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Sub-Saharan Africa: Major Issues in African-US Economic Relations

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A Research Paper

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Sub-Saharan Africa: Major Issues in African-US Economic Relations [redacted] 25X1

A Research Paper

This paper was prepared by [redacted] the Office of African and Latin American Analysis. It was coordinated with the Directorate of Operations. [redacted] 25X1 25X1

Comments and queries are welcome and may be directed to the Chief, Regional Issues Branch, Africa Division, ALA, [redacted] 25X1

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Sub-Saharan Africa: Major Issues in African-US Economic Relations

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Key Judgments

Information available as of 30 May 1985 was used in this report.

In the near term, there are two key issues—South Africa and aid—that magnify the importance to the United States of its relatively small economic ties with Sub-Saharan Africa:

- *The US economic stake in South Africa* is a controversial political issue because it is widely viewed in black Africa as bolstering the racist policies of the white government. South Africa is by far the largest US export market in Sub-Saharan Africa, although bilateral trade has declined since 1980. Almost one-half of US investment on the subcontinent is in South Africa, even though US investment in the country has stagnated since 1980. Private US lending to South Africa has tripled since 1980 to more than $4.6 billion in 1984, almost 40 percent of total US lending to the subcontinent. We foresee a moderate reduction in the overall US economic stake in South Africa during the remainder of the 1980s because we believe the likelihood of slow economic growth in South Africa will reduce the opportunities for US investment and exports. A continuation or worsening of black unrest and violence in South Africa could lead to a further decline in South African–US trade and to a falloff in investment and lending.

- *US economic aid to Africa* has tripled since the mid-1970s to an overall average of more than $730 million annually; disbursements by multilateral agencies totaled almost $12 billion during 1980-83, of which the annual US contribution was approximately $400-500 million. We expect that most Sub-Saharan countries will remain heavily dependent on US and other Western aid for many years and that African requirements just for food and other emergency aid—in addition to aid needed to stimulate economic growth—will continue to increase.

In addition to these two critical areas, there is a second tier of economic issues that come into play in bilateral and regional dealings with Sub-Saharan Africa:

- *US purchases of African minerals* will continue to center on the reliability of South Africa as a supplier. Although other Sub-Saharan countries in the aggregate provide a number of minerals, the United States could adjust reasonably well to a cutoff from any of these smaller producers. While any major mineral disruption would be painful in the short run, over the longer term, technological advances and growing mineral production in such non-African LDCs as Brazil and China will enable manufacturers to substitute cheaper raw materials for at least some African minerals.

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- *US imports of African oil* make Nigeria the most important US economic partner in Africa aside from South Africa, but the United States has reduced its oil purchases from Nigeria by more than three-fourths since 1980 and, therefore, its vulnerability in the event of economic or political disruption there. The potential does exist, nevertheless, that any major move by Lagos could send shock waves to other OPEC producers. US oil imports from Angola, Cameroon, Congo, Gabon, Ivory Coast, and Zaire combined now exceed those from Nigeria, largely because US oil companies have increased their investment in those states. Even so, the continuing surplus of oil on the world market makes a recovery in Nigerian-US oil trade or further significant increases in US oil imports from other African producers unlikely before 1990, in our view.

- *The US trade position in Africa* has improved sharply. The United States has cut its trade deficit with Sub-Saharan Africa by more than one-half since 1980 largely because of the steep decline in US oil imports from Nigeria. Any significant additional improvement in the US trade deficit with Sub-Saharan Africa is unlikely, however, because there is little further room to reduce the trade deficit with Nigeria—which totaled only about $2 billion in 1984—and because US businesses will find it increasingly difficult to compete in African markets against European and Japanese exporters as a result of the high price of the US dollar in terms of African currencies. US exporters also face long-established trade patterns that enable European countries to dominate most African import markets, resulting in a net flow to Europe of funds earned by Africa from exports to the United States.

- *The US debt exposure in Africa* has increased since 1980, as has the vulnerability of US lending institutions to late repayment of loans by African states; the debt service ratios of many Sub-Saharan countries have risen to at least 40 percent. The consequences for the United States have been limited by the small size of both African-US trade and African debt to US lenders and by a combination of rescheduling agreements and IMF financial help to African countries.

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In our judgment, all of these issues will continue to affect African-US relations to one degree or another for much of the next decade. Over the longer term, as now, we expect that relations with South Africa—including dependence on minerals—and Africa's need for foreign aid will be the dominant issues, in no small part because of their political overtones.

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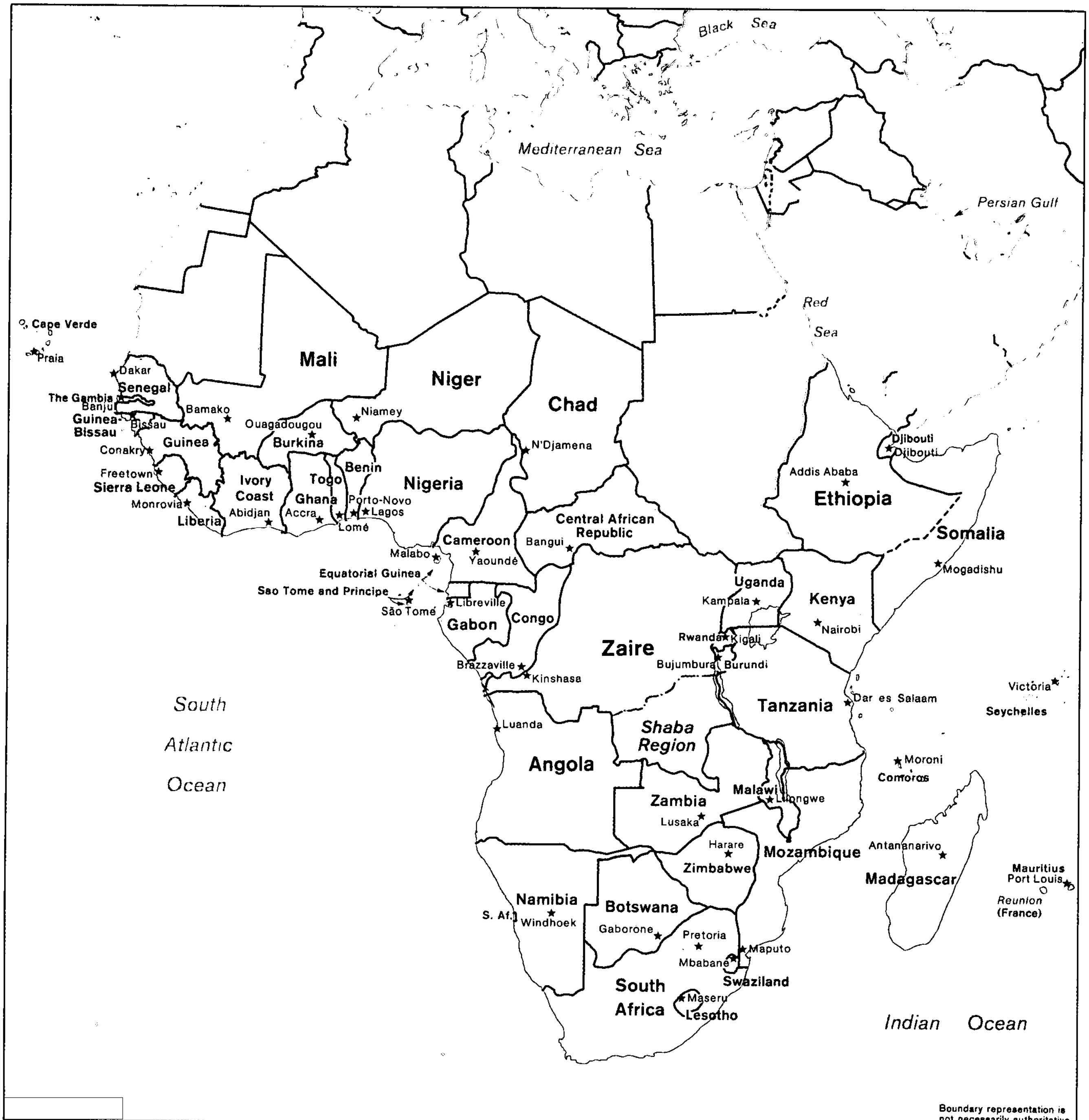

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Sub-Saharan Africa: Major Issues in African-US Economic Relations [redacted] 25X1

Introduction

In our view, the significance of African-US economic relations is less a function of the levels and fluctuations of trade, investment, lending, and aid than of a few key issues. This paper analyzes what we believe are the major issues and assesses the effects of economic trends since 1980 on US interests in Sub-Saharan Africa.[1] The paper also explores the prospects for US economic equities in Africa during the remainder of the decade and discusses, as appropriate on particular issues, the African political context. [redacted]

US Economic Relations With South Africa

South Africa is by far the largest US export market in Sub-Saharan Africa (see table 1),[2] but bilateral trade with Pretoria has declined since 1980 (see table 2) because South Africa has been grappling with foreign exchange shortages and economic austerity. US exports to South Africa, which totaled $2.4 billion in 1980, fell to about $2.3 billion in 1984, still accounting for slightly more than half of total US exports to all Sub-Saharan countries combined.[3] A noticeable dropoff in the sale of US transport equipment and machinery and other manufactured goods—from $1.8 billion in 1980 to $1.4 billion in 1984—stood behind the overall export decline. On the import side, the 1980-82 economic recession in the United States temporarily cut US demand for South African minerals and metals. US imports of such products from South Africa have recovered since 1982 but were still down by 30 percent in 1984 compared with 1980. Overall US imports from South Africa totaled about $2.5 billion in 1984—consisting of a diversified mix of raw and semifinished commodities—placing Pretoria as a very close second among Sub-Saharan countries to Nigeria, which registered $2.6 billion in sales to US markets. [redacted] 25X1

