

## Africa-EU: economic indicators, trade and investment

### African GDP growth offset by fast increasing prices

This is the first publication prepared jointly by Eurostat and the African Union (AU) Commission's Statistics Unit in the framework of the promotion of economic governance as foreseen by the Joint Africa-EU Strategy<sup>1</sup>.

In recent years, the GDP generated by African countries has progressed at a faster pace than that of the European Union, but it has been offset by a comparatively high increase in consumer prices.

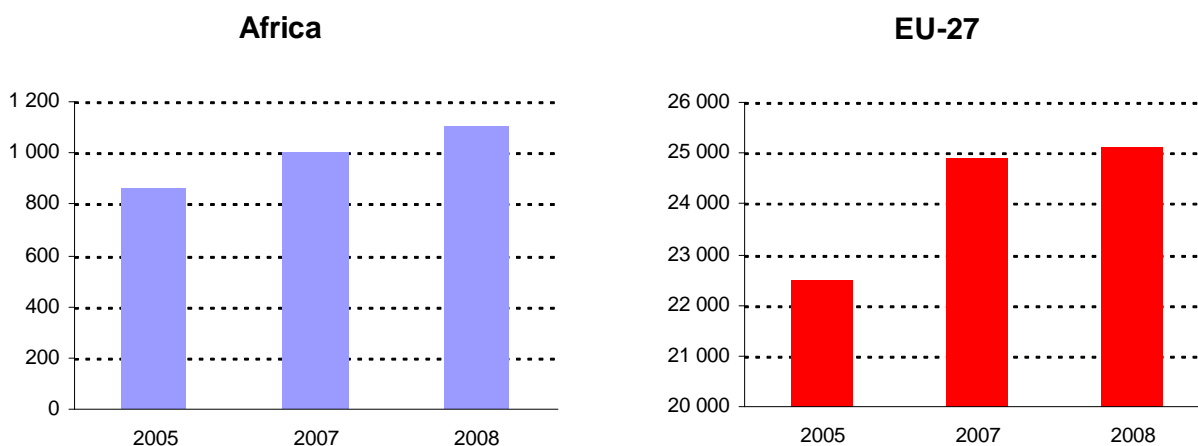
Since 2004, the EU-27 trade in goods with Africa has taken a clear upswing, the value of its imports (mainly energy products) always being superior to that of its exports (especially machinery and transport equipment). In 2008, Libya ranked first for EU-27 imports; South Africa was the main destination country

for EU-27 exports to Africa. The EU-27 also displays a deficit in trade in services, considerably influenced by tourism to North African destinations.

Between 2000 and 2008, the nominal GDP growth generated by Africa, as a whole, has increased at a faster pace than that of the European Union. Whereas the total GDP of the EU-27 stood 36 index points above the base year (2000), that of Africa progressed by 67 index points over the same period.

Obviously, the aggregate information masks the large variety with regards to the 'weight' of the individual countries. Largest contributors to the African GDP have been South Africa, Nigeria, Egypt, Algeria, Morocco and Libya. However, when GDP is expressed per head of the population, the image changes considerably (see below).

Figure 1: Per capita - Gross Domestic Product (GDP) at current prices in 2005, 2007 and 2008 (in EUR)



Source: Africa: African Statistical Yearbook – EU-27: Eurostat ([nama\\_gdp\\_c](#)).

