

IMPLICATION OF THE AFRICAN GROWTH AND OPPORTUNITY ACT (AGOA) ON AFRICA'S ECONOMIC GROWTH AND DEVELOPMENT

By

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I. INTRODUCTION

At the beginning of the 19th Century, the income level of Africa represented about one-third of Europe's. There then followed a long period of falling behind as industrialization, technology and trade accelerated in the world's major centres. In the first-half of the 20th Century, African growth may have approximated that in Europe, and many countries performed well until the oil shock in 1973. But thereafter, Africa again fell behind, with most countries experiencing a steep economic decline that ended only with recovery of the late 1990s (World Bank, 2000, p.18). It has been argued that Africa's decline was not expected, as the continent was poised to grow steadily along a path of relative prosperity. Indeed, in the 1960s, many African countries were richer than their Asian counterparts, and their strong natural resource bases augured well for future trade, growth and development.

In the face of these developments, Africa in the 21st Century can be said to have been caught in a low-equilibrium development trap, just as Asia was viewed in the 1960s. While the reasons for the slow-growth of Africa include low investment rates, low productivity and high costs differences, the role of trade in this experience appears to be the major factor. Moreso, the continent has moved from a strong trade orientation in the 1960s to heavy aid dependence by the end of the 20th Century. For the non-oil exporting African countries, the crisis was accentuated by accumulated external debt almost equal to their GDP, thereby raising their debt service obligations. Unlike oil exporters in other regions, African oil exporters that have benefited from massive terms of trade gains have been unable to utilise such gains to achieve sustainable growth. Based on the Asian

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experience, it is strongly contended that Africa's economic problems of low income, falling trade shares, low savings and slow growth can be overcome.

If the pace of Africa's development is to be accelerated in the nearest future, the growing consensus is that it is imperative that the relationship between Africa and its partners be within the context of interdependence, cooperation and mutual accountability. However, there has been much dissatisfaction with the state of development partnerships in Africa. This stems from a vicious circle of high expectations, grand promises, and only partial accomplishment of goals. There is also the frustration of Africans (that expected benefits were not fully realised) and of the development partners (that implementation was not as expected and the opportunities provided were not used effectively)(ECA, 2003, p.14).

It is against this background that this paper will attempt to analyse the implications of the African Growth and Opportunity Act (AGOA) on Africa's economic growth and development, as a partnership initiative. To achieve our objective, section two reviews the basis and framework for preferential trade arrangements. Section three explains the key-points of the Act while its implications for Africa's development challenges are examined in section four. Section five highlights our conclusion and policy recommendations.

II. THE FRAMEWORK FOR PREFERENTIAL TRADE ARRANGEMENTS

Under Article I of the General Agreement on Tariffs and Trade (GATT) 1947, with respect to customs duties imposed by any country on any other member country, any advantage, favour, privilege, or any immunity granted by such country to any product originating in any other country shall be accorded immediately and unconditionally to alike product originating in the territories of all other Contracting Parties. Thus, notwithstanding that tariff concessions may be principally negotiated

between country A and country B, if either country A or country B makes a binding tariff concession to the other, it must extend exactly the same concession to all other member countries of the GATT, which has been succeeded by the World Trade Organisation (WTO). There are, however, exceptions to this rule under the **special and differential status** accorded to developing and least developed countries with respect to actions which they are permitted to take and with respect to actions which developed countries are expected to take towards them (Trebilcock and Howse, 1995, p.35).

The exception that is of particular relevance to this paper is under Part IV of the GATT which was added in 1964 following the proposal by Raul Presbich, then Secretary General of the United Nations Conference on Trade and Development (UNCTAD) at the UNCTAD I. Article XXXVI:8 provides that developed Contracting Parties do not expect reciprocity for commitments made by them in trade negotiations to reduce or remove tariffs and other barriers to the trade of less developed Contracting Parties. Article XXXVII further provides that developed countries commit themselves to according high priority to the reduction and elimination of barriers to products currently or potentially of particular export interest to less developed Contracting Parties. It is therefore these later provisions that led to the introduction of the Generalised System of Preferences (GSP) in the early 1970s, and the unilateral adoption of special preferences by industrialised countries with respect to some exports of less developed countries.

By definition, the GSP is a programme under which developed countries can grant reduced or zero tariffs to selected imports from developing countries without having to extend the same concessions to other members, and without the beneficiaries having to reciprocate, as WTO rules would otherwise require (Jawara and Kwa, 2003, p.152). The purpose of the GSP is to increase the export earnings of developing countries, to promote their industrialisation, and to accelerate their rates of economic growth (WTO, 2001, p.3). The GATT waiver also requires that each Contracting Party's GSP programme benefits developing countries

generally a potential constraint on open-ended discrimination between developing countries and the use of the GSP to strike bilateral side-deals with particular developing countries (Jackson, 1988, p.280).

The response of developed countries to the GSP provisions has been mixed. In the case of the European Union (EU), preferences were first embodied in the Lome Convention, which came into force in 1975. It was renewed and revised several times leading to the current ACP-EU Cotonou Partnership Agreement of 2000. While containing non-reciprocal trade preferences, these agreements also deal with the wide-ranging agenda for commercial cooperation between the EU and many African, Caribbean and Pacific developing countries (almost all of them ex-colonies of Britain or France). The EU also introduced in 2000 the "Everything But Arms (EBA)" Initiative as an improved version of the GSP in favour of LDCs. On the other hand, the United States of America and other developed countries like Australia, Canada, Norway, etc, have embodied trade preferences for developing countries in domestic customs legislation rather than in agreements with developing countries themselves. It is to be noted that the United States initially opposed the granting of preferences to developing countries. It was therefore only in the mid-1970s that it established its own GSP system that has now been extended or expanded for Sub-Saharan African countries as the AGOA. The present version of the U.S. GSP system is found in the Trade Act of 1974, as amended in 1984.

