

# **U.S.-Africa Trade Flows and Effects of the Uruguay Round Agreements and U.S. Trade and Development Policy**

## **Fifth Annual Report**

**Investigation No. 332-362**

**Publication 3250**

**October 1999**

**U.S. International Trade Commission**



**Africa**

Washington, DC 20436

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***Special Acknowledgments***

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Anita Richman, *Library Services*

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# Executive Summary

This is the final report in a 5-year series requested by the Office of the United States Trade Representative. The report provides, for 1998: (1) data on total U.S.-Sub-Saharan Africa trade and investment flows by selected major sectors and regional trade groups; (2) identification of major developments in the World Trade Organization and in U.S. trade and economic policy and commercial activities that significantly affect bilateral trade and investment with the region; (3) information on changing trade and economic activities within the individual Sub-Saharan African countries; and (4) an update on progress in regional integration in Sub-Saharan Africa. Numerous data sources were used to compile the information provided in this report, including staff travel to the region to meet with public and private sector representatives, and information supplied by U.S. embassy officials and other U.S. government agencies.

## *U.S.-Sub-Saharan Africa Trade*

- For the first time in 4 years, total value of two-way trade between the United States and the region declined. It dropped from \$22.0 billion in 1997 to \$19.9 billion in 1998, a drop of almost 10 percent. The main reason for this decrease was a 28 percent drop in the value of U.S. imports of Sub-Saharan energy-related products (principally crude oil), by far the greatest contributor to total U.S. imports from the region.
- The sharp decline in the value of U.S. oil imports from the region translated into a major improvement in the longstanding trade deficit with Sub-Saharan Africa. The deficit totaled \$6.8 billion in 1998, down from almost \$10.0 billion the previous year.
- Total U.S. merchandise exports to the region in 1998 rose by 7.4 percent to \$6.5 billion, up from \$6.1 billion in 1997. Total U.S. merchandise imports from the region fell 16.5 percent in 1998, from about \$16.0 billion in 1997 to \$13.4 billion in 1998.
- The largest share of U.S. exports to the region is in the transportation equipment sector, accounting for 34.2 percent of the total in 1998 and 28.0 percent in 1997.
- Nigeria is the largest supplier of U.S. imports from the region, with almost \$5.0 billion in sales (predominantly energy-related products) to the United States representing 36 percent of the region's total merchandise exports to the United States in 1998.
- GSP imports from Sub-Saharan Africa increased dramatically in 1998, up 73 percent from \$1.4 billion in 1997 to \$2.4 billion. Angola has surpassed South Africa as the largest Sub-Saharan African GSP import supplier to the United States. Duty-free GSP imports from Angola grew by 135 percent in 1998, and accounted for 66 percent of total GSP imports from the region.
- U.S. service exports to Africa increased by 12.2 percent in 1997, the most recent year for which data are available. Tourism was the leading U.S. service export to Africa in 1997, accounting for 29 percent of the total; followed by professional services with 24 percent; freight transportation, 10.9 percent; and education, 10.6 percent. The largest U.S. trading partner in the region for services is South Africa.

## *Foreign Investment in Sub-Saharan Africa*

- Sub-Saharan Africa received about \$4.8 billion in FDI flows in 1998, a decline of about 8.3 percent from the previous year. This decline was due, in part, to the fact that South Africa's strong performance in privatization in 1997 was not sustained.

- Total FDI to developing countries declined by 5 percent to \$154.9 billion in 1998; Sub-Saharan Africa's share of that amount also dropped slightly to 3.1 percent in 1998, from 3.2 percent of total investment to developing countries in 1997.
- France is currently the largest source of FDI in the region, followed by the United Kingdom and the United States. Asian economies, including China, Korea, Malaysia, Singapore, and Taiwan, also invest in the continent, primarily in the southern region.
- U.S. gross direct investment to the region declined by 43 percent, from \$3.8 billion in 1997 to \$2.2 billion in 1998.

## ***Regional Integration***

- Progress was made toward sub-regional trade and economic integration in 1998, although efforts continued to be hampered by conflicting political and economic interests. For example, Southern African Customs Union (SACU) members are in the process of renegotiating the terms of their customs union and structuring a new secretariat to handle administrative functions; Tripartite Commission for East African Cooperation (EAC) countries are experiencing a regional economic slump that is affecting their integration efforts; Southern African Development Community (SADC) members are still trying to ratify their trade protocol.
- In March 1999, South Africa and the European Union (EU) concluded negotiations on a major bilateral trade agreement that will, when ratified, lead to a comprehensive free trade agreement. Because Botswana, Namibia, Lesotho, and Swaziland are closely tied to South Africa through membership in the SACU customs union, their economies are obliged to accept a de facto free trade agreement with the EU. South Africa's membership in 14-nation SADC means its arrangement with the EU may have even broader regional significance.

## ***Finance, Trade, and Development Issues Affecting U.S.-Sub-Saharan Africa Trade and Investment Opportunities***

- Financial activity in Sub-Saharan Africa by international organizations generally increased during the year. World Bank lending commitments to the region increased from \$1.7 billion in 1997 to \$2.9 billion in 1998. Guarantees by the Multilateral Investment Guarantee Agency increased from approximately \$70 million in fiscal year 1997 to \$126 million in 1998. The International Finance Corporation approved \$679 million in financing for 81 projects in Sub-Saharan Africa in fiscal year 1998, compared with \$384 million in 1997. During fiscal year 1997-98, the International Monetary Fund (IMF) approved 15 new Enhanced Structural Adjustment Facility arrangements, providing highly concessional loans to low-income members of Sub-Saharan Africa.
- Some U.S. government programs directed toward Sub-Saharan Africa increased in 1998, compared to the previous year. For example, U.S. Export-Import Bank overall support for the region increased from \$3.2 billion in fiscal year 1997 to \$3.4 billion in 1998. The pending African Growth and Opportunity Act (AGOA) and President Clinton's initiative, Partnership for Economic Growth and Opportunity in Africa, both include provisions to develop new private sector equity investment funds for Africa. Total U.S. bilateral economic assistance to Sub-Saharan Africa increased from \$998 million in fiscal year 1997 to \$1.1 billion in FY 1998.
- On July 1, 1998, the Office of the U.S. Trade Representative announced changes to the GSP program that were intended to encourage Sub-Saharan African countries to accelerate their economic integration and to work collectively on expanding their exports. According to the changes, members of certain regional organizations (WAEMU, SADC, and EAC) will be permitted to cumulate their value-added contributions (on GSP imports). This procedure will make it easier for the eligible countries to meet the 35 percent value-content requirement of the GSP rule of origin.

- In 1998, several Sub-Saharan African countries continued to increase their efforts to avail themselves of World Trade Organization (WTO) benefits and other programs aimed at improving their trade performance. A number of Sub-Saharan African countries received multilateral assistance through the WTO Trust Fund for Technical Cooperation—where 1998-99 contributions worth \$4.5 million are used to fund instruction for LDC officials. In order to access trade policy and economic development information, particularly via the Internet, technical development assistance to support equipment and skills is provided.
- In October 1997 the High-Level Meeting on Integrated Initiatives for Least-Developed Countries' Trade Development convened. Sponsored by the WTO, the IMF, the World Bank, and United Nations agencies, the High-Level Meeting began a process by which these institutions will integrate their resources to help the least-developed countries, largely in Africa, according to their individual needs assessments. Thirty-nine such assessments had been tabled by LDCs by yearend 1998, twenty-nine of them by countries of Sub-Saharan Africa.

### ***U.S. and Sub-Saharan African Economic and Trade Policies Affecting U.S. Trade and Investment in Major Sectors***

- The U.S. trade balance with Sub-Saharan Africa in **agricultural products** recorded a deficit of \$138.6 million in 1998, an improvement from the deficit of \$159.2 million recorded in 1997. This decline was largely due to an increase in exports to the region, which benefitted from U.S. export promotion and food assistance programs. The declining trade balance also was assisted by total U.S. imports from the region, which recorded only a slight level of growth. Imports declined during the period, largely due to moderating commodity prices.
- The U.S. trade surplus with Sub-Saharan Africa in **forest products** declined from \$103.5 million to \$88.1 million during 1997-98. The \$11.1 million decline in U.S. exports of those products, from \$205.1 million to \$194 million, included a \$10.4 million decline in exports of lumber.
- The U.S. trade balance in **chemicals and related products** with Sub-Saharan Africa remained negative for the second consecutive year. U.S. exports of those products to the region totaled \$678.5 million, a decline of \$62.6 million from the level exported in 1997. Exports consisted primarily of miscellaneous organic chemicals used as feedstocks for downstream specialty chemicals and pharmaceuticals, plastics in primary and semi-primary forms, and various finished chemical products such as soaps and detergents and cosmetics and toiletries. U.S. imports of chemicals and related products from Sub-Saharan Africa consisted largely of miscellaneous organic and inorganic chemicals.
- The United States has historically maintained a negative trade balance in **energy-related products** with Sub-Saharan Africa, mainly due to increasing U.S. imports of crude petroleum from the region. The U.S. trade balance in this sector, however, improved by \$3.0 billion (28 percent) during 1997-98, largely reflecting a 40 percent decrease in the world price of crude petroleum. Imports of energy and related products accounted for 59.6 percent of total U.S. imports from Sub-Saharan Africa in 1998.
- The U.S. trade deficit with Sub-Saharan Africa in **textiles and apparel** widened substantially for the second year in a row, rising by \$129 million (48 percent) in 1998 to \$395.3 million. The increase in the deficit resulted from a rebound in imports and a drop in exports, both of which started in 1997. Sector exports declined by \$31.9 million (15.6 percent) from the 1997 level to \$172.9 million in 1998, following a slowdown in exports of \$3.6 million 1997. Principal sector exports continued to be used clothing and other used textile articles, reflecting poverty in many parts of Sub-Saharan Africa.
- The U.S. trade deficit with Sub-Saharan Africa in **minerals and metals** increased by \$319 million (15.8 percent) to \$2.4 billion in 1998, as U.S. exports to the region increased by \$12.1 million (4.9 percent) to \$262.4 million and U.S. imports from the region grew by \$331.3 million (14.6 percent) to \$2.6 billion. The largest export category in 1998 continued to be steel mill products, with steel pipes and tubes accounting for 90 percent of exports.

- The U.S. trade surplus with Sub-Saharan Africa in **machinery** declined by 10.4 percent to \$670 million during 1998, largely due to weakened demand for U.S. exports. Demand for U.S. exports of machinery was constrained by continuing regional strife, historical trade relationships, rising interest rates, fallout from the Asian financial crisis, and lower prices for crude petroleum and other natural resources. In 1988, U.S. exports of machinery declined by \$67 million, an 8.2 percent reduction, to \$749 million in 1998, and U.S. imports of machinery nearly reached the record level achieved in 1996, rising by \$10.9 million (15.9 percent) to \$79.1 million.
- The U.S. trade surplus with Sub-Saharan Africa in **electronic products** increased by \$75.6 million (10.3 percent) to \$812.6 million in 1998. The rise in the trade surplus is attributed to a continuing growth in exports, which increased primarily because of private and public sector efforts to improve Sub-Saharan African computer networks and communication infrastructures. Production of electronic products in the region is minimal; most countries depend on imports to meet domestic demand.
- In the **transportation equipment** sector, the ongoing U.S. trade surplus with the region increased by 30 percent to \$2.1 billion during 1997-98. The trade surplus increase is attributed to an increase in U.S. exports to the region, which rose by \$505.5 million (29 percent) to \$2.2 billion. Exports largely consisted of construction and mining equipment, general aviation aircraft, motor vehicles, and automotive parts.
- The U.S. trade balance with Sub-Saharan Africa in **miscellaneous manufactures** advanced from a deficit of \$10.6 million in 1997 to a surplus of \$4.3 million in 1998. U.S. exports to the region increased by \$18.0 million (23.4 percent) to \$94.7 million during the period, whereas U.S. imports rose by \$3.1 million (3.5 percent) to \$90.3 million. Games and fairground amusements, sporting goods, and furniture remained the three largest sector export product categories in 1998.
- The United States recorded a **services** trade surplus of \$1.1 billion with Sub-Saharan Africa in 1997. South Africa is the largest U.S. trading partner in the region, accounting for almost 30 percent of U.S. services exports and imports. U.S. services exports to South Africa totaled \$1.0 billion, while imports totaled \$684 million. Sub-Saharan Africa experienced a wave of infrastructure privatization, particularly in the telecommunications sector. State-owned landline telephone companies are rapidly being privatized, and new cellular telephone company operating licenses, often available to foreign investors, have been granted in many countries. Several countries in the region have also opened their electricity sectors to foreign investment in generation, transmission, and distribution.



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# GLOSSARY OF SELECTED ABBREVIATIONS

AfDB	African Development Bank
AfDF	African Development Fund
AGOA	African Growth and Opportunity Act
ATWT	Average Trade-Weighted Tariff
AVE	Ad valorem equivalent
CFA	Communauté Financière Africaine
COMESA	Common Market for Eastern and Southern Africa
DROC	Democratic Republic of the Congo, Congo (Kinshasa)
EAC	Tripartite Oommission for East African Co-operation
ECOWAS	Economic Community of West African States
EEP	Export Enhancement Program
ESAF	Economic Structural Adjustment Facility
EU	European Union
FDI	Foreign Direct Investment
GATS	General Agreement on Trade in Services
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
GSP	U.S. Generalized System of Preferences program
HIPC	Heavily Indebted Poor Countries
HTS	Harmonized Tariff Schedule of the United States
IBRD	International Bank for Reconstruction and Development (World Bank)
IFC	International Finance Corporation
IGAD	Intergovernmental Authority on Development
IMF	International Monetary Fund
IOC	Indian Ocean Commission
LDBC	Least Developed Beneficiary Country
LDBDC	Least Developed Beneficiary Developing Country
MFA	Multifiber Arrangement
MIGA	Multilateral Investment Guarantee Agency
OAU	Organization of African Unity
OECD	Organization for Economic Cooperation and Development
OPIC	Overseas Private Investment Corporation
ROC	Republic of the Congo, Congo (Brazzaville)
SACU	Southern Africa Customs Union
SADC	Southern African Development Community
SAF	Structural Adjustment Facility
SDRs	Special Drawing Rights
TRIPs	Trade-Related Aspects of Intellectual Property Rights
UNCTAD	United Nations Conference on Trade and Development
URAA	Uruguay Round Agreements Act
USDOC	U.S. Department of Commerce
USITC	U.S. International Trade Commission, the Commission
USTR	U.S. Trade Representative
WAEMU	West African Economic and Monetary Union, UEMOA in French
WIPO	World Intellectual Property Organization
WTO	World Trade Organization





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# CHAPTER 1

## Introduction

This is the final report in a 5-year series documenting U.S.-Sub-Saharan Africa trade and investment flows. Section 134 of the Uruguay Round Agreements Act<sup>1</sup> (URAA) directs the President to develop a comprehensive trade and development policy for the countries of Africa, and to report to the Congress annually for 5 years on the steps taken to carry out that mandate. The Statement of Administrative Action<sup>2</sup> approved by the Congress in the URAA broadly outlines the Administration's plans for this work, and the assistance needed from the U.S. International Trade Commission (USITC or Commission) for the President to fulfill this assignment.<sup>3</sup> Specifically, the Commission is asked to submit, annually for 5 years, a report that provides:

- ☐ an analysis of U.S.-Africa trade flows;
- ☐ an assessment of any effects of the URAA, and of U.S. trade and development policy for Africa, on such flows;
- ☐ information on changing trade and economic activities within the individual countries; and
- ☐ progress in regional integration in Africa.

### Approach

The quantitative data provided generally cover either calendar year or fiscal year 1998, depending on which data are available. In cases where it is useful to show a trend, data for 1994 through 1998 are provided. Developments in economic, trade, and commercial policies cover the period from January 1998 through August 1999, when possible.

Numerous data sources were used to compile the information in this report. Annual data on the value of U.S. exports to, and imports from, Sub-Saharan Africa were obtained from the U.S. Department of Commerce (Commerce or USDOC). Data on U.S. investment flows to Sub-Saharan Africa were obtained from USDOC as well as the U.S. Department of the Treasury. Information on major developments in the World Trade Organization (WTO) likely affecting U.S.-Sub-Saharan African trade flows was collected from the WTO and other public data sources. Information on U.S. trade and economic activities potentially affecting U.S.-Sub-Saharan African trade and investment flows was collected from the USDOC, the U.S. Department of State (State), Department of the Treasury, the Export-Import Bank of the United States (Eximbank), the Overseas Private Insurance Corporation, the U.S. Department of Agriculture (USDA), the U.S. Trade and Development Agency (TDA), and other relevant U.S. agencies.

Data on trade and economic policy changes in countries in Sub-Saharan Africa, as well as information on multilateral project lending, were obtained from USDOC, State, the World Bank (formally, the International Bank for Reconstruction and Development or IBRD), the African Development Bank (AfDB), and the International Monetary Fund (IMF). Commission staff members also traveled to Pretoria and Johannesburg, South Africa, and to Port Louis, Mauritius, to interview business and government representatives about domestic and regional trends, developments in trade and investment, and progress made toward regional integration. In addition, in response to a request from the Commission for assistance, U.S. embassies in the region provided important trade and investment information.

### Scope of the Report

As requested by the USTR, only the countries of Sub-Saharan Africa are covered by this report. Figure 1-1 shows the 48 countries of Sub-Saharan Africa. The countries are:

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<sup>1</sup> 19 U.S.C. 3554.

<sup>2</sup> "Statement of Administrative Action," *Uruguay Round Trade Agreements, Texts of Agreements, Implementing Bill, Statement of Administrative Action and Regional Supporting Statements, Message from the President of the United States*, Sept. 27, 1994, House Document 103-316, pp. 73-74.

<sup>3</sup> See appendix A for the letter from U.S. Trade Representative Charlene Barshefsky to the Commission requesting the report series.

Angola	Liberia
Benin	Madagascar
Botswana	Malawi
Burkina Faso	Mali
Burundi	Mauritania
Cameroon	Mauritius
Cape Verde	Mozambique
Central African Republic	Namibia
Chad	Niger
Comoros	Nigeria
Congo (Brazzaville)	Rwanda
Congo (Kinshasa) <sup>4</sup>	São Tomé and Príncipe
Côte d'Ivoire	Senegal
Djibouti	Seychelles
Equatorial Guinea	Sierra Leone
Eritrea	Somalia
Ethiopia	South Africa
Gabon	Sudan
The Gambia	Swaziland
Ghana	Tanzania
Guinea	Togo
Guinea-Bissau	Uganda
Kenya	Zambia
Lesotho	Zimbabwe

All of these countries are classified by the World Bank as developing countries. As noted in previous reports in this series, however, although the countries of Sub-Saharan Africa share many common characteristics, they vary widely in terms of population, size, geography, natural resources, stage of development, and political stability.<sup>5</sup>

<sup>4</sup> In 1997, the name of the country known as Zaire was changed to the Democratic Republic of the Congo. The two short forms of this country's name, Congo (Kinshasa) and DROC, are both used in this report series to distinguish it from the other Sub-Saharan country similarly named, the Republic of the Congo. The short forms for the Republic of the Congo are Congo (Brazzaville) and ROC.

<sup>5</sup> See USITC, *U.S.-Africa Trade Flows and Effects of the Uruguay Round*, USITC publication 3000, pp. 1-4.

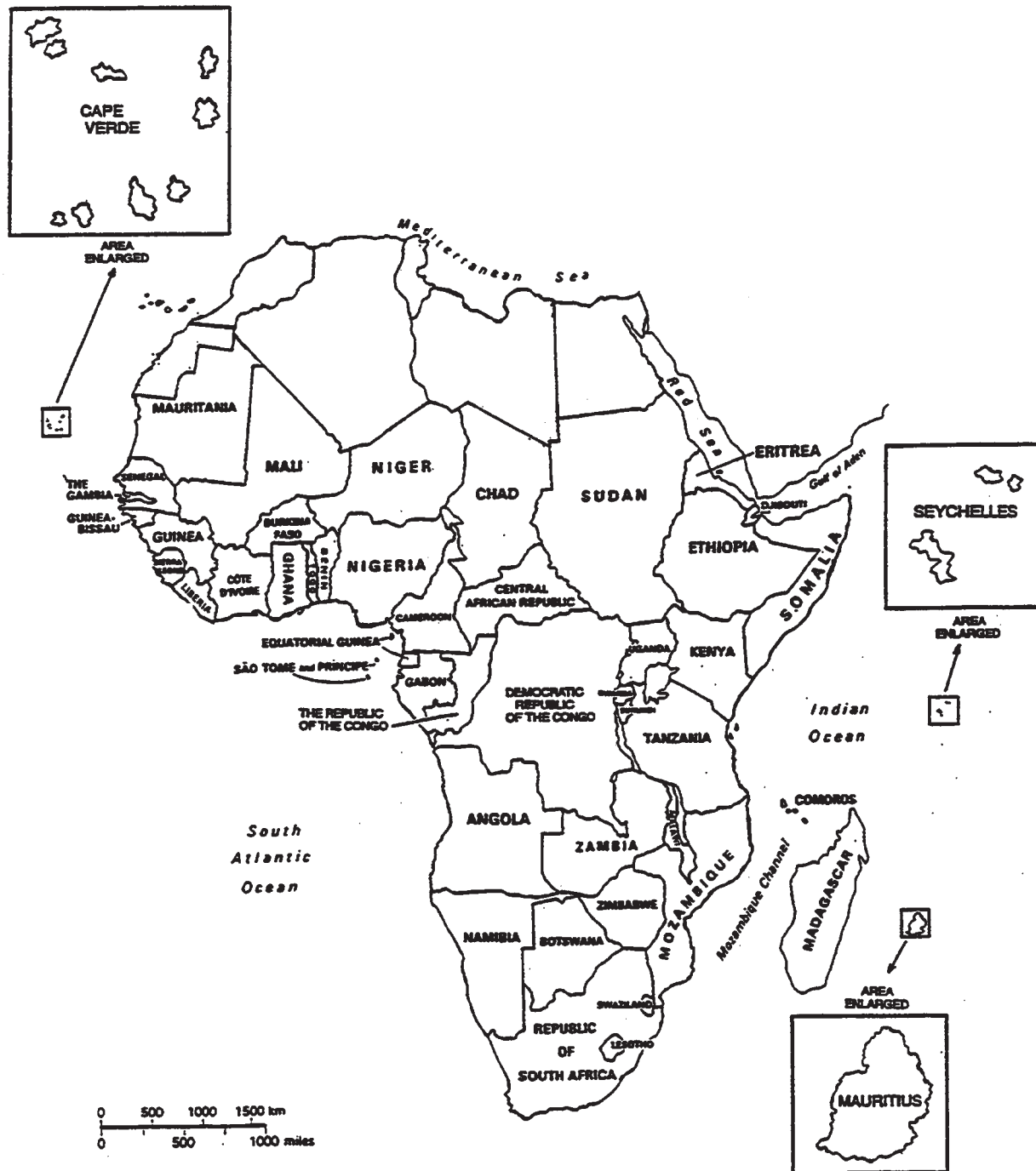
U.S. trade flows with the following regional and sub-regional organizations are discussed: the Economic Community of West African States (ECOWAS), the West African Economic and Monetary Union (WAEMU or UEMOA), the Common Market for Eastern and Southern Africa (COMESA), the Southern African Development Community (SADC), the Southern African Customs Union (SACU), and the Tripartite Commission for East African Co-operation (EAC). This year, at the request of the USTR, also included for discussion are the Intergovernmental Authority on Development (IGAD), and the Indian Ocean Commission (IOC). A discussion of the recently concluded agreement for a free trade area between South Africa and the European Union, and developments in the Lomé Convention are also included at the USTR's request.

The merchandise sectors covered separately in this report include agricultural products; forest products; chemicals and related products; energy-related products; textiles, apparel, and footwear; minerals and metals; machinery; electronic products; transportation equipment; and miscellaneous manufactures. The trade data for these sectors have been aggregated from the Commission's trade-monitoring commodity groups and are provided for the 1994-98 period. The service sectors covered in the report include travel and tourism, telecommunications, education services, professional services, banking and insurance, transportation, and royalties and license fees. The service sector trade data are limited, and there is a time lag in terms of availability. Data are available only through 1997.

## Overview

Table 1-1 provides information on changing trade and investment activities within the individual countries by summarizing recent developments in each Sub-Saharan African country's trade and investment regime.

Figure 1-1  
Political map of contemporary Sub-Saharan Africa, 1998



Source: Europa Publications Ltd., *Africa South of the Sahara*, 28th ed., 1999, p. 22.

**Table 1-1**  
**Summary of trade climate and foreign investment climate in Sub-Saharan African countries, 1998**

Country	Average tariff rate (percent ad valorem)	Trade climate	Foreign investment climate	GNP per capita, 1998
Angola	30	Political violence is an inhibiting factor in the expansion of trade; country has been entwined in a civil war for 2 decades. Some progress toward peace was made in 1998, but tensions remain high. Impediments to trade include import licensing and quotas. Government controls most economic sectors; privatization has been minimal. Petroleum subsidies were recently eliminated, but subsidies remain on a variety of services. Obtaining foreign exchange is difficult. Corruption is alleged at all levels. Recent economic deterioration has reduced purchasing power and increased costs.	The oil sector is the main engine of growth; FDI in this sector has increased dramatically in the past few years because of very large offshore oil discoveries. Government seeks to develop its non-petroleum sectors to protect itself against future volatility in oil markets. FDI is officially welcomed, but common practices such as non-transparent regulation, arbitrary decision-making and alleged corruption undermine this policy. FDI prohibited in defense, public order, security, and central banking functions. Under current regulatory regime, investors cannot be assured of legal protections; expropriations are likely. Expatriates have found it very difficult to obtain valid work permits and this difficulty has become a major impediment to foreign investment.	\$260
Benin	5	Economic liberalization policies initiated in the late 1980s have led to consistent economic growth. Import duties are relatively low and there are few NTBs. International institutions have funded a number of infrastructure renovation projects. Although the government has adopted a transparency policy, bureaucratic red tape can be a serious obstacle to trade and investment.	The ongoing privatization program has made progress and resulted in many opportunities for investment. Sectors still reserved for the state include mining, energy, water, forestry, transportation, and communications.	\$380
Botswana	<12	Offers political and economic stability unmatched in southern Africa. Government regulations can be burdensome, e.g., government regulates standards for hiring and firing, maternity leave, and length of work week. Few NTBs. Low tax burden and sophisticated banking system. Court system can be inefficient.	An independent statutory body is being planned to promote investment and the export of goods manufactured in Botswana. It will assist investors in obtaining land, buildings, permits, licenses, and other documentation. Sectors closed to FDI include most utilities and small retail operations. Foreign firms are accorded national treatment.	\$3,310
Burkina Faso	>15	Majority of the population are dependent on subsistence farming. Some import bans and quotas. Government subsidizes many domestic products and regulates and controls banking system through ownership of banks. Corruption is allegedly a problem.	Ministry of Industry, Commerce, and Mines approves new investment based on recommendations from the National Investment Commission. The Commission's principal criteria for approval include the project's direct value added (minimum acceptable is 35 percent), contribution to the economy, and environmental impact. The 1992 investment code provides for national treatment. Private property may be subject to expropriation.	\$250

See notes at end of table.

Table 1-1—*Continued*

## Summary of trade climate and foreign investment climate in Sub-Saharan African countries, 1998

Country	Average tariff rate (percent ad valorem)	Trade climate	Foreign investment climate	GNP per capita, 1998
Burundi	21	The country is struggling to establish a stable political environment and market system. Ethnic tension and political violence continue, with open conflict erupting periodically. Bureaucracy is massive and plagued by allegations of corruption.	Government actively seeks FDI, but political violence has kept the country in turmoil. Significant barriers to trade and investment are the underdeveloped financial institutions, inefficient customs service, unsafe conditions, and insecure borders. Privatization program has been sluggish.	\$140
Cameroon	20	Property rights are ill-defined and inadequately protected in important aspects, particularly that of land tenure. Courts can be influenced by financial largess or political status. Foreign companies have claimed that judgments against them are obtained fraudulently or as the result of frivolous lawsuits. USDOC reports that customs fraud is endemic. Anti-corruption efforts have had little impact. Banking sector is in crisis, with several state-owned banks on brink of collapse. Price controls are imposed on pharmaceuticals, petroleum products, and goods and services provided by public monopolies. Country's debt burden impedes economic recovery.	The 1990 investment code has simplified investing in the country and established some attractive financial incentives in exchange for minimal eligibility and performance requirements. It provides some basic guarantees to investors, including property ownership, ability to repatriate capital and income, compensation in case of expropriation, and freedom of movement within the country. Government has revised and rationalized exploration codes for hydrocarbons and forestry. Some foreign investors have found it difficult to obtain enforcement of their legal rights, including contract and property claims. Privatization process is moving slowly, but announced privatization of certain parastatals continues to offer possibility of good investment opportunities.	\$620
Cape Verde	20	Government maintains many restrictions on economic activity. The banking and financial sectors are underdeveloped and insufficient to meet the needs of the private sector. Significant new initiatives include a foreign exchange agreement with Portugal, a stand-by agreement with the IMF, the establishment of a trust fund to retire domestic debt, and the creation of a stock market.	Most sectors are open to investment. Property can be expropriated, if deemed in the national interest. Regulations applicable to establishing a business can be burdensome. Privatization program began in 1992. Tourism developments attracted 74 percent of FDI in 1998. Most investors are from Europe, but an American investor recently made a significant investment in maritime transportation.	N/A
Central African Republic	N/A	Transportation infrastructure is underdeveloped and severely inhibits trade and economic development. Political instability, accompanied by civil unrest and violence, has disrupted economic progress. Because of traditional commercial ties, France continues to be the country's major trading partner.	Economy is based mainly on the agriculture, diamond, and logging sectors. Government welcomes FDI and guarantees equal treatment under the law. FDI is primarily in the diamond and timber sectors. Government has privatized its water company, oil company, and some state-owned banks.	\$320

See notes at end of table.

Table 1-1—Continued

## Summary of trade climate and foreign investment climate in Sub-Saharan African countries, 1998

Country	Average tariff rate (percent ad valorem)	Trade climate	Foreign investment climate	GNP per capita, 1998
Chad	10	Since the country's independence, war, famine, and drought have severely damaged infrastructure and institutions. Government bureaucracy is slow and cumbersome, and establishing a business can be difficult. The judicial system is overloaded and sometimes influenced by the government. Efforts are being made to streamline tax law and procedures. Anti-corruption laws exist, but corruption remains a problem. The country's economic and industrial strategies do not discriminate, but French firms are better positioned to compete, primarily because they are already in place and have greater influence.	Government actively seeks FDI as a means of promoting growth and expanding economy. Some institutional and political impediments such as alleged corruption, a heavy tax burden for the private sector, antiquated business laws, and an ineffective judiciary serve to discourage large-scale commitments by foreign and domestic firms. The investment code permits 100-percent foreign ownership of firms, except in national security or strategic sectors. Additional impediments to investment are the small scale of the economy, limited purchasing power, low rates of capital accumulation. The country is landlocked and transportation costs are high. Privatization and civil service reform goals remain largely unfulfilled. Government has been reluctant to privatize its relatively lucrative telecommunications, cotton, sugar, energy, and power industries.	\$230
Comoros	N/A	Fragile economy relies on external aid and remittances, tourism, and the export of vanilla, cloves, and essential oils used in the manufacture of perfume. Physical infrastructure is poor; power outages are frequent, many villages lack potable water, and international transportation and communications are unreliable.	Country has been marked by political instability that has inhibited investors. FDI is minimal. Following violent protests in the capital, a coup in May 1998 placed army in control of the Government.	N/A
Congo (DROC)	N/A	Economy remains in disarray. There is a breakdown in civil order, and looting, banditry, and corruption are allegedly rampant. Ongoing chaos means there is little Government control over wages and prices; traditional market pricing mechanisms have ceased to function. Most economic transactions are conducted as barter arrangements. Civil servants have not been paid or are paid infrequently.	The country is richly endowed with natural resources, and mining dominates the economy. But foreign investment has slowed significantly since the change in Government. Banking system has collapsed, and though some small banks have tried to reopen for business, they are hampered by unreliable money supply. Private property is not secure. Chaos and violence continue. In late 1997, the government asked international donors to contribute to a 3-year stabilization and economic recovery plan. But donors withheld most of the requested aid because of a number of factors, including a poor human rights record, alleged support for terrorism, failure to resume payments of arrears, and cancellation of contracts which undermined investor confidence.	\$110

See notes at end of table.



Table 1-1—*Continued*

## Summary of trade climate and foreign investment climate in Sub-Saharan African countries, 1998

Country	Average tariff rate (percent ad valorem)	Trade climate	Foreign investment climate	GNP per capita, 1998
Congo (ROC)	>30	Significant NTBs are import licensing system and inefficient bureaucracy. The financial sector is deteriorating, presenting an obstacle to private sector development and investment. Prices are controlled through large, state-owned companies. Courts do not operate independently. Regulations can be burdensome and are arbitrarily applied.	Investors face hostile Government bureaucrats and labor conditions. Expropriation of property is possible; judicial system is inadequate to protect property rights.	\$670
Côte d'Ivoire	26	Government has accelerated economic liberalization policies, including privatization of parastatals. Some success in reducing bureaucratic red tape. Financial system is sound and Government policies encourage free flow of capital. Corruption is a factor in contract awards, the judiciary, customs, and tax enforcement. Arbitrary enforcement of contracts and inadequate protection of intellectual property rights also deter trade. NTBs include quotas and some import bans.	Policies actively encourage FDI. France is largest foreign investor, accounting for well over 50 percent of FDI. Investments from outside the franc zone must be approved by Ministry of Economy and Finance. Preferences may be granted to investments outside Abidjan or other established urban centers. Alleged corruption and harassment by tax and custom officials are deterrents to new investment and a burden for already established enterprises. Enforcement of contract rights can also be onerous.	\$710
Djibouti	N/A	Barriers to trade and development include an inefficient bureaucracy and inadequate infrastructure. Banking system is very open and competitive, but lacks sufficient capital to finance economic expansion.	Open to FDI but investments must be reviewed by Government. Sectors closed to investment include those determined to be vital to national security.	N/A
Equatorial Guinea	N/A	An inefficient customs service is an impediment to trade. Infrastructure is poor; roads are in bad condition, and there are no commercial airports. Few financial services are available. Regulations are generally non-transparent and applied arbitrarily. Judiciary is not independent. However, since 1991, the Government has undertaken reforms to reduce its dominant role in the economy and to promote the private sector.	FDI has increased significantly in recent years although investment procedures are non-transparent. Government approval for projects is required. Private property is not protected by the judiciary. Government is attempting to create a more favorable investment climate; some parastatals have been privatized, and the investment code contains numerous incentives. In 1998, Government decided to privatize the distribution of petroleum products in the country.	N/A

See notes at end of table.

Table 1-1—*Continued*

## Summary of trade climate and foreign investment climate in Sub-Saharan African countries, 1998

Country	Average tariff rate (percent ad valorem)	Trade climate	Foreign investment climate	GNP per capita, 1998
Eritrea	N/A	<p>Although the country has enacted an investment proclamation that opens all sectors to FDI and liberalizes trade and investment, in practice, large projects are approved at the highest levels of government. The process of obtaining licenses and startup can be daunting. Land cannot be bought or sold in Eritrea, although property on the land can be sold, mortgaged or leased. Investors and real estate developers have rights to use the land. Land can be leased for up to 99 years and the lease can be renewed. Recently, the country's relations with Ethiopia have deteriorated, resulting in military clashes.</p>	<p>Investment regime has been liberalized but FDI remains small. There have been no significant new investments since the outbreak of hostilities with Ethiopia over a border dispute. Violent warfare erupted in May and June 1998, and again in February 1999. This conflict has eroded investor confidence in the country's political stability and security. Investors are also frustrated by delays due to undeveloped infrastructure, outdated business practices, uncertain policies and lack of a skilled workforce. The Investment Proclamation eliminates the requirement for joint ventures and local partners. However, a primary tenet of the Government is that Eritrea is for the Eritreans. Projects are examined to ensure that training for Eritrean staff to replace expatriate workers is provided and that the project will not have a negative impact on the environment or local conditions. Privatization program includes textile, leather, furniture, food processing, and construction materials manufacturing enterprises. Privatization is pending for telecommunications services and some pharmaceutical companies. Over the past 2 years, approximately 12 public enterprises were privatized.</p>	\$230
Ethiopia	25	<p>Customs clearance can be a slow and difficult process. Ministry of Trade and Industry has authority to restrict imports and exports. Goods that compete with domestic products, particularly agricultural items, are restricted; yet, some measures, such as lowering import tariffs and eliminating the foreign exchange surrender requirement, have been taken to liberalize the foreign exchange and trade system. Motor vehicle imports require the approval of Ministry of Transport and Communications. Judicial system is underdeveloped, but efforts are underway to strengthen its capacity. Open conflict with Eritrea broke out in mid-1998.</p>	<p>Sectors closed to private investment include defense, large-scale electric power generation, and such services as postal, telecom, financial, some export/import, and major transportation services. Foreign investors are also excluded from banking and insurance, and other public utilities. Ethiopians have priority for investment. Most industries and vast tracts of agricultural land were nationalized during a previous regime. While Government has shown considerable progress in privatizing small enterprises, larger industrial firms and state farms have lagged behind. Current policy is that state farms should be privatized in the future, but urban land will only be available through revocable long-term leases. U.S. FDI is mainly in the agriculture, beverage, construction, transportation, and education service sectors.</p>	\$110

See notes at end of table.



**Table 1-1—Continued**

**Summary of trade climate and foreign investment climate in Sub-Saharan African countries, 1998**

<b>Country</b>	<b>Average tariff rate (percent ad valorem)</b>	<b>Trade climate</b>	<b>Foreign investment climate</b>	<b>GNP per capita, 1998</b>
Gabon	33	Generous deposits of oil, uranium, and other valuable minerals. Economic liberalization has proceeded slowly. Bureaucracy is generally efficient but processing of paperwork in investment approval process can be slow. Regulations make business environment increasingly complicated. Sophisticated and open banking system. Relatively high minimum wage.	Foreign investors face only minimal restrictions. Very few areas are closed to FDI, but Government dominates the most lucrative sectors.	\$4,120
The Gambia	14	State-owned sector is large. Judiciary system is independent and efficient. Banking system is very underdeveloped. Red tape and alleged corruption can make establishing a business difficult.	Government provides equal treatment for domestic and foreign firms and actively seeks FDI. Investments are approved on a case-by-case basis.	\$340
Ghana	12	Privatization program is stalled because of opposition from organized labor. Government dominates several sectors: petroleum, steel, diamond, timber, marketing, retail, and construction. Intellectual property rights protection is effective. High interest rates make the cost of local financing very expensive and present a significant disincentive for local traders and investors.	Some small service activities are closed to FDI, and other activities are subject to a high minimum investment. Wholly owned foreign firms must meet a \$200,000 investment minimum. Bureaucratic red tape, lack of transparency, and excessive regulation create considerable barriers to doing business.	\$390
Guinea	7	Legal and regulatory procedures are not applied uniformly or in a transparent manner. Government is attempting to reform the judicial and legal systems to ensure a favorable climate for economic development. Obtaining credit is extremely difficult and expensive. About 500,000 refugees from politically unstable neighbors reside in Guinea.	Open to foreign investment. 100 percent foreign ownership is permitted in commercial, industrial, mining, agriculture, and service sectors. Telecommunications is partially open to foreign investors; the media is restricted from having a majority of foreign ownership. Investment procedures have been simplified since the opening of a one-stop business transaction office. According to USDOC, corruption is the single biggest obstacle discouraging U.S. investment in Guinea. Business is regularly conducted through the payment of bribes.	\$550
Guinea-Bissau	N/A	Country has little industrial activity and relies greatly on external aid. Government subsidizes some industries. Regulations are generally not transparent and are applied arbitrarily. Corruption is allegedly pervasive and adds to the cost of doing business.	Has not yet adopted a transparent investment code. In early 1998, the Government announced that 20 state-owned companies in telecom, tourism, fishing, and port and airport management would be privatized in an effort to stabilize the economy.	\$230

See notes at end of table.

**Table 1-1—Continued**

**Summary of trade climate and foreign investment climate in Sub-Saharan African countries, 1998**

Country	Average tariff rate (percent ad valorem)	Trade climate	Foreign investment climate	GNP per capita, 1998
Kenya	14	Major barriers to trade include high operational costs and onerous customs procedures. Import policies for agricultural products change constantly, depending on politics, domestic supply, and demand. Some imports, including dairy products, are banned. Because of political resistance, low investor confidence, and a depressed economy, privatization has been slow. Kenya holds the current chairmanship of the Common Market for Eastern and Southern Africa (COMESA). Regional integration has helped country's exporters.	Foreign ownership of some enterprises is permitted, and most sectors are open to foreign participation. However, difficulty in obtaining clear title to land, lack of confidence in the fair resolution of disputes, and requests for bribes hamper investment. Investments are approved on a case-by-case basis and the procedures for obtaining approval are burdensome, arbitrary, and often corrupt. Presidential approval is required for foreign acquisition of agricultural land. Foreign participation is not permitted in insurance or government-sanctioned monopolies. Legislative and regulatory changes in 1998 opened the door for increased FDI in the energy and telecommunications sectors.	\$340
Lesotho	12	Economic growth slowed substantially in 1998. Allegations regarding the impartiality of the May 1998 elections led to considerable civil unrest. Economic development is hampered by a shortage of arable land and an underdeveloped agricultural sector. Government maintains a sincere commitment to free enterprise. Economy is based on subsistence agriculture, livestock, and the remittances of workers employed in South Africa. Parastatals dominate the economy.	Informal restrictions on FDI in those areas that compete with domestic investment. Government welcomes foreign investment, but the investment code provides few incentives to lure investors. Establishing a business can be difficult if the business competes directly with a state-owned company or government-sanctioned monopoly. Foreigners are not permitted to own land.	\$680
Liberia	N/A	Civil war has resulted in considerable destruction of productive resources, the economy, and infrastructure. Continuing factional violence has proved an impediment to economic reconstruction.	Roads are inadequate and in disrepair. Shipping activity has been disrupted and airports damaged because of periodic fighting. Electricity supplies have been erratic or nonexistent during civil conflict. In May 1998, France pledged \$5 million in aid to help repair the severely damaged telecommunications sector.	N/A
Madagascar	29	No significant NTBs, but an inefficient customs service and bureaucratic red tape are impediments to trade. The process for establishing a new enterprise is onerous and not transparent. Price controls on most agricultural goods have been removed, except for vanilla. Much of the agricultural land is state-owned.	National treatment for foreign investors only inside the free trade zone. FDI is restricted in banking, insurance, energy, water, mining, and petroleum industries. Foreigners are not permitted to own land. Foreign investors must demonstrate the social value of their investments. Security of private property and the enforcement of contracts not adequately protected by the judicial system.	\$250

See notes at end of table.

Table 1-1—*Continued*

## Summary of trade climate and foreign investment climate in Sub-Saharan African countries, 1998

Country	Average tariff rate (percent ad valorem)	Trade climate	Foreign investment climate	GNP per capita, 1998
Malawi	24	Market prices for goods are generally not controlled. Import licenses required for fresh meat, gold, sugar, and military and hunting items. The process for foreigners to obtain required work permits is complex, slow, and arbitrary. Court system is inefficient. Red tape and corrupt practices impede business and the investment approval process.	Foreigners receive national treatment. Privatization program aims to sell the largest parastatals. Despite plans to eliminate marketing boards, they still control the sale of agricultural products such as corn and fertilizer. Government intervention in the economy is a deterrent to FDI.	\$210
Mali	10	Most import barriers have been lifted, although import licenses are still required. Financial system is in disarray. Regulations often applied arbitrarily.	FDI permitted in almost all sectors. Foreign investors are offered incentives and face few restrictions.	\$260
Mauritania	35	Progress has been made in reform program aimed at reducing barriers to trade, liberalizing the economy, and drafting new legal codes. NTBs include strict labeling and inspection requirements for imports. Banking system remains chaotic despite some reforms and is small and underdeveloped. Because of poor infrastructure, transportation and communications are difficult.	Government is encouraging FDI. Foreign firms enjoy national treatment, and there are few legal barriers. In spite of some problems—official corruption, lack of infrastructure, and an impoverished population—the new investment code has been successful in opening the economy to foreign investment. Private property is not safe; the legal and judicial system is inefficient and sometimes corrupt.	\$440
Mauritius	14	Trade regime is liberal but does include a two-tiered system whereby certain countries are granted preferential duties. Import permits required for numerous items and some products are banned from import. State enterprises control some commodities. Open and efficient banking system. Business regulations generally transparent, but cumbersome. Infrastructure is adequate, but nearing capacity.	Government welcomes foreign investment, especially in export-oriented industries. All foreign investment must obtain approval from the Prime Minister's office; process was streamlined in March 1999. Majority of FDI concentrated in low-skill manufacturing activities, although recent FDI has gone into tourism. Restrictions on foreign acquisition of property. Foreign participation may be limited to 50 percent for investments serving the domestic market. Foreign ownership of services limited to 30 percent. Government controls several key sectors; however, it approved privatization of country's telecommunications sector in 1998. Protection of property guaranteed.	\$3,870

See notes at end of table.

**Table 1-1—Continued**

**Summary of trade climate and foreign investment climate in Sub-Saharan African countries, 1998**

Country	Average tariff rate (percent ad valorem)	Trade climate	Foreign investment climate	GNP per capita, 1998
Mozambique	11	Trade has been significantly liberalized by reforms that included the removal of nearly all NTBs and simplification of licensing procedures. A private company was contracted to manage customs operations in 1997 and has successfully eliminated corruption there. Recent reform measures include customs and tariff reform, tax reform, privatization of all banks, financial sector and legislative reform.	Changes to the investment law created a favorable climate for investors. Bilateral investment treaty with United States in 1998 improved investment environment for U.S. companies. One-stop investment shop for approval of investments. Deterrents to FDI still include political risk, alleged corruption, bureaucratic red tape, dilapidated infrastructure, and the relatively small size of the market. Privatization program has been largely successful; over 900 companies have been privatized. The few remaining parastatals are functioning more autonomously and on a commercial basis.	\$140
Namibia	12	Politically and economically stable. Excellent transportation, telecommunications, and utilities infrastructure. Sophisticated financial services sector and sound legal system. Independent judicial system, but subject to long delays. Independent press.	Government actively encourages FDI. Foreign and domestic investors receive equal treatment. New health and safety regulations require that businesses submit an environmental impact statement for proposed new investments and construction. Although state influence with the private sector is minimal, parastatals continue to control key sectors of the economy.	\$2,110
Niger	18	Banking system is small, and banks have tightened lending criteria so that only the most established businesses can obtain bank credit. Cost of credit is high. Business regulations often applied arbitrarily.	Offers attractive investment incentives. Equal treatment for domestic and foreign firms, although there is a strict investment review process. Complex regulations can make establishing a business difficult.	\$200
Nigeria	18	In 1998, import ban on agricultural products was lifted but replaced with prohibitive tariffs ranging from 100-150 percent. Preshipment inspection (PSI) requirement was lifted for all imports originating from all African countries and 15 other trading partners. Government has announced that the United States and other partners not immediately exempted from the PSI requirement will receive similar treatment in 1999. Infrastructure is extensive but inadequate; roads and bridges are in disrepair, telephone service is erratic, and endemic shortages of water, fuel,	Benefits to investors include low-cost labor, abundant natural resources, and a large domestic market. The process for establishing a business has been streamlined. However, investors must also contend with inadequate and crumbling infrastructure, increasing labor problems, a complex and contradictory regulatory environment, and endemic corruption. Despite announced plans, Government has not moved forward on privatization. FDI is primarily in the oil sector.	\$280

See notes at end of table.

Table 1-1—*Continued*

## Summary of trade climate and foreign investment climate in Sub-Saharan African countries, 1998

Country	Average tariff rate (percent ad valorem)	Trade climate	Foreign investment climate	GNP per capita, 1998
Nigeria—Cont.		and electricity. These factors, combined with a deteriorating economy and widespread fraud and corruption, create a very uncertain climate for trade and investment. Recent inauguration of direct flights to South Africa and improved air links to Kenya expected to increase African ties and trade for country.		
Rwanda	23	Devastating internal conflicts have severely crippled the economy. There is little economic activity outside the public sector. Banking system has collapsed. Borders are virtually closed to commerce, mainly because of civil unrest. Poor communications, transportation, and health services continue to make travel in country difficult and potentially hazardous.	Most significant impediments are civil disorder and crime. The government is trying to control criminal activity, establish a modern investment code, and reform legal institutions to protect contracts. Most FDI originates from South Africa and other neighboring countries.	\$210
São Tomé and Príncipe	N/A	The economy is based almost exclusively on the export of cocoa. In 1997, following a review of the country's finances, the World Bank threatened to withdraw support if it failed to implement the necessary measures to qualify for the HIPC initiatives. The World Bank urged the government to take immediate measures to increase fiscal discipline and combat corruption. In 1998, the IMF announced that the country did not qualify for debt reduction under HIPC because it had not done enough to reduce the size of the civil service or to improve the management of state-owned companies.	Improvement in communications infrastructure has helped efforts to develop tourism. Tourism is the sector attracting the most interest of foreign investors.	N/A
Senegal	10	A new strategy to promote the private sector is underway. Trade restrictions include some import bans, import licenses, and strict documentation requirements. Allegations of corruption have been made concerning government procurement, dispute settlement, and regulatory and enforcement agencies. Country's participation in the West African Economic and Monetary Union (WAEMU) led to the adoption of a new import tariff regime with maximum tariff rates of 20 percent, and a permanent preferential tariff exemption to enhance trade in WAEMU.	Foreign investment is not allowed in the food and fishing industries, although 100-percent foreign ownership is permitted in most other areas. Foreign and domestic firms are treated equally. State controls railroads, electricity, telecom, and postal services. Private property is protected by an efficient legal system. Establishing a business can be difficult if the business will compete with a state-owned enterprise. Privatization of water, telecommunications and electricity parastatals have been completed; Air Senegal and a railway are also being privatized.	\$540

See notes at end of table.

**Table 1-1—Continued**

**Summary of trade climate and foreign investment climate in Sub-Saharan African countries, 1998**

<b>Country</b>	<b>Average tariff rate (percent ad valorem)</b>	<b>Trade climate</b>	<b>Foreign investment climate</b>	<b>GNP per capita, 1998</b>
Seychelles	N/A	Restriction on foreign exchange is one of the biggest constraints on conducting business, e.g., marketing U.S. products is extremely difficult given the inability of importers to obtain adequate foreign exchange. Imports require approval and nonessential items may be subject to quotas. Price controls on imported items, but not on similar domestic production.	Best opportunities for FDI are in tourism, fishing, and light industry. Investors who establish export-oriented operations in the trade zone are exempt from paying social security, business, and utility taxes. Infrastructure is generally good, with transportation and communications adequate for most purposes.	N/A
Sierra Leone	18	Protracted civil conflict throughout the 1990s has damaged many formal pricing mechanisms; rationing and barter have replaced many economic transactions.	All investments must be approved by the Government. Foreigners are not permitted to invest either in "local industries," such as cement block manufacturing or granite and sandstone excavation, or in the manufacture of certain durable or consumer goods.	\$160
Somalia	>30	No central authority since the government was overthrown in 1991. Local authority resides in regional militias. Taxation is in the form of confiscation of crops or property. Pricing system has collapsed, there is no judiciary system, and the economic system is in ruins. The high level of crime and violence makes it nearly impossible to conduct any business activity.	Country has been ruined by conflict. The most significant threat to foreign investment is threat of continued military fighting.	N/A
South Africa	12	List of restricted imports requiring a license has been reduced, but still includes foodstuffs, textiles and apparel, wood and paper products, refined petroleum products and chemicals. Violent crime is an increasing and significant problem perceived by many South Africans to be the leading threat to their welfare and the overall stability of government. Price controls exist only on coal, gasoline, and some utilities.	Attractive market for investors; has significant growth potential, access to other markets in Africa, well-developed financial institutions and capital markets, excellent communication and transportation links, liberal repatriation of profits and earnings, and availability of inexpensive raw materials and electricity. Only a few areas are reserved for South Africans, and foreigners may acquire land. U.S.-South Africa Bilateral Tax Treaty took effect in 1998.	\$3,210
Sudan	24-56%	Has poor relations and border disputes with most of its neighbors; increasingly isolated internationally. U.S. Department of State has determined that it is supportive of terrorism. Modest economic liberalization has been introduced, but economy continues to deteriorate. Bureaucratic procedures designed to encourage the employment of domestic laborers are cumbersome.	Government is sensitive to outside interference in its affairs and this makes for an inhospitable investment climate. FDI is approved on a case-by-case basis; it is not permitted in wholesale or retail companies or in the production of cotton. No tax discrimination against foreign investment, but foreigners often find it nearly impossible to move about the country. Regulatory burden is heavy and complex.	\$290

See notes at end of table.



**Table 1-1—Continued**

**Summary of trade climate and foreign investment climate in Sub-Saharan African countries, 1998**

<b>Country</b>	<b>Average tariff rate (percent ad valorem)</b>	<b>Trade climate</b>	<b>Foreign investment climate</b>	<b>GNP per capita, 1998</b>
Swaziland	12	Products subject to price controls include cotton, corn, milk, petroleum, energy, and tobacco products. A dual legal system is confusing and has presented problems for foreign businesses. Streamlined its regulatory system; private companies are encouraged to develop their own health and safety standards. The process for foreign nationals to obtain residence and work permits is cumbersome and difficult.	Official policy welcomes foreign investment; few formal barriers.	N/A
Tanzania	8.6	An extensive set of policies, procedures, and regulations influence trade, commerce, and employment. Many of these provisions are outdated and reflect colonial-era conditions. The justice system is slow, operates imperfectly, and allegedly is easily influenced or manipulated. Inefficient customs service and port authority are a hindrance to importers; clearance is lengthy, unpredictable, and subject to extralegal levies. These factors increase the cost and difficulty of doing business in the country. Labor is plentiful but largely unskilled. A free port is being established in Zanzibar. Three free economic zones have been established. A value-added tax (VAT), at a standard rate of 20%, was introduced in 1998.	Open to all foreign investment but procedural barriers can be a hindrance. Land is costly, difficult to obtain, and with few exceptions will be on the basis of leasehold rather than freehold. Has laws in place to protect property rights but, in practice, it is difficult to obtain effective protection under these laws. Privatization program is progressing at a slow but steady pace. Corruption hinders foreign investors, particularly in the areas of government procurement and customs clearance. Government is attempting to combat the problem.	\$210
Togo	11	Lack of judicial and regulatory transparency are significant obstacles. Real property rights are contentious as inheritance laws are poorly defined and property transferral is frequently challenged. Only Togolese citizens may own real property. Property disputes are further complicated by a non-transparent judiciary. A free port in Lome serves as a transshipment facility for goods passing through to neighboring countries. Tariff regime has been simplified to three rates. Price control and profit margin regulations have been mostly eliminated, with electricity, water, and telecom the only sectors still subject to price controls.	Political unrest, including armed conflict, has hampered reform and investment. The current investment code was enacted in 1990. The code specifies those sectors open to foreign investment and conditions for new investment. Approval for investments must be obtained from the planning ministry and the national investment commission. Regulations and incentives are applied unevenly. There is a trend toward privatization and the removal of monopolies for the remaining state enterprises.	\$340

See notes at end of table.

Table 1-1—Continued

## Summary of trade climate and foreign investment climate in Sub-Saharan African countries, 1998

Country	Average tariff rate (percent ad valorem)	Trade climate	Foreign investment climate	GNP per capita, 1998
Uganda	30	Legal infrastructure is inadequate to address commercial grievances; government has opened a center for dispute resolution to handle disputes. No free ports or foreign trade zones. Regulations are not always transparent. Corruption in the country has been cited as a serious impediment to economic development. Privatization has proceeded slowly, with divestiture of about 50 state-owned enterprises.	Foreigners may not own land or lease land for agricultural purposes. Investors may form 100 percent foreign-owned companies and majority or minority joint ventures with local investors without restriction. However, 100 percent foreign-owned companies may not trade on the stock exchange. No free ports or foreign trade zones. Investors have no difficulties obtaining foreign exchange.	\$330
Zambia	6	Economic reform program has been slow and fallen short of goals. Enforcement of property rights is generally weak, and final court decisions can take a long time. Planned legal reforms include strengthening commercial law and property rights. Tax laws have been improved. Price controls and most subsidies have been removed, although the closing of two high profile companies has led to some protectionist fervor in Government.	Foreign investment is screened by an investment board, which operates quickly and efficiently. Investments may only be expropriated by an act of Parliament regarding the specific land in question. Compensation is supposed to be at fair market value. There are no performance requirements for investments. The Investment Act provides incentives for investments in rural enterprises, farming, and non-mineral exports. Has an ambitious privatization program. The country's national milling company was purchased by a U.S.-owned company in 1998.	\$370
Zimbabwe	23.4	Financial sector is large and well developed. A key part of the policy for economic development is to redistribute prime farmland from large-scale white farmers to small-scale black farmers. A 1992 law allows the Government to appropriate the land and provides that adequate compensation must be paid. Some textile and apparel imports are banned.	In 1994, foreign participation was banned in several sectors, including much of agriculture, forestry, and transportation. Joint ventures are strongly encouraged. Prior government approval is required for all FDI. There is a one-stop investment shop that has facilitated the approval process. The employment of expatriates is severely restricted. Investor confidence has eroded since 1998, when government announced that it would expropriate white-owned farms.	N/A

N/A—Not available.

Sources: Trade Compliance Center, International Trade Administration, U.S. Department of Commerce, *Country Commercial Guides*, found at <http://www.mac.doc.gov/tcc/country.htm>; U.S. Department of State, *Country Commercial Guides*, found at [http://www.state.gov/www/regions/africa/af\\_countryinfo.html#A](http://www.state.gov/www/regions/africa/af_countryinfo.html#A); Heritage Foundation and *Wall Street Journal*, 1999 *Index of Economic Freedom*, Washington, DC, 1999; *Africa South of the Sahara*, 1999, 28th edition, Europa Publications Limited, London, 1999; World Economic Forum (Geneva), *The Africa Competitiveness Report*, 1998; *CIA Fact book*, found at <http://www.odci.gov/cia/publications/Factbook/to.html>; World Bank, 1999 *World Development Indicators*, table 1.1; World Bank, *World Development Report*, 1998/99, pp. 190-1. Additional sources include the following U.S. Department of State, unclassified cables prepared by U.S. embassies in response to a USITC request for information: Luanda 001797; Yaounde 003063 (Cameroon); Yaounde 003972 (Equatorial Guinea); Praia 0953; Bangui 000817; Ndjamena 002026; Abidjan 004615; Asmara 001865; Addis Ababa 003795; Conakry 003847; Nairobi 007341; Maseru 0550; Port Louis 001310; Maputo 002962; Kigali 002916; Dakar 003498; and Lusaka 003394.



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## CHAPTER 2

# U.S.-Sub-Saharan Africa Trade and Investment

This chapter discusses U.S.-Sub-Saharan Africa trade (merchandise and services) and investment flows during 1998. The discussion of merchandise trade flows is presented for the major U.S. partners in the region, as well as by the main sub-regional groupings. Data for merchandise trade flows are also provided for 1994-98; prior reports in this series provide data and information dating back to 1990.<sup>1</sup>

### U.S. Merchandise Trade

Figure 2-1 shows trends in U.S.-Sub-Saharan African merchandise trade from 1994 to 1998. For the first time in 4 years, total value of two-way trade between the United States and the region fell, from \$22.0 billion in 1997 to \$19.9 billion in 1998, a drop of 9.5 percent. As is discussed in chapter 4, the main reason for this decrease was a 27.7 percent drop in U.S. imports of Sub-Saharan African energy-related products, by far the greatest contributor to total U.S. imports from the region (59.6 percent share of total imports).<sup>2</sup> The largest buffer to this downward shift was the increase in both U.S. imports and exports of transportation equipment, up 30.7 percent and 29.2 percent, respectively, in 1998.

The sharp decline in the value of U.S. oil imports from Sub-Saharan Africa has meant a major improvement in the longstanding trade deficit with the region. The deficit totaled \$6.8 billion in 1998, down from a \$9.9 billion deficit the year before, and \$9.1 billion in 1996. Excluding petroleum, there was still a trade deficit of \$1.7 billion in 1998, down from the \$2.5 billion non-petroleum trade deficit in 1997 (figure 2-2).

Non-petroleum imports fell 4.7 percent after large increases in each of the past 3 years. Non-petroleum

U.S. exports to Sub-Saharan Africa rose about 8.0 percent in 1998.

Total U.S. merchandise exports to Sub-Saharan Africa rose in 1998 by 7.4 percent to \$6.5 billion, up from the \$6.1 billion total in 1997 (figure 2-1). This follows almost zero growth in 1997, 14.1 percent growth in 1996, and 22.1 percent growth in 1995. Exports to Sub-Saharan Africa accounted for 1.0 percent of total U.S. exports around the world in 1998, up slightly from a less than 1.0 percent share the year before. Total U.S. exports to the rest of the world fell 1.3 percent in 1998 to \$634.7 billion. That figure was \$643.2 billion the previous year.

Total U.S. merchandise imports from the region fell 16.5 percent in 1998, from about \$16.0 billion in 1997 to \$13.4 billion in 1998. Before then, imports from Sub-Saharan Africa have increased steadily since 1994, and growth was 5.7 percent in 1997 and 16.9 percent in 1996. As will be further examined here and in chapter 4, the 1998 decline was due mostly to the drop in crude oil prices. Imports from the region accounted for 1.5 percent of total U.S. imports from around the world, down from 1.9 percent in 1997. Total U.S. imports from around the world grew 5.2 percent in 1998, from \$862.4 billion to \$907.6 billion.

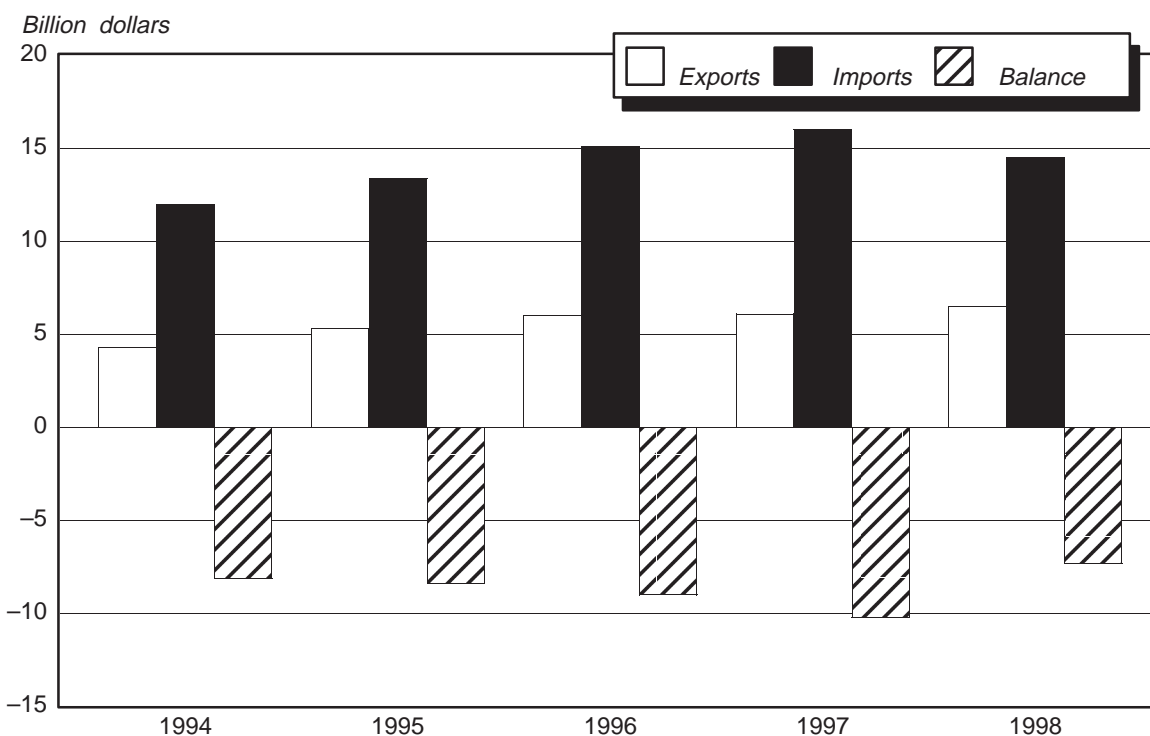
Ranked by two-way trade, the largest U.S. trading partners in the region were South Africa (up 20.8 percent in 1998 to \$6.5 billion), Nigeria (down 20.5 percent to \$5.4 billion), Angola (down 19.6 percent to \$2.6 billion), and Gabon (down 43.3 percent to \$1.2 billion). Low oil prices produced significantly lower revenues for three of these major trading partners. Nigerian sales of oil and other energy-related products to the United States dropped from \$5.6 billion in 1997 to \$4.2 billion in 1998, a 24.4 percent decline. South Africa actually increased by 53.8 percent its exports of energy-related products to the United States in 1998, though the scale is much smaller (\$67.4 million) than for Nigeria. The oil glut, however, did hurt Angola and Gabon, as U.S. imports of energy-related products from Angola fell from \$2.8 billion to \$2.2 billion, a 22.3 percent drop in 1998. Gabon's energy-related shipments fell 46.7 percent, from \$1.9 billion to \$1.0 billion.

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<sup>1</sup> For data series beginning in 1990, see USITC, *U.S.-Africa Trade Flows and Effects, First Report*, USITC publication 2938, January 1996, table 2-1, p. 2-2.

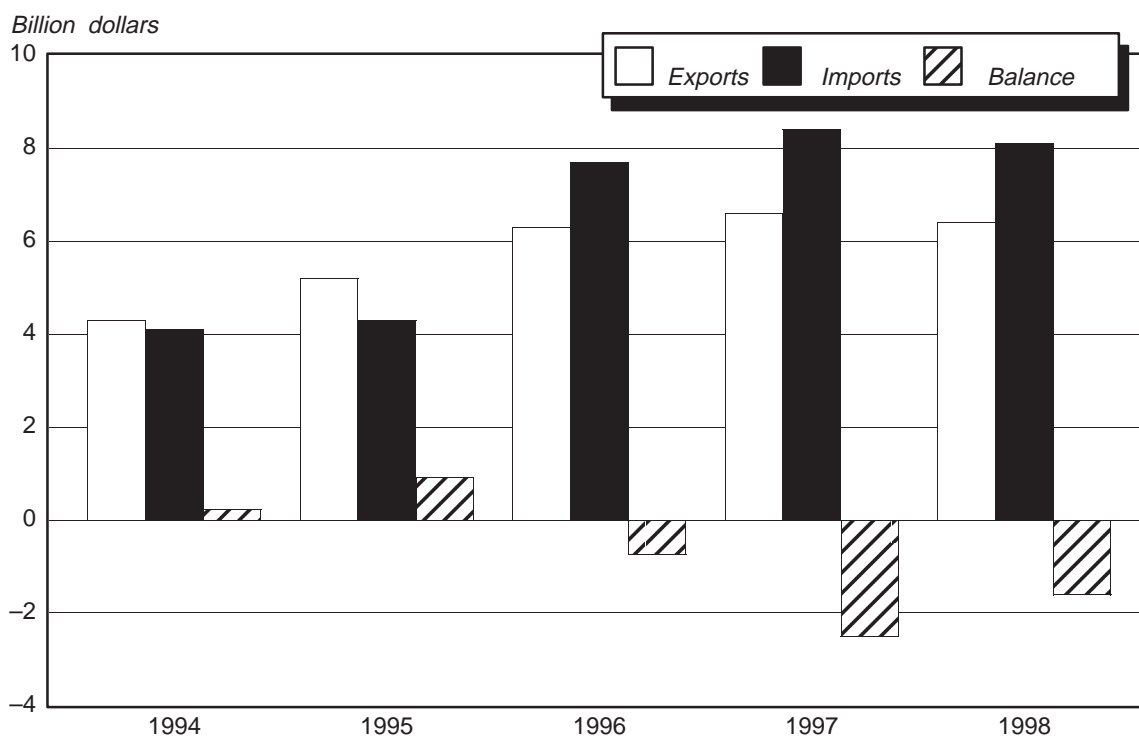
<sup>2</sup> As discussed in chapter 4, the fall in world prices for crude petroleum is the principal reason for the decline in the value of imports from Sub-Saharan Africa. Note, however, that the quantity of crude petroleum imported from Nigeria, Gabon, and Angola declined only slightly from 1.36 million bpd in 1997 to 1.34 million bpd in 1998.

**Figure 2-1**  
**U.S. trade with Sub-Saharan Africa, 1994-98**



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

**Figure 2-2**  
**U.S. nonpetroleum trade with Sub-Saharan Africa, 1994-98**



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

# U.S. Merchandise Exports

## *By Trading Partner*

U.S. exports to Sub-Saharan Africa rose by 7.4 percent to \$6.5 billion, an increase of \$451.8 million over 1997. Figure 2-3 shows U.S. exports to Sub-Saharan Africa, by trading partner shares. South Africa accounted for the largest share, up from 48.2 percent of the total in 1997 to 53.6 percent in 1998. The second largest share was Nigeria with 13.4 percent in 1997 and 12.5 percent in 1998. Third was Angola (5.4 percent, up from 4.6 in 1997), and fourth was Ghana (3.4 percent, down from 5.2 in 1997).

The countries with the greatest changes in U.S. exports included South Africa (up \$568 million or 19.4 percent), Angola (up \$72.4 million or 26 percent), Equatorial Guinea (up \$38.1 million or 80 percent), Namibia (up \$24.8 million or 99.0 percent), and the ROC (up \$16.1 million or 21.3 percent). When ranked by percent, the biggest increases in U.S. exports were to Comoros (up 733 percent), Burundi (up 724.7 percent), Djibouti (up 175.6 percent), Namibia (up 99.0 percent), and Swaziland (up 95.7 percent). For additional data, see appendix table B-1.

By contrast, U.S. exports to other countries in the region decreased. In absolute terms, the largest declines occurred with respect to Ghana (down \$91.6 million or 29.3 percent), Cameroon (down \$46.7 million or 38.4 percent), Ethiopia (down \$32.4 million or 26.9 percent), Sudan (down \$30.4 million or 81.7 percent), and Kenya (down \$25.1 million or 11.3 percent). Ranked by percent, the greatest declines in U.S. exports to the region occurred for Sudan (down 81.7 percent), Guinea-Bissau (down 70.1 percent), Lesotho (down 39.4 percent), Cameroon (down 38.4 percent), and Rwanda (down 37.8 percent).

Explanations for the specific changes in U.S. exports to major African trading partners are varied. The 19.4 percent increase in sales to South Africa is due largely to a 97.8 percent increase in exports of transportation equipment in 1998, from \$617 million to \$1.2 billion. However, exports of minerals and metals to South Africa fell 20.9 percent to \$98.2 million. Other significant U.S. export increases to South Africa were in electronic products (up 14.5 percent) and miscellaneous manufactures (26.5 percent). Significant decreases included machinery (down 13.6 percent), agricultural products (down 8.1 percent), and forest products (down 11.9 percent). Complete statistics are presented in appendix table B-2.

In Nigeria, overall U.S. exports grew by a mere 0.4 percent in value, with increases in miscellaneous manufactures (318 percent), machinery (73.2 percent), minerals and metals (45.7 percent), and agricultural

products (31.1 percent); declines were in transportation equipment (down 30.9 percent) and energy-related products (down 23.6 percent). Other major U.S. export changes included a 48.0 percent decline in machinery and a 77.8 percent decline in minerals and metals to Gabon. Gabon also purchased 122.7 percent more U.S. agricultural products and 309 percent more U.S. textile and apparel products. Finally, there was a sharp increase in sales of minerals and metals to Angola (178.7 percent).

## *By Sector*

As shown in figure 2-4, the largest sector share of U.S. merchandise exports to the Sub-Saharan region comprises transportation equipment, accounting for 34.2 percent of the total in 1998 and 28.0 percent in 1997. The shares of the other major sectors remained relatively steady. In both 1997 and 1998, exports of electronic products accounted for 13.0 percent of, and agricultural products accounted for 12.0 percent of total U.S. goods shipments to Sub-Saharan Africa. Machinery exports fell from 13.0 percent to 11.5 percent in 1998, and chemicals and related products fell from 12.0 percent to 10.4 percent.

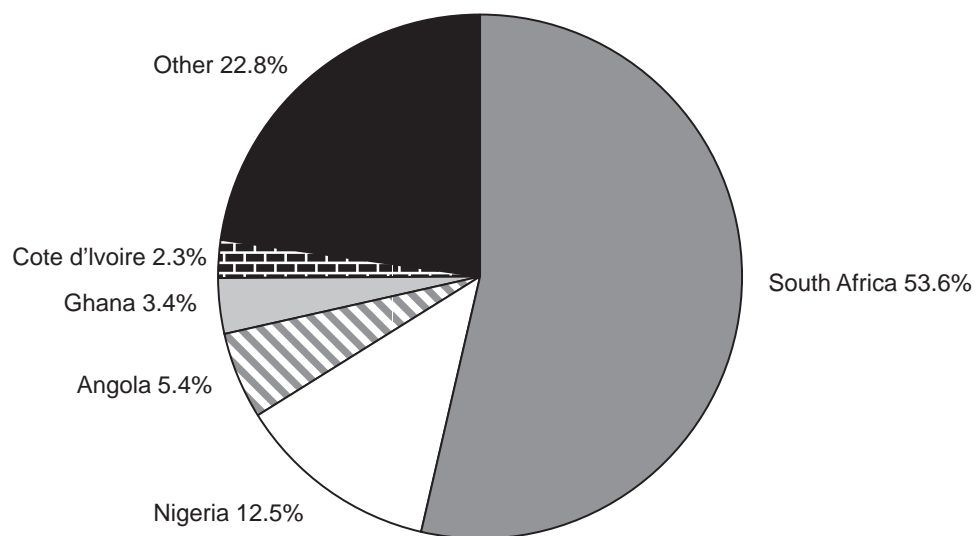
In absolute terms, the U.S. export sectors with the greatest increases were transportation equipment, electronic products, and agricultural products. The largest declines occurred in textiles and apparel, chemicals and related products, machinery, and energy-related products. Table 2-1 shows the exports grouped into major commodity sectors. Table 2-2 shows the major U.S. commodity exports to Sub-Saharan Africa at the six-digit level of the Harmonized Tariff Schedule of the United States (HTS).

Among the sectors having export growth, U.S. transportation equipment exports to the region in 1998 increased 29.2 percent to \$2.2 billion, following increases in 1996 and 1997 of 44.4 percent and 1.2 percent, respectively (figure 2-5). Exports of U.S. electronic products rose 10.4 percent to \$847.9 million after a 5.5 percent increase the year before and a 3.1 percent decline in 1996. Similarly, miscellaneous manufacturing exports rose 23.4 percent in 1998 to \$94.7 million following a 20.3 percent increase in 1997 and a 16.4 percent increase in 1996.

Among the decreases in U.S. exports, textiles and apparels fell 15.6 percent to \$172.9 million after gains of 2.0 percent in 1997 and 17.5 percent in 1996. Exports of U.S. chemicals and related goods dropped 8.4 percent to \$678.5 million after increasing 7.5 percent in 1997 and declining 2.5 percent the year before. Machinery exports to the region fell 8.5 percent to \$749.2 million and exports of U.S. footwear fell 11.8 percent to \$14.9 million.

**Figure 2-3**  
**Sub-Saharan Africa: U.S. Exports to major trading partners, 1998**

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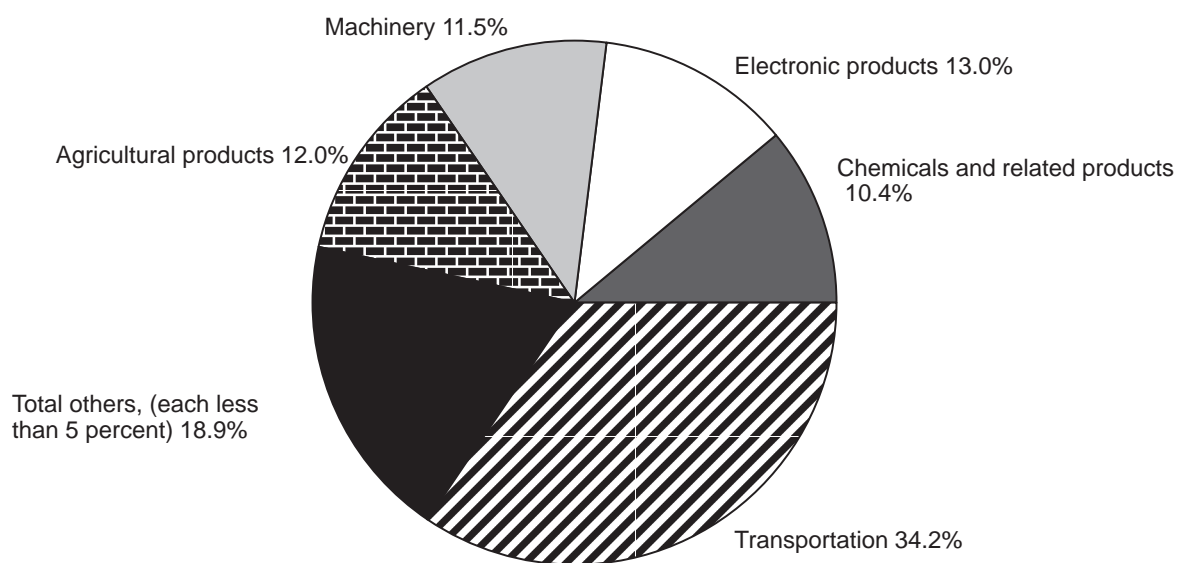


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Source: Compiled from official statistics of the Department of Commerce.

**Figure 2-4**  
**U.S. Exports to Sub-Saharan Africa by commodity sectors, by share, 1998**

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

Table 2-1

**Sub-Saharan Africa: U.S. exports of domestic merchandise, imports for consumption, and merchandise trade balance, by major commodity sectors, 1994-1998<sup>1</sup>**

(Million dollars)

Item	1994	1995	1996	1997	1998
<b>U.S. exports of domestic merchandise:</b>					
Agricultural products .....	779	936	892	756	781
Forest products .....	170	236	204	205	194
Chemicals and related products .....	486	707	689	741	679
Energy-related products .....	113	148	241	224	203
Textiles and apparel .....	142	171	201	205	173
Footwear .....	10	9	14	17	15
Minerals and metals .....	148	220	281	250	262
Machinery .....	583	637	764	816	749
Transportation equipment .....	937	1,182	1,707	1,728	2,232
Electronic products .....	672	752	728	768	848
Miscellaneous manufactures .....	72	55	64	77	95
Special provisions .....	227	247	260	282	291
Total .....	4,339	5,299	6,046	6,069	6,521
<b>U.S. imports for consumption:</b>					
Agricultural products .....	685	687	858	915	919
Forest products .....	75	101	114	102	106
Chemicals and related products .....	153	235	526	836	762
Energy-related products .....	8,421	9,046	10,694	11,014	7,964
Textiles and apparel .....	406	426	396	471	568
Footwear .....	4	1	1	1	1
Minerals and metals .....	2,056	2,143	2,178	2,269	2,600
Machinery .....	44	53	79	68	79
Transportation equipment .....	34	54	71	80	105
Electronic products .....	28	48	52	31	35
Miscellaneous manufactures .....	58	47	58	87	90
Special provisions .....	88	99	101	120	130
Total .....	12,052	12,941	15,128	15,996	13,359
<b>U.S. merchandise trade balance:</b>					
Agricultural products .....	94	250	34	-159	-139
Forest products .....	95	135	90	103	88
Chemicals and related products .....	333	471	163	-95	-83
Energy-related products .....	-8,308	-8,898	-10,453	-10,790	-7,761
Textiles and apparel .....	-264	-255	-194	-266	-395
Footwear .....	6	7	13	16	14
Minerals and metals .....	-1,908	-1,922	-1,898	-2,019	-2,338
Machinery .....	539	584	684	748	670
Transportation equipment .....	903	1,128	1,636	1,648	2,128
Electronic products .....	644	703	676	737	813
Miscellaneous manufactures .....	14	7	6	-11	4
Special provisions .....	139	148	159	162	161
Total .....	-7,713	-7,642	-9,082	-9,926	-6,838

<sup>1</sup> Import values are based on Customs value; export values are based on f.a.s. value, U.S. port of export.

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

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

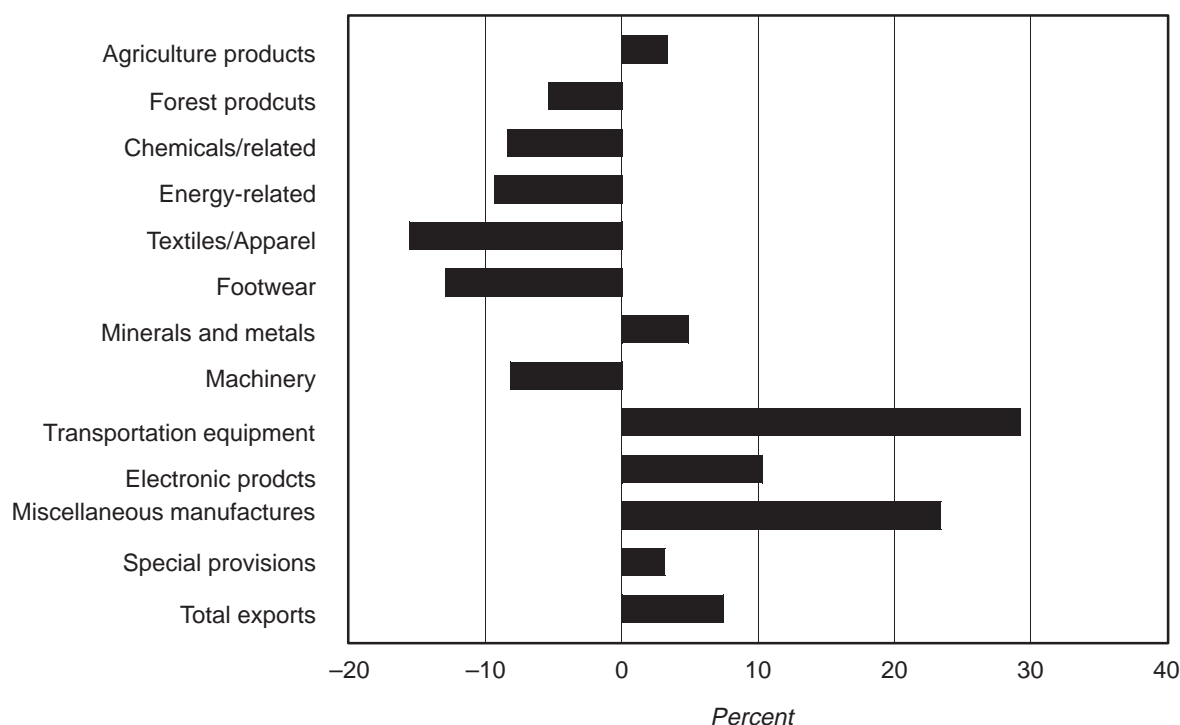
**Table 2-2**  
**Sub-Saharan Africa: U.S. exports, by major commodity items, 1994-98**  
*(Million dollars)*

<b>Schedule B No.</b>	<b>Description</b>	<b>1994</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>
8802.40	Airplanes and other aircraft nesoi, of an unladen weight exceeding 15,000 kg .....	35	18	172	131	583
8431.43	Parts for boring or sinking machinery, nesoi .....	221	262	490	419	425
1001.90	Wheat (other than durum wheat), and meslin .....	245	296	372	223	250
9880.00	Estimate of non-Canadian low value export shipments; compiled low value shipments to Canada; and shipments not identified by kind to Canada .....	152	196	213	216	218
8803.30	Parts of airplanes or helicopters, nesoi .....	114	127	112	156	171
8431.49	Parts and attachments, nesoi, for derricks, cranes, self-propelled bulldozers, graders etc. and other grading, scraping, etc. machinery .....	52	66	107	89	115
8708.99	Parts and accessories for motor vehicles, nesoi .....	29	53	90	54	101
8473.30	Parts and accessories for automatic data processing machines and units thereof, magnetic or optical readers, transcribing machines, etc., nesoi .....	61	73	61	72	90
6309.00	Worn clothing and other worn textile articles .....	56	81	92	109	88
8802.30	Airplanes and other aircraft nesoi, of an unladen weight exceeding 2,000 kg but not exceeding 15,000 kg .....	56	52	81	91	84
8704.10	Dumpers (dump trucks) designed for off-highway use .....	50	77	67	98	66
2701.12	Bituminous coal, whether or not pulverized, but not agglomerated .....	29	37	65	48	64
8431.39	Parts for lifting, handling, loading or unloading machinery, nesoi .....	26	30	37	44	61
8471.80	Automatic data processing units, n.e.s.o.i. ....	( <sup>1</sup> )	( <sup>1</sup> )	42	37	61
1006.30	Rice, semi-milled or wholly milled, whether or not polished or glazed .....	98	72	105	78	61
8525.20	Transmission apparatus incorporating reception apparatus for radiotelephony, radiotelegraphy, radiobroadcasting or television .....	30	32	26	39	58
1005.90	Corn (maize), other than seed corn .....	53	109	59	45	49
2713.12	Petroleum coke, calcined .....	17	28	52	55	48
8411.91	Parts of turbojets or turbopropellers .....	14	25	24	42	47
8905.20	Floating or submersible drilling or production platforms .....	11	74	24	85	45
2710.00	Petroleum oils and oils from bituminous minerals (other than crude) and products therefrom, nesoi, containing 70% (by weight) or more of these oils .....	16	35	58	59	44
2402.20	Cigarettes containing tobacco .....	24	55	29	36	44
8701.30	Track-laying tractors .....	23	47	36	48	39
8517.30	Telephonic or telegraphic switching apparatus .....	3	13	11	24	39
8479.89	Machines and mechanical appliances having individual functions, nesoi .....	15	26	28	36	36
	Subtotal .....	1,434	1,883	2,454	2,336	2,887
	All other .....	2,905	3,416	3,592	3,734	3,634
	Total .....	4,339	5,299	6,046	6,069	6,521

<sup>1</sup> Unavailable.

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

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

**Figure 2-5****U.S. exports to Sub-Saharan Africa: growth rates, by commodity sectors, 1998**

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

## U.S. Merchandise Imports

### *By Trading Partner*

U.S. merchandise imports from Sub-Saharan Africa fell 16.5 percent in 1998 to \$13.4 billion, a decrease of \$2.6 billion. Figure 2-6 shows U.S. imports from Sub-Saharan Africa, split into trading partner shares. Nigeria is the largest supplier of U.S. imports from Sub-Saharan Africa, with its \$4.6 billion in sales to the U.S. representing 34.5 percent of the region's total in 1998 and 37.5 percent the year before. South Africa moved from third place in 1997 (15.6 percent share) to second place in 1998, with a 22.9 percent share and \$3.05 billion in sales to the United States. Angola (\$2.2 billion) fell from 18.3 percent to 16.7 percent in 1998, and Gabon fell from a 12.6 percent share to 8.5 percent and \$1.13 billion in sales.

