

THE UNITED STATES-AFRICA TRADE IN THE 21ST CENTURY

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Abstract

The paper presents trade relations between the US and 54 African countries in the years from 2000 to 2014. The analysis is based on the data retrieved from the UN Comtrade Database. The United States were the second (after the European Union) major trading partner for Africa until 2008. However, the US's role in the trade of goods with the African countries has been declining since the beginning of the global crisis. China has become the second important trading partner for Africa since 2009 and India's bilateral trade with the continent surpassed the US-Africa trade in 2014. What's more, the Asian giants have been systematically increasing their advantage over the United States in merchandise trade with Africa's 34 least developed countries. The foreign assistance and trade preferences programmes of the US for Africa seem to be less efficient than the Asian giant's trade policy towards the African countries.

Key words: merchandise trade, AGOA, least developed countries, development assistance

JEL Code: F10, F13, O55

Introduction

In the first decade of the twenty-first century, an increase in a merchandise trade between the United States and African countries was observed. The US implemented a non-reciprocal trade preference programme for sub-Saharan African (SSA) countries. Until 2008, the United States were the second (after the European Union) major trading partner for Africa. However, their significance as a trading partner for Africa has been steadily declining since the beginning of the global crisis. In the years 2000-2014, the European Union increased its advantage over the US in trade with Africa (Nowak, 2016a). Besides, China has become the second important trading partner for Africa since 2009 and India's bilateral trade with African countries surpassed the US-Africa trade in 2014.

The main aim of the paper is to show the scale of and trends in merchandise trade of the United States with Africa in the years from 2000 to 2014. The analysis is based on the data retrieved from the UN Comtrade Database.

There are many studies on trade relations between the US and Africa in the 21st century. The main contribution of this paper to the discussion on the US-Africa trade is a comparison of the US' scale and trends in trade with Africa with the Asian giants' ones.

1 Development of trade relations between the US and Africa in the 21st century

The US-Africa relations have been determined mainly by the slave trade and the Cold War (Nyang, 2005). For a long time, Africa played minor role in American trade. The United States exported their goods mainly to South Africa and imported natural resources from Nigeria (Řehák, 2014). Until the beginning of the 21st century, the US trade policy towards African countries was based on the Generalised System of Preferences (GSP) that came into effect in 1976.

In 2000, the United States extended a preferential access of sub-Saharan African countries to the American market of goods. They implemented the African Growth and Opportunity Act (AGOA). The AGOA expands benefits under GSP¹. It provides duty-free market access on more than 1,800 tariff line items in addition to the standard GSP list. The AGOA expands market access for textile and apparel goods for eligible countries.

A country is deemed eligible to benefit from the US AGOA if it has established, or is making progress toward establishing market-based economy, elimination of barriers to US trade and investment, protection of intellectual properties, protection of human rights and worker rights, elimination of child labour practices, policy to reduce poverty, increasing availability of health care and educational opportunities, the rule of law and political pluralism, and efforts to combat corruption. Each year the president of the United States evaluates and decides which country is eligible for the AGOA (Nowak, 2016b). In 2015, thirty eight sub-Saharan African countries were eligible for trade benefits of the US AGOA²

¹ The GSP scheme grants duty-free entry for approximately 5 000 American tariff line items.

² Between 2000 and 2015, the United States granted the status of AGOA-eligibility to 43 sub-Saharan African countries. However, seven of them were declared ineligible: Central African Republic and Eritrea on January 1, 2004, Democratic Republic of Congo (December 21, 2010), Guinea-Bissau (December 20, 2012), Swaziland (June 26, 2014), Gambia (December 23, 2014), and South Sudan (December 23, 2014). Burundi has not been the AGOA-beneficiary country since January 1, 2016. Four African countries have never been granted the status of AGOA-eligibility: Equatorial Guinea, Somalia, Sudan, and Zimbabwe (ITA, 2016).

and only 24 were eligible for the AGOA textile benefits³. Non-AGOA sub-Saharan African countries (except Sudan) benefit from the US Generalised System of Preferences.

