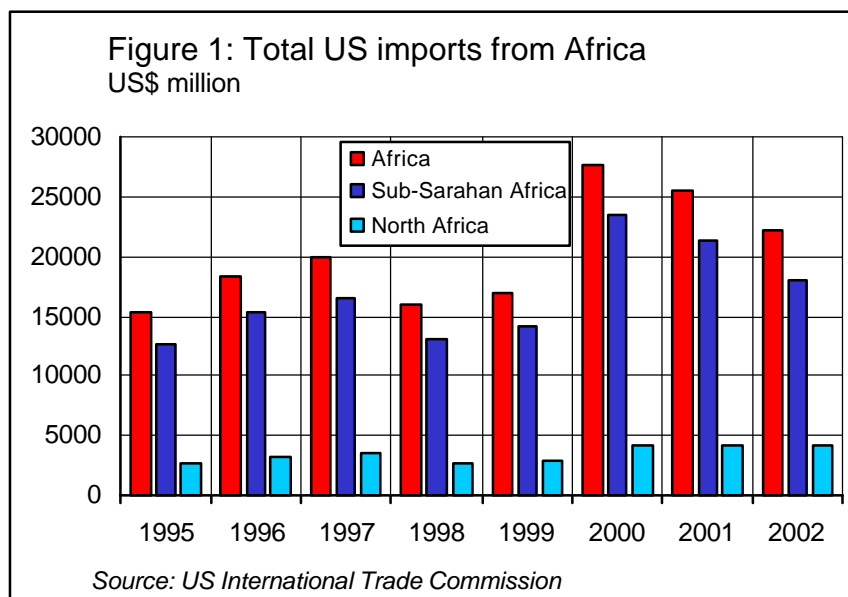


Market insight – total exports to US decline in 2002 despite AGOA

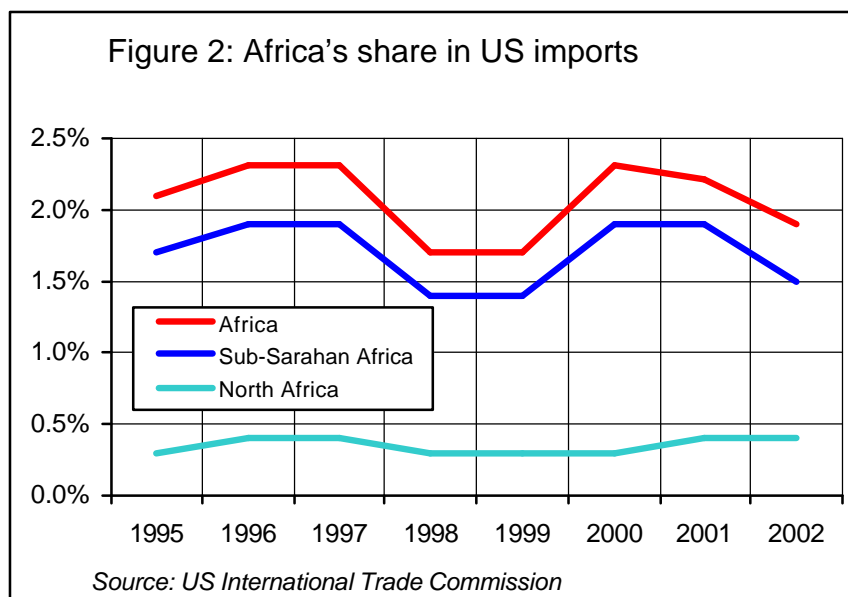
21 February 2003

US imports recovers in 2002 but Africa did not benefit

Following the 6.2% decline in US imports in 2001, imports rose marginally by 1.9% in 2002. However, imports from Africa (especially sub-Saharan) declined by 12.9% in 2002 following the 8% decline in 2001 despite increased access for qualifying African country exports to the US under AGOA. In contrast, US imports from Latin America, Asia and Europe showed growth.