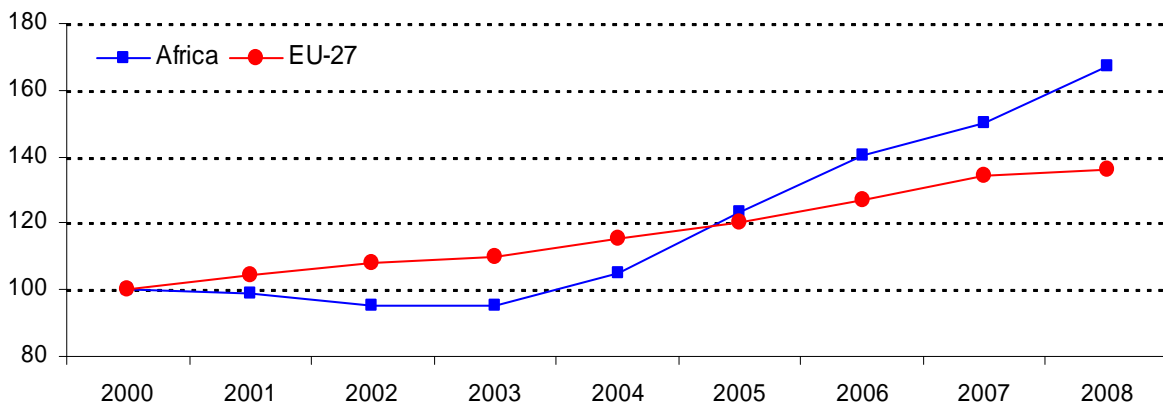
<sup>1</sup> see: [http://www.africa-eu-partnership.org/partnerships/partnership\\_en.htm](http://www.africa-eu-partnership.org/partnerships/partnership_en.htm).

**African per-capita GDP showed a 10.5% increase between 2007 and 2008. That of the EU, at a far higher level, increased by only 0.8%**

The gross domestic product (GDP) generated by the whole of Africa has increased at a fairly high rate over the past five years. Expressed ‘at current prices’, i.e. valued at the prices prevailing at the time indicated and taking 2000 as starting point, it dropped until 2003 before displaying a stable upward trend. In 2008, African GDP stood 67% higher than in 2000. The average annual growth rate between 2000 and 2008 amounted to 13.0%.

The equivalent figure for the EU-27 was 6.6%; the 2008 GDP standing 36% higher than in 2000. This is also reflected in the *per capita* figures (Fig.1), where between 2007 and 2008, African GDP increased by 10.5% and that of the EU-27 by only 0.8%. This image should however be balanced against the fact that consumer prices have been increasing fast in Africa (see below).

**Figure 2: GDP at current prices, development 2000-2008 (2000=100)**



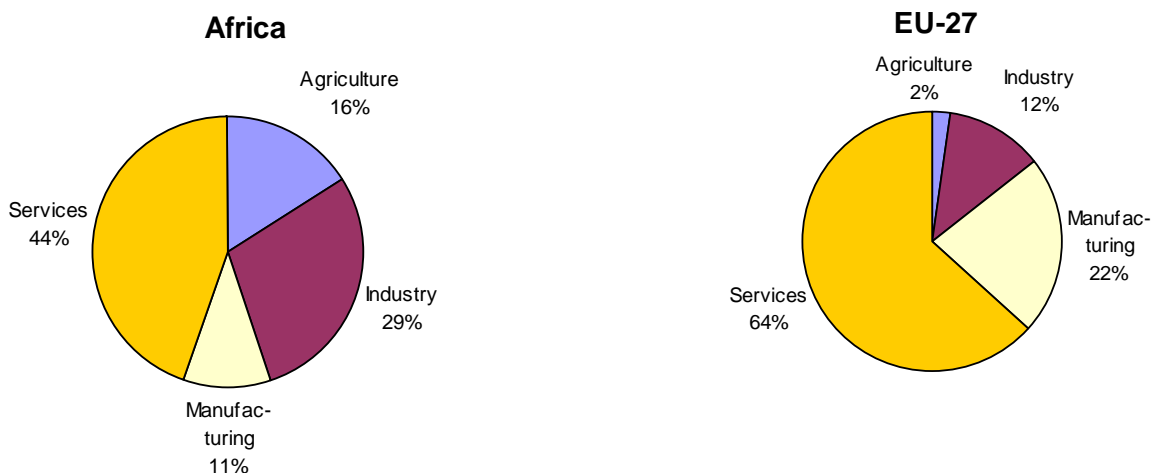
Source: Africa: African Statistical Yearbook – EU-27: Eurostat ([nama\\_gdp\\_c](#)).