The AGOA was developed and advanced by the United States to improve the trade with sub-Saharan Africa and to promote American investment in the region. However, the trade under the AGOA benefits only a few African countries. The programme rather encourages the American exploitation of Africa through trade and creates dependency of SSA countries on the US for both economic and political decisions. It is also worth noting that the mono-cultural economy of sub-Saharan African countries do not allow for full implementation of the AGOA (Chukwuebuka, 2011). What's more, the US AGOA excludes some agricultural products (240 tariff lines) that are important for SSA exports (certain products within the general categories of beef, dairy, vegetables, peanuts, oilseed products, sugar and sweeteners, cocoa products, tobacco, wool, cotton, or flax). Excluded products are subject to tariff rate quotas (GAO, 2015).

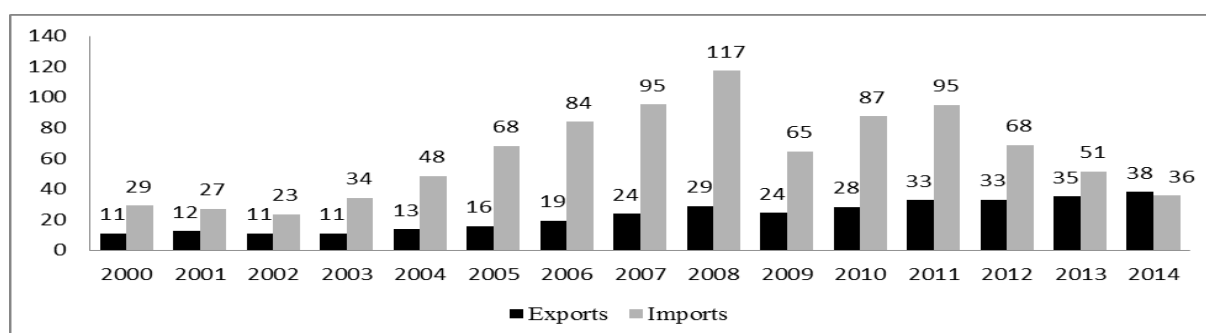
From African countries, the US signed a reciprocal trade agreement only with Morocco. The agreement came into force in 2006 and concerns the deregulation and liberalisation of market of goods, services, and investment. In 2002, the United States signed a Trade and Investment Framework Agreement with Tunisia. However, negotiations between both partners on free trade agreement seem to be postponed.

2 Trade in goods of the United States with Africa in the years 2000-2014

The value of bilateral trade in goods between the United States and 54 African countries rose from USD 40.0 billion in 2000 to USD 145.8 billion in 2008, and then declined to USD 73.4 billion in 2014. In the years 2000-2008, Africa increased its share in the US' total trade from 2.0% to 4.2%. However, it lost its significance as a trading partner for the US after the outbreak of the global crisis. In 2014, the US-Africa bilateral trade accounted for 1.8% of the American trade with the world. The United States imported significantly more goods from Africa than they exported there. In 2014, they had a surplus in trade with Africa mainly due to a big drop in imports. The trends in merchandise trade between the US and 54 African countries are presented in Figure 1.

³ The following countries met the requirement to benefit from the AGOA textile project: Benin, Botswana, Burkina Faso, Cabo Verde, Cameroon, Chad, Côte d'Ivoire, Ethiopia, Ghana, Guinea, Kenya, Lesotho, Liberia, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Nigeria, Rwanda, Senegal, Sierra Leone, Tanzania, Uganda, and Zambia (ITA, 2016a).

Fig. 1: The merchandise trade of the US with Africa, 2000-2014 (USD billion)



Source: Own calculations based on UNCD (2016).

The United States were increasing fast their trade with Africa until 2008. In the years 2000-2008, the average annual growth rate of the US-Africa bilateral trade was 15.5% while after 2008 it was negative. Before the beginning of global crisis, American imports of goods from Africa grew faster than the American exports to African countries. Since 2009, the opposite trend has been observed. The US' imports from Africa has significantly dropped. Its annual growth rate was negative (Tab. 1).

