

Market Insight: Sub-Sahara Africa's trade with the US

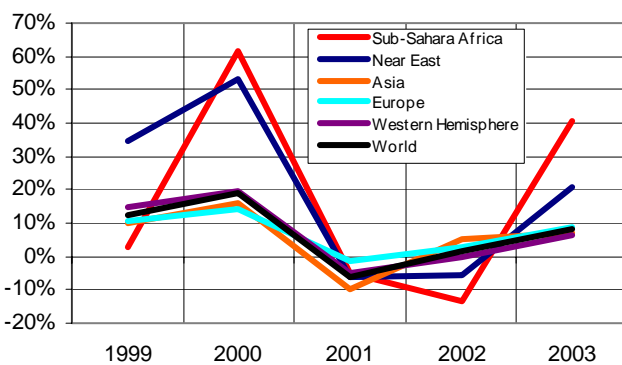
20 February 2004

Sharp growth in US imports from Africa in 2003

Final trade data for 2003 released by the US International Trade Commission indicates that imports from sub-Sahara Africa expanded by 41% on that of 2002. This impressive growth in imports ranks amongst the highest recorded amongst geographical regions. Contributing to this trade performance has been a general increase in US imports as demand in that economy continues to recover and the African Growth and Opportunity Act (AGOA) that gives qualifying Sub-Sahara African countries preferential access to US markets.

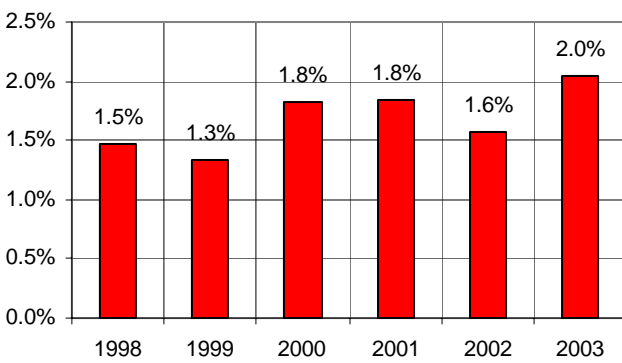
Countries that experienced a significant increase in exports to the US in 2003 include Nigeria (74.3%), Angola (36.9%), Kenya (32%), Gabon (23.7%) and South Africa (15.2%).

US imports from geographic regions  
y/y % change



As a result of the strong expansion in imports from Sub-Sahara Africa the region's share in total US imports expanded to 2.0% in 2003, which is above that of recent years.

Sub-Sahara Africa's share in US imports



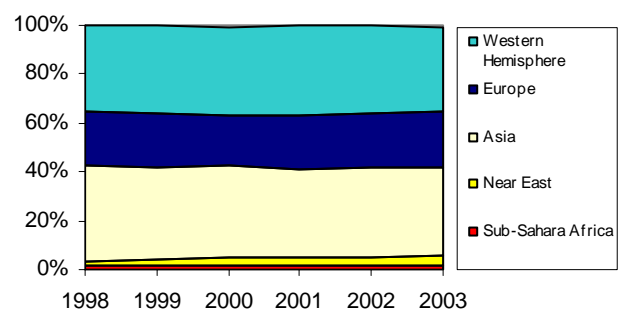
However, when compared to other regions Sub-Sahara Africa's share in US imports remains at very low levels. After

Highlights

- US imports from Sub-Sahara Africa expand by 41% in 2003.
- US imports from Sub-Sahara Africa rose to 2.0% of total exports in 2003.
- The US trade deficit with Sub-Sahara Africa rose to USD19bn in 2003.
- Energy products accounted for 70% of total US imports from Sub-Sahara Africa in 2003. Countries that benefited from an increase in energy imports include Nigeria, Angola and Gabon.
- Non-energy product imports expanded by 20% in 2003 which was mainly the result of strong growth recorded in cocoa, textiles and iron and steel.
- Vehicle imports grew by 35.5% in 2003 but were below the 60% growth recorded in 2002. However, vehicle imports from South Africa rose by 42.8% in 2003 to USD525.2m.
- US imports are expected to remain strong in 2004 despite the weaker dollar (which is expected to remain weak for some time) on the back of growing domestic demand and confidence.

Asia, countries in the Western Hemisphere (including Latin America) and Europe are main sources of US imports.