**Structure of output: the industrial sector in Africa is gaining weight**

With regard to the structure of the African economy, at 16% in 2007, the agricultural sector may appear to be smaller than expected. And indeed, some countries feature shares of over 50%, such as Liberia, Chad or Sierra Leone; conversely, agriculture merely contributes a few

percent in South Africa, Botswana and Equatorial Guinea. However, the overall percentage might be understated as in many African countries, parts of the population practise subsistence agriculture, the output of which is not accounted for economically.

**Figure 3: Structure of output of the overall economy: share of the main economic sectors in 2007\* (%)**



\* based on the share of GDP at current prices.

Source: Africa: African Statistical Yearbook – EU-27: Eurostat ([nama\\_nace06\\_c](#))

Forty percent of the gross domestic product generated in Africa is generated by industry and manufacturing, against 34% in the European Union. The highest shares in 2007 were noted for Equatorial Guinea (95%), Libya (76%), Congo (70%) and Angola (69%).

The relative importance of the services' sector offers a similar wide range at national level. Whereas countries such as Botswana, Burkina

Faso, Mauritania, Mozambique or Zambia reflect the African average of 44%, the highest shares were noted for Mauritius and the Seychelles, both countries heavily influenced by the tourism sector, and especially Djibouti (78%), the latter country offering very little industry and agriculture but acting as an important international maritime transshipment and refueling center because of its strategic location between the Red Sea and the Gulf of Aden.

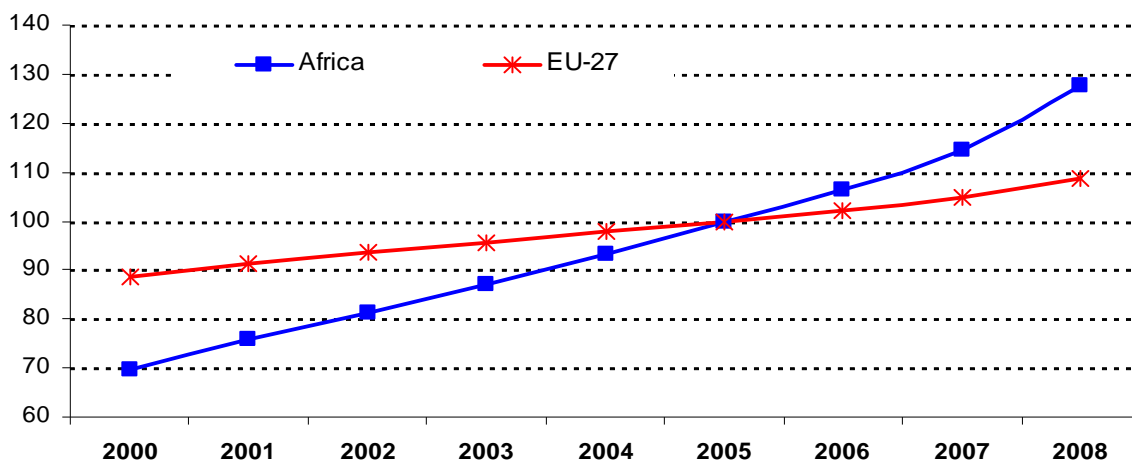
## Consumer prices: African economic growth partly offset by faster increase in prices

The African consumer price index displays a constant but fairly steep upward trend throughout the period observed. In 2007 and 2008, this trend even accelerated, pushed by an increase in world energy and food prices. Compared to 2005, consumer prices in Africa increased by 14% in 2007 (EU-27: 5%)

and 28% in 2008 (EU-27: 9%).

The African average masks large differences at country level, ranging from very high inflation registered in Angola and the Dem. Rep. Congo to actual deflation observed in Libya. Due to hyperinflation, Zimbabwe has been excluded from the overall African aggregate.

**Figure 4: Consumer price index 2000-2008 (2005=100)**



Source: Africa: African Statistical Yearbook – EU-27: Eurostat ([prc\\_hicp\\_aind](#)).

For the EU-27, the overall consumer price index increased less strongly. The highest overall price increases were registered in Bulgaria, Romania and the Baltic States and the lowest in the Netherlands and France.

