbabwe	6	217.0
Total	2,270	9,111.9

[1] Not available.

Source: United Nations Economic Commission for Africa, *Economic Report on Africa 2003*, (Addis Ababa, Ethiopia: 2003), p. 39.

Despite their WTO participation, tariff information for SSA in general has not been readily available, accessible, transparent, or timely.[15] Where tariff data is available, information can be spotty, inconsistent, inaccurate, not comparable, or nontransparent. The picture that emerges from available data for African tariff regimes indicates high tariffs of 15 to 25 percent on average, (table 6-3). In addition to high tariffs, extra import charges, taxes, or fees are common ("other duties and charges"), which neither promote a transparent trade environment nor facilitate expanded trade.

Mindful of caveats set out below, table 6-3 shows recent tariff rates for SSA countries, across several groupings. The first category shows applied tariff rates for 32 WTO members, mostly for 2001.

The average applied rate for these countries was about 17.1 percent ad valorem for agriculture and 13.2 percent for industrial goods. A second category shows bound tariff rates for five WTO members for 1994, for which no applied tariff data was available. The average bound tariff rate for this group was 63.7 percent ad valorem for agriculture and 82.5 percent ad valorem for industrial goods. Lastly, a third group shows applied tariff rates in 2001 for four countries that are not WTO members, indicating an applied tariff rate of 26.7 percent ad valorem for agriculture and 17.6 percent ad valorem for industrial goods. All three groupings are exclusive of other duties and charges. Harmonized System (HS) chapters 1 to 24 cover agricultural goods, and HS 25 to HS 97 cover industrial goods.

Tariff Data, Availability, and Comparability

Manipulation of available tariff data has been simplified recently with the advent of the World Integrated Trade Solution database (WITS), developed by the World Bank in close collaboration with the United Nations Conference on Trade and Development (UNCTAD), the United Nations Statistical Division (UNSD), and the World Trade Organization (WTO). The databases involved are the:

- UNSD Commodity Trade database (COMTRADE) containing export and import flows by commodity for over 130 reporting countries and partners.

- UNCTAD Trade Analysis Information System (TRAINS) containing information on imports, tariffs, quasi-tariffs, and nontariff measures for 119 countries.

- WTO Integrated Data Base (IDB) that contains imports by commodity and partner country for over 80 countries as well as applied tariff rates at detailed commodity levels of national tariff schedules.

[15] Until recently with the advent of the World Integrated Trade Solution database. See below.

Table 6-3
Sub-Saharan Africa Tariff Averages

Country	Agriculture	Industrial	Source (Year)
	(Percent)		
WTO members (applied ad valorem tariff rates)			
Benin	14.91	11.51	UNCTAD TRN (2001)
Botswana	10.61	7.66	UNCTAD TRN (2001)
Burkina Faso	14.91	11.51	UNCTAD TRN (2001)
Cameroon	23.46	17.17	UNCTAD TRN (2001)
Central African Republic	23.46	17.17	UNCTAD TRN (2001)
Chad	23.46	17.17	UNCTAD TRN (2001)
Congo	23.46	17.17	UNCTAD TRN (2001)
Côte d'Ivoire	14.91	11.51	UNCTAD TRN (2001)
Djibouti	22.07	32.00	WTO IDB (1998)
Gabon	23.46	17.17	UNCTAD TRN (2001)
Ghana	19.64	13.89	UNCTAD TRN (2001)
Guinea	6.62	6.44	WTO IDB (1998)
Guinea-Bissau	14.91	11.51	UNCTAD TRN (2001)
Kenya	23.23	18.46	UNCTAD TRN (2001)
Lesotho	10.61	7.66	UNCTAD TRN (2001)
Madagascar	5.71	4.44	UNCTAD TRN (2001)
Malawi	15.28	12.75	UNCTAD TRN (2001)
Mali	14.91	11.51	UNCTAD TRN (2001)
Mauritania	14.36	10.30	UNCTAD TRN (2001)
Mauritius	20.84	18.70	WTO IDB (2001)
Mozambique	21.91	12.50	UNCTAD TRN (2001)
Namibia	10.61	7.66	UNCTAD TRN (2001)
Niger	14.91	11.51	UNCTAD TRN (2001)
Nigeria	32.71	25.02	UNCTAD TRN (2001)
Rwanda	13.14	9.35	UNCTAD TRN (2001)
Senegal	14.91	11.51	UNCTAD TRN (2001)
South Africa	10.61	7.66	UNCTAD TRN (2001)
Swaziland	10.61	7.66	UNCTAD TRN (2001)
Tanzania	21.60	15.49	UNCTAD TRN (2001)
Togo	14.91	11.51	UNCTAD TRN (2001)
Uganda	12.90	8.42	UNCTAD TRN (2001)
Zambia	19.61	13.18	WTO IDB (2001)
Zimbabwe	25.80	18.60	UNCTAD TRN (2001)
Average	17.12	13.21	
WTO members (bound ad valorem tariff ceilings)			
Angola	13.33	80.00	WTO CTS (1994)
Burundi	100.00	100.00	WTO CTS (1994)
Congo, Dem. Rep.	55.00	100.00	WTO URA (1994)
Gambia	110.00	([1])	WTO CTS (1994)
Sierra Leone	40.00	50.00	WTO CTS (1994)
Average	63.67	82.50	

See footnotes at end of table.

Table 6-3—*Continued*

Sub-Saharan Africa Tariff Averages

Country	Agriculture	Industrial	Source (Year)
	(Percent)		
Non-WTO members (applied ad valorem tariff rates)			
Cape Verde	([1])	([1])	
Comoros	([1])	([1])	
Equatorial Guinea	23.46	17.17	UNCTAD TRN (2001)
Eritrea	([1])	([1])	
Ethiopia	24.08	18.00	UNCTAD TRN (2001)
Liberia	([1])	([1])	
São Tomé and Principe	([1])	([1])	
Seychelles	46.34	25.67	UNCTAD TRN (2001)
Somalia	([1])	([1])	
Sudan	13.14	9.35	UNCTAD TRN (2001)
Average	26.76	17.55	

[1] NA = Not available.

Note.–Members of the South African Customs Union (SACU)–Botswana, Lesotho, Namibia, South Africa, and Swaziland–operate under a common tariff schedule, of which the most current available at the WTO is SACU 2002. Members of the Communauté Economique et Monétaire d'Afrique Centrale (CEMAC)–Cameroon, Central African Republic, Chad, Republic of the Congo, and Gabon–operate under a common tariff schedule, of which the most current available in the WTO is CEMAC 1998. UNCTAD TRN indicates the TRAINS database from the United Nations Conference on Trade and Development, taken from the World Bank's WITS database. Data indicate applied ad valorem tariff rates. WTO IDB indicates the Integrated Database from the World Trade Organization, taken from the World Bank's WITS database. Data indicate applied ad valorem tariff rates. WTO CTS indicates the Consolidated Tariff Schedule from the World Trade Organization, taken from the WTO website *http://www.wto.org*. Data indicate ceiling ad valorem tariff rates, exclusive of other duties and charges, taken initially from the national schedule of concessions and commitments in the Marrakesh Protocol of the Uruguay Round Agreements and supplemented where possible by WTO staff. WTO URA indicates the national schedule of concessions and commitments found in the Marrakesh Protocol of the Uruguay Round Agreements, agreed on Apr. 15, 1994. Data indicate ceiling ad valorem tariff rates exclusive of other duties and charges.

Source: World Bank, World Integrated Trade Solution database, Aug. 2003.

- WTO Consolidated Tariff Schedule database (CTS) that contains bound tariff rates, initial negotiating rights, and other information, for countries made during multilateral trade negotiations.

WITS integrates trade, tariff, and nontariff measure data compiled by these various international organizations along the following lines:

- External trade
  - TRAINS
  - IDB
  - COMTRADE
- Tariffs
  - TRAINS
  - IDB
  - CTS
- Nontariff measures
  - TRAINS

The tariff information for SSA used in this section came from the UNCTAD TRAINS, and WTO IDB and CTS databases available through WITS. Although these databases provide improved access to available data, the resulting information and underlying data still reflect the difficulties in finding tariff regime data for SSA that are accurate, timely, and comparable.

Comparability varies among these sources. The CTS database contains bound ad valorem tariff rates that represent tariff ceilings for particular products (not necessarily all products or even many products are listed in WTO national schedules). Base years for SSA trade vary–typically 1995, ranging up to 1996 and sometimes 1998. The CTS files cover 37 of the SSA countries.[16] CTS information comes from the official WTO national schedules of concessions and commitments negotiated during the most recent round of multilateral trade negotiations, reflecting data from the period the Uruguay Round Agreements were signed (April 15, 1994). Bound rates are the maximum tariff that a government agreed during negotiations to levy without incurring additional penalties in the form of further compensation.

Bound tariff rates can contrast sharply with the applied tariff rates (also called most-favored-nation or "MFN" tariff rates) published in national tariff schedules.[17] Whereas the bound rate is the maximum possible tariff that can be legally levied under

[16] Of the 38 WTO members from SSA that have CTS files based on their Uruguay Round national schedules, the Democratic Republic of Congo appears to have not updated the 1994 Uruguay Round national schedule submitted by Zaire.

[17] WTO national schedules of concessions and commitments and national tariff schedules are different, although they can appear quite similar.

the GATT for an imported product, the applied tariff rate is the standard tariff commonly levied on an import in daily commerce. Although they may be the same or similar (i.e., the applied rate may be equal or near the bound rate), the two rates could differ significantly in situations where a government agreed during negotiations only to a bound rate greater than the applied tariff rate typically levied.

The WTO file containing applied tariff information for SSA reports only 15 SSA countries, based on trade data from various years ranging from 1996 to 2002.[18] This information can be further complicated by which Harmonized Schedule format is available in a country at a particular time–usually HS1996 or HS1998, and in some cases HS2002 format.

The widest ranging database containing applied tariff rates is the UNCTAD TRAINS database, covering 30 SSA countries with tariff rates from 1996 to 2002–most around 2001.[19] Although not covered in this report, the TRAINS database also covers nontariff measures–which in SSA are often considerable.

Technical Notes

Attempts have been made to provide standard and consistently defined measures for each country profile, but information may differ among the 48 countries and among different sources because of varying statistical methods and data limitations, coverage, and practices. Consequently, full comparability can not be assured. The data are drawn from sources thought to be the most authoritative and most recent. As statistical systems in many countries remain weak and government data publication can be significantly delayed, availability and reliability can be compromised. In general, the statistical information provided should be treated as indicative, and emphasis placed on broad trends in data over time. To facilitate cross-country comparisons, values of many national series have been converted from the national currencies to U.S. dollars, using the World Bank Atlas methodology.[20] Data series expressed in constant U.S. dollars and exchange rates use a base year of 1995. Most group averages are weighted according to the relative importance of the countries in the group total where appropriate, and shares and ratios are calculated using current price series.[21] Some data based on estimates in previous editions have been updated or replaced with actual data or improved estimates. In situations where official

[18] Cameroon, Djibouti, Gabon, Guinea, Kenya, Madagascar, Malawi, Mali, Mauritius, Senegal, South Africa, Togo, Uganda, Zambia, and Zimbabwe.

[19] Benin, Burkina Faso, Cameroon, Central African Republic, Chad, Côte d'Ivoire, Equatorial Guinea, Ethiopia, Gabon, Ghana, Guinea-Bissau, Kenya, Madagascar, Malawi, Mali, Mauritania, Mauritius, Mozambique, Niger, Nigeria, Republic of the Congo (Congo), Rwanda, Senegal, Seychelles, South Africa, Sudan, Tanzania, Togo, Uganda, and Zimbabwe.

[20] World Bank, *African Development Indicators 2003*, Washington, DC, p. 2.

[21] Ibid., pp. 2-3.

exchange rates diverge by an exceptional margin from the rate effectively applied to international transactions and a more appropriate conversion factor is estimated, the dollar value of GDP may not match the local currency GDP value multiplied by the exchange rate.

Textual update information was drawn from sources including The Economist Intelligence Unit country reports and Viewswire articles, African Business (London), World Trade, Associated Press, Agence France Presse, Corporate Council on Africa's Africa 2003 Report, U.S. Department of State, the World Bank, and the International Monetary Fund. Text discussions for Lesotho, Mauritius, and South Africa include information gathered from USITC staff field research conducted in February/March 2003. Where U.S. dollar equivalents were not provided in the source material, IMF exchange rates for relevant years were used to provide estimated U.S. dollar equivalent values.[22] All country profile text discussions represent reported information from the above-referenced sources, and are not Commission opinion or assessment. Statistical data for the 48 countries were sourced from the most recent data available from the Economist Intelligence Unit (economic and world trade indicators),[23] World Bank Africa Database (net FDI),[24] and the U.S. Department of Commerce (U.S.-sub-Saharan African trade data).[25] Some countries' "Composition of GDP" charts are divided into primary, secondary, and tertiary sector aggregations used by the EIU. These sectors are defined as: primary – agriculture, fisheries, mining, and quarrying; secondary – manufacturing, construction, electricity, water, and other utilities; and tertiary – primarily services activities, such as retail, financial, real estate, and government services. As a result of rounding, "Composition of GDP" charts may not add to 100. In addition, some country profiles refer to "Article IV" consultations with the IMF. This term refers to "Articles of Agreement of the International Monetary Fund, Article IV – Obligations Regarding Exchange Arrangements."[26]

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[22] IMF exchange rates found at *Internet address http://imfStatistics.org, retrieved Aug.* 2003.

[23] Economist Intelligence Unit, sub-Saharan African Countries' Economic Structure profiles, 2002. EIU data includes both official government data and EIU estimates when official source information is unavailable.

[24] World Bank, *African Development Indicators 2003* (Drawn from World Bank Africa Database).

[25] Compiled from official statistics of the U.S. Department of Commerce.

[26] IMF, "Articles of Agreement of IMF," found at
Internet address *http://www.imf.org/external/pubs/ft/aa/aa04.htm*, retrieved Sept. 23, 2003. For more information on Article IV, see website.

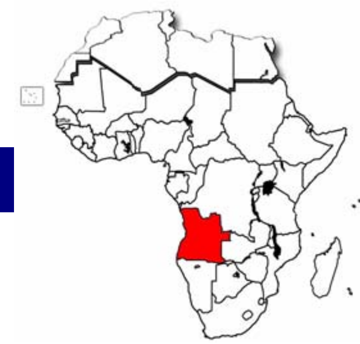
Profiles of 48 sub-Saharan African Countries

Each country profile contains Economic, Trade, and Investment and Privatization sections. Each section combines tabular or graphical summation of related key economic indicators or information with an update of events, which generally focus on developments that occurred during 2002 and early 2003.[27] Where available, information on the climate for services was included as part of the trade profile discussion.[28]

[27] For historical information and background, see previous editions of this report (USITC, *U.S. Trade and Investment With Sub-Saharan Africa*, Investigation No. 332-415, publications 3552, 3371, and 3476).

[28] See other chapters of this publication for more in-depth discussions of trade, investment, multilateral and bilateral assistance, and regional organizations.

ANGOLA

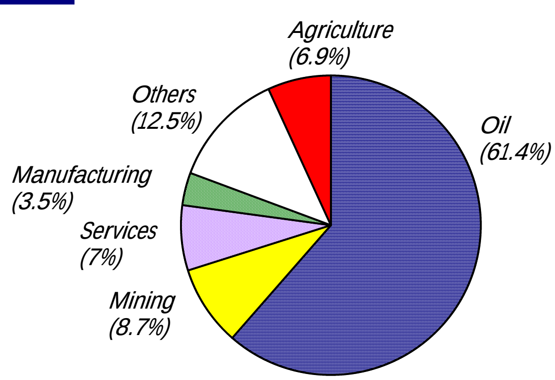


Economic Overview

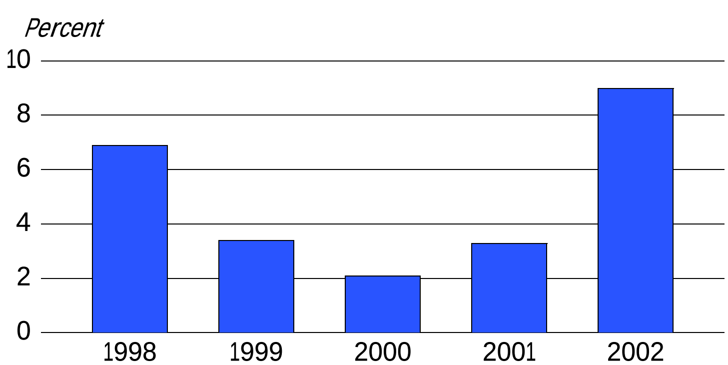
Economic Indicators

	2001	2002	Difference
GDP (nominal, Kz, bn)	198.1	444.8	246.7
GDP (US$ bn)	9.0	10.2	1.2
CPI Inflation (annual average; %)	115.0	106.0	-9.0
Goods Exports (US$ mn)	6,534.3	8,460.0	1,925.7
Goods Imports (US$ mn)	3,179.2	3,974.0	794.8
Trade Balance (US$ mn)	3,355.1	4,486.0	1,130.9
Current Account balance (US$ mn)	-1,431.0	170.3	1,601.3
Foreign Exchange Reserves (US$ mn)	731.9	375.6	-356.3
Total External Debt (US$ bn)	9.8	9.9	0.1
Debt Service Ratio, paid (%)	22.8	12.5	-10.3
Exchange Rate (Kz/US$)	22.1	43.5	21.4

Origins of GDP (1999)



Real GDP Growth Rate



Economic Update

- As SSA's second largest petroleum exporter, Angola remains a petroleum-dominated economy with the energy sector representing over 60 percent of GDP.
- Although the country's nonpetroleum economic activity remained limited, positive prospects for a durable peace are expected to contribute to the expansion of the other economic sectors that have been devastated by the prolonged civil war, especially the agricultural sector. The two decades of civil unrest have left the country with inadequate infrastructure, weak institutions, and widespread poverty. Despite the cease-fire, agricultural production decreased in 2002 because of late and inadequate rainfall, and drought in some regions.
- ChevronTexaco, the United Nations Development Program, and the Angolan government announced plans to set up an Angola Enterprise Fund, a public-private partnership to create jobs and to increase incomes by encouraging small business development.
- The institution of the country's first electronic payments system, in April 2002, enabling the use of cash machines and debit cards, is expected to increase banking and finance sector activity.
- In 2002, the first submarine telecommunications cable linking Europe and India via the African coastline was extended to Angola and began operating. This cable link is expected to increase Angola's telecommunications capacity substantially.
- In mid-2002, the government approved a Chinese-financed project to rehabilitate the country's telephone infrastructure.
- The government made minimal progress on reforms during 2002, and continued to experience macroeconomic instability. In early 2003, financial instability led some creditors to threaten seizure of assets abroad.
- Although the IMF's staff-monitored program in Angola expired in June 2001, the IMF allowed the government more time to meet outstanding commitments. In mid-2002, after the Angolan authorities did not comply with IMF requests for improved financial and fiscal transparency, especially clarification of discrepancies between actual and declared revenue, the IMF ended the program.
- In May 2003, the World Bank announced plans to disburse more than $100 million in funds designed to support the social reintegration of combatants in Angola. The World Bank clarified, however, that further funding would be contingent on Angola's improvement of transparency and reduction of corruption.
- In June 2003, the World Bank and the government signed a $16.6 million credit agreement for an Economic Management Technical Assistance project, which includes programs to assist the government in managing public expenditure and to improve the management of petroleum and tax revenues. The project is expected to run until 2007.

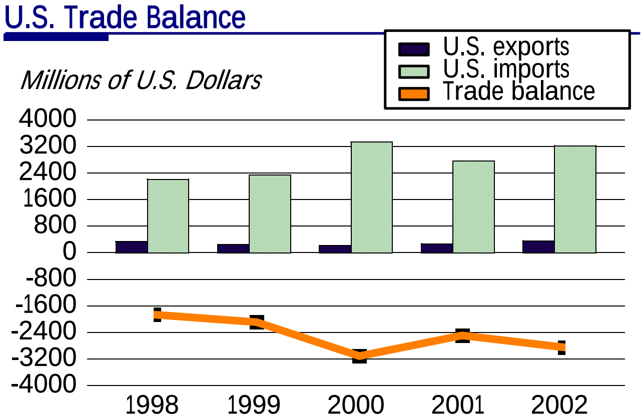
Main Trade Partners, percent of total, 2001

Markets		*Sources*	
United States	44.2	Portugal	14.6
China	18.7	South Africa	12.4
France	9.0	United States	10.3
Belgium	8.8	France	4.8

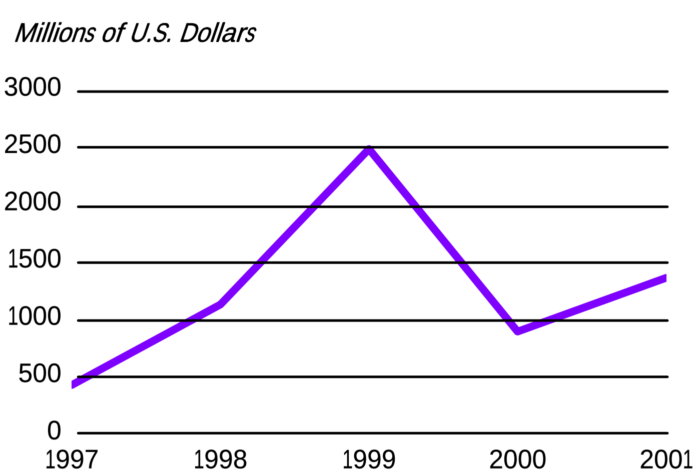
Main Trade Commodities, US$ million

Exports (1999)		*Imports (1996)*	
Crude Oil	4,305.0	Consumer goods (excluding food)	712.0
Diamonds	577.0	Capital goods	327.0
Refined petroleum products	75.0	Intermediate goods	299.0
Liquefied petroleum gas	10.0	Food	295.0

U.S. Trade Balance



Net Foreign Direct Investment



Trade Update

- Although petroleum continued to dominate exports, diamonds were also a top export as Angola is the world's fourth largest diamond exporter. In July 2002, the government signed new diamond mining agreements with several companies including Endiama, IDAS Resources, Twins, and SouthernEra. These new agreements are expected to increase kimberlite mining activities and diamond production.
- In December 2002, the government announced plans to comply with the international certification of rough diamonds, also known as the Kimberly Process, aimed at identifying the source of exported diamonds. Although the WTO approved a ban on the trade of diamonds used to fund armed conflict, also known as "blood diamonds," in February 2003, the effect on Angola is uncertain given the cease-fire and increased stability.
- Given the increased stability from the cease-fire, informal trade with southern African states, especially Namibia and South Africa, began to increase. In 2001, Angola became South Africa's fourth largest export market in SSA, behind Mozambique, Zambia, and Zimbabwe.
- In 2002, U.S. exports to Angola consisted primarily of machinery and mechanical appliances, aircraft and parts, articles of steel and iron, and cereals; and U.S. imports from Angola consisted primarily of mineral fuels and oils, and organic chemicals.
- In March 2003, Angola agreed to adhere to the SADC Free Trade protocol.

Investment and Privatization Update

- U.S. companies are responsible for more than half the investment in Angola.
- The government continued efforts to increase and diversify private sector investment. In March 2003, the government announced the creation of a private sector investment agency, which will review investment applications and encourage private sector investment.
- In an effort to increase nonpetroleum investment, a new tax regime, which provides for a 15-year tax break for both foreign and domestic investors, as well as exemptions from customs duties on all items for projects worth between $50,000 and $250,000, was introduced.
- Investment primarily focused on the energy sector. In January 2003, Roc Oil (Australia) announced plans to begin exploration activities at the Cabinda South onshore block. In May 2003, Technip-Coflexip (France) won approximately $780 million in contracts from TotalFinaElf Angola to develop Angola's Dalia oilfield.
- Private sector weakness and a lack of financial and administrative capacity continued to constrain the government's privatization program. Most large enterprises, such as the telecommunications, insurance, and banking firms remain government monopolies.
- In mid-2002, the government postponed, then cancelled, the opening of bids for the sale of 70 percent of the sugar company, because the government considered the offers too low. In September 2002, the state bank, BCI, announced new rules for allocating credit as part of its restructuring program in anticipation of privatization. With assistance from the IMF, in January 2002, bids were submitted for consultancy services to oversee the sale of 51 percent of BCI and the eventual privatization of the commercial bank, BPC.

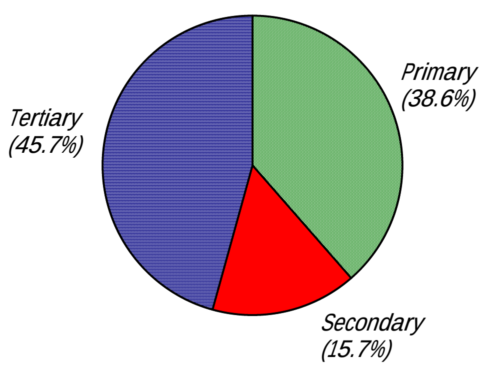
BENIN

Economic Overview

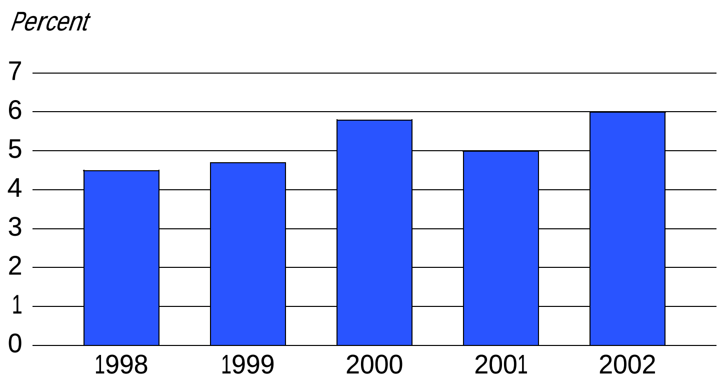
Economic Indicators

	2001	2002	Difference
GDP (nominal, CFAr bn)	1,739.0	1,888.0	149.0
GDP (US$ bn)	2.4	2.7	0.4
CPI Inflation (annual average; %)	4.0	2.4	-1.6
Goods Exports (US$ mn)	210.0	245.0	35.0
Goods Imports (US$ mn)	467.0	500.0	33.0
Trade Balance (US$ mn)	-257.0	-255.0	2.0
Current Account balance (US$ mn)	-159.0	-190.0	-31.0
Foreign Exchange Reserves (US$ mn)	578.1	595.0	16.9
Total External Debt (US$ mn)	n/a	n/a	n/a
Debt Service Ratio, paid (%)	n/a	n/a	n/a
Exchange Rate (CFAr/US$)	733.0	693.4	-39.6

Origins of GDP (2001)



Real GDP Growth Rate



Economic Update

- Benin experienced substantial economic growth in 2002, prompted by growth in many sectors. The primary sector grew by 5.7 percent, compared to 3.1 percent in 2001. The secondary sector grew by 7.4 percent driven by increased activity in the food processing and energy sectors. The tertiary sector grew by 5.7 percent, driven by increased commercial activity. Historically low cotton prices, however, continued to constrain Benin's economic performance. A bumper crop in 2002 partially offset the low international prices.
- In January 2003, the heads of state of Benin, Ghana, Nigeria, and Togo signed a 20-year treaty establishing a single regulatory authority for, and harmonizing the fiscal and legal framework of, the planned $500 million West African Gas Pipeline. The pipeline aims to transport Nigerian gas to Benin, Ghana, and Togo.
- The government's main macroeconomic strategy was to accelerate growth and to reduce poverty while maintaining financial stability by strengthening public management, improving transparency of public spending, improving services provision to the poor, reforming the cotton sector, and implementing an anticorruption strategy. The government also focused on reducing the budget deficit. The 2003 budget aims to keep the deficit at 4.6 percent of GDP.
- In August 2002, the European Commission announced a program of cooperation with Benin worth over $269 million for the period 2002 to 2007. The main objective of the program is to support Benin's poverty reduction efforts through sustainable economic and social development, and to facilitate Benin's integration into the world economy.
- According to government officials, between January 2001 and November 2002, Benin received more than 450 billion CFA (approximately $720 million) in aid or loans, of which 180 billion CFA (approximately $288 million) came from the European Union.
- Benin continued to follow the IMF PRGF program first initiated in July 2000. The PRGF's fourth review was completed in March 2003, and Benin become the sixth country in the world to reach completion point under the HIPC initiative and to obtain full debt-relief assistance.

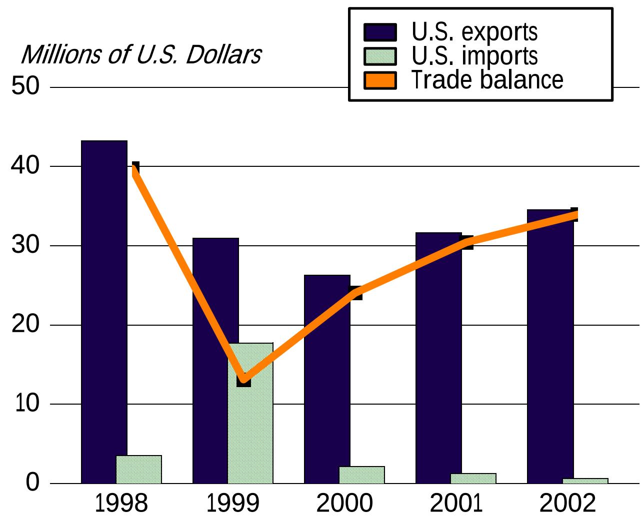
Main Trade Partners, percent of total, 2001

Markets		*Sources*	
India	21.0	China	35.0
Brazil	8.0	France	14.0
Italy	13.0	United Kingdom	5.0
Thailand	12.0	Togo	4.0

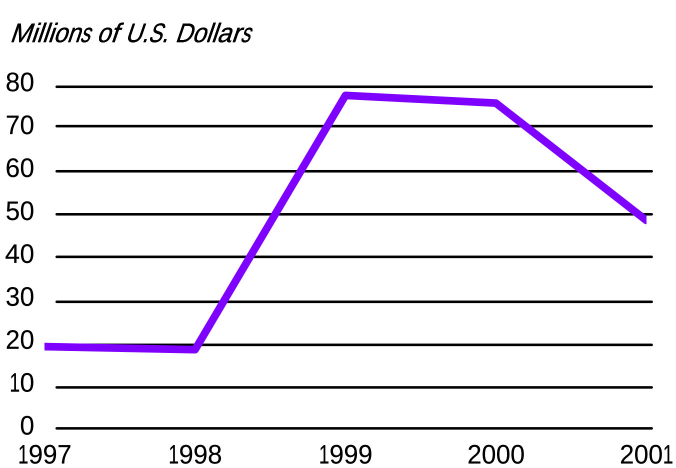
Main Trade Commodities, US$ million, 2001

Exports		*Imports*	
Cotton and textiles	159.0	Oil	55.0

U.S. Trade Balance



Net Foreign Direct Investment



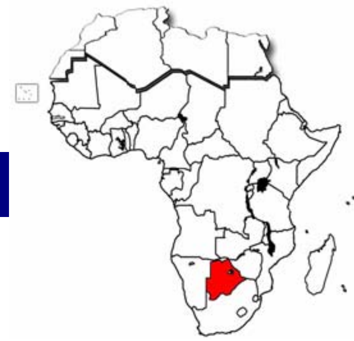
Trade Update

- Cotton, a major export crop, experienced low international prices, forcing the state-owned cotton marketing company to reduce producer prices. The cotton marketing company reported reduced cotton production as a result of the lower prices.
- Benin's economy is highly dependent upon trade with Nigeria; and a week-long border closing in August 2003 effectively cut off Benin's supply of gas and petroleum products.
- In August 2003, Benin's Council of Ministers approved Benin's AGOA textile visa to allow for the duty-free export of textiles and apparel items produced in Benin to the United States.
- In 2002, U.S. exports to Benin consisted primarily of vehicles and parts, clothing, and machinery and mechanical appliances; and U.S. imports from Benin consisted primarily of live animals, precious or semiprecious stones and metals, and wood and wood products. In addition, Benin has been designated an AGOA beneficiary country.

Investment and Privatization Update

- Although plans continued to proceed, final investment decisions regarding the West African Gas Pipeline are not due until the end of 2003, following the completion of environmental and engineering studies.
- Benin continued plans to establish industrial free trade zones in each if its 12 departments to attract domestic and international investment. A Chinese-European shirt and apparel joint venture expressed interest in building a factory near the capital to take advantage of AGOA provisions. In addition, a Hong Kong company expressed interest in importing 3,000 sewing machines to assemble apparel for the U.S. market.
- Government privatization efforts moved forward slowly in 2002. The government announced plans to privatize several industries in 2003 and 2004, including the cotton ginning parastatal, water and electricity sector, and the telecommunications sector. Belgolaise, a Belgian bank, was selected to manage the sale of the national cotton company's assets to the private sector. The government also developed a new timetable for competitive bidding for the national telecommunications company.
- Plans were initiated to introduce private management to the electricity sector by mid-2003 and a joint private-public management to the port. Adherence to the timetable is uncertain given resistance to the privatization process from trade unions and some political parties.

BOTSWANA

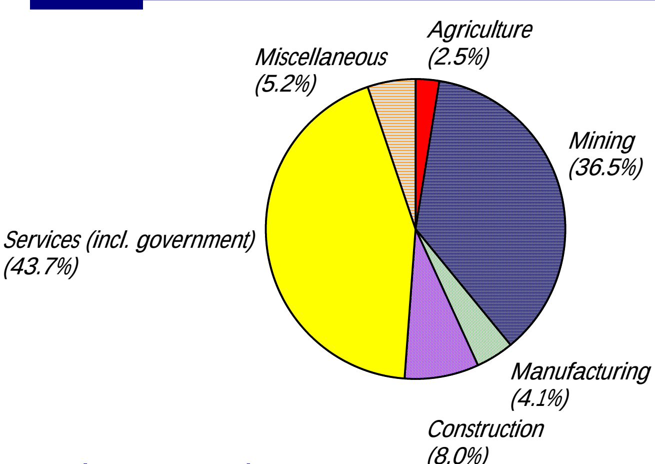


Economic Overview

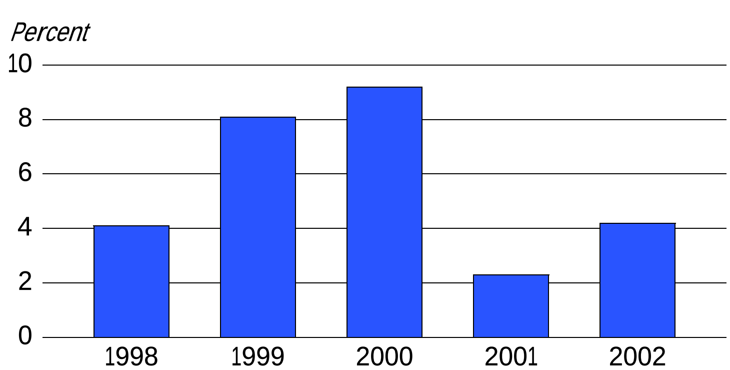
Economic Indicators

	2001	2002	Difference
GDP (nominal, P bn)	33.6	37.9	4.3
GDP (US$ bn)	5.8	6.0	0.2
CPI Inflation (annual average; %)	6.6	8.1	1.5
Goods Exports (US$ mn)	2,177.0	2,363.0	186.0
Goods Imports (US$ mn)	-1,545.0	-1,913.0	-368.0
Trade Balance (US$ mn)	3,722.0	4,276.0	554.0
Current Account balance (US$ mn)	488.0	354.0	-134.0
Foreign Exchange Reserves (US$ bn)	5.9	5.5	-0.4
Total External Debt (US$ mn)	357.7	370.3	12.6
Debt Service Ratio, paid (%)	2.3	1.9	-0.4
Exchange Rate (P/US$)	5.8	6.3	0.5

Origins of GDP (2000)



Real GDP Growth Rate



Economic Update

- The government continued to encourage the development of the private sector through an attractive taxation regime, the elimination of foreign exchange controls, and support for foreign direct investment in manufacturing, tourism, and financial services.
- The latest phase of the government-funded program to extend the Botswana Power Corporation's electricity grid into rural areas was completed in early 2003. The government aims to provide electricity to 70 percent of the population by March 2009.
- The government continued to pursue prudent fiscal policies aimed at increasing savings rates to fund investment. In March 2003, the government's economic policy, delineated in the national development plans (NDP), NDP8 ended, and the new NDP9 began. NDP9 will run from April 2003 to March 2009. Major social issues identified in NDP9 are curbing the spread of HIV/AIDS, lowering unemployment, reducing poverty, increasing economic diversification, reforming the public sector, and economically empowering citizens. One method of economically empowering its citizens, the issuance of locally denominated government bonds in 2002, was postponed to 2003 after delays in locating advisers.
- In mid-2002, the government introduced a 10 percent value-added tax, originally planned for 2001.
- In 2002, the government approved the National Masterplan for Agricultural and Dairy Development aimed at improving the sector through initiatives such as irrigation development.

BOTSWANA

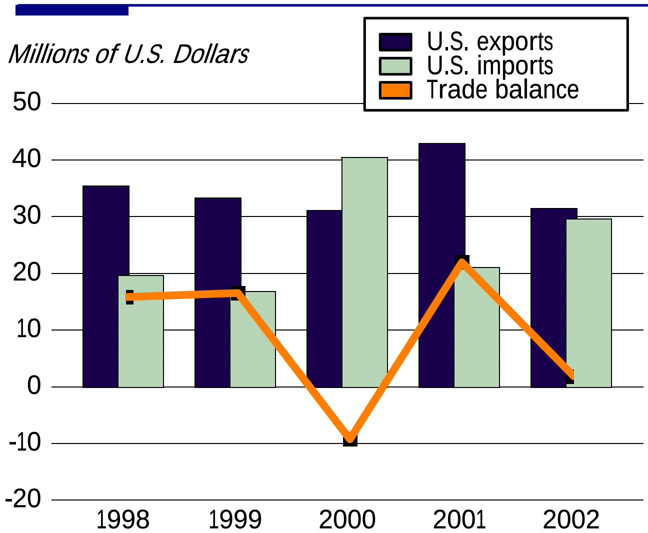
Main Trade Partners, percent of total, 2000

Markets		*Sources*	
EFTA	87.0	SACU	74.0
SACU	7.0	EFTA	17.0
Zimbabwe	4.0	Zimbabwe	4.0

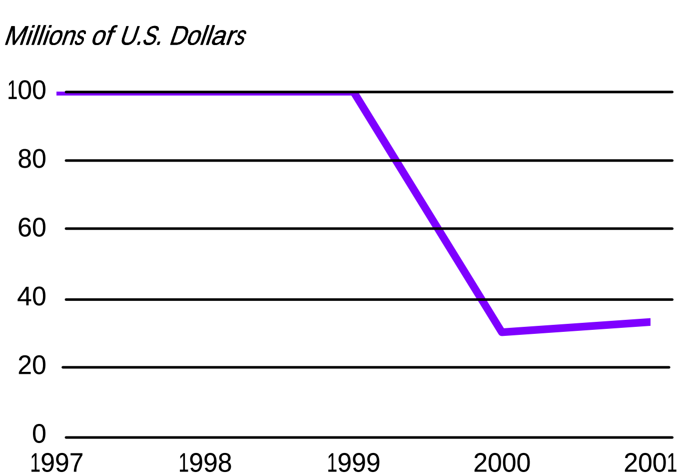
Main Trade Commodities, US$ million, 2000

Exports		*Imports*	
Diamonds	2,231.0	Machinery & electrical goods	462.0
Copper & nickel	163.0	Food, beverages, & tobacco	293.0
Vehicles	53.0	Vehicles & transport equipment	258.0
Meat & meat products	52.0	Chemical & rubber products	203.0

U.S. Trade Balance



Net Foreign Direct Investment



Trade Update

- In January 2003, the government signed up to comply with the UN-backed Kimberley certification process. This process will certify the origin of diamonds and verify Botswana as a legitimate supplier of "conflict-free" diamonds.
- One of Botswana's substantial export products, beef, continued to experience some setbacks in 2002 and early 2003. In 2002 and 2003, foot-and-mouth disease erupted in Botswana. The 2003 outbreak was more severe as a result of the increase in movement across the Zimbabwean border where the disease was more rampant. Although the government reacted quickly to control the outbreak, exports to the EU, an important Botswana market owing to preferential access under the Cotonou agreement, were temporarily halted.
- In August 2002, AGOA was amended to allow Botswana to source raw materials from third countries for textile and apparel production. During the last year, the number of companies manufacturing garments for AGOA-eligible shipment rose from 5 to 8.
- In 2002, U.S. exports to Botswana consisted primarily of aircraft and parts, electrical machinery and equipment, and machinery and mechanical appliances; and U.S. imports from Botswana consisted primarily of precious or semiprecious stones and metals, and knitted and nonknitted apparel. In addition, Botswana has been designated an AGOA beneficiary country, including apparel eligibility. AGOA (including GSP) imports from Botswana totaled $4.6 million in 2002.

Investment and Privatization Update

- In early 2003 Securicor International (UK) bid for a 70 percent stake in Inco Holdings, the country's leading security services firm, which is listed on the Botswana Stock Exchange.
- International Finance Corporation announced plans to invest $2 million in a 10 percent stake in the Kalahari Diamonds company. BHP (Australia) also announced plans to acquire a 20 percent stake in the Kalahari Diamonds company.
- Prompted by the government's new Mining and Minerals Act, which aims to increase private investment in mining exploration in more remote areas, diamond, copper-nickel, soda ash, and gold are expected to see increased activity.
- Botswana was ranked as Africa's most competitive economy according to the World Economic Forum's report released in mid-2003.
- Although progress was slow, the government continued its plans to privatize all parastatals except for Debswana (diamond mining company) and the Diamond Valuing Agency. In 2002, the government established the Public Enterprise Evaluation and Privatization Agency (PEEPA), which will ultimately decide the extent of foreign participation in the privatization process and determine the mechanisms that will be used to promote citizen participation. In early 2003 the PEEPA announced that a draft privatization masterplan had been completed and was awaiting government review.
- During 2002, the national airline, Air Botswana, was prepared for privatization with an expected sale date in 2003.

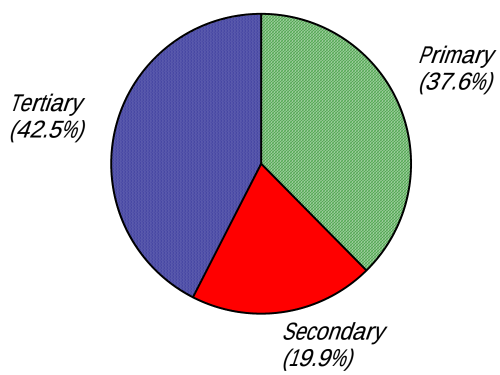
BURKINA FASO

Economic Overview

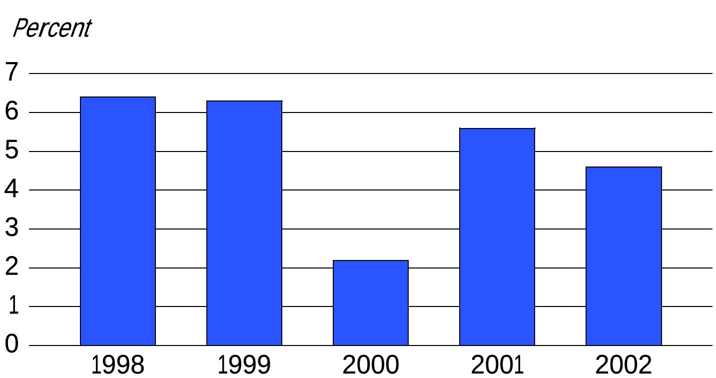
Economic Indicators

	2001	2002	Difference
GDP (nominal, CFAfr bn)	1,707.0	1,827.0	-120.0
GDP (US$ bn)	2.3	2.6	0.3
CPI Inflation (annual average; %)	4.9	2.3	2.6
Goods Exports (US$ mn)	230.0	260.0	-30.0
Goods Imports (US$ mn)	509.0	535.0	-26.0
Trade Balance (US$ mn)	-279.0	-275.0	-4.0
Current Account balance (US$ mn)	-289.0	-300.0	11.0
Foreign Exchange Reserves (US$ mn)	260.5	213.4	47.1
Total External Debt (US$ bn)	n/a	n/a	n/a
Debt Service Ratio, paid (%)	n/a	n/a	n/a
Exchange Rate (N$/US$)	733.0	697.0	36.0

Origins of GDP (2001)



Real GDP Growth Rate



Economic Update

- As cotton is an important sector in the economy, depressed world prices negatively affected export earnings and economic performance. These pressures placed additional burdens on the state cotton parastatal to lower producer prices during the 2002/2003 season. In addition, irregular rains in mid-2002 resulted in the government declaring numerous provinces to be water deficient.
- The manufacturing sector suffered from increased competition from regional markets because of increased regional trade liberalization.
- As part of the its education plan, the government aims to increase primary school enrollment to 70 percent and secondary school enrollment to 25 percent over 10 years. The government aims to achieve this goal by pledging to invest heavily in education. One-third of all debt-relief savings under the HIPC debt initiative was earmarked for education in 2002.
- The main reforms included in the 1999-2002 PRGF were restructuring of the civil service, privatizing government-owned entities, liberalizing the cotton sector, reforming the judiciary, and improving social indicators by investing in education and health services.
- As the government was determined to have successfully completed the structural adjustment program, in April 2002, Burkina Faso reached “completion point” under the HIPC initiative allowing it to receive total debt relief amounts under the program. Total debt service relief will eventually reach $930 million in nominal terms. Burkina Faso became the fifth country to reach this point.
- In late 2002, Sweden provided a $4.4 million grant to assist Burkina Faso in advancing antipoverty programs.
- In late 2002, the World Bank provided a $7.4 million grant for wildlife conservation.
- In late 2002, the EU provided two grants totaling CFA10.5 billion (approximately $17 million) to assist in the management of water resources and the development of the private sector.

BURKINA FASO

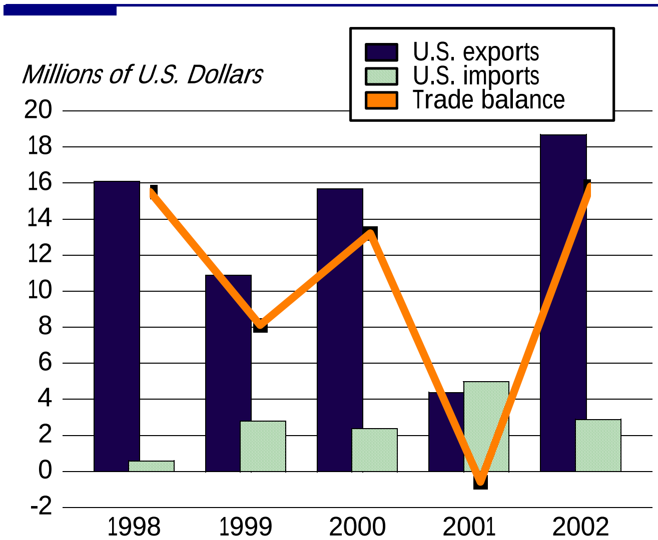
Main Trade Partners, percent of total, 2001

Markets		*Sources*	
Singapore	14.9	Côte d' Ivoire	29.6
Italy	13.8	France	24.3
France	7.3	Nigeria	3.7
Ghana	6.1	Italy	3.4

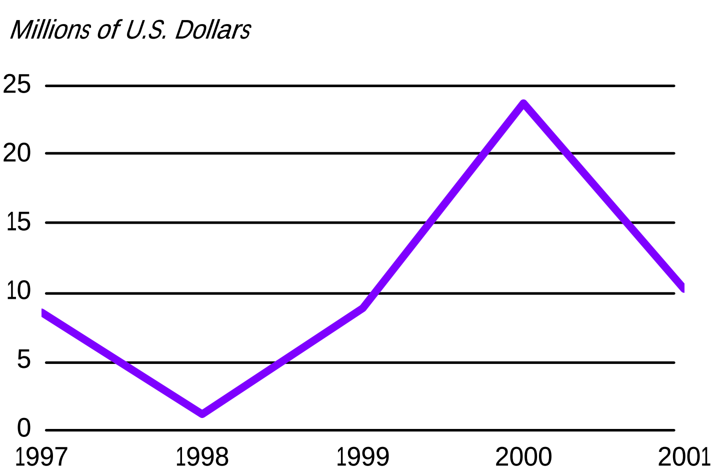
Main Trade Commodities, US$ million, 2001

Exports		*Imports*	
Cotton	131.0	Capital goods	158.0
Livestock	42.0	Petroleum products	93.0
Gold	5.0	Food	73.0

U.S. Trade Balance



Net Foreign Direct Investment



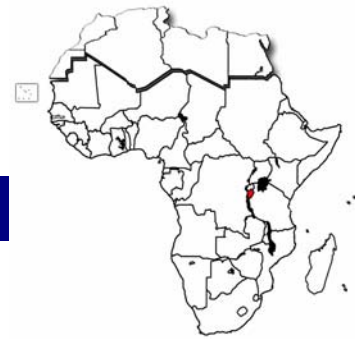
Trade Update

- Burkina Faso has a persistent trade deficit that is partially driven by lagging agricultural sector performance, particularly cotton sector performance, which continued to experience declining international cotton prices. In April 2003, Burkina Faso joined Mali, Benin, and Chad in introducing a sectoral initiative to end cotton subsidies.
- The government announced trials of biotech cotton in a cooperative agreement with Monsanto (U.S.).
- In 2002, U.S. exports to Burkina Faso consisted primarily of machinery and mechanical appliances, animal and vegetable waxes, and cereals; and U.S. imports from Burkina Faso consisted primarily or precious or semiprecious stones and metals, works of art, and knitted apparel.

Investment and Privatization Update

- Although Burkina Faso has some manganese deposits, the country has yet to invest in their development.
- The World Bank is funding a $360 million transport sector adjustment program aimed at developing policy and regulatory frameworks rehabilitating road and rail networks, and restructuring transport parastatals.
- The main parastatals still awaiting privatization include the telecommunications company, the electric company, a gold mine, the water company, a theater, and the airports.
- The state-owned cement factory, which closed in 2001, was purchased by the Togo-based, Indian-owned West African Cement company in 2002.
- In mid-2002, the government released details regarding the liberalization of the cotton marketing sector, and the privatization of the cotton parastatal in the eastern and central regions.
- In early 2003, the government announced its intent to divest a 34 percent holding of the telecommunications parastatal to a strategic investor during the year. Another 17 percent is to be sold to the same investor in 2007 and 2009, with another 20 percent to be divested on the regional stockmarket. Six percent is to be reserved for employees and the remainder for the government.
- As part of its latest agreement with the World Bank and IMF, the government agreed to the privatization of the electric company and the hydrocarbons organization, as well as third-party management of the airport.

BURUNDI

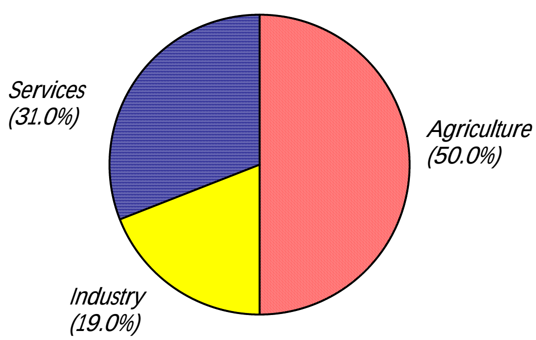


Economic Overview

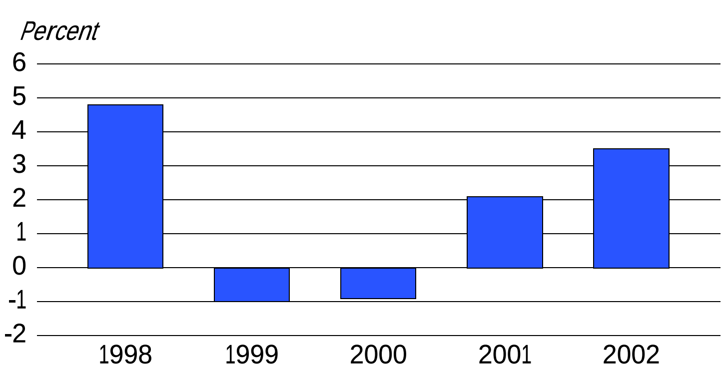
Economic Indicators

	2001	2002	Difference
GDP (nominal, Bufr bn)	550.0	623.3	73.3
GDP (US$ mn)	662.3	669.6	7.3
CPI Inflation (annual average; %)	9.3	8.0	-1.3
Goods Exports (US$ mn)	30.0	26.0	-4.0
Goods Imports (US$ mn)	125.0	132.0	7.0
Trade Balance (US$ mn)	-95.0	-106.0	-11.0
Current Account balance (US$ mn)	-35.7	-50.0	-14.3
Foreign Exchange Reserves (US$ mn)	17.7	58.8	41.1
Total External Debt (US$ mn)	1,145.0	n/a	n/a
Debt Service Ratio, paid (%)	n/a	n/a	n/a
Exchange Rate (Bufr/US$)	830.4	930.8	100.4

Origins of GDP (2001)



Real GDP Growth Rate



Economic Update

- The increase in GDP was primarily driven by increased agricultural production stemming from improved weather, particularly increased rainfall, access to agricultural inputs, and improved security in some regions. Increased agricultural production contributed to increased industrial output, especially in agricultural processing, chemicals, and textiles.
- In March 2002, the World Bank approved a $187 million credit to fund a transitional support strategy for 2002-03 which will address economic rehabilitation, capacity building, and the HIV/AIDS pandemic. In support of the strategy, the World Bank also approved an emergency economic recovery credit of $54 million in September 2002.
- In March 2002, the government completed an interim PRSP outlining a three-year framework for poverty reduction.
- In October 2002, the IMF approved a postconflict emergency program, which will provide $13 million and begin the process toward the PRGF program. As part of the agreement with the IMF, the government has committed to increased fiscal and monetary policy prudence, increased foreign exchange liberalization, and reform of the tea and coffee sectors.
- At a conference in November 2002, donors pledged $905 million to Burundi over the following 3 years to fund the government's economic recovery program.
- In late 2002, China granted Burundi $4 million in debt relief, and provided an additional $2.4 million for educational projects.

