5. U.S. Business Trends in Africa

The U.S. commercial presence in Africa is not large, but it is increasing. In fact, the U.S. investment position in Sub-Saharan Africa is less than 1 percent of U.S. direct investment worldwide. According to the Commerce Department, U.S. direct investment in the region at the end of 2009 was $22.6 billion. This was a 17 percent increase from the year before, and an even greater increase in certain countries—Nigeria, 63 percent; Mauritius, 35 percent; and South Africa, 20 percent.\(^3\)

There has also been a steady increase in U.S. exports to the region. In fact, U.S. total exports to Sub-Saharan Africa tripled between 2001 and 2011, rising to $21.1 billion; between 2010 and 2011 alone there was a 20 percent increase.

In 2011, every state in the U.S. exported products to Africa. As figure 11 shows, five states—Texas, New York, Illinois, New Jersey and Washington—exported more than $1 billion worth of

---

\(^3\) International Trade Administration, U.S. Department of Commerce, *U.S.—Sub Saharan Africa Trade Profile* (Washington: U.S. Government Printing Office, 2010). For the Commerce Department, the direct investment position is a measure of the stock of foreign direct investment as opposed to the flows.
goods, while another seven states exported more than $500 million worth of goods. The largest categories of products were noncrude oil, machinery, electronics, aircrafts, parts and jewelry. According to the Commerce Department, an estimated 5,000 jobs in the U.S. are created or sustained for every $1 billion worth of exports. In 2011, U.S. exports to Sub-Saharan Africa accounted for more than 100,000 jobs in the U.S.32

During the Obama administration, the State Department has emphasized the importance of encouraging U.S. investments and exports to emerging markets in an effort to stimulate job creation and economic renewal in the U.S. In support of this goal, Secretary Hillary Clinton hosted the first Global Business Conference at the State Department in partnership with the U.S. Chamber of Commerce. Before the conference, the assistant secretary of state for African affairs, Johnnie Carson, in conjunction with the Corporate Council on Africa, led a trade mission to Ghana, Mozambique, Nigeria and Tanzania that focused on increasing the role and investment of U.S. companies in enhancing power generation in Africa.

Nevertheless, there is concern in Washington that the U.S. is missing out on the commercial opportunities being created by the emergence of the African markets. This concern is the motivation for legislation proposed in Congress in March 2012, the Increasing American Jobs through Greater Exports to Africa Act, which explicitly proposes to “create jobs in the United States by increasing United States exports to Africa by at least 200 percent in real dollar value within 10 years.” This legislation reflects the growing importance of the region, specifically mentioning the rapid growth and development taking place in Africa and its position as the “next frontier market.”

One of the key recommendations of this legislation is for the White House to create a coherent trade and investment strategy for enhancing American business in Sub-Saharan Africa, and to create a position in the White House for a senior official to ensure the implementation of this strategy. Presumably, this official would be assigned to the National Economic Council. Equally as important, the legislation seeks to triple the amount of U.S. exports to Africa during the next 10 years by improving and harmonizing U.S. government export assistance programs. It will have a specific focus on small and medium-sized businesses in the U.S.—recognizing that these businesses comprised the majority of U.S. exporters to Africa in 2010. It will also ensure that no less than 25 percent of available Ex-Im funding goes to U.S.-Africa projects.

If successful, the legislation would result in the volume of exports to Sub-Saharan Africa increasing from $21 billion to more than $60 billion worth of goods and services. Under these circumstances, trade with Africa would support more than 310,000 jobs in the U.S. Not only is this significant in itself, but it also indicates that the United States’ relationship with Africa is changing fundamentally from the time when AGOA was developed and went into effect.