Dominated by decreased imports of energy-related products, the countries with the largest absolute declines were Nigeria (down \$1.4 billion or 23.3 percent), Gabon (down \$892.0 million or 44.1 percent), Angola (down \$699.4 million or 23.9 percent), ROC (down \$146.0 million or 31.7 percent) and DROC (down \$92.5 million or 35.1 percent). Ranked by percentage declines, the largest drops in U.S. imports came from Niger (77.0 percent), Sudan

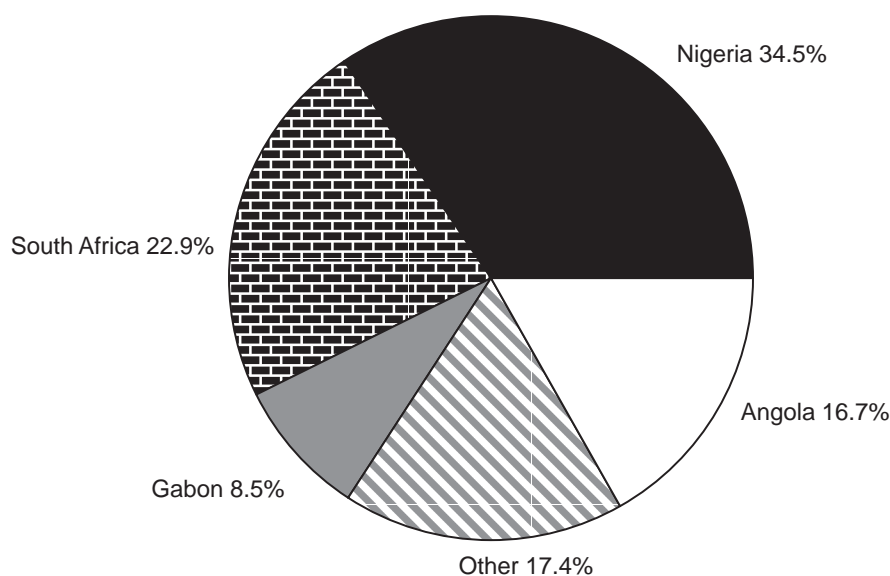
(74.5 percent), Comoros (67.9 percent), Cape Verde (65.6 percent), Togo (64.5 percent), and Uganda (59.8 percent). For additional data, see appendix table B-3.

Other countries increased their sales of goods to the United States. In absolute terms, the leaders included South Africa (up \$557.9 million or 22.4 percent), Côte d'Ivoire (up \$137.8 million or 48.2 percent), Equatorial Guinea (up \$35.2 million or 115.4 percent), Mauritius (up \$31.6 million or 13.4 percent), and Liberia (up \$21.0 million or 432.7 percent). Countries that experienced the largest percentage increases in sales to the United States were Djibouti (124,286 percent), Guinea-Bissau (3,028 percent), Liberia (432.7 percent), São Tomé and Príncipe (208.7 percent), and Chad (155.5 percent).

As mentioned previously, the decline in U.S. imports from its major trading partners was dominated by the 27.7 percent decline in energy-related imports, especially from Nigeria, Angola, and Gabon. Other than in footwear and chemical products, all other sectors exhibited increased U.S. imports. South Africa sold 25.9 percent more minerals and machinery (\$2.1 billion) and 18.5 percent more chemical products. Nigeria sold 8.5 percent fewer chemical products, 45.7 percent fewer special provisions, and 23.9 percent fewer agricultural products. Gabon had a 353.5 percent increase in special provisions sales to the United States and an 859.2 percent increase in forest product sales.



**Figure 2-6**  
**Sub-Saharan Africa: U.S. Imports from major trading partners, 1998**



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

## By Sector

Table 2-3 shows the major U.S. commodity imports from Sub-Saharan Africa at the six-digit level of the HTS. Energy-related products made up 59.6 percent of all U.S. imports from the region (figure 2-7). Because of sharp declines in oil sales, this share is down from 69.0 percent in 1997. The second largest contributor is minerals and metals, up to 19.5 percent in 1998 from 14.0 percent in 1997. Chemical products and agriculture both increased their shares from 5.2 and 5.7 percent to 5.7 and 6.9 percent, respectively.

In absolute terms, U.S. imports fell most sharply in the following sectors: energy-related products (down 27.7 percent), chemicals and related products (down 8.9 percent), and footwear (down 41.8 percent). In 1997, these same three U.S. imports sectors had all grown, by 3.0 percent, 58.9 percent, and 35.2 percent, respectively. In 1998, U.S. imports from the region rose in transportation and equipment (31.3 percent), textiles and apparel (20.6 percent), machinery (16.2 percent), minerals and metals (14.6 percent), and agriculture (0.4 percent) (figure 2-8). Machinery imports had fallen the year before, but in 1997, growth occurred in the imports of transportation equipment, textiles and apparels, minerals and metals, and agriculture (by 12.7, 18.9, 4.2, and 6.6 percent respectively).

## Duty-Free Imports

The U.S. Generalized System of Preferences (GSP) program provides non-reciprocal duty-free treatment for qualifying imports of eligible articles produced in developing countries in order to promote economic development through trade.<sup>3</sup> Recent changes in GSP policy toward Sub-Saharan Africa have resulted in significant shifts in U.S. imports, especially from Angola, and in energy-related imports. The GSP program expired on July 31, 1995, and was extended retroactively through May 31, 1997, by legislation (Public Law 104-188) signed by the President on August 20, 1996.

<sup>3</sup> Many industrialized countries have enacted their own GSP programs to provide enhanced market access to products from developing countries. The basic principles for GSP preferential tariff programs are set forth by the United Nations Conference on Trade and Development (UNCTAD). GSP programs are contrary to GATT/WTO principles of nondiscriminatory treatment (the most-favored-nation clause), but were authorized by the GATT by means of a formal derogation decision commonly known as the "enabling clause," which was first adopted on June 25, 1971, and has been subsequently renewed. "The European Union: New GSP Scheme," found at the Delegation of the E.C. to the U.S. website, <http://www.eurunion.org/legislat/gsp/scheme.htm>. The U.S. GSP program is discussed in greater detail in chapter 3.

**Table 2-3**  
**Sub-Saharan Africa: U.S. imports, by major commodity items, 1994-98**  
*(Million dollars)*

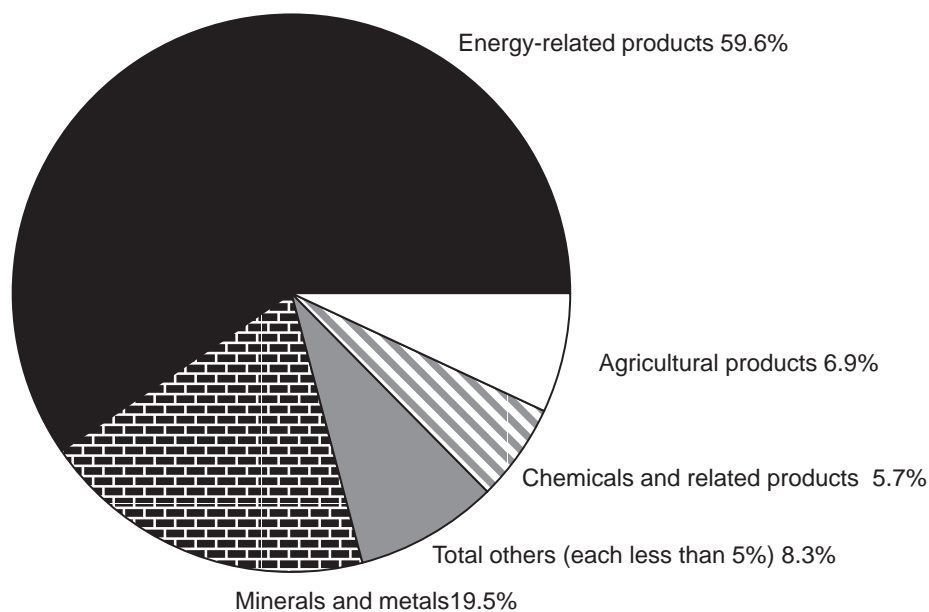
HTS No.	Description	1994	1995	1996	1997	1998
2709.00	Petroleum oils and oils from bituminous minerals, crude .....	7,987	8,614	8,461	7,516	5,279
2710.00	Petroleum oils and oils from bituminous minerals (other than crude) and products therefrom, nesoi, containing 70% (by weight) or more of these oils .....	397	325	1,313	1,815	1,470
7110.11	Platinum, unwrought or in powder form .....	498	597	554	584	655
2713.11	Petroleum coke, not calcined .....	-	33	356	616	361
2711.29	Petroleum gases and other gaseous hydrocarbons in a gaseous state, nesoi (other than natural gas) .....	( <sup>1</sup> )	33	268	456	360
1801.00	Cocoa beans, whole or broken, raw or roasted .....	123	174	294	198	338
7102.31	Diamonds, nonindustrial, unworked or simply sawn, cleaved or bruted .....	264	285	294	268	220
7110.21	Palladium, unwrought or in powder form .....	97	108	99	103	197
2711.12	Propane, liquefied .....	-	13	102	212	192
2620.90	Ash and residues nesoi, containing metals or metallic compounds nesoi .....	142	121	147	154	186
6203.42	Men's or boys' trousers, bib and brace overalls, breeches and shorts of cotton, not knitted or crocheted .....	76	74	81	109	138
0901.11	Coffee, not roasted, not decaffeinated .....	94	94	64	158	128
9801.00	Imports of articles exported and returned, not advanced in value or condition; imports of animals exported and returned within 8 months .....	80	91	93	111	117
7110.31	Rhodium, unwrought or in powder form .....	85	83	60	45	110
7102.39	Diamonds, nonindustrial, worked, including polished or drilled .....	70	58	81	133	108
2901.22	Propene (propylene) .....	-	-	39	117	107
7202.41	Ferrochromium, containing more than 4% (wt.) carbon .....	29	83	80	78	98
2606.00	Aluminum ores and concentrates .....	88	88	91	109	97
6204.62	Women's or girls' trousers, bib and brace overalls, breeches and shorts of cotton, not knitted or crocheted .....	33	35	22	46	84
2901.21	Ethylene (ethene) .....	-	-	13	90	82
6110.20	Sweaters, pullovers, sweatshirts, vests and similar articles of cotton, knitted or crocheted .....	41	39	54	63	80
6205.20	Men's or boys' shirts of cotton, not knitted or crocheted .....	114	122	84	76	77
2902.20	Benzene .....	-	10	61	110	70
8105.10	Cobalt mattes and other intermediate products of cobalt metallurgy; cobalt, unwrought; cobalt waste and scrap; cobalt powders .....	85	72	81	84	67
2614.00	Titanium ores and concentrates .....	54	46	52	56	61
	Subtotal .....	10,359	11,197	12,844	13,308	10,682
	All other .....	1,693	1,743	2,284	2,688	2,677
	Total .....	12,052	12,941	15,128	15,996	13,359

<sup>1</sup> Less than \$500,000.

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

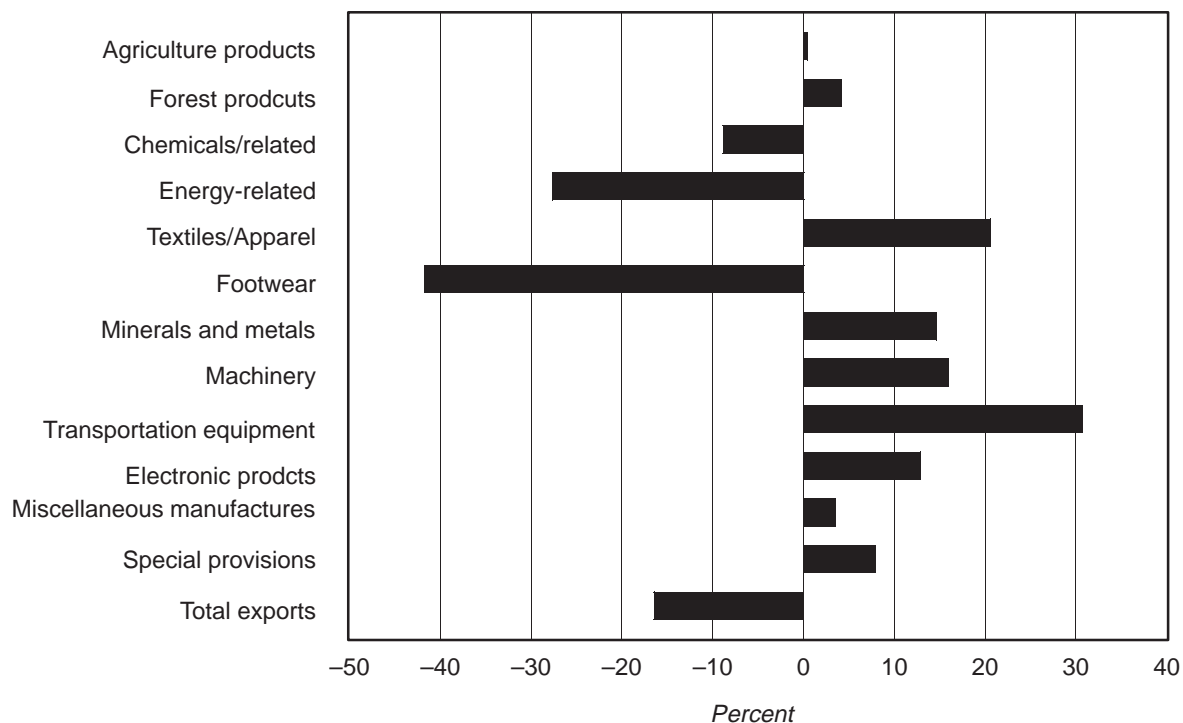
Source: Compiled from official statistics of the U.S. Department of Commerce.

**Figure 2-7**  
**U.S. imports from Sub-Saharan Africa, by commodity sectors and by shares, 1998**



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

**Figure 2-8**  
**U.S. imports from Sub-Saharan Africa: growth rates, by commodity sectors, 1998**



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

During 1997, imports from 42 Sub-Saharan African countries were authorized under the GSP. Not designated for the program, for various reasons, were Eritrea, Gabon, Liberia, Mauritania, Nigeria, and Sudan. Of the eligible countries, 29 were included among the countries designated as least-developed beneficiary developing countries (LDBDCs) during 1997.<sup>4</sup> The President also proposed at that time that the GSP program be made permanent for the least-developed countries.<sup>5</sup>

In June 1998, the President proclaimed certain modifications to the GSP, implementing decisions made in regard to the 1997 Annual Review of the program. One of the modifications provided for the addition of three regional associations to the GSP program, a change that permits the African countries who are members of any one of these associations to cumulate their value-added contributions (on GSP imports), making it easier for these countries to meet the 35 percent value-added requirement of the GSP rule of origin. African countries that are members of the West African Economic and Monetary Union (WAEMU), the Southern Africa Development Community (SADC),<sup>6</sup> and the Tripartite Commission for East African Cooperation (EAC) will be permitted to cumulate their value-added contributions (on GSP imports). In announcing the new GSP initiative, the USTR indicated that the United States wants to support accelerated African economic integration that would expand market size and enhance the attractiveness of member states to foreign direct investment.<sup>7</sup> In addition, the Administration initiated reviews to consider the designation of Eritrea and Gabon as beneficiary developing countries under the GSP.

Results of these changes are shown in table 2-4. GSP imports from Sub-Saharan Africa increased dramatically in 1998, up 73.2 percent from \$1.38 billion to \$2.39 billion. This change follows a 134.2 percent increase in 1997 and a 22.2 percent increase in 1996. Now treated as an LDBDC, Angola surpassed South Africa as the largest Sub-Saharan

GSP import supplier to the United States, representing a 65.9 percent share of all GSP imports from the region in 1998 (figure 2-9). Angola's shipments are up from a 48.5 percent share the year before. Angola sold \$1.57 billion of GSP imports to the United States in 1998, over 33 times the quantity it sold in 1996. South Africa was second with a 23.1 percent share of GSP imports from the region, lower than the 32.7 percent figure in 1997. South African GSP sales actually rose 22.7 percent, but lost program share to the expanding program in Angola. Finally, GSP imports from Zimbabwe rose 2.2 percent in absolute terms, but its share decreased from 5.8 percent to 3.4 percent.

In percentage growth terms, the leading GSP import countries in 1998 were DROC (up 269.8 percent), Angola (135.2 percent), Ghana (120.6 percent), and Equatorial Guinea (107.7 percent). The leading declines were in Malawi (down 44.0 percent), Mauritius (down 50.9 percent), and Mozambique (down 43.0 percent).

As shown in figure 2-10, energy-related products accounted for the largest share of total GSP imports, increasing from 50.8 percent in 1997 to 69.4 percent in 1998. This rise represents a 136.7 percent increase to \$1.65 billion in a year when overall energy product imports from Sub-Saharan Africa to the United States fell 27.4 percent. Minerals and metals accounted for an 11.5 percent share of GSP imports from the region, down from its 16.9 percent share in 1997. In absolute terms, this figure is an increase of 17.4 percent to \$274.1 million. About 10.5 percent of all minerals and metal imports to the United States from Sub-Saharan Africa were covered in the GSP program, whereas 17.4 percent of all energy-related imports were covered.

Ranked by GSP sector growth, energy-related products led with a 136.7 percent rise. Transportation equipment imports under GSP rose 45.9 percent, while machinery and miscellaneous manufacturing were up 21.4 and 19.9 percent, respectively. The greatest percentage declines were agricultural products (down 30.7 percent) and textiles and apparels, which fell 4.1 percent.

The coverage of GSP imports as a percentage of total imports from the region ranked machinery first, with 82.6 percent coverage in 1998, following a 78.9 percent rate in 1997. About 68.2 percent of all miscellaneous manufactures imports from Sub-Saharan Africa entered the United States under the GSP, as did 55.8 percent of transportation equipment and 38.2 percent of electronic products (table 2-5).

<sup>4</sup> LDBDCs are discussed in greater detail in chapter 3. Countries in Sub-Saharan Africa designated as LDBDCs are Angola, Benin, Burkina Faso, Burundi, Cape Verde, Central African Republic, Chad, Comoros, Congo (Kinshasa), Djibouti, Equatorial Guinea, Ethiopia, The Gambia, Guinea, Guinea-Bissau, Lesotho, Madagascar, Malawi, Mali, Mozambique, Niger, Rwanda, São Tomé and Príncipe, Sierra Leone, Somalia, Tanzania, Togo, Uganda, and Zambia.

<sup>5</sup> USTR, "Administration Submits CBI, GSP, and Shipbuilding Legislation to Congress," Press Release 97-55, June 18, 1997.

<sup>6</sup> The three members of the SADC that had ratified the SADC trade protocol by 1998--Botswana, Mauritius, and Tanzania--qualify for the new GSP cumulation benefit. See section on regional integration for more information on these organizations and their membership.

<sup>7</sup> USTR, "USTR Announces New GSP Initiative to Benefit African Trade and Other Developing Countries," Press Release 98-64, July 1, 1998.

Table 2-4

## Sub-Saharan Africa: Major U.S. import suppliers under the Generalized System of Preferences, 1994-98

Rank	Country	1994	1995	1996	1997	1998	1998 share of total
		<i>Million dollars, custom value</i>					<i>Percent</i>
1	Angola .....	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	668.1	1,571.3	65.9
2	South Africa .....	181.2	357.0	429.4	449.8	551.7	23.1
3	Zimbabwe .....	40.2	51.6	72.5	79.8	81.5	3.4
4	Congo (DROC) .....	2.4	2.0	.6	15.9	58.8	2.5
5	Equatorial Guinea .....	( <sup>1</sup> )	-	-	13.0	26.1	1.1
6	Malawi .....	4.0	.3	7.7	29.3	16.4	.7
7	Côte d'Ivoire .....	10.7	7.9	9.0	9.4	11.2	.5
8	Mauritius .....	15.7	10.5	18.2	21.6	10.6	.4
9	Mozambique .....	17.2	20.1	12.4	16.1	9.2	.4
10	Ghana .....	2.9	1.8	1.5	3.4	7.5	.3
	Subtotal .....	274.3	451.2	551.5	1,306.4	2,344.3	98.3
	All other .....	54.3	37.6	36.7	71.2	41.3	1.7
	Total .....	328.6	488.8	588.2	1,377.6	2,385.7	100.0

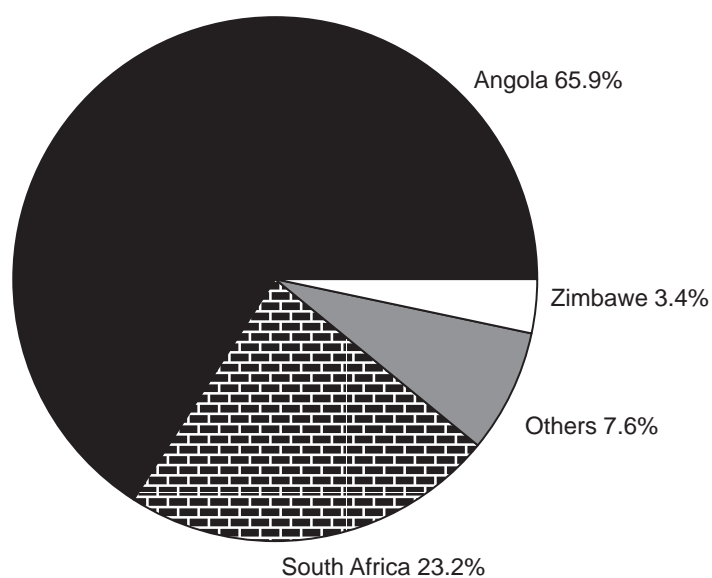
<sup>1</sup> Less than \$50,000.

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

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

**Figure 2-9**  
**GSP imports from Sub-Saharan Africa, by trading partners, 1998**

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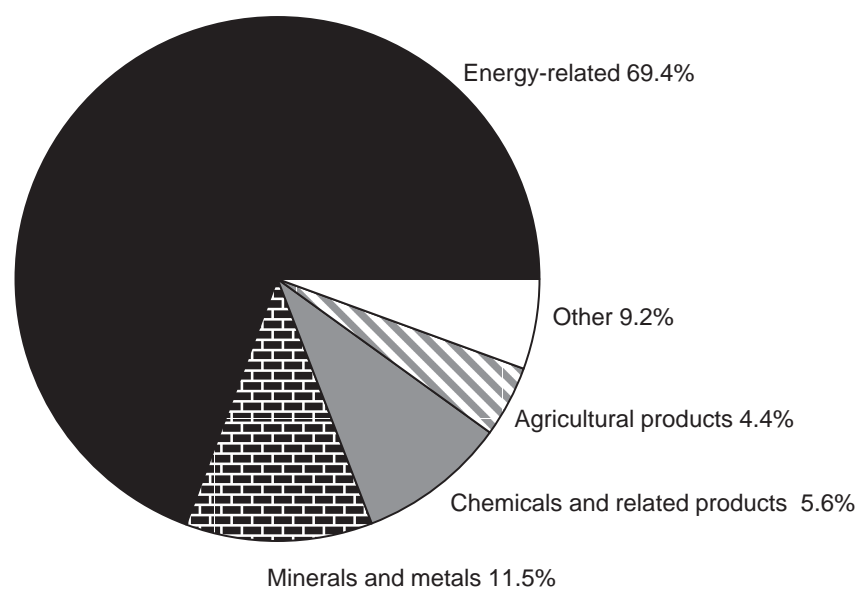


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Source: Compiled from official statistics of the Department of Commerce.

**Figure 2-10**  
**GSP imports from Sub-Saharan Africa, by sectors, 1998**

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

**Table 2-5**  
**Sub-Saharan Africa: U.S. imports under the Generalized System of Preferences, by sectors, 1994-98**

GSP imports	1994	1995	1996	1997	1998
<i>Value (1,000 dollars)</i>					
Agricultural products .....	107,522	81,518	123,080	151,650	105,027
Forest products .....	11,410	13,418	12,846	16,580	17,885
Chemicals and related products .....	30,141	60,463	83,115	116,196	132,513
Energy-related products .....	( <sup>2</sup> )	1	( <sup>2</sup> )	699,093	1,654,993
Textiles and apparel .....	2,055	3,154	1,930	2,500	2,397
Footwear .....	115	58	( <sup>1</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
Minerals and metals .....	116,567	221,700	228,747	233,461	274,113
Machinery .....	21,460	38,973	58,187	53,793	65,289
Transportation equipment .....	11,920	28,896	36,792	40,011	58,378
Electronic products .....	7,562	11,925	11,292	13,014	13,473
Miscellaneous manufactures .....	19,874	28,652	32,251	51,349	61,606
Total .....	328,626	488,758	588,238	1,377,648	2,385,674
<i>Percent of total sectoral imports from Sub-Saharan Africa</i>					
Agricultural products .....	15.70	11.87	14.34	16.57	11.43
Forest products .....	15.28	13.31	11.29	16.31	16.89
Chemicals and related products .....	19.67	25.70	15.80	13.89	17.39
Energy-related products .....	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	6.35	20.78
Textiles and apparel .....	.51	.74	.49	.53	.42
Footwear .....	2.94	4.19	.03	( <sup>2</sup> )	( <sup>2</sup> )
Minerals and metals .....	5.67	10.35	10.50	10.29	10.54
Machinery .....	48.67	73.25	73.43	78.89	82.58
Transportation equipment .....	34.94	53.53	51.85	50.04	55.86
Electronic products .....	26.68	24.76	21.54	41.57	38.15
Miscellaneous manufactures .....	34.34	60.54	55.26	58.83	68.19
Total .....	2.73	3.78	3.89	8.61	17.86

<sup>1</sup> Less than \$500.

<sup>2</sup> Not available.

Note.—Because of rounding, figures may not add to the total shown.

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



## ***Average Tariffs and Dutiable Values***

Average trade-weighted tariff (ATWT) rates on U.S. imports from Sub-Saharan Africa in 1997 and 1998 are shown in figure 2-11. The overall ATWT rate tariff for all U.S. merchandise imports from the region was 2.9 percent ad valorem equivalent (AVE) in 1998, up from 1.8 percent the previous year. The highest average tariffs were on textile and apparel products (17.7 percent AVE), footwear (11.8 percent AVE), agricultural products (8.7 percent AVE), and miscellaneous manufacturing (5.8 percent AVE). The lowest average tariffs were on energy-related products (0.7 percent AVE), special provisions (1.4 percent AVE), machinery (2.1 percent AVE), and transportation equipment (2.5 percent AVE).

In 1998, 38.2 percent of U.S. imports from Sub-Saharan Africa were subject to import duties, down from 48.1 percent in 1997 and 58.4 percent in 1996 (figure 2-12). Energy-related products accounted for 78.7 percent of dutiable imports in 1998 and 87.9 percent in 1997. Most imports of footwear, textile and apparel products, and energy-related products are dutiable. The shares of dutiable imports of other products range from 1.6 percent (forest products) to 38.2 percent (transportation equipment).

## ***Improved Trade Balance***

Mostly due to the 27.7 percent drop in U.S. energy-related imports from the region, the U.S. trade deficit with Sub-Saharan Africa decreased 31.1 percent to \$6.8 billion. By contrast, there was a \$9.9 billion trade deficit with the region in 1997, a 9.3 percent rise over 1996. Excluding petroleum, the trade deficit also improved from \$2.5 billion in 1997 to \$1.7 billion in 1998. U.S. non-petroleum exports to the region increased by 8.0 percent, while non-petroleum imports fell 4.4 percent.

The country with the largest U.S. trade deficit was Nigeria, measured at \$3.8 billion in 1998, down from \$5.2 billion in 1997. As outlined above, Nigeria is the largest Sub-Saharan African exporter to the United States, and experienced a 24.4 percent decline in sales of energy-related products to the United States. The second largest U.S. trade deficit was with Angola (\$1.9 billion in 1998, down from \$2.6 billion in 1997). Energy product imports from Angola fell over \$600 million dollars. Other large deficits came from Gabon (\$273.2 million), Côte d'Ivoire (\$1.1 billion), ROC (\$223.4 million), and DROC (\$136.9 million). The United States had a \$441.3 million trade surplus with South Africa, its largest export market and second largest import source. Other surpluses occurred with Ghana (\$77.6 million), Tanzania (\$35.1 million), Ethiopia (\$35.6 million), and Eritrea (\$23.8 million).

In absolute terms, the more significant shifts in U.S. trade balances occurred with Ghana (\$81.4 million larger U.S. deficit), Malawi (\$46.2 million smaller deficit), Cameroon (\$42.8 million larger deficit), and Mauritius (\$38.6 million larger deficit). The U.S. trade deficit with Namibia improved by \$35.5 million.

On a sectoral basis, the largest U.S. trade deficit occurred in energy-related products, at \$7.8 billion in 1998. This was a \$3.0 billion or 28.1 percent improvement over the 1997 trade deficit. The deficit in minerals and metals was \$2.3 billion, 15.8 percent larger than in 1997. Other large deficits were in textiles and apparel (\$395.4 million), agricultural products (\$138.6 million), and chemicals and related products (\$83.3 million). However, there were U.S. trade surpluses in several other sectors that contributed to the overall 31.1 percent or \$3.1 billion trade balance improvement with Sub-Saharan Africa. The largest surpluses were with transportation equipment (\$2.1 billion), electronic products (\$812.6 million), machinery (\$670.2 million), and special provisions (\$160.8 million).

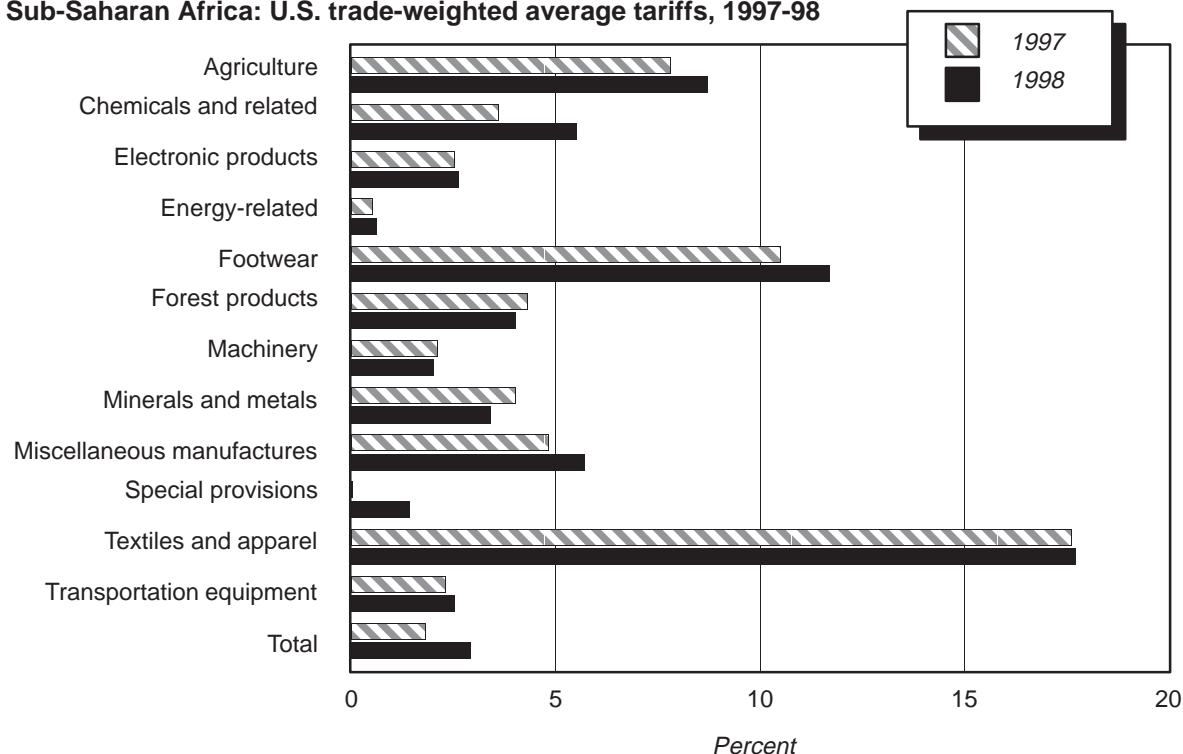
Sectors exhibiting the largest absolute improvements in U.S. trade balances were energy-related products (\$3.0 billion smaller deficit), electronic products (\$75.6 million larger surplus), and agricultural products (\$20.5 million smaller deficit). The U.S. trade balance in miscellaneous manufacturing improved from a \$16.5 million deficit in 1997 to a \$4.3 million surplus in 1998. Large trade balance declines occurred in minerals and metals (\$319 million larger deficit), textiles and apparel (\$129 million larger deficit), and machinery (\$78.0 million smaller surplus).

## ***Anti-dumping and Countervailing Duty Actions***

During the period covered by this report, the U.S. Department of Commerce issued one new antidumping order against imports from an African country. In May 1999, Commerce issued an antidumping duty order with respect to imports of stainless steel plate in coils other than cold-rolled stainless steel plate in coils, from South Africa. The orders were issued after Commerce found that such stainless steel plate was being sold in the United States at less than fair value (dumped), and the Commission found that an industry in the United States was materially injured by reason of such dumped imports.<sup>8</sup>

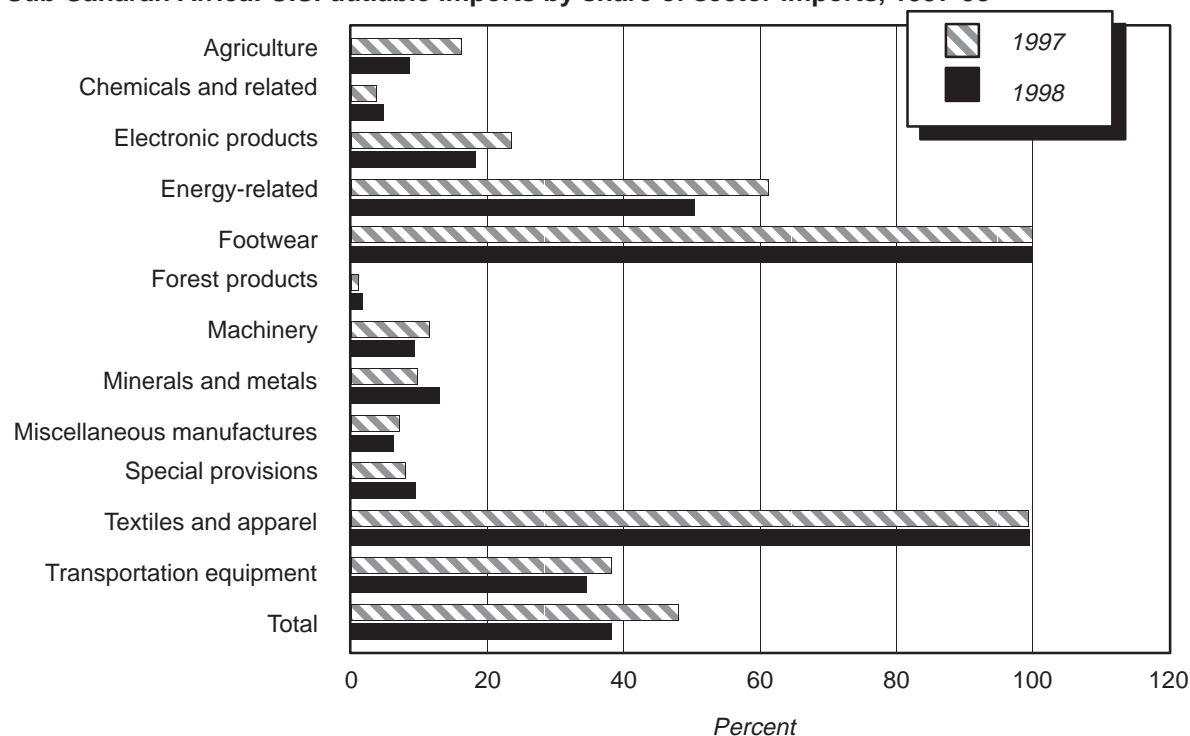
<sup>8</sup> Antidumping Duty Orders; Certain Stainless Steel Plate in Coils From Belgium, Canada, Italy, the Republic of Korea, South Africa, and Taiwan, Department of Commerce, *Federal Register*, May 21, 1999.

**Figure 2-11**  
**Sub-Saharan Africa: U.S. trade-weighted average tariffs, 1997-98**



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

**Figure 2-12**  
**Sub-Saharan Africa: U.S. dutiable imports by share of sector imports, 1997-98**



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

## U.S.-Africa Services Trade

Services are provided to foreign customers through “cross-border transactions” and “affiliate transactions.”<sup>9</sup> Cross-border services trade data were available only through 1997. These data pertain to the entire African continent, and to South Africa separately, but not specifically to the Sub-Saharan Africa region. Data regarding sales by African-based affiliates of U.S. firms extend only through 1996, and country-specific data are limited to affiliates located in South Africa and Nigeria. Country-specific information pertaining to sales by U.S.-based affiliates of African firms is available only for South Africa.

In 1996, total U.S. cross-border exports accounted for 50.3 percent, or slightly more than one-half, of U.S. service sales worldwide. For U.S. imports of services, affiliate transactions were the predominant delivery mode, accounting for 53.1 percent of U.S. purchases from all foreign providers.<sup>10</sup> For Africa, however, cross-border trade accounted for 63.6 percent of U.S. service sales and 90.7 percent of U.S. purchases of services.<sup>11</sup>

### Cross-Border Transactions<sup>12</sup>

The United States is a net exporter of services to Africa, posting a cross-border trade surplus of \$1.1 billion in 1997. This figure is a 42.3 percent increase from 1996, but is broadly consistent with a pattern of surpluses that have fluctuated between \$700 million and \$1 billion since 1993 (figure 2-13). Total U.S. cross-border exports of services to Africa reached \$3.6 billion in 1997, accounting for 1.5 percent of total U.S. service exports (table 2-6). U.S. service exports to Africa increased by 12.2 percent in 1997, faster than the average annual growth rate of 9.9 percent during 1993-96. The principal contributing factors to the increase in exports were a 38 percent increase in tourism receipts from African travelers visiting the United States and a 37 percent increase in the export of construction services. U.S. cross-border imports of services from Africa were \$2.5 billion in 1997, or 1.6 percent of total U.S. service imports

(table 2-7). Cross-border imports of services from Africa increased by only 2.3 percent in 1997, markedly slower than the average annual growth of 13.7 percent during 1993-96. Slower import growth was due to declines in tourism expenditures of U.S. travelers to Africa, and in purchases of freight transportation and telecommunication services from Africa.

Tourism was the leading U.S. service export to Africa in 1997, accounting for 29.4 percent of exports; followed by professional services, with 24.2 percent; freight transportation, with 10.9 percent; and education, with 10.6 percent. Tourism is also by far the largest component of U.S. cross-border service imports from Africa, accounting for 50.4 percent of the total. Other important components of U.S. imports include passenger fares, with 17.7 percent, and telecommunication services, with 13.3 percent.

The largest U.S. trading partner among African countries is South Africa, accounting for 29.0 percent of U.S. cross-border service exports (table 2-6) and 27.8 percent of cross-border service imports from Africa in 1997 (table 2-7). Tourism, freight transportation, royalties and license fees, and professional services were the largest shares of U.S. service exports to South Africa in 1997, with a combined total of 75.6 percent. The tourism and passenger fares sectors were by far the largest contributors to U.S. service imports from South Africa, combining for 74.0 percent of import revenue, followed by telecommunication services with 7.3 percent.

### Affiliate Transactions<sup>13</sup>

In 1996, majority-owned African affiliates of U.S. firms recorded sales of services totaling \$1.8 billion (table 2-8). U.S. consumers purchased \$247 million of services from African-owned affiliates operating in the United States, leading to an affiliate transactions surplus of \$1.6 billion with Africa. For 1996, sales by U.S.-owned affiliates in Africa grew by 8.0 percent over the previous year, while purchases from affiliates of African parents remained essentially unchanged from the 1995 level. These developments led to a 9.3 percent growth in the U.S. surplus on affiliate transactions in 1996, compared with an average annual growth rate of 39.4 percent during 1992-95. Growth in U.S. affiliate sales returned to more moderate levels after a very large increase in 1995, which was partly due to the lifting of economic sanctions on South Africa in 1994.

<sup>9</sup> When a service or the providers or purchasers of a service cross national borders, the sale is a cross-border transaction. When a service provider establishes a commercial presence in a foreign market, sales are called affiliate transactions.

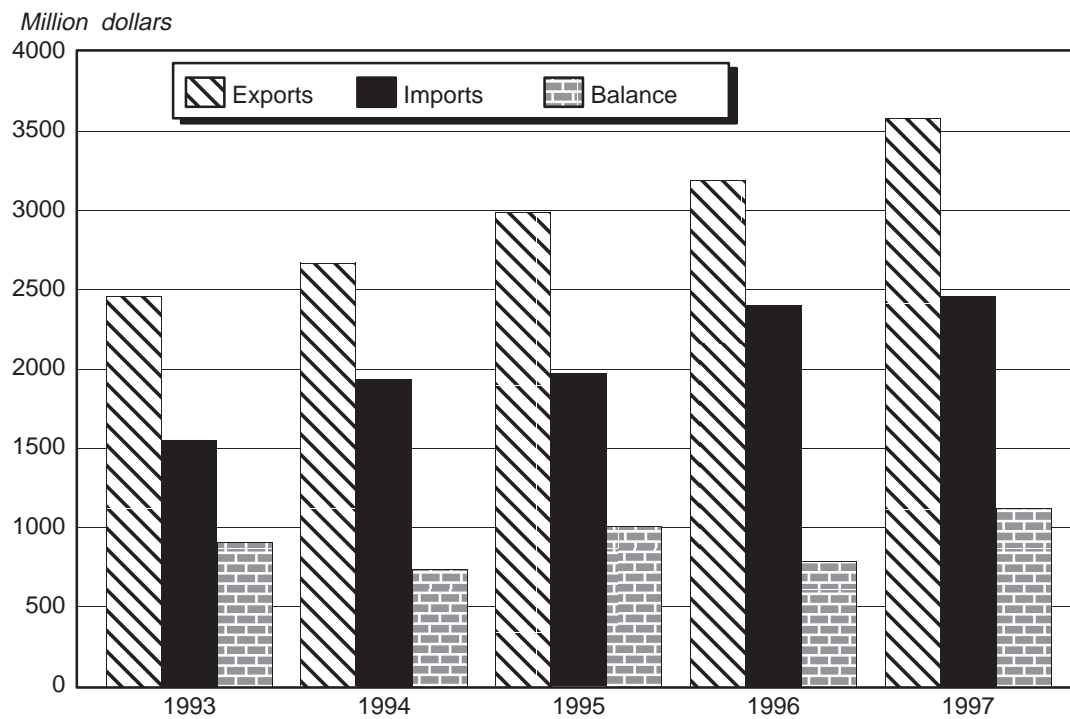
<sup>10</sup> U.S. Department of Commerce (USDOC), Bureau of Economic Analysis (BEA), *Survey of Current Business*, “U.S. International Sales and Purchases of Private Services,” Oct. 1998, p. 71.

<sup>11</sup> Ibid., USDOC, BEA, U.S. Direct Investment Abroad, 1996 (preliminary), table III-F-17 and USDOC, BEA, Foreign Direct Investment in the United States, 1996 (preliminary), table E-13.

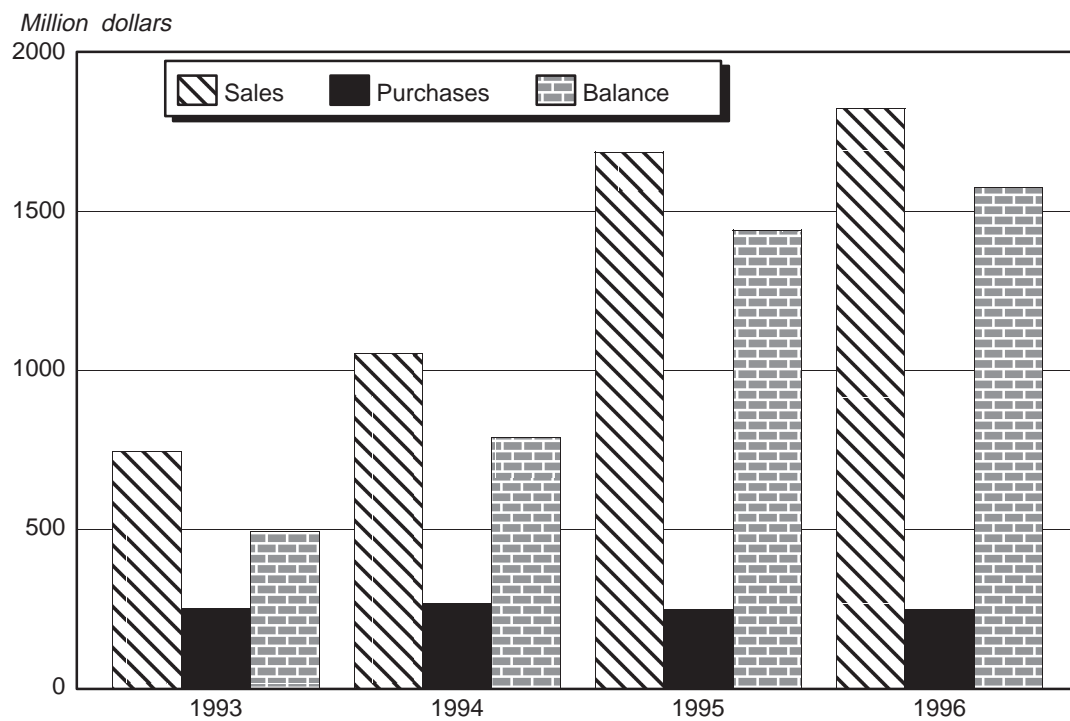
<sup>12</sup> Estimated by USITC staff, based on data in USDOC, BEA, *Survey of Current Business*, “U.S. International Sales and Purchases of Private Services,” Oct. 1998, pp. 88-105.

<sup>13</sup> Estimated by USITC staff, based on data in USDOC, BEA, *U.S. Direct Investment Abroad: Preliminary 1996 Estimates*, table III-F-17, and *Foreign Direct Investment in the United States: Preliminary 1996 Estimates*, table E-13.

**Figure 2-13**  
**U.S. cross-border trade in services with Africa: Exports, imports, and trade balance, 1993-97**



**Affiliate transactions in services with Africa, 1993-96**



**Table 2-6**  
**Total Africa and South Africa: U.S. cross-border service exports, 1993-97**

(Million dollars)

Service	Total Africa					South Africa				
	1993	1994	1995	1996	1997	1993	1994	1995	1996	1997
Tourism .....	485	607	699	766	1054	203	288	344	285	370
Passenger fares .....	6	55	33	77	65	1	14	1	7	( <sup>1</sup> )
Freight Transportation .....	456	534	568	450	389	32	34	84	84	132
Royalties and license fees .....	114	150	205	245	224	82	102	151	168	151
Education .....	312	325	341	359	378	30	31	34	35	36
Insurance <sup>2</sup> .....	5	7	6	6	8	2	2	3	1	3
Telecommunications .....	81	95	111	109	137	18	17	28	51	54
Financial services .....	57	54	66	101	106	15	14	20	27	35
Professional .....	560	556	636	617	867	73	71	73	39	81
Advertising .....	2	1	1	1	2	1	1	1	( <sup>3</sup> )	( <sup>3</sup> )
Computer .....	47	30	27	25	44	12	16	18	15	32
Database .....	4	21	34	39	45	2	14	25	( <sup>4</sup> )	( <sup>4</sup> )
Research & Development .....	37	32	29	14	19	1	-3	3	5	4
Mgmt./Consulting/PR .....	95	110	140	158	152	5	5	9	8	8
Legal services .....	6	6	7	18	7	2	3	3	8	5
Construction-related services .....	182	150	214	235	322	36	15	3	10	13
Industrial engineering .....	9	5	14	( <sup>4</sup> )	17	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )
Equipment-related services .....	62	91	62	135	120	11	16	9	8	16
Other professional services .....	116	111	107	( <sup>4</sup> )	139	6	7	5	( <sup>4</sup> )	14
Other <sup>5</sup> .....	373	( <sup>4</sup> )	323	304	351	44	58	66	( <sup>4</sup> )	125
Total <sup>6</sup> .....	2,449	2,380	2,988	3,034	3,579	500	631	804	693	986

<sup>1</sup> Not available.

<sup>2</sup> Insurance exports are defined as the difference between premiums received from foreign policy-holders and claims collected by foreign policyholders.

<sup>3</sup> Less than \$500,000.

<sup>4</sup> Data have been suppressed to avoid disclosure of individual company operations.

<sup>5</sup> Includes intra-corporate transactions; i.e., U.S. parent firms' receipts from foreign-based affiliates, and U.S.-based affiliates' receipts from foreign parent firms. Also includes expenditures of foreign governments and international organizations in the United States; receipts from unaffiliated foreigners for sales and rentals of U.S. motion picture and television films and tapes; and expenditures of foreign residents employed temporarily in the United States.

<sup>6</sup> Because of rounding and suppression of individual company data, figures may not add to totals shown.

Source: USDOC, BEA, "U.S. International Sales and Purchases of Private Services," *Survey of Current Business*, Oct. 1997, pp.110-135 and Oct. 1998, pp. 90-113.

**Table 2-7**  
**Total Africa and South Africa: U.S. cross-border service imports, 1993-97**

(Million dollars)

Service	Total Africa					South Africa				
	1993	1994	1995	1996	1997	1993	1994	1995	1996	1997
Tourism .....	829	1029	1063	1300	1240	127	141	198	268	267
Passenger fares .....	169	202	277	286	435	45	77	119	124	239
Freigh Transportation .....	259	276	183	177	148	10	16	22	18	30
Royalties and license fees .....	(1)	6	2	6	13	(1)	4	1	5	9
Education .....	13	17	22	25	25	1	1	1	7	2
Insurance <sup>2</sup> .....	-2	1	5	3	8	(1)	(1)	1	(1)	(1)
Telecommunications .....	189	210	234	346	328	-3	-3	33	52	50
Financial services .....	3	6	10	18	21	2	3	5	7	9
Professional .....	87	120	134	144	156	3	10	14	16	16
Advertising .....	2	2	3	6	5	1	1	1	3	3
Computer .....	(1)	2	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Database .....	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
R&D .....	9	13	22	25	27	1	2	3	2	2
Mgmt./Consulting/PR .....	13	22	27	35	30	(1)	1	1	1	1
Legal services .....	2	3	4	6	5	1	1	2	3	2
Construction-related services .....	15	26	25	31	28	(1)	(1)	(1)	(1)	(1)
Industrial engineering .....	0	(1)	(1)	(1)	3	0	0	0	0	(1)
Equipment-related services .....	1	1	4	1	1	(1)	(1)	2	(1)	1
Other professional services .....	47	53	52	43	58	5	9	8	11	11
Other <sup>4</sup> .....	29	-3	43	94	-3	-3	-3	12	-3	-3
Total <sup>5</sup> .....	1,575	1,864	1,973	2,399	2,370	180	234	404	493	618

<sup>1</sup> Less than \$500,000.

<sup>2</sup> Insurance imports are defined as the difference between premiums paid to foreign insurers and claims received by U.S. policyholders. Imports are entered as credits on the balance of payments when claims received by U.S. policy-holders exceed premiums paid to foreign insurers in a given year.

<sup>3</sup> Data have been suppressed to avoid disclosure of individual company operations.

<sup>4</sup> Includes intra-corporate transactions; i.e., U.S. parent firms' payments to foreign-based affiliates, and U.S.-based affiliates' payments to foreign parent firms. Also includes earnings of foreign residents who are employed temporarily in the United States and payments by U.S. film distributors to unaffiliated foreign residents for purchases and rentals of motion picture and television films and tape.

<sup>5</sup> Because of rounding and suppression of individual company data, figures may not add to totals shown.

Source: USDOC, BEA, "U.S. International Sales and Purchases of Private Services," *Survey of Current Business*, Oct. 1997, pp. 110-135, and Oct. 1998, pp. 89-113.

**Table 2-8**  
**Sales through U.S.-owned affiliates and purchases from African-owned affiliates, 1993-96**

(Million dollars)

Item	Total Africa				South Africa				Nigeria			
	1993	1994	1995	1996	1993	1994	1995	1996	1993	1994	1995	1996
U.S. Sales . . . . .	745	1,055	1,690	1,826	35	110	530	663	192	133	142	174
U.S. Purchases . . .	252	266	246	247	173	179	169	173	(1)	(1)	(1)	(1)
Balance . . . . .	493	789	1,444	1,579	-138	-69	361	490	(1)	(1)	(1)	(1)

<sup>1</sup> Not available.

Source: USDOC, BEA, *U.S. Direct Investment Abroad*, various issues, table III-F-17; and USDOC, BEA, *Foreign Direct Investment in the United States*, various issues, table E-13.



Limited information regarding affiliate transactions in services is reported for South Africa and Nigeria<sup>14</sup> (table 2-8). Sales of services by U.S. majority-owned affiliates in South Africa were \$663 million in 1996, or 36.3 percent of total sales by U.S. affiliates in Africa. The United States recorded a surplus of \$490 million in affiliate transactions with South Africa in 1996. U.S.-owned affiliates accounted for \$174 million of sales in Nigeria in 1996, or 9.5 percent of total U.S. affiliate sales to Africa.

## Trade and Economic Integration

Progress was made toward sub-regional trade and economic integration in 1998, although efforts continued to be hampered by conflicting political and economic interests. This section describes developments during 1998-99 in the following subregional organizations: the Economic Community of West African States (ECOWAS), the West African Economic and Monetary Union (WAEMU or UEMOA), the Common Market for Eastern and Southern Africa (COMESA), the Southern Africa Development Community (SADC), the Southern Africa Customs Union (SACU), the Tripartite Commission for East African Co-operation (EAC), the Intergovernmental Authority on Development (IGAD), and the Indian Ocean Commission (IOC). Most African countries are members of at least one of these organizations. Also included in this section is a brief discussion of the Lomé Convention, a regional preferential trade agreement between the European Union (EU) and 71 African, Caribbean and Pacific countries. Also discussed is agreement by the EU and South Africa to form a bilateral free trade area.

### South Africa-EU Free Trade Area

In March 1999, after four years of negotiations, South Africa and the EU concluded negotiations on a Trade Development and Cooperation Agreement (TDCA), a comprehensive trade agreement that will have an important impact on the southern African region. Because Botswana, Namibia, Lesotho, and Swaziland are closely tied to South Africa through their membership in SACU, their smaller economies are obliged to accept a de facto trade agreement with the EU. South Africa's membership in the 14-nation SADC organization means the agreement has even broader significance for countries in the region.

### Background

With the end of apartheid and following the first democratic elections in South Africa, in November

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<sup>14</sup> Information pertaining to sales by U.S. affiliates of Nigerian firms is not available.

1994, the administration of newly elected President Nelson Mandela requested the start of negotiations with the EU to bring South Africa under the Lomé Convention (see below). The EU's response was tailored to South Africa's unique circumstances. Rather than full accession to Lomé, the EU proposed a two-pronged approach: (1) qualified membership in Lomé<sup>15</sup> and (2) the conclusion of a comprehensive bilateral trade agreement between South Africa and the EU. Under this approach, South Africa would be excluded from the general trade regime and special trade protocols of the Convention and, instead, the trade relationship would be defined by the bilateral trade agreement. The resulting TDCA covers development cooperation, political dialogue, and economic cooperation. The most prominent feature of the accord, however, relates to provisions that will, after a transition period, lead to a free trade agreement between the parties. The agreement, which will take effect in January 2000, following ratification by each EU member and South Africa, calls for the scheduled staged removal of tariffs through 2012. Although the exact details of the accord still have not been released, it is expected that the anticipated free trade agreement will have a significant impact on the South African economy. Under the terms of the TDCA, at the end of a 12-year period, South Africa will open to 86 percent of EU goods, while the 15 EU countries will open to 95 percent of South Africa's goods over a 10-year period. The average duty on South African goods will drop from 2.7 percent ad valorem to 1.5 percent. South Africa agreed to reduce average tariffs on EU goods from 10 percent ad valorem to 4.3 percent.

### South Africa-EU Trade

Bilateral trade between the EU and South Africa exceeds \$20 billion per year. The EU is the source of more than \$12.6 billion of South Africa's imports. South Africa exports approximately \$8.3 billion worth of goods to the EU each year.<sup>16</sup> Currently, 56 percent

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<sup>15</sup> ABSA Bank, *Section 4 Main South African Exports and Imports by Country and Product Group: 1997*, found at Internet address [http://www.absa.co.za/foreign\\_trade/pdf/section4.pdf](http://www.absa.co.za/foreign_trade/pdf/section4.pdf), retrieved Aug. 9, 1999.

<sup>16</sup> The Lomé Convention of non-reciprocal trade preferences was designed to assist the development of some of the poorest countries. The decision to exclude South Africa from those preferences was based on the dual nature of the South African economy, which, in certain respects, more closely resembles that of a developed country. The decision to grant South Africa qualified membership in Lomé IV was made in April 1997. Qualified membership means that South Africa does not benefit from the non-reciprocal trade preferences available to other ACP countries, nor does it have access to funding from the European Development Fund. However, South Africa is participating fully in the negotiations currently underway to establish the agreement to succeed Lomé IV, which expires in February 2000.

of all EU goods exported to South Africa enter free of duty. Other imports from the EU are subject to high duty rates, however, with an average trade-weighted duty of 11 percent.<sup>17</sup> Under the TDCA, the percentage of goods that will enter South Africa free of duty will likely rise to 85 percent.<sup>18</sup> The tariff reductions will be phased in over the next 12 years to facilitate adjustment. The adjustment will be somewhat easier for the EU because their average trade-weighted tariff is less than 2 percent.<sup>19</sup>

In the short term, the free trade agreement is not expected to have a profound impact on the volume of South Africa-EU bilateral trade. It is estimated that South Africa exports to the EU will increase by less than 1.3 percent with a portion of the effects attributable to WTO-negotiated tariff reductions.<sup>20</sup> Similarly, South Africa imports may rise by 2.3 percent, with about one-sixth of this due to the WTO.<sup>21</sup>

Nevertheless, the FTA will have a significant effect on the southern Africa region. The TDCA will eliminate much of the SACU tariff revenue that was generated in the past. Although tariff revenue plays a minor role in the South African budget, both Lesotho and Swaziland depend on this revenue for a large percentage of their government revenue.<sup>22</sup> Also of concern is the effect the agreement will have on competition. With South Africa's markets open to the EU, the producers and exporters of SADC and SACU members will face increased competition from often lower-priced EU goods.

It remains to be seen what the impact of the TDCA will be on the United States. It is estimated that 25 percent of U.S. goods entering South Africa will lose more than 2 percentage points in competitiveness and another 48 percent of U.S. goods will lose over 1 percentage point in competitiveness.<sup>23</sup> The U.S. industries most likely to be affected are chemicals, which account for 13 percent of all U.S. exports to South Africa; pulp and paper, 4 percent; base metals, 3 percent; and the machinery sector, which may fare better than the other sectors, nonetheless accounts for almost 40 percent of U.S. exports to South Africa.<sup>24</sup>

<sup>17</sup> U.S. Embassy, Pretoria, "SA-EU Free Trade Agreement: May 1999," found at Internet address <http://www.usia.gov/abtusia/posts/SF1/wwwhes2f.html>, retrieved Aug. 2, 1999.

<sup>18</sup> Ibid.

<sup>19</sup> Ibid.

<sup>20</sup> Ibid.

<sup>21</sup> Ibid.

<sup>22</sup> For Lesotho and Swaziland, tariff revenue accounts for about half of all government receipts. Ibid.

<sup>23</sup> Ibid.

<sup>24</sup> Ibid.

## The Lomé Convention

The Lomé Convention is an international trade and aid agreement between the EU and 71 African, Caribbean, and Pacific (ACP) countries.<sup>25</sup> This agreement is the principal instrument through which the EU administers aid to the developing world. The treaty was first signed in 1975 in Lomé, Togo, and renewed in 1980, 1985, and 1990. The 1990 agreement, Lomé IV, was revised in 1995 at its mid-term review and is scheduled to expire in February 2000. Negotiations began in 1998 for a successor agreement to the convention. Lomé is increasingly at odds with globalization goals, as demonstrated in a dispute between the United States and the EU over bananas, when the WTO ruled against certain aspects of the EU-ACP arrangements over banana imports.<sup>26</sup>

Ideally, Lomé seeks to promote democratization, economic development and competitiveness, the rule of law, and good governance.<sup>27</sup> The Lomé Convention has three main components:

1. Unilateral preferential trade, most notably duty-free and quota-free access to the EU market for almost all ACP products. Agricultural and food products not given quota-free access nevertheless receive preferential rates of duty (safety, health, sanitary, and phytosanitary regulations still apply). Special protocols provide guaranteed quotas for ACP cane sugar, beef and veal, and rum. Further provisions and increased preferences are extended to the least developed, land-locked, and island ACP states.
2. Price supports for primary product export commodities through stabilization of export earnings (STABEX) and maintenance of mineral export potential (SYSMIN), compensation schemes that attempt to guarantee agricultural and mineral export earnings in response to falling commodity prices.
3. Financial aid provided in various forms by the EU as well as by individual EU members. This includes large-scale emergency and humani-

<sup>25</sup> The European Union, *Development Policy: The Lomé Convention*, found at Internet address [http://europa.eu.int/pol/dev/info\\_en.htm](http://europa.eu.int/pol/dev/info_en.htm), retrieved August 3, 1999. The beneficiaries of the program are largely the former colonies of the European countries.

<sup>26</sup> For a detailed discussion of the banana dispute, see USITC, *The Year in Trade: Operation of the Trade Agreements Program, 1997*, 49th report, publication no. 3103, May 1998, pp. 99-100.

<sup>27</sup> Ibid.

tarian aid as well as special EU funding to support IMF and World Bank structural adjustment programs in support of economic reforms and restructuring.

Given the preferential nature of the program, the rules-of-origin guidelines are of particular importance. According to the treaty, the ACP group is considered a single customs territory, which permits any number of ACP countries to contribute a share to the production process. For products with non-ACP components, ACP countries are generally able to obtain derogations from normal rules of origin if it can be proven they added at least 45 percent of the products' value and no EU market is disturbed.

Table 2-9 summarizes the important developments that occurred in major regional organizations during the year under review.

## Investment in Sub-Saharan Africa

### Overview

Significant improvements in the political and economic governance of many Sub-Saharan African countries in the 1990s have encouraged the inflow of foreign private investment.<sup>28</sup> Specifically, transparency and accountability reportedly have improved among African governments, and private participation has been permitted in many economic sectors formerly reserved for the public sector. Concurrently, countries have made efforts to improve policies related to inbound foreign investment. By 1997, 47 African countries had adopted new laws or amended existing laws governing foreign direct investment (FDI), and many had created government agencies dedicated to the promotion and administration of foreign investment.<sup>29</sup> These efforts, together with the lifting of the global economic embargo on South Africa, made foreign investment in the region more feasible and attractive. Certain foreign governments' policy changes reducing direct assistance to developing countries also played an important part in motivating private investment.

Institutional problems that impede the flow of foreign private investment endure in many parts of the continent, as demonstrated in a 1997 survey of

business managers by the International Finance Corporation. Among other impediments, the survey concludes that exchange controls, inadequate financing and physical infrastructure, and corruption are more problematic in African countries than elsewhere in the world.<sup>30</sup> In addition, the recent re-emergence of violence in various countries across the region, and other endemic institutional problems, have hurt their ability to attract foreign investment.<sup>31</sup>

The perception of investment risk associated with the continent is exacerbated by war, violence, and political instability, which also erode investor confidence and degrade the region's ability to attract foreign capital. In 1998, armed conflict that erupted in the DROC, Angola, Ethiopia, Eritrea, Guinea-Bissau, Sierra Leone, and Lesotho reversed some of the foreign investment gains made in recent years. According to the *Institutional Investor*, the credit rating of 21 out of the 34 African countries that it rated averaged 23.4 out of a possible 100, compared with a global average of 40.9.<sup>32</sup> The credit ratings of all the rated countries declined by an average of 0.4 between September 1998 and March 1999.

African countries have successfully addressed some obstacles to foreign investment. For example, improved controls over government spending and a reduction in fiscal deficits have caused inflation to decline from an average of 47 percent in 1994 to less than 10 percent in 1998.<sup>33</sup> Privatization programs in Sub-Saharan Africa were significantly increased in 1997, primarily in the energy, telecommunications, and petroleum and mining sectors, creating further opportunities for foreign direct investment (table 2-10).<sup>34</sup> These efforts were led by South Africa, which earned \$1.3 billion in revenues from the privatization of state-owned enterprises, a greater than 10-fold increase from \$122 million in 1996 (table 2-11).<sup>35</sup> When South Africa is excluded, proceeds from privatization programs in Sub-Saharan Africa exhibit a 70-percent increase to \$1 billion in 1997, from \$623 million in 1996. In 1997, \$2 billion, or 85 percent of the total proceeds from privatization throughout Sub-Saharan Africa, were generated in

<sup>30</sup> Guy P. Pfeffermann, "Africa's Investment Climate," International Finance Corporation, Nov. 1998, found at Internet address <http://www.ifc.org>, retrieved May 25, 1999.

<sup>31</sup> See USITC, *U.S.-Africa Trade Flows and Effects of the Uruguay Round Agreement and U.S. Trade and Development Policy, Fourth Annual Report*, Oct. 1998, publication no. 3139, for other impediments to FDI in Africa.

<sup>32</sup> *Institutional Investor*, "Country Credit Rating 1999," found at Internet address <http://www.iimagazine.com/>, retrieved June 3, 1999.

<sup>33</sup> Ernesto Hernandez-Cata, "Sub-Saharan Africa, Economic Policy and Outlook for Growth."

<sup>34</sup> World Bank, *Global Development Finance (GDF)*, 1999, Analysis and Summary Tables, p. 147.

<sup>35</sup> *Ibid.*, p. 146.

<sup>28</sup> Foreign private investment comprises direct investment, wherein a foreign entity acquires 10 percent or more of a firm, and consequently exercises some degree of direct control over the affairs of the firm, and portfolio investment, wherein a foreign entity acquires shares below the 10-percent threshold and does not exercise direct control over the affairs of the firm.

<sup>29</sup> United Nations Conference on Trade and Development (UNCTAD), *World Investment Report 1998*, Geneva, p. 172.

**Table 2-9**  
**Regional economic integration in Sub-Saharan Africa, 1998-99**

**Economic Community of West African States (ECOWAS)**

*Members:*

Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, The Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone, and Togo.

*Population:*

219 million (1997), 55 percent in Nigeria.

*GDP:*

\$81.5 billion (1997), 42 percent from Nigeria.

**Goals:**

Free Trade Area by 2000; full economic and monetary union by 2000.

*Status:*

ECOBANK (began operations in 1988 with 10 percent ownership by ECOWAS) now has affiliates in Benin, Burkina Faso, Côte d'Ivoire, Ghana, Nigeria, and Togo.

*Obstacles:*

Factors hampering the effectiveness of ECOWAS include the existence of many other intergovernmental organizations in the region, member governments failing to implement policies at the national level, and member governments failing to provide the necessary financial resources to run the organization. Exchange and customs regulations inhibit increased trade flows and increase the usage of unofficial trade channels. Alleged corruption and lack of technical ability of customs and enforcement officers exacerbate enforcement problems. Inflexible exchange regulations detract from a greater flow of trade as well as harmonization of customs regulations. Political instability among members is another factor. There is a fragile peace in Liberia among competing factions, and Sierra Leone has experienced ongoing armed insurgencies from rebels that began in 1991. An ECOWAS peacekeeping force led by Nigeria has tried to enforce a cease-fire in Sierra Leone, but sporadic fighting keeps the country unstable.

*1998-99 developments:*

Construction of 400-km gas pipeline (proposed in 1995) to deliver Nigerian gas supplies to Ghana, Togo, and Benin, was scheduled to begin in mid-1998. The ECOWAS travelers' check was officially launched in October 1998 at the annual summit. Negotiations underway to enhance relations among the member states' transportation sectors. The second ECOWAS trade fair was held in February/March 1999, with 700 exhibits from nearly all member states. Project committee for the West Africa Gas Pipeline met with ECOWAS officials in May 1999 to finalize plans to begin building the pipeline. It will span four countries, Nigeria, Ghana, Togo, and Benin; yet the operation date has been pushed back to mid-2002 as routing issues as well as harmonization of regulations and tax regimes remain the main obstacles.

**U.S. trade with ECOWAS countries, 1994-98**

(Thousand dollars)

	1994	1995	1996	1997	1998
U.S. exports . . . . .	990,853	1,284,987	1,650,234	1,652,882	1,548,091
U.S. imports . . . . .	5,167,547	5,481,065	6,662,128	6,627,581	5,346,319
U.S. trade balance . . . .	-4,176,694	-4,196,077	-5,071,894	-4,974,699	-3,798,227

**Table 2-9—Continued**  
**Regional economic integration in Sub-Saharan Africa, 1998-99**

**West African Economic and Monetary Union (WAEMU or UEMOA)**

*Members:*

Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau (a former Portuguese colony), Mali, Niger, Senegal (former French colonies), and Togo (a former German protectorate, part of which became a French administrative unit before independence).

*Population:*

64 million (1997), 22 percent in Côte d'Ivoire.

*GDP:*

\$25.5 billion (1997), 40 percent from Côte d'Ivoire.

*Goals:*

Harmonize legislative and cooperative relations among WAEMU members and surrounding countries, as well as international financial institutions. Follow through with common market and collective commercial policy goals as well as coordinated monetary policies. Elimination of tariffs on goods within WAEMU by January 2000.

*Status:*

WAEMU leaders want to increase the 6 percent growth rate of the past 2 years to 10 percent this year. A regional trade and investment agreement with the United States is planned for early 2000, once legal and diplomatic norms are harmonized among WAEMU members.

*Obstacles:*

Member state reliance on tariff revenues is planned to be offset by a transitional but temporary tax on imports from outside WAEMU. Members' proposed privatizations in strategic sectors such as textiles, transportation, and agriculture have been slow.

*1998-99 developments:*

Tariffs on goods within WAEMU were reduced by 80 percent in January 1999. A 30 percent ceiling on external tariffs took effect in July 1998. The third session of WAEMU's Inter-parliamentary Commission (CIP) met in February 1999, all member states were represented. At that time, WAEMU president Toure indicated the organization is no longer exclusively francophone and is willing to accept other members. The CIP approved a proposal to build a WAEMU secretariat building in Bamako, Mali.

**U.S. trade with WAEMU countries, 1994-98**

(Thousand dollars)

	1994	1995	1996	1997	1998
U.S. exports . . . . .	229,643	347,076	305,284	348,678	337,240
U.S. imports . . . . .	219,616	267,112	441,666	318,169	441,967
U.S. trade balance . . . . .	10,027	79,964	-136,382	30,511	-104,726



**Table 2-9—Continued**  
**Regional economic integration in Sub-Saharan Africa, 1998-99**

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**Common Market for Eastern and Southern Africa (COMESA)**

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*Members:*

Angola, Burundi, Comoros, DROC, Egypt, Eritrea, Ethiopia, Kenya, Lesotho, Madagascar, Malawi, Mauritius, Namibia, Rwanda, Seychelles, Sudan, Swaziland, Tanzania, Uganda, Zambia, and Zimbabwe.

*Population:*

356 million (1997).

*GDP:*

\$165 billion (1997), 46 percent from Egypt (which officially joined the group in 1998).

*Goals:*

Regional free trade area by 2000. A common external tariff and common tariff barriers, free movement of capital and common investment, and a common currency leading to a monetary union. Complete liberalization of intra-COMESA air transport to be completed by October 2000. Plan to increase COMESA Trade and Development Bank's capital to \$5 billion by 2000.

*Status:*

Organization has created a strong cross-border initiative; trade in the region has grown from \$300 million to \$2.7 billion in 10 years. Has experienced the highest average GDP growth rate in 10 years. Rules of origin have been simplified and a single customs structure has been established. Various member states have experienced an increase in trade volume and economic growth because COMESA initiated improvement among member states.

*Obstacles:*

SADC and COMESA have limited cooperation and coordination, yet overlapping priorities and rivalries have hindered economic integration for both groups. Armed conflict continues to plague COMESA as 8 of the 21 members are either at war with each other or are experiencing internal conflicts.

*1998-99 developments:*

Rules-of-origin made more flexible by June 1998 decision that reduced local value-added tax from 45 percent to 35 percent. Admitted as a full member in June 1998, Egypt ratified the COMESA treaty in January 1999 and began importing COMESA products that are lower-priced than sources in the EU and other economic blocks. Over \$5 billion in COMESA funds to be spent revamping the region's transportation and communications sectors. Completion of Advance Cargo Information System on member-wide railway lines is expected to ease movement of commercial goods and passengers within the region. USAID has pledged \$6 million to support economic integration in the region as well democracy and conflict management projects.

**U.S. trade with COMESA countries,\* 1994-98**

(Thousand dollars)

	1994	1995	1996	1997	1998
U.S. exports .....	978,509	1,038,782	1,064,057	1,046,962	1,044,534
U.S. imports .....	3,135,563	3,351,400	3,798,567	4,243,094	3,338,048
U.S. trade balance .....	-2,157,053	-2,312,617	-2,734,510	-3,196,131	-2,293,516

\* Does not include trade with Egypt.

**Table 2-9—Continued**  
**Regional economic integration in Sub-Saharan Africa, 1998-99**

**Southern African Development Community (SADC)**

*Members:*

Angola, Botswana, DROC, Lesotho, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Seychelles, Tanzania, Zambia, and Zimbabwe. Invitations to Kenya and Uganda to join were extended in August 1997.

*Population:*

185 million (1997).

*GDP:*

\$185.9 billion (1997).

*Goals:*

Recent goals include resolving the impact of tariff reduction on member states with small economies (countries that trade almost exclusively within the region could lose up to 90 percent of their customs revenue). Other goals are to promote mutually beneficial economic cooperation and integration, and to promote cross-border investment and trade as well as freer movement within the region of factors of production, goods, and services. Free trade area by 2004.

*Status:*

The June 1999 SADC meeting indicated that the January 2000 start date for a finalized free trade area is unrealistic because of the number and complexity of issues regarding relations with other regional trade groups.

*Obstacles:*

After ratification of trade protocol, small and medium-sized businesses producing for local markets may experience short and medium-term adjustment difficulties. Main problem with trade protocol negotiations is the effect that tariff-free SADC exports to the stronger economies of Botswana, Lesotho, Namibia, Swaziland, and South Africa will have on the weaker SADC economies. (South African exports to SADC members were \$3.4 billion in 1998, while SADC export to South Africa were only \$600 million in 1998.) Member countries would have to raise internal taxes to compensate for lost customs revenue after trade protocol implementation. Projected inclusion of SADC members in the EU-South Africa free trade agreement is raising concern that the SADC will not be able to contend with high-tech EU competition.

*1998-99 developments:*

In September 1998, the 18th SADC summit took place in Mauritius, where members were urged to ratify the trade protocol. In April 1999, the first SADC - U.S. Forum was held in Botswana during which U.S. Under Secretary of State for Economic, Business, and Agricultural Affairs Eizenstat encouraged joint U.S.-SADC efforts to create more liberal and open markets as well as increased economic integration.

**U.S. trade with SADC countries, 1994-98**

(Thousand dollars)

	1994	1995	1996	1997	1998
U.S. exports .....	2,654,326	3,427,738	3,794,764	3,583,984	4,234,358
U.S. imports .....	6,803,759	5,356,979	5,940,315	6,474,855	6,181,509
U.S. trade balance .....	-2,249,432	-1,929,241	-2,144,551	-2,890,872	-1,947,150



**Table 2-9—Continued**  
**Regional economic integration in Sub-Saharan Africa, 1998-99**

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**Southern African Customs Union (SACU)**

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*Members:*

Botswana, Lesotho, Namibia, South Africa, and Swaziland.

*Population:*

46.6 million (1997), 87 percent in South Africa.

*GDP:*

\$142.3 billion (1997), 90.1 percent from South Africa.

*Goals:*

To promote free trade and cooperation on customs matters among the member states. To transfer power from current SACU administrator South Africa to the newly formed SACU Secretariat.

*Status:*

South Africa currently administers SACU policy. In April 1999, a new SACU secretariat was supposed to assume these powers, yet prolonged negotiations have delayed this implementation.

*Obstacles:*

Issues that must be resolved include structuring the new SACU secretariat and revising the revenue-sharing program. Under the current program, South Africa would pay other SACU members more than it takes in; but an abrupt change in the system would destabilize the region unnecessarily. Current problems include a delay (sometimes up to 2 years) for members to receive their repayments from the common customs pool; eliminating the excise tax from the shared tax pool could lead to members states imposing varying border tax rates thus discouraging harmonization; and under the current revenue-sharing formula South Africa makes up 82 percent of the region's trade but receives a disproportionate 18 percent of the customs revenue.

*1998-99 developments:*

SACU is currently being renegotiated, but completion date is unknown because of South Africa's desire to revamp the revenue-sharing program. South Africa's proposal for a new revenue sharing program is based on each member's intra-SACU imports; the proposal also includes a 4-year moving average to stabilize any significant revenue drops. All members have agreed to eliminate excise taxes from the shared tax pool.

**U.S. trade with SACU countries, 1994-98**

(Thousand dollars)

	1994	1995	1996	1997	1998
U.S. exports .....	2,161,963	2,763,911	3,111,880	3,000,943	3,589,573
U.S. imports .....	2,164,074	2,334,296	2,469,506	2,712,921	3,249,907
U.S. trade balance .....	-2,111	429,615	642,378	288,022	339,666

**Table 2-9—Continued**  
**Regional economic integration in Sub-Saharan Africa, 1998-99**

**Tripartite Commission for East African Co-operation (EAC)**

*Members:*

Kenya, Tanzania, and Uganda. A January 1999 decision opened membership discussions with Rwanda and Burundi.

*Population:*

119 million (1997).

*GDP:*

\$30.2 billion (1997).

*Goals:*

Elimination of tariffs by January 2000 has been pushed back to July 2000 because of necessary technical adjustments. Ultimate goal is a free trade zone. Eventual reduction of inflation below 10 percent by 2000; lowering budget deficits to less than 5 percent of GDP; raising foreign exchange reserves to value of 6 months of imports.

*Status:*

EAC Treaty was to be ratified by July 1999. It will eventually establish zero tariff rates between the EAC members, yet to protect revenue and infant industries, a 10 percent surcharge will be permitted on exempted products. After treaty ratification, EAC members will be able issue a single common passport that will facilitate travel throughout the region. Rwanda has applied for membership in hopes of obtaining lower transportation costs and increased regional trade. Once the EAC Treaty is signed, Rwanda is expected to become the next additional member. Burundi is expected to join as well. Joint foreign policy memorandum signed at January 1999 EAC summit. EAC dropped sanctions against Burundi because of pressure from EAC business community and individual regional governments.

*Obstacles:*

EAC countries are experiencing a regional economic slump, and it is difficult for these small economies to grow in isolation from other regional groups. Bureaucratic obstacles and revenue problems for some of the EAC members will most likely prevent full elimination of internal tariffs. Problems with free trade area include the following: Kenya dominates the zone, and there is little trade between Tanzania and Uganda; differing levels of duty and taxation complicate a universal elimination; a common external tariff (necessary for an effective free trade area) would mean Tanzania and Uganda would have to forfeit revenue generating import taxes; and elimination of internal EAC duties would increase trade between the countries.

*1998-99 developments:*

The EU pledged ECU 3 million in October 1998 to the EAC to facilitate economic integration. The British Government is helping the EAC establish a management information system to create information and record databases. Germany is assisting the regional group with studies on investment, customs duties, and scientific research capabilities. The World Bank is funding a number of EAC studies on tariff harmonization, private sector development, and (along with the EU) transportation infrastructure. Other recent funding includes a \$43 million communications development project for EAC members through the European Investment Bank and the East African Development Bank, a United Nations Development Program study, a United Nations Economic Commission for Africa study, an agreement with the African Development Bank/Fund on regional road improvement, and an agreement with the East African Development Bank on financing an automated postal system service.

**U.S. trade with EAC countries, 1994-98**

(Thousand dollars)

	1994	1995	1996	1997	1998
U.S. exports .....	244,718	200,654	167,588	321,424	292,047
U.S. imports .....	160,750	137,013	134,392	178,995	146,245
U.S. trade balance .....	83,967	63,641	33,196	142,429	145,802

**Table 2-9—Continued**  
**Regional economic integration in Sub-Saharan Africa, 1998-99**

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**Intergovernmental Authority on Development (IGAD)**

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*Members:*

Djibouti, Eritrea, Ethiopia, Kenya, Somalia, and Uganda.

*Population:*

119.3 million (1997).

*GDP:*

\$30.2 billion (1997).

*Goals:*

Group focuses on economic cooperation and regional integration to combat the effects of drought and desertification, and political and social issues including conflict prevention and resolution.

*Status:*

Main focus of the group is on transportation and communications infrastructure cooperation. Regional roadways are in ill repair, and members are favoring rail line rehabilitation to improve transit and transport. The Addis-Djibouti railroad is to be commercialized by Ethiopia and Djibouti.

*Obstacles:*

Renewed fighting between Ethiopia and Eritrea has caused regional concerns, but IGAD officials feel confident that the two countries will resolve their problems soon.

*1998-99 developments:*

In 1998, members initiated negotiations to resolve Sudan's internal conflicts. IGAD held its 18th ministerial meeting in February 1999. In November 1998, IGAD began extensive preparations for the east African sub-regional action program against desertification.

**U.S. trade with IGAD countries**

(Thousand dollars)

	1994	1995	1996	1997	1998
U.S. exports .....	382,991	314,352	289,156	404,042	360,446
U.S. imports .....	180,205	147,779	152,236	223,316	168,925
U.S. trade balance .....	202,786	166,573	136,921	180,726	191,521

**Table 2-9—Continued**  
**Regional economic integration in Sub-Saharan Africa, 1998-99**

**Indian Ocean Commission (IOC)**

*Members:*

Comoros, France (representing the French Overseas Department of Réunion) Madagascar, Mauritius, and Seychelles.

*Population:*

15.8 million (1997), 85 percent in Madagascar.

*GDP:*

\$8.9 billion (1997).

*Goals:*

Strengthen political and strategic dialogue with the hope of achieving representation in the EU. To represent IOC members' interests in other regional and international organizations and associations. Eventual tariff reduction among members.

*Status:*

Organizes annual regional trade fairs. Has received aid from the EU for over 20 development projects.

*Obstacles:*

Geographic distances between members and island conditions equate to high transportation and communication costs that can interfere with exchanges of goods, people and communication. IOC's mandate is limited by its budget even with the inclusion of French (Réunion) funds. The group also experiences an irregular payment of dues as well as the inability to pay qualified staff members.

*1998-99 developments:*

In conjunction with the mid-1999 summit meeting, Madagascar allowed France to remain IOC Chair for the year. The chairmanship rotates, and each Chair hosts the annual summit. In addition, France has promised budget support to Madagascar.

**U.S. trade with IOC countries,\* 1994-98**

(Thousand dollars)

	1994	1995	1996	1997	1998
U.S. exports . . . . .	72,421	36,492	135,600	43,468	43,601
U.S. imports . . . . .	282,904	291,487	270,970	302,776	341,362
U.S. trade balance . . . . .	-210,483	-254,995	-135,370	-259,309	-297,761

\* Data does not include France (representing Réunion).

Sources: U.S. Department of Commerce data, compiled by USITC staff; World Bank, World Bank Development Report 1999, tables 1.1 and 4.2; CIA, World Factbook, <http://www.odci.gov/cia/publications/factbook/index.html>; official statistics of the Department of Commerce compiled by USITC staff; Stat-USA, Country Commercial Guides, <http://www.stat-usa.gov>; various U.S. Department of State telegrams; and Africanews Online, various editions; Business Africa, various issues; EIU, Country Profiles, various editions; Indian Ocean Commission White Paper "The Future of the Indian Ocean Commission: Strategic Reflections on Regional Cooperation in the Next Ten Years," produced by the European Center for Development Policy Management, October 1998; "SADC Trade Protocol, May 1999," U.S. Information Agency, <http://www.usia.gov/abtusia/posts/SFT/wwwhe2e.html>.

**Table 2-10**  
**Sub-Saharan Africa: Revenue from privatization, by sectors, 1992-97**  
*(Million dollars)*

Sector	1992	1993	1994	1995	1996	1997
Infrastructure .....	9,715	5,360	9,399	9,240	15,063	37,370
Telecommunications .....	3,007	1,083	6,069	3,691	3,814	12,863
Energy .....	4,892	1,741	2,180	4,523	6,156	17,979
Manufacturing .....	7,118	7,491	6,091	5,797	3,546	7,795
Steel .....	1,614	2,900	1,219	135	193	916
Chemicals .....	315	415	1,285	291	488	1,222
Construction .....	732	491	790	592	745	318
Other manufacturing .....	4,528	3,685	2,798	4,769	2,120	3,743
Primary sector .....	3,394	6,215	4,068	4,336	2,787	12,932
Petroleum .....	2,760	5,162	2,115	2,781	1,687	7,956
Mining .....	382	187	1,220	618	468	4,418
Financial services .....	5,263	3,411	1,065	1,933	2,895	3,445
Banking .....	5,099	2,464	779	1,853	2,646	3,055
Other services .....	621	1,184	1,088	606	1,108	5,031
Total .....	26,111	23,661	21,712	21,912	25,399	66,573

Source: Global Development Finance, Analysis and Summary Tables, 1999, p. 147.

**Table 2-11**  
**Sub-Saharan Africa: Privatization revenues by countries, 1992-97**  
*(Million dollars)*

	1992	1993	1994	1995	1996	1997
Côte d'Ivoire .....	10	5	19	74	103	263
Ghana .....	15	28	476	87	186	68
Kenya .....	12	10	19	13	137	24
Mozambique .....	9	6	2	26	38	21
Nigeria .....	114	541	24	(1)	(1)	(1)
South Africa .....	(1)	(1)	(1)	(1)	122	1,287
Tanzania .....	3	27	5	77	13	16
Uganda .....	12	19	24	47	30	20
Zambia .....	(1)	3	14	69	30	302
Zimbabwe .....	(1)	(1)	13	75	(1)	110
Other .....	32	2	9	5	86	238
Total .....	207	641	605	473	745	2,348

<sup>1</sup> Not available.

Source: Global Development Finance, Analysis and Summary Tables, 1999, p. 146.

foreign currency.<sup>36</sup> Efforts were also initiated to reform exchange controls, although many restrictions remain (table 2-12).

## Global Investment Trends

Countries in Sub-Saharan Africa received an estimated \$5.2 billion in foreign private investment in 1998,<sup>37</sup> a 22.4 percent decrease from 1997 (table 2-13).<sup>38</sup> This is a significant decline from the average annual growth of 45.4 percent during the preceding 5 years. Sub-Saharan Africa accounted for 3.1 percent of investment flows to developing countries in 1998, down from 3.5 percent in 1997, and a peak of 5.9 percent in 1995. The decline in foreign investment primarily reflects a 35-percent decrease in the flow of private funds to South Africa from \$1.7 billion in 1997, to \$1.1 billion in 1998. The performance of the remaining Sub-Saharan countries in attracting FDI and portfolio investment flows in 1998 was mixed.