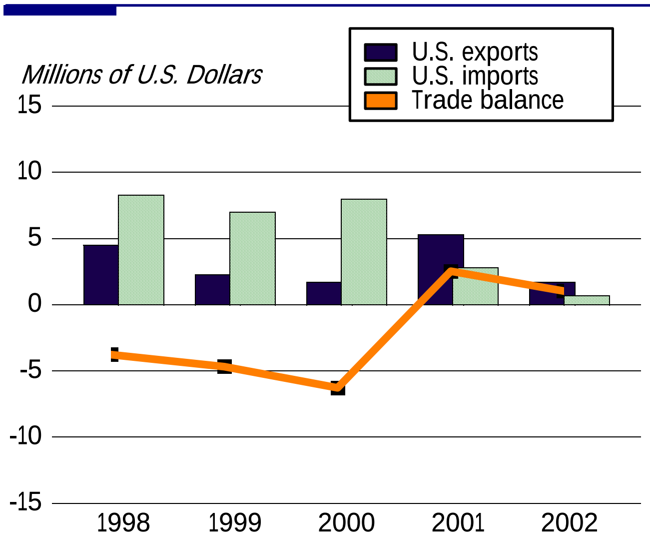
Main Trade Partners, percent of total

Markets (2001)		*Sources (2002)*	
Switzerland	32.6	Belgium	16.4
Germany	19.2	Kenya	12.1
Kenya	17.4	Tanzania	10.3
Japan	8.6	France	7.0

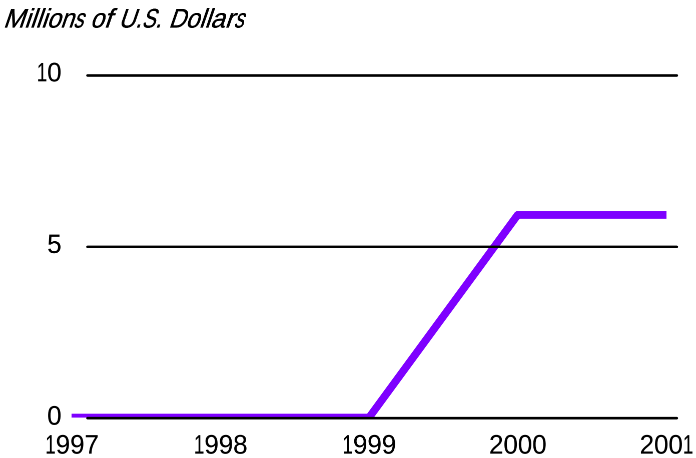
Main Trade Commodities, US$ million, 1999

Exports		*Imports*	
Coffee	44.1	Intermediate goods	50.2
Tea	10.3	Capital goods	30.0
Manufactures	1.0	Consumer goods	37.4
Hides	0.1	Food	10.0

U.S. Trade Balance



Net Foreign Direct Investment



Trade Update

- Burundi's declining export earnings were driven primarily by lower output of, and declining international prices for, tea and coffee. Less than potential output has resulted from the negative supply effects of export taxes, input shortages, and civil unrest. The currency devaluation did, however, buffer some of these effects.
- The government is attempting to increase nontraditional exports by exempting them from customs duties on imported inputs and providing qualified exporters with a 10-year tax holiday.
- The government has committed to reducing tariffs in line with its membership in COMESA; however, the government stated that tariff reductions depend on external funding to make up for lost revenue.
- In April 2002, Burundi's application to join the EAC regional grouping was placed on hold by current EAC members, Kenya, Tanzania, and Uganda. The EAC cited a need for additional time for the regional grouping to establish itself prior to admitting additional members.
- In line with commitments to the IMF, devaluations of the Burundian franc in August 2002 and April 2003 reduced the gap between the official and parallel exchange rates.
- In 2002, U.S. exports to Burundi consisted primarily of machinery and mechanical appliances, and vehicles and parts; and U.S. imports from Burundi consisted primarily of coffee, tea and spices, fish and crustaceans, and wool and wool products.

Investment and Privatization Update

- Although Burundi is not a significant investment destination, the government's privatization program is expected to increase investment levels.
- Argosy (Australia) announced in mid-2002 that it would resume development of its nickel project, which had been suspended 2 years prior.
- Although the government announced the sale of the state-owned telecommunications company in February 2001, political unrest has delayed the privatization. In 2002, the company invested in a $4 million system upgrade to increase its subscriber base.
- Although the privatization minister has indicated the government's commitment to the privatization program, as well as the identification of potential investors, resistence from public-sector workers has constrained progress. The March 2002 interim PRSP also cites the continuing war, poor social indicators, and the weakness of institutions as obstacles to privatization.

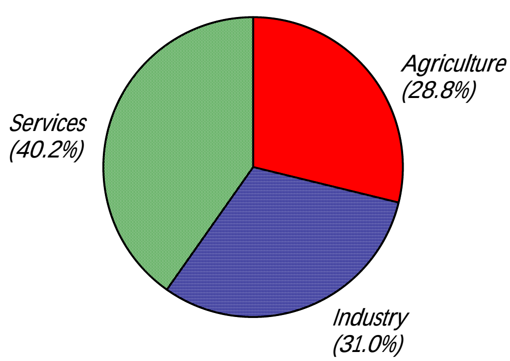
CAMEROON

Economic Overview

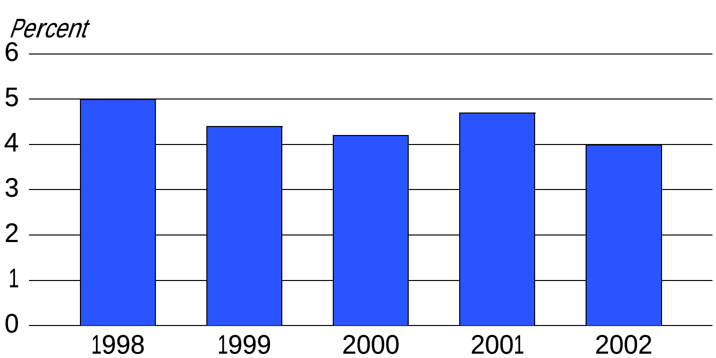
Economic Indicators

	2001	2002	Difference
GDP (nominal, CFAfr bn)	6,991.8	7,462.2	470.4
GDP (US$ bn)	9.5	10.1	0.6
CPI Inflation (annual average; %)	4.5	2.8	-1.7
Goods Exports (US$ mn)	1,769.0	1,798.0	29.0
Goods Imports (US$ mn)	1,863.0	1,858.0	-5.0
Trade Balance (US$ mn)	-94.0	-60.0	34.0
Current Account balance (US$ mn)	-539.0	-522.0	17.0
Foreign Exchange Reserves (US$ mn)	331.8	629.7	297.9
Total External Debt (US$ bn)	9.1	8.6	-0.5
Debt Service Ratio, paid (%)	19.2	15.0	-4.2
Exchange Rate (CFAfr/US$)	733.0	697.0	-36.0

Origins of GDP (2001)



Real GDP Growth Rate



Economic Update

- In early 2003, the government announced a plan to build a $200 million repair yard for oil platforms in order to take advantage of the increasing hydrocarbons activity in the Gulf of Guinea. The government is seeking funding from various sources, including the African Development Bank, the Islamic Development Bank, the Arab Bank for Economic Development in Africa, and the Dutch Cooperation Fund.
- The transport sector is expected to improve performance after progress in restructuring the national airlines, restructuring the national port, privatization of the national railways, and continued sectoral external assistance.
- Although Cameroon qualified for HIPC debt relief in October 2000, by mid-2002, delays in formulating specific projects and other bottlenecks resulted in accumulated funds of $137 million in the central bank and disbursement delays.
- In September 2002, the IMF completed the third PRGF review of the 2002-03 program, finding that macroeconomic fundamentals had improved. The IMF, however, urged improved governance, accelerated implementation of the privatization program, and increased reform of the forestry, transport, petroleum, and financial sectors.
- As a result of positive reviews of the country's implementation of its economic reforms and poverty reduction program, in October 2002, the IMF and World Bank agreed to a $2 billion debt relief package for Cameroon under the HIPC initiative.
- In mid-2003, the World Bank provided $49.7 million to reduce Cameroon's commercial debt.

Main Trade Partners, percent of total, 2001

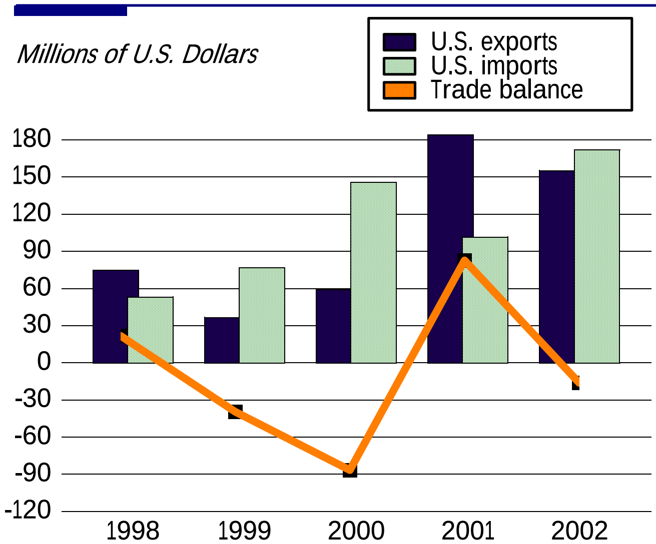
Markets		*Sources*	
Italy	21.7	France	28.8
Spain	12.2	Nigeria	11.9
France	10.6	Italy	2.7

Main Trade Commodities, US$ million, 2001

Exports		*Imports*	
Oil	878.0	Manufactures	689.0
Timber & cork	461.0	Non-fuel primary products	596.0
Cocoa	136.0	Fuel	578.0
Coffee	58.0		

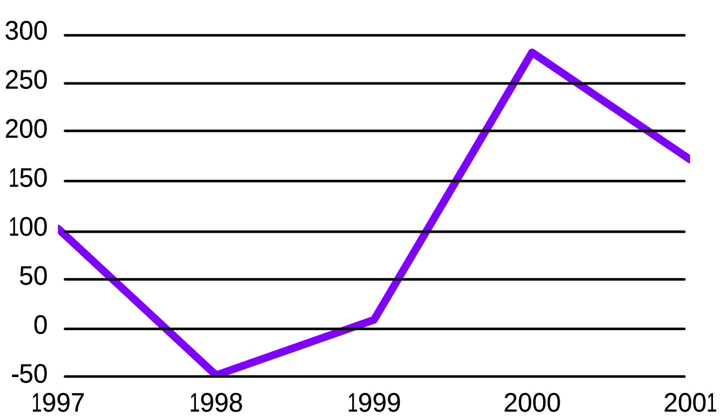
U.S. Trade Balance

Millions of U.S. Dollars



Net Foreign Direct Investment

Millions of U.S. Dollars



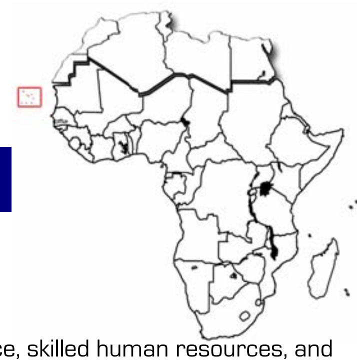
Trade Update

- The government has estimated that without the discovery of new oil fields, the country's petroleum reserves are expected to be depleted by 2010. In May 2002, the national hydrocarbons company launched a licensing round for the development of the Sanaga-Sud gas field. Also in May, the national hydrocarbons company signed an agreement with RSM (U.S.) for the exploration of a section of the Douala Basin. An October 2002 International Court of Justice ruling recognizing Cameroon's sovereignty over the Bakassi peninsula could provide new petroleum prospects.
- At the request of the World Bank, the government created a one-stop shop to expedite fiscal and customs procedures for foreign trade. While the service has reduced the time that it takes cargo to clear the port, transit times and costs remain relatively high and the clearance procedures remain bureaucratic.
- In 2002, U.S. exports to Cameroon consisted primarily of machinery and mechanical appliances, aircraft and parts, and mineral waxes; and U.S. imports from Cameroon consisted primarily of mineral fuels and oils, cocoa, and wood and wood products. In addition, Cameroon has been designated an AGOA beneficiary country, including apparel eligibility. AGOA (including GSP) imports from Cameroon totaled $115.8 million in 2002.

Investment and Privatization Update

- In May 2002, Framington Investment Management launched the Central African Growth Fund which will target investment in joint ventures, high-growth start-ups, or privatized companies primarily in the CEMAC regional group, of which Cameroon is a member.
- The construction of the Chad-Cameroon oil pipeline continued with an expected completion date toward the end of 2003. The oil pipeline is expected to contribute to transport sector growth and boost private investment.
- The government continued its plans to privatize all parastatals except for the aluminum enterprise. Various companies, including the mobile network, rail transport, electricity, and sugar firms have been privatized in recent years. Firms awaiting privatization include the national airline (Camair), the telecommunications companies (Camtel and Camtel-Mobile), the national water company, the national insurance retirement fund (CNPS), and other smaller parastatals.
- A privatization study into the sale of the national airline was completed in September 2002. Although the national airline underwent restructuring, it remains heavily in debt.
- Although the national telecommunications company is slated for privatization, a depressed international telecommunications market and lack of investor interest have stalled its sale. The government began the development of a strategic plan with an expected completion date of end of 2003, further delaying the privatization to possibly 2005.
- The national water company encountered delays as a result of management opposition to the company's privatization. Unfavorable world commodity prices have inhibited the sale of various agricultural firms, such as rubber, palm oil, and banana operations.

CAPE VERDE

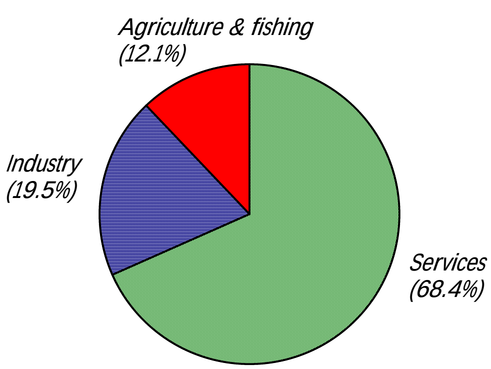


Economic Overview

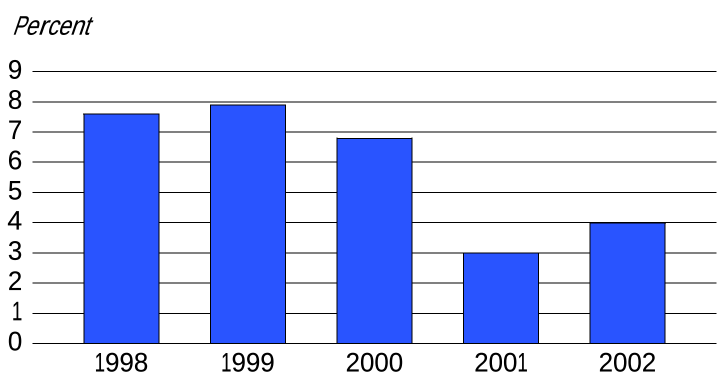
Economic Indicators

	2001	2002	Difference
GDP (nominal, CVEsc bn)	68.6	73.5	4.9
GDP (US$ mn)	553.3	639.6	86.3
CPI Inflation (annual average; %)	3.0	3.0	0.0
Goods Exports (US$ mn)	27.3	30.0	2.7
Goods Imports (US$ mn)	218.0	220.0	2.0
Trade Balance (US$ mn)	-190.7	-190.0	0.7
Current Account balance (US$ mn)	-60.9	-60.0	0.9
Foreign Exchange Reserves (US$ mn)	45.5	63.2	17.7
Total External Debt (US$ mn)	344.0	325.0	-19.0
Debt Service Ratio, paid (%)	n/a	n/a	0.0
Exchange Rate (CVEsc/US$)	122.9	114.9	-8.0

Origins of GDP (2000)



Real GDP Growth Rate



Economic Update

- Sustained foreign assistance, skilled human resources, and a supportive environment continued to support steady economic progress, although fiscal austerity in recent years has contributed to reduced annual real GDP growth rates. At approximately $1,440, Cape Verde, nevertheless, maintains one of the highest levels of GDP on a per capita basis in SSA.
- Through fiscal consolidation, the government reduced the budget deficit from 19 percent in 2000 to 2 percent in 2002. Consequently, the government has shifted focus from macroeconomic stability to structural reforms, such as the implementation of customs tariff reductions, the introduction of the value-added tax, and the completion of the banking system reform.
- An important objective of government policy is increased access to education, with over 25 percent of the budget allocated to education in 2003.
- In April 2002, the IMF approved a $11 million, 3-year PRGF for Cape Verde. The program will support government implementation of a value-added tax, a new external tariff regime, and a more transparent and automatic pricing mechanism for petroleum products.
- The World Bank supported an expanded $10 million HIV/AIDS prevention program implemented in 2002.
- In mid-2003, the World Bank approved a $11.5 million loan to develop the private sector. The funding will support tax reform, reduction in government bureaucracy, and technical support for the privatization of companies.

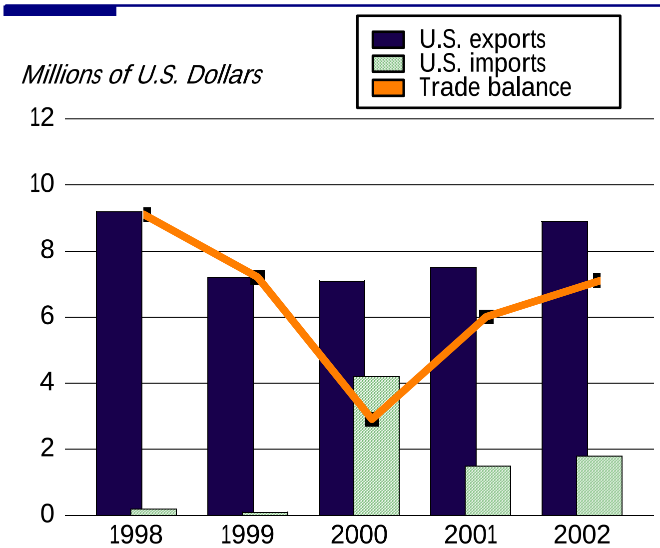
Main Trade Partners, percent of total, 2001

Markets		*Sources*	
Portugal	53.3	Portugal	54.0
United Kingdom	26.6	Netherlands	10.5
United States	13.3	Italy	6.5

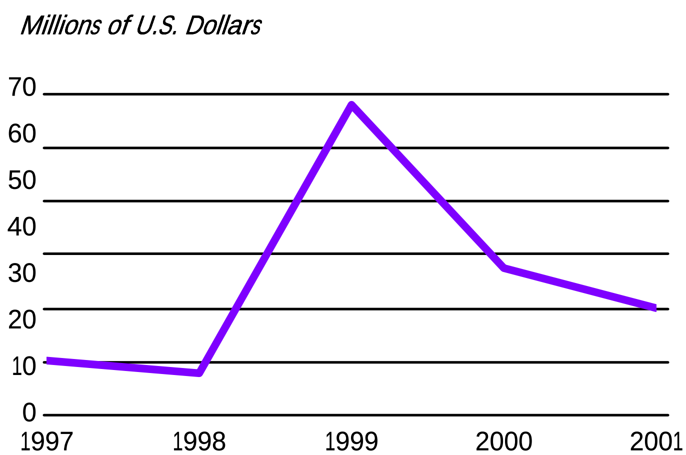
Main Trade Commodities, US$ million, 2000

Exports		*Imports*	
Fuel	21.6	Capital goods	150.3
Clothing & footwear	10.8	Food	78.3
Fish & fish products	0.8	Fuels	10.1

U.S. Trade Balance



Net Foreign Direct Investment



Trade Update

- Although Cape Verde's main trade partner is Portugal, the government continued to search for new trading partners, particularly in Asia.
- The government maintained its peg to the euro as part of its overall reform program, as well as a method for facilitating trade with the EU.
- In August 2002, the government completed the prerequisites for textile and apparel provisions of AGOA, opening the way to the first garment exports to the United States under the AGOA program in December 2002.
- In 2002, U.S. exports to Cape Verde consisted primarily of aircraft and parts, cereals, and mineral waxes; and U.S. imports from Cape Verde consisted primarily of nonknitted articles of apparel, beverages, and articles of leather. In addition, Cape Verde has been designated an AGOA beneficiary country, including apparel eligibility. AGOA (including GSP) imports from Cape Verde totaled $51,000 in 2002.

Investment and Privatization Update

- Investment is seen as crucial to economic growth. The government is attempting to attract foreign investment into the fishing and tourism industries.
- To streamline foreign investment procedures, in May 2003, the World Bank Foreign Investment Advisory Service presented a study on barriers to investing in Cape Verde ordered by the government.
- The government's privatization program has thus far sold more than 30 parastatals. Firms awaiting privatization include the national airline, the pharmaceuticals distribution company, the ship yard, the cold storage facilities for fishing products, two commercial banks, the national insurance company, the power supply company, and the port authority.
- A value-added tax scheduled for mid-2003 and up-coming privatizations are expected to increase government funding for capital investment projects.

CENTRAL AFRICAN REPUBLIC

Economic Overview

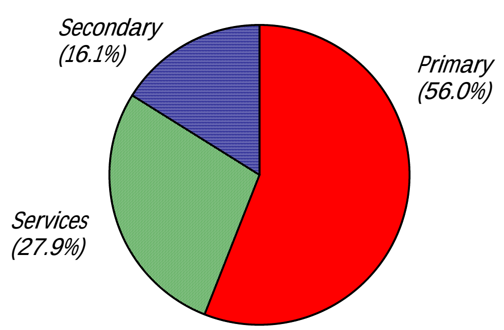
Economic Indicators

	2001	2002	Difference
GDP (nominal, CFAfr bn)	684.0	712.0	28.0
GDP (US$ bn)	0.9	1.0	0.1
CPI Inflation (annual average; %)	3.8	2.3	-1.5
Goods Exports (US$ mn)	137.0	132.0	-5.0
Goods Imports (US$ mn)	116.0	107.0	-9.0
Trade Balance (US$ mn)	21.0	25.0	4.0
Current Account balance (US$ mn)	-35.0	-16.0	19.0
Foreign Exchange Reserves (US$ mn)	119.0	123.0	4.0
Total External Debt (US$ mn)	n/a	n/a	n/a
Debt Service Ratio, paid (%)	n/a	n/a	n/a
Exchange Rate (CFAfr/US$)	733.0	697.0	-36.0

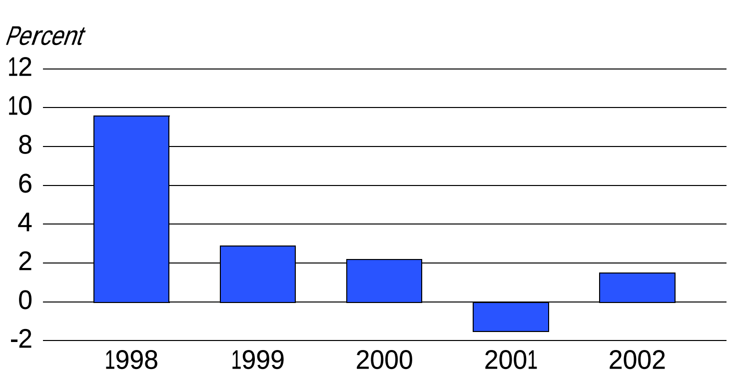
Economic Update

- In recent years the government has implemented several reforms, including the introduction of a value-added tax, the establishment of a National Statistical Board, the establishment of a committee to review petroleum pricing structure, the sale of the petroleum distribution company, and the privatization of the national petroleum company.
- In addition to the resumption of aid projects previously suspended as a result of the coup, in April 2003, China donated $2.5 million for the payment of civil service salaries, and in June 2003, the government signed a $2.5 million interest-free loan agreement with China for the implementation of social and economic development projects.
- In mid-2003, the Economic and Monetary Community of Central African States provided a $9.1 million grant to the Central African Republic in support of its reconstruction efforts.
- Renewed civil unrest in October 2002 hampered the government's reform efforts.

Origins of GDP (2000)



Real GDP Growth Rate



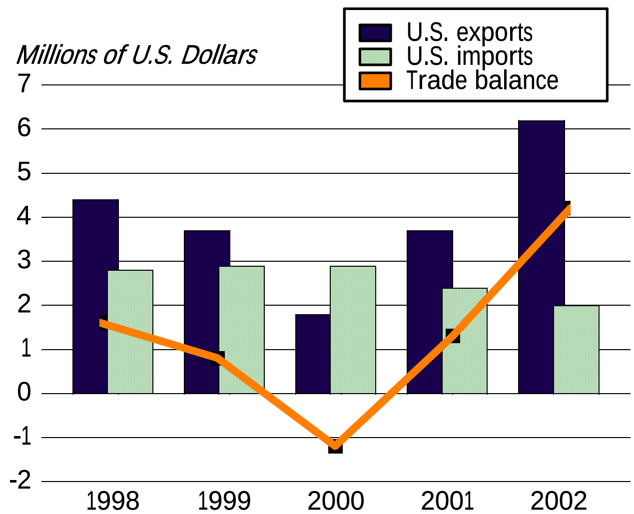
Main Trade Partners, percent of total, 2001

Markets		*Sources*	
Belgium	53.0	France	26.0
Kazakhstan	9.0	Cameroon	13.0
Spain	9.0	Spain	5.0

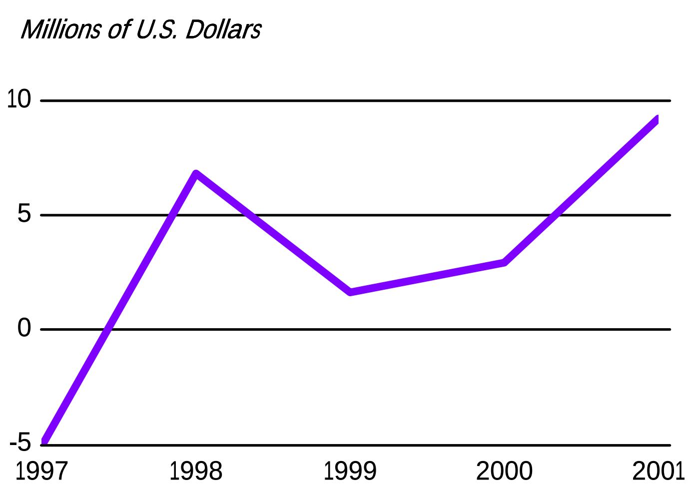
Main Trade Commodities, US$ million, 2001

Exports		*Imports*	
Timber	57.0	Oil	28.0
Diamonds	56.0	Public investment	20.0
Cotton	10.0		
Coffee	2.0		

U.S. Trade Balance



Net Foreign Direct Investment



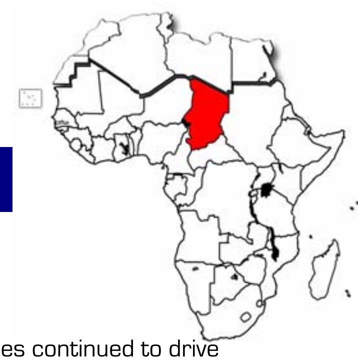
Trade Update

- The country's landlocked position contributes to high transport costs. Another inhibitor to formal sector exports is the export tax, which contributes to an estimated large quantity of smuggled products, such as beans.
- As a result of low international prices, cotton production continued to decline. To assist the cotton sector in marketing and technical support, the government established a new cotton company in May 2002 with support of the World Bank. The government holds only a 15 percent stake in the newly established firm.
- The government continued to promote value-added processed exports in the forestry sector, such as veneer, sawn board, and plywood. Government efforts were inhibited, however, by lack of qualified staff and limited energy supplies.
- The government continued efforts to establish trade agreements with nontraditional partners such as Nigeria, Ghana, Morocco, and Algeria.
- In 2002, U.S. exports to the Central African Republic consisted primarily of machinery and mechanical appliances, animal or vegetable waxes, and articles of iron and steel; and U.S. imports from the Central African Republic consisted primarily of precious or semiprecious stones and metals, tobacco, and animal or vegetable oils. In addition, the Central African Republic has been designated an AGOA beneficiary country. AGOA (including GSP) imports from the Central African Republic totaled $192,000 in 2002.

Investment and Privatization Update

- Aurafrique (Canada) began development of gold resources in the Bambari area. The company is also investigating the possible development of silver, lead, and iron resources in the region.
- Privatization efforts, which had begun when civil unrest erupted in 1996, continued to be delayed.
- In June 2002, international telephone access was cut as a result of nonpayment of the national telecommunications company's satellite bill. It is expected that privatization of the company, initially scheduled for early 2003, would alleviate these problems.
- Provision of power from the state-owned power company also encountered difficulties, such as power cuts and aging infrastructure. Planned privatization of the company, initially scheduled for 2003, is expected to improve power provision.

CHAD

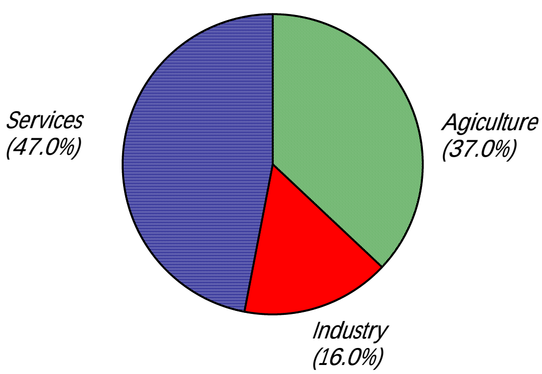


Economic Overview

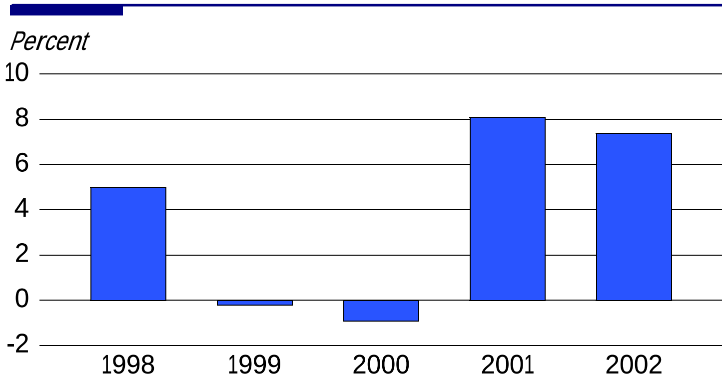
Economic Indicators

	2001	2002	Difference
GDP (nominal, CFAfr bn)	1,090.0	1,286.0	196.0
GDP (US$ bn)	1.5	1.8	0.3
CPI Inflation (annual average; %)	12.4	5.2	-7.2
Goods Exports (US$ mn)	177.0	197.0	20.0
Goods Imports (US$ mn)	449.0	570.0	121.0
Trade Balance (US$ mn)	-272.0	-373.0	-101.0
Current Account balance (US$ mn)	-561.0	-761.0	-200.0
Foreign Exchange Reserves (US$ mn)	122.0	219.0	97.0
Total External Debt (US$ mn)	n/a	n/a	n/a
Debt Service Ratio, paid (%)	n/a	n/a	n/a
Exchange Rate (CFAfr/US$)	733.0	697.0	-36.0

Origins of GDP (2000)



Real GDP Growth Rate



Economic Update

- Petroleum exploration activities continued to drive economic growth in Chad, increasing investment and government consumption. Although the government continued efforts to diversify the economy, efforts were inhibited by limited infrastructure capacity, high transport and utility costs, administrative capacity limitations, and on-going civil unrest. The French development agency, AFD, estimated that the newly developed petroleum sector would account for over 40 percent of the GDP beginning in 2004 when petroleum production is expected to begin.
- Continued exploration of the Doba oil fields is expected to contribute to the expansion of the secondary and tertiary sectors. In early 2003, however, a World Bank-commissioned Independent Advisory Group expressed concern that the Dobal petroleum project was weak in measures to maximize local impact. The group cited various concerns, including lack of effective monitoring by the government, poor communication between stakeholders, insufficient mitigation of potential inflationary and environmental impact, and insufficient institutional capacity to manage petroleum revenue.
- Following allegations of corruption and the misuse of HIPC initiative funding, in May 2002, the IMF postponed the fourth PRGF review. The IMF completed this review in October 2002, and approved requests for extension of the commitment period and waiver for the nonobservance of one performance criteria. Consequently, Chad will be able to draw about $7 million from the fund.
- In mid-2003, the African Development Bank signed a $21.4 million loan agreement to support livestock farming through the Pastoral Cattle Breeding System Project in an effort to increase animal production and rural incomes.

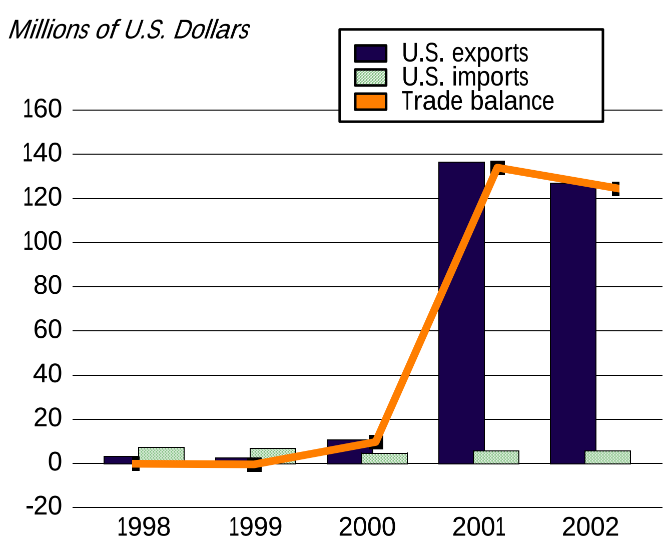
Main Trade Partners, percent of total, 2001

Markets		*Sources*	
Portugal	28.0	United States	38.0
Germany	15.0	France	26.0
France	7.0	Cameroon	8.0
Poland	6.0	Nigeria	5.0

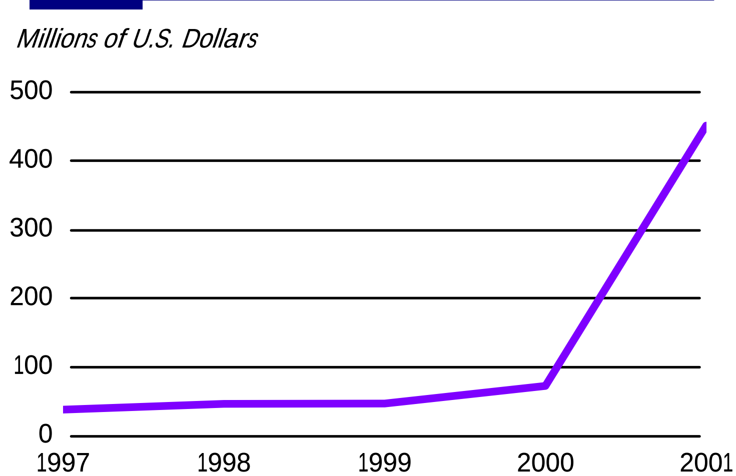
Main Trade Commodities, US$ million, 2001

Exports		*Imports*	
Livestock & meat	70.0	Oil sector	275.0
Cotton	66.0	Non-oil sector	71.0

U.S. Trade Balance



Net Foreign Direct Investment



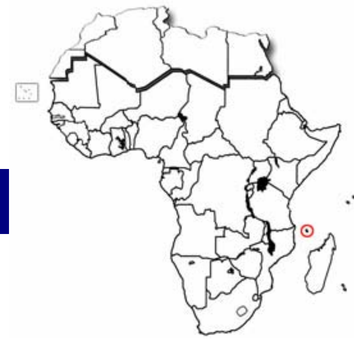
Trade Update

- Completion of the Doba petroleum project is expected to shift Chad's export profile to include substantial amounts of petroleum.
- In 2002, U.S. exports to Chad consisted primarily of machinery and mechanical appliances, articles of iron and steel, and vehicles and parts; and U.S. imports from Chad consisted primarily of vegetable saps and extracts, electrical machinery and equipment, and mineral fuels and oils. In addition, Chad has been designated an AGOA beneficiary country.

Investment and Privatization Update

- With support from the World Bank, a consortium of companies including ExxonMobil (U.S.), Petronas (Malaysia), and Chevron (U.S.) began construction of a petroleum pipeline in 2000 that is expected to be completed in 2003. The Doba petroleum project continued to drive investment, and completion is expected to contribute to petroleum exports. Other companies continued to explore for other petroleum reserves in the southern and western regions of Chad. The French development agency, AFD, estimated that investment related to the Doba petroleum project increased to an estimated $539 million in 2002.
- Most state-owned firms have been sold or liquidated. Privatization efforts have, however, recently slowed. Firms awaiting privatization include the sugar company (Sonasut), the water and electricity utility (STEE), the international telecommunications company (TIT), the national airlines (Air Chad), the national post office and telecommunications company (ONPT), and the cotton monopoly (Cotontchad).
- Although Vivendi (France) took over management of the electric and water companies in 2000, its option to obtain equity stakes in 2002 was delayed because of administrative obstacles.
- The government appointed a consulting firm to plan the privatization of the ginning and cotton export operations of the national cotton monopoly. In addition, Cotontchad's oil and soap-making operations were separated from the company and tender was launched in 2002 to privatize the newly created company.

COMOROS

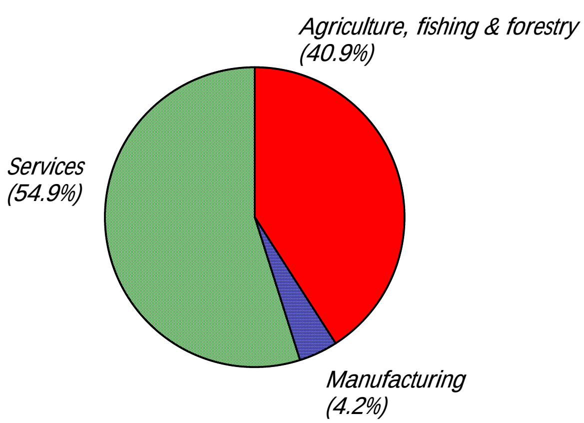


Economic Overview

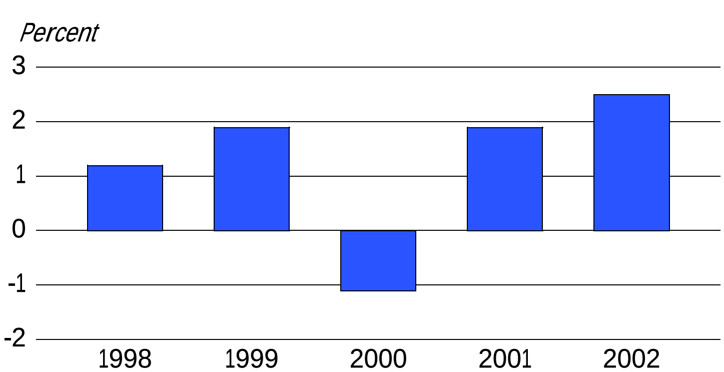
Economic Indicators

	2001	2002	Difference
GDP (nominal, Cfr bn)	108.0	110.7	2.7
GDP (US$ bn)	0.2	0.2	0.0
CPI Inflation (annual average; %)	3.5	3.0	-0.5
Goods Exports (US$ mn)	9.6	n/a	n/a
Goods Imports (US$ mn)	44.9	n/a	n/a
Trade Balance (US$ mn)	-35.3	n/a	n/a
Current Account balance (US$ mn)	-10.5	n/a	n/a
Foreign Exchange Reserves (US$ mn)	62.3	n/a	n/a
Total External Debt (US$ mn)	104.0	n/a	n/a
Debt Service Ratio, paid (%)	n/a	n/a	n/a
Exchange Rate (Cfr/US$)	549.8	522.7	-27.1

Origins of GDP (2000)



Real GDP Growth Rate



Economic Update

- Supported by foreign aid, the government continued ongoing efforts to improve road networks throughout the country in order to increase links between rural communities.
- The proposed introduction of air charter services by Chapman Freeborn (UK) between Comoros, Djibouti, and Marseille, France, is expected to facilitate the expansion of the tourism sector.
- The IMF's staff-monitored program, implemented in mid-2001, continued until mid-2002. The program's main reform attempts included strengthening fiscal management to ensure expenditures within the country's resources, privatizing public enterprises, and reviewing the process used to set domestic prices for petroleum products.
- Comoros remained in arrears to some multilateral lenders including the African Development Bank. Comoros' debt level is generally considered unsustainable, and it may become eligible for the HIPC debt relief program.
- Political instability and uncertainty in late 2002, which continued into 2003, prompted the IMF to suspend funding temporarily until the situation was stabilized.

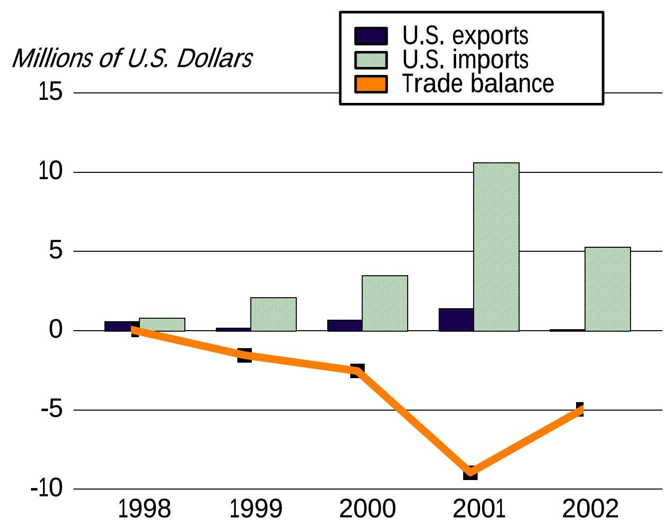
Main Trade Partners, percent of total, 2001

Markets		*Sources*	
United States	27.0	France	29.1
France	18.9	South Africa	12.7
Singapore	16.2	Japan	7.6
United Kingdom	13.5	United Arab Emirates	6.3

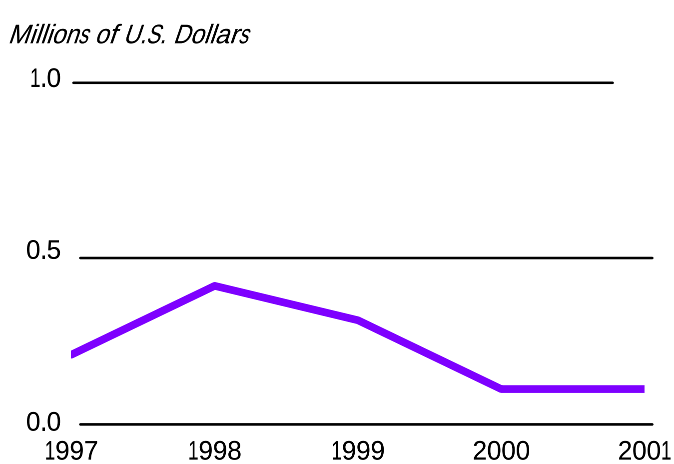
Main Trade Commodities, US$ million, 2000

Exports		*Imports*	
Vanilla	7.7	Rice	8.8
Cloves	2.3	Petroleum products	5.1
Ylang-ylang	1.7		

U.S. Trade Balance



Net Foreign Direct Investment



Trade Update

- The government continued efforts to introduce new vanilla plants in an attempt to increase productivity and exports. Despite supply constraints, Comoros received a boost in exports as international concern over the civil unrest in Madagascar prompted a shift in vanilla bean sourcing to Comoros.
- Although France is Comoros' main trading partner, Comoros has, in recent years, increased trade with SSA partners, such as Kenya, South Africa, Madagascar, and Mauritius, as well as, Asian countries, such as Pakistan.
- In 2002, U.S. exports to Comoros consisted primarily of mineral fuels and oils, machinery and mechanical parts, and plastics; and U.S. imports from Comoros consisted primarily of coffee, tea and spices, and live animals.

Investment and Privatization Update

- Various factors continued to inhibit foreign investment, including the small size of the economy, heavy reliance on imports, political instability, and weak government institutions.
- The government continued its privatization efforts, including the sale of several state-owned hotels.

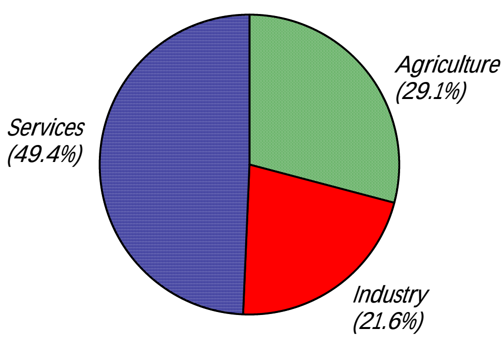
CÔTE D'IVOIRE

Economic Overview

Economic Indicators

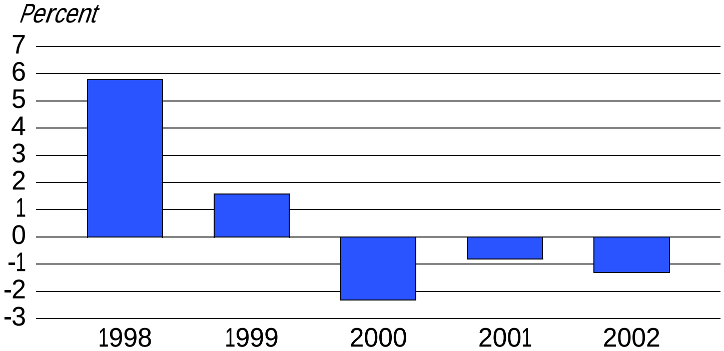
	2001	2002	Difference
GDP (nominal, CFAfr bn)	6,743.6	6,970.0	226.4
GDP (US$ bn)	9.2	10.0	0.8
CPI Inflation (annual average; %)	4.3	3.1	-1.2
Goods Exports (US$ mn)	3,947.4	4,500.7	553.3
Goods Imports (US$ mn)	2,407.8	2,461.3	53.5
Trade Balance (US$ mn)	1,539.6	2,039.4	499.8
Current Account balance (US$ mn)	-57.7	266.1	323.8
Foreign Exchange Reserves (US$ mn)	1,019.0	1,863.3	844.3
Total External Debt (US$ bn)	11.6	11.0	-0.6
Debt Service Ratio, paid (%)	13.4	13.9	0.5
Exchange Rate (CFAfr/US$)	733.0	697.0	-36.0

Origins of GDP (2001)



Real GDP Growth Rate

Percent



Economic Update

- In April 2002, the IMF expressed general satisfaction with the government's progress under the staff-monitored program, and formally resumed its financial assistance under the $366 million PRGF program, which was suspended after the 1999 miliary coup. Under the program, the government committed itself to tighter fiscal policies and tax reforms. The eruption of civil unrest in 2002, however, inhibited the government's ability to meet all of the performance criteria, and policy was focused on crisis management.
- As a result of the civil unrest, the government suspended bilateral debt payments, but continued to honor multilateral debt payments with revenues from the cocoa sector.
- The outbreak of civil unrest in September 2002 led to sharp contractions of many economic sectors, as well as the disruption of various trading activities. As Côte d'Ivoire was an important thoroughfare for trade to regional landlocked countries, the civil unrest substantially impacted regional trade, forcing the rerouting of products to other ports.
- At the peace conference in January 2003, donors pledged $369 million over a 5-year period to assist in reconstruction efforts.
- The government's policy priorities included restoring fiscal discipline, clearing up external payment arrears, accelerating the privatization program, reforming the cocoa and coffee marketing structures, increasing investment, and improving the provision of social services.

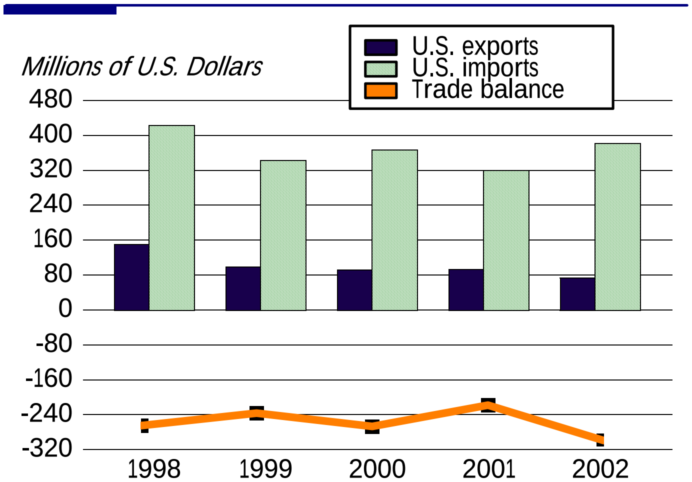
Main Trade Partners, percent of total, 2001

Markets		*Sources*	
France	13.3	Nigeria	23.0
Netherlands	9.4	France	22.6
United States	8.3	China	5.5
Mali	5.8	Italy	3.8

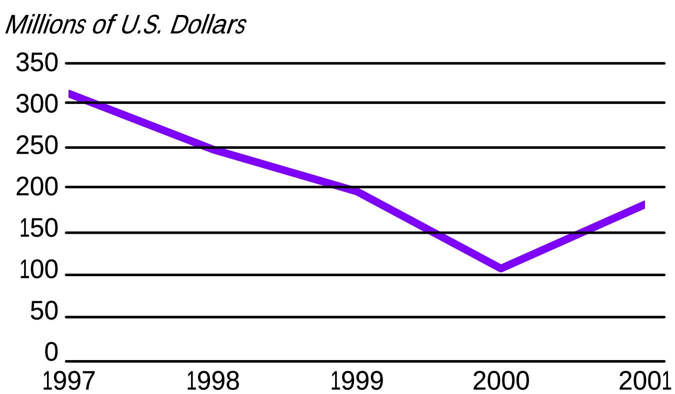
Main Trade Commodities, US$ million, 2001

Exports		*Imports*	
Cocoa & products	1,038.0	Petroleum & products	839.0
Petroleum & products	735.0	Capital equipment and raw materials	734.0
Coffee & products	301.0	Food	436.0
Timber	246.0		

U.S. Trade Balance



Net Foreign Direct Investment



Trade Update

- Côte d'Ivoire is the world's largest supplier of cocoa, accounting for more than 40 percent of the global supply. It is also an important world supplier of robusta coffee. Total production and export of coffee for 2002 and 2003 was uncertain given the countering effects of relatively high world cocoa prices and the civil unrest.
- Historically, Côte d'Ivoire's port in Abidjan can account for more than 85 percent of national customs revenues. The civil unrest in late 2002 and early 2003 reduced port traffic by an estimated 50 percent.
- An Anglo-Dutch consortium was awarded a 30-year contract to build, operate, and transfer a new terminal, which is expected to double Abidjan's container-handling capacity when complete, and, consequently, increase trade through the country.
- In May 2002, the United States added Côte d'Ivoire to the list of countries eligible for AGOA benefits.
- In 2002, U.S. exports to Côte d'Ivoire consisted primarily of machinery and mechanical appliances, plastics, fertilizers, and cereals; and U.S. imports from Côte d'Ivoire consisted primarily of cocoa, mineral fuels and oils, and wood and wood products. In addition, Côte d'Ivoire has been designated an AGOA beneficiary country. AGOA (including GSP) imports from Côte d'Ivoire totaled $49.7 million in 2002.