Although US investment in South Africa has stagnated since 1980, official statistics show that the net book value of US direct investment in South Africa equals at a minimum about $2.3 billion and accounts for almost one-half of total US investment in Sub-Saharan Africa. US citizens and firms own as much as an additional $8 billion in stocks in South African mining companies, according to estimates by a South African firm. Moreover, European subsidiaries of US firms also have substantial direct investments in South Africa. Over 300 US firms own branches, subsidiaries, or affiliates in South Africa. [redacted] 25X1

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Because of its lucrative domestic market, which is the largest in Sub-Saharan Africa, South Africa is the only Sub-Saharan country in which the value of direct investment by US companies in manufacturing and services (more than $1.5 billion) is greater than that in minerals or petroleum production for export (less than $1 billion). Indeed, according to the South African press and US Embassy reporting, US companies lead in South African markets for high-technology items such as computers and are major competitors with European and Japanese companies in large segments of the consumer and capital goods markets, such as automobiles, home appliances, petroleum products, farm and construction machinery, and manufacturing technology, plant, and equipment. Large US mineral companies also have major investments in South African mining and minerals processing, and two major US petroleum companies own and operate refineries in South Africa. [redacted] 25X1

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[1] In this paper, the terms "Sub-Saharan Africa" and "Africa" refer to all of the continental and island countries off the coast of Africa—including South Africa—except the northern countries of Algeria, Egypt, Libya, Mauritania, Morocco, Sudan, Tunisia, and Western Sahara. [redacted]

[2] Tabular material cited throughout the text is contained in appendix C. [redacted]

[3] Except where otherwise indicated, the statistics and other factual data in this paper were derived from official publications of the United States, other OECD countries, and Sub-Saharan African countries and from a number of DI publications that report on related issues. [redacted] 25X1

Importance of US Economic Ties to Sub-Saharan Africa

African-US economic relations are relatively small, from the US perspective, but they loom large for most Sub-Saharan African countries, a reflection of the vast difference in size between the US economy and Sub-Saharan Africa:

- *Sales to the United States account for almost one-third of Sub-Saharan exports, and export industries are the main source of employment outside of subsistence agriculture and the civil service in most Sub-Saharan countries.*

- *Sub-Saharan countries also rely on the United States for 10 to 15 percent of their imports (see table 18).*

- *The United States is the primary source of foreign investment in Angola and Liberia and is an important secondary source in about 20 other Sub-Saharan countries.*

- *US aid programs are particularly important in agricultural research, development, and investment designed to improve farm productivity and rural living conditions in Africa, where farming is still the principal livelihood for the great majority.* [redacted]

Sub-Saharan Africa also benefits from economic relations with the United States to the degree that US trade, investment, lending, and aid contribute to African economic and political development. Although the contribution to political stability is largely intangible and unquantifiable, we believe that US aid has been crucial to the economic survival of drought-stricken countries such as Kenya, Mozambique, Niger, and Somalia. Moreover, US lending probably has been critical to rescuing the Zairian Government from insolvency. The year-to-year economic performance of Nigeria, South Africa, Zaire, Zimbabwe, and other oil- and mineral-exporting countries is also affected by cyclical economic fluctuations in the United States and other Western countries and Japan. [redacted]

South African foreign debt owed to private US institutions such as banks has tripled since 1980 to more than $4.6 billion in 1984, almost 40 percent of total US lending to all Sub-Saharan African countries. Press reports indicate that only about $340 million of the South African debt consists of loans by US banks to the government and to government-owned companies such as the South African Electricity Supply Commission; US bank loans to private South African businesses account for most of the debt. Lending by US Government agencies to Pretoria has not been significant. [redacted] 25X1

Pretoria has repeatedly applied tough economic austerity measures since the early 1970s in order to reduce import demand and the need for foreign borrowing because it fears that heavy foreign debt would provide a potential source of leverage to foreign critics of the South African racial system. At the same time, Pretoria has long sought to encourage the expansion of US trade and investment in South Africa in order to gain access to US goods and investment and also, we believe, to gain respectability for the regime and to discourage Washington from taking punitive economic measures. [redacted] 25X1

US Dependence on African Raw Materials

The broad issue of US dependence on Sub-Saharan raw materials has arisen on several occasions over the past decade in the context of three specific subjects: 25X1
- The wisdom and feasibility of economic sanctions against South Africa.
- Armed incursions and turmoil in the Shaba Region of Zaire in 1977 and 1978.
- Recurring problems of political instability in Nigeria. [redacted] 25X1

According to international trade statistics, the most important Sub-Saharan suppliers of minerals to the United States are South Africa and Zaire; the largest Sub-Saharan supplier of crude oil to the United States is Nigeria. Twelve other Sub-Saharan countries supply significant quantities of nonoil minerals,

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crude oil, and agricultural commodities to the United States. US strategic interests are also affected by the reliability of mineral supplies to key allies. In this regard, Western Europe and Japan depend on these 15 plus seven other African countries for a broad range of specialized raw materials.

Minerals

South Africa accounts for about 90 percent of non-Communist production of platinum, two-thirds of gold, about 60 percent of vanadium, one-half of chromium, and one-fourth of manganese and diamonds, according to the US Bureau of Mines. This makes South Africa the dominant Sub-Saharan—indeed, world—supplier of these six minerals to the United States, Western Europe, and Japan (see tables 3 and 4). The United States relies on South Africa for one-half or more of its supplies of chromium and platinum and roughly one-fourth of its industrial diamonds, manganese, vanadium, tin ore, and fluorspar. South Africa also is the world's third-largest uranium producer and, together with Namibia, which is still under South African control, is a major source of uranium for the United States, the United Kingdom, and West Germany. The United States, the United Kingdom, West Germany, and Japan depend on South Africa for asbestos. South African nickel supplies are important to the United States, Belgium, France, and West Germany.

The South African Government's public statements indicate that it is well aware of the importance of its mineral exports to the United States and other OECD nations, and, we believe, Pretoria feels confident that this dependence will play an important role in any Western policy discussions about the possible use of economic sanctions to increase the pace of racial reform in South Africa. We believe that raising the level of Western minerals dependence is an important South African policy objective.

Raw material production is not limited to South Africa. Ten other Sub-Saharan countries—Botswana, Congo, Gabon, Guinea, Liberia, Madagascar, Nigeria, Zaire, Zambia, and Zimbabwe—are also important sources of nonoil minerals for the United States and other Western countries. Zimbabwe shares South Africa's mineral richness on a smaller scale and is an important source of chromium, vanadium, asbestos, and nickel. Zaire is an important source of cobalt for the United States and most other Western and Japanese industrial users. Zaire also supplies copper, tin, and manganese to Western Europe and is one of the world's largest producers of industrial diamonds. Zambian copper and cobalt—from the same ore 25X1 reserves that extend into Zaire—make up a significant share of Japanese and US imports of these metals. Other mineral dependence includes:

- Nigeria is an important source of US columbium imports.
- Guinea is a major source of bauxite for the United States, France, and West Germany.
- Western countries and Japan look to Congo and Gabon for manganese, to Liberia for iron ore, and to Madagascar for chromium.
- Botswana has joined South Africa, Zaire, and the USSR as one of the world's four major producers of diamonds since the opening of a new large diamond mine there in 1982. 25X1

International trade statistics show that US imports of most Sub-Saharan minerals have fluctuated from year to year, depending on the ups and downs of the business cycle. Even though these short-term movements are important, longer term trends are also at work. The most significant long-run change in US dependence in recent years has been, in our judgment, a decline in reliance on Zairian cobalt since the 1978 25X1 invasion of Shaba and the resulting upsurge in world cobalt prices. US industries have substituted alternative materials and technologies for a number of cobalt applications and have increased cobalt imports from Zambia. Consequently, US consumption of cobalt has declined by roughly one-fifth, and Zairian production has dropped by about one-fourth. 25X1

Crude Oil

According to international petroleum statistics, Nigeria has slipped from second to a distant sixth among 25X1 worldwide sources of US oil imports since 1980. US oil imports from Nigeria totaled over $11 billion at their peak in 1980, more than one-half of the total value of Sub-Saharan exports of all commodities to the United States at that time. By 1984, however, the

Uses and Substitutes for Sub-Saharan Minerals

Ten of the 14 non-oil minerals imported in significant quantities by the United States from Sub-Saharan Africa have been identified by the US Geological Survey as being "strategic" to US industry. The 10 are:

- Chromium, manganese, vanadium, nickel, columbium, *and* cobalt, *which are used in the alloying of steel and nonferrous metals to increase strength and resistance to corrosion, heat, and abrasion. Many of these alloys are used in military applications such as jet engines and airframes.*

- Platinum, *which is used as a catalyst in the chemical and petroleum industries, in emission controls on automobiles, and in glass production.*

- Aluminum *(produced from bauxite) and* tin, *which are used mainly in the manufacture of finished products for both civilian and military uses.*

- Gold, *which is used in electrical connections in advanced technological products such as computers and in dentistry, coinage, jewelry, and glass production as well as a speculative commodity on international foreign exchange markets.*

Of the four "nonstrategic" mineral imports:

- Antimony *is used in batteries and is alloyed with lead for use in industrial chemical pumps and pipes, tank linings, roofing sheets, and cable sheaths.*

- Fluorspar *is used in the manufacture of hydrofluoric acid, which is the key ingredient in the flourine chemicals used in the aluminum, flourochemical, and uranium industries. It is also used in ceramics, glassmaking, and in the iron and steel industry.*

- Diamonds *and* asbestos *are used, respectively, for applications that require extremely hard cutting surfaces such as drill bits and for heat insulation.*

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While none of these minerals is irreplaceable in the long run, all are critical to existing industrial processes. Substitute materials and technologies are available for a number of the industrial applications in which Sub-Saharan minerals are employed, but Western countries and Japan have no readily available domestic ore reserves that could be developed quickly to produce equal quantities at comparable costs. Although many of the substitutes could find their way into commercial processes fairly quickly if sharp price increases for Sub-Saharan minerals were to provide sufficient economic stimulus, such changes would result in substantially increased production costs in most cases.