Looking at the individual items composing the

overall EU-27 consumer price index (according to the COICOP classification – Classification of Individual Consumption by Purpose), ‘Clothing and footwear’ as well as ‘Communication’ have become cheaper but these have not been able to offset the considerable increases registered for ‘Gas’ and ‘Liquid fuels’ (data not shown).

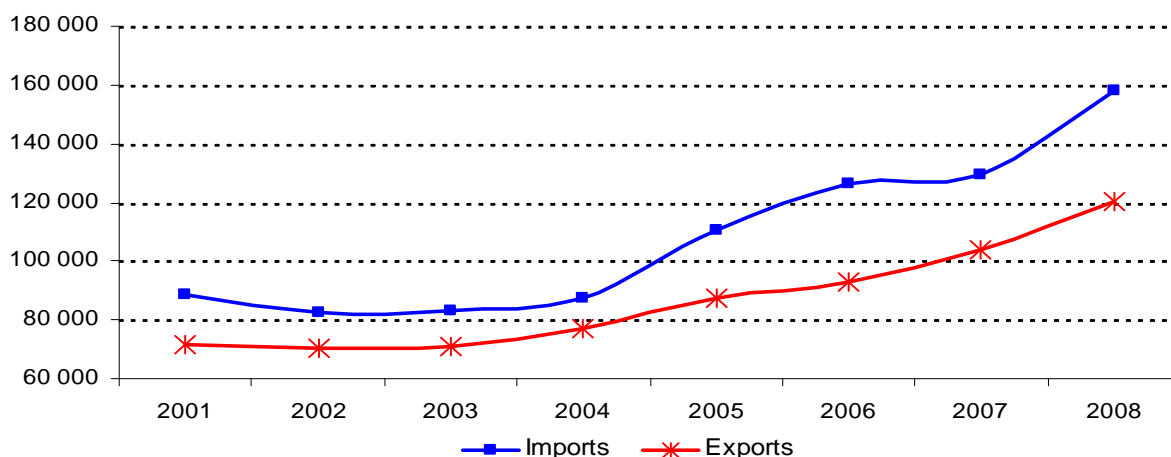
## Trade in goods: steadily increasing EU trade deficit since 2004

In 2004, after years of relative stagnation, EU-27 trade with Africa has taken an upswing, a development that is still ongoing. The total value of goods EU-27 imported from African countries in 2008 amounted to EUR 158 billion, against EU-27 exports to Africa worth EUR 120 billion. Hence the EU’s trade deficit amounted to EUR 38 billion, the highest deficit recorded

during the period observed and considerably higher (+48%) than that registered in 2007.

The increase in the value of imports between 2007 and 2008 can largely be attributed to the increased value of energy products, which follow world prices and were mainly imported from Algeria, Libya, Nigeria and Angola.

**Figure 5: Development of extra-EU-27 trade with Africa (EUR million)**



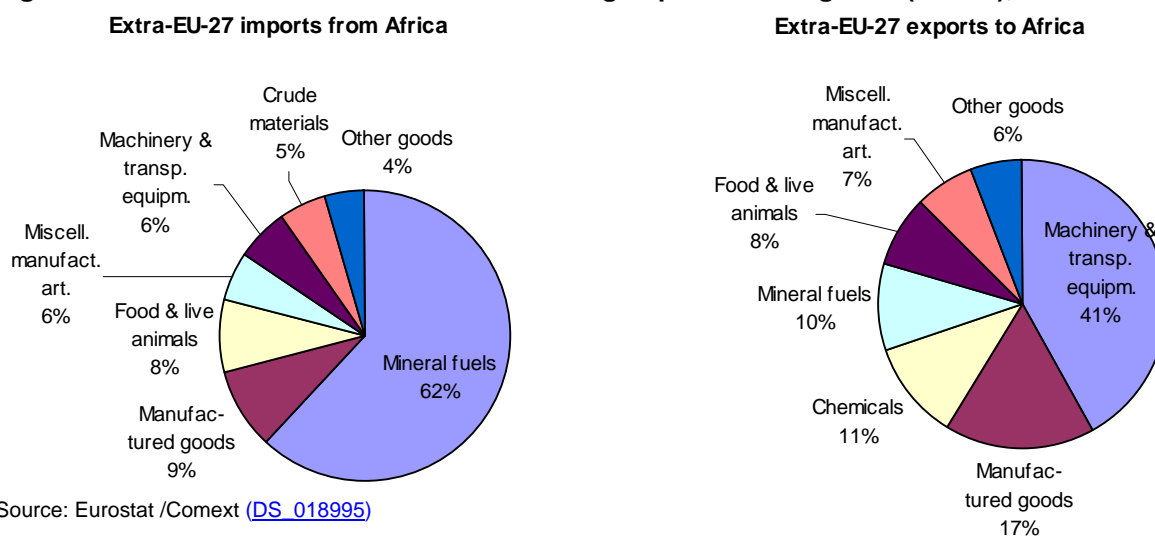
Source: Eurostat / Comext ([DS\\_018995](#))