Investment and Privatization Update

- Although minimally, production of petroleum products continued to grow. In early 2002, Natural Resources (Canada) resumed production at the Espoir field resulting in increased petroleum production activity.
- A Chinese/Ivoirian joint venture has invested $9 million in a textile factory to export products under the AGOA program.
- Firms awaiting privatization include the telecommunications company, a vegetable-oil producer, a hotel, the electricity utility, the state oil refinery, and the national airline.
- As part of its continuing privatization efforts, the water utility underwent financial rehabilitation; and the state-owned postal savings system, the public-sector pension fund, and the state-owned bank underwent restructuring.

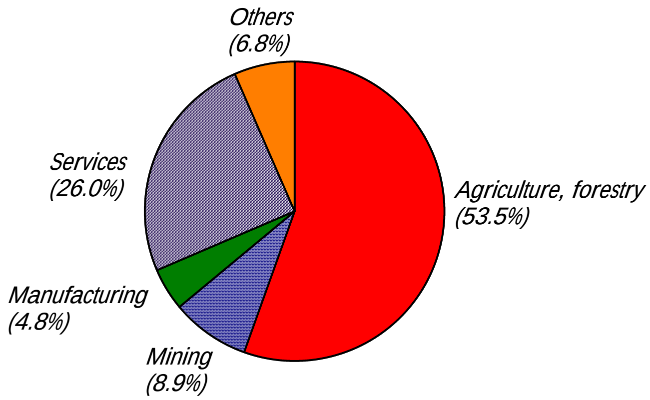
DEMOCRATIC REPUBLIC OF THE CONGO

Economic Overview

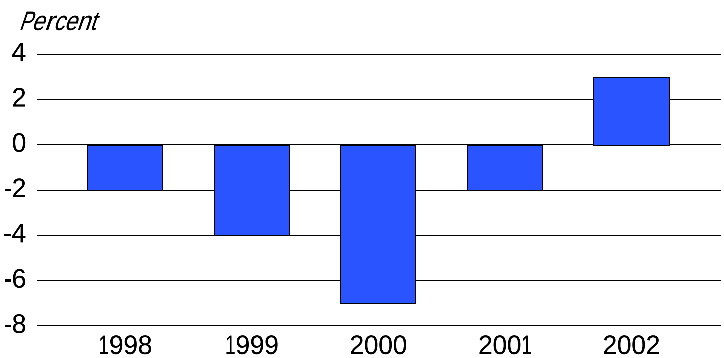
Economic Indicators

	2001	2002	Difference
GDP (nominal, FC bn)	1,556.0	1,911.0	355.0
GDP (US$ bn)	7.5	5.5	-2.0
CPI Inflation (annual average; %)	357.0	25.0	-332.0
Goods Exports (US$ mn)	940.0	1,109.0	169.0
Goods Imports (US$ mn)	1,067.0	1,405.0	338.0
Trade Balance (US$ mn)	-127.0	-296.0	-169.0
Current Account balance (US$ mn)	-250.0	-150.0	100.0
Foreign Exchange Reserves (US$ mn)	n/a	n/a	n/a
Total External Debt (US$ mn)	n/a	n/a	n/a
Debt Service Ratio, paid (%)	n/a	n/a	n/a
Exchange Rate (FC/US$)	206.6	346.5	139.9

Origins of GDP (2001)



Real GDP Growth Rate



Economic Update

- Government policies continued to focus on stabilization and the reversal of years of economic decline. For the first time in 13 years, the Democratic Republic of the Congo saw positive economic performance in 2002, which resulted from positive economic policy performance and reduced civil unrest. Significant contributors to the improved performance were the liberalization of the exchange rate and fuel prices, which stimulated transport and trade activities. The positive policy performance also led to the resumption of nonhumanitarian aid for the country.
- A sign of the improving environment was the partial reopening of the river to commercial traffic, which is expected to benefit many firms requiring river access to transport goods, especially palm oil plantations and timber traders.
- In late 2002, the government announced plans to improve governance and to tackle corruption. Part of this plan included the development of a code of ethics for civil servants.
- In April 2002, the World Bank approved a $450 million loan to assist the government in meeting arrears payments.
- In June 2002, after the successful completion of an IMF staff-monitored program established in July 2001, the Democratic Republic of the Congo was approved for a PRGF program. Under the program, the government committed itself to improving macroeconomic stability, rehabilitating essential infrastructure, and promoting policies aimed at poverty reduction.
- In December 2002, donors pledged $2.5 billion in assistance aimed at restructuring the country.
- In March 2003, the IMF reviewed the PRGF program and noted that most targets had been met satisfactorily, leading to the release of additional funding from the $786 million facility.
- In June 2003, after positive performance with respect to the PRGF program, the Democratic Republic of the Congo was declared eligible for entry into the HIPC initiative. Formal commencement of the program, however, was delayed by donors until the transitional government was in place.

DEMOCRATIC REPUBLIC OF THE CONGO

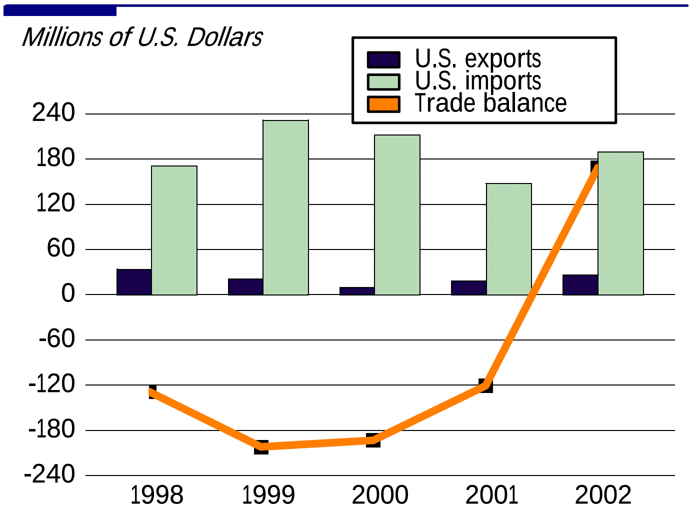
Main Trade Partners, percent of total, 2001

Markets		*Sources*	
Belgium	59.7	South Africa	18.2
United States	12.9	Belgium	16.4
Zimbabwe	7.4	Nigeria	11.8
France	6.9	France	5.9

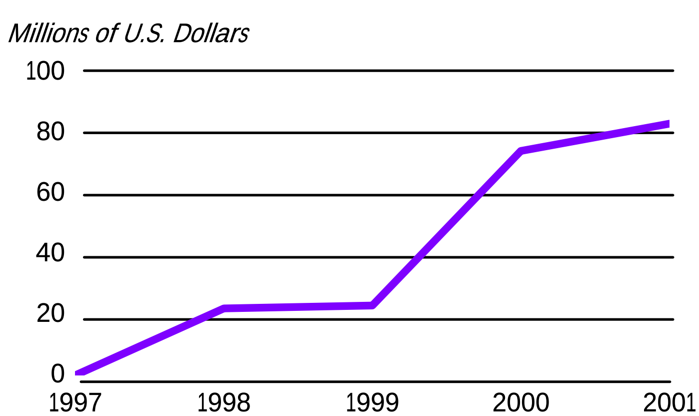
Main Trade Commodities, US$ million

Exports (2000)		*Imports (1999)*	
Diamonds	437.0	Consumer goods	263.0
Crude oil	141.0	Raw materials	115.0
Cobalt	97.0	Capital goods	110.0
Copper	45.0		

U.S. Trade Balance



Net Foreign Direct Investment



Trade Update

- The Democratic Republic of the Congo is an export-oriented economy, dependent on primary commodities, particularly mining and mineral products.
- In 2002, U.S. exports to the Democratic Republic of the Congo consisted primarily of machinery and mechanical appliances, meat, and cereals; and U.S. imports from the Democratic Republic of the Congo consisted primarily of mineral fuels and oils, precious or semiprecious stones and metals, and base metals. In addition, the Democratic Republic of the Congo has been designated an AGOA beneficiary country.

Investment and Privatization Update

- A government priority is the establishment of an investment-friendly environment to encourage foreign investment and private sector development. As part of this strategy, the government is developing an investment code, especially for the mining sector, to clarify tax and profit provisions and legal guarantees for investments.
- Although various firms have expressed interest in the mining sector, many await the new mining code before proceeding with investments. Some firms, however, continued investment projects. For example, a large consortium of international firms invested $120 million in a new tailings processing plant in Lubumbashi.
- A significant investment destination was the petroleum sector. A consortium headed by ChevronTexaco (U.S.) began a 3-year program to increase offshore petroleum production. Parenco Oil (France) also invested in a project to develop the onshore petroleum field, Liawenda.
- Vodacom (South Africa, UK) launched cellular services in 2002 with an investment of $94 million.
- Eskom Holdings (South Africa) set up a consortium to manage and operate transmission infrastructure in the Democratic Republic of the Congo, and to supply power from the Inga dam to various countries including South Africa.
- The civil unrest continued to inhibit privatization efforts. Of the over 100 state-owned enterprises, approximately 60 have mixed ownership structures.
- In late 2002, the government announced various reform plans including the restructuring of public enterprises to be overseen by the Public Enterprise Reform Steering Committee tasked with the preparation of divestiture plans.
- A government priority is the restructuring of the banking sector as three insolvent banks were liquidated in early 2003. As part of this effort, the IMF and the World Bank supported the auditing and restructuring of several commercial banks.

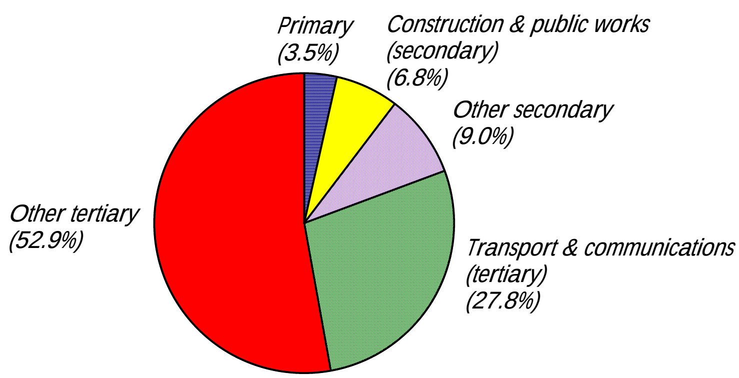
DJIBOUTI

Economic Overview

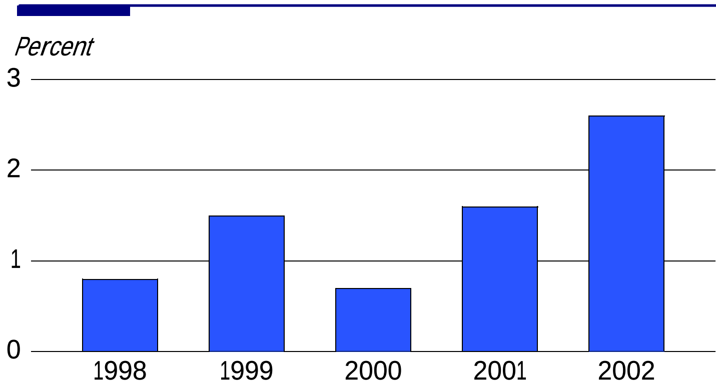
Economic Indicators

	2001	2002	Difference
GDP (nominal, Dfr bn)	101.9	105.7	3.8
GDP (US$ bn)	0.6	0.6	0.0
CPI Inflation (annual average; %)	1.8	1.5	-0.3
Goods Exports (US$ mn)	75.0	70.0	-5.0
Goods Imports (US$ mn)	261.0	255.0	-6.0
Trade Balance (US$ mn)	-186.0	-185.0	1.0
Current Account balance (US$ mn)	-17.0	-10.0	7.0
Foreign Exchange Reserves (US$ mn)	70.3	72.0	1.7
Total External Debt (US$ mn)	262.0	265.0	3.0
Debt Service Ratio, paid (%)	n/a	n/a	n/a
Exchange Rate (Dfr/US$)	177.7	177.7	0.0

Origins of GDP (2001)



Real GDP Growth Rate



Economic Update

- In December 2002, the IMF completed its third review of Djibouti's PRGF program. The IMF waived a number of conditions. Despite various lapses in government commitments, the IMF commended the government on its improved fiscal position and the audit of the country's domestic arrears.
- In 2002, the government conducted two audits of domestic arrears; and the audits estimated a stock of $163 million in arrears. The government, consequently, developed a plan to address the arrears over a 10-year period.
- In order to address the need for increased power supplies, in March 2003, the Arab Fund for Economic and Social Development provided a $10 million loan to install two new generators, as well as to purchase necessary spare parts.

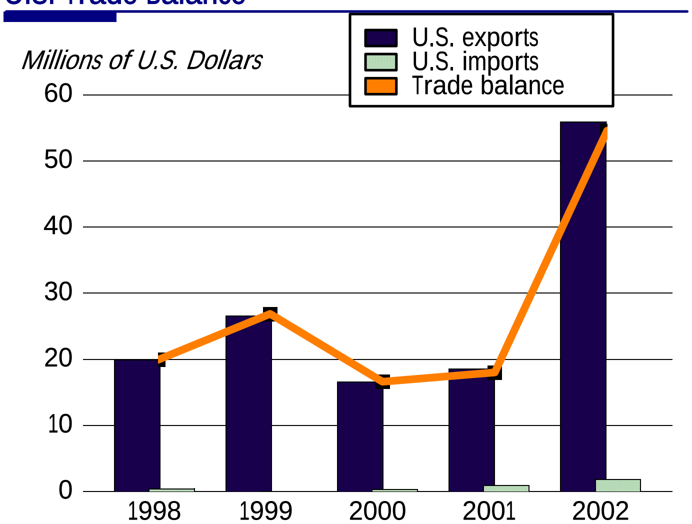
Main Trade Partners, percent of total, 2001

Markets		*Sources*	
Somalia	45.0	Saudi Arabia	18.0
France	23.0	France	16.0
Yemen	19.0	Ethiopia	10.0
United Arab Emirates	4.0	China	8.0

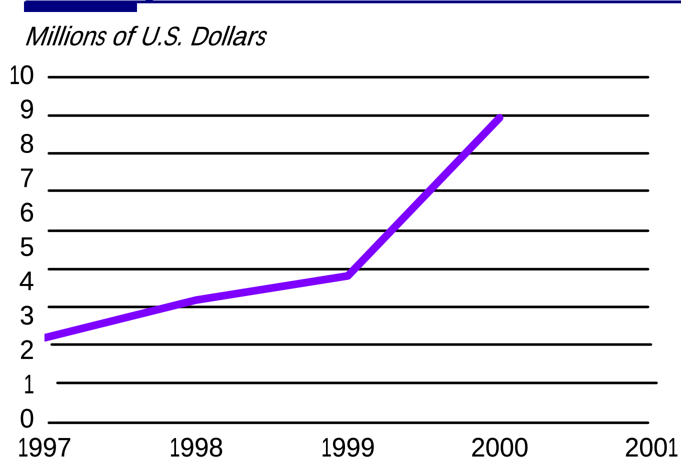
Main Trade Commodities, US$ million, 1998

Exports		*Imports*	
Re-exports	45.0	Food & beverages	53.0
Locally produced goods	14.0	Qat	17.0
		Petroleum products	17.0
		Machinery	15.0

U.S. Trade Balance



Net Foreign Direct Investment



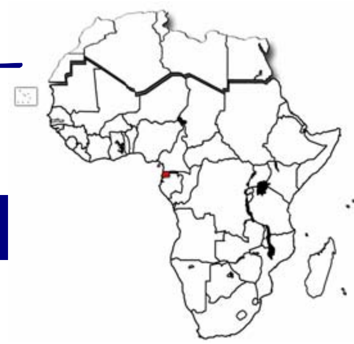
Trade Update

- A meeting between Ethiopia and Djibouti, held in Addis Ababa in March 2003, led to the establishment of accords regulating transport of goods and commercial relations between the two countries.
- In 2002, U.S. exports to Djibouti consisted primarily of cereals, printed material, and machinery and mechanical appliances; and U.S. imports from Djibouti consisted primarily of machinery and mechanical appliances, milling industry products, and fish and crustaceans. In addition, Djibouti has been designated an AGOA beneficiary country. AGOA (including GSP) imports from Djibouti totaled $23,000 in 2002.

Investment and Privatization Update

- Privatization efforts continued slowly as a result of government delays and limited responses from potential investors. Despite an ambitious privatization program targeting water, electricity, postal, and telecommunications companies, the only parastatals privatized by early 2003 were the port (2000) and the airport (2002).
- In June 2002, the government privatized the international airport by awarding management to Dubai Port International.
- The government also began the process for privatizing the state-owned electric company.

EQUATORIAL GUINEA

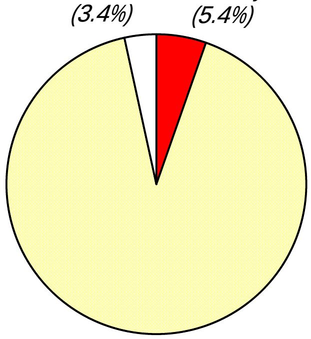


Economic Overview

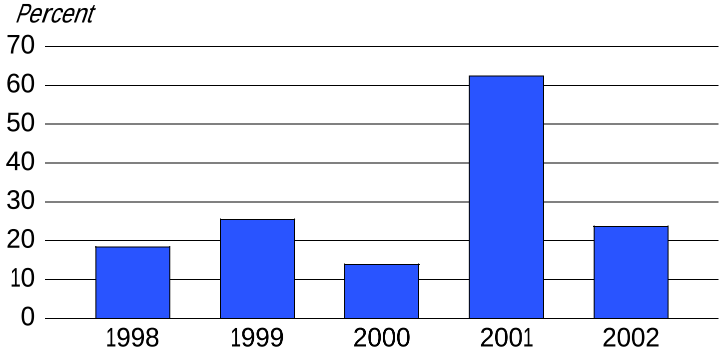
Economic Indicators

	2001	2002	Difference
GDP (nominal, CFAfr bn)	1,305.0	1,712.0	407.0
GDP (US$ bn)	1.8	2.5	0.7
CPI Inflation (annual average; %)	8.8	6.0	-2.8
Goods Exports (US$ mn)	1,837.0	2,450.0	613.0
Goods Imports (US$ mn)	810.0	560.0	-250.0
Trade Balance (US$ mn)	1,027.0	1,890.0	863.0
Current Account balance (US$ mn)	-1,057.0	-705.0	352.0
Foreign Exchange Reserves (US$ mn)	70.9	88.6	17.7
Total External Debt (US$ mn)	n/a	n/a	n/a
Debt Service Ratio, paid (%)	n/a	n/a	n/a
Exchange Rate (CFAfr/US$)	733.0	693.4	-39.6

Origins of GDP (2001)



Real GDP Growth Rate



Economic Update

- Equatorial Guinea continued to exhibit significant growth rates driven by development of the petroleum sector and associated investment flows. Crude oil production currently exceeds 265,000 barrels per day. The activity has resulted in the continued increase in methanol and liquified petroleum gas exports. Continued investment and associated economic expansion is expected to continue as exploration and new expansions are planned for 2003.
- The creation of a national petroleum company (Gepetrole), tasked with management of the petroleum sector and the government's relations with petroleum companies, was formally launched in late 2002.
- In early 2003, the government replaced a multi-tier minimum wage system with a two-tier system creating a separate wage system for private sector workers inside and outside the petroleum sector.
- The discovery of petroleum and the resulting inflow of revenue has dampened the government's commitment to reforms, such as agricultural production initiatives, budgetary reforms, and improved governance. Lack of transparency has also fueled concern regarding increasing corruption. Consequently, macroeconomic management remains relatively opaque, and resumption of formal IMF lending, suspended more than 10 years ago, remains unlikely.
- In early 2002, the World Bank resumed relations with Equatorial Guinea by supporting transport sector initiatives.

EQUATORIAL GUINEA

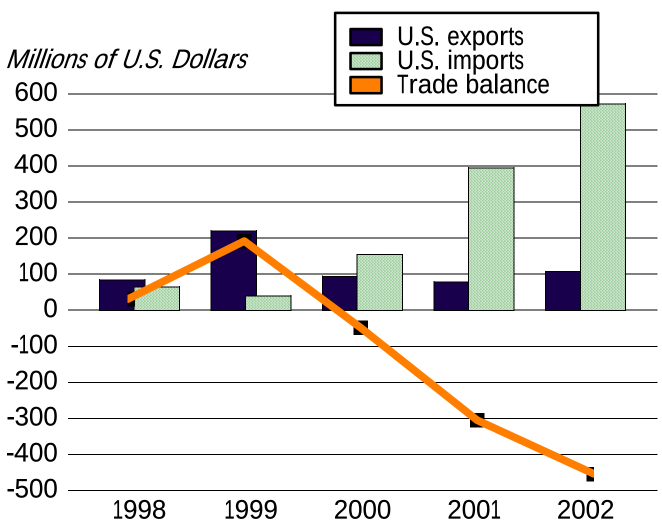
Main Trade Partners, percent of total, 2001

Markets		*Sources*	
Spain	32.0	United States	32.0
China	27.0	United Kingdom	15.0
United States	26.0	Spain	12.0
France	2.0	Côte d'Ivoire	7.0

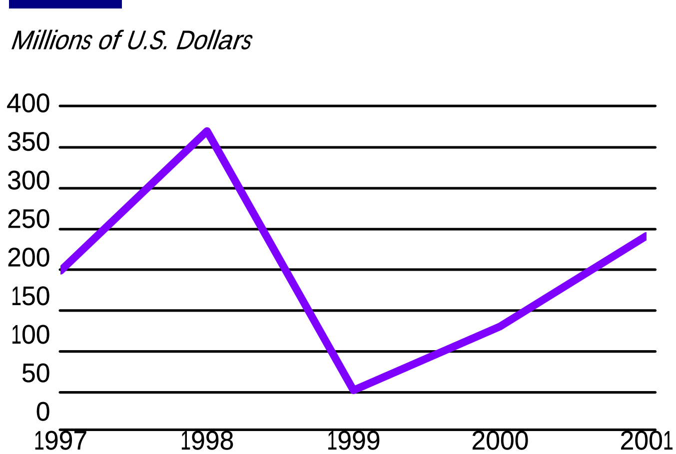
Main Trade Commodities, US$ million, 2001

Exports		*Imports*	
Petroleum	1,683.0	Petroleum sector	654.0
Methanol	183.0	Equipment goods	94.0

U.S. Trade Balance



Net Foreign Direct Investment



Trade Update

- In 2002 the first phase of a joint project by the government and Incat (UK) to upgrade the port of Luba to make it an oil-services facility was completed. The upgraded port is expected to facilitate petroleum trade.
- Although commercial agricultural products, such as coffee and cocoa, were important export products in years past, their contribution to the country's trade profile continues to diminish. Although timber and forestry products exported to China continued to contribute to export revenues, in light of the expansion of the petroleum sector, its relative contribution diminished.
- In 2002, U.S. exports to Equatorial Guinea consisted primarily of machinery and mechanical appliances, and articles of iron or steel; and U.S. imports from Equatorial Guinea consisted primarily of mineral fuels and oils, organic chemicals, and works of art.

Investment and Privatization Update

- The petroleum sector continued to drive investment activity, and economic growth. Since 1995, U.S. companies have invested approximately $5 billion in this sector.
- In April 2002, ExxonMobil (U.S.) announced a $900 million expansion program for its oil fields.
- A consortium consisting of Petronas (Malaysia), Ocean Energy (U.S.), Det Norske Oljeselskap (Norway), and Atlas Petroleum (Nigeria) were awarded an exploration license in early 2003.
- Investment in the forestry sector, stemming from increased Asian demand, has also expanded the nonpetroleum sector. Although Equatorial Guinea is believed to possess mineral deposits, such as gold, diamonds, bauxite, iron ore, titanium, manganese, and uranium, inadequate infrastructure has inhibited investment in and development of the minerals sector.
- Firms awaiting privatization include the cocoa company, national airline, shipping and maritime enterprises, electricity and water utilities, and the telecommunications company.

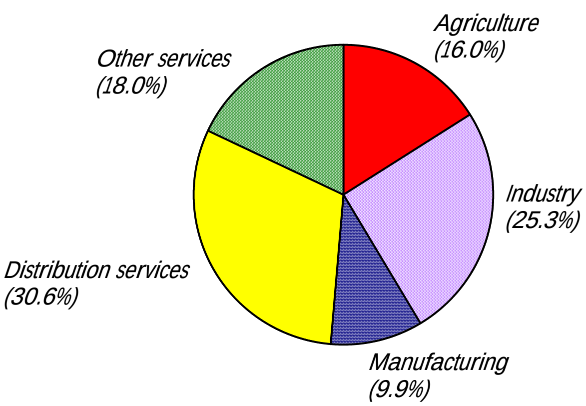
ERITREA

Economic Overview

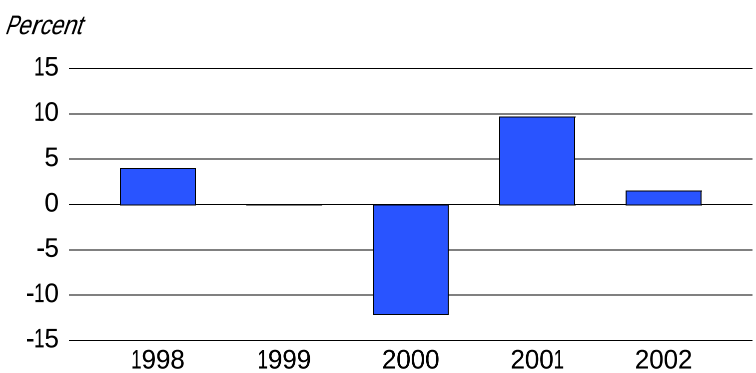
Economic Indicators

	2001	2002	Difference
GDP (nominal, Nfa bn)	9.3	10.7	1.4
GDP (US$ bn)	0.7	0.7	0.0
CPI Inflation (annual average; %)	14.6	16.0	1.4
Goods Exports (US$ mn)	20.0	22.0	2.0
Goods Imports (US$ mn)	490.0	530.0	40.0
Trade Balance (US$ mn)	-470.0	-508.0	-38.0
Current Account balance (US$ mn)	-87.0	-165.0	-78.0
Foreign Exchange Reserves (US$ mn)	n/a	n/a	n/a
Total External Debt (US$ mn)	410.0	n/a	n/a
Debt Service Ratio, paid (%)	n/a	n/a	n/a
Exchange Rate (Nfa/US$)	13.5	14.5	1.0

Origins of GDP (1999)



Real GDP Growth Rate



Economic Update

- The agricultural sector remained an important determinant of economic performance. The main constraints to agricultural development include the lack of irrigation, inadequate technology, lack of access to credit, and inadequate marketing services. Despite government investment efforts in the agricultural sector, the effects of drought resulted in an appeal for food aid in late 2002 and early 2003.
- Eritrea's economic policy focused primarily on developing and rehabilitating infrastructure and improving food security.
- The first private commercial bank, Augaro Bank, began operations in 2002.
- A new national carrier, Eritrean Airlines, made its first flight in April 2003.
- In January 2002, Denmark announced the suspension of development assistance by 2005 as a result of concerns regarding human rights.
- In November 2002, the European Commission provided a 96.8 million euro (approximately $102 million) package for economic, political, cultural, and social-cooperation projects. The aid package will cover the 2002-2007 period and assist in poverty reduction and social development initiatives.
- In February 2003, the European Development Fund agreed to a $19.8 million loan to renovate Eritrea's electricity distribution system.

ERITREA

Main Trade Partners, percent of total, 1998

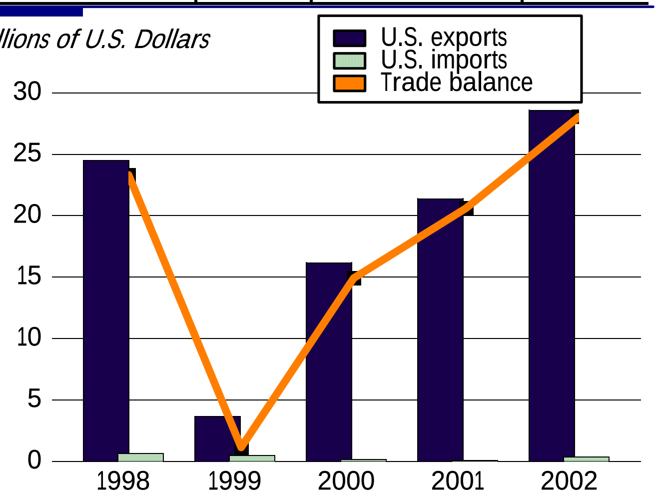
Markets		*Sources*	
Sudan	27.2%	Italy	17.4%
Ethiopia	26.5%	United Arab Emirates	16.2%
Japan	13.2%	Germany	5.7%
United Arab Emirates	7.3%	United Kingdom	4.5%

Main Trade Commodities, US$ million, 1998

Exports		*Imports*	
Crude materials	12.0	Machinery & transport equipment	141.0
Food & live animals	8.0	Manufactured goods	88.0
Manufactured goods	4.0	Food & live animals	63.0
		Chemicals & chemical products	21.0

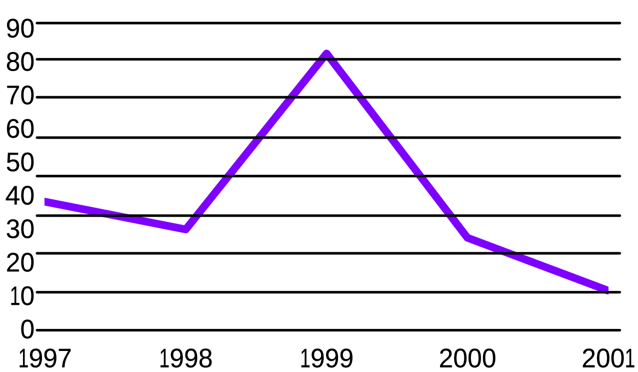
U.S. Trade Balance

Millions of U.S. Dollars



Net Foreign Direct Investment

Millions of U.S. Dollars



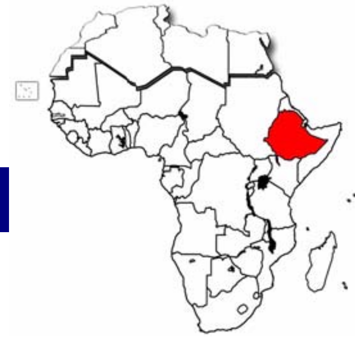
Trade Update

- The need for substantial capital imports for reconstruction efforts, the suspension of trade with Ethiopia (formerly a primary export market), and the need for food and food aid, contributed to the country's trade deficit.
- The government continued efforts to diversify export markets by increasing trade with Sudan, and searching for new markets in East Africa.
- In 2002, U.S. exports to Eritrea consisted primarily of cereals, animal or vegetable oils, and animal or vegetable waxes; and U.S. imports from Eritrea consisted primarily of organic chemicals, raw hides and skins, and essential oils and resinoids. In addition, Eritrea has been designated an AGOA beneficiary country. AGOA (including GSP) imports from Eritrea totaled $11,000 in 2002.

Investment and Privatization Update

- Despite the government's continued efforts to establish a private-sector-led economy, continued conflict with Ethiopia and concerns regarding human rights records have inhibited investment.
- Eritrea continued to expand exploration of potential petroleum and gas reserves. Though underexplored, the mining sector also received some investment. In January 2003, Nevsun Resources (Canada) announced high grade-borehole results.
- In addition to recent civil unrest, numerous conditions for sale and relatively high prices constrained privatization efforts.

ETHIOPIA

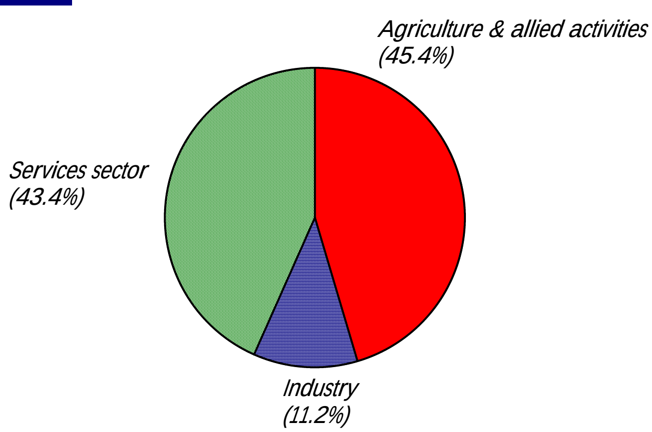


Economic Overview

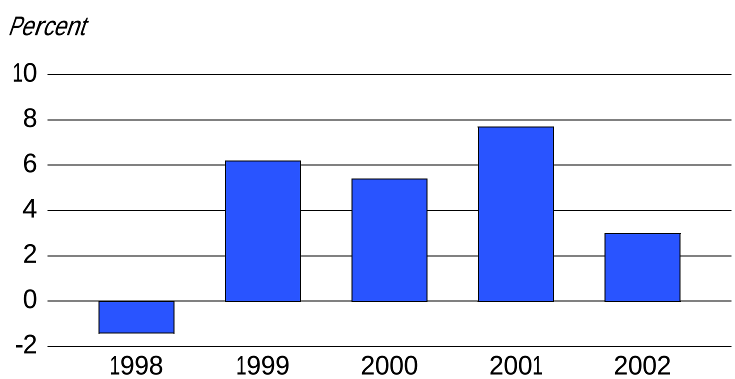
Economic Indicators

	2001	2002	Difference
GDP (nominal, Birr bn)	51.2	50.3	-0.9
GDP (US$ bn)	6.0	5.8	-0.2
CPI Inflation (annual average; %)	-8.1	-7.0	1.1
Goods Exports (US$ mn)	433.0	400.0	-33.0
Goods Imports (US$ mn)	1,626.0	1,715.0	89.0
Trade Balance (US$ mn)	-1,193.0	-1,315.0	-122.0
Current Account balance (US$ mn)	-477.0	-550.0	-73.0
Foreign Exchange Reserves (US$ mn)	433.0	882.0	449.0
Total External Debt (US$ bn)	5.6	6.0	0.4
Debt Service Ratio, paid (%)	18.7	7.4	-11.3
Exchange Rate (Birr/US$)	8.5	8.6	0.1

Origins of GDP (2001)



Real GDP Growth Rate



Economic Update

- The effects of a severe drought in 2002 throughout southern and eastern Africa led to a food deficit in Ethiopia, and dampened economic performance.
- In March 2002, the IMF conducted a second annual review of the PRGF, and disbursed $30 million. Following an interim poverty reduction strategy paper published in early 2001, in August 2002, the government published its full poverty reduction strategy paper. The strategy provides for structural reforms, such as further deregulation of foreign-exchange controls, interest rate liberalization, and increased privatization, and was positively evaluated by the World Bank and IMF. By March 2003, approximately SDR69 million (approximately $94 million) had been disbursed under the PRGF.
- At a Consultative Group meeting in Addis Ababa in December 2002, donors pledge $3.6 billion to cover the mid-2002 to mid-2005 period.
- As part of its agreement with the IMF, the government instituted a value-added tax of 15 percent in January 2003.
- Donor and investor confidence continued to be dampened in 2002 and early 2003 by allegations of corruption.

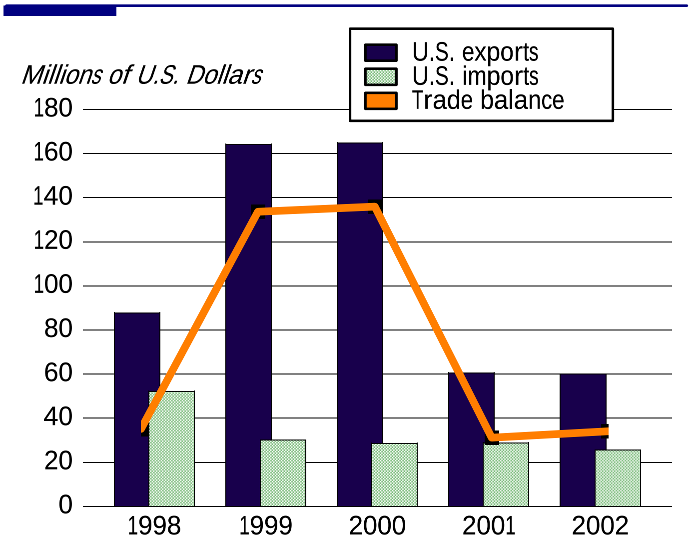
Main Trade Partners, percent of total, 2001

Markets		*Sources*	
Djibouti	13.2	Saudi Arabia	29.3
Italy	9.4	Italy	7.2
Japan	9.2	India	6.7
Saudi Arabia	9.0	United States	4.2

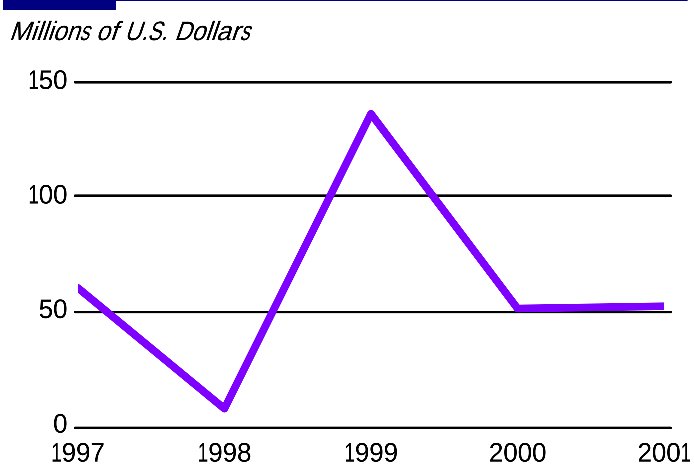
Main Trade Commodities, US$ million, 2001

Exports		*Imports*	
Coffee	171.0	Consumer goods	459.0
Qat	60.0	Capital goods	436.0
Oilseeds	30.0	Fuel	403.0
Pulses	8.0	Semi-finished goods	278.0

U.S. Trade Balance



Net Foreign Direct Investment



Trade Update

- In addition to a regionwide drought, volatile international coffee prices continued to produce erratic coffee export performance.
- Ethiopia's conflict with Eritrea resulted in the loss of access to Eritrea's ports, which had previously accounted for over 65 percent of Ethiopia's merchandise trade. Trade transport was shifted to Djibouti's and Sudan's ports.
- The government continued efforts to diversify export markets by promoting trade links with the Arabian peninsula, Japan, and China.
- In 2002, U.S. exports to Ethiopia consisted primarily of aircraft and parts, milling industry products, machinery and mechanical appliances, and cereals; and U.S. imports from Ethiopia consisted primarily of coffee, tea, spices, oil seeds, and fruits. In addition, Ethiopia has been designated an AGOA beneficiary country, including apparel eligibility. AGOA (including GSP) imports from Ethiopia totaled $2.3 million in 2002.

Investment and Privatization Update

- In early 2002, the government increased efforts to encourage nonresident Ethiopians to invest in the country by reducing bureaucracy and immigration formalities, and aligning their incentives with that of local investors.
- Although approximately 114 state-owned enterprises, ranging from hotel chains to plantations, were slated for privatization between 2001 and 2003, recent civil unrest and administrative uncertainty continued to constrain privatization efforts.
- All state-owned textile plants were slated for privatization in 2002 and 2003.
- Questionable sale circumstances resulted in the reacquisition of a hotel, soap factory, printing press company, and four mills in recent years.

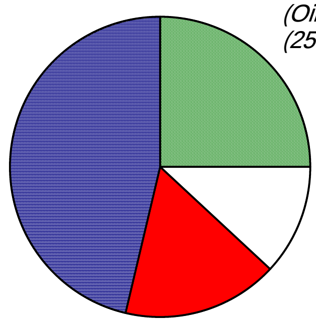
GABON

Economic Overview

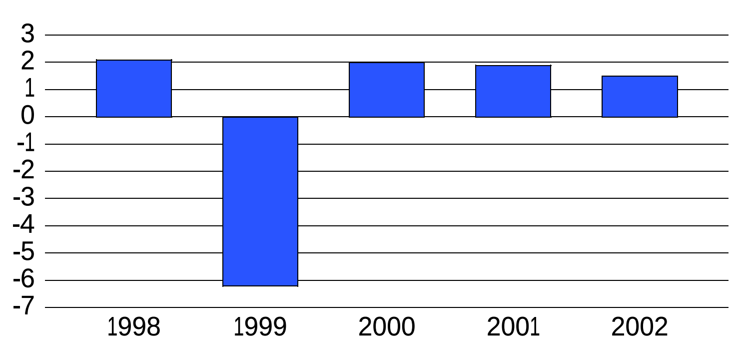
Economic Indicators

	2001	2002	Difference
GDP (nominal, CFAfr bn)	2,712.1	2,788.0	75.9
GDP (US$ bn)	3.7	4.0	0.3
CPI Inflation (annual average; %)	2.1	1.5	-0.6
Goods Exports (US$ mn)	2,631.6	2,497.7	-133.9
Goods Imports (US$ mn)	1,006.4	1,094.9	88.5
Trade Balance (US$ mn)	1,625.2	1,402.8	-222.4
Current Account balance (US$ mn)	-57.4	-247.0	-189.6
Foreign Exchange Reserves (US$ mn)	9.8	140.0	130.2
Total External Debt (US$ bn)	3.9	3.8	-0.1
Debt Service Ratio, paid (%)	20.9	19.8	-1.1
Exchange Rate (CFAfr/US$)	733.0	697.0	-36.0

Origins of GDP (2001)



Real GDP Growth Rate



Economic Update

- Gabon's economic performance remains highly dependent on the petroleum sector, and, consequently, vulnerable to international petroleum prices.
- Economic development and diversification continued to be inhibited by inadequate institutional and social infrastructure, high communication costs, small market size, and large distances between local producers and markets.
- In July 2002, Gabon was linked to an international fiber optic cable linking Europe and India via the African coastline. This access is expected to substantially increase telecommunications capacity.
- In order to provide a reliable water supply to the capital, the national water utility invested $15.3 million in a water processing unit in 2003.
- Sluggish progress toward the privatization of state assets contributed to the disbursement of only SDR13.22 million (approximately $18 million) of stand-by credit by April 2002 from the IMF. In late 2002, the government reinforced its commitment to economic reforms by formulating a more realistic 2003 budget, improving expenditure management, establishing new anticorruption laws, strengthening tax and customs administration, advancing privatization plans, and auditing petroleum companies.
- In September 2002, the United States pledged $53 million for the environmental initiative, the Congo Basin Forest Partnership, which will establish forestry reserves in the region for research and tourism.
- In January 2003, the European Commission granted Gabon 35 million euro (approximately $36.7 million) to reduce the environmental impact of mining projects.

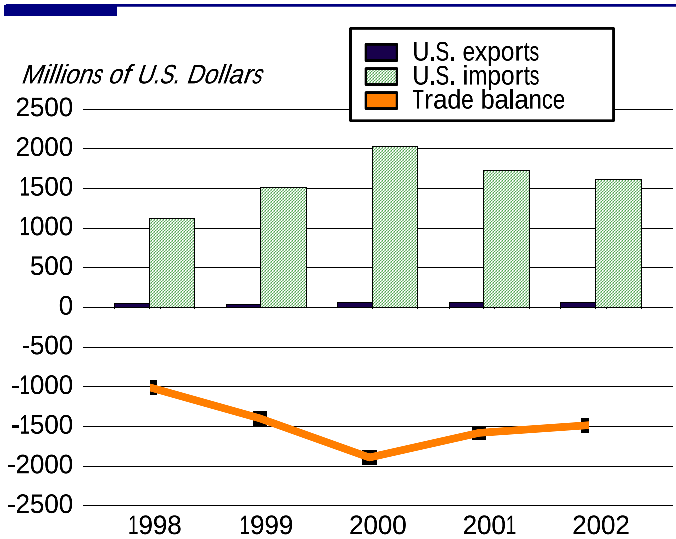
Main Trade Partners, percent of total, 2000

Markets		*Sources*	
United States	50.2	France	64.8
France	17.1	United States	5.1
China	7.7	Belgium	4.2
Netherland Antilles	4.3	Netherlands	2.5

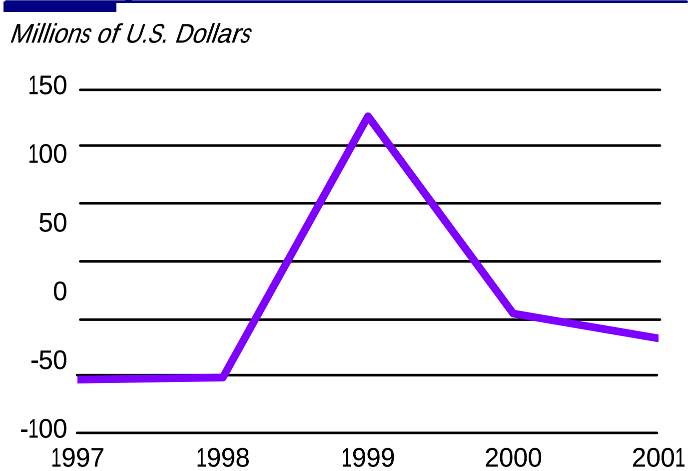
Main Trade Commodities, US$ million, 2001

Exports		*Imports*	
Petroleum (crude)	2,046.0	Machinery and mechanical appliances	184.4
Timber	324.0	Prepared food stuff	170.1
Manganese	118.0	Consumption goods	151.8

U.S. Trade Balance



Net Foreign Direct Investment



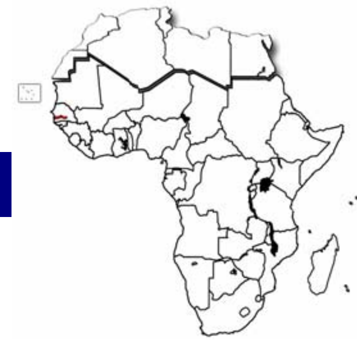
Trade Update

- Gabon's main export product is petroleum. Despite continued efforts by the government via licensing rounds to encourage exploration, petroleum output continued to decline because of the depletion of existing reserves. In mid-2003, the government signed a 10-year exploration and production-sharing contract with Elf Gabon, Elf Aquitaine, Amerade Hess Production Gabon, and Shell Gabon, which is expected to involve a $150 million investment and to increase onshore petroleum production.
- Forestry products are one of Gabon's main sources of foreign exchange. A new forestry code, approved in early 2002, encouraged investment in physical capital and timber processing. Faced by stagnating international prices for processed wood as well as increased export taxes in 2002, SNBG, the timber company jointly owned by the state and private forestry companies, applied new quality quotas and strengthened measures to reduce fiscal evasion. In early 2003, forestry companies suspended operations to protest the introduction of a new tax in the 2003 budget, suggested by the IMF.
- In 2002, the government launched a tender for the management of the export processing zone at Port-Gentil.
- In 2002, U.S. exports to Gabon consisted primarily of machinery and mechanical appliances, meat, and electrical machinery and equipment; and U.S. imports from Gabon consisted primarily of mineral fuels and oils; ores, slag, and ash; and organic chemicals. In addition, Gabon has been designated an AGOA beneficiary country. AGOA (including GSP) imports from Gabon totaled $1.1 billion in 2002.

Investment and Privatization Update

- The government continued efforts to restructure the national airline company prior to privatization. The government announced the possibility of integrating its privatization plans with the January 2003 CEMAC pledge to create a regional airline.
- The government decided to split the national postal and telecommunications services with a plan to maintain state control of the postal services. The telecommunications branch received a bid in November 2002 and the government plans to privatize it in 2003.
- Other firms targeted for privatization include the railway (OCTRA), the electricity and water utilities (SEEG), and the telecommunications company (OPT).

THE GAMBIA

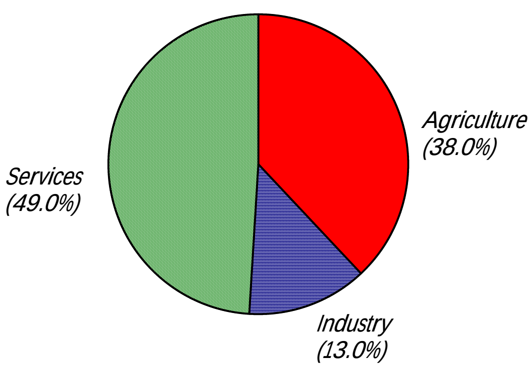


Economic Overview

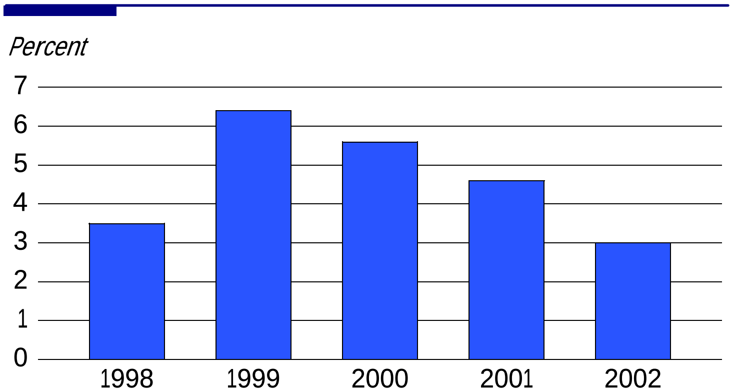
Economic Indicators

	2001	2002	Difference
GDP (nominal, D bn)	88.6	121.4	32.8
GDP (US$ mn)	5,641.0	6,130.0	489.0
CPI Inflation (annual average; %)	4.3	5.5	1.2
Goods Exports (US$ mn)	146.0	138.0	-8.0
Goods Imports (US$ mn)	226.0	225.0	-1.0
Trade Balance (US$ mn)	-80.0	-87.0	-7.0
Current Account balance (US$ mn)	-23.0	-22.0	1.0
Foreign Exchange Reserves (US$ mn)	106.0	103.0	-3.0
Total External Debt (US$ mn)	476.0	n/a	n/a
Debt Service Ratio, paid (%)	n/a	n/a	n/a
Exchange Rate (D/US$)	15.7	19.8	4.1

Origins of GDP (2000)



Real GDP Growth Rate



Economic Update

- In July 2002, the IMF agreed to a $27 million PRGF to run until the end of 2005. Under the program, the government committed to tightening monetary policy, broadening the tax base, encouraging income activities in the agricultural, tourism, and trade sectors, and improving education and health services. This action set up the foundation for possible inclusion in the HIPC initiative program.
- The World Bank's International Development Association approved a $16 million loan to finance the government's Gambia Trade Project.

