

Report of the African Ministerial Consultative Group on AGOA

Lomé, Togo – 8th August 2017

The Ministers of Trade of the AGOA eligible countries met on Tuesday 8th August 2017 in Lomé, Togo.

Opening session

The opening session was moderated by Mr. Lazare Sehoueto, Minister of Trade, Industry and Small and Medium Enterprises of Benin. In her welcoming remarks, H. E. Mrs. Bernadette Legzim-Balouki, Minister of Trade and Private Sector Promotion of Togo, reiterated the appreciation of AGOA eligible countries with regard to renewal of the AGOA in 2015 and highlighted that the new legislation revolves around the following important issues with regard to US-Africa relations: national utilization strategies; capacity building and promotion of agro-industries; opportunities to strengthen infrastructure in Sub-Saharan Africa; regional strategies and value-chains amongst others.

In his remarks, H. E. Mr. Albert Muchanga, the African Union Commissioner of Trade and Industry, stressed on the issue of regionalization and indicated that AGOA eligible countries should work to create a win-win situation between US and Africa. As it is, we still do not benefit from AGOA and he hoped that the debate will lead to proposals that will boost AGOA exports. He mentioned that in order to tackle the under-utilization issue, the African Union Commission in collaboration with UNECA has offered to host a workshop on ways and means to maximize AGOA utilization during the African Economic Platform meeting scheduled for March 2018 in Mauritius. He concluded by saying that we need to work on the post-2025 arrangement where we could have a US-Africa agreement rather than bilateral agreements between individual African countries and the US.

SESSION I: Presentation of conclusions and recommendations of the Senior Officials Meeting

The meeting was moderated by H. E. Mrs. Bernadette Legzim-Balouki, Minister of Trade and Private Sector Promotion of Togo. The meeting considered and adopted, with amendments, the conclusions and recommendations of the Senior Officials Meeting that was held on 7th August 2017. The Ministers decided to retain the current Bureau comprising of Togo, Mauritius, Uganda, Lesotho and Congo. In the discussion that followed, several amendments were proposed to the Senior Officials report which have been incorporated in the final version.

Challenges and solutions regarding implementation of AGOA

1. AGOA countries remain largely exporters of primary products, including but not limited to agriculture. This necessitates that we must encourage industrialization to promote value-addition so as to change the structure of our economies.
2. There is also a need to enhance cooperation on standards, as well as sanitary and phytosanitary measures in order to overcome challenges that come with trade in food and other agricultural related products in the global trade.
3. There is demand for various products in the U.S. However, AGOA countries cannot easily export into the U.S. market under its stringent standards. AGOA beneficiaries need to undertake thorough market research and produce products that meet the U.S. standards. Further, the United States is encouraged to continue to provide capacity building to overcome existing non-Tariff Barriers within a timeframe of 3 to 5 years.
4. The key challenge facing African countries are supply-side constraints and inadequate infrastructure and uncompetitive business environment. There is therefore a need to promote inter-connectivity, infrastructure development and policy reform so as to reduce the costs of trade, increase industrial competitiveness and promote the development of regional value-chains.

5. Noted with concern the decrease in Sub-Saharan Africa exports under AGOA and emphasized the need to diversify the manufacturing base so as to take advantage of the market access opportunities presented by AGOA.
6. Undertake to promote African clinical research while protecting people often used as subjects of trials to ensure local solution is sought for clinical challenges specific to Africa.
7. We call upon UNECA in collaboration with USG agencies to promote the exchange of AGOA best practices through the organization of regular workshops.
8. Encourage the setting up of a consultative committee comprising of representatives from the African Ambassadors Group (AAG), USTR, US Department of Commerce, US Department of Agriculture in Washington, D.C. to monitor all AGOA related issues under agreed terms of references that still need to be developed by all stakeholders. The committee will engage with private sector and civil society from both sides.
9. Each AGOA eligible African country needs to do a complete mapping of what it requires to export effectively to the US.
10. Africa should highlight the importance of security in order to enhance trade.
11. Strengthen the focus on:
 - a. Linkages between investment, industrial development and trade and;
 - b. Efforts to attract US investors and broaden US investment beyond the current concentration in the Mining Sector.
12. Encourage AGOA countries to:
 - a. Develop and publish their National AGOA utilization strategies and ensure implementation of the strategies where these have been developed;
 - b. provide a structured approach to exploiting AGOA preferences that have proven successful in countries like Ethiopia;
 - c. support planned programs and linkages with US Institutions;

- d. Follow market analysis and stakeholder consultations to target key sub-sectors with high AGOA potential; and
- e. Target specific AGOA trade bottlenecks and incorporate investment promotion to attract FDI to priority sectors.

13. AGOA beneficiaries are encouraged to take maximum advantage of the presence of the Trade and Investment Hubs located across Africa to diversify their export sectors.