## Global Foreign Direct Investment

Sub-Saharan Africa received an estimated \$4.8 billion in FDI flows in 1998 (table 2-13).<sup>39</sup> Direct investment in Sub-Saharan Africa increased at an average annual rate of 28.6 percent in 1992-97, before declining by 7.7 percent in 1998,<sup>40</sup> in large part because South Africa's particularly strong performance in privatization in 1997 was not sustained. The 1997 sale of 30 percent of South African Telkom to a foreign consortium, including SBC and Malaysia Telekom, raised \$1.3 billion.<sup>41</sup>

Total FDI flows to all developing countries declined by 5 percent to \$154.9 billion in 1998. Sub-Saharan Africa's share of total direct investment to developing countries also declined slightly to 3.1 percent in 1998, from 3.2 percent in 1997, and from an average of 3.3 percent in 1992-95.<sup>42</sup> A few countries, including China, Brazil, and Mexico, continue to absorb a large share of FDI flows to developing countries.<sup>43</sup>

FDI flows to Sub-Saharan Africa are unevenly distributed. In 1997, South Africa and Nigeria accounted for 62.5 percent of the flows, while the next five countries received 23.4 percent (table 2-14).

<sup>36</sup> Ibid., p. 148.

<sup>37</sup> The latest country-specific data available for Sub-Saharan Africa is for 1997. Only aggregate data are available for 1998.

<sup>38</sup> Percentage changes are calculated using unrounded data; World Bank, *GDF, 1999*, Country Tables, pp. 14 and 38.

<sup>39</sup> World Bank, *GDF, 1999*, Country Tables, p. 38.

<sup>40</sup> Ibid.

<sup>41</sup> Ibid.

<sup>42</sup> Ibid., pp. 14-38

<sup>43</sup> Ibid., p. 51.

Forty-seven countries shared the remaining 14 percent.<sup>44</sup> FDI in 1997 was largely driven by the privatization of public enterprises, mainly in telecommunications, energy, and mining. For example, Cape Verde, Côte d'Ivoire, Ghana, Senegal, and South Africa divested telecommunication companies, selling significant stakes to foreign investors. Zambia privatized copper mines, and Kenya and Mozambique transferred hotels and banks, respectively, to private ownership.<sup>45</sup>

France is currently the largest source of FDI in Africa, followed by the United Kingdom and the United States.<sup>46</sup> Asian economies, including China, Korea, Malaysia, Singapore, and Taiwan, also invest in the continent, primarily in the southern region.<sup>47</sup> For example, in 1997, the Government of Singapore, in partnership with private interests, created a \$100 million fund to support investments by Singapore firms in southern Africa. These firms will reportedly seek investment opportunities in infrastructure development and in the hotel and tourism and manufacturing sectors.<sup>48</sup>

## Global Foreign Portfolio Investment

Portfolio equity funds in Africa are invested through stock exchanges in Africa, and also through other exchanges via mutual funds managed and traded overseas. Portfolio equity flows to Sub-Saharan Africa plummeted by 76 percent to \$366 million in 1998, from \$1.5 billion in 1997 (table 2-13). This is largely a reflection of the decline in foreign equity investment in South Africa in 1998, due to high interest rates and a devaluation of the rand, South Africa's currency. In 1997, South Africa accounted for \$1.4 billion of portfolio equity flows, or 93.3 percent of flows to Sub-Saharan Africa (table 2-15).<sup>49</sup>

Today, 15 stock exchanges are operating in Sub-Saharan Africa, with a combined market capitalization of \$183 billion (table 2-16).<sup>50</sup> The Johannesburg Stock Exchange (JSE) in South Africa is the largest and the most active on the continent. With capitalization of \$170 billion, the JSE accounted for 92 percent of the total market capitalization of all

<sup>44</sup> Ibid., pp 38-600.

<sup>45</sup> The World Bank, *GDF, 1998*, Analysis and Summary Tables, p. 146.

<sup>46</sup> UNCTAD, *World Investment Report 1998*, p. 166.

<sup>47</sup> Ibid.

<sup>48</sup> Government of Angola, "International Investment Capital Funds Launched for Southern Africa," found at Internet address <http://angola.org/news/mission/october97/investment.html>, retrieved June 4, 1999.

<sup>49</sup> The World Bank, *GDF, 1998*, Country, Tables, pp. 38 and 492.

<sup>50</sup> MBENDI, "Africa's Stock Exchanges," found at Internet address <http://mbendi.co.za/exaf.htm>, retrieved May 24, 1999.

**Table 2-12**  
**Foreign exchange regimes in selected Sub-Saharan African countries**

	Exchange controls
Angola .....	Approval required.
Botswana .....	Liberal. Some conditions apply.
Côte d'Ivoire .....	Approval required.
Gabon .....	Approval required. Preferential treatment to franc zone.
Ghana .....	Liberalized. Exchange control act is being further revised.
Kenya .....	None.
Lesotho .....	Exchange controls apply for transfers outside the common monetary area and Southern Africa Customs Union.
Malawi .....	None.
Mauritius .....	None.
Mozambique .....	Approval required.
Namibia .....	Exchange controls apply for transfers outside the common monetary area.
Nigeria .....	Approval required.
Senegal .....	Exchange controls apply for transfers outside the franc zone.
South Africa .....	Maintains several capital controls to prevent large capital outflows.
Swaziland .....	Approval required.
Tanzania .....	Government plans to remove all export controls.
Uganda .....	Liberalized. New liberal act under consideration.
Zambia .....	None.
Zimbabwe .....	Approval from Zimbabwe Investment Center required.

Source: Ernst & Young Africa Group, found at Internet address <http://MBENDI.co.za/ernsty>, retrieved May 5, 1999; and U.S. Department of State telegrams prepared by various U.S. embassies in African countries.

**Table 2-13**  
**Sub-Saharan Africa: Foreign private investment inflows, 1991-98**

	1991	1992	1993	1994	1995	1996	1997	1998
	<i>(Billion dollars)</i>							
<b>Sub-Saharan Africa:</b>								
Net FDI .....	1.6	1.6	1.9	3.3	3.5	4.3	5.2	4.8
Portfolio equity .....	-	.1	.2	.9	4.9	2	1.5	.4
Total foreign investment	1.6	1.7	2.1	4.2	8.4	4.5	6.7	5.2
<b>All developing countries:</b>								
Net FDI .....	34.4	46.1	67	88.5	105.4	126.4	163.4	155.0
Portfolio equity .....	7.6	14.1	51	35.2	36.1	49.2	30.2	14.1
Total foreign investment	42.0	60.2	118	123.7	141.5	175.6	193.6	169.1
	<i>(Percent)</i>							
<b>Sub-Saharan Africa as share of developing countries:</b>								
Net FDI .....	4.7	3.4	2.8	3.8	3.3	3.4	3.2	3.1
Portfolio equity .....	-	0.7	.3	2.6	13.5	4.1	5	2.8
Total foreign investment	3.9	2.8	1.7	3.4	5.9	2.6	3.5	3.1

<sup>1</sup> Preliminary.

Source: World Bank, *Global Development Finance 1999, Country Tables*, Apr. 1999, pp. 14 and 38.



**Table 2-14**  
**Sub-Saharan Africa: Top recipients of FDI flows, 1996-97**

	Country	1996	1997	Change
		<i>Million dollars</i>		<i>Percent</i>
1	South Africa .....	758	1,725	127.6
2	Nigeria .....	1,593	1,539	-3.4
3	Angola .....	300	350	16.7
4	Côte d'Ivoire .....	206	327	58.7
5	Uganda .....	121	180	48.8
6	Tanzania .....	150	158	5.3
7	Botswana .....	90	100	11.1
8	Swaziland .....	13	75	476.9
9	Zambia .....	58	70	20.7
10	Zimbabwe .....	63	70	11.1

Source: The World Bank, *Global Development Finance* 1998, country tables.

**Table 2-15**  
**Sub-Saharan Africa: Top recipients of foreign portfolio equity flows, 1996-97**

	Country	1996	1997	Change
1	South Africa .....	1,759	1,393	-20.8
2	Ghana .....	124	46	-62.9
3	Mauritius .....	34	24	-29.4
4	Zimbabwe .....	17	16	-5.9
5	Kenya .....	43	12	-72.1
6	Nigeria .....	5	4	-20.0

Source: The World Bank, *Global Development Finance* 1998, country tables.

**Table 2-16**  
**Stock exchanges in Sub-Saharan Africa, 1998**

Country	No. of listed companies	Market capitalization	Comments
		(Million U.S. dollars)	
Botswana	14	724	Established in 1995.
BRVM <sup>1</sup>	35	1,818	Created in September 1998. Serves Benin, Burkina Faso, Côte d'Ivoire, Guinea Bissau, Mali, Niger, Senegal, and Togo.
Ghana	21	1,384	Established in 1990.
Kenya	58	2,024	The Nairobi Stock Exchange was open to foreign investors in 1995, after 30 years.
Malawi	31	( <sup>2</sup> )	Established in 1996.
Mauritius	40	1,849	Established in 1990.
Mozambique	( <sup>2</sup> )	( <sup>2</sup> )	Planned in 1998.
Namibia	38	429	Established in 1992.
Nigeria	186	2,887	Established in 1960.
South Africa	668	170,252	The Johannesburg Stock Exchange was established in 1887. In 1995, major reform restructured membership, trading principles and systems, clearing and settlement, transfer and registration, capital requirements of member firms and financial structure of the exchange.
Swaziland	5	85	Established in 1990.
Tanzania	( <sup>2</sup> )	( <sup>2</sup> )	Established in 1998.
Zambia	8	293	Lusaka Stock Exchange was established in 1994.
Uganda	( <sup>2</sup> )	( <sup>2</sup> )	Established in 1997.
Zimbabwe	67	1,310	Established in 1896 and opened to foreign investment in 1993.

<sup>1</sup> Bourse Regionale des Valeurs Mobilières. Data retrieved from MBENDI, *Africa's Stock Exchanges*, found at <http://mbendi.co.za/exaf.htm>, retrieved May 25, 1999.

<sup>2</sup> Data unavailable.

Source: International Finance Corporation, *Emerging Stock Markets Factbook*, 1999, Apr. 1999, various pages; except as noted.

exchanges in Sub-Saharan Africa in 1998. In 1998, the JSE listed 668 companies,<sup>51</sup> most of which operate in the country's gold-mining industry. The exchanges in Sub-Saharan Africa were created or significantly reformed in the 1990s. In September 1998, the Abidjan Stock Exchange in Côte d'Ivoire was replaced by the first regional exchange, *Bourse Régionale des Valeurs Mobilières* (BRVM), which serves the members of the WAEMU.<sup>52</sup> The BRVM opened with the 35 companies on the Abidjan exchange. A second regional exchange is planned for Cameroon, Central African Republic, Chad, ROC, Equatorial Guinea and Gabon, which already

share a common currency (CFA franc) and central bank. A separate exchange for Gabon is also under consideration.<sup>53</sup>

In 1998, the performances for individual stock exchanges in terms of returns and market capitalization were mixed. Some exchanges experienced negative returns on investment and saw market capitalization decline, while others witnessed strong performances on both counts. The exchanges that suffered losses in 1998 include Nigeria, South Africa, and Zimbabwe, where returns on investment fell by 25.1 percent, 28.3 percent, and 57.9 percent, respectively, because of currency depreciations,

<sup>51</sup> International Finance Corporation (IFC), *Emerging Stock Markets Factbook* 1999, p. 308.

<sup>52</sup> MBENDI, "Bourse Régionale des Valeurs Mobilières (BRVM - Regional Stock Exchange)," found at Internet address <http://mbendi.co.za/exaf.htm>, retrieved May 24, 1999.

<sup>53</sup> BRVM serves Benin, Burkina Faso, Côte d'Ivoire, Guinea Bissau, Mali, Niger, Senegal and Togo; MBENDI, "Stock Exchange Performance," *Africa's Stock Exchanges*, found at Internet address <http://mbendi.co.za/exaf.htm>, retrieved June 8, 1999.

depressed commodity prices (gold in the case of South Africa, and oil for Nigeria), and higher interest rates. The market capitalization of all three exchanges also contracted. Uncertainty over global markets, which reduced the average rate of return of emerging markets worldwide by 21.1 percent in 1998, also contributed to the deteriorating performances of these exchanges.<sup>54</sup> On the other hand, the exchanges in Ghana, Kenya, and Côte d'Ivoire (BRVM), returned 1.3 percent, 13.8 percent, and 10.8 percent, respectively, on investment. Ghana and Côte d'Ivoire earned investor confidence through market reforms and vigorous privatization programs. These two countries also saw their market capitalization grow in 1998 as a result.<sup>55</sup>

Many foreign portfolio equity flows to Africa are channeled through mutual funds. While many mutual funds add African shares to their diversified emerging market holdings, others are dedicated wholly to African stocks. In 1998, a majority of these funds posted negative returns, reflecting negative returns in the largest Sub-Saharan African markets. For example, the New South Africa Fund lost 34.3 percent of its value, while the Simba Fund lost 14 percent.<sup>56</sup>

## U.S. Direct Investment in Sub-Saharan Africa

U.S. gross direct investment flows to Sub-Saharan Africa declined by 43.2 percent, from \$3.8 billion in 1997 to \$2.2 billion in 1998.<sup>57</sup> Similarly, U.S. direct investment flows to Sub-Saharan Africa as a share of total U.S. direct investment abroad declined from 3.3 percent in 1997 to 1.7 percent in 1998.<sup>58</sup> Outflows to South Africa declined by 71 percent to \$84 million in 1998, from \$1.2 billion in 1997.

The U.S. direct investment position<sup>59</sup> in Sub-Saharan Africa totaled \$10.3 billion in 1997, representing a 50-percent increase from 1996, largely due to the participation of a U.S. company, SBC, in the 1997 privatization of South Africa Telkom. South Africa hosts most U.S. assets in Sub-Saharan Africa,

<sup>54</sup> IFC, *Emerging Stock Markets Factbook* 1999, p. 308.

<sup>55</sup> Ibid., p. 16.

<sup>56</sup> Warburg Dillon Read, *Trustnet*, found at Internet address <http://www.trustnet.co.uk/>, retrieved June 10, 1999.

<sup>57</sup> USDOC, BEA, "U.S. Direct Investment Abroad," found at Internet address, <http://www.bea.doc.gov/>, retrieved June 9, 1999.

<sup>58</sup> Ibid.

<sup>59</sup> U.S. direct investment position measures the value of the net accumulated stock of capital that U.S. parent firms have provided to their foreign affiliates. USDOC, BEA, *Survey of Current Business*, Mar. 1995, p. 40.

<sup>60</sup> The most recent data available on country-specific U.S. investment abroad is for 1997.

followed by Nigeria and Angola.<sup>61</sup> U.S. holdings are principally in the manufacturing sector in South Africa, and in petroleum in Nigeria and Angola.<sup>62</sup>

## U.S. Portfolio Investment in Sub-Saharan Africa

Few Sub-Saharan African companies list their stocks on U.S. exchanges. U.S. portfolio investment in Sub-Saharan Africa is largely channeled through mutual funds managed by U.S. investment companies. As noted, these funds integrate stocks of Sub-Saharan African companies with those of other emerging markets or concentrate exclusively on Sub-Saharan African stocks. For example, Calvert New Africa Fund has 54 percent of its capital invested in South Africa, and smaller amounts in Botswana, Kenya, Ghana, and Zimbabwe.<sup>63</sup> Sub-Saharan African stocks generally experienced a substantial decline in 1998. For example, the returns of the Calvert New Africa Fund dropped by 15.6 percent, and those of Merrill Lynch's Mideast/Africa Funds declined by 29.2 percent during the year ended August 31, 1998.<sup>64</sup> Morgan Stanley's Africa Investment Fund posted a 21.9 percent loss during the year ended March 31, 1999.<sup>65</sup> During the 12-month period ending June 10, 1999, the Southern Africa Fund lost 13.1 percent of its value, while the New South Africa Fund declined by 34.3 percent.<sup>66</sup>

## U.S. Government Programs to Encourage Investment in Sub-Saharan Africa

In 1998, a bill designed to promote U.S. trade and private investment in Sub-Saharan Africa, "The African Growth and Opportunity Act," was introduced in Congress.<sup>67</sup> The bill would provide for measures

<sup>61</sup> U.S. Department of State, "U.S. Trade and Investment in Sub-Saharan Africa," Mar. 27, 1998, found at Internet address <http://www.state.gov/>, retrieved May 22, 1998.

<sup>62</sup> USDOC, BEA, "U.S. Direct Investment Position Abroad on a Historical-Cost Basis, 1997," found at Internet address <http://www.bea.doc.gov/bea/di/diapos97.htm>, retrieved June 9, 1999.

<sup>63</sup> *USA Today*, "Mutual Fund Managers Sense Opportunity in Africa," Apr. 21, 1998, found at Internet address <http://www.usatoday.com/money/>, retrieved May 21, 1998.

<sup>64</sup> *Wall Street Journal*, *Mutual Funds Quarterly Review*, found at Internet address <http://update.wsj.com/>, retrieved June 10, 1999.

<sup>65</sup> Morgan Stanley, found at Internet address <http://www.ms.com/>, retrieved June 10, 1999.

<sup>66</sup> *Trustnet*, found at Internet address <http://www.trustnet.co.uk/>, retrieved June 10, 1999.

<sup>67</sup> African Growth and Opportunity Act, H.R. 434, 1999, S.666, Library of Congress, found at Internet address <http://thomas.loc.gov/>, retrieved June 10, 1999. See also USITC, *U.S.-Africa Trade Flows and Effects of the Uruguay Round Agreement and U.S. Trade and*

to strengthen the Sub-Saharan African private sector and authorize the Administration to negotiate with Sub-Saharan African countries to eliminate trade and investment barriers and to establish free trade zones. The bill is still awaiting passage.<sup>68</sup>

The Clinton Administration established a \$500 million “Investment Fund for Africa” to support private equity investment in infrastructure in 1997.<sup>69</sup> The fund is intended to support privately sponsored projects in power, communication, water, and transportation in Sub-Saharan Africa. In addition, a “Modern Africa Growth and Investment Fund”

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<sup>67</sup>—Continued  
*Development Policy, Fourth Annual Report*, Oct. 1998, publication no. 3139, for background information on the African Growth and Opportunity Act.

<sup>68</sup> Ibid.

<sup>69</sup> Overseas Private Investment Corporation (OPIC), “President Clinton Announces \$500 Million OPIC Investment Fund,” Press Release, Mar. 28, 1998, found at Internet address <http://www.opic.gov>, retrieved May 21, 1998.

designed to provide equity capital to private companies seeking to expand their operations regionally was allocated \$150 billion. The Administration also established a \$120 million “New Africa Opportunity Fund” in 1996 to support private investment in countries in Southern Africa.<sup>70</sup> All of these funds are administered by the Overseas Private Investment Corporation (OPIC). OPIC also manages \$120 million of the “Global Environment Emerging Markets Fund II”, and \$300 million of the “Aqua International Partners Funds” intended for Africa.<sup>71</sup> Other government programs encouraging trade and investment in Sub-Saharan Africa are discussed in chapter 3.

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<sup>70</sup> Ibid.

<sup>71</sup> OPIC, “OPIC’s President Calls for Stronger Business Partnerships with Africa,” press release, Mar. 17, 1999, found at Internet address <http://www.opic.gov>, retrieved May 5, 1999.



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# CHAPTER 3

## Finance, Trade, and Development Issues Affecting Trade and Investment Opportunities

U.S. trade and investment relationships with countries in Sub-Saharan Africa are influenced by a number of factors. U.S. export and investment relationships with the region are affected by policies and programs of the Eximbank, TDA, OPIC, and various programs for agricultural exports operated by the USAID and the USDA, as well as Congress.<sup>1</sup> The nature and level of U.S. imports from Sub-Saharan Africa are similarly influenced by changes in the U.S. GSP program and other measures.

Concessional lending through the International Development Association (IDA) of the World Bank and the AfDF of the AfDB plays an important role in financing economic development programs in the region. The United States is a shareholder in both the World Bank and the AfDB; thus, it has an important voice in these banks' operations, and U.S. companies are eligible to bid on their funded procurement opportunities. U.S. economic assistance programs to Sub-Saharan Africa are largely provided through grants and are administered by USAID. USAID's development assistance programs in Sub-Saharan Africa promote development activities in health, education, agriculture, finance and business development, and democratic institutions. Other USAID-administered programs in Sub-Saharan Africa include food assistance, disaster-relief assistance, and balance of payments support through the Economic Support Fund.

This chapter summarizes (1) developments in multilateral assistance to Sub-Saharan Africa, and (2) general developments in the WTO. Table 3-1 provides an overview of these activities. Specific actions taken by WTO members to meet obligations under the Uruguay Round Agreements (URA) and specific developments in U.S. trade, economic, and commercial policies affecting U.S. trade and investment with the region in major sectors are discussed in chapter 4.

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<sup>1</sup>USDA administers Title I of P. L. 480, which provides sales of U.S. agricultural commodities using long-term concessional credit. U.S. agricultural export programs are discussed in chapter 4.

### Developments in Multilateral Assistance to Sub-Saharan Africa

The World Bank Group and the AfDB are major sources of multilateral assistance for Sub-Saharan Africa.<sup>2</sup> Lending by the World Bank and AfDB finances specific development projects, and therefore can generally be classified by sector. In addition to these two organizations, the IMF provides concessional loans to countries experiencing balance-of-payments difficulties. These loans cannot be classified by sector.

#### *The World Bank Group*

#### **The World Bank/International Development Association**

World Bank loans generally support specific development projects and sector-specific investment programs. The Bank also grants policy-oriented structural and sectoral adjustment loans, so developing countries can implement the national policy changes and institutional reforms needed to improve their balance of payments and to restore balanced economic growth. The International Development Association (IDA), part of the World Bank Group, is responsible for concessional lending. It provides long-term loans that are interest-free to eligible borrowers from developing countries. The primary goal of IDA is to

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<sup>2</sup>The World Bank Group comprises the IBRD or World Bank, the IFC, and the MIGA. MIGA offers investment insurance to encourage foreign investment in its developing country members. The IFC promotes private investment in its members by financing private sector projects that lack government guarantees. As with the World Bank and the AfDB, share capital for MIGA and the IFC is provided by the member countries, which collectively determine the policies and activities of these institutions. The United States is a shareholder in both MIGA and the IFC.

**Table 3-1****Summary of general developments in the World Trade Organization and in multilateral and U.S. trade and assistance for Sub-Saharan Africa, 1998-99**

Institution/activity	1998 assistance levels for Sub-Saharan Africa	Other developments
World Trade Organization (WTO)	<p>As part of the WTO Trust Fund for Technical Cooperation, individual WTO Members pledged both financial and in-kind contributions—some \$4.5 million in 1998 and early 1999-- to fund instruction for LDC officials about multilateral trade policy and help them implement commitments made under the Uruguay Round Agreements.</p> <p>These projects involve national and regional seminars on trade policy topics, technical missions to assist LDCs with particular obligations, and most currently Information Technology (IT) projects that install IT equipment and develop skills to access trade policy and economic development information via the Internet.</p>	<p>The Integrated Framework process arose out of the High Level Meeting (HLM) on Integrated Initiatives for Least-Developed Countries' Trade Development, held in Oct. 1997, first called for at the WTO Singapore Ministerial Conference in Dec. 1996.</p> <p>The process involves a self-directed needs assessment submitted by individual LDCs to the six core agencies that sponsored the HLM—the IMF, International Trade Centre, UNCTAD, UNDP, World Bank, and WTO— which then review and provide in return an integrated response detailing technical development assistance.</p> <p>By Feb. 1999, roughly 40 needs assessments had been received and reviewed, which will be followed up by “roundtable” discussions designed to enlist additional bilateral and regional aid donors, and finally to prepare a multi-year development plan for each LDC.</p>
<b>Multilateral Economic and Trade Assistance</b>		
The World Bank Group, International Development Association (IDA)/World Bank	Sectoral commitments made by the World Bank to countries in Sub-Saharan Africa in 1998 reached \$2.9 billion.	Representatives of the donor countries are developing the 12 <sup>th</sup> replenishment of IDA, which will finance projects from July 1999 to June 2002. By the end of 1998, 39 donor countries had pledged \$11.6 billion in new IDA commitments. Deputies recommended that Africa's share should be increased to 50 percent of the total.
The World Bank Group: Multilateral Investment Guarantee Agency (MIGA)	In FY 1998, MIGA provided guarantees or coverage for seven projects in Sub-Saharan Africa, totaling approximately \$126.3 million.	In June 1998, MIGA introduced PrivatizationLink, on-line information on privatization for investors. MIGA has entered into partnerships with regional privatization agencies to collect relevant information.



**Table 3-1—Continued****Summary of general developments in the World Trade Organization and in multilateral and U.S. trade and assistance for Sub-Saharan Africa, 1998-99**

<b>Institution/activity</b>	<b>1998 assistance levels for Sub-Saharan Africa</b>	<b>Other developments</b>
<b>Multilateral Economic and Trade Assistance—Continued</b>		
The World Bank Group: International Finance Corporation (IFC)	The IFC supported approximately \$679 million in financing for 81 projects in 23 Sub-Saharan African countries during FY 1998.	In FY 1998, the IFC ran 24 country and regional technical assistance programs in Sub-Saharan Africa.
African Development Bank Group (AfDB)	In 1998, the AfDB approved 133 loans, grants, private equity investments, emergency operations and loan reallocations with a combined value of \$1.74 billion.	In May 1998, the Board of Governors approved the fifth General Capital increase of 35 percent and a restructuring of the capital stock. The Group agreed to the eighth general AfDF replenishment amounting to \$3.53 billion.
International Monetary Fund (IMF)	Total IMF loan disbursements to Sub-Saharan Africa decreased from \$1.3 billion in 1997 to \$1.2 billion in 1998.	During FY 1998, the IMF approved Enhanced Structural Adjustment Facility financing arrangements for fifteen Sub-Saharan African countries: Burkina Faso, Cameroon, Chad, Côte d'Ivoire, Ghana, Guinea, Guinea-Bissau, Mauritania, Mozambique, Niger, Senegal, Sierra Leone, Tanzania, Togo, and Uganda.
Heavily Indebted Poor Countries debt relief (HIPC)	Five countries in Sub-Saharan Africa have qualified for HIPC debt relief totaling around \$6 billion. Uganda qualified for \$650 million in HIPC debt relief in April 1998.	The HIPC debt initiative was agreed to by the IMF and the World Bank in late 1996. The initiative is designed to reduce the debt burden of heavily indebted poor countries to sustainable levels.
<b>U.S. Economic and Trade Assistance</b>		
Export-Import Bank of the United States (Ex-Im Bank)	Ex-Im Bank's support to Sub-Saharan Africa, which consists of loans, guarantees, and insurance, decreased from \$217 million in FY 1997 to \$49 million in FY 1998.	Nigeria and DROC accounted for almost one-half of Ex-Im Bank exposure in Sub-Saharan Africa in 1998.
U.S. Trade and Development Agency (TDA)	TDA's obligations in Sub-Saharan Africa declined to \$3.1 million in FY 1998 from \$4.6 million during FY 1997.	TDA was active in 10 countries in the region. In 1998, TDA invested more than \$1.3 million in aviation projects under President Clinton's Safe Skies for Africa Initiative.
Overseas Private Investment Corporation (OPIC)	OPIC provided \$889 million of project support to Sub-Saharan Africa in FY 1998, representing a \$100 million increase from FY 1997.	New investment agreements were signed with Botswana, Côte d'Ivoire, Equatorial Guinea, Madagascar, Mauritius, São Tomé and Príncipe, and Uganda in 1998.

**Table 3-1—Continued**

**Summary of general developments in the World Trade Organization and in multilateral and U.S. trade and assistance for Sub-Saharan Africa, 1998-99.**

Institution/activity	1998 assistance levels for Sub-Saharan Africa	Other developments
<b>U.S. Economic and Trade Assistance—Continued</b>		
U.S. Generalized System of Preferences (GSP)	In 1998, GSP Imports from Sub-Saharan Africa increased 73.2 percent to \$2.4 billion. Angola was the leader with 65.1 percent of the total, while South Africa came in second place with 22.8 percent.	On July 1, 1998, the U.S. Trade Representative announced changes to the GSP program in Africa. Selected regional trading groups will be permitted to accumulate their value-added contributions on GSP imports to the U.S. This will encourage trade by making it easier for eligible countries to meet the 35 percent value-added requirement for GSP imports. The GSP program expired on July 30, 1999. In the past, Congress has waited up to several months after expiration to renew GSP retroactively.
Development assistance and other economic assistance programs	USAID appropriations increased from \$665 million in FY 1997 to \$700 million in FY 1998.	USAID's regional programs emphasize diverse initiatives such as expanding Internet access, crisis prevention, sustainable economic growth, support for national food security strategies, and small- and medium-scale business development. The Africa Trade and Investment Policy (ATRIP), started in 1998, supports African leaders who want to increase their openness to international trade and investment.

Source: Compiled by USITC staff.

reduce poverty and to promote sustainable, diverse economic growth.<sup>3</sup>

Whereas the World Bank raises most of its funds on the world's financial markets, IDA—which lends only to the very poorest countries—is funded largely by contributions from the governments of the richer member countries.<sup>4</sup> A country must be a member of the World Bank before it can join IDA. IDA then only lends to those countries that had a 1996 per capita income of less than \$925 and lack the financial ability to borrow from the World Bank on market terms. When a country's GDP exceeds the IDA's eligibility threshold and becomes creditworthy enough

to borrow from the World Bank, it is no longer eligible for IDA's interest-free credits. It may then borrow from the World Bank at market-related rates.

IDA's Articles of Agreement became effective in 1960. Every 3 years, member governments are requested to replenish IDA funds. The 11<sup>th</sup> IDA replenishment was held in Tokyo, Japan, in March 1996, and covers fiscal years 1997 to 1999.<sup>5</sup> The donor countries at that meeting endorsed a package that will allow concessional lending of \$22 billion to poor countries, of which \$11 billion will be provided by contributing members. Countries in Sub-Saharan Africa are expected to receive 45 to 50 percent of IDA-11 funds.<sup>6</sup>

<sup>3</sup>International Development Association (IDA), "Overview of the International Development Association," found at Internet address <http://www.worldbank.org/html/extdr/idaao.html>, retrieved June 9, 1999.

<sup>4</sup>The largest pledges to the 11<sup>th</sup> IDA replenishment were made by the United States, Japan, Germany, France, the United Kingdom, and Italy. "Overview of the International Development Association."

<sup>5</sup>IDA, "IDA and the Interim Trust Fund," found at Internet address <http://www.worldbank.org/html/opr/procure/eleven.html>, retrieved June 9, 1999.

<sup>6</sup>IDA, "Overview of the International Development Association."

The IDA-11 agreement included an Interim Trust Fund (ITF) for FY 1997. The ITF was created to cover the shortfall in funds in FY 1997. The United States did not contribute to IDA-11 until fiscal 1998.<sup>7</sup> The United States announced that it would not cover the ITF, but cleared its arrears to IDA-10 in November 1997, and made payment on its first tranche of its pledge to IDA-11 in December 1997. As of June 30, 1998, a total of 42 ITF projects for SDR 1.7 billion had been approved.<sup>8</sup> This total included 31 projects in 1997 for SDR 1.2 billion, and 11 projects in 1998 for SDR 0.5 billion.<sup>9</sup>

Representatives of the donor countries are developing the 12<sup>th</sup> replenishment of IDA, which will finance projects between July 1999 and June 2002. By the end of 1998,<sup>10</sup> 39 donor countries had pledged SDR 8.6 billion (\$11.6 billion) in new IDA commitments. The United States pledged SDR 1.8 billion (\$2.4 billion), representing 20.9 percent of the total. The Japanese share was 18.7 percent with commitments of SDR 1.6 billion (\$2.2 billion). The

<sup>7</sup>For background information on IDA-11, see USITC, *U.S.-Africa Trade Flows and Effects of the Uruguay Round Agreements and U.S. Trade and Development Policy*, publication No. 3067, October 1997, pp. 3-12, 3-13.

<sup>8</sup>Special Drawing Rights (SDRs) are international reserves created by the IMF to supplement other international reserves and are distributed to member nations according to their quotas in the Fund.

<sup>9</sup>World Bank, *The World Bank Annual Report, 1998*, p. 113.

<sup>10</sup>IDA, "The International Development Association, IDA and Africa," Oct. 2, 1996, found at Internet address <http://www.worldbank.org/html/extdr/ida3.html>, retrieved June 9, 1999.

United Kingdom pledged SDR 630 million (\$843 million), while Germany had not yet reported its new commitments to the 12<sup>th</sup> replenishment. Deputies at the 12<sup>th</sup> replenishment recommended that Africa's share of IDA resources should be increased with the aim of reaching 50 percent of total IDA-12 lending, conditioned upon the performance of borrowing countries.

IDA lending reached SDR 5.6 billion (\$7.6 billion) in FY 1998. This level was 43 percent higher than the average annual lending totals of the previous 3 years, but in line with the higher lending levels of the early 1990s (in real terms). Africa receives the largest share of worldwide IDA support, with SDR 2.1 billion in FY1998 representing 38 percent of all IDA commitments. In real terms, this total is also about 40 percent higher than the average of the previous 3 years, but about the same as the average for the first half of the decade. IDA is Africa's most important source of concessional lending, amounting to over \$1 billion per year.<sup>11</sup> In 1998, 98 percent of World Bank disbursements to countries in Sub-Saharan Africa were IDA loans.<sup>12</sup> There are 160 IDA member countries, and 80 countries are eligible to borrow. Sub-Saharan African countries eligible to borrow are listed in table 3-2. IDA funds are distributed to recipient countries based on their size, income level, and success in managing their economies and IDA projects.<sup>13</sup>

<sup>11</sup>IDA, *Additions to IDA Resources: Twelfth Replenishment*, December 23, 1998.

<sup>12</sup>*The World Bank Annual Report, 1998*, p.170.

<sup>13</sup>Botswana, Gabon, Mauritius, Namibia, Seychelles, South Africa, and Swaziland are not eligible to borrow from IDA.

**Table 3-2**  
**World Bank/IDA: eligible borrowers in Sub-Saharan Africa, 1998**

Angola	Ethiopia	Niger
Benin	Eritrea	Nigeria
Burkina Faso	The Gambia	Rwanda
Burundi	Ghana	São Tomé and Príncipe
Cape Verde	Guinea	Senegal
Cameroon	Guinea-Bissau	Sierra Leone
Central African Republic	Kenya	Somalia
Chad	Lesotho	Sudan
Comoros	Liberia	Tanzania
Congo (Brazzaville)	Madagascar	Togo
Congo (Kinshasa)	Malawi	Uganda
Côte d'Ivoire	Mali	Zambia
Djibouti	Mauritania	Zimbabwe
Equatorial Guinea	Mozambique	

Source: IDA, "Current IDA-Eligible Borrowers," (as of May 1998), found at Internet address <http://www.world-bank.org/html/extdr/eligible.htm>, retrieved Apr. 22, 1999.

Sectoral loan commitments made by the World Bank and IDA, and IBRD credits to countries in Sub-Saharan Africa during fiscal years 1994-98, are shown in table 3-3. During FY 1998, the largest loan commitments were in transportation, with loans of \$770.1 million; multi-sector, with loans of \$404.9 million; electric power and other energy, with loans of \$380.3 million; education, with loans of \$372.3 million; and health, population, and nutrition, with loans of \$227.0 million.<sup>14</sup>

There were 57 IDA projects in 29 African countries during FY 1998. The largest borrowers included Ethiopia, Côte d'Ivoire, Senegal, Cameroon, Uganda, Zambia, and Zimbabwe. Ethiopia borrowed SDR 489 million (\$669.2 million) for projects in education, agriculture, and infrastructure. In Côte d'Ivoire, SDR 249 million (\$341.9 million) went toward education, transportation, urban land management, private sector development, and debt relief. Senegal borrowed SDR 171 million (\$233.0 million) for the energy sector, agriculture, urban development, and health. Complete listings of IDA lending to Sub-Saharan Africa are presented in table 3-4.

As shown in table 3-4, World Bank projects approved for Sub-Saharan Africa in FY 1998 totaled almost \$2.9 billion. The two largest single loan commitments approved in FY 1998 were in Ethiopia—\$309.2 million for road sector development and \$200.0 million for an energy project. Côte d'Ivoire borrowed \$180.0 million for its transport sector, while Cameroon borrowed \$180.0 million as part of a third structural adjustment project. Other large projects included a \$100.0 million energy sector adjustment credit and a \$75.0 million urban development and decentralization program in Senegal, a \$75.0 million power rehabilitation project in Zambia, and a \$70.0 million public expenditure management adjustment credit in Guinea.<sup>15</sup>

## Other World Bank Programs

In addition to its loans and IDA credits in Sub-Saharan Africa, the World Bank is involved with programs in partnership with other organizations. For example, communication links are being established in Ghana, Malawi, Mozambique, and Senegal with the help of the Economic Development Institute (EDI) and in partnership with the United Nations Economic Commission for Africa (UNECA). UNECA celebrated its 40<sup>th</sup> anniversary with a conference, in which the World Bank was a key partner, on initiatives for bringing women into the mainstream of economic

development.<sup>16</sup> The World Bank and the AfDB are working together with Côte d'Ivoire, Mozambique, and Senegal in developing pilot programs for women. Other World Bank partnerships include the ECOWAS, the EAC, and the OAU.

Another World Bank partnership is the Road Maintenance Initiative, which helps countries implement policy reforms that will ensure that road maintenance is financed on a sustainable basis. As a result of this program, substantial road maintenance policy reforms have recently been undertaken in Ghana and Zambia. ECOWAS has introduced a funding mechanism for road maintenance based on user fees and stakeholder representation in each member country.<sup>17</sup>

The World Bank provides support for the Global Coalition for Africa, launched in 1990 as a forum for building consensus on development issues among African countries and their external partners. The Bank is helping the WAEMU to develop common payment systems and improve banking supervision. With the SADC, work is continuing on harmonizing payment systems.

The West African Enterprise Network (WAEN) and the World Bank work with 350 businesses in West Africa, pushing for trade policy reform and investment between countries in the region. The World Bank and the MIGA promote privatization in Africa with programs within MIGA's Internet-based marketplace<sup>18</sup> for investment opportunities, launching the Privatization Link Internet service.<sup>19</sup> Both the United Nations Special Initiative for Africa and the World Bank are spearheading a sector investment program (SIP) in coordination with UN agencies and the donor community to direct credits to particular priority sectors in Ethiopia, Ghana, and other countries.

## International Finance Corporation

The IFC, a member of the World Bank Group, is the largest multilateral source of loan and equity financing for private sector projects in developing countries, amounting to \$9.0 billion worldwide in FY 1998. The IFC's main objective in the region is to help increase the amount and quality of private investment through its own resources and the mobilization of foreign capital. Currently 46 Sub-Saharan African countries are members of the IFC (table 3-5).

<sup>16</sup>African Women and Economic Development: Investing in the Future," Apr. 28-May 1, 1998, international conference held in Addis Ababa, Ethiopia.

<sup>17</sup>Ibid., pp. 44-46.

<sup>18</sup><http://www.privatizationlink.org>

<sup>19</sup><http://www.ipanet.com>

<sup>14</sup>*The World Bank Annual Report, 1998*, p. 16.

<sup>15</sup>Ibid., pp. 18-19.

**Table 3-3**  
**World Bank (IDA and IBRD) lending commitments in Sub-Saharan Africa to borrowers, by sectors, fiscal years 1994-98, and averages 1989-93**

(Million dollars)

Sector	Average 1989-1993	1994	1995	1996	1997	1998
Agriculture .....	612.8	152.6	407.1	301.3	193.7	176.9
Education .....	291.1	286.7	156.6	131.6	75.1	372.3
Electric power and other energy ..	216.7	90.0	255.3	73.3	163.7	380.3
Environment .....	40.5	2.6	8.0	38.5	95.4	71.8
Finance .....	252.0	400.1	7.2	116.9	65.9	-
Health, population, and nutrition ..	174.5	161.6	250.4	158.7	54.9	227.0
Industry .....	274.1	16.8	-	23.7	23.8	-
Mining .....	5.4	-	24.8	12.2	21.4	5.0
Multisector .....	623.7	724.1	420.9	387.8	706.9	404.9
Oil and gas .....	58.1	186.2	-	-	-	-
Public sector management .....	107.0	61.0	117.3	592.2	110.7	155.1
Social sector .....	62.6	85.5	155.7	257.5	-	114.7
Telecommunications .....	86.0	-	-	-	-	-
Transportation .....	376.3	501.9	74.8	420.7	52.9	770.1
Urban development .....	208.1	64.7	158.0	190.0	147.3	85.0
Water supply and sanitation .....	218.8	74.1	248.2	35.7	25.0	110.7
Total .....	3,608.5	2,807.9	2,284.3	2,740.1	1,736.7	2,873.8

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

Source: *The World Bank Annual Report, 1998*, p. 16.

The IFC's committed portfolio in Africa jumped 22 percent in fiscal year 1998 to \$916 million in 287 projects. At the end of the fiscal year in June, that portfolio represented 8 percent of IFC's total portfolio in dollar volume but 25 percent by number of projects. At current growth rates, Africa will soon account for the largest number of projects of any region in IFC's portfolio. Furthermore, while IFC's African activities are small in dollar terms, they still represent a market penetration six times higher than in other regions (2.5 percent of all private investment in the region compared with 0.4 percent for IFC worldwide).

Eighty-one projects in twenty-three Sub-Saharan Africa countries were approved by the IFC in FY 1998.<sup>20</sup> Some of the largest projects include \$265.0 million in total financing for the oil sector in Cameroon and \$80 million to the Foxtrot Block CI-27 Gas Project, \$78.5 million to Cinergy S.A. turbines, and \$34.8 million to Socoprim S.A. for a bridge in Côte d'Ivoire. The IFC is financing \$10 million in Kenya for a grains and fertilizer facility, \$18.9 million in Senegal for a power plant, \$20.0 million for telecommunications in Tanzania, \$31.8 million in South Africa for a paper mill, and \$27.8 million in Zimbabwe for the privatization of that country's largest government-owned bank and third-largest financial institution.

<sup>20</sup>IFC, *IFC Annual Report 1998*, p. 55. All IFC projects in Sub-Saharan Africa are listed in detail

In addition, the IFC ran 24 country and regional technical assistance and advisory projects in Sub-Saharan Africa in FY 1998.<sup>21</sup> Examples include a partnership with the Lagos Business School in Nigeria to train faculty in effective management training of top executives of small and medium-sized companies. In South Africa, the IFC advised the government on a National Empowerment Fund to facilitate broad participation in privatization. On a regional basis, the IFC worked with the World Bank to advise on conditions for developing a regional capital market in southern Africa. The IFC helped survey the domestic and interregional telecommunications needs of Côte d'Ivoire, Morocco, South Africa, and Uganda to consider introducing broadband transmission technology. Finally, the IFC participated in a project to test the feasibility of small-scale agriculture in Kenya, Eritrea, and Mozambique.

The IFC helps address the needs of African small business through a broad array of other programs. Besides direct financing, the initiatives address the critical issues of pre- and post-project financing, particularly through management and technical support operations provided by Africa Project Development Facility (APDF), African Management Services Company (AMSCO), and Enterprise Support Services for Africa (ESSA).

<sup>21</sup>See page 83 of the *IFC Annual Report 1998* for a detailed history of all IFC projects in Sub-Saharan Africa.



**Table 3-4**  
**World Bank projects approved in Sub-Saharan Africa, FY 1998**

Country/project name	Date of approval	Maturity dates	Principal amount
<b>Angola</b>			<i>(Million dollars)</i>
Post-Conflict Social Recovery Project .....	Apr. 15, 1998	2008/2037	5.00
<b>Benin</b>			
Borgou Region Pilot Rural Support Project .....	June 15, 1998	2008/2037	4.00
Social Fund Project .....	May 19, 1998	2008/2037	16.70
<b>Burkina Faso</b>			
Second National Agricultural Services Development Project .....	July 1, 1997	2007/2037	41.30
<b>Cameroon</b>			
Higher Education Technical Training Project .....	June 24, 1998	2008/2038	4.86
Third Structural Adjustment Credit .....	June 25, 1998	2008/2038	180.00
Second Structural Adjustment Credit .....	Dec. 15, 1997	2006/2035	18.10
<b>Cape Verde</b>			
Economic Reforms Support Credit .....	Dec. 23, 1997	2008/2037	30.00
<b>Chad</b>			
Household Energy Project .....	June 2, 1998	2008/2038	5.27
<b>Comoros</b>			
Health Project .....	Feb. 26, 1998	2008/2038	8.40
Social Fund Project .....	Dec. 4, 1997	2008/2037	11.50
<b>Côte d'Ivoire</b>			
Private Sector Development Capacity Building Project ...	June 25, 1998	2008/2038	12.00
Transport Sector Adjustment/Investment Program .....	June 23, 1998	2008/2038	180.00
Education and Training Support Program .....	May 29, 1998	2008/2038	53.30
Private Sector Development Adjustment Credit .....	Dec. 15, 1997	2006/2036	36.60
Urban Land Management and Housing Finance Reforms Technical Assistance Project .....	Nov. 5, 1997	2008/2037	10.00
Commercial Debt Restructuring Project .....	July 10, 1997	2008/2037	50.00
<b>Eritrea</b>			
Human Resources Development Project .....	Jan. 15, 1998	2008/2037	53.00
Health Project .....	Dec. 16, 1997	2008/2037	18.30
Ports Rehabilitation Project .....	Nov. 18, 1997	2008/2037	30.30
<b>Ethiopia</b>			
Agriculture Research and Training Project .....	June 9, 1998	2008/2038	60.00
Education Sector Development Program Project .....	May 26, 1998	2008/2038	100.00
Road Sector Development Program Support Project ....	Jan. 15, 1998	2008/2037	309.20
Second Energy Project .....	Dec. 11, 1997	2008/2037	200.00
<b>The Gambia</b>			
Participatory Health, Population, and Nutrition Project ...	Mar. 31, 1998	2008/2038	18.00
<b>Ghana</b>			
Economic Reform Support Operation .....	June 11, 1998	2008/2038	50.00
Natural Resource Management Project .....	June 4, 1998	2008/2038	9.30
Private Sector Adjustment Credit .....	Dec. 15, 1997	2005/2035	2.40
Health Sector Program Support Project .....	Oct. 21, 1997	2008/2037	35.0
<b>Guinea</b>			
Microfinance Capacity Building Project .....	June 25, 1998	2008/2038	5.00
Public Expenditure Management Adjustment Credit .....	Dec. 16, 1997	2008/2037	70.00
<b>Guinea-Bissau</b>			
National Health Development Program .....	Nov. 25, 1997	2007/2037	11.70
<b>Kenya</b>			
Structural Adjustment Credit .....	Dec. 15, 1997	2006/2036	17.50
<b>Lesotho</b>			
Agricultural Policy and Capacity Building Project .....	June 25, 1998	2008/2038	6.80
Lesotho Highlands Water Project .....	June 4, 1998	2003/2013	45.00

Table 3-4—Continued

## World Bank projects approved in Sub-Saharan Africa, FY 1998

Country/project name	Date of approval	Maturity dates	Principal amount
<b>Madagascar</b>			(Million dollars)
Mining Sector Reform Project .....	June 30, 1998	2008/2038	5.00
Second Community Nutrition Project .....	Apr. 21, 1998	2008/2038	27.60
Education Sector Development Project .....	Mar. 10, 1998	2008/2037	65.00
Rural Water Supply and Sanitation Pilot Project .....	Dec. 18, 1998	2008/2037	17.30
<b>Malawi</b>			
Secondary Education Project .....	Mar. 24, 1998	2008/2038	48.20
Fiscal Restructuring Deregulation Program Credit .....	Dec. 15, 1997	2006/2036	2.40
<b>Mali</b>			
Grassroots Initiatives to Fight Hunger and Poverty .....	Apr. 7, 1998	2008/2037	21.50
<b>Mauritania</b>			
Health Sector Investment Project .....	Mar. 31, 1998	2008/2037	24.00
Public Resource Management Credit .....	Dec. 15, 1998	2006/2036	0.40
<b>Mauritius</b>			
Environmental Sewerage and Sanitation Project .....	Feb. 12, 1998	2003/2013	12.40
<b>Mozambique</b>			
National Weather Development I Project .....	Feb. 12, 1998	2008/2038	36.00
<b>Niger</b>			
Transport Infrastructure Rehabilitation Project .....	Dec. 18, 1997	2008/2037	28.00
<b>Rwanda</b>			
Transport Sector Project .....	Dec. 18, 1997	2000/2030	45.00
<b>Senegal</b>			
Energy Sector Adjustment Credit .....	May 19, 1998	2008/2038	100.00
Agricultural Export Promotion Project .....	Dec. 9, 1997	2008/2037	8.00
Urban Development and Decentralization Program .....	Nov. 20, 1997	2008/2037	75.00
Integrated Health Sector Development Program .....	Sept. 4, 1997	2007/2037	50.00
<b>Tanzania</b>			
Agricultural Research Project-Phase II .....	Jan. 29, 1998	2008/2037	21.80
Structural Adjustment Credit .....	Dec. 15, 1997	2007/2037	2.60
Human Resources Development Pilot Project .....	Oct. 7, 1997	2008/2037	20.90
<b>Togo</b>			
Public Enterprise Restructuring and Privatization Support	Mar. 5, 1998	2008/2038	30.00
Road Transport Project .....	Sept. 11, 1997	2007/2037	50.00
National Agricultural Services Support Project .....	Sept. 11, 1997	2007/2037	26.20
<b>Uganda</b>			
El Niño Emergency Road Repair Project .....	May 7, 1998	2008/2038	27.60
Nutrition and Early Childhood Development Project .....	Mar. 24, 1998	2008/2038	34.00
Education Sector Adjustment Operation .....	Mar. 24, 1998	2008/2038	80.00
Road Sector Institutional Support Technical Assistance Project .....	Sept. 9, 1997	2008/2037	30.00
<b>Zambia</b>			
Power Rehabilitation Project .....	Feb. 19, 1998	2008/2037	75.00
Road Sector Investment Program Support Project .....	Oct. 14, 1997	2007/2037	70.00
<b>Zimbabwe</b>			
Park Rehabilitation and Conservation Project .....	June 2, 1998	2008/2033	62.50
Agricultural Services and Management Project .....	May 29, 1998	2008/2033	8.80
Community Action Project .....	May 19, 1998	2008/2033	60.00
Total .....	-	-	2,873.73

Source: World Bank Annual Report, 1998, pp. 18-19.



**Table 3-5**  
**IFC Sub-Saharan African members (46)**

Angola	Gabon	Nigeria
Benin	The Gambia	Rwanda
Botswana	Ghana	Senegal
Burkina Faso	Guinea	Seychelles
Burundi	Guinea-Bissau	Sierra Leone
Cameroon	Kenya	Somalia
Cape Verde	Lesotho	South Africa
Central African Republic	Liberia	Sudan
Comoros	Madagascar	Swaziland
Congo (Brazzaville)	Malawi	Tanzania
Congo (Kinshasa)	Mali	Togo
Côte d'Ivoire	Mauritania	Uganda
Djibouti	Mauritius	Zambia
Equatorial Guinea	Mozambique	Zimbabwe
Eritrea	Namibia	
Ethiopia	Niger	

Source: IFC, *Sub-Saharan Africa*, found at Internet address <http://www.ifc.org/depts/html/africa.htm>, retrieved Apr. 22, 1999.

## Multilateral Investment Guarantee Agency

The MIGA was established on April 12, 1988, as a member of the World Bank Group. Its purpose is to encourage foreign direct investment in developing countries by providing investment guarantees and technical assistance. Investment guarantees act as insurance for investors against the political risks of transfer restriction, expropriation, breach of contract, and war and civil disturbance in a host country. In 1998, MIGA was composed of 145 industrialized and developing countries. Table 3-6 lists those countries in Sub-Saharan Africa that are currently members of MIGA and those that are in the process of fulfilling membership requirements.<sup>22</sup>

MIGA has focused substantial efforts on encouraging the flow of foreign direct investment into Africa. Since 1991, when MIGA signed its first guarantee for a project in Africa, it has issued approximately \$190 million in coverage for approximately \$1.2 billion of foreign investments in nine African countries.<sup>23</sup> The investments cover a broad range of sectors—infrastructure, agribusiness, financial, manufacturing, and mining.

MIGA investment guarantee activity has responded to the increase in investor interest in Africa. In FY 1998, MIGA insured projects in Angola, Cape Verde, Equatorial Guinea, Kenya,

Mozambique, and Uganda.<sup>24</sup> Table 3-7 outlines these projects. Some \$2.3 million in coverage was issued to two investors, from Portugal and Finland, for the construction of a soap factory in Viana, Angola. In Cape Verde, MIGA issued four guarantee contracts totaling \$2.4 million in coverage on behalf of Secil-Companhia Geral de Cal e Cimento, S.A., and Sociedade de Empreitadas Adriano, S.A., of Portugal for their investments in the development of a basalt quarry and installation of a crushing plant to produce sand and gravel aggregates. MIGA issued its first guarantee contract in Equatorial Guinea, for the exploration, development, and production of oil and gas. MIGA's \$24 million guarantee covers UMC Equatorial Guinea Corporation of the United States for its \$272 million equity investment in the project. MIGA issued a \$4.7 million guarantee for the construction and operation of the first modern bulk handling and storage facility for imported grains and fertilizers in the port of Mombasa, Kenya. Guarantees totaling \$40 million were issued in MIGA's first project in Mozambique, covering the Industrial Development Corporation of South Africa Ltd. The guarantee covers the investment against the risks of expropriation and war and civil disturbance.

MIGA guaranteed two projects in Uganda. First, it issued guarantees totaling \$3.5 million in coverage for equity and loan investments by Tilda Holdings (Africa) Ltd. in an agribusiness project to grow and process rice. In addition, MIGA issued two guarantee contracts totaling \$49.4 million in coverage to Banff Resources Ltd. of Canada and LaSource SAS of France for their investments in a cobalt processing project.

<sup>22</sup>Ibid., p. 2.

<sup>23</sup>MIGA, "MIGA in Africa," found at Internet address <http://www.ipanet.net/region/mia.htm>, retrieved June 11, 1999.

<sup>24</sup>MIGA Annual Report, 1998, p. 14.

**Table 3-6**  
**Sub-Saharan Africa MIGA members and countries in the process of fulfilling membership requirements, 1998**

MIGA Member countries (37)		
Angola	Ethiopia	Namibia
Benin	The Gambia	Nigeria
Botswana	Ghana	Senegal
Burkina Faso	Guinea	Seychelles
Burundi	Kenya	Sierra Leone
Cameroon	Lesotho	South Africa
Cape Verde	Madagascar	Sudan
Congo (Brazzaville)	Malawi	Swaziland
Congo (Kinshasa)	Mali	Tanzania
Côte d'Ivoire	Mauritania	Togo
Equatorial Guinea	Mauritius	Uganda
Eritrea	Mozambique	Zambia
		Zimbabwe
Countries in the process of fulfilling membership requirements (6)		
Central African Republic	Gabon	Niger
Chad	Guinea-Bissau	Rwanda

Source: MIGA, *MIGA Annual Report, 1998*, p. 2.

**Table 3-7**  
**MIGA guarantees issued in Sub-Saharan Africa, fiscal 1998**

Country	Investor	Investor country	Guarantee amount	Sector
Angola . . . . .	Mr. Jari Peltokangas Vaasan Saippua Oy-Vasa Tval Ab	Finland Portugal	\$2,300,000	Soap factory
Cape Verde .	Secil-Companhia Geral de Cal e Cimento, S.A. Sociedade de Empreitadas Adriano, S.A.	Portugal	\$2,400,000	Quarry
Equatorial . . . Guinea	UMC Equatorial Guinea Corp.	United States	\$24,000,000	Oil and gas
Kenya . . . . .	The Mersey Docks and Harbour Co.	United Kingdom	\$4,700,000	Handling & storage facility for imported grain & fertilizer
Mozambique .	Industrial Development Corp. of South Africa Ltd.	South Africa	\$40,000,000	Potline smelter to produce aluminum ingots for export
Uganda . . . . .	Tilda Holdings (Africa) Ltd.		\$3,500,000	Agribusiness
Uganda . . . . .	Banff Resources Ltd. LaSource SAS.03	Canada France	\$49,400,000	Cobalt processing

Source: MIGA, "MIGA in Africa," found at Internet address <http://www.ipanet.net/region/mia.htm>, retrieved Apr. 22, 1998 and *MIGA Annual Report, 1998*, pp. 14-17.

Through technical assistance and legal services during fiscal year 1998, MIGA carried out 22 activities directly benefitting 70 countries. Of particular interest to Africa has been the June 1998 introduction of PrivatizationLink<sup>25</sup> on-line information on privatization for investors. This website carries profiles of state-owned enterprises being privatized, background information on privatization agencies and their programs, and directories of privatization agency personnel, consulting firms, and other advisors. Working closely with the Africa, Europe, and Central Asia regions of the World Bank, MIGA has entered into partnerships with the privatization agencies in these regions to collect and disseminate relevant information. PrivatizationLink currently contains more than 100 company profiles from 25 countries.

In February 1998, MIGA launched its first field-based technical assistance program, the AFRI-IPA Support Program. The program is designed to provide hands-on technical assistance to investment promotion agencies (IPA) and sectoral ministries in Sub-Saharan Africa (AFRI). This initiative will be carried out from field locations in Southern, West/Central, and East Africa and will be supported by Washington, DC-based staff. Several activities have already been implemented through the program, including a September 1997 MIGA investment mission to Asia by a delegation from the West African Enterprise Network (WAEN) to promote investment opportunities in West Africa. Delegation members from Côte d'Ivoire, Ghana, Mali, and Nigeria met with representatives of the private sector and business associations in Japan, Korea, Malaysia, and Singapore. As a follow-up to that activity, a Korean business executive was sponsored as the keynote speaker at the Third Annual Regional WAEN Conference in Mali in December 1997, where more than 200 business executives from 13 West African countries participated.<sup>26</sup>

MIGA organized two workshops on Working with MIGA to Promote Foreign Direct Investment in Africa for senior African diplomatic staff in London and Paris. These seminars were designed to provide an overview of investment promotion best practices and MIGA services. The first workshop, hosted by the Namibia High Commission, was attended by 14 participants from 12 countries. The second seminar, cosponsored by the United Nations Industrial Development Organization (UNIDO), attracted 29 participants from 23 countries. In May 1998, MIGA organized the workshop on Enhancing Investment Promotion Capacity in East Africa: A Regional Approach. Participants included representatives from investment promotion agencies, industrial associations, chambers of commerce, women's entrepreneurial groups, and commercial, investment, and merchant banks based in the region.

<sup>25</sup>The Internet address for PrivatizationLink is <http://www.privatizationlink.org>.

<sup>26</sup>MIGA Annual Report, 1998, p. 35.

## The African Development Bank Group

The African Development Bank Group consists of three institutions: the AfDB, the AfDF, and the Nigeria Trust Fund (NTF). The AfDB Group was established in 1964 to promote economic and social development through loans, equity investments, and technical assistance.<sup>27</sup>

In 1998, the AfDB Group approved a total of 133 loans, grants, private equity investments, emergency operations, and loan reallocations, with a combined total value of \$1.74 billion.<sup>28</sup> AfDB loans and grant allocations amounted to \$933 million; AfDF loan approvals amounted to \$812 million, including private sector operations at \$112 million.<sup>29</sup> The NTF accounted for less than 1 percent of all approvals.<sup>30</sup>

In May 1998, the Board of Governors approved the fifth General Capital increase for the Bank of 35 percent and a restructuring of the capital stock. The Bank Group also developed a new vision statement, which seeks to make Bank Group operations more client-focused and its financial assistance more competitive.<sup>31</sup> Additionally, the Group's development partners agreed on an eighth general replenishment of the AfDF amounting to \$3.53 billion (including reflows and other internal resources). This replenishment provides concessional finance for development projects and programs in low-income African countries for the period 1999-2001.<sup>32</sup> In an effort to enhance the magnitude and productivity of investments, the Bank Group focused on strengthening private sector approvals; private sector loans and investments increased from less than 3 percent of total Bank Group approvals in 1996 to over 9 percent in 1998.<sup>33</sup>

The Bank Group has been collaborating with other international financial institutions and creditors in the implementation of the initiative for the Heavily Indebted Poor Countries (HIPC) to address the external debt burden of low-income countries. In 1998, the Bank Group provided debt relief of \$164.5 million to Côte d'Ivoire, Mali, and Mozambique. The total debt relief approved in 1998 under the HIPC

<sup>27</sup>The NTF was established by the Government of Nigeria in 1976 as a means to finance projects in some African countries at concessional rates. In addition to the 48 countries of Sub-Saharan Africa, other African members of the AfDB include Algeria, Egypt, Libya, Morocco, and Tunisia. South Africa became a member of the AfDB in December 1995. The United States joined the AfDB in 1982 when membership was opened to non-African countries. The United States has been a minor source of goods and services procured on AfDB loans. Found at Internet address <http://www.afdb.org/about/afdbgrp.html>.

<sup>28</sup>AfDB, *Annual Report, 1998*, p. XVI.

<sup>29</sup>Ibid., p. 5.

<sup>30</sup>Ibid., p. XVII.

<sup>31</sup>Ibid., 3.

<sup>32</sup>Ibid., XV.

<sup>33</sup>Ibid., XIV.

initiative (provided by the Bank Group and other institutions in the HIPC initiative) amounted to \$2.45 billion.<sup>34</sup> Additionally, the Bank Group has approved the establishment of the Joint Africa Institute, a conglomerate of the IMF, the World Bank, and the AfDB. The new institute, which will be located in Abidjan, Côte d'Ivoire, will provide policy-related training to government officials and other participants from African countries. It is expected to commence operations in the second half of 1999.<sup>35</sup>

Table 3-8 provides information regarding total AfDF funding for projects in specific Sub-Saharan countries approved during 1998. Assistance to agriculture and rural development, social sectors and stand-alone poverty projects accounted for 70 percent of AfDF approvals in 1998.<sup>36</sup>

## International Monetary Fund

The IMF offers several facilities and policies to assist its members with balance-of-payments problems and to help cushion the impact of structural adjustment. Regular facilities include Stand-by Arrangements (SBA) and the Extended Fund Facility (EFF).<sup>37</sup> In FY 1998, an extension of a Stand-by arrangement was approved for Djibouti.<sup>38</sup> The IMF's special facilities include the Compensatory and Contingency Financing Facility and the Supplemental Reserve Facility, which was created in December 1997 to deal with exceptional balance-of-payments difficulties resulting from sudden and disruptive lapses in market confidence.<sup>39</sup> The IMF offers concessional facilities in the form of the Structural Adjustment Programs, which provide low-income members with concessional loans for medium-term macroeconomic adjustment policies and structural reforms. The Enhanced Structural Adjustment Facility (ESAF) is the IMF's primary means of providing financial support, in the form of highly concessional loans to low-income members with protracted balance-of-payments problems. Currently, 80 low-income countries are eligible to use ESAF. As of February 1999, a total of about \$9.0 billion had been disbursed under 79 ESAF arrangements to 51 developing countries.<sup>40</sup> During FY 1997-98, the IMF approved 22 ESAF arrangements, including 15 to Sub-Saharan Africa. The 15 countries receiving

ESAF arrangements were Burkina Faso, Cameroon, Chad, Côte d'Ivoire, Ghana, Guinea, Guinea-Bissau, Mauritania, Mozambique, Niger, Senegal, Sierra Leone, Tanzania, Togo, and Uganda.<sup>41</sup> On February 4, 1997, the IMF established the Enhanced Structural Adjustment Facility—Heavily Indebted Poor Countries (ESAF-HIPC) Trust for financing ESAF subsidy operations under the HIPC initiative. The HIPC initiative is summarized in the following section.

Total IMF credit and outstanding IMF loans to Sub-Saharan Africa totaled \$9.1 billion (SDR 6.8 billion) as of December 31, 1998.<sup>42</sup> Zambia had the largest credit and outstanding loan balance at \$1.2 billion (SDR 853.4 million), followed by Sudan at \$753 million (SDR 41.4 million), Côte d'Ivoire at \$636 million (SDR 457.3 million), and the DROC \$418 million (SDR 300.7 million).<sup>43</sup> Total IMF loan disbursements to Sub-Saharan Africa decreased from \$1.3 billion (SDR 992 million) in 1997 to \$1.2 billion (SDR 876 million) in 1998.<sup>44</sup>

At the end of FY 1997, four Sub-Saharan African countries—Liberia, Somalia, Sudan, and DROC—remained ineligible to use the general resources of the Fund, pursuant to the IMF's declarations set out under Article XXVI, Section 2(a). These four countries accounted for 95 percent of total overdue obligations to the Fund on that date. Declarations of non-cooperation were in effect with respect to three countries: Liberia (issued March 30, 1990), Sudan (September 14, 1990), and DROC (February 14, 1992).<sup>45</sup>

## Debt Reduction for the Poorest Countries

Debt reduction serves to maximize the recipient country's future repayment capacity to its creditors while easing a major impediment to economic development and growth. Many of the countries eligible for debt reduction are in Sub-Saharan Africa.

The Paris Club<sup>46</sup> provides for debt reduction for the poorest countries under "Naples terms" and as part

<sup>39</sup>Ibid., p. 91.

<sup>40</sup>The Paris Club is the forum in which official creditors, mainly from the member countries of the Organization for Economic Co-operation and Development (OECD), meet with debtor governments to negotiate rescheduling agreements when debtors face imminent default on their sovereign obligations.

<sup>41</sup>AfDB, *Annual Report*, 1998, p. 5.

<sup>42</sup>IMF, *The IMF at a Glance* (March 1999), found at Internet address <http://www.imf.org/external/np/exr/facts/glance.htm>, retrieved Apr. 22, 1999.

<sup>43</sup>IMF, *Annual Report*, p. 57.

<sup>44</sup>Ibid., p. 51.

<sup>45</sup>IMF, "IMF Concessional Financing Through ESAF," March 1999, found at Internet address <http://www.imf.org/external/np/exr/facts/esaf.htm>, retrieved June 14, 1999.

<sup>46</sup>IMF, *Annual Report*, 1998, p. 55-64.

<sup>34</sup>AfDB, *Annual Report*, 1998, p. 6.

<sup>35</sup>AfDB, "ADB, IMF, and World Bank Announce the Creation of the Joint Africa Institute," January 1999, found at Internet address <http://www.afdb.org/news/releases/99adbrel4.html>, retrieved July 13, 1999.

<sup>36</sup>Exchange rate conversions (dollars/SDR) for this section are as follows: 1.349 (1997); 1.345 (1998); and 1.390 (1999).

<sup>37</sup>IMF, *International Financial Statistics*, March 1999, pp. 13-14.

<sup>38</sup>IMF, *Annual Report*, 1998, p. 87.

**Table 3-8**  
**Total AfDB projects approved during 1998, by countries**

Country	Total number of projects	AfDB funding (Million dollars)
Burkina Faso	3	23.1
Burundi	2	12.1
Cameroon	3	30.3
Cape Verde	1	4.2
Chad	2	17.5
Côte d'Ivoire	2	68.3
Djibouti	2	9.9
Equatorial Guinea	2	3.1
Eritrea	1	1.5
Ethiopia	7	167.3
The Gambia	1	1.1
Ghana	3	23.0
Guinea	1	1.2
Kenya	4	36.2
Lesotho	3	18.8
Madagascar	5	37.5
Malawi	10	65.0
Mali	2	2.0
Mauritania	1	3.1
Mozambique	6	42.4
Niger	7	65.0
Rwanda	4	65.8
Senegal	2	15.6
Tanzania	4	27.4
Togo	1	1.7
Uganda	5	26.4
Zambia	1	2.6
<b>Total</b>	<b>85</b>	<b>772.1</b>

Source: Derived from data in AfDB, *Annual Report, 1998*, pp.138-139.

of the new HIPC initiative.<sup>47</sup> The United States provides debt relief for the poorest, most heavily indebted countries as part of multilateral action in the Paris Club. In FY 1998, the United States committed in the Paris Club to reduce \$260 million in debt owed by six Sub-Saharan African countries.

The HIPC debt initiative provides debt relief to countries that have demonstrated 3 years of sustained economic reforms, yet would not be able to achieve a sustainable debt level through relief provided by the Paris Club under Naples terms. At the June 1999 Summit in Cologne, the G-7 agreed to modifications to the HIPC debt initiative that will strengthen its ability to provide prolonged debt reduction and make available more resources for poverty alleviation, sustainable development, and good governance.

Since the initiative was announced in 1996, five Sub-Saharan countries have been declared eligible for

HIPC relief: Burkina Faso, Côte d'Ivoire, Mali, Mozambique, and Uganda. HIPC commitments total almost \$6 billion in nominal debt service in addition to the debt relief already provided by the Paris Club under Naples terms. Uganda qualified for \$650 million in HIPC debt relief in April 1998, and Mozambique qualified for \$3.7 billion in June 1999.<sup>48</sup>

## ***U.S. Bilateral Economic and Trade Policies Affecting Sub-Saharan Africa***

The major economic and trade programs supported by the U.S. Government are those directed by the Eximbank, TDA, OPIC, USAID, U.S. GSP, and the Peace Corps. Developments in U.S. economic programs and the aforementioned trade assistance

<sup>47</sup>“Naples terms” treatment provides for a reduction of up to 67 percent in eligible debt for the poorest countries that demonstrate sustained economic performance but have an unsustainable level of debt.

<sup>48</sup>Information in this section is based on a facsimile transmission received by USITC staff from the Office of International Debt Policy, U.S. Department of the Treasury, dated June 1, 1999.



programs during 1998 are discussed in the following sections.

## The Export-Import Bank of the United States

The Eximbank is an independent U.S. Government agency that assists in the sale of U.S. goods and services overseas. This assistance is provided through financing loans and other credit measures.

Eximbank support to Sub-Saharan Africa, which consists of loans, guarantees, and insurance, decreased from \$217 million in FY 1997 to \$49 million in FY 1998. However, in the first half of FY 1999, Eximbank supported more than \$150 million of U.S. exports to Sub-Saharan Africa.<sup>49</sup> Eximbank is open to consider project finance business in every Sub-Saharan African country besides Sudan.<sup>50</sup> Project finance is available for projects that do not rely on the typical export credit security package but need long-term cash flow financing. Traditional export financing is now available in 32 Sub-Saharan African countries.<sup>51</sup> Kenya was Eximbank's largest market in Africa during FY 1998. Indeed, Eximbank authorized \$26 million to support the export of a Boeing 737-300 aircraft to Kenya Airways Ltd.<sup>52</sup> As of June 30, 1999, Eximbank's total exposure in Sub-Saharan Africa was \$3.4 billion. Delinquencies in Sub-Saharan Africa on Eximbank lending decreased from \$1.6 billion in FY 1997 to \$1.2 billion as of June 1999. Table 3-9 lists Eximbank exposure, delinquency, and availability of financing in Sub-Saharan Africa.

## U.S. Trade and Development Agency

The TDA mission in Sub-Saharan Africa consists of assisting U.S. firms by identifying major development projects offering large export potential and by funding U.S. private sector involvement in project planning.

TDA's obligations in Sub-Saharan Africa declined to \$3.1 million in FY 1998 from \$4.6 million during FY 1997 (table 3-10). Sub-Saharan funding

accounted for 5.6 percent of all TDA funding in 1998; in 1997, it accounted for 10.1 percent of total funding.<sup>53</sup> TDA was active in 10 Sub-Saharan African countries in 1998, including country-specific and regional program activities.

Overall TDA funding to the Africa/Middle East region increased from \$7.3 million in 1997 (16 percent of all 1997 funding) to \$8.2 million in 1998 (14.7 percent of all 1998 funding).<sup>54</sup> The time lag between funding project planning activities and the identification of actual export sales associated with projects varies widely.

TDA supported President Clinton's Safe Skies for Africa Initiative by supporting a number of aviation-related projects in 1998. Highlights included an April 1998 conference in Los Angeles, CA featuring aviation projects in 17 countries (from Africa and the Middle East) worth more than \$2 billion in potential U.S. exports.<sup>55</sup>

The agency also hosted a telecommunications and information technology conference in Cape Town, South Africa. Fifty different telecommunications and information technology projects in Sub-Saharan Africa were detailed at this event. Representatives from more than 100 U.S. businesses were informed of opportunities that totaled more than \$5 billion in potential U.S. exports.<sup>56</sup> The agency will continue to target aviation and telecommunications in Sub-Saharan Africa in 1999.<sup>57</sup>

In an effort to lay the groundwork for important new initiatives in southern Africa in 1999, TDA sent the agency's Country Manager for Sub-Saharan Africa to Johannesburg, South Africa, in the fall of 1998, with a view toward expanding the activities of the TDA, the Eximbank, and OPIC in the region.<sup>58</sup>

## Overseas Private Investment Corporation

OPIC is a self-sustaining U.S. Government agency that provides investment information, financing, and political risk insurance for U.S. investors in countries eligible for its support. OPIC operates programs in countries with which it has an investment agreement. In 1998, new investment agreements were signed with Botswana, Côte d'Ivoire, Equatorial Guinea, Madagascar, Mauritius, São Tomé and Príncipe, and Uganda.<sup>59</sup> OPIC programs are currently not available for eight countries in Sub-Saharan Africa—Burundi,

<sup>49</sup>Eximbank, "Ex-Im Bank Expands Financing to 11 African Countries," April 26, 1999, found at Internet address <http://www.exim.gov/press/apr2699.html>, retrieved May 13, 1999.

<sup>50</sup>This information is based on a telephone conversation by USITC staff with the Business Development Division of the Export-Import Bank, July 14, 1999.

<sup>51</sup>Eximbank, "Ex-Im Bank Expands Financing to 11 African Countries," April 26, 1999, found at Internet address <http://www.exim.gov/press/apr2699.html>, retrieved May 13, 1999.

<sup>52</sup>Eximbank, 1998 Annual Report, p. 12.

<sup>53</sup>U.S. Trade and Development Agency (TDA), 1998 Annual Report, p. 31 and 1997 Annual Report, p.31, and 1997 Annual Report, p. 31.

<sup>54</sup>Ibid., p. 26 and p. 22, respectively.

<sup>55</sup>TDA, 1998 Annual Report, p. 20.

<sup>56</sup>Ibid.

<sup>57</sup>Ibid., p. 2.

<sup>58</sup>Ibid., p. 21.

<sup>59</sup>OPIC, 1998 Annual Report, p. 7.

**Table 3-9**

**Sub-Saharan Africa: Export-Import Bank exposure,<sup>1</sup> delinquency,<sup>2</sup> and availability<sup>3</sup> for further support as of June 30, 1999**

Country	Exposure	Delinquency	Availability
Angola .....	\$157,517,817	\$4,557,325	No
Benin .....			P.A.
Botswana .....			Yes
Burkina Faso .....			P.A.
Burundi .....			No
Cameroon .....	54,603,386	1,547,544	P.A.
Cape Verde .....			P.A.
Central African Republic .....	7,805,095	314,104	No
Chad .....			No
Comoros .....			No
Congo (Brazzaville) .....	22,864,759	9,392,955	No
Congo (Kinshasa) .....	921,835,872	631,488,570	Yes
Côte d'Ivoire .....	184,738,517	1,814,867	P.A.
Djibouti .....			No
Equatorial Guinea .....			No
Eritrea .....			No
Ethiopia .....			No
Gabon .....	69,823,887	5,805,691	Yes
The Gambia .....			P.A.
Ghana .....	445,951,975		Yes
Guinea .....	7,593,494		No
Guinea-Bissau .....			No
Kenya .....	136,493,911	2,295,477	P.A.
Lesotho .....			Yes
Liberia .....	5,980,110	5,083,850	No
Madagascar .....	38,072,254		No
Malawi .....			No
Mali .....			P.A.
Mauritania .....	6,696,857		No
Mauritius .....	407,147		Yes
Mozambique .....	48,101,841		No
Namibia .....	186,562,902		Yes
Niger .....	7,004,887		P.A.
Nigeria .....	664,564,495	492,693,455	Yes
Rwanda .....	1,292,668	1,292,668	No
São Tomé and Príncipe .....			No
Senegal .....	828,253		P.A.
Seychelles .....	329,755		Yes
Sierra Leone .....	3,481,955		No
Somalia .....			No
South Africa .....	100,118,793		Yes
Sudan .....	28,246,331	27,352,941	L
Swaziland .....			Yes
Tanzania .....	27,103,381	140,775	No
Togo .....	2,820	2,820	No
Uganda .....	3,547,399	195,631	P.A.
Zambia .....	142,486,064	3,396,068	No
Zimbabwe .....	84,652,841	22,135	Yes
Total .....	3,357,889,476	1,187,396,876	

<sup>1</sup> Exposure = authorization of all forms of support minus repayment and cancellations.

<sup>2</sup> Arrears in the repayment of principal.

<sup>3</sup> Yes = available for all six types of financing: short, medium, and long term for both private and public buyers of U.S. goods and services; No = not available; P.A. = partially available for some of the six types of financing; L = support is legally prohibited.

Source: Facsimile transmission received by USITC staff from the Ex-Im Bank dated July 13, 1999.



**Table 3-10**  
**TDA program activities in Africa, FY 1998**

Country	Title	Activity	Funds obligated (dollars)
Botswana	Ferrogrow Fertilizer Plant	Desk Study	\$2,500
Côte d'Ivoire	Sud Banco Bridge	Desk Study	2,500
Côte d'Ivoire	Fruit Processing and Juicing Project	Feasibility Study	84,050
Côte d'Ivoire	Gas Beneficiation	Definitional Mission	24,611
Eritrea	Poultry Processing Facility	Desk Study	2,500
Ethiopia	Asphalt Plant	Feasibility Study	174,000
Ethiopia	Flight Simulator Certification	Technical Assistance	100,000
Ethiopia	IFC Plant and Equipment Hire	Feasibility Study	79,700
Ethiopia	World Bank Africa Division Rural Electrification	Technical Assistance	*43,000
Gabon	Cellular and Telephone Switching Systems	Desk Study	1,000
Ghana	Accra-Tema Rail Project	Desk Study	2,500
Ghana	Power and Energy	Definitional Mission	23,987
Mauritius	Fort William Greenfield Thermal Power Plant	Feasibility Study	390,240
Mauritius	LPG Storage Tank Relocation	Feasibility Study	208,400
Namibia	Walvis Bay Grain Storage Terminal	Desk Study	2,500
Namibia	Walvis Bay Grain Storage Terminal	Feasibility Study	65,000
Namibia	Air Namibia Diagnostic Review & Reservation	Desk Study	2,500
Namibia	Air Namibia Diagnostic Review & Reservation	Feasibility Study	64,000
Senegal	Chemical Plants Expansion & Upgrade	Feasibility Study	298,000
South Africa	Peacock Bay Industrial Waste Incineration	Desk Study	2,440
South Africa	Peacock Bay Industrial Waste Incineration	Feasibility Study	343,500
South Africa	Digital Satellite Service	Desk Study	2,500
South Africa	SATRA Emergency Radio Trunking Systems	Desk Study	2,500
South Africa	SATRA Emergency Radio Trunking Systems	Feasibility Study	75,000
South Africa	MWM/Gauteng Solid Waste Recycling	Feasibility Study	324,000
Zambia	World Bank Africa Division Castor Oil	Technical Assistance	*14,540
Africa Regional	SADC Satellite-Based Air Traffic Control	Technical Assistance	327,000
Africa Regional	Power Generation	Definitional Mission	24,725
Africa Regional	Telecommunications (Namibia/Angola)	Definitional Mission	25,000
Africa Regional	Telecommunications/IT Briefing Book	Technical Assistance	91,761
Africa Regional	Telecommunications/IT Technology Conference	Conference	159,885
Africa Regional	Telecommunications/IT Technology Conference	Conference	60,000
Africa Regional	World Bank Telecommunications/IT Technology	Desk Study	2,500
Africa Regional	Sub-Saharan Timber and Downstream Industries	Orientation Visit	79,992
Africa Regional	ADB MIS Upgrade	Desk Study	2,500
Africa Regional	Angola/South Africa Oil and Gas	Definitional Mission	24,472
Total			\$3,133,303

\*Denotes activities where TDA authorized the use of existing funds at various multilateral banks. As such, those amounts are not reflected in the FY 1998 fund totals.

Source: U.S. Trade and Development Agency, *1998 Annual Report*, pp. 25-26

Comoros, The Gambia, Liberia, Mauritania, Niger, Seychelles, and Sudan.<sup>60</sup>

As of March 17, 1999, OPIC was providing \$890 million in support for 50 projects in approximately 20 countries in Sub-Saharan Africa. OPIC projects included ventures in agribusiness, telecommunications, financial services, manufacturing, mining,

energy, transportation, and privatizations.<sup>61</sup> In 1998, OPIC insured two investment projects in Sub-Saharan Africa, both in Angola: \$3 million for battery manufacturing and \$200 million for oil field development. OPIC financed a third project, \$4 million for construction of camping and lodging facilities in Botswana.<sup>62</sup>

<sup>60</sup>OPIC, *The OPIC Country List*, found at Internet address <http://www.opic.gov/Subdocs/PUBLIC/publications/ctrylist.htm>, retrieved June 16, 1999.

<sup>61</sup>OPIC, *OPIC's President Calls for Stronger Business Partnerships with Africa*, found at Internet address <http://www.opic.gov/subdocs/public/press/press99/9%2D26.htm>, retrieved June 18, 1999.

<sup>62</sup>OPIC, *1998 Annual Report*, p. 17.

OPIC currently has four privately managed investment funds that support investment in Sub-Saharan Africa: the \$120 million New Africa Opportunity Fund for Southern Africa, the \$150 million Modern Africa Growth and Investment Fund, the \$120 million Global Environment Emerging Markets Fund II, and the \$300 million Aqua International Partners Fund.<sup>63</sup>

The New Africa Opportunity Fund is a privately managed equity fund designed to encourage the development of entrepreneurship in South Africa and neighboring countries and to support the process of privatization in the region. The fund is supported by \$80 million in OPIC-backed debt and \$40 million of private capital. The New Africa Advisers (NAA), a subsidiary of the Sloan Financial Group, manage the fund and insure U.S. investments in South Africa and neighboring countries. The fund focuses on developing businesses in the region and will operate in Angola, Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Zambia, and Zimbabwe.<sup>64</sup> The fund has already made its first investments in Johannesburg, South Africa, including a \$5 million investment in Afinta Motor Corporation and a \$15 million investment in ATIO, a telecommunications system integrator.<sup>65</sup>

As part of the Clinton Administration's initiative, Partnership for Economic Growth and Opportunity in Africa, the Modern Africa Growth and Investment Fund was launched on December 4, 1997. OPIC secured a \$100 million loan guarantee for the fund that supplements \$50 million in private equity. The fund targets investment opportunities in 29 Sub-Saharan African countries, excluding South Africa, Namibia, and Botswana. The Modern Africa Fund Managers of Washington, DC, and Johannesburg, South Africa, manage the fund.<sup>66</sup>

The Global Environment Emerging Markets Fund II makes equity investments in the environment-oriented sector relating to clean energy and water. The GEF Management Corporation of Washington, DC, manages the fund. GEF has invested in Pepsi-Cola International, and has joined with Ugandan entrepreneurs, who acquired a privatized bottling plant, to finance capital

improvements, and the purchase of water and wastewater treatment equipment.<sup>67</sup>

The Aqua Texas Pacific group of San Francisco, CA, manages the \$300 million Aqua International Partners Fund. The fund makes equity investments in operating and special purpose companies involved in the treatment, bulk supply, and distribution of water in emerging market countries.<sup>68</sup>

On November 13, 1998, President Clinton signed The Africa Seeds of Hope Act, which is a framework for collaboration between business, government, and civil society organizations to channel resources for agricultural and rural development.<sup>69</sup> In support of the Act, OPIC expanded its operations to reach U.S. businesses, non-governmental organizations, and private voluntary organizations that work directly with rural African populations.<sup>70</sup>

## U.S. Bilateral Economic Assistance

The United States is the third-largest bilateral donor to countries in Sub-Saharan Africa, behind France and Japan. The United States is a leading bilateral donor to Ethiopia, Angola, Liberia, South Africa, and Somalia.<sup>71</sup> U.S. bilateral economic assistance to Sub-Saharan Africa amounted to \$1.1 billion in FY 1998 compared with \$998 million in FY 1997. The rise reflects an increase in development assistance, economic support funds, food aid, and foreign disaster assistance and rehabilitation.<sup>72</sup> Similarly, USAID, which is the principal conduit for long-term development assistance, has received an increase in appropriations in recent years (see next section).

U.S. humanitarian relief for Africa includes P.L. 480 food grants, and refugee and disaster assistance.<sup>73</sup> Military aid, economic support funds, and African

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<sup>67</sup>OPIC, *OPIC and South Africa: Partners in Growth*.

<sup>68</sup>*Ibid.*

<sup>69</sup>OPIC, *OPIC Highlights*, "OPIC in Africa: Agribusiness," May 1999, found at Internet address <http://www.opic.gov/subdocs/public/publications/hl%2Dafri a%2Dagri.htm>, retrieved June 17, 1999.

<sup>70</sup>On July 22, 1999, OPIC's Board of Directors launched a new \$350 million equity fund for Sub-Saharan Africa. The New Africa Infrastructure Fund will target the infrastructure needs of Sub-Saharan Africa and investments that support women and those living in rural areas. The fund is the largest single fund in OPIC's history and will be managed by private sector fund managers with expertise in the African marketplace and infrastructure development. The fund is expected to start functioning by mid-2000.

<sup>71</sup>U.S. Department of State, Bureau of African Affairs, "U.S. Assistance and Debt Relief in Sub-Saharan Africa," Fact Sheet, March 27, 1998, found at Internet address [http://www.state.gov/www/regions/africa/fs\\_debtrelief\\_9803 27.html](http://www.state.gov/www/regions/africa/fs_debtrelief_9803 27.html), retrieved June 23, 1999.

<sup>72</sup>U.S. Department of State, Bureau of African Affairs, telephone conversation with USITC staff, July 8, 1999.

<sup>73</sup>See chapter 4 for additional information on USDA programs.

<sup>63</sup>OPIC, *OPIC's President Calls for Stronger Business Partnerships with Africa*.

<sup>64</sup>OPIC, *OPIC in Africa*, found at Internet address <http://www.opic.gov/subdocs/public/publications/hl%2Dafri ca.htm>, retrieved June 17, 1999.

<sup>65</sup>OPIC, *OPIC and South Africa: Partners in Growth*, found at Internet address <http://www.opic.gov/subdocs/public/publications/hl%2Dsafric a.htm>, retrieved June 17, 1999.

<sup>66</sup>OPIC, "Secretary Slater and OPIC President Munoz Will Join with Congressional Leaders to Launch New \$150 Million Africa Fund," found at Internet address <http://www.opic.gov/subdocs/Public/PRESS/7-64.htm>, retrieved June 21, 1999.

Development Foundation projects augment this aid. In FY 1998, the United States provided \$1 billion to IDA of the World Bank, which consistently lends close to one-half of its funding to Africa on highly concessional terms.<sup>74</sup> In addition, numerous U.S. non-governmental organizations assist Africa through donor countries and private sources.<sup>75</sup>

## U.S. Agency for International Development

USAID implements the foreign economic assistance programs offered by the U.S. Government. Issues addressed by these programs include health, education, economic growth, population, democracy, environment, and expanded efforts in crisis prevention. In 1998, USAID allocations for Sub-Saharan Africa in its four major project categories totaled \$771 million. USAID's planned economic assistance consisted of \$189 million for child survival and disease assistance; \$336 million for development assistance; \$226 million for P.L. 480 Title II, which provides food assistance and poverty alleviation through non-profit charitable organizations; and \$20 million for P.L. 480 Title III, which provides government-to-government agricultural commodity assistance.<sup>76</sup> Table 3-11 contains additional information regarding USAID projects in Sub-Saharan Africa.