In the literature, a huge debate prevails about the desirability of the GSP approach to promoting export-led growth in developing countries. In the first instance, it has been argued that since the preferences contained in the various developed country GSP programmes do not benefit all developing countries, they, in principle, do not conform with the terms of the GATT waiver. Secondly, a preference will be removed when a developing country has become a major world exporter of a product, leading to a system that arguably punishes the most successful developing country exporters. Thirdly, the GSP excludes product groups of principal interest to developing countries such as steel, textiles,

clothing, and shoes (Balassa, 1989, p.359). Fourthly, concern has been expressed regarding the non-binding nature of trade preferences under the GSP programme and their being used as political and commercial leverage by developed countries.

At another level of the debate, some fundamental issues have also been raised. In particular, is the inability of preferences to adequately respond to developing country concerns about **tariff escalation**, which denotes the tendency for developed countries to impose very low tariffs on imports of raw materials and much higher tariff rates on processed or finished products that are made from those raw materials. The end result of this practice has been to discourage export-driven strategies of moving up the value chain from extraction of raw materials to increasingly sophisticated processing industries. Furthermore, as tariff rates have generally fallen after several rounds of multilateral trade negotiations, trade preferences have been inevitably eroded.

Other identified limitations to the economic benefits of GSP programmes for developing countries include, the tendency to link GSP benefits to non-trade issues (e.g. labour and social clause, environment and intellectual property rights); re-imposition of higher tariffs or other related import restrictions where a surge of developing country imports threatens developed country domestic producers; sector and country graduation; and the use of specialisation and development indices capable of discriminating between developing countries competing for the same market. The frequent use of anti-dumping and countervailing duties by developed countries also remains a major obstacle to the expansion and growth of exports of developing countries.

It is to be underscored that this paper will assess the implications of the AGOA on Africa's economic development in light of these limitations and the overall circumstances of the African economy. However, before we do that, it is important that we first examine the essential elements of the Act. This is the task that we had set for ourselves in the section that follows.

III. THE AFRICAN GROWTH AND OPPORTUNITY ACT (AGOA)

The African Growth and Opportunity Act (AGOA) is essentially a legislation of the U.S. Government that was passed by the American Congress in 2000 and signed into law by former U.S. President, Bill Clinton. The Act has since been amended through the introduction of some improvements under AGOA II. The U.S. Congress is also presently considering further amendments to the legislation within the framework of an AGOA III. The AGOA represents the vision of the U.S. Government aimed at fostering the emergence of a new Africa that is prosperous, peaceful, healthy and democratic. In that regard, increased investment and trade flows, leveraged by carefully targeted technical assistance, are considered as the key to deepening America's partnership with Sub-Saharan Africa (SSA). The AGOA therefore aims at establishing a new U.S.-Africa partnership by improving increased trade and other economic activities between the two regions.

As we had stated earlier, the AGOA is an extension of the U.S. GSP. It specifically provides expanded GSP benefits for 48 eligible SSA countries. It further provides duty-free and quota free market access to the U.S. market for more than 1,800 products, in addition to the standard GSP list of approximately 4,600 items. The Act also establishes the U.S.-SSA Trade and Economic Cooperation Forum to facilitate high-level trade and investment policy dialogue. There is also the use of technical assistance to strengthen economic reforms and development, including assistance to enhance relationships between firms in the two respective regions.

The benefits established by the AGOA are extended only to those countries that meet some specific eligibility criteria. The criteria reflect "best practice" policies that will ultimately help to attract trade and investment and foster broadly shared prosperity. In considering the eligibility of SSA countries for AGOA beneficiary status, the Act requires the President of the United States to consider each country based on specific criteria, including whether the country has established or is making progress toward establishing: a market-based economy, the rule

of law, the elimination of barriers to U.S trade and investment, economic policies to reduce poverty, the protection of internationally recognized worker rights, and a system to combat corruption. Additional eligibility requirements provide that, a country:

- (i) cannot engage in activities that undermine U.S. national security or foreign policy interests;
- (ii) cannot engage in gross violations of internationally-recognized human rights; and
- (iii) must have implemented commitments to eliminate the worst forms of child labour.

The AGOA further provides that SSA beneficiary countries are reviewed annually to determine their eligibility status. Countries may be added or withdrawn from the list of beneficiary countries as a result of that review. The status of eligible products may also be reviewed through the GSP petition process. To date, 38 SSA countries have been designated as AGOA beneficiary countries by the U.S. Government. It is, however, important to note that the AGOA would only remain effective until 2008. This allows SSA countries preferential benefits beyond the 2005 deadline the reform of the textile and clothing sector in the WTO.

IV. AFRICA DEVELOPMENT CHALLENGES AND THE AGOA

4.1. Africa's Development Challenges

According to the World Bank (2000), despite gains in the second half of the 1990s, SSA (Africa) entered the 21st Century with many of the world's poorest countries. Average per capita is lower than at the end of the 1960s. Incomes, assets and access to essential services are unequally distributed. And the region contains a growing share of the world's absolute poor, who have little power to influence the allocation of resources. Indeed, many development problems have become largely confined to Africa. These include lagging primary school enrolments, high child mortality, and endemic diseases - including HIV/AIDS - that impose costs on Africa at least twice those in any other developing region. One

African in five lives in countries severely disrupted by conflict. Furthermore, Africa's place in the global economy has been eroded, with declining export shares in traditional primary products, little diversification into new lines of business, and massive capital flight as well as loss of skills to other regions. The region also stands in danger of being excluded from the information technology revolution.

In the face of these major challenges, many Sub-Saharan African countries have responded by embarking on important economic reforms, improving macroeconomic management, liberalising markets, and trade, and widening the space for private sector activity. However, the impact of these responses has been mixed. Many parts of the region are still making headlines with wars and natural disasters while a few countries have progressed with rising interest from domestic and foreign businesses and higher investment. The results therefore have not been sufficient to overcome years of falling income, or to reverse other adverse legacies from the long period of economic decline, including deteriorated capacity, weakened institutions and inadequate infrastructure (World Bank, 2000, p.1).