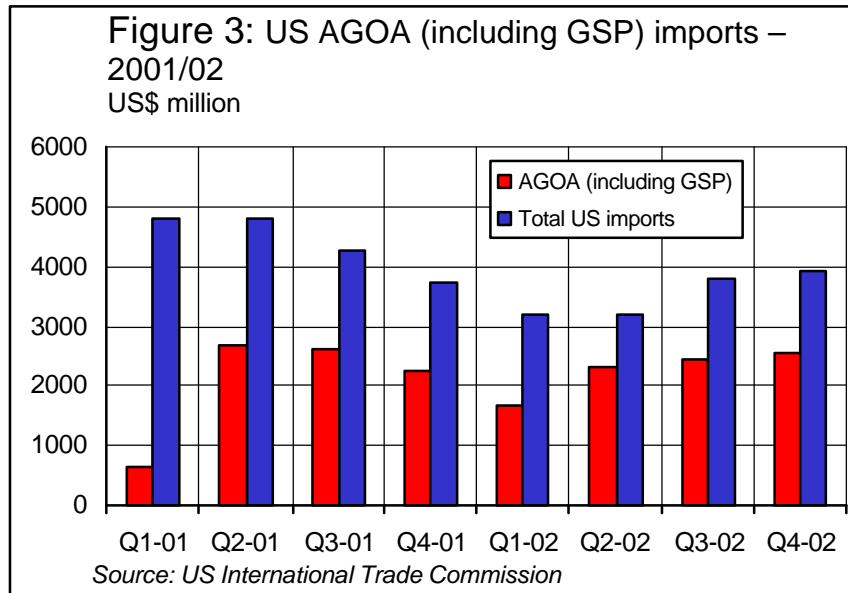
The further decline experienced in US imports from Africa resulted in Africa's share in total US imports falling from 2.2% in 2001 to 1.9% in 2002. The most significant decline was experienced in sub-Saharan Africa's share, which fell to 1.5% in 2002 from 1.9% in 2001. North Africa's share has remained stable in 2002 at 0.4%.



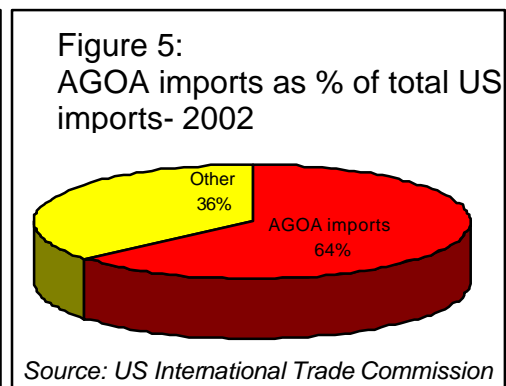
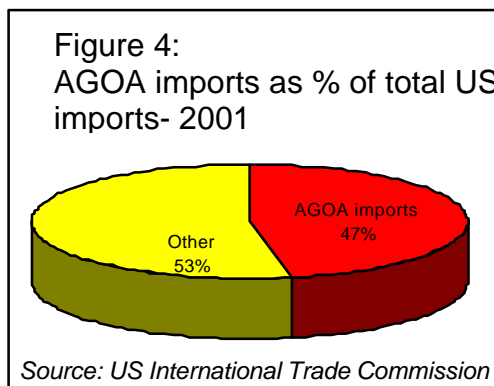
This declining trend has also been reflected in total US imports from AGOA eligible countries which declined by 35% in 2002 from 2001 levels (table 2).

Despite decline in total US imports from Africa imports under AGOA grew

In contrast to the declining trend in total imports from Africa experienced in 2002, imports under AGOA from eligible countries grew by almost 10% from 2001. This increase can partly be explained by the gradual entry of countries into the AGOA initiative and the time it took eligible countries to prepare to take advantage of AGOA benefits.



An analysis of trade data shows that increasingly more goods are imported from Africa under AGOA. For instance data for all AGOA eligible countries, as shown in figures 4 and 5, indicates that in 2001 US imports under AGOA represented 47% of total imports from the same group of countries while this proportion grew to 64% in 2002.



Nigeria continues to dominate US AGOA imports but South Africa has moved up the ranks

Trade data since AGOA's inception in January 2001 shows that Nigeria continues to be the largest AGOA exporter to the US. Gabon was the second largest beneficiary in 2001 but South Africa took that position in 2002 (figure 6 and table 1).

Other interesting shifts in the top ten AGOA beneficiary rank is Lesotho which moved from fifth place in 2001 to fourth place in 2002. Cameroon ranked ninth in 2001 moved to position six while Kenya moved from number seven to number five.

