



Partnership to Cut Hunger and Poverty in Africa

**Taking AGOA to the Next Level:
What are the Strategic Opportunities for Africa?**

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*An International Workshop on Strengthening and Widening Markets and
Overcoming Supply Side Constraints for African Agriculture*

June 4, 2007

Lusaka, Zambia

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The Partnership

- Nonpartisan organization founded in 2001 to build consensus, mobilize support for strategic, long-term investments in African agriculture and rural development.
- Mission: to cut hunger and poverty in Africa by promoting sustainable, Africa-led, agriculture-based economic activity in rural Africa.
- Improves aid effectiveness by ensuring that U.S. policies, practices, investments are informed by Africans, responsive to African initiatives.
- Sum: unique, member-driven collaboration of U.S. and African policymakers, experts, NGOs, businesses, trade groups, universities, and governments. A bridge between “thinkers” and “doers,” a catalyst for analysis and reform of policies and programs
- Focus areas: Ag Markets/Trade; Science and Tech; Infrastructure; Relief to Development; Policy/Outreach



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Sample Activities

Amplifying Africa's voice in the U.S. on key challenges and Africa-led responses

Joint outreach, education with AU/NEPAD, RECs, Presidents, African Ambassadors (CARD), African private sector and civil society, with U.S. partners, to

- United Nations, U.S. Congress, U.S. Executive Agencies
- U.S. public and media

Research-based advocacy: recent reports

- *Investing in Africa's Future: U.S. Agricultural Development Assistance for sub-Saharan Africa (2005)*
- *Reconsidering Food Aid (2007)*
- Forthcoming: *Investing in Africa's Infrastructure to Achieve Economic Growth and Poverty Reduction*



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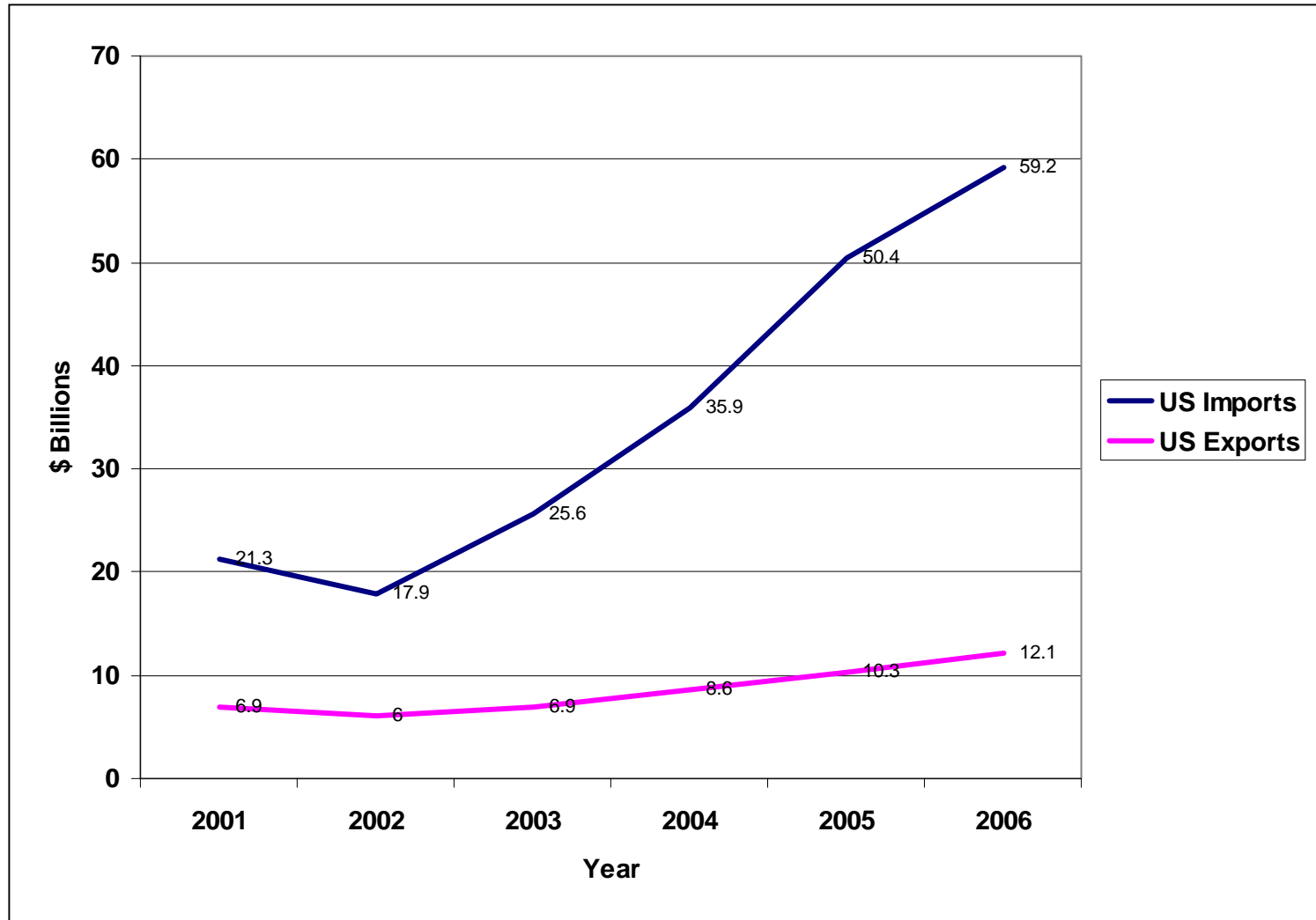
What is AGOA?