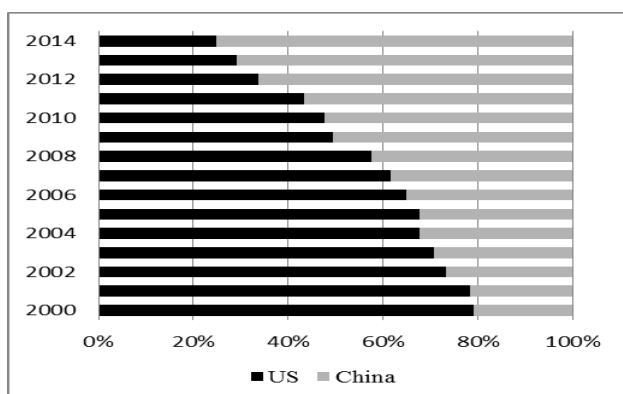
Tab. 1: Annual growth rates of American trade with Africa

	2000-2008	2009-2014	2000-2014
Bilateral trade	15.5%	-3.1%	4.1%
Exports of goods	11.3%	7.7%	8.6%
Imports of goods	16.8%	-9.5%	1.3%

Source: Own calculations based on UNCD (2016).

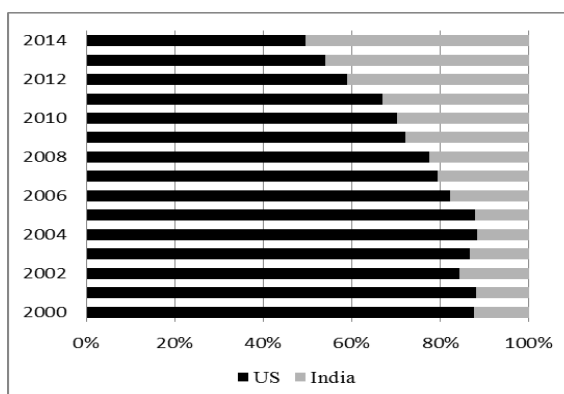
The collapse of the American trade with Africa after 2008 resulted in losing by the United States their position of the second important trading partner for the African continent. In 2009, China's bilateral merchandise trade with Africa surpassed the US-Africa trade. At the beginning of the 21st century, the trade in goods with the US accounted for 79.1% and with China accounted for 20.9% of Africa's trade with those partners. In 2009, the shares were 49.4% and 50.6% while in 2014, they were 24.9% and 75.1%, respectively. During 15 analysed years, the US recorded a 54.2 percentage point decrease in trade with Africa compared with China (Fig. 2a). What's more, over the period 2000-2014, the US experienced a 38.1 percentage point decrease in trade with Africa compared with India. In 2000, Africa's trade with the US accounted for 87.6% and with India accounted for 12.4% while in 2014, those shares were 49.5% and 50.5%, respectively (Fig. 2b).

Fig. 2a: The bilateral trade of the US and China with Africa, 2000-2014



Source: Own calculations based on UNCD (2016).

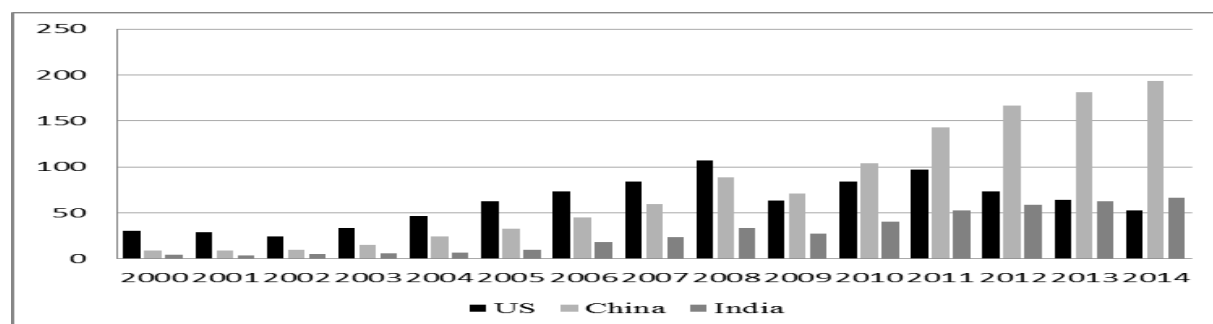
Fig. 2b: The bilateral trade of the US and India with Africa, 2000-2014



Source: Own calculations based on UNCD (2016).