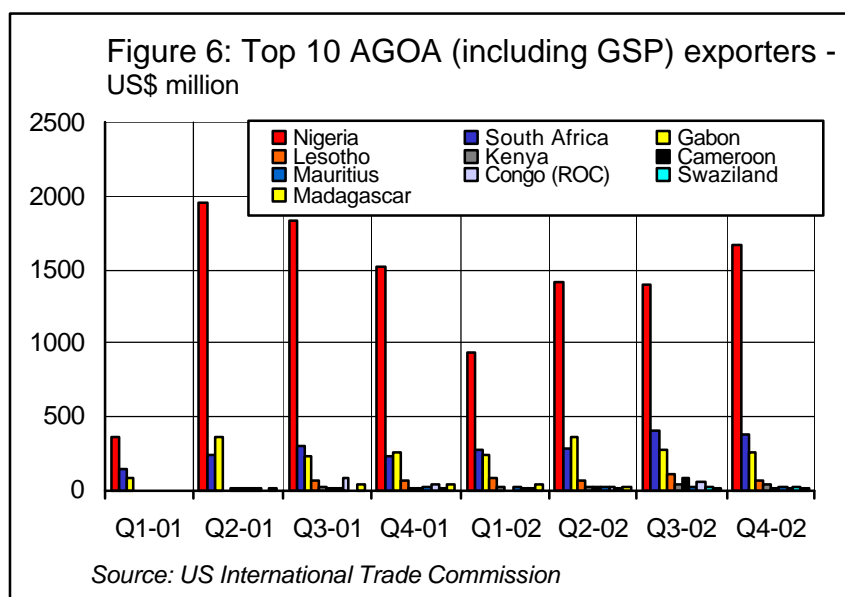
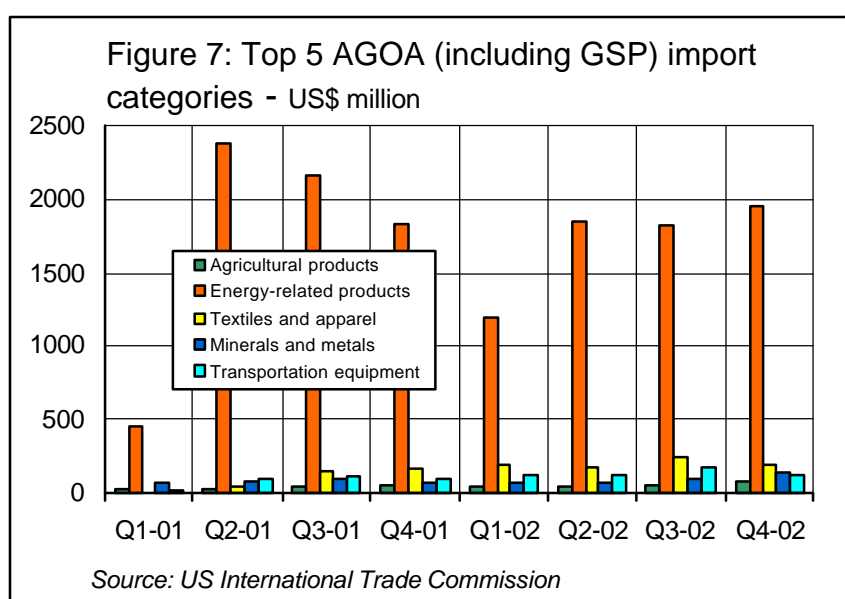


Table 1: US imports from selected AGOA eligible sub-Saharan African countries – including GSP (US\$ million)

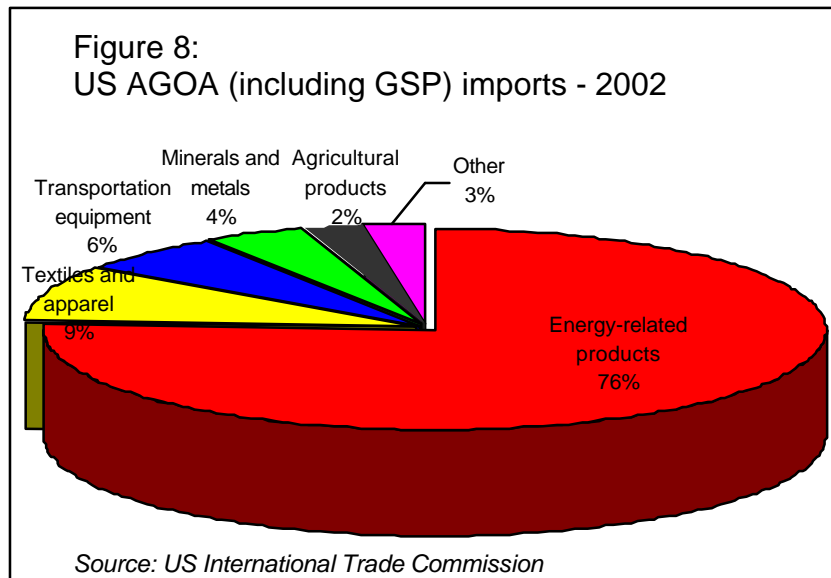
Country	2001 rank	Total US AGOA imports-2001	2002 rank	Total US AGOA imports -2002
Nigeria	1	5688	1	5410
Gabon	2	939	3	1146
South Africa	3	923	2	1343
Congo (ROC)	4	130	8	107
Lesotho	5	130	4	318
Madagascar	6	97	10	80
Kenya	7	59	5	129
Mauritius	8	54	7	114
Cameroon	9	37	6	116
Swaziland	10	15	9	81