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United States had cut its imports of Nigerian oil to less than $3 billion. This decline was the result of the sharp drop in US demand for imports of crude oil from about $62 billion to less than $37 billion over the same period, Nigeria's reluctance during 1980-82 to lower its oil prices to make them competitive with those of other international producers, and support by the United States for the expansion of oil production in Mexico, which is now the main US source of oil imports.

The United States has also diversified its sources of Sub-Saharan oil. US oil companies have almost doubled their combined investment in Angola, Cameroon, Gabon, Ivory Coast, and Zaire since 1980 to about $1.2 billion (see table 5), despite a decline in the pace of investment in these countries since 1983 as a result of the surplus of oil on world markets. As a result, US

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oil imports from these countries and Congo have almost tripled during this period to about $4.4 billion in 1984. Angola—where US oil companies dominate the petroleum sector—and Congo, Gabon, and Ivory Coast accounted for more than 80 percent of the increase. Cameroon and Zaire also increased exports of crude oil to the United States.

Agricultural Commodities
Except for dependence on cocoa, US dependence on African agricultural commodities has declined slightly since the mid-1970s, but agricultural imports from Africa still are important to the United States, Western Europe, and Japan (see tables 6 and 7). For example:

- The United States, Western Europe, and Japan are dependent on African supplies of robusta coffee, which are used to produce instant coffee and to blend with better quality South American grades of arabica coffee. The major African exporters are Cameroon, Ivory Coast, Kenya, Uganda, and Zaire; Indonesia is the only significant non-African world exporter of robusta coffee. In addition, Ethiopia exports arabica coffee, including minor amounts to the United States.

- High-quality cocoa from Cameroon, Ghana, Ivory Coast, and Nigeria is important to US and European chocolate manufacturers.

- Kenya supplies over 10 percent each of tea imports by the United States and the Netherlands and about one-third of the tea imported by the United Kingdom.

- The United States and European countries rely on the Comoros, Madagascar, and Tanzania for cloves and vanilla.

In addition, there are a number of products from Sub-Saharan Africa that are important to European markets alone. Mauritius and Reunion, for example, supply about one-third of French sugar imports, and European countries depend heavily on Cameroon, Gabon, Ivory Coast, and Liberia for tropical hardwoods for their housing and furniture industries.

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Some African states have attempted to protect and increase their commodity exports by participating in international marketing arrangements such as those for coffee, cocoa, and copper, and African sugar producers have applied strong diplomatic pressures to try to protect their quotas in the US sugar market. US demand for African commodities generally has been driven by market forces, however, which are beyond the control of marketing arrangements or African governments.

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The US Trade Position in Africa

A review of international trade statistics shows that the United States has significantly reduced its trade deficit with the subcontinent from more than one-half of the total US foreign trade deficit with all countries in 1980 to only about 6 percent in 1984. The main reason for the reduction—of $7.2 billion—in the US trade deficit with Africa was an $8.6 billion decline during this period in US imports of Nigerian oil.

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The US trade position in the Sub-Saharan market, compared with that of other OECD countries, has improved since 1980, although the US trade deficit with the subcontinent remains—at $6.4 billion in 1984—the largest of any OECD country. The combined trade deficit of other OECD countries in Sub-Saharan Africa increased from $1.5 billion in 1980 to $1.6 billion in 1984.

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Total Sub-Saharan imports from all OECD countries fell from $42.3 billion in 1980 to $27.6 billion in 1984 (see table 8) mainly because of a combination of falling export earnings and the rise in Sub-Saharan expenditures for debt service, which reduced the amount of foreign exchange available for purchasing imports. The increases in oil prices in the late 1970s, which forced the net oil-importing African countries to transfer foreign exchange expenditures from manufactured goods exported by OECD countries to petroleum from OPEC countries, also contributed to the decline.

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The US share of the Sub-Saharan import market increased from about 13 percent in 1980 to 16 percent in 1984, in part because a sharp rise in the cost of US dollars in terms of most African currencies kept the dollar value of US exports of machinery and transport equipment high despite a decline in sales. Another factor was high US food exports, which accounted for about one-fifth of total Sub-Saharan imports from the United States, a substantially greater percentage than from any other OECD country. Food has been the only nonoil category of Sub-Saharan imports to increase since 1980, largely as a result of drought and other food production problems in African countries.

US Debt Exposure in Africa

The LDC debt crisis, although largely centered in Latin America, has called attention to US bank exposure in Africa as well. According to financial statistics, US private and official lenders hold about 15 percent of Sub-Saharan African foreign debt, which totaled over $75 billion in 1983, the latest year for which detailed data are available (see table 9). If preliminary bank statistics are any guide, we believe that Sub-Saharan debt continued to grow in 1984 and probably now exceeds $85 billion.[4] South Africa, Nigeria, Ivory Coast, and Zaire accounted for almost three-fourths of the $11.7 billion owed to US private and official agencies in 1983 and for more than one-half of the total Sub-Saharan foreign debt owed to all lenders worldwide. No other Sub-Saharan country owed over $500 million to the United States, and about 30 of the 45 African countries owed less than $100 million each to US lenders.

Private US banks and companies accounted for three-fourths of total US lending to Sub-Saharan African countries in 1983, of which over one-half went to South Africa and almost one-fourth to Nigeria. Of the debt owed to US Government agencies, Zaire owed over $850 million—the largest official exposure by Washington in Sub-Saharan Africa.

South Africa's debt service ratio (the percentage of export earnings required to meet medium- and long-term principal payments plus interest payments on debt of all maturities) is relatively low—about 15 percent—but for many other Sub-Saharan countries the burden of servicing foreign debt has increased sharply since 1980 (see table 10). The debt service ratio exceeded 20 percent for 20 African countries in 1983, compared with only seven countries in 1980. Ten countries—Guinea-Bissau, Ivory Coast, Madagascar, Malawi, Senegal, Somalia, Togo, Uganda, Zaire, and Zambia—faced debt service ratios of almost 40 percent or more, and the ratio for Madagascar exceeded 80 percent. 25X1 25X1

Debt service problems induced 13 Sub-Saharan countries to sign rescheduling agreements with Washington, other Western governments, and Western banks in 1983 and 1984. Ten of these countries, plus three that did not reschedule, also signed agreements to acquire standby loans from the IMF. 25X1

US Economic Aid to Africa

Aid has been an overriding issue in African-US relations since shortly after World War II. The United States is the second-largest bilateral donor of economic aid to Sub-Saharan Africa (after France), the largest source of funding to multilateral aid institutions, and the largest source of emergency aid to Africa, according to official government statistics. The US budget for economic aid to Sub-Saharan Africa during fiscal year 1985 totals about $790 million. In addition, the US Congress agreed in March 1985 on emergency appropriations of $400 25X1 million in food aid to famine-stricken African nations and $150 million for disaster and refugee assistance to Africa. 25X1

Aside from emergency aid, most US economic aid programs, according to policy statements by administration officials, are directed toward four goals that

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[4] We believe that these estimates of Sub-Saharan foreign debt are conservative. Nigerian debt, for example, may have totaled $22-23 billion in 1983, according to Embassy reporting, compared with our estimates of $15 billion.

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are designed to stimulate economic stabilization and reform and to increase food production. These include:

- Inducing African governments to cut budget deficits, reduce bloated bureaucracies, abandon unrealistic exchange rates, and enact other economic reforms that are essential to regain economic growth.

- Encouraging African governments to increase private-sector economic incentives, particularly for the small farm owners who make up the largest group in the African private sectors.

- Strengthening institutions such as agricultural extension agencies in order to increase the effectiveness of development initiatives.

- Improving donor coordination in order to reduce duplication of effort and competition among donors for scarce manpower. [redacted]

At present, about 60 percent of US development assistance is earmarked for the agricultural sector. Much of the remainder of US aid disbursements is designated for economic support to help ease balance of payments and to relieve the debt burdens of African countries. Thirteen countries have been targeted for these economic support funds this year: Botswana, Chad, Djibouti, Kenya, Mauritius, Niger, Senegal, Seychelles, Somalia, Sudan, Zaire, Zambia, and Zimbabwe. The United States also has made available additional funding for programs in support of policy reform in Mali, Malawi, Rwanda, and Zambia. [redacted]

Besides normal reviews of the role and strategies of aid in promoting economic development, the United States has initiated programs designed to increase the importance of private US investment in stimulating economic growth in African countries. Cameroon, Senegal, and Zaire, for example, have signed formal agreements, called Bilateral Investment Treaties, with the United States that provide a number of legal guarantees to potential investors, including protection against nationalization without due compensation and free transfer of profits and dividends. Ivory Coast, Liberia, and a number of other African countries are considering similar treaties, according to Embassy reporting. [redacted] 25X1

African policymakers in a number of countries are taking steps encouraged both by US aid programs and by the IMF to improve economic incentives to farmers, turn government enterprises over to private hands, and adjust unrealistic foreign exchange rates:

- Mali, Senegal, and Zambia have been leaders among African countries over the past several years in reducing governmental involvement in grain marketing in order to improve farm prices.