At the UN General Assembly in 2000, governments, including those of SSA committed themselves to achieving the following goals, commonly referred to as Millennium Development Goals by 2015: eradicating extreme poverty and hunger; achieving universal primary education; promoting gender equality and empowering women; reducing child mortality; improving maternal health; combating HIV/AIDS, malaria and other diseases; ensuring environmental sustainability and developing a global partnership for development. Clearly, these goals almost directly coincide with many of the development challenges, presently facing the African continent. However, it appears that the greatest challenge remains that of adopting the appropriate policy changes and programmes that would enable the region effectively address its onerous economic difficulties. This is particularly important against the backdrop of Africa's recent experience with economic reforms. With the region's rapidly growing population, five per cent annual growth is needed simply to keep

the number of poor from rising. Halving severe poverty by 2015 will require annual growth of more than seven per cent, along with a more equitable distribution of income (World Bank, *Ibid*, p.2).

In the 1980s and 1990s the Washington Consensus policies constituted the planks of African development policy. These included fiscal discipline, reorientation of public spending, tax reform, financial liberalisation, unified and competitive exchange rates, trade liberalisation, openness to foreign direct investment, privatisation, deregulation and secure property rights. However, a new approach emerged following disappointing growth and increasing volatility in Latin America, failures in the former Soviet Union and the East Asian financial crisis of 1997-98. This new approach goes beyond liberalisation and privatisation to emphasise the need to create the institutional underpinnings of market economies. Reforms now include labour market flexibility, social safety nets, financial sector regulation and prudential supervision, and governance, corruption and administrative measures (UNDP, 2003. P.35). The reforms are also driven by the requirements of integration with the global economy.

As a model for stimulating economic growth both the Washington Consensus agenda and its revised version suffer from a fatal flaw: it identifies no priorities among a long and demanding list of institutional prerequisites. According to Chang (2000), this all encompassing approach to development strategy is at odds with the historical experiences of today's advanced industrial economies. What are today considered as key institutional reforms in such areas as corporate governance, financial supervision, trade law and social safety nets did not occur in Europe or North America until late in the economic development process. Indeed, many items on the Washington Consensus agenda should be seen as outcomes of successful development, and not as prerequisites.

Fundamentally, the factors underpinning economic growth are driven by an initially narrow set of policy and institutional initiatives that can be called

investment strategies, which elucidate the central point and highlight the possible paths to industrialisation and prosperity. These approaches have been identified as import substitution, outward orientation and the two-track strategies. Import substituting industrialisation is based on the idea that domestic investment and technological capabilities can be spurred by providing domestic producers with temporary protection against imports. Under the export-led growth strategy, opening to the world economy unleashes powerful industrial diversification and technological advancement. Based on the East Asian experience, success is achieved through a coherent strategy of raising the returns to private investment through a range of policies that include credit subsidies, tax incentives, education promotion, establishment of public enterprises, export inducements, duty free access to imports and capital goods, and government coordination of investment.

The two-track strategy, on the other hand, represents a two-track approach to liberalisation as a way of implementing Pareto-efficient reforms: an alternation in the planned economy that improves incentives at the margin, enhances efficiency in resource allocation and yet leaves none of the planned beneficiaries worse off (UNDP, *Ibid.*, p.38). It is usually associated with the development experience of China, which used relative minimal reforms in the late 1970s to set the stage for phenomenal economic performance. The important point to note from these reforms is that they are based on two tracks (state and market), gradualism and experimentation with a view to obtaining better outcomes through convergence.

The most prudent conclusion to be reached from the foregoing analysis is that the ability of Africa to achieve sustained rapid growth in order to overcome poverty, exit aid dependence and avoid slipping further into the debt trap, involves a complex web of heterogeneous and cross-cutting issues that cannot be fully addressed through the Washington Consensus policies. In the view of African leaders, as enunciated under the New Partnership for Africa's Development (NEPAD), the answer also includes a two-way process of mutual accountability whereby development partners have to fulfill their part of the bargain while Africans also have to

fulfill theirs. Entrenched in the NEPAD is the African Peer Review Mechanism (APRM), a systematic tool to track progress of outcomes, identify and reinforce best practices, assess capacity gaps, and implement the required corrective actions (ECA, 2003, p.20). This notwithstanding, this paper shares the position that under the prevailing circumstances, the success of development policy in Africa depends largely on the effects of other policies, which intentionally or unintentionally may impair development cooperation. The coherence of development policies has to do with ensuring that all policies affecting Africa's development prospects are synergistic and do not conflict or nullify each other. A lack of coherence has been shown to lead to ineffectiveness (failure to achieve objectives), inefficiency (waste or resources), and loss of policy credibility (ECA, *Ibid*, p. 19).

4.2. The AGOA and Economic Development in Africa

The role of trade in the poor economic performance of Africa is very revealing. Africa's share of world trade fell from more than three per cent in the 1950s to less than two per cent in the mid-1990s. The erosion of Africa's share of world trade in current prices between 1970 and 1993 represents a staggering annual income loss of US\$68 billion or 21 per cent of regional GDP. Part of this loss reflected the erosion of the trade share for traditional products, as well as policies that discouraged private investment and diversification into products for which world demand was growing more rapidly (World Bank, 2000, p.20). Indeed, in 2002, 11 countries had unsustainable current account deficits of more than five per cent of GDP. Apart from another eight countries, which experienced surpluses as a result of higher export revenues, the rest had deficits of less than five per cent. "Several Initiatives, notably the U.S. African Growth and Opportunity Act (AGOA), should help to increase African exports. Improving access for agricultural products to developed countries remains a key challenge" (ECA, 2003,p.3). This leads us to the presumption that the AGOA and improved market access should generate export growth and improved economic performance for SSA countries.