‘Mineral fuels’ indeed represented the bulk of EU-27 imports from Africa, with a share of 62% in the total value in 2008. ‘Manufactured goods’ as well as ‘Food and live animals’ followed with shares of 9% respectively 8%.

With regard to EU-27 exports to Africa, ‘Machi-

nery and transport equipment’ dominated (41%), followed by ‘Manufactured goods’ and ‘Chemicals’. The EU-27 is also an exporter of energy products: 10% of the EU-27 exports to Africa consisted of ‘Mineral Fuels’; these were mainly destined to Nigeria, Libya and Morocco.

**Figure 6: Extra-EU-27 trade with Africa according to product categories (SITC 1), 2008**



Source: Eurostat / Comext ([DS\\_018995](#))

### Libyan and Algerian gas dominate goods imported from Africa

Looking at the ranking of African countries in terms of the value of goods traded, Libya leads for EU imports (90% of goods from Libya are ‘Mineral fuels’) followed by Algeria (71% ‘Mineral fuels’) and South Africa (with a more spread product mix). These three countries together were responsible for 54% of all EU imports in 2008.

**Table 1: EU-27’s ten main African partners for the trading of goods 2008**

Rank	extra-EU-27 imports		extra-EU-27 exports	
	Country	Value in million EUR	Country	Value in million EUR
1	Libya	35 129	South Africa	20 235
2	Algeria	28 265	Algeria	15 314
3	South Africa	22 390	Morocco	14 433
4	Nigeria	15 660	Egypt	12 751
5	Tunisia	9 498	Nigeria	10 902
6	Morocco	8 378	Tunisia	9 901
7	Egypt	8 144	Libya	5 751
8	Angola	7 718	Angola	5 266
9	Equatorial Guinea	3 986	Senegal	2 295
10	Côte d'Ivoire	3 159	Ghana	1 927

Source: Eurostat / Comext ([DS\\_018995](#))

Whereas EU-27 imports from Nigeria (4th in the ranking) are also dominated by oil (share of 95%), those from Tunisia and Morocco mainly consist of machinery and miscellaneous manufactured articles.

Looking at extra-EU-27 exports to Africa, South Africa takes first position by a comfortable margin with EU goods valued over EUR 20 billion. The bulk of these goods (54%) consisted of 'Machinery and transport

equipment' followed by 'Chemicals' and 'Manufactured goods' (both with a share of 14%). Algeria and Morocco rank 2<sup>nd</sup> and 3<sup>rd</sup>, respectively, within close distance of each other. The product mix for these two countries is broadly similar: 'machinery and transport equipment' is the most important product group (39% share for Algeria, 38% for Morocco), followed by 'Manufactured goods' (23% and 22%, respectively).

**Table 2: The ten main EU Member States trading goods with Africa, 2008**

Rank	Imports from Africa		Exports to Africa	
	Member State	Value in million EUR	Member State	Value in million EUR
1	Italy	38 271	France	25 322
2	France	26 237	Germany	19 421
3	Spain	26 194	Italy	17 981
4	Germany	18 676	Spain	11 022
5	United Kingdom	14 210	United Kingdom	10 594
6	Netherlands	13 504	Netherlands	10 070
7	Belgium	7 547	Belgium	7 576
8	Portugal	4 964	Sweden	3 691
9	Greece	2 653	Portugal	3 626
10	Austria	1 715	Austria	1 571

Source: Eurostat / Comext ([DS\\_018995](#))

The EU Member States that registered the highest trade volume with Africa are Italy and France.