Source: US International Trade Commission

Oil remains main beneficiary but textiles and apparel is growing



As shown in figures 7 and 8 energy-related products remain the largest US import under AGOA. The bulk of energy related product imports (mostly crude oil) are sourced from Nigeria, Gabon, the Republic of the Congo, Ghana and Cameroon.

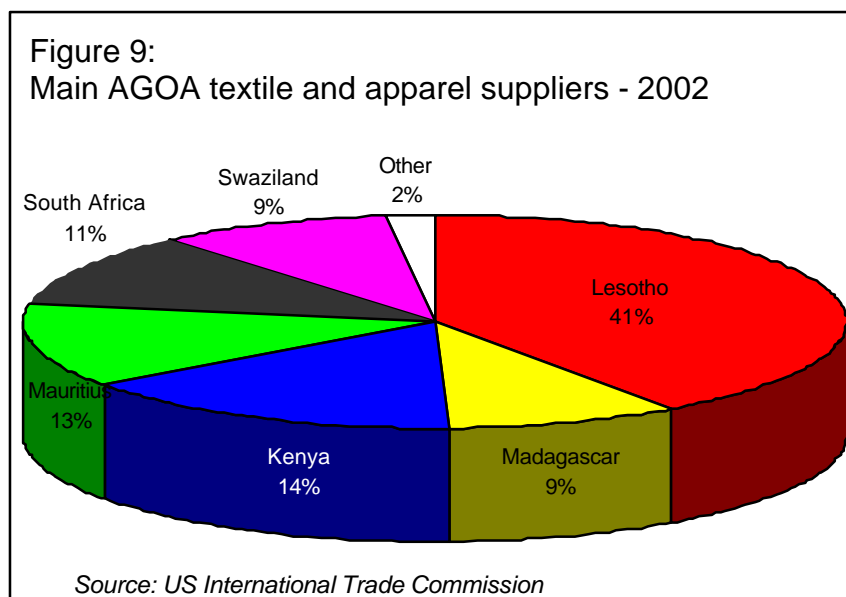


US textile and apparel imports under AGOA have recorded the highest growth (123%) of all product categories in 2002 when compared to 2001. This category is expected to grow in importance especially after AGOA II that has broadened the eligibility of products and countries under extended textile provisions.

Strong growth (81%) has also been recorded in the transport equipment category which mainly consists of vehicle imports from South Africa. Agricultural products recorded growth of 38% in 2002 whereas energy-related products remained constant.

Lesotho remains largest textile and apparel supplier under AGOA but Swaziland is making inroads

As discussed above textiles and apparel is the second largest AGOA beneficiary. Textiles and apparel are mostly supplied to the US under AGOA from Lesotho, Kenya, Mauritius, South Africa, Madagascar and Swaziland (figure 9). Swaziland has seen tremendous growth in textile exports to the US in 2002. Total textile and apparel exports to the US grew by 85.2% in 2002 while that exported under AGOA increased by 802%.



Subdued US economy clouds the outlook for AGOA import growth

While US AGOA imports have performed well in 2002 it took place against the backdrop of a significant decline in total imports from AGOA eligible countries. This suggests that the gains that have been made in increased AGOA exports to the US must be seen in the context of countries aligning themselves to take advantage of AGOA and not so much rising trade with the US on the back of increased demand.

While the declining trend in US imports in 2001 and 2002 may be attributed to the faltering US economic recovery it is a cause for concern seeing that AGOA promised increased exports for African countries. Taking account of the fact that the US economy is expected to remain subdued (at least in 2003) the outlook for a significant increase in total imports from Africa is less positive.