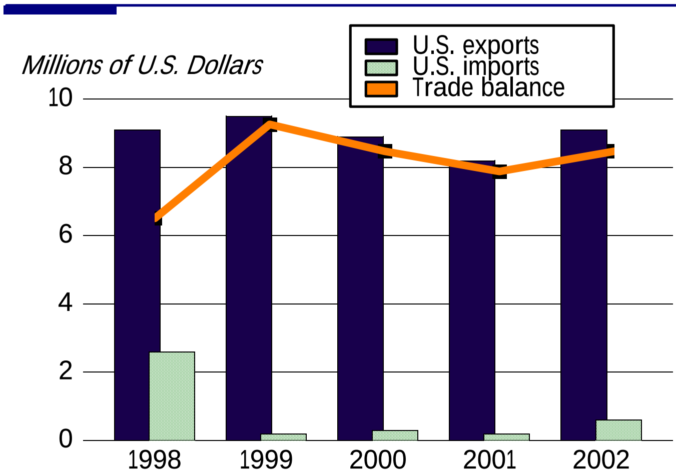
Main Trade Partners, percent of total, 2001

Markets		*Sources*	
Belgium-Luxembourg	14.8	China (incl. Hong Kong)	59.2
Brazil	8.1	United Kingdom	19.6
Netherlands	6.5	Netherlands	15.1
United Kingdom	5.3	Brazil	14.1

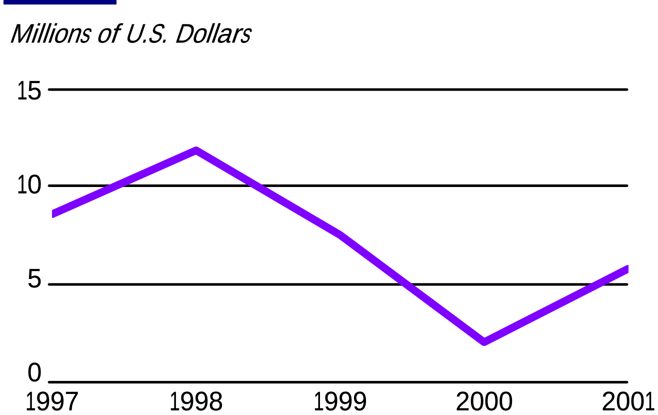
Main Trade Commodities, US$ million, 1999

Exports		*Imports*	
Re-exports	104.0	Food & beverages	89.4
Groundnut products	10.0	Manufactures	53.8
Fish & fish preparations	3.1	Machinery & transport equipment	46.5
		Minerals & fuel	12.4

U.S. Trade Balance



Net Foreign Direct Investment



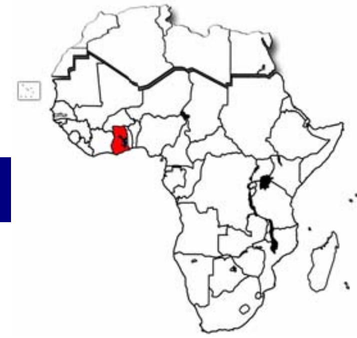
Trade Update

- In July 2002, Afrinat International Airlines (U.S.) began flights between The Gambia and New York. The service could increase American tourism to, and trade with, The Gambia. In an effort to develop and promote tourism, the government launched The Gambia Tourism Authority in April 2002.
- The Gambia Trade Project, funded by the World Bank, aims to develop a competitive export processing center in the country. It involves four separate projects: the development of a free port at Banjul to provide storage, warehousing, and transshipment services; the establishment of an export processing zone; the creation of a special economic zone to develop industrial, commercial, agroprocessing, and other businesses reliant on air transport; and the establishment of a company to provide information processing services.
- As a result of the civil unrest in Côte d'Ivoire, which disrupted trade routes for landlocked Mali, Mali and The Gambia came to an agreement in early 2003 providing Mali with access to The Gambia's ports.
- In 2002, U.S. exports to The Gambia consisted primarily of meat, machinery and mechanical appliances, and cotton products; and U.S. imports from The Gambia consisted primarily of oil seeds and fruit, machinery and mechanical appliances, and optical or medical instruments and apparatus. In addition, The Gambia has been designated an AGOA beneficiary country. AGOA (including GSP) imports from The Gambia totaled $24,000 in 2002.

Investment and Privatization Update

- Petroleum exploration efforts continued in 2002. In 2002, Fusion Oil (UK-Australia) confirmed a petroleum production license with the government, and, in 2002, was finalizing analysis of collected data.
- The privatization of state-owned enterprises continued at a slow pace. Although several firms, including the printing and stationary company, the telecommunications company, and two groundnut processing plants were slated for privatization, the government has yet to establish a definite timetable for the sale of assets.

GHANA

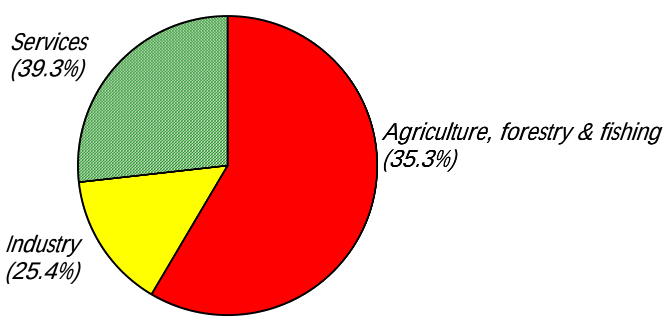


Economic Overview

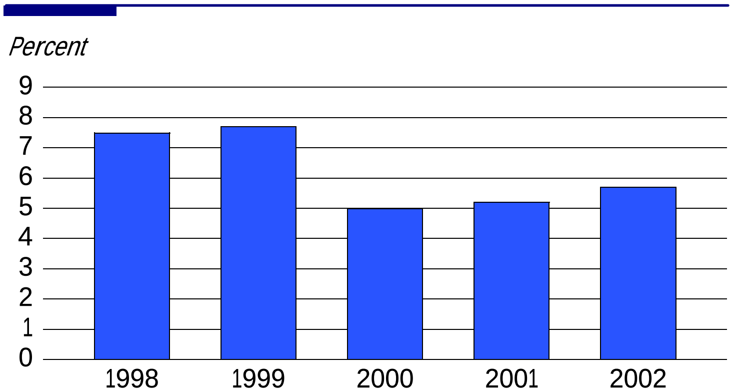
Economic Indicators

	2001	2002	Difference
GDP (nominal, C bn)	37,288.2	45,216.4	7,928.2
GDP (US$ bn)	5.2	5.7	0.5
CPI Inflation (annual average; %)	19.7	20.2	0.5
Goods Exports (US$ mn)	1,867.2	2,063.9	196.7
Goods Imports (US$ mn)	2,968.5	2,705.1	-263.4
Trade Balance (US$ mn)	-1,101.3	-641.2	460.1
Current Account balance (US$ mn)	387.2	-45.7	-432.9
Foreign Exchange Reserves (US$ mn)	298.2	500.0	201.8
Total External Debt (US$ bn)	6.9	7.2	0.3
Debt Service Ratio, paid (%)	13.2	12.0	-1.2
Exchange Rate (C/US$)	7,170.8	7,932.7	761.9

Origins of GDP (2000)



Real GDP Growth Rate



Economic Update

- The government's State of the Ghanaian Economy report characterized the performance of the economy as inhibited by low productivity and continued dominance of the traditional export sector.
- In mid-2002, the government purchased rights to access the Submarine Fiber-Optic Cable Project, which will provide direct communications services from Ghana to most African states, as well as broadband communication services and products.
- In January 2003, the heads of state of Benin, Ghana, Nigeria, and Togo signed a 20-year treaty establishing a single regulatory authority for, and harmonizing the fiscal and legal framework of, the planned $500 million West African Gas Pipeline. The pipeline will be used to transport Nigerian gas to Benin, Ghana, and Togo.
- Aspects of the government's 2002 budget priorities include strengthening revenue collection and administration through the creation of a National Tax Audit Team; finalizing the transitional pricing policy for electricity and water, and preparing a timetable for full cost recovery; providing subsidies to utility companies to reduce expected losses; encouraging competition in crude petroleum purchases; implementing fast-track-sale of 12 state-owned companies, including Ghana Telecom and Coca Cola Ghana; and eliminating several import taxes.
- The government's 2003 budget continued to focus on maintaining a stable macroeconomic environment, accelerating the implementation of the Ghana Poverty Reduction Strategy, and increasing spending on education and healthcare.
- In 2002, the government resumed payment of arrears to the construction industry, encouraging expansion of the sector.
- In October 2002, Ghana and the EU signed a 5-year Country Strategic Paper and Indicative Program under which the EU will provide 311 million euro (approximately $325 million) to finance road transport and capacity-building initiatives.
- In mid-2003, the government and the IMF agreed to a 3-year, $258 million PRGF aimed at improving fiscal performance, restructuring the utility pricing system, and modernizing the financial sector. The government continued to make progress with the HIPC program. When completed, Ghana is expected to average about $200 million in debt savings per year after a substantial write-off of its debt stock.

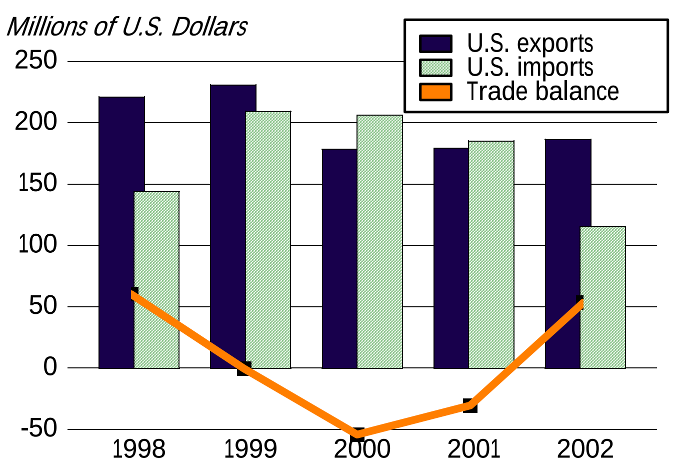
Main Trade Partners, percent of total, 2001

Markets		*Sources*	
Netherlands	11.5	Nigeria	20.2
United States	10.0	United Kingdom	7.1
United Kingdom	9.4	United States	6.9
Germany	6.0	Côte d'Ivoire	5.6

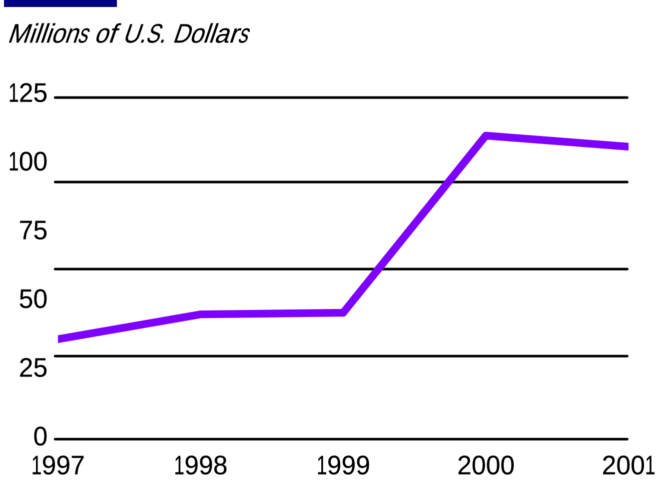
Main Trade Commodities, US$ million, 2002

Exports		*Imports*	
Gold	698.1	Non-oil	2,197.0
Cocoa beans & products	463.4	Oil	508.1
Timber & products	182.7		

U.S. Trade Balance



Net Foreign Direct Investment



Trade Update

- The Export Development Investment Fund, created in 2001, began operations in June 2002 by announcing plans to encourage commercial activities by disbursing funds collected from privatizations and taxes on nonpetroleum imports. The agency's main roles include: developing and promoting products for export; building market research and infrastructure capacity; expanding public and private sector export-oriented activities; developing and promoting entrepreneurial activities; and providing credit, export insurance, refinancing, and credit guarantees.
- The government established two Presidential Special Initiatives for the garment and cassava industries. The garment initiative is aimed at improving the capacity of the Ghanaian textile and apparel manufactures by providing training and technical assistance to assist producers in manufacturing and exporting textile and apparel products. The cassava initiative is aimed at promoting village enterprises by encouraging farmers to own shares in community enterprises that manufacture starch for export.
- In 2002, U.S. exports to Ghana consisted primarily of machinery and mechanical appliances, cereals, and vehicles and parts; and U.S. imports from Ghana consisted primarily of wood and products, mineral fuels and oils, and cocoa. In addition, Ghana has been designated an AGOA beneficiary country, including apparel eligibility. AGOA (including GSP) imports from Ghana totaled $34.8 million in 2002.

Investment and Privatization Update

- In early 2003, Gold Fields (South Africa) announced plans to invest more than $27 million primarily in its Tarkwa gold mine in Ghana.
- In early 2003, Newmont (U.S.), which acquired mines from Normandy Mining (Australia) in 2002, announced plans to invest $450 million in two Ghanaian mines. These mines represented Newmont's first significant investment in Africa.
- Although the government remained committed to continuing Ghana's privatization program, charges of corruption, fraud, and lack of transparency have negatively affected recent sales. Consequently, the government decided to conduct a financial and managerial audit of the Divestiture and Implementation Committee prior to continuing with other privatization plans. In mid-2003, the government directed the Divestiture and Implementation Committee to accelerate the sale of state-owned assets and government joint venture shares.
- Ghana's 2002 budget included provision for the sale of 12 state-owned enterprises, including Ghana Telecom and Coca Cola Ghana.
- In October 2002, the government sold 25 percent of its ownership stake (through the Ghana Stock Exchange) in the Cocoa Processing Company, which processed cocoa beans into finished and semifinished products. Privatization of the Cocoa Processing Company was a significant component in the government's overall strategy for restructuring the cocoa industry. In early 2003, the Ghana Cocoa Board increased its purchase price for cocoa by 37 percent in an attempt to reduce smuggling to Côte d'Ivoire where producer prices are generally higher.
- In early 2003, Ghana Telcom signed a 3-year management services agreement with Telnor (Norway) to upgrade and manage the telecommunications network.

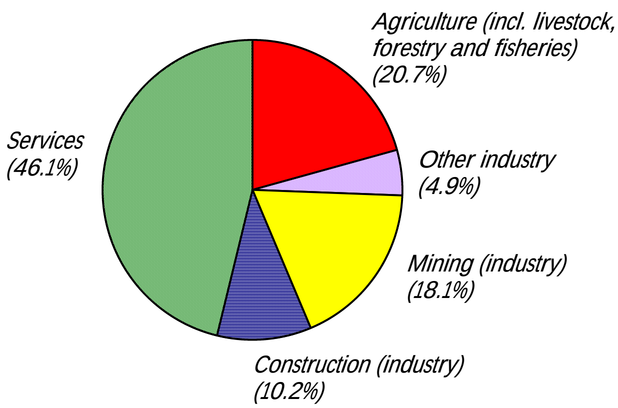
GUINEA

Economic Overview

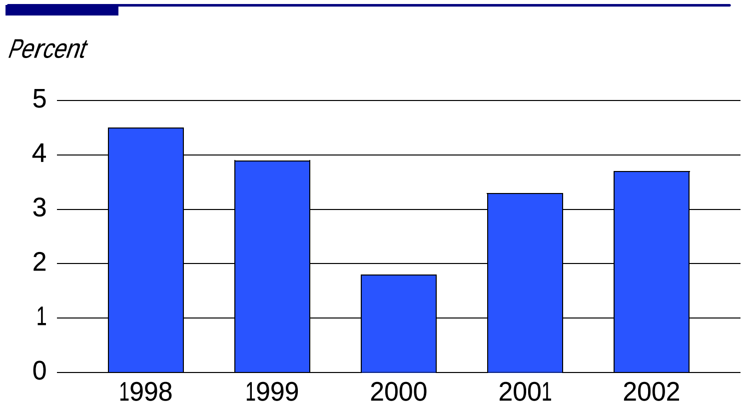
Economic Indicators

	2001	2002	Difference
GDP (nominal, Gnf bn)	5,915.0	6,502.0	587.0
GDP (US$ bn)	3.0	3.3	0.3
CPI Inflation (annual average; %)	9.6	6.0	-3.6
Goods Exports (US$ mn)	731.0	750.0	19.0
Goods Imports (US$ mn)	562.0	580.0	18.0
Trade Balance (US$ mn)	169.0	170.0	1.0
Current Account balance (US$ mn)	-102.4	-130.0	-27.6
Foreign Exchange Reserves (US$ mn)	200.0	170.0	-30.0
Total External Debt (US$ mn)	n/a	n/a	n/a
Debt Service Ratio, paid (%)	n/a	n/a	n/a
Exchange Rate (Gnf/US$)	1,951.0	1,975.0	24.0

Origins of GDP (2001)



Real GDP Growth Rate



Economic Update

- The government established a development agency, AGETIP, tasked with assisting local communities to identify and fund public sector construction projects to be carried out by small-scale, labor-intensive local enterprises.
- Progress on the 3-year PRGF, agreed to in May 2001, was relatively slow. Following a meeting at the World Bank to review Guinea's poverty reduction strategy paper, completed in January 2002, the IMF granted $17 million of support under the program in August 2002. Guinea also received $3.6 million in additional interim assistance under the HIPC initiative to cover debt-service payments.
- In late 2002, the EU announced a 5-year, $217 million development aid package for Guinea. The funding, aimed at supporting Guinea's 5-year poverty reduction strategy, will come from the European Development Fund under the terms of the Cotonou Convention.
- The World Bank, France, and the United States also funded Guinea's poverty reduction strategy with pledges of $232 million, $150 million, and $122 million, respectively.

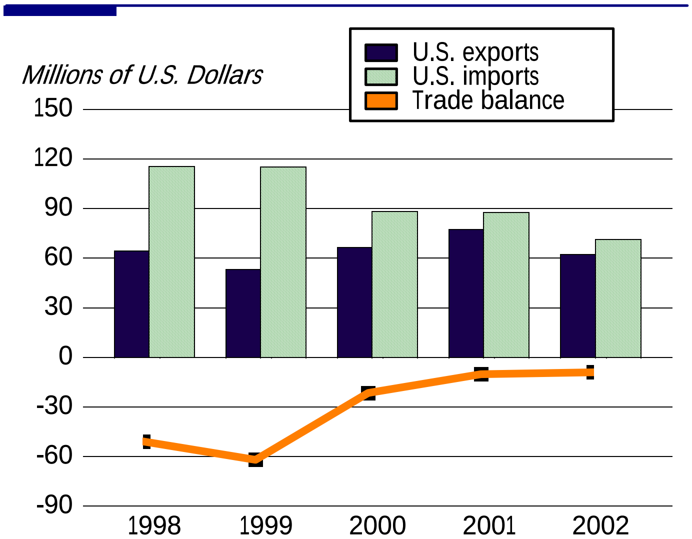
Main Trade Partners, percent of total

Markets (2001)		*Sources (2000)*	
Belgium	16.4	France	15.9
United States	10.9	United States	11.5
Spain	10.4	Côte d'Ivoire	8.6
France	8.8	Belgium	7.7

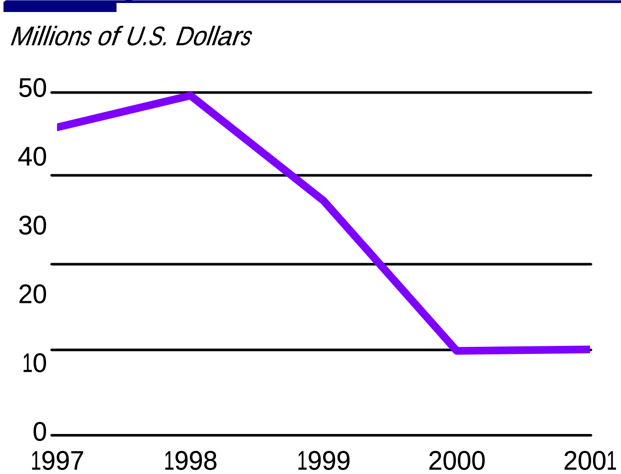
Main Trade Commodities, US$ million

Exports (1999)		*Imports (2001)*	
Bauxite	285.0	Intermediate & capital goods	340.0
Gold	119.0	Food products	124.0
Aluminum	94.0	Petroleum products	82.0
Diamonds	24.0	Other	100.0

U.S. Trade Balance



Net Foreign Direct Investment



Trade Update

- Guinea's trade profile remained heavily concentrated in the mining sector. Guinea has almost half of the world's stock of bauxite and is the second largest global producer of the ore. The government continued to encourage value-added operations to produce alumina and aluminum from bauxite in order to expand export earnings.
- Guinea was one of 20 African countries that filed a complaint in July 2002 with the World Trade Organization alleging unfair competition by developed countries in the cotton sector.
- In 2002, U.S. exports to Guinea consisted primarily of machinery and mechanical appliances, mineral fuels and oils, and mineral waxes; and U.S. imports from Guinea consisted primarily of ores, slag, and ash; precious or semiprecious stones and metals; and coffee, tea, and spices. In addition, Guinea has been designated an AGOA beneficiary country. AGOA (including GSP) imports from Guinea totaled $68,000 in 2002.

Investment and Privatization Update

- The bulk of foreign-exchange earnings is derived from the mining sector, but its share of economic output continued to decline because of low investment levels and low international prices. Several companies have announced investment and development of value-added products, which may counter this declining trend.
- In mid-2002 RusAl (Russia) announced a possible investment in the aluminum sector. RusAl, the world's second largest aluminum producer, announced the possible construction of an aluminum smelter in Guinea after it won rights to a mine at Dian-Dian. The refinery would allow RusAl to process bauxite into alumina in Guinea's relatively cheaper operating environment. The Boke Alumina Corporation refinery (U.S.-Japan) continued plans for a $2.1 billion alumina factory and associated bauxite mine.
- In early 2002, Semafo (Canada) began mining gold at Kiniero and reported that production had exceeded targets. In July 2002, SearchGold (Canada) announced that it had raised $200,000 to fund exploration of its diamond concession at Mandala where alluvial sediments will be examined for traces of diamond. Also in mid-2002, Cassidy Gold (Canada) agreed to purchase 100 percent of the private interest in a 240-square-kilometer gold exploration permit.
- The government continued to control some enterprises in the energy sector. The government continued plans to divest a 49 percent share of the country's largest bauxite mining company (CBG).
- In mid-2002, the government dissolved Air Guinea, preparing the way for the transfer of assets to Futurelec. The World Bank opposed the sale because of a lack of transparency in the privatization process.

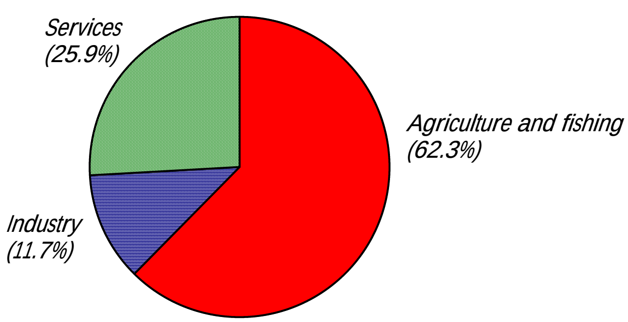
GUINEA-BISSAU

Economic Overview

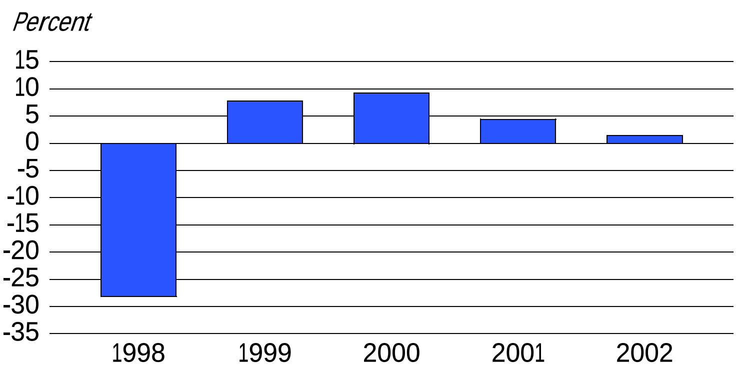
Economic Indicators

	2001	2002	Difference
GDP (nominal, CFAfr bn)	148.8	157.8	9.0
GDP (US$ mn)	203.8	231.0	27.2
CPI Inflation (annual average; %)	5.0	4.0	-1.0
Goods Exports (US$ mn)	68.0	71.0	3.0
Goods Imports (US$ mn)	58.0	59.0	1.0
Trade Balance (US$ mn)	10.0	12.0	2.0
Current Account balance (US$ mn)	28.0	30.0	2.0
Foreign Exchange Reserves (US$ mn)	69.5	84.4	14.9
Total External Debt (US$ mn)	n/a	n/a	n/a
Debt Service Ratio, paid (%)	n/a	n/a	n/a
Exchange Rate (CFAfr/US$)	733.0	696.9	-36.1

Origins of GDP (1999)



Real GDP Growth Rate



Economic Update

- Economic development continued to be hindered by social instability, small local market size, weak development of rural markets, inadequate infrastructure, lack of skilled labor, and low levels of investment. Consequently, little progress was made in poverty reduction, economic diversification, and investment in public infrastructure. In early 2002, the civil unrest contributed to the withdrawal of a Portugese bank from Guinea-Bissau, and resulted in a weakened financial sector suffering from decapitalization and an increase in nonrecoverable loans.
- Guinea-Bissau's economic policies historically have been funded by the World Bank and IMF, and have aimed at macroeconomic stabilization and structural reform. Government economic policy has also focused on reducing the fiscal deficit, removing price controls, reforming the public sector, and strengthening the role of private enterprises. Economic reform programs have been periodically suspended because of the government's failure to meet economic or fiscal targets. Political instability has also contributed to the government's struggle to meet agreed-upon targets and expenditure controls.
- In March 2002, the World Bank approved a Private Sector Rehabilitation and Development project. The project aims to increase investment in, as well as competitiveness of and participation in, the private sector.
- Although the IMF had suspended funding for the PRGF, the IMF agreed to an interim program with the government designed to allow for the resumption of the PRGF.

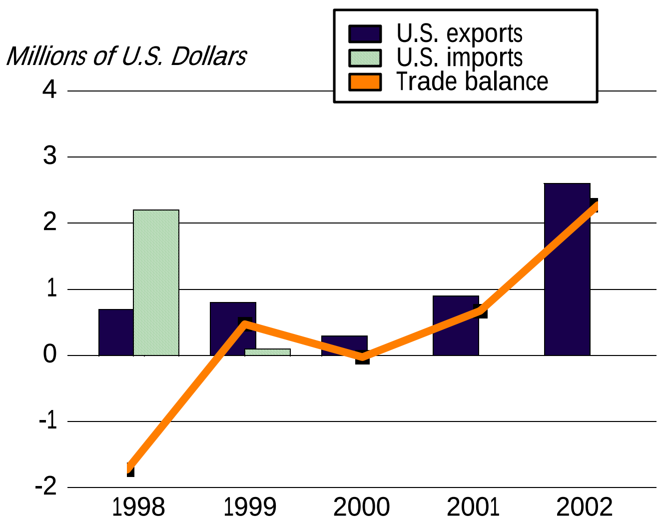
Main Trade Partners, percent of total, 2001

Markets		*Sources*	
Uruguay	40.7	Portugal	22.9
Thailand	27.9	Senegal	15.6
India	25.7	China	10.4
Portugal	1.4	Taiwan	5.2

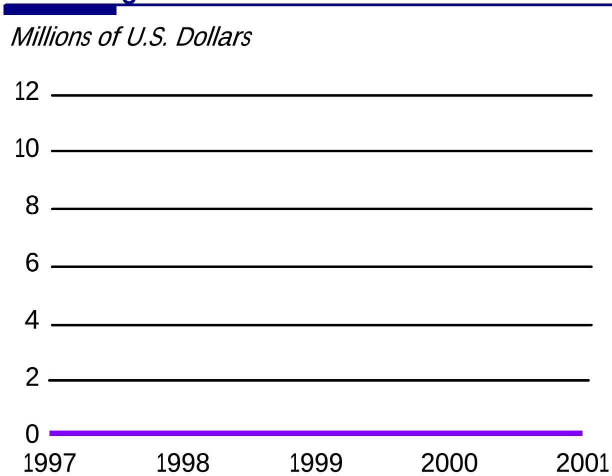
Main Trade Commodities, US$ million,

Exports (1998)		*Imports (1999)*	
Cashew nuts	22.9	Foodstuffs	19.8
Fish & shrimp	0.5	Petroleum products	6.4

U.S. Trade Balance



Net Foreign Direct Investment

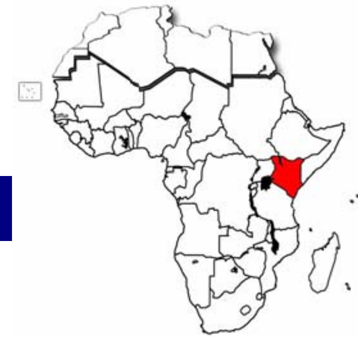


Trade Update

- In 2002, U.S. exports to Guinea-Bissau consisted primarily of animal or vegetable oils, organic and inorganic chemicals and compounds, and vehicles and parts. U.S. imports from Guinea-Bissau consisted primarily of live animals, electrical machinery and equipment, and fish and crustaceans. In addition, Guinea-Bissau has been designated an AGOA beneficiary country.

Investment and Privatization Update

- In cooperation with the state petroleum company, Premier Oil (United Kingdom) announced plans to explore three blocks off of the Guinea-Bissau coast. Exploration remained at the early stages, without clear evidence of commercially viable deposits.
- A far-reaching privatization program, which extended from 1990 to 1998, resulted in the privatization of most state companies. The major companies still slated for privatization include public infrastructures and utility companies, such as the electric company, water company, and airport. The privatization council appointed to oversee the restructuring of parastatals in preparation for sale resumed activity after the restoration of peace. The government continued to explore the introduction of private-sector participation in the management or ownership of state-owned companies.
- In preparation for privatization, the state timber company was separated into four separate companies.
- The government announced plans to liberalize the telecommunications sector. It also introduced plans to extend the telephone network to the entire country, to introduce a cellular telephone service, and to develop Internet services with USAID funding.
- Although there are plans to privatize the state power utility, little progress was made, contributing to continued poor performance and frequent power outages.



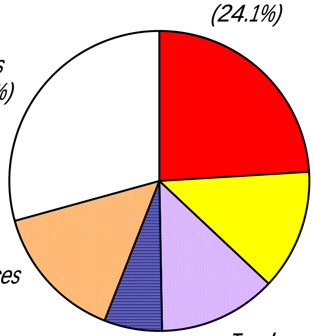
KENYA

Economic Overview

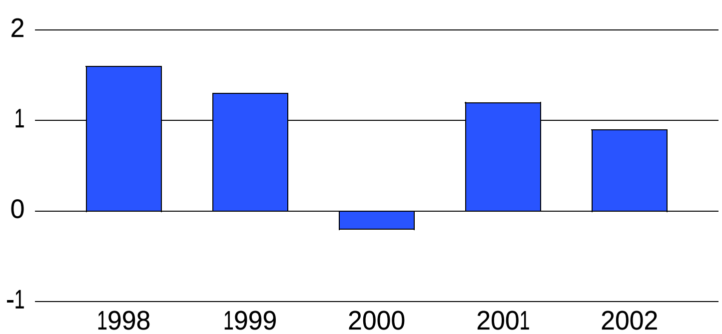
Economic Indicators

	2001	2002	Difference
GDP (nominal, KSh bn)	895.3	906.0	10.7
GDP (US$ bn)	11.4	11.5	0.1
CPI Inflation (annual average; %)	5.7	1.9	-3.8
Goods Exports (US$ mn)	1,894.0	2,117.7	223.7
Goods Imports (US$ mn)	3,176.1	2,974.9	-201.2
Trade Balance (US$ mn)	-1,282.1	-857.2	424.9
Current Account balance (US$ mn)	-317.9	-203.0	114.9
Foreign Exchange Reserves (US$ mn)	1,064.9	1,068.0	3.1
Total External Debt (US$ bn)	5.9	5.6	-0.3
Debt Service Ratio, paid (%)	11.8	11.0	-0.8
Exchange Rate (KSh/US$)	78.6	78.8	0.2

Origins of GDP (2001)



Real GDP Growth Rate



Economic Group

- The IMF's April 2002 Article IV consultation cited erratic macroeconomic policies and the slow pace of structural reform for below-potential economic performance over the past decade. The report, nevertheless, commended the government for achieving a certain degree of macroeconomic stability in recent years, especially in light of the increasing social and economic burden of HIV/AIDS.
- Improved weather conditions in 2002 contributed to an increase in agricultural output.
- The tourism sector continued to struggle following terrorist attacks in Mombasa in November 2002, and a British ban on commercial flights to and from Kenya in mid-2003 imposed following warnings of possible terrorist attacks. In mid-2003, the IMF approved a $108 million assistance package to aid Kenya following the terrorist attacks and the resulting negative impact of flight bans.
- Exports, some of which were AGOA-related, suffered a setback in early 2003 when a series of strikes halted operations at Kenya's Export Processing Zones, resulting in a 2-day closure and disruption of export orders.
- A substantial change in the new government's economic policy is its commitment to tackle corruption by undertaking several initiatives including reforming the judiciary, establishing a board to oversee the privatization process, and creating an assets disclosure database.
- In 2003, the IMF and the government began negotiations on a new Poverty Reduction and Growth Program.

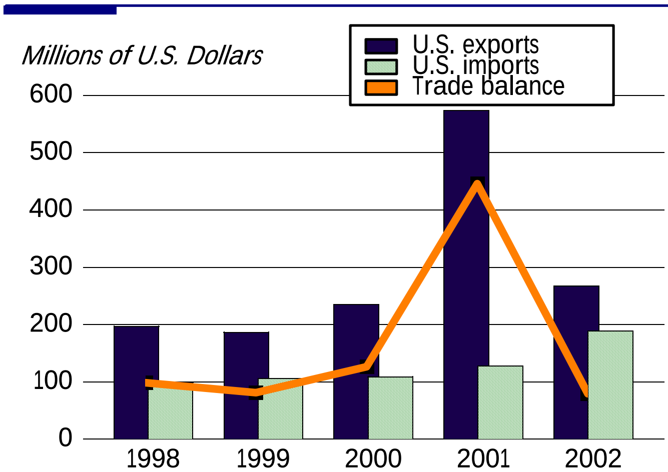
Main Trade Partners, percent of total, 2001

Markets		*Sources*	
United Kingdom	13.5	United Kingdom	12.0
Tanzania	12.5	United Arab Emirates	9.8
Uganda	12.0	Japan	6.5
Germany	5.5	India	4.4

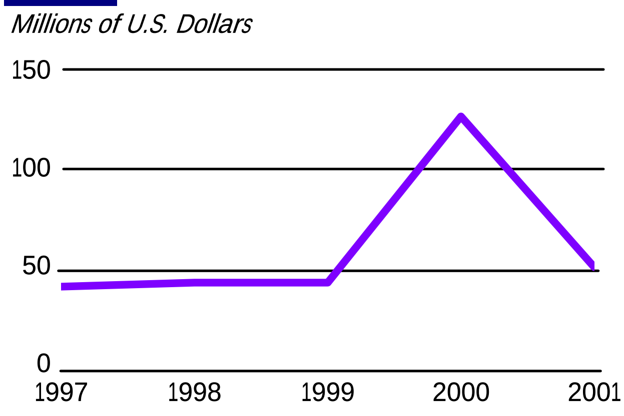
Main Trade Commodities, US$ million, 2001

Exports		*Imports*	
Tea	439.0	Industrial machinery	484.0
Horticultural products	253.0	Crude petroleum	397.0
Petroleum products	157.0	Refined petroleum products	331.0
Coffee	95.0	Motor vehicles	185.0

U.S. Trade Balance



Net Foreign Direct Investment



Trade Update

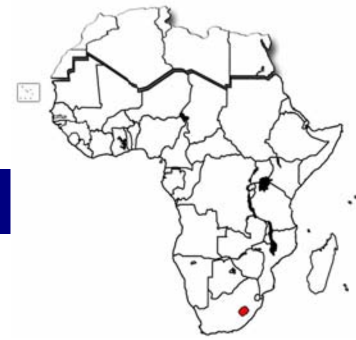
- Regional trade continued to increase, especially with Comesa and EAC countries. While trade with the EU is dominated by primary products, trade with regional countries consisted primarily of manufactured goods.
- In late 2002, the state-owned Kenya Railway Corporation and the Export Processing Zones Authority announced plans to set up a joint venture to build a railway extension from the Mombasa-Nairobi line to the EPZ factories in Athi River. The railway extension is expected to address concerns of loss of business as a result of inadequate road infrastructure in the region.
- After a request from Kenya in early 2003, Comesa granted Kenya a 1-year extension on import tariffs on wheat-flour and sugar. Kenya claimed that the tariff was necessary to protect the subsectors from dumping.
- Under the AGOA program, Kenya's textile and apparel exports have increased. The Kenya Association of Manufacturers estimated that approximately 40,000 jobs were created in the sector over the past 2 years. Bedi Investments reported doubling its employment since it began exporting products to the United States.
- In 2002, U.S. exports to Kenya consisted primarily of aircraft and parts, machinery and mechanical appliances, and milling industry products; and U.S. imports from Kenya consisted primarily of knitted and nonknitted apparel, and coffee, tea, and spices. In addition, Kenya has been designated an AGOA beneficiary country, including apparel eligibility. AGOA (including GSP) imports from Kenya totaled $129.2 million in 2002.

Investment and Privatization Update

- In July 2002, the government granted an environmental permit to Tomin (Canada) allowing it to continue with plans to develop a titanium mine. The $120-140 million mining project is the largest since independence, and is expected to begin production in 2004.
- In late 2002, AfriOre (Barbados) was granted a gold-prospecting license in Western Kenya, and the company begun a $1.3 million drilling program to explore this, and other, mining properties in Kenya.
- In early 2003, Coca Cola (U.S.) invested $8.2 million in facilities to produce a new noncarbonated drink in Kenya. The company will be jointly owned by Coca Cola and its eight franchised Kenyan bottlers.
- In early 2003, Kenya Airways announced plans to purchase a 49 percent stake in Precision Air (Tanzania) allowing it to list on the Dar es Salaam stock exchange and to serve a number of major urban centers.
- A main condition for resumption of IMF lending is the privatization of Telkom Kenya, which originally went out to tender in April 2000. The government reaffirmed its commitment to privatizing the company. In early 2002, however, talks with Mount Kenya Consortium fell through.
- In June 2002, the government implemented the provision of the new Coffee Act, replacing the Coffee Board of Kenya with a new organization responsible only for regulating the industry. The act is aimed at providing farmers with the ability to choose marketing agents and to increase earnings by reducing deductions and receiving more timely payments.
- Privatization plans, in the form of subcontracting, continued for container terminal operations at Mombasa harbor and airport operations.

LESOTHO

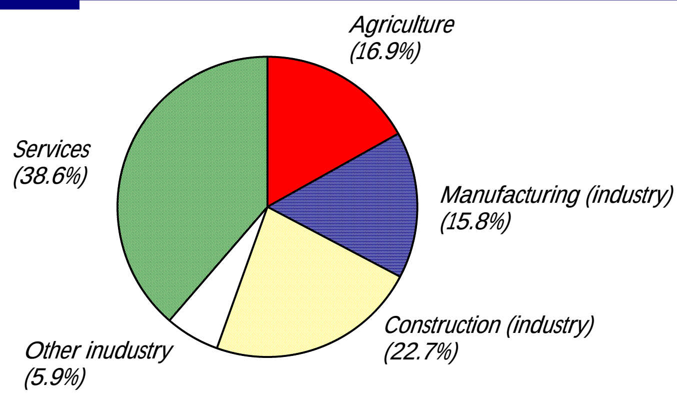
Economic Overview



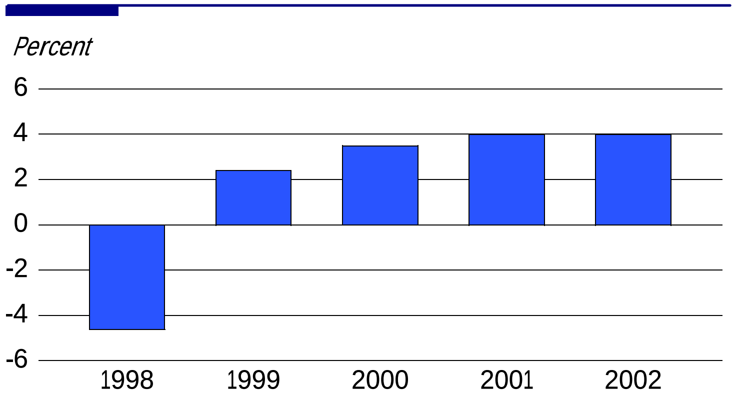
Economic Indicators

	2001	2002	Difference
GDP (nominal, M bn)	7.1	8.1	1.0
GDP (US$ mn)	820.9	767.2	-53.7
CPI Inflation (annual average; %)	6.9	11.9	5.0
Goods Exports (US$ mn)	282.0	422.0	140.0
Goods Imports (US$ mn)	676.0	738.0	62.0
Trade Balance (US$ mn)	-394.0	-316.0	78.0
Current Account balance (US$ mn)	-94.0	-60.0	34.0
Foreign Exchange Reserves (US$ mn)	386.0	400.0	14.0
Total External Debt (US$ mn)	725.5	735.0	9.5
Debt Service Ratio, paid (%)	10.5	11.0	0.5
Exchange Rate (M/US$)	8.6	10.5	1.9

Origins of GDP (2001)



Real GDP Growth Rate



Economic Update

- As part of its efforts to strengthen tax administration, and in accordance with its IMF program, the government launched the Lesotho Revenue Authority in September 2002. The launching of the Authority includes the consolidation of various taxes and the representation of the private sector on the board to ensure its autonomy. The establishment of the Authority also opened the way for the introduction of a value-added tax, originally scheduled for April 2002, to be established in mid-2003.
- Telecommunications services are expected to improve and the sector is expected to experience increased competition after the May 2002 launch of a cellular subsidiary by TeleCom Lesotho.
- In 2002, as part of its IMF program, the Central Bank of Lesotho prepared a strategy paper aimed at improving the financial sector in Lesotho.
- During 2002, the government made progress toward producing a poverty reduction strategy paper by developing an interim poverty reduction strategy paper, which outlines plans for developing institutional capacity to implement poverty reduction programs. IMF review of the paper was generally satisfactory.
- In mid-2002, the IMF completed its third review of Lesotho's PRGF arrangement, allowing Lesotho to draw up to $4.8 million under the program. In mid-2003, the IMF approved a $4.98 million disbursement after completing its fourth review of Lesotho's PRGF arrangement. Some of the criteria were waived because of recent drought in the country.

LESOTHO

Main Trade Partners, percent of total, 2001

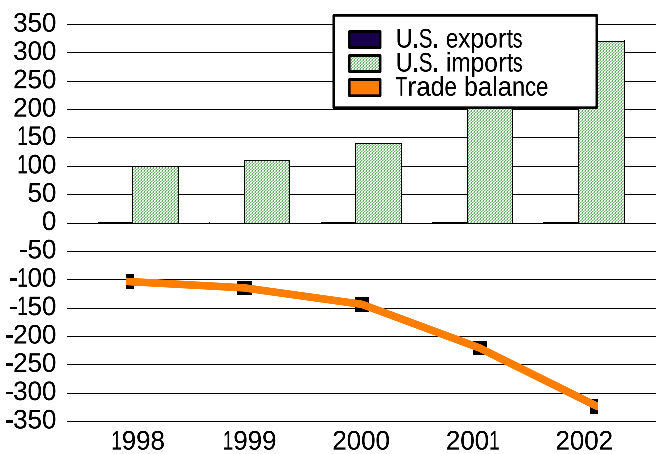
Markets		*Sources*	
North America	73.3	SACU	82.8
SACU	26.2	Asia	14.9
European Union	0.5	North America	0.7

Main Trade Commodities, US$ million

Exports (2001)		*Imports (1995)*	
Manufactures	205.9	Capital goods	368.0
Machinery & transport equipment	29.6	Food	328.0
Beverages & tobacco	14.7	Fuel & energy	216.0
Food & livestock	9.5		

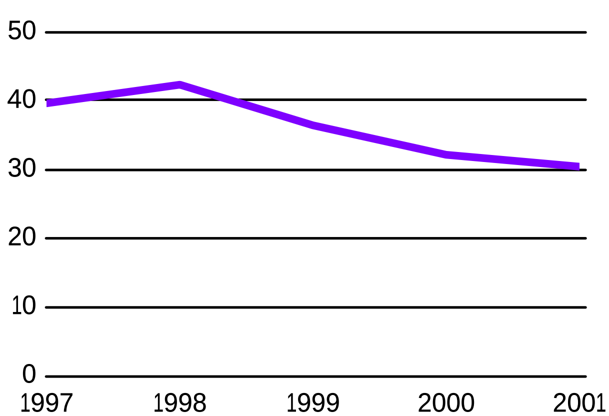
U.S. Trade Balance

Millions of U.S. Dollars



Net Foreign Direct Investment

Millions of U.S. Dollars



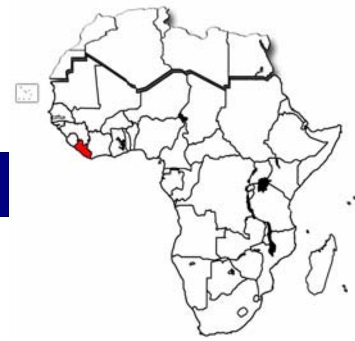
Trade Update

- Led by clothing and footwear exports to the United States and South Africa, Lesotho's export-oriented manufacturing sector experienced substantial growth in 2002, especially after the country qualified for the special apparel provision under the AGOA program.
- In 2002, the government committed funds for infrastructure improvements, and the Mahlasela ski resort is expected to open in mid-2003, expanding Lesotho's tourism sector.
- In 2002, U.S. exports to Lesotho consisted primarily of animal or vegetable oils, electrical machinery and equipment, and aircraft and parts; and U.S. imports from Lesotho consisted primarily of knitted and nonknitted apparel, and plastics. In addition, Lesotho has been designated an AGOA beneficiary country, including apparel eligibility. AGOA (including GSP) imports from Lesotho totaled $318.0 million in 2002.

Investment and Privatization Update

- Investment in Lesotho is primarily in the textile and apparel industry by companies seeking to access AGOA benefits for export to the United States.
- The successful completion of the elections in mid-2002 is expected to support investor confidence.
- Firms awaiting privatization include the Lesotho Telecommunications Corporation and the Lesotho Electric Company.
- After the appointment of a Sales Advisory Group in 2002, the government reported that 15 private power companies had expressed interest in acquiring the state-owned Lesotho Electric Company, which is responsible for energy distribution. A main goal of the privatization is to increase electricity access from 100,000 to 400,000 people over a 5-year period.

LIBERIA

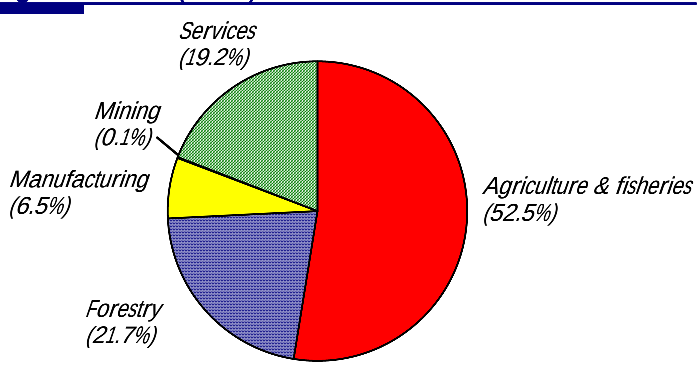


Economic Overview

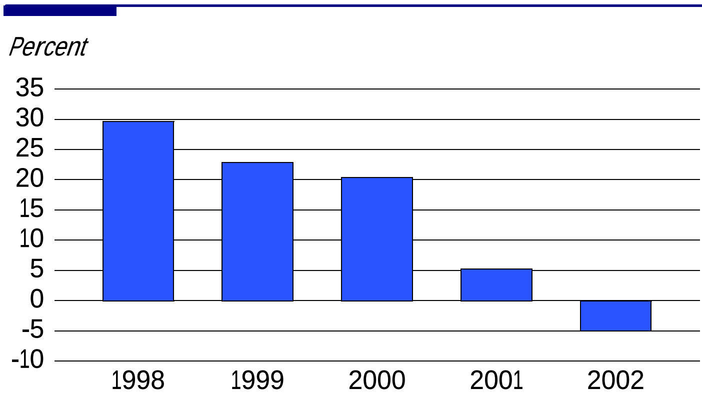
Economic Indicators

	2001	2002	Difference
GDP (nominal, L$ bn)	25.4	35.3	9.9
GDP (US$ mn)	522.9	571.3	48.4
CPI Inflation (annual average; %)	12.4	15.0	2.6
Goods Exports (US$ mn)	127.0	110.0	-17.0
Goods Imports (US$ mn)	181.0	165.0	-16.0
Trade Balance (US$ mn)	-54.0	-55.0	-1.0
Current Account balance (US$ mn)	-51.0	-50.0	1.0
Foreign Exchange Reserves (US$ mn)	0.5	0.1	-0.4
Total External Debt (US$ mn)	n/a	n/a	n/a
Debt Service Ratio, paid (%)	n/a	n/a	n/a
Exchange Rate (L$/US$)	48.6	61.8	13.2

Origins of GDP (2001)



Real GDP Growth Rate



Economic Update

- Economic development remained inhibited by the detrimental impacts of the civil war, such as the destruction of most of the country's infrastructure and lack of stability. The resumption of civil unrest in early and mid-2003 resulted in economic paralysis of the country, a significant decline in government revenue, and rising inflation. The government estimated that Liberia's unemployment rate reached 85 percent.
- The economy continued to rely on rubber, mining, timber, and, to a limited extent, agriculture. Diamonds and gold are mined in small-scale operations, primarily for export.
- In mid-2002, Bellview Airlines of Nigeria introduced a service between Robertsfield and Lagos.
- In mid-2002, the OECD placed Liberia on the tax haven blacklist because of its lack of transparency and unwillingness to exchange information regarding its offshore company registration.
- The IMF's July 2002 Article IV consultation cited concerns with the government's budgeting, lack of governmental oversight, and lack of tax and expenditure transparency. Given these concerns, the government's reform plans received limited international assistance. While the country continues to require substantial development assistance, donors generally limited assistance to specific humanitarian relief and infrastructure projects.
- The government committed very little to debt service payments as the county's arrears continued to mount, accounting for approximately $2.3 billion of the debt stock according to the IMF. Liberia has been in arrears since 1984. In February 2002, the IMF began proceedings to suspend Liberia's voting rights as a result of the government's failure to maintain loan repayments. In March 2003, the IMF formally suspended Liberia's voting rights.

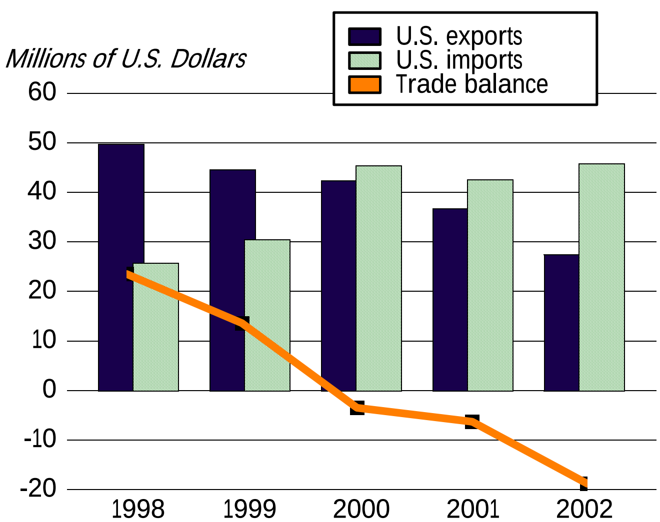
Main Trade Partners, percent of total, 2001

Markets		*Sources*	
Germany	51.8	France	30.0
Italy	7.2	South Korea	24.1
United States	5.4	Japan	15.8
China	5.3	Singapore	8.2

Main Trade Commodities, US$ million, 1999

Exports		*Imports*	
Rubber	31.7	Foodstuffs	53.4
Timber	21.8	Machinery	36.3
Cocoa	1.1	Fuels & lubricants	20.7
Coffee	1.0	Manufactured goods	17.1

U.S. Trade Balance



Trade Update

- With the trade embargo on diamonds, the country's export sector has become increasingly reliant on timber and rubber. In early 2003, the government announced the completion of the diamond certification program to comply with the Kimberley Certification process, which is expected to facilitate the legal export of diamonds.
- Although the government committed itself to independent monitoring of its management of forest resources in June 2002, various parties at a conference held in the capital in January 2003 expressed concerns regarding the level of logging activity in the country.
- In 2002, U.S. exports to Liberia consisted primarily of articles of iron and steel, cereals, and clothing; and U.S. imports from Liberia consisted primarily of rubber and rubber products, and works of art.

Investment and Privatization Update

- In 2002, the government signed two agreements with Mano River Resources (Canada) to develop diamond and gold mines. Mano River Resources was one of the first companies to benefit from legislation passed in 2000 offering improved terms on mining concessions.
- As a result of recent social unrest, the government estimated that approximately 300 expatriate investors have left the country, transferring operations to nearby West African countries. In addition, several international logging companies have also halted operations.
- The government's attempt to attract investment through privatization of the Liberia Electricity Corporation remained fruitless. The company estimated that $107 million would be needed to repair the electricity generation and distribution system.