Regional programs offered by USAID include the following: the Leland Initiative, the Greater Horn of Africa Initiative (GHAI), the Initiative for Southern Africa (ISA), the Africa Food Security Initiative (AFSI), and the Africa Trade and Investment Policy (ATIP). The Leland Initiative, a 5-year, \$15 million project, seeks to bring the benefits of the global information revolution to the people of Africa, through connection to the Internet and other global information infrastructure technologies.

The project utilizes a public-private sector approach between Africa and the United States to bring full Internet capacity to 21 Sub-Saharan Africa countries. Since the launch of the initiative in 1996, 15 participating countries have adopted major changes in their telecommunications approaches, resulting in price reductions of up to 80 percent for Internet

access.<sup>77</sup> Under the Initiative, experts have installed high-speed national Internet gateways in seven countries (Mali, Mozambique, Madagascar, Rwanda, Guinea, Côte d'Ivoire, and Benin) and a national university gateway in Ghana.<sup>78</sup>

The \$15 million GHAI is a U.S. Presidential foreign policy initiative launched in 1994 in order to address the recurring cycle of crisis, instability, and famine in the Greater Horn of Africa region (Ethiopia, Eritrea, Sudan, Somalia, Uganda, Djibouti, Kenya, Tanzania, Rwanda, and Burundi) by improving food security and establishing a system for conflict prevention and response.<sup>79</sup> It focuses on the various natural and man-made crises in the region that undermine sustainable development. Major efforts include policy studies to reduce obstacles to cross-border trade and transportation, support to the Association of Agricultural Researchers in Eastern and Central Africa for improved coordination of research and results dissemination, development of a regional management plan for control of water hyacinths on Lake Victoria, training in conflict management approaches, and establishment of financing mechanisms to deal with conflicts.

The Initiative for Southern Africa was officially established in Gaborone, Botswana on October 1, 1995. ISA provides Sub-Saharan Africa \$300 million over 5 years to strengthen democracy, natural resources, and infrastructure and boost U.S. private sector links.<sup>80</sup> ISA complements bilateral programs in the region by addressing regional development constraints or by building links between two or more countries in support of regional economic growth and democratic reforms. ISA programs support 13 countries in Sub-Saharan Africa: Angola, Botswana, Congo, Lesotho, Malawi, Mauritius, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia, and Zimbabwe.<sup>81</sup>

The Africa Food Security Initiative, a multiyear initiative to address the downward trend in food security, nutrition, and agriculture in Sub-Saharan Africa, strengthens and expands successful bilateral programs in agriculture and food security, and supports national and regional agricultural technology

<sup>77</sup>Ibid.

<sup>78</sup>USAID, "A New Day in Africa," found at Internet address

[http://www.info.usaid.gov/pubs/new\\_day/overview.htm](http://www.info.usaid.gov/pubs/new_day/overview.htm), retrieved Apr. 17, 1998.

<sup>79</sup>USAID, "Regional Activity Summaries," found at Internet address

<http://www.info.usaid.gov/regions/afr/regact.html>, retrieved May 13, 1999.

<sup>80</sup>USAID, "U.S. Assistance and Debt Relief in Sub-Saharan Africa," found at Internet address [http://www.state.gov/www/regions/africa/fs\\_debtrelief\\_980327.html](http://www.state.gov/www/regions/africa/fs_debtrelief_980327.html), retrieved June 22, 1999.

<sup>81</sup>Information in this section is based on an electronic message received by USITC staff from USAID, dated July 23, 1999.

<sup>74</sup>For further details on IDA, see previous discussion regarding the World Bank Group.

<sup>75</sup>U.S. Department of State, Bureau of African Affairs, "U.S. Assistance and Debt Relief in Sub-Saharan Africa," Fact Sheet, March 27, 1998, found at Internet address

[http://www.state.gov/www/regions/africa/fs\\_debtrelief\\_980327.html](http://www.state.gov/www/regions/africa/fs_debtrelief_980327.html), retrieved April 24, 1998.

<sup>76</sup>Information in this section is based on data available at Internet address <http://www.info.usaid.gov/pubs/cp99/afr.htm>, retrieved Aug. 12, 1999.

**Table 3-11**  
**USAID funds allocated for Sub-Saharan Africa,<sup>1</sup> by major project categories, FY 1998**  
*(Million dollars)*

Country	Child survival and disease	Development assistance	P.L. 480 Title II	P.L. 480 Title III	Total
Angola .....	\$4.7	\$8.3	\$31.2	-	\$44.2
Benin .....	12.0	5.2	1.9	-	19.1
Congo (Kinshasa) ....	6.0	14.0	-	-	20.0
Eritrea .....	6.3	4.4	.4	\$5.0	16.1
Ethiopia .....	25.9	19.7	56.8	9.9	112.3
Ghana .....	16.7	21.5	13.5	-	51.7
Guinea .....	7.7	9.2	.8	-	17.7
Kenya .....	5.5	14.0	14.5	-	34.0
Liberia .....	1.0	6.5	28.6	-	36.1
Madagascar .....	3.0	14.0	5.0	-	22.0
Malawi .....	10.3	25.8	-	-	36.1
Mali .....	11.8	24.1	1.1	-	37.0
Mozambique .....	10.6	27.8	23.9	5.0	67.3
Namibia .....	2.8	5.2	-	-	8.0
Nigeria .....	5.0	2.0	-	-	7.0
Rwanda .....	1.3	6.2	10.7	-	18.2
Senegal .....	2.1	15.2	-	-	17.3
Somalia .....	1.3	2.7	-	-	4.0
South Africa .....	17.1	53.5	-	-	70.6
Tanzania .....	7.4	12.3	8.7	-	28.4
Uganda .....	20.8	23.9	29.0	-	73.7
Zambia .....	7.3	11.0	-	-	18.3
Zimbabwe .....	2.0	9.9	-	-	11.9
Total .....	188.6	336.4	226.1	19.9	771.0

<sup>1</sup> Only Sub-Saharan African countries receiving direct USAID bilateral assistance are included in this table. Other Sub-Saharan African countries may receive USAID assistance indirectly through regional programs.

Source: Compiled by ITC staff from USAID data available at internet address <http://www.info.usaid.gov/pubs/cp99/afr.htm>, retrieved Aug. 12, 1999.

development as well as policy research networks. AFSI appropriations increased from \$30 million in FY 1998 to \$31 million in FY 1999. AFSI covers Ethiopia, Liberia, Malawi, Mali, Mozambique, Rwanda, Uganda, and Zimbabwe.<sup>82</sup>

The \$30 million Africa Trade and Investment Policy began in 1998 as part of President Clinton's Partnership for Economic Growth and Opportunity in Africa. ATRIP helps African private and public sector partners design and implement policy reforms that will make their countries attractive to international trade and investment. ATRIP programs include technical assistance to help reform-oriented African countries liberalize trade and improve the investment environment for the private sector, assistance in catalyzing relationships between U.S. and African firms through a variety of business

associations and networks, and non-project assistance funds that help address budget problems associated with the introduction of aggressive, market-friendly reforms.<sup>83</sup> In FY 1998, seven technical assistance activities and six business linkages were funded under ATRIP.<sup>84</sup>

## U.S. Generalized System of Preferences

The U.S. GSP program authorizes the President to grant duty-free access to the U.S. market for certain goods that are products of designated developing countries and territories. The program is authorized by Title V of the Trade Act of 1974, as amended (19 U.S.C. 2461 et seq.). By offering unilateral tariff preferences, the GSP program reflects the U.S.

<sup>82</sup>USAID, "U.S.-Africa Ministerial: USAID's Progress," found at Internet site <http://www.info.usaid.gov/regions/afr/ministerial/progress.html>, retrieved June 24, 1999.

<sup>83</sup>USAID, "USAID FY 1999 Congressional Presentation," found at Internet site <http://www.info.usaid.gov/pubs/cp99/afr/zz2at&i.htm>, retrieved June 24, 1999.

<sup>84</sup>Electronic message received by USITC staff from USAID, dated July 23, 1999.



commitment to an open world trading system and to economic growth and diversification. The program has three broad goals: (1) to promote economic development in developing and transitional economies through increased trade, rather than through foreign aid; (2) to reinforce U.S. trade policy objectives by encouraging beneficiaries to open their markets, to comply more fully with international trading rules, and to assume greater responsibility for the international trading system; and (3) to help maintain U.S. international competitiveness by lowering costs for U.S. business, as well as lowering prices for American consumers.

The GSP program expired on July 31, 1995, and was extended retroactively through May 31, 1997, by legislation (Public Law 104-188) signed by the President on August 20, 1996.<sup>85</sup> On May 30, 1997, as part of a legislative package to renew the GSP program through June 30, 1998, President Clinton designated 1,783 products eligible for GSP duty-free treatment when those goods are produced in the LDBDCs. Of the 38 designated LDBDCs, 29 are located in Sub-Saharan Africa.<sup>86</sup> The President also proposed that the GSP program be made permanent for the least-developed countries.<sup>87</sup>

Among the proposed modifications to the GSP program in 1997 were four petitions involving South Africa. For each case, the proposals (and the respective product sector) are (1) waiver from possible non-eligibility for certain inorganic carbides (chemicals), (2) addition of certain forms of unwrought gold (minerals and metals), (3) addition of certain forms of semi-manufactured gold (minerals and metals), and (4) addition of off-road dump trucks.<sup>88</sup> The four 1997 GSP Annual Review petitions requested by South Africa were granted by the President, but the date of implementation of the GSP modifications is to be announced by the U.S. Trade Representative.

There were \$15.5 billion in duty-free imports entered under the GSP program in 1997, accounting for more than 13 percent of total U.S. imports. Angola, with shipments of \$668.1 million in

GSP-eligible imports, became the leading Sub-Saharan beneficiary of GSP in 1997.<sup>89</sup>

In 1998, GSP imports from Sub-Saharan Africa significantly increased, a rise of 73.2 percent from \$1.38 billion to \$2.39 billion. The leader was again Angola, which accounted for 65.1 percent of GSP imports to the United States from the region. South Africa was second, representing 22.8 percent of the total. Charts and tables of GSP trade with Africa are shown in chapter 2.

On July 1, 1998, the USTR announced changes to the GSP program that were intended to encourage Sub-Saharan African countries to accelerate their economic integration into the global economy and to work collectively on expanding their exports. African countries that are members of the WAEMU, SADC,<sup>90</sup> and EAC will be permitted to accumulate their value contributions on GSP imports. This provision is expected to make it easier for the eligible countries to meet the 35 percent value-content requirement of the GSP rule of origin. In addition, the Administration initiated reviews to consider the designation of Eritrea and Gabon as beneficiary developing countries under the GSP. In announcing the new GSP initiative, the USTR indicated that the United States wants to support accelerated African economic integration that would expand the market size and make member states more attractive to direct investment.<sup>91</sup>

The worldwide GSP program expired on June 30, 1999. In the past, Congress has waited up to several months after expiration to reauthorize the program—for example, one such period lasted 15 months, starting in fall 1994. Without the program, duties must be paid on the imports while lawmakers consider whether or not to renew the program retroactively, so that importers could get refunds of duties paid after June 30, 1999. Congress is scheduled to recess for the year on October 29, 1999. Its final decision on GSP is not certain.

Legislation concerning GSP renewal is proceeding on two tracks—extension of the regular GSP program, as well as extension and enhancement of Africa-specific GSP. Concerning the regular worldwide GSP, a bill (S. 1388) has been introduced in the Senate. That bill would extend the program from June 30, 1999 to September 30, 2001, as well as extend the program retroactively to July 1, 1999. The bill has been reported out by the Senate Committee on Finance and is pending in the Senate. No similar

<sup>85</sup>For a summary of changes to the GSP program in 1997, see USITC, *The Year in Trade: Operation of the Trade Agreements Program (OTAP)*, 1997, pp. 5-25 - 5-28.

<sup>86</sup>The Sub-Saharan African LDBDC countries are—Angola, Benin, Burkina Faso, Burundi, Cape Verde, Central African Republic, Chad, Comoros, Djibouti, Equatorial Guinea, Ethiopia, The Gambia, Guinea, Guinea-Bissau, Lesotho, Madagascar, Malawi, Mali, Mozambique, Niger, Rwanda, São Tomé and Príncipe, Sierra Leone, Somalia, Tanzania, Togo, Uganda, Zaire, and Zambia.

<sup>87</sup>USTR, "Administration Submits CBI, GSP, and Shipbuilding Legislation to Congress," Press Release 97-55, June 18, 1997.

<sup>88</sup>USITC, *Advice Concerning Possible Modifications to the U.S. Generalized System of Preferences*, USITC publication 3079, December 1997, pp. A-8, A-9.

<sup>89</sup>USITC, *The Year in Trade: OTAP*, 49th Report, 1997, pp. 5-27, 5-28, 5-31. For additional details on the GSP program, see chapter 2.

<sup>90</sup>The three members of SADC that have ratified the SADC trade protocol—Botswana, Mauritius, and Tanzania—qualify for the new GSP cumulation benefit. See the section on regional integration for more information on these organizations and their membership.

<sup>91</sup>USTR, "USTR Announces New GSP Initiative to Benefit African Trade and Other Developing Countries," Press Release 98-64, July 1, 1998.

GSP-specific measure has been introduced in the House.

On the second track is the Africa Growth and Opportunity Act (H.R. 434), which would among other things extend and enhance GSP duty-free benefits for eligible African countries until June 30, 2009. The bill has passed the House. A Senate companion bill (S. 1387) would extend and enhance GSP benefits until June 30, 2006. Although both bills would provide duty-free and quota-free entry to the United States for African textiles and apparel, there is a key distinction in treatment. Whereas the House bill would provide such benefits to all textile and apparel imports, the Senate bill would limit the duty-free and quota-free treatment to imports made with U.S. fabric and U.S. yarn.

## Peace Corps

The Peace Corps was established in 1961 to promote world peace and friendship through the service of American volunteers. One of the Peace Corps's primary missions is international grassroots development, a collection of activities involving education, business development, health, agriculture, and the environment.<sup>92</sup>

The Peace Corps devoted approximately \$52.6 million to Africa in 1998, or 22.3 percent of its budgetary resources.<sup>93</sup> Although these figures are for all of Africa, nearly all of the Peace Corps activity in Africa focused on Sub-Saharan Africa. In an annual summary of global projects, the Peace Corps listed 121 African projects for 1998; all but 7 were conducted in Sub-Saharan African nations. Projects included improving information technology (15 programs), developing agriculture (12), business development (9), education (26), environmental awareness and protection (18), health promotion (23), water sanitation (8), and youth development (3),<sup>94</sup> a community-based ecotourism project in Ghana,<sup>95</sup> the creation of fish farms in Zambia and Lesotho, and an investment in quadrupling the number of computer labs in The Gambia.<sup>96</sup>

The Peace Corps also continued its Promoting Linkages of Sustainable Development strategy for business development in Africa. This strategy intends first to sequence the transfer of skills in the area of external linkages (e.g., marketing information services) and internal management (e.g., accounting); second, to facilitate greater business support of projects in other sectors; third, to establish programming linkages with local non-governmental

organizations and trade associations; and finally, to collaborate with community financial institutions that provide services to underserved populations. The Peace Corps reports that projects that have implemented this four-pronged strategy are increasingly able to document job creation and improved income.<sup>97</sup>

## WTO Developments and Sub-Saharan Africa

### *Technical Assistance Under the Integrated Plan of Action*

As noted previously in this chapter, in 1995, a WTO Trust Fund for Technical Cooperation was established and has been funded since then with contributions from individual WTO members<sup>98</sup> to help provide technical assistance to poorer and least-developed countries (LDCs), particularly in Africa.<sup>99</sup> Trade ministers at the First WTO Ministerial Conference, held in December 1996 in Singapore, agreed to the Comprehensive and Integrated Plan of Action for Least-Developed Countries, which aimed at providing a comprehensive approach for measures taken in favor of these countries.<sup>100</sup> The Integrated Plan of Action focuses on three main elements: (1) implementation of the Uruguay Round Agreements' Decision on Measures in Favor of Least-Developed Countries, (2) human and institutional capacity-building in the LDCs, and (3) possible improvements in market access.

<sup>97</sup> Ibid., p. 2.

<sup>98</sup> A number of members have contributed to WTO technical assistance activities, including Hong Kong, the Netherlands, Norway, Poland, Sweden, Switzerland, the United Kingdom, and the United States.

<sup>99</sup> Although this report focuses on Sub-Saharan Africa, the Integrated Plan of Action and related programs can focus on largely similar, but not always identical, groups of countries. For example, the "least-developed" country classification of the United Nations is composed of 48 countries, some of which fall outside Africa. Moreover, not all LDCs are WTO members but may nonetheless benefit from WTO programs to assist LDCs. In addition, individual contributions to the WTO Trust Fund can vary regarding their coverage, some programs encompassing the significantly larger category of developing country Members and other projects may be open to economies in transition, the latter a category capable of being distinctly more advanced economically than the LDCs.

<sup>100</sup> The 48 least-developed countries designated by the United Nations are Afghanistan, Angola, Bangladesh, Benin, Bhutan, Burkina Faso, Burundi, Cambodia, Cape Verde, Central African Republic, Chad, Comoros, DROC, Djibouti, Equatorial Guinea, Eritrea, Ethiopia, The Gambia, Guinea, Guinea-Bissau, Haiti, Kiribati, Laos, Lesotho, Liberia, Madagascar, Malawi, Maldives, Mali, Mauritania, Mozambique, Myanmar (Burma), Nepal, Niger, Rwanda, Samoa, São Tomé and Príncipe, Sierra Leone, Solomon Islands, Somalia, Sudan, Tanzania, Togo, Tuvalu, Uganda, Vanuatu, Yemen, and Zambia.

<sup>92</sup> Peace Corps, *Congressional Budget Presentation, FY 2000*, pp. 1-3.

<sup>93</sup> Ibid., pp. 25-26.

<sup>94</sup> Peace Corps, *1998 Project Status Reports, Global Summary and Promising Practices*.

<sup>95</sup> Ibid., p. 11.

<sup>96</sup> Ibid., pp. 4-5.

## High-Level Meeting

One element of the Integrated Plan of Action was the High-Level Meeting (HLM) on Integrated Initiatives for Least-Developed Countries' Trade Development, held in October 1997 in Geneva, sponsored by the six core intergovernmental organizations most involved in this area: the IMF, ITC, UNCTAD, UNDP, World Bank, and WTO.

The HLM began the process of developing a common, integrated approach for helping the LDCs to make more effective use of the multilateral trading system, as well as providing an opportunity for more developed countries to improve access to their markets for the LDCs. The HLM focused on thematic as well as country-specific roundtable discussions. The thematic roundtables centered on building in the LDCs a capacity to trade, as well as on encouraging investment flows to these countries. The country-specific roundtables were based on a comprehensive needs assessment, to be submitted by each LDC seeking technical assistance, addressing its need for trade-related technical assistance aimed at human and institutional capacity building. To help in this self-assessment, the sponsoring agencies provide a checklist (and the technical assistance to help complete it if necessary) concerning trade-related technical cooperation that encompasses LDC trade, trade promotion efforts and support services, and communication and other technological assistance.

## Needs Assessment

The HLM endorsed the *Integrated Framework for Trade-Related Technical Assistance, Including for Human and Institutional Capacity-Building, to Support Least-Developed Countries in Their Trade and Trade-Related Activities* (WT/LDC/HL/1/Rev.1). The document was subsequently adopted by the six core agencies in early 1998.<sup>101</sup> The Integrated Framework (IF) is a mechanism to coordinate trade-related technical assistance to the least-developed countries (all 48, as designated by the United Nations). It aims to ensure that technical assistance activities are demand-driven—that is, that the least-developed countries provide the impetus and thereby actively drive or “own” the process.

The first step in the process stems from a request for trade-related technical assistance from an individual LDC. These needs are identified and codified in a “Trade-Related Technical Assistance Needs-Assessment,” drawn up and submitted by the

<sup>101</sup>WTO, “Report of the Director-General to WTO Ministers on the High-Level Meeting on Integrated Initiatives for Least-Developed Countries' Trade Development,” WT/COMTD/W/40, Apr. 17, 1998, found at Internet address <http://www.wto.org/wto/ddf/ep/public.html>, retrieved July 16, 1999.

LDC concerned. By June 1998, a total of 39 needs assessments had been received, with a 40th assessment under preparation in February 1999.<sup>102</sup> Following receipt of the request for assistance and identification and analysis of what the core agencies can provide, these agencies develop an Integrated Response plan. Subsequently, both sides meet to hold trade-related donor meetings (so-called roundtables) to discuss issues raised by the needs-assessments, and where participation can be broadened beyond the six core agencies to include other multilateral, regional, and bilateral donors and development partners. Of the 39 needs-assessments received so far, some 21 LDCs have expressed interest in a trade-related meeting, as of February 1999. However, of the 39, only Uganda has advanced to this stage, holding its trade-related meeting in December 1998. The final step in the overall process is when a multiyear development plan is established and readied for implementation.<sup>103</sup>

The IF has established an Internet website<sup>104</sup> that serves as a tool to maintain transparency between the sponsoring agencies, the LDCs, and their other multilateral, regional, and bilateral development partners.<sup>105</sup> A small Administrative Unit has also been established at the International Trade Centre in Geneva since mid-1998 to handle day-to-day work and service the inter-agency meetings.

## Seminars and Technical Missions

In addition, WTO activities implementing the *Integrated Framework for Trade-Related Technical Assistance to Least-Developed Countries* have also included national and regional seminars and

<sup>102</sup>WTO, “Third Progress Report on the Follow-up to the High-Level Meeting,” WT/COMTD/LDC/W/13, Feb. 24, 1999. To date, the 21 countries requesting trade-related donor meetings are Angola, Bangladesh, Bhutan, Cambodia, Central African Republic, Chad, Djibouti, Ethiopia, The Gambia, Guinea, Haiti, Maldives, Mali, Mozambique, Nepal, Niger, Sudan, Tanzania, Togo, Uganda, and Zambia.

<sup>103</sup>To date, the 39 LDCs submitting needs-assessments are Angola, Bangladesh, Benin, Bhutan, Burkina Faso, Burundi, Cambodia, Cape Verde, Central African Republic, Chad, Comoros, DROC, Djibouti, Equatorial Guinea, Ethiopia, The Gambia, Guinea, Guinea-Bissau, Haiti, Laos, Lesotho, Madagascar, Malawi, Maldives, Mali, Mauritania, Mozambique, Nepal, Niger, Rwanda, Samoa, São Tomé and Príncipe, Solomon Islands, Sudan, Tanzania, Togo, Uganda, Vanuatu, and Zambia.

<sup>104</sup>The Internet address for the IF is <http://www.ldc.org>.

<sup>105</sup>IMF-ITC-UNCTAD-UNDP-World Bank-WTO, “The Process at a Glance,” found at Internet address <http://www.ldc.org/process1.htm>, retrieved July 16, 1999.



roundtables, often in concert with other sponsors, which can also include government officials, academics, and private sector representatives. A number of these seminars have focused on specific subjects, in particular financial services, dispute settlement, market access, trade and environment, and the TRIPS Agreement. The WTO has also dispatched technical missions to a number of individual LDCs to improve their participation in the multilateral trading system, touching on issues such as notification obligations, adapting national legislation to WTO disciplines, or implementation of services obligations. As of February 1999, 15 technical missions had taken place,<sup>106</sup> of which the Sub-Sahara African WTO members were Benin, Burkina Faso, Chad, Djibouti, Madagascar, Mauritania, Niger, Rwanda, and Uganda, and non-WTO members in Sub-Saharan Africa were Equatorial Guinea and Ethiopia.

In addition to technical missions to individual LDCs, the WTO is providing technical assistance through Information Technology for Development projects.<sup>107</sup> One element of this project is helping

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<sup>106</sup> Non-African countries benefitting from technical missions included Bangladesh, Haiti, Laos, and Vanuatu, the former two being WTO members but not the latter two.

<sup>107</sup> WTO, "Second Progress Report on the Follow-up to the High-Level Meeting," WT/COMTD/LDC/W/12, Nov. 13, 1998.

to establish information technology reference centers in LDCs, installing computers with Internet access and documentation. The WTO has installed these reference centers in a number of LDCs, with others being planned. A companion initiative in cooperation with the World Bank's Economic Development Institute focuses on developing trade information and training resources that can be accessed by LDC WTO members via the Internet or other electronic platforms, such as CD-ROM or diskette.

## *Other 1998 Developments*<sup>108</sup>

Overall, many Sub-Saharan African governments indicate that the WTO is important, but they largely lack the resources to participate actively or report little impact on their economy as a result of the WTO framework. A number are not WTO members. A few countries are able to play a more substantial role in the organization, such as Kenya, Mauritius, Senegal, and especially South Africa. Table 3-12 summarizes 1998 WTO developments by selected countries.

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<sup>108</sup> Sources for the following information are from U.S. Embassy posts in Sub-Saharan Africa, reporting to the Commission following a request for information on matters affecting U.S.-Sub-Saharan African trade flows.

**Table 3-12**  
**WTO developments regarding selected Sub-Saharan African countries<sup>1</sup>**

Angola	Although the Angolan Government is concerned about its inability to evaluate and particularly to implement WTO issues and measures, resource constraints prevent it from greater involvement. Economic policy reforms taking place in Angola are driven more by negotiations with the IMF than on account of WTO obligations or considerations.
Cameroon	Cameroon has been actively involved in WTO matters, such as air transportation services—an area of WTO services negotiations largely put off during the Uruguay Round—as well as the bananas dispute between the United States and the EU. As a primary banana exporter, Cameroon's preferential access to the EU market under the Lomé Convention could be in jeopardy.
Cape Verde	Although Cape Verde is not a WTO member, it is an observer (although released from the obligation to accede to the WTO) and was a country that applied the GATT de facto to its trade policy at the time of the GATT 1947.
Eritrea	Eritrea is not a WTO member, although it can benefit from measures provided under the IF as one of the UN-designated LDCs.
Ethiopia	Ethiopia is not a WTO member, although it has received permission to be a WTO observer without the obligation to accede to the WTO. Ethiopia may benefit from measures provided under the IF as one of the UN-designated LDCs.
Kenya	Kenya is actively engaged in amending domestic legislation to conform with its WTO obligations. In March 1999, the Government published its Industrial Property bill which, once passed by Parliament, would govern registration and protection of patents, industrial designs and other models that would bring Kenyan law into line with the WTO TRIPS Agreement as well as the Paris Convention for the Protection of Industrial Property and the Patent Cooperation Treaty.
Lesotho	As an LDC, Lesotho stands to benefit from the IF initiatives by the WTO and other core agencies.
Mauritius	WTO developments have made Mauritius increasingly aware of the gradual dismantling of its trade preferences and the increasing global competition likely to meet its exports, mainly textiles and sugar. As a consequence, both the public and private sectors are taking actions to increase their productivity and competitiveness. Mauritian companies and banks are becoming multinational by establishing operations abroad in India as well as southern and eastern Africa. The larger textile firms are automating their operations and producing higher value-added garments. Mauritius Telecom is diversifying its activities into southern and eastern Africa as a consequence of the government's WTO commitment to liberalize telecommunications services by 2004. In June 1999, the Government ended Mauritius Telecom's monopoly as an Internet service provider, and will be auctioning off licenses to private operators in the coming months. The sugar industry has also been going through a process of consolidation, centralization, and modernization to lower costs and enhance competitiveness, with a number of factories investigating the possibility of investing in energy production for sale to the national energy grid.
Mozambique	The Mozambican Government is concerned about WTO issues and seeks to follow events more closely but is constrained by limited resources that prevent it from having greater involvement. Rather than approach WTO issues from a national perspective, Mozambique is more likely to register its voice through SADC, a regional organization.
Nigeria	Embassy reports consider that WTO developments play little role in policymaking in Nigeria at present.

**Table 3-12—Continued**  
**WTO developments regarding selected Sub-Saharan African countries**

Rwanda	Rwanda became a WTO member in May 1996, and has managed to pay its arrears as well as its current contribution in 1998. Rwanda has been a beneficiary of the technical assistance provided under the IF, receiving help in increasing exports and attending regional seminars.
Senegal	As a result of WTO involvement, Senegal has reduced import tariffs, phased out most quantitative restrictions on imports, and liberalized the import of most "strategic" commodities—including rice and sugar—although some barriers remain for vegetable oil imports. Senegal has also liberalized financial and basic telecommunications services, having participated in the extended services negotiations under the GATS. Senegal has not yet made any commitments under the ITA, but has stated its intention to do so once it concludes consultations with regional UEMOA partners.
South Africa	South Africa has a strong commitment toward the WTO, vastly preferring dispute resolution through multilateral, rather than bilateral, channels. South Africa also feels it has a role as a bridge between developed and developing countries within the WTO framework. Over the past few years, South Africa has simplified its complex tariff structure, reducing its overall average tariff rate from over 20 percent to roughly 10 percent, and worked to eliminate import permits. In 1998, South Africa joined the Cairns Group of self-declared unsubsidized agricultural exporters so as to promote fundamental agricultural trade reforms.

Source: Compiled by USITC staff from U.S. Embassy responses to request for information.

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## CHAPTER 4

# Trade and Economic Policies Affecting U.S.-Sub-Saharan Africa Trade and Investment and Major Sectors

This chapter highlights significant economic and trade policy developments that occurred in the United States and Sub-Saharan Africa during 1997-98, largely as a result of the implementation of the Uruguay Round Agreements (URA). As in previous reports, each sector summary in this chapter provides information on (1) changes in tariffs and non-tariff barriers in the United States and in the major trading countries of Sub-Saharan Africa, (2) the level of U.S. imports from the region entering under the GSP program, (3) significant economic and trade policy developments in both the United States and the principal Sub-Saharan Africa trading nations, and (4) important developments regarding multilateral lending to those major regional trading partners. Relevant trade shifts and significant economic developments with respect to smaller, less competitive Sub-Saharan Africa countries are also discussed in this chapter.

Most countries in Sub-Saharan Africa continued the positive trends reported in last year's report on U.S.-Africa trade flows,<sup>1</sup> such as the implementation of specific policy reforms regarding price controls, privatization of state-owned enterprises, strengthening various business agreements, and implementing liberalized regulations to enhance trade. Improvements to regional infrastructures also continued, assisted by multilateral lending and investment guarantee programs. All of these developments have had a positive impact on trade and investment in both the United States and Sub-Saharan Africa.

During 1997-98, sector products in which U.S. trade with Sub-Saharan Africa experienced the greatest growth, in absolute terms, were exports of transportation equipment and imports of minerals and metals. U.S. exports of transportation equipment grew by \$504.5 million (29 percent) in 1998, largely reflecting a significant increase in shipments of aircraft, construction and mining equipment, and motor vehicle parts. U.S. imports of minerals and metals rose by \$331.3 million (15 percent), primarily as a result of increased shipments of platinum-group

metals (PGMs), ferroalloys, and diamonds from South Africa, reflecting strong domestic industrial demand and consumer spending. The product sector in which trade declined the most during 1998 was energy-related products, whose value of imports fell by \$3.1 billion (28 percent), primarily reflecting lower prices of crude petroleum during the period.<sup>2</sup>

## Agricultural Products<sup>3</sup>

### Overview

U.S. exports of agricultural products to the Sub-Saharan Africa region amounted to \$780.6 million in 1998, an increase of nearly \$25 million (3.3 percent), while imports increased by \$4 million to \$919.2 million. The U.S. trade balance in agricultural products registered a deficit of \$138.6 million in 1998, a decrease from a deficit of \$159.2 million in 1997.

Major agricultural export markets in the region were South Africa, Nigeria, Kenya, and Ghana, as shown below:

1998 leading export markets	Million dollars	Percentage of total
South Africa . . . . .	210.9	27.0
Nigeria . . . . .	150.0	19.2
Kenya . . . . .	60.0	7.7
Ghana . . . . .	47.1	6.0
Ethiopia . . . . .	29.5	3.8
Others . . . . .	283.1	36.3
Total . . . . .	780.6	100.0

Note.—Because of rounding, figures may not add to the total shown.

<sup>2</sup> The agricultural products sector includes meat, poultry, and dairy products; vegetables and fruit products; fats and oils and oilseed products; cereals (grain); prepared foodstuffs; beverages; tobacco and tobacco products; raw hides, skins, and wool; sugar; and raw cotton.

<sup>3</sup> The quantity of crude petroleum imported from the region fell only slightly by approximately 1.3 percent. See the section on energy-related products later in this chapter.

<sup>1</sup> USITC, *U.S.-Africa Trade Flows and Effects of the Uruguay Round Agreements and U.S. Trade and Development Policy*, USITC publication 3139, Oct. 1998.

Grain, milled grain, and vegetable oils and fats accounted for 65.0 percent of the agricultural exports to the region.

1998 leading sector exports	Million dollars	Percentage of total
Grain (wheat, rice, and corn) .....	389.7	50.0
Vegetable oils and fats .....	78.8	10.1
Edible preparations ..	60.6	7.8
Cigarettes .....	44.0	5.6
Milled grain (flour) ...	38.6	4.9
Poultry .....	37.4	4.8
Animal feeds .....	28.7	3.7
Others .....	102.5	13.1
Total .....	780.6	100.0

Note.—Because of rounding, figures may not add to the total shown.

A significant portion of such exports benefit from U.S. export promotion and food assistance programs. Edible preparations, cigarettes, and poultry are also among the leading exports to the Sub-Saharan Africa region.

U.S. grain exports (mostly wheat, rice, and corn) increased by \$22 million (6.0 percent) to \$389.7 million during 1997-98, and exports of vegetable oils and fats rose by \$22.6 million (40.2 percent) to \$78.8 million. Exports of edible preparations, cigarettes, and animal feeds increased by double-digit rates, while milled grain and poultry exports were down slightly from 1997.

The leading U.S. agricultural import suppliers in the Sub-Saharan Africa region were Côte d'Ivoire, South Africa, and Kenya as shown below:

1998 leading import sources	Million dollars	Percentage of total
Côte d'Ivoire .....	381.4	41.5
South Africa .....	158.1	17.2
Kenya .....	50.3	5.5
Ethiopia .....	44.6	4.8
Madagascar .....	41.4	4.5
Others .....	243.4	26.5
Total .....	919.2	100.0

Note.—Because of rounding, figures may not add to the total shown.

Sub-Saharan Africa countries supply chiefly tropical products, such as cocoa products, coffee and tea, natural gums and resins, and vanilla beans. Together, these products supplied 64.9 percent of U.S.

agricultural imports from the region in 1998, amounting to \$597.1 million, as shown in the following tabulation:

1998 leading sector exports	Million dollars	Percentage of total
Coca beans and coca products .....	381.6	41.5
Coffee and tea .....	162.3	17.6
Frozen fish .....	65.8	7.1
Sugar .....	53.6	5.8
Natural gums, resins, and vanilla beans ..	53.2	5.8
Tobacco .....	35.4	3.8
Others .....	167.3	18.2
Total .....	919.2	100.0

Note.—Because of rounding, figures may not add to the total shown.

Although subject to U.S. tariff-rate quotas, sugar and unmanufactured tobacco (9.6 percent of total imports) are also important sector imports from the region and amounted to \$89 million in 1998. However, imports of both products are eligible for duty-free treatment under the GSP program. Imports of frozen fish, particularly tuna and fish fillets, have been rising in importance over the past several years, and they supplied 7.1 percent of 1998 sector imports.

The change in the value of imports from the Sub-Saharan Africa region from year to year is mainly a function of agricultural commodity prices. Compared with 1997, U.S. imports from the region remained relatively stable. Of the five leading sector imports, only cocoa and cocoa products registered an increase in shipments to the United States, mainly as a result of higher cocoa prices.<sup>4</sup> The other leading sector imports from the region declined from the previous year, in most cases as a result of moderating commodity prices. In 1998, cocoa bean prices increased, while prices for coffee and tobacco declined, and sugar prices remained stable.<sup>5</sup> The U.S. market for leaf tobacco was dramatically weaker in 1998 for imports from all sources; consequently, unmanufactured tobacco shipments from Malawi<sup>6</sup> and Zimbabwe significantly declined.

U.S. agricultural imports from major regional suppliers declined during 1997-98 by \$20.6 million (31.6 percent) for Ethiopia, \$50.6 million (56.9 percent) for Malawi, and \$6.4 million (11.3 percent)

<sup>4</sup> International Monetary Fund (IMF), *International Financial Statistics*, Washington D.C., June 1999.

<sup>5</sup> Ibid.

<sup>6</sup> Malawi exported about 95 percent of its tobacco production, with the United States importing the largest share of its principal tobacco product, burley leaf. U.S. Department of Agriculture (USDA), Foreign Agriculture Service (FAS), "Malawi - Tobacco Update," message reference No. MI8001, prepared by U.S. Embassy, Nairobi, June 29, 1998.



for Kenya. Assisted by strong commodity prices, U.S. imports from Côte d'Ivoire increased \$154.8 million (68.3 percent), while imports from South Africa rose by \$8.3 million (5.5 percent).

Food security concerns of the many Sub-Saharan Africa countries remained a prominent feature in U.S. trade and multilateral relationships with the region in 1998. Over the past several years, more than one-half of U.S. agricultural exports to the region received assistance under various U.S. Government programs.

## WTO Developments Affecting Sector Trade and Development

### Tariff Changes

The share of dutiable U.S. imports of agricultural products from the Sub-Saharan Africa region declined from 16.1 percent of total agricultural imports to 8.6 percent during 1997-98, owing largely to a fall in imports of tobacco products. For the 10 leading Sub-Saharan Africa suppliers, the share of total U.S. agricultural imports subject to duties ranged from nearly zero for Ethiopia to 48.2 percent for Zimbabwe. However, the U.S. ATWT for imports of agricultural products from the region was 8.7 percent AVE in 1998, up from 7.8 percent AVE in the previous year. The ATWT applied to leading suppliers of U.S. agricultural imports from the region in 1998 is shown below:

1998 leading import suppliers	ATWT (percent AVE)
Côte d'Ivoire .....	1.4
South Africa .....	8.7
Kenya .....	5.4
Ethiopia .....	2.6
Madagascar .....	1.4
Average, Sub-Saharan Africa .....	8.7

Collected duties from the region for the sector decreased by 40 percent from the previous year, totaling \$6.9 million in 1998—likewise owing mainly to a marked decrease in unmanufactured tobacco shipments. Shipments of mainly fruit products and wine from South Africa accounted for 59.3 percent of dutiable imports of agricultural products in 1988, followed by imports of tobacco from Malawi and Zimbabwe.

Among the important market countries in the region, South Africa and Nigeria continued to reduce some import barriers in 1998, yet some trade liberalizing measures were reversed. Both countries continued economic reforms undertaken in 1997, including elimination of agricultural marketing boards

and controls, with all buying and selling and import and export functions being privatized.<sup>7</sup> The South African Government in 1998 took steps to totally eliminate export subsidies, reduce tariffs, and restructure state enterprises on market-oriented principals.<sup>8</sup> Non-tariff barriers, including phytosanitary requirements, are also being modified. However, according to the USTR, South Africa has recently raised tariffs on certain agricultural products in order to protect local producers of wine, wheat, corn, and poultry.<sup>9</sup> Although import permits have largely been replaced by tariffs, permits are still required for fish and fish products.<sup>10</sup>

Nigeria, another major import market for U.S. agricultural products, lifted import bans on poultry and eggs, barley and barley malt, beer, and mineral waters, and replaced these bans with high tariffs.<sup>11</sup> In 1999, tariffs on poultry and eggs were reduced to 50 percent ad valorem from 150 percent ad valorem, while the effective ad valorem rate for wheat increased to 15 percent.<sup>12</sup> In 1999, excise duties that had been eliminated in 1998 were restored for tobacco products and spirits.<sup>13</sup> Nigeria maintains a ban on corn imports, and levies a 50-percent duty on rice and a 10-percent duty on wheat. The Nigerian Government did eliminate pre-shipment inspection (PSI) and duties on imports from all African countries and 15 other major trading partners in 1998. In 1999, the PSI requirement is scheduled to be abolished for other non-exempted countries, including the United States.<sup>14</sup> An offsetting 25-percent duty rebate on a number of agricultural product imports, established in late 1997, was abolished in 1999.<sup>15</sup>

### Other Trade Policy Developments

In 1998, the United States adjusted its tariff rate quota (TRQ) for imports of sugar, the fourth-leading agricultural import from the region. Quota allocations

<sup>7</sup> USDA, FAS, "Agriculture Situation, South Africa," message reference No. SF7030, prepared by U.S. Embassy, Pretoria, Sept. 30, 1997.

<sup>8</sup> USDA, FAS, "Agriculture Situation, South Africa," message reference No. SF8028, prepared by U.S. Embassy, Pretoria, Sept. 25, 1998.

<sup>9</sup> USTR, 1999 *National Trade Estimate on Foreign Trade Barriers*, 1999, p. 379 and USDA, FAS, "Import Tariffs Imposed on Wheat Products," message reference No. SF9014, prepared by U.S. Embassy, Pretoria, Apr. 16, 1999.

<sup>10</sup> USTR, 1999 *National Trade Estimate*, p. 379.

<sup>11</sup> USDA, FAS, "Market Development Reports," message reference No. NI8001, prepared by U.S. Embassy, Lagos, Jan. 8, 1998; and USTR, 1998 *National Trade Estimate Report on Foreign Trade Barriers*, 1998, p. 301.

<sup>12</sup> USDA, FAS, "Market Development Reports," message reference No. NI9001, prepared by U.S. Embassy, Lagos, Jan. 12, 1999.

<sup>13</sup> USTR, 1999 *National Trade Estimate*, p. 321.

<sup>14</sup> Ibid.

<sup>15</sup> Ibid.

for sugar during FYs 1998 and 1999<sup>16</sup> were held by regional trading partners Congo (Brazzaville), Côte d'Ivoire, Gabon, Madagascar, Malawi, Mauritius, Mozambique, South Africa, Swaziland, and Zimbabwe.<sup>17</sup> Allocations for these countries during FY 1998 totaled 122,193 metric tons (mt), raw value, or about 10 percent of the global allocation.<sup>18</sup> The largest allocations were held by South Africa (20 percent of the Sub-Saharan Africa total), Swaziland (14 percent), and Mozambique (12 percent). The total sugar import allocation in FY 1998 for the region was reduced by 3,041 mt (2 percent) from levels permitted in FY 1997. Suppliers from the region generally fill their quotas, as the price received for shipments is the U.S. sugar price, which is well above the world price.

The U.S. tariff-rate quota on imports of leaf tobacco used in the manufacture of cigarettes consumed in the United States amounted to 151,200 mt during the quota year September 1998 to September 1999, the same level as the previous quota year. Above-quota imports are subject in 1998-99 to a 350-percent AVE duty. Zimbabwe and Malawi were each allotted 12,000 mt of leaf tobacco to be entered at the lower tariff rate. Imports from both countries in 1998 were well below their allotment levels, with shipments from Malawi, consisting mainly of burley tobacco totaling 8.3 mt, and Zimbabwe providing 5.4 mt of mainly flue-cured tobacco.

## ***Economic and Trade Policies Affecting U.S.-Sub-Saharan Africa Trade and Investment***

### **U.S. Policies**

In addition to the GSP program, there are numerous programs affecting agricultural trade and investment between the United States and Sub-Saharan Africa administered by the USDA to facilitate U.S. agricultural exports. Other programs affecting such trade and investment include food assistance programs operated by both the USDA and USAID.

### ***Generalized System of Preferences***

Over two-thirds of the \$105.0 million of the GSP benefits for agricultural products accrued in 1998 to three countries in the region: Côte d'Ivoire, Malawi,

<sup>16</sup> Quotas are allocated on an Oct.1-Sept. 30 basis.

<sup>17</sup> USTR, "USTR Announces Allocation of the Raw Cane Sugar, Refined Sugar and Sugar Containing Products Tariff-Rate Quota for 1998-99," Press Release 98-83, Sept. 16, 1998.

<sup>18</sup> Ibid.

and South Africa. GSP sector imports from the region declined in 1998 to levels 30.8 percent below the \$151.7 million imported in 1997. In mid-1999, President Clinton designated Gabon as a GSP beneficiary country and suspended Mauritania as a LDBDC under the GSP provisions.<sup>19</sup> U.S. imports of agricultural products under the GSP from the leading Sub-Saharan Africa countries in 1997 are shown below:

<b>1998 leading GSP imports sources</b>	<b>Million dollars</b>	<b>Percentage of total</b>
South Africa . . . . .	44.2	42.1
Malawi . . . . .	16.3	15.5
Côte d'Ivoire . . . . .	10.2	9.7
Mozambique . . . . .	9.1	8.7
Zimbabwe . . . . .	7.4	7.0
Others . . . . .	17.8	17.0
<b>Total . . . . .</b>	<b>105.0</b>	<b>100.0</b>

Note.—Because of rounding, figures may not add to the total shown.

GSP agricultural imports in 1998 from South Africa rose by \$15.4 million (53.5 percent) and from Côte d'Ivoire by \$1.4 million (15.9 percent) from 1997 levels, while imports of GSP-eligible products from Malawi dropped by \$12.9 million (44.0 percent).

Sugar was by far the dominant agricultural item imported under the GSP from the Sub-Saharan Africa region in 1998, accounting for 44.8 percent (\$47.0 million) of the regional GSP total. The other leading GSP commodities were hides, skins, and leather (\$14.9 million or 14.2 percent); cocoa products (\$13.0 million or 12.4 percent); and unmanufactured tobacco (\$10.3 million or 9.8 percent). The 1998 share of total U.S. agricultural imports from the region that entered under GSP provisions was 11.4 percent, compared with 16.6 percent in 1997, mainly due to lower unmanufactured tobacco imports from Malawi.

### ***Export programs***

A substantial portion of U.S. agricultural exports to the region benefitted from U.S. Government programs. USDA agricultural export programs include the GSM-102<sup>20</sup> export guarantee program, Export Enhancement Program (EEP), and the Dairy Export Incentive Program (DEIP). However, no exports occurred under the USDA's EEP to any country of the world during FY 1998.<sup>21</sup>

<sup>19</sup> Bureau of National Affairs, *International Trade Daily*, July 7, 1999, article No. 61881002.

<sup>20</sup> The GSM-102 program provides short-term credit guarantees for financing terms of up to 3 years. Longer term credit guarantees (3-10 years) are provided by the GSM-103 program. In FY 1998, \$1 million in U.S. exports of agricultural products to Sub-Saharan Africa were made under GSM-103.

<sup>21</sup> USDA, FAS, facsimile transmission to USITC staff, July 11, 1999.



U.S. exports of agricultural products to the Sub-Saharan Africa region made under the GSM-102 program in FY 1998 totaled \$25 million, a 38.9-percent increase above the FY 1997 level.<sup>22</sup> The principal commodities exported under this program have included soybeans, grain (corn, wheat, and rice), and poultry meat.

Bonus awards (the amount of funds applied to exports) under the DEIP during calendar year 1998 totaled \$103.6 million; the leading commodity exported to the region under the DEIP was processed American cheese totaling \$27,000 shipped to South Africa.<sup>23</sup> The Sub-Saharan Africa region has accounted for a relatively small share of total worldwide DEIP bonus awards (less than 2 percent in most years).

### ***Market development programs<sup>24</sup>***

The USDA Market Access Program (MAP) funding in Sub-Saharan Africa totaled \$1.3 million in FY 1998, and the Foreign Market Development (FMD) program totaled \$600,000. As in previous years, South Africa was the major beneficiary of U.S. agricultural market development programs in Sub-Saharan Africa during FY 1998, accounting for 54.2 percent of FMD spending and 46.7 percent of MAP spending. The emphasis reflects South Africa's relatively high regional income level and large consumer market for higher priced, value-added products. Within the region, the Emerging Markets Program (EMP) spent \$270,000, chiefly in South Africa in 1998,<sup>25</sup> a focus also consistent with its large market potential.

USDA International Cooperation and Development programs in the region included collaborative research grants, scientific exchanges, and Cochrane Fellowships (allowing for agricultural education and research study). In FY 1998, these funds totaled \$230,000 in the region, with most funds expended in Ethiopia, Kenya, Senegal, and South Africa.

<sup>22</sup> Ibid.

<sup>23</sup> USDA, FAS official, telephone interview by USITC staff, July 9, 1999.

<sup>24</sup> The Emerging Markets Program (EMP), as well as the MAP and FMD programs, is authorized under the Federal Agriculture Improvement and Reform Act of 1996. The purpose of the EMP is to establish or provide facilities, services, or U.S. products to improve handling and distribution of U.S. agricultural exports in a foreign country that is deemed to be an "emerging market" for these exports.

<sup>25</sup> USDA, FAS, facsimile transmission, July 11, 1999.

### ***Food assistance***

U.S. food assistance under Titles I, II, and III of the Food for Peace Program (Public Law 480)<sup>26</sup> to Sub-Saharan Africa countries totaled \$495.3 million in FY 1998;<sup>27</sup> this was 27.3 percent above the FY 1997 level of \$389.0 million. The Sub-Saharan Africa region accounted for 45.4 percent of the \$1.09 billion U.S. food assistance to all countries of the world under these programs in FY 1998, up from the 36 percent regional share in FY 1997. Major recipient countries in the region in FY 1998 included Angola, Ethiopia, Mozambique, Rwanda, and Uganda. Principal commodities donated were grains and milled grains (wheat, rice, and corn), pulses (dry beans, peas, and lentils), and vegetable oil. Food donations under Title II of Public Law 480 accounted for 90.1 percent of total food assistance in FY 1998 to the region, followed by Title I (5 percent) and Title III (4 percent). Angola, Mozambique, and Zimbabwe were the recipients under Title I; there were 27 recipient countries in the region under Title II; and Ethiopia, Eritrea, and Mozambique were recipients under Title III.<sup>28</sup>

### **Policy Developments in Sub-Saharan Africa**

Sub-Saharan Africa remains the most vulnerable area in the world with respect to food security, due to production variability caused by weather conditions, civil strife, skewed distribution of income, and structural impediments.<sup>29</sup> In the region's 37 countries monitored by USDA, caloric intake during 1980-97 declined 0.2 percent annually, to the lowest consumption level worldwide. "Status quo" food aid needs<sup>30</sup> in Sub-Saharan Africa are estimated to be 6.7 million metric tons (mmt) in 1998, rising to 12.1 mmt

<sup>26</sup> The Agricultural Trade Development and Assistance Act of 1954, Public Law 480, 68 Stat. 454. Title I, administered by the USDA, provides for sales of U.S. agricultural commodities using long-term concessional credit. Title II is the primary U.S. foreign food-donation component and can be used for development projects or emergency feeding. Title III provides grants for development activities on a government-to-government basis that normally include policy reform conditions. Titles II and III are administered by USAID.

<sup>27</sup> USDA, Economic Research Service (ERS), facsimile transmission to USITC staff, July 11, 1999, and USAID budget official, telephone interview by USITC staff, July 12, 1999.

<sup>28</sup> According to USAID budget personnel, the Title III program is scheduled to be ended in 2000.

<sup>29</sup> USDA, ERS, *Food Security Assessment*, Nov. 1998.

<sup>30</sup> USDA defines "food aid needs" as the amount of grain needed to fill the gap between the sum of production and commercial import capacity and two consumption levels--a "status quo" maintenance of consumption at the past average 5-year level, and a "nutritional requirement" consumption based on achieving a minimum nutritional standard for the entire population.

in 2008, indicating that the food gap will grow.<sup>31</sup> The principal factor contributing to the projected increase in the food gap in Sub-Saharan Africa is high population growth, with 26 countries in the region unable to increase food production rapidly enough to match their population growth.<sup>32</sup> Additionally, slower growth in domestic grain production (2.3 percent annually) and inadequate reserves of foreign exchange needed to purchase commercial grain exports will likely result in continued declines in per capita consumption. Furthermore, USDA indicates that food import growth is unlikely to compensate for the low production growth.

Closing the food gap in the region, as determined by USDA, includes increasing the growth rate of food production to 3.4 percent per year and food imports averaging 13 to 17 percent per year (current baseline projections are 1.9 percent for imports). To achieve these goals, USDA recommends increased investment in the agricultural sector, which would raise food production levels, increase foreign exchange earnings (through larger agricultural exports), and raise incomes for the poor populations who live mainly in rural areas. Major institutional structural reforms, which will allow efficient implementation and consistent policies, are also recommended.<sup>33</sup>

Many Sub-Saharan Africa countries changed policy measures in 1998 and 1999 that affected agricultural trade, but the following discussion focuses on the most noteworthy policy developments in three leading U.S. agricultural trade partners in Sub-Saharan Africa: South Africa, Nigeria, and Côte d'Ivoire. South Africa and Nigeria were the two largest markets for U.S. agricultural exports in the region in 1998 (together purchasing 46.2 percent of these exports in that year); Côte d'Ivoire and South Africa meanwhile were the largest regional suppliers of agricultural products to the United States (accounting for 58.7 percent of these imports in 1998).

## South Africa

South Africa continues to restructure its agriculture sector from the self-sufficiency policies of the apartheid era toward outward-focused private market-oriented growth policies by mostly eliminating import and export restrictions formerly controlled by the Government.<sup>34</sup> South Africa is a major regional exporter of agricultural products. In 1998, South Africa exported about \$3.3 billion of agricultural products, mainly fresh and processed fruits and vegetables, led by deciduous and citrus fruits, tropical

products, and wine.<sup>35</sup> The phasing-out of marketing boards as part of the Agricultural Marketing Act of 1996 has encouraged increased exports and led to gains in production of these agricultural products.<sup>36</sup>

Imports of agricultural products by South Africa totaled about \$2.3 billion, including such products as poultry meat, wheat, fats and oils, and cotton.<sup>37</sup> The United States supplied about 10 percent of South Africa's agricultural imports in 1998, and exports of grain were a major component. South African grain production in 1998 decreased, with corn production dropping 16 percent and wheat falling 46 percent, due mainly to deregulation (which ended price supports) and low world grain prices.<sup>38</sup> As a result of increased imports of wheat, South Africa raised tariffs in 1999 on whole wheat from zero to rand 181 (\$29.80)/ton, adjusted the tariff on flour from 50 percent ad valorem to rand 272 (\$44.16)/ton plus 40 percent ad valorem, and levied a 20 percent ad valorem tariff on other wheat products.<sup>39</sup>

South Africa is also a net importer of red meat and poultry, with growth in poultry consumption estimated at 5 percent per year. U.S. shipments account for 30 percent of the import market.<sup>40</sup> Tariffs on poultry products range from free of duty to 27 percent ad valorem.<sup>41</sup>

## Nigeria

Since local production of agricultural products in Nigeria did not keep pace with home market requirements in 1998, wheat, rice, and frozen beef and poultry were imported to fill the shortfall.<sup>42</sup> Nigeria is the destination for 70 percent of all U.S. wheat exports to Sub-Saharan Africa. In 1998, imports of U.S. wheat amounted to 1.2 mmt, supplying over 80 percent of Nigerian imports, a significant increase from 1997.<sup>43</sup> The tariff on wheat in 1999 doubled to

<sup>35</sup> USDA, "Agricultural Situation," message reference No. SF8028.

<sup>36</sup> USDA, FAS, "Citrus Annual Report, South Africa," message reference No. SF9015, prepared by U.S. Embassy, Pretoria, June 4, 1999; and USDA, FAS, "Deciduous Fruit Annual Report, South Africa," message reference No. SF9001 prepared by U.S. Embassy, Pretoria, Jan. 21, 1999.

<sup>37</sup> USDA, FAS, "Annual Marketing Plan," message reference No. SF8039, prepared by U.S. Embassy, Pretoria, Dec. 1, 1998.

<sup>38</sup> USDA, FAS, "Grain and Feed Annual Report, South Africa," message reference No. SF9004, prepared by U.S. Embassy, Pretoria, Feb. 12, 1999.

<sup>39</sup> USDA, FAS, "Import Tariffs Imposed on Wheat Products," message reference No. SF9014, prepared by U.S. Embassy, Pretoria, Apr. 16, 1999.

<sup>40</sup> USDA, FAS, "Poultry Annual Report, South Africa," message reference No. SF8023, prepared by U.S. Embassy, Pretoria, Sept. 11, 1998.

<sup>41</sup> Ibid.

<sup>42</sup> USDA, FAS, "Agricultural Situation Report, Nigeria," message reference No. NI8013, prepared by U.S. Embassy, Lagos, Sept. 25, 1998.

<sup>43</sup> Ibid.

<sup>31</sup> USDA, ERS, *Food Security Assessment*, Nov. 1998.

<sup>32</sup> Ibid; (during 1980-97).

<sup>33</sup> Ibid.

<sup>34</sup> USDA, "Agricultural Situation," message reference No. SF7030.

15 percent ad valorem from 7.5 percent ad valorem the previous year, possibly owing to the high level of imports.

Liberalized trade policies announced by the Nigerian Government on January 6, 1998, included the lifting of import prohibitions on several leading agricultural commodities, including poultry and eggs, barley and barley malt, beer, and mineral water.<sup>44</sup> Nigeria had previously banned all coarse grain imports (malt, corn, sorghum and millet), but the lifting of the ban on barley will likely dampen the domestic market for corn as brewers shift to barley as the main malting ingredient for brewing beer.<sup>45</sup>

### *Côte d'Ivoire*

Strong prices for key export commodities, particularly cocoa, and important structural reforms have fostered strong economic growth in the Côte d'Ivoire agricultural sector. Privatization continued in 1998 as the state cotton enterprise CIDT (Compagnie Ivoirienne pour le Developpement Textile) was split and sold to two foreign corporations.<sup>46</sup> This followed privatization of the palm oil and sugar parastatals in 1997. In addition to privatization of parastatals, the Government has been removing price controls, eliminating non-tariff barriers, and encouraging the establishment of producer associations to assist farmers with price negotiations and technical assistance. For example, the state cocoa marketing board, CAISTAB, was reorganized in 1998 as a primarily commercially owned enterprise managed by cocoa producers and exporters.<sup>47</sup> Consolidation of large private producers and exporters is also proceeding in agricultural sectors in anticipation of complete market liberalization in 2000.<sup>48</sup>

The United States was the second-largest market for cocoa product from Côte d'Ivoire, after the EU, in 1997, and accounted for 154,800 mt or 15.6 percent

of total exports.<sup>49</sup> Cotton, another important agricultural export, was shipped mainly to Asia and the EU in 1998.<sup>50</sup> Coffee and tropical fruits are also important export commodities, but shipments to the United States have been relatively small.<sup>51</sup>

## **Multilateral Lending**

Multilateral lending that could affect U.S. trade and investment in the Sub-Saharan Africa agricultural sector includes project financing and other credits extended by the World Bank and the AfDB. The World Bank, mainly through the IDA, provided \$108.9 million in loans to the agricultural sector in Sub-Saharan Africa in FY1998.<sup>52</sup> The World Bank has funded projects in Benin, Burkina Faso, Lesotho, Senegal, Tanzania, Togo, and Zimbabwe.

New loan commitments for agriculture and rural development to Sub-Saharan Africa countries through the AfDB amounted to \$60.8 million in 1997;<sup>53</sup> at the end of that year, the agricultural sector accounted for approximately 12.8 percent of total AfDB loan commitments to all sectors in Sub-Saharan Africa. Leading recipients in the region included Madagascar, Mali, Mozambique, Tanzania, Uganda, and Zambia. The OPIC did not provide any political risk insurance for agricultural projects in 1998.<sup>54</sup>

## **Forest Products<sup>55</sup>**

### *Overview*

In 1998, total U.S. trade in forest products with Sub-Saharan Africa declined by \$6.8 million (2.2 percent) from 1997. U.S. exports of sector products to the region totaled \$194.0 million, a decrease of \$11.1 million (5 percent) from the 1997 level. U.S. imports totaled \$105.9 million, an increase of \$4.3 million (4 percent) from 1997. Most of this increase is attributable to strong demand for forest products as a result of general growth in the U.S. economy. Historically, the United States has maintained a trade surplus in forest products with Sub-Saharan Africa countries; this surplus totaled \$88.1 million in 1998.

<sup>49</sup> USDA, FAS, "Cocoa Semi-Annual Report, Côte d'Ivoire."

<sup>50</sup> USDA, FAS, "Cotton Annual Report, Côte d'Ivoire" message reference No. IV9001, prepared by U.S. Embassy, Abidjan, June 5, 1999.

<sup>51</sup> USDA, FAS, "Cocoa Semi-Annual Report, Côte d'Ivoire."

<sup>52</sup> World Bank, *The World Bank Annual Report 1998* (Washington, DC: The World Bank, 1998), pp. 115-120.

<sup>53</sup> African Development Bank, *Compendium of Statistics 1998* (Abidjan: AFDB, 1998), tables 1.02, 1.09.

<sup>54</sup> OPIC, *1998 Annual Report* (Washington, DC: OPIC, 1999), p. 21.

<sup>55</sup> Forest products include wood, cork, straw, pulp, waste paper, paper and paperboard, converted paper products, and printed matter.

<sup>44</sup> USDA, FAS, "Market Development Reports," message reference No. NI8001, prepared by U.S. Embassy, Lagos, Jan. 8, 1998.

<sup>45</sup> The largest industrial use of corn in Nigeria has been by breweries. USDA, FAS, "Grain and Feed Voluntary Report, Nigeria," message reference No. NI8002, prepared by U.S. Embassy, Lagos, Jan. 21, 1998.

<sup>46</sup> USDA, FAS, "Privatization of CIDT," message reference No. IV8012, prepared by U.S. Embassy, Abidjan, July 28, 1998; and USDA, FAS, "Agricultural Situation Report," message reference No. IV7017 prepared by U.S. Embassy, Abidjan, Sept. 17, 1997.

<sup>47</sup> The Côte d'Ivoire Government holds 25 percent of the shares in the newly restructured marketing board, Nouvelle CAISTAB. USDA, FAS, "Cocoa Semi-Annual Report, Côte d'Ivoire," message reference No. IV9003, prepared by U.S. Embassy, Abidjan, Feb. 3 1999.

<sup>48</sup> Two of Côte d'Ivoire's largest cocoa and coffee companies merged in February 1999, with more consolidation likely of the country's 62 cocoa and coffee exporters. USDA, FAS, "Merger of SIFCA and JAG," message reference No. IV9005, prepared by U.S. Embassy, Abidjan, Mar. 1, 1999.



In 1998, U.S. imports of Sub-Saharan Africa forest products represented 0.3 percent of sector product imports from all sources. U.S. exports to the region represented 0.8 percent of sector exports to all markets. Regularly occurring fluctuations in prices of certain forest products (e.g., wood pulp prices) affect the level of trade more than any other variable.

Seventy-two percent of all U.S. exports of forest products to the region in 1998 were destined for South Africa and the top five Sub-Saharan Africa countries accounted for 87 percent of U.S. sector exports. The following tabulation shows the top five markets and the value of U.S. sector exports in 1998:

1998 leading export markets	Million dollars	Percentage of total
South Africa .....	139.0	71.6
Rwanda .....	9.3	4.8
Nigeria .....	8.6	4.4
Côte d'Ivoire .....	8.4	4.3
Kenya .....	4.2	2.2
Others .....	24.5	12.6
Total .....	194.0	100.0

Note.—Because of rounding, figures may not add to the total shown.

Among Sub-Saharan Africa imports of U.S. forest products in 1998, 41 percent consisted of industrial papers and paperboard, and 30 percent consisted of printed matter. Nearly 60 percent of the U.S. industrial papers and paperboard exports to the region were packaging papers. U.S. exports of industrial papers and paperboard to Sub-Saharan Africa in 1998 were valued at \$79 million (\$46 million of which consisted of packaging papers and \$17 million of which consisted of kraft linerboard). U.S. exports of printed matter to the region in 1998 were valued at \$59 million.

South Africa accounted for 76 percent (\$60.4 million) of U.S. exports of industrial papers and paperboard exports in 1998; in 1997, South Africa accounted for 79 percent (\$53.5 million). South Africa also accounted for 53 percent (\$31.3 million) of U.S. exports of printed matter in 1998, down from 70 percent (\$41.1 million) in 1997.

South Africa leads the region with a per capita paper consumption of about 43 kilograms in 1997.<sup>56</sup> Sub-Saharan Africa's per capita consumption of all types of paper averaged only about 5 kilograms in 1997. South Africa, the continent's largest paper producer, can produce more than 2 million tons of

paper annually. Besides South Africa, only Kenya, Swaziland, Tanzania, and Zimbabwe have the capacity to produce at least 30,000 tons of paper annually.<sup>57</sup> Consequently, any growth in consumption could be filled by U.S. exports.

The \$11.1 million decline in U.S. sector product exports (from \$205.1 million in 1997 to \$194 million in 1998) included a \$10.4 million decline in exports of lumber. Smaller declines in several other subsectors, including logs and rough wood products (\$5.0 million), certain specialty papers (\$4.1 million), and other subsectors also helped offset an \$11.5 million increase in exports of industrial papers and paperboard.

U.S. sector exports to South Africa declined by \$18.8 million (12 percent) (from \$157.8 million to \$139.0 million). The decline included a \$9.9 million drop in U.S. exports of lumber, from \$24.9 million to \$15.0 million and a \$9.8 million (24 percent) drop in exports of printed matter, from \$41.1 million to \$31.3 million. South Africa accounted for 95 percent of U.S. exports of lumber in 1998. U.S. exports of printed matter to Rwanda increased by \$7.8 million, or from \$1.5 million in 1997 to \$9.3 million in 1998. Rwanda accounted for 16 percent of U.S. printed matter exports to Sub-Saharan Africa in 1998.

South Africa supplied 47 percent of all U.S. forest products imports from Sub-Saharan Africa countries in 1998. The top five countries accounted for 82 percent of all forest products from the region. The top five sources and the value of U.S. sector imports are shown below:

1998 leading import sources	Million dollars	Percentage of total
South Africa .....	50.1	47.3
Ghana .....	21.5	20.3
Côte d'Ivoire .....	6.7	6.3
Zimbabwe .....	4.9	4.6
Cameroon .....	4.0	3.8
Others .....	18.7	17.7
Total .....	105.9	100.0

Note.—Because of rounding, figures may not add to the total shown.

The major U.S. forest product imports from Sub-Saharan Africa include wood pulp (about 41 percent of U.S. imports, valued at \$44.1 million in 1998), structural panel products (20 percent, valued at \$20.9 million), and lumber (18 percent, valued at \$19.3 million). U.S. wood pulp imports from the region include high-quality chemical wood pulp and kraft pulp; structural panel products include tropical hardwood veneer, and lumber imports include African mahogany. Ninety-five percent of the pulp originated from South Africa in 1998, and the remainder was

<sup>56</sup> Pulp and Paper International, *Annual Review*, July 1998. For comparison purposes, per capita paper consumption in the United States, Western Europe, and Latin America was 335 kilograms, 184 kilograms, and 34 kilograms, respectively, in 1997.

<sup>57</sup> United Nations, Food and Agricultural Organization (FAO), *Yearbook of Forest Products*, 1997.

from Swaziland. South Africa has 20 paper mills and 9 pulp mills;<sup>58</sup> most are owned by two global, vertically and horizontally integrated companies.<sup>59</sup> In the rest of the region, there are only 26 paper mills and 15 pulp mills.<sup>60</sup> In 1998, the leading suppliers of structural panel products were Ghana (\$9.1 million), Congo (Brazzaville) (\$3.8 million), and Gabon (\$2.5 million). The leading suppliers of lumber were Ghana (\$9.4 million), Côte d'Ivoire (\$3.5 million), and Cameroon (\$2.5 million).

Traditionally, South African forest product exports have been sent to Asian markets. However, many forest products exports from other Sub-Saharan Africa countries have been sent to Europe. South Africa exports about one-third of its pulp and paper production. Pulp, wood chips, and paper are the most important South African exports to global markets.<sup>61</sup> South Africa's forest resources are nearly all in plantations that are divided between pine and eucalyptus and primarily held by private ownership.<sup>62</sup> Besides South Africa, sizable forest resources exist in Nigeria, Cameroon, Congo (Kinshasa), Kenya, Tanzania, and Ghana.

## ***WTO Developments Affecting Sector Trade and Investment***

### **Tariff Changes**

Dutiable U.S. imports from Sub-Saharan Africa represented 1.6 percent of all forest products imports from the region. Dutiable imports increased from \$1.1 million in 1997 to \$1.7 million in 1998, or by 57 percent. The ATWT on forest product imports from the region into the United States was 4.1 percent AVE in 1998 down from 4.3 percent in 1996 and 1997. Miscellaneous articles of wood accounted for 46 percent (\$770,000) of dutiable imports from the region in 1998 and cork and rattan accounted for 26 percent (\$430,000). In 1998, 27 percent of the dutiable imports from the region came from South Africa (\$449,000), 22 percent from Nigeria (\$365,000), and 19 percent from Madagascar (\$322,000).

<sup>58</sup> For comparison purposes, the United States had 527 paper mills and 190 pulp mills. Ibid

<sup>59</sup> The two Largest South American paper conglomerates are Mondi Ltd. and Sappi Ltd.

<sup>60</sup> Derived from data in Pulp and paper International, *Annual review*, July 1997.

<sup>61</sup> USITC staff notes from Third International pulp and Paper Symposium, WA, Sept. 1994.

<sup>62</sup> Ibid.

## ***Economic and Trade Policies Affecting U.S.-Sub-Saharan Africa Trade and Investment***

### **U.S. Policies**

In 1998, U.S. imports of forest products from Sub-Saharan Africa eligible for GSP benefits totaled \$17.9 million and represented 17 percent of sector-product imports from the region. This was an increase of \$1.3 million (8 percent) from the level of GSP-eligible sector imports in 1997. South Africa, Kenya, Zimbabwe, Ghana, and Madagascar were the major sources of U.S. GSP-eligible sector imports, accounting for 85 percent of such imports. The value of these imports are shown below.

<b>1998 leading GSP import sources</b>	<b>Million dollars</b>	<b>Percentage of total</b>
South Africa .....	4.8	26.8
Kenya .....	3.2	17.9
Zimbabwe .....	3.2	17.9
Ghana .....	2.9	16.2
Madagascar .....	1.1	6.1
Others .....	2.7	15.1
Total .....	17.9	100.0

Note.—Because of rounding, figures may not add to the total shown.

A large portion of the GSP imports from South Africa consisted of wooden doors and door frames. GSP imports of forest products from Kenya and Ghana were predominantly wooden statuettes.

### **Policy Developments in Sub-Saharan Africa**

In 1995, South Africa instituted tariff reductions that should bring most tariffs on paper and paperboard to 10 percent ad valorem by 2000 and to 5 percent ad valorem by 2005.<sup>63</sup> Multilateral lending by international agencies does not appear to have significantly affected U.S. trade or investment in the forest products sector in Sub-Saharan Africa.

<sup>63</sup> USTR, *1996 National Trade Estimate Report on Foreign Trade Barriers*, 1996, pp. 306-307.

# Chemicals and Related Products<sup>64</sup>

## Overview

In 1998, the United States remained a major world producer and exporter of chemicals and related products but its balance of trade remained negative with Sub-Saharan Africa for the second consecutive year. The Sub-Saharan Africa nations are minor U.S. trading partners, accounting for less than 1 percent of both total U.S. exports and total U.S. imports of chemicals and related products in 1998. U.S. exports to the region totaled \$678.5 million, a decrease of \$62.6 million (8.4 percent) compared with 1997 levels. U.S. imports of these products were valued at \$761.9 million, a decrease of \$74.4 million (8.9 percent). However, the U.S. trade deficit in chemicals and related products improved from \$95.1 million in 1997 to \$83.4 million in 1998.

In 1998, the primary market in Sub-Saharan Africa for U.S. exports of these products was South Africa, accounting for 63.1 percent of total U.S. exports of chemicals and related products to the region, while Nigeria, which accounted for \$73.1 million (10.8 percent), was the second-largest regional export market, as shown in the following tabulation:

1998 leading export markets	Million dollars	Percentage of total
South Africa .....	428.3	63.1
Nigeria .....	73.1	10.8
Ghana .....	36.8	5.4
Côte d'Ivoire .....	36.6	5.4
Kenya .....	16.7	2.5
Others .....	87.0	12.8
Total .....	678.5	100.0

Note.—Because of rounding, figures may not add to the total shown.

U.S. exports to South Africa consisted primarily of miscellaneous organic chemicals, used as feedstocks for production of downstream specialty chemicals and for pharmaceuticals. Exports to Nigeria consisted of plastics in primary and semi-primary forms (for use by plastics fabricators) and, to a lesser extent, various finished chemical products such as soaps and detergents, and cosmetics and toiletries.

The primary sources of U.S. imports from these products from this region in 1998 were Nigeria (48.2 percent of total U.S. imports of chemicals and related products from Sub-Saharan Africa) and South Africa (28.5 percent), as shown in the following tabulation:

1998 leading import sources	Million dollars	Percentage of total
Nigeria .....	367.1	48.2
South Africa .....	217.0	28.5
Gabon .....	64.5	8.5
Angola .....	54.9	7.2
Liberia .....	24.8	3.3
Others .....	33.6	4.4
Total .....	761.9	100.0

Note.—Because of rounding, figures may not add to the total shown.

U.S. chemical imports from Nigeria, which decreased by \$34 million (8.5 percent), were primarily olefins and aromatics (ethylene, propylene, benzene, toluene, and xylenes) recovered by refineries from crude petroleum and natural gas. Because of continuing problems in bringing back on-line many of Nigeria's petrochemical plants that would be consuming these materials as feedstocks, access to foreign markets is necessary to absorb existing production levels of primary olefins and aromatics. U.S. chemical imports from Nigeria, however, accounted for less than 1 percent of the U.S. market for these products in 1998.

U.S. imports of chemicals and related products from South Africa and the other countries in the region were primarily miscellaneous organic and inorganic chemicals. The increased level of U.S. imports from South Africa in 1997 and 1998 reflects growth of the South African chemical industry that

<sup>64</sup> Chemicals and related products, for the purpose of this sectoral write-up, are grouped into six categories: (1) primary aromatic chemicals and olefins (major primary olefins, other olefins, and primary aromatics); (2) agricultural chemicals (fertilizers and pesticides); (3) miscellaneous finished chemical products (paints, inks and related items, synthetic organic pigments, synthetic dyes and couplers, synthetic tanning agents, synthetic tanning and dyeing materials, photographic chemicals, adhesives and glues, perfumes, cosmetics and toiletries, soaps, detergents, surface-active agents, explosives, and propellant powders); (4) pharmaceuticals (antibiotics and other medicinal chemicals); (5) rubber, plastics, and products thereof (polyethylene resins, polypropylene resins, PVC resins, styrene polymers, saturated polyester resins, other plastics in primary forms, SBR rubber, other synthetic rubber, pneumatic tires and tubes, other tires, plastic containers and closures, hoses, belting, plastic pipe, miscellaneous rubber or plastics products, and natural rubber); and (6) other miscellaneous chemicals (benzenoid commodity chemicals; benzenoid specialty chemicals; miscellaneous organic chemicals; selected inorganic chemicals and elements; inorganic acids, salts, and other inorganic chemicals; chlor-alkali chemicals; industrial gases; essential oils; and other flavoring materials, miscellaneous chemicals and specialties, and gelatin).



was partially fostered by increasing investments by U.S. chemical industry sources, including Dow, Rohm & Haas, and U.S. subsidiaries of Shell Chemicals and BASF. As a result, production from many chemical facilities in South Africa are slated for export to major foreign markets, including the United States.

Sub-Saharan Africa nations are heavily dependent on investments by multinational chemical companies with the capital, technology, expertise, and access to feedstocks necessary to maintain a viable chemical industry. Nigeria and South Africa both rely heavily upon joint ventures for these needed components, as well as to develop further the infrastructure necessary to market their production within the Sub-Saharan Africa region.

## ***WTO Developments Affecting Sector Trade and Investment***

### **Tariff Changes**

The dutiable value of U.S. imports of chemicals and related products from Sub-Saharan Africa increased from \$30.3 million in 1997 to \$35.9 million in 1998, as a result of the change in the product mix. The ATWT on U.S. imports of chemicals and related products from the region decreased from 3.6 percent AVE in 1997 to 5.6 percent in 1998, due largely to decreased imports of certain aromatic organic intermediate chemicals, which enter the United States free of duty.

### **Other Trade Policy Developments**

Certain sectors within the category of chemicals and related products are still affected by the "zero-for-zero" initiative, the Chemical Tariff Harmonization Agreement, and the agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS).<sup>65</sup> While these URA provisions are not expected to have a significant effect on this sector if fully implemented, TRIPS is expected to result in increased technology transfer to both the public and private sectors of Sub-Saharan Africa.

<sup>65</sup> See chapter 5, "Chemicals and Related Products," *U.S.-Africa Trade Flows*, USITC publication 2938, Jan. 1996.

## ***Economic and Trade Policies Affecting U.S.-Sub-Saharan Africa Trade and Investment***

### **U.S. Policies**

U.S. imports of chemicals and related products eligible for GSP benefits increased by 14.0 percent to \$132.5 million during 1997-98, as shown in the following tabulation:

<b>1998 leading GSP import sources</b>	<b>Million dollars</b>	<b>Percentage of total</b>
South Africa . . . . .	129.4	97.7
Swaziland . . . . .	0.7	0.5
Senegal . . . . .	0.7	0.5
Congo (Kinshasa) . . . . .	0.5	0.4
Sierra Leone . . . . .	0.5	0.4
Ethiopia . . . . .	0.3	0.2
Others . . . . .	0.4	0.3
Total . . . . .	132.5	100.0

Note.—Because of rounding, figures may not add to the total shown.

South Africa was the source of 98 percent of total GSP imports of chemicals and related products from Sub-Saharan Africa in 1998.<sup>66</sup> Other nations in the region eligible for GSP treatment together accounted for the remaining 2 percent of total GSP imports into the United States.

GSP imports of chemicals and related products accounted for 17 percent of total U.S. imports of these products from Sub-Saharan Africa. U.S. imports from South Africa eligible for GSP accounted for 64 percent of total sector imports from South Africa. In 1998, most of the GSP imports from South Africa were specialty chemicals and certain polymers.

### **Policy Developments in Sub-Saharan Africa**

Nigeria possess the feedstocks, crude petroleum, and natural gas necessary for a viable chemical industry. As a member of OPEC, Nigeria is bound by crude petroleum production quotas. In an effort to reduce its reliance on crude petroleum exports for much-needed hard currency, Nigeria expanded production of petrochemicals for exportation from less than 500 barrels per day (bpd) in 1995 to about 2,000 bpd in 1996.<sup>67</sup> However, acts of violence by protesters against Nigerian petroleum refineries and other facilities have effectively eliminated significant primary petrochemical production capacity during

<sup>66</sup> South Africa regained its GSP eligibility in May 1994.

<sup>67</sup> Official statistics of the U.S. Department of Energy.

1998.<sup>68</sup> Additionally, OPEC efforts to support world petroleum prices by restraining crude production, as well as disputes between the Nigerian National Petroleum Company and joint-venture partners such as Royal Dutch Shell, have also created bottlenecks in the production schemes for downstream petrochemicals. Despite increased exports of petrochemicals in 1977, increasing inefficiencies and financial losses continued due to Nigeria's uncertain political situation.<sup>69</sup>

South Africa's chemical industry is dominated by four large companies producing a wide range of chemicals in joint ventures with large multinational chemical companies. Chemical production is of substantial significance to the country's economy, accounting for about 22 percent of its manufacturing sales.<sup>70</sup> Expansion plans for the industry center around major investments by Sasol<sup>71</sup> in primary petrochemicals and the Dow Chemical Company<sup>72</sup> to make polypropylene and polyethylene. Petrochemical production is currently concentrated around two Sasol plants in Secunda and Natref, where petrochemical feedstocks are fed directly into downstream chemical plants. Benzene and other aromatics are produced at Safripol's plant in Durban. A number of multinational chemical companies are involved in the South African industry, such as Shell, S.A. Cyanamid, Hoechst, BASF, and Omnia.<sup>73</sup>

## Energy-Related Products<sup>74</sup>

### Overview

The United States has historically maintained a negative trade balance in energy-related products with Sub-Saharan Africa, primarily because of U.S. imports of crude petroleum from the region. However,

the U.S. trade balance in energy-related products improved by \$3.0 billion (28 percent) during 1997-98, principally attributable to a 40-percent decrease in the world price of crude petroleum.<sup>75</sup>

In 1998, U.S. exports of energy-related products (primarily refined petroleum products and coal) to Sub-Saharan Africa accounted for 3.1 percent of total U.S. exports to the region. U.S. exports of energy-related products to Sub-Saharan Africa decreased by \$20.9 million (9.4 percent) during 1997-98 to \$202.9 million. Of total U.S. exports of energy-related products to Sub-Saharan Africa in 1998, exports of refined petroleum products accounted for 62.9 percent and exports of coal accounted for 36.2 percent. South Africa and Nigeria remained the largest markets, as shown in the following tabulation:

1998 leading export markets	Million dollars	Percentage of total
South Africa . . . . .	152.8	75.3
Nigeria . . . . .	35.7	17.6
Cameroon . . . . .	3.9	1.9
Ghana . . . . .	2.9	1.4
Guinea . . . . .	2.0	1.0
Others . . . . .	5.6	2.8
Total . . . . .	202.9	100.0

Note.—Because of rounding, figures may not add to the total shown.

U.S. exports to South Africa, consisting of refined petroleum products (51.6 percent) and specialty coals (47.7 percent), increased by about 5.4 percent from 1997 to 1998 primarily as a result of a 1.5 percent increase in demand for energy products in South Africa, according to the South African Petroleum Industry Association (SAPIA).<sup>76</sup> South Africa, the world's largest producer of coal-based synthetic liquid fuels, continued to replace refined petroleum products with domestically produced coal-based synthetic liquid fuels, which accounted for about 40 percent of all liquid fuels consumed in South Africa during 1998.<sup>77</sup>

U.S. exports to Nigeria declined by 23.6 percent in 1998, compared with 1997 levels, and consisted almost entirely (98.9 percent) of refined petroleum products, primarily diesel fuels. During 1998, much of Nigeria's major refinery capacity remained shut down for safety reasons as refineries had not undergone statutory turnaround maintenance for several years. Petroleum refining operations were further

<sup>68</sup> M. Liliana Riahi, "Oil Giants Curb Exploration in Nigeria," vol. 39, No. 1, *Hart's Petroleum Engineer International*, (Jan. 1999), pp. 61-66.

<sup>69</sup> U.S. Department of State telegram, "USITC Study on U.S.-Africa Trade -Nigeria," message reference No. 005356, prepared by U.S. Embassy, Lagos, June 12, 1997.

<sup>70</sup> Mbendi Information Services, *Mbendi Information for Africa*, "South Africa-Chemical Industries," found at Internet address <http://mbendi.co.za/undy/chem/chemsas/htm>, retrieved May 12, 1999.

<sup>71</sup> *Chemical Market Reporter*, "Sasol is Going Ahead with Major Capacity Additions in South Africa," vol. 254, No. 24, (Dec. 14, 1998), p. 3.

<sup>72</sup> *Chemical Market Reporter*, "Dow Expands into South Africa," vol. 255, No. 14, (Apr. 5, 1999), pp. 3, 35.

<sup>73</sup> Mbendi Information Services, *Mbendi Information for Africa*, "South Africa-Chemical Industries."

<sup>74</sup> The energy-related products sector includes crude petroleum, refined petroleum products, natural gas, coal, coke and related products, and nuclear materials.

<sup>75</sup> U.S. Department of Energy, Energy Information Administration (EIA), *International Energy Outlook*, Apr. 6, 1999, p. 4.

<sup>76</sup> South African Petroleum Industry Association, *SAPIA-Product Sales Figures-1994 to Last Quarter*, excerpted from Internet address <http://mbendi.co.za/sapia/rsacons.htm>, retrieved Sept. 9, 1999.

<sup>77</sup> U.S. Department of Energy, EIA, *International Energy Outlook*, p. 68.

complicated by violence between protesters and Nigerian military and police forces during 1998.<sup>78</sup> The 110,000 bpd refinery in Kaduna remained shut down during 1998, but restarted production in January 1999.<sup>79</sup> As a result of such shut downs, Nigeria imported refined petroleum products from the United States and other world exporters to help satisfy domestic demand.

Energy-related products accounted for 59.6 percent of total U.S. imports from Sub-Saharan Africa in 1998; such imports decreased by \$3.1 billion (27.9 percent) during 1997-98 to \$8.0 billion. Of total U.S. imports of energy-related products from Sub-Saharan Africa in 1998, imports of crude petroleum accounted for 66.3 percent, refined petroleum products for 23.3 percent, liquefied natural gas for 8.4 percent, and coal chemicals and nuclear materials for the remainder. The major sources of these imports were Nigeria (a member of OPEC), Angola, and Gabon, as shown in the following tabulation:

1998 leading import sources	Million dollars	Percentage of total
Nigeria .....	4,212.7	52.9
Angola .....	2,165.8	27.2
Gabon .....	1,029.4	12.9
Congo (Brazzaville) ...	289.0	3.6
Congo (Kinshasa) .....	71.1	0.9
Others .....	195.7	2.5
Total .....	7,963.7	100.0

Note.—Because of rounding, figures may not add to the total shown.

The quantity of U.S. imports of crude petroleum and refined petroleum products from Nigeria decreased by about 1.9 percent in 1998 compared with 1997 (from roughly 698,000 bpd to 686,000 bpd); and from Gabon, by 11 percent (from 230,000 bpd to 204,000 bpd).<sup>80</sup> The quantity of imports of crude petroleum and refined petroleum products from Angola increased by 5 percent from 427,000 bpd in 1997 to 448,000 bpd in 1998.<sup>81</sup> However, because of overproduction, the world price of crude decreased by an average of \$6 per barrel during 1998, resulting in a 30 percent decrease in the value of U.S. imports from Sub-Saharan Africa.<sup>82</sup>

<sup>78</sup> *Petroleum Economist*, "Prospects for a New Beginning," vol. 66, No. 5, (May 1999), p. 3.

<sup>79</sup> *Petroleum Economist*, "News In Brief-March 99, Africa," found at Internet address, <http://www.petroleum-economist.com/>, retrieved Sept. 9, 1999.

<sup>80</sup> U.S. Department of Energy, *Monthly Energy Review*, April 1999, pp. 51, 53.

<sup>81</sup> *Ibid.*, p. 53.

<sup>82</sup> *Ibid.*, p. 109.

## WTO Developments Affecting Sector Trade and Investment

### Tariff Changes

The dutiable value of energy-related imports from Sub-Saharan Africa decreased by \$2.8 billion (40.7 percent) to \$4.0 billion during 1997-98. However, the ATWT on U.S. imports of energy-related products from the region increased to 0.7 percent AVE in 1998, from the 1997 level of 0.5 percent AVE, primarily because the ATWT on imports of crude petroleum increased from 0.53 percent AVE to 0.76 percent AVE. There are no future WTO tariff reductions scheduled for this sector.

### Other Trade Policy Developments

In 1998, no trade policy provisions were identified as having a significant effect on U.S.-Sub-Saharan Africa trade in the energy-related products sector.

## Economic and Trade Policies Affecting U.S.-Sub-Saharan Africa Trade and Investment

### U.S. Policies

Prior to the GSP program and its related LDBDC provisions, most of the products in this sector were not eligible for GSP treatment. There were no GSP imports of energy-related products in 1996 from Sub-Saharan Africa; however, in 1997, GSP-LDBDC imports consisted of small shipments of both crude petroleum and distillate fuel oils from Angola, Congo (Kinshasa), Equatorial Guinea, and Benin. Total U.S. GSP-LDBDC imports of energy-related products in 1998 amounted to \$1.6 billion, equal to 21 percent of total U.S. imports of energy-related products from Sub-Saharan Africa. Angola accounted for 95 percent of the total, as shown in the following tabulation:

1998 leading GSP import sources	Million dollars	Percentage of total
Angola .....	1,571.3	94.9
Congo (Kinshasa) .....	56.9	3.4
Equatorial Guinea .....	25.6	1.6
South Africa .....	1.2	0.1
Total .....	1,655.0	100.0

Note.—Because of rounding, figures may not add to the total shown.