- U.S. Africa Growth and Opportunity Act (AGOA) enacted in 2000 to expand US-Africa trade and investment, accelerate Africa's economic growth
- 38 African countries eligible for AGOA benefits
- Eligibility criteria include market-based economy, rule of law, policies to reduce poverty
- AGOA IV signed December 2006, enhancing certain trade benefits, extending 3rd country fabric provision until 2012 and modifying other textile/apparel provisions



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US-Africa AGOA Trade Trends



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U.S. AGOA Imports By Sector: 2001, 2005

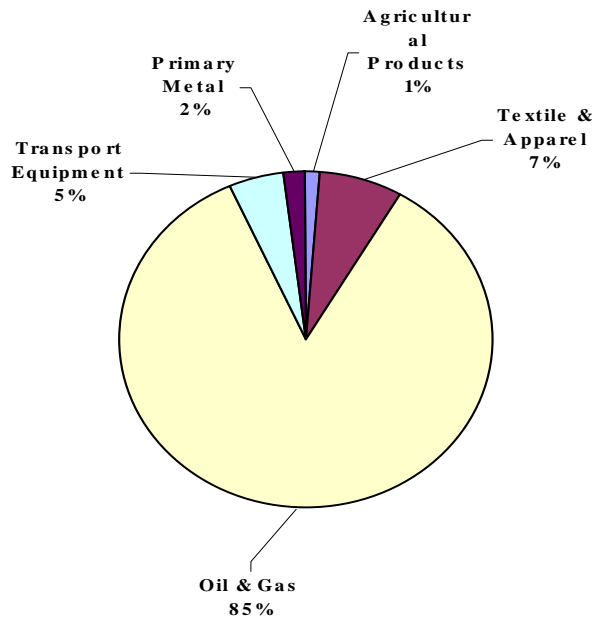


Figure 1: US IMPORTS BY SECTOR, 2001

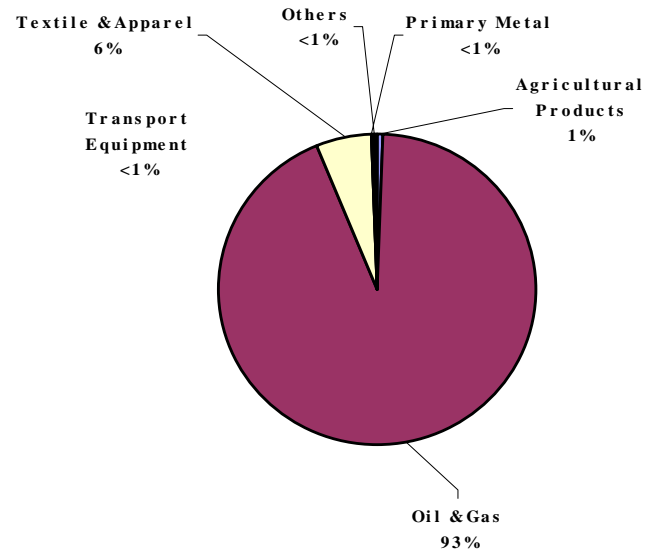


Figure 2: US IMPORTS BY SECTOR, 2005

U.S. AGOA Imports by Sector (% share)

	2001	2004	2005
Agricultural Products	1.3%	0.7%	0.6%
Oil And Gas	84.3%	87.2%	93.2%
Textile & Apparel	7.2%	9.4%	5.6%
Transportation Equipment	4.8%	1.5%	0.1%
Primary Metal	1.9%	0.9%	0.3%
Others	0.4%	0.3%	0.3%

