



**Partnership to Cut Hunger
and Poverty in Africa**
Research-Based Advocacy for African Agricultural Development

International
Food & Agricultural Trade
Policy Council



AGOA and Agriculture

Introductory Remarks

Daniel Karanja

Sr. Fellow
Partnership to Cut Hunger & Poverty in Africa

July 28, 2010

AGOA: 10 Years Later



- Why was AGOA enacted (2000)?
To improve US-Afr trade, accelerated economic growth & reduce hunger/poverty
- Countries selected to receive AGOA benefits based on criteria, incl. established market-based economy; rule of law; and enactment of poverty reduction strategies – 38 countries now eligible
- Overall, AGOA has been an important political tool, promoting dialogue on improving US-Afr trade (not just dev aid); and trade capacity building assistance

Limited Impact



- Depends on who you ask...
- Initial evidence of job creation, esp textile/apparel – mostly among women & small businesses
- Effect of MFA in 2005 dampened these impact, textile industry struggling, can't compete with Asia
- Most benefits accrue to Oil/Gas products (90%); 4-5 major oil-producing countries
- Limited impact on agric products, job creation & reducing hunger/poverty
- Great underutilized capacity...market access alone not the answer...

US-Africa AGOA Trade, 2001-05



| | 2001 | 2004 | 2006 |
|--|------------|-------------|-------------|
| Agricultural Products | 1.3% | 0.7% | 0.9% |
| Oil And Gas | 84.3% | 87.2% | 92.2% |
| Textile & Apparel | 7.2% | 9.4% | 5.9% |
| Transportation Equipment | 4.8% | 1.5% | 0.1% |
| Primary Metal | 1.9% | 0.9% | 0.5% |
| Others | 0.4% | 0.3% | 0.4% |
| U.S. AGOA Imports (\$ billions) | 5.2 | 18.2 | 32.1 |

U.S. AGOA by Country & Sector

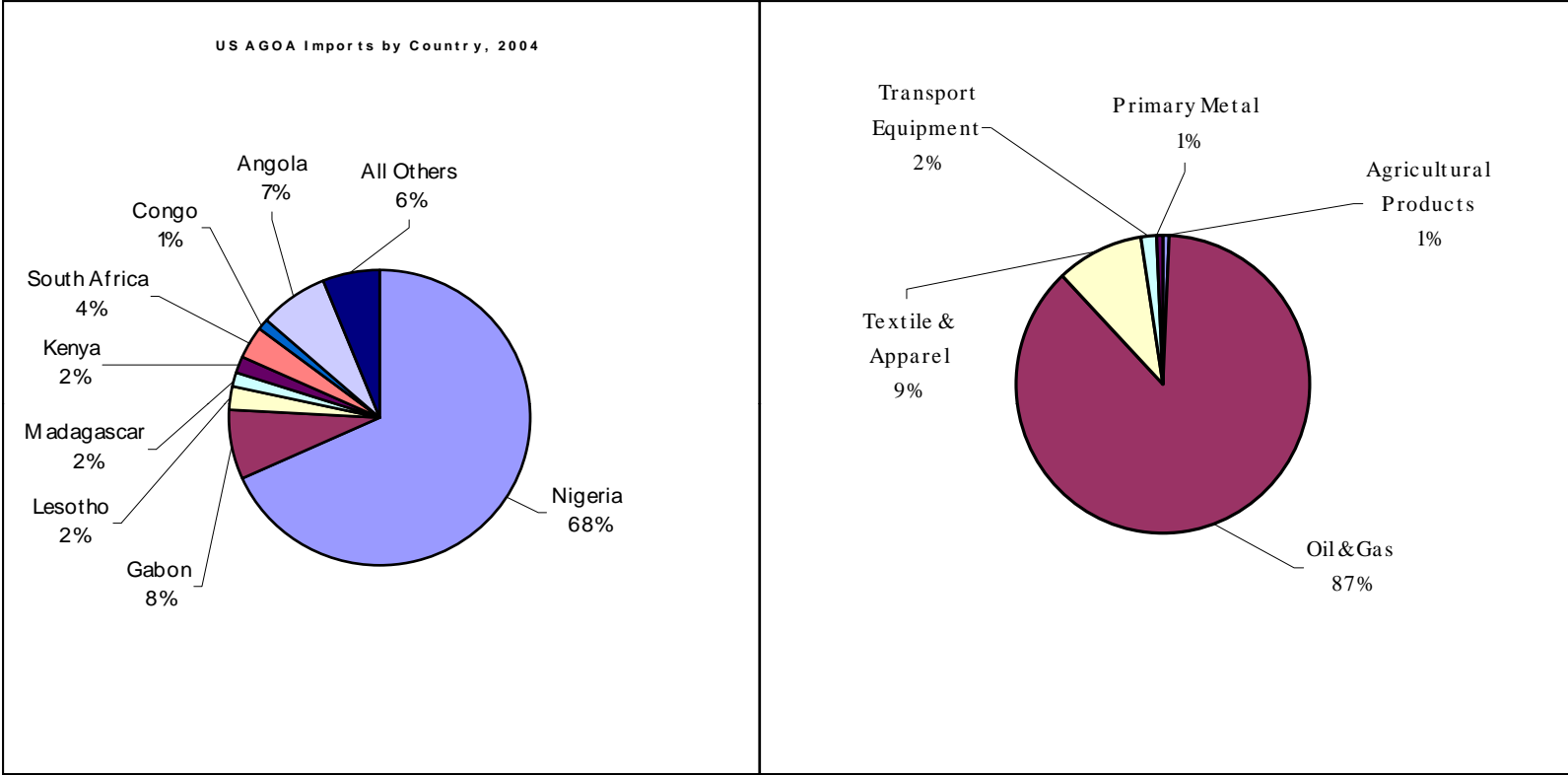


Figure 1: US IMPORTS BY COUNTRY, 2004

Figure 2: US IMPORTS BY SECTOR, 2004

Typical Year

US-Africa AGOA Trade, 2007-09; Agric Imports



- U.S. imports in 2009 decreased by 46% to \$47B; U.S. exports decreased by 18 % to \$15B (global econ recession)
- AGOA imports were \$34B in 2009, 49% < in 2008 ; Gas/Oil (share=90%) fell 50%; others fell significantly; agric increased by 16%
- US minor market for Afr agric (<5%) = \$1.2-1.4B (Europe =50%);
- Most Afr agric enter MFN duty-free, only \$100-300M benefit from AGOA/GSP (S/Africa account for 1/2; Malawi+ Cote d'Ivoire= 1/3)
- Trade #s in 1st Q 2010 show some improvements

Areas of Improvement/Focus



- Better trade options for agricultural products (e.g. dealing with SPS/TRQ constraints...)
- More investments in TCB to enhance competitiveness & value addition / agro-processing (where income growth & job creation will occur)
- Facilitate more engagement with producers & private sector, besides governments
- More focus on strengthening African regional trade, incl. removing barriers to trade, harmonizing standards and improving regulatory trade regimes ---greatest benefits
- Encourage more robust regional and global trade policy, incl. doha round principles