## Policy Developments in Sub-Saharan Africa

### Nigeria

Nigeria continues to be a major supplier of crude petroleum to the U.S. market. The nation's abundant crude petroleum and natural gas resources have led to the development of a petroleum industry that is crucial to the Nigerian economy, providing more than 90 percent of all foreign exchange earnings for the nation. However, Nigeria's production of crude petroleum fell to 2.1 million bpd (7 percent) in 1998 compared with 2.3 million bpd in 1997.<sup>83</sup> As world prices for crude petroleum dropped significantly during 1998, Nigeria's revenues for sales of crude petroleum are estimated to have declined by almost 44 percent.<sup>84</sup>

The recent election of a representative leadership to replace the non-elected military rulers is expected to provide a more receptive environment for new investments in crude petroleum production. An ambitious investment of \$8.5 billion over a 5-year period by the Shell Oil Company could become the first of many new foreign investments to begin rejuvenating the Nigerian economy.<sup>85</sup> Also, there are plans to initiate major projects for the associated natural gas that was previously flared to generate electricity, as a feedstock for chemical production and also as a potential major energy export as liquefied natural gas (LNG).<sup>86</sup>

## Textiles and Apparel<sup>87</sup>

### Overview

The 1998 U.S. trade deficit with Sub-Saharan Africa in textiles and apparel widened substantially for the second year in a row, rising by \$129.1 million (48 percent) over the previous year's deficit to \$395.3 million. The 1997 deficit grew by \$71.9

million (37 percent) to \$266.3 million. The 1998 increase in the trade deficit resulted from a rebound in imports and weakness in exports that both began in 1997. Sector imports from Sub-Saharan Africa rose by \$97.1 million (21 percent) over the previous year's level to \$568.2 million in 1998, following an increase of \$75.5 million (19 percent) in 1997. Sector exports declined by \$31.9 million (16 percent) from the 1997 level to \$172.9 million in 1998, following a slowdown in exports of \$3.6 million (2 percent) in 1997.

The decline in U.S. textile and apparel exports to Sub-Saharan Africa in 1998 was widespread, particularly among the major regional markets. Countries showing the largest declines in U.S. sector exports were South Africa (accounting for 31 percent of the total decline), Niger (19 percent), Congo (Kinshasa) (14 percent), and Mozambique (11 percent).

U.S. textile and apparel shipments to South Africa declined by almost \$10 million (23 percent) in 1998, an acceleration of the decline that began in 1997. Nevertheless, South Africa remained the leading market for U.S. sector exports to Sub-Saharan Africa in 1998, as shown in the following tabulation:

1998 leading export markets	Million dollars	Percentage of total
South Africa . . . . .	34.4	19.9
Benin . . . . .	16.7	9.7
Ghana . . . . .	12.1	7.0
Nigeria . . . . .	12.1	7.0
Niger . . . . .	9.5	5.5
Others . . . . .	88.1	50.9
Total . . . . .	172.9	100.0

Note.—Because of rounding, figures may not add to the total shown.

Textile articles (as opposed to apparel) accounted for 91 percent of total U.S. sector exports to South Africa in 1998 and also for most of the export decline that year, falling by \$8.7 million (22 percent). The textile articles exhibiting the greatest absolute declines were carpets (down by \$2.8 million), broadwoven fabrics (\$2.4 million), man-made fibers and filament yarns (\$1.9 million), and coated fabrics (\$1.1 million). U.S. exports of apparel to South Africa also declined by \$1.3 million.

Sector exports to Benin, the second-largest market in Sub-Saharan Africa for U.S. textile and apparel shipments, dropped by \$1.7 million (9 percent) to \$16.7 million in 1998. U.S. exports to that country consisted primarily of used clothing, the sale of which is a major economic activity there. According to Benin news sources, the downturn in sales of used clothing resulted from decreased purchasing power

<sup>83</sup> *Petroleum Economist*, "Prospects for a New Beginning," p. 3.

<sup>84</sup> *Ibid.*

<sup>85</sup> *Oil & Gas Journal*, "Nigeria's Oil Hopes," vol. 97, No. 10, (Mar. 8, 1999), p. 38.

<sup>86</sup> *Petroleum Economist*, "Prospects for a New Beginning," pp. 3-5.

<sup>87</sup> The textile, apparel, and footwear sector includes fibers (other than cotton and wool, which are included in agricultural products), yarns, fabrics, made-up textile goods, apparel of textile and nontextile materials (leather, fur, rubber, and plastic), and footwear. (Because U.S. footwear trade with Sub-Saharan Africa is negligible, discussion of footwear is excluded.)



and competition from new, locally produced apparel.<sup>88</sup>

Sector exports to Ghana declined by almost \$1.0 million (7 percent) in 1998 to \$12.1 million, and those to Niger declined by \$5.9 million (39 percent). Other notable declines occurred in exports to Tanzania, Côte d'Ivoire, and Congo (Kinshasa), which had been major markets until 1996-97, when U.S. exports to those countries began to decline.

Only Nigeria, among the top five U.S. sector markets in Sub-Saharan Africa, experienced an increase in 1998 for U.S. textile and apparel exports, rising by \$1.9 million (19 percent) over the 1997 level to \$12.1 million in 1998. Textile fabrics and apparel items were the main U.S. sector exports to Nigeria in 1998. Sector exports to Kenya, consisting largely of used clothing, also increased in 1998.

The principal U.S. textile and apparel exports to Sub-Saharan Africa continued to be used clothing and other used textile articles, reflecting the poverty in many parts of the region. U.S. exports of these goods to the region in 1998 declined by \$20.9 million (19 percent) from the 1997 level, to \$88.3 million, and represented 51 percent of sector exports to Sub-Saharan Africa. Another 7 percent (\$12.4 million) of U.S. sector exports to Sub-Saharan Africa in 1998 consisted of used or new rags, scrap twine, and related articles. Used clothing dominated U.S. sector exports to three of the top five major markets in 1998: Benin (81 percent of Benin's total value of sector exports), Ghana (74 percent), and Niger (95 percent). Used clothing exports also accounted for the majority of U.S. sector exports to Tanzania (83 percent) and Kenya (61 percent), but they accounted for only 5 percent of the total value of sector exports shipped to South Africa and 12 percent for Nigeria.

The increase in U.S. textile and apparel imports from Sub-Saharan Africa was concentrated among five countries that accounted for 83 percent of the total value of imports in 1998. These countries included Mauritius (50 percent of the total increased value), Lesotho (14 percent), and Madagascar, Ghana, and South Africa (almost 7 percent each). The increased imports were primarily cotton apparel.

U.S. imports of textile and apparel from Mauritius (the largest regional supplier) grew by \$49.0 million (26.6 percent) in 1997 to \$233.6 million in 1998. Trade sources stated that the increase resulted from a shift in export markets from France to the United States, because of an unfavorable exchange rate between the franc and the Mauritian rupee.<sup>89</sup> In

addition, trade sources elaborated that a large number of import quotas were issued in 1998 for categories 347 and 348—men's and women's cotton trousers—by borrowing from 1999 quotas. Reportedly, sector production in Mauritius has been restricted by a tight labor market and has remained at relatively constant levels in recent years. The apparel industry in Mauritius consists of 275 factories that produce a wide range of apparel and has become the most important revenue component of the economy, surpassing tourism and sugar exports.<sup>90</sup> Moreover, Mauritian-based apparel producers have expanded production in neighboring countries, such as Madagascar, which offers abundant and lower cost labor. Madagascar experienced the third-largest increase in sector imports from Sub-Saharan Africa in 1998, rising by \$6.6 million (41.2 percent) over 1997 to \$22.6 million.

U.S. textile and apparel imports from South Africa and Lesotho continued to expand in 1998, by \$6.5 million (6.3 percent) and by \$13.6 million (15.7 percent), respectively. Textile and apparel imports from Ghana, a small supplier of these products to the U.S. market, increased substantially in 1998, by \$6.6 million (521 percent) to \$7.8 million. Most of this increase occurred in cotton and wool sweaters.

Except for Ghana and Kenya, the countries with the largest increases in sector shipments to the United States were the same as the leading sources in 1998, as shown in the following tabulation:

1998 leading import sources	Million dollars	Percentage of total
Mauritius . . . . .	233.6	41.1
South Africa . . . . .	110.4	19.4
Lesotho . . . . .	100.2	17.6
Kenya . . . . .	33.8	5.9
Madagascar . . . . .	22.6	4.0
Others . . . . .	67.7	11.9
Total . . . . .	568.2	100.0

Note.—Because of rounding, figures may not add to the total shown.

U.S. textile and apparel imports from Kenya continued to recover in 1998, rising by \$2.0 million (6.2 percent) over the 1997 level. Sector imports from Kenya fell by 27 percent, from \$38.0 million in 1994 to a low of \$27.8 million in 1996, before increasing by \$4.0 million (14 percent) to \$31.8 million in 1997. The decline in imports from Kenya during 1995 and 1996 followed the establishment of U.S. quotas on Kenya's shipments of cotton and man-made-fiber shirts and cotton pillowcases in 1994.

<sup>88</sup> U.S. Department of State telegram, "Highlights of Political and Economic Developments for Period 12/21-12/31," message reference No. 000012, prepared by U.S. Embassy, Cotonou, Jan. 6, 1999.

<sup>89</sup> Mr. Peter Ryberg, Jr., President, Mauritius-U.S. Business Association, Inc. (Washington, DC), telephone interview with USITC staff, June 7, 1999.

<sup>90</sup> U.S. Department of State telegram, "1999 Investment Climate Statement—Mauritius," message reference No. 000723, prepared by U.S. Embassy, Port Louis, Apr. 2, 1999.

Although textiles and apparel accounted for 4.3 percent of U.S. merchandise imports<sup>91</sup> from Sub-Saharan Africa in 1998, they represented a significant share of the shipments from several countries in the region. For example, sector goods accounted for 99.9 percent of total U.S. imports from Lesotho, 87.5 percent from Mauritius, 65.3 percent from Swaziland, and approximately one-third each for Kenya and Madagascar. Cotton apparel, consisting primarily of shirts, blouses, and trousers, continued to dominate U.S. sector imports from Sub-Saharan Africa, accounting for more than two-thirds of the total value in 1998.

## ***WTO Developments Affecting Sector Trade and Investment***

### **Tariff Changes**

Overall the U.S. ATWT rate for dutiable textiles and apparel in 1998 declined from 18.29 percent in 1994 to 17.73 percent. However, this rate was slightly higher than the 17.69-percent rate in 1997. The tariff concessions granted apparel in the Uruguay Round were only 9 percent; however, the tariff concessions granted textile products were higher at 24 percent. The slow decline in the ATWT since 1994 for dutiable textiles and apparel from Sub-Saharan Africa reflects the dominance of apparel imports.

### **Other Trade Policy Developments**

On January 1, 1995, the Uruguay Round Agreement on Textiles and Clothing (ATC) entered into force as part of the WTO agreements and replaced the Multifiber Arrangement system of import quotas, which was established under the GATT in 1974. The ATC obligates WTO countries to "integrate" textiles and apparel into the GATT regime within 10 years (brought under GATT discipline and made subject to the same trade rules as goods of other sectors). During the 10-year period, the ATC also allows WTO countries to establish new quotas on imports of goods that have yet to be integrated into the GATT regime and cause or threaten serious damage to a domestic industry. Under this safeguard mechanism, the new quotas may remain in place for up to 3 years, or until the item is integrated into the GATT regime.

The 10-year integration process will occur in several stages, the first of which occurred in 1995, when WTO countries integrated 16 percent of their sector trade into the GATT regime (based on 1990 import volume). The second stage occurred on January 1, 1998, when WTO countries were obligated

to integrate at least another 17 percent of sector trade into the GATT regime. The third stage will occur in 2002, when at least another 18 percent of the trade is to be integrated. The rest of the trade is to be integrated at the end of the 10-year period on January 1, 2005. In addition, the ATC obligates WTO countries to accelerate annual growth rates for quotas still in place during the 10-year transition period. Quota growth rates differ by country and by product. On the basis of quotas and growth rates in effect at the end of 1994, annual quota growth rates for major supplying countries were increased by 16 percent in 1995, by another 25 percent in 1998, and will be increased again by 27 percent in 2002. For small suppliers (i.e., countries accounting for 1.2 percent or less of an importing country's total quotas at the end of 1991), quota growth rates were advanced by one stage in 1995 and 1998; that is, growth rates were increased by 25 percent and 27 percent, respectively.

The United States currently has quotas on textile and apparel imports from two Sub-Saharan Africa countries, Mauritius and Kenya. The quotas on Kenya's shipments to the United States, which covered men's and boys' cotton and man-made-fiber woven shirts and cotton pillowcases, were not restrictive in 1998. Imports of the shirts from Kenya filled only 36 percent of its 1998 quota and none of the quota on cotton pillowcases was filled.<sup>92</sup>

As Mauritius is the largest supplier of textiles and apparel (primarily apparel) in Sub-Saharan Africa to the U.S. market, the agreement with Mauritius is more comprehensive. There were 14 quotas in 1998, including a large group quota covering such knit apparel as cotton, wool, and manmade-fiber sweaters and wool knit shirts and blouses.<sup>93</sup> Of the 14 quotas, only 2 were restrictive (or 100-percent filled) in 1998. These quotas were on cotton knit shirts and blouses and cotton trousers and shorts. U.S. imports of these products accounted for 55 percent of the total quantity (in million square meter equivalents) of imports from Mauritius in 1998.

Both Kenya and Mauritius are considered to be small suppliers by the ATC and their quota growth rates were advanced accordingly. Applying the 25-percent increase to the growth rates for the quotas on cotton knit shirts and blouses and cotton trousers and shorts in 1995 and the 27-percent increase in 1998 allowed the growth rates for these two categories to increase from 6 percent in 1994 to 9.525 percent in 1998. With these growth rates, the quota on cotton knit shirt and blouse imports from Mauritius will grow overall by 135 percent between 1994 and

<sup>91</sup> This was up from 2.9 percent in 1997.

<sup>92</sup> For further information on the implementation of quotas on U.S. textile and apparel imports from Kenya, see USITC, *Likely Impact of Providing Quota-free and Duty-free Entry to Textiles and Apparel from Sub-Saharan Africa* (investigation No. 332-379), USITC publication 3056, Sept. 1997, pp. 2-24—2-27.

<sup>93</sup> This quota was almost 66-percent filled in 1998.



2004, reaching 757,662 dozen. The quota on cotton trousers and shorts also will grow overall by 135 percent during the same period to almost 1.6 million dozen by 2004.

## ***Economic and Trade Policies Affecting U.S.-Sub-Saharan Africa Trade and Investment***

### **U.S. Policies**

Almost all textile and apparel articles are statutorily excluded from duty-free treatment under the GSP. As a result, U.S. sector imports from Sub-Saharan Africa entering under the GSP are small, totaling \$2.4 million in 1998 and accounting for less than 1 percent of total sector imports from the region. Most GSP sector imports came from South Africa, which accounted for 69 percent of the total value of GSP imports from the region, and Madagascar, which accounted for almost 20 percent, as shown in the following tabulation:

<b>1998 leading GSP import sources</b>	<b>Million dollars</b>	<b>Percentage of total</b>
South Africa .....	1.7	68.7
Madagascar .....	0.5	19.9
Mauritius .....	0.1	3.2
Cote d'Ivoire .....	0.1	2.3
Senegal .....	( <sup>1</sup> )	1.9
Others .....	0.1	4.0
Total .....	2.4	100.0

<sup>1</sup> Less than \$50,000.

Note.—Because of rounding, figures may not add to the total shown.

The Africa Growth and Opportunity Act (AGOA) was first introduced in 1997 in the 105th Congress; among other things, the Act would provide enhanced access to the U.S. market for textiles and apparel from the 48 eligible countries of Sub-Saharan Africa.<sup>94</sup> These countries accounted for less than 1 percent of U.S. sector imports in 1998. AGOA would have eliminated U.S. quotas on sector imports from Mauritius and Kenya and authorized the President to grant duty-free treatment under the GSP to these products from Sub-Saharan Africa. The House of Representatives passed H.R. 1432 in March 1998, but

<sup>94</sup> For a detailed assessment of the competitive potential for the textile and apparel industry in Sub-Saharan Africa as a whole and for individual countries in the regions, see, *Likely Impact of Providing Quota-Free and Duty-Free Entry to Textiles and Apparel*, USITC publication 3056.

the companion bill in the Senate, S. 778, did not come up for a vote before adjournment of the 105th Congress. AGOA was introduced in the 106th Congress on February 2, 1999 (H.R. 434) and March 18, 1999 (S. 666). Alternative legislation relating to Africa, the HOPE for Africa Act (H.R. 772), was introduced on February 23, 1999. The House Ways and Means Committee cleared AGOA (H.R. 434) by voice vote on June 10, 1999.

On June 16, 1999, the House approved the bill by a vote of 234 to 163 and sent the bill to the Senate for its consideration by that body. In a separate action, the Senate Finance Committee, on June 22, 1999, marked up and approved its own draft version of AGOA, which was subsequently introduced as S. 1387. No further action on the issue has been taken by the Senate. There is a key difference between the current House and Senate bills regarding the duty-free/quota-free benefits to be accorded textiles and apparel. The Senate bill would require the use of U.S. fabric and U.S. yarn in imports of textile and apparel from Africa, whereas the House bill would not. It is unclear what the final outcome of these actions will be.

## **Minerals and Metals<sup>95</sup>**

### ***Overview***

U.S. trade with Sub-Saharan Africa largely reflects the region's rich natural resources that provided the basis for substantial minerals and metals industries in numerous African countries; the United States lacks extensive high-quality deposits of many of these resources. Few African countries are significant consumers of mineral and metal products, and as a result, the United States has a trade deficit with Sub-Saharan Africa in this sector. Although U.S. exports to the region increased by \$12.1 million (4.8 percent) to \$262.4 million during 1997-98, U.S. imports from this region grew by \$331.3 million (14.6 percent) to \$2.6 billion, causing the trade deficit to increase by \$338 million (16.9 percent) to \$2.4 billion.

With the exception of Côte d'Ivoire, the top five markets for U.S. exports of minerals and metals remained unchanged from the previous year. Almost 60 percent of U.S. sector exports were concentrated in

<sup>95</sup> The minerals and metals sector includes clays and earths, sand and gravel, stone, cement and plaster, and nonmetallic minerals; metal-bearing ores, concentrates, ash, and residues; ceramic, glass, and fiberglass articles; gemstones; iron and steel, base metals, precious metals, and metal alloys in unwrought and scrap forms; ferrous and nonferrous mill products (shaped by casting, forging, machining, rolling, drawing, or extrusion operations); and certain fabricated metal products (e.g., containers, wire cables, chain, industrial fasteners, certain kitchen and sewing implements, cutlery, nonpowered hand tools, construction components, builder's hardware, etc.).

two countries, South Africa and Nigeria, as shown in the following tabulation:

1998 leading export markets	Million dollars	Percentage of total
South Africa .....	98.2	37.4
Nigeria .....	54.2	20.7
Angola .....	50.0	19.1
Ghana .....	10.3	3.9
Côte d'Ivoire .....	5.6	2.1
Others .....	44.1	16.8
Total .....	262.4	100.0

Note.—Because of rounding, figures may not add to the total shown.

Exports to South Africa decreased by almost \$26 million (21 percent) from 1997, mostly attributable to decreased exports of gold bullion and ferronickel. The decrease in gold bullion exports was likely caused by a decrease in certain bank transfers of gold bullion.<sup>96</sup> Ferronickel exports declined because the one U.S. plant producing this product shut down operations in early 1998. Exports to Nigeria and Angola, which are largely steel pipe, tube, and related products, increased by \$49.0 million (88.8 percent), as a result of increased oil exploration and production activity in the development of offshore oil resources.<sup>97</sup>

<sup>96</sup> Large annual variations in the amount of non-member gold transferred between central banks are common. For further information on gold transfers, see USITC, *Shifts in U.S. Merchandise Trade in 1997* (investigation No. 332-345), USITC publication 3120, July 1998, p. 10-6.

<sup>97</sup> Both Exxon Corp. and Texaco made significant oil discoveries in 1998 and 1999 off the coasts of Angola and Nigeria. *Oil & Gas Journal*, "Exxon Has Potential World-Class Deepwater Oil Field off Angola,"

The largest export product category in 1998 continued to be steel mill products (see following tabulation). Over 90 percent of these exports are pipe and tube products, including line pipe, casing, and drill steel, which are likely consumed by the large oil and mining industries in the region. Almost one-third of the nonpowered handtool exports are rock-drilling or earth-boring tools, which are also consumed by these industries.

Other than Zimbabwe replacing Zambia, no change occurred in the top five U.S. import sources during 1997-98. South Africa remained the leading supplier by an overwhelming margin, and increased its U.S. import market share from 75.2 percent, as shown in the following tabulation.

1998 leading import sources	Million dollars	Percentage of total
South Africa .....	2,147.6	82.6
Guinea .....	109.9	4.2
Congo (Kinshasa) .....	97.1	3.7
Ghana .....	74.4	2.9
Zimbabwe .....	49.1	1.9
Others .....	122.3	4.7
Total .....	2,600.4	100.0

Note.—Because of rounding, figures may not add to the total shown.

<sup>97</sup>—Continued

(July 20, 1998), vol. 96, No. 29, p. 42; and "Texaco and Statoil Announce Major Deepwater Oil Discovery Offshore Nigeria," *Business Wire*, Mar. 9, 1999, p. 213.

1998 leading sector exports	Primary markets	Million dollars	Percentage of total
Steel mill products, all grades ..	Angola, Côte d'Ivoire, and Nigeria	88.2	33.6
Nonpowered handtools .....	Angola, Côte d'Ivoire, Nigeria, and South Africa	22.8	8.7
Certain nonmetallic minerals and articles .....	Angola, Congo (Brazzaville), Nigeria, and South Africa	22.8	8.7
Chain and miscellaneous base-metal products .....	Angola, Liberia, Nigeria, and South Africa	18.5	7.1
Metal construction components .....	Ghana, Liberia, Nigeria, and South Africa	12.9	4.9
Others .....	South Africa	97.2	37.0
Total .....		262.4	100.0

Note.—Because of rounding, figures may not add to the total shown.

The change in sector imports during 1997-98 was a result of increased shipments from South Africa, mostly of platinum-group metals (PGMs), ferroalloys, and diamonds. Part of the increase in PGMs and ferroalloy imports from South Africa replaced imports from Russia, another major U.S. supplier that experienced economic problems during 1998 that affected its ability to produce and export these products.<sup>98</sup> Imports also increased because the strong U.S. economy has given consumers more discretionary income, which has resulted in increased consumption of jewelry containing diamonds and PGMs.

More than 70 percent of U.S. imports in 1998 were concentrated in four product groups: precious metals, gemstones, certain ores and concentrates, and ferroalloys (see tabulation on next page). Specifically, PGMs and non-industrial diamonds compose 50 percent of these imports. The United States has little or no natural resources containing PGMs or diamonds that can be economically recovered and is dependent on foreign suppliers for a large part of domestic consumption.<sup>99</sup>

The Sub-Saharan Africa minerals and metals sector experienced numerous difficulties during 1998. Production for many important metals was lower than in 1997 because of civil strife and industry restructuring. In addition, prices for most major metals declined during the year. For example, average annual world prices for copper, aluminum, and gold were all significantly lower than in 1997. The price of copper declined from \$1.03 to \$0.75 per pound; aluminum, from \$0.72 to \$0.62 per pound; and gold, from \$331 to \$294 per troy ounce.<sup>100</sup> However, prices for PGMs were stable or slightly higher in 1998, partly as a result of uncertainty regarding Russian supplies of these metals.

Governments in the region actively promoted and sought foreign investment. Despite this, mineral exploration expenditures declined \$168 million (31 percent) to \$494 million in 1998 because of weak metal prices.<sup>101</sup>

<sup>98</sup> Though U.S. PGM imports from Russia increased during 1997-98, supplies were erratic. For example, Russia did not export any palladium during the first 4 months of 1998, which contributed to concerns about the amount of Russian production and stockpiles, and a large but brief increase in the world price of this metal.

<sup>99</sup> The United States does have a mine and processing complex in Montana that produces intermediate metallurgical products containing PGMs. However, these products are exported for final processing into pure metals.

<sup>100</sup> Based on London Metals Exchange settlement prices for copper and aluminum and spot price for gold, as reported in *World Metal Statistics*, vol. 52, No. 4, Apr. 1999, pp. 148-150.

<sup>101</sup> From Metals Economics Group as reported in "Investing in Africa," supplement to *Mining Journal*, vol. 332, No. 8515, Jan. 22, 1999, p. 9. This exploration expenditure includes all countries in Africa, although activity in the northern African countries is not likely a substantial portion of the total.

The South African gold-mining industry, the largest in the world, continued to restructure and rationalize as it has been forced to compete internationally in the post-apartheid period. High-cost operations have been shut down, contributing to a substantial reduction in the number of employees, a 4 percent reduction in total production in 1998, and lower cash operating costs. At the beginning of 1997, 35 percent of the country's gold was produced at a cash cost of under \$300 per troy ounce; by the third quarter in 1998, over 98 percent of the country's gold was produced at a cash cost under \$300 per troy ounce.<sup>102</sup>

During 1998, the International Monetary Fund (IMF) proposed selling part of its gold reserves to provide financial assistance for poor countries. This proposal had the support of key IMF members, including the United States. South African Government officials were concerned that such sales would further depress the price of gold, and suggested that the proposed sales be implemented over a longer time to minimize effects on the market.<sup>103</sup> The IMF has not made a final decision on the proposed gold sales.

## ***WTO Developments Affecting Sector Trade and Investment***

### **Tariff Changes**

The dutiable value of U.S. minerals and metals imports from Sub-Saharan Africa increased \$116.5 million (53.5 percent) to \$334.5 million in 1998. Less than 13 percent of imports were subject to duties, and over 99 percent of dutiable imports were from South Africa. The sector ATWT decreased to 3.5 percent AVE in 1998 from 4.1 percent AVE in 1997 because of additional U.S. staged duty reductions pursuant to the WTO Agreement.

### **Other Trade Policy Developments**

No other URA provisions in 1998 were identified to have significant effects on U.S.-Sub-Saharan Africa trade in the minerals and metals sector.

<sup>102</sup> U.S. Department of State telegram, "South Africa: Economic Highlights March 1999-Part I," message reference No. 4644, prepared by U.S. Embassy, Pretoria, Apr. 1999.

<sup>103</sup> *American Metal Market*, "S. Africa Urges Limited IMF Gold Sale," Apr. 22, 1999, found at Internet address <http://www.amm.com>, retrieved June 1999.

1998 leading sector imports	Primary sources	Million dollars	Percentage of total
Precious metals and related articles (primarily unwrought platinum, palladium, and rhodium) . . . . .	South Africa	1,038.6	39.9
Natural and synthetic gemstones (primarily non-industrial diamonds) . . . . .	Congo (Kinshasa), Ghana, Guinea, and South Africa	341.3	13.1
Certain ores, concentrates, ash, ore residues (primarily containing titanium, chrome, and manganese) . . . . .	Congo (Brazzaville), Ethiopia, Gabon, and South Africa	323.4	12.4
Ferroalloys (primarily ferrochromium and ferromanganese) . . . . .	South Africa and Zimbabwe	247.8	9.5
Steel mill products, all grades . . . . .	South Africa	244.5	9.4
Others . . . . .	South Africa	404.8	15.6
Total . . . . .		2,600.4	100.0

Note.—Because of rounding, figures may not add to the total shown.

## ***Economic and Trade Policies Affecting U.S.-Sub-Saharan Africa Trade and Investment***

### **U.S. Policies**

Duty-free imports of minerals and metal products from Sub-Saharan Africa under the GSP program increased \$40.7 million (17.4 percent) to \$274.1 million in 1998. Most GSP imports were supplied by South Africa and Zimbabwe, as shown in the following tabulation.

1998 leading GSP import sources	Million dollars	Percentage of total
South Africa . . . . .	220.6	80.5
Zimbabwe . . . . .	38.1	13.9
Namibia . . . . .	5.7	2.1
Tanzania . . . . .	4.6	1.7
Ghana . . . . .	2.1	0.8
Others . . . . .	3.0	1.0
Total . . . . .	274.1	100.0

Note.—Because of rounding, figures may not add to the total shown.

Ferroalloys accounted for the majority of GSP imports as well as virtually all the increase during 1997-98 as shown in the tabulation on the next page.

Final antidumping (AD) and countervailing duty (CVD) orders were issued in 1999 for certain coiled stainless steel plate from South Africa. These orders established an AD margin of 37.77 percent and CVD of 3.95 percent. In January 1999, the existing AD duty order on brazing copper wire and rod imports from South Africa was revoked, effective January 1, 2000.<sup>104</sup>

The Inter-Agency Market Impact Committee, which plans disposals of material stored in the U.S. Defense National Stockpile, approved disposing of 125,000 troy ounces of platinum and 200,000 troy ounces of palladium during FYs 1999 and 2000. This plan must be approved by Congress. Anglo-American Platinum, a South African producer, was concerned about the possible market disruption caused by this disposal, and proposed that the disposal take place over a 20-year period.<sup>105</sup>

### **Policy Developments in Sub-Saharan Africa**

Sub-Saharan Africa countries continued to liberalize mining laws in an effort to attract foreign investment (see the tabulation on the text page), although South Africa is drafting legislation that will convert all mineral rights from private to state ownership. Though mining company representatives were concerned that this could lead to expropriation of mineral rights that are currently privately owned, South African Government officials stated that the new legislation would be drafted in consultation with the mining industry and that there would be no disruption of the industry.<sup>106</sup> Part of the impetus for this new legislation is a desire to prevent private sector companies from holding and not developing mineral resources. South Africa wants to stimulate more development of its mineral resources to counter the large job losses caused by rationalization in the mining sector.

<sup>104</sup> 64 *Federal Register*, 15728.

<sup>105</sup> U.S. Department of State telegram, "Disposal of Platinum Group Metals from the U.S. National Defense Stockpile," message reference No. 221507, Washington, DC, Dec. 1998.

<sup>106</sup> U.S. Department of State telegram, "South Africa Mining Minister Assures Security of Tenure for Exploration and Mining Activities," message reference No. 14778, prepared by U.S. Embassy, Pretoria, Nov. 1998.



1998 leading sector GSP imports	Primary sources	Million dollars	Percentage of total
Ferroalloys .....	South Africa and Zimbabwe	187.9	68.6
Flat glass and certain flat-glass products .....	South Africa and Zimbabwe	15.9	5.8
Copper and related articles .....	Namibia and South Africa	15.0	5.5
Certain miscellaneous mineral substances .....	South Africa	12.4	4.5
Aluminum mill products .....	South Africa	10.1	3.7
Others .....	South Africa	32.8	11.9
Total .....		274.1	100.0

Note.—Because of rounding, figures may not add to the total shown.

Country/region	Development
Burkina Faso .....	Drafting regulations to implement new mining law that was enacted in 1997.
Botswana .....	Further revisions to mining law.
Congo (Kinshasa)	Government announced plans to revise mining law that will include provisions for investor security and financial incentives.
Sierra Leone .....	New mining law encouraging foreign investment enacted.
South Africa .....	Change in mining code regarding mineral ownership.
Tanzania .....	New mining law encouraging foreign investment enacted.
Uganda .....	Revisions to mining law under consideration. Draft legislation would make foreign investment more likely, and government is in favor of private sector development of the mineral industry.
Western African countries <sup>1</sup> .....	Discussing regional mining code to facilitate exploration.

<sup>1</sup>Includes members of the WAEMU.

Source: *Mining Journal*, State Department cables.

In Zambia, the privatization of the major copper-cobalt mines of the state-owned mining company ZCCM has not occurred despite the strong desire of the Government to do so. According to industry sources, the sector is in dire need of reinvestment and revitalization. Production declined precipitously during the 1990s, and was the lowest of the decade in 1998. Anglo-American, a South African mining company, is heading a consortium that is negotiating to purchase the mines from the Zambian Government.

## Multilateral Lending

The World Bank Group, through the IFC, approved loans or other financial assistance for two mineral and metal projects in Sub-Saharan Africa during FY 1998. These projects included \$3.9 million

in assistance for upgrading a clay mining operation in Senegal that will cost a total of \$9.6 million, and \$700,000 in assistance to build a factory to cut and polish gemstones in Zambia that will have a total cost of \$1.6 million.<sup>107</sup> The IFC also made a commitment in late 1998 for a one-third equity stake in a small company that is planning a \$5 million mine development investment in Burkina Faso.<sup>108</sup> The

<sup>107</sup> IFC project profiles, found at Internet address <http://www.ifc.org/98ar/projects.pdf>, retrieved June 1, 1999. The 1998 fiscal year for the IFC was July 1997 through June 1998. The IFC also provided technical assistance and advice on the growth prospects of Eritrea's marble and granite sectors.

<sup>108</sup> U.S. Department of State telegram, "Burkina Faso Mining Sector Ready for Investments," message reference No. 4233, prepared by the U.S. Embassy, Ouagadougou, Dec. 1998.

World Bank provided a loan of \$5 million to the Government of Madagascar to study and assess reform of the country's mining policies and regulations to stimulate private sector investment.<sup>109</sup>

The World Bank may also provide financial assistance to Sierra Rutile, a company that mines rutile (titanium oxide) that has been shut down since 1995 because of rebel activity. The Sierra Leone Government and the U.S. and Australian companies that own Sierra Rutile are negotiating with the World Bank for an \$80 million loan to reopen the mine.

The EU provided \$12.5 million to rehabilitate a government-owned gold mine in Burkina Faso.<sup>110</sup> The project is complete; the mine is expected to produce 1.5 to 2 tons per year, and the government has agreed to privatize the mine if it proves to be a viable enterprise.

## Machinery<sup>111</sup>

### Overview

The large U.S. trade surplus in machinery with the countries of Sub-Saharan Africa declined by 10.4 percent to \$670 million during 1998, chiefly due to a weakening in demand for U.S. exports of these products. While U.S. imports from the region were up by 16.2 percent to \$79 million, U.S. exports were constrained by continuing regional strife, historical trade relationships with Europe, rising interest rates, fallout from the Asian economic crisis, and lower prices for oil and other natural resources. U.S. exports of machinery declined by \$67 million, an 8.2-percent reduction, to \$749 million in 1998.

The principal markets for U.S. exports of machinery changed little from 1997, with South Africa once again dominating with a 50-percent share, followed by Nigeria, which experienced a 9-percentage point increase to 19.2 percent, and Angola, which replaced Ghana as the third-leading destination for U.S. machinery exports, at 6.2 percent. The two largest absolute changes in U.S. trade were exports to South Africa, which fell by \$58.8 million

(13.6 percent) to \$374.4 million, and to Nigeria, which rose by \$61.0 million (73.2 percent) to \$144.2 million. The decline in exports to South Africa was principally associated with reduced entries of farm machinery (combines and tractors), electric household appliances (principally laundry equipment), and miscellaneous machinery. The South African economy was hurt by high interest rates, a heavy debt burden, and weak economic performance in Japan and Taiwan, the country's two largest trade and investment partners.<sup>112</sup> The rise in exports to Nigeria was attributable to increased entries of thermal processing equipment (heat exchangers); air-conditioning equipment; taps, cocks, and valves; and pumps for liquids. Political and economic reforms implemented by interim military ruler Abdusalam Abubakar in 1998 led to a rise in U.S. capital equipment exports to companies in the decaying and often sabotaged petroleum refining and transport sector. In addition to South Africa, other Sub-Saharan Africa markets that registered significant declines included U.S. exports to Ghana, which fell by \$22.8 million (46.2 percent) to \$26.5 million; Côte d'Ivoire, which dropped by \$11.0 million (42.2 percent) to \$15.1 million; and Kenya, which declined by \$6.6 million (32.4 percent) to \$13.7 million. The economies of all these countries are heavily reliant on exports of agricultural commodities, which experienced relatively low prices in 1998. This decline in revenues made U.S. machinery purchases difficult. U.S. exports to the leading Sub-Saharan markets during 1998 are shown in the following tabulation:

1998 leading export markets	Million dollars	Percentage of total
South Africa . . . . .	374.4	50.0
Nigeria . . . . .	144.2	19.2
Angola . . . . .	46.5	6.2
Ghana . . . . .	26.5	3.5
Zimbabwe . . . . .	23.6	3.2
Côte d'Ivoire . . . . .	15.1	2.0
Others . . . . .	118.9	15.9
Total . . . . .	749.2	100.0

Note.—Because of rounding, figures may not add to the total shown.

Most of the downturn in U.S. machinery exports during 1998 occurred in tractors, combines, irrigation and fertilizer sprayers, and other farm equipment, which declined by \$49.3 million (26.9 percent) to \$133.9 million; and in miscellaneous machinery, which fell by \$13.5 million (12.2 percent) to \$97.2 million. Nevertheless, these two product groupings combined to account for 30.9 percent of the annual 1998 export total as shown in the tabulation on the following page.

<sup>112</sup> USDOC, International Trade Administration (ITA), *Country and Commercial Guide: "South Africa: Economic Trends and Outlook,"* found at Internet address <http://www.stat-usa.gov/>, retrieved June 10, 1999.

<sup>109</sup> World Bank, "Mining Projects," found at Internet address <http://www.worldbank.org/html/jpd/mining/miningprojects.htm>, retrieved June 17, 1999.

<sup>110</sup> U.S. Department of State telegram, "Burkina Faso Mining Sector Ready for Investments."

<sup>111</sup> The machinery sector consists of a broad range of general and specialized industrial and commercial equipment and consumer durable products. Major sectors of U.S. machinery trade with Africa include farm and garden machinery; air-conditioning equipment; industrial thermal processing equipment and furnaces; pumps for liquids; electric motors, generators, and related equipment; taps, cocks, and valves; and various miscellaneous machinery, notably fire extinguishers, sprinkler systems, winches, belt-type conveyers, mining equipment and parts, and oil and gas field machinery and equipment.



<b>1998 leading sector exports</b>	<b>Million dollars</b>	<b>Percentage of total</b>
Farm and garden machinery .....	133.9	17.9
Miscellaneous machinery .....	97.2	13.0
Air-conditioning equipment and parts .....	60.0	8.0
Industrial thermal processing equipment .....	57.1	7.6
Pumps for liquids ....	50.5	6.7
Electric motors and generators .....	44.5	5.9
Others .....	306.0	40.9
<b>Total .....</b>	<b>749.2</b>	<b>100.0</b>

Note.—Because of rounding, figures may not add to the total shown.

The next three leading categories of U.S. machinery exports all increased during 1998, with air-conditioning equipment and parts rising by \$9.4 million (18.6 percent) to \$60.0 million, industrial thermal processing equipment increasing by \$35.5 million (163.9 percent) to \$57.1 million, and pumps for liquids rising by \$4.5 million (9.6 percent) to \$50.5 million. U.S. exports of electric motors and generators, the second-leading machinery category in 1997, declined by \$14.9 million (25.2 percent) to \$44.5 million in 1998.

Much of this equipment must be imported because there are no domestic producers in Africa. Although many U.S. machinery producers enjoy an excellent reputation for design, quality, and value, competition from European manufacturers is intense, given the proximity of these suppliers to African markets and historic colonial ties. In addition, during 1998, the economies of many of the larger African markets for machinery were adversely impacted by the Asian economic crisis as it resulted in diminished foreign investment in Sub-Saharan Africa, reduced African exports to Asia, and lowered world prices for exports from the region, notably petroleum. Many of the countries of Sub-Saharan Africa are also encumbered by high levels of external debt, which restricts their ability to import the machinery and equipment necessary for infrastructure and productivity improvements.

In 1998, U.S. imports of machinery nearly reached the record level achieved in 1996, rising by \$10.9 million (15.9 percent) to \$79.1 million. South Africa continued to be the dominant Sub-Saharan Africa source, rising by \$10.5 million (16.1 percent) to \$75.6 million, which accounted for 95.6 percent of

the regional total, as shown in the following tabulation:

<b>1998 leading import sources</b>	<b>Million dollars</b>	<b>Percentage of total</b>
South Africa .....	75.6	95.6
Swaziland .....	0.6	0.8
Nigeria .....	0.4	0.5
Kenya .....	0.3	0.3
Niger .....	0.3	0.3
Others .....	1.9	2.4
<b>Total .....</b>	<b>79.1</b>	<b>100.0</b>

Note.—Because of rounding, figures may not add to the total shown.

Mineral-processing equipment once again dominated U.S. import totals with a 32.7-percent share of U.S. machinery imports during 1998, as shown in the following tabulation:

<b>1998 leading GSP sector imports</b>	<b>Million dollars</b>	<b>Percentage of total</b>
Mineral processing equipment .....	25.9	32.7
Centrifuges; filtering and purifying equipment .....	9.7	12.2
Miscellaneous equipment .....	8.1	10.3
Thermal processing equipment and furnaces .....	7.1	9.0
Taps, cocks, and valves .....	5.5	7.0
Others .....	22.8	28.8
<b>Total .....</b>	<b>79.1</b>	<b>100.0</b>

Note.—Because of rounding, figures may not add to the total shown.

This equipment is comprised predominantly of machinery and parts for crushing and grinding stone, ores, and minerals; it is produced by South African manufacturers for the extensive diamond, gold, and minerals mining operations in South Africa. South African suppliers have found niche markets for this machinery and equipment in the United States as the result of unique expertise gained in supplying their domestic customers. Other significant categories of U.S. machinery imports from the region during 1998 included centrifuges and filtering and purifying equipment (largely catalytic converters), miscellaneous equipment (predominantly jacks and hoists, parts of elevators and conveyers, and parts of miscellaneous equipment), and thermal processing equipment and furnaces (notably heat exchange units).

## *WTO Developments Affecting Sector Trade and Investment*

### **Tariff Changes**

The dutiable value of U.S. imports from Sub-Saharan Africa declined by \$466,000 (5.9 percent) to \$7.3 million in 1998. On a percentage basis, this represented just 9.3 percent of the total value of 1998 imports, down from 11.4 percent in 1997. South Africa alone accounted for \$4.7 million, or 63.9 percent, of the dutiable value of imports during 1998. Swaziland, the next leading source, contributed just \$594,000, or 8.1 percent of the annual dutiable total. The ATWT of dutiable U.S. imports of machinery from Sub-Saharan Africa declined from 2.2 percent in 1997 to 2.1 percent in 1998. At the same time, the ATWT for imports from South Africa remained nearly constant at 1.6 percent.

## *Economic and Trade Policies Affecting U.S.-Sub-Saharan Africa Trade and Investment*

### **U.S. Policies**

Following a downturn in 1997, the value of GSP imports entered from Sub-Saharan Africa rebounded strongly in 1998 by \$11.5 million (21.4 percent) to \$65.3 million. Virtually all of the value of these imports (\$65.2 million, or 99.9 percent) was accounted for by South Africa. Nearly 40 percent of the GSP imports from South Africa were mineral-processing equipment; imports of centrifuges and filtering and purifying equipment, miscellaneous machinery, and thermal processing equipment each accounted for approximately an additional 11 percent, as shown in the tabulation in the next column.

During 1998, the Export-Import Bank (Eximbank) supported U.S. exports to Africa with \$49 million in new financing. In addition, during FY 1999, the Eximbank extended its area of coverage to five additional West African countries (Cameroon, Cape Verde, Gabon, The Gambia, and Senegal). This brings to 45 the number of Sub-Saharan Africa countries for which Eximbank will consider business project financing and to 21 that Eximbank will recognize for export financing proposals. For example, during FY 1999, Eximbank provided a medium-term loan guarantee on the sale of \$862,000 of construction

<b>1998 leading GSP sector imports</b>	<b>Million dollars</b>	<b>Percentage of total</b>
Mineral processing equipment . . . . .	25.1	38.5
Centrifuges; filtering and purifying equipment . . . . .	7.5	11.5
Miscellaneous machinery . . . . .	7.2	11.0
Thermal processing equipment and furnaces . . . . .	6.9	10.6
Taps, cocks, and valves . . . . .	5.1	7.8
Others . . . . .	13.5	20.6
<b>Total . . . . .</b>	<b>65.3</b>	<b>100.0</b>

Note.—Because of rounding, figures may not add to the total shown.

equipment to a purchaser in Uganda, and had an additional four African projects under consideration.<sup>113</sup>

OPIC provided \$889 million in project support involving machinery shipped to Sub-Saharan Africa at the end of FY 1998, or approximately \$100 million more than that provided at the end of FY 1997. OPIC cites the \$9.1 billion Sub-Saharan trade surplus with the United States during 1997, the underdeveloped African markets for trade and investment, and the rising tide of privatizations as evidence of the enormous potential for investment.

The U.S. Trade and Development Agency (TDA), which promotes developing countries through the funding of feasibility studies, consultancies, training programs, and other planning services, was involved in a number of Sub-Saharan Africa projects during FY 1998-99, as indicated in the tabulation on the next page.

TDA funding for the Africa region, which includes North Africa and parts of the Middle East, has been as high as \$5 million (FY 1996), but has averaged approximately \$3.3 million annually since FY 1981. TDA invites the governments of African nations to seek funding for planning studies related to major projects for which large expenditures for foreign goods and services are anticipated. Although TDA funding expenditures are generally quite low, by helping to identify significant development projects, they lead to large export contracts for U.S. machinery and equipment. For example, the \$43 million in TDA program expenditures in the Africa region since FY 1981 reportedly has led to \$579 million in subsequent U.S. export sales.<sup>114</sup>

<sup>113</sup> Eximbank, Eximbank Programs in Africa, found at Internet address <http://www.exim.gov/africa-i/index.html>, retrieved June 10, 1999.

<sup>114</sup> U.S. Trade and Development Agency (TDA), *TDA by Region & Sector*, "Africa & the Middle East: May 1999," found at Internet address <http://www.tda.gov/region/africa.html>, retrieved June 9, 1999.

Country	Type of project	TDA commitment (dollars)
Ethiopia	Bulk commodities transit terminal	80,000
Ghana	Tema oil refinery co-generation power plant	184,000
Mauritius	Fort William thermal power plant study	390,240
Senegal	Fertilizer mfg. plant expansion & upgrade	298,000
South Africa	Fluidized bed combustion project	500,000
South Africa	Bagasse hydrolysis project	204,000
Zambia	Hydropower privatization and rehabilitation	60,000

Source: *TDA by Region & Sector*, "Africa & the Middle East: May 1999," Approved Projects, found at Internet address: <http://www.tda.gov>, retrieved June 9, 1999.

## Electronic Products<sup>115</sup>

### Overview

Production of electronic products in Sub-Saharan Africa is minimal; most countries depend on imports to fill demand. As a result, the United States maintains a net trade surplus with the region in this sector that increased from \$737.0 billion in 1997 to \$812.6 million in 1998 or by \$75.6 million (10.3 percent). Electronic products accounted for 13.0 percent of total U.S. exports to Sub-Saharan Africa in 1998 and 0.3 percent of total U.S. imports.

U.S. trade data may not provide a full account of actual trade patterns in this sector for several reasons. Informal exports to Africa may represent a significant value of trade that is not recorded in the trade statistics. U.S. electronic products are sometimes shipped to a customer in the EU, and then to Sub-Saharan Africa countries for resale. For example, many U.S. electronic products are imported into Senegal by way of France. In addition, Sub-Saharan Africa countries with significant seaport and airport facilities may be listed as the port of destination, but a large share of exports to those countries may then be shipped to other Sub-Saharan Africa countries without major port facilities. Much of the reported value of U.S. imports from Sub-Saharan Africa for high-technology products such as computer hardware and telecommunications equipment results from goods returned for repair, transshipments to other nations, and misclassified country codes on importation documents.

<sup>115</sup> The electronic sector encompasses a broad range of products including computers and peripherals, semiconductors, electronic components, recorded media, consumer electronics, telephone and telegraph apparatus, office equipment, optical fibers, photographic equipment, navigational and surveying instruments, medical equipment, and watches and clocks.

U.S. exports of electronic products to Sub-Saharan Africa expanded at an average annual rate of 8.1 percent during 1994-98, despite a decline during 1995-96. The growth in exports was driven primarily by private and public sector efforts to improve computer networks and communication infrastructures. Within the Sub-Saharan Africa region, South Africa continues to be the largest market for U.S. products, accounting for 71.9 percent of total U.S. exports of electronics in 1998. The other leading export markets in 1998 are shown below:

1998 leading export markets	Million dollars <sup>1</sup>	Percentage of total
South Africa . . . .	609.8	71.9
Nigeria . . . . .	56.1	6.6
Angola . . . . .	25.4	3.0
Kenya . . . . .	18.0	2.1
Tanzania . . . . .	12.6	1.5
Others . . . . .	126.1	14.9
Total . . . . .	847.9	100.0

Note.—Because of rounding, figures may not add to the total shown.

During 1997-98, U.S. exports to Sub-Saharan Africa increased by \$79.7 million (10.4 percent), to \$847.9 million. The countries to which U.S. exports increased the most were South Africa, by \$77.3 million (15 percent) to \$609.8 million; Nigeria, by \$17.0 million (43.4 percent) to \$56.1 million; Namibia, by \$5.8 million (289.3 percent) to \$7.9 million; and Togo, by \$4.7 million (426.9 percent) to \$5.8 million.

The largest U.S. export categories in 1998 were automatic data processing (ADP) equipment (30.1 percent of sector U.S. exports to the region), telephone and telegraph apparatus (12.0 percent), testing and measuring equipment (10.8 percent), and radio apparatus (10.7 percent). Telephone and telegraph apparatus and ADP equipment exports, which increased by \$44.4 million (77.3 percent) and

\$13.2 million (5.4 percent), respectively, experienced the greatest increases. The products with the greatest U.S. export decreases were prerecorded media (\$9.0 million or 22.4 percent); apparatus for making, breaking, or protecting circuits (\$4.8 million or 14.3 percent); semiconductor devices (\$3.2 million or 25.3 percent); and medical goods (\$2.7 million or 3.6 percent). The regional need for improved telecommunications and computing power, industries in which the United States is a global leader, is likely to prompt increased U.S. exports to Sub-Saharan Africa. In 1998, U.S. exports to South Africa, the most technologically advanced Sub-Saharan Africa country, accounted for 75.9 percent of ADP machines, 75.7 percent of telephone and telegraph apparatus, 49.3 percent of radio apparatus, and 97.3 percent of optical fibers and cables exported to Sub-Saharan Africa.

Exports of telecommunications, ADP, and medical equipment from the United States to Sub-Saharan Africa should continue to increase as these countries privatize their postal, telephone, and telegraph authorities (PTTs), expand telecommunications networks, increase access to the Internet, and strive to bring clinics and hospitals up to Western standards.

U.S. imports are relatively insignificant, reflecting the lack of production of electronic products in Africa. Official statistics show that U.S. imports of electronic products from Sub-Saharan Africa increased by 12.8 percent to \$35.3 million. The major Sub-Saharan suppliers of electronic products are South Africa, Mauritius, Côte d'Ivoire, Kenya, and Mali, accounting together for 86.7 percent of total U.S. imports from the region in 1998, as shown below:

1998 leading import markets	Million dollars	Percentage of total
South Africa . . . . .	18.4	52.1
Mauritius . . . . .	5.2	14.7
Côte d'Ivoire . . . . .	4.5	12.7
Kenya . . . . .	1.6	4.5
Mali . . . . .	1.0	2.8
Others . . . . .	4.7	13.3
Total . . . . .	35.3	100.0

Note.—Because of rounding, figures may not add to the total shown.

The largest import products were ADP equipment and parts<sup>116</sup> (accounting for \$9.2 million, or 25.9 percent, of total imports), optical goods (\$4.9

million, or 13.8 percent), radio apparatus (\$4.7 million, or 13.2 percent), and measuring, testing, controlling, and analyzing instruments (\$4.2 million, or 11.7 percent). At least \$7.0 million of these imports in 1998, or almost 20 percent, were reported inaccurately, and were actually imported from other countries and regions.<sup>117</sup>

The countries from which imports increased significantly during 1997-98 were South Africa, increasing by \$5.3 million (40.3 percent) to \$18.4 million, and Côte d'Ivoire, increasing by \$3.2 million (239.8 percent) to \$4.5 million. The increase in imports from Côte d'Ivoire, reflecting an apparent increase in imports of ADP equipment and medical goods, is likely due to erroneous country coding, as there is no known production of ADP equipment or medical goods in that country.

The countries from which imports decreased significantly during 1997-98 were Kenya, by \$2.9 million (64.9 percent) to \$1.6 million, and Mauritius, by \$2.0 million (28.1 percent) to \$5.2 million. The decreases in imports from Kenya and Mauritius are likely due to the correction of coding error by the U.S. Census Bureau, when it was determined that imports of ADP equipment from Korea had been identified as imports from Kenya, and imports of ADP equipment from Malaysia had been identified as imports from Mauritius.

## WTO Developments Affecting Sector Trade and Investment

### Tariff Changes

The ATWT on U.S. imports of electronic products increased from 2.5 percent ad valorem to 2.6 percent ad valorem. While the dutiable value of electronic products declined by 13.0 percent to \$6.4 million, the duties collected declined by only 10.7 percent.

South Africa, the major Sub-Saharan Africa trading partner, reduced the duties on many products within this sector. ADP equipment was already imported free of duty, and most telephone and telegraph equipment continues to be imported with a duty rate of 5 percent ad valorem. The duties on most consumer electronic products were reduced significantly, from 40 percent ad valorem on television receivers to 25 percent, and on portable audio equipment from 25 percent to 12.5 percent. The duties on computer software were eliminated entirely from previous levels of 15 to 18 percent. The duties on electronic components such as resistors and capacitors were reduced from 5 percent to zero, with

<sup>116</sup> There is no production of computer hardware in African countries. U.S. imports from Africa, as recorded in the trade data, are likely the result of goods returned for repair, transshipments to other nations, and misclassification of country codes on importation documents. For instance, the import code for Korea is similar to that of Kenya, the code for Malaysia is similar to that of Mauritius, and the code for the Côte d'Ivoire is similar to that of China. Industry representatives, telephone interviews by USITC staff, June 1999.

<sup>117</sup> Importers, telephone interviews by USITC staff, June 1999.



but a few exceptions. The duties on virtually all clocks and clock parts were eliminated, as were the duties on testing and measuring equipment.<sup>118</sup>

## Other Trade Policy Developments

No other WTO provisions in 1998 were identified to have significant effects on U.S.-Sub-Saharan Africa trade in the electronics sector.

## *Economic and Trade Policies Affecting U.S.-Sub-Saharan Africa Trade and Investment*

### U.S. Policies

Imports under GSP rose by 3.5 percent to \$13.5 million in 1998. Imports of radio apparatus and optical apparatus accounted for 32.3 and 31.4 percent, respectively, of all imports of electronic products under GSP. South Africa, Mauritius, and Madagascar combined account for 98.7 percent of all imports of electronic products under GSP, with South Africa alone accounting for 67.6 percent, as shown in the following tabulation:

1998 leading GSP import sources	Million dollars	Percentage of total
South Africa . . . . .	9.1	67.6
Mauritius . . . . .	3.5	26.2
Madagascar . . . . .	0.7	4.9
Kenya . . . . .	(1)	0.4
Equatorial Guinea . . . . .	(1)	0.3
Others . . . . .	0.1	0.6
Total . . . . .	13.5	100.0

<sup>1</sup> Less than \$50,000.

Note.—Because of rounding, figures may not add to the total shown.

The Leland Initiative is a 5-year, \$15 million U.S. Government effort, launched in 1996 to extend full Internet connectivity to 20 or more African countries and bring the benefits of the global information infrastructure technologies to the region.<sup>119</sup> The goals of the Initiative are to promote policy reform to reduce barriers to open connectivity, create a sustainable supply of Internet services, and enhance Internet use for sustainable development.

<sup>118</sup> International Customs Tariffs Bureau, *The International Customs Journal: South Africa*, 1996-97, No. 42 (19th ed.), 1997-98, No. 42 (20th ed.).

<sup>119</sup> USAID, "Leland Initiative: Africa GII Gateway Project: Project Description & Frequently Asked Questions," found at Internet address <http://www.info.usaid.gov/regions/afr/leland/project.html>, June 2, 1999.

## Policy Developments in Sub-Saharan Africa

Privatization of PTTs continues to spread among the countries of Sub-Saharan Africa, and will likely lead to increased imports of telecommunications equipment and radio apparatus from the United States. The national telecommunications company of Côte d'Ivoire, CI-Telcom, was privatized in January 1997. The upcoming privatization of public TV in 1999 should lead to the replacement of obsolete TV equipment used by public television and radio agencies.<sup>120</sup> In Rwanda, the telecommunications service Rwandatel is to be privatized in 1999, after the adoption of a regulatory framework in 1998 permitting private participation.<sup>121</sup>

The Government of Nigeria had been considering the privatization of the national telecommunications company, NITEL. However, representatives of the incoming regime, now civilian rather than military, have called existing privatization plans hasty, and demanded that privatization be delayed until the new civilian government takes office, for fear that privatized assets will end up in the hands of the outgoing military-based regime.<sup>122</sup>

The Tanzanian Government is interested in attracting private investment in certain areas of the telecommunications sector, such as the cellular communications subsector. In addition to private sector development, the international donor community is sponsoring a 5-year, \$250-million program to rehabilitate and expand the existing telephone network.<sup>123</sup>

The Communications Commission of Kenya (CCK) has been established, mandated to license all sector service providers. The CCK will oversee the liberalization of Kenya's postal and telecommunications sector. It is the goal of Kenya and the CCK to improve service penetration from the present 0.16

<sup>120</sup> USDOC, Best Market Reports, "World-Telecommunications Equip FY99-IMI981113," Nov. 13, 1998, found at Internet address <http://www.stat-usa.gov.gov/>, retrieved June 16, 1999.

<sup>121</sup> IMF, "Rwanda-Enhanced Structural Adjustment Facility Economic and Financial Policy Framework Paper for 1998/99--2000/01," June 10, 1998, found at Internet address <http://www.imf.org/external/np/pfp/rwanda/rwanda01.htm>, retrieved June 14, 1999.

<sup>122</sup> U.S. Department of State telegram, "USITC Report -Nigeria," message reference No. 4953, prepared by U.S. Embassy, Lagos, Apr. 26, 1999.

<sup>123</sup> USDOC, Best Market Reports, "World-Telecommunications Equip FY99-IMI981113," Nov. 13, 1998, found at Internet address <http://www.stat-usa.gov.gov/>, retrieved June 16, 1999.

lines per 100 people in rural areas to 1 per 100, and from 4 to 20 lines per 100 in urban areas.<sup>124</sup>

Mauritius' market for telecommunications equipment is expected to grow significantly in the next few years as Mauritius Telecom (MT) implements a 50,000-line wireless local loop telephone network project. The award of this \$40 to \$50 million contract has been delayed for over a year but is expected to be signed this year. MT plans to extend the wireless network to 350,000 lines by the year 2000. As a result of the expanding network, the market for cellular phones and private branch exchange switching equipment is expected to increase by 10 percent annually over the next few years.

The government also intends to progressively divest itself of its equity shares in MT. In December 1998, the cabinet of Mauritius approved the privatization of MT.<sup>125</sup> Emtel, a private cellular telephone service provider controlling 60 percent of the market, plans to become an international telephone and Internet service provider. The implementation of these projects will necessitate the purchase of international gateway switches, earth stations, and other related equipment. Mauritius has made a WTO commitment to open the market for telecommunications services by 2004.<sup>126</sup>

Increasing demand for access to the Internet is increasing regional demand for computer equipment and software. Through the Leland Initiative, USAID has assisted the Malian telecommunications parastatal to establish the country's own Internet node, among the first in francophone Africa.<sup>127</sup> It is the goal of Mauritius to provide Internet access to every Mauritian family by the year 2000. In its current budget, the government provides for all community centers to be equipped with computer facilities. The government plans to open Internet services to competition in 1999, and is providing a series of incentives to encourage and propagate the use of information technology (IT) in both homes and

offices, including loans to individuals to purchase a personal computer for home use.<sup>128</sup> The National Assembly passed a Copyright Act in July 1997 that has made the IT sector more attractive to U.S. companies by providing legal protection to computer software and electronic databases. The Government also will introduce an Information Technology Bill in Parliament designed to provide protection against computer fraud and misuse and to make electronically produced documents acceptable in court.<sup>129</sup>

The Government of Benin, in consultation with its development partners, has resumed the liberalization of telecommunications services with the intent of privatizing telecommunications by the year 2000. Telecommunications will be separated from postal and financial services. A new legal and regulatory framework will end the monopoly of the Office of Post and Telecommunications (OPT) over telecommunications, and specify how the sector will be supervised.<sup>130</sup>

## Multilateral Lending

Through FY 1998, the World Bank had committed \$87 million for two telecommunications projects in Sub-Saharan Africa.<sup>131</sup> In South Africa, the Department of Trade and Industry (DTI) has implemented a new campaign to more effectively encourage foreign investment in South Africa. According to the Minister of the DTI, spatial and sectoral investment tax holidays now in effect will not be renewed when they expire in September 1999. Rather, the government will attempt to lower the corporate tax rate beyond the 5-percent reduction previously announced by the Minister of Finance, showing a change of strategy from one utilizing targeted direct tax credits linked to specific projects to one aimed at improving the overall investment and tax climate. The staff of the DTI has identified electronics, IT, and telecommunications as among the priority sectors for targeting U.S. investment in South Africa.<sup>132</sup>

<sup>124</sup> USDOC, ITA, *Market Research Reports: International Market Insights*, "Kenya-Telecom Liberalization," Apr. 30, 1999, found at [www.tradeport.org](http://www.tradeport.org), retrieved June 4, 1999.

<sup>125</sup> U.S. Department of State telegram, "Information for the Fifth Annual USITC Report on U.S.-Sub-Saharan Africa Trade," message reference No. 1310, prepared by U.S. Embassy, Port Louis, June 16, 1999.

<sup>126</sup> USDOC, Best Market Reports, "World-Telecommunications Equip FY99-IMI981113," Nov. 13, 1998, found at Internet address <http://www.stat-usa.gov.gov/>, retrieved June 16, 1999.

<sup>127</sup> U.S. Department of State telegram, "1999 Investment Climate Statement for Mali," message reference No. 871, prepared by U.S. Embassy, Bamako, Feb. 17, 1999.

<sup>128</sup> USDOC, Best Market Reports, "World-Telecommunications Equip FY99-IMI981113," Nov. 13, 1998, found at Internet address <http://www.stat-usa.gov.gov/>, retrieved June 16, 1999.

<sup>129</sup> Ibid.

<sup>130</sup> IMF, *News Releases*, "Benin: Enhanced Structural Adjustment Facility Policy Framework Paper, 1998-2001," Dec. 22, 1998, found at Internet address <http://www.imf.org/external/np/pfp/benin/index.htm#I>, retrieved June 14, 1999.

<sup>131</sup> World Bank, "World Bank Africa Region Portfolio Projects & Commitments, FY97 and FY98," found at Internet address <http://www.worldbank.org/afr/portfolio.htm>, retrieved June 2, 1999.

<sup>132</sup> USDOC, ITA, *Market Research Reports: International Marketing Insights*, "South Africa-Revised Investment Promotion-IMI990426," Apr. 26, 1999, found at <http://www.stat-usa.gov>, retrieved June 2, 1999.



The Government of Mauritania received funding from the IDA of the World Bank for the privatization of Mauritania's Office of Post and Telecommunications.<sup>133</sup> While projects currently under consideration are studies only, the establishment of new telecommunications services should lead to new export opportunities for telecommunications equipment suppliers, including those of the United States.

## Transportation Equipment<sup>134</sup>

### Overview

The transportation equipment sector continued to be the leading sector in terms of U.S. exports to Sub-Saharan Africa in 1998, accounting for 34 percent of total U.S. exports to the region. The sector's ongoing trade surplus with Sub-Saharan Africa increased by \$48.0 million (30 percent) to \$2.1 billion during 1997-98. This trade surplus increase is attributable to increased U.S. exports to the region, which rose by \$504.5 million (29 percent) to \$2.2 billion. Those exports largely consisted of aircraft, construction and mining equipment, and motor vehicles. Eighty percent of sector exports were shipped to the following five leading Sub-Saharan Africa markets:

1998 leading export markets	Million dollars	Percentage of total
South Africa . . . . .	1,220.3	54.7
Nigeria . . . . .	260.8	11.7
Angola . . . . .	165.8	7.4
Equatorial Guinea . . . . .	70.5	3.2
Kenya . . . . .	66.5	3.0
Others . . . . .	448.6	20.1
Total . . . . .	2,232.5	100.0

Note.—Because of rounding, figures may not add to the total shown.

South Africa remained the major U.S. export market during 1998, accounting for 55 percent of total transportation equipment exported to Sub-Saharan

<sup>133</sup> USDOC, ITA, *Market Research Reports: International Marketing Insights*, "Mauritania-Post and Telecom Privatization-IMI990303," Mar. 3, 1999, found at Internet address <http://www.stat-usa.gov>, retrieved June 2, 1999.

<sup>134</sup> The transportation equipment sector includes motor vehicles and motor vehicle parts; aircraft and spacecraft; railroad locomotives and rolling stock; ships, boats, and floating structures; motorcycles and mopeds; construction and mining equipment; forklift trucks; miscellaneous vehicles; engines; batteries; and antifriction bearings.

Africa, up from 36 percent in 1997. The principal products exported to South Africa included aircraft, construction and mining equipment, and motor vehicle parts. U.S. exports of aircraft to South Africa increased more than fourfold in 1998, rising \$559.0 million (334 percent) to \$726.4 million. In 1998, South African Airways took possession of four Boeing 747-400s as part of their fleet renewal program.<sup>135</sup> U.S. exports of construction and mining equipment fell \$17.6 million (9 percent) to \$179.6 million, while exports of motor vehicle parts increased \$49.6 million (115 percent) to \$92.8 million. A 5-week long strike in September-October 1998 of the National Union of Metalworkers against South Africa's motor industry halted South African motor-vehicle components manufacturing, forcing South African auto assemblers to turn to overseas suppliers of motor vehicle parts.<sup>136</sup>

Nigeria and Angola, the other principal export markets, accounted for 12 percent and 7 percent, respectively, of transportation equipment exported to Sub-Saharan Africa in 1998. U.S. exports to Nigeria consisted primarily of construction and mining equipment; ships, boats, and floating structures; and aircraft engines. The leading U.S. sector exports to Angola were construction and mining equipment, aircraft, and ships, boats, and floating structures.

Of the five leading U.S. export markets, transportation equipment exported to South Africa recorded the largest increase, rising \$603.2 million (98 percent). This is almost entirely attributable to increased sales of aircraft in South Africa. U.S. exports to Nigeria, the second-largest market, recorded the most notable decrease, falling \$116.8 million (31 percent). This is largely attributable to a \$40 million (20 percent) drop in U.S. exports of construction and mining equipment and a \$59.6 million (58 percent) drop in U.S. exports of ships, boats, and floating structures.

U.S. imports of transportation equipment from Sub-Saharan Africa rose \$24.6 million (31 percent) to \$104.5 million in 1998. Virtually all of the imports were from South Africa, which accounted for 99 percent of sector imports in 1998:

1998 leading import sources	Million dollars	Percentage of total
South Africa . . . . .	103.7	99.2
Others . . . . .	0.7	0.8
Total . . . . .	104.5	100.0

Note.—Because of rounding, figures may not add to the total shown.

<sup>135</sup> Boeing Co. official, e-mail communication to USITC staff, May 13, 1999.

<sup>136</sup> U.S. Department of State telegram, "Anatomy of a Strike: Metalworkers Return After 5 Weeks," message reference No. 012905, prepared by U.S. Embassy, Pretoria, Oct. 1998.

U.S. imports of transportation equipment from South Africa increased by \$25.9 million (33 percent) to \$103.7 million in 1998. The principal products imported from that country included motor vehicle parts (up \$8.9 million, or 25 percent, to \$44.9 million) and construction and mining equipment (up \$3.1 million, or 17 percent, to \$21.3 million). Over 60 percent of the increase in motor vehicle parts imports in 1998 was attributable to road wheels. At the end of 1997, General Motors (GM) repurchased 49 percent of South Africa's Delta Motors; through this venture GM increased its purchases of aluminum alloy wheels from Delta's component suppliers.<sup>137</sup> Also, in mid-1998, Hayes Lemmerz International, the world's leading supplier of wheels, purchased majority control of the group that owns and operates NF Die Casting (Pty.) Ltd., a South African producer of cast aluminum wheels. Hayes Lemmerz intends to use South African capacity to meet local as well as international demand.

South Africa's Motor Industry Development Plan (MIDP), initiated in 1995, has reportedly stimulated components exports to some extent.<sup>138</sup> Dump trucks accounted for most of the increase in imports of construction and mining equipment from South Africa. Imports of dump trucks rose \$2.7 million (18 percent) to \$17.7 million in 1998. Bell Equipment is a world-class producer of dump trucks in South Africa, and distributes trucks through Deere and Company outlets in the United States. The two companies announced in April 1999 that Deere would make an equity investment in Bell and gain exclusive rights to distribute Bell-manufactured articulated dump trucks in the Americas.<sup>139</sup>

Improved trade policies and reformed tariff systems in Sub-Saharan Africa countries resulting largely from WTO commitments may strengthen economic growth and stimulate business reform throughout the region. Privatization and restructuring of certain business entities enhance foreign investment and business travel and tourism, and provide a basis for seeking the latest in product technology and advancements in research and product development. The TDA and the World Bank also attempt to enhance economic conditions in Sub-Saharan Africa countries by promoting U.S. investment through export promotion programs and monetary loans.

<sup>137</sup> U.S. Department of State telegram, "General Motors Returns to South Africa," message reference No. 000003, prepared by U.S. Consulate, Cape Town, Jan. 1998.

<sup>138</sup> Economist Intelligence Unit (EIU), "South Africa's Automotive Industry: Undermined by Economic Setback," chapter 7, *EIU Motor Business International*, second quarter 1999, p. 99.

<sup>139</sup> *PRNewswire*, "Deere and Company, Bell Equipment Form Strategic Alliance," Mar. 18, 1999.

## WTO Developments Affecting Sector Trade and Investment

### Tariff Changes

The ATWT rate for transportation equipment imports rose from 2.3 percent in 1997 to 2.5 percent in 1998. Imports from Sierra Leone had the highest ATWT in the region, with an AVE of 5.9 percent, followed by those from Swaziland (an AVE of 3.2 percent) and Mali (3.0 percent). The dutiable value of U.S. imports of transportation equipment from Sub-Saharan Africa increased by \$5.6 million (18 percent) to \$36.1 million. South Africa accounted for \$35.8 million (99 percent) of the dutiable value of such imports in 1998.

The principal products exported to South Africa include aircraft, construction and mining equipment, and motor vehicle parts. According to *The International Customs Journal of South Africa*, tariffs on aircraft were zero during 1997-99. Tariffs on certain types of construction and mining equipment were reduced in the 1998-99 *International Customs Journal*, as shown below:<sup>140</sup>

Product	Tariff 1996-97	Tariff 1998-99 Percent
Scrapers .....	14	-
Road rollers .....	10	-
Propelling bases for articulated machines .....	10	-
Cranes .....	5	-
Certain mobile drilling derricks .....	19	-
Concrete mixers .....	19	-
Dump trucks below 50 tons gross vehicle weight .....	20	10
Other dump trucks ....	20	-
Certain parts .....	5-22	-
Picks, chisels, and bits for coal cutting machinery .....	8	6

South Africa's MIDP outlines tariff reductions for motor vehicles and parts through 2002. Tariffs on light vehicles were reduced from 57.5 percent ad valorem in 1997 to 54.0 percent in 1998 and 50.5 percent in 1999. For medium- and heavy-duty

<sup>140</sup> International Customs Tariffs Bureau, *The International Customs Journal South Africa*, 1998-1999, No. 42 (20th Ed.); and International Customs Tariffs Bureau, *The International Customs Journal South Africa*, 1996-1997, No. 42 (19th Ed.).

commercial vehicles, the duty rate fell from 32.0 percent in 1997 to 28.0 percent in 1998 and 24.0 percent in 1999. The MIDP dictated that duty rates on motor vehicle parts would decline from 43.0 percent in 1997 to 40.0 percent in 1998 and 37.5 percent in 1999;<sup>141</sup> however, according to the *International Customs Journal*, there was no change from the 1996-97 to the 1998-99 tariff schedule,<sup>142</sup> with tariffs ranging from free to a high of 30 percent for certain mounted brake linings.<sup>143</sup>

## Other Trade Policy Developments

South Africa has notified the WTO that its local content requirements in the motor vehicle sector are inconsistent with its obligations under the WTO Agreement on Trade-Related Investment Measures. This notification allowed South Africa a 5-year period during which to phase out the measures. South Africa must eliminate its local content requirement by January 1, 2000.<sup>144</sup>

## *Economic and Trade Policies Affecting U.S.-Sub-Saharan Africa Trade and Investment*

### U.S. Policies

Transportation equipment imported from Sub-Saharan Africa under the GSP program rose by \$18.4 million (46 percent) to \$58.4 million in 1998, which represented slightly more than one-half of sector imports during the period. South Africa remained the principal beneficiary of this special import provision, accounting for nearly 100 percent of GSP imports from the region. GSP imports of motor vehicle parts, which accounted for 66 percent of GSP imports from Sub-Saharan Africa, increased \$8.0 million (26 percent) to \$38.5 million in 1998. Other large increases were recorded in ships, boats, and floating structures (up \$4.8 million, or 1,274 percent, to \$5.2 million), and miscellaneous vehicles (up \$4.4 million, or 271 percent, to \$6.0 million). By contrast, the largest decrease in GSP imports from Sub-Saharan Africa was in engines other than those for aircraft, which fell \$1.6 million (47 percent) to \$1.7 million.

<sup>141</sup> EIU, "South Africa's Automotive Industry," p. 99.

<sup>142</sup> While radiator pressure caps appeared as a separate line item in the 1996-97 *International Customs Journal* with a tariff of zero, this item appears to have been aggregated with all radiator equipment in 1998-99; this equipment is assessed a duty of 20 percent.

<sup>143</sup> International Customs Tariffs Bureau, *The International Customs Journal South Africa*, 1998-1999 and 1996-1997.

<sup>144</sup> USTR, *1999 National Trade Estimate*, p. 383.

As noted earlier, the TDA assists U.S. firms by identifying major development projects that offer large export potential and by funding U.S. private sector involvement in project planning, as illustrated in the tabulation on the next page.

This, in turn, helps position U.S. firms for follow-on activities during the implementation phase of the project. While TDA's principal activity involves funding feasibility studies, it also conducts orientation visits and conferences that have proven to be effective measures for linking African decision makers with U.S. businesses.<sup>145</sup>

## Policy Developments in Sub-Saharan Africa

During 1998, South Africa continued privatization initiatives with implications for the transportation equipment sector. The South African Oil Exploration Company's (SOEKOR) commercial branch is being quasi-privatized, and Transnet, the national transportation and ports monopoly, is undergoing commercialization in preparation for partial privatization during the next 5 years. The South African Government has committed itself to commercialization of Transnet's various transport entities, including Portnet (ports), Spoornet (railways), Autonet (highways), and Petronet (pipelines). The Government is considering the possibility of granting concessions for selected transport lines and port facilities in advance of formal privatization to enhance competition and improve efficiency.<sup>146</sup> Spoornet is currently undergoing privatization,<sup>147</sup> and the South African Rail Commuter Corporation, the statutory body holding all of the state's railroad rolling stock and rail infrastructure assets, is for the first time contracting out the management of commuter rail services.<sup>148</sup> During the first half of 1999, the Government of South Africa intends to partially privatize Alexkor, a state-owned diamond mine, South African Airways, and Denel Aerospace.<sup>149</sup> Recent

<sup>145</sup> TDA, *TDA by Region and Sector*, retrieved May 18, 1999.

<sup>146</sup> USDOC, ITA, *Market Research Reports: International Market Insights*, "South Africa - Privatization Progress - IMI980622," June 22, 1998, found at Internet address <http://www.stat-usa.gov>, retrieved Mar. 15, 1999.

<sup>147</sup> USDOC, ITA, *Market Research Reports: International Market Insights*, "South Africa - Railway Concession - IMI990311," Mar. 3, 1999, found at Internet address <http://www.stat-usa.gov>, retrieved Mar. 15, 1999.

<sup>148</sup> USDOC, ITA, *Market Research Reports: International Market Insights*, "South Africa - Rail Industry Overview - IMI981224," Dec. 24, 1998, found at Internet address <http://www.stat-usa.gov>, retrieved Mar. 15, 1999.

<sup>149</sup> USDOC, ITA, *Market Research Reports: International Market Insights*, "South Africa - Privatization Progress - IMI990303," Mar. 3, 1999, found at Internet address <http://www.stat-usa.gov>, retrieved Mar. 15, 1999.

Country	Type of Project	Value/commitments (dollars)
Côte d'Ivoire .....	Feasibility study grant for proposed greenfield fruit juicing and processing plant (FY 1998) .....	\$84,050
Ethiopia .....	Feasibility study grant for the design, construction, and operation of a bulk commodities transit terminal (FY 1999) .....	\$80,000
Ethiopia .....	Grant to certify the Boeing 767 and 757 flight simulators used for training by African and Middle Eastern airlines (FY 1998) .....	\$100,000
Ethiopia .....	Feasibility study grant to establish an asphalt production facility (FY 1998) .....	\$174,000
Ghana .....	Study to develop a co-generation power plant facility (FY 1999) .....	\$184,000
Ghana .....	Study on the transition from ground-based navigation to satellite-based navigation and the implementation of CNS/ATM technologies and VSAT systems at Kotoka International Airport (FY 1999) .....	\$225,000
Namibia .....	Feasibility study grant to conduct a review of ongoing operations, projected demand changes, and preparation of a strategic and procurement-specific plan for the growth of Air Namibia (FY 1998) .....	\$64,000
Senegal .....	Feasibility study grant to evaluate options for expanding a phosphate processing plant and for adding environmental safeguards to improve efficiency at other sites (FY 1998) .....	\$298,000
South Africa .....	Feasibility study grant to examine the technical, economic, and social impact of a petroleum storage and tanker-mooring project (FY 1999) .....	\$163,000
South Africa .....	Orientation trade mission to various U.S. cities to meet with U.S. manufacturers of light rail equipment and services (FY 1998) .....	NA
Regional: Botswana, Ethiopia, Gabon, Ghana, Namibia, Tanzania, Zimbabwe .....	Orientation trade mission to Wichita, KS, to meet with U.S. aircraft manufacturers and aviation service companies (FY 1998) .....	NA
Regional .....	TDA-sponsored briefing book outlining the 40 most promising export opportunities for U.S. companies in airport and air traffic control projects in Africa and the Middle East (FY 1998) .....	NA
Regional .....	Orientation trade mission for African and Middle Eastern sponsors to NY, NJ, IL, and CA to promote the U.S. private sector for the following projects: air traffic control projects; airport construction, privatization, and management/operations projects; and other industry-related activities (FY 1998) .....	NA
Southern African Development Community .....	Feasibility study grant for an evaluation of satellite-based augmentation systems for air traffic control in the region (FY 1998) .....	\$327,000



policy developments related to the transportation equipment sector include:<sup>150</sup>

## Multilateral Lending

Efforts to improve the basic infrastructure of the Sub-Saharan Africa region, aided by multilateral lending, should provide a growing market for U.S. exports of certain types of transportation equipment, particularly construction equipment. The financial assistance provided by the World Bank, IMF, and AfDB is vital to the successful economic growth of the region.

The World Bank has granted dozens of loans to Sub-Saharan countries during FY 1997 and 1998 for a variety of project types, e.g., environmental, mining, oil and gas, transport, urban development, and water supply and sanitation. These projects are likely to spur increased demand for transportation equipment, and construction and mining equipment in particular. During FY 1998, loans for these types of projects totaled over \$6.5 billion.<sup>151</sup>

<sup>150</sup> USDOC, ITA, *Market Research Reports: International Market Insights*, "South Africa - Privatization Progress - IMI990303," Mar. 3, 1999, found at Internet address <http://www.stat-usa.gov>, retrieved Mar. 15, 1999.

<sup>151</sup> U.S. Department of State telegram, "South Africa's \$Revised' Investment Promotion Strategy," message reference No. 005367, prepared by U.S. Embassy, Pretoria, Apr. 1999; EIU, "South Africa's Automotive Industry: Embassy of South Africa, *On Line Guide to South Africa*, "Business & Economy-Transport" found at Internet address <http://www.southafrica.net/economy/transport/transport.htm>, retrieved May 18, 1999,

## Miscellaneous Manufactures<sup>152</sup>

### Overview

Total U.S. trade with Sub-Saharan Africa in the miscellaneous manufactures sector increased by \$21 million (12.8 percent) to \$185 million during 1997-98. Although the miscellaneous manufactures sector accounted for only 1 percent of total U.S. trade with Sub-Saharan countries in 1998, the U.S. trade balance with Sub-Saharan Africa countries in miscellaneous manufactures advanced from a deficit of \$10.6 million in 1997 to a surplus of \$4.3 million in 1998. U.S. exports to the region increased by \$18.0 million (23.4 percent) to \$94.7 million during 1997-98, whereas U.S. imports rose by \$3.1 million (3.5 percent) to \$90.3 million.

<sup>151</sup>—Continued  
and USDOC, ITA, "South Africa - Spatial Development Initiatives (SDI's) - ISA 980601," *Market Research Reports: Industry Sector Analyses*, June 1, 1998, found at Internet address <http://www.stat-usa.gov>, retrieved May 18, 1999.

<sup>152</sup> World Bank, "World Bank Africa Region Portfolio," retrieved June 30, 1999.

<sup>153</sup> The miscellaneous manufacturers sector includes a very broad group of consumer products such as jewelry, furniture, sporting goods, games, fairground amusements, luggage and other leather goods, musical instruments, bicycles, writing instruments, lamps, prefabricated buildings, toys, dolls, arms, ammunition, smokers' articles, brooms, grooming articles, Christmas decorations, and works of art.

Country	Development
South Africa . . . . .	A second phase of the Department of Trade and Industry's Investment Promotion Campaign was proposed in April 1999, targeting the motor vehicle parts industry, among others. The campaign will move away from targeted direct tax credits linked to specific projects toward one aimed at improving the overall investment and tax climate for investors.
South Africa . . . . .	The MIDP, established in 1995, was designed to help the local industry operate in a global framework. A key element of the program was the steady reduction of tariffs and the elimination of local content requirements. While exports have increased and significant medium-term foreign investment plans have been announced, the industry still needs to undergo meaningful rationalization.  The MIDP small vehicle incentive, which amounts to a rand 2,500 rebate on cars with a wholesale price of R40,000 or less, is expected to be phased out over the next 3 years.
South Africa . . . . .	The "Afrokaizen" project, under review in 1999, would make car ownership and operation more affordable by re-establishing local production of outdated, low-technology models that are considered ideal for local driving conditions.
South Africa . . . . .	The Reconstruction and Development Programme (RDP) aims to develop an effective, publicly owned passenger transport system, integrating road, rail, and air transportation.
South Africa . . . . .	Spatial Development Initiatives, of which there are currently seven underway, are an interdepartmental investment strategy led by the Department of Trade and Industry and the Department of Transport. The goal of these initiatives is to remove obstacles to investment and provide the necessary infrastructure to encourage private sector investment.



U.S. exports of miscellaneous manufactures to Sub-Saharan Africa are constrained by the limited size of consumer markets in the region. U.S. imports from this region are also modest. Although the production processes for articles in the miscellaneous manufactures sector tend to be labor-intensive and production technology is easily transferred to developing or newly industrialized countries, the manufacturing bases in most Sub-Saharan Africa countries, with the exception of Zimbabwe and South Africa, are not sufficiently diversified to produce and export miscellaneous manufactures at competitive prices.

South Africa remained the largest market for U.S. sector exports to Sub-Saharan Africa countries, accounting for \$65.8 million (69.5 percent) of such trade in 1998, as shown in the following tabulation:

1998 leading export markets	Million dollars	Percentage of total
South Africa .....	65.8	69.5
Nigeria .....	8.2	8.7
Angola .....	5.0	5.3
Ghana .....	3.7	3.9
Equatorial Guinea	1.8	1.9
Others .....	10.2	10.8
Total .....	94.7	100.0

Note.—Because of rounding, figures may not add to the total shown.

Nigeria surpassed both Angola and Ghana to become the second-largest market for U.S. sector exports during 1997-98. Angola remained the third-largest source in 1998, Ghana is fourth, and Equatorial Guinea replaced Kenya to become the fifth-largest source.

Games and fairground amusements, sporting goods, and furniture remained the three largest sector export product categories in 1998 (see tabulation at bottom of page), with South Africa accounting for the principal share of game and fairground amusement exports to Sub-Saharan Africa. U.S. exports of games and fairground amusements to South Africa were \$19.3 million in 1998, accounting for 91.4 percent of such exports to the region. South Africa was also the principal market for U.S. exports of sporting goods in 1998, \$16.8 million (92.3 percent). Golf clubs and related equipment comprised most of U.S. sporting

goods exported to South Africa. South Africa accounted for \$6.3 million (36.4 percent) of U.S. furniture exported to Sub-Saharan Africa in 1998, followed by Angola, which accounted for \$3.2 million (18.5 percent).

Zimbabwe and South Africa remained the two principal sources of U.S. imports of miscellaneous manufactures in 1998, as shown in the following tabulation:

1998 leading import sources	Million dollars	Percentage of total
Zimbabwe .....	34.2	37.8
South Africa .....	23.3	25.7
Botswana .....	5.6	6.2
Congo (Brazzaville)	4.1	4.5
Nigeria .....	3.9	4.3
Others .....	19.3	21.3
Total .....	90.3	100.0

Note.—Because of rounding, figures may not add to the total shown.

Botswana replaced Congo (Brazzaville) as the third-largest source of U.S. imports in 1998. Nigeria was the fifth-largest source of U.S. imports in 1998, replacing Tanzania. U.S. imports from Zimbabwe rose by \$7.3 million (26.9 percent) to \$34.2 million in 1998; and imports from South Africa rose by \$5.5 million (31.2 percent) to \$23.3 million.

Precious jewelry and related articles, miscellaneous articles,<sup>153</sup> and furniture continued to be the leading product categories comprising U.S. imports of the miscellaneous manufactures sector from Sub-Saharan Africa in 1998 (see tabulation at top of next page). Zimbabwe accounted for \$32.1 million (70.5 percent) of precious jewelry imports from Sub-Saharan Africa countries in 1998, with gold necklaces comprising most of these imports. Miscellaneous articles were the next largest import category, with Congo (Brazzaville), Nigeria, and South Africa each accounting for about one-fifth of such U.S. imports in 1998. South Africa accounted for the principal share of U.S. imports of furniture from Sub-Saharan Africa countries in 1998—\$14.8 million (89.7 percent).

<sup>154</sup> This basket category includes works of art and carved articles of ivory, bone, vegetable, or mineral material, and a variety of other products.