Like all presumptions, this proposition can be easily rebutted. In fact, it appears too simplistic. The issue here is that the poor export performance of African can be traced to market access (tariff and non-tariff barriers) and other critical elements, commonly referred to as “supply-side constraints”. Market access alone is therefore not enough, more so as the AGOA and other preferential systems do not address the many non-tariff barriers prevalent in developed country markets, most especially standards and sanitary and phytosanitary (SPS) measures. Regarding supply-side constraints, the challenge is to ensure that the economies of African countries are highly competitive and productive. It goes without saying that to be able to sell, you must also be able to produce. In these circumstances, market access opportunities for Africa cannot automatically translate into increased exports. A comprehensive and integrated approach is what is required to address the continent’s multifaceted development problems. African growth can only be assured if significant investments are made in its people. Improving governance and resolving conflicts, increasing competitiveness and diversifying its economies, reducing aid dependence and strengthening partnerships are also very important areas for action. Under these circumstances, market access in developed country markets is only a window of opportunity and could be impaired or nullified if production costs are very high.

The implication of the AGOA for Africa’s economic growth and development may further be appreciated if we consider the present experience of African countries under the programme. On the basis of the country profiles covered in the Appendix to this paper, we can observe a specific trend, of limited new investments in the beneficiary countries, which are mostly in the textile and garment sector. The anticipated relocation of firms in order to take advantage of the opportunities provided by the AGOA is therefore yet to take off. In Nigeria, Table 1 shows that while there has been increases in Nigerian exports to the U.S. between 2000 and 2003, this has been mostly in the oil sector. Also, due to delays in the enactment of the Customs and Excise Management (Amendment) Act 2003, Nigeria is yet to be certified for apparel and textile benefits under

the AGOA. This means that the country cannot export this category of products, and investors would also be unwilling to relocate unless the visa certification process is fully accomplished.

Trade between SSA and its principal industrial country trading partners as depicted in Table 2, also demonstrates that the region's trade is more oriented towards Europe than the U.S. In 2000 and 2001, market share of imports from the EU amounted to 36.8 per cent and 36.5 percent as against 7.1 per cent and 7.9 per cent from the U.S., respectively. During the same period, SSA's exports to Europe and USA represented 40.7 per cent and 27.0 per cent in 2000 and 44.8 per cent and 25.9 per cent in 2001, respectively. This means that African countries would need to strategise and evolve business plans for entering the new U.S. market. If the initial costs are very high, then this will automatically wipe off the preferential tariff margins and reduce competitiveness.

The trade and investment results of U.S. trade with the AGOA beneficiary countries in Tables 3 and 4 also reflect the concerns expressed above. In 2000, exports to Africa stood at US\$5.9 billion or 90 per cent of total U.S. exports to SSA. The principal items included aircraft and parts, oil and gas field equipment, wheat and ADP equipment. Imports from Africa surged by two thirds to nearly US\$23 billion, largely due to the influence of oil and soaring crude oil prices. As can be seen from Table 3, during the period under review, exports to South Africa and Nigeria account for over 50 per cent, closely followed by Angola and Ghana. These figures perhaps, account for the signing of Trade and Investment Framework Agreements (TIFAs) between the U.S. and South Africa, Nigeria and Ghana as the first countries in SSA. Also in terms of trade benefits due to the AGOA, Table 5 shows that significant trade can only be said to have taken place in South Africa, Gabon, Cameroon, Ghana and Nigeria.

With regard to special provisions for textile and apparel, Table 6 shows consistent increases from Swaziland, South Africa, Madagascar, Lesotho, Kenya and Malawi between 2000 and 2001 year to date. Sudden upsurges in exports to the U.S. were also recorded in Tanzania, Zambia

and Ethiopia during the same period. In terms of GSP imports from Africa, Table 7 depicts that the increase in imports was not due to wider utilization of the GSP by African countries, but dominated by oil shipments from Angola, DRC and Equatorial Guinea.

Apart from the above trends, it must also be underscored that all the limitations to the economic benefits of GSP programmes that we had considered in the second section of this paper are also relevant to the AGOA. It is discriminatory, as it does not apply to all African countries. The products are selective and the criteria for the designation of beneficiary countries amounts to some interference with the domestic policy framework. It is possible that the U.S. would withdraw AGOA benefits if any beneficiary country is deemed as not complying with its requirements.

In order to achieve the maximum benefits of AGOA within a reasonable length of time, African countries need to place high priority on consolidating macroeconomic stability and strengthening competitiveness through sound fiscal, monetary and exchange rate policies. While promoting macroeconomic stability, African countries will also need to accelerate structural reforms to remove impediments to investment and growth, as well as to reduce poverty and create jobs.

V. CONCLUSION AND RECOMMENDATIONS

In conclusion, AGOA as a programme should encourage the Sub-Sahara African countries to re-double their efforts in achieving economic growth, by diversifying their economies and going into manufacturing. Above all, AGOA is also capable of assisting the African countries to strengthen their regional cooperation and getting integrated into the global multilateral trading system. Since the AGOA is U.S. legislation, African countries can influence its improvement in areas that would most benefit them by working through African-American groups and caucuses. In this way, it would be possible to suggest to the U.S. government to consider certain aspects of its implementation, which may defeat its aims.

Specific areas of focus may include:

- (i) Extending Africa's preferential access under the AGOA well beyond the terminal date of 2008 to allow for consolidation of progress and gains;
- (ii) Ending the uncertainties over what constitutes an AGOA-eligible garment with clear guidance for the U.S. Bureau of Customs and Border Protection;
- (iii) Creating a comprehensive plan to boost U.S.-Africa agricultural trade under the AGOA with the objective of strengthening infrastructure and communication networks to reduce marketing and transaction costs and increasing access to market information (prices, product quality and demand, inputs quality and costs, customs rules and regulations etc.) for smallholder farmers groups and cooperatives in African countries;
- (iv) Encouraging value-added, job-creating American investment in Africa through U.S. tax incentives;
- (v) Removing restrictions on the Export-Import Bank, Overseas Private Investment Corporation (OPIC) and the U.S. Trade and Development Agency (TDA) in their lending, risk coverage, and feasibility studies activities in such sectors as agriculture and agro-allied business, electronics and textile and apparel, in AGOA-eligible SSA countries;
- (vi) Facilitating cooperation between American and African ports and airports to expand transportation and cargo links between America and African countries through interactions between technical staff from American and African ports, chambers of Commerce, freight forwarders, customs brokers and point negotiations with shipping companies and airlines or direct shipping and flights; and
- (vii) Providing technical assistance that enables African countries and their private sectors to develop the capacity to participate

more fully in the AGOA. Such technical assistance could be in the areas of specific training for African business people on expanding access to the benefits of AGOA, capacity building for African entrepreneurs on production strategies, quality and standards, formation of cooperatives, market research and market development; and capacity building to promote diversification of African products and value-added processing.