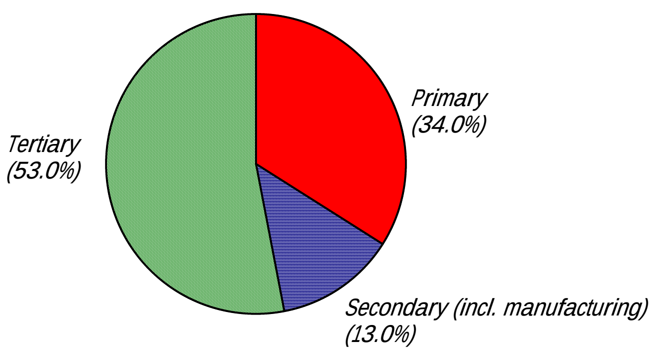
MADAGASCAR

Economic Overview

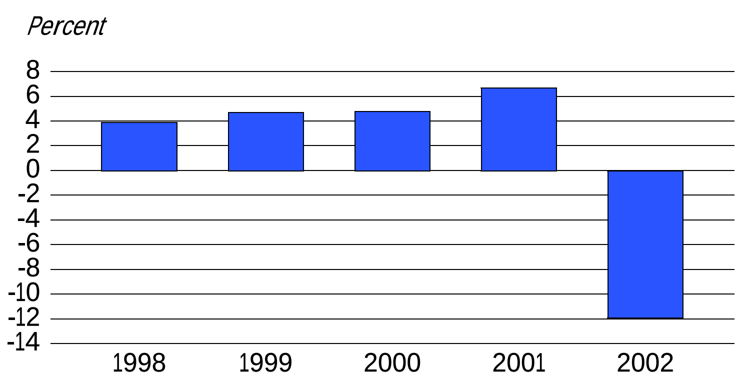
Economic Indicators

	2001	2002	Difference
GDP (nominal, Mgfr bn)	31,121.0	31,741.0	620.0
GDP (US$ bn)	4.7	4.6	-0.1
CPI Inflation (annual average; %)	8.5	15.9	7.4
Goods Exports (US$ mn)	984.0	536.0	-448.0
Goods Imports (US$ mn)	970.0	656.0	-314.0
Trade Balance (US$ mn)	14.0	-120.0	-134.0
Current Account balance (US$ mn)	-60.0	-204.0	-144.0
Foreign Exchange Reserves (US$ mn)	398.3	363.3	-35.0
Total External Debt (US$ mn)	4,160.0	3,942.0	-218.0
Debt Service Ratio, paid (%)	6.3	8.0	1.7
Exchange Rate (Mgfr/US$)	6,588.0	6,832.0	244.0

Origins of GDP (2000)



Real GDP Growth Rate



Economic Update

- During the first half of 2002, a political crisis, resulting from a contested presidential election, resulted in economic contraction, particularly in the export processing sector. The social unrest disrupted transport links and land transport networks, producing a downturn in manufacturing and services sectors. The agriculture sector continued to be hampered by inadequate transport infrastructure, which was worsened by the destruction of bridges during the political crisis.
- In July 2002, a meeting was held in Paris to discuss recovery plans for the country. The meeting included 19 donor organizations and 17 bilateral donor countries. The recovery program's main elements included provisions to alleviate poverty through improved health and education services, measures to enhance governance and the rule of law and to curb corruption, and measures to revive private-sector activities. In addition to the recovery plans, attendees discussed plans to restart the country's HIPC initiative program. As a result of the meeting, donors endorsed the government's postcrisis recovery program and pledged $2.3 billion in new aid over the next four years.
- In late 2002, the IMF completed a review of the country's 3-year program, and although the political crisis resulted in missed targets, the IMF commended recovery efforts, the government's establishment of an anticorruption commission, and improvements to public-sector financial control. Consequently, the IMF approved disbursement of funds under the next phase of the PRGF.
- In mid-2003, the World Bank signed a $32 million credit arrangement to fund the mineral resources management project. Also in mid-2003, France agreed to cancel $55 million in debt owed by Madagascar.

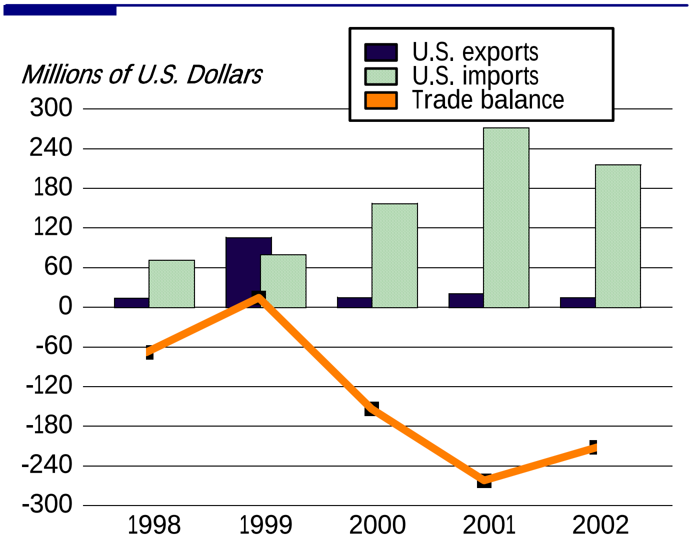
Main Trade Partners, percent of total, 2001

Markets		*Sources*	
France	29.9	France	24.1
United States	27.6	Hong Kong	7.0
Germany	6.4	China	6.6
United Kingdom	3.5	Singapore	3.5

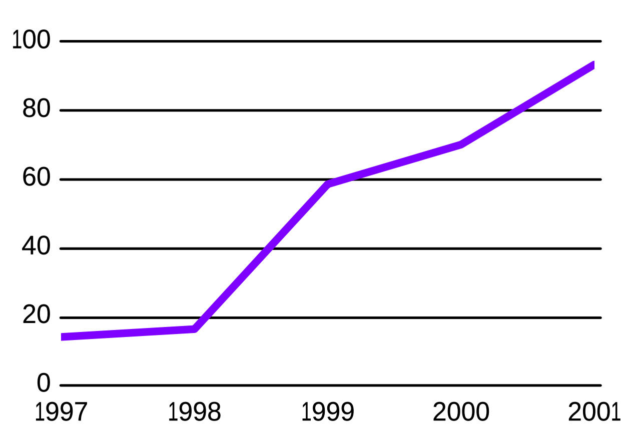
Main Trade Commodities, US$ million

Exports (2000)		*Imports (1998)*	
Fish	90.0	Capital goods	150.0
EPZ products (primarily apparel)	80.0	Raw materials	144.0
Vanilla	17.0	Consumer goods	122.0
Prawns	17.0	Fuel products	49.0

U.S. Trade Balance



Net Foreign Direct Investment



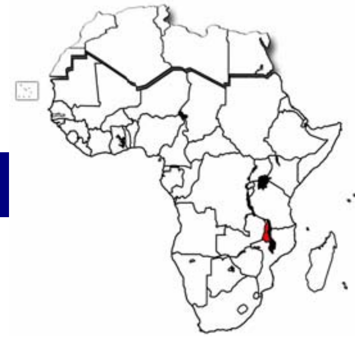
Trade Update

- The political crisis from January 2002 to July 2002 effectively halted international trade as a blockade was imposed on international air links and road transport. Many EPZ firms, which were heavily reliant on imported inputs and fuel, were forced to terminate operations. Many investors switched operations from Madagascar to Asia, Mauritius, or Kenya. The textile and apparel export sector lost substantial production capacity as many companies switched to other locations. In addition to merchandise trade, tourism, which had been experiencing growth, declined by over 60 percent during the first half of 2002. In an effort to assist companies to recover from the political crisis, the government cut customs tariffs on essential equipment and intermediate goods.
- In early 2003, the government instituted a system that would effectively eliminate the need for export processing zone operators to pay value-added tax on imported inputs for export production.
- In 2002, U.S. exports to Madagascar consisted primarily of cereals, ships and boats, and animal or vegetable oils; and U.S. imports from Madagascar consisted primarily of coffee, tea, and spices, and knitted and nonknitted apparel. In addition, Madagascar has been designated an AGOA beneficiary country, including apparel benefits. AGOA (including GSP) imports from Madagascar totaled $79.7 million in 2002.

Investment and Privatization Update

- The political crisis during the first half of 2002 damaged investor confidence in the once politically stable country. Substantial investment was pulled from the country as companies relocated operations in other countries in the region.
- In early 2003, the government announced several incentives for investment, including the elimination of customs duties and VAT on a range of capital and consumer goods, and the modification of land laws to permit foreign investors to own land.
- In January 2003, the Cottonline apparel factory formally opened as part of the Groupe Socota-Cotona fabric and apparel complex in Antsirabe, which plans to export apparel to the United States under the AGOA program.
- Comazar (South Africa) is the lead member of a concession awarded in late 2002 to upgrade and operate the northern railway.
- Although the government split up and privatized the national fuel distribution company, the deal has yet to be finalized because of administrative problems.
- The government continued plans to privatize the national telecommunications company, Telma. A substantial barrier to the government's privatization plans is the high investment costs necessary to expand the company's network.
- The national airline, Air Madagascar, remained one of the approximately 40 firms awaiting privatization.

MALAWI

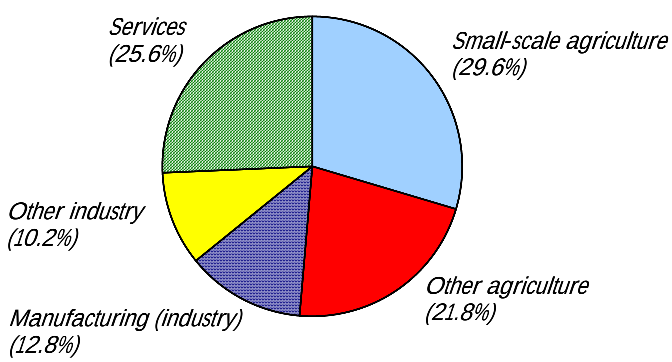


Economic Overview

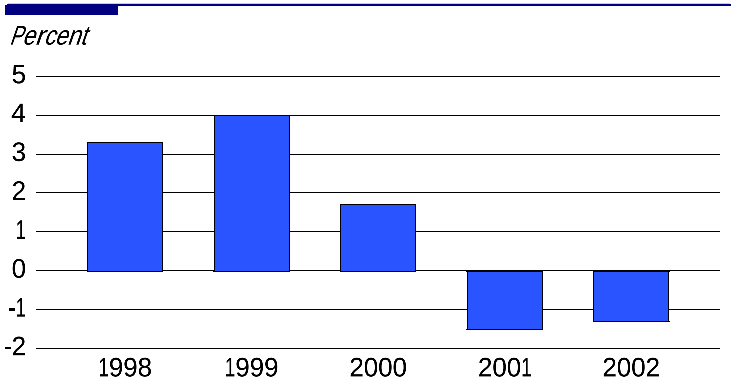
Economic Indicators

	2001	2002	Difference
GDP (nominal, MK bn)	121.7	139.9	18.2
GDP (US$ bn)	1.7	1.8	0.1
CPI Inflation (annual average; %)	27.2	16.0	-11.2
Goods Exports (US$ mn)	406.8	424.3	17.5
Goods Imports (US$ mn)	582.2	634.6	52.4
Trade Balance (US$ mn)	-175.4	-210.3	-34.9
Current Account balance (US$ mn)	-127.7	-171.0	-43.3
Foreign Exchange Reserves (US$ mn)	206.7	165.2	-41.5
Total External Debt (US$ bn)	2.7	2.9	0.2
Debt Service Ratio, paid (%)	13.7	13.2	-0.5
Exchange Rate (MK/US$)	72.2	76.7	4.5

Origins of GDP (2000)



Real GDP Growth Rate



Economic Update

- The government's economic policy focused on alleviating poverty, privatizing parastatals, and liberalizing agricultural marketing arrangements in order to improve smallholder farms.
- The country's continued reliance on the agricultural sector makes economic performance dependent on weather conditions and international commodity prices. Flooding in 2001 followed by a drought in 2002, coupled with inadequate government policies, resulted in poor economic performance.
- In 2002, like much of the southern African region, Malawi experienced a devastating drought that resulted in one of the worst famines in the region. Poor weather conditions, low producer prices, and the sale of the strategic grain reserves were cited as the main factors in the famine.
- The IMF continued to withhold assistance, citing concerns with missed fiscal targets and corruption.
- In April 2002, Malawi launched its first poverty reduction strategy paper, which was discussed and endorsed by the Board of the World Bank in August 2002.
- In mid-2003, the World Bank agreed to fund the $24 million implementation of a government-wide computerized financial management system, which is expected to improve government expenditure transparency.

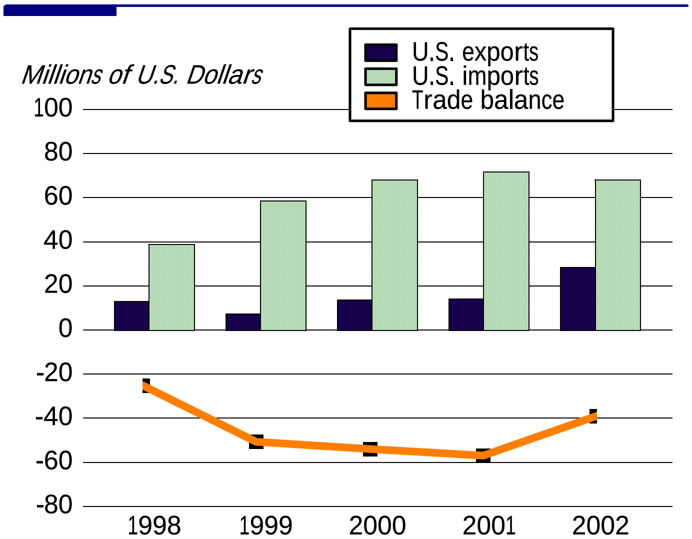
Main Trade Partners, percent of total, 2001

Markets		*Sources*	
South Africa	19.8	South Africa	40.6
United States	16.0	Zimbabwe	16.3
Germany	11.7	Zambia	11.1
Japan	7.8	India	3.2

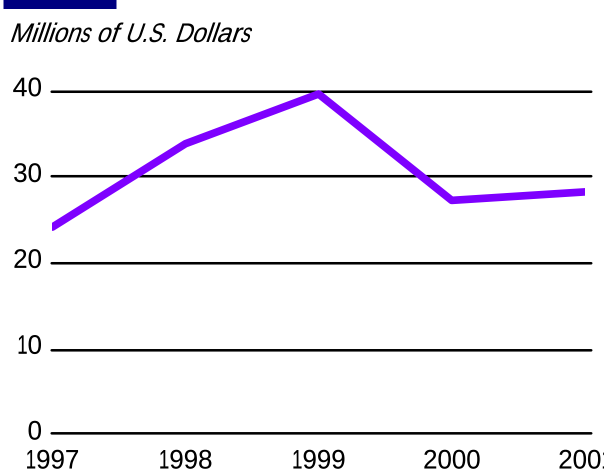
Main Trade Commodities, US$ million, 2000

Exports		*Imports*	
Tobacco	224.0	Intermediate goods	287.0
Sugar	42.0	Fuel oils	79.0
Tea	37.0	Capital goods	83.0
Pulses	7.0	Consumer goods	65.0

U.S. Trade Balance



Net Foreign Direct Investment



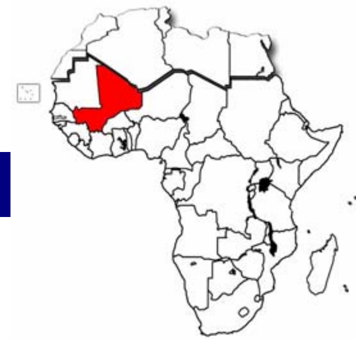
Trade Update

- Declining tobacco earnings and falling international sugar prices continued to dampen export earnings. Textile and apparel exports, however, continued to grow and became the largest nonagricultural export. Expansion of AGOA-related textile and apparel production has created an estimated 6,500 jobs.
- The regional drought contributed to increased food imports and associated transport costs.
- In 2002, U.S. exports to Malawi consisted primarily of machinery and mechanical appliances, animal or vegetable oils or waxes, and cereals; and U.S. imports from Malawi consisted primarily of tobacco, coffee, tea, and spices, and knitted and nonknitted apparel. In addition, Malawi has been designated an AGOA beneficiary country, including apparel eligibility. AGOA (including GSP) imports from Malawi totaled $46.9 million in 2002.

Investment and Privatization Update

- Despite efforts by the Malawi Investment Promotion Agency, investment continued to be inhibited by low labor productivity, high transport costs, inadequate infrastructure, dated technology, and a small domestic market.
- In an attempt to stimulate the investment in the stockmarket, the National Investment Trust, which holds the government's stakes in six companies, was launched in late 2002.
- In January 2003, with support from several international petroleum companies, Syracuse University (U.S.) began drilling into the bed of lake Malawi to assess the prospect of finding petroleum.
- Although the privatization program was restored in October 2001, progress remained slow. Privatizations completed in 2002 include the Lifidzi and Kabumbu Farms and the Malawi Lake Services. IMF disbursements remained conditional upon sale of government shares in the telecommunications company, the airline, and subsidiaries of the Agricultural Development and Marketing Corporation.
- In late 2002, after years of delays and lapsed deadlines, South African Airways and British Airways submitted bids for a 49 percent stake in Air Malawi.
- Although there has been progress in separating the state-owned electric company, Escom, into generation, transmission, and distribution companies, sale of the companies progressed slowly.

MALI

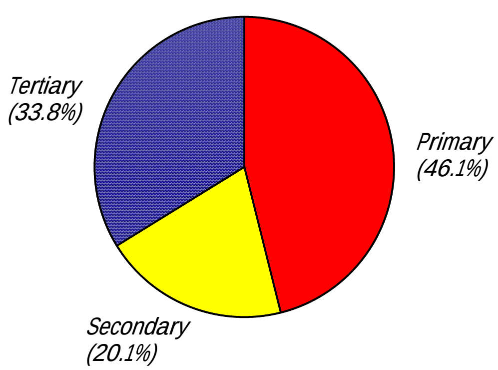


Economic Overview

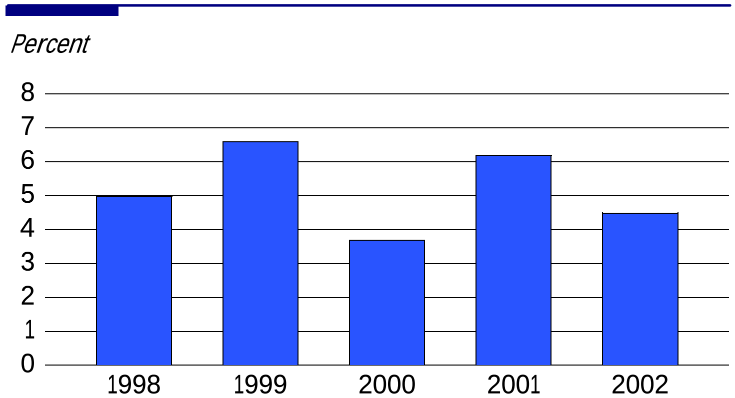
Economic Indicators

	2001	2002	Difference
GDP (nominal, CFAfr bn)	2,074.0	2,265.0	191.0
GDP (US$ bn)	2.8	3.3	0.4
CPI Inflation (annual average; %)	5.2	5.1	-0.1
Goods Exports (US$ mn)	661.0	680.0	19.0
Goods Imports (US$ mn)	620.0	630.0	10.0
Trade Balance (US$ mn)	41.0	50.0	9.0
Current Account balance (US$ mn)	-276.0	-235.0	41.0
Foreign Exchange Reserves (US$ mn)	349.0	520.0	171.0
Total External Debt (US$ mn)	n/a	n/a	n/a
Debt Service Ratio, paid (%)	n/a	n/a	n/a
Exchange Rate (CFAfr/US$)	733.0	697.0	-36.0

Origins of GDP (2001)



Real GDP Growth Rate



Economic Update

- Economic performance in 2002 was dampened primarily by the effects of the civil unrest in Côte d'Ivoire and inadequate rainfall.
- In late 2002, the government appointed an eight-member commission to monitor the conduct and performance of mining firms in the country. The commission is tasked with ensuring that firms meet the terms of the concession agreements.
- In early 2002, the government announced that in 2003 it would launch a 12-year fertilizer plan for increasing the production of cotton, rice, and cereals. The government has allocated $59 million for this plan.
- After becoming the seventh country to reach "completion point" under the HIPC initiative, Mali is expected to receive approximately $675 million in debt relief. Mali's debt will be cut by 29 percent, and the country will be able to draw an additional $9 million from the IMF under the PRGF negotiated in 1999.
- In mid-2002, an IMF report commended the government for increased government transparency, reduced intervention in public enterprises, a transparent privatization process, and a reasonably effective internal audit mechanism. In May 2002, the government launched its 2002-2006 poverty reduction strategy paper, which was discussed by the World Bank and IMF in early 2003.
- In late 2002, the government and the African Development Bank signed a $17 million loan agreement to fund the country's 2001-2003 structural adjustment program. The program will support agricultural production efforts, especially in the cotton sector, public service delivery, improved governance, and decentralization of government services.

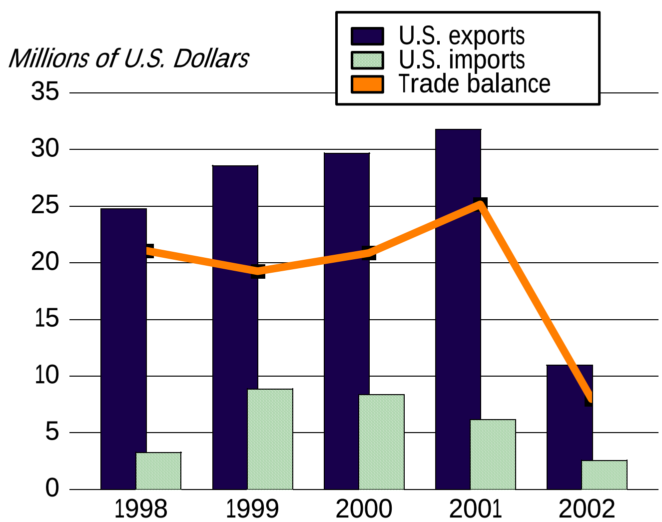
Main Trade Partners, percent of total, 2001

Markets		*Sources*	
Thailand	17.0	Côte d'Ivoire	17.5
Brazil	12.5	France	13.9
Italy	6.0	Germany	4.5
South Korea	4.1	Senegal	3.8

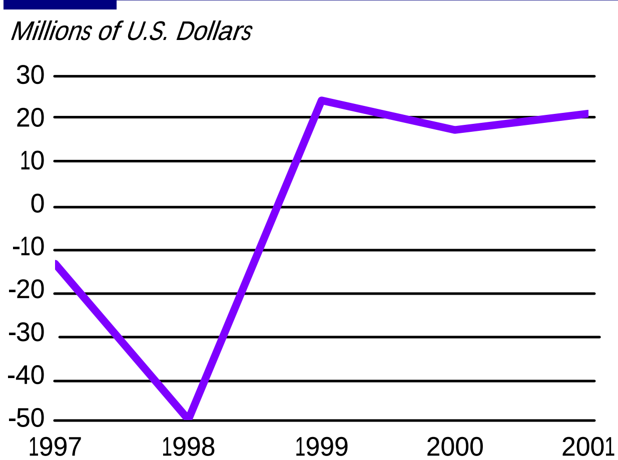
Main Trade Commodities, US$ million, 2001

Exports		*Imports*	
Gold	483.0	Capital goods	334.0
Cotton	114.0	Petroleum products	188.0
Livestock & products	61.0	Food	95.0

U.S. Trade Balance



Net Foreign Direct Investment



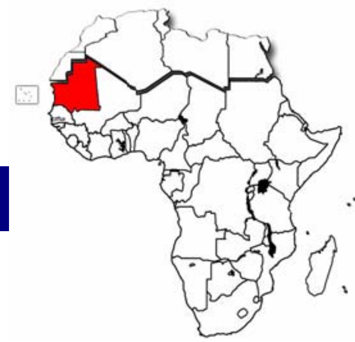
Trade Update

- International trade costs were increased as civil unrest in Côte d'Ivoire in early 2003 disrupted land-locked Mali's traditional transport routes. Prior to the civil unrest in Côte d'Ivoire, more than 70 percent of Mali's trade passed through Abidjan.
- Facing a declining global demand for cotton, the government increased producer prices. The increased producer prices contributed to a bumper crop during the 2001/2002 marketing season.
- In 2002, U.S. exports to Mali consisted primarily of machinery and mechanical appliances, plastics, and organic chemicals; and U.S. imports from Mali consisted primarily of works of art, machinery and mechanical appliances, and precious or semiprecious stones and metals. In addition, Mali has been designated an AGOA beneficiary country. AGOA (including GSP) imports from Mali totaled $342,000 in 2002.

Investment and Privatization Update

- In mid-2002, France Telecom was awarded a license to work in the country's telecommunications sector. The company will be able to establish a GSM mobile telephone network and international communications. France Telecom's participation in the sector officially ended Malitel's monopoly of the sector.
- Although privatization efforts continued slowly, over 90 percent of production remained under state control. The state-owned telecommunications company, Sotelma, is still slated for privatization.
- Although the governments of Mali and Senegal have long committed to the sale of the jointly-owned railway company, various factors, including opposition by the trade unions, have inhibited privatization of the railway.

MAURITANIA



Economic Overview

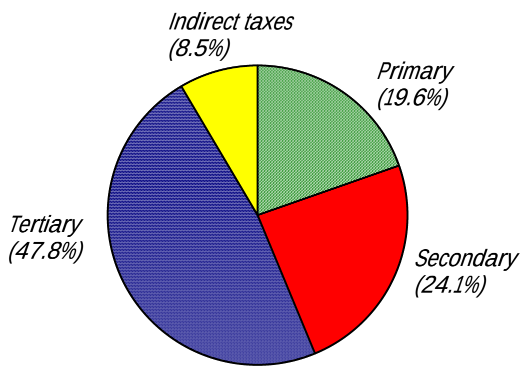
Economic Indicators

	2001	2002	Difference
GDP (nominal, UM bn)	245.6	266.2	20.6
GDP (US$ bn)	1.0	1.0	0.0
CPI Inflation (annual average; %)	4.7	4.0	-0.7
Goods Exports (US$ mn)	345.0	321.0	-24.0
Goods Imports (US$ mn)	357.0	389.0	32.0
Trade Balance (US$ mn)	-12.0	-68.0	-56.0
Current Account balance (US$ mn)	-21.3	92.5	113.8
Foreign Exchange Reserves (US$ mn)	286.0	388.0	102.0
Total External Debt (US$ mn)	n/a	n/a	n/a
Debt Service Ratio, paid (%)	n/a	n/a	n/a
Exchange Rate (UM/US$)	255.6	280.0	24.4

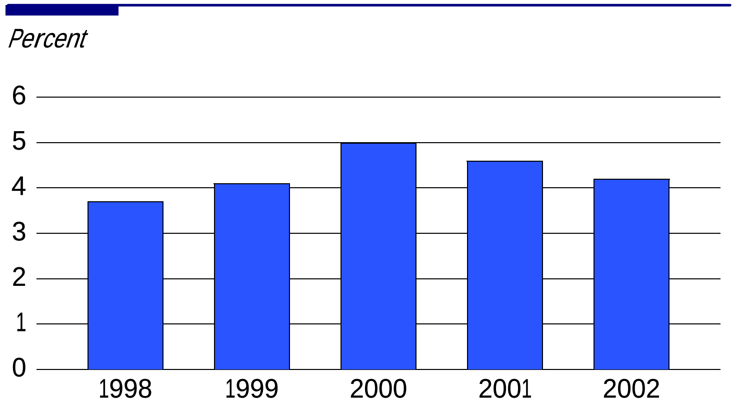
Economic Update

- Mauritania's economy is characterized by stable macroeconomic policies and good governance. The government continued to make strides in privatization, improvement of investment environment, and encouragement of economic diversification.
- In 2002, the first new bank since liberalization of the sector in 1993 began operations. Several other banks have applied for a license to establish banks in Mauritania.
- The World Bank and various international donors continued funding of the 1998-2002, $190 million health sector investment program. The program aims to increase the provision of health services.
- Donor institutions continued to commend the government's commitment to reform. The 1999 PRGF program expired in December 2002, and in June 2002, the government reached "completion point" under the HIPC initiative. Under the HIPC initiative, the government has received over $1.1 billion in debt relief.

Origins of GDP (2001)



Real GDP Growth Rate



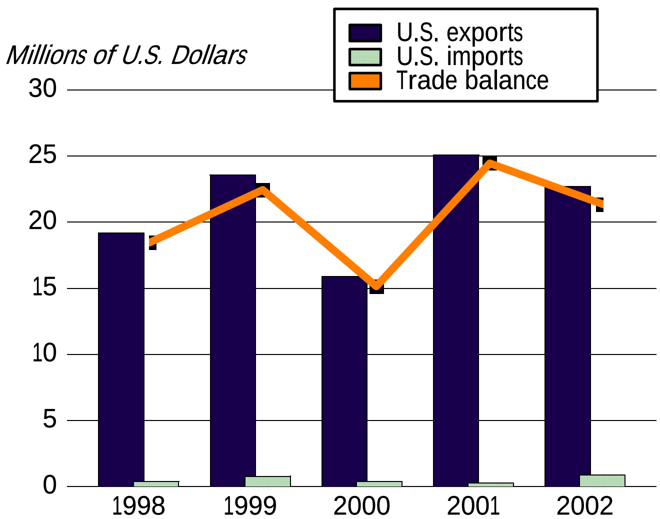
Main Trade Partners, percent of total, 2001

Markets		*Sources*	
Italy	15.0	France	23.0
France	14.9	Belgium	8.0
Spain	12.4	Spain	5.5
Japan	8.0	Algeria	3.7

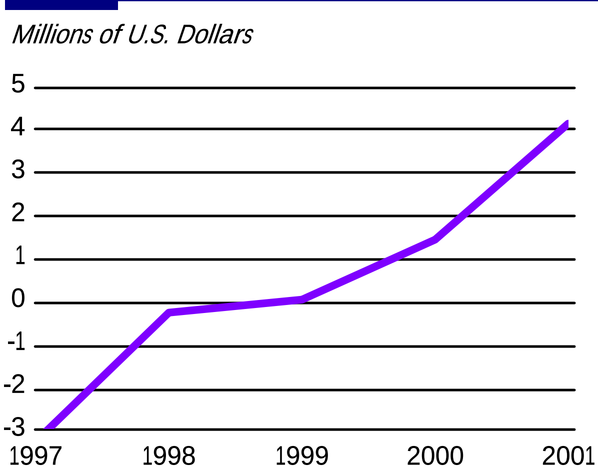
Main Trade Commodities, US$ million

Exports (2001)		*Imports (1999)*	
Iron ore	188.4	Public sector	130.4
Fish & fish products	155.3	Private sector	226.2

U.S. Trade Balance



Net Foreign Direct Investment



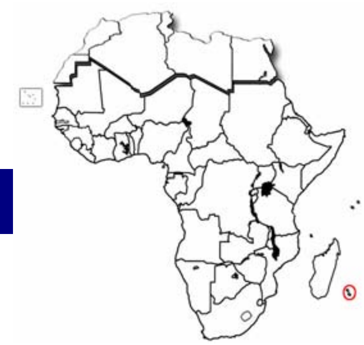
Trade Update

- The country continued to depend primarily on two export products, fish and iron ore. The discovery of petroleum, however, is expected to diversify the country's export portfolio, but production of petroleum is not expected to begin until 2004.
- In 2002, U.S. exports to Mauritania consisted primarily of machinery and mechanical appliances, vehicles and parts, railway and parts; and U.S. imports from Mauritania consisted primarily of footwear and the like, fish and crustaceans, and electrical machinery and equipment. In addition, Mauritania has been designated an AGOA beneficiary country. AGOA (including GSP) imports from Mauritania totaled $35,000 in 2002.

Investment and Privatization Update

- In 2002, the government adopted a new investment code to encourage investment by providing investors with greater security. The code provides for exemption from customs duties on equipment and goods imported for export-oriented projects. It also provides for the free transfer of convertible currencies earned from new investments, the right to national or international arbitration, the simplification of administrative processes through a one-stop shop, and the establishment of an export processing zone. The new code excludes mining and fisheries sectors, which are subject to separate sector-specific codes.
- In 2002, several petroleum companies, including Hardman Petroleum (Australia), Woodside Petroleum (Australia), Fusion Investments (Australia), and Roc Oil (Australia), continued explorations in blocks off of the Mauritania coast. In January 2002, the International Petroleum Grouping was granted rights to prospect for petroleum and gas in an offshore block. In September 2002, an Australian consortium announced the discovery of petroleum. The Australian joint venture is also collaborating with the government to establish a legal and regulatory framework for the nascent petroleum industry.
- The government continued efforts to privatize the telecommunications, electricity, and air transport enterprises. In mid-2002, attempts to privatize the state electricity company failed as only one bid was received, which was less than the reserve price.
- The distribution of petroleum products was liberalized in July 2002. Although Petroleum India International was set to takeover operations of the Nouadhibou oil refinery in 2002, an agreement has yet to be reached. Completion of the agreement is expected to ensure that domestic demand is fulfilled, as well as production for markets elsewhere in Africa.

MAURITIUS

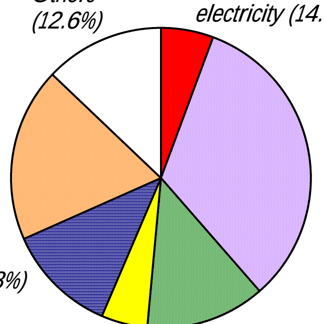


Economic Overview

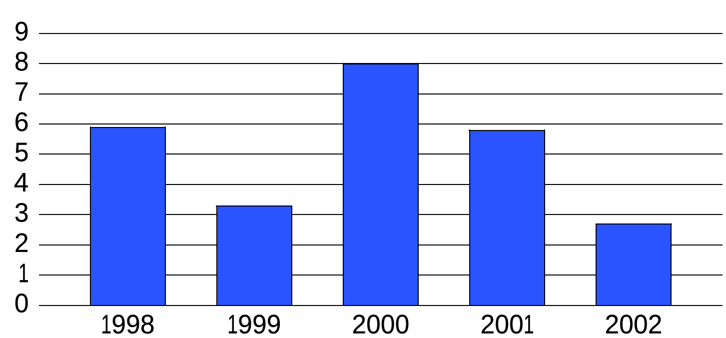
Economic Indicators

	2001	2002	Difference
GDP (nominal, MRs bn)	131.8	143.5	11.7
GDP (US$ bn)	4.5	4.8	0.3
CPI Inflation (annual average; %)	5.4	6.4	1.0
Goods Exports (US$ mn)	1,615.4	1,600.8	-14.6
Goods Imports (US$ mn)	1,871.2	1,848.9	-22.3
Trade Balance (US$ mn)	-255.8	-248.1	7.7
Current Account balance (US$ mn)	246.7	204.9	-41.8
Foreign Exchange Reserves (US$ mn)	835.6	1,227.4	391.8
Total External Debt (US$ bn)	1.7	1.7	0.0
Debt Service Ratio, paid (%)	6.9	6.9	0.0
Exchange Rate (MRs/US$)	29.1	30.0	0.9

Origins of GDP (2002)



Real GDP Growth Rate



Economic Update

- The decrease in GDP growth from 2001 to 2002 is explained by the adverse effects of a severe hurricane on sugar output, the negative growth in the export processing zone following the political crisis in Madagascar where Mauritian companies had invested heavily, and the lower growth in the tourism sector because of security concerns.
- The government continued efforts to overhaul the Mauritius economy. By encouraging improvements in management, company structures, and business climate, the government is attempting to transform the economy from one based on production of export merchandise (primarily textiles and apparel) and sugar to one based on export-oriented services. Consequently, the government has placed substantial emphasis on developing the information technology sector.
- The elimination of the textile and apparel quotas in 2005 is expected to place significant strains on the economy as Mauritius faces increased competition from other countries. In addition, negotiations between the EU and sugar-exporting countries, as well as other multilateral liberalization efforts, may increase the sugar sector's exposure to international competition. The government has undertaken a 5-year Sugar Sector Strategic Plan to restructure and rationalize the industry.
- As various Mauritius textile and apparel firms had invested in Madagascar, the political instability in Madagascar during the first half of 2002 negatively affected the sector in Mauritius.
- In May 2002, the South Africa-Far East underwater fiber-optic submarine cable became operational. The cable is Mauritius' first underwater fiber-optic link and will provide greater reliability and speed for telecommunications services.
- In May 2002, the World Bank approved a $40 million public expenditure reform loan to support the 2001/2002 fiscal program.

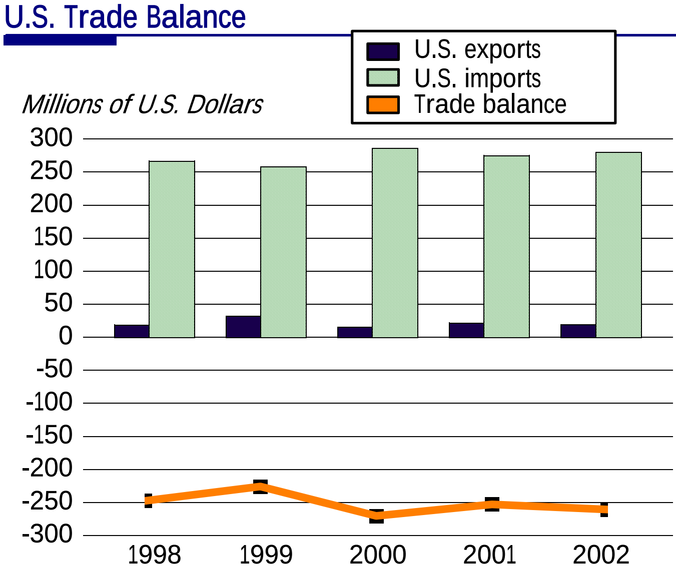
Main Trade Partners, percent of total, 2001

Markets		*Sources*	
United Kingdom	28.3	France	20.2
France	23.6	South Africa	11.8
United States	17.1	India	8.9
South Africa	11.5	Hong Kong	5.0

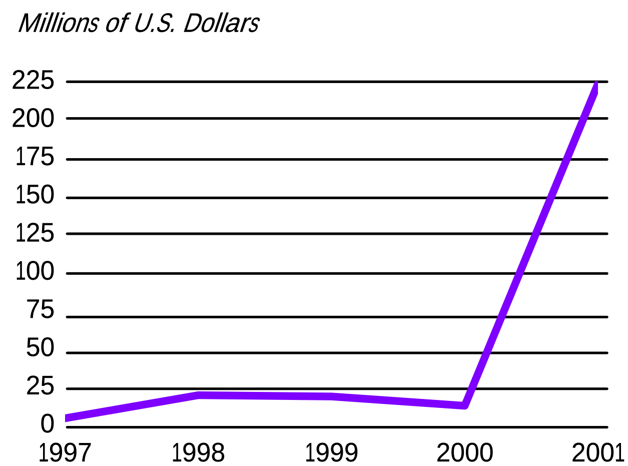
Main Trade Commodities, US$ million, 2002

Exports		*Imports*	
EPZ products (primarily textile & apparel)	1,118.0	Manufactured goods	836.0
Sugar & molasses	287.0	Machinery & transport equipment	461.0
		Food & beverages	387.0

U.S. Trade Balance



Net Foreign Direct Investment



Trade Update

- Mauritius' two primary export sectors, sugar and textiles and apparel, are expected to experience substantial change as international quotas are slated for removal. In addition to the planned removal of textile and apparel quotas in 2005, Mauritius continued to face increased competition from low-cost countries. Consequently, the government has implemented initiatives aimed at rationalizing the sugar sector and diversifying the export processing zone. Diversification of the EPZ has met with some success as other products and services, such as diamond-cutting, spectacles, canned tuna, watches, razor blades, gloves, gumboots, electronic products, marble, and chicken hatcheries, were exported.
- In mid-2002, the government undertook several initiatives aimed at expanding the tourism sector, including a law aimed at improving environmental protection standards and the Tourism Bill, which would introduce a new regulatory framework for the sector.
- In 2002, U.S. exports to Mauritius consisted primarily of machinery and mechanical appliances, electrical machinery and equipment, and aircraft and parts; and U.S. imports from Mauritius consisted primarily of knitted and nonknitted apparel, and precious or semiprecious stones and metals. In addition, Mauritius has been designated an AGOA beneficiary country, including apparel benefits. AGOA (including GSP) imports from Mauritius totaled $114.2 million in 2002.

Investment and Privatization Update

- A government priority has been to develop Mauritius into a cyber island and to make information and communications technology an important sector of the economy. The first cyber city is currently under construction at Ebene with financial and technical assistance from India. Approximately 32 local and foreign firms have reserved space at the center for such activities as call centers, business process outsourcing, training, and software development.
- The majority of investment into Mauritius has targeted the textile and apparel sector, and came from Chinese multinationals. Several firms have invested in developing spinning mills with investments of $12 million (India), $28 million (China), and $32 million (China). To take advantage of AGOA program benefits, the government has introduced a special incentive scheme to encourage investment in spinning mills, which will further the vertical integration of the textile sector.
- In late 2002, Arvind Mills (India) announced plans to build two plants in order to access AGOA benefits. The company plans to build a new spinning mill and a garment plant. The factories are expected to begin production in mid-2003.
- Firms slated for privatization include trade monopolies, a telecommunications company, banking firms, and broadcasting entities. With the assistance of the World Bank's International Financial Corporation, the government is considering various options for private sector participation in the water and wastewater sectors.
- In January 2003, the government liberalized the telecommunications sector, a year in advance of its commitment to the WTO. Private operators have not been able to start operations, however, because the telecommunications regulator, ICTA, has yet to deliver the required licenses.

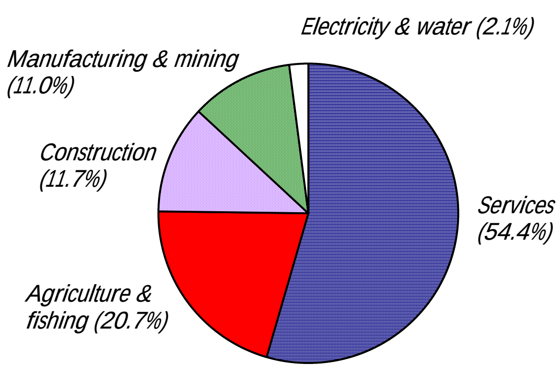
MOZAMBIQUE

Economic Overview

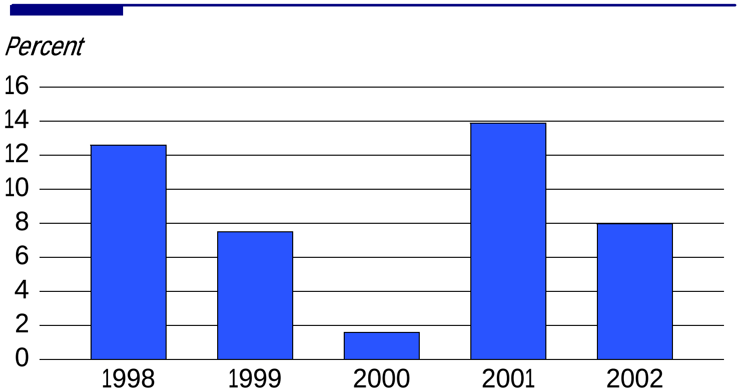
Economic Indicators

	2001	2002	Difference
GDP (nominal, MT bn)	81,786.0	96,367.0	14,581.0
GDP (US$ bn)	3.6	2.8	-0.8
CPI Inflation (annual average; %)	21.9	15.2	-6.7
Goods Exports (US$ mn)	704.0	680.0	-24.0
Goods Imports (US$ mn)	-1,118.0	1,181.0	2,299.0
Trade Balance (US$ mn)	1,822.0	-501.0	-2,323.0
Current Account balance (US$ mn)	-850.0	-1,143.0	-293.0
Foreign Exchange Reserves (US$ mn)	727.0	755.0	28.0
Total External Debt (US$ mn)	966.0	966.0	0.0
Debt Service Ratio, paid (%)	n/a	n/a	n/a
Exchange Rate (MT/US$)	20,704.0	23,678.0	2,974.0

Origins of GDP (2001)



Real GDP Growth Rate



Economic Update

- Government policy remained focused on implementing the government's 2001 poverty reduction strategy paper, which is in effect through 2005. The main objectives of the paper are to achieve private-sector growth in order to reduce poverty, to maintain macroeconomic stability, to improve delivery of public sector services, especially health and education services, to reform the legal system and public administration, and to implement fiscal reforms, such as improved financial management and increased transparency.
- After having experienced drought and flooding during 2001 and 2002, the region experienced drought in early 2003, which resulted in severe food shortages in southern Mozambique. Inadequate infrastructure inhibited efforts to transport food surpluses from central and northern Mozambique. The emigration of Zimbabwean farmers to Mozambique may assist in agricultural sector expansion.
- Investment continued to drive economic growth in Mozambique. According to the IMF, Mozambique has become an attractive destination for foreign direct investment because of its political stability, sustained economic reform and macroeconomic stability, investment protection and property rights, tax exemptions and fiscal incentives, privatizations, and liberal policies on remittance of profits and dividends.
- Mozambique was one of the largest recipients of foreign assistance in SSA. In February 2002, the EU pledged $138 million development assistance per year over a 5-year period. In early 2002, the government reached an agreement with Russia for a reduction in bilateral debt from $509 million to $200 million. OPEC also canceled $7.7 million of Mozambique's debt. In early 2002, the EU provided $5.5 million to finance the recovery of the cashew nut industry.
- In mid-2002, the IMF completed its fourth review of Mozambique's PRGF and released an additional $11 million in assistance.

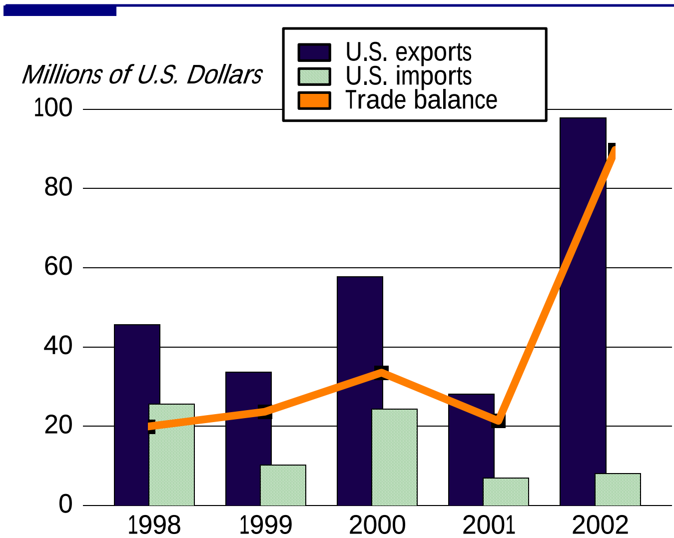
Main Trade Partners, percent of total, 2001

Markets		*Sources*	
South Africa	15.3	South Africa	40.5
Zimbabwe	5.3	Portugal	8.4
Japan	4.2	United States	1.8
Portugal	4.0	United Kingdom	1.1

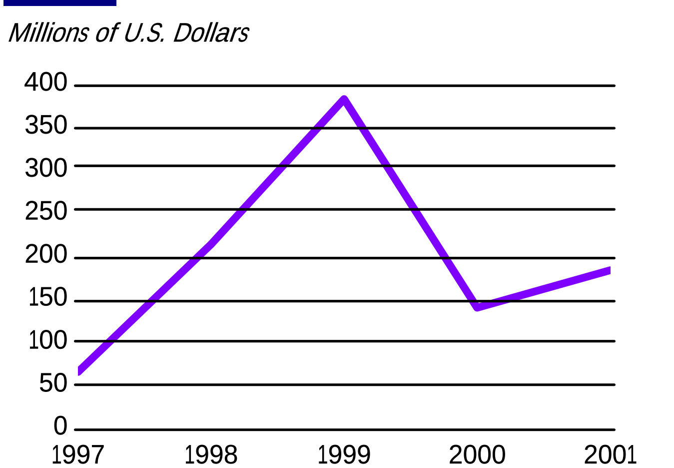
Main Trade Commodities, US$ million

Exports (2001)		*Imports (1997)*	
Aluminum	335.0	Machinery & equipment	139.0
Prawns	92.4	Vehicles, transport equipment, & spare parts	113.8
Electricity	57.3	Fuel	92.3
Cotton	18.3	Textiles	43.4

U.S. Trade Balance



Net Foreign Direct Investment



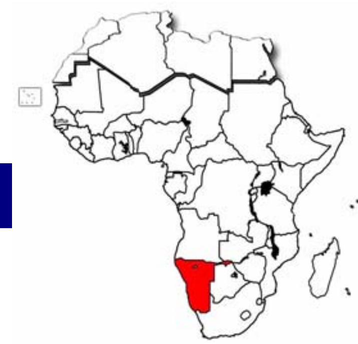
Trade Update

- The development of the Mozal aluminum smelter is expected to alter Mozambique's export profile. With the proposed expansion of the smelter and construction of a gas line to South Africa, Mozambique's exports could surpass merchandise imports by 2005.
- Although cashews remained a major export product, the sector experienced supply side constraints, such as aging trees, few new plantings, and ineffective use of pesticides and pruning.
- In June 2003, the first shipment of non-industrially caught prawns were exported to the United States.
- By mid-2003, three Mozambican firms had taken advantage of AGOA benefits in the textile and apparel sector. U.S. companies importing from Mozambique include FUBU, Cherokee (Target stores), and Sara Lee.
- In 2002, U.S. exports to Mozambique consisted primarily of cereals, mineral fuels and oils, mineral waxes, and milling industry products; and U.S. imports from Mozambique consisted primarily of sugars, ores, slag, and ash, and edible fruits and nuts. In addition, Mozambique has been designated an AGOA beneficiary country, including apparel eligibility. AGOA (including GSP) imports from Mozambique totaled $5.9 million in 2002.

Investment and Privatization Update

- Investment into Mozambique is facilitated by access to cheap electricity and commercially viable gas reserves. Foreign direct investment associated with the development of the Mozal aluminum smelter contributed significantly to overall investment flows. Expansion of the Mozal smelter and construction of a gas pipeline to South Africa are expected to drive investment into Mozambique.
- Major foreign investment projects include the construction of four sugar refineries; a titanium minerals project near Moma backed by Kenmare Resources (Ireland), which has the potential to generate $70 million per year in exports; a titanium mining project backed by Southern Mining (South Africa), which involves an initial investment of $495 million; possible construction of an aluminum smelter at Beira; possible construction of a gas-to-liquids fuel plant in Beira; a possible iron reduction project backed by Johannesburg Consolidated Investments (South Africa); and the development of several coal mines.
- In late 2002, the government awarded a 15-year license to Vodacom, a cellular operator, who has announced plans to invest $90 million in the network before launching services in 2003.
- In early 2002, management of the Maputo-South Africa railway line was awarded to South Africa's Spoornet for 15 years. The state will retain 49 percent of the newly created joint venture and Spoornet will pay rental fees of $2 million per year.
- In May 2002, the government announced that it had fully liberalized the domestic airline market by eliminating the state-owned airline's monopoly.
- With technical assistance from the World Bank, the government continued efforts to liberalize the telecommunications sector. A pending telecommunications bill will open the sector to private capital and require the state-owned company to separate its mobile and fixed-line operations. The government also plans to award two additional GSM licenses.