The advantage of China and India over the United States in merchandise trade is bigger in the case of sub-Saharan Africa⁴. The US' trade with 49 SSA countries jumped from USD 30.6 billion in 2000 to USD 107.3 billion in 2008, and then declined to USD 52.8 billion in 2014. During 15 years, China increased its trade with sub-Saharan Africa 21.6 times (from USD 8.9 billion to USD 93.4 billion) and India 14.6 times (from USD 4.5 billion to USD 66.2 billion). The US recorded a 55.9 percentage point decrease in trade with sub-Saharan Africa compared with China and a 42.8 percentage point decrease compared with India (Fig. 3).

Fig. 3: The bilateral trade of the US, China, and India with sub-Saharan Africa, 2000-2014 (USD billion)



Source: Own calculations based on UNCD (2016).

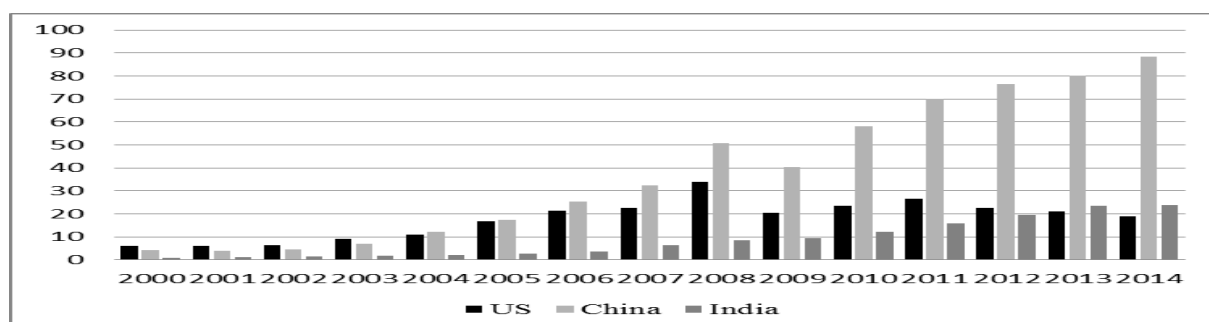
In the 21st century, the United States lost definitely their significance as a major trading partner for Africa's 34 least developed countries⁵ (LDCs). In 2000, the value of the

⁴ African countries excluding: Algeria, Egypt, Libya, Morocco, and Tunisia.

⁵ As of February 16, 2016, the following African countries are classified as LDCs: Angola, Benin, Burkina Faso, Burundi, Central African Republic, Chad, Comoros, Democratic Republic of the Congo, Djibouti, Equatorial Guinea, Eritrea, Ethiopia, Gambia, Guinea, Guinea-Bissau, Lesotho, Liberia, Madagascar, Malawi, Mali,

US-Africa's LDCs bilateral trade was 1.4 times bigger than the value of the trade of China with the poorest African countries while fifteen years later the China-Africa's LDCs trade was 4.7 times bigger than the trade of the US with that group of African countries. In 2014, the US accounted for 17.5% and China accounted for 82.5% of the trade of Africa's LDCs with those two partners. It is worth noting that China's trade with Africa's LDCs countries has been surpassing the US-Africa's LDCs trade since 2004. Moreover, India's exchange of goods with the African least developed countries surpassed the US's one over the period 2013-2014 (Fig. 4).

Fig. 4: The bilateral trade of the US, China, and India with Africa's LDCs, 2000-2014 (USD billion)



Source: Own calculations based on UNCD (2016).

Generally, in the years 2000-2008, the United States exported more goods than China to 19 African countries and imported more goods from 37 countries. After the global crisis, the US dominated over China in merchandise exports to 2 countries in the region and the American imports surpassed the Chinese ones in 23 African countries (Tab. 2).

Compared with India, the US exported more goods to 36 African countries before the global crisis and to 25 countries after 2008. Moreover, the United States were a more important destination market for 39 African countries in the years 2000-2008 and for 35 countries in the years 2009-2014.