14. The African Continent must leverage on the flexibilities contained in the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) to ensure that Africa protects IP rights while simultaneously promoting public health, local manufacture, research and development, innovation, food security, environmental considerations, bio-diversity, transfer of skills, knowledge, technology and broad socio-economic development. Ensure that Intellectual property laws provide the necessary policy space that support industrialization and local production of patented goods, including pharmaceuticals, leveraging TRIPS and public health flexibilities, as well as the interrelated aspects under the United Nations Convention on Biodiversity (CBD).

15. On Intellectual Property (IP), the African Union Commission (AUC) is encouraged to work with relevant institutions such as World Intellectual Property Organization (WIPO) and United Nations Conference on Trade and Development (UNCTAD) to ensure a development approach to IP and build capacity within the continent. Fundamentally, policies must contribute to the economic transformation agenda, preserve Africa's biodiversity and traditional knowledge amongst others.

16. Reaffirmed the vital importance of international cooperation as a necessary context for complementary arrangement such as AGOA.

17. Emphasize the importance of policy space to promote structural transformation of the African continent.

Regional Integration

1. The trade and investment relationship with the US should support the continent's efforts to industrialize in line with Agenda 2063 and contribute to regional integration. Policy issues should be on the basis of cooperation and should not limit use of key policy tools Africa needs to industrialize.
2. Strengthen African Regional Integration agenda through initiatives such as the Continental Free Trade Area (CFTA), bearing in mind the outcomes of the RECs, which will address trade cost, boost Intra-Africa trade and promote the development Regional Value Chains and boost industrial development. This will increase the utilization 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.
3. The importance of maximizing the benefits of AGOA depends on the policy space for AGOA-eligible countries to undertake and sustain domestic structural reforms to increase productivity, diversify and modernize our economies.

Out of Cycle Review of AGOA-Eligible Countries

1. Recall that AGOA is an Act of congress to promote two-way trade and investment that promotes sustainable development, as well as regional integration. Recognize that the out-of-cycle review is an integral part of AGOA legislation, however, the out of cycle review should not be used in a way that would be detrimental to the spirit of AGOA itself.
2. When countries receive notices for petitions for the out of cycle reviews, they should proactively engage the US Government with a new proposal to respond to the concerns raised by US stakeholders, taking into account their mutually beneficial outcomes.

3. The AGOA Extension and Enhancement Act introduces out-of-cycle reviews that have increased uncertainty with regards to eligibility of Sub-Saharan African countries and hampers the prospects of investments, as well as the ability of countries to develop AGOA utilization strategies.
4. The US is urged to consider the legitimate public policy issues of Africa in considering petitions for out-of-cycle reviews.

Recommendation to the US

1. Call upon USG agencies to scale-up support to AGOA-eligible countries for implementation of the WTO TFA, especially land-locked countries to lower trade costs and move goods across borders and promote Africa's integration into the global economy. The cooperation on the TFA must be on the basis of agreed programs at the Regional Economic Community level so as to promote regional integration.
2. Encourage the US Government not to cut budget to USAID in a bid to facilitate resources for countries in maximizing their AGOA utilization Strategies.
3. Since Africa is currently making steady progress towards continental regional integration, the consensus is that these actions will facilitate the continent integration into global supply chains and distribution networks. In this regard, we call upon our US partners to support these efforts.
4. Call upon the US not to implement out-of-cycle reviews in a way that would be detrimental to the spirit of AGOA itself which is premised on predictability and certainty.
5. Africa is making progress toward continental integration, we call upon the US to support the regional integration agenda in order to promote Africa's integration into the global economy.

SESSIONS 2: Key issues to be addressed at the 2017 AGOA FORUM

This session was moderated by H.E Mr Souleymane Diarrassouba, Minister of Commerce, Craft and SME Promotion of the Republic of Côte d'Ivoire. The following recommendations emerged from the discussion:

1. There is need to safeguard Africa's policy space including industrialization;
2. We must ensure that the policy paper on IP that is being developed by the African Union should take into consideration Africa's economic agenda including the need to consider bio diversity and traditional knowledge;
3. The out of cycle review experience of EAC Partner States re awakened the integration spirit of Africa. The position to support industrialization that promotes Africa's agenda 2063 was strengthened;
4. Regional communities are building blocks for Africa's Regional integration and thus the issue of the out of cycle review distorts the whole integration agenda;
5. We have to proactively engage the US Government on pertinent issues including trade and investment to prevent out of cycle reviews;
6. Each country needs to undertake its own market analysis (products and stakeholder consultations so that sectors with high AGOA potential can be targeted);
7. Need to engage with US institutions (policy dialogue and investigate complimentary investments);
8. Target specific bottlenecks to attract FDI in priority sectors;
9. Readiness of the Africa Trade Policy Centre (ATPC) to assist in strategy development;
10. Better linkages with US private sector and institutions;
11. The Minister of Trade, Craft, and the Promotion of Small and Medium Enterprises of the Republic of Côte d'Ivoire has made a declaration related to the country's application to host the 18th AGOA Forum in 2019.