

Trump administration's first African Growth and Opportunity Act forum

By [Worku Gachou](#)

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This week, some 40 African finance and trade ministers, along with a large contingent of senior US government officials will descend upon the coastal city of Lomé, Togo for the annual African Growth and Opportunity Act (AGOA) Forum.



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There will be more eyes on this year's Forum. Aside from [Secretary Ross' brief address at the Corporate Council on Africa's Annual Summit](#) earlier in the summer, this will be the first opportunity to hear the Trump Administration substantively outline their approach to economic and trade relations with the continent.

Leading the US delegation to the forum will be US Trade Representative (USTR) Ambassador Robert Lighthizer, and he will be joined by representatives from the State Department, Treasury Department, USAID, Department of Agriculture, among other agencies.

Economic growth

AGOA, first approved in May 2000 and subsequently reauthorised, provides duty-free access for more than 6,000 items exported from eligible sub-Saharan African countries. The program is intended to stimulate economic growth through a market based approach that will help Africa integrate into the global economy.

Uniquely, the administration is mandated by the legislation to organise the forum annually, for the purpose of “discuss[ing] expanding trade and investment relations between the United States and sub-Saharan Africa and... encouraging joint ventures between small and large businesses”.

By all accounts, the AGOA Forum continues to be the primary mechanism, and opportunity, for discussing policy matters that impact the commercial relationship between the US and Africa. Since the private sector and civil society are integral to these discussions they also have a seat at the table at the forum.

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It is expected that the American delegation will emphasise the importance of adhering to the eligibility criteria of AGOA, particularly on issues related to “the elimination of barriers to United States trade and investment”. AGOA and its cyclical (and off-cycle) review process gives the administration a significant, and flexible, tool to push African governments on their priority issue – ensuring American companies can fairly compete on the world stage.

AGOA concerns

A recent example is the successful [March 2017 petition for an off-cycle review](#) by the Secondary Materials and Recycled Textiles Association (SMART) claiming that the East African Community’s recent decision to ban imports of used clothing and footwear is a violation of the AGOA eligibility criteria.

Last month, the Trade Policy Staff Subcommittee of USTR held an open hearing on the matter and is currently reviewing public comment and testimony with a decision expected by the end of the year. At stake is the full or partial duty free benefits of Rwanda, Tanzania, and Uganda.

Africans are rightly concerned about the future of AGOA and its associated benefits. Some expect it will be difficult to continue justifying the one-way trade preference when AGOA expires in eight years. Discussions should begin now on what the US – Africa trade relationship will consist of in a post-AGOA world.

After AGOA

As private industry begins making strategic and commercial decisions like future supply chains routes, it would give them some confidence to know that both sides are thinking about next steps.

The US Congress, specifically the House Foreign Affairs Committee, is considering ways to improve and strengthen AGOA.

Last week, chairman Ed Royce and a group of bipartisan committee leaders introduced the [AGOA and MCA Modernization Act \(H.R. 3445\)](#). This legislation encourages policies that promote trade and cooperation, while providing much-needed technical assistance to help eligible partners fully utilise AGOA.

Given the recent economic trends of embracing regional trade, this legislation also importantly grants the Millennium Challenge Corporation increased flexibility to support regional integration by allowing up to two simultaneous compacts with an eligible country.

With the attention and manpower that the Trump Administration is dedicating to the AGOA forum and sustained congressional interest in promoting US – Africa trade, there appears to be an understanding across the US government that sub-Saharan Africa remains an important market for US businesses and the global economy.

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