Value & Share of U.S. Agricultural Imports

US Imports from Africa: 2001, 2003				
Country	Total AGOA Imports, 2001 (\$ Million)	Agricultural Imports, 2001 (\$ Million)	Total AGOA Imports, 2003 (\$ Million)	Agricultural Imports, 2003 (\$ Million)
South Africa	447	46	783	105
Malawi	25	21	62.3	38
Kenya	58	3.7	194	4.7
Swaziland	9	0.15	135	0.3
Tanzania	0.030	0.030	1.3	0.4

Value & Share of U.S. Agricultural Imports

Source Country	Total Imports, 2004 (\$ M)	Ag. Imports, 2004 (\$ M)	Total Imports, 2005 (\$ M)	Ag Imports, 2005 (\$ M)
South Africa	715	92	361.4	125.1
Malawi	62	41	43.7	20.0
Kenya	298	8.7	287.7	5.6
Mauritius	156.7	0.02	154.9	3.9
Swaziland	186	0.3	168.1	1.3

Major U.S. AGOA Agricultural Imports from Africa

- 1. Fresh fruits & nuts (e.g. oranges and grapes)
- 2. Fruit & vegetable preserves (frozen fruits, juices)
- 3. Beverages & wines
- 4. Agricultural chemicals (e.g. pesticides)
- 5. Mushrooms, fresh flowers, seeds and other foliage
- 6. Oilseeds and grains
- 8. Tobacco products (e.g. cigarettes)
- 9. Seafood (prepared, canned and packaged)
- 10. Cotton
- 11. Dairy products (e.g. ice cream and frozen desserts)



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• 12. Tea and coffee

Major U.S. AGOA Agricultural Exports to Africa

1. Agricultural & construction machinery
2. Pesticides/fertilizers
3. Animal foods
4. Beverages
5. Dairy products
6. Grains and oilseed products
7. Meat products
8. Fish products
9. Sheep, goats and fine animal hair
10. Poultry and eggs

AGOA: Impact & Concerns

- AGOA: focal point for important support of US-Africa trade and trade capacity building but very limited impacts on poverty
- Evidence of increased jobs, especially in textile/apparel ---but these impacts limited following expiration of MFA
- Huge gains for Oil/Gas Sector but very limited impact on agriculture, other sectors. Only a few countries benefit.
- Uncertainty over expiration of certain provisions hinders effective investment; Limited private sector participation
- Inadequate support for PRA/SPS continue to limit AGOA response
- AGOA Forums ---much more could be achieved



Improving AGOA?

- Increased funding, better-coordinated support for programs to build trade capacity
 - PRA/SPS
 - Infrastructure
 - Coordination of AGOA and national/regional market development
 - Develop private sector capacity
- Impact assessment for trade capacity building programs



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Beyond AGOA: 100% DFQF

- 100% DFQF would help address restrictions in AGOA, other preferential market access programs that have limited potential for economic development

Key Issues with Market Access Programs

- *Product Exclusions*: statutory exclusion of products that low-income countries produce, e.g., many agricultural products are excluded or face restrictive rules of origin requirements. AGOA covers 94% tariff lines.
- *Disincentives for Long-Term Investment* due to lack of certainty, predictability of preference programs; complexity, lack of transparency of third country rules
- *Lack of Focus on Supply-Side Constraints*



Beyond AGOA: 100% DFQF (2)

- 100% DFQF would benefit many SSA countries that are AGOA eligible.
- AGOA provides duty-free exemptions for some textiles, but not for ag products subject to tariff-rate quotas, incl. sugar, peanuts. Other labor-intensive products (textiles, footwear, luggage) are excluded.
- AGOA-eligible countries that benefit little from textile exports could export sugar currently sold below-market price because of US and European restrictions – including Ethiopia, Malawi, Mozambique, Zambia
- Some SSA countries – Tanzania, Burkina Faso, Ethiopia could potentially increase exports of footwear and textiles
- IFPRI analysis: 100% DFQF access to US market for all LDCs would increase apparel exports by 65-80% for Malawi, Mozambique, Madagascar, and Lesotho/Namibia/Swaziland. Of AGOA-eligible countries only So. Africa and Uganda would suffer export losses, of less than 3%
- If all high-income countries increased DFQF from 97% to 100%, income gains to the poorest countries from the Doha Round would increase seven-fold



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Broadening the Benefits of DFQF

- Implement 100% DFQF for all LDCs, all of SSA
- Make the program permanent to increase certainty
- Increase transparency by subjecting all countries to one set of clearly defined eligibility criteria
- Include administrative streamlining for customs requirements and documentation
- Simplify rule of origin restrictions
- Address special needs of African countries through increased, targeted aid for trade, with special emphasis on trade-related infrastructure gaps
- Improve coordination among U.S. trade and development agencies.



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