

How to take advantage of opportunities under AGOA

The South African Minister of Trade and Industry, Dr Rob Davies, has emphasised the importance of export diversification and industrialisation in Africa.

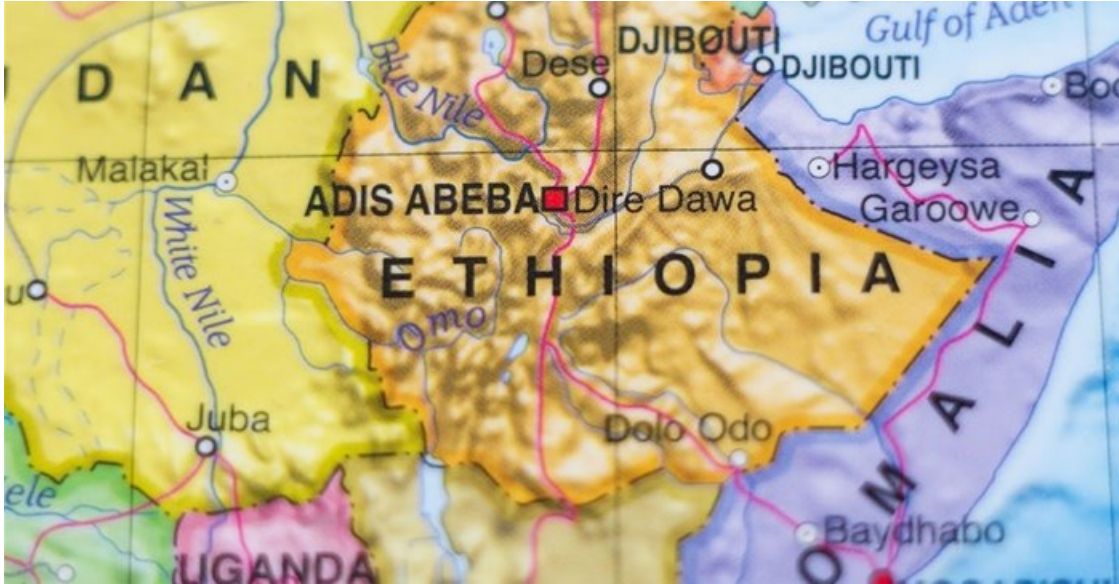


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He was speaking in Addis Ababa, Ethiopia recently, where he was moderating the Africa Trade Week Panel Discussion on Africa Growth and Opportunity Act (AGOA) and the Continental Free Trade Area (CFTA).

The session considered AGOA implementation over the remaining period of the legislation granting the trade preference up to 2025. It also reflected on the future of Africa-US trade relations beyond AGOA based on the type of trade arrangements that would support Africa's regional integration agenda. Minister Davies said African countries need to increase their utilisation of the trade preferences granted by the United States (US) under AGOA to attract Foreign Direct Investments into priority sectors that are eligible under AGOA and that can favour industrialisation.

“African countries should also ensure that there is alignment between AGOA and their development integration agenda, focus on their industrialisation and preserve policy space aimed at enhancing efforts to diversify their exports base and integrate supply chains so as to take advantage of market access opportunities under AGOA,” added Minister Davies.

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The panel also highlighted the low levels of utilisation of AGOA trade preferences by eligible countries in Sub-Saharan Africa. These are largely attributed to supply-side constraints, productive capacity constraints, onerous rules of origin requirements, lack of capacity to meet stringent sanitary and phytosanitary measures, labelling requirements in the US, as well as the fact that some products of export interest to the African countries are not covered under AGOA.

In terms of future US-Africa trade relations, the panel stated that the US is expected to advance a trading relationship based on reciprocity. Minister Davies noted that the US proposed a number of options for post AGOA trade relations. He indicated that these options need to be carefully considered by African countries to ensure that their developmental priorities are not compromised.

Panel members agreed that the Continental Free Trade Area (CFTA) that is currently under negotiation can be a driver of structural transformation for sustained economic growth and enhanced intra-Africa trade and investment in the continent.

Earlier in the Africa Trade Week programme, former South African Ambassador to WTO, Dr Faizel Ismail spoke on a coherent approach to achieving the African Union's Agenda 2063 through the CFTA. Ismail indicated that the success of the CFTA and the implementation of continent's integration agenda would be dependent on the adoption of an inclusive approach.

He indicated that there is a need for academics and civil society to be greater involved in trade policy formulation.

"So they need to identify these challenges and opportunities for Africa. But they also need to become participants in the process of negotiating the Continental Free Trade Area (CFTA) so that the CFTA becomes a living process that includes the dynamics of both the different stakeholders on the ground and also that it is customised to the actual conditions and objectives of the people on the ground," he added.

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