

AGOA needs to promote industrialisation in Africa

The trade and investment relationship with the United States through AGOA should support the continent's efforts to industrialise in line with Agenda 2063; and contribute to regional integration and support the development of regional value-chains, Africa ministers of trade have emphasised in a joint statement.



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However, more needs to be done to promote value-added trade and promote industrial development in Africa. In terms of the African Growth Opportunity Act (AGOA), eligible countries remain largely exporters of primary products, so Ministers of Trade from AGOA eligible-countries met on the sidelines of the 16th AGOA Forum held from 9-10 August 2017 in Lomé, Togo and developed a joint statement (the Readout).

The Forum was held under the theme *United States and Africa Partnering for prosperity through trade*.

The ministers emphasised that AGOA must support industrialisation and promote regional integration, as well as value-addition so as to change the structure of the economies in the continent.

AGOA is a unilateral Act of the US Congress that was introduced in 2000 to provide duty-free quota-free treatment for over 6 000 tariff lines into the United States market. It was worth \$33 billion in trade in 2016 between the US and Sub-Saharan Africa.

AGOA is a cornerstone of United States-Africa trade relations and has facilitated mutually beneficial trade and investment relations between eligible African countries and the US. Through AGOA, non-energy exports from Sub-Saharan Africa (SSA) into the US, mainly for clothing and textile, autos and agriculture and food products have grown.

Sustainable development

Policy issues should be on the basis of cooperation and should not limit the use of policy tools which Africa needs to industrialise.

Ministers noted that AGOA is an Act of US Congress to promote two-way trade and investment with a view to support sustainable development. They agreed that the out-of-cycle review is an integral part of AGOA legislation. However, the review process should not be used in a way that would be detrimental to the spirit of AGOA and urged the United States to consider legitimate public policy issues that are critical to Africa's development, in considering petitions for out-of-cycle reviews.

The gathering was the first forum between Sub-Saharan Africa and the United States under the Trump Administration. According to the Readout, strengthening the African regional integration agenda through initiatives such as the Continental Free Trade Area (CFTA), will boost Intra-Africa trade, promote the development Regional Value Chains and boost industrial development. This will increase the utilisation of AGOA preferences and expand benefits across a greater number of African countries.

In addition, there is a need for African countries to develop a common position on the trade and investment relationship with the United States.

The Forum is held on an alternating basis between Sub-Saharan Africa and the United States, with the 2016 Forum held in Washington, USA. The AGOA legislation was reauthorised in 2015 for 10 years until 2025.

For South Africa, AGOA has contributed to growth in trade with the United States in a mutually beneficial manner and is estimated to have created 62 000 jobs in South Africa and over 100 000 jobs in the US. More importantly, it has promoted intra-industry investments and linkages.

South Africa's exports to the US grew from R64.4 billion in 2012 to R80.4 billion in 2016. Key South African exports into the U.S. include transport equipment, agricultural products, minerals and metal products, as well as chemical products.

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