NAMIBIA

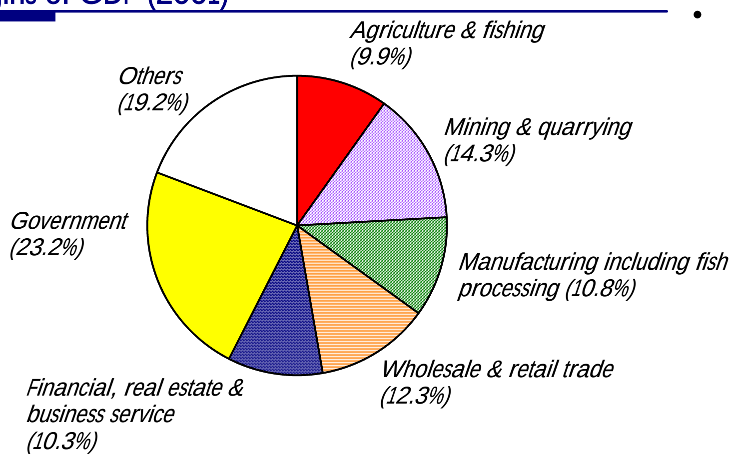


Economic Overview

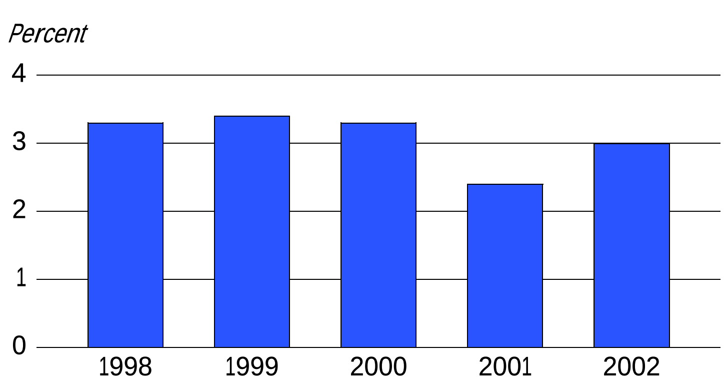
Economic Indicators

	2001	2002	Difference
GDP (nominal, N$ bn)	27.2	31.6	4.4
GDP (US$ bn)	3.2	3.0	-0.2
CPI Inflation (annual average; %)	9.5	11.4	1.9
Goods Exports (US$ mn)	1,179.0	1,150.0	-29.0
Goods Imports (US$ mn)	-1,427.0	-1,394.0	33.0
Trade Balance (US$ mn)	2,606.0	2,544.0	-62.0
Current Account balance (US$ mn)	64.0	119.0	55.0
Foreign Exchange Reserves (US$ mn)	234.0	323.0	89.0
Total External Debt (US$ mn)	412.0	623.0	211.0
Debt Service Ratio, paid (%)	3.2	4.7	1.5
Exchange Rate (N$/US$)	8.6	10.5	1.9

Origins of GDP (2001)



Real GDP Growth Rate



Economic Update

- The government completed a review of the tax system in 2002, and plans to implement changes in the tax system aimed at widening the tax base, as the government expects tariff revenue to decrease when free trade agreements are fully implemented.
- In late 2002, the Namibian Minerals Corporation suspended offshore mining because of financial difficulties, and the liquidation of the company is expected to contribute to a decline in diamond production. The commissioning of a zinc mine and refinery, which began operations in early 2003, however, is expected to contribute substantially to GDP growth.
- The manufacturing sector remained constrained by a small domestic market, shortage of skilled labor, and close economic integration with South Africa, which is an important source of manufactured imports.
- In May 2003, a merger between First National Bank Namibia and Swabou created the country's largest commercial bank. As part of its plans to move from "pure control" to "prudential regulation," in mid-2003, the government announced a relaxation of foreign exchange controls, making it easier to transfer funds outside the country.
- In mid-2002, the government announced possible plans to begin expropriating white-owned farmland for redistribution.

NAMIBIA

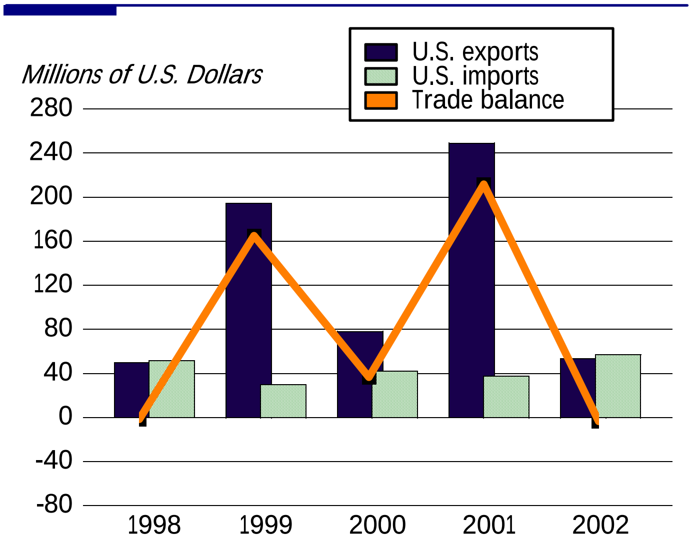
Main Trade Partners, percent of total, 2000

Markets		*Sources*	
United Kingdom	48.0	South Africa	80.0
South Africa	23.0	United States	5.0
Spain	15.0	Germany	3.0
France	4.0	Russia	1.0

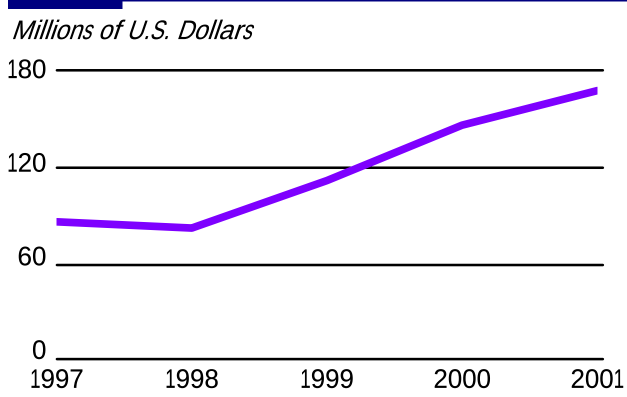
Main Trade Commodities, US$ million, 2001

Exports		*Imports*	
Diamonds	485.0	Transport equipment	230.0
Prepared & preserved fish	287.0	Chemical products, rubber & plastics products	211.0
Metal ores, incl. uranium ore	156.0	Refined petroleum products	204. 0
Beverages, other food products	80.0	Machinery & equipment	166.0

U.S. Trade Balance



Net Foreign Direct Investment



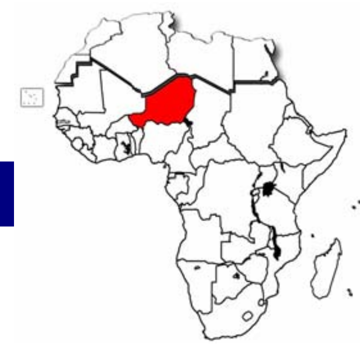
Trade Update

- Namibia is the world's seventh largest (by value) producer of diamonds and fifth largest (by volume) producer of uranium. In late 2002, the government announced development of an international certification and verification system, also known as the Kimberley Certification process, to be implemented in early 2003.
- Namibia continued to attract investment into its export procession zone. A significant investor in the EPZ was Ramatex (Malaysia), which invested in a textile and garment manufacturing plant to access the U.S. market through the AGOA program.
- As a result of the sharp decline in pilchard stocks, the government announced a zero total allowable catch for the 2002 fishing season.
- In 2002, U.S. exports to Namibia consisted primarily of machinery and mechanical appliances, organic chemicals, and aluminum products; and U.S. imports from Namibia consisted primarily of inorganic chemicals, copper, and knitted apparel. In addition, Namibia has been designated an AGOA beneficiary country, including apparel eligibility. AGOA (including GSP) imports from Namibia totaled $1.7 million in 2002.

Investment and Privatization Update

- In 2002, AfriOre was granted exclusive gold-prospecting licenses for the Wagner and Capricorn areas of northern Namibia.
- After numerous attempts, privatization of the state-owned airline, Air Namibia, is expected in mid-2003 when ExecuJet (Europe) plans to acquire a 40 percent stake in the company.
- The government continued to control key economic sectors such as utilities (electricity and water), telecommunications, and railway. The government plans to liberalize the telecommunications sector in 2004 and to award a second GSM license in 2003. In lieu of a full-scale privatization, the government has announced plans to deregulate the energy sector and eliminate the electric company's monopoly.
- In early 2003, the government awarded a petroleum-related concession covering the area near Rundu and Ruacana to a joint venture between a consortium, the First African Oil Corporation, and the National Petroleum Corporation of Namibia.

NIGER

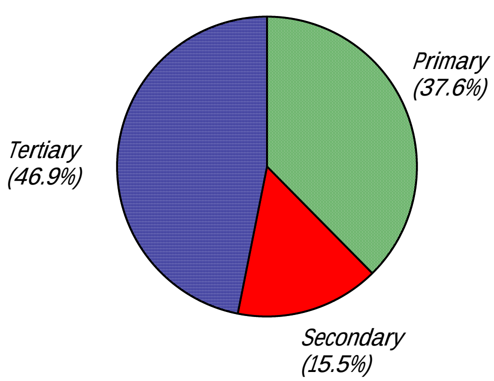


Economic Overview

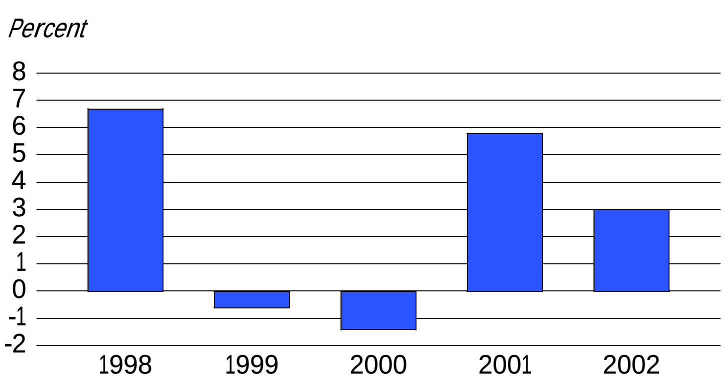
Economic Indicators

	2001	2002	Difference
GDP (nominal, CFAfr bn)	1,399.0	1,478.0	79.0
GDP (US$ bn)	1.9	2.1	0.2
CPI Inflation (annual average; %)	4.0	2.6	-1.4
Goods Exports (US$ mn)	273.0	293.0	20.0
Goods Imports (US$ mn)	333.0	368.0	35.0
Trade Balance (US$ mn)	-60.0	-75.0	-15.0
Current Account balance (US$ mn)	-88.0	-100.0	-12.0
Foreign Exchange Reserves (US$ mn)	107.0	133.9	26.9
Total External Debt (US$ mn)	n/a	n/a	n/a
Debt Service Ratio, paid (%)	n/a	n/a	n/a
Exchange Rate (CFAfr/US$)	733.0	697.0	-36.0

Origins of GDP (2001)



Real GDP Growth Rate



Economic Update

- In 2002, a Canadian-funded coal mine project was reactivated. The project is expected to alleviate energy shortages and the reliance on Nigeria for oil and electricity imports. In late 2002, the African Development Bank approved a CFA604 million (approximately $1 million) credit to finance a study on strategies to improve the effectiveness of the domestic energy supply.
- In early 2002, the government launched a new national airline, Air Niger International.
- In 2002, the government continued efforts to reduce domestic-payment arrears, and budgeted 1.9 percent of GDP to clear wage arrears, to settle debts to public and private enterprises, and to regularize payments to the investment budget.
- In March 2002, the EU granted $337 million to Niger for a cooperation program under the ninth European Development Fund for 2002-2007. The program will finance the long-term development operations in the mining sector.
- In January 2002, the government published a full poverty reduction strategy paper. Priorities under the plan include improving basic health and education services and preparing a strategy to combat HIV/AIDS. In mid-2002, the IMF completed its second review of Niger's performance under the PRGF, which has opened the way for the next phase of macroeconomic targets. Conditions for Niger's HIPC initiative "completion point," include preparation of a poverty reduction strategy paper, improving health and education services, commitment to macroeconomic stabilization and structural reforms, and good governance and fiscal transparency.

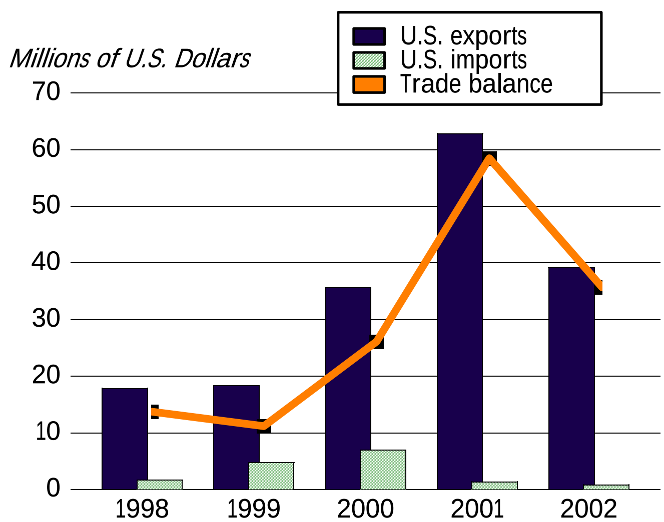
Main Trade Partners, percent of total, 2001

Markets		*Sources*	
France	33.5	France	18.6
Nigeria	30.5	United States	16.4
South Korea	18.7	Côte d'Ivoire	9.3
United States	5.4	Germany	9.3

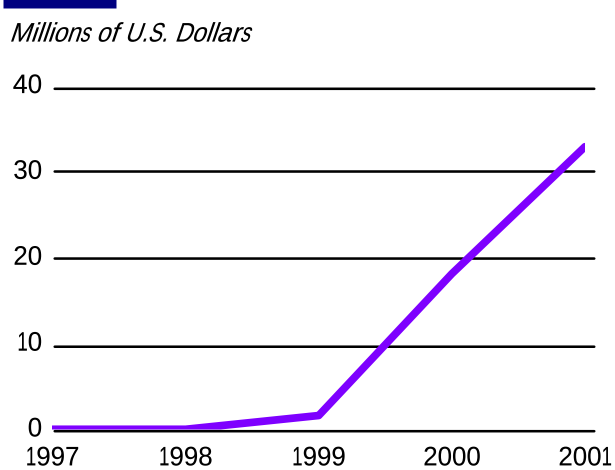
Main Trade Commodities, US$ million, 2001

Exports		*Imports*	
Uranium	86.0	Capital goods	78.0
Livestock	56.0	Petroleum products	37.0

U.S. Trade Balance



Net Foreign Direct Investment



Trade Update

- Niger is the third largest producer (by volume) of uranium after Canada and Australia. Major uranium companies, Cominak and Somair, continued to invest in the sector. The world market price for uranium stabilized and recovered almost 10 percent in early 2003. With possible further recovery and planned production expansion during 2003, Niger's foreign exchange earnings from uranium exports are expected to increase.
- Since the implantation of a private customs monitoring company along Niger's Western and Southern borders, customs receipts have increased by 22 percent.
- Niger's access to the AGOA program facilitated the first-ever export of gum arabic from Niger directly to the United States.
- In 2002, U.S. exports to Niger consisted primarily of machinery and mechanical appliances, optical and medical instruments and apparatus, and wood or pulp products; and U.S. imports from Niger consisted primarily of machinery and mechanical appliances, and works of art. In addition, Niger has been designated an AGOA beneficiary country. AGOA (including GSP) imports from Niger totaled $22,000 in 2002.

Investment and Privatization Update

- Foreign direct investment in Niger continued to be hampered by a small domestic market, inadequate infrastructure, high relative energy costs, and a lack of skilled labor.
- Following the restructuring of the mining code in order to attract investment, a Canadian consortium has actively invested in the gold sector. Industrial quarrying is expected to begin in the next 2 years.
- Telecommunications services are expected to improve following the recent privatization of the telecommunications company, Sonitel, and the development of a mobile phone network.
- Opposition from trade unions hampered privatization efforts. Companies slated for privatization include the state electric company (Nigelec), the company responsible for petroleum product imports (Sonidep), a mortgage company, and the Gaweye Hotel.

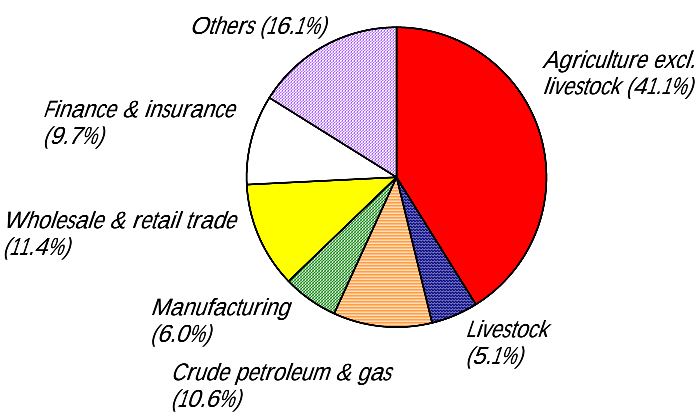
NIGERIA

Economic Overview

Economic Indicators

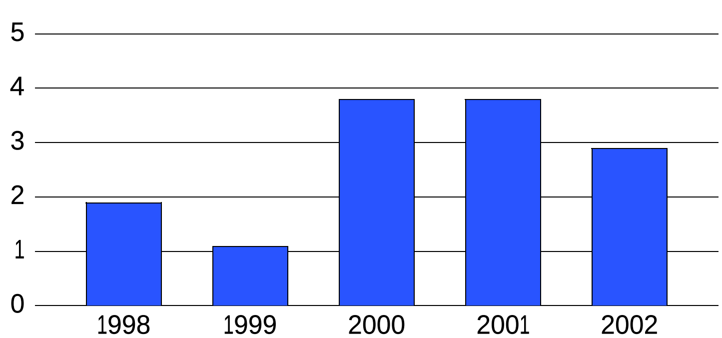
	2001	2002	Difference
GDP (nominal, N bn)	4,548.1	4,916.6	368.5
GDP (US$ bn)	40.9	40.7	-0.2
CPI Inflation (annual average; %)	18.2	14.2	-4.0
Goods Exports (US$ mn)	17,949.0	17,256.0	-693.0
Goods Imports (US$ mn)	12,303.0	13,650.0	1,347.0
Trade Balance (US$ mn)	5,646.0	3,606.0	-2,040.0
Current Account balance (US$ mn)	1,124.0	-1,225.0	-2,349.0
Foreign Exchange Reserves (US$ mn)	10,457.0	7,452.0	-3,005.0
Total External Debt (US$ bn)	28.8	29.7	0.9
Debt Service Ratio, paid (%)	6.0	4.3	-1.7
Exchange Rate (N/US$)	111.2	120.8	9.6

Origins of GDP (2001)



Real GDP Growth Rate

Percent



Economic Update

- Official government economic policy focused on economic liberalization, fiscal stability, improved competitiveness in the nonpetroleum sector, privatization, and agricultural and rural development. In an attempt to diversify Nigeria's economic base, in November 2002, the government announced a new industrialization policy aimed at increasing capacity utilization. Various aspects of the strategy include developing an enabling investment environment, reducing tariffs on imported inputs, and providing incentives to producers. According to a 2002 report by the Central Bank of Nigeria, the manufacturing sector remained constrained by high production costs, high interest rates, multiple taxes and levies imposed by state and local governments, limited local demand, inadequate infrastructure, and a high crime rate.
- A significant constraint to economic development has been the recurrent energy shortages. Domestic power supplies have been constrained by low government-established prices, which encourages the smuggling of cheap fuel to neighboring countries; and a poorly managed national petroleum company, which has run oil refineries at approximately 50 percent capacity. In January 2002, the government revived efforts to license private refineries in Nigeria. As part of this effort, the government attempted to lower domestic fuel subsidies to encourage investment in private oil refineries, but resistence by unions in January 2002 left domestic fuel prices among the lowest in the world. This slow process and domestic pricing policy have, consequently, limited progress and investment in establishing new oil refineries.
- The petroleum sector is managed by the Nigerian National Petroleum Company (NNPC), which maintains joint-venture equity agreements with the main oil-producing companies. Financial problems in recent years have resulted in NNPC's inability to meet its funding commitments for maintenance and operations costs associated with its agreements, resulting in production delays and adversely affecting investment in, and development of, the industry. In 2002, the Nigerian parliament approved a $3.1 billion cash-call payment to address the NNPC's funding problem. In an attempt to avert future situations, the government began investigating alternative financing arrangements whereby operators would cover full operating costs. In May 2002, the government granted NNPC full commercial status in order to enhance its finance-generating capacity.
- In January 2003, the heads of state of Benin, Ghana, Nigeria, and Togo signed a 20-year treaty establishing a single regulatory authority for, and harmonizing the fiscal and legal framework of, the planned $500 million West African Gas Pipeline. The pipeline will transport Nigerian gas to Benin, Ghana, and Togo.

Economic Update—Continued

- In March 2002, Nigeria withdrew from the informal IMF monitoring program in order to pursue its own reform strategy. The government subsequently released the "Framework for Nigeria's Economic Growth and Development (2003-2007)," which delineated the goals and processes for restructuring the economy.
- In late 2002, the World Bank announced its intent to reduce further investment in Nigeria from approximately $400 million to $200 million because of macroeconomic risks and the lack of substantive economic growth or poverty reduction.
- In December 2002, as part of its attempt to cut debt-servicing costs, Nigeria purchased $610 million of outstanding Brady bonds owed to the IMF at a cost of $139 million.
- In early 2003, the World Bank provided a $237 million interest-free loan to assist in healthcare and community development projects.
- In mid-2003, the IMF expressed concerns that macroeconomic imbalances, stemming from fiscal indiscipline and nontransparent budgets, had increased to unsustainable levels.

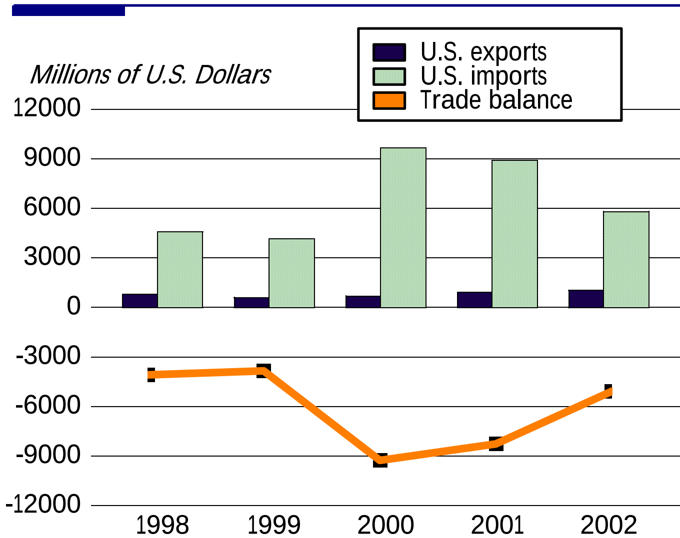
Main Trade Partners, percent of total, 2001

Markets		*Sources*	
United States	47.7	United Kingdom	8.8
Spain	10.0	United States	8.6
India	7.7	Germany	7.9
France	6.1	France	6.8

Main Trade Commodities, US$ million, 2001

Exports		*Imports*	
Oil	18,677.0	Manufactured goods	3,332.0
Non-oil	250.0	Machinery & transport	2,672.0
		Chemicals	2,576.0
		Food & live animals	1,312.0

U.S. Trade Balance



Trade Update

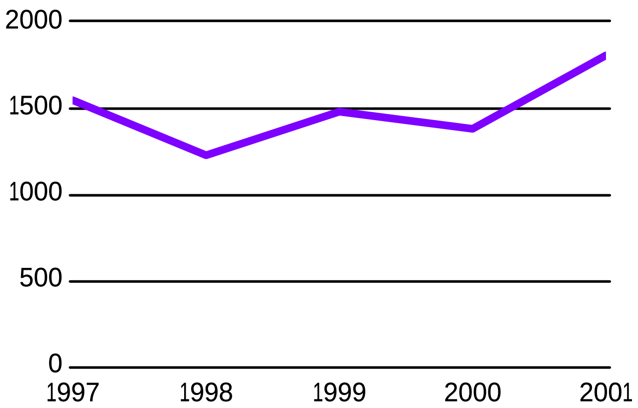
- Nigeria's location provides it with an advantage in supplying the North American petroleum market. In recent years, the United States alone accounted for one-third to one-half of Nigerian crude petroleum exports.
- In early 2003, social unrest in the Niger Delta forced several firms, including ChevronTexaco (U.S.), to close petroleum facilities.
- Although the government's stated goal is to reduce import controls with the number of banned products expected to decline until a scheduled elimination in 2005, tariff policies adopted in 2002 suggested an increase in overall tariff and nontariff protection of domestically produced finished goods. In addition, in March 2003, the government reduced duties on certain products, primarily raw materials and capital equipment, but increased duties on other products, primarily finished goods and agricultural products.
- In July 2002, the government reintroduced the Dutch auction system to counter depleting foreign-exchange reserves and destabilizing effects of multiple foreign-exchange markets.
- In 2003, the government reduced port taxes and has begun to remove administrative obstacles that hamper efficient port operations.
- In 2002, U.S. exports to Nigeria consisted primarily of machinery and mechanical appliances, cereals, and electrical machinery and equipment; and U.S. imports from Nigeria consisted primarily of mineral fuels and oils, and organic chemicals. In addition, Nigeria has been designated an AGOA beneficiary country. AGOA (including GSP) imports from Nigeria totaled $5.4 billion in 2002.

Investment and Privatization Update

- Foreign investment remained concentrated in the petroleum sector, which represented over 75 percent of foreign investment in 2001. Inhibitors to nonpetroleim investment included uncertain commitment to economic reform, low per capita income, substantial bureaucracy, inadequate infrastructure (such as erratic and unreliable electric, water, Internet, and telephone services), social unrest, and allegations of corruption. The government, nevertheless, continued efforts to liberalize the investment climate and increase FDI, including repealing restrictive laws, improving security, signing investment-protection treaties, providing fiscal incentives, and improving export processing zones.
- In 2002, petroleum production-sharing contracts were signed with various firms, including Esso Nigeria and Phillips Petroleum. Investment in the sector is expected to increase as a result of a new licensing round for 22 blocs expected to occur in late 2003 or early 2004. The petroleum sector, however, continued to experience obstacles and disruptions driven by social unrest. Following shutdowns by Shell and TotalFinaElf, in March 2003, ChevronTexaco (U.S.) suspended its operations in the Niger Delta after disgruntled communities and protest groups targeted petroleum companies.

Net Foreign Direct Investment

Millions of U.S. Dollars



Investment and Privatization Update-Cont.

- As part of its strategy to export liquified natural gas and to end the flaring of gas by 2008, in November 2002 production began on Nigeria's third liquified natural gas train. In January 2003, various banks, including Credit Lyonnais, BNP, Citibank, Mediocredito Centrale, and WestLB, provided Nigeria with a $1 billion loan facility to expand its liquified natural gas project. This loan facility is believed to be the largest in private-sector SSA.
- Nigeria has, nevertheless, received non-energy-related investment. In January 2003, British American Tobacco returned to Nigeria with a $150 million investment in a factory in Ibada, Oyo. In mid-2003, Toyota Nigeria announced plans to open a factory/assembly plant in Nigeria. South Africa has, in recent years, increased its investment presence in Nigeria, especially in retailing, mobile telephones, and satellite television sectors.
- In August 2002, the government announced that the Abuja Stock Exchange, first established in October 2000 as a competitor to the Nigeria Stock Exchange, would become Nigeria's first commodities exchange.
- The privatization program has continued at a slow pace. Many of the proposed sales scheduled in the privatization program, developed by the Bureau of Public Enterprises, have been delayed, including the national electric company, oil refineries, and steel plants. Several factors that contributed to the delays included administrative constraints, unrealistic deadlines, poor financial state of many state-owned enterprises, political constraints of election-year campaigning, and uncertain economic and investment environments.
- Although the privatization agency had announced a privatization program in 2001 for liberalization of the energy sector, sales have been delayed until late 2003. These delays have discouraged the development of independent power producers.
- In early 2002, the sale of 51 percent of the national telecommunications firm fell through. Consequently, the government decided to appoint a foreign firm to manage the telecommunications company. After winning the contract to manage the company, Pentascope (Netherlands), in early 2003, announced plans to purchase a 51 percent stake in the telecommunications firm. In August 2002, the government licensed privately-owned Globacom as a second national carrier to compete with the national telecommunications firm.
- In August 2002, the Ministry of Aviation sold 49 percent of Nigeria Airways to Airwing Aerospace (UK). According to a June 2002 agreement, Air Nigeria was to replace Nigeria Airways and the company was to be floated. Because the agreement was not undertaken under the auspices of the privatization agency, the Bureau of Public Enterprises, the circumstances of the sale are to be investigated.
- In early 2003, the privatization agency announced that several companies had expressed interest in acquiring a 51 percent stake in the state-owned aluminum smelter company, Alscon. Financial documents revealed the company to be insolvent, with a government exposure of about $2.33 billion. Interested companies included Ferrostaal (Germany), Alcan (Canada), Russian Aluminum, Glencore (Switzerland), and Alcon (U.S.).

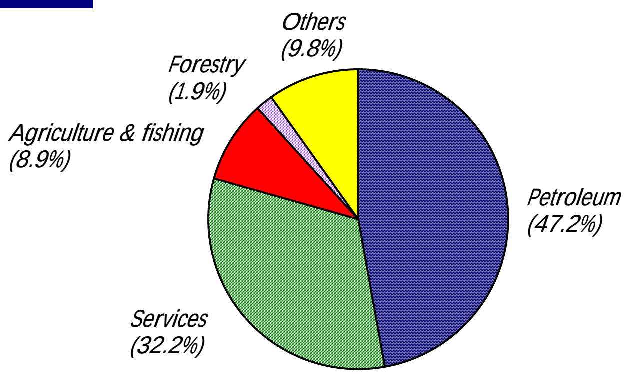
REPUBLIC OF THE CONGO

Economic Overview

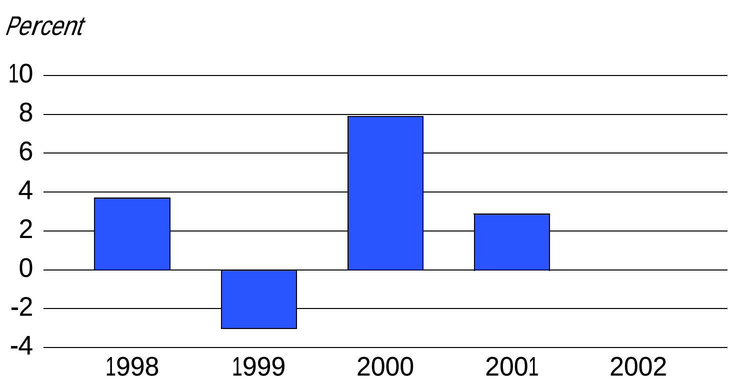
Economic Indicators

	2001	2002	Difference
GDP (nominal, CFAfr bn)	1,574.0	1,637.0	63.0
GDP (US$ bn)	2.1	2.3	0.2
CPI Inflation (annual average; %)	-0.5	3.6	4.1
Goods Exports (US$ mn)	2,405.0	2,343.0	-62.0
Goods Imports (US$ mn)	705.0	730.0	25.0
Trade Balance (US$ mn)	1,700.0	1,613.0	-87.0
Current Account balance (US$ mn)	42.0	66.0	24.0
Foreign Exchange Reserves (US$ mn)	68.9	41.1	-27.8
Total External Debt (US$ mn)	n/a	n/a	n/a
Debt Service Ratio, paid (%)	n/a	n/a	n/a
Exchange Rate (CFAfr/US$)	733.0	696.9	-36.1

Origins of GDP (1999)



Real GDP Growth Rate



Economic Update

- The economy remained dominated by the petroleum industry, which represented over 90 percent of export earnings and over 65 percent of GDP. Growth of the nonpetroleum sector was inhibited by the resumption of social unrest in March 2002. In addition to the conflict, the economy remained hampered by lack of regulatory transparency and inadequate government institutions.
- In January 2003, as part of its commitment to the IMF and the World Bank, the government enacted a new forestry code in order to increase forestry revenue. A key aspect of the code is the increase in taxes by approximately 200 to 350 percent. In an attempt to encourage wood processing, such as veneering, the government stressed that the taxes would be less on processed or manufactured wood products than on unprocessed timber. Other changes include a new licensing system announced in late 2002, which aims to increase timber company cooperation with local communities. In early 2003, the government announced plans to join the World Bank's Congo Basin Forest Partnership, which aims to preserve the tropical forest by combating illegal and uncontrolled logging in the region.
- Under its agreements with the IMF, the government has committed to reforming the public sector, improving public services, and clearing arrears to public-sector workers. The IMF has also urged the government to increase social-sector spending, especially on healthcare and education. The IMF has expressed concern that the implementation of reforms have been weak and most targets and deadlines have not been met. In addition, the government has failed to curb unplanned spending, to increase nonpetroleum revenue, or to increase transparency in the petroleum sector. The IMF has also expressed concerns regarding the country's borrowing on the commercial market using petroleum revenue as collateral, which is a breach of its commitments to the IMF. These obstacles continued to hinder the Republic of the Congo's access to development funding and debt relief through such programs as the PRGF and the HIPC initiative.
- The ceasefire agreement signed in early 2003 opened up the opportunity for the country to receive increased external assistance for reconstruction. In mid-2003, the World Bank signed a $40.3 million agreement to fund economic recovery.

REPUBLIC OF THE CONGO

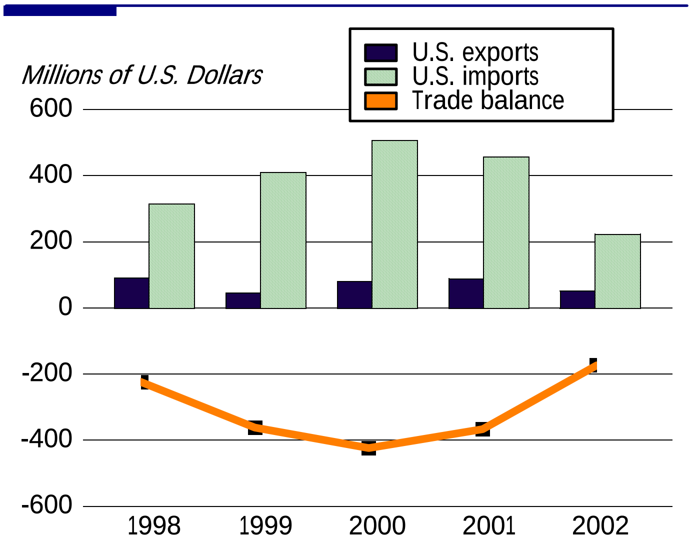
Main Trade Partners, percent of total, 2001

Markets		*Sources*	
United States	17.2	France	20.5
South Korea	12.7	Italy	10.9
China	9.9	United States	9.5
Germany	5.6	Belgium	5.1

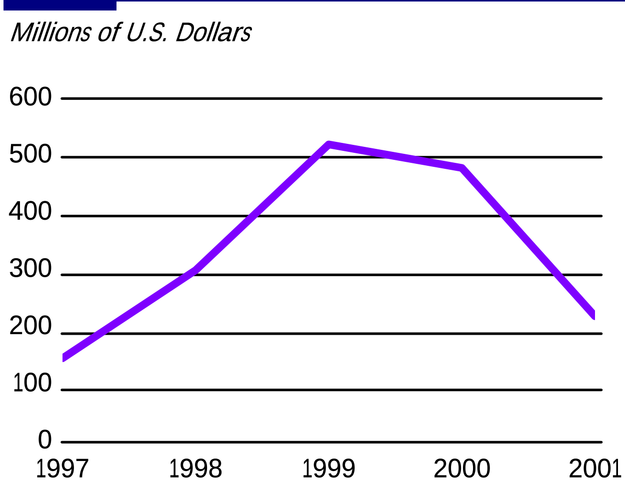
Main Trade Commodities, US$ million

Exports (1999)		*Imports (1998)*	
Petroleum	1,526.4	Petroleum sector	423.7
Timber	70.8	Other capital goods	64.9
Sugar	12.5		
Others	58.3		

U.S. Trade Balance



Net Foreign Direct Investment



Trade Update

- Civil conflict, which erupted in early 2002, disrupted trade by blocking access to railway and river transport services.
- The country has experienced increased activity in the timber production and export sector in recent years. Companies investing in timber production include Mokabi (France-government joint venture), a Malaysian-Congolese joint venture company, Danzar (Germany), and Foralac (Portugal).
- In 2002, U.S. exports to the Republic of the Congo consisted primarily of machinery and mechanical appliances, articles of iron or steel, electrical machinery and equipment, and cereals; and U.S. imports from the Republic of the Congo consisted primarily of mineral fuels and oils, precious or semiprecious stones and metals, and sugars. In addition, the Republic of the Congo has been designated an AGOA beneficiary country. AGOA (including GSP) imports from the Republic of the Congo totaled $106.6 million in 2002.

Investment and Privatization Update

- Investment in the petroleum sector was dampened by the resumption of conflict in early 2002. A peace agreement with the last rebel group, signed in March 2003, is expected to increase stability and to improve the investment climate.
- Magnesium Alloy Corporation announced plans to develop magnesium deposits in the Kouilou region. If successful, it would represent the Republic of the Congo's largest mining investment.
- In 2002, the government liberalized fuel services by transferring fuel distribution services to a consortium, which included ChevronTexaco (U.S.) and TotalFinaElf (France).
- In 2002, the government sold several state forestry companies to Congolese and foreign investors.
- In May 2002, Credit Lyonnais (France) purchased the viable assets of the state development bank. With technical assistance from a private French bank, the government continued plans to privatize the last state-owned bank, CPAC.
- The government continued efforts to locate a buyer for the state-owned railway line, as well as efforts to privatize the banking and insurance sectors.

RWANDA

Economic Overview

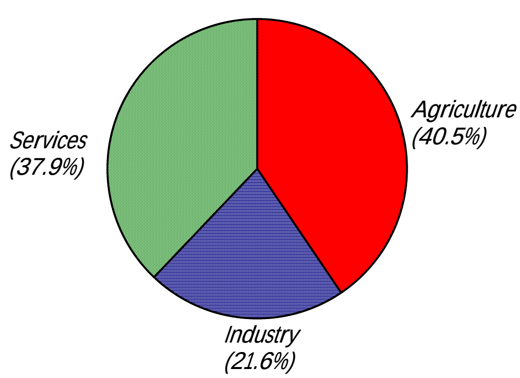
Economic Indicators

	2001	2002	Difference
GDP (nominal, Rwfr bn)	754.7	844.5	89.8
GDP (US$ bn)	1.7	1.8	0.1
CPI Inflation (annual average; %)	3.4	2.0	-1.4
Goods Exports (US$ mn)	93.3	68.0	-25.3
Goods Imports (US$ mn)	225.5	253.0	-2.2
Trade Balance (US$ mn)	-161.9	-185.0	-23.1
Current Account balance (US$ mn)	-118.1	-141.0	-22.9
Foreign Exchange Reserves (US$ mn)	212.1	243.7	31.6
Total External Debt (US$ mn)	n/a	n/a	n/a
Debt Service Ratio, paid (%)	n/a	n/a	n/a
Exchange Rate (Rwfr/US$)	443.0	475.4	32.4

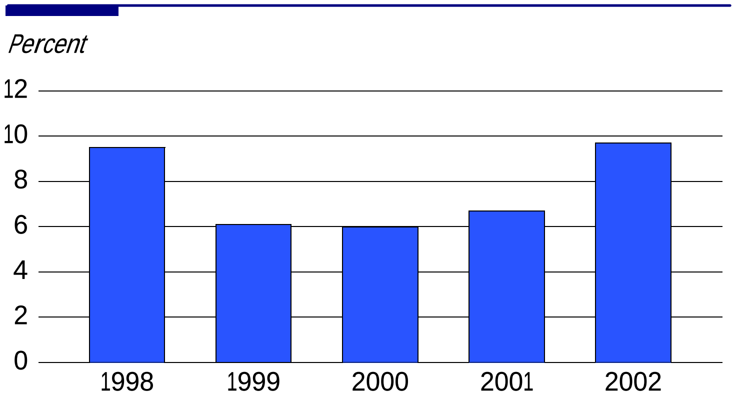
Economic Update

- Improved weather conditions and increased productivity contributed to substantial agricultural production growth.
- As a result of the government's prudent economic management and commitment to poverty reduction and economic growth, Rwanda continued to receive substantial support from international donors. The government continued to maintain macroeconomic stability, to liberalize public sector monopolies, to privatize state-owned companies, and to promote foreign investment. The IMF and the World Bank have, however, expressed concerns regarding government defense spending.
- The country's poverty reduction strategy paper, discussed with the IMF in 2002, included various programs such as support for small-scale agriculture, labor-intensive public works, demobilization of soldiers, and increased adult literacy. After negotiations with the IMF, the government scaled down its programs, and a new PRGF was finalized in June 2003.

Origins of GDP (2001)



Real GDP Growth Rate



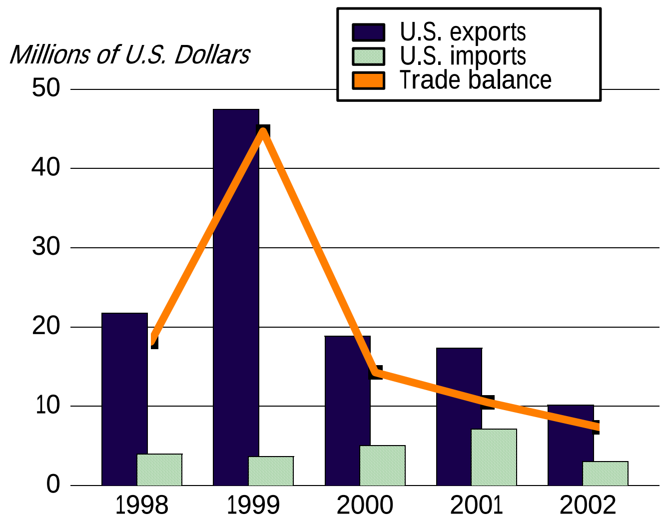
Main Trade Partners, percent of total, 2001

Markets		*Sources*	
Germany	39.4	Kenya	25.7
China	21.3	Belgium	9.0
United States	8.1	United States	7.7
Netherlands	7.4	Germany	3.7

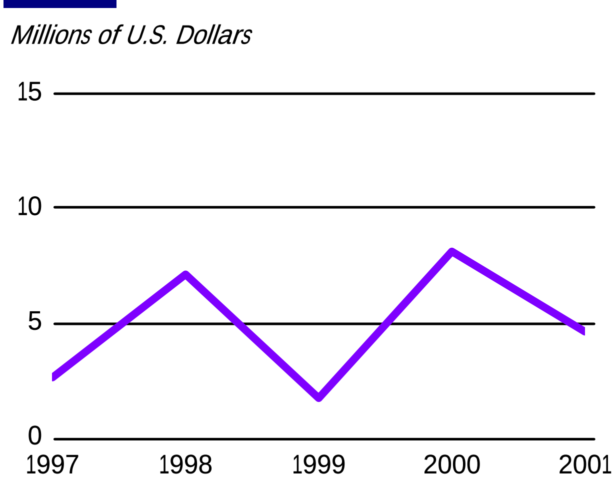
Main Trade Commodities, US$ million, 2002

Exports		*Imports*	
Tea	22.0	Consumption goods	120.5
Coffee	14.6	Raw materials	44.6
Coltan	14.0	Energy products	36.7
Hides	2.6	Capital goods	35.5

U.S. Trade Balance



Net Foreign Direct Investment



Trade Update

- Following a precedent-setting increase in the mining sector's contribution to export earnings in 2001, a fall in international prices dropped coltan to the third largest export product, behind tea and coffee.
- Aging trees, adverse weather, and declining international prices contributed to the decline in coffee production. Government plans to privatize coffee processing plants is expected to increase production and improve quality.
- Tea remained an important foreign-exchange earner. The government has attempted to diversify the export base by promoting floriculture exports. Floriculture exports were deterred by the collapse of Sabena airlines eliminating a direct flight from Rwanda to Europe. The launch of a new service by SN Brussels Airline is expected to resolve this problem.
- Although Rwanda did not meet its commitment to reduce tariffs by 100 percent as part of Comesa membership, in 2002 the government implemented an 80 percent reduction in Comesa region tariffs and plans to achieve 100 percent reduction by 2004.
- Rwanda applied to join the East African Community, but in mid-2002, the regional organization deferred reviewing its application.
- In March 2003, Rwanda received its textile and apparel eligibility under the AGOA program, opening the way for duty-free textile and apparel exports to the United States.
- In 2002, U.S. exports to Rwanda consisted primarily of animal or vegetable oils or waxes, edible vegetables or roots, and milling industry products; and U.S. imports from Rwanda consisted primarily of coffee, tea, and spices, and ores, slag, and ash. In addition, Rwanda has been designated an AGOA beneficiary country, including apparel eligibility. AGOA (including GSP) imports from Rwanda totaled $10,000 in 2002.

Investment and Privatization Update

- Government plans to privatize several of the country's tea estates, assets in the banking sector, and the energy utility in 2002 were delayed. In early 2003, the government awarded a private management contract for the state energy company, Electrogaz.
- In late 2002, the government launched the sale of the telecommunications company, Rwandatel. The government plans to sell a 51 percent stake to foreign investors, with 43 percent reserved for local interests, 5 percent reserved for company staff, and 1 percent reserved for the state.

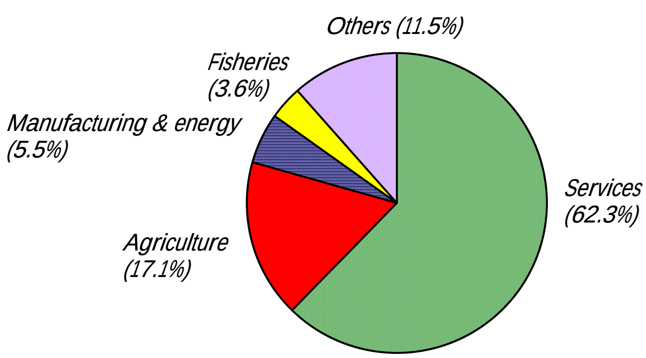
SÃO TOMÉ & PRINCIPE

Economic Overview

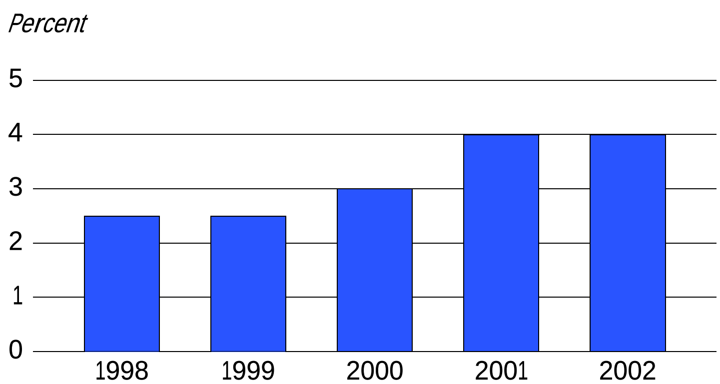
Economic Indicators

	2001	2002	Difference
GDP (nominal, Db bn)	422.0	478.0	56.0
GDP (US$ mn)	47.7	51.1	3.4
CPI Inflation (annual average; %)	9.4	7.0	-2.4
Goods Exports (US$ mn)	3.9	5.5	1.6
Goods Imports (US$ mn)	23.4	24.8	1.4
Trade Balance (US$ mn)	-19.5	-19.3	0.2
Current Account balance (US$ mn)	-5.2	-5.0	0.2
Foreign Exchange Reserves (US$ mn)	15.5	15.2	-0.3
Total External Debt (US$ mn)	312.0	318.0	6.0
Debt Service Ratio, paid (%)	10.8	n/a	n/a
Exchange Rate (Db/US$)	8,842.1	9,356.0	513.9

Origins of GDP (1999)



Real GDP Growth Rate



Economic Update

- Economic growth has been supported by increased inflows of foreign assistance and improved policy performance.
- The expected production of petroleum by 2006 is expected to impact the country's economy significantly.
- In 2002, two Portugese airlines announced plans to introduce service to São Tomé and Principe.
- In 2002, the recently privatized telecommunications company, CST, and a private firm introduced cellular service.
- Government policy remained focused on implementing its 2001 poverty reduction strategy paper. The main goals of the paper are increased GDP growth and improved access to social services. The government's policies were outlined in its Poverty Action Plan, which established a framework for social sector investment, macroeconomic stabilization, and increased economic growth.
- Lapses in meeting PRGF targets, particularly larger-than-budgeted government spending, resulted in IMF extension of the program to the end of 2002.

SÃO TOMÉ AND PRINCIPE

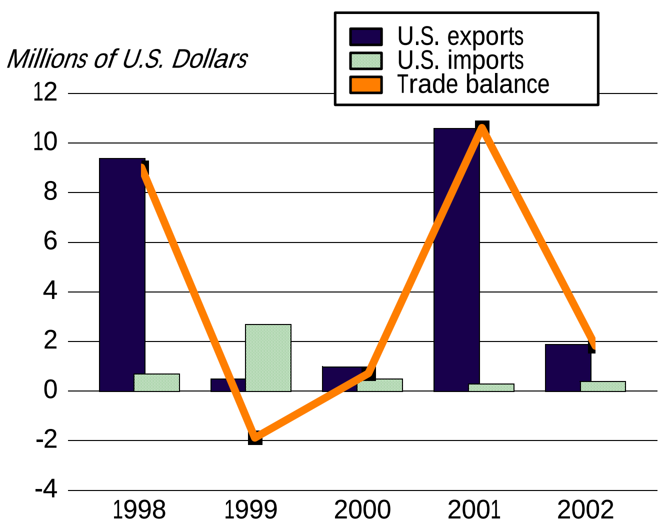
Main Trade Partners, percent of total, 2001

Markets		*Sources*	
Netherlands	27.3	Portugal	38.9
Portugal	18.2	United States	22.2
Canada	9.1	United Kingdom	9.3

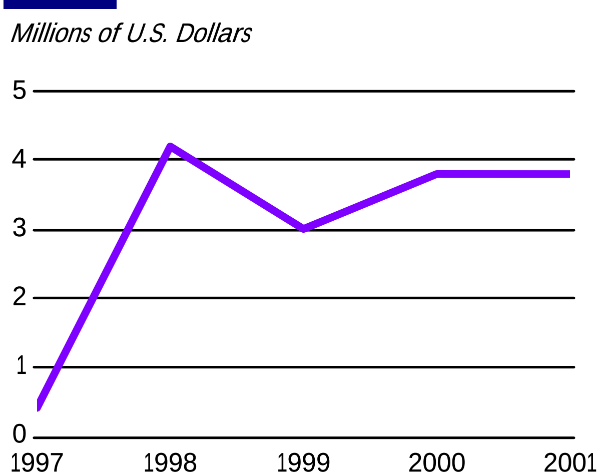
Main Trade Commodities, US$ million, 1999

Exports		*Imports*	
Cocoa	3.0	Capital goods	12.0
Others	0.9	Food	6.0
		Fuel	3.0

U.S. Trade Balance



Net Foreign Direct Investment



Trade Update

- Falling international prices and supply-side constraints have dampened cocoa sector production and export.
- In January 2002, the government signed a new 3-year fishing agreement with the EU, which is expected to bring in approximately $2.4 million per year.
- In 2002, U.S. exports to São Tomé and Principe consisted primarily of machinery and mechanical appliances, electrical machinery and equipment, and paper products; and U.S. imports from São Tomé and Principe consisted primarily of wood and products, electrical machinery and equipment, and precious or semiprecious stones and metals. In addition, São Tomé and Principe has been designated an AGOA beneficiary country.

Investment and Privatization Update

- The country's territorial waters have received substantial attention from international petroleum firms in recent years, and attracted significant investment into the country. Although petroleum production is expected to begin in 2006, legal disputes with Nigerian-owned Chrome Energy have inhibited continued development. Bidding on various blocks, which were to begin in late 2002, were delayed until mid-2003 after the government decided to renegotiate its agreement with Chrome Energy.
- Although the privatization program has progressed, the government continued to control 12 companies, primarily utilities and public infrastructure. The government announced plans to retain ownership of most of these remaining firms with provision for private participation or management. The telecommunications company, national fuel company, and airport include private capital.