Table 1

Sector	2000	2001	2002	2002YTD	2003YTD
Agricultural Products:					
Exports	178,734	245,911	303,468	66,113	72,845
Imports	5,227	10,529	16,015	3,094	15,824
AGOA including GSP provisions of the AGOA Act	0	153	464	60	562
GSP Imports	58	153	464	60	562
Duty-free items added for AGOA Acts	0	0	0	0	0
Forest Products:					
Exports	14,667	20,944	14,817	4,338	2,266
Imports	875	477	421	208	145
AGOA including GSP provisions of the AGOA Act	0	19	13	6	6
GSP Imports	10	19	9	6	6
Duty-free items added for AGOA Acts	0	0	5	0	0
Chemicals and related products:					
Exports	55,629	61,725	60,007	15,604	13,008
Imports	943,895	258,960	12,966	3,918	6,174
AGOA including GSP provisions of the AGOA Act	0	0	0	0	0
GSP Imports	0	0	0	0	0
Duty-free items added for AGOA Acts	0	0	0	0	0

Table 1

Energy - Related Products:					
Exports	16,568	24,335	36,515	6,118	5,568
Imports	8,706,166	8,627,161	5,772,765	1,006,558	2,575,349
AGOA including GSP provisions of the AGOA Act	0	5,688,030	5,409,167	932,437	2,395,301
GSP Imports	0	0	0	0	0
Duty-free items added for AGOA Acts	0	5,688,030	5,409,167	932,437	2,395,301
Textiles And Apparel:					
Exports	8,384	13,647	15,150	3,814	2,890
Imports	572	453	111	12	25
AGOA including GSP provisions of the AGOA Act	0	0	0	0	0
GSP Imports	0	0	0	0	0
Duty-free items added for AGOA Acts	0	0	0	0	0
Footwear:					
Exports	728	1,391	3,590	631	487
Imports	106	186	5	1	1
AGOA including GSP provisions of the AGOA Act	0	71	1	1	1
GSP Imports	0	0	0	0	0
Duty-free items added for AGOA Acts	0	71	1	1	1
Minerals And Metals:					
Exports	25,355	37,884	42,235	7,993	6,454

Table 1

Imports	16,187	12,107	1,108	391	96
AGOA including GSP provisions of the AGOA Act	0	0	0	0	0
GSP Imports	0	0	0	0	0
Duty-free items added for AGOA Acts	0	0	2	0	0
Machinery:					
Exports	124,225	151,758	140,803	32,118	26,949
Imports	55	296	487	95	48
AGOA including GSP provisions of the AGOA Act	0	0	0	0	0
GSP Imports	0	0	0	0	0
Duty-free items added for AGOA Acts	0	0	0	0	0
Transport Equipment:					
Exports	228,238	284,261	311,616	108,838	51,112
Imports	23	72	1,075	2	213
AGOA including GSP provisions of the AGOA Act	0	56	0	0	205
GSP Imports	0	56	0	0	205
Duty-free items added for AGOA Acts	0	0	0	0	0
Electronic products:					
Exports	41,744	87,078	96,727	23,768	19,935
Imports	92	318	830	56	78
AGOA including GSP provisions of the AGOA Act	0	46	3	0	0

Table 1

GSP Imports	0	46	3	0	0
Duty-free items added for AGOA Acts	0	0	0	0	0
Miscellaneous manufactures:					
Exports	3,590	7,583	8,986	1,998	910
Imports	2,969	1,463	1,635	399	353
AGOA including GSP provisions of the AGOA Act	0	85	10	2	6
GSP Imports	3	84	7	0	6
Duty-free items added for AGOA Acts	0	1	2	2	0
Special provisions:					
Exports	14,432	11,234	12,971	2,863	2,096
Imports	3,961	4,454	12,185	5,316	4,703
AGOA including GSP provisions of the AGOA Act	0	0	0	0	0
GSP Imports	0	0	0	0	0
Duty-free items added for AGOA Acts	0	0	0	0	0
All sectors:					
Exports	712,294	947,751	10,468,861	274,196	204,519
Imports	9,680,128	8,916,476	5,819,603	932,506	2,396,081
AGOA including GSP provisions of the AGOA Act	0	5,688,461	5,409,660	932,506	2,396,081
GSP Imports	71	359	483	65	779

Source: Compiled from official statistics of the U. S. Department of commerce

TABLE 2: SUB-SAHARAN AFRICA'S PRINCIPAL INDUSTRIAL COUNTRY TRADING PARTNERS (\$Billions and Market Share).