It should be noted that the value of goods are accounted for by the country where the goods enter EU territory. The final destination of the goods might well be in another EU Member State.

## Trade in services: travel to popular holiday destinations in Morocco, Tunisia and Egypt boosts the EU's deficit

Looking at the overall trade in services with African countries, the EU-27 registered a deficit for the three years under review. In 2007, this deficit amounted to EUR 3.2 billion, 8% higher than in the previous year but only 4% higher than in 2005. Whereas the relation between 'services rendered' (credit) and 'services received' (debit) was relatively well spread for transportation services, there is a sharp contrast for 'Travel' and 'Other services'. For travel services, four times more services were received (in terms of value) in 2007

than were rendered. In other words, many more Europeans travelled to Africa (especially to popular destinations in Morocco, Tunisia and Egypt) than Africans travelled to Europe. The opposite situation prevails in 'Other services': many more such services were supplied to African countries than were received. The two main sub categories of 'Other services' are 'Construction services' and 'Other business services', the latter especially consisting of business, engineering and technical services (data not shown).

**Table 3: EU-27 Trade in services with Africa 2005-2007 (million EUR)**

	2005			2006			2007		
	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net
<b>Total services</b>	<b>24 298</b>	<b>27 399</b>	<b>-3 101</b>	<b>26 328</b>	<b>29 340</b>	<b>-3 012</b>	<b>28 706</b>	<b>31 946</b>	<b>-3 240</b>
<b>Transportation</b>	<b>6 962</b>	<b>8 699</b>	<b>-1 737</b>	<b>7 042</b>	<b>9 117</b>	<b>-2 074</b>	<b>8 049</b>	<b>9 660</b>	<b>-1 610</b>
Sea transport	3 384	3 883	-499	3 062	4 320	-1 258	3 890	4 545	-655
Air transport	3 099	4 097	-999	3 461	3 960	-499	3 546	4 142	-596
Other transport	480	722	-242	521	835	-314	610	973	-364
<b>Travel</b>	<b>3 089</b>	<b>12 094</b>	<b>-9 006</b>	<b>3 242</b>	<b>12 742</b>	<b>-9 499</b>	<b>3 441</b>	<b>13 524</b>	<b>-10 083</b>
<b>Other services</b>	<b>14 241</b>	<b>6 600</b>	<b>7 642</b>	<b>16 041</b>	<b>7 480</b>	<b>8 561</b>	<b>17 210</b>	<b>8 753</b>	<b>8 458</b>
of which: Construction services	2 639	959	1 680	3 231	1 171	2 060	3 482	1 162	2 320
Other business services	7 309	2 763	4 546	7 587	3 214	4 373	7 289	4 297	2 992

Source: Eurostat ([bop\\_its\\_det](#))

When the total volume of trade in services in 2007 is considered (i.e. both services sold and services bought), it appears that exchanges with South Africa are the most intense; Egypt and Morocco follow. For the latter two countries, ‘personal travel services’ are of considerable importance, as these were responsible for 34% (Egypt) and 36% (Morocco) of the total (data not shown). Services traded with Nigeria (ranked 4<sup>th</sup>) concerned mainly those linked to construction and business. Mauritius appears further down in the ranking (10<sup>th</sup> position), well in front of far larger countries such as Ghana and Senegal. This small Indian Ocean island bought EUR 496 million worth of services from the EU in 2007; at the same time it sold services worth EUR 853 million. Although detailed data on the type of services is not available, it can be reasonably stated that most services bought by the EU are linked to tourism.