1998 leading sector exports	Primary markets	Million dollars	Percentage of total
Games and fairground amusements .....	South Africa	21.0	22.2
Sporting goods .....	South Africa	18.2	19.2
Furniture .....	South Africa, Angola, Nigeria	17.3	18.3
Others .....	South Africa	38.1	40.2
Total .....		94.6	100.0

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

1998 leading sector imports	Primary sources	Million dollars	Percentage of total
Precious jewelry .....	Zimbabwe, Botswana	45.5	50.4
Miscellaneous articles .....	Congo (Brazzaville), Nigeria, South Africa	17.8	19.7
Furniture .....	South Africa	16.5	18.3
Others .....	South Africa, Tanzania	10.5	11.6
Total .....		90.3	100.0

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

## *WTO Developments Affecting Sector Trade and Investment*

### **Tariff Changes**

The ATWT rate on miscellaneous manufactures imports from Sub-Saharan Africa rose from 4.8 percent AVE in 1997 to 5.8 percent AVE in 1998. The value of dutiable U.S. sector imports fell from \$6.2 million to \$5.6 million in 1998, or by 9.9 percent. U.S. import duties were applied to only 6.2 percent of the sector trade in 1998, compared with 7.1 percent in 1997. In 1998, South Africa supplied the largest amount of dutiable products, totaling \$2.1 million (37.6 percent), with an ATWT rate of 4.4 percent AVE, up from 4.3 percent in 1997. Kenya provided \$1.3 million (23.4 percent) of dutiable U.S. imports, with an ATWT rate of 8.0 percent AVE, down from 8.7 percent the previous year.

## *Economic and Trade Policies Affecting U.S.-Sub-Saharan Africa Trade and Investment*

### **U.S. Policies**

U.S. imports of miscellaneous manufactures from Sub-Saharan Africa that entered free of duty under the GSP increased by \$10.3 million (20.0 percent) over 1997 and totaled \$61.6 million in 1998, or 68.2 percent of sector imports from the region in that year. In 1998, 66.4 percent (\$40.9 million) of GSP-eligible imports in the sector consisted of precious jewelry and related articles. Furniture was another major GSP-eligible import item in 1998, totaling \$15.1 million. The five major 1998 GSP import sources from Sub-Saharan Africa for sector products are shown in the following tabulation:

Sources of GSP imports	Million dollars	Percentage of total
Zimbabwe .....	32.7	53.1
South Africa .....	17.2	28.0
Botswana .....	5.6	9.1
Mauritius .....	2.0	3.3
Kenya .....	1.3	2.1
Other .....	2.8	4.5
Total .....	61.6	100.0

Note.—Because of rounding, figures may not add to the total shown.

The top two countries, Zimbabwe and South Africa, accounted for 81.1 percent of U.S. GSP imports of miscellaneous manufactures products from Sub-Saharan Africa in 1998. Almost all U.S. imports from Zimbabwe in 1998 (95.6 percent) consisted of precious jewelry entering under GSP, which totaled \$32.1 million in 1998; most GSP imports from South Africa consisted of furniture, which totaled \$14.0 million (81.4 percent).

## **Policy Developments in Sub-Saharan Africa**

The government of Zimbabwe has established a number of export processing zones to promote exports of jewelry and other products.<sup>154</sup>

## **Services<sup>155</sup>**

### *Overview*

Compared with U.S. trade with other regions of the world, services trade between Africa and the United States is limited. In 1997, U.S. cross-border exports of services to the region totaled \$3.6 billion, representing 1.5 percent of total U.S. exports of services. U.S. imports of services from Africa total

<sup>155</sup> Embassy of Zimbabwe official, telephone interview by USITC staff, May 21, 1998.

<sup>156</sup> The services sector includes travel and tourism, telecommunications, banking and insurance, transportation, energy services, intellectual property, education, and numerous professions, including legal, accounting, medical and engineering services.

only \$2.5 billion, or 1.6 percent of total services imports. In 1997, the United States recorded a services trade surplus of \$1.1 billion with Africa. South Africa is the largest U.S. trading partner in the region, accounting for almost 30 percent of U.S. services trade with Africa. U.S. services exports to South Africa totaled \$1.0 billion in 1997, while imports totaled \$684 million.<sup>156</sup>

Although the volume of services trade remains small, the services sector is becoming more important to the economies of many African countries. Sub-Saharan Africa has seen a wave of infrastructure privatization, particularly in the telecommunications sector. State-owned landline telephone companies are rapidly being privatized, and new cellular telephone company operating licenses, often available to foreign investors, have been granted in many countries. Several countries in the region have also opened their electricity sectors to foreign investment in generation, transmission,<sup>157</sup> and distribution.<sup>158</sup> Another development in the region's energy sector is a new emphasis on natural gas to meet energy demand, sparked by the discovery of several major new gas deposits in Mozambique. The new discoveries have generated plans to build an extensive pipeline network to transport natural gas from Mozambique to South Africa. U.S. companies, including Arco and Enron, are closely involved in the exploration and development of new gas fields in the area.<sup>159</sup>

A program affecting all foreign investors in southern Africa is l'Organisation pour l'Harmonisation en Afrique du Droit des Affaires (OHADA),<sup>160</sup> a 16-country initiative to develop identical business laws and uniform legal interpretation, thus promoting similar business conditions across the entire 16-country region. The first five Uniform Acts of OHADA, which take precedence over local country laws, entered into force on January 1, 1998. The Acts include a General Commercial Law and a Law on Commercial Companies and Economic Interest Groups.<sup>161</sup>

<sup>157</sup> USDOC, Bureau of Economic Advisers, *Survey of Current Business*, "U.S. International Sales and Purchases of Private Services," Oct. 1998, pp. 88-9.

<sup>158</sup> Electric power transmission involves the movement of large amounts of electricity across significant distances through high-voltage grids.

<sup>159</sup> Electric power distribution involves the delivery of lower-voltage electricity to the ultimate consumer.

<sup>160</sup> *Petroleum Economist*, "New Natural Gas Province Gets Ready for Business," Jan. 1999, found at Internet address <http://proquest.umi.com/>, retrieved May 5, 1999.

<sup>161</sup> A French acronym meaning the Organization for Harmonization of Business Law in Africa.

<sup>162</sup> The 16 countries are Benin, Burkina Faso, Cameroon, Central African Republic, Chad, the Comoros, Congo (Brazzaville), Côte d'Ivoire, Equatorial Guinea, Gabon, Guinea, Guinea-Bissau, Mali, Niger, Senegal, and Togo. International Trade Centre, *International Trade Forum*, "Doing Business in Sub-Saharan Africa: A Legal Revolution," 1998, found at Internet address <http://proquest.umi.com/>, retrieved May 5, 1999.

## WTO Developments Affecting Sector Trade and Investment

The Agreement on Basic Telecommunications, or the Fourth Protocol to the General Agreement on Trade in Services (GATS), entered into force on February 5, 1998 with 72 members participating, including five from Sub-Saharan Africa.<sup>162</sup> The Agreement on Financial Services, or the Fifth Protocol to the GATS, entered into force on March 1, 1999 with 70 WTO members participating, including 6 from the region.<sup>163</sup> Both of these agreements were concluded during 1997.<sup>164</sup>

The WTO Working Party on Professional Services has developed new disciplines for the domestic regulation of accountants; the disciplines were adopted by the Council on Trade in Services in December 1998. The Working Party developed these disciplines—to be accompanied later by disciplines applicable to other service sectors—to ensure that measures regarding accountancy will not be more trade-restrictive than necessary to fulfill legitimate goals, such as consumer protection and professional competence. Specific provisions pertain to the administration of licensing, qualification requirements and procedures, and technical standards for the accountancy profession, and will apply to all WTO members that have scheduled specific commitments for accountancy under the GATS. Such Sub-Saharan Africa countries include Malawi, South Africa, and Zambia.<sup>165</sup> While the new disciplines do not have immediate effect, all WTO members have agreed to a standstill provision under which they agree not to impose new measures that would be inconsistent with the disciplines. The disciplines on accountancy, and future disciplines adopted for other professional services, will be integrated into the GATS and be made legally binding by the end of the next GATS negotiating round, scheduled to commence in January 2000.<sup>166</sup>

<sup>163</sup> The five signatory countries from the region are Côte d'Ivoire, Ghana, Mauritius, Senegal, and South Africa.

<sup>164</sup> The six signatory countries from the region are Ghana, Kenya, Mauritius, Nigeria, Senegal, and South Africa.

<sup>165</sup> For further information on these agreements, see *U.S.-Africa Trade Flows*, USITC publication 3139, p. 4-37.

<sup>166</sup> Sudan, the Seychelles, Cape Verde, and Ethiopia are the only countries in the region that are not members of the WTO. For further information on the GATS commitments of African countries, see "General Agreement on Trade in Services: Examination of African Trading Partners' Schedules of Commitments," USITC, forthcoming.

<sup>167</sup> WTO, "WTO Adopts Disciplines on Domestic Regulation for the Accountancy Sector," Dec. 14, 1998, found at Internet address <http://www.wto.org/wto/new/press118.htm>, retrieved May 10, 1999.

# *Economic and Trade Policies Affecting U.S.-Sub-Saharan Africa Trade and Investment*

## **U.S. Policies**

Mozambique and the United States signed a Bilateral Investment Treaty (BIT) on December 1, 1998. The treaty will enter into force upon ratification by both countries. The United States currently has BITs in force with four other Sub-Saharan Africa countries.<sup>167</sup> In February 1999, the United States and South Africa signed a Trade and Investment Framework Agreement (TIFA), designed to structure the dialogue between the two countries on trade, intellectual property, and investment issues.<sup>168</sup>

The TDA conducted business in 10 Sub-Saharan Africa countries during 1998, the busiest year ever for its Africa program. Highlights include a \$327,000 feasibility study grant to the SADC for an evaluation of satellite-based augmentation systems for air traffic control in the region, and another grant for a \$64,000 feasibility study for Air Namibia to conduct a review of ongoing operations for the growth of the airline.<sup>169</sup> TDA is also currently funding a \$390,240 feasibility study of Mauritius' next wave of power plants, including the generation, transmission, and distribution of power. Mauritius is planning a new thermal power plant with generation capacity of 500 megawatts.<sup>170</sup> TDA has also provided \$100,000 to Ethiopia for the certification of newly installed flight simulators, \$343,500 to South Africa for a study on industrial waste incineration, and another \$324,000 to South Africa for a study on solid waste recycling. TDA is also sponsoring conferences and engineering studies on regional African power generation and telecommunication projects.<sup>171</sup> As of April 1999, the OPIC was providing support of \$890 million for 50 projects in 20 Sub-Saharan Africa countries, a \$100 million increase over 1997 funding levels.<sup>172</sup>

<sup>168</sup> USTR, "BIT Program," found at Internet address <http://www.ustr.gov/>, retrieved May 7, 1999. The other countries that have signed BITs with the United States are Cameroon, Congo (Brazzaville), Congo (Kinshasa), and Senegal.

<sup>169</sup> USTR, 1999 *National Trade Estimate Report*, 1999, p. 383.

<sup>170</sup> TDA, 1998 *Annual Report*, "Program Highlights: Africa & the Middle East," p. 20, found at Internet address <http://www.tda.gov/abouttda/report98/activitiesafrica.html/>, retrieved June 2, 1999.

<sup>171</sup> Mauritian Government official, interview with USITC staff, Geneva, Mar. 23, 1999.

<sup>172</sup> TDA, 1998 *Annual Report*, "FY 98 Program Activities by Region," p. 25.

<sup>173</sup> OPIC, Press Release, "Munoz Sees Increased U.S. Investment in Africa and Announces First OPIC Finance Project in Angola," Apr. 27, 1999, found at Internet

One example is a \$4 million OPIC commitment to help expand ecotourism in northern Botswana.<sup>173</sup>

## **Policy Developments in Sub-Saharan Africa**

As noted, Sub-Saharan Africa has seen a wave of privatization in public utilities during 1998-99, particularly in the telecommunication and electricity sectors. In most privatization programs, the government sells off a large percentage of the shares in a state-owned company to a "strategic foreign investor," who also assumes management control, even though the investor may not control a majority of the company's shares. A smaller block of shares is often reserved for domestic investors, and many African governments choose to retain some shares as well. Banks and ports were also opened for privatization in several countries in the region, and others have increased competition in the cellular communications sector by granting new licenses to additional cellular operators.

The Government of Nigeria announced plans to privatize both NITEL, the state telecommunication's company, and NEPA, the Nigerian electric power company, in both the 1998 and 1999 budgets. However, privatization has repeatedly stalled, and as of April 1999 there was still no substantial progress.<sup>174</sup> Government plans call for 40 percent of the shares in each company to be sold to a foreign investor, which will hold management control. The Government of Nigeria will retain 40 percent of the shares, and 20 percent will be sold to Nigerian investors through public share offers.<sup>175</sup> Eight private companies have already been licensed by the Nigerian Government to provide telecommunication services outside NITEL, including pay-phone services, cellular network services, and Internet services. Several U.S. companies are represented, but the Nigerian market has been penetrated to a greater degree by European firms.<sup>176</sup> The privatization of NEPA will entail separating the electric company into 8 power generation companies, 15 distribution and sales

<sup>173</sup>—Continued  
address <http://www.opic.gov/subdocs/public/press/press99/>, retrieved May 18, 1999.

<sup>174</sup> *World Trade*, "OPIC Invests in Botswana Tourism Project," Dec. 1998, found at Internet address <http://proquest.umi.com/>, retrieved May 5, 1999.

<sup>175</sup> U.S. Department of State telegram, "USITC Report-Nigeria," message reference No. 005082, prepared by U.S. Embassy, Lagos, Apr. 29, 1999.

<sup>176</sup> United Nations, *Africa Recovery Online*, "Nigeria Unveils New Privatization Plan," found at Internet address <http://www.un.org/ecosocdev/geninfo/afrec/vol12no3/nigeria.htm>, retrieved May 7, 1999.

<sup>177</sup> USDOC, ITA, *Market Research Reports: Industry Sector Analysis*, "Nigeria-Telecommunications Equipment -ISA980501," May 1, 1998, found at Internet address <http://www.stat-usa.gov>, retrieved May 20, 1999.



companies, and a national grid company.<sup>177</sup> Since January 1, 1998, all private investors have had the right to invest in telecommunications; electricity generation, distribution, and transmission; hotels and tourism; and other sectors in which the government currently operates state-owned enterprises.<sup>178</sup>

Further privatization and decontrol of state-owned service industries in South Africa is expected after the June 1999 national elections. South Africa has separated its state-owned oil exploration company, SOEKOR, into two entities, one concentrating on oil and gas exploration, the other responsible for regulatory and licensing functions. The oil and gas sector may be subject to further restructuring as well.<sup>179</sup> An energy policy White Paper released in December 1998 requires 25 percent black business control of all phases of the liquid fuels industry prior to deregulation.<sup>180</sup> South Africa's electricity sector is also undergoing changes. Eskom, the monopoly government electricity utility, is to be split into separate generation, transmission, and distribution entities. The Government introduced legislation in 1998 to convert Eskom into a taxed corporation as the first step toward deregulation and commercialization. The restructuring process is expected to take at least 5 years, with the first private sector involvement in the electric power sector to begin in 1 to 2 years. The South African Government also has plans to deregulate and privatize several other government entities over the next 5 to 10 years, including those controlling highways, ports and pipelines.<sup>181</sup>

Kenya is in the process of privatizing the Kenya Posts and Telecommunications Company (KPTC). The Kenya Communications Act of 1998 divided KPTC into three separate entities: the Postal Corporation of Kenya, Telkom Kenya Ltd., and the CCK, the new regulatory body. A 26 percent stake in the new Telkom is expected to be sold to a strategic partner in 1999, with another 20 percent of the shares being sold to investors through flotation on the Nairobi Stock Exchange. CCK is expected to license a second telecommunication operator to compete with

KPTC.<sup>182</sup> One cellular telecommunication service company was expected to receive a license in July 1999; another license is expected to be issued in March 2000.<sup>183</sup> Privatization has also begun in the Kenyan electric power sector. The Government of Kenya separated electric power generation from distribution and transmission, and established a regulatory board for the power sector during 1998. Two commercial firms have set up independent generating facilities and currently sell power to the state distribution company, with two more private investors due to start construction in 1999.<sup>184</sup> Kenya is also planning to privatize both the Kenya Ports Authority (KPA) and the Port of Mombasa,<sup>185</sup> and is searching for a strategic partner to purchase a stake in the government-owned Kenya Re-Insurance Corporation.<sup>186</sup> Thomson BankWatch, an international ratings agency, assigned Kenya its first-ever rating in April 1999. The sovereign B rating is low, but does rank the country as investment grade,<sup>187</sup> and should therefore stimulate increased interest by foreign investors. Additional policy developments affecting U.S. trade with Sub-Saharan Africa are outlined in table 4-1.

## Multilateral Lending

In its 1998 fiscal year, the World Bank committed a total of \$18.2 billion to 503 projects in Sub-Saharan Africa. Of this total, \$7.9 billion is targeted for 149 services-related projects. The majority of these pertain to energy services, transport services, and environmental services such as water supply and sanitation services.<sup>188</sup>

The IFC is also very active in Sub-Saharan Africa, with approximately one out of every four IFC projects destined for the region. IFC's service sector priorities in the region include development of small and

<sup>178</sup> *Africa Recovery Online*, "Nigeria Unveils New Privatization Plan."

<sup>179</sup> Chambers, Gani, "Privatization, Commercialization and Competition - A Background to the Nigerian Privatization Drive," found at Internet address <http://www.ipanet.net/documents/>, retrieved May 12, 1999.

<sup>180</sup> U.S. Department of State telegram, "Information on the Services Trade Regime in South Africa," message reference No. 011058, prepared by U.S. Embassy, Pretoria, Sept. 2, 1998.

<sup>181</sup> *Ibid.*, and U.S. Department of State telegram, "South Africa: Economic Highlights," message reference No. 016876, prepared by U.S. Embassy, Pretoria, Dec. 31, 1998.

<sup>182</sup> U.S. Department of State telegram, "Information on the Services Trade Regime in South Africa."

<sup>183</sup> *Africa News Service*, "Big Changes Expected as KPTC Privatisation Starts," Jan. 26, 1999, found at Internet address <http://today.newscast.com/>, retrieved Apr. 6, 1999.

<sup>184</sup> U.S. Department of State telegram, "Kenya: 5th Annual USITC Report on U.S.-Sub-Saharan Africa Trade," message reference No. 7341, prepared by U.S. Embassy, Nairobi, June 18, 1999.

<sup>185</sup> U.S. Department of State telegram, "Kenya: 5th Annual USITC Report on U.S.-Sub-Saharan Africa Trade."

<sup>186</sup> USDOC, ITA, *Market Research Reports: International Marketing Insight*, "Kenya-Mombasa Port Privatization-IM990510," May 10, 1999, found at Internet address <http://www.stat-usa.gov/>, retrieved May 12, 1999.

<sup>187</sup> USDOC, ITA, *Market Research Reports: International Marketing Insight*, "Kenya-Re-Insurance Overview-IM99051," May 10, 1999, found at Internet address <http://www.stat-usa.gov/>, retrieved May 12, 1999.

<sup>188</sup> *American Banker*, "Kenya Gets First Time Rating," Apr. 12, 1999, found at Internet address <http://www.americanbanker.com/>, retrieved May 3, 1999.

<sup>189</sup> This excludes the oil and gas sector, much of which also falls into the services category. "World Bank Africa Region Portfolio: Projects & Commitments FY97 and End FY98."



**Table 4-1**  
**Services: Policy development in Sub-Saharan Africa**

Country	Development
Botswana	The Government of Botswana is working to diversify its financial sector, partly with the goal of establishing Botswana as an offshore financial center. Regulatory reform toward this goal is ongoing, including the February 1998 liberalization of foreign exchange controls and of limits on foreign borrowing in local financial markets. <sup>1</sup>
Cameroon	A new hydrocarbon law was enacted in April 1998. The law encourages oil exploration by foreign companies, and provides for special tax exemptions for companies engaged in exploration and development of new oil and natural gas resources. As a result of the law, the Government of Cameroon expects new foreign investment of \$50 million through 2004. <sup>2</sup> Construction of an oil pipeline from Chad to Cameroon is due to begin during 1999. Total cost estimates for the project are \$3.5 billion. <sup>3</sup>
Cameroon	A new telecommunication law was adopted in July 1998. The law divides the Ministry of Posts and Telecommunications into separate postal and telecommunication sections, creates a new telecommunication regulatory body, and provides for licensing of private cellular and landline telecommunication companies. <sup>4</sup> The national railroad, a state-controlled bank and an insurance company were privatized during 1998. The national insurance company, the national airline, and the public telephone, water and electricity companies are scheduled for privatization during 1999. <sup>5</sup>
Ethiopia	In September 1998, Ethiopia opened three sectors to foreign investment: telecommunications, hydroelectric power generation below 25 megawatts, and defense. Investment in telecommunications and defense must be in partnership with the Government of Ethiopia. New rules were also promulgated opening engineering, architecture, accounting, auditing, and business consultancy services to foreign investment. <sup>6</sup>
Gabon	The Government of Gabon is in the process of licensing two new cellular operators, for a total of three across the country. Gabon's Office of Post and Telecommunications has been identified for privatization, but the timing has yet to be determined. <sup>7</sup>
Ghana	Ghana has abolished the State Insurance Company's monopoly on government business, and has sold some of the Government's shares in the company, which should lead to a more competitive insurance sector. <sup>8</sup>
Malawi	The National Bank of Malawi was scheduled for privatization in 1998, along with the remaining 17 percent government holding of the Commercial Bank of Malawi and government holdings of several other financial firms during 1999. Malawi Posts and Telecommunications Corporation is also scheduled for privatization in 1999. <sup>9</sup>
Mauritius	The Mauritian Government partially privatized Mauritius Telecom (MT) in 1998, selling 19 percent of its stock to private investors. The government plans to sell an additional 22 percent to a strategic partner, reportedly by June 1999, and an initial public offering may soon follow. <sup>10</sup> The 1998 Telecommunications Act created an independent regulatory authority, and provides for the termination of MT's telecommunication monopoly by the end of 2004, and the awarding of two Internet licenses by the end of June 1999. The Government of Mauritius also expects its energy services to be 45 percent privatized by 2000. <sup>11</sup>
Mozambique	As of February 1999, the Government of Mozambique was in the process of privatizing the Nacala port and rail system. A group of U.S. investors was negotiating for control of the system in return for an investment of \$80 million. <sup>12</sup>
Senegal	In April 1999, the country licensed its second cellular telephone operator, with a third cellular license to be granted in a year. <sup>13</sup>
South Africa	South Africa has initiated a program to upgrade the rural health system. The program should create opportunities over the next 10 years for suppliers of both medical equipment and construction services for firms familiar with the construction of health facilities. An estimated 1,000 new health clinics are needed in South Africa. <sup>14</sup>

See footnotes at end of table.

**Table 4-1—Continued**  
**Services: Policy development in Sub-Saharan Africa**

Country	Development
South Africa	South Africa's cellular telecommunications industry is expanding, with at least two new cellular operators expected to be licensed in 1999, most likely to black-controlled groups within South Africa. The new operators will compete with the two existing operators. International investors will likely be permitted to own up to 25 percent of the new cellular networks. <sup>15</sup>

<sup>1</sup> USDOC, ITA, *Country Commercial Guide*, "Botswana: Leading Sectors for U.S. Exports & Investments," found at <http://www.stat-usa.gov/>, retrieved May 7, 1999, and Littenberg, Michael, *International Financial Law Review*, "Botswana: Liberalization of exchange controls," Apr. 1998, found at Internet address <http://proquest.umi.com/>, retrieved May 5, 1999.

<sup>2</sup> U.S. Department of State telegram, "Cameroon Energy Update," message reference No. 006414, prepared by U.S. Embassy, Yaounde, Sept. 21, 1998.

<sup>3</sup> U.S. Department of State telegram, "Report on U.S.-Cameroon Trade," message reference No. 3054, prepared by U.S. Embassy, Yaounde, June 18, 1999.

<sup>4</sup> U.S. Department of State telegram, "Cameroon's Telecommunications Sector Launches New Service Installation Campaign," message reference No. 004965, prepared by U.S. Embassy, Yaounde, July 22, 1998.

<sup>5</sup> U.S. Department of State telegram, "Report on U.S.-Cameroon Trade," June 18, 1999.

<sup>6</sup> USTR, *1999 National Trade Estimate Report*, "Ethiopia," pp.103-104, found at Internet address <http://www.ustr.gov/>, retrieved May 3, 1999.

<sup>7</sup> USDOC, ITA, *Market Research Reports: International Market Insights*, "Gabon - Cellular Phone Project-IMI990331," Mar. 31, 1999, found at Internet address <http://www.stat-usa.gov/>, retrieved May 12, 1999.

<sup>8</sup> *Institutional Investor*, "Enterprise Insurance: Poised for expansion," and "Economic progress accelerates," Aug. 1998, found at Internet address <http://proquest.umi.com/>, retrieved May 5, 1999.

<sup>9</sup> Malawi Investment Promotion Agency, "Privatisation Schedule (Tentative), Government of Malawi, found at Internet address <http://mipa.malawi.net/Prvschedule.htm>, retrieved May 12, 1999.

<sup>10</sup> *TelecomFinance*, "Mauritius: 22% of MT to be sold," Feb. 24, 1999.

<sup>11</sup> Mauritian Government official, interview by USITC staff, Geneva, Switzerland, Mar. 23, 1999.

<sup>12</sup> U.S. Department of State telegram, "IMI: Mozambique: Nacala Rail/Port Investment," message reference No. 000434, prepared by U.S. Embassy, Maputo, Feb. 1, 1999.

<sup>13</sup> USDOC, ITA, *Market Research Reports: International Market Insights*, "Senegal - Second Cellular License-IMI990412," Apr. 12, 1999, found at Internet address <http://www.stat-usa.gov/>, retrieved May 12, 1999.

<sup>14</sup> USDOC, ITA, *Market Research Reports: Industry Sector Analyses ISA980901*, "South Africa - Health Care Services," Sept. 1, 1998, found at Internet address <http://www.stat-usa.gov/>, retrieved May 7, 1999.

<sup>15</sup> Bridge, Sherilee, *Telecommunications*, "SA mobile expansion to address imbalance," Dec. 1998, found at Internet address <http://proquest.umi.com/>, retrieved May 5, 1999.

medium-sized businesses, deepening of financial markets, and development of the physical infrastructure.<sup>189</sup> During 1998, the IFC invested in banks, power projects, and insurance companies, among others, in amounts ranging from \$285,000 up to \$32 million. See table 4-2 for additional details of specific IFC projects.

The World Bank's IDA lends primarily to least developed countries. Loans are generally offered with a life of 40 years, at very low interest rates. The service sector loans concentrate on infrastructure improvements, with several loans in 1998 intended to support the privatization of state-owned firms in the telecommunications and electric power sectors. IDA

also extends loans to support the development of effective regulatory agencies in newly privatized infrastructure sectors. New loans in 1998 ranged from \$9.0 million to support privatization in Cape Verde, to \$180 million for an ongoing road and port maintenance program in Côte d'Ivoire. Table 4-3 summarizes IDA loans directed toward the services sector during 1998.

The AfDB has made a number of new loans to countries in the region during 1998. Loans in the services sector are concentrated largely on infrastructure improvements, particularly road repairs and upgrades and water supply and sanitation services. Loan amounts range from \$1.5 million for a study of three irrigation projects in Senegal to \$15.8 million to finance a road upgrade project in Zimbabwe.

<sup>190</sup> IFC, 1999 Annual report (Washington, DC: IFC, 1999), pp. 26-8, "Sub-Saharan Africa," found at Internet address <http://www.ifc.org/>, retrieved June 2, 1999.

**Table 4-2**  
**Services: International Finance Corporation (IFC) projects in Sub-Saharan Africa**

Country	Development
West Africa (regional)	\$7.5 million investment in Ecobank Transnational Inc. (ETI) to boost the domestic banking sector in West Africa and support regional financial integration. ETI is West Africa's first indigenous banking group, with seven banks located in seven West African countries.
Burkina Faso	The IFC purchased 10 percent of the shares of the Banque pour le Financement du Commerce et des Investissements du Burkina to support its privatization. Another 41 percent block of shares was sold to Société Générale, France's largest private commercial bank. The Government of Burkina Faso will retain 15 percent of the shares. The remainder of the shares are held by private Burkinabe shareholders.
Côte d'Ivoire	\$32 million, 14-year interest rate swap for the Azito Power project, designed to limit interest rate risk by transforming the financing for the project into a fixed rate. The Azito project consists of a 300 megawatt power station and an associated transmission system reinforcement. IFC financing for the \$223 million project consists of a \$30 million loan for its own account, and another \$30 million loan syndicated with a group of European banks. The IDA and the AFDB are also contributing.
Côte d'Ivoire	The IFC has provided a local currency guarantee facility of up to \$2.5 million to Banque Atlantique-Côte-d'Ivoire to eliminate foreign exchange risk for local lending purposes.
Kenya	\$10 million investment in Development Bank of Kenya to finance export-oriented small and medium-sized enterprises, and \$30 million loan to Kenya Commercial Bank, to help funnel foreign exchange resources to the Kenyan private sector.
Kenya	\$500,000 investment in AAR Health Services Ltd., Kenya to improve the company's health services, and to provide working capital to finance the growth of health care services throughout East Africa.
Mauritania	\$4.2 million investment, equal to a 5-percent stake, in Générale de Banque de Mauritanie pour l'Investissement et le Commerce, Mauritania's first new commercial bank since 1988.
Mozambique	\$300,000 investment in Banco Internacional de Mozambique Investimento, the first full-fledged investment bank in Mozambique.
Namibia	\$1.2 million for Pandu Ondangwa Hotel to build the Cresta Lodge hotel in Ondangwa.
Namibia	\$1 million equity investment, representing an approximate 20-percent stake, in Namibia's first domestic life insurance company.
Seychelles	\$10 million loan to the Seychelles International Mercantile Banking Corporation, the only locally incorporated commercial bank in the country. The IFC loan will provide long-term financing to the Seychelles bank for onlending to small and medium export-oriented enterprises in the agro-industry, fisheries, and services sectors.
South Africa	\$10 million for Cashbank to service the needs and expand lending activities for low-income communities within South Africa.
Tanzania	\$285,000 investment in Jubilee Insurance Company of Tanzania, a 15-percent stake in the company.
Uganda	The IFC acted as the financial advisor to the Government of Uganda in the sale of 51 percent of Uganda Telecom Ltd., the state telecommunications company, to an international consortium. The IFC also acted as a financial advisor for the government in the sale of a second telecommunications operator's license to MTN Uganda, also an international consortium.
Zambia	The IFC will invest up to \$400,000 in NICO Insurance Zambia Ltd. to establish a general insurance company providing property and casualty insurance. The IFC investment represents a 25-percent stake in the company.
Zambia	The IFC will provide \$5.1 million in financing for Zamcell Ltd., a nationwide cellular telephone system. The IFC has also mobilized an additional \$4.5 million in financing from the Development Bank of Southern Africa.

**Table 4-2—Continued****Services: International Finance Corporation (IFC) projects in Sub-Saharan Africa**

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Zimbabwe	\$15 million investment in the First Merchant Bank of Zimbabwe Ltd. to provide long-term foreign exchange resources to Zimbabwean exports in the services, tourism, manufacturing, horticulture, and agro-industrial sectors.
Zimbabwe	\$27.8 million investment in the privatization of Commercial Bank of Zimbabwe, the largest state-owned bank in the country. The IFC financing consists of a \$20 million loan and equity investment of \$7.8 million, or 15 percent of the bank's share capital. The IFC investment will complete the privatization of the bank, and provide capital for onlending in the services and other sectors.

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Sources: Compiled from International Finance Corporation press releases.

**Table 4-3**  
**Services: International Development Association (IDA) lending in Sub-Saharan Africa**

Country	Development
Cape Verde	\$22.2 million in funding to improve the supply of power, water, and sanitation and to support energy and water sector restructuring and reform. Part of the project includes privatizing ELECTRA, the power and water utility. Funding for the project includes \$17.4 million from the IDA and \$4.7 million from the World Bank's Global Environment Facility (GEF). Additional funding will come from the EU, OPEC, and bilateral donors.
Cape Verde	\$9 million to support privatization in the utility, transport, manufacturing, trade, and financial sectors, including support for setting up regulatory agencies in these areas.
Côte d'Ivoire	\$180 million credit to fund periodic road maintenance, and to rehabilitate and create basic facilities for improved road transport and selected port enhancements.
Ghana	\$50 million for the Ghana Trade and Investment Gateway Project, which includes development of water systems, sewage and solid waste treatment, electric power, telecommunications systems, access roads to the site, and a rail link between the site and the Tema port. The project also includes legislative, regulatory, and customs service reforms.
Niger	\$18.6 million to support the privatization process, including development of the regulatory framework in the telecommunications, water, and electricity sectors.
Togo	\$30 million for a privatization and reform program to support broad-based, private sector-led development of the economy, including privatization of 15 state-owned enterprises and the reform of the postal, telecommunications, and finance sectors.
Zambia	\$75 million to rehabilitate and improve the capacity of Zambia's electricity supply industry. Other lenders and the Government of Zambia will make up the balance of the \$204 million project.

Sources: Compiled by USITC staff from World Bank Group press releases.





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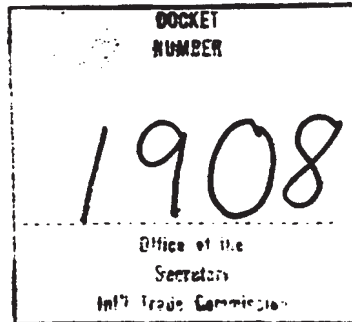
# **APPENDIX A**

## **Letter from the U.S. Trade Representative**

EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE  
WASHINGTON, D.C. 20508

June 5, 1996

The Honorable Peter S. Watson  
Chairman  
U.S. International Trade Commission  
500 E street, S.W.  
Washington, D. C. 20436



RECEIVED  
OFFICE OF THE  
U.S. TRADE  
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Dear Chairman Watson:

In February 1996 the President, as directed by Section 134 of the Uruguay Round Agreements Act, submitted to the Congress the Administration's report on a Comprehensive Trade and Development Policy for the Countries of Africa. This report presents a comprehensive policy framework through which the United States will pursue its trade and development strategy with the 48 countries in Sub-Saharan Africa.

The Statement of Administrative Action (SAA) that was approved by the Congress with the Uruguay Round Agreements Act requires the President to direct the U.S. International Trade Commission to prepare an annual report in support of the Administration's Comprehensive Trade and Development Policy for the next four years. The SAA provides a broad outline of the information that should be provided to the President in this report. We received the Commission's first report in November 1995, as requested, to assist in the formulation of the policy framework.

To assist the President in implementing Section 134 of the Act, under authority delegated by the President, I request, pursuant to Section 332(g) of the Tariff Act of 1930, as amended, that the Commission provide the President annual reports for the next four years containing the following:

1. An update, for the latest year available, on U.S.-Africa trade and investment flows for both overall totals and for the following major sectors to the extent possible: agriculture, forest products, textiles and apparel, footwear, energy, chemicals, minerals and metals, machinery, transportation equipment, electronics technology, miscellaneous manufactures, and services. It is also requested that basic trade flow information be provided for U.S. trade with the following regional trade groups:
  - The Southern African Customs Union (SACU)
  - The Southern African Development Community (SADC)
  - Western African Economic and Monetary Union (WAEMU)
  - Common Market for Eastern and Southern Africa (COMESA)
2. An identification of major developments in the World Trade Organization and U.S. trade/economic policy and commercial activities, which significantly affect U.S.-Africa trade and

The Honorable Peters S. Watson  
Page Two

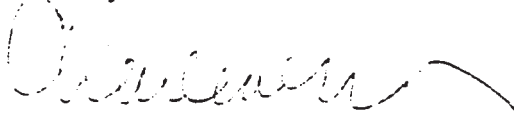
investment flows by sector during the latest year. Similarly, to the extent possible, changing trade and economic activities within African countries that have a significant impact should be highlighted.

3. Progress in regional integration in Africa.

The Commission's investigation and report should be confined to the 48 countries of Sub-Saharan Africa. The Commission is requested to provide the next report not later than October 4, 1996, and to provide an update of the report annually thereafter through October 1999. A supplemental request will be sent in the event that it becomes necessary to change the scope of the requested report.

It is the expectation of this office that the Commission's report will be made available to the public in its entirety. Therefore, the report should not contain any confidential business or national security information. The Commission's assistance in this matter is greatly appreciated.

Sincerely,

A handwritten signature in dark ink, appearing to read "Charlene Barshefsky", with a long, sweeping horizontal line extending to the right.

Charlene Barshefsky  
Acting U.S. Trade Representative





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# **APPENDIX B**

## **Trade Data**

**Table B-1**  
**U.S. exports, imports, and trade balance, with Sub-Saharan Africa, 1994-98**  
*(1,000 dollars)*

Country	1994	1995	1996	1997	1998
Angola:					
Exports .....	196,714	258,786	265,478	279,110	351,603
Imports .....	2,079,248	2,304,857	2,692,567	2,924,528	2,225,141
Trade Balance .....	(1,882,534)	(2,046,071)	(2,427,089)	(2,645,418)	(1,873,538)
Benin:					
Exports .....	25,854	33,846	27,254	51,171	43,286
Imports .....	9,977	9,770	18,154	8,080	3,604
Trade Balance .....	15,878	24,076	9,100	43,091	39,683
Botswana:					
Exports .....	22,242	35,660	28,531	42,937	35,499
Imports .....	13,655	21,113	27,210	24,540	19,691
Trade Balance .....	8,586	14,546	1,321	18,397	15,808
Burkina Faso:					
Exports .....	7,239	14,576	10,346	17,945	16,073
Imports .....	445	379	3,835	994	603
Trade Balance .....	6,794	14,197	6,512	16,951	15,469
Burundi:					
Exports .....	17,718	2,912	2,109	543	4,475
Imports .....	6,236	21,186	2,081	13,812	8,274
Trade Balance .....	11,482	(18,273)	29	(13,269)	(3,799)
Cameroon:					
Exports .....	53,463	45,571	69,897	121,555	74,833
Imports .....	56,306	57,591	64,577	57,185	53,339
Trade Balance .....	(2,843)	(12,019)	5,321	64,370	21,494
Cape Verde:					
Exports .....	3,889	6,809	66,688	9,625	9,230
Imports .....	123	278	407	496	171
Trade Balance .....	3,766	6,531	66,281	9,129	9,059
Central African Report:					
Exports .....	2,535	6,128	3,804	3,624	4,421
Imports .....	249	354	268	1,350	2,798
Trade Balance .....	2,285	5,773	3,536	2,274	1,623
Chad:					
Exports .....	7,436	10,383	3,369	3,098	3,421
Imports .....	1,806	3,256	7,011	2,862	7,311
Trade Balance .....	5,631	7,127	(3,641)	236	(3,890)
Comoros:					
Exports .....	101	679	78	74	613
Imports .....	6,034	2,224	6,217	2,565	822
Trade Balance .....	(5,934)	(1,545)	(6,139)	(2,491)	(209)
Congo (DROC):					
Exports .....	39,421	76,817	73,223	37,585	34,008
Imports .....	186,968	267,402	262,770	263,363	170,874
Trade Balance .....	(147,547)	(190,585)	(189,547)	(225,778)	(136,866)
Cote d'Ivoire :					
Exports .....	110,051	172,315	140,328	149,743	150,170
Imports .....	185,345	214,078	403,662	285,590	423,341
Trade Balance .....	(75,294)	(41,763)	(263,334)	(135,847)	(273,170)
Djibouti:					
Exports .....	6,703	8,457	8,237	7,272	20,041
Imports .....	62	34	8	( <sup>1</sup> )	530
Trade Balance .....	6,641	8,423	8,230	7,271	19,511

See notes at end of table.

**Table B-1—Continued**  
**U.S. exports, imports, and trade balance, with Sub-Saharan Africa, 1994–98**  
*(1,000 dollars)*

Country	1994	1995	1996	1997	1998
<b>Eq Guinea:</b>					
Exports .....	1,894	5,335	16,729	47,063	85,171
Imports .....	326	30,969	75,953	30,485	65,667
Trade Balance .....	1,568	(25,634)	(59,224)	16,578	19,505
<b>Eritrea:</b>					
Exports .....	8,154	16,540	13,912	15,766	24,502
Imports .....	103	262	1,548	1,294	736
Trade Balance .....	8,051	16,278	12,364	14,472	23,766
<b>Ethiopia:</b>					
Exports .....	142,421	146,792	145,002	120,292	87,900
Imports .....	34,100	32,784	34,586	69,651	52,278
Trade Balance .....	108,321	114,008	110,416	50,641	35,622
<b>Gabon:</b>					
Exports .....	40,071	53,918	55,641	81,023	61,688
Imports .....	1,232,709	1,563,875	1,842,331	2,022,275	1,130,273
Trade Balance .....	(1,192,637)	(1,509,958)	(1,786,690)	(1,941,251)	(1,068,586)
<b>Gambia:</b>					
Exports .....	3,852	5,988	8,357	9,517	9,104
Imports .....	2,685	2,259	1,927	3,516	2,617
Trade Balance .....	1,167	3,729	6,430	6,002	6,487
<b>Ghana:</b>					
Exports .....	121,369	166,701	294,330	312,801	221,212
Imports .....	198,486	196,074	171,354	154,069	143,858
Trade Balance .....	(77,117)	(29,373)	122,976	158,732	77,354
<b>Guinea:</b>					
Exports .....	47,295	66,302	86,698	82,081	64,692
Imports .....	92,815	93,115	115,421	127,671	115,574
Trade Balance .....	(45,520)	(26,812)	(28,723)	(45,591)	(50,882)
<b>Guinea-Bissau:</b>					
Exports .....	980	868	7,041	2,488	743
Imports .....	0	39	46	71	2,209
Trade Balance .....	980	829	6,995	2,417	(1,466)
<b>Kenya:</b>					
Exports .....	168,484	112,646	101,314	222,834	197,744
Imports .....	110,964	101,435	100,035	114,347	99,523
Trade Balance .....	57,520	11,211	1,279	108,487	98,221
<b>Lesotho:</b>					
Exports .....	3,331	1,986	2,640	2,370	1,437
Imports .....	62,737	61,909	64,997	86,605	100,244
Trade Balance .....	(59,406)	(59,923)	(62,357)	(84,235)	(98,807)
<b>Liberia:</b>					
Exports .....	46,210	41,552	49,690	42,686	49,840
Imports .....	3,471	9,728	26,893	4,852	25,845
Trade Balance .....	42,739	31,824	22,796	37,835	23,995
<b>Madagascar:</b>					
Exports .....	47,279	9,502	11,271	11,219	14,491
Imports .....	56,719	57,238	45,675	62,489	71,395
Trade Balance .....	(9,440)	(47,737)	(34,404)	(51,270)	(56,904)
<b>Malawi:</b>					
Exports .....	18,657	17,810	13,216	17,520	13,071
Imports .....	48,089	38,854	62,584	89,403	38,757
Trade Balance .....	(29,431)	(21,044)	(49,367)	(71,884)	(25,685)

See notes at end of table.

**Table B-1—Continued**  
**U.S. exports, imports, and trade balance, with Sub-Saharan Africa, 1994–98**  
*(1,000 dollars)*

Country	1994	1995	1996	1997	1998
Mali:					
Exports .....	19,009	23,118	18,193	25,956	24,846
Imports .....	4,073	5,495	5,467	3,806	3,348
Trade Balance .....	14,936	17,623	12,726	22,151	21,498
Mauritania:					
Exports .....	13,943	42,939	14,559	20,841	19,206
Imports .....	3,517	5,540	5,294	241	393
Trade Balance .....	10,426	37,399	9,265	20,600	18,813
Mauritius:					
Exports .....	18,987	19,441	21,029	26,165	19,101
Imports .....	216,769	229,594	216,251	235,384	266,960
Trade Balance .....	(197,782)	(210,153)	(195,222)	(209,219)	(247,859)
Mozambique:					
Exports .....	39,272	49,004	22,612	45,662	45,687
Imports .....	20,796	27,544	26,552	29,631	25,750
Trade Balance .....	18,476	21,460	(3,940)	16,030	19,937
Namibia:					
Exports .....	16,188	26,532	21,879	25,058	49,857
Imports .....	30,176	11,450	26,944	62,338	51,676
Trade Balance .....	(13,988)	15,083	(5,065)	(37,280)	(1,819)
Niger:					
Exports .....	11,905	17,123	26,843	24,889	17,895
Imports .....	4,260	1,551	773	7,513	1,731
Trade Balance .....	7,646	15,573	26,070	17,376	16,164
Nigeria:					
Exports .....	500,587	589,749	796,297	810,947	814,126
Imports .....	4,595,364	4,878,480	5,876,792	6,000,201	4,603,620
Trade Balance .....	(4,094,777)	(4,288,731)	(5,080,495)	(5,189,254)	(3,789,494)
Rwanda:					
Exports .....	34,600	38,461	36,494	34,971	21,754
Imports .....	1,663	1,880	8,748	3,895	4,031
Trade Balance .....	32,937	36,581	27,746	31,076	17,723
Sao Tome & Principe:					
Exports .....	13,024	1,824	221	12,942	9,380
Imports .....	39	144	449	221	682
Trade Balance .....	12,985	1,679	(228)	12,721	8,698
Senegal:					
Exports .....	42,181	67,088	55,356	51,343	58,917
Imports .....	11,429	6,476	5,494	6,627	5,181
Trade Balance .....	30,752	60,612	49,862	44,717	53,735
Seychelles:					
Exports .....	6,054	6,871	103,221	6,010	9,397
Imports .....	3,382	2,431	2,826	2,339	2,184
Trade Balance .....	2,673	4,441	100,395	3,672	7,212
Sierra Leone:					
Exports .....	24,064	17,869	28,332	15,706	23,441
Imports .....	51,469	28,478	22,372	18,367	12,274
Trade Balance .....	(27,404)	(10,608)	5,959	(2,662)	11,167
Somalia:					
Exports .....	29,762	8,055	4,220	2,756	2,574
Imports .....	118	106	150	311	704
Trade Balance .....	29,644	7,949	4,070	2,445	1,870

See notes at end of table.

**Table B-1—Continued**  
**U.S. exports, imports, and trade balance, with Sub-Saharan Africa, 1994–98**  
*(1,000 dollars)*

Country	1994	1995	1996	1997	1998
South Africa:					
Exports .....	2,114,884	2,696,500	3,056,519	2,926,396	3,494,594
Imports .....	2,019,701	2,209,587	2,320,439	2,495,463	3,053,323
Trade Balance .....	95,184	486,913	736,081	430,934	441,272
Sudan:					
Exports .....	54,357	42,815	50,304	37,155	6,790
Imports .....	35,279	22,497	18,654	12,109	3,090
Trade Balance .....	19,078	20,317	31,650	25,046	3,700
Swaziland:					
Exports .....	5,318	3,233	2,314	4,182	8,186
Imports .....	37,805	30,237	29,916	43,975	24,973
Trade Balance .....	(32,487)	(27,004)	(27,602)	(39,793)	(16,787)
Tanzania:					
Exports .....	48,766	66,146	49,803	63,468	66,619
Imports .....	14,928	22,420	18,447	26,935	31,568
Trade Balance .....	33,838	43,726	31,355	36,533	35,050
Togo:					
Exports .....	12,422	18,142	19,923	25,142	25,310
Imports .....	4,088	29,325	4,235	5,488	1,950
Trade Balance .....	8,334	(11,183)	15,688	19,654	23,360
Uganda:					
Exports .....	27,467	21,862	16,471	35,122	27,685
Imports .....	34,858	13,158	15,909	37,713	15,154
Trade Balance .....	(7,391)	8,704	562	(2,591)	12,531
Zambia:					
Exports .....	32,263	48,777	45,294	28,645	21,435
Imports .....	63,477	32,893	63,824	55,904	47,170
Trade Balance .....	(31,214)	15,884	(18,530)	(27,259)	(25,735)
Zimbabwe:					
Exports .....	92,229	120,175	89,005	78,876	83,865
Imports .....	106,028	96,689	123,988	134,447	123,198
Trade Balance .....	(13,799)	23,487	(34,984)	(55,572)	(39,333)

<sup>1</sup> Less than \$500.

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

**Table B-2**  
**Angola: U.S. exports, imports, and GSP imports by major commodity sectors, 1994-98**

Sector	1994	1995	1996	1997	1998	Change 1997-98
	<i>1,000 dollars</i>					<i>Percent</i>
Agricultural products:						
Exports .....	37,088	32,753	28,213	27,917	28,111	0.7
Imports .....	-	-	-	-	-	-
GSP imports .....	-	-	-	-	-	-
Chemicals and related products:						
Exports .....	7,333	11,477	12,548	9,959	14,529	45.9
Imports .....	-	8,258	72,780	129,742	54,901	-57.7
GSP imports .....	-	-	-	-	-	-
Electronic products:						
Exports .....	16,417	25,130	22,379	22,778	25,377	11.4
Imports .....	5	6	4	11	8	-32.7
GSP imports .....	5	-	-	11	8	-32.7
Energy-related products:						
Exports .....	1,005	903	1,475	2,044	1,265	-38.1
Imports .....	2,067,144	2,286,299	2,610,572	2,788,572	2,165,827	-22.3
GSP imports .....	-	-	-	668,113	1,571,319	135.2
Footwear:						
Exports .....	162	288	519	479	465	-2.9
Imports .....	-	-	-	-	-	-
GSP imports .....	-	-	-	-	-	-
Forest products:						
Exports .....	1,036	777	2,587	2,747	1,268	-53.9
Imports .....	-	4	-	-	-	-
GSP imports .....	-	4	-	-	-	-
Machinery:						
Exports .....	16,487	24,835	24,822	48,771	46,461	-4.7
Imports .....	-	2	-	-	-	-
GSP imports .....	-	-	-	-	-	-
Minerals and metals:						
Exports .....	12,835	36,612	23,392	17,957	50,040	178.7
Imports .....	6,502	4,973	1,066	462	228	-50.8
GSP imports .....	-	30	-	-	-	-
Miscellaneous manufactures:						
Exports .....	12,153	1,610	1,501	2,524	5,000	98.1
Imports .....	463	2	12	1,601	35	-97.8
GSP imports .....	-	-	2	-	-	-
Special provisions:						
Exports .....	4,784	5,447	5,824	6,781	6,653	-1.9
Imports .....	5,125	5,313	8,130	4,138	4,142	0.1
GSP imports .....	-	-	-	-	-	-
Textiles and apparel:						
Exports .....	3,563	6,228	7,793	9,044	6,594	-27.1
Imports .....	-	-	-	-	-	-
GSP imports .....	-	-	-	-	-	-
Transportation equipment:						
Exports .....	83,851	112,727	134,424	128,108	165,841	29.5
Imports .....	9	-	2	2	2	0.0
GSP imports .....	-	-	-	-	-	-
All sectors:						
Exports .....	196,714	258,786	265,478	279,110	351,603	26.0
Imports .....	2,079,248	2,304,857	2,692,567	2,924,528	2,225,141	-23.9
GSP imports .....	5	34	2	668,124	1,571,326	135.2

See notes at end of table.



**Table B-2—Continued**  
**Benin: U.S. exports, imports, and GSP imports by major commodity sectors, 1994-98**

Sector	1994	1995	1996	1997	1998	Change 1997-98
	<i>1,000 dollars</i>					<i>Percent</i>
Agricultural products:						
Exports .....	14,497	10,394	2,330	5,631	6,473	15.0
Imports .....	625	1,126	794	627	2,499	298.3
GSP imports .....	-	-	-	-	1,944	-
Chemicals and related products:						
Exports .....	653	337	1,339	1,068	1,333	24.7
Imports .....	1	-	-	340	-	-100.0
GSP imports .....	1	-	-	-	-	-
Electronic products:						
Exports .....	396	1,389	1,148	630	2,090	231.9
Imports .....	-	-	-	58	22	-61.1
GSP imports .....	-	-	-	-	19	-
Energy-related products:						
Exports .....	9	49	91	9	125	(1)
Imports .....	7,708	7,468	16,763	6,251	-	-100.0
GSP imports .....	-	-	-	3,354	-	-100.0
Footwear:						
Exports .....	376	157	360	180	73	-59.3
Imports .....	-	-	-	-	-	-
GSP imports .....	-	-	-	-	-	-
Forest products:						
Exports .....	63	14	10	73	395	444.6
Imports .....	54	54	67	75	340	354.8
GSP imports .....	47	54	67	75	306	309.5
Machinery:						
Exports .....	2,128	8,124	3,311	12,868	3,860	-70.0
Imports .....	-	-	-	3	-	-100.0
GSP imports .....	-	-	-	-	-	-
Minerals and metals:						
Exports .....	131	46	101	2,182	45	-97.9
Imports .....	-	-	-	26	-	-100.0
GSP imports .....	-	-	-	6	-	-100.0
Miscellaneous manufactures:						
Exports .....	4	18	963	1,092	36	-96.7
Imports .....	16	14	246	638	123	-80.7
GSP imports .....	4	-	3	2	-	-100.0-
Special provisions:						
Exports .....	609	947	990	1,839	1,801	-2.1
Imports .....	2	14	19	4	380	(1)
GSP imports .....	-	-	-	-	-	-
Textiles and apparel:						
Exports .....	5,156	7,731	13,800	18,467	16,733	-9.4
Imports .....	1,569	1,095	266	58	239	310.7
GSP imports .....	-	-	-	-	-	-
Transportation equipment:						
Exports .....	1,831	4,640	2,810	7,132	10,322	44.7
Imports .....	-	-	-	-	-	-
GSP imports .....	-	-	-	-	-	-
All sectors:						
Exports .....	25,854	33,846	27,254	51,171	43,286	-15.4
Imports .....	9,977	9,770	18,154	8,080	3,604	-55.4
GSP imports .....	52	54	70	3,437	2,269	-34.0

See notes at end of table.

**Table B-2—Continued**  
**Botswana: U.S. exports, imports, and GSP imports by major commodity sectors, 1994-98**

Sector	1994	1995	1996	1997	1998	Change 1997-98
	<i>1,000 dollars</i>					<i>Percent</i>
Agricultural products:						
Exports .....	916	3,835	1,420	3,092	674	-78.2
Imports .....	1,196	203	121	91	25	-72.4
GSP Imports .....	401	167	106	33	2	-93.9
Chemicals and related products:						
Exports .....	614	1,598	249	302	82	-72.7
Imports .....	-	( <sup>2</sup> )	241	-	-	-
GSP Imports .....	-	-	-	-	-	-
Electronic products:						
Exports .....	4,338	6,439	2,853	2,104	4,800	128.1
Imports .....	-	-	25	-	10	-
GSP Imports .....	-	-	25	-	-	-
Energy-related products:						
Exports .....	9	15	-	9	5	-45.0
Imports .....	-	-	-	-	-	-
GSP Imports .....	-	-	-	-	-	-
Footwear:						
Exports .....	-	-	-	-	-	-
Imports .....	-	1	-	-	5	-
GSP Imports .....	-	-	-	-	-	-
Forest products:						
Exports .....	289	1,053	320	371	196	-47.0
Imports .....	4	24	10	22	30	37.2
GSP Imports .....	4	17	10	22	30	37.2
Machinery:						
Exports .....	539	988	2,574	275	528	92.2
Imports .....	36	-	-	102	-	-100.0
GSP Imports .....	27	-	-	-	-	-
Minerals and metals:						
Exports .....	158	178	159	1,911	4,237	121.7
Imports .....	9,465	11,029	13,987	11,133	3,262	-70.7
GSP Imports .....	( <sup>2</sup> )	-	-	-	-	-
Miscellaneous manufactures:						
Exports .....	1,126	246	51	92	232	152.8
Imports .....	75	1,907	3,552	5,871	5,629	-4.1
GSP Imports .....	46	1,896	3,482	5,827	5,628	-3.4
Special provisions:						
Exports .....	11,965	17,733	11,039	21,129	17,561	-16.9
Imports .....	773	3,130	2,125	235	578	146.3
GSP Imports .....	-	-	-	-	-	-
Textiles and apparel:						
Exports .....	16	30	93	196	58	-70.3
Imports .....	2,106	4,706	7,059	7,080	10,151	43.4
GSP Imports .....	-	-	( <sup>2</sup> )	-	-	-
Transportation equipment:						
Exports .....	2,270	3,543	9,774	13,457	7,125	-47.1
Imports .....	-	112	89	7	-	-100.0
GSP Imports .....	-	-	-	-	-	-
All sectors:						
Exports .....	22,242	35,660	28,531	42,937	35,499	-17.3
Imports .....	13,655	21,113	27,210	24,540	19,691	-19.8
GSP Imports .....	480	2,080	3,624	5,882	5,660	-3.8

See notes at end of table.

**Table B-2—Continued**  
**Burkina Faso: U.S. exports, imports, and GSP imports by major commodity sectors, 1994-98**

Sector	1994	1995	1996	1997	1998	Change 1997-98
	<i>1,000 dollars</i>					<i>Percent</i>
Agricultural products:						
Exports .....	2,413	6,947	3,187	6,253	9,125	46
Imports .....	-	-	3,648	-	-	-
GSP Imports .....	-	-	-	-	-	-
Chemicals and related products:						
Exports .....	22	98	175	296	365	23
Imports .....	-	-	9	-	-	-
GSP Imports .....	-	-	-	-	-	-
Electronic products:						
Exports .....	1,129	461	1,515	2,974	707	-76
Imports .....	2	5	20	37	2	-96
GSP Imports .....	-	-	-	-	-	-
Energy-related products:						
Exports .....	-	-	-	-	-	-
Imports .....	-	-	-	-	-	-
GSP Imports .....	-	-	-	-	-	-
Footwear:						
Exports .....	5	-	-	-	-	-
Imports .....	164	58	1	-	-	-
GSP Imports .....	-	-	-	-	-	-
Forest products:						
Exports .....	45	32	61	144	-	-100
Imports .....	20	11	16	23	57	148
GSP Imports .....	19	11	7	22	40	76
Machinery:						
Exports .....	83	1,347	325	2,701	2,784	3
Imports .....	-	12	-	10	264	( <sup>1</sup> )
GSP Imports .....	-	-	-	-	-	-
Minerals and metals:						
Exports .....	16	78	56	14	31	129
Imports .....	28	2	13	15	39	162
GSP Imports .....	28	2	3	15	24	60
Miscellaneous manufactures:						
Exports .....	55	18	76	84	59	-31
Imports .....	71	91	106	347	172	-50
GSP Imports .....	20	18	14	18	25	38
Special provisions:						
Exports .....	372	747	546	2,170	700	-68
Imports .....	144	186	12	326	50	-85
GSP Imports .....	-	-	-	-	-	-
Textiles and apparel:						
Exports .....	2,738	4,180	3,008	2,726	2,166	-21
Imports .....	16	12	10	236	19	-92
GSP Imports .....	6	5	( <sup>2</sup> )	8	6	-26
Transportation equipment:						
Exports .....	361	669	1,398	585	136	-77
Imports .....	-	2	-	-	-	-
GSP Imports .....	-	-	-	-	-	-
All sectors:						
Exports .....	7,239	14,576	10,346	17,945	16,073	-10
Imports .....	445	379	3,835	994	603	-39
GSP Imports .....	73	36	24	64	95	49

See notes at end of table.

**Table B-2—Continued**  
**Burundi: U.S. exports, imports, and GSP imports by major commodity sectors, 1994-98**

Sector	1994	1995	1996	1997	1998	Change 1997-98
	<i>1,000 dollars</i>					<i>Percent</i>
Agricultural products:						
Exports .....	15,376	483	-	-	3,181	-
Imports .....	1,944	18,824	560	13,772	6,320	-54.1
GSP Imports .....	-	-	-	-	-	-
Chemicals and related products:						
Exports .....	225	86	137	8	42	448.4
Imports .....	-	-	-	-	91	-
GSP Imports .....	-	-	-	-	91	-
Electronic products:						
Exports .....	744	552	649	315	185	-41.1
Imports .....	-	-	-	7	2	-69.5
GSP Imports .....	-	-	-	-	-	-
Energy-related products:						
Exports .....	-	-	-	-	-	-
Imports .....	-	-	-	-	616	-
GSP Imports .....	-	-	-	-	-	-
Footwear:						
Exports .....	-	6	-	-	-	-
Imports .....	-	-	-	-	-	-
GSP Imports .....	-	-	-	-	-	-
Forest products:						
Exports .....	-	-	-	-	4	-
Imports .....	21	2	-	-	7	-
GSP Imports .....	6	2	-	-	1	-
Machinery:						
Exports .....	234	37	110	-	18	-
Imports .....	-	-	-	-	-	-
GSP Imports .....	-	-	-	-	-	-
Minerals and metals:						
Exports .....	38	3	8	-	-	-
Imports .....	4,216	2,266	1,193	-	1,135	-
GSP Imports .....	-	1	-	-	-	-
Miscellaneous manufactures:						
Exports .....	11	4	-	-	-	-
Imports .....	5	-	-	-	-	-
GSP Imports .....	-	-	-	-	-	-
Special provisions:						
Exports .....	359	753	222	107	923	760.8
Imports .....	46	79	321	33	37	12.1
GSP Imports .....	-	-	-	-	-	-
Textiles and apparel:						
Exports .....	645	654	728	-	48	-
Imports .....	3	15	6	-	66	-
GSP Imports .....	1	-	-	-	-	-
Transportation equipment:						
Exports .....	85	333	256	113	74	-34.5
Imports .....	-	-	-	-	-	-
GSP Imports .....	-	-	-	-	-	-
All sectors:						
Exports .....	17,718	2,912	2,109	543	4,475	724.7
Imports .....	6,236	21,186	2,081	13,812	8,274	-40.1
GSP Imports .....	7	3	-	-	92	-

See notes at end of table.

**Table B-2—Continued**  
**Cameroon: U.S. exports, imports, and GSP imports by major commodity sectors, 1994-1998**

Sector	1994	1995	1996	1997	1998	Change 1997-98
	<i>1,000 dollars</i>					<i>Percent</i>
Agricultural products:						
Exports .....	11,138	4,331	3,320	12,285	9,979	-18.8
Imports .....	4,741	11,772	11,549	8,389	5,628	-32.9
GSP Imports .....	1,281	2,136	1,599	971	1,262	30.0
Chemicals and related products:						
Exports .....	4,108	3,740	3,928	5,857	5,262	-10.2
Imports .....	4,543	7,767	10,015	11,603	5,335	-54.0
GSP Imports .....	-	-	-	2	-	-100.0
Electronic products:						
Exports .....	1,524	1,079	4,318	6,420	2,440	-62.0
Imports .....	1,586	702	1,516	1,012	936	-7.6
GSP Imports .....	-	-	4	2	-	-100.0
Energy-related products:						
Exports .....	2,790	2,997	6,651	4,282	3,851	-10.1
Imports .....	39,432	29,716	34,764	26,174	28,844	10.2
GSP Imports .....	-	1	-	-	-	-
Footwear:						
Exports .....	95	194	1,156	1,150	857	-25.5
Imports .....	259	340	604	962	418	-56.5
GSP Imports .....	-	-	-	-	-	-
Forest products:						
Exports .....	2,257	6,778	2,023	2,710	2,055	-24.2
Imports .....	2,293	4,302	2,287	3,991	3,978	-0.3
GSP Imports .....	65	108	27	99	55	-45.0
Machinery:						
Exports .....	5,798	7,524	7,896	12,085	12,009	-0.6
Imports .....	113	-	63	238	60	-74.9
GSP Imports .....	-	-	-	-	-	-
Minerals and metals:						
Exports .....	835	1,642	1,857	4,759	1,907	-59.9
Imports .....	333	1,090	270	417	211	-49.4
GSP Imports .....	33	28	65	38	19	-49.3
Miscellaneous manufactures:						
Exports .....	607	667	727	448	459	2.4
Imports .....	1,351	935	2,267	1,929	1,299	-32.7
GSP Imports .....	21	71	31	84	59	-30.4
Special provisions:						
Exports .....	1,463	1,484	1,098	2,167	1,228	-43.3
Imports .....	646	126	369	247	1,526	516.6
GSP Imports .....	-	-	-	-	-	-
Textiles and apparel:						
Exports .....	1,266	1,502	1,479	2,385	1,577	-33.9
Imports .....	974	829	866	2,223	5,096	129.3
GSP Imports .....	-	-	-	-	-	-
Transportation equipment:						
Exports .....	21,581	13,633	35,444	67,007	33,211	-50.4
Imports .....	35	12	7	-	8	-
GSP Imports .....	-	-	-	-	-	-
All sectors:						
Exports .....	53,463	45,571	69,897	121,555	74,833	-38.4
Imports .....	56,306	57,591	64,577	57,185	53,339	-6.7
GSP Imports .....	1,400	2,343	1,726	1,196	1,394	16.6

See notes at end of table.

**Table B-2—Continued**  
**Cape Verde: U.S. exports, imports, and GSP imports by major commodity sectors, 1994-1998**

Sector	1994	1995	1996	1997	1998	Change 1997-98
	<i>1,000 dollars</i>					<i>Percent</i>
Agricultural products:						
Exports .....	2,201	4,615	5,207	6,137	6,279	2.3
Imports .....	-	6	336	449	-	-100.0
GSP Imports .....	-	-	289	421	-	-100.0
Chemicals and related products:						
Exports .....	-	32	88	35	30	-13.9
Imports .....	-	37	-	-	11	-
GSP Imports .....	-	-	-	-	-	-
Electronic products:						
Exports .....	712	861	623	1,066	470	-55.9
Imports .....	116	184	-	-	7	-
GSP Imports .....	-	-	-	-	-	-
Energy-related products:						
Exports .....	15	-	-	-	3	-
Imports .....	-	-	-	-	-	-
GSP Imports .....	-	-	-	-	-	-
Footwear:						
Exports .....	-	-	-	-	-	-
Imports .....	-	-	-	-	-	-
GSP Imports .....	-	-	-	-	-	-
Forest products:						
Exports .....	24	13	3	3	9	220.0
Imports .....	-	-	-	-	134	-
GSP Imports .....	-	-	-	-	-	-
Machinery:						
Exports .....	101	24	44	268	84	-68.5
Imports .....	3	-	16	23	-	-100.0
GSP Imports .....	-	-	-	-	-	-
Minerals and metals:						
Exports .....	22	8	-	4	5	53.3
Imports .....	-	2	24	7	-	-100.0
GSP Imports .....	-	-	-	-	-	-
Miscellaneous manufactures:						
Exports .....	4	-	114	4	10	128.8
Imports .....	4	-	-	-	5	-
GSP Imports .....	-	-	-	-	-	-
Special provisions:						
Exports .....	729	1,116	1,142	1,856	1,307	-29.6
Imports .....	-	-	2	12	-	-100.0
GSP Imports .....	-	-	-	-	-	-
Textiles and apparel:						
Exports .....	-	36	-	-	11	-
Imports .....	-	49	29	5	8	76.0
GSP Imports .....	-	-	-	-	-	-
Transportation equipment:						
Exports .....	81	104	59,466	253	1,022	304.7
Imports .....	-	-	-	-	6	-
GSP Imports .....	-	-	-	-	-	-
All sectors:						
Exports .....	3,889	6,809	66,688	9,625	9,230	-4.1
Imports .....	123	278	407	496	171	-65.6
GSP Imports .....	-	-	289	421	-	-100.0

See notes at end of table.



**Table B-2—Continued**  
**Central African Republic: U.S. exports, imports, and GSP imports by major commodity sectors,**  
**1994-98**

Sector	1994	1995	1996	1997	1998	Change 1997-98
	<i>1,000 dollars</i>					<i>Percent</i>
Agricultural products:						
Exports .....	29	-	6	652	85	-87.0
Imports .....	1	172	141	1,168	2,451	109.8
GSP Imports .....	-	163	-	-	53	-
Chemicals and related products:						
Exports .....	169	1,013	100	55	85	55.0
Imports .....	-	-	-	-	-	-
GSP Imports .....	-	-	-	-	-	-
Electronic products:						
Exports .....	462	2,743	1,390	298	887	197.3
Imports .....	-	-	-	-	3	-
GSP Imports .....	-	-	-	-	-	-
Energy-related products:						
Exports .....	-	-	-	-	-	-
Imports .....	-	-	-	-	-	-
GSP Imports .....	-	-	-	-	-	-
Footwear:						
Exports .....	-	-	20	-	-	-
Imports .....	-	-	-	-	-	-
GSP Imports .....	-	-	-	-	-	-
Forest products:						
Exports .....	3	-	3	-	107	-
Imports .....	20	48	43	46	44	-3.5
GSP Imports .....	2	-	19	-	-	-
Machinery:						
Exports .....	746	793	1,166	1,480	1,020	-31.0
Imports .....	-	-	-	72	6	-92.1
GSP Imports .....	-	-	-	-	-	-
Minerals and metals:						
Exports .....	24	37	138	32	154	373.8
Imports .....	-	102	28	3	134	( <sup>1</sup> )
GSP Imports .....	-	-	-	-	-	-
Miscellaneous manufactures:						
Exports .....	-	9	-	-	8	-
Imports .....	210	32	27	27	20	-26.6
GSP Imports .....	-	-	-	-	-	-
Special provisions:						
Exports .....	292	695	278	445	337	-24.2
Imports .....	1	1	29	32	140	336.5
GSP Imports .....	-	-	-	-	-	-
Textiles and apparel:						
Exports .....	182	534	595	498	594	19.3
Imports .....	18	-	-	1	-	-100.0
GSP Imports .....	-	-	-	-	-	-
Transportation equipment:						
Exports .....	627	304	109	164	1,144	598.0
Imports .....	-	-	-	-	-	-
GSP Imports .....	-	-	-	-	-	-
All sectors:						
Exports .....	2,535	6,128	3,804	3,624	4,421	22.0
Imports .....	249	354	268	1,350	2,798	107.3
GSP Imports .....	2	163	19	-	53	-

See notes at end of table.

Table B-2—Continued

Chad: U.S. exports, imports, and GSP imports by major commodity sectors, 1994-1998

Sector	1994	1995	1996	1997	1998	Change 1997-98
	<i>1,000 dollars</i>					<i>Percent</i>
Agricultural products:						
Exports .....	930	823	1,980	2,001	-	-100.0
Imports .....	1,490	3,131	5,067	2,854	7,189	151.9
GSP Imports .....	-	-	-	-	-	-
Chemicals and related products:						
Exports .....	58	59	39	154	53	-65.9
Imports .....	-	-	1	-	-	-
GSP Imports .....	-	-	1	-	-	-
Electronic products:						
Exports .....	575	5,150	246	374	871	132.9
Imports .....	-	-	27	-	54	-
GSP Imports .....	-	-	26	-	-	-
Energy-related products:						
Exports .....	-	12	-	-	223	-
Imports .....	1	4	-	-	-	-
GSP Imports .....	-	-	-	-	-	-
Footwear:						
Exports .....	-	-	-	-	-	-
Imports .....	-	-	-	-	-	-
GSP Imports .....	-	-	-	-	-	-
Forest products:						
Exports .....	43	3	12	57	31	-44.8
Imports .....	-	-	-	-	-	-
GSP Imports .....	-	-	-	-	-	-
Machinery:						
Exports .....	1,560	979	134	57	110	94.2
Imports .....	-	-	-	-	-	-
GSP Imports .....	-	-	-	-	-	-
Minerals and metals:						
Exports .....	176	12	-	3	-	-100.0
Imports .....	2	-	2	-	-	-
GSP Imports .....	-	-	-	-	-	-
Miscellaneous manufactures:						
Exports .....	85	11	6	10	-	-100.0
Imports .....	38	-	-	1	6	960.2
GSP Imports .....	-	-	-	-	-	-
Special provisions:						
Exports .....	1,909	327	273	143	265	85.8
Imports .....	273	119	1,913	8	62	722.2
GSP Imports .....	-	-	-	-	-	-
Textiles and apparel:						
Exports .....	33	81	324	66	360	446.6
Imports .....	1	2	-	-	-	-
GSP Imports .....	-	-	-	-	-	-
Transportation equipment:						
Exports .....	2,067	2,926	355	234	1,508	543.9
Imports .....	-	-	-	-	-	-
GSP Imports .....	-	-	-	-	-	-
All sectors:						
Exports .....	7,436	10,383	3,369	3,098	3,421	10.4
Imports .....	1,806	3,256	7,011	2,862	7,311	155.5
GSP Imports .....	-	-	27	-	-	-

See notes at end of table.

**Table B-2—Continued**  
**Comoros: U.S. exports, imports, and GSP imports by major commodity sectors, 1994-98**

Sector	1994	1995	1996	1997	1998	Change 1997-98
	<i>1,000 dollars</i>					<i>Percent</i>
Agricultural products:						
Exports .....	-	555	-	-	231	-
Imports .....	5,866	1,824	6,064	2,449	708	-71.1
GSP Imports .....	-	-	-	-	10	-
Chemicals and related products:						
Exports .....	37	59	-	13	21	56.9
Imports .....	109	392	104	103	51	-50.0
GSP Imports .....	-	305	-	-	-	-
Electronic products:						
Exports .....	40	38	15	60	77	28.4
Imports .....	-	-	-	-	5	-
GSP Imports .....	-	-	-	-	-	-
Energy-related products:						
Exports .....	-	-	-	-	-	-
Imports .....	-	-	-	-	-	-
GSP Imports .....	-	-	-	-	-	-
Footwear:						
Exports .....	-	-	-	-	-	-
Imports .....	-	-	-	-	-	-
GSP Imports .....	-	-	-	-	-	-
Forest products:						
Exports .....	5	-	-	-	-	-
Imports .....	-	-	-	-	-	-
GSP Imports .....	-	-	-	-	-	-
Machinery:						
Exports .....	-	-	35	-	-	-
Imports .....	-	-	-	-	-	-
GSP Imports .....	-	-	-	-	-	-
Minerals and metals:						
Exports .....	-	-	-	-	-	-
Imports .....	-	-	-	2	-	-100.0
GSP Imports .....	-	-	-	-	-	-
Miscellaneous manufactures:						
Exports .....	3	-	-	-	-	-
Imports .....	-	-	-	-	-	-
GSP Imports .....	-	-	-	-	-	-
Special provisions:						
Exports .....	13	11	5	1	9	(1)
Imports .....	20	7	19	10	2	-79.5
GSP Imports .....	-	-	-	-	-	-
Textiles and apparel:						
Exports .....	3	-	-	-	206	-
Imports .....	39	1	30	-	56	-
GSP Imports .....	-	-	-	-	-	-
Transportation equipment:						
Exports .....	-	16	23	-	70	-
Imports .....	-	-	-	-	-	-
GSP Imports .....	-	-	-	-	-	-
All sectors:						
Exports .....	101	679	78	74	613	733.0
Imports .....	6,034	2,224	6,217	2,565	822	-67.9
GSP Imports .....	-	305	-	-	10	-

See notes at end of table.

**Table B-2—Continued**  
**Congo (DROC): U.S. exports, imports, and GSP imports by major commodity sectors, 1994-1998**

Sector	1994	1995	1996	1997	1998	Change 1997-98
	<i>1,000 dollars</i>					<i>Percent</i>
Agricultural products:						
Exports .....	10,491	30,969	24,272	13,726	9,827	-28.4
Imports .....	1,610	4,176	3,719	1,525	1,538	0.8
GSP Imports .....	5	356	225	301	1,075	256.9
Chemicals and related products:						
Exports .....	2,251	2,296	3,400	1,551	632	-59.3
Imports .....	11,974	1,203	6,972	9,264	541	-94.2
GSP Imports .....	957	1,108	79	469	528	12.4
Electronic products:						
Exports .....	3,131	7,996	6,233	5,297	1,966	-62.9
Imports .....	33	8	45	-	30	-
GSP Imports .....	-	-	22	-	-	-
Energy-related products:						
Exports .....	198	262	269	137	6	-95.3
Imports .....	105,999	132,432	132,637	121,349	71,095	-41.4
GSP Imports .....	-	-	-	14,658	56,897	288.2
Footwear:						
Exports .....	485	732	409	109	61	-44.2
Imports .....	-	-	-	-	-	-
GSP Imports .....	-	-	-	-	-	-
Forest products:						
Exports .....	133	216	112	81	70	-13.0
Imports .....	222	371	953	477	239	-49.9
GSP Imports .....	92	50	95	139	69	-50.3
Machinery:						
Exports .....	2,321	2,480	2,155	2,702	1,391	-48.5
Imports .....	-	5	1	2	-	-100.0
GSP Imports .....	-	-	-	-	-	-
Minerals and metals:						
Exports .....	2,398	4,637	1,993	575	2,190	281.0
Imports .....	63,687	128,168	115,578	123,018	97,060	-21.1
GSP Imports .....	190	78	64	109	249	128.4
Miscellaneous manufactures:						
Exports .....	126	18	203	53	104	96.9
Imports .....	1,899	859	2,639	6,524	181	-97.2
GSP Imports .....	553	372	165	183	-	-100.0
Special provisions:						
Exports .....	2,555	3,005	3,544	1,689	1,229	-27.2
Imports .....	858	169	190	1,073	142	-86.8
GSP Imports .....	-	-	-	-	-	-
Textiles and apparel:						
Exports .....	9,060	14,491	12,170	6,966	2,498	-64.1
Imports .....	7	11	36	23	13	-42.3
GSP Imports .....	-	-	-	( <sup>2</sup> )	-	-100.0
Transportation equipment:						
Exports .....	6,273	9,713	18,463	4,700	14,033	198.6
Imports .....	679	-	-	107	36	-66.3
GSP Imports .....	623	-	-	-	-	-
All sectors:						
Exports .....	39,421	76,817	73,223	37,585	34,008	-9.5
Imports .....	186,968	267,402	262,770	263,363	170,874	-35.1
GSP Imports .....	2,419	1,965	650	15,860	58,818	270.9

See notes at end of table.

**Table B-2—Continued**  
**Congo (ROC): U.S. exports, imports, and GSP imports by major commodity sectors, 1994-98**

Sector	1994	1995	1996	1997	1998	Change 97-98
	<i>1,000 dollars</i>					<i>Percent</i>
Agricultural products:						
Exports .....	6,250	6,048	6,829	5,215	7,801	49.6
Imports .....	11	-	2,545	6,723	1,403	-79.1
GSP Imports .....	11	-	2,476	6,490	-	-100.0
Chemicals and related products:						
Exports .....	2,214	2,721	2,872	4,405	1,972	-55.2
Imports .....	1	126	6,234	10,102	8,380	-17.0
GSP Imports .....	( <sup>2</sup> )	-	-	-	31	-
Electronic products:						
Exports .....	1,000	2,963	4,732	6,025	3,844	-36.2
Imports .....	16	105	44	34	34	2.8
GSP Imports .....	-	-	-	1	-	-100.0
Energy-related products:						
Exports .....	224	280	526	3,115	761	-75.6
Imports .....	387,973	173,935	269,754	424,628	288,967	-31.9
GSP Imports .....	-	-	-	-	-	-
Footwear:						
Exports .....	12	-	411	505	578	14.5
Imports .....	-	-	-	-	-	-
GSP Imports .....	-	-	-	-	-	-
Forest products:						
Exports .....	131	17	95	81	70	-13.4
Imports .....	470	2,695	4,515	3,238	4,351	34.4
GSP Imports .....	-	-	-	-	24	
Machinery:						
Exports .....	3,190	7,738	5,875	8,355	12,206	46.1
Imports .....	-	-	3	14	1	-90.5
GSP Imports .....	-	-	2	-	-	-
Minerals and metals:						
Exports .....	3,855	5,064	6,054	10,875	5,574	-48.7
Imports .....	13,784	16,015	19,123	14,944	6,830	-54.3
GSP Imports .....	-	-	-	3	37	( <sup>1</sup> )
Miscellaneous manufactures:						
Exports .....	25	30	52	107	31	-71.1
Imports .....	46	55	14	686	4,072	493.5
GSP Imports .....	-	-	-	14	156	( <sup>1</sup> )
Special provisions:						
Exports .....	1,190	1,835	1,898	2,644	2,814	6.4
Imports .....	707	558	494	381	684	79.7
GSP Imports .....	-	-	-	-	-	-
Textiles and apparel:						
Exports .....	27	3	89	6,329	8,294	31.0
Imports .....	-	-	-	1	2	38.4
GSP Imports .....	-	-	-	-	-	-
Transportation equipment:						
Exports .....	19,776	27,704	32,399	27,598	47,372	71.7
Imports .....	22	-	-	12	-	-100.0
GSP Imports .....	-	-	-	12	-	-100.0
All sectors:						
Exports .....	37,893	54,402	61,833	75,256	91,317	21.3
Imports .....	403,030	193,489	302,725	460,762	314,725	-31.7
GSP Imports .....	11	-	2,477	6,520	248	-96.2

See notes at end of table.

**Table B-2—Continued**  
**Côte d'Ivoire: U.S. exports, imports, and GSP imports by major commodity sectors, 1994-1998**

Sector	1994	1995	1996	1997	1998	Change 1997-98
	<i>1,000 dollars</i>					<i>Percent</i>
Agricultural products:						
Exports .....	24,815	37,959	22,208	20,580	8,743	-57.5
Imports .....	142,031	168,828	290,387	226,738	381,407	68.2
GSP Imports .....	10,050	7,525	8,734	8,790	10,173	15.7
Chemicals and related products:						
Exports .....	19,244	32,580	35,802	39,014	36,604	-6.2
Imports .....	8,928	13,120	23,989	13,164	8,509	-35.4
GSP Imports .....	2	-	2	54	2	-96.9
Electronic products:						
Exports .....	19,739	5,234	6,962	7,663	6,306	-17.7
Imports .....	1,105	9,494	12,562	1,321	4,491	239.8
GSP Imports .....	-	-	13	3	3	-12.5
Energy-related products:						
Exports .....	180	2,793	2,641	890	370	-58.4
Imports .....	6,273	5,426	59,136	32,572	17,317	-46.8
GSP Imports .....	-	-	-	-	-	-
Footwear:						
Exports .....	192	207	161	154	305	97.8
Imports .....	512	177	74	22	44	96.5
GSP Imports .....	-	-	-	-	-	-
Forest products:						
Exports .....	7,701	22,957	10,738	7,172	8,394	17.0
Imports .....	4,911	4,762	7,634	5,693	6,697	17.6
GSP Imports .....	580	337	244	363	875	141.4
Machinery:						
Exports .....	12,858	10,935	10,155	26,162	15,117	-42.2
Imports .....	354	46	109	108	267	146.4
GSP Imports .....	8	-	-	3	-	-100.0
Minerals and metals:						
Exports .....	3,320	6,000	6,584	5,230	10,279	96.5
Imports .....	867	8,313	6,162	2,063	676	-67.2
GSP Imports .....	23	28	8	61	70	14.6
Miscellaneous manufactures:						
Exports .....	502	374	916	562	783	39.3
Imports .....	18,510	1,123	1,311	1,974	1,400	-29.1
GSP Imports .....	28	19	28	73	59	-18.6
Special provisions:						
Exports .....	2,954	3,903	3,272	4,073	6,857	68.4
Imports .....	547	1,957	1,604	1,069	1,823	70.5
GSP Imports .....	-	-	-	-	-	-
Textiles and apparel:						
Exports .....	5,610	10,607	12,421	9,059	7,098	-21.7
Imports .....	1,266	796	677	789	708	-10.2
GSP Imports .....	2	10	1	64	55	-13.8
Transportation equipment:						
Exports .....	12,935	38,767	28,469	29,183	49,315	69.0
Imports .....	41	37	18	75	2	-97.3
GSP Imports .....	-	-	-	-	-	-
All sectors:						
Exports .....	110,051	172,315	140,328	149,743	150,170	0.3
Imports .....	185,345	214,078	403,662	285,590	423,341	48.2
GSP Imports .....	10,693	7,919	9,030	9,412	11,238	19.4

See notes at end of table.



**Table B-2—Continued**  
**Djibouti: U.S. exports, imports, and GSP imports by major commodity sectors, 1994-1998**

Sector	1994	1995	1996	1997	1998	Change 1997-98
	<i>1,000 dollars</i>					<i>Percent</i>
Agricultural products:						
Exports .....	2,243	3,632	3,613	2,246	7,177	219.6
Imports .....	20	-	-	-	465	-
GSP Imports .....	-	-	-	-	-	-
Chemicals and related products:						
Exports .....	234	146	467	453	892	97.0
Imports .....	1	-	-	( <sup>2</sup> )	-	-100.0
GSP Imports .....	-	-	-	-	-	-
Electronic products:						
Exports .....	817	185	177	785	3,482	343.6
Imports .....	-	26	-	-	-	-
GSP Imports .....	-	-	-	-	-	-
Energy-related products:						
Exports .....	-	4	9	-	-	-
Imports .....	-	-	-	-	-	-
GSP Imports .....	-	-	-	-	-	-
Footwear:						
Exports .....	-	-	-	-	-	-
Imports .....	-	-	-	-	-	-
GSP Imports .....	-	-	-	-	-	-
Forest products:						
Exports .....	40	98	13	-	17	-
Imports .....	-	2	-	-	-	-
GSP Imports .....	-	-	-	-	-	-
Machinery:						
Exports .....	726	588	671	580	1,614	178.5
Imports .....	-	-	-	-	18	-
GSP Imports .....	-	-	-	-	-	-
Minerals and metals:						
Exports .....	24	4	121	12	114	833.3
Imports .....	27	-	8	-	-	-
GSP Imports .....	-	-	-	-	-	-
Miscellaneous manufactures:						
Exports .....	70	28	50	-	123	-
Imports .....	-	6	-	-	5	-
GSP Imports .....	-	6	-	-	-	-
Special provisions:						
Exports .....	303	452	242	161	828	415.0
Imports .....	14	-	-	-	42	-
GSP Imports .....	-	-	-	-	-	-
Textiles and apparel:						
Exports .....	2,014	3,290	2,590	2,655	3,071	15.7
Imports .....	-	-	-	-	1	-
GSP Imports .....	-	-	-	-	-	-
Transportation equipment:						
Exports .....	232	29	285	381	2,722	615.4
Imports .....	-	-	-	-	-	-
GSP Imports .....	-	-	-	-	-	-
All sectors:						
Exports .....	6,703	8,457	8,237	7,272	20,041	175.6
Imports .....	62	34	8	( <sup>2</sup> )	530	-
GSP Imports .....	-	6	-	-	-	-

See notes at end of table.

**Table B-2—Continued**  
**Equatorial Guinea: U.S. exports, imports, and GSP imports by major commodity sectors,**  
**1994-1998**

Sector	1994	1995	1996	1997	1998	Change 1997-98
	<i>1,000 dollars</i>					<i>Percent</i>
Agricultural products:						
Exports .....	17	13	-	79	486	517.6
Imports .....	-	-	-	-	344	-
GSP Imports .....	-	-	-	-	-	-
Chemicals and related products:						
Exports .....	41	881	385	405	462	14.1
Imports .....	23	-	6,156	-	4,229	-
GSP Imports .....	23	-	-	-	-	-
Electronic products:						
Exports .....	108	177	233	265	356	34.2
Imports .....	289	423	3	96	45	-53.5
GSP Imports .....	-	-	-	-	45	-
Energy-related products:						
Exports .....	-	-	163	224	220	-2.0
Imports .....	-	27,648	69,104	28,573	58,687	105.4
GSP Imports .....	-	-	-	12,968	25,574	97.2
Footwear:						
Exports .....	-	-	7	9	3	-66.1
Imports .....	-	-	-	-	-	-
GSP Imports .....	-	-	-	-	-	-
Forest products:						
Exports .....	42	22	59	42	1,446	( <sup>1</sup> )
Imports .....	-	2,339	304	631	1,017	61.2
GSP Imports .....	-	-	-	-	443	-
Machinery:						
Exports .....	66	1,131	2,097	4,825	3,440	-28.7
Imports .....	-	20	17	-	28	-
GSP Imports .....	-	-	-	-	28	-
Minerals and metals:						
Exports .....	8	98	2,498	450	5,245	( <sup>1</sup> )
Imports .....	-	-	9	87	23	-73.1
GSP Imports .....	-	-	-	-	-	-
Miscellaneous manufactures:						
Exports .....	-	-	502	334	1,813	443.3
Imports .....	13	3	-	-	-	-
GSP Imports .....	-	-	-	-	-	-
Special provisions:						
Exports .....	23	98	278	1,074	1,145	6.7
Imports .....	1	501	298	1,098	1,017	-7.4
GSP Imports .....	-	-	-	-	-	-
Textiles and apparel:						
Exports .....	128	145	381	5	47	761.7
Imports .....	-	34	-	-	276	-
GSP Imports .....	-	-	-	-	-	-
Transportation equipment:						
Exports .....	1,460	2,769	10,126	39,351	70,509	79.2
Imports .....	-	-	62	-	-	-
GSP Imports .....	-	-	-	-	-	-
All sectors:						
Exports .....	1,894	5,335	16,729	47,063	85,171	81.0
Imports .....	326	30,969	75,953	30,485	65,667	115.4
GSP Imports .....	23	-	-	12,968	26,090	101.2

See notes at end of table.

