

Africa supports AGOA continuance, as US trade increases

By [Charles Brewer](#)

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At the 2014 US-Sub Saharan Africa Trade and Economic Cooperation Forum (known as the AGOA Forum), which coincided with President Barack Obama's US-Africa Leaders Summit, both held in Washington last week, the US-African trade relationship was put under the microscope.



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Since the introduction in 2000 of the African Growth and Opportunity Act (AGOA), which provides exporters duty-free access to the lucrative US market there has been significant volume growth in the Sub Saharan Africa region, in terms of trade and investment with the US. Trade lanes in Africa have increased significantly because of relieved trade barriers, which have had a positive impact on many local businesses.

AGOA's figures reveal that the US imported \$8.468 million worth of goods from the Southern Africa Development Community (SADC) region in 2000 and \$19.869 million in 2012. Figures released by the US Department of Commerce - International Trade Administration, report that in 2013, US imports from Sub Saharan, under AGOA, totalled \$39.3 billion. The top three trade lanes to the US from the region originated from Nigeria, Angola and South Africa, which accounted for \$11.72, \$8.74 and \$8.48 billion respectively.

The Act offers tangible incentives to approximately 40 Sub Saharan African beneficiary countries, such as duty and quota free access to the US market for certain product lines. It has facilitated trade between Sub Saharan Africa and the US by enabling the trade process, as well as successfully promoting the integration of Sub Saharan Africa into the global economy. These favourable trade conditions have also allowed the region to maximise the opportunities available and increase exports.

Our group has seen an increase in primary trading sectors such as manufacturing, apparel and footwear - all directly supported by AGOA. In addition, it has also witnessed an increase in secondary sectors that are dependent on agriculture, petroleum and natural gases.

Call for AGOA renewal

Due to expire in 2015, it is the decision of the US Congress on whether to extend or amend the AGOA agreement. Sub Saharan Africa's growth is still dependent on trade facilitation and enhancing both intra-regional trade and global trade. While trade between the US and Sub Saharan Africa has increased significantly in the last few years, there is still much room for growth. In 2013, US imports from Sub Saharan Africa represented only 1.7%2 of total US imports from the world. This highlights the remaining untapped growth potential for the region.

At the AGOA Forum, World Bank group president, Jim Yong Kim, remarked that such trade preference schemes can play an important role in helping Africa realise its opportunities to expand trade activity and that it assists African countries diversify their exports and move away from dependence on minerals and commodities to reach more diversified and inclusive sources of export growth. US President Barack Obama also announced his commitment to support the continuation and enhancement of the AGOA.

Africa is the 'last frontier'; the more we collectively focus on connecting it with the world, the more sustainable its economies will be and the more jobs we will create - creating a virtuous cycle of success.

ABOUT THE AUTHOR

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