	2000	% Share	2001	% Share
<u>Sub-Saharan Africa's Import</u>				
France	8.7	10.5	8.3	9.5
United States	5.9	7.1	6.9	7.9
Germany	5.6	6.8	6.6	7.5
United Kingdom	4.8	5.8	5.1	5.8
Japan	3.7	4.5	3.3	3.8
Italy	2.8	3.4	2.9	3.3
Total EU	30.5	36.8	32.0	36.5
<u>Sub-Saharan Africa's Exports</u>				
United States	23.6	27.0	22.3	25.9
United Kingdom	6.3	7.2	8.2	9.5
France	5.5	6.3	6.3	7.3
Germany	5.1	5.8	5.6	6.6
Japan	4.4	5.0	4.1	4.7
Italy	4.5	5.1	4.0	4.7
Total EU	35.6	40.7	38.7	44.8

Source: Derived from IMF Directions of Trade Yearbook, 2002

TABLE 3 - US EXPORTS MARKET IN SSA (US MILLIONS F.A.S)

Country	1999	1999% Share	2000	2000% Share	Jan-Mar 2000	Jan-Mar 2000%	Jan- Mar 2001	Jan- Mar%Share
1. South Africa	2582.3	46.37	3084.7	52.06	629.1	45.3	787.1	45.96
2. Nigeria	628.3	11.28	718.5	12.12	254	18.29	243.9	14.24
3. Angola	252.2	4.53	226	3.81	59.9	4.31	66.3	3.87
4. Ghana	235.1	4.22	190.8	3.22	47.2	3.4	59.1	3.45
5. Kenya	189.1	3.4	238	4.02	27	1.94	37.9	2.21
6. Ethiopia	164.7	2.96	165.2	2.79	39.7	2.86	19.1	1.12
7. Eq. Guinea	221.1	3.97	94.9	1.6	26.1	1.88	19.1	1.12
8. Namibia	195.6	3.51	80.2	1.35	3.1	0.22	69	4.03
9. Cote d'Ivoire	104	1.87	94.9	1.6	26.3	1.89	26.7	1.56
10. Cameroon	37	0.66	59.2	1	10.6	0.76	118.1	6.9
11. Senegal	63.4	1.14	81.8	1.38	14.3	10.3	27.3	1.59
12. DRC	47	0.84	82.1	1.39	21.7	1.03	27.3	1.59
13. Guinea	54.6	0.98	67.1	1.14	19.9	1.43	15.6	0.91
14. Swaziland	9.4	0.17	67.1	1.13	61.00	4.39	5.5	0.32
15. Gabon	45.4	0.82	63.4	1.07	14.5	1.04	17.9	1.05
16. Zimbabwe	60	1.08	53.3	0.9	12.6	0.91	10.4	0.61
17. Tanzania	68.4	1.23	44.9	0.76	1.05	0.76	9.8	0.57
18. Madagascar	106.1	1.91	15.5	0.26	3.3	0.24	4.2	0.25
19. Mozambique	33.9	0.61	0.98	0.98	12.4	0.89	5.4	0.32
20. Liberia	44.7	0.8	0.73	0.73	11.4	0.82	9.1	0.53
21. Botswana	33.4	0.6	0.53	0.53	8.6	0.62	6.8	0.4

22. Niger	18.5	0.33	0.61	0.61	9.4	0.68	15.7	0.92
23. Mali	29.8	0.54	32	0.54	2.9	0.21	14.8	0.86
24. Rwanda	47.5	0.85	19.1	0.32	3.1	0.22	9.5	0.55
25. Mauritius	39	0.7	24.3	0.41	5.2	0.37	7.8	0.46
26. Benin	31.3	0.56	26.4	0.45	7.4	0.53	5.9	0.34
27. Uganda	25	0.45	27.4	0.46	6.7	0.48	9.5	0.55
28. Djibouti	26.7	0.48	16.8	0.28	8.5	0.61	3.1	0.18
29. Mauritania	25.2	0.45	16.2	0.27	4	0.29	4.9	0.29
30. Zambia	19.9	0.36	19.1	0.32	3.7	0.27	4.1	0.24
31. Sierra Leone	13.2	0.24	18.7	0.32	5.3	0.38	8.9	0.52
32. Togo	25.7	0.46	10.6	0.18	2.4	0.17	2.5	0.15
33. Congo DR	21.1	0.38	10	0.17	1.6	0.12	2.9	0.17
34. Sudan	8.8	0.16	16.9	0.29	0.3	0.02	3.9	0.23
35. Chad	2.7	0.05	10.8	0.18	2.3	0.17	14.1	0.82
36. Burkina Faso	10.9	0.2	15.8	0.27	1.2	0.09	0.7	0.04
37. Eritrea	3.9	0.07	16.6	0.28	0.6	0.04	5.3	0.31
38. Malawi	7.4	0.13	13.7	0.23	3.4	0.24	1	0
39. West Africa, NEC	8.9	0.16	8.5	0.14	1.6	0.12	6.9	0.4
40. Seychelles	7.6	0.14	7.2	0.12	0.9	0.06	9	0.53
41. Gambia	9.6	0.17	9.1	0.15	3.3	0.24	1.5	0.09
42. Somalia	2.8	0.05	4.9	0.08	0.6	0.04	0.6	0.04
43. Central African Rep.	3.7	0.07	1.8	0.03	0.5	0.04	1.4	0.08
44. Burundi	2.6	0.05	1.7	0.03	0.5	0.04	1.4	0.08
45. Lesotho	0.7	0.01	0.9	0.02	0.2	0.01	0.1	0.01
TOTAL	5568.5	100	5925.8	100	1388.8	100	1712.5	100

Source: US ITC Dataweb

TABLE 4 U.S IMPORTS FROM SUB-SAHARAN- 1999 TO 2001 YTD (CUSTOMS VALUE US\$ M)