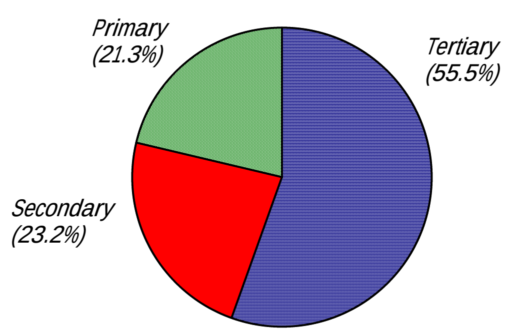
SENEGAL

Economic Overview

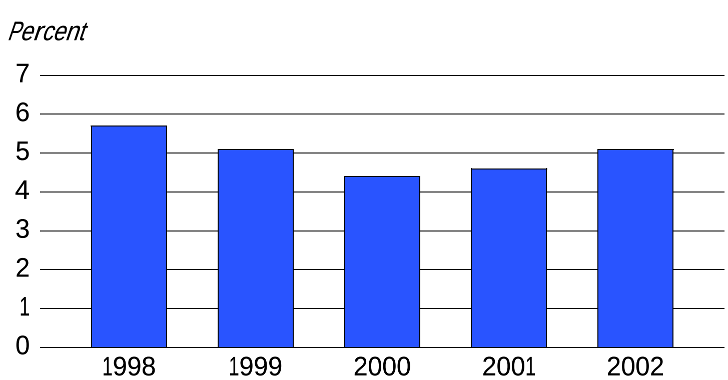
Economic Indicators

	2001	2002	Difference
GDP (nominal, CFAfr bn)	3,391.5	3,545.9	154.4
GDP (US$ bn)	4.6	5.1	0.5
CPI Inflation (annual average; %)	3.0	2.3	-0.7
Goods Exports (US$ mn)	966.3	1,060.1	93.8
Goods Imports (US$ mn)	1,326.9	1,405.0	78.1
Trade Balance (US$ mn)	-360.6	-344.9	15.7
Current Account balance (US$ mn)	-262.5	-264.6	-2.1
Foreign Exchange Reserves (US$ mn)	447.3	637.4	190.1
Total External Debt (US$ bn)	3.4	3.1	-0.3
Debt Service Ratio, paid (%)	13.6	13.0	-0.6
Exchange Rate (CFAfr/US$)	733.0	697.0	-36.0

Origins of GDP (2000)



Real GDP Growth Rate



Economic Update

- In 2002, economic growth was hampered by a decrease in activity in the primary sector, such as agriculture, fishing, and stock rearing. Groundnut production experienced poor production; and the fishing sector was constrained by dilapidated equipment and a lack of investment.
- In January 2003, the government unveiled the design for a new airport at Ndiass, which will be a build-operate-transfer project. A Swedish-Swiss engineering, power, and automation firm, Asea Brown Boveri, was selected as the private partner that will construct the airport in return for a 22-year concession.
- In order to address energy shortages, the Senegal River Development Organization, in July 2002, completed connection of generators to Senegal's grid. By May 2003, the plant reached full generating capacity.
- Economic reforms have focused on four main areas: fiscal consolidation and transparency; privatization and structural reform; poverty reduction by addressing health, education, and unemployment concerns; and investment through the launching of various initiatives to attract investors, such as the establishment of an agency responsible for advocating the interests of potential foreign investors.
- In 2002, the government announced a series of agricultural reform initiatives, including efforts to encourage agricultural diversification and to reduce dependence on groundnut production, increased irrigation projects, a cloud-seeding project to increase rainfall, construction of an artificial lake, and new agricultural training schools.
- In April 2002, the PRGF expired. A poverty reduction strategy paper was published in November 2002, and the IMF agreed to a new PRGF in April 2003, for 2003 to 2005. The policies outlined aim to double income per capita by 2015 through real GDP growth averaging 7 to 8 percent per year, to increase access to basic social services by increasing the development of necessary infrastructure, and to improve gender equality in access to primary and secondary education.

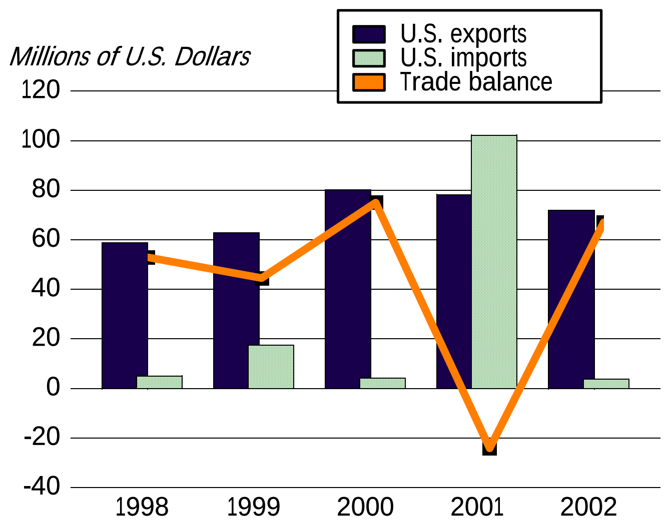
Main Trade Partners, percent of total, 2000

Markets		*Sources*	
India	18.0	France	27.4
France	15.6	Nigeria	18.9
Italy	9.0	Germany	5.3
Mali	5.9	Italy	3.6

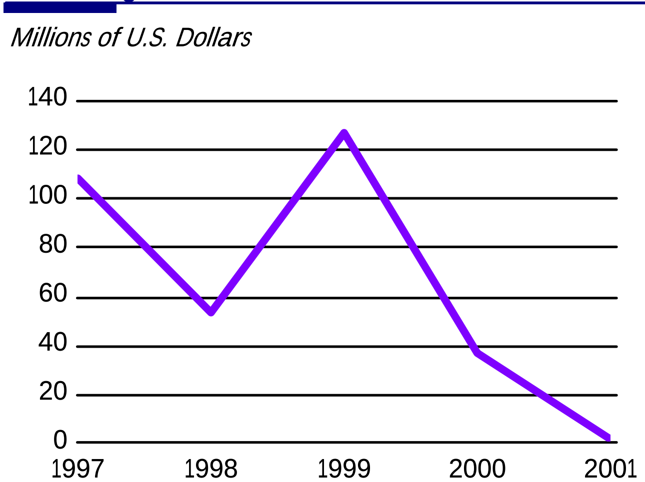
Main Trade Commodities, US$ million, 2000

Exports		*Imports*	
Fish & fish products	222.0	Petroleum products	341.0
Phosphates & fertilizers	101.0	Food products	326.0
Groundnuts & products	84.0	Capital goods	216.0

U.S. Trade Balance



Net Foreign Direct Investment



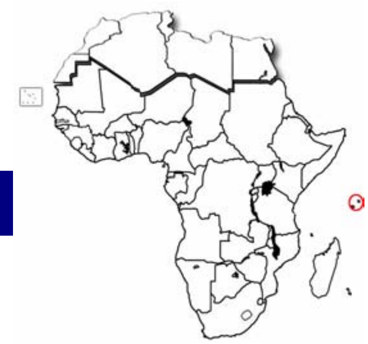
Trade Update

- Trade transport infrastructure, particularly the port, experienced increased traffic as trade to land-locked states, such as Mali, rerouted trade through Senegal because of the political instability in Côte d'Ivoire.
- In June 2002, the government signed a new 4-year fishing agreement with the EU. The government has expressed concerns regarding the depletion of fish stocks and the need to improve competitiveness. Consequently, the agreement specifies maximum allowable catches and requires investment targeting Senegal's fishing industry, such as assistance to small-scale fishing, improvement of fishing equipment, and access to credit and technical assistance.
- In 2002, U.S. exports to Senegal consisted primarily of vehicles and parts, machinery and mechanical appliances, and electrical machinery and equipment; and U.S. imports from Senegal consisted primarily of prepared feathers and down, organic chemicals, and fish and crustaceans. In addition, Senegal has been designated an AGOA beneficiary country, including apparel eligibility. AGOA (including GSP) imports from Senegal totaled $499,000 in 2002.

Investment and Privatization Update

- In November 2002, the country's second cement plant began operations. The plant represents the largest investment in Senegal since 1994, and is expected to address the cement shortage that has constrained the construction sector.
- The Senegalese national telecommunications company, Sonatel, was granted a 15-year investment guarantee by the World Bank for planned investment in a GSM network being built in Mali.
- In May 2003, the World Bank approved a $46 million loan to help Senegal stimulate investment by improving the investment climate and promoting increased private sector participation. The loan will fund initiatives to reform the legal, judicial, and tax systems, as well as to eliminate administrative and trade barriers.
- The government continued to exercise influence in key economic sectors by divesting less than 50 percent of large enterprises.
- In July 2002, after talks with two prospective buyers fell through, the government suspended privatization of the state energy utility, Senelec. The government has announced plans to investigate alternative options to privatization.
- The IMF mission to Senegal in early 2003 cited concerns with delays in the privatization of the electric utility and groundnut parastatals, as well as the continued subsidy of the groundnut parastatals.

SEYCHELLES

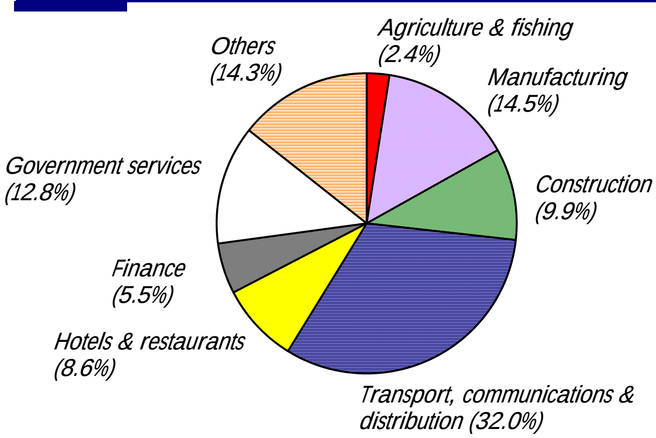


Economic Overview

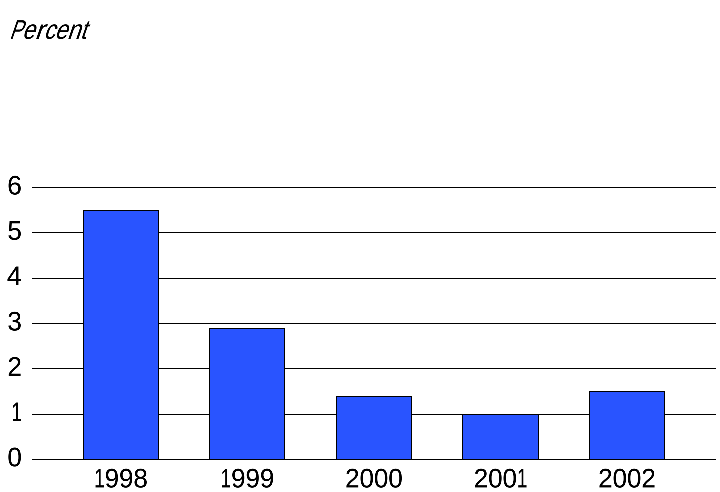
Economic Indicators

	2001	2002	Difference
GDP (nominal, SRs mn)	3,337.0	3,341.0	4.0
GDP (US$ mn)	569.5	609.7	40.2
CPI Inflation (annual average; %)	6.0	0.5	-5.5
Goods Exports (US$ mn)	215.0	235.0	20.0
Goods Imports (US$ mn)	387.0	380.0	-7.0
Trade Balance (US$ mn)	-172.0	-145.0	27.0
Current Account balance (US$ mn)	-100.0	-75.0	25.0
Foreign Exchange Reserves (US$ mn)	37.1	69.7	32.6
Total External Debt (US$ mn)	215.0	220.0	5.0
Debt Service Ratio, paid (%)	2.7	3.0	0.3
Exchange Rate (SRs/US$)	5.9	5.5	-0.4

Origins of GDP (2000)



Real GDP Growth Rate



Economic Update

- Shipping remained an important sector in the Seychelles economy. In addition to facilitating trade for the country, the shipping sector also earns revenue by providing services to international cruise liners, fishing vessels, and freight carriers. The sector is expected to benefit, through increased export earnings and more efficient trade, from the May 2002 establishment of a direct route between Asia and East Africa by a joint venture between Delmas, P&O Nedlloyd, and Mitsui OSK Lines. Much of the revenue earned in the sector stems from the re-export of oil to ships and aircraft. Earnings from this service are expected to increase because of the January 2002 delivery of a new tanker.
- The service sector, consisting of transportation, communications, commerce, trade, and tourism, remained an important factor in the country's economic performance. The tourism sector experienced a downturn in activity as the number of visitors fell by 15 percent in early 2002. In April 2002, the government appointed a new Seychelles Tourism Advisory Board with increased private sector representation. The manufacturing sector remained constrained by a small domestic market, geographic isolation, and extensive state intervention in the private sector. For example, markups in the private sector are limited to 30 percent in the retail sector and 15 percent in the wholesale sector. Several firms were fined for selling in excess of controlled prices.
- Despite establishment of the Seychelles International Business Association, the country's high-cost environment, limited international connections, high wages, and land shortages continued to inhibit investment and domestic market development.
- In order to address problems arising from water shortages in years of low rainfall, the government commissioned four desalination plants which are expected to begin operations in 2003.
- Because of its relatively high GDP per capita, at over $8,000 in 2001, Seychelles received relatively less international assistance and aid.
- In February 2002, the EU granted $3.6 million for a solid waste management project.
- In April 2002, the state-owned SePeC, which manages oil trade, borrowed $10 million from Malaysia's export-import bank to address its debt overhang.

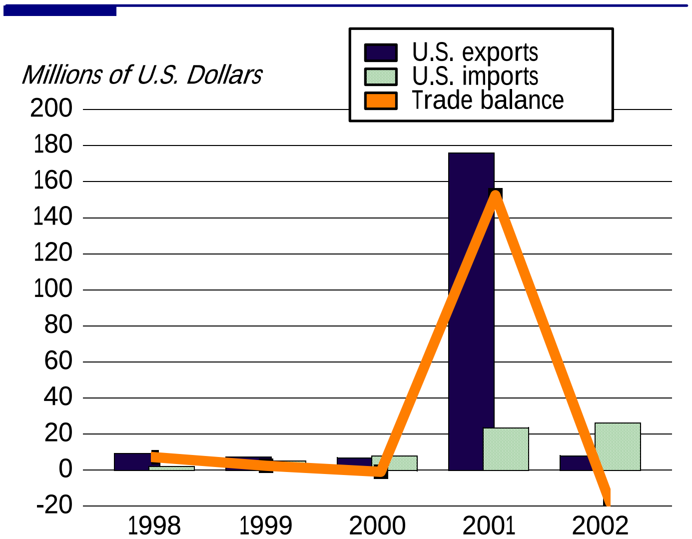
Main Trade Partners, percent of total, 2001

Markets		*Sources*	
United Kingdom	37.4	United States	26.0
France	25.2	France	9.8
Italy	15.2	Saudi Arabia	8.6
Germany	6.1	South Africa	6.8

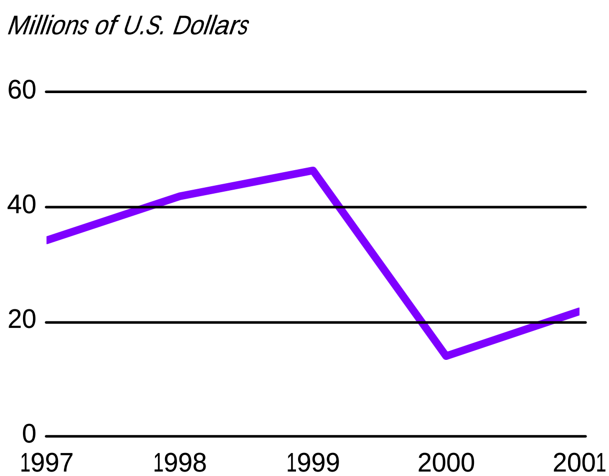
Main Trade Commodities, US$ million, 2001

Exports		*Imports*	
Canned tuna	131.6	Machinery & transport goods	125.1
Re-exports of petroleum	50.6	Food & live animals	93.0
Frozen prawns	2.1	Manufactured goods	66.5
Frozen & fresh fish	1.8	Fuel	59.9

U.S. Trade Balance



Net Foreign Direct Investment



Trade Update

- In January 2002, the government renewed its fisheries protocol with the EU. Under the 3-year agreement, which began in January 2002, the EU will pay $1.9 million per year for fishing rights.
- Given its preferential access to the EU market, Seychelles is expected to face increased competition if a mediated proposal providing for tariff cuts on Thai and Philippine tuna is ratified by the European Commission.
- In order to address persistent foreign-exchange shortages, the government instituted new restrictions on foreign-exchange transactions in mid-2001, including requirements that tourists pay for almost all services in foreign currency and restrictions on the sale of foreign exchange to commercial banks. The parallel market value for the local currency was estimated at half the official exchange rate. The foreign-exchange shortages persisted in 2002, dampening economic performance in many sectors, including tourism, airline, and manufacturing industries.
- At over 40 percent, trade taxes continued to represent a large share of government revenue.
- In 2002, U.S. exports to Seychelles consisted primarily of machinery and mechanical appliances, plastics, and aircraft and parts; and U.S. imports from Seychelles consisted primarily of fish and crustaceans, and optical or medical instruments and apparatus. In addition, Seychelles has been designated an AGOA beneficiary country.
- The substantial increase in U.S. exports in 2001 was driven by U.S. exports of aircraft and parts.

Investment and Privatization Update

- Despite the downturn in the global tourism industry, the tourism sector continued to attract investment. Current and potential investors include Beachcomber (Mauritius), Sun International (Bahamas), Accor Sofitel (France), and the Aman group (Yemen).
- Parastatals continued to play a significant role in the economy. Key state-owned enterprises include Air Seychelles, the Seychelles Petroleum Company, and the Seychelles Marketing Board. In addition to preferential access to foreign exchange, the Seychelles Marketing Board continued to retain a monopoly on the trade and distribution of numerous products.
- After concerns over the 1995 establishment of the Seychelles international trade zones, and the tax competition created by the practice of investors negotiating personal terms, the government committed to the OECD to end the practice by 2005. Subsequently, in early 2002, the OECD named Seychelles one of the 11 offshore jurisdictions with which it enjoys a close working relationship.

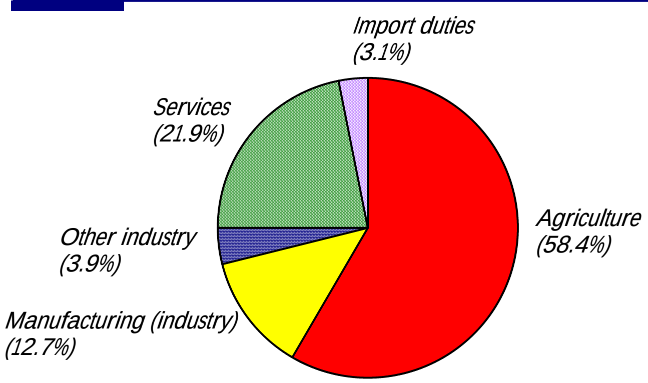
SIERRA LEONE

Economic Overview

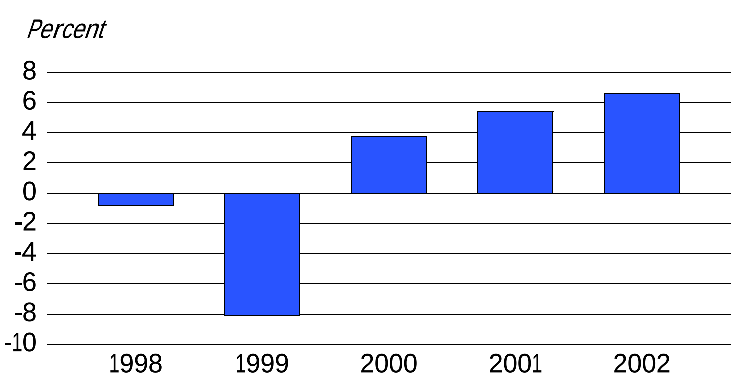
Economic Indicators

	2001	2002	Difference
GDP (nominal, Le bn)	1,508.7	1,658.7	150.0
GDP (US$ mn)	759.9	836.0	76.1
CPI Inflation (annual average; %)	3.0	1.0	-2.0
Goods Exports (US$ mn)	30.5	35.0	4.5
Goods Imports (US$ mn)	182.2	190.0	7.8
Trade Balance (US$ mn)	-151.7	-155.0	-3.3
Current Account balance (US$ mn)	-135.0	n/a	n/a
Foreign Exchange Reserves (US$ mn)	51.6	n/a	n/a
Total External Debt (US$ mn)	1,398.0	1,473.0	75.0
Debt Service Ratio, paid (%)	n/a	n/a	n/a
Exchange Rate (Le/US$)	1,985.2	1,984.0	-1.2

Origins of GDP (1999)



Real GDP Growth Rate



Economic Update

- Although areas of the country continued to experience substantial civil unrest, a national election in May 2002 provided hope that Sierra Leone has begun to recover from its 10-year civil war. The government has stated it will focus on five key areas: developing the private sector, expanding agricultural production, reviving the mining industry, improving the country's infrastructure, and building "human capital."
- In addition to the constraints of low producer prices and inadequate infrastructure, the agriculture sector was significantly disrupted by the social unrest. Although there were signs of increased food security, international organizations estimate that some areas will continue to require humanitarian aid, as over 500,000 families have experienced displacement.
- Manufacturing sector expansion was constrained by social instability, small domestic market, inadequate infrastructure, limited credit, and foreign-exchange shortages.
- The banking sector began to experience some recovery, and in July 2002, one of the state-owned banks opened the country's first automated teller machines.
- After a review of the September 2001 PRGF in March 2002, the IMF expressed satisfaction with the government's progress toward advancing peace and in reaching economic performance targets. The IMF released a disbursal of $12 million. In September 2002, the IMF conducted a second review of the PRGF, and commended the government's progress despite institutional and financial constraints. The IMF released an additional $25 million.
- In March 2002, the IMF and World Bank announced debt reduction for Sierra Leone under the HIPC initiative amounting to $950 million. Savings from the debt relief program are to be used to fund education, health, and rural development.
- In June 2002, the African Development Bank approved a $42.8 million debt-relief package to assist Sierra Leone in funding its poverty reduction programs under the interim poverty reduction strategy paper.

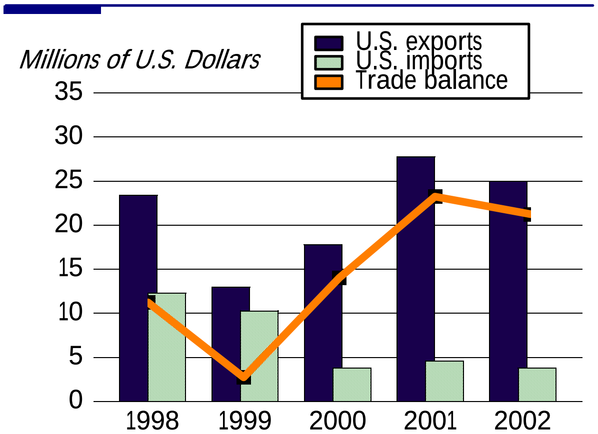
Main Trade Partners, percent of total, 2001

Markets		*Sources*	
Greece	32.1	United Kingdom	25.3
Belgium	28.2	Netherlands	10.3
United States	6.3	United States	7.9
United Kingdom	5.9	Germany	6.3

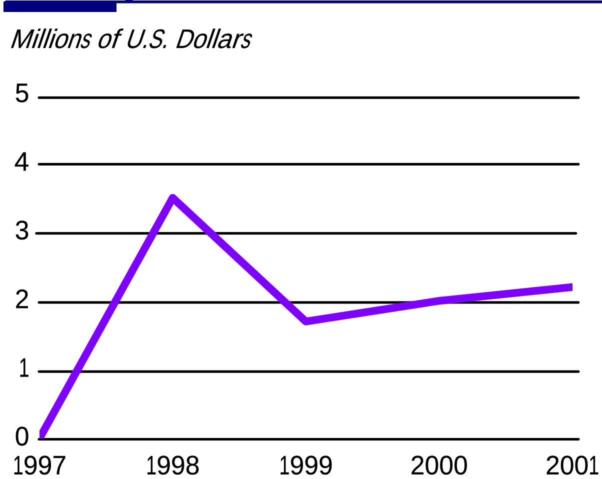
Main Trade Commodities, US$ million, 2001

Exports		*Imports*	
Diamonds	26.3	Food	51.9
Others	2.0	Fuel & lubricants	43.3
		Machinery & transport equipment	37.2
		Manufactured goods	21.5

SIERRA LEONE
U.S. Trade Balance



Net Foreign Direct Investment



Trade Update

- Production of Sierra Leone's main agricultural export products, coffee and cocoa, was significantly inhibited by social unrest and low producer prices.
- Although Sierra Leone has substantial deposits of diamonds, gold, bauxite, and rutile, the social unrest limited mineral exports primarily to diamonds and minimal amounts of gold, after the closure of bauxite and rutile mines.
- In late 2002, RusAl (Russia) announced plans to open bauxite mines in Sierra Leone. The company also announced the possibility of constructing an alumina smelter to process ore prior to export.
- In June 2003, the United Nations announced its decision to drop sanctions, first imposed in June 2002, against "blood diamonds" exports from Sierra Leone. The country will be able to export diamonds after the government establishes a certification process which complies with the Kimberley Process Certification system.
- In 2002, U.S. exports to Sierra Leone consisted primarily of preparations of cereals, milling industry products, and animal or vegetable oils or waxes; and U.S. imports from Sierra Leone consisted primarily of precious or semiprecious stones, and nonknitted apparel. In addition, Sierra Leone has been designated an AGOA beneficiary country. AGOA (including GSP) imports from Sierra Leone totaled $217,000 in 2002.

Investment and Privatization Update

- In July 2002, a seismic data company, TGS Nopec, announced that approximately 28,000 square kilometers of offshore area would be offered for exploration. In mid-2003, the government received bids from three petroleum companies to explore the coastal waters, Repsol (Spain), Oranto Petroleum (Nigeria), and 8 Investments (U.S.). The government announced evidence of petroleum and gas deposits, and expects exploratory drilling to begin in 2005.
- In late 2002, the governments of Libya, Nigeria, and South Africa announced plans to invest $10 million each to assist in the country's recovery.
- Although the government announced incentives, such as tax exemptions, for export and resource-based investment projects, relatively high levels of political risk continued to deter foreign investment.
- In June 2002, the government announced plans to privatize the national power company, and, with assistance from the World Bank, has contracted an international consultancy firm, Electricity Africa, to develop a strategy for the sector.
- In mid-2002, Nigeria's privatization agency announced the sale of the West African Refinery in Freetown owned by the Nigerian government.

SOMALIA

Economic Overview

Economic Indicators

	2001	2002	Difference
GDP (nominal, N$ bn)	n/a	n/a	n/a
GDP (US$ bn)	n/a	n/a	n/a
CPI Inflation (annual average; %)	n/a	n/a	n/a
Goods Exports (US$ mn)	126.0	n/a	n/a
Goods Imports (US$ mn)	343.0	n/a	n/a
Trade Balance (US$ mn)	-217.0	n/a	n/a
Current Account balance (US$ mn)	n/a	n/a	n/a
Foreign Exchange Reserves (US$ mn)	n/a	n/a	n/a
Total External Debt (US$ mn)	2,531.0	n/a	n/a
Debt Service Ratio, paid (%)	n/a	n/a	n/a
Exchange Rate (N$/US$)	n/a	n/a	n/a

Economic Update

- Given the on-going political and social unrest, as well as international disengagement, economic, trade, and investment information remains limited. The absence of data continued to inhibit assessment of economic performance. The Somali National Reconciliation Process, which began in October 2002, offered hope of increased stability.
- Somalia's economy continued to rely heavily on the livestock and agricultural sectors. As a result of the insecurity, the United Nations estimated that in November 2002, approximately three-quarters of a million people required humanitarian assistance. The southern part of Somalia required substantial food-aid imports as the unrest continued to hamper domestic commercial networks.
- Small, independent companies have begun to offer telecommunications services by linking up with overseas satellite operators. In January 2002, two Internet service providers began operations in Mogadishu; and in 2002, three companies were established to provide telecommunications services to Mogadishu.
- Given the civil unrest in parts of the country, there was little formal economic policy aside from collection of tariffs and taxes. As creditors had frozen Somalia's accounts for more than ten years and the country lacked a functioning government, donors remained reluctant to provide funding or development aid.
- In mid-2003, the World Bank resumed operations in Somalia, which had been suspended in 1991. The World Bank plans to provide assistance through the Low-Income Countries Under Stress initiative; and to focus on macroeconomic data analysis and dialogue, livestock sector rehabilitation, HIV/AIDS prevention, and skills development for capacity building.

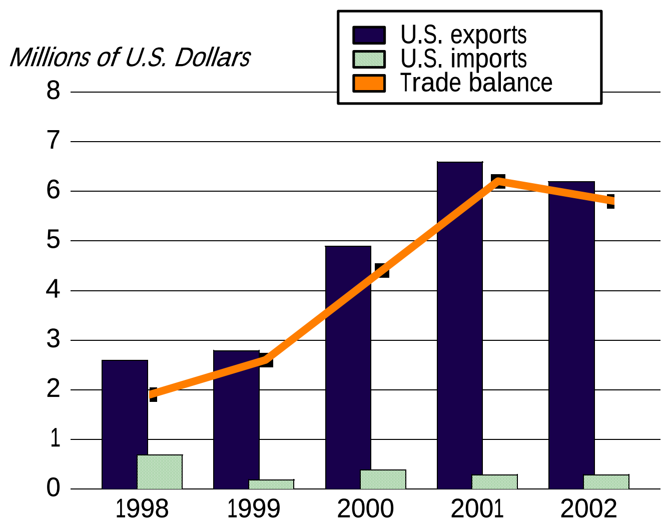
Main Trade Partners, percent of total, 2001

Markets		*Sources*	
Saudi Arabia	32.0	Djibouti	28.0
United Arab Emirates	32.0	Kenya	13.0
Yemen	17.0	India	10.0
Thailand	2.0	Brazil	6.0

Main Trade Commodities, US$ million, 1990

Exports		*Imports*	
Livestock	43.0	Manufactures	204.0
Bananas	28.0	Non-fuel primary products	104.0
Hides & skins	3.0	Fuels	52.0

U.S. Trade Balance



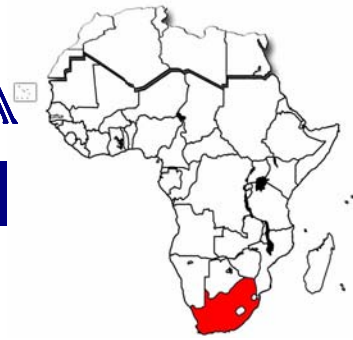
Trade Update

- In addition to the social turmoil and drought, a ban on imports of Somali livestock by Saudi Arabia and other Gulf states, after an outbreak of Rift Valley fever, negatively affected the livestock sector.
- In February 2003, the European Commission approved funding for a road network rehabilitation project, which is expected to facilitate trade.
- In 2002, U.S. exports to Somalia consisted primarily of electrical machinery and equipment, optical and medical instruments and apparatus, and organic chemicals; and U.S. imports from Somalia consisted primarily of edible preparations of meat, fish, and crustaceans.

Investment and Privatization Update

- The Somali coast has proven reserves of petroleum; and in October 2002, the break-away republic of Somaliland signed an agreement on drilling and extraction with the Seminal Copenhagen Group.
- As a result of the social unrest, privatization information remained unavailable.

SOUTH AFRICA

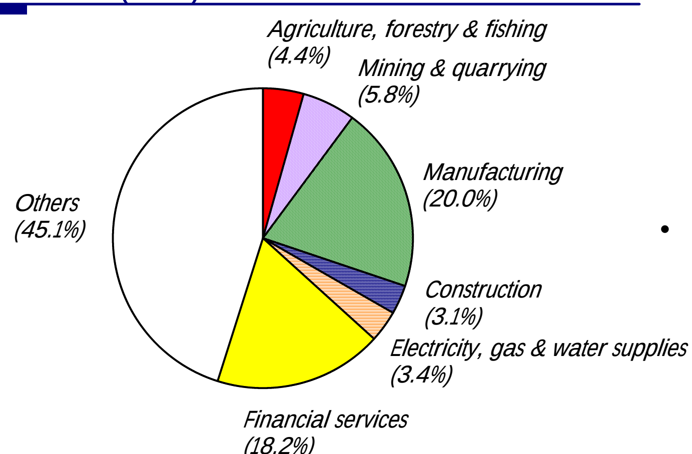


Economic Overview

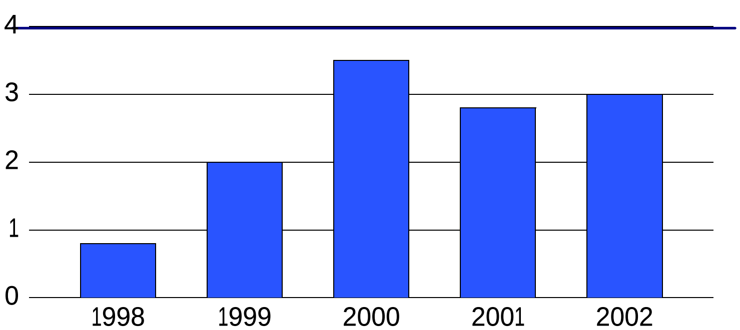
Economic Indicators

	2001	2002	Difference
GDP (nominal, R bn)	982.9	1,098.7	115.8
GDP (US$ bn)	114.0	104.5	-9.5
CPI Inflation (annual average; %)	5.7	9.2	3.5
Goods Exports (US$ mn)	30,717.0	31,085.0	368.0
Goods Imports (US$ mn)	25,855.0	26,712.0	857.0
Trade Balance (US$ mn)	4,862.0	4,373.0	-489.0
Current Account balance (US$ mn)	-295.0	289.0	584.0
Foreign Exchange Reserves (US$ mn)	6,045.0	5,904.0	-141.0
Total External Debt (US$ bn)	24.1	24.4	0.3
Debt Service Ratio, paid (%)	11.6	10.5	-1.1
Exchange Rate (R/US$)	8.6	10.5	1.9

Origins of GDP (2001)



Real GDP Growth Rate



Economic Update

- South Africa has the most diversified economy in SSA. Mining remains an important sector, with gold accounting for more than one-third of exports. Other important mineral products include manganese, chrome, platinum, coal, and diamonds.
- Agriculture is an important source of both direct and indirect employment. Although maize is the predominant crop, wine, high-value fruit, ostrich meat, and other emerging products continued to develop niche markets. Maize is a staple food, but is also exported. Maize production depends heavily on weather conditions.
- The manufacturing sector, which is heavily capital-intensive and based on mining, energy, heavy chemicals, and minerals benefication, represented approximately 20 percent of GDP. Although the depreciation of the rand has helped the manufacturing sector, a shortage of skilled labor continued to constrain the sector. A substantial driver of the manufacturing sector was the automobile and parts industry, which has contributed to increasing exports and overall GDP. In April 2002, the government drafted the Integrated Manufacturing Strategy to address the two main changes in the manufacturing sector: the rise of the automotive industry and the decline of the textile and apparel industry. The strategy aims to promote eight key manufacturing sectors: clothing and textiles, agro-processing, metals and minerals, tourism, automotive and transport, crafts, chemicals, and bio-technology and knowledge-based industries.
- Services, which range from financial services to tourism, represented the largest contributor to GDP. Financial services alone contributed 20 percent to GDP. South Africa's financial markets are larger than all other SSA exchanges combined. In January 2002, the Johannesburg Stock Exchange began to implement changes to improve its competitiveness, such as coordinating exchange hours with European markets, switching stocks to London's stock exchange electronic trading service system, and implementing new listing and reporting requirements to comply with international standards. South Africa's tourism industry was one of the fastest growing in the world in 2001, with a 10 percent increase in visitors.
- In June 2002, the government passed the Mineral and Petroleum Resources Development Bill designed to open up the sector to foreign competition and to encourage the development of black-owned mining groups by transferring all mineral rights to the state.
- In August 2002, the government passed the Electronic Communications and Transactions Act, which provides comprehensive legislation outlining the government's commitment to electronic transactions by addressing some of the legal issues surrounding contractual arrangements made on line.

Economic Update—Cont.

- In 2002, the government passed a bill designed to halt the emigration of skilled labor. In addition, after an IMF consultation in May 2001, that recommended labor reform as a means of addressing the country's unemployment rate, the government passed labor law amendments in 2002. The new amendments aim to improve labor market efficiency by altering the way in which the Commission for Conciliation, Mediation and Arbitration resolves disputes.

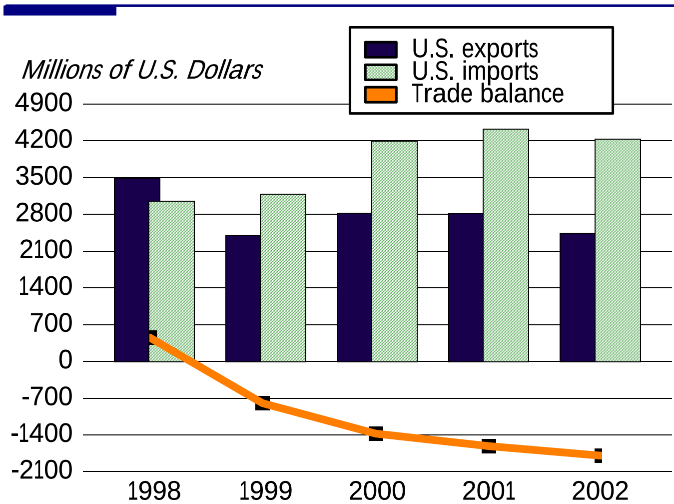
Main Trade Partners, percent of total, 2001

Markets		*Sources*	
United States	11.7	Germany	15.4
United Kingdom	11.1	United States	11.5
Germany	8.3	United Kingdom	8.7
Japan	6.2	Japan	5.9

Main Trade Commodities, US$ million, 1997

Exports		*Imports*	
Metals & metal products	6.3	Machinery & appliances	8.9
Gold	5.6	Mineral products	3.7
Diamonds	2.9	Chemicals	3.4
Machinery & transport equipment	2.6	Transport & equipment	1.7

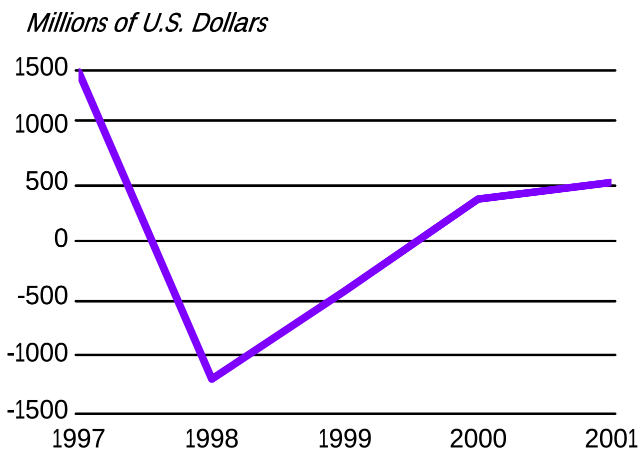
U.S. Trade Balance



Trade Update

- South Africa has 80 percent, 56 percent, 35 percent, and 68 percent of the world's reserves of manganese, platinum group metals, gold, and chromium, respectively. Gold accounted for approximately 13 percent of total exports, and gold exports by value increased because of the depreciation of the rand and the increase in gold prices.
- Since 2000, the value of automotive exports have doubled. Key growth sectors included tires, car radios, radiators, wheels, and automotive glass. The Automotive Industry Export Council credited this export growth to the Motor Industry Development Program, which uses import rebate credits to promote exports. BMW South Africa announced plans to upgrade its Rosslyn assembly plant to increase capacity. BMW South Africa's main export market was the United States.
- Although South African Breweries produced two-thirds of Africa's beer and has become China's second largest brewer, an increasingly important alcohol industry export has been wine, which contributed substantially to the 26 percent growth in alcohol exports in 2001.
- In early 2003, the state railway company, Spoornet, announced plans to invest $120 million a year to upgrade its network after various companies cited inadequate rail capacity as an obstacle to exports.
- In November 2002, the United Nations Convention on International Trade in Endangered Species of Wild Fauna and Flora allowed South Africa, Namibia, and Botswana to sell their stockpiles of ivory by 2004. The one-time sale of the stockpile, which resulted from the systematic culling of elephants in reserves, will begin when UN monitoring is established to prevent poaching.
- South Africa proposed free trade agreements with a number of countries, including the South American common market (Mercosur), India, and the United States.
- In early 2003, the government introduced the International Trade Administration Bill, which would establish an International Trade Administration Commission responsible for monitoring trade, dealing with import and export permits, and administering the Southern African Customs Union.
- The government continued to relax foreign-exchange controls. In early 2003, the government announced a wide-range restructuring of its foreign-exchange control regime, including the elimination of a tax on foreign dividends and the release of funds of emigrant South Africans.
- In 2002, U.S. exports to South Africa consisted primarily of machinery and mechanical appliances, aircraft and parts, and vehicles and parts; and U.S. imports from South Africa consisted primarily of precious or semiprecious stones or metals, vehicles and parts, and iron and steel. In addition, South Africa has been designated an AGOA beneficiary country, including apparel eligibility. AGOA (including GSP) imports from South Africa totaled $1.3 billion in 2002.

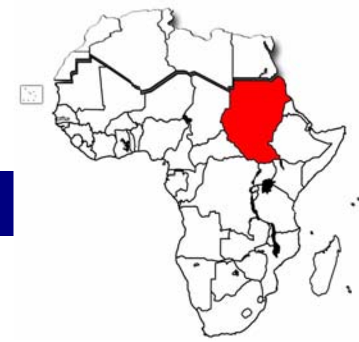
Net Foreign Direct Investment



Investment and Privatization Update

- The recovery of foreign direct investment in early 2002 was driven primarily by the purchase of majority shares of two local steel firms by foreign interests. An overall decline in 2002 was attributed to numerous factors. Despite political and macroeconomic stability, various factors, including a weak global environment, the HIV/AIDS pandemic, regional political instability, the slow pace of privatizations, a highly regulated labor market, low capital and labor productivity, and a high crime rate continued to hamper foreign direct investment.
- In early 2003, South Africa-based AngloGold, announced plans to raise up to $600 million in equity and debt in the U.S. financial market after having registered with the U.S. Securities and Exchange Commission.
- South Africa has become one of the largest sources of foreign direct investment into other SSA countries. South African firms have invested an average of $1.4 billion annually into SSA since 1991. A contributing factor to this growth has been foreign-exchange control regulations which allow investments up to 2 billion rand in SSA, but only 500 million rand in other regions. Although a substantial portion of South Africa's investment in SSA has been in the mining and construction sectors, investment has since diversified into financial services, telecommunications, consumer goods, health care, media, and retail companies. For example, MTN South Africa owns 63 percent of mobile-phone operator MTN Nigeria; and MTN has expanded into Rwanda, Swaziland, and Uganda.
- Firms awaiting privatization include the defense contractor (Denel), the power utility (Eskom), a diamond exploration company (Alexcor), the Airports Company of South Africa, and the transport group (Transnet).
- Although the national telecommunications company, Telkom, lost exclusive rights in May 2002, no firm has yet entered the market. Privatization of the company via the sale of shares on the stockmarket, as well as the sale of M-Cell (mobile phone and Internet group) remained uncertain in the uncertain international telecommunications market.
- Although the government has acknowledged a need to increase privatization efforts, several trade unions conducted a nationwide strike against the privatization program in October 2002. The unbundling of parastatals, such as Eskom, Telkom, Transnet, and Denel, is expected to create private sector investment opportunities, but the slow pace of privatizations has affected investor confidence.
- In March 2003, the government listed the national telecommunications company, Telkom, on the Johannesburg and New York Stock Exchanges.

SUDAN

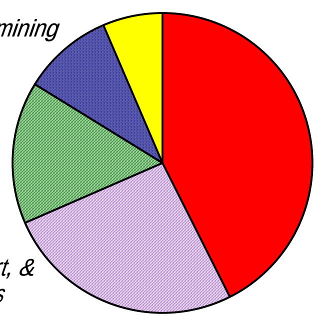


Economic Overview

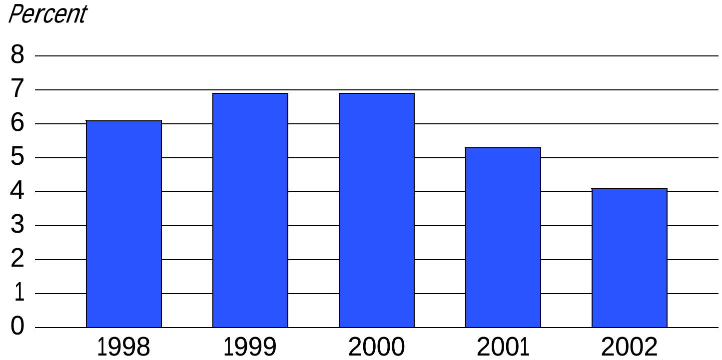
Economic Indicators

	2001	2002	Difference
GDP (nominal, SD bn)	3,127.9	3,571.8	443.9
GDP (US$ bn)	12.1	13.6	1.5
CPI Inflation (annual average; %)	3.0	8.4	5.4
Goods Exports (US$ mn)	1,698.7	1,949.1	250.4
Goods Imports (US$ mn)	1,395.1	2,152.8	757.7
Trade Balance (US$ mn)	303.6	-203.7	-507.3
Current Account balance (US$ mn)	-618.3	-960.4	-342.1
Foreign Exchange Reserves (US$ mn)	117.8	478.4	360.6
Total External Debt (US$ bn)	15.3	15.9	0.6
Debt Service Ratio, paid (%)	2.4	3.1	0.7
Exchange Rate (SD/US$)	258.7	263.3	4.6

Origins of GDP (1999)



Real GDP Growth Rate



Economic Update

- The political and social upheavals in recent years have forced many farmers off their land and interrupted access to input products, substantially disrupting agricultural production. Poor weather conditions and internal conflict led the United Nations to appeal for increased food aid in late 2002. Livestock production, however, continued to improve as many Gulf countries lifted their ban on Sudanese meat imports; and livestock has surpassed cash crops as the fastest growing nonpetroleum export sector.
- Although the agricultural sector remains an important sector for employment and contribution to GDP, the development of the petroleum sector continued to increase its role in the economy. Development of the petroleum sector has resulted in a sharp increase in foreign investment and export earnings, as well as accelerated development of the industrial sector.
- A project to increase Sudan's energy capacity moved forward in 2002 when ABB (Switzerland) announced that it had begun to lay the power lines connecting a power station to the grid. The project, which began in April 2001, is expected to be completed in 2003.
- Concerns regarding corruption and the country's large external debt arrears have limited access to international funding support.
- In early 2002, the development agencies of Saudi Arabia, Abu Dhabi, and Kuwait signed agreements with the government to fund, in part, the construction of a hydroelectric power project.
- The Kuwait Fund for Arab Economic Development provided $110 million for the construction of a road in 2002.

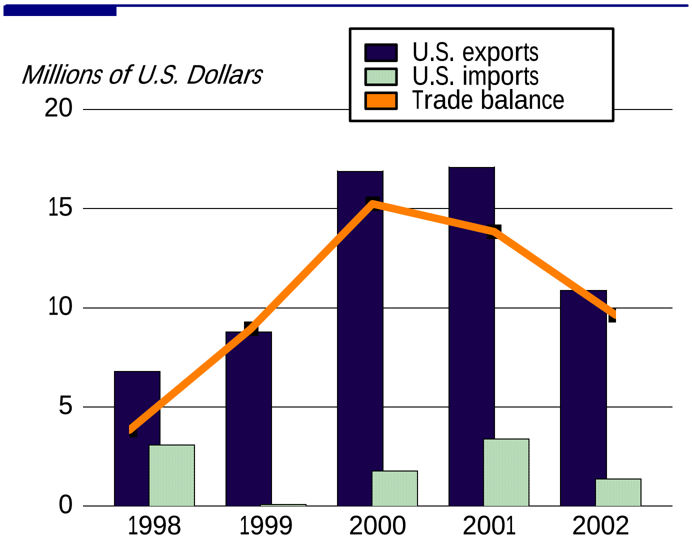
Main Trade Partners, percent of total, 2001

Markets		*Sources*	
China	42.3	China	11.9
Japan	14.1	Saudi Arabia	8.8
Saudi Arabia	7.4	Germany	8.1
South Korea	4.9	United Kingdom	7.2

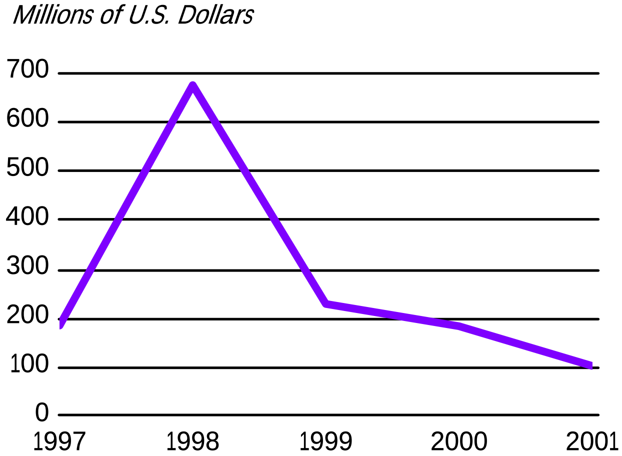
Main Trade Commodities, US$ million, 2001

Exports		*Imports*	
Crude oil	1,370.0	Machinery & equipment	442.5
Sesame	104.5	Manufactured goods	296.5
Cotton	44.4	Transport equipment	202.9
Gum arabic	24.3	Wheat & wheat flour	138.1

U.S. Trade Balance



Net Foreign Direct Investment



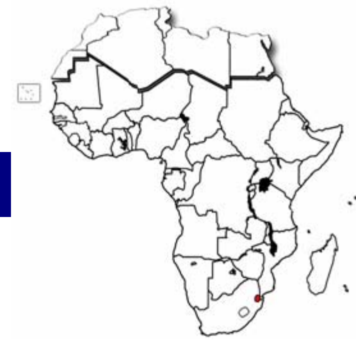
Trade Update

- The relative importance of cotton in Sudan's trade commodities profile has fallen as a result of declining international cotton prices and a reduction in planting area. Sesame and livestock exports, however, have increased in recent years.
- The most significant impact on trade has been the country's development of the petroleum sector. The petroleum sector was inaugurated in August 1999, and by 2002, petroleum-related export revenues represented more than 70 percent of total export earnings. Prior to development of the petroleum export sector, export earnings and the trade balance fluctuated substantially; recent years, however, have recorded trade surpluses.
- Increased earnings from petroleum exports have also fueled increased imports of capital and food products.
- In 2002, U.S. exports to Sudan consisted primarily of cereals, milling industry products, and edible vegetables or roots; and U.S. imports from Sudan consisted primarily of vegetable saps and extracts, machinery and mechanical appliances, and oil seeds and fruits.

Investment and Privatization Update

- Sudan reportedly has significant petroleum reserves, and in recent years, the government, in conjunction with international petroleum firms, has been developing fields in the central southern regions of the country and plans to expand exploration farther south.
- Lundin Oil (Sweden), which discovered viable deposits in 2001, had planned to begin production in 2002, but deteriorating security delayed the company's plans as it was forced to withdraw staff in early 2002.
- In October 2002, after several years of an international divestment campaign, Talisman (Canada), the only publicly listed Western petroleum company operating in Sudan, announced plans to sell its stake in the consortium developing Sudan's petroleum reserves.
- In early 2003, the government inaugurated a $20 million oil-pumping station at the country's main pipeline and largest refinery. The new station is expected to boost exports to 300,000 barrels per day as capacity constraints in the existing pipeline had been limiting production and export.
- The pace of privatizations remained slow because of various factors, including lack of managerial capacity to define and assess state-owned enterprises, the large deficits sustained by many parastatals, the dilapidated condition of many parastatals and necessary investment, allegations of corruption, and opposition from labor unions.
- In late 2002, the government announced plans to sell a 74 percent stake in the Bank of Khartoum; the government plans to retain the remaining 26 percent. The government also began to restructure the Agricultural Bank in anticipation of privatization.
- In 2002, the government privatized the Sudan Duty-Free Zone Company and the Bridges and Roads Corporation.

SWAZILAND

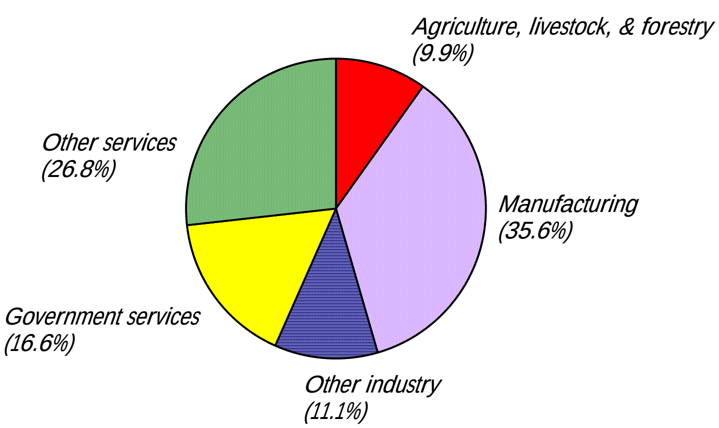


Economic Overview

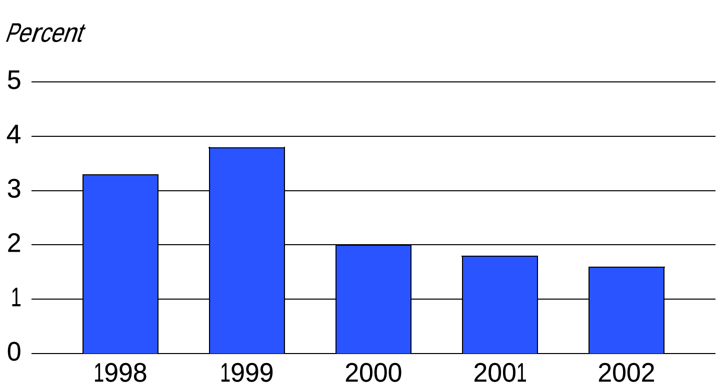
Economic Indicators

	2001	2002	Difference
GDP (nominal, E mn)	10,971.0	12,462.0	1,491.0
GDP (US$ mn)	1,274.2	1,182.4	-91.8
CPI Inflation (annual average; %)	7.5	11.8	4.3
Goods Exports (US$ mn)	820.0	830.0	10.0
Goods Imports (US$ mn)	894.0	938.0	44.0
Trade Balance (US$ mn)	-74.0	-108.0	-34.0
Current Account balance (US$ mn)	-53.0	-41.0	12.0
Foreign Exchange Reserves (US$ mn)	272.0	276.0	4.0
Total External Debt (US$ mn)	406.0	305.0	-101.0
Debt Service Ratio, paid (%)	2.3	3.2	0.9
Exchange Rate (E/US$)	8.6	10.5	1.9

Origins of GDP (2001)



Real GDP Growth Rate



Economic Update

- As Swaziland depends on the agricultural sector for employment, exports, and contribution to GDP, economic performance was significantly influenced by climate conditions and international commodity prices. GDP growth was hampered by food shortages resulting from insufficient agricultural production after dry conditions in 2001/2002, the estimated high rate of HIV/AIDS, and high unemployment. In early 2003, the World Bank estimated that one-quarter of the population required food aid.
- The government continued to focus on prudent macroeconomic policy based on free-market principles and limited government intervention. Economic policy concentrated on attracting foreign investment, improving fiscal discipline, and diversifying revenue sources as tariff revenue represented approximately 50 percent of government revenue.
- Swaziland did not have an IMF-funded program in place. The IMF's 2003 Article IV report advised the government to tighten fiscal policy, to restore macroeconomic stability, to reduce inflation, to increase privatization efforts, and to increase spending on health and education.