- Among the most recent examples of "privatization" have been steps being taken by Tanzania to dismantle the government-owned Tanzania Sisal Authority, which has allowed sisal production in Tanzania to decline from about 230,000 metric tons annually in the mid-1960s to less than 50,000 tons in 1984, according to Embassy reporting. In Togo, foreign 25X1 entrepreneurs have taken over from the government the former National Steel Mill and the country's oil refinery within the past year, and other foreign firms are investigating investment possibilities in the state-owned textile, marble, recording, dairy, and fruit-processing industries, according to Embassy reporting.

- IMF standby agreements signed by Zaire, Zambia, and a number of other African countries have included arrangements for devaluations. [redacted] 25X1

The decline in Africa's economic performance has continued despite disbursements of more than $15 25X1 billion in economic aid to Sub-Saharan countries by the United States and multilateral agencies since 1980. Aid has not overcome the debilitating effects of unfavorable climatic conditions, poor natural resources, warfare, political instability, limited human training and education, and ill-conceived government policies that have restrained private economic incentives and opportunities. As a result, economic growth across the subcontinent has averaged less than 1 percent annually so far in the 1980s, and per capita income has declined to less than the level in 1970, according to World Bank statistics.

Prospects and Implications for the United States

Key Issues

In our view, of all these issues, South Africa and the region's need for foreign aid will dominate relations with the United States for much of the next decade.

We expect a moderate reduction in South African economic ties during the remainder of the 1980s, although South Africa is likely to remain the focal point of nonoil US investment and trade in Sub-Saharan Africa. A slow decline in South African production of gold—the country's major export—will induce Pretoria to keep a tight rein on economic growth (unless large increases in gold prices occur) and thereby slow the expansion of the South African consumer market and reduce opportunities for foreign investment and for sales of finished consumer and capital goods to South Africa by US business. In our judgment, however, South African nongold mineral exports to the United States are likely to continue to regain lost ground as long as the US economy records strong growth. Pessimistic market assessments based on political considerations could lead to the shelving of planned US investments or the sale of existing assets in South Africa by US companies and to reduced lending by US banks to Pretoria. In any event, Pretoria's conservative approach to financial management will probably cap the extent of South African debt. Although US lending to South Africa probably represents the most secure US debt exposure in Africa in terms of South Africa's solid track record in repaying debt on time and its moderate debt service ratio, the security of these loans would be reduced in the event of widespread violence or a reduction in the ability of the Afrikaner elite to maintain control.

The Sub-Saharan region's demand for US economic aid is almost certain to continue increasing in the years ahead. In the near term, aid deliveries will be needed to replenish seed stocks and to tide drought-stricken African populations over until new crops are harvested. Even after the current drought subsides, many Sub-Saharan nations will continue to depend on 25X1
foreign aid to meet food needs. Funding requirements for infrastructure development as well as balance-of-payments support will also remain high. 25X1

We doubt whether aid alone will significantly improve Africa's bleak economic prospects during the remainder of this decade. To date, aid programs have been unable to bring about sustained improvement in most of the deficiencies in African education, skills, or 25X1
physical plant and equipment. The political pressures that have spawned counterproductive economic policies in many African countries will continue to slow reforms needed to improve economic incentives and productivity, thereby reducing the impact of aid programs. 25X1

Questions of aid, however, go beyond just the economic benefits and into the area of East-West competition. In our view, the economically depressed African states will seek aid and other Western capital with promises to make Western-oriented policy reforms and economic adjustments, in some cases playing off the need for assistance against threats of turning to the Soviet Bloc for help. Such an opportunistic process is already under way in formerly hardcore leftist states such as Guinea, Benin, and Congo. Whether closer links are established with the West depends in no small measure on the perceived gains and losses that each country views as associated with Western assistance. 25X1

Secondary Issues

This is not to say that the remaining issues of raw material dependence, the US trade position in the region, and debt levels will not draw attention in the years ahead. Indeed, these are areas that always have 25X1
the potential to flare up or to attract long-term policy attention—such as that currently devoted to Africa's debt problems—and affect African-US dealings.

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For all practical purposes, US reliance on Sub-Saharan Africa for strategic minerals will continue to center on the reliability of South Africa as a supplier. Although other Sub-Saharan countries in the aggregate provide a large number of raw materials, the United States could adjust reasonably well to a cutoff from any of them. None of them provides nearly as wide a range of raw materials as South Africa, and only Zaire and Zambia dominate Western imports of any single commodity—cobalt, for which substitutes exist.

Some factors point toward a possible slackening of US/Western dependence on Sub-Saharan Africa's nonoil minerals by the end of the decade:

- Mineral exploration projects now under way in such LDCs as Brazil and China may result in the development of alternative sources for a number of minerals now obtained from Africa, such as columbium, manganese, fluorspar, and antimony.

- Technological advances may slow the rate of increase in US demand for some African minerals. New production techniques and operating processes enable manufacturers to substitute cheaper raw materials or synthetics for some metals and to use existing metals more efficiently. The development of fiber optics and of satellite transmission systems, for example, probably will result in a sharp reduction in the consumption of copper in communications systems. Processes such as multiplexing, which enables users to send multiple conversations through a single wire, will reduce demand for additional wire hookups.

- Technologies such as composites, rapid solidification technology, hot isostatic pressing, and powder metallurgy could permit engineers to replace traditional strategic metals with new materials in the event of sharp price increases for African minerals.

- Increased recycling—in part an offshoot of technological advance—is likely to lower the demand for raw materials. For example, the US National Minerals Advisory Board estimates that technological innovations could make possible within 10 years the recycling of 5 percent of the chromium used in US metallurgical applications, 6 percent of that used for chemical purposes, and 65 percent of that used in linings of US metallurgical furnaces.

25X1

Looking beyond strategic minerals to oil supplies, few analysts project any serious implications for US oil imports from conditions in Sub-Saharan Africa. The decline in US dependence on oil imports from Nigeria already has reduced sharply US vulnerability in the event of economic or political disruption there. Even though US oil imports from other Sub-Saharan sources have increased, total US oil imports from the subcontinent are likely to remain at the current relatively insignificant level—only about 1 percent of US oil consumption in 1984—for the foreseeable future, barring a major disruption in the Persian Gulf.

25X1

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We believe that the trends established so far in the 1980s in US relations with the oil-producing Sub-Saharan states are likely to continue through the end of the decade, but at a more moderate pace. Nigeria's attention over the past year or so to keeping its oil prices competitive will end the erosion of Lagos's competitive position against other world suppliers, slowing the decline in the share of Nigerian oil in the makeup of US oil imports. At the same time, the continuing oil surplus on world markets reduces the chance that foreign oil companies will resume the high pace of investment in new African oilfields outside of Nigeria that they recorded early in the 1980s. Even so, the experience that US oil companies have gained in Africa probably has given many of them confidence that they can weather instances of African political instability without major damage to the profitability of their operations. We expect that financially pressed African states will continue to welcome oil exploration by US and other foreign oil companies in the hope of striking it rich; exploration is under way in a fairly large number of African countries that do not now produce oil.

25X1

The generally unfavorable international market outlook for agricultural commodities means that Sub-Saharan African producers are likely to fall further behind Latin and Asian producers that are able to expand and diversify their export production. African sugar producers, for example, will have increasing difficulty competing against Brazil and other Latin producers to maintain exports to the shrinking US market, where sugar consumption is declining as a result of the successful marketing of sweeteners derived from corn. Tanzania and Madagascar have little chance of regaining world dominance in clove exports against growing Indonesian competition. A number of African coffee producers, such as Angola, Ethiopia, and Zaire, which have suffered from years of internal conflict and economic mismanagement, are unlikely to gain ground in international coffee markets. As a result, we believe that African countries will be unable to depend on agricultural commodity exports as in the past to fuel economic growth. 25X1

Any major further improvement in the US trade position with Sub-Saharan Africa will be highly unlikely, in our judgment. There is little room for additional large reductions in the US trade deficit with Nigeria in view of the relatively small size of the current deficit—about $2 billion in 1984 compared with more than $10 billion in 1980—and the Nigerian push to maintain its oil prices at competitive levels. Moreover, the high price of the US dollar in terms of African currencies will continue to diminish the attractiveness of US-manufactured goods against competitive products from Europe and Japan. US food exports to Sub-Saharan countries will probably be at concessionary prices under the terms of aid agreements. US exporters also face long-established trade patterns that enable European countries to dominate most African import markets, resulting in a net flow to Europe of funds earned by Africa from exports to the United States. 25X1

The skyrocketing foreign debt service obligations since 1980 of many African countries have increased the vulnerability of US private and public lending institutions to late repayment of loans. The long-run implications of this vulnerability are more serious for the United States than the immediate consequences:

- In the short run, African borrowers will be able to meet contracted repayment schedules through a combination of rescheduling agreements and IMF financial help. The smallness of African debt to US lenders limits the consequences for US banks and financial institutions.

- Over the longer term, we doubt that the existing system of debt rescheduling and IMF agreements will enable Sub-Saharan countries to rid their economies of onerous debt burdens or to resume higher growth because these financial mechanisms do not address the inherent weaknesses of African economies, such as scarce resources, small markets, and poor prospects for exports. As a result, Sub-Saharan countries will be likely to look to the United States and other Western countries for increasing amounts of aid to deal with their debt problems and to stimulate growth. 25X1

Appendix A

The US Economic Stake in Africa

US economic interests in Sub-Saharan Africa are quite small as a proportion of total US foreign trade, investment, lending, and aid. According to official economic statistics, the region accounts for about 3 percent of total US imports, 2 percent of US exports, 3 percent each of the stock of US foreign direct investment and foreign lending, and 15 percent of net bilateral aid disbursements. The United States also provides substantial additional aid through multilateral institutions, which since 1980 have channeled about 15 percent of their disbursements to Sub-Saharan Africa.

