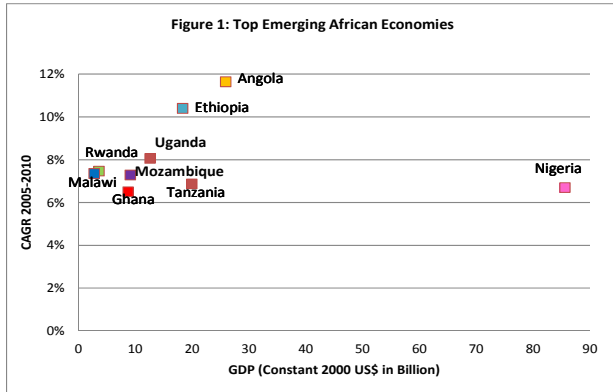


EMERGING AFRICAN ECONOMIES AS GROWING MARKETS FOR U.S. EXPORTS

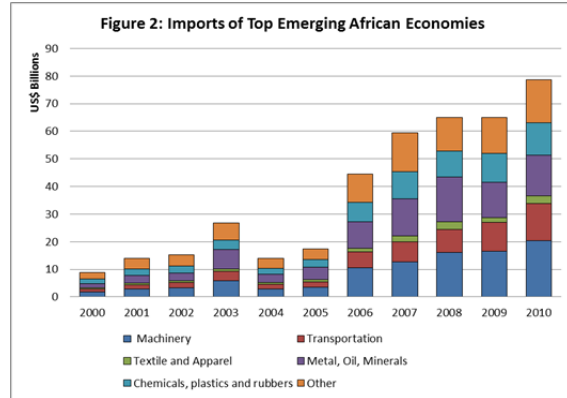
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Expanding exports, surging commodity prices, burgeoning foreign direct investment (FDI), and resilient domestic demand in the last five years are among the factors that have allowed emerging African economies to weather the 2008-09 financial crises well. According to the IMF, the accelerating economic growth of Sub-Saharan Africa (SSA) will continue in 2012-13. In this briefing, nine fast-growing emerging African economies with compounded average growth rates (CAGR) exceeding 6.5% and real GDP exceeding US\$2 billion have been selected to identify the factors contributing to their economic growth. Recent trade data are analyzed to present the potential of nine emerging African economies as growing markets for the United States and the rest of the world.

Top Nine Emerging African Economies



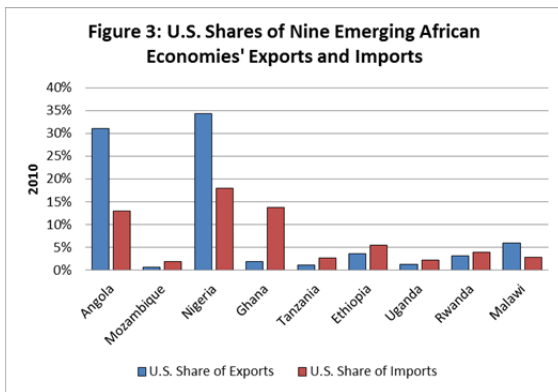
Source: The World Bank- World Development Indicators



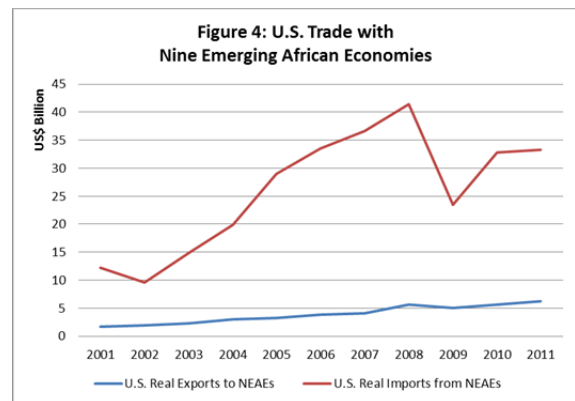
Source: UN Comtrade

Nine emerging African economies (hereafter NEAEs) experienced relatively rapid economic growth from 2005-10: Angola (11.6%), Ethiopia (10.4%), Uganda (8.1%), Rwanda (7.5%), Malawi (7.4%), Mozambique (7.3%), Tanzania (6.9%), Nigeria (6.9%), and Ghana (6.5%) (Figure 1). During the same period, their imports doubled, with particularly strong import growth in the machinery and transportation sectors (Figure 2).

Trade with the United States



Source: UN Comtrade



Source: USITC Tariff and Trade Data Web and BLS

- Between 2001 and 2011, NEAEs' trade with the U.S. grew faster than their trade with EU27, SSA's traditional trading partner, but slower than their trade with China, SSA's emerging major trading partner. In the given period, NEAEs' imports from the U.S., EU27 and China grew annually by 18.8%, 11.6%, and 30.5%, while their exports to the U.S., EU27 and China grew by 14.8%, 13.4%, and 39.4%, respectively.
- The U.S. shares of NEAEs' imports and exports remain low, with the exception of Nigeria and Angola (Figure 3). However, steadily rising U.S. trade with these emerging economies in terms of value and volume, particularly for U.S. exports, suggests growing market opportunities (Figure 4).