China and India to increase merchandise trade with African countries intensively develop South-South cooperation with them. Besides, the Asian countries strength their trade relations during high-level visits and official forums like the Forum on China-Africa Cooperation or the India-Africa Forum. What's more, China and India use development

Mauritania, Mozambique, Niger, Rwanda, São Tomé and Príncipe, Senegal, Sierra Leone, Somalia, South Sudan, Sudan, Tanzania, Togo, Uganda, and Zambia (UN, 2016).

assistance in the form of loans and grants to develop their bilateral trade relations with Africa (Nowak, 2016c, 2017).

Tab. 2: African countries for which the United States were more important trading partner than China

Period	Exports of goods	Imports of goods	Bilateral trade
2000-2008	Egypt, Angola, Equatorial Guinea, Gabon, South Africa, Chad, Namibia, Seychelles, Niger, Eritrea, Tunisia, Central African Republic, Swaziland, Cabo Verde, Malawi, Sierra Leone, São Tomé and Príncipe, Somalia, Burkina Faso	Nigeria, Algeria, South Africa, Egypt, Gabon, Angola, Chad, Côte d'Ivoire, Libya, Lesotho, Morocco, Madagascar, Kenya, Tunisia, Mauritius, Equatorial Guinea, Swaziland, Ghana, Congo, Cameroon, Botswana, Guinea, Malawi, Liberia, Namibia, Niger, Sierra Leone, Uganda, Ethiopia, Senegal, Seychelles, Comoros, Guinea-Bissau, Burundi, Cabo Verde, Djibouti, São Tomé and Príncipe	Nigeria, Algeria, Egypt, South Africa, Gabon, Angola, Chad, Côte d'Ivoire, Equatorial Guinea, Lesotho, Libya, Tunisia, Kenya, Swaziland, Madagascar, Mauritius, Namibia, Malawi, Botswana, Cameroon, Niger, Congo, Seychelles, Guinea, Sierra Leone, Eritrea, Cabo Verde, Central African Republic, São Tomé and Príncipe, Burundi, Comoros
2009-2014	Equatorial Guinea, Central African Republic	Nigeria, Algeria, Chad, Gabon, Côte d'Ivoire, Egypt, Morocco, Tunisia, Kenya, Lesotho, Mauritius, Botswana, Guinea, Niger, Madagascar, Swaziland, Malawi, Djibouti, Seychelles, Cabo Verde, Liberia, Comoros, São Tomé and Príncipe	Nigeria, Algeria, Chad, Gabon, Côte d'Ivoire, Lesotho, Swaziland
2000-2014	Egypt, Equatorial Guinea, Gabon, Seychelles, Central African Republic, Swaziland, São Tomé and Príncipe	Nigeria, Algeria, Chad, Gabon, Egypt, Côte d'Ivoire, Lesotho, Morocco, Kenya, Tunisia, Mauritius, Madagascar, Botswana, Swaziland, Guinea, Malawi, Niger, Liberia, Namibia, Uganda, Seychelles, Comoros, Djibouti, Cabo Verde, Burundi, São Tomé and Príncipe	Nigeria, Algeria, Egypt, Chad, Gabon, Côte d'Ivoire, Lesotho, Equatorial Guinea, Tunisia, Swaziland, Malawi, Seychelles, Botswana, São Tomé and Príncipe

Source: Own calculations based on UNCD (2016).

The United States traded mainly with Western and Northern Africa⁶. In the years 2000-2014, the Western Africa accounted for 31.7% of the US' bilateral trade with Africa and the Northern Africa accounted for 26.7%. The shares of the remaining African regions were the following: 22.1% – Central Africa, 15.6% – Southern Africa, and 3.9% – Eastern Africa.

⁶ The African countries are classified into the following regions: **Northern Africa** (6 countries): Algeria, Egypt, Libya, Morocco, Sudan, Tunisia; **Western Africa** (16 countries): Benin, Burkina Faso, Cabo Verde, Côte d'Ivoire, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone, Togo; **Central Africa** (9 countries): Angola, Cameroon, Central African Republic, Chad, Congo, Democratic Republic of Congo, Equatorial Guinea, Gabon, São Tomé and Príncipe; **Eastern Africa** (17 countries): Burundi, Comoros, Djibouti, Eritrea, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Mozambique, Rwanda, Seychelles, Somalia, Tanzania, Uganda, Zambia, Zimbabwe, **Southern Africa** (5 countries): Botswana, Lesotho, Namibia, South Africa, and Swaziland.