US trade with Sub-Saharan Africa has fallen by more than one-third since 1980, but investment, lending, and aid have all increased:

- Reduced US oil imports from Nigeria and a one-fifth decline in US trade with South Africa—the two largest US trading partners in Africa—accounted for virtually all of the drop in US-African trade.
- US oil companies led the increase in investment, but this began to taper off last year because the soft oil market had reduced incentives to expand production.
- A $3.2 billion increase in South African borrowing from private US banks and companies accounted for most of the rise in US lending to Africa.
- Aid disbursements rose as a result of a strong increase in US efforts to help African countries reverse their worsening food production, budget, and balance-of-payments situations.

Trade

Ten of the 45 US trading partners in Sub-Saharan Africa accounted for almost 90 percent of the $15 billion in Sub-Saharan trade (exports plus imports) with the United States during 1984 (see table 11). These included the region's seven principal oil-producing countries—Nigeria, Angola, Congo, Cameroon, Gabon, Ivory Coast, and Zaire; Ethiopia, because of the delivery of two new Boeing passenger aircraft to Ethiopian Airlines in mid-1984 and of emergency food to victims of the drought; Zambia, because of increased US imports of copper and cobalt; and South Africa, where US companies have a large economic stake. Total trade by the United States with the other 35 African trading partners equaled only $1.7 billion in 1984. 25X1

25X1

Primary products from Africa and finished goods from the United States account for over 90 percent of bilateral trade flows. The United States imports petroleum, minerals, metals, coffee, cocoa, sugar, rubber, tobacco, vanilla, cloves, and tea from the subcontinent. In return, the United States supplies foodstuffs and finished manufactured goods such as bulldozers, trucks, farm machinery, aircraft, and computers (see tables 12 and 13). 25X1

The balance of trade with the United States is heavily in Sub-Saharan Africa's favor (see table 14) because of European dominance of African import markets. Only eight of the non-oil-producing countries (Burkina, Djibouti, The Gambia, Guinea-Bissau, Mali, Senegal, Somalia, and Tanzania) have run trade deficits with the United States consistently since 1980. These countries have been unable to increase exports enough to offset rising food imports from the United States. South Africa and a small number of other countries have experienced periodic fluctuations from surplus to deficit and back. 25X1

Investment

25X1

All but three of the top 10 recipients of US investment in Sub-Saharan Africa are among the top 10 US trading partners there (see table 15). The exceptions are Congo, Gabon, and Ethiopia, where the dominance of long-established French (Congo and Gabon) and Italian (Ethiopia) companies and hostile government policies toward foreign private investment (Ethiopia) have tended to limit opportunities for and the interest of US investors. [redacted]

The net book value [5] of US direct investment in Sub-Saharan Africa declined slightly to $5.2 billion in 1983, the latest year for which detailed data are available, because of the impact of the weak oil market on the willingness of US oil companies to maintain their rate of investment in Africa. Nearly one-half of US investment in Sub-Saharan Africa in 1983 was in South Africa, and about one-third more was distributed among the seven principal oil-producing Sub-Saharan countries. A substantial number of African countries have attracted only a few million dollars each in US investment. [redacted]

South Africa is the only Sub-Saharan country in which US investment is distributed widely throughout the manufacturing, mining, and services sectors of the economy. In the rest, most US investment is concentrated in facilities to extract and export oil and other minerals. Nonetheless, the increased wealth that has accompanied earnings from oil exports by the oil-producing countries has begun to increase the attractiveness of investment in nonoil industries in these states as well. For example, US construction, manufacturing, and service companies have expanded significantly in Nigeria, and total US investment in the Nigerian economy equals about $500 million despite a steep decline in the inflow of US investment there following the drop in oil revenues during the past few years. In Congo, exports from US plants and from the European corporate affiliates of US companies dominate the small Congolese farm machinery market, according to Embassy reporting. [redacted]

Ghana, Liberia, Kenya, and Zambia are the only non-oil-producing Sub-Saharan countries aside from South Africa with more than $100 million each in US direct investment. In Kenya, US automobile and other manufacturing companies own assembly plants, and affiliates of US banks, hotel chains, and other service companies are located there and in Liberia. The US stake in Liberia is also based on rubber production and minerals extraction and in Ghana and Zambia largely on minerals. As in the oil-producing Sub-Saharan states, US companies in these countries have invested in transportation and other services to serve their production facilities. [redacted]

25X1

25X1

US corporations are also prominent in Botswana, Namibia, and Zimbabwe. Mining is the principal US investment in all three countries, but US corporate affiliation in manufacturing, petroleum processing and distribution, and services in Zimbabwe is second among Sub-Saharan countries only to that in South Africa, though a distant second. A substantial proportion of US corporate names in Zimbabwe, Botswana, and Namibia reflect investment initiatives by the South African affiliates of US companies. [redacted]

25X1

25X1

Although some Sub-Saharan countries have discouraged and in a few cases nationalized US-owned facilities because of their perceptions of "imperialist" or "neocolonialist" behavior by the United States, most have recognized the potential benefits of foreign investment and are open to additional projects. Angola, Ghana, and Liberia accommodate and encourage US firms that are their major sources of foreign exchange. [redacted]

25X1

Aid

US net bilateral economic aid to Sub-Saharan Africa has averaged about $730 million annually during 1980-83, three times the level in the mid-1970s (see table 16). At current rates, the Sub-Saharan countries are absorbing about 15 percent of total US bilateral economic aid, although they represent less than 1 percent of the population of all developing countries. The top five recipients of US-African economic aid have been Kenya, Zaire, Liberia, Somalia, and Zambia—in that order—together having received almost one-half of the total disbursed in Sub-Saharan Africa by the United States since 1980. [redacted]

25X1

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[5] Net book values are the cumulative values of holdings on companies' accounts and generally reflect the cost after depreciation of investment and reinvestment of earnings less liabilities. While we believe that net book values are subject to a large degree of error and are likely to understate current values of investment, we have used them in this report because they are more uniformly defined and collected than any alternative valuation. [redacted]

25X1

Liberia has fared best on a per capita basis, with its inhabitants annually gleaning nearly $35 each from the United States during 1980-83. Seychelles was the second-largest recipient of US bilateral aid on a per capita basis, but its very small population—only about 66,000—skew these data, in our judgment, although most of the other top per capita aid recipients also had small populations of 1 million or less. Even so, Somalia, Zambia, and Senegal—with populations of more than 6 million each—have also been among the major per capita beneficiaries during 1980-83. 25X1

Multilateral institutions have disbursed almost $3 billion annually (excluding standby and other balance-of-payments aid by the IMF) to Africa during 1980-83, of which the annual US contribution was approximately $400-500 million (see table 17). Five of the top 10 recipients of multilateral aid—Somalia, Kenya, Senegal, Tanzania, and Zaire—were also among the top 10 beneficiaries of US bilateral aid. The disbursement of multilateral aid has been more diffuse than US bilateral flows, with the top 10 African beneficiaries receiving only about one-half of total multilateral assistance to the area. On a per capita basis, many of the small-population countries that ranked among the top US bilateral aid recipients—Botswana, The Gambia, Lesotho, Mauritius, Seychelles, and Swaziland—were also major multilateral per capita beneficiaries. 25X1

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Appendix C

Statistical Tables

Table 1
South African Share of Sub-Saharan Economic Ties With the United States [a]

	Sub-Saharan Africa *(billion US $)*	South Africa	
		Billion US $	*Percent*
US imports	10.7	2.5	23
US exports	4.3	2.3	53
US investment	5.2	2.3	44
US loans	11.7	4.6	39

[a] Export and import data are for 1984, and investment and loan data are for 1983.

Sources: US trade statistics; the US Department of Commerce;

Table 2 *Billion US $*
South Africa–United States: Trade, Investment, and Loans

	1980	1984 [a]
South African exports	3.5	2.5
Of which:		
Raw and semifinished minerals and metals	2.0	1.4
South African imports	2.4	2.3
Of which:		
Machinery and transport equipment	1.4	1.1
Other manufactured goods	0.4	0.3
US investment	2.4	2.3
US loans	1.4	4.6

25X1

[a] Export and import data are for 1984, and investment and loan data are for 1983.

Sources: US trade statistics; the US Department of Commerce; and

25X1

Table 3
Sub-Saharan Africa:
US Mineral Dependence by Country [a]

	1980	1983
South Africa		
Chrome ore and concentrates	41	76
Ferrochromium	76	58
Manganese ore and concentrates	30	7
Ferromanganese	37	26
Vanadium	35	8
Tin ore and concentrates	15	28
Antimony ore and concentrates	6	13
Antimony oxide	38	36
Nickel	6	17
Platinum [b]	57	38
Gem diamonds [b]	23	13
Industrial diamonds [b]	25	21
Asbestos	5	6
Fluorspar	27	25
Zaire		
Cobalt [b]	38	45
Copper	6	5
Madagascar		
Chrome ore and concentrates	4	11
Gabon		
Manganese ore and concentrates	23	46
Zimbabwe		
Ferrochrome	0	18
Zambia		
Cobalt	14	9
Copper	10	4
Guinea		
Bauxite	29	47
Ghana		
Aluminum	12	5
Nigeria		
Columbium	22	11

[a] Percent of total US imports of each mineral.
[b] Data do not reflect accurately the degree of US dependence on South African diamond and platinum supplies and on Zairian cobalt because of marketing arrangements that channel a portion of these minerals through third countries. The addition of US platinum imports from the United Kingdom, which relies exclusively on South Africa for its supplies, would increase US dependence on South Africa for this mineral to almost 60 percent in 1983. Similarly, Zairian cobalt purchased by the United States from Belgium would increase US dependence to 52 percent in 1983.

