



## POLICY REVIEW: RE-AUTHORIZE THE AFRICAN GROWTH & OPPORTUNITY ACT

***“This is a moment of great promise for Africa, and it’s a tribute to the extraordinary drive, talents, and determination of Africans all across the continent...[but] more growth and opportunity in Africa can mean more growth and opportunity in the United States...this is not charity, this is [in our] self-interest”***

***U.S. President Barack Obama***

### At-A-Glance

#### Key Recommendations

- **Decide sooner rather than later**
- **Extend to 2030**
- **Extend Third Country Fabric Provision to 2030**
- **Couple with initiatives to boost exports to and investment in Africa**
- **Include more Duty-Free Quota-Free goods preferred by AGOA nations**
- **Facilitate trade integration through free trade agreements with regional economic communities**

***The United States’ African Growth and Opportunity Act (AGOA) of 2000, following an initial extension in 2008, is set to expire in 2015***

There is a crucial window of opportunity, which is quickly closing, for the U.S. Congress to realize incredible, much-needed economic benefits through the re-authorization of the African Growth and Opportunity Act (AGOA), set to expire in 2015. After 15 years and one extension in 2008, AGOA has already proved that the U.S. has a great deal to gain by expanding trade and investment with Africa. It is estimated that AGOA has generated about 350,000 direct jobs and 1,000,000 indirect jobs in Sub-Saharan Africa, and about 100,000 jobs in the United States. It has also led to a quadrupling of African exports in goods and services covered under AGOA through 2012. Growth would undoubtedly have been higher if investment horizons had been extended through an early re-authorization; this is especially the case for countries like Lesotho, which utilized the third country fabric provision to become Africa’s leading textile exporter to the U.S. The provision’s last-minute extension to 2015 resulted in a 30% drop in textile exports between 2011 and 2012.

Despite these obvious trade benefits and a looming expiration date, Congress has yet to re-authorize AGOA, nor has it expressed serious consideration of expanding its scope to capture unrealized trade benefits. Some legislators, such as New Jersey Representative Chris Smith, are eager to use the remaining months in the window of opportunity to extend and expand AGOA beyond what it has initially accomplished. "In the reauthorization process for AGOA, we want to make some improvements so that a successful program can extend more benefits to an even broader number of businesses," said Rep. Chris Smith, Chairman of the Foreign Affairs Subcommittee on Africa, Global Health, and Human Rights. Smith told a gathering of over 50, including diplomats, staff and others interested in AGOA, that his own bill, H.R. 1777, the *Increasing American Jobs Through Greater Exports to Africa Act*, would be "complementary" legislation to AGOA and noted it would "build support for African exports to the United States by making U.S.-Africa trade more of a two-way street."

The Brookings Institute in the U.S. has published “AGOA: An Empirical Analysis of the Possibilities Post-2015” which presents several scenarios including expiration in 2015, expanding product eligibilities, extending AGOA benefits to non-African countries, and AGOA’s impact in a different global trading environment. The report concludes that greater inclusivity for the majority of 39 countries currently being eligible for AGOA could be achieved through expanding the set of duty-free quota-free (DFQF) eligible products to include those which the U.S. has historically protected, especially sugar, cotton, tobacco, and beef products. Indeed, this is one of the primary reasons that many African nations, such as Zambia, have not made use of many of AGOA’s existing line items.

Finally, AGOA could further multiply trade benefits through linkages to free trade agreements with Africa’s regional economic communities. These free trade agreements would reinforce regional economic integration, thereby strengthening domestic market development, price and currency stability, and food security. These improvements will produce a massive, new export market for American manufacturing and service sectors, which are still negligible in Africa compared to other regions.

The American Chamber of Commerce in Zambia serves to further the development of commerce and promote the interests of its members in trade and investment, and gather and disseminate information on trade and investment between the United States of America, Government of Zambia, and American and Zambian business communities.

