

AGOA - SUCCESS AND PROBLEMS



Recently, the US excluded four African countries from AGOA trade preferences. What is AGOA and who benefits from it?

AGOA - WHAT IS IT?

AGOA (African Growth and Opportunity Act) was launched by President Clinton in 2000 to promote trade and investment in Africa and thus create jobs, according to the motto: trade is better than aid. Participation to AGOA is linked to certain conditions:

- Opening the local market to American products and investments
- Holding up the principles of democracy and human rights
- No involvement in activities that conflict with the interests and the security of the US.

Over 1800 products are covered by the program. Participation in AGOA is reviewed every year.

35 of the 54 African countries have joined AGOA.

AGOA - A SUCCESS STORY

Over two decades, both the African partner countries and the American economy have benefited from AGOA. Hundreds of thousands of jobs have been created in African countries. But not all countries have benefited equally. Often there is a lack of infrastructure or export products do not meet US standards to take full advantage of AGOA opportunities.

The countries that have been most successful in utilizing the trade preferences are South Africa, Nigeria and Kenya. However, other countries such as Eswatini, Ethiopia, Lesotho, Malawi and Mauritius also have been able to increase their exports to the US significantly.

AGOA - ALSO A POLITICAL TOOL

In recent years, America has withdrawn access to trade privileges from several African partner countries. In 2022, Ethiopia was excluded due to massive human rights violations in the war against Eritrea. Around 100,000 Ethiopians, mainly women, lost their jobs in the textile industry. Exports to the US, which had increased almost tenfold from 28 million dollars in 2000 to 300 million in 2021, fell by half.

Mali and Guinea, where the military had staged a coup against the elected government, were also disqualified.

In 2019, the East African Community (EAC) decided to ban the import of second-hand clothing in order to protect its own growing textile industry. When Rwanda implemented this decision, the USA threatened to exclude the country from AGOA.

Recently, President Biden announced that other countries would lose their trade privileges: Uganda because of drastic laws against homosexuals and perhaps because Uganda also banned trade in imported used clothing; Niger and Gabon because the military had seized power in a coup; and the Central African Republic, where the Russian Wagner Group dominates politics.

On the other hand, Mauritania was readmitted on the grounds that there had been progress in labour rights and the fight against slave labour.

Some see AGOA as an important instrument for promoting democracy and respect for human rights in Africa. Others criticize that punitive measures only affect the population and not the irresponsible governments.

THE FUTURE OF AGOA

Officially, AGOA was planned to run out by 2025. Member countries hope for a 10-year prolongation. A recent motion in Congress proposes a prolongation until 2045 with the argument, that AGOA would counter the growing influence of China in Africa. Political observers expect that the US would continue to offer AGOA also in the future, but with different conditionalities, that would demand from the countries of the south a greater reciprocity.

Quellen: Agoa Forum: Has the US trade pact benefited Africa?
<https://www.bbc.com/news/world-africa-67284812>
<https://agoa.info>

„Africa is on the precipice of an unprecedented demographic boom. The timely reauthorization of AGOA is important to provide business certainty and show the United States' continued support towards Africa's economic growth.“

Michael McCaul, US Foreign Affairs Committee