Source: US Bureau of Mines.

25X1

Table 4
Sub-Saharan Africa: Primary Mineral Dependence by Western Europe and Japan, 1983 [a] [b]

	Belgium	France	Netherlands	United Kingdom	West Germany	Japan
South Africa						
Chrome ore and concentrates	NA	75	100	86	50	43
Ferrochrome	5	43	50	13	23	63
Manganese ore and concentrates	40	21	NA	47	50	43
Ferromanganese	0	NA	0	55	3	25
Vanadium ore and concentrates	NA	NA	90	0	5	75
Ferrovanadium	0	NA	0	13	23	0
Tin ore and concentrates	0	0	2	2	0	0
Antimony ore and concentrates	0	14	0	0	25	0
Platinum	0	16	9	14	10	48
Industrial diamonds	26	25	0	0	46	35
Gem diamonds	2	1	0	3	1	2
Asbestos	NA	10	25	15	7	23
Nickel	7	6	3	2	5	1
Zaire						
Cobalt	NA	20	NA	NA	NA	20
Tin ore and concentrates	0	0	20	0	25	0
Industrial diamonds	13	0	0	0	9	5
Copper	29	2	0	1	8	1
Zimbabwe						
Ferrochrome	5	11	44	12	9	12
Ferrovanadium	0	0	0	12	9	0
Asbestos	0	0	0	4	8	14
Nickel	0	2	10	0	4	2
Other						
Manganese ore and concentrates						
Congo	10	0	0	10	NA	2
Gabon	0	65	0	0	0	5
Bauxite and alumina concentrates						
Guinea	0	63	0	0	18	0
Iron ore						
Liberia	7	7	11	0	18	NEGL
Copper						
Zambia	3	15	0	8	NEGL	32
Chrome ore and concentrate						
Madagascar	0	NA	0	0	0	7

[a] Percent of total imports of each mineral.
[b] Data do not reflect accurately the degree of European and Japanese dependence on Sub-Saharan minerals both because of marketing arrangements that channel a portion of these minerals through third countries and because of deficiencies in available trade data. Industry sources available to the US Bureau of Mines, for example, indicate that Belgium imports substantial quantities of South African chrome ore, vanadium ore, and asbestos, but such imports are not listed in Belgium's trade data.

Sources: European and Japanese trade statistics.

25X1

Table 5
Sub-Saharan Africa: US Investment and Oil Imports

Million US $

	1980		1984	
	Investment	US Oil Imports	Investment [a]	US Oil Imports [b]
Nigeria	18	11,209.2	516	2,559.3
Non-Nigerian	NA	1,624.9	1,182	4,393.0
Of which:				
Angola	26	531.1	178	888.0
Congo	NA	87.1	26	670.0
Cameroon	205	566.6	400 [b]	930.0
Gabon	133	276.5	121	921.0
Zaire	164	163.6	169	315.0
Ivory Coast	135	0	288	669.0

[a] Investment data are for 1983.
[b] Estimated.

Sources: US trade statistics and the US Department of Commerce.

Table 6
Sub-Saharan Africa: Primary Agricultural Dependence by the United States [a]

	1977	1983
Coffee	**20**	**16**
Burundi	0	NEGL
Cameroon	0	1
Ethiopia	2	3
Ivory Coast	4	3
Kenya	1	1
Rwanda	0	1
Tanzania	1	NEGL
Uganda	6	4
Zaire	4	NEGL
Cocoa	**30**	**36**
Cameroon	1	NEGL
Ghana	9	4
Ivory Coast	13	28
Nigeria	6	4
Sugar	**8**	**1**
Mauritius	1	0
Reunion	0	0
South Africa	5	1
Tea	**21**	**15**
Kenya	13	8
Malawi	5	2
Mauritius	0	0
Mozambique	2	3
South Africa	0	0
Tanzania	1	0
Cloves	**81**	**50**
Madagascar	24	33
Tanzania	56	0
Vanilla	**86**	**82**
Comoros	0	6
Madagascar	80	76
Reunion	6	0
Wood (in the rough)	**2**	**0**
Ghana	1	0
Ivory Coast	1	0

[a] Percent of total US imports of each commodity.

Source: US trade statistics.

25X1

25X1

Table 7
Sub-Saharan Africa: Agricultural Dependence by Western Europe and Japan, 1983 [a]

	Belgium	France	Netherlands	United Kingdom	West Germany	Japan
Coffee	**13**	**57**	**21**	**33**	**26**	**19**
Burundi	NEGL	NEGL	NEGL	1	3	1
Cameroon	1	6	3	1	2	2
Ethiopia	2	4	0	NEGL	4	4
Ivory Coast	3	20	4	10	1	5
Kenya	3	1	2	7	6	NEGL
Rwanda	0	1	0	1	2	NEGL
Tanzania	1	1	0	1	4	2
Uganda	1	4	4	10	2	3
Zaire	1	7	1	1	1	NEGL
Cocoa	**14**	**39**	**57**	**60**	**52**	**50**
Cameroon	0	8	22	1	7	1
Ghana	1	3	2	21	7	38
Ivory Coast	8	24	15	6	19	7
Nigeria	3	2	12	32	11	0
Sugar	**4**	**43**	**4**	**1**	**0**	**10**
Mauritius	1	20	0	0	0	0
Reunion	0	14	0	0	0	0
South Africa	0	0	1	1	0	6
Tea	**0**	**0**	**33**	**53**	**10**	**2**
Kenya	0	0	17	33	2	2
Malawi	0	0	8	8	0	0
Mauritius	0	0	3	1	0	0
Mozambique	0	0	6	1	8	0
South Africa	0	0	0	3	0	0
Tanzania	0	0	0	4	0	0
Cloves	**0**	**100**	**100**	**0**	**75**	**100**
Comoros	0	40	50	0	50	0
Madagascar	0	60	50	0	25	50
Tanzania	0	0	0	0	0	50
Vanilla	**0**	**100**	**0**	**0**	**100**	**100**
Comoros	0	19	0	0	8	0
Madagascar	0	81	0	0	92	100
Wood (in the rough)	**16**	**85**	**50**	**48**	**41**	**1**
Cameroon	7	5	29	4	8	NEGL
Congo	1	2	0	0	4	NEGL
Gabon	1	34	9	0	4	NEGL
Ivory Coast	4	36	6	24	11	NEGL
Liberia	1	4	3	16	7	NEGL
Zaire	1	0	0	4	2	NEGL

[a] Percent of total imports of each commodity.

Sources: European and Japanese trade statistics.

Table 8
Sub-Saharan Africa:
Imports From OECD Countries

Billion US $

	1980	1984
OECD	**42.3**	**27.6**
United States	5.2	4.3
Other OECD	37.1	23.3
Canada	0.5	0.4
France	7.8	5.0
Italy	2.6	1.7
Japan	4.6	3.1
United Kingdom	7.6	3.8
West Germany	6.0	4.0
Other	8.0	5.3

Source: IMF trade statistics.

25X1

Table 9
Sub-Saharan Africa:
Foreign Debt, 1983

Million US $

	Total Foreign Debt	US Exposure [a]		
		Total	Official	Private
Total	**76,914**	**11,746**	**2,873**	**8,873**
South Africa	17,093 [b]	4,637	NEGL	4,637
Nigeria	15,009	2,226	160	2,066
Ivory Coast	6,046	630	85	545
Zaire	4,495	927	852	75
Zambia	3,254	340	220	120
Kenya	2,902	382	213	169
Cameroon	2,513	318	114	204
Tanzania	2,200	192	123	69
Senegal	1,909	87	35	52
Madagascar	1,786	—	23	—
Zimbabwe	1,780	258	28	230
Congo	1,689	56	8	48
Ghana	1,635	199	185	14
Guinea	1,317	117	93	24
Mali	1,130	—	5	—
Somalia	1,125	—	145	—
Ethiopia	1,063	—	136	—
Gabon	1,011	171	8	163
Malawi	864	108	33	75
Togo	882	—	3	—
Niger	798	—	9	—
Uganda	651	—	12	—
Liberia	650	—	179	—
Benin	604	—	23	—
Angola	521 [b]	185	64	121
Sierra Leone	513	—	35	—
Botswana	457	39	23	16
Burkina	430	—	NEGL	—
Mauritius	422	48	14	34
Mozambique	317 [b]	—	30	—
Burundi	259	—	NEGL	—
Central African Republic	250	—	4	—
Swaziland	244	—	10	—
Rwanda	213	—	1	—
Chad	196	NEGL	NEGL	0
Lesotho	182	—	NEGL	—
The Gambia	167	—	NEGL	—
Guinea-Bissau	142	—	NEGL	—
Comoros	80	—	NEGL	—
Seychelles	59	—	NEGL	—
Djibouti	49	—	NEGL	—
Equatorial Guinea	5 [b]	—	—	—
Reunion	1 [b]	—	—	—
Sao Tome and Principe	1 [b]	—	—	—
Cape Verde	NA	—	—	—

[a] Data that are unavailable (indicated by "—") for exposure by private US banks total $211 million, 2 percent of total US exposure by private institutions in Sub-Saharan Africa.
[b] Data exclude official debt owed to foreign governments other than the United States.