Table B-2—Continued

Eritrea: U.S. exports, imports and GSP imports by major commodity sectors, 1994-1998

Sector	1994	1995	1996	1997	1998	Change 1997-98
	<i>1,000 dollars</i>					<i>Percent</i>
Agricultural products:						
Exports .....	5,919	3,310	7,716	4,134	15,110	265.5
Imports .....	12	84	205	478	546	14.2
GSP Imports .....	-	-	-	-	-	-
Chemicals and related products:						
Exports .....	5	21	275	1,543	496	-67.9
Imports .....	-	75	4	2	2	-1.5
GSP Imports .....	-	-	-	-	-	-
Electronic products:						
Exports .....	637	2,303	1,456	3,018	3,888	28.8
Imports .....	-	33	3	19	74	294.4
GSP Imports .....	-	-	-	-	-	-
Energy-related products:						
Exports .....	-	-	-	72	141	96.9
Imports .....	-	-	-	-	-	-
GSP Imports .....	-	-	-	-	-	-
Footwear:						
Exports .....	-	-	-	-	-	-
Imports .....	-	-	-	-	-	-
GSP Imports .....	-	-	-	-	-	-
Forest products:						
Exports .....	91	48	73	315	34	-89.4
Imports .....	-	17	1,092	767	-	-100.0
GSP Imports .....	-	-	-	-	-	-
Machinery:						
Exports .....	397	2,120	3,048	825	921	11.7
Imports .....	-	-	75	8	44	486.8
GSP Imports .....	-	-	-	-	-	-
Minerals and metals:						
Exports .....	18	4	147	2,475	472	-80.9
Imports .....	-	-	-	20	37	84.1
GSP Imports .....	-	-	-	-	-	-
Miscellaneous manufactures:						
Exports .....	-	125	22	257	70	-72.8
Imports .....	70	-	3	-	12	-
GSP Imports .....	-	-	-	-	-	-
Special provisions:						
Exports .....	375	650	634	557	1,079	93.8
Imports .....	16	12	-	-	21	-
GSP Imports .....	-	-	-	-	-	-
Textiles and apparel:						
Exports .....	-	5	97	1,292	87	-93.3
Imports .....	4	41	165	-	1	-
GSP Imports .....	-	-	-	-	-	-
Transportation equipment:						
Exports .....	711	7,955	444	1,280	2,204	72.3
Imports .....	-	-	-	-	-	-
GSP Imports .....	-	-	-	-	-	-
All sectors:						
Exports .....	8,154	16,540	13,912	15,766	24,502	55.4
Imports .....	103	262	1,548	1,294	736	-43.1
GSP Imports .....	-	-	-	-	-	-

See notes at end of table.

**Table B-2—Continued**  
**Ethiopia: U.S. exports, imports, and GSP imports by major commodity sectors, 1994-1998**

Sector	1994	1995	1996	1997	1998	Change 1997-98
	<i>1,000 dollars</i>					<i>Percent</i>
Agricultural products:						
Exports .....	85,500	62,862	36,118	17,761	29,533	66.3
Imports .....	31,672	29,713	23,399	65,177	44,614	-31.5
GSP Imports .....	-	40	81	156	744	377.4
Chemicals and related products:						
Exports .....	6,861	27,042	23,647	20,914	5,519	-73.6
Imports .....	120	1,009	748	873	975	11.7
GSP Imports .....	1	363	-	552	314	-43.0
Electronic products:						
Exports .....	8,612	5,961	4,889	9,952	8,401	-15.6
Imports .....	8	1	11	-	16	
GSP Imports .....	-	-	1	-	-	
Energy-related products:						
Exports .....	123	46	234	128	27	-78.8
Imports .....	-	-	-	-	-	
GSP Imports .....	-	-	-	-	-	
Footwear:						
Exports .....	-	9	8	4	-	-100.0
Imports .....	2	-	-	-	-	
GSP Imports .....	-	-	-	-	-	
Forest products:						
Exports .....	654	1,495	1,328	704	498	-29.3
Imports .....	21	7	9	2	24	( <sup>1</sup> )
GSP Imports .....	2	-	5	2	14	793.4
Machinery:						
Exports .....	8,659	17,489	34,243	15,166	7,518	-50.4
Imports .....	62	-	-	-	-	
GSP Imports .....	-	-	-	-	-	
Minerals and metals:						
Exports .....	504	563	607	670	283	-57.8
Imports .....	11	270	2,910	1,518	5,169	240.5
GSP Imports .....	7	2	-	-	6	
Miscellaneous manufactures:						
Exports .....	203	269	449	286	865	202.2
Imports .....	39	16	20	1,012	87	-91.4
GSP Imports .....	34	8	5	22	39	75.7
Special provisions:						
Exports .....	6,626	7,858	5,951	5,971	4,354	-27.1
Imports .....	967	860	1,056	932	1,364	46.3
GSP Imports .....	-	-	-	-	-	
Textiles and apparel:						
Exports .....	942	1,273	1,405	1,240	901	-27.3
Imports .....	1,185	907	430	137	28	-79.2
GSP Imports .....	103	-	-	-	1	
Transportation equipment:						
Exports .....	23,738	21,925	36,123	47,495	30,001	-36.8
Imports .....	14	-	6,002	-	-	
GSP Imports .....	-	-	-	-	-	
All sectors:						
Exports .....	142,421	146,792	145,002	120,292	87,900	-26.9
Imports .....	34,100	32,784	34,586	69,651	52,278	-24.9
GSP Imports .....	147	413	92	732	1,118	52.8

See notes at end of table.

**Table B-2—Continued**  
**Gabon: U.S. exports, imports, and GSP imports by major commodity sectors, 1994-98**

Sector	1994	1995	1996	1997	1998	Change 1997-98
	<i>1,000 dollars</i>					<i>Percent</i>
Agricultural products:						
Exports .....	1,553	1,053	1,334	1,882	4,192	122.7
Imports .....	465	299	1,289	387	426	10.0
GSP imports .....	-	-	-	-	-	-
Chemicals and related products:						
Exports .....	1,976	2,002	2,465	2,099	2,625	25.1
Imports .....	408	411	18,260	63,513	64,504	1.6
GSP imports .....	-	-	-	-	-	-
Electronic products:						
Exports .....	4,482	2,564	2,649	5,016	3,186	-36.5
Imports .....	12	8	71	295	35	-88.2
GSP imports .....	-	-	-	-	-	-
Energy-related products:						
Exports .....	910	534	934	2,248	600	-73.3
Imports .....	1,207,818	1,540,001	1,791,595	1,931,921	1,029,428	-46.7
GSP imports .....	-	-	-	-	-	-
Footwear:						
Exports .....	-	3	10	11	129	(1)
Imports .....	-	-	-	-	-	-
GSP imports .....	-	-	-	-	-	-
Forest products:						
Exports .....	1,543	1,169	110	1,251	3,723	197.7
Imports .....	138	154	190	265	2,543	859.2
GSP imports .....	-	-	-	-	-	-
Machinery:						
Exports .....	6,673	6,523	4,735	8,837	4,595	-48.0
Imports .....	112	-	205	-	108	-
GSP imports .....	-	-	-	-	-	-
Minerals and metals:						
Exports .....	965	2,103	929	10,363	2,305	-77.8
Imports .....	22,276	20,570	27,280	22,224	17,379	-21.8
GSP imports .....	-	-	-	-	-	-
Miscellaneous manufactures:						
Exports .....	370	828	560	274	44	-83.8
Imports .....	431	56	360	331	859	159.6
GSP imports .....	-	-	-	-	-	-
Special provisions:						
Exports .....	1,406	1,650	1,132	3,641	1,439	-60.5
Imports .....	1,046	2,375	2,960	3,306	14,993	353.5
GSP imports .....	-	-	-	-	-	-
Textiles and apparel:						
Exports .....	310	377	726	659	2,700	309.5
Imports .....	3	1	15	33	-	-100.0
GSP imports .....	-	-	-	-	-	-
Transportation equipment:						
Exports .....	19,883	35,110	40,059	44,744	36,149	-19.2
Imports .....	-	-	105	-	-	-
GSP imports .....	-	-	-	-	-	-
All sectors:						
Exports .....	40,071	53,918	55,641	81,023	61,688	-23.9
Imports .....	1,232,709	1,563,875	1,842,331	2,022,275	1,130,273	-44.1
GSP imports .....	-	-	-	-	-	-

See notes at end of table.

**Table B-2—Continued**  
**Gambia: U.S. exports, imports, and GSP imports by major commodity sectors, 1994-1998**

Sector	1994	1995	1996	1997	1998	Change 1997-98
	<i>1,000 dollars</i>					<i>Percent</i>
Agricultural products:						
Exports .....	1,442	3,048	3,208	3,882	4,187	7.9
Imports .....	15	26	6	32	247	672.0
GSP imports .....	6	5	6	-	16	-
Chemicals and related products:						
Exports .....	98	148	322	372	353	-5.1
Imports .....	-	4	-	3	133	(1)
GSP imports .....	-	-	-	-	-	-
Electronic products:						
Exports .....	682	771	295	1,214	1,514	24.7
Imports .....	15	26	4	7	5	-17.7
GSP imports .....	-	-	-	-	-	-
Energy-related products:						
Exports .....	-	-	-	20	-	-100.0
Imports .....	-	-	-	624	440	-29.4
GSP imports .....	-	-	-	-	-	-
Footwear:						
Exports .....	-	-	-	11	8	-28.5
Imports .....	-	-	(2)	8	2	-72.2
GSP imports .....	-	-	-	-	-	-
Forest products:						
Exports .....	-	162	7	40	-	-100.0
Imports .....	2	12	2	8	7	-7.2
GSP imports .....	-	12	2	3	7	127.3
Machinery:						
Exports .....	500	182	352	686	417	-39.2
Imports .....	-	2	-	22	42	85.3
GSP imports .....	-	-	-	-	-	-
Minerals and metals:						
Exports .....	149	326	423	196	174	-11.2
Imports .....	1,951	2,096	1,667	2,290	1,564	-31.7
GSP imports .....	-	2	-	-	-	-
Miscellaneous manufactures:						
Exports .....	48	21	147	16	153	885.6
Imports .....	11	13	200	60	27	-55.2
GSP imports .....	2	10	3	56	27	-52.0
Special provisions:						
Exports .....	261	634	888	490	160	-67.4
Imports .....	221	7	7	415	111	-73.3
GSP imports .....	-	-	-	-	-	-
Textiles and apparel:						
Exports .....	470	628	1,493	1,128	1,829	62.1
Imports .....	459	62	26	34	38	13.0
GSP imports .....	-	(2)	-	(2)	-	-100.0
Transportation equipment:						
Exports .....	202	68	1,223	1,462	309	-78.9
Imports .....	11	10	14	13	-	-100.0
GSP imports .....	-	-	-	-	-	-
All sectors:						
Exports .....	3,852	5,988	8,357	9,517	9,104	-4.3
Imports .....	2,685	2,259	1,927	3,516	2,617	-25.6
GSP imports .....	8	29	11	60	50	-16.3

See notes at end of table.



**Table B-2—Continued**  
**Ghana: U.S. exports, imports, and GSP imports by major commodity sectors, 1994-98**

Sector	1994	1995	1996	1997	1998	Change 1997-98
	<i>1,000 dollars</i>					<i>Percent</i>
Agricultural products:						
Exports .....	36,631	46,527	66,040	53,356	47,126	-11.7
Imports .....	17,362	58,699	40,415	16,000	27,949	74.7
GSP imports .....	939	677	695	1,144	1,940	69.5
Chemicals and related products:						
Exports .....	15,005	27,333	40,350	45,999	36,838	-19.9
Imports .....	157	646	1,553	1,995	144	-92.8
GSP imports .....	1	-	3	23	4	-84.0
Electronic products:						
Exports .....	8,202	9,858	21,644	15,159	12,037	-20.6
Imports .....	14	9	180	52	29	-44.6
GSP imports .....	-	-	5	-	9	-
Energy-related products:						
Exports .....	5,280	7,903	13,000	10,736	2,943	-72.6
Imports .....	21,118	-	2,695	-	10,623	-
GSP imports .....	-	-	-	-	-	-
Footwear:						
Exports .....	297	387	543	885	783	-11.5
Imports .....	( <sup>2</sup> )	-	1	( <sup>2</sup> )	-	-100.0
GSP imports .....	-	-	-	-	-	-
Forest products:						
Exports .....	1,361	2,750	3,019	7,059	3,831	-45.7
Imports .....	4,192	6,723	10,689	16,260	21,491	32.2
GSP imports .....	455	637	586	1,743	2,802	60.7
Machinery:						
Exports .....	11,916	15,524	17,932	49,210	26,453	-46.2
Imports .....	-	25	26	83	9	-89.0
GSP imports .....	-	-	-	6	-	-100.0
Minerals and metals:						
Exports .....	5,187	7,121	7,779	13,564	11,860	-12.6
Imports .....	152,903	125,112	113,540	116,440	74,421	-36.1
GSP imports .....	1,264	97	67	218	2,051	841.7
Miscellaneous manufactures:						
Exports .....	1,479	1,125	2,206	7,404	3,671	-50.4
Imports .....	303	542	356	1,415	873	-38.3
GSP imports .....	194	331	151	312	655	109.7
Special provisions:						
Exports .....	5,008	6,744	11,319	13,523	13,132	-2.9
Imports .....	510	1,331	966	563	502	-10.8
GSP imports .....	-	-	-	-	-	-
Textiles and apparel:						
Exports .....	7,303	7,759	11,091	13,098	12,124	-7.4
Imports .....	1,920	2,981	913	1,259	7,811	520.6
GSP imports .....	16	34	1	3	4	29.7
Transportation equipment:						
Exports .....	23,700	33,671	99,406	82,807	50,414	-39.1
Imports .....	7	6	21	2	7	236.2
GSP imports .....	-	2	21	-	-	-
All sectors:						
Exports .....	121,369	166,701	294,330	312,801	221,212	-29.3
Imports .....	198,486	196,074	171,354	154,069	143,858	-6.6
GSP imports .....	2,869	1,778	1,530	3,450	7,464	116.4

See notes at end of table.

**Table B-2—Continued**  
**Guinea: U.S. exports, imports, and GSP imports by major commodity sectors, 1994-98**

Sector	1994	1995	1996	1997	1998	Change 1997-98
	<i>1,000 dollars</i>					<i>Percent</i>
Agricultural products:						
Exports .....	16,801	29,296	22,165	15,202	9,088	-40.2
Imports .....	311	333	1,554	6,335	3,887	-38.6
GSP imports .....	4	5	33	1	-	-100.0
Chemicals and related products:						
Exports .....	5,045	5,204	5,404	5,799	9,134	57.5
Imports .....	1	91	4,922	254	12	-95.3
GSP imports .....	1	-	-	-	-	-
Electronic products:						
Exports .....	3,657	4,085	6,189	5,330	4,823	-9.5
Imports .....	153	627	43	63	191	202.0
GSP imports .....	11	-	-	-	-	-
Energy-related products:						
Exports .....	1,262	1,267	2,758	4,481	1,976	-55.9
Imports .....	-	-	13,725	-	-	-
GSP imports .....	-	-	-	-	-	-
Footwear:						
Exports .....	91	49	161	254	110	-56.8
Imports .....	-	-	-	-	-	-
GSP imports .....	-	-	-	-	-	-
Forest products:						
Exports .....	981	1,321	1,346	1,281	990	-22.7
Imports .....	15	12	4	288	46	-83.9
GSP imports .....	13	3	-	49	36	-27.0
Machinery:						
Exports .....	2,867	3,078	5,343	8,879	9,988	12.5
Imports .....	3	39	7	-	21	-
GSP imports .....	3	11	-	-	-	-
Minerals and metals:						
Exports .....	1,417	1,431	2,879	2,428	1,037	-57.3
Imports .....	90,012	91,042	93,293	119,510	109,878	-8.1
GSP imports .....	-	-	-	-	13	-
Miscellaneous manufactures:						
Exports .....	278	417	406	921	462	-49.8
Imports .....	42	49	44	173	206	19.4
GSP imports .....	4	3	19	32	39	21.7
Special provisions:						
Exports .....	5,229	7,884	10,034	9,083	10,369	14.2
Imports .....	2,202	688	1,805	1,015	1,288	26.9
GSP imports .....	-	-	-	-	-	-
Textiles and apparel:						
Exports .....	2,016	2,594	4,585	5,133	4,237	-17.4
Imports .....	74	155	13	28	35	25.5
GSP imports .....	-	-	-	1	-	-100.0
Transportation equipment:						
Exports .....	7,651	9,675	25,429	23,288	12,477	-46.4
Imports .....	2	80	12	6	10	61.7
GSP imports .....	-	-	-	3	10	222.6
All sectors:						
Exports .....	47,295	66,302	86,698	82,081	64,692	-21.2
Imports .....	92,815	93,115	115,421	127,671	115,574	-9.5
GSP imports .....	36	23	51	87	97	11.9

See notes at end of table.

**Table B-2—Continued**  
**Guinea-Bissau: U.S. exports, imports, and GSP imports by major commodity sectors, 1994-98**

Sector	1994	1995	1996	1997	1998	Change 1997-98
	<i>1,000 dollars</i>					<i>Percent</i>
Agricultural products:						
Exports .....	21	377	-	1,141	-	-100.0
Imports .....	-	-	41	56	41	-25.3
GSP imports .....	-	-	-	6	4	-41.1
Chemicals and related products:						
Exports .....	205	-	41	125	167	33.5
Imports .....	-	-	-	-	361	-
GSP imports .....	-	-	-	-	-	-
Electronic products:						
Exports .....	512	477	423	701	176	-74.9
Imports .....	-	-	-	-	-	-
GSP imports .....	-	-	-	-	-	-
Energy-related products:						
Exports .....	-	-	4,366	-	-	-
Imports .....	-	-	-	-	1,675	-
GSP imports .....	-	-	-	-	-	-
Footwear:						
Exports .....	57	-	-	-	-	-
Imports .....	-	-	-	-	-	-
GSP imports .....	-	-	-	-	-	-
Forest products:						
Exports .....	5	-	31	29	7	-74.0
Imports .....	-	39	5	-	-	-
GSP imports .....	-	-	-	-	-	-
Machinery:						
Exports .....	14	-	1,018	392	41	-89.5
Imports .....	-	-	-	-	-	-
GSP imports .....	-	-	-	-	-	-
Minerals and metals:						
Exports .....	-	-	59	15	-	-100.0
Imports .....	-	-	-	-	131	-
GSP imports .....	-	-	-	-	-	-
Miscellaneous manufactures:						
Exports .....	30	-	33	-	4	-
Imports .....	-	-	-	15	-	-100.0
GSP imports .....	-	-	-	-	-	-
Special provisions:						
Exports .....	31	14	118	44	29	-34.8
Imports .....	-	-	-	-	-	-
GSP imports .....	-	-	-	-	-	-
Textiles and apparel:						
Exports .....	-	-	-	39	15	-61.6
Imports .....	-	-	-	-	-	-
GSP imports .....	-	-	-	-	-	-
Transportation equipment:						
Exports .....	106	-	951	3	304	(1)
Imports .....	-	-	-	-	-	-
GSP imports .....	-	-	-	-	-	-
All sectors:						
Exports .....	980	868	7,041	2,488	743	-70.1
Imports .....	-	39	46	71	2,209	(1)
GSP imports .....	-	-	-	6	4	-41.1

See notes at end of table.

**Table B-2—Continued**  
**Kenya: U.S. exports, imports, and GSP imports by major commodity sectors, 1994-98**

Sector	1994	1995	1996	1997	1998	Change 1997-98
	<i>1,000 dollars</i>					<i>Percent</i>
Agricultural products:						
Exports .....	57,394	33,912	10,181	31,871	59,969	88.2
Imports .....	53,627	48,640	53,399	56,746	50,332	-11.3
GSP imports .....	3,938	2,119	1,217	899	392	-56.4
Chemicals and related products:						
Exports .....	26,378	17,134	27,993	31,667	16,688	-47.3
Imports .....	1,495	1,477	1,830	3,793	671	-82.3
GSP imports .....	91	19	144	13	86	539.0
Electronic products:						
Exports .....	13,690	11,878	10,100	14,028	18,003	28.3
Imports .....	1,427	3,778	3,803	4,454	1,564	-64.9
GSP imports .....	12	211	323	139	47	-65.9
Energy-related products:						
Exports .....	3,260	2,278	1,351	1,480	609	-58.9
Imports .....	101	-	-	53	296	456.6
GSP imports .....	-	-	-	-	-	-
Footwear:						
Exports .....	107	273	310	178	209	17.4
Imports .....	307	1	1	76	1	-98.9
GSP imports .....	-	-	-	-	-	-
Forest products:						
Exports .....	1,609	3,286	1,912	3,139	4,189	33.4
Imports .....	2,513	2,159	2,153	3,003	3,305	10.1
GSP imports .....	2,208	1,938	1,952	2,872	3,192	11.1
Machinery:						
Exports .....	10,318	12,710	12,469	20,283	13,703	-32.4
Imports .....	236	166	1,081	518	302	-41.7
GSP imports .....	173	-	7	84	-	-100.0
Minerals and metals:						
Exports .....	1,262	2,344	1,663	1,936	1,976	2.1
Imports .....	3,741	2,874	4,176	3,542	2,884	-18.6
GSP imports .....	1,969	1,738	1,380	2,042	1,720	-15.8
Miscellaneous manufactures:						
Exports .....	1,469	471	861	1,674	1,268	-24.2
Imports .....	1,691	1,331	3,292	4,256	3,160	-25.7
GSP imports .....	726	465	584	1,249	1,265	1.3
Special provisions:						
Exports .....	25,958	5,296	6,952	5,466	6,214	13.7
Imports .....	7,760	4,237	2,383	6,051	3,122	-48.4
GSP imports .....	-	-	-	-	-	-
Textiles and apparel:						
Exports .....	3,383	3,422	4,787	5,192	8,456	62.9
Imports .....	37,986	36,666	27,803	31,794	33,782	6.3
GSP imports .....	22	122	4	65	21	-67.8
Transportation equipment:						
Exports .....	23,656	19,642	22,736	105,920	66,460	-37.3
Imports .....	81	107	112	59	103	73.5
GSP imports .....	-	-	38	4	6	51.7
All sectors:						
Exports .....	168,484	112,646	101,314	222,834	197,744	-11.3
Imports .....	110,964	101,435	100,035	114,347	99,523	-13.0
GSP imports .....	9,140	6,611	5,649	7,367	6,728	-8.7

See notes at end of table.

**Table B-2—Continued**  
**Lesotho: U.S. exports, imports, and GSP imports by major commodity sectors, 1994-98**

Sector	1994	1995	1996	1997	1998	Change 1997-98
	<i>1,000 dollars</i>					<i>Percent</i>
Agricultural products:						
Exports .....	2,709	1,496	1,939	1,119	1,233	10.2
Imports .....	-	-	-	-	-	-
GSP imports .....	-	-	-	-	-	-
Chemicals and related products:						
Exports .....	34	15	16	-	30	-
Imports .....	13	2	-	1	5	456.5
GSP imports .....	13	2	-	-	-	-
Electronic products:						
Exports .....	116	122	77	22	33	49.0
Imports .....	-	-	-	7	-	-100.0
GSP imports .....	-	-	-	-	-	-
Energy-related products:						
Exports .....	-	-	-	-	-	-
Imports .....	-	-	-	-	-	-
GSP imports .....	-	-	-	-	-	-
Footwear:						
Exports .....	-	-	-	-	-	-
Imports .....	-	-	-	-	-	-
GSP imports .....	-	-	-	-	-	-
Forest products:						
Exports .....	4	-	4	-	17	-
Imports .....	-	-	3	-	-	-
GSP imports .....	-	-	3	-	-	-
Machinery:						
Exports .....	36	24	6	6	17	179.3
Imports .....	-	-	-	-	-	-
GSP imports .....	-	-	-	-	-	-
Minerals and metals:						
Exports .....	-	-	-	-	-	-
Imports .....	83	83	-	2	3	101.9
GSP imports .....	-	-	-	-	-	-
Miscellaneous manufactures:						
Exports .....	-	-	-	79	-	-100.0
Imports .....	30	1	2	-	-	-
GSP imports .....	30	1	-	-	-	-
Special provisions:						
Exports .....	72	259	78	636	67	-89.4
Imports .....	155	32	65	40	49	22.3
GSP imports .....	-	-	-	-	-	-
Textiles and apparel:						
Exports .....	11	35	173	88	-	-100.0
Imports .....	62,456	61,792	64,928	86,556	100,187	15.7
GSP imports .....	8	-	-	-	-	-
Transportation equipment:						
Exports .....	349	35	346	421	40	-90.6
Imports .....	-	-	-	-	-	-
GSP imports .....	-	-	-	-	-	-
All sectors:						
Exports .....	3,331	1,986	2,640	2,370	1,437	-39.4
Imports .....	62,737	61,909	64,997	86,605	100,244	15.7
GSP imports .....	51	3	3	-	-	-

See notes at end of table.

**Table B-2—Continued**  
**Liberia: U.S. exports, imports, and GSP imports by major commodity sectors, 1994-98**

Sector	1994	1995	1996	1997	1998	Change 97-98
	<i>1,000 dollars</i>					<i>Percent</i>
Agricultural products:						
Exports .....	36,193	29,839	35,199	18,561	13,207	-28.8
Imports .....	3	2	69	49	715	(1)
GSP imports .....	-	-	-	-	-	-
Chemicals and related products:						
Exports .....	835	963	1,097	1,365	1,578	15.6
Imports .....	971	1,562	83	1,496	24,794	(1)
GSP imports .....	-	-	-	-	-	-
Electronic products:						
Exports .....	1,777	866	1,289	3,363	3,977	18.3
Imports .....	134	8	179	13	9	-29.2
GSP imports .....	-	-	-	-	-	-
Energy-related products:						
Exports .....	8	1,901	112	217	351	62.1
Imports .....	157	-	-	-	-	-
GSP imports .....	-	-	-	-	-	-
Footwear:						
Exports .....	266	258	247	311	147	-52.8
Imports .....	-	-	-	-	-	-
GSP imports .....	-	-	-	-	-	-
Forest products:						
Exports .....	233	559	306	450	402	-10.6
Imports .....	32	-	2	2	6	287.1
GSP imports .....	-	-	-	-	-	-
Machinery:						
Exports .....	475	415	475	1,006	2,878	186.0
Imports .....	2	85	-	113	-	-100.0
GSP imports .....	-	-	-	-	-	-
Minerals and metals:						
Exports .....	214	58	575	571	4,095	616.8%
Imports .....	2,123	7,987	26,134	2,548	242	-90.5%
GSP imports .....	-	-	-	-	-	-
Miscellaneous manufactures:						
Exports .....	220	138	57	273	464	70.0
Imports .....	2	23	14	54	6	-89.1
GSP imports .....	-	-	-	-	-	-
Special provisions:						
Exports .....	3,295	3,792	7,039	7,260	11,602	59.8
Imports .....	20	43	365	556	44	-92.1
GSP imports .....	-	-	-	-	-	-
Textiles and apparel:						
Exports .....	2,072	1,632	2,025	4,953	4,173	-15.7
Imports .....	-	-	8	6	22	289.8
GSP imports .....	-	-	-	-	-	-
Transportation equipment:						
Exports .....	622	1,132	1,269	4,357	6,966	59.9
Imports .....	29	19	38	16	6	-62.7
GSP imports .....	-	-	-	-	-	-
All sectors:						
Exports .....	46,210	41,552	49,690	42,686	49,840	16.8
Imports .....	3,471	9,728	26,893	4,852	25,845	432.7
GSP imports .....	-	-	-	-	-	-

See notes at end of table.



**Table B-2—Continued**  
**Madagascar: U.S. exports, imports, and GSP imports by major commodity sectors, 1994-98**

Sector	1994	1995	1996	1997	1998	Change 1997-98
	<i>1,000 dollars</i>					<i>Percent</i>
Agricultural products:						
Exports .....	2,214	2,860	1,675	4,707	5,595	18.9
Imports .....	47,108	38,484	25,318	39,864	41,369	3.8
GSP imports .....	5,894	3,326	247	6,276	74	-98.8
Chemicals and related products:						
Exports .....	121	296	1,369	1,115	1,682	50.8
Imports .....	1,000	941	794	649	409	-37.0
GSP imports .....	-	-	8	-	2	-
Electronic products:						
Exports .....	5,692	1,807	1,991	1,509	1,710	13.3
Imports .....	128	665	857	756	676	-10.6
GSP imports .....	87	614	801	748	662	-11.6
Energy-related products:						
Exports .....	125	35	25	110	107	-2.7
Imports .....	-	-	-	-	-	-
GSP imports .....	-	-	-	-	-	-
Footwear:						
Exports .....	3	-	-	-	-	-
Imports .....	-	-	-	-	-	-
GSP imports .....	-	-	-	-	-	-
Forest products:						
Exports .....	196	104	57	89	298	236.8
Imports .....	882	3,064	2,891	1,678	1,901	13.3
GSP imports .....	772	1,766	1,633	1,140	1,106	-3.0
Machinery:						
Exports .....	1,085	681	1,960	659	476	-27.8
Imports .....	-	-	-	48	-	-100.0
GSP imports .....	-	-	-	15	-	-100.0
Minerals and metals:						
Exports .....	198	143	37	52	55	6.7
Imports .....	3,070	3,091	3,541	2,784	3,367	21.0
GSP imports .....	340	79	53	208	141	-32.0
Miscellaneous manufactures:						
Exports .....	103	45	30	58	456	692.9
Imports .....	855	652	160	528	736	39.4
GSP imports .....	108	19	95	325	72	-77.8
Special provisions:						
Exports .....	382	237	506	684	336	-50.9
Imports .....	162	2,449	237	154	298	93.0
GSP imports .....	-	-	-	-	-	-
Textiles and apparel:						
Exports .....	22	465	66	113	657	483.2
Imports .....	3,514	7,888	11,878	16,029	22,639	41.2
GSP imports .....	566	875	829	596	478	-19.9
Transportation equipment:						
Exports .....	37,138	2,827	3,556	2,124	3,118	46.8
Imports .....	-	5	-	-	-	-
GSP imports .....	-	-	-	-	-	-
All sectors:						
Exports .....	47,279	9,502	11,271	11,219	14,491	29.2
Imports .....	56,719	57,238	45,675	62,489	71,395	14.3
GSP imports .....	7,767	6,678	3,666	9,308	2,535	-72.8

See notes at end of table.

**Table B-2—Continued**  
**Malawi: U.S. exports, imports, and GSP imports by major commodity sectors, 1994-1998**

Sector	1994	1995	1996	1997	1998	Change 1997-98
	1,000 dollars					Percent
Agricultural products:						
Exports .....	3,595	7,583	325	-	-	-
Imports .....	44,235	36,342	60,869	89,011	38,380	-56.9
GSP Imports .....	3,944	285	7,606	29,228	16,342	-44.1
Chemicals and related products:						
Exports .....	432	991	1,541	1,114	944	-15.2
Imports .....	-	-	-	-	-	-
GSP Imports .....	-	-	-	-	-	-
Electronic products:						
Exports .....	1,440	3,560	2,448	4,398	1,565	-64.4
Imports .....	2	74	-	-	-	-
GSP Imports .....	2	-	-	-	-	-
Energy-related products:						
Exports .....	-	26	9	-	49	-
Imports .....	-	-	-	-	-	-
GSP Imports .....	-	-	-	-	-	-
Footwear:						
Exports .....	-	-	29	-	-	-
Imports .....	-	-	-	-	-	-
GSP Imports .....	-	-	-	-	-	-
Forest products:						
Exports .....	1,292	416	113	346	223	-35.5
Imports .....	1	34	134	27	59	120.7
GSP Imports .....	-	18	130	27	42	55.8
Machinery:						
Exports .....	4,708	767	774	2,386	946	-60.4
Imports .....	-	-	-	-	-	-
GSP Imports .....	-	-	-	-	-	-
Minerals and metals:						
Exports .....	206	33	19	35	7	-80.6
Imports .....	6	18	-	19	21	15.9
GSP Imports .....	-	-	-	16	21	37.4
Miscellaneous manufactures:						
Exports .....	-	61	33	-	14	-
Imports .....	59	81	35	32	-	-100.0
GSP Imports .....	5	3	9	-	-	-
Special provisions:						
Exports .....	3,353	3,412	2,528	6,235	3,327	-46.6
Imports .....	19	40	59	38	47	21.8
GSP Imports .....	-	-	-	-	-	-
Textiles and apparel:						
Exports .....	353	492	3,220	2,921	674	-76.9
Imports .....	3,766	2,265	1,488	276	246	-10.6
GSP Imports .....	-	( <sup>2</sup> )	-	-	-	-
Transportation equipment:						
Exports .....	3,279	470	2,176	85	5,323	( <sup>1</sup> )
Imports .....	-	-	-	-	3	-
GSP Imports .....	-	-	-	-	-	-
All sectors:						
Exports .....	18,657	17,810	13,216	17,520	13,071	-25.4
Imports .....	48,089	38,854	62,584	89,403	38,757	-56.6
GSP Imports .....	3,951	306	7,744	29,270	16,405	-44.0

See notes at end of table.

**Table B-2—Continued**  
**Mali: U.S. exports, imports, and GSP imports by major commodity sectors, 1994-1998**

Sector	1994	1995	1996	1997	1998	Change 1997-98
	<i>1,000 dollars</i>					<i>Percent</i>
Agricultural products:						
Exports .....	494	2,052	1,258	5,957	4,244	-28.8
Imports .....	322	179	1,031	549	1,013	84.4
GSP Imports .....	20	14	19	386	501	29.8
Chemicals and related products:						
Exports .....	2,420	1,406	875	2,641	2,174	-17.7
Imports .....	43	80	195	140	53	-62.3
GSP Imports .....	18	23	10	129	46	-64.3
Electronic products:						
Exports .....	988	2,761	2,546	2,627	1,099	-58.2
Imports .....	1,153	2,452	1,376	231	952	312.3
GSP Imports .....	77	11	-	9	5	-48.2
Energy-related products:						
Exports .....	-	31	-	-	187	-
Imports .....	-	-	-	-	-	-
GSP Imports .....	-	-	-	-	-	-
Footwear:						
Exports .....	-	33	156	112	3	-97.5
Imports .....	-	-	-	-	-	-
GSP Imports .....	-	-	-	-	-	-
Forest products:						
Exports .....	12	274	297	1,290	269	-79.1
Imports .....	146	56	89	149	348	133.5
GSP Imports .....	117	51	61	141	332	136.2
Machinery:						
Exports .....	8,271	10,848	5,895	7,564	5,986	-20.9
Imports .....	-	562	119	55	99	79.0
GSP Imports .....	-	347	65	-	-	-
Minerals and metals:						
Exports .....	583	109	104	442	54	-87.7
Imports .....	204	66	290	618	8	-98.8
GSP Imports .....	4	3	76	198	2	-99.1
Miscellaneous manufactures:						
Exports .....	782	88	67	354	36	-89.7
Imports .....	1,139	322	1,557	1,107	317	-71.4
GSP Imports .....	64	41	15	50	14	-72.0
Special provisions:						
Exports .....	422	524	883	517	4,598	788.8
Imports .....	852	717	538	671	357	-46.7
GSP Imports .....	-	-	-	-	-	-
Textiles and apparel:						
Exports .....	1,699	2,941	1,512	1,381	2,857	106.9
Imports .....	187	1,043	271	278	200	-28.1
GSP Imports .....	8	284	5	7	7	-1.6
Transportation equipment:						
Exports .....	3,339	2,050	4,599	3,070	3,338	8.7
Imports .....	26	18	-	7	3	-61.6
GSP Imports .....	26	-	-	-	-	-
All sectors :						
Exports .....	19,009	23,118	18,193	25,956	24,846	-4.3
Imports .....	4,073	5,495	5,467	3,806	3,348	-12.0
GSP Imports .....	334	775	252	919	906	-1.4

See notes at end of table.

**Table B-2—Continued**  
**Mauritania: U.S. exports, imports, and GSP imports by major commodity sectors, 1994-1998**

Sector	1994	1995	1996	1997	1998	Change 1997-98
	<i>1,000 dollars</i>					<i>Percent</i>
Agricultural products:						
Exports .....	5,791	27,505	4,951	12,068	14,115	17
Imports .....	-	-	5	-	155	-
GSP Imports .....	-	-	-	-	-	-
Chemicals and related products:						
Exports .....	821	253	373	70	206	196
Imports .....	-	-	-	-	-	-
GSP Imports .....	-	-	-	-	-	-
Electronic products:						
Exports .....	640	8,182	1,715	1,569	862	-45
Imports .....	60	3	5	-	12	-
GSP Imports .....	-	-	-	-	-	-
Energy-related products:						
Exports .....	22	29	9	16	-	-100
Imports .....	1,240	-	-	-	-	-
GSP Imports .....	-	-	-	-	-	-
Footwear:						
Exports .....	-	-	-	-	30	-
Imports .....	-	-	9	-	-	-
GSP Imports .....	-	-	-	-	-	-
Forest products:						
Exports .....	14	-	93	24	-	-100
Imports .....	-	-	-	-	-	-
GSP Imports .....	-	-	-	-	-	-
Machinery:						
Exports .....	1,279	1,776	843	144	253	76
Imports .....	-	-	-	6	-	-100
GSP Imports .....	-	-	-	-	-	-
Minerals and metals:						
Exports .....	1,390	1,699	2,166	1,659	2,132	29
Imports .....	2,192	5,523	5,088	-	-	-
GSP Imports .....	-	-	-	-	-	-
Miscellaneous manufactures:						
Exports .....	-	-	41	3	31	( <sup>1</sup> )
Imports .....	11	-	-	-	-	-
GSP Imports .....	11	-	-	-	-	-
Special provisions:						
Exports .....	565	515	132	543	180	-67
Imports .....	1	14	40	207	85	-59
GSP Imports .....	-	-	-	-	-	-
Textiles and apparel:						
Exports .....	78	-	17	158	13	-92
Imports .....	13	-	148	28	140	408
GSP Imports .....	-	-	-	-	-	-
Transportation equipment:						
Exports .....	3,344	2,978	4,220	4,588	1,384	-70
Imports .....	-	-	-	-	-	-
GSP Imports .....	-	-	-	-	-	-
All sectors:						
Exports .....	13,943	42,939	14,559	20,841	19,206	-8
Imports .....	3,517	5,540	5,294	241	393	63
GSP Imports .....	11	-	-	-	-	-

See notes at end of table.

**Table B-2—Continued**  
**Mauritius: U.S. exports, imports, and GSP imports by major commodity sectors, 1994-1998**

Sector	1994	1995	1996	1997	1998	Change 1997-98
	<i>1,000 dollars</i>					<i>Percent</i>
Agricultural products:						
Exports .....	510	516	498	447	918	105.6
Imports .....	10,541	10,647	24,153	30,524	19,854	-35.0
GSP Imports .....	8,837	3,160	11,545	15,825	4,874	-69.2
Chemicals and related products:						
Exports .....	992	1,252	1,338	1,606	930	-42.1
Imports .....	130	296	336	70	109	57.1
GSP Imports .....	62	-	13	8	4	-50.7
Electronic products:						
Exports .....	4,099	7,908	4,899	13,176	4,537	-65.6
Imports .....	10,903	15,888	15,473	7,193	5,172	-28.1
GSP Imports .....	4,830	5,678	4,550	3,953	3,536	-10.5
Energy-related products:						
Exports .....	850	36	-	14	26	85.0
Imports .....	-	-	-	-	-	-
GSP Imports .....	-	-	-	-	-	-
Footwear:						
Exports .....	-	-	80	-	6	-
Imports .....	24	68	70	37	-	-100.0
GSP Imports .....	-	-	-	-	-	-
Forest products:						
Exports .....	734	1,228	1,087	1,278	510	-60.1
Imports .....	115	464	219	184	16	-91.3
GSP Imports .....	52	19	-	-	-	-
Machinery:						
Exports .....	8,251	3,312	3,651	2,910	3,423	17.6
Imports .....	995	1,620	1,551	801	215	-73.2
GSP Imports .....	-	-	-	-	-	-
Minerals and metals:						
Exports .....	381	697	1,427	252	420	66.9
Imports .....	3,553	4,602	3,656	6,791	3,049	-55.1
GSP Imports .....	107	103	181	85	58	-31.7
Miscellaneous manufactures:						
Exports .....	528	1,373	1,388	972	779	-19.8
Imports .....	2,111	3,798	3,677	2,550	3,451	35.3
GSP Imports .....	1,789	1,507	1,884	1,761	2,003	13.7
Special provisions:						
Exports .....	867	842	1,055	1,181	1,040	-11.9
Imports .....	836	814	1,280	1,585	1,238	-21.9
GSP Imports .....	-	-	-	-	-	-
Textiles and apparel:						
Exports .....	1,068	1,300	520	376	381	1.4
Imports .....	187,298	191,029	165,220	184,587	233,618	26.6
GSP Imports .....	6	9	-	-	79	-
Transportation equipment:						
Exports .....	706	977	5,086	3,953	6,130	55.1
Imports .....	264	367	617	1,063	238	-77.6
GSP Imports .....	-	-	-	-	5	-
All sectors:						
Exports .....	18,987	19,441	21,029	26,165	19,101	-27.0
Imports .....	216,769	229,594	216,251	235,384	266,960	13.4
GSP Imports .....	15,683	10,476	18,173	21,633	10,560	-51.2

See notes at end of table.

**Table B-2—Continued**  
**Mozambique: U.S. exports, imports, and GSP imports by major commodity sectors, 1994-1998**

Sector	1994	1995	1996	1997	1998	Change 1997-98
	<i>1,000 dollars</i>					<i>Percent</i>
Agricultural products:						
Exports .....	19,483	28,347	9,934	26,336	28,728	9.1
Imports .....	19,763	23,993	25,406	28,301	23,348	-17.5
GSP Imports .....	17,156	20,083	12,419	16,090	9,103	-43.4
Chemicals and related products:						
Exports .....	1,848	1,505	1,425	1,676	1,747	4.3
Imports .....	-	239	43	-	4	-
GSP Imports .....	-	-	-	-	-	-
Electronic products:						
Exports .....	4,380	1,801	2,585	1,339	2,287	70.7
Imports .....	6	15	4	8	1	-87.5
GSP Imports .....	-	-	-	-	-	-
Energy-related products:						
Exports .....	38	41	11	-	-	-
Imports .....	-	1,417	-	-	-	-
GSP Imports .....	-	-	-	-	-	-
Footwear:						
Exports .....	-	-	103	79	230	191.3
Imports .....	-	-	-	-	28	-
GSP Imports .....	-	-	-	-	-	-
Forest products:						
Exports .....	142	189	37	41	20	-50.7
Imports .....	21	-	68	19	66	248.6
GSP Imports .....	-	-	4	-	36	-
Machinery:						
Exports .....	2,107	1,106	1,646	3,192	2,207	-30.8
Imports .....	-	-	-	255	267	4.9
GSP Imports .....	-	-	-	-	3	-
Minerals and metals:						
Exports .....	193	1,175	233	138	460	232.6
Imports .....	147	927	482	429	1,675	290.5
GSP Imports .....	65	7	18	48	50	4.6
Miscellaneous manufactures:						
Exports .....	11	35	1,072	153	57	-62.9
Imports .....	165	2	20	133	23	-82.9
GSP Imports .....	-	-	-	-	-	-
Special provisions:						
Exports .....	1,340	1,450	936	1,049	844	-19.6
Imports .....	219	655	82	266	223	-16.1
GSP Imports .....	-	-	-	-	-	-
Textiles and apparel:						
Exports .....	2,749	3,513	3,018	6,395	2,821	-55.9
Imports .....	465	282	447	156	116	-25.9
GSP Imports .....	-	-	-	-	-	-
Transportation equipment:						
Exports .....	6,980	9,842	1,611	5,263	6,287	19.4
Imports .....	11	14	-	65	-	-100.0
GSP Imports .....	-	-	-	-	-	-
All sectors:						
Exports .....	39,272	49,004	22,612	45,662	45,687	0.1
Imports .....	20,796	27,544	26,552	29,631	25,750	-13.1
GSP Imports .....	17,221	20,090	12,440	16,138	9,192	-43.0

See notes at end of table.



**Table B-2—Continued**  
**Namibia: U.S. exports, imports, and GSP imports by major commodity sectors, 1994-1998**

Sector	1994	1995	1996	1997	1998	Change 1997-98
	<i>1,000 dollars</i>					<i>Percent</i>
Agricultural products:						
Exports .....	1,161	4,649	4,883	920	74	-92.0
Imports .....	5,238	3,738	11,569	31,821	32,167	1.1
GSP Imports .....	1,909	1,538	292	2,145	764	-64.4
Chemicals and related products:						
Exports .....	368	354	154	350	413	18.1
Imports .....	60	12	19	5	204	( <sup>1</sup> )
GSP Imports .....	-	-	-	-	-	-
Electronic products:						
Exports .....	5,269	2,455	2,460	2,017	7,852	289.3
Imports .....	93	17	32	14	415	( <sup>1</sup> )
GSP Imports .....	-	-	-	1	-	-100.0
Energy-related products:						
Exports .....	-	24	24	60	-	-100.0
Imports .....	15,436	5,819	12,724	26,211	9,749	-62.8
GSP Imports .....	-	-	-	-	-	-
Footwear:						
Exports .....	-	-	-	-	-	-
Imports .....	18	-	-	1	-	-100.0
GSP Imports .....	-	-	-	-	-	-
Forest products:						
Exports .....	34	65	68	12	47	291.7
Imports .....	167	479	38	57	99	73.7
GSP Imports .....	3	16	29	52	61	16.9
Machinery:						
Exports .....	493	1,437	811	4,754	2,317	-51.3
Imports .....	4	37	12	9	4	-55.6
GSP Imports .....	-	22	-	-	4	-
Minerals and metals:						
Exports .....	77	336	238	52	100	92.3
Imports .....	8,089	322	305	1,514	7,290	381.7
GSP Imports .....	4,558	-	100	644	5,684	782.8
Miscellaneous manufactures:						
Exports .....	234	422	198	246	97	-60.3
Imports .....	48	11	590	40	144	260.0
GSP Imports .....	-	-	30	-	-	-
Special provisions:						
Exports .....	2,886	4,360	4,133	3,496	10,021	186.6
Imports .....	800	963	1,634	2,638	1,579	-40.1
GSP Imports .....	-	-	-	-	-	-
Textiles and apparel:						
Exports .....	173	130	100	71	211	197.2
Imports .....	117	51	20	28	24	-14.3
GSP Imports .....	-	21	-	1	-	-100.0
Transportation equipment:						
Exports .....	5,493	12,300	8,810	13,080	28,724	119.6
Imports .....	106	-	-	-	-	-
GSP Imports .....	-	-	-	-	-	-
All sectors:						
Exports .....	16,188	26,532	21,879	25,058	49,857	99.0
Imports .....	30,176	11,450	26,944	62,338	51,676	-17.1
GSP Imports .....	6,470	1,598	451	2,843	6,513	129.1

See notes at end of table.

**Table B-2—Continued**  
**Niger: U.S. exports, imports, and GSP imports by major commodity sectors, 1994-1998**

Sector	1994	1995	1996	1997	1998	Change 1997-98
	<i>1,000 dollars</i>					<i>Percent</i>
Agricultural products:						
Exports .....	1,078	2,077	1,144	2,048	1,967	-3.9
Imports .....	808	345	116	269	102	-62.0
GSP Imports .....	-	-	-	3	22	633.3
Chemicals and related products:						
Exports .....	1,840	244	1,015	1,230	1,993	62.1
Imports .....	62	136	66	453	335	-26.2
GSP Imports .....	-	-	-	-	-	-
Electronic products:						
Exports .....	1,067	908	1,470	1,863	1,485	-20.3
Imports .....	33	90	72	27	136	403.7
GSP Imports .....	-	-	-	-	-	-
Energy-related products:						
Exports .....	-	13	14	20	78	290.0
Imports .....	1,948	-	-	5,897	39	-99.3
GSP Imports .....	-	-	-	-	-	-
Footwear:						
Exports .....	13	-	125	199	-	-100.0
Imports .....	( <sup>2</sup> )	( <sup>2</sup> )	-	-	-	-
GSP Imports .....	-	-	-	-	8	-
Forest products:						
Exports .....	289	98	300	116	25	-78.9
Imports .....	8	8	4	5	12	140.0
GSP Imports .....	-	-	49	-	-	-
Machinery:						
Exports .....	326	169	542	173	461	166.5
Imports .....	188	92	217	147	267	82.0
GSP Imports .....	-	-	-	-	78	-
Minerals and metals:						
Exports .....	78	50	41	566	170	-69.9
Imports .....	13	10	7	24	102	325.0
GSP Imports .....	14	14	25	10	6	-41.2
Miscellaneous manufactures:						
Exports .....	125	347	271	62	81	30.9
Imports .....	314	463	62	78	75	-3.8
GSP Imports .....	-	-	-	-	-	-
Special provisions:						
Exports .....	457	968	1,110	985	1,328	34.8
Imports .....	153	59	61	456	571	25.3
GSP Imports .....	2	-	-	-	-	-
Textiles and apparel:						
Exports .....	4,972	10,458	19,629	15,426	9,484	-38.5
Imports .....	541	280	161	99	91	-7.7
GSP Imports .....	-	-	( <sup>2</sup> )	-	-	-
Transportation equipment:						
Exports .....	1,659	1,790	1,182	2,202	824	-62.6
Imports .....	192	66	7	57	0	-100.0
GSP Imports .....	-	-	-	-	-	-
All sectors:						
Exports .....	11,905	17,123	26,843	24,889	17,895	-28.1
Imports .....	4,260	1,551	773	7,513	1,731	-77.0
GSP Imports .....	16	14	74	13	114	776.9

See notes at end of table.

**Table B-2—Continued**  
**Nigeria: U.S. exports, imports, and GSP imports by major commodity sectors, 1994-1998**

Sector	1994	1995	1996	1997	1998	Change 1997-98
	<i>1,000 dollars</i>					<i>Percent</i>
Agricultural products:						
Exports .....	68,772	117,192	177,146	114,406	149,995	31.1
Imports .....	30,201	17,706	12,010	13,751	10,471	-23.9
GSP Imports .....	-	-	-	-	-	-
Chemicals and related products:						
Exports .....	36,377	83,359	60,011	83,319	73,129	-12.2
Imports .....	27,621	76,343	217,405	400,956	367,061	-8.5
GSP Imports .....	-	-	-	-	-	-
Electronic products:						
Exports .....	37,554	50,399	38,235	39,080	56,059	43.4
Imports .....	46	79	83	121	16	-87.0
GSP Imports .....	-	-	-	-	-	-
Energy-related products:						
Exports .....	2,741	19,417	22,948	46,798	35,735	-23.6
Imports .....	4,529,938	4,776,165	5,639,117	5,573,407	4,212,685	-24.4
GSP Imports .....	-	-	-	-	-	-
Footwear:						
Exports .....	200	214	446	555	560	0.8
Imports .....	1	18	(2)	-	-	-
GSP Imports .....	-	-	-	-	-	-
Forest products:						
Exports .....	6,698	19,427	8,209	8,567	8,588	0.2
Imports .....	438	482	618	708	1,108	56.5
GSP Imports .....	-	-	-	-	-	-
Machinery:						
Exports .....	95,912	58,858	75,137	83,243	144,200	73.2
Imports .....	-	3	7	-	425	-
GSP Imports .....	-	-	-	-	-	-
Minerals and metals:						
Exports .....	21,868	40,559	67,334	37,205	54,209	45.7
Imports .....	175	2,335	1,393	1,368	1,399	2.3
GSP Imports .....	-	-	-	-	-	-
Miscellaneous manufactures:						
Exports .....	2,710	2,643	1,779	1,961	8,207	318.5
Imports .....	1,255	577	1,290	2,686	3,867	44.0
GSP Imports .....	-	-	-	-	-	-
Special provisions:						
Exports .....	8,442	7,418	8,858	8,036	10,571	31.6
Imports .....	4,477	2,787	3,224	5,116	2,778	-45.7
GSP Imports .....	-	-	-	-	-	-
Textiles and apparel:						
Exports .....	16,279	15,794	8,687	10,162	12,070	18.8
Imports .....	1,041	1,820	1,591	2,087	3,801	82.1
GSP Imports .....	-	-	-	-	-	-
Transportation equipment:						
Exports .....	203,033	174,468	327,506	377,614	260,803	-30.9
Imports .....	172	164	53	-	8	-
GSP Imports .....	-	-	-	-	-	-
All sectors:						
Exports .....	500,587	589,749	796,297	810,947	814,126	0.4
Imports .....	4,595,364	4,878,480	5,876,792	6,000,201	4,603,620	-23.3
GSP Imports .....	-	-	-	-	-	-

See notes at end of table.

**Table B-2—Continued**  
**Rwanda: U.S. exports, imports, and GSP imports by major commodity sectors, 1994-1998**

Sector	1994	1995	1996	1997	1998	Change 1997-98
	<i>1,000 dollars</i>					<i>Percent</i>
Agricultural products:						
Exports .....	30,367	32,188	33,443	26,595	9,850	-63.0
Imports .....	163	832	7,234	2,540	1,915	-24.6
GSP Imports .....	-	-	-	-	-	-
Chemicals and related products:						
Exports .....	140	537	222	353	315	-10.8
Imports .....	-	-	-	-	( <sup>2</sup> )	-
GSP Imports .....	-	-	-	-	-	-
Electronic products:						
Exports .....	1,914	1,771	1,406	1,733	1,033	-40.4
Imports .....	67	2	40	76	14	-81.2
GSP Imports .....	-	-	-	8	-	-100.0
Energy and related products:						
Exports .....	-	-	-	-	-	-
Imports .....	-	-	-	-	-	-
GSP Imports .....	-	-	-	-	-	-
Footwear:						
Exports .....	-	6	20	-	4	-
Imports .....	-	-	-	-	-	-
GSP Imports .....	-	-	-	-	-	-
Forest products:						
Exports .....	3	1,638	30	1,541	9,333	505.7
Imports .....	4	-	-	3	-	-100.0
GSP Imports .....	-	-	-	3	-	-100.0
Machinery:						
Exports .....	822	241	163	328	27	-91.7
Imports .....	-	-	-	8	-	-100.0
GSP Imports .....	-	-	-	-	-	-
Minerals and metals:						
Exports .....	-	129	3	11	28	154.5
Imports .....	1,413	598	1,377	1,254	1,910	52.3
GSP Imports .....	-	-	-	100	302	202.0
Miscellaneous manufactures:						
Exports .....	-	36	21	92	-	-100.0
Imports .....	9	1	7	-	8	-
GSP Imports .....	-	-	-	-	-	-
Special provisions:						
Exports .....	1,221	1,630	704	2,916	638	-78.1
Imports .....	7	447	91	13	183	( <sup>1</sup> )
GSP Imports .....	-	-	-	-	-	-
Textiles and apparel:						
Exports .....	24	187	467	1,122	351	-68.7
Imports .....	-	-	-	-	-	-
GSP Imports .....	-	-	-	-	-	-
Transportation equipment:						
Exports .....	109	98	14	280	173	-38.1
Imports .....	-	-	-	-	-	-
GSP Imports .....	-	-	-	-	-	-
All sectors:						
Exports .....	34,600	38,461	36,494	34,971	21,754	-37.8
Imports .....	1,663	1,880	8,748	3,895	4,031	3.5
GSP Imports .....	-	-	-	111	302	172.1

See notes at end of table.

**Table B-2—Continued**  
**São Tomé: U.S. exports, imports, and GSP imports by major commodity sectors, 1994-1998**

Sector	1994	1995	1996	1997	1998	Change 1997-98
	1,000 dollars					Percent
Agricultural products:						
Exports .....	220	519	-	69	-	-100.0
Imports .....	-	-	-	-	2	-
GSP Imports .....	-	-	-	-	2	-
Chemicals and related products:						
Exports .....	8	47	7	25	14	-43.5
Imports .....	3	-	117	-	-	-
GSP Imports .....	-	-	117	-	-	-
Electronic products:						
Exports .....	2,711	563	82	230	67	-70.7
Imports .....	2	2	-	36	7	-81.1
GSP Imports .....	-	-	-	-	-	-
Energy-related products:						
Exports .....	9	-	-	8	20	150.0
Imports .....	-	-	-	-	-	-
GSP Imports .....	-	-	-	-	-	-
Footwear:						
Exports .....	-	-	-	116	-	-100.0
Imports .....	-	-	-	-	( <sup>2</sup> )	-
GSP Imports .....	-	-	-	-	-	-
Forest products:						
Exports .....	342	-	-	-	-	-
Imports .....	24	30	-	-	50	-
GSP Imports .....	-	-	-	-	-	-
Machinery:						
Exports .....	3,137	92	-	-	22	-
Imports .....	-	-	75	9	56	522.2
GSP Imports .....	-	-	-	-	-	-
Minerals and metals:						
Exports .....	1,068	63	44	1,294	49	-96.2
Imports .....	-	-	5	4	-	-100.0
GSP Imports .....	-	-	-	-	-	-
Miscellaneous manufactures:						
Exports .....	372	3	5	-	84	-
Imports .....	-	-	2	2	-	-100.0
GSP Imports .....	-	-	-	-	-	-
Special provisions:						
Exports .....	265	98	7	59	31	-47.4
Imports .....	5	43	248	53	567	969.8
GSP Imports .....	-	-	-	-	-	-
Textiles and apparel:						
Exports .....	-	-	-	58	230	299.9
Imports .....	-	64	( <sup>2</sup> )	115	-	-100.0
GSP Imports .....	-	-	-	-	-	-
Transportation equipment:						
Exports .....	4,893	439	76	11,083	8,863	-20.0
Imports .....	5	5	3	2	-	-100.0
GSP Imports .....	-	-	-	-	-	-
All sectors:						
Exports .....	13,024	1,824	221	12,942	9,380	-27.5
Imports .....	39	144	449	221	682	208.7
GSP Imports .....	-	-	117	-	2	-

See notes at end of table.

**Table B-2—Continued**  
**Senegal: U.S. exports, imports, and GSP imports by major commodity sectors, 1994-1998**

Sector	1994	1995	1996	1997	1998	Change 1997-98
	<i>1,000 dollars</i>					<i>Percent</i>
Agricultural products:						
Exports .....	16,645	14,215	13,172	12,320	21,998	78.6
Imports .....	1,188	1,172	986	855	904	5.8
GSP Imports .....	1,066	971	785	793	812	2.3
Chemicals and related products:						
Exports .....	7,567	15,041	11,663	11,575	11,055	-4.5
Imports .....	503	1,485	250	2,159	779	-63.9
GSP Imports .....	-	-	-	534	740	38.4
Electronic products:						
Exports .....	2,682	3,903	4,269	2,604	5,997	130.3
Imports .....	579	1,416	502	846	535	-36.8
GSP Imports .....	24	-	214	27	4	-84.9
Energy-related products:						
Exports .....	1,584	341	220	123	70	-43.5
Imports .....	2,676	-	-	-	-	-
GSP Imports .....	-	-	-	-	-	-
Footwear:						
Exports .....	-	5	3	14	31	121.4
Imports .....	( <sup>2</sup> )	1	1	-	8	-
GSP Imports .....	-	-	-	-	-	-
Forest products:						
Exports .....	357	1,468	839	2,134	903	-57.7
Imports .....	57	13	78	72	96	32.6
GSP Imports .....	8	9	14	33	17	-47.7
Machinery:						
Exports .....	2,638	4,026	5,403	3,716	3,888	4.6
Imports .....	70	71	60	219	50	-77.1
GSP Imports .....	29	-	-	7	-	-100.0
Minerals and metals:						
Exports .....	55	355	197	495	519	4.7
Imports .....	27	2	8	122	210	72.0
GSP Imports .....	-	2	-	2	-	-100.0
Miscellaneous manufactures:						
Exports .....	125	335	249	195	336	71.8
Imports .....	1,637	501	878	807	964	19.4
GSP Imports .....	250	167	337	392	753	92.0
Special provisions:						
Exports .....	2,096	1,822	2,236	2,058	2,223	8.0
Imports .....	4,611	1,181	1,696	722	971	34.5
GSP Imports .....	-	-	-	-	-	-
Textiles and apparel:						
Exports .....	2,690	3,515	4,675	2,850	2,667	-6.4
Imports .....	73	629	1,016	817	620	-24.1
GSP Imports .....	-	4	3	-	45	-
Transportation equipment:						
Exports .....	5,741	22,061	12,430	13,260	9,231	-30.4
Imports .....	9	4	18	8	44	450.0
GSP Imports .....	-	-	-	-	41	-
All sectors:						
Exports .....	42,181	67,088	55,356	51,343	58,917	14.8
Imports .....	11,429	6,476	5,494	6,627	5,181	-21.8
GSP Imports .....	1,376	1,154	1,353	1,789	2,412	34.8

See notes at end of table.



**Table B-2—Continued**  
**Seychelles: U.S. exports, imports, and GSP imports by major commodity sectors, 1994-1998**

Sector	1994	1995	1996	1997	1998	Change 1997-98
	<i>1,000 dollars</i>					<i>Percent</i>
Agricultural products:						
Exports .....	151	246	811	718	90	-87.5
Imports .....	237	59	162	445	241	-45.9
GSP Imports .....	-	-	-	-	-	-
Chemicals and related products:						
Exports .....	203	126	425	329	1,099	234.5
Imports .....	126	-	-	42	136	222.1
GSP Imports .....	-	-	-	-	-	-
Electronic products:						
Exports .....	3,659	3,509	2,665	1,222	2,380	94.7
Imports .....	842	636	232	815	265	-67.5
GSP Imports .....	-	-	-	-	-	-
Energy and related products:						
Exports .....	-	-	-	-	-	-
Imports .....	-	-	-	-	-	-
GSP Imports .....	-	-	-	-	-	-
Footwear:						
Exports .....	-	-	-	-	3	-
Imports .....	-	-	-	-	-	-
GSP Imports .....	-	-	-	-	-	-
Forest products:						
Exports .....	3	23	67	24	71	195.8
Imports .....	15	-	238	351	6	-98.2
GSP Imports .....	-	-	-	-	-	-
Machinery:						
Exports .....	210	1,426	806	1,897	3,106	63.7
Imports .....	32	3	17	7	4	-42.9
GSP Imports .....	-	-	-	-	-	-
Minerals and metals:						
Exports .....	114	55	137	135	643	376.0
Imports .....	2	155	70	3	2	-33.3
GSP Imports .....	-	25	64	-	-	-
Miscellaneous manufactures:						
Exports .....	248	1,116	195	179	176	-1.9
Imports .....	3	34	8	25	22	-12.7
GSP Imports .....	-	2	8	21	-	-100.0
Special provisions:						
Exports .....	186	219	239	196	297	51.6
Imports .....	2,109	1,521	2,064	493	1,350	173.7
GSP Imports .....	-	-	-	-	-	-
Textiles and apparel:						
Exports .....	-	8	73	105	779	642.2
Imports .....	15	23	-	4	159	( <sup>1</sup> )
GSP Imports .....	-	-	-	-	-	-
Transportation equipment:						
Exports .....	1,280	144	97,804	1,205	754	-37.5
Imports .....	-	-	35	153	-	-100.0
GSP Imports .....	-	-	-	-	-	-
All sectors:						
Exports .....	6,054	6,871	103,221	6,010	9,397	56.3
Imports .....	3,382	2,431	2,826	2,339	2,184	-6.6
GSP Imports .....	-	27	71	21	-	-100.0

See notes at end of table.

**Table B-2—Continued**  
**Sierra Leone: U.S. exports, imports, and GSP imports by major commodity sectors, 1994-1998**

Sector	1994	1995	1996	1997	1998	Change 1997-98
	<i>1,000 dollars</i>					<i>Percent</i>
Agricultural products:						
Exports .....	10,037	10,327	15,627	9,425	15,726	66.8
Imports .....	364	2,476	1,126	207	257	24.1
GSP Imports .....	57	38	38	-	16	-
Chemicals and related products:						
Exports .....	944	557	1,271	1,022	721	-29.5
Imports .....	1,568	529	504	373	567	51.8
GSP Imports .....	1,563	415	501	363	517	42.1
Electronic products:						
Exports .....	945	501	1,397	732	858	17.1
Imports .....	2	39	106	257	131	-49.0
GSP Imports .....	-	-	-	-	-	-
Energy-related products:						
Exports .....	673	5	31	-	20	-
Imports .....	-	-	-	-	-	-
GSP Imports .....	-	-	-	-	-	-
Footwear:						
Exports .....	282	109	161	63	12	-81.1
Imports .....	-	7	-	2	3	16.9
GSP Imports .....	-	-	-	-	-	-
Forest products:						
Exports .....	90	51	119	68	334	393.4
Imports .....	50	2	59	170	-	-100.0
GSP Imports .....	4	2	-	17	-	-100.0
Machinery:						
Exports .....	3,184	1,185	945	378	441	16.7
Imports .....	4,022	446	328	34	75	123.5
GSP Imports .....	3,992	442	1	14	-	-100.0
Minerals and metals:						
Exports .....	2,348	212	403	45	127	180.9
Imports .....	44,817	23,954	20,075	16,979	10,454	-38.4
GSP Imports .....	122	28	-	218	68	-68.6
Miscellaneous manufactures:						
Exports .....	332	40	120	27	101	278.0
Imports .....	300	458	93	132	276	108.7
GSP Imports .....	232	379	83	31	209	584.5
Special provisions:						
Exports .....	1,532	1,022	1,301	936	1,370	46.3
Imports .....	25	93	12	20	154	662.6
GSP Imports .....	-	-	-	-	-	-
Textiles and apparel:						
Exports .....	2,803	3,367	5,252	2,725	2,834	4.0
Imports .....	66	462	40	163	353	116.3
GSP Imports .....	-	-	-	-	20	-
Transportation equipment:						
Exports .....	894	493	1,704	284	898	216.6
Imports .....	254	13	31	30	5	-83.5
GSP Imports .....	-	-	-	-	-	-
All sectors:						
Exports .....	24,064	17,869	28,332	15,706	23,441	49.3
Imports .....	51,469	28,478	22,372	18,367	12,274	-33.2
GSP Imports .....	5,970	1,304	623	643	831	29.1

See notes at end of table.

**Table B-2—Continued**  
**Somalia: U.S. exports, imports, and GSP imports by major commodity sectors, 1994-1998**

Sector	1994	1995	1996	1997	1998	Change 1997-98
	<i>1,000 dollars</i>					<i>Percent</i>
Agricultural products:						
Exports .....	15,601	5,903	2,871	599	1,723	187.4
Imports .....	66	38	82	73	388	429.9
GSP Imports .....	-	-	-	-	-	-
Chemicals and related products:						
Exports .....	333	1,044	18	36	16	-55.0
Imports .....	2	-	2	17	-	-100.0
GSP Imports .....	-	-	-	-	-	-
Electronic products:						
Exports .....	1,626	149	12	406	250	-38.4
Imports .....	17	5	23	43	36	-16.2
GSP Imports .....	-	-	-	-	-	-
Energy and related products:						
Exports .....	-	-	-	-	-	-
Imports .....	-	-	-	-	-	-
GSP Imports .....	-	-	-	-	-	-
Footwear:						
Exports .....	-	-	-	-	-	-
Imports .....	14	-	6	-	-	-
GSP Imports .....	-	-	-	-	-	-
Forest products:						
Exports .....	16	-	-	-	-	-
Imports .....	-	-	-	59	-	-100.0
GSP Imports .....	-	-	-	28	-	-100.0
Machinery:						
Exports .....	4,095	95	98	758	70	-90.7
Imports .....	-	4	-	46	100	118.6
GSP Imports .....	-	-	-	-	-	-
Minerals and metals:						
Exports .....	68	25	-	13	-	-100.0
Imports .....	-	1	-	5	12	151.8
GSP Imports .....	-	-	-	-	-	-
Miscellaneous manufactures:						
Exports .....	2,460	-	373	-	-	-
Imports .....	( <sup>2</sup> )	40	15	69	16	-76.9
GSP Imports .....	-	-	-	-	-	-
Special provisions:						
Exports .....	731	130	69	32	48	46.4
Imports .....	12	16	17	-	118	-
GSP Imports .....	-	-	-	-	-	-
Textiles and apparel:						
Exports .....	31	349	779	905	177	-80.5
Imports .....	-	1	( <sup>2</sup> )	-	35	-
GSP Imports .....	-	-	-	-	-	-
Transportation equipment:						
Exports .....	4,801	359	-	7	291	( <sup>1</sup> )
Imports .....	6	-	5	-	-	-
GSP Imports .....	-	-	-	-	-	-
All sectors:						
Exports .....	29,762	8,055	4,220	2,756	2,574	-6.6
Imports .....	118	106	150	311	704	126.5
GSP Imports .....	-	-	-	28	-	-100.0

See notes at end of table.

**Table B-2—Continued**  
**South Africa: U.S. exports, imports, and GSP imports by major commodity sectors, 1994-1998**

Sector	1994	1995	1996	1997	1998	Change 1997-98
	<i>1,000 dollars</i>					<i>Percent</i>
Agricultural products:						
Exports .....	158,397	278,112	307,772	229,439	210,924	-8.1
Imports .....	119,161	138,809	153,358	149,808	158,146	5.6
GSP Imports .....	16,637	24,546	49,603	28,754	44,153	53.6
Chemicals and related products:						
Exports .....	326,419	440,984	421,036	436,998	428,299	-2.0
Imports .....	92,613	117,060	148,424	183,136	217,019	18.5
GSP Imports .....	26,959	57,252	81,556	113,340	129,428	14.2
Electronic products:						
Exports .....	471,940	527,922	510,690	532,457	609,758	14.5
Imports .....	9,420	11,229	14,924	13,114	18,396	40.3
GSP Imports .....	2,495	5,410	5,307	8,104	9,105	12.4
Energy-related products:						
Exports .....	90,918	106,354	182,461	144,950	152,811	5.4
Imports .....	23,733	31,999	40,121	43,860	67,444	53.8
GSP Imports .....	-	-	-	-	1,203	-
Footwear:						
Exports .....	6,449	4,432	4,877	8,704	8,394	-3.6
Imports .....	2,443	717	263	241	215	-10.9
GSP Imports .....	115	58	( <sup>2</sup> )	-	-	-
Forest products:						
Exports .....	129,214	147,919	159,385	157,767	138,969	-11.9
Imports .....	53,899	63,085	70,204	52,782	50,147	-5.0
GSP Imports .....	6,305	7,962	4,538	3,985	4,825	21.1
Machinery:						
Exports .....	317,190	364,549	484,371	433,215	374,394	-13.6
Imports .....	37,030	49,096	74,741	65,083	75,578	16.1
GSP Imports .....	17,087	38,011	58,055	53,659	65,201	21.5
Minerals and metals:						
Exports .....	83,245	100,483	145,681	124,267	98,243	-20.9
Imports .....	1,526,801	1,592,575	1,588,469	1,706,000	2,147,568	25.9
GSP Imports .....	94,169	186,183	179,169	187,503	220,617	17.7
Miscellaneous manufactures:						
Exports .....	43,719	40,040	45,765	52,210	65,791	26.0
Imports .....	11,782	12,356	19,074	17,730	23,269	31.2
GSP Imports .....	4,878	6,937	13,360	12,737	17,219	35.2
Special provisions:						
Exports .....	107,761	134,726	148,991	144,885	152,284	5.1
Imports .....	49,658	62,854	60,198	82,047	81,467	-0.7
GSP Imports .....	-	-	-	-	-	-
Textiles and apparel:						
Exports .....	41,971	42,284	46,745	44,420	34,442	-22.5
Imports .....	61,605	77,545	87,376	103,842	110,351	6.3
GSP Imports .....	1,303	1,774	1,072	1,741	1,648	-5.3
Transportation equipment:						
Exports .....	337,663	508,694	598,746	617,084	1,220,286	97.8
Imports .....	31,556	52,261	63,286	77,819	103,723	33.3
GSP Imports .....	11,270	28,855	36,733	39,991	58,315	45.8
All sectors:						
Exports .....	2,114,884	2,696,500	3,056,519	2,926,396	3,494,594	19.4
Imports .....	2,019,701	2,209,587	2,320,439	2,495,463	3,053,323	22.4
GSP Imports .....	181,218	356,988	429,392	449,813	551,715	22.7

See notes at end of table.

Table B-2—Continued

## Sudan: U.S. exports, imports, and GSP imports by major commodity sectors, 1994-1998

Sector	1994	1995	1996	1997	1998	Change 1997-98
	1,000 dollars					Percent
Agricultural products:						
Exports .....	38,161	10,498	15,923	11,045	6,462	-41.5
Imports .....	34,336	21,884	18,274	10,830	3,082	-71.5
GSP Imports .....	-	-	-	-	-	-
Chemicals and related products:						
Exports .....	477	841	566	837	11	-98.7
Imports .....	9	14	70	57	-	-100.0
GSP Imports .....	-	-	-	-	-	-
Electronic products:						
Exports .....	3,015	3,011	10,671	5,404	65	-98.8
Imports .....	-	6	-	19	-	-100.0
GSP Imports .....	-	-	-	-	-	-
Energy-related products:						
Exports .....	355	132	198	335	-	-100.0
Imports .....	-	-	-	-	-	-
GSP Imports .....	-	-	-	-	-	-
Footwear:						
Exports .....	-	-	-	-	-	-
Imports .....	-	-	-	-	-	-
GSP Imports .....	-	-	-	-	-	-
Forest products:						
Exports .....	20	103	156	320	65	-79.6
Imports .....	-	-	12	-	-	-
GSP Imports .....	-	-	-	-	-	-
Machinery:						
Exports .....	6,856	12,307	6,469	8,332	-	-100.0
Imports .....	-	-	102	-	-	-
GSP Imports .....	-	-	-	-	-	-
Minerals and metals:						
Exports .....	415	1,338	1,628	2,520	44	-98.3
Imports .....	-	-	-	2	8	351.6
GSP Imports .....	-	-	-	-	-	-
Miscellaneous manufactures:						
Exports .....	4	17	1,304	1,038	3	-99.7
Imports .....	800	( <sup>2</sup> )	15	-	-	-
GSP Imports .....	-	-	-	-	-	-
Special provisions:						
Exports .....	890	558	363	369	120	-67.5
Imports .....	128	533	161	1,161	-	-100.0
GSP Imports .....	-	-	-	-	-	-
Textiles and apparel:						
Exports .....	55	114	728	922	21	-97.7
Imports .....	1	60	2	40	-	-100.0
GSP Imports .....	-	-	-	-	-	-
Transportation equipment:						
Exports .....	4,109	13,896	12,298	6,033	-	-100.0
Imports .....	5	-	17	-	-	-
GSP Imports .....	-	-	-	-	-	-
All sectors:						
Exports .....	54,357	42,815	50,304	37,155	6,790	-81.7
Imports .....	35,279	22,497	18,654	12,109	3,090	-74.5
GSP Imports .....	-	-	-	-	-	-

See notes at end of table.

**Table B-2—Continued**  
**Swaziland: U.S. exports, imports, and GSP imports by major commodity sectors, 1994-1998**

Sector	1994	1995	1996	1997	1998	Change 1997-98
	1,000 dollars					Percent
Agricultural products:						
Exports .....	1,786	2,136	10	795	1,517	90.8
Imports .....	17,342	6,622	8,297	22,495	3,116	-86.1
GSP Imports .....	16,868	6,098	7,844	21,812	2,711	-87.6
Chemicals and related products:						
Exports .....	268	171	1,282	1,181	3,309	180.1
Imports .....	451	906	1,220	617	776	25.9
GSP Imports .....	354	852	665	571	669	17.0
Electronic products:						
Exports .....	1,533	461	570	736	2,474	236.0
Imports .....	39	49	54	181	570	215.1
GSP Imports .....	-	-	-	-	-	-
Energy-related products:						
Exports .....	6	-	-	-	-	-
Imports .....	420	-	-	-	-	-
GSP Imports .....	-	-	-	-	-	-
Footwear:						
Exports .....	27	-	7	66	-	-100.0
Imports .....	-	-	-	7	-	-100.0
GSP Imports .....	-	-	-	-	-	-
Forest products:						
Exports .....	28	47	29	31	209	569.8
Imports .....	1,476	6,492	3,065	1,827	2,094	14.6
GSP Imports .....	255	92	52	106	39	-62.8
Machinery:						
Exports .....	1,236	85	230	742	166	-77.7
Imports .....	118	180	116	141	642	354.7
GSP Imports .....	3	-	5	-	48	-
Minerals and metals:						
Exports .....	70	-	38	12	9	-22.3
Imports .....	387	251	242	191	160	-16.3
GSP Imports .....	131	150	123	177	148	-16.2
Miscellaneous manufactures:						
Exports .....	29	41	5	-	8	-
Imports .....	1,783	3,818	5,259	2,862	554	-80.6
GSP Imports .....	1,782	3,733	5,129	2,624	553	-78.9
Special provisions:						
Exports .....	139	266	105	212	199	-5.9
Imports .....	284	169	198	289	452	56.3
GSP Imports .....	-	-	-	-	-	-
Textiles and apparel:						
Exports .....	38	18	24	16	39	133.6
Imports .....	15,506	11,733	11,464	15,123	16,303	7.8
GSP Imports .....	-	-	-	-	-	-
Transportation equipment:						
Exports .....	157	9	13	390	256	-34.4
Imports .....	-	16	-	242	305	25.9
GSP Imports .....	-	16	-	-	-	-
All sectors:						
Exports .....	5,318	3,233	2,314	4,182	8,186	95.7
Imports .....	37,805	30,237	29,916	43,975	24,973	-43.2
GSP Imports .....	19,393	10,941	13,817	25,290	4,169	-83.5

See notes at end of table.



**Table B-2—Continued**  
**Tanzania: U.S. exports, imports, and GSP imports by major commodity sectors, 1994-1998**

Sector	1994	1995	1996	1997	1998	Change 1997-98
	<i>1,000 dollars</i>					<i>Percent</i>
Agricultural products:						
Exports .....	16,723	12,990	4,814	13,229	7,728	-41.6
Imports .....	4,535	9,360	5,924	9,302	10,730	15.3
GSP Imports .....	80	106	209	1,027	185	-82.0
Chemicals and related products:						
Exports .....	1,846	1,637	2,359	3,271	1,772	-45.8
Imports .....	147	131	387	672	496	-26.2
GSP Imports .....	0	1	0	32	0	-100.0
Electronic products:						
Exports .....	4,428	6,157	10,755	11,294	12,581	11.4
Imports .....	0	3	2	27	23	-13.6
GSP Imports .....	0	0	0	6	0	-100.0
Energy-related products:						
Exports .....	167	540	304	115	43	-62.8
Imports .....	0	0	0	0	0	-
GSP Imports .....	0	0	0	0	0	-
Footwear:						
Exports .....	135	411	1,805	582	1,319	126.7
Imports .....	0	0	0	0	0	-
GSP Imports .....	0	0	0	0	0	-
Forest products:						
Exports .....	1,062	992	1,135	804	2,466	206.8
Imports .....	437	484	565	586	500	-14.6
GSP Imports .....	22	121	166	102	142	38.7
Machinery:						
Exports .....	3,061	10,645	6,046	7,166	8,533	19.1
Imports .....	0	0	0	0	0	-
GSP Imports .....	0	0	0	0	0	-
Minerals and metals:						
Exports .....	168	2,650	641	1,640	1,449	-11.7
Imports .....	2,315	3,051	3,126	4,182	6,801	62.6
GSP Imports .....	930	1,691	1,429	2,458	4,565	85.7
Miscellaneous manufactures:						
Exports .....	429	263	423	919	838	-8.8
Imports .....	253	3,285	2,843	4,388	3,842	-12.4
GSP Imports .....	6	3	3	18	35	100.5
Special provisions:						
Exports .....	8,284	4,047	2,273	4,800	2,333	-51.4
Imports .....	619	610	563	701	940	34.1
GSP Imports .....	0	0	0	0	0	-
Textiles and apparel:						
Exports .....	7,143	5,783	12,616	11,327	9,187	-18.9
Imports .....	6,622	5,495	5,038	7,077	8,236	16.4
GSP Imports .....	0	0	0	1	8	968.6
Transportation equipment:						
Exports .....	5,319	20,032	6,632	8,322	18,371	120.7
Imports .....	0	0	0	0	0	-
GSP Imports .....	0	0	0	0	0	-
All sectors:						
Exports .....	48,766	66,146	49,803	63,468	66,619	5.0
Imports .....	14,928	22,420	18,447	26,935	31,568	17.2
GSP Imports .....	1,038	1,922	1,809	3,644	4,936	35.5

See notes at end of table.

**Table B-2 Continued**  
**Togo: U.S. exports, imports, and GSP imports by major commodity sectors, 1994-1998**

Sector	1994	1995	1996	1997	1998	Change 1997-98
	<i>1,000 dollars</i>					<i>Percent</i>
Agricultural products:						
Exports .....	2,642	4,167	4,635	12,396	314	-97.5
Imports .....	1,539	1,090	1,380	813	1,141	40.5
GSP Imports .....	56	103	184	39	155	302.8
Chemicals and related products:						
Exports .....	914	2,116	845	759	1,780	134.5
Imports .....	-	628	1,533	-	-	-
GSP Imports .....	-	-	-	-	-	-
Electronic products:						
Exports .....	357	366	3,415	1,105	5,821	426.9
Imports .....	19	-	-	21	-	-100.0
GSP Imports .....	19	-	-	-	-	-
Energy-related products:						
Exports .....	-	16	9	-	49	-
Imports .....	-	25,833	970	4,034	-	-100.0
GSP Imports .....	-	-	-	-	-	-
Footwear:						
Exports .....	158	490	1,833	2,229	606	-72.8
Imports .....	-	-	-	2	-	-100.0
GSP Imports .....	-	-	-	-	-	-
Forest products:						
Exports .....	83	74	17	154	177	14.9
Imports .....	43	3	12	6	7	17.7
GSP Imports .....	43	3	3	4	7	67.0
Machinery:						
Exports .....	2,111	2,631	1,130	806	2,341	190.5
Imports .....	-	-	-	-	-	-
GSP Imports .....	-	-	-	-	-	-
Minerals and metals:						
Exports .....	4	23	14	28	21	-25.9
Imports .....	3	2	-	3	3	28.3
GSP Imports .....	3	2	-	3	3	28.3
Miscellaneous manufactures:						
Exports .....	7	90	107	152	254	66.9
Imports .....	227	583	66	140	309	120.2
GSP Imports .....	4	106	3	3	118	( <sup>1</sup> )
Special provisions:						
Exports .....	987	1,987	599	563	671	19.4
Imports .....	10	477	131	341	298	-12.5
GSP Imports .....	-	-	-	-	-	-
Textiles and apparel:						
Exports .....	2,687	4,381	3,491	4,070	3,144	-22.8
Imports .....	2,247	709	145	128	190	48.9
GSP Imports .....	-	-	-	-	-	-
Transportation equipment:						
Exports .....	2,471	1,801	3,827	2,882	10,134	251.7
Imports .....	-	-	-	-	-	-
GSP Imports .....	( <sup>2</sup> )	( <sup>2</sup> )	-	-	-	-
All sectors:						
Exports .....	12,422	18,142	19,923	25,142	25,310	0.7
Imports .....	4,088	29,325	4,235	5,488	1,950	-64.5
GSP Imports .....	126	215	191	49	285	483.9

See notes at end of table.

**Table B-2—Continued**  
**Uganda: U.S. exports, imports, and GSP imports by major commodity sectors, 1994-1998**

Sector	1994	1995	1996	1997	1998	Change 1997-98
	<i>1,000 dollars</i>					<i>Percent</i>
Agricultural products:						
Exports .....	6,897	5,289	3,820	16,664	11,404	-31.6
Imports .....	34,406	12,441	15,656	37,184	12,687	-65.9
GSP Imports .....	-	-	-	481	51	-89.4
Chemicals and related products:						
Exports .....	1,323	2,120	2,793	2,475	1,183	-52.2
Imports .....	23	104	8	26	251	858.4
GSP Imports .....	5	77	-	26	21	-20.9
Electronic products:						
Exports .....	3,168	5,020	3,903	4,429	5,382	21.5
Imports .....	-	-	2	9	10	3.7
GSP Imports .....	-	-	-	-	2	-
Energy-related products:						
Exports .....	4	12	-	-	27	-
Imports .....	-	-	-	-	-	-
GSP Imports .....	-	-	-	-	-	-
Footwear:						
Exports .....	33	140	76	-	12	-
Imports .....	-	-	-	-	-	-
GSP Imports .....	-	-	-	-	-	-
Forest products:						
Exports .....	843	765	344	156	115	-25.9
Imports .....	135	25	14	15	25	63.6
GSP Imports .....	129	22	8	11	25	122.6
Machinery:						
Exports .....	2,529	2,119	1,990	4,933	2,771	-43.8
Imports .....	-	-	-	-	66	-
GSP Imports .....	-	-	-	-	-	-
Minerals and metals:						
Exports .....	75	82	102	635	450	-29.1
Imports .....	154	522	48	-	572	-
GSP Imports .....	134	522	-	-	-	-
Miscellaneous manufactures:						
Exports .....	173	323	299	346	368	6.3
Imports .....	6	6	24	14	32	139.4
GSP Imports .....	6	-	5	11	6	-41.0
Special provisions:						
Exports .....	1,701	1,506	688	2,277	1,976	-13.2
Imports .....	132	47	139	454	1,501	230.5
GSP Imports .....	-	-	-	-	-	-
Textiles and apparel:						
Exports .....	3,167	2,887	1,560	2,178	2,159	-0.9
Imports .....	1	13	19	-	11	-
GSP Imports .....	1	13	-	-	-	-
Transportation equipment:						
Exports .....	7,554	1,599	896	1,029	1,838	78.7
Imports .....	3	-	-	10	-	-100.0
GSP Imports .....	-	-	-	-	-	-
All sectors:						
Exports .....	27,467	21,862	16,471	35,122	27,685	-21.2
Imports .....	34,858	13,158	15,909	37,713	15,154	-59.8
GSP Imports .....	275	633	13	529	105	-80.1

See notes at end of table.

