Agoa has 'failed' to achieve anti-poverty goal

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The trade program that gives preferential access to the US market for African exports has proved disappointing in several respects, critics charged as a conference reviewing the African Growth and Opportunity Act (Agoa) took place in mid-July in Ghana.

“When Agoa was initially crafted, there was a great debate as to whether it would be a tool for real, broad, sustained growth and poverty reduction for all of Africa,” commented Congressman Donald Payne, an African-American Democrat. “I must say seven years later, Agoa has not lived up to that promise. “Noting that development of agriculture is widely regarded as key to Africa’s economic growth, Congressman Payne said, “Agoa benefits to that sector have been minuscule.”

Sindiso Ngwenya, assistant secretary-general of the Common Market for Eastern and Southern Africa (Comesa), used the same term in suggesting Agoa has done little to advance African agriculture. “Africa’s agricultural exports to the US have so far been minuscule, accounting for less than one per cent of the total value of exports,” Mr. Ngwenya said during an inquiry into Agoa’s effectiveness recently convened in Washington by Congressman Payne.

Part of the problem lies in the restrictions the United States places on farm imports from Comesa countries, Mr. Ngwenya added. At present, he noted, Kenyan farmers are allowed to export only three kinds of vegetables to the US out of the 15 they grow for the export market.

US officials attending the two-day Agoa forum in Ghana acknowledged that Agoa’s potential has not been fulfilled in regard to Africa’s agricultural sector. But the US is investing substantial resources to help build Africa’s agro-exporting capabilities, noted Jendayi Frazer, the top Africa official at the State Department. Ms Frazer pointed out that $394 million was invested in such capacity-building programs last year.

The Assistant Secretary of State for Africa was also upbeat in her assessment of the Agoa forum in Ghana. Ms Frazer said it was “very positive” because it had brought together a variety of constituencies and “was very much focused on practical steps to realize the total benefits of the Agoa legislation.”

At present, however, Agoa remains primarily a means of enabling African oil to enter US markets without duty charges. Oil represents more than 80 per cent of Agoa imports to the US, with only a few African countries benefiting from this form of trade access.

"Unfortunately," Mr. Ngwenya of Comesa said, "This industry has little impact on hunger and poverty alleviation, and instead — in some parts of Africa — has been associated with frustration, tension and in some cases civil conflict. "

Agoa's sponsors had envisioned major gains for African textile industries — at least in countries such as Kenya with a history of textile production. These advocates pointed out that textile exports had initially served as an engine propelling economic growth in rapidly developing Asian countries such as South Korea, India and Taiwan.

Agoa has indeed created thousands of jobs in Kenya and a few other countries that have been shipping clothing made with Asian fibers to the US. But the end of the international textile quota system two years ago has eroded some of those gains. Exporting giants such as China have been able to sharply increase their clothing sales to the US, thus seizing market share from African countries.

Kenya has lost an estimated 5,000 of the 30,000 jobs it gained as a result of Agoa. Uganda has seen far more limited benefits for its fledgling textile sector, while Tanzania has gained almost nothing from Agoa's textile provisions.

"Quite obviously," commented Stephen Hayes, head of the US Corporate Council on Africa, "The 2005 decline in non-oil Agoa trade was largely due to the inability of African countries to successfully compete with fast-growing competitors such as China after the ending of quotas on textiles and apparel."

Without Agoa, however, US trade with Africa would be much less dynamic than is the case today.

Florizelle Liser, the top US trade official for Africa, noted at the session convened by Congressman Payne that African non-oil exports to the US had more than doubled during Agoa's lifespan — from $1.4 billion in 2001 to $3.2 billion in 2006. She specifically cited export gains for Kenya, which, Ms Liser said, now include fresh-cut roses, preserved pineapples, sport fishing supplies, nuts and essential oils.

Agoa has also been of considerable political value, Ms Liser and Mr. Ngwenya agreed, noting that many African countries have developed closer ties with the US, partly as a result of the trade program. Agoa has also helped spur some African nations to adopt political and economic reforms that have benefited their populations, Ms Liser added.

She noted that a required annual review of countries' eligibility for Agoa includes assessment of progress toward political pluralism, market-based economic growth, reduction of poverty, and protection of human rights. "We in the [Bush] administration take these criteria very seriously, "said Ms Liser.

She noted that three countries — Eritrea, Ivory Coast and the Central African Republic — have had their Agoa eligibility revoked as a result of human-rights abuses or failure to implement political or economic reforms.

But it is disturbing, said Congressman Chris Smith, that eight Agoa-eligible countries, including Kenya, are included on a State Department “tier two watch list” due to their alleged failure to stem sex slavery and other forms of human trafficking. “In addition to the other human rights assessments that are legislatively mandated as part of the Agoa eligibility process, one would expect the tier placement for trafficking in persons to be a critical consideration,” said Congressman Smith.