Overall data hides remarkable success in individual cases

Country	Total US imports 2001	Total US imports 2002	% change	US AGOA (including GSP) imports 2001	US AGOA (including GSP) imports 2002	% change
Nigeria	8,916.5	5,819.6	-35%	5,688.5	5,409.7	-5%
South Africa	4,429.5	4,236.0	-4%	923.2	1,342.6	45%
Gabon	1,731.7	1,622.0	-6%	938.8	1,145.6	22%
Lesotho	217.2	321.5	48%	129.6	318.0	145%
Kenya	128.6	189.2	47%	58.9	129.2	119%
Cameroon	101.6	172.1	69%	37.2	115.8	212%
Mauritius	275.1	280.4	2%	54.0	114.3	112%
Congo (ROC)	457.9	223.8	-51%	130.2	106.6	-18%
Swaziland	65.0	114.5	76%	14.8	81.3	450%
Madagascar	271.8	215.9	-21%	97.1	79.7	-18%
Cote d'Ivoire	319.8	381.9	19%	13.3	49.7	273%
Malawi	71.8	68.1	-5%	35.4	46.9	33%
Ghana	185.4	115.6	-38%	42.9	34.8	-19%
Mozambique	7.1	8.2	16%	5.3	5.9	12%
Botswana	21.1	29.7	41%	1.2	4.6	275%
Ethiopia	29.0	25.7	-12%	0.8	2.3	182%
Namibia	37.8	57.4	52%	0.1	1.7	1746%
Tanzania	27.2	25.3	-7%	0.9	1.3	44%
Senegal	102.3	3.8	-96%	0.6	0.5	-12%
Mali	6.2	2.6	-58%	0.3	0.3	17%
Sierra Leone	4.6	3.8	-17%	0.4	0.2	-44%
C African Rep	2.4	2.0	-15%	0.0	0.2	-
Zambia	15.6	7.8	-50%	0.8	0.1	-89%
Guinea	87.8	71.6	-18%	0.2	0.1	-64%
Cape Verde	1.5	1.8	21%	0.2	0.1	-66%
Mauritania	0.3	0.9	216%	0.0	0.0	-
Uganda	17.8	15.2	-15%	0.1	0.0	-77%
Djibouti	1.0	1.9	101%	0.0	0.0	-
Niger	1.4	0.9	-37%	0.0	0.0	-48%
Eritrea	0.1	0.4	315%	0.0	0.0	-
Rwanda	7.2	3.1	-57%	0.3	0.0	-97%
Benin	1.3	0.7	-47%	0.2	0.0	-100%
Sao Tome & Prin	0.3	0.4	21%	0.0	0.0	-
Seychelles	23.7	26.3	11%	4.2	0.0	-100%
Chad	5.7	5.7	1%	0.0	0.0	-
Guinea-Bissau	0.0	0.0	84%	0.0	0.0	-
Total	17,573.5	14,055.7	-35%	8,179.3	8,991.7	10%

Source: US International Trade Commission

The data for AGOA eligible countries as a whole may hide the significant success experienced in some individual countries.

Swaziland is a case in point. Total US imports from Swaziland increased by 76% in 2002 from 2001 levels. Most of this growth is attributable to strong growth recorded in textile and apparel imports under AGOA. Other examples (table 2) are Eritrea, Mauritania and Djibouti which have seen more than 100% growth in their total exports to the US in 2002.

These success stories are significant in light of the fact that some of the countries that have experienced a disproportional benefit from AGOA in national context in 2002 are those who really needed it.

While the overall story may not be that positive, AGOA has in some cases thus far delivered on its promise to support the poorer countries in Africa. However, the latter has been relatively slow in taking advantage of AGOA's benefits. In this regard a positive outcome of the proposed extension of AGOA's timeline tabled at the recent AGOA forum held in Mauritius, is crucial.

Annual review of AGOA eligibility

The following 36 sub-Saharan African countries' eligibility for tariff preferences under AGOA have been renewed for 2003:

Benin; Botswana; Cameroon; Cape Verde; Central African Republic; Chad; Republic of the Congo; Côte d'Ivoire; Djibouti; Eritrea; Ethiopia; Gabon; Ghana; Guinea; Guinea-Bissau; Kenya; Lesotho; Madagascar; Malawi; Mali; Mauritania; Mauritius; Mozambique; Namibia; Niger; Nigeria; Rwanda; Sao Tome and Principe; Senegal; Seychelles; Sierra Leone; South Africa; Swaziland; Tanzania; Uganda; and Zambia.

The Gambia and the Democratic Republic of the Congo (DROC) have for the first time been designated as AGOA beneficiary countries.

However, in the case of the DROC the full duty-free benefits have been delayed until a transitional government is formed. In the meantime the DROC may participate in AGOA-related activities, including the AGOA Forum and trade capacity building programs.

Eritrea has been given until June 2003 to meet AGOA's eligibility criteria to remain on the list.

Angola, Burkina Faso, Burundi, Equatorial Guinea, Liberia, Togo and Zimbabwe did not meet AGOA's eligibility criteria while Comoros, Sudan, and Somalia were not reviewed because they did not formally request AGOA benefits, as required by the Act.

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