Embassy of the United States of America

African Growth and Opportunity Act

Fabrics like these enjoy duty-free access to U.S. markets, leaving distance and transportation costs as the primary limiting factors. ©*Shutterstock.com*

The African Growth and Opportunity Act (AGOA), enacted in 2000, allows 39 eligible African countries to export most products duty-free to the United States. The 39 African countries are: Angola, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Cape Verde, Chad, Comoros, Côte d'Ivoire, Republic of Congo, Djibouti, Ethiopia, Gabon, The Gambia, Ghana, Guinea, Kenya, Lesotho, Liberia, Malawi, Mauritania, Mauritius, Mozambique, Namibia, Niger, Nigeria, Rwanda, São Tomé and Príncipe, Senegal, Seychelles, Sierra Leone, South Africa, South Sudan, Swaziland, Tanzania, Togo, Uganda and Zambia.

Trade has proven to be a powerful engine of growth, and the theme of the 2013 AGOA Forum is *Sustainable Transformation through Trade and Technology*. Private sector and civil society programs will take place August 10-11, preceding the two-day ministerial in Addis Ababa, Ethiopia, August 12-13.

AGOA promotes economic development and expedites the integration of African economies into the world trading system. It provides a framework for governments, the private sector and civil society to work together to build trade capacity and expand business links between the United States and Africa.

Increasing trade capacity involves technical assistance on world trade rules, customs reform and modernization, development of industry standards and regulations, intellectual property rights (IPR) enforcement and infrastructure modernization.

In 2012, eligible countries exported nearly $35 billion in products to the United States under AGOA and its related General System of Preferences (GSP) provisions. Total exports under AGOA have risen more than 300 percent since the program's start. Although petroleum products accounted for 84 percent of AGOA imports to the United States in 2012, the program has helped promote other, value-added exports such as vehicles, apparel, footwear, processed agricultural products and manufactured goods. Non-oil exports to the United States from sub-Saharan Africa totaled $4.7 billion in 2012, rising more than 250 percent since AGOA's inception.

AGOA has helped many African countries — Lesotho, Swaziland and Kenya, for example — to create tens of thousands of new jobs and boost their international competitiveness.

Lesotho is a good example of how AGOA makes a difference. In Lesotho, AGOA has spurred a vibrant textile and apparel industry that is the nation's largest private sector employer. The sector has generated more than 36,000 jobs, mainly for women. Lesotho is now sub-Saharan Africa's largest exporter of garments to the United States, with more than $300 million in clothing exports to the U.S. in 2012 under AGOA.

Since AGOA's adoption, Mauritius' exports to the U.S. have grown more than 400 percent. The textiles and apparel sector has grown annually at a rate of 5 percent and leading nonapparel exports have grown at an overall rate of 12 percent since 2001, AGOA has contributed to an expansion of the apparel industry in Mauritius on a scale that the country likely would not have achieved otherwise.

Women are key beneficiaries of AGOA. The African Women Entrepreneurship Program (AWEP), started by the U.S. State Department in 2010, is a network of women-led businesses that has been exporting to the United States under AGOA since 2010. There are currently 152 members in 48 countries. AWEP companies trading under AGOA can be found in Ghana, Cameroon, Kenya, Ethiopia, Liberia, Côte d'Ivoire, Mauritania, South Africa, Swaziland, Tanzania, and Zambia in agribusiness, textiles, home décor, food processing and other sectors. AWEP entrepreneurs have played a critical role to ensure that gender issues are considered under AGOA.

AGOA also supports regional economic integration and provides incentives for African countries to improve their investment climates, reduce corruption, respect human rights and the rule of law, improve infrastructure and harmonize trade standards to help them become more competitive in the global marketplace.

Empowering Trade

During his recent trip to Africa, President Obama announced "Power Africa" and "Trade Africa," two initiatives to support the continent's economic growth, increase trade and "unleash the power of entrepreneurship and markets to create opportunity here in Africa."

With more than two-thirds of the population of sub-Saharan Africa's population without electricity, lack of accessible and affordable energy is a key constraint to economic growth. The president's Power Africa initiative seeks to double access to power in sub-Saharan Africa. Power Africa will bring to bear a wide range of U.S. government tools to support investment in Africa's energy sector, from policy and regulatory best practices, to pre-feasibility support and capacity building, to long-term financing and technical assistance. The initiative will also leverage private sector investments, beginning with more than $9 billion in initial private sector commitments to support the development of more than 8,000 megawatts of new electricity generation in sub-Saharan Africa.

Trade Africa is a new partnership to increase internal and regional trade within Africa and expand trade and economic ties between Africa, the United States, and other global markets. Trade Africa will initially focus on the member states of the East African Community (EAC), with the goals of doubling intra-regional trade in the EAC and increasing EAC exports to the United States by 40 percent. It also will support EAC regional integration and increasing EAC trade competitiveness.

President Barack Obama, during a visit to the continent in late June and early July 2013, affirmed the U.S. commitment to supporting expanded trade with African nations. ©*AP Images*

The United States will also form public-private partnerships with East African and U.S. industries and trade associations to stimulate trade in goods under AGOA. The United States also hopes to expand its collaboration with other regional economic communities in Africa, including in cooperation with other partner nations.

The U.S. Agency for International Development (USAID) currently supports private sector engagement and investment in Africa through three regional trade hubs in Accra, Ghana; Nairobi, Kenya; and Gaborone, Botswana. These trade hubs provide technical assistance to governments, private sector and civil society organizations to enhance their competitiveness in global markets and help African businesses use trade opportunities available under AGOA. The trade hubs also support African businesses and entrepreneurs in writing business plans, raising capital, increasing productivity and improving production processes so that they can meet U.S. and world export standards. In support of AGOA and Trade Africa, USAID will seek to strengthen the trade hubs and build their capacity for effectively supporting trade and investment in Africa.

Extending AGOA

The Obama administration will work with Congress to extend AGOA beyond the current 2015 expiration. The 2013 AGOA Forum will celebrate the progress achieved through AGOA since its inception in 2000 and will help pave the way to AGOA's renewal so that more Africans can take advantage of the opportunity to export to the United States. The forum will engage ministers from AGOA countries and senior U.S. officials in a dialogue on the future of U.S.-African trade and economic cooperation.