Country	1999	1999% Share	2000	2000% Share	2000% YTD	2000YT D% Share	2001YTD	2001YTD% Share
1. Nigeria	4361.1	31.06	10549	44.92	2094.4	42.79	2545	44.07
2. South Africa	3195.1	22.75	4204.2	17.91	829.9	16.95	1078.2	18.67
3. Angola	2424.8	17.27	3557	15.15	672.2	13.73	928.4	16.08
4. Gabon	1519.5	10.82	2208.9	9.41	516.4	10.55	430.1	7.45
5. Congo ROC	414.7	2.95	509.7	2.17	159.6	3.26	143	2.48
6. Cote d' Ivoire	347.2	2.47	383.9	1.63	177.3	3.62	138.7	2.4
7. Mauritius	258.9	1.84	286.1	1.22	67	1.37	65.7	1.14
8. Ghana	208.6	1.49	204.5	0.87	50.7	1.04	49.5	0.86
9. Congo DR	229.2	1.63	212.2	0.9	23.7	0.48	22.6	0.39
10. Madagascar	80.2	0.57	157.8	0.67	28	0.57	66.7	1.15
11. Lesotho	110.8	0.79	140.3	0.6	32.9	0.67	43.6	0.75
12. Zimbabwe	132.8	0.95	112.4	0.48	29.9	0.61	24.8	0.43
13. Cameroon	76.8	0.55	155.1	0.66	37.1	0.76	24.9	0.34
14. Eq. Guinea	43.3	0.31	154.7	0.66	32.8	0.67	62.3	1.08
15. Kenya	106.4	0.76	109.5	0.47	25.9	0.53	28.1	0.49
16. Guinea	116.9	0.83	88.4	0.38	20.6	0.42	28.1	48
17. Malawi	72.5	0.52	55.4	0.24	11.5	0.23	12.3	0.21
18. Swaziland	37.9	0.27	52.6	0.22	9.3	0.19	12.5	0.22
19. Liberia	30.3	0.22	45.4	0.19	10.4	0.21	10.6	0.18
20. Namibia	29.7	0.21	42.3	0.18	8.7	0.18	15.9	0.28
21. Tanzania	35.4	0.25	33.7	0.14	12.4	0.25	7.3	0.13
22. Ethiopia	30.2	0.22	28.7	0.12	7.9	0.16	3.6	0.06
23. Botswana	16.9	0.12	40.9	0.17	3.6	0.07	1.9	0.03

24. Zambia	37.7	0.27	17.7	0.08	1.4	0.03	4.1	0.07
25. Uganda	20.3	0.14	29.1	0.12	6.5	0.13	3	0.05
26. Mozambique	10.3	0.07	24.4	0.1	7.7	0.16	0.4	0.01
27. Niger	12.1	0.09	7	0.03	0.4	0.01	3.5	0.06
28. Benin	17.8	0.13	2.4	0.01	0.4	0.01	0.1	0
29. Mali	8.9	0.06	9.7	0.04	0.8	0.02	1.2	0.02
30. Senegal	9.2	0.07	4.2	0.02	0.8	0.02	5.2	0.09
31. Burundi	6.1	0.04	8	0.03	3.5	0.07	0.6	0.01
32. Seychelles	5.2	0.04	8.1	0.03	1.5	0.03	3.4	0.06
33. Sierra Leone	10.3	0.07	3.8	0.02	1.7	0.03	0.7	0.01
34. Togo	3.2	0.02	6	0.03	4	0.08	2.4	0.04
35. Chad	6.9	0.05	4.8	0.02	0.8	0.02	0.8	0.01
36. West Africa NEC	2.9	0.02	5.3	0.02	0.7	0.01	0.8	0.01
37. Rwanda	3.7	0.03	5.1	0.02	0.3	0.01	0.4	0.01
38. Central African Rep	2.9	0.02	3	0.01	1.3	0.03	1	0.02
39. Comoros	1.7	0.01	3.5	0.01	0.2	0	0.1	0
40. Burkina Faso	2.8	0.02	2.5	0.01	0.1	0	1.4	0.02
41. Sudan	0.1	0	1.8	0.01	0.1	0	0.1	0
42. Mauritania	0.8	0.01	0.4	0	0.1	0	0.1	0
43. Gambia	0.2	0	0.4	0	0	0	0.2	0
44. Djibouti	0.1	0	0.4	0	0	0	0.1	0
45. Eritrea	0.5	0	0.2	0	0	0	0	0
TOTAL	14043	100	23480	100	4894.8	100	5775.3	100

Source: US ITC Dataweb

TABLE 5 AGOA SPECIAL PROGRAMME IMPORTS 2001 JANUARY TO APRIL (IN 1000 DOLLARS)

Country	Jan	Feb	Mar	Apr	Total	% Share of Total Imports
Nigeria	0	0	347991	505501	853492	81.99
Gabon	0	0	67667	53331	120998	62
South Africa	598	979	2658	41287	45512	4.37
Cameroon	0	0	0	7351	7351	0.71
Ghana	0	0	0	5957	5957	0.51
Kenya	0	459	1267	4210	4065	0.39
Mauritius	49	143	2761	415	3368	0.32
Lesotho	0	0	0	145	145	0.01
Madagascar	0	0	0	119	119	0.01
Swaziland	0	0	7	0	7	0.00
TOTAL	647	1581	422351	618316	1041014	100

**TABLE 6 - U.S. IMPORTS OF TEXTILES AND APPAREL FROM 1998 TO 2001 YEAR TO DATE
(VALUE IN 1,000 DOLLARS)**

Country	1998	1999	2000	2000YTD	2001YTD	%Change 98-99	%Change 99-00	% Change 00YTD- 01YTD
Ang	0	0	0	0	0	0	0	0
Bot	10151	9763	7941	2489	1519	3.82	18.66	38.97
Bur	66	1	8	1	0	98.48	700	100.00
Com	56	0	0	0	0	100.00	0	0
DRC	13	10	6	1	2	23.08	40.00	100.00
Dji	1	0	0	0	0	100.00	0	0
Eri	1	1	80	15	0	0	700	100.00
Eth	28	10	30	1	225	64.29	200	22400
Ken	33782	39633	44089	11629	17.32	11.24	11.24	-10.57
Les	100187	110748	140060	32854	44325	10.54	26.47	34.92
Mad	22639	46068	109907	15931	34014	103.49	138.58	113.51
Mal	246	1204	7326	679	2195	389.43	508.47	224.7
Mau	233618	232109	244863	54357	61357	-0.65	5.49	12.88
Moz	116	44	0	0	0	-62.07	-100	0
Nam	24	10	192	4	1	66.67	380	-75
Rwa	0	17	23	11	0	Na	35.29	-100
Sey	159	1041	156	0	0	554.72	-85.01	0
RSA	110463	126978	175579	33567	46744	14.95	38.28	39.26
Sud	0	0	0	0	0	0	0	0
Swa	16023	23318	31898	7758	10617	45.53	36.8	36.85
Tan	8236	2658	242	1	74	-67.73	-90.9	7300
Uga	11	0	16	0	0	-100	0	0
Zam	2	8	258	1	132	300	3125	13100
Zim	12589	18727	19872	7176	5753	48.76	6.11	-19.83
TOTAL	548411	612378	782546	166472	217358	11.66	27.79	30.57