The United States exported 36.3% of their goods to the Northern Africa and imported 35.0% of goods from Western Africa.

After the outbreak of the global financial crisis, shifts in the US' trade with African regions were observed. The US experienced a 7.6 percentage point increase in exports to the Western Africa and a 4.2 percentage point decrease in exports the Southern Africa. Moreover, the US increased their imports from the Central Africa by 2.3 percentage points and decreased imports from the Western Africa by 3.6 percentage points (Tab. 3).

Tab. 3: The US' trade with African regions

Region	2000-2008			2009-2014		
	Exports	Imports	Bilateral trade	Exports	Imports	Bilateral trade
Northern Africa	38.4%	23.4%	26.6%	34.7%	23.1%	26.8%
Western Africa	18.3%	36.6%	32.6%	25.9%	33.0%	30.7%
Central Africa	10.1%	25.7%	22.3%	9.2%	28.0%	21.9%
Eastern Africa	7.9%	2.1%	3.4%	9.1%	2.1%	4.4%
Southern Africa	25.3%	12.2%	15.1%	21.1%	13.8%	16.2%

Source: Own calculations based on UNCD (2016).

Over the period 2000-2014, the US traded mostly with Nigeria (27.6% of the US' bilateral trade with Africa), South Africa (14.3%), Algeria (13.2%), Angola (11.9%), and Egypt (7.8%). The ranking of the US' top ten trading partners in Africa is presented in Tab. 4.

Tab. 4:

Rank	Exports of goods		Imports of goods		Bilateral trade with Africa	
	Trading partner	Value	Trading partner	Value	Trading partner	Value
1	South Africa	73.5	Nigeria	302.4	Nigeria	348.5
2	Egypt	69.9	Algeria	147.7	South Africa	180.6
3	Nigeria	46.1	Angola	133.7	Algeria	167.0
4	Morocco	19.7	South Africa	107.1	Angola	150.7
5	Algeria	19.3	Gabon	31.5	Egypt	98.6
6	Angola	17.0	Egypt	28.7	Gabon	34.5
7	Ghana	9.1	Congo	28.1	Congo	30.6
8	Kenya	8.2	Chad	25.2	Morocco	30.1
9	Ethiopia	7.7	Libya	22.8	Libya	28.1
10	Tunisia	6.6	Equatorial Guinea	21.3	Chad	26.2

Source: Own calculations based on UNCD (2016).

During analysed 15 years, the top ten African importers accounted for 82.5% of American exports to Africa and the top ten African exporters accounted for 91.5% of the US' imports from Africa.

African countries are mainly a source of natural resources for the United States. In 2014, the US imported crude petroleum from Chad (97% of the American imports from that

country), Angola (90%), Gabon (78%), Nigeria (69%), Libya (64%), Equatorial Guinea (39%), and Congo (32%). Besides, the US imported metals of platinum group, diamonds, and passenger motor vehicles from South Africa, cloths and textile from Egypt. The most diversified imports were from Algeria. In turn, the US exported mainly motor vehicles for transport of goods and passenger motor vehicles to South Africa, Nigeria, and Ghana, machinery and equipment to Algeria and Angola, construction and mining machinery to Kenya, aircraft to Tunisia, petroleum gases to Morocco and Ghana, maize and soya beans to Egypt and Tunisia, and wheat to Ethiopia.

Conclusion

Generally, Africa does not play important role in the merchandise trade of the United States and its significance as a trading partner for the US crucially decreased after 2008.

In 2000, the United States implemented the trade preference programme for SSA and until 2008, they were rapidly increasing their total trade with African countries. However, since the beginning of the global financial crisis, the opposite trend has been observed. In the years 2009-2014, the average annual growth rate of the US-Africa bilateral trade was negative.

In the 21st century, the American influence on the African continent was undermined by Asian giants. The US' rank in Africa's trade has declined as those of China and India have risen. The US ceased to be a second important trading partner for Africa in 2009 and a third in 2014. Besides, the Asian giants have been systematically increasing their advantage over the United States in merchandise trade with the poorest African countries.

The foreign assistance and trade preferences programmes of the US for Africa seem to be less efficient than the Asian giant's trade policy towards the African countries.

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