SWAZILAND

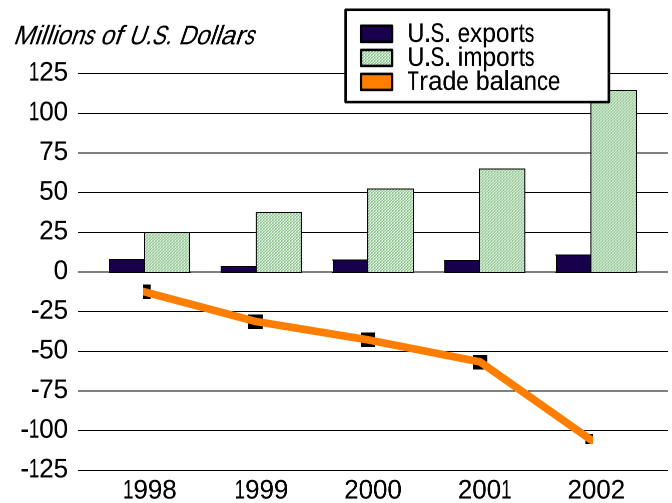
Main Trade Partners, percent of total, 2000

Markets		*Sources*	
South Africa	59.7	South Africa	95.6
United States	8.8	European Union	0.9
European Union	8.0	Japan	0.9
Mozambique	6.2	Singapore	0.3

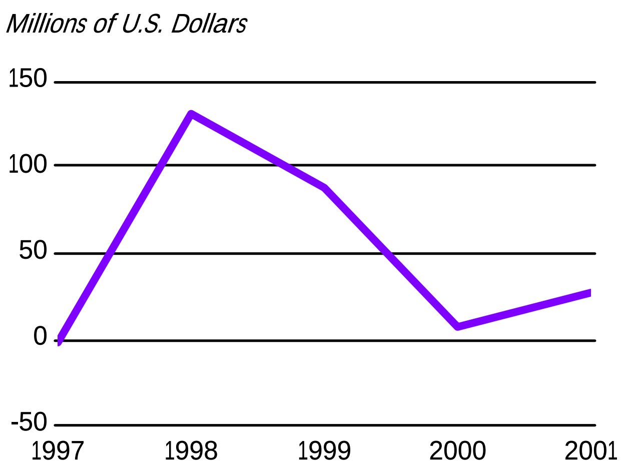
Main Trade Commodities, US$ million

Exports (2001)		*Imports (2000)*	
Miscellaneous edibles	281.0	Machinery & transport equipment	197.0
Sugar	76.0	Manufactured goods	148.0
Wood pulp	61.0	Food & live animals	132.0
Textiles	50.0	Chemicals	112.0

U.S. Trade Balance



Net Foreign Direct Investment



Trade Update

- The government continued efforts to broaden the tax base and to increase diversification as expected tariff reductions in 2006 required by the EU-South Africa agreement and commitments to the WTO are expected to substantially decrease tariff revenue. Revenue from the SACU revenue pool is also expected to decrease after changes in the revenue-sharing agreement are implemented in 2006.
- In late 2002, Comesa gave Swaziland 12 months to make a final decision on joining the free-trade area. In order to join Comesa, Swaziland would need to obtain consent from other SACU members.
- In 2002, U.S. exports to Swaziland consisted primarily of precious or semiprecious stones or metals, imitation jewelry, and electrical machinery and equipment; and U.S. imports from Swaziland consisted primarily of knitted and nonknitted apparel, and electrical machinery and equipment. In addition, Swaziland has been designated an AGOA beneficiary country, including apparel eligibility. AGOA (including GSP) imports from Swaziland totaled $81.2 million in 2002.

Investment and Privatization Update

- Swaziland has experienced some success in attracting foreign investment driven by access to the AGOA program. The majority of the investment has been from Taiwanese and Indian investors targeting the textile and apparel industry. As AGOA eligibility is dependent on good governance, concerns regarding labor treatment and governance led the United States to notify the government that access to AGOA trade benefits could be lost.
- Taiwanese and Indonesian investors announced plans to establish spinning and dyeing factories in Swaziland.
- A bond market was opened in 2002.
- The first draft of the privatization policy was completed in May 2002, and was transfered to the minister of finance to be issued to stakeholders for comment.
- Firms targeted for privatization include the postal and telecommunications enterprise (SPTC) and the national airline (Royal Swazi National Airways Corporation).

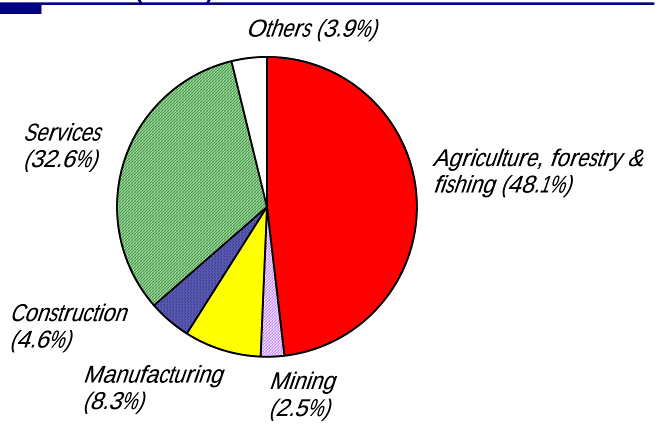
TANZANIA

Economic Overview

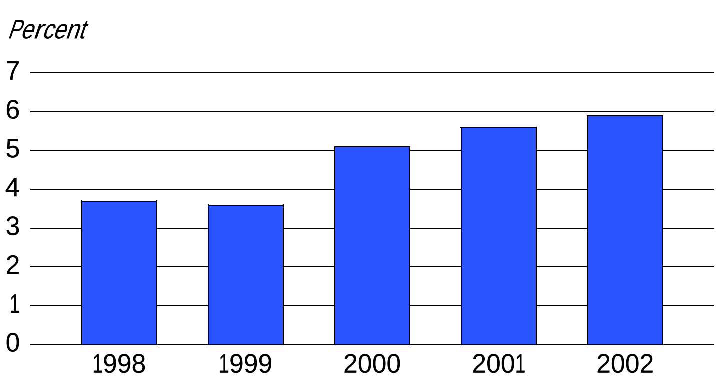
Economic Indicators

	2001	2002	Difference
GDP (nominal, TSh bn)	8,001.9	8,859.1	857.2
GDP (US$ bn)	9.1	9.2	0.1
CPI Inflation (annual average; %)	5.1	4.6	-0.5
Goods Exports (US$ mn)	777.2	855.5	78.3
Goods Imports (US$ mn)	1,492.1	1,661.5	169.4
Trade Balance (US$ mn)	-714.9	-806.0	-91.1
Current Account balance (US$ mn)	-558.9	-610.6	-51.7
Foreign Exchange Reserves (US$ mn)	1,156.6	1,528.8	372.2
Total External Debt (US$ bn)	7.0	6.9	-0.1
Debt Service Ratio, paid (%)	12.5	11.1	-1.4
Exchange Rate (TSh/US$)	876.4	966.6	90.2

Origins of GDP (2001)



Real GDP Growth Rate



Economic Update

- Tanzania's economy remained heavily dependent on the agricultural sector, and, consequently, economic performance relied on climate conditions. Prospects of discovering commercially viable petroleum deposits, however, may substantially alter the country's economic profile. The fishing sector continued to be hampered by a lack of modern fishing equipment. Although its contribution to GDP remained small, the mining sector has increased in recent years, especially gold production. Supported by more reliable access to water and electric supplies, and prompted by privatization of some manufacturing firms, the manufacturing sector has expanded, although from a low base.
- In early 2003, the government began developing an investment incentive package as part of its efforts to increase agricultural sector investment. The incentives, aimed at assisting companies to establish agro-processing industries in Tanzania, will focus on encouraging value-added processing of traditional crops, such as coffee, cotton, and cashew nuts, as well as emerging sectors, such as floriculture and horticulture. In addition, the Tanzanian Investment Center continued efforts to establish a land bank designed to facilitate investor acquisition of land.
- Although Tanzania's electric supply has been erratic because of heavy reliance on hydroelectric power, during 2002, the government continued plans to secure gas from the Songo Songo field to supply industrial sites and power plants.
- Tanzania's economic policy continued to follow broadly commitments made under the June 2000 PRGF, which expired in June 2003. The main components of the policy included maintaining macroeconomic stability, implementing agricultural and rural development strategies, reforming the civil service, privatizing infrastructure, and improving local government structures. The country remained heavily dependent on foreign aid to finance development projects and to provide balance-of-payments support. Economic reform efforts have included microfinance, electricity provision, tax simplification, textile and agro-processing, and improvement of rural roads and government services.
- In mid-2003, after a review of the IMF-supported PRGF, the IMF commended the government on its economic performance in the 2002-2003 fiscal year.
- In December 2002, Norway and Tanzania signed an agreement cancelling the remainder of Tanzania's debt to Norway amounting to 7.4 billion shillings (approximately $7.7 million).

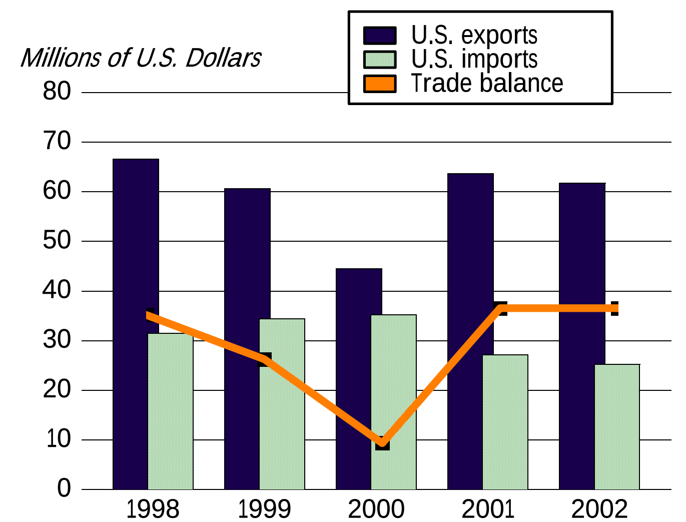
Main Trade Partners, percent of total, 2001

Markets		*Sources*	
India	15.4	South Africa	13.3
Germany	7.8	Japan	10.7
Japan	6.7	United Kingdom	6.3
Belgium	6.7	Kenya	6.2

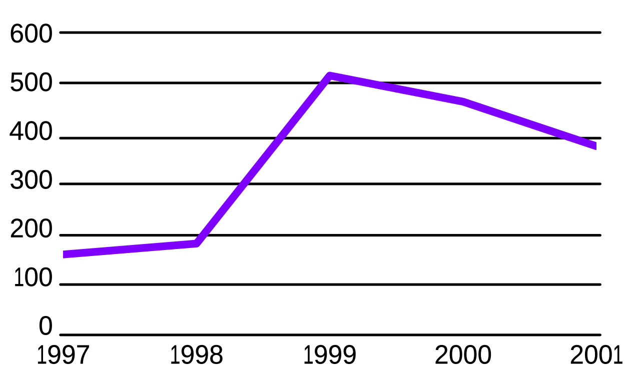
Main Trade Commodities, US$ million, 2001

Exports		*Imports*	
Gold	257.0	Machinery	407.0
Coffee	57.0	Consumer goods	363.0
Cashew nuts	57.0	Oil & other fuels	221.0
Manufactures	56.0	Industrial raw materials	205.0

U.S. Trade Balance



Net Foreign Direct Investment



Trade Update

- Tanzania's traditional export cash crops include cotton and coffee, both of which continued to experience falling international commodity prices, as well as structural production constraints limiting export volumes.
- In early 2002, the consulting group Techno Serve (U.S.) advised the Tanzanian government to introduce a single coffee tax to replace the 26 existing taxes, duties, and levies. The group noted that comparable Guatemalan taxes amount to only 1.1 percent, while Tanzania's taxes amount to 21 percent. The consulting firm also noted that the combination of low international prices and high taxes was making coffee production costs prohibitive.
- In 2002, U.S. exports to Tanzania consisted primarily of clothing, machinery and mechanical appliances, and articles of iron or steel; and U.S. imports from Tanzania consisted primarily of precious or semiprecious stones and metals, fish and crustaceans, and vegetable saps and extracts. In addition, Tanzania has been designated an AGOA beneficiary country, including apparel eligibility. AGOA (including GSP) imports from Tanzania totaled $1.3 million in 2002.

Investment and Privatization Update

- Although the agricultural sector represents a significant part of the economy, it has attracted limited foreign investment. According to a report jointly issued by the Bank of Tanzania, the Tanzania Investment Center, and the Bureau of Statistics in late 2002, only 7 percent of total direct foreign capital had been invested in the agricultural sector, while the vast majority of foreign direct investment, 80 percent, targeted the mining and manufacturing sectors.
- In mid-2002, Antrim (Canada) announced that, after years of delay because of political unrest in Zanzibar, it would begin three exploratory drilling projects in its Pemba/Zanzibar blocks.
- In October 2002, Tanga Cement was listed on the Dar es Salaam stock exchange.
- During late 2002 and early 2003, the Dar es Salaam stock exchange opened investment to foreigners. Under the revised framework, foreigners will be able to purchase up to 60 percent of shares floated on the exchange, with the remaining 40 percent reserved for local investors.
- In April 2003, the government announced plans to sell its 49 percent holding in the Dar es Salaam Airport Handling Company to the public through the Dar es Salaam stock exchange.
- In November 2002, South African Airways purchased a 49 percent stake in Air Tanzania, paying $20 million and, subsequently, announced plans to invest a further $410 million in developing the airline company. After acquiring the company, South African Airways launched its new airline, Air Tanzania Corporation, on April 1, 2003. South African Airways reportedly plans to make Tanzania the regional hub for its Southern African services.
- During 2002, the government moved forward on plans to transfer the railway network, excluding the Tanzania-Zambia Railway Authority, to a private management firm.
- Firms awaiting privatization include major public utilities such as the telecommunications, power, water and sewage, and several transport enterprises.

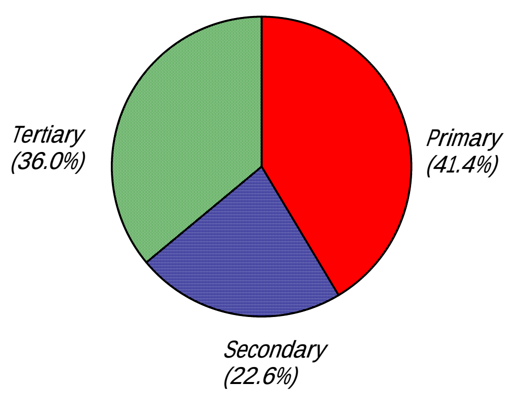
TOGO

Economic Overview

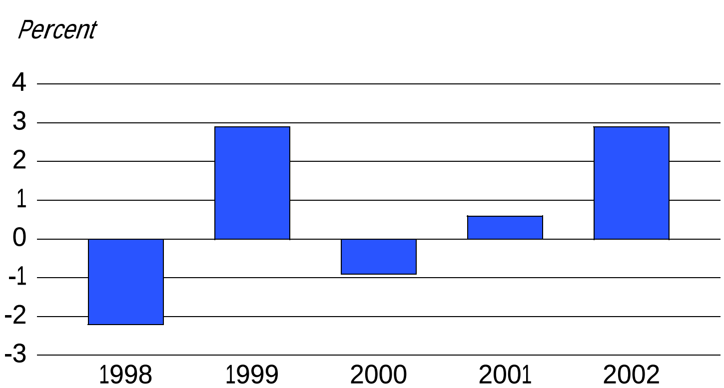
Economic Indicators

	2001	2002	Difference
GDP (nominal, CFAfr bn)	908.0	963.0	55.0
GDP (US$ bn)	1.2	1.4	0.2
CPI Inflation (annual average; %)	3.9	3.1	-0.8
Goods Exports (US$ mn)	390.0	429.0	39.0
Goods Imports (US$ mn)	523.0	580.0	57.0
Trade Balance (US$ mn)	-133.0	-151.0	-18.0
Current Account balance (US$ mn)	-167.0	-186.0	-19.0
Foreign Exchange Reserves (US$ mn)	126.1	210.0	83.9
Total External Debt (US$ mn)	n/a	n/a	n/a
Debt Service Ratio, paid (%)	n/a	n/a	n/a
Exchange Rate (CFAfr/US$)	733.0	693.4	-39.6

Origins of GDP (2001)



Real GDP Growth Rate



Economic Update

- Togo's economic performance remained dependant on the performance of three main sectors: agriculture, phosphate mining, and trade and transport.
- Similar to many West African countries, Togo has received investment driven by petroleum exploration activities. In late 2002, after signing a production-sharing agreement with the government, Hunt Oil (U.S.) began drilling its first exploratory well in Togo's territorial waters.
- In January 2003, the heads of state of Benin, Ghana, Nigeria, and Togo signed a 20-year treaty establishing a single regulatory authority for, and harmonizing the fiscal and legal framework of, the planned $500 million West African Gas Pipeline. The pipeline will transport Nigerian gas to Benin, Ghana, and Togo.
- After a satisfactory assessment of Togo's performance under the IMF's staff-monitored program established in April 2001, a second interim program was undertaken between January and September 2002.
- Lack of donor support and increased spending in advance of the 2002 legislative election deteriorated the country's fiscal situation in late 2002. International concerns regarding the political unrest, however, are likely to hamper efforts to access debt relief or aid under the PRGF or HIPC programs.
- In August 2002, the Islamic Development Fund provided $9.3 million for the paving of main north-south road to improve integration of the central region into the national economy.

TOGO

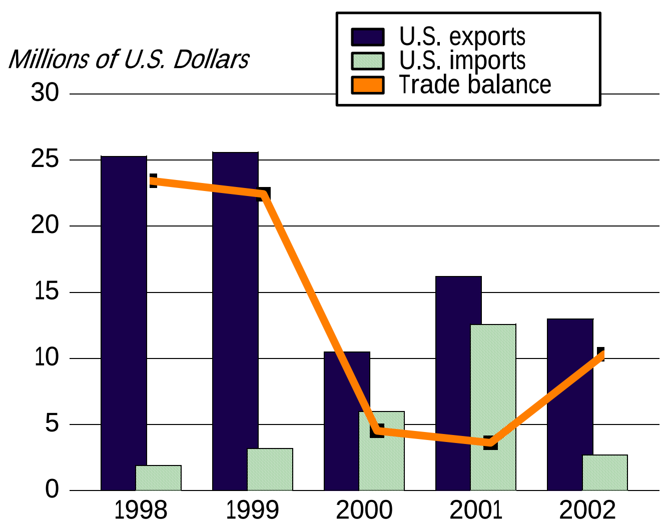
Main Trade Partners, percent of total, 2001

Markets		*Sources*	
Benin	13.0	Ghana	35.0
Nigeria	9.0	France	10.0
Ghana	5.0	Côte d'Ivoire	8.0
Colombia	4.0	China	8.0

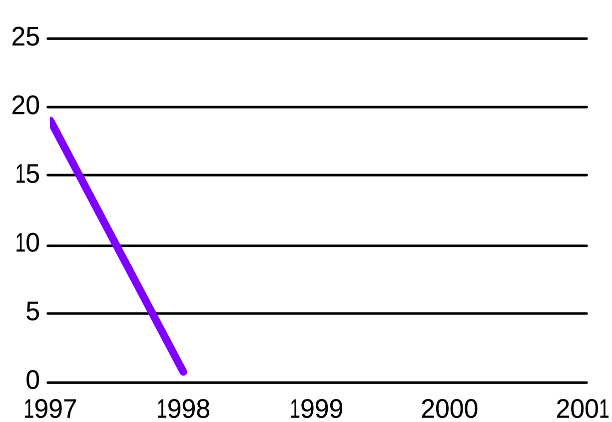
Main Trade Commodities, US$ million, 2001

Exports		*Imports*	
Re-exports	70.0	Petroleum products	119.0
Cotton	47.0	Capital goods	90.0
Phosphates	46.0	Food products	74.0

U.S. Trade Balance



Net Foreign Direct Investment



Trade Update

- Togo is the third largest producer of phosphates in SSA. Production has declined in recent years because of obsolete mining equipment, electricity shortages, and difficulty in accessing higher-quality reserves. In addition, Scandinavia and Germany have prohibited import of Togolese phosphate because of cadmium content limits, which Togo's phosphate exceeds. The government is actively seeking alternate markets, such as Canada, India, Iran, the Philippines, and South Africa. The replacement of the state-run phosphate industry management company with private foreign management during 2001 and early 2002 is expected to address these issues.
- Because of the social unrest in Côte d'Ivoire and congestion in Nigeria's port, Togo's port experienced increased activity as goods destined for Mali and Burkina Faso were rerouted through Lomé during 2002. The Port of Lomé Authority announced plans to establish a one-stop office to facilitate investment activity and to limit paperwork.
- Although cotton has traditionally been Togo's main cash crop, the decline in international prices in recent years has led many farmers to switch to other crops.
- In 2002, U.S. exports to Togo consisted primarily of machinery and mechanical appliances, cereals, and clothing; and U.S. imports from Togo consisted primarily of live animals, and oil seeds and fruits.

Investment and Privatization Update

- Increased activity in the port has prompted an increase in foreign investment in container handling facilities. For example, Ecomarine International, a joint venture between a West African private consortium and Sea Point (U.S.), is investing $100 million in a new container terminal, which is expected to be completed by the end of 2004. The project is expected to increase foreign-exchange earnings derived from re-export services.
- In an effort to curb reliance on phosphate exports, the government amended the mining code. The new mining code liberalizes the mining sector and encourages the research, exploration, and trade of precious stones and metals, such as gold and diamonds.
- Aside from the tourism sector, the privatization program slowed after most external funding was frozen in 1998. The poor financial condition of many parastatals has also hampered the sale of state-owned enterprises. Firms awaiting privatization include the phosphate mining company, state-owned banks, and the telecommunications enterprise.
- Sterling Merchant Finance (U.S.), which was appointed in 2001 to oversee the privatization of the telecommunications company, Togo Telecom, continued to develop divestment plans, but privatization is not expected until 2004.
- During 2002, the government made strides in privatizing its assets in the hotel-tourism industry. In May 2002, the government awarded management of a Hôtel 2 Février to Corinthia Hotels (Libya-Malta). In September 2002, the government sold a 15-year lease for the Hôtel de la Paix to Royal Financial Investments (U.S.) for $6.5 million. Also in September 2002, Parrain-Accord (France) took over management of the Hôtel-Ecole le Bénin.

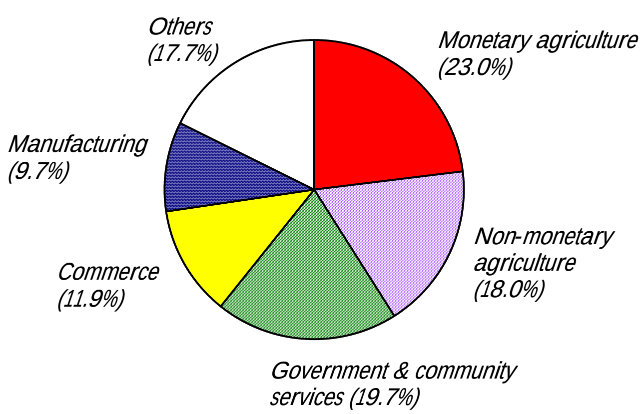
UGANDA

Economic Overview

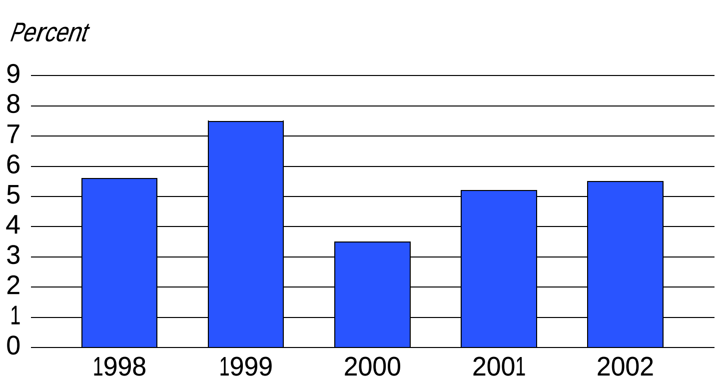
Economic Indicators

	2001	2002	Difference
GDP (nominal, NUSh bn)	10,007.5	10,605.8	598.3
GDP (US$ bn)	5.7	5.9	0.2
CPI Inflation (annual average; %)	2.0	0.0	-2.0
Goods Exports (US$ mn)	451.6	457.7	6.1
Goods Imports (US$ mn)	1,026.6	1,142.7	116.1
Trade Balance (US$ mn)	-575.0	-685.0	-110.0
Current Account balance (US$ mn)	-434.5	-551.9	-117.4
Foreign Exchange Reserves (US$ mn)	983.4	934.0	-49.4
Total External Debt (US$ bn)	3.1	2.8	-0.3
Debt Service Ratio, paid (%)	19.5	19.1	-0.4
Exchange Rate (NUSh/US$)	1,755.7	1,797.6	41.9

Origins of GDP (2001)



Real GDP Growth Rate



Economic Update

- The agricultural sector remained an important contributor to export earnings and GDP; and, consequently, Uganda's economic performance remained determined primarily by weather conditions. Civil unrest in northern Uganda, however, hampered agricultural production and destroyed infrastructure.
- Economic reforms focused on promoting economic growth and reducing poverty levels. The government's enactment of the Public Finance and Accountability Act 2003 provides a foundation for strengthening public sector financial management and went into force in July 2003.
- In an August 2002 letter to the IMF, the government announced plans to begin a phased increase in the minimum paid-up capital required by banks to strengthen the banking system. In early 2003, the Bank of Uganda required the withdrawal from the banking sector of six banks unable to meet this requirement.
- In September 2002, the IMF and World Bank provided $17.8 million for a second 3-year grant for the government's poverty eradication and action plan under its PRGF. The poverty eradication and action plan focuses on assisting the poor to increase incomes, improving the quality of life of the poor, facilitating economic growth and structural transformation, and ensuring good governance and security.
- Although the IMF and World Bank have endorsed the government's economic policies, they and other international donors have, in recent years, expressed concerns regarding corruption, lack of progress towards political pluralism, and the country's involvement in the region's conflicts. In early 2003, the IMF and World Bank, after expressing concerns with the government's defense spending and limited political reform, informed the government that they would be unable to approve the $150 million budget support loan until the government met related conditions.
- In mid-2003, Libya announced that it would cancel Uganda's debt of $160 million under the terms of the HIPC initiative.

UGANDA

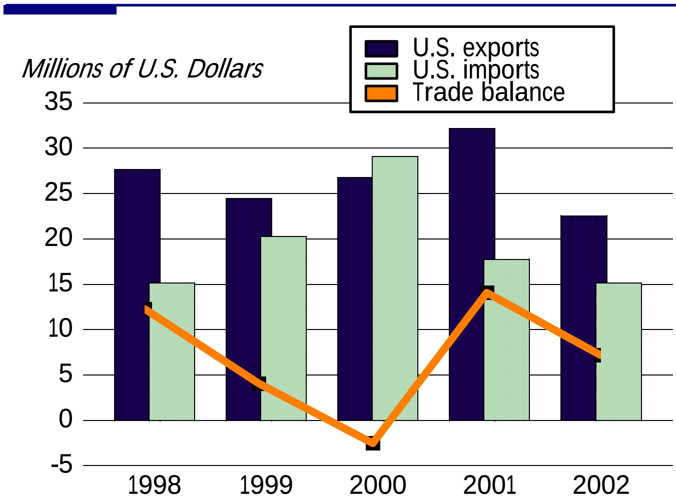
Main Trade Partners, percent of total, 2001

Markets		*Sources*	
Belgium	14.3	Kenya	43.2
Netherlands	14.1	India	6.8
Germany	7.5	United Kingdom	5.6
United States	6.0	United States	3.7

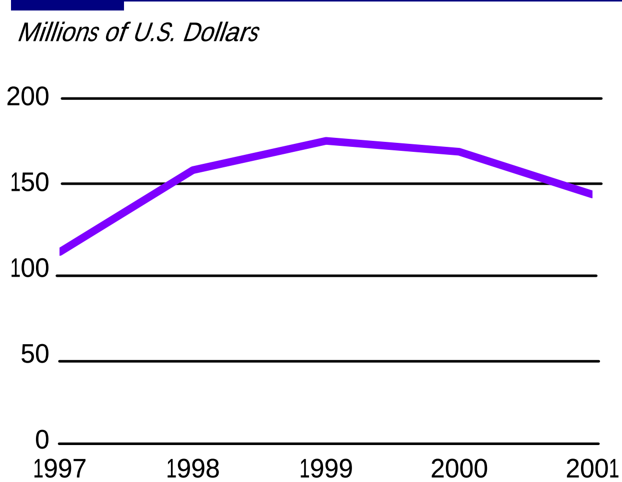
Main Trade Commodities, US$ million

Exports (2001)		*Imports (2000)*	
Coffee	97.6	Petroleum & petroleum products	163.1
Tea	78.2	Road vehicles	85.6
Gold	49.2	Medical & pharmaceuticals	34.1
Cotton	30.0	Specialized industrial machinery	31.4

U.S. Trade Balance



Net Foreign Direct Investment



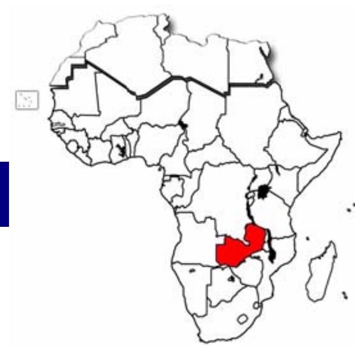
Trade Update

- Although world prices for coffee increased in the latter half of 2002, erratic and historically declining international prices for coffee prompted the government to encourage alternate export products. Despite the strides made by recent attempts to diversify into nontraditional exports (products other than coffee, cotton, tea, and tobacco), coffee remained an important foreign-exchange earner. Nontraditional products that have expanded in recent years include fish, gold, electricity, and flowers.
- In late 2002, the minister of agriculture reported that liberalization of the tea sector was yielding positive results, and tea exports had increased fourfold from 1986 to 2002.
- In early 2003, the government announced plans to begin a $120 million project aimed at developing palm oil exports. The state-run Vegetable Oil Development Project plans to plant palm trees over 99,000 acres on Lake Victoria island and the mainland near the basin.
- In mid-2003, the government announced plans to set aside funds to promote export-oriented, value-added commodity investments that utilize preferential trade programs offered by the United States (AGOA) and the EU.
- In mid-2003, as part of its efforts to stimulate investment and to reduce dependence on aid, the government's budget included a 10-year corporate tax break; duty exemptions on raw materials, plants, machinery, and other inputs; and abolition of export taxes.
- In 2002, U.S. exports to Uganda consisted primarily of machinery and mechanical appliances, electrical machinery and equipment, and milling industry products; and U.S. imports from Uganda consisted primarily of coffee, tea, and spices, fish and crustaceans, and base metals. In addition, Uganda has been designated an AGOA beneficiary country, including apparel eligibility. AGOA (including GSP) imports from Uganda totaled $32,000 in 2002.

Investment and Privatization Update

- According to the Uganda Investment Authority, investment into Uganda during 1999/2000 totaled $214 million, with approximately $773 million in planned investments.
- Various companies such as Tri Star Apparel (Sri Lankan investment), Phenix Logistics (Japanese investment), and Nytil Southern Range have invested in the textile and apparel sector in Uganda with plans to export to the United States under the AGOA program.
- Several companies, including TotalFinaElf (France) and RSM Production Corporation (U.S.), have expressed interest in exploratory drilling for petroleum deposits in Uganda.
- In 2002, Heritage Oil and Gas (Canada) and Energy Africa (South Africa) began drilling for petroleum near Lake Albert.
- Approximately 110 enterprises have been privatized to date, with 35 enterprises remaining to be privatized over the next 4 years, including companies in the agricultural, mining, housing, tourism, transport, and utilities sectors. The government's privatization efforts were constrained by a lack of transparency and asset stripping, which contributed to several failed deals. After a failed attempt in 1999, in early 2002, the government privatized the Uganda Commercial Bank.
- In 2002, in preparation for privatization, the Uganda Electricity Board was separated into power generation, power transmission, and power distribution companies.

ZAMBIA

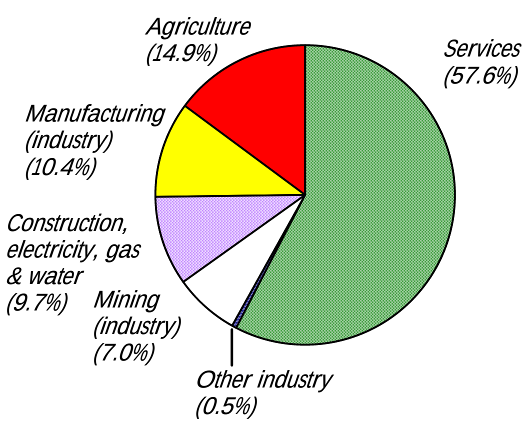


Economic Overview

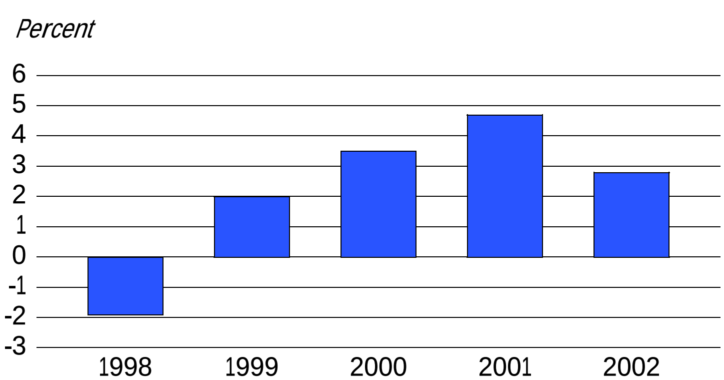
Economic Indicators

	2001	2002	Difference
GDP (nominal, ZK bn)	12,999.2	16,366.2	3,367.0
GDP (US$ bn)	3.6	3.8	0.2
CPI Inflation (annual average; %)	21.4	22.2	0.8
Goods Exports (US$ mn)	887.0	920.0	33.0
Goods Imports (US$ mn)	1,253.0	1,157.0	-96.0
Trade Balance (US$ mn)	-366.0	-237.0	129.0
Current Account balance (US$ mn)	-439.0	-265.0	174.0
Foreign Exchange Reserves (US$ mn)	183.4	451.4	268.0
Total External Debt (US$ bn)	5.7	5.9	0.2
Debt Service Ratio, paid (%)	28.5	43.9	15.4
Exchange Rate (ZK/US$)	3,610.9	4,306.9	696.0

Origins of GDP (2002)



Real GDP Growth Rate



Economic Update

- Economic growth was hampered by a drought in 2002, which substantially reduced cereal production, resulting in an estimated 2.3 million people in need of emergency food aid. The government's 2002 budget focused on the agricultural sector, increasing the sector's budget allocation threefold.
- The economy experienced significant setback when Anglo American announced plans to withdraw from Zambia's mining sector, as the company accounted for substantial direct and indirect employment, and foreign exchange earnings. The withdrawal highlighted the country's need to diversify the economy; and in early 2003, the government launched the National Economic Diversification Plan aimed at reducing the country's reliance on the copper industry, though the government released few details. In early 2003, the government announced the provision of land to farmers interested in cultivating nontraditional crops such as cotton, paprika, and sugar.
- The manufacturing and export sectors continued to be hampered by high electricity rates (one of the highest in the region), high duties on manufacturing inputs, a depreciating local currency, and regional instability dampening potential markets.
- The tourism sector, especially visitors to Victoria Falls, experienced increased activity as many tourists have shunned the political and social instability in Zimbabwe in favor of Zambia.
- In 2002, the EU pledged $356 million over 5 years for road rehabilitation, education, healthcare, and institutional reforms.
- In May 2002, Zambia completed its poverty reduction strategy paper, which included various options for diversifying the economy, such as agriculture and tourism expansion projects.
- In May 2002, the IMF completed its fourth review of Zambia's PRGF and agreed to release up to $160 million. The IMF also pledged $53 million in balance-of-payments support, and, under the HIPC initiative, $152 million in debt relief.

Main Trade Partners, percent of total, 2001

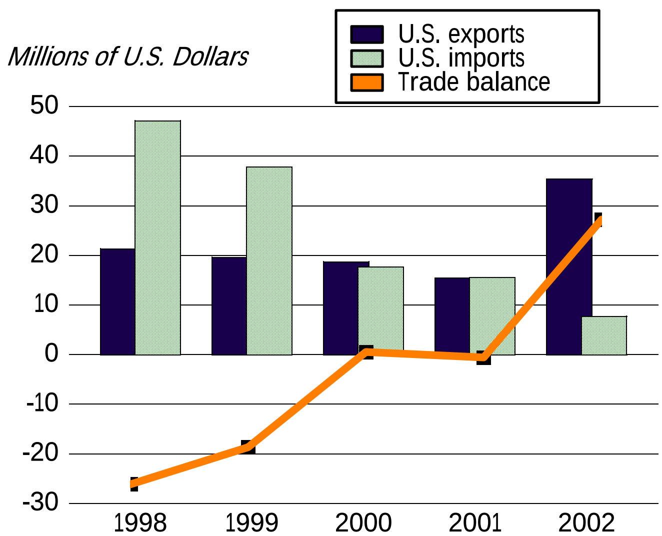
Markets		*Sources*	
South Africa	25.5	South Africa	65.1
Switzerland	9.2	Zimbabwe	6.5
Malawi	7.8	United Kingdom	3.2
Thailand	7.7	Tanzania	2.9

Main Trade Commodities, US$ million, 2002

Exports		*Imports*	
Copper	594.0	Metals	194.0
Cobalt	54.0	Others	963.0

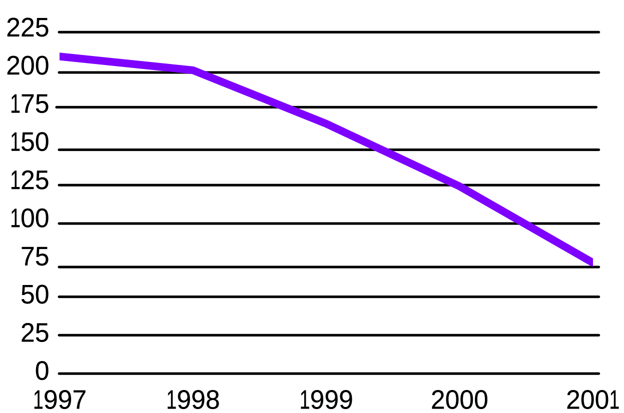
U.S. Trade Balance

Millions of U.S. Dollars



Net Foreign Direct Investment

Millions of U.S. Dollars



Trade Update

- The government continued efforts to diversify the country's export base. High growth, nontraditional exports included horticulture and floriculture, such as specialty and organic vegetables, summer flowers, and roses.
- The increasing divergence in neighboring Zimbabwe's official and parallel exchange rates prompted increased smuggling of products, raising concerns by Zambian manufacturers. In an effort to halt the influx, in July 2002, the government banned the import of a number of Zimbabwean goods. In early 2003, the government lifted the ban after introducing new customs duty rules and a value-added tax; though the government maintained a parallel exchange rate system aimed at leveling competition between Zambian and Zimbabwean products.
- In August 2002, the government signed a letter of intent to join the Nacala Development Corridor, which is expected to provide more cost-effective transport routes.
- In June 2002, the government submitted a request to the U.S. Department of Commerce for handloomed and handmade folklore products to enter the United States duty free under the AGOA program. The application was accepted and went into effect in August 2003.
- In 2002, U.S. exports to Zambia consisted primarily of machinery and mechanical appliances, edible vegetables and roots, and cereals; and U.S. imports from Zambia consisted primarily of base metals; precious or semiprecious stones and metals; and coffee, tea, and spices. In addition, Zambia has been designated an AGOA beneficiary country, including apparel eligibility. AGOA (including GSP) imports from Zambia totaled $83,000 in 2002.

Investment and Privatization Update

- Despite Anglo American's announced plans to withdraw from Zambia by the end of 2002, investments in the minerals and mining sector continued. For example, First Quantum Minerals (Canada) announced plans to invest $120 million to develop an open-pit copper mine.
- In early 2003, the government signed agreements with the Netherlands and Italy aimed at providing investment opportunities, protection, and compensation in the event of loss as a result of domestic instability.
- In early 2002, the state awarded a 20-year concession for Zambia Railways to a consortium including Spoornet (South Africa), and led by New Limpopo Projects and Investments. Consortium plans included a transfer of management in late 2002 and an increase in investment aimed at increasing freight and passenger volumes. The consortium will pay the government $253 million per year for the concession.
- The government reaffirmed its commitment to privatize all state-owned enterprises, and by June 2002, 257 of 280 companies had been sold.
- During 2002, the government privatized and reformed much of the energy sector. In 2002, the government announced that it had received four bids for long-term concession rights to the Tazama pipeline. The government also announced plans to sell a majority stake in the Indeni refinery. In April 2002, the government liquidated the Zambia National Oil Company, which had a monopoly on the procurement and processing of crude petroleum.
- In early 2002, after receiving no purchase offers, the government assumed Zambia National Commercial Bank's major debts and, in early 2003, increased the percent for sale from 35 percent to 50 percent.

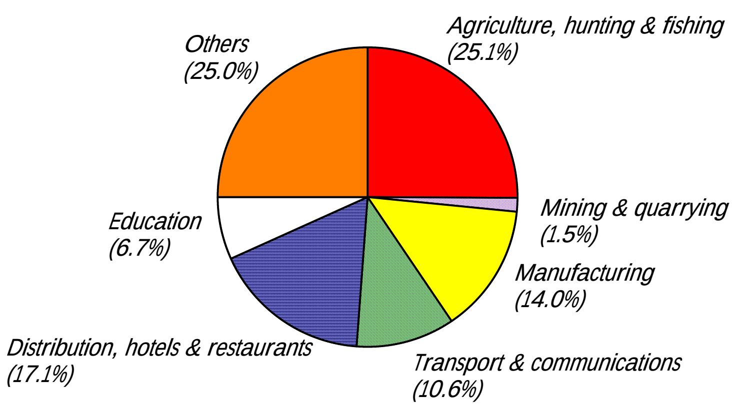
ZIMBABWE

Economic Overview

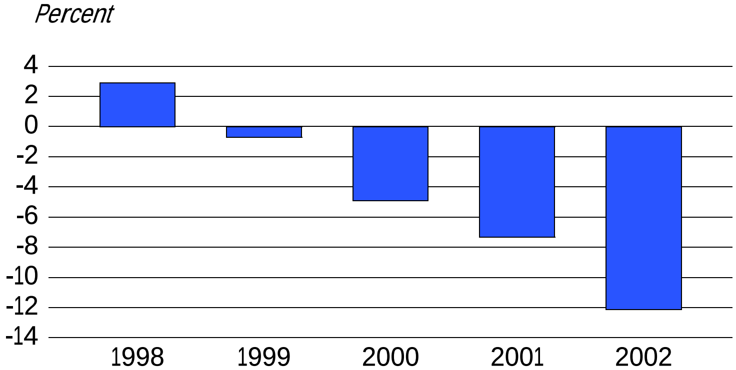
Economic Indicators

	2001	2002	Difference
GDP (nominal, Z$ bn)	523.3	1,085.4	562.1
GDP (US$ bn)	3.9	2.4	-1.5
CPI Inflation (annual average; %)	74.5	134.5	60.0
Goods Exports (US$ mn)	1,754.2	1,618.7	-135.5
Goods Imports (US$ mn)	1,544.9	1,551.0	6.1
Trade Balance (US$ mn)	209.3	67.7	-141.6
Current Account balance (US$ mn)	-171.6	-69.7	101.9
Foreign Exchange Reserves (US$ mn)	64.7	51.0	-13.7
Total External Debt (US$ bn)	3.8	3.9	0.1
Debt Service Ratio, paid (%)	15.0	12.4	-2.6
Exchange Rate (Z$/US$)	55.1	55.0	-0.1

Origins of GDP (2000)



Real GDP Growth Rate



Economic Update

- As a result of increasing political and social instability, Zimbabwe continued to register negative economic growth in 2002. The economy has contracted by approximately 35 percent in the last 5 years. The agriculture and mining sectors, both large contributors to GDP, continued to struggle and decline in importance as many farms and factories ceased operations. The country's cement industry was effectively shut down when United Portland Cement stopped production in early 2003, citing government control on the price of cement. Cement and energy shortages (stemming from coal shortages) also hampered the construction sector, which contracted to approximately one-quarter its size in the 1990s. In late 2002, approximately one-half of Zimbabwe's manufacturing, agro-business, and mining companies planned to remain closed following normal closure for the holiday season.
- Because of an acceleration of the government's land redistribution, by August 2002 only approximately 600 commercial farms were left in operation. Along with regional drought, the decline in commercial farms contributed to significant food shortages and the need for international food aid.
- In March 2003, citing concerns regarding the government's land redistribution program, and the lack of rule of law, respect for human rights, or democracy, the Commonwealth Secretary General announced the continued suspension of Zimbabwe from the organization. The year-long suspension had been initially imposed in early 2002.
- By December 2002, inflation had surpassed 200 percent, unemployment rates had increased significantly, and real wages were substantially eroded. By mid-2003, inflation had increased to over 250 percent with projections of surpassing 500 percent by the end of 2003. The population continued to face an increasing number of product shortages, including cornmeal, bread, cooking oil, sugar, and salt.
- Economic policy has been conducted on an ad hoc basis, in reaction to periodic crises. Persistent fiscal deficit and foreign-exchange shortages continued to deteriorate the economic environment. According to the Minister of Finance, by the end of 2002, external arrears had reached $1.3 billion. In early 2003, state-owned Air Zimbabwe grounded two passenger airplanes because it could not obtain foreign currency to purchase imported spare parts.
- On June 6, 2003, the IMF announced that it had suspended Zimbabwe's voting and other related rights because the government had not adopted comprehensive and consistent economic policies. By May 2003, the country's arrears to the IMF totaled $233 million.

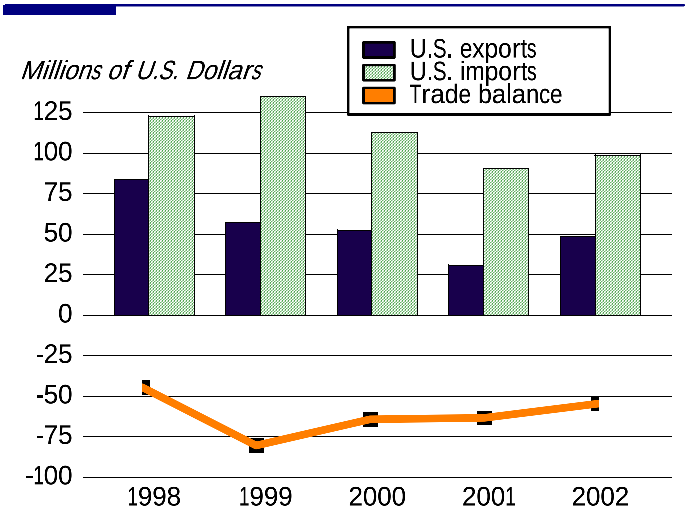
Main Trade Partners, percent of total, 2001

Markets		*Sources*	
South Africa	14.1	South Africa	44.5
Netherlands	6.6	Mozambique	4.6
Japan	6.6	United Kingdom	4.1
Germany	6.5	Germany	3.5

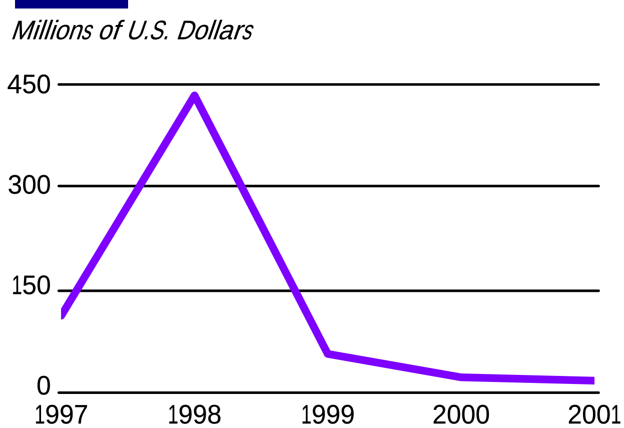
Main Trade Commodities, US$ million, 2000

Exports		*Imports*	
Tobacco	25.6	Machinery & transport equipment	29.1
Gold	13.3	Manufactures	16.7
Ferro-alloys	5.8	Chemicals	16.6
Textiles & clothing	3.7	Petroleum products & electricity	11.1

U.S. Trade Balance



Net Foreign Direct Investment



Trade Update

- In addition to the political and social instability, an overvalued exchange rate led to decreased export earnings. In 2002, the government closed all foreign-exchange bureaus and introduced new foreign currency rules for exporters requiring them to surrender 50 percent of foreign earnings to the Reserve Bank of Zimbabwe.
- Although sales were dampened by the social unrest and government interventions, tobacco remained the country's primary export crop. Prospects for future tobacco auctions remained limited as many tobacco growers have been removed from their farms and several tobacco processors closed operations.
- In 2002, U.S. exports to Zimbabwe consisted primarily of milling industry products, plastics, and machinery and mechanical appliances; and U.S. imports from Zimbabwe consisted primarily of precious or semiprecious stones and metals, tobacco, and sugar.

Investment and Privatization Update

- According to the Minister of Finance, in 2002, Zimbabwe experienced a net capital outflow from donors and investors of approximately $347 million.
- Driven by increasing world prices and limited reserves outside South Africa, the platinum sector experienced increased investment. In mid-2002, Anglo American Zimbabwe announced plans to invest $90 million in a platinum mine. In August 2002, Impala Platinum Holdings (South Africa) announced plans to increase its stake in two Zimbabwean companies.
- In mid-2002, the state-owned Sabi Gold Mine closed operations after the company was unable to meet loan commitments. Citing constraints stemming from the government's foreign-exchange policies, in early 2003, Anglo American announced plans to withdraw from the country's nickel industry.
- In early 2003, Colgate Palmolive (U.S.) announced plans to downsize operations in Zimbabwe.
- Given the increasing inflation, falling currency value, and unstable economic environment, local Zimbabweans have been investing in assets, particularly the stock exchange. In 2002, the stock market reached its highest market capitalization level since 1896.
- In December 2002, the government awarded a second 20-year license for fixed-line telephones to Teleaccess, which plans to begin operations in mid-2003.
- In 2002, MegaTel was the sole bidder for the 30-percent stake in TelOne (fixed-line operator) and NetOne (cellular phone operator).
- The social and political instability hampered privatization efforts, and the probability of future sales remained low given the difficult operating environment. Although the government had targeted Z$20 billion and Z$40 billion in privatization revenue for 2001 and 2002, respectively, it received only Z$7 billion and Z$462 million in 2001 and 2002, respectively.