Source: US ITC Dataweb

TABLE 7-SELECTED COUNTIES PERCENT SHARE OF TOTAL GSP IMPORTS TO U.S 1996 TO 2000 IN US. \$

Country	1999	% Share GSP Import s96	1997	% Share GSP Import s98	1999	2000	% Share GSP Import s00	2001YTD	% Share GSP Import s01 YTD
Ang	2000	0	356491735	2.35	1045996443	13787773	9.24	2001 YTD	19
Bots	3624463	0.02	5881507	0.04	5660028	2921625	0.02	1042494689	0
DRC	649861	0	10373049	0.07	95240744	142306569	9.54	408381	0
Egy	36863151	0.22	49635002	0.33	40361798	26299400	0.18	41411213	0
Eth	91766	0	731514	0	1117800	927153	0.01	6195475	0
Ken	5634935	0.03	7345188	0.05	6728413	3918726	0.03	270195	0
Les	2585	0	0	0	0	0	0	1099529	0
Mad	3666158	0.02	9308142	0.06	2534638	4720157	0.03	0	0
Mal	7744212	0.05	28521055	0.19	36376725	35845117	0.24	3607909	0
Mau	18173332	0.11	21632736	0.14	16680802	9657544	0.06	7898222	0
Moz	12440064	0.07	16138113	0.11	9192455	10701422	0.07	3110649	0
Nam	451104	0	2843245	0.02	4425339	154264	0	4500	0
Rwa	0	0	111162	0	302452	324208	0	2300	0
Sey	71270	0	21416	0	0	4661680	0.03	32522	0
RSA	430672789	2.57	450793086	2.98	549904492	582927592	3.91	1534500	3
Swaz	13816616	0.08	25289847	0.17	4223145	582927592	0.01	178676524	0
Tanz	1808629	0.01	2708036	0.02	4935707	2370705	0.02	0	0
Ugan	0	0	0	0	105379	78439	0	100377	0
Zam	242946	0	250742	0	408434	466199	0	3143	0
Zim	71157182	0.42	79748487	0.53	81799451	61251135	0.41	277130	0
Total GSP Imports into the U.S	167550586 16		151507631 20		1569063499 6	149228342 84		10114721 5452539462	

APPENDIX

SELECTED COUNTRY PROFILES OF AGOA BENEFITS

- (a) **Cape Verde**: A fish processing company has been bought by an American interest. Two new investments in the garment industry also were announced by Portuguese firms.
- (b) **Cote d' Ivoire**: In anticipation of approval for apparel benefits, a Chinese-Ivoirien partnership has invested US\$9 million in a new textile factory to export under AGOA.
- (c) **Ghana**: Investment in the expansion of a tuna processing plant. U.S. exports of textile and apparel machinery were used to refurbish a sock factory that is now assembling, packaging, and exporting apparel under AGOA using U.S textile inputs. Also, a retail franchise has invested about US\$10 million and opened two new branches in Ghana. The retail franchise expects to begin its own manufacturing operations in Ghana to produce items such as food, beverages, and house wares to export under AGOA.
- (d) **Kenya**: Sri Lankan firms invested over US\$2.4 million in apparel plants, employing 14,000 Kenyans. Plans are also underway to start a cotton gin project in Nyanza Province. Because fishing, sugar and tobacco farming in the region is dying, the project is timely and will help create jobs in this economically vulnerable region.
- (e) **Lesotho**: The Governor of the Central Bank of Lesotho attributes Lesotho's strong economic growth to AGOA related investments in the local textile industry. The AGOA related manufacturing projects are the main source of foreign exchange and new employment.
- (f) **Mauritius**: According to the Mauritius Free Port Authority, AGOA encouraged several U.S. and Asian retailers to open regional buying offices in the country. AGOA has prompted investment in spinning mills and, consequently, the vertical integration of the textile industry in Sub-Sahara Africa. Chinese, Indian, and Mauritian firms have invested over US\$100 million in new spinning mills.

- (g) **Mozambique**: A garment factory privatised in the late 1990s has attracted significant Mauritian investment. The factory, located in the Central Provincial capital of Beira expects to hire an additional 320 workers and get an additional US\$2 million in investment due to AGOA.
- (h) **Rwanda**: A Hong-Kong based firm announced plans to invest US\$11 million to establish a manufacturing plant in Rwanda. The plant is expected to provide employment for 2,500 Rwandans and produce goods for export under AGOA.
- (i) **Senegal**: U.S. investors working with Asian and Senegalese partners are revitalizing factories to spin yarns, weave fabrics, and manufacture garments, creating over 2,000 new jobs.
- (j) **South Africa**: Several automobile production facilities have upgraded plants and increased production, with investment of over US\$20 million. South African cotton producers have also geared up cotton production to supply the increased demand from African manufacturers due to AGOA.
- (k) **Swaziland**: Chinese and Taiwanese investors have invested over US\$30 million in denim fabric mills and other facilities. The Swaziland Industrial Promotion Authority has projected the creation of over 10,000 new jobs next year, as a direct result of AGOA.
- (l) **Tanzania**: There are reports that a textile mill plans to expand operations in partnership with a U.S. firm. The report estimates that 1,000 new jobs would be created.
- (m) **Uganda**: In February 2002, a new coffee processing firm was launched that is now processing coffee and exporting to the U.S. for the first time in 100 years. A Ugandan firm is adding value to coffee and exporting it as a processed product. In addition, over US\$6 million has been invested in spinning mills to produce goods to export under AGOA.
- (n) **Zambia**: Agricultural processors of fresh fruit and vegetable exports have been linking with U.S. partners.

Source: USITC

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