**Table B-2—Continued**  
**Zambia: U.S. exports, imports, and GSP imports by major commodity sectors, 1994-1998**

Sector	1994	1995	1996	1997	1998	Change 1997-98
	<i>1,000 dollars</i>					<i>Percent</i>
Agricultural products:						
Exports .....	1,929	2,664	203	260	1,227	372.2
Imports .....	572	401	578	378	1,301	244.0
GSP Imports .....	72	44	80	118	276	133.1
Chemicals and related products:						
Exports .....	816	3,959	2,129	2,981	1,021	-65.7
Imports .....	7	27	642	471	5	-98.9
GSP Imports .....	-	-	-	-	5	-
Electronic products:						
Exports .....	3,976	8,212	6,252	6,401	4,158	-35.0
Imports .....	-	4	11	-	12	-
GSP Imports .....	-	-	-	-	6	-
Energy-related products:						
Exports .....	78	21	28	876	117	-86.6
Imports .....	-	-	-	-	-	-
GSP Imports .....	-	-	-	-	-	-
Footwear:						
Exports .....	308	273	100	194	50	-74.3
Imports .....	-	-	-	-	-	-
GSP Imports .....	-	-	-	-	-	-
Forest products:						
Exports .....	9,341	15,450	6,539	819	2,623	220.1
Imports .....	25	35	48	56	129	130.5
GSP Imports .....	25	15	22	24	104	328.7
Machinery:						
Exports .....	3,884	4,178	4,351	4,361	2,386	-45.3
Imports .....	-	-	10	-	-	-
GSP Imports .....	-	-	-	-	-	-
Minerals and metals:						
Exports .....	162	720	1,146	823	112	-86.3
Imports .....	61,465	32,285	61,250	54,682	45,340	-17.1
GSP Imports .....	70	190	127	108	3	-97.2
Miscellaneous manufactures:						
Exports .....	157	108	118	491	212	-56.9
Imports .....	3	35	120	86	43	-50.2
GSP Imports .....	1	-	15	-	13	-
Special provisions:						
Exports .....	2,450	2,868	5,387	3,231	1,794	-44.5
Imports .....	126	105	705	113	337	199.2
GSP Imports .....	-	-	-	-	-	-
Textiles and apparel:						
Exports .....	5,684	4,295	3,384	2,740	2,123	-22.5
Imports .....	1,279	-	456	117	2	-98.4
GSP Imports .....	( <sup>2</sup> )	-	-	-	-	-
Transportation equipment:						
Exports .....	3,478	6,030	15,655	5,468	5,613	2.6
Imports .....	-	-	5	-	-	-
GSP Imports .....	-	-	-	-	-	-
All sectors:						
Exports .....	32,263	48,777	45,294	28,645	21,435	-25.2
Imports .....	63,477	32,893	63,824	55,904	47,170	-15.6
GSP Imports .....	168	249	243	251	408	62.9

See notes at end of table.

**Table B-2—Continued**  
**Zimbabwe: U.S. exports, imports, and GSP imports by major commodity sectors, 1994-1998**

Sector	1994	1995	1996	1997	1998	Change 1997-98
	<i>1,000 dollars</i>					<i>Percent</i>
Agricultural products:						
Exports .....	3,288	9,163	555	752	4,172	455.1
Imports .....	49,594	12,136	39,344	36,013	19,702	-45.3
GSP Imports .....	18,289	8,012	16,748	9,464	7,393	-21.9
Chemicals and related products:						
Exports .....	6,078	10,719	13,195	12,689	8,919	-29.7
Imports .....	161	117	62	157	8	-94.6
GSP Imports .....	91	46	14	75	5	-93.2
Electronic products:						
Exports .....	15,493	10,907	11,467	17,081	9,750	-42.9
Imports .....	14	42	95	23	364	( <sup>1</sup> )
GSP Imports .....	-	-	-	-	23	-
Energy-related products:						
Exports .....	62	178	156	306	68	-77.9
Imports .....	2,058	2,109	-	-	-	-
GSP Imports .....	-	-	-	-	-	-
Footwear:						
Exports .....	105	16	-	8	-	-100.0
Imports .....	178	( <sup>2</sup> )	1	34	86	153.3
GSP Imports .....	-	-	-	-	-	-
Forest products:						
Exports .....	847	2,761	1,116	1,801	992	-44.9
Imports .....	1,817	2,316	5,426	8,102	4,896	-39.6
GSP Imports .....	184	150	3,171	5,515	3,245	-41.2
Machinery:						
Exports .....	20,879	28,851	19,354	18,314	23,644	29.1
Imports .....	715	692	284	7	39	484.0
GSP Imports .....	138	140	3	4	4	-3.9
Minerals and metals:						
Exports .....	1,435	860	1,070	1,728	1,094	-36.7
Imports .....	28,943	50,254	62,344	51,888	49,137	-5.3
GSP Imports .....	12,419	30,709	45,820	39,204	38,182	-2.6
Miscellaneous manufactures:						
Exports .....	632	810	551	773	1,083	40.0
Imports .....	9,798	13,244	8,108	26,964	34,219	26.9
GSP Imports .....	9,061	12,543	6,764	25,496	32,651	28.1
Special provisions:						
Exports .....	2,228	2,902	2,428	3,622	2,304	-36.4
Imports .....	876	901	2,408	1,209	2,172	79.7
GSP Imports .....	-	-	-	-	-	-
Textiles and apparel:						
Exports .....	1,360	1,194	2,769	3,158	1,706	-46.0
Imports .....	11,302	14,214	5,518	9,843	12,563	27.6
GSP Imports .....	13	1	15	13	26	96.4
Transportation equipment:						
Exports .....	39,822	51,815	36,343	18,643	30,132	61.6
Imports .....	574	664	399	206	9	-95.6
GSP Imports .....	-	23	-	-	-	-
All sectors:						
Exports .....	92,229	120,175	89,005	78,876	83,865	6.3
Imports .....	106,028	96,689	123,988	134,447	123,198	-8.4
GSP Imports .....	40,195	51,624	72,535	79,770	81,529	2.2

<sup>1</sup> Greater than 1,000 percent

<sup>2</sup> Less than \$500.

Note.—Because of rounding, figures may not add to total shown.

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

**Table B-3**  
**South Africa: Leading changes in sectoral trade, by sectors, 1994 and 1998**

Sector	1994	1998	Change, 1998 from 1994	
			Absolute	Percent
U.S. imports:				
Transportation equipment .....	\$31,556,305	\$103,722,969	\$72,166,664	229
Energy-related products .....	23,733,099	67,443,816	43,710,717	184
Chemicals and related products .....	92,612,884	217,019,196	124,406,312	134
Machinery .....	37,029,874	75,578,261	38,548,387	104
Miscellaneous manufactures .....	11,782,007	23,269,372	11,487,365	97
Electronic products .....	9,419,527	18,395,856	8,976,329	95
Textiles and apparel .....	61,604,540	110,351,108	48,746,568	79
Special provisions .....	49,658,188	81,467,103	31,808,915	64
Minerals and metals .....	1,526,800,560	2,147,567,540	620,766,980	41
Agricultural products .....	119,160,750	158,145,723	38,984,973	33
Forest products .....	53,899,441	50,146,879	(3,752,562)	-7
Footwear .....	2,443,457	215,035	(2,228,422)	-91
Total .....	\$2,019,700,632	\$3,053,322,858	\$1,033,622,226	51
U.S. exports:				
Transportation equipment .....	\$337,663,145	\$1,220,286,385	\$882,623,241	261
Energy-related products .....	90,917,718	152,810,783	61,893,065	68
Miscellaneous manufactures .....	43,718,666	65,790,782	22,072,116	50
Special provisions .....	107,760,749	152,283,637	44,522,888	41
Agricultural products .....	158,396,911	210,923,557	52,526,646	33
Chemicals and related products .....	326,419,025	428,299,021	101,879,996	31
Footwear .....	6,448,967	8,394,482	1,945,515	30
Electronic products .....	471,940,133	609,757,844	137,817,711	29
Machinery .....	317,189,672	374,394,017	57,204,344	18
Minerals and metals .....	83,244,665	98,243,055	14,998,390	18
Forest products .....	129,213,641	138,969,036	9,755,395	8
Textiles and apparel .....	41,970,870	34,441,808	(7,529,062)	-18
Total .....	\$2,114,884,162	\$3,494,594,407	\$1,379,710,245	65
Total trade:				
Transportation equipment .....	\$369,219,450	\$1,324,009,354	\$954,789,905	259
Energy-related products .....	114,650,817	220,254,599	105,603,782	92
Miscellaneous manufactures .....	55,500,673	89,060,154	33,559,481	60
Chemicals and related products .....	419,031,909	645,318,217	226,286,308	54
Special provisions .....	157,418,937	233,750,740	76,331,803	48
Textiles and apparel .....	103,575,410	144,792,916	41,217,506	40
Minerals and metals .....	1,610,045,225	2,245,810,595	635,765,370	39
Agricultural products .....	277,557,661	369,069,280	91,511,619	33
Electronic products .....	481,359,660	628,153,700	146,794,040	30
Machinery .....	354,219,546	449,972,278	95,752,731	27
Forest products .....	183,113,082	189,115,915	6,002,833	3
Footwear .....	8,892,424	8,609,517	(282,907)	-3
Total .....	\$4,134,584,794	\$6,547,917,265	\$2,413,332,471	58

Note.—Calculations based on unrounded data.

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



**Table B-3—Continued**  
**Nigeria: Leading changes in sectoral trade, by sectors, 1994 and 1998**

Sector	1994	1998	Change, 1998 from 1994	
			Absolute	Percent
U.S. imports				
Chemicals and related products . . . . .	\$27,620,899	\$367,061,276	\$339,440,377	1,229
Minerals and metals . . . . .	174,634	1,399,097	1,224,463	701
Textiles and apparel . . . . .	1,041,412	3,801,061	2,759,649	265
Miscellaneous manufactures . . . . .	1,255,490	3,867,392	2,611,902	208
Forest products . . . . .	437,699	1,108,292	670,593	153
Energy-related products . . . . .	4,529,937,977	4,212,684,988	(317,252,989)	-7
Special provisions . . . . .	4,476,628	2,778,109	(1,698,519)	-38
Agricultural products . . . . .	30,200,624	10,470,714	(19,729,910)	-65
Electronic products . . . . .	46,339	15,773	(30,566)	-66
Transportation equipment . . . . .	172,092	8,500	(163,592)	-95
Footwear . . . . .	704	-	(704)	-100
Machinery . . . . .	-	424,942	424,942	-
Total . . . . .	\$4,595,364,498	\$4,603,620,144	\$8,255,646	0
U.S. exports:				
Energy-related products . . . . .	\$2,741,033	\$35,734,594	\$32,993,561	1,204
Miscellaneous manufactures . . . . .	2,710,216	8,207,306	5,497,090	203
Footwear . . . . .	199,905	559,735	359,830	180
Minerals and metals . . . . .	21,868,380	54,209,434	32,341,054	148
Agricultural products . . . . .	68,772,462	149,995,306	81,222,844	118
Chemicals and related products . . . . .	36,376,970	73,129,435	36,752,465	101
Machinery . . . . .	95,912,087	144,199,738	48,287,651	50
Electronic products . . . . .	37,553,705	56,058,566	18,504,861	49
Transportation equipment . . . . .	203,033,296	260,802,652	57,769,356	28
Forest products . . . . .	6,697,966	8,588,186	1,890,220	28
Special provisions . . . . .	8,441,752	10,571,183	2,129,431	25
Textiles and apparel . . . . .	16,279,461	12,069,619	(4,209,842)	-26
Total . . . . .	\$500,587,232	\$814,125,754	\$313,538,522	63
Total trade:				
Chemicals and related products . . . . .	\$63,997,869	\$440,190,711	\$376,192,842	588
Miscellaneous manufactures . . . . .	3,965,706	12,074,698	8,108,992	204
Footwear . . . . .	200,609	559,735	359,126	179
Minerals and metals . . . . .	22,043,014	55,608,531	33,565,517	152
Agricultural products . . . . .	98,973,086	160,466,020	61,492,934	62
Machinery . . . . .	95,912,087	144,624,680	48,712,593	51
Electronic products . . . . .	37,600,044	56,074,339	18,474,295	49
Forest products . . . . .	7,135,665	9,696,478	2,560,813	36
Transportation equipment . . . . .	203,205,388	260,811,152	57,605,764	28
Special provisions . . . . .	12,918,380	13,349,292	430,912	3
Energy-related products . . . . .	4,532,679,010	4,248,419,582	(284,259,428)	-6
Textiles and apparel . . . . .	17,320,873	15,870,680	(1,450,193)	-8
Total . . . . .	\$5,095,951,730	\$5,417,745,898	\$321,794,168	6

Note.—Calculations based on unrounded data.

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

**Table B-3—Continued**  
**Angola: Leading changes in sectoral trade, by sectors, 1994 to 1998**

Sector	1994	1998	Change, 1998 from 1994	
			Absolute	Percent
U.S. imports:				
Electronic products .....	\$5,003	\$7,500	\$2,497	50
Energy-related products .....	2,067,144,249	2,165,827,079	98,682,830	5
Special provisions .....	5,124,629	4,141,622	(983,007)	-19
Transportation equipment .....	9,030	1,500	(7,530)	-83
Miscellaneous manufactures .....	463,170	35,000	(428,170)	-92
Minerals and metals .....	6,501,707	227,520	(6,274,187)	-97
Textiles and apparel .....	-	-	-	-
Forest products .....	-	-	-	-
Machinery .....	-	-	-	-
Chemicals and related products .....	-	54,900,689	54,900,689	-
Footwear .....	-	-	-	-
Agricultural products .....	-	-	-	-
Total .....	\$2,079,247,788	\$2,225,140,910	\$145,893,122	7
U.S. exports:				
Minerals and metals .....	\$12,834,530	\$50,040,114	\$37,205,584	290
Footwear .....	162,014	465,229	303,215	187
Machinery .....	16,487,176	46,460,614	29,973,438	182
Chemicals and related products .....	7,333,268	14,529,409	7,196,141	98
Transportation equipment .....	83,850,521	165,841,436	81,990,915	98
Textiles and apparel .....	3,563,140	6,593,748	3,030,608	85
Electronic products .....	16,416,798	25,377,405	8,960,607	55
Special provisions .....	4,784,228	6,652,534	1,868,306	39
Energy-related products .....	1,005,416	1,265,128	259,712	26
Forest products .....	1,035,952	1,267,566	231,614	22
Agricultural products .....	37,088,256	28,110,522	(8,977,734)	-24
Miscellaneous manufactures .....	12,152,809	4,999,545	(7,153,264)	-59
Total .....	\$196,714,108	\$351,603,250	\$154,889,142	79
Total trade:				
Chemicals and related products .....	\$7,333,268	\$69,430,098	\$62,096,830	847
Footwear .....	162,014	465,229	303,215	187
Machinery .....	16,487,176	46,460,614	29,973,438	182
Minerals and metals .....	19,336,237	50,267,634	30,931,397	160
Transportation equipment .....	83,859,551	165,842,936	81,983,385	98
Textiles and apparel .....	3,563,140	6,593,748	3,030,608	85
Electronic products .....	16,421,801	25,384,905	8,963,104	55
Forest products .....	1,035,952	1,267,566	231,614	22
Special provisions .....	9,908,857	10,794,156	885,299	9
Energy-related products .....	2,068,149,665	2,167,092,207	98,942,542	5
Agricultural products .....	37,088,256	28,110,522	(8,977,734)	-24
Miscellaneous manufactures .....	12,615,979	5,034,545	(7,581,434)	-60
Total .....	\$2,275,961,896	\$2,576,744,160	\$300,782,264	13

Note.—Calculations based on unrounded data.

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

**Table B-3—Continued**  
**Gabon: Leading changes in sectoral trade, by sectors, 1994 and 1998**

			Change, 1998 from 1994	
Sector	1994	1998	Absolute	Percent
U.S. imports:				
Chemicals and related products . . . . .	\$407,603	\$64,503,541	\$64,095,938	15,725
Forest products . . . . .	137,831	2,542,537	2,404,706	1,745
Special provisions . . . . .	1,046,058	14,993,259	13,947,201	1,333
Electronic products . . . . .	11,927	34,921	22,994	193
Miscellaneous manufactures . . . . .	431,215	859,142	427,927	99
Machinery . . . . .	112,130	107,597	(4,533)	-4
Agricultural products . . . . .	465,197	425,908	(39,289.00)	-8
Energy-related products . . . . .	1,207,817,612	1,029,427,763	(178,389,849)	-15
Minerals and metals . . . . .	22,275,935	17,378,695	(4,897,240)	-22
Textiles and apparel . . . . .	3,291	-	(3,291)	-100
Footwear . . . . .	-	-	-	-
Transportation equipment . . . . .	-	-	-	-
Total . . . . .	\$1,232,708,799	\$1,130,273,363	\$(102,435,436)	-8
U.S. exports:				
Textiles and apparel . . . . .	\$309,982	\$2,700,102	\$2,390,120	771
Agricultural products . . . . .	1,553,279	4,191,750	2,638,471	170
Forest products . . . . .	1,542,804	3,722,567	2,179,763	141
Minerals and metals . . . . .	965,309	2,305,300	1,339,991	139
Transportation equipment . . . . .	19,883,037	36,149,010	16,265,973	82
Chemicals and related products . . . . .	1,976,276	2,624,999	648,723	33
Special provisions . . . . .	1,406,182	1,439,373	33,191	2
Electronic products . . . . .	4,481,623	3,186,382	(1,295,241)	-29
Machinery . . . . .	6,673,214	4,595,115	(2,078,099)	-31
Energy-related products . . . . .	909,740	600,127	(309,613)	-34
Miscellaneous manufactures . . . . .	369,884	44,332	(325,552)	-88
Footwear . . . . .	-	128,579	128,579	-
Total . . . . .	\$40,071,330	\$61,687,636	\$21,616,306	54
Total trade:				
Chemicals and related products . . . . .	\$2,383,879	\$67,128,540	\$64,744,661	2,716
Textiles and apparel . . . . .	313,273	2,700,102	2,386,829	762
Special provisions . . . . .	2,452,240	16,432,632	13,980,392	570
Forest products . . . . .	1,680,635	6,265,104	4,584,469	273
Agricultural products . . . . .	2,018,476	4,617,658	2,599,182	129
Transportation equipment . . . . .	19,883,037	36,149,010	16,265,973	82
Miscellaneous manufactures . . . . .	801,099	903,474	102,375	13
Energy-related products . . . . .	1,208,727,352	1,030,027,890	(178,699,462)	-15
Minerals and metals . . . . .	23,241,244	19,683,995	(3,557,249)	-15
Electronic products . . . . .	4,493,550	3,221,303	(1,272,247)	-28
Machinery . . . . .	6,785,344	4,702,712	(2,082,632)	-31
Footwear . . . . .	-	128,579	128,579	-
Total . . . . .	\$1,272,780,129	\$1,191,960,999	\$(80,819,130)	-6

Note.—Calculations based on unrounded data.

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

**Table B-3—Continued**  
**Cote d'Ivoire: Leading changes in sectoral trade, by sectors, 1994 and 1998**

Sector	1994	1998	Change, 1998 from 1994	
			Absolute	Percent
U.S. imports:				
Electronic products .....	\$1,104,640	\$4,490,803	\$3,386,163	307
Special provisions .....	546,992	1,822,508	1,275,516	233
Energy-related products .....	6,272,725	17,316,501	11,043,776	176
Agricultural products .....	142,031,116	381,407,095	239,375,979	169
Forest products .....	4,910,802	6,696,908	1,786,106	36
Chemicals and related products .....	8,927,593	8,509,361	(418,232)	-5
Minerals and metals .....	866,809	676,055	(190,754)	-22
Machinery .....	354,293	267,188	(87,105)	-25
Textiles and apparel .....	1,265,914	708,285	(557,629)	-44
Footwear .....	512,499	43,911	(468,588)	-91
Miscellaneous manufactures .....	18,510,340	1,399,930	(17,110,410)	-92
Transportation equipment .....	41,258	2,000	(39,258)	-95
Total .....	\$185,344,981	\$423,340,545	\$237,995,564	128
U.S. exports:				
Transportation equipment .....	\$12,935,450	\$49,315,177	\$36,379,728	281
Minerals and metals .....	3,319,820	10,279,066	6,959,246	210
Special provisions .....	2,953,893	6,857,226	3,903,333	132
Energy-related products .....	180,168	370,412	190,244	106
Chemicals and related products .....	19,244,289	36,603,520	17,359,231	90
Footwear .....	192,031	304,642	112,611	59
Miscellaneous manufactures .....	502,070	783,319	281,249	56
Textiles and apparel .....	5,610,462	7,097,676	1,487,214	27
Machinery .....	12,857,704	15,116,668	2,258,964	18
Forest products .....	7,701,405	8,393,832	692,427	9
Agricultural products .....	24,815,157	8,742,642	(16,072,515)	-65
Electronic products .....	19,739,006	6,306,207	(13,432,799)	-68
Total .....	\$110,051,455	\$150,170,388	\$40,118,933	36
Total trade:				
Transportation equipment .....	\$12,976,708	\$49,317,177	\$36,340,470	280
Energy-related products .....	6,452,893	17,686,913	11,234,020	174
Minerals and metals .....	4,186,629	10,955,121	6,768,492	162
Special provisions .....	3,500,885	8,679,734	5,178,849	148
Agricultural products .....	166,846,273	390,149,737	223,303,464	134
Chemicals and related products .....	28,171,882	45,112,881	16,940,999	60
Forest products .....	12,612,207	15,090,740	2,478,533	20
Machinery .....	13,211,997	15,383,856	2,171,859	16
Textiles and apparel .....	6,876,376	7,805,961	929,585	14
Electronic products .....	20,843,646	10,797,010	(10,046,636)	-48
Footwear .....	704,530	348,553	(355,977)	-51
Miscellaneous manufactures .....	19,012,410	2,183,249	(16,829,161)	-89
Total .....	\$295,396,436	\$573,510,933	\$278,114,497	94

Note.—Calculations based on unrounded data.

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

**Table B-3—Continued**  
**Ghana: Leading changes in sectoral trade, by sectors, 1994 and 1998**

			Change, 1998 from 1994	
Sector	1994	1998	Absolute	Percent
U.S. imports:				
Forest products .....	\$4,191,968	\$21,490,991	\$17,299,023	413
Textiles and apparel .....	1,920,116	7,810,906	5,890,790	307
Miscellaneous manufactures .....	303,328	873,144	569,816	188
Electronic products .....	14,458	28,710	14,252	99
Agricultural products .....	17,361,890	27,948,648	10,586,758	61
Special provisions .....	509,804	501,785	(8,019)	-2
Transportation equipment .....	7,013	6,723	(290)	-4
Chemicals and related products .....	156,889	143,842	(13,047)	-8
Energy-related products .....	21,117,842	10,623,157	(10,494,685)	-50
Minerals and metals .....	152,902,543	74,421,176	(78,481,367)	-51
Footwear .....	448	-	(448)	-100
Machinery .....	-	9,189	9,189	-
Total .....	\$198,486,299	\$143,858,271	\$(54,628,028)	-28
U.S. exports:				
Forest products .....	\$1,361,366	\$3,831,207	\$2,469,841	181
Footwear .....	297,138	783,362	486,224	164
Special provisions .....	5,008,168	13,132,106	8,123,938	162
Miscellaneous manufactures .....	1,479,177	3,671,268	2,192,091	148
Chemicals and related products .....	15,004,623	36,838,341	21,833,718	146
Minerals and metals .....	5,186,986	11,860,053	6,673,067	129
Machinery .....	11,916,002	26,453,023	14,537,021	122
Transportation equipment .....	23,700,173	50,413,513	26,713,340	113
Textiles and apparel .....	7,303,003	12,123,808	4,820,805	66
Electronic products .....	8,201,768	12,036,818	3,835,051	47
Agricultural products .....	36,631,008	47,125,537	10,494,529	29
Energy-related products .....	5,279,578	2,943,249	(2,336,329)	-44
Total .....	\$121,368,990	\$221,212,286	\$99,843,296	82
Total trade:				
Forest products .....	\$5,553,334	\$25,322,198	\$19,768,864	356
Footwear .....	297,586	783,362	485,776	163
Miscellaneous manufactures .....	1,782,505	4,544,412	2,761,907	155
Special provisions .....	5,517,972	13,633,891	8,115,919	147
Chemicals and related products .....	15,161,512	36,982,183	21,820,671	144
Machinery .....	11,916,002	26,462,212	14,546,210	122
Textiles and apparel .....	9,223,119	19,934,714	10,711,595	116
Transportation equipment .....	23,707,186	50,420,236	26,713,050	113
Electronic products .....	8,216,226	12,065,528	3,849,303	47
Agricultural products .....	53,992,898	75,074,185	21,081,287	39
Minerals and metals .....	158,089,529	86,281,229	(71,808,300)	-45
Energy-related products .....	26,397,420	13,566,406	(12,831,014)	-49
Total .....	\$319,855,289	\$365,070,557	\$45,215,268	14%

Note.—Calculations based on unrounded data.

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

**Table B-3—Continued**  
**Guinea: Leading changes in sectoral trade, by sectors, 1994 and 1998**

			Change, 1998 from 1994	
Sector	1994	1998	Absolute	Percent
U.S. imports:				
Chemicals and related products .....	\$598	\$11,887	\$11,289	1,888
Agricultural products .....	311,066	3,886,924	3,575,858	1150
Machinery .....	3,000	21,082	18,082	603
Miscellaneous manufactures .....	42,202	206,449	164,247	389
Transportation equipment .....	2,500	9,678	7,178	287
Forest products .....	14,919	46,413	31,494	211
Electronic products .....	153,134	190,899	37,765	25
Minerals and metals .....	90,011,777	109,878,182	19,866,405	22
Footwear .....	-	-	-	-
Energy-related products .....	-	-	-	-
Special provisions .....	2,202,170	1,288,332	(913,838)	-41
Textiles and apparel .....	73,953	34,595	(39,358)	-53
Total .....	\$92,815,319	\$115,574,441	\$22,759,122	25
U.S. exports:				
Machinery .....	\$2,867,361	\$9,988,230	\$7,120,868	248
Textiles and apparel .....	2,016,378	4,237,360	2,220,982	110
Special provisions .....	5,228,520	10,368,743	5,140,223	98
Chemicals and related products .....	5,045,105	9,134,406	4,089,301	81
Miscellaneous manufactures .....	278,497	462,305	183,808	66
Transportation equipment .....	7,650,547	12,476,550	4,826,003	63
Energy-related products .....	1,261,600	1,976,419	714,819	57
Electronic products .....	3,656,959	4,822,534	1,165,575	32
Footwear .....	91,371	109,782	18,411	20
Forest products .....	980,615	990,259	9,644	1
Minerals and metals .....	1,416,557	1,037,234	(379,323)	-27
Agricultural products .....	16,801,383	9,088,297	(7,713,086)	-46
Total .....	\$47,294,893	\$64,692,119	\$17,397,226	37
Total trade:				
Machinery .....	\$2,870,361	\$10,009,312	\$7,138,950	249
Miscellaneous manufactures .....	320,699	668,754	348,055	109
Textiles and apparel .....	2,090,331	4,271,955	2,181,624	104
Chemicals and related products .....	5,045,703	9,146,293	4,100,590	81
Transportation equipment .....	7,653,047	12,486,228	4,833,181	63
Special provisions .....	7,430,690	11,657,075	4,226,385	57
Energy-related products .....	1,261,600	1,976,419	714,819	57
Electronic products .....	3,810,093	5,013,433	1,203,340	32
Minerals and metals .....	91,428,334	110,915,416	19,487,082	21
Footwear .....	91,371	109,782	18,411	20
Forest products .....	995,534	1,036,672	41,138	4
Agricultural products .....	17,112,449	12,975,221	(4,137,228)	-24
Total .....	\$140,110,212	\$180,266,560	\$40,156,348	29

Note.—Calculations based on unrounded data.

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



**Table B-3—Continued**  
**Kenya: Leading changes in sectoral trade, by sectors, 1994 and 1998**

Sector	1994	1998	Change, 1998 from 1994	
			Absolute	Percent
U.S. imports:				
Energy-related products .....	\$101,356	\$295,510	\$194,154	192
Miscellaneous manufactures .....	1,691,165	3,160,293	1,469,128	87
Forest products .....	2,512,502	3,305,413	792,911	32
Machinery .....	235,652	301,765	66,113	28
Transportation equipment .....	80,639	102,896	22,257	28
Electronic products .....	1,427,193	1,563,635	136,442	10
Agricultural products .....	53,627,041	50,332,193	(3,294,848)	-6
Textiles and apparel .....	37,985,720	33,782,038	(4,203,682)	-11
Minerals and metals .....	3,741,227	2,884,475	(856,752)	-23
Chemicals and related products .....	1,495,266	671,423	(823,843)	-55
Special provisions .....	7,759,906	3,122,390	(4,637,516)	-60
Footwear .....	306,597	850	(305,747)	-100
Total .....	\$110,964,264	\$99,522,881	\$(11,441,383)	-10
U.S. exports:				
Transportation equipment .....	\$23,656,007	\$66,460,131	\$42,804,124	181
Forest products .....	1,609,062	4,188,991	2,579,929	160
Textiles and apparel .....	3,383,418	8,456,402	5,072,984	150
Footwear .....	106,639	208,971	102,332	96
Minerals and metals .....	1,262,234	1,975,705	713,471	57
Machinery .....	10,317,700	13,702,846	3,385,146	33
Electronic products .....	13,690,404	18,003,129	4,312,725	32
Agricultural products .....	57,393,850	59,969,071	2,575,221	4
Miscellaneous manufactures .....	1,469,094	1,267,892	(201,202)	-14
Chemicals and related products .....	26,378,078	16,688,111	(9,689,967)	-37
Special provisions .....	25,958,272	6,213,579	(19,744,693)	-76
Energy-related products .....	3,259,633	609,007	(2,650,626)	-81
Total .....	\$168,484,391	\$197,743,835	\$29,259,444	17
Total trade:				
Transportation equipment .....	\$23,736,646	\$66,563,027	\$42,826,381	180
Forest products .....	4,121,564	7,494,404	3,372,840	82
Miscellaneous manufactures .....	3,160,259	4,428,185	1,267,926	40
Machinery .....	10,553,352	14,004,611	3,451,259	33
Electronic products .....	15,117,597	19,566,764	4,449,167	29
Textiles and apparel .....	41,369,138	42,238,440	869,302	2
Agricultural products .....	111,020,891	110,301,264	(719,627)	-1
Minerals and metals .....	5,003,461	4,860,180	(143,281)	-3
Chemicals and related products .....	27,873,344	17,359,534	(10,513,810)	-38
Footwear .....	413,236	209,821	(203,415)	-49
Special provisions .....	33,718,178	9,335,969	(24,382,209)	-72
Energy-related products .....	3,360,989	904,517	(2,456,472)	-73
Total .....	\$279,448,655	\$297,266,716	\$17,818,061	6

Note.—Calculations based on unrounded data.

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

**Table B-3—Continued**  
**Mauritius: Leading changes in sectoral trade, by sectors, 1994 and 1998**

Sector	1994	1998	Change, 1998 from 1994	
			Absolute	Percent
U.S. imports:				
Agricultural products . . . . .	\$10,540,626	\$19,854,351	\$9,313,725	88
Miscellaneous manufactures . . . . .	2,110,973	3,450,517	1,339,544	63
Special provisions . . . . .	835,808	1,238,178	402,370	48
Textiles and apparel . . . . .	187,298,157	233,618,295	46,320,138	25
Transportation equipment . . . . .	263,504	237,707	(25,797)	-10
Minerals and metals . . . . .	3,552,812	3,049,494	(503,318)	-14
Chemicals and related products . . . . .	129,563	109,243	(20,320)	-16
Electronic products . . . . .	10,903,406	5,171,837	(5,731,569)	-53
Machinery . . . . .	994,934	214,761	(780,173)	-78
Forest products . . . . .	114,889	16,074	(98,815)	-86
Footwear . . . . .	24,245	0	(24,245)	-100
Energy-related products . . . . .	-	-	-	-
Total . . . . .	\$216,768,917	\$266,960,457	\$50,191,540	23
U.S. exports:				
Transportation equipment . . . . .	\$706,112	\$6,130,223	\$5,424,111	768
Agricultural products . . . . .	510,460	918,480	408,020	80
Miscellaneous manufactures . . . . .	528,426	779,436	251,010	48
Special provisions . . . . .	866,676	1,039,758	173,082	20
Electronic products . . . . .	4,098,709	4,536,536	437,827	11
Minerals and metals . . . . .	381,270	420,182	38,912	10
Chemicals and related products . . . . .	992,004	929,721	(62,283)	-6
Forest products . . . . .	733,949	510,282	(223,667)	-30
Machinery . . . . .	8,250,799	3,423,313	(4,827,487)	-59
Textiles and apparel . . . . .	1,068,067	381,268	(686,799)	-64
Energy-related products . . . . .	850,206	26,079	(824,127)	-97
Footwear . . . . .	-	5,689	5,689	-
Total . . . . .	\$18,986,678	\$19,100,967	\$114,289	1%
Total Trade:				
Transportation equipment . . . . .	\$969,616	\$6,367,930	\$5,398,314	557%
Agricultural products . . . . .	11,051,086	20,772,831	9,721,745	88%
Miscellaneous manufactures . . . . .	2,639,399	4,229,953	1,590,554	60%
Special provisions . . . . .	1,702,484	2,277,936	575,452	34%
Textiles and apparel . . . . .	188,366,224	233,999,563	45,633,339	24%
Chemicals and related products . . . . .	1,121,567	1,038,964	(82,603)	-7%
Minerals and metals . . . . .	3,934,082	3,469,676	(464,406)	-12%
Electronic products . . . . .	15,002,115	9,708,373	(5,293,742)	-35%
Forest products . . . . .	848,838	526,356	(322,482)	-38%
Machinery . . . . .	9,245,733	3,638,074	(5,607,660)	-61%
Footwear . . . . .	24,245	5,689	(18,556)	-77%
Energy-related products . . . . .	850,206	26,079	(824,127)	-97%
Total . . . . .	\$235,755,595	\$286,061,424	\$50,305,829	21%

Note.—Calculations based on unrounded data.

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

**Table B-3—Continued**  
**Zimbabwe: Leading changes in sectoral trade, by sectors, 1994 and 1998**

Sector	1994	1998	Change, 1998 from 1994	
			Absolute	Percent
U.S. imports:				
Electronic products .....	\$13,538	\$364,055	\$350,517	2,589
Miscellaneous manufactures .....	9,798,111	34,219,286	24,421,175	249
Forest products .....	1,817,004	4,896,370	3,079,366	169
Special provisions .....	875,645	2,172,102	1,296,457	148
Minerals and metals .....	28,942,880	49,137,206	20,194,326	70
Textiles and apparel .....	11,301,527	12,563,346	1,261,819	11
Footwear .....	177,592	86,214	(91,378)	-51
Agricultural products .....	49,593,651	19,702,078	(29,891,573)	-60
Machinery .....	714,781	39,450	(675,331)	-94
Chemicals and related products .....	161,326	8,479	(152,847)	-95
Transportation equipment .....	574,228	9,000	(565,228)	-98
Energy-related products .....	2,057,644	-	(2,057,644)	-100
Total .....	\$106,027,927	\$123,197,586	\$17,169,659	16
U.S. exports:				
Miscellaneous manufactures .....	\$632,015	\$1,082,759	\$450,744	71
Chemicals and related products .....	6,078,407	8,919,243	2,840,836	47
Agricultural products .....	3,287,675	4,171,941	884,266	27
Textiles and apparel .....	1,359,890	1,706,437	346,547	25
Forest products .....	846,906	991,849	144,943	17
Machinery .....	20,878,804	23,644,423	2,765,619	13
Energy-related products .....	61,787	67,816	6,029	10
Special provisions .....	2,227,718	2,304,239	76,521	3
Minerals and metals .....	1,435,469	1,093,648	(341,821)	-24
Transportation equipment .....	39,821,922	30,131,897	(9,690,026)	-24
Electronic products .....	15,493,140	9,750,482	(5,742,658)	-37
Footwear .....	105,048	-	(105,048)	-100
Total .....	\$92,228,781	\$83,864,733	\$(8,364,048)	-9
Total trade:				
Miscellaneous manufactures .....	\$10,430,126	\$35,302,045	\$24,871,919	238
Forest products .....	2,663,910	5,888,219	3,224,309	121
Minerals and metals .....	30,378,349	50,230,854	19,852,505	65
Special provisions .....	3,103,363	4,476,341	1,372,978	44
Chemicals and related products .....	6,239,733	8,927,722	2,687,989	43
Textiles and apparel .....	12,661,417	14,269,783	1,608,366	13
Machinery .....	21,593,585	23,683,873	2,090,288	10
Transportation equipment .....	40,396,150	30,140,897	(10,255,254)	-25
Electronic products .....	15,506,678	10,114,536	(5,392,142)	-35
Agricultural products .....	52,881,326	23,874,019	(29,007,307)	-55
Footwear .....	282,640	86,214	(196,426)	-69
Energy-related products .....	2,119,431	67,816	(2,051,615)	-97
Total .....	\$198,256,708	\$207,062,319	\$8,805,611	4

Note.—Calculations based on unrounded data.

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



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## **APPENDIX C**

### **Case Studies: South Africa and Mauritius**

## Case Study: The Republic of South Africa

The Union of South Africa was established in 1910 as a self-governing dominion within the British Empire. In 1961, South Africa relinquished its dominion status and declared itself a republic. Later that year, partly because of international protests against apartheid, it withdrew from the British Commonwealth. By 1989, growing international and internal pressures on the government to abolish apartheid had increased significantly. The South African economy, already burdened with extraordinary security costs to maintain apartheid, was also suffering from the negative effects of international sanctions and isolation from the world community. Many in the National Party (NP)—the political party of then-President de Klerk—and others among the Afrikaner elite became convinced that apartheid was not sustainable.<sup>1</sup> In February 1990, de Klerk announced that the government's ban on the African National Congress (ANC), the political party of Nelson Mandela, and other anti-apartheid groups would be lifted. Two weeks later, on February 11, Nelson Mandela—imprisoned for 27 years for anti-apartheid activities—was freed.

In 1991, the Group Areas Act, Land Acts, and the Population Registration Act (the last of the so-called pillars of apartheid) were abolished. There followed a long series of negotiations between the NP, the ANC, and others that concluded with South Africa's first non-racial, democratic constitution going into effect on April 27, 1994. The first nonracial elections were held April 26-29, 1994, resulting in the election of the ANC's leader, Nelson Mandela, as President. Subsequently, most sanctions imposed by the international community on South Africa in opposition to its racial policies were lifted. It regained its seat in the United Nations, rejoined the British Commonwealth, became a member of the Organization of African Unity (OAU) and other regional organizations, and has become an important international actor.

### Economic Overview

South Africa is a middle-income developing country with an abundant supply of natural resources, a well-developed and sophisticated financial sector, a modern physical infrastructure in the developed parts of the country, geographical proximity to African and Indian Ocean markets, and a domestic market of 43 million people with significant growth potential. Economic activity is dominated by the mining and

<sup>1</sup> For a detailed discussion of apartheid, internal pressures for change, and finally abandonment of the system, see, *Africa South of the Sahara*, 1999, op.cit., p. 974-9.

#### South Africa in Brief

Population:	42.8 million <sup>1</sup>
Life expectancy	55.7 years <sup>1</sup>
Infant mortality	52.0 deaths per 1,000 live births <sup>1</sup>
Adult literacy	81.8 percent <sup>1</sup>
Economy:	
Per capita GDP	\$2,573 <sup>2</sup>
Nominal GDP	\$11,013 million <sup>2</sup>
Agriculture	5 percent
Industry	37 percent
Services	58 percent
External debt	\$23.5 billion <sup>3</sup>
Trade:	
Exports (fob)	\$31.3 billion <sup>3</sup> Italy, Japan, U.S., Germany, U.K., other EU countries, Hong Kong
Imports (cif)	\$28 billion <sup>3</sup> Germany, U.S., Japan, U.K., Italy

<sup>1</sup> 1998 estimate, World Factbook, ODCI.

<sup>2</sup> 1998, International Financial Statistics, IMF.

<sup>3</sup> 1997 estimate, World Factbook, ODCI.

energy sectors. Manufacturing is primarily based on mining activity, and exports are led by minerals, including gold, platinum-group metals, ferroalloys, and diamonds. South Africa's large economy dominates the southern region and the continent as a whole; it is the most advanced, broadly based, and productive economy in Africa.<sup>2</sup> Although the South African economy is highly developed, the exclusionary nature of apartheid has created extreme economic disparities between population groups that are likely to persist for many years. South Africa has one of the most unequal distributions of income in the world.

Nelson Mandela's 1994 election was the beginning of a new era for South Africa. The previous (NP) government's response to international sanctions was to protect local industries through high tariffs and

<sup>2</sup> For example, South Africa accounts for 76 percent of SADC's GDP (excluding Angola); 69 percent of SADC's exports to the world; 84 percent of U.S. exports to SADC; 28 percent of U.S. direct investment in Sub-Saharan Africa; South Africa received 84 percent of inward foreign direct investment to SADC in 1997, received 99 percent of inward portfolio investment into SADC in 1996; has 87 percent of the region's telephones; and uses half the electricity generated in Sub-Saharan Africa. Statistics are from paper by Neal P. Cohen, USAID/Pretoria, "The Trade and Investment Relationships Between South Africa and Southern Africa: Dependency or Inter-dependency," April 27, 1999.



heavy state ownership of the factors of production. From the 1970s, the NP focused on expanding the government's role in the economy, particularly in power generation and defense. President Mandela's administration inherited an economy in which almost one-half of all capital assets were owned by the Government.

Past protectionist policies from the apartheid era have impaired the international competitiveness of South African businesses.<sup>3</sup> The new government recognized the need to move from an isolated import substitution regime to a competitive, export-focused market economy.<sup>4</sup> It demonstrated commitment to opening markets, privatizing the state-owned sector, and creating a favorable investment climate with announcement of a macroeconomic strategy called the Growth, Employment, and Redistribution (GEAR) program. The successor to Nelson Mandela, newly elected President Thabo Mbeki has indicated that support for GEAR will continue.

Key elements of GEAR include restructuring the economy by encouraging export growth, lowering tariffs, and increasing competitiveness.<sup>5</sup> Implicit in these policies is recognition of South Africa's daunting developmental problems resulting from decades of apartheid-era policies. Addressing the inequities of apartheid's legacy; promoting small and medium-sized businesses; extending telecommunications, transportation, and other infrastructure links to unserved areas; and large-scale job creation to address the unemployment crisis (about 30 percent of the workforce is unemployed) are high government priorities. The government has already made progress in eliminating export subsidies, reducing tariffs and subsidies, and phasing out foreign exchange controls and some anti-competitive behavior.

## Business Climate

South Africa provides an attractive business climate for foreign investors. It has a substantial market with significant growth potential, an economy steadily moving toward market orientation, access to other markets in Africa, well-developed financial institutions and capital markets, excellent communication and transportation links, liberal policies for repatriation of profits and other earnings, and lower labor costs compared with Western countries (although productivity is lower), and it offers inexpensive electrical power and raw materials. Moreover, the new Government has shown no interest in resorting to nationalization as a policy tool, in

spite of past statements by the ANC to the contrary.<sup>6</sup> However, domestic industries in South Africa, isolated and protected under apartheid-era policies, were used to operating with inefficiencies within the country.<sup>7</sup> Since the lifting of sanctions, many foreign companies have been introducing their products to South African distributors and end-users. As a result, many South African businesses must now struggle to become globally competitive.

The following government programs were introduced by the South African Government to improve the business climate and stimulate private sector investment.<sup>8</sup>

## Spatial Development Initiatives

Investment opportunities are becoming available through an investment program of Spatial Development Initiatives (SDIs). These "investment corridors" aim to create jobs and encourage economic growth through industrial and ecotourism development. The initiatives represent the practical implementation of the South African Government's economic strategy as set out in its GEAR policy. There are roughly 10 such initiatives underway in the country, as well as 8 potential development corridors within SADC. They are to be financed primarily by private investment with a maximum 10 percent government participation. Each corridor will be promoted and facilitated by the Government through the provision of detailed information about the area, descriptions of existing private sector plans, government investment in infrastructure to relieve bottlenecks, the creation of industrial development zones or parks, and opportunities for private participation in publicly funded supplies of services to the local population. Each initiative consists of a number of projects that are available to investors, both foreign and local. The investment corridors in various stages of development in South Africa include:

- ☐ The Maputo Corridor, spanning Guateng Province into Mozambique, which involves improvements to transport infrastructure and investment opportunities in agriculture and tourism.
- ☐ The Lubombo Initiative, consisting of eco-tourism projects that run from Maputo to Richard's Bay.
- ☐ The West Coast Investment Initiative, a mix of industrial, mining, and ecotourism projects north of Cape Town.

<sup>3</sup> U.S. Department of State, *Country Commercial Guides FY 1999: South Africa*, part VI, "Trade Regulations and Standards," Internet site at <http://www.state.gov>.

<sup>4</sup> Ibid.

<sup>5</sup> The Economist Intelligence Unit, *South Africa Country Profile, 1998-99*, London, p. 17.

<sup>6</sup> U.S. Department of State, unclassified cable, Pretoria 007758, June 23, 1999.

<sup>7</sup> USITC staff interview with business representatives in Johannesburg, South Africa, July 16, 1999.

<sup>8</sup> Source for the information on government programs is U.S. Embassy, Pretoria, Economics Section.

- ❑ The Fish River SDI, consisting of regional industrial, manufacturing, and infrastructure projects between the cities of Port Elizabeth and East London in the eastern Cape Province.
- ❑ The Platinum SDI, a mix of mining, industrial, and ecotourism investment projects in the Northwest Province.
- ❑ The Phalaborwa Secondary Corridor, which aims to create better access between the port of Maputo, the potential mining area in and around Phalaborwa, and the agriculture projects near Xenon in the Northern Province.
- ❑ The Richard's Bay SDI, consisting of industrial and tourism projects that center on the Richard's Bay-Empangeni area in northern KwaZulu-Natal.
- ❑ The Guateng Special Economic Zone, which involves a variety of high technology industrial projects.

Potential cross-border investment corridors being considered in the SADC region include the Beira Corridor, running from Beria in Mozambique to Harare, Zimbabwe; the Benguela Corridor with Angola; a Tazara Development Corridor from Dar es Salaam, Tanzania, to Lusaka, Zambia; a Nacala Corridor from Nacala, Mozambique, to Lilongwe, Malawi, which would open up resource-based industries such as agriculture, forestry, mining, and tourism; a Malanje Corridor from Luanda to Msianje, Angola; and a Namibe Corridor from Namibe to Manongue, Angola.

The SDIs are intended to promote investment outside the major industrial centers. Within each SDI region, local facilitators provide assistance to private investors. The South African Government also offers individual SDI advisors who are assigned to each regional initiative. The use of local facilitators who work with an SDI advisor has kept Government involvement to a minimum and has obviated the need for a special government agency to deal with SDI issues.

### ***Small and Medium Manufacturing Development Program (SMMDP)***

In October 1996, South Africa introduced an incentive scheme as part of the SMMDP. Incorporated entities and sole proprietors and partnerships (excluding trusts) qualify for the incentive package and may apply for assistance. Only new, secondary operations engaged in manufacturing as well as processing or assembly may be considered for

incentives. Initial assistance is in the form of a tax-free establishment grant for the first 3 years calculated at 10.5 percent per year on qualifying assets up to a maximum investment of rand 3 million per enterprise per project.<sup>9</sup> The incentive package also provides for a foreign investment grant up to a maximum value of \$50,000.

### ***Industrial Participation Program (IP)***

Introduced in September 1996, the IP program is intended to fast-track investment, exports, and technology development by using government procurement policies to leverage such initiatives. The program is designed to encourage foreign suppliers of major government contracts to seriously evaluate the South Africa market as a possible site for location of a business. Under the program, all Government and parastatal purchases or leases of contracts with an import content equal to or exceeding \$10 million are subject to an Industrial Participation Obligation. This obligation requires the seller/supplier to engage in commercial or industrial activity equaling or exceeding 30 percent of the imported content of total goods purchased under Government tender. As the seller/supplier implements business projects, IP credits are generated that go toward discharging the IP Obligation. Excess credits can be "banked" for a period of 4 years after the Obligation is discharged. Only 50 percent of a new Obligation can be fulfilled by banked credits. The Obligation must be fulfilled within 7 years of the effective date of the agreement.

### ***Other Business Concerns***

During USITC staff's travel to Pretoria and Johannesburg, South Africa, four recurrent themes kept emerging in conversations with business representatives about the business climate in the country. Each of these themes presents a significant obstacle to a favorable climate for businesses. South African Government officials have acknowledged these impediments and are attempting to address these issues as they develop the policies and regulations that will shape their country's future.

### ***Crime***

The level of criminal activity is extremely high and violent. Companies deciding to locate in South Africa must factor in the cost of keeping their employees safe.<sup>10</sup> Violent crime is now one of the

<sup>9</sup> Qualifying assets are defined as land and buildings owned at cost, capitalized land and buildings leased, plant and machinery at costs, and capitalized plant and machinery leased.

<sup>10</sup> USITC staff interview with a South African official, July 15, 1999.

greatest deterrents to potential investors and a leading factor in the ongoing emigration of skilled workers.

## HIV/AIDS

According to private sector representatives, the HIV/AIDS epidemic in South Africa is at the crisis level and growing fast. It is not just a health issue but a significant business issue. Companies are being overwhelmed by the epidemic; absenteeism is up significantly. Some companies experience five to eight AIDS-related deaths per month.<sup>11</sup> In some businesses, up to 80 percent of the workforce is affected, and some firms are now hiring two people for every job. Factories are discovering the need to locate near health facilities; some local hospitals are unable to cope with the deluge of cases.<sup>12</sup>

## Shortage of Skilled Labor

Large numbers of skilled laborers are leaving the country. Although some are fleeing because they are uncomfortable with the change to a majority government, most fled because of the escalating and increasingly violent crime.<sup>13</sup> The “brain drain” is having a devastating effect on certain professions, such as the legal profession, and companies are having a difficult time maintaining persons with top managerial skills.

## Low Confidence Among Domestic Businesses

According to staff interviews, many white South African business representatives paint a very pessimistic picture of their country’s future. According to several businesspeople, this very negative perspective is due, in part, to racism—some do not want a Black government to succeed.<sup>14</sup> Others attribute the negative views to a sense of growing frustration with crime—many people who never experienced crime before have now themselves been victims—and the other myriad issues that must be addressed such as public health, housing, education, and unemployment.

<sup>11</sup> USITC staff interview with U.S. business officials in South Africa, July 15, 1999.

<sup>12</sup> Ibid.

<sup>13</sup> Ibid.

<sup>14</sup> Staff interviews with businesspeople in Johannesburg and Pretoria, South Africa, July 14-16, 1999.

## Bilateral Relations with the United States

U.S. relations with South Africa were severely strained by South Africa’s racial policies from the 1970s through the early 1990s. Since the abolition of apartheid and the institution of democratic elections in 1994, that relationship has improved dramatically, as exemplified by President Clinton’s visit to South Africa in March 1998. Since the removal of most international sanctions in 1992, bilateral trade and investment have increased. In February 1998, normalization of defense relations began; the U.S. Department of State can again consider requests for licenses for the export of regulated munitions to South Africa.

In October 1994, the U.S./South Africa Bi-National Commission was created, chaired by Vice President Gore and then Deputy President Mbeki. The Bi-National Commission oversees, coordinates, and promotes the development of relations between the two countries across the broadest spectrum of activities: trade and business development, energy, environment, human resource development, science and technology, agriculture, and defense.

The United States has been the largest source of new FDI in South Africa since the country began its transition to democracy. Since 1994, U.S. FDI in South Africa has more than tripled and U.S. companies have committed more than \$2.5 billion to new projects in the country.<sup>15</sup> In 1998, the manufacturing sector overtook communications and transportation as the largest recipient of U.S. FDI.

## Regional Integration

South Africa is a member of several regional organizations: SADC, SACU, IOC, and Common Monetary Area (CMA).<sup>16</sup> South Africa has also just concluded negotiations on a free trade area agreement with the EU, which could have an impact on all of the countries in the southern region (see discussion of the EU-South Africa trade agreement in chapter 2). South African officials have indicated that their SADC and SACU obligations have top priority.<sup>17</sup>

### SACU

South Africa and the BLNS countries (Botswana, Lesotho, Namibia, and Swaziland) make up the SACU customs union. Current priority for the

<sup>15</sup> U.S. Embassy Pretoria, unclassified cable 7758, June 23, 1999.

<sup>16</sup> The Common Monetary Area (CMA) includes all of SADC with the exception of Botswana. CMA is not covered in detail by this report series.

<sup>17</sup> USITC staff interviews with South African Government officials, July 14, 1999.

organization is renegotiation of the revenue-sharing formula and revision of the institutional arrangements to ensure greater involvement of all parties.<sup>18</sup> South Africa does not rely on the customs reserves, but they are critical for the stability of the BLNS countries; the shares they receive contain a considerable subsidy. Revenue from the common pool accounts for 16 percent of Botswana's central government revenue, 51 percent for Lesotho, 30 percent for Namibia, and 50 percent Swaziland. For South Africa, the figure is less than 3 percent.<sup>19</sup> The SACU agreement was last renegotiated in 1969, following the independence of Botswana, Swaziland, and Lesotho. Upon achieving independence from South Africa in 1990, Namibia joined SACU in that year.

As a foreign policy tool, South Africa administered SACU with little consultation from the BLNS countries. Because South Africa's Board of Tariffs and Trade raised or lowered tariffs, or changed coverage, to suit the needs of South African industries, a premium of 42 percent was added to the payments as compensation.

The current revenue-sharing formula is adjusted by South Africa to stabilize receipts in a range of 17-24 percent.<sup>20</sup> As South Africa liberalized and import duties decreased, and protectionist policies were revised with the end of apartheid-era policies in 1994, the need to revise the formula has been increasingly obvious. For the past few years, payments have been at the 17 percent level in spite of the average tariff being far below 17 percent.<sup>21</sup>

Proposed changes to SACU reflect a greater desire for all parties to have greater input in policy development and involvement in administration of the customs union. A new Secretariat has been proposed, although there is as yet no agreement on its role. Negotiations on how the revenue-sharing formula will be revised are also ongoing.

<sup>18</sup> SACU is an outgrowth of colonialism and was used as a foreign policy tool of apartheid-era South Africa. It was not intentionally created as a customs union; it was a pragmatic arrangement to facilitate reserve payments across borders. Revision of SACU will help change the arrangement so that it can become an instrument of development. Because SACU integrated very diverse economies, they do not always have the same interests. USITC staff interview with South African Government official, July 16, 1999.

<sup>19</sup> USITC interview with a South African Government official, July 16, 1999.

<sup>20</sup> This stabilization factor was introduced in 1978 to keep the total for each country at about 20 percent of imports and excisable production and consumption. "The Trade and Investment Relationships Between South Africa and Southern Africa," p. 13.

<sup>21</sup> Ibid.

## **SADC**

SADC is a sub-regional organization that seeks to promote development and growth through increased economic integration among the 14 member states. South Africa became a member of SADC in 1994. The SADC trade protocol, which will eliminate tariffs on intra-SADC trade within 8 years, has several objectives: to liberalize intraregional trade, encourage efficient production within member countries, enhance economic development in the region, and promote the establishment of an eventual common market. To date, only Botswana, Mauritius, Namibia, Tanzania, and Zimbabwe have ratified the trade protocol. South Africa has made a detailed proposal to the organization, indicating a readiness to go forward with ratification.

The most significant impediment to ratification of the trade protocol has been absence of an agreement on the tariff reduction schedule. Other impediments include insufficient analytical capacity, perceptions of uneven benefits, non-tariff trade barriers, and customs procedures and standards. Economists have predicted that a likely negative impact of the implementation of the trade protocol will be the loss of customs revenue upon which many countries are heavily dependent. This loss would not significantly affect South Africa, however, because only 3.4 percent of its Government revenue comes from tariff collections.

## ***South Africa-EU Trade Development and Cooperation Agreement (TDCA)***

On March 24, 1999, the South African Cabinet, the European Council of Ministers, and the European Commission approved the TDCA. The EU and South Africa have not yet ratified the agreement, which is expected to take effect on January 1, 2000.

A major provision of the TDCA is for a free trade area (FTA). Under the FTA provision, the EU is committed to the full liberalization of 95 percent of South African imports over a 10-year transitional period, while South Africa will liberalize 86 percent of EU imports over a 12-year period. The EU-South Africa FTA offers many opportunities for South African businesses. Many goods, especially agricultural goods, are currently subject to EU quotas. These quotas will be increased under the FTA. Duty-free South African goods entering the EU will increase by 20 percentage points over the next 10 years. The least liberalization will occur in agricultural products and the most in manufactured products.



## Case Study: Mauritius

The Republic of Mauritius is an island nation, located in the southwestern Indian Ocean. Formerly ruled by France and then by the United Kingdom, it gained independence in 1968. Mauritius has a stable government and a growing economy and is a multiethnic society, comprising people of Indian (68 percent), African (27 percent), Chinese (3 percent), and French (2 percent) descent. President Cassam Uteem was elected in 1992, and he originally presided over a coalition Government. While the coalition was dissolved with the most recent elections in June 1997, he remains President.

At the time of its independence, Mauritius was a low-income, single crop, agricultural economy. It has since developed into a middle-income, diversified economy with growing industrial, financial services, and tourism sectors.<sup>22</sup> Services (tourism and banking) and sugar account for most of the nation's gross domestic product (GDP), with 1997 shares of 58 and 9 respectively. Textiles and apparel account for another 25 percent.<sup>23</sup> Mauritius has the highest per capita income of any Sub-Saharan African country. In recent years it has become the locus for significant production of knitted garments, produced for markets in Europe and North America.

### Economic Overview

The Mauritian economy has averaged a growth rate in GNP of 5.1 percent during 1965-97.<sup>24</sup> This consistent, broad-based growth has been the result of successes in sugar exports, export processing zone manufactures, and tourism. GDP grew by 5.3 percent in 1998.<sup>25</sup> However, such performance is not expected to continue in 1999 because of a severe, persistent drought that has seriously affected the agricultural (i.e. sugar) sector.<sup>26</sup>

<sup>22</sup> This transformation is dramatically illustrated by an examination of the structure of merchandise exports over time. In 1980, sugar accounted for 72 percent of Mauritian exports; by 1997, this share was 28 percent. Comparable data for manufacturing exports are 27 percent in 1980 and 71 percent in 1997. Source: World Bank, *World Development Indicators*, 1999, Table 4.5, p. 205.

<sup>23</sup> Ibid., Table 4.2, p. 193.

<sup>24</sup> Ibid., Table 1.4, p. 25.

<sup>25</sup> Ibid., table 4a, p.186.

<sup>26</sup> GDP growth for 1999 is expected to be in the 3.6 to 4 percent range. U.S. Department of State telegram, "1999 Investment Climate Statement - Mauritius," message reference No. 723, prepared by U.S. Embassy, Port Louis, Apr. 2, 1999.

### Mauritius in Brief

Population:	1.2 million <sup>1</sup>
Life expectancy	70.9 years <sup>1</sup>
Infant mortality	16.5 deaths per 1,000 live births <sup>1</sup>
Adult literacy	82.9 percent <sup>1</sup>
Economy:	
Per capita GDP	\$3,367 <sup>2</sup>
Nominal GDP	\$4,040 million <sup>2</sup>
Agriculture	8 percent
Industry	29 percent
Services	63 percent
External debt	\$1.2 billion <sup>3</sup>
Trade:	
Exports (fob)	\$1.6 billion <sup>3</sup> U.K., France, U.S., Germany, Italy
Imports (cif)	\$2.2 billion <sup>3</sup> France, India, Hong Kong, U.K., Germany

<sup>1</sup> 1998 estimate, World Factbook, ODCI.

<sup>2</sup> 1998, International Financial Statistics, IMF.

<sup>3</sup> 1996 estimate, World Factbook, ODCI.

Mauritius is the only African country ranked by the United Nations with "high human development," based on social indicators such as life expectancy, literacy, and school enrollment. The World Bank classifies Mauritius as an "upper middle-income" country—that is, a country with GNP per capita within the range of \$3,126 to \$9,655.<sup>27</sup> For the last 2 years, the World Economic Forum, meeting in Davos, Switzerland, has ranked Mauritius as the most competitive economy in Africa.

Textiles and apparel are the most important components of the economy, with 275 factories producing a range of apparel, mostly for American and European markets. Tourism ranks second to textiles and apparel as a foreign exchange earner for the country. More than 90 hotels operate on the island, attracting 550,000 tourists annually, and more are under construction.

The recent financial crisis in Asia has resulted in a marked tightening of world competition among textile and apparel producers. As a result, Asia is even more competitive now than in the past. This has resulted in a particular price sensitivity that has affected countries with higher labor costs, like Mauritius. Mauritian producers have sought and are seeking alternative sites for production and for maintaining the competitive advantage in textiles and apparel that has been built over the recent past. A number of Mauritian textile and apparel producers have opened up operations in Madagascar, and are considering

<sup>27</sup> *World Development Indicators*, 1999, p. 14.

Botswana as another country for regional production.<sup>28</sup> As firms move their labor-intensive operations out of the country,<sup>29</sup> they focus on the higher end of the market by increasing the automated aspects of production.<sup>30</sup> Nevertheless, a number of them are still struggling to remain internationally competitive.<sup>31</sup>

Mauritian labor costs are greater than those of other countries in the region. As a result, in some quarters there is a fear of Mauritius losing its competitive edge.<sup>32</sup> The country's international competitiveness is being tested by the emergence of additional low-cost textile and apparel producers, as well as the erosion of some trade agreements, such as the Multifibre Arrangement and Lomé Convention.<sup>33</sup> This erosion will particularly affect developing countries.<sup>34</sup>

In sectors other than textiles and apparel, investment in Mauritius is declining. Government officials recognize that in order to sustain the rate of economic development, new investment needs to be attracted to the island. This new investment would be for other than the manufacturing sector, which has about peaked.<sup>35</sup> Indeed, Mauritian investors themselves are acting on other opportunities in the region by investing in projects in neighboring countries, such as Madagascar, Mozambique, and Botswana.

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<sup>28</sup> The advantage that Botswana offers is that as a member of the SACU it could export product duty-free to South Africa, an advantage not currently open to Mauritius.

<sup>29</sup> Wages in Madagascar, for example, are two-thirds less than those in Mauritius.

<sup>30</sup> U.S. Department of State telegram, "Mauritius: 1999 Investment Climate Statement," message reference No. 1432, prepared by U.S. Embassy Port Louis, June 30, 1999.

<sup>31</sup> USITC staff interview with a private sector official, Floreal, Mauritius, July 19, 1999.

<sup>32</sup> USITC staff interview with a private sector official, Vacoas, Mauritius, July 19, 1999.

<sup>33</sup> Under the Lomé Convention, products from African, Caribbean, and Pacific states enjoy duty- and quota-free status on entering the EU under specific conditions. Mauritian sugar and textiles are able to enter the EU under this agreement. U.S. Foreign Commercial Service, *Country Commercial Guide (CCG) - Mauritius, Fiscal Year 1999*, Aug. 12, 1998, p. 24, found at Internet address <http://usis.intnet.mu/commg/htm>, retrieved July 6, 1999.

<sup>34</sup> Mauritius is already taking steps to anticipate the future dilution of trade benefits: new varieties of sugar are being developed, and higher productivity is being encouraged through the introduction of more capital intensive production methods in both sugar and textiles. USITC staff interview with public sector officials, Port Louis, Mauritius, July 21, 1999.

<sup>35</sup> Opportunities in both the textile and apparel sector and the sugar sector have nearly been maximized. Therefore, future opportunities need to come from other

The development strategy of the government focuses on industrialization, agricultural diversification, and tourism. Modernization through the production of higher value-added products and exports is desired. The annual budget speech before the Mauritian Parliament presents the Government's initiatives and provides a capsule view of issues of importance to the country. The July 1999 proposal contained new incentives for foreign direct investment, as well as the introduction of a flat, corporate tax rate for specific industries. The principal investment incentives contained in the Government's proposed budget were complete exemptions from import tariffs on industrial machinery and equipment, medical and laboratory equipment, information technology components, and water desalinization and recycling machinery and equipment.<sup>36</sup> The government is actively encouraging investment in services. This is part of its "primary goal" to establish Mauritius over the next decade as an "Intelligent Island"—a regional trade and financial center, a focal point for commerce between the Far East and Africa.<sup>37</sup>

While most Sub-Saharan African countries borrow from the International Development Association,<sup>38</sup> Mauritius, on the other hand, is eligible for World Bank loans because of its relatively high level of income.<sup>39</sup> In 1999, the World Bank was underwriting eight projects in Mauritius, totaling \$56.2 million, in infrastructure, education, environment, and agriculture. Three additional loans for solid waste management, health, and transport, valued at \$25 million, are under consideration.<sup>40</sup>

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<sup>35</sup>—Continued

manufacturing or from the service sector. According to a Government source, the capacity to expand in the Mauritian textile sector is limited to no more than 15 percent. USITC staff interview with public sector officials, Port Louis, Mauritius, July 21, 1999. A representative of the textile industry argues that further expansion was stifled on the one hand by the availability of electricity and water, and, more significantly, by the difficulty of hiring qualified management personnel. USITC staff interview with a private sector official, Rivière, Mauritius, July 21, 1999.

<sup>36</sup> U.S. Department of State telegram, "Mauritius 1999-2000 Budget: Increased Incentives for Foreign Direct Investment," message reference No. 1344, prepared by U.S. Embassy, Port Louis, June 18, 1999.

<sup>37</sup> *CCG - Mauritius, Fiscal Year 1999*, p. 3.

<sup>38</sup> IDA is the interest-free lending agency of the World Bank for the world's poorest countries.

<sup>39</sup> See separate discussions of IDA and the World Bank/IBRD in Chapter 3.

<sup>40</sup> The World Bank Group, *Countries: Mauritius*, found at Internet address: <http://www.worldbank.org/html/extdr/offrep/afr/mu2.htm>, retrieved June 16, 1999. MIGA, another arm of the Bank, is considering five applications, one for investment in Mauritius, and, perhaps more significantly, another four for investment projects into other MIGA member countries by Mauritian sources.



## Bilateral Relations with the United States

During the 1990s, the U.S. trade deficit with Mauritius ranged from \$118 to \$248 million. The latter figure represents the 1998 deficit, which was an 18 percent increase in the bilateral trade balance from 1997. U.S. exports to Mauritius in 1998 were valued at \$23 million, a 26 percent decline from the 1997 level. The major U.S. products shipped to Mauritius included airplane parts, diamonds, forklift trucks, and machinery for use in printing operations.<sup>41</sup> The United States ranks 10<sup>th</sup> in terms of exports to Mauritius, behind France (20 percent share), South Africa (12 percent), India (8 percent), Hong Kong (7 percent), and the United Kingdom (6 percent).<sup>42</sup> Explaining the relatively small share of U.S. shipments to Mauritius, a Mauritian businessman expressed the opinion that the United States is badly positioned geographically to service Mauritius.<sup>43</sup>

U.S. imports for consumption from Mauritius were valued at \$267 million in 1998, a 13.4 percent increase from the previous year. The United States is the largest customer for Mauritian textiles and apparel. Cotton shirts, trousers, and woolen sweaters were the major imported items. Textiles and apparel made up the largest import category, followed by cane sugar, sunglasses, and diamonds. The United States is Mauritius's, third-largest market, with a 15 percent share of total exports, behind the United Kingdom (34 percent) and France (21 percent).<sup>44</sup> Other leading markets are Germany (6 percent) and Italy (4 percent). The major overall trading partners of the island nation are the United Kingdom, France, South Africa, and the United States.

Mauritius is eligible for preferential imports into the United States under the U.S. GSP program, and in 1998, the value of such imports was \$10.6 million, a decline of over 50 percent from the previous year. A significant part of the drop resulted from decreased exports of both raw and refined cane sugar to the United States.

While Mauritius has bilateral investment treaties with 12 other countries, it does not have such an agreement with the United States. In 1997, however, a revised incentive agreement was signed with OPIC. As a result, Mauritius is eligible for the full range of

OPIC programs.<sup>45</sup> Mauritius is also a member of MIGA.

Opportunities for U.S. companies exist in the following sectors: power generation, telecommunications and broadcasting, information technology, airport equipment, desalinization, health care, consulting services, and tourism.<sup>46</sup>

## African Growth and Opportunity Act

Given the significance of the textile and apparel industry to the Mauritian economy, the prospects of the African Growth and Opportunity Act (AGOA), currently under consideration by the U.S. Congress,<sup>47</sup> receive considerable attention in Mauritius. The bill is viewed very favorably and as a positive development in bilateral relations by Mauritian officials and businesspeople. Passage of the bill "will open new vistas for our exports and for job creation," according to the Mauritian Minister of Finance.<sup>48</sup> While the bill includes a number of provisions, the textile provisions are the focus of considerable attention in Mauritius. A number of public and private sector representatives expressed the opinion that should the House-passed version of the bill be altered in line with the desires of the U.S. textile industry (i.e., special provisions of the bill applying only to U.S. cloth), the measure would be of no particular value to Mauritius.<sup>49</sup> While production sharing (i.e. the use of U.S. cloth in the foreign production of apparel) may be feasible in the Caribbean and Mexico, the distance between Mauritius and the United States, plus the delivery times necessary for a considerable amount of the textile products produced in Mauritius, would make Mauritian compliance with such an arrangement particularly difficult. One textile producer explicitly stated that if the bill required U.S. wool for

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<sup>45</sup> U.S. Department of State telegram, "Mauritius: 1999 Investment Climate Statement," message reference No. 1432, prepared by U.S. Embassy, Port Louis, June 30, 1999.

U.S. Department of State telegram, "1999 Investment Climate Statement - Mauritius," message reference No. 723, prepared by U.S. Embassy, Port Louis, Apr. 2, 1999.

<sup>46</sup> The version of the bill passed by the U.S. House of Representatives in July 1999 was very favorably received in Mauritius.

<sup>47</sup> Dr. the Hon. Vasant Bunwaree, Budget Speech 1999-2000, p. 4, found at Internet address: <http://ncb.intnet.mu/finance/budget99/budspch.htm>, retrieved July 6, 1999.

<sup>48</sup> USITC staff interview with private sector officials, Floreal, and Port Louis, Mauritius, July 19, 1999.

<sup>49</sup> USITC staff interview with a private sector official, Floreal, Mauritius, July 19, 1999.

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<sup>41</sup> Tariffs on all industrial machinery and equipment were abolished in June 1999. U.S. Department of State telegram, "Mauritius: 1999 Investment Climate Statement," message reference No. 1432, prepared by U.S. Embassy, Port Louis, June 30, 1999.

<sup>42</sup> CIA, *World Factbook*, found at Internet address: <http://www.cia.gov/cia/publications/factbook/mp.html>, retrieved July 28, 1999.

<sup>43</sup> USITC staff interview with a private sector official, Port Louis, Mauritius, July 19, 1999.

<sup>44</sup> *World Factbook*.

his spinning requirements, compliance would be unlikely, because wool available from the United States does not meet the quality standards demanded by his customers.<sup>50</sup>

A concern of the U.S. domestic textile industry in relation to the textile provisions of AGOA is that countries might try and thwart rules-of-origin regulations by means of transshipment. Mauritian authorities have minimized this concern by pointing out that Mauritian textiles in large quantities continue to be shipped to the EU, and that incidences of origin violations have been virtually non-existent.<sup>51</sup> A representative of the textile sector pointed out that the logistics of moving the goods, together with the lead times required for guaranteed delivery of apparel, precluded any transshipments through Mauritius.<sup>52</sup>

The high profile of AGOA in Mauritius has resulted in the formation of avenues of further bilateral interest in the United States. Two organizations, the Mauritius-U.S. Business Association (MUSBA), and the African Coalition for Trade (ACT), owe their existence to private sector interest in U.S. trade policy toward Africa. MUSBA was formed in July 1995 and acts as a bilateral, private sector chamber of commerce for companies in both countries. ACT, formed in October 1998, has a broader focus than just one country. It came about specifically as a result of AGOA and informs its members of legislative and policy action affecting U.S.-African trade.

## Business Climate

The business climate in Mauritius is considered “generally favorable” by the U.S. Department of State and the Foreign Commercial Service<sup>53</sup>—“among the most competitive economies in Africa and [it] welcomes foreign investment, especially in

<sup>50</sup> Transshipment is illegal in Mauritius, and the existing visa system for textile and clothing shipments from Mauritius to the EU is working well. USITC staff interview with public sector officials, Port Louis, Mauritius, July 21, 1999. However, the fact that oversight and regulation of transshipments is the responsibility of the customs authority, and that customs in Mauritius is suspected of corruption, is another difficulty. USITC staff interview with private sector official, Port Louis, Mauritius, July 19, 1999.

<sup>51</sup> USITC staff interview with a private sector official, Port Louis, Mauritius, July 22, 1999.

<sup>52</sup> U.S. Department of State telegram, “1999 Investment Climate Statement - Mauritius,” message reference No. 723, prepared by U.S. Embassy, Port Louis, Apr. 2, 1999, and CCG - Mauritius, Fiscal Year 1999.

<sup>53</sup> U.S. Department of State telegram, “Mauritius: 1999 Investment Climate Statement,” message reference No. 1432, prepared by U.S. Embassy, Port Louis, June 30, 1999.

export-oriented industries.”<sup>54</sup> A stable political situation, established legal norms, and a modern banking system undergird the commercial sector. An export processing zone with generous fiscal incentives exists, as does a freeport and an offshore banking and business center.

According to a report by the World Bank, “The key ingredients of the country’s success have been a stable democracy and rule of law; ethnic tolerance;<sup>55</sup> macro-economic stability; equitable social progress; and a coherent strategy to compete internationally in labor-intensive activities, including a flexible exchange rate policy, low tax environment, and determined efforts to attract foreign investment.”<sup>56</sup>

Mauritius officials recognize that the economic future of the country is best achieved by utilizing its placement as a regional center.<sup>57</sup> Increasingly, investors in Mauritius see the country as a gateway to regional opportunities.<sup>58</sup> The convergence of location and the need for increased services in the region<sup>59</sup> reinforce the perception of Mauritius as a regional hub.

## Investment

Foreign direct investment in Mauritius is governed by the Non-Citizen Property Restriction Act of 1975. New investments must be approved in advance by the Prime Minister’s Office<sup>60</sup>—a process that has been criticized as less than transparent and also time-consuming.<sup>61</sup> Mauritian investment regulations are consistent with the WTO Agreement on Trade Related Investment Measures (TRIMs). Applications for investment in the export processing zone (EPZ) are screened by a government-wide committee—a process that takes an average of 6 weeks.<sup>62</sup> Once

<sup>54</sup> Two major incidents of ethnic violence occurred in February and May of this year, however. U.S. Department of State telegram, “Mauritius: 1999 Investment Climate Statement.”

<sup>55</sup> World Bank, *Countries: Mauritius*, found at Internet address: <http://www.worldbank.org/html/extdr/offrep/afr/mu2.htm>, retrieved June 16, 1999.

<sup>56</sup> USITC staff interview with public sector officials, Port Louis, Mauritius, July 22, 1999.

<sup>57</sup> The information technology sector is an example of a regional approach to marketing, with Mauritius being the principal business office in the region. USITC staff interview with a private sector official, Port Louis, Mauritius, July 22, 1999.

<sup>58</sup> USITC staff interview with a private sector official, Port Louis, Mauritius, July 19, 1999.

<sup>59</sup> This requirement does not apply to investments in the offshore business center or the stock exchange.

<sup>60</sup> Bureaucratic bottlenecks and delays have been cited in six independent studies of investment difficulties in Mauritius. USITC staff interview with public sector officials, Port Louis, Mauritius, July 21, 1999.

<sup>61</sup> U.S. Department of State telegram, “Mauritius: 1999 Investment Climate Statement.”

approved, a prospective foreign investor has to incorporate locally and then apply for approval from the Prime Minister's Office—another 6-week process on average.<sup>63</sup> There is, however, no economic or industrial strategy that discriminates against foreign investors.

The leading sources of FDI in Mauritius are: India, the United Kingdom, France, Germany, and South Africa.<sup>64</sup> The most recent U.S. investment in Mauritius took place in 1992.<sup>65</sup> A number of reasons for the lack of U.S. investment were cited. They ranged from the small size of the Mauritian market to a negative perception of Africa as a locus for U.S. commercial activity, to the geographic distance, to the lack of any historical linkage between the two countries.<sup>66</sup>

A recognized problem for newly approved businesses in Mauritius is the slowness in obtaining work permits—a common complaint.<sup>67</sup> A minimum of 6 months, and often longer, is needed. The Government has recognized the difficulty and its impact in an era when attracting investment is necessary to the future health and well-being of the Mauritian economy. In the Budget speech to Parliament in June 1999, the Minister of Finance proposed a Board of Investment as a single entity to oversee the facilitation and approval of FDI in Mauritius.<sup>68</sup> A more flexible approach to investment incentives will be adopted, as will a definite, time-driven schedule for the approval of work permits. The new investment policy will be focused and structured in such a way as to target multinational companies and entrepreneurs willing to invest in new, high value-added activities.<sup>69</sup>

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<sup>62</sup> U.S. Department of State telegram, "Mauritius: 1999 Investment Climate Statement."

<sup>63</sup> Offshore or freeport licenses are approved directly by separate government agencies, the Mauritius Offshore and Business Activities Authority (MOBAA) and the Mauritius Freeport Authority respectively, and generally occur within 2 weeks. Such licenses do not require cabinet approval.

<sup>64</sup> CCG - Mauritius, *Fiscal Year 1999*, p. 29.

<sup>65</sup> U.S. Department of State telegram, "Mauritius: 1999 Investment Climate Statement."

<sup>66</sup> USITC staff interview with a private sector official, Port Louis, Mauritius, July 19, 1999.

<sup>67</sup> Ibid.

<sup>68</sup> Budget Speech 1999-2000.

<sup>69</sup> "... we are seeking to attract investments in new avenues such as modern call centres which integrate telephony with computer systems, operational and regional headquarters, regional treasury centres and e-commerce." Ibid.

A megaproject has also been designated for industrial development in the new millennium—a 350-hectare business park, north of the capital. Investments in the park will need the approval of the Board of Investment only. The Board of Investment and related government proposals were generally received with enthusiasm by the business community.

Foreign exchange controls were abolished by the government in 1994. At present, there are no legal obstacles to any business transaction or transfer of funds for an investment requiring foreign exchange. Similarly, legislative protections against nationalization or appropriation of assets are in place and are respected. The U.S. Embassy in Mauritius is not aware of any investment disputes.<sup>70</sup> The domestic legal system is considered non-discriminatory and transparent. However, allegations of corruption have been reported.<sup>71</sup> In terms of incentives, both local and foreign investors receive the same incentives in the EPZ, the freeport, or the offshore business center.

## Export Processing Zone

The EPZ caters to export-oriented manufacturing; the freeport offers lower-cost warehousing, packaging, assembly plants, and logistics facilities for re-export activities; and the offshore business sector provides a platform for companies taking advantage of Mauritius's extensive system of double taxation avoidance treaties.<sup>72</sup>

The EPZ in Mauritius, like such zones in Ireland and the Seychelles, is not confined to a specific geographic area. Sites are selected more by virtue of proximity to labor than by any other criterion. Firms eligible for EPZ certification can operate anywhere on the island. The Mauritian EPZ is essentially manufacturing-based. The value-added tax (VAT), levied in September 1998, has been an advantage for the EPZ, as it is not imposed on goods for export. U.S. presence in the zone is minimal—only one company, a diamond cutting and polishing operation. Distance and unfamiliarity with Mauritius were offered as explanations for this fact.<sup>73</sup> There is similarly little or no Canadian or Latin American presence in the EPZ. The main challenge facing the zone is the same as that facing the country as a whole—the need for additional investment. Representatives agreed that what is needed is a

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<sup>70</sup> U.S. Department of State telegram, "Mauritius: 1999 Investment Climate Statement."

<sup>71</sup> Ibid. On the other hand, a private businessperson maintained that corruption did not appear to be an issue in Mauritius. USITC staff interview with a private sector official, Port Louis, Mauritius, July 22, 1999.

<sup>72</sup> Twenty-four countries have signed and ratified such treaties. Another eight countries have treaties either in process of ratification or under negotiation. The United States is not a party to such a treaty.

<sup>73</sup> USITC staff interview with private sector officials, Mauritius Export Processing Zone Association (MEPZA), Port Louis, Mauritius, July 19, 1999.

focused approach, with proposals evaluated individually and incentives tailored to larger sources of foreign direct investment.<sup>74</sup>

## Privatization

The government's privatization program has been limited to date to the sale of a portion of government-owned shares to a strategic partner. Some concern has been expressed at the slowness of the government's willingness to aggressively pursue the privatization of parastatals in the economic system.<sup>75</sup> While the telecommunications sector is already advanced in this regard,<sup>76</sup> other sectors such as water, electricity, and banking are lacking progress. Private sector representatives expressed the belief that significant privatization activity was unlikely before the next election in March 2000.<sup>77</sup> Public sector representatives mentioned that the investment possibilities from privatization were overstated.<sup>78</sup>

Corruption, while existing at all levels of government, is less in Mauritius than in other African countries. Allegations of corruption in government procurement have taken place, and local business executives consider Customs to be the most corrupt government agency.<sup>79</sup>

## Regional Participation

Mauritius is a member of the WTO, the EU-ACP Lomé Convention, as well as the British Commonwealth and La Francophonie. The Government of Mauritius strongly supports regional economic integration. This commitment is borne out in its participation as a member of four regional economic groupings—the Common Market for Eastern and Southern Africa (COMESA); the Southern African Development Community (SADC); the Indian Ocean Commission (IOC), and the Indian Ocean Rim Association for Regional Co-operation (IOR-ARC). The first two are entities of regional economic integration; the latter organizations promote economic and trade exchanges and regional cooperation.

<sup>74</sup> Ibid.

<sup>75</sup> USITC staff interview with a private sector official, Port Louis, Mauritius, July 19, 1999.

<sup>76</sup> Forty percent of the shares of Mauritius Telecom are scheduled to be sold soon. USITC staff interview with public sector officials, Mauritius Telecom, Port Louis, Mauritius, July 20, 1999.

<sup>77</sup> USITC staff interview with a private sector official, Port Louis, Mauritius, July 19, 1999.

<sup>78</sup> USITC staff interview with public sector officials, Port Louis, Mauritius, July 21, 1999.

<sup>79</sup> U.S. Department of State telegram, "Mauritius: 1999 Investment Climate Statement."

COMESA, a regional grouping of 21 African countries, is moving ahead, with Egypt having recently joined. Mauritian trade with COMESA partners has increased significantly. Mauritius participates in a COMESA clearinghouse that settles transactions between COMESA member countries by guaranteeing payments in local currency. An issue of interest to Government authorities is the need for convergence between COMESA and SADC policies.<sup>80</sup> The FTA for COMESA will be operational by 2004.<sup>81</sup>

Mauritius attached particular importance to the integration process taking place within the SADC. The process coincides very well with the Mauritian view of the island becoming a regional hub.<sup>82</sup> January 1, 2000 is the deadline for each SADC member to have signed a trade protocol, outlining its duty treatment to other SADC members, in approaching the 2004 deadline for duty-free trade within the Community. Five SADC members have ratified the trade protocol already, with another two countries in the process of doing so. The particular hurdle is the action of South Africa, which for political reasons is constrained in how much it is able to offer by way of concessions at this time. Other SADC members expect faster and deeper tariff cuts from South Africa, as the predominant economic power in the region.<sup>83</sup> Negotiations on rules-of-origin continue to be an important area of concern for SADC members as the millennium approaches. The forthcoming Seattle WTO Ministerial will provide an opportunity for SADC and other regional organizations (e.g., COMESA, SACU, and the Organization of African Unity) to try and develop common trade negotiating positions.<sup>84</sup>

The IOC is an association of five island countries—Mauritius, Madagascar, Seychelles, France (the overseas department of Réunion and the territory of Mayotte), and Comoros—with a focus on promoting economic and trade exchanges. It was inaugurated on January 10, 1984. Programs on environment, tourism, meteorology, culture,

<sup>80</sup> U.S. Department of State telegram, "Mauritian Agenda for SADC Summit," message reference No. 1807, prepared by U.S. Embassy, Port Louis, Aug. 29, 1997. [this might be too old]

<sup>81</sup> USITC staff interview with public sector officials, Port Louis, Mauritius, July 21, 1999.

<sup>82</sup> One representative of a clothing conglomerate maintained that Mauritius was already viewed as a regional hub and attributed the company's presence on the island to that perception. USITC staff interview with a private sector officials, Port Louis, Mauritius, July 22, 1999.

<sup>83</sup> Progress was reported at the July 1999 SADC meetings in Gaborone, Botswana. USITC staff interview with public sector officials, Port Louis, Mauritius, July 21, 1999.

<sup>84</sup> USITC staff interview with public sector officials, Port Louis, Mauritius, July 21, 1999.



handicrafts, transit, tuna fishing, etc., are among those mandated by the Commission. Most IOC programs are financed by the EU.

The year 1998 was a time of “strategic thought” for the future of the organization. It was a time of facing up to the realities and difficulties involved in the five countries of the organization—small in size, island in nature, with widely different levels of economic, social, and political development. The results of the process were published, and a plan of action for the revitalization of the IOC may emerge.<sup>85</sup>

The IOR-ARC was created in 1997 by the governments of 14 countries. While the organization is private sector driven, it operates in a tripartite mode, bringing together representatives of government, business, and academia. The principal objective of the IOR-ARC is to focus on economic cooperation and promote opportunities that develop shared interests for mutual benefits. Among the areas of particular interest are projects fostering inter-regional linkages such as trade facilitation, promotion, and liberalization; promotion of foreign investment; scientific and technological exchange;

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<sup>85</sup> IOC, *The Future of the Indian Ocean Commission: Strategic Reflections on Regional Cooperation in the Next Ten Years*, Oct. 1998.

tourism; and the development of infrastructure and human resources. IOR-ARC headquarters is in Mauritius, and the country is seen as the hub for the region over the next 15 years.

The importance of a regional outlook in Mauritius cannot be overemphasized. Regional opportunities exist in Mozambique, Madagascar, Tanzania, Côte d’Ivoire, and Botswana.<sup>86</sup> One of the reasons for the increasing opportunities in the region and for the shift and broadening of certain operations beyond Mauritius itself is the lower wage rate available in other countries. This outward focus is reinforced by the government’s regional development certificate scheme, by which certain fiscal incentives will be available to entrepreneurs holding specific equity shares in approved regional development projects.<sup>87</sup> The official goal of Mauritius becoming a hub for economic activities in the region is reinforced by the country’s participation in the organizations that support regional integration and cooperation.

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<sup>86</sup> USITC staff interview with officials at the U.S. Embassy, Port Louis, Mauritius, July 19, 1999.

<sup>87</sup> A current proposal, under consideration, is for the establishment of a special economic zone in Mozambique, where 100,000 hectares of land have been offered to Mauritius as an incentive for further development.





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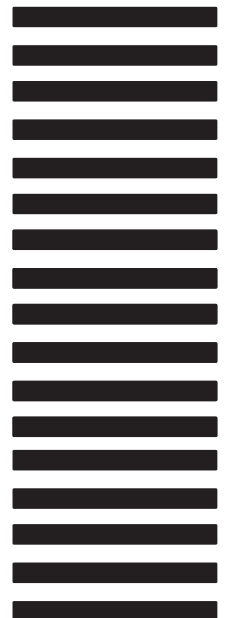
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