25X1

Table 10
Sub-Saharan Africa:
Foreign Debt Service

	1980		1983			1980		1983	
	Million US $	*Percent* [a]	*Million US $*	*Percent* [a]		*Million US $*	*Percent* [a]	*Million US $*	*Percent* [a]
Madagascar [b]	85.0	17	321.1	86	Benin	8.9	2	63.0	19
Guinea-Bissau	3.2	16	12.8	51	Chad	2.4	3	11.3	19
Zaire [b]	403.6	19	724.2	47	Mauritius	46.1	8	82.8	17
Malawi [b]	99.4	27	135.5	45	Burkina	23.0	11	28.2	16
Ivory Coast [b]	1,003.8	27	1,237.1	44	Burundi	9.7	12	20.1	16
Somalia [b]	23.2	11	106.8	40	Ethiopia	42.4	7	93.7	16
Togo [b]	73.4	14	127.9	40	Ghana [d]	134.6	10	145.5	16
Uganda	17.7	5	159.1	40	South Africa	3,845.9	15	2,981.1	16
Senegal [c]	249.9	32	282.9	37	Gabon	441.0	18	329.9	15
Zambia [b]	427.6	29	468.9	37	Central African Republic [d]	3.6	2	21.9	14
Congo	136.9	13	413.3	34	The Gambia [d]	7.0	10	12.6	13
Mali [d]	34.9	13	73.9	34	Liberia	38.6	6	62.8	13
Zimbabwe	54.7	3	497.3	34	Botswana	39.9	5	82.3	11
Sierra Leone [b]	60.7	23	56.8	28	Comoros	0.4	3	1.9	9
Tanzania	151.4	21	203.2	27	Seychelles	9.9	11	5.9	8
Kenya	277.1	13	407.3	25	Swaziland	22.2	6	29.5	8
Niger [b]	103.6	16	108.0	25	Lesotho	5.7	2	24.9	7
Guinea	120.2	21	139.1	24	Rwanda	7.5	4	8.1	5
Cameroon	248.9	12	387.2	23	Djibouti	3.4	3	5.2	4
Nigeria [c]	986.6	4	2,879.7	21					

[a] Ratio of total debt service (medium- and long-term principal payments plus interest payments on debt of all maturities) to exports of goods and services.
[b] Countries that rescheduled foreign debt and signed IMF extended fund or standby agreements in 1983 or 1984.
[c] Countries that rescheduled foreign debt in 1983 or 1984.
[d] Countries that signed IMF agreements in 1983 or 1984.

25X1

Table 11
Sub-Saharan Africa: Trade With the United States [a]

Million US $

	1980				1984 [b]			
	African Exports	African Imports	Total Trade	*Percent*	African Exports	African Imports	Total Trade	*Percent*
Total	**18,855.3**	**5,243.8**	**24,099.1**	**100.00**	**10,710.4**	**4,276.3**	**14,986.7**	**100.00**
Top 10 partners								
South Africa	3,549.0	2,446.2	5,995.2	24.88	2,547.3	2,317.1	4,864.4	32.46
Nigeria	11,316.1	1,143.0	12,459.1	51.70	2,599.6	554.2	3,153.8	21.04
Angola	558.8	110.9	669.7	2.78	1,038.6	84.0	1,122.6	7.49
Congo	95.2	21.8	117.0	0.49	998.2	10.9	1,009.1	6.73
Cameroon	638.3	89.7	728.0	3.02	752.7	67.6	820.3	5.47
Gabon	293.0	48.0	341.0	1.41	684.0	34.9	718.9	4.80
Zaire	370.1	153.3	523.4	2.17	497.4	84.0	581.4	3.88
Ivory Coast	302.9	184.7	487.6	2.02	477.8	60.0	537.8	3.59
Ethiopia	91.1	71.9	163.0	0.68	85.0	175.6	260.6	1.74
Zambia	205.3	98.5	303.8	1.26	128.7	91.6	220.3	1.47
Others								
Liberia	146.4	110.8	257.2	1.07	102.6	100.4	203.0	1.35
Guinea	95.5	33.9	129.4	0.54	117.8	36.0	153.8	1.03
Zimbabwe	41.7	18.8	60.5	0.25	74.2	66.6	140.8	0.94
Kenya	58.5	129.2	187.7	0.78	65.4	70.9	136.3	0.91
Madagascar	96.9	7.4	104.3	0.43	74.2	41.4	115.6	0.77
Uganda	131.4	11.6	143.0	0.59	99.3	3.3	102.6	0.68
Senegal	9.5	41.0	50.5	0.21	3.0	96.0	99.0	0.66
Ghana	214.4	126.6	341.0	1.41	48.0	46.9	94.9	0.63
Botswana	105.0	20.3	125.3	0.52	58.9	16.4	75.3	0.50
Somalia	0.6	55.8	56.4	0.23	1.0	72.0	73.0	0.49
Sierra Leone	80.0	20.8	100.8	0.42	40.4	19.6	60.0	0.40
Mauritius	54.8	21.7	76.5	0.32	49.1	7.6	56.7	0.38

Footnotes appear at end of table.

Table 11
Sub-Saharan Africa: Trade With the United States [a] (continued)

Million US $

	1980				1984 [b]			
	African Exports	African Imports	Total Trade	*Percent*	African Exports	African Imports	Total Trade	*Percent*
Tanzania	34.4	61.7	96.1	0.40	12.0	39.3	51.3	0.34
Togo	16.7	19.1	35.8	0.15	37.1	14.2	51.3	0.34
Mozambique	112.8	69.1	181.9	0.75	25.1	20.7	45.8	0.31
Malawi	29.0	3.7	32.7	0.14	31.6	3.3	34.9	0.23
Rwanda	70.4	5.4	75.8	0.31	17.4	8.7	26.1	0.17
Swaziland	64.6	0.7	65.3	0.27	25.0	1.1	26.1	0.17
Burkina	0.3	20.3	20.6	0.09	NEGL	21.8	21.8	0.15
Guinea-Bissau	0.2	22.6	22.8	0.09	1.0	20.0	21.0	0.14
Chad	NEGL	1.9	1.9	0.01	NEGL	14.2	14.2	0.09
The Gambia	0.1	4.5	4.6	0.02	NEGL	14.2	14.2	0.09
Mali	0.5	6.7	7.2	0.03	1.0	13.1	14.1	0.09
Benin	NEGL	14.9	14.9	0.06	NEGL	12.0	12.0	0.08
Lesotho	0.2	0.9	1.1	NEGL	1.0	10.9	11.9	0.08
Burundi	42.1	2.9	45.0	0.19	2.0	9.8	11.8	0.08
Djibouti	NEGL	11.6	11.6	0.05	NEGL	7.6	7.6	0.05
Namibia	10.0	15.0	25.0	0.10	3.0	3.3	6.3	0.04
Reunion	7.2	1.6	8.8	0.04	5.0	1.1	6.1	0.04
Central African Republic	8.3	0.7	9.0	0.04	3.0	1.1	4.1	0.03
Comoros	3.3	0.2	3.5	NEGL	2.0	1.0	3.0	0.02
Equatorial Guinea	NEGL	NEGL	0.1	0.01	1.0	0.4	1.4	0.01
Niger	NEGL	11.3	11.3	0.05	NEGL	1.1	1.1	0.01
Seychelles	0.7	3.1	3.8	0.02	NEGL	0.4	0.4	NEGL

[a] Excluding Cape Verde.
[b] Estimated.

Source: UN trade statistics.

25X1

Table 12
Sub-Saharan Africa: Selected Commodity Exports to the United States

Million US $

	1970	1980	1984 [a]
Total exports	**1,113.0**	**18,855.3**	**10,710.4**
Of which:			
Petroleum	37.8	12,834.1	6,952.3
Nigeria	37.2	11,209.2	2,559.3
Cameroon	0	566.6	930.0
Gabon	0	276.5	921.0
Angola	0	531.1	888.0
Congo	0	87.1	670.0
Ivory Coast	0.6	0	669.0
Zaire	0	163.6	315.0
Minerals and metals	197.0	2,681.9	1,951.5
South Africa	144.2	1,979.0	1,430.0
Zaire	18.2	172.0	189.8
Zambia	1.7	202.4	121.1
Guinea	0.1	93.8	115.6
Zimbabwe	0.1	23.4	50.2
Liberia	17.2	40.8	28.4
Sierra Leone	1.4	12.5	10.9
Nigeria	2.9	21.8	4.4
Gabon	8.8	15.7	1.1
Ghana	2.4	120.5	NEGL
Coffee	329.3	620.1	519.2
Ivory Coast	60.1	93.0	188.4
Uganda	45.8	131.2	102.0
Ethiopia	64.6	87.7	82.8
Togo	0.1	0	38.4
Kenya	11.2	11.8	31.2
Sierra Leone	3.6	11.8	26.4
Madagascar	14.4	63.8	15.6
Cameroon	20.0	43.9	14.4
Rwanda	0	65.0	14.4
Zaire	8.1	30.4	2.0
Angola	64.1	26.9	1.2
Burundi	21.1	41.8	1.2
Tanzania	16.2	12.8	1.2

	1970	1980	1984 [a]
Cocoa	127.6	291.3	255.6
Ivory Coast	25.0	178.7	219.6
Ghana	84.9	40.1	18.5
Nigeria	17.7	72.5	17.5
Sugar	15.6	254.0	85.1
Mauritius	2.2	33.9	16.4
Zimbabwe	0	7.8	13.1
Mozambique	0.3	65.4	12.0
Malawi	0	16.0	10.9
South Africa	13.1	130.9	32.7
Rubber	26.7	77.5	65.5
Liberia	26.7	77.5	65.5
Tobacco	0.1	18.2	23.6
Malawi	0.1	8.2	19.2
Zimbabwe	0	10.0	4.4
Tea		14.5	18.0
Kenya	NA	11.7	14.4
Rwanda	NA	0.9	2.4
Tanzania	NA	1.9	1.2
Cloves		5.8	3.6
Madagascar	NA	5.7	3.6
Tanzania	NA	0.1	NEGL
Vanilla		13.3	39.6
Madagascar	NA	10.2	36.0
Comoros	NA	3.1	3.6
Other	378.9	2,044.6	796.4

[a] Estimated, based on data for 10 months of the year.