**Table 4: Top 15 African partners in trade in services with EU-27, 2007**

Rank	Country	Trade volume (in million EUR)
1	South Africa	10 084
2	Egypt	8 310
3	Morocco	6 511
4	Nigeria	5 582
5	Tunisia	4 476
6	Algeria	3 376
7	Angola	3 330
8	Libya	1 941
9	Kenya	1 569
10	Mauritius	1 349
11	Liberia	1 158
12	Ghana	860
13	Côte d'Ivoire	856
14	Senegal	831
15	Gabon	725

Source: Eurostat ([bop\\_its\\_det](#))

### Foreign Direct Investment: South Africa dominates

EU-27 FDI stocks (see Methodological Notes) held in African countries in 2007 amounted to EUR 146 billion, corresponding to 4.7% of worldwide extra-EU-27 FDI stocks. Thirty percent of EU-27 stocks were with enterprises located in South Africa, 14% in Nigeria. France and the United Kingdom particularly have invested in Africa in the past as these Member

States held 19% and 17% respectively of EU-27 stocks, at the end of 2007.

Conversely, European liabilities towards African investors reached close to EUR 27 billion, more than a quarter of which stems from South Africa. Comparatively most liabilities rested with French enterprises.

**Table 5: EU-27 FDI stocks to/from Africa, 2007 (EUR million)**

	Outward FDI stocks			Inward FDI stocks		
	in million EUR	as a % of total Africa	as % of total extra-EU-27	in million EUR	as a % from total Africa	as % of total extra-EU-27
<b>Africa</b>	<b>146 212</b>	<b>100%</b>	<b>4.7%</b>	<b>26 827</b>	<b>100%</b>	<b>1.2%</b>
<i>of which:</i>						
South Africa	44 089	30%	1.41%	South Africa	7 610	28%
Nigeria	20 429	14%	0.65%	Nigeria	3 441	13%
Morocco	14 611	10%	0.47%	Morocco	518	2%
Egypt	11 629	8%	0.37%	Egypt	659	2%
<b>Main EU countries involved</b>						
France	27 480	19%		France	3 366	13%
United Kingd.	25 420	17%		United Kingd.	1 857	7%
Netherlands*	9 293	6%		Sweden	1 303	5%
Italy	5 008	3%		Italy	1 064	4%

\* excluding SPEs – see Methodological Notes

Source: Eurostat ([bop\\_fdi\\_main](#))

Looking at FDI flows in 2007 (Table 6), Europeans built up African assets worth EUR 17.6 billion, South Africa and Nigeria attracting large shares (20% and 19% of the total volume that EU-27 invested in Africa). The United Kingdom and France were the main investors in 2007.

African enterprises invested close to EUR 5.5 billion in EU-27 economy. This corresponds to 1.5% of the total investment in EU-27 from non-EU countries. A disinvestment was registered for Morocco and Egypt (negative values). A considerable share (33%) of African investments in 2007 was carried out in Sweden.



**Table 6: EU-27 FDI flows to/from Africa, 2007 (EUR million)**

	Outward FDI flows			Inward FDI flows		
	in million EUR	as a % of total Africa	as % of total extra-EU-27	in million EUR	as a % from total Africa	as % of total extra-EU-27
<b>Africa</b>	<b>17 615</b>	<b>100%</b>	<b>3.6%</b>	<b>5 428</b>	<b>100%</b>	<b>1.5%</b>
<i>of which:</i>						
South Africa	3 530	20%	0.73%	South Africa	2 631	28%
Nigeria	3 269	19%	0.68%	Nigeria	135	13%
Morocco	836	5%	0.17%	Morocco	-36	2%
Egypt	1 866	11%	0.39%	Egypt	-139	2%
<b>Main EU countries involved</b>						
United Kingd.	6 900	39%		Sweden	1 783	33%
France	3 899	22%		France	930	17%
Germany	1 926	11%		Luxembourg	725	13%
Spain	958	5%		United Kingd.	694	13%

Source: Eurostat ([bop\\_fdi\\_main](#))

## ➤ METHODOLOGICAL NOTES

### Data sources:

The contents of this "Statistics in Focus" are based on data available in the African Statistical Yearbook – 2009 Edition, prepared by the **African Union Commission, the African Development Bank and the United Nations Economic Commission for Africa**, and in Eurostat's databases NewCronos and Comext. Please note that although **Morocco** is not a member of the African Union (AU), figures for Africa provided by AU do include data on Morocco.