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Factors Contributing to Economic Growth

Improvements in agriculture, new or expanding natural resource development, rising commodity prices, burgeoning FDI, economic diversification, and expanding infrastructure development are among the main factors contributing to the economic growth of these top emerging African countries, as well as their demand for infrastructure-related imports, such as machinery, aircraft, vehicles, ships, fuel, pharmaceutical products and grains (Table 1).

Table 1:

| Country | Factors Contributing to Economic Growth | Major Global Imports |
|------------|--|---|
| Angola | <ul style="list-style-type: none"> Oil production expanded from 750 thousand barrels/day (KBPD) in 2000 to 1,950 KBPD in 2009; oil prices rose from \$25 per barrel in 2000 (Jan.) to \$90 per barrel in 2010 (Dec.). Launch of new liquefied natural gas (LNG) project (est. in 2012). | Vehicles, aircraft & parts, ships & boats, railway or tramway |
| Ethiopia | <ul style="list-style-type: none"> Value-added agribusiness development and rising agriculture exports such as cut flowers Public investment in infrastructure. New hydroelectric power development. Strong FDI inflows averaged \$300 million per annum between 2000 and 2010. | petroleum products, machineries, vehicles, wheat, iron & steel |
| Uganda | <ul style="list-style-type: none"> Broad-based development in construction, transport, telecommunication, financial services, and oil industries. FDI inflows increased from \$161 million in 2000 to \$817 million in 2010. | machinery, petroleum products, vehicles |
| Ghana | <ul style="list-style-type: none"> Gold exports increased from \$623 million in 2000 to \$3.4 billion in 2010 due to production expansion and rising gold prices. Cocoa-based exports increased from \$259 million in 2000 to \$976 million in 2010 with rising cocoa prices. Rapid growth of services sector and rising exports of business-processing services. New production of oil since 2010 is expected to boost Ghana's growth in the coming years. FDI inflows soared from \$166 million in 2000 to \$2.5 billion in 2010. | vehicles, electric & non-electric machinery & equipment, iron and steel, rice and wheat |
| Malawi | <ul style="list-style-type: none"> Strong growth in agriculture sector with the distribution of subsidized fertilizers. Higher commodity prices and rising agriculture exports of tobacco, tea, and sugar. FDI inflows increased from \$26 million in 2000 to \$140 million in 2010. | petroleum products, fertilizers, machinery, pharmaceutical products, vehicles |
| Mozambique | <ul style="list-style-type: none"> Strong investment in infrastructure mega-projects and minerals sector, such as coal and offshore natural gas. Growing hydrocarbon sector, including electrical energy, coal as well as natural gas. Rising aluminum price and exports: aluminum prices increased from \$1,680 per metric ton in 2000 (Jan.) to \$3,070 in 2008 (July). FDI inflows increased from \$139 million in 2000 to \$789 million in 2010. | machinery, petroleum products, vehicles, cereal |
| Nigeria | <ul style="list-style-type: none"> A recovery in oil production; rising oil prices. Rising exports of tanned leather from \$48 million in 2006 to \$2.1 billion in 2010. Cocoa-based exports increased from \$11 million in 2006 to \$632 million in 2010, with cocoa prices increasing from \$918/ton in 2000 (Jan.) to \$3,047/ton in 2010 (Dec.). FDI inflows increased from \$1.14 billion in 2000 to \$6.05 billion in 2010. | vehicles, electric & non-electric machinery & equipment, iron and steel, plastics, rice, wheat, pharmaceutical products |
| Rwanda | <ul style="list-style-type: none"> Strong growth in services sector (mainly telecommunications). Significant improvement in its business environment: moved from 143 to 58 in the 2011 World Bank Doing Business rating. Increasing public investment in infrastructure and strong growth in construction. Higher performance in agriculture exports of coffee and tea. FDI inflows increased from \$ 8.3 million in 2000 to \$42 million in 2010. | machinery, communication equipment, petroleum products, pharmaceutical products, iron and steel, vehicles |
| Tanzania | <ul style="list-style-type: none"> Gold exports increased from \$114 million in 2000 to \$1.7 billion in 2011. Expanding exports in natural resource sectors. Strong growth in manufacturing, construction and communications sectors. Strong FDI inflows averaged at \$442 million per annum between 2000 and 2010. | petroleum products, vehicles, electric & non-electric machinery & equipment, wheat, plastics |

Source: Global Trade Atlas, UN Comtrade, USITC Data Web, IMF Regional Economic Outlook: Sun-Saharan Africa, The Economist Intelligence Unit: country reports, U.S. Energy Information Administration, Indexmundi, The World Bank-World Development Indicators and Global Development Finance, The Financial Times, BLS

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