Source: US trade statistics.

25X1

Table 13
Sub-Saharan Africa: Selected Commodity Imports From the United States

Million US $

	1970	1980	1984 [a]
Total imports	1,162.0	5,243.8	4,276.3
Foodstuffs	122.7	901.8	1,123.6
Of which:			
Grain	70.3	685.0	946.9
Finished manufactured goods	966.1	3,975.7	2,516.7
Of which:			
Machinery and transport equipment	600.5	2,449.4	1,740.0
Other	73.2	366.3	636.0

[a] Estimated, based on data for 11 months of the year.

Source: UN and US trade statistics.

25X1

Table 14
Sub-Saharan Africa: Trade Balances With the United States

Million US $

	1980	1984 [a]		1980	1984 [a]
Total	**13,611.5**	**6,434.1**	Mauritius	33.1	41.5
Top 10 partners			Tanzania	−27.3	−27.3
South Africa	1,102.7	230.2	Togo	−2.4	22.9
Nigeria	10,173.2	2,045.4	Mozambique	43.6	4.4
Angola	447.9	954.6	Malawi	25.3	28.3
Congo	73.4	987.3	Rwanda	65.0	8.7
Cameroon	548.6	685.1	Swaziland	63.9 [a]	23.9
Gabon	245.0	649.1	Burkina	−20.0	−21.8
Zaire	216.8	413.4	Guinea-Bissau	−22.3	−19.0
Ivory Coast	118.2	417.8	Chad	−1.9	−14.2
Ethiopia	19.2	−90.6	The Gambia	−4.4	−14.2
Zambia	106.8	37.1	Mali	−6.2	−12.1
Others			Benin	−14.9	−12.0
Liberia	35.7	2.2	Lesotho	−0.7 [a]	−9.9
Guinea	61.6	81.8	Burundi	39.2	−7.8
Zimbabwe	22.9	7.6	Djibouti	−11.6	−7.6
Kenya	−70.6	−5.5	Namibia	−5.0 [a]	−0.3
Madagascar	89.5	32.8	Reunion	5.6	3.9
Uganda	119.8	96.0	Central African Republic	7.6	1.9
Senegal	−31.5	−93.0	Comoros	3.1	1.0
Ghana	87.8	1.1	Equatorial Guinea	NEGL	0.6
Botswana	84.7	42.5	Niger	−11.3	−1.1
Somalia	−55.2	−71.0	Seychelles	−2.5	−0.4
Sierra Leone	59.2	20.8			

[a] Estimated, based on data for 11 months of the year.

Source: UN trade statistics.

25X1

Table 15
Sub-Saharan Africa:
Net Book Value of US Direct Investment

Million US $

	1980	1981	1982	1983
Total	**4,218**	**4,881**	**5,531**	**5,189**
South Africa	2,350	2,619	2,513	2,319
Nigeria	18	219	492	516
Cameroon	205	115	325 [a]	400 [a]
Ivory Coast	135	283	419	288
Liberia	335	258	213	252
Ghana	166	178	180	181
Angola	26	201	375 [a]	178
Zaire	164	140	173	169
Kenya	125	120	131	144
Zambia	138	142	146	140
Gabon	133	144	163	121
Botswana	NA	NA	92	96
Zimbabwe	27	47	52	44
Tanzania	20	29	30	41
Niger	42	14	37	36
Senegal	18	22	25	29
Congo	NA	NA	51	26
Malawi	18	23	22	17
Namibia	32	28	17	14
Ethiopia	NA	NA	13	14
Chad	14	12	11	12
Other	NA	NA	51	152

[a] Estimated.

Source: US Department of Commerce.

25X1

Table 16
Sub-Saharan Africa: Net Disbursements of Bilateral Official Development Aid by the United States [a]

	1974-76 Annual Average *(million US $)*	1983 Total *(million US $)*	1980-83 Total *(million US $)*	1980-83 Per Capita *(US $)*
Total	**232**	**741**	**2,920**	**2.12**
Kenya	9	91	326	4.60
Zaire	61	56	284	2.42
Liberia	3	71	265	33.76
Somalia	2	60	256	12.90
Zambia	7	37	197	8.23
Senegal	7	47	149	6.22
Zimbabwe	0	62	140	4.70
Tanzania	25	26	126	1.62
Burkina	7	24	107	4.22
Lesotho	3	23	89	16.01
Cameroon	3	3	81	2.29
Angola	−1	−9	78	NA
Nigeria	6	78	72	0.21
Mali	11	15	70	2.42
Botswana	5	13	56	14.96
Niger	13	16	56	2.53
Ghana	5	2	52	1.08
Mozambique	3	11	47	NA
Sierra Leone	3	14	44	3.25
Madagascar	1	18	43	1.18

Footnotes appear at end of table.

Table 16
Sub-Saharan Africa: Net Disbursements of Bilateral Official Development Aid by the United States [a] (continued)

	1974-76 Annual Average *(million US $)*	1983 Total *(million US $)*	1980-83	
			Total *(million US $)*	Per Capita *(US $)*
Swaziland	1	13	43	18.53
Guinea	7	6	39	NA
Rwanda	2	9	35	1.62
Uganda	NEGL	5	29	0.52
Ivory Coast	1	−3	28	0.80
Mauritius	1	4	26	6.88
Burundi	1	6	25	1.46
The Gambia	1	6	21	8.47
Togo	2	7	21	1.97
Malawi	4	6	20	0.81
Chad	5	7	18	0.97
Ethiopia	26	1	18	0.14
Guinea-Bissau	NEGL	2	18	NA
Congo	0	2	14	2.20
Djibouti	0	2	11	NA
Central African Republic	NEGL	6	9	0.95
Benin	4	2	8	0.56
Seychelles	NEGL	3	7	27.45
Comoros	0	0	0	0
Gabon	4	−1	−8	−1.82

[a] Countries for which data are not available or for which no aid has been provided include Cape Verde, Equatorial Guinea, Namibia, Sao Tome, and South Africa.

Source: Official US statistics.

25X1

Table 17
Sub-Saharan Africa: Multilateral Economic Aid Disbursements [a]

	1980 Total *(million US $)*	1983 Total *(million US $)*	1980-83 Total *(million US $)*	1980-83 Per Capita *(US $)*
Total	**2,993**	**2,916**	**11,711**	**8.46**
Somalia	342	170	1,069	53.88
Tanzania	165	185	775	9.95
Kenya	164	153	676	9.54
Ivory Coast	148	198	648	18.54
Ethiopia	122	175	582	4.49
Senegal	107	147	565	23.60
Zaire	134	119	457	3.90
Nigeria	64	172	450	1.33
Mali	121	120	436	15.07
Madagascar	109	124	410	11.29
Niger	83	76	384	19.68
Cameroon	128	57	349	9.88
Zimbabwe	46	68	326	10.94
Ghana	108	47	322	6.67
Uganda	73	100	321	5.78
Malawi	84	63	307	12.40
Zambia	92	40	281	11.74
Burundi	58	81	249	14.59
Burkina	63	58	243	9.58
Rwanda	59	55	218	10.10

Footnotes appear at end of table.

Table 17
Sub-Saharan Africa: Multilateral Economic Aid Disbursements [a] (continued)

	1980 Total *(million US $)*	1983 Total *(million US $)*	1980-83	
			Total *(million US $)*	Per Capita *(US $)*
Mozambique	55	55	205	NA
Guinea	64	41	201	NA
Togo	71	62	184	17.29
Benin	58	45	180	12.61
Liberia	62	41	176	22.42
Congo	37	62	174	27.36
Lesotho	31	45	156	28.06
The Gambia	44	24	150	60.48
Botswana	26	48	139	37.14
Guinea-Bissau	30	36	128	NA
Sierra Leone	39	30	125	9.24
Chad	15	44	117	6.31
Central African Republic	36	29	115	12.08
Swaziland	34	28	111	47.84
Comoros	27	23	110	NA
Djibouti	40	24	105	NA
Mauritius	22	23	104	27.51
Angola	17	29	87	NA
Gabon	9	16	51	11.59
Seychelles	6	3	25	98.04

[a] Data include disbursements by OPEC countries. Countries for which data are not available or for which no aid has been provided include Cape Verde, Equatorial Guinea, Namibia, Sao Tome, and South Africa.

Source: Official US statistics.

25X1

Table 18
Sub-Saharan Africa: US Share of Foreign Trade

	1980		1983	
	Million US $	Share of African Countries Trade (*percent*)	*Million US $*	Share of African Countries Trade (*percent*)
African exports to the United States	18,855	31	10,711	28
Oil producers	13,574	38	7,660	36
Nigeria	11,316	46	3,883	33
Angola	559	42	948	58
Congo	95	12	859	76
Gabon	293	15	685	42
Cameroon	638	36	536	29
Zaire	370	15	378	28
Ivory Coast	303	11	371	19
Major nonoil producers	3,910	24	2,332	22
South Africa	3,549	26	2,099	22
Ghana	214	20	125	27
Liberia	146	12	108	14
Other	1,371	15	719	14
African imports from the United States	5,244	11	4,276	13
Oil producers	1,751	9	1,271	11
Nigeria	1,143	9	863	13
Angola	111	10	91	14
Congo	22	5	16	3
Gabon	48	7	64	11
Cameroon	90	7	94	8
Zaire	153	14	83	10
Ivory Coast	185	9	61	6
Major nonoil producers	2,684	18	2,358	19
South Africa	2,446	19	2,129	20
Ghana	127	18	119	26
Liberia	111	7	110	8
Other	809	7	647	7

Source: UN and IMF trade statistics.

25X1