

AGOA must support AfCFTA

The Africa Growth and Opportunity Act (AGOA) remains critical in developing regional value chains in Africa, especially as the core objective of African countries is to move away from exporters of primary products and move up the value chain.



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The Minister of Trade and Industry, Dr Rob Davies participated in the opening day of the 17th Africa Growth and Opportunity Act (AGOA) Forum being held in Washington DC, from 11-12 July 2018 under the theme *Forging New Strategies for US-African Trade*. The Forum was preceded by the Africa Trade Ministers Consultative Meeting on 10 July 2018.

In their remarks to the Forum, the African ministers emphasised the strategic importance of the African Continental Free Trade Agreement (AfCFTA) to African countries and the need for AGOA to support this objective.

In addition, African ministers emphasised the development integration agenda that combines market integration, industrialisation and infrastructure development in boosting intra-Africa trade. Therefore, AGOA remains critical in developing regional value chains that are beginning to develop in the Continent.

Gamechanger

Minister Davies stated that, “AfCFTA is a gamechanger for the Continent as it promotes structural transformation through development integration. The core objective of the African countries is to move away from exporters of primary products and move up the value chain. AfCFTA has transformational agenda that must be observed.”

African ministers underscored the need for the AU Member States to develop a common position on the trade and investment relations with the US and engage the US as a block with a view to ensure alignment to the integration efforts of the African Continent.

“The increase in intra-regional trade supports the emergence of regional value-chains and increases productive capacity in Africa. This presents opportunities for cooperation at a practical business-to-business level with the US on infrastructure and industrial development towards a partnership that is mutually beneficial to both sides,” said Davies.

Civil society and the private sector also submitted recommendations to the Forum. Civil society recommended, among others, that the US Government must ensure that regional economic integration projects advance industrialisation and encourage backward and forward linkages, technology and skills transfer to help develop local value chains in line with international standards on human rights, labour laws and gender equality.



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The African Ministers also raised a concern with the erosion of AGOA preferences resulting from the recent Section 232 measures on steel and aluminium, and possibly on automotive and auto components. In this regard, the Ministers called on the US to exempt Sub-Sahara Africa exports from Section 232 measures. Furthermore, the Ministers noted with concern the emergence of trade wars which will have negative implications for global trade, especially African countries.

Minister Davies is participating in the AGOA Forum with the Minister of Small Business Development, Lindiwe Zulu. Minister Zulu co-chaired a session, with deputy associate administrator of Small Business Agency, Eugene Cornelius, on *Facilitating US-Africa Small Business Trade Through e-Commerce*.

Minister Zulu said: “South Africa remains committed to the implementation of the AGOA Partnership aimed at boosting trade and investment ties between Sub-Saharan Africa and the USA, and deepening practical cooperation at enterprise to enterprise level. This cooperation will provide opportunities for local SMMEs to participate in regional and global value-chains and build their capacities to compete globally.”

Compared to large enterprises, SMMEs have a lower share of the global market, but are increasingly adapting to the growing technological revolution and benefiting from the growing online market.

Minister Zulu’s participation aims to promote cooperation towards promoting inclusive e-commerce that promotes the structural transformation of African countries and to tap into the 4th Industrial Revolution.

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