



African Growth And Opportunity Act Creates Thousands of Jobs

United States Department of State (Washington, DC)

NEWS

12 July 2007

Posted to the web 13 July 2007

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Washington, DC

Trade under the African Growth and Opportunity Act (AGOA) continues to create tens of thousands of jobs that better the lives of countless Africans, a panel of trade experts told U.S. lawmakers at a congressional hearing.

Seven years after the law was passed by Congress, AGOA's trade benefits continue to spur African economies through export-led growth. The result is improved living standards on a continent that, while blessed with abundant natural resources, has lagged behind global trade expansion because of a lack of investment and poor infrastructure, the House Africa Subcommittee learned at a July 12 hearing.

The landmark legislation, signed into law in 2000, offers liberal access to U.S. markets for 6,000 African products ranging from oil and gas to agricultural products and textiles. President Bush signed revisions of the trade act in 2002 and 2004, expanding its provisions for nations willing to reform their economies. So far, 38 nations are eligible for AGOA benefits.

The development effort has been an outstanding success, Assistant U.S. Trade Representative (USTR) for Africa Florizelle Liser told the House subcommittee. "AGOA continues to have a significant impact on U.S.-Africa trade" and on development on the continent, Liser testified.

Speaking on the eve of the sixth annual AGOA Forum, set for Accra, Ghana, July 18-19 -- which she plans to attend -- Liser pointed out that in 2006 exports from AGOA nations totaled \$44.2 billion, or more than five times the level of 2001, the first full year the trade act went into effect. (See related article.)

The increased trade, she told lawmakers, "translated into thousands of new jobs in some of the poorest countries in Africa and hundreds of millions of dollars in new investment in the region."

Sindiso Ngwenya, assistant secretary-general of the Common Market for Eastern and Southern Africa (COMESA), hailed AGOA for playing a "crucial role in raising the profile of U.S.-Africa trade relations and providing a solid platform for political dialogue between the U.S. and AGOA-eligible countries on trade matters."

At the same time, Ngwenya said AGOA has proven "a vital U.S. effort toward economic growth and poverty reduction in Africa. The remarkable progress we have achieved so far under AGOA has helped create many jobs and generated substantial investments in Africa."

While acknowledging the "tremendous gains" in two-way trade since AGOA went into effect, the COMESA official said too much of that trade still is in the energy sector.

African oil and gas exports to the United States accounted for 82 percent of all AGOA trade in 2006. The high percentage of energy trade also concerned Subcommittee Chairman Donald Payne, who said he wants to see more diversification, especially in agriculture, which he said was "critical to growth, stability and development in Africa."

Noting that product diversification would be a key theme at the upcoming AGOA Forum, Liser said such efforts were part of the \$200 million African Global Competitive Initiative (AGCI), launched by the U.S. Agency for International Development (USAID) in 2006.

As part of the initiative, she said, the U.S. International Trade Commission is looking at "factors that affect African trade in key non-oil industries."

It is reviewing a number of industries -- including agricultural products such as cashews, cocoa butter and cut flowers, as well as fish, textiles, financial services and tourism. It also is examining constraints on growth, such as poor infrastructure.

African trade ministers, Liser said, have "informed us that this study will be an integral part of their strategic planning on how to better take advantage of AGOA."

Many women who play a large role in the economic life of Africa, especially in agriculture, have benefited from AGOA, said Katrin Kuhlmann, senior vice president for global trade of Women's Edge Coalition, a Washington advocacy group. She told the subcommittee that "AGOA has led to the creation of jobs, many of which have gone to impoverished women with few economic opportunities."

Kuhlmann said AGOA has generated thousands of textile/apparel jobs -- 45,000 in Swaziland, 26,000 in Lesotho and 30,000 in Kenya -- and "75 percent to 90 percent of these jobs have gone to impoverished women."

(USINFO is produced by the Bureau of International Information Programs, U.S. Department of State. Web site: <http://usinfo.state.gov>)