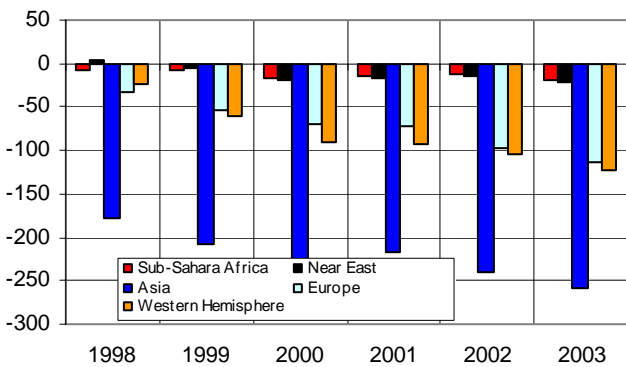
US imports from geographic regions  
% share of total



Growth in US imports outpaced growth in exports which caused further expansion in the US trade deficit with the rest of the world. This is also true for the US trade deficit with Sub-Sahara Africa that rose by 54% in 2003 to USD19bn from USD12bn in 2002.

## US geographical trade balance

USD bn

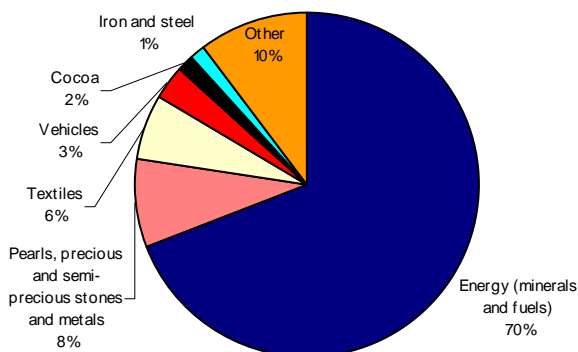


## Energy imports from Sub-Sahara Africa grew by 51% in 2003

Energy imports dominated US imports from Sub-Sahara Africa in recent years. This trend continued in 2003. After energy, pearls, precious and semi-precious stones and metals are the most important import category from Sub-Saharan Africa followed by other raw materials and manufactured goods.

## US imports from Sub-Sahara Africa

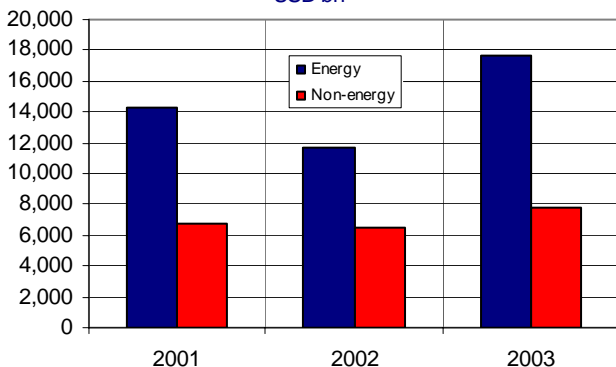
2003



A significant increase in energy imports from Sub-Sahara Africa (mostly from Nigeria, Angola and Gabon) accounted for most of the increase in US imports from this region during 2003.

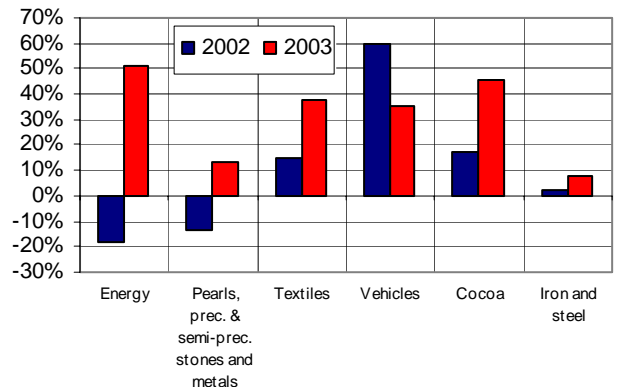
## US imports from Sub-Sahara Africa

USD bn



However, non-energy related US imports from Sub-Sahara Africa also experienced growth of 20% in 2003.

## Growth in selected US import categories



The highest growth rate in non-energy US imports from Sub-Sahara Africa was recorded for cocoa which grew by more than 40% in 2003 on 2002 levels. Significant increases were also recorded in imports of textiles, iron and steel and pearls, precious and semi-precious stones and metals.

## Vehicle imports from South Africa grew by 42.8%

While vehicle imports continued to grow the expansion was lower in 2003 than in 2002. However, vehicle imports from South Africa, which accounted for 68% of the total, grew by 42.8% in 2003 to USD525.2m.

## Outlook for 2004

The strength of US imports in 2004 will generally depend on a combination of the pace of the US domestic economic recovery and exchange rate developments.

Consumer and investment demand in the US are expected to continue their recovery in 2004 as confidence improves and interest rates remain at historically low levels. This should support imports in general and also those from Sub-Saharan Africa.

A factor that may impact on import growth is the USD exchange rate. The jury is out on whether the USD will remain weak on international currency markets or whether a more buoyant domestic US economy may cause the USD to strengthen. Given the significant trade and budget deficits the dollar will in all likelihood remain relatively weak in 2004. However, US imports are expected to remain buoyant despite the weaker USD on the back of improved domestic demand.

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