**African GDP data** (Figure 1 and Figure 2) were available in USD only and have been converted to EUR using the average annual rate of exchange (Table: ert\_bil\_eur\_a).

### Methodology for external trade statistics:

In the methodology applied for statistics on the trading of goods, extra-EU trade (trade between Member States and non-member countries) statistics do not record exchanges involving goods in transit, placed in a customs warehouse or given temporary admission (for trade fairs, temporary exhibitions, tests, etc.). This is known as "special trade". So the partner will be the country of final destination of the goods.

### SITC classification

In Figure 6, information on commodities exported and imported are presented according to SITC classification (Standard International Trade Classification) at a more general level (1-digit). A full description is available through Eurostat's classification server RAMON, accessible through <http://ec.europa.eu/eurostat/ramon/>

### Consumer Price Index for Africa

The African Consumer Price Index as supplied in the original source has 2000 as the base year. It has been

restated to '2005=100' so as to allow a comparison with EU-27 figures (Figure 4).

### Data on Foreign Direct Investment (FDI)

Data of Foreign Direct Investment (FDI) is based on the methodological framework of the OECD: Benchmark Definition of Foreign Direct Investment Third Edition, a detailed operational definition fully consistent with the IMF Balance of Payments Manual, Fifth Edition, BPM5. FDI is the category of international investment made by an entity resident in one economy (direct investor) to acquire a lasting interest in an enterprise operating in another economy (direct investment enterprise). Through outward FDI flows, an investor country builds up FDI assets abroad (outward FDI stocks). Correspondingly, inward FDI flows cumulate into liabilities towards foreign investors (inward FDI stocks). FDI flows are components of the financial account of the Balance of Payments, while FDI assets and liabilities are components of the International Investment Position. FDI data for the Netherlands (Table 5) exclude Special Purpose Entities (SPEs). SPEs are mainly financial holding companies, foreign-owned, and principally engaged in cross-border financial transactions, with no or negligible local activity in the Member State of residence.

### Composition of EU-27

EU-27: European Union composed of 27 Member States: Belgium, Bulgaria, Czech Republic, Denmark, Germany, Estonia, Ireland, Greece, Spain, France, Italy, Cyprus, Latvia, Lithuania, Luxembourg, Hungary, Malta, Netherlands, Austria, Poland, Portugal, Romania, Slovenia, Slovakia, Finland, Sweden and United Kingdom.

**In this publication:** 1 billion = 1 000 000 000

## Further information

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Eurostat Website: <http://ec.europa.eu/eurostat>

Data on "External Trade Statistics"

[http://epp.eurostat.ec.europa.eu/portal/page/portal/external\\_trade/data/database](http://epp.eurostat.ec.europa.eu/portal/page/portal/external_trade/data/database)

Data on "Economy and Finance" – "Harmonized indices of consumer prices (HICP)"

<http://epp.eurostat.ec.europa.eu/portal/page/portal/hicp/data/database>

Data on "Economy and Finance" – "Balance of payments Statistics"

[http://epp.eurostat.ec.europa.eu/portal/page/portal/balance\\_of\\_payments/data/database](http://epp.eurostat.ec.europa.eu/portal/page/portal/balance_of_payments/data/database)

More information about "External Trade Statistics"

[http://epp.eurostat.ec.europa.eu/portal/page/portal/external\\_trade/introduction](http://epp.eurostat.ec.europa.eu/portal/page/portal/external_trade/introduction)

More information about "Economy and Finance statistics – Balance of payments"

[http://epp.eurostat.ec.europa.eu/portal/page/portal/balance\\_of\\_payments/introduction](http://epp.eurostat.ec.europa.eu/portal/page/portal/balance_of_payments/introduction)

More information about "Economy and Finance – HICP"

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African Statistical Yearbook on: <http://www.africa-union.org/>

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Manuscript completed on: 18.12.2009

Data extracted on: 13.11.2009

ISSN 1977-0316

Catalogue number: KS